Market Recovery Likely for Atlantic Panamax Vessels by End of Decade: Platts Report

Slimmed Order Books and the Advent of Eco-Ships Poised to Prompt Rebound in Freight Rates
- 6-Page Study Just Released: "The Hour of the Wolf for Panamaxes" -

LONDON, June 23, 2015 /PRNewswire/ -- Shipowners operating in the trans-Atlantic dry bulk market, where prices have been plumbing two-year lows on the back of acute vessel oversupply and shifting patterns in minerals demand, could be facing brighter days, according to the latest special report released by Platts, a leading global provider of energy and commodities information.

The 6-page study, titled *"The Hour of the Wolf for Panamaxes,"* takes an in-depth look at coal and grain trade in the Atlantic; reviews supply and demand and other voyage economics for ship owners; and provides an analysis of the global Panamax fleet and order book. Panamaxes are mid-sized cargo vessels capable of passing through the Panama Canal and have long been revered as the workhorses of the global dry bulk fleet.

"The shrinking exports of U.S. thermal coal to Europe, falling bunker prices and a massive overhang of Panamax tonnage have kept freight rates depressed," said *Peter Norfolk*, Platts editorial director for global shipping and freight. "And while the short term outlook is quite bearish, with global deadweight capacity expected to rise the next two years, the medium-term forecast looks more positive past 2018."

The report notes that a large portion of the orders that are responsible for new vessel deliveries in 2015 through 2017 were placed back in 2010 to 2012.

"On the plus side, months of poor earnings have discouraged ship owners from further expanding fleets," said *Alex Younevitch*, Platts managing editor of freight markets and lead author of the study. "At the same time, a large proportion of the Panamax vessels is now old enough to be considered for scrapping. So the global fleet might become considerably younger and leaner in the next several years, which should pull freight rates higher and ease the burden on shipowners."

Access the full report here: http://www.platts.com/IM.Platts.Content/Downloads/Media/Atlantic-Panamax-Special-0615.pdf.

Access a *Platts Commodity Pulse* video discussion of the report by Norfolk and Younevitch at this link: http://www.platts.com/videos/2015/june/cp-dry-bulk-panamaxes-0618.

This report and additional shipping information and analysis are available via Platts' Dry Freight Wire, Dirty Tankerwire and Clean Tankerwire.

Also, for more information about shipping supply and demand and prices, visit www.platts.com.

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