



*2004 IFA Production and International Trade
Conference, Dubai, UAE, 3-5 October 2004*

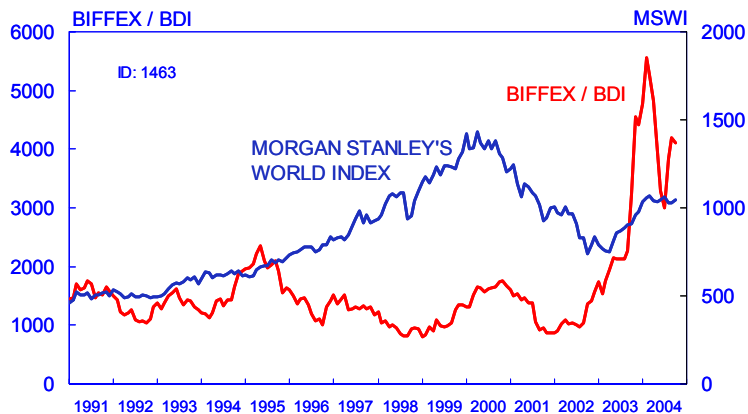
GLOBAL TRANSPORTATION ASPECTS

with main focus on dry bulk

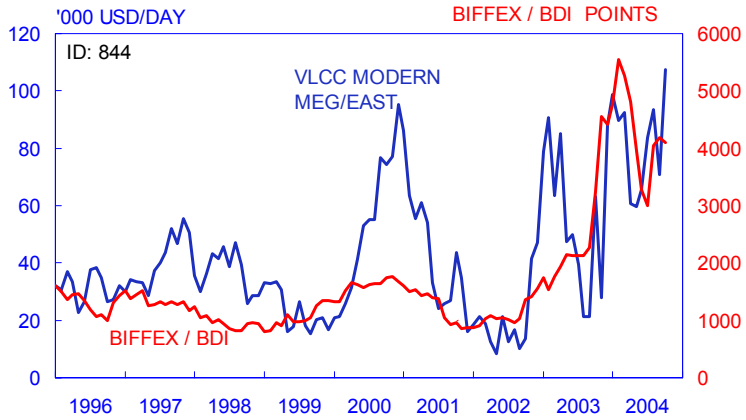
Chief Economist Jarle Hammer, Fearnleys A/S



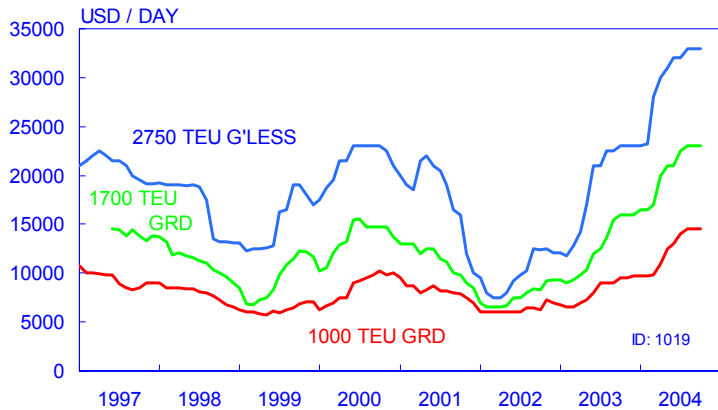
DRY BULK MARKET VS. STOCK MARKET



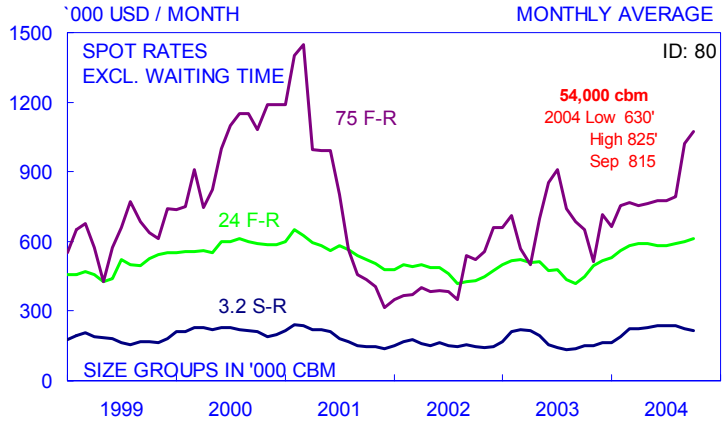
TANK AND DRY BULK MARKETS



CONTAINERSHIP TIMECHARTER RATES

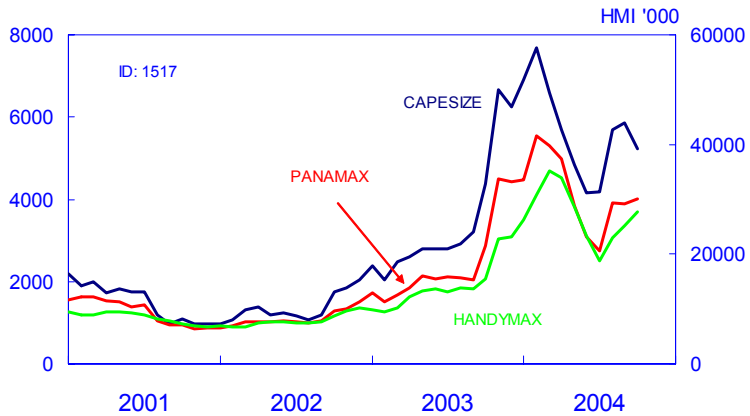


GAS SPOT MARKET

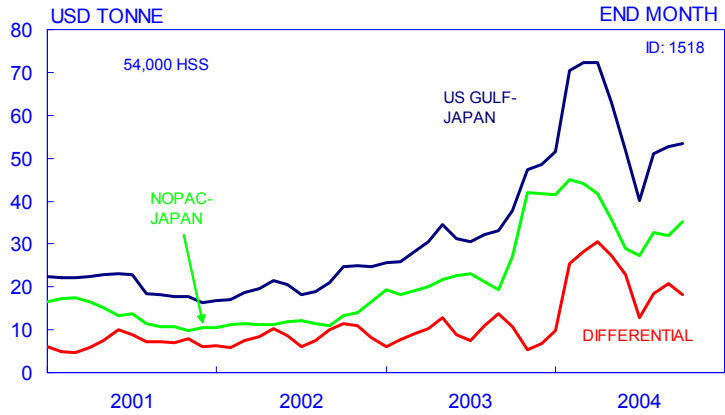


DRY BULK BALTIC FREIGHT INDICES

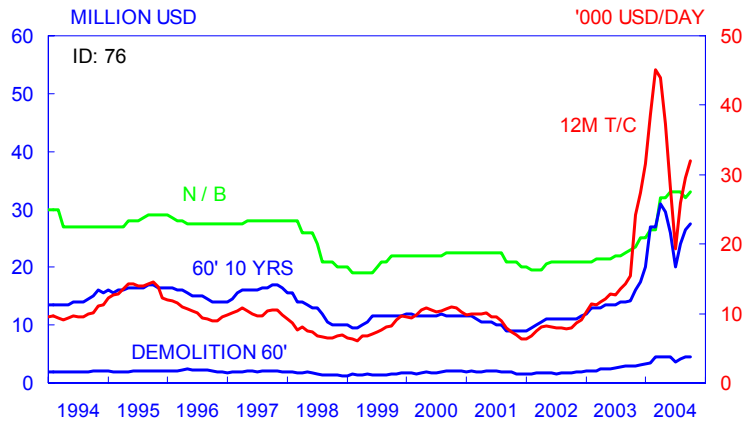
END MONTH



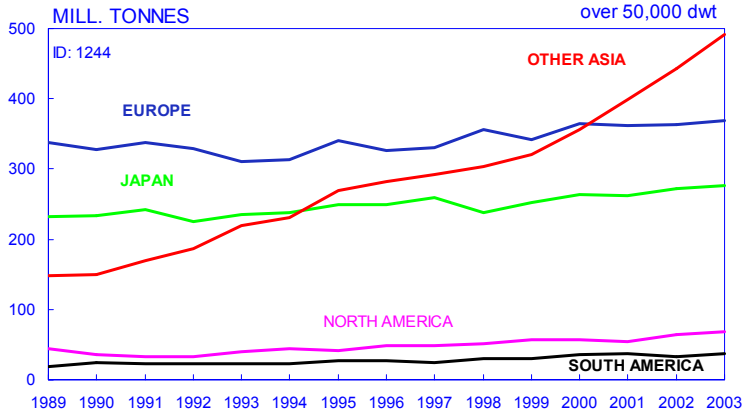
GRAIN FREIGHT RATES USA-JAPAN



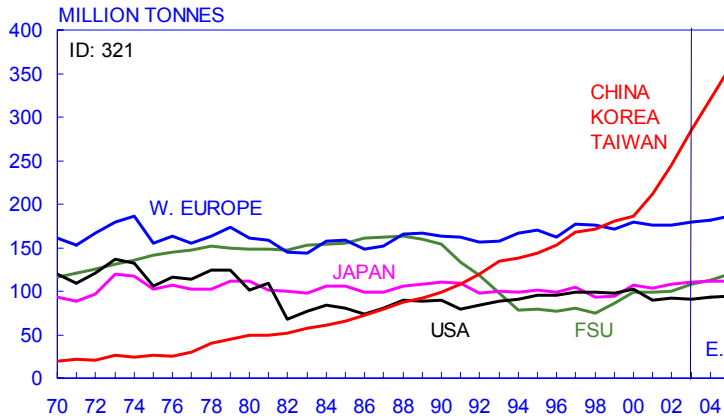
MARKET DEVELOPMENT PANAMAX BULK



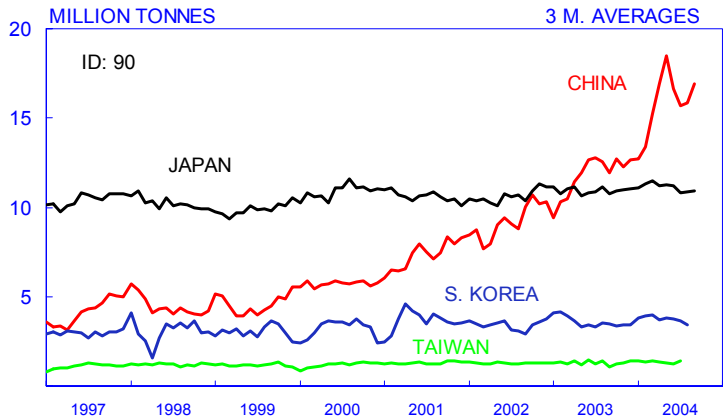
DRY BULK IMPORTS BY AREA



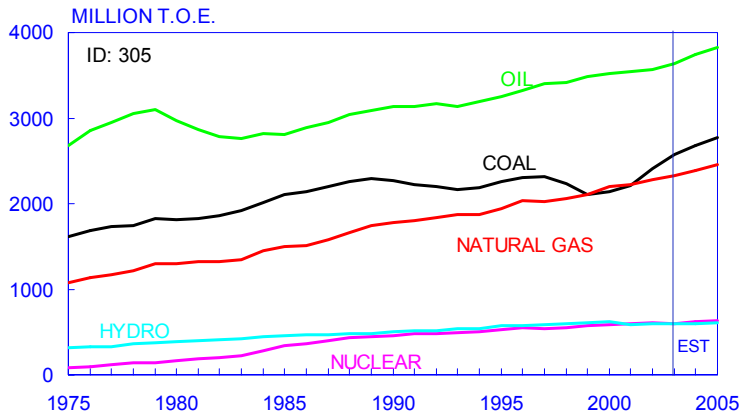
STEEL PRODUCTION



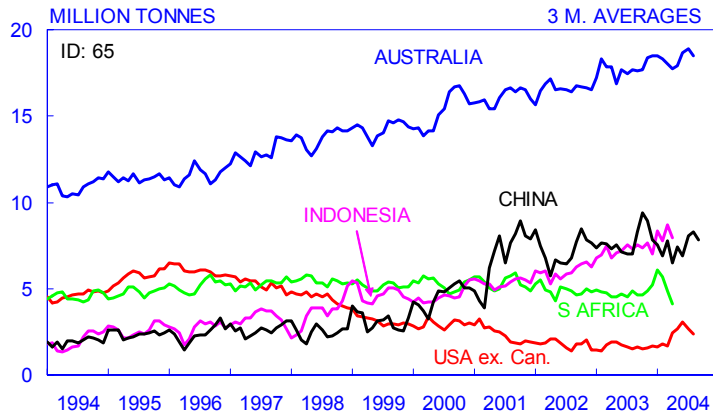
FAR EAST IRON ORE IMPORTS



WORLD ENERGY CONSUMPTION BY TYPE



COAL EXPORTS





CHINA IN THE COAL AND COKE MARKET

- ***DOMESTIC DEMAND***

VAST RESOURCES

LOGISTICAL BOTTLENECKS

ENVIRONMENT AND SAFETY

- ***COAL VENTURES ABROAD***

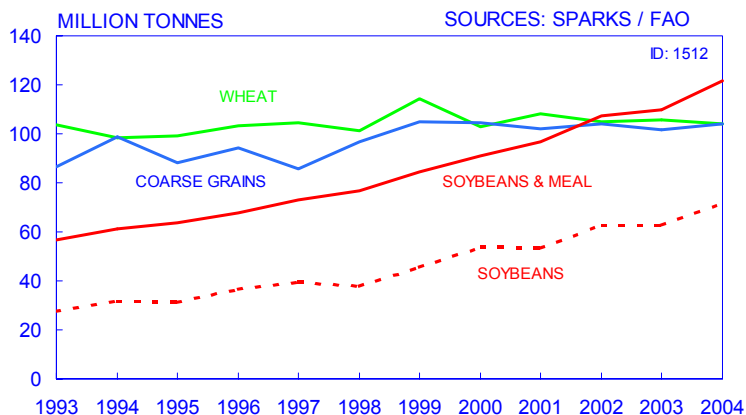
- ***TRADE CONFLICTS - vulnerability***

- ***FREIGHT RATES AND COMPETITIVENESS***

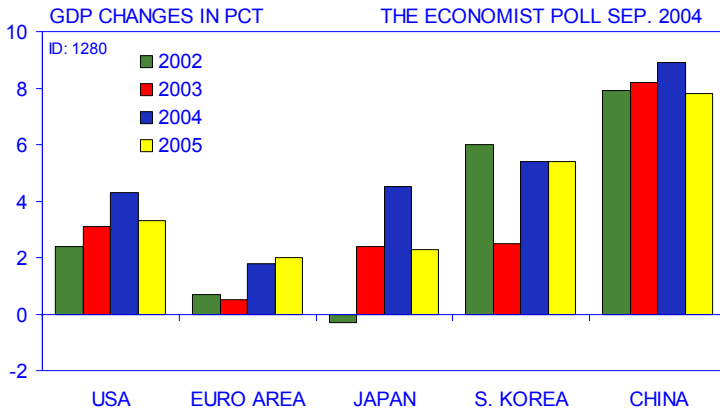
JOKER IN DRY BULK – Tonne-mile leverage



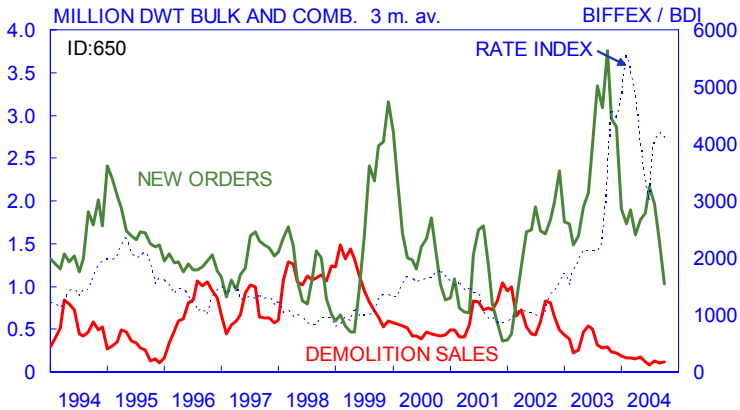
WORLD GRAIN EXPORTS BY TYPE



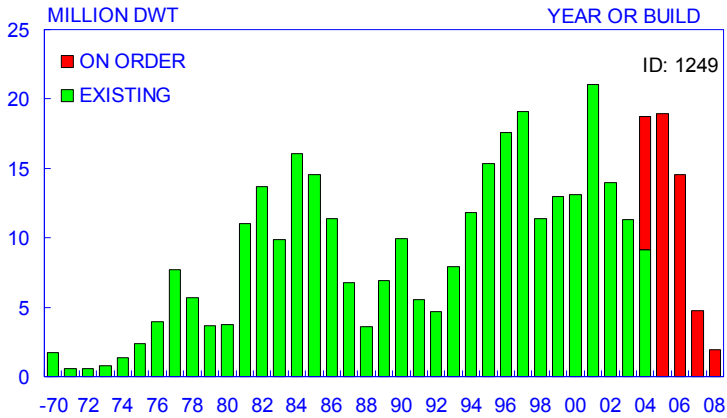
ECONOMIC GROWTH



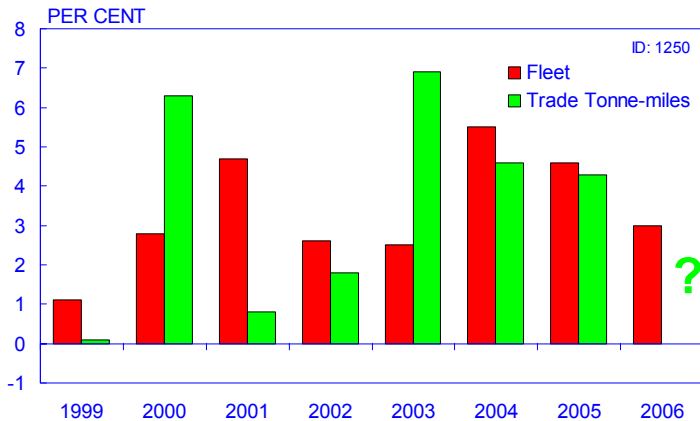
DRY BULK MARKET, ORDERS & DEMOLITION



BULK CARRIERS 10 000 DWT + EXISTING AND ON ORDER JULY 2004



DRY BULK FLEET AND TRADE GROWTH VESSELS OVER 10.000 DWT



DRY BULK MARKET

DEMAND - Confluence of factors

Congestion

Asian Economies

Chinese steel – coal - grain

Psychology – operators' pyramid / futures

Thermal coal / high oil prices / nuclear problems

SUPPLY

Limited fleet growth – more focus on tank and container

CONSEQUENCES OF EXTREMELY HIGH RATES

- *PROHIBITIVE TRANSPORTATION COSTS ?*
- *MORE SHORT – HAUL TRADES - if alternatives*
- *COMBINED CARRIERS IN DRY BULK - 12/311 mdwt*
- *BULK IN CONTAINER - Back-haul / Front-haul*
- *MODEST SHORT-TERM COMMODITY SUBSTITUTION*
- *PORTS AND IN-LAND INFRASTRUCTURE - Congestion*
- *NEWBUILDING - Delivery 2007 / High resale prices*
- *DEMOLITION - Minimal*

MOMENTUM IN DEMAND - DOWNSIDE RISKS ?

TANKER DEMAND DOWNSIDES

- *Infrastructure - Traffic jam*
- *China's "Six-pocket generation"*
- *Middle East downturn*
- *Russian exports*
- *Conservation – Hybrid cars*
- *Gas propulsion*
- *High oil price*

