++ Shipbuilding News ++

1/4 of newbuild yards to close

(http://www.asiasis.com/view_new.php?bbs_id=news&doc_num=16325)

It is estimated that 24% of the 2011 global newbuilding capacity (63m cgt), or 15m cgt, would disappear from the market for the next three years. Danish Ship Finance reported, yard capacity has grown too big for future newbuilding demand, which will lead to a restructuring in the end. Added, "The industry is likely to be concentrated on relatively few large owners and shipyard capacity would be adjusted more dramatically." According to the report, there are big gaps between the four major shipbuilding nations. In South Korea, 23 shipyards account for the estimated 2011 capacity of 18m cgt, while Chinese capacity of 23m cgt was available through 204 yards. In Japan the estimated capacity of 11m cgt for last year was distributed on 57 yards. In Europe, 117 shipyards have an estimated capacity of 7m cgt. Actual capacity adjustments might be less responsive by government interventions, however, Danish Ship Finance forecast that yard capacity will be scaled back to the 2008-level by 2014. Therefore, 23.8% of 2011 global capacity, that is, 15m cgt would close down within the next three years. Yards might either scale down capacity or start operating as repair yards or shut down. Danish Ship Finance says that China and Europe will see the largest adjustments. Large Chinese yards have an abundant order, however, several of the smaller yards are struggling to win new orders with orderbook being exhausted.

DSME wins semi-submersible deal

(http://www.lloydslist.com/ll/sector/tankers/article397761.ece)

SOUTH Korea's Daewoo Shipbuilding and Marine Engineering, one of the world's top three shipyards by output, has won a $1.1bn deal to build two semi-submersible drilling rigs for Songa Offshore. The two rigs, which will be constructed at DSME's Okpo yard, will be delivered by May 2015. Reflecting strong charter interest, Songa Offshore has already sealed a deal to lease out the rigs to Norway's Statoil for eight years. The rigs will operate in the Norwegian offshore fields, North Sea and the Arctic region. DSME has already won 15 orders worth about $5bn this year, of which $3.3bn are related to the offshore sector. DSME expects to exceed its target of sales this year and enjoy better-than-expected earnings. The Seoul-listed yard is likely to receive orders worth $8bn in the first half of this year, roughly equivalent to 73% of its full-year target, according to Daishin Securities analyst Feynman Jeon.

Sasebo wins bulker treble

(http://www.tradewindsnews.com/shipsales/667327/sasebo-wins-bulker-treble)

Japan's Sasebo Heavy Industries has clinched orders for three new "eco" panamaxes. The yard said two European owners had signed up for the 75,000-dwt bulkers in February and April. Deliveries are set for the second half of 2013. It also added three panamaxes to its orderbook in the second half of 2011.

STX Dalian wins handy BCs

(http://www.asiasis.com/view_new.php?bbs_id=news&doc_num=16327)

South Korea's Dongbu Insurance, a subsidiary of South Korean conglomerate Dongbu Group, is said to be behind an order of four handysize-bulker newbuildings at STX Offshore & Shipbuilding. Dongbu has ordered the quartet on the back of at least a seven-year charter contract to STX Pan Ocean. One source says it is the first time Dongbu has provided 100% of the finance for a newbuilding order. "Dongbu has diversified into the shipping arena in the last one or two years through partial investments in vessels with other players. It is getting more involved these days and it is looking for good shipping companies to work with." The STX vessels are priced between $23m and $24m each. STX's Dalian facility will construct the vessels for delivery in 2013.

++ Shipping News ++

Argentina looks to import LNG spot cargoes after Repsol cancels volumes

(http://www.lloydslist.com/ll/sector/tankers/article397766.ece)

ARGENTINA is boosting spot market imports of liquefied natural gas after Spain's Repsol cancelled LNG contracts with the country. The need to seek other sources from the spot market will raise demand for spot vessels, further pushing up the freight rate that has been rising over the last few weeks after dipping earlier this year. Analysts say Repsol's move to cancel LNG deliveries is in retaliation over Argentina's decision to nationalise YPF, a subsidiary of Repsol. The result is that Argentina will have to buy LNG on the spot market from BP, Eni and Petrobras. Argentina is traditionally a gas exporter, but imports have grown in recent years to meet its expanding energy needs. According to Arctic Securities, Argentina increased its LNG imports by 100% year-on-year to 3.1m tonnes in 2011. "We expect further increases in 2012 to 3.5m tonnes," said Arctic Securities analyst Erik Stavseth. The cancellation of Repsol's volumes and the need for other sources "could lift demand for voyage/spot vessels, lifting the LNG spot market," he added. According to Oslo broker Fearnleys, spot rates are $120,000 per day, up from $117,000 per day a week earlier. The latest rise follows a dip from a peak of around $140,000 per day at the start of this year as global LNG production slowed.

BW Gas fixes VLGC at fresh high in rising market

(http://www.lloydslist.com/ll/sector/tankers/article397756.ece)

NORWAY's BW Gas achieved top dollar on the spot market for one of its very large gas carriers to ship a Middle Eastern cargo to Asia over the last week, highlighting how owners are benefitting from the current tightness in the VLGC market and managing to push freight rates up to levels last seen in November 2011. Despite the rapid rise in rates over the last couple of weeks, though, the consensus among industry commentators is that they will stabilse in the coming weeks rather than continue the ascent. BW Gas made sure it made hay while the sun shone, booking out its 2006-built, 78,631 cu m BW Trader for a Middle East to Asia voyage at a reported $66 per tonne, which works out at around $35,000 per day. At these levels, owners can now expect to earn just over $1m per month. The rate for BW Trader was the highest reported by a number of brokers over the week, and just above the benchmark level on the Baltic Exchange on Monday which stood at $65.50 per tonne. Another owner which achieved a mid-60s rate for the same voyage was China's Cido Shipping which chartered out its 2010-built, 82,000 cu m Kikyo to Petredec. Brokers said up to 17 spot market fixtures over the last couple of weeks slashed overcapacity in the market and tightened fundamentals over the short term. However, Oslo-based Fearnleys pointed out in its latest market note that nothing has been fixed in the spot market for loading in the Middle East Gulf after May 10. This will test the direction of the market in the coming days, which is not guaranteed to continue rising.

Ships slow down in pirate waters to save fuel

(http://www.ft.com/intl/cms/s/0/1d6d962e-984e-11e1-ad3e-00144feabdc0.html#axzz1uGDWkQFE)

Violent confrontations between Somali pirates and merchant ships' armed guards could become more common as some shipping companies have reduced ship speeds through the highest-risk area to save on fuel, maritime experts have warned. The shipping companies have switched to relying on guards, rather than speed, for protection because a single day at lower speeds can save $50,000 in fuel at current prices - enough to pay the guards for the whole journey. The speed reductions contravene published advice that ships should use their maximum speed in the highest-risk areas. Pirates have never managed to board a vessel travelling at 18 knots or more and container ships and other faster vessels have traditionally crossed the high risk area up to 1,500 miles off Somalia's coast at up to 24 knots. Ron Widdows, chief executive of Germany's Rickmers Holding, a major shipowner, said several maritime security companies had suggested his company employ their guards and slow ships down. Rickmers' current security company opposed reducing speeds because pirates were more likely to attack slow ships, Mr Widdows added.

Oil a 'Little Bit High,' Saudi Arabia's Al-Naimi Says

(http://www.bloomberg.com/news/2012-05-08/oil-a-little-bit-high-saudi-arabia-s-al-naimi-says.html)

Saudi Arabia is storing as much as 80 million barrels of crude to boost supplies amid international prices that are "still a little bit high," according to the country's oil minister Ali al-Naimi. The nation, the world's largest oil exporter, has set aside supplies "on shore in Saudi Arabia, in pipelines, in tanks," al-Naimi said in Tokyo today before board meetings of state- owned Saudi Arabian Oil Co., of which he is chairman. Brent crude in London, a benchmark price for more than half the world's oil, rose as much as 20 percent this year, prompting concern among producers and consumers that the global economic recovery may be derailed. While futures have fallen to a three- month low, they are still up 4.8 percent in 2012. OPEC is "working hard to bring the price down," Secretary-General Abdalla el-Badri said last week. Saudi Arabia, the Organization of Petroleum Exporting Countries's biggest producer, is pumping oil at 10 million barrels a day, al-Naimi said April 13 in Seoul. That's close to the fastest rate in at least 31 years, according to official data. The kingdom still has about 2.5 million barrels a day of spare production capacity, al-Naimi said today. It is storing crude "because of the situation in the world," he said, without elaborating.

India Vows Cuts in Iranian-Oil Imports as Clinton Visits

(http://www.bloomberg.com/news/2012-05-07/clinton-to-press-india-for-more-cuts-in-iranian-oil-imports.html)

India will curtail its imports of Iranian oil by 20 percent, officials said, as U.S. Secretary of State Hillary Clinton held talks in New Delhi to enlist India's help with sanctions aimed at pressuring Iran over its nuclear program. Asia's third-biggest oil importer will cut purchases of crude from Iran to 14 million tons from 17.5 million tons in the 12 months ending March 31, according to two Indian diplomats and two refinery officials who asked not to be identified because they weren't authorized to speak publicly. The officials said Iranian crude would account for 7 percent of India's imports in fiscal year 2013, down from 10 percent currently.India is "certainly working toward lowering their purchase of Iranian oil" and "we hope they will do even more," Clinton told a gathering of students and civic leaders in the eastern Indian city of Kolkata yesterday, before flying to New Delhi for government meetings. The U.S. believes that there is sufficient production from Saudi Arabia, Iraq and other Persian Gulf nations for Iran's customers to find alternate suppliers, she said. In their meetings, Indian Prime Minister Manmohan Singh, National Security Adviser Shivshankar Menon and Clinton agreed that Iran must fulfill its United Nations obligations to abandon any possible military dimensions of its nuclear program, according to a State Department official present at the talks who spoke on condition of anonymity.

++ Finance News ++

Temasek to help fund Sabine

(http://www.tradewindsnews.com/finance/667324/temasek-to-help-fund-sabine?lots=site)

Temasek Holdings is to help fund the first large scale LNG export facility in the US for nearly 50 years. Temasek is to help fund the Sabine Pass LNG facility and sell its output in Asia Singapore's state investment agency and Asia-based private equity firm RRJ Capital are to invest $468m in US-listed Cheniere Energy. Houston-based Cheniere plans to use the capital to help fund its proposed Sabine Pass LNG export facility in Louisiana. The proceeds will buy $500m of the $2bn of equity securities anticipated to be issued by Cheniere Energy Partners, the investment vehicle of the LNG project Natural gas in Europe and Asia is up to seven times more expensive than the US where record production from newly developed shale deposits has pushed prices to 10-year lows. Low prices have prompted a string of US export proposals over the past year as producers and developers look to make the most of higher prices overseas. In February, private equity firm Blackstone Group LP said it would invest $2bn in Cheniere Energy Partners. Temasek and RRJ Capital are also in talks with Cheniere about marketing its LNG volumes from the Sabine Pass and Corpus Christi facilities in Asia. "Temasek and RRJ Capital have committed to make a significant investment in Cheniere and we look forward to exploring commercial opportunities," said chief executive Charif Souki. "Their proposed investment would allow us to increase our equity holdings in Cheniere Partners, which we believe is an attractive, long-term opportunity that better aligns us with the Sabine Project and its investors."

HMM posts heavy operating loss in first quarter

(http://www.lloydslist.com/ll/sector/containers/article397767.ece)

Hyundai Merchant Marine posted a hefty operating loss of Won201bn ($176.8m) in the first quarter of this year, much worse than the year-ago level of Won27bn in the red, according to the company. The South Korean shipping line saw negative operating margins across sectors, but pointed out the loss mainly came from falling box shipments and rising bunker costs. HMM's container division shipped a total of 708,000 teu in January-March, down 0.8% from a year ago. While intra-Asia and Asia-Europe volumes showed small gains, transpacific volumes fell 3.3% on year to 295,000 teu. While freight rates were improving in the reported period, high fuel costs were "burdening," HMM said. Overall, the company recorded an operating loss of Won172bn in box shipping last quarter, compared to an operating profit of Won26bn a year ago. However, HMM could be near its bottom after several successful rate hikes since March. The carrier is also expecting delivery of five 13,000 teu boxships before the end of June, and those vessels will improve its economies of scale and be more fuel-efficient than its existing fleet. Also, HMM's tanker department posted an operating loss of Won7bn, better than the year-ago level of Won36bn, with marked improvements in very large crude carriers markets.

Nordic American maintains dividend in loss-making quarter

(http://www.lloydslist.com/ll/sector/tankers/article397759.ece)

ANOTHER loss in the first quarter of the year has not deterred Nordic American Tanker Shipping from declaring a dividend, maintaining an unbroken sequence of 59 quarters with shareholder payouts since the company went public in 1997. The company said that even though the suezmax market "has softened at the time of this report" after improving consistently since the second half of last year, a recently concluded frame agreement with an ExxonMobil subsidiary signed by Orion Tankers, the pool Nordic American co-founded last year, should offer investors hope of better return. All its ships now trade in the pool, NATS said. In an open dig at its trade rivals, the Herbjørn Hansson-led suezmax spot market tanker specialist said it was keeping technical standards on its homogenous fleet of 20 ships "at the highest level even in a weak earnings market". "In the present environment, users of vessels more and more focus on financial solidity. It is also essential for major oil companies and for other customers to be assured that they have the best possible quality of technical operations. This requires, in turn, that shipping companies are in a solid financial position," NATS said.

Iran accepts renminbi for crude oil

(http://www.ft.com/intl/cms/s/0/63132838-732d-11e1-9014-00144feab49a.html#axzz1uGDWkQFE)

Iran is accepting renminbi for some of the crude oil it supplies to China, industry executives in Beijing and Kuwait and Dubai-based bankers said, partly as a consequence of US sanctions aimed at limiting Tehran's nuclear programme. Tehran is spending the currency, which is not freely convertible, on goods and services imported from China. Most of the oil that goes from Iran to China is handled by the Unipec trading arm of Sinopec, China's second-largest oil company, and through another trading company called Zhuhai Zhenrong, the oil industry executives said. The trade is worth as much as $20bn-$30bn annually according to industry estimates, but a share of it is in barter form. Zhuhai Zhenrong, for example, pays Iran for its oil by providing services such as drilling, these people add. "The global financial crisis accelerated the shift from the west to the east," said the chief executive of one bank in Dubai. "Such measures [as the US sanctions against Iran] will now enhance the acceptability of the renminbi as a transaction currency." The US applied sanctions on Zhuhai Zhenrong earlier this year for allegedly brokering gasoline shipments to Iran – which lacks refining capacity – a charge that the company has denied. Washington has also imposed sanctions that force financial institutions to choose between doing business with Iran or with the US and it has spearheaded restrictions on Tehran's central bank.