

Market insight

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Since the Covid-19 outbreak, governments and central banks around the globe have been using their ammunition and stimulus packages to keep their economies running. Trillions have been injected into global economies to fight unemployment and minimize recession. Apart from the central banks of EU, Japan, Switzerland, Sweden and Denmark, who have been offering negative rates for the past five years – a handful of central banks have now reduced their policy rates to near-zero values. Regardless of how successful or not the above mentioned five banks' "experiment" has been, negative rates have undoubtedly made hedging strategies more complicated.

When it comes to the US Dollar, the Fed Chair has made it clear that negative rates are not part of its policy tools for the time being and that it is highly unlikely that rates will be pushed below zero. However, the US President has openly expressed that he views such a tool favourably. Although market experts do not expect negative Libor rates in the imminent future, no one can rule out the possibility of this happening.

These developments have had numerous effects on shipping companies who typically borrow using USD-Libor floating loans. The first and obvious outcome of lower Libor is the reduced borrowing cost. Whilst average 3-month LIBOR rates were 0.69%, 0.74% and 0.95% during the 2009, 2016 and 2020 (to date) recessions respectively, the 3-month LIBOR rate in July closed at 0.3% and has decreased approximately 6-fold since January (0.25%, as of 17/8). USD Libor loans have a zero lower bound limit which is incorporated by banks in their loan documentation (LMA) language: if Libor is less than zero "it will be deemed to be zero". This wording is also included in proposed documentation by the Alternative Reference Rates Committee, who is responsible for the development of Libor's successor.

Low interest rates have also resulted in increased enquiries from bank clients who want to exploit their interest rate hedging options. Most shipping borrowers have decided not to hedge owing to the consensus that USD interest rates will not increase significantly over the next couple of years. Nevertheless, the number of shipping companies (mainly listed) that have engaged in hedging derivatives remain significant.

Under "normal" circumstances, a Cap or a SWAP for protection against an upward movement of interest rates would be the norm. However, nowadays it is essential to provision for negative interest rates. The borrower who hedges should bear in mind that USD Libor can also turn negative. Some banks even "encourage" clients to include a Floor in their SWAPS which will prevent base rates on their loans from dropping below zero. This limits the extent to which their derivatives can fall "out of the money". Such protection comes at a premium. Indicatively, a 5 year SWAP is priced at 0.37 %, while the cost of a Floor is [10-30] bps. With rates expected to remain close to zero, the SWAP protection premium will continue to rise for as long as there are statements in favour of negative rates such as that of President Trump. However, whether the cost of protecting of a company's future cash flows through the xyz premium is high or not is also a matter of perception and is reflective of one's risk profile.

Chartering (Wet: **Soft-** / Dry: **Firm+**)

Rates in the Dry Bulk market increased throughout the last week with Atlantic basin Panamax activity being the key performance driver followed by an increased demand for geared vessels across both basins. The BDI today (18/08/2020) closed at 1586 points, down by 12 points compared to Monday's (17/08/2020) levels and increased by 76 points when compared to previous Tuesday's closing (11/08/2020). With the exception of the Aframax vessels the rest of the sizes in the crude carrier market faced additional pressure last week. Among them, Suezmax rates suffered the biggest discounts with earnings decreasing in all key trading routes. The BDTI today (18/08/2020) closed at 490, decreased by 7 points and the BCTI at 407, an increase of 54 points compared to previous Tuesday's (11/08/2020) levels.

Sale & Purchase (Wet: **Stable-** / Dry: **Stable+**)

The tanker secondhand activity remained quiet for another week; owners in the SnP market focused on the dry bulk candidates with geared sizes having the lion's share among the recently surfaced deals. In the tanker sector we had the en bloc sale of the "GW DOLPHIN" (55,600dwt-blk '20, China) and "GW FORTUNE" (55,600dwt-blk '20,China), which were sold to Chinese owner, CSSC, for a price in the region of \$34.37m and \$36.60m respectively. On the dry bulker side sector we had the sale of the "ECOMAR G.O." (75,093dwt-blk '08, China), which was sold to Greek buyers, for a price in the region of \$9.5m.

Newbuilding (Wet: **Stable-** / Dry: **Stable-**)

Sentiment continues to be low in the newbuilding realm as orderbooks across all shipping sectors are at low levels with only a handful of orders surfacing in the past week. This can be attributed to the economic uncertainty caused by the COVID-19 pandemic combined with the shipping industry's "divided" view on the commercial and long-term implementation feasibility of ESG in maritime transportation. In addition, shipyards have been struggling to stay afloat financially since the start of the coronavirus outbreak owing to the increased number of newbuilding order cancellations and the travel/work restrictions. Given the prevailing conditions in the tanker market coupled with the current challenging macro-economic fundamentals, an upturn in the newbuilding front appears to be a pipe dream for the rest of 2020. In terms of recently reported deals, Danish owner, Norden, placed an order for two firm Ultramax vessels (61,000 dwt) at NACKS, in China for an undisclosed price and delivery set in 2022.

Demolition (Wet: **Stable+** / Dry: **Stable+**)

The demolition market has seen another healthy week. Demolition scrap prices are en route to recovery from the downturn in the 2020 February to April lockdown period. Rates this week remained constant in Pakistan whereas increases in scrap prices were observed in India, Bangladesh, and Turkey. The overall demo market's upward trajectory can be attributed to recent increases in steel prices coupled with lack of available demo candidates. In India, some vessels intended for green recycling emerged and demolition rates increased, forming the second highest demo rates in the market. Pakistani breakers are still offering the highest demo rates as opposed to breakers from competing countries. On a final note, Turkish cash buyers are also offering higher week-on-week scrapping premia despite the increasingly depreciating Turkish Lira. Average prices in the different markets this week for tankers ranged between \$200-345/ldt and those for dry bulk units between \$195-330/ldt.

Spot Rates

Vessel	Routes	Week 33		Week 32		\$/day ±%	2019 \$/day	2018 \$/day
		WS points	\$/day	WS points	\$/day			
VLCC	265k MEG-SPORE	33	17,477	34	18,667	-6.4%	45,517	20,265
	280k MEG-USG	21	2,744	21	3,024	-9.3%	35,659	5,635
	260k WAF-CHINA	38	23,308	38	23,334	-0.1%	41,077	18,362
Suezmax	130k MED-MED	57	15,498	62	19,076	-18.8%	30,857	20,320
	130k WAF-UKC	45	10,641	49	13,448	-20.9%	25,082	11,031
	140k BSEA-MED	58	8,143	63	12,039	-32.4%	30,857	20,320
Aframax	80k MEG-EAST	64	5,877	67	6,862	-14.4%	24,248	12,563
	80k MED-MED	66	3,778	58	489	672.6%	25,771	18,589
	100k BALTIC/UKC	60	10,152	57	8,252	23.0%	25,842	14,943
Clean	70k CARIBS-USG	70	5,351	78	8,326	-35.7%	20,886	19,039
	75k MEG-JAPAN	78	13,099	57	5,811	125.4%	22,050	11,119
	55k MEG-JAPAN	92	12,591	63	5,293	137.9%	15,071	8,449
Dirty	37K UKC-USAC	81	5,000	88	6,508	-23.2%	12,367	7,529
	30K MED-MED	81	-3,070	84	-2,079	-47.7%	14,008	5,487
	55K UKC-USG	60	2,472	61	2,618	-5.6%	15,960	9,527
	55K MED-USG	60	2,561	61	2,779	-7.8%	15,327	9,059
	50k CARIBS-USG	80	5,278	85	6,869	-23.2%	18,781	10,637

TC Rates

	\$/day	Week 33	Week 32	±%	Diff	2019	2018
VLCC	300k 1yr TC	36,000	36,000	0.0%	0	37,462	25,394
	300k 3yr TC	35,000	35,000	0.0%	0	35,777	31,306
Suezmax	150k 1yr TC	24,000	25,000	-4.0%	-1000	26,808	17,668
	150k 3yr TC	26,000	27,000	-3.7%	-1000	25,988	21,743
Aframax	110k 1yr TC	20,000	20,000	0.0%	0	21,990	15,543
	110k 3yr TC	22,000	22,000	0.0%	0	22,426	18,532
Panamax	75k 1yr TC	16,000	15,750	1.6%	250	16,635	13,192
	75k 3yr TC	15,750	15,500	1.6%	250	16,916	15,032
MR	52k 1yr TC	14,500	14,500	0.0%	0	15,269	13,721
	52k 3yr TC	16,000	16,000	0.0%	0	16,181	15,065
Handy	36k 1yr TC	13,250	13,250	0.0%	0	13,856	12,264
	36k 3yr TC	14,000	14,000	0.0%	0	13,753	13,431

Chartering

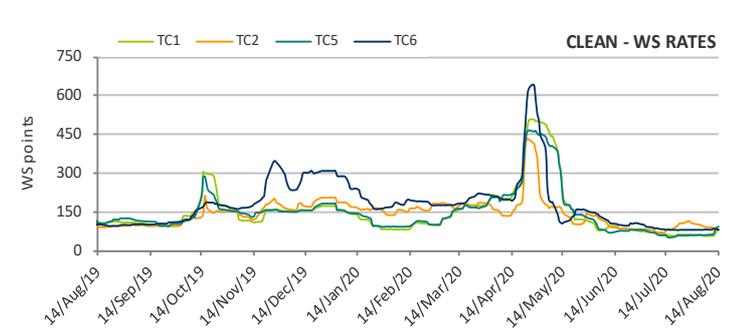
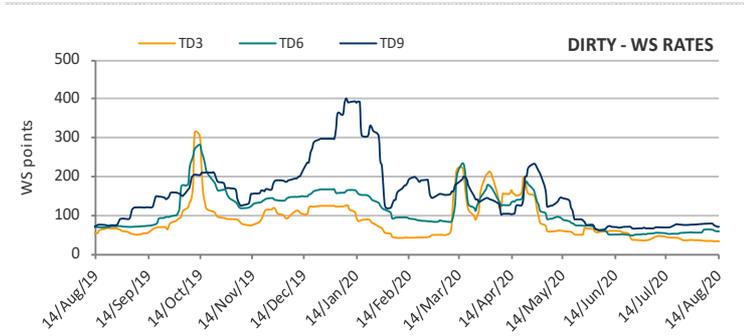
It was an uninspiring week in the crude carrier front. The overall crude market performance further dropped with BDTI continuing its steady downward trajectory and closing at sub-500 levels. The overall VLCC business inactivity may be attributed to increased OPEC+ supply emerging from respective country members. Suezmax activity was also in decline with increased tonnage availability being noted in key trade routes. On a more optimistic note, average Aframax earnings enjoyed a small improvement on the back of increased tonnage demand in both Med and Baltic regions.

On the VLCC front, the market remained under the control of charterers for another week. Week-on-week small reductions were observed across all reported business routes. This can be attributed to reduced cargo availability coupled with overwhelming amounts of prompt tonnage in most regions.

The Suezmax sector underperformed the rest of the market. Significant week-on-week daily earnings reductions were observed on the WAFR/Continent front and rates out of the Black Sea to the Mediterranean were also down. Aframax owners managed to put forth some resistance with rates for cross-med trips showing substantial increases, however in retrospect, earnings remain at unhealthy levels. On the contrary, business trips out of MEG to Far East witnessed discounts with average earnings posting below \$6,000 per day.

Indicative Period Charters

- 6 mos	- 'STAR EAGLE'	2007	51,202 dwt
-	-\$13,750/day		- Ultramax



Indicative Market Values (\$ Million) - Tankers

Vessel	5yrs old	Aug-20 avg	Jul-20 avg	±%	2019	2018	2017
VLCC	300KT DH	68.0	68.1	-0.1%	69.6	64.5	62.0
Suezmax	150KT DH	47.5	47.9	-0.8%	49.0	43.8	41.4
Aframax	110KT DH	35.5	36.1	-1.7%	37.1	32.1	30.4
LR1	75KT DH	29.0	29.0	0.0%	31.5	29.6	27.6
MR	52KT DH	25.0	25.9	-3.5%	28.5	26.6	23.4

Sale & Purchase

In the MR sector we had the en bloc sale of the "GW DOLPHIN" (55,600dwt-blk '20, China) and "GW FORTUNE" (55,600dwt-blk '20, China), which were sold to Chinese owner, CSSC, for a price in the region of \$34.37m and \$36.60m respectively.

Baltic Indices

	Week 33 14/08/2020		Week 32 07/08/2020		Point Diff	\$/day ±%	2019	2018
	Index	\$/day	Index	\$/day			Index	Index
BDI	1,595		1,501		94		1,344	1,349
BCI	2,402	\$19,916	2,401	\$19,912	1	0.0%	2,239	2,095
BPI	1,824	\$16,415	1,563	\$14,070	261	16.7%	1,382	1,451
BSI	927	\$10,194	855	\$9,408	72	8.4%	877	1,030
BHSI	491	\$8,846	471	\$8,475	20	4.4%	490	597

Period

	\$/day	Week 33	Week 32	±%	Diff	2019	2018
Capesize	180K 6mnt TC	22,500	22,500	0.0%	0	18,839	19,758
	180K 1yr TC	17,500	17,500	0.0%	0	17,397	19,575
	180K 3yr TC	15,000	15,000	0.0%	0	15,474	17,912
Panamax	76K 6mnt TC	12,500	11,750	6.4%	750	12,147	13,224
	76K 1yr TC	12,250	11,750	4.3%	500	12,080	13,513
	76K 3yr TC	11,000	10,750	2.3%	250	11,931	12,710
Supramax	58K 6mnt TC	11,250	11,000	2.3%	250	11,493	13,142
	58K 1yr TC	10,750	10,500	2.4%	250	11,344	12,984
	58K 3yr TC	9,500	9,500	0.0%	0	10,883	12,267
Handysize	32K 6mnt TC	8,750	8,500	2.9%	250	9,152	10,787
	32K 1yr TC	8,500	8,250	3.0%	250	9,291	10,594
	32K 3yr TC	8,500	8,500	0.0%	0	9,291	9,200

Chartering

With Panamax rates leading the way, the Dry Bulk market experienced another firm week. Confidence among dry bulk participants has been boosted on the back of a healthy market across all sectors. Rates for Capes remained approximately constant week-on-week with earnings hovering just below \$20,000 per day. The geared sized earnings were on par with the ones followed by Panamax rates; both Supramax and Handysize sectors exhibited a firm weekly performance. On the period front, limited activity was observed with most owners competing for spot business given their expectations for a traditional stronger Q4 period ahead.

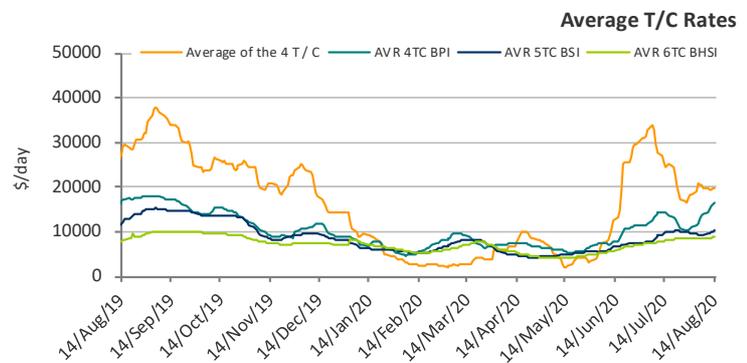
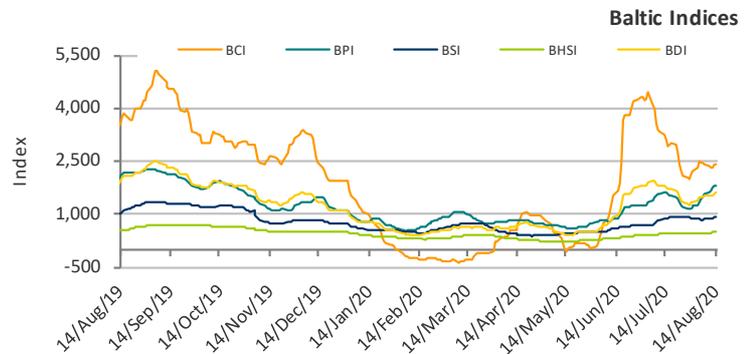
Average earnings for the Capesize market remained almost unchanged this past week. Small improvements have been noted for fronthaul trips out of both Brazil and Continent to China. Earnings in the Pacific basin witnessed slight discounts to last donees while a similar slowdown was also seen for transatlantic round voyage trips.

Outperforming the rest of the market, Panamax rates found support on a firming Continent market, with transatlantic round voyages earnings increasing by 34% w-o-w to the \$20,450 per day mark. Notable increases were also observed in fronthaul trips out of both USG and North European regions.

Rates for the smaller sizes displayed a healthy performance during the last week. Supramax activity was firm with most notable increases in rates (about 25%) noted for cargoes out of the Mediterranean and Black Sea which were destined for Far East regions. USG fronthaul trips remained approximately constant while the Pacific also saw improvements as the week progressed. Handysize rates also strengthened throughout the week with Transatlantic voyages recording increases w-o-w. The Pacific basin remains overall steady during the past days.

Indicative Period Charters

-5 to 8 mos	- 'TAI KUDOS'	2017	82,008 dwt
-CJK 19/24 Aug	-\$14,000/day		- Crystal Sea
-4 to 6 mos	- 'LADY DEMET'	2012	30,508 dwt
-Haiti 09/05 Aug	-\$9,000/day		- Norden



Indicative Market Values (\$ Million) - Bulk Carriers

Vessel 5 yrs old	Aug-20 avg	Jul-20 avg	±%	2019	2018	2017
Capesize 180k	25.0	25.0	0.0%	30.3	35.3	31.1
Panamax 76K	17.0	17.0	0.0%	17.0	18.9	18.1
Supramax 58k	15.0	15.0	0.0%	16.1	18.2	16.5
Handysize 32K	11.5	11.6	-0.9%	13.2	15.5	13.0

Sale & Purchase

In the Panamax sector we had the sale of the "ECOMAR G.O." (75,093dwt-blt '08, China), which was sold to Greek buyers, for a price in the region of \$9.5m.

In the Ultramax sector we had the sale of the "IKAN SALMON" (61,380dwt-blt '12, Japan), which was sold to undisclosed buyers, for a price in the region of \$13.75m.

Tankers

Size	Name	Dwt	Built	Yard	M/E	SS due	Hull	Price	Buyers	Comments
MR	GW DOLPHIN	55,600	2020	CHENGXI, China	YYY	Dec-24	DH	\$ 34.37m		
									Chinese (CSSC)	
MR	GW FORTUNE	55,600	2020	CHENGXI, China	YYY	May-25	DH	\$ 36.60m		

Bulk Carriers

Size	Name	Dwt	Built	Yard	M/E	SS due	Gear	Price	Buyers	Comments
PMAX	ECOMAR G.O.	75,093	2008	HUDONG-ZHONGHUA, China	MAN-B&W	May-21		\$ 9.5m	Greek	
UMAX	FUKUYAMA STAR	64,012	2017	TSUNEISHI HI, Philippines	MAN-B&W	Oct-22	4 X 36t CRANES	excess \$21.0m	undisclosed	
UMAX	IKAN SALMON	61,380	2012	IWAGI, Japan	MAN-B&W	Sep-22	4 X 30,7t CRANES	\$ 13.75m	undisclosed	
HANDY	IKAN JUBAL	33,126	2012	KANDA KAWAJIRI, Japan	Mitsubishi	Mar-22	4 X 30,5t CRANES	undisclosed	undisclosed	
HANDY	CRYSTALGATE	28,183	2010	SHIMANAMI, Japan	MAN-B&W	Sep-20	4 X 31t CRANES	undisclosed	Vietnamese	

MPP/General Cargo

Name	Dwt	Built	Yard	M/E	SS due	Gear	Price	Buyers	Comments
EKARMA	8,232	2011	ZHEJIANG TIANSHI, China	Daihatsu	Nov-21	2 X 40t CRANES	\$ 2.3m	Turkish	
MARIA P	5,580	1999	YICHANG, China	MAN		2 X 40t CRANES	undisclosed	undisclosed	

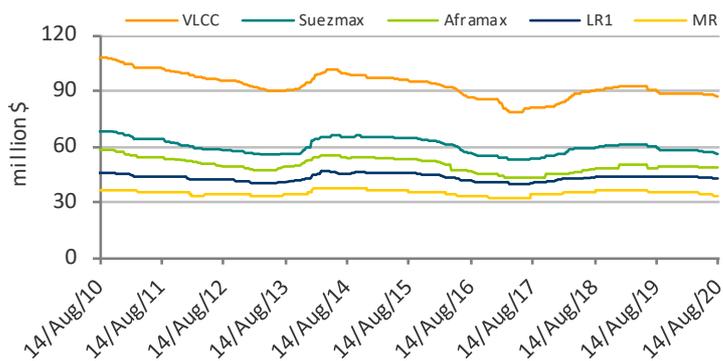
Indicative Newbuilding Prices (million\$)

Vessel		Week 33	Week 32	±%	2019	2018	2017
Bulkers	Capesize 180k	48.0	48.0	0.0%	51	48	43
	Kamsarmax 82k	26.0	26.0	0.0%	29	28	25
	Ultramax 63k	24.0	24.0	0.0%	28	26	23
	Handysize 38k	22.0	22.0	0.0%	23	23	20
Tankers	VLCC 300k	86.5	86.5	0.0%	90	88	80
	Suezmax 160k	56.0	56.0	0.0%	60	59	54
	Aframax 115k	48.5	48.5	0.0%	49	47	44
	MR 50k	33.0	33.0	0.0%	35	36	33
Gas	LNG 174k cbm	186.0	186.0	0.0%	186	181	186
	LGC LPG 80k cbm	71.0	71.0	0.0%	73	71	71
	MGC LPG 55k cbm	62.0	62.0	0.0%	65	63	64
	SGC LPG 25k cbm	41.5	41.5	0.0%	44	43	42

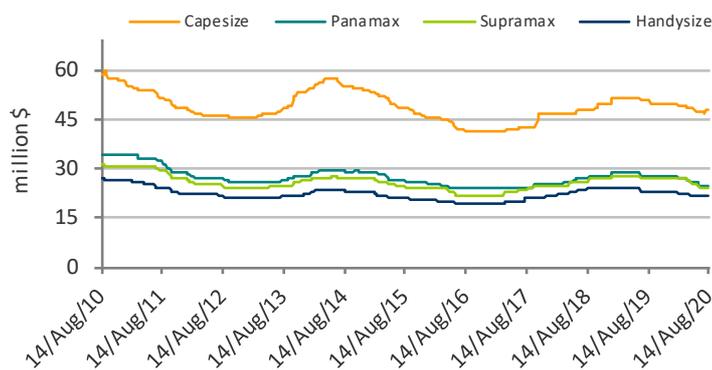
Sentiment continues to be low in the newbuilding realm as orderbooks across all shipping sectors are at low levels with only a handful of orders surfacing in the past week. This can be attributed to the economic uncertainty caused by the COVID-19 pandemic combined with the shipping industry's "divided" view on the commercial and long-term implementation feasibility of ESG in maritime transportation. In addition, shipyards have been struggling to stay afloat financially since the start of the coronavirus outbreak owing to the increased number of newbuilding order cancellations and the travel/work restrictions. Given the prevailing conditions in the tanker market coupled with the current challenging macro-economic fundamentals, an upturn in the newbuilding front appears to be a pipe dream for the rest of 2020.

In terms of recently reported deals, Danish owner, Norden, placed an order for two firm Ultramax vessels (61,000 dwt) at NACKS, in China for an undisclosed price and delivery set in 2022.

Tankers Newbuilding Prices (m\$)



Bulk Carriers Newbuilding Prices (m\$)



Newbuilding Orders

Units	Type	Size	Yard	Delivery	Buyer	Price	Comments
2	Tanker	50,000 dwt	Hyundai Mipo, S. Korea	2021	Japanese (Nisshin Shipping)	\$35.0-36.0m	
3	Tanker	6,600 dwt	STX Offshore, S. Korea	2022	South Korean (Woolim Shipping)	undisclosed	
3	Bulker	63,500 dwt	Nantong Xiangyu, China	2021-2022	Turkish (Densay Shipping)	undisclosed	
2	Bulker	61,000 dwt	NACKS, China	2022	Danish (Norden)	undisclosed	
2	LNG	174,000 cbm	Hyundai, S. Korea	2023	South Korean (Korea Line)	undisclosed	

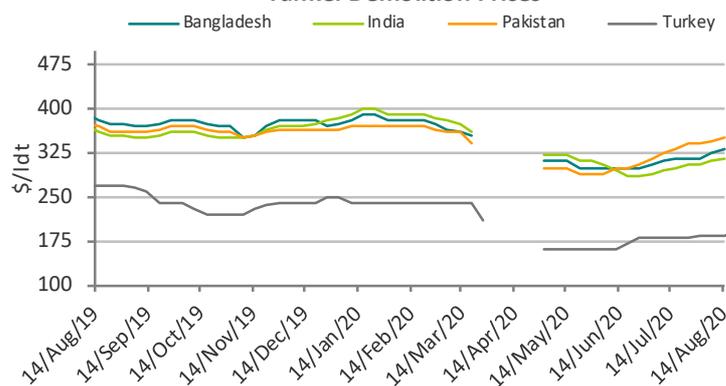
Indicative Demolition Prices (\$/ldt)

	Markets	Week 33	Week 32	±%	2019	2018	2017
Tanker	Bangladesh	320	315	1.6%	410	442	376
	India	330	320	3.1%	400	438	374
	Pakistan	345	345	0.0%	395	437	379
	Turkey	200	190	5.3%	259	280	250
Dry Bulk	Bangladesh	310	305	1.6%	400	431	358
	India	315	305	3.3%	390	428	354
	Pakistan	330	330	0.0%	385	427	358
	Turkey	195	185	5.4%	249	270	240

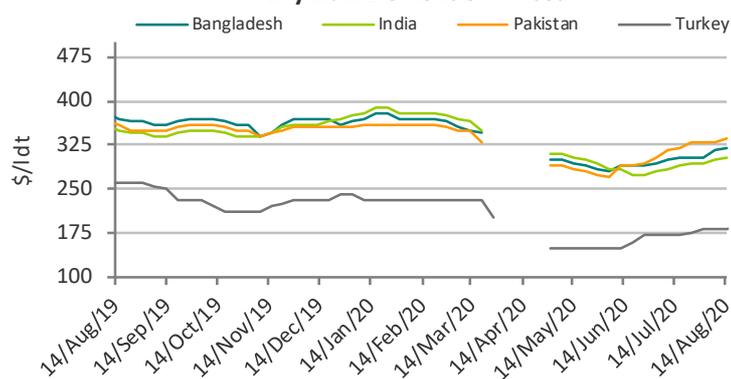
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The highest price amongst recently reported deals was paid by Indian breakers for the Container vessel "SINGAPORE EXPRESS" (66,793dwt-20,175ldt-bit '00), which received \$365/ldt.

Tanker Demolition Prices



Dry Bulk Demolition Prices

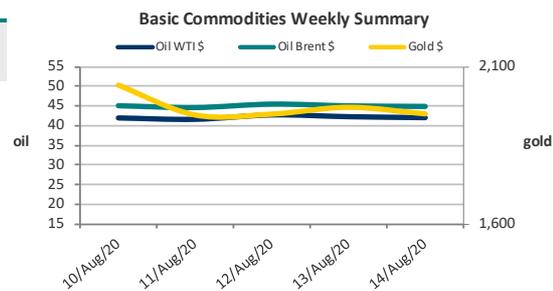


Demolition Sales

Name	Size	Ldt	Built	Yard	Type	\$/ldt	Breakers	Comments
SINGAPORE EXPRESS	66,793	20,175	2000	HYUNDAI HI, S. Korea	CONT	\$ 365/Ldt	Indian	as-is HK, green recycling
HAN FENG	7,802	3,058	1992	SIETAS KG, Germany	GC	\$ 315/Ldt	Bangladeshi	incl. bunkers

Market Data

	14-Aug-20	13-Aug-20	12-Aug-20	11-Aug-20	10-Aug-20	W-O-W Change %
Stock Exchange Data						
10year US Bond	0.709	0.716	0.670	0.658	0.574	26.2%
S&P 500	3,372.85	3,373.43	3,380.35	3,333.69	3,351.28	0.6%
Nasdaq	11,019.30	11,042.50	11,012.24	10,782.82	10,968.36	0.1%
Dow Jones	27,931.02	27,896.72	27,976.84	27,686.91	27,791.44	1.8%
FTSE 100	6,090.04	6,185.62	6,280.12	6,154.34	6,050.59	1.0%
FTSE All-Share UK	3,397.87	3,447.01	3,494.22	3,434.56	3,377.97	0.9%
CAC40	4,962.93	5,042.38	5,073.31	5,027.99	4,909.51	1.5%
Xetra Dax	12,901.34	12,993.71	13,058.63	12,946.89	12,687.53	1.7%
Nikkei	23,289.36	23,289.36	23,249.61	22,843.96	22,750.24	2.4%
Hang Seng	25,230.67	25,230.67	25,244.02	24,890.68	24,377.43	1.2%
DJ US Maritime	159.50	160.75	164.65	164.72	158.38	5.0%
€ / \$	1.18	1.18	1.18	1.17	1.17	0.5%
£ / \$	1.31	1.31	1.30	1.31	1.31	0.3%
\$ / ¥	106.59	106.99	106.83	106.52	105.99	0.6%
\$ / NoK	0.11	0.11	0.11	0.11	0.11	1.5%
Yuan / \$	6.95	6.95	6.94	6.95	6.96	-0.3%
Won / \$	1,187.04	1,185.11	1,183.60	1,185.99	1,186.22	-0.2%
\$ INDEX	93.10	93.33	93.44	93.63	93.58	-0.4%



Bunker Prices

		14-Aug-20	7-Aug-20	Change %
MGO	Rotterdam	369.5	371.5	-0.5%
	Houston	378.0	381.5	-0.9%
	Singapore	389.5	386.0	0.9%
380cst	Rotterdam	266.5	266.0	0.2%
	Houston	274.5	266.5	3.0%
	Singapore	287.0	280.5	2.3%
VLSFO	Rotterdam	317.0	314.0	1.0%
	Houston	315.0	309.5	1.8%
	Singapore	351.5	349.0	0.7%

Maritime Stock Data

Company	Stock Exchange	Curr.	14-Aug-20	7-Aug-20	W-O-W Change %
CAPITAL PRODUCT PARTNERS LP	NASDAQ	USD	6.19	6.20	-0.2%
COSTAMARE INC	NYSE	USD	5.43	4.97	9.3%
DANAOS CORPORATION	NYSE	USD	5.51	4.69	17.5%
DIANA SHIPPING	NYSE	USD	1.53	1.39	10.1%
EAGLE BULK SHIPPING	NASDAQ	USD	2.78	2.42	14.9%
EUROSEAS LTD.	NASDAQ	USD	2.58	2.72	-5.1%
GLOBUS MARITIME LIMITED	NASDAQ	USD	0.14	0.15	-6.7%
NAVIOS MARITIME ACQUISITIONS	NYSE	USD	5.22	5.28	-1.1%
NAVIOS MARITIME HOLDINGS	NYSE	USD	1.82	1.90	-4.2%
NAVIOS MARITIME PARTNERS LP	NYSE	USD	6.91	6.31	9.5%
SAFE BULKERS INC	NYSE	USD	1.25	1.23	1.6%
SEANERGY MARITIME HOLDINGS CORP	NASDAQ	USD	1.25	1.42	-12.0%
STAR BULK CARRIERS CORP	NASDAQ	USD	7.33	6.91	6.1%
STEALTHGAS INC	NASDAQ	USD	2.48	2.35	5.5%
TSAKOS ENERGY NAVIGATION	NYSE	USD	9.64	8.80	9.5%
TOP SHIPS INC	NASDAQ	USD	1.28	2.25	-43.1%

Market News

“Shareholders back Sembcorp Marine recapitalisation and demerger.

Shareholders have overwhelmingly backed Sembcorp Marine’s plan for a SGD 2.1bn (\$1.5bn) recapitalisation and demerger from parent company Sembcorp Industries.

Some 98.76% of the vote share was in favour of a rights issue to recapitalise the company, while 87.7% voted in favour of a whitewash resolution that waives the need for Temasek Holdings to make a general offer for the company after it becomes the majority shareholder.

The timeline of the 5-for-1 rights issue and the demerger will be released in the offer documents due to be published over the next few weeks.

Last week Sembcorp Marine told investors that its recapitalisation plans were “vital” for the company and in the “best interests” of shareholders.

The rights issue will see Sembcorp Marine raise SGD 600m in cash with the remaining SGD 1.5bn being a debt-to-equity swap for Sembcorp Industries.

“The significant deleveraging from this rights issue is positive in our view as net gearing will decline from the current 1.35x to 0.45x after the rights issue,” said UOB Kay Han offshore ...”(TradeWinds)

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