

SHIPPING SECTOR OVERVIEW

- ◆ Global Industry Snapshot
- ◆ Demand
- ◆ Supply
- ◆ Growth Trend
- ◆ Freight Rates
- ◆ Outlook

February 2017

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. However, the negative impact of lower freights has been absorbed by notable decline in crude oil prices.
- 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.

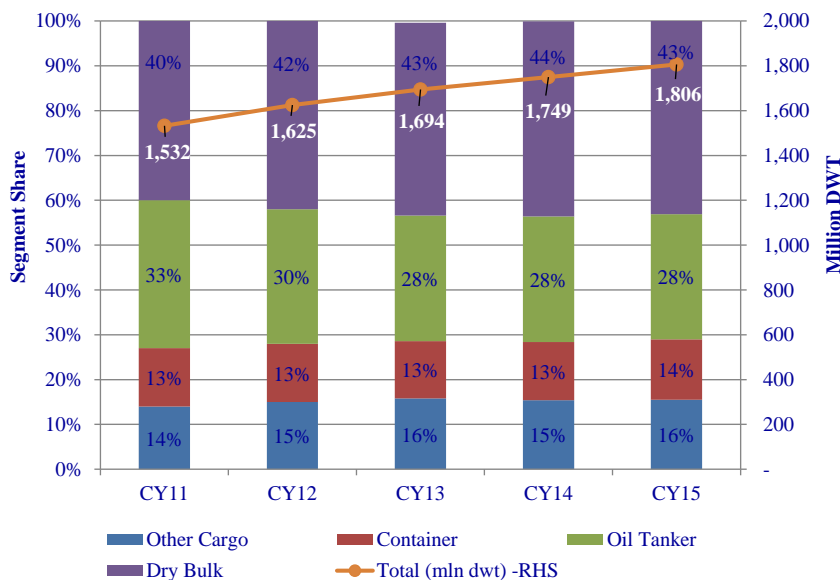
PAKISTAN

- Pakistan's merchandise trade has shown a rising trend; however, lately due to dip in exports and value of oil imports, the overall trade has remained intact.
- 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 improved owing to better cost management and renewed contracts.

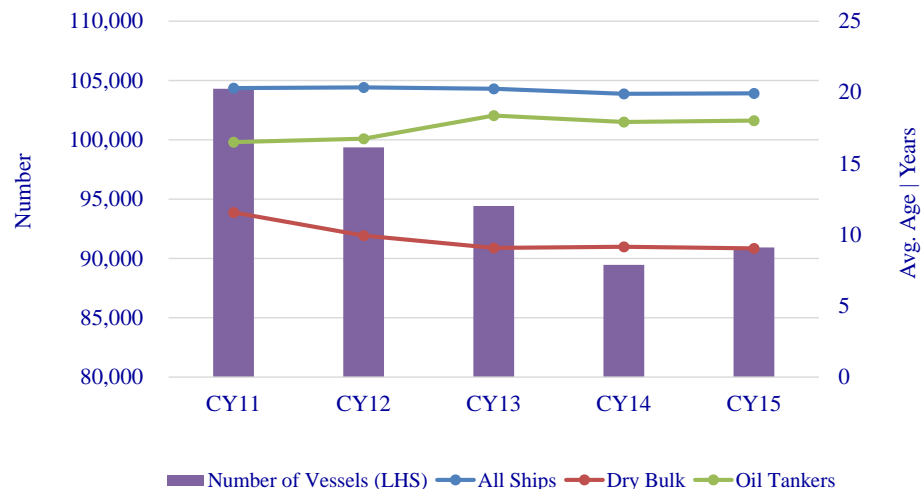


Shipping Industry | DWT Capacity

World Fleet | Capacity | Segment Share



World Fleet | Size and Avg. Life



World

of Vessels

2010

103,392

2015

90,917

Avg. Vessel Life

22.5yrs.

20.3yrs.

PNSC

of Vessels

9

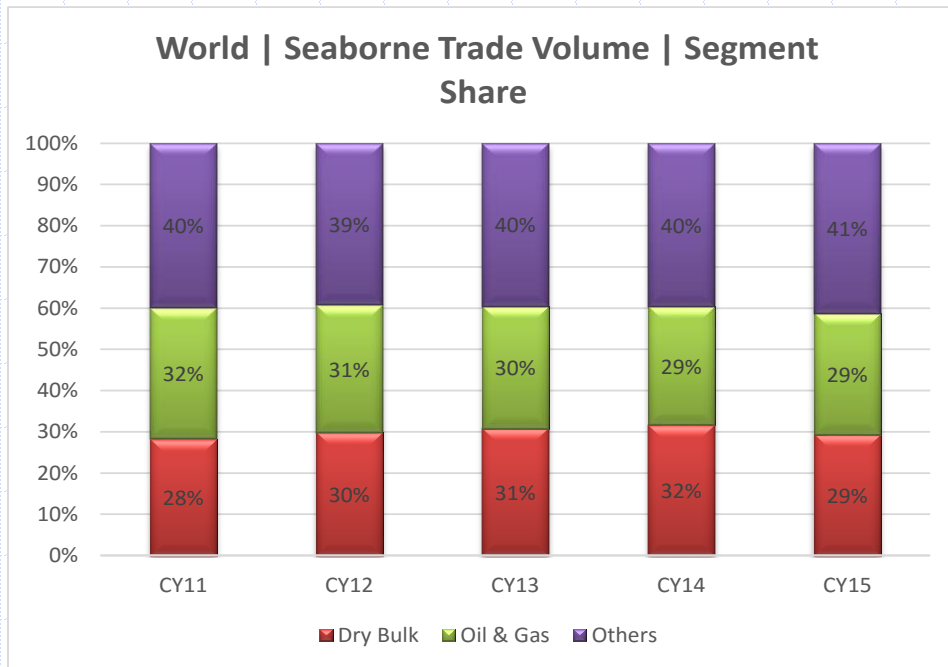
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Avg. Vessel Life

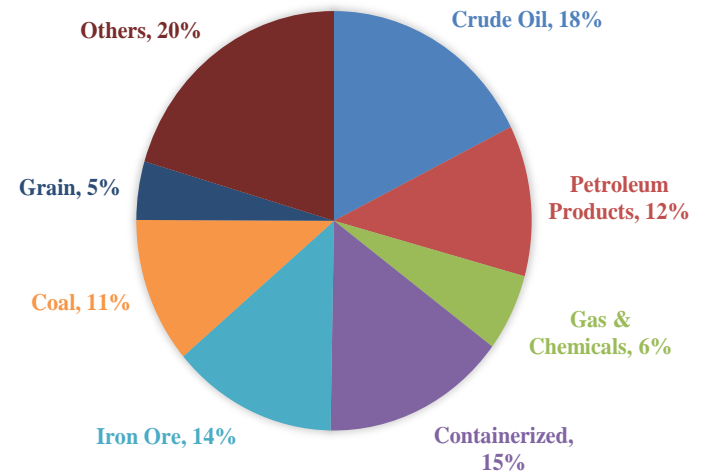
15yrs.

12yrs.

Shipping Industry | Growth Trends

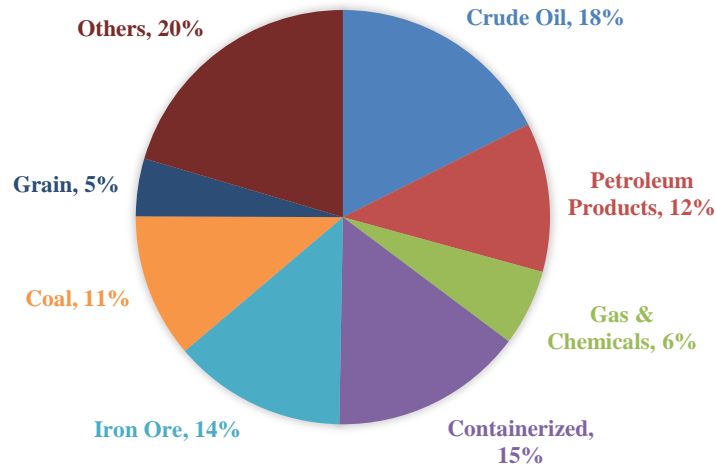


SEABORNE TRADE -2015 | TYPES OF GOODS

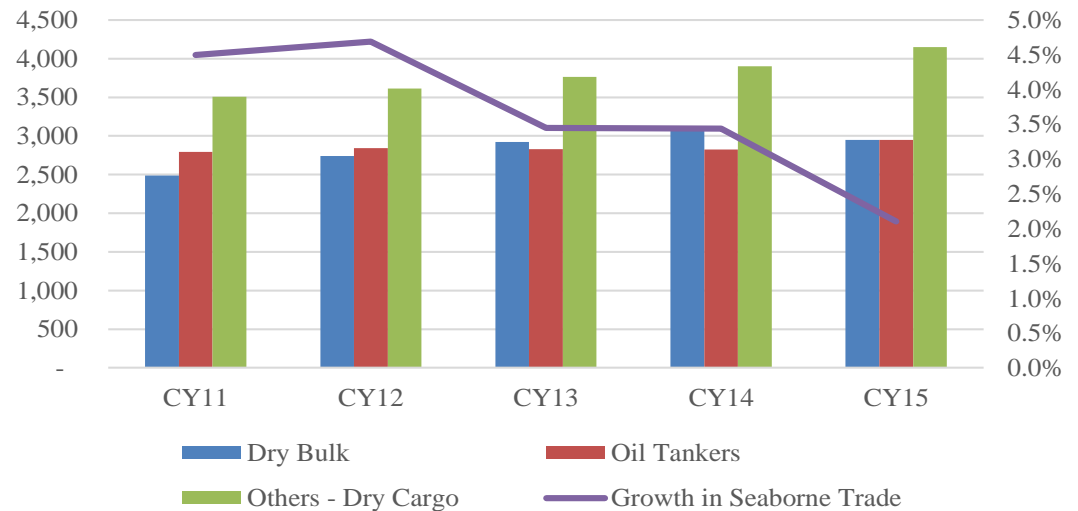


Shipping Industry | Growth Trends

SEABORNE TRADE -2015 | TYPES OF GOODS



Global Seaborne Trade | Trend

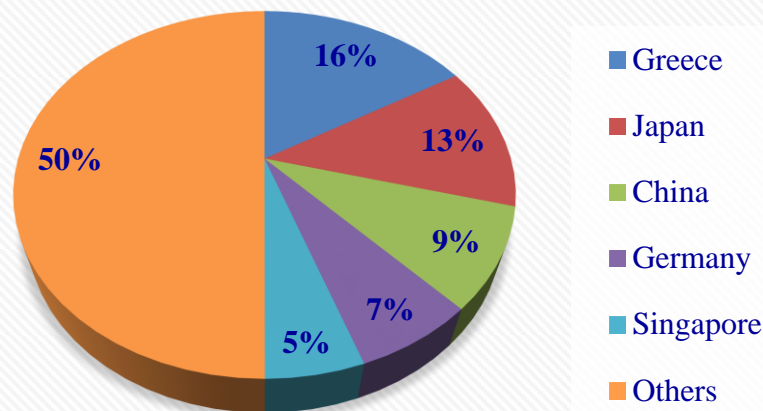


Shipping Industry | Suppliers

Sr. #	Shipping Companies	Country	Market Share*	Vessels
1	Maersk Line A/S	Denmark	15.1%	616
2	Mediterranean Shipping Company	South Africa	13.4%	465
3	CMA CGM	South Africa	9.2%	435
4	Coso Container Lines Limited	USA	7.8%	268
5	Hapag-Lloyd Aktiengesellschaft	Germany	4.8%	174
6	Evergreen Marine Corporation Limited	Taiwan	4.7%	189
7	Hamburg Sud	Germany	3.3%	132
8	Hanjin Shipping Company Limited	Korea	3.1%	101
9	Orient Overseas Container Line	Japan	3.0%	111
10	Neptune Orient Lines - American President Lines	USA	2.8%	89
Total			67.2%	2,580

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

Top 5 Countries | Market Share | DWT -2015

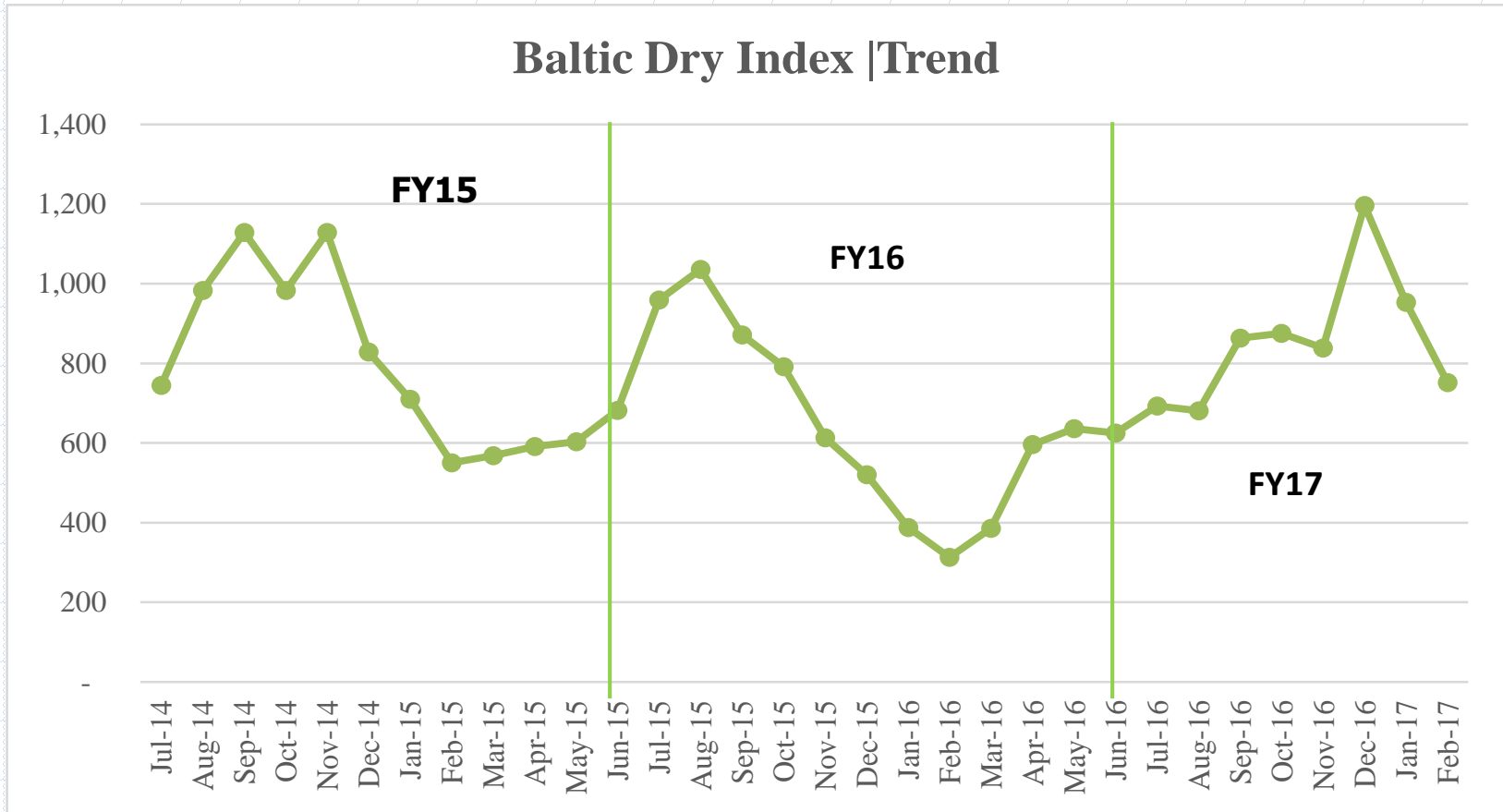


Shipping Industry | Freight Rates | Dry Bulk

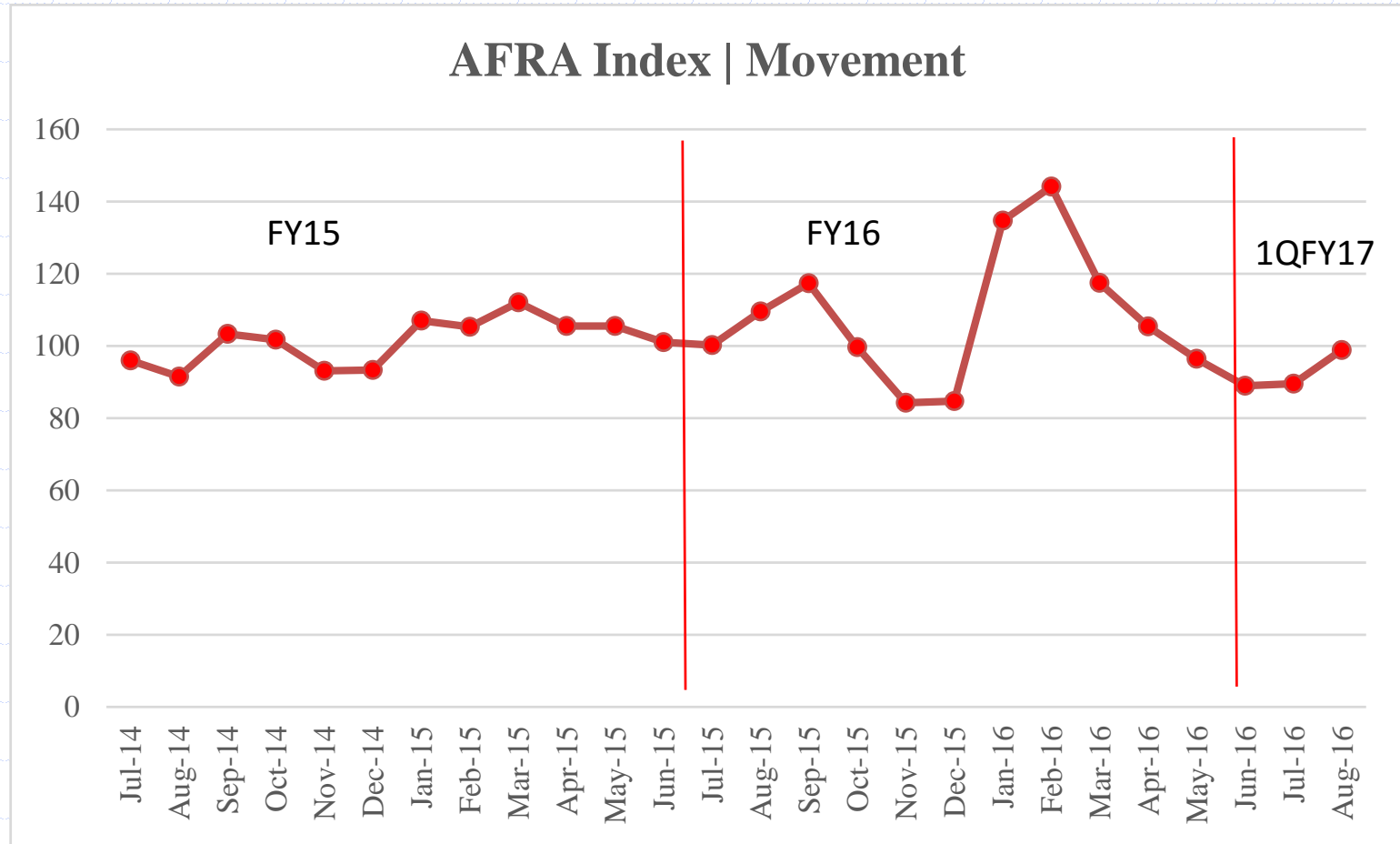
- Baltic Dry index remained at low level however showed improvement in recent months
- Slowdown in Chinese economy remains major factor in lower BDI index rates



Shipping Industry | Freight Rates | Dry Bulk

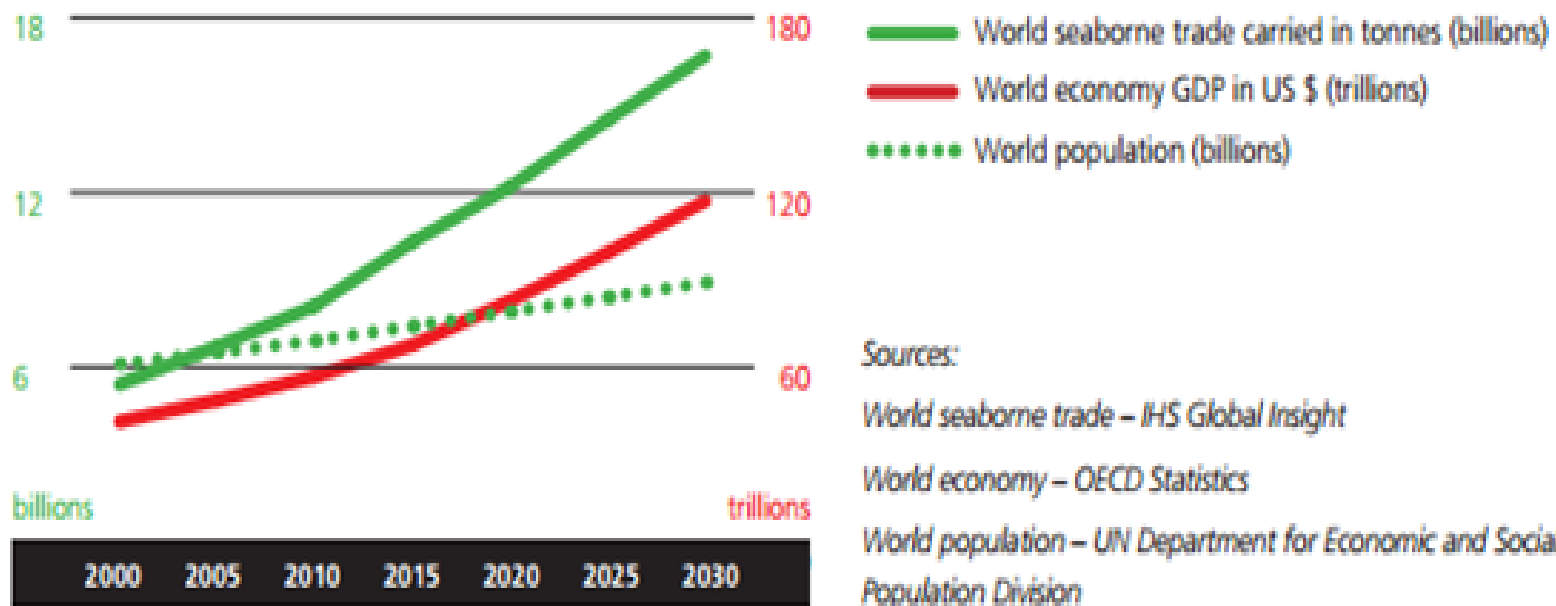


Shipping Industry | Freight Rates | Liquid



Shipping Industry | Outlook

PREDICTED INCREASES IN WORLD SEABORNE TRADE, GDP AND POPULATION



Sources:

World seaborne trade – IHS Global Insight

World economy – OECD Statistics

World population – UN Department for Economic and Social Affairs, Population Division



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