

This Week's Overview of Shipping Investments
SECONDHAND / DEMOLITION / NEW BUILDING MARKET ANALYSIS

Week Ending: 5th July 2013 (Week 27, Report No: 27/13)
(Given in good faith but without guarantee)

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Investment Trends during July: ↓ Secondhand – ↑ Newbuilding – Demolition ↓

S&P		week 1	week 2	week 3	week 4	week 5
	June	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
	Units	18				
	May	7/6/2013	14/6/2013	21/6/2013	28/6/2013	
Units	19	16	27	37		

Average No of vessels reported sold per week in July

18

Average No of vessels reported sold per week in June

25

DEMO		week 1	week 2	week 3	week 4	week 5
	June	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
	Units	6				
	May	7/6/2013	14/6/2013	21/6/2013	28/6/2013	
Units	21	23	10	17		

Average No of vessels reported demo per week in July

6

Average No of vessels reported demo per week in June

18

NB		week 1	week 2	week 3	week 4	week 5
	June	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
	Units	65				
	May	7/6/2013	14/6/2013	21/6/2013	28/6/2013	
Units	45	33	53	39		

Average No of vessels reported on order per week in July

65

Average No of vessels reported on order per week in June

43

At the current week, 24 transactions reported worldwide in the secondhand and demolition market, down by 56% week-on-week with 51% decrease in secondhand purchases and 65% lower scrapping volumes. The highest activity is recorded in the newbuilding market, due to large volume of new orders for bulk carriers and gas tankers.

Compared with newbuilding investments, this week's secondhand purchasing activity is 72% down and demolition 91%.down.

At **similar week in 2012**, the total S&P activity in the secondhand / demolition market was standing **50% higher** than the current levels, when 36 transactions had been reported and secondhand ship purchasing was 83% higher than the volume of newbuilding orders. Newbuilding orders for special projects were in the frontline with bulk carriers capturing only 2 new contracts.

Secondhand: 18 S&P deals – 37 S&P deals last week – 22 S&P deals in the first week of July 2012

Newbuilding: 65 new orders -39 new orders last week – 12 new orders in the first week of July 2012

Demolition: 6 disposals -17 disposals last week – 14 disposals in the first week of July 2012

SECONDHAND MARKET

S&P Transactions: 18 vessels reported to have changed hands—total invested capital region more than \$293,35 mil, 4 S&P deals reported at an undisclosed sale price. (2 bulkers, 8 tankers, 4 gas tankers, 3 liners and 1 container)

Average age of vessels sold – 12yrs old built 2001

S&P activity: 51% down week-on-week and 18% down year-on-year. At **similar week in 2012**, 22 vessels induced buyers' interest at a total invested capital of about \$216,85mil. (9 S&P deals in the bulk carrier segment, 5 in the tanker, 1 in the gas tanker, 1 in the liner 5 in the container and 1 in the reefer segment).

The largest volume of S&P activity is being marked in the tanker segment with a total invested capital of about \$177,65mil. Tankers held 44% share of this week's S&P activity against 11% share from bulk carriers, 22% share from gas tankers and 6% from containers.

- **European owners' presence:** 6 vessel purchases- invested capital more than \$147,8mil - 2 bulkers, 2 tankers and 2 gas tankers
- **Greek owners' presence:** 3 vessel purchases- invested capital region \$99mil – 2 bulkers, 1 tanker
- **Asian owners' presence:** 5 vessel purchases– invested capital more than \$46,15mil – 2 tankers, 1 gas tankers and 2 liners.
- **USA owners' presence:** 2 vessel purchases in the tanker segment – panamax size about 74,000dwt built 2011-2012 South Korea for an enbloc price of about \$73,5mil.

Per vessel type:

↓ **Bulk Carriers –Investment trends during July:**

S&P		week 1	week 2	week 3	week 4	week 5
	June	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
Units	2					
May	7/6/2013	14/6/2013	21/6/2013	28/6/2013		
Units	3	6	8	21		

Average No of bulkers reported sold per week in July
2

Average No of bulkers reported sold per week in June
10

At the current week: 2 S&P deals, 90% down week-on-week and 78% down year-on-year.

Total Invested Capital: \$ 64 mil - **Average age of vessels sold – resales built 2013 (China- South Korea)**

- **Capesizes:** 1S&P deals, 176,000dwt built 2013 China for \$35mil.
- **Kamsarmax:** 1 S&P deal, 82,000dwt built 2013 China for \$29mil.

↑ **Tankers- Investement trends during July:**

S&P		week 1	week 2	week 3	week 4	week 5
	June	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
Units	8					
May	7/6/2013	14/6/2013	21/6/2013	28/6/2013		
Units	7	4	8	4		

Average No of tankers reported sold per week in July
8

Average No of tankers reported sold per week in June
6

At the current week: 8 S&P deals, 100% up week-on-week and 60%up year-on-year .

Total Invested Capital: region \$177,65 mil - **Average age of vessels sold – 8yrs old built 2005 (5 built in South Korea, 1 in Japan and 2 in other countries).**

- **VLCC:** 1 S&P deal built 2003 South Korea for about \$35mil.
- **Panamax-LR1:** 2 S&P deals about 74,000dwt built South Korea for a total price about \$73,5mil.
- **MR:** 2 S&P deals, one for a vessel 45,500 dwt built 2013 South Korea for \$33,5mil and one 19,996dwt built 1999 Croatia for about \$7,8mil.
- **Small tankers-less than 10,000dwt:** 2 S&P deals

↑ **Gas Tankers - Investment trends during July:**

S&P		week 1	week 2	week 3	week 4	week 5
	June	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
Units		4				
May	7/6/2013	14/6/2013	21/6/2013	28/6/2013		
Units		0	0	3	0	

Average No of gas tankers reported sold per week in July

4

Average No of gas tankers reported sold per week in June

1

At the current week: 4 S&P deals, from zero business last week and 1 S&P deal at similar week in 2012 .

Total Invested Capital: region more than \$41mil. - **Average age of vessels sold – 19yrs old built 1994 (2 built in Japan, 1 in China)**

- **Very large LPG carriers:** 1 S&P deal built 1991 Japan at an undisclosed sale price.
- **Small LPG carriers:** 3 S&P deals for vessels of about 7,500-8,500cbm gas capacity, 1 built 2003 China for about \$25mil, 1 built 2000 Japan for about \$16mil.

↓ **Containers- Investment trends during July:**

S&P		week 1	week 2	week 3	week 4	week 5
	June	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
Units		0				
May	7/6/2013	14/6/2013	21/6/2013	28/6/2013		
Units		5	3	7	7	

Average No of containers reported sold per week in July

0

Average No of containers reported sold per week in June

6

- **At the current week:** zero reported business this week. (5 S&P deals at similar week in July 2012)

NEWBUILDING MARKET

No of new orders: 65 vessels –total deadweight: 4,224,760 tons, 20 transactions reported at an undisclosed contract price – The invested capital revealed is about \$3,9bn for 45 new orders. (18 bulkers, 4 tankers, 19 gas tankers, 3 liners,7 containers,2 Ro-Ro and 12 special projects)

Newbuilding activity: 67%up week-on-week and 442% up year-on-year. The largest volume of newbuilding activity is reported in the bulk carrier segment with a total invested capital of more than \$520mil and gas tankers with an invested capital of about \$1,53bn. Gas carriers held the lion share of this week's volume of new orders 29% share of this week's volume of new orders against 28% share from bulk carriers, 6% share from tankers and 11% share from containers and 12% share from special projects.

At **similar week in 2012**, 12 fresh orders had been reported with the largest volume of newbuilding activity in the special project segment -8 new orders against 2 new orders for bulkers and 2 for gas tankers.

Compared with previous week's levels, a large increase in the volume of new orders is recorded in the gas tanker and container segment, 1800% and 250% respectively against 29% week-on-week increase in the bulk carrier segment.

Overall, a hefty amount of money is invested in the gas tanker segment, 39% share of the total invested capital due to the construction of two large LNG carriers and 17 very large LPG carriers. Special projects follow with 34% share from the construction of high valued jack-up rigs and semi-submersible rigs.

- **European owners' presence:** 26 new orders- invested capital more than \$2bn - 13 bulkers, 4 tankers, 7 gas tankers, 1 passenger and 2 special projects
- **Greek owners' presence:** 3 new orders, 1 for a capesize at an undisclosed contract price and 2 for large LNG tankers for about \$410mil
- **Asian owners' presence:** 29 new orders – invested capital more than \$1,5bn – 5 bulkers, 12 gas tankers, 7 containers and 5 special projects
- **Chinese owners' presence:** 25 new orders – invested capital more than \$1,18bn, 4 bulkers, 12 LPG carriers, 5 containers and 4 special projects
- **USA owners' presence:** 5 new orders in the offshore segment

- **No. of units ordered at Chinese yards:** 35 new orders, 10 bulkers, 2 tankers, 12 gas tankers, 7 containers and 4 special projects.
- **No of units ordered at Japanese yards:** 9 new orders, 7 bulkers and 3 liners
- **No of units ordered at South Korean yards:** 9 new orders, 2 bulkers and 7 gas tankers

Per vessel type:

↑ **Bulk Carriers –Investment trends during July:**

NB		week 1	week 2	week 3	week 4	week 5
	June	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
Units		18				
May	7/6/2013	14/6/2013	21/6/2013	28/6/2013		
Units		12	16	27	14	

Average No of bulkers reported on order per week in July

18

Average No of bulkers reported on order per week in June

17

At the current week:

18 new orders, up 29% week-on-week and up 800% year-on-year, 2 new orders at similar week in June 2012. (10 new orders reported at Chinese, 2 at South Korean and 6 at Japanese yards).

The invested capital is estimated in the region of \$519,8 mil. The largest volume of newbuilding activity is reported in the capesize segment.

- **Capesize:** 9 new orders, 6 new orders from Swiss Marine at Japanese yards for about \$50mil each, 1 new orders from Oldendorff Carriers of Germany at South Korean yard for about excess \$50mil, 1 from Chinese Maritime Transport of Taiwan at China's Shanghai Waigaoqiao Shipyard for about \$46,8mil and 1 from Golden Union Shipping of Norway at Hyundai HI of South Korea at an undisclosed contract price.
- **Kamsarmax:** 2 new orders from Oldendorff Carriers of Germany for about \$27mil each at Chinese Jinling Shipyard.
- **Ultramax:** 4 new orders of 64,000 dwt placed at Chinese yard, Chengxi Shipyard froms CSSC (Hong Kong) Shipping with an option for eight more to be chartered to Parakou, a Hong Kong based dry bulk operator.
- **Handymax:** 3 new orders from Oldendorff Carriers of Germany for about \$23mil each at Chinese Jinling Shipyard.

↓ **Tankers–Investment trends during July:**

NB		week 1	week 2	week 3	week 4	week 5
	June	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
Units		4				
May	7/6/2013	14/6/2013	21/6/2013	28/6/2013		
Units		6	4	0	4	

Average No of tankers reported on order per week in July

4

Average No of tankers reported on order per week in June

4

At the current week:

4 new orders, no **change** week-on-week, from zero new orders at similar week in June 2012.

- **Aframax:** 2 new orders from Frontline of Norway at Chinese yard, Guangzhou Longxue for about \$42mil each.
- **Small Tankers:** 2 new orders for asphalt tankers of 2,250dwt from Wisby Tankers of Sweden at Croatian yard, 3 Maj at an undisclosed contract price.

↑ **Gas Tankers - Investment trends during July:**

NB		week 1	week 2	week 3	week 4	week 5
	June	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
Units		19				
May	7/6/2013	14/6/2013	21/6/2013	28/6/2013		
Units		0	2	3	1	

Average No of gas tankers reported on order per week in July

19

Average No of gas tankers reported on order per week in June

2

At the current week: **19 new orders** (2 for large LNG and 17 for very large LPG carriers) , up 1800% w-o-w and up 850% year-on-year, 2 new orders reported at similar week in 2012.

- **2 large LNG carriers of about 159,800cbm** –from Maran Gas of Greece at Daewoo Shipbuilding & Marine Engineering of South Korea for about \$205mil each.

- **5 very large LPG carriers of about 84,000cbm** – from Scorpio Tankers, 3 placed at Hyundai HI and 2 at Daewoo, South Korea, for about \$72mil each, shedding its previous contract for four LR2 product tankers ordered in May to accommodate the new expansion in the gas tanker segment.
- **12 very large LPG carriers of about 84,000cbm** – from China's Oriental Energy at Chinese yards, 6 placed at CIC Jiangsu and 6 at Yangzijiang shipyard, for about \$63mil each.

↑ **Containers- Investment trends during July:**

NB		week 1	week 2	week 3	week 4	week 5
	June	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
Units		7				
May	7/6/2013	14/6/2013	21/6/2013	28/6/2013		
Units		22	4	9	2	

Average No of containers reported on order per week in July

7

Average No of containers reported on order per week in June

9

At the current week: 7 new orders, up 250% week-on-week, zero new orders reported at similar week in June 2012.

- **Handy: 1,800 TEU** – 2 new orders from SITC Marine Corp of Taiwan at China Shipbuilding Corp for about \$24mil each – exercised option – four now on order, remaining option for four more vessels.
- **Post Panamax: 8,800 TEU-5** new orders from CIMC Financial Leasing (Hong Kong), a subsidiary of China International Marine Containers, at Dalian Shipbuilding Industry at a newbuilding cost of about \$85mil each, with an option for two more. The company has secured a financial leasing contract with a subsidiary of MSC Mediterranean Shipping for a 204 month term at a charter rate of \$25,000/day.

Liners: Japanese shipbuilder Naikai Zosen, Innoshima has won an order for three general cargo vessels and one option from two overseas owners. Two vessels are 37,700dwt and scheduled for delivery in June 2014 and January 2015, with the third vessel of 37,860dwt scheduled for delivery in November 2014.

Passenger: Baltic sea ferry line Scandlines is resuming its newbuilding programme for ro-pax tonnage with the nomination of embattled shipbuilder STX Finland as new yard. The parties said they signed a letter of intent today for the construction of two double-ended ro-pax ferries with capacity for 1,300 passengers and 72 trucks or 382 light passenger vehicles. The LNG-powered ships are to be delivered in spring 2015 to join Scandlines' new route between Rostock, Germany, and Gedser, Denmark. Scandlines and STX said they hope to conclude talks and sign a firm agreement after the summer. For the Finnish yard, which belongs to Korea's insolvent STX Offshore & Shipbuilding, the letter of intent has raised hopes of fresh cashflows in the near to medium-term future. The two-ship project would guarantee one year of work for 1,000 employees at STX and its suppliers, the parties said.

Special Projects: High valued contracts reported this week for the construction of a semisubmersible rig and jack-up rigs. Stena Drilling of Norway has ordered a semisubmersible rig at South Korea's Samsung Heavy Industries for a cost of about 825.5Bn won (\$721.8M) with delivery in March 2016. In addition, Singapore's Sembcorp Marine has secured two orders for jack-up rigs from Mexico client, Oro Negro, at a cost of \$417mil for delivery in July 2015. In last, Keppel Fels of Singapore has won an order for one KFELS B Class jack-up rig for \$210M from Vietnam's PV Drilling Overseas with delivery in the first quarter of 2015. The high-specification rig would operate in water depths of 400ft, with a drilling depth of 30,000ft, and accommodate up to 150 people.

DEMOLITION MARKET

↓ Bulk Carriers ↓ Tankers ↓ Containers

BC		week 1	week 2	week 3	week 4	week 5
	June	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
Units	5					
May	7/6/2013	14/6/2013	21/6/2013	28/6/2013		
Units	12	10	4	7		

Average No of bulkers reported demo per week in July
5

Average No of bulkers reported demo per week in June
8

TNK		week 1	week 2	week 3	week 4	week 5
	June	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
Units	0					
May	7/6/2013	14/6/2013	21/6/2013	28/6/2013		
Units	2	0	1	5		

Average No of tankers reported demo per week in July
0

Average No of tankers reported demo per week in June
2

CONT		week 1	week 2	week 3	week 4	week 5
	June	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
Units	0					
May	7/6/2013	14/6/2013	21/6/2013	28/6/2013		
Units	3	5	2	2		

Average No of containers reported demo per week in July
0

Average No of containers reported demo per week in June
2

The depreciation in Indian currency persists and Bangladesh with Pakistan is trying to take advantage by offering more competitive price levels in the Indian subcontinent region. The summer monsoon months traditionally bring weakness in the ship recycling industry as end buyers prefer to keep distance during that period. In China, poor sentiment and pricing keeps for one more week with scrap prices below \$350/ldt for dry and wet cargo since end May.

No of demolition: 6 disposals –total deadweight: 260,792tons. - 5 bulkers and 1 liner.

Demolition activity (in terms of reported number of transactions): 65%down week-on-week showing 29% decrease in the volume of demolitions for bulk carriers and 100% decrease in the volume of tanker and container disposals. The largest activity is recorded in the bulk carrier segment by holding 83% share of this week's activity against zero reported activity for tankers and containers.

In terms of deadweight sent for scrap, there has been 67% weekly decrease stemmed from zero reported business in the large sized vessel categories. India is reportedly to have won 1 of the 6 total demolitions, Pakistan 2, and 3 demolition transactions are reported at no revealed destination.

Benchmark scrap prices in the Indian subcontinent region: \$390-\$400/ldt for dry and \$415-\$425/ldt for wet cargo. In China, \$310/ldt for dry and \$320/ldt for wet cargo.

The week ended with silent reported demolition activity in main countries, with Bangladesh securing one handysize bulker M/V "SUN NEW" of 31,253dwt built 1985 Japan with 7,532ldt for \$360/ldt asis Incheon including 150tons bunkers. Pakistan still offers alluring prices for tankers. This week, M/T "ANTHEM" of 46,100dwt built 1985 Belgium of 10,730ldt is reported to have been headed for demolition in Pakistan at \$450/ldt including bunkers remaining on board.

At a **similar week in 2012**, demolition activity was **up by 71%**, in terms of the reported number of transactions, when 14 vessels had been reported for scrap of total deadweight 605,434 tons with 5 disposals for bulkers, 2 tankers, 2 containers, 2 reefers, 1 Ro-Ro, 1 combined and 1 special project. Ship-breakers in Indian subcontinent region had been offering \$360-\$375/ldt for dry and \$390-\$400/ldt for wet cargo.

Per vessel type:

- **Bulk Carriers- number of disposals per vessel size:** 2 in the panamax segment, 2 in the handymax and 1 in the handysize.

Per Demo Country:

- **India:** 1 vessel disposal – 1 panamax bulk carrier
- **Pakistan:** 2 vessel disposals in the bulk carrier segment- 1 panamax and 1 handysize

GREEK PRESENCE

Investment trends during July: SH ↓ - NB ↓

S&P		week 1	week 2	week 3	week 4	week 5
	June	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
Units	3					
May	7/6/2013	14/6/2013	21/6/2013	28/6/2013		
Units	6	5	7	4		

Average No of vessel purchases per week in July

3

Average No of vessel purchases per week in June

6

NB		week 1	week 2	week 3	week 4	week 5
	June	5/7/2013	12/7/2013	19/7/2013	26/7/2013	2/8/2013
Units	3					
May	7/6/2013	14/6/2013	21/6/2013	28/6/2013		
Units	5	5	7	4		

Average No of new orders per week in June

3

Average No of new orders per week in May

5

At the current week:

Second-hand purchasing activity: 25% down week-on-week - **Newbuilding** activity: 25% down week-on-week

Secondhand Market- No of vessel purchases: 3 vessels (2 bulk carrier resales and 10yrs old tanker VLCC)– Total Invested Capital: region \$99mil.

- **Bulk Carriers:** 3 vessel purchases: 1 capesize built 2013 China for \$35mil, one kamsarmax built 2013 South Korea for \$29mil .
- **Tankers:** 1 vessel purchase VLCC built 2003 South Korea for about \$35mil.

Newbuilding Market- No of new orders: 3 vessels – Total Invested Capital: more than \$410mil

Per vessel type:

- **Bulk Carriers:** 1 capesize of 179,000dwt from Golden Union Shipping at Hyundai Heavy Industries of South Korea at an undisclosed contract price.
- **Gas Tankers:** 2 large LNG carriers of 159,800cbm at Daewoo Shipbuilding & Marine Engineering for a total cost of \$410mil.