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## **JPMorgan cuts forecast for costs to ship coal and iron ore by 12pct**

*Monday, 09 Nov, 2009*

Bloomberg reported that JPMorgan Chase & Company cut its forecast for costs to ship goods such as coal and iron ore 2010 by as much as 12% as fleet expansion curbs earnings.

Mr Jonathan B Chappell New York based analyst said that 1 year charter rates for cape size vessels, the biggest ships tracked by the Baltic Dry Index will average 29,000 per day 2010. That's down from a previous 33,000 forecast. Rental estimates for smaller panamax, supramax and handymax class vessels were lowered between 4.2% and 9.1%.

Mr Chappell said that "Ongoing rampant fleet expansion could result in lower rate highs over the next 12 to 18 months. The supply side of the equation is becoming more daunting as the spike in deliveries scheduled for 2010 draws nearer and as scrapping has eased from H1 2009 levels."

He said that commodity shipping rates rose to a record in 2008 before collapsing a record 92% by 2009 leaving ships on order surplus to requirements. Fleet capacity will expand 9.5% 2009 and 8.1% in 2010. Demand will contract 2.1% this year and grow 5.1% 2010.

(Sourced from [businessday.co.za](http://businessday.co.za))

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