++ Shipbuilding News ++

Shipbuilders' shipowning rises

(http://www.asiasis.com/view_new.php?bbs_id=news&doc_num=15502)

Shipbuilders are inclined to build their own newbuildings to secure works, recently. Amidst new order depression worldwide, there appears builders who construct 'Stock Boat' on the premise of future resale or own the newbuildings and charter out to owners. Particularly, many Chinese private-owned shipbuilders establish ship-owning companies and provide ship financing to owners. Yangzijiang Shipbuilding has built ship-owning companies and decided to possess four 92,500-dwt bulkers, under construction at Jiangsu New Yangzi Shipbuilding ordered from Peter Dohle, jointly with the owner. Also, Sinopacific Shipbuilding Group established Crown Ship in Hong Kong to own and manage its self-ordered newbuildings. Besides, there are some small-and-medium sized yards which own newbuildings and suggest bareboat charter with optional purchase to owners, while Stock Boat is emerging in Japanese and South Korean yards as well.

Hyundai rakes in VLGC orders

(http://www.asiasis.com/view_new.php?bbs_id=news&doc_num=15512)

Hyundai Heavy Industries wins the third VLGC order since the beginning of this year. Solvang has splashed out on another VLGC at the Korean yard. The Oslo-listed company has exercised an option for a 84,000-cbm vessel at Hyundai. Solvang did not reveal a price for its latest acquisition but the company penned an order for its first VLGC at the same yard in June last year at a reported price of $77m. Both vessels are scheduled to hit the water in the second half of 2013. Solvang will be managing owner of each vessel, with a 15% stake in the first and 20% in the second. Meanwhile, Hyundai won two more VLGC orders earlier this year from SK Shipping and Pertamina.

++ Shipping News ++

CSG targets takeovers

(http://www.tradewindsnews.com/finance/664717/csg-targets-takeovers?lots=site)

China Shipping Group (CSG) is ready to move for ships, shipyards and ports in a bid to take advantage of the downturn. The giant state owner's chairman Li Shaode told reporters that it has formed a team tasked with searching for opportunities through the "industrial chain for shipping." “We will see if it is the best time for deals given the current situation for the shipping industry,” Li said. Li expects more bargains in the container shipping market than those for tankers and bulkers this year.

Petrobras books Euronav ULCC for storage

(http://www.lloydslist.com/ll/sector/tankers/article392776.ece)

PETROBRAS is reported to have booked Euronav’s 2002-built, 442,000 dwt ultra large crude carrier TI Europe for a minimum of six months for storage at $20,000 a day, signalling how far the dire tanker market has softened earnings since the height of the floating storage boom in late 2009. Brokers reported that the vessel – one of just two ULCCs in service – had been fixed for six months with options for two additional three month periods. The news comes after the Brazilian oil company chartered OSG’s 2003-built, 442,000 dwt TI Oceania for most of 2011. Tanker brokers said Petrobras used the vessel for overspill when land-based crude storage facilities became full. Euronav’s ship had been storing oil in the US Gulf since late 2009 but in recent months Automatic Identification System data showed it “awaiting orders”. Compared to the $20,000 per day reportedly paid by Petrobras for the six-month contract, in October 2009 another oil company chartered TI Europe for $42,000 per day when the tanker market was less oversupplied and spot market earnings were healthier.

Höegh LNG inks 10-year charter with Lithuania for newbuilding regas unit

(http://www.lloydslist.com/ll/sector/tankers/article392774.ece)

NORWAY’s Höegh LNG has chartered out one of its floating storage and regasification units for 10 years to Lithuanian oil terminal operator Klaipedos Nafta. The unit, being built at Hyundai Heavy Industries in South Korea, will be used as a liquefied natural gas import terminal in Lithuania, starting in the second half of 2014. Oslo-listed HöeghLNG, which is focused more on the FSRU sector rather than LNG shipping, said the time charter is expected to provide the company with earnings before interest, taxes, depreciation and amortisation of about $50m per year. Höegh has another two FSRUs being built by Hyundai and analysts have said they would not be surprised if the company excercised its option for one more unit at the yard, taking its tally up to four. FSRUs return LNG to its gaseous state. One of Höegh's FSRU newbuildings is allocated to a project off Indonesia, and the company has said it is participating in several tender processes for additional FSRU projects. Höegh published a presentation to investors a few days before raising $200m this year to fund its FSRU newbuilding programme. The company said LNG demand would double by 2025, driven by Asia Pacific and Europe. The rise in demand will be largely down to additional power generation and the shift from oil, coal and nuclear to natural gas.

Gunvor buys Antwerp refinery

(http://www.tradewindsnews.com/tankers/664718/gunvor-buys-antwerp-refinery?lots=site)

Gunvor has bought a refinery in Antwerp from Petroplus, the Swiss refiner that filed for insolvency in January. The Russian oil trader expects the deal to be completed within six to eight weeks and says it intends to restart the plant as soon as possible. The Antwerp refinery can process more than 100,000 barrels a day of oil, and has storage capacity of more than 1.2m cbm. Though not the most valuable of Petroplus's refining assets, it is strategically located in the Amsterdam-Rotterdam-Antwerp oil trading hub. Petroplus was pushed into bankruptcy by heavy debts, the economic downturn, overcapacity and growing competition from refineries in Asia. Gunvor said the deal was in line with its recent investments in oil infrastructure and its "stated strategy to become vertically integrated". Last month it agreed to build an oil storage and trading terminal in Sao Tome and Príncipe, which it hopes to turn into a regional hub to transport oil to Africa. "Traders like refineries because it gives them storage capacity, jetties and terminals, to support their trading operations," said one analyst. Gunvor is co-owned by Gennady Timchenko, the Russian tycoon with longstanding links to Russian prime minister Vladimir Putin. It is estimated to be the world's fourth-largest oil trader and is reckoned to handle about one-third of Russia's seaborne oil exports. The Geneva-based outfit is best known for its tanker activities out of Russia through wholly owned chartering outfit Clearlake Shipping.

SCFI gains a fifth as Asia-Europe box rates soar

(http://www.lloydslist.com/ll/sector/containers/article392718.ece)

CONTAINER lines will start turning their attention to the Pacific this coming week after managing to push through some very sizeable rate increases in the Asia-Europe trades that have lifted the Shanghai Containerised Freight Index by almost a fifth over the past seven days. That provided further evidence of box lines' success in ramping up westbound rates from Asia, with the SCFI gaining 19.1% to 1163.96 as spot rates on routes from Asia to Europe and the Middle East soared by as much as three quarters. On the Shanghai to northern Europe route, the SCFI component jumped almost 72%, or $586, to $1,412 per teu. On routes to the Red Sea and Persian Gulf, the gain was as high as 75% as the index element rose to $1,094 per teu. The advance reflects a concerted effort to lift ocean rates from near record lows that resulted from last year's price war. That in turn has contributed to hefty financial losses for many carriers. With one apparently successful effort under their belts, carriers will begin preparing for their annual round of negotiations with customers on new transpacific contracts. Opening shots are usually fired at the Trans-Pacific Maritime conference in Long Beach, which will be held this Monday and Tuesday. That is where the two sides will start sounding out each other as they try to establish rate levels for the coming 12 months. Rates remain flat at the moment, with the SCFI component from China to the US west coast slipping $15 over the past week to $1,759 per feu.

++ Finance News ++

Shipping defaults could wipe out some banks' equity

(http://www.lloydslist.com/ll/sector/ship-operations/article392778.ece)

THE widely predicted wave of shipping defaults will put pressure on European banks involved with the maritime industry, wiping out their entire equity in some cases, influential figures in the investment banking and shipfinance communities believe. The issue has surfaced in a report published by Nomura in London, focusing on the problems that today's shipping crisis poses to lenders. Commerzbank was named most likely to feel the pain in the coming years, although Nomura said that there was no question mark over the bank's survival. Commerzbank is seen to have engaged in risky lending practices, having extended a high proportion of its loans in the years before the Lehman Brothers collapse of 2008, and has sizeable exposure to the troubled container sector, especially through KG funds. It is also known to have problems with Greek government bonds, after booking a €700bn ($1.1bn) writedown on Greek debt in the fourth quarter. Marco Albers, head of transport at DekaBank, said that while all shipping banks were likely to suffer, German banks in particular were in the firing line. Nomura's overall assessment is that the situation for shipping banks is manageable, especially on the scenario of a gradual recovery in industry prospects combined with improved economic sentiment. But problems could arise if freight rates fail to break even for an extended period.

Goldman Sachs eyes Torm bid

(http://www.tradewindsnews.com/firstpage/664713/goldman-sachs-eyes-torm-bid?lots=site)

Goldman Sachs is the latest name to be touted as a potential savior of struggling Danish shipowner Torm. The US investment bank's private equity arm is said to be lining up the possible rescue bid, according to a number of reports over the weekend. But a report in the Financial Times said Goldman was "only one of 10 potential bidders and that terms were still far from settled." The bid would save Torm from a financial crisis it has been battling since last April, when it first announced it needed capital. Any bidder would also assume Torm's $1.9bn debt and recapitalise the company, which had been planning a $300m equity issue. News of a possible bid came as Torm confirmed that it has extended the deferral of instalments and covenant standstill with its banks until 15 March. Chief financial officer Roland Andersen said the agreement is subject to the continued progress of the negotiations towards a financing solution. On Thursday Torm reported a loss of $451m for 2011 after being clobbered by a $200m impairment loss due to declining tanker values.

Optimistic DVB to hike lending in 2012

(http://www.lloydslist.com/ll/sector/finance/article392772.ece)

DVB Bank will continue to be among the most active banks in shipping this year as the market abounds with opportunity, according to Dagfinn Lunde, member of the bank's board of managing directors. While shipping faced big challenges, particularly in the dry bulk and tanker markets, Mr Lunde said he saw "many good opportunities in today's world". Most markets have no shortage of money, Mr Lunde said. "There is a huge amount of money through hedge funds and private equity. They are desperate to find a place to put their money," he told a shipping audience in Greece. In theory, he said, the market is attractive to investors because cheaper assets mean limited downside, but the question is how to channel investment. "We hope to channel money into the industry which does not go on the balance sheet," he said. DVB was planning some $3.5bn of new deals in 2012. Last year, it provided $3.2bn of new finance to the industry. "Half the portfolio is doing beautifully. Offshore, LNG and LPG are all doing fine," said Mr Lunde.

However, he said he was sceptical about the immediate prospects of large dry bulk ships and crude tankers. Although there is sufficient finance to ensure that ordered newbuildings will all be delivered, he expected the "real squeeze" to be in the secondhand sale and purchase market. He saw "the main enemy" of the market as shipyards and their excessive capacity, with Chinese yards prepared to build ships "like sausages" and many yards prepared to contract ships at a loss if necessary.