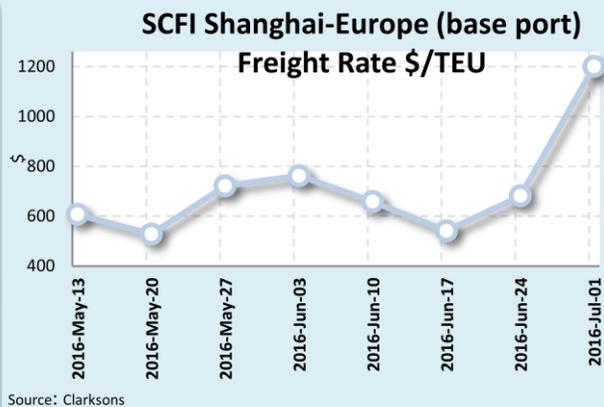


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Key Shipping Indicators



Shanghai Containerised Freight Index (\$/TEU)

<i>W/E 3^d July 2015</i>	877
<i>W/E 1st July 2016</i>	1206
<i>Average % change Y-O-Y:</i>	+37.2%

380cst bunker prices, Rotterdam (\$/Tonne)

<i>W/E 3^d July 2015</i>	321
<i>W/E 1st July 2016</i>	244.50
<i>Average % change Y-O-Y:</i>	-23.8%

Baltic Exchange Dry Index

<i>W/E 3^d July 2015</i>	801
<i>W/E 1st July 2016</i>	644
<i>Average % change Y-O-Y:</i>	-19.6%

Irish Maritime News: Brexit: Stena Line Discuss the Impact of Brexit

As reported by walesonline, Stena Line has said it will have to assess how Brexit could impact the UK.

The Swedish company, which sails from Holyhead to Dublin, employs hundreds of workers in North Wales.

A Stena Line spokesman said: "As Brexit is a completely new situation Stena Line will have to evaluate its potential impacts from a number of different perspectives."

"Presently it is unclear what the implications on UK shipping will be as a result of the UK's exit from the EU, equally it is still unknown at what pace companies will need to adapt to the new economic environment. We can however give an assurance that Stena Line will not make any short-term business decisions based on the recent referendum result."

"We will carefully analyse and engage with the business as items of impact become clear."

There had been reports in the maritime press about Stena considering re-flagging its vessels from the British flag although Stena said it would not

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speculate on what specific areas of the business it was considering in light of the vote.

Global Maritime News: Expanded Panama Canal is expected to Improve Trade between China and South America

The newly expanded Panama Canal will boost trade between China and Latin America as it makes the flow of goods between the two regions easier and more efficient, a Mexican expert on Asia said.

Jose Luis Leon-Manriquez of Mexico City's Autonomous Metropolitan University, spoke with Xinhua following the opening of the expanded canal on Sunday, with the inauguration ceremony featuring a huge Chinese container ship passing through the waterway.

It (the expansion) does not only make it easier to ship manufactured goods from China to the east coast of the United States, but also makes it possible to improve transport between Chinese ports and Latin American ports on the Atlantic side, said Leon-Manriquez.

The Panama Canal allows ships a shortcut between the Atlantic and the Pacific. The expansion project, which aims to make the waterway capable of

accommodating larger modern vessels, lasted nearly a decade at a cost of 5.5 billion U.S. dollars.

Due to the expansion, the canal now allows passage of NeoPanamax mega-vessels, which could carry up to 13,000 containers. The largest ship used to travel the canal could only carry 5,000 containers.

Neopanamax ships represent 16 percent of the world's shipping fleet, but move up to 45 percent of all cargo, said Leon-Manriquez, adding that the situation underscores the need to expand the canal.

Brexit: UK Chamber of Shipping Calls for Free Trade Commission Assistance

In response to last week's decision by the UK to leave the European Union (EU) in the so-called "Brexit" referendum, the UK Chamber of Shipping has issued a call for the government to establish a new Free Trade Commission for the country in order to support, among other things, the country's shipping industry.

The organisation notes that one rationale for the UK to leave the EU was that it would be easier for the country to sign free trade deals with other countries around the world; "The rest of the world beyond Europe has experienced significant economic growth," the chamber said.

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"Government now has to act quickly to ensure that happens."

But it also warned that leaving the European Union "is a process, not an event, and that process has to be managed carefully."

The UK Chamber of Shipping says that a new Free Trade Commission should be mobilised through the Department for Business and the Foreign Office, training trade negotiators in order to initiate the process of establishing new trade deals around the world, including those with the remaining EU members.

Container Market: Brexit: Alphaliner Publish Report on Brexit's Potential Impact on the Container Market

On Wednesday of this week, Alphaliner published their assessment on the container market in light of the Brexit referendum.

In it, they note that is going to be little to no impact on the container market. At only 1.4% of global container volumes however, the country's market share in terms of port throughput had been in steady decline for over a decade, down from 3.0% in 2000 to a low of only 1.2% in 2013.

A small recovery saw the UK regain some of the lost share and the nation's ports reached an estimated throughput of 9.7 Mteu in 2015. The UK's share of European container throughput has also declined over the same period. It dropped from 13.9% in 2000 to 8.9% to 2015.

The county's decline as a maritime centre for the container shipping sector had started long before the 'Brexit' decision. UK-flagged containerships today account for only 3.7% of global vessel capacity, while UK-controlled containerships account for as little as 2.2% of the global fleet in teu terms.

In the short term, UK imports are expected to be negatively affected by the strong depreciation of the British Pound against other major currencies that was caused by the 'Brexit'-vote. This will mainly affect imports from Asia, and it will put additional pressure on the fragile recovery of the Asia – Europe trade.

Tanker Market: VLCC Rates Plunge to the Lowest in Two Years

VLCC tanker owners had their own troubles over the course of the past week, as spot returns retreated to the lowest level since October 2014, with

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shipbrokers reporting TCE earnings for Middle East/Japan (TD3) falling close to \$20,000/day. According to London-based shipbroker Gibson, “the current weakness has been essentially driven by the build-up of available tonnage, leaving charterers with healthy numbers to choose from.

2015, the spectacular strength in all crude tanker markets (not just VLCCs) was underpinned by very limited growth in supply coupled with major gains in demand. Demand was supported by notable gains in Middle East crude exports and strong refining margins, which stimulated trade to existing and new markets, as well as commercial and strategic storage. Toverhang of crude oil production over demand not only “pushed” surplus barrels into floating storage but also resulted in sizable delays/inefficiencies in tanker transportation”.

For the remainder of 2016, Gibson noted that: “the pace of deliveries is expected to accelerate. Between July and December, 35 VLCCs are scheduled for delivery, although some slippage is anticipated, taking into consideration the turmoil in the shipbuilding industry. On the demand side, any further increases in crude exports out of the Middle East will be supportive to trading demand; however,

at the moment the scope for further increases appears to be limited.

Caribbean Aframax Rates Fall to their Lowest Level in Five Years

Caribbean Aframax freight rates fell to a level not seen since February 2011 as owners leaped at the chance to get ships fixed on Tuesday of this week.

The Caribbean-US Gulf Coast route basis 70,000 mt was assessed at w82.5, or \$6.96/mt. The last time that route finished at a \$/mt level that low was February 16, 2011, when it also ended the day at \$6.96/mt.

The Aframax market has been weak for some time as cargoes were scant and tonnage grew steadily in the region.

A pair of deals was done that showed the downward trend of the market. First, an unnamed charterer took the British Robin at w85 for a Puerto La Cruz-USGC journey basis 70,000 mt with a July 5 loading. That was closely followed by ST Shipping taking the Ridgebury Sally B at w82.5 for a Mamonal-USGC trip of the same basis with a July 6 lifting.

If there is a silver lining for shipowners to this five-plus-year low it is that bunker prices are in their

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favor. On Tuesday, IFO 380 Balboa ex-wharf was assessed at \$244.00/mt. On February 16, 2011, it came in at \$596.50/mt.

Dry Bulk Market: Study Predicts Negative Outlook for Dry Bulk Industry

Financial peril for dry bulk shipping companies is expected to continue throughout the year, a new study finds, as weak demand from China shows no signs of abating.

Industry revenue dropped 18% between 2014 and 2015, according to a new analysis of 17 dry bulk companies by consulting firm AlixPartners LLP. Earnings before interest, taxes, depreciation and amortization, plunged 168% to minus \$115 million from \$169 million in 2014.

The comparison between 2013, when prices were more stable, and 2015 is even more stark. Those companies lost a total of \$2.8 billion in 2015, compared with losses of \$542 million in 2013.

Nearly every company included in the analysis received a distressed Z-score, a metric developed by bankruptcy scholar Edward Altman, and the

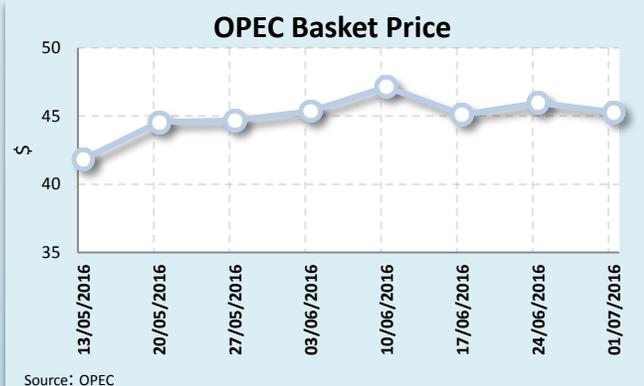
majority of companies are at risk of filing for bankruptcy, AlixPartners said.

The fallout has already begun, but more is expected through the rest of 2016 as Chinese demand doesn't show signs of increasing. Four dry bulk shippers filed for bankruptcy in 2015; this year, Bulk Invest ASA sought chapter 11 protection.

Scorpio Bulkers, one of the largest dry bulk shippers, and Star Bulk Carriers Corp. each shed 90% of their market value over the past year.

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Key Economic Indicators



OPEC Basket Price

<i>W/E 1st July 2015</i>	59.81
<i>W/E 1st July 2016</i>	45.42
<i>Average % change Y-O-Y:</i>	-24%

Exchange Rates

€/US\$

<i>W/E 1st July 2015</i>	1.1100
<i>W/E 1st July 2016</i>	1.1135
<i>Average % change Y-O-Y:</i>	+0.003%

€/UK£

<i>W/E 1st July 2015</i>	0.7090
<i>W/E 1st July 2016</i>	0.8383
<i>Average % change Y-O-Y:</i>	+18.23%

Commodities: Brexit: Brexit could be the Start of Bull Market in Gold

Gold may stand at the start of a major bull market should the U.K.'s Brexit vote prove to be a forerunner of greater political and financial instability around the world, according to Evolution Mining Ltd.'s Jake Klein, a veteran of more than 20 years in the industry.

Gold for immediate delivery rallied as much as 8.1 percent on Friday as poll results came in. The metal, which traded at \$1,311.94 at 4:52 p.m. in Singapore on Tuesday, peaked in 2011 at \$1,921.17. It's up 24 percent in 2016 after gaining to the highest since 2014 last week.

Gold miners have climbed, and holdings in exchange-traded funds have swelled further. Evolution rallied as much 19 percent on Friday, while in Canada Barrick Gold Corp.'s stock closed on Monday at the highest since 2013. Global assets in ETFs expanded 32 percent this year, rising 12.6 metric tons on Monday.

Banks have also been raising their forecasts for bullion. Morgan Stanley boosted its 2016 outlook by 8 percent and 2017 view 13 percent, according to a report received on Tuesday. Goldman Sachs Group

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Inc. increased its three-, six- and 12-month targets by \$100, citing flight-to-safety sentiment.

Klein said that Evolution would focus on improving the quality of the company's portfolio, including investments, divestments and possible M&A opportunities. "We're not looking to expand our asset base to beyond six to eight assets we see as the optimal size," he said.

- Lloyds Loading List
- Mysteel
- Reuters
- RHB Research
- Seatrade Marine
- ShippingWatch
- Trade Winds News
- Vessel Values
- World Shipping Council

We welcome your feedback, comments and contributions. Please note that this report is a summary of current maritime and economic trading conditions and not in any way a reflection of the office's opinions or research.

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Information Sources:

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- Bloomberg Businessweek
- Clarksons
- Donegal Now
- Financial Times
- The Guardian
- H.C. Shipping and Chartering
- Hellenic Shipping News
- Irish Examiner, Independent, Times
- JOC