++ Shipbuilding News ++

Shipbuilding "Double Dip"

(http://www.asiasis.com/view_new.php?bbs_id=news&doc_num=16827)

After facing financial crisis in 2008, global shipbuilding industry showed some level of rebound in 2010, however, it appears to have a double-dip recession this year, due to Eurozone crisis, overtonnage and troubled shipping market, etc., according to China Credit Rating (CCR). In 2011, global new order has been almost halved to 62.46m dwt on a previous year. Also, in the first four months of this year, 12m dwt has been invested, down by 55.6% year-on-year and global orderbook, as of the end of April 2012, stood at 328m dwt, down by 8% on the end of 2011 and down by 25% yoy. Also, decrease in new order has led to a steady decline in newbuilding price; Clarkson Newbuilding Price Index, at the end of April, dropped to 134p, the lowest ever since global financial crisis in 2008. CCR pointed out that Chinese shipyards have been on uptrends in delivery, operating income, net profit, etc., due to high-price newbuildings contracted before, however, recently, they are struggling with low-margin order or no contract at all. It also analyzed that Chinese shipbuilding industries have entered a downward trend, which is expected to maintain for a couple of years. Moreover, troubled with new order drought, decrease in newbuilding price, increase in material cost, etc., some small-and-medium yards are to even fall behind from the market.

Samsung pens tanker pair

(http://www.asiasis.com/view_new.php?bbs_id=news&doc_num=16830)

Samsung Heavy Industries of South Korea has reportedly finalized a contract for two special-purpose lightering tankers with Chevron of US. Market sources said that the 150,000-dwt vessels will cost around $97m per vessel. It is believed the duo will replace a pair of tankers that were converted into floating storage and offloading units before trading with Chevron’s West Coast lightering programme when the latter two are phased out in 2015.

Cruiseship cost doubles

(http://www.tradewindsnews.com/shipsales/668849/cruiseship-cost-doubles?lots=site)

The cost of China's first cruiseship newbuilding has doubled after the contract was confirmed. The Shan Hai Shu group and Xiamen International Cruise will pay CNY 3.1bn ($487.6m) for the 100,000-gt vessel, to be built at Xiamen Shipbuilding Industry Co. An initial agreement emerged last September, with the cost projected at CNY 1.5bn, considerably cheaper than European or Japanese yards could have managed. The ship has been provisionally named China Xiamen or Mazu and will be delivered for Asian cruises in October 2018. PFJ Maritime Consulting of the UK will work on the design.

++ Shipping News ++

NYK inks ground-breaking deal to invest in LNG export project

(http://www.lloydslist.com/ll/sector/tankers/article400908.ece)

JAPANESE shipping line NYK is to shake up the liquefied natural gas industry with an investment in an Australian export project. NYK's investment in the Wheatstone LNG project is thought to be the first such shipping company deal, as carriers are normally content simply to transport cargoes from export plants, say analysts. The move is therefore seen to break new ground, placing a shipping company at the sharper – more financially risky – end of expansion in global LNG supply. The deal to invest in Wheatstone cements the notion of Japan Inc, in which Japanese companies tie up all aspects of a project, buying volumes and ensuring they are carried on Japanese ships. This would potentially squeeze out other owners looking to carry cargoes from projects such as Wheatstone. This is significant, considering that Greek owners are now responsible for nearly 40% of the LNG and regasification vessels in the orderbook. Greek owners own just 3% of the live fleet, according to Lloyd's List Intelligence analyst Claire Wright. "This is quite a shift," says Ms Wright, referring to the rise of Greek orders and the changing nature of fleet ownership when those vessels are delivered in a few years. In this case, Japan Inc sees Tokyo Electric Power Company buying the LNG and NYK shipping it from Wheatstone in partnership with Mitsubishi. NYK and Mitsubishi already have a long-term relationship through joint ownership of LNG carriers, the two companies say.

Panama Canal expansion to enable 80% of LNG fleet to transit

(http://www.lloydslist.com/ll/sector/tankers/article400930.ece)

THE Panama Canal's expansion is set to have a dramatic impact on world trade patterns, in particular trading in the liquefied natural gas shipping industry, according to new analysis by McQuilling Services. At present, only 10% of the 370-strong LNG carrier fleet can pass through the canal, but this will jump up to 80% after the expansion to allow larger vessels, says the US-based consultancy. This will have a particularly huge impact when the US starts exporting LNG in earnest in a few years. Many more vessels will be able take cargoes from the US Gulf to the gas-consuming markets in Asia. As things stand today, most of the LNG vessels shipping cargoes out of the US and the Caribbean have to sail the long way around South America, via Cape Horn, on their way to Asia. The canal's expansion will result in Asia being able to source greater volumes of US and Caribbean LNG more quickly. It is a welcome development, given the International Energy Agency's forecast of rising gas demand over the next five years. "Furthermore, China's demand is expected to double during this time frame, making it the world's third largest importer of the fuel," wrote the analysts at McQuilling.

Ocean Rig scores trio of discoveries

(http://www.lloydslist.com/ll/sector/tankers/article400941.ece)

OCEAN Rig Poseidon, a one-year-old drillship owned by George Economou-led Ocean Rig UDW, has scored its second gas discovery off East Africa in the last five months. Norwegian operator Statoil, the majority partner in a consortium with ExxonMobil which has the Samsung-built unit on hire, confirmed the discovery in the Lavani well off Tanzania. The well was drilled in water depth of about 2,400 m, about 16 km south of the Zafarani well, where gas was discovered in February this year, again using Ocean Rig Poseidon. Preliminary estimates put the latest resource at about 3trn cu ft of gas, on top of an estimated 6trn cu ft at Zafarani Both finds fall within Block 2 offshore Tanzania, a 5,500 sq km area operated by Statoil for Tanzania Petroleum. The two discoveries combined bring the oil companies within reach of the amounts which would justify commercial development of the field. East Africa has been touted as an emerging gas provider, well positioned to serve liquefied natural gas markets in Asia, but commercial exploitation could be years away.

Chinese breakers' bids on par with subcontinent prices

(http://www.lloydslist.com/ll/sector/ship-operations/article400926.ece)

DEMOLITION rates in the Indian subcontinent have stabilised after slipping $100 per ldt in a month, with Chinese breakers now pitching for ships at prices on a par with India, Pakistan and Bangladesh. A number of dry cargo vessels were sold to south Asian yards at prices well below $400 per ldt.

Conversely, a Chinese buyer was reported to have paid over $400 per ldt for a ship last week, the first time in months that a Far East yard has pushed levels that high. "Some stability seems to be filtering into the demolition activity although prices are under constant pressure," said Athens-based broker WeberSeas. "Prospective buyers are spoilt for choice at the moment and they refrain from buying large numbers of vessels as they want to make sure that there is still no major downside on their exposure." The slump in prices prompted talk that some breakers in Bangladesh were pondering setting up a cartel to control rates. "This would prove catastrophic to the industry, which has recently found its feet again in the competitive world of ship recycling," said London-based Clarkson Research Services.

++ Finance News ++

Citibank takes $2bn tranche of SocGen shipping book

(http://www.lloydslist.com/ll/sector/finance/article400896.ece)

FRENCH bank Société Générale appears to have succeeded in offloading part of its shipping portfolio, according to high-ranking ship finance sources, with Citibank ready to take on about a third of the $6bn book at a surprisingly strong price. While it remained unclear last night whether the deal had been formally concluded, a New York-based finance specialist claimed to know for certain that SocGen had lined up a shortlist of potential buyers as long ago as December last year, meaning that ample time for due diligence has since elapsed. SocGen told Lloyd's List that its policy was not to discuss market speculation, while Citi did not immediately return a request for comment. However, two separate senior executives at rival shipping banks each said independently that they understood that the two sides had at the very least reached an agreement in principle in recent weeks. What has turned heads in this case is just how much Citi is reputedly prepared to pay, with the book changing hands at a percentage of face value in the low 90s. That would imply that Citi stands to make somewhere a little short of $200m on this yardstick. That compares to discounts of up to 30% on face value that conventional wisdom has until now suggested would be necessary for banks seeking to dispose of shipping interests during the current across the board downturn.

Analyst downs offshore firms

(http://www.tradewindsnews.com/offshore/668847/analyst-downs-offshore-firms?lots=site)

Raymond James has downgraded ten offshore companies on the back of falling oil prices and the threat of cheap natural gas. Drillers Ocean Rig UDW, Noble Corp and UK-based Ensco were all downgraded from a “strong buy” to an "outperform" rating. Similarly, Raymond James cut its rating for Superior Energy Services and National-Oilwell Varco from a “strong buy” to an "outperform" rating. Elsewhere Hercules Offshore was cut from an “outperform” to “market perform”, while Global Geophysical Services went from a “market perform” to an "underperform" rating. The downgrades were part of a wider review of the oil and gas sector which saw oil majors such as BP also downgraded. Analysts say the price of benchmark US crude has dropped by 23% since peaking in February above $109 per barrel. On Monday the price of crude was down 30 US cents at $83.73 a barrel on growing fears a European financial crisis would cut demand. “We believe that US drilling activity must eventually come down in order to rein in supply growth to help balance the market,” analyst J Marshall Adkins said in a research note.

Pacific Basin Falls On $190 Million Writedown: Hong Kong Mover

(http://www.bloomberg.com/news/2012-06-19/pacific-basin-predicts-loss-on-190-million-roro-fleet-writedown.html)

Pacific Basin Shipping Ltd. (2343), Hong Kong’s biggest dry-bulk ship operator, fell the most in about two weeks after writing down the value of its vehicle-carrying RoRo fleet by $190 million and predicting a first-half loss. The company fell as much as 4.9 percent in Hong Kong trading, the most since June 6. It was down 4 percent at HK$3.33 as of 10:26 a.m. The benchmark Hang Seng Index dropped 0.2 percent. The expected loss compares with a $3 million profit a year earlier, the company said in a statement yesterday. Pacific Basin wrote down the value of its RoRo, or roll-on, roll-off, ships for the third time in four years as a global glut of vessels and the European debt crisis damps rates. The company, whose new Chief Executive Officer Mats Henrik Berglund started this month, eventually plans to exit the RoRo business and focus on its dry-bulk and towage operations, it said. The writedown “was larger and earlier than we expected,” Citigroup Inc. analyst Rigan Wong said in a note to clients today. “This reflects the sudden deterioration of the RoRo market.”