

GDSA WEEKLY SECONDHAND / DEMOLITION / NEW BUILDING MARKET ANALYSIS

Week Ending: 24th August 2012 (Week 34, Report No: 33/12)

(Given in good faith but without guarantee)

This week continued to present high interest in the secondhand market, with demolition transactions being on the low side and newbuilding activity presenting a considerable decrease from last week. Overall, 33 transactions reported worldwide in the secondhand and demolition market, down by 19.5% week on week. At similar week in 2011, the total S&P activity was standing at similar levels, while the demolition activity was 55% higher levels than the current week and at almost same levels with last week.

SECONDHAND MARKET

The activity in the secondhand market continues to present its dynamism, despite the summer season, with 25 vessels reported to have changed hands and a total invested capital to be in the region of US\$ 521.1 mil, 5 deals reported at an undisclosed sale price. Bulkcarriers and Tankers remain the sectors that hold the lion's share, while the deals in the tanker sector represent 50% of the total invested capital due to the sale of two product tankers that are being constructed under Jones Act while the deal includes also a profit sharing agreement between the yard and the owner. In terms of the reported number of transactions, the S&P activity is up by 8% from last week's activity and 38.8% up from previous year's weekly S&P activity, when 18 vessels induced buyers' interest at a total invested capital of about \$139 million.

NEWBUILDING MARKET

Newbuilding activity posted this week a 67% decrease from last week's figures. Overall, the week closed with 13 fresh orders reported worldwide at a total deadweight of 346,000,000 tons, and a total invested capital to be in the region of \$ 346mil with almost half of the orders being contracted at undisclosed prices. The sectors that were active were the bulkcarrier, the tanker and the offshore sector, with bulkcarriers holding the lion's share.

In total the condition of the newbuilding market, makes yards willing to accept terms and conditions that were unheard of when the market was booming Chinese yards for example seem to demonstrate their competitiveness in price by offering newbuilding opportunities to prospective investors, while they show willingness to accept a loss in order to keep the production moving.

DEMOLITION MARKET

In the demolition market, the week ended with just 8 vessels reported to have been headed to the scrap yards of total deadweight 733,279 tons. In terms of the reported number of transactions, the demolition activity is down by 56% from previous week's business with all sectors and markets presenting lower activity, with India being the most active player. In terms of deadweight scrapped the weekly difference is just 8.9% down this week, because half of the vessels sold were above 100,000dwt.

At a similar week in 2011, demolition activity was 27.7% higher than today's levels, in terms of the reported number of transactions, when 18 vessels had been reported for scrap of total deadweight 740,966 tons with bulk carriers representing the 83.3% of vessels heading the scrapyards with scrap prices as reported also in our previous report to be at stronger levels with India and Bangladesh offering \$495-\$500/ldt for dry and \$520-\$525/ldt for wet cargo.

GREEK PRESENCE

The Greek presence continued to be strong in the secondhand market, with the purchase of four bulkcarrier vessels and one aframax tanker vessel. The total invested capital is calculated to be in the region of \$ 125.5mil and almost all vessels were of units 5year old and younger. In the newbuilding market, DST Shipping of Greece placed a new order for two supramax vessels at IHI Marine of Japna at \$ 29 mil each and an estimated delivery time to take place within the first half of 2014.



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