

Shipping confidence survey

September 2011



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1 Executive summary

Overall confidence levels in the shipping industry fell to their lowest level for three and a half years in the three months ended August 2011, according to our latest shipping confidence survey.

Fears about overtonnaging, and continuing uncertainty about the global economy, were the main reasons for the decline. The rising cost of marine fuels was also a cause for concern.

Confidence levels

In August 2011, the average confidence level expressed by respondents in the markets in which they operate was 5.3 on a scale of 1 (low) to 10 (high), compared to 5.6 in the previous survey in May 2011. Confidence fell most noticeably on the part of owners, down from 5.8 to 5.1. Confidence levels among charterers were even lower at 5.0. Geographically, confidence remained lowest in Europe, falling from 5.5 to 5.0, its lowest level since the survey was launched. Confidence in North America was down from 5.6 to 5.1, also an all-time survey low for the region. Asia held steady at 5.7.

Respondents' expectations of making a major investment or significant development over the next twelve months fell from 5.6 to 5.1 – the lowest level since November 2009. Owners recorded the biggest drop, down from 6.0 to 5.3. Managers (5.5 to 5.2) and charterers (6.0 to 5.7) were also less confident. Brokers were least confident at 4.3. Geographically, expectations were down across all the main regions. Europe stood at 5.0 (down from 5.5 last time), while Asia was down from 5.6 to 5.2. Latin America and North America, meanwhile, were down to 5.1 (from 6.0 last time) and 4.5 (5.5).

Having dropped out of the top three for the first time in the last survey, finance costs returned as one of the top three factors which respondents expected to influence performance most significantly over the coming twelve months. Demand trends and competition, meanwhile, maintained their ever-present record in the top three.

Overall, 22% of respondents (23% last time) cited demand trends as the most significant performance-affecting factor, 17% (19%) selected competition and 16% (14%) opted for finance costs. The percentage of respondents who identified fuel costs was down by 4 percentage points to 12%.

Finance costs

There was a marked reduction in expectations of an increase in finance costs, with 52% of respondents expecting costs to rise over the next twelve months, compared to 59% in the previous survey. Expectations of higher finance costs were down across all categories of respondent, and in all geographical areas covered by the survey. The previous survey showed that 62% of owners were expecting finance costs to rise, but this time that figure was down to 53%. Managers fell from 56% to 52%, while charterers were down from 55% to 48%. Moreover, the number of charterers who were anticipating finance costs to fall over the next year was up from 9% to 15%, the highest figure since May 2009.

Geographically, the biggest change was to be found in Asia, where the 50% of respondents anticipating higher finance cost was twelve percentage points down on the 62% recorded in May 2011. It was a similar story in Europe, where the number of those expecting an increase was down from 58% to 53%, and in North America (down from 42% to 40%).

Freight markets

So far as the markets are concerned, there was a big fall in the numbers of respondents expecting rates in the **tanker sector** to increase over the next twelve months - down overall from 44% last time to the lowest level since February 2009, at 34%. Just 30% of owners, the lowest total for more than two years, thought that rates were likely to increase, compared to 50% in May 2011. Similarly, the numbers of managers (36% from 45%) and charterers (21% from 30%) who were anticipating tanker rate increases were the lowest since February 2009. Geographically, optimism about tanker rate increases was down in all the main regions covered by the survey.

Meanwhile, the overall number of respondents who thought that tanker rates were likely to fall over the coming years was up by 7 percentage points to 19%. In the case of owners, 23% of those who responded to the survey thought that rates were likely to come down, compared to just 8% last time. For charterers, the figure rose from 20% to 26%.

It was a similar story in the **dry bulk sector**, where the number of respondents expecting rate increases over the next twelve months was down from 37% to 27%, an all-time low in the life of the survey. The number of owners who shared this opinion also hit an all-time low (down from 41% to 22%), while the 8% of charterers of like mind (down from 18% last time) was easily the lowest in three-and-a-half years, and in stark contrast to the 62% of charterers who were hopeful of rate increases in May 2008, when the survey was launched. Brokers were alone in registering increased optimism (up from 21% to 30%) that dry bulk rates would go up. Geographically, there was sharp fall in Asia (down from 45% to 28%) and in Europe (down from 31% to 22%) in the numbers of respondents hopeful of dry bulk rate increases. But North America bucked the trend, the numbers there increasing from 39% to 41%.

The **container ship market**, meanwhile, saw the biggest shift in opinion. In May 2011, there was a 28 percentage-point difference between the numbers anticipating higher rates (42%) and those who thought that rates would go down (14%). Now, the gap has closed completely.

Charterers (up one percentage point to 30%) were alone in thinking that rates would go up. Owners (down from 40% to 25%) and managers (down 16 percentage points to 31%) saw things differently, recording the lowest figures in this regard since August 2009. In Asia, expectations of container ship rate increase were down from 41% to 26%, while in Europe the fall was from 44% to 27%. Just 12% of respondents in North America, meanwhile, thought that rates were likely to go up.

Conclusions

The drop in shipping confidence to a record low is a disappointment. But it has been coming. Given what has been happening in the world, and in the industry, confidence remained surprisingly high last year, but it has started to slip in 2011. Indeed, in many ways, it is back to the levels of two years ago.

We are starting to see now what many had predicted would happen much earlier. Banks are calling in their loans, shipping companies are filing for bankruptcy protection, ships are being arrested and auctioned around the world, and the courts and arbitration tribunals are starting to see an increase in their workloads. Financiers want their money, and are ready to take what they can get now rather than wait in the hope that the markets will recover and enable them to achieve a return on their investment. This results in a situation in which everybody loses something. Financiers need to continue to work together with shipping companies and external financial advisers to find a way forward for viable long-term businesses, perhaps exploring the opportunities offered by independent business reviews.

Meanwhile, costs are going up all the time. Bunker prices are the big worry. Ships cannot operate without fuel, and the cost has to be met and passed on down the chain, at a time when money is tight for everybody. After a lull, the indications are that operating costs are once again likely to increase, affecting everything from personnel to insurance premiums. The cost of raw materials also continues to rise. At the same time, freight rates are tumbling through the floor, stock markets are falling around the world, the US and European economies continue to stutter unsatisfactorily, political unrest in the Middle East shows no sign of abating, and the general economic gloom deepens.

Our survey revealed, unsurprisingly, that the industry is much less confident now of being in a position to make a major investment over the next twelve months. With access to credit very tight, you cannot spend what you do not have. Most respondents to our survey were adamant that we do not need any more ships, and indeed that we already have too many to carry the level of trade on offer. The survey also showed, however, a fall in the number of respondents who expected finance costs to increase over the coming year. So, despite all the difficulties, now is a good time to buy, for those with access to money and a sound business plan. No industry can grow without continuing investment.

The indications are that things could get even worse for shipping before they start to get better. There could be some nasty surprises, and some tough decisions, in the months ahead for operators and investors alike. But those who are in shipping for the long term will ride it out, and many will have had previous experience of doing just that. The international nature of the industry may be working against shipping at the moment, but it will once again prove to be its strength in less troubled times.”

Richard Greiner

Partner, Shipping Industry Group

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2 Results

This section of our report sets out the survey results in more detail.

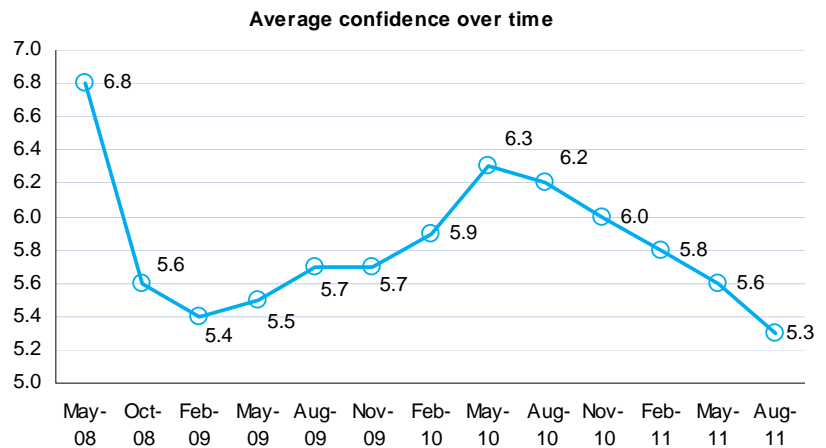
We asked respondents to answer a series of questions under the following headings:

- Overall confidence;
- Future investment and development;
- Business performance factors;
- Finance costs;
- Tanker rates;
- Dry bulk rates; and
- Container ship rates.

Overall confidence

We asked respondents to tell us *on a scale of 1 (Low) to 10 (High)*, how confident they were about the shipping market(s) in which they operate.

In August 2011, the average confidence level expressed by respondents in the markets in which they operate was 5.3, compared to 5.6 in the previous survey in May 2011, as shown in the graph below. This is the lowest figure recorded since the survey was launched in May 2008 when confidence stood at 6.8, the highest rating achieved thus far.



Confidence fell most noticeably on the part of owners, down from 5.8 to 5.1, the lowest owner rating recorded during the life of the survey to date. Confidence levels among charterers were even lower at 5.0, but the fall in comparison with the previous survey (from 5.4) was less than that for owners. Confidence on the part of managers fell from 5.8 to 5.6, while brokers held on to their already comparatively low rating of 5.1.

Geographically, confidence remained lowest in Europe, falling from 5.5 to 5.0, its lowest level since the survey was launched. Confidence in North America was down over the three-month period from 5.6 to 5.1, which is also an all-time survey

low for the region. Asia, meantime, held steady at 5.7. Further analysis by business type and region is included in Appendix 1.

A sharp downturn in confidence was evident throughout the vast majority of comments from respondents, perhaps best summed up by the observation that, "Until recently, things looked quite optimistic, but recent doubts over US loan credibility and EU financial worries have severely dented confidence." Other respondents referred to "the most unpredictable period since the beginning of the global financial crisis" and suggested that the market was "back to levels last seen in 2001."

Few could see a short-term solution to the difficulties currently facing the industry. The mood was singularly downbeat, the only variation among respondents being the amount of time they believed it would take for a sustainable recovery to get under way. "The shipping market will remain in the doldrums for the next 12-24 months," said one, a view shared by a number of others. "The market will have to suffer for a long period of time before it recovers," predicted another respondent, "mainly because of the tonnage supply versus market economy imbalance. Let's hope for the best and prepare for the worst."

Elsewhere it was noted that, "Global GDP will trend downwards until 2013, during which time freight rates will remain depressed." Noting that a large part of current demand is based on China, another respondent said, "The burden on world markets, both physical and financial, coupled with a large newbuilding delivery programme which will see large numbers of ships coming onto an already overtonnaged market over the next couple of years, means that it is difficult to see any real improvement until at least 2013."

One respondent in particular believed that any recovery would take much longer, pointing out, "Shipping markets cannot rise because owners and investors have built too many vessels. This, coupled with a weak economy and a depressed consumer market, is likely to mean a long, slow turnaround over the next five years." Others refused to put a timescale on the likely period of recovery, a position typified by the respondent who simply claimed, "The party's over!"

The generally distressed state of global economies was uppermost in the minds of many respondents. "With global currency markets all over the place," said one, "daily stability is what the market needs, but is not getting." Another pointed out, "We do not expect a recovery in the market in the next twelve months, given the slowdown of the global economy, particularly in the US, the EU and China", while yet another remarked, "The big mess that is the US and European economy, together with a lack of confidence in solutions put forward by political leaders and business think-tanks, is the perfect recipe for a miserable and sustainable problem." A number of respondents, meanwhile, highlighted the threat of a double-dip in the economy, and most were agreed that shipping markets will not start to recover until some measure of certainty and stability is returned to the financial markets.

Overtonnaging was once again a recurrent theme throughout the comments from respondents. "Markets are at rock-bottom," said one, "and will stay there for some time because of the large number of new vessels due to come into service. Older vessels and speculative investors, as well as low-grade operators, will have to disappear before the situation can start to improve." Another respondent noted,

“The situation looks pretty grim, given the massive amount of over-ordering”, while another still emphasised, “The huge newbuilding programme will swamp any increase in demand.”

Rising fuel costs were also occupying the thoughts of respondents, with comments here ranging from, “Fuel costs will continue to rise and, with them, other operating costs”, to, “Fuel prices and operating costs are making life very difficult at the moment.”

There was very little in the way of optimism expressed by those who responded to the survey. The most upbeat comment was the somewhat tongue-in-cheek observation that, “Freight rates should go up in the next twelve months simply because the opposite is too frightening to contemplate.”

Future investment and development

We asked respondents to tell us *on a scale of 1 (Low) to 10 (High), how likely it was that their business would make a major investment or significant development in the next twelve months.*

Expectations fell from 5.6 to 5.1 – the lowest level since the same figure was recorded in November 2009. Just one year ago, in August 2010, respondents recorded the highest figure (6.0) in the life of the survey to date. This time, owners recorded the biggest drop (down from 6.0 to 5.3). Managers (down from 5.5 to 5.2) and charterers (down from 6.0 to 5.7) were also less confident of making an investment over the coming year than they were at the time of the previous survey. The smallest drop in confidence, from 4.4 to 4.3, was registered by brokers, albeit from a very low starting point. A year ago, owners rated the likelihood of their making a new investment at 6.0, while charterers rated the possibility at 6.1.

Geographically, expectations were down across all the main regions covered by the survey. Europe rated the likelihood at just 5.0 (down from 5.5 last time), while in Asia the figure was down from 5.6 to 5.2. Latin America and North America, meanwhile, were down to 5.1 (from 6.0 last time) and 4.5 (5.5). Further analysis by business type and region is included in Appendix 1.

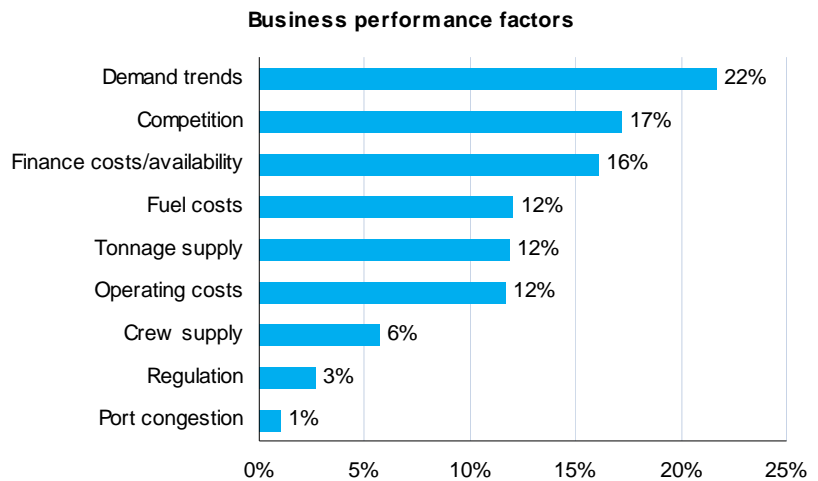
One ship operator, describing the current situation as “a challenge which threatens to destroy our industry”, said there was “a total lack of confidence by most owners to invest in newbuildings.”

Business performance factors

We asked respondents to tell us about the factors that would most affect their shipping company by asking the following question: *Which three of the following factors will most influence the performance of your shipping company over the next year? Please rank your three chosen factors in order of priority (1,2,3).*

Having dropped out of the top three for the first time in the last survey, finance costs returned as one of the top three factors which respondents expected to influence performance most significantly over the coming twelve months. Demand trends and competition, meanwhile, maintained their ever-present record in the top three.

Overall, 22% of respondents (23% last time) cited demand trends as the most significant performance-affecting factor, 17% (19%) selected competition and 16% (14%) opted for finance costs. The percentage of respondents who identified fuel costs was down by 4 percentage points to 12%, as shown in the graph that follows.



For owners, demand trends continued to be the dominating factor, despite a fall from 28% to 24% in the number of owners who put it in first place overall, ahead of finance costs and tonnage supply. The top three performance-influencing factors for managers were competition and demand trends - both cited by 17% of respondents in that category and both up by two percentage points on last time – followed by operating costs. For charterers, meanwhile, demand trends and competition made up the top three, ahead of fuel costs.

Geographically, demand trends emerged as the most significant factor for operators in Asia, Europe and North America (19%, 23% and 30% respectively), with competition and finance costs making up the remainder of the top three. Further analysis by business type and region is included in Appendix 1.

Finance costs

We asked respondents to give us their opinions on the future cost of finance by asking the following question: *In twelve months' time, do you expect finance costs to be higher, lower or the same as they are now?*

There was a marked reduction this time in expectations of an increase in finance costs, with 52% of respondents expecting costs to rise over the next twelve months, compared to 59% in the previous survey, as shown in the following table.

	May-08	Aug-10	Nov-10	Feb-11	May-11	Aug-11
	%	%	%	%	%	%
Higher	66	42	44	59	59	52
Same	25	46	45	32	33	38
Lower	9	12	11	9	8	10
Net	+57	+30	+33	+50	+51	+42

'Net' figures are the balance of 'Higher' and 'Lower' responses. Positive 'Net' figures imply more 'Higher' responses than 'Lower' and negative figures imply the opposite.

Expectations were down across all categories of respondent, and in all geographical areas covered by the survey. The previous survey showed that 62% of owners were expecting finance costs to rise, but this time that figure was down to 53%. For managers, the corresponding fall was from 56% to 52%, while for charterers it was down from 55% to 48%. Moreover, the number of charterers who were anticipating finance costs to fall over the next year was up from 9% to 15%, the highest figure since May 2009.

Geographically, the biggest change was in Asia, where 50% of respondents anticipated higher finance cost, 12 percentage points down on the 62% in May 2011. It was a similar story in Europe, where the number of those expecting an increase was down from 58% to 53%, and in North America (down from 42% to 40%). Moreover, 10% of respondents in North America were anticipating lower finance costs over the coming year, something which nobody in that part of the world had predicted in the previous six months. Further analysis by business type and region is included in Appendix 1.

Noting that shipping's problems are likely to continue until certainty returns to the financial markets, one respondent noted, "Finance institutions are in a fix due to payment defaults, and shipowners are being hit by a liquidity crunch." Another predicted, "There will be a hibernation of finance resources and a cutting-back on expenditure", while another still remarked, "The continued lack of available finance, combined with an over-supply of tonnage and the European and US sovereign debt crisis, will have a severely depressing effect on freight rate values in the short term, although this will admittedly present opportunities to acquire tonnage at sensible prices."

Some respondents expressed doubts about the future viability of smaller owners, with one pointing out, "Small companies operating traditional, knowledgeable and professional businesses will be forced to either join up with other owners to form big finance-guided companies, or else will be taken over by the force of big finance asset players. As a result, knowledge will be lost to the industry, and control of the market will rest only with certain selected big players."

Tanker rates

We asked respondents about likely movements in freight rates over the next twelve months. We asked them first for their views on tanker rates, by asking: *"In twelve months' time, do you expect tanker rates to be higher, lower or the same as they are now?"*

These numbers of respondents expecting rates to increase fell from 44% last time to the lowest level since February 2009, at 34%, as shown in the table that follows.

	May-08	Aug-10	Nov-10	Feb-11	May-11	Aug-11
	%	%	%	%	%	%
Higher	45	48	47	46	44	34
Same	30	40	43	41	44	47
Lower	25	12	10	13	12	19
Net	+20	+36	+37	+33	+32	+15

'Net' figures are the balance of 'Higher' and 'Lower' responses. Positive 'Net' figures imply more 'Higher' responses than 'Lower' and negative figures imply the opposite.

Just 30% of owners, the lowest total for more than two years, thought that rates were likely to increase, compared to 50% in May 2011. Similarly, the numbers of managers (36% from 45%) and charterers (21% from 30%) who were anticipating tanker rate increases were the lowest since February 2009. Geographically, optimism about tanker rate increases was down in all the main regions covered by the survey.

Meanwhile, the overall number of respondents who thought that tanker rates were likely to fall over the coming years was up by 7 percentage points to 19%. In the case of owners, 23% of those who responded to the survey thought that rates were likely to come down, compared to just 8% last time. For charterers, the figure rose from 20% to 26%. Further analysis by business type and region is included in Appendix 1.

While one respondent was “very confident that tankers rates would recover at some stage in the next one or two years and thereafter remain stable for two years,” many others were less optimistic. There are simply too many tankers on the market,” said one, while another pointed out, “Tankers are not looking good, and we can expect lay-ups and more bankruptcies.” Elsewhere it was noted that, “Despite the evident slowdown in newbuilding deliveries in the tanker market, it is unlikely that a re-balancing of supply and demand will prevail during the next twelve months, particularly since the recent increase in spot-market activity to record highs has not had the desired effect.”

Dry bulk rates

We asked respondents the same question on dry bulk rates: *“In twelve months’ time, do you expect dry bulk rates to be higher, lower or the same as they are now?”*

It was a similar story to tankers in the dry bulk sector, where the number of respondents expecting rate increases was down from 37% to 27%, an all-time low in the life of the survey, as shown in the table below.

	May-08	Aug-10	Nov-10	Feb-11	May-11	Aug-11
	%	%	%	%	%	%
Higher	32	42	32	38	37	27
Same	33	37	39	38	40	46
Lower	35	21	29	24	23	27
Net	-3	+21	+3	+14	+14	0

‘Net’ figures are the balance of ‘Higher’ and ‘Lower’ responses. Positive ‘Net’ figures imply more ‘Higher’ responses than ‘Lower’ and negative figures imply the opposite.

The number of owners who shared this opinion also hit an all-time low (down from 41% to 22%), while the 8% of charterers of like mind (down from 18% last time) was easily the lowest in three-and-a-half years, and in stark contrast to the 62% of charterers who were hopeful of rate increases in May 2008, when the survey was launched. Brokers were alone in registering increased optimism (up from 21% to 30%) that rates would go up.

Geographically, there was sharp fall in Asia (down from 45% to 28%) and in Europe (down from 31% to 22%) in the numbers of respondents anticipating increases. But North America bucked the trend, increasing from 39% to 41%. Further analysis by business type and region is included in Appendix 1.

One respondent noted, “The downward trend in dry bulk shipping is unlikely to end for another 18 months, bearing in mind the imbalance created by the number of newbuildings coming onto the market and the deterioration in the economies of the US and Europe.” Another pointed out, “The number of dry bulk ships is increasing dramatically, while the available cargoes are limited, so we cannot expect the market to improve over the next twelve months.” Elsewhere it was noted that, “The huge dry bulk newbuilding programme will swamp any increase in demand.” Other concerns raised by respondents included counter-party and contractual issues, and the ability and willingness of the scrap market to provide sufficient capacity and attractive prices.

Container ship rates

Our final freight rates question dealt with container ship rates. We asked *“In twelve months' time, do you expect container ship rates to be higher, lower or the same as they are now?”*

The container ship market saw the biggest shift in opinion. In May 2011, there was a 28 percentage-point difference between the numbers anticipating higher rates (42%) and those who thought that rates would go down (14%). The gap has closed completely. Just 28% of respondents overall thought that rate increases were likely over the coming year – the lowest figure since November 2009 – and 28% expected rates to come down (compared to 14% last time), as shown in the table below.

	May-08	Aug-10	Nov-10	Feb-11	May-11	Aug-11
	%	%	%	%	%	%
Higher	30	50	43	49	42	28
Same	42	37	48	37	44	44
Lower	28	13	9	14	14	28
Net	+2	+37	+34	+35	+28	0

‘Net’ figures are the balance of ‘Higher’ and ‘Lower’ responses. Positive ‘Net’ figures imply more ‘Higher’ responses than ‘Lower’ and negative figures imply the opposite.

Charterers (up by one percentage point to 30%) were the only category of respondent recording an increase in expectations of higher rates. Owners (down from 40% to 25%) and managers (down 16 percentage points to 31%) recorded the lowest figures since August 2009. In Asia, expectations of an increase declined from 41% to 26%, while in Europe the fall was from 44% to 27%. Just 12% of respondents in North America thought that rates were likely to go up, against 32% in the previous survey. Further analysis by business type and region is included in Appendix 1. One respondent explained, “The number and size of container vessels continues to increase while available cargoes remain limited, so nothing is likely to improve over the next twelve months.”



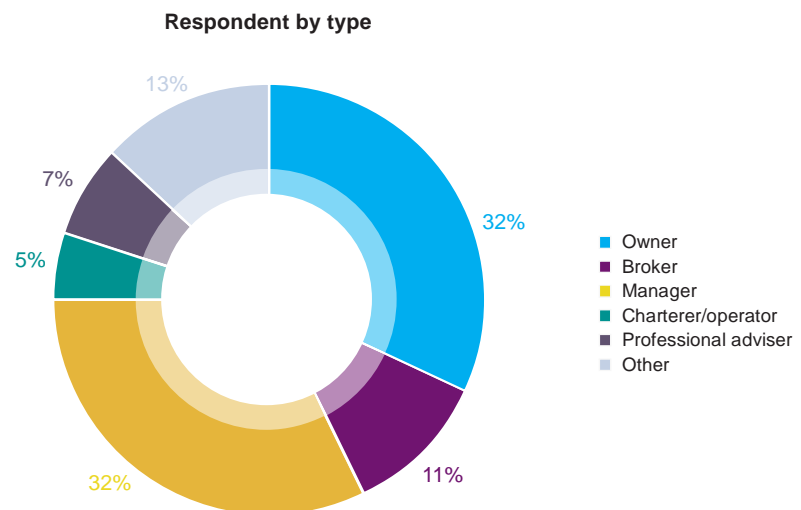
3 Respondent details

We contacted key players in the international shipping market in August 2011, asking them to complete a short web-based questionnaire so that they could share their views with us.

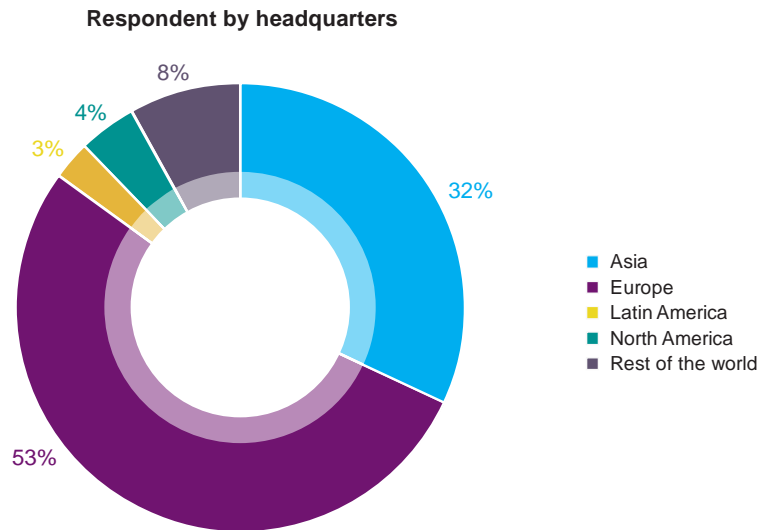
We are extremely grateful to all those who responded. We asked respondents to provide information on their business type and headquarters to help us analyse the responses. We received 523 responses, as shown in the table below.

Location/ type	Owner	Broker	Manager	Charterer	Prof adviser	Other	Total
Asia	53	9	60	13	11	23	169
Europe	97	36	86	10	18	26	273
Latin America	4	2	4	3	1	4	18
North America	5	4	6	0	1	4	20
Rest of World	13	4	10	1	4	11	43
Totals	172	55	166	27	35	68	523

The majority of respondents by business type continued to be owners, ship managers and brokers as shown in the chart below.



The majority of respondents by region represented shipping businesses headquartered in Europe and Asia, as the following chart shows.



Throughout this report, the dates provided refer to the months in which data was gathered as shown in the following table:

Data gathered	Survey published
May 2008	June 2008
October 2008	November 2008
February 2009	March 2009
May 2009	June 2009
August 2009	September 2009
November 2009	December 2009
February 2010	March 2010
May 2010	June 2010
August 2010	September 2010
November 2010	December 2010
February 2011	March 2011
May 2011	June 2011
August 2011	September 2011

Further analysis by business type and region is included in Appendix 1, Data tables.

Our commentary on the survey relates to statistics derived from the responses received. We believe the respondents represent a cross-section of the industry and, therefore, that our analysis is a good representation of the shipping industry as a whole, but it is not possible to guarantee that this is the case.



4 About Moore Stephens

Moore Stephens LLP is the eighth largest accounting and consulting firm in London, employing over 650 partners and staff and with turnover of £78 million.

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Internationally

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Appendix 1: Data tables

Overall confidence	May-08	Aug-10	Nov-10	Feb-11	May-11	Aug-11
All	6.8	6.2	6.0	5.8	5.6	5.3
Business type						
Owner	7.0	6.1	5.8	5.8	5.8	5.1
Broker	6.4	6.2	6.1	5.2	5.1	5.1
Manager	7.0	6.4	6.1	6.0	5.8	5.6
Charterer	6.3	6.3	6.1	5.8	5.4	5.0
Adviser	6.0	5.5	5.9	5.4	5.3	4.7
Other	6.7	6.5	5.7	5.9	5.6	5.6
Region						
Asia	7.0	6.2	6.2	6.0	5.7	5.7
Europe	6.6	6.1	5.7	5.6	5.5	5.0
Latin America	7.1	6.9	6.9	6.3	6.1	5.8
North America	7.0	6.3	6.8	6.0	5.6	5.1
Rest of World	7.1	6.3	6.4	5.9	5.9	6.0

Top 3 performance factors	May-08	Aug-10	Nov-10	Feb-11	May-11	Aug-11
	%	%	%	%	%	%
All						
Demand trends	17	23	24	22	23	22
Competition	18	19	18	18	19	17
Finance costs	15	17	14	16	14	16
Fuel costs	11	8	6	11	16	12
Tonnage supply	11	13	14	14	7	12
Operating costs	12	10	11	9	10	12
Crew supply	11	6	8	7	7	6
Regulation	2	3	3	2	3	3
Port congestion	3	1	2	1	2	1
Business type						
Owner						
Demand trends	19	25	25	23	28	24
Finance costs	15	19	15	16		17
Tonnage supply			19	18		15
Competition	12	16	15		19	
Fuel costs					17	
Broker						
Demand trends	22	28	31	31	34	28
Competition	26	26	26	24	31	26
Finance costs		16	18		15	15
Tonnage supply	16			15		
Manager						
Competition	18	18	18	18	15	17
Demand trends		16	17	15	15	17
Operating costs		16	16			15
Crew supply	17		16	15	14	
Tonnage supply					14	
Finance costs	16					

Top 3 performance factors (cont.)	May-08	Aug-10	Nov-10	Feb-11	May-11	Aug-11
	%	%	%	%	%	%
Charterer						
Demand trends	14	23	25	24	20	23
Competition	16	20	27	20	21	18
Fuel costs				19	28	16
Finance costs		16				
Tonnage supply	13		15			
Crew supply	13					
Adviser						
Demand trends	26	18	30	24	31	25
Competition	20	17		17	13	17
Finance costs	19	32	18	25	24	16
Fuel costs					13	
Tonnage supply			13			
Other						
Demand trends	19	29	26	27	21	20
Finance costs	15	13	15	15		19
Competition	23	23	26	24	20	18
Fuel costs					19	
Tonnage supply			15			
Region						
Asia						
Demand trends	14	21	23	20	19	19
Finance costs	18	16	9	14		17
Competition	19	21	20	17	19	16
Fuel costs					17	
Tonnage supply			15			
Europe						
Demand trends	18	22	25	23	27	23
Competition	16	18	17	18	18	18
Finance costs	14	19	18	16	17	16
Tonnage supply				16		
Latin America						
Operating costs		20	24		15	20
Crew supply	10		22	14	15	16
Demand trends	28	27		21		16
Competition	22	18	17	20	23	
Tonnage supply					15	
North America						
Demand trends	19	32	30	24	30	30
Competition	23		17		19	19
Finance costs	14			17		15
Operating costs		14	22	22	15	
Tonnage supply		17				
Rest of World						
Demand trends	14	26	28	22	21	20
Competition	22	20	25	27	26	18
Fuel costs					21	17
Finance costs	18	18	17	14		

Future investment	May-08	Aug-10	Nov-10	Feb-11	May-11	Aug-11
All	5.9	6.0	5.6	5.7	5.6	5.1
Business type						
Owner	6.3	6.0	5.6	6.0	6.0	5.3
Broker	5.4	5.2	4.7	4.8	4.4	4.3
Manager	6.0	5.7	5.9	5.7	5.5	5.2
Charterer	4.8	6.1	6.1	6.1	6.0	5.7
Adviser	4.7	5.0	5.3	5.0	4.7	4.9
Other	5.9	5.6	5.4	5.8	5.5	5.3
Region						
Asia	5.9	5.7	5.9	5.9	5.6	5.2
Europe	5.8	5.6	5.3	5.6	5.5	5.0
Latin America	5.9	6.6	6.0	5.6	6.0	5.1
North America	6.2	4.7	5.8	5.2	5.5	4.5
Rest of World	6.0	6.8	6.2	5.9	5.7	5.7
Finance costs	May-08	Aug-10	Nov-10	Feb-11	May-11	Aug-11
	%	%	%	%	%	%
All						
Higher	66	42	44	59	59	52
Same	25	46	45	32	33	38
Lower	9	12	11	9	8	10
Business type						
Owner						
Higher	59	37	41	59	62	53
Same	31	52	47	32	30	37
Lower	10	11	12	9	8	10
Broker						
Higher	71	54	39	67	59	56
Same	15	44	46	27	31	39
Lower	15	2	15	6	10	5
Manager						
Higher	70	45	51	59	56	52
Same	26	40	45	34	38	39
Lower	4	15	4	7	6	9
Charterer						
Higher	67	50	48	58	55	48
Same	33	36	39	29	36	37
Lower	0	14	13	13	9	15
Adviser						
Higher	61	34	48	71	61	43
Same	35	53	42	22	30	46
Lower	4	13	10	7	9	11
Other						
Higher	74	36	38	46	64	50
Same	13	47	41	36	29	38
Lower	13	17	21	18	7	12
Region						
Asia						
Higher	63	42	42	64	62	50
Same	23	40	46	27	31	39
Lower	13	18	12	9	7	11

Finance costs (cont.)	May-08	Aug-10	Nov-10	Feb-11	May-11	Aug-11
	%	%	%	%	%	%
Europe						
Higher	68	43	43	58	58	53
Same	24	49	46	33	32	39
Lower	7	9	10	9	10	8
Latin America						
Higher	60	20	67	63	69	50
Same	40	60	33	26	31	39
Lower	0	20	0	11	0	11
North America						
Higher	65	41	48	64	42	40
Same	29	47	43	36	58	50
Lower	6	12	9	0	0	10
Rest of World						
Higher	59	48	47	32	73	56
Same	32	42	32	47	19	26
Lower	9	10	21	21	8	19

Tanker rates	May-08	Aug-10	Nov-10	Feb-11	May-11	Aug-11
	%	%	%	%	%	%
All						
Higher	45	48	47	46	44	34
Same	30	40	43	41	44	47
Lower	25	12	10	13	12	19
Business type						
Owner						
Higher	31	50	46	43	50	30
Same	37	37	43	43	42	47
Lower	31	13	11	14	8	23
Broker						
Higher	50	50	48	33	35	36
Same	29	43	43	59	53	50
Lower	21	7	9	8	12	14
Manager						
Higher	51	51	52	50	45	36
Same	27	37	40	36	41	49
Lower	22	12	8	14	14	15
Charterer						
Higher	64	45	47	61	30	21
Same	27	32	41	32	50	53
Lower	9	33	12	7	20	26
Adviser						
Higher	30	55	50	47	46	31
Same	35	36	43	34	46	44
Lower	35	9	7	19	8	25
Other						
Higher	61	28	38	48	39	40
Same	19	57	59	41	46	41
Lower	19	15	3	11	15	19
Region						
Asia						
Higher	56	39	45	50	48	32
Same	22	47	45	33	37	45
Lower	22	14	10	17	15	23

Tanker rates (cont.)	May-08	Aug-10	Nov-10	Feb-11	May-11	Aug-11
	%	%	%	%	%	%
Europe						
Higher	37	52	49	43	42	33
Same	35	35	42	47	48	50
Lower	28	12	9	10	10	16
Latin America						
Higher	60	42	46	53	44	38
Same	40	58	38	34	45	39
Lower	0	0	15	13	11	23
North America						
Higher	54	54	50	55	44	27
Same	23	38	43	30	45	53
Lower	23	8	7	15	11	20
Rest of World						
Higher	65	52	33	32	42	41
Same	12	32	58	45	48	38
Lower	24	16	9	23	10	21

Dry bulk rates	May-08	Aug-10	Nov-10	Feb-11	May-11	Aug-11
	%	%	%	%	%	%
All						
Higher	32	42	32	38	37	27
Same	33	37	39	38	40	46
Lower	35	21	29	24	23	27
Business type						
Owner						
Higher	27	38	33	43	41	22
Same	33	34	40	31	42	45
Lower	40	28	27	26	17	33
Broker						
Higher	36	47	33	33	21	30
Same	30	36	25	43	47	50
Lower	34	17	42	24	32	20
Manager						
Higher	35	46	30	39	42	34
Same	35	39	49	40	37	44
Lower	30	15	21	21	21	22
Charterer						
Higher	47	46	33	31	18	8
Same	27	35	34	43	42	50
Lower	27	19	33	26	40	42
Adviser						
Higher	13	41	38	26	42	21
Same	35	38	34	53	48	45
Lower	52	22	28	21	10	33
Other						
Higher	39	40	28	43	42	27
Same	34	45	38	39	24	49
Lower	26	15	34	18	34	24
Region						
Asia						
Higher	41	41	42	42	45	28
Same	41	37	34	34	33	41
Lower	18	22	24	24	22	30

Dry bulk rates (cont.)	May-08	Aug-10	Nov-10	Feb-11	May-11	Aug-11
	%	%	%	%	%	%
Europe						
Higher	25	44	27	36	31	22
Same	32	36	41	39	46	50
Lower	43	21	32	25	23	27
Latin America						
Higher	56	29	42	40	33	42
Same	33	57	42	53	50	33
Lower	11	14	16	7	17	25
North America						
Higher	50	33	20	50	39	41
Same	6	47	60	35	31	41
Lower	44	20	20	15	30	18
Rest of World						
Higher	47	52	31	35	41	39
Same	35	32	38	45	31	42
Lower	18	16	31	20	28	19
Container ship rates	May-08	Aug-10	Nov-10	Feb-11	May-11	Aug-11
	%	%	%	%	%	%
All						
Higher	30	50	43	49	42	27
Same	42	37	48	37	44	47
Lower	28	13	9	14	14	26
Business type						
Owner						
Higher	26	52	45	56	40	25
Same	41	36	45	31	50	46
Lower	33	12	10	13	10	29
Broker						
Higher	27	55	42	48	36	31
Same	37	37	53	35	36	42
Lower	37	8	5	17	28	27
Manager						
Higher	28	48	49	47	47	31
Same	49	42	45	40	41	45
Lower	23	10	6	13	12	24
Charterer						
Higher	50	42	25	40	29	30
Same	29	46	60	50	45	35
Lower	21	12	15	10	26	35
Adviser						
Higher	32	58	29	43	48	23
Same	32	24	54	46	49	37
Lower	36	18	17	11	3	40
Other						
Higher	39	44	42	40	46	28
Same	42	36	48	41	35	42
Lower	18	20	10	19	19	28
Region						
Asia						
Higher	35	47	37	47	41	26
Same	39	36	55	36	43	42
Lower	26	17	8	17	16	32

Container ship rates (cont.)	May-08	Aug-10	Nov-10	Feb-11	May-11	Aug-11
	%	%	%	%	%	%
Europe						
Higher	24	54	45	51	44	27
Same	44	35	44	38	44	47
Lower	43	11	11	11	12	26
Latin America						
Higher	11	36	69	50	50	64
Same	78	55	31	29	33	18
Lower	11	9	0	21	17	18
North America						
Higher	64	38	40	40	32	12
Same	21	54	60	50	45	41
Lower	14	8	0	10	23	47
Rest of World						
Higher	53	46	21	39	32	35
Same	26	46	64	44	50	43
Lower	21	8	15	17	18	22

Note: Minor rounding differences in these data tables have not been corrected.

