

Bassøe Friday Report

Week 24 – 17.06.2005

www.pfbassoe.no

Nr 24. Vol 28

Tanker chartering – Crude

Market comments

A tale of two worlds is the best description when comparing the present oil market with that for VLCCs. While oil is making new highs daily and seems to be in great demand, the large tanker market can best be described as one big yawn this week, one of the slowest for the year. The inevitable result has been a further piling up of tonnage availability and further downward pressure on already low rates. Owners can only hope that next week will at least bring more opportunities. The Suezmax market is generally holding up much better but is coming under pressure from VLCCs in West Africa. The Med market is more isolated and has consequently performed better. Aframaxes have had a generally soft week with the Med and Caribs both in steep decline. The North Sea, in contrast has held up well

VLCC (DH)		Current trend: Soft		
Route	WS today	Last week	USD/day	
270' MEG – Korea	52.5	57.5	16,330	
275' MEG – UKC	52.5	55.0	21,987	
260' Bonny – LOOP	70.0	80.0	31,061	

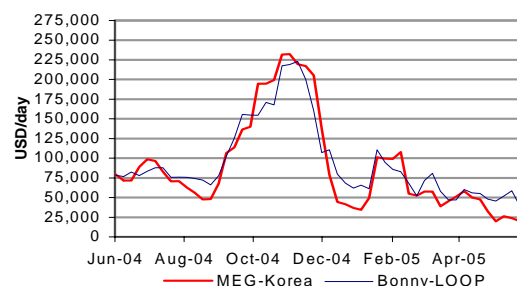
Suezmax		Current trend: Mixed		
Route	WS today	Last week	USD/day	
130' Bonny – Phila.	132.5	118.8	36,164	
130' MAF – Ningpo	95.0	90.0	19,921	
135' Novo – Augusta	150.0	120.0	59,381	

Aframax		Current trend: Weaker		
Route	WS today	Last week	USD/day	
80' TEES – R.dam	140.0	145.0	39,676	
70' PLC – Texas	180.0	225.0	25,491	
80' MEG – Singapore	165.0	165.0	26,790	

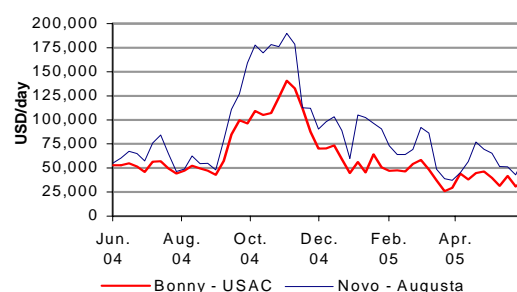
VLCC availability in MEG (# vessels)		
	Single hull	Double hull
Spot	3	0
Next 30 days	42	25

Bunkers (USD/mt)			
	Fujairah	Rotterdam	
	256	233	

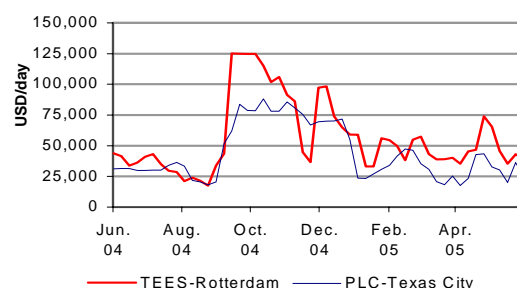
VLCC earnings



Suezmax earnings

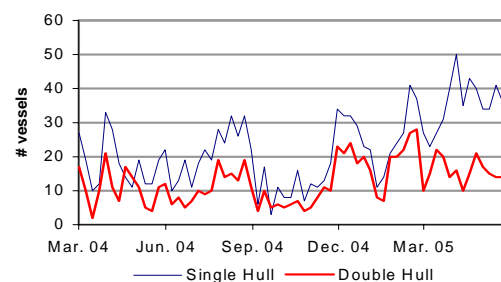


Aframax earnings



VLCC availability in MEG

vessels next 30 days ex. FRO and TI



P.F. Bassøe AS
Enterprise Number: NO-927161052
P O Box 1723 Vika
N-0121 Oslo, Norway
Dronning Mauds gt. 3
Phone +47 22 01 08 00
Fax +47 22 01 08 10
Telex +56 76766 basso n

E-mail Internet bassoe@pfbassoe.no
E-mail Comtext A43NN076
www.pfbassoe.no



Tanker chartering – Clean

Market Comment

LR2 have come down 2.5 points over the past week, but may have turned north again whilst LR1 have strengthened somewhat. MR Sing/Japan is up 5 points. Cont/US and Car/USAC have taken the biggest beating this week contrary to the shorthaul Mediterranean and crossUKC markets that are firm.

Market assessment – MR

Route	WS today	Last week	USD/day
30' Spore - Japan	195.0	190.0	7,405
37' Cont. - US	267.5	280.0	22,274
38' Car. - USAC	205.0	227.5	13,410

Market assessment – LR

Route	WS today	Last week	USD/day
55' MEG – Japan	185.0	182.5	19,557
75' MEG – Japan	170.0	172.5	23,913

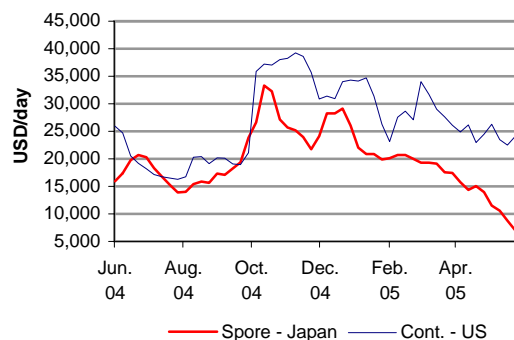
Freight derivatives

It has been a slow week in the paper market, as the VL market in particular is struggling to find direction. A barrier was passed as TD3 Q4 finally broke the 100 mark, and Cal06 traded as low as 80. TD5 has eased off and should be set for a decline, and even TD7 has failed to perform its usual end-month rally. On the clean side, TC2 is sliding, while Eastern clean markets are flat, potentially with a slight rise ahead.

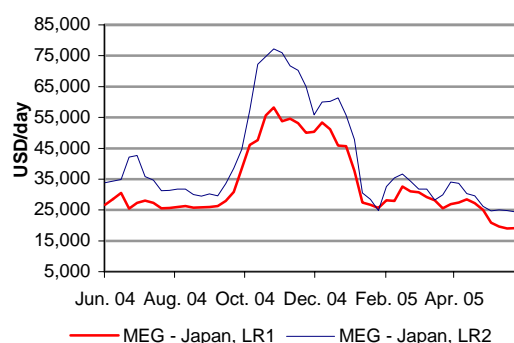
Weekly change in key FFA contracts

	Jul	Aug	Q3	Q4	Q1'06	CAL06
TD3 MEG-Japan, 250' dwt						
	63.0	67.0	68.5	98.0	89.0	80.0
	-2.0	-	-5.5	-5.5	-9.0	-4.0
TD 5 West Africa – USAC, 130' dwt						
	125.0	126.0	125.0	155.0	147.5	132.0
	-3.0	-	0.0	0.0	2.5	2.0
TD 7, North Sea, UKC, 80' dwt						
	132.0	122.5	130.0	165.0	152.5	137.0
	-0.5	-	0.0	0.0	2.5	0.0
TC 2 Cont-USAC, 37' dwt						
	240.0	232.5	237.5	285.0	282.5	238.5
	-10.0	-	-2.5	2.5	-2.5	1.0
TC 4, Spore-Japan, 30' dwt						
	215.0	230.0	235.0	270.0	275.0	250.0
	15.5	-	10.0	10.0	0.0	2.5

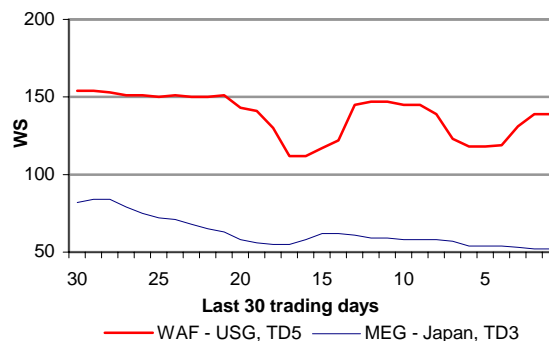
MR earnings



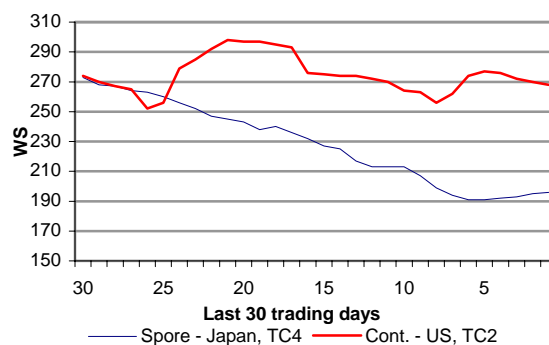
LR earnings



BITR rates, crude



BITR rates, clean



Sale and purchase

Market comment

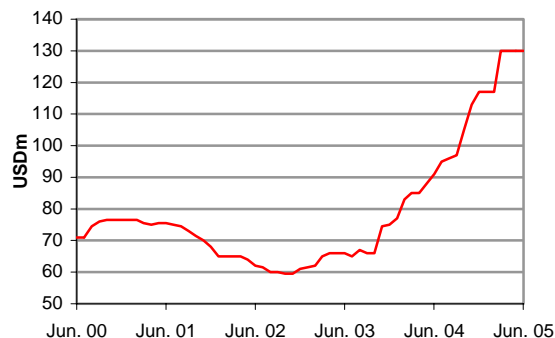
A quiet week in most segments. As we are quickly heading for summer mood and with nothing but bad news from the freight markets most of the sentiment has already left the secondhand scene. Values are under pressure particularly for the single hull ships.

That being said we can report the sale of MT "Oriental Tiger" 180,377 tdw blt 1982 Hitachi at the firm price of USD 27 mill. However the ship is size wise very special, and we understand she is sold for conversion to FSO or FPSO.

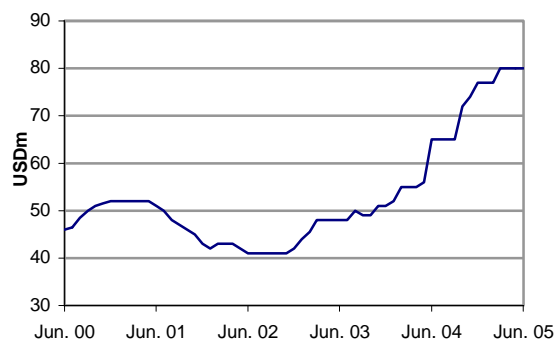
The reported sale of a VLCC resale from Formosa last week at USD 135 mill seems premature.

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	130.0	91.0
300' D/D 10	100.0	100.0	100.0	100.0	66.0
280' S/S 1990	56.0	58.0	60.0	58.0	43.0
150' D/D 3 yrs	80.0	80.0	80.0	80.0	65.0
150' D/D 10	66.0	67.0	67.0	67.0	49.0
140' S/S 1990	28.0	29.0	30.0	30.0	22.0
105' D/D 3 yrs	65.0	65.0	65.0	65.0	52.0
95' D/D 10yrs	46.0	47.0	47.0	47.0	35.0
95' S/S 1990	21.0	23.0	25.0	22.0	19.0
70' D/D 3 yrs	48.0	48.0	47.0	47.0	38.0
47' D/D 3 yrs	45.0	45.0	46.0	45.0	37.0
45' D/D 10 yrs	33.0	33.0	32.0	32.0	23.0
40' S/S 1990	15.0	16.0	16.0	16.0	14.0

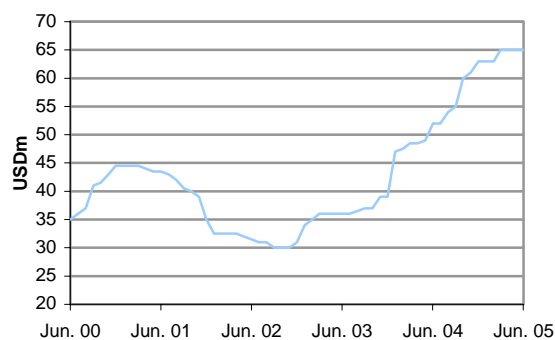
VLCC – 3 year old



Suezmax – 3 year old



Aframax – 3 year old



S&P Transactions

Tankers

M/T "ORIENTAL TIGER" - 180,377 TDW, BUILT 1982 HITACHI NAGASU (SINGLE HULL) SOLD FOR USD 27 MILL TO PERENCO, FRANCE

M/T "BUNGA MELATI DUA" - 32,169 TDW, BUILT 1997 HYUNDAI HI (DOUBLE HULL, COILED, IMO2) SOLD TOGETHER WITH SISTER FOR AN UNDISCLOSED PRICE

M/T "BUNGA MELATI SATU" - 32,127 TDW, BUILT 1996 HYUNDAI HI (DOUBLE HULL, COILED, IMO2) SOLD TOGETHER WITH SISTER AT AN UNDISCLOSED PRICE

M/T "CHEMBULK FAIRFIELD" - 16,000 TDW, BUILT 2001 WATANABE HAKATA (DOUBLE HULL, IMO2, IMO3) SOLD USD 22 MILL TO GERMAN BUYERS.

M/T "ZHOU HAI YOU 28" - 10,198 TDW, BUILT 2002 TAIZHOU HUANGYAN JIXIA SOLD USD 8 MILL TO CHINESE BUYERS.

M/T "SUTRA EMPAT" - 7,804 TDW, BUILT 1994 ASAKAWA (IMO2, IMO3) SOLD TO EITZEN GROUP FOR USD 10.25 MILL

M/T "SINAR DUMAI" - 7,657 TDW, BUILT 1990 HIGAKI (COILED, IMO2, IMO3) SOLD USD 7.7 MILL TO UNDISCLOSED BUYERS.

M/T "MASAYOSHI MARU NO. 18" - 1,784 TDW, BUILT 1978 SASAKI KINOE (COILED) SOLD USD 4.1 MILL TO SINGAPOREAN BUYERS.

Bulkers

M/S "CLAUDIA" - 152,065 TDW, BUILT 1989 MITSUI CHIBA ICHIHAR A PREVIOUS SALE FAILED AND NOW REPORTED SOLD FOR USD 34 MILL TO KOREAN BUYERS

M/S "MILENA L" - 28,457 TDW, BUILT 1989 IMABARI (CR 4X30T) SOLD FOR USD 18,5 MILL TO KOREAN BUYERS

M/S "JANG HA" - 6,519 TDW, BUILT 1983 IMAI (DR 2X20T) SOLD USD 3 MILL TO UNDISCLOSED BUYERS

Demolition

Still no sign of a recovery in the demolition market. To the contrary we notice that Bangladesh has again announced they are forming a cartel which main purpose is to regulate and administrate all purchase of demolition ships. This to prevent internal competition and keep prices down. This is not the first time they do this and we do not expect this will last for very long.

There are hardly any ships around for sale and cash buyers on their side are reluctant to go firm as they have no clue what end users will pay one or two weeks down the road.

Demolition volume		
# vessels	YTD	Year ago
VLCC	-	4
Suezmax	2	9
Aframax	16	13

Demolition prices (tankers, USD/ldwt)			
China	India	Pakistan	Bangladesh
320	350	330	345

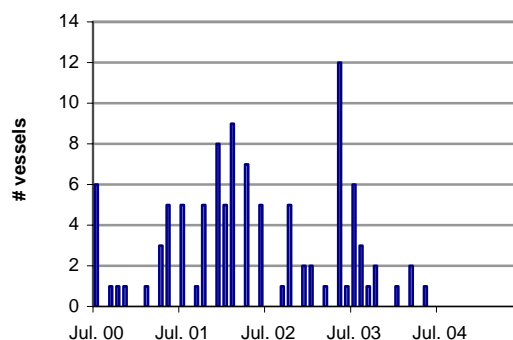
Transactions

No transactions to report!

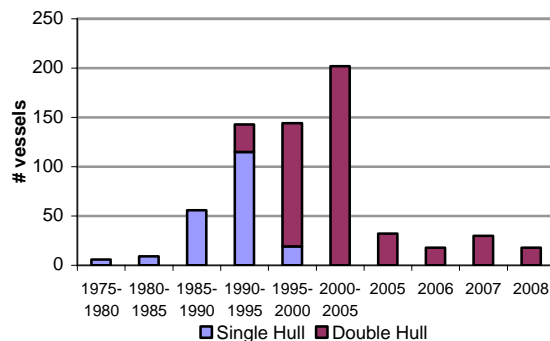
Demolition prices (VLCC, Bangladesh)



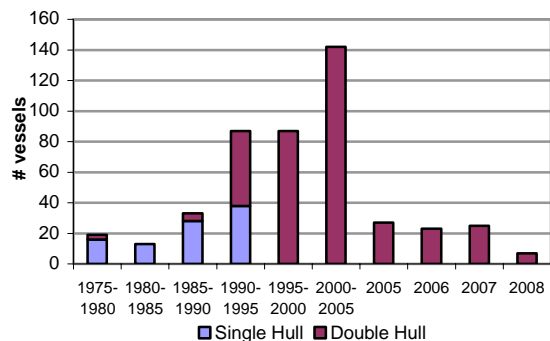
VLCCs sold for demolition



VLCC fleet – Age distribution



Suezmax fleet – Age distribution



Research

While doom and gloom presently is ruling in the VLCC market, owners of other tonnage groups continue to do much better. An unusual situation, certainly, but not without roots in reality. The seasonal rise in oil demand is now beginning to manifest itself, but given the changing structure of the oil market it is perhaps no wonder that smaller vessels are doing better. The current oil market is characterized by an ever-increasing focus on refined products and the crude needed to produce them. Light sweet crudes are in great demand and are predominantly carried by afra- and suex-maxes. The heavier MEG grades, in contrast, have dropped farther down in the picking order. That may be one explanation why VLCC demand from the MEG has been extraordinarily slow during the past two months. Eventually, however, it remains quite inconceivable that demand for MEG crude will remain stagnant, given the stellar margins on offer. It's all in the pricing.

Key market drivers

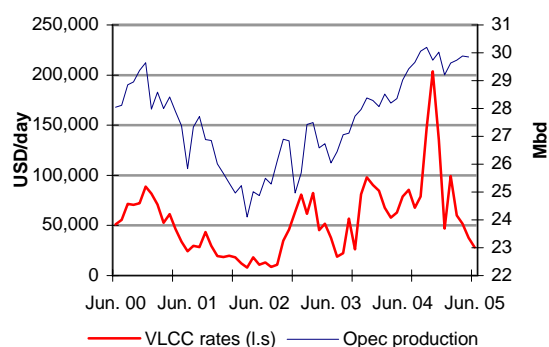
	2002	2003	2004P	2005E
World oil demand (%)	+0.8 %	+2.4 %	+3.5 %	+2.2 %
USA	+0.6 %	+1.4 %	+2.4 %	+1.3%
Europe	-0.1 %	+1.2 %	+1.6%	+2.8%
China	+6.3 %	+11.0%	+15.6%	+7.4%
Japan	-1.7 %	+2.2 %	-2.7 %	0.0%
Opec production (mbd)	26.3	27.2	29.0	29.9
FSU production (mbd)	9.4	10.3	11.2	11.7
Fleet statistics	Current	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

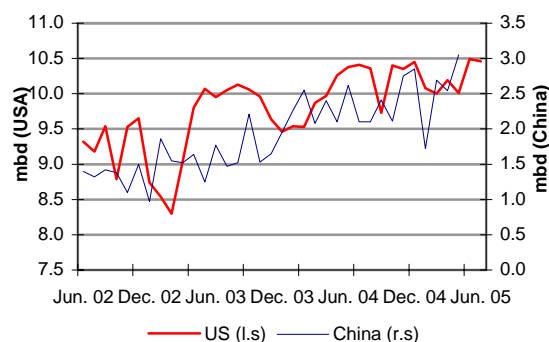
	2003	2004	2005 YTD
VLCC, MEG – Korea	56,233	97,657	50,867
Suezmax, Bonny – Phila.	39,619	65,965	44,543
Aframax, TEES – R.dam	42,127	56,610	47,959

Source: IEA, DoE, Bassøe

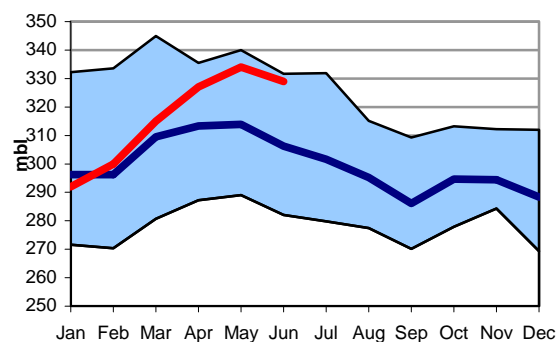
VLCC rates vs. Opec production



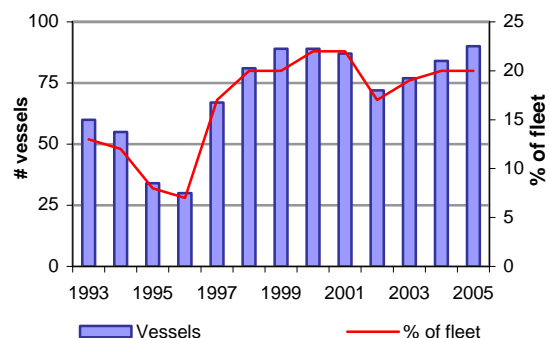
Crude oil imports



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

Disclaimer

This e-mail/fax is based on information obtained from sources which P.F.Bassøe AS believes to be reliable, but P.F.Bassøe AS does not represent or warrant its accuracy. The opinions and estimates contained in this e-mail/fax represent the views of P.F.Bassøe AS of the date of the e-mail/fax, and may be subject to change without prior notice. P.F.Bassøe AS will not be responsible for the consequence of reliance upon any opinion or statement contained in this e-mail/fax. This e-mail/fax is confidential, and may not be reproduced, in whole or in part, without the prior written permission of P.F.Bassøe AS.