

GDSA WEEKLY SECONDHAND / DEMOLITION / NEW BUILDING MARKET ANALYSIS

Week Ending: 25th November 2011 (Week 47, Report No: 47/11)
(Given in good faith but without guarantee)

The week closed with 23 transactions reported worldwide in the secondhand and demolition market, down by 14.8% from previous week and down by 17.8 % from a similar week in 2010, when 28 transactions had been reported and secondhand ship purchasing activity was 64% lower than the ordering business. Currently, the highest activity has been recorded in the newbuilding market with 21 orders reported in the offshore business, while the volume of second hand activity is 38% lower than the newbuilding business.

SECONDHAND MARKET

Again the buying momentum was towards modern units, in all sectors that sales have been reported. Bulkcarriers and tankers continue to attract most investment interest, while these sectors have remained quiet in the newbuilding side. Bulk carriers and tankers have attracted the lion share by holding 23% and 46.15% respectively of this week's total volume of S&P activity.

Overall, 13 vessels reported to have changed hands this week at a total invested capital in the region of US\$ 190.55 mil. In terms of the reported number of transactions, the S&P activity is down by 41% from last week's activity, and down by 27.7% comparable with previous year's weekly S&P activity when 18 vessels induced buyers' interest with bulk carriers grasping 55.5% of the total volume of S&P activity. In terms of invested capital, the tanker sector appears as the most overweight segment by attracting about 52.24% of the total amount of money invested and bulk carriers to follow with 26%.

NEWBUILDING MARKET

While reaching the end of November, the newbuilding activity seems to move on a quieter pace comparing on how the month started. Overall we had a 31% increase comparing to last week in the orders reported, with only the Special sector demonstrating its strength through the offshore business. Overall, the week closed with 21 fresh orders reported worldwide at a total deadweight of region 103,200 tons, while the activity is down by 58% from similar week's closing in 2010, when 50 vessels had been reported worldwide at a total deadweight of 2,871,652 tons. Bulk carriers and tankers were the active sectors back then, with bulkcarriers holding a 60% and tankers a 20% of the total ordering activity. The total amount invested for newbuilding units is difficult to be estimated as 19 of the 21 orders were contracted in private terms, however the sixteen orders contracted by Hornbeck Offshore at US yards is valued at \$ 720 mil.

DEMOLITION MARKET

In the demolition market, the slide in the price levels offered in the Indian subcontinent region persists with the Bangladesh ban on the import of ships for scrapping leaving limited opportunities for a prompt spike by the main demo countries. The death of one more worker at a Prime Group scrap yard located in Sitakunda part of Chittagong, the 16th worker to have died at the scrap yards of the major shiprecycling nation since September 17th, does not alleviate the recent situation and adds further pressure for a Bangladeshi return in the demolition scene during December. The demolition activity in India and Pakistan is on the downside, while China is struggling to win some units at levels offered lower than \$400/ldt. This week, one small asphalt tanker with 2,066ldt has been headed in North China at \$384/ldt, M/T "BLACK JADE" with one more deal to follow from the same owners, M/T "BLACK PEARL" of 2,262 ldt on the conclusion of the first sale.

The week ended with 10 vessels reported to have been headed to the scrap yards of total deadweight of just 377,425 tons. In terms of the reported number of transactions, the demolition activity has been marked with a 100% week-on-week increase and regarding the total deadweight sent for scrap there has been a 152, 37 % increase. In terms of scrap rates, the highest scrap rate has been achieved this week in the tanker sector by Pakistan for a tanker of 136,055 dwt "FRONT DELTA" with 23,190/ldt at \$520/ldt. India attracted 50% and China followed with 30% of the total demolition activity. At a similar week in 2010, demolition



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activity was at same levels with the current levels, in terms of the reported number of transactions, 10 vessels had been reported for scrap of total deadweight 316,905 tons with scrapping activity in the tanker and general cargo being most popular.

GREEK PRESENCE

Greek investments were noticed this week only in the secondhand sector with 1 transaction in the handysize bulkcarrier segment and 3 in the tanker segment. The total amount of money invested for secondhand units is estimated to be at region of \$36.15 mil, while in the newbuilding market no business has been revealed.

