

This Week's Overview of Shipping Investments
SECONDHAND / DEMOLITION / NEW BUILDING MARKET ANALYSIS

Week Ending: 26th July 2013 (Week 30, Report No: 30/13)
(Given in good faith but without guarantee)

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Investment Trends during July: ↓ Secondhand – ↑ Newbuilding – Demolition —

S&P		week 1	week 2	week 3	week 4	week 5
	July	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
	Units	18	36	20	19	
	June	7/6/2013	14/6/2013	21/6/2013	28/6/2013	
	Units	19	16	27	37	

Average No of vessels reported sold per week in July
23

Average No of vessels reported sold per week in June
25

DEMO		week 1	week 2	week 3	week 4	week 5
	July	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
	Units	6	18	25	21	
	June	7/6/2013	14/6/2013	21/6/2013	28/6/2013	
	Units	21	23	10	17	

Average No of vessels reported demo per week in July
18

Average No of vessels reported demo per week in June
18

NB		week 1	week 2	week 3	week 4	week 5
	June	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
	July	65	45	71	57	
	June	7/6/2013	14/6/2013	21/6/2013	28/6/2013	
	Units	45	33	53	39	

Average No of vessels reported on order per week in July
60

Average No of vessels reported on order per week in June
43

At the current week, 40 transactions reported worldwide in the secondhand and demolition market, down by 11% week-on-week with 5% decrease in secondhand purchases and 16% lower scrapping volumes. The highest activity is recorded in the newbuilding market, due to large volume of new orders for bulk carriers, containers and passenger/cruises.

Compared with newbuilding investments, this week's secondhand purchasing activity is 67% down and demolition 63%.down.

At **similar week in 2012**, the total S&P activity in the secondhand / demolition market was standing 10% lower than the current levels, when 36 transactions had been reported and secondhand ship purchasing was standing 29% lower than the levels of newbuilding orders. Newbuilding orders for bulk carriers and special projects were in the frontline with 7 and 9 new orders respectively.

Secondhand: 19 S&P deals – 20 S&P deals last week – 17 S&P deals in the fourth week of July 2012

Newbuilding: 57 new orders -71 new orders last week – 24 new orders in the fourth week of July 2012

Demolition: 21 disposals -25 disposals last week – 19 disposals in the fourth week of July 2012



SECONDHAND MARKET

S&P Transactions: 19 vessels reported to have changed hands—total invested capital region more than \$242,55 mil, 2 S&P deals reported at an undisclosed sale price. (7 bulkers, 6 tankers and 6 containers)

Average age of vessels sold – 10yrs old built 2003

S&P activity: 5% down week-on-week and 12% up year-on-year. At **similar week in 2012**, 17 vessels induced buyers' interest at a total invested capital of about \$286,1mil. (8 S&P deals in the bulk carrier segment, 7 in the tanker, 1 in the liner and 1 in the container).

A large volume of S&P activity is being marked this week in the three main segments, bulk carrier, tanker and container with bulk carriers holding 37% share of S&P activity and tankers with containers 32% share each. The highest invested capital is being recorded in the bulk carrier segment of \$125,3mil stemmed mainly from resale transactions in the kamsarmax segment.

European owners' presence this week is monopolized by Greek investment movements in the secondhand market with 6 total vessel purchases for bulk carriers and containers and 1 tanker purchase from Norwegian shipping players.

- **European owners' presence:** 7 vessel purchases- 4 bulkers, 1 tanker and 2 containers
- **Greek owners' presence:** 6 vessel purchases- invested capital \$104,8mil – 4 bulkers and 2 containers
- **Asian owners' presence:** 3 vessel purchases in the bulk carrier segment – invested capital \$39,8mil

Per vessel type:

↓ **Bulk Carriers –Investment trends during July:**

S&P		week 1	week 2	week 3	week 4	week 5	
	July	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013	
Units	2	8	7	7			6
June	7/6/2013	14/6/2013	21/6/2013	28/6/2013			Average No of bulkers reported sold per week in June
Units	3	6	8	21			10

At the current week: 7 S&P deals, no change from previous week and 13% down year-on-year.

Total Invested Capital: region \$ 125,3 mil - **Average age of vessels sold –8yrs old built 2005 (preference towards kamsarmax resale vessels built South Korea –Japan,3 total vessel purchases and handies built Japan, 3 vessel purchases).**

- **Kamsarmax:** 3 S&P deals, 82,000dwt built 2013 South Korea for \$28,7mil and 1 enbloc S&P deal for 2 vessel resales of 81,500dwt built 2013 Japan for \$30,75mil each.
- **Handymax:** 1 S&P deal, 44,810dwt built 1995 South Korea for \$6,8 mil.
- **Handysize:** 3 S&P deals, 27,383dwt built 1998 China for \$6,2mil with special survey due, 24,997dwt built 2000 Japan for \$6,1mil and 33,745dwt built 2005 Japan for \$16mil.

↑ **Tankers- Investement trends during July:**

S&P		week 1	week 2	week 3	week 4	week 5	
	July	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013	
Units	8	13	1	6			7
June	7/6/2013	14/6/2013	21/6/2013	28/6/2013			Average No of tankers reported sold per week in June
Units	7	4	8	4			6

At the current week: 6 S&P deals, 500% up week-on-week and 14%down year-on-year. The volume of S&P activity is centered on the MR product and small tanker segments.

Total Invested Capital: region more than \$ 85,5 mil, 2 S&P deals reported at an undisclosed sale price- **Average age of vessels sold –10yrs old built 2003.**

- **Panamax:** 1 S&P deal for a vessel of 74,025dwt built 1998 Japan for \$8,5mil.
- **MR:** 3 S&P deals, an enbloc S&P deal for 2 vessels of about 51,000dwt built 2009 South Korea for \$30mil each and 1 vessel of 47,999dwt built 2004 Japan for \$17mil.
- **Small tankers** (less than 10,000dwt): 2 S&P deals, one for vessel built 2008 China and one for vessel built 1991 Italy.

↑ **Gas Tankers - Investment trends during July:**

S&P		week 1	week 2	week 3	week 4	week 5
	July	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
Units		4	1	3	0	
June	7/6/2013	14/6/2013	21/6/2013	28/6/2013		
Units		0	0	3	0	

Average No of gas tankers reported sold per week in July

2

Average No of gas tankers reported sold per week in June

1

At the current week: no deals reported, down 100% week-on-week, zero reported business at similar week in 2012.

↓ **Containers- Investment trends during July:**

S&P		week 1	week 2	week 3	week 4	week 5
	July	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
Units		0	7	4	6	
June	7/6/2013	14/6/2013	21/6/2013	28/6/2013		
Units		5	3	7	7	

Average No of containers reported sold per week in July

4

Average No of containers reported sold per week in June

6

At the current week: 6 S&P deals, up 50% week-on-week and up by 500% year on year (1 S&P deal at similar week in July 2012)

Total Invested Capital: region \$31,75 mil - **Average age of vessels sold – 12yrs old built 2001**

- **Sub-Panamax:** 1 S&P deals, one vessel built 1996 of 2,825TEU South Korea for \$5,5mil
- **Handy:** 3 S&P deals. 1 boxship vessel of 1,162 TEU built 1993 Poland sold for about \$3mil, 1 boxship vessel of 1,116 TEU built 1998 China for \$2,75mil and 1 boxship vessel of 1,115 TEU built 1999 Turkey for \$2,5mil
- **Feedermax:** 1 enbloc S&P deal for 2 boxships of about 880TEU built 2010 China for about \$9mil each.

NEWBUILDING MARKET

No of new orders: 57 vessels –total deadweight: 3,072,700 tons, 24 transactions reported at an undisclosed contract price – The invested capital revealed is about \$1,85bn for 33 new orders. (28 bulkers, 4 liners, 9 containers, 10 passenger/cruises and 6 special projects).

Newbuilding activity: 20% down week-on-week and 138% up year-on-year. The largest volume of newbuilding activity is reported in the bulk carrier and passenger/cruise segment with 28 and 10 new orders respectively. The lower newbuilding activity of this week is mainly attributed to zero reported orders for tankers and weaker volume of contract for offshore vessels, while containers again grasped a significant share of the total newbuilding activity. Bulk carriers held 49% share of this week's volume of new orders, containers 16% share, passenger/cruise 18% share and special projects 11% share.

At **similar week in 2012**, 24 fresh orders had been reported with the largest volume of newbuilding activity in bulk carrier and special project segment – 7 and 9 new orders respectively.

Compared with previous week's levels, a large increase of 233% in the volume of new orders is recorded in the passenger/cruise segment (10 new orders for river cruise vessels from Viking River Cruises of Switzerland), in the container segment- 50% increase (9 new orders from 6 last week). In the bulk carrier segment, there was a 12% increase in the volume of new orders with fierce investors' appetite for ultramax vessels. In the tanker and gas tanker segments, zero activity is reported this week from 5 new orders each reported in the previous week.

In terms of invested capital, a hefty amount of money is invested in the bulk carrier segment, 32% share of the total invested capital due to the large volume of new orders reported for ultramax vessels and ongoing interest in the capesize segment, more than \$596mil for 28 new orders. A large volume of capital is also invested in the container segment – 29% share, \$529mil for 9 new orders, 5 new orders in the post panamax segment for boxship vessels of 8,800 TEU at a newbuilding cost of \$85mil each.

Chinese yards won significant volume of business this week, 65% share of the total volume of orders reported this week is placed at Chinese yards with South Korea winning only one contract for the construction of a high valued drillship of about \$591mil and Japan only 2 new orders for bulkers –kamsarmax size.

- **European owners' presence:** 34 new orders- invested capital more than \$512 mil - 19 bulkers, 4 containers, 10 passenger/cruises and 1 special project.
- **Greek owners' presence:** 2 new orders for ultramax bulk carriers at an undisclosed contract price.
- **Asian owners' presence:** 13 new orders – invested capital more than \$613 mil – 8 bulkers, 5 containers and 4 liners.
- **USA owners' presence- 4 new orders : in the offshore segment,** 3 new orders for inspection/maintenance repair vessels from Harvey Gulf International and 1 drillship from an undisclosed US investor.
- **No. of units ordered at Chinese yards:** 37 new orders, 24 bulkers, 9 containers and 4 liners
- **No of units ordered at Japanese yards:** 2 new orders for bulkers
- **No of units ordered at South Korean yards:** 1 new order for a drill ship

Per vessel type:

↑ Bulk Carriers –Investment trends during July:

NB		week 1	week 2	week 3	week 4	week 5	
		July	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
	Units	18	15	25	28		22
	June	7/6/2013	14/6/2013	21/6/2013	28/6/2013		Average No of bulkers reported on order per week in June
	Units	12	16	27	14		17

At the current week:

28 new orders, up 12% week-on-week and up 300% year-on-year, 7 new orders at similar week in July 2012. (24 new orders reported at Chinese and 2 at Japan).The invested capital is estimated in the region of more than \$596,2 mil. The largest volume of newbuilding activity is reported in the ultramax segment – 15 new orders.

- **Capesize – 4 new orders:** 180,000dwt from **Cara Shipping** of Singapore, shipping subsidiary of Rizhao Steel, 2 placed at China's Qingdao Beihai and 2 at China's Dalian Shipbuilding Industry for about \$47mil each.
- **Kamsarmax- 5 new orders:** 1 new order of 82,000dwt vessel from **undisclosed investors** at China's Sinopacific-Yangzhou Dayang for an undisclosed contract price. 2 new orders of 81,600dwt vessels from **Great Eastern Shipping** of India for an undisclosed contract price and 2 new orders of 81,000dwt vessels from **Kristian G. Jebsen Shipsrederi** of Norway at Japan Marine United for about \$30 mil each.
- **Ultramax- 15 new orders:** 2 new orders of 64,000dwt vessels from **Peter Dohle** of Germany at China's Yangzijiang Shipbuilding for about \$25,5mil each. 2 new orders of 64,000dwt vessels from **Dalnave Navigation** of Greece at China's CSSC Chengxi Shipyard for an undisclosed contract price. 2 new orders of 63,500dwt vessels from **Scorpio Bulkers** of Monaco at China's CSSC Chengxi Shipyard for about \$27mil each. 8 new orders of 61,000dwt vessels from **Scorpio Bulkers** of Monaco, 4 placed at China's Dalian COSCO KHI Ship Engineering for about \$27mil each and 4 at Nantong COSCO KHI Ship Engineering for about \$27mil each.
- **Handymax- 2 new orders** of 39,000dwt vessels from **Source King Holdings** of Hong Kong at China's Taizhou Kouan Shipbuilding for an undisclosed contract price.
- **Handysize- 2 new orders:** of 35,000dwt vessels from **Graig Ship Management** of UK at China's Jiangdong Shipyard at an undisclosed contract price.

—Tankers—Investment trends during July:

NB		week 1	week 2	week 3	week 4	week 5	
		July	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
	Units	4	8	5	0		4
	June	7/6/2013	14/6/2013	21/6/2013	28/6/2013		Average No of tankers reported on order per week in June
	Units	6	4	0	4		4

At the current week: zero new orders reported, from 5 new orders last week and 2 new orders reported at similar week in July 2012.

↑ **Gas Tankers - Investment trends during July:**

NB		week 1	week 2	week 3	week 4	week 5
	July	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
Units	19	2	5	0		
June	7/6/2013	14/6/2013	21/6/2013	28/6/2013		
Units	0	2	3	1		

Average No of gas tankers reported on order per week in July

7

Average No of gas tankers reported on order per week in June

2

At the current week: zero new orders reported, from 5 new orders last week and zero new orders reported at similar week in July 2012.

↓ **Containers- Investment trends during July:**

NB		week 1	week 2	week 3	week 4	week 5
	July	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
Units	7	4	6	9		
June	7/6/2013	14/6/2013	21/6/2013	28/6/2013		
Units	22	4	9	2		

Average No of containers reported on order per week in July

7

Average No of containers reported on order per week in June

9

At the current week: 9 new orders, up 50% week-on-week, zero new orders reported at similar week in June 2012. The invested capital is estimated in the region of \$529 mil.

- **Post Panamax: 8,800 TEU-5** new orders from **CIMC Financial Leasing** of China, at New Times Shipbuilding for about \$85mil each. The company secured a financial leasing contract with a subsidiary of MSC with a 204-month term, with the charter hires set at \$25,000 per day. Under the deal, MSC will buy all the ships for \$21.5M each after the charter contract expires.
- **Sub Panamax: 2,350 TEU – 4** new orders from **Schulte Group** of Germany at China's Zhejiang Yangfan for about \$26mil each.

Passenger / Cruise: 10 new orders from **Viking River Cruises** of Switzerland, 5 placed at Neptun Werft and 5 at Meyer Werft of Germany at an undisclosed contract price for delivery in January 2014 with 190 passengers' capacity and 95 cabins.

Special Projects: Daewoo Shipbuilding & Marine Engineering of South Korea said it has won an order for one drill ship, in a deal worth 665.3Bn won (\$593M). The ship will be delivered to an unnamed client from the US in August 2015. The transaction brings the yard's sales-to-date to 14.1 trillion won, it said in a filing.

DEMOLITION MARKET

—Bulk Carriers ↑ Tankers— Containers

BC		week 1	week 2	week 3	week 4	week 5
	July	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
	Units	5	8	8	9	
June	7/6/2013	14/6/2013	21/6/2013	28/6/2013		
Units	12	10	4	7		

Average No of bulkers reported demo per week in July
8

Average No of bulkers reported demo per week in June
8

TNK		week 1	week 2	week 3	week 4	week 5
	July	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
	Units	0	4	3	6	
June	7/6/2013	14/6/2013	21/6/2013	28/6/2013		
Units	2	0	1	5		

Average No of tankers reported demo per week in July
3

Average No of tankers reported demo per week in June
2

CONT		week 1	week 2	week 3	week 4	week 5
	July	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
	Units	0	2	4	1	
June	7/6/2013	14/6/2013	21/6/2013	28/6/2013		
Units	3	5	2	2		

Average No of containers reported demo per week in July
2

Average No of containers reported demo per week in June
2

No of demolition: 21 disposals –total deadweight: 1,224,958 tons- 9 bulkers, 6 tankers, 2 liners, 1 container, 1 reefer, 1 passenger/cruise and 1 Ro-Ro.

Demolition activity (in terms of reported number of transactions): 16% down week-on-week showing 100% weekly increase in the volume of tanker disposals and 13% increase for bulk carriers. The largest activity is recorded in the bulk carrier and tanker segments by holding 43% share and 29% respectively this week's activity against 10% share from liners and 5% share from containers.

In terms of deadweight sent for scrap, there has been 11% weekly decrease with 2 VLCC tankers sent for disposal and 2 aframax tankers.

India is reportedly to have won 6 of the 21 demolition transactions, Bangladesh 5, Pakistan 3, China 3 and Turkey 1, 3 demolition transactions are reported at no revealed destination.

Benchmark scrap prices in the Indian subcontinent region: \$380-\$385/ldt for dry and \$410-\$415/ldt for wet cargo. Scrap prices in China hover at \$320/ldt for dry and \$330/ldt for wet cargo.

Notable demolition transactions: Container vessel M/V "CSL STEFANIE" of 3,720 TEU built 1993 Japan reported for disposal for about \$440/ldt in India including 800 bunkers remaining on board.

At a **similar week in 2012**, demolition activity was down by 10%, in terms of the reported number of transactions, when 19 vessels had been reported for scrap of total deadweight 739,621 tons with 3 disposals for bulkers, 6 tankers, 1 liner, 8 containers and 1 reefer. Ship-breakers in Indian subcontinent region had been offering \$370-\$380/ldt for dry and \$400-\$410/ldt for wet cargo.

Per vessel type:

- **Bulk Carriers- number of disposals per vessel size:** 3 handymax and 6 handysize vessels
- **Tankers- number of disposals per vessel size:** 2 very large crude carriers, 2 aframax vessels, 1 MR product and 1 handysize
- **Containers- number of disposals per vessel size:** 1 in the small panamax segment

Per Demo Country:

- **India:** 6 vessel disposals – 3 bulk carriers, 1 tanker, 1 container and 1 reefer
- **Bangladesh:** 5 vessel disposals – 4 bulk carriers and 1 tanker
- **Pakistan:** 3 vessel disposals – 2 tankers and 1 bulk carrier
- **China:** 3 vessel disposals- 2 liners and 1 Ro-Ro

GREEK PRESENCE

Investment trends during July: SH ↓ - NB ↓

S&P		week 1	week 2	week 3	week 4	week 5
	July	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
Units	3	5	5	6		
June	7/6/2013	14/6/2013	21/6/2013	28/6/2013		
Units	6	5	7	4		

Average No of vessel purchases per week in July

5

Average No of vessel purchases per week in June

6

NB		week 1	week 2	week 3	week 4	week 5
	July	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
Units	3	7	5	2		
June	7/6/2013	14/6/2013	21/6/2013	28/6/2013		
Units	5	5	7	4		

Average No of new orders per week in June

4

Average No of new orders per week in May

5

At the current week:

Second-hand purchasing activity: 20% up week-on-week - **Newbuilding** activity: 60% down week-on-week.

Secondhand Market- No of vessel purchases: 6 vessels – invested capital invested capital \$104,8mil – 4 bulkers and 2 containers.

- **Bulk Carriers-4 vessel purchases for about \$96,3mil:** 1 kamsarmax vessels built 2013 South Korea for \$28,7mil, two kamsarmax vessels built 2013 Japan for about \$30,75mil and 1 handysize built 2000 Japan for about \$6,1mil.
- **Container-2 vessel purchases:** 1 sub-panamax 2,825TEU built 1996 South Korea for \$5,5mil and 1 handy 1,162 TEU built 1993 Poland for about \$3mil.

Newbuilding Market- No of new orders: 2 vessels – ultramax bulk carriers at an undisclosed contract price.