Global Maritime Weekly Digest

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*The **Global Maritime Weekly Digest**, based at **Southampton SOLENT University**, provides a regular flow of maritime news and analysis, of significance in a global context.*
Topics covered include shipping fleets and management, seaborne trade, ports, shipbuilding, ship recycling, maritime policy and regulations, and seafarers' labour.

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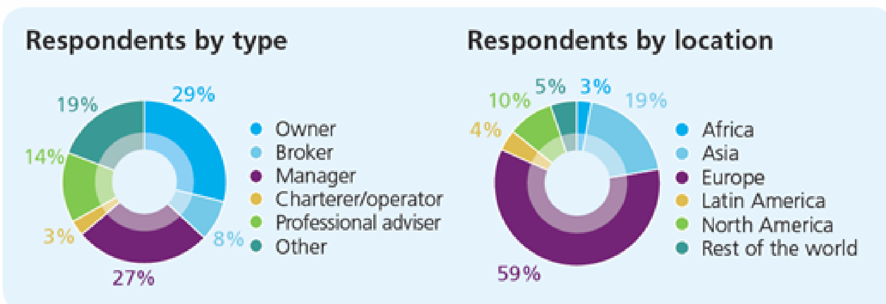
- Another uptick in ***shipping industry confidence*,** seen in the latest survey by consultants Moore Stephens (item 1) suggests that, although still depressed, a steady improvement is unfolding.
- Some respondents to the survey suggested that the ***bottom of the cycle*** had been reached and that 'things can only get better', but expressed concern about overtonnaging, insufficient recycling and the cost of regulatory compliance.
- Attention is drawn to the ***vital contribution of seafarers*** in a short article by the International Chamber of Shipping, which also considers perceptions of the industry by policymakers and as a worthwhile career for young people (item 2).
- Trends in ***China's economy*** during the year ahead will have a great influence on how global shipping markets evolve. Economists' forecasts vary, but many expect a continued slowing of GDP growth as some of the policy stimulus applied in the past twelve months recedes (item 4).
- This year's ***collapse of orders for new ships***, while problematical for shipbuilders, is seen as a valuable part of the lengthy process of correcting market over-capacity in many sectors (item 8).
- Towards the end of 2016 signs pointing to an ***improving bulk carrier freight market*** became more plausible. Slow fleet growth in the period ahead could assist the trend (item 5).

Richard Scott MA MCIT FICS
editor (email: bulkshipan@aol.com)

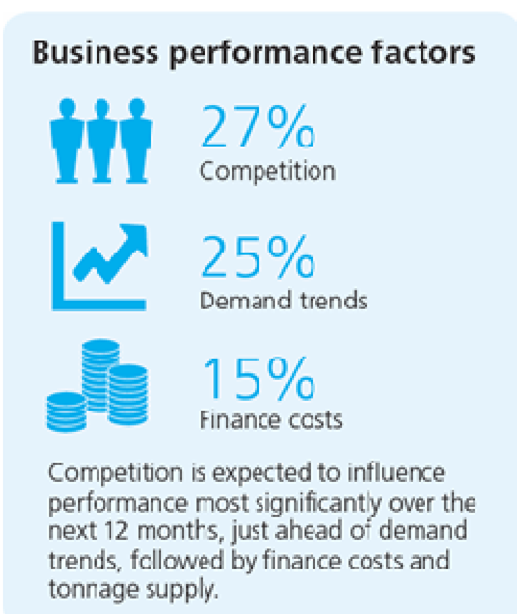
(1) Moore Stephens, 21 December 2016

Optimistic charterers help boost shipping confidence to 15-month high

Shipping confidence improved for the third successive quarter in the three months to end-November 2016.
In November 2016, the average confidence level expressed by respondents was 5.6 out of 10.0, equalling the highest rating since August 2015. All main categories of respondent were more confident than in August 2016, when the overall rating was 5.4. Charterers' confidence this time increased by 2.0 points, to 6.8, the highest figure in the life of the survey for such respondents. The confidence of owners was up from 5.3 to 5.4, of brokers from 4.5 to 5.6, and of managers from 6.0 to 6.4. The survey was launched in May 2008 with an overall confidence rating of 6.8.
Confidence was up in Asia, from 5.5 to 5.7, in Europe from 5.2 to 5.4, and in North America from 5.8 to 5.9.

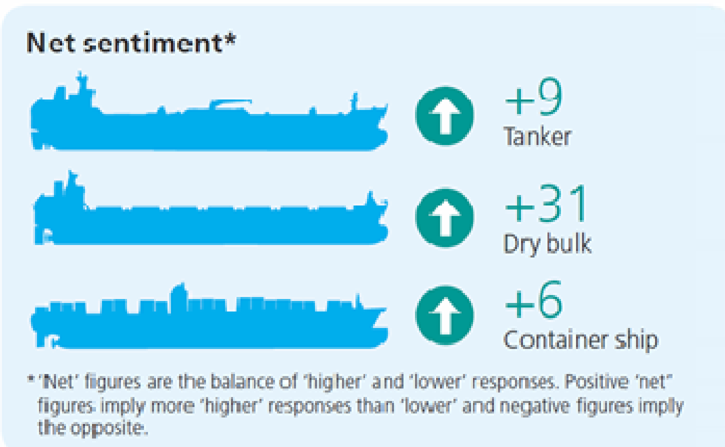


A number of respondents felt that the bottom of the cycle had been reached and that the only way was up. Particular concern was expressed about overtonnaging, insufficient recycling, and the cost of regulatory compliance. One respondent noted, "The oversupply of tonnage will cease when the banks write down bad loans and force owners to sell for scrap," while another said, "The weak or unlucky will fold or be gobbled up, while the strong or the lucky will grow and succeed."



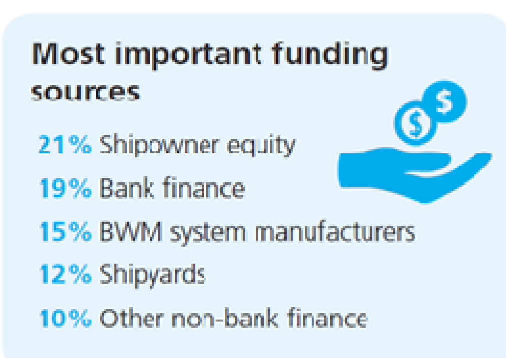
The likelihood of respondents making a major investment or significant development over the next 12 months was unchanged, at 4.9 out of 10.0. Charterers' confidence in this regard was up from 5.0 to 6.4, equalling its highest figure since August 2013. Owners' expectations were also up, from 4.8 to 5.0, but those of managers and brokers were down, from 5.3 to 5.2 and from 4.1 to 3.8 respectively. According to one respondent, "It is hard to see how major investment to meet environmental regulations can be justified in the current climate."

The number of respondents expecting finance costs to increase over the coming year rose from 35% to 53%, the highest level for five years. Owners' expectations in this regard rose from 31% to 58%, their highest level since May 2011. The figures for brokers and managers were also up, from 47% to 53% and from 30% to 52%, respectively. Charterers were alone in not anticipating any increase in finance costs. "Major investment will be required over the next few years to meet increasingly stringent environmental regulations," said one respondent, "at a time when earnings are on the floor and bank finance is hard to come by."



Competition is expected to influence performance most significantly over the next 12 months, just ahead of demand trends, followed by finance costs and tonnage supply. One respondent said, "If demand remains weak, we don't anticipate any improvement in the shipping markets over the next five years, particularly for dry bulk cargoes."

The number of respondents expecting higher rates in the tanker market over the next 12 months rose by ten percentage points to 33%, the highest figure since August 2015, while the number anticipating lower tanker rates fell from 37% to 24%. Meanwhile, there was a three percentage-point rise, to 41%, in the numbers anticipating higher rates in the dry bulk sector. In the container ship sector, the numbers expecting higher rates rose from 22% to 27%, but there was a five percentage-point increase, to 21%, in those anticipating lower rates. The net sentiment in the tanker markets was +9, while it was +31 in the dry bulk markets and +6 in the container ship trades.



In a stand-alone question, respondents were asked what they considered would be the most important source of funding for the installation of Ballast Water Management (BWM) systems by shipowners. Overall, on a weighted average basis, 21% of respondents felt that shipowner equity (shareholder funds) would provide the source of funding. Next came bank finance, at 19%, BWM system manufacturers (15%), shipyards (12%) and other non-bank finance (10%). One respondent said, “Financing BWM is almost impossible. Owners have no money for it.”
Richard Greiner, Moore Stephens Partner, Shipping & Transport, says, “This is the third successive increase in shipping confidence recorded by our survey. So despite overtonnaging, weak freight rates, declining demand, insufficient recycling, Brexit, Syria, Trump, despite everything, shipping is still looking up, rather than down. This is not to deny the reality of today’s difficult market, or the sluggish economic climate. But it does say much for the strength of shipping’s backbone and the quality of its mettle.
“Those who can point to a long history in shipping will be better placed to gauge the severity and longevity of the current downturn than those with a shorter pedigree in the industry. But both will need access to finance and to other resources in order to meet the challenges which lie ahead. Not the least of these is the ongoing regulatory environmental compliance programme, even if implementation of the BWM convention may be caveated with potential delay and amendment for a little while longer.
“Many of our respondents felt that things can only get better. They are probably right. But for that to happen, freight rates will have to go up. Perhaps it is safer to say for the moment that, if we want things to stay as they are, things will have to change.”

Source: Moore Stephens
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(2) Hellenic Shipping News, 23 December 2016/ International Chamber of Shipping

Remember The Seafarer, Says ICS

As we sit down with family and friends to enjoy the good things that the festive season will bring, Peter Hinchliffe, Secretary General of the International Chamber of Shipping (ICS) asks us to spare a thought for those men and women who make it possible. “I am talking specifically about the hundreds of thousands of seafarers who will be swapping the love and comfort of their families this Christmas for the 24/7 day-to-day routine that seafaring demands, bringing food to our tables and gifts for under the tree, “ he says.
“Shipping never sleeps and does not stop for any holiday period which is why it is very much business as usual for the people who make it happen. It has been said that ships don’t move cargo – people move cargo, so without the unselfish work of a highly trained and motivated global seafaring workforce, world trade would simply not happen. And when you consider that seafarers can be at sea for several months at a time, the commitment to the job and the role they play is very clear for all to see.”
And that commitment to the task in hand continues to be demonstrated through the unceasing humanitarian role that shipping and seafaring plays in situations such as the rescue of migrants, set adrift in overcrowded and unseaworthy boats, believes Peter. “Global television coverage shows the relieved looks on the migrants faces as they step off the merchant vessel to begin a life in a safer environment ashore,” he says, “but little regard is given to the seafarer himself who executed the rescue in the first place and cared for the wellbeing of what may have been large numbers of migrants during the last leg of their tortuous journey. Doing whatever is necessary to save life at sea is something that our seafarers carry out instinctively despite not being trained to cope with the demands of hundreds of migrants. Yet we expect them to act professionally and selflessly, with no real thanks.
“Shipping has long struggled with its image – certainly when it comes to how it is perceived by the man in the street. Does it have a bad image? Or is it more of an invisible image with many taking its services completely for granted?”
This is an important issue because how shipping is perceived impacts on how it is treated and regarded, not only by policy makers and lawmakers but also by the young and talented looking to that all-important career move. “Shipping is changing and evolving and it needs to be able to attract the right talent to its ranks,” he adds.

"So as the last few days of 2016 slip by, ICS would like to pay tribute to all seafarers for the work they do and for the important role they play in allowing us to live our lives as we do."

Source: ICS
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(3) Clarksons Research, 16 December 2016

The Cold Winds Doth Blow, Still…

The shipping markets have in the main been pretty icy since the onset of the global economic downturn back in 2008, but 2016 has seen a particular blast of cold air rattle through the shipping industry, with few sectors escaping the frosty grasp of the downturn. Asset investment equally appears to have been frozen close to stasis. So, can we measure how cold things have really been?

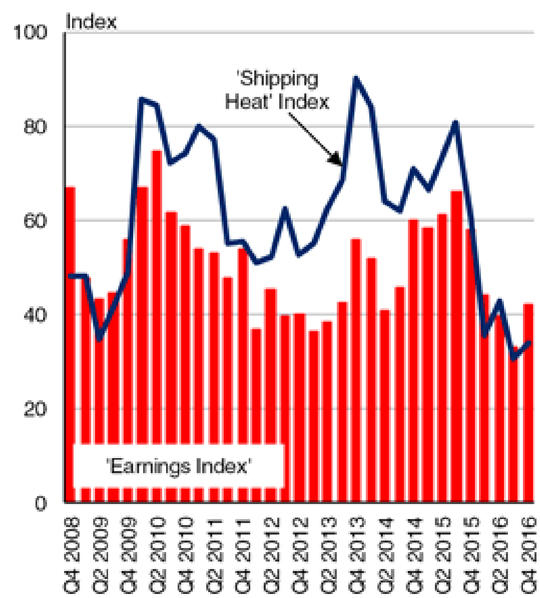
Lack Of Heat

Generally, our ClarkSea Index provides a helpful way to take the temperature of industry earnings, measuring the performance of the key 'volume' market sectors (tankers, bulkers, boxships and gas carriers). Since the start of Q4 2008 it has averaged $11,948/day, compared to $23,666/day between the start of 2000 and the end of Q3 2008. However, earnings aren't the only thing that can provide 'heat' in shipping. Investor appetite for vessel acquisition has often added 'heat' to the market in the form of investment in newbuild or secondhand tonnage, even when, as in 2013, earnings remained challenged. To examine this, we once again revisit the quarterly 'Shipping Heat Index', which reflects not only vessel earnings but also investment activity, to see how iced up 2016 has really been.

Graph of the Week

'Heat Index' Looks Short On Warmth Once Again

The 'Earnings Index' represents the quarterly average ClarkSea Index (basis average Jan-00 to Q3-08=100). The 'Shipping Heat Index' is derived by creating a quarterly index of newbuild and reported secondhand transaction value (on the same basis), and then taking the (geometric) average of that index and the 'Earnings Index'. Q4 2016 earnings data up to and including 9th December, Q4 2016 newbuild investment data basis October and November run-rate, secondhand sales data basis Q4 run-rate up to 9th December 2016.



Source : Clarksons Research

Fresh Heat?

This year, we've tweaked the index a little, to include historical newbuild and secondhand asset investment in terms of value, rather than just the pure number of units. This helps us better put the level of 'Shipping Heat' in context. In these terms, shipping appears to be as cold (if not more so) as back in early 2009. This year the 'Heat Index' has averaged 36, standing at 34 in Q4 2016, which compares to a four-quarter average of 43 between Q4 2008 and Q3 2009.

Feeling The Chill
Partly, of course, this reflects the earnings environment. The ClarkSea Index has averaged $9,329/day in the year to date and is on track for the lowest annual average in 30 years. In August 2016, the index hit $7,073/day, with the major shipping markets all under severe pressure.
All Iced Up
The investment side has seen the temperature drop even further. Newbuilding contracts have numbered just 419 in the first eleven months of 2016, heading for the lowest annual total in over 30 years, and newbuild investment value has totalled just $30.9bn. Weak volume sector markets, as well as a frozen stiff offshore sector, have by far outweighed positivity in some of the niche sectors (50% of the value of newbuild investment this year has been in cruise ships). S&P volumes have been fairly steady, but the reported aggregate value is down at $11.2bn. All this has led to the 'Shipping Heat Index' dropping down below its 2009 low-point.
Baby It's Cold Outside
So, in today's challenging markets the heat is once again absent from shipping. And, in fact, on taking the temperature, things are just as icy as they were back in 2008-09 when the cold winds of recession blew in. This year has shown that after years out in the cold, it's pretty hard for things not to get frozen up. Let's hope for some warmer conditions in 2017.

Source: Clarksons
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(4) Hellenic Shipping News, 20 December 2016/ Reuters

China set for slower growth, tighter policy in 2017 as government targets asset bubbles

China's economic growth is expected to cool in 2017 as its top leaders flag tighter monetary policy and further curbs to clamp down on asset price bubbles, especially in the property market, even as a sharp drop in the yuan has fed fears of markets turmoil.
The Chinese Academy of Social Sciences (CASS) on Monday forecast China's economic growth will slow again next year to 6.5 percent, which would be the slowest pace in more than 25 years, down from expected growth of around 6.7 percent for this year.
The anticipated slowdown in the world's second-biggest economy comes at a time of heightened anxiety about the yuan, which slid to over eight year lows last month on speculation of capital outflows in the wake of Donald Trump's U.S. election victory.
On top of that, a rapid rise in bank lending, a dangerous build-up of debt in the corporate sector and a property market that has failed to fully flush out speculators are threatening to derail the economy.
That probably explains why China's top leaders, who held a key meeting on the economy last week, chose to stick to a "prudent and neutral" monetary policy in 2017, while vowing to keep the economy on a path of stable and healthy growth.
Indeed, an adviser to the People's Bank of China (PBOC) said on Monday that the tone set by China's top leaders for 2017 means the current monetary policy can be tightened.
Sheng Songcheng said there would be no grounds for easing next year considering risks from exchange rate volatility, rising inflation, the stock market and the property market.
Data earlier on Monday showed growth in China's home prices slowed again in November, suggesting that government curbs were starting to pay off, although it was too early to say if the slower trend will persist given a supply shortage in some of the bigger cities.
Analysts expect Beijing will start to remove some of the policy accommodation.
"We believe there will be some change from the current relatively loose monetary policies (to a more neutral stance), and the change will start to show up from the third quarter next year," said Wang Jianhui, an economist with Capital Securities in Beijing.
Wang cites potential risks from capacity reduction efforts including an increase in bad loans and a rise in unemployment. He expects the industrial capacity reduction campaign will expand from coal and steel currently to more industries including cement.

Record home prices, increasing risks

Policymakers also said China will control property bubbles and strictly limit credit flowing into speculative buying as property prices have risen at record rates this year.

Data on Monday showed new home prices rose 0.6 percent month-on-month in the nation's 70 major cities, slowing from October's 1.1 percent. But year-on-year price growth was at a record 12.6 percent, highlighting why regulators are keen to keep up the pressure on the sector lest it topples over and knocks the economy.

Analysts are already expecting the property sector – a major contributor to the economy – to be a drag on growth next year. The challenge for policymakers will be in ensuring home ownership remains attractive even as they put in place curbs to temper a speculative rally.

Weaker Yuan

A key challenge will be stemming capital outflows amid a depreciating yuan, which has fallen almost 7 percent against the dollar this year.

The yuan will depreciate against the dollar by another 3 percent to 5 percent in 2017, Ministry of Commerce researcher Jin Bosong said on Monday at a press briefing.

In yuan terms, China's exports should grow 4 percent to 6 percent in 2017, with imports up 2 percent to 4 percent, Jin said.

China's yuan firmed against the dollar on Monday after the central bank set a much stronger midpoint than the market had expected.

China's benchmark CSI 300 Index has fallen 6.6 percent since hitting an 11-month higher on December 1 as liquidity tightens and markets begin to price in a more conservative monetary policy in 2017.

The policy signal from the economic planning meeting "disillusioned investors who had envisioned a further loosening in monetary policies. Now it's clear that policies tend to tighten," Changjiang Securities said in its latest strategy report.

Meanwhile, China's bond market weakness persisted on Monday, deepening concerns over liquidity stress toward the year-end. The price of China's 10-year treasury futures for March delivery CFTH7 tumbled more than 1 percent soon after open, although it trimmed some of the losses by midday.

"Expectations for GDP growth have fallen to 6.5 percent, but if growth is slower than that, I think anything above 6.3 percent can be considered stable," said Capital Securities' Wang.

"The main focus of policymakers is on controlling risk, not growth targets."

Source: Reuters (Reporting by Yawen Chen and Elias Glenn; Editing by Shri Navaratnam)
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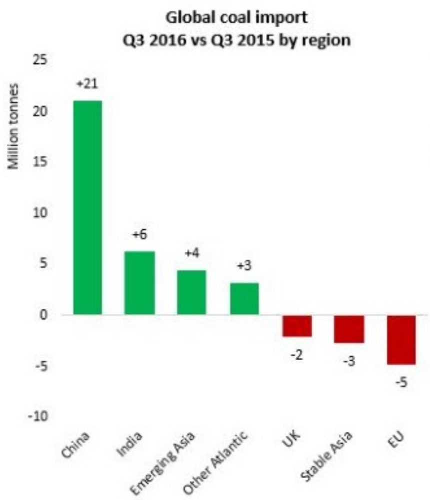
(5) Hellenic Shipping News, 15 December 2016/ Torvald Klaveness

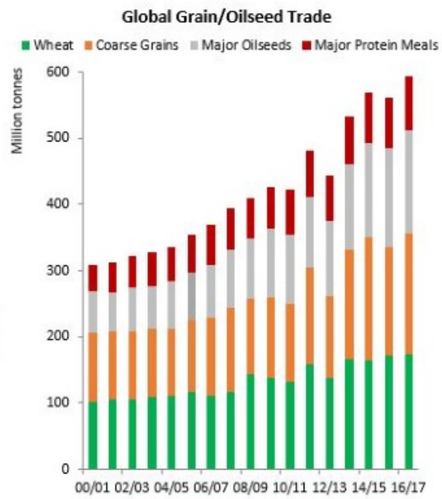
Why 2017 looks positive for the dry bulk market

Last week we held our annual Klaveness Forum in London. The conference which took place at the Corinthia Hotel was well attended with many of our customers and partners. As part of the program I held a presentation on the key drivers for dry bulk freight in 2016 and 2017, which was followed by a panel debate moderated by John Kearsey (SSY) and with Aristides Pittas (Euroseas), Jeremy Palin (Arrow) and myself as panelists.

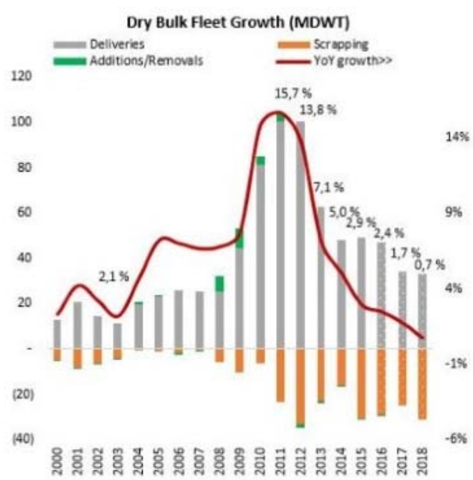
Last year's presentation focused on hope. In the sense that the emerging trend we saw at that time was 1) an improving Chinese real estate sector, 2) cuts in Chinese coal production and that 3) growing coal imports into Emerging Asia would continue into 2016. These factors have been positive drivers for dry bulk freight in 2016, however we had to wait until the last quarter of the year before we could tell whether those trends would lead to any meaningful recovery in dry bulk freight.

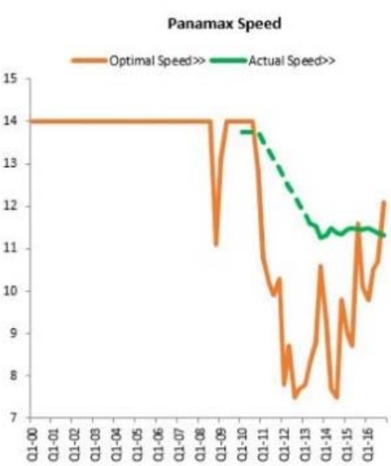
Key trends in this year's presentation were an improving growth rate in global industrial production and global steel production, a positive trend in the global coal trade and grain trade creates a solid platform for raw material demand in 2017.





On the supply side we will see low fleet growth in 2017 and 2018 as the order book is very limited. In our base case we expect a fleet growth of 1.7% in 2017 and 0.7% in 2018. How low the fleet growth gets will to a large extent be a function of the freight market. We argue that scrapping, slippage and cancellations will be elastic to the demand growth. Effective supply growth will also depend on the speed of the fleet. Take the example from the Panamax fleet which according to our monitoring has been running at around 11.4 knots lately. If freight increase enough to incentivize a speed increase (which also will be a function of bunker prices) then there is a latent supply increase through speed increase of about 16-17% if the fleet speed increases to e.g. 13.75 knots (assuming that 80% of the voyage days are at sea). Hence, if we experience some unforeseen demand shock then the potential of speed increases will slow down the pace of improvement in freight rates. So while we do expect the demand growth to outstrip fleet growth in 2017 we can forget about the freight rates seen in the hay days prior to 2011.





In the subsequent panel two of the key issues discussed were:

1) Will new ballast water and bunker fuel regulations have a material impact on scrapping in the next couple of years?

The consensus answer to this was no. An investment cost of 4-500,000$ related to ballast water treatment systems will not be a decisive factor for whether or not you scrap a relatively young vessel of e.g. 15 years. Bunker fuel regulations will not impact scrapping in the next couple of years but may have an impact in 2019 if the implementation date of 2020 is maintained.

It will also depend on whether refineries are able to produce enough low Sulphur fuel, in which case most of the cost will be transferred to the end user of the transported products. If scrubber technology is widely adopted, then the majority of the cost will be carried by the owners. If this is the outcome and the cost of scrubbers remain high than this can lead to higher scrapping, but only in a low freight market.

2) What will it take to revive dry bulk carrier ordering?

The panel argued that with the current spread between new build and second hand prices it is very unlikely that we will see a substantial tick up in newbuilding ordering any time soon. I also argued that while the coal outlook in the next 3-5 years looks ok, the outlook is far more challenging on a 15-20 years' horizon. Such an uncertainty should make potential investors think twice before ordering new vessels, or at least use a high discount factor on future earnings to reflect the risk when they make their investment decisions.

Source: Torvald Klaveness
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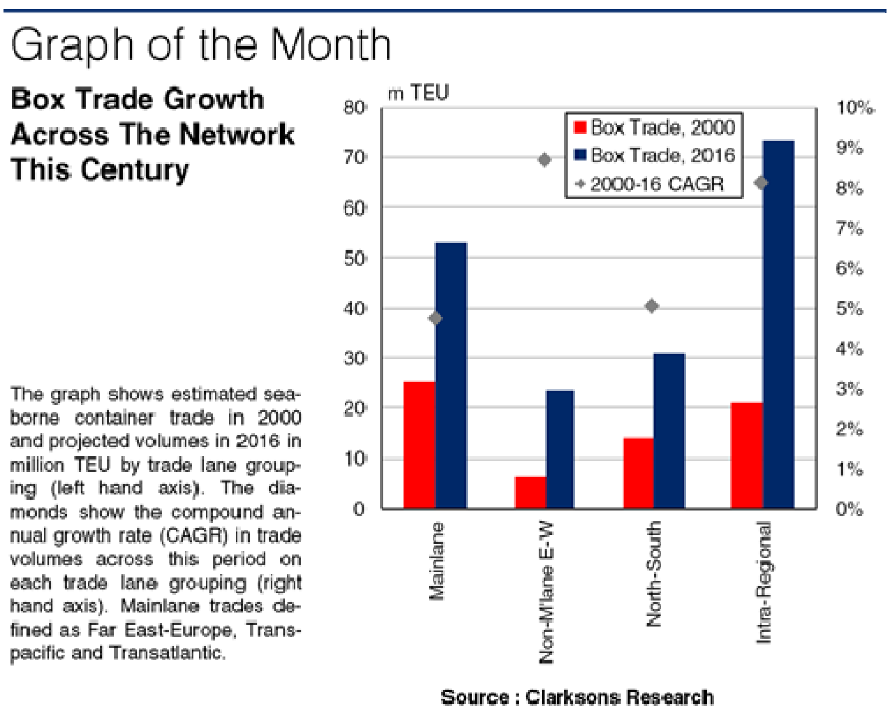
(6) Clarksons Research, 21 December 2016

A Mighty Oak Today? Container Trade In The 21st Century

While container trade growth has slowed in recent years, box trade has still expanded significantly since the turn of the milliennium. In 2016, box trade is projected to total 181m TEU, almost three times volumes in 2000, having grown by an average 6.4% p.er annum. However, with an increased focus on Asia, this growth has not been evenly spread across the trade lanes.



Time To Spruce Up?

This century has seen significant growth in global container trade driven by increased volumes across a range of trade lanes (see graph), though some have seen faster growth than others. Back in 2000, mainlane container trade totalled 25.3m TEU, accounting for the largest proportion of global box trade of the featured groupings. Mainlane trade growth was rapid in the 2000s, supported by outsourcing of manufacturing from the west to Asia, particularly China. However, western demand has struggled since the financial crisis, and Asia-Europe box trade even shrank 3% in 2015, with only limited volume growth recorded on this route this year. Overall, mainlane trade grew by a compound average rate of 4.7% p.a. in 2000-16, the slowest of the featured groupings, while its share of global box trade fell from 38% to 29%.

Fast Growing…

In contrast, intra-regional trade has gained share in global trade, from 32% of volumes in 2000 to around 41% in 2016. This year, intra-regional box trade is projected to total 73.5m TEU, the largest part of the global total. During 2000-16, intra-regional trade grew on average by a rapid 8.1% p.a., accounting for 46% of the growth in global volumes. This has been supported by fast expansion in intra-Asian volumes, reflecting both firm economic growth in developing Asian countries and the rise of 'factory Asia' and multi-location assembly of manufactures. While economic turbulence in China saw intra-Asian trade growth slow to an estimated 3% in 2015, expansion has returned to more robust levels in 2016.

Springtime Saplings?

Non-mainlane East-West trade has also expanded rapidly, rising on average by 8.6% p.a. this century. This growth was the fastest across the featured trade lane groupings, supported by trade with India and the Middle East, although recently low oil prices have limited Middle Eastern imports. Non-mainlane East-West trade is projected to total 23.5m TEU in 2016, around 13% of global trade.

Meanwhile, North-South trade growth lagged behind in 2000-16, averaging just 5.0% p.a. Expansion has recently been limited by the severe impact of low commodity prices on economies in South America and Sub-Saharan Africa, with developing countries also struggling with economic difficulties even prior to the recent commodity price downturn.

Wood From The Trees…

So, global container trade has made big leaps forward since the year 2000. Intra-Asian trade has established its position and grown in importance, but trends on other routes have had a major impact too. While volume expansion may be underperforming at present, it is still worth remembering just how far and wide container trade has grown this century

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Source: Clarkson Research Services Limited

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(7) United Nations Conference on Trade and Development (UNCTAD), 21 December 2016

UNCTAD: Port data project gathers steam as 13 new ports sign up

UNCTAD's port data project is gathering steam, with 13 new ports signing on in November 2016. This brings the total to 42 participating ports from Africa, Asia, Latin America and Europe.

Better data analysis leads to better performance. And in the case of — the gateway for more than 80% of the raw materials, food, electronics and similar goods that we trade — improved performance lowers trade costs, meaning families spend less at the supermarket and businesses compete better in the global economy.

'For ports to work better, managers need to benchmark their performance on a wide range of indicators,' the project's manager, Mark Assaf, said on Wednesday.

'But there's a lack of reliable data for port managers to use,' he added.

Most port data is aggregated at country — not individual port — level, and with the exception of containers, few global standards exist.

'Port managers want to know that they can trust the data, and that they're comparing apples to apples,' Mr. Assaf said.

'This is why from day one we've made sure the ports in the project agree on the indicators, the units of measurement and the methodology,' he said, adding that UNCTAD verifies the data and ensures it remains confidential.

The project, which started in 2013, now covers 23 indicators on financial stability, labour productivity and operational efficiency. The customized assessment — called a scorecard — looks at indicators ranging from revenue generated per employee, to average ship waiting times, to tonnage handled per hectare of land.
One port's scorecard, for example, showed that its handling rates are competitive for containers but not for dry-bulk. For another port, it revealed that labour costs are competitive, but that this is due more to lower wages than higher productivity.
'The type of detailed performance analysis the scorecard allows is extremely helpful for honing in on the weaker links in our operations, and coming up with better strategies,' said Hector Miole, assistant general manager for operations at the Philippine Ports Authority.
'As an island nation, we manage hundreds of ports, and not all provide the same data, so the project is helping us harmonize information too,' he added.
The ports' scorecards, which currently assess data from 2010-2015, will be updated annually.
UNCTAD has been helping ports improve their management since 1996, working with some 200 ports in 29 countries in Africa, Asia and Latin America
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Source: UNCTAD – United Nations Conference on Trade and Development
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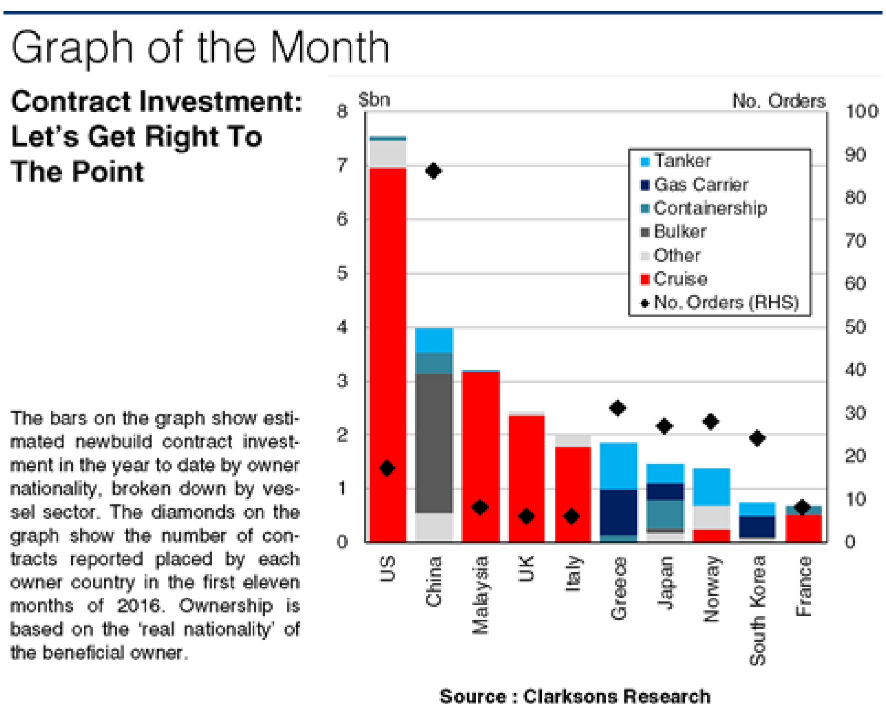
(8) Clarksons Research, 16 December 2016

Newbuild Investment: Any Big Spenders In 2016 At All?

Ordering activity has clearly been extremely limited in 2016 so far with just over 400 contracts reported globally. However, contract investment has been supported by a record level of cruise ship ordering. This has resulted in a change in the top investor countries and a number of less prominent owner nations have overtaken the more traditional owner countries in the newbuild contract investment rankings.



Rich Owners' World?

In 2016 to date, 419 newbuild contracts of an estimated $30.9bn have been reported. Year-on-year, newbuild contract investment levels are down by 63% with around 90 owners reported to have placed an order in the year to date compared to 437 companies over the same period of 2015. The top 10 owner countries, ranked by estimated contract investment in the year to date, account for 82% of orders in value terms and several of these owner countries have invested more than during 2015.

Hey Big Cruise Spenders

Cruise ship orders account for around half of estimated global newbuild investment in 2016 so far and strong ordering activity in this high-value sector has been a common theme amongst the top investor nations in the year to date. US owners are reported to have invested the most in new orders in 2016 so far, an estimated $7.5bn, 92% of which is accounted for by cruise ships. However, Malaysian, UK and Italian owners also appear amongst the top investors due to strong cruise ship ordering. Malaysian newbuild investment in 2016 to date is over six times higher than in full year 2015 while the UK's Virgin Voyages has placed its first ever cruise order. Further, French owner Ponant's four cruise orders account for 76% of total estimated French investment in 2016 so far. Despite placing only 45 orders between them, these five owner countries account for 51% of estimated global investment in the year to date with the value of contracts placed averaging around $350m per unit.

Spend A Little Less Elsewhere

More 'traditional' investor countries have accounted for some activity in the newbuild market in 2016 so far, though of course contracting levels have declined very significantly year-on-year. Chinese owners have invested the second largest amount, an estimated $4bn. Most of these orders were placed by state affiliated companies and all reported investment has been domestic, supporting Chinese yards in an extremely difficult market. Meanwhile, Greek and Japanese owners rank 6th and 7th globally in terms of contract investment in 2016 to date. As in China, domestic yards received nearly all of the Japanese investment. Elsewhere, while tankers account for 49% of Norwegian orders in value terms in 2016 so far, owners here have also invested in the 'niche' ferry and Ro-Ro sectors where market conditions are more positive.

Overall, weak market conditions in the major volume sectors have limited ordering in 2016 so far and newbuilding investment trends have been heavily influenced by cruise ship ordering. Contracting activity across the more traditional owner nations has been very subdued in 2016 to date and, with cruise ship owning nations featuring high in the rankings, the leading investor countries reflect these trends.

Source: Clarksons Research

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