Petrofin Index sheds new light on Greek shipfinance

The renewed Greek crisis and the collapse of dry bulk shipping have imposed greater strains on Greek shipfinance over the past six months.

And, according to Ted Petropoulos, head of Greek analysis company Petrofin Research—which has just launched a new index covering the development of Greek shipfinance from banks — they are factors that are expected to influence forthcoming sector analyses.
The Petrofin Index starts with a base of 100 in 2001 — when the company's first bank research began — and is based on the results of the annual figures compiled.

The index shows a cumulative annual growth of 11% over the past 13 years.

After growing to a peak of 443 in 2008, the index fell to 378 in 2013 but rose again to 388 at the end of last year.

Petropoulos pinpoints the main reasons for the fall in the Petrofin Index from 2008 to 2013 as the deleveraging of Western banks following the 2008 financial crisis, more stringent capital adequacy controls under Basel III, the collapse of the London Interbank Offered Rate (Libor) market, re-appraisal by Western banks of their shipfinance involvement, poor performance of shipping markets and the existence of tonnage surpluses adversely affecting vessel values and earnings, as well as the lingering effects of the Greek crisis.

"On the other side, the robust growth of Far Eastern bank lending and the emergence of some counter-cyclical Western lenders has slowed down the fall in the Petrofin Index," Petropoulos said.

Petrofin Research concerns itself solely with bank financing and does not include in its figures the increasing number of alternative financing sources, such as private equity, asset management and hedge funds, public markets and export credit agency financing.

While the launch covers only Greek bank financing figures, it is understood that Petrofin Research later intends to also publish a global index.

BY GILLIAN WHITTAKER ATHENS 19 June 2015, 00:00 GMT