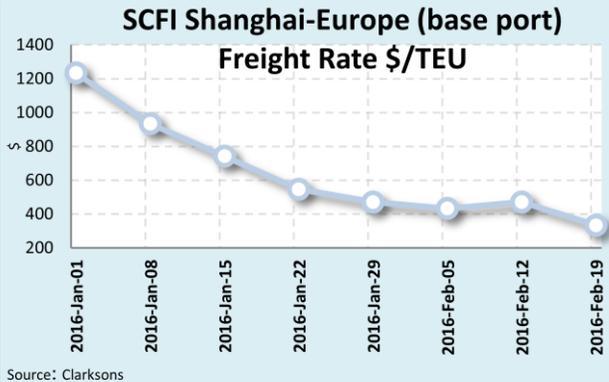


# Weekly Market Review

## Key Shipping Indicators



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

W/E 20 <sup>th</sup> February 2015	1003
W/E 19 <sup>th</sup> February 2016	332
Average % change Y-O-Y:	-66.8%

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

W/E 20 <sup>th</sup> February 2015	313
W/E 19 <sup>th</sup> February 2016	154
Average % change Y-O-Y:	-50.7%

### Baltic Exchange Dry Index

W/E 20 <sup>th</sup> February 2015	514
W/E 19 <sup>th</sup> February 2016	306
Average % change Y-O-Y:	-40.4%

## Irish Maritime News: Waterford Estuary

### Dredging to Take Place

As reported by afloat.ie, starting on Friday of this week, a trailing suction hopper dredger (named Freeway) is working on removing silt from the shipping channel on Waterford Estuary between Belview Port and out to sea.

The Dutch flagged vessel with a dredging spoil capacity of 4,500m<sup>3</sup> began duties last week on what in total will be a continuous 14-day dredging operation. Dumping is taking place at an approved site south-west of Hook Head.

Freeway is a sister of Causeway, which last year carried out the same work for the Port of Waterford. The dredgers form part of a 30 strong fleet from Dutch specialists Boskalis Westminster B.V, whose agent in this country is Irish Dredging Ltd.

This is necessary, as the container (lo-lo) port in Belview has reported a ten percent increase in lo-lo traffic in 2015 over 2014.

In addition Waterford City welcomed 16 cruise ships in 2015, including those making anchorage off Dunmore East. The cruise sector has provided further economic spin-offs for the city and the wider south-east region.

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## Department of Transport Detail New SOLAS Requirements for Containers

The latest Marine Notice from the Department of Transport, Tourism and Sport details new SOLAS requirements for the verification of the gross mass of shipping containers.

Following concerns raised internationally by the shipping industry in relation to the mis-declaration of container weights, the International Maritime Organisation (IMO) has amended the Safety of Life at Sea Convention (SOLAS), Chapter VI, Regulation 2. These changes come into force internationally on 1 July 2016.

These changes require that the shipper must weigh, or have arranged that a third party weighs, the packed container. This should be carried out using a calibrated weighing instrument, where weigh bridges should meet the requirements of the European Communities (Non-Automatic Weighing Page 3 of 3 Instruments).

The other method shippers may use include weighing all packages or cargo items that are to be packed in the container, including any packing material, dunnage, securing/lashing material and add the total to the tare mass of the container being used. A record of the calculation should be

retained by the shipper for inspection by relevant authorities. The weighing equipment must be calibrated in accordance with manufacturer's instructions and meet the accuracy requirements for class III weighing equipment as defined by the EC non-automatic measuring instruments directive.

## Global Container Market: Container Service Reliability Starts 2016 on a Disappointing Note

According to Carrier Performance Insight, the online schedule reliability tool provided by Drewry Supply Chain Advisors container service reliability started 2016 on a disappointing note as the average on-time performance slipped by 5.7 percentage points in January to 69.6%

These latest results represent the worst month-on-month decline since January 2015 (when the on-time average fell by 9.4 points) and brought it down to its lowest reading since April 2015. The majority (9 out of 10) of trades covered were less punctual in January. The biggest decline was seen in the Transatlantic route (-17.9 points). This decline was no doubt affected by the heavy snow storms that struck the US East Coast.

According to Simon Heaney, senior manager of supply chain research at Drewry, "the latest

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reliability performance of carriers is disappointing considering the gains made in 2015. However, some of the deterioration can be explained by harsh weather, so it is too early to judge if this was just a blip or represents the start of a prolonged downwards trend”.

## **Tanker Market: VLGG Rates to Come Under Further Pressure with the Delivery of 48 Vessels in 2016.**

Very Large Gas Carriers have fallen 68% from last year’s peaks and are currently near two year lows. The delivery of 48 vessels in 2016, in addition to the 35 delivered in 2015, is likely to dampen spot rates further according to shipping brokers this week.

Brokers noted this week that concern is also being raised over LPG exports and vessel demand for long-haul shipments after recent Energy Information Administration data showing US crude oil production is in decline due to low prices and flat demand — which would hit natural gas liquids output.

Shipping Brokerage, Banchemo Costa Research stated that “during 2015 there was a huge amount of volatility in the LPG spot market. Supply is expected to continue to weigh on LPG spot rates throughout in 2016”. VLGC daily rates on the key

Persian Gulf-Japan routes were assessed around \$43.50/mt Tuesday, down from \$136/mt on July 16 last year. “However, despite rapid fleet growth, VLGCs are expected to continue to benefit as demand for LPG remains strong, especially in Asia,” Banchemo Costa added. It said 86 ships totalling 3.7 million cubic meters were delivered last year, including 35 vessels more than 70,000 cu m in size, totalling 2.9 million cu. m. In a recent report, Banchemo Costa noted that another 5.4 million cu. m, or 124 units, are slated for delivery this year, of which 4 million cu. m, or 48 units, are VLGCs. This will lead to fleet growth of 19% in terms of capacity. This will likely add further pressure on rates.

## **Bulk Market: Freight Rates for Capesize Bulk Carriers Likely to Remain Flat on Key Asian Routes.**

On key Asian routes, freight rates for capesize bulk carriers are likely to remain flat. This is because vessel supply is currently outpacing demand while at the same time higher bunker prices could support freight rates. According to a Singapore based capesize shipbroker “the market is going nowhere – there is no prospect of an improvement because there are so many ships available (for charter)”.

The overcapacity currently evident in the market has resulted in owners leaving idle 40-50 capesize vessels. According to figures from ship broking

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houses Barry Rogliano Salles and Fearnle, these vessels are being left idle by their owners rather than operating them at a loss. Norwegian ship broker Fearnley actually expected even more vessels to be idled. It noted on Wednesday that, “with average daily spot (earnings) unchanged at some \$2,800, less than half of opex, the fundamental question for many owners is why bother to keep the propeller running”.

Freight rates did, however, nudge up slightly this week buoyed by more chartering activity from Australian miners including Fortescue Metals Group and Rio Tinto and higher ship fuel prices that helped subside charter rates, brokers said.

Bunker prices in Singapore FO380-SIN have risen by \$13 per tonne in the last month, according to Reuters data. A modern 180,000 deadweight tonne capesize ship typically consumes 55-65 tonnes of fuel a day. Ship owners with ships trading the spot market pay for their own fuel so higher bunker prices tend to support freight rates, brokers said.

#### Information Sources:

- Afloat.ie
- Drewry Maritime Research
- Hellenic Shipping News
- Reuters

- Platts