Splash EXTRA

"It is easy to get swept away by the use of terms like blockchain, machine learning and AI"

— Su Yin Anand from the Captain's Table

Why no one is willing to order new ships 8

VLCC rates tipped to see out 2019 in very strong fashion

The largest tankers are back in six-digit territory and are anticipated to see rates head further north

VLCC rates are tipped today to see out the year in very strong fashion. Already in six-digit fashion again since last Friday, the tanker run comes amid an especially tight tonnage list in the Middle East. The highest deals done so far this week have been in the region of $116,000 a day.

Burak Cetinok, head of research at brokers Arrow, forecast VLCC rates could head up to $130,000 a day before year-end, citing seasonally strong demand boosted further by rising refinery runs ahead of the IMO 2020 deadline.

"Active refineries by the end of the year are expected to reach and all-time high, partly driven by the IMO 2020 effect, partly due to record number of new refineries commissioned this year," Cetinok said.

A large chunk of the VLCC fleet is still not participating in the international trade due to sanctions. At least 27 VLCCs are still sanctioned and believed to be involved in domestic trade in China.

Active supply is further restricted by scrubber installations as well as floating storage with 30 VLCCs holding bunker fuel off Singapore alone.

"Based on AIS signals, supply-demand balance in the Middle East is likely to tighten further over the next 30 days or so," Cetinok predicted.

Erik Broekhuizen, manager of marine research and consulting at Poten & Partners, said his firm was predicting "very strong" VLCC rates for the remainder of the year, with rates for November set to average close to $85,000 a day and pushing on in December.

Joakim Hannisdahl, Cleaves Securities' head of research, was similarly bullish, pointing towards strong fundamental support for VLCCs, the current very high fleet utilisation which he said makes the spot market "extremely sensitive" towards marginal changes and highly volatile on both the upside and downside

"With the winter season upon us, the underlying sentiment is optimistic that rates will remain firm towards the end of the year due to weather delays and the various ongoing geopolitical tensions," said Rebecca Galanopoulos Jones, head of research at London brokers Alibra.

The extreme volatility of the sector however brought warnings from BIMCO's chief shipping analyst, Peter Sand, who told *Splash Extra* that VLCC rates could spike to $200,000 a day and back again in a week, potentially doing that several times in the coming weeks.

"That market is totally off the charts. So many stories, with so little clarity into what is really going on," Sand said.●

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A decade of strife

There's just 34 days to go before the end of what has been one of the trickiest decades in the history of shipping (and toughest to coin a word for, is it the teens?).

For the past 10 years we in shipping have been paying for the sins of the previous decade. Yet as we close out the period I do detect for those that have survived it, we are a far more mature industry, more willing than ever before to tackle challenges head on.

We have asked *Splash* readers what they think is the most important story in shipping this decade in a survey set to close next week.

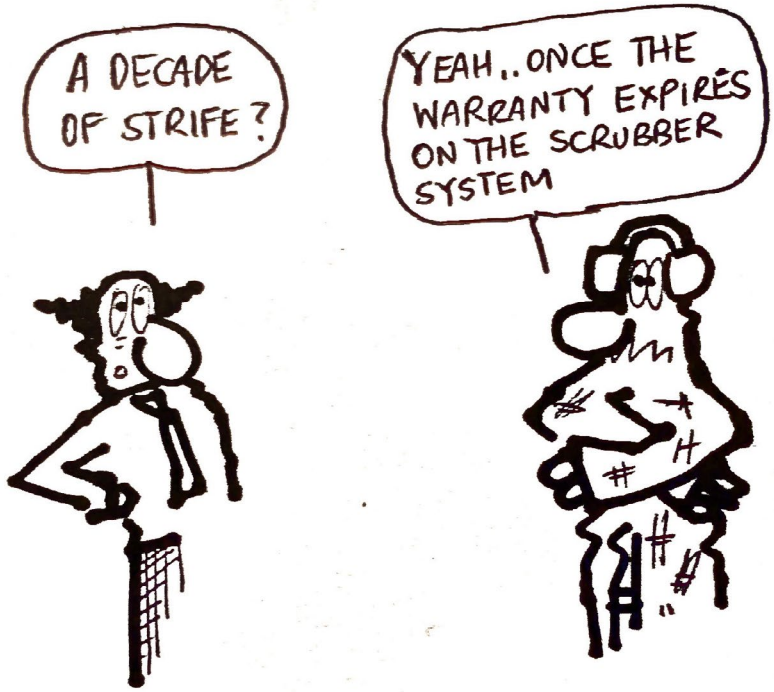
To narrow the discussion down, we gave readers just six options - liner consolidation, green developments, Hanjin's collapse, digitalisation, the rise of China and the growth of non-shipping capital into the sector. With more than 1,000 votes so far, liner consolidation is leading the way. Lying in third and fourth place currently are green developments and digitalisation. I would imagine were we to conduct a similar survey 10 years from now those two would still be polling very high, but who knows, that is the joy of shipping, its sheer unpredictability, which as a journalist never makes for a dull day.

> *"We have been paying for the sins of the previous decade"*

Personally, I hope I get to write a few more 'good news' stories in the coming years - it's vital that we see some kind of prolonged upturn if we are to attract the brightest and best talent to work in maritime. ●

What has been the most important story in shipping this decade?

VOTE NOW!



Mediterranean Shipping Company (MSC) appointed **Soren Toft** as the new CEO of its containers and logistics business, after the Dane surprised the liner community by stepping down as COO at Maersk earlier in the month. Toft had been with Maersk for 25 years and was seen as one of the last of the old guard of management since Soren Skou took over as CEO four years ago.

The eastbound **transpacific** container trade will register its first negative year in a decade. Alphaliner is predicting a -2% drop for the full year 2019, thanks to an especially poor final quarter. October data shows a -3.9% drop with larger falls anticipated in November and December. On the US west coast, Los Angeles, Long Beach and Oakland recorded a combined drop of -12.0% in total container throughput last month.

Containerlines have started bringing in **low sulphur fuel surcharges** for spot cargoes to go alongside already communicated longer term charges to handle the global sulphur cap. On average, these extra bunker levies work out at an extra $135 per teu on Asia-Europe, $130 on the transpacific and $80 on intra-Asia trades.

Malaysia has become the latest country to ban the use of **open-loop scrubbers** in the country's waters due to concerns over sea pollution. The Southeast Asian nation has prohibited the discharge of washwater from open-loop scrubbers while operating within 12 nautical miles of Malaysian land. Malaysia joins the likes of China, Singapore, Fujairah, Panama and California in banning the controversial sulphur cap technology.

Canada's **Seaspan Corporation**, the world's largest leasor of containerships, set about an enormous diversification, agreeing to acquire power generation company APR Energy in an all-stock transaction valued at $750m. The acquisition will see Seaspan reorganise its business, with the creation of a new parent holding company called Atlas Corp. APR operates gas turbines and other power generation equipment. Seaspan also bought six boxships this month, taking its fleet close to the 1m teu mark.

Winning Shipping was among the companies to have won a bid to mine one of the world's biggest deposits of iron ore, in a deal that will further reshape capesize trading patterns. Societe Miniere de Boke (SMB) won a government tender this month to exploit blocks 1 and 2 of 2.4bn tonnes of iron ore reserves in the southeast of Guinea in west Africa. SMB is a joint venture that includes a Guinean transport and logistics company, United Mining Supply; Singapore-based Chinese outfit, Winning Shipping; Chinese aluminium producer Shandong Weiqiao; and China's Yantai Port.

Japanese shipbuilder **Mitsui E&S Holdings** is slashing its workforce and pushing through a restructuring. The yard will lay off around 10% of its staff, while the company is expected to stop building commercial ships at its Chiba shipyard. The yard has two drydocks and has been operating since 1962.

Five shipping associations, including Bimco and the International Chamber of Shipping, started pitching a **bunker fuel levy** to go to a decarbonisation research and development fund. The plan calls for a levy of $2 per tonne.

The European Commission published a draft regulation proposing to extend the EU **consortia block exemption** regulation by another four years through to April 25, 2024, without modification, much to the relief of the liner community. The regulation allows for vessel sharing arrangements that have a market share up to 30%.

A new study by Yale University showed one in five seafarers have contemplated **suicide** or self-harm. The Seafarer Mental Health Study for the first time also found a link between depression, anxiety and suicidal thoughts and a greater likelihood of injury and illness onboard. Another study released this month from Cardiff University showed more than half of employers have not introduced any policies or practices to address mental health at sea for a decade.

Coal concerns

Seaborne thermal coal trade amounts to 19% of the total dry bulk volumes shipped. A rapidly decarbonising world will see more ships seeking alternative cargoes

Are we facing a future with or without the Paris climate agreement? That's the question. From a dry bulk shipping perspective, it matters little whether the US is a party to it or not, what matters is the changed demand for thermal coal if planet Earth faces a decarbonised future.

Seaborne thermal coal trade amounts to 19% of the total dry bulk volumes shipped. The only balm for industry will be that most coal is traded on short voyages, limiting a bit of the damage done on tonne-miles demand. But imagine that for a while – a dry bulk business without coal. The wider implications are beyond the scope of this piece – but have 19% of lost demand in the back of your mind should you start to consider the shipping opportunities arising from a decarbonising world.

Please don't apply the same logic as the one used to figure out how much an upside to the industry the IMO 2020 sulphur cap will become. *Splash Extra* is surprised that only few have figured out this is only a massive cost risk to handle – no upside is to be found anywhere.

Since 2000, thermal coal shipments have gone up by 200%, exceeding 1bn tonnes in 2019 for the first time. China may be a swing factor here, but the whole world is addicted.

More recently, king coal and queen iron ore have delivered though October, but seasonal declines as well as import obstacles put up by Beijing on thermal coal will bring volumes down from current highs as the year draws to an end. This relative November weakness has naturally taken its toll on capesizes and panamaxes, while the supramax sector has experienced collateral damage.

The fact freight rates for the three sectors have fallen 26-31% since the end of October is testament to this most recent development.

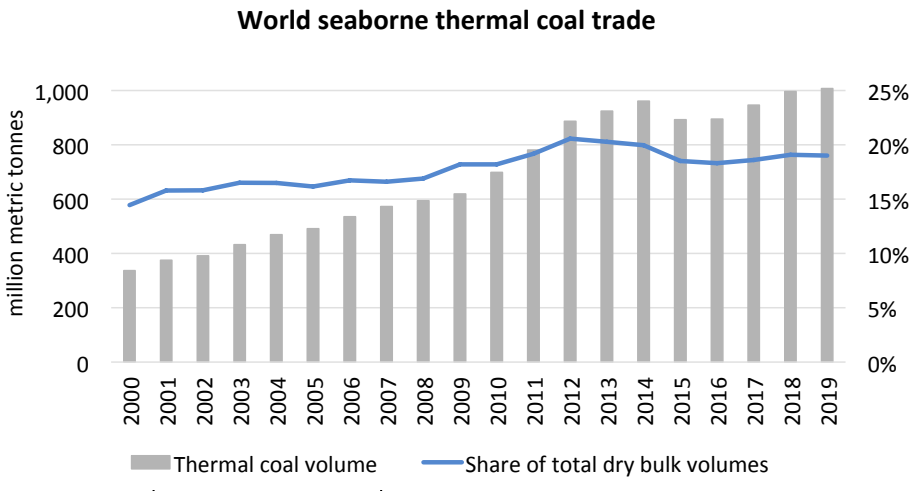
Bauxite imports (the base material for aluminium) into China is one of the revamped trades of the year. Chinese money expanding Port Kamsar in Guinea to cater for capesizes has changed global trading patterns. That seems to have worked well for them. Chinese imports of bauxite are up by 27% from last year in the first three quarters. Guinea, already the biggest supplier, is up by 8.7m tonnes (30%) whereas number two, Australia is up by just 3m tonnes (14%).

Splash Extra is wondering what's gone wrong in the Sino-Australia relationship in recent years.

While all Chinese coal imports are up by 9.6% for the first 10 months, imports originating from Australia are marginally down. Speaking of short coal voyages, Indonesian coal sources delivered 54% of the import growth volumes.

You might stop wondering now, only to conclude China wants the top dog position only. If you are still in doubt, call Vale or anyone else involved with Sino-Brazilian iron ore relations. You don't have to be that senior to recall 'Valemaxgate'.

Forget all about shipping being cyclical and all that, that's so last year. In fact, it hasn't been cyclical for decades if it ever was. *Splash Extra* is a true believer in seasonality. Q4 will deliver a high while Q1 will deliver a low. ●



'Screw fundamental analysis when the focus is short-term'

Our tanker analyst pulls no punches this month

Here we go again; Asian refineries have just lifted VLCC daily freight rates back into six-digit territory once more. Great. But what's the explanation this time around? It can't be that ships are at yards for a scrubber retrofit. In early October we learned that owners left scrubber installations high and dry when freight rates skyrocketed. Could it then be that there aren't enough ships around? Hardly, as 2019 has seen the VLCC fleet grow by 7.9% since Q4 2018. That's 62 new VLCCs against just four demolished back in Q2.

Could the rumours about congestion in Singapore be true? Owners want to bunker heavy sulphur fuel oil for their scrubber-fitted ships, but reports suggest there isn't anything around. In all honesty, however, no one knows for sure what's driving the freight rates back up again.

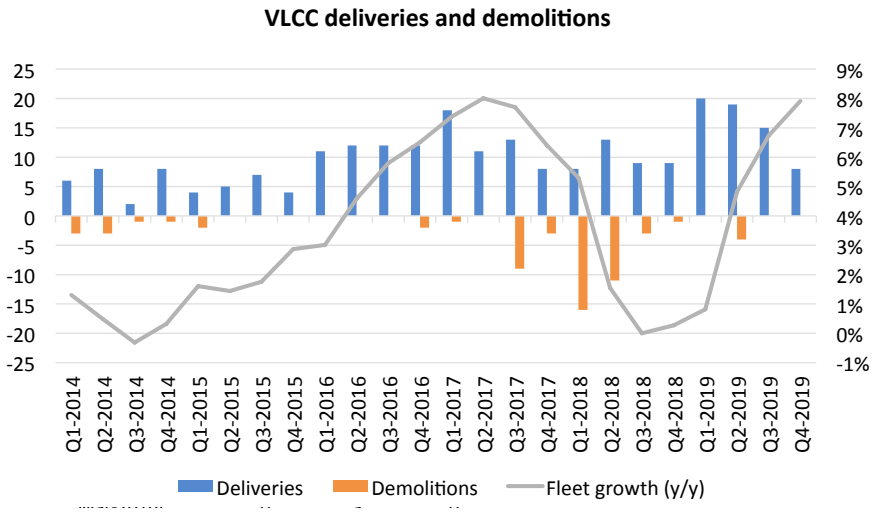
Therefore, *Splash Extra* concludes not for the first time that the oil tanker market is not for the faint-hearted and that you need to believe in the almighty powers of uncertainty and screw fundamental analysis when the focus is short-term, because seasonality, rumours, uncertainty and floating storage are all ingredients of a powerful commercial market Molotov cocktail.

Being a fly on the wall at the Maritime CEO Forum in Hong Kong, *Splash Extra* notes that shipowners and investors apparently have become logical and rational at the same time. The fly on the wall heard that no new tanker orders will be placed, unless it was done with a long time charter. That's something new! But not all things change, shipowners are still dreamers when it comes to the scrapping of ships, which apparently means owners scrap ships by default when a specific age is reached. Dream on! Then the fly took off, thinking about the impeachment of President Trump and how that may just be the next great spectacle igniting smoke-screening geopolitical turmoil, benefitting the tanker sector.

In all fairness, having a long time charter on your VLCC right now is equal to having the holy grail in your personal possession. Not only because of the IMO2020 uncertainty, but because gravity will prevail for the crude oil tankers once the current winter season is behind us.

Half a year ago it looked to be a very smart move by Trafigura to trade 16 newbuilt uncoated scrubber-fitted suezmax tankers in the CPP market, taking advantage of the best from both worlds. During the past two months the decision most have been headily debated at the Frontline HQ who are now owners of these ships. Freight rates in the clean market have simply not delivered on the promises.

As smart as that move may have been, it may just also be a part of the explanation why average freight rates for oil product tankers have only reached the breakeven levels this year. They were merely a supplement to the many newbuilt VLCCs which took their first cargo, a clean one, redistributing compliant fuels and the like into Europe. ●



'No respite for those who surrender without a fight'

The trade war has made noticeable changes to global trading patterns

Splash Extra is thrilled with the prospects of finally getting to grip with the carriers' proficiency in passing on the costs from burning the more expensive compliant fuels from January 1 2020 down the maritime supply chain to the shippers.

It's been long in the making, but we are now learning that some of the vital contract volumes are being offered at dead-cheap rates with next to nothing IMO2020 BAF adjustments made to the freight offerings.

Can this really be true? Obviously, it can't be Magenta Line (aka ONE) doing that, as it is the only carrier completely without scrubbers. But it could very well be true. *Splash Extra* knows that all carriers are good at cutting costs – and then swiftly passing on all the benefits to shippers.

If carriers choose to bunker at Fujairah right now, the margin between MGO and HSFO is massive: $440 per tonne. During the past 12 months, HSFO prices have been trending down despite increasing volatility. From $533 per tonne in mid-September to $255 per tonne by November 22 highlights this volatility. Meanwhile, MGO prices have calmly tracked the development of Brent oil, its feedstock. HSFO prices will obviously do the same as soon as the bunkering market normalises. There's no way around that.

The trade war, meanwhile, continues to be messy though some are benefitting. Several Asian countries, for instance, are now emerging as new hubs since goods that used to go transpacific from China now originate from elsewhere in the Far East. But that's it, the silver lining is mighty thin with this particular spat.

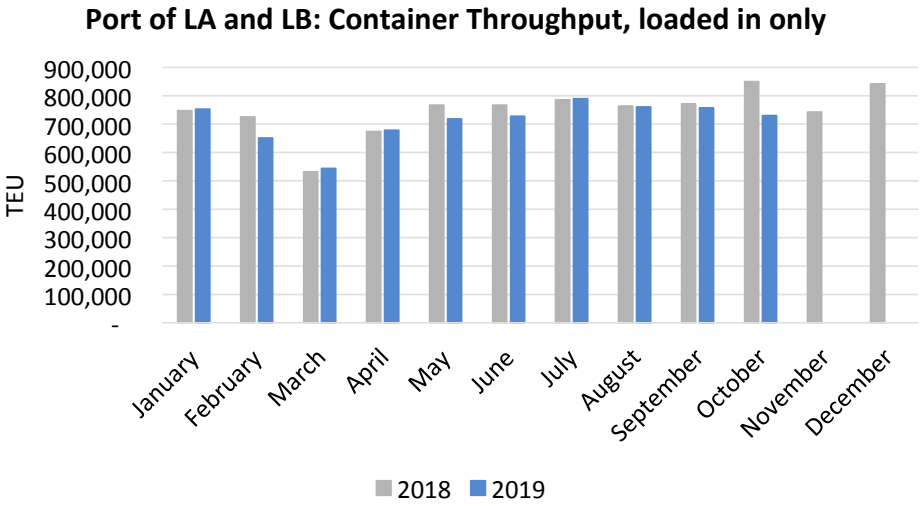
Intra-Asian shipping business shows no sign of being hit by the trade war, with the number of containers being moved standing at exactly where it was one year ago. There's been no demand growth at all on this huge tradelane for the first three quarters of the year.

Splash Extra finds that the market is full of warning signs, but many either fail to see or outright deny them. A key one to watch are the diminishing amount of loaded boxes shipped into the two largest American container ports. The San Pedro Bay twins can't win this war.

The combination of a trade war and behemoth containerships now being hosted all along the US east coast is too much. October proved the point for those who did not get it earlier. Having said that, the Port of Long Beach did try to spin it, as they claimed last month was the "second best October ever".

3.7% of pay loads have been lost into the ports of Los Angeles and Long Beach for the first 10 months. Surely it will go even lower when the full year is accounted for.

As is the case for tanker owners, mid-size containership tonnage providers must enjoy the high charter rates for as long as they last. *Splash Extra* knows that no long time charters are around. But if you can secure a five to seven month deal instead of just two to three months – go for it. The return of bad markets does not offer any respite for those who surrender without a fight. ●



Tankers lead the charge

Despite one sector scaling the heights, overall it's been a quiet month for secondhand tonnage changing hands

At some point something will have to give when it comes to secondhand ship prices. With owners hesitant to order (see overleaf), the yawning price gap between newbuild and secondhand tonnage will have to close soon as the age profile of the global merchant fleet indicates a significant swathe of ships are set for the scrapheap, without new vessels necessarily being ordered.

Sellers have been right to hold out for higher prices, and finally we are beginning to see some solid figures coming in for tanker transactions, helped by the volatile freight rate environment. Nevertheless, the volume of transactions remains quiet.

As of yesterday, the total spent on all secondhand vessels in November totalled just over $1.6bn, according to VesselsValue, whereas November 2018 totalled $2.6bn.

While all eyes have been on VLCCs heading back into six-digit territory on the spot market, it has been aframaxes that have faired the best in terms of asset values, increasing by almost 10% over the course of the month. BULL Indonesia has led the charge for November, having acquired eight ships for a total value of $162.5m.

"It was about time that we started to see interest move towards the larger size segments, with the aframax/LR2s experiencing a tremendous activity boost this past week, albeit helped by the amassed en bloc deals," Allied Shipbroking noted in its most recent weekly report.

Banchero Costa stats suggest aframaxes have now increased in price by a huge 30.7% over the course of the year.

The last ship belonging to China's Brightoil, a six-year-old VLCC called Brighoil Gem, raised eyebrows, snapped up in the middle of the month at auction by Greece's Alpha Tankers for $57.35m.

Commenting on the figure paid, Clarkson noted: "On face value the price looks attractive for the buyer basis prompt delivery of the vessel, the prevailing market and the scarcity of alternatives."

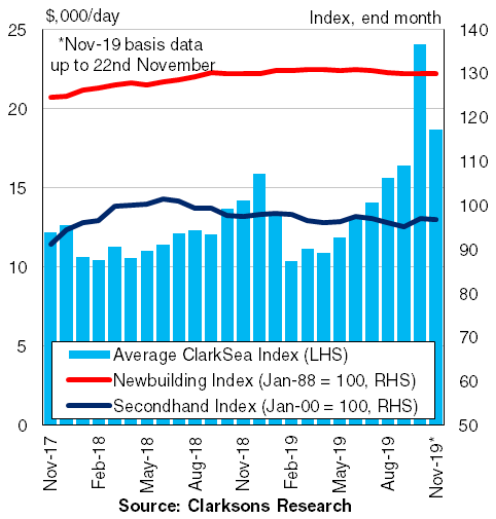
While tankers stirred in recent weeks, bulkers snoozed. November is set to be the month with the lowest bulker transactions of the year so far with just 30 sales recorded.

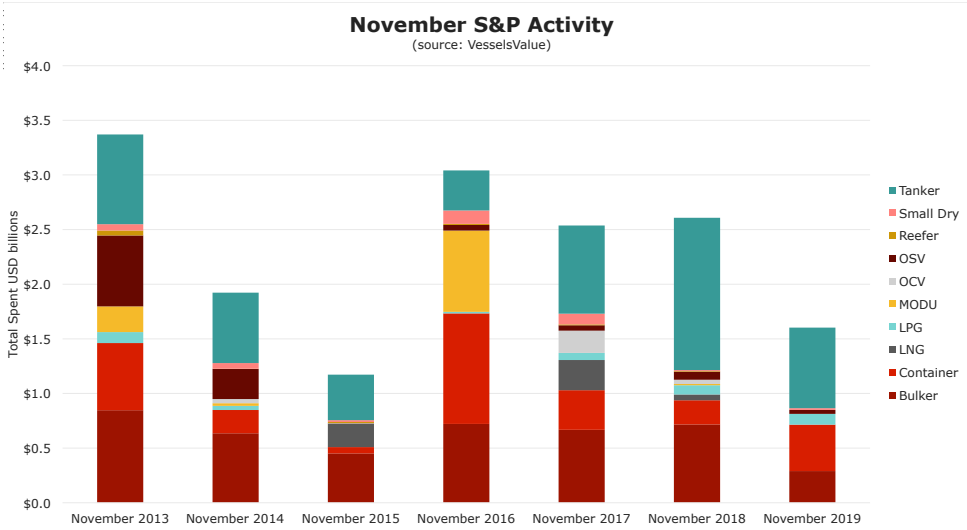
Just 1.6m dwt of dry bulk tonnage was bought and sold this month. The majority were supramaxes. The 16-year-old sister supramaxes Ero L and Maria L were sold in an en bloc deal for $13m.

Greeks yet again took the top spot as biggest buyers and sellers, with Golden Union snapping up two Cosco Dalian-built post-panamax bulkers, Ocean Sapphire and Ocean Garnet, in an en bloc deal for $28.50m.

Despite charter rates levelling off in the boxship sector the total value transacted for this segment is nearly double that of November 2018 at $425m.

China Merchants sold six modern panamaxes to Seaspan for $380m in the most headline-grabbing deal of the month, pushing the Seaspan fleet ever closer to the 1m teu mark. ●





Why no one is ordering ships

Splash Extra has heard plenty of exasperated owners hitting out at regulatory intransigence over the last five weeks

In the space of one month we have put two Maritime CEO Forums on at locations far apart. With more than 120 shipowners flocking to the Monaco Yacht Club and the Foreign Correspondents' Club in Hong Kong for shipping's most exclusive markets chat, what has emerged from these high-level discussions is a severe disconnect between the industry and its regulators. At no time this century have shipowners felt so handicapped by regulatory intransigence in making their day-to-day business decisions.

This has been reflected in hard data with the latest statistics from Clarkson Research Services clearly showing the huge hesitancy among owners to place orders this year.

Clarkson data this month shows that 708 new vessels have been reported in 2019 to date, a year-on-year decline of 40% on an annualised basis.

In tankers, the orderbook versus the extant fleet stands at its lowest point this century, according to new research from UK broker Gibson.

In percentage terms, the tanker orderbook is at its lowest level in two decades, at 7.6% of the existing global tanker fleet over 25,000 dwt.

In the container sphere, the few orders coming in tend to be LNG-fuelled these days, and as a real sign of the times, mighty Maersk has not one single ship on order for the first time in the 21st century.

Commenting on the ordering plunge, Dr Martin Stopford, president of Clarkson Research Services, told *Splash Extra* that the potential avalanche of regulations coming shipping's way was holding the industry back from committing to new vessels.

"We are in a unique position.Shipyards are gagging for orders and yet owners are gagged as they do not know if ships will be able to trade through their entire economic life," Stopford said.

In a recently concluded survey carried by Splash, regulatory concern was cited as a distant second to the unstable nature of the markets for the current ordering impasse.

> *"Dual fuel because you don't know is not a reason to order new ships"*

Not having a framework in place to work out how shipping can get to its 2050 decarbonisation goals is holding owners back from contracting with yards for genuine fear their multi-million dollar new investments could rapidly become stranded assets.

John Michael Radziwill, CEO of GoodBulk, speaking in Monaco last month, laid the blame for the current uncertainty squarely on the shoulders of the International Maritime Organization (IMO)

"It seems that common sense is in short supply in this industry especially among the regulatory bodies," Radziwill said.

Speaking on the same panel, Danilo Fumarola, CEO of Gestion Maritime, told invited guests: "We need more defined rules and timetables." Fumarola cited the decision to postpone ballast water regulations as an example of regulatory intransigence.

"There should be clearness, correct timetables but also lobbying to make sure that the regulations go the right way," he said.

Continued on page 9

Continued from page 8

A big hit in Monaco was Emanuele Lauro, the CEO of Scorpio Group, who was on fiery form, saying, "The regulators have done a particularly bad job in imposing regulations on our industry. When regulators are imposing rules that they don't have the full picture about, you then get into the situation like the scrubber shenanigans."

"Technological compliance adds a whole new degree of uncertainty," argued Modi Mano, CEO of M Sea Capital, saying that this is putting a cap on the orderbook.

"Regulators are making it so difficult for us to understand what the technology of the future will be," Mano said.

Yes, the regulators could be doing a better job, but the blame game needs to be spread more widely, suggested the CEO of V.Group, Graham Westgarth.

"The last two big pieces of legislation – sulphur cap and ballast water – have been poorly regulated and poorly implemented, but you can't just blame regulators, blame also lies with class, manufacturers, yards. The industry needs to think and act with one body," said the former Intertanko boss.

Over in Hong Kong, meanwhile, Clarkson's Stopford told delegates: "There is no way to know whether diesel ships will be around in 2030 or 2040. Shipyards are desperate for orders and are ready to offer attractive deals but no deal is attractive enough."

Stopford went on to urge regulators to issue clear guidelines promptly, including possible phase-out plans like single hull tankers at the start of the century.

William Fairclough, the new boss at Hong Kong shipping line Wah Kwong, said the next phase of tanker ordering would be dual-fuelled, a costly endeavour. "There is a realisation that shipowners will not order ships unless with long term charters," the Wah Kwong boss said.

Dual-fuelled investments, however, were criticised back in Monaco, with M Sea Capital's Mano memorably quipping: "Dual fuel to me is like saying, 'I don't know'. Dual fuel because you don't know is not a reason to order new ships."

> *"Regulators are making it so difficult for us to understand what the technology of the future will be"*

Back in Asia, in a final damning rebuke to today's crop of regulators, just four delegates out of the 70 in the room in Hong Kong said the IMO was fit for purpose.

What's clear is that next year's Marine Environmental Protection Committee (MEPC) meeting at IMO headquarters in London will be vital to map out shipping's realistic decarbonisation plans - or else many of the world's shipyards - already starved - will face extinction.

The next Maritime CEO Forum takes place at the Fullerton Hotel in Singapore on March 17 next year. ●

And breathe ...

After many hectic months of organisation, the two founders of the Captain's Table have pulled off a maritime start-up coup

Among the many remarkable things to note about the Captain's Table is the fact that its two organisers - Tabitha Logan and Su Yin Anand (pictured left and right, respectively)- actually have day jobs. Logan, by day, is a senior chartering manager for Hong Kong dry bulk outfit, Asia Maritime Pacific, while Anand is an in-house lawyer for Australian mining firm, South32. When not at their day jobs, the two have managed to pull off one of the most successful maritime start-up pitch competitions to date.

The finals of the Captain's Table took place in Hong Kong last week and were a huge success. Speaking with someone who is connected to similar competitions and start-up incubators across the world, our well placed source said what makes the Captain's Table stand out from the rest is just how global it is - the six finalists came from across the world, as did the initial batch of entrants.

The success of this global event, televised live on Splash, is down to the vast number of hours the two organisers spent setting the project up.

All finalists had been flown into Hong Kong for a busy pre-event build-up with a two-day bootcamp where they were exposed to various stakeholders in the maritime industry and participated in seminars on doing business in North Asia.

In the end, Singapore-based Portcast won the inaugural competition, and with it a $25,000 cheque.

Founded in 2017, Portcast brings predictive data analytics to the maritime industry, helping logistics companies with demand forecasting, automated pricing and capacity utilisation. The machine learning platform uses real-time external data to predict cargo flows.

Judges praised the pitch made by Portcast CEO, Nidhi Gupta, saying the timing was really great to enter the market and take a significant slice of the predicative analytics business.

"The advantage that customers get by sharing their data is that we bring that external knowledge, we've kept that real time external indices which actually matter and impact trade movement and combine that with the internal dataset to provide predictions," Gupta said while being probed by judges on how her product, which is close to commercialisation, actually works.

"It is easy to get swept away by the use of terms like blockchain, machine learning and AI and believe that a certain solution is viable, without first analysing if it responds to a real life problem"

The other finalists in this inaugural event were Quaychain, Marified, Tow-botics Systems, Searoutes and Irwin Rotational Linings, a diverse range of companies presenting solutions ranging from optimisation of the bunker supply chain to refabrication of old pipes.

"There is a real tangible interest and enthusiasm from the maritime industry as to what innovative ideas are out there," Logan says, reflecting on key takeaways from this debut event. Seeing a full house of industry representatives was very rewarding and exciting for both organisers. Also in the audience were finance professionals, accelerators, and impact investors from outside shipping.

"My takeaway," Anand tells *Splash Extra*, "was that there are many start-ups internationally trying to problem solve industry issues and these range from enhancing operational efficiencies and safety, to sustainability issues, and automation. It is easy to get swept away by the use of terms like blockchain, machine learning and AI and believe that a certain solution is viable, without first analysing if it responds to a real life problem which the industry needs solving, or understanding the technology."

Anand believes there is a real need for management to keep up to date with technological developments and understand their corporate technology strategy because if they don't, they will end up spending a lot of money on tech projects which do not add value to their business.

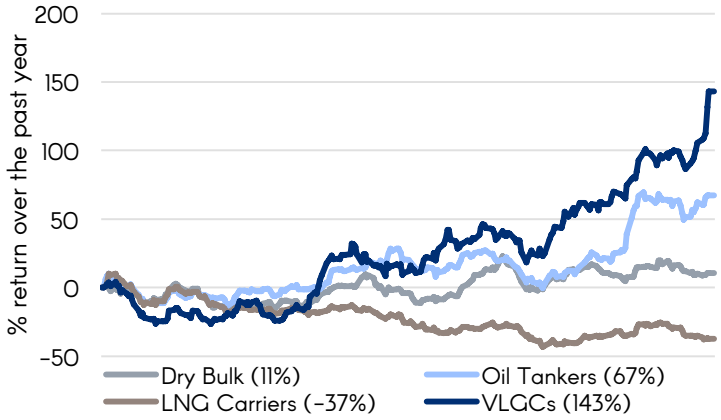
Another important aspect Anand has realised from this competition is the need for independent collaboration between relevant stakeholders to drive innovation within the industry and across the supply value chain.

"This way," Anand says, "the cost of failure can be apportioned between interested parties but so will the fruits of success."

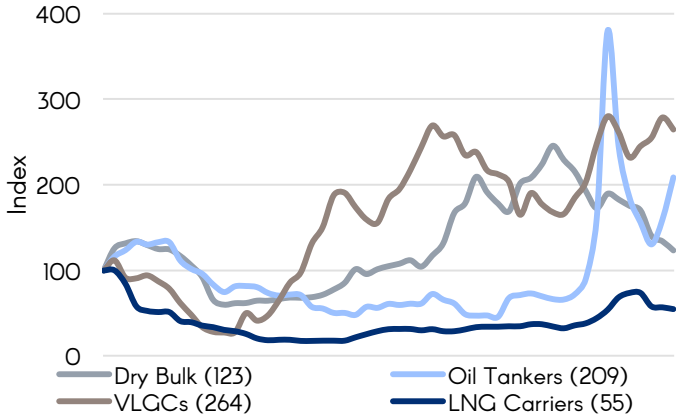
The feedback since the event took place as a highlight of Hong Kong Maritime Week has been "wonderful", Logan says. "It made all the hard work and sleepless nights worth it," she says.

The event will return bigger and better next year. ●

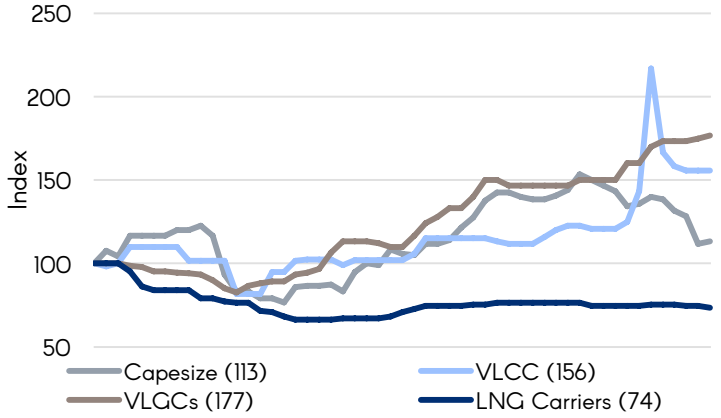
Cleaves' Shipping Indices (past 1y)



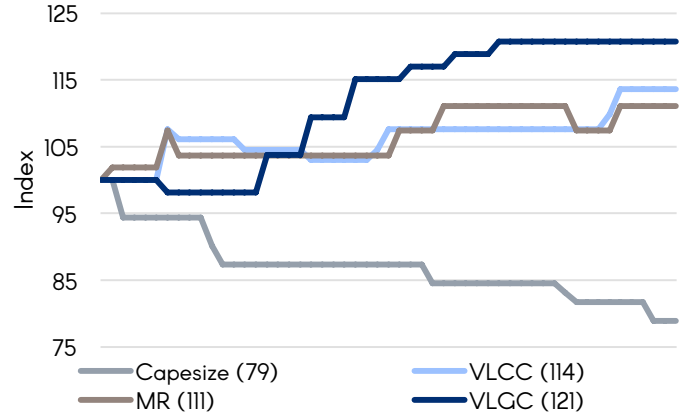
Spot Rates (past 1y)



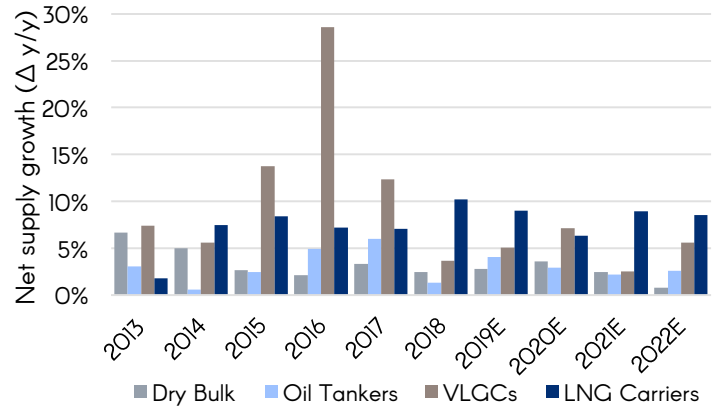
One Year Timecharter Rates (past 1y)



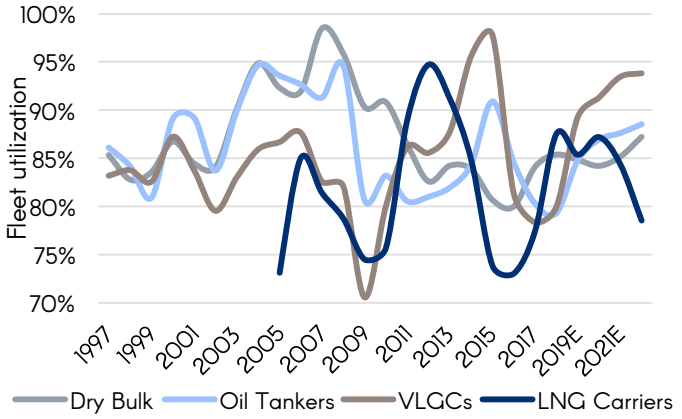
Five-Year-Old Vessel Values (past 1y)



Net Supply Growth



Fleet Utilization



Key Shipping Statistics

	Spot rates					Cleaves' spot rate forecasts				1y timecharter rates				5y old vessel values (broker quotes)			
Dry Bulk	Last	(1y)	Δw/w	Δm/m	Δy/y	2019E	2020E	2021E	2022E	Last	Δw/w	Δm/m	Δy/y	Last	Δw/w	Δm/m	Δy/y
BDI	1,284		-5%	-28%	26%	1,321	1,162	1,352	1,776								
Capesize	18,930		-10%	-20%	111%	17,576	12,815	16,141	23,562	16,875	-1%	-15%	5%	28.0	0%	-3%	-21%
Panamax	9,068		1%	-36%	-18%	10,888	8,862	10,375	13,752	12,250	0%	-10%	-10%	19.0	0%	0%	0%
Supramax	8,497		2%	-37%	-23%	9,900	10,197	11,372	13,996	10,250	-2%	-14%	-15%	17.0	0%	0%	-6%
Oil Tankers	Last	(1y)	Δw/w	Δm/m	Δy/y	2019E	2020E	2021E	2022E	Last	Δw/w	Δm/m	Δy/y	Last	Δw/w	Δm/m	Δy/y
VLCC	102,142		54%	29%	133%	32,900	46,974	51,145	55,718	47,500	2%	0%	61%	75.0	0%	0%	14%
Suezmax	57,295		23%	-24%	7%	25,124	32,847	35,552	38,520	33,500	0%	-8%	40%	53.0	0%	0%	19%
Aframax	54,500		12%	30%	96%	21,900	25,618	27,507	29,579	25,500	1%	-4%	38%	41.0	0%	0%	28%
MR	23,182		27%	20%	109%	13,085	15,703	16,570	17,521	16,000	1%	-3%	22%	30.0	0%	0%	11%
Gas Carriers	Last	(1y)	Δw/w	Δm/m	Δy/y	2019E	2020E	2021E	2022E	Last	Δw/w	Δm/m	Δy/y	Last	Δw/w	Δm/m	Δy/y
TFDE (LNG)	104,000		-4%	-26%	-45%	80,676	87,420	73,221	51,121	79,000	-2%	-5%	-28%				
VLGC (LPG)	69,029		-5%	13%	163%	46,993	50,140	60,623	62,520	43,563	0%	2%	77%	64.0		0%	21%

Sources: Cleaves Securities, Bloomberg, Shipping Intelligence Network

Respect the aged

Decarbonisation has rightly taken over from IMO 2020 as the conference 'topic du jour'. Our special correspondent stresses the need to utilise the experience of those who witnessed shipping's last big disrupting moment

Whilst the 'conference season' now seems to be an all-year round affair, the end of November sees these gatherings begin to make way for more informal year-end get togethers. With IMO 2020 mercifully no longer the major subject of debate, decarbonisation seemed to be taking centre stage at the autumnal talking shops recently staged around the globe, but also on the agenda is the subject of who is going to be running our industry in the future. *Splash*'s sister magazine, *Maritime CEO*, is attracting a cult following for its back page surveys which ask questions which are then becoming regular fodder for debate at conference panel discussions. The most recent issue posed the question 'Is shipping worse than other industries in attracting and retaining millennials?' A resounding 74% said 'yes', but the comment of one respondent struck a chord as shipping starts a new decade with some of the biggest challenges it has ever faced needing to be tackled: "Shipping is still in the majority controlled by old men with a traditional mindset."

Ask any leading shipmanager and they will tell you that applications for their annual cadet recruitment far exceed available places, so there seems to be an adequate supply of people wanting to go to sea. Elsewhere, the demographics of shoreside personnel can be divided into the decades they joined the industry. Anyone who went into shipping in the past decade has not really seen much in the way of excitement as shipping has, with one or two notable exceptions, been a serial underperformer. Those who joined in the previous decade, the first batch of millennials, saw the biggest boom in history and are either wistfully waiting for the next magic moment or still struggling to adjust their lifestyles from the champagne years to the harsh realities of what is 'normal'.

> *"The generations who witnessed the path for the introduction of OPA90 have experience needed now more than ever"*

So is it the pre-millennials who joined in the '80s who now represent the 'old men with a traditional mindset'? There are still plenty in shipping who joined in the '70s (or even earlier) and they get total respect for sticking with an industry unrecognisable from when they started. Now is not the time to be discarding the experience of those who might be nearing what used to be called 'retirement age'. The generations who witnessed the path for the introduction of OPA90 and the replacement of the world tanker fleet with double-hull ships without causing huge industry disruption have experience needed now more than ever. These are the people who are going to provide the level-headed approach to decarbonisation which is sorely needed amongst so much current hysteria.

When the Exxon Valdez ran aground in Prince William Sound on March 24 1989 (pictured), we were entering the final months of a decade which changed shipping forever, involving one of the worst recessions in memory. There was certainly not the capital available to immediately enforce any game-changing regulation, but a level-headed approach saw the implementation of a raft of requirements which achieved what was intended - cleaner seas and an almost total elimination of oil pollution from ships.

The first part of finding a solution is identifying the problem - shipping has passed that phase. The crucial next step is a combination of identifying a viable solution to meet those targets and most importantly ensuring ill-conceived regulation which plays to the populist playbook is avoided. Then we can achieve a solution which allows for a sustainable shipping industry, which benefits everyone. And that is where the experience of the 'old men with a traditional mindset' still has a role to play. ●