Shipping Insight

Monthly Analysis of the Shipping Markets

Data cut off point last working day of the month

Published: 6 Jun 2016

[ISSN 1751–3944]

- **Supply disruptions in Nigeria to hurt tanker tonne-mile demand**
- **LPG tonnage oversupply to keep rates under pressure**
- **Increased scrapping to improve supply-demand balance for containers**
- **Subdued tanker ordering is good for the long term**

Weak ordering hurts yards

The weakness in freight rates and the corresponding decline in new ordering in almost all shipping sectors is taking a toll on the performance of major shipyards. The filing by STX Offshore & Shipbuilding for court receivership highlights the poor situation for the yards.

The Korean yard has debts of about six trillion won ($5.2 billion) and had been incurring losses for some time. Several attempts by creditors to revive the ailing yard by pumping in more than four trillion won failed to rescue the situation. Korea Development Bank and other creditors who took control of the yard in 2013 finally decided to file for receivership. Now the court will decide whether the yard will be restructured or liquidated.

If the court decides to liquidate the yard, most of the yard's existing orders for 28 vessels that are scheduled for delivery in 2017 will be wiped from the orderbook and orders for about 26 vessels for 2016 delivery are likely to be delayed.

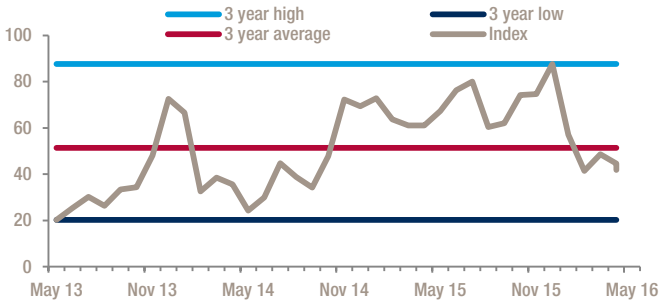
The tanker sector will be affected most as it accounts for more than 70% of the STX orderbook in terms of number of ships. Even though the court is not considering the liquidation option at this stage, if orders for 17 tankers for delivery in 2017 are cancelled it will ease some of the expected supply pressure from the tanker market.

Meanwhile, freight rates in the tanker market softened in May because of seasonal weakness in demand. While supply disruptions in Nigeria kept rates on ex-West Africa routes under pressure, they resulted in increased activity in the Arabian Gulf. Supply disruptions in Canada on the other hand resulted in increased US oil imports from the Middle East supporting VLCC rates. As supply disruptions in Nigeria are expected to last for a while, Asian refiners' resultant shift in demand from West Africa to the Middle East will hurt tonne-mile demand for tankers.

In the dry bulk market, freight rates for Capsize vessels inched higher on increased iron ore imports by China, thanks to the recent stockpiling by the country's steel mills. However, the huge stockpile of iron ore at Chinese ports suggests that the country might reduce imports in coming months, which in turn might reduce freight rates. Moreover, China's plans to increase domestic production of corn and reduce its imports will hurt tonnage demand on long-haul routes from the US in the next few years.

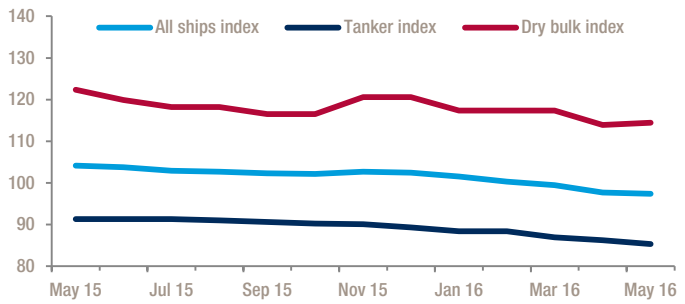
After some weakness last year, scrapping activity in the container market has picked up in 2016 in response to the continued weakness in freight rates. Scrapping in the first five months is similar to the total for the whole of 2015. The average age of the vessels scrapped has also declined this year, signifying that owners are not hesitating in culling younger vessels. At the same time, no major order has been placed since the beginning of this year. All these capacity managing measures have helped stabilise charter rates to an extent.

DREWRY ALL EARNINGS INDEX (JAN 05=100)



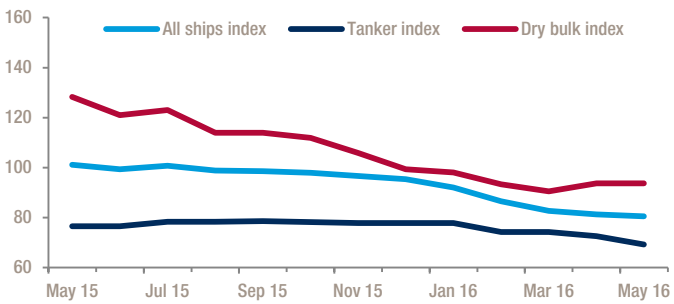
Source: Drewry Maritime Research

DREWRY NEWBUILDING PRICE INDEX (JAN 05=100)



Source: Drewry Maritime Research

DREWRY SECOND-HAND PRICE INDEX (JAN 05=100)



Source: Drewry Maritime Research

In this issue

*Note: Some data (with *) for 2015 is liable to change*

RATE AND EARNINGS SUMMARY (PERIOD AVERAGE)

			May 15	2015	Mar 16	Apr 16	May 16	2016
Time Charter Rates								
Bulk Carriers	Handysize 37,000 dwt	*$/day*	7,300	7,400	4,200	4,500	4,550	4,600
	Supramax 55,000 dwt	*$/day*	8,200	7,600	4,800	5,400	5,400	5,000
	Panamax 75,000 dwt	*$/day*	6,900	7,700	5,000	5,600	5,700	5,400
	Capesize 170,000 dwt	*$/day*	9,100	10,400	5,300	8,900	7,500	6,800
	VLOC 200,000+ dwt	*$/day*	9,400	10,700	6,800	6,800	9,200	7,500
Containerships	700 teu gearless	*$/day*	4,800	5,000	5,800	5,900	5,900	5,700
	1,110 teu geared	*$/day*	7,200	5,600	7,000	7,100	7,200	7,000
	1,700 teu geared	*$/day*	8,500	6,800	6,800	6,800	7,000	6,900
	2,500 teu geared	*$/day*	10,000	7,600	6,100	6,000	6,000	6,300
	3,500 teu gearless	*$/day*	9,500	7,300	6,300	6,100	6,100	6,400
	4,250 teu gearless	*$/day*	13,700	8,700	5,700	5,200	5,100	5,600
	4,500-5,500 teu wide beam	*$/day*	21,000	15,800	9,000	8,500	8,000	8,900
Oil Tankers	MR 45,000 dwt	*$/day*	17,000	18,600	17,500	17,000	16,500	17,500
	Panamax 60,000 dwt	*$/day*	18,750	24,700	20,000	19,000	18,000	19,600
	Aframax 95,000 dwt	*$/day*	25,000	37,800	26,000	25,000	24,000	26,700
	Suezmax 150,000 dwt	*$/day*	33,500	44,800	33,000	29,500	28,500	33,000
	VLCC 280,000 dwt	*$/day*	45,000	63,600	46,000	43,000	40,000	45,200
Chemical Tankers	8-9,000 dwt IMO II coated	*$/day*	5,900	6,900	6,900	6,900	6,900	6,900
	13-14,000 dwt IMO II coated	*$/day*	8,000	9,600	9,600	9,600	9,600	9,600
	22-24,000 dwt IMO II coated	*$/day*	10,900	12,700	12,700	12,700	12,700	12,700
	30-32,000 dwt IMO II coated	*$/day*	12,600	14,200	14,200	14,200	14,200	14,200
	8-9,000 dwt IMO II stainless	*$/day*	9,200	9,100	9,300	9,400	9,300	9,400
	13-14,000 dwt IMO II stainless	*$/day*	12,200	12,300	12,700	12,500	12,000	12,500
	22-24,000 dwt IMO II stainless	*$/day*	15,300	15,800	16,250	16,000	15,800	16,000
	30-32,000 dwt IMO II stainless	*$/day*	23,000	23,000	23,400	23,200	22,700	23,100
LPG Carriers	3,000 cbm s/r	*$/pcm*	240,000	236,000	230,000	230,000	230,000	230,000
	15,000 cbm s/r	*$/pcm*	727,000	708,000	630,000	625,000	600,000	626,000
	35,000 cbm f/r	*$/pcm*	1,065,000	1,081,000	910,000	840,000	756,000	895,000
	82,000 cbm f/r	*$/pcm*	1,970,000	1,889,000	1,000,000	880,000	800,000	1,058,000
LNG Carriers	160,000 cbm; Spot rate East (5-yr, DFDE)	*$/day*	30,000	35,000	30,000	30,000	29,000	30,000
	160,000 cbm; Long-term (5-yr, DFDE)	*$/day*	75,000	75,000	70,000	70,000	70,000	70,000
OSV (North Sea spot)	AHTS (13-18,000 bhp)	$/day	54,100	23,000	15,100	49,500	27,700	27,700
	AHTS (18,000+ bhp)	*$/day*	115,800	26,000	16,300	74,000	41,100	41,100
	PSV (<600 m²)	*$/day*	13,300	7,000	8,500	13,400	11,400	11,400
	PSV (>800 m²)	*$/day*	20,000	8,000	9,800	13,200	11,200	11,200
TCE Earnings								
Bulk Carriers	Grain – USG-ARA (Pmax)	*$/day*	700	4,300	3,600	7,300	8,800	3,900
	Grain – USG-Japan (Pmax)	*$/day*	14,500	17,500	12,200	14,600	15,200	12,800
	Coal – Bolivar-ARA (Cape)	*$/day*	5,500	7,100	-800	4,500	6,600	1,600
	Ore – W.Aus-China (Cape)	*$/day*	7,600	7,600	1,500	6,200	4,600	1,300
	Ore – Brazil-China (VLOC)	*$/day*	12,100	12,400	3,200	8,100	6,800	4,200
Oil Tankers	Caribs-USES (MR)	*$/day*	19,900	20,300	23,000	19,600	17,700	18,600
	Med-Med (Amax)	*$/day*	21,700	21,700	20,100	27,600	20,800	24,200
	W.Af-Car/USES (Smax)	*$/day*	38,200	35,000	33,700	33,700	30,400	32,000
	AG-Japan (VLCC)	*$/day*	44,700	40,900	46,500	65,800	50,000	57,900
	W.Af-USG (VLCC)	*$/day*	74,200	68,600	117,900	86,600	58,000	72,300
LPG Carriers	AG-Japan (VLGC)	*$pcm*	2,886,000	2,523,000	763,000	563,000	571,000	909,200
	NWE-EE/NA (3,000t)	*$pcm*	432,000	441,000	490,000	478,000	456,000	530,800

Source: Drewry Maritime Research

BALTIC SALE & PURCHASE ASSESSMENTS

May 2016

Vessel Type	Description	Size (dwt)	Average ($m)	Movement ($m)
VLCC	*Double Hull – 5 years old*	305,000	74.74	-1.71
Aframax	*Double Hull – 5 years old*	105,000	39.74	-2.52
MR Product Tanker	*Double Hull – 5 years old*	45,000	26.98	-0.65
Capesize	*5 years old*	172,000	22.80	0.13
Panamax (Dry)	*5 years old*	74,000	12.88	0.01
Supramax	*5 years old*	56,000	11.07	0.81

Source: Drewry Maritime Research

VESSEL PRICE AND VALUE SUMMARY

			May 15	2015	Mar 16	Apr 16	May 16	2016
Newbuilding Prices								
Bulk Carriers	Handysize 30,000 dwt	$m	18.0	18.0	17.0	16.0	16.0	17.0
	Supramax 55,000 dwt	$m	23.0	24.0	24.0	23.0	23.0	24.0
	Panamax 75,000 dwt	$m	26.0	26.0	26.0	25.0	25.0	26.0
	Post Panamax 95,000 dwt	$m	29.0	29.0	28.0	27.0	27.0	28.0
	Capesize 170,000 dwt	$m	45.0	46.0	46.0	45.0	45.0	46.0
	VLOC 220,000 dwt	$m	51.0	50.0	50.0	48.0	47.0	49.0
Containerships	1,500 teu geared	$m	24.0	22.0	24.0	24.0	24.0	24.0
	2,500 teu gearless	$m	36.0	35.0	32.0	31.0	31.0	32.0
	3,500 teu gearless	$m	41.0	41.0	41.0	40.0	40.0	41.0
	6,500 teu gearless	$m	61.0	60.0	61.0	60.0	60.0	61.0
	8,000 teu gearless	$m	80.0	80.0	80.0	78.0	78.0	80.0
	10,000 teu gearless	$m	94.0	93.0	92.0	90.0	90.0	91.0
	12,000 teu gearless	$m	108.0	108.0	108.0	106.0	106.0	107.0
	14,000 teu gearless	$m	115.0	115.0	116.0	116.0	114.0	115.0
Oil Tankers	MR 50,000 dwt	$m	36.5	36.0	34.0	34.0	33.0	34.2
	Panamax 75,000 dwt	$m	45.0	45.0	43.0	43.0	43.0	43.4
	Aframax 110,000 dwt	$m	53.0	53.0	50.0	50.0	50.0	50.4
	Suezmax 160,000 dwt	$m	65.0	65.0	62.0	61.0	60.0	61.8
	VLCC 300,000 dwt	$m	96.0	96.0	92.0	91.0	90.0	91.8
Chemical Tankers	6,000 dwt IMO II stainless	$m	17.5	17.5	16.5	16.0	16.0	16.5
	12,000 dwt IMO II stainless	$m	28.0	28.0	27.0	26.5	26.5	27.0
	37,000 dwt IMO II stainless	$m	55.0	55.5	51.0	50.0	50.0	50.5
	6,000 dwt IMO II coated	$m	14.5	14.0	13.0	12.5	12.5	12.5
	12,000 dwt IMO II coated	$m	20.5	20.0	20.0	19.5	19.5	19.5
	37,000 dwt IMO II coated	$m	31.0	30.5	32.0	31.5	31.5	31.5
LPG Carriers	3,000 cbm	$m	16.0	17.0	16.0	16.0	16.0	16.0
	15,000 cbm	$m	49.0	49.0	45.0	44.0	42.0	45.0
	78,000 cbm	$m	78.0	78.0	71.0	70.0	69.0	72.0
LNG Carriers	170,000 cbm	$m	206.0	206.0	198.0	195.0	195.0	200.0
Second-hand Values								
Bulk Carriers	Handysize (10 yr) 28,000 dwt	$m	9.0	6.0	6.0	6.0	6.0	6.0
	Supramax (5 yr) 50,000 dwt	$m	17.0	16.0	12.0	13.0	13.0	12.0
	Panamax (5 yr) 75,000 dwt	$m	20.0	19.0	13.0	14.0	14.0	13.0
	Capesize (5 yr) 170,000 dwt	$m	30.0	28.0	21.0	22.0	22.0	22.0
Containerships	650 teu geared (10 yr)	$m	3.0	3.0	3.0	3.0	3.0	3.0
	1,000 teu geared (10 yr)	$m	6.0	6.0	5.0	4.0	4.0	5.0
	1,700 teu geared (10 yr)	$m	9.0	9.0	8.0	7.0	7.0	8.0
	2,700 teu gearless (10 yr)	$m	15.0	15.0	12.0	10.0	10.0	12.0
	3,500 teu gearless (10 yr)	$m	16.0	16.0	12.0	11.0	11.0	12.0
	4,000 teu gearless (10 yr)	$m	20.0	20.0	13.0	12.0	12.0	14.0
Oil Tankers	MR (5 yr) 45,000 dwt	$m	25.0	26.0	27.0	27.0	26.0	27.0
	Panamax (5 yr) 70,000 dwt	$m	36.0	35.0	34.0	34.0	33.0	34.0
	Aframax (5 yr) 95,000 dwt	$m	45.0	46.0	45.0	41.0	39.0	43.0
	Suezmax (5 yr) 150,000 dwt	$m	59.0	60.0	57.0	56.0	53.0	57.0
	VLCC (5 yr) 300,000 dwt	$m	81.0	81.0	75.0	75.0	72.0	75.0
Chemical Tankers	6,000 dwt IMO II stainless (10 yr)	$m	7.0	7.0	6.5	6.5	6.5	6.5
	12,000 dwt IMO II stainless (10 yr)	$m	11.0	11.0	11.5	11.5	11.5	11.5
	37,000 dwt IMO II stainless (10 yr)	$m	36.0	36.0	36.0	36.0	36.0	35.5
	6,000 dwt IMO II coated (10 yr)	$m	5.5	5.5	5.5	5.5	5.5	5.0
	12,000 dwt IMO II coated (10 yr)	$m	9.5	9.0	9.0	9.0	9.0	8.5
	37,000 dwt IMO II coated (10 yr)	$m	16.0	15.5	17.5	17.5	17.5	17.5
LPG Carriers	3,000 cbm (10 yr)	$m	11.0	10.0	8.0	8.0	8.0	8.0
	15,000 cbm (10 yr)	$m	37.0	36.0	35.0	34.0	33.0	35.0
	78,000 cbm (10 yr)	$m	70.0	68.0	50.0	49.0	49.0	53.0

Source: Drewry Maritime Research

WORLD CARGO CARRYING FLEET – ORDERBOOK AND DELIVERY SCHEDULE

Size	Fleet May 2016		Orderbook		2016		2017		2018		2019+		Orderbook as % of Fleet
Dry bulk	**No.**	**'000 dwt**	**No.**	**'000 dwt**	**No.**	**'000 dwt**	**No.**	**'000 dwt**	**No.**	**'000 dwt**	**No.**	**'000 dwt**	
10-40,000	3,284	93	327	11,805	178	6,344	98	3,603	37	1,333	14	525	12.7%
40-65,000	3,343	181	152	29,413	111	21,407	29	5,541	11	2,258	1	208	16.2%
65-85,000	2,035	158	69	22,240	15	3,988	13	3,528	27	9,434	14	5,290	14.1%
85-120,000	537	52	471	28,607	309	18,705	144	8,833	15	890	3	179	54.9%
120-220,000	1,288	233	272	21,879	175	14,060	72	5,814	21	1,677	4	329	9.4%
220,000+	208	61	23	2,104	12	1,113	9	803	2	188	-	-	3.5%
Total	**10,695**	**778**	**1,314**	**116,048**	**800**	**65,618**	**365**	**28,121**	**113**	**15,779**	**36**	**6,530**	**14.9%**
Container	**No.**	**'000 teu**	**No.**	**'000 teu**	**No.**	**'000 teu**	**No.**	**'000 teu**	**No.**	**'000 teu**	**No.**	**'000 teu**	
<1,000	1,038	632	2	1	2	1	-	-	-	-	-	-	0.1%
1-2,000	1,242	1,743	93	139	35	56	49	69	9	14	-	-	8.0%
2-3,000	642	1,626	81	205	37	88	23	59	17	46	4	11	12.6%
3-5,000	886	3,665	25	91	3	13	16	55	6	22	-	-	2.5%
5-8,000	615	3,692	8	44	2	12	5	27	1	5	-	-	1.2%
8-10,000	468	4,092	23	215	21	196	2	19	-	-	-	-	5.3%
10-14,000	219	2,673	58	674	20	214	18	197	18	238	2	24	25.2%
14-18,000	70	1,038	53	748	17	242	26	366	7	99	3	42	72.1%
18,000+	37	689	72	1,414	12	233	23	464	30	587	7	130	205.3%
Total	**5,217**	**19,850**	**415**	**3,531**	**149**	**1,056**	**162**	**1,256**	**88**	**1,012**	**16**	**207**	**17.8%**
Oil Tanker	**No.**	**'000 dwt**	**No.**	**'000 dwt**	**No.**	**'000 dwt**	**No.**	**'000 dwt**	**No.**	**'000 dwt**	**No.**	**'000 dwt**	
10-55,000	811	29,866	55	2,197	20	843	16	466	8	334	11	554	7.4%
55-80,000	386	27,926	71	5,168	28	2,055	33	2,369	10	744	-	-	19.0%
80-120,000	928	100,254	163	18,259	54	6,027	70	7,862	35	3,934	4	436	19.5%
120-200,000	502	77,852	115	18,078	38	5,973	65	10,243	8	1,262	4	600	21.7%
200-320,000	615	188,212	107	32,899	46	14,131	42	12,908	19	5,860	-	-	17.6%
320,000+	54	17,568	16	5,120	4	1,280	4	1,280	6	1,920	2	640	43.7%
Total	**3,296**	**441,679**	**527**	**81,721**	**190**	**30,308**	**230**	**35,128**	**86**	**14,054**	**21**	**2,230**	**19.2%**
Chemical	**No.**	**'000 dwt**	**No.**	**'000 dwt**	**No.**	**'000 dwt**	**No.**	**'000 dwt**	**No.**	**'000 dwt**	**No.**	**'000 dwt**	
1-10,000	1,489	8,042	44	231	24	112	14	80	6	39	-	-	2.9%
10-25,000	1,123	17,716	113	1,977	25	419	51	892	31	549	6	117	11.2%
25-40,000	558	19,496	88	2,770	31	986	38	1,178	13	411	6	195	14.2%
40-60,000	1,075	51,493	145	7,242	64	3,208	48	2,394	24	1,190	9	450	14.1%
60,000+	36	2,750	2	148	2	148	-	-	-	-	-	-	5.4%
Total	**4,281**	**99,497**	**392**	**12,369**	**146**	**4,872**	**151**	**4,544**	**74**	**2,189**	**21**	**762**	**12.4%**
LPG	**No.**	**'000 cbm**	**No.**	**'000 cbm**	**No.**	**'000 cbm**	**No.**	**'000 cbm**	**No.**	**'000 cbm**	**No.**	**'000 cbm**	
1-5,000	580	1,491	8	27	6	19	1	4	1	4	-	-	1.8%
5-12,000	296	2,089	15	119	6	46	9	74	-	-	-	-	5.7%
12-25,000	122	2,294	39	762	20	394	16	312	3	57	-	-	33.2%
25-50,000	75	2,678	42	1,562	10	372	26	987	5	166	1	38	58.4%
50-70,000	23	1,364	2	120	2	120	-	-	-	-	-	-	8.8%
70,000+	220	17,913	72	5,997	33	2,765	26	2,151	8	676	5	405	33.5%
Total	**1,316**	**27,828**	**178**	**8,588**	**77**	**3,715**	**78**	**3,527**	**17**	**903**	**6**	**443**	**30.9%**
LNG	**No.**	**'000 cbm**	**No.**	**'000 cbm**	**No.**	**'000 cbm**	**No.**	**'000 cbm**	**No.**	**'000 cbm**	**No.**	**'000 cbm**	
18-50,000	6	118	3	103	2	58	1	45	-	-	-	-	86.9%
50-75,000	3	205	-	-	-	-	-	-	-	-	-	-	0.0%
75-125,000	8	725	-	-	-	-	-	-	-	-	-	-	0.0%
125-150,000	213	29,569	-	-	-	-	-	-	-	-	-	-	0.0%
150-200,000	151	24,143	129	22,049	31	5,271	41	6,933	43	7,425	14	2,420	91.3%
200-220,000	30	6,391	-	-	-	-	-	-	-	-	-	-	0.0%
220,000+	14	3,715	1	263	1	263	-	-	-	-	-	-	7.1%
Total	**425**	**64,866**	**133**	**22,415**	**34**	**5,592**	**42**	**6,978**	**43**	**7,425**	**14**	**2,420**	**34.6%**
AHTS	**No.**	**'000 bhp**	**No.**	**'000 bhp**	**No.**	**'000 bhp**	**No.**	**'000 bhp**	**No.**	**'000 bhp**	**No.**	**'000 bhp**	
<=5,000	883	3,402	24	49	22	44	2	5	-	-	-	-	1.4%
5-10,000	1,514	9,916	126	856	98	651	28	205	-	-	-	-	8.6%
10-15,000	330	4,029	32	391	25	299	7	92	-	-	-	-	9.7%
> 15,000	243	4,813	22	486	10	228	12	258	-	-	-	-	10.1%
Total	**2,970**	**22,161**	**204**	**1,782**	**155**	**1,222**	**49**	**560**	**-**	**-**	**-**	**-**	**8.0%**
PSV	**No.**	**'000 dwt**	**No.**	**'000 dwt**	**No.**	**'000 dwt**	**No.**	**'000 dwt**	**No.**	**'000 dwt**	**No.**	**'000 dwt**	
<=1,000	461	337	4	1	4	1	-	-	-	-	-	-	0.3%
1-2,000	491	688	13	22	10	17	3	5	-	-	-	-	3.2%
2-3,000	207	530	22	60	16	44	6	16	-	-	-	-	11.3%
3-4,000	486	1,662	128	474	95	353	33	121	-	-	-	-	28.5%
4-5,000	285	1,301	58	259	38	169	19	85	1	5	-	-	19.9%
> 5,000	149	821	34	186	24	132	9	49	1	6	-	-	22.7%
Total	**2,079**	**5,339**	**259**	**1,002**	**187**	**716**	**70**	**276**	**2**	**10**	**-**	**-**	**18.8%**

Source: Drewry Maritime Research

WORLD CARGO CARRYING FLEET – AGE PROFILE

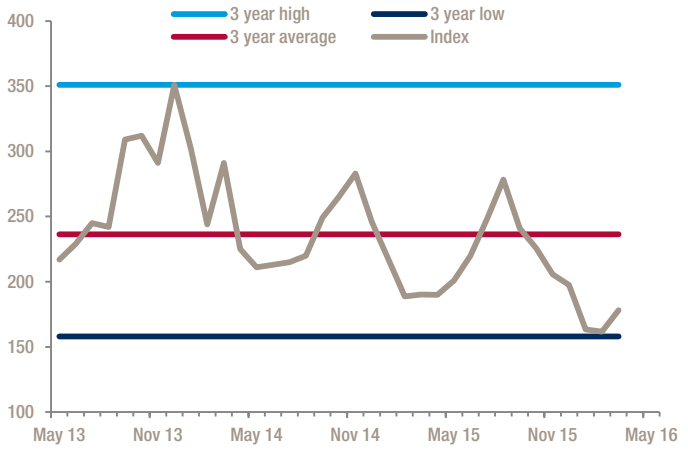
Size	Fleet May 2016		Age Profile (% of fleet in each age category)					
Dry bulk	**No.**	**'000 dwt**	**< 5 Yrs**	**5-10 Yrs**	**10-15 Yrs**	**15-20 Yrs**	**20-25 Yrs**	**25+ Yrs**
10-40,000	3,284	93	33.2%	35.0%	9.3%	8.8%	5.7%	8.0%
40-65,000	3,343	181	32.5%	42.9%	14.7%	6.6%	3.1%	0.2%
65-85,000	2,035	158	41.9%	28.3%	1.5%	1.8%	21.9%	4.6%
85-120,000	537	52	37.0%	35.1%	12.4%	8.2%	4.6%	2.7%
120-220,000	1,288	233	39.2%	23.3%	15.6%	15.2%	4.9%	1.8%
220,000+	208	61	37.5%	50.2%	6.9%	2.5%	1.5%	1.4%
Total	**10,695**	**778**	**36.0%**	**35.5%**	**12.2%**	**8.3%**	**5.5%**	**2.5%**
Container	**No.**	**'000 teu**	**< 5 Yrs**	**5-10 Yrs**	**10-15 Yrs**	**15-20 Yrs**	**20-25 Yrs**	**25+ Yrs**
<1,000	1,038	632	3.9%	24.5%	26.5%	20.5%	14.8%	9.8%
1-2,000	1,242	1,743	12.9%	31.4%	17.3%	21.4%	12.6%	4.4%
2-3,000	642	1,626	7.2%	26.6%	34.4%	23.7%	4.9%	3.2%
3-5,000	886	3,665	17.4%	39.6%	23.8%	13.0%	4.3%	2.0%
5-8,000	615	3,692	9.8%	35.1%	33.4%	18.6%	3.0%	0.0%
8-10,000	468	4,092	41.3%	31.3%	24.2%	3.2%	0.0%	0.0%
10-14,000	219	2,673	59.9%	40.1%	0.0%	0.0%	0.0%	0.0%
14-18,000	70	1,038	67.7%	27.8%	4.5%	0.0%	0.0%	0.0%
18,000+	37	689	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	**5,217**	**19,850**	**30.5%**	**32.8%**	**21%**	**11%**	**3%**	**1%**
Oil Tanker	**No.**	**'000 dwt**	**< 5 Yrs**	**5-10 Yrs**	**10-15 Yrs**	**15-20 Yrs**	**20-25 Yrs**	**25+ Yrs**
10-55,000	811	29,866	7.3%	29.7%	30.9%	12.6%	9.3%	10.2%
55-80,000	386	27,926	8.8%	42.7%	39.8%	6.3%	1.6%	0.9%
80-120,000	928	100,254	14.3%	37.9%	29.8%	13.1%	3.9%	0.9%
120-200,000	502	77,852	19.8%	33.3%	25.3%	16.2%	4.1%	1.2%
200-320,000	615	188,212	19.4%	35.1%	23.5%	17.4%	4.6%	0.0%
320,000+	54	17,568	43.8%	43.9%	12.3%	0.0%	0.0%	0.0%
Total	**3,296**	**441,679**	**17.8%**	**35.9%**	**26.4%**	**14.5%**	**4.3%**	**1.2%**
Chemical	**No.**	**'000 dwt**	**< 5 Yrs**	**5-10 Yrs**	**10-15 Yrs**	**15-20 Yrs**	**20-25 Yrs**	**25+ Yrs**
1-10,000	1,489	8,042	11.6%	38.6%	21.5%	12.3%	9.7%	6.2%
10-25,000	1,123	17,716	10.5%	52.2%	19.9%	12.2%	3.7%	1.4%
25-40,000	558	19,496	17.9%	34.1%	28.9%	13.1%	4.2%	1.8%
40-60,000	1,075	51,493	33.6%	38.1%	19.7%	5.9%	2.2%	0.5%
60,000+	36	2,750	16.7%	56.1%	15.6%	8.6%	0.0%	3.1%
Total	**4,281**	**99,497**	**24.2%**	**40.4%**	**21.6%**	**9.0%**	**3.4%**	**1.4%**
LPG	**No.**	**'000 cbm**	**< 5 Yrs**	**5-10 Yrs**	**10-15 Yrs**	**15-20 Yrs**	**20-25 Yrs**	**25+ Yrs**
1-5,000	580	1,491	10.7%	17.6%	6.9%	13.4%	16.9%	34.5%
5-12,000	296	2,089	24.7%	30.1%	12.8%	13.2%	11.1%	8.1%
12-25,000	122	2,294	27.0%	32.8%	5.7%	13.9%	4.9%	15.6%
25-50,000	75	2,678	24.0%	32.0%	17.3%	6.7%	8.0%	12.0%
50-70,000	23	1,364	13.0%	26.1%	43.5%	0.0%	8.7%	8.7%
70,000+	220	17,913	36.4%	28.2%	10.5%	7.7%	9.1%	8.2%
Total	**1,316**	**27,828**	**20.4%**	**24.5%**	**10.0%**	**11.9%**	**12.5%**	**20.7%**
LNG	**No.**	**'000 cbm**	**< 5 Yrs**	**5-10 Yrs**	**10-15 Yrs**	**15-20 Yrs**	**20-25 Yrs**	**25+ Yrs**
18-50,000	6	118	0.0%	16.7%	0.0%	66.7%	16.7%	0.0%
50-75,000	3	205	0.0%	33.3%	0.0%	66.7%	0.0%	0.0%
75-125,000	8	725	0.0%	25.0%	0.0%	0.0%	25.0%	50.0%
125-150,000	213	29,569	1.9%	32.9%	28.6%	15.0%	8.0%	13.6%
150-200,000	151	24,143	62.9%	37.1%	0.0%	0.0%	0.0%	0.0%
200-220,000	30	6,391	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
220,000+	14	3,715	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
Total	**425**	**64,866**	**23.3%**	**40.9%**	**14.4%**	**8.9%**	**4.7%**	**7.8%**
AHTS	**No.**	**'000 bhp**	**< 5 Yrs**	**5-10 Yrs**	**10-15 Yrs**	**15-20 Yrs**	**20-25 Yrs**	**25+ Yrs**
<=5,000	883	3,402	10.4%	25.9%	7.5%	5.1%	0.8%	50.3%
5-10,000	1,514	9,916	27.2%	32.5%	8.1%	2.6%	1.2%	28.5%
10-15,000	330	4,029	14.7%	41.9%	11.9%	11.1%	2.6%	17.8%
> 15,000	243	4,813	31.2%	37.7%	15.7%	11.5%	2.3%	1.6%
Total	**2,970**	**22,161**	**23.2%**	**34.3%**	**10.4%**	**6.5%**	**1.6%**	**24.0%**
PSV	**No.**	**'000 dwt**	**< 5 Yrs**	**5-10 Yrs**	**10-15 Yrs**	**15-20 Yrs**	**20-25 Yrs**	**25+ Yrs**
<=1,000	461	337	5.4%	11.3%	7.1%	3.4%	0.4%	72.3%
1-2,000	491	688	17.9%	20.8%	7.4%	10.9%	1.8%	41.2%
2-3,000	207	530	18.0%	25.1%	23.9%	17.1%	2.2%	13.7%
3-4,000	486	1,662	40.6%	31.4%	16.8%	7.5%	1.4%	2.4%
4-5,000	285	1,301	52.7%	27.7%	8.2%	7.9%	3.2%	0.3%
> 5,000	149	821	85.8%	8.8%	4.1%	0.7%	0.0%	0.6%
Total	**2,079**	**5,339**	**43.1%**	**23.8%**	**11.6%**	**7.7%**	**1.7%**	**12.1%**

Source: Drewry Maritime Research

Dry Bulk

- China's iron ore port inventory crosses 100 million tonnes
- Demolition activity declines
- Handysize vessel demand stays strong
- India keen to re-enter iron ore exports trade

DREWRY DRY BULK EARNINGS INDEX



Source: Drewry Maritime Research

BDI FALLS ON ACCOUNT OF TRADE VOLATILITY

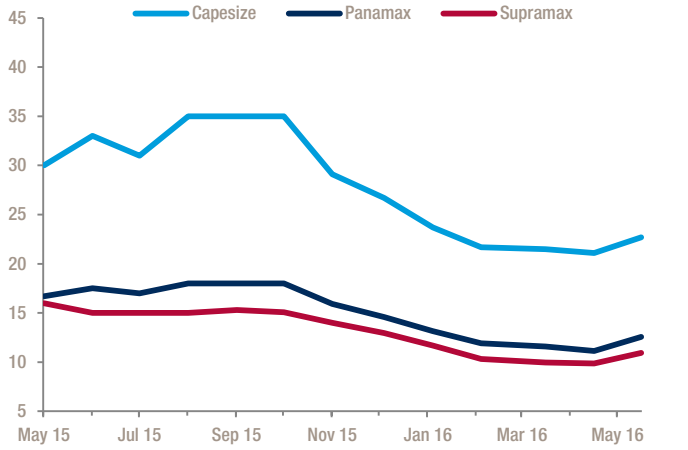
After a meteoric rise on account of trade volatility in China, the BDI closed at around 600 in May. The index rose on the back of higher Capesize demand, which increased with the seasonal iron ore restocking by steel mills in China. This period of increased seasonal demand for iron ore is ending, which could deflate the index considering the basic fundamentals of the market are still not in place, and a rally of sustained improvement should not be expected right now.

Ship scrapping will remain an important factor governing the BDI's recovery as oversupply of vessels is still killing the market and is weighing on shipping rates. The moderate phase of recovery in the BDI last month probably slowed down demolition activity as shipowners appeared reluctant to dispense with their tonnage. This reluctance will only prolong the recovery process in the dry bulk sector, as it remains critical that demolition activity picks up again.

BALTIC DRY INDEX

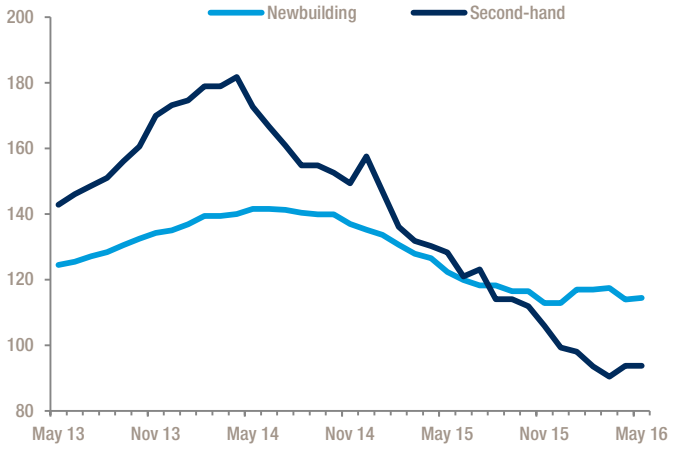
Source: Baltic Exchange

BALTIC SHIP VALUE ASSESSMENT ($M, 5 YEARS OLD)



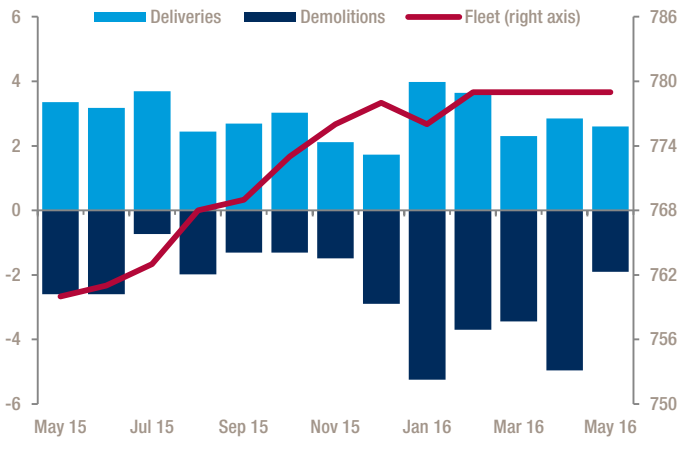
Source: Baltic Exchange

DREWRY DRY BULK NB AND SH PRICE INDICES (JAN 02=100)



Source: Drewry Maritime Research

DRY BULK FLEET DEVELOPMENT (M DWT)



Source: Drewry Maritime Research

DRY BULK MARKET SUMMARY

		May 15	2015	Mar 16	Apr 16	May 16	2016*
Supply (end-period)							
Fleet	*million dwt*	760	756	779	779	778	778
Inactive	*million dwt*	4	3	12	19	19	19
Orderbook	*million dwt*	145	145	111	115	116	116
Orderbook	*% Fleet*	19	19	14	15	15	15
Chartering Volumes (total)							
Voyage	*'000 dwt*	29,085	327,456	25,206	26,443	24,510	118,804
Trip	*'000 dwt*	22,751	277,795	27,526	28,243	25,496	118,688
Period	*'000 dwt*	1,942	40,613	3,562	4,497	2,536	15,291
T/C Rates (period avg)							
Handysize (5yr)	*$/day*	7,300	7,492	4,200	4500	4550	4,600
Handymax (5yr)	*$/day*	8,200	7,592	4,800	5400	5400	5,000
Panamax (5yr)	*$/day*	6,900	7,642	5,000	5600	5700	5,400
Capesize (5yr)	*$/day*	9,100	10,450	5,300	8900	7500	6,800
TCE Earnings (period avg)							
Handysize (Transatlantic)	*$/day*	3,700	3,800	2,300	3900	5400	3,100
Handymax (Transpacific)	*$/day*	5,300	5,400	4,400	4400	4600	3,900
Panamax (USG-Japan)	*$/day*	15,300	17,500	10,892	10900	10800	10,800
Capesize (W.Aus-China)	*$/day*	5,100	7,600	1,500	6200	4600	1,260
VLOC (Brazil-China)	*$/day*	9,500	12,400	3,200	8100	6800	4,160
Trip Rates (period avg)							
Handysize (Fe/Aus rv)	*$/day*	3,600	3,800	2,990	3100	3300	3,900
Supramax (Fe/Aus rv)	*$/day*	5,700	6,000	4,400	4700	4700	4,000
Panamax (Fe/EAus rv)	*$/day*	4,400	5,200	4,100	4700	4700	3,700
Capesize (Cont/TA rv)	*$/day*	4,300	7,900	1,600	6200	8200	4,500
Values (period avg)							
NB Price Supramax	*$ million*	23.0	24.0	24.0	23	23	24.0
SH Price Supramax (5yr)	*$ million*	17.0	16.0	12.0	12	13	12.0
NB Price Panamax	*$ million*	28.0	27.0	26.0	25	25	26.0
SH Price Panamax (5yr)	*$ million*	20.0	19.0	12.5	14	14	13.0
NB Price Capesize	*$ million*	49.0	48.0	47.0	46	45	46.0
SH Price Capesize (5yr)	*$ million*	30.0	38.0	21.0	22	22	22.0
Internal Rate of Return (IRR)**							
Handysize (5yr)	*%*	6.6	7.0	-2.94	-1.13	-0.98	-1.0
Supramax (5yr)	*%*	0.3	0.6	-11.77	-6.19	-6.78	-10.1
Panamax (5yr)	*%*	-5.4	-2.8	-	-12.42	-11.86	-7.9
Capesize (5yr)	*%*	-1.40	0.9	-11.19	-0.48	-4.03	-6.6
Required TCs for 10% IRR**							
Handysize (5yr)	*$/day*	7,500	7,600	7,800	7500	7500	7,700
Supramax (5yr)	*$/day*	10,800	10,800	9,100	8700	9100	9,100
Panamax (5yr)	*$/day*	12,800	12,300	10,200	11000	11000	10,600
Capesize (5yr)	*$/day*	16,500	17,000	14,000	14,000	14,000	14,000
Transactions (total)							
Deliveries	*'000 dwt*	3,355	32,932	2,303	2857	2653	15,432
New Orders	*'000 dwt*	505	13,146	12,138	0	0	12,301
Second-hand Sales	*'000 dwt*	4,477	37,122	3,887	4939	2922	19,473
Demolition	*'000 dwt*	4,903	29,708	3,445	4957	1902	19,245

** Deliveries for April 2016 based on provisional data ** Life of a vessel assumed to be 25 years. Trading days taken as 360, Cost of Capital 10%/annum*

Source: Drewry Maritime Research

IRON ORE MARCHES FROM GLORY TO GLOOM

From a period of booming demand to a situation of sudden uncertainty, iron ore has seen it all. By the last week of May, iron ore inventories at Chinese ports crossed 100 million tonnes, the highest since February 2015. Since seaborne supply has grown, Chinese steel mills have gradually cut their purchases. The resulting oversupply suggests high pressure on iron ore prices to reduce. The outlook for Chinese iron ore demand has also been crimped by a disappointing reading of the Chinese manufacturing activity, indicating that Beijing's economic stimulus programme is already running out of steam. Hence, trade and charter rates for iron ore cargoes heading towards China will remain volatile.

As discussed in the previous edition, high iron ore prices were always meant to be a temporary phenomenon, based on a Chinese speculative bubble in the iron ore industry based on tentative signs of demand revival, including widening profit margins for steelmakers, who ramped up production to capture higher profits. The sudden demand pushed up prices and led to speculative flows. The price volatility resulted in a clampdown from regulators and exchanges, thereby slowly weakening prices in the process. With profit margins now contracting, steel mills are depleting their iron ore inventories before buying more, and hence the build-up of huge inventories in Chinese ports.

IRON ORE AND STEEL PRICES ($/TONNE)

		May 15	2015	Mar 16	Apr 16	May 16	2016
Iron ore	China (Fines 62% Fe, CFR Tianjin)	58	**56**	56	59	n/a	**50**
	Iron Ores Fines 65% Fe Offshore Export Price Brazil to China CIF	64	**60**	57	70	54	**56**
Steel	HRC price in US carbon steel $/short ton	379	**429**	450	530	450	**446**
	China Domestic Hot rolled steel price	377	**348**	389	487	388	**378**

Source: Drewry Maritime Research

GLOBAL CRUDE STEEL PRODUCTION ('000 TONNES)

	Apr 15	2015	Feb 16	Mar 16	Apr 16	2016*
EU27	14,235	165,929	13,081	14124	13493	54,126
US	6,413	79,555	6,366	6748	6571	26,303
Japan	8,402	105,158	8,355	8648	8498	34,274
South Korea	5,788	69,567	5,300	5430	5670	22,067
China	68,909	797,447	58,515	70650	69420	261,799
India	7,525	89,736	6,940	8059	7800	30,217
Taiwan	1,876	21,837	1,500	1775	1720	6,595
Others	**22,152**	266,463	20,355	21887	21734	85,736
Total	**135,300**	**1,595,692**	**120,412**	**137,322**	**134,906**	**521,117**

**YTD Source: Drewry Maritime Research*

IRON ORE IMPORTS AND EXPORTS ('000 TONNES)

	Apr 15	2015	Feb 16	Mar 16	Apr 16	2016*
Imports by						
EU27	11,298	150,618	n/a	n/a	n/a	n/a
Japan	10,789	135,886	10,291	11,328	10,646	32,265
South Korea	5,872	63,357	6,038	5,920	5,689	17,647
China	70,870	970,986	76,762	89,655	88,463	328,642
Taiwan	2,133	21,773	1,409	2,295	n/a	3,704
Exports from						
Australia	63,015	760,805	62,925	67,478	65,400	253,392
Brazil	25,220	317,689	29,946	30,317	28,987	114,287

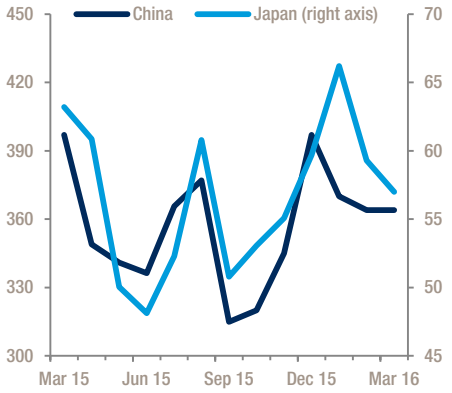
**YTD Source: Drewry Maritime Research*

CHINA'S IRON ORE IMPORTS BY ORIGIN ('000 TONNES)

	Apr 15	2015	Feb 16	Mar 16	Apr 16	2016*
Australia	51,442	607,639	45,175	54,843	51,298	201,438
Brazil	15,740	191,754	16,909	17,690	16,251	69,839
India	184	2,301	718	812	1,332	3,641
S Africa	3,699	45,345	2,954	4,412	3,569	14,569
Others	9,059	151,861	11,006	8,014	11,467	39,154
Total	**80,124**	**998,900**	**76,762**	**85,771**	**83,917**	**328,642**

**YTD Source: Drewry Maritime Research*

FOSSIL FUEL ELECTRICITY NET GENERATION (BILLION KILOWATT-HOURS)



Source: Drewry Maritime Research

ENVIRONMENTAL CONCERNS ADD TO COAL INDUSTRY WOES

As China's coal sector continues to struggle with a massive capacity glut, miners are being encouraged to cut production so that domestic prices, which plummeted around 30% last year, improve. Coal output over the first four months reached 1.1 billion tonnes, down 6.8% from the same period last year, with annual production on course to see its third consecutive annual decline.

Thermal coal consumption usually rises in the second quarter of the year, with supplies traditionally under intense pressure because power plants boost their reserves before the summer peak, Drewry does not foresee any major rise in demand as heavy rainfall in the southern region has resulted in high hydropower generation and has reduced the dependency on coal-fired electricity generation.

Environmental concerns on coal continue to cause disturbance to the already struggling coal sector, with Millennium Bulk Terminals' proposed coal export terminal along the Columbia River running into opposition with citizen communities and Power Past Coal Coalition, which has initiated legal proceedings against the terminal. If construction moves ahead, the Millennium Bulk Terminals in Longview will be able to export up to 44 million tonnes of coal each year to Asia and will be the biggest coal export terminal in North America.

COAL PRICES ($/TONNE)

		May 15	2015	Mar 16	Apr 16	May 16	2016
Coal	Newcastle FoB (6,000 kCal/kg)	59	**57**	50	51	51	**50**
	Indonesia FoB (4,900 Kcal/kg)	46	**44**	39	39	n/a	**39**
	China Domestic FoB (6,000 Kcal/kg)	52	**58**	48	49	50	**48**

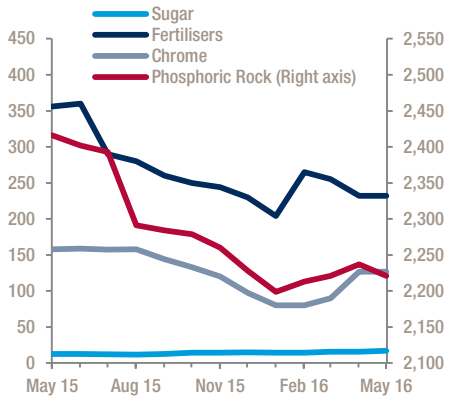
Source: Drewry Maritime Research

COAL IMPORTS AND EXPORTS ('000 TONNES)

		Apr 15	2015	Feb 16	Mar 16	Apr 16	2016*
Imports by							
EU27*	**Total**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
Japan	*Coking*	3,801	**40,968**	3,323	3979	n/a	**10,829**
	Steam	11,025	**143,958**	11,643	12438	n/a	**36,726**
	Total	**14,826**	**184,925**	**14,966**	**16,417**	**n/a**	**47,555**
China	*Anthracite*	2,425	**24,768**	1,716	2620	1750	**7,969**
	Coking	3,750	**47,998**	2,967	5091	5367	**16,791**
	Steam	8,758	**83,110**	5,065	7414	7112	**25,423**
	Total	**14,932**	**155,877**	**9,748**	**15,125**	**14,229**	**50,183**
South Korea	*Coking*	2,939	**25,203**	1,240	2291	2007	**7,826**
	Steam	8,036	**93,697**	7,100	7827	7277	**30,571**
	Total	**10,975**	**118,900**	**8,340**	**10,118**	**9,284**	**38,397**
Taiwan	**Total**	**5,700**	**66,323**	**5,047**	**5,148**	**n/a**	**14,562**
India	**Total**	**21,200**	**189,785**	**1,222**	**2,101**	**n/a**	**4,570**
Exports from							
Colombia	*Coking*	7,419	**80,500**	**n/a**	**n/a**	**n/a**	**n/a**
Indonesia	*Steam*	14,355	**n/a**	21,400	22,200	n/a	**n/a**
	Other	14,971	**174,584**	14,847	n/a	n/a	**n/a**
	Total	**29,326**	**174,584**	**36,247**	**22,200**	**n/a**	**n/a**
South Africa	*Steam*	6,717	**n/a**	n/a	n/a	n/a	**n/a**
Australia	*Coking*	2,157	**23,644**	1,770	n/a	n/a	**n/a**
	Steam	15,867	**145,244**	16,262	15,759	16,324	**48,344**
	Total	**18,024**	**168,888**	**18,032**	**15,759**	**16,324**	**48,344**
China	*Anthracite*	348	**2,905**	428	131	583	**1,296**
	Coking	88	**968**	149	80	139	**558**
	Steam	162	**1,100**	11	692	536	**1,398**
	Total	**598**	**4,973**	**589**	**903**	**1,258**	**3,253**
US**	*Coking*	4,128	**37,850**	2,496	3,067	3,247	**8,810**
	Steam	2,000	**23,725**	1,176	811	1,315	**3,302**
	Total	**6,128**	**61,575**	**3,672**	**3,878**	**4,562**	**12,112**

** Year-to-date ** excluding Canada Source: Drewry Maritime Research*

MINOR BULK COMMODITY PRICES ($/TONNE)



Source: Drewry Maritime Research

LA NIÑA CASTS SHADOW OVER GRAIN TRADE

Granaries have been overflowing around the world, but recent bouts of dry weather in Brazil and wet weather in Argentina have increased the prospect of a smaller crop yield in South America, which may result in a lower production basket.

The weakening of Brazil's real and Argentina's peso – the latter after the country's new president removed fixed currency exchange rates – have made exports cheaper and more competitive, while restricting grain exports from the US. Given the expectations that La Niña will bring drought to the US this summer, lower production in the US and South America has the potential to drive up grain prices over the next few months. Of course, weather patterns cannot be judged with certainty and will depend on the actual rainfall conditions.

Meanwhile, the Indian government aims to enhance domestic production of oilseeds and edible oil and bring more acreage under their cultivation to reduce dependency on imports.

Indian flour mills have signed deals to import about 500,000 tonnes of Australian and French wheat this year for shipment between July and September as drought has reduced domestic supplies.

GRAIN PRICES ($/TONNE)

		May 15	2015	Mar 16	Apr 16	May 16	2016*
Grain	APW 2, Western Australia (Wheat)	245	237	222	226	221	220
	USA No.3 Yellow, Gulf (Maize)	177	174	160	169	172	168
Grains & Oilseeds Prices Index		199	192	181	194	202	187

**YTD Source: Drewry Maritime Research*

GRAIN IMPORTS AND EXPORTS ('000 TONNES)

	Apr 15	2015	Feb 16	Mar 16	Apr 16	2016*
Exports from						
US	7.6	71.3	5.4	7.0	6.9	**24.3**
Canada	2.3	27.1	2.1	1.9	1.9	**8.0**
EU25	4.8	46.3	4.2	4.8	5.0	**17.7**
Australia	2.4	24.2	2.0	2.0	n/a	**5.9**
Argentina	3.1	23.0	4.3	4.8	4.0	**16.0**
Russia	1.3	30.3	3.2	2.8	n/a	**7.8**
Ukraine	2.6	34.2	3.3	3.6	n/a	**9.1**

Imports to	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Africa	52.6	53.1	55.9	64.7	64.7	**64.7**
N&C America	29.2	27.7	29.7	32.7	32.7	**32.9**
S America	23.9	23.1	25.8	27.8	27.8	**28.0**
Pacific Asia	67.6	72.7	77.3	89.5	89.5	**91.9**
Europe	9.9	15.5	18.8	22.7	22.7	**16.1**

**YTD Source: Drewry Maritime Research*

DRY CARGO SINGLE-VOYAGE CHARTERING BY COMMODITY ('000 DWT)

	May 15	2015	Apr 16	May 16	2016*
Grains	824	**7,482**	614	589	**2,872**
Other Agri	60	**367**	30	n/a	**145**
Iron Ore	22,935	**256,397**	22,015	19,574	**97,797**
Other Ores	98	**1,776**	0	61	**440**
Coal/Coke	5,168	**61,088**	3,783	4,236	**17,406**
Scrap	0	**175**	n/a	n/a	**42**
Others	0	**135**	n/a	50	**100**
Total	**29,085**	**327,420**	**26,442**	**24,510**	**118,802**

**YTD Source: Drewry Maritime Research*

DRY CARGO TRIP CHARTERING BY DELIVERY ZONE ('000 DWT)

	May 15	2015	Apr 16	May 16	2016*
NW Europe	2,978	**30,216**	4,074	2,293	**11,537**
Med	1,911	**25,196**	2,663	2,259	**10,027**
ECNA/USG	1,327	**21,107**	1,077	1,240	**6,700**
S Atlantic	3,656	**47,822**	5,897	6,247	**27,618**
Indian Ocean	2,229	**31,339**	2,518	1,994	**10,475**
Far East	10,144	**113,320**	11,681	11,219	**49,189**
Pac/Aus	502	**8,767**	333	241	**3,135**
Total	**22,747**	**277,767**	**28,243**	**25,493**	**118,681**

**YTD Source: Drewry Maritime Research*

DELIVERY SCHEDULE CAUSES CONCERNS

The orderbook as a percentage of fleet increased to 14.9% in May as Panamax orderings increased massively. The delivery schedule shows that huge amounts of tonnage will be delivered in 2016 including 324 Panamax vessels, 175 Capesizes and 12 VLOCs, amounting close to 38 million dwt. In the current scenario, where most shipowners find it difficult to find profitable avenues with charter rates below operating costs in almost all segments, the addition of more tonnage may have further adverse effects on charter rates.

Dry bulk shipowner Pioneer Marine reported a net loss of 13.9 million for the first quarter of 2016 and cancelled newbuilding contracts for seven Green Dolphin 38,400 dwt Handysize bulkers following an agreement with the Chinese Yangzhou Guoyu Shipyard. Unsurprisingly, the company blamed an "unprecedented downturn in dry bulk freight rates" for the cancellations. With the slow, drawn-out recovery in the dry bulk sector, such large-scale cancellations may become common in future.

DRY BULK FLEET (M DWT)

		May 15		2015		Mar 16		Apr 16		May 16		2016	
	Size (dwt)	*No.*	*m dwt*	*No.*	*m dwt*	*No.*	*m dwt*	*No.*	*m dwt*	*No.*	*m dwt*	*No.*	*m dwt*
Fleet													
Handysize	10-40,000	3,117	88.7	3,266	92.3	3,275	92.7	3,286	92.8	3,284	92.7	**3,284**	**92.7**
Handymax	40-65,000	3,208	171.9	3,318	178.9	3,340	180.9	3,348	181.5	3,343	181.5	**3,343**	**181.5**
Panamax	65-85,000	2,030	156.1	2,064	159.2	2,047	158.3	2,038	157.7	2,035	157.6	**2,035**	**157.6**
Post-Panamax	85-120,000	527	51.1	533	51.7	535	51.9	537	52.1	537	52.1	**537**	**52.1**
Capesize	120-220,000	1,287	231.3	1,297	233.8	1,296	234.4	1,289	233.4	1,288	233.5	**1,288**	**233.5**
VLOC	220,000+	209	61.1	211	61.6	209	61.1	209	61.1	208	60.9	**208**	**60.9**
Total		**10,378**	**760.1**	**10,689**	**777.5**	**10,702**	**779.2**	**10,707**	**778.6**	**10,695**	**778.2**	**10,695**	**778.2**
Inactivity													
Handysize	10-40,000	17	0.4	20	0.5	126	3.1	164	4.0	144	3.6	**144**	**3.6**
Handymax	40-65,000	17	1.0	8	0.5	55	2.9	79	4.1	81	4.2	**81**	**4.2**
Panamax	65-85,000	6	0.4	5	0.4	41	3.1	56	4.2	45	3.4	**45**	**3.4**
Post-Panamax	85-120,000	1	0.9	3	0.3	6	0.6	8	0.7	10	0.9	**10**	**0.9**
Capesize	120-220,000	3	0.5	4	0.7	13	2.3	34	5.9	34	5.9	**34**	**5.9**
VLOC	220,000+	2	0.5	2	0.5	2	0.5	2	0.5	2	0.5	**2**	**0.5**
Total		**46**	**3.8**	**42**	**2.8**	**243**	**12.4**	**343**	**19.4**	**316**	**18.5**	**316**	**18.5**

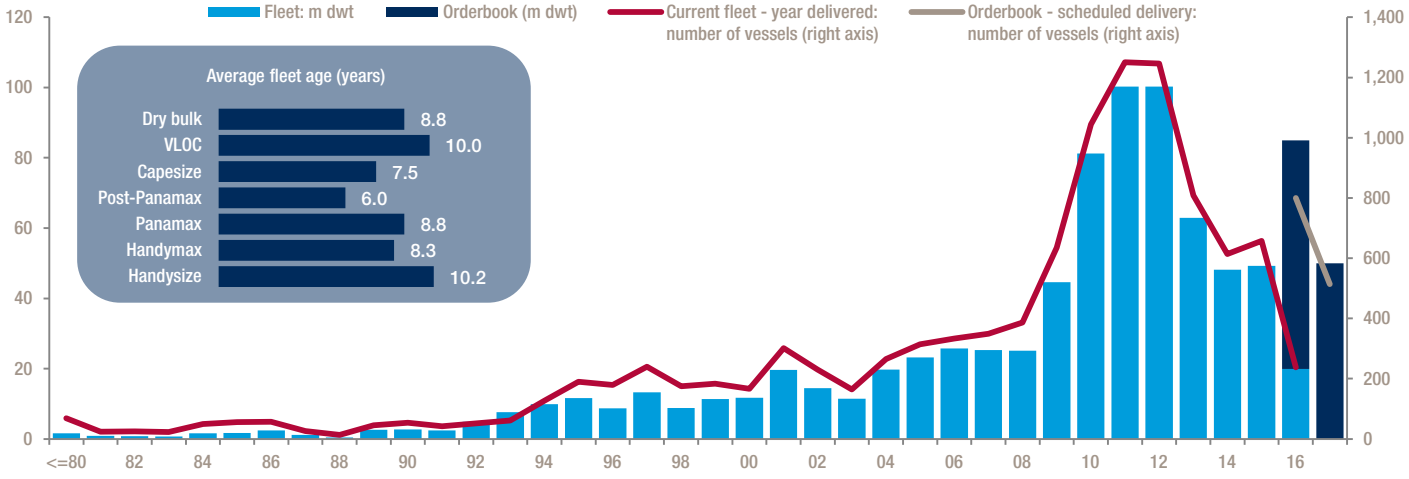
Source: Drewry Maritime Research

SCHEDULED DELIVERIES ('000 DWT)

	2016		2017		2018		2019+		Total		% of fleet
Size (dwt)	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*	*No.*	*Dwt*	*No.*	*dwt*	
10-40,000	178	6,344	98	3,603	37	1,333	14	525	**327**	**11,805**	12.7%
40-65,000	111	21,407	29	5,541	11	2,258	1	208	**152**	**29,413**	16.2%
65-85,000	15	3,988	13	3,528	27	9,434	14	5,290	**69**	**22,240**	14.1%
85-120,000	309	18,705	144	8,833	15	890	3	179	**471**	**28,607**	54.9%
120-220,000	175	14,060	72	5,814	21	1,677	4	329	**272**	**21,879**	9.4%
220,000+	12	1,113	9	803	2	188	0	0	**23**	**2,104**	3.5%
Total	**800**	**65,618**	**365**	**28,121**	**113**	**15,779**	**36**	**6,530**	**1,314**	**116,048**	**14.9%**

Source: Drewry Maritime Research

DRY BULK FLEET AGE PROFILE



Source: Drewry Maritime Research

DRY BULK AVERAGE DEMOLITION AGE (YEARS)

Size (dwt)	2014	2015	2016
10-40,000	32(16,61)	29(11, 53)	34(12, 91)
40-65,000	28(25,29)	27(11, 38)	31(12, 43)
65-85,000	29(25,33)	23(17,33)	26(13,43)
85-120,000	24(24,24)	21(20,24)	28(21,40)
120-220,000	25(17,31)	21(15,30)	26(15,40)
220,000+	27(24,29)	28(25,29)	28(24,37)

Figures in brackets show minimum and maximum demolition ages respectively

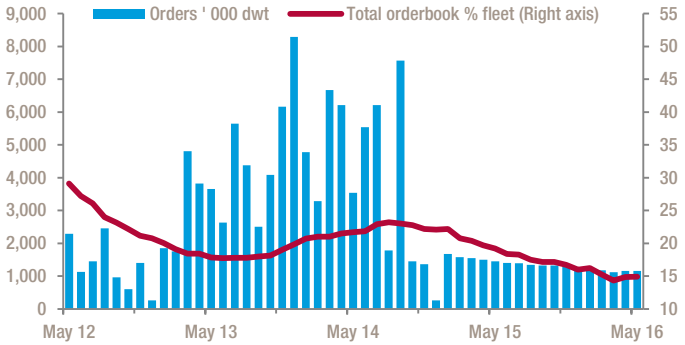
Source: Drewry Maritime Research

DEMOLITION ACTIVITY SOFTENS

After a massive rise in the first four months of the year, demolitions dropped to their lowest in May as a mere 22 vessels were demolished during the month. A moderate recovery in spot rates might have discouraged shipowners from continuing with demolitions for now.

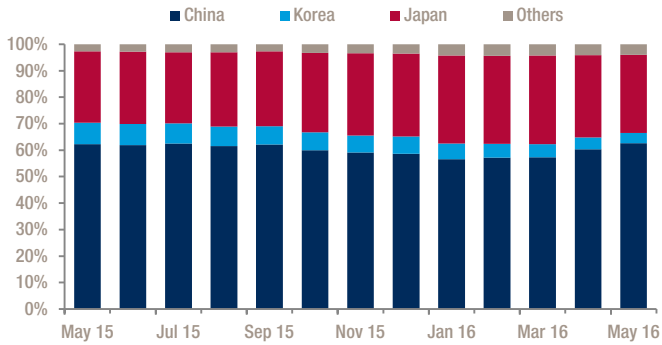
Scrapping depends mainly on spot rates, and considering the factors behind the surge in spot rates are now absent, demolition activity should again pick up again. Seven Capesize vessels, one VLOC and three Panamaxes were demolished from the larger segments and 11 vessels were demolished in the smaller segments. Drewry believes demolitions will be very high this year as market fundamentals are still highly unbalanced.

DRY BULK ORDERBOOK (% OF THE FLEET)



Source: Drewry Maritime Research

DRY BULK ORDERBOOK BY BUILDER COUNTRY (% SHARE)



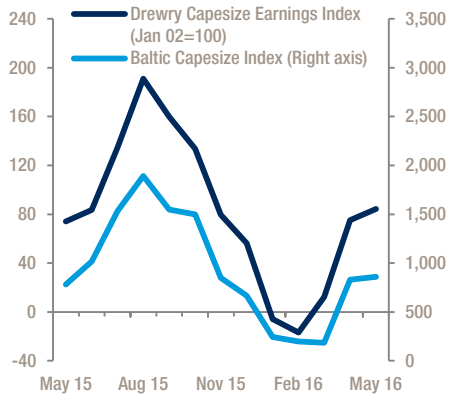
Source: Drewry Maritime Research

ASSET MARKET ACTIVITY ('000 DWT)

	May 15		2015		Mar 16		Apr 16		May 16		2016*	
Size ('000 dwt)	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*
New Orders												
10-40,000	2	77	91	3,527	4	138	0	0	0	0	**4**	**138**
40-65,000	5	265	44	3,076	0	0	0	0	0	0	**0**	**0**
65-85,000	2	164	24	1,903	0	0	0	0	0	0	**2**	**163**
85-120,000	0	0	2	178	0	0	0	0	0	0	**0**	**0**
120-220,000	0	0	3	452	0	0	0	0	0	0	**0**	**0**
220,000+	0	0	15	4,010	30	12,000	0	0	0	0	**30**	**12,000**
Total	**9**	**505**	**179**	**13,146**	**34**	**12,138**	**0**	**0**	**0**	**0**	**36**	**12,301**
Deliveries												
10-40,000	13	448	123	4,248	4	140	8	292	8	304	**42**	**1,552**
40-65,000	19	1,149	193	11,546	9	550	15	915	17	1,039	**70**	**4,282**
65-85,000	10	795	74	5,937	4	327	3	245	3	233	**26**	**2,113**
85-120,000	0	0	10	929	1	117	1	85	2	176	**5**	**467**
120-220,000	5	964	51	9,507	6	1,169	7	1,320	5	901	**36**	**6,756**
220,000+	0	0	3	763	0	0	0	0	0	0	**1**	**262**
Total	**47**	**3,355**	**454**	**32,931**	**24**	**2,303**	**34**	**2,857**	**35**	**2,653**	**180**	**15,432**
Demolitions												
10-40,000	16	441	161	4,822	11	305	15	424	8	224	**56**	**1,540**
40-65,000	10	432	65	2,993	5	218	22	986	3	139	**44**	**1,974**
65-85,000	7	511	83	5,901	14	1,000	17	1,229	3	221	**68**	**4,902**
85-120,000	0	0	5	451	0	0	0	0	0	0	**1**	**88**
120-220,000	20	3,519	90	14,786	12	1,922	13	2,077	7	1,089	**57**	**9,225**
220,000+	0	0	3	756	0	0	1	241	1	229	**6**	**1,515**
Total	**53**	**4,903**	**407**	**29,708**	**42**	**3,445**	**68**	**4,957**	**22**	**1,902**	**232**	**19,245**
Sale & Purchase												
10-40,000	15	417	150	4,239	4	113	15	468	17	444	**47**	**1,331**
40-65,000	14	732	161	8,315	15	813	26	1,352	13	698	**89**	**4,606**
65-85,000	9	667	129	9,889	14	1,099	23	1,760	7	552	**61**	**4,703**
85-120,000	0	0	15	1,382	0	0	5	463	0	0	**6**	**551**
120-220,000	15	2,660	69	12,236	6	1,062	5	896	7	1,228	**42**	**7,482**
220,000+	0	0	4	1,062	2	800	0	0	0	0	**2**	**800**
Total	**53**	**4,477**	**528**	**37,122**	**41**	**3,887**	**74**	**4,939**	**44**	**2,922**	**247**	**19,473**

** YTD Total Source: Drewry Maritime Research*

CAPESIZE INDICES – DREWRY VS BALTIC



Source: Drewry Maritime Research

INDIA KEEN TO RE-ENTER IRON ORE EXPORT TRADE

The Baltic Capesize Index (BCI) plummeted from around 1,110 at the beginning of the month to reach around 830 by the end of the month on account of weak activity in both basins.

Voyage rates across most routes were under pressure but the volume of iron ore heading towards China managed to stay firm, although it might be under increasing pressure with growing stockpiles and questions about the pace of China's industrial demand recovery. Drewry believes charter rates will be highly volatile on routes heading towards China.

Fortescue Metals Group has announced plans to expand capacity at Port Hedland and is set to build extra tug facilities to provide more capacity for all users at a cost of around $200 million.

India, after being absent from the iron ore export market for four years, is looking to enter the market again. However, a difficult taxation system has made it tough for the industry. The Federation of Indian Mineral Industries has called on the government to remove the export duty on high-grade iron ore, which is around 30% currently. The federation has also assured the market that there will be no scarcity of ore for domestic steel plants if exports increase.

CAPESIZE FREIGHT RATES

	Size (Tonnes)	May 15	2015	Mar 16	Apr 16	May 16	2016*
Coal single-voyage ($/tonne)							
Richards Bay-ARA (C4)	*150,000*	5.33	4.81	2.39	3.63	3.86	2.99
Richards Bay-China (C15)	*160,000*	7.22	13.69	4.14	5.61	5.68	4.67
Queensland-Netherlands (150,000 dwt)(Mcklos-key MCR freight)	*150,000*	8.82	8.49	5.41	6.87	6.88	5.93
Bolivar-China	*150,000*	12.28	13.28	7.49	10.61	10.98	9.11
Puerto Bolivar-ARA (C7)	*150,000*	5.56	6.15	3.19	5.01	5.63	4.23
TCE ($/day)	*150,000*	*5,500*	*7,100*	*-800*	*4,500*	*6,600*	*1,600*
Iron ore single-voyage ($/tonne)							
Narvik-ARA	*100-150,000*	3.77	4.36	2.40	3.18	3.68	2.90
Brazil-ARA (C2)	*160,000*	5.75	5.58	2.98	4.27	4.46	3.60
Brazil-China (C3)	*160-170,000*	11.40	11.20	5.62	7.90	8.10	6.83
TCE ($/day)	*170,000*	*8,700*	*12,400*	*3,200*	*8,100*	*6,800*	*4,160*
W.Aus-China (C5)	*160-170,000*	4.98	8.21	3.02	4.02	3.95	3.25
TCE ($/day)	*170,000*	*4,600*	*7,600*	*1,500*	*6,200*	*4,600*	*1,200*
W.Aus-ARA	*120-160,000*	4.90	5.53	3.60	4.98	5.68	4.46
Saldanha Bay-China (C17)	*160,000*	5.40	7.72	4.10	5.93	6.21	5.08
Trip charter ($/day)							
Cont/Transatlantic rv (5-15 yrs)	*120-160,000*	4,300	7,900	1,600	6,200	8,200	4,500
Cont/FE (1-10 yrs)	*140-170,000*	10,200	15,700	6,300	12,600	14,900	10,400
FE/Cont (1-10 yrs)	*140-170,000*	4,800	7,000	2,400	5,700	5,500	3,600
Sing, Japan/Australia rv (1-10 yrs)	*140-170,000*	-2,200	1,300	3,000	6,400	5,900	4,400
Time charter ($/day) – 12 months duration							
150,000 dwt (10yr old)		8,300	9,500	5,900	8,500	7,300	6,800
150,000 dwt (15yr old)		7,800	9,000	5,800	8,000	7,200	6,400
170,000 dwt (5yr old)		9,100	10,500	5,300	8,900	7,500	6,800
170,000 dwt (10yr old)		9,100	10,400	5,000	8,500	7,400	6,500
200,000+ dwt (5yr old)		9,400	10,700	6,800	9,200	8,000	7,600
Time charter ($/day) – 36 months duration							
170,000 dwt (5yr old)		10,700	11,900	7,900	9,500	9,800	8,600
Time charter average							
170,000 dwt (5yr old)		5,600	8,100	2,200	6,100	6,700	4,300

** YTD avg Source: Drewry Maritime Research*

ASSET PRICES ($ MILLION)

Dwt	May 15	2015	Mar 16	Apr 16	May 16	2016#
170k, C/Y*	45.0	44.0	46.0	45.0	45.0	46.0
220k, C/Y*	51.0	50.0	50.0	48.0	47.0	49.0
170k, Ex/Y**	38.0	38.0	34.0	34.0	34.0	35.0
170k, 5yr**	30.0	28.0	21.0	22.0	22.0	22.0
170k, 10yr**	21.0	20.0	12.0	13.0	12.0	13.0
150k, 15yr**	15.0	10.0	5.0	7.0	5.0	7.0
Scrap***	390.0	363.0	255.0	280.0	275.0	260.0

** NB price at Chinese yard ** SH price *** ($/LDT) 25k LDT at Indian yard*

 # YTD avg Source: Drewry Maritime Research

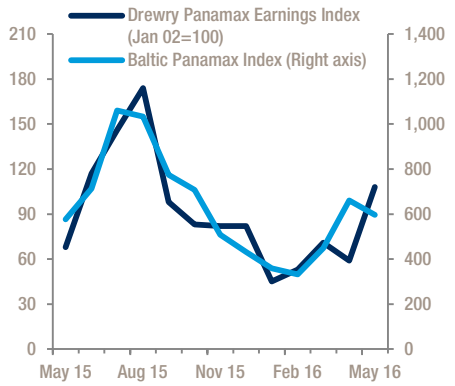
INTERNAL RATE OF RETURN

		May 16		
		NB	SH (5yr)	SH (10yr)
Price	*$m*	45.0	22.0	12.0
Op. Cost	*$/day*	7,210	7,210	7,210
Current T/C	*$/day*	7,700	7,500	7,300
Current IRR	*%*	n/a	-4.0%	-1.6%
Sensitivity*	*%*	n/a	2.7%	3.6%
T/C 10% IRR	*$/day*	7,219	13,997	10,734

** Sensitivity is calculated basis T/C +/- $1,000/day*

Source: Drewry Maritime Research

PANAMAX INDICES – DREWRY VS BALTIC



Source: Drewry Maritime Research

PANAMAX CHARTER RATES WEAKEN

After gaining ground throughout the month in April, the Baltic Panamax Index weakened in the month to reach 582 by the last week of May as coal exports remained muted. With India's domestic demand for coal imports dwindling because of the surplus stock at power plants, the government has expressed intentions of exploring export opportunities, including the forthcoming Maitree super-critical thermal project being built in Khulna in Bangladesh.

Meanwhile, Athens-based Diana Shipping has leased out two of its Panamax vessels to Bunge on time charter contracts for seven and 13 months, in a deal that is expected to bring in around $2.5 million in gross revenue. The company has announced a net loss of $31.4 million in the first quarter of 2016, almost three times the loss reported in the same quarter of 2015. Many such loss-making dry bulk companies are now taking the conservative approach of leasing out their vessel holdings on time charter basis instead of chartering in ships and operating them. Such companies are expected to return to running charter vessels when returns improve. However, a consistent increase in rates looks unlikely in the present scenario.

PANAMAX FREIGHT RATES

	Size (Tonnes)	May 15	2015	Mar 16	Apr 16	May 16	2016*
Coal single-voyage ($/tonne)							
US Gulf-Rotterdam	*65,000*	10.0	10.0	7.6	8.6	9.2	7.9
Indonesia-India	*70,000*	5.1	4.8	3.9	4.2	4.4	3.8
Newcastle-Qingdao (P3A-IV)	*74,000*	9.13	13.00	6.40	7.02	7.39	6.31
Grain single-voyage ($/tonne)							
Australia-Taipei, Chinese	*55,000*	11.00	n/a	9.00	10.00	9.00	9.00
EU-North Africa	*55,000*	17.00	n/a	15.00	20.00	20.00	17.00
Trip charter ($/day)							
Cont/ECSA rv (1-10 yrs)	*74,000*	4,900	5,900	3,000	6,600	5,400	3,900
Cont/USG/Sing, Japan (5-15 yrs)	*74,000*	8,900	10,600	6,500	10,000	8,500	7,500
FE/E.Australia rv (1-10 yrs)	*74,000*	4,400	5,200	4,100	4,700	4,700	3,800
Pacific Trip Rates	*74,000*	300	550	300	450	609	450
Time charter ($/day) – 12 months duration							
65,000 dwt (10yr old)		6,500	7,100	4,700	5,200	5,300	5,000
65,000 dwt (15yr old)		6,400	6,900	4,600	4,800	4,800	4,800
75,000 dwt (5yr old)		6,900	7,600	5,000	5,600	5,700	5,400
75,000 dwt (10yr old)		6,700	7,200	4,800	5,450	5,450	5,300
85,000 dwt (5yr old)		7,400	7,600	5,500	5,800	5,800	5,600
Time charter ($/day) – 36 months duration							
75,000 dwt (5yr old)		7,600	8,300	6,100	6,500	6,500	6,300
Time charter average							
75,000 dwt (5yr old)		4,600	5,500	3,600	5,400	4,800	3,800

** YTD avg Source: Drewry Maritime Research*

ASSET PRICES ($ MILLION)

Dwt	May 15	2015	Mar 16	Apr 16	May 16	2016
75k, C/Y*	26.0	27.0	26.0	25.0	25.0	26.0
95k, C/Y*	29.0	29.0	28.0	27.0	27.0	28.0
75k, 5yr**	20.0	19.0	12.5	14.0	14.0	13.0
75k, 10yr**	16.0	14.0	9.0	10.0	8.0	9.0
68k, 15yr**	10.0	12.0	5.0	6.0	6.0	5.0
Scrap***	390.0	444.0	255.0	280.0	275.0	260.0

** NB price at Chinese yard ** SH price *** ($/ldt) 25,000 ldt at Indian yard*

 # YTD avg Source: Drewry Maritime Research

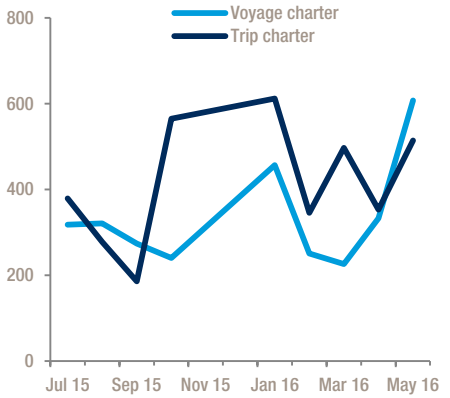
INTERNAL RATE OF RETURN

		May 16		
		NB	SH (5yr)	SH (10yr)
Price	*$m*	25.0	14.0	10.0
Op. Cost	*$/day*	6,400	6,400	6,400
Current T/C	*$/day*	6,100	5,700	5,450
Current IRR	*%*	-8.94%	-11.86%	-12.56%
Sensitivity*	*%*	n/a	n/a	n/a
T/C 10% IRR	*$/day*	15,600	10,900	9,000

** Sensitivity is calculated basis T/C +/- $1,000/day*

Source: Drewry Maritime Research

REPORTED CHARTERING ACTIVITY -S. AMERICA ('000 TONNES)



Source: Lighthouse

US SORGHUM EXPORTS DWINDLE

The Baltic Supramax Index (BSI) remained remarkably steady throughout the month, as it started May at around 583 and ended the month at 580 owing to positive activity in both the basins. Demand for vessels remained steady as trade of minor bulk items like scrap and steel and cement trade supported trip rates in the Pacific region.

China's efforts to cut down on its domestic corn stocks will have repercussions on trade in other markets considering sellers of substitutes such as sorghum will be hit hard by the decision, especially in the US. China has decided to scrap its corn stockpiling system and raise the premium on its domestic prices. As a result, the country has been left with the biggest corn supply in the world along with a flood of corn and alternative feed imports.

Now that Chinese demand is saturated, sorghum producers in Kansas, US, have found an unplanned increase in their stocks as their hopes of China absorbing the stocks have been completely frustrated. Total sorghum stocks have reached their highest level in nearly two decades and US sorghum exports to China almost halved in recent months from last year.

SUPRAMAX FREIGHT RATES

	Dwt	May 15	2015	Mar 16	Apr 16	May 16	2016*
TCE ($/day) – Transpacific Trip		4,600	5,400	4,400	4,700	4,600	4,000
Trip Charter ($/day)							
FE/Australia rv (5-15 yrs)	*40-60,000*	5,700	6,000	4,400	4,700	4,600	4,000
Cont/-/FE (5-15 yrs)	*40-60,000*	5,700	8,800	6,800	8,200	8,200	7,000
FE/-/Cont (5-15 yrs)	*40-60,000*	5,000	4,800	2,000	2,900	2,900	2,200
US Gulf/Cont (5-15 yrs)	*40-60,000*	10,000	10,900	6,000	7,100	9,300	7,000
S Am- FE**	*46,000*	n/a	n/a	6,675	7,313	8,625	7,537
S Am-USES**	*50,000*	n/a	n/a	1,400	3,000	n/a	2,200
Time Charter ($/day) – 12 months duration							
45,000 dwt (5yr old)		8,200	8,300	4,800	5,400	5,400	4,900
45,000 dwt (10yr old)		7,700	7,800	4,700	5,300	5,300	5,000
55,000 dwt (5yr old)		7,400	7,600	4,900	5,625	5,750	5,100
55,000 dwt (10yr old)		6,900	7,100	4,800	5,200	5,200	5,000
Time Charter ($/day) – 36 months duration							
55,000 dwt (5yr old)		8,300	8,500	5,600	6,000	6,000	6,200
Time Charter average							
55,000 dwt (5yr old)		6,600	6,900	4,400	5,400	6,000	4,500

** YTD avg **dwct Source: Drewry Maritime Research, Lighthouse*

ASSET PRICES ($ MILLION)

Dwt	Apr 15	2015	Mar 16	Apr 16	May 16	2016#
55k, C/Y*	23.0	24.0	24.0	23.0	23.0	24.0
55k, Ex/Y**	24.0	23.0	21.0	21.0	21.0	21.0
55k, 5yr**	17.0	16.0	12.0	13.0	13.0	13.0
55k, 10yr**	14.0	13.0	8.0	9.0	7.0	7.0
45k, 10yr**	12.0	11.0	7.0	8.0	8.0	8.0
45k, 15yr**	8.0	8.0	4.0	5.0	5.0	5.0
Scrap***	420.0	359.0	250.0	275.0	270.0	260.0

C/Y: Chinese yard, Ex/Y: Ex-yard, Scrap: 15k LDT

NB price at Chinese yard **SH price *($/LDT) 15,000 ldt at Indian yards*

 # YTD avg Source: Drewry Maritime Research

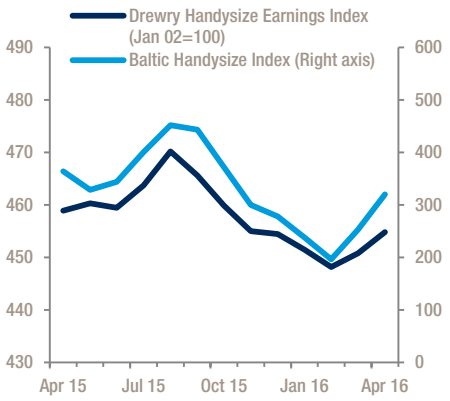
INTERNAL RATE OF RETURN

		May 16		
		NB	SH (5yr)	SH (10yr)
Price	*$m*	23	13	7
Op. Cost	*$/day*	5,430	5,340	5,430
Current T/C	*$/day*	5,500	5,400	5,300
Current IRR	*%*	-7.79%	-6.78%	-6.04%
Sensitivity*	*%*	n/a	6.90%	n/a
T/C 10% IRR	*$/day*	14,000	9,100	7,400

** Sensitivity is calculated basis T/C +/- $1,000/day*

Source: Drewry Maritime Research

HANDYSIZE INDICES – DREWRY VS BALTIC



Source: Drewry Maritime Research

HANDYSIZE SEGMENT STAYS FIRM

The Baltic Handysize Index moderated from the highs of the second half of April to reach around 347 points by the end of May. Rates remained firm on most major routes especially on the US East Coast/ US Gulf-Continent route, which reached close to $6,800pd. However, trip rates originating from the East Coast South America remained volatile throughout the month, dropping from around $6,750pd to $5,500pd and then rising again.

Cargoes for fertiliser and slag remained active in the Far East while China's steel exports are also expected to be steady. Chinese iron and steel company Baosteel has estimated that 70-80% of Chinese mills are still able to produce at a moderate profit, suggesting that the recent surge in crude steel output could be sustained in the near term.

Australia continues to face competition as a key bauxite supplier to China from Malaysia, Guinea and Brazil. China imported 13.6 million tonnes of bauxite in the first quarter, which is 36% more than a year ago.

Despite being the principal source of China's bauxite imports in 2015, Malaysia's market share decreased as the Malaysian government restricted supply growth to address socio-environmental concerns. Japan is seeking to buy 125,000 tonnes of wheat from the US, Canada and Australia, which is expected to increase Handysize employment in the region.

HANDYSIZE FREIGHT RATES

	Dwt	May 15	2015	Mar 16	Apr 16	May 16	2016*
Voyage Rates($/tonne)							
S Am- FE**	*15,000*	n/a	n/a	22.52	24.00	25.90	25.69
S Am-N Am**	*35,000*	n/a	n/a	17.60	n/a	36.00	26.81
Intra-S Am**	*15,000*	n/a	n/a	24.00	22.75	21.20	22.65
S Am-SE Asia**	*26,000*	n/a	n/a	n/a	28.00	22.00	25.00
Trip Charter ($/day)							
Cont/Transatlantic rv (5-15 yrs)	*28,000*	3,400	3,800	2,200	3,900	5,500	3,100
FE/Australia rv (5-15 yrs)	*28,000*	3,600	4,400	3,000	3,100	3,300	3,000
North Pacific	*28,000*	4,700	5,400	4,000	4,200	4,300	4,000
US/Atlantic	*28,000*	6,400	7,200	4,800	5,200	6,300	5,100
Time Charter ($/day) – 12 months duration							
28,000 dwt (10yr old)		6,500	6,600	3,900	4,200	4,200	4,500
37,000 dwt (10yr old)		7,000	7,100	4,100	4,400	4,450	4,500
Time Charter ($/day) – 36 months duration							
28,000 dwt (5yr old)		6,900	7,000	5,300	5,000	5,000	5,300
37,000 dwt (5yr old)		8,000	8,200	5,700	5,400	5,400	5,600
Time charter average							
75,000 dwt (5yr old)		4,900	5,400	3,700	4,600	5,000	4,000

**YTD **dwct Source: Drewry Maritime Research, Lighthouse*

ASSET PRICES ($ MILLION)

Size	May 15	2015	Mar 16	Apr 16	May 16	2016#
28k, C/Y*	18.0	18.0	17.0	16.0	16.0	17.0
35k, C/Y*	21.0	21.0	22.0	21.0	21.0	22.0
37k, Ex/Y**	18.0	19.0	19.0	18.0	17.0	19.0
37k, 5yr**	14.0	14.0	11.0	10.0	10.0	11.0
37k, 10yr**	10.0	10.0	6.0	7.0	6.0	6.0
37k, 15yr**	7.0	7.0	4.0	4.0	3.0	3.0
28k, 10yr**	9.0	9.0	6.0	6.0	6.0	6.0
28k, 15yr**	4.0	4.0	4.0	3.0	3.0	3.0
Scrap***	385.0	347.0	242.0	270.0	260.0	250.0

** NB price at Chinese yard ** SH price *** ($/ldt) 6,000 ldt at Indian yards*

 # YTD avg Source: Drewry Maritime Research

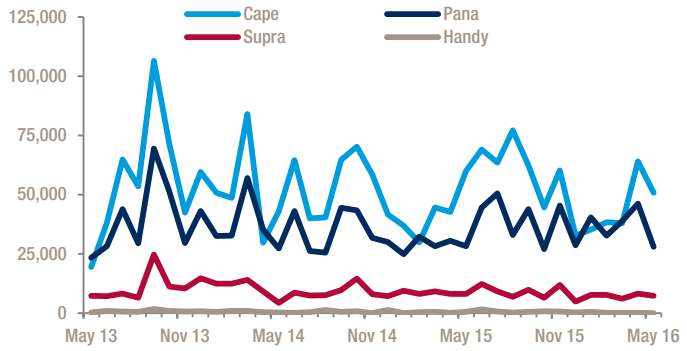
INTERNAL RATE OF RETURN

		May 16		
		NB	SH (5yr)	SH (10yr)
Price	*$m*	16	10	6
Op. Cost	*$/day*	5,000	5,000	5,000
Current T/C	*$/day*	4,400	4,550	4,450
Current IRR	*%*	n/a	-0.98%	1.04%
Sensitivity*	*%*	n/a	4.03%	5.06%
T/C 10% IRR	*$/day*	n/a	7,600	6,250

** Sensitivity is calculated basis T/C +/- $1,000/day*

Source: Drewry Maritime Research

WEEKLY FFA VOLUME (LOTS)



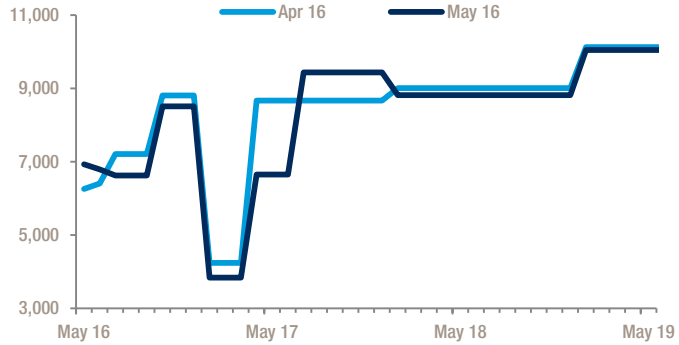
Source: Drewry Maritime Research

FFA MARKET TUMBLES, FOLLOWS BDI MOVEMENT

The futures market seemed to have followed the physical market last month as contracts traded declined steeply with a fall in the BDI. About 86,000 futures contracts were traded, which was 30% lower than the total contracts traded in April. The last week of May registered the lowest number of contracts owing to a lack of buyers and increased selling pressure.

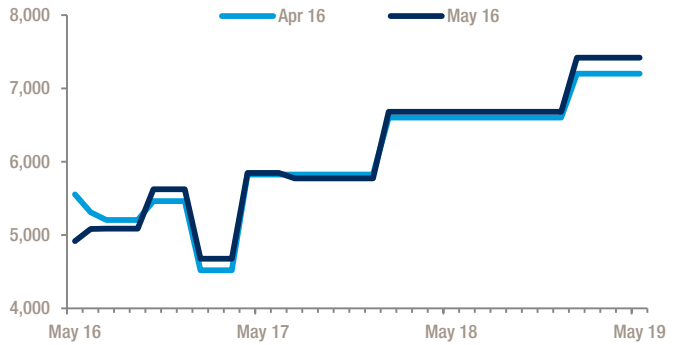
The Capesize paper trading remained weak with a slowdown in the iron trade on the Western Australia-China route. The pessimism in the market and weakness in the iron ore trade resulted in Capesize contracts being fixed at lower rates than last month. Panamaxes followed the trend, while Handysize rates remained less volatile as there was no trading activity in this segment. The Supramax FFA market also suffered, with a fall in the number of contracts traded last month.

FORWARD CAPESIZE 4TC ($/DAY)



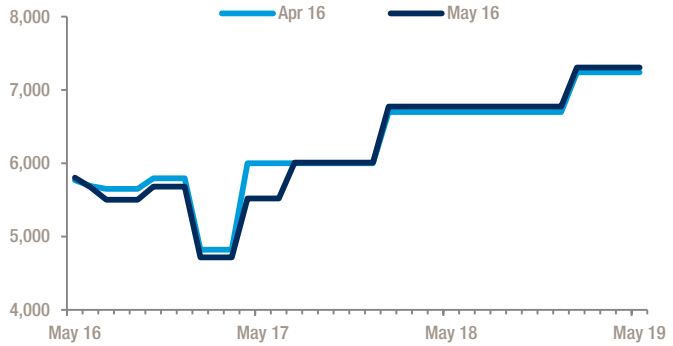
Source: Drewry Maritime Research

FORWARD PANAMAX 4TC ($/DAY)



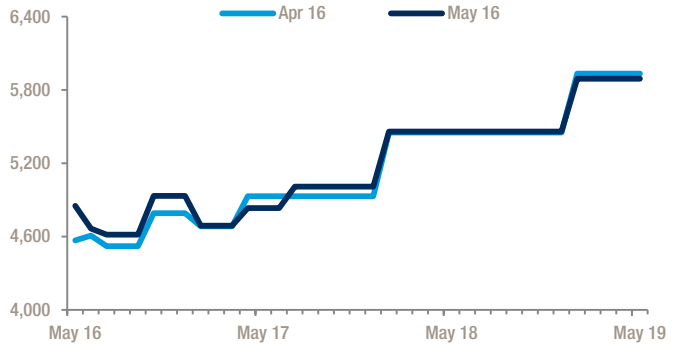
Source: Drewry Maritime Research

FORWARD SUPRAMAX 5TC ($/DAY)



Source: Drewry Maritime Research

FORWARD HANDYSIZE 4TC ($/DAY)



Source: Drewry Maritime Research

FORWARD FREIGHT AGREEMENTS (FFA)

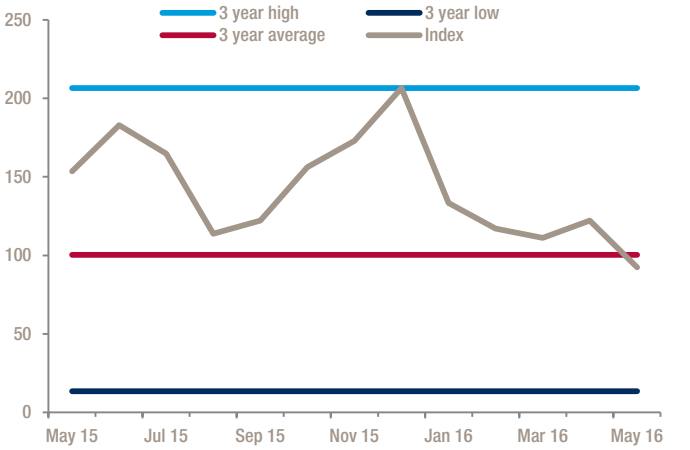
	Capesize ($/tonne)		Panamax ($/day)	
	Richards Bay Rotterdam (150,000 tonnes)	Bolivar Rotterdam (150,000 tonnes)	Continent Trip Far East (74,000 dwt)	Transpacific Trip Round Voyage (74,000 dwt)
June (16)	3.90	5.24	8,450	4,575
July (16)	3.99	5.42	8,563	4,625
Aug (16)	4.07	5.56	8,638	4,638
Sept (16)	4.15	5.78	9,013	4,863
Oct (16)	4.40	6.06	9,425	5,338
Nov (16)	4.64	6.27	9,500	5,350
Cal 2017	4.61	5.63	9,438	5,188
Cal 2018	5.26	5.93	10,425	6,269

Source: Baltic Exchange, 03 June 2016

Tanker

- Tanker market softens on seasonal weakness in demand
- High inventories cap rise in trade
- Supply disruptions hurt tonnage demand in West Africa
- Tight credit availability weakens newbuilding orders

DREWRY TANKER EARNINGS INDEX (BASE DEC 09)



Source: Drewry Maritime Research

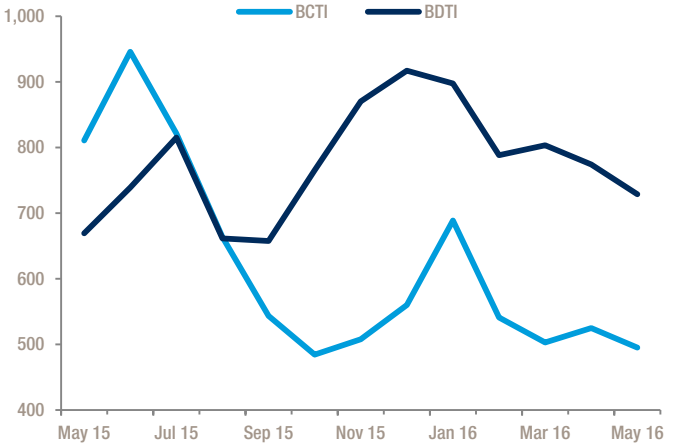
RATES SOFTEN ON SEASONAL DEMAND WEAKNESS

Freight rates in the tanker market softened in both dirty and clean segments in May because of seasonal weakness in demand and ample tonnage supply.

Although supply disruptions in Nigeria and labour strikes in France affected chartering activity on related routes, tonnage demand in the Arabian Gulf remained strong as Asian refiners increased their imports of Middle Eastern crude. Supply disruptions in Canada also resulted in increased shipments from the Middle East to the US. However, seasonal weakness in demand from refiners kept the overall tonnage demand weak.

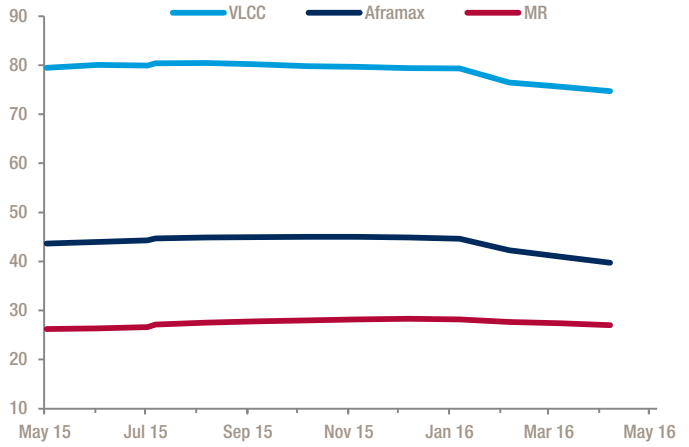
Meanwhile, activity in the newbuilding market remained muted because of tight credit availability and a bearish outlook for the sector, resulting in some softening in newbuilding prices. Sustained weakness in newbuilding activity bodes well for the tanker market in the long term. Moreover, if the recent filing by the STX yard for court receivership results in the liquidation of the troubled yard, it will wipe 17 oil tankers from the orderbook, which will further ease supply pressure.

BALTIC TANKER INDICES



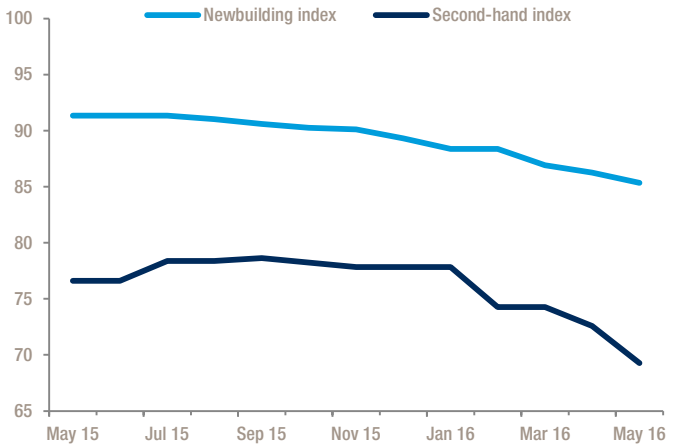
Source: Baltic Exchange

BALTIC SHIP VALUE ASSESSMENT ($ MILLION)



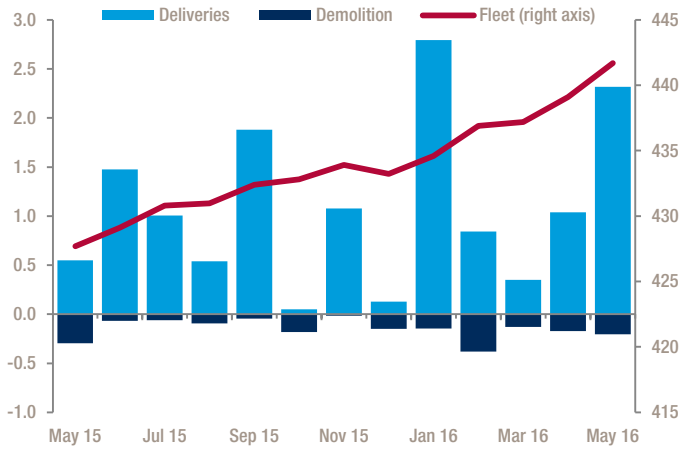
Source: Baltic Exchange

DREWRY TANKER NB AND SH PRICE INDICES



Source: Drewry Maritime Research

TANKER FLEET DEVELOPMENT (MILLION DWT)



Source: Drewry Maritime Research

TANKER MARKET SUMMARY

		May 15	2015	Mar 16	Apr 16	May 16	2016*
Supply (end-period)							
Crude tanker fleet	*million dwt*	351.6	**354.8**	358.1	359.4	361.3	**361.3**
Product tanker fleet	*million dwt*	76.9	**78.5**	79.1	79.7	80.3	**80.3**
Total tanker fleet	*million dwt*	428.5	**433.2**	437.2	439.1	441.7	**441.7**
Inactive	*million dwt*	10.2	**10.3**	16.8	18.1	19.3	**19.3**
Orderbook	*million dwt*	64.4	**80.2**	84.1	83.1	81.7	**81.7**
Orderbook	*% Fleet*	**15.0%**	**18.5%**	**19.2%**	**18.9%**	**18.5%**	**18.5%**
Chartering Volumes (total)							
Clean Spot	*million tonnes*	31.4	**382.9**	36.9	37.3	72.9	181.7
Dirty Spot	*million tonnes*	106.0	**1,187.4**	122.0	99.0	198.9	515.4
Period	*'000 dwt*	4,450	**54,071**	8,519	4,588	6,119	23,610
TC Rates (period average)							
MR2/Products	*$/day*	17,000	**18,600**	17,500	17,000	16,500	**17,500**
LR1/Products	*$/day*	18,750	**24,700**	22,000	20,500	19,500	**22,000**
Aframax	*$/day*	25,000	**37,800**	26,000	25,000	24,000	**26,700**
Suezmax	*$/day*	33,500	**44,800**	33,000	29,500	28,500	**33,000**
VLCC	*$/day*	45,000	**63,600**	46,000	43,000	40,000	**45,200**
TCE Rates (period average)							
MR1/Products – Caribs-USES	*$/day*	18,500	**20,400**	20,500	16,000	13,700	**17,500**
LR1/Products – AG-Japan	*$/day*	19,100	**21,700**	16,400	12,500	10,500	**14,500**
Aframax – Med-Med	*$/day*	37,100	**35,000**	26,700	17,600	24,600	**23,500**
Suezmax – W.Af-Car/USES	*$/day*	46,500	**40,900**	28,900	29,700	22,900	**29,100**
VLCC – AG-Japan	*$/day*	61,800	**68,600**	69,700	52,000	47,600	**57,000**
Values (period average)							
NB Price – MR2	*$ million*	37.0	**36.0**	34.0	34.0	33.0	34.2
SH Price – MR2 (5 yr)	*$ million*	25.0	**26.0**	27.0	27.0	25.0	27.2
Scrap Price – MR2	*$ million*	5.0	**5.0**	3.1	3.5	3.3	3.3
NB Price – LR1	*$ million*	45.0	**45.0**	43.0	43.0	43.0	43.4
SH Price – LR1 (5 yr)	*$ million*	34.0	**35.0**	34.0	34.0	33.0	34.2
Scrap Price – LR1	*$ million*	6.3	**6.0**	4.4	4.8	4.3	4.4
NB Price – Aframax	*$ million*	53.0	**53.0**	50.0	50.0	50.0	50.0
SH Price – Aframax (5 yr)	*$ million*	45.0	**46.0**	45.0	41.0	39.0	43.2
Scrap Price – Aframax	*$ million*	8.7	**8.0**	6.0	6.5	6.0	6.1
NB Price – Suezmax	*$ million*	65.0	**65.0**	62.0	61.0	60.0	61.8
SH Price – Suezmax (5 yr)	*$ million*	59.0	**59.0**	57.0	56.0	53.0	56.6
Scrap Price – Suezmax	*$ million*	10.7	**10.0**	7.4	8.0	7.3	7.5
NB Price – VLCC	*$ million*	96.0	**96.0**	92.0	91.0	90.0	91.8
SH Price – VLCC (5 yr)	*$ million*	80.0	**81.0**	75.0	75.0	72.0	75.4
Scrap Price – VLCC	*$ million*	14.9	**14.0**	10.3	11.2	10.2	10.4
Internal Rate of Return (IRR)*							
MR2/Products	*%*	19.26%	**19.45%**	20.95%	19.93%	19.37%	**20.77%**
LR1/Products	*%*	12.18%	**11.20%**	13.49%	11.13%	9.50%	**12.95%**
Aframax	*%*	13.05%	**12.99%**	14.94%	13.62%	12.25%	**15.34%**
Suezmax	*%*	16.90%	**16.47%**	16.91%	13.51%	12.71%	**16.57%**
VLCC	*%*	16.35%	**15.85%**	17.54%	15.65%	13.68%	**16.69%**
Required TC for 10% IRR							
MR2/Products	*$/day*	12,784	**12,985**	12,800	12,792	12,676	12,842
LR1/Products	*$/day*	19,916	**21,032**	19,805	19,794	19,806	20,080
Aframax	*$/day*	22,614	**23,923**	22,351	22,336	22,352	22,653
Suezmax	*$/day*	26,796	**28,364**	26,625	26,350	26,112	26,820
VLCC	*$/day*	35,930	**38,267**	35,655	35,374	35,143	35,969
Transactions (total)							
Deliveries	*'000 dwt*	446	**10,869**	350	1,040	2,316	**7,342**
New Orders	*'000 dwt*	2,136	**40,871**	840	493	808	**3,841**
Second-hand Sales	*'000 dwt*	3,758	**44,509**	789	1,494	2,435	**9,345**
Demolition	*'000 dwt*	295	**2,075**	131	171	203	**1,034**

IRR at current TC rate, Debt/Equity 70%, Interest Rate=10 Years US Treasury Yield+5%, Vessel life 25 years ** Year-to-date*

Source: Drewry Maritime Research

SUPPLY DISRUPTIONS TO BOOST OIL TRADE

Oil prices continued their ascent throughout May, stimulated by a series of unexpected supply disruptions from Kuwait, Libya, Canada and Nigeria. The total supply disruptions were about 3.5 mbpd of normal production. The wildfires in Canada's Fort McMurray at the start of May resulted in a decline of about one mbpd in Canadian oilsands production. Nigeria's oil production has also declined sharply in recent months, owing to attacks on oil pipelines by Niger Delta militants. The country's oil production fell to 1.4 mbpd in May from 1.9 mbpd at the beginning of the year.

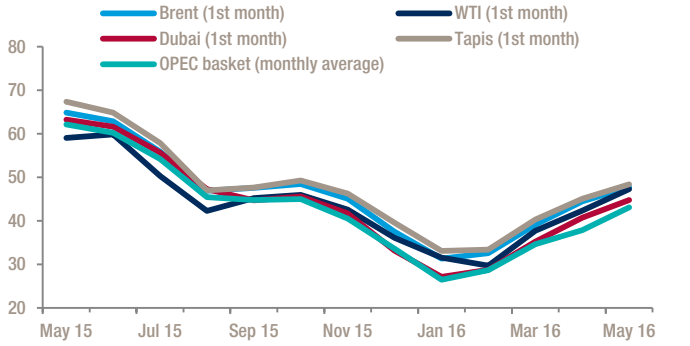
Meanwhile, Libya's production dropped to 0.3 mbpd, far below its actual capacity. The country's plans to get on track fast seem over-optimistic as its new UN-backed government is not receiving internal support. Drewry believes reduced supply from Canada will lead to a higher volume of US crude imports from the Middle East, in the face of falling US crude production. Although supply disruptions in Nigeria will not affect the volume of trade, it will result in a shift in the trade pattern as any decline in the country's exports to its trade partners will be counterbalanced by increased shipments from the Middle East. While disruptions in Canada's production will be short-lived, the conditions in Nigeria and Libya are expected to last longer. Amid supply disruptions and high inventories, oil prices are likely to remain volatile.

WORLD OIL MARKET (MBPD)

	1Q15	2015	2Q15	3Q15	4Q15	1Q16
Oil Demand	93.5	94.5	93.9	95.4	95.3	**94.7**
Oil Supply	95.1	96.3	96.3	97.0	96.9	**96.6**
OPEC	37.7	38.7	38.8	39.1	39.1	**39.4**
Saudi Arabia	9.8	10.1	10.3	10.3	10.2	**10.2**
Non-OPEC	57.4	57.6	57.5	57.9	57.8	**57.2**
FSU	14.0	14.0	14.0	13.9	13.9	**14.2**
Stock Change	1.6	1.8	2.4	1.6	1.6	**1.9**

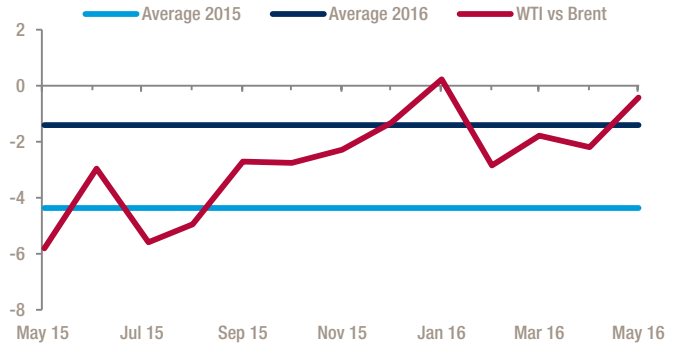
Source: Drewry Maritime Research

CRUDE OIL PRICES ($/BBL)



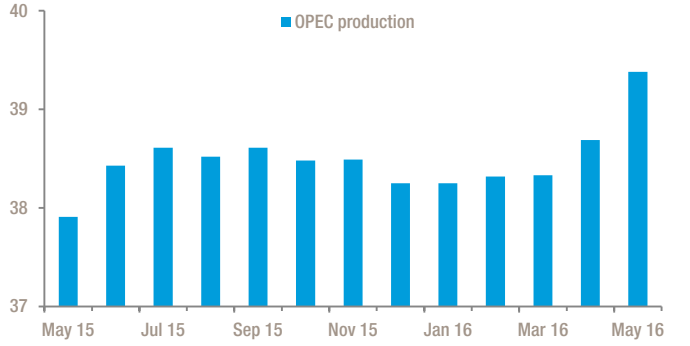
Source: Drewry Maritime Research

PRICE ARBITRAGE WTI VS BRENT ($/BBL)



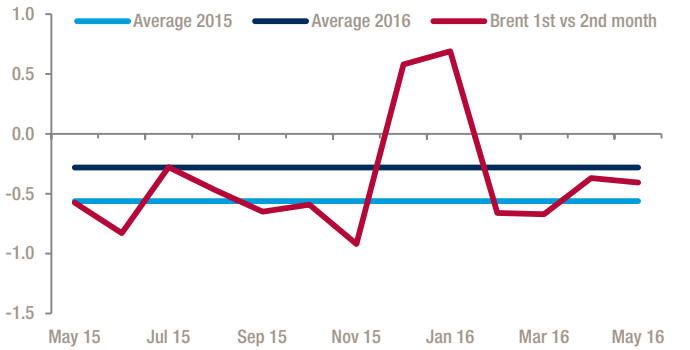
Source: Drewry Maritime Research

OPEC OUTPUT (MILLION BPD)



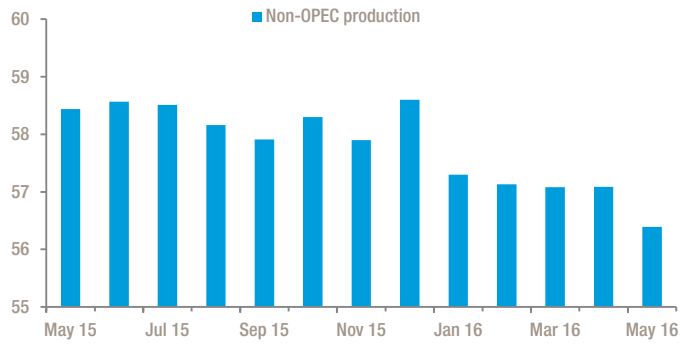
Source: Drewry Maritime Research

CRUDE PRICE DIFFERENTIAL ($/BBL)



Source: Drewry Maritime Research

NON-OPEC OUTPUT (MILLION BPD)



Source: Drewry Maritime Research

STRIKES AND WILDFIRES AFFECT PRODUCTS DEMAND

A strike over new labour laws spread to all eight oil refineries in France, affecting the refined products market. However, high inventories of light and middle distillates in Northwest Europe helped meet short-term products demand.

Gasoline margins in Northwest Europe increased by about $1 per barrel, supported by increased gasoline exports to the US and West Africa. Similarly, the diesel premium in France against North Sea Dated index increased by about $1 per barrel on account of labour strikes at French ports and refineries.

Meanwhile, US gasoline prices were the highest since August 2007 as wildfires in Canada's Alberta region forced more than one mbpd of oilsands production to go offstream. With gasoline gains, naphtha prices rose in the US, shutting down export arbitrage to Asia-Pacific. The financial crisis in Venezuela also halted US naphtha exports to the country.

Despite a rise in demand from Indonesia, gasoline margins fell in Asia Pacific on increasing supply from China. However, jet fuel margins strengthened as lower supplies from the Middle East and northeast Asia were met by rising demand from Australia. Spot shipments from Europe and the US led Singapore's fuel oil inventories to rise to their highest level in more than two years.

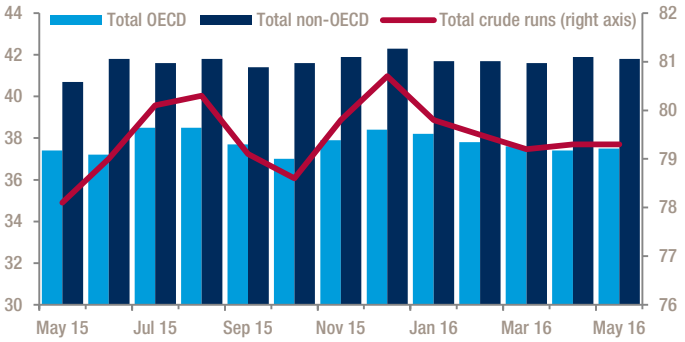
REFINED PRODUCTS DEMAND BY REGION (MILLION BPD)

	May 15	2015	Mar 16	Apr 16	May 16	2016*
OECD	**44.78**	**46.30**	**46.80**	**46.18**	**45.19**	**46.32**
US	19.23	19.37	19.36	19.77	19.35	**19.38**
Europe	12.99	13.69	13.80	13.40	13.17	**13.95**
Japan	3.66	4.23	4.42	4.07	3.63	**4.28**
Non-OECD	**47.51**	**47.48**	**47.26**	**49.03**	**49.09**	**47.96**
China	11.08	11.18	11.03	11.94	11.76	**11.39**
Other Asia	12.20	12.13	12.56	12.99	12.98	**12.70**
Total World	**92.29**	**93.78**	**94.06**	**95.21**	**94.28**	**94.14**

** Year-to-date average*

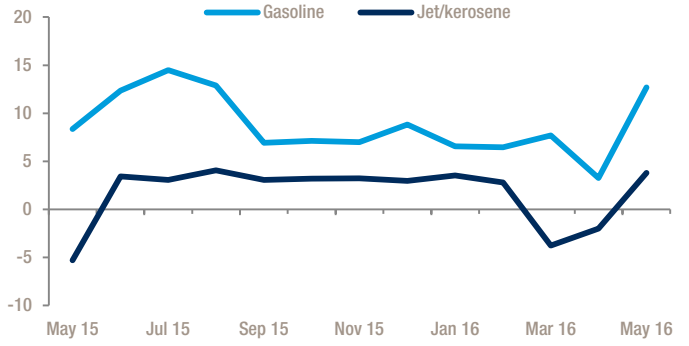
Source: Drewry Maritime Research

GLOBAL REFINERY CRUDE THROUGHPUT (MILLION BPD)



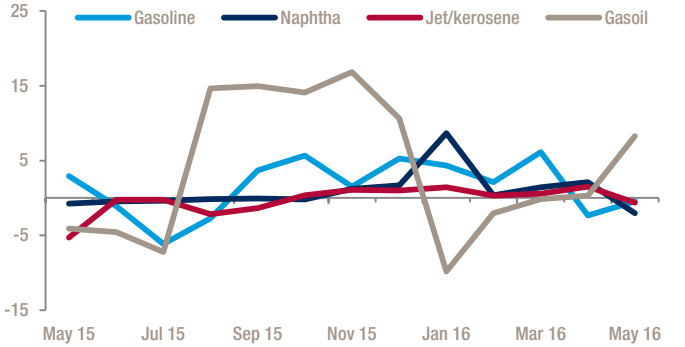
Source: Drewry Maritime Research

ARBITRAGE DIFFERENTIAL NWE-NYH ($/BBL)



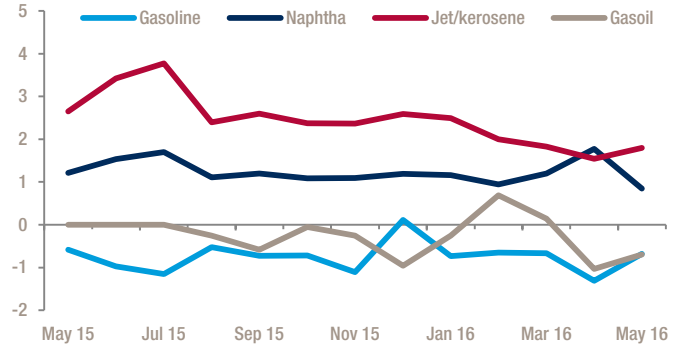
Source: Drewry Maritime Research

ARBITRAGE DIFFERENTIAL MED-SINGAPORE ($/BBL)



Source: Drewry Maritime Research

ARBITRAGE DIFFERENTIAL MED-NWE ($/BBL)



Source: Drewry Maritime Research

FLEET GROWS, BUT ORDERBOOK DECLINES

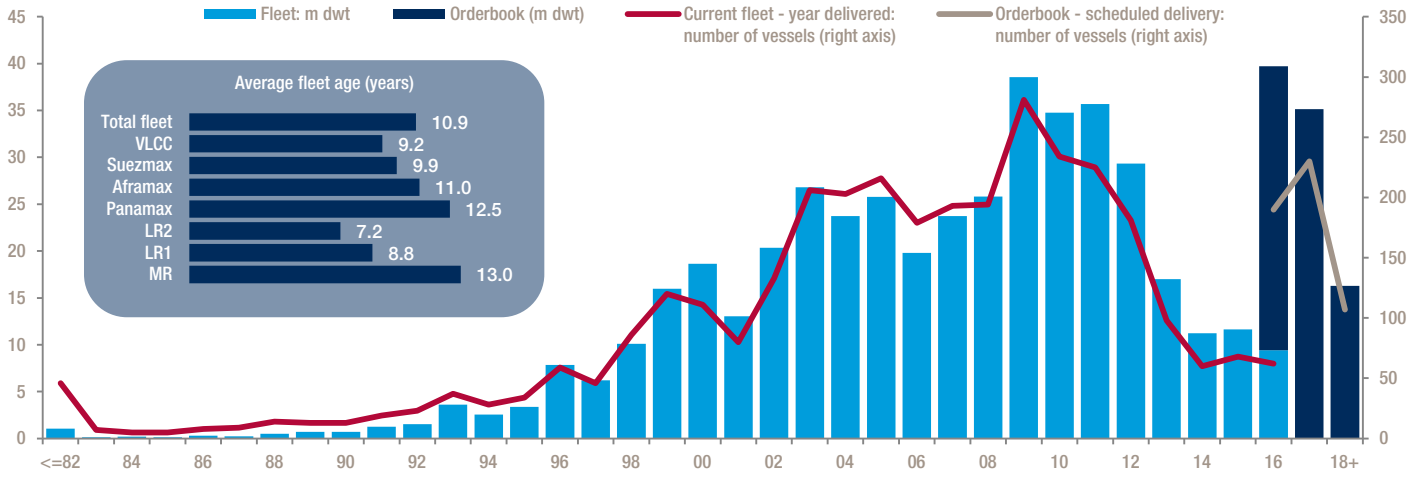
The tanker fleet grew by 0.6% in May with strong deliveries both in the dirty and products segments. While deliveries in the crude segment were dominated by VLCC vessels, in the products segment they were led by LR vessels. Since about 65 million dwt is expected to be added by the end of next year, the burgeoning fleet is expected to hurt tonnage utilisation and freight rates in the next few years. On the other hand, with strong deliveries and subdued ordering, the tanker orderbook shrank monthly by 1.7%. New orders in the tanker sector dried up in the first four months of 2016 despite some softening in asset prices. Looking at the tight credit market and hefty delivery schedule, owners seem to be keeping away from the yards. However, sustained weakness in newbuilding bodes well for the tanker market in the long term. Moreover, if the recent filing by the STX yard for court receivership results in the liquidation of the troubled yard, it will wipe out its 2017 orderbook of 17 oil tankers, easing the tanker market's expected supply pressure. Given the significance of these trends, there is still some downside potential for newbuilding prices as yards are expected to offer competitive prices to stay afloat.

TANKER FLEET BREAKDOWN

		May 15		2015		Mar 16		Apr 16		May 16		2016	
	Size (dwt)	*No.*	*m dwt*	*No.*	*m dwt*	*No.*	*m dwt*	*No.*	*m dwt*	*No.*	*m dwt*	*No.*	*m dwt*
Crude Fleet													
Handy	10-55,000	36	0.8	35	0.8	36	0.8	36	0.8	**37**	**0.9**	**37**	**0.9**
Panamax	55-80,000	87	6.0	88	6.1	87	6.0	85	5.9	**85**	**5.9**	**85**	**5.9**
Aframax	80-120,000	680	73.2	676	72.7	676	72.7	677	72.8	**678**	**72.9**	**678**	**72.9**
Suezmax	120-200,000	487	75.4	485	75.3	487	75.6	487	75.6	**489**	**75.9**	**489**	**75.9**
VLCC	200-320,000	584	178.6	597	182.7	604	184.9	607	185.8	**615**	**188.2**	**615**	**188.2**
ULCC	320,000+	54	17.6	53	17.2	54	17.6	53	17.2	**54**	**17.6**	**54**	**17.6**
Total		**1928**	**351.6**	**1934**	**354.8**	**1,944**	**357.5**	**1,945**	**358.1**	**1,958**	**361.3**	**1,958**	**361.3**
Product Fleet													
Handy	10-25,000	166	2.4	164	2.4	170	2.5	167	2.4	**167**	**2.4**	**167**	**2.4**
MR1	25-40,000	147	5.0	143	4.9	145	4.9	141	4.8	**142**	**4.8**	**142**	**4.8**
MR2	40-55,000	475	22.2	471	22.0	470	21.9	467	21.8	**465**	**21.7**	**465**	**21.7**
LR1	55-80,000	298	21.8	298	21.8	300	22.0	300	22.0	**301**	**22.0**	**301**	**22.0**
LR2	80,000+	229	25.5	246	27.4	252	28.1	252	28.0	**263**	**29.3**	**263**	**29.3**
Total		**1,315**	**76.9**	**1322**	**78.5**	**1,337**	**79.4**	**1,327**	**79.0**	**1,338**	**80.3**	**1,338**	**80.3**
Total Fleet													
Handy	10-25,000	191	2.8	189	2.8	195	2.9	192	2.8	**192**	**2.8**	**192**	**2.8**
Handy/MR1	25-40,000	156	5.3	151	5.1	153	5.2	149	5.1	**149**	**5.1**	**149**	**5.1**
Handy/MR2	40-55,000	477	22.3	473	22.1	473	22.1	470	21.9	**470**	**21.9**	**470**	**21.9**
Panamax/LR1	55-80,000	385	27.8	386	27.9	387	28.0	385	27.8	**386**	**27.9**	**386**	**27.9**
Aframax/LR2	80-120,000	898	97.0	909	98.1	915	98.8	916	98.9	**928**	**100.3**	**928**	**100.3**
Suezmax	120-200,000	498	77.1	498	77.2	500	77.5	500	77.5	**502**	**77.9**	**502**	**77.9**
VLCC	200-320,000	584	178.6	597	182.7	604	184.9	607	185.8	**615**	**188.2**	**615**	**188.2**
ULCC	320,000+	54	17.6	53	17.2	54	17.6	53	17.2	**54**	**17.6**	**54**	**17.6**
Total		**3,243**	**428.5**	**3256**	**433.2**	**3,281**	**436.9**	**3,272**	**437.2**	**3,296**	**441.7**	**3,296**	**441.7**

Source: Drewry Maritime Research

TANKER FLEET AGE PROFILE



Source: Drewry Maritime Research

TANKER ORDERBOOK BREAKDOWN

		May 15		2015		Mar 16		Apr 16		May 16		2016	
	Size (dwt)	*No.*	*m dwt*	*No.*	*m dwt*	*No.*	*m dwt*	*No.*	*m dwt*	*No.*	*m dwt*	*No.*	*m dwt*
Crude Orderbook													
Handy	10-55,000	10	0.4	10	0.4	8	0.3	7	0.3	6	0.3	6	0.3
Panamax	55-80,000	6	0.4	9	0.6	9	0.6	9	0.6	9	0.6	9	0.6
Aframax	80-120,000	58	6.5	82	9.2	94	10.5	95	10.7	97	10.9	97	10.9
Suezmax	120-200,000	76	11.9	105	16.5	112	17.6	111	17.4	111	17.4	111	17.4
VLCC	200-320,000	77	23.7	100	30.7	112	34.4	110	33.8	107	32.9	107	32.9
ULCC	320,000+	25	8.0	25	8.0	17	5.4	17	5.4	16	5.1	16	5.1
Total		**252**	**50.9**	**331**	**65.3**	**352**	**68.9**	**349**	**68.2**	**346**	**67.2**	**346**	**67.2**
Product Orderbook													
Handy	10-25,000	2	0.0	5	0.1	12	0.2	12	0.2	12	0.2	12	0.2
MR1	25-40,000	11	0.4	6	0.2	5	0.2	5	0.2	5	0.2	5	0.2
MR2	40-55,000	44	2.2	18	0.9	32	1.6	32	1.6	32	1.6	32	1.6
LR1	55-80,000	36	2.7	62	4.6	63	4.7	62	4.6	62	4.6	62	4.6
LR2	80,000+	72	8.2	81	9.1	76	8.6	73	8.3	70	8.0	70	8.0
Total		**165**	**13.5**	**172**	**14.9**	**188**	**15.2**	**184**	**14.9**	**181**	**14.5**	**181**	**14.5**
Total Orderbook													
Handy	10-25,000	3	0.1	6	0.1	12	0.2	12	0.2	12	0.2	12	0.2
Handy/MR1	25-40,000	11	0.4	6	0.2	5	0.2	5	0.2	5	0.2	5	0.2
Handy/MR2	40-55,000	53	2.5	27	1.2	40	1.9	39	1.9	38	1.8	38	1.8
Panamax/LR1	55-80,000	42	3.1	71	5.2	72	5.2	71	5.2	71	5.2	71	5.2
Aframax/LR2	80-120,000	128	14.4	161	18.0	168	18.8	164	18.4	163	18.3	163	18.3
Suezmax	120-200,000	78	12.2	107	16.8	114	17.9	115	18.1	115	18.1	115	18.1
VLCC	200-320,000	77	23.7	100	30.7	112	34.4	110	33.8	107	32.9	107	32.9
ULCC	320,000+	25	8.0	25	8.0	17	5.4	17	5.4	16	5.1	16	5.1
Total		**417**	**64.4**	**503**	**80.2**	**540**	**84.1**	**533**	**83.1**	**527**	**81.7**	**527**	**81.7**

Source: Drewry Maritime Research

ORDERBOOK SCHEDULE BY TYPE (CRUDE AND PRODUCTS)

	Fleet		2016		2017		2018		2019+		Total		% of fleet
Size ('000 dwt)	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*	
Crude Orderbook													
10-55,000	37	858	4	168	2	84	0	0	0	0	**6**	**252**	**29%**
55-80,000	85	5,883	5	349	4	230	0	0	0	0	**9**	**578**	**9.8%**
80-120,000	678	72,950	26	2,892	37	4,209	30	3,359	4	436	**97**	**10,895**	**14.9%**
120-200,000	489	75,872	36	5,657	63	9,927	8	1,262	4	600	**111**	**17,446**	**23.0%**
200-320,000	615	188,212	46	14,131	42	12,908	19	5,860	0	0	**107**	**32,899**	**17.5%**
320,000+	54	17,568	4	1,280	4	1,280	6	1,920	2	640	**16**	**5,120**	**29.1%**
Total	**1,958**	**361,343**	**121**	**24,477**	**152**	**28,638**	**63**	**12,401**	**10**	**1,676**	**346**	**67,191**	**18.6%**
Product Orderbook													
10-25,000	167	2,443	2	46	8	140	2	35	0	0	**12**	**221**	**9.0%**
25-40,000	142	4,835	2	64	3	96	0	0	0	0	**5**	**160**	**3.3%**
40-55,000	465	21,730	12	565	3	146	6	299	11	554	**32**	**1,564**	**7.2%**
55-80,000	301	22,043	23	1,706	29	2,139	10	744	0	0	**62**	**4,589**	**20.8%**
80+	263	29,284	30	3,450	35	3,970	5	575	0	0	**70**	**7,995**	**27.3%**
Total	**1,338**	**80,336**	**69**	**5,832**	**78**	**6,491**	**23**	**1,653**	**11**	**554**	**181**	**14,529**	**18.1%**
Total Orderbook													
10-25,000	192	2,844	2	46	8	140	2	35	0	0	**12**	**221**	**7.8%**
25-40,000	149	5,085	2	64	3	96		0	0	0	**5**	**160**	**3.1%**
40-55,000	470	21,937	16	733	5	230	6	299	11	554	**38**	**1,816**	**8.3%**
55-80,000	386	27,926	28	2,055	33	2,369	10	744	0	0	**71**	**5,168**	**18.5%**
80-120,000	928	100,254	54	6,027	70	7,862	35	3,934	4	436	**163**	**18,259**	**18.2%**
120-200,000	502	77,852	38	5,973	65	10,243	8	1,262	4	600	**115**	**18,078**	**23.2%**
200-320,000	615	188,212	46	14,131	42	12,908	19	5,860	0	0	**107**	**32,899**	**17.5%**
320,000+	54	17,568	4	1,280	4	1,280	6	1,920	2	640	**16**	**5,120**	**29.1%**
Total	**3,296**	**441,679**	**190**	**30,308**	**219**	**35,128**	**86**	**14,054**	**21**	**2,230**	**527**	**81,720**	**18.5%**

Source: Drewry Maritime Research

AVERAGE DEMOLITION AGE (YEARS)

Size	2014	2015	2016*
10-55k	28.2 (57, 13)	27.0 (38, 19)	28.3 (39, 24)
55-80k	24.3 (32, 15)	24.7 (31, 22)	32 (32, 32)
80-120k	23.9 (31, 19)	23.0 (23, 23)	25(25, 25)
120-200k	21.7 (27, 18)	n/a	n/a
200-320k	20.8 (24, 18)	23.0 (23, 23)	21.0 (21, 21)
320k+	n/a	n/a	n/a
Total	**25.0 (57, 13)**	**24.4 (38, 19)**	**27.5 (39, 21)**

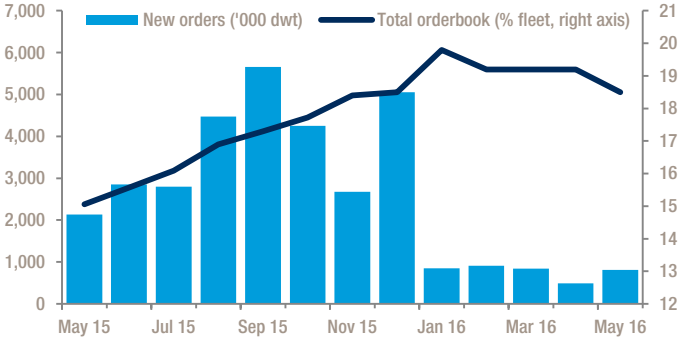
*Figures in brackets show minimum & maximum demolition ages respectively *Year-to-date*

Source: Drewry Maritime Research

TANKER NEWBUILDING INDUSTRY IN TURMOIL

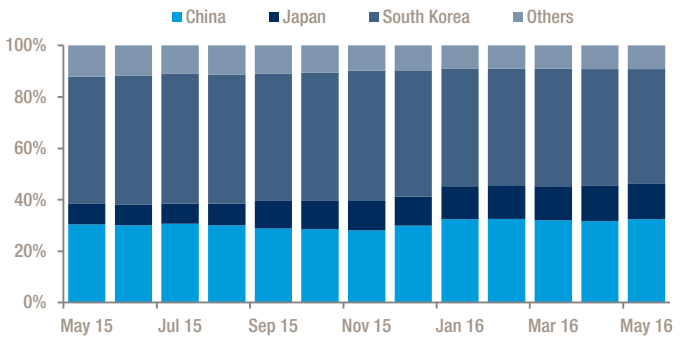
Despite some softening in newbuilding prices, new orders in the tanker market dried up this year because of tight credit availability and an expected supply glut in 2016-17. The fragile situation in the shipbuilding industry was exposed when the debt-ridden shipbuilder STX Offshore & Shipbuilding filed for court receivership after several attempts by creditors to revive the yard failed to yield any positive result. Drewry believes newbuilding prices can slide further as yards are expected to offer competitive prices to stay afloat in the current turmoil in the shipbuilding market.

TANKER ORDERBOOK (% OF THE FLEET)



Source: Drewry Maritime Research

ORDERBOOK BY BUILDER COUNTRY (% SHARE)



Source: Drewry Maritime Research

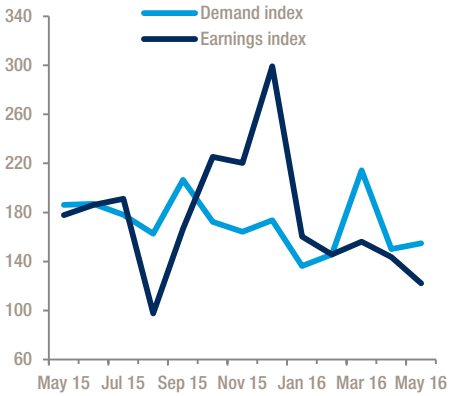
ASSET MARKET ACTIVITY ('000 DWT)

	May 15		2015		Mar 16		Apr 16		May 16		2016*	
Size ('000 dwt)	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*
New Orders												
10-25,000	2	25	39	808	8	140	2	37	8	88	**18**	**265**
25-40,000	0	0	20	688	0	0	0	0	2	80	2	80
40-55,000	0	0	74	3,702	1	50	0	0	0	0	**11**	**550**
55-80,000	3	141	31	2,297	0	0	0	0	0	0	0	0
80-120,000	0	0	91	10,306	1	104	4	456	0	0	**9**	**983**
120-200,000	3	310	51	8,005	4	546	0	0	0	0	**7**	**1,012**
200-320,000	12	1,660	46	14,198	0	0	0	0	2	640	**3**	**951**
320,000+	0	0	16	5,120	0	0	0	0	0	0	0	0
Total	**20**	**2,136**	**368**	**45,123**	**14**	**840**	**6**	**493**	**12**	**808**	**50**	**3,841**
Deliveries												
10-25,000	0	0	5	99	0	0	1	20	1	20	**6**	**222**
25-40,000	0	0	3	100	0	0	0	0	2	76	**5**	**175**
40-55,000	0	0	7	346	1	50	1	41	5	200	**12**	**992**
55-80,000	0	0	3	222	0	0	0	0	1	74	**3**	**220**
80-120,000	4	446	30	3,337	0	0	3	340	5	550	**15**	**1,998**
120-200,000	0	0	10	1,518	0	0	0	0	1	159	**2**	**474**
200-320,000	0	0	16	5,016	1	300	2	639	4	1,237	**13**	**4,924**
320,000+	0	0	2	641	0	0	0	0	0	0	**1**	**319**
Total	**4**	**446**	**76**	**11,280**	**2**	**350**	**7**	**1,040**	**19**	**2,316**	**57**	**9,325**
Demolitions												
10-25,000	0	0	12	195	0	0	0	0	1	21	**2**	**39**
25-40,000	3	99	17	543	0	0	0	0	1	39	**4**	**139**
40-55,000	0	0	5	221	1	41	4	171	1	46	**7**	**299**
55-80,000	1	70	8	543	0	0	0	0	0	0	**1**	**68**
80-120,000	1	97	3	288	1	90	0	0	1	98	**2**	**188**
120-200,000	0	0	0	0	0	0	0	0	0	0	**0**	**0**
200-320,000	0	0	1	285	0	0	0	0	0	0	**1**	**302**
320,000+	0	0	0	0	0	0	0	0	0	0	**0**	**0**
Total	**5**	**266**	**46**	**2,075**	**2**	**131**	**4**	**171**	**4**	**203**	**17**	**1,034**
Sale & Purchase												
10-25,000	4	49	66	989	0	0	10	127	3	45	**22**	**314**
25-40,000	0	0	42	1,509	0	0	0	0	1	37	**11**	**406**
40-55,000	8	379	115	5,565	1	47	11	475	2	93	**32**	**1,487**
55-80,000	4	287	21	1,518	0	0	2	148	0	0	**6**	**435**
80-120,000	9	1,010	63	6,930	7	743	7	745	0	0	**23**	**2,449**
120-200,000	1	150	47	7,276	0	0	0	0	9	1,354	**10**	**1,518**
200-320,000	6	1,883	46	1,401	0	0	0	0	3	906	**7**	**2,096**
320,000+	0	0	21	6,722	0	0	0	0	0	0	**2**	**640**
Total	**32**	**3,758**	**421**	**31,910**	**8**	**789**	**30**	**1,494**	**18**	**2,435**	**113**	**9,345**

** Year-to-date total*

Source: Drewry Maritime Research

VLCC DEMAND AND EARNINGS INDICES



Source: Drewry Maritime Research (Base Dec 09)

NIGERIAN SUPPLY DISRUPTIONS AFFECT RATES

West African VLCC shipments have gone down significantly because of supply disruptions in Nigeria, leading to freight rates softening on related routes. Although the demand for West African crude from Chinese teapot refineries is still strong, owners seem to be reluctant to employ their vessels on this route because of congestion at some Chinese ports.

On the other hand, VLCC chartering activity in the Arabian Gulf improved in May as Asian buyers increased their imports from Middle Eastern producers, following lower Nigerian output, which kept rates stable on TD3. With Iraq's production back to normal after port congestion, increasing exports from Iran and an additional influx from Saudi Arabia have added ample cargo to the market. However, the shift in trade from the West Africa-Asia route to Middle East-Asia will adversely affect tonne-mile demand for tankers with the shortening of voyage length. There was also a notable increase in VLCC activity on the AG-US route because of supply disruptions in Canada and declining US oil production. Drewry expects charter rates to soften slightly in the short term because of seasonal weakness in oil demand.

SPOT AND TIME CHARTER RATES (WS AND $/DAY)

	May 15		2015		Mar 16		Apr 16		May 16		2016*	
	WS	*TCE*	*WS*	*TCE*	*WS*	*TCE*	*WS*	*TCE*	*WS*	*TCE*	*WS*	*TCE*
AG - USG (TD1)	38	30,100	37	35,900	37	29,100	38	28,900	37	22,300	37	27,900
AG - SIN (TD2)	66	62,100	63	64,600	62	47,000	67	51,100	64	43,500	64	48,100
AG - JAP (TD3)	64	61,800	63	68,600	81	69,700	66	52,000	66	47,600	70	57,000
WAF - USG (TD4)	73	79,000	74	86,400	65	59,500	65	58,100	57	45,100	62	61,500
WAF - CH (TD15)	65	65,400	61	66,700	71	60,900	63	50,700	59	41,800	66	54,900
AG - NWE	46	33,100	40	-14,400	38	24,100	44	29,900	36	15,400	39	25,100
AG - RS	71		64	-	66	-	66	-	66		66	-
280k, 5yr old (1yr TC)		45,000		46,500		46,000		43,000		40,000		45,200
280k, 10yr old (1yr TC)		41,000		42,500		42,000		40,000		38,000		41,800
280k, 5yr old (3yr TC)		42,000		39,300		40,000		38,000		36,000		39,600

*Time charter rates and TCE are in $/day * Year-to-date average*

Source: Drewry Maritime Research

SPOT AND TIME CHARTER ACTIVITY ('000 TONNES)

	May 15	2015	Mar 16	Apr 16	May 16	2016*
AG/RS - Europe	3.1	17.6	3.6	0.8	0.8	9.1
AG/RS - Caribs/USES	2.5	32.8	4.8	0.6	3.1	13.8
AG/RS - Far East	9.2	105.1	11.9	9.0	8.4	43.7
AG/RS - SE Asia	12.9	154.7	16.4	12.4	10.8	58.2
AG/RS - Others	6.5	72.8	8.2	12.4	6.3	36.4
W Africa - Caribs/USES	-	0.6	-	1.7	-	1.7
W Africa - Europe	-	1.3	-	3.6	-	3.6
W Africa - Others	6.8	86.7	6.5	9.9	5.2	32.3
Others	8.6	93.4	5.7	10.1	2.1	33.4
Total	**49.6**	**569.4**	**57.1**	**63.3**	**41.2**	**236.7**
Time Charter ('000 dwt)	**1,192**	**29,932**	**3,657**	**1,206**	**1,810**	**9,464**

** Year-to-date total, Spot chartering activity in million tonnes*

Source: Drewry Maritime Research

ASSET PRICES ($ MILLION)

	May 15	2015	Mar 16	Apr 16	May 16	2016*
300k, K/Y^	96	96	92	91	90	92
300k, 5yr**	80	81	75	75	72	75
300k, 10yr**	51	54	54	54	52	54
250k, 15yr**	33	34	35	34	32	35
Scrap#	15	14	10	11	10	10

** Year-to-date average ^ NB price at Korean yard ** SH price # 37.7k LDT*

Source: Drewry Maritime Research

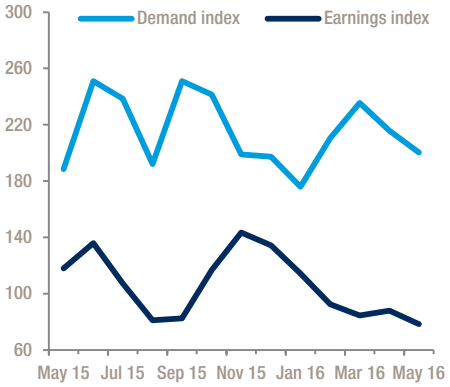
INTERNAL RATE OF RETURN

		May 16		
		NB	SH (5yr)	SH (10yr)
Asset price	*$m*	90	72	52
Op. Cost	*$/day*	12,120	12,120	12,120
Current T/C	*$/day*	40,000	40,000	38,000
Current IRR	*%*	13.68%	25.02%	39.91%
Sensitivity*	*%*	0.75%	1.76%	2.92%
T/C for 10% IRR	*$/day*	35,143	30,372	26,432

** Sensitivity is calculated basis T/C +/- $1,000/day*

Source: Drewry Maritime Research

SUEZMAX DEMAND AND EARNINGS INDICES



Source: Drewry Maritime Research (Base Dec 09)

DISRUPTIONS IN WEST AFRICA AFFECT SUEZMAXES

Freight rates in the Suezmax market declined in May on account of weak tonnage demand in the key loading region of West Africa. Cargo availability in this region remained low during the month because of a sharp decline in crude oil production in Nigeria. Disruptions to oil pipelines by militants have resulted in a decline of about 0.5 mbpd in Nigeria's oil production since the beginning of 2016. Although supply disruptions in Canada forced US refiners to increase imports from other regions, they left out West Africa as there was uncertainty of cargo availability because of supply glitches. As a result, freight rates on the benchmark TD5 route (WA–Caribs/USES) declined sharply during the month.

Although Middle Eastern exports to Asia and Europe will increase on the back of supply problems in Nigeria, charterers will prefer VLCCs for long voyages. With Nigerian production expected to decline further, most owners will prefer to move to other regions. Suezmax rates are expected to soften further on all major routes as the market will be oversupplied with less availability of cargo. It is likely that the Suezmax market will move to the Black Sea as replacement for West African trade.

SPOT AND TIME CHARTER RATES (WS AND $/DAY)

	May 15		2015		Mar 16		Apr 16		May 16		2016*	
	WS	*TCE*	*WS*	*TCE*	*WS*	*TCE*	*WS*	*TCE*	*WS*	*TCE*	*WS*	*TCE*
WA-Caribs/USES (TD5)	94	46,500	81	40,900	74	28,900	77	29,700	68	22,900	75	29,100
Med-Med (TD6)	99	50,700	92	48,600	79	27,300	78	26,000	76	23,100	86	31,500
WA-Europe (TD20)	90	42,100	82	40,108	80	32,800	84	34,300	81	30,800	82	33,800
AG-East	101	-	92	-	107	-	105	-	68	-	100	-
Med-NW Europe	88	40,200	89	46,300	77	29,700	81	31,700	80	29,200	86	35,800
NW Europe-Caribs/USES	68	-	61	-	-	-	71	-	78		76	-
NW Europe-NW Europe	93	-	85	-	102	-	89	-	103		100	-
150k, 5yr old (1yr TC)		33,500		34,700		33,000		29,500		28,500		33,000
150k, 10yr old (1yr TC)		30,500		31,300		30,000		28,000		27,500		30,100
150k, 5yr old (3yr TC)		29,000		28,400		32,000		27,500		27,000		30,100

*Time charter rates and TCE are in $/day * Year-to-date average*

Source: Drewry Maritime Research

SPOT AND TIME CHARTER ACTIVITY ('000 TONNES)

	May 15	2015	Mar 16	Apr 16	May 16	2016*
AG/RS - Europe	1.5	20.3	2.8	2.7	2.2	12.9
AG/RS - Far East	0.7	6.6	1.1	0.9	0.1	3.3
AG/RS - SE Asia	0.3	6.5	0.9	0.4	0.3	2.4
Caribs/USES	1.0	10.9	0.5	0.6	0.3	3.2
Med-Med	0.4	12.2	0.9	0.9	1.2	4.4
W Africa - NW Europe	3.8	62.5	4.8	3.6	3.8	20.4
W Africa - Caribs/USES	0.9	16.7	1.3	1.7	1.3	6.7
NW Europe-Caribs/USES	0.5	12.1	0.9	0.5	1.6	3.9
Others	16.5	216.9	18.8	18.0	16.4	68.6
Total	**25.6**	**364.7**	**32.0**	**29.3**	**27.2**	**125.8**
Time Charter ('000 dwt)	**974**	**10,264**	**947**	**795**	**954**	**3,328**

** Year-to-date total, Spot chartering activity in million tonnes*

Source: Drewry Maritime Research

ASSET PRICES ($ MILLION)

	May 15	2015	Mar 16	Apr 16	May 16	2016*
160k, K/Y^	65	65	62	61	60	62
160k, 5yr**	59	60	57	56	53	57
160k, 10yr**	39	40	41	40	38	40
160k, 15yr**	29	30	25	24	21	24
Scrap#	11	9	7	8	7	8

** Year-to-date average ^ NB price at Korean yard ** SH price # 27k LDT*

Source: Drewry Maritime Research

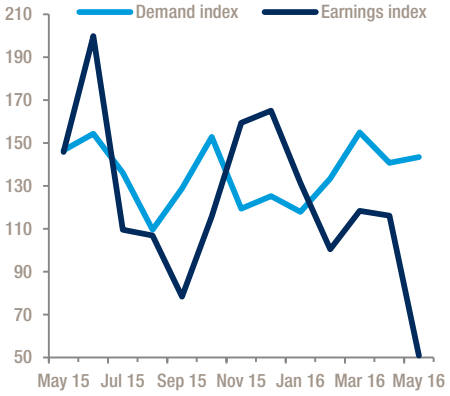
INTERNAL RATE OF RETURN

		May 16		
		NB	SH (5yr)	SH (10yr)
Asset price	*$m*	60	53	38
Op. Cost	*$/day*	10,740	10,740	10,740
Current T/C	*$/day*	28,500	28,500	27,500
Current IRR	*%*	12.71%	18.66%	31.46%
Sensitivity*	*%*	1.13%	2.17%	3.76%
T/C for 10% IRR	*$/day*	26,112	24,210	21,237

** Sensitivity is calculated basis T/C +/- $1,000/day*

Source: Drewry Maritime Research

AFRAMAX DEMAND AND EARNINGS INDICES



Source: Drewry Maritime Research (Base Dec 09)

AFRAMAX ACTIVITY HIGH ON SEASONAL DEMAND

Aframax demand improved slightly in May, with increased activity in the Mediterranean, Caribs and Arabian Gulf. However, increased activity failed to push freight rates higher because of ample tonnage availability and more competition with Suezmax vessels.

Barring the intra-Med route, rates on most routes softened during the month. Since there was ample cargo in the Med, rates on the intra-Med route surged to WS108 from WS88 in April. Activity in the Caribs remained strong as supply disruptions in Canada resulted in increased US imports from the region, but this firmness in tonnage demand might be short-lived.

Although improved refinery activity in Europe supported chartering activity in the region, a port workers' strike in France capped tonnage demand. However, once this issue is resolved, tonnage demand in the Caribs might increase significantly. Weak tonnage demand in West Africa on account of supply disruptions in Nigeria indicates that Suezmaxes will move out of the region to seek employment elsewhere, forcing Aframax vessels to compete for cargo. However, in the intra-Med trade, Aframax will continue to dominate.

SPOT AND TIME CHARTER RATES (WS AND $/DAY)

	May 15		2015		Mar 16		Apr 16		May 16		2016*	
	WS	*TCE*	*WS*	*TCE*	*WS*	*TCE*	*WS*	*TCE*	*WS*	*TCE*	*WS*	*TCE*
Baltic-UK Cont (TD17)	92	25,000	92	28,700	82	26,400	89	30,300	81	23,600	87	29,400
Med-Med (TD19)	118	37,100	108	35,000	108	26,700	88	17,600	108	24,600	101	23,700
NW Europe-NW Europe (TD7)	125	52,400	111	44,500	113	42,800	111	40,900	103	34,100	108	39,500
Caribs-USES (TD9)	111	21,600	134	34,100	120	21,100	120	20,500	106	16,500	114	21,500
AG-East (TD8)	125	37,700	118	38,100	130	33,100	120	29,000	89	16,300	117	28,300
EC Mexico-USES	115	-	139	-	104	-	117	-	104		115	-
Med-NW Europe	108	-	107	-	96	-	83	-	80		91	-
Indonesia-Far East	112	-	110	-	165	-	119	-	90		122	-
95k, 5yr old (1yr TC)		25,000		26,300		26,000		25,000		24,000		26,700
95k, 10yr old (1yr TC)		23,250		24,400		24,000		23,000		22,000		24,300
95k, 5yr old (3yr TC)		23,000		22,800		25,000		23,000		22,000		24,100

*Time charter rates and TCE are in $/day * Year-to-date average*

Source: Drewry Maritime Research

SPOT AND TIME CHARTER ACTIVITY ('000 TONNES)

	May 15	2015	Mar 16	Apr 16	May 16	2016*
AG/RS - Caribs/USES	-	0.3	-	-	0.2	0.2
AG/RS - Far East	1.2	8.9	1.0	0.5	0.6	4.2
AG/RS - SE Asia	0.2	2.5	0.6	0.4	0.3	2.6
AG/RS - Others	3.0	28.8	2.5	2.8	2.9	12.5
Caribs-USES	0.4	3.7	0.6	0.7	1.1	3.1
EC Mexico-USES	0.1	0.3	0.4	0.4	0.6	1.6
Med-Med	6.1	54.6	5.8	5.1	5.7	27.0
WA-Europe	-	0.4	0.1	-	-	0.1
NW Europe-NW Europe	5.6	62.5	5.5	5.1	5.3	25.9
Others	11.5	105.4	13.2	6.4	10.8	63.0
Total	**28.1**	**267.4**	**29.7**	**21.4**	**27.5**	**126.8**
Time Charter ('000 dwt)	**1,525**	**9,603**	**2,073**	**1,403**	**2,057**	**7,490**

** Year-to-date total, Spot chartering activity in million tonnes*

Source: Drewry Maritime Research

ASSET PRICES ($ MILLION)

	May 15	2015	Mar 16	Apr 16	May 16	2016
95k, K/Y^	53	54	50	50	50	50
95k, 5yr**	45	39	45	41	39	43
95k, 10yr**	29	25	36	31	27	34
95k, 15yr**	19	20	20	18	17	20
Scrap#	9	10	6	7	6	6

** Year-to -date average ^ NB price at Korean yard ** SH price # 22k LDT*

Source: Drewry Maritime Research

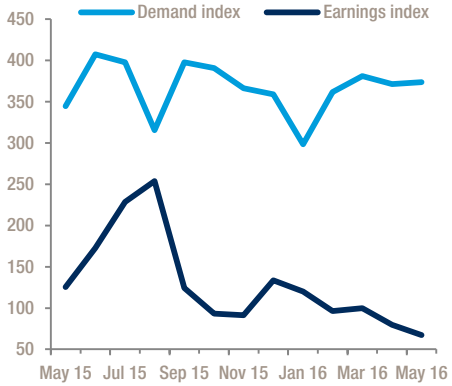
INTERNAL RATE OF RETURN

		May 16		
		NB	SH (5yr)	SH (10yr)
Asset price	*$m*	50	39	27
Op. Cost	*$/day*	9,530	9,530	9,530
Current T/C	*$/day*	24,000	24,000	22,000
Current IRR	*%*	12.25%	22.88%	7.66%
Sensitivity*	*%*	1.36%	3.14%	1.08%
T/C for 10% IRR	*$/day*	22,352	19,438	16,951

** Sensitivity is calculated basis T/C +/- $1,000/day*

Source: Drewry Maritime Research

LR DEMAND AND EARNINGS INDICES



Source: Drewry Maritime Research (Base Dec 09)

US GASOLINE DEMAND KEEPS FREIGHT RATES FIRM

Rates and activity in the LR segments remained firm in May, with the seasonal increase in US gasoline demand, compounded by wildfires in Canada. This necessitated increased imports as it affected refinery throughputs in the US mid-continent. LR demand also remained firm in the Middle East with a good mixture of eastbound naphtha and westbound distillate cargoes.

LR rates are expected to move southwards because of rising supply of vessels, slowing naphtha imports by Asian countries on ample domestic naphtha production and decreasing demand for local petrochemical manufacturing, which will affect long-haul imports. Though companies such as Shell, Vitol and Total have chartered a few LRs in June to move gasoil and jet fuel from the Middle East and South Korea to Europe, the demand is sporadic and not incremental to the usual volumes moving on these routes.

The economics of storing oil products on tankers also seems less viable – even though the stored fuel is not sold, traders will shift the cargoes to onshore tanks since it is cheaper to hold the fuel on land.

SPOT AND TIME CHARTER RATES (WS AND $/DAY)

	May 15		2015		Mar 16		Apr 16		May 16		2016*	
	WS	*TCE*	*WS*	*TCE*	*WS*	*TCE*	*WS*	*TCE*	*WS*	*TCE*	*WS*	*TCE*
AG - Japan (LR2) (TC1)	104	31,300	107	36,800	97	23,700	87	19,500	86	16,600	96	22,700
AG - Japan (LR1) (TC5)	119	19,100	118	22,500	114	16,400	100	12,500	102	10,500	108	14,500
Caribs-USAC (TD21)(Dirty)	111	17,000	139	28,533	120	21,100	120	20,500	115	13,700	128	17,500
NW Europe-Caribs (TD12) (Dirty)	123	22,600	122	26,067	123	24,400	104	18,400	104	16,500	98	17,200
Med-Caribs/USES(Dirty)	120	-	123		98	-	110	-	-	-	109	-
Med-Med(Dirty)	125	-	138		120	-	114	-	-	-	120	-
EC Mexico-USES(Dirty)	0	-	146		104	-	117	-	104	-	118	-
75k, 5yr old (1yr TC)		20,500		21,900		22,000		20,500		19,500		22,000
75k, 10yr old (1yr TC)		16,500		18,100		19,000		18,000		17,500		18,900
75k, 5yr old (3yr TC)		18,500		16,800		17,000		16,500		16,000		17,100

*Time charter rates and TCE are in $/day * Year-to-date average*

Source: Drewry Maritime Research

SPOT AND TIME CHARTER ACTIVITY ('000 TONNES)

	May 15	2015	Mar 16	Apr 16	May 16	2016*
AG- East	3.4	39.2	2.2	2.0	1.5	8.5
AG-Europe	0.9	12.5	0.6	0.3	0.2	1.8
Caribs-USES	-	-	-	-	-	-
Med-Caribs/USES	0.1	0.9	-	-	-	-
Med-Med	-	0.2	0.1	0.1	0.2	0.4
NW Europe-Caribs/USES	0.2	1.6	0.2	0.3	0.1	0.8
Others	9.6	115.9	5.1	4.8	6.4	28.5
Total	**14.2**	**170.3**	**8.2**	**7.5**	**8.4**	**38.5**
Time Charter ('000 dwt)	**224**	**2,956**	**641**	**288**	**425**	**2,071**

**Year-to-date total, Spot chartering activity in million tonnes*

Source: Drewry Maritime Research

ASSET PRICES ($ MILLION)

	May 15	2015	Mar 16	Apr 16	May 16	2016*
75k, K/Y^	45	45	43	43	43	43
75k, 5yr**	34	35	34	34	33	34
75k, 10yr**	24	25	24	24	23	24
75k, 15yr**	16	16	16	16	14	16
Scrap#	6	6	4	5	4	4

** Year-to-date average ^ NB price at Korean yard ** SH price # 16k LDT*

Source: Drewry Maritime Research

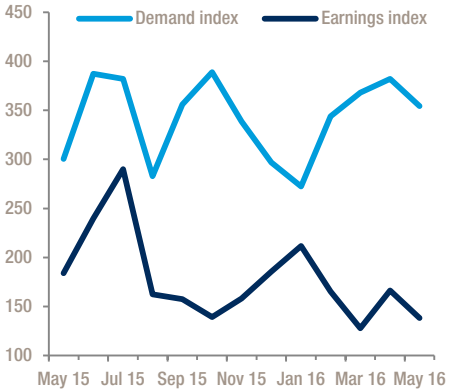
INTERNAL RATE OF RETURN

		May 16		
		NB	SH (5yr)	SH (10yr)
Asset price	*$m*	43	33	23
Op. Cost	*$/day*	8,750	8,750	8,750
Current T/C	*$/day*	19,500	19,500	17,500
Current IRR	*%*	9.50%	17.48%	22.88%
Sensitivity*	*%*	1.62%	3.43%	5.80%
T/C for 10% IRR	*$/day*	19,806	17,175	15,142

** Sensitivity is calculated basis T/C +/- $1,000/day*

Source: Drewry Maritime Research

MR DEMAND AND EARNINGS INDICES



Source: Drewry Maritime Research (Base Dec 09)

LABOUR STRIKES IN FRANCE HAVE MIXED IMPACT

Freight rates and chartering activity for both MR1 and MR2 tankers softened in May on seasonal weakness in tonnage demand and high vessel supply. Labour strikes in France slowed down the MR tanker activity in Northwest Europe as it halted operations of the marine terminals and fuel depots in the country. However, activity will increase once the labour issues are resolved.

Weak industrial activity and high onshore storage kept diesel demand weak during the month, hurting MR chartering activity. However, in Asia-Pacific, rising exports of refined products from China supported MR demand as high teapot refinery throughput forced state-owned refiners to export products mainly to Asian countries.

Rates as well as activity for MR tankers are likely to soften further in coming months as small impetuses wane and tonnage demand slows down. Drewry believes that only a strong surge in products demand in the fourth quarter will lead to some gains in MR freight rates. Until then, the rates are expected to remain moderate.

SPOT AND TIME CHARTER RATES (WS AND $/DAY)

	May 15		2015		Mar 16		Apr 16		May 16		2016*	
	WS	*TCE*	*WS*	*TCE*	*WS*	*TCE*	*WS*	*TCE*	*WS*	*TCE*	*WS*	*TCE*
Caribs-USAC	131	18,500	131	20,400	143	20,500	121	16,000	115	13,700	128	17,500
NW Europe-Caribs (TC2_37)	158	19,000	138	16,800	100	11,300	111	13,000	119	13,400	118	14,700
US Gulf-NW Europe (TC14)	104	5,900	100	8,325	110	13,200	110	12,800	84	6,600	102	11,400
Med-Med (TC6)	142	15,200	162	21,050	131	11,900	173	18,000	142	12,400	154	15,400
Med-NW Europe	151	11,000	158	14,542	129	9,000	160	12,900	130	7,800	144	11,000
NW Europe-NW Europe	187	-	171	-	125	-	126	-	128	-	141	-
Singapore-East	149	14,000	133	13,442	131	9,800	131	9,500	130	8,500	131	9,600
45k, 5yr old (1yr TC)		17,000		17,400		17,500		17,000		16,500		17,500
45k, 10yr old (1yr TC)		15,000		15,800		16,500		16,500		16,000		16,600
45k, 5yr old (3yr TC)		15,750		14,800		15,000		15,000		14,500		15,300
30k, 5yr old (1yr TC)		14,500		15,000		16,000		16,000		14,500		15,700
30k, 10yr old (1yr TC)		11,000		11,500		12,500		12,500		12,000		12,400
30k, 5yr old (3yr TC)		13,250		9,700		10,000		10,000		10,000		10,000

*Time charter rates and TCE are in $/day * Year-to-date average*

Source: Drewry Maritime Research

SPOT AND TIME CHARTER ACTIVITY ('000 TONNES)

	May 15	2015	Mar 16	Apr 16	May 16	2016*
Med-Med	2.2	35.5	2.7	3.9	2.8	14.5
Med-NW Europe	0.1	2.0	0.5	0.3	0.2	1.3
NW Europe-NW Europe	1.6	16.8	2.5	2.9	1.6	11.6
Caribs-USES	0.5	4.2	0.5	0.3	0.3	1.6
Singapore-FE/SEA	0.5	4.1	0.4	0.6	0.7	2.2
AG-East	0.6	4.2	0.5	0.6	0.5	2.2
AG- Europe	-	2.4	0.2	0.3	0.2	1.2
Others	11.8	145.9	13.9	7.3	14.1	58.7
Total	**17.3**	**215.1**	**21.2**	**16.2**	**20.4**	**93.3**
Time Charter ('000 dwt)	**535**	**5,388**	**1,200**	**563**	**1,032**	**4,020**

**Year-to-date total, Spot chartering activity in million tonnes*

Source: Drewry Maritime Research

ASSET PRICES ($ MILLION)

	May 15	2015	Mar 16	Apr 16	May 16	2016*
30k, K/Y^	33	32	31	31	31	31
50k, K/Y*	37	36	34	34	33	34
30k, 5yr**	19	19	20	19	18	19
30k, 10yr**	11	11	11	11	10	11
45k, 5yr**	25	26	27	27	26	27
45k, 10yr**	16	17	18	18	17	18
50k, 15yr**	11	11	13	12	11	12
Scrap#	5	5	3	4	3	3

** Year-to-date average ^ NB price at Korean yard ** SH price # 12.7k LDT*

Source: Drewry Maritime Research

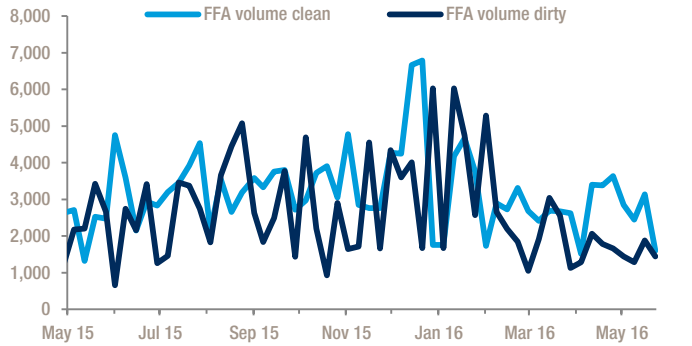
INTERNAL RATE OF RETURN

		May 16		
		NB	SH (5yr)	SH (10yr)
Asset price	*$m*	33	26	17
Op. Cost	*$/day*	8,540	8,540	8,540
Current T/C	*$/day*	16,500	16,500	16,000
Current IRR	*%*	19.37%	15.21%	30.72%
Sensitivity*	*%*	0.48%	4.19%	8.35%
T/C for 10% IRR	*$/day*	12,676	15,202	13,276

** Sensitivity is calculated basis T/C +/- $1,000/day*

Source: Drewry Maritime Research

WEEKLY FFA VOLUMES (NO. OF CONTRACTS)



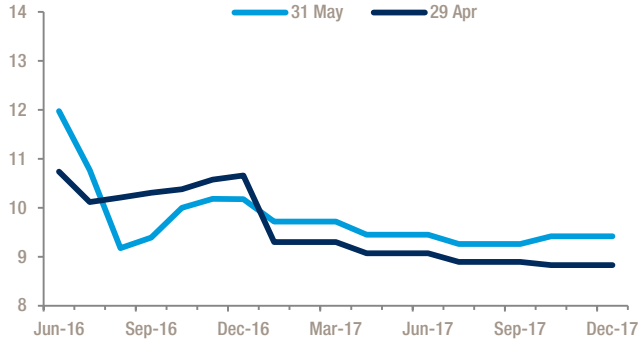
Source: Drewry Maritime Research

RATES REMAIN STABLE IN FFA MARKET

The FFA market was lacklustre in May, with a decline in trading volumes for both clean and dirty tanker routes. Forward rates remained almost unchanged for the Aframax (TD7) and Suezmax (TD17) routes at the previous month's levels. Although the average spot rate for the TD3 route remained unchanged during the month, forward rates for short-term contracts declined slightly, whereas long-term contracts inched slightly higher. The downward slope in the forward curve reflects the bearish outlook for the dirty tanker market, following the expected surge in supply in 2016-17.

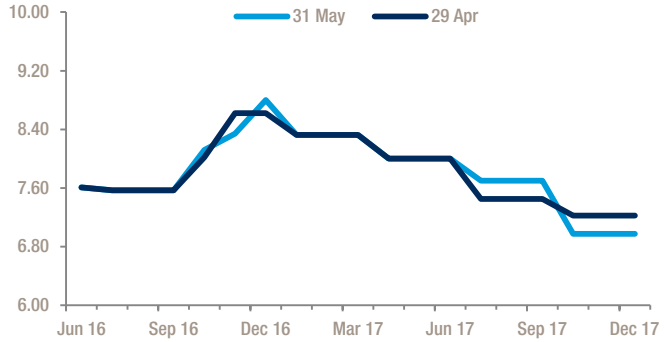
In the clean tanker market, despite some firmness in spot rates on the front-haul Transatlantic route because of strong gasoline demand in the US, the TC2 forward curve shifted downwards, reflecting overall weakness in the product tanker market.

VLCC TD3 FORWARD CURVE ($/TONNE)



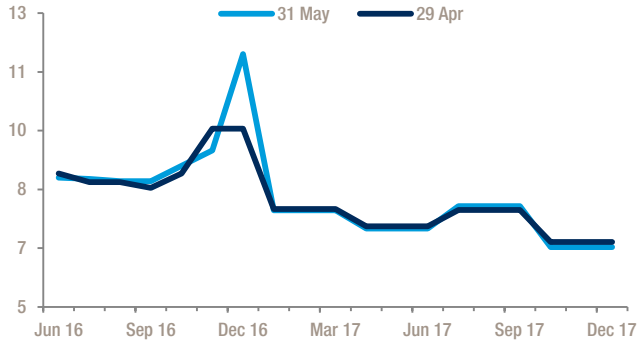
Source: Drewry Maritime Research

SUEZMAX TD17 FORWARD CURVE ($/TONNE)



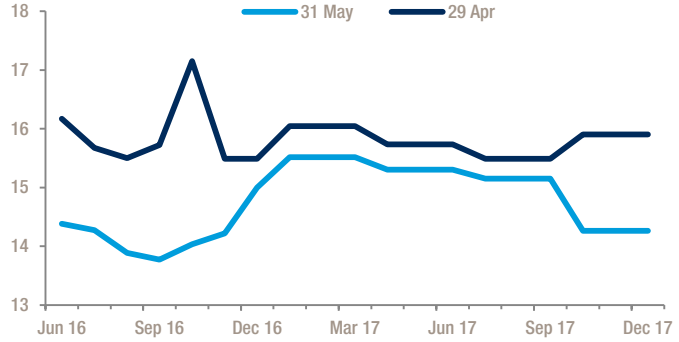
Source: Drewry Maritime Research

AFRAMAX TD7 FORWARD CURVE ($/TONNE)



Source: Drewry Maritime Research

MR TC2 FORWARD CURVE ($/TONNE)



Source: Drewry Maritime Research

FORWARD FREIGHT AGREEMENTS (FFA)

	AG-Japan	North Sea-Cont	AG-Japan	Cont-USAC	Algeria-Cont/Med
	(260,000 tonnes)	*(80,000 tonnes)*	*(55,000 tonnes)*	*(37,000 tonnes)*	*(30,000 tonnes)*
Jun-16	55	94	94	102	107
Jul-16	51	93	94	108	106
2Q16	55	94	94	102	107
3Q16	52	93	93	109	104
4Q16	53	104	110	111	107
Cal 2017	*48*	*95*	*80*	*118*	*112*
Cal 2018	*47*	*100*	*79*	*116*	*114*

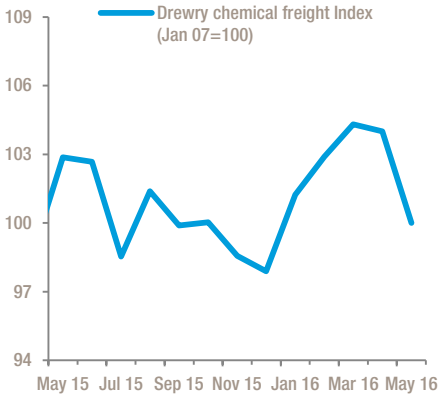
Estimates as of 31 May 2016, FFA rates in WS

Source: Drewry Maritime Research

Chemical

- Heavy ordering to put downward pressure on rates
- El Niño effect to weigh on Southeast Asian routes
- China to increase imports against the backdrop of G-20 summit
- 10,000-25,000 dwt range is still popular in chemical market

DREWRY CHEMICAL FREIGHT INDEX



Source: Drewry Maritime Research

SPOT RATES FALL ON ALL MAJOR TRADE ROUTES

Freight rates out of the US slowed down with less demand but increased vessel supply owing to the weak CPP market in the Atlantic basin.

Rates on all major routes from the Middle East softened on the back of limited activity and surplus available space.

With heavy plant shutdowns in Asia, freight rates on intra-Asia routes remained weak during the month.

Vegoil exports from South America remained strong. However, the decrease in palm oil production caused by El Niño led to vessel oversupply in Southeast Asia. As a result, vegoil freight rates from Southeast Asia are expected to weaken over the next three months.

Petrochemical plants in major cities in east China must either reduce production or shut down from late August, which is about two weeks before the G20 summit at Hangzhou City in Zhejiang province. We expect China to import more chemical products over the next two months to build up stock.

Weak freight rates in both CPP and chemical shipping markets caused time charter rates to fall for all segments during the month.

CHEMICAL MARKET SUMMARY

		May 15	2015	Mar 16	Apr 16	May 16	2016*
Fleet (end-period)							
No. of vessels		4,170	4,226	4,265	4,281	4,281	4,281
Capacity	'000 dwt	92,902	96,808	98,453	99,138	99,497	99,497
Growth (y-o-y)	*% capacity*	*3.1%*	*4.0%*	*5.1%*	*6.8%*	*7.1%*	*7.1%*
Orderbook (end-period)							
No. of vessels		436	414	398	374	392	392
Capacity	'000 dwt	14,972	13,949	12,858	12,120	12,369	12,369
% fleet	*% capacity*	*16.8%*	*14.4%*	*13.1%*	*12.2%*	*12.4%*	*12.4%*
Spot rates (period average, $/tonne)							
Transatlantic-Eastbound	*5,000 easy*	62.0	59.0	66.0	65.0	59.0	63.0
Transatlantic-Westbound	*5,000 easy*	46.0	45.0	39.0	38.0	38.0	39.0
Transpacific-Westbound	*5,000 easy*	73.7	70.0	84.0	88.5	85.0	84.0
Far East-NW Europe	*5,000 easy*	104.0	106.0	100.5	99.5	96.0	99.0
Transactions (total)							
Deliveries	'000 dwt	629	7,409	336	525	566	2,780
New orders	'000 dwt	-	3,634	106	109	463	1,086
Sales	'000 dwt	50	5,435	160	256	203	1,837
Demolition	'000 dwt	154	896	-	39	131	268

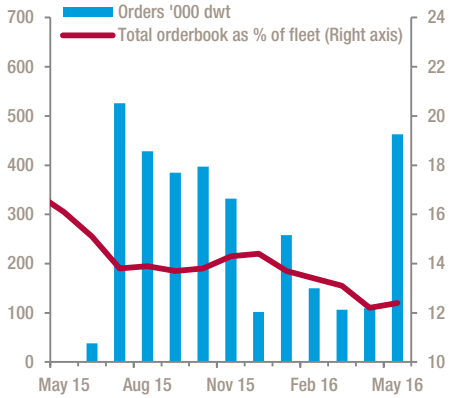
** YTD Source: Drewry Maritime Research*

REPRESENTATIVE SPOT RATES ($/TONNE)

	May 15	2015	Mar 16	Apr 16	May 16	2016*
Transatlantic eastbound						
1,000 sus	86.3	84.0	94.0	95.0	89.0	92.0
3,000 easy	68.0	68.0	75.5	75.5	69.0	73.0
5,000 easy	62.0	59.0	66.0	65.0	59.0	63.0
Transatlantic westbound						
1,000 sus	90.7	88.0	86.0	80.0	79.0	85.0
3,000 easy	60.6	58.0	50.0	48.0	47.0	50.0
5,000 easy	46.0	45.0	39.0	38.0	38.0	39.0
Transpacific westbound						
1,000 sus	117.4	113.0	126.0	127.0	125.0	124.0
3,000 easy	83.0	79.0	96.5	102.5	99.0	96.0
5,000 easy	73.7	70.0	84.0	88.5	85.0	84.0
Far East-NW Europe						
5,000 easy	104.0	106.0	100.5	99.5	96.0	99.0

** YTD Source: Drewry Maritime Research*

CHEMICAL ORDERBOOK (% OF FLEET)



Source: Drewry Maritime Research

HEAVY ORDERING PUTS PRESSURE ON RATES

The chemical market registered heavy ordering with 27 vessels ordered during the month. Vessels ordered will add 4.6 million dwt to existing capacity by 2018. This does not bode well for the market, as it is already facing oversupply.

Meanwhile, 15 vessels were delivered, of which seven belonged to the 40,000-60,000 dwt segment, which are likely to act as swing candidates. 39 out of 76 vessels ordered so far this year and 145 out of 392 vessels in the orderbook belonged to the above category. This only shows that owners are wary of the future of the chemical market, and will trade in the CPP market whenever favourable.

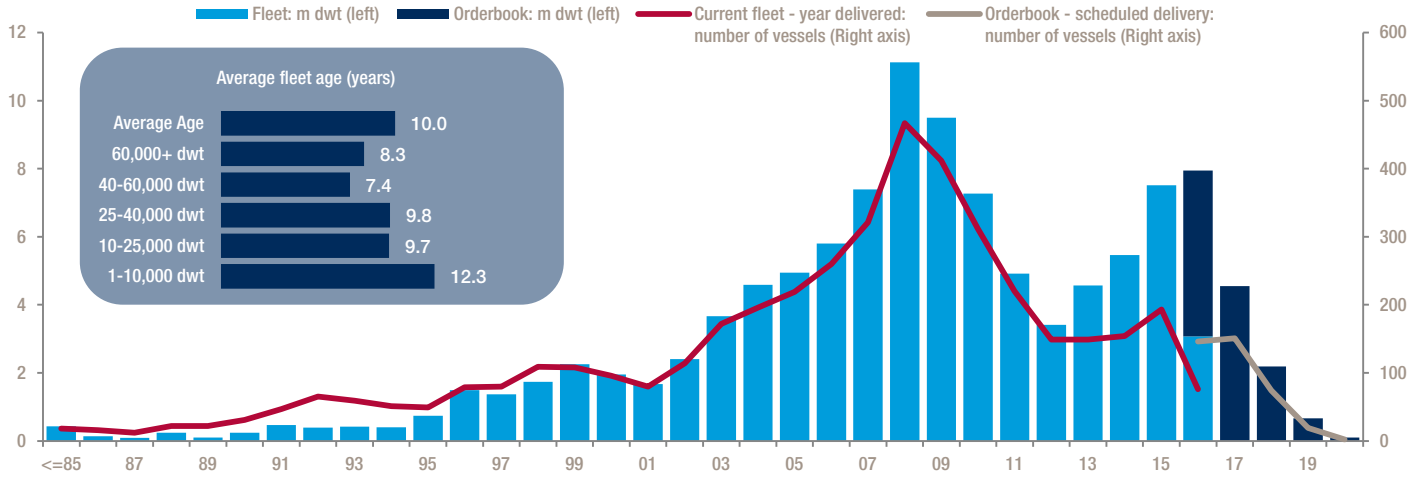
Nine vessels changed ownership as younger vessels were earning higher premiums. The smaller category (10,000-25,000 dwt) is still popular in the sale-and-purchase market, which means the chemical market is still active. The fleet averages 10 years of age, which is not very old, so we are not expecting too many vessels to be scrapped in the near future. However, six vessels and 131,000 dwt were scrapped from existing tonnage. At the end of May, the chemical fleet stood at 4,281 vessels with 99.5 million dwt, a growth of 7.1% on a year ago.

CHEMICAL TANKER FLEET ('000 DWT)

	May 15		2015		Feb 16		Mar 16		Apr 16		May 16	
Size (dwt)	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*
1-10,000	1,535	8,249	1,500	8,078	1,494	8,066	1,497	8,076	1,496	8,063	1,489	8,042
10,000-25,000	1,100	17,242	1,107	17,400	1,115	17,553	1,118	17,609	1,123	17,694	1,123	17,716
25,000-40,000	530	18,469	549	19,164	556	19,424	556	19,410	556	19,414	558	19,496
40,000-60,000	969	46,199	1,034	49,422	1,055	50,449	1,058	50,613	1,070	51,218	1,075	51,493
60,000 +	36	2,744	36	2,744	36	2,744	36	2,744	36	2,750	36	2,750
Total	**4,170**	**92,902**	**4,226**	**96,808**	**4,256**	**98,236**	**4,265**	**98,453**	**4,281**	**99,138**	**4,281**	**99,497**

Source: Drewry Maritime Research

CHEMICAL FLEET AGE PROFILE (MILLION DWT)



Source: Drewry Maritime Research

FOR MORE DETAILS AND OTHER MARKETS

Learn more

CHEMICAL TANKER ORDERBOOK SCHEDULE ('000 DWT)

	2016		2017		2018		2019		2020		Total		% of Fleet
Size (dwt)	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*	
1-10,000	24	112	14	80	6	39	0	0	0	0	44	231	2.9%
10,000-25,000	25	419	51	892	31	549	6	117	0	0	113	1,977	11.2%
25,000-40,000	31	986	38	1,178	13	411	6	195	0	0	88	2,770	14.2%
40,000-60,000	64	3,208	48	2,394	24	1,190	7	350	2	100	145	7,242	14.1%
60,000 +	2	148	-	-	0	0	0	0	0	0	2	148	5.4%
Total	**146**	**4,872**	**151**	**4,544**	**74**	**2,189**	**19**	**662**	**2**	**100**	**392**	**12,369**	**12.4%**

Source: Drewry Maritime Research

CHEMICAL CHARTER RATES – IMO 2/3 FULLY STAINLESS STEEL VESSELS ($/DAY)

Size (dwt)	Age *(yrs)*	May 15	2015 Avg	Mar 16	Apr 16	May 16	2016* Avg
6,000	*0-10*	9,000	9,100	9,300	9,100	9,000	9,150
9,000	*0-10*	9,200	9,300	9,500	9,400	9,300	9,400
12,000	*0-10*	12,200	12,300	12,700	12,500	12,000	12,500
22,000	*0-10*	15,300	15,500	16,250	16,000	15,800	16,000
30,000	*0-10*	23,000	23,000	23,400	23,200	22,700	23,100
37,000	*0-10*	26,800	26,700	26,800	26,600	26,000	26,500

Estimated representative time charter rates (tce) are based on a 12-month period with prompt delivery in $ per day or sailed in time charter equivalent on today's market, assuming that the vessel is operated by an owner/operator with contractual requirements representing at least 50% of its business. All figures have been rounded off to the nearest 100

Source: Drewry Maritime Research

CHEMICAL NEWBUILDING PRICES – IMO 2 STAINLESS ($ MILLION)

Size (dwt)	May 15	2015 Avg	Mar 16	Apr 16	May 16	2016* Avg
6,000	17.5	17.5	16.5	16.0	16.0	16.5
9,000	23.5	23.5	22.5	22.0	22.0	22.5
12,000	28.0	28.0	27.0	26.5	26.5	27.0
24,000	36.5	37.0	36.0	35.5	35.5	35.5
37,000	55.0	55.5	51.0	50.0	50.0	50.5
45,000	75.0	71.5	65.0	64.0	64.0	64.5

*Values are averages of the highs and lows during the time period across the size range * YTD*

Source: Drewry Maritime Research

CHEMICAL SECOND-HAND PRICES – IMO 2 STAINLESS ($ MILLION)

Size (dwt)	May 15	2015 Avg	Mar 16	Apr 16	May 16	2016* Avg
6,000	7.0	7.0	6.5	6.5	6.5	6.5
9,000	9.0	9.0	9.0	9.0	9.0	9.0
12,000	11.0	11.0	11.5	12.0	12.0	11.5
24,000	22.0	22.0	23.0	23.0	23.0	22.5
37,000	36.0	36.0	36.0	36.0	36.0	35.5
45,000	40.0	40.0	40.0	40.0	40.0	39.5

*10-year old second-hand vessels Values are averages of the highs and lows during the time period across the size range *YTD*

Source: Drewry Maritime Research

CHEMICAL NEWBUILDING PRICES – IMO 2 COATED ($ MILLION)

Size (dwt)	May 15	2015 Avg	Mar 16	Apr 16	May 16	2016* Avg
6,000	14.5	14.0	13.0	12.5	12.5	12.5
9,000	18.5	17.5	16.5	16.0	16.0	16.5
12,000	20.5	20.0	20.0	19.5	19.5	19.5
18,000	25.5	25.0	26.0	25.5	25.5	25.5
24,000	28.0	27.5	27.0	26.5	26.5	26.5
37,000	31.0	30.5	32.0	31.5	31.5	31.5

*Values are averages of the highs and lows during the time period across the size range *YTD*

Source: Drewry Maritime Research

CHEMICAL SECOND-HAND PRICES – IMO 2 COATED ($ MILLION)

Size (dwt)	May 15	2015 Avg	Mar 16	Apr 16	May 16	2016* Avg
6,000	5.5	5.5	5.5	5.5	5.5	5.0
9,000	7.5	8.0	7.5	7.5	7.5	7.5
12,000	9.5	9.0	9.0	9.0	9.0	8.5
18,000	12.0	12.0	12.5	12.5	12.5	12.5
24,000	4.5	14.5	15.0	15.0	15.0	15.0
37,000	16.0	15.5	17.5	17.5	17.5	17.5

*10-year old second-hand vessels Values are averages of the highs and lows during the time period across the size range * YTD*

Source: Drewry Maritime Research

CHEMICAL ASSET MARKET ACTIVITY

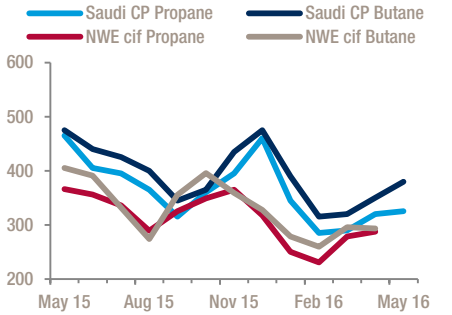
	May 15		2015		Mar 16		Apr 16		May 16		2016*	
Size ('000 dwt)	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*
New Orders												
1-10	0	0	6	21	7	45	0	0	5	31	18	117
10-25	0	0	37	724	1	12	4	74	18	252	33	504
25-40	0	0	28	883	0	0	1	35	0	0	1	35
40-60	0	0	40	2,006	1	50	0	0	4	180	9	430
60+	0	0	0	0	0	0	0	0	0	0	0	0
Total	**0**	**0**	**111**	**3,634**	**9**	**106**	**5**	**109**	**27**	**463**	**61**	**1,086**
Deliveries												
1-10	0	0	16	87	2	5	1	1	1	2	**7**	**23**
10-25	1	7	28	497	3	56	2	40	3	67	**16**	**323**
25-40	3	56	42	1,504	1	25	1	38	4	149	**14**	**501**
40-60	1	22	107	5,321	5	250	9	446	7	348	**39**	**1,933**
60+	4	145	0	0	0	0	0	0	0	0	**0**	**0**
Total	**9**	**230**	**193**	**7,409**	**11**	**336**	**13**	**525**	**15**	**566**	**76**	**2,780**
Demolitions												
1-10	0	0	15	81	0	0	0	0	3	7	**8**	**34**
10-25	1	7	12	203	0	0	0	0	0	0	**0**	**0**
25-40	2	31	4	126	0	0	1	39	1	39	**4**	**148**
40-60	2	53	0	0	0	0	0	0	2	86	**2**	**86**
60+	2	63	0	0	0	0	0	0	0	0	**0**	**0**
Total	**7**	**154**	**31**	**410**	**0**	**0**	**1**	**39**	**6**	**131**	**14**	**268**
Sale & Purchase												
1-10	0	0	51	339	2	11	4	31	1	3	**16**	**91**
10-25	0	0	71	1,095	8	109	7	94	5	79	**27**	**381**
25-40	0	0	37	1,310	0	0	0	0	1	32	**9**	**325**
40-60	0	0	56	2,691	1	40	3	131	2	90	**22**	**1,039**
60+	0	0	0	0	0	0	0	0	0	0	**0**	**0**
Total	**0**	**0**	**215**	**5,435**	**11**	**160**	**14**	**256**	**9**	**203**	**74**	**1,837**

** YTD Source: Drewry Maritime Research*

LPG

- Ample vessel supply keeps VLGC rates under pressure
- Intra-regional LPG demand weak in Asia
- Canada aims to become the next source of LPG supply
- Rates improve for smaller vessels in Europe

LPG PRICES ($/TONNE)



Source: Drewry Maritime Research

CANADA STRIVES TO INCREASE ITS LPG EXPORTS

LPG production has been increasing in Canada as well as in the US. However, the former has been unable to export the surplus product because of the lack of infrastructure. Most of Canada's LPG is produced in the west, and there is only one export terminal through which Canada can export LPG: the Ferndale terminal in Washington in the US. However, the terminal has limited export capacity of 0.9 mtpa (propane to this terminal comes from Canada by pipeline).

In a recent development in Canada's LPG industry, Atlagas has signed a memorandum of understanding (MoU) with Japan's Astomos Energy for the sale of propane from Atlagas' proposed terminal in British Columbia.

According to the MoU, Astomos Energy will purchase at least 50% of the 1.2 mtpa of propane available from the proposed terminal. If this development is successful in attracting more LPG exports, a new player will soon emerge in the market alongside US and Middle East producers.

LPG MARKET SUMMARY

		May 15	2015	Mar 16	Apr 16	May 16	2016*
Fleet (end-period)							
No. of vessels		1,230	1,280	1,305	1,314	**1316**	**1,316**
Capacity	*'000 cbm*	22,905	25,676	27,176	27,812	**27,828**	**27,828**
Growth	*% capacity*	*0.5%*	*16.0%*	*2.2%*	*2.3%*	**0.1%**	**8.4%**
Orderbook (end-period)							
No. of vessels		223	211	186	178	**178**	**178**
Capacity	*'000 cbm*	10,389	10,289	8,852	8,508	**8,588**	**8,588**
% fleet	*% capacity*	*45.4%*	*40.1%*	*32.6%*	*30.6%*	**30.9%**	**30.9%**
Spot rates (period avg, $/tonne)							
AG-Japan	*43,000t LPG*	105.1	91.0	32.8	27.7	**29.8**	**37.6**
North Sea-Portugal**	*3,000t LPG*	75.7	73.0	65.3	65.0	**64.8**	**70.4**
North Sea-ARA	*1,800t LPG*	42.0	37.4	38.3	32.0	**35.0**	**37.8**
USG-NWE	*4,000t Eth*	220.0	214.7	185.0	182.5	**175.0**	**184.5**
Values (period avg.)							
3,200 cbm s/r	*NB $m*	16.0	17.0	16.0	16.0	**16.0**	**16.0**
3,200 cbm s/r	*SH 10yr $m*	11.0	10.0	8.0	8.0	**8.0**	**8.0**
15,000 cbm s/r	*NB $m*	49.0	49.0	45.0	44.0	**42.0**	**45.0**
15,000 cbm s/r	*SH 10yr $m*	37.0	36.0	35.0	34.0	**33.0**	**35.0**
VLGC	*NB $m*	78.0	78.0	71.0	70.0	**69.0**	**72.0**
VLGC	*SH 10yr $m*	70.0	68.0	50.0	49.0	**48.0**	**52.0**
Transactions (cbm)							
New orders	*'000 cbm*	84	3,906	8	320	**96**	**423**
Deliveries	*'000 cbm*	122	3,667	695	664	**16**	**2,128**
Demolition	*'000 cbm*	11	115	29	28	**0**	**60**
Sales	*'000 cbm*	78	733	0	89	**4**	**309**

*** NWE-EE/NA*

**YTD Source: Drewry Maritime Research*

LPG TRADE ('000 TONNES)

		Apr 15	2015	Feb 16	Mar 16	Apr 16	2016*
Japan	*Imports*	968	10,986	1,086	1,429	650	**4,061**
China	*Imports*	1,033	12,451	1,122	1,685	1,507	**5,289**
South Korea	*Imports*	406	5,169	476	416	670	**2,042**
India	*Imports*	683	8,854	665	733	800	**2,985**
USA	*Imports*	351	4,161	523	383	n/a	**1,409**
Middle East	*Exports*	2,730	34,464	2,947	2,984	3,071	**12,167**
USA	*Exports*	1,830	18,293	2,549	2,344	n/a	**7,683**

** YTD*

Source: Drewry Maritime Research

LPG FLEET ('000 CBM)

	May 15		2015		Feb 16		Mar 16		Apr 16		May 16	
Size ('000 cbm)	*No.*	*cbm*	*No.*	*cbm*	*No.*	*cbm*	*No.*	*cbm*	*No.*	*cbm*	*No.*	*cbm*
1-5	582	1,499	579	1,489	578	1,486	579	1,487	580	1,491	**580**	**1,491**
5-12	278	1,953	290	2,045	293	2,065	295	2,083	294	2,073	**296**	**2,089**
12-25	111	2,117	119	2,241	121	2,275	121	2,275	122	2,294	**122**	**2,294**
25-50	69	2,446	72	2,550	75	2,665	74	2,640	75	2,678	**75**	**2,678**
50-70	21	1,244	23	1,364	23	1,364	23	1,364	23	1,364	**23**	**1,364**
70+	169	13,645	197	15,987	205	16,657	213	17,328	220	17,913	**220**	**17,913**
Total	**1,230**	**22,905**	**1,280**	**25,676**	**1,295**	**26,511**	**1,305**	**27,176**	**1,314**	**27,812**	**1,316**	**27,828**

Source: Drewry Maritime Research

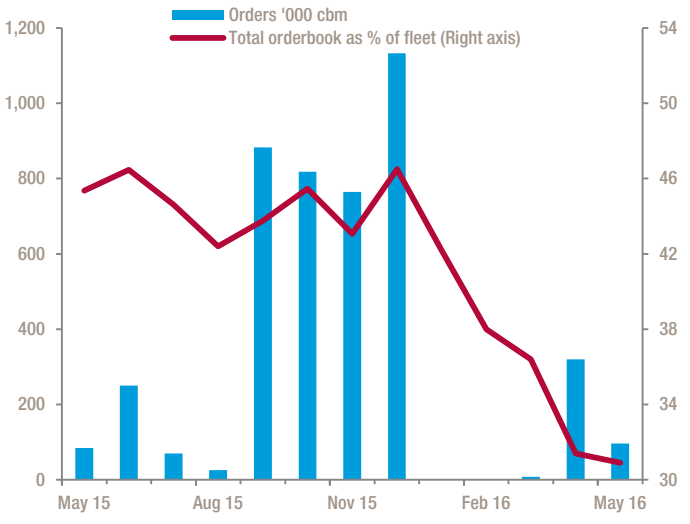
LPG ORDERBOOK SCHEDULE ('000 CBM)

	2016		2017		2018		2019		Total		% of fleet
Size ('000 cbm)	*No.*	*cbm*	*No.*	*cbm*	*No.*	*cbm*	*No.*	*cbm*	*No.*	*cbm*	
1-5	6	19	1	4	1	4	0	0	**8**	**27**	**1.8%**
5-12	6	46	9	74	0	0	0	0	**15**	**119**	**5.7%**
12-25	20	394	16	312	3	57	0	0	**39**	**762**	**33.2%**
25-50	10	372	26	987	5	166	1	38	**42**	**1,562**	**58.4%**
50-70	2	120	0	0	0	0	0	0	**2**	**120**	**8.8%**
70+	33	2,765	26	2,151	8	676	5	405	**72**	**5,997**	**33.5%**
Total	**77**	**3,715**	**78**	**3,527**	**17**	**903**	**6**	**443**	**178**	**8,588**	**30.9%**

Note: Fleet and Orderbook revised

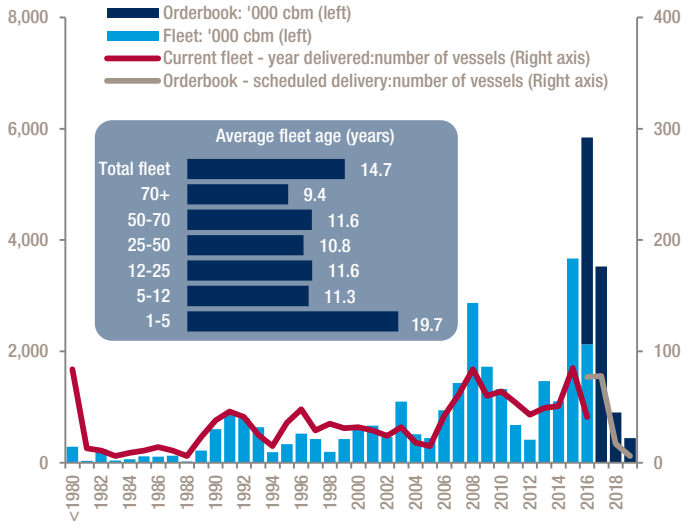
Source: Drewry Maritime Research

LPG ORDERBOOK (% OF FLEET)



Source: Drewry Maritime Research

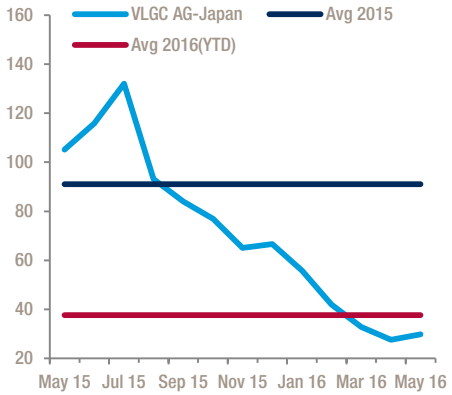
LPG FLEET AGE PROFILE



Source: Drewry Maritime Research

FOR MORE DETAILS AND OTHER MARKETS > Learn more

VLGC SPOT RATES AG-JAPAN ($/TONNE)



Source: Drewry Maritime Research

NO MAJOR IMPROVEMENT IN VLGC RATES

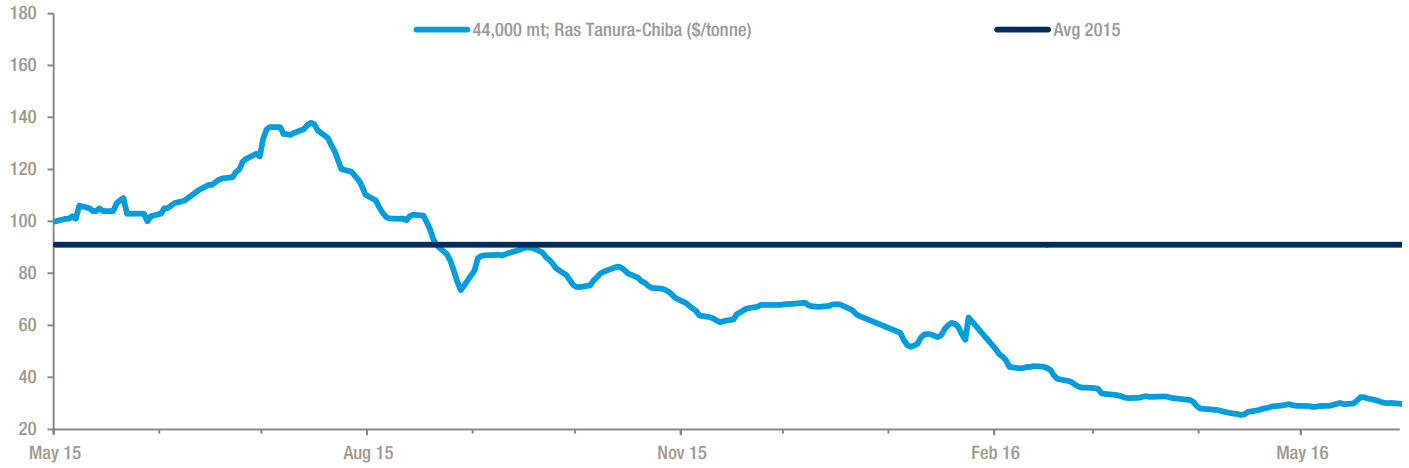
Rates for VLGCs on the AG-Japan route remained low with an average of $30 per tonne in May, which was only a marginal improvement from $28 per tonne in April. Ample vessel supply continues to haunt shipowners as rates failed to find major support despite the good number of deals concluded to East of Suez.

Spot rates for VLGCs were also weak to West of Suez. Apart from the plentiful vessel availability in the region, demand for vessels was also affected by poor arbitrage opportunities. Over the past few months, the gap between the LPG prices in the US and Europe has been narrowing, which has diminished the opportunities for arbitrage trading.

Drewry maintains its weak outlook on the VLGC segment as the bloated orderbook will keep fleet growth strong during the next two years. Out of the total orderbook of 178 LPG vessels, 72 are VLGCs, of which 33 will be delivered this year and 26 in the next year.

Even after accounting for our trade forecast, we believe the gap between fleet supply and demand will stay wide enough to keep rates under pressure.

BALTIC LPG INDEX (BLPG1, $/TONNE)



Source: Drewry Maritime Research

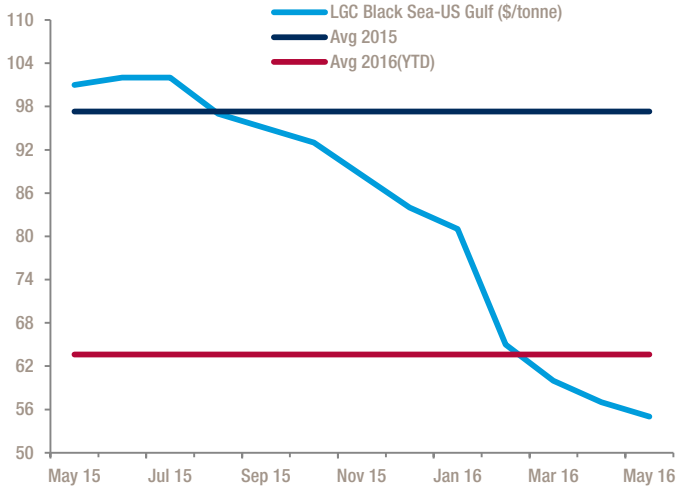
LPG SPOT RATES AND TCE EARNINGS

		May 15	2015 Avg	Mar 16	Apr 16	May 16	2016 Avg
AG-Japan	*Route*						
LPG 40-45,000t	*$/tonne*	105.1	91.0	32.8	27.7	**29.8**	**37.6**
43,000t tce*	*$pcm*	2,886,000	2,523,000	763,000	563,000	**571,000**	**909,000**
BS-USG**	*Route*						
NH3 35,000t	*$/tonne*	101.0	97.3	60.0	57.0	**55.0**	**63.6**
35,000t tce*	*$pcm*	2,069,000	2,091,000	1,279,000	1,179,000	**1,069,000**	**1,365,000**
BS-Med**	*Route*						
NH3 20,000t	*$/tonne*	54.0	54.3	42.0	41.0	**40.0**	**42.2**
20,000t tce*	*$pcm*	1,172,000	1,303,000	1,066,000	1,010,000	**921,000**	**1,067,000**
NWE-EC/NA	*Route*						
LPG 3-4,000t	*$/tonne*	75.7	73.0	65.3	65.0	**64.8**	**70.4**
3,000t tce*	*$pcm*	432,000	441,000	490,000	478,000	**456,000**	**531,000**
NWE-NWE	*Route*						
LPG 1-2,000t	*$/tonne*	42.0	37.4	38.3	32.0	**35.0**	**37.8**
1,800t tce*	*$pcm*	335,000	292,000	359,000	261,000	**292,000**	**349,000**
USG-NWE	*Route*						
C2 4-5,000t	*$/tonne*	220.0	214.7	185.0	182.5	**175.0**	**184.5**
4,000t tce*	*$pcm*	626,000	645,000	614,000	595,000	**543,000**	**608,000**
NWE-USG	*Route*						
Btd 3-4,000t	*$/tonne*	215.0	215.0	195.0	195.0	**195.0**	**198.0**
4,000t tce*	*$pcm*	402,000	441,000	471,000	463,000	**441,000**	**477,000**

** Time charter equivalent estimates assume no waiting period* *** Provisional for Apr & May 2016*

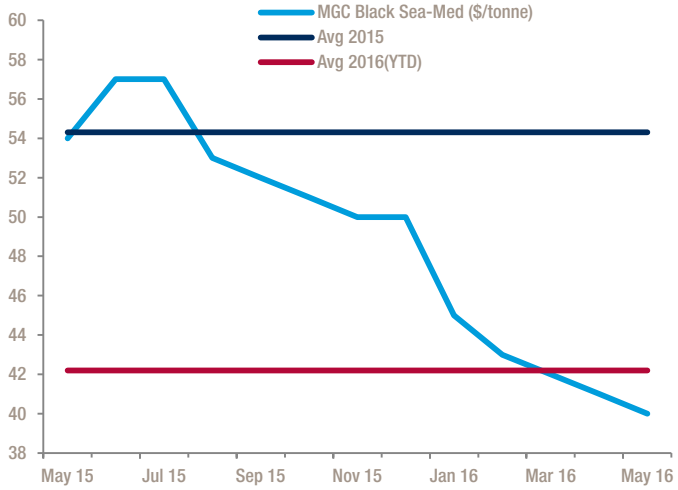
Source: Drewry Maritime Research

LGC SPOT RATES BS-USG ($/TONNE)



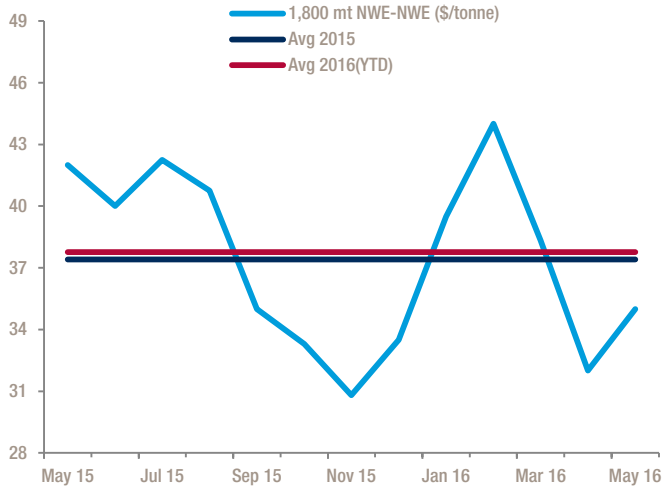
Source: Drewry Maritime Research

MGC SPOT RATES BS-MED ($/TONNE)



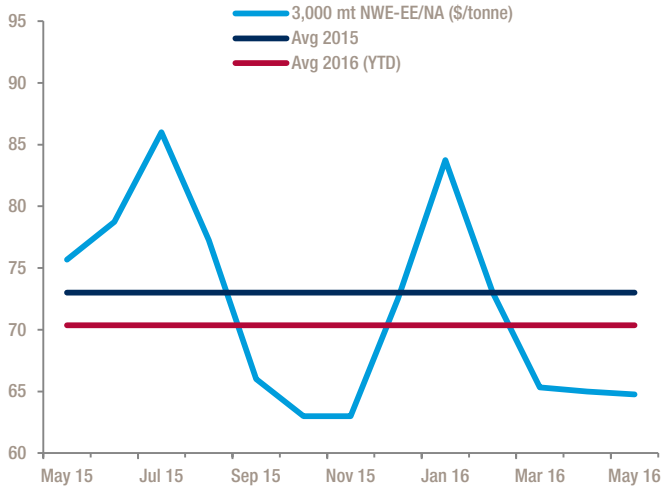
Source: Drewry Maritime Research

COASTER SPOT RATES NWE-NWE ($/TONNE)



Source: Drewry Maritime Research

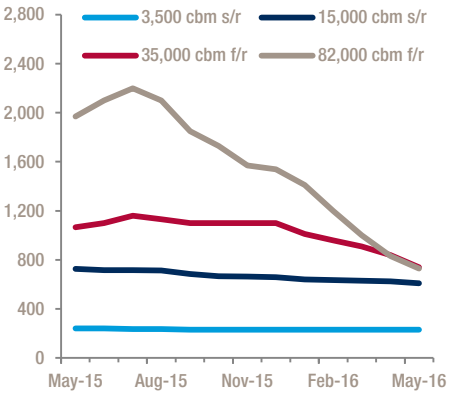
COASTER SPOT RATES NWE-EE/NA ($/TONNE)



Source: Drewry Maritime Research

FOR MORE DETAILS AND OTHER MARKETS › Learn more

LPG TIME CHARTER RATES ('000 $PCM)



Source: Drewry Maritime Research

DEMAND FOR SMALL VESSELS FIRMS UP IN EUROPE

Intra-regional activity in Europe picked up pace in May as a number of LPG cargoes were quoted from the UK and Scandinavian countries and were subsequently fixed. This eventually reduced the availability of small vessels (below 6,000 cbm) in the region. As a result, the spot rate for a 1,800-tonne butane parcel from Tess to ARA rose monthly by 9% to average $35 per tonne. Meanwhile, the demand for larger coasters (6,000-11,000 cbm) was weak despite their willingness to carry part cargoes. Because of this, several vessels were kept waiting for employment and spot rates for these larger coasters came under pressure.

The intra-regional activity in Asia remained subdued in May because of weak LPG demand. There was little FOB buying interest from the usual breakbulk terminals, resulting in only a few deals being concluded. However, a few small vessels were fortunate enough to find employment in the olefin trade, which helped in absorbing some of the slack in vessel supply.

LPG TIME CHARTER RATES ($PCM)

	Age	May 15	2015	Mar 16	Apr 16	May 16	2016*
Small							
3-3,500 cbm p/r	5 yrs	178,000	174,000	165,000	165,000	**165,000**	**165,000**
3-3,500 cbm s/r	5 yrs	240,000	236,000	230,000	230,000	**230,000**	**230,000**
6-8,000 cbm s/r**	5 yrs	510,000	507,000	490,000	490,000	**490,000**	**492,000**
12-15,000 cbm s/r	5 yrs	727,000	708,000	630,000	625,000	**610,000**	**628,000**
Medium							
22-25,000 cbm f/r	5 yrs	850,000	848,000	800,000	790,000	**710,000**	**786,000**
28-40,000 cbm f/r	5 yrs	1,065,000	1,081,000	910,000	840,000	**740,000**	**892,000**
52,000 cbm f/r	5 yrs	1,638,000	1,595,000	875,000	810,000	**700,000**	**924,000**
59,000 cbm f/r	5 yrs	1,820,000	1,769,000	930,000	835,000	**710,000**	**1,003,000**
Large							
75,000 cbm f/r	5 yrs	1,950,000	1,852,000	960,000	800,000	**700,000**	**1,004,000**
82,000 cbm f/r	5 yrs	1,970,000	1,889,000	1,000,000	830,000	**730,000**	**1,034,000**

Approx. 6-12 months, prompt delivery *** LPG/ethylene carrier*

**YTD Average* *Source: Drewry Maritime Research*

LPG VESSEL VALUES ($ MILLION)

	May 15	2015	Mar 16	Apr 16	May 16	2016*
3,200 cbm s/r						
Newbuild	16.0	17.0	16.0	16.0	**16.0**	**16.0**
5 yr old	15.0	14.0	13.0	13.0	**13.0**	**13.0**
10 yr old	11.0	10.0	8.0	8.0	**8.0**	**8.0**
7,500 cbm s/r**						
Newbuild	33.0	35.0	33.0	33.0	**33.0**	**33.0**
5 yr old	27.0	28.0	27.0	27.0	**27.0**	**27.0**
10 yr old	22.0	22.0	20.0	20.0	**20.0**	**20.0**
15,000 cbm s/r						
Newbuild	49.0	49.0	45.0	44.0	**42.0**	**45.0**
5 yr old	48.0	47.0	44.0	43.0	**42.0**	**44.0**
10 yr old	37.0	36.0	35.0	34.0	**33.0**	**35.0**
35,000 cbm f/r						
Newbuild	52.0	52.0	46.0	45.0	**44.0**	**46.0**
5 yr old	50.0	50.0	42.0	41.0	**40.0**	**42.0**
10 yr old	42.0	41.0	33.0	32.0	**31.0**	**33.0**
VLGC						
Newbuild	78.0	78.0	71.0	70.0	**69.0**	**72.0**
5 yr old	85.0	83.0	65.0	64.0	**63.0**	**67.0**
10 yr old	70.0	68.0	50.0	49.0	**48.0**	**52.0**

*** Ethylene carrier*

**YTD Average* *Source: Drewry Maritime Research*

LPG ASSET MARKET ACTIVITY ('000 CBM)

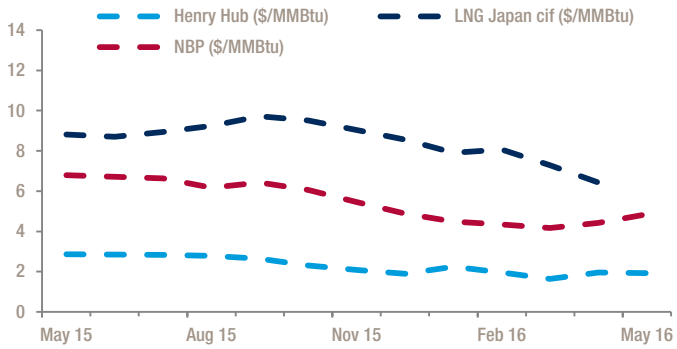
	May 15		2015		Mar 16		Apr 16		May 16		2016*	
Size ('000 cbm)	*No.*	*cbm*	*No.*	*cbm*	*No.*	*cbm*	*No.*	*cbm*	*No.*	*cbm*	*No.*	*cbm*
New Orders												
1-5	0	0	3	9	0	0	0	0	0	0	**0**	**0**
5-12	0	0	0	0	1	8	0	0	0	0	**1**	**8**
12-25	0	0	6	105	0	0	0	0	1	13	**1**	**13**
25-50	0	0	25	1,197	0	0	0	0	0	0	**0**	**0**
50-70	0	0	2	120	0	0	0	0	0	0	**0**	**0**
70+	1	84	33	2,475	0	0	4	320	1	83	**5**	**403**
Total	**1**	**84**	**69**	**3,906**	**1**	**8**	**4**	**320**	**2**	**96**	**7**	**423**
Deliveries												
1-5	1	4	11	35	2	5	2	7	0	0	**4**	**12**
5-12	0	0	17	133	2	19	0	0	2	16	**7**	**54**
12-25	2	34	14	245	0	0	2	34	0	0	**4**	**68**
25-50	0	0	4	142	0	0	1	38	0	0	**4**	**152**
50-70	0	0	3	180	0	0	0	0	0	0	**0**	**0**
70+	1	84	35	2,932	8	671	7	585	0	0	**22**	**1,842**
Total	**4**	**122**	**84**	**3,667**	**12**	**695**	**12**	**664**	**2**	**16**	**41**	**2,128**
Demolitions												
1-5	0	0	17	53	1	4	1	3	0	0	**3**	**10**
5-12	1	11	4	38	0	0	1	10	0	0	**1**	**10**
12-25	0	0	1	24	0	0	1	15	0	0	**1**	**15**
25-50	0	0	0	0	1	25	0	0	0	0	**1**	**25**
50-70	0	0	0	0	0	0	0	0	0	0	**0**	**0**
70+	0	0	0	0	0	0	0	0	0	0	**0**	**0**
Total	**1**	**11**	**22**	**115**	**2**	**29**	**3**	**28**	**0**	**0**	**6**	**60**
Sale & Purchase												
1-5	0	0	9	40	0	0	0	0	1	4	**3**	**11**
5-12	0	0	8	66	0	0	1	10	0	0	**3**	**24**
12-25	0	0	3	51	0	0	0	0	0	0	**0**	**0**
25-50	0	0	1	39	0	0	0	0	0	0	**1**	**35**
50-70	0	0	0	0	0	0	0	0	0	0	**0**	**0**
70+	1	78	7	539	0	0	1	79	0	0	**3**	**239**
Total	**1**	**78**	**28**	**733**	**0**	**0**	**2**	**89**	**1**	**4**	**10**	**309**

**YTD Total Source: Drewry Maritime Research*

LNG

- Shipping rates continue to be under pressure
- High inventories keep gas prices low in the US
- India's LNG imports on the rise
- New liquefaction capacity to come online in Australia

NATURAL GAS PRICES ($/MMBTU)



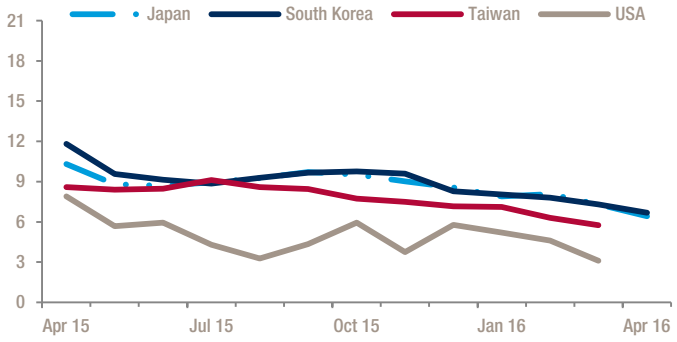
Source: Drewry Maritime Research

AMPLE STOCKS KEEP GAS PRICES LOW IN THE US

Ample stocks continued to keep gas prices under pressure in the US. In May, there was an average weekly addition of 71 bcf of gas for storage. Decisions about whether to inject gas into storage during the refill season (April to October) are often made with a focus on January (in the following year) because it is typically the coldest winter month. The gas price at the benchmark Henry-Hub averaged $1.92 per MMBtu in May while the Nymex futures price for delivery in January 2017 averaged $3.07 per MMBtu, a difference of $1.15 per MMBtu. Last year, this difference was around $0.5 per MMBtu. This indicates there is more financial incentive this year to buy and store natural gas in summer for sale in winter.

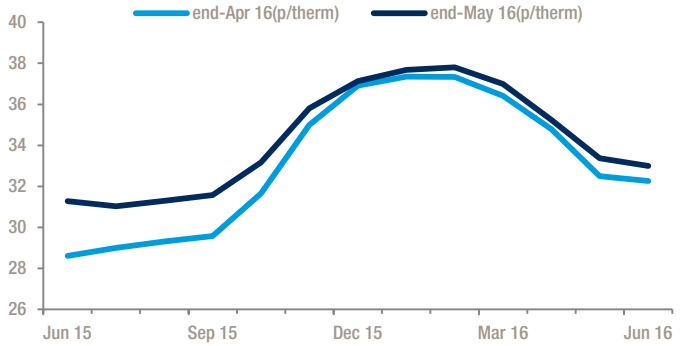
Drewry believes gas prices will start improving from June as power utilities increase their gas intake to meet the summer cooling demand.

LNG DELIVERED PRICES ($/MMBTU)



Source: Drewry Maritime Research

NATURAL GAS NBP FUTURE MARKET (P/THERM)



Source: Drewry Maritime Research

LNG MARKET SUMMARY

		May 15	2015	Mar 16	Apr 16	May 16	2016*
Fleet (end-period)							
No. of vessels		400	417	423	425	**425**	**425**
Capacity	*'000 cbm*	60,468	63,397	64,481	64,825	**64,866**	**64,866**
Growth	*% capacity*	*0.6%*	*7.7%*	0.5%	0.5%	**0.1%**	**2.3%**
Orderbook (end-period)							
No. of vessels		140	147	136	134	**133**	**133**
Capacity	*'000 cbm*	23,397	24,524	22,931	22,587	**22,415**	**22,415**
% fleet	*% capacity*	*38.7%*	*38.7%*	35.6%	34.8%	**34.6%**	**34.6%**
Natural gas prices							
Henry Hub	*$/MMBtu*	2.86	2.63	1.63	1.95	**1.92**	**1.94**
SoCal	*$/MMBtu*	2.76	2.64	1.58	1.83	**1.85**	**1.88**
UK NBP	*$/MMBtu*	6.79	6.41	4.17	4.42	**4.85**	**4.45**
Japan	*$/MMBtu*	8.82	10.47	7.29	6.42	**n/a**	**7.42**
South Korea	*$/MMBtu*	9.57	10.91	7.29	6.69	**n/a**	**7.46**
Freight Rates							
Spot rate (East)	*$/day*	25,000	35,000	29,000	30,000	**29,000**	**30,000**
Long Term	*$/day*	75,000	75,000	70,000	70,000	**70,000**	**70,000**

** YTD Source: Drewry Maritime Research*

ASIAN LNG IMPORTS INDICATE MIXED FORTUNES

In April, Asian LNG imports indicated mixed trends as imports by Japan and South Korea fell, while they rose in China and India. Japan's LNG imports fell by 3.3% in April from a year earlier to 6.4 million tonnes because of the end of the winter heating season and lower contractual exports from Nigeria. Shipments from Nigeria have been declining following several militant attacks on gas pipelines.

Prices have come under severe pressure because of the growing supply from Australian plants, but this has not been able to push the demand for LNG in Japan.

The average delivered price of spot LNG in Japan was $5.80 per MMBtu in April, which was 27% lower than that of the same period last year. However, increasing nuclear capacity in Japan is restricting any shift towards LNG.

In April, South Korea's imports have also fallen by a sharp 23% over the last year to 2.2 million tonnes. Waning winter heating demand and a weak economy reduced LNG consumption by power utilities. South Korea's imports were 11.8 million tonnes in the first four months of 2016, which is 9.4% down from the same period last year.

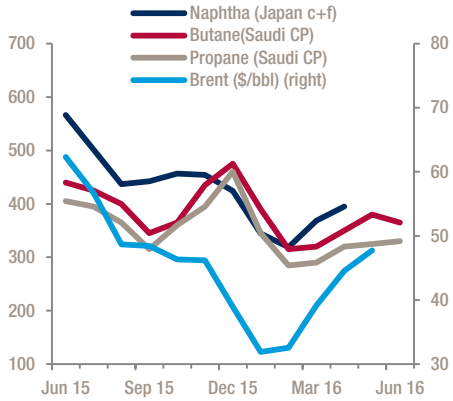
While LNG imports fell in Japan and South Korea in April, they increased in China and India. China's imports totalled 1.8 million tonnes in April, 22% higher than last year. The country's state-owned companies are finding it more lucrative to import from other markets because of low LNG prices.

Despite the slowdown in the country's economic growth, Drewry believes China's imports will continue to grow because it has contracted a huge amount of LNG from Australian plants. As these plants ramp up their capacity, China's imports will inevitably rise because LNG contracts are take or pay.

In April, India's imports also surged by 46% over the same period last year to 1.6 million tonnes because of lower domestic production and higher demand from the fertiliser industry. The country's domestic gas production was 2.4 bcm in April, down 6.9% from the same period last year.

Drewry remains optimistic about India's LNG demand, taking into account the government's drive to increase the share of gas in the power industry.

COMPETING FUEL PRICES ($/TONNE)



Source: Drewry Maritime Research

LNG PRICES ($/MMBTU)

	Apr 15	2015 Avg	Feb 16	Mar 16	Apr 16	2016* Avg
Japan	10.32	**10.47**	8.07	7.29	6.42	**7.42**
South Korea	11.81	**10.91**	7.81	7.29	6.69	**7.46**
Taiwan	8.58	**8.45**	6.29	5.76	n/a	**6.38**
US	7.89	**6.16**	4.61	3.09	n/a	**4.30**

** YTD*

Source: Drewry Maritime Research

LNG IMPORTS ('000 TONNES)

Country	Apr 15	2015 Total	Feb 16	Mar 16	Apr 16	2016* Total
Belgium	308	**2,625**	185	185	n/a	**498**
China	1,545	**19,669**	1,853	1,702	1,890	**7,909**
Greece	40	**277**	34	94	n/a	**162**
Italy	61	**1,561**	186	249	n/a	**561**
Japan	6,598	**84,979**	7,433	8,149	6,382	**29,209**
India	1,111	**14,362**	1,349	1,328	1,617	**5,748**
Puerto Rico	56	**1,163**	99	101	n/a	**318**
South Korea	2,839	**33,470**	2,996	3,425	2,177	**11,874**
Spain	596	**10,255**	739	1,072	n/a	**2,826**
Taiwan	1,071	**14,522**	1,015	943	n/a	**3,090**
Thailand	245	**2,619**	184	276	276	**917**
UK	773	**9,857**	1,071	710	n/a	**2,438**
US	62	**1,913**	180	179	n/a	**610**
Total	**15,303**	**197,271**	**17,323**	**18,413**	**12,343**	**66,160**

** YTD*

Source: Drewry Maritime Research

LNG FLEET OVERVIEW

	No.	('000 cbm)
Current Fleet	425	64,866
Orderbook	133	22,415
New Order 2016	1	170
Deliveries 2016	10	1,695
Demolition 2016	1	131
Converted to FSRU/FLNG/FSU 2016	1	173
Under Conversion 2016	5	764

Source: Drewry Maritime Research

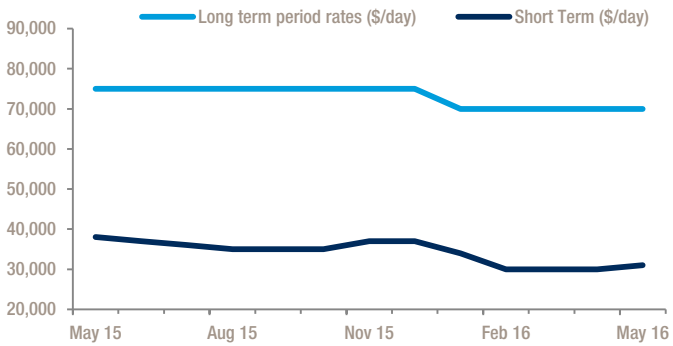
DEMOLITIONS LOW DESPITE WEAK RATES

The LNG fleet remained unchanged at 425 vessels on account of one delivery and one demolition. The vessel scrapped was the 1978-built *Methania* (131,000 cbm), which was the first demolition in 2016.

Demolitions in the LNG segment did not gain momentum despite low freight rates, with a majority of shipowners preferring to lay up their older tonnage in the current rate environment rather than scrap it. This happened mainly because of the bullish long-term outlook for LNG shipping.

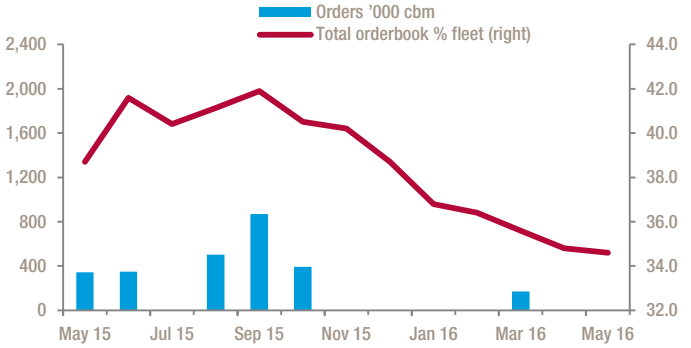
Considering the young age profile of the current LNG fleet and general optimism for LNG shipping, Drewry does not expect any surge in demolitions in the second half of 2016 either.

LNG FREIGHT RATE (160,000 CBM)



Source: Drewry Maritime Research

LNG ORDERBOOK (% OF FLEET)



Source: Drewry Maritime Research

LNG FLEET ('000 CBM)

Size	**May 15**		**2015**		**Feb 16**		**Mar 16**		**Apr 16**		**May 16**	
('000 cbm)	*No.*	*cbm*	*No.*	*cbm*	*No.*	*cbm*	*No.*	*cbm*	*No.*	*cbm*	*No.*	*cbm*
18-50	7	148	7	148	6	118	6	118	**6**	**118**	**6**	**118**
50-75	3	205	3	205	3	205	3	205	**3**	**205**	**3**	**205**
75-125	8	725	8	725	8	725	8	725	**8**	**725**	**8**	**725**
125-150	220	30,477	216	29,975	214	29,700	214	29,700	**214**	**29,700**	**213**	**29,569**
150-200	118	18,806	138	22,028	146	23,283	148	23,627	**150**	**23,971**	**151**	**24,143**
200-220	30	6,391	31	6,601	30	6,391	30	6,391	**30**	**6,391**	**30**	**6,391**
220+	14	3,715	14	3,715	14	3,715	14	3,715	**14**	**3,715**	**14**	**3,715**
Total	**400**	**60,468**	**417**	**63,397**	**421**	**64,137**	**423**	**64,481**	**425**	**64,825**	**425**	**64,866**

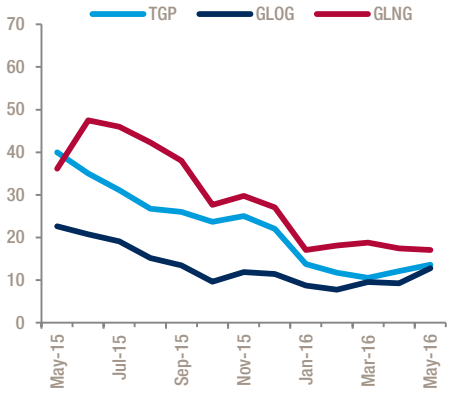
Source: Drewry Maritime Research

LNG ORDERBOOK SCHEDULED DELIVERY ('000 CBM)

Size	**2016**		**2017**		**2018**		**2019+**		**Total**		
('000 cbm)	*No.*	*cbm*	*No.*	*cbm*	*No.*	*cbm*	*No.*	*cbm*	**No.**	**cbm**	**% of fleet**
18-50	2	58	1	45	0	0	0	0	**3**	**103**	**86.9%**
50-75	0	0	0	0	0	0	0	0	**0**	**0**	**0.0%**
75-125	0	0	0	0	0	0	0	0	**0**	**0**	**0.0%**
125-150	0	0	0	0	0	0	0	0	**0**	**0**	**0.0%**
150-200	31	5,271	41	6,933	43	7,425	14	2,420	**129**	**22,049**	**91.3%**
200-220	0	0	0	0	0	0	0	0	**0**	**0**	**0.0%**
220+	1	263	0	0	0	0	0	0	**1**	**263**	**7.1%**
Total	**34**	**5,592**	**42**	**6,978**	**43**	**7,425**	**14**	**2,420**	**133**	**22,415**	**34.6%**

Source: Drewry Maritime Research

CLOSING SHARE PRICE AT NYSE ($)



Source: Drewry Maritime Research

SHIPOWNERS PIN HOPES ON NEW LNG CAPACITY

Spot rates East of Suez fell marginally to average $29,000pd in May, down from $30,000pd in the previous month. There was ample availability of vessels in the region and fierce competition among shipowners therefore eventually put pressure on rates.

The only interesting news from the market was reports of shipping LNG from Australia to the Atlantic region (Argentina and Mexico), indicating that demand in the traditional Asian market is weak and exporters are looking to distant markets to sell their products. If this trend continues, it could help improve tonne-mile demand for LNG shipping.

Shipowners are also pinning their hopes on new liquefaction plants coming on line, as this would create demand for more ships.

The Gorgon LNG plant and Gladstone LNG project (Train 2) in Australia are expected to start exporting in the coming weeks. Moreover, the Angola LNG plant, which has been shut because of technical problems since April 2014, has now begun the re-commissioning process and is also expected to come back online by next month.

These plants will help to remove some slack from the spot vessel supply as several LNG tankers attached to these projects have recently been trading in the spot market.

TC RATES: 160,000 CBM ($/DAY)

Year	Long Term**	Short Term
2010	70,000	40,700
2011	81,000	97,000
2012	90,000	131,500
2013	90,000	95,000
2014	89,000	68,000
2015	75,000	42,000
May-16	70,000	31,000

*** 15+ years charter period*

Source: Drewry Maritime Research

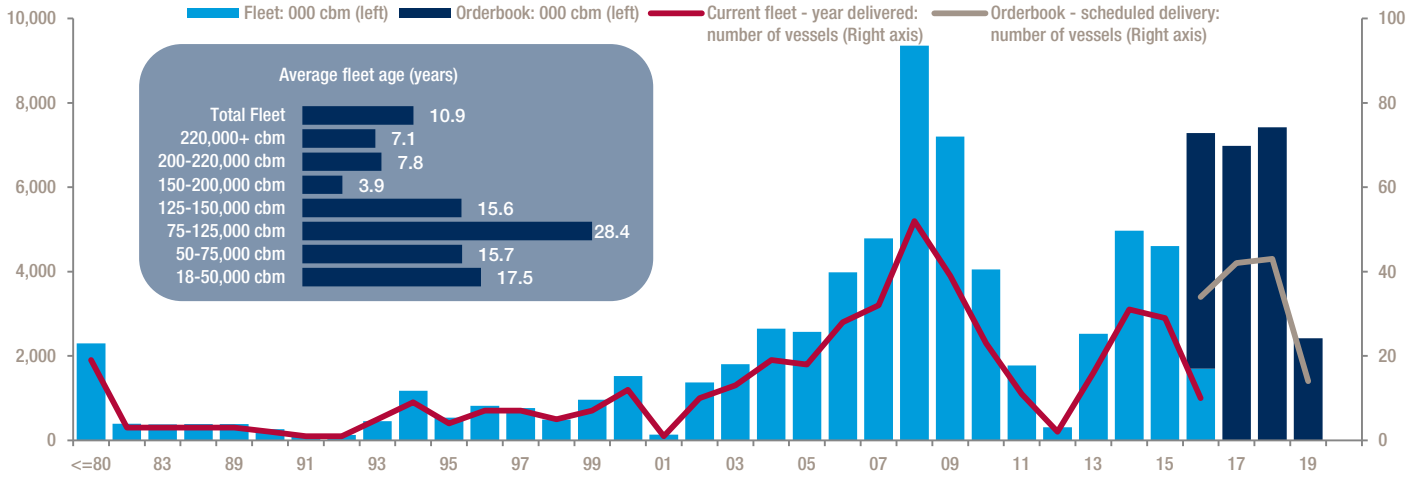
TRANSPORTATION COSTS ($/MMBTU)

Distance	160-170,000 cbm ($/MMBtu)			
(Miles/Round Trip)	Capital	Operating	Voyage	Total
2,000	0.09	0.03	0.06	**0.18**
4,000	0.14	0.05	0.09	**0.28**
6,000	0.22	0.08	0.13	**0.42**
8,000	0.27	0.09	0.16	**0.52**
10,000	0.30	0.10	0.18	**0.58**
12,000	0.35	0.12	0.21	**0.68**
20,000	0.57	0.20	0.33	**1.10**
25,000	0.71	0.25	0.41	**1.37**

Note: Operating cost does not include survey cost

Source: Drewry Maritime Research

LNG FLEET AGE PROFILE



Source: Drewry Maritime Research

LNG ASSET MARKET ACTIVITY ('000 CBM)

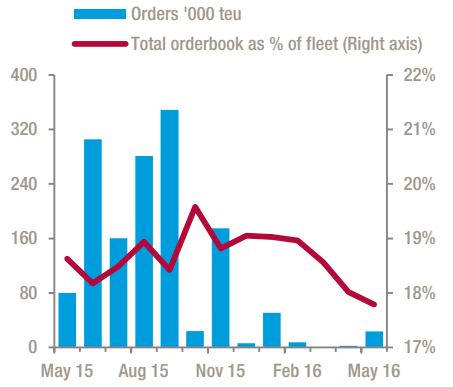
Size	**May 15**		**2015**		**Mar 16**		**Apr 16**		**May 16**		**2016***	
('000 cbm)	*No.*	*'000 cbm*	*No.*	*'000 cbm*	*No.*	*'000 cbm*	*No.*	*'000 cbm*	*No.*	*'000 cbm*	*No.*	*'000 cbm*
New Orders												
18-50	0	0	2	90	0	0	0	0	0	0	**0**	**0**
50-75	0	0	0	0	0	0	0	0	0	0	**0**	**0**
75-125	0	0	0	0	0	0	0	0	0	0	**0**	**0**
125-150	0	0	0	0	0	0	0	0	0	0	**0**	**0**
150-200	2	343	30	5,190	1	170	0	0	0	0	**1**	**170**
200-220	0	0	0	0	0	0	0	0	0	0	**0**	**0**
220+	0	0	0	0	0	0	0	0	0	0	**0**	**0**
Total	**2**	**343**	**32**	**5,280**	**1**	**170**	**0**	**0**	**0**	**0**	**1**	**170**
Deliveries												
18-50	1	30	1	30	0	0	0	0	0	0	**0**	**0**
50-75	0	0	0	0	0	0	0	0	0	0	**0**	**0**
75-125	0	0	0	0	0	0	0	0	0	0	**0**	**0**
125-150	0	0	0	0	0	0	0	0	0	0	**0**	**0**
150-200	0	0	28	4,576	2	344	2	344	1	172	**10**	**1,695**
200-220	0	0	0	0	0	0	0	0	0	0	**0**	**0**
220+	0	0	0	0	0	0	0	0	0	0	**0**	**0**
Total	**1**	**30**	**29**	**4,606**	**2**	**344**	**2**	**344**	**1**	**172**	**10**	**1,695**
Demolitions												
18-50	0	0	0	0	0	0	0	0	0	0	**0**	**0**
50-75	0	0	0	0	0	0	0	0	0	0	**0**	**0**
75-125	0	0	2	155	0	0	0	0	0	0	**0**	**0**
125-150	0	0	1	125	0	0	0	0	1	131	**1**	**131**
150-200	0	0	0	0	0	0	0	0	0	0	**0**	**0**
200-220	0	0	0	0	0	0	0	0	0	0	**0**	**0**
220+	0	0	0	0	0	0	0	0	0	0	**0**	**0**
Total	**0**	**0**	**3**	**281**	**0**	**0**	**0**	**0**	**1**	**131**	**1**	**131**
Sale & Purchase												
18-50	0	0	0	0	0	0	0	0	0	0	**0**	**0**
50-75	0	0	1	70	0	0	0	0	0	0	**0**	**0**
75-125	0	0	3	319	0	0	0	0	0	0	**0**	**0**
125-150	4	514	12	1,599	0	0	0	0	0	0	**0**	**0**
150-200	0	0	9	1,505	1	170	0	0	0	0	**1**	**170**
200-220	0	0	0	0	0	0	0	0	0	0	**0**	**0**
220+	0	0	0	0	0	0	0	0	0	0	**0**	**0**
Total	**4**	**514**	**25**	**3,493**	**1**	**170**	**0**	**0**	**0**	**0**	**1**	**170**

** YTD* *Source: Drewry Maritime Research*

Container

- Idle fleet crosses 1.2 million teu
- Chinese economy expected to remain slow
- Spot rates stabilise on Transatlantic routes
- Charter rates' downward slide halts

CONTAINER ORDERBOOK (% OF FLEET)



Source: Drewry Maritime Research

DEMOLITION RAMPS UP IN 2016

Demolition of container vessels has ramped up in 2016 after a relatively quiet 2015, when only 89 vessels with a combined capacity of 192,000 teu were scrapped.

The capacity number has been breached in the first five months of this year, as 67 vessels with approximately 208,000 teu have been sold for demolition, with supply overwhelming demand everywhere.

The opening of the Panama Canal is weeks away, and this has hastened the demise of many Panamaxes; nearly a third of the vessels demolished in 2016 are from the 3,000-5,000 teu category. As charter rates for Panamaxes are already on their knees and the segment is becoming increasingly redundant, many more of these vessels will head to the scrapyards.

The average age of the vessels jettisoned this year is down on what it has been; 20.1 years is the average age of vessels demolished this year with nearly half of them still in their teens.

The idle fleet is on the high side and a lot more capacity is still to be delivered in 2016. This could well be the year where tonnage scrapped beats the mark of 444,000 teu scrapped in 2013.

CONTAINER FLEET ('000 TEU)

		May 15		2015		Feb 16		Mar 16		Apr 16		May 16	
	Size (teu)	*No.*	*Teu*	*No.*	*Teu*	*No.*	*Teu*	*No.*	*Teu*	*No.*	*Teu*	*No.*	*Teu*
Feeder	<1,000	1,058	653	1,056	645	1,055	642	1,044	637	1,039	634	**1,038**	**632**
Handysize	1,000-2,000	1,225	1,723	1,236	1,739	1,232	1,732	1,239	1,741	1,244	1,748	**1,242**	**1,743**
Intermediate	2,000-3,000	639	1,620	648	1,639	644	1,630	644	1,630	642	1,625	**642**	**1,626**
Panamax	3,000-5,000	907	3,753	904	3,743	897	3,710	893	3,693	890	3,683	**886**	**3,665**
Post-Panamax	5,000-8,000	620	3,712	624	3,740	625	3,748	623	3,737	618	3,709	**615**	**3,692**
Large	8,000-10,000	412	3,573	452	3,944	458	4,000	460	4,019	466	4,074	**468**	**4,092**
Very Large	10,000-14,000	204	2,505	215	2,633	216	2,643	217	2,653	218	2,663	**219**	**2,673**
	14,000-18,000	51	746	65	961	67	994	68	1,008	70	1,038	**70**	**1,038**
ULCV	18,000+	22	407	34	633	36	670	37	689	37	689	**37**	**689**
Total		**5,138**	**18,692**	**5,234**	**19,676**	**5,230**	**19,768**	**5,225**	**19,807**	**5,224**	**19,863**	**5,217**	**19,850**

Source: Drewry Maritime Research

CONTAINER ORDERBOOK ('000 TEU)

		2016		2017		2018		2019		Total		% of fleet
	Size (teu)	*No.*	*Teu*	*No.*	*Teu*	*No.*	*Teu*	*No.*	*Teu*	*No.*	*Teu*	
Feeder	<1,000	2	1	0	0	0	0	0	0	2	1	**0.1%**
Handysize	1,000-2,000	35	56	49	69	9	14	0	0	93	139	**8.0%**
Intermediate	2,000-3,000	37	88	23	59	17	46	4	11	81	205	**12.6%**
Panamax	3,000-5,000	3	13	16	55	6	22	0	0	25	91	**2.5%**
Post-Panamax	5,000-8,000	2	12	5	27	1	5	0	0	8	44	**1.2%**
Large	8,000-10,000	21	196	2	19	0	0	0	0	23	215	**5.3%**
Very Large	10,000-14,000	20	214	18	197	18	238	2	24	58	674	**25.2%**
	14,000-18,000	17	242	26	366	7	99	3	42	53	748	**72.1%**
ULCV	18,000+	12	233	23	464	30	587	7	130	72	1,414	**205.3%**
Total		**149**	**1,056**	**162**	**1,256**	**88**	**1,012**	**16**	**207**	**415**	**3,531**	**17.8%**

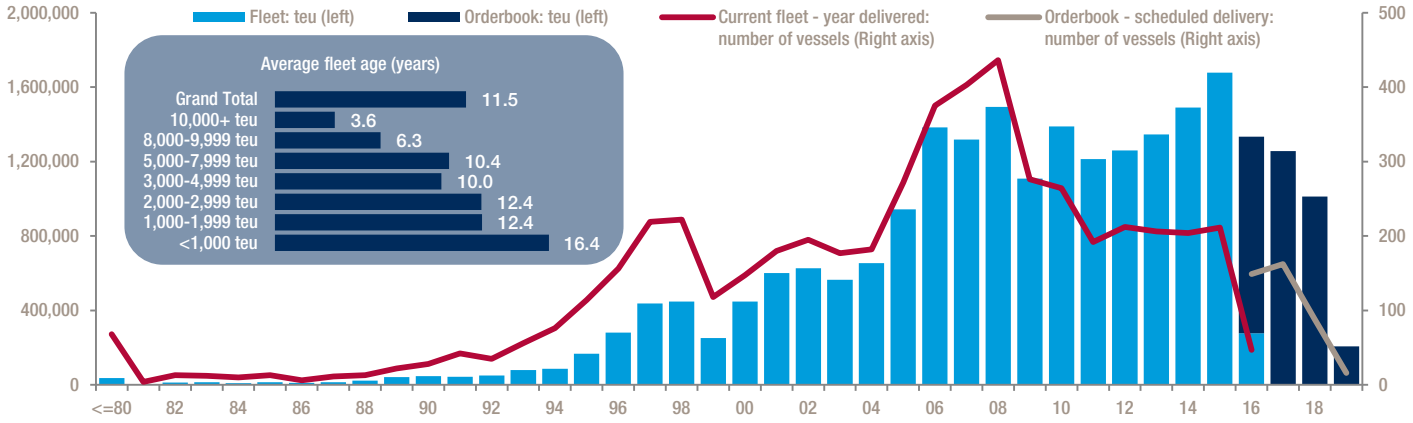
Source: Drewry Maritime Research

COUNTRY-WISE ORDERBOOK OF CONTAINERSHIP BUILDERS ('000 TEU)

	<1,000		1,000-2,000		2,000-3,000		3,000-5,000		5,000-8,000		8,000-10,000		10,000+		Total	
Size	*No.*	*Teu*	*No.*	*Teu*	*No.*	*Teu*	*No.*	*Teu*	*No.*	*Teu*	*No.*	*Teu*	*No.*	*Teu*	*No.*	*Teu*
Builder																
China	0	0	70	99	57	139	18	69	7	37	20	188	54	789	**226**	**1,321**
Japan	0	0	1	1	10	28	5	15	0	0	0	0	42	668	**58**	**712**
South Korea	0	0	17	30	0	0	0	0	0	0	0	0	67	1,116	**84**	**1,145**
Others	2	1	5	9	14	38	2	7	1	7	3	27	20	264	**47**	**353**
Total	**2**	**1**	**93**	**139**	**81**	**205**	**25**	**91**	**8**	**44**	**23**	**215**	**183**	**2,836**	**415**	**3,531**

Source: Drewry Maritime Research

CONTAINER FLEET AGE PROFILE



Source: Drewry Maritime Research

CONTAINERSHIP NEWBUILDING PRICES ($ MILLION)

Teu	*Dwt*	*Type*	**May 15**	**2015**	**Mar 16**	**Apr 16**	**May 16**	**2016 Avg***
1,500	22,000	*Geared*	24.0	22.0	24.0	24.0	24.0	24.0
2,000	29,000	*Gearless*	31.0	31.0	31.0	28.0	30.0	30.0
2,500	35,000	*Gearless*	36.0	35.0	32.0	31.0	31.0	32.0
3,500	45,000	*Gearless*	41.0	41.0	41.0	40.0	40.0	41.0
5,500	65,000	*Gearless*	50.0	50.0	50.0	50.0	50.0	50.0
6,500	75,000	*Gearless*	61.0	60.0	61.0	60.0	60.0	61.0
8,000	105,000	*Gearless*	80.0	80.0	80.0	78.0	78.0	80.0
10,000	120,000	*Gearless*	94.0	93.0	92.0	90.0	90.0	91.0
12,000	140,000	*Gearless*	108.0	108.0	108.0	106.0	106.0	107.0
14,000	150,000	*Gearless*	115.0	115.0	116.0	116.0	114.0	115.0

** YTD Source: Drewry Maritime Research*

CONTAINERSHIP SECOND-HAND PRICES ($ MILLION)

Teu	*Dwt*	*Type*	**May 15**	**2015**	**Mar 16**	**Apr 16**	**May 16**	**2016 Avg***
				5-year old				
650	8,000	*Geared*	6.0	6.0	6.0	6.0	6.0	6.0
1,000	13,500	*Geared*	12.0	12.0	10.0	9.0	9.0	10.0
1,700	22,000	*Geared*	15.0	15.0	12.0	11.0	11.0	12.0
2,700	35,000	*Gearless*	20.0	21.0	17.0	14.0	14.0	17.0
3,500	45,000	*Gearless*	24.0	24.0	19.0	15.0	15.0	18.0
4,000	55,000	*Gearless*	29.0	29.0	20.0	16.0	16.0	20.0
				10-year old				
650	8,000	*Geared*	3.0	3.0	3.0	3.0	3.0	3.0
1,000	13,500	*Geared*	6.0	6.0	5.0	4.0	4.0	5.0
1,700	22,000	*Geared*	9.0	9.0	8.0	7.0	7.0	8.0
2,700	35,000	*Gearless*	15.0	15.0	12.0	10.0	10.0	12.0
3,500	45,000	*Gearless*	16.0	16.0	12.0	11.0	11.0	12.0
4,000	55,000	*Gearless*	20.0	20.0	13.0	12.0	12.0	14.0

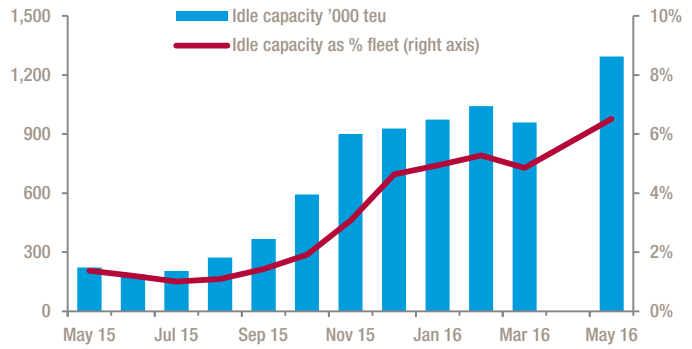
** YTD Source: Drewry Maritime Research*

CONTAINERSHIP TIME CHARTER RATES* ($/DAY)

Teu	*Dwt*	*Type*	**May 15**	**2015**	**Mar 16**	**Apr 16**	**May 16**	**2016 Avg****
700	8,000	*Gearless*	4,800	5,000	5,800	5,900	5,900	**5,700**
		% change	*2.1*	*8.4*	*3.6*	*1.7*	*0.0*	**14.0**
1,110	13,500	*Geared*	7,200	5,600	7,000	7,100	7,200	**7,000**
		% change	*7.5*	*-11.8*	*0.0*	*1.4*	*1.4*	**25.0**
1,700	22,000	*Geared*	8,500	6,800	6,800	6,800	7,000	**6,900**
		% change	*4.9*	*-9.1*	*-1.4*	*0.0*	*2.9*	**1.5**
2,500	35,000	*Geared*	10,000	7,600	6,100	6,000	6,000	**6,300**
		% change	*11.1*	*-3.1*	*-7.6*	*-1.6*	*0.0*	**-17.1**
3,500	40-45,000	*Gearless*	9,500	7,300	6,300	6,100	6,100	**6,400**
		% change	*4.4*	*-9.6*	*-6.0*	*-3.2*	*0.0*	**-12.3**
4,250	50,000	*Gearless*	13,700	8,700	5,700	5,200	5,100	**5,600**
		% change	*-0.7*	*0.7*	*-3.4*	*-8.8*	*-1.9*	**-35.6**
4,500-5,500	Wide beam	*Gearless*	21,000	15,800	9,000	8,500	8,000	**8,900**
		% change	*0.0*	*-7.5*	*-5.3*	*-5.6*	*-5.9*	**-43.7**

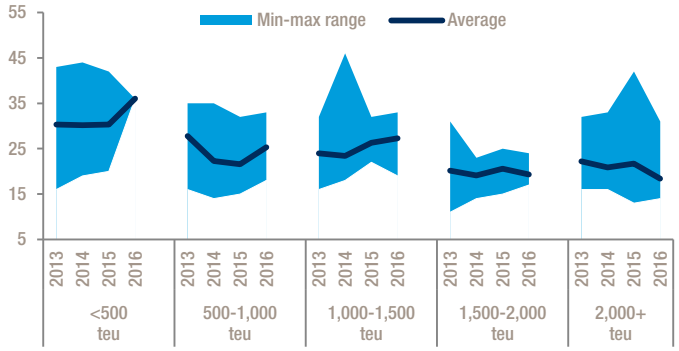
** Provisional and may be subject to revision. 12-month charter rates ** YTD*
Source: Drewry Maritime Research

CONTAINER IDLE FLEET DEVELOPMENT



Source: Drewry Maritime Research

CONTAINER AVERAGE DEMOLITION AGE BY SEGMENT (YEARS)



Source: Drewry Maritime Research

CONTAINER ASSET MARKET ACTIVITY ('000 TEU)

	May 15		2015		Mar 16		Apr 16		May 16		2016*	
Size ('000 teu)	*No.*	*Teu*	*No.*	*Teu*	*No.*	*Teu*	*No.*	*Teu*	*No.*	*Teu*	*No.*	*Teu*
New Orders												
<1,000	0	0	0	0	0	0	0	0	0	0	0	0
1,000-2,000	0	0	44	68	0	0	0	0	2	2	11	17
2,000-3,000	0	0	43	118	0	0	1	3	8	21	9	24
3,000-5,000	0	0	17	64	0	0	0	0	0	0	0	0
5,000-8,000	0	0	6	32	0	0	0	0	0	0	0	0
8,000-10,000	0	0	4	39	0	0	0	0	0	0	0	0
10,000+	2	20	112	1,854	0	0	0	0	0	0	4	47
Total	**2**	**20**	**226**	**2,175**	**0**	**0**	**1**	**3**	**10**	**23**	**24**	**88**
Deliveries												
<1,000	0	0	5	3	1	1	0	0	0	0	3	2
1,000-2,000	2	3	36	52	6	8	2	4	5	7	17	24
2,000-3,000	0	0	18	41	1	2	2	5	2	4	8	19
3,000-5,000	2	8	16	64	0	0	0	0	0	0	1	3
5,000-8,000	2	11	8	48	0	0	0	0	0	0	0	0
8,000-10,000	2	18	60	552	4	37	3	28	3	27	13	119
10,000+	8	127	59	923	6	71	1	10	7	97	20	266
Total	**16**	**168**	**202**	**1,683**	**18**	**119**	**8**	**46**	**17**	**135**	**62**	**434**
Demolitions												
<1,000	1	0	25	15	2	1	1	1	3	2	7	5
1,000-2,000	0	0	25	39	1	2	3	4	5	8	10	14
2,000-3,000	0	0	14	37	2	5	0	0	10	23	20	46
3,000-5,000	1	3	25	99	6	27	3	14	6	27	22	97
5,000-8,000	0	0	1	5	0	0	2	12	4	23	8	45
8,000-10,000	0	0	0	0	0	0	0	0	0	0	0	0
10,000+	0	0	0	0	0	0	0	0	0	0	0	0
Total	**2**	**4**	**90**	**195**	**11**	**35**	**9**	**30**	**28**	**82**	**67**	**208**
Sale & Purchase												
<1,000	6	4	43	31	1	1	3	2	6	3	13	8
1,000-2,000	10	15	61	87	3	3	2	2	8	10	22	27
2,000-3,000	6	16	55	143	1	3	4	9	4	10	14	34
3,000-5,000	2	8	36	153	5	19	0	0	2	8	7	27
5,000-8,000	4	21	19	105	3	17	2	13	0	0	7	41
8,000-10,000	0	0	10	91	0	0	0	0	0	0	0	0
10,000+	0	0	0	0	2	26	0	0	0	0	2	26
Total	**28**	**65**	**224**	**610**	**15**	**69**	**11**	**26**	**20**	**31**	**65**	**163**

*Asset market data based on Drewry research and brokers' reports and may be subject to alterations * YTD total*

Source: Drewry Maritime Research

FOR MORE DETAILS AND OTHER MARKETS › Learn more

THROUGHPUT FALLS AT LOS ANGELES AND LONG BEACH

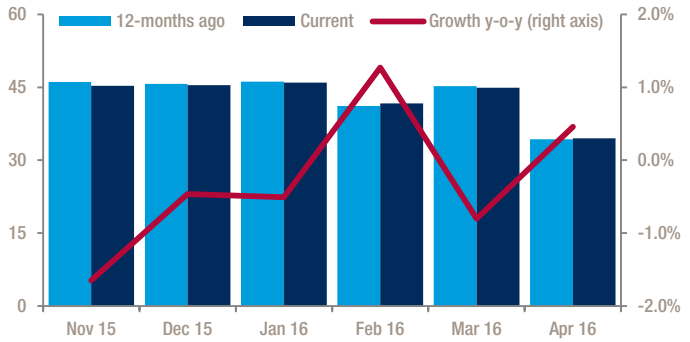
Los Angeles and Long Beach handled a combined throughput of just over 1.1 million teu in April. This was an increase of 5% on March figures but a decrease of 11% on what was handled a year ago. The primary reason for the double-digit decline is the soft sentiment in consumer spending.

The availability of more berthing options (with new alliances operating) has also not helped the ports' cause either.

Throughput at the top Chinese ports increased marginally on a monthly basis, but was down annually with continued downturn in the economy. The manufacturing sector is particularly suffering and prospects of exports increasing in the near term remain bleak. Some stimulus has been forthcoming from the government but no imminent recovery is expected.

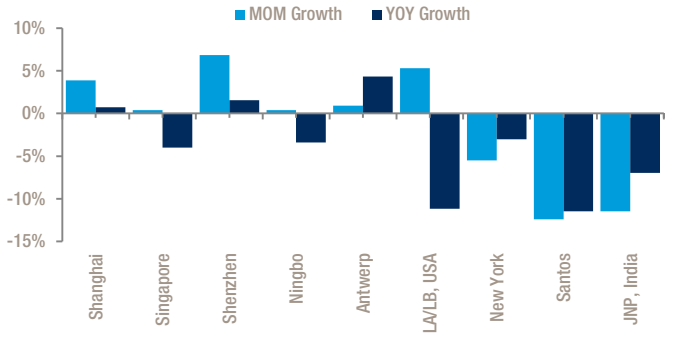
Australian ports registered an annual growth of 4.6% with increased trade from China, Southeast Asia and North Asia on the back of ChAFTA and a strengthening Australian dollar.

GLOBAL CONTAINER HANDLING VOLUMES (MILLION TEU)



Source: Drewry Maritime Research

THROUGHPUT GROWTH AT MAJOR CONTAINER PORTS



Source: Drewry Maritime Research

RECOVERY ON MAJOR EAST-WEST ROUTES

Both the Asia-North Europe and North Europe-North America trade routes have seen some improvements when it comes to spot rates.

Carriers on Asia-North Europe have reported full ships along with cargo roll-overs. It had a touch of inevitability after the end of Chinese New Year and with interest rates not as punishing as they have been. Arresting the decline of the Russian economy has helped stop the rot and so has the contraction in the fleet thanks to the travails of HMM and Hanjin and culling of services.

A similar tale is there on the North Europe-North America route as imports via the US West Coast improved after a slack first quarter. Much of the growth comes thanks to imports of car components out of Europe. Demand on the eastbound trade is also showing promise and the capacity growth has been pretty much static.

The Asia-North Europe rebound may yet prove to be a short-term phenomenon, but the Transatlantic recovery could go on a for a long while, which will definitely strengthen spot rates.

THROUGHPUT ON MAJOR EAST-WEST ROUTES ('000 TEU)

	Oct 15		Nov 15		Dec 15		Jan 16		Feb 16		Mar 16	
Tradelane	**E/b**	**W/b**	**E/b**	**W/b**	**E/b**	**W/b**	**E/b**	**W/b**	**E/b**	**W/b**	**E/b**	**W/b**
Asia - North Europe	387	753	366	721	409	920	346	914	384	664	392	775
Transatlantic	165	268	150	250	154	246	169	212	190	243	191	280
Transpacific	1,497	585	1,409	584	1,382	563	1,522	542	1,402	603	1,210	612

Source: Drewry Maritime Research

THROUGHPUT ON MAJOR NORTH-SOUTH TRADES ('000 TEU)

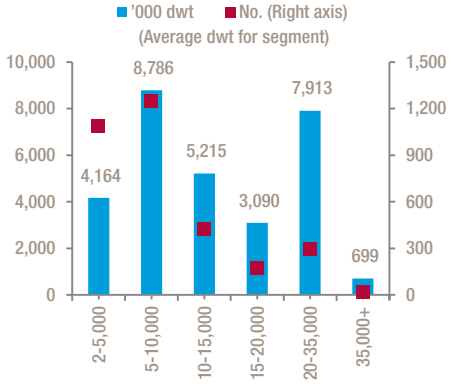
	Oct 15		Nov 15		Dec 15		Jan 16		Feb 16		Mar 16	
Tradelane	**N/b**	**S/b**	**N/b**	**S/b**	**N/b**	**S/b**	**N/b**	**S/b**	**N/b**	**S/b**	**N/b**	**S/b**
Asia ECSA	72	109	64	84	69	86	56	96	54	86	65	75
Asia WCSA	76	66	76	55	73	55	64	54	63	53	75	66
Asia West Africa	18	114	19	114	23	111	23	107	30	74	28	87

Source: Drewry Maritime Research

Multipurpose

- Fall in steel trade dampens MPV demand
- Low fertiliser trade adds to the sorry picture for MPVs
- Vessel scrapping continues to rise
- Deliveries fall steeply in the oversupplied market

MULTIPURPOSE FLEET STRUCTURE



Source: Drewry Maritime Research

DEMOLITION ACTIVITY TO RISE FURTHER

The MPV fleet contracted in May by 44,000 dwt over the previous month owing to a rise in vessel scrapping activity and a fall in deliveries.

The oversupplied market and high demolition prices resulted in increased scrapping in the MPV segment. About 81,000 dwt was removed from the MPV market in May, while in April just 33,000 dwt was removed from the market. Demolition activity is expected to rise further as demand for vessels is expected to remain weak owing to a slowdown in global trade activity. Most of the ships were sent to Indian and Bangladeshi yards for scrapping.

In the current scenario, when the market is saturated, shipowners seem reluctant to enter the MPV segment and are delaying the delivery of vessels. Deliveries declined from 83,000 dwt in April to 32,000 dwt in May, while the second-hand market gained momentum with some shipowners taking advantage of low asset prices by going for counter-cyclical ordering. The orderbook numbers contracted with a fall in the number of orders placed.

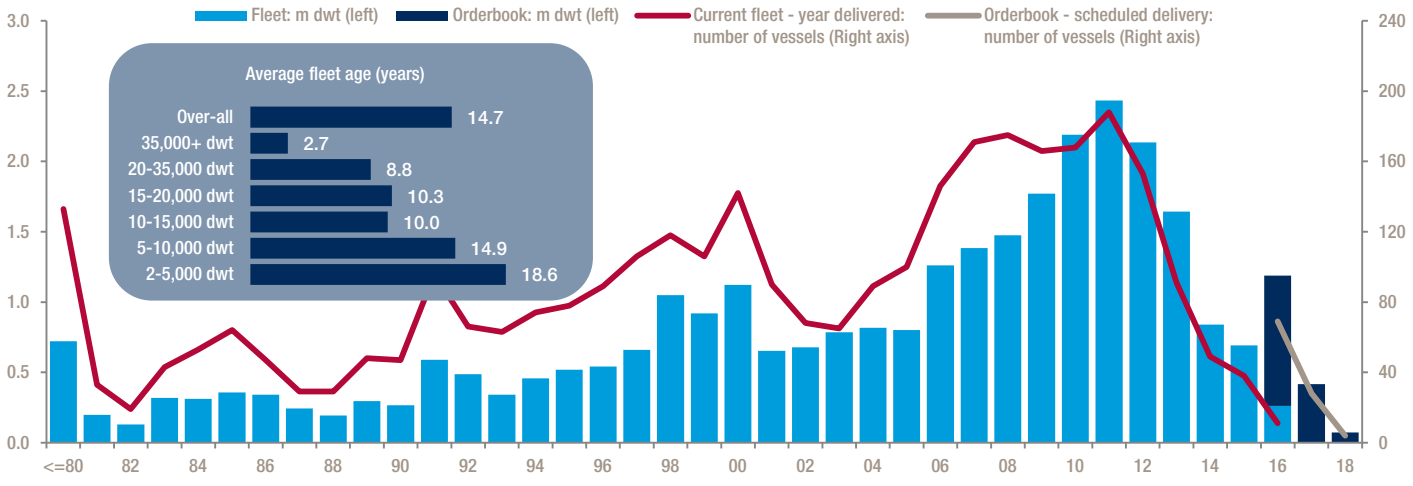
We expect the MPV fleet to shrink further as demolition activity is expected to rise and vessel deliveries are likely to fall in July.

MULTIPURPOSE FLEET BY SIZE ('000 DWT)

	May 15		2015		Feb 16		Mar 16		Apr 16		May 16	
Size (dwt)	*No.*	*'000 dwt*	*No.*	*'000 dwt*	*No.*	*'000 dwt*	*No.*	*'000 dwt*	*No.*	*'000 dwt*	*No.*	*'000 dwt*
Fleet												
2-5,000	1,099	4,211	**1,093**	**4,184**	1,087	4,159	1,090	4,168	1,089	4,164	1,089	4,164
5-10,000	1,256	8,876	**1,249**	**8,826**	1,250	8,802	1,248	8,786	1,253	8,812	1,249	8,786
10-15,000	411	5,032	**421**	**5,164**	421	5,170	422	5,182	426	5,227	425	5,215
15-20,000	175	3,091	**180**	**3,178**	177	3,125	177	3,125	176	3,109	175	3,090
20-35,000	294	7,829	**295**	**7,859**	295	7,869	296	7,901	296	7,901	296	7,913
35,000+	10	435	**11**	**472**	15	620	15	624	17	699	17	699
Total	**3,245**	**29,474**	**3,249**	**29,683**	**3,245**	**29,744**	**3,248**	**29,786**	**3,257**	**29,912**	**3,251**	**29,868**

Source: Drewry Maritime Research

MULTIPURPOSE FLEET AGE PROFILE



Source: Drewry Maritime Research

MAJOR SHIPOWNERS

Owner Company	Owner country	No	'000 dwt
Briese Schiffahrts	Netherlands	119	992.07
Wagenborg Shipping	Germany	91	957.5
COSCO Shipping	China	55	1,453
Spliethoff	Netherlands	50	793
Strahlmann E.	Germany	47	221.0
Wilson ASA	Singapore	41	157.8
Flinter Shipping	China	40	250.8
Albros Shipping	Cyprus	32	172.0
Carisbrooke Shipping	Germany	30	306.6
Others		2,746	24,564
Total		**3,251**	**29,868**

Source: Drewry Maritime Research

SHIP OWNERSHIP BY COUNTRY

Country	No	'000 dwt	% of total
Germany	708	6,729	22.5%
China	275	4,668	15.6%
Netherlands	486	3,938	13.2%
Turkey	221	1,525	5.1%
Singapore	65	1,378	4.6%
Russia	188	1,238	4.1%
Cyprus	56	860	2.9%
Other	1,252	9,530	31.9%
Total	**3,251**	**29,868**	**100.0%**

Source: Drewry Maritime Research

MULTIPURPOSE FLEET BY TYPE ('000 DWT)

	MPV		Heavy lift		Project carrier		Premium Project carrier		Total	
Size (dwt)	*No.*	*'000 dwt*	*No.*	*'000 dwt*	*No.*	*'000 dwt*	*No.*	*'000 dwt*	*No.*	*'000 dwt*
2-5,000	943	3,594	15	54	85	339	46	178	**1,089**	**4,164**
5-10,000	960	6,713	22	156	168	1,192	99	726	**1,249**	**8,786**
10-15,000	247	3,002	4	45	79	978	95	1,190	**425**	**5,215**
15-20,000	111	1,940	1	18	15	267	48	865	**175**	**3,090**
20-35,000	220	5,800	1	26	18	435	57	1,651	**296**	**7,913**
35,000+	9	337	0	0	0	0	8	362	**17**	**699**
Total	**2,490**	**21,386**	**43**	**299**	**365**	**3,212**	**353**	**4,972**	**3,251**	**29,868**

Source: Drewry Maritime Research

MULTIPURPOSE ORDERBOOK BY SIZE ('000 DWT)

	2016		2017		2018		2019+		Total		% of fleet
Size (dwt)	*No.*	*'000 dwt*	*No.*	*'000 dwt*	*No.*	*'000 dwt*	*No.*	*'000 dwt*	*No.*	*'000 dwt*	
2-5,000	2	5	2	8	0	0	0	0	**4**	**13**	**0.3%**
5-10,000	16	116	2	17	2	17	0	0	**20**	**150**	**1.7%**
10-15,000	42	519	17	209	0	0	0	0	**59**	**728**	**13.9%**
15-20,000	1	18	2	35	0	0	0	0	**3**	**53**	**1.7%**
20-35,000	5	153	5	148	2	56	0	0	**12**	**357**	**4.5%**
35,000+	3	114	0	0	0	0	0	0	**3**	**114**	**16.3%**
Total	**69**	**926**	**28**	**417**	**4**	**73**	**0**	**0**	**101**	**1,416**	**4.7%**

Source: Drewry Maritime Research

MULTIPURPOSE ORDERBOOK BY BUILDER COUNTRY ('000 DWT)

	2-5,000		5-10,000		10-15,000		15-20,000		20-35,000		35,000+		Total	
Builder	*No.*	*'000 dwt*	*No.*	*'000 dwt*	*No.*	*'000 dwt*	*No.*	*'000 dwt*	*No.*	*'000 dwt*	*No.*	*'000 dwt*	*No.*	*'000 dwt*
China	0	0	18	139	48	604	0	0	12	357	3	114	**81**	**1,214**
Croatia	0	0	0	0	3	33	0	0	0	0	0	0	**3**	**33**
Germany	0	0	0	0	5	53	0	0	0	0	0	0	**5**	**53**
Others	4	13	2	12	3	39	3	53	0	0	0	0	**12**	**116**
Total	**4**	**13**	**20**	**150**	**59**	**728**	**3**	**53**	**12**	**357**	**3**	**114**	**101**	**1,416**

Source: Drewry Maritime Research

MULTIPURPOSE DELIVERIES ('000 TONNES)

	May 15		2015		Mar 16		Apr 16		May 16		2016*	
Size (dwt)	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*
2-5,000	0	0	**1**	**3**	0	0	0	0	2	7	**3**	**10**
5-10,000	0	0	**2**	**15**	0	0	1	8	1	8	**2**	**16**
10-15,000	3	44	**11**	**148**	0	0	0	0	0	0	**2**	**23**
15-20,000	1	18	**5**	**91**	0	0	0	0	1	17	**1**	**17**
20-35,000	0	0	**5**	**127**	0	0	0	0	0	0	**1**	**32**
35,000+	0	0	**4**	**146**	0	0	2	75	0	0	**4**	**151**
Total	**4**	**62**	**28**	**530**	**0**	**0**	**3**	**83**	**4**	**32**	**13**	**249**

*YTD Source: Drewry Maritime Research

MULTIPURPOSE NEWBUILDING ACTIVITY ('000 DWT)

	May 15		2015		Mar 16		Apr 16		May 16		2016*	
Size (dwt)	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*
2-5,000	0	0	**0**	**0**	2	8	0	0	0	0	**2**	**8**
5-10,000	0	0	**2**	**10**	0	0	0	0	0	0	**0**	**0**
10-15,000	0	0	**12**	**146**	0	0	0	0	0	0	**0**	**0**
15-20,000	3	53	**3**	**53**	0	0	0	0	0	0	**0**	**0**
20-35,000	0	0	**6**	**168**	0	0	0	0	0	0	**0**	**0**
35,000+	0	0	**0**	**0**	0	0	0	0	0	0	**0**	**0**
Total	**4**	**62**	**23**	**377**	**2**	**8**	**0**	**0**	**0**	**0**	**2**	**8**

*YTD Source: Drewry Maritime Research

MULTIPURPOSE SALE AND PURCHASE ACTIVITY ('000 DWT)

	May 15		2015		Mar 16		Apr 16		May 16		2016*	
Size (dwt)	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*
2-5,000	2	8	**14**	**58**	2	6	1	5	2	10	**5**	**20**
5-10,000	0	0	**18**	**119**	3	18	0	0	4	26	**10**	**63**
10-15,000	0	0	**5**	**59**	0	0	0	0	0	0	**1**	**11**
15-20,000	0	0	**3**	**54**	0	0	0	0	0	0	**1**	**17**
20-35,000	0	0	**3**	**61**	0	0	0	0	0	0	**0**	**0**
35,000+	0	0	**0**	**0**	0	0	0	0	0	0	**0**	**0**
Total	**2**	**8**	**43**	**352**	**5**	**24**	**1**	**5**	**6**	**36**	**17**	**110**

*YTD Source: Drewry Maritime Research

MULTIPURPOSE DEMOLITION ACTIVITY ('000 DWT)

	May 15		2015		Mar 16		Apr 16		May 16		2016*	
Size (dwt)	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*	*No.*	*dwt*
2-5,000	0	0	**6**	**26**	0	0	0	0	1	5	**1**	**5**
5-10,000	2	14	**25**	**174**	2	17	2	18	3	22	**10**	**83**
10-15,000	0	0	**4**	**50**	0	0	0	0	3	34	**4**	**48**
15-20,000	0	0	**7**	**124**	1	16	0	0	1	20	**4**	**74**
20-35,000	1	23	**6**	**132**	0	0	0	0	0	0	**1**	**22**
35,000+	0	0	**0**	**0**	0	0	0	0	0	0	**0**	**0**
Total	**3**	**37**	**48**	**506**	**2**	**16**	**3**	**33**	**8**	**81**	**20**	**232**

*YTD Source: Drewry Maritime Research

MULTIPURPOSE NEWBUILDING PRICES ($ MILLION)

Size (dwt)	*Teu*	*SWL (tonnes)*	*Type*	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016***
4,500	200	70	Multipurpose	8.3	7.5	6.5	6.3	6.5	6.6	6.6
8,000	350	160	Project Carrier	12.0	11.0	9.5	9.0	9.5	9.8	9.9
12,500	700	225	Project Carrier	18.0	17.0	15.0	14.5	15.0	15.5	15.5
17,500	900	120	Multipurpose	22.5	21.0	18.0	17.5	18.0	18.5	18.5
	900	800	Project Carrier	31.0	28.0	25.0	24.0	24.0	24.5	25.0
22,500	1,100	120	Multipurpose	26.0	24.0	21.0	20.0	20.0	20.5	21.0
30,000	1,350	150	Multipurpose	27.0	25.0	22.0	21.0	22.0	22.0	21.5
	1,750	650	Project Carrier	35.0	32.0	28.0	27.0	28.0	29.0	30.0

** YTD*

Source: Drewry Maritime Research

MULTIPURPOSE SECOND-HAND PRICES ($ MILLION)

Size (dwt)	*Teu*	*SWL (tonnes)*	*Age*	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016***
4,000	250	0	*25 yrs*	1.8	2.2	1.8	1.7	1.8	1.5	1.3
	250	70	*10 yrs*	4.5	5.0	4.5	4.3	4.5	4.5	4.4
	250	70	*25 yrs*	2.3	2.5	2.3	2.2	2.2	2.2	2.2
7,500	500	80	*10 yrs*	6.5	7.0	6.0	5.8	5.8	5.8	5.8
	500	80	*25 yrs*	3.0	3.5	3.0	2.8	2.8	2.8	2.7
8,000	500	300	*10 yrs*	13.0	14.0	13.0	12.0	12.5	12.3	12.1
12,000	600	80	*10 yrs*	8.0	9.0	8.0	7.5	7.8	7.5	7.4
	600	80	*25 yrs*	3.5	4.0	3.5	3.3	3.3	3.3	3.2
17,500	600	100	*10 yrs*	12.0	13.0	11.5	10.5	10.8	10.5	10.4
	600	100	*25 yrs*	5.5	6.0	5.0	4.8	4.8	4.5	4.4
22,500	850	120	*25 yrs*	7.0	7.0	6.0	5.5	5.8	5.5	5.4

** YTD*

Source: Drewry Maritime Research

MULTIPURPOSE DEMOLITION PRICES

		May 15	**2015**	**Mar 16**	**Apr 16**	**May 16**	**2016***
Scrap price ($/ldt)		385.0	**347.5**	242.0	270.0	260.0	**253.4**
Scrap value ($ million)							
Size (dwt)	*Ldt (tonnes)*						
2-5,000	1,500	0.58	**0.52**	0.36	0.41	0.39	**0.38**
5-10,000	3,600	1.39	**1.25**	0.87	0.97	0.94	**0.91**
10-15,000	6,200	2.39	**2.15**	1.50	1.67	1.61	**1.57**
15-20,000	7,300	2.81	**2.54**	1.77	1.97	1.90	**1.85**
20-35,000	9,000	3.47	**3.13**	2.18	2.43	2.34	**2.28**
35,000+	12,500	4.81	**4.34**	3.03	3.38	3.25	**3.17**

** YTD*

Source: Drewry Maritime Research

MULTIPURPOSE AVERAGE DEMOLITION AGE BY SEGMENT (YEARS)

Size (dwt)	**2011**	**2012**	**2013**	**2014**	**2015**	**2016***
2-5,000	33.7 (25, 41)	29.8 (21, 39)	29.1 (18, 35)	34.5 (23, 43)	26.5 (21, 32)	**26.5 (21, 38)**
5-10,000	32.1 (20, 40)	28.3 (17, 39)	27.8 (22, 36)	28.6 (13, 42)	29.30 (12, 38)	**28.66 (19, 36)**
10-15,000	32.1 (24, 38)	29.5 (22, 38)	27.9 (23, 33)	27.7 (14, 35)	28.3 (23, 32)	**26.0 (23, 35)**
15-20,000	29.0 (21, 39)	25.5 (13, 35)	30.9 (15, 41)	28.6 (20, 42)	24.5 (19, 31)	**28.5 (19, 31)**
20-35,000	32.0 (27, 43)	29.0 (21, 34)	29.5 (29, 30)	28.3 (22, 32)	26 (21, 38)	**26 (21, 38)**
35,000+	35.0 (35, 35)	28.0 (28, 28)	30.3 (18, 40)	n/a	n/a	**n/a**
Overall	**30.2 (19,41)**	**31.6 (20,43)**	**28.0 (13,39)**	**29.2 (15, 41)**	**26.8 (12, 38)**	**26.9 (12, 38)**

Figures in parentheses show the minimum and maximum demolition ages, respectively ** Based on YTD deals*

Source: Drewry Maritime Research

LOW FERTILISER TRADE AFFECTS MPV DEMAND

Drewry expects demand for MPV vessels to remain weak owing to a slowdown in the grain and fertiliser trades. The growth rate of the fertiliser seaborne trade slowed down in 2015 from 2014, as demand in North America and East Asia dropped as a result of continued improvement in fertiliser efficiency in these regions.

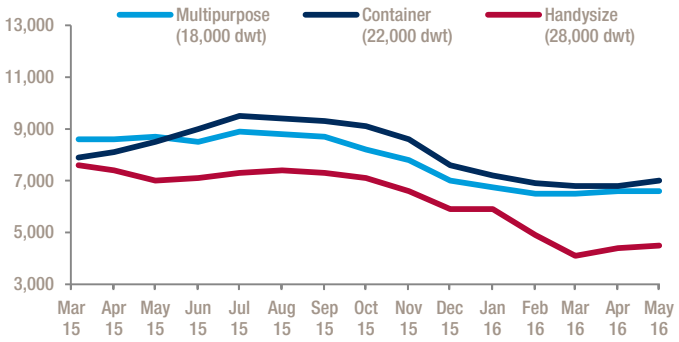
Demand is also expected to remain weak in China as the country is cutting the use of fertiliser in response to environmental issues. China has decided to restrict growth in fertiliser consumption to 1% per year between 2015 and 2020. It also decided to impose 13% VAT on fertiliser sales in the fourth quarter of 2015.

However, demand is expected to rise in developing countries of Central and South Asia. For example, India plans to import six million tonnes of urea from Iran and China by 2017 in order to meet the rising domestic demand for fertiliser.

India's imports declined in 2015 because of high domestic production, but they are expected to rise again as domestic production will not be enough to cater to the growing demand for urea. The increased trade movement will engage more number of Panamax and MPV vessels on the route.

However, the rise in imports might not have much impact freight rates as oversupplied fleet will reduce the bargaining power of shipowners.

ONE-YEAR TC RATES COMPARISON ($/DAY)



Source: Baltic Exchange

ONE-YEAR TC RATES ($/DAY)

Dwt	May 15	2015	Mar 16	Apr 16	May 16	2016*
5,000-7,500	5,600	**5,800**	6,400	6,300	6,300	**6,300**
7,500-10,000	6,600	**6,500**	6,450	6,500	6,600	**6,410**
10,000-15,000	8,400	**8,200**	6,500	6,600	6,700	**6,610**
15,000-20,000	8,700	**8,400**	6,300	6,200	6,350	**6,320**
20,000+	11,100	**10,800**	7,700	7,600	7,800	**7,780**

** YTD*

Source: Drewry Maritime Research

GRAIN IMPORTS AND EXPORTS (MILLION TONNES)

Exports from	**Apr 15**	**2015**	**Feb 16**	**Mar 16**	**Apr 16**	**2016***
US	7.6	**71.3**	5.4	7.0	6.9	**24.3**
Canada	2.3	**27.1**	2.2	1.9	1.9	**8.0**
EU25	4.8	**46.3**	4.2	4.8	5.0	**17.7**
Australia	2.4	**24.2**	2.1	2.0	n/a	**5.9**
Argentina	3.1	**23.0**	4.3	4.8	4.0	**16.0**
Russia	1.3	**30.3**	3.2	2.8	n/a	**7.8**
Ukraine	2.6	**34.2**	3.3	3.6	n/a	**9.1**

Imports to	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Africa	52.6	**53.1**	55.9	64.7	64.7	**64.7**
N&C America	29.2	**27.7**	29.7	32.7	32.7	**32.9**
S America	23.9	**23.1**	25.8	27.8	27.8	**28.0**
Pacific Asia	67.6	**72.7**	77.3	89.5	89.5	**91.9**
Europe	9.9	**15.5**	18.8	22.7	22.7	**16.1**

** YTD*

Source: Drewry Maritime Research

STEEL IMPORTING COUNTRIES (MILLION TONNES)

	2013	**2014**	**2015**
United States	32.4	41.4	25.4
South Korea	22.7	25.5	22.3
China	16.4	16.8	15.5
Germany	14.8	15.6	12.2
Turkey	15.3	15.0	20.9
Thailand	14.5	14.0	14.5
Indonesia	12.0	11.3	8.9
Other	253.4	267.7	230.0
Grand Total	**381.3**	**407.4**	**349.7**

Source: Drewry Maritime Research

STEEL EXPORTING COUNTRIES (MILLION TONNES)

	2013	**2014**	**2015**
China	79.4	105.0	97.9
Japan	43.5	42.2	38.6
South Korea	31.4	33.9	28.6
Ukraine	19.1	19.1	15.2
Turkey	19.0	18.1	13.1
Russia	19.3	18.1	23.3
Germany	15.3	14.9	11.7
Other	154.4	156.0	121.3
Grand Total	**381.3**	**407.4**	**349.7**

Source: Drewry Maritime Research

Publisher: Patrick Neylan
neylan@drewry.co.uk

Editor: Rajesh Verma
verma@drewry.co.uk

Editing team

Seema Asim Raina,
raina@drewry.co.uk
Pooja Ranjan,
pooja@drewry.co.uk

Research team

Anandamoy Das – Dry Bulk
anandamoy@drewry.co.uk
Vikash Ranjan – Tankers,
ranjan@drewry.co.uk
Shresth Sharma – LNG / LPG,
shresth@drewry.co.uk
Hu Qing – Chemicals,
qing@drewry.co.uk
Himanshu Dhingra – Container,
dhingra@drewry.co.uk
Shefali Shokeen – Multipurpose
shefali@drewry.co.uk
Geeta Rani – Data,
rani@drewry.co.uk

Production team

Nimu Shukla,
shukla@drewry.co.uk
Kevin Gomm,
gomm@drewry.co.uk;
Vikas Sharma,
vikas@drewry.co.uk
Rajiv Sarkar,
sarkar@drewry.co.uk
Yashpal Singh Rawat
yashpal@drewry.co.uk
Dinesh Kumar Karmakar
karmakar@drewry.co.uk

DREWRY ALL-EARNINGS INDEX

Average tce earnings for dry bulk, tankers and LPG, weighted according to estimated market share

DREWRY NEWBUILDING PRICE INDEX

Newbuilding prices for dry bulk, tankers, LPG, LNG and chemicals, weighted within each sector

DREWRY SECOND-HAND PRICE INDEX

Second-hand prices for dry bulk, tankers, LPG and chemicals, weighted within each sector

DREWRY DRY BULK EARNINGS INDEX

Dry bulk tce earnings, weighted across benchmark routes according to market share

DREWRY NEWBUILDING DRY BULK PRICE INDEX

Dry bulk newbuilding prices for Handy, Handymax, Panamax and Cape, weighted according to market volumes

DREWRY SECOND-HAND DRY BULK PRICE INDEX

Dry bulk second-hand prices for Handy, Handymax, Panamax and Cape, weighted according to market volumes

DREWRY TANKER EARNINGS INDEX

Tanker tce earnings, weighted across benchmark routes according to market share

DREWRY NEWBUILDING PRICE TANKER INDEX

Tanker newbuilding prices for Products, Panamax, Aframax, Suezmax and VLCC, weighted according to market volumes

DREWRY SECOND-HAND PRICE TANKER INDEX

Tanker second-hand prices for Products, Panamax, Aframax, Suezmax and VLCC, weighted according to market volumes

DEFINING PROJECT CARRIERS

A project carrier is a specialised type of MPV vessel with ability to carry much heavier cargoes that are usually of a non-uniform shape. Drewry defines project carriers as MPVs built after 1989 with an enhanced lift capacity. MPVs with increased lifting capacity that have been built before 1989 or are being built without container capability have been classified as heavy-lift vessels.

IRR MODEL ASSUMTIONS

Debt/Equity 70%, interest rate=10 year US Treasury Yield +3%, vessel life 25 years

TANKER DEMAND INDICES

Demand indices for various tanker segments have been calculated based on their respective spot chartering activity

TANKER EARNINGS INDICES

Tanker earnings indices have been calculated based on weighted average of TCEs on major routes for the respective segments. The base period is January 2005

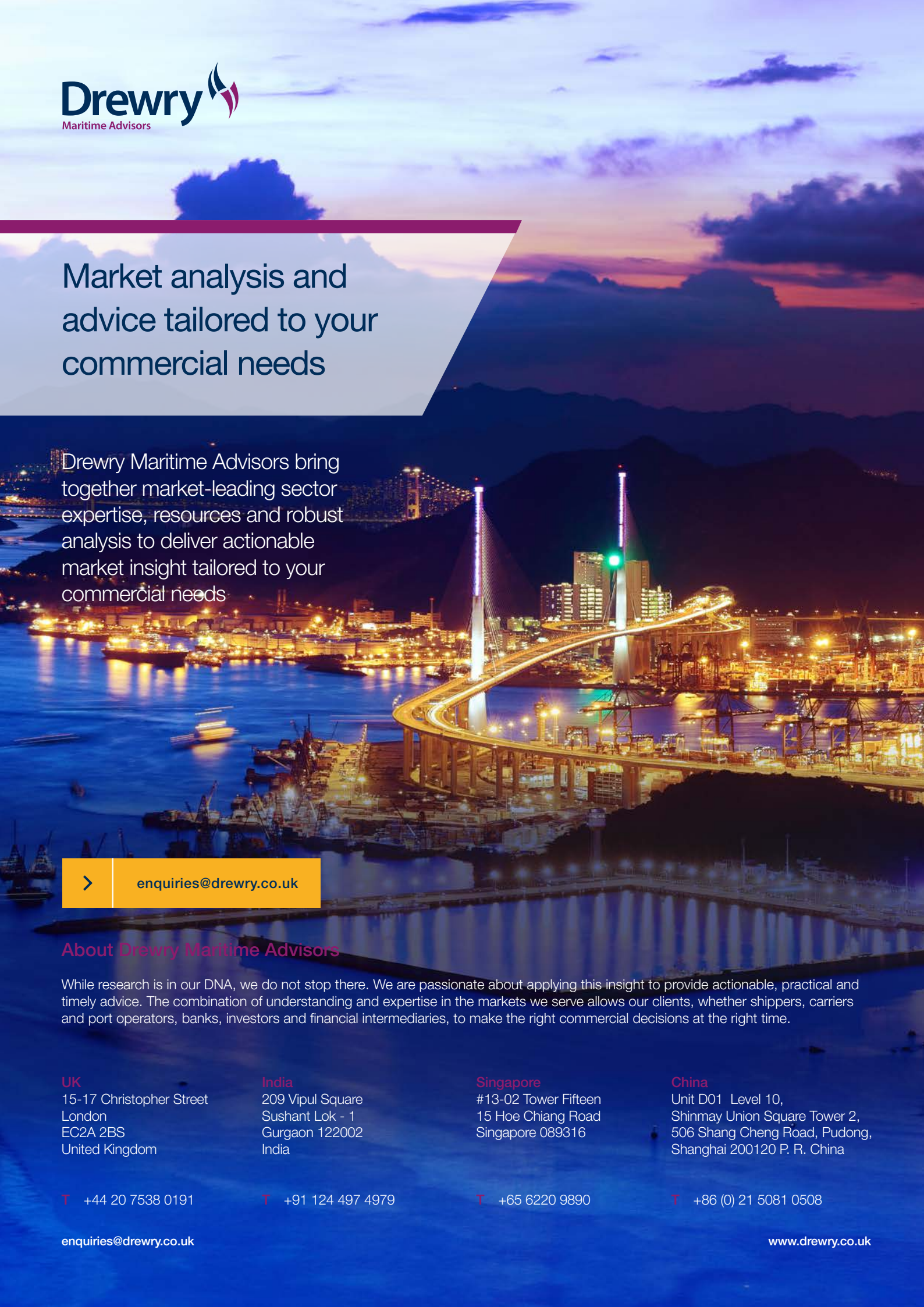
DREWRY DRY BULK INDICES

Drewry Dry Bulk indices have been calculated based on weighted average of TCEs on major routes for the respective segments. The base period is January 2002

Drewry
Maritime Advisors

Market analysis and advice tailored to your commercial needs

Drewry Maritime Advisors bring together market-leading sector expertise, resources and robust analysis to deliver actionable market insight tailored to your commercial needs



enquiries@drewry.co.uk

About Drewry Maritime Advisors

While research is in our DNA, we do not stop there. We are passionate about applying this insight to provide actionable, practical and timely advice. The combination of understanding and expertise in the markets we serve allows our clients, whether shippers, carriers and port operators, banks, investors and financial intermediaries, to make the right commercial decisions at the right time.

UK
15-17 Christopher Street
London
EC2A 2BS
United Kingdom

T +44 20 7538 0191

India
209 Vipul Square
Sushant Lok - 1
Gurgaon 122002
India

T +91 124 497 4979

Singapore
#13-02 Tower Fifteen
15 Hoe Chiang Road
Singapore 089316

T +65 6220 9890

China
Unit D01 Level 10,
Shinmay Union Square Tower 2,
506 Shang Cheng Road, Pudong,
Shanghai 200120 P. R. China

T +86 (0) 21 5081 0508

enquiries@drewry.co.uk

www.drewry.co.uk

Drewry

About Drewry Research

Drewry Maritime Research is the research arm of global shipping consultancy Drewry. The company has over 40 years' experience in the maritime sector and employs more than 90 specialists across its offices in London, Delhi, Singapore and Shanghai.

Our market research is renowned for its quality and is trusted by industry leaders around the world to deliver impartial, robust analysis and balanced opinion. This independence, alongside our sector knowledge and expertise, sets our research apart and gives clients the rich market insight they need to make informed business decisions.

Copyright Terms and Conditions

The primary source of market insight, analysis and advice trusted by a global audience of maritime and shipping industry stakeholders

UK
15-17 Christopher Street
London
EC2A 2BS
United Kingdom

T +44 20 7538 0191

India
209 Vipul Square
Sushant Lok - 1
Gurgaon 122002
India

T +91 124 497 4979

Singapore
#13-02 Tower Fifteen
15 Hoe Chiang Road
Singapore 089316

T +65 6220 9890

China
Unit D01 Level 10,
Shinmay Union Square Tower 2,
506 Shang Cheng Road, Pudong,
Shanghai 200120 P. R. China

T +86 (0) 21 5081 0508

Maritime Research | Maritime Advisors | Supply Chain Advisors | Maritime Equity Research

enquiries@drewry.co.uk

www.drewry.co.uk