++ Shipbuilding News ++

Daewoo "half way through"

(http://www.asiasis.com/view_new.php?bbs_id=news&doc_num=16060)

Daewoo Shipbuilding & Marine Engineering, having already achieved about 45% of 2012 new order target, looks forward to securing newbuilding drillship as with field development increasing at the Gulf of Mexico. Analyst Yum Dong-Eun, HMC Investment & Securities said on April 17, "As of April 16, with contracts totalling $5bn, Daewoo reached 45% of new order guidance for 2012, $11bn." Added, "Orderings from offshore sector has led the first quarter. Recently, it contracted two newbuildings with Angelicoussis Group's LNG subsidiary Maran Gas, its first order for LNG carrier this year." HMC's Yum forecast, "Daewoo seems possibly to ink additional drillship, as active drilling operation in the Gulf of Mexico. Besides, Samsung Heavy Industries and Hyundai Heavy Industries would also gain benefits from increasing demand for drilling facilities."

Japan export-ship down

(http://www.asiasis.com/view_new.php?bbs_id=news&doc_num=16074)

Japanese yards' newbuilding export ship contract in the first three months this year stood at 45 vessels of a cumulative 2.17m gt (0.93m cgt), down by 29% year-on-year, reported the Japan Ship Exporter's Association (JSEA) on April 17. Japanese shipbuilding industry is struggling to win new orders from strong yen and lack of demand. In 2011, Japan's overall newbuilding export ship recorded 218 vessels of a cumulative 8.96m gt, below 10m gt for the first time in recent two years. Troubled record is still no different this year. 2.17m-gt new order for export ship is similar to that from the same period last year. Meanwhile, of those contracted in Q1, yen denominated orders remained 17%, while foreign exchanges-denominated at 71%, in terms of gross tonnage. During March only, 21 vessels of a cumulative 1.12m gt have been contracted - one car carrier, 16 bulkers (three handys, six handymaxes, four panamaxes, one post-panamax, one capesize and one ore carrier), two VLCCs and two product carriers. In terms of delivery, FY 2012 accounted for 1.2%, while FY 2013 of 44.6% and FY 2014 of 54.2%.

++ Shipping News ++

Melting Baltic Sea ice sees aframax spot rates soften

(http://www.lloydslist.com/ll/sector/tankers/article396390.ece)

MELTING ice in Baltic Sea oil ports has prompted a softening in spot market rates paid for aframax tankers after a mini rally seen earlier this month, as less stringent ice-class vessel requirements mean charterers have more tonnage options and competition among owners has increased. Today, rates on the Baltic Exchange's benchmark Primorsk to Wilhelmshaven route, carrying 100,000 tonne cargoes, had reached W95, equivalent to time charter earnings of $19,745 per day. This was down from a peak of W119.58 reached last week, equivalent to earnings of $37,312 per day. Brokers have little hope of any upward movement in the coming days, and have said the ice season is over. With the Russian port of Ust-Luga already reported as being nearly ice-free by the Finnish meteorological institute, any further uptick in rates caused by wintry weather seems very unlikely. While the main exporting port of Primorsk still had some ice cover, ships with the lowest ice-class such as 1D are already allowed to berth there, and brokers reported that rates for loading dates further forward than the typical two-week advance were already coming down quickly on the expectation of a thaw. While warming weather is dragging down the Baltic Sea spot market, it is also putting a cap on rates for cross-Mediterranean voyages further south in Europe.

US gives go-ahead to Sabine Pass LNG exports

(http://www.lloydslist.com/ll/sector/tankers/article396379.ece)

US EXPORTS of liquefied natural gas from Sabine Pass in Louisiana have been given the green light by the country's regulators. The Federal Energy Regulatory Commission decided today that US energy company Cheniere can build its 18m tonnes per year liquefaction plant with minimal environmental impact. Other factors discussed by regulators included whether exports should be capped to ensure natural gas prices do not rise too high for consumers. It is not yet clear whether export limits will be introduced. Cheniere's bid for approval was helped by the fact that it has already sold 16m tonnes of its 18m tonnes per year production capacity. Buyers include BG Group, and energy companies from Spain, India and South Korea. Analysts have estimated that US projects will need up to 55 additional vessels to ship LNG, if all come to fruition. The industry believes that US exports will enhance the flexibility of LNG shipping due to so-called destination flexibility built into contracts.

Rio Tinto’s Australian iron ore port capacity stretched

(http://www.lloydslist.com/ll/sector/dry-cargo/article396275.ece)

THE gap between Australian mining company Rio Tinto’s iron ore production and shipments has been widening due to bad weather, as its port capacity is strained to the maximum, meaning that capesize bulk carriers are not experiencing increased cargo availability. Rio Tinto published its quarterly results for the first three months of 2012 today, forecasting a mere 2% increase in iron ore production this year. However, if the gap between shipments and production widens any further, shipping will likely see little benefit even from this paltry increase in output. Rio Tinto expects to produce 250m tonnes of iron ore altogether in 2012, including output from joint ventures, at its mines worldwide. This is up from 245m tonnes last year and 239m tonnes the year before. These figures compare poorly to the iron ore trade as a whole. According to Clarksons Dry Bulk Trade Outlook, in 2011, global iron ore shipments jumped by 6% to reach 1,053m tonnes. This year, a further 4% increase is forecast. Though Rio Tinto also operates a relatively small iron ore mine on the east coast of Canada, nearly all its iron ore production is realised in the Pilbara region in Western Australia, with Rio Tinto’s ports here being Dampier and Cape Lambert. The trade lane connecting this far-flung desert to steel mills in China is one of the busiest dry bulk lanes in the world, and essential to the welfare of the capesize trade.

California bounces back

(http://www.tradewindsnews.com/liner/666516/california-bounces-back)

Container volumes at the US east coast ports of Los Angeles and Long Beach have both bounced back after a weak February. Los Angeles saw imports jump by 9.3% in March to 324,758-teu. The increase reflects a surge in volumes following the Chinese Lunar New Year. Exports fell by 2.4% compared to a year ago with the port shipping out 188,155-teu compared to 192,849-teu last March. Empty containers were up 24%, which may be attributed in part to containers heading back to Asia as the holidays came to a close. Factoring in empties, March 2012 volumes were 650,452-teu up 8.27% on a year ago. The port has handled 1.9mteu in the year to date. Over at Long Beach inbound container volumes climbed 18.3% while exports rose by 10% year-on-year. Overall, container volumes rose by 12%. The port’s terminals handled 461,600-teu last month, compared to the 412,250-teu seen in the same month in 2011. “After a drop last month, partly attributed to Chinese New Year, cargo bounced back in March in the month-to-month comparison," the port said. For the calendar year, container volumes at the port are down slightly by 2.9%. Analysts expect modest growth in trade volume for 2012.

++ Finance News ++

TEN plans major share issue

(http://www.tradewindsnews.com/tankers/666515/ten-plans-major-share-issue)

Tsakos Energy Navigation Limited (TEN) has unveiled plans for a major share issue that could raise up to $90m. The US-listed tanker company said it plans to offer 10m shares in a public offering which will be made under an effective shelf registration statement. Entities affiliated with the Tsakos Foundation, which is the company's largest shareholder, say they plan to buy 10% of the shares on offer. In connection with the offering, TEN intends to grant the underwriters a 30-day option to purchase up to 1.5m additional shares. It plans to use the net proceeds of the offering to fund growth initiatives, including LNG, working capital and other general corporate purposes. Credit Suisse is book-running manager, Morgan Stanley is senior co-manager, while Clarkson Capital Markets and Dahlman Rose are co-managers of the offering. Iberia Capital Partners analyst David Beard predicted last week that the Tsakos entity would turn to the capital markets to fund its fleet expansion. Beard said that historically TEN has been very prudent when offering equity, only issuing stock twice since its initial public offering.

Euronav posts $9m first-quarter loss

(http://www.lloydslist.com/ll/sector/tankers/article396387.ece)

EURONAV slid into the red in the first quarter, posting a loss of $9m as earnings were hit in a tanker market hampered by vessel supply outweighing demand. The Antwerp-based tanker company, which owns a total of 38 very large crude carriers and suezmaxes, said its average time charter equivalent spot market earnings for its VLCCs was $24,000 per day compared with $24,300 in the same period a year earlier. Euronav's VLCCs are operated in the Tankers International pool. The company called for more consolidation in the tanker industry and more scrapping of older tonnage to rebalance the market. The start of the Maersk Tankers-led Nova VLCC pool this year was highlighted as a step in the right direction. The loss in the first quarter compared with a profit of $19m in the corresponding period last year. On the positive side, Euronav's VLCCs in the Tankers International pool have earned more in the second quarter, pulling in an average of $32,000 per day.

Euro-Region Weakness Tests Maersk Competition Armistice: Freight

(http://www.bloomberg.com/news/2012-04-17/euro-region-weakness-tests-maersk-competition-armistice-freight.html)

Europe's container-shipping operators need a pause in the slowdown afflicting the region to bolster the truce they've called in their fight for customers. Economic weakness caused by the debt crisis in Europe, which accounts for more than a third of global trade, is putting pressure on earnings at companies including A.P. Moeller-Maersk A/S, the world's largest container line. Operators have shored up margins by raising charges after a price war last year, and Maersk plans to implement a further increase next month. While European Central Bank President Mario Draghi says the euro-area economy is showing signs of stabilization "at a low level," the ECB itself predicts a contraction in the region this year. Analyst Rikard Vabo at Fearnley Fonds ASA in Oslo suggested shipping lines will struggle to stave off the effects of austerity and two years of debt-fueled turmoil. "Maersk made a U-turn and started focusing more on the profitability and rates again, which basically saved the industry," Vabo said in a phone interview. "For these rates to stick and for operators to keep the utilization level required on their ships, you will need to see an uptick on demand in the U.S. and Europe, and the outlook for Europe isn't very encouraging." He has a reduce recommendation on Maersk stock. Europe's freight traffic growth will slow in 2012, according to maritime research group Hackett Associates LLC. Ben Hackett, founder of the Alexandria, Virginia-based company, forecasts northern European container volumes will rise about 4 percent this year, excluding shipments for other destinations, empty containers and intra-European trade. That compares with 8.3 percent in 2011.

NOL returns to bond market

(http://www.tradewindsnews.com/liner/666518/nol-returns-to-bond-market?lots=site)

Neptune Orient Lines (NOL) looks set to return to the bond market to raise funds after a failed attempt two weeks ago. NOL is making a second attempt at tapping investors On Wednesday the Singapore liner operator unveiled plans for an offering of Singapore dollar-denominated senior notes. NOL, which is the world's seventh largest liner operator, did not disclose the value of the potential fund raiser. It had hired DBS Bank, HSBC, OCBC and

Standard Chartered as joint lead managers for the latest offering. NOL said the proceeds from the proposed transactions will go towards general corporate funding purposes and investments. The Singapore-listed shipowner also said that some of the funds may go towards “investments in the logistics business.” Two weeks ago the company pulled a planned fund raising exercise blaming ‘uncertain market conditions’. On that occasion it planned to offer a Singapore dollar-denominated perpetual bond with a coupon of about 5%. “In view of the current market conditions in Asia, NOL has decided to postpone the proposed issue of the securities to a time when the market conditions are more favourable for a benchmark issue,” it said at the time. Analysts said NOL had probably received lukewarm demand for the proposed issue from investors, who remain pessimistic in the outlook for the liner sector.