SHIPTRADE SERVICES S.A.

WEEKLY SHIPPING MARKET REPORT

WEEK 15 (5th to 11th April 2014)

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Persian Gulf to Japan clean LR 1 freight falls below w100 on oversupply

Asian freight rates for Long Range I clean tankers on the benchmark Persian Gulf to Japan route fell below the key 100 Worldscale points Wednesday for the first time in eight weeks due to tonnage oversupply and thin demand, shipping sources said Thursday. The LR1 PG-Japan rate slid w5 day on day to w97 Wednesday. A fixture was widely reported Wednesday at w95 by Vitol for the Orfeas loading April 23 for a West Coast India to Japan route. The fixture was confirmed by a source close to the matter. The WCI-Japan 55,000-mt route trades at the same level as the PG-Japan 55,000-mt route on the Worldscale basis. PG-Japan freight rates hit w100 for the first time this year on February 12, then peaked at w110.25 on March 13. The fall in LR1 freight rates has narrowed the spread against rates for the larger Long Range II tankers on the PG-Japan route. Some sources said the two freight rates might be on par with each other for the first time since 2012. "The Orfeas had a last cargo of gasoline and is coming open from Karachi, which is near the load port," a charterer said. "This has affected the rate to get as low as w95. There is nothing else new in the market except two naphtha tender cargoes out of Aden and Kuwait. "The weakness in the LR1 market has forced owners of the vessels to compete with MRs for short-haul cargoes in the Persian Gulf region, sources said. A shipowner source said LR1 vessels such as the Yamilah III, Marinor and BW Columbia were heard loading MR sized cargoes for cross-Persian Gulf voyages at rates of $260,000-275,000, the same level as MR freight for such voyages. "For the LR1s, obviously because of the spread of tonnage available, there is not much optimism," an LR1 shipowner source said. "I don't think the tonnage will clear up soon so there is room for the rate to slide further". Sources said charterers have become keen on lifting naphtha cargoes on LR1 tankers as the vessels getting cheaper in relation to the LR2 segment. However, not all charterers would be able to make the quick change from 75,000 mt LR2-sized cargoes to 55,000-mt LR1-sized cargoes to take advantage of the narrower spread, sources said. (Platts)

Why analyst estimates for Nordic imply Suezmax rates of $21,000

Analysts generally are expecting the crude tanker industry to recover in 2014 and 2015. This would also be positive for the Guggenheim Shipping ETF (SEA) and crude tanker stocks such as Nordic American Tanker Ltd. (NAT), Frontline Ltd. (FRO), Teekay Tankers Ltd. (TNK), and Tsakos Energy Navigation Ltd. (TNP). Reverse engineering Nordic's current consensus calls for an average EBITDA (earnings before interest, tax, depreciation, and amortization) of $63.56 million in 2014 and $81.7 million in 2015. Using these projections, we can reverse-engineer the expected average time charter rate for the two years. In very simplistic terms, a shipping company's financials can be broken into time charter revenues, vessel operating expenses, general and administrative expenses, depreciation and amortization, and interest expenses. Vessel operating expenses include the costs of crew, fuel, provisions, deck and engine stores, insurance, and maintenance and repairs. Time charter revenues minus vessel operating expenses, general, and administrative expenses should give investors a number close to EBITDA. Per-vesselstatsOften, companies will provide the necessary information to calculate these accounts on a per-vessel day basis. In the past, each vessel cost Nordic American Tanker $8,750 a day in operating expenses and $2,400 a day in general and administrative activities. So based on Nordic's 20 vessels, a consensus estimate of $63.56 million in EBITDA suggests each vessel will make $3.13 million in 2014 in EBITDA. Divide the $3.13 million by 365 days in a year, the average profit per day for a Suezmax class vessel is estimated at $8,575. Given that it costs approximately $12,000 a day to operate a vessel for Nordic, daily time charter revenue per Suezmax should add up to $21,500 a day. This rate would be slightly below Nordic's 2010 average time charter rate of $22,450 per vessel. However, this doesn't always mean the company's shares will rise back up to 2010's $24.00 a share. (Market Realist)

Japan's Iran crude buyers raise cargo, hull insurance cover to Yen 39.6 bill.

Japanese buyers of Iranian crude have increased their shipping insurance cover for cargo and hull damage to Yen 39.6 billion ($385 million) per VLCC, up 1.5% from an earlier cap of Yen 39 billion, effective April 1 after one local non-life insurance company agreed to increase its cover, sources familiar with the matter said Tuesday. At least five local non-life insurance companies have since agreed to provide up to Yen 39.6 billion/VLCC cover for cargo and hull damage, and the hike in insurance cover will enable the Japanese buyers to lift more volume said sources, without elaborating. The increase comes after Japan introduced a law March 26 that allows up to Yen 764.4 billion be provided for insurance cover for tankers carrying Iranian crude in the 2014-15 fiscal year (April March), up 19.5% from the year before, due mainly to the weakening of the yen against the US dollar. This is a supplementary insurance framework set up by the Japanese government in 2012 to get around the EU ban on protection and indemnity cover for tankers carrying Iranian oil from July 1 of that year. The move followed a March 20 Cabinet decision that provided a range for the insurance cover, between a minimum Yen 873 million and maximum Yen 764.4 billion, for tankers carrying Iranian crude in fiscal 2014-15, an official at the Ministry of Land Infrastructure, Transport and Tourism said March 26.Japanese buyers of Iranian crude have not returned to using international P&I clubs to insure their shipments since the EU's six-month suspension of its ban on insurance for shipments of Iranian oil came into force January 20, according to industry sources. A US State Department official said March 4 Japan will be able to maintain its crude imports from Iran without further reduction while talks between world powers and Iran continue over its nuclear program. Japanese refiners have been importing Iranian oil under a series of 180 day waivers from US-imposed Iranian sanctions, first issued in March 2012 and requiring ongoing reductions in purchase volumes. Japan's most recent waiver had been scheduled to expire March 5. However, in line with an agreement between Iran and six world powers that came into effect January 20 for six months, the US has agreed to pause efforts to pressure the six countries still buying Iranian oil to cut volumes further. Japan received a new waiver January 20 in line with that agreement which "obviated" the previous 180-day waiver requiring purchase reductions, the US State Department official said March 4. (Platts)

Secondhand, Newbuilding & Demolition Overview

Sale & Purchase: Capes in charge

In view of the recent fall of the Baltic Dry Index (BDI) as well as the recent freight markets' softening, anyone would expect that this should lead to buying interest following the same direction. However, it seems that this was not the case, as market players seem to share an overall positive sentiment with regards to medium and long term market expectations. As a result, prices remain strong and a large number of high capital units change hands. Appetite for Capesize bulkers was strong this week, with us reporting a total of 4 units sold. The 2002 built "Shin Suruga" has found her new recipients for a price of $34 mill., with Ukrainian buyers paying $18 mill. for the 1997 built "Lian Fu Star" and "NG Moundreas" of Greece snapping up 2 1996 and 1995 Chinese built units, namely the "Pacific Enterprise" and the "Pacific Challenger" for a total price of $26 mill. Moving downwards across the deadweight scale, Norwegian interests seem to be behind the resale of a Panamax unit ex Pipanav, India for $28 mill., while S. Korean buyers paid $8.3 mill. for the 1995 built "Ever Young". Other than that, we understand that the owners of the 2004 Tsuneishi built Panamax "Mulberry Paris" have decided to reconsider her sale, as a result of levels seen not meeting their expectations. On the tanker front, "Navios Maritime" seem to have paid $43.5 mill. for the acquisition of the 2003 built VLCC "Venture Spirit", while "United Arab Chemical Carriers" are the new recipients of 4 very modern IMO II MR tankers from the "MISC" stable, built 2010 and 2011, for a total price of $140 mill., in the most notable transaction of the week. Last, but not least, 4 Japanese built stainless steel tankers were sold, namely the 2008 built 19.000 dwt "Stolt Megami" for $25 mill. to Greek interests, along with the "Bunga Kantan Satu", "Bunga Kantan Dua" and "Bunga Kantan Tiga" to "Sinochem" for a total price of $60.9 mill.

Newbuilding: Owners return to shipyards

In the newbuilding market, we have seen a total of 41 vessels to have been contracted this week, with owners' attention drawn by shipyards still offering relatively attractive prices, even though, pricewise, there has been a considerable upsurge recently, especially on the bigger sizes, something that took place despite the freight market softening. Appetite seems to be equal for bulkers and tankers, on the back of strengthened optimism with regards to the market in the long term.

Demolition: Healthy demand, despite the lack of sales

Steel plate prices in India, which could be described as decent, along with the Indian Rupee trading at impressive levels to the USD (even below Rs. 60) have led to optimism being spread around the market, despite the fact that last week has been a quiet one in terms of concluded sales. Although recently unable to compete with their sub-continent "rivals", Bangladeshi buyers have managed to acquire two market units this week, returning to the bidding tables again. In Pakistan, with scrap steel prices and the local Rupee remaining stable, many end buyers seem to be have woken up, showing a big appetite for all types of tonnage, even the larger ones, trying to stock their yards before the Pakistani budget and the monsoon season. With both prices and sentiment in the sub-continent being bullish, the recycling activity in the Chinese and Turkish markets appears to be depressed, with demolition destined units' owners whose vessels are positioned in these areas choosing to make a final voyage to the sub-continent, taking advantage of the considerable differential in levels offered. In general, and in the event that prices in the sub-continent remain at such healthy levels, we would expect more units to end up in demolition yards, especially if the freight markets remain under pressure, as during the past few weeks.

Enquiries: Smaller sizes sharing the driver's seat

Shiptrade's enquiry index enjoyed a considerable increase of about 20%, compared to last week's, with this rise mainly driven by the extremely enhanced interest in Handysize and Handymax/Supramax bulkers, along with MR Tankers. In the dry sector, enquiries for handies were increased by about 37%, with the relevant index for Handymax and Supramax bulkers following the same direction, while enquiries for Panamaxes, Kamsarmaxes remained stable, with those for Capes at single-digit levels. On the wet front, our attention was drawn for yet another week by MR tankers, with interest for Aframaxes being considerably increased as well, still at low levels though, while Panamaxes remained stable and Suezmaxes faced a decrease of about 30%. VLCC enquiries were very close to zero, as usual.

Sale & Purchase

Secondhand Sales - Bulk Carriers

Name	Dwt	YoB	Yard	SS	Engine	Gear	Price (mill.)	Buyer
Shin Suruga	176.391	2002	NKK, Jpn	06/2017	B&W	-	$34.0	Undisclosed
Lian Fu Star	172.091	1997	NKK, Jpn	02/2017	B&W	-	$18.0	Ukrainian (Vista Shipping)
Pacific Enterprise	149.363	1996	Dalian, Chn	01/2016	B&W	-	$13.5	Greek (NG Moundreas)
Pacific Challenger	149.210	1995	Dalian, Chn	07/2015	B&W	-	$12.5	
Pipavav P017	73.500	2014	Pipavav, India	-	B&W	-	$28.0	Norwegian
Ever Young	73.081	1995	Samsung, Kr	08/2015	B&W	-	$8.3	S. Korean

Secondhand Sales - Tankers

Name	Dwt	YoB	Yard	SS	Engine	Hull	Price (mill.)	Buyer
Venture Spirit	298.330	2003	Universal, Jpn	06/2018	B&W	DH	$43.5	Greek (Navios Maritime)
Bunga Begonia	45.479	2011	SLS, Kr	04/2016	B&W	DH, imo II	$35.0 (each en bloc)	U.A.E. (United Arab Chemical Carriers)
Bunga Banyan	45.444	2011	SLS, Kr	12/2015	B&W	DH, imo II		
Bunga Bakawali	45.553	2010	SLS, Kr	03/2015	B&W	DH, imo II		
Bunga Balsam	45.612	2010	SLS, Kr	09/2015	B&W	DH, imo II		
Stolt Megami	19.997	2008	Shin Kurushima, Jpn	07/2018	Mitsubishi	DH, st.st.	$25.0	Greek
Bunga Kantan Satu	19.774	2005	Fukuoka, Jpn	03/2015	B&W	DH, st.st.	$20.3 (each en bloc)	Chinese (Sinochem)
Bunga Kanta Dua	19.766	2005	Fukuoka, Jpn	06/2015	B&W	DH, st.st.		
Bunga Kantan Tiga	19.734	2005	Fukuoka, Jpn	09/2015	B&W	DH, st.st.		
Sakarya	11.258	2008	Dearsan, Tr	11/2017	B&W	DH	$14.0	Norwegian
Orarikke	6.886	2008	Rongcheng, Chn	-	Mak	DH	$10.0 (en bloc)	Belgian
Orarose	6.450	2008	Rongcheng, Chn	-	Mak	DH		

Secondhand Sales - Containers

Name	Teu	YoB	Yard	SS	Engine	Gear	Price (mill.)	Buyer
Cma Cgm Vivaldi	8.238	2004	Hyundai	11/2014	B&W	-	$50.0 (3 yrs TC back)	Undisclosed
Thuringia	4.253	2003	Samsung, Kr	-	B&W	-	$12.0	Chinese
Bavaria	4.253	2003	Samsung, Kr	-	B&W	-	$12.0	S. Korean (Sinokor)

Sale & Purchase

Indicative Values - Bulk Carriers

Size	Prompt Resale	5 years	10 years	15 years
Capesize	60	50	34	24
Panamax - Kamsarmax	35	30	22	17
Supramax - Ultramax	33	29	21	15
Handysize	26	20	17	10

Indicative Values - Tankers

Size	Prompt Resale	5 years	10 years	15 years
VLCC	101	70	45	30
Suezmax	68	49	35	18
Aframax	54	40	29	13
Panamax	43	32	23	12
MR	37	27	18	10

Newbuilding

Newbuilding Orders - Bulkers

No	Type	Dwt	Yard	Delivery	Owner	Price (mill.)	Comments
1	Newcastlemax	208.000	Jiangsu	2017	Oldendorff	$55.0	Option
2	Newcastlemax	206.000	Qingdao Yangfan	2017	Trafigura	n/a	
2	Capesize	180.000	Qingdao Beihai	2015/6	Foremost Maritime	$55.0	
2	Capesize	180.000	Hanjin H.I.	2015/6	Poseidon Shipping	$55.0	
2	Capesize	180.000	Hanjin	2016	Golden Union	$57.0	
1	Post-Panamax	84.900	Sasebo	2015	Quintana Shipping	n/a	
2	Kamsarmax	82.000	Penglai	2015	Laskaridis Shipping	$27.0	Option
2	Kamsarmax	82.000	Jiangsu	2015/6	Euroseas	$30.0	
2	Ultramax	63.300	Sinopacific	2015	Paragon Shipping	n/a	
2	Ultramax	61.000	COSCO Nantong	2015	AM Nomikos	n/a	

Newbuilding Orders - Tankers

No	Type	Dwt	Yard	Delivery	Owner	Price (mill.)	Comments
4	VLCC	320.000	Hanjin Subic	2016/7	Transportation Recovery Fund	$96.0	
4	Suezmax	160.000	HHI	2016	CM Lemos	$66.5	
2	Aframax	115.000	Daewoo	2015	Chandris	$51.0	
4	MR	50.000	Sungdong	2015/6	Breakwater Capital	$35.0	
2	MR	49.500	Uljanic	2015/6	Trogir Maritime	n/a	
10	Handy	25.000	Avic Dingheng	2016/7	Chemical transport	$40.0	St.st.

Newbuilding Orders - Containers

No	Type	Teu	Yard	Delivery	Owner	Price (mill.)	Comments
4	Container	9.443	Hyundai Samho	2015/16	Capital Maritime	$85.0 - 90.0	old

Demolition

Demolition Sales

Vessel	Type	Built	Ldt	Dwt	Price ($)	Country	Comments
MSC Socotra	Container	1995	24.508	63.179	490	India	
Fei He	Container	1994	19.000	51.280	341	China	
Finisterre	Container	1991	13.341	33.221	503	India	
Maori Maiden	BC	1984	7.243	37.695	467	Bangladesh	
Jin Hai Yuan	BC	1981	6.485	26.354	356	Bangladesh	as is Fujairah, 100 tons ROB
ACJ Pride	BC	1983	5.213	21.340	482	India	

Indicative Demolition Prices

Country	Tanker Prices ($)	Bulker Prices ($)
India	470	450
Bangladesh	455	430
Pakistan	465	440
China	330	315
Turkey	340	325

Dry Bulk Chartering

Baltic Indices (Friday Closing Values)

Index	Week 15	Week 14	Change (%)
BDI	1002	1205	-16,85
BCI	1789	2306	-22,42
BPI	782	822	-4,87
BSI	927	1003	-7,58
BHSI	556	598	-7,02

1 year T/C rates ($/day)

Type	Size (k dwt)	Week 15	Week 14	Change (%)
Capesize	160 -175	11042	16451	-32,88
Panamax	72 - 76	6414	6631	-3,27
Supramax	52 - 57	9696	10492	-7,59
Handysize	30 - 35	8512	9238	-7,86

Average spot rates ($/day)

Type	Size (k dwt)	Route	Week 15	Week 14	Change (%)
Capesize	160 -175	F. East - ATL	-73	3100	-
		Cont/Med - F. East	25280	33270	-24,02
		F. East RV	12109	17709	-31,62
		TransAtlantic RV	6850	11725	-41,58
Panamax	72 - 76	F. East - ATL	1400	1282	9,20
		ATL - F. East	13132	13570	-3,23
		Pacific RV	8175	8882	-7,96
		TransAtlantic RV	2542	2789	-8,86
Supramax	52 - 57	F. East - ATL	5933	6008	-1,25
		ATL - F. East	15800	17094	-7,57
		Pacific RV	9578	10444	-8,29
		TransAtlantic RV	7631	8839	-13,67
Handysize	30 - 35	Far East - ATL	3070	3300	-6,97
		ATL - F. East	-73	3100	-
		Pacific RV	25280	33270	-24,02
		TransAtlantic RV	12109	17709	-31,62

Tanker Chartering

Baltic Indices (Friday Closing Values)

Index	Week 15	Week 14	Change (%)
BCTI	597	614	-2,77
BDTI	696	705	-1,28

1 year T/C rates ($/day)

Type	Size (k dwt)	Week 15	Week 14	Change (%)
VLCC	300	24,500	24,500	0,00
Suezmax	150	19,250	19,000	1,32
Aframax	105	14,500	14,500	0,00
Panamax	70	14,750	14,750	0,00
MR	47	14,750	14,750	0,00

Average spot rates ($/day) - Crude

Type	Size (k dwt)	Route	Week 15	Week 14	Change (%)
VLCC	280	AG - USG	28	27	3,70
	260	WAFR - USG	47,5	50	-5,00
	260	AG - East / Japan	39	37,5	4,00
Suezmax	135	B. Sea - Med	62,5	72,5	-13,79
	130	WAF - USAC	60	62,5	-4,00
	80	Med - Med	85	100	-15,00
Aframax	80	N. Sea - UKC	90	97,5	-7,69
	80	AG - East	95	95	0,00
	70	Caribs - USG	110	100	10,00

Average spot rates ($/day) - Products

Type	Size (k dwt)	Route	Week 15	Week 14	Change (%)
Clean	75	AG - Japan	97,5	95	3,70
	55	AG - Japan	106,5	108,5	-1,84
	38	Caribs - USAC	97,5	97,5	0,00
	37	Cont - TA	115	115	0,00
Dirty	55	Cont - TA	125	125	0,00
	50	Caribs - USAC	105	100	5,00

Key Indicators & Stock Markets

Exchange Rates

Currency	Week 15	Week 14	Change (%)
EUR / USD	1,39	1,37	1,46
USD / JPY	101,35	103,31	-1,90
USD / KRW	1035	1053	-1,71
USD / NOK	5,93	6,00	-1,17

Bunker Prices

Port	IFO 380	IFO 180	MGO
Piraeus	590	620	920
Fujairah	595	630	975
Singapore	582	603	895
Rotterdam	578	602	880
Houston	584	654	958

Commodities

Commodity	Week 15	Week 14	Change (%)
Brent Crude (BZ)	107,65	106,88	0,72
Natural Gas (NG)	4,64	4,45	4,27
Gold (GC)	1,318	1,305	1,00
Copper	304,50	302,20	0,76
Wheat (W)	313,23	321,13	-2,46

Key Indicators & Stock Markets

Shipping Stock Prices - Dry Bulk

Company	Stock Exchange	Week 15	Week 14	Change (%)
Baltic Trading Ltd (BALT)	NYSE	6,10	6,34	-3,79
Diana Shipping Inc (DSX)	NASDAQ	11,39	12,07	-5,63
Dryships Inc (DRYS)	NASDAQ	3,13	3,26	-3,99
Euroseas Ltd (ESEA)	NASDAQ	1,20	1,27	-5,51
Eagle Bulk Shipping Inc (EGLE)	NASDAQ	3,92	4,43	-11,51
Freeseas Inc (FREESE)	NASDAQ	1,36	1,68	-19,05
Genco Shipping (GNK)	NYSE	1,81	1,89	-4,23
Navios Maritime (NM)	NYSE	8,43	8,95	-5,81
Navios Maritime PTN (NMM)	NYSE	18,22	18,40	-0,98
Paragon Shipping Inc (PRGN)	NASDAQ	5,93	6,54	-9,33
Star Bulk Carriers Corp (SBLK)	NASDAQ	12,75	13,80	-7,61
Seanergy Maritime Holdings Corp (SHIP)	NASDAQ	1,60	1,76	-9,09
Safe Bulkers Inc (SB)	NYSE	8,42	9,01	-6,55
Golden Ocean (GOGL)	Oslo Bors (NOK)	10,91	11,75	-7,15

Shipping Stock Prices - Wet

Company	Stock Exchange	Week 15	Week 14	Change (%)
Capital Product Partners LP (CPLP)	NASDAQ	10,72	11,03	-2,81
TOP Ships Inc (TOPS)	NASDAQ	1,45	1,40	3,57
Tsakos Energy Navigation (TNP)	NYSE	7,16	7,60	-5,79

Shipping Stock Prices - Other

Company	Stock Exchange	Week 15	Week 14	Change (%)
Aegean Maritime Petrol (ANW)	NYSE	9,39	9,87	-4,86
Danaos Corporation (DAC)	NYSE	6,30	7,08	-11,02
StealthGas Inc (GASS)	NASDAQ	11,03	11,49	-4,00
Rio Tinto (RIO)	NYSE	55,81	55,74	0,13
Vale (VALE)	NYSE	14,79	14,67	0,82
ADM Archer Daniels Midland (ADM)	NYSE	44,25	43,23	2,36
BHP Billiton (BHP)	NYSE	70,49	70,27	0,31