



Issues of trade ebbing and flowing for shipbrokers and agents



By [Barry Parker](#) from Miami

The Association of Shipbrokers & Agents (ASBA's) annual Cargo Conference in Miami Beach, Florida has grown into a “must attend” event, bringing its

members together for education interspersed with networking. Not surprisingly, it draws a large contingent from the Caribbean countries, along with ASBA members from all over North America.

Topics, however, cover worldwide shipping market developments, as evidenced by a keynote talk by a talk by Jason Klopfer, from Navig8, presumably, gaining wider exposure for Navig8 prior to an equity listing. Klopfer emphasized the advantages that shipping people have versus outsiders with superficial industry knowledge in choosing niches with the best upside exposure prior to market upticks. Examples include LR1 and LR2 tankers, rather than MR tankers, as a way to participate in the ongoing shifts in the “product tanker” trades.

Similarly, Klopfer showed a series of expert forecasts that low-balled movements of LPG, creating opportunities for those who invested in the early part of the cycle.

A handful of presentations on niche cargo markets highlighted the importance of freight- where the actual movement of cargo is a function of freight where fluctuating ship hires create opportunities to move cargo. Movements of petcoke, with a market size of 124 million metric tonnes annually, expertly explained by Berthold Kren from cement maker Lafarge SA, are an example, who said that the days of “looking at shipping as a simple part of supply chains” are over.

A presentation by Suncor's Ash Haq was particularly timely coinciding with the Canadian energy powerhouse loading a shipment of oil sourced in Alberta and bound for Sardinia- the first export to Europe of Western Canadian crude on Minerva Gloria. Mr. Haq offered a hint of a new trade lane, as the pipelines presented on his Powerpoint slides linking Alberta with New Brunswick (with Montreal in between), begin to open up.

ASBA members are keenly aware that financial trends, along with the ebbs and flows of vessel supply and demand, greatly impact their activities. Two excellent presentations, by DVB's Neil McLaughlin on the drybulk team, and Morgan Stanley analyst Fotis Giannakoulis, with one of the better question/ answer sessions at such conferences, provided useful insights into what might be happening now. While McLaughlin emphasized the bankers' ways of mitigating risk, Morgan Stanley's man offered some excellent views into the psyche of investors, who face the high class problem of having to deploy vast amounts of capital.

Notably, his analysis of stock prices suggested that investors are "discounting hires above \$25,000 per day" on the revenue side for capesize vessels, for the next year. Contrast this with Navios's Fred Gordon, on an earlier panel, who emphasized economies of scale, across 100+ vessels, and cost control.

Ship agency is serious business, as pointed out by K & L Gates lawyer Michael Chalos, who offered a series of war stories on liabilities for brokers and agents. The communications revolution has not helped Chalos described various omissions of key points as messages, or major charter party items, are transmitted onward to chains of recipients. Like the old game of "telephone", the message changes along the way with brokers potentially liable for all manner of miscues.

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