
Recession reports - No immediate recovery seen for shipping firms

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Industry officials said that the prospects for shipping companies will remain bleak for another 12 to 18 months because the exim trade is not yet out of the woods and there is still a glut of vessels available.

According to a senior official of an Indian shipping firm, earnings from shipping will remain subdued as global economies have shown narrow improvement.

The global financial crisis saw freight rates plunging by as much as 94 per cent in a matter of 8 months in 2008, leaving shipping companies in the red and forcing some of them to cancel orders for newbuilds.

Exports have fallen for 12 straight months and any recovery in higher rates for transportation is still far away. Shipyards are expected to deliver nearly 37 per cent of the current capacity in the months ahead, thereby adding pressure to freight rates.

(Sourced from Exim News Service)

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