

WEEKLY SECONDHAND / DEMOLITION / NEW BUILDING MARKET ANALYSIS

Week Ending: 19th April 2013 (Week 16, Report No: 16/13)

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The third week of April ends with a slowdown in newbuilding business, while investors keep the hungry appetite for the construction of large sized vessels. In the demolition market, Bangladesh has started to regain its strength with Pakistan emerging more competitive in the Indian subcontinent region for the disposal of large sized vessels. In the secondhand market, Greek and foreign investors are showing higher levels of purchasing activity than the first three months of last year and 2013 seems that will be one more record year for secondhand investments.

SECONDHAND MARKET - FIRST QUARTER				SECONDHAND MARKET GREEK- FIRST QUARTER				SECONDHAND MARKET CHINESE- FIRST QUARTER			
Vessel Type	2013	2012	% y-o-y	Vessel Type	2013	2012	% y-o-y	Vessel Type	2013	2012	% y-o-y
ACTUAL SALES			change	ACTUAL SALES			change	ACTUAL SALES			change
Bulkcarriers	104	72	44%	Bulkcarriers	30	16	88%	Bulkcarriers	18	16	13%
Tankers	106	63	68%	Tankers	20	17	18%	Tankers	0	0	N/A
Gas Tankers	15	9	67%	Gas Tankers	1	1	0%	Gas Tankers	1	0	N/A
Liners	38	31	23%	Liners	3	2	50%	Liners	2	2	0%
Containers	47	29	62%	Containers	19	3	533%	Containers	8	3	167%
Reefers	2	0	N/A	Reefers	0	0	N/A	Reefers	0	0	N/A
Passenger / Cruise	2	5	-60%	Passenger / Cruise	0	0	N/A	Passenger / Cruise	0	0	N/A
Ro - Ro	7	8	-13%	Ro - Ro	1	0	N/A	Ro - Ro	0	0	N/A
Car Carrier	0	0	N/A	Car Carrier	0	0	N/A	Car Carrier	0	0	N/A
Combined	0	0	N/A	Combined	0	0	N/A	Combined	0	0	N/A
Special Projects	24	19	26%	Special Projects	0	0	N/A	Special Projects	0	0	N/A
Total	345	236	46%	Total	74	39	90%	Total	29	21	38%

At the current week, 49 transactions reported worldwide in the secondhand and demolition market, up by 81.5% week-on-week with 164% increase in secondhand purchases and 25% higher scrapping volumes. This week the highest activity has been recorded in the secondhand market with hot volume of vessel purchases for bulkers and tankers, while in the newbuilding market, no fresh orders are reported for tanker vessels with ongoing interest for bulkers.

SECONDHAND MARKET

Firm vessels' purchasing activity was reported following last week's silent business with bulk carriers and tankers leading the volume of activity, while gas tankers and containers showed firm business.

In the bulk carrier segment, vessels of all sizes from capesizes to handysizes were reported sold. In the bulk carrier capesize segment, 3 S&P deals reported for vessels of more than 10yrs old, 1 S&P deal in the panamax, 2 S&P deals in the supramax-ultramax segment and 4 more in the handymax-handysize segments. In the tanker segment, the majority of S&P deals were in the product segment rather in the crude carrier vessel categories. In the crude carrier segment, 1 S&P deal reported in the suezmax segment for a newbuilding resale and 2 S&P deals in the aframax segment one for a 4yrs old vessel and one for a 16yrs old vessel. In the container segment, 4 S&P deals reported, 2 in the sub-panamax segment for a 6yrs old vessel and 19yrs old vessel and 2 in the handy segment for a 17yrs old vessel and 19yrs old vessel.

Overall, 29 vessels reported to have changed hands this week at a total invested capital in the region of more than US\$ 380 mil, 1 S&P deal reported at an undisclosed sale price and 2 in EURO. Bulk carriers and tankers held the lion share of this week's S&P activity, 65.5% share of the total number of vessels reported sold, with 9 S&P deals in the bulk carrier and 10 in the tanker



segment. In terms of invested capital, bulk carrier and tanker segments appear as the most overweight segments by attracting about 74% of the total amount of money invested with an invested capital of about \$140,35mil in the bulk carrier and \$114,8mil in the tanker segment.

NEWBUILDING MARKET

In the **newbuilding market**, the week ends with a high invested capital in the offshore segment from the construction of a FPSO at Hyundai Mipo Dockyard of South Korea for USA player, Chevron Corporation, for about \$1,9 billion. Bulk carriers grasped this week's lion share of newbuilding business with Frontline exercising its option for the construction of four more capesize vessels 180,000dwt at Chinese yard, STX Dalian with delivery in 2015. In addition, market rumours revealed that Berge Bulk signed a letter of intent for the construction of to eight very large ore capesizes at Chinese yards for more than \$460mil. Longxue Shipbuilding and Bohai Shipbuilding Heavy Industries are said to be build two 250,000dwt vessels each, both with option for two more, for delivery in 2014 and 2015. In the tanker segment, no fresh business was reported this week, while gas tankers showed their presence with the construction of a 180,000cbm LNG carrier and a very large LPG carrier.

Overall, the week closed with 27 fresh orders reported worldwide at a total deadweight of 1,943,060 tons, posting 36% week-on-week decrease from previous week, with bulk carriers holding 48% share of the total business and special projects follow with 30% share. In terms of invested capital, the total amount of money invested is estimated in the region of more than \$2,84 bn, 18 newbuilding contracts reported at an undisclosed contract price. A hefty amount of money was invested in the offshore segment, 75% of the total invested capital, with the placement of 8 new contracts.

In the **bulk carrier** segment, CSSC Chengxi Shipyard said it has signed newbuilding contracts with Hong Kong-based Wah Kwong Maritime Transport to build four 64,000dwt bulkers, with options for another four. Deliveries of the four vessels are set over 2015-16. The 'Dolphin 64 type' bulkers are described as eco-ships and environmentally friendly. The financial details were not disclosed.

In the handysize segment, Mur Shipping, a joint venture between ArcelorMittal South Africa & Luxembourg based trader Macsteel Global placed an order for the construction of four eco 34,000dwt vessels at Namura Shipbuilding Japan for delivery in 2014-2015

In the **gas tanker** segment, South Korean gas and chemical shipping specialist KSS Line said it has ordered an 84,000m³ VLGC to service a new affreightment contract with compatriot LPG importer E1. Hyundai HI will build and deliver the ship by September 2014, said KSS in a Korea Exchange filing. KSS said the ship price is 80.6Bn won (\$72.12M). KSS has signed an 110.9Bn won CoA with E1, effective for 10 years starting in September 2014. In the LNG segment, South Korean SK Shipping ordered the construction of two 180,000cbm carriers at Samsung for about \$230mil each with delivery in 2017.

In the **container** segment, two 1,300 TEU vessels are ordered by Ningbo Ocean Shipping of China at Zhejiang Yangfan for delivery in 2014.

In the **Ro-Ro** segment, NORDANA, part of Denmark's Dannebrog group of shipping companies, said it has ordered an 11,060dwt ro-ro with Visentine of Italy. The order is the first step in Nordana's fleet renewal programme, a company statement said. The ship is scheduled to be delivered in May 2014. The order is tied to Nordana's ro-ro Mediterranean/Americas service, said the group, which added: "It is expected that the fleet can be fully replaced by the end of 2014, whereafter it will operate with three fully modern and very eco-friendly ro-ro vessels." "The vessel hull design and machinery is setting new standards for fuel economy and of course includes latest proven achievements to be applied to limit sulphur oxides, nitrogen oxides, carbon dioxide emissions, performance standard for protective coating, ballast water treatment and more," Nordana said. It would have about 35% more capacity than present tonnage in its class, and higher service speeds would produce faster transit times even "While reducing fuel costs due to higher engine efficiency", it added. The ship would have capacity of 2,600lm, be 178.8m in length and have a beam of 26.2m. It would also have a 200-tonne stern ramp and be fitted with two 40-tonne deck cranes, with a top speed of 20kt

In the **offshore** segment, KEPPEL Offshore & Marine said its subsidiary Keppel FELS has won a contract from Singapore-listed Falcon Energy subsidiary FTS Derricks to build a KFELS Super B Class jack-up rig. Keppel FELS managing director Wong Kok Seng said: "So far this year, Keppel FELS has already delivered six rigs ahead of schedule, safely and on budget. "For the latest delivery of AOD II, a KFELS B Class jack-up, to Asia Offshore Drilling, we received a bonus of about \$2M for completing the rig 62 days early," Wong noted.

DEMOLITION MARKET

In the **demolition** market, the third week of April ends with high priced demolition transactions in the Indian subcontinent region for large sized vessels. Bangladesh finally won significant business for the disposal of a very large crude carrier at \$454.5/ldt and a capesize bulker for \$425/ldt, while Pakistan succeeded in securing one more very large dry bulker, a very large ore capesize for \$450/ldt. India is also paying firm prices around \$450-\$460/ldt for container vessels, while China is still out of the game with no big volume of activity.

The week ended with 20 vessels reported to have been headed to the scrap yards of total deadweight 1,504,008 tons. In terms of the reported number of transactions, the demolition activity has been marked with 25% increase from previous week, showing 150%, 400% and 150% weekly increases in the tanker, liner and container segment respectively and 33% lower vessel disposals for bulk carriers. In terms of deadweight sent for scrap, there has been 191% weekly increase with firm activity in the disposal of large sized vessel categories, two very large crude carriers, one very large ore capesize bulker, one capesize bulker and one suezmax tankers.

GREEK PRESENCE

The third week of April ends with no presence of Greek owners in the newbuilding arena. In the secondhand market, their total invested capital in the region of \$56,6mil for 5 vessel purchases, 2 bulkers, 1 tanker and 2 LPG carriers. In the bulk carrier segment, they purchased a panamax vessel built 2001 South Korean for excess \$13mil and one supramax built 2003 Japan for about \$15,3mil subjects to board of directors' approval. In the tanker segment, they bought one small tanker of about 3,800dwt built 2005 Japan for about \$5 mil. In the gas tanker segment, they bought two small LPG carriers built 2006 & 2008 Japan for \$23,3mil.

