



## Grain market evolution

Prof. Dr. Indra Vonck – ABTO 2024

# THE DRY BULK MARKET IS DRIVEN BY THE TRADITIONAL SHIPPING AND PORT TRENDS

## MACRO DEVELOPMENTS AFFECTING PORTS



### DEMOGRAPHIC

- High population growth in emerging economies
- Lower productivity in other markets due to aging workforce



### GEO-POLITICAL

- Increased geo-political tensions and instability
- Shifting trade patterns



### TECHNOLOGICAL

- Accelerated technological innovations
- Decreased cost of technology implementation



### ENVIRONMENTAL

- Accelerated green investments
- Increased demand for green products and services

## GLOBAL PORT INDUSTRY TRENDS

1 SHIFTING GROWTH & CARGO PATTERNS

2 GROWING STRATEGIC IMPORTANCE OF PORTS

3 CHANGES IN AVAILABILITY & EXPECTATIONS OF CAPITAL

4 INCREASED VERTICAL AND HORIZONTAL INTEGRATION

5 INCREASED PRESSURE ON OPERATIONAL EFFICIENCY

6 INCREASED FOCUS ON SUSTAINABILITY

7 INCREASED EXPENSES OF RESILIENCE

8 INCREASED PRESSURE ON SUPPLY CHAIN CONTINUITY

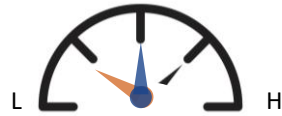
# THE GRAIN MARKETS AS A SUBSET ARE MOSTLY DRIVEN BY GEO-POLITICAL AND ENVIRONMENTAL DISRUPTIONS



## DEMOGRAPHIC

Pop. growth

Wealth growth



## TECHNOLOGICAL

Development

Investment



## OUTLOOK GRAIN MARKETS

### Fundamentals

- Economic growth steady as she goes
- Inflation keeps on declining
- Commodity prices slowly falling
- Demographic growth areas and technological change stable

### Developing trends

- COVID was only the beginning of our troubles instability is increasing
- Changing weather patterns are affecting demand but also transshipment



## GEO-POLITICAL

Turbulence

Openness



## ENVIRONMENTAL

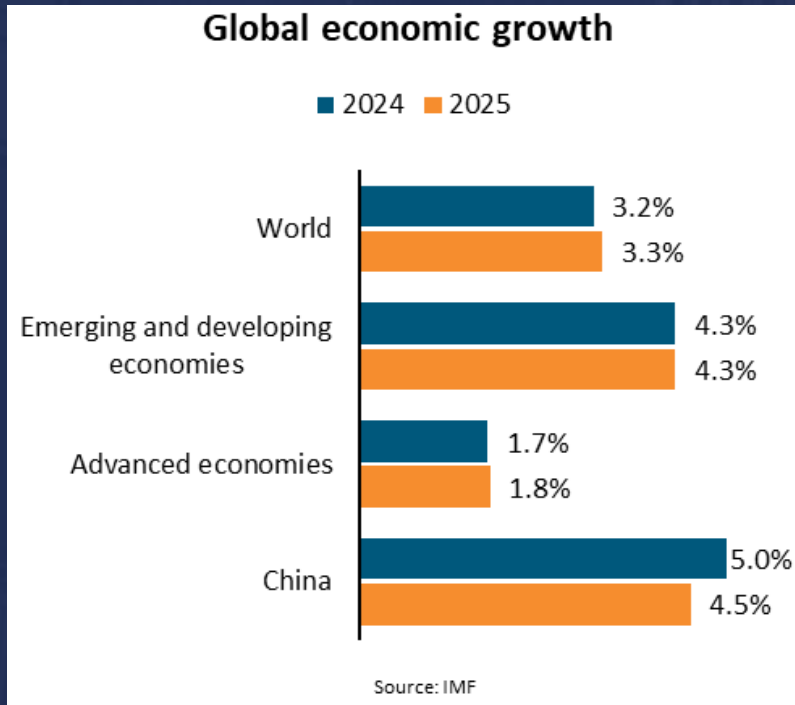
Regulation

Disruptions



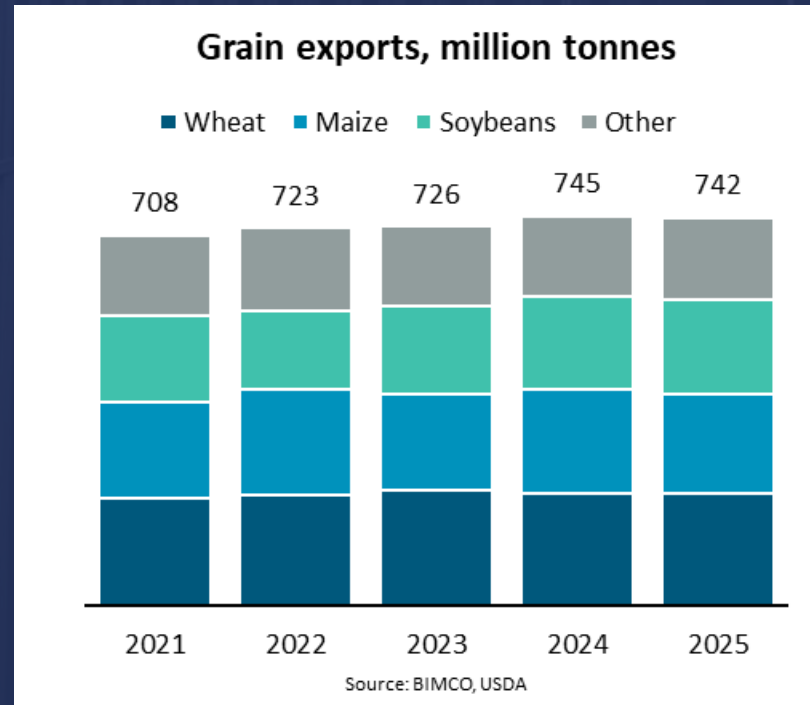
# FUNDAMENTALS OF THE GRAIN MARKET

## Market



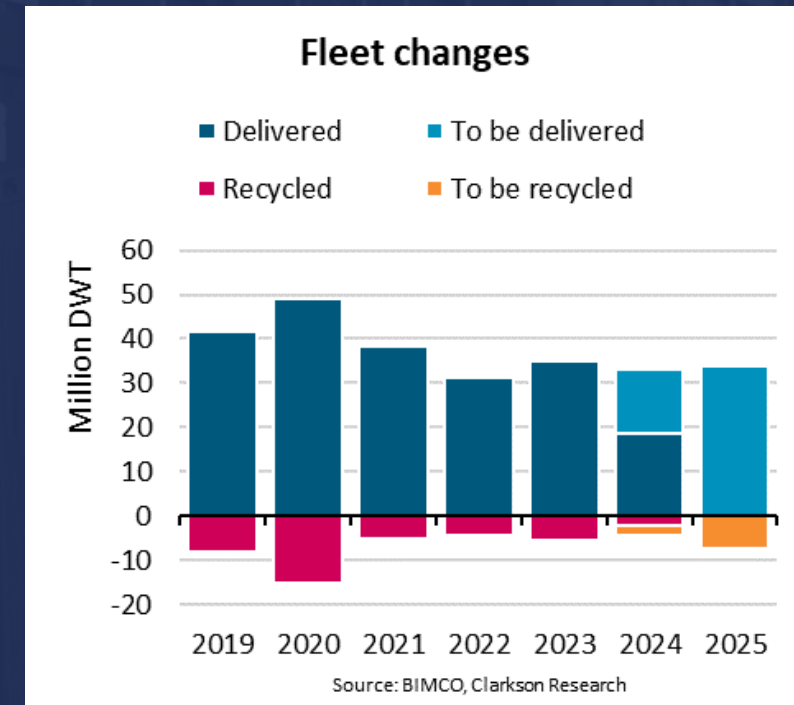
Global growth forecasted around 3.2% in 2024 and 3.3% in 2025, which is an upward revision of 0.1 percentage points for 2025.

## Demand



Grain shipments are estimated to grow by 2-3% in 2024 and fall by 0-1% in 2025. The outlook for grain shipments in 2025

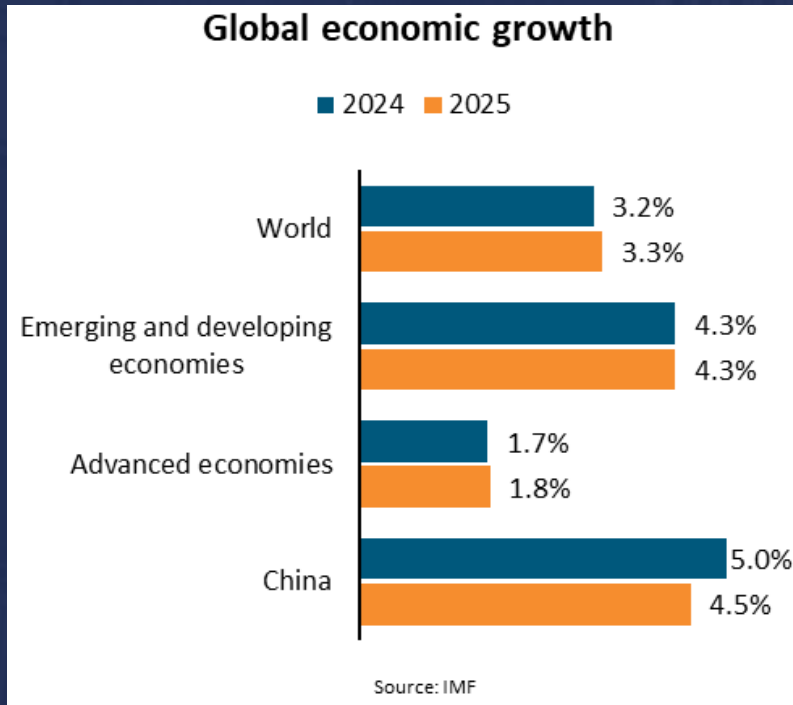
## Supply



Estimates show a declining albeit still positive growth of dry bulk supply by 3-4% in 2024 and 1.5-2.5% in 2025

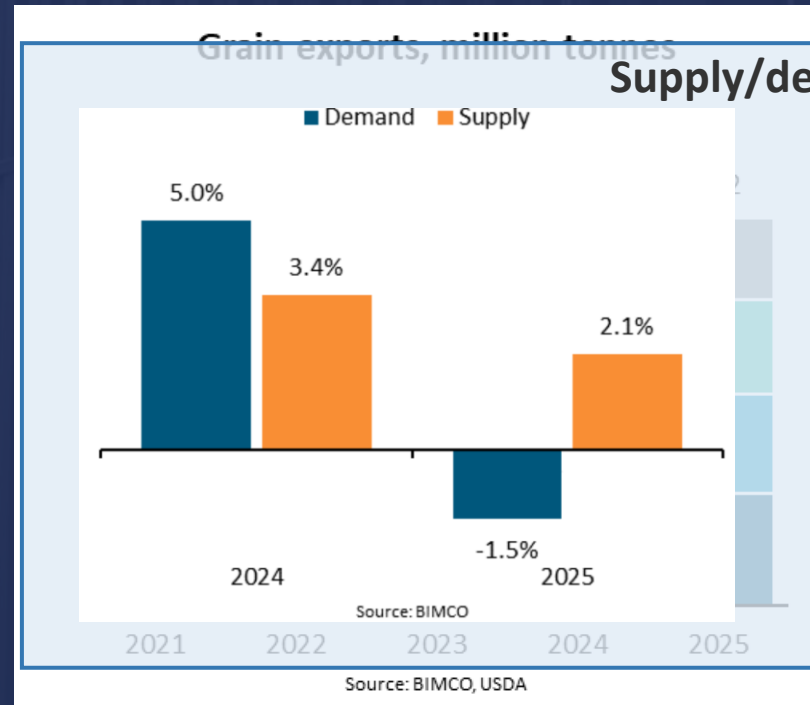
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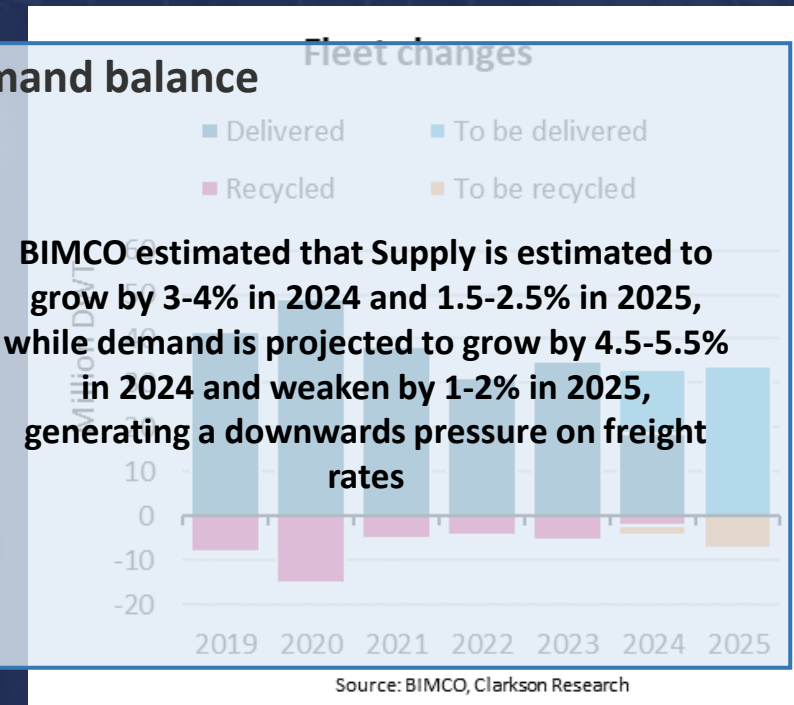
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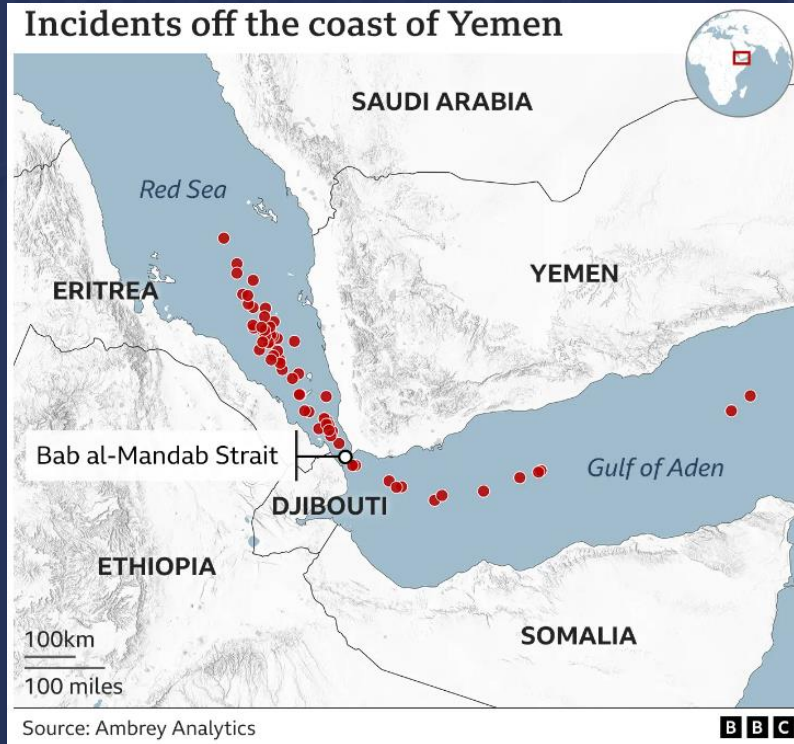
# MAJOR TRENDS/DISRUPTIONS

## Environmental unrest



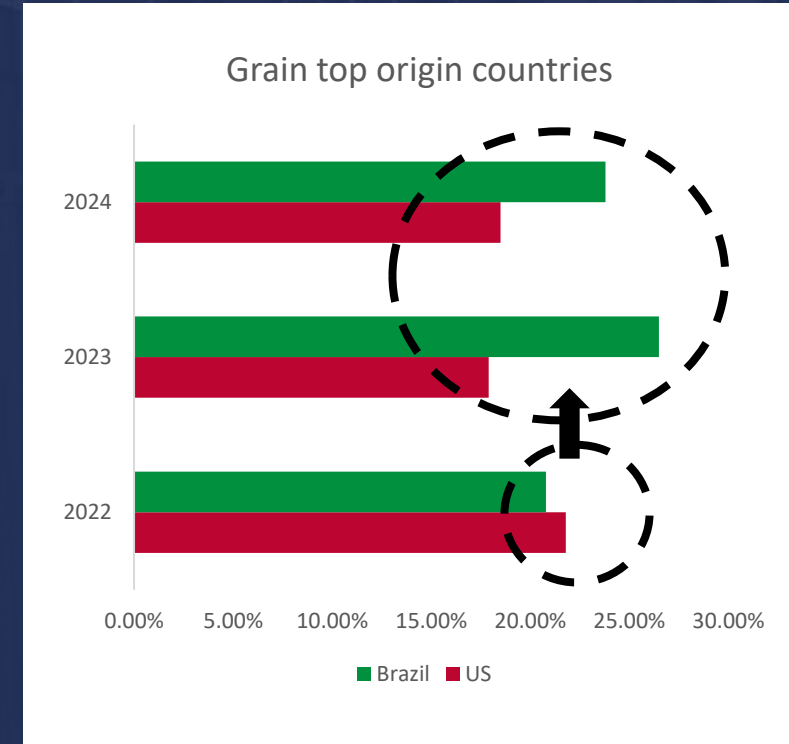
“Over the longer term, the Canal is still exposed to climate change risks.” –S&P, Panama, hurricanes, low river depths, disruptions due to weather

## Geopolitical unrest



“Geopolitical unrest associated with the Red Sea/Suez have added approximately 40% to 50% to freight rates across the dry bulk markets” –MSI, Ukraine, Red sea

## Shifting dynamics



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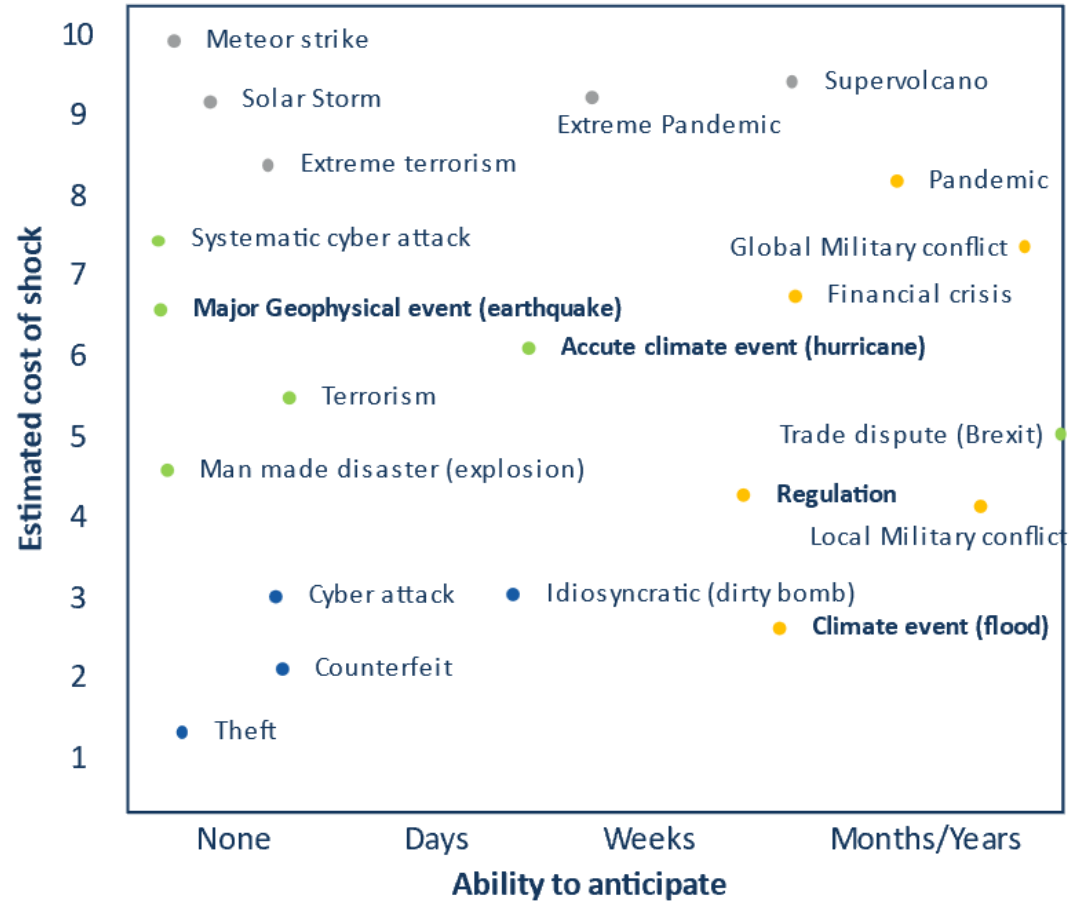
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Panama, hurricanes, low river depths, disruptions due to weather

## Shocks in the maritime industry

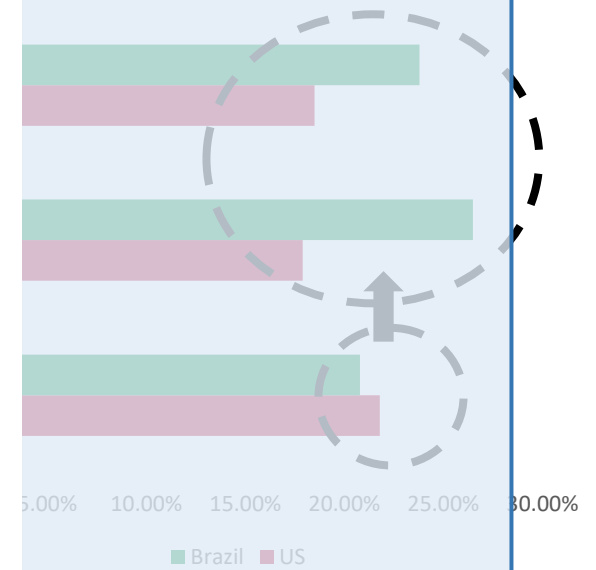
More frequent ■ ■ ■ ■ Less frequent



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## Shifting dynamics

### Grain top origin countries



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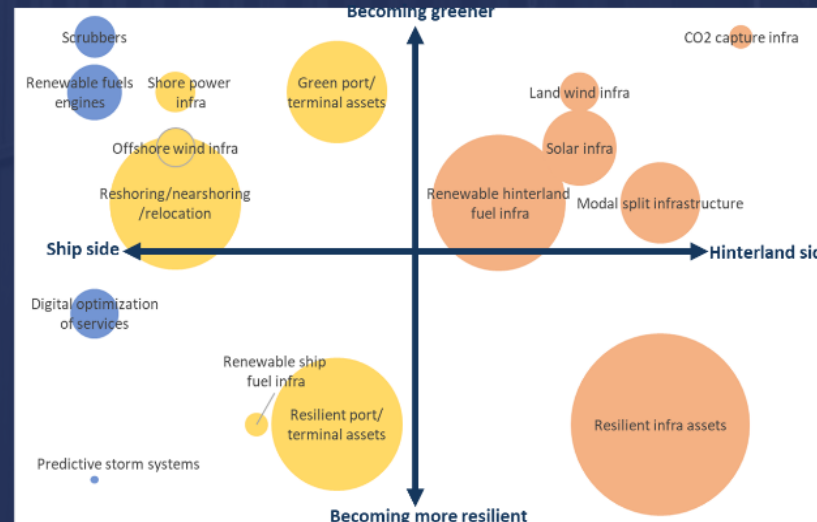
# EFFECTS ON THE SHIPPING AND PORTS MARKET

## Financing is harder



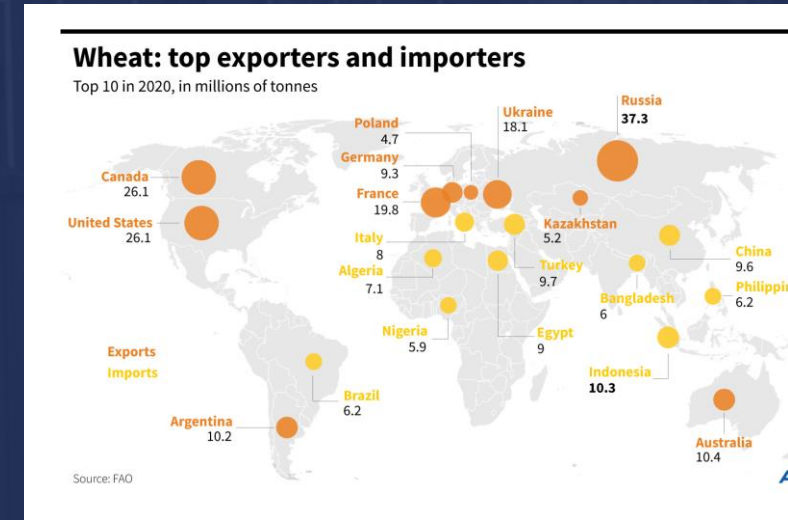
Financiers are more reluctant to provide capital for projects in certain areas and on certain levels of development

## Projects are greener (and more expensive)



Both in operations (waste, GHG) and structuring (foodparks) focus is on externalities and reduction of potential disruptions (adaption and mitigation)

## Location selection is smarter



Continuous demand from emerging economies for grain handling infrastructure and optimization requests from large agricultural output countries



## SO WHAT IS NEXT

- The fundamentals of the grain (transport) markets are strong (although 2025 demand forecasts seem to be worrying)
- The major short term trend impacts are focused on supply chain disruptions, either nature or geopolitical
- The shipping market responds by higher rates, the port market by higher security and certainties

# MTBS

MTBS is the global market leader in ports and terminals, including logistics centers, inland ports, free zones, export processing zones, inland waterways, and related transport industry companies and stakeholders. MTBS expertise: Port strategy, Business consultancy, Financial advisory & transaction services, PPP advisory services.



## Prof dr. Indra Vonck

Indra is partner at MTBS, he has a PHD in Maritime economics (specialisation resilience in seaports, dealing with economies of change) from the university of Antwerp and Solvay Business School Brussels and is tenured professor at the University of Brussels where he teaches on European economics and integration.

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