



Global Shipping Market Trends

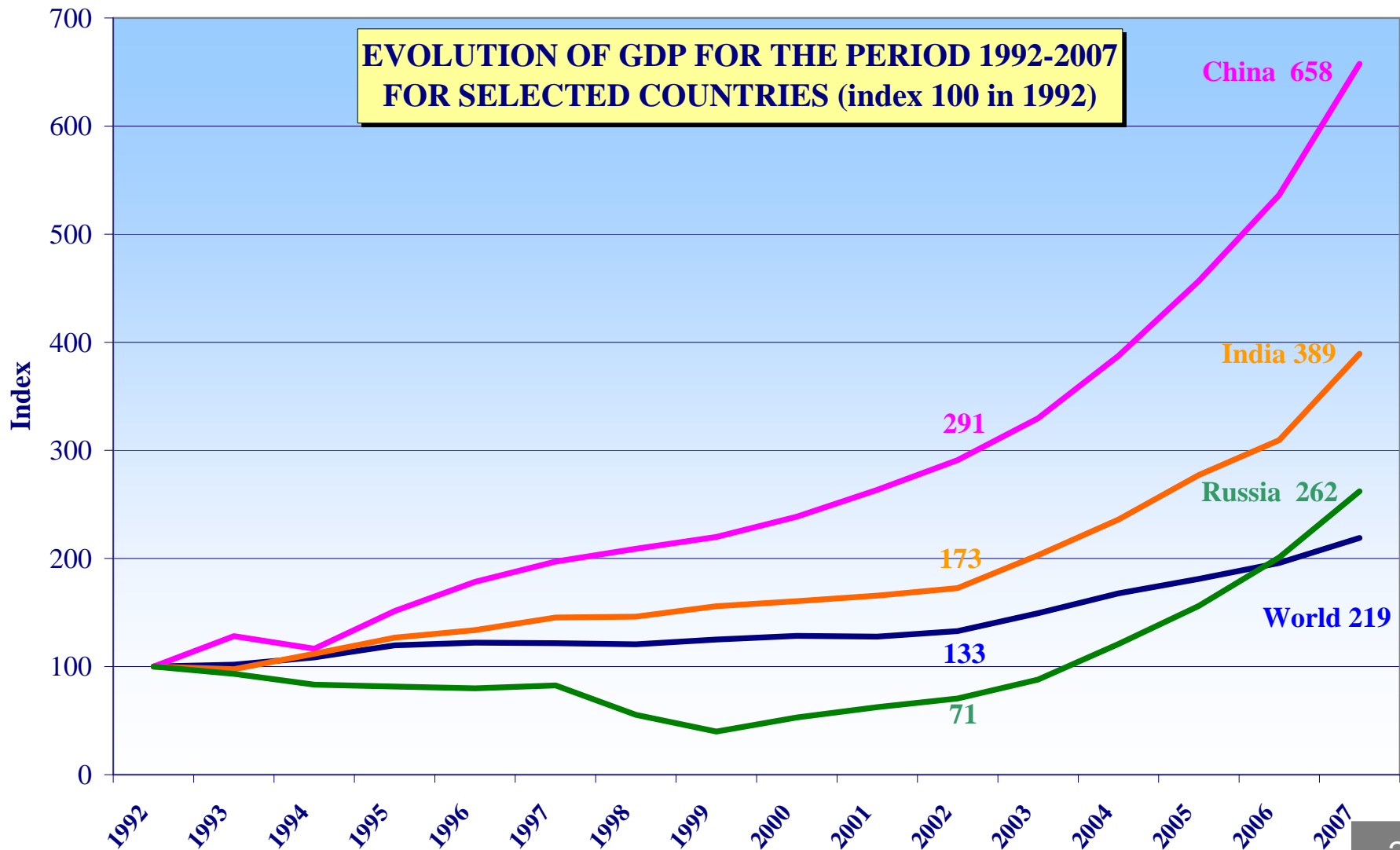
Cédric Charpentier

Chairman, F&F Committee

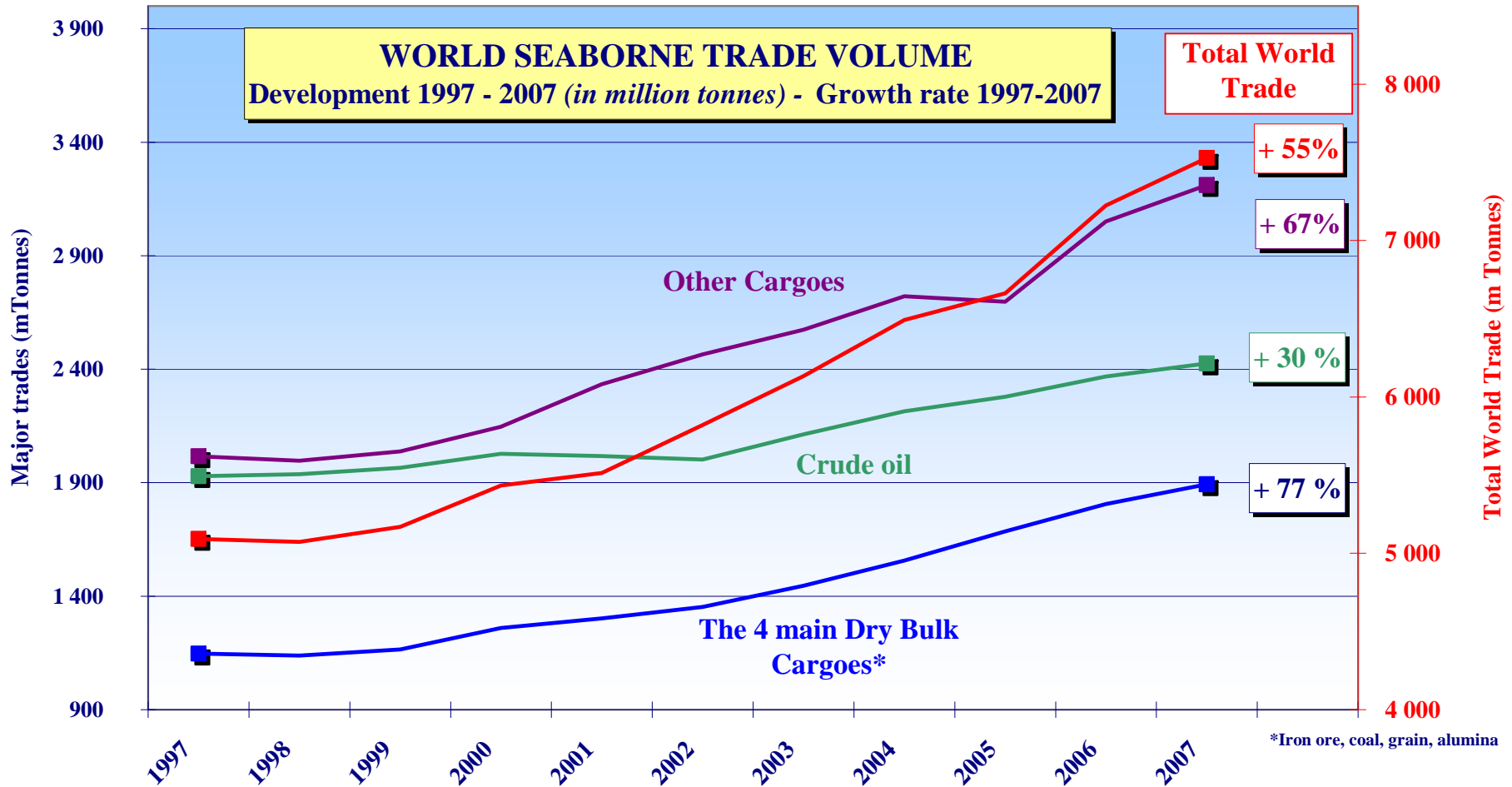
September 15, 2008

*UNPRECEDENTED ECONOMICAL GROWTH
FOR DECADES, HAS LED TO BOOMING
GLOBAL TRADE*

2002-2007: strongest growth of GDP for the last 20 years, BRIC countries biggest contributors

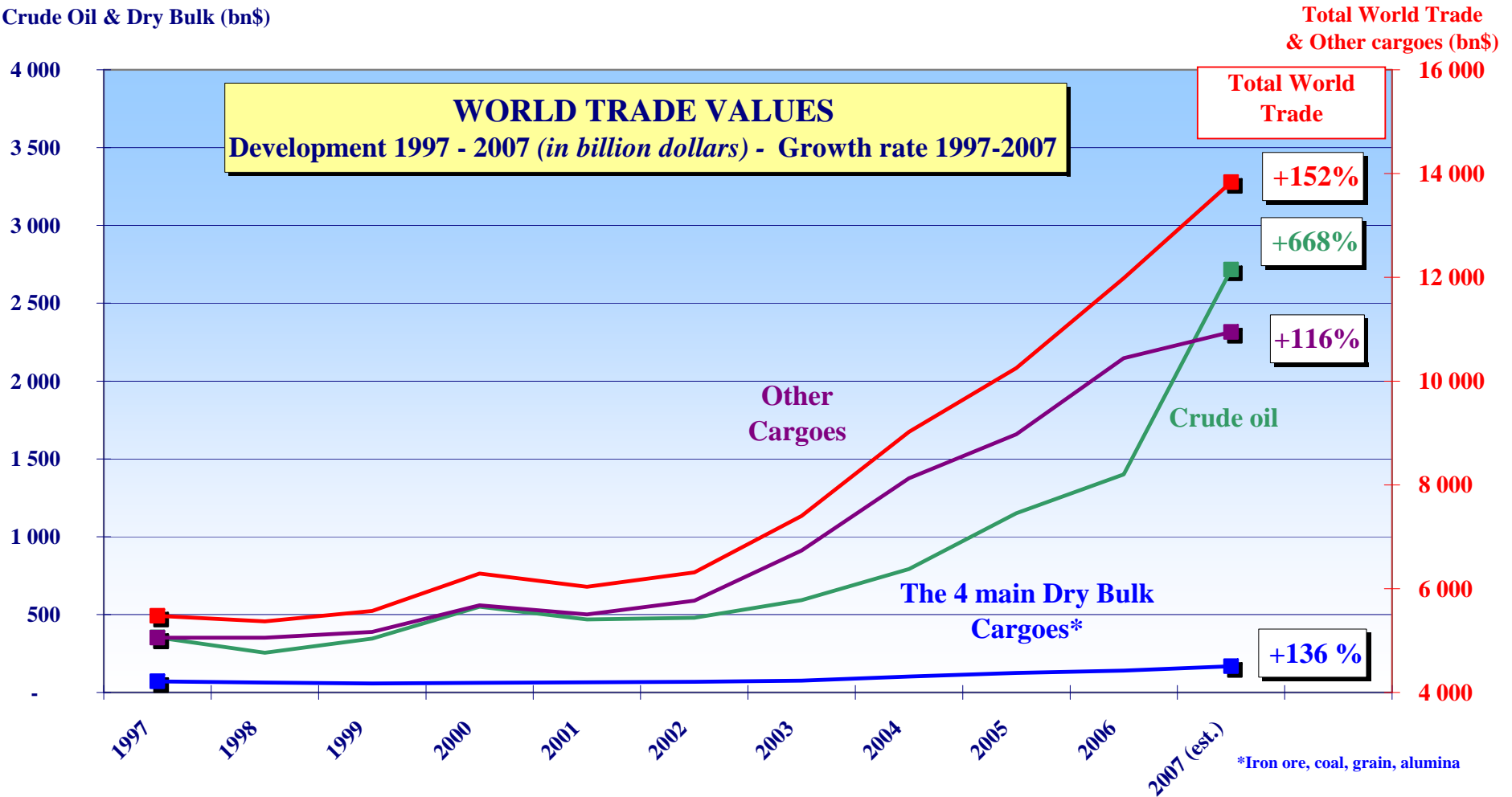


... which has led to a booming global trade in volumes ...

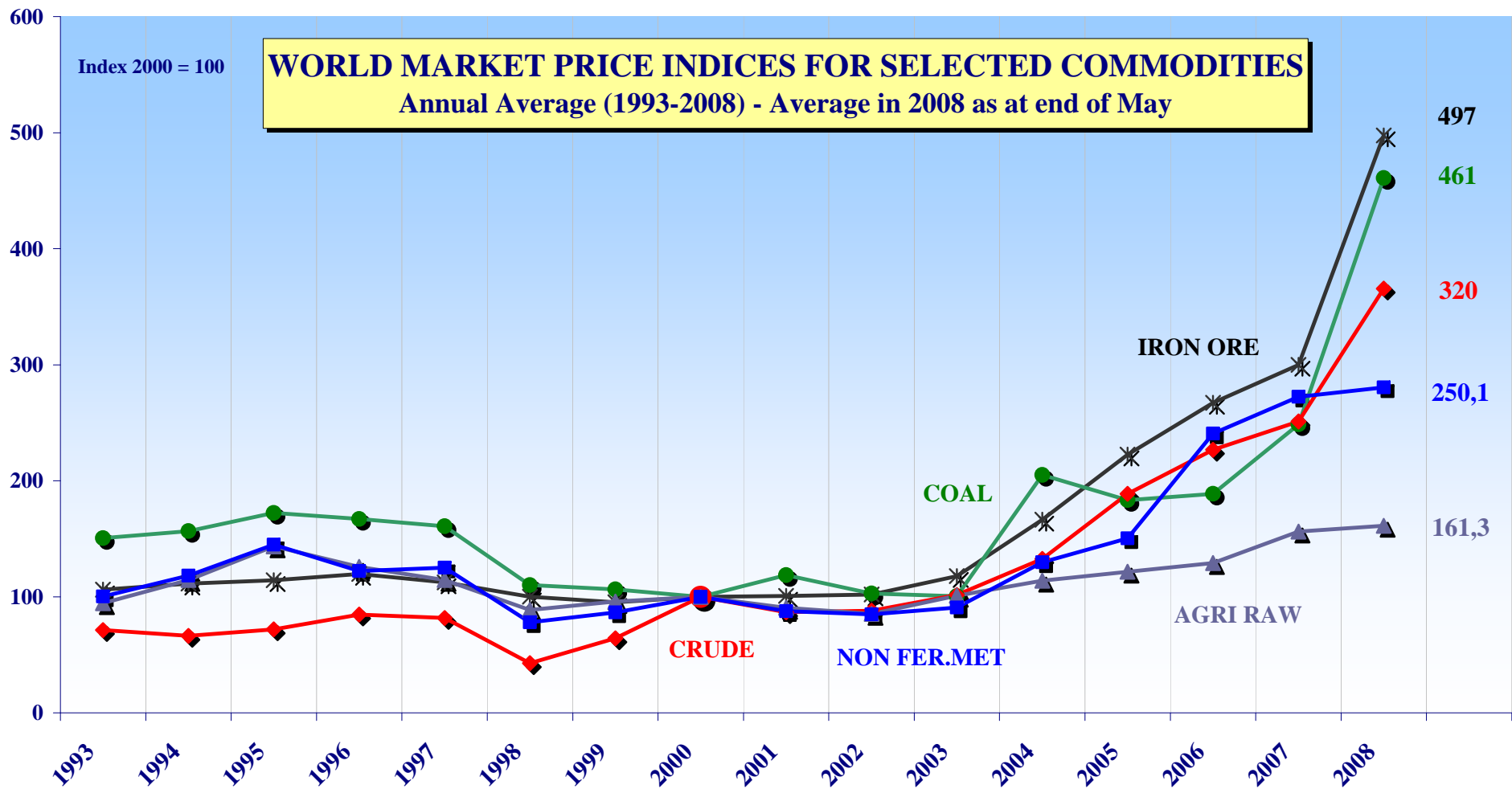


... and an unprecedented growth of global trade in values.

Crude Oil & Dry Bulk (bn\$)



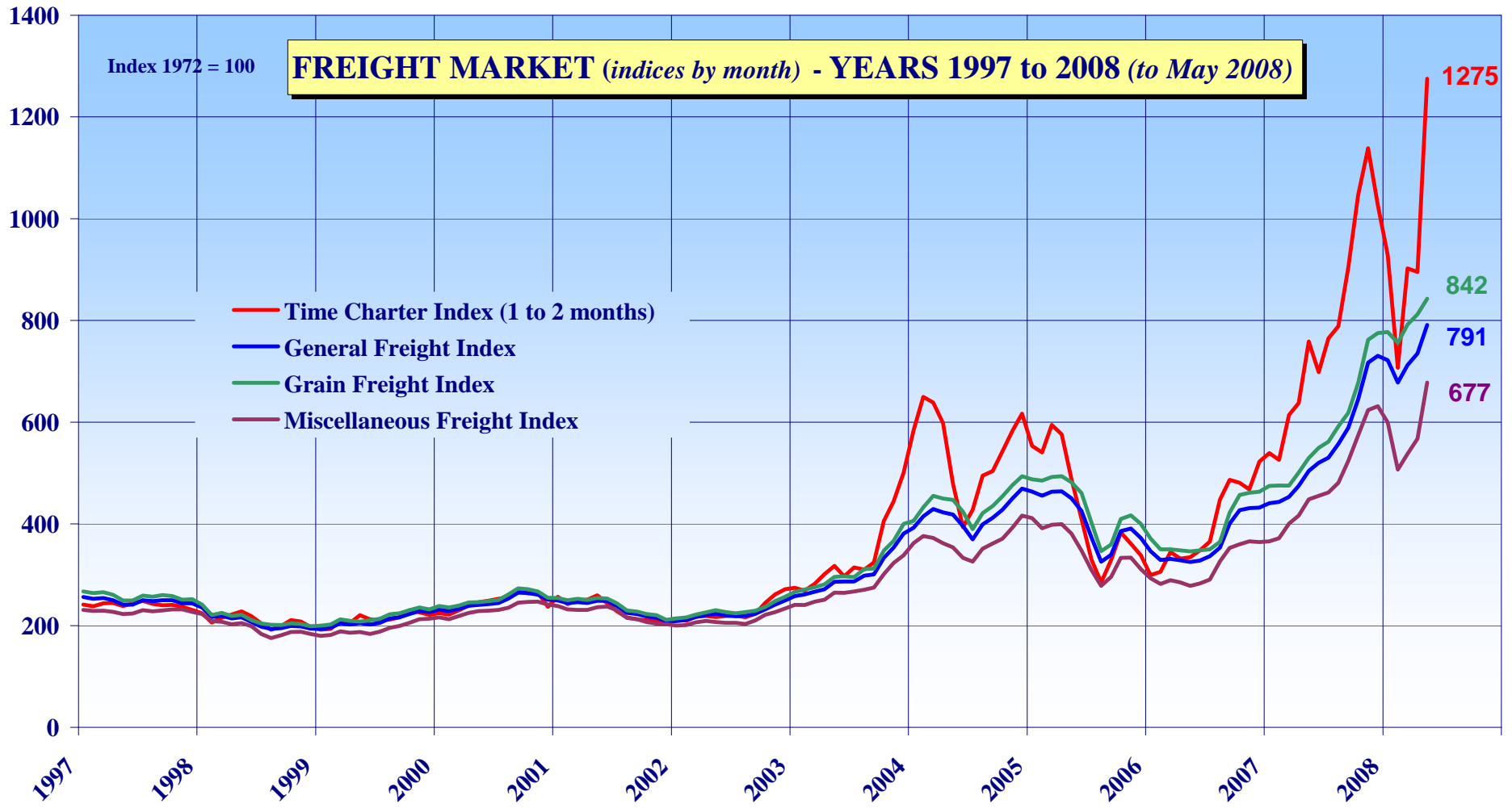
Demand for commodities reached sky high levels and led to strong rise in prices.



WHAT IMPACT ON THE SHIPPING WORLD?

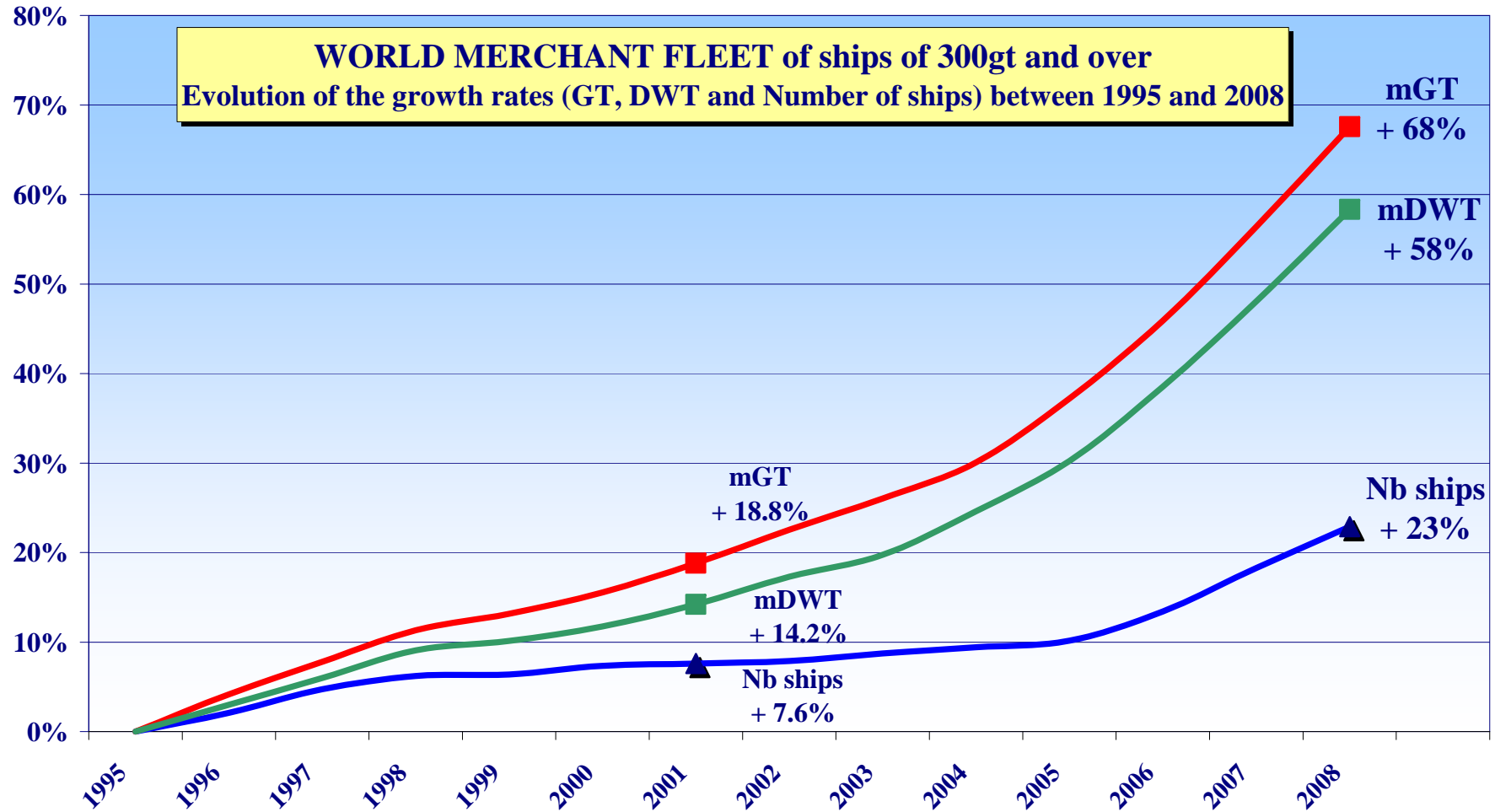


Difficulties for the shipping market to absorb the booming global trade has led to massive increase in freight rates.

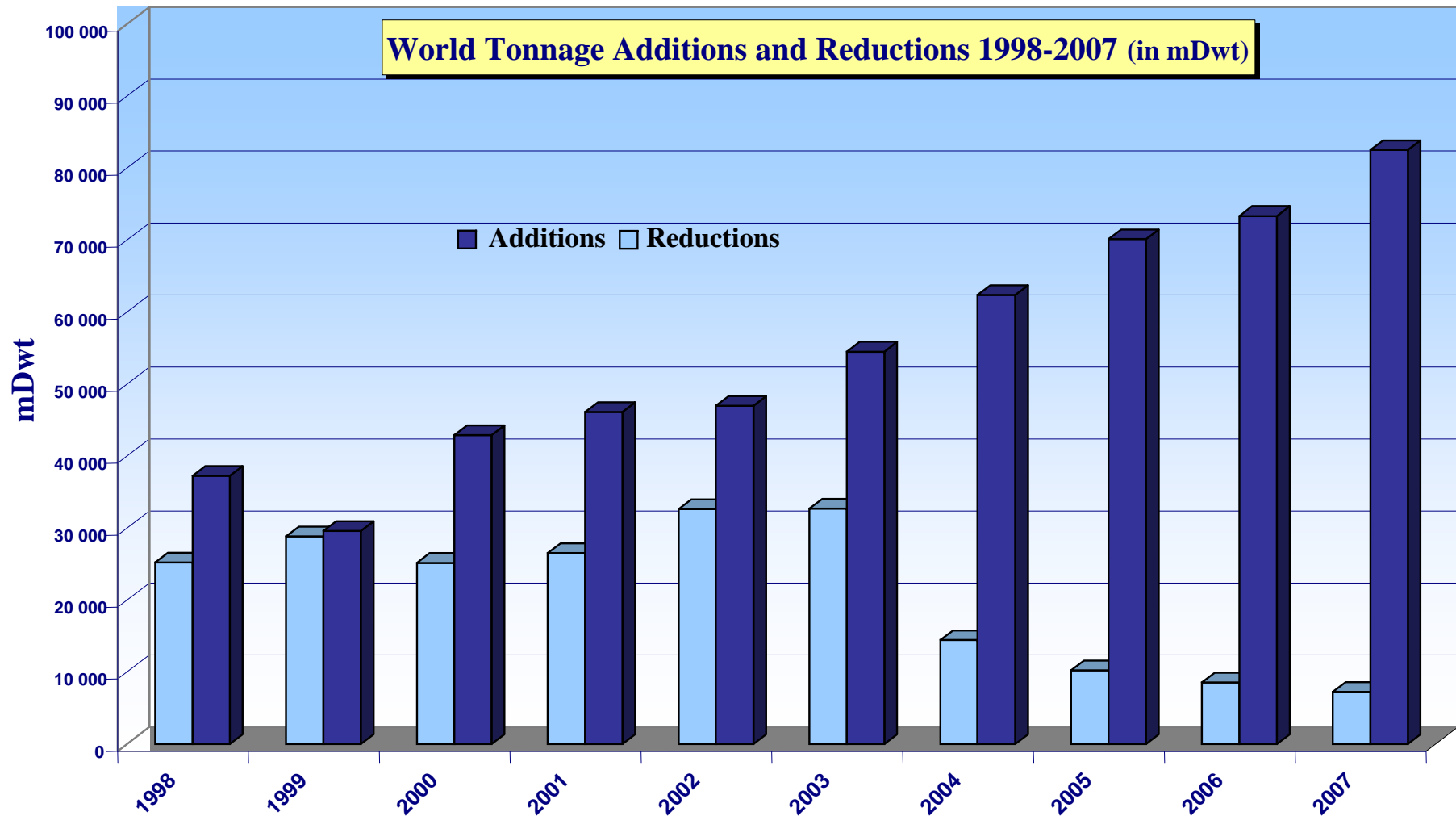


Source: ISL, UNCTAD, LMIU

The shipping market did react and increased massively transport capacity ...

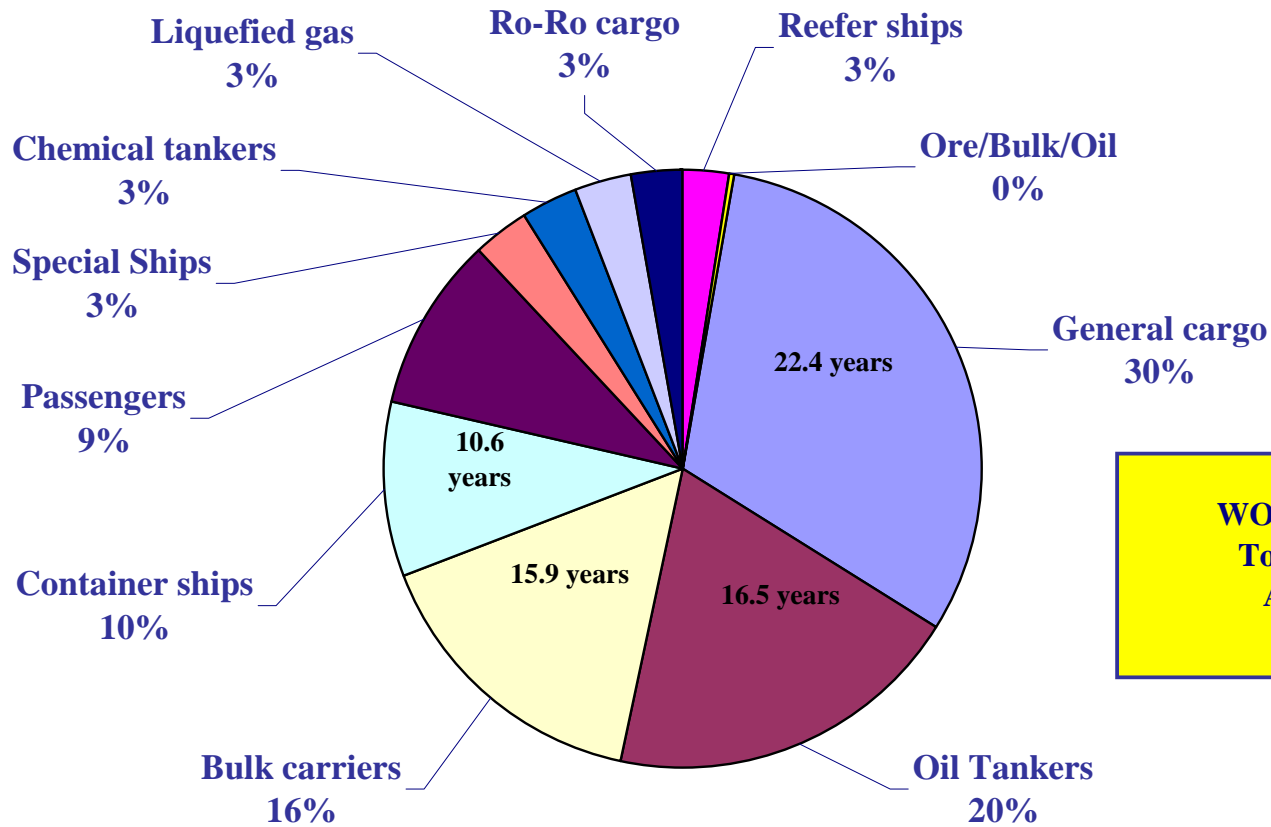


...thanks to new buildings delivery and postponing scrap.



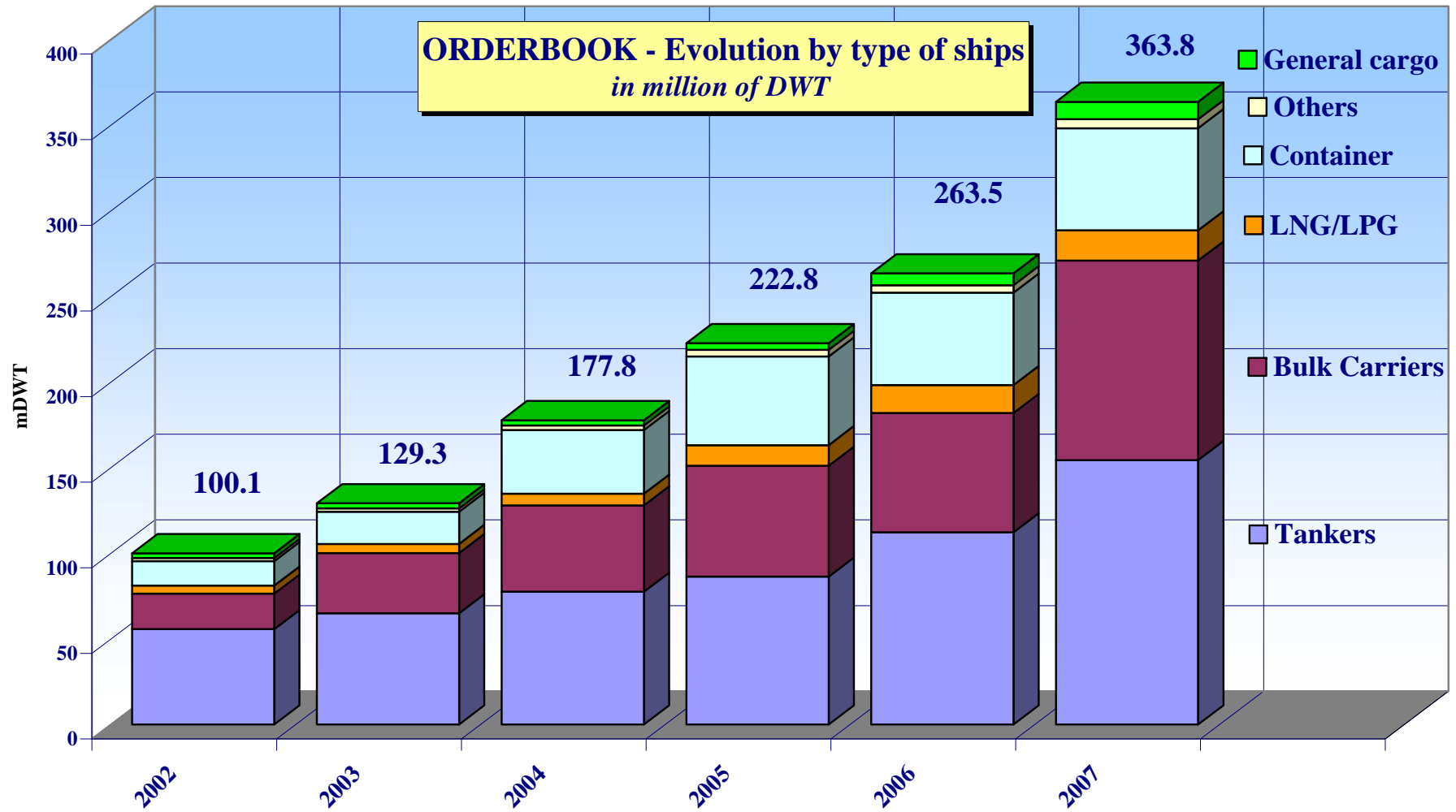
The fleet age is in slight reduction from 19.1 years old in 2006 to 18.5 years in 2007

WORLD MERCHANT FLEET by type of ship of 300gt and over
As at January 1st, 2008 - number of ships in share of the World Reported Fleet, and average age



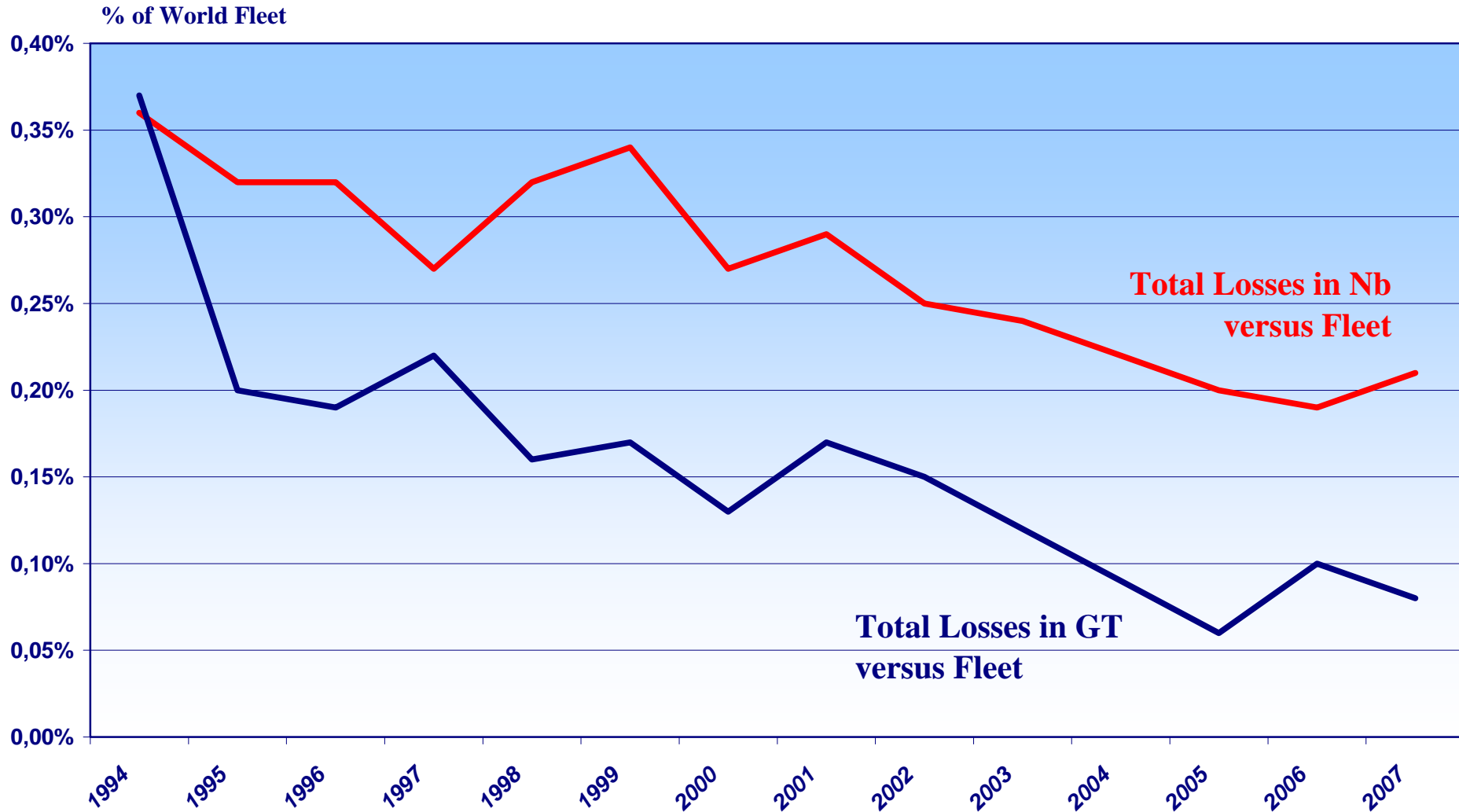
WORLD REPORTED FLEET
Total number : 44,553 ships
Average age : 18.5 years

The orderbook was impressive at the end of 2007.

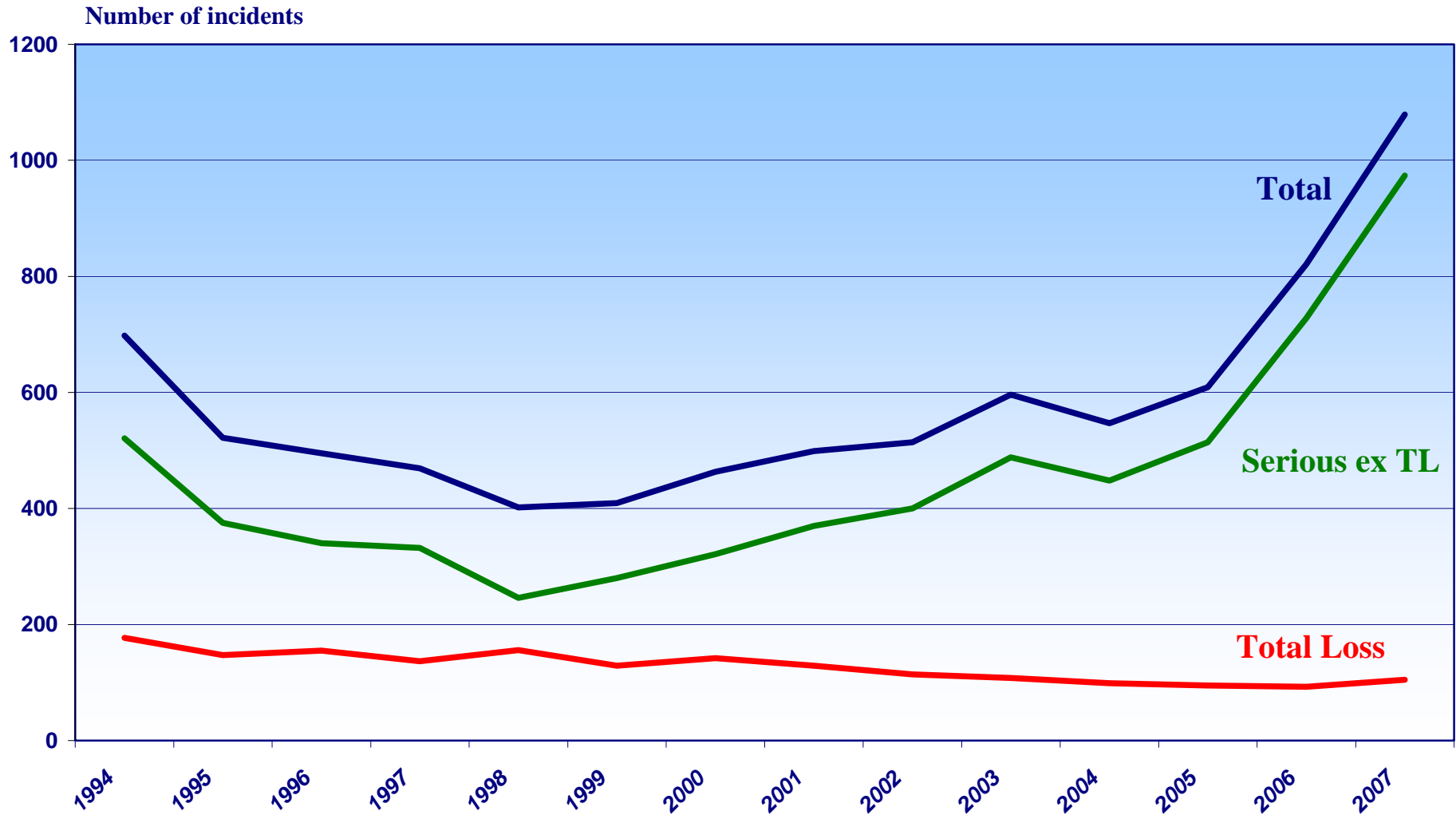


*HAS THE PRESSURE ON SHIPPING HAD AN
IMPACT ON THE CLAIMS TREND?*

Despite pressure on shipping, total losses show a positive trend...



But serious losses show a very steep increase in number, well above fleet growth



*WHAT SHALL WE EXPECT FOR THE NEAR
FUTURE?*

Economists agree on a slowdown of the world economic growth...but down to recession ?

- “The surprise of recent months is not that global economic growth is slowing, but that there is any growth at all” – Alan Greenspan – August 2008
- World economy “decoupling” from US economy?
- Anyway, positive environment for marine insurers has probably reached a peak in 2007

What change in our environment shall we expect and even started to notice ?

- Prices of raw materials going down
- World trade of goods down in volumes and even more in values
- New buildings orders delayed or cancelled
- Freight rates sliding
- Possible increase of ships being laid up
- Uncertainties on future quality of world fleet
- Increase in number of attritional claims declared
- ...

We must prepare for difficult times !



Thank you for your attention

Cédric Charpentier

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