++ Shipbuilding News ++

China BC 20% cheaper

(http://www.asiasis.com/view_new.php?bbs_id=news&doc_num=16602)

Shipowners can now buy a Chinese-built bulk carrier for 20% less than a comparable vessel from South Korean or Japanese yards, RS Platou Markets says. The widening disparity is linked to both the perceived build quality and the relative fuel performance, analysts from the Norwegian finance house say. RS Platou Markets notes a panamax resale from Jinhai Heavy Industry is being circulated at $23.5m. This compares with between $30m and $31m being demanded for similar tonnage by Japanese yards. "Recent sales indicate that the usual discount Chinese built vessels are sold for is widening to as much as 20% compared with Japanese or Korean built vessels," RS Platou Markets said. A typical panamax built in China uses around 35 tons on bunkers per day, up to 10 tons more than a modern Korean or Japanese vessel at design speed, the analysts suggest.

Jiangsu still on a slide

(http://www.asiasis.com/view_new.php?bbs_id=news&doc_num=16595)

Although Jiangsu province's major shipbuilding-related indexes are in decrease, during the first four months, it recorded China's first in delivery, new order and orderbook. During January-April 2012, shipyards in Jiangsu's overall newbuilding delivery recorded 144 vessels of a cumulative 6.26m dwt, down by 4.4% in dwt terms, which accounted for 12.3% of global market share and 39.9% of Chinese market. Among them, export ship took 87.7%. 13 major shipyards in Jiangsu's delivery stood at 91 vessels of a combined 4.96m dwt, accounted for 79.3% of delivery in Jiangsu in dwt terms. During the same period, Jiangsu contracted a total of 48 vessels of a cumulative 1.47m dwt, down by 55.1%, which took 9.5% and 19.9% of global and Chinese market each. Of them export ship accounted for 62.9%. 13 high-ranked shipbuilders inked 22 newbuildings of a combined of 1.22m dwt, 83.2% of Jiangsu's overall new order. Meanwhile, at the end of April, Jiangsu's newbuilding backlog declined to 984 vessels of a cumulative 51.21m dwt, down by 28.2% year-on-year, which took 15.7% and 36.7% of global and Chinese market, respectively. 13 major shipbuilders accounted for about 90% of Jiangsu orderbook, with overall 588 vessels of a combined 46.09m dwt.

++ Shipping News ++

Baltic activity nudges aframax trade upwards

(http://www.lloydslist.com/ll/sector/tankers/article399460.ece)

A FLURRY of cargoes fixed to ships out of Baltic Sea oil ports this week has failed to push up rates significantly in the North European aframax spot markets. Both the Primorsk to Wilhelmshaven and the Sullom Voe to Wilhelmshaven benchmark routes published by the Baltic Exchange edged up only slightly this week to reach W97.00 and W77.40, equivalent to earnings of $13,212 per day and $12,085 per day respectively. Despite such relatively meagre earnings historically, compared to an operating cost of an aframax that averages around $8,000 per day, one London broker was still able to declare: "The north is the best aframax market out there at the moment." According to the broker, the North and Baltic Sea markets have seen a "healthy balance" of supply and demand compared to other regions. "Basically, there's a healthy Baltic market and the North Sea profits off the back," the broker said. The broker added that a lot of vessels left the North Sea to pick up cargoes in the Baltic, leaving the supply of ships there somewhat depleted. A rates spike did not materialise in the North Sea, the broker noted, because the availability of cargoes there was muted after two cargoes were fixed to very large crude carriers in the area earlier this month, equivalent to around five or six aframax cargoes. "That leaves little for other vessels," the broker said.

Shenhua Energy to build coal berths near Tianjin

(http://www.lloydslist.com/ll/sector/ports-and-logistics/article399443.ece)

CHINA Shenhua Energy, the Shanghai and Hong Kong-listed company that is the country's largest coal producer, is to invest Yuan3.8bn ($602m) in coal-loading berths near Tianjin. According to a company statement, Shenhua has received final approval from the National Development and Reform Commission for the project, which will handle 35m tonnes a year. The project at Tianjin Binhai New Area comprises a 100,000 tonne coal-loading berth, a 70,000 tonne berth and a 50,000 tonne berth and forms part of the expansion of Shenhua's existing Tianjin terminal. "Preparatory works for the project are in progress," Shenhua said. Shenhua's seaborne coal trade volumes reached 210.1m tonnes in 2011, equivalent to 54.2% of the company's total sales.

Demolition sales slow to lowest levels since January

(http://www.lloydslist.com/ll/sector/ship-operations/article399466.ece)

MAY could mark the slowest month for demolition sales since January as yards either fill with previous purchases or hold back due to economic uncertainty and as tumbling scrap rates deter owners selling older tonnage for recycling. Although based only on sales reported until the week ending May 25, Clarkson Research Services lists just 89 vessels committed for demolition this month, down from 97 vessel sales in April and a staggering 134 ships in March. In January, 79 vessels were sold, followed by 106 in February. "The struggle to locate end buyers for any type of vessels in any recycling market continued into this week, despite a few signs of stability emerging from India as evidenced by some improvements in steel prices," cash buyer GMS said in its weekly market report. What is really limiting purchasing levels is the Indian rupee, which at historic lows remains suppressed against the US dollar in which sales are traded. Pakistan and Bangladesh are awaiting governmental budget announcements, which could impact import taxes, on June 1 and 7 respectively.

Oil Trades Near Weekly Low As U.S. Supplies Seen Rising

(http://www.bloomberg.com/news/2012-05-29/oil-trades-near-weekly-low-as-u-s-supplies-seen-rising.html)

Oil fell for a second day, heading for the biggest monthly drop in more than three years, before a report that may show stockpiles climbed to the highest level since 1990 in the U.S., the world's biggest crude user. Futures slid as much as 1 percent. U.S. inventories rose 800,000 barrels to 383.3 million last week, according to the median estimate of eight analysts in a Bloomberg News survey before the Energy Department report tomorrow. Prices dropped yesterday after Spain's credit rating was cut and BNP Paribas SA reduced its 2012 forecast for West Texas Intermediate oil. "Demand out of the U.S. and the euro zone has been very soft," David Lennox, an analyst at Fat Prophets in Sydney, said in a telephone interview. "For the foreseeable future, barring any supply-side shocks, oil will stay around $90 a barrel. If there's going to be any movement, it's not likely to be up." Crude for July delivery decreased as much as 91 cents to $89.85 a barrel in electronic trading on the New York Mercantile Exchange and was at $89.98 at 5:17 p.m. Sydney time. The contract yesterday slid 10 cents to $90.76, the lowest close since May 24. Prices are down 14.2 percent this month, the biggest drop since December 2008.

Mongolia open to talks on investment law

(http://www.ft.com/intl/cms/s/0/3215c23a-a98e-11e1-9972-00144feabdc0.html#axzz1wKrwzuOa)

Mongolia is willing to reopen negotiations on a controversial foreign investment law after next month's parliamentary elections, according to the country's president. Known as the Qatar of central Asia because of its massive mineral potential, Mongolia is attracting keen interest from companies such as Rio Tinto, the Anglo-Australian miner, Peabody Energy of the US and China's Shenhua group. But foreign mining companies have complained that a law, rushed through parliament this month after China's Chalco sought to take control of a coal mine in the Gobi desert, could badly damage the investment climate. In an interview with the Financial Times, Tsakhia Elbegdorj, the president, conceded there were problems with the new legislation. "Personally I don't think this is the best law. There are many issues that deserve criticism," he said. "We are always open to improve it, including listening to the suggestions of countries and organisations that are willing to invest in Mongolia." The new legislation restricts foreign ownership of "strategic industries", including mining, banking and telecommunications, in deals worth more than $75m to 49 per cent unless expressly approved by parliament. Foreign companies say this would make investments hostage to resource nationalism and corruption.

++ Finance News ++

Frontline 2012 raises $210m to fund 16 newbuildings

(http://www.lloydslist.com/ll/sector/tankers/article399397.ece)

FRONTLINE 2012, the unlisted entity controlled by John Fredriksen, has raised $210m in a private placement to fund a total of 16 firm newbuilding contracts and eight fixed-price optional contracts. The tanker spin-off , created as part of the restructuring of Frontline in December, announced better-than-expected first quarter net income of $2.4m last week and said that it would order up to 24 new ships, adding that its target was to be a world-leading commodity shipping company made up solely of energy efficient ships by 2015. Now the new company has put financing heft behind that prediction via Tuesday's placement of 56m new ordinary shares of $2 par value at a subscription price of $3.75. Hemen Holding, a Fredriksen investment vehicle and Frontline 2012's major shareholder, invested $120m in the deal. In addition, the original Frontline bought 3.5m shares for $13m, giving it a 7.9% stake in the Frontline 2012. The proceeds of the private placement will be used to fund the purchase of the 16 newbuildings and eight options — all for crude and product tankers — and for further expansion. The total contract value of the newbuildings is $578m, the company said.

Shares fall as fears grow over Spain

(http://www.ft.com/intl/cms/s/0/9cb03b4c-a886-11e1-be59-00144feabdc0.html?ftcamp=published_links%2Frss%2Fmarkets_capital-markets%2Ffeed%2F%2Fproduct#axzz1wKrwzuOa)

Wednesday 08.30 BST. Risk appetite is deteriorating again as hopes for Chinese stimulus measures are dashed and concerns grow over Spain's banking problems. The FTSE All-World equity index is down 0.5 per cent as the FTSE Eurofirst 300 sees a loss of 0.8 per cent and after the Asia-Pacific region slid 0.8 per cent. Traditional "risk-off" strategies are being deployed, with commodities under pressure and perceived havens seeing demand. Benchmark US Treasury yields are down 3 basis points to 1.72 per cent, close to historic lows, while the dollar index rises 0.2 per cent to flirt with a two-year high, a move that leaves gold struggling and down 0.3 per cent to $1,551 an ounce. The two main market drivers on Wednesday are essentially the reverse of factors that had delivered a more positive tone for much of the previous session. Investors had been buoyed on Tuesday by hopes a plan by Madrid to nationalise troubled lender Bankia would help draw a line under Spain's banking difficulties – helping to ease broader eurozone tensions. At the same time, a belief that the Chinese government was planning to deliver a bold stimulus plan to raise the pace of growth also bolstered investor sentiment.