



CAPITAL LINK FORUM- THE VOICE OF OUR YOUNG EXECUTIVES

CAPITAL MARKETS

Due to the outbreak of the covid-19, markets are currently over-reacting and it is difficult to predict for how long this will last. The shipping industry in general is downsizing and the overall impact of the pandemic is impossible to estimate. Shipping companies will need financial support and will turn to capital markets for liquidity.

Another important aspect of capital markets is the emphasis currently given by investors on environmental policy on the shipping companies. In the past, investors who had raised environmental concerns, did not invest in the shipping industry. However during the last few years this is changing, especially for investors who come from Europe. Ecofriendly principles have significantly increased in shipping, especially in countries which are located in Scandinavia, where environmental standards are rising.

A worrying issue is the shipping companies' capability to raise finance. Without a doubt, raising finance is linked to the size of the company and companies' dividend pay-out policy. Whether a company pays-out dividends or withholds its retained earnings for the companies' growth, it remains a vital factor for investors. Over the years, companies which distribute dividends are more attractive to investors, as they seek for a high rate of return for the funds that they have invested. Large companies have an advantage due to the high liquidity availability and as a result, it is easier for investors to come in and out of these companies.

However, there is still room for differentiation among investors as there are still many small-medium companies which seek to raise finance. Market analysts believe that the second half of the year will be better than the first half.



Stelios Poullos
Audit and Assurance