

# **Report on World Merchant Fleet and World Trade**

**Patrizia Kern-Ferretti**

Chairman IUMI Facts and Figures Committee

Head Marine

Swiss Re Corporate Solutions

# Report of the F&F Committee members



- Astrid Seltmann - Nordic, *Secr. and Vice Chairman*
- Darren Farr - U.K.
- David Matcham - U.K.
- Erika Schoch - Alsum
- Henry Newman - U.S.A.
- Javier Alonso - Spain
- Joachim ten Eicken - Germany
- Laura Uliana - Italy
- Pascal Dubois - France
- Patrizia Kern - Switzerland, *Chairman*
- Philip Graham - U.K.
- Vivian Ho - Hong Kong

# Agenda

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Update on committee work

Macroeconomic development

Shipping market

Outlook

Did the worldwide marine premium volume increase compared to last year?

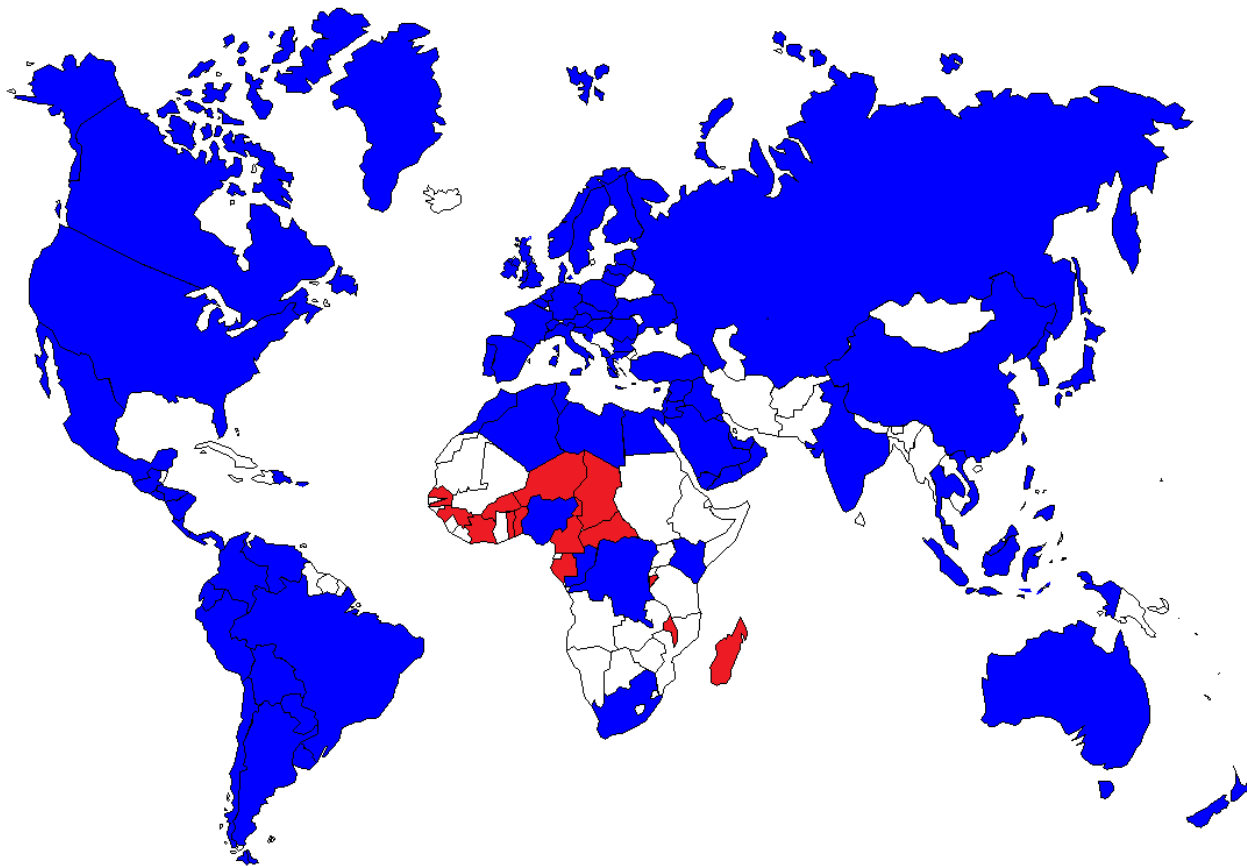
1. Yes
2. No

How much is the worldwide premium volume in 2013?

1. USD 33.1 billion
2. USD 34.2 billion
3. USD 36.4 billion

# Facts & Figures

## Country data collection 2013 Premium



Premium volume of all countries covered in 2013:  
34.2 billion USD

# Report of the F&F Committee Update on Committee Work



- Update World Fleet & Trade September 2014
- Update Global Marine Insurance September 2014
- Fact Sheets September 2014
  
- Hull Repair Cost Index Follow up IUMI Website 2014
- Cargo Index Follow up IUMI Website 2014
  
- Cargo presentation September 2014
- Major claims database Proposal Presented to Association Secretaries September 2014

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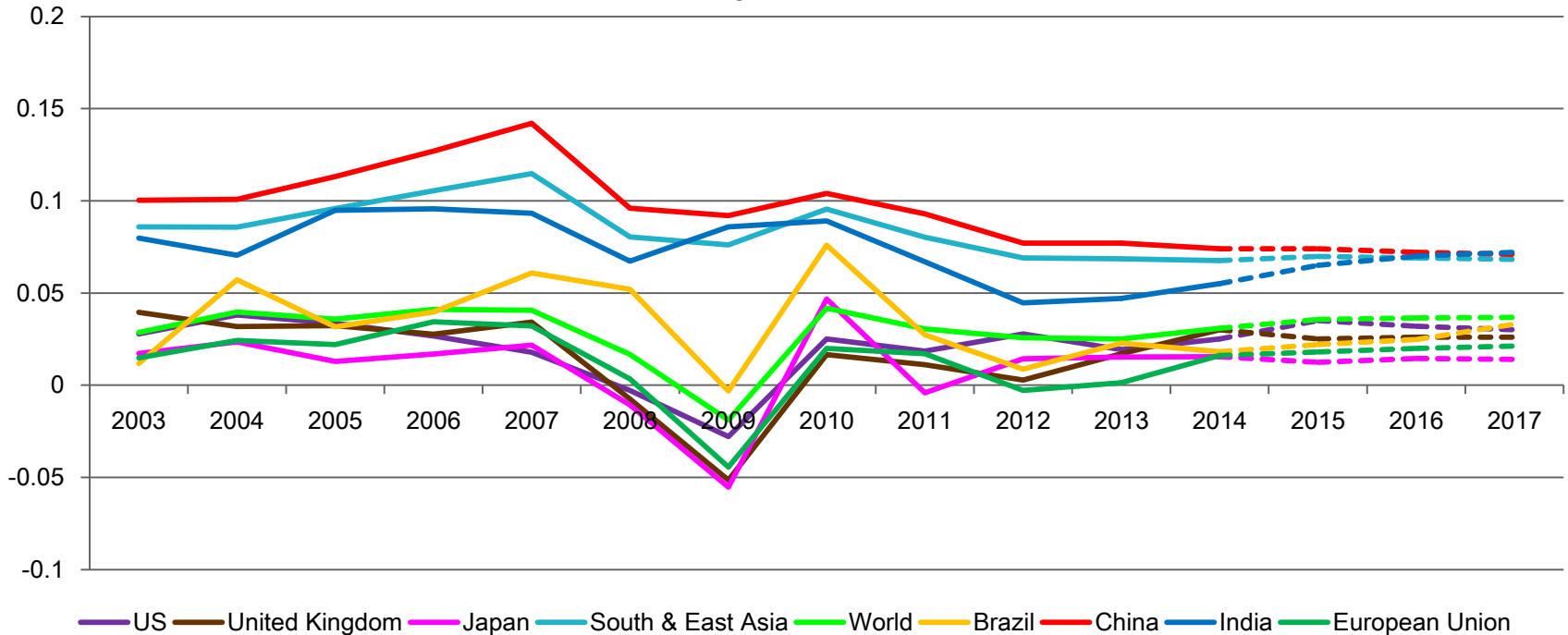
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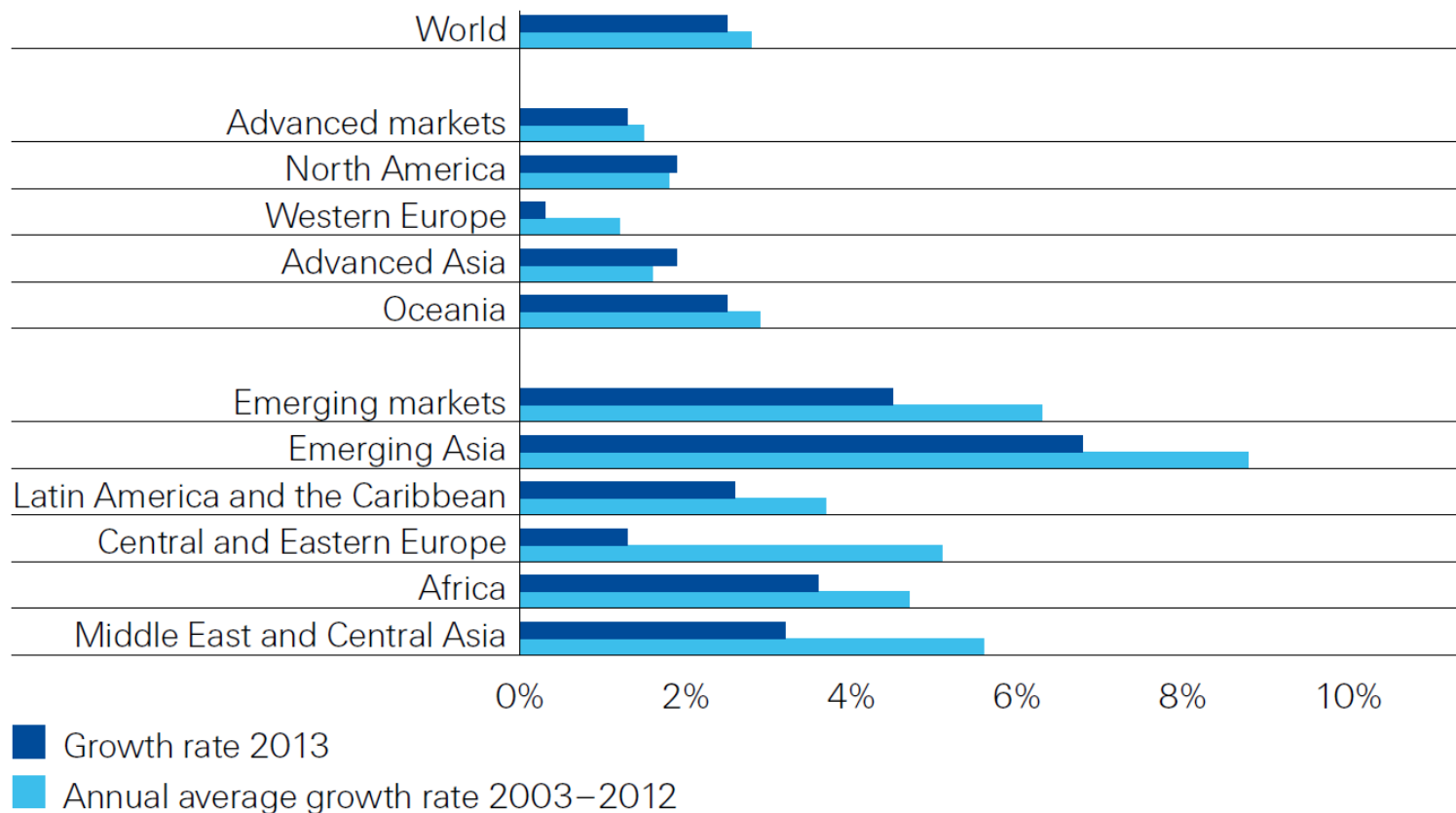
# In 2013 global economic growth was 2.5% ...

GDP real growth forecast



- US GDP was up by 1.9% and Western Europe growing by 0.3%
- US growth appears well established and is based on domestic consumption and investment
- Growth differences between the core and periphery Western Europe economies persist
- Slowdown in emerging economies seems to have worn off

... hence growing slower than the annual average growth rate of the past decade ...

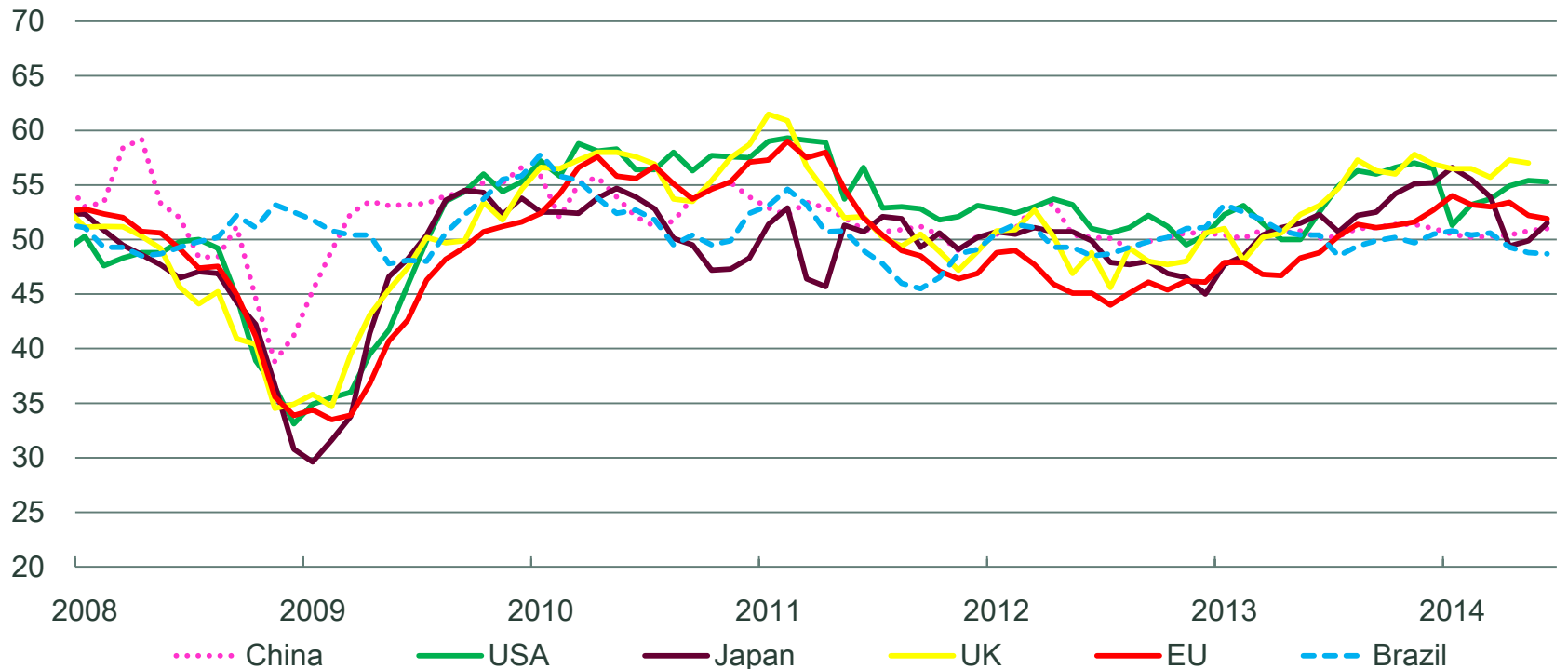


Remarks: Countries' GDP weighted with market exchange rates.

Source: Oxford Economics, WIIW, Swiss Re Economic Research & Consulting

... with the momentum of growth being divergent ...

Purchasing Manager Index

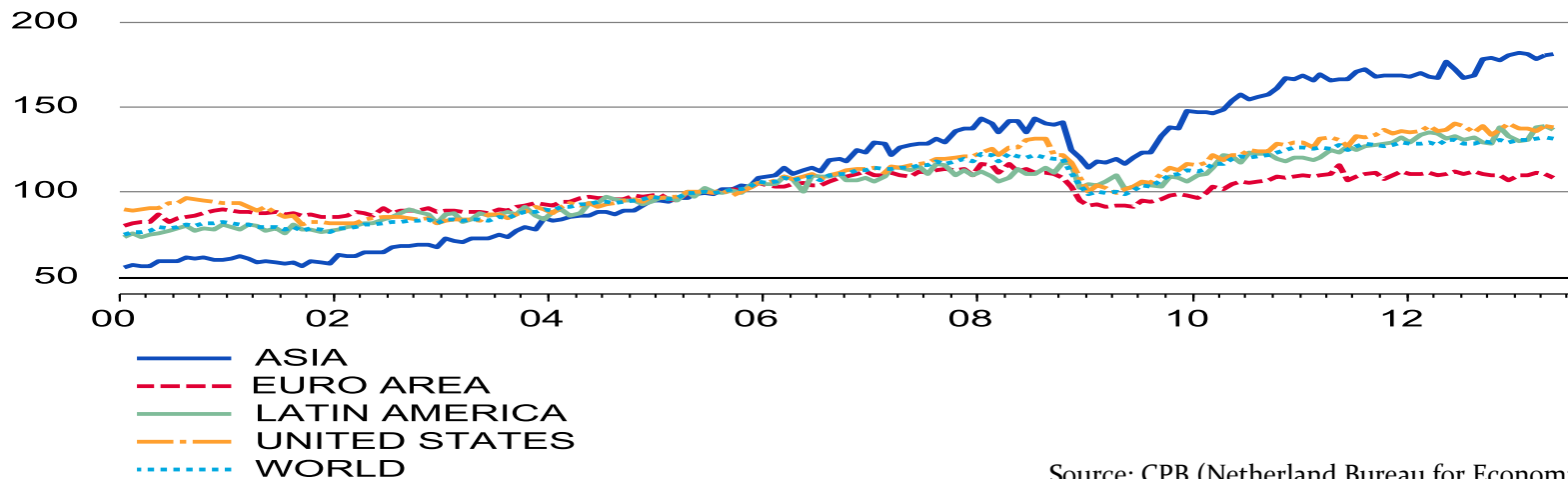


Source: Swiss Re Economic Research & Consulting

PMI is generally indicating expanding activities yet the momentum behind the recovery is divergent especially within Europe

# ... and emerging economies continue to outperform developed countries ...

Export Volume Index

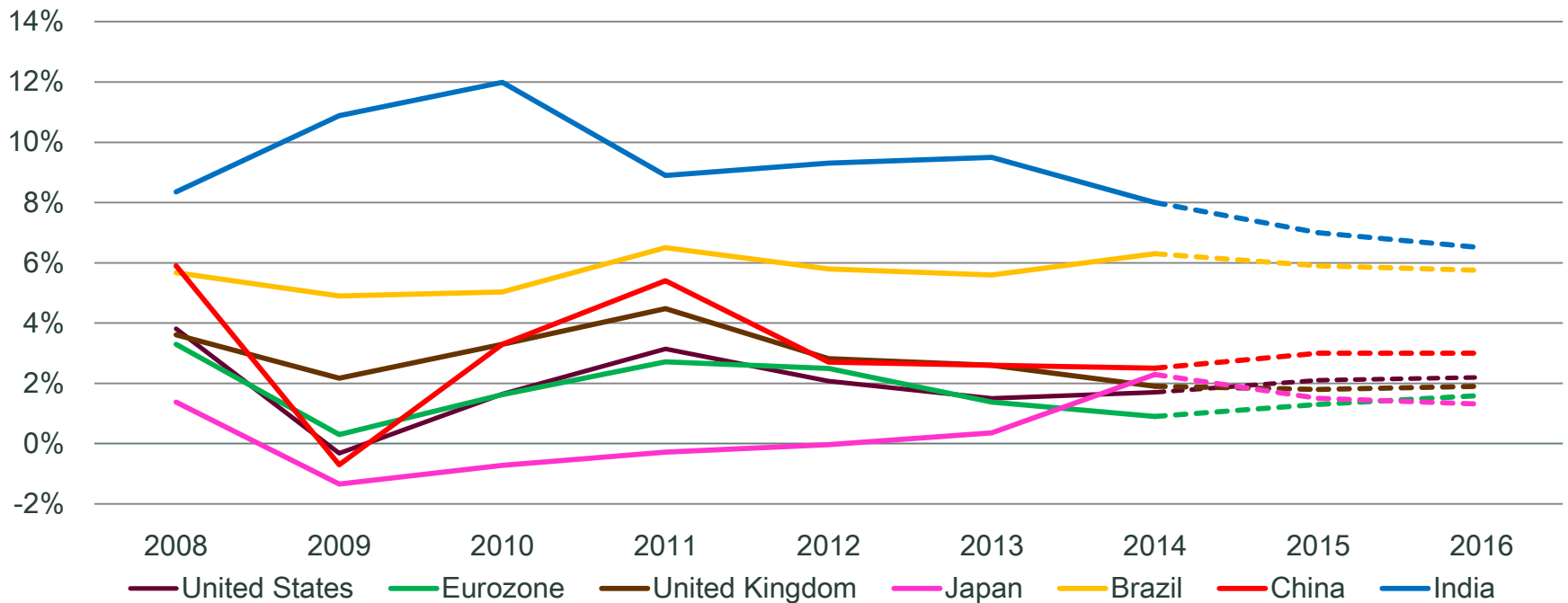


Source: CPB (Netherland Bureau for Economic policy analysis)

- Emerging markets slowed due to a broad-based export weakness and capital outflows
- Emerging Asia outperformed CEE and Latin America, even China adjusted to a slower growth path

# ... which is reflected by the various levels of inflation

Inflation (CPI) forecast



Source: Swiss Re Economic Research & Consulting

- with some European countries (e.g. Greece, Spain & Portugal) dipping into deflation, however inflation remains positive for Euro area as a whole
- weakening overall economic activity as well as the associated demand for insurance

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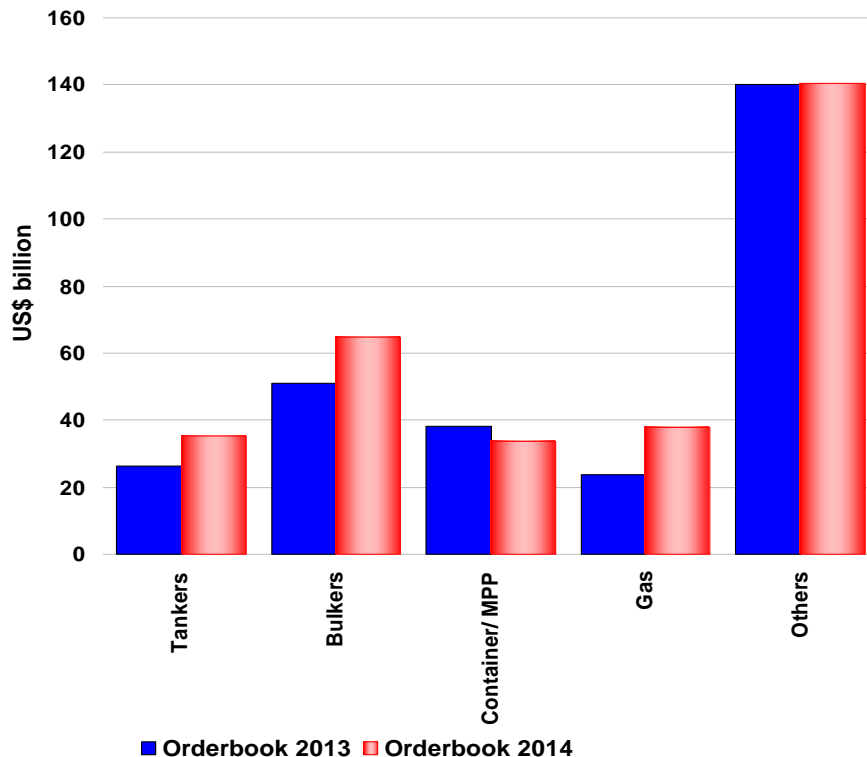
Macroeconomic development

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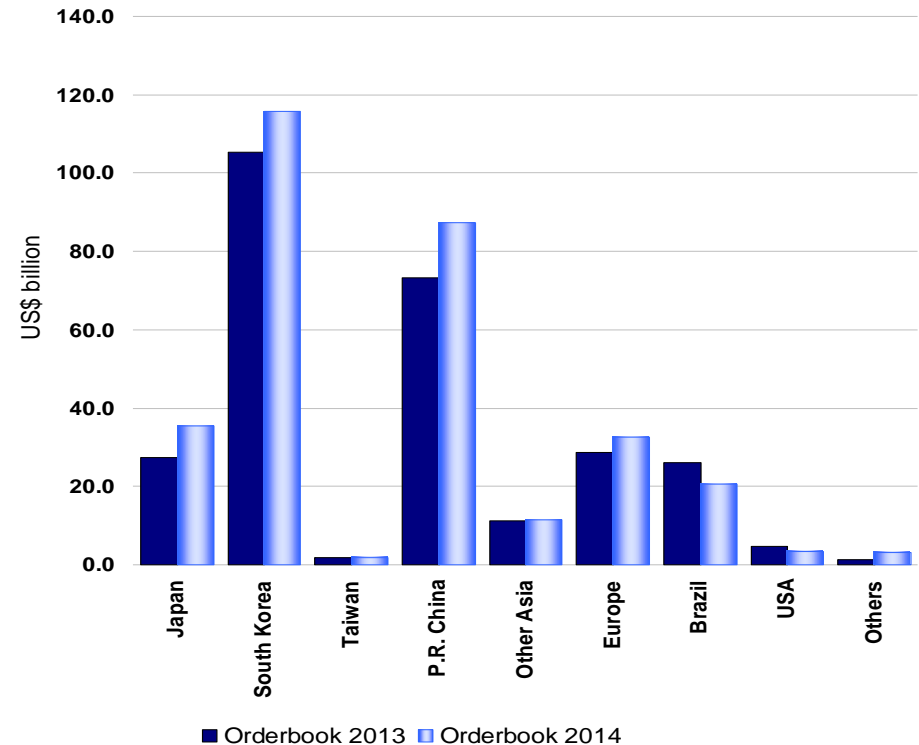
Outlook

# Value of Newbuildings

by Vessel Type

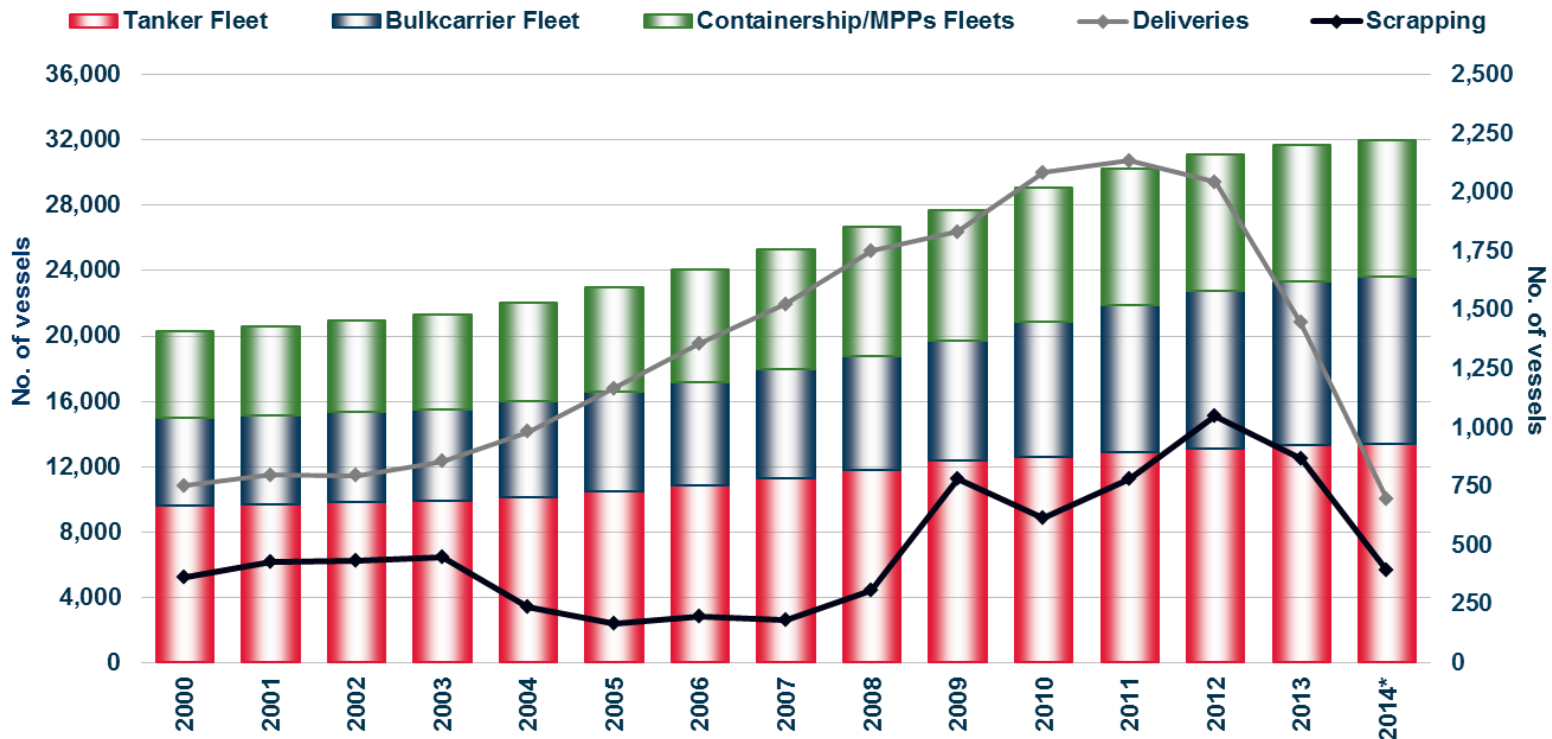


by Country/Region of Build



Total value of Newbuilding orderbook as of 1st August 2014 is US\$311.8 bn compared to US\$279.4 bn in 2013 (both at contracted values)

# Tanker, Bulkcarrier, Containership and Multipurpose Fleets



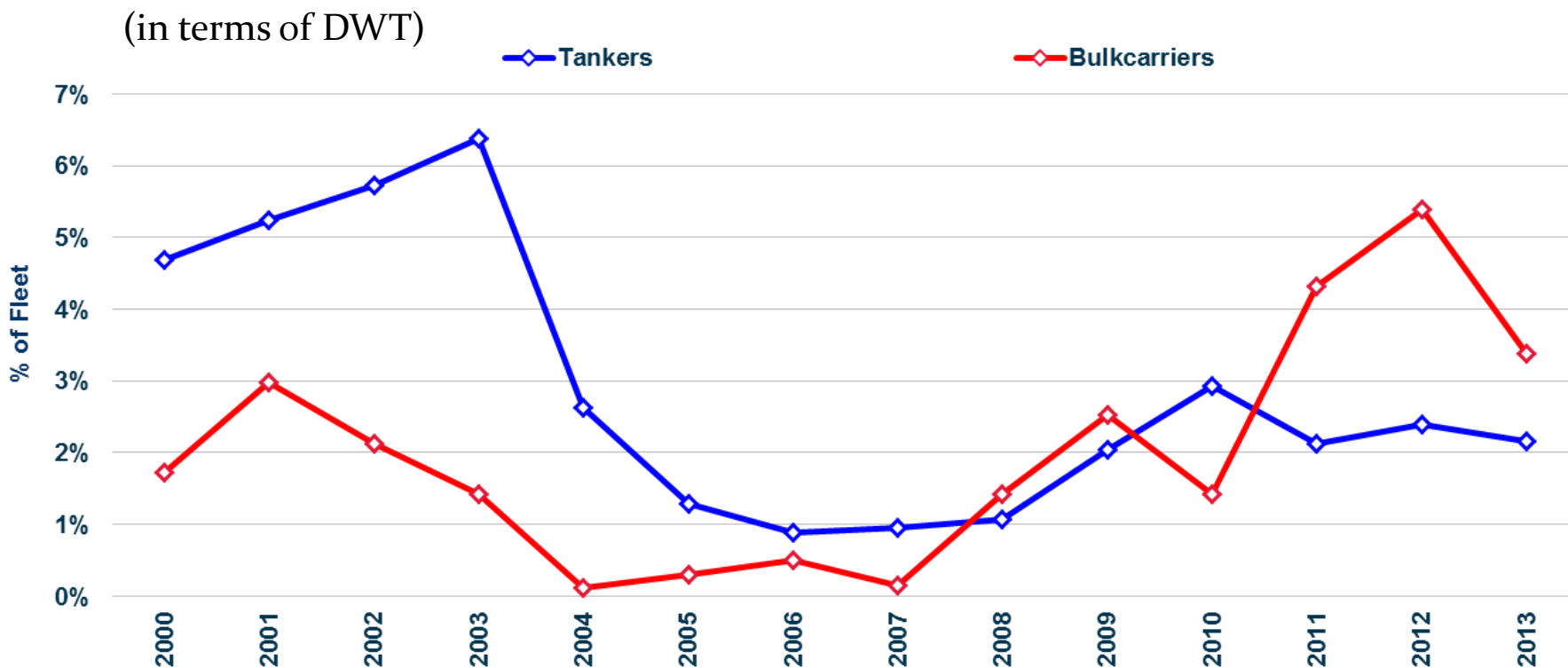
**Note (1):** Includes all vessels in these categories above 100 GT.

**Note (2):** All fleet totals are on the left-hand axis and deliveries and scrapping figures are on the right hand axis. Fleet totals are as at end year; deliveries and scrapping figures are full year totals.

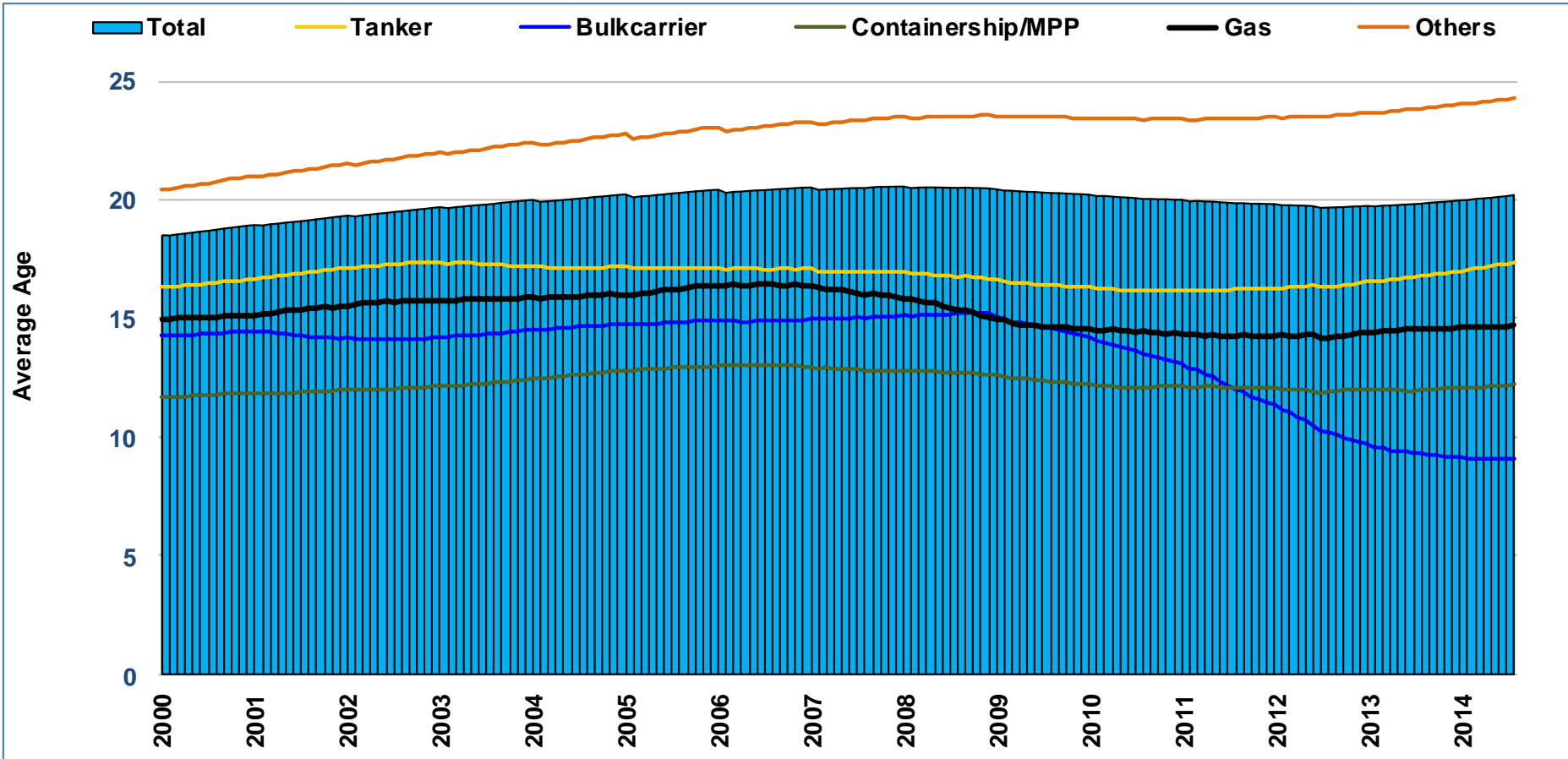
**Note (3):** \* 2014 statistics are correct as of August 1, 2014.



# Demolition as % of Tanker and Bulkcarrier Fleets



# Average Age of the World Fleet 2000-2014



**Note (1):** Includes all vessels in these categories above 100 GT.

**Note (2):** Average age is calculated using number of vessels. Calculations are based on year and month of build.

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After period of stabilisation, the dry freight rates have recently fallen again due to...



Source: Swiss Re Economic Research & Consulting

- on-going stagnating demand
- overhang of shipping capacity with new ships continuing to come on-stream
- Indonesia's ban on exports of nickel and aluminium ore negatively affected shipping markets

Additionally oil prices remained at a high level ...

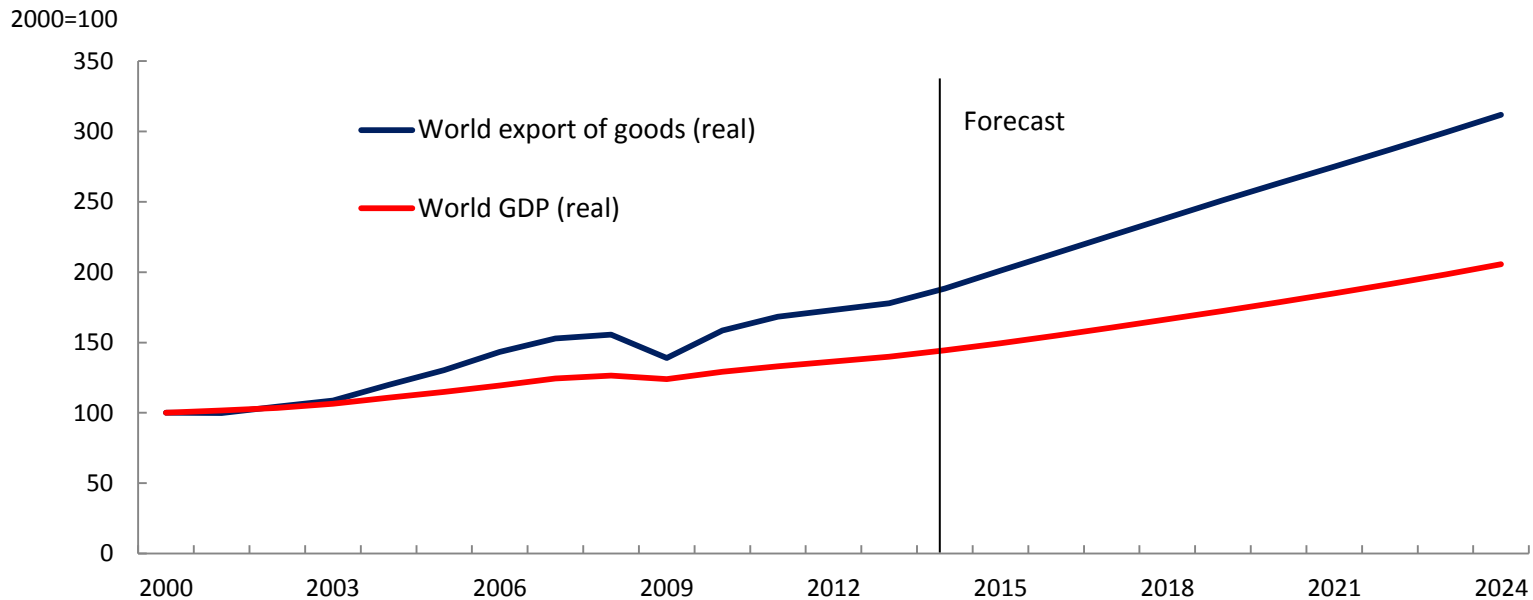
Oil spot index



Source: Bloomberg

... due to recent geopolitical tensions

Trade growth is expected to accelerate from current levels relative to GDP ...

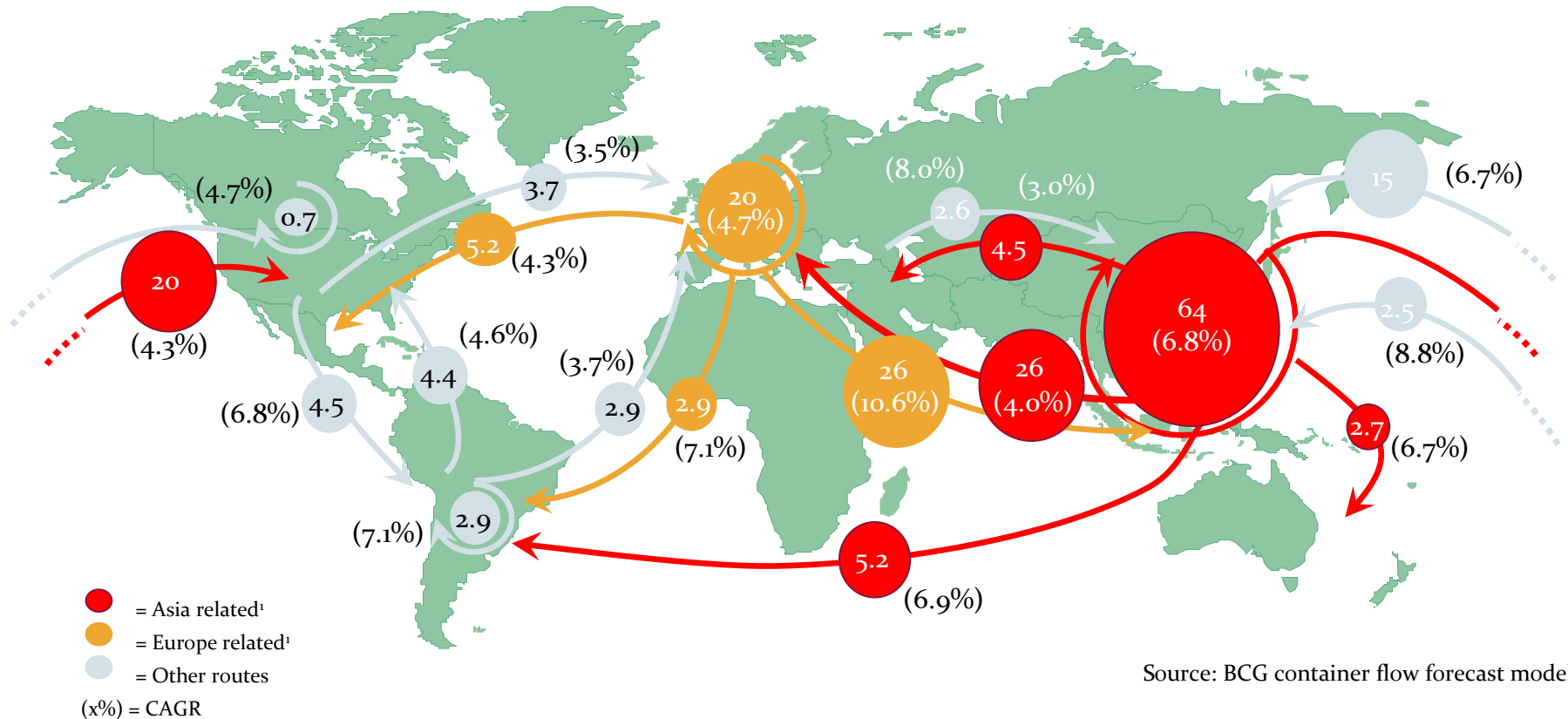


Source: Swiss Re Economic Research & Consulting

... however likelihood of permanent change in the trade intensity of production is increasing ...

# ... as Asia is expected to dominate global container flows in 2020 ...

Global container flows by main trades, forecast 2020 (MTEU)



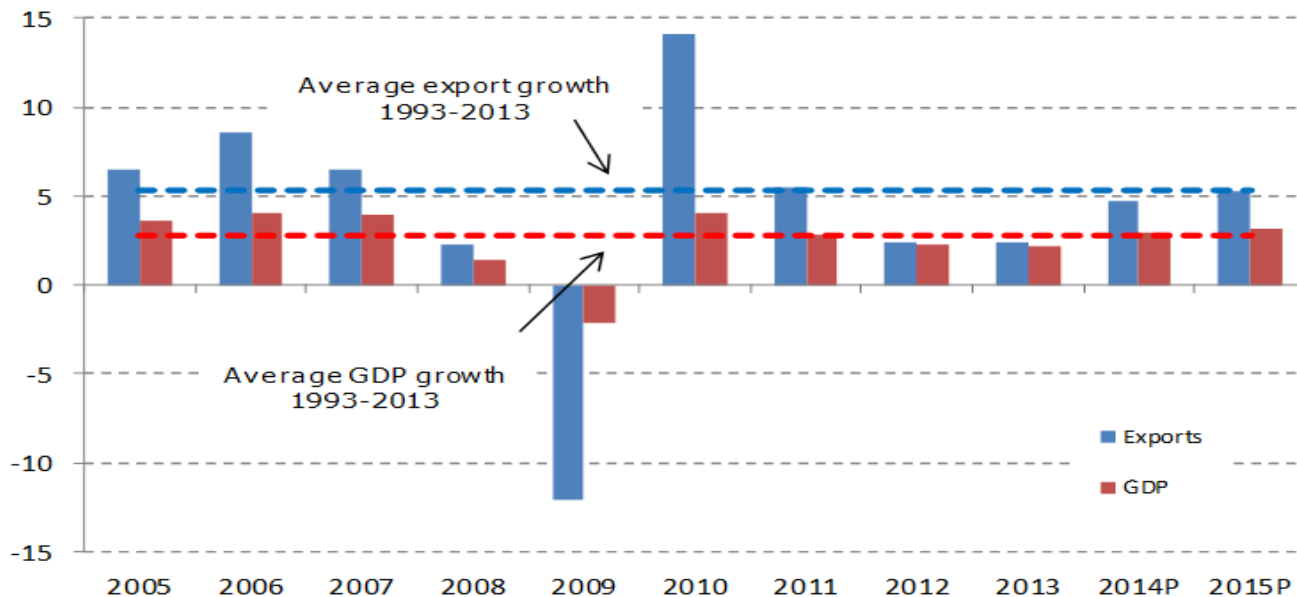
Source: BCG container flow forecast model

1. Includes exports and intra-regional trade only as these have been identified as drivers of cargo shipments

Note: Container flows based on forecasts excluding empties and transshipment but including domestic for intra-regional trade; some trades excluded for display purposes; Turkey and Russia included

... whilst world trade is still suffering from

**Growth in the volume of world merchandise trade and GDP**  
Annual % change



Source: WTO Secretariat

Data as of 2014 and 2015: forecast

- the lasting effects of the EU recession
- high unemployment rates in the EU (Germany being the exception)
- uncertainty regarding the US Federal Reserve's unconventional policies also contributing to the financial volatility of developing countries



## To summarize ...

- ... economic recovery is likely to be shallow and gradual
- ... inflation expectations remain well contained giving central banks scope to stick with their current monetary policy
- ... permanent change in trade intensity of production to affect long-run demand for marine insurance

## ... meaning for marine insurance

- ... uncertainty in respect to marine premium
- ... a persistent capacity inflow
- ... continued pressure on rates
- ... London remaining largest Marine Insurance hub, however trade is shifting to Asia and Latin America
- ... Big Data and Smart Analytics being the key for future success

## THANK YOU

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Special thanks to Lloyds List Intelligence, Clarkson Research Service, Boston Consulting Group and Swiss Re Economic Research for their statistical Input