Bassøe Friday Report

Week 18 – 06.05.2005 | www.pfbassoe.no | Nr 18. Vol 28

Tanker chartering – Crude

Market comments

After Golden Week in Japan and ascension day in Europe, the week ends on a relative quiet but stable note for the VLCCs. Close to 100 fixtures done so far for May, which should leave some 10-15 cargoes. The tonnage situation seems to be ample to cover these cargoes. However, charterers requiring double hull will only find a handful to choose from. Even for Early June there seem to be sufficient tonnage and there should not be any urgency for charterers to seek coverage early.

The Suezmax market has seen improved activity this week in all areas and rates slightly firming. In order to sustain these levels we need to maintain this week's activity.

While the market for Aframaxes East of Suez saw a further drop in rates this week, all areas in Western Hemisphere enjoyed rate-hikes.

VLCC (DH)	Current trend: Flat		
Route	WS today	Last week	USD/day
270' MEG – Korea	92.5	95.0	47,662
275' MEG – UKC	85.0	77.5	54,094
260' Bonny – LOOP	100.0	100.0	54,995

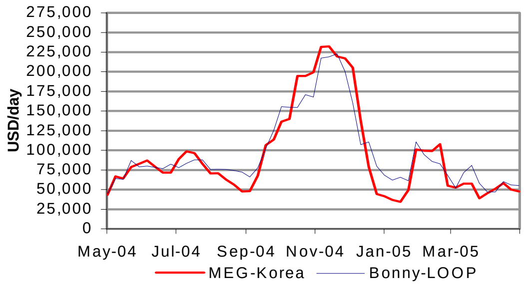
Suezmax	Current trend: Firming		
Route	WS today	Last week	USD/day
130' Bonny – Phila.	155.0	140.0	44,717
130' MAF – Ningpo	120.0	113.5	29,197
135' Novo – Augusta	180.0	145.0	76,962

Aframax	Current trend: Mixed		
Route	WS today	Last week	USD/day
80' TEES – R.dam	152.5	150.0	52,092
70' PLC – Texas	255.0	170.0	42,838
80' MEG – Singapore	150.0	160.0	23,285

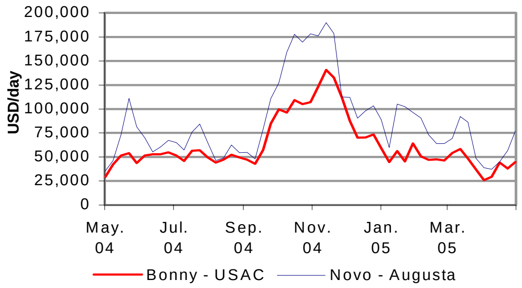
VLCC availability in MEG (# vessels)		
	Single hull	Double hull
Spot	2	0
Next 30 days	43	15

Bunkers (USD/mt)			
Fujairah	261	Rotterdam	240

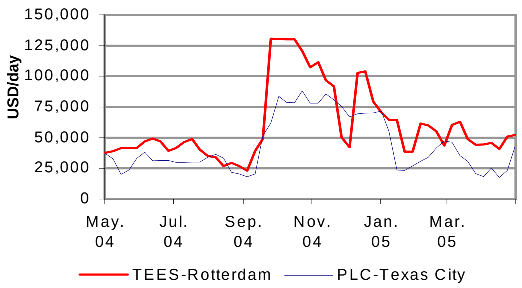
VLCC earnings



Suezmax earnings

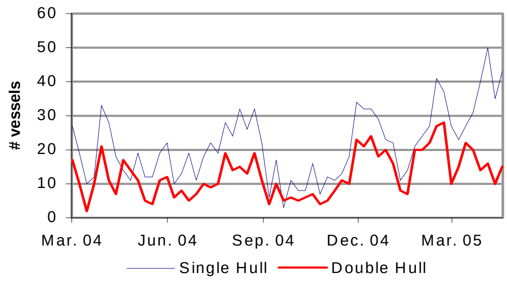


Aframax earnings



VLCC availability in MEG

vessels next 30 days ex. FRO and TI



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Tanker chartering – Clean

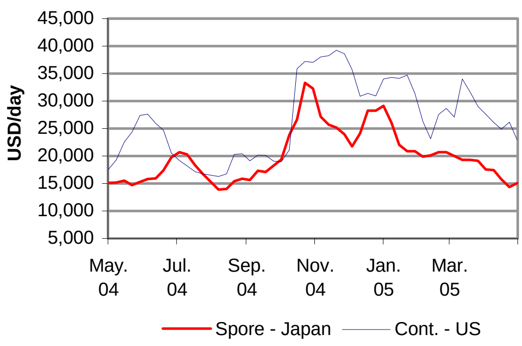
Market Comment

This week has been a bit amputated with London closed on Monday, Golden Week in the Far East and Europe off yesterday. Low activity and rates coming off all areas.

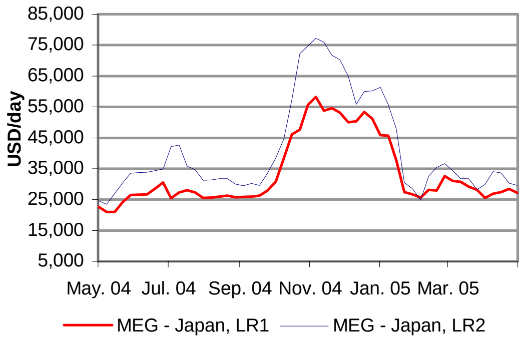
Market assessment – MR			
Route	**WS today**	**Last week**	**USD/day**
30' Spore - Japan	275.0	272.5	[illegible]
37' Cont. - US	275.0	300.0	[illegible]
38' Car. - USAC	245.0	247.5	18,170

Market assessment – LR			
Route	**WS today**	**Last week**	**USD/day**
55' MEG – Japan	235.0	242.5	[illegible]
75' MEG – Japan	197.5	200.0	[illegible]

MR earnings



LR earnings

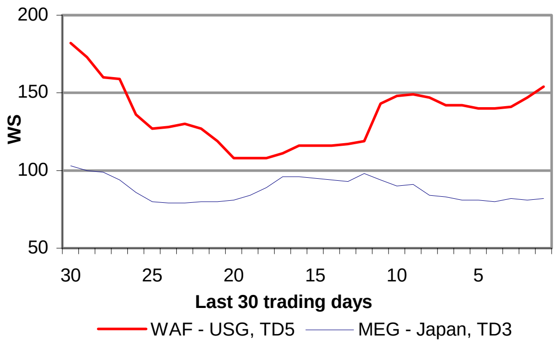


Freight derivatives

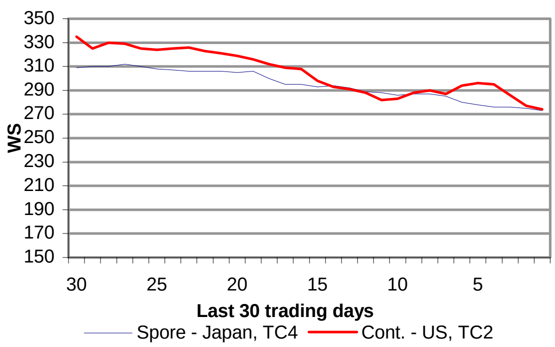
In general relatively quiet in the market given several national holidays. TD3 has remained relatively stable with a slight weakening towards the end of the week. The biggest move was seen in TD7 and TD5 following very bullish markets in the MED. TC2 corrected sharply down towards the end of the week and is seeing uncertainty going forward. As expected there was very thin activity for the clean markets east of Suez given the holidays in the FEAST.

Weekly change in key FFA contracts					
May	**Jun**	**Q3**	**Q4**	**Q1'06**	**CAL06**
TD3 MEG-Japan, 250' dwt					
90.0	98.0	103.0	125.0	114.0	98.0
-1.5	-3.0	3.0	4.0	-1.0	-1.0
TD 5 West Africa – USAC, 130'dwt					
145.0	145.0	140.0	164.0	156.0	139.0
2.5	0.0	5.0	1.5	1.0	-2.0
TD 7, North Sea, UKC, 80'dwt					
165.0	147.5	133.0	167.5	153.0	139.0
12.0	8.5	5.0	10.5	1.0	-1.0
TC 2 Cont-USAC, 37' dwt					
260.0	252.5	245.0	280.0	275.0	240.0
-20.0	-22.5	-7.5	-10.0	-7.5	-7.5
TC 4, Spore-Japan, 30' dwt					
267.5	275.0	270.0	300.0	295.0	270.0
-7.5	-2.5	0.0	0.0	0.0	0.0

BITR rates, crude



BITR rates, clean



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Sale and purchase

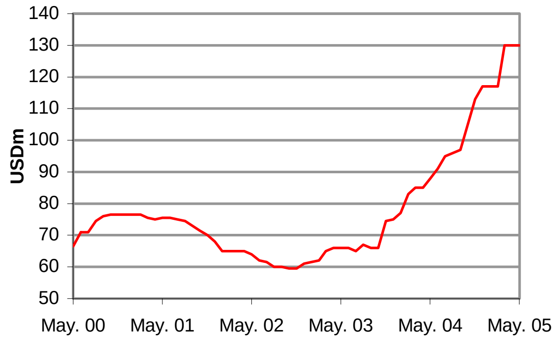
Market comment

Due to Greek Orthodox Easter, Golden week in the Far East and days off in Europe, the market for second hand sale has been inactive this week. Still, a few sales are reported this week.

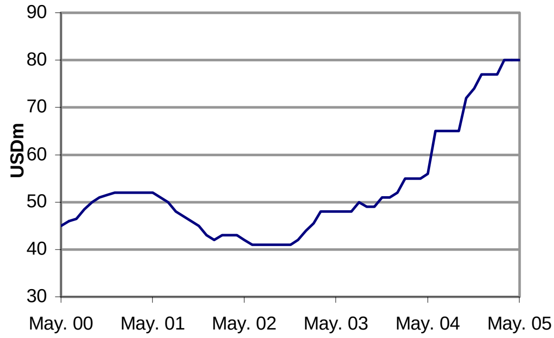
Second hand values

Vessel /USDm	Latest	1 mth	2 mth	3 mth	12 mth
300' D/D 3 yrs	130.0	130.0	130.0	117.0	88.0
300' D/D 10	100.0	100.0	100.0	87.0	60.0
280' S/S 1990	58.0	60.0	58.0	58.0	36.0
150' D/D 3 yrs	80.0	80.0	80.0	77.0	56.0
150' D/D 10	67.0	67.0	67.0	63.0	46.0
140' S/S 1990	30.0	30.0	30.0	32.0	21.0
105' D/D 3 yrs	65.0	65.0	65.0	63.0	49.0
95' D/D 10yrs	47.0	47.0	47.0	46.0	33.0
95' S/S 1990	23.0	25.0	22.0	25.0	18.0
70' D/D 3 yrs	47.0	47.0	47.0	45.0	37.0
47' D/D 3 yrs	45.0	46.0	45.0	44.0	36.0
45' D/D 10 yrs	32.0	32.0	32.0	32.0	23.0
40' S/S 1990	16.0	16.0	16.0	17.0	15.0

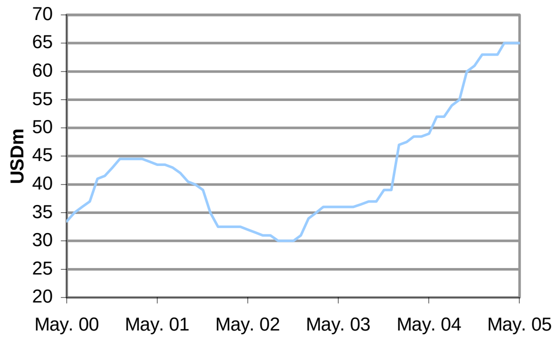
VLCC – 3 year old



Suezmax – 3 year old



Aframax – 3 year old



S&P Transactions

Tankers

M/T "PAKIZE S" - 7,000 TDW, BUILT 2005 TORGEM (DOUBLE HULL) SOLD USD 13.5 MILL TO UNDISCLOSED BUYERS.

M/T "HONG LEE" - 6,320 TDW, BUILT 1991 CHING FU SOLD USD 5.2 MILL TO SINGAPOREAN BUYERS.

Bulkers

M/S "MARVEL TIMONEL" - 69,286 TDW, BUILT 1994 HASHIHAMA ZOSEN TAD (CR 4X25T) SOLD USD 34 MILL TO UNDISCLOSED BUYERS.

M/S "PRIDE" - 26,131 TDW, BUILT 1980 CCN MAUA (CR 4X16T) SOLD USD 5 MILL TO UNDISCLOSED BUYERS

M/S "SAILOR" - 25,996 TDW, BUILT 1984 HASHIHAMA ZOSEN TAD (CR 4X25T) SOLD TO CHINESE BUYERS FOR USD 12 MILL.

M/S "OCEAN BLUE" - 23,978 TDW, BUILT 1981 IMABARI (CR 3X25T) SOLD USD 8.8 MILL TO UNDISCLOSED BUYERS.

M/S "HCH RIVER" - 6,850 TDW, BUILT 1990 HANJIN SB (CR 4X 15T) SOLD TO SOUTH KOREAN BUYERS FOR USD 5.5 MILL.

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Demolition

The market for demolition has also been fairly inactive due to the holydays. However the Aframax M/T “Myre” was sold to Bangladesh for USD 412.

Demolition volume

# vessels	YTD	Year ago
VLCC	-	3
Suezmax	2	8
Aframax	13	9

Demolition prices (tankers, USD/ldwt)

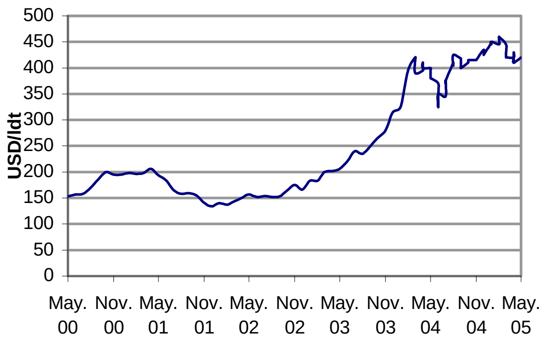
China	India	Pakistan	Bangladesh
370	420	400	420

Transactions

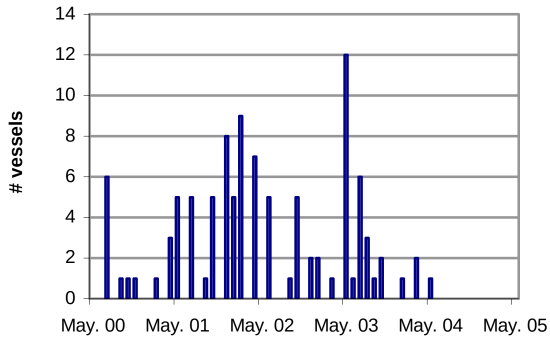
M/T "MYRE" - 91,252 TDW, BUILT 1981 HASHIHAMA ZOSEN TAD SOLD USD 412 TO BANGLADESH

M/T "APNOIA" - 54,661 TDW, BUILT 1981 KOREA PUSAN SOLD USD 422 TO BANGLADESH OR INDIA

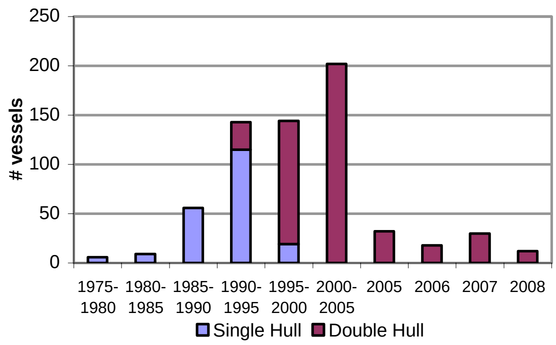
Demolition prices (VLCC, Bangladesh)



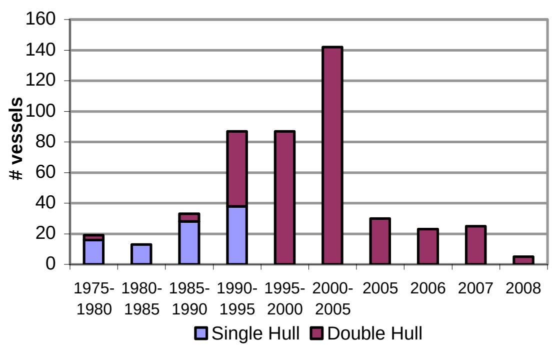
VLCCs sold for demolition



VLCC fleet – Age distribution



Suezmax fleet – Age distribution



Research

The on-going rise in US crude oil inventories remains the current dominant feature in the oil and tanker markets. We do not share the view that this is a signal of global oversupply, however. Looking at price signals and trading patterns over the past year, different interpretations are possible. The sharp spike in the price of WTI that began last fall attracted an armada of barrels and has kept US imports unusually high during Q1. They are inching down so far in Q2, when they normally rise sharply. With Asian maintenance proceeding according to schedule, the absence of US demand is robbing the market of a key pillar of support. The sharp drop in WTI vs Brent (trading at a discount of up to $2 recently), a highly unusual phenomenon, will eventually result in lower imports. Very high refining margins globally and falling inventories in Asia are other signals that the market is currently suffering more from allocation problems than from oversupply.

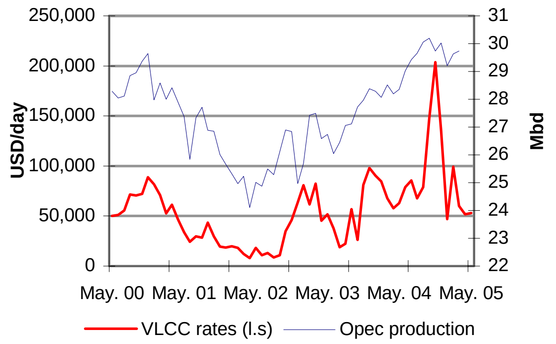
Key market drivers

	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**	**2005P**	**2006E**	**2007E**
VLCC fleet (# vessels)	453			
Orderbook	84			
Deliveries		32	18	30
Suezmax fleet (# vessels)	314			
Orderbook	79			
Deliveries		30	23	25

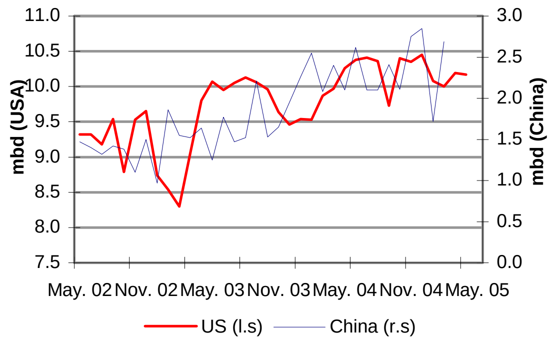
Average earnings	2003	2004	2005 YTD
VLCC, MEG – Korea	56,233	97,657	60,117
Suezmax, Bonny – Phila.	39,619	65,965	46,800
Aframax, TEES – R.dam	42,127	61,800	52,615

Source: IEA, DoE, Bassøe

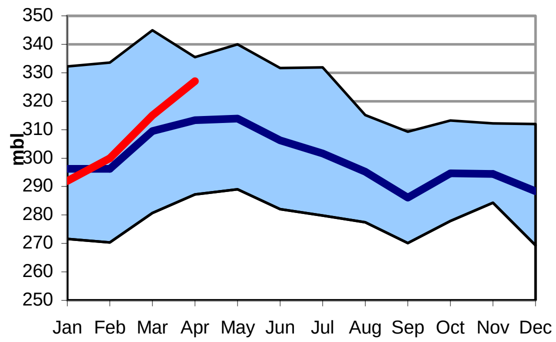
VLCC rates vs. Opec production



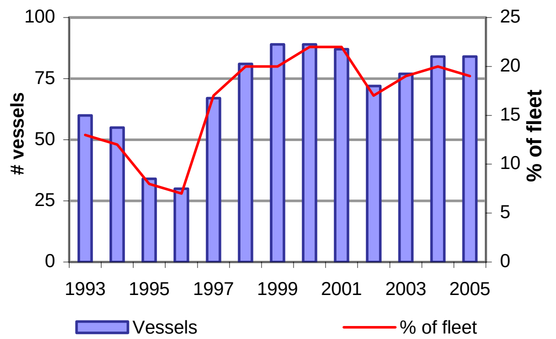
Crude oil imports



Crude oil inventories - USA



VLCC orderbook



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Einar B. Danbolt - Managing Director	22 44 62 81	92 05 08 08
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Herman Marcussen	22 49 59 90	91 34 00 97
Petter A. Thorendahl	22 44 63 83	90 12 33 06
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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
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Lars Kalbakken	67 12 42 12	90 02 25 25

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