



COVID-19 & SHIPPING

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A large container ship is docked at a port. The ship's hull is dark blue with the letters 'U' and 'A' visible. Above the ship, several large red cranes are positioned, with the word 'HARDKAI' visible on their sides. Stacks of colorful shipping containers (blue, orange, green) are visible on the ship's deck. The sky is clear and blue.

DETAILS

01. Case Study Audience & Objectives

To conduct for our client (**shipowner**) a detailed analysis of the market conditions, as experienced after the advent of covid, and provide him with **recommendations** about his **immediate investment (next vessel acquisition)**

02. Questions

Which regions exported the most?

Which regions experienced higher imports?

What types of vessels were mostly utilized?

Was there specific demand for a certain commodity and therefore vessel type?

What were the market reactions (sales, idle, orderbook, spot freight rates)?

Key Question: Where to invest next?

03. Data Used considering the years 2018-2022

- Imports & Exports: coal, grain, oil, iron ore, crude oil, oil products
- Orderbook, Idle, Sales Activity, Spot freight rates
- Trade growth of major bulks and oil

STORYBOARD

01

Introduction

Laying out key insights for imports/exports, global trade, commodity demand, vessel utilization, vessel sizes & routes

02

Data Overview

Providing details about the market reactions & average daily earnings

03

Data Emphasis

Emphasizing on Tankers

04

Key takeaways

Tanker earnings, sales activity, orderbook

05

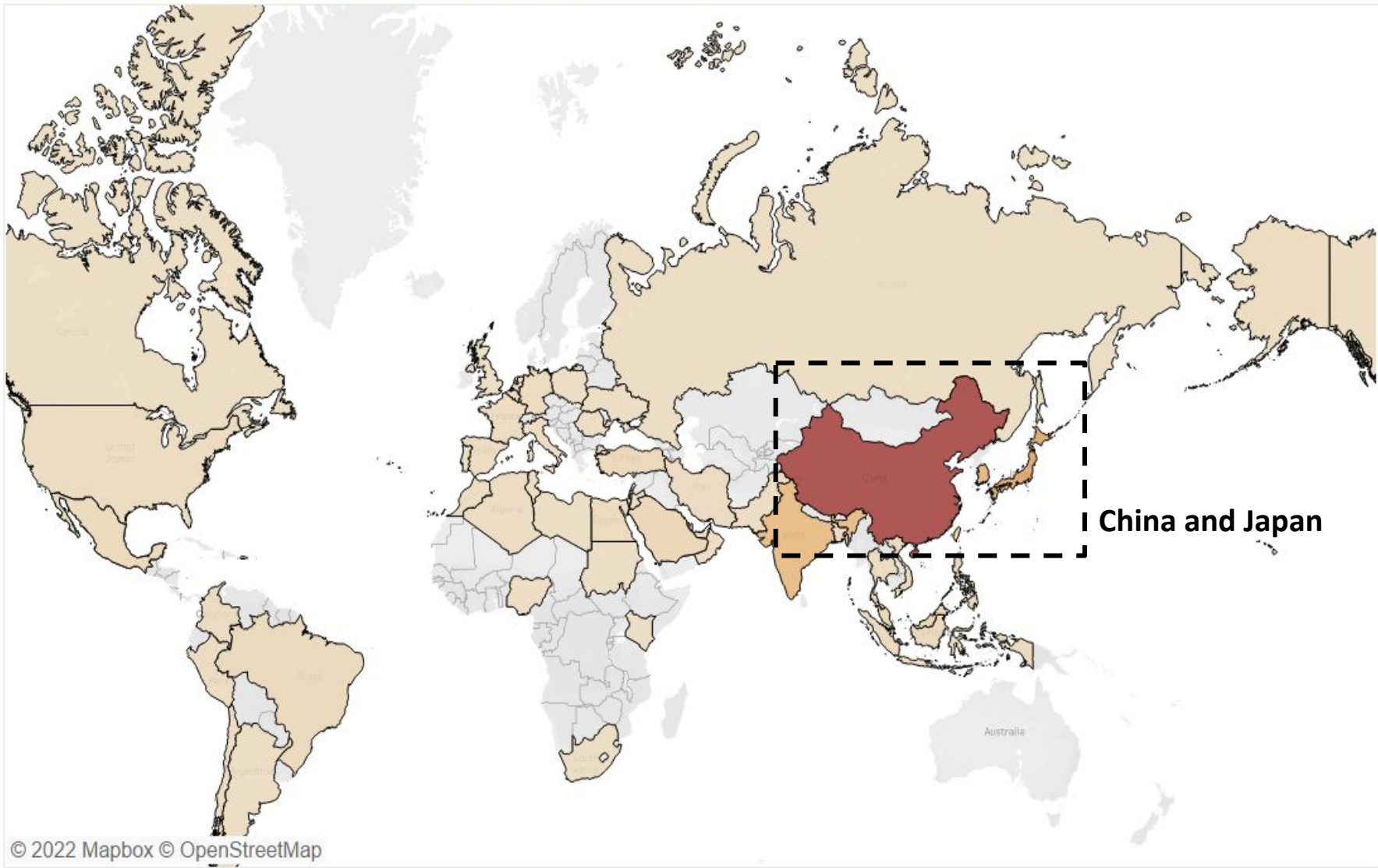
Recommendation

Investment decision based on projected data and current conditions

Regions that had highest imports & exports - Dry commodities

(In million tonnes)

Regions which contributed significantly to Imports Trade



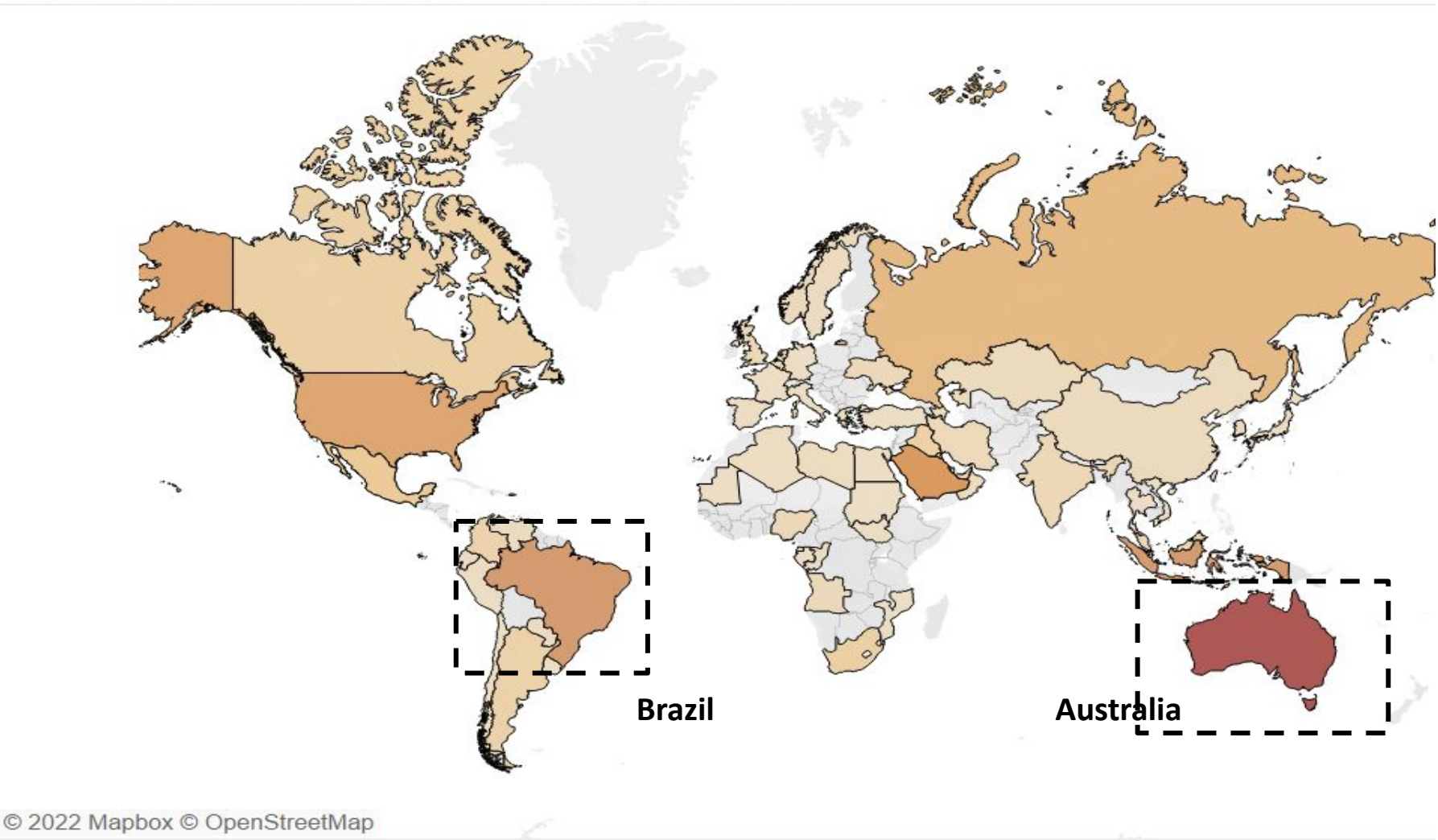
China

2020: 1,984 M Tonnes
2021: 2,078 M Tonnes
2022: 1,571 M Tonnes

Japan

2020: 656 M Tonnes
2021: 692 M Tonnes
2022: 640 M Tonnes

Regions which contributed significantly to Exports Trade



Australia

2020: 1,977 M Tonnes
2021: 2,044 M Tonnes
2022: 1,786 M Tonnes

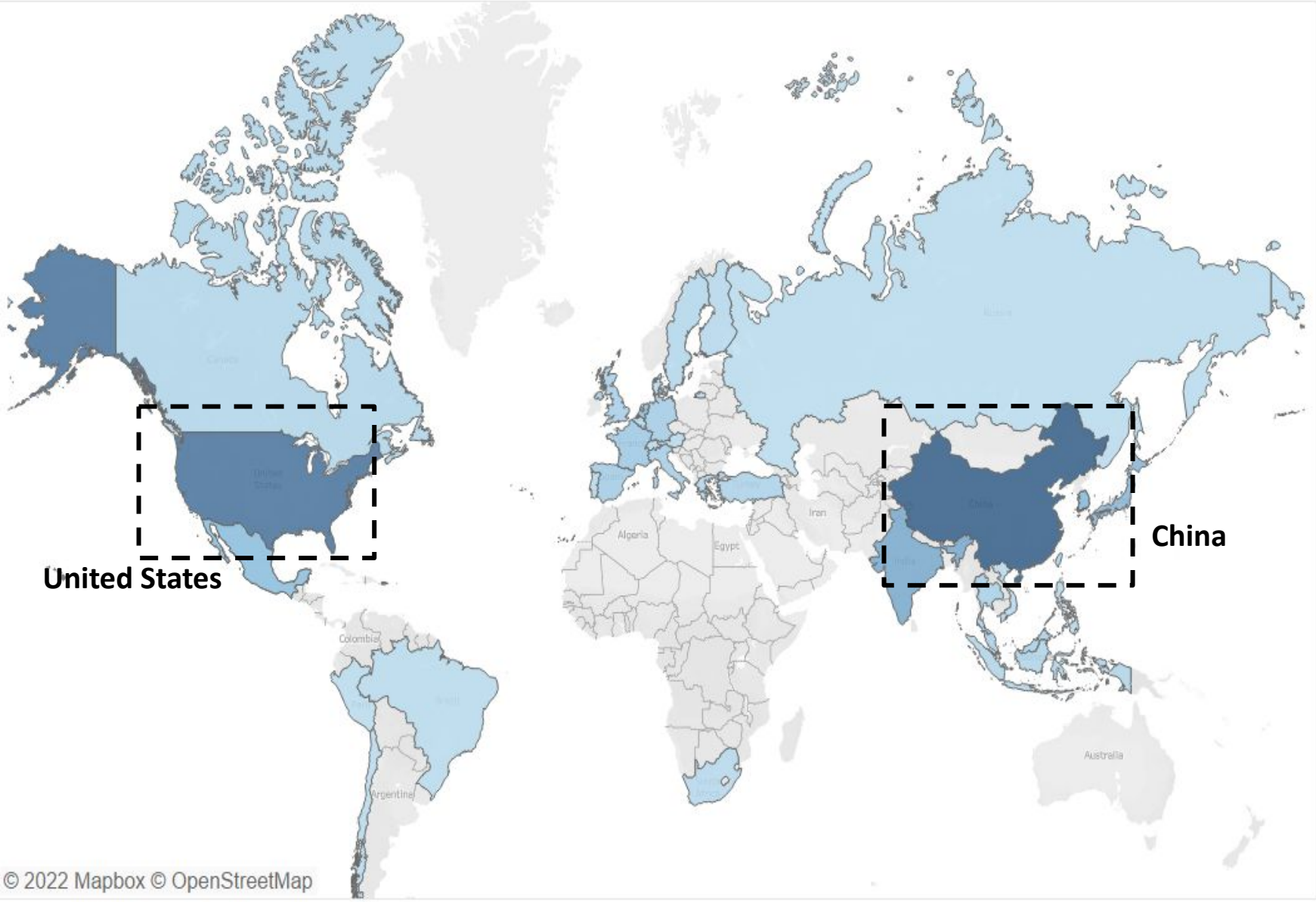
Brazil

2020: 918 M Tonnes
2021: 929 M Tonnes
2022: 868 M Tonnes

Regions that had highest imports & exports - Wet commodities

(In million tonnes)

Regions which contributed significantly to Imports Trade



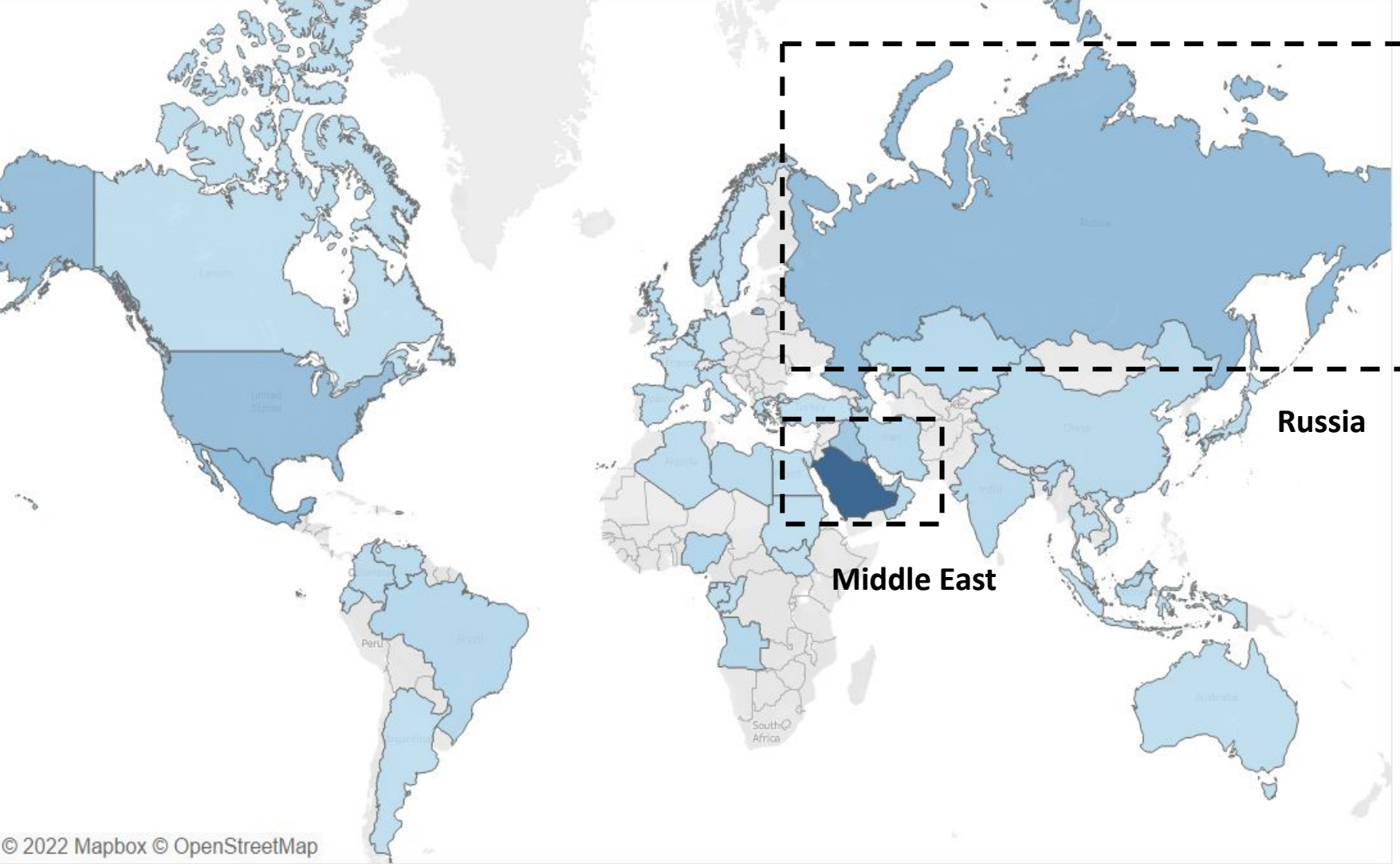
China

2020: 518.4M Tonnes
2021: 488.1M Tonnes
2022: 466.9M Tonnes

United States

2020: 432.1M Tonnes
2021: 447.8M Tonnes
2022: 422.3M Tonnes

Regions which contributed significantly to Exports Trade



Middle East

2020: 848.1 M Tonnes
2021: 841.2 M Tonnes
2022: 948.4 M Tonnes

Russia

2020: 266.0 M Tonnes
2021: 270.5 M Tonnes
2022: 267.1 M Tonnes

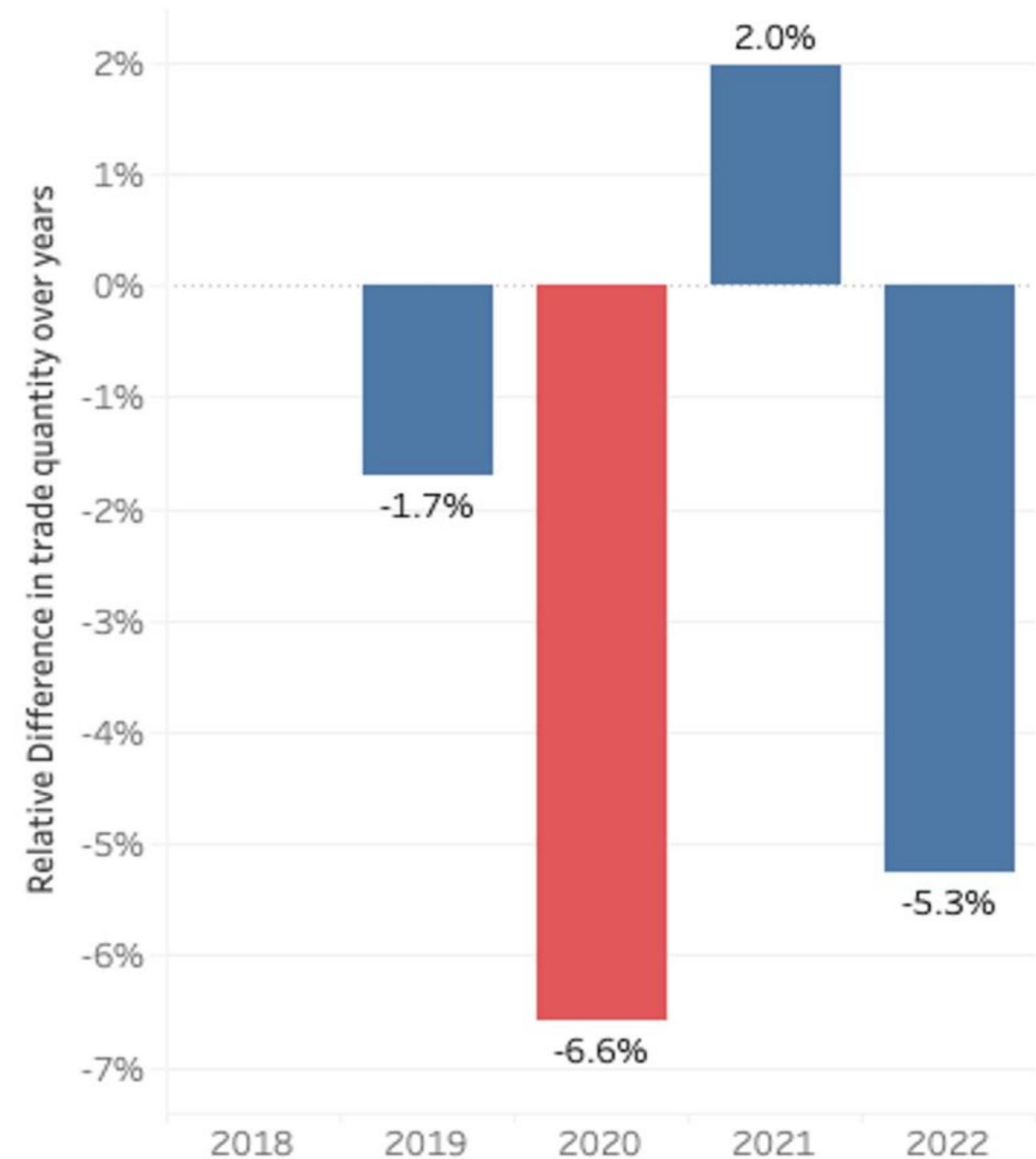
Pandemic causing disruption in Global Trade Volumes

-6.6%

Covid-19 has had a massive impact on global trade with a **6.6% negative growth in 2020** compared to 2019.

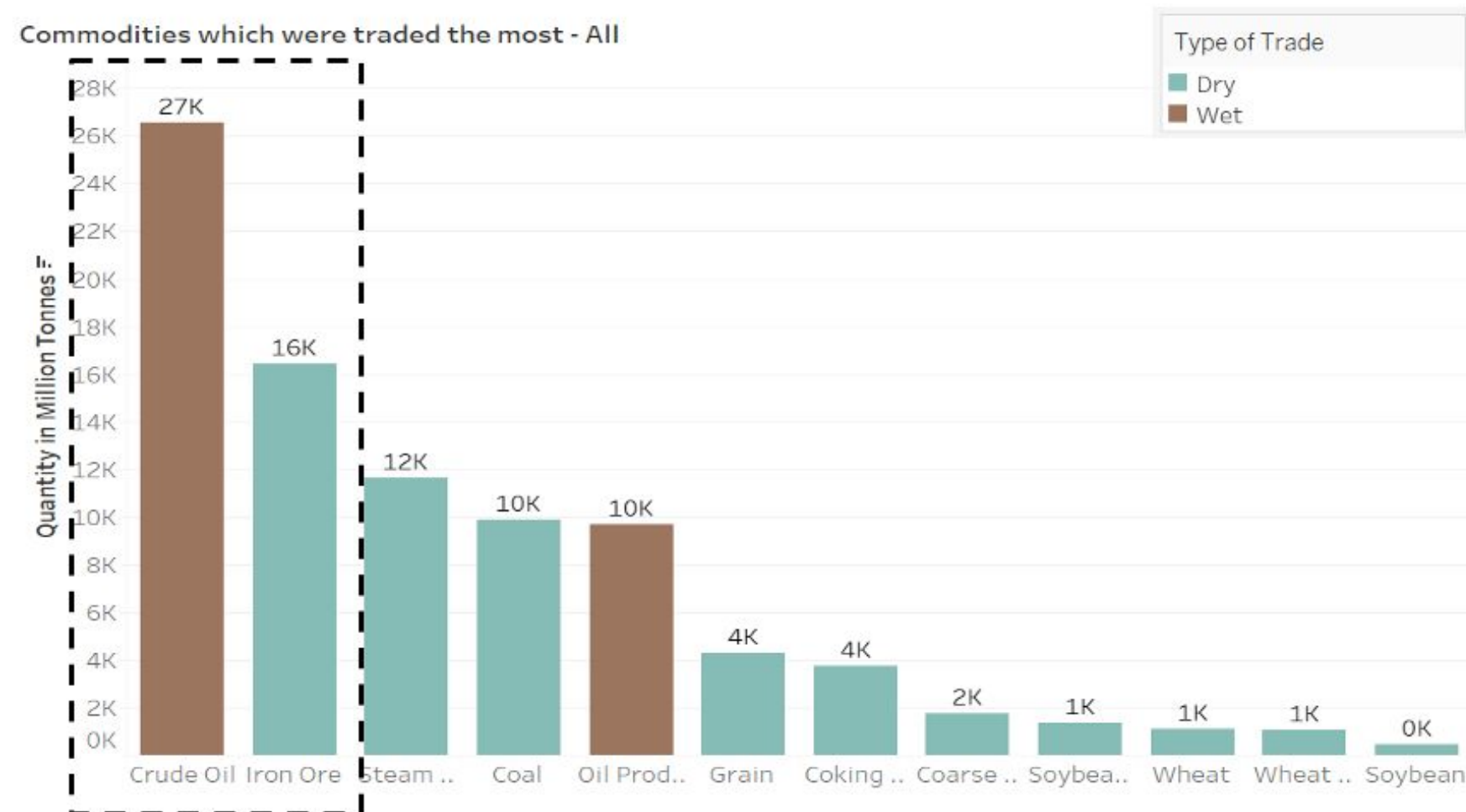
2022 also witnessed a significant impact of **-5.3% growth** in world trade due to the **Russia-Ukraine war** and **China's strict zero-covid policy**.

Percentage of the relative difference between the years in world trade volume



Commodity Demand

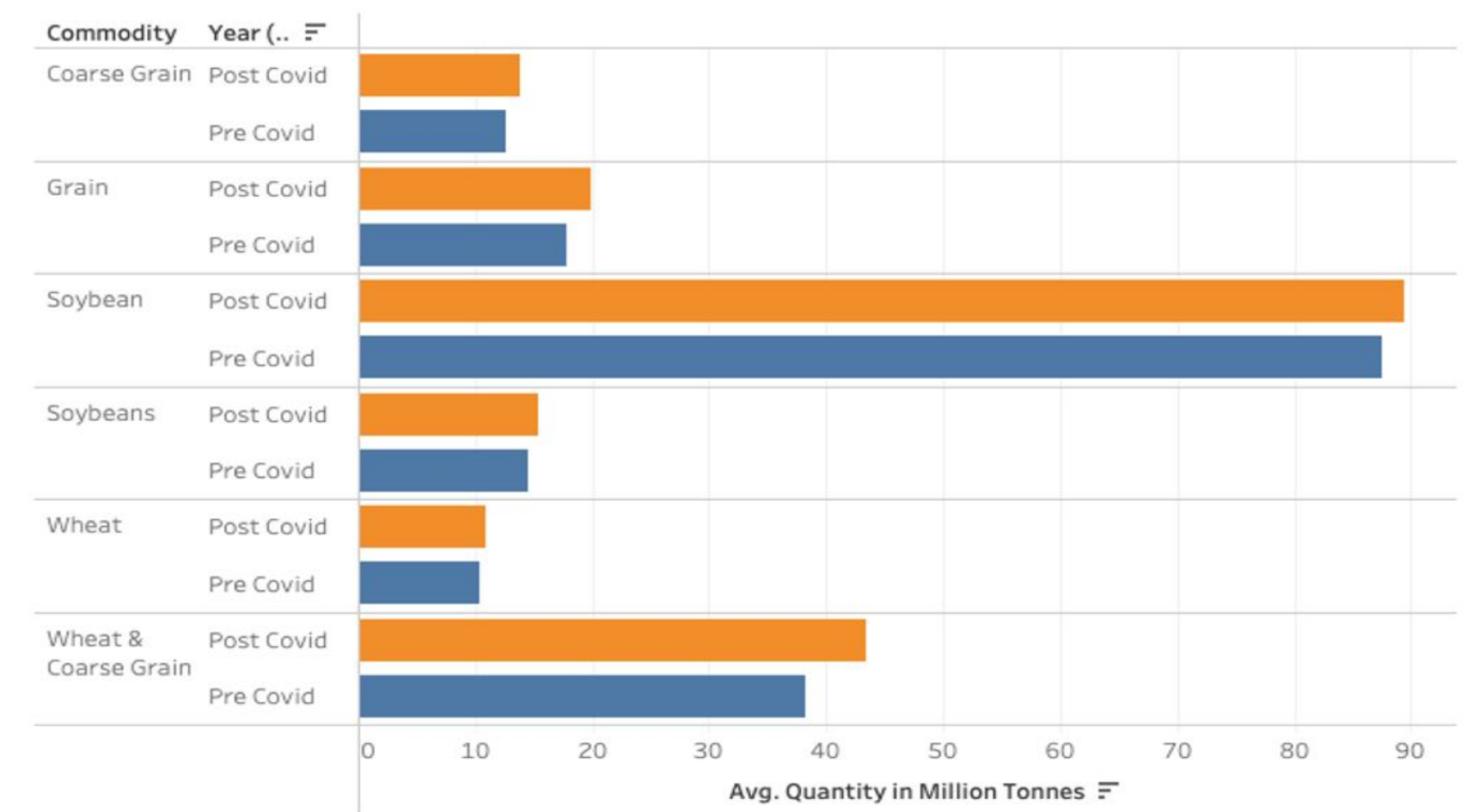
Considering only the major commodities which contribute significantly to world seaborne trade



Crude oil and **Iron ore** are the commodities that experience the **highest trade** volumes over the years 2018-2022.

Grains, Wheat, and Soybeans (food products) were the only commodities that **performed better post covid**.

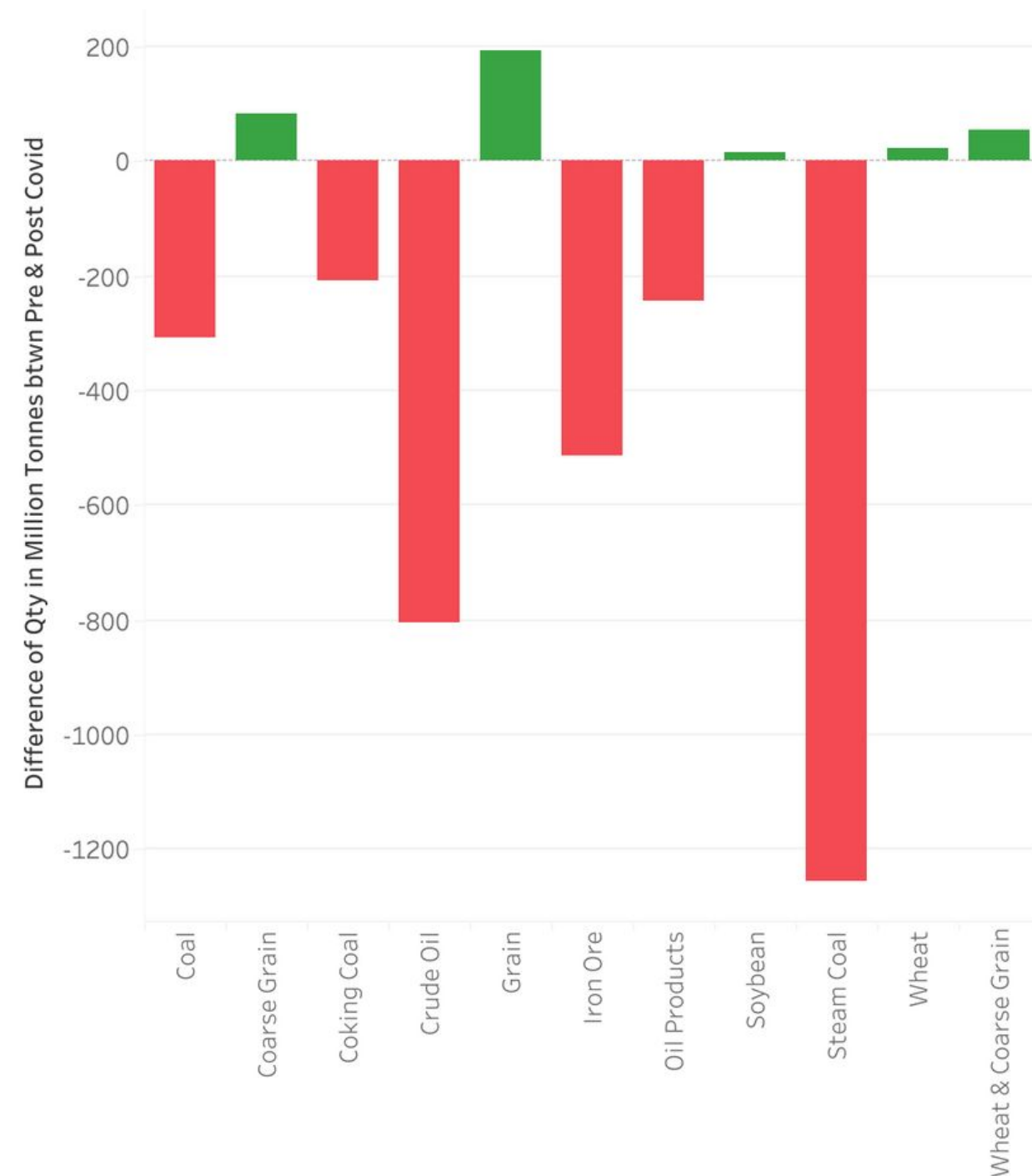
Grains, soybeans and wheat were the commodities that improved in post covid period. Oil and coal trade reduced significantly after covid. This might be an impact of the war as well.



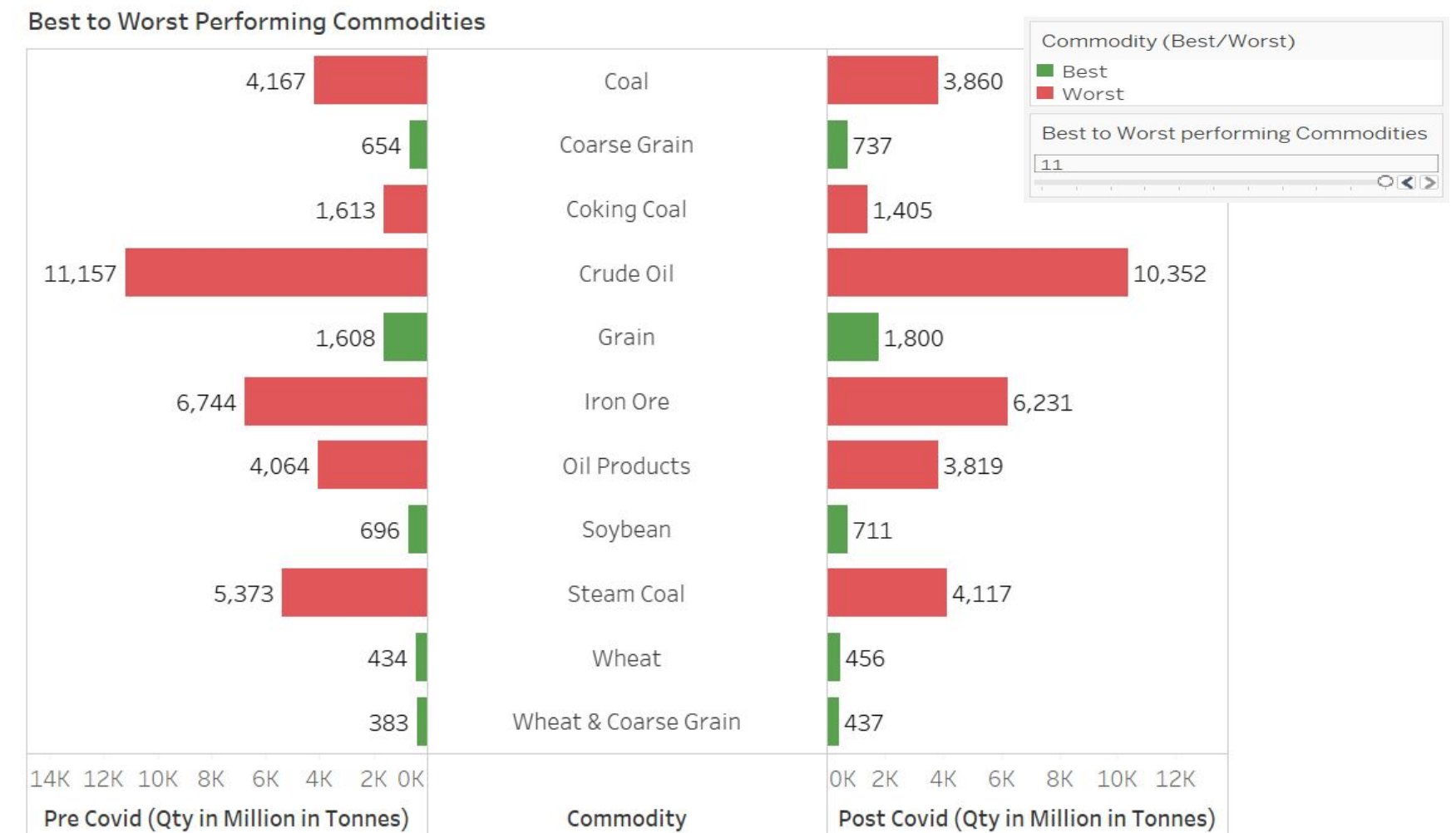
Commodity Performance

Before and After Covid-19

The impacts of Covid on commodity volumes



Best to Worst Performing Commodities

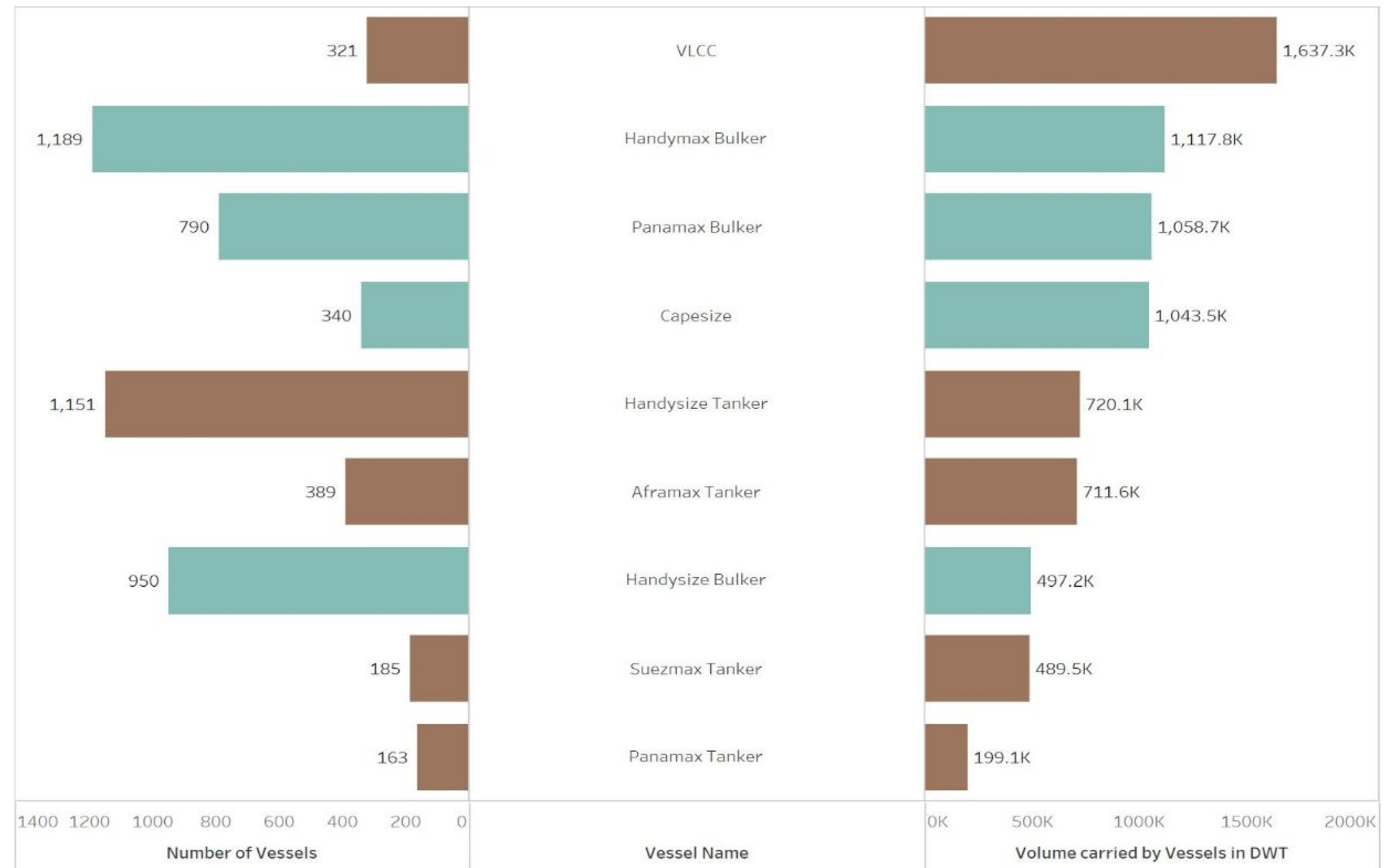


Apart from **agricultural products**, it is clear that the commodities suffered decreases because of the effects of covid-19.

Vessel Utilization

Comparing the number of vessels and volume carried by each vessel type over the years 2018-2022

- **Handymax Bulker** and **Handysize Tankers** were the most active as their carrying capacity was appropriate to facilitate the decreased output.
- But when comparing the **DWT Volume** with the vessel type, **VLCC**, **Handymax**, **Panamax**, and **Capesize** were the vessels that were most utilized.
- The high volumes of **VLCC** and **Bulkers** (**Handymax**, **Panamax**, and **Capesize**) were driven by **Crude Oil**, **Iron ore**, and **Coal** trades.



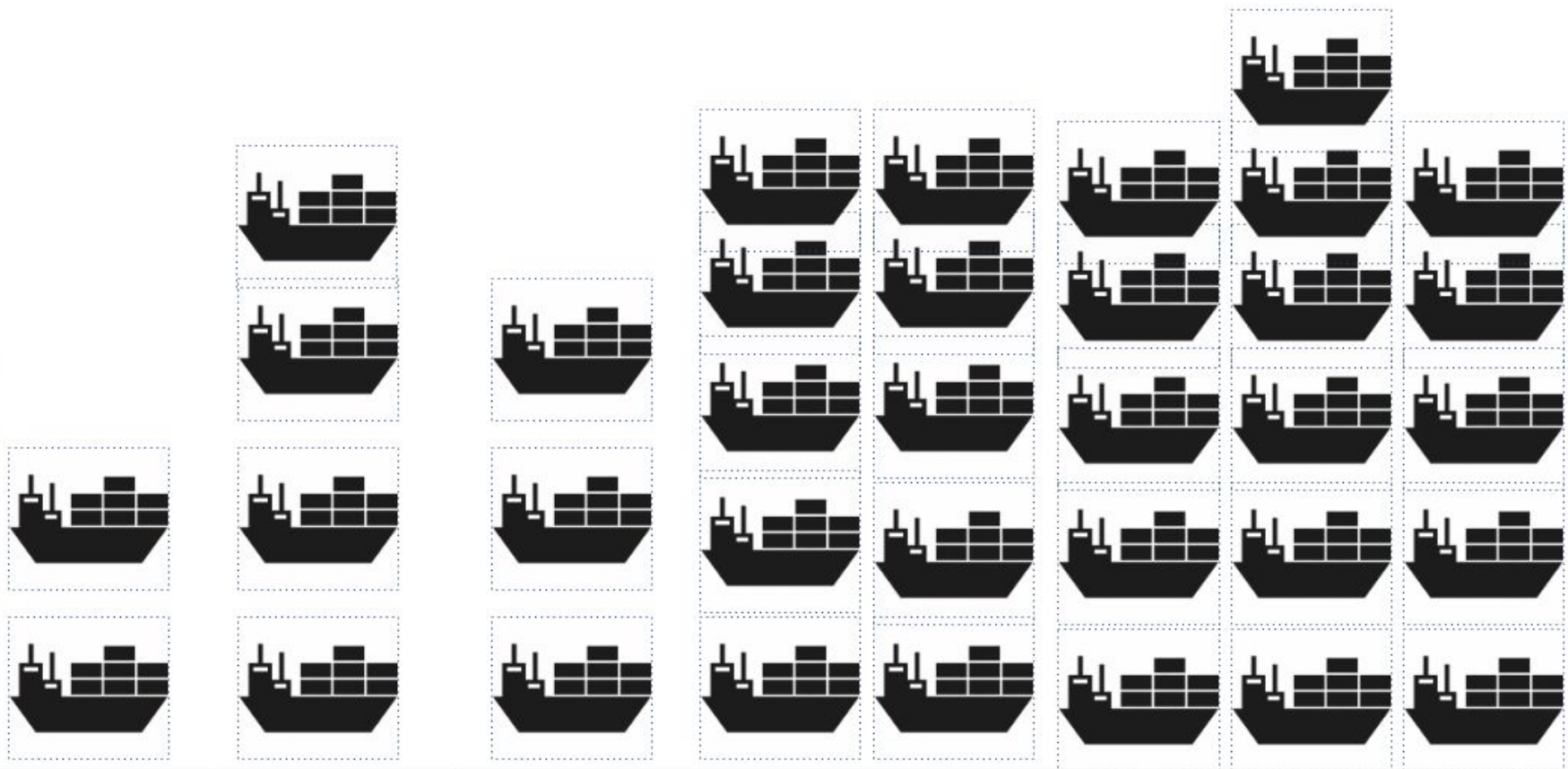
Vessel Sizes & Routes

Comparing the carrying capacity of each vessel type and the routes they cover

Bulkcarriers



Tankers

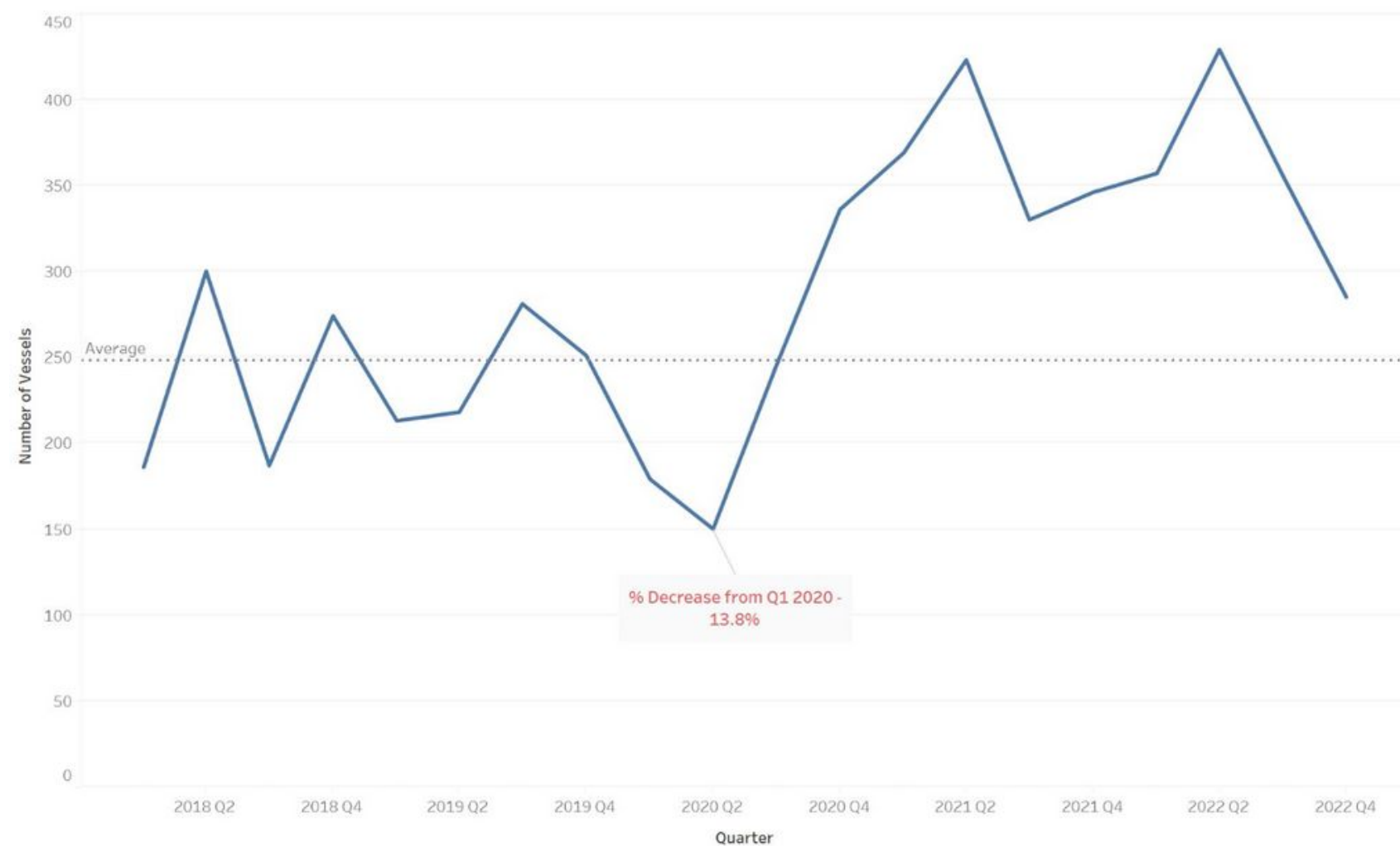


Handysize Bulker	Panamax Bulker	Handymax Bulker	Capesize	Handysize Tanker	Panamax Tanker	Aframax	Suezmax	VLCC
Routes:								
All routes	Routes that pass through the Panama Canal	All route	Brazil to China, Australia to China, South Africa to China and South Africa to Europe	All route	Routes that pass through the Panama Canal	Basins of the Black Sea, North Sea, Caribbean Sea, the South and East China Seas, and the Mediterranean	Routes that pass through the Suez Canal	Pacific Ocean, Atlantic Ocean, Indian Ocean (cannot pass through narrow routes)

Market Reactions

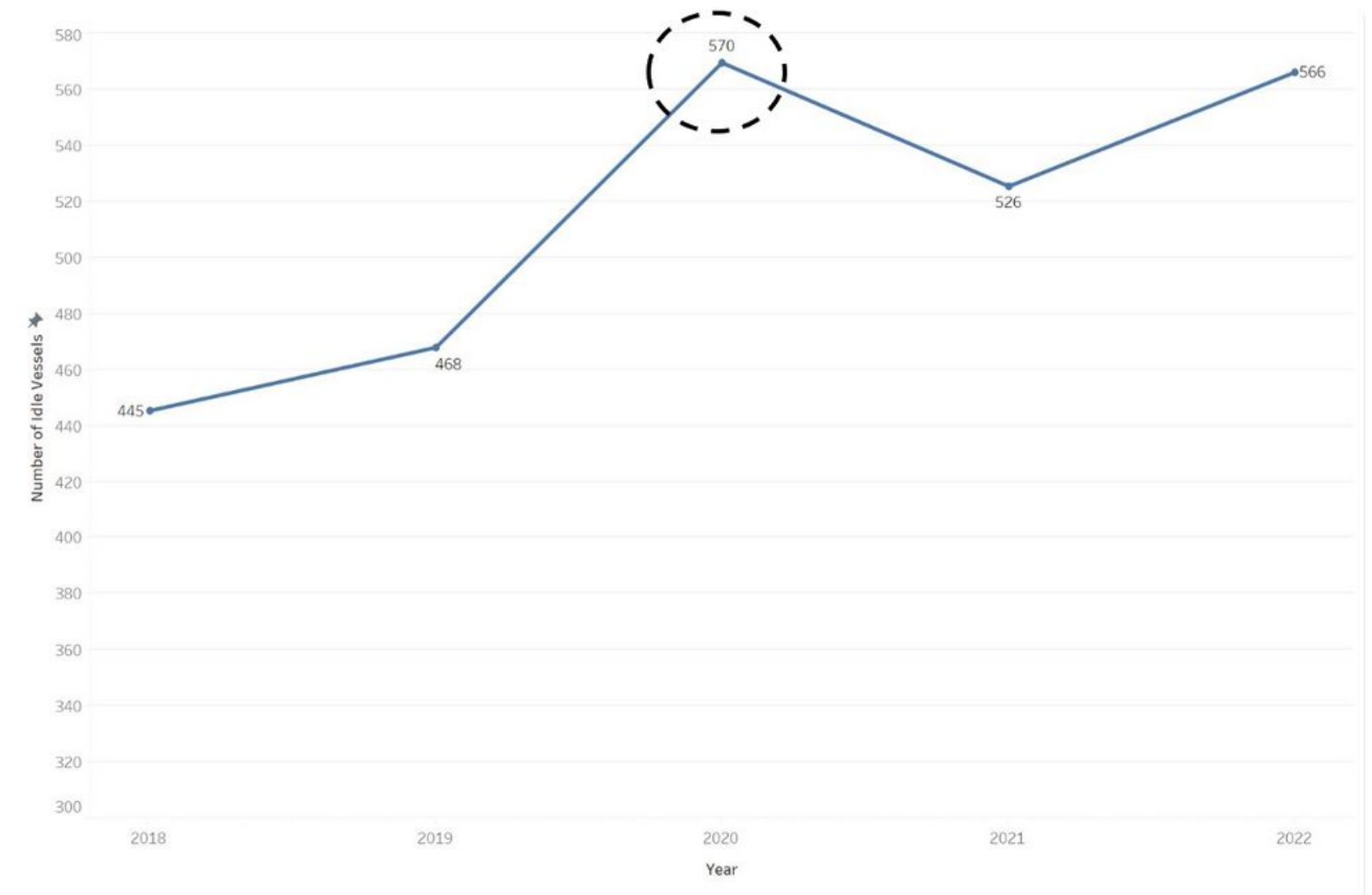
Analyzing market reactions due to Covid 19 and how it has affected post-Q2 2020

In **Q2 2020**, the S&P activity was reduced by **13.8%** from Q1



S&P Activities of new vessels across the years 2018-2022

2020 recorded the **highest number** of idle vessels ~570 vessels due to port congestion that created delays along with **the effects of Covid-19**



Number of Idle Vessels over the years 2018-2022

Comparison of Average daily earnings

Analyzing daily earnings of different vessel types (dry & wet) based on monthly averages over the years 2019-2022

The average daily earnings of **Bulk carriers** had remained fairly the same, except for **Q3 of 2021**, which skyrocketed to **\$44,669**.

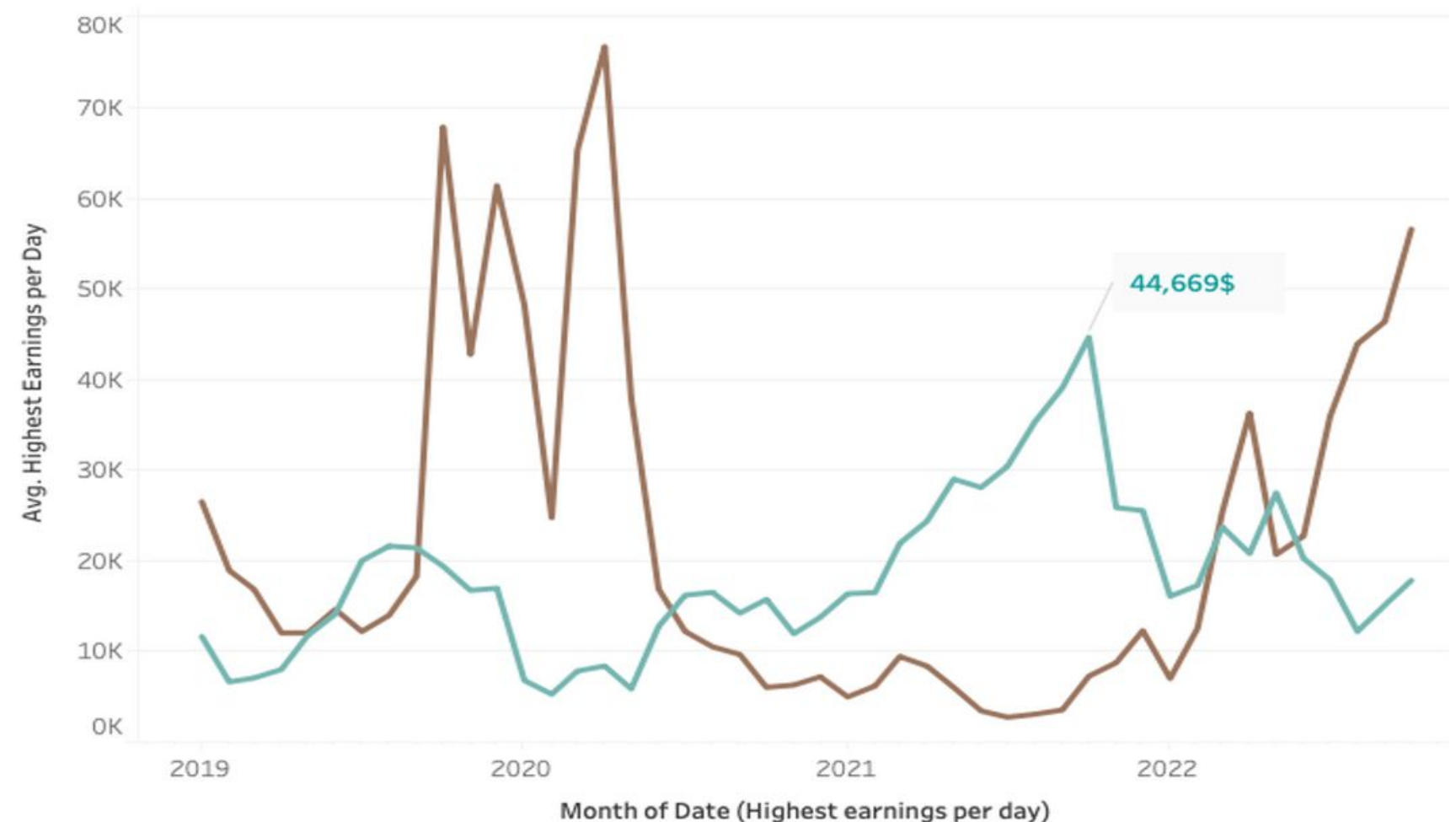
Tankers experienced high volatility in 2020 and 2021 due to the impacts of the pandemic on global oil demand and the deep oil output cuts; however, **they** showed improvements in 2022.

Bulkcarriers had firm market conditions post-covid although it seems that earnings are now normalized to pre-covid levels.

Tankers have experienced an extended period of low rates since mid-2020 with conditions remaining weak into early 2022; however, after that point, the conditions were and still are in favor of tanker shipowners.

The outlook for 2023-2024 also remains promising for **tankers**.

Highest per day earnings every month since 2018-2022



Ranking of Average Daily Earnings of Tankers

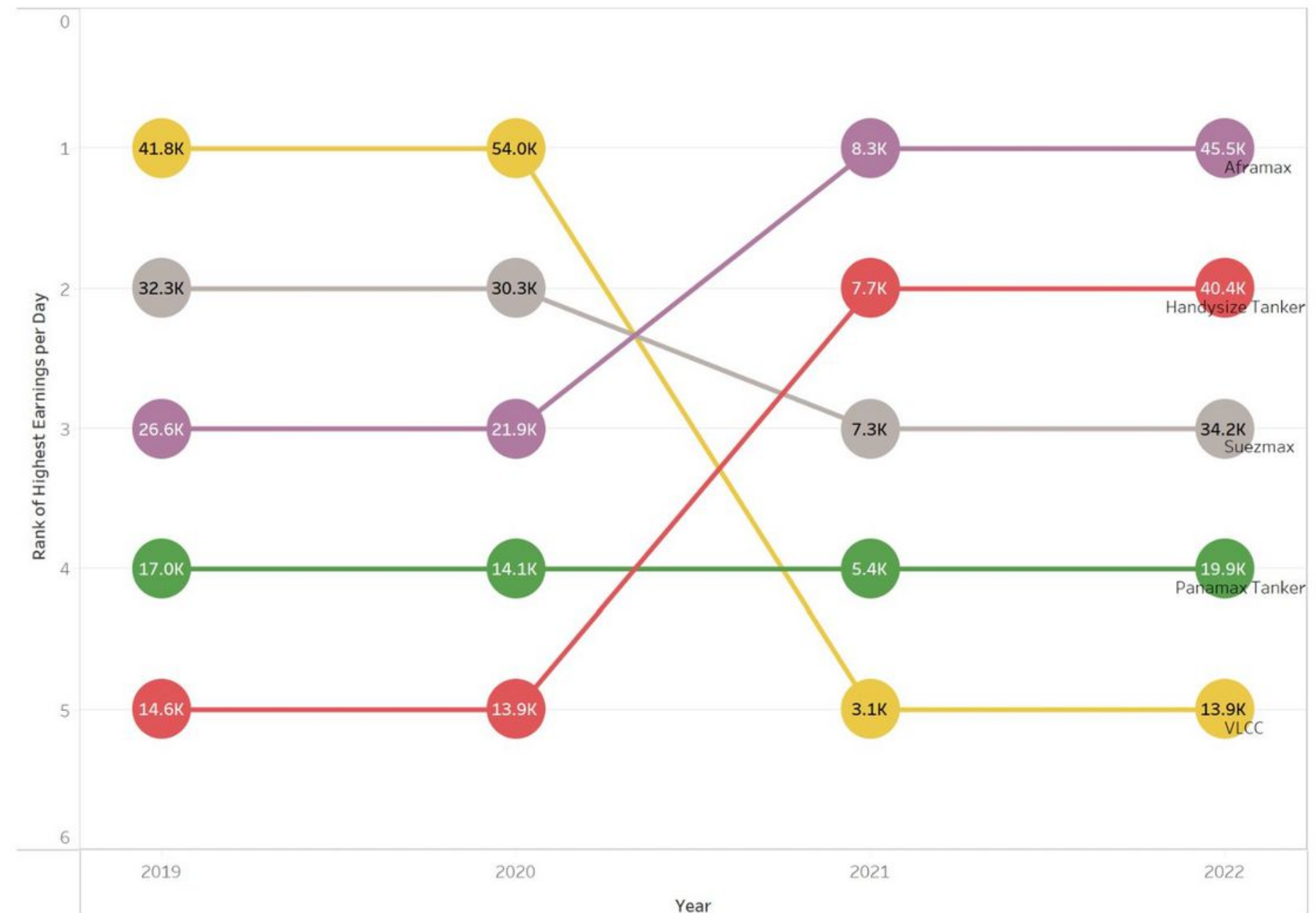


The ranking of earnings for **VLCCs** dropped from 1 to 5, while the rank of **Aframax** and **Handysize Tanker** improved after the pandemic.

The average daily earnings of an **Aframax** (\$45,480) and a **Handysize** (\$40,353) are higher than those in the **VLCCs** (\$13,854) even though VLCC is the largest vessel.

(The size of an Aframax and a Handysize is **less than 1%** of the size of VLCC)

Average Daily Earnings of different vessels over the years 2019 - 2022



Sales Activity & Orderbook

Handysize and Aframax were the most sold tankers across the years but they witnessed a sales growth of **~6%** in 2021 and 2022.

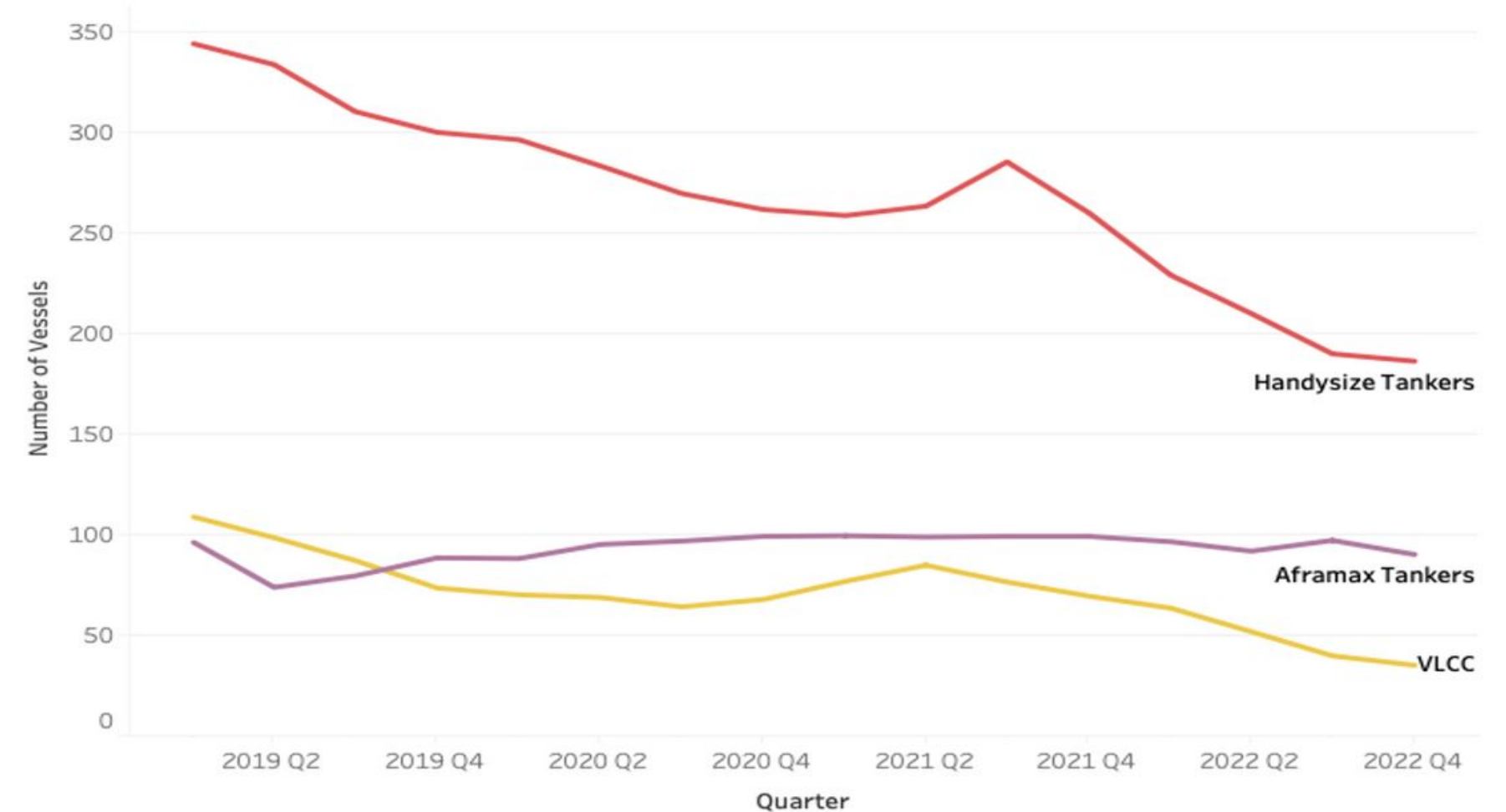
Orders placed for each vessel have declined in 2022.

Shipowners seem to be more interested in buying secondhand vessels instead of placing new orders.

Number of sales for every tanker vessel across the years 2018 -2022

	2018	2019	2020	2021	2022
Aframax Tankers	64	51	48	106	120
Handysize Tankers	190	230	158	232	341
Panamax Tankers	19	24	20	33	67
Suezmax Tankers	22	30	45	37	51
VLCC Tankers	40	45	69	92	75
Grand Total	335	380	340	500	654

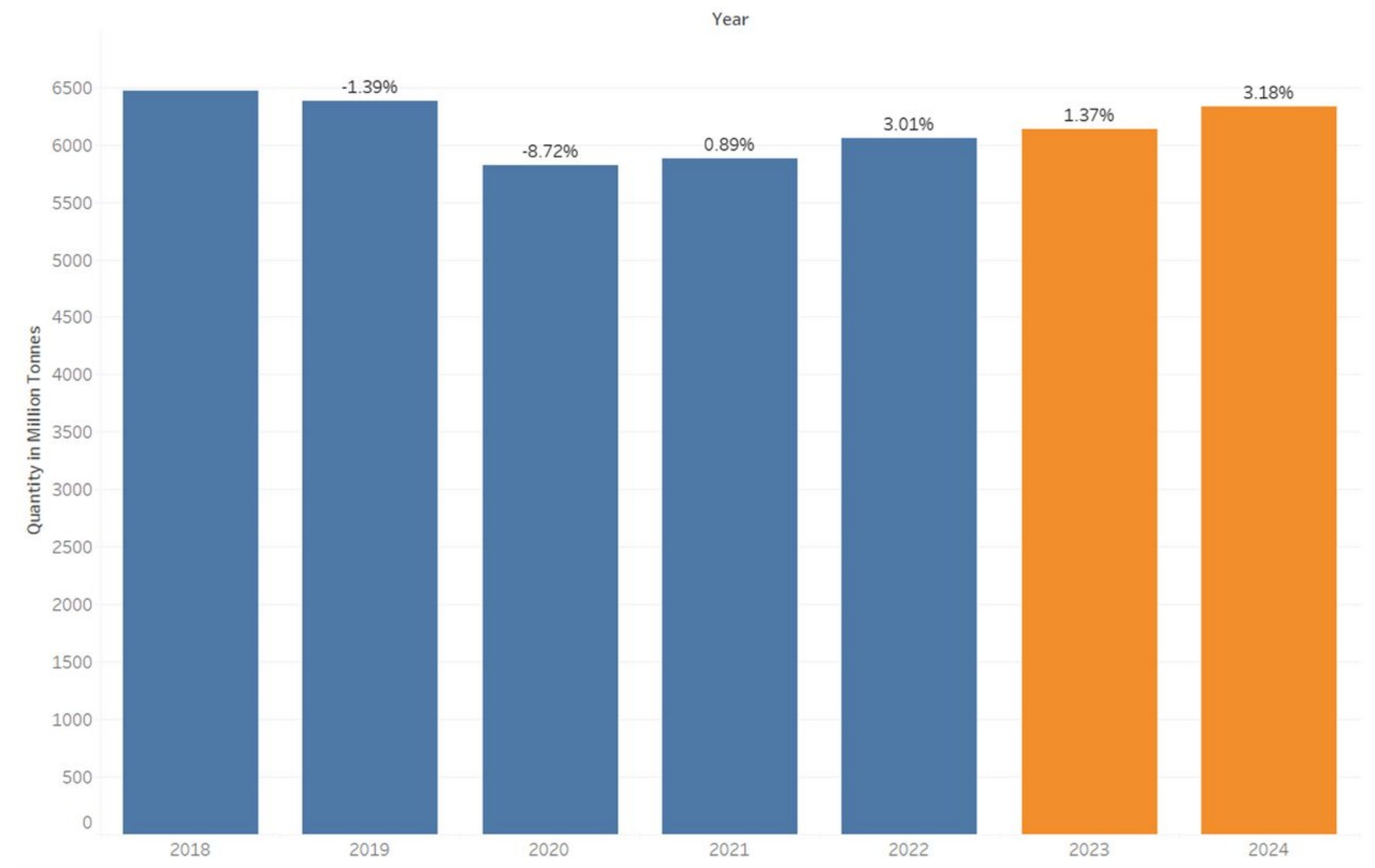
Orderbook trends of tanker over the years 2019-2022



Forecast for Crude Oil and Oil Products for 2023 & 2024

- There is an improvement in demand for Wet trade in **2023** and **2024** by **an average of 2%** compared to the last 3 years (2020-22).
- Based on recent earnings, we can find that **Aframax** and **Handysize** tankers have the highest earnings despite being mid-sized vessels.
- Also, the **orderbook** of wet vessels, at the end of 2022, experienced a **decline** compared to the last few years with demand for oil raising in the next two years, the vessel **supply will be tight**; therefore, **spot freight rates will rise**.
- **Trade flows** are expected to continue to shift towards **longer routes**, owing to the rerouting of Russian cargoes and strong export growth from typically longer-haul suppliers such as the US and Brazil.

From 2022 to 2023, the demand for Crude Oil and Oil Product is estimated to increase by 1.37%, and in 2024, it is estimated to increase by 3.18%



Total Demand for Crude Oil and Oil Products across the years 2018-2022

Next Investment

Aframax and/or Handysize

Current Spot Freight Rates

Aframax
\$142,987/day

Handysize
\$37,379/day

An aerial photograph of a large red oil tanker ship sailing on a dark blue sea. The ship's deck is visible, showing various structures and equipment. A helipad with a green 'H' is located on the deck. The ship is moving towards the top of the frame, leaving a white wake behind it. The image is partially obscured by a dark blue rectangular area in the center, which contains the text 'THANK YOU' in yellow. There are also yellow rectangular blocks in the top right and bottom left corners.

THANK YOU