

++ Shipbuilding News ++

STX inked \$120m newbuildings

(http://www.asiasis.com/view_new.php?bbs_id=news&doc_num=16551)

STX Offshore & Shipbuilding of South Korea revealed that it contracted two 6,500-cbm LPG carriers with Greek owner on May 22 (local time). Including two 50,000-dwt tankers inked last week, STX bagged overall \$120m of order in May, 2012. Recently contracted two 6,500-cbm newbuildings are to be constructed at its Busan yard with delivery slated for the second quarter 2014, while Jinhae yard will construct the two 50,000-dwt tankers, which are scheduled to be delivered by Q2 2013. Moreover, STX has currently signed a letter of intent for two newbuilding LNG carriers with a domestic owner, while it is in final talks with Mideastern shipowner for one liquid ethylene gas carrier. If the South Korean shipbuilder successfully seal the deals, then, it could rake in a total of \$430m of orders. An official from STX said, "STX has been steadily inked orders for medium-range tanker and high-value vessels. With recently ordered ones, we have contracted overall eight liquefied gas carriers, totalling \$570m." Meanwhile, STX has booked a total of 45 vessels, \$2.42bn year-to-date.

New order to rally: 2013

(http://www.asiasis.com/view_new.php?bbs_id=news&doc_num=16538)

Global investment in newbuilding commercial ship is expected to be around 19.8m cgt in 2012, down by 37% year-on-year, but it may jump by 47% y-o-y to 29.2m cgt next year. Analyst Jun Jae-Chun, Daishin Securities of South Korea explained on May 23, "Ship financing will hit bottom in H1 this year and be recovered next year, along with improved rates. Also, overly booked newbuilding commercial ships during 2006-2008 will be all delivered by next year." Therefore, Big3 shipbuilders are to gain new orders next year. Jun forecast that if Greek crisis is settled, oil price will remain high and the market will see increased orders for commercial ship, particularly boxship and tanker. Hyundai HI, Samsung HI and DSME would win \$15.1bn on average next year, up 12% from \$13.5bn in 2012, he forecast. Jun prospected, "Greece won't face the worst and leave Eurozone. Then, West Texas Intermediate (WTI) crude oil prices will remain over \$90 and South Korea shipbuilders can win new orders as expected." Around \$35.9bn, up by 2% year-on-year, will be invested in LNG carrier, deep-sea drilling rig (drillship/semi-submersible rig), offshore production facilities, etc., in 2013. In case of LNG carrier, 2012 will see 38 newbuildings contracted, down by 27% in numerical terms y-o-y, while next year will see 43 vessels

contracted. The US' LNG export is expected to boost up orders for newbuilding LNG carriers.

++ Shipping News ++

Many years needed for Far East-Europe container recovery

(<http://www.loydslist.com/ll/sector/finance/article398941.ece>)

FAR EAST to Europe container traffic is set to fall a further 15% prior to a rebound in 2013, but will then take five years to return to 2011 volumes, according to a new model expressly designed to estimate future containerised traffic at trade route level. The finding comes in the first of a planned series of biannual forecasts from UK-based consultancy Maritime Traffic Forecasts, and covers the period between now and the end of 2030. MTF predicts that in the period under consideration, the number of loaded teus moved between Asia and Europe will increase by an average of 3.8% per annum westbound and by 6.7% eastbound, reflecting the relative strength of the Asian economies. The so-called Maricasts model uses relevant components of gross domestic product to ensure that forecasts reflect changes in the main sectors of the economy contributing to trade growth. In addition, exports and imports are forecast separately, so that volumes will reflect projected economic development in the consuming area. As a result, the balance between directions will improve, with eastbound as a percentage of westbound loaded teus rising from 50% in 2012 to 82% by 2030. While MTF principal economist Graham Cox concedes that the outlook for the world economy is uncertain, there are enough underlying factors to create some degree of confidence in the company's projections.

Charterers hold back June cargoes to stifle Middle East VLCC rates

(<http://www.loydslist.com/ll/sector/tankers/article398948.ece>)

CHARTERERS have secured ships for most of their crude oil cargoes loading on very large crude carriers in the Middle East Gulf spot market in early June and are now holding back from fixing in order to bring freight rates down. Their tactics appear to be working, with brokers reporting today that rates were falling slightly from the W60 level seen at the end of last week, equivalent to around \$30,000 per day. This was reflected in the rates reported by the Baltic Exchange, which settled at W57.3, or \$27,067 per day, by close of business today, down from W60, or \$30,063 per day, on Friday. Brokers said charterers had covered their needs for the first 10 days of June,

known as the first decade, and were starting to focus on the following 10 days, but were not so eager to push cargoes onto the market in order to keep rates in check. Singapore-based freight derivatives broker Marex Spectron highlighted the oversupply of ships available for the small number of first decade cargoes to come onto the market, saying in a report today that nine cargoes were left for the 36 VLCCs available, or four ships for every cargo. The broker said the second decade loading programme had started and should get busier "in another day or two".

Bunker prices plummet as US crude oil stocks hit highest level since 1990

(<http://www.lloydlist.com/ll/sector/ship-operations/article398937.ece>)

US CRUDE oil stocks have reached 382.5m barrels, their highest level since 1990, according to the latest American Department of Energy data released today. Bunker prices have plummeted in recent weeks as US crude oil stocks ballooned to their highest level in over two decades. With the US, the biggest single oil consumer, showing signs of crude oversupply, the price of oil took a tumble, dragging bunker fuel prices along with it. Continued uncertainty in Europe driven by the sovereign debt crisis shook confidence in an economic recovery there, depressing oil prices further. Within a matter of weeks, bunker prices have declined by as much as \$100 in some places. "Shipowners are definitely happy," one Europe-based bunker broker said. In Singapore, the world's biggest bunkering port, the price of a tonne of 380Cst fuel oil declined from \$723.50 per tonne at the beginning of May to \$652 today. While the fall signified a strong decline, bunker brokers said that because prices remained high by historic standards, physical suppliers were not restocking now that prices had come down. One broker described bunker fuel prices above \$600 per tonne as "the new normal". Strong regional differences in price emerged as bunker prices fell around the world. Oddly, this put certain American ports among the most expensive, even though the country is seemingly flooded with crude oil. In Los Angeles, 380Cst stood at \$690 per tonne today, almost \$70 more than prices in Rotterdam.

++ Finance News ++

PTT Exploration Raises Cove Energy Offer, Topping Shell

<http://www.bloomberg.com/news/2012-05-23/ptt-exploration-raises-offer-for-cove-energy-beating-shell.html>

PTT Exploration & Production Plc (PTTEP) raised its offer for Cove Energy Plc (COV) to 1.22 billion pounds (\$1.92 billion), topping Royal Dutch Shell Plc (RDSA)'s bid for access to one of the largest natural gas discoveries in a decade. Cove, whose main asset is a stake in offshore fields in Mozambique large enough to justify building plants to freeze the fuel and ship it to Asian markets, jumped more than 11 percent to 249 pence, higher than PTTEP's bid price. PTTEP is now offering 240 pence per Cove share, a 9 percent premium to Shell's bid of 220 pence. Shell, which earlier raised its offer to match PTTEP, had received approval from the Mozambique government for the takeover. "The market is suggesting there's going to be another counter from Shell," said Werner Riding, an analyst at Peel Hunt in London. "It's clear the Mozambique government prefers Shell given their large experience in liquefied natural gas." Cove gained as much as 25 pence, or 11 percent, as of 10:12 a.m. in London. Cove's board today withdrew its recommendation of Shell's bid.

Billionaire Batista To Sell \$300 Million EBX Stake This Week

<http://www.bloomberg.com/news/2012-05-23/billionaire-batista-sees-300-million-ebx-stake-sale-this-week.html>

Billionaire Eike Batista, Brazil's richest person, will sell a 0.8 percent stake in his EBX Group Co. to a U.S. investor this week for \$300 million as he seeks to boost foreign shareholding in the company. Batista, speaking in an interview yesterday at the Rio Investors' Day conference, didn't identify the buyer, who he said is well known. The valuation is similar on a proportional basis to the stake he sold last month to Abu Dhabi's Mubadala Development Co., he said. Batista last month sold a 5.63 percent stake in the Rio de Janeiro-based holding company to Mubadala, Abu Dhabi's sovereign wealth fund for \$2 billion. Batista, 55, is raising money to diversify into industries from precious metals to entertainment and sports management, while investing in his existing iron-ore, oil, coal, shipping and power-generation companies. EBX has \$8 billion in cash, Batista said. Batista said there will be "more news by the end of this week," when asked when the investor would be announced. "It's an American company. You are going to like it." The billionaire initially said March 26 that he was in talks with sovereign-wealth funds to sell an additional \$1 billion stake in EBX and on April 30 said the

buyer may be an industrial partner. Batista said May 11 he was in talks with groups from the U.S. and Asia about the sale.

Bumi Armada seals D1 loan

(<http://www.tradewindsnews.com/offshore/668011/bumi-armada-seals-d1-loan?lots=site>)

Malaysia's Bumi Armada has secured a \$100m bridging loan to help finance an FPSO project destined for waters off India. The funds were secured by Armada D1 Pte Ltd, a joint venture between the Kuala Lumpur-based company and India's Shapoorji Pallonji. The loan was made by Bank of India, Bank of Baroda and Indian Overseas Bank, with Bank of India's Singapore Branch acting as agent for the lenders. The facility will be used to finance certain project costs for an FPSO destined for the D1 field under a contract with Oil and Natural Gas Corp (ONGC). The D1 field lies 200km off Mumbai in a water depth of between 85 and 90 metres. The FPSO has been fixed for seven years plus six one-year options. Bumi Armada says the FPSO is expected to be delivered during the last quarter of 2012 with first oil due by the end of December 2012. The Singapore office of Watson, Farley & Williams (WFW) acted on behalf of Armada D1 Pte Ltd in relation to the bridging facility.