

## **Shipping in an Uncertain World: Strategy & Outlook**

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#### **Key points**

- We need to see the current cycle in its wider context
- The wider world is obvious to the shipping industry
- We're not admired by Fortune
- The crisis of the 1980s and the fall from grace – where did the Martinis and girls with bikinis go? Hillary Clinton as shipping bride?
- The boom and the bust of the 2000s – the party's over, get used to it
- Twin problems – debt and over-capacity, repeat ad infinitum
- General problems for the whole industry regardless of segment
- Laid up nearly new builds used as setting for children's tv gameshow
- Let's not blame the American mortgage market or the financial crisis
- Cheap money proved too tempting for many. Intoxication on leverage
- Order book is massive – in all segments
- Don't believe the dead cat bounce in orders
- Key features of the next few years:

1. Consolidation to restore pricing power and rationalize capacity
  2. We need a Minsky moment – or we'll have zombies
  3. Default or inflation? Pick your poison
  4. Slow and grinding adjustment of ship valuations downwards
  5. We all work longer and harder
  6. A return to family values and private ownership rather than short term greed
- Learn from the failures of the last few years when the tequila bottle is next handed around by the investment community
  - Invest in people and ships to make the seas safer and cleaner
  - Enjoy the conference