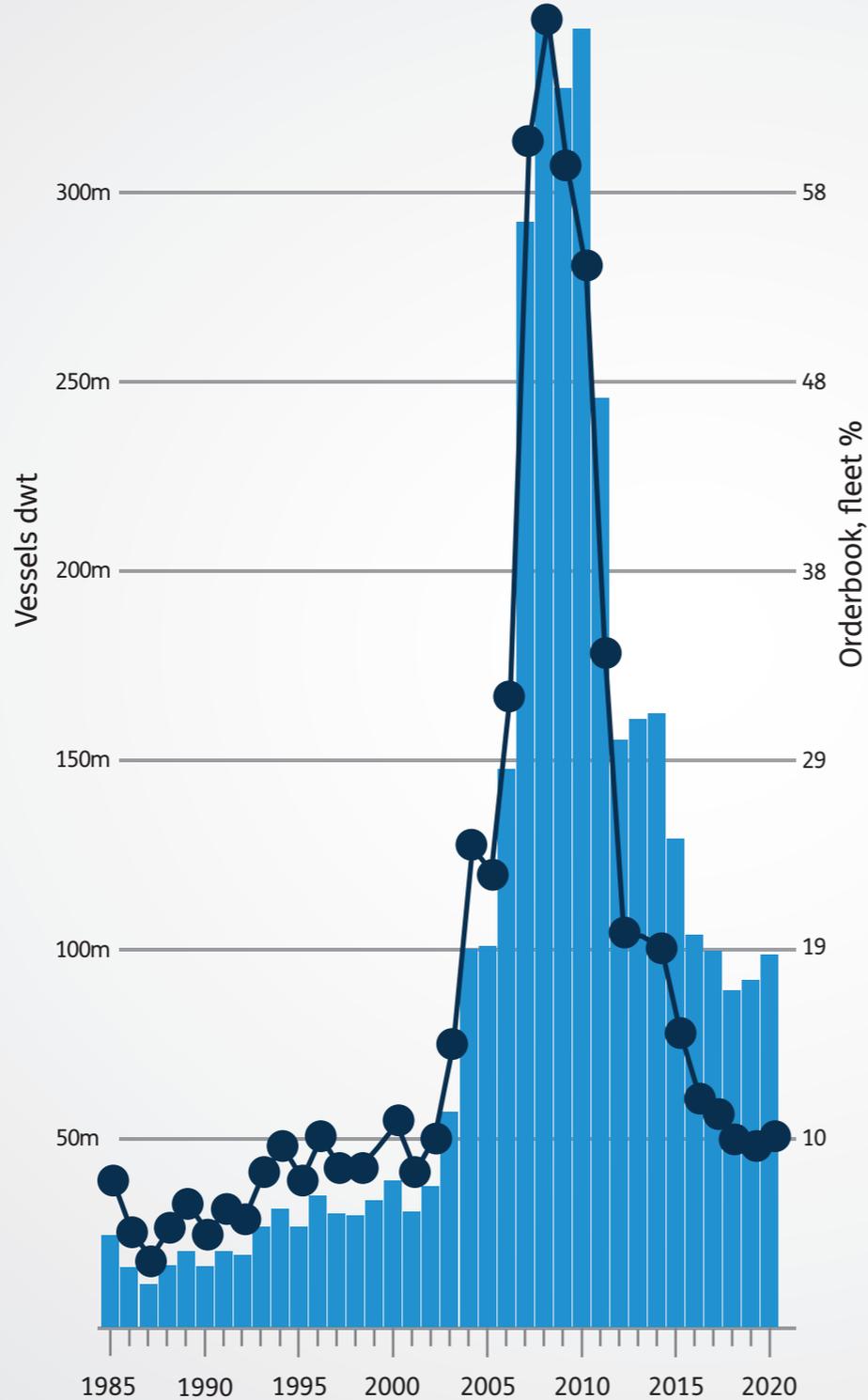


Given higher deliveries than new orders, the orderbook will contract to 10%

According to Lloyd's List Intelligence's forecast, the orderbook will continue to fall for another three years to touch bottom in 2018. By then, the orderbook-to-fleet ratio will be at 10%, a level not seen since 2002. The pace and success of the transition of the Chinese economy is the key factor to look out for here. The Lloyd's List Intelligence forecast model is based on a relatively optimistic view. A 6%-plus GDP growth rate will generate some 160m tonnes of more trade in and out of China. So, if we expect trade only to grow in line with GDP in the near future, the orderbook should not be lower than this, if we are to have a fleet that matches the growth in demand.

■ DWT
● Orderbook, fleet %

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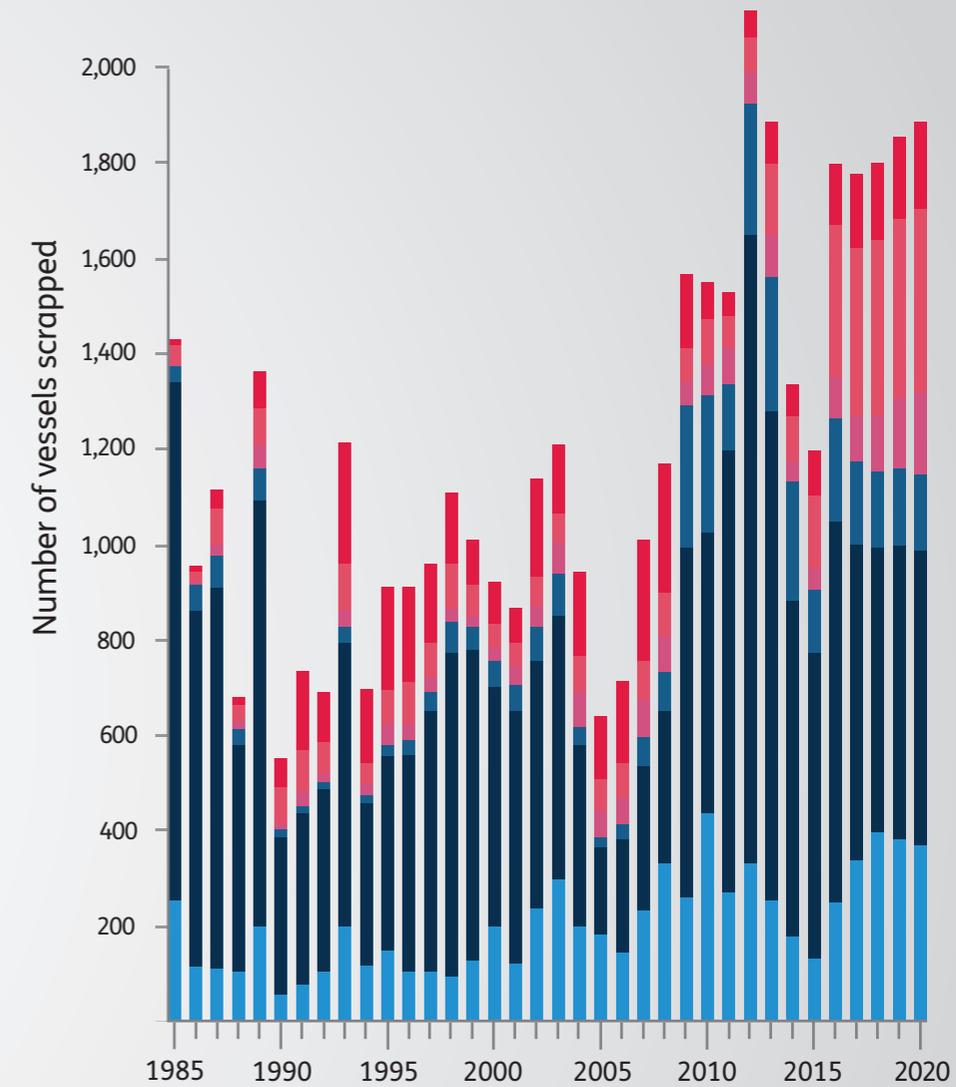


Scrapping will not affect the supply-demand balance

Despite eye-catching headlines in the mainstream press suggesting record numbers of increasingly young ships are being sent for demolition this year, more sober analysis of the figures suggests that scrapping is not going to significantly affect the supply-demand balance, at least not this year. So far this year, we have seen 641 vessels (30.2m dwt) registered as scrapped (this includes lost vessels, but excludes ships that have been converted to another ship type). The average age of the 641 ships was 27 years. To put that into context, in 2015, 1,025 ships were scrapped, with an average age of 28.9 years.

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

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