

GDSA WEEKLY SECONDHAND / DEMOLITION / NEW BUILDING MARKET ANALYSIS

Week Ending: 30th March 2012 (Week 13, Report No: 13/12)

(Given in good faith but without guarantee)

Further to the Easter Holidays, the week ended with quite an activity in all three sectors, with figures at similar levels. Investors seem to have an appetite for the secondhand market, taking into advantage the distressed market, while the existence of financing provides power to those who withhold it and offers them the opportunity to invest in this cyclical market. Simultaneously, those that can't handle the market are being triggered by the alternative of sending their vessels for demolition.

Although all segments showed similar movements, the highest activity has been reported in the secondhand market with 30 deals reported in total, with bulkcarriers attracting most interest. Overall, 55 transactions reported worldwide in the secondhand and demolition market, down by 22.5% from our previous report, however this isn't indicative since the previous report published referred to 2 weeks due to the Greek Orthodox Easter holidays.

SECONDHAND MARKET

In the second-hand market in total 30 vessels reported to have changed hands this week at a total invested capital in the region of US\$ 229.7 mil, with 4 transactions being reported at an undisclosed sale price. Bulk carriers, tankers and containers grasped 40%, 20% & 16.6% share respectively of the S&P activity, while the majority of vessels reported are of smaller size. In the bulkcarriers sector, most vessels were Panamax and smaller size vessels, with just one capsized of 1996 built where the sale included also a bareboat charter attached. And in the tanker from 5 from the 6 vessels that have been reported are of below 10,000 dwt.

NEWBUILDING MARKET

The new building market has shown a 35% decrease compared to last week, while the negative prospects of the sector don't seem to change. Shipyards are facing pressure as they try to stay into business, to attract new business and also to handle the orders that have already accepted, since they deal with not only cancellations but also renegotiations for delay the delivery of the vessels for the contracts already accepted. One of the many examples is of Zim Integrated Services (the Israeli line) that is again trying to push back the delivery of the vessels that were booked within 2007 and were expected to be delivered this year. The company is in discussions that the 12,500teu vessels under construction at Samsung H.I. to be transferred for delivery in 2018.

Overall, the week closed with 24 orders reported worldwide at a total deadweight of 1,649,180 tons, posting a 35% week-on-week decrease. Additionally some orders were reported in the market from Japanese shipyards, however we assume they refer to older business that has been now revealed. The order of the Korean Infrastructure Investment Asset Management Company of 10 13,800TEU container vessels, which was also mentioned during the previous weeks in the market, boosts the activity of this week since it represents 41.5% of the total activity. The total invested capital cannot be calculated since almost 46% of the new building business has been reported on private terms. In the bulkcarriers side all three orders came from Far East investors, while in the tanker segment the two orders came from Japan and the other two from the US. The reported business refers to MR sector which continues to draw investors' preference. Lastly, the offshore segment continues to attract a steady interest from investors, posting a 20% increase on a weekly basis.

DEMOLITION MARKET

In the demolition market, the scrapping business keeps its high record pace and this week ended with 25 vessels (3 of which have been reported as older business) of a total deadweight of 1,384,181 tons. It is interesting to note that all of the vessels that have been recorded this week to head to the demolition yards are of dry tonnage. Bulkcarriers grasped the lions share with 48% and containers and general cargo vessels followed with 20%.



The activity was evident from this week's reported demolition sales in all markets except Pakistan. India attracted the majority with 36% and total deadweight of 493,171tons, although Bangladesh attracted just 3 units of total deadweight 510,726 (since 2 of them were capsizes). The highest prices have been offered for the capesize vessels reported from Bangladesh & India at \$ 480-490/ldt, with MV KATSURAGI MARU 188,000/1986 acquiring the highest recorded price of \$ 490/ldt from Bangladesh.

GREEK PRESENCE

The Greek presence was evident only in the second-hand market. More specifically Greek investors appeared to have acquired three bulkcarriers, a capesize, a panamax and a supramax and three containers of 1,600teu & 740 teu. The total invested capital is calculated to be in the region of about \$ 48.8 mil.

