Greek owners display diverse views on 2011

In 2010, Greek shipowners went about their business very as usual, using experience, intuition and plain common sense to make decisions as diverse as they always are in a nation of individualists.

Their take on where the markets are heading and what is in store for 2011 is equally diverse and personal, with some loath to make any prediction at all while others are honest enough to say they would never reveal to a newspaper what they really think is in store.

For Greece, 2010 saw renewed ordering, especially in the f st six months. By the end of October, Piraeus-based broker Golden Destiny SA estimated that 231 ships totalling close to 26 million dwt had been booked by domestic owners. This included 142 bulkers and 65 tankers, both sectors amounting to something over 12 million dwt.

But brokers admit that even they cannot fully pin down contract cancellations and renegotiations, meaning that even the most reliable databases likely carry incorrect listings.

A change in the Greek market in 2010 was the turn to container tonnage and indeed the fact that the latest domestic company to be e publicly listed was Costamare, one of the country's two major boxship operators.

By the end of November, Piraeus-based Allied Shipbroking calculates that Greeks had bought 50 secondhand boxships out of the total 152 that changed hands during the year.

Technomar Shipping, already an established boxship operator, racked up something like 15 purchases. Other owners new to the sector also took the plunge. New York-listed Diana Shipping, for example, invested $50m in Diana Containerships Inc.

Meanwhile, another listed company, Euroseas, which has 10 containerships, set up Euromar — a joint venture with private-equity companies Eton Park and Rhone Capital. It has already acquired five boxships.

Outsiders entering the box arena included Theodore Angelopoulos-controlled Metrostar, which made its debut with a five-ship purchase from German owner Claus-Peter Offen and followed that up with an order for four firm 3,500-teu vessels at SPP Plant & Shipbuilding. The deal is said to include four optional units.

Costamare chief executive Costis Constantakopoulos is optimistic about prospects for the container market. "For the next year I think there are very good chances that the extra supply will be absorbed by the demand," he said.

But he is less upbeat about those owners who have "parachuted" in. "I think very few Greek owners that recently entered the container m rket have a long-term view," he noted, adding that if owners are able to realise a good profit they will sell their assets.

George Economou, DryShips chief executive and head of a numbe of other privately held companies, is one of the few Greeks to have veered off the normal path and headed for the ultra-deepwater (UDW) offshore sector.

DryShips subsidiary Ocean Rig has two UDW semi-submersible drilling rigs and four UDW drillship newbuildings. In November, it announced that it had secured options to build up to four more UDW drillships.

With that in mind it is hardly surprising to hear Economou the most exciting sector going forward will be UDW.

"I think this will continue to be the case for the next few years," he added.

Economou, rates the box market as the second most attractive option and then come tankers.

As of November, DryShips owned a fleet of close to 40 bulkers but Economou believes that with a smaller orderbook and the possibility that more older ships could leave the market, tankers could prove more interesting.

"We may be looking at a sector that has an upside and no downside. Dry, I think, has a lot of downside because of the orderbook," he said.

Identically named but entirely unrelated, George Economou of Gleamray Maritime is a pure bulk operator and has put his money in a sector alongside other owners — kamsarmax and post-panamax newbuildings.

The company currently has a pair of 82,000-dwt newbuildings on order at Cosco Dalian Shipyard for delivery in 2012 and a quartet of 87,000-dwt vessels at Hudong-Zhonghua Shipbuilding for delivery next year.

Despite the heavy orderbook in this size range — Greek owners alone have booked around 64 ships — Economou says he believes they will be easily find employment as the size of cargoes is increasing.

As to whether the dry-bulk market will be good or bad, Economou says the situation is more complicated than a simple "yes" or "no".

"Everything depends on how the economies of the BRIC [Brazil, India, Russia and China] countries perform," he said.

If the rapid development of these countries continues d they are not negatively affected by the crisis in Europe, Economou believes the apparent vessel oversupply will be absorbed.

"2011 will probably not be an ideal year but gradually [the vesse] will be absorbed with the hope that from 2012 and 2013 things will be much b r," he said.

One of the owners least keen to offer a forecast is George Procopiou, who through his companies Dynacom, Sea Traders and Dynagas has a presence in the wet, dry and gas markets.

While he has no objection to sharing his opinions in private or with colleagues, he jokes that he avoids making predictions because he is always rong.

But on a more serious note, the owner does not believe anybody can forsee the future these days. "Nobody can do that, especially with so many different factors — different players, different markets, weather and political and physical disasters."

Procopiou notes that today there are many new destinations, with fresh demand from altogether new locations.

In order to take advantage of this, owners need to be competitive, prudent in the way they run their ships and offer a good service.

"Consistent and persistent. Only these two things. The rest will come," he said.

Whether the investments are newbuildings, resale contracts or secondhand purchases, owners need finance and Greek financial analyst Ted Petropoul says that in 2010, there appears to have been a mild return to growth by the top 40 global shipping banks, which by November had increased their combined portfolio by 3.14% to around $450bn.

But Petropoulos expects banks to remain largely cautious in 2011 on account of the considerable prevailing financial and economic turmoil, as well as their own capital adequacy and liquidity constraints.

The recent pledge by the Chinese prime minister of a $5bn fund to boost Greek shipbuilding orders at Chinese yards was “welcome”, says Petropoulos, but he notes that with European banks holding approximately 87% of the global shipping loan portfolio, the contribution of Chinese banks, which, although it has been grabbing headlines recently, is still relatively small.

“I have no doubt, however, that this situation will be totally different in 10 years’ time,” he said.

Neither does Petropoulos see a wide shift to private e ity because of its high cost. And he also believes conditions for companies to ad to the public markets are not currently conducive.

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