

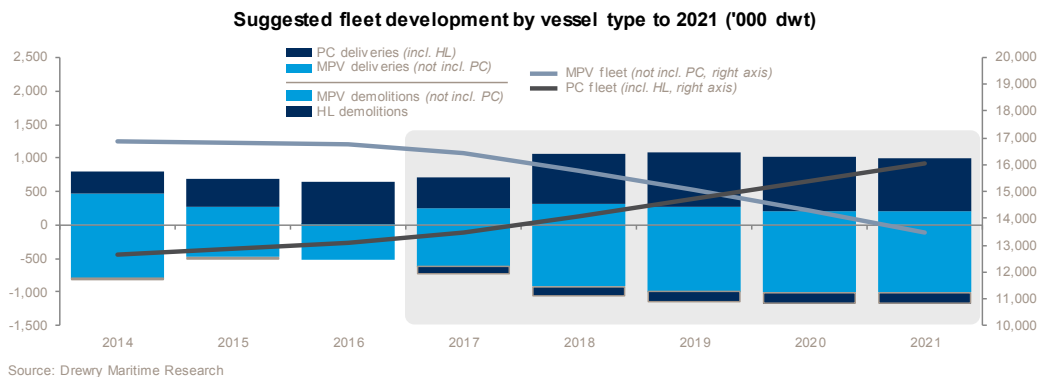
Press release

28 March 2017



Light at the end of the tunnel for the multipurpose shipping market

London, UK, 28 March 2017 – Following another poor year for multipurpose shipping with further erosion of rates making it the worst market in over 10 years, signs of recovery are now evident with momentum expected to build over the next few years, according to the latest [Multipurpose Shipping Market Annual Review and Forecast 2017](#) report published by global shipping consultancy Drewry.



Dry cargo demand is forecast to grow by around 3% in 2018, but within that figure it is the market share available to multipurpose vessels which is more interesting. Drewry estimates that the multipurpose (MPV) share of bulk trades in the peak year of 2007 was about 17%, while the share of general cargo trades was nearer 20%. Over the intervening period, both these shares have eroded and we estimate the bulk cargo share for 2016 to be nearer 14% and 12% for general cargo. However, Drewry believes that this is the bottom of this particular cycle and that the MPV market share in both areas should improve, albeit marginally, over the next five years. Although MPV demand fell slightly over 2016 compared to 2015, it is expected to grow at an average annual rate of 3.4% to 2021.

On the other side of the equation vessel supply is expected to contract over the same

period, albeit by only 0.1%. However, for both newbuilding orders and demolition activity there is a big difference between simple MPV and project carriers. Over the last five years the percentage of project carriers being delivered to the fleet has risen to an average 58%. However, in 2016 a staggering 93% of all newbuildings had heavylift capability, sounding a death knell for the simple MPV fleet.

With about 63% of the orderbook declaring heavylift capability, the future decline of the simple MPV section of the fleet is almost assured. There is very little, if any, new investment in this sector with those new orders without lift capacity seen as simple replacements for an aging fleet. Owners are taking significant decisions to build higher specification vessels with bigger lift capacity, in order to give them an advantage in the appalling market.

“Drewry expects to see a decline of almost 4% in the ‘simple’ MPV fleet to 2018, balanced against growth of 4% in the project carrier fleet,” comments Susan Oatway, lead analyst for multipurpose shipping at Drewry.

“Add these two together and you get an improving supply and demand balance. We expect to see only a slight improvement in the market over 2017 with rate rises gathering momentum after 2018. For the larger sectors, which have a bigger correlation to Handysize rates, there could be a more significant uptick in 2017 before rates settle over 2018,” added Oatway.



[Read more](#)

Press Contact

James Harley, Drewry Head of Marketing | T: +44 (0)20 7650 1676 | E: harley@drewry.co.uk

About Drewry

Drewry is a leading international provider of research and consulting services to the maritime and shipping industry. From its origins in 1970 London to a 21st century maritime and shipping consultancy, Drewry has established itself as one of the most widely used and respected sources of impartial market insight, industry analysis and advice. Offering a unique combination of sector knowledge, rich market insight and commercial awareness Drewry is able to consistently deliver the performance, profitability and competitive advantage its clients seek.

Drewry serves its clients through four business units: Drewry Maritime Research, publishing market-leading research on every key maritime sector; Drewry Maritime Advisors, supporting the needs of shipping and financial institutions; Drewry Supply Chain Advisors, providing seafreight procurement support to retailers and manufacturers; and Drewry Maritime Financial Research, delivering an Investment Research Service on listed companies operating in the industry.

Drewry has a truly global perspective of the maritime sectors and areas of expertise it covers and employs over 100 professionals across an international network of offices in London, Delhi, Singapore and Shanghai.

[Maritime Research](#)

[Maritime Advisors](#)

[Supply Chain Advisors](#)

[Maritime Financial Research](#)



© Copyright 2017 | Drewry Shipping Consultants Limited. All Rights Reserved.

[Login](#) | [Register](#) | [Contact Us](#)