LE RENDEZ-VOUS DE L'ASSURANCE TRANSPORTS

Cannes

4th and 5th May 2010

CESAM

ASSURANCE TRANSPORTS 2010

LE RENDEZ-VOUS DE CANNES

BRS

BARRY ROGLIANO SALLES

SHIPBROKERS SINCE 1856

ASSURANCE TRANSPORTS

LE RENDEZ-VOUS DE CANNES

2010

CANNES 2010

Francis Baudu

Barry Rogliano Salles

May 2006

BRS

Freight Rates in a Cyclical Market

Freight Rate Drivers

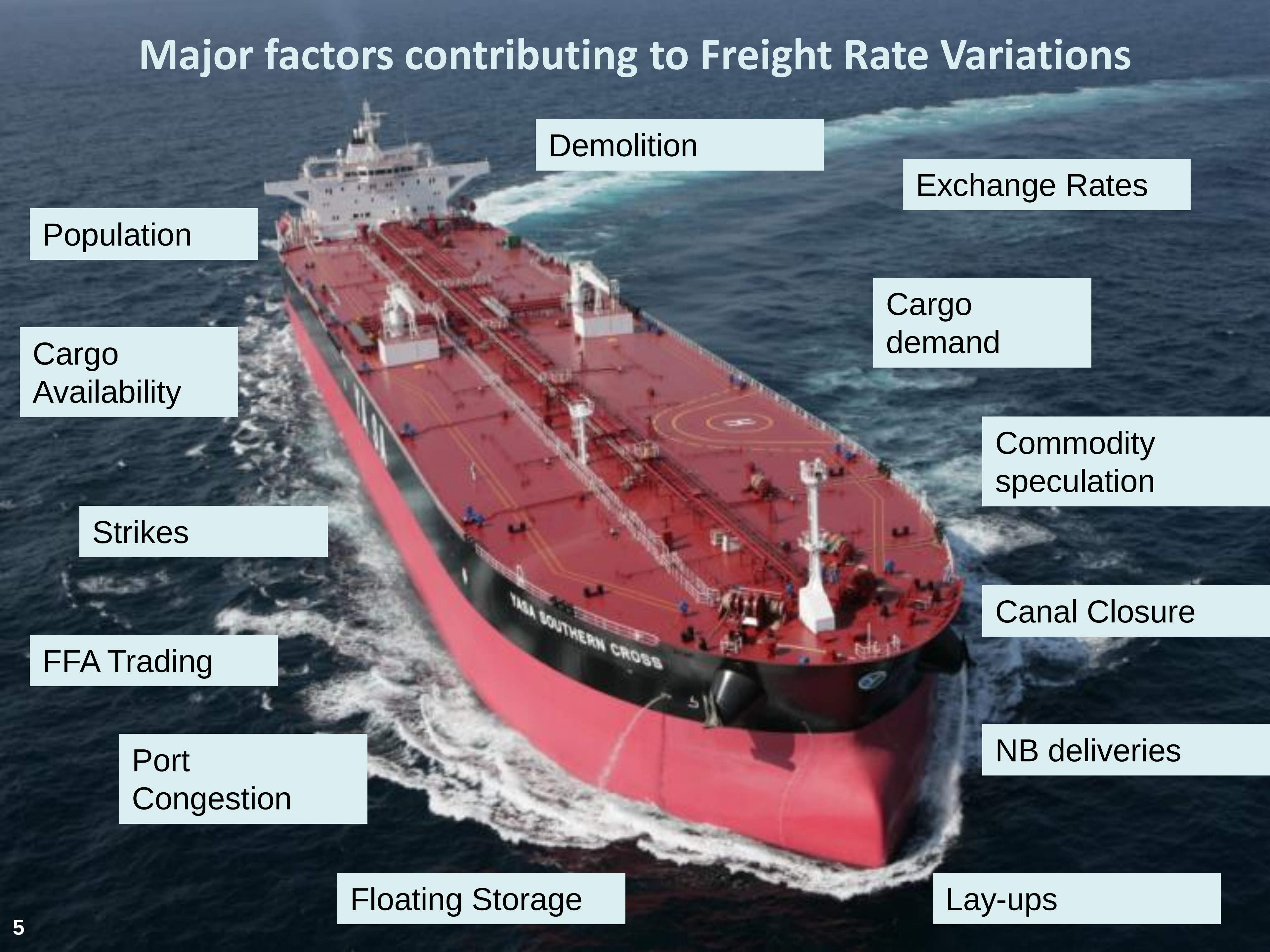
- For some ship types, seaborne demand is driven by the availability of product (eg VLGC, LNG)

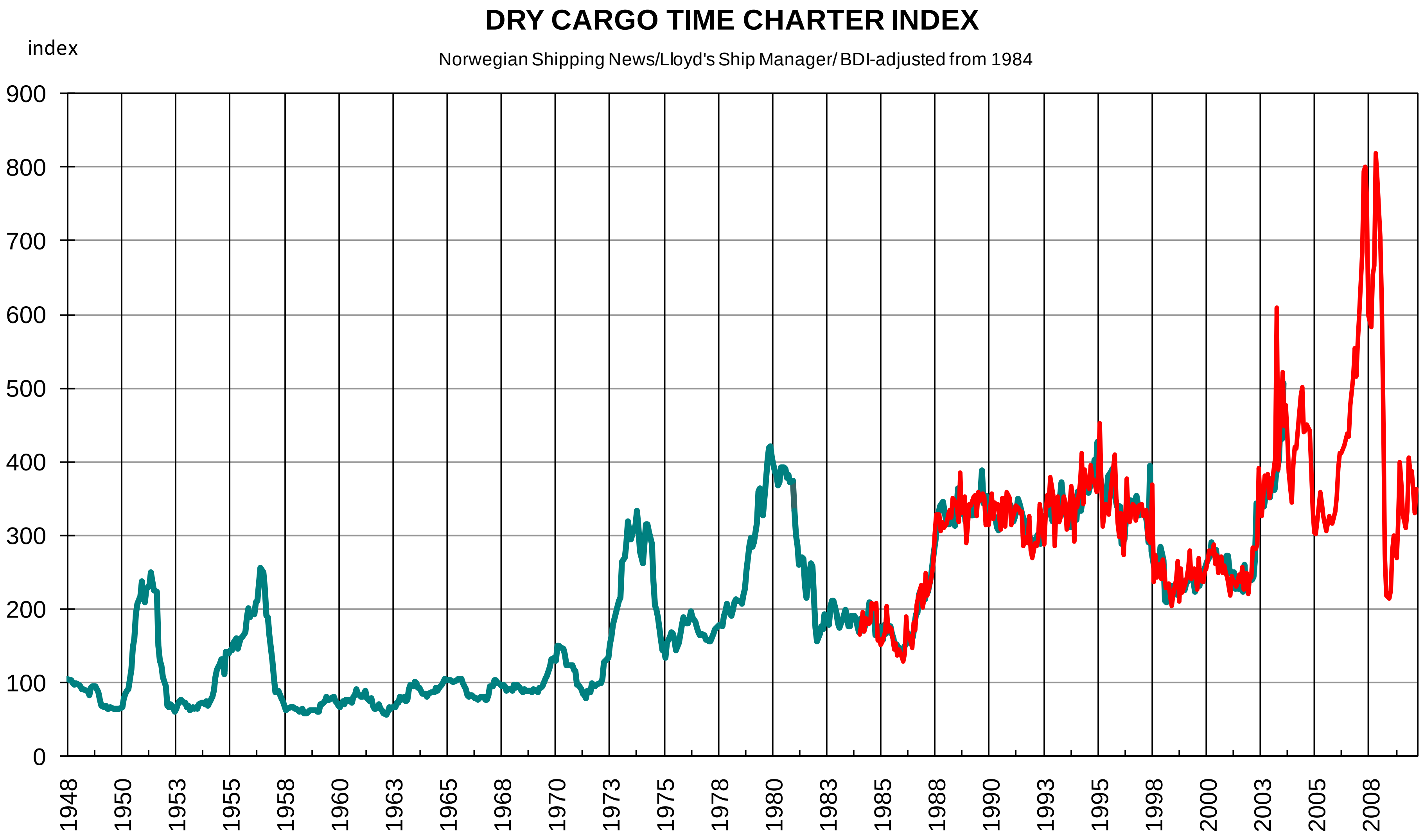
- For others, the driver is the differential between the cost of importing a product, and the cost of producing it locally

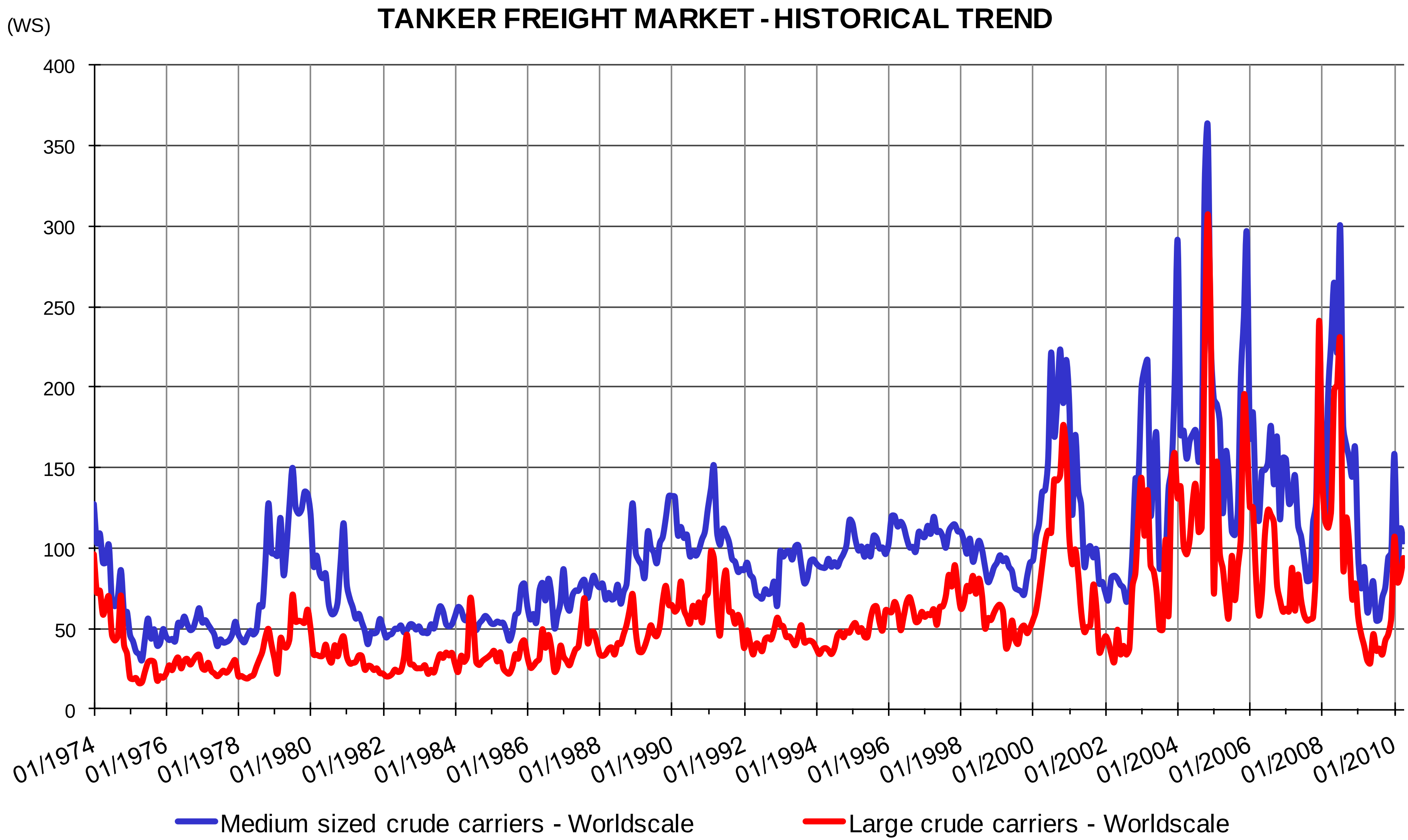
- 90% of global merchandise is transported by sea:

  1 human being = 1 ton X 1,500 nautical miles

Major factors contributing to Freight Rate Variations

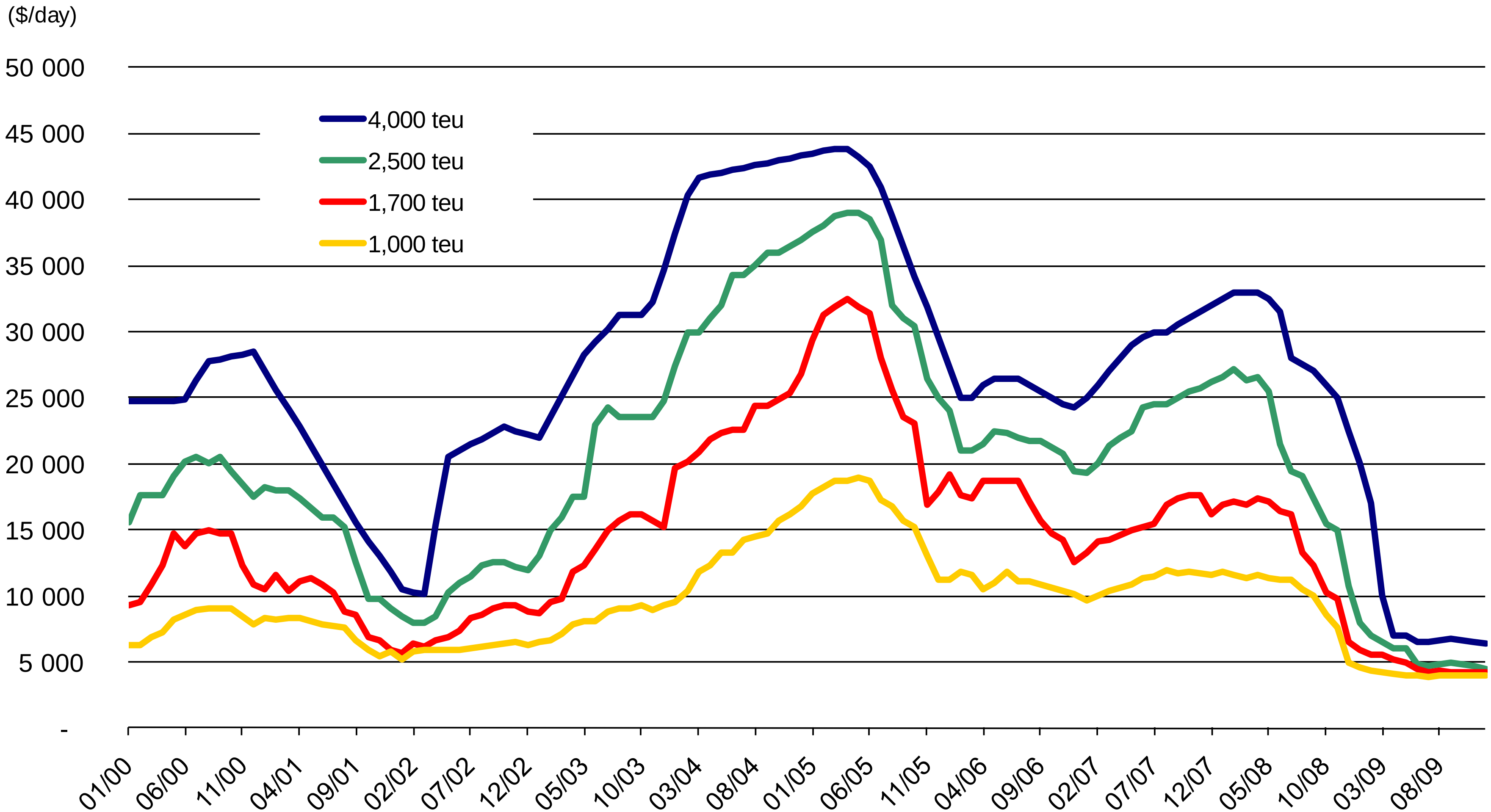



DRY CARGO TIME CHARTER INDEX
Norwegian Shipping News/Lloyd's Ship Manager/ BDI-adjusted from 1984
index
900
800
700
600
500
400
300
200
100
0
1948
1950
1953
1955
1958
1960
1963
1965
1968
1970
1973
1975
1978
1980
1983
1985
1988
1990
1993
1995
1998
2000
2003
2005
2008



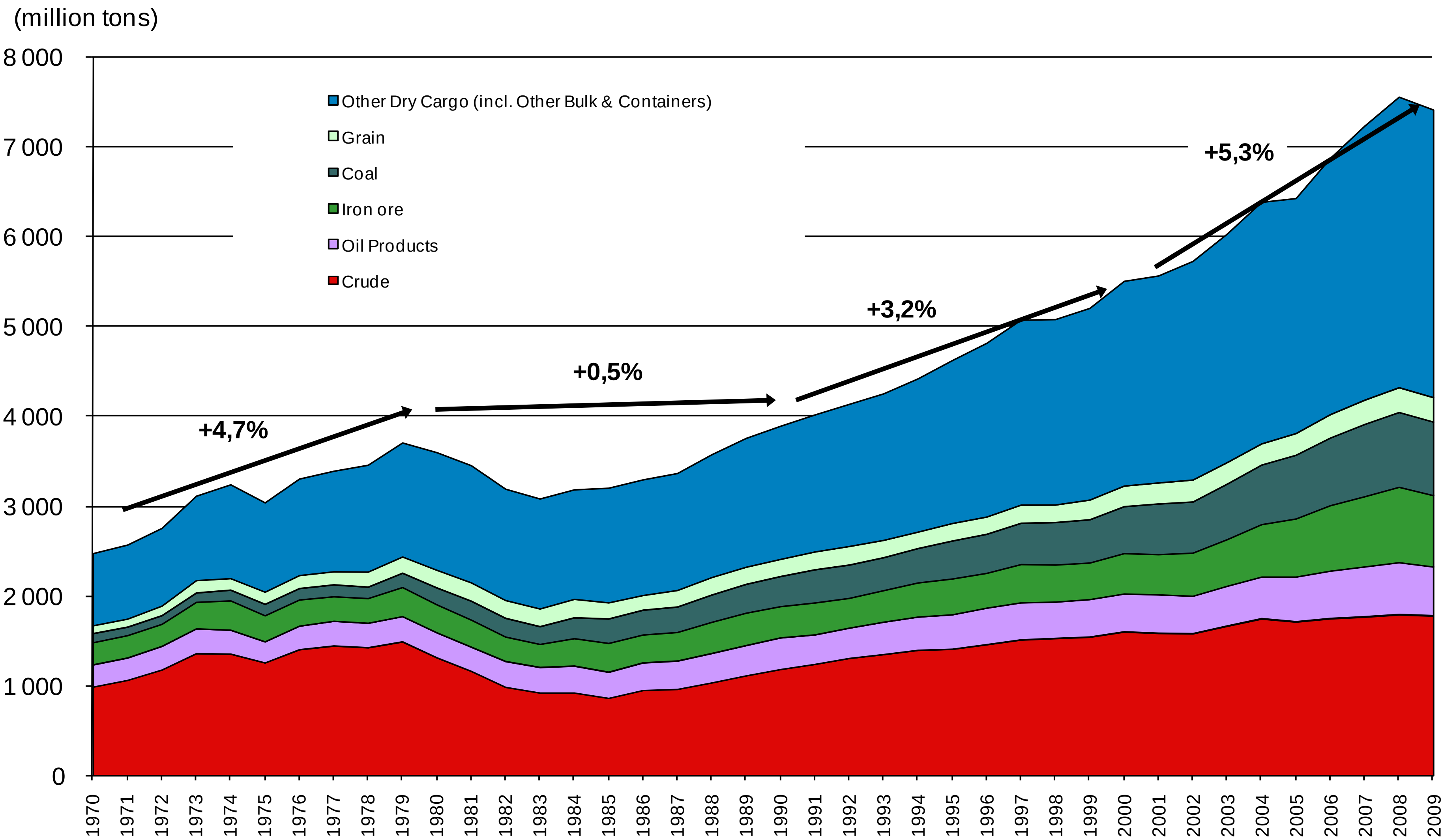
*Introduction and changes to Worldscale make comparison since 1940s impossible

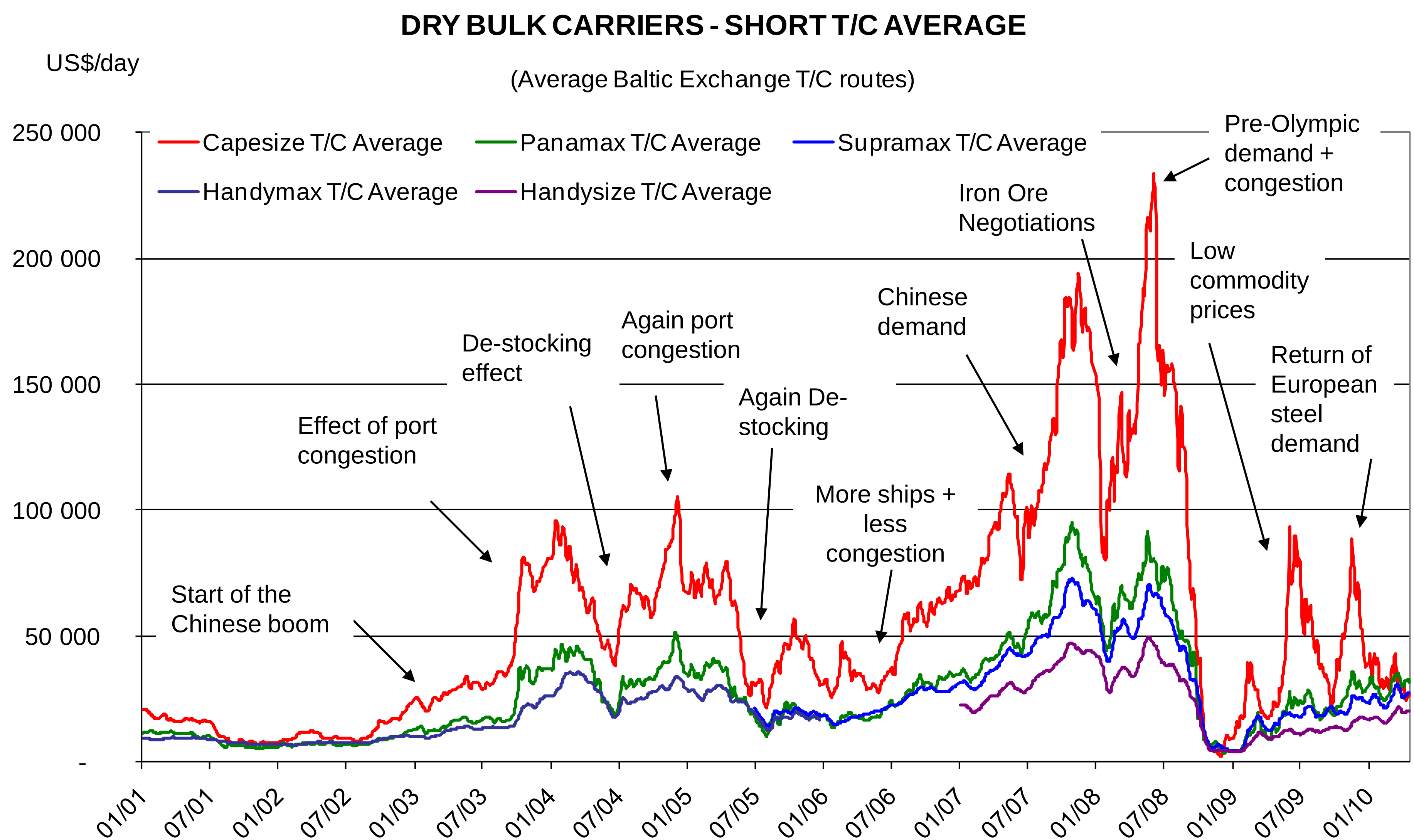
CONTAINERSHIPS TIME CHARTER RATES



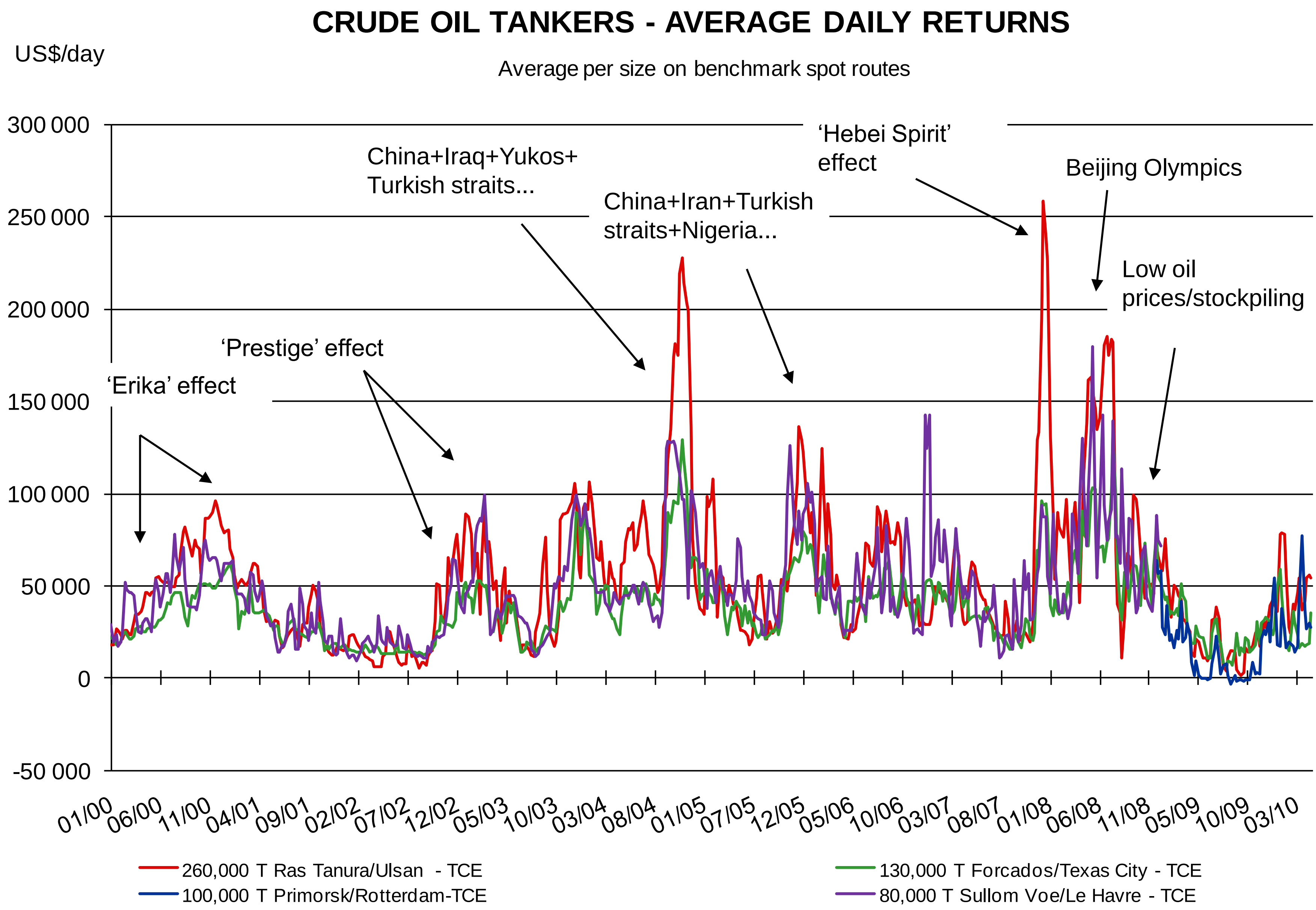
(Source: BRS AXS Alphaliner)

World Seaborne Trade Evolution since 1970





DRY BULK CARRIERS - SHORT T/C AVERAGE
US$/day
(Average Baltic Exchange T/C routes)
Capesize T/C Average
Panamax T/C Average
Supramax T/C Average
Handymax T/C Average
Handysize T/C Average
250 000
200 000
150 000
100 000
50 000
-
01/01
07/01
01/02
07/02
01/03
07/03
01/04
07/04
01/05
07/05
01/06
07/06
01/07
07/07
01/08
07/08
01/09
07/09
01/10
Start of the Chinese boom
Effect of port congestion
De-stocking effect
Again port congestion
Again De-stocking
More ships + less congestion
Chinese demand
Iron Ore Negotiations
Pre-Olympic demand + congestion
Low commodity prices
Return of European steel demand


CRUDE OIL TANKERS - AVERAGE DAILY RETURNS
US$/day
Average per size on benchmark spot routes
300 000
250 000
200 000
150 000
100 000
50 000
0
-50 000
'Erika' effect
'Prestige' effect
China+Iraq+Yukos+
Turkish straits...
China+Iran+Turkish
straits+Nigeria...
'Hebei Spirit'
effect
Beijing Olympics
Low oil
prices/stockpiling
01/00
06/00
11/00
04/01
09/01
02/02
07/02
12/02
05/03
10/03
03/04
08/04
01/05
07/05
12/05
05/06
10/06
03/07
08/07
01/08
06/08
11/08
05/09
10/09
03/10
260,000 T Ras Tanura/Ulsan - TCE
100,000 T Primorsk/Rotterdam-TCE
130,000 T Forcados/Texas City - TCE
80,000 T Sullom Voe/Le Havre - TCE

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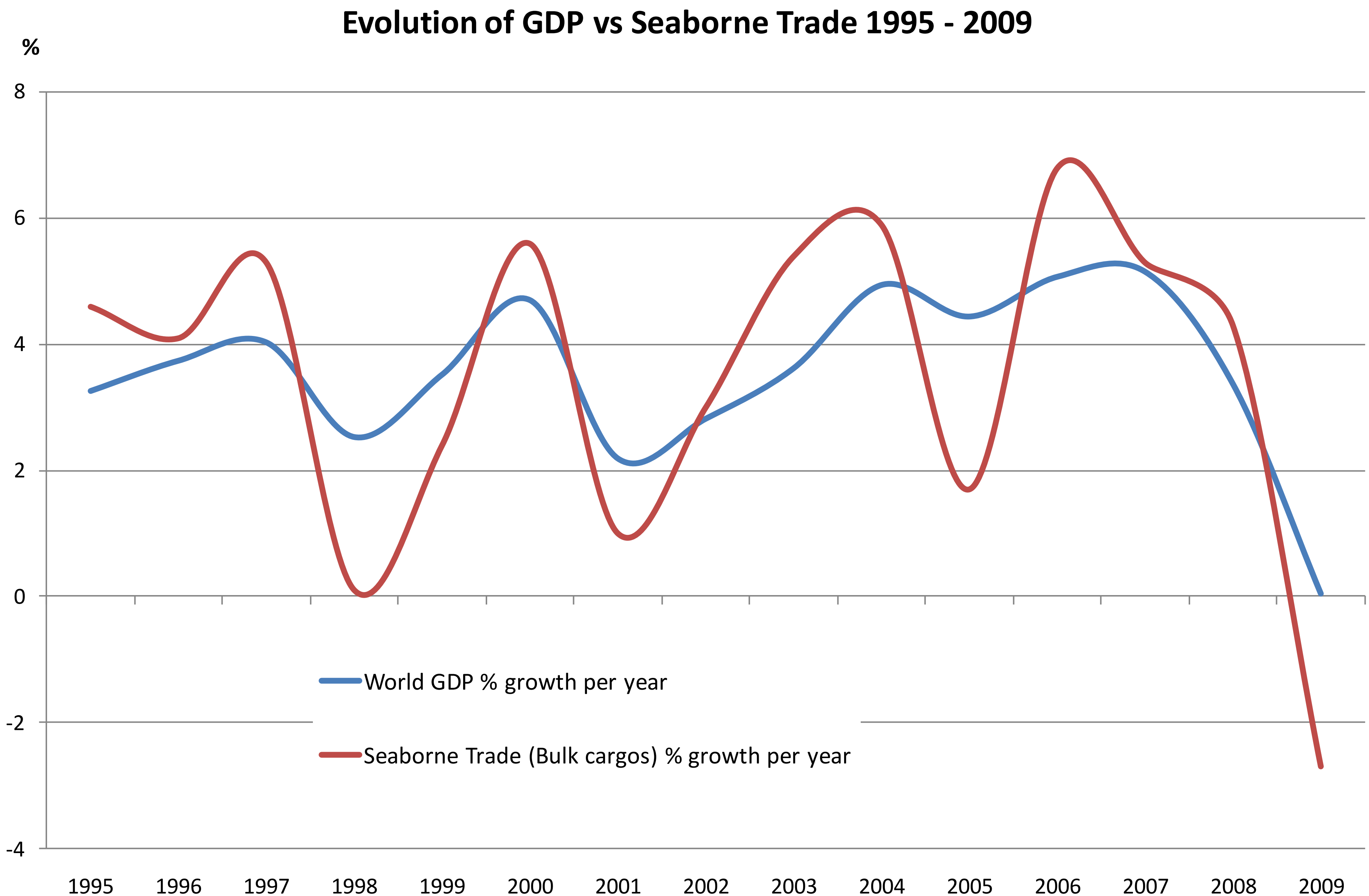
Evolution of GDP vs Seaborne Trade 1995 - 2009
%
8
6
4
2
0
-2
-4
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
World GDP % growth per year
Seaborne Trade (Bulk cargos) % growth per year

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