GOLDEN DESTINY
SHIPBROKERS - SHIP VALUATORS - SHIPPING CONSULTANTS - MARINE INSURANCE

GDSA WEEKLY SECONDHAND / DEMOLITION / NEW BUILDING MARKET ANALYSIS

Week Ending: 14th October 2011 (Week 41, Report No: 41/11)

(Given in good faith but without guarantee)

The week ended with the highest level of activity being recorded in the secondhand market, lower levels of newbuilding activity and firmer volume of demolition transactions.

Overall, the secondhand ship purchasing activity is up by 113% in comparison with the ordering momentum, while the demolition activity is 12.5% down from the total number of orders reported and down by 58.8% from the secondhand ship purchasing activity.

The week closed with 48 transactions reported worldwide in the secondhand and demolition market, up by 17% from previous week and up by 26.3% from a similar week in 2010, when 38 transactions had been reported and secondhand ship purchasing activity was 82% higher than the ordering business.

SECONDHAND MARKET

The secondhand ship purchasing activity is standing at remarkable high levels despite the economic turmoil and the tight European bank lending. Strong levels of acquisitions have been reported not only in the bulk carrier and tanker segment, but also in the gas and container market with significant enbloc deals. Notable deals of this week have been two sales in the VLCC segment that justify once more the falling asset values in this vessel size. It has been reported that M/T “SKY WING” of 299,997dwt built 2002 Japan changed hands for $34,5 mil, when in April 2010 a similar vessel of 298,920 dwt built 2000 Japan had been reported sold for $62 mil each.

The week ended with firm activity in all main segments, bulk carriers, tankers, gas tankers and containers, with tankers grasping the lion share by holding 29.4 % of this week’s total volume of reported secondhand transactions. Overall, 34 vessels reported to have changed hands this week at a total invested capital in the region of US$ 2,07 billion, two transactions reported at an undisclosed sale price. In terms of the reported number of transactions, the S&P activity is up by 9.6% from last week’s activity, due to strong enbloc deal in the LPG segment, and up by 9.6% comparable with previous year’s weekly S&P activity when 31 vessels induced buyers’ interest with bulk carriers and tankers grasping 74% share of the total volume of S&P activity. In terms of invested capital, gas tankers attracted most of the invested capital, about 68% of the total amount invested, due to the enbloc deal of 8 modern for about $1,4 billion, while tankers are in the second rankings by grasping 13.5% of the total invested capital and bulkers 8.9%.

NEWBUILDING MARKET

The week ended with the newbuilding business showing lower levels of contracting activity from previous week’s high levels of 51 new orders. Offshore vessels have been the most popular newbuilding investments with bulk carriers posting a 79% week-on-week decline of ordering volume, no emerged deals in the container market and fresh activity in the LPG segment. Overall, the week closed with 16 fresh orders reported worldwide at a total deadweight of 181,850 tons, posting a 68.6 % week-on-week decline. This week’s total newbuilding business is in close parity with similar week’s closing in 2010, when 17 fresh orders had been reported with bulk carriers grasping 41% share respectively of the total ordering activity. In terms of invested capital, the total amount of money invested is estimated at region $405 mil with 69% of the total number of orders being reported at an undisclosed contract price. The offshore units along with LPG carriers seem to have attracted most of the invested capital.

In the **bulk carrier** segment, an order has been emerged by the Turkish player, Ciner Group, for the construction of a new fuel efficient design at China’s Sinopacific Shipbuilding, constructed at the group’s Dayang facility. The Turkish group has said that it has signed a contract for four 63,000 dwt bulker, but the yard suggests that the deal includes an option for two more units. No prices has been revealed, but market sources suggest that the vessels, which are a new Crown 63 design, are costing below $30 mil each with first delivery in August 2012. Furthermore, one order came to light for an ordering spree of 10 76,000dwt panamax bulkers by Chinese coal shipper Guangdong Lanhai Shipping in Chinese Zhoushan based Yangfan Group, but it is not a fresh order as a source close to the deal confirms that the contract has been booked during the first half of this year.

In the **tanker** segment, one more MR order came to light by East Med of Greece for two 52,000dwt product tankers in SPP Shipbuilding of South Korea at a price of $35,5 mil each for delivery in 2012, with an option for two more units.

In the **gas** market, there was finally some ordering activity in the LPG segment with Pertamina of Indonesia confirming an order for one 84,000 cu.m unit in Hyundai at a price of $79,5mil with delivery in 2013, while KSS line of South Korea is said to have signed a contract with a South Korean yard for the construction of a 35,000 cu.m unit at a price of $49 mil with a long term charter to Mitsui & Co.

In the **offshore** sector, the activity grasped this week's lion share of newbuilding unit with 8 units reported to have been ordered, 62.5% of the volume being contracted for platform supply vessels.

DEMOLITION MARKET

In the demolition market, a firmer volume of scrapping activity came to light from last weeks' weak levels. The downward revision of scrap prices for the dry/general cargo continues for a second consecutive week with India and Bangladesh paying $495/ldt, China $430/ldt and Pakistan being one breath from the Indian subcontinent region by offering $490/ldt. Some deals have been emerged the last days in the Bangladesh market, but there is still no official extension of the last market's deadline on October 12th. In the meantime, Bangladesh has announced its plans for the creation of a "Ship Building / Ship Recycling Board" service under the Ministry of Industries that will be responsible for monitoring the import of ships of recycling in Bangladesh. In the wet market, scrap levels keep their pace with India and Bangladesh paying $525/ldt. Pakistan seems to have regained its power by picking up again wet units, while in China business has slowed down due to the National October holidays underway.

The week ended with 14 vessels reported to have been headed to the scrap yards of total deadweight 874,228 tons. In terms of the reported number of transactions, the demolition activity has been marked with a 40% week-on-week increase and regarding the total deadweight sent for scrap there has been a 190% increase. In terms of scrap rates, the highest scrap rate has been achieved this week in the tanker sector by Pakistan for a tanker of 91,717 dwt "NOSTOS" with 13,592/ldt at $540/ldt, while in the dry sector India has paid $540/ldt for a container of 40,379 dwt "MSC AURELIE". India and Pakistan have attracted 57% of the total demolition activity. At a similar week in 2010, demolition activity was down by 50% from the current levels, in terms of the reported number of transactions, 7 vessels had been reported for scrap of total deadweight 36,623 tons with no scrapping activity in the bulk carrier and tanker segment, with India and Pakistan offering $435-410/ldt for dry and $465-%440/ldt for wet cargo.

GREEK PRESENCE

Greek owners continue their secondhand purchasing plans, whereas in the newbuilding market remain more skeptical with only two units rumored to be ordered this week in the MR tanker segment of 52,000 dwt in South Korean SPP Shipbuilding yard at a price of $35,5 mil each for delivery in 2012. In the secondhand market, Greeks concluded 2 acquisitions in the bulk carrier segment, 2 in the tanker and an enbloc 6 units' deal in the container segment. The total invested capital of Greek owners in the secondhand market is estimated to be this week at region $309,9 mil, whereas in the newbuilding market $71 mil.