

四、 Outlook of domestic major coastal dry bulk transport market in 2009

1、 outlook of supply and demand of domestic dry bulk shipping market

1) Global and Chinese economy slowed down simultaneously, demand of market slackened at home and abroad: China's GDP estimated to drop to 8%, compared with 9.7% in 2008.

2) transport capacity supply will exceed demand: In recent years, a booming market resulted in more vessels entering coastal transport market, "supply of transport capacity exceeds demand" will be one of market features.

3) 4000 billion Yuan to promote domestic market: As measures stimulating economic recovery are executed gradually, problems caused by financial crisis are to be taken under control. On the whole, supply of domestic dry bulk transport market will exceed demand. The balance between supply and demand is based on implementation of a series of measures; coastal transport market will fluctuate slightly at a low level.

2、 forecasting of three major domestic coastal bulk cargoes in 2009

1) forecasting of domestic coastal coal throughput in 2009: Coal demand and national economy are closely related. Global financial crisis and shrunken economy affected main downstream industry. The report predicts that total coastal coal throughput and quantity of shipment of major ports decline slightly, of which growth rate of throughput will drop to 5%, while growth rate of coastal domestic coal quantity of shipment will drop to about 6%.

2) forecasting of domestic coastal iron ore throughput in 2009: Downstream iron ore industries and growth rate of GDP slow down, which will result in weakening demand of iron ore production. Driven by the policies of expanding domestic demand, iron ore transport demand will remain stable. This report

predicted that coastal total iron ore throughput will decline to about 6%.

3) **forecasting of domestic coastal grain throughput in 2009**: Considering all the factors above, this report predicted growth rate of grain throughput of coastal major ports will drop to 3%.

3. forecasting of domestic coastal dry bulk transport capacity market in 2009

Due to the prosperity of the shipping market in recent years, plenty of vessels entered coastal transport market, and there are large orders in shipyard. After shipping market went down in 2008, though shipping companies canceled some orders, there still will be lots of new ships entering market in 2009. On the whole, in 2009, supply will exceed demand in the coastal transportation market.

4. analysis of domestic coastal dry bulk cargo freight trend

1) **coal freight trend**: Due to the pressure of coastal coal freight negotiation, domestic coal freight is to decline. This report predicts that contract price will be higher than the lowest market price, and long-term contract freight will drop to about 50 Yuan per ton.

2) **iron ore freight trend**: This report predicts that long-term contract price will decline in 2009. Freight will continue to drop in the first quarter; and in the second, domestic coastal iron ore shipping demand will decrease slightly, and will the freight.

3) **grain freight trend**: The general trend of domestic coastal grain freight show seasonal feature. Under macro-control of the government, global grain supply is possible to rise in the first half of 2009. However, under the influence of coal freight's sharply decrease, coastal grain freight will fluctuate at low level, and there is slim chance to rebound.