The need for transparency and the role of market intelligence in risk management

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- Transparency cuts both ways
- Good for the supplier – bad for the buyer?
- Paradoxically can be positive for both sides in difficult markets
- Suppliers need good market intelligence to make credit decisions, but why should the buyer be forthcoming?

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- High value assets – usually several investors
- World-wide choice of domicile
- Entrepreneurially led
- Changes in financing due to regulation leading to a need for greater transparency
- Moves to raise money in the markets.

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- At the low points of a volatile market, weaker companies are under threat. Greater risk for suppliers.
- Smoother freight now (the China factor) and ability for a lot of new capacity to be absorbed, but high bunker price rises now a new threat to stability.
- Good quality companies can improve their access to bunker credit through greater transparency.

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- When ship operator margins are under pressure, credit risk carrier (supplier or insurer) has increased need for market intelligence.
- General tendency towards transparency – especially in the mature and carefully regulated markets of western capitalism.
- Ship operators and owners lag behind, but increasingly transparency is of advantage to the buyer side also.