++ Shipbuilding News ++

China aims Top by 2015

(http://www.asiasis.com/view_new.php?bbs_id=news&doc_num=15639)

China's shipbuilding industry may double its scale in the next four years on growth potential in sea transport and marine economy, and Shanghai is expected to play a big role toward meeting the goal. By the end of 2015, the market size of shipbuilders and marine equipment makers may hit 1.2 trillion yuan (US$190 billion) with the value of exports touching US$80 billion, the Ministry of Industry and Information Technology said when it released a guideline of the 12th Five-Year Plan for the shipping industry. Chinese shipyards may take up at least five spots among the world's top 10 shipbuilders and the country's 10 biggest domestic shipbuilders may contribute more than 70 percent of the total output, according to the guideline posted on the ministry's website. Shanghai is expected to become the center of one of the three key shipbuilding and marine engineering manufacturing locations, further strengthening its position after the State Council announced in 2009 its aim of turning the city into an international shipping hub by 2020.

Offshore Occupy 61%: Big4

(http://www.asiasis.com/view_new.php?bbs_id=news&doc_num=15631)

Due to stagnant ordering for commercial ship prolonged and boom in offshore energy development, major shipbuilders are focusing on offshore market. South Korean Big4's offshore order proportion of their entire order intake this year, such as offshore platform, FPSO, drillship, heavy-lifter, shuttle tanker, etc., is about 61% in value terms. According to shipbuilding industry on March 13, Big4 - Hyundai Heavy Industries, Samsung HI, Daewoo Shipbuilding & Marine Engineering and STX Offshore & Shipbuilding - have booked a cumulative of about $10.1bn of orders year-to-date, among which about $6.2bn for offshore sector. Samsung now places in the first place by having secured overall $4.23bn of new order, thanks to high-value three offshore plants, totalling $3.83bn. The Geojae-based yard won a central processing facility, valued at about $2.73bn and two drillships, $1.1bn in total. Order for offshore plant makes up about 90.5% of overall new order and Samsung already achieved 34% of its 2012 order target of $12.5bn. Daewoo inked $2.2bn (63%) of orders from offshore plant, from a total of $3.5bn new order y-t-d. Around $200m of offshore platform topside, $2bn of ultra-large Ichthys FPSO, etc. It filled up about 32% of overall target of $11bn. Hyundai has yet to secure order for offshore plant. It only booked

$1.4bn of contracts from its Shipbuilding, Offshore & Engineering and Industrial Plant & Engineering divisions, including Hyundai Samho Heavy Industries, which takes 6% of its 2012 new order target $23.6bn.

++ Shipping News ++

Cross-Mediterranean aframax rates at highest since start of the year

(http://www.lloydslist.com/ll/sector/tankers/article393593.ece)

THE cross-Mediterranean aframax tanker spot market is having another strong week as bad weather and a shortage of tonnage available for specific loading dates is forcing charterers to pay higher rates for the limited number of vessels that can match their requirements. Shipowner sentiment is increasingly bullish in the busy market, but brokers warn that the highest rates are only being paid for cargoes that need to be loaded within the next week and that after that, more vessels are available that could cap price gains. Up until March 20 there are hardly any ships," one broker said, referring to the lack of prompt tonnage available in the region. A spell of bad weather that hit Italian ports this week, leaving many ships unable to dock, pushed rates up further by taking even more tonnage out of the market. "If tomorrow the weather doesn't improve we'll see a raft of replacement cargoes," one broker said on Tuesday, adding this could lift local rates even higher. However, by Tuesday afternoon, the Sicilian port of Augusta, one of the affected ports, had reopened again. The price surge has pushed up the Baltic Exchange's benchmark Ceyhan to Lavera aframax tanker route to W120.83, equivalent to time charter equivalent earnings of $22,980 per day, a far cry from the near-zero returns that were common only two weeks ago. These levels mark the highest earnings since the start of the year. Earnings have spent the last six months swinging from minus figures to above $40,000 per day.

China set to import record 56m tonnes of soyabeans

(http://www.lloydslist.com/ll/sector/dry-cargo/article393583.ece)

CHINESE soyabean imports could rise to a record level of 56m tonnes this year, a Chinese government official has said. Various media report that Nie Zhenbang, director of China's State Administration of Grain, made remarks to this effect at a political conference held in Beijing earlier this week. The soyabean trade has been one of the biggest disappointments for Chinese shipping in recent years. In 2011, it was one of the few cargoes that saw a decline in imports, even as the Chinese economy boomed. In that year, China imported only 52.6m tonnes of soyabean, compared to 54.8m the year before, according to Chinese customs data. However, February's figures marked what could be the beginning an upward trend, as soya imports grew by 65% year on year to reach 3.8m tonnes. This represent an increase in demand approximately equal to one additional supramax per day. February figures are difficult to compare to last year's, because the timing of the Chinese new year meant the second month of 2012 had markedly more working days than in February last year.

Indian iron-ore bulker fixtures rise after rail freight price cuts

(http://www.lloydslist.com/ll/sector/dry-cargo/article393579.ece)

THE number of reported fixtures for ships loading Indian iron ore surged last week, as the reduced costs of rail freight stimulated export cargoes to reach their highest weekly volume in more than a year. According to US-based Commodore Research & Consultancy, last week saw up to 10 vessels fixed to load iron-ore cargoes from India in the next fortnight, up from two reported in the previous week. By way of comparison, Commodore's note showed between two and five vessels fixed for India iron ore loadings in each of the five preceding weeks. The sudden increase in cargo demand follows a reduction in rail freight costs for iron ore destined for export that the state-owned Indian rail operator unveiled early last week. Indian iron ore loadings have declined in recent years as the government has sought to reduce exports. Several federal states restricted exports to combat illegal mining and at the start of this year the federal government raised export duties from 20% to 30%. The rail freight reduction varies depending on distance to port. However, Commodore reported that iron ore rail freight charges had fallen by $9 to $49 per tonne. High-grade Indian iron ore, with a ferrous content of 63.5%, is selling at around $138 per tonne, up about $6 per tonne from a week ago and the rail freight reduction may not be enough to counteract higher prices.

Is the fairytale over for dry bulk?

(http://www.lloydslist.com/ll/sector/dry-cargo/article393588.ece)

THE current woes facing Sanko Steamship and Allied point to a tough year ahead for owners that depend heavily on chartered-in tonnage, as several sources point to the risk of a domino effect disrupting the market on a scale to match the impact of Korea Line going bust last year. "Many dry bulk concerns operate what are essentially turnover businesses on margin with large chartered-in fleets, so it does not take a big negative differential to cause them severe cash flow problems," said one Greek-based owner. "They play long and short as part of their strategy to generate profit, so the business has its inherent risks. Remember that Britannia was one of the first initial public offerings to crash in the 2008 meltdown." Much hinges on the outlook for China, which most commentators expect to see reduced growth although some even predict negative growth. "Dry bulk owners have not known periods of severe margin pressure for nearly 10 years now," another shipowner said. "The dry bulk sector used to be a terrible wallflower until the Chinese infrastructure story that transformed it into a Cinderella. I hope that we are not returning to ashes here."

South Australia reveals plan for deepwater dry bulk port

(http://www.lloydslist.com/ll/sector/dry-cargo/article393581.ece)

THE South Australia state government has released plans for a new deepwater dry bulk port. The plans have been made public as part of a regulatory filing by Australian mining company Cemtrex Metals, which is developing several mines on the Eyre Peninsula, on Australia's southern coast. Port Spencer is set to become the first Australian port that can handle capesize vessels. Cemtrex expects the $250m port will begin exports by 2015. Initially, the company forecasts, the port will load approximately 12 capesize vessels and 27 panamaxes a year, with total exports amounting to approximately 2.5m tonnes per year. Apart from iron ore produced in Cemtrex mines, the port is also expected to see substantial exports of grain. South Australia's government has yet to officially give the green light to the proposal. "The development has the potential to become a multi-user facility to provide export services to other mining and rural activities within the region," a statement on Cemtrex's website reads. Though the development of Port Spencer marks the entry of a new Australian region into the capesize trade, export figures are dwarfed by future expansion plans at ports in the Pilbara region, including Port Hedland. There, BHP Billiton alone is expected to export 159m tonnes of ore this year — a figure that is set to more than double before the end of this decade.

++ Finance News ++

CMES raises $459m

(http://www.tradewindsnews.com/shipsales/665155/cmes-raises-459m?lots=site)

Shipowner China Merchants Energy Shipping (CMES) is poised for a big VLCC order as oil company Sinopec injects share cash. CMES has banked CNY 2.89bn ($459m) from a rights issue that has seen Sinopec build its stake to 19.32%, up from 9.85%. Sinopec subscribed for 491m out of a total of 858m shares offered. China Life Insurance and a subsidiary of Sinochem Corporation also subscribed for 214m shares and 153m shares respectively. CMES can now move ahead with plans to order 10 new tankers, including VLCCs. VLCCs in China could cost it $90m each. State-owned Guangzhou Longxue Shipyard and Dalian Shipbuilding Industry are understood to be the favourites for at least two vessels each.

STX Offshore & Shipbuilding posts fiscal-year loss

(http://www.lloydslist.com/ll/sector/dry-cargo/article393560.ece)

SOUTH Korean shipyard STX Offshore and Shipbuilding reported a loss of Won19.7bn ($18m) for fiscal 2011, having posted a Won75.4bn profit in 2010, despite a revenue gain for the period to Won4.3trn from Won3.9trn the year before. The shipbuilder reported fourth-quarter net profits of Won61bn ($54m), compared to a loss in the previous quarter of Won 86bn. It disclosed the figures to the Korean stock exchange, stipulating that they were strictly interim results, but gave no other details. STX Offshore is South Korea's fourth-largest shipbuilder. It announced in December that it had agreed to delay deliveries for 11 ships, representing orders worth $1.3bn, mainly to Europe. South Korean shipbuilders fear that the eurozone's troubles will reduce new orders and delay existing ones. STX Offshore & Shipbuilding is building a series of valemax 400,000 dwt dry bulk tankers, delivering the first of these, Vale Beijing, in September last year. The vessel developed cracks when it loaded for its first laden voyage in Brazil.

OSX gets $500m to fund FPSO

(http://www.tradewindsnews.com/offshore/665150/osx-gets-500m-to-fund-fpso?lots=site)

Brazilian oil services company OSX Brasil has raised $500m from its first ever overseas bond issue, the company has announced. Investors still find Brazil attractive The bonds were sold via financing unit OSX-3 Leasing BV, which intends to use the proceeds to fund the conversion of an FPSO. The bonds mature in 2015 and will pay interest quarterly at a rate of 9.25% a year and have a call option allowing them to be retired early. From June 2013, OSX can buy the debt back from investors at 103% of face value or at 102% of face value from March 2014 until maturity. The conversion of the FPSO is now underway at Singapore's Jurong Shipyard under a turn-key contract signed with Modec last July. The FPSO OSX-3, which will be deployed in the Campos Basin, will have an oil production capacity of 100.000 bopd and a storage capacity of up to 1.3mb. When complete, the FPSO will be leased to sister company OGX, Brazil's second largest oil company by market value, for twenty years. OGX, which began its first ever oil output in February, expects to produce about 1.4m barrels of oil and natural gas equivalent by 2020. Pareto Securities acted as global coordinator for the bond issue as well as joint lead manager and bookrunner in combination with DNB Markets. "The issue of a $500m bond by OSX in the private international market reaffirms the soundness and consistency of OSX's projects," said OSX chief executive Luiz Carneiro. "In addition to launching our presence in the international fixed income market, this operation consolidates the partnerships that OSX has been building with global financial institutions." OSX is controlled by Brazilian billionaire Eike Batista, the country's richest and world's sixth-richest man, according to Forbes Magazine. His EBX Group owns or holds controlling stakes in oil and gas, port, mining, transportation and sports marketing companies. On Monday, OSX won a $732m deal to build 11 MR tankers for UK-based Kingfish Trading on the back of long term charters to Petrobras.

Golden to quit Knightsbridge

(http://www.tradewindsnews.com/finance/665152/golden-to-quit-knightsbridge?lots=site)

Golden Ocean, the John Fredriksen-controlled bulker owner, is to sell its entire stake in Knightsbridge Tankers. The move puts paid to talk of Golden Ocean using a takeover of Knightsbridge as a way to gain a back-door listing in the US. In a statement Tuesday it was announced that Golden Ocean would offer to sell 2.4m shares in Knightsbridge in an underwritten public offering. US investment bank Goldman, Sachs & Co is reportedly acting as the sole underwriter for the share offering. If the deal proceeds Golden Ocean looks set to collect about $35.6m based on Knightsbridge's current stock price of $14.85 per share.