

Paragon upbeat on bulk

Michael Bodouroglou believes the financial crisis may have actually saved the dry bulk sector from even more turmoil.

And he is also relatively upbeat on the state of the dry bulk market. "What crisis, I haven't seen a crisis," he says.

"Dry bulk rates are at very good levels historically and all ship owners are making lots of money perhaps with the exception lately of capesize owners," he says.

The Paragon Shipping boss was speaking to TradeWinds WebTV at the TradeWinds Shipping China conference in Beijing.

"We all know that the orderbook is large, huge actually and we have seen deliveries pushed back, delayed or even cancelled."

He says that only 60% of scheduled deliveries took place in 2009 and we can expect the same percentage being delivered in 2010 as well.

"I think this is due to the fact that there is not enough money out there to be lent to ship owners which means that they have to come up with more equity."

"This has been difficult for some so inevitably they delay and this delay of new deliveries is actually very healthy for the market."

He believes that one of the reasons why we have not seen rates plummet is because of this improvement, in the owner's favor, in the supply of newbuildings.

Despite the threat of excess capacity secondhand ship values are, in Bodouroglou's opinion, "relatively high." He puts this down to positive market sentiment.

"The reality today is that rates are at healthy levels and a lot of people take the view that the dry bulk market is there to stay," he says.

"I take the view that the long term fundamentals of the industry are excellent; it's the supply side that concerns us."

He says this is reflected in asset values and that this is the reason why there are currently more buyers out there than sellers.

"The over supply is an issue of the view you take. Some people think, as I do, that there is a considerable supply out there that will affect the market negatively in the next year or so."

"But there are also those who take the view that demand coming out of China and India will counterbalance that, or even outpace it."

By Dale Wainwright in Beijing