

## Broker's insight

by Panos Tsilingiris

In the dry bulk sector, with asset prices decreasing since June 2010 and with new lows recurring almost every single month, it is getting increasingly attractive to buy. But is it? Is there any foreseeable floor for asset prices?

Let's take the example of Panamax bulkers. Currently, the indicative value of a 5-year old Panamax is high \$ 17's m. Such levels were last seen 10 years ago in January 2003. At first sight, this looks like a strong hint to buy, but is it? Back then, the respective one year TC rate was at mid-11,000 \$/day. By contrast today's 1-year TC rates for a Panamax struggles to stay in the 7,000s \$/day range, while operating expenses are substantially higher. If the present depressed chartering market persists, which is implied by the bleak FFAs outlook and the recent 2-year period TC which is in the region of 6,500-7,500 \$/day, then prices could go further south. The recent 10-year history does not suffice; we need to go further back.

In the post 90's era, three market troughs stand out: 1Q1999, 4Q2001, and today. Both previous lows in 5-year old Panamax asset values were \$ 13.5-14m. Interestingly enough, in inflation adjusted terms (assuming inflation of 2.5% p.a.), today's shy \$ 18m price is again in the region of \$ 13.5-14m in late 2001 dollar terms. However, during the most recent of the previous lows, that is, during 4Q2001, the respective 1-year TC rates were rgn 7,000 \$/day, which is similar to today's levels. Therefore in nominal terms, this fuels the concern that there may still be ample room for further correction in today's asset prices.

Inevitably, I resort to going further back to 1976, as some of my seasoned ship-owning clients suggest. There are both similarities and disparities between the dry bulk shipping recession of the mid/late 1970s, the mid-1980s depression (which were separated by a short-lived dry freight expansion until March 1981), and the on-going one. However, we can consider the on-going one to be a so far purely oversupply-driven one, while during the 1980s there were also weak shipping demand issues to deal with.

In the 1980's, the trough occurred in March 1986 when a 5-yo Panamax could be purchased for approximately \$ 5.5m when freight rates were in the \$ 4,000s. In today's terms (assuming a conservative 3.5% annual inflation rate), this global nominal minimum corresponds to a figure which is (again!) in the 13.5-14mUSD range. By 1989 respective asset prices had rebounded back to above \$ 20m, making this as one of the most profitable asset plays. 15 years later this record would be shattered by buying in the low prices of 2002 and selling in 2007 or 2008 at the peak of the super-cycle.

Both the 1980s crisis and the on-going one share some common incentives for placing newbuilding orders: record low newbuilding prices, yards overcapacity, and promising fuel-efficient designs (oil had also peaked in 1980). In the 1980s, any hope for market rebound was killed by the excessive ordering during of 1982-1984 which was initially triggered by Sanko Steamship (which ironically filed again for bankruptcy in 2012) and subsequently followed by Norwegian and Greek owners. A clear lesson to be learnt from the 1980's crisis is that counter-cyclical massive ordering shouldn't occur again.

Currently 5-year old Panamax bulkers stand at about 20-25% higher than the \$ 13.5-14m range, which is the nominal low discussed above. Is it worth taking the upside risk (esp. for modern tonnage) vs. trying to identify the exact bottom?

Till next time! Wishing you a healthy, happy, and prosperous New Year!

## Chartering (Wet: **Softer-** / Dry: **Stable+** )

The Dry Bulk market has had an indifferent start to the New Year hovering around 700 points. Both the Atlantic and the Pacific basin offered slightly higher rates for Capes, though some small upward correction was naturally expected after the continuous downward trend witnessed during December. The BDI closed today (08/01/2013) at 734 points, up by 22 points compared to Monday's levels (07/01/2013) and an increase of 36 points compared to the previous Wednesday's levels (02/01/2013). A very negative week overall for the tanker market and a poor start for the New Year. The BDTI Monday (07/01/2013), was at 717, 23 points down and the BCTI at 763, a decrease of 25 points compared to the previous Wednesday's levels (02/01/2013).

## Sale & Purchase (Wet: **Stable-** / Dry: **Stable-** )

Taking into account that we were in a seasonally slow week as much of the world was celebrating the new year, there was fair amount of activity and interest circulating in the market. Minimal activity continues, with the exception being that of resale units where we witnessed a flurry of new deals. On the Tankers side, we had the en-bloc sale of the "British Hawthorn" (106,500dwt-blk 03 Japan) and the "British Laurel" (106,500dwt-blk 02 Japan), which were reported sold to Greek buyers at an en-bloc price of around \$ 15.5m. While on the dry bulker side, we had the sale of the "Crown Star" (76,662dwt-blk 02 Japan), which reportedly went for a price of \$ 12.1m to U.S. based buyers Quintana.

## Newbuilding (Wet: **Stable-** / Dry: **Stable-** )

Although it has been a very difficult year for the dry bulk sector, and some market players are still looking at scenarios in which the long awaited recovery gets postponed for a few years, it looks like the continuous iron ore price strengthening has lifted the spirits of some leading shipowners. Greek based Thenamaris and Norway's Frontline were reported to have placed significant orders for Capesize vessels of fuel efficient design. Both orders were placed in Chinese yards, providing both shipbuilders with much needed newbuilding contracts after what has been an extremely painful year for this sector. In terms of reported deals this week, Frontline2012, placed an order of 4 firm plus 2 optional Capes at Shanghai Waigaoqiao for \$45m each and in addition to that, they have also contracted STX Dalian to build a further 4 firm plus 4 optional Capes. This brings the total order, if options are exercised, to 14 Capes, which is an overwhelming number for sure, especially in the times we are living, with overcapacity causing the majority of Cape owners bleeding cash.

## Demolition (Wet: **Firm+** / Dry: **Firm+** )

The slowdown witnessed just before the end of the year proved to be only seasonal as it is evident that demo breakers have returned with a big appetite and fresh budgets in the first week of 2013. The majority of the market pundits had already been waiting for 2013 to be another strong demo year and if we judge from how it kicked off it looks like they are not falling short from expectations. Indian Sub-Continent breakers appear to be fairly strong with increased price offerings close to 430\$/ldt levels and sometimes well beyond these. Attracting more ship owners to beach their vessels is the key to rebalancing excess supply but at the same time it will be interesting to see up until which point in the year the demo market will hold its ground. Prices for wet tonnages were at around 390-425\$/ldt and dry units were seeing levels of about 375-400\$/ldt.

**Spot Rates**

Vessel	Routes	Week 1		Week 51		±%	2012		2011	
		WS points	\$/day	WS points	\$/day		\$/day	\$/day		
VLCC	265k AG-JAPAN	44	27,803	50	30,844	-12%	21,835	18,217		
	280k AG-USG	25	-1,457	30	3,785	-17%	1,604	2,504		
	260k WAF-USG	48	33,889	53	34,934	-9%	31,457	25,714		
Suezmax	130k MED-MED	68	22,490	90	39,959	-25%	22,121	25,125		
	130k WAF-USAC	65	17,113	78	23,580	-16%	13,373	13,373		
	130k AG-CHINA	73	20,447	70	19,441	4%	22,181	14,815		
Aframax	80k AG-EAST	83	12,798	90	13,031	-8%	14,182	12,726		
	80k MED-MED	80	13,899	100	22,649	-20%	13,700	13,577		
	80k UKC-UKC	90	17,943	103	28,825	-12%	18,517	18,604		
Clean	70k CARIBS-USG	85	8,567	88	7,164	-3%	12,325	8,240		
	75k AG-JAPAN	98	17,353	110	19,715	-11%	11,258	10,467		
	55k AG-JAPAN	118	17,353	145	23,304	-19%	10,867	7,768		
Dirty	37K UKC-USAC	160	18,856	158	15,654	2%	9,251	11,022		
	30K MED-MED	173	27,532	180	27,842	-4%	19,062	18,458		
	55K UKC-USG	115	18,439	135	22,764	-15%	16,571	11,266		
Dirty	55K MED-USG	115	16,677	135	20,893	-15%	14,735	9,676		
	50K CARIBS-USAC	105	10,986	115	11,735	-9%	13,028	10,700		

**TC Rates**

		\$/day	Week 1	Week 51	±%	Diff	2012	2011
VLCC	300k 1yr TC		21,500	21,500	0.0%	0	22,375	25,197
	300k 3yr TC		27,000	27,000	0.0%	0	27,195	31,681
Suezmax	150k 1yr TC		17,500	17,500	0.0%	0	17,606	19,837
	150k 3yr TC		22,000	22,000	0.0%	0	21,152	23,830
Aframax	110k 1yr TC		14,500	14,500	0.0%	0	13,889	15,707
	110k 3yr TC		16,000	16,000	0.0%	0	16,070	18,335
Panamax	75k 1yr TC		14,500	15,000	-3.3%	-500	13,245	14,995
	75k 3yr TC		15,250	15,500	-1.6%	-250	14,368	16,263
MR	52k 1yr TC		14,000	14,000	0.0%	0	13,764	13,918
	52k 3yr TC		14,750	14,750	0.0%	0	14,589	14,738
Handy size	36k 1yr TC		13,000	13,000	0.0%	0	12,567	12,471
	36k 3yr TC		13,750	13,750	0.0%	0	13,378	13,412

**Chartering**

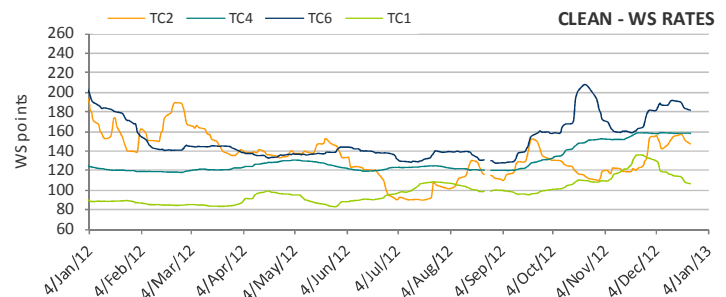
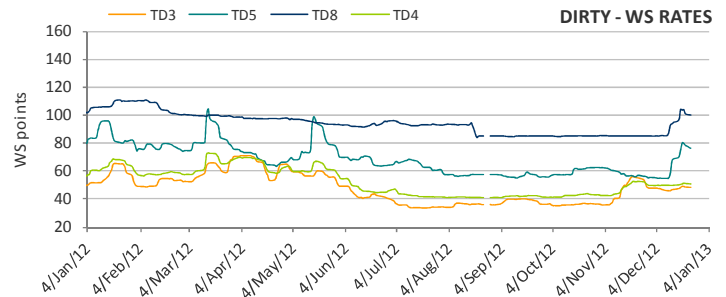
With demand slightly waning during the first couple of days in the year and tonnage having already piled on from the Christmas holidays, the VLCC market was in far another free-fall in freight levels. A significant portion of the mid-December rally was easily snapped away and we are finding ourselves back to stale levels, especially for Westbound voyages from the MEG. This may be temporary and things are likely to heat up over the next couple of days, however with new deliveries starting to pile on once again this year it not looking like a very bright future.

Despite healthy activity levels in the Suezmax market, it has yet to translate into improvement in freight rates, which were still holding onto their Christmas blues. This was present all in both the Med and WAF regions, however with both areas now cleared from excess tonnage there is high potential for another rally over the next couple of days.

It was a different case for The Afras were the slower activity in the North Sea/Baltic and Caribs regions due to the Christmas holidays was enough to swell up tonnage lists and cause sentiment to drop drastically. The Balck Sea/Med region was not spared either although it looks as though some activity had been revived there on Friday.

**Indicative Period Charters**

-12 mos	- 'Freja Pegasus'	2010	51,000dwt	
-			-\$ 13,250/day	- Repsol
-6+6 mos	- 'Ivor Point'	2007	51,000dwt	
-			-\$ 15,000/day	- Litasco



**Indicative Market Values (\$ Million) - Tankers**

Vessel 5yrs old		Jan-13	Dec-12	±%	2012	2011	2010
VLCC	300KT DH	57.0	57.0	0.0%	62.9	77.6	87.2
Suezmax	150KT DH	40.0	40.0	0.0%	44.9	54.4	62.6
Aframax	110KT DH	27.5	27.6	-0.5%	31.2	39.1	44.7
LR1	75KT DH	25.0	25.0	0.0%	26.7	35.2	38.8
MR	52KT DH	25.0	25.0	0.0%	24.6	28.4	26.5

**Sale & Purchase**

In the Aframax sector segment this week, we had the en-bloc sale of the "British Hawthorn" (106,500dwt-blt 03 Japan) and the "British Laurel" (106,500dwt-blt 02 Japan), which were reported sold to Greek buyers at an en-bloc price of around \$ 15.5m.

Also noteworthy was the en-bloc sale of the two chemical tankers, "Ellen Knutsen" (17,071dwt-blt 91 Spain) and sister "Synnove Knutsen" (17,071dwt-blt 92 Spain), which were picked up by Middle Eastern buyers for a price of \$ 8.9m each.

**Baltic Indices**

	Week 1		Week 51		±%	Point Diff	2012		2011
	04/01/2013		21/12/2012				Index	Index	
	Index	\$/day	Index	\$/day					
<b>BDI</b>	706		700		0.9%	6	921	1,549	
<b>BCI</b>	1,285	\$5,249	1,228	\$4,814	4.6%	57	1,571	2,237	
<b>BPI</b>	670	\$5,300	710	\$5,622	-5.6%	-40	965	1,749	
<b>BSI</b>	739	\$7,728	732	\$7,654	1.0%	7	906	1,377	
<b>BHSI</b>	446	\$6,619	446	\$6,587	0.0%	0	518	718	

**Period**

	\$/day	Week		±%	Diff	2012		2011
		1	51			2012	2011	
<b>Capesize</b>	<b>170K 6mnt TC</b>	12,500	12,000	4%	500	13,549	18,474	
	<b>170K 1yr TC</b>	12,000	12,000	0%	0	13,885	17,138	
	<b>170K 3yr TC</b>	14,000	14,000	0%	0	15,282	17,599	
<b>Panamax</b>	<b>76K 6mnt TC</b>	8,625	8,850	-3%	-225	11,003	17,238	
	<b>76K 1yr TC</b>	8,250	8,375	-1%	-125	9,906	14,863	
	<b>76K 3yr TC</b>	9,250	9,250	0%	0	10,888	14,500	
<b>Supramax</b>	<b>55K 6mnt TC</b>	9,500	9,750	-3%	-250	11,176	15,587	
	<b>55K 1yr TC</b>	9,250	9,250	0%	0	10,330	14,308	
	<b>55K 3yr TC</b>	10,250	10,250	0%	0	11,195	14,046	
<b>Handysize</b>	<b>45k 6mnt TC</b>	8,000	8,250	-3%	-250	9,375	13,416	
	<b>45k 1yr TC</b>	8,000	8,000	0%	0	8,849	12,450	
	<b>45k 3yr TC</b>	8,750	8,750	0%	0	9,575	12,403	
<b>Handysize</b>	<b>30K 6mnt TC</b>	7,250	7,500	-3%	-250	8,255	11,712	
	<b>30K 1yr TC</b>	7,750	7,750	0%	0	8,424	11,787	
	<b>30K 3yr TC</b>	9,000	9,000	0%	0	9,450	12,044	

**Chartering**

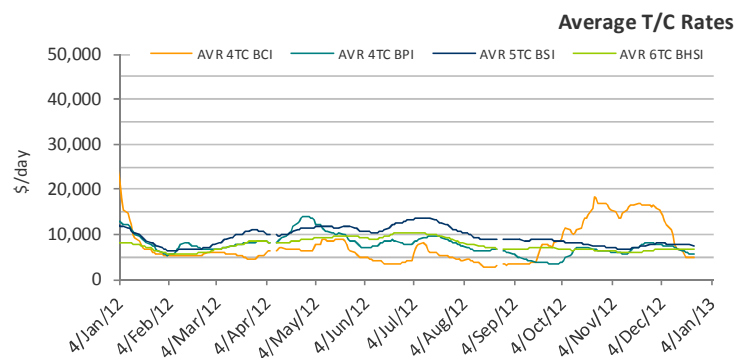
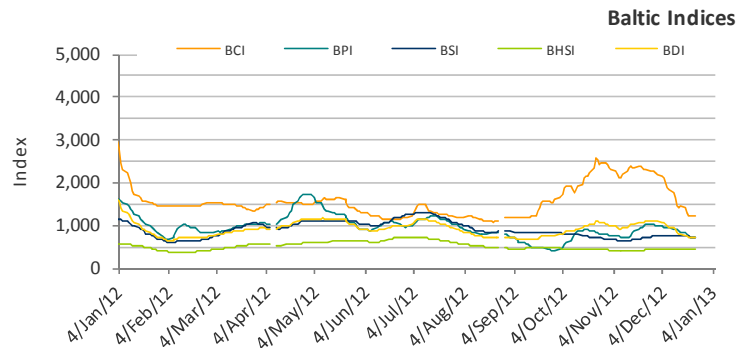
It was a positive start to the year for Capes as the revived demand for iron ore helped create some optimism and boost rates up once again. Although this most recent positive jump was fairly minor and we are still finding ourselves in sub-par freight levels, there is much promise in the horizon as the further commitment by the Chinese government to push on its stimulus plan starts to ramp up demand for iron ore and help cover the excess supply that has accumulated.

There seemed to be a sense of panic amongst Panamax owners, who in their haste to fix their vessels pushed the market further down while leaving a bitter taste for the start of the year. This may well be a premonition of what is yet to come in 2013, as the vast orderbook is set to flood the market and cause extra woes amongst market players. The Atlantic was holding slightly more stable, while the Pacific lost ground and quickly at that. With the Chinese New Year slowly approaching this will likely tend to be the main theme of the market for now.

Supras and Handies were showing more optimism especially for the former who managed to close of the week on a positive note. The holiday season saw both basins witness a drop in promptly available tonnage causing a slow paced rally and some optimism on the owners side. The Atlantic basin here as well was the clear winner, although for the Handies, a slower moving continent cost the market any real improvement in freight levels which closed on par with what they were before Christmas.

**Indicative Period Charters**

- 5/8 mos	- 'Lin Jie'	2003	177,359dwt
- dely Kawasaki ppt		- \$ 8,500/day	- Swissmarine
- 18/24 mos	- 'Zina'	2012	33,800dwt
- dely aps Eregli mid Jan		- \$ 3,000/day	- Oldendorff



**Indicative Market Values (\$ Million) - Bulk Carriers**

Vessel 5 yrs old		Jan-13	Dec-12	±%	2012	2011	2010
<b>Capesize</b>	<b>180k</b>	32.5	32.5	0.0%	34.6	43.5	57.4
<b>Panamax</b>	<b>76K</b>	18.0	18.0	0.0%	22.7	31.3	39.0
<b>Supramax</b>	<b>56k</b>	19.5	19.8	-1.3%	23.0	28.1	32.2
<b>Handysize</b>	<b>30K</b>	15.5	15.8	-1.6%	18.2	23.5	26.2

**Sale & Purchase**

In the Panamax sector we had rumors of the sale of the "Crown Star" (76,662dwt-blk 02 Japan), which reportedly went for a price of \$ 12.1m to U.S. based buyers Quintana.

While also worth mentioning is the sale of the older S. Korean built Panamax "Kronos" (73,301dwt-blk 96 S. Korea) which is said to have been picked up for a price of about \$ 7.0m by Greek buyers.

**Tankers**

Size	Name	Dwt	Built	Yard	M/E	SS due	Hull	Price	Buyers	Comments
AFRA	BRITISH HAWTHORN	106,500	2003	TSUNEISHI, Japan	B&W	Jan-13	DH	\$ 15.5m	Greek	
AFRA	BRITISH LAUREL	106,500	2002	TSUNEISHI, Japan	B&W	Nov-17	DH	\$ 15.5m		
MR	LOTUS EXPRESS	45,789	2003	MINAMI-NIPPON, Japan	B&W	Mar-13	DH	\$ 15.5m	Greek	pumproom
MR	AS OCEANIA	43,760	1999	DALIAN, China	MAN-B&W	Jun-14	DH	\$ 10.0m	undisclosed	Epoxy
PROD/ CHEM	ELLEN KNUTSEN	17,071	1991	AESA SESTAO, Spain	B&W	Jul-17	DH	\$ 8.9m	Middle Eastern	StSt
PROD/ CHEM	SYNNOVE KNUTSEN	17,071	1992	AESA SESTAO, Spain	B&W	Jul-17	DH	\$ 8.9m		StSt
PROD/ CHEM	CLIPPER TRINIDAD	8,823	1998	HITACHI ZOSEN, Japan	B&W	Aug-13	DH	\$ 5.0m	Far Eastern	StSt
PROD/ CHEM	EASTERN HONESTY	8,719	2002	SHIN KURUSHIMA, Japan	B&W	Feb-17	DH	\$ 8.4m	Korean	StSt
PROD/ CHEM	GREAT FISH	6,174	1990	SANUKI, Japan	Hanshin	Jan-15	DH	\$ 2.9m	undisclosed	Epoxy
PROD/ CHEM	SEA SPRING	4,933	2012	TAIZHOU YUANHANG, China	B&W	Jun-17	DH	\$ 8.9m	undisclosed	Epoxy

**Gas/LPG/LNG**

Name	Dwt	Built	Yard	M/E	SS due	Cbm	Price	Buyers	Comments
OCEANUS 09	3,714	1989	HIGAKI, Japan	Mitsubishi	Apr-14	3,206	undisclosed	S. Korean (Youngsan)	
CORAL MAYA	3,090	2004	POLI PELLESTRINA, Italy	Yanmar	Mar-14	2,939	\$ 10.0m	Italian (Lumaship)	
CORAL ELECTRA	3,090	2003	POLI PELLESTRINA, Italy	Yanmar	Dec-13	2,939	\$ 10.0m		

**Bulk Carriers**

Size	Name	Dwt	Built	Yard	M/E	SS due	Gear	Price	Buyers	Comments
VLOC	HYUNDAI SAMHO S551	263,000	2012	HYUNDAI SAMHO, S .Korea	Wartsila			\$ 53.5m		
VLOC	HYUNDAI Ulsan 2410	263,000	2011	HYUNDAI, S .Korea	Wartsila			\$ 53.5m	Bermuda based (Berge Bulk)	
VLOC	HYUNDAI Ulsan 2411	263,000	2012	HYUNDAI, S .Korea	Wartsila			\$ 53.5m		
VLOC	HYUNDAI SAMHO S550	263,000	2012	HYUNDAI SAMHO, S .korea	Wartsila			\$ 53.5m		
PMAX	CROWN STAR	76,662	2002	IMABARI MARUGAME, Japan	B&W	Feb-17		\$ 12.1m	Greek	
PMAX	BRAVE STAR	73,992	2000	TSUNEISHI , Japan	MAN-B&W	Mar-15		\$ 10.1m	Greek	
PMAX	KRONOS	73,301	1996	SAMSUNG, S .korea	B&W	Apr-16		\$ 7.0m	Greek	DD passed
SMAX	CHRISTINE STAR	56,854	2011	COSCO DALIAN, China	MAN-B&W	Jan-16	4 X 30t CRS	\$ 33.8m	Greek	
SMAX	HARMONY STAR	56,811	2011	COSCO DALIAN, China	MAN-B&W	Jun-16	4 X 30t CRS	\$ 33.8m		
SMAX	GOOD PRIDE	53,000	2010	HINDUSTAN, India	Wartsila	Apr-15	4 X 36t CRS	\$ 13.25m	Thai (Precious Shipping)	
SMAX	GOOD PRECEDENT	53,000	2011	HINDUSTAN, India	Wartsila	Feb-16	4 X 36t CRS	\$ 14.25m		

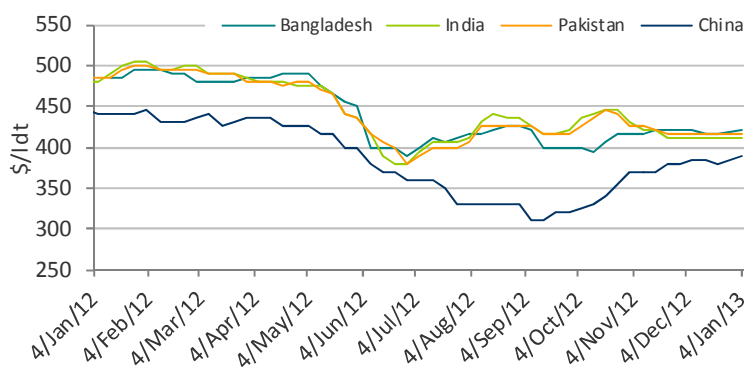
**Indicative Demolition Prices (\$/ldt)**

Markets		Week 1	Week 51	±%	2012	2011	2010
Wet	Bangladesh	425	415	2.4%	440	523	422
	India	415	410	1.2%	445	511	427
	Pakistan	415	415	0.0%	444	504	425
	China	390	380	2.6%	384	451	383
Dry	Bangladesh	400	385	3.9%	415	498	375
	India	400	375	6.7%	419	484	394
	Pakistan	390	380	2.6%	417	477	388
	China	375	365	2.7%	365	432	364

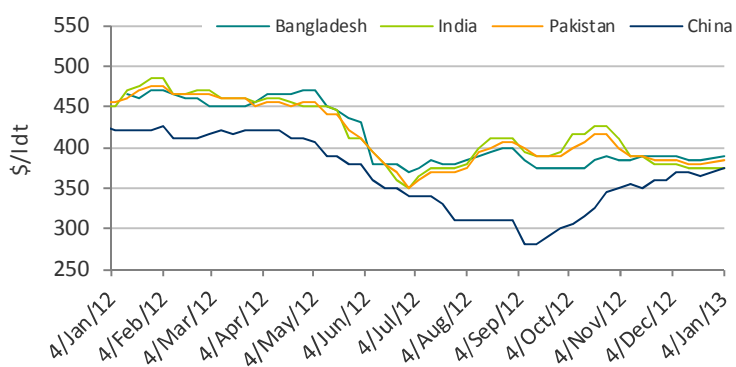
The slowdown witnessed just before the end of the year proved to be only seasonal as it is evident that demo breakers have returned with a big appetite and fresh budgets in the first week of 2013. The majority of the market pundits had already been waiting for 2013 to be another strong demo year and if we judge from how it kicked off it looks like they are not falling short from expectations. Indian Sub-Continent breakers appear to be fairly strong with increased price offerings close to 430\$/ldt levels and sometimes well beyond these. Attracting more ship owners to beach their vessels is the key to rebalancing excess supply but at the same time it will be interesting to see up until which point in the year the demo market will hold its ground. Prices for wet tonnages were at around 390-425\$/ldt and dry units were seeing levels of about 375-400\$/ldt.

Most notable this price this week was that paid by Indian breakers for the container 'IRENES DREAM' (47,273dwt-12,135ldt-blk 91), which was sold for a very firm price of \$ 459/ldt.

**Wet Demolition Prices**



**Dry Demolition Prices**



**Demolition Sales**

Name	Size	Ldt	Built	Yard	Type	\$/ldt	Breakers	Comments
LEONIDAS WARRIOR	183,316	22,546	1987	MITSUBISHI, Japan	BULKER	\$ 432/Ldt	Bangladeshi	
KEROS WARRIOR	149,528	18,500	1989	CHINA SHIPBLDNG, Chinese Taipei	BULKER	\$ 435/Ldt	Bangladeshi	
NAVION SAVONITA	108,153	16,151	1992	TSUNEISHI, Japan	TANKER	\$ 427/Ldt	Bangladeshi	
SHUN MING	69,011	12,800	1983	KOYO MIHARA, Japan	BULKER	\$ 410/Ldt	Bangladeshi	basis dely Bangladesh
IRENES DREAM	47,273	12,135	1991	SAMSUNG, S. Korea	CONT	\$ 459/Ldt	Indian	incl. bunkers ROB plus full spares
DIMITROVSKY KOMSOMOL	38,545	9,654	1985	GEORGI DIMITROV, Bulgaria	BULKER	\$ 309/Ldt	Turkish	
HERON	37,692	7,324	1984	SASEBO, Japan	BULKER	\$ 413/Ldt	Bangladeshi	
AMIRA DINA	29,514	6,244	1981	HAKODATE, Japan	BULKER	\$ 412/Ldt	Indian	
CASSINI	23,050	6,310	1980	HASHIHAMA, Japan	BULKER	\$ 375/Ldt	Pakistani	permanent ballast of 837t
MARE IBERCUM	22,494	7,381	1994	SZCZECINSKA, Poland	CONT	\$ 448/Ldt	Indian	
SUNRISE 89	21,351	5,215	1981	WATANABE ZOSEN, Japan	BULKER	\$ 405/Ldt	Indian	

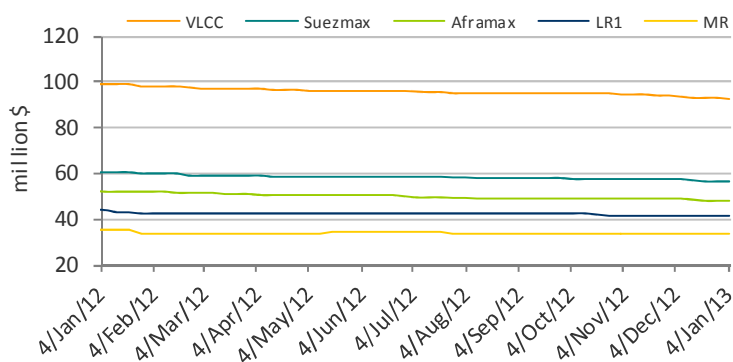
**Indicative Newbuilding Prices (million\$)**

Vessel		Week 1	Week 51	±%	2012	2011	2010
Bulkers	Capesize 180k	45.5	45.5	0.0%	46	53	58
	Panamax 77k	25.3	25.3	0.0%	26	33	35
	Supramax 58k	24.3	24.3	0.0%	25	30	31
	Handysize 35k	21.0	21.0	0.0%	21	25	27
Tankers	VLCC 300k	92.0	92.5	-0.5%	94	102	103
	Suezmax 160k	56.0	56.0	0.0%	57	64	66
	Aframax 115k	47.5	47.5	0.0%	49	54	55
	LR1 75k	41.0	41.0	0.0%	41	45	46
	MR 52k	33.5	33.5	0.0%	33	36	36
Gas	LNG 150K	185	185	0.0%	182	187	187
	LGC LPG 80k	69.5	69.5	0.0%	70	73	72
	MGC LPG 52k	61.5	61.5	0.0%	61	64	65
	SGC LPG 23k	40.5	40.5	0.0%	43	46	46

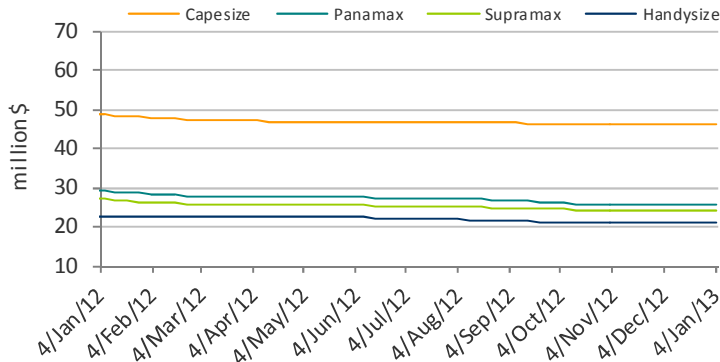
Although it has been a very difficult year for the dry bulk sector, and some market players are still looking at scenarios in which the long awaited recovery gets postponed for a few years, it looks like the continuous iron ore price strengthening has lifted the spirits of some leading shipowners. Greek based Thenamaris and Norway's Frontline were reported to have placed significant orders for Capesize vessels of fuel efficient design. Both orders were placed in Chinese yards, providing both shipbuilders with much needed newbuilding contracts after what has been an extremely painful year for this sector.

Most notably, Frontline2012, placed an order of 4 firm plus 2 optional Capes at Shanghai Waigaoqiao for \$45m each and in addition to that, they have also contracted STX Dalian to build a further 4 firm plus 4 optional Capes. This brings the total order, if options are exercised, to 14 Capes, which is an overwhelming number for sure, especially in the times we are living, with overcapacity causing the majority of Cape owners bleeding cash.

**Tankers Newbuilding Prices (m\$)**



**Bulk Carriers Newbuilding Prices (m\$)**

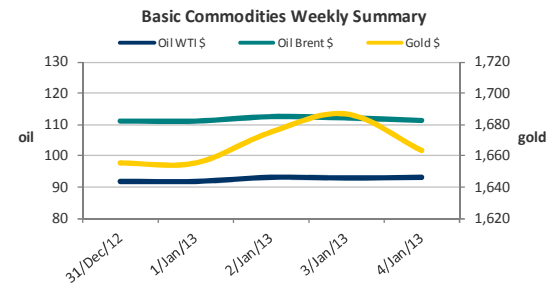


**Newbuilding Orders**

Units	Type	Size	Yard	Delivery	Buyer	Price	Comments
1+2	Bulker	180,000 dwt	Shanghai Waigaoqiao, China	2014	Greek (Thenamaris)	undisclosed	fuel efficient design
4+2	Bulker	180,000 dwt	Shanghai Waigaoqiao, China	2014-2015	Norwegian (Frontline 2012)	\$ 45.0m	fuel efficient design
4+4	Bulker	180,000 dwt	STX Dalian, China	2014-2015	Norwegian (Frontline 2012)	\$ 43.0m	fuel efficient design
2	Bulker	61,000 dwt	Nantong KHI, China	2014	Chinese (Jiangsu Ocean)	undisclosed	
4	Gas	174,000 cbm	Hyundai Samho, S. Korea	2015	Greek (Maran Gas Maritime)	\$ 210.0m	LNG/On the back of long term charters
1	Gas	154,800 cbm	Hyundai H.I., S. Korea	2015	Bruneian (Brunei Gas Carriers)	undisclosed	LNG
2	Gas	22,000 cbm	STX, S. Korea	2014	(Ultrana)	undisclosed	
1	Cruise	5,400 berth	STX, France	06/2016	US based (Royal Caribbean)	\$ 1320.0m	

**Market Data**

		4-Jan-13	3-Jan-13	2-Jan-13	1-Jan-13	31-Dec-12	W-O-W Change %
Stock Exchange Data	10year US Bond	1.910	1.900	1.840	-	1.760	11.7%
	S&P 500	1,466.47	1,459.37	1,462.42	-	1,426.19	4.6%
	Nasdaq	3,101.66	3,100.57	3,112.26	-	3,019.51	4.8%
	Dow Jones	13,435.21	13,391.36	13,412.55	-	13,104.14	3.8%
	FTSE 100	6,089.84	6,047.34	6,027.37	-	5,897.81	2.8%
	FTSE All-Share UK	3,191.10	3,170.26	3,159.65	-	3,093.41	2.8%
	CAC40	3,730.02	3,721.17	3,733.93	-	3,641.07	3.0%
	Xetra Dax	7,776.37	7,756.44	7,778.78	-	7,612.39	2.2%
	Nikkei	10,688.11	-	-	-	-	2.8%
	Hang Seng	23,331.09	23,398.60	23,311.98	-	22,656.92	2.9%
	Dow Jones	236.61	236.49	233.25	-	227.57	6.3%
Currencies	\$ / €	1.30	1.31	1.32	-	1.32	-1.2%
	\$ / £	1.60	1.62	1.63	-	1.62	-0.7%
	£ / €	0.81	0.81	0.81	-	0.81	-0.5%
	¥ / \$	88.11	87.00	87.10	-	86.43	2.3%
	\$ / Au\$	1.04	1.05	1.05	-	1.04	0.6%
	\$ / NoK	0.18	0.18	0.18	-	0.18	-0.6%
	\$ / Sfr	0.93	0.92	0.91	-	0.92	1.4%
	Yuan / \$	6.25	6.24	6.23	-	6.23	0.0%
	Won / \$	1,066.82	1,063.49	1,064.98	-	1,064.33	-0.2%
	\$ INDEX	82.30	81.80	81.50	-	81.50	1.0%



**Bunker Prices**

		4-Jan-13	28-Dec-12	W-O-W Change %
MDO	Rotterdam	930.0	935.0	-0.5%
	Houston	1,010.0	1,008.0	0.2%
	Singapore	927.0	922.0	0.5%
380cst	Rotterdam	595.0	585.0	1.7%
	Houston	622.5	622.5	0.0%
	Singapore	622.0	613.0	1.5%
180cst	Rotterdam	625.0	615.0	1.6%
	Houston	692.5	672.5	3.0%
	Singapore	626.0	612.0	2.3%

**World Economy News**

**Energy & Commodities**

Eurozone unemployment hit a fresh record of 11.8 per cent in November, official statistics showed on Tuesday, highlighting the dire state of the bloc's economy in spite of hopes for a gradual recovery this year. Across all 27 members of the EU, some 26m people were out of work in November, or 10.7 per cent of the workforce, according to Eurostat, the EU's statistical office. (Financial Times)

Oil rose, trading near the highest level in almost four months in New York on estimates that U.S. refiners boosted crude use and amid signs of an economic recovery in Europe. West Texas Intermediate futures advanced as much as 0.7pct, the third consecutive daily increase. Refineries probably raised their average run rate last week by 0.2pct points to 90.6pct. (Bloomberg)

**Maritime Stock Data**

**Finance News**

Company	Stock Exchange	Curr.	04-Jan-13	21-Dec-12	W-O-W Change %	Max 1wk	Min 1wk
AEGEAN MARINE PETROL NTWK	NYSE	USD	6.05	5.08	19.1%	6.05	5.28
BALTIC TRADING	NYSE	USD	3.27	3.16	3.5%	3.27	2.98
BOX SHIPS INC	NYSE	USD	4.86	4.16	16.8%	4.86	4.10
CAPITAL PRODUCT PARTNERS LP	NASDAQ	USD	7.18	6.57	9.3%	7.18	6.58
COSTAMARE INC	NYSE	USD	14.70	14.07	4.5%	14.70	13.92
DANAOS CORPORATION	NYSE	USD	2.98	2.61	14.2%	2.98	2.75
DIANA SHIPPING	NYSE	USD	8.37	7.47	12.0%	8.37	7.30
DRYSHIPS INC	NASDAQ	USD	2.17	1.73	25.4%	2.17	1.60
EAGLE BULK SHIPPING	NASDAQ	USD	2.26	1.47	53.7%	2.26	1.50
EUROSEAS LTD.	NASDAQ	USD	1.00	0.88	13.6%	1.00	0.91
EXCEL MARITIME CARRIERS	NYSE	USD	0.61	0.51	19.6%	0.61	0.43
FRESEAS INC	NASDAQ	USD	0.10	0.09	11.1%	0.10	0.07
GENCO SHIPPING	NYSE	USD	4.13	3.62	14.1%	4.13	3.49
GLOBUS MARITIME LIMITED	NASDAQ	USD	1.94	1.60	21.3%	1.94	1.69
GOLDENPORT HOLDINGS INC	LONDON	GBX	38.50	37.00	4.1%	38.50	36.00
HELLENIC CARRIERS LIMITED	LONDON	GBX	16.50	15.10	9.3%	16.50	16.00
NAVIOS MARITIME ACQUISITIONS	NYSE	USD	2.51	2.12	18.4%	2.51	2.41
NAVIOS MARITIME HOLDINGS	NYSE	USD	3.75	3.44	9.0%	3.75	3.37
NAVIOS MARITIME PARTNERS LP	NYSE	USD	13.95	12.56	11.1%	13.95	12.28
NEWLEAD HOLDINGS LTD	NASDAQ	USD	0.72	0.37	94.6%	0.72	0.40
PARAGON SHIPPING INC.	NYSE	USD	3.00	2.39	25.5%	3.00	2.24
SAFE BULKERS INC	NYSE	USD	3.90	3.48	12.1%	3.90	3.36
SEANERGY MARITIME HOLDINGS CORP	NASDAQ	USD	1.63	1.13	44.2%	1.63	1.04
STAR BULK CARRIERS CORP	NASDAQ	USD	6.94	6.04	14.9%	6.94	6.16
STEALTHGAS INC	NASDAQ	USD	8.27	8.23	0.5%	8.27	7.93
TSAKOS ENERGY NAVIGATION	NYSE	USD	4.07	3.80	7.1%	4.07	3.71
TOP SHIPS INC	NASDAQ	USD	1.05	1.01	4.0%	1.05	0.92

China still has a long way to go to become a top ship financing country, as its lenders are inexperienced and see few incentives to enter the recession-prone industry, a senior official has said.

As European lenders retreat amid the sovereign debt crisis, many owners hoped Chinese banks could step in and instil liquidity into the cash-strapped industry.

However, while policy banks such as the Export-Import Bank of China and China Development Bank are becoming more active, most others have apparently been reluctant to expand their shipping portfolio despite strong demand for credit.

"Even though ship finance is shifting from Europe to Asia, Europe is still the core for shipping with its resources," said China Universal Leasing ship-lease general manager Wang Keke.

The Chinese government is seeking to build ship finance centres in major cities, but it may take years to clear regulatory hurdles, including currency exchange controls and red tape for cross-border trading.

"China is learning from Europe now and building financial centres. There have been some initial developments of derivatives, but relative services are still not advanced enough," Mr Wang told a China Shipping Gazette forum. (Lloyds List)

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