

# Coronavirus:

## the issues for shipping and their impact.

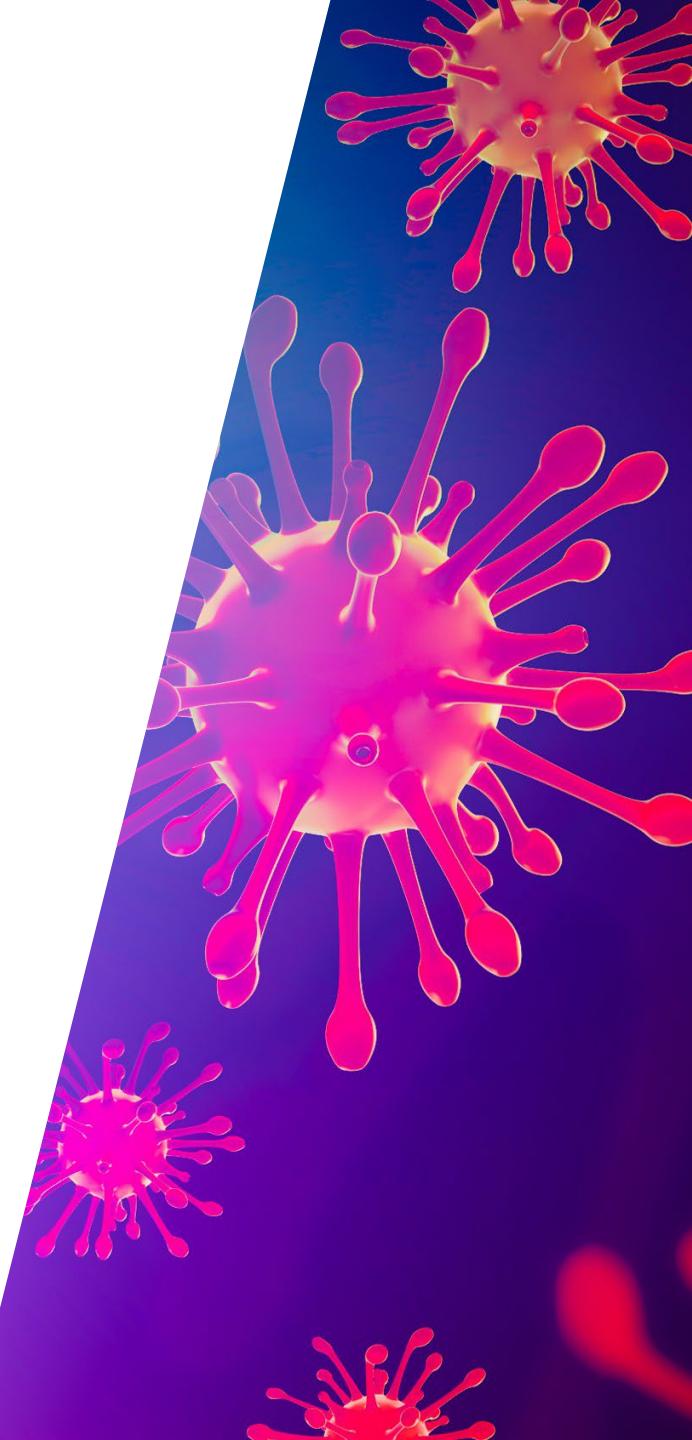




# Christopher Pålsson



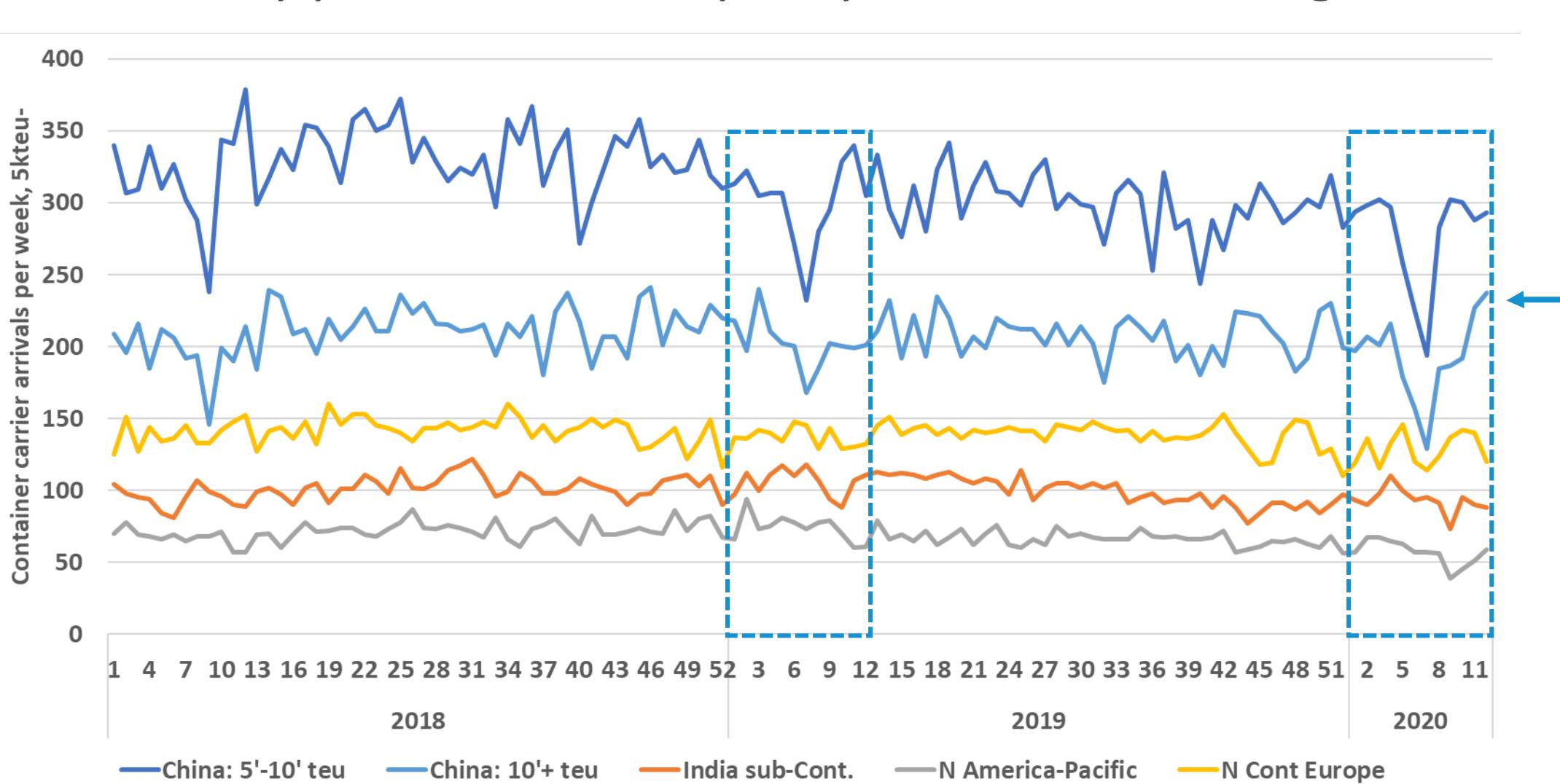
Managing Director,  
Head of Consulting  
**Lloyd's List Intelligence**



# GDP forecasts are all over the place

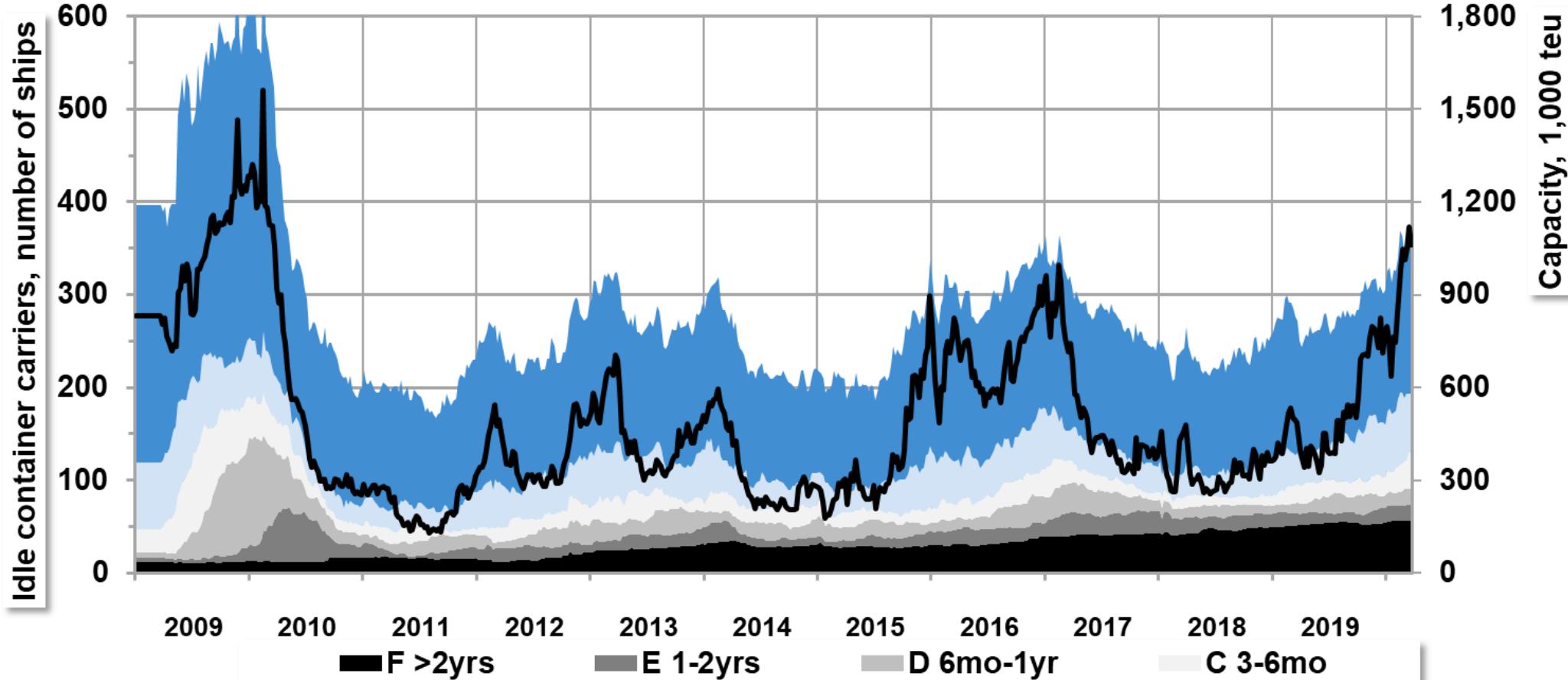
- **OECD 2 March**
  - Assuming that the epidemic peaks in China Q1-20 and a contained outbreak elsewhere;
  - 2.4% in 2020 and 3.3% in 2021.
  - The global economy will take years to recover.
- **IMF 23 March**
  - The downturn this year will be at least as bad as the financial crisis
  - Recovery in 2021
  - “...the faster the virus stops, the quicker and stronger the recovery will be.”

Activity – no. container port calls by vessels 5,000 teu and above.  
Not as many port calls, but capacity is back – more large vessels.



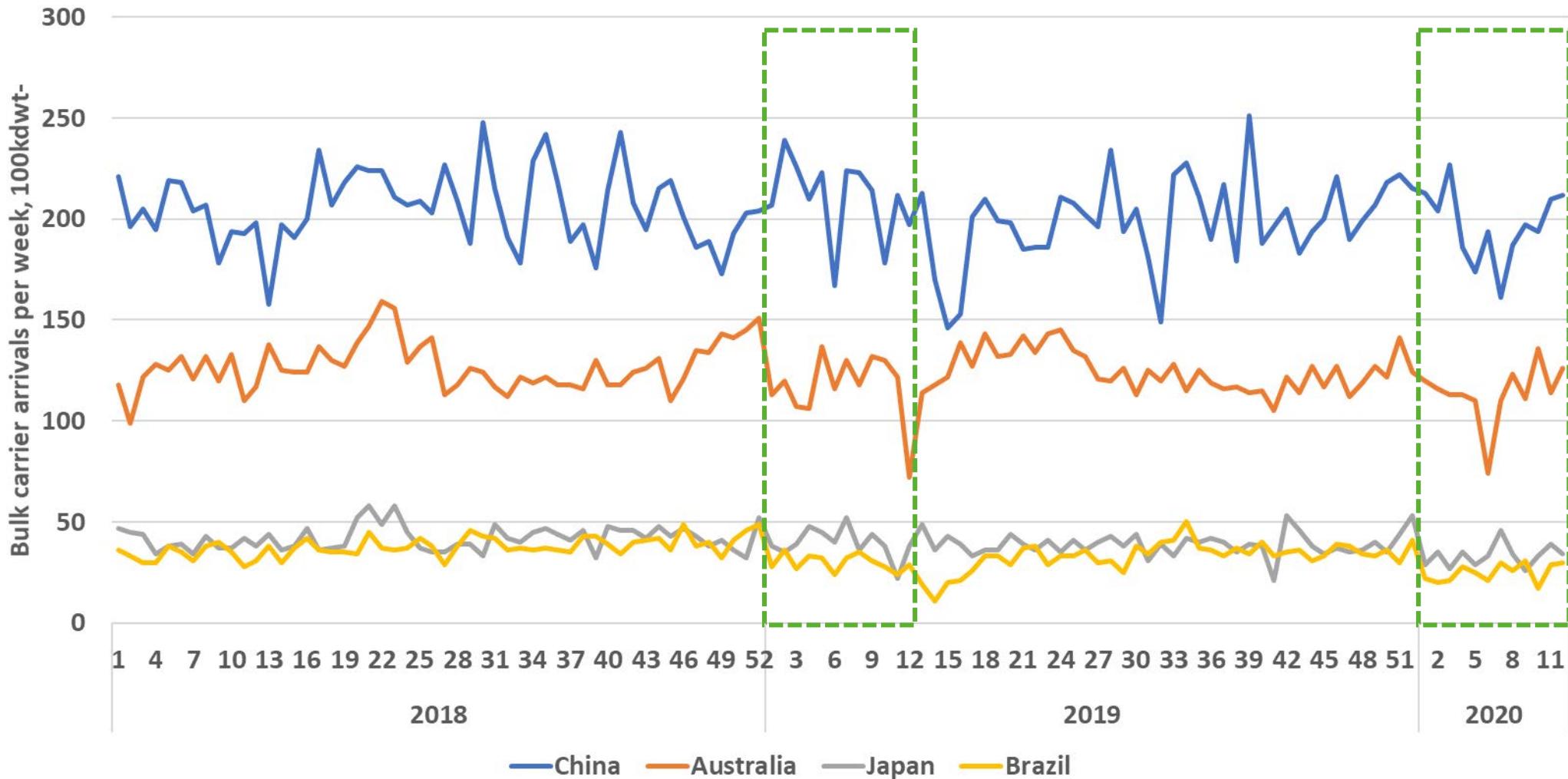
# Inactive container carriers

Doubled recently, but still half of financial crisis levels.



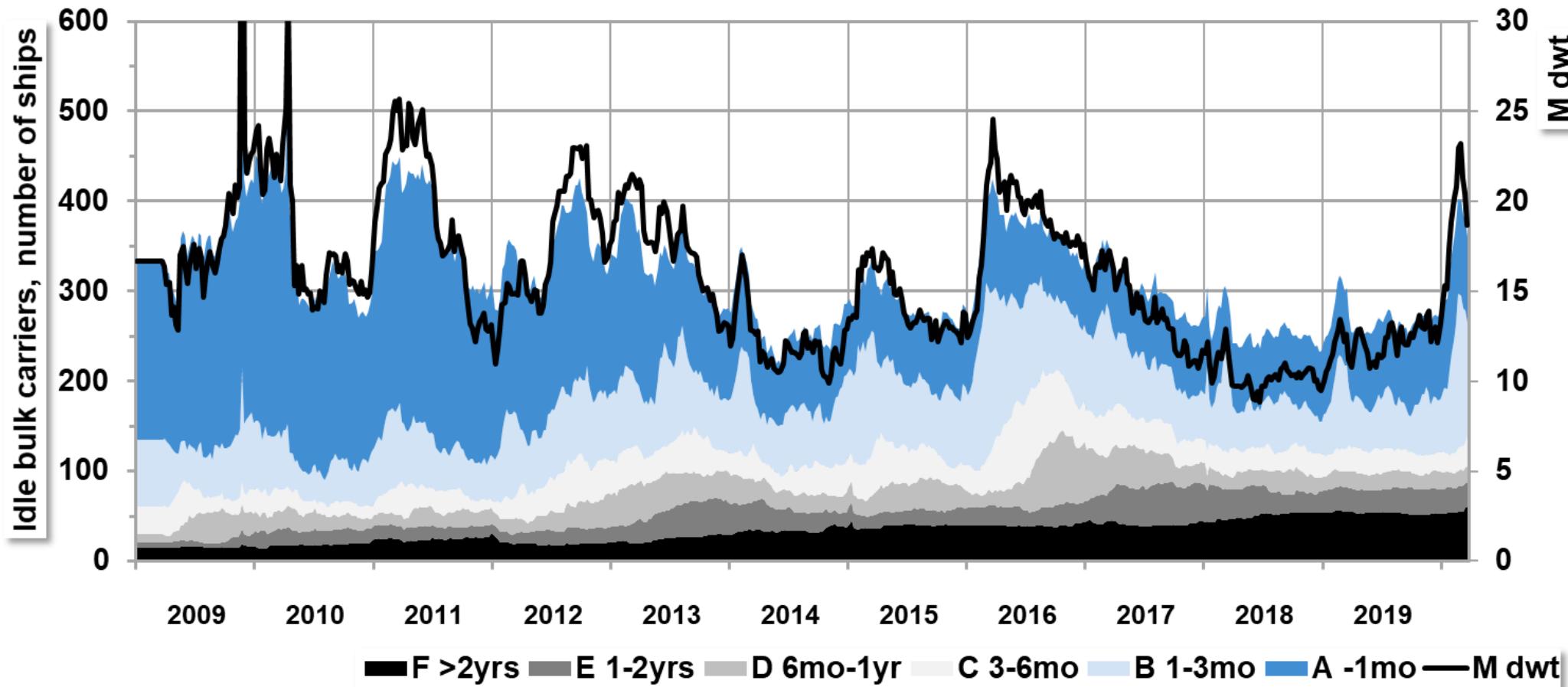
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## Activity – large dry bulk carrier arrivals in China back to normal.



# Inactive dry bulk carriers

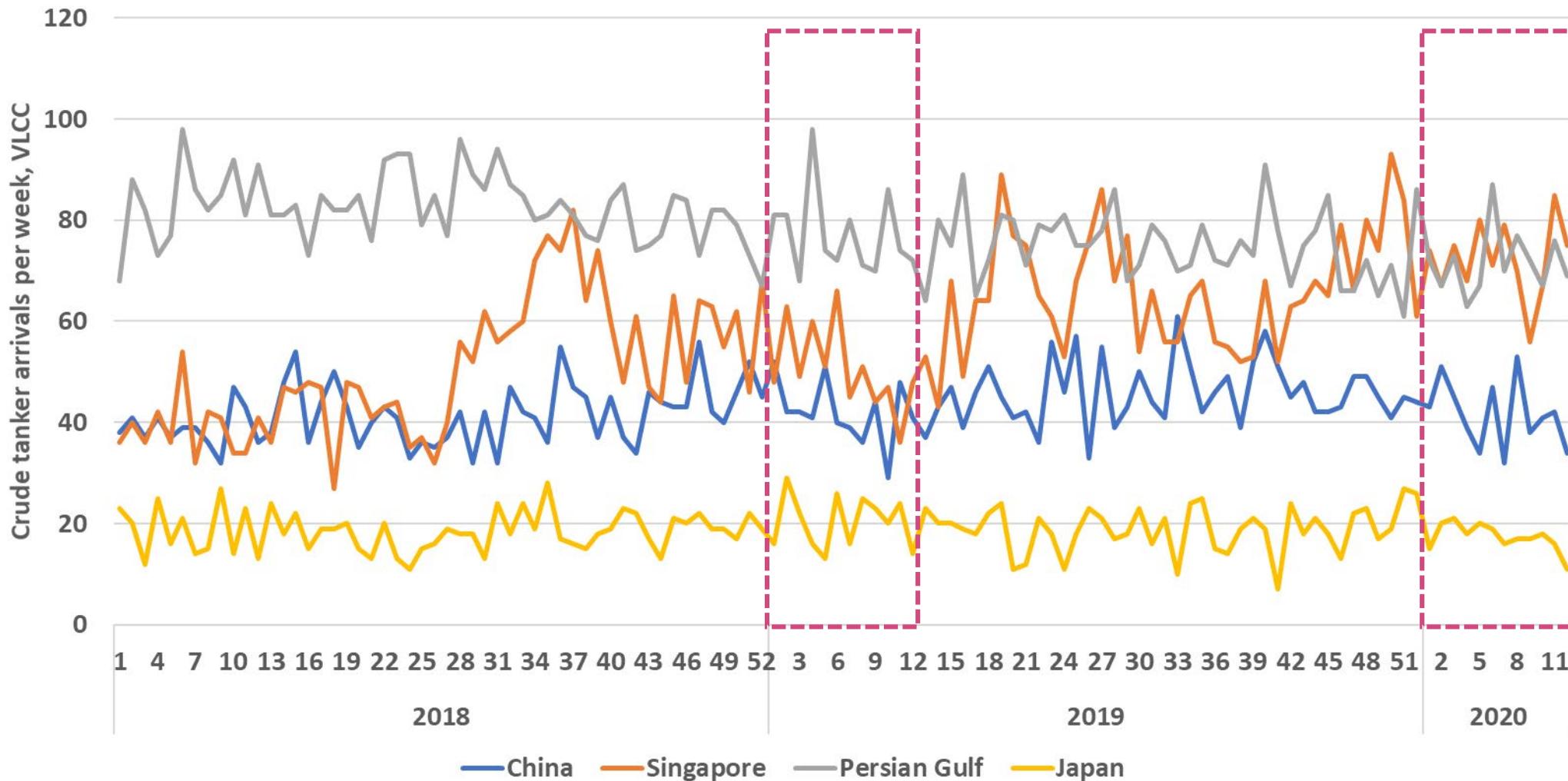
Steep increase by the Chinese New Year. 17M dwt = 1.9% of fleet.



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# Activity – VLCC arrivals. Much more at play here than Covid-19.

## Idle capacity in decline in Q1.



## Demand and Supply overview

- Total seaborne trade
  - 2019 zero growth, down from 3.0%
  - Recovery in 2021 & 2022
  - General cargo falls 5%
  - Container cargo grows marginally full year; intra-Asia, stacked up cargo ...
  - Vehicle trade drops 10%
- Fewer fleet changes 2020 than planned, still;
  - Delayed deliveries, but 16M dwt delivered so far,
  - Sharp drop in new ship orders. 8M dwt ordered to date,
  - Delayed scrapping

# Risk



- Large influx or credit report orders.
- Close look at the balance sheet and cash flow.
- Bunker traders restrict credit lines.

LLI has developed a **deep fleet risk service** to support mitigation strategies around machinery failures.

## In short



Economic growth has the potential to become the worst post-WWII, but if the downturn stops in Q2, recovery could be strong.

China is largely back in business, but the rest of the world is far from that point.

Absent full-year volume trade growth is rare. In some trades, we should expect a decline.