International Shipping Market Report

(Review of 2019 and Outlook for 2020)

International Dry Bulk Shipping Market

Shanghai International Shipping Institute

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Table of Contents

Review of 2019 and Outlook for 2020 of International Dry Bulk Shipping Market

I. Overview of International Dry Bulk Shipping Market Developments in 2019

1. International dry bulk shipping market fluctuates significantly in 2019, with flat freight rates on average

In 2019, BDI fluctuated greatly, falling first and then picking up. **BDI for the year recorded 1,352.8 points on average,** running flat with the 1,352.6 points in 2018.

In the first quarter, the Spring Festival, as well as the Brazilian dam break accident and hurricanes in Australia severely handicapped the iron ore shipping demand. BDI fell to a yearly low of 595 points in February. With Chinese steel plants gradually unleashing their demand, raw materials later became short in supply, hyping up the iron ore price. Meanwhile, the flat control policy of Chinese mainland on imported coal led to advance consumption of quotas, and India and Southeast Asia posted brisk demand for imported coal. Moreover, some ships were docked for installing desulfurizers, influencing the real shipping capacity and hence driving up the freight rates in the market. BDI reached a nine-year high of 2,518 points in September. At the end of the third quarter, with China's rollout of its autumn and winter restriction policies on production to protect the environment, as well as the production limitation during the National Day holiday, the blast furnace operation rate declined sharply. Meanwhile, China's soybean procurement pattern was subject to policy changes all the time. Despite the grain harvest season in North America, China's traders took an obvious wait-and-see attitude with slack shipping demand. The freight rates hence fell quickly. Although coal shipping demand was stable at the end of the year, the upcoming enforcement of the sulfur restriction in 2020 may impair shipowners' willingness to launch long-haul shipping capacity. Meanwhile, the approaching Christmas and New Year holidays also boosted shipowners' inclination to lower down the price to clinch more deals.

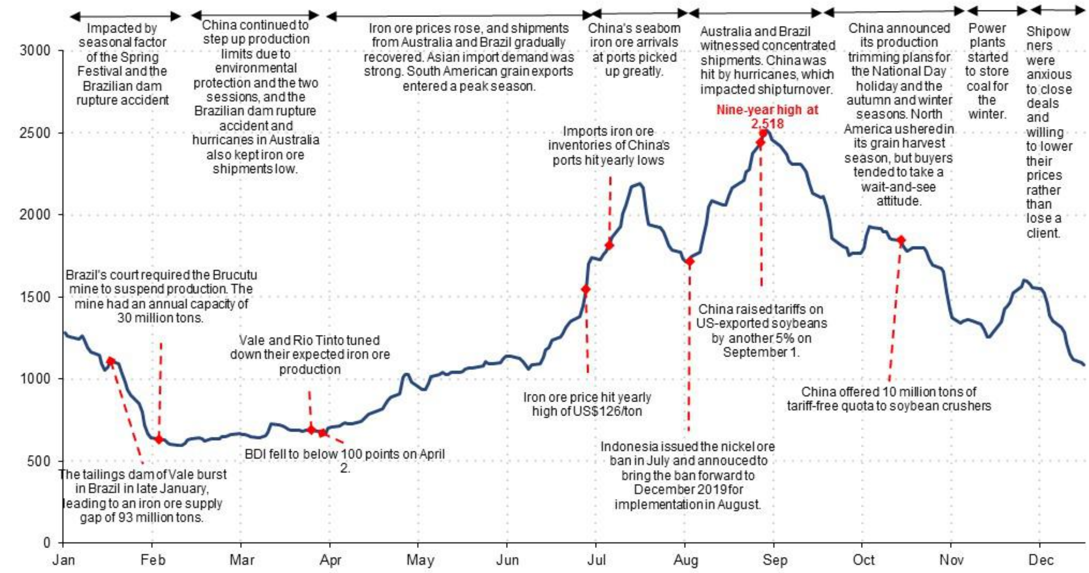

Figure 1-9 BDI Trends in 2019

Source: Baltic Exchange, prepared by Shanghai International Shipping Institute

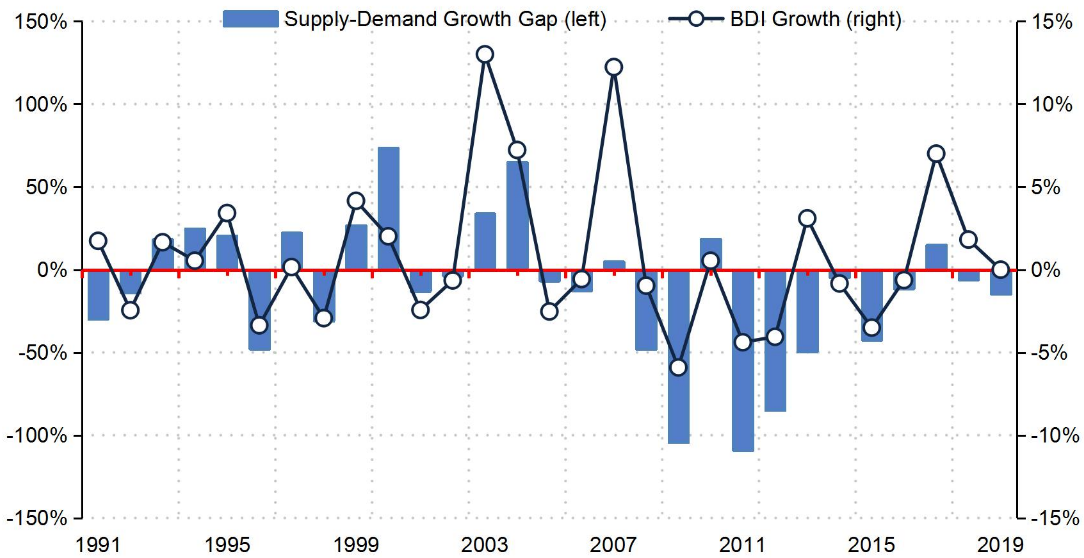

Figure 1-10 BDI Growth Rates and Supply-Demand Growth Rate Gaps in 1989-2019

Source: Clarksons, prepared by Shanghai International Shipping Institute

Note: Supply-demand growth gap = Dry bulk seaborne trade volume growth - Dry bulk fleet capacity growth.

2. Growth rates of dry bulk fleet capacities gain speed, Panamax ship capacity growth rises greatly

In 2019, there were a total of 11,958 ships in global fleets, totalling 879 million DWT, a rise of 4.0% year-on-year. Specifically, Capesize carriers amounted to 1,779 in number with a capacity of 349 million DWT, the DWT rising by 4.1% year-on-year, Panamax carriers amounted to 2,697 with 217 million DWT, the DWT increasing by 5.2% year-on-year, handymax carriers totalled 3,741 in number with 208 million DWT, the DWT increasing by 3.6% year-on-year, and handysize carriers totalled

3,741 in number with 105 million DWT, the DWT rising by 2.1% year-on-year.

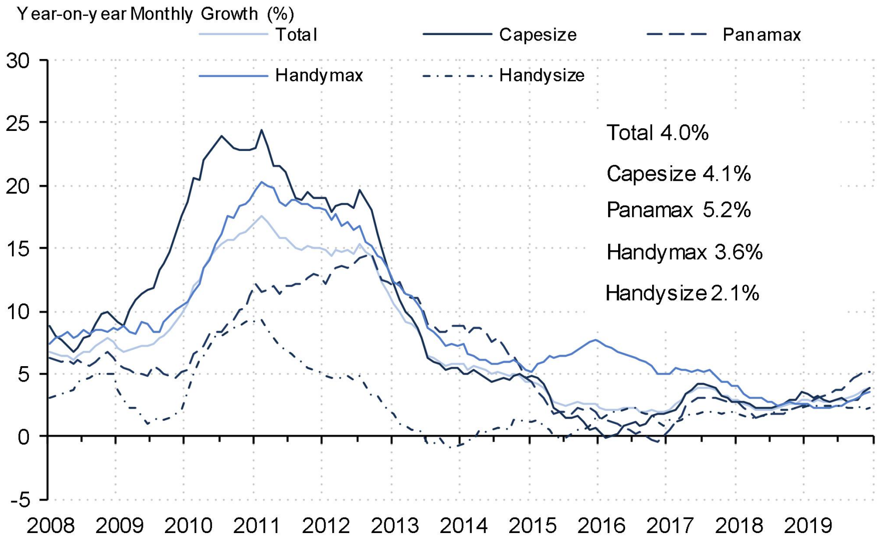

Figure 1-11 Growth Structure of Global Dry bulk Shipping Capacity (DWT) in 2008-2019

Source: Clarksons, prepared by Shanghai International Shipping Institute

- **Newbuilding activity decline dramatically against soaring delivered capacity**

In 2019, the newbuilding orders for all types of ships declined across the board, with the orders for new ships totalling 252 ships of 24.6 million DWT, a year-on-year dip of 44.6%. In 2019, the delivered capacity of ships began to pick up after falling for three consecutive years. The delivered capacity recorded 427 ships of 40.85 million DWT, an increase of 43.5% year-on-year. The sales volume in secondhand ship markets was 542 ships with 33.07 million DWT, with handymax and handysize carriers being active in such transactions. In 2019, old ships around the world ushered in a new round of dismantling. With the 2020 deadline for sulfur restrictions drawing closer, demolition capacity was on a rise. In 2019, the demolition capacity increased to 78 ships totalling 7.1 million DWT, among which handymax and handysize carriers took a dominant share.

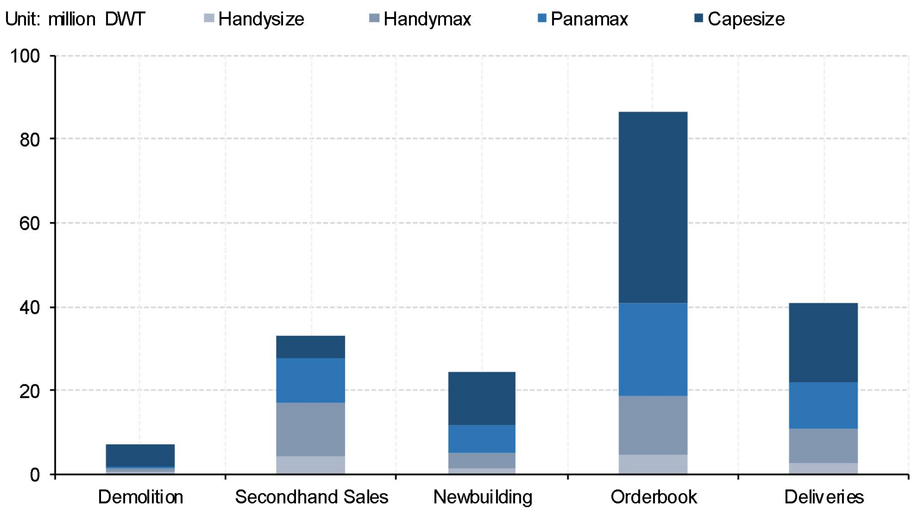

Figure 1-12 Current Values of Capacity Indicators for Different Types of Dry bulk

Ships in 2019

Source: Clarksons, prepared by Shanghai International Shipping Institute

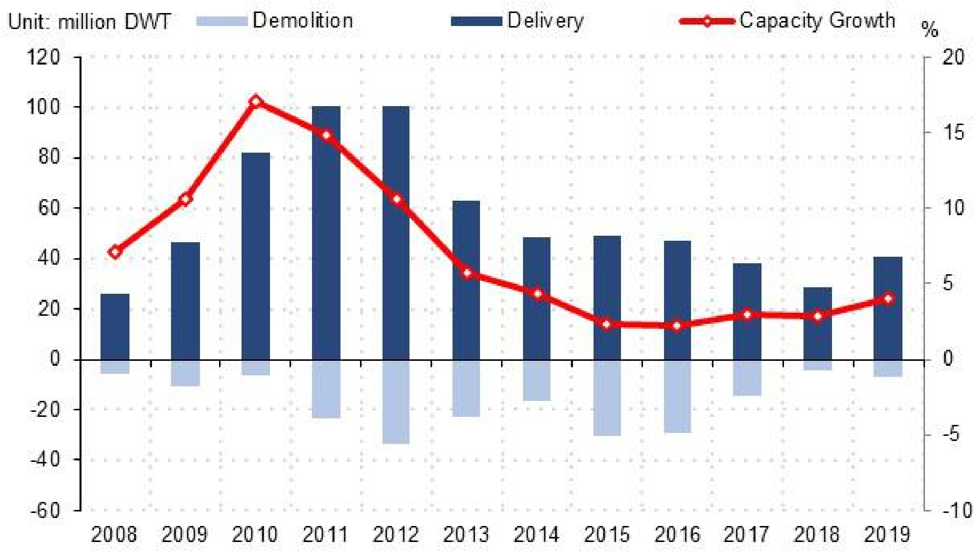

Figure 1-13 Delivered and Demolition Capacity Growth Rates of Bulkcarriers fleet in 2008-2019

Source: Clarksons, prepared by Shanghai International Shipping Institute

3. Growth rate of trade volume demand continues to slow down in the year, iron ore trade demand declines

In 2019, the international seaborne dry bulk trade volume in 2019 was about 5.28 billion tons, up by 1.1% year-on-year, the year-on-year growth rate continuing to decline. Specifically, iron ore amounted to 1.45 billion tons, 27.5% of the total, coal, 1.29 billion tons, 24.3% of the total, grain, 477 million tons, 9.0% of the total, and minor bulks, 2.07 billion tons, 39.1% of the total.

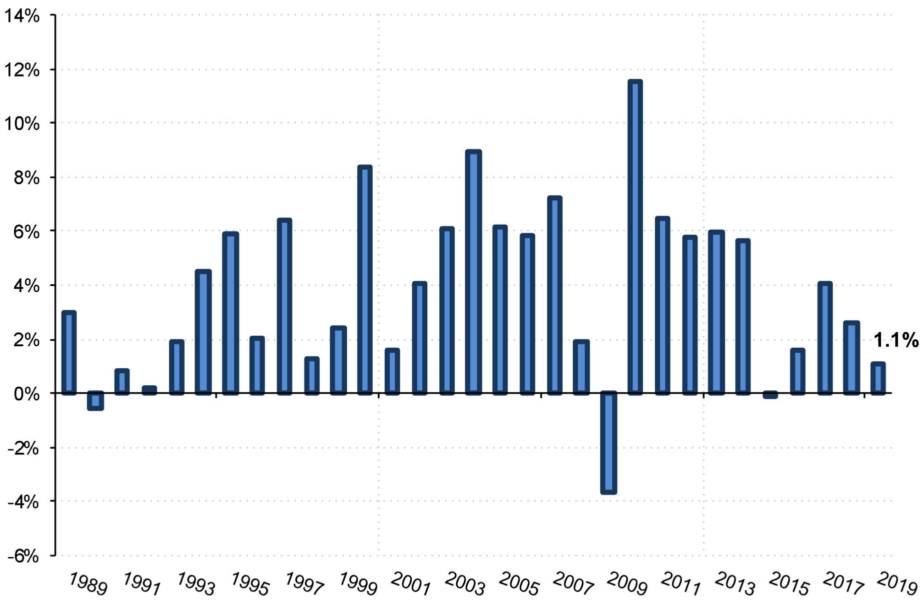

Figure 1-14 Growth Rates of International Seaborne Dry Bulk Trade in 1989-2019

Source: Clarksons, prepared by Shanghai International Shipping Institute

4. China's iron ore imports plunge, while imports from non-major mines increase

In 2019, China's iron ore market was severely impacted as the mine mishap of Vale of Brazil and the hurricanes in Australia undermined iron ore shipments. From January to November 2019, China imported a total of 970 million tons of iron ore, a decline of 0.7% year-on-year. While China's imports from major mines kept falling, its imports from non-major mines overseas increased significantly, with the imports from India, Ukraine and Canada rising by the widest margins.

5. China's coal imports continue high-speed growth, Vietnam's coal demand soars

China retained its coal importing advantage because of the continued wide gap between domestic and foreign coal prices. From January to November 2019, China's coal imports amounted to 299 million tons, an increase of 10.2% year-on-year. The average import price was 536.2 yuan per ton, down by 7.4%. The coal demand in Southeast Asia continued to rise at high speed. Specifically, Vietnam posted the most eye-catching performance. From January to November, Vietnam's coal imports totalled 39.58 million tons, a year-on-year increase of 97.8%, nearly doubled. India's coal imports from January to October totalled 206 million tons, a year-on-year rise of 18.61 million tons, or 9.9%.

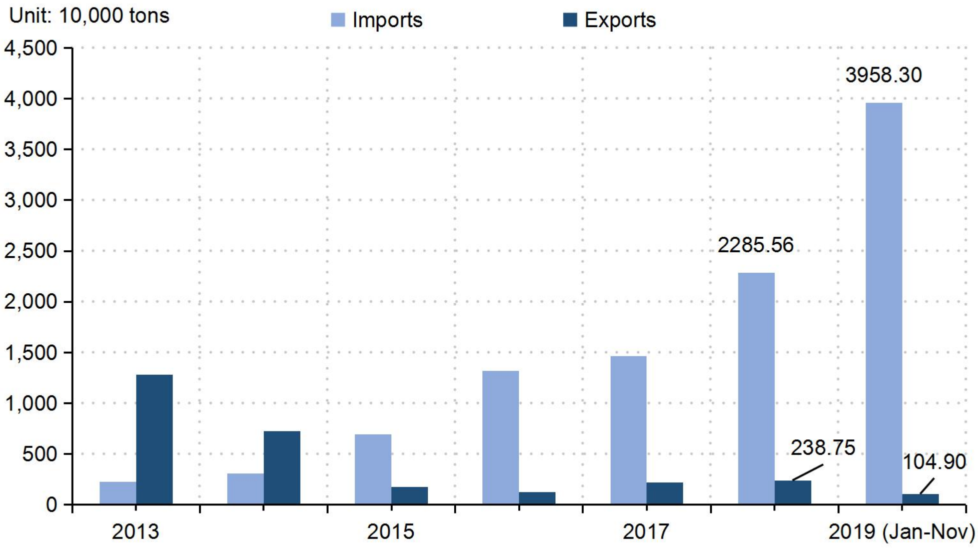

Figure 1-7 Coal Imports of Vietnam in 2013-January to November of 2019

Source: Vietnam's Ministry of Finance and General Administration of Customs, prepared by the Shanghai International Shipping Institute

6. Indonesia's nickel ore shipment soars after nickel ore ban is revised, China's bauxite imports increase rapidly

Indonesia's ore exports policy this year threw the nickel market into chaos. After Indonesia's President Joko Widodo said that the export ban originally scheduled to be implemented in 2022 was brought forward to January 2020, a large amount of nickel ore was shipped out before the ban. In September, nickel price soared to the highest level since 2014. China imported 51.8 million tons of nickel ore from January to November, of which 21.39 million tons were from Indonesia, marking a year-on-year increase of 56.6% from the 13.66 million tons in 2018.

From January to November 2019, China's bauxite imports totalled 82.8 million tons, a rise of 27% year-on-year, of which Guinea's contribution continued to rise. In 2019, China had as many as 11 new consumer manufacturers of imported bauxite. Currently, a total of 25 alumina plants use imported bauxite. The annual consumption capacity of newly imported bauxite amounts to 24.8 million tons, with Shanxi and Henan accounting for 56.5% and 25.4%, respectively.

II. Main Trends and Features of Upstream and Downstream Markets

1. Iron ore production of major mines decreases, while China's iron ore production edges up

In the first half of 2019, due to the impacts of Vale dam rupture and the hurricanes in Australia, the global iron ore production decreased significantly, especially in the eastern and southeastern mining areas in Brazil. The production capacity of the three major mines gradually recovered in the second half of the year. In particular, the SS11D facility in northern Brazil further unleashed its production capacity. But overall iron ore production was still historically low. China's total output of primary iron ore was 786 million tons, a year-on-year increase of 6.3%, from January to November 2019.

Table 2-1 Production/Shipment of Various Facilities of Four Major Mines in 2018-2019 (Unit: million tons)

	Facility Production (Unit: million tons)	Shareholding Ratio	2018	2018 (Q1-3)	2019 (Q1-3)	Change	Year-on-year Growth
Vale	**Northern System**	–	**193.64**	**140.73**	**137.99**	**-2.74**	**-1.9%**
	Northern and Eastern ranges	–	135.62	98.59	83.91	-14.68	-14.9%
	S11D	–	58.03	42.14	54.08	11.94	28.3%
	Southeastern System	–	**104.39**	**77.86**	**56.13**	**-21.73**	**-27.9%**
	Itabira (Cauê,Conceicão and others)	–	41.72	30.47	27.90	-2.56	-8.4%
	Minas Centrais(Bnuautu and others)	–	36.02	26.83	19.28	-7.55	-28.1%
	Mariana (Alegia,Tmbopeba and others)	–	26.66	20.56	8.94	-11.62	-56.5%
	Southern System	–	**84.14**	**63.15**	**27.76**	**-35.40**	**-56.1%**
	Paraopeba (Mutuca,Fabrica and others)	–	27.30	20.61	16.15	-4.46	-21.7%
	Vargem Grande(Vargem Grande, Picoand others)	–	21.37	16.25	5.57	-10.69	-65.8%
	Minas Itabinito	–	35.48	26.29	6.04	-20.25	-77.0%
	Midwestern System	–	**2.47**	**1.91**	**1.75**	**-0.16**	**-8.2%**
	Corumbá	–	2.47	1.91	1.75	-0.16	-8.2%
	Total		384.64	283.65	223.63	**-60.02**	**-21.2%**
Rio Tinto*	Hamersley mines (Australia)	-	220.61	165.53	156.87	-8.66	-5.2%
	Hamersley - Channar (Australia)	60%	4.30	2.55	3.33	0.78	30.8%
	Hope Downs (Australia)	50%	22.68	17.27	18.09	0.81	4.7%
	Iron Ore Company of Canada (Canada)	59%	8.95	8.60	7.97	-0.62	-7.2%
	Robe River - Robe Valley (Austala)	53%	16.93	12.42	9.92	-2.50	-20.1%
	Robe River - West Angelas (Austalia)	53%	17.32	12.67	13.66	0.98	7.8%
	Total		290.80	219.04	209.84	**-9.19**	**-4.2%**
BHBP*	Newman	85%	68.87	51.29	48.98	-2.31	-4.5%
	Area C Joint Venture	85%	46.82	36.54	38.08	1.55	4.2%
	Yandi Joint Venture	85%	65.64	50.01	50.53	0.52	1.0%
	Jimblebar	85%	50.44	36.11	42.11	5.99	16.6%
	Wheelarra	85%	8.76	8.73	0.02	-8.72	-99.8%
	Samarco	50%	-	-	-	-	-
	Total		240.53	182.69	179.72	**-2.97**	**-1.6%**
FMG*	West Pilbara Fines	–	-	-	12.90	-	-
	Kings Fines	–	-	-	10.90	-	-
	Fortescue Blend	–	-	-	51.30	-	-
	Fortescue Lump	–	-	-	7.50	-	-
	Super Special Fines	–	-	-	43.20	-	-
	Manganese Iron Ore	–	-	-	1.40	-	-
	Total				127.20		

Source: Public annual reports of companies, prepared by Shanghai International Shipping Institute

Note: Rio Tinto and BHBP data is based on equity production of various facilities, FMG data is based on shipments of various facilities.

2. Global crude steel production growth slows down, China speeds up replacement and transfer of steel production capacity

From 2019.1-11, global crude steel production grew steadily, but the growth rates varied among regions. Only Asia and the Middle East in the world achieved positive growth. Asian crude steel production recorded 1.21 billion tons, increasing by 5.1% year-on-year. Specifically, China and India were strong drivers of the global crude steel production. China's crude steel production reached 904 million tons, a substantial rise of 7.0% year-on-year accumulatively, and India's crude steel production was 102 million tons, a slower increase of 2.0% year-on-year.

China started to trim its production capacity from 2016 to help ease the global overcapacity. It strictly forbids new steel mills from increasing production capacity and encourages capacity replacement to ease overcapacity and push forward structural adjustment. According to the latest statistics of the Ministry of Industry and

Information Technology of China, the steel industry has achieved the goal of removing 150 million tons of excess capacity ahead of plan. This has contributed to a full release of high-quality capacities and improved performance of the steel industry. However, due to structural adjustment and motivation of interest, the number of newly replaced steel construction projects is now showing a sign of high growth. In the process of capacity replacement, China's steel production capacity underwent regional migration to some extent. Apart from the rising shares of coastal areas, coastal regions such as Liaoning and Shandong have also started to move production capacity outward.

3. China's real estate industry drives steel consumption more than expected, Indian downstream steel demand remains steady

Global steel demand in 2019 continue to grow beyond expectations, and the strong steel demand from China and ASEAN countries will become a main driver of global steel demand growth. The World Steel Association expected that China's total demand for finished steel products will continue robust growth in 2019 ,reaching 900 million tons, a year-on-year growth rate of 7.8%. The real estate industry in 2019 remained the main driver of China's fixed investment growth. In recent years, although the industry financing situation is not conducive to real estate investment, the average price of land for sale has declined, and off-plan apartment sales have been growing at a significantly faster pace than completed apartment sales. Real estate enterprises are stepping up construction and sales to secure brighter figures in performance, so as to support the stable growth of their development investments. The growth rate of housing starts stayed high beyond expectations.

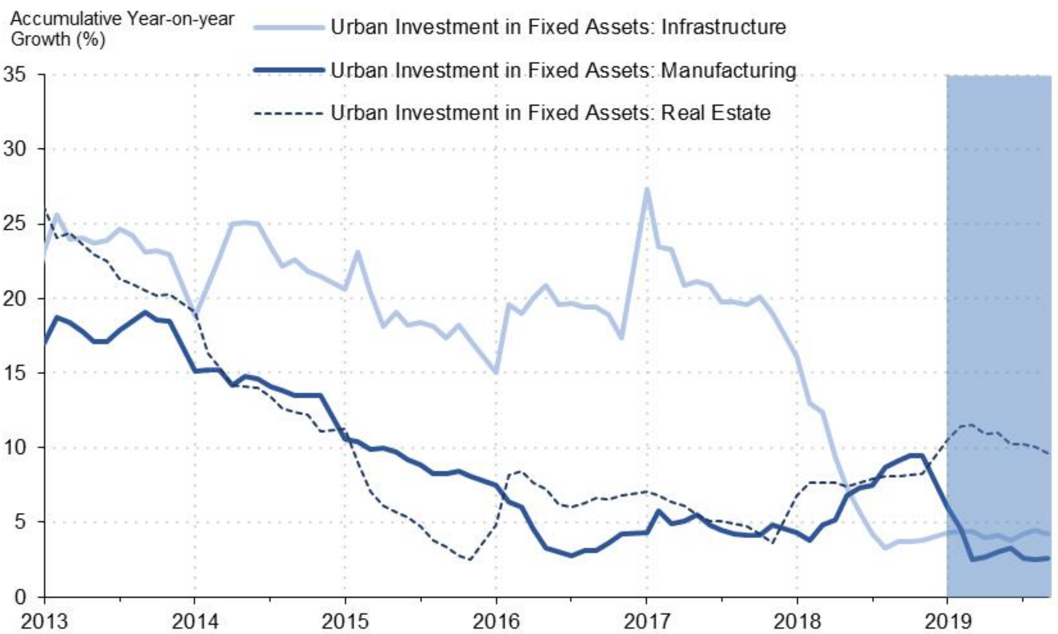

Figure 2-1 Cumulative Year-on-Year Monthly Growth Rates of China's Fixed-asset Investment in 2012-2018

Source: National Bureau of Statistics, prepared by the Shanghai International Shipping Institute

Indian steel consumption in 2019 is expected to reach 102 million tons, an increase of 5% year-on-year. India's economy has declined in 2019. Its central bank cut interest rates five times to boost the economy and drive investment, reducing the interest rate by a total of 135 basis points. Meanwhile, the Indian government augmented infrastructure construction and announced 10 major infrastructure projects and preliminary preparations for these projects in December. These efforts have secured the steady growth of Indian steel consumption demand.

4. Global coal production declines except in China, coal demand in emerging economies continues to rise rapidly

Global coal production may decline slightly in 2019. In the first three quarters, among the top 15 coal-producing countries in the world which collectively accounted for more than 90% of global coal production, coal production in the United States, Canada, Colombia, Germany, Poland, and Ukraine continued to decline, the coal production in India, Australia, South Africa, and Kazakhstan among others also reversed the rising trend in past two years to enter a downward track. From January to October 2019, China's raw coal production totalled 3.06 billion tons, an increase of 5.7% year-on-year.

China, India and Southeast Asia have become major drivers of global coal consumption since 2018. Affected by multiple factors including the world economic slowdown, the deepening impact of US-China trade frictions, the global response to climate change and emission reduction requirements, and initiatives for environmental protection, developed economies were trimming coal use, while other emerging economies represented by India, Vietnam, and the Philippines posted significant rises in coal demands to rapidly increase power generation. The world's overall coal demand grew at a low rate in 2019.

5. Foreign investment floods into mining sector in Guinea, long-term bauxite supply agreements increasing

After years of efforts and renovation, the bauxite mining in Guinea,West Africa has begun to take shape. The investments of Chinese-funded companies in Guinea have been increasing year by year, and a number of ongoing projects are progressing smoothly. There are currently 7 foreign bauxite mining companies in Guinea:British ALUFER Mining, ALCOA, RUSAL CBK in Kindia, RUSAL COBAD in Dian-Dian, CDM Chine, and SMB. Major mining companies around the world are competing to participate in Guinea minerals development. In addition, many bauxite suppliers such as EGA have signed long-term bauxite supply agreements with buyers such as Vedanta and Xinfa Group.

III. Developments of International Dry Bulk Shipping Enterprises

1. COSCO Shipping Bulk secures leading status in fleet capacity, some companies expand capacity quickly

In 2019, the top 10 bulker owners in the world accounted for about 16.1% of the global total in terms of owned capacity, a decrease of 3 percentage points year-on-year. The top three companies retained their previous rankings, and COSCO Shipping Bulk secured its leading status in fleet capacity. Some companies rapidly expanded their capacities. Specifically, ICBC ranked 15th in the world, up by nine places from the 24th place in 2018, Polaris Shipping of South Korea rose by four places year-on-year, and its orderbooks totalled 5.71 million DWT, Star Bulk moved up by two places to fifth place on the list.

Table 3-1 Top 20 Bulker Owners in Terms of Owned Capacity in 2019

Ranking	Company	Country or Region	Fleet	
			Number of Ships	Million DWT
1	COSCO Shipping Bulk Co Limited	China	294	31.58
2	Nippon Yusen Kaisha	Japan	174	16.17
3	K-Line	Japan	115	13.80
4	Fredriksen Group	Norway	106	13.03
5	Star Bulk Carriers	Greece	119	13.03
6	China Merchants Group	China	111	12.90
7	Berge Bulk	Norway	57	11.61
8	Mitsui OSK Lines	Japan	97	11.49
9	Oldendorff Carriers	Germany	89	9.03
10	Polaris Shipping	South Korea	33	8.92
Global Share by Top 1-10			**10.0%**	**16.1%**
11	Pan Ocean	South Korea	63	8.87
12	Shoel Kisen Kalsha	Japan	82	8.51
13	Angelicoussis Group	Greece	48	8.32
14	Navios Holdings	Monaco	72	7.86
15	ICBC	China	27	7.49
16	NS United KK	Japan	42	7.09
17	Winning Intl	Singapore	37	6.32
18	Nissen Kaiun	Japan	62	6.24
19	Zodiac Maritime	United Kingdom	39	6.19
20	Cardiff Marine	Greece	39	6.17
Global Share of Top 11-20			**4.3%**	**8.3%**

Source: Clarksons, prepared by Shanghai International Shipping Institute

2. Financial shipowners' fleet capacity keeps expanding, win-win cooperation and professional division of labor gain momentums

In recent years, financial leasing companies' capacity has been on a rise. In the existing capacity, ICBC Leasing has 17 Capesize carriers, four Panamax carriers, five handymax carriers and one handysize carriers, with its bulks fleet totalling a capacity of 7.49 million DWT. ICBC Leasing's own ships are dominated by Capesize carriers, while the current capacities of other financial shipowners tend to be operated by Panamax carriers and handymax carriers.

Among the top 20 shipowners in terms of the capacity of newbuilding orders in 2019, four are financial shipowners, namely AVIC International Leasing, China

Development Bank Leasing, ICBC Leasing, and CSSC (Hong Kong) Shipping Company Limited. The four financial shipowners have a total of four large ore carriers of the 210,000 DWT level, 22 Panamax carriers and six handymax carriers, dominated by Panamax carriers and handymax carriers, too. Most of their vessels are from cooperation projects with traditional shipowners. In 2019, financial shipowners and traditional shipowners accelerated interactions to achieve professional division of labor and win-win cooperation. Traditional shipowners were increasingly heading for asset-light operations.

Table 3-2 Interactions Between Some Financial Shipowners and Traditional Shipowners in 2019

	Financial Shipowner	Traditional Shipowner	Cooperation
January 2019	AVIC International Leasing	Xincheng Shipping under Shandong Shipping Corporation	Charters for ten new 85,000-DWT bulks carriers
February 2019	-	Scorpio Bulkers	A "Kamsarmax" bulk carrier was sold at US$21.4 million. The carrier will be leased back from the buyer through a five-year demise charter agreement, with the daily charter hire being US$6,850.
March 2019	CMB Financial Leasing	Scorpio Bulkers	Scorpio Bulkers leased back three Supramax carriers and four Kamsarmax bulks carriers through a seven-year demise charter agreement, and owns the option to purchase these carriers.
April 2019	AVIC International Leasing	Scorpio Bulkers	Signed an after-sales leaseback contract for six 78,000-DWT Ultramax bulks carriers. Scorpio Bulkers leased back these carriers through an eight-year demise charter agreement.
September 2019	CSSC (Hong Kong) Shipping Company Limited	Pangaea Logistics Solutions	After-sales leaseback contract for four 95,000-DWT bulks carriers
September 2019	China Development Bank Leasing	Cargill International	A new 208,000-DWT Newcastlemax carrier was delivered to the lessee Cargill International (five carriers in total in the order)
November 2019	COSCO Shipping	Dasin Holdings	Reached an after-sales leaseback agreement for eight bulks carriers

	Leasing		

Source: Prepared by Shanghai International Shipping Institute

3. Charters of fixed/range-based hire increase in number to lock in market revenue in 2020

K Line began to gradually adjust its investment portfolios to improve profitability. In the Capesize carrier field, it further increased medium- and long-term lease contracts to expand stable income. For example, it signed a long-term bauxite shipping contract with Emirates Global Aluminium. The charters signed by Golden Ocean in 2019 were dominated by fixed charter hire and range-based floating charter hire ones. The charters of its carriers in 2020 primarily include:

1) two Capesize carriers chartered at fixed charter hire of an average of US$22,750/day,

2) two Capesize carriers chartered at a fixed range of charter hire,

3) 10 Panamax carriers chartered at an average charter hire of US$18,200/day, and the charters will expire between the second quarter of 2020 and the end of 2021.

Table 3-3 Charters Signed by Golden Ocean in 2019

	Charter hire	Date contract signed/modified	Charter period	Notes
Capesize	US$17,220/day	Q1 2019	to H1 2020	
	Floating hire changed to fixed hire of US$15,720/day	Q1 2019	to end of 2019	
	Floating hire changed to fixed hire of US$18,800/day	Q1 2019	to end of 2019	
	Linked to previous indexes; Changed to fixed hire of US$20,500/day starting 2020	Q2 2019	to end of 2020	
	Index-linked charter hire changed to fixed hire of US$25,255/day	Q2 2019	to end of 2019	
	FFA sold (US$23,050/day)	Q2 2019	August-December 2019	
	US$25,000/day	Q3 2019	15/19 months (2020-)	One ship, installed with a desulfurize r
	123.5% of index (including provisions on conversion to fixed	Q3 2019	11/13-13/15 months	Three ships, without

	hire)			desulfurizers
Panamax	US$12,950/day	Q1 2019	to end of 2019	

Source: Quarterly earnings of Golden Ocean for the first three quarters, prepared by Shanghai International Shipping Institute

IV. Outlook of International Dry Bulk Shipping Market in 2020

1. World economic environment complex and volatile, global trade growth under pressure

Into 2020, the Fed's interest rate cuts and the ECB's (European Central Bank) loose financial conditions are supporting economic growth. The International Monetary Fund (IMF) expects the world economy to grow by 3.4% in 2020, up by 0.4 percentage points year-on-year. However, the loose monetary policies can lead to a growing debt risk, subjecting global economic growth under hidden dangers. In addition, trade conflicts will remain the biggest risk of global trade downturn in 2020. The World Trade Organization (WTO) estimated that global trade volume may increase by 2.7% in 2020, up by 1.5 percentage points from 2019, but lower than the forecast 3%.

2. Growth of international dry bulk shipping volume increases slightly, coal and minor bulks are growth drivers

The growth rate of international seaborne dry bulk trade may continue to rise in 2020. With the continued differentiation of China's steel production and consumption, the real estate regulation policies tend to be neutral, and real estate investment growth will remain robust. The year 2020 marks a peak of construction project completion, and the floor space of construction projects started in the year will maintain a growth rate of 4%-5%. The role of infrastructure as the base will continue to strengthen, credit will remain tight, and the growth rate of infrastructure investment will see limited recovery. Automobile overdraft consumption still needs time to be digested, and it is difficult for the consumption level to recover to the previous level in the short term. The growth of iron ore supply is expected to outpace the demand growth, and iron ore prices have room to fall further. In terms of coal, with the slowdown of global energy demand growth, China's coal production capacity will continue to grow, which may contribute to the overall oversupply. China's coal imports are expected to stay flat. Vietnam, India and other emerging markets in Asia will continue to stay bullish, with increasing coal import demands. The minor bulks market presents more spot lights. The increasing production capacity in Guinea and the faster signing of long-term supply agreements have pushed up the Guinea-to-China shipping demand of bauxite. China, as Vietnam's largest clinker and cement importer, has witnessed rising cement prices as a result of domestic environmental protection policies, and its cement import demand is also on a rise. In 2020, Vietnam's cement overproduction will further intensify and export demand will continue. Shanghai International Shipping Institute looks to an around 2% growth rate of global seaborne trade volume in 2020.

3. Bulkcarrier fleet growth continues to be higher than dry bulk trade growth in 2020, fueling of low-sulfur oil may cause short-term capacity strains

The delivery plan for 2020 continues to increase to 56.4 million DWT. Into 2020, the Clarksons projected that the international dry bulk fleet capacity may increase slightly by around 3.5%. Due to the tight supply of fuel oil barges at ports and refueling delays, ship turnover strains may show up in the early stage.

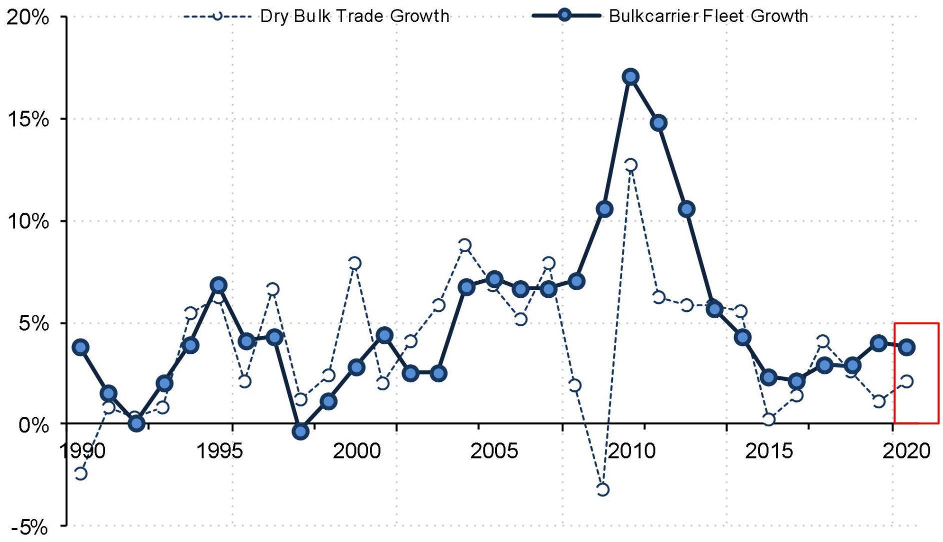

Figure 4-1 Year-on-Year Growth Rates of Capacity and Volume of International Dry Bulk Shipping Market in 1987-2020

Source: Clarksons, 2020 data is the projection by Shanghai International Shipping Institute

4. Average BDI value in 2020 falls slightly to around 1,200 points, freight rates in early period impacted by bulkcarrier fleet capacity

To sum up, the trade demand growth rates in the international dry bulk shipping market in 2020 remain depressed. It is expected that the average BDI value in 2020 will continue to fall to about 1,200 points, and the peak may appear in the early third quarter. Meanwhile, the capacity turnover in the first half of 2020 will be greatly impacted by the low-sulfur oil supply. Port congestion where ships wait for refueling may show up, and the freight rate momentum in the early period may be strong.