

Course title	Shipping Finance and Economics				
Course code	SOM1706				
Course type	Special Background/Skills Development/Core course				
Level	Master (Level 7)				
Year / Semester	1/2				
Teacher's name	Antonis Violaris				
ECTS	10	Lectures / week	6 in total (distance learning)	Laboratories / week	-
Course purpose and objectives	<p>This study guide of the course Shipping Finance and Economics has been prepared by professors teaching on the Master of Shipping Management and Maritime Logistics and will be updated every year on the basis of the regulations of the course as announced in the relevant website.</p> <p>The aim of this course unit is to provide in-depth and holistic understanding of shipping finance and economics, covering a description of the industry and the players involved, the fundamentals of demand and supply in freight markets, as well as the structure of the shipping finance market including financing methods and capital structure theory.</p> <p>The 1st part of the course, maritime economics lasts 6 weeks and includes the fundamentals of the shipping markets (freight, newbuild, second hand and demolition markets), the interaction between supply and demand for sea cargoes and an in-depth analysis of the costs, revenues and risk in the shipping industry. A distinction is made between dry cargo and tanker shipping as well as the container shipping sector. Content includes the various markets involved in analyzing the shipping industry and the factors driving demand and supply in each of the markets. That is, factors driving the demand in freight markets, factors driving the supply in these markets, as well as factors driving demand and supply in each of the other markets. The interaction between the markets is also considered. The market structure of the subsectors of the dry cargo and tanker industries are also analyzed, and an overview of the practitioners involved is provided. The cost structure of shipping companies is also part of the analysis. Taken together, a deep understanding of the markets of the shipping industry and the economics behind them is extremely important for everyone wishing to be involved in the industry. All stakeholders in the maritime industry should be able to understand the economic forces driving decisions in the sector.</p> <p>The 2nd part of the course also lasts 6 weeks. It provides analysis of the most important aspects of shipping finance transactions in the shipping industry.</p>				

	<p>Shipping finance is characterized by tangible asset capitalization which requires high amounts of capital for either buying a 2nd hand or a new building vessel. The shipping cyclicity impacts assets' values. Their prices are inextricably linked to the various phases of the shipping cycles i.e., expansion, peak, collapse and trough. Two characteristics of shipping cyclicity that are of paramount importance for shipowners and investors of the shipping market are the great variability of the shipping freight rates and vessels values which are directly affected by the supply and demand for sea cargo transportation worldwide. thus, the time of an investment entails risk and affects the viability of the project and consequently the cash flows of the shipping company. In addition to this information, the 2nd part expands on capital structure theory and forms of ship financing. The traditional theory of capital structure supports that when the weighted average cost of capital (WACC) is minimized, and the market value of assets is maximized, an optimal capital structure is achieved which combines both equity and debt capital. Methods of shipping finance are also explained. These include mainly equity, debt and bonds financing. Equity financing is the method of financing where a ship is financed through own equity whereas under debt and bond financing a vessel is purchased via borrowed funds. Other forms of ship financing are the KG, KS and Islamic finance.</p> <p>The study guide is structured in accordance with the structure of the course itself and includes topics, materials and reading for every week of the course. Furthermore, this study guide is a useful tool for students as it guides and encourages self-study and facilitates the understanding of concepts in this chapter. It includes introductory remarks, aim of the course, envisaged learning objectives, keywords and key terms, annotated bibliography, recommended study time and self-evaluation exercises. The self-evaluation exercises provide opportunities for home study and motivate further research and learning that contributes to the development of critical thinking. Answers to the exercises are provided within the content of the course unit. The recommended student study time include the time for self-study, the time spent during tele-conferencing, the time required to search and read the recommended bibliography, and the time required to complete the exercises and assignments. The study guide should be regarded as an alternative to the materials and will be available on the platform. Student should read it and familiarise themselves with it to fulfil the requirements of the course unit and complete it successfully.</p>
<p>Learning outcomes</p>	<p>After completing this module, the student should be able to:</p> <ul style="list-style-type: none"> • Understand the players and processes involved in analysing the maritime industry. • Know and comprehend the key markets of the industry. • Analyse the demand and supply schedules of each market. • Understand how demand and supply interact to determine equilibrium. • Realize how shipping markets interact between themselves. • Value shipping bonds and equities. • Categorize shipping costs based on each charterparty. • Assess credit risk. • Compact credit risk via various methods.

	<ul style="list-style-type: none"> • Understand the impact of shipping cycles on shipping finance transactions. • Develop a broad knowledge of shipping financing methods. • Be versed with the four shipping markets. • Be familiar with specialized terms, abbreviations and notation used in the maritime industry. 		
Prerequisites	None	Required	-
Course content	<p>The content of the course is as follows:</p> <ul style="list-style-type: none"> • Introduction to Shipping economics and organization of the shipping market • Shipping market segmentation • Shipping market cycles • Demand and Supply issues in Shipping Markets • The four shipping markets • Costs and revenues in shipping industry • Introduction to Shipping Finance and Capital structure theory • Credit risk analysis in shipping • Shipping debt financing • Shipping bonds financing • Equity finance in shipping • Alternative forms of shipping finance 		
Teaching methodology	<p>The integration of Microsoft Teams and Moodle in our distance learning programs ensures a robust and interactive learning environment that meets the needs of modern learners. Microsoft Teams facilitates real-time communication through live sessions, screen sharing, and collaborative tools such as whiteboards and breakout rooms, enhancing student engagement and fostering dynamic discussions. Meanwhile, Moodle serves as a comprehensive Learning Management System, offering structured access to course materials, assessments, and discussion forums. This combination of synchronous and asynchronous tools supports effective teaching and learning, enabling flexibility, accessibility, and high-quality education delivery. Our approach aligns with global standards for online learning, emphasizing both technological innovation and pedagogical excellence.</p>		
Bibliography	<ul style="list-style-type: none"> • Branch, A. E., & Robarts, M. (2014). Branch's elements of shipping. Routledge. • Cullinane, K., & Haralambides, H. (2021). Global trends in maritime and port economics: the COVID-19 pandemic and beyond. Maritime Economics & Logistics, 23(3). 		

	<ul style="list-style-type: none"> • De Monie, G., Rodrigue, J. P., & Notteboom, T. (2016). Economic cycles in maritime shipping and ports: the path to the crisis of 2008. In Integrating seaports and trade corridors (pp. 13-30). Routledge. • Goulielmos, A. M. (2020). An anatomy of cycles in shipping industry, 1946-2020. <i>Modern Economy</i>, 11(10), 1671. • Stopford, M. (2008). <i>Maritime economics 3e</i>. Routledge. • Kalouptsi, M. (2014). Time to build and fluctuations in bulk shipping. <i>American Economic Review</i>, 104(2). • Greenwood, R., & Hanson, S. G. (2015). Waves in ship prices and investment. <i>The Quarterly Journal of Economics</i>, 130(1) • Brealey, Myers and Allen, <i>Principles of Corporate Finance</i> (13th edition). • Grammenos, C. (Ed.). (2013). <i>The handbook of maritime economics and business</i>. Taylor & Francis. Chapter 27 “Revisiting Credit Risk, Analysis and Policy in Bank Shipping Finance” • Giannakoulis, F. (2016). Overview of shipping finance. <i>The International Handbook of Shipping Finance: Theory and Practice</i>. • Harris, M., & Raviv, A. (1991). The theory of capital structure. <i>the Journal of Finance</i>, 46(1). • Drobetz, W., Gounopoulos, D., Merikas, A., & Schröder, H. (2013). Capital structure decisions of globally listed shipping companies. <i>Transportation Research Part E: Logistics and Transportation Review</i>, 52. • Merika, A., Theodoropoulou, S., Triantafyllou, A., & Laios, A. (2015). The relationship between business cycles and capital structure choice: The case of the international shipping industry. <i>The Journal of Economic Asymmetries</i>, 12(2). • ICS (2015) <i>Shipping Finance</i> • Kavussanos, M. G., & Tsouknidis, D. A. (2014). The determinants of credit spreads changes in global shipping bonds. <i>Transportation Research Part E: Logistics and Transportation Review</i> • Albertijn, S., Bessler, W., & Drobetz, W. (2011). Financing shipping companies and shipping operations: A risk-management perspective. <i>Journal of Applied Corporate Finance</i>, 23(4) • Makrominas, M., & Marcoulis, S. (2023). Shipping stocks as lotteries. <i>Maritime Policy & Management</i>, 50(5). • Syriopoulos, T., & Bakos, G. (2019). Investor herding behaviour in globally listed shipping stocks. <i>Maritime Policy & Management</i>, 46(5). • Drobetz, W., Schilling, D., & Tegtmeier, L. (2010). Common risk factors in the returns of shipping stocks. <i>Maritime Policy & Management</i>, 37(2)
Assessment	<ul style="list-style-type: none"> • Weekly Self-Assessment Activities (25%) • Weekly Interactive Activities (5%) • Midterm Exam - 35% • Final Exam (35%)
Language	English