

Firm demand will continue to support dry bulk shipping

London, UK, 1 August 2017 – Drewry expects that dry bulk shipping charter rates will continue to recover with firm demand and controlled fleet growth, according to the latest edition of the *Dry Bulk Forecaster*, published by global shipping consultancy Drewry.

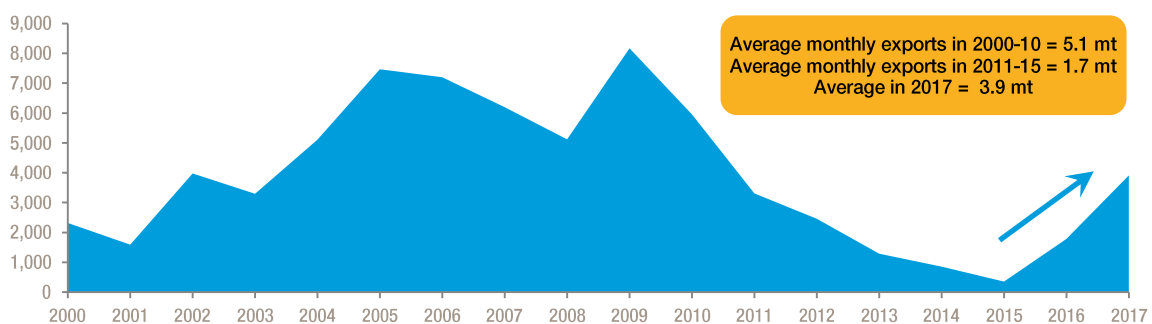
Drewry has revised its charter rates forecast in the short term as the date to implement ballast water management systems (BWMS) has been postponed by two years, bringing down the forecast for demolitions that will eventually support fleet growth. Despite the increased fleet supply, charter rates will strengthen because demand will grow faster. The recovery in rates will become more prominent in 2019 and 2020, when the IMO regulations will be implemented.

Tonne mile demand will grow at a healthy pace of around 3% annually over the next five years while fleet supply is expected to expand at a rate of just 1% a year over the same period. The slowdown in fleet growth can be credited to low deliveries because of a thin orderbook and high demolitions resulting from the upcoming environmental regulations.

Demand will improve with the strengthening of iron ore, coal, grain and minor bulk trades. The rise in infrastructure activities in China will support imports of iron ore and other minor bulk commodities.

Among the major events that will decide the future of the dry bulk market, India's re-emergence as a significant iron ore exporter stands at the forefront. Indian iron ore exports are making a silent comeback from a mere 4 million tonnes in 2015 to more than 20 million tonnes in 2016 and expected to be more than 30 million tonnes this year.

Iron ore: monthly average exports for each year ('000 tonnes)



Source: Drewry's Dry Bulk Forecaster (www.drewry.co.uk)



"We believe India's return to the seaborne iron ore market will have wide implications for the dry bulk trade in the coming quarters. Iron ore exports from India to China that resumed at a fast pace, could reclaim a part of their lost share from Brazil and Australia," commented Rahul Sharan, Drewry's lead analyst for dry bulk shipping.

Drewry believes increased iron ore exports from India will provide additional employment opportunities to Supramax and Panamax fleets, and marginally to the Capesize fleet. "Many Indian ports have been dredged further to accommodate Capesizes, but a large part of the ore will still be carried on smaller vessels, providing employment and higher utilisation to smaller segments," added Sharan.

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"**Dry Bulk Forecaster**" is a quarterly report published by Drewry Maritime Research and is priced at £2,115 for an annual subscription.

The report is available from the Drewry website www.drewry.co.uk.

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Drewry serves its clients through four business units: Drewry Maritime Research, publishing market-leading research on every key maritime sector; Drewry Maritime Advisors, supporting the needs of shipping and financial institutions; Drewry Supply Chain Advisors, providing seafreight procurement support to retailers and manufacturers; and Drewry Maritime Financial Research, delivering an Investment Research Service on listed companies operating in the industry.

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