

Shipbuilding outlook

Fewer ships will be ordered this year than at any point since the 1970s, according to Lloyd's List Intelligence.

Some 1,400 vessels will be ordered, 1,000 fewer than in 2009. Measured in dwt, forecasted ordering this year is the lowest this millennium.

A fleet average 30-year replacement cycle needs 3,800 new ships per year to replace one-to-one. This is not the case, and the replacement need is growing despite the spectre of overcapacity casting a long shadow over most sectors.

Lloyd's List Intelligence says the pace of ordering will pick up in the second half of the year, even in the dry bulk sector.

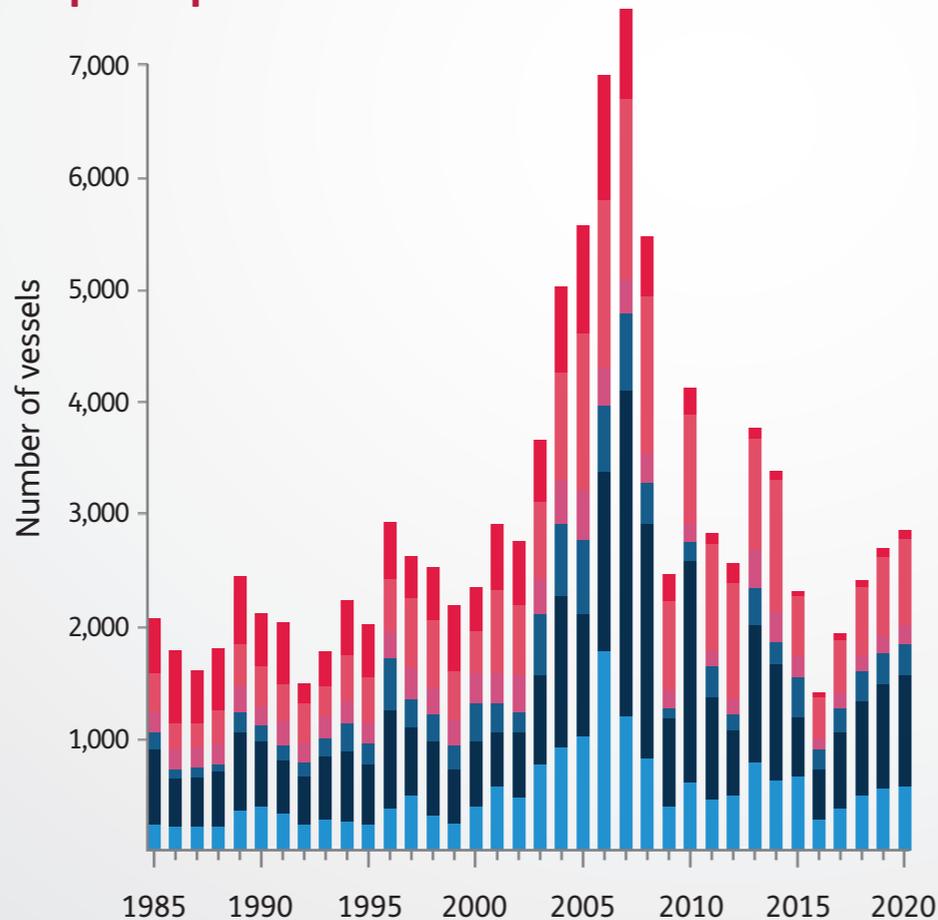
That may sound counter-intuitive, but remember the dry bulk orderbook-to-fleet ratio has fallen from 76% in 2008 to 13% today and Lloyd's List Intelligence analysts expect it to fall further, to 10%, which is the level it was in the late-1980s and 1990s. Then, new ship orders averaged 180 per year. Now the fleet is three times larger (in tonnage terms) and the book-to-fleet ratio is falling, justifying expectations of replacement orders.

If the Chinese economy does not implode and at least half of India's development plans come to fruition, then we are looking at future that is growing rather than shrinking.

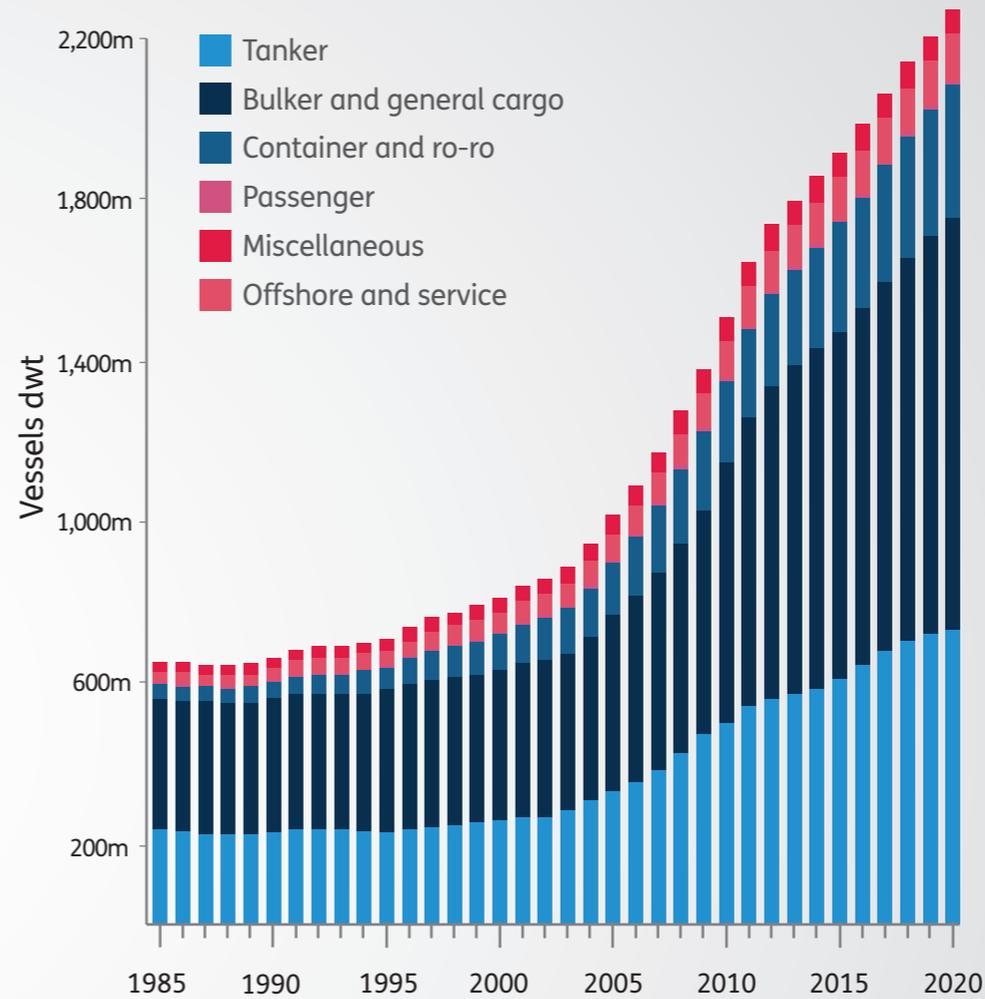
Number of contracts to pick up in 2017-2018

The total new ship ordering activity is what you see here. A fair share of these orders consist of tugs, fishing vessels, bunker tankers, small passengerships and small general cargo carriers, all of which require replacements. But even if you take away the smallest ships, the Lloyd's List Intelligence forecast predicts just below 1,000 ship orders this year – the lowest since their records began in the 1970s.

- Tanker
- Bulker and general cargo
- Container and ro-ro
- Passenger
- Miscellaneous
- Offshore and service



The fleet will grow by 3.5% over the next five years



The current Lloyd's List Intelligence outlook for new ship ordering, new ship deliveries, cancellation of orders and ship removals points at global fleet growth of 3.5% per year compound annual growth rate over the next five years. On this aggregated level, the pace of growth is pretty much in line with anticipated growth in demand. However, many markets are oversupplied today, so this development is not as positive as you first might think. The current total orderbook adds up to 267m dwt – a fair part of it tankers and bulkers. Dwt is not an ideal measure for passenger or some of the offshore vessels, but in comparison they are not all that many. In money terms, the 600-plus passengerships would be more visible, though. China holds 43% or 115m dwt of the orderbook, South Korea 63m dwt, Japan 50m dwt and Europe 7m dwt.

Shipbuilding outlook report

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The data in this article is drawn from the Lloyd's List Intelligence Shipbuilding Outlook Report – a monthly service offering subscribers the industry's most comprehensive forecast of shipbuilding output over the coming five to 10 years.