



CLARKSON HELLAS

S&P WEEKLY BULLETIN

3rd JANUARY 2012

HAPPY NEW YEAR TO EVERYONE!
THIS IS THE FIRST S&P WEEKLY BULLETIN OF 2012!

As we look back at 2011 and the turbulent year we have been through financially, we all hope that 2012 will at least be somewhat a little more financially stable than the year we have just been through!

DRY CARGO VESSELS

VESSEL	DWT	BLT	DETAILS	SS/DD	PRICE	BUYER
SUNG Dong HULL 1181	82.00	2012 KOREA	MAN – B+W	-	USD 31.9 M	SINOKOR
SD EPOS	68.634	1987 SUMITOMO	SULZER 7RTA58	SS 3/12 DD 3/12	USD 5.6 M	CHINESE
OCEAN SUNRISE	48.203	1999 OSHIMA	mitsubishi 6UEC50LSII C 4X25	SS 7/14 DD 7/12	USD 13.7 M	CHINESE
OCEAN OF LUCK	34.970	1987 NKK	SULZER 6RTA58 C 4X25	SS 8/15 DD 8/13	USD 4.9 M	BANGLADESHI
BALTIC FRONTIER	27.293	1992 MINAMI NIPPON	mitsubishi 6UECS2LA C 4X30	SS 6/12 DD 6/12	USD 8 M	GREEKS
ATLANTIC COZUMEL	27.650	1984 HITACHI	SULZER 6RTA58 C 4X25	SS 1/14 DD 1/12	USD 2.6 M (AS IS BSS)	UNDISCLOSED INTERESTS

TANKERS

VESSEL	DWT	BLT	DETAILS	SS/DD	PRICE	BUYER
DS POWER	109.354	2000 DALIAN	SULZER COATED/COILED 12 TANKS	SS 12/12 DD 12/12	USD 15 M (AUCTION SALE)	CLEARWATER
DS PERFORMER	109.693	1999 DALIAN	SULZER COATED/COILED 12 TANKS	SS 4/13 DD 4/13	USD 15 M (AUCTION SALE)	CLEARWATER

TWEEN – CONTAINERS – REEFERS – RORO

VESSEL	DWT	BLT	DETAILS	SS/DD	PRICE	BUYER
DAHIATUL KALBI	16.248	1986 SPAIN	B+W 7245GB C 4X12.5	SS 9/15 DD 9/13	USD 3.25 M	UNDISCLOSED

DEMO

VESSEL	DWT	BLT	DETAILS	PRICE	BUYER
BW STADT (VLCC)	306.951	1994 JAPAN	41.079 LDT	USD 470/LDT Including 700tons bunker ROB	MALAYSIA
APOSTOLOS D (BULKER)	77.079	1984	12.740 LDT	USD 435/LDT	CHINA

Newbuilding – 2011 Summary/Comments

The Yards will no doubt on reflection be quite happy with the Year in terms of dollar contract value, with most of the larger Yards reaching their year-end targets, although this has been against the backdrop of a far smaller volume of vessels contracted this year.

This can clearly be seen across the more conventional sectors, where in Tankers of over 10,000 dwt we have seen just under 100 Vessels being penned so far this year against more than 250 in 2010. In Dry bulk, again over 10,000 dwt, we have seen around 330 vessels contracted in 2011, against over 1,150 in 2010 – a drop of some near 70%!

It has been the high value sectors that have had a much more positive year with over 50 LNG carriers contracted this year, against a mere six in the previous calendar year.

Likewise, amongst within the Container sector, the Post-Panamax and Super Post-Panamax sizes saw a very good first half of the year, although the second half of the Year has been somewhat quieter. All in all though there has been a near 225% increase in the number of containerships ordered in the 8,000 TEU + sector this year against 2010.

Offshore has again been steadily active with the high oil price keeping up the demand from the owners and the charterers for more Vessels. Let us see what the New Year brings and if the more staple fodder of the Yards in terms of the dry and wet contracting sees resurgence in ordering!

Second hand market – 2011 Summary/Comments

Dry sector

Despite 'a year of two halves', to quote our dry freight analysts, in the chartering market the sale and purchase market showed few signs of resistance over the course of the year on the back of massive newbuilding deliveries and the availability of new buildings off reasonably prompt dates at reduced prices.

Capes and panamaxs were hit particularly hard in the first six months of the year, not surprisingly with capes averaging US\$8,546 over this timeframe, but more recently we have seen the smaller supra-handymax / handysize also register significant falls. Also at the forefront of potential Buyers minds were a sales candidates speed and consumption figures, and rightly so with bunkers over US\$700 / ton. With this in mind, prospective Buyers of modern tonnage are also weighing up the merits of investing in the new 'eco' newbuilding designs from the Chinese shipyards in particular, but also now from Japanese and Korean shipyards, offering significant savings in this area. The first of these designs will be 'on the water' later next year, and how they perform under trading conditions will be watched carefully by both Owners and charterers.

The availability of finance - or lack thereof - also remains a major obstacle to Buyers of ships with, in the main, the traditional financing banks being able to be selective with whom they wish to lend to. To exacerbate the situation, the number of active ship finance lenders has reduced significantly with some banks looking to sell portfolios or exiting the shipping sector completely, leaving buyers with no option but to seek new banking relationships to secure funding. US dollars, in particular, are in short supply in international ship finance and this shortage coupled with the sovereign debt problems of Europe are among the reasons why banks have curtailed lending activities. Global banks have also become increasingly risk averse, tightening credit criteria and lending less thus requiring borrowers to increase equity contributions to protect against volatility in asset values and ensuring that break-even levels are set below historic earning levels. Although Asian banks are gradually playing a greater role in ship finance, it will take some time before they are significant capital providers for the shipping sector as capital is largely reserved for domestic clients. Together with an uncertain outlook for the physical markets, there seems to be a feeling that buyers will be seeking real value on the second hand side before committing to purchases.

Tanker sector

For most Tanker Owners it is likely to be a case of relief 2011 is over. 2011 has been a very different year compared to 2010 in terms of pricing. We saw values rise throughout the middle of 2010 but this year they have seen a dramatic decline since early Summer, culminating in the sale of 1998 built VLCC for demolition earlier this month (It should be remembered that it was only in December of last year when a 1999 built VLCC was sold for USD 55 million!). We look forward to 2012 with baited breath and hope that despite the negativity surrounding the market we may be taken by surprise to the upside...

Recycling

China has become the major competitor to the Indian breakers with further acquisitions this week at firming rates. Dry cargo vessels can now expect to achieve excess USD 420/ldt for tonnage giving prompt delivery with tankers expected to obtain closer to the USD 440/ldt, thus finally creating some much needed competition in the market.

The Indian market is still literally 'all over the place' with a 'lottery' feel towards available tonnage – there are more units coming to the market giving further caution in some cash buyers eyes, particularly those who still hold previously purchased tonnage at high rates and are yet to be resold. Maybe the constant supply of tonnage that is arriving into the market is testament that many Owners have finally realised that the market will not return to the heady heights seen this year in excess of USD 500/ldt. Historically though, today's rates are still a handsome return as a scrap value is concerned.

(THE INFORMATION CONTAINED IN THIS REPORT HAS BEEN OBTAINED FROM VARIOUS MARKET SOURCES. WE BELIEVE THIS INFORMATION TO BE CORRECT BUT WE CAN NOT GUARANTEE ITS ACCURACY OR COMPLETENESS. HENCE WE CAN NOT BE HELD RESPONSIBLE FOR ANY ACTION OR FAILURE TO TAKE ACTION UPON RELIANCE ON INFORMATION CONTAINED HEREIN. THIS REPORT MUST NOT BE REPRODUCED OR DISTRIBUTED TO ANY THIRD PARTY.)