

GDSA WEEKLY SECONDHAND / DEMOLITION / NEW BUILDING MARKET ANALYSIS

Week Ending: 5th January 2012 (Week 1, Report No: 1/12)
(Given in good faith but without guarantee)

During the last week of 2011 and the first week of 2012 the activity has been very quiet, with transactions in all sectors (s&p, demolition & new building) to be at similar levels. Overall, 20 transactions reported worldwide in the secondhand and demolition market, down by 37.5% since our last report that was issued on Friday the 23rd of December. At similar week in 2011, in total 21 vessels had been sold in the secondhand market. Furthermore the new building activity was standing at double levels that the then reported s&p transactions. The highest activity has been recorded in the new building market with 16 orders to have been reported.

SECONDHAND MARKET

Overall, 8 vessels reported to have changed hands this week at a total invested capital in the region of US\$ 35.8 mil, while one transaction has been made in euro levels of a xs euro 1mil and for the other the price will depend on the payment time. Bulkcarriers, tankers and general cargo vessels, grasped around 33% each of the total s&p transactions. In terms of the reported number of transactions, the S&P activity is down by 62% from the last week's reported activity and from similar report of last year when 21 vessels induced buyers' interest at a total invested capital of about \$ 341 mil & \$ 352 mil respectively.

NEWBUILDING MARKET

Some fresh activity has been revealed in the bulk carrier segment with newbuilding business still running on the low edge with shipyards finding difficulties to attract new business for 2012.

Overall, the week closed with 16 orders reported worldwide at a total deadweight of 979,298 tons, posting a 115.4 % increase since our last report of 23rd of December 2011. This week's total newbuilding business is at lower levels of the week's closing in 2011, when 42 orders had been reported with bulk carriers, tankers and special projects grasping 66%, 12% and 14% share respectively of the total ordering activity. In terms of invested capital, the total amount of money invested is estimated at region \$1,5 bil with 81.25% of the total number of orders being reported at an undisclosed contract price. Notable ordering business has been in the bulkcarrier sector for a new design 209,000dwt vessel that will be 20% more fuel efficient than the existing designs and will feature advanced technology in order to reduce greenhouse gas emissions.

In the **bulk carrier** segment, Turkish player Densa Denizcilik has booked six handysize units of 36,383 dwt in Hyundai Vinashin of Vietnam at an undisclosed contract price with delivery in 2013. Chinese players also placed some new business for larger vessel sizes in domestic yards. In the kamsarmax segment, Hong Kong owner ordered two 82,000 dwt units in Taizhou Catic, while Da Tang Shipping ordered two 76,000 dwt units in Jiangnan Changxing for delivery in 2012. In the supramax segment, Marubeni Corp. of Japan placed two 58,000 dwt units in Dalian Cosco of China with delivery in 2013. Lastly Mitsui OSK Lines of Japan placed an order to compatriot Universal Shipbuilding for a new design of Capesize bulker, with the characteristics mentioned above.

In the **tanker** segment, Nippon Oil Tanker Corp. of Japan exercised an option for a second aframax shuttle tanker at \$72.2 mil for delivery in December 2012 to transship crude oil from VLCC's into Japanese ports, where vessel draft is too deep for vessel access. Furthermore, in the panamax /MR segment, Scorpio Tankers appears to have added one more 52,000 dwt unit in an order placed for five similar units earlier on May, at a price region \$36.4 mil for delivery in January 2013. The sixth order includes an option for up to three more 52,000dwt newbuilding units. The first option, for a sister vessel priced at \$36.4mil, must be exercised by mid-January. If that option is exercised, Scorpio will obtain a second option to order the remaining two newbuildings at \$37.2 mil per unit.

In the **offshore** segment, Daewoo and Keppel Offshore and Marine of Singapore announced both of an order each for a semi-submersible drilling rig for a European and a Brazilian owner respectively.



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DEMOLITION MARKET

In the demolition market the week ended with 12 vessels reported to have been headed to the scrap yards of total deadweight 383,030 tons. In terms of the reported number of transactions, the demolition activity has been at similar levels since the last weekly report of 23rd December, while in terms of scrap rates, the highest scrap rate has been achieved this week for a general cargo built 1981 the MV "MU SAN" that has been acquired for \$/ldt by India. India has attracted 38.4% of the total demolition activity with China winning 2 panamax bulk carriers at levels of a net reported price of \$/ldt 425. At a similar week in 2011, 8 vessels were reported sold for demolition of a total deadweight of 310,651 tons with bulk carriers, tankers and liners 25% each of the total number of vessels sent for disposal.

GREEK PRESENCE

The week ended with Greek interests being mentioned in just one S&P transaction of a capsized vessel built in 1992. The vessel appears to have her special survey due in the summer and the price sold is at scrap levels related. In the newbuilding business there haven't been revealed any orders from Greek investors.

