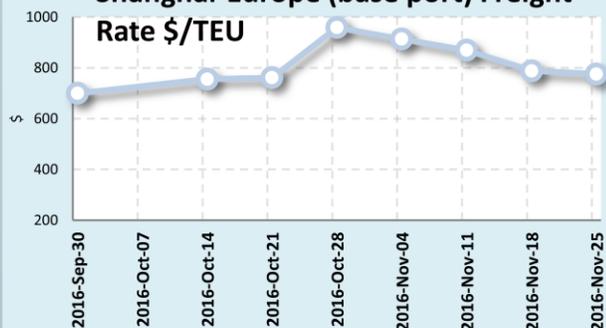


# Weekly Market Review

## Key Shipping Indicators

**Shanghai-Europe (base port) Freight Rate \$/TEU**



Source: Clarksons

### Shanghai Containerised Freight Index (\$/TEU)

W/E 27 <sup>th</sup> November 2015	554
W/E 25 <sup>th</sup> November 2016	775
Average % change Y-O-Y:	+39.8%

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

W/E 27 <sup>th</sup> November 2015	197
W/E 25 <sup>th</sup> November 2016	262.50
Average % change Y-O-Y:	+33.2%

### Baltic Exchange Dry Index

W/E 27 <sup>th</sup> November 2015	547
W/E 25 <sup>th</sup> November 2016	1216
Average % change Y-O-Y:	+122.4%

**Irish Maritime News: Brexit Revives Dispute Over Lough Foyle Territory Rights:** Brexit has revived a dormant territorial dispute between Britain and the Republic of Ireland over the ownership of Lough Foyle. Lough Foyle in Derry and Carlingford Lough, between Counties Louth and Down, are both matters of dispute between Dublin and London.

This has only intensified the uncertainty over fishing rights as the UK prepares to leave the EU and the Common Fisheries Policy.

**200 Jobs Secured At Harland & Wolf in 'Multi-Million Pound Contract':** A major manufacturing contract to Harland and Wolff has been secured which the company says will support 200 jobs.

BBC News writes that the "multi-million pound contract" is with wind farm developer Scottishpower Renewables.

The engineering firm is to make 24 steel foundation jackets for wind turbines to be used in the North Sea. The work will take two years to complete.

Harland and Wolff said the new contract is "very significant for Belfast". It added that the structures, at more than 65m tall, will almost be as "prominent in the Belfast skyline as the famous Samson and Goliath cranes".

**Global Maritime News: Hong Kong's first Maritime Industry Week opens:** The first Hong Kong Maritime Industry Week (HKMIW) organised by the Hong

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Kong Maritime and Port Board opened Nov 20th. HKMIW seeks to promote Hong Kong as a preferred base for maritime business and to raise public awareness of the contribution of the sector to our economic prosperity.

**Consolidation will bring stability to liner shipping industry, says Maersk China boss:** The liner shipping industry will see more consolidation, mergers and bankruptcies, which will in turn bring more stability to the market. Consolidation is a cause for optimism in the liner shipping industry, but it is a sector that may be threatened by a wave of protectionism unleashed by the next US president Donald Trump.

**Ship repair market could see huge boost on retrofits:** A series of new regulations, most notably the Ballast Water Management Convention, as well as the recent cap on the use of sulphur fuels, is bound to lead to increased retrofits; since ship owners will gradually look to keep their vessels compliant.

In a recent weekly report, shipbroker Intermodal noted that “going through a relatively interesting second half of the year so far in the ship repair sector, we are experiencing a volatile climate of different speculation.”

**Container Market: Seven-year old containership sold for scrap by Rickmers in landmark deal:** This week in the containership industry a landmark deal has occurred with the youngest ever containership sent for demolition by Rickmers Marine Trust.

The vessel was a seven year old panamax boxship (4250 TEU). She is valued just above scrap at USD 5.87m. In 2016 the vessel fell 62% in value. This year the average change in value in the containership sector is -26%. The main reason for this is that these vessels are becoming defunct now that the Panama Canal has been widened. Since 2 years before the first transit of the new locks which happened a couple of months ago, Panamax containers built in '09 dropped in value by two thirds.

**Commission approves container liner shipping merger between Hapag-Lloyd and UASC, subject to conditions:** The European Commission has cleared under the EU Merger Regulation the proposed acquisition of United Arab Shipping Company (“UASC”) by Hapag-Lloyd of Germany, subject to conditions. Both companies operate in the container liner shipping sector.

The clearance is conditional on the withdrawal of UASC from a consortium on the trade routes

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between Northern Europe and North America, where the merged entity would have faced insufficient competitive constraint.

**Tanker Market: Vessel oversupply to persist in the VLGC shipping sector:** High levels of scheduled deliveries, and low demolition prospects will drive unwanted fleet growth of very large gas carriers (VLGC) in 2017, according to shipping consultancy Drewry.

This will put additional pressure on freight rates, according to the latest edition of the LPG Forecaster. VLGC rates remain under pressure due to vessel oversupply caused by low fuel prices. With 64 additional ships due for delivery next year, fleet growth is expected to accelerate to 12% in 2017, further exacerbating the supply glut.

**World bunker market: volatile week ahead, expert says:** World fuel indexes saw an upward trend during the week due to a surge in optimism surrounding an OPEC deal. The Cartel is in a final week of talks to try to overcome differences about how to share output cuts and implement the supply deal first outlined in late September.

At discussions in Vienna this week, OPEC delegates said an agreement was imminent. As another

positive signal, Goldman Sachs hiked its oil price forecast this week by a substantial amount.

The investment bank expects oil prices to average \$55 per barrel in the first half of 2017, up sharply from the previous estimate of \$45 to \$50. The bank is now “tactically bullish” on oil.

**Dry Bulk Market: New building orders still scarce, as focus shifts to second hand dry bulk carriers:**

In its latest weekly report, Allied Ship broking noted on the new building market that “prices remain stagnant for yet another week, as little in the industry has managed to leave a positive effect on the new building market.”

Most of the shipping industry’s investment activity can be seen in the dry bulk second hand market these days. This is because few ship owners are willing to tie down their liquidity in favour of a long-term bet, such as a new building order, no matter how low the price.

**Shorter sailing distances limit the benefits of high**

**Chinese coal imports:** Australia and Indonesia, being the main exporters of coal to China, are growing their market share at the expense of longer haul exporters like the US and South Africa.

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Therefore, dry bulk shipping does not enjoy full tonne-mile demand (a measure of true shipping demand), when the imported coal volumes increase. The high level of coal into China for Q3 2016 shows the growing importance of Chinese coal imports for the shipping market.

**Commodities: Iran & Poland to establish joint shipping line:** Iran and Poland held negotiations in Tehran over launching a joint shipping line for transport of crude oil, petrochemical products as well as liquefied gas. Polish officials asserted that a joint firm will be formed in order to bolster relations.

**Oil prices capped by doubts OPEC-led cut will end glut:** Oil prices edged higher on Wednesday but gains were capped by investors' doubts that oil cartel OPEC would agree to a large enough production cut to significantly reduce the global surplus when it meets next week.

Many traders anticipate some agreement at OPEC but fear the aim, proposed by Algeria, of cutting production by 4 to 4.5 percent, or over 1.2 million barrels per day, may not be reached.

## Irish Business News:

**Unemployment revised down to new post-crash low of 7.5%:** Ireland's unemployment rate has been revised down to a new post-crash low of 7.5 per cent. The updated numbers, contained in the CSO's Quarterly National Household Survey, also show the number of people working in the State has reached its highest level in eight years. The CSO's survey reveals employment has now increased for 16 successive quarters and that most of the employment growth is in the full-time category.

**May signals cut in UK corporate tax as well as transitional EU deal:** British Prime Minister Theresa May has told business leaders that she wants to cut corporation tax to the lowest among the world's 20 largest economies. Ms May said her aim was "not solely for the UK to have the lowest corporate tax rate in the G-20 but also a tax system that is profoundly pro-innovation. "Experts suggest Mrs May could cut corporation tax to lower than the 15 per cent rate in a bid to shield the UK economy from the likely upheaval caused by Brexit.

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## **Global Business News: UK chancellor offers crumbs**

**to Britain's 'Jams':** UK chancellor of the exchequer Philip Hammond made his first set-piece speech in office on Wednesday, offering modest giveaways for “just about managing” families that are expected to be overshadowed by difficult economic forecasts. In the autumn statement, the chancellor confirmed a ban on letting fees for millions of families who are being charged hundreds of pounds by agencies to cover the supposed administrative costs of renting.

Mr Hammond also announced an increase in the “national living wage” from £7.20 to £7.50 an hour from April 2017.

**Trump disses TPP:** China will “play its role” in promoting economic integration in the Asia-Pacific, the foreign ministry said on Wednesday, after U.S. President-elect Donald Trump said he would kill an ambitious regional trade pact. China, Japan and South Korea are already in the initial stages of discussing a trilateral trade deal, and Beijing has been pushing its own limited Asian regional trade pact that excludes Washington for the past five years.

**Weak trade put brakes on German growth in third quarter:** The German economy halved its growth

rate to 0.2 per cent in the third quarter despite rising private consumption and higher state spending as weak foreign trade slowed overall activity in Europe’s biggest economy.

The Federal Statistics Office said on Thursday that net foreign trade subtracted 0.3 percentage points from GDP growth as exports fell by 0.4 per cent.

## **Fed policymakers confident of need for rate hikes**

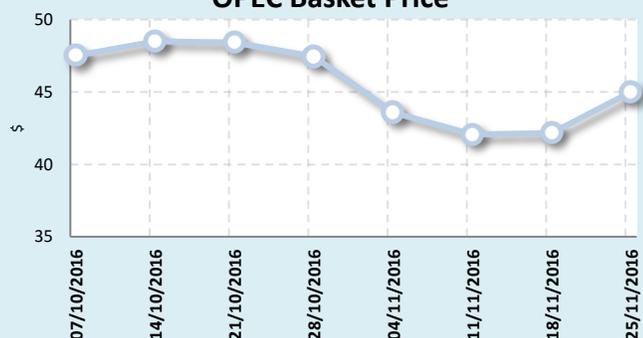
**on eve of Trump win:** Federal Reserve policymakers appeared confident on the eve of the U.S. presidential election that the economy was strengthening enough to warrant interest rate increases soon, minutes from the Fed's Nov. 1-2 meeting showed.

The minutes released on Wednesday back the consensus view on Wall Street that the Fed is poised to raise rates in December.

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## Key Economic Indicators

### OPEC Basket Price



Source: OPEC

### OPEC Basket Price

W/E 25 <sup>th</sup> November 2015	39.81
W/E 25 <sup>th</sup> November 2016	45.01
Average % change Y-O-Y:	<b>+13%</b>

### Exchange Rates

#### €/US\$

W/E 26 <sup>th</sup> November 2015	1.1011
W/E 25 <sup>th</sup> November 2016	1.0592
Average % change Y-O-Y:	<b>+3.8%</b>

#### €/UK£

W/E 26 <sup>th</sup> November 2015	0.7184
W/E 25 <sup>th</sup> November 2016	0.8518
Average % change Y-O-Y:	<b>+18.6%</b>

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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