

LPG CARRIERS: MARKET PROSPECTS TO 2015

The LPG market has been through a depressed period in recent years, but has finally started to show signs of resurgence. Underpinning the growth has been the increased production of both crude oil and LNG. Increased oil and natural gas prices pushed LPG prices to record highs during 2004.

There are many new LPG production projects currently under construction, such as in Angola, Egypt and Norway with larger-scale production expansion in Nigeria and Qatar.

Demand for LPG has been steadily rising for the past decade and is forecast to continue with economic growth in the main consuming nations, such as the US, China and Japan.

To facilitate the new supply and demand the LPG fleet is about to undergo a major transition. The current order book equates to approximately 24% of the current fleet capacity. However, 33% of the fleet is over 20 years of age. Therefore, the LPG fleet will undergo a large newbuilding programme to replace existing ageing vessels as well as building additional vessels for the increased trade prospects.

This Report examines the outlook for all aspects of the LPG carrier market throughout the period to 2015, through detailed analysis of recent/current developments and extensive future forecasts.

Included in the Report are detailed analyses and forecasts in the areas of:

- Trade volumes and patterns;
- Fleet development, including newbuilding and scrapping prospects;
- Vessel operating costs;
- Vessel freight rates;
- Vessel demand and supply;
- Vessel profitability.

This Report provides invaluable independent analysis on the future development prospects for all aspects of the LPG sector. It represents the most up-to-date and comprehensive examination of the LPG shipping industry and is essential reading for all parties with an interest in this sector.

CONTENTS

SECTION 1 EXECUTIVE SUMMARY

The Section offers a summary of the principal points emerging from the detailed and extensive analyses.

In addition, this Section includes a summary of the most significant points and conclusions emerging from the Report – these are presented in the order of the corresponding Sections for ease of reference.

SECTION 2 WORLD LPG FLEET DEVELOPMENT TO 2005

Provides an analysis of the overall LPG fleet development since 1995, with a detailed examination of the LPG fleet in 2005 by number, cubic metre, age and size sector. In addition, the top vessel owners and pooling arrangements are investigated. The orderbook is examined by individual vessel, detailing scheduled year of delivery, owner, size and building yard/country.

SECTION 3 WORLD LPG PRODUCTION & CONSUMPTION

This Section highlights global, regional and country trends in LPG production, consumption, imports and exports and highlights the sustained growth in LPG demand and supply.

The main LPG seaborne markets are investigated, with the consumption profiles of the principal importing countries examined for the recent past.

In addition, the ammonia and the four main petrochemical (ethylene, propylene, butadiene and VCM) seaborne trades are examined.

SECTION 4 LPG CARRIER FREIGHT RATES & COSTS

Recent developments are examined by vessel size and routes. In addition, newbuilding prices and secondhand prices by vessel size are examined, highlighting the recent rise in both markets.

LPG prices are examined, both contract prices (CP) and spot prices. Also ammonia and petrochemical prices highlight the overall rise in commodity prices over recent years.

Operating costs are examined in detail for manning, insurance, repair & maintenance, stores and administration.

SECTION 5 LPG PRODUCTION & CONSUMPTION TO 2015

This Section examines three forward Cases – the most likely project detailed under the *Base Case*, with alternative Cases examining *Low and High* demand forecasts. Forward consumption is analysed by region and main consuming countries through to 2015. In addition, forecast seaborne LPG, ammonia and petrochemical trades are analysed.

SECTION 6 LPG FLEET DEVELOPMENT TO 2015

This Section examines the associated development of the LPG carrier fleet in terms of individual size sectors through to 2015.

The analysis includes in-depth forecasts on newbuilding levels for different size sectors of the fleet, together with detailed projections on vessel scrapping for *Base, Low and High Case* scenarios.

SECTION 7 LPG CARRIER FREIGHT RATES & COSTS TO 2015

This Section considers the implications of the demand and supply projections for costs and revenues in the period to 2015.

It includes detailed projections on forward freight rate levels and projected operating costs for different sizes of LPG carriers through to 2015.

The consideration of cost developments in conjunction with future freight rates, enables analysis and discussion of the implications for vessel profitability through to 2015.

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Detailed forecasts on:

- VESSEL DEMAND
- FLEET DEVELOPMENT
- FREIGHT RATES
- COSTS
- PROFITABILITY

The Report represents the most up-to-date analysis on the LPG carrier industry prospects. With forecasts of individual sector demand and supply, based on a distinct set of alternative forward scenarios, the Report offers a comprehensive evaluation of future prospects. It is therefore essential reading for all parties associated with the industry.

“LPG CARRIERS: MARKET PROSPECTS TO 2015” is one of a large number of detailed shipping industry reports researched and published by **Ocean Shipping Consultants Ltd.**

Other recent publications include:-

“*Product Tankers: Market Prospects to 2015*”

“*Shipping Profitability to 2015*”

“*Chemical Tankers: Market Prospects to 2015*”

“*World LNG to 2020*”

“*World Cement to 2015*”

“*Refrigerated Trades & Outlook to 2015*”

“*Self-Unloading Hybrid & Geared Bulk Carriers*”

“*The World Ship Repair Market to 2015*”

“*World Shipbuilding: Prospects for Prices & Demand to 2015*”

OSC also undertakes confidential consultancy projects for individual clients worldwide. Further details are available on request.

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Includes detailed forecasts on :-

- TRADE VOLUMES
- SHIPPING DEMAND
- FLEET DEVELOPMENT
- FREIGHT RATES
- COSTS

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