

Bassøe Friday Report

Week 19 – 13.05.2005

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Nr 19. Vol 28

Tanker chartering – Crude

Market comments

The initial start of the June lifting program from the Middle East Gulf did not spur any significant changes in rate levels this week. A slow but steady flow of enquiries, where charterers have a good selection of tonnage to choose between single- and double hulls. The premium for D/H tonnage still exists, although the gap is diminishing. With the odd exception, owners are resisting to go below the W70 mark for MEG/East cargoes. However the pressure is currently on the owners, not charterers.

A relative active week in most areas in the Suezmax market. Rates are more or less unchanged.

The market for Aframaxes has been strong, except for east of Suez, where it has been more or less flat.

VLCC (DH)		Current trend: Slow		
Route	WS today	Last week	USD/day	
270' MEG – Korea	72.5	92.5	32,404	
275' MEG – UKC	72.5	85.0	42,200	
260' Bonny – LOOP	90.0	100.0	48,133	

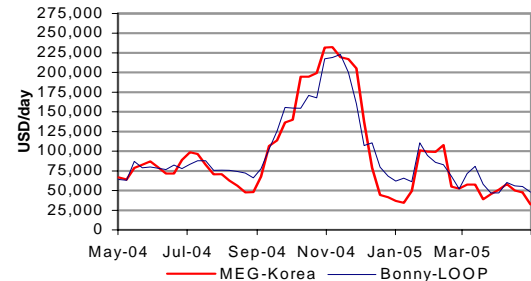
Suezmax		Current trend: Flat		
Route	WS today	Last week	USD/day	
130' Bonny – Phila.	157.5	155.0	46,559	
130' MAF – Ningpo	110.0	120.0	25,751	
135' Novo – Augusta	167.0	180.0	69,596	

Aframax		Current trend: Mixed		
Route	WS today	Last week	USD/day	
80' TEES – R.dam	200.0	152.5	79,497	
70' PLC – Texas	255.0	255.0	43,389	
80' MEG – Singapore	140.0	150.0	21,288	

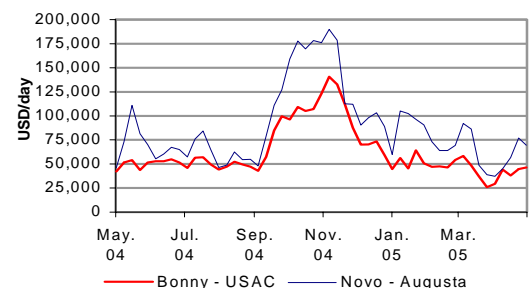
VLCC availability in MEG (# vessels)		
	Single hull	Double hull
Spot	1	0
Next 30 days	40	21

Bunkers (USD/mt)			
Fujairah	254	Rotterdam	230

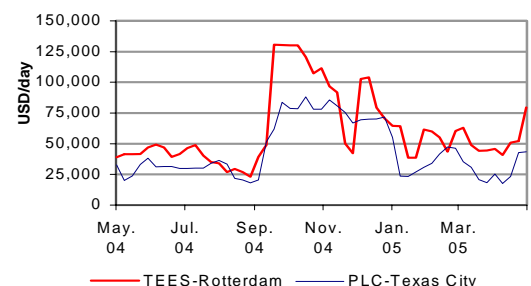
VLCC earnings



Suezmax earnings

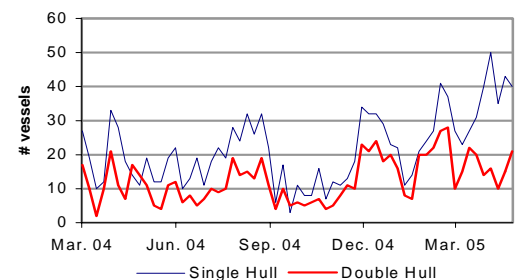


Aframax earnings



VLCC availability in MEG

vessels next 30 days ex. FRO and TI



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Tanker chartering – Clean

Market Comment

The transatlantic market turned after having touched W250. LR1 and 2 Meg/East is soft.

Market assessment – MR

Route	WS today	Last week	USD/day
30' Spore - Japan	260.0	275.0	13,955
37' Cont. - US	285.0	275.0	24,470
38' Car. - USAC	240.0	245.0	17,925

Market assessment – LR

Route	WS today	Last week	USD/day
55' MEG – Japan	220.0	235.0	25,068
75' MEG – Japan	180.0	197.5	26,138

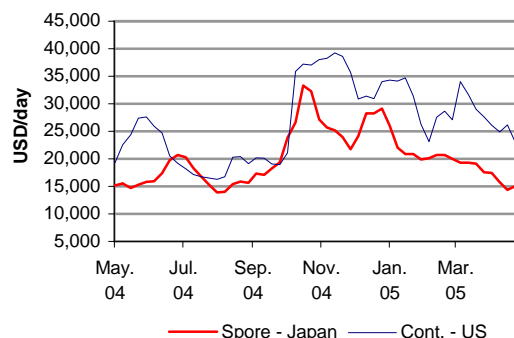
Freight derivatives

TD3 took a real beating this week and rates dropped by some 20pts on the prompt and Q3. Steadier rates further out on the curve. TD5 came off as well, albeit to a lesser extent, while the TD7 prompt months jumped about 15pts on good volumes on the back of significantly stronger NSEA rates. The clean routes kept sliding but TC2 regained lost ground end week

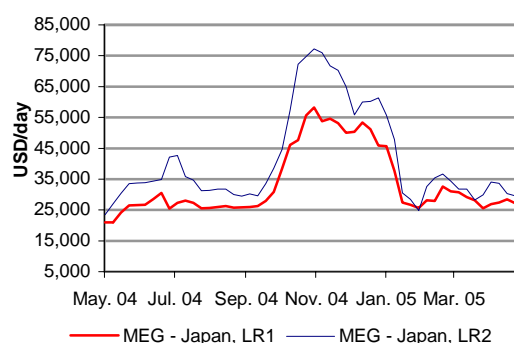
Weekly change in key FFA contracts

May	Jun	Q3	Q4	Q1'06	CAL06
TD3 MEG-Japan, 250' dwt					
78.0	80.0	90.0	117.5	113.0	97.0
-12.0	-18.0	-13.0	-7.5	-1.0	-1.0
TD 5 West Africa – USAC, 130' dwt					
145.0	137.5	133.0	163.0	153.0	137.0
0.0	-7.5	-7.0	-1.0	-3.0	-2.0
TD 7, North Sea, UKC, 80' dwt					
172.5	157.5	133.0	165.0	151.0	139.0
7.5	10.0	0.0	-2.5	-2.0	0.0
TC 2 Cont-USAC, 37' dwt					
270.0	278.0	251.0	285.0	275.0	242.5
10.0	25.5	6.5	5.0	0.0	2.5
TC 4, Spore-Japan, 30' dwt					
265.0	255.0	265.0	290.0	285.0	260.0
-2.5	-20.0	-5.0	-10.0	-10.0	-10.0

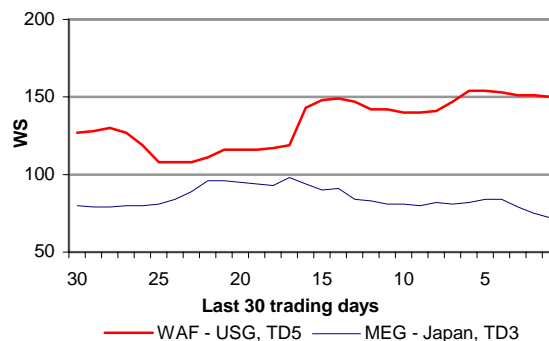
MR earnings



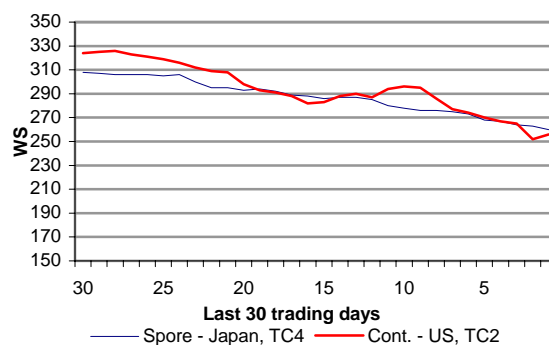
LR earnings



BITR rates, crude



BITR rates, clean

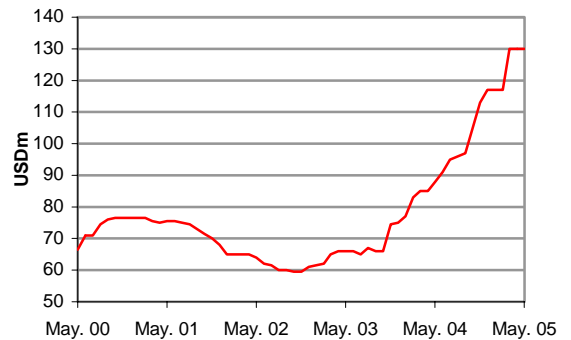


Sale and purchase

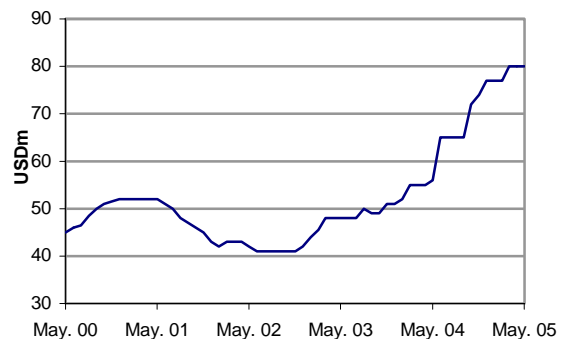
Market comment

It seems the large capital markets are struggling to continue fuel the secondhand market with fresh cash. In the near past the macro figures have been mixed, leading to a more conservative approach. Top Tankers purchase of two modern MRs is reported to have failed due to this reason. What impacts this will have on tanker values are too early to say, but we notice a downward pressure on prices for bulk carriers.

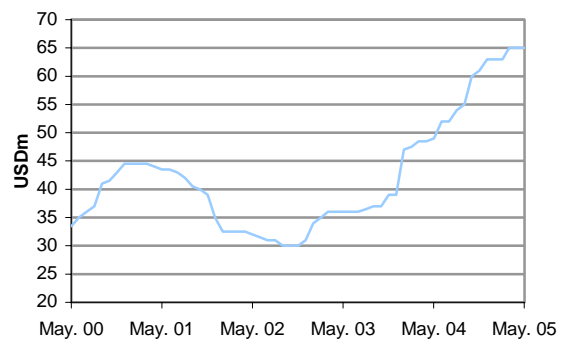
VLCC – 3 year old



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 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

S&P Transactions

Tankers

M/T "HISTRIA EMERALD" - 88,850 TDW, BUILT 1987 CONSTANTZA (COILED) SOLD USD 17 MILL TO RUSSIAN BUYERS.

M/T "PANDA" - 83,651 TDW, BUILT 1987 3 MAJ (DOUBLE HULL, COATED) SAID TO HAVE BEEN SOLD TO MIDDLE EAST BUYERS FOR REGION USD 28 MILL.

M/T "ADVANCE" - 55,339 TDW, BUILT 1983 HORTEN VERFT (COILED) SAID TO BE SOLD FOR USD 6.5 MILL TO UNDISCLOSED BUYERS.

M/T "WESTA" - 40,293 TDW, BUILT 1983 ULJANIK SHIPYARD (DOUBLE BOTTOM, COATED) SOLD TO GREEK BUYERS FOR USD 11 MILL.

M/T "AKTI A" - 38,625 TDW, BUILT 1981 ONOMICHI (DOUBLE SIDES, COATED) SOLD TO IMS, GREECE USD 9 MILL

RESALE M/T "GEMAK TBN" - 7,000 TDW, BUILT 2005 TUZLA GEMI (DOUBLE HULL, IMO2) SOLD USD 16.8 MILL TO UNDISCLOSED BUYERS WITH DELIVERY SHORTLY

M/T "SUN CHEMIST" - 6,576 TDW, BUILT 1995 MURAKAMI HIDE (DOUBLE BOTTOM, COILED , IMO2, IMO3) SOLD USD 10 MILL TO UNDISCLOSED BUYERS.

M/T "VICTORIA LUCY" - 3,785 TDW, BUILT 1992 MURAKAMI HIDE SOLD USD 5.7 MILL TO BRITISH BUYERS.

M/T "HONG TAI" – 6,300 TDW, BUILT 1991, SOLD USD 5.2 MILL TO SINGAPORE BUYERS.

Bulkers

M/S "THALASSINI AVRA" – 164,000 TDW, BUILT 1996, SOLD USD 66 MILL TO KOREAN BUYERS.

M/S "VOYAGER" - 94,994 TDW, BUILT 1982 MITSUBISHI NAGASAKI SOLD TO ITALIAN BUYERS FOR USD 15 MILL.

M/S "ATHANASSIOS G. O." - 69,332 TDW, BUILT 1990 IMABARI MARUGAME SOLD USD 28.5 MILL TO UNDISCLOSED BUYERS.

M/S "SKYTON" - 64,464 TDW, BUILT 1977 MITSUBISHI NAGASAKI SOLD USD 7 MILL TO UNDISCLOSED BUYERS.

M/S "HARMONIC HALO" - 47,240 TDW, BUILT 1997 OSHIMA SHIPBUILDING (CR 4X30T) SOLD USD 28 MILL TO JAPANESE BUYERS..

M/S "SANDRA C" - 28,846 TDW, BUILT 1978 KOYO MIHARA (DR 5X25T) SOLD USD 65 MILL TO UNDISCLOSED BUYERS.

M/S "OCEAN QUEST" - 28,460 TDW, BUILT 1995 KANDA KAWAJIRI SOLD USD 22 MILL TO SINCERE.

M/S "RIXTA OLDENDORFF" - 28,031 TDW, BUILT 1986 DALIAN (CR 4X25T) SOLD USD 13.75 MILL TO UNDISCLOSED BUYERS.

M/S "CLIPPER ITAJAI" - 22,986 TDW, BUILT 1977 TSUNEISHI (CR 2X 26.0) SOLD USD 5 MILL TO UNDISCLOSED.

M/S "SELAS" - 9,611 TDW, BUILT 1985 BARRERAS SOLD USD 5.73 MILL TO WILSON, OSLO LISTED.

Demolition

The demolition market is very quiet as the prices in the global steel market remains under pressure. So far the effect has been a wait and see attitude from both buyers and sellers, leading to no transactions of any significance to report. The upcoming budget in Bangladesh 1st of June is also creating uncertainty.

Demolition volume		
# vessels	YTD	Year ago
VLCC	-	3
Suezmax	2	8
Aframax	14	9

Demolition prices (tankers, USD/ldwt)			
China	India	Pakistan	Bangladesh
365	375	375	390

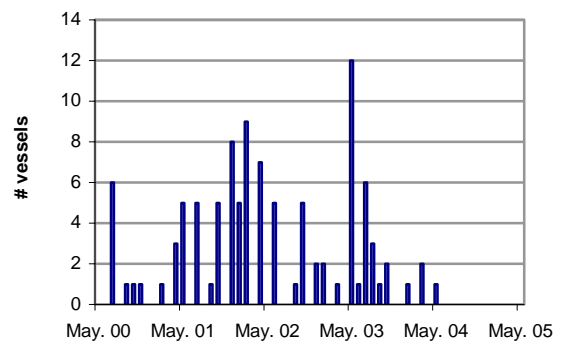
Transactions

No transactions reported this week!

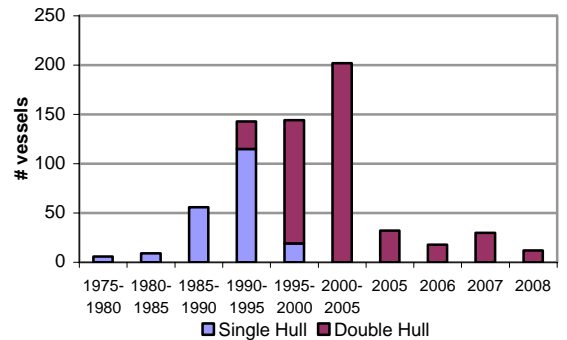
Demolition prices (VLCC, Bangladesh)



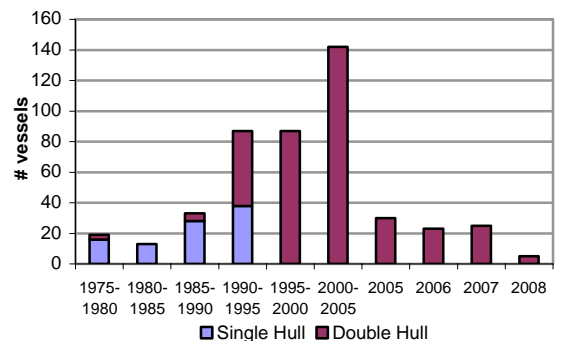
VLCCs sold for demolition



VLCC fleet – Age distribution



Suezmax fleet – Age distribution



Research

Despite the recent “doom and gloom” in financial markets, the IEA’s latest monthly report shows few signs of changes in global oil demand. Global oil demand for 2005 is estimated to grow by 1.8 mbd (2.2%). The figure is essentially unchanged in recent months and a quite high number historically. Worries that Chinese demand has slowed sharply (4.5% growth in Q1) appear somewhat out of step with reports of an economy that was still expanding at 9.5% during Q1. Imports did indeed drop sharply, but this may well reflect a drawdown of domestic inventories. In that case, imports should soon begin to rebound again and high activity from Chinese charterers may be indicative of that. The IEA remains upbeat on the outlook for non-Opec output, while the DoE is not, looking for a considerable slowdown from last year. If the latter is correct, the call-on-Opec crude is set to rise sharply during the second-half of the year, which should be good news for tanker owners.

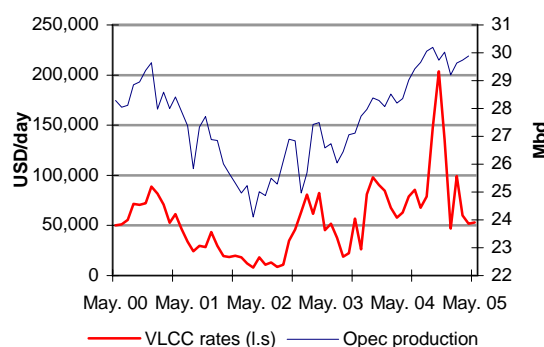
Key market drivers

	2002	2003	2004P	2005E
World oil demand (%)	+0.8 %	+2.4 %	+3.5 %	+2.2 %
USA	+0.6 %	+1.4 %	+2.4 %	+1.3%
Europe	-0.1 %	+1.2 %	+1.6%	+2.8%
China	+6.3 %	+11.0%	+15.6%	+7.4%
Japan	-1.7 %	+2.2 %	-2.7 %	0.0%
Opec production (mbd)	26.3	27.2	29.0	29.9
FSU production (mbd)	9.4	10.3	11.2	11.7
Fleet statistics	Current	2005P	2006E	2007E
VLCC fleet (# vessels)	454			
Orderbook	83			
Deliveries		32	18	30
Suezmax fleet (# vessels)	316			
Orderbook	77			
Deliveries		30	23	25

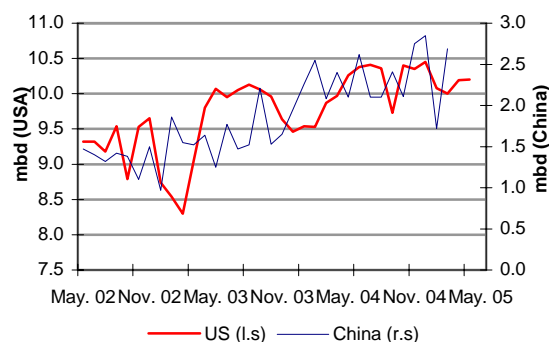
Average earnings	2003	2004	2005 YTD
VLCC, MEG – Korea	56,233	97,657	58,659
Suezmax, Bonny – Phila.	39,619	65,965	46,787
Aframax, TEES – R.dam	42,127	61,800	54,030

Source: IEA, DoE, Bassøe

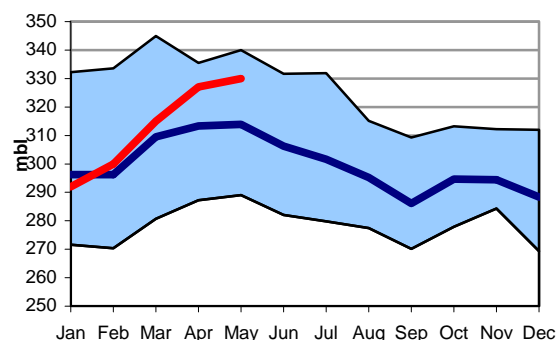
VLCC rates vs. Opec production



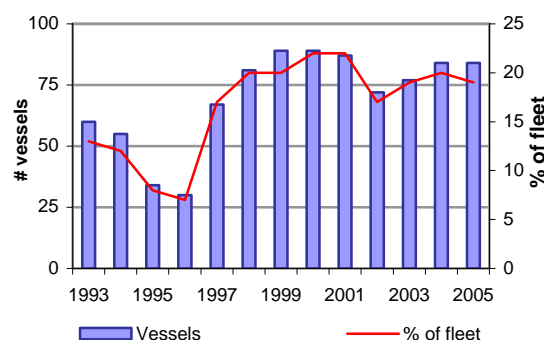
Crude oil imports



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
Ole-Rikard Hammer - Managing Director	66 90 49 91	97 54 06 82
SALE & PURCHASE / NEWBUILDING / PROJECT	22 01 08 25	
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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