

GDSA WEEKLY SECONDHAND / DEMOLITION / NEW BUILDING MARKET ANALYSIS

Week Ending: 1st June 2012 (Week 22, Report No: 21/12)

(Given in good faith but without guarantee)

Week 22 ended with a low activity in all sectors. In total 25 deals occurred in the secondhand and demolition market, while just 7 orders were reported in the newbuilding sector. Highest activity has been in the secondhand market. Similar week of last year, the activity was at much stronger levels with 40 deals reported in the secondhand and demolition market and 72 in the newbuilding market.

SECONDHAND MARKET

The secondhand market activity has been marked with an 48% decrease since last week, with 17 vessels in total reported to have changed hands and a total invested capital to being the region of US\$ 260.7mil. The majority of vessels were in the tanker sector representing 22% of the total capital invested, while in the gas tanker market the 3 concluded deals represented 60% of the total invested amount. Comparing to last year's similar period, the market is at 22.7% lower levels in terms of numbers of units and just 13% lower in terms of invested capital.

NEWBUILDING MARKET

The newbuilding activity followed last week's levels with 7 orders being reported in total, representing a 30% decrease from last week. The special projects sector, with the offshore business seems to be holding the market. The total invested capital is calculated to be in the region of \$ 773 mil, however this figure refers only the orders of the offshore sector since for the order in the tanker and the container sector the details haven't been disclosed.

Despite the recorded low activity, it seems that there are discussions by potential investors who are attracted by the favorable market and low prices. In the bulkcarriers front, Shangdong Shipping of China is looking to order up to 6 X 250,000dwt ore carriers to carry cargo for the Australian organisation Fortescue Metal Group. The Norwegian company, Odfjell, on the tanker front investigates its options in China or South Korean in order to expand in the chemical tanker sector. Additionally in the gas tanker sector, Stealthgas of Greece is rumored to be in talks for ordering 2 3,500cbm LPG units at STX Offshore & Shipbuilding. Lastly, in the container side an undisclosed Chinese owner is said to have signed a letter of intent with Jinhai Heavy Industries for ordering 4 feeder size boxships.

DEMOLITION MARKET

The demolition market is at very low levels with just 8 deals reported, comparing to 21 of last week. The offered rates and the situation in the demolition market doesn't make it a good alternative unless there isn't a better solution. The total deadweight sent for scrap is 715,582 representing 22.6% decrease from last week, while in terms of units sold for demolition the figure is 62% less activity. All markets remain quiet and with no actual appetite for the time being, each one of them dealing with their own issues.

GREEK PRESENCE

Greek investors continue to show their presence on a weekly basis either in the secondhand or newbuilding market. Week ending 1st June, four transactions were reported in the secondhand market, one in the aframax tanker, two in the gas lpg market and one in the handy container sector, while in the newbuilding front Lomar Shipping appears to have ordered 2 x 1,100 teu, containers with options for four more at an undisclosed price with delivery within 2014.

