

# SHIPPING SECTOR OVERVIEW

- ◆ Global Industry Snapshot
- ◆ Capacity
- ◆ Growth Trend
- ◆ Global Seaborne trade
- ◆ Suppliers
- ◆ Freight Rates
- ◆ Outlook

**May 2018**

# INDUSTRY SNAPSHOT

GLOBAL

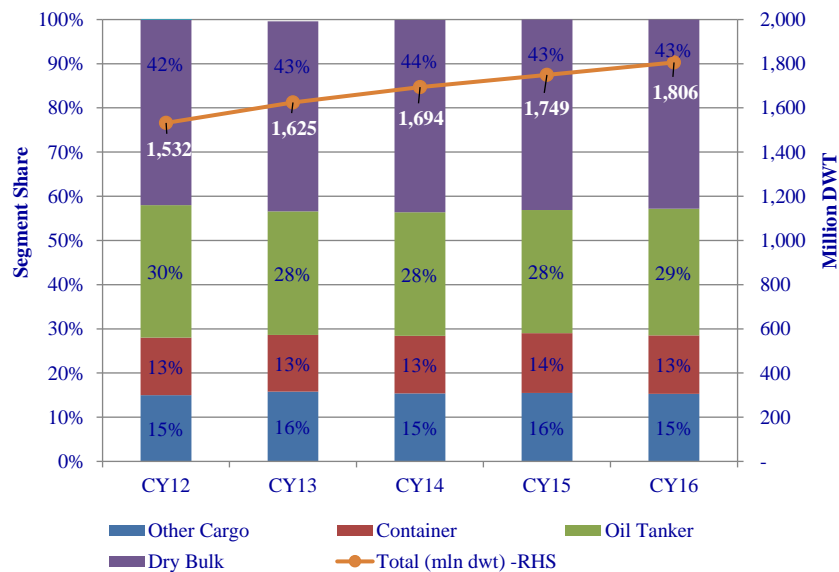
- Merchandise trade has high correlation with GDP
- Seaborne trade | ~90% of world is carried by the international shipping industry
- In recent years, new ships joining the world fleet are fuel efficient and larger in size
- Lately, world GDP growth has tapper down owing to slow down in world largest economies mainly China and Europe. Hence, global shipping companies' freights have come under pressure. World's vessels are decreasing in number and increasing in size.
- Re-balancing of China's economy may significantly reshape the maritime transport landscape and alter shipping and seaborne trade pattern, going forward.
- China's initiative of One Belt, One Road aims to establish new trade routes.

PAKISTAN

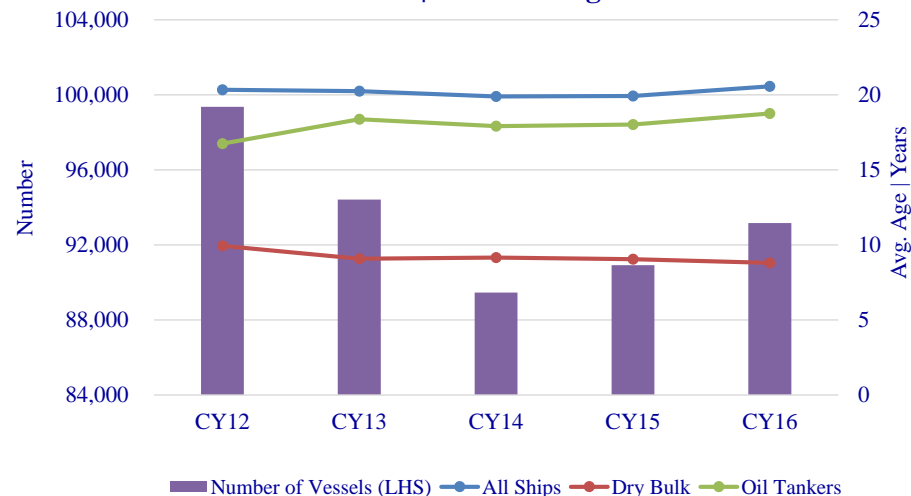
- Pakistan's merchandise trade has shown a rising trend increasing by ~8% in 2017
- CPEC under China's One Belt, One Road is expected to increase seaborne trade through Gawadar port.
- Pakistan National Shipping Corporation (PNSC) is the only shipping company operating with flag as a national flag carrier.
- Maintaining a fleet of 9 vessels (4 oil tankers and 5 dry bulk carriers), PNSC operates on a competitive basis. PNSC is in the process of acquiring two more vessels.
- PNSC's business margins have dropped owing to drop in RFO shipments
- PNSC had 14% share of total Pakistan's Seaborne trade in 2017

# Shipping Industry | DWT Capacity

### World Fleet | Capacity | Segment Share



### World Fleet | Size and Avg. Life



## World

# of Vessels

Avg. Vessel Life

## 2010

103,392

22.5yrs.

## 2016

93,167

20.6yrs.

## PNSC

# of Vessels

Avg. Vessel Life

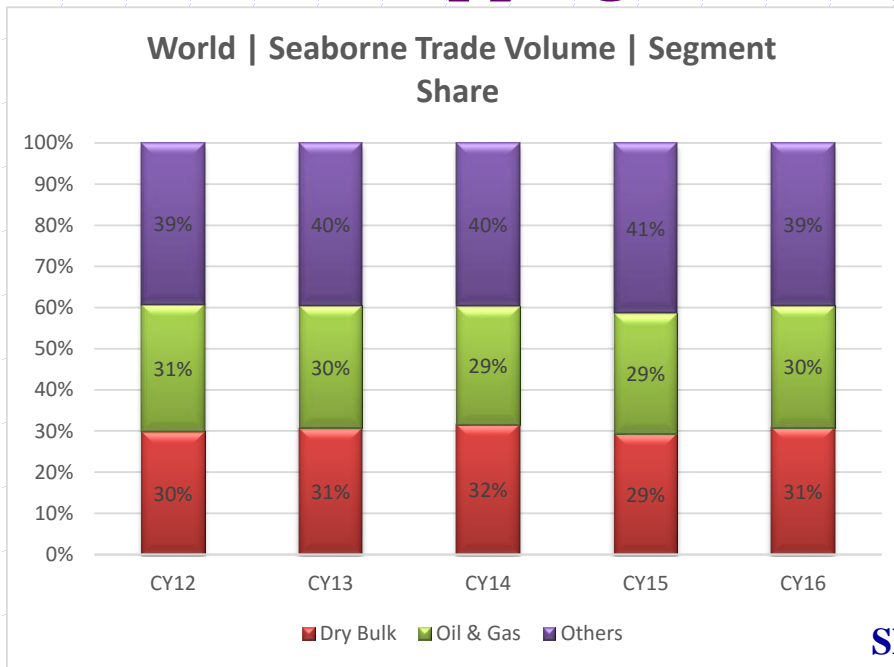
9

15yrs.

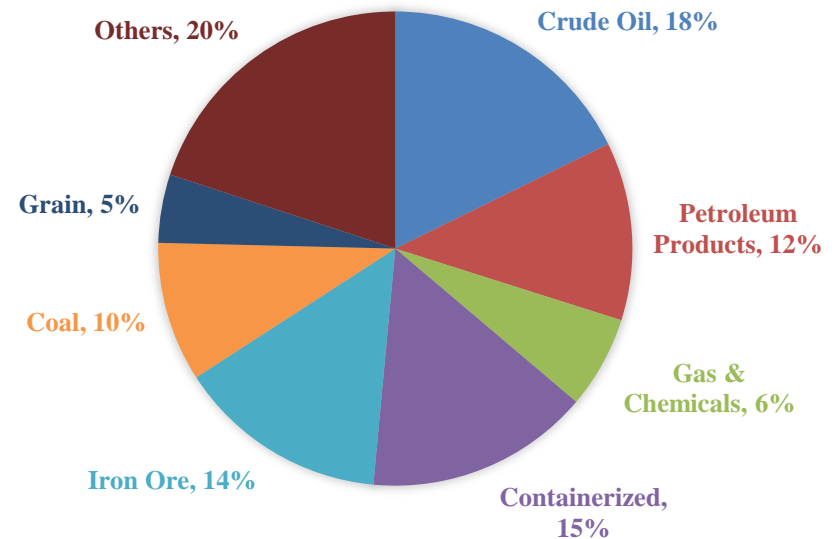
9

13yrs.

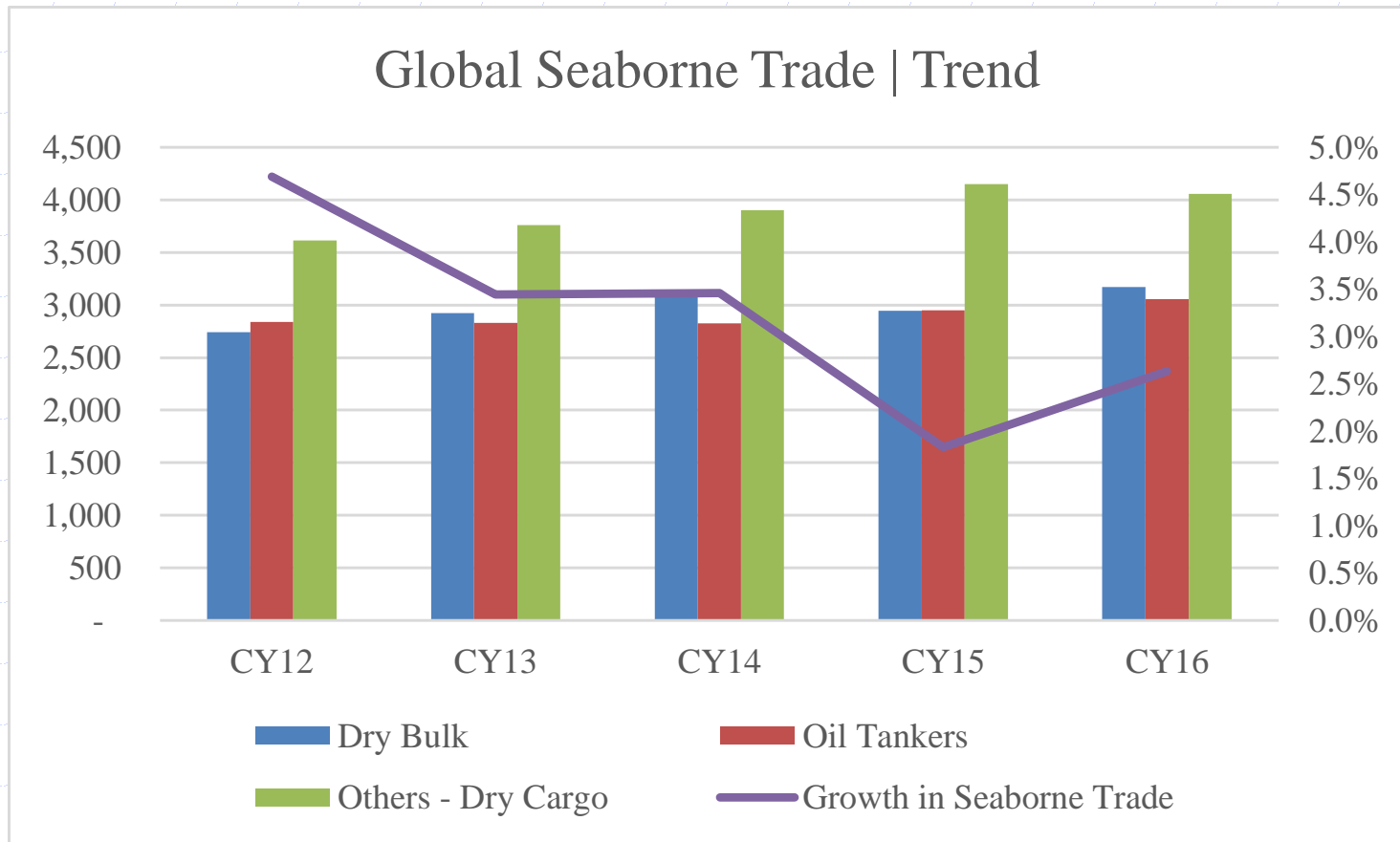
# Shipping Industry | Growth Trends



## SEABORNE TRADE -2016 | TYPES OF GOODS



# Global Seaborne Trade | Trend

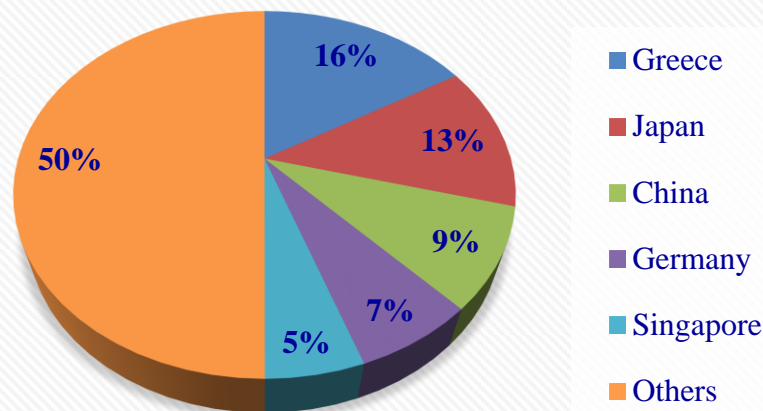


# Shipping Industry | Suppliers

Sr. #	Shipping Companies	Country	Market Share*	Vessels
1	Maersk Line A/S	Denmark	16.0%	621
2	Mediterranean Shipping Company	South Africa	14.6%	469
3	CMA CGM	South Africa	11.1%	441
4	Coso Container Lines Limited	USA	8.0%	277
5	Hapag-Lloyd Aktiengesellschaft	Germany	5.2%	180
6	Evergreen Marine Corporation Limited	Taiwan	5.0%	186
7	Orient Overseas Container Line	Japan	3.3%	107
8	Hamburg Sud	Germany	3.0%	116
9	Yang Ming	Korea	2.9%	100
10	United Arab Shipping Company	UAE	2.7%	56
<b>Total</b>			<b>71.8%</b>	<b>2,553</b>

\*Market share based on TEU: Twenty Feet Equivalent Units | 1 TEU = 12-14 DWT

### Top 5 Countries | Market Share | DWT -2016



# Shipping Industry | Freight Rates | Dry Bulk

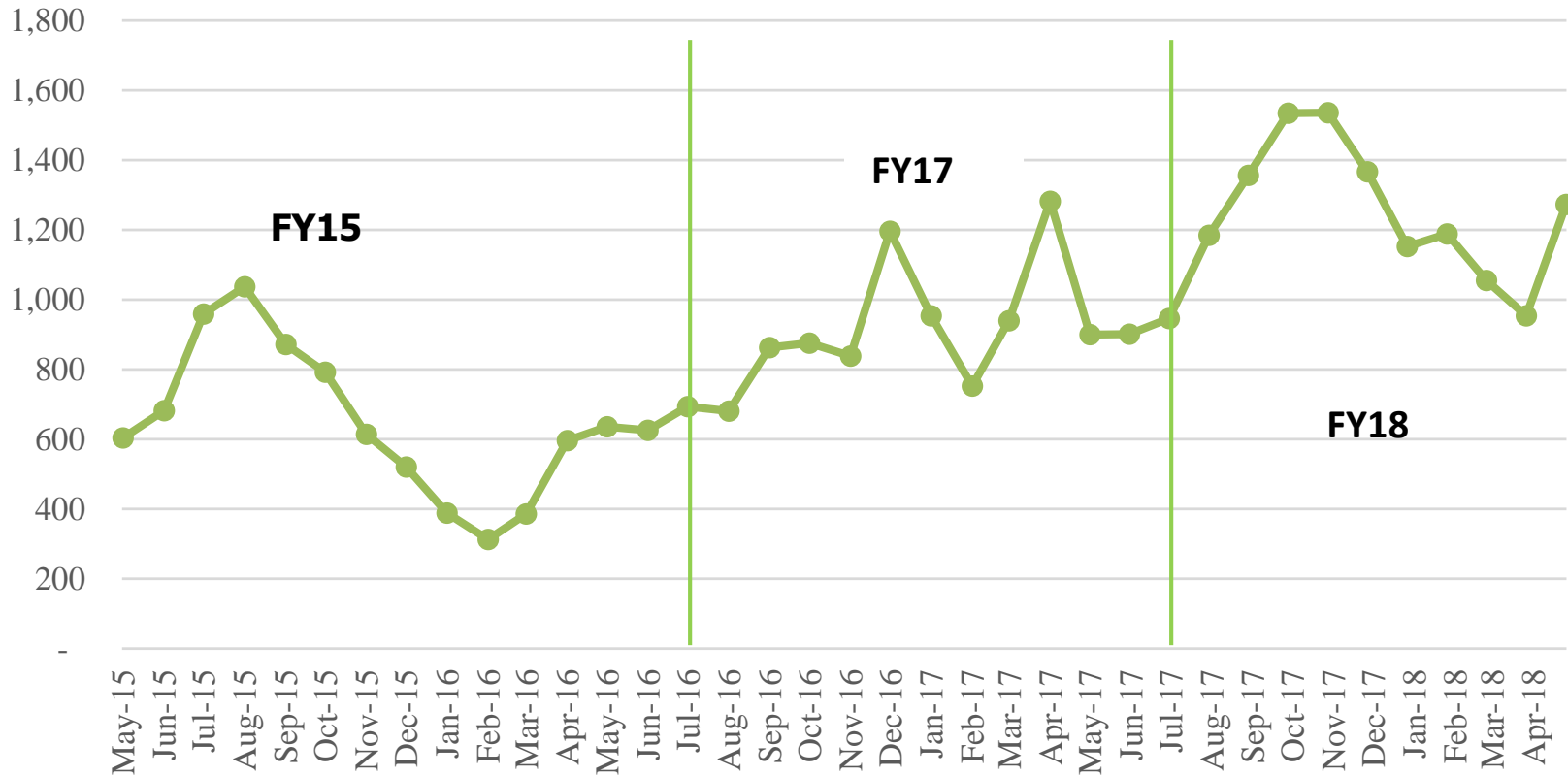
- Baltic Dry index has continued its slow but upward trend

## Baltic Dry Index | 6years Movement



# Shipping Industry | Freight Rates | Dry Bulk

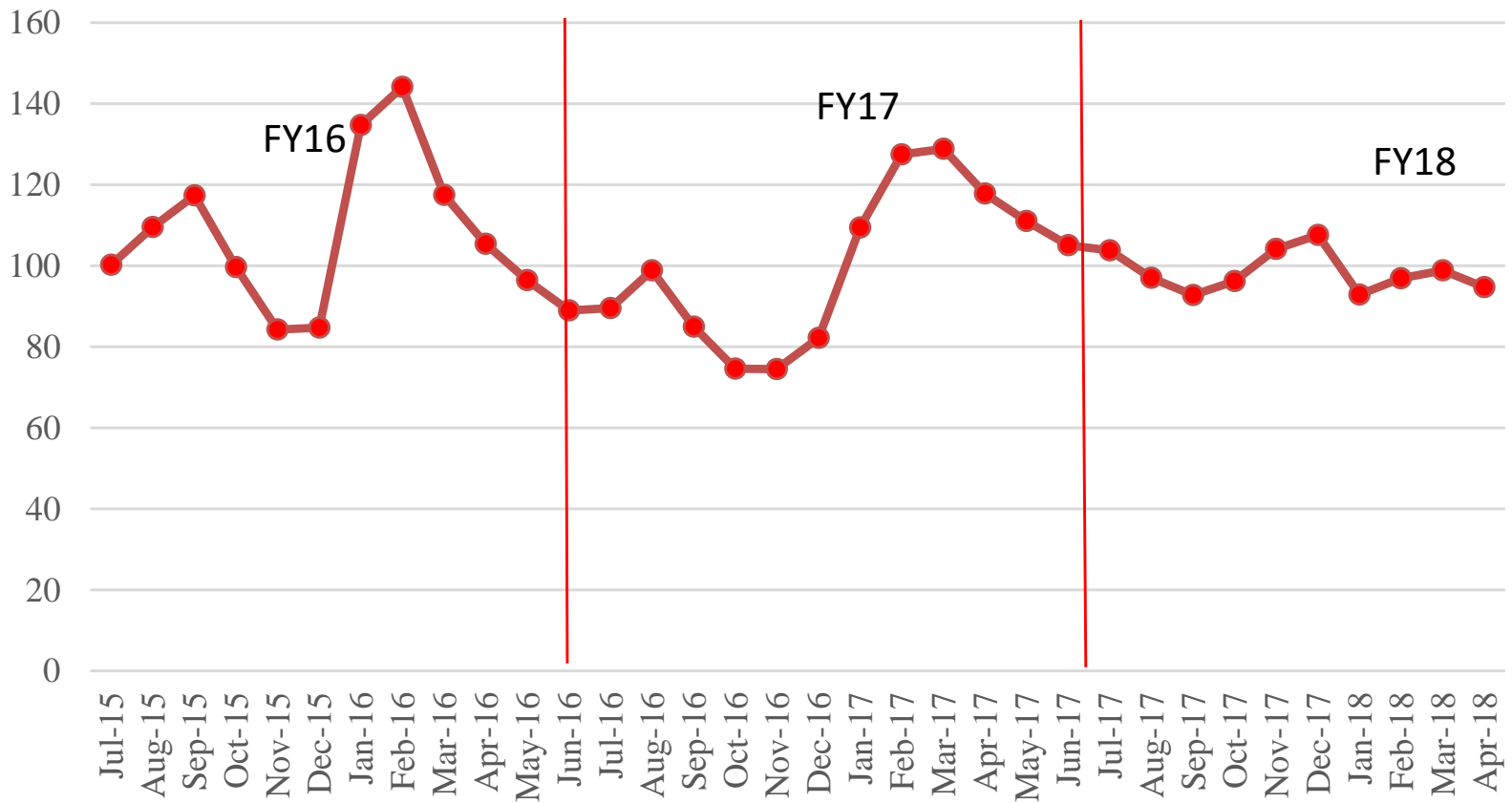
## Baltic Dry Index | Trend





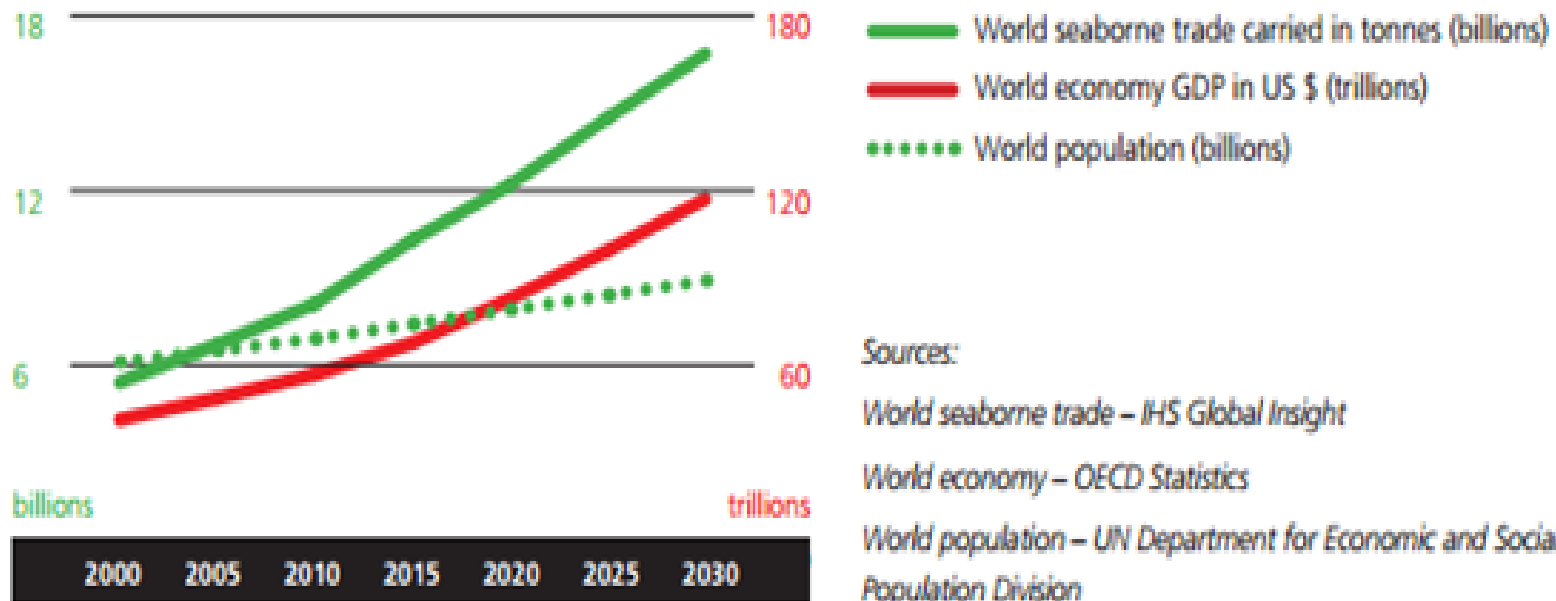
# Shipping Industry | Freight Rates | Liquid

## AFRA Index | Movement



# Shipping Industry | Outlook

## PREDICTED INCREASES IN WORLD SEABORNE TRADE, GDP AND POPULATION



# Bibliography

- Review of Maritime Transport 2016
- Pakistan National Shipping Corporation
- <http://data.worldbank.org/indicator/TG.VAL.TOTL.GD.ZS/countries?display=graph>
- <http://wits.worldbank.org/CountryProfile/en/Country/WLD/Year/2007/TradeFlow/Import/Partner/WLD/Product/All-Groups>
- <http://www.ics-shipping.org/shipping-facts/shipping-and-world-trade>
- <https://www.bloomberg.com/quote/BDIY:IND>
- <https://www.quandl.com/data/LLOYDS/BDI-Baltic-Dry-Index>

<b>Analysts</b>	<b>Muhammad Hassan</b> <i>Senior Financial Analyst</i> <a href="mailto:Muhammad.Hassan@pacra.com">Muhammad.Hassan@pacra.com</a>	<b>Amara Gondal</b> <i>Senior Manager Ratings</i> <a href="mailto:Amara.gondal@pacra.com">Amara.gondal@pacra.com</a>
<b>Contact Number: +92 42 3586 9504</b>		

## DISCLAIMER

PACRA has used due care in preparation of this document. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. The information in this document may be copied or otherwise reproduced, in whole or in part, provided the source is duly acknowledged. The presentation should not be relied upon as professional advice.