

GDSA WEEKLY SECONDHAND / DEMOLITION / NEW BUILDING MARKET ANALYSIS

Week Ending: 4th May 2012 (Week 18, Report No: 17/12)

(Given in good faith but without guarantee)

The second hand and demolition activity continues as similar levels with last week, while the activity in the newbuilding market increased by 40%. Overall, 55 transactions reported worldwide in the secondhand and demolition market and it is an interesting coincidence that the figures are almost at exact same levels.

SECONDHAND MARKET

In the secondhand market in total 30 vessels reported to have changed hands this week at a total invested capital in the region of US\$ 230 mil, with 7 transactions being reported at an undisclosed sale price. Tankers grasped lion's share attracting 40% of the activity and 44% of the total invested capital, with bulk carriers to follow.

NEWBUILDING MARKET

The newbuilding market has shown a 67% increase compared to last week, with the tanker sector driving the activity and presenting a w-o-w increase of 225%. The action focused on the MR segment with Sea Tankers of Cyprus and Tanker Pacific Management of Singapore ordering 4 units with options two plus two each. Overall, the week closed with 40 orders reported worldwide at a total deadweight of 841,740 tons. The total invested capital from the contracts with reveal data is about \$ 1.14bil, while again around 75% of the newbuilding business has been reported on private terms. In the bulkcarrier sector 3 orders were reported, with one (option one more) being from Greek interests of a "flexible bulker design" of 66,000dwt. Densay Shipping of Turkey is rumored to have ordered two 82,000dwt vessels from Jinling Shipyard in China, however the owners of the company deny it, while confirm that the deal is at the LOI signing stage.

In the container market, fresh orders haven't been reported; although there are discussions that Seaspan is expected to sign a LOI for 18 ships of 10,000teu. These orders will be options that were attached to Seaspan's order of June 2011 for 7 such vessels of a value of \$ 700mil. Additionally, Avin International from Greece is said to be entering the container sector with two 1700teu vessels from China's Zhejiang Ouhua Shipbuilding at a reported price of \$ 50 mil enbloc, while the order is thought to include also options for two additional units. What also drew industry's attention was that CSCL (China Shipping Container Line) announced that it will not be taking options for 4 10,000teu vessels, the initial order of which was made in October last year at \$ 94 mil each that were ordered at Dalian Shipbuilding and Hudong Zhonghua.

DEMOLITION MARKET

In the demolition market, the scrapping business continues to be on the high side, with the week ending with 25 vessels of a total deadweight of 1,032,443tons. The vessels sent to the scrapyards have been almost from all vessel types, with almost all markets being active. India attracted most business, while Pakistan and Bangladesh followed. In terms of scrap rates, for the wet sector th rates are in xs of \$ 500, while for the dry side in the region of high \$ 400/ldt, even \$ 500/ldt depending on the vessel, the destination and the terms of business.

GREEK PRESENCE

The Greek presence was evident both in the secondhand and newbuilding market. In the secondhand market, Greek investors reported to have acquired one kamsarmax bulkcarrier and four tankers, at a total invested capital of us \$ 75.5 mil. On the newbuilding investment side, Greek interests contracted 5 units in total, one in the dry and 4 in the wet sector. The total invested capital isn't revealed since all orders were on private terms.

