



IHS Markit®



Baltic
Exchange

Freight Rate Forecast

Optimize operational, financial and freight strategies
through an analytics-driven forecast





The global shipping environment is a volatile market requiring participants to constantly optimize their operational, financial and freight strategies to stay a step ahead of the market. The Freight Rate Forecast provides customers with the means to connect the complex moving parts of the dry bulk industry, enabling them to make smarter and faster decisions powered by cutting-edge analytic techniques.

Built in agreement with the Baltic Exchange, the Freight Rate Forecast uses modelling and statistical techniques to predict settlement prices of both voyage and time charter rates on a monthly basis for up to three years. Using machine learning techniques and over 3,000 industry related drivers, our models are trained with extended periods of historical data to uncover patterns and trends that are unlikely to be detected by traditional forecasting approaches.

Benefits of Freight Rate Forecast

IHS Markit brings together a powerful combination of data, analytics and industry expertise to offer valuable insights on future freight rates. With this solution you will be able to:

- Predict monthly settlement spot prices of both voyage and time charter for all Capesize, Panamax and Supramax routes covered by the Baltic Exchange
- Understand long-term forecasting for up to three years with monthly updates of 30 dry bulk routes
- Gain insight into how freight rates behave in different market conditions by understanding the dynamics of over 3,000 industry-related drivers and the Baltic indices
- Understand the contribution of supply and demand drivers and their impact on each model's results to support sensitivity and benchmark analysis against user's own market view
- Confidently predict market shifts to empower timely decision-making backed by an analytical model with a proven record of performance
- Access quality data built upon rigorous data vetting and integration processes that are ISO certified to ISO9001:2015



Navigate the complex shipping environment with ease

The Freight Rate Forecast provides valuable data-driven insights to help organizations gain tighter control of their business.

Enhance Trading Strategy (FFA)

- Benchmark the Freight Rate Forecast results against FFA curve to identify trade signals and arbitrage opportunities
- Mitigate price exposure in an increasingly volatile market
- Assess financial impacts ahead of market shifts

Optimize Operational and Commercial Strategy

- Gain insight into short and long term market trends and shifts
- Assess optimum portfolio and fleet mix: understand what vessel type, routes or basins hold future profitability
- Improve contractual and pricing strategy: evaluate accurate time to enter/exit a contract, define contract length (Spot vs. Period) and best pricing strategy (Fixed vs. Index linked)

Improve Risk Management

- Identify the risks arising from unexpected changes in freight rates
- Simulate risk exposure under different market scenarios
- Estimate future earnings of vessels to support financial decisions (cash flow analysis)
- Assess risks of covenant breaches and payment defaults ahead of market turns

Utilise Analytics-Driven Information to Support Decision Making on Freight Market

Benchmark conventional in-house freight analysis against our data-driven model to help:

Research and consulting functions

- Evaluate alternative freight scenarios
- Understand influential macro drivers not covered within internal research
- Provide valuable insights on freight market dynamics backed by drivers' exploratory data analysis

Financial and investment areas

- Make decisions related to budget process and revenue prevision
- Cash flow, return of investment and risk management analysis
- Asset acquisition





The Freight Rate Forecast supports your business goals with an unbiased and analytics-driven view of the freight market.

By combining cutting-edge modelling techniques with fundamental macroeconomic factors, the Freight Rate Forecast enables organizations to make well-reasoned decisions on the shipping market.

Big Data, AI-Machine Learning and Algorithms

Analytical Approach

- Advanced computing techniques are used to study data sets and train models to unveil patterns and trends that are imperceptible to human analysis

Unbiased Results

- Comprehensive statistical tests are deployed to select the best drivers based upon their influence on freight rates, irrespective of market sentiment
- Results are unbiased and backed by rigorous analytical rationale

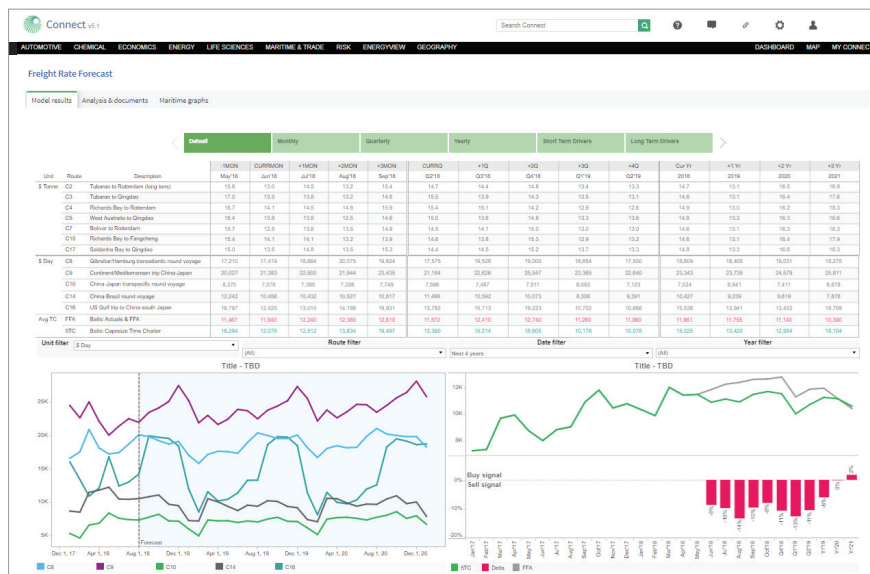
Models' Accuracy

- Diagnostic checks are performed monthly to ensure consistency of models parameters and results

IHS Markit's Freight Rate Forecast

Deliverables Include:

- Access to a web-based interface with dynamic dashboards displaying models' results
- Comprehensive monthly reports with in-depth analysis of future freight rates
- In-depth exploratory data analysis of main drivers per route/model, including model parameters
- Downloadable ad hoc analysis on industry related matters
- Global economic reports containing critical intelligence on key countries/regional economies
- Insights on Dry Bulk trade flows
- Dedicated analyst team for continual qualitative support



Web-based interface displays the models' results using dynamic dashboards.



About IHS Markit

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

About The Baltic Exchange

The Baltic Exchange is the world's only independent source of maritime market information for the trading and settlement of physical and derivative shipping contracts.

The company has an international community of over 600 member firms, which encompasses the majority of world shipping interests, and commits to a code of business conduct encapsulated in the motto '**our word, our bond**'. Baltic Exchange information is used by shipbrokers, owners & operators, traders, financiers and charterers as a reliable and independent view of the dry and tanker markets.

Contact Us

NORTH AND SOUTH AMERICA

T +1 303 858 6491

EUROPE, MIDDLE EAST AND AFRICA

T +44 20 7562 6675

ASIA PACIFIC

T +60 4 291 3677

E CustomerCare@ihsmarkit.com

ihsmarkit.com