

Bassøe Friday Report

Week 15 – 15.04.2005

www.pfbassoe.no

Nr 15. Vol 28

Tanker chartering – Crude

Market comments

The week began on a brisk note for the VLCC market, as a flurry of May cargoes brought charterers off the fence. A lack of follow-through has capped the increase in rates, however, and the week is ending with only modest increases. Relatively high availability of single hull vessels is acting in charterers favor. On the other hand, more activity is expected next week when MEG stem dates will be confirmed. The tug-of-war continues in other words.

The suezmax market has followed a similar pattern but rate increases have gained better traction, particularly in the Atlantic basin. A mostly quiet week for aframax with rates moving sideways for benchmark trades, except in the caribs where rates have traded upwards.

VLCC		Current trend: Flat		
Route	WS today	Last week	USD/day	
270' MEG – Korea	95.0	90.0	51,100	
275' MEG – UKC	87.5	77.5	58,031	
260' Bonny – LOOP	90.0	90.0	46,956	

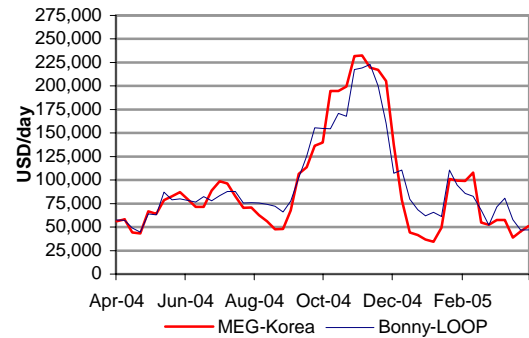
Suezmax		Current trend: Firm		
Route	WS today	Last week	USD/day	
130' Bonny – Phila.	117.0	107.5	29,506	
130' MAF – Ningpo	150.0	150.0	41,492	
135' Novo – Augusta	110.0	115.0	37,192	

Aframax		Current trend: Flat		
Route	WS today	Last week	USD/day	
80' TEES – R.dam	140.0	140.0	45,701	
70' PLC – Texas	180.0	150.0	25,334	
80' MEG – Singapore	210.0	250.0	37,176	

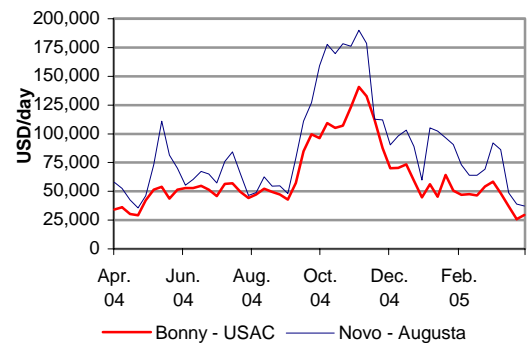
Availability in MEG (# vessels)			
	VLCC		ULCC
	Single hull	Double hull	
Spot	0	0	0
Next 30 days	40	14	0

Bunkers (USD/mt)			
Fujairah	245	Rotterdam	216

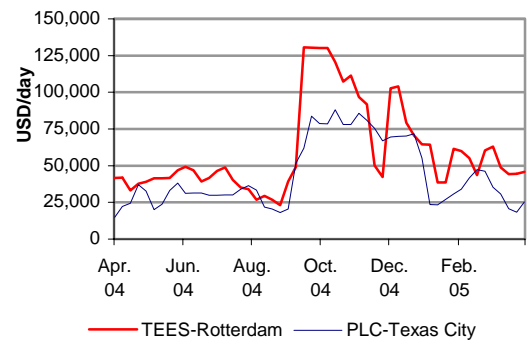
VLCC earnings



Suezmax earnings



Aframax earnings



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Tanker chartering – Clean

Market Comment

MRs continue to soften in the Atlantic and trans-atlantic rates have dipped below WS 300. LR2 MEG/East is strong due to lack of tonnage and the LR1 market is following in its footsteps.

Market assessment – MR

Route	WS today	Last week	USD/day
30' Spore - Japan	292.5	305.0	17,454
37' Cont. - US	295.0	317.5	26,081
38' Car. - USAC	270.0	315.0	21,253

Market assessment – LR

Route	WS today	Last week	USD/day
55' MEG – Japan	230.0	225.0	26,879
75' MEG – Japan	215.0	200.0	34,007

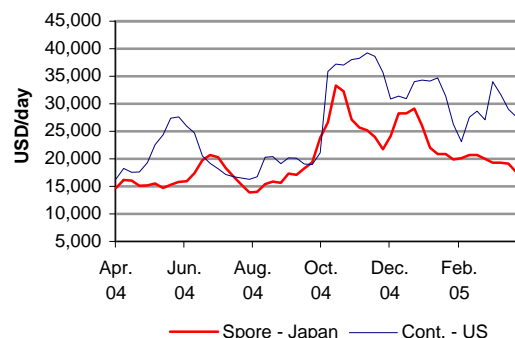
Freight derivatives

Another nervous week in the paper market as players struggle to see any clear trends. TD3 experienced a bullrun on Tuesday and a massive sell-off on Thursday, before slowly regaining the ground towards the end of the week. As expected the TD5 climbed some points after hitting the bottom last week, while TD7 flat. TC2 is coming off in an easy pace, while Eastern LR mkts are firming.

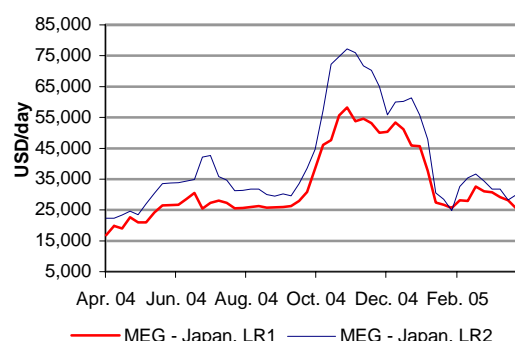
Weekly change in key FFA contracts

Apr	May	Q2	Q3	Q4	CAL06
TD3 MEG-Japan, 250' dwt					
98.0	115.0	108.0	112.0	127.0	100.0
1.0	2.5	3.0	-1.0	2.0	1.5
TD 5 West Africa – USAC, 130' dwt					
127.5	145.0	140.0	139.0	162.5	138.0
5.0	7.5	-5.0	4.0	-2.5	2.0
TD 7, North Sea, UKC, 80' dwt					
140.0	138.0	137.5	125.0	155.0	140.0
-3.0	0.0	2.5	0.0	2.5	2.5
TC 2 Cont-USAC, 37' dwt					
295.0	265.0	270.0	240.0	284.0	237.5
-5.0	5.0	-1.0	2.5	0.0	2.5
TC 4, Spore-Japan, 30' dwt					
300.0	280.0	284.0	265.0	295.0	245.0

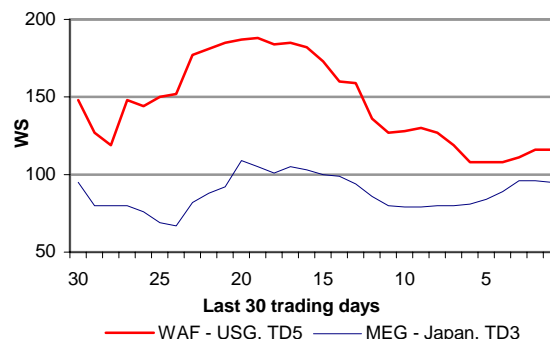
MR earnings



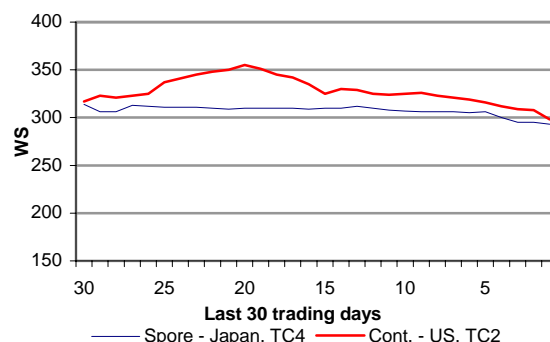
LR earnings



BITR rates, crude



BITR rates, clean



0.0	-10.0	-6.0	0.0	-5.0	0.0
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Sale and purchase

Market comment

Market seems to settle down in lack of new impulses. The freight market is not providing the necessary push to rush out and buy ships at today's record levels.

However we do not expect the market to stay quiet for very long.

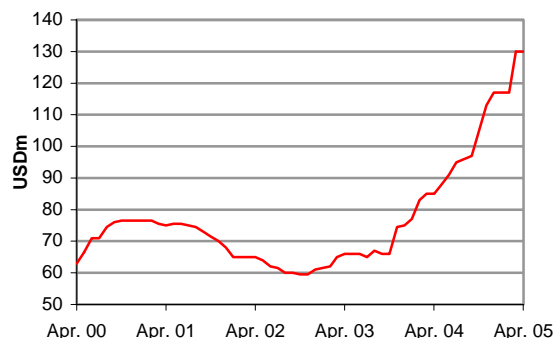
After being marketed for sale for some time the single hull suezmax MT "Eclipse" 147,500 tdw blt 89 Hyundai has now been sold to Ocean tankers for USD 29,8 mill.

For dry cargo ships there seems to be an endless number of buyers out there. Prices in this segment are moving sideways at present.

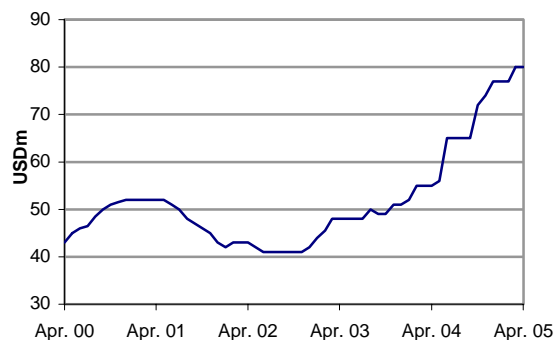
Second hand values

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	30.0	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

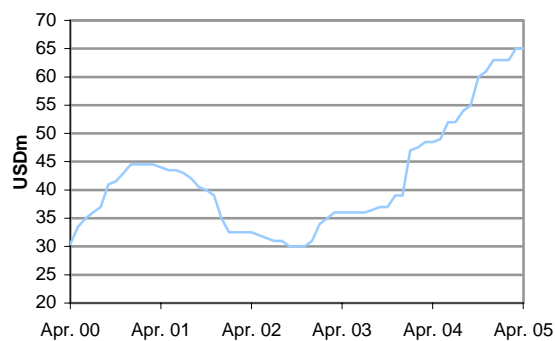
VLCC – 3 year old



Suezmax – 3 year old



Aframax – 3 year old



S&P Transactions

Tankers

M/T "ECLIPSE" - 147,500 TDW, BUILT 1989 HYUNDAI HI SOLD USD 29.8 MILL TO OCEAN TANKERS

M/T "WILMINGTON" - 87,656 TDW, BUILT 1983 ISHIBRAS SOLD TO MARCATOR LINES, INDIA, FOR USD 11.5 MILL.

M/T "RUDY" - 46,000 TDW, BUILT 2004 SOLD TO GERMAN KG FOR USD 43/45.5 MILL, INCLUDING 10 MONTHS TC TO NYK AT USD 14,000/DAY.

M/T "IVER EXPLORER" - 40,077 TDW, BUILT 1991 ULJANIK (DOUBLE BOTTOM) SOLD TO UNDISCLOSED BUYERS FOR USD 21.5 MILL.

M/T "UMM AL LULU" - 35,225 TDW, BUILT 1983 KOREA PUSAN SOLD ENBLOC TOGETHER WITH M/T "YAMILAH" - 32,102 TDW, BUILT 1983 L`ATLANTIQUE TO INDIA FOR USD 15 MILL

M/T "SEA MARINER" - 28,610 TDW, BUILT 1991 KHERSON (DOUBLE BOTTOM, DOUBLE SIDES, COATED) SOLD TOGETHER WITH SISTERSHIP M/T "SEA MERCHANT" TO AEGEAN TANKERS, GREECE, FOR USD 17.5 MILL EACH.

M/T "DORSCH" - 23,400 TDW, BUILT 1991 LINDENAU (DOUBLE BOTTOM, DOUBLE SIDES, COILED, IMO1) SOLD TO ARNE BLYSTAD, NORWAY, FOR EUR 16 MILL INCLUDING A 5 YEAR CHARTER BACK AT AN UNDISCLOSED RATE.

M/T "BEFFEN" - 11,000 TDW, BUILT 1980 SOLD TO NIGERIAN BUYERS FOR USD 2.85 MILL.

M/T "AZALEA I" - 9,093 TDW, BUILT 1982 HIGAKI (COILED, IMO2, IMO3) SOLD FOR USD 3.4 MILL TO CHINESE BUYERS.

Bulkers

M/S "ALVINA" - 73,624 TDW, BUILT 2004 JIANGNAN GROUPSOLD TO TRANSMED, GREECE, FOR USD 52.5 MILL.

M/S "DENAK-C" - 73,390 TDW, BUILT 1997 HALLA SAMHOSOLD TOGETHER WITH SISTERSHIP M/S "DENAK-B" TO GREEK BUYERS FOR USD 42 MILL EACH.

M/S "DENAK-B" - 73,390 TDW, BUILT 1997 HALLA SAMHOSOLD TOGETHER WITH SISTERSHIP M/S "DENAK-C" TO GREEK BUYERS FOR USD 42 MILL EACH.

M/S "GEORGIOS S" - 64,754 TDW, BUILT 1983 HASHIHAMA ZOSEN TADSOLD TO CHINESE BUYERS FOR USD 16.1 MILL.

Demolition

After recent sales the market is back to its usual dull. An Ore/oiler has been sold as is where is in Fujairah for close to USD 440/ldt. The ships have since been sold on to end users in India with a small loss. At present there are no sizeable tankers in play. Prices are flat to slightly softer.

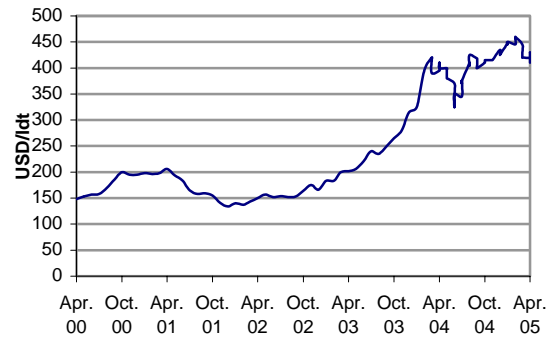
Demolition volume		
# vessels	YTD	Year ago
VLCC	-	3
Suezmax	2	7
Aframax	10	7

Demolition prices (tankers, USD/ldwt)			
China	India	Pakistan	Bangladesh
385	430	400	410

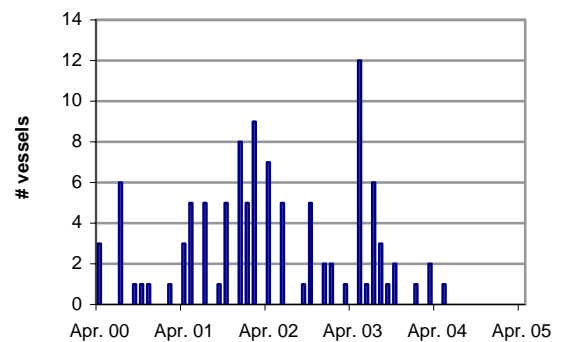
Transactions

No transactions this week.

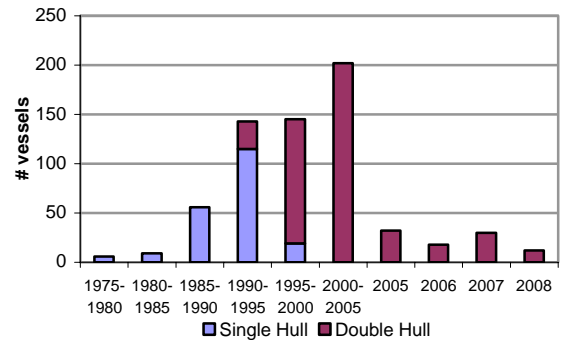
Demolition prices (VLCC, Bangladesh)



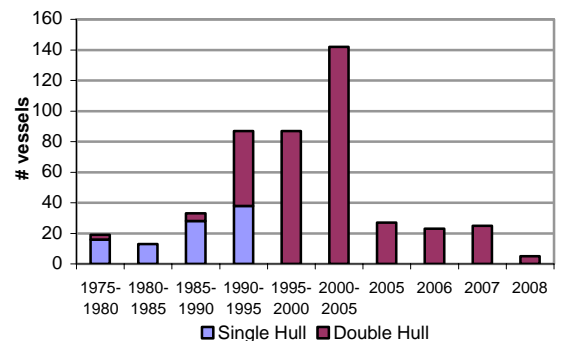
VLCCs sold for demolition



VLCC fleet – Age distribution



Suezmax fleet – Age distribution



Research

A tale of two markets? That certainly appears to be the case on the macro front where the IMF issued a reassuring report on the outlook for the world economy while the financial markets voted with their feet in the other direction. The IMF's report was quite encouraging from a shipping standpoint; Its growth forecast for '05 was maintained from six months ago, while its first view of '06 pointed to a slight uptick to +4.4% vs. 4.3% this year. Encouragingly for shipping, growth rates in emerging markets was boosted from 5.9% to 6.3% and the outlook for imports was raised to 12% from 9.4%. At the other end of the scale, however, stock markets sank after a series of disappointing data on both the corporate and macro front. Financial markets are generally seen as forward-looking mechanisms and as such this is a vote of no confidence for the growth outlook. Keep in mind, though, that the market also has a history of forecasting "five of the past two recessions". For shipping, the IMF's view of the world had better be right.

Key market drivers

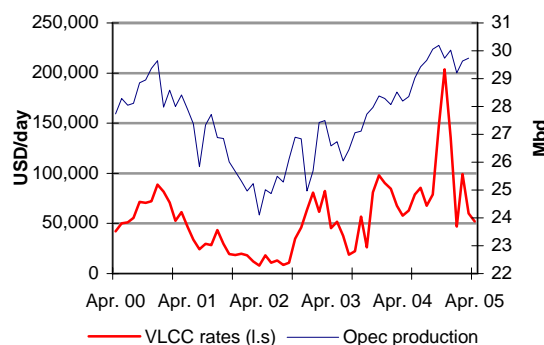
	2002	2003	2004P	2005E
World oil demand (%)	+0.8 %	+2.4 %	+3.4 %	+2.1 %
USA	+0.6 %	+1.4 %	+2.5 %	+1.4%
Europe	-0.1 %	+1.2 %	+1.4%	+0.6%
China	+6.3 %	+11.0%	+15.6%	+7.9%
Japan	-1.7 %	+2.2 %	-2.5 %	-1.1 %
Opec production (mbd)	26.3	27.2	29.0	29.8
FSU production (mbd)	9.4	10.3	11.2	11.7
Fleet statistics	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

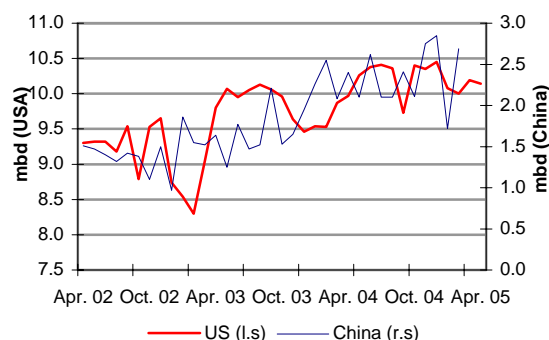
	2003	2004	2005 YTD
VLCC, MEG – Korea	56,233	97,657	61,759
Suezmax, Bonny – Phila.	39,619	65,965	47,686
Aframax, TEES – R.dam	42,127	61,800	53,556

Source: IEA, DoE, Bassøe

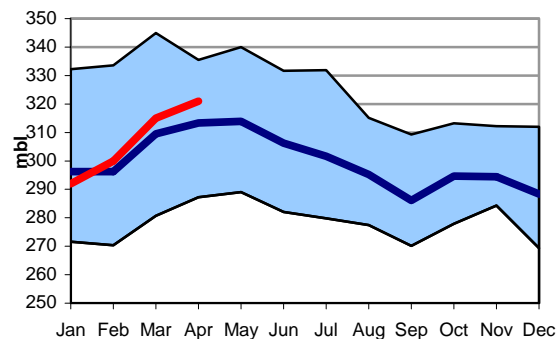
VLCC rates vs. Opec production



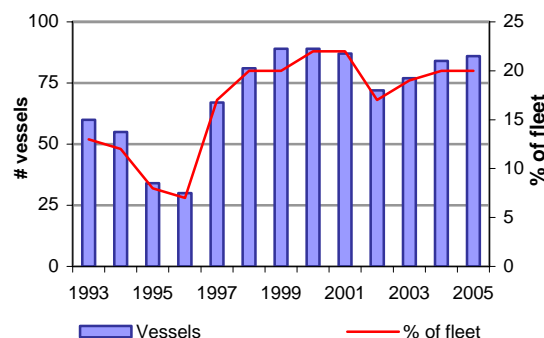
Crude oil imports



Crude oil inventories - USA



VLCC orderbook



BROKERS OF P. F. BASSØE AS

	AOH (+47)	Mobile (+47)
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
SALE & PURCHASE / NEWBUILDING / PROJECT	22 01 08 25	
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
FREIGHT DERIVATIVES	22 01 08 50	
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
TANKER CHARTERING	22 01 08 20	
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
CLEAN	22 01 08 80	
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
OPERATION	22 01 08 30	
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
RESEARCH	22 01 09 06	
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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