

# Bassøe Friday Report

Week 14 – 08.04.2005

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Nr 14. Vol 28

## Tanker chartering – Crude

### Market comments

Activity for VLCC's has been flat this week, with going rates Meg/East around WS 80. However, at time of writing; 270' Meg/Rok 3-4/5 was fixed at WS90. This could be the first signal of improving rates for May. Bunkerprices have increased drastically, about 50 pct since early 2005, from \$177 to \$266 at Fujairah.

Suezmaxes continued the downward trend this week in all areas, but we are scenting a turnaround starting in West Africa.

Aframaxes rebounding nicely west of Suez towards end of the week, whilst East of Suez still to follow suit.

VLCC		Current trend: <b>Firming</b>		
Route	WS today	Last week	USD/day	
270' MEG – Korea	90.0	77.5	45,222	
275' MEG – UKC	77.5	75.0	46,133	
260' Bonny – LOOP	90.0	100.0	47,137	

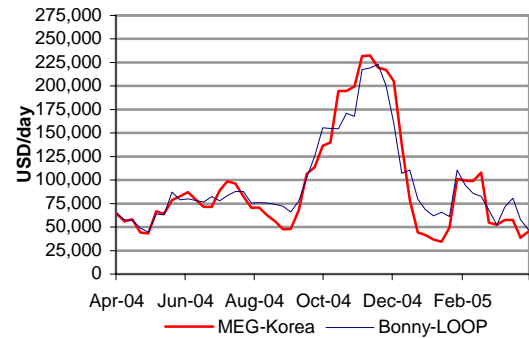
Suezmax		Current trend: <b>Soft</b>		
Route	WS today	Last week	USD/day	
130' Bonny – Phila.	107.5	130.0	25,769	
130' MAF – Ningpo	150.0	165.0	40,382	
135' Novo – Augusta	115.0	130.0	38,897	

Aframax		Current trend: <b>Mixed</b>		
Route	WS today	Last week	USD/day	
80' TEES – R.dam	140.0	137.5	44,438	
70' PLC – Texas	150.0	155.0	18,395	
80' MEG – Singapore	250.0	280.0	45,393	

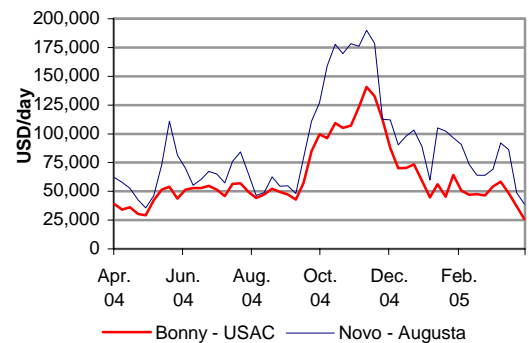
Availability in MEG (# vessels)				
	VLCC		ULCC	
	Single hull	Double hull		
Spot	1	0	0	
Next 30 days	31	20	1	

Bunkers (USD/mt)			
Fujairah	266	Rotterdam	257

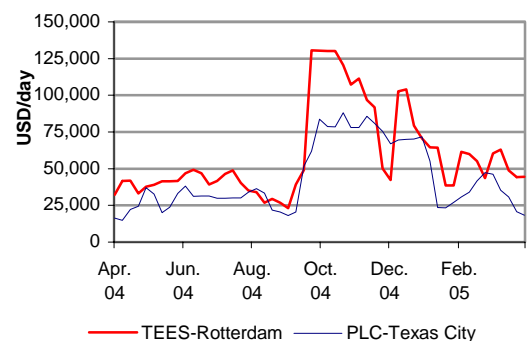
### VLCC earnings



### Suezmax earnings



### Aframax earnings



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# Tanker chartering – Clean

## Market Comment

LR2 Meg/East climb slowly. LR1 is stable and MR Spore/Japan is soft. Car/USAC seems to drop towards the end of the week and Cont/US rates are under pressure both on LR1 and due to surplus tonnage. Rates in the European shorthaul markets are dropping.

### Market assessment – MR

Route	WS today	Last week	USD/day
30' Spore - Japan	305.0	307.5	17,554
37' Cont. - US	317.5	320.0	27,603
38' Car. - USAC	315.0	320.0	26,807

### Market assessment – LR

Route	WS today	Last week	USD/day
55' MEG – Japan	225.0	235.0	25,512
75' MEG – Japan	200.0	185.0	29,953

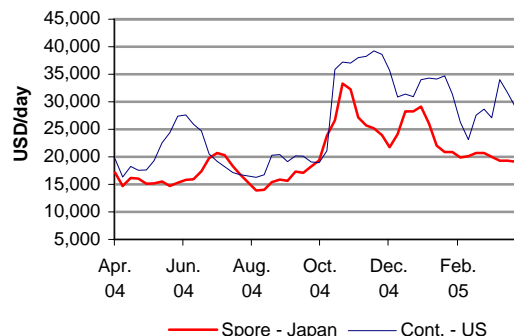
## Freight derivatives

Little change in TD3 rate levels as the underlying market remains relatively flat. TD5 June experienced a surprising bullrun as physical rates continued south! Falling gasoline prices brought down the TC2 rates, albeit on limited volumes

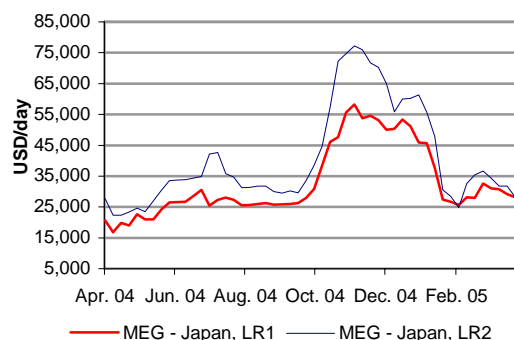
### Weekly change in key FFA contracts

Apr	May	Q2	Q3	Q4	CAL06
<b>TD3 MEG-Japan, 250' dwt</b>					
97.0	112.0	105.0	113.0	125	98.5
5.0	5.0	5.0	0.0	5.0	1.0
<b>TD 5 West Africa – USAC, 130' dwt</b>					
122.5	137.5	135.0	135.0	165.0	136.0
-17.5	2.5	-2.5	2.5	5.0	0.0
<b>TD 7, North Sea, UKC, 80' dwt</b>					
143.0	138.0	135.0	125.0	152.5	137.5
3.0	5.5	0.0	0.0	2.5	2.5
<b>TC 2 Cont-USAC, 37' dwt</b>					
300.0	260.0	271.0	237.5	284.0	235.0
-20.0	-10.0	-11.5	-4.5	-1.0	0.0
<b>TC 4, Spore-Japan, 30' dwt</b>					
300.0	290.0	290.0	265.0	300.0	245.0
-10.0	0.0	0.0	0.0	0.0	0.0

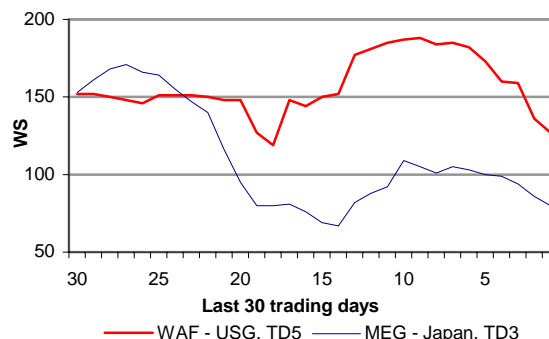
MR earnings



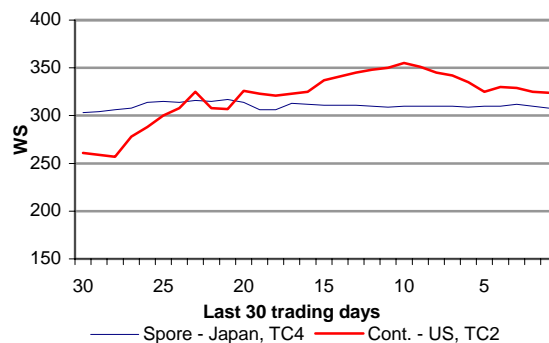
LR earnings



BITR rates, crude



BITR rates, clean



## Sale and purchase

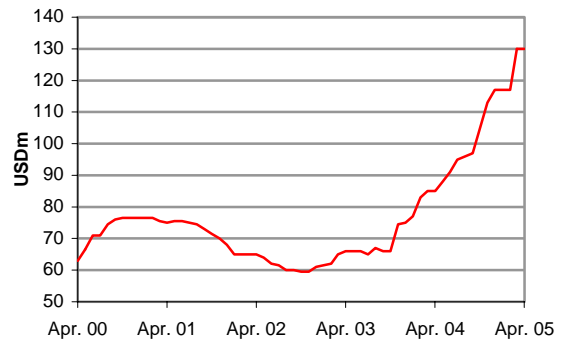
### Market comment

Mainly due to an extremely tight new building market the prices for very modern ships and resales are continuing its recordbreaking pattern. This is clearly demonstrated by a fantastic deal done by Tsakos, Greece. They recently bought an aframax (115,000 tdw) resale for delivery June 05 at Sanoyas, Japan for about usd 60 mill. This is now reported sold to Mercator for region USD 71,5 mil! A very handsom profit indeed for few months investment.

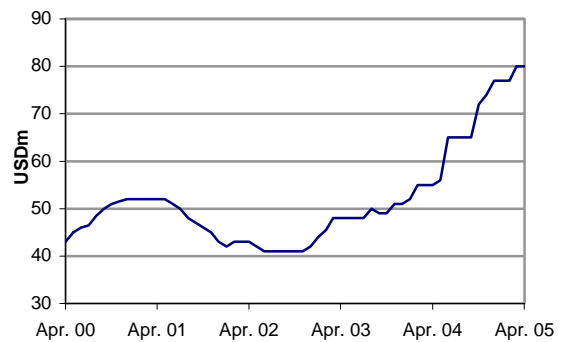
Furthermore Ahrenkiel has sold two LR1 resales for delivery 06 from China for USD 52,5 mill each to Projector.

The volumes are stil to be found in the dry sector.

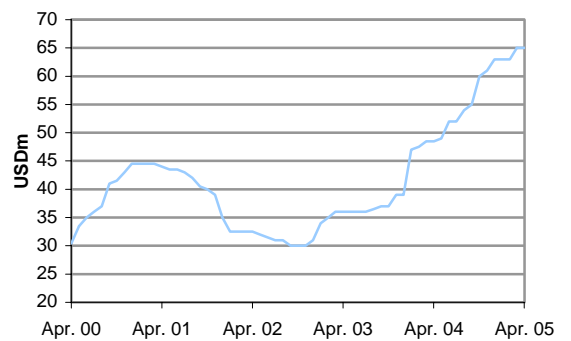
VLCC – 3 year old



Suezmax – 3 year old



Aframax – 3 year old



### Second hand values

Vessel /USDm	Latest	1 mth	2 mth	3 mth	12 mth
300' D/D 3	130.0	130.0	117.0	117.0	85.0
300' D/D 10	100.0	100.0	87.0	86.0	59.0
280' S/S 1990	58.0	58.0	58.0	58.0	34.0
150' D/D 3	80.0	80.0	77.0	77.0	55.0
150' D/D 10	67.0	67.0	63.0	63.0	42.5
140' S/S 1990	29.0	30.0	32.0	37.0	20.0
105' D/D 3	65.0	65.0	63.0	63.0	48.5
95' D/D 10yrs	47.0	47.0	46.0	46.0	32.0
95' S/S 1990	21.0	22.0	25.0	27.0	19.0
70' D/D 3 yrs	47.0	47.0	45.0	45.0	34.0
47' D/D 3 yrs	45.0	45.0	44.0	43.0	35.0
45' D/D 10	32.0	32.0	32.0	30.0	22.0
40' S/S 1990	16.0	16.0	17.0	15.0	14.0

## S&P Transactions

### Tankers

M/T "SILBA" - 82,424 TDW, BUILT 1986 ULJANIK (SINGLE-HULL, COILED ALU BRASS) SOLD TOGETHER WITH SISTERSHIP M/T "IST" TO UNDISCLOSED BUYERS FOR USD 16.7 MILL EACH.

M/T "OLGA" - 29,992 TDW, BUILT 1984 MINAMI-NIPPON USUKI (COILED ) SOLD TO UNDISCLOSED BUYERS FOR USD 7.8 MILL.

M/T "AWASH" - 3,618 TDW, BUILT 1989 LINDENAU P. KIEL (DOUBLE BOTTOM, COILED ) SOLD TO DUBAI BUYERS FOR USD 2.1 MILL.

### Bulkers

M/S "IKAN BELIAK" - 72,493 TDW, BUILT 1999 IMABARI MARUGAME SOLD TO UNDISCLOSED BUYERS FOR USD 44 MILL

M/S "IMPERIAL" - 68,676 TDW, BUILT 1989 SASEBO SASEBO SOLD TO GREEK BUYERS FOR USD 26.5 MILL, WITH RUMOURS OF 2 YRS TC AT USD 26,250/DAY

M/S "AMOLYNTOS" - 60,158 TDW, BUILT 1982 CHINA SB. CORP.SOLD TO UNDISCLOSED BUYERS FOR USD 14.5 MILL.

M/S "DS GARNET" - 51,195 TDW, BUILT 2003 NEW CENTURY (CR 4X30T) SOLD USD 37 MILL TO GERMAN BUYERS

M/S "FANFARE" - 49,000 TDW, BUILT 1981 KASADO KUDAMATSU (CR 5X25T 5X 25.0) SOLD TO UNDISCLOSED BUYERS FOR USD 12 MILL

M/S "SOUTH GLORY" - 38,095 TDW, BUILT 1982 VARNA DIMITROV G. (CR 5X25T 5X 0.0) SOLD TO UNDISCLOSED BUYERS FOR USD 10 MILL.

M/S "SHINE" - 37,940 TDW, BUILT 1983 HYUNDAI HI (CR 4X25T 4X 25.0) SOLD TO MIDDLE EAST BUYERS FOR USD 12.5 MILL.

M/S "PRABHU DAS" - 27,700 TDW, BUILT 1985 MINAMI-NIPPON USUKI (CR 4X30T 4X 30.0) SOLD USD 14.5 MILL TO UNDISCLOSED BUYERS

M/S "SEAHOPE" - 27,139 TDW, BUILT 1981 OSAKA OSAKA (CR 5X25T 5X 25.0) SOLD USD 10.6 MILL. TO GREEK BUYERS.

M/S "BEAUTY K" - 18,315 TDW, BUILT 1996 SHIKOKU DOCKYARD (CR 3X30T 3X 30.0) SOLD TO UNDISCLOSED BUYERS FOR USD 16 MILL.

M/S "SOUTHERN MOANA" - 5,350 TDW, BUILT 2000 JIANGDONG CHANGJIANG (CR 2X80T) SOLD FOR USD 9.5 MILL TO ITALIAN BUYERS

## Demolition

Another uneventful week. A few ships was working firm in the beginning of the week but negotiations halted when prices dropped significantly towards the end. Reasons for the price drop seems being an article published saying some 100 ships was on the way to demolition yards due to the IMO regulations. Prices will come back.

Demolition volume		
# vessels	YTD	Year ago
VLCC	-	3
Suezmax	2	6
Aframax	8	6

Demolition prices (tankers, USD/ldwt)			
China	India	Pakistan	Bangladesh
385	420	400	430

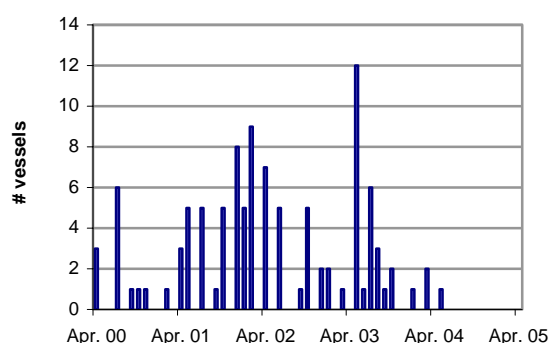
## Transactions

No transactions this week.

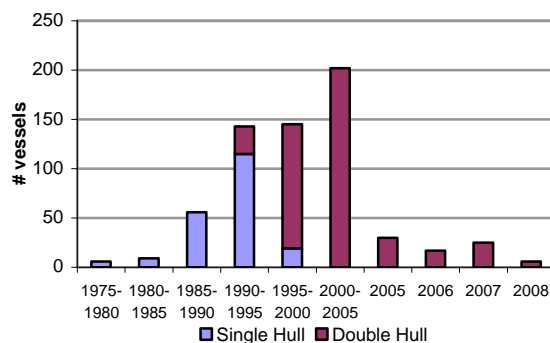
### Demolition prices (VLCC, Bangladesh)



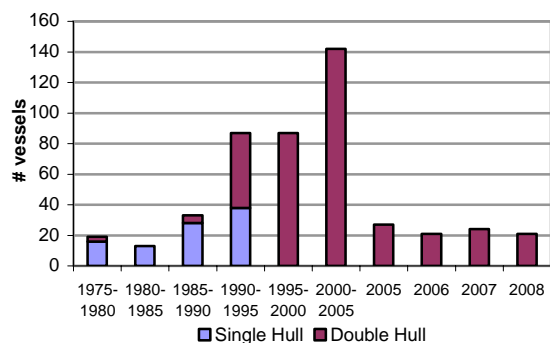
### VLCCs sold for demolition



### VLCC fleet – Age distribution



### Suezmax fleet – Age distribution



## Research

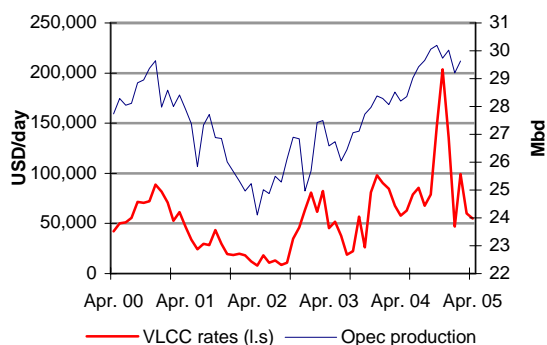
Saudi Arabia’s pledge to raise oil production and provide its customers with “anything they want” is the latest sign that the energy supply system is under pressure. While the fact that a supplier is willing to help his customers may seem as “dog biters man news”, it is the first time that the Saudis have mentioned the “max-word” in a situation devoid of unusual factors. Clearly, the implication is that the strength of demand is such that supply cannot keep up. But what if it can? Higher forward prices (vs. spot) is now encouraging refineries to build inventories for the first time in several years. With record high refining margins, higher product supplies are bound to follow as the maintenance season ends during Q2. Although there is no question that demand is strong, the issue whether supply could be even stronger is still open. If the supply system passes the “stress test” charterers will have more reason than owners to look forward to the summer vacation.

Key market drivers				
	2002	2003	2004P	2005E
World oil demand (%)	+0.8 %	+2.4 %	+3.4 %	+1.8 %
USA	+0.6 %	+1.4 %	+2.4 %	+0.9%
Europe	-0.1 %	+1.2 %	+1.5%	+0.5%
China	+6.3 %	+11.0%	+15.6%	+6.3%
Japan	-1.7 %	+2.2 %	-2.7 %	-1.7 %
Opec production (mbd)	26.3	27.2	29.0	29.6
FSU production (mbd)	9.4	10.3	11.2	11.7
Fleet statistics	Current	2004P	2005E	2006E
VLCC fleet (# vessels)	441			
Orderbook	84			
Deliveries		30	30	17
Suezmax fleet (# vessels)	309			
Orderbook	78			
Deliveries		27	27	21

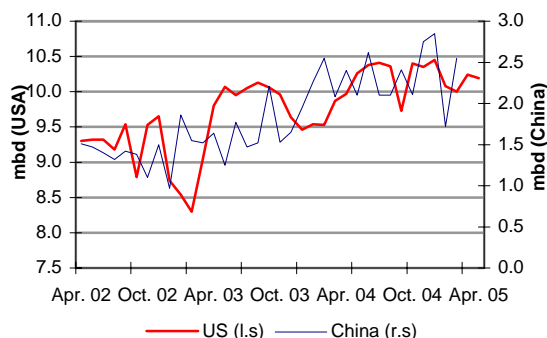
Average earnings	2003	2004	2005 YTD
VLCC, MEG – Korea	56,233	97,657	62,521
Suezmax, Bonny – Phila.	39,619	65,965	48,984
Aframax, TEES – R.dam	42,127	61,800	54,117

Source: IEA, DoE, Bassøe

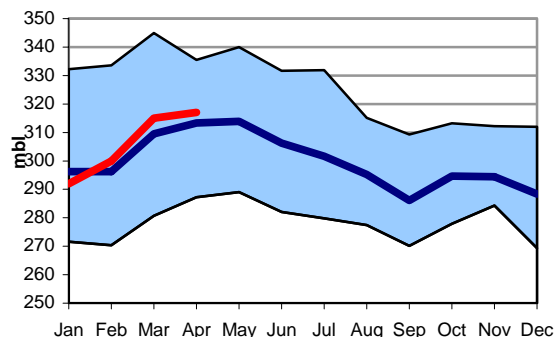
### VLCC rates vs. Opec production



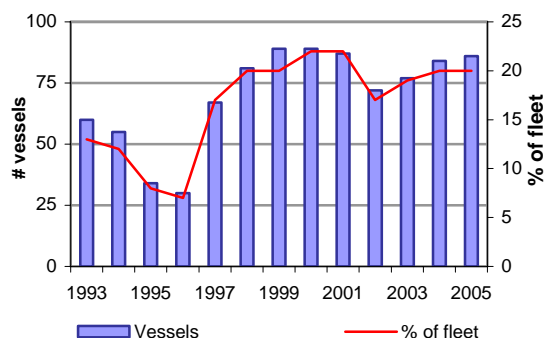
### Crude oil imports



### Crude oil inventories - USA



### VLCC orderbook



## BROKERS OF P. F. BASSØE AS

	<b>AOH (+47)</b>	<b>Mobile (+47)</b>
Gerhard N. Dahl - President	22 95 19 94	91 16 42 35
Einar B. Danbolt - Managing Director	22 44 62 81	92 05 08 08
<b>SALE &amp; PURCHASE / NEWBUILDING / PROJECT</b>	<b>22 01 08 25</b>	
Richard Fuglesang	67 53 48 87	90 77 57 59
Herman Marcussen	22 49 59 90	91 34 00 97
Petter A. Thorendahl	22 44 63 83	90 12 33 06
<b>FREIGHT DERIVATIVES</b>	<b>22 01 08 50</b>	
Kristian Thunes	22 59 27 05	91 58 14 57
Nils Andreas Arnesen	22 43 05 25	90 18 46 49
Alf Fjetland	92 63 44 95	92 63 44 95
Fredrik Sagen Andersen	41 23 30 29	41 23 30 29
<b>TANKER CHARTERING</b>	<b>22 01 08 20</b>	
Gerhard N. Dahl	22 95 19 94	91 16 42 35
Svein Andersen	22 55 43 22	91 17 78 93
Morten Austvold	64 86 78 11	91 70 50 31
Halvor Ellefsen	22 23 11 62	90 01 08 20
Vegard B. Eriksen	32 13 55 91	95 72 52 10
Lars Irgens	22 49 32 72	90 60 13 99
Bjørn-Erik Løkken	22 92 14 74	90 18 80 44
Morten Røine	67 59 11 11	90 61 44 72
Sebastian Venjar	98 62 41 50	98 62 41 50
<b>CLEAN</b>	<b>22 01 08 80</b>	
Tom Ranum	67 12 01 01	90 69 72 10
Knut Ebbesen	22 49 16 95	90 11 09 15
Inge Wallentin	22 73 27 20	90 89 99 28
David Sand	66 82 01 05	90 14 34 31
<b>OPERATION</b>	<b>22 01 08 30</b>	
Gustav Myreng	67 14 92 37	90 12 19 47
Øystein Heggen	67 12 46 51	90 12 19 46
Åge Johnny Haug	69 88 56 80	90 03 55 40
<b>RESEARCH</b>	<b>22 01 09 06</b>	
Ole-Rikard Hammer	66 90 49 91	97 54 06 82
Lars Kalbakken	67 12 42 12	90 02 25 25

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