

## Investors should concentrate on newbuilding contracts

Cash buyers have been very active from the beginning of this year until June 2010. However, July and August has been very slow. A wait and see mode exists. Although the current ship prices are much lower compared to the prices in June this year, they are still very high compared to 2009 prices. However it should be noted that charter rates are at pretty similar levels. Grain from Russia has been interrupted by the Russian government and therefore Arabic countries will have to import grain from Argentina and such which is expected to give a little breather to larger tonnage earnings. As a broker, I would like to draw your attention to the opportunities in shipbuild-

ing. Many Japanese shipyards are full with orders until 2013. Korean and Chinese yards still have some slots available for 2012. Therefore, I would suggest investors to concentrate on a newbuilding contracts instead of purchasing modern second hand tonnage or resale tonnage.

You can easily contract a Panamax bulker at a price of rgn USD 33/34 mill today in a well known Chinese yards for delivery within 2012. Therefore why purchase a 2010 build Panamax bulker at mid/high 40s today and keep losing money with present charter levels?

Meltem Suloglu  
snp@pelikan.com.tr

## Dry bulk market and BDI are picking up

### Baltic Dry Index sees longest continuous slump in 15 years

The Baltic Dry Index (BDI) dropped from 4,156 to 1,700 points between May 27 and July 15. Although it is not uncommon for the index to drop during the summer months, this time the actual reason behind the fall was dwindling Chinese demand for iron ore.

Similar to what happened in the 2008 crisis, the BDI continued to fall for 35 consecutive sessions – the longest continuous decline since November of 1995 – and suffered a 60 percent lost until it started to climb again on July 16 and was nearing 2,500 points as of Aug. 16. These developments underlined once again the significance of China's weight on the index. In addition to the Chinese factor, the overcapacity of the global dry bulk fleet continues to grow from day to day. Some analysts believe that the dry bulk fleet will expand by around 15 to 16 percent this year with the largest increase to occur in the Capesize fleet. If this happens, the growth of the fleet would be twice the growth in demand.

### Expectations positive until end of 2010

The pessimists expect to see the index maintain its current course until the end of summer. However, the purchasing levels of China and India are likely to determine the developments in the index to a great extent by the end of summer.

The increase in freight earnings is encouraging for a period that is normally marked with lower freight costs. Furthermore, rising steel and iron ore prices in China may also help keep up the strength of the dry bulk market come September. In addition, Russia's grain export ban is set to increase shipping activity as grain buyers will have to source requirements from longer haul destinations including the US.

Market outlook until the end of 2010 is generally not pessimistic. Despite short-term instability and a rise in newbuilding deliveries, the market is likely to recover as raw material demand from China and India is expected to continue to accelerate.

Marvel Consultancy & Shipping  
www.marveldanismanlik.com.tr

## MarineLine Turkey coats 184,000m<sup>2</sup> in 7 months

MarineLine Coating Turkey's General Manger Captain Koray Karagoz has announced that his company will be coating the cargo tanks of the largest chemical tanker that is currently being built in Turkey.

In an exclusive statement he gave to MarineDeal News, Karagoz said that MarineLine was chosen to coat the 26,000 dwt tanker under construction at the Turker Shipyard for Altinbas Holding. Providing details on their current projects, Karagoz said MarineLine had also been chosen to coat Altinbas Holding's 21,000dtw tanker that was launched in August. "In addition, the cargo tanks of a 25,000dwt NB 06 tanker, the second largest chemical tanker built in the country, was also coated by MarineLine. Its NB 10 sister ship will also be

coated by MarineLine in the fall. Therefore, the three largest tankers that are built in Turkey will have been coated by us."

Further elaborating on the company's projects, Karagoz said, "We have also signed an agreement with the Icdas Shipyard to coat the cargo tankers of their 20,000dwt NB 14 ship. As you can see, despite the crisis in the shipbuilding industry, as of August we have completed 18 projects and coated 184,000 m<sup>2</sup> of cargo tanks. We are currently running six projects and hope to complete 35 others having coated a total of 380,000 m<sup>2</sup> by the end of this year." Commenting on their overseas operations, the general manager stated that they currently have five technical inspectors on projects in Korea and Malaysia.

## Socar-Turcas to build refinery

Executive Director of Socar-Turcas and board member of the Petkim Petrochemical Complex Kenan Yavuz has stated that his company will be building a new refinery in the same area where the petrochemical complex of Petkim in Aliaga in Turkey is located. Speaking at the license award ceremony of Socar-Turcas JV, Yavuz said that the construction of the plant with a capacity of 10 million tons of oil per year will play an important role in the Turkish industry adding that the new plant will create jobs for 7,000-10,000 people. After starting operation, the plant is expected to employ 1,000 people.



Gemak Shipbuilding Industry and Trading S.A.  
Istanbul, Turkey • www.gemak.com