++ Shipbuilding News ++

Hyundai inks 82K VLGC

(http://www.asiasis.com/view_new.php?bbs_id=news&doc_num=15495)

Hyundai Heavy Industries has booked an 82,000-cbm very large gas carrier (VLGC) for delivery at the end of 2013 from SK Shipping. The South Korean shipbuilder has upped its tally of VLGCon order to three from the Korean shipping company, among which the earlier newbuildings were contracted separately in November 2010 and March 2011, both to be delivered in the first half of next year, according to a source close to the company. The source says all three ships will be chartered-out to SK Shipping's sister company SK Gas on a long-term basis. The contract value of the latest vessel has been unrevealed, he just saying that the deal was "done at a market level," which cost around mid-$70m, told by newbuilding brokers. One suggests the deal for the third ship is an option priced at $75m that is now being declared.

STX inks 155K shuttle tanker

(http://www.asiasis.com/view_new.php?bbs_id=news&doc_num=15499)

STX Offshore & Shipbuilding has reportedly booked a 155,000-dwt shuttle tanker from the greek owner European Navigation (Elka Shipping), bringing its suezmax tally from Elka to three. The two earlier vessels were inked last year on the back of a long-term charter with energy major Petrobras. Elka was said at the time to be holding two options. The price of the latest tanker has not been disclosed. But sources suggest yards are seeking in excess of $90m for suezmax shuttle tankers, while Elka is understood to have paid over $93m each for its two earlier vessels. The triplets will be built at Jinhae yard with the first two pair slated for delivery next year and the third in 2014. However, Director Anthony Vlassakis confirms that Elka holds an option but still has time to make a decision. Meanwhile, the South Korean shipbuilder is known to have secured a total of 15 vessels, totalling about $900m year to date, including the recently ordered 155,000-dwt shuttle tanker.

++ Shipping News ++

Weak European coal demand sees Atlantic and Pacific rates diverge

(http://www.lloydslist.com/ll/sector/dry-cargo/article392634.ece)

WEAK European coal demand is widening the gap between panamax and supramax charter rates in the Atlantic compared to the Pacific dry bulk spot market, which has seen strong demand since the Chinese new year and increased employment opportunities that allow owners to press for higher sums.The ratio between available ships in each basin is falling, because the lack of coal shipped in the Atlantic is increasing the number of vessels open for business, London-headquartered broker ICAP Shipping said in its latest monthly Global Shipping Analytics report. In contrast, Indonesian coal shipments in particular are creating greater demand in Asia and absorbing ships from the Pacific spot market. Subsequently, the last three to four weeks have seen charter rates move apart. Despite the difference in size between the 52,000 dwt vessels that the Baltic Exchange bases its supramax freight assessments on and the 72,000 dwt size for panamaxes, both Atlantic and Pacific round voyage rates were averaging around $5,000-$6,000 per day at the end of the first full week of February. Now, however, Pacific round voyage rates for both vessel classes are nearing $9,000 per day, while the Pacific transatlantic rate is in the low $4,000 per day range and the average of the Baltic Exchange US-Europe and Europe-US rates is around $5,200 per day.

Caribbean-US product tanker trade collapses after refinery closure

(http://www.lloydslist.com/ll/sector/tankers/article392693.ece)

THE Baltic Exchange's benchmark route for Caribbean to US Atlantic Coast product tanker voyages is now irrelevant and a new benchmark route needs to be worked out following the closure of the St Croix refinery that provided much of the trade's cargo, say shipbrokers. Following its closure last month due to weak margins, cargoes of refined oil products have all but dried up on the Caribbean to US Atlantic Coast route. But product tanker panellists that supply freight rate assessments to the Baltic Exchange are still submitting theoretical values for the route as the indices provider continues to report it as part of its clean tanker index. The route is called the TC3 and covers product tankers shipping 38,000-tonne cargoes of petroleum products from the Caribbean to New York. The Baltic Exchange declined to comment on how it was now working out the TC3, or on what the future held for the benchmark, at the time of going to print. The Baltic Exchange's clean tanker index reports seven benchmark routes, which each show the charter rate level and time charter equivalent earnings that owners can expect to receive on the routes. The benchmarks are updated daily at 1600 hrs. The TC3 rate closed at W156.2 on Thursday, equivalent to $13,559 per day. In other clean product markets, the transatlantic gasoline trade on medium range product tankers is seeing a drop in rates and earnings after a previous rally. Brokers have put this down to the use of long range product tankers for the voyage from Europe to the US, known as the TC2. "It's been a lot less active this week but my suspicions are that it is because it has all been going on the large tankers," said a London broker, who explained that LR tankers were being used because the charter rate is much lower than the rate for MR tankers.

Oil leaps to highest level since mid-2008

(http://www.ft.com/intl/cms/s/0/2285ec12-63ea-11e1-8762-00144feabdc0.html#axzz1nwdsyxfb)

Oil leapt to the highest level since the market peak of mid-2008 in a frenzy of buying that followed a disputed report of a pipeline blast in Saudi Arabia. The report, swiftly denied by a Saudi official, was posted on web sites including PressTV, an English-language news channel based in Tehran. Iran is the Saudi kingdom's main rival in the Middle East oil market, and stands to lose market share as western sanctions increase over its nuclear programme. Brent crude gained as much as $5.74 to reach $128.40 a barrel, jumping sharply after futures contracts settled late in London. The price was the highest since late July 2008, when crude was in retreat from its all-time high of $147.50. Prices retreated from their highs in Asian trading on Friday. By 6:30am in London, brent crude was trading at $125.62 a barrel. Crude has climbed 17 per cent from the start of the year as traders weigh the balance of growing global demand against the prospect of lower supplies from Iran. In euro terms, oil has broken records. As futures markets neared their daily settlement periods in London and New York, PressTV reported a pipeline explosion took place in Saudi Arabia's Eastern Province. "This report is completely false," a Saudi industry official said. He said there had been "no incident whatsoever".

Robust Chinese demand brings cautious optimism to car carriers

(http://www.lloydslist.com/ll/sector/dry-cargo/article392657.ece)

CHINA continues to prop up the car carrier industry as demand for European cars remains robust despite the shaky global economic situation, according to fresh analysis from Europe's DVB Bank. Strong demand in the Oceania region for European vehicles is also helping to support the car carrier industry, the bank's research and strategic planning team said in its car carrier outlook report, Shifting Gears. Demand from China and Oceania, which includes Australia, New Zealand and the surrounding islands, will see one-year time charter rates rise steadily this year, DVB forecast: "For the moment, [the Chinese] are providing car carriers with a good backhaul load." However, the report stopped short of predicting a bright outlook for car carriers, preferring to remain cautious. Global economic uncertainty has an impact on vehicle demand and it is unclear how long Chinese demand can be sustained, the report warned. Nevertheless, market dynamics look set to improve the balance of supply and demand for car carriers in 2013. But once again, underlying global economic issues make DVB "cautiously optimistic" for 2013, rather than bullish. The healthy supply and demand balance this year underpins a projected steady rates increase.

++ Finance News ++

Fredriksen selling Seadrill shares to 'aggressively pursue' shipping opportunities

(http://www.lloydslist.com/ll/sector/tankers/article392591.ece)

JOHN Fredriksen is lining up huge sums of cash to pounce on distressed asset sales and low newbuilding prices to increase his shipping portfolio at a time when other large tanker owners and operators are reporting colossal losses and struggling to tread water. The Norwegian shipping tycoon's Hemen Holding has announced plans to sell up to 24m shares in offshore company Seadrill, reducing its stake from 28% to 23%, and use the $1bn or so the stake is worth to take advantage of opportunities presented in weak shipping markets. An announcement from Seadrill said that the transaction would "create liquidity to aggressively pursue investment opportunities in the currently oversupplied market for commodity shipping". This included purchasing "distressed asset companies, ordering newbuildings" and seeking consolidation opportunities, which would give Fredriksen Group a more diversified investment portfolio. Analysts have already said they think the move will be positive for other businesses within Mr Fredriksen's portfolio of shipping companies, such as tanker owner and operator Frontline, dry bulk specialistGolden Oceanand growing Golar LNG. However, the available cash could also see Mr Fredriksen's group of companies, Seatankers, pursue opportunities in other sectors of the market, particularly after he ordered six medium range product tankers last month in South Korea, with options for an additional four. It is believed by equity analysts that these vessels will eventually end up in Frontline 2012, the spin off created at the end of last year following Frontline reported substantial losses.

Torm struggles as cash reserves dwindle

(http://www.ft.com/intl/cms/s/0/3954969e-63ab-11e1-9686-00144feabdc0.html#axzz1nwdsyxfb)

Denmark's Torm is rapidly depleting its cash reserves and risks being asked to repay all its $1.9bn debt immediately, according to a gloomy annual report that will further increase speculation about whether the struggling shipping company can survive the slump in its key markets. The company, which made a $453m net loss for 2011, also declined to give any guidance on its likely performance for 2012, given its "very difficult" financial position. The announcement underlines the urgency for Torm of completing long-running restructuring talks with its main banks before its cash runs out. According to the results, the company had $85.5m cash on December 31 but went on in January to breach covenants requiring it to have a minimum $60m. It announced that, because its equity now accounted for only 23 per cent of the whole company's value, banks could now in principle demand immediate repayment of all its $1.9bn debt. People involved say restructuring efforts have faltered partly because Villy Panayotides, the Greek shipowner who owns 52 per cent, appears determined to retain control but has so far not been able to fund a 52 per cent share of the required $300m equity issue. Mr Panayotides has consistently declined to comment. "Torm is in a very difficult situation at the release of the 2011 annual report, as the deterioration in the global economy and excess tonnage capacity severely impact the product tanker freight market for the third year running," said Niels Erik Nielsen, the company's chairman. The shares, which are quoted in Copenhagen and on Nasdaq and have fallen more than 90 per cent over the past year, fell 5.5 per cent in Copenhagen to DKr3.45.

Dr Peters seeks fresh capital

(http://www.lloydslist.com/ll/sector/finance/article392663.ece)

GERMAN KG financier Dr Peters is looking for outside investors to help it to buy back two insolvent tankers after the original retail investors failed to provide enough fresh capital for the undertaking, with a spokesman saying that only about half the €12m ($15.9m) needed had been paid in. "That is a pleasing figure, but of course it would have been better if we had received more," the spokesman said. Dr Peters plans to buy back two aframax tankers that it originally financed through a KG fund. The fund filed for bankruptcy in October and the vessels were auctioned in December. They were acquired by a special-purpose vehicle controlled by Commerzbank. The KG fund says the vessel owner is willing to sell the tankers back to a new Dr Peters venture and that Commerzbank could provide a new loan if it raised the necessary equity. The original investors were asked for fresh capital, as the financier believes the vessels can operate successfully.

GMR limps toward next phase

(http://www.tradewindsnews.com/finance/664652/gmr-limps-toward-next-phase)

General Maritime Corp jumped a key hurdle on the road to recovery Thursday after a US bankruptcy court approved major components of its financial overhaul but the shipping syndicate is still bleeding cash. The Peter Georgiopoulos-led tanker owner says a federal judge in the Southern District of New York has signed off on what is called a disclosure statement, which will allow the company to solicit approval of its reorganisation plan from creditors. “The company notes that discussions are ongoing with the creditors' committee and certain other holders of senior note claims, and the company is hopeful that consensus on the plan will be reached,” it added in a statement today. The court also signed off on procedures attached to a proposed rights offering, which will give unsecured creditors the opportunity to purchase up to 17.5% of the equity in the reorganised company for $61.3m at a subscription price of $36.84 per share. As TradeWinds has reported, Genmar is also looking to secure a $175m infusion from long-time investor Oaktree Capital, which would step in to pick up any unsubscribed shares, in a proposal that has been met by vehement opposition from bondholders.