



GOLDEN DESTINY

WEEKLY SECONDHAND / DEMOLITION / NEW BUILDING MARKET ANALYSIS

Week Ending: 29th March 2013 (Week 13, Report No: 13/13)

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The fourth and final week of March ends with once more record high newbuilding business, firm secondhand purchasing activity for bulkers and tankers and a continued scrapping appetite. Scrap prices are squeezed downwards in the Indian Subcontinent region, while China is increasing its price gap with Indian ship-recyclers.

Overall, 52 transactions reported worldwide in the secondhand and demolition market, up by 30% week-on-week with 38% increase in secondhand purchases and 21% increase in scrapping. At similar week in 2012, the total S&P activity was standing 25% lower than the current levels, when 39 transactions had been reported and secondhand ship purchasing was 55% lower than the volume of newbuilding orders. This week the highest activity has been recorded in the newbuilding market due to strong volume of orders for capesize bulkers and aframax tankers, with investors also looking for attractive secondhand bulkers and tankers of all sizes.

SECONDHAND MARKET

Bulk carriers showed significant purchasing volumes with investors' interest centered on panamax and handymax vessels of more than 10yrs old. In tanker segment, there was also hot buying appetite not only for medium range product tankers, but also for crude tankers. New S&P deals reported in the very large crude carrier and aframax segments for vessels of less than 10yrs old in the VLCC and more than 10yrs old in the aframax. In the container segment, three new S&P deals reported in the sub-panamax segment for vessels of more than 11yrs old and one in the handy segment.

Overall, 29 vessels reported to have changed hands this week at a total invested capital in the region of US\$ 463.05 mil , 3 S&P deals reported at an undisclosed sale price. Bulk carriers and tankers held the lion share of this week's S&P activity, by holding 79% of the total number of vessels reported sold. Comparable with previous year, this week's S&P activity is up by 61% year-on-year, when 18 vessels induced buyers' interest at a total invested capital of about \$171,55mil with 9 S&P deals in the bulk carrier segment, 5 in the tanker, and 3 in the liner. In terms of invested capital, bulk carrier and tanker segments appear as the most overweight segments by attracting about 85% of the total amount of money invested with an invested capital of about \$385mil for 23 total vessel purchases.

NEWBUILDING MARKET

In the **newbuilding market**, , Norwegian Frontline 2012 keeps its capesize bulkers' ordering spree, while Shell is said to have booked options for 20 more MR building berths at South Korean shipbuilders, Hyundai HI under Sinokor Merchant Marine for its Silver Project. In addition, firm newbuilding business emerged this week for aframax tankers, while special projects keep from last week high volume of orders.

Overall, the week closed with 52 fresh orders reported worldwide at a total deadweight of 3,405,324 tons, posting 6% week-on-week increase from previous week, with hot business in bulk carriers and tankers by recording 400% and 800% weekly increase respectively in terms of new orders. This week's total newbuilding business is 30% up from similar week's closing in 2012, when 40 fresh orders had been reported, 14 for bulkers, 1 for tanker, 12 for gas tankers, 2 for containers, 6 for passenger-cruise, 1 Ro-Ro and 4 for special projects. In terms of invested capital, the total amount of money invested is estimated in the region of more than \$1,66 bn, 29 newbuilding contracts reported at an undisclosed contract price. A hefty amount of money was invested in the



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offshore segment with an invested capital of about \$3,7bn by grasping 72% share of the total invested capital through the placement of 12 high value contracts.

In the **bulk carrier** segment, Marmaras Navigation of Greek booked its fourth capesize order at Sungdong of South Korea. In addition, Frontline 2012 exercised its option for the construction of more four vessels of 180,000dwt at STX Offshore & Shipbuilding' s Dalian yard in China, increasing its orders from four to eight with delivery between 2014-2015. Notable order is reported in the very large ore capesize segment, with Chinese state owned yard, Beihai Shipyard winning a tender for the construction of two firm vessels of 250,000dwt, plus two more units, for China's Shandong Shipping at a price of about \$57mil with delivery in 2015.

In the handymax segment, China Navigation confirmed an order for four more 39,500dwt Bdelta Handysize bulkers at CSSC Chengxi Shipyard in China. This latest order brings the total number of Deltamarin-designed vessels ordered by CNCo to 12. The first vessel is scheduled for delivery in January 2014. CNCo is holding additional options declarable in 2013. The energy-efficient Bdelta design offers lower fuel consumption, additional cargo deadweight and greater cargo capacity in comparison to existing designs. The vessels will be deployed in CNCo's drybulk division, Swire Bulk, and will operate on a worldwide basis. In addition, Chinese shipbuilding group Yangfan has won a new order for up to four Handysize bulkers from French owner Unishipping SAS. The order is for two plus two, but a change in specification has now increased them from the original 39,650dwt to 40,600dwt. Delivery is scheduled for January and March 2015.

In the **tanker** segment, Finnish owner, Lundqvist, has sealed an order for the construction of a 104,000dwt aframax tanker at Sumitomo of Japan for delivery in mid-2014 at a newbuilding cost in the region of \$45mil each. Last week Sumitomo announced that it won an order for the construction of an eco aframax tanker without revealing the contractor, but it remains unclear whether the Lundqvist order is the one announced. In addition, NYSE-listed Scorpio Tankers of Italy announced the construction of four eco 114,000 vessels at Hyundai Samho and two eco 114,000 vessels at Daewoo for delivery in 2014 at a newbuilding cost of \$50mil each. Furthermore, Canadian owner Teekay has signed a letter of intent with STX Offshore & Shipbuilding for the construction of up to 16 aframax newbuildings 113,000dwt worth about \$700mil. The contract is initially for four firm vessels, including three additional options each consisting for four more vessels, at a newbuilding cost of around \$45mil with delivery from the end 2015.

In the **gas tanker** segment, China's Shanghai Bestway Marine Engineering Design announced it had signed a contract with Dalian Inteh Group for a newbuilding 28,000m³ LNG carrier. Delivery is scheduled by March 2015 on the contract priced at 560M yuan (\$90M). The LNG carrier will be China flagged and used on coastal shipping routes in China. It is designed to be fitted with pressured LNG holds and a hybrid engine.

In the **container** segment, Taiwanese shipbuilding group CSBC is finalizing a deal for the construction of eight boxships of handy size, 1,000 TEU, from an undisclosed contractor with delivery in 2014 at a newbuilding price in the region of \$24mil each.

In the **Ro-Ro** segment, Polish shipyard Remontowa Shipbuilding SA has won a contract from Samsø Linien of Denmark for the construction of a double-ended ro-pax ferry with gas-electric propulsion worth about \$35M with delivery scheduled for September 2014. The vessel is designed for year-round service between the island and the mainland and will be able to take 160 cars and 600 passengers.

In the **car carrier** segment, South Korean yard, Hyundai Mipo Dockyard, has clinched an order for four 7,500 ceu pure car/truck carriers from Israel based Ray Shipping at a newbuilding price in the region of \$70,5mil each with delivery in 2014 and 2015.

In the **offshore** segment, newbuilding activity shows for a second straight week high valued contracts for the construction of jack up drilling rigs, offshore platforms and anchor handling tugs. The notable order of this week was the contract sealed by Hyundai Heavy Industries for the construction of two offshore facilities for Total E&P Congo worth about \$2bn. Under the contract, the South Korean yard would build one floating production unit worth \$1.3Bn and one tension-leg platform for \$700M.

DEMOLITION MARKET

In the **demolition** market, Bangladesh remains weak to fight with India from a sustained political turmoil and issues with the Letters of Credit. India remains in the frontline but with a cooling sentiment in scrap prices offered. Benchmark prices in India fell again by \$10/ldt to \$405/ldt for dry and \$435/ldt for wet cargo, but Alang breakers are still offering the most competitive levels in the Indian subcontinent region. Pakistan finally after weeks managed to secure a very large crude carrier tanker for disposal M/T "MAYFAIR"

built 1995 with 42,703 ldt at levels region \$445/ldt gas free. In China, government policies for a cooling in steel prices resulted in a further softening with benchmark prices falling by \$15-\$20/ldt to \$350/ldt for and \$370/ldt for wet cargo.

The week ended with 23 vessels reported to have been headed to the scrap yards of total deadweight 1,035,849 tons. In terms of the reported number of transactions, the demolition activity has been marked 21% increase from previous week, showing 50% weekly increase in the tanker segment and 400% weekly increase in liner vessel disposals. In terms of deadweight sent for scrap, there has been 1.2% weekly increase with one very large crude carrier and one capesize reported for scrap and India winning 9 of the 23 total demolition transactions, 5 vessels reported for scrap at undisclosed destination.

At a similar week in 2012, demolition activity was at 8.6 lower levels, in terms of the reported number of transactions, 21 vessels had been reported for scrap of total deadweight 1,104,001 tons with bulk carriers grasping 63% of the total number of vessels sent for disposal. India and Bangladesh had been offering \$450-\$455/ldt for dry and \$485/ldt for wet cargo.

GREEK PRESENCE

The last week of March ended with no Greek presence in the newbuilding market in contrast with their firm buying appetite in the secondhand market. In the bulk carrier segment, they purchased two post panamax bulkers built 2011 China for an undisclosed sale price, one panamax bulker built 2005 Japan for a price in the region \$16mil and one handymax bulker built 1997 Japan for about \$8,2mil. In the tanker segment, they bought a VLCC built 2003 South Korea for about \$35mil, one suezmax tanker built 1997 China for about \$12,5mil, one aframax tanker built 1999 Poland for about \$10mil and two medium range tankers built 2007 South Korea for about \$46,5mil. In the container market, they bought two sub-containerships, one built 1997 South Korea at an undisclosed sale price and built 2002 for about \$7,8mil. Overall, their invested capital in the secondhand market is estimated in the region of more than \$136mil, 3 S&P deals reported at an undisclosed sale price.

