

# SHIPPING

## SECTOR OVERVIEW

May-19



Global Industry  
Snapshot

Pakistan Industry  
Snapshot

Global & Local Sea  
Trade Volume

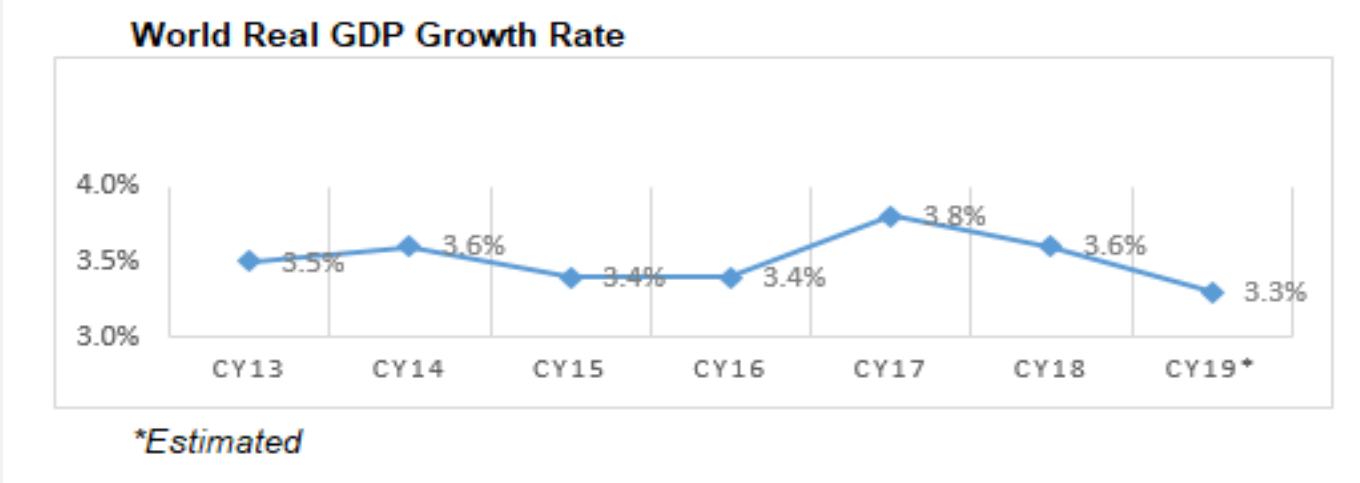
World Fleet  
Capacity

Pricing

Outlook

## World Merchandise Trade:

- Merchandise trade has a high correlation with GDP.



- Global economic activity slowed down in 2HCY18 following strong growth trend since CY17. The slowdown trend reflected confluence of factors affecting major economies including trade tensions amongst China and the US. As a result, global growth is expected to slow down to ~3.3% in CY19 (~3.6% in CY18). Hence, global shipping companies' freights have also come under pressure. The market is expected to remain the same in the near term and pick up a moderate growth in the medium term, dependent on easing of trade tensions.

## World Seaborne trade\*:

- Global Seaborne trade volumes reached to 10.7billion tons in CY17 with a 4% annual growth.

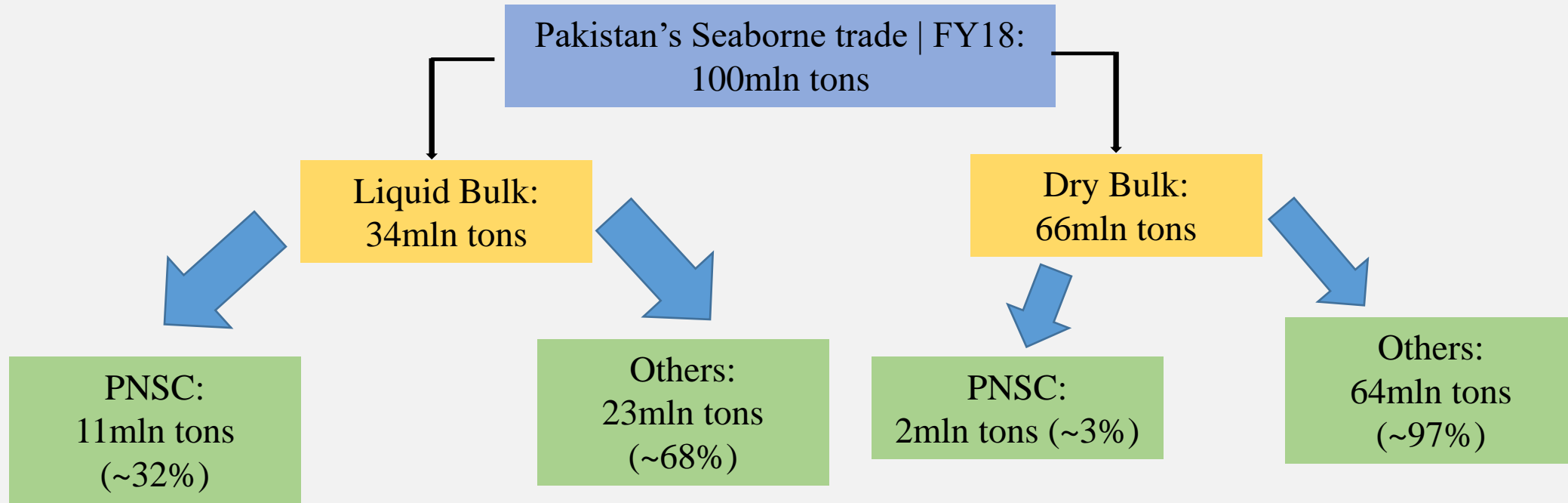
## World Fleet Capacity\*\*:

- On January 1, 2018, world commercial fleet consisted of 94,169 vessels, with a combined tonnage capacity of 1.92billion dead weight tonnes (DWT).

\*latest available figures: CY17

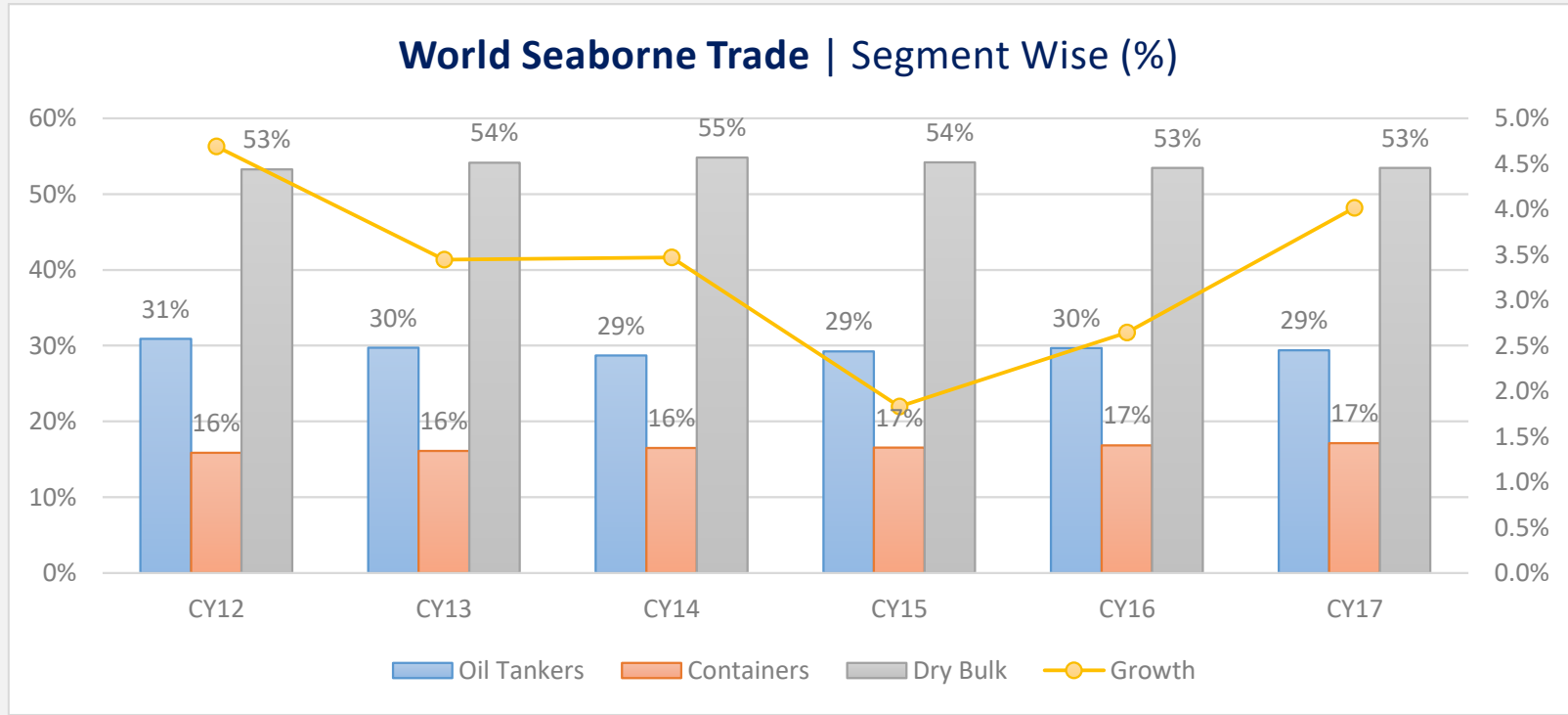
\*\*latest available as of 1-Jan-18

- Maritime trade plays a pivotal role in Pakistan’s economy as almost ~95% of the country’s International trade is transported through seas.

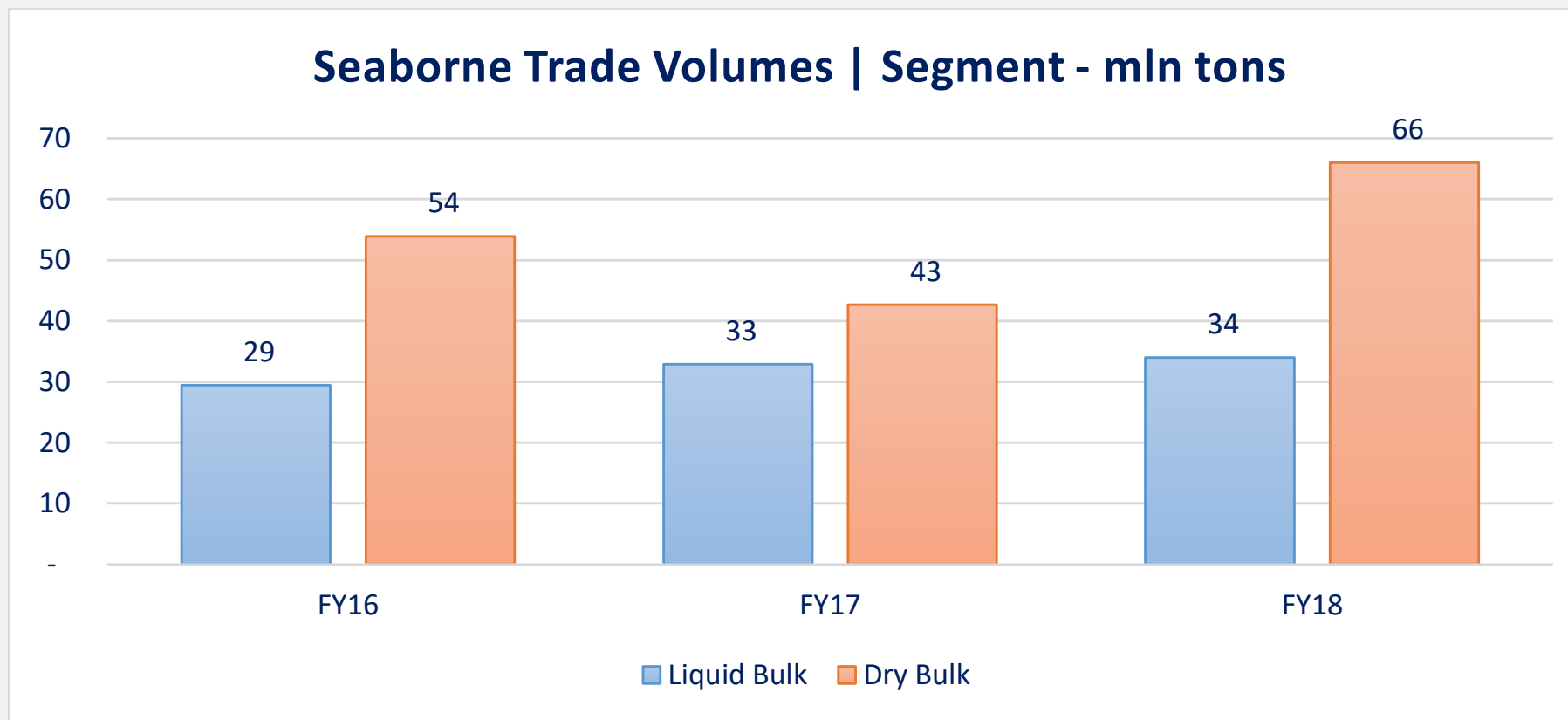


- Pakistan’s seaborne trade grew by ~12% YoY basis in FY18.
- With a slowdown in overall economic activity, growth in seaborne trade is expected to decline in FY19, with a major reduction expected in liquid bulk trade, owing to a drop in RFO shipments.
- Pakistan National Shipping Corporation (PNSC) is the only shipping company operating with flag as a national flag carrier. The company maintains a fleet of 9 vessels (4 oil tankers and 5 dry bulk carriers) and has recently added two (2) more LR-1 tankers to the fleet in March’19 and April’19. The company is further planning for acquisition of one Aframax tanker in CY19.

Category (mln tons)	CY12	CY13	CY14	CY15	CY16	CY17
Oil Tankers	2,841	2,829	2,826	2,932	3,055	3,146
Containers	1,458	1,532	1,622	1,660	1,734	1,834
Dry Bulk	4,898	5,153	5,396	5,432	5,500	5,722
<b>Total</b>	<b>9,197</b>	<b>9,514</b>	<b>9,844</b>	<b>10,024</b>	<b>10,289</b>	<b>10,702</b>

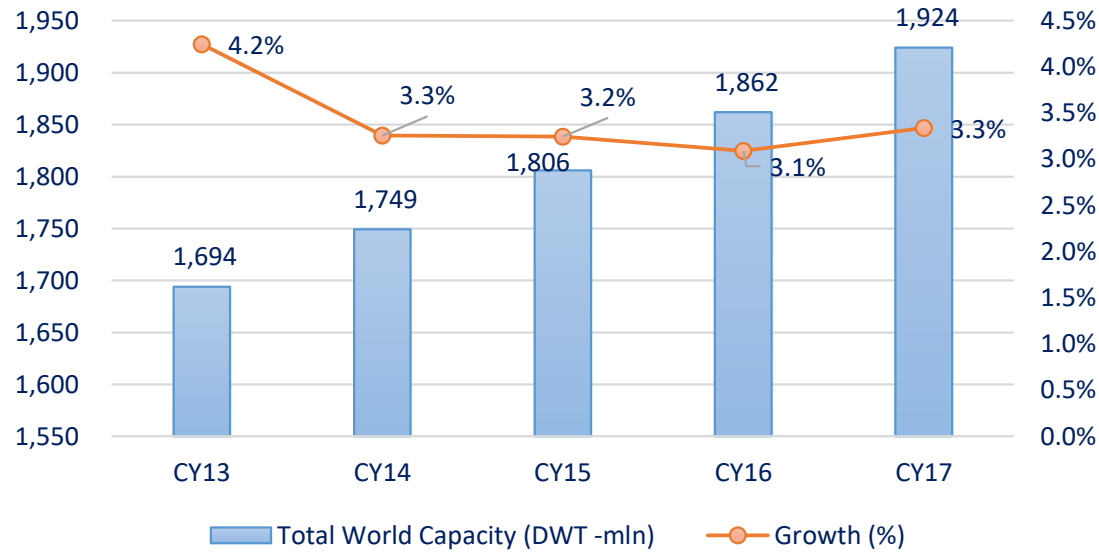


- World seaborne trade is directly correlated to the trends of global merchandise trade and GDP growth.
- Dry bulk trade constitutes the highest share in world seaborne trade.
- CY16, CY17 and 1HCY18 were promising in relation to the world seaborne trade. However, with rising trade tensions between the two major economies of world i.e., US and China, growth has slowed down in 2HCY18. The market is expected to remain the same in the near term.

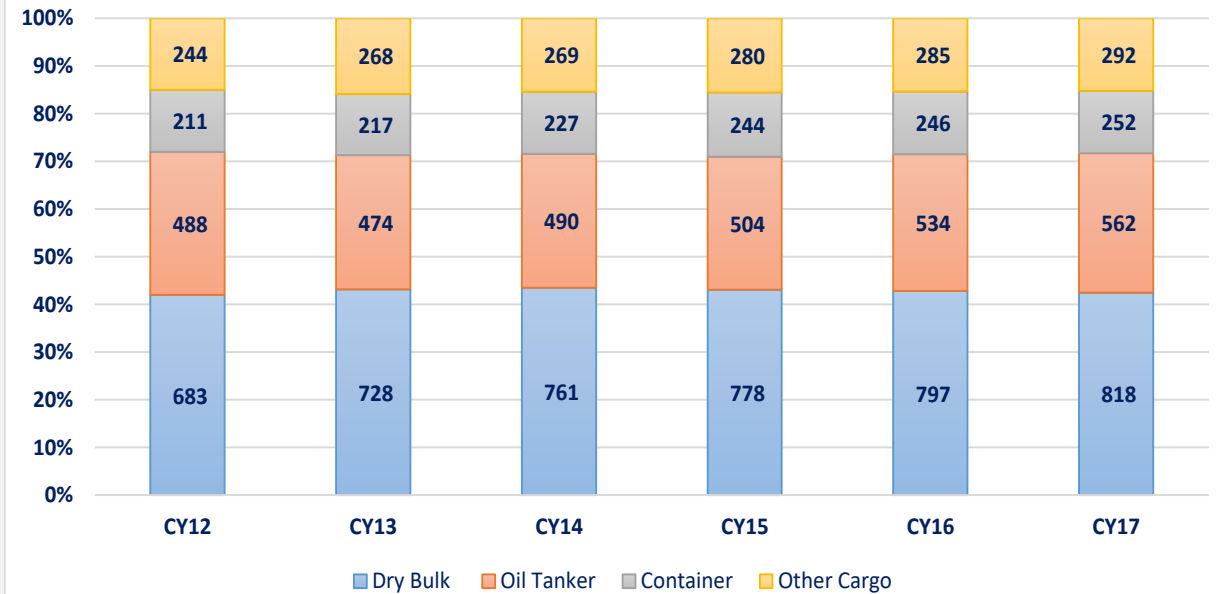


- Pakistan's seaborne trade recorded a growth of ~12% in FY18 YoY basis clocking in at ~100mln tons, particularly attributing to increase in dry bulk cargo. Growth is however, expected to slow down in FY19 following slowdown in overall economic activity and drop in furnace oil shipments.
- The sector has one flagship carrier – Pakistan National Shipping Corporation (PNSC), which operates on a competitive basis.

### Total World Capacity (DWT -mln)

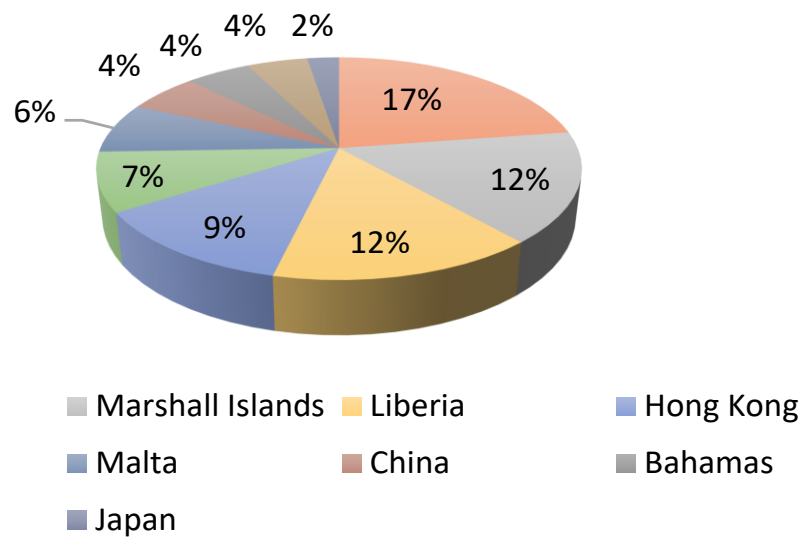


### World Fleet | Capacity (mln DWT) | Segment Wise

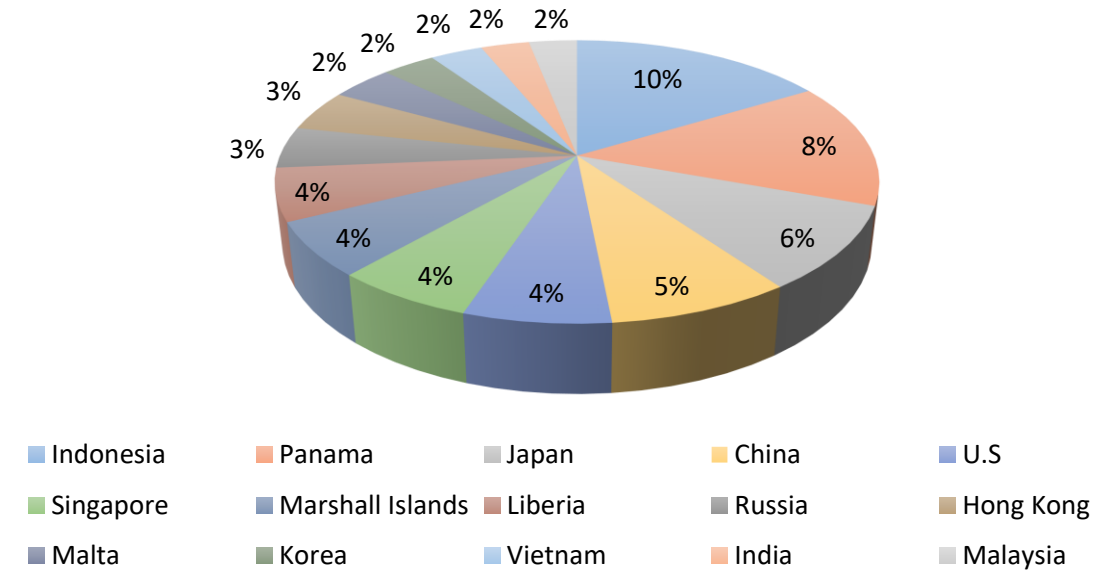


- Total World fleet capacity stood at ~1.9bln Dead Weight Tons (DWT) as of 1<sup>st</sup> Jan, 2018 registering a growth of ~3.3% YoY basis.
- Since almost ~53% of the world seaborne trade comprises dry bulk trade, world fleet capacity for dry bulk vessels is the highest (~43%), followed by oil tankers (~29%).

### Deadweight tonnage (%)

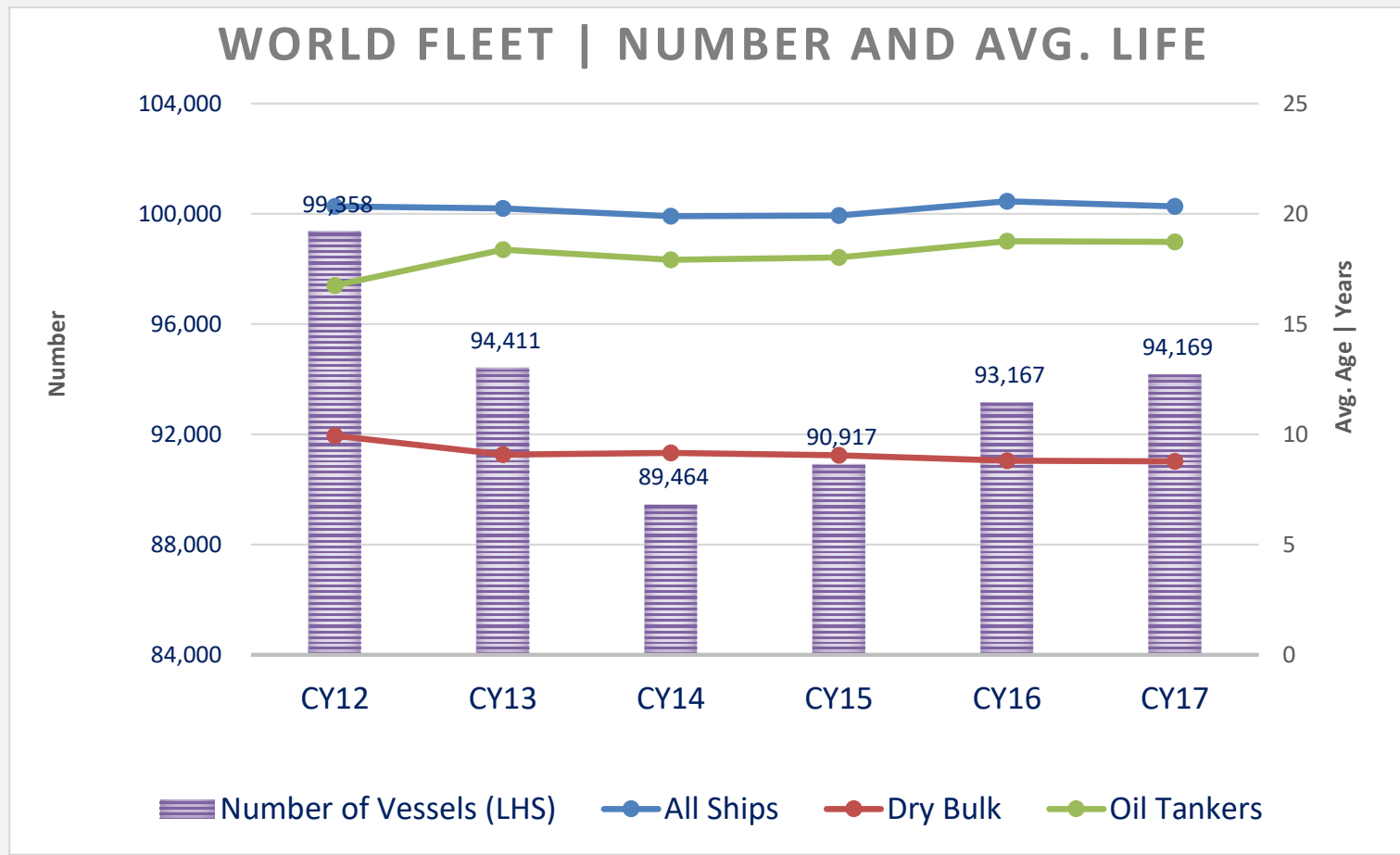


### Number of Vessels (%)



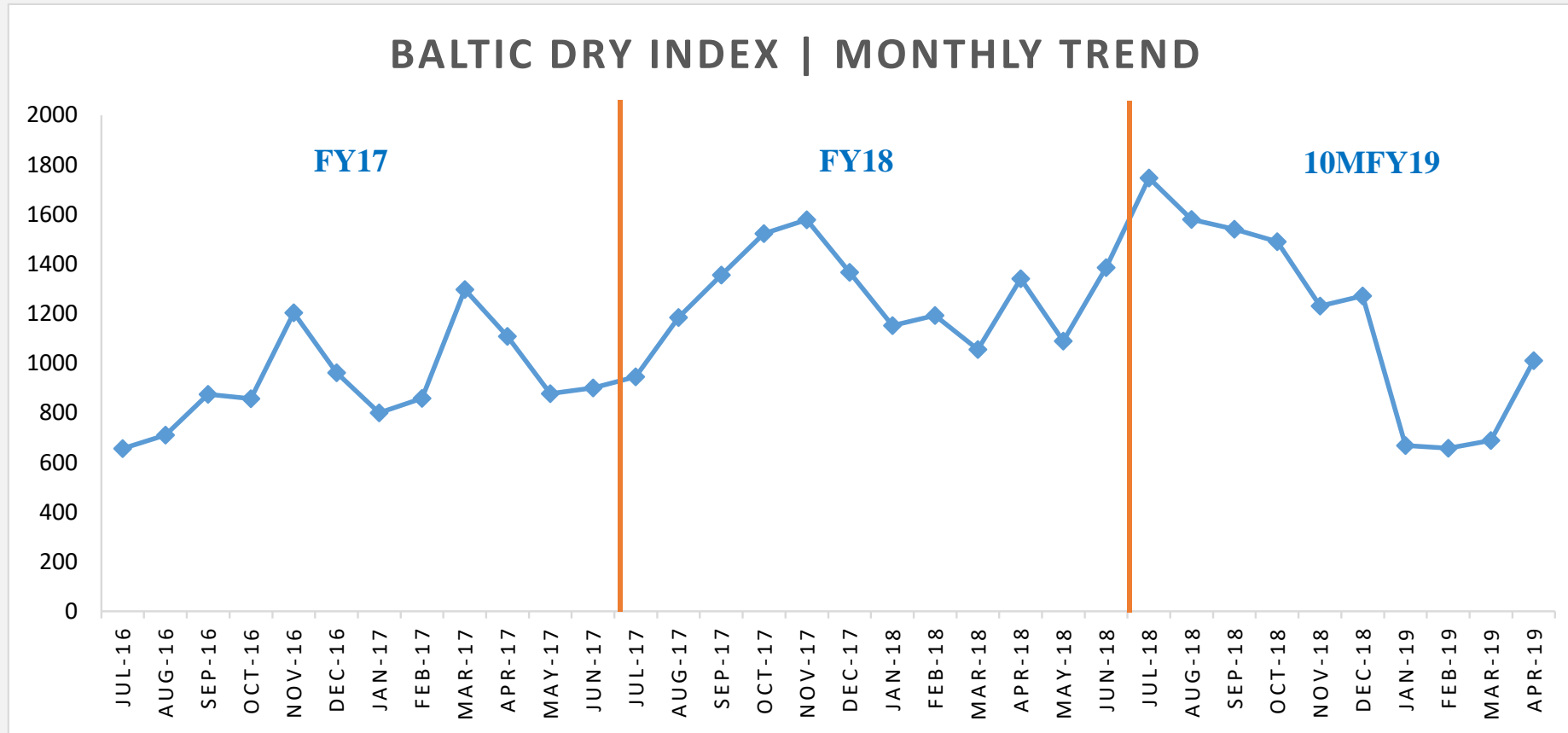
- In terms of deadweight tonnage, top 10 countries contribute ~77% to the world's total fleet capacity, of which Panama, Marshall Island and Liberia take the lead.
- In terms of number of vessels, top 15 countries make up ~59% of the total world fleet size. Indonesia, Panama and Japan take the lead.
- China, Korea and Japan accounted for ~91% of global deliveries in CY17.
- India continued to be the country where most ship scrapping takes place, followed by Bangladesh and Pakistan.

\*latest available figures: CY17

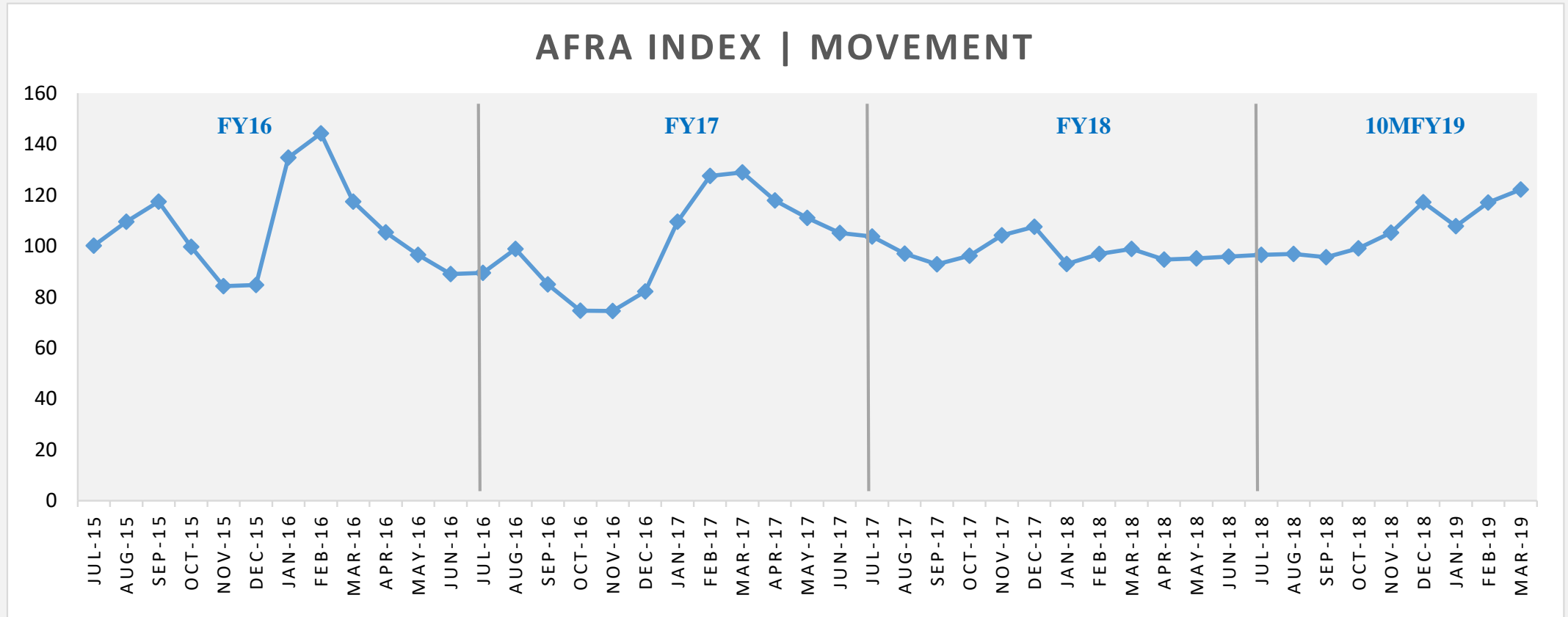


- Total world fleet increased by ~1% YoY in CY17 recording a number of 94,169 vessels as of 1-Jan-18.
- The average age of the fleet registered in developing countries is slightly higher than that registered in developed countries attributed to the following reasons
  - (i) less new deliveries to the fleet
  - (ii) low fleet modernization and
  - (iii) economic conditions.



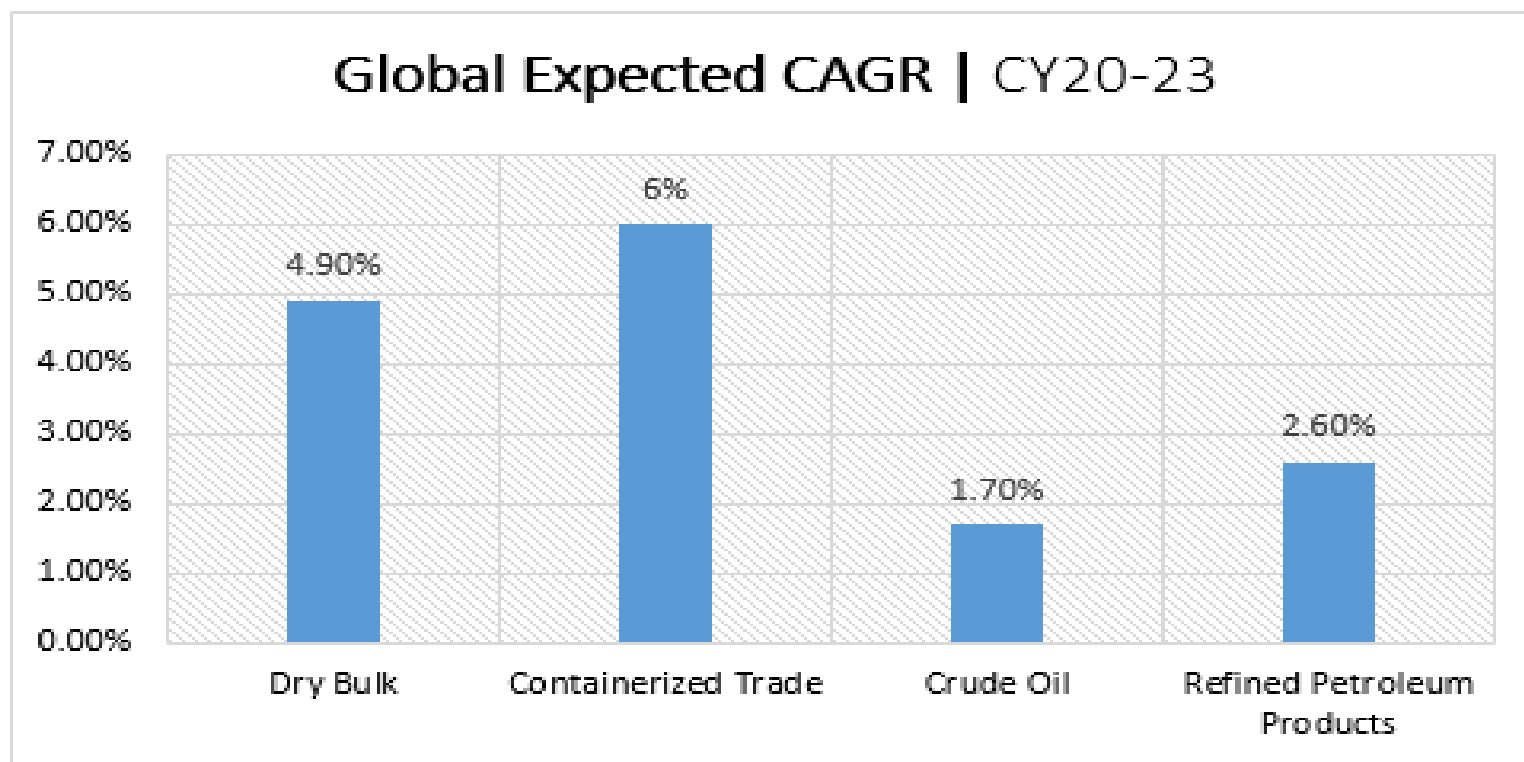


- In 2HFY18, following slowdown in global economic activity, BDI reflected a gradual downslide, with the steepest fall occurring in Jan-19. Thereafter, the index has regained its upward flow.



- Global freight rates remained under pressure in FY18 due to a slowdown in global merchandise trade. The index has picked up a moderate growth uptick in CY19.

- World Real GDP is expected to grow @ ~3.6% through 2020-23, while Seaborne Trade is expected to grow @ ~3.8%.
- Amongst Seaborne trade, containerized trade is expected to grow at the highest pace, while crude oil trade is expected to register the lowest growth, owing to global shift in energy mix. Refined products are expected to continue modest growth.



**Source: UNCTAD Statistics**

# Bibliography

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- <https://www.investing.com/indices/baltic-dry-historical-data>
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