GOLDEN DESTINY

SHIPBROKERS - SHIP VALUATORS - SHIPPING CONSULTANTS - MARINE INSURANCE

GDSA WEEKLY SECONDHAND / DEMOLITION / NEW BUILDING MARKET ANALYSIS

Week Ending: 26th August 2011 (Week 34, Report No: 34/11)

(Given in good faith but without guarantee)

The traditional lull summer period and the fragile economic and shipping environment has brought a sense of uncertainty in the investment scene with buyers not willing to commit to new transactions unless asset prices show significant correction downwards. The newbuilding sentiment is weak hovering at much lower levels comparing to previous weeks highs. The demolition activity has shown this week a strong rebound with 88% of the activity being centered on the bulk carrier segment.

Overall, the newbuilding business is down by 17% in comparison with the buying momentum in the secondhand market, while the demolition activity is at similar levels with the volume of S&P activity. The week closed with 35 transactions reported worldwide in the secondhand and demolition market, posting a 21% rise from a similar week in 2010 when 29 transactions had been reported and secondhand ship purchasing activity was standing 77% lower than the ordering business. Surprisingly, the highest activity has been recorded this week in the secondhand market due to strong buying momentum in the tanker segment for smaller vessel sizes.

SECONDHAND MARKET

The market has already experienced signs of significant falls especially for larger size vessels, in the bulk carrier and tanker segment, but it is too early to determine the new benchmark values unless the new transactions are confirmed and others at similar levels follow. The last week's rumor for a capesize Imabari resale of 180,000dwt built 2011 to be under negotiations at region mid $40 mil was not finalized as sellers did not lift the subjects. The owner seemed not willing to accept the low sale price since the vessel is said to have been ordered at much higher levels. The week closed again with silent secondhand ship purchasing activity in the bulk carrier segment and stronger buying activity for smaller tankers.

Overall, 18 vessels reported to have changed hands this week at a total invested capital in the region of US$ 139 million, 9 transactions reported at an undisclosed sale price. In terms of the reported number of transactions, the S&P activity is up by 157% from last week's activity, mainly due to a sharp rise in the tanker buying momentum and up by 63% comparable with previous year's weekly S&P activity when 11 vessels induced buyers' interest with tankers and bulk carriers grasping 63% share of the total volume of S&P activity. In terms of invested capital, the tanker segment seems to be the most overweight due to the large volume of transactions concluded. Notable deal of the week in the tanker segment for an aframax auction vessel sale of 115,583dwt built 2005 Japan at region $34,8 mil.

NEWBUILDING MARKET

This week also passed with silent newbuilding business as only 15 fresh orders reported worldwide at a total deadweight of 851,800 tons, posting a 20% week-on-week decline with subdued activity in the tanker segment and some new deals emerged for bulk carriers. This week's total newbuilding business is down by 68% from similar week's closing in 2010, when 48 orders had been reported with bulk carriers and tankers being the protagonists of the newbuilding scene grasping 63% and 31% share respectively of the total ordering activity. In terms of invested capital, the most overweight segment appears to be the LNG attracting 90% of the total invested capital, whereas transactions bulk carriers hold this week's lion share, 47% of the total ordering activity.

In the bulk carrier segment, the kamsarmax vessel type made his appearance again in the newbuilding scene with Chinese player Da Tong Shipping placing one single order in New Times Shipyard for delivery in 2013. Furthermore, South Korean player, Global Marine Finance, has placed an order for two 82,000dwt units in Korea's Sungdong yard at an estimated price of $35,5mil each for delivery in 2013. In the handysize segment, Qingshan Shipyard in China is said to have won a series of orders from two dry cargo operators, OSL Shipping of Hong Kong and Wilmar International of Singapore for delivery in 2013.

In the tanker segment, Chinese shipbuilder Guangzhou Shipyard has won a single MR product order for a 48,000dwt vessel by compatriot owner, Huahai Petroleum Transport Co, for delivery in 2013 at an undisclosed contract price.

In the gas tanker segment, Colar LNG of Norway has extended its LNG ordering spree by adding two more 160,000 cu.m units in Korea's Samsung Heavy Industries. The order follows a similar 6 units order placed earlier in the year. It has also confirmed a 170,000 cu.m floating storage and regacification unit to be built in the same yard. All nine units will be delivered in 2013 and 2014. Furthermore, Korea's yard Daewoo Shipbuilding and Marine Engineering has won an order for a floating storage and regasification vessel from Excelerate Energy of U.S. at a cost of $280 mil due for delivery in 1Q 2014.

In the container segment, a German owner has secured two units order of 3,820 TEU in Chinese yard, Taizhou Catic at an undisclosed contract price for delivery in January and March 2013.

DEMOLITION MARKET

In the demolition market, the uncertainty of global financial markets has a direct impact on the shiprecycling industry. Since the U.S. economy downgrade the volume of activity and scrap prices have eased off significantly with scrap buyers remaining skeptical to commit to new units unless they see the new direction in prices. Scrap prices have fallen by around $30/ldt for the last month in the Indian subcontinent region and owners are struggling to beach their vessels at levels excess $500/ldt. India is now paying less than $500/ldt for dry/general cargo and about $520/ldt for wet cargo. The Ramadan period does not alleviate the current status and there are hopes for a rebound from the end of August.

In Bangladesh, the threat of closure remains, even the official extension of the market till early October, and some owners put off their decision for beaching their vessels in Chittagong. In China, scrap prices have not slipped below $450/ldt and now the price gap with the Indian subcontinent region has narrowed with hopes for more intense activity in the future.

The week ended with 18 vessels reported to have been headed to the scrap yards of total deadweight 740,996 tons. In terms of the reported number of transactions, the demolition activity has been marked with a remarkable 157% rise from previous week's activity, while there has been a 281% increase of the total deadweight sent for scrap. In terms of scrap rates, the highest scrap rate has been achieved this week for a handysize vessel M/V "EMI S" of 34,913dwt built 1983 with 7,830tons of lightweight at $525/ldt in Bangladesh. Bulk carriers are the most popular scrap candidates recording a 400% weekly increase of scrapping activity. At a similar week in 2010, demolition activity was standing at similar levels, in terms of the reported number of transactions, 18 vessels had been reported for scrap of total deadweight 356,048 tons with tankers, reefers and Ro-Ro carriers being on the frontline comparable with nowadays concentrated interest in the bulk carrier segment . India was offering the best levels by paying $400/ldt for dry/general cargo and $435/ldt for wet cargo.

GREEK PRESENCE

In the secondhand market, there was a movement reported by Greek buyers in the capesize segment for a vessel of 168,968dwt built 1998 South Korea at region $19 mil. In the newbuilding market, Greek owners have still plans for the placement of new units. This week, Transmed is said to have signed a letter of intent (LOI) with STX Offshore Shipbuilding for five MR units plus option for five more at an undisclosed contract price with delivery late 2013. In the LNG segment, Gaslog is said to have extended its order placed earlier in the year by two more LNG 155,000cbm units at Samsung Heavy Industries for delivery in 2013. In addition, in the bulk carrier segment Chartword is said to be in discussions with Chinese yard Shanghai Waigaoqiao Shipbuilding for a bargain deal of two kamsarmax units with option for four more at a price less than $30 mil. According to newbuilding sources the deal is at dangerously low levels with the yard hardly making any profit on the deal.

57 AKTI MIAOULI, PIRAEUS, 18536, GREECE, TEL: +30 210 4295000, FAX: +30 210 4292346
EMAIL: snv@goldendestiny.gr WEBSITE: www.goldendestiny.gr