
Recession reports - Dry spell for shipyards to continue

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Yonhap reported that budding signs of an economic upturn are fueling speculation that a dry spell in new orders at local shipyards may be over, but analysts say global demand for new vessels will take some time to recover as the global economy is still in a slump.

Orders for new vessels have sunk since the third quarter of last year, as the credit crisis and the subsequent global recession prodded companies to postpone delivery dates or cancel orders.

Mr Chung Dong ik analyst at Hi Investment & Securities said that "There have been a lot of orders in the past few years, and local shipbuilders enjoyed a heyday. But given the current conditions, it is difficult to say when demand will improve."

According to London based market researcher Clarkson Plc, Korean shipyards such as Hyundai Heavy Industries Co won a combined USD 17.5 million compensated gross tons in new orders last year, accounting for 41.1% of all new orders worldwide.

But hit by the global economic crisis, demand for new ships fell 52% worldwide last year. Orders won by South Korean shipbuilders also fell 47% last year. Indeed, Hyundai Heavy reported that overall orders in the first four months of this year fell 82% YoY. The company has received no orders for new ships this year.

Daewoo Shipbuilding & Marine Engineering won its first order in 9 months and said it expects to sign more contracts in the second half for vessels and offshore structures. STX Offshore & Shipbuilding Co received a KRW 213 billion order earlier this month to build four tankers for a European company, its first commercial vessel contract this year.

According to Clarkson, a total of 65 vessels were newly ordered globally in the first four months of the year, only 16 of which are commercial vessels such as container ships and tankers.

(Sourced from www.yonhapnews.co.kr)

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