



GOLDEN DESTINY

WEEKLY SECONDHAND / DEMOLITION / NEW BUILDING MARKET ANALYSIS

Week Ending: 22nd February 2013 (Week 8, Report No: 8/13)

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The third week of February keeps the high momentum for secondhand purchases, strong volume of demolition transactions at lower scrap price levels and firm newbuilding momentum at levels higher than previous week.

Overall, 47 transactions reported worldwide in the secondhand and demolition market, up by 52% week-on-week with 33% increase in secondhand purchases and 90% higher scrapping removals. At similar week in 2012, the total S&P activity was standing 17% lower than the current levels, when 39 transactions had been reported and secondhand ship purchasing was 46% lower than the volume of newbuilding orders. Secondhand purchasing activity this week is standing only 6.6% less than newbuilding with firm secondhand purchases in the tanker segment and strong volume of newbuilding orders in the bulk carrier segment.

SECONDHAND MARKET

Tankers and liners monopolized investors' interest this week. In the bulk carrier segment, 4 S&P deals reported against 8 in the tanker and 9 in the liner segment. Interesting S&P deal was the resale of two Chinese panamax bulkers of 75,200dwt built China for about \$21,5mil, when in November 2011, a Chinese panamax bulker built 2012 had been reported sold for about excess \$28,5mil. In the tanker segment, two S&P deals reported in the aframax segment for about 10yrs old vessels, while firm S&P activity reported in the handysize segment.

Overall, 28 vessels reported to have changed hands this week at a total invested capital in the region of US\$314,95 mil , 2 S&P deals reported at an undisclosed sale price. Tankers held the lion share of this week's S&P activity, 29% and liners follow with 32% share. In terms of the reported number of transactions, the S&P activity is up by 33% from last week's activity, due to a 166% weekly increase in tankers' purchases. Comparable with previous year, this week's S&P activity is standing at similar weekly levels with last year, when 28 vessels induced buyers' interest at a total invested capital of about \$196,4mil with 7 S&P deals in the bulk carrier segment, 2 in the tanker, 2 in the gas tanker, 2 in the liner and 15 in the container. In terms of invested capital, the tanker segment appears as the most overweight segment by attracting about 43% of the total amount of money invested with an invested capital of about \$134,5mil tons and gas tankers follow with 14% share due to the purchase of 4yrs old medium size LPG carrier for about \$42mil.

NEWBUILDING MARKET

In the **newbuilding market**, the alluring newbuilding prices stimulate investors' decision for placing new contracts with January ending at higher volume of new orders than January in previous year. Overall, 160 newbuilding orders estimated to have been ordered during January 2013 totalling about 7,5mil dwt, representing a 9% increase from December's 2012 levels and a remarkable 176% increase from January 2012 levels, when 58 new orders had been ordered with a total deadweight of about 3,5mil tons. In the bulk carrier segment, 35 new orders reported totalling 1,87mil tons, up by 40% from December 2012 and up by 119% year-on-year. In the tanker segment, 24 new orders reported totalling 2,7mil tons, down by 57% from December 2012 and up by 72% year-on-year. In the gas tanker segment, 17 new orders reported, which is up by 70% from December 2012 and up by 240% year-on-year, when 5 new orders had been reported. In the container segment, 14 new orders reported totalling 1,3mil tons, down by 13% from December 2012 levels, when in January last year, no new orders had been reported.



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Overall, the week closed with 30 fresh orders reported worldwide at a total deadweight of 775,200 tons, posting 67% week-on-week increase from previous week with significant volume of business in the bulk carriers and special projects, with incremental increases from last week's business, up by 1100% in the bulk carrier and up by 300% in the offshore segment. This week's total newbuilding business is down by 42% from similar week's closing in 2012, when 52 fresh orders had been reported, 8 for bulkers, 8 for tankers, 3 for gas tankers, 9 for liners and 24 for special projects. In terms of invested capital, the total amount of money invested is estimated in the region of more than \$609,65mil, 23 newbuilding deals reported at an undisclosed contract price.

In the **bulk carrier** segment, Belgium's Bocimar exercised its option for the construction of four more 36,000dwt bulkers at Samjin Shipyard with delivery in 2015. In the supramax segment, Malaysian Bulk Carriers said it has ordered a 56,000dwt bulker as a part of its fleet renewal through its subsidiary Ambi Shipping. The vessel will be built at Mitsui & Co, Japan at a newbuilding cost in the region of \$26mil for delivery from 1 January to 30 June 2015. In the ultramax segment, Sinotrans of China placed an order for four 64,000dwt bulkers for the construction of two units in Chengxi Shipyard of China and the other two in Guangzhou Huangpu of China. The contract includes an option for four more vessels, but it still has not finalized.

In the capesize segment, Norwegian owner, John Fredriksen is said to be in talks with Dalian Shipbuilding Industry of China for the construction of up to eight capesize newbuildings including options. In addition, industry sources suggest that Greek owner, Marmaras Navigation is said to place an order for the construction of three 180,000dwt vessels, plus an option for three more, with delivery between late 2014 and 2015.

In the **tanker** segment, Central Mare of Greece placed an order for the construction of a product tanker 49,000dwt at Hyundai Vinashin with delivery in 2014.

In the **gas tanker** segment, Malaysia's state-owned shipowner MISC has issued a tender to shipbuilders for the construction of a minimum of four LNG carrier newbuildings with a possibility of ordering up to eight. MISC, whose parent company Petronas, added that one of the LNG carriers will be used to serve Petronas future requirements for its new LNG production projects at Kanowit gas fields off Bintulu. It is widely believed that the acquisition of these new LNG carriers is to support Petronas future project requirements.

In the **container** segment, China International Marine Contractor is said to be in talks with Dalian Shipbuilding Industry for the construction of up to 20 containerships of 8,800 TEU on the back of a long term charter contract to Mediterranean Shipping Co.

In the **offshore** segment, South Korean Shipyard, Hyundai Heavy Industries, won an order for the construction of a multipurpose offshore construction vessel for UK owner, Sealion Shipping with delivery in 2015. The DP 3 vessel is designed and equipped for world-wide operations in the oil and gas sector, ultra deepwater installation and construction, flexible lay, pipelay, cable lay and topside construction support, and will be built to the highest standards and with maximum flexibility and capability prioritised.

DEMOLITION MARKET

In the **demolition** market, India appears to be the leader as China has not yet opened and Bangladesh breakers are facing the issue of not being able to release the letter of credit. Scrap price levels are in a depressed momentum, but they are still considered fair levels for vessels' disposal as main freight markets are in a continued recession. Scrap price levels for dry vessels are ranging about \$400-\$410/ldt with vessels including bunkers or full spares seeing levels of about \$420/ldt, while levels for tankers are ranging of about \$420-\$430/ldt. An interesting demo deal emerged this week with Bangladesh paying \$430/ldt for capesize M/V "BRILLIANCE" built 1990 of 18,112ldt.

The week ended with 19 vessels reported to have been headed to the scrap yards of total deadweight 732,423tons. In terms of the reported number of transactions, the demolition activity has been marked with 90% week-on-week increase, due to higher volume of demolition transactions for bulk carriers and containers. In terms of deadweight sent for scrap, there has been 160% increase with small volume of disposals in large sized vessels, 1 capesize bulker, 1 aframax tanker and 2 panamax bulkers. India won 12 of the 19 demolition transactions despite the downward revision in its levels offered.

At a similar week in 2012, demolition activity was up down by 42% from the current levels, in terms of the reported number of transactions, 11 vessels had been reported for scrap of total deadweight 665,973 tons with bulk carriers grasping 55% of the total number of vessels sent for disposal. India and Bangladesh had been offering \$460-\$470/ldt for dry and \$490-\$500/ldt for wet cargo.

GREEK PRESENCE

In the secondhand market, Greek players bought a handymax bulker built 1995 for about \$7mil, one aframax tanker built 2003 for about \$15,2mil as a bank driven sale and one small panamax container built 1993 with 4,024 TEU for about \$22mil, including two years time charter agreement.

In the newbuilding market, Marmaras Navigation is said to be placing an order for the construction of for the construction of three 180,000dwt bulkers, plus an option for three more, with delivery between late 2014 and 2015. In the tanker segment, Central Mare of Greece placed an order for the construction of a product tanker 49,000dwt at Hyundai Vinashin with delivery in 2014.

