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<input type="checkbox"/>	Doctor's thesis

Subject	Logistics	Date	06.04.2006
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		Number of pages	110
Title	An overview of the dry bulk shipping market: with implications to Finnish coal imports		
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Abstract

Seaborne shipments of iron ore, coal and grain are important cargoes in the dry bulk shipping market and have accounted for more than half of all dry cargoes over the recent years. Especially iron ore and coal trades have expanded considerably due to rapid growth in the Far East, and most notably China. While demand of dry bulk shipping has grown, so has the dry bulk fleet at a quick pace.

The study aimed at describing the dry bulk shipping market development from 1995 to 2004 by identifying the most important supply and demand side factors affecting the market. This was done by analyzing the seaborne iron ore, coal and grain trades and the dry bulk fleet growth. The balance between dry bulk shipping supply and demand is what affects the freight market. The Voyage and Time Charter markets of Capesize (over 80,000 dwt), Panamax (50,000-79,999 dwt) and Handy (10,000-49,999 dwt) were presented from 1995 to 2004 and fluctuations in freight rates were assessed with regard to developments in supply and demand. In addition, Finland's seaborne imports of coal were viewed as a sub-market in dry bulk shipping. The analysis of the iron ore, coal and grain trades and fleet growth were done with the help of various statistics.

The analysis of the demand and the supply side indicates that the fleet has grown rapidly from 1995 to 2004. During that period dry bulk shipping demand has mostly grown but fleet growth often outstripped demand. This has kept the dry bulk shipping market freight rates depressed over long periods. One of the reasons for a turnaround and a boom in the dry bulk freight market was rapid economic growth in the Far East, which started towards the end of 2002. China's steel production and need of iron ore imports have kept iron ore shipments at a high level. Also, the high price of oil has increased the importance of coal as an energy resource. This has also benefited dry bulk shipping as seaborne coal transports have steadily grown. Finland's imports of coal have, however, declined due to the emission trade system.

As the world dry bulk shipping fleet is set to expand rapidly until 2008, it will most likely lead to lower freight rates as there are expectations for demand of dry bulk shipping to slow down. This trend was already seen during the second half of 2005 as freight rates were considerably lower than in 2004.

Key words	seaborne transport, dry bulk shipping market, iron ore, coal, grain
Further information	