



IHS MARITIME & TRADE

Freight Rate Forecast



Imagine you were able to foresee changes ahead of the market

With the continued uncertainty of freight rates how can you mitigate the risks you face?

Perhaps you would have shortened your overall position sooner to reduce market exposure?

Or revisited your strategic and investment decisions to strengthen your balance sheet ahead of expected periods of market distress?



There are endless possibilities and scenarios, depending on whether you are an owner, charterer, broker, banker or insurer. However, as we look forward, the question is the same for anyone who is exposed to the never-ending volatility of the shipping market:

Have your business model and strategic decision making processes become as sophisticated and complex as the industry?

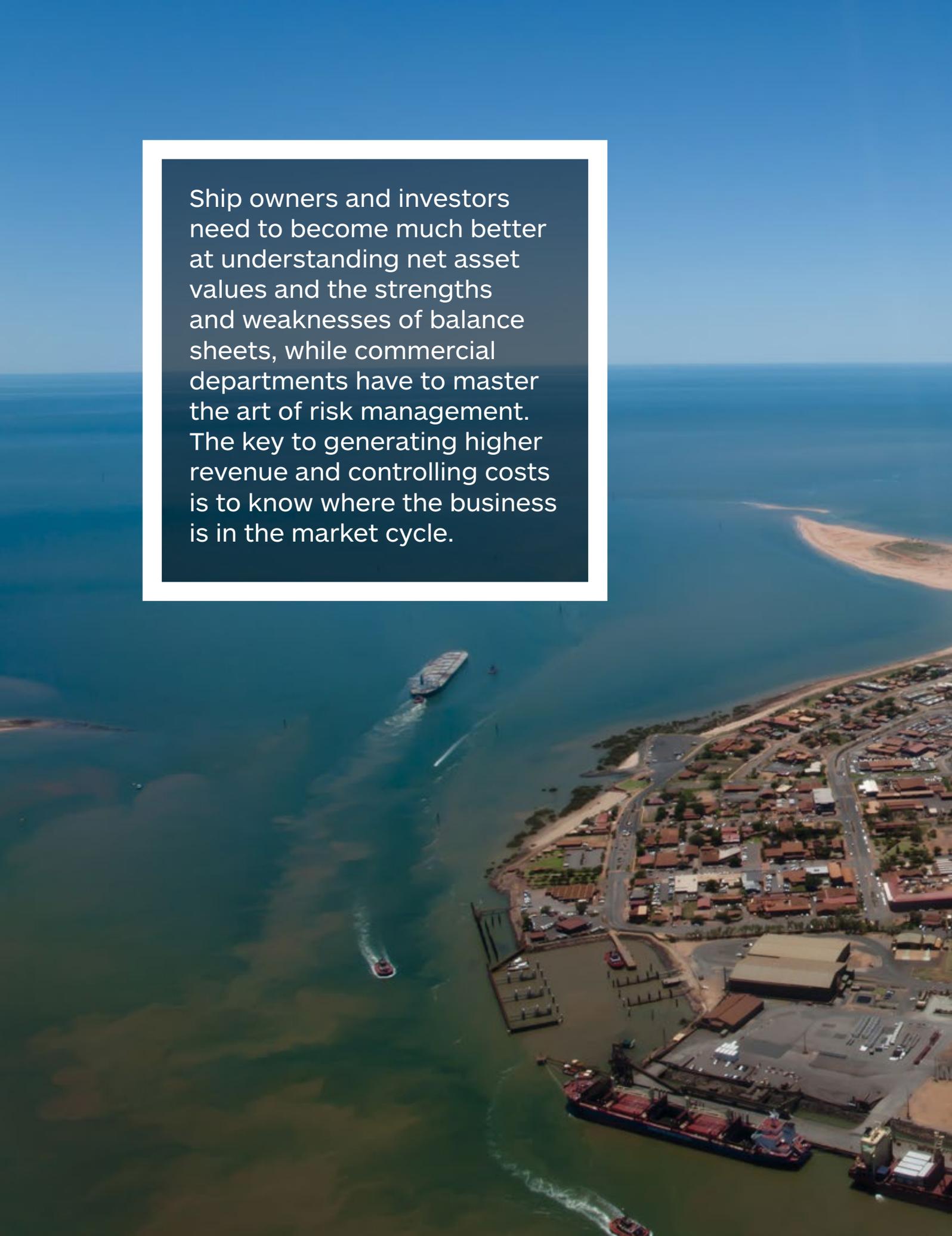
Rather than using conventional market analysis, your decisions should be based on the adoption of a dynamic modelling framework combining economics, mathematics, and advanced programming to put you in a far stronger position in this current market cycle – and in those to come.

IHS can provide you with the data, insight and analysis you need through the **Freight Rate Forecast**.

Key influences to the shipping industry and ultimately freight rates are generally categorized as:

- World Trade (World GDP, Oil price, exchange rates)
- Sector Specific (Futures market inc. FFAs)
- Governance / CSR (government policy, regulations, environmental)
- Market Dynamics (sector diversification, spot market exposure)
- Fleet Utilisation (shipping capacity, slow steaming)
- Risks (cyclicality familiarity, volatility / uncertainty)

Ship owners and investors need to become much better at understanding net asset values and the strengths and weaknesses of balance sheets, while commercial departments have to master the art of risk management. The key to generating higher revenue and controlling costs is to know where the business is in the market cycle.





With the **Freight Rate Forecast** from **IHS Maritime & Trade** we provide a solution that looks beyond just shipping, capturing influencers you would not necessarily expect, providing an independent and impartial source of proven intelligence and insight.

The Solution:

IHS offers insight on freight rates in the short- and medium-term, enabling users to:

- Visualise freight rates on a monthly level to 5 years
- Optimize forward price curves
- Hedge/trade spot market exposure strategically
- Understand key drivers for trade routes
- Make faster & smarter trading decisions

This provides the maritime, energy, financial and insurance industries with valued insight; enabling users to strengthen the balance sheet, gain tighter control of the business, and secure a more stable platform in a never-ending volatile shipping market. Additionally, improved forecasting will gain the confidence of bankers and other investors, who provide the liquidity the industry depends upon.

Target Audience?

- Commercial and investment banks
- Shipping funds and leasing companies
- Ship owners and brokers
- Oil and commodity majors
- Classification societies and P&I clubs.
- Insurance firms

How does it work?

We identify the key variables and fundamental drivers that affect the freight rates and integrate each in an overarching model framework. This data and insight is derived from the unique and comprehensive data sets only available from IHS. We dynamically model the freight rates from year to year as a function of availability of ships and tankers, oil market fundamentals, macroeconomic developments, financial markets and trends. The table below provides an overview of some key drivers used for the Freight Rate Modelling.

Economic Factors	Supply Factors	Financial Factors	Industry Factors
<ul style="list-style-type: none">• Industrial Production• Wholesale Production Prices• Retail Prices	<ul style="list-style-type: none">• Ship Availability• Ship Utilisation	<ul style="list-style-type: none">• Bond Yields• Short-Term Interest Rates• Long-Term Interest Rates• Exchange Rates	<ul style="list-style-type: none">• Commodity Prices• Production• Consumption

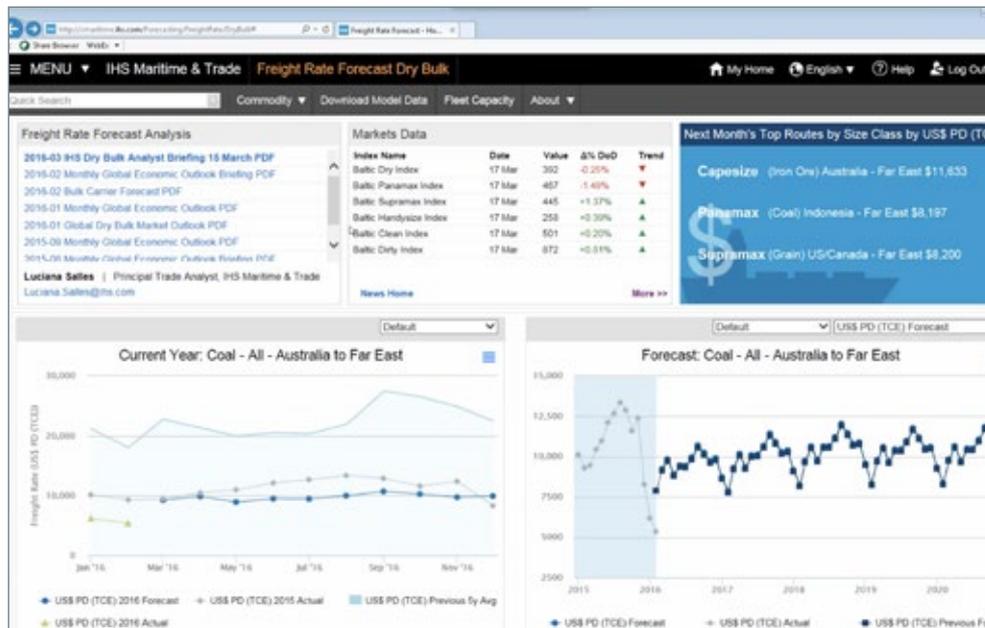
IHS is running the modeling framework on a quarterly basis from Q4 of 2013. With each run we will compare the forecasted results to what actually happened. In that way we will construct a rolling measure of accuracy that gives potential users the flexibility to examine accuracy based on their own requirements.



Overview

The **Freight Rate Forecast** provides you with the following to continuously meet your industry specific needs.

- Helps you make sense of market behavior, patterns and relative influence in a more granular way
- Empowers you in the negotiating process
- Assists you in leveraging data to use as added value insights
- Independent source of intelligent insight from one provider
- Customised IHS Maritime Platform



IHS Freight Rate Forecast provides a transparent methodology and explanation of the key drivers and assumptions of freight rates on a monthly level out to five years, delivering valued insight and opinion to answer the key issues affecting the maritime and connected industries. The solution gives you access to knowledge and insight from our subject matter experts from across Maritime & Trade, Economics, Country and Risk, Energy, Automotive, Finance and Technology.

We identify the key variables and fundamental drivers that affect the freight rates and integrate each in an overarching model framework. IHS is delivering quantitative and substantiated forecasting that is being demanded by investors and bankers who provide the liquidity the industry depends upon. IHS is underpinned by respected economic forecasts compiled and analysed by over 1200 Economists & 40 Data Scientists.

No other service provider can deliver this depth of data and insight is an independent second opinion.

For more information

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