

## Restructuring to Accelerate

([http://www.asiasis.com/view\\_new.php?bbs\\_id=news&doc\\_num=17832](http://www.asiasis.com/view_new.php?bbs_id=news&doc_num=17832))

Due to lower newbuilding orders, restructuring is to accelerate from shipbuilding industries. Analyst Koo Bon-Uk of NICE Information Credit in Korea said "Over shipbuilding capacity against new order makes it harder to improve balance between tonnage demand and supply as well as recover newbuilding prices," and forecast "Decreasing orderbook causes intense competition over new order and boost shipbuilders' restructuring," during '5th NICE Information Credit Forum,' on September 13. He expected those major in building commercial ship will suffer more from lack of new order, on the other hand, leading shipyards which have records of building LNG carrier and offshore plant will be able to make up for lower profits from commercial ship sector. Also, he estimated that Korean major shipyards are possible to make profits in the mid-to-long term with securing about two years of orders. Meanwhile, shipping industries undergo aggravated liquidity crisis, an official saying "Amid depression, shrinking ship financing has increased liquidity risk and as funding shipbuilding price by issuing corporate bond increases, their loan maturity schedule gets tighten."

## Big3 "may reach target"

([http://www.asiasis.com/view\\_new.php?bbs\\_id=news&doc\\_num=17836](http://www.asiasis.com/view_new.php?bbs_id=news&doc_num=17836))

The Ministry of Knowledge Economy (MKE) and the Korea Shipbuilders' Association (KOSHIPA) held '9th Shipbuilding & Offshore Day' on September 13, in the presence of 300-some shipbuilding and offshore related officials, including vice minister Yoon Sang-Jik of MKE, chairman Ko Jae-Ho of KOSHIPA, etc. During the celebration, president Roh In-Sik of Samsung Heavy Industries said "Samsung will be able to meet 2012 new order target by winning drillships, etc., in the last quarter of the year," and Hyundai Heavy Industries' president Lee Jae-Seong said "Although shipbuilding market is difficult, I think we can achieve the target." President Ko Jae-Ho of Daewoo Shipbuilding & Marine Engineering added "It is not optimistic to attain the target but we will do our best." Also, Ko said Japanese and Chinese shipyards are also struggling over troubled market and shipyards should notice growing demand for low-speed and eco-friendly vessels by tighter environmental regulation and high oil prices, as well as for offshore plant and deep-sea development.

**++ Shipping News ++**

## **Demo passes 2011 total**

(<http://www.tradewindsnews.com/shipsales/283488/demo-passes-2011-total>)

Tonnage sent for scrap so far this year has exceeded that for the whole of 2011, latest data from Clarkson Research shows. Some 40.8mdwt has been sold for scrap in the first thirty-seven weeks of 2012 versus the 40.6mdwt recycled last year. Clarkson says this is despite the fact that demolition volumes in recent months have been "somewhat lower than the more rapid pace of sales earlier in the year." Bulkers sent for recycling so far this year have reached 24mdwt. This exceeds the 23.6mdwt sent for scrap in 2011. In the tanker space some 9.3mdwt has sent for scrap after thirty-seven weeks versus 10.1mdwt in the whole of last year. On an annualised basis total scrap volumes in 2012 are now predicted to reach 57.3mdwt, up 40% up on the 40.6mdwt seen in 2011. Bulker scrapping is expected to reach 33.7mdwt this year, while the tanker sector is forecast to see scrapping of 13mdwt. Other ships types are expected to reach 10.5mdwt.

## **Cheniere projects look promising**

(<http://www.tradewindsnews.com/tankers/283484/cheniere-projects-look-promising>)

Cheniere Energy is hoping to seal its liquefaction build-out at Sabine Pass in Louisiana and start exporting LNG by as early as the fourth quarter of 2015, according to an equity analyst at Wells Fargo Securities. On the heels of recent meetings with management, Michael Webber said the company is already starting to initiate negotiations with shipowners to ensure vessel deliveries will coincide with the start of the first of four initial trains. If all goes according to plan and all are up and running between 2015 and 2018, he noted that 16 million tons per annum (mtpa) will be exported on "take-or-pay" contracts that could prompt a requirement for up to 24 LNG carriers. "With regards excess production, Cheniere expects to produce enough LNG on top of its take-or-pay contracts to command 11 voyages a year in 2016, and 20, 24, 33, and 35 a year from 2017-2020 [respectively]," the analyst added in a report sent to clients. While Webber believes Cheniere's funding and capital structure are still in question and admits he is "naturally predisposed to assume delays in the construction process", he said the company's construction partner, Bechtel, boasts a solid reputation and proven track record.

## **Antitrust probe ignites**

(<http://www.tradewindsnews.com/liner/283481/antitrust-probe-ignites>)

Compania Sud Americana de Vapores on Friday confirmed reports that it is one of the targets of an antitrust investigation unfolding in North America.

Santiago-based CSAV says the US Department of Justice and Canada's Competition Office have subpoenaed several employees but declined to identify them by name or rank. "According to the information gathered by CSAV up to now, such investigation seeks to inquire into the existence of antitrust law violations related to cooperation agreements on prices and allocation of clients between car carriers," it wrote in a statement. The company says it has notified the Chilean Securities and Insurance Supervisor about the investigation, which has triggered CSAV's own internal probe. "CSAV's Board of Directors, after becoming aware of the facts, has immediately instructed the company management to provide maximum cooperation in connection with this matter," it added.

### **Oil Trades Near Four-Month High on Economic Outlook After Fed**

(<http://www.bloomberg.com/news/2012-09-16/oil-trades-near-four-month-high-before-reports-on-u-s-economy.html>)

Oil traded near the highest price in four months before reports forecast to show a strengthening economy in the U.S., the world's biggest consumer of crude. Futures were little changed in New York after surging as high as \$100.42 a barrel on Sept. 14 as the Federal Reserve pledged to start buying U.S. mortgage securities. New home construction and sales of previously owned houses rose in August, economists said before U.S. data due Sept. 19. Current crude prices aren't a threat to the world economy, said Mohammad Ali Khatibi, Iran's governor to OPEC, according to the Oil Ministry's news website. "We've seen an ongoing and relatively positive reaction to the Fed's easing plan," said Ric Spooner, a chief market analyst at CMC Markets in Sydney. "That reflects the relatively open-ended nature of the proposed easing." Oil for October delivery gained 19 cents to \$99.19 a barrel in electronic trading on the New York Mercantile Exchange at 1:27 p.m. Singapore time.

### **++ Finance News ++**

#### **Swiber prices note issue**

(<http://www.tradewindsnews.com/offshore/283487/swiber-prices-note-issue>)

Swiber Holdings is looking to raise up to SGD80m (\$65m) from a perpetual bond, the company confirmed Monday. The Singapore offshore vessel operator has priced the offering at 9.75%. The securities are expected to be issued on 25 September 2012. Proceeds are to be used for general corporate funding purposes, including acquisitions of some existing vessels which are

now under leasing arrangements. On Friday, when news of the issue first emerged, analysts described the coupon as “one of the highest” in the Singapore market. Australia’s fourth largest bank ANZ and Singapore’s DBS are acting as joint lead managers and book runners for the offering. There will be a call in year three, after which there is a 300bp step-up with the coupon to be reset in year three and every three years thereafter. Analysts say perpetual bonds from Ezra and Ezion in the last two weeks have shown that there is sufficient demand for subordinated undated bonds from high-yield issuers.