

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

**Week Ending: 6<sup>th</sup> September 2013 (Week 36, Report No: 36/13)**  
*(Given in good faith but without guarantee)*

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

S&P		week 1	week 2	week 3	week 4	week 5
	September	6/9/2013	13/9/2013	20/9/2013	27/9/2013	4/10/2013
	Units	13				
	August	9/8/2013	16/8/2013	23/8/2013	30/8/2013	
Units	20	38	25	24		

Average No of vessels reported sold per week in September

13

Average No of vessels reported sold per week in August

27

DEMO		week 1	week 2	week 3	week 4	week 5
	September	6/9/2013	13/9/2013	20/9/2013	27/9/2013	4/10/2013
	Units	10				
	August	9/8/2013	16/8/2013	23/8/2013	30/8/2013	
Units	14	13	6	12		

Average No of vessels reported demo per week in September

10

Average No of vessels reported demo per week in August

11

NB		week 1	week 2	week 3	week 4	week 5
	September	6/9/2013	13/9/2013	20/9/2013	27/9/2013	4/10/2013
	Units	60				
	August	9/8/2013	16/8/2013	23/8/2013	30/8/2013	
Units	50	79	18	32		

Average No of vessels reported on order per week in September

60

Average No of vessels reported on order per week in August

45

At the current week, 23 transactions reported worldwide in the secondhand and demolition market, up by 36% week-on-week with 46% decrease in secondhand purchases and 17% lower scrapping volumes. The highest activity is recorded in the newbuilding market, due to large volume of new orders for bulk carriers-VLOC/capesize and tankers – VLCC/MR product.

Compared with newbuilding investments, this week's secondhand purchasing activity is **78% down** and demolition **83% down**.

At **similar week in 2012**, the total S&P activity in the secondhand / demolition market was standing 113% higher than the current levels, when 49 transactions had been reported and secondhand ship purchasing was standing 338% higher than the levels of newbuilding orders. The ordering appetite was subdued with only 8 reported newbuilding orders, 2 bulkers, 3 Ro-Ro and 3 special projects.

**Secondhand: 13 S&P deals – 24 S&P deals last week – 35 S&P deals in the first week of September 2012**

**Newbuilding: 60 new orders -32 new orders last week – 8 new orders in the first week of September 2012**

**Demolition: 10 disposals -12 disposals last week – 14 disposals in the first week of September 2012**

## SECONDHAND MARKET

**S&P Transactions:** 13 vessels reported to have changed hands–total invested capital region more than \$149,4 mil, 4 S&P deals reported at an undisclosed sale price. (6 bulkers, 5 tankers, 2 gas tankers).

**Average age of vessels sold – 12yrs old built 2001**

**S&P activity:**46% down week-on-week and 63% down year-on-year. At **similar week in 2012**, 35 vessels induced buyers' interest at a total invested capital of about \$802,6mil. (21 S&P deals in the bulk carrier segment, 6 in the tanker, 1 in the gas tanker, 1 in the liner, 2 in the container, 2 in the Ro-Ro and 1 in the special project).

A large volume of S&P activity is being marked this week in the bulk carrier and tanker segments by holding 46% share and 38% share respectively of the total S&P activity, against 2 S&P deals in the gas tanker and zero for container vessels. The highest invested capital is being recorded in the bulk carrier segment of region \$76,4mil for 6 vessel purchases, 1 S&P deal reported at an undisclosed sale price.

Per vessel type:

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

S&P		week 1	week 2	week 3	week 4	week 5	
	September	6/9/2013	13/9/2013	20/9/2013	27/9/2013	4/10/2013	
Units	6						6
August	9/8/2013	16/8/2013	23/8/2013	30/8/2013			Average No of bulkers reported sold per week in August
Units	9	5	13	5			8

**At the current week:** 6 S&P deals, up 20% week-on-week and down 71% year-on-year.

**Total Invested Capital:** region \$ 168,75 mil - **Average age of vessels sold –9yrs old built 2004 (preference in the panamax segment for vessels built Japan).**

- **Kamsarmax:** 1 S&P deals for 82,100dwt vessel built 2010 Japan for about \$22,7 mil at auction.
- **Panamax –** 3 S&P deals: 1 for 75,637dwt vessel built 2006 Japan for region \$18,5mil. 1 for 76,759dwt vessel built 2004 Japan for region \$16,5mil and 1 for 76,623dwt vessel built 2001 Japan for region \$13mil.
- **Handysize –** 2 S&P deals: 1 for 30,130dwt vessel built 2011 China at an undisclosed sale price and 1 for 24,830dwt vessel built 1996 Japan for about \$5,7mil.

↓ **Tankers- Investement trends during September:**

S&P		week 1	week 2	week 3	week 4	week 5	
	September	6/9/2013	13/9/2013	20/9/2013	27/9/2013	4/10/2013	
Units	5						5
August	9/8/2013	16/8/2013	23/8/2013	30/8/2013			Average No of tankers reported sold per week in August
Units	10	22	4	13			12

**At the current week:** 5 S&P deals, 62% down week-on-week and 17%down year-on-year. **Average age of vessels sold – 11yrs old built 2002.**

- **Aframax-2** S&P deals: 1 for about 106,000dwt vessel built 2004 Japan at an undisclosed sale price and one for about 115,000dwt vessel built 2005 Japan for about \$20,5mil.
- **Handysize –** 1 S&P deal for about 37,329dwt vessel built 2003 South Korea for \$13,5MIL.
- **Small tankers of less than 10,000dwt –** 2 S&P deals.

↓ **Gas Tankers - Investment trends during September:**

S&P		week 1	week 2	week 3	week 4	week 5
	September	6/9/2013	13/9/2013	20/9/2013	27/9/2013	4/10/2013
Units	2					
August	9/8/2013	16/8/2013	23/8/2013	30/8/2013		
Units	0	1	0	0		

Average No of gas tankers reported sold per week in September

2

Average No of gas tankers reported sold per week in August

0

**At the current week:** 2 S&P deals for LPG carriers, one of large size with 75,358gas capacity built 1993 Japan reported sold for about \$27,5mil and one small of 8,238 gas capacity built 1989 for about \$11,5mil. (zero S&P deals reported at similar week in September 2012).

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

S&P		week 1	week 2	week 3	week 4	week 5
	September	6/9/2013	13/9/2013	20/9/2013	27/9/2013	4/10/2013
Units	0					
August	9/8/2013	16/8/2013	23/8/2013	30/8/2013		
Units	1	7	6	0		

Average No of containers reported sold per week in September

0

Average No of containers reported sold per week in August

4

**At the current week:** zero S&P deals, 2 S&P deals reported at similar week in September 2012.

## NEWBUILDING MARKET

**No of new orders:** 60 vessels– total deadweight: 5,281,466 tons, 38 transactions reported at an undisclosed contract price – The invested capital revealed is about \$1,64bn for 22 new orders. ( 21 bulkers, 18 tankers, 2 gas tankers, 2 liners, 5 containers, 1 passenger/cruise, and 6 special projects).

**Newbuilding activity:** 88% up week-on-week and 650% up year-on-year. The largest volume of newbuilding activity is reported in the bulk carrier and tanker segment with 21 and 18 new orders respectively. The accelerated newbuilding activity of this week is mainly attributed to the significant volume of business for MR product tankers at South Korean shipyards. Bulk carriers held 35% share of this week's volume of new orders, tankers 30% share, special projects 10% share, while containers only 8% share and gas tankers 3% share.

**At similar week in 2012,** 8 fresh orders had been reported with the largest volume of newbuilding activity with only 2 contracts, zero reported business for tankers and containers, 3 Ro-Ro and 3 special projects.

Compared with previous week's levels, a large increase of 91% in the volume of new orders is recorded in the bulk carrier segment (21 new orders from 11 last week) and 80% in the tanker (18 new orders from 10 last week).

In terms of invested capital, a hefty amount of money is invested in the tanker segment, 48% share of the total amount invested for newbuilding business, while high valued special projects keep attracting significant capital ( the construction of a drillship from Norwegian Flex LNG at Samsung for about \$553mil).

Chinese shipping players emerged strong this week in the placement of new contracts for capesize bulkers and Greek in the volume of tanker contracts.

- **European owners' presence:** 26 new orders- invested capital more than \$1,05bn (2 bulk carriers, 11 tankers, 2 gas tankers, 5 containers, 2 liners, 1 passenger / cruise and 3 special projects).
- **Greek owners' presence:** 12 new orders – invested capital more than \$394mil (2 bulk carriers, 8 tankers and 2 containers).
- **Asian owners' presence:** 21 new orders – invested capital more than \$494mil (13 from Chinese, 6 bulkers, 5 tankers, 1 car carrier and 2 special projects).
- (11 from Chinese, 11 from Japanese and 5 from South Korean) -18 bulkers, 4 tankers, 2 gas tankers, 1 container, 5 liners and 8 special projects).

Chinese yards grasped 60% share of this week's ordering activity and South Korean 30% with Japanese winning contracts for only car carriers.

- **No. of units ordered at Chinese yards:** 36 new orders, 21 bulkers, 8 tankers, 2 containers, 1 car carrier and 4 special projects.
- **No of units ordered at Japanese yards:** 4 new orders in the car carrier segment
- **No of units ordered at South Korean yards:** 18 new orders, 12 tankers, 2 gas tankers, 3 containers

**Per vessel type:**

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

NB		week 1	week 2	week 3	week 4	week 5
	September	6/9/2013	13/9/2013	20/9/2013	27/9/2013	4/10/2013
Units	21					
August	9/8/2013	16/8/2013	23/8/2013	30/8/2013		
Units	11	22	8	11		

Average No of bulkers reported on order per week in September  
21

Average No of bulkers reported on order per week in August  
13

**At the current week:**

**21 new orders**, all placed in Chinese yards, up 91% week-on-week and up by 950% year-on-year. 2 new orders reported at similar week in September 2012. Large volume of newbuilding activity reported in the VLOC/capesize and ultramax segment with 6 and 10 new orders respectively).

- **VLOC – 2 new orders:** of 250,000dwt from **Cara Shipping** of China at undisclosed Chinese shipyard for an undisclosed contract price.
- **Capesize – 4 new orders:** 180,000dwt from Cara Shipping of China, 2 at Qingdao Beihai and 2 at Dalian Shipbuilding as deals contracted in July at an undisclosed contract price.
- **Ultramax- 10 new orders:** 8 new orders of 64,000dwt vessels from **Nautical Bulk Holdings** of Bermuda at China's Jiangsu Hantong Ship Heavy Industry at an undisclosed contract price for delivery in 2015. 2 new orders of 63,000dwt from **Target Marine** of Greece at China's Sinopacific at a price in the region of \$26mil each with delivery end 2015, including an option one more.
- **Handysize- 5 new orders:** 38,500dwt vessels from **Interlink** of Bermuda at China's Taizhou Kouan Shipbuilding for an undisclosed contract price with delivery end March 2015, including an option for five more.

↑ **Tankers–Investment trends during September:**

NB		week 1	week 2	week 3	week 4	week 5
	September	6/9/2013	13/9/2013	20/9/2013	27/9/2013	4/10/2013
Units	18					
August	9/8/2013	16/8/2013	23/8/2013	30/8/2013		
Units	18	17	4	10		

Average No of tankers reported on order per week in September  
18

Average No of tankers reported on order per week in August  
12

**At the current week: 18 new orders reported**, from 10 new orders last week – up 80% week-on-week, and zero new orders reported at similar week in September 2012. The largest volume of newbuilding activity is recorded for MR product vessels- 8 new orders and in the VLCC segment – 7 new orders.

- **VLCC – 7 new orders:** 5 new orders of 320,000 dwt vessels from **China Merchants Energy Shipping** at China's Dalian Shipbuilding Industry for about \$85mil each with delivery in 2015-2016. 2 new orders of 300,000dwt vessels from **Metrostar Management** of Greece at South Korea's Hyundai Heavy Industries for about \$93mil each with delivery in 2016.
- **Aframax– 2 new orders:** 114,000dwt from **Kyklades Maritime** of Greece at Hyundai Heavy Industries of South Korea for about \$46mil each with delivery in 2015.
- **Product – 9 new orders:** 2 new orders for 52,000dwt product vessels from an undisclosed Asian owner at STX Shipbuilding of South Korea for about \$34,5mil each with delivery in 2015. 2 new orders for 50,000dwt product vessels from **Capital Maritime & Trading** of Greece at Samsung Ningbo of South Korea for about \$32mil each with delivery in

2015 as option exercised. **2** new orders for 50,000dwt product vessels from **Horizon Tankers** of Greece at Sungdong Shipbuilding of South Korea for an undisclosed contract price for delivery in 2015-2016. **3** new orders for 50,000dwt product vessels from **Tankers Inc** of Denmark at China's Guangzhou Shipyard for an ebloc price of about \$100mil with delivery in 2015 as options exercised.

↓ **Gas Tankers - Investment trends during September:**

NB		week 1	week 2	week 3	week 4	week 5
	September	6/9/2013	13/9/2013	20/9/2013	27/9/2013	4/10/2013
Units	2					
August	9/8/2013	16/8/2013	23/8/2013	30/8/2013		
Units	8	6	3	2		

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

2

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

5

**At the current week: 2 new orders** for LNG, no change from previous week, while at similar week in September 2012, there were no reported orders for gas tankers.

- **2 new orders – large LNG vessels:** from **Flex LNG** of Norway at Samsung Heavy Industries of South Korea at an undisclosed contract price.

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

NB		week 1	week 2	week 3	week 4	week 5
	September	6/9/2013	13/9/2013	20/9/2013	27/9/2013	4/10/2013
Units	5					
August	9/8/2013	16/8/2013	23/8/2013	30/8/2013		
Units	3	10	0	3		

Average No of containers reported on order per week in September

5

Average No of containers reported on order per week in August

4

**At the current week: 5 new orders**, up 67% week-on-week, while zero new business reported at similar week in September 2012.

- **Sub Panamax- 5 new orders:** **3** new orders of **2,100TEU** vessels from **undisclosed European owner** at Hyundai Mipo of South Korea for about \$34,1mil each with delivery in 2015. **2** new orders of **1,700TEU** from **Paragon Shipping** of Greece at China's Guangzhou Wenchong at an undisclosed contract price with delivery in 2015.

**Passenger/Cruise:** Polar Cruise Enterprises, a new Norwegian company, said today it planned to have an ice-strengthened cruise vessel built at STX Finland in Rauma. The projected ship would have a length of 137m and passenger capacity of 240, while the crew would number at least 70. "The vessel will be built with an icebreaker bow and will be built to the highest polar ice class," the company noted in a statement. "In principle, the vessel will not have any operational limits. It will be able to operate in all seasons in all oceans of the world." It added that, in addition to cruises, mainly in Arctic waters, the ship would be used as a training vessel and as a platform for scientific research. The company said it was "in close contact" with Gap Adventures, a Canadian expedition cruise company, regarding a possible deployment. Polar Cruise said it was seeking investors, with the aim to get the ship built without resorting to debt financing. "There are several tour operators within this polar cruise niche that would be interested in adding a vessel like this to the fleet they are operating," the company said.

**Car Carrier:** 'K' LINE said it has ordered four pure car-and-truck carriers, two at Shin Kurushima Dockyard and two at Japan Marine United Corp. Kawasaki Kisen Kaisha, for delivery in 2015 and 1Q16 at an undisclosed contract price. The ships will have the widest beam ever built, about 37-38m with capacity to carry 7,500 vehicles and other ro-ro cargoes. To ensure they can call at any port, the length of the vessel will be kept at 200m.

**Special Projects:** OCEAN Rig UDW announced that it had signed the drillship newbuilding contract at Samsung HI for a "project value price" of \$600M, with delivery scheduled for December 2015. There is an option, which must be declared by November this year, for another drillship deliverable in 1Q16. The new order becomes a sistership to three (Ocean Rig Skyros, Ocean Rig Athena, Ocean Rig Apollo) drillships currently under construction at Samsung. It is Ocean Rig's fifth 7th-generation UDW drillship, and ninth UDW drillship in all. Economou said the new order will be financed through "a combination of available cash and debt to be secured prior to delivery". In addition, Samsung Heavy Industries announced the winning of contract to build a new drillship for Norwegian Flex LNG for about \$553mil with delivery at the end of 2015.

## DEMOLITION MARKET

↓ Bulk Carriers — Tankers ↑ Containers

BC		week 1	week 2	week 3	week 4	week 5
	September	6/9/2013	13/9/2013	20/9/2013	27/9/2013	4/10/2013
Units	3					
August	9/8/2013	16/8/2013	23/8/2013	30/8/2013		
Units	3	7	2	4		

Average No of bulkers reported demo per week in September

3

Average No of bulkers reported demo per week in August

4

TNK		week 1	week 2	week 3	week 4	week 5
	August	6/9/2013	13/9/2013	20/9/2013	27/9/2013	4/10/2013
Units	1					
July	9/8/2013	16/8/2013	23/8/2013	30/8/2013		
Units	4	1	0	0		

Average No of tankers reported demo per week in September

1

Average No of tankers reported demo per week in August

1

CONT		week 1	week 2	week 3	week 4	week 5
	July	6/9/2013	13/9/2013	20/9/2013	27/9/2013	4/10/2013
Units	4					
June	9/8/2013	16/8/2013	23/8/2013	30/8/2013		
Units	4	1	2	2		

Average No of containers reported demo per week in September

4

Average No of containers reported demo per week in August

2

The fierce depreciation in Indian and Pakistan Rupee along with ongoing strike in Bangladesh have dropped scrap price levels in Indian subcontinent region by \$30-\$40/ldt for dry/general cargo from the end of June to \$360/ldt and \$25-\$35/ldt for wet cargo to \$390/ldt. In China, levels remain alluring by increasing to \$350/ldt for dry, up by \$40/ldt from end-June and \$365/ldt for wet cargo, up by \$45/ldt.

The strong downward correction in benchmark scrap price levels during August seems to have dampened the scrapping appetite. The volume of vessels reported to have been headed to the scrap yards during August posted 46% monthly decrease to 48 vessels from 89 vessels in July. Large decreases of 53% and 71.4% are recorded in the number of bulker and tanker disposals respectively, while containers showed 11% monthly increase.

**No of demolition: 10 disposals –total deadweight: 442,050 tons- 3 bulkers, 1 tanker, 1 liner, 4 containers and 1 Ro-Ro.**

**Demolition activity (in terms of reported number of transactions):** 17% down week-on-week showing 325% and 80% weekly decreases in the volume of bulk carrier and liner disposals respectively and 33% weekly increase in the container segment.

The largest activity is recorded in the container segment by holding 44% share against 33% share from bulk carriers and 11% from liners.

In terms of deadweight sent for scrap, there has been 48% weekly increase with 2 bulker disposals in the panamax segment, 1 in the panamax tanker and 3 containers in the small panamax segment.

India is reportedly to have won 3 of the 10 demolition transactions, Bangladesh 1, Pakistan 1, China 4 and Turkey 1.

Benchmark scrap prices in the Indian subcontinent region: \$360/ldt for dry and \$390-\$400/ldt for wet cargo. Scrap prices in China hover at \$350/ldt for dry and \$365/ldt for wet cargo.

Notable demolition transactions: Container vessel M/V "PRESIDENT TRUMAN" of 4,340 TEU reported for disposal in Bangladesh for about \$431/ldt.

At a **similar week in 2012**, demolition activity was up by 40% , in terms of the reported number of transactions, when 14 vessels had been reported for scrap of total deadweight 1,178,386 tons with 7 disposals for bulkers, 2 tankers, 1 liner, 2 containers, 1 passenger/cruise and 1 special project. Ship-breakers in Indian subcontinent region had been offering \$385-\$400/ldt for dry and \$420-\$425/ldt for wet cargo.

### Per vessel type:

- **Bulk Carriers- number of disposals per vessel size:** 2 panamax vessels and 1 handysize
- **Tankers- number of disposals per vessel size:** 1 panamax vessel
- **Containers- number of disposals per vessel size:** 3 in the small panamax and 1 in the feeder

#### Per Demo Country:

- **India:** 3 vessel disposals – 2 containers and 1 liner
- **Bangladesh:** 1 container
- **Pakistan:** 1 handysize bulker
- **China:** 1 feeder container

## GREEK PRESENCE

#### Investment trends during September: SH — - NB ↑

S&P		week 1	week 2	week 3	week 4	week 5
	September	6/9/2013	13/9/2013	20/9/2013	27/9/2013	4/10/2013
Units	6					
August	9/8/2013	16/8/2013	23/8/2013	30/8/2013		
Units	4	12	6	2		

Average No of vessel purchases per week in September

6

Average No of vessel purchases per week in August

6

NB		week 1	week 2	week 3	week 4	week 5
	September	6/9/2013	13/9/2013	20/9/2013	27/9/2013	4/10/2013
Units	12					
August	9/8/2013	16/8/2013	23/8/2013	30/8/2013		
Units	2	16	0	3		

Average No of new orders per week in September

12

Average No of new orders per week in August

5

**At the current week:** Strong movements of Greek owners in the newbuilding arena for product tankers and secondhand market for kamsarmax/panamax bulkers (from only two tanker vessel purchases at the last week of August and 3 new contracts for newbuilt vessels).

**Second-hand purchasing activity:** 200% up week-on-week - **Newbuilding activity:** 300% up week-on-week.

**Secondhand Market-** No of vessel purchases: 6 vessels – 4 bulkers and 2 tankers- invested capital about \$84,2mil, 1 vessel purchase reported at an undisclosed sale price.

- **Bulk Carriers:** 1 kamaramax built 2010 Japan for \$22,7mil, 1 panamax built 2004 Japan for \$16,5mil at auction, 1 panamax built 2001 Japan for \$13mil and one panamax built 2006 Japan for \$18,5 mil at auction. (total invested capital region \$70,7mil).
- **Tankers:** 1 aframax vessel built 2004 Japan at an undisclosed sale price and 1 handysize of about 37,329dwt built 2003 South Korea for about \$13,5mil.

**Newbuilding Market-** No of new orders: 12 vessels – 2 in the bulk carrier, 8 in the tanker and 2 in the container segments. (total invested capital about more than \$394mil, 2 orders reported at an undisclosed contract price).

- **Bulk carriers –2** new orders of 63,000dwt from **Target Marine** of Greece at China's Sinopacific at a price in the region of \$26mil each with delivery end 2015, including an option one more. In addition, sources revealed that an undisclosed contract Greek owner is poised to have placed a massive order for a series of 64,000bulkers at an undisclosed Chinese year with no revealed information about the size of the contract or the newbuilding cost.
- **Tankers – 8 new orders (2 in the VLCC, 2 in the aframax and 4 in the MR product):** 2 new orders of 300,000dwt vessels from **Metrostar Management** of Greece at South Korea's Hyundai Heavy Industries for about \$93mil each with delivery in 2016. 2 new orders of 114,000dwt from **Kyklades Maritime** of Greece at Hyundai Heavy Industries of South Korea for about \$46mil each with delivery in 2015. 2 new orders for 50,000dwt product vessels from **Capital Maritime & Trading** of Greece at Samsung Ningbo of South Korea for about \$32mil each with delivery in 2015 as option exercised. 2

new orders for 50,000dwt product vessels from **Horizon Tankers** of Greece at Sungdong Shipbuilding of South Korea for an undisclosed contract price for delivery in 2015-2016.

- **Container-2** new orders in the sub-panamax segment: **1,700TEU** from **Paragon Shipping** of Greece at China's Guangzhou Wenchong at an undisclosed contract price with delivery in 2015.

