

# Bassøe Friday Report

Week 27 – 08.07.2005

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Nr 27. Vol 28

## Tanker chartering – Crude

### Market comments

For a third consecutive week the VLCC market has experienced firming rates and strong activity. SH vessels going east have been fixed at WS90. However, owners are generally unwilling to operate, as they are optimistic for further improvements. A combination of late July/early August cargoes being fixed this week reflects that charterers are more concerned over the tonnage availability compared with previous months. Tonnage availability the next 30 days remain tight, especially for DH vessels. A quieter week for Suezmaxes, and with an oversupply of vessels rates are falling. Aframaxes have seen strength East of Suez, the Caribs and the Med. Rates in the North Sea have fallen.

VLCC (DH)		Current trend: <b>Firmer</b>		
Route	WS today	Last week	USD/day	
270' MEG – Korea	95.0	75.0	47,382	
275' MEG – UKC	67.5	62.5	34,325	
260' Bonny – LOOP	82.5	82.5	40,407	

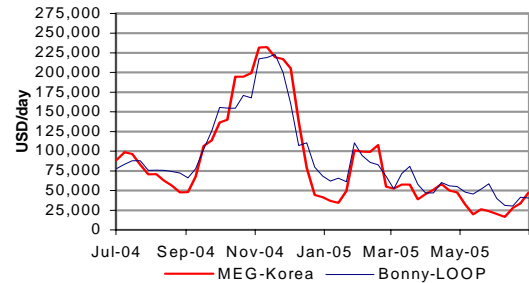
Suezmax		Current trend: <b>Softer</b>		
Route	WS today	Last week	USD/day	
130' Bonny – Phila.	100.0	120.0	23,464	
130' MAF – Ningpo	117.5	97.5	26,922	
135' Novo – Augusta	110.0	137.5	35,515	

Aframax		Current trend: <b>Mixed</b>		
Route	WS today	Last week	USD/day	
80' TEES – R.dam	117.0	120.0	25,354	
70' PLC – Texas	177.5	175.0	24,552	
80' MEG – Singapore	165.0	130.0	25,801	

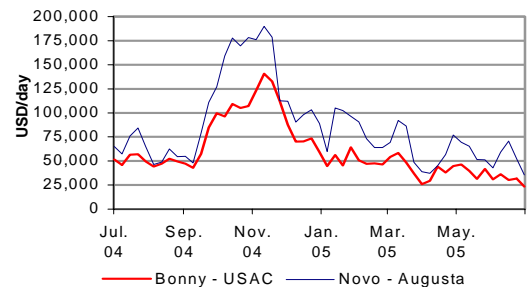
VLCC availability in MEG (# vessels)		
	Single hull	Double hull
Spot	0	1
Next 30 days	16	10

Bunkers (USD/mt)			
Fujairah	286	Rotterdam	272

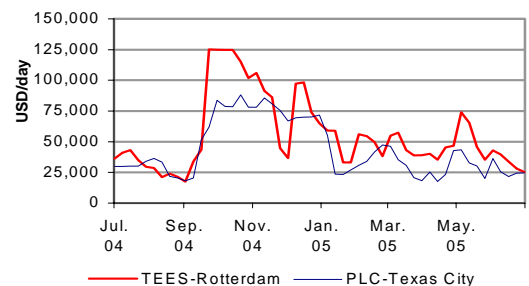
### VLCC earnings



### Suezmax earnings

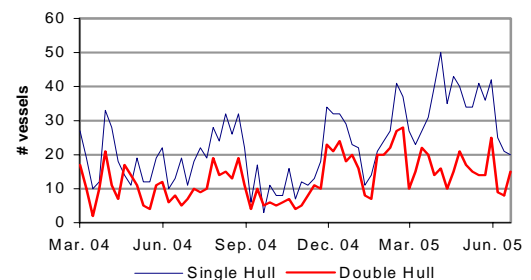


### Aframax earnings



### VLCC availability in MEG

# vessels next 30 days ex. FRO and TI



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# Tanker chartering – Clean

## Market Comment

Bunkering a 45' TDW in Rotterdam today will leave owners with a fuelbill of \$9,500/day, and LR1's bunkering in Fujairah will cost abt 15,000/day. Caribs to USAC and Cont/US rates are still soft. LR1 and 2 continue to climb, and MR improve somewhat in the Far East

### Market assessment – MR

Route	WS today	Last week	USD/day
30' Spore - Japan	220.0	210.0	8,745
37' Cont. - US	255.0	285.0	19,637
38' Car. - USAC	265.0	282.5	20,511

### Market assessment – LR

Route	WS today	Last week	USD/day
55' MEG – Japan	227.5	220.0	25,341
75' MEG – Japan	190.0	185.0	27,011

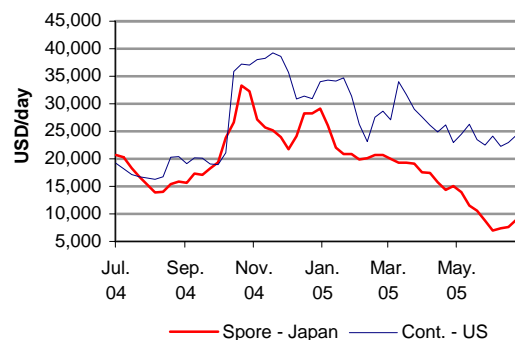
## Freight derivatives

A very slow start to the week, but activity picked up and both TD3 and TD5 traded along the curve towards the end of the week. TD3s continuing along the strengthening path, while TD5 came down on physical signals but were traded up on Friday. TD7 uneventful both on levels and trades. The Eastern clean markets traded in close months as all routes strengthen. TC2 slightly weaker and we haven't seen the bottom yet.

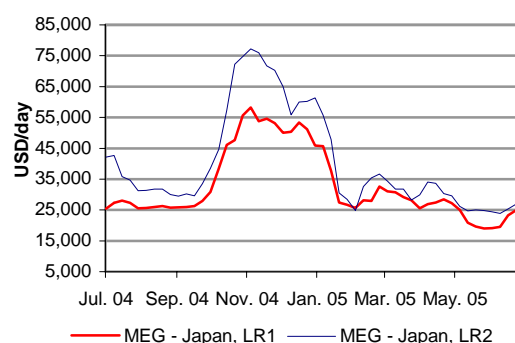
### Weekly change in key FFA contracts

Jul	Aug	Q3	Q4	Q1'06	CAL06
<b>TD3 MEG-Japan, 250' dwt</b>					
96.0	111.0	105.0	125.0	107.5	91.0
14.0	24.0	16.0	8.5	9.5	4.0
<b>TD 5 West Africa – USAC, 130'dwt</b>					
123.0	137.0	134.0	170.0	158.0	136.0
-4.5	9.0	5.0	8.0	8.0	3.0
<b>TD 7, North Sea, UKC, 80'dwt</b>					
130.0	126.0	130.0	168.0	158.0	140.0
-5.0	2.0	-4.0	0.0	-2.0	0.0
<b>TC 2 Cont-USAC, 37' dwt</b>					
260.0	245.0	255.0	292.5	290.0	245.0
0.0	-7.0	-3.0	2.5	0.0	0.0
<b>TC 5, MEG-Japan, 55' dwt</b>					
220.0	235.0	232.5	265.0	250.0	220.0
-	-	-	-	-	-

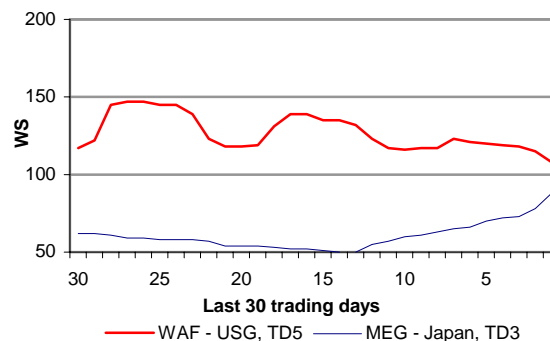
MR earnings



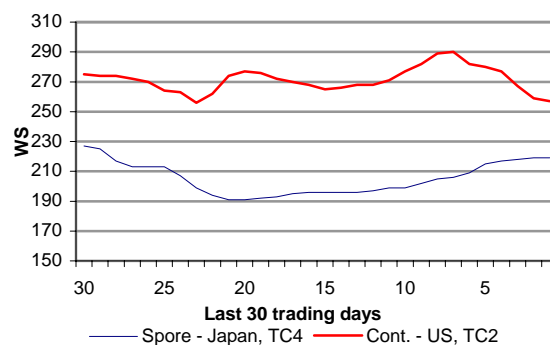
LR earnings



BITR rates, crude



BITR rates, clean



# Sale and purchase

## Market comment

The second hand market remains fairly quiet also this week. Still a few structural deals are being negotiated.

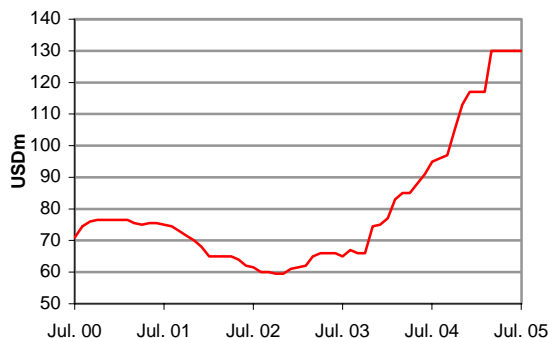
Rumors say that the two 72,000 TDW Dalian resales “Stena Compass” and Stena Compassion” with delivery Nov 05 and Jan 06 are sold at USD 53 mill each. “Stena Compass” include a 5 yrs TC back at USD 23,500/day, while “Stena Compassion” include a 3 yrs TC back at USD 15,000/15,500 per day and a profit split of the exceeding. However, it remains to see if the deal is concluded.

No changes in values.

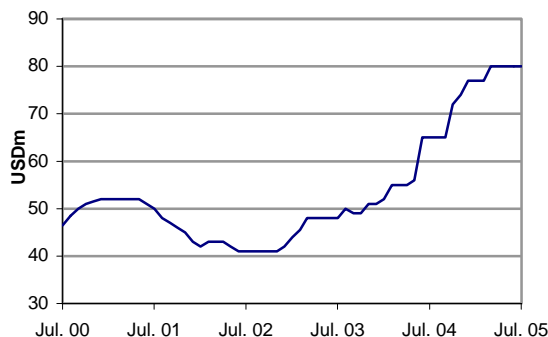
### Second hand values

Vessel /USDm	Latest	1 mth	2 mth	3 mth	12 mth
300' D/D 3 yrs	130.0	130.0	130.0	130.0	95.0
300' D/D 10	100.0	100.0	100.0	100.0	67.0
280' S/S 1990	56.0	56.0	58.0	60.0	44.0
150' D/D 3 yrs	80.0	80.0	80.0	80.0	65.0
150' D/D 10	66.0	66.0	67.0	67.0	49.0
140' S/S 1990	28.0	28.0	29.0	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	46.0	47.0	47.0	35.0
95' S/S 1990	21.0	21.0	23.0	25.0	20.0
70' D/D 3 yrs	48.0	48.0	48.0	47.0	39.0
47' D/D 3 yrs	45.0	45.0	45.0	46.0	37.0
45' D/D 10 yrs	33.0	33.0	33.0	32.0	23.0
40' S/S 1990	15.0	15.0	16.0	16.0	14.0

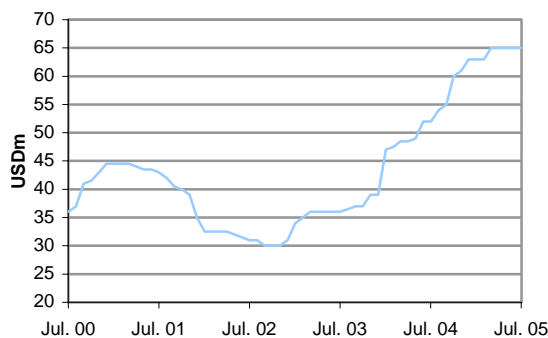
VLCC – 3 year old



Suezmax – 3 year old



Aframax – 3 year old



## S&P Transactions

### Tankers

M/T "IONIKOS" - 119,990 TDW, BUILT 1981 MITSUBISHI NAGASAKI (COILED) SOLD USD 13.5 MILL TO PROSAFE, INCLUDING PLANS FOR OFFSHORE PURPOSES.

M/T "GEMINI 1" - 32,400 TDW, BUILT 1993 KHERSON (DOUBLE HULL, COILED) SOLD USD 32 MILL TO GREEK BUYERS.

M/T "FAIRCHEM VANGUARD" - 16,408 TDW, BUILT 1999 USUKI ZOSENSHO (DOUBLE HULL, IMO2, IMO3) SOLD USD 25.5 MILL TO UNDISCLOSED BUYERS.

M/T "VINGA MATILDA" - 6,390 TDW, BUILT 1981 LINDENAU P. (DOUBLE HULL, COATED, IMO2) SOLD USD 4.9 MILL TO UNDISCLOSED BUYERS.

### Bulkers

M/S "DAPHNE" - 63,848 TDW, BUILT 1984 HITACHI MAIZURU SOLD TO GREEK BYERS USD 15 MILL INCLUDING TC UNTIL MAY 06 TO MAUMARINE AT USD 24,000/DAY.

M/S "TUPUNGATO" - 37,734 TDW, BUILT 1984 MITSUBISHI NAGASAKI (CR 4X25T) SOLD USD 13.5 MILL TO UNDISCLOSED BUYERS.

M/S "CLAIRE" - 30,650 TDW, BUILT 1983 AUSTIN & P (CR 4X25T) SOLD USD 10 MILL TO UNDISCLOSED BUYERS.

M/S "AKRATHOS" - 25,817 TDW, BUILT 1981 VARNA DIMITROV G. (CR 4X10T) SOLD ENBLOC USD 13.5 MILL TO RUSSIAN BUYERS.

M/S "THALASSINI" - 24,482 TDW, BUILT 1981 VARNA DIMITROV G. (CR 4X16T) SOLD ENBLOC USD 13.5 MILL TO RUSSIAN BUYERS.

## Demolition

The first VLCC sold for demolition can be reported this week. Finally after lots of rumors “Thai Resources” was sold as is Thailand to Bangladesh for USD 295/LDT.

More generally, prices are moving higher in all regions, and we expect activity to pick up.

Demolition volume		
# vessels	YTD	Year ago
VLCC	1	4
Suezmax	2	9
Aframax	16	14

Demolition prices (tankers, USD/ldwt)			
China	India	Pakistan	Bangladesh
295	335	340	345

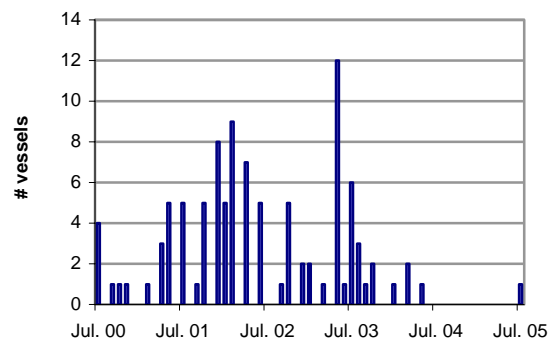
## Transactions

T/T "THAI RESOURCE" - 262,222 TDW, BUILT 1976 SWAN HUNTER WALLSND (37,160 LDT) SOLD "AS IS THAILAND" TO BANGLADESH FOR USD 295.

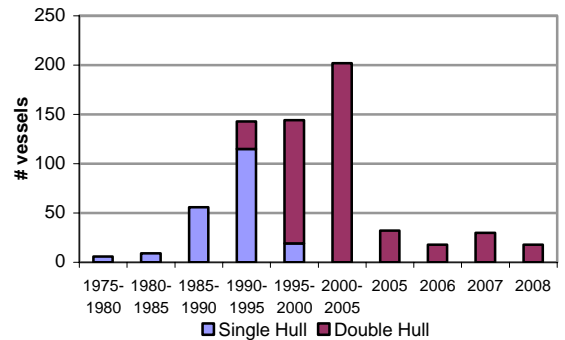
Demolition prices (VLCC, Bangladesh)



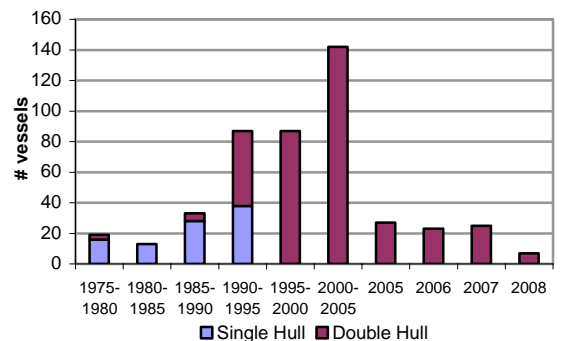
VLCCs sold for demolition



VLCC fleet – Age distribution



Suezmax fleet – Age distribution



## Research

Oil markets the last couple of weeks have focused on the hurricane season in the GoM, with concern over possible dammages and interruptions to the refining and production facilities caused by the tropical storm Cindy and hurricane Dennis. The market keeps last year's devistating Ivan close in mind. Comparing to last year, the main diffenence is the vastly different US inventory positions. Crude stocks are 40 mbls higher now vs. Sept while aggregate gasoline/dist inventories are about even (and lower if adjusted for demand growth). Thus it would seem that the product trades might well be more exposed because of the potentially relatively larger impact to the tight product inventories. This is in line with recent price activity in the US market with gasoline moving at a faster rate than crude. The much shorter trading distances for products also favors that the market which could be most affected.

### Key market drivers

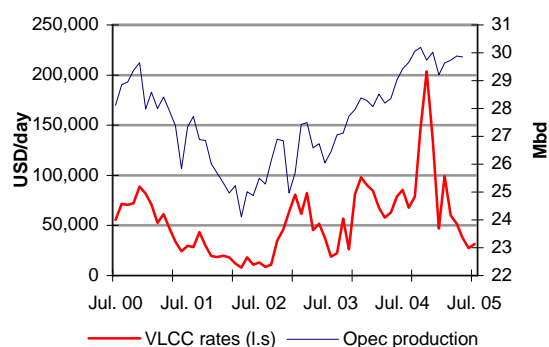
	2002	2003	2004P	2005E
World oil demand (%)	+0.8 %	+2.4 %	+3.5 %	+2.2 %
USA	+0.6 %	+1.4 %	+2.4 %	+1.3%
Europe	-0.1 %	+1.2 %	+1.6%	+2.8%
China	+6.3 %	+11.0%	+15.6%	+7.4%
Japan	-1.7 %	+2.2 %	-2.7 %	0.0%
Opec production (mbd)	26.3	27.2	29.0	29.9
FSU production (mbd)	9.4	10.3	11.2	11.7
<b>Fleet statistics</b>	<b>Current</b>	<b>2005P</b>	<b>2006E</b>	<b>2007E</b>
VLCC fleet (# vessels)	454			
Orderbook	94			
Deliveries		32	18	30
Suezmax fleet (# vessels)	316			
Orderbook	77			
Deliveries		30	23	25

### Average earnings

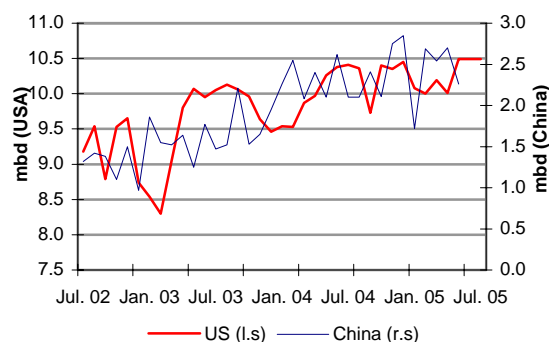
	2003	2004	2005 YTD
VLCC, MEG – Korea	56,233	97,657	49,250
Suezmax, Bonny – Phila.	39,619	65,965	42,761
Aframax, TEES – R.dam	42,127	56,610	45,862

Source: IEA, DoE, Bassøe

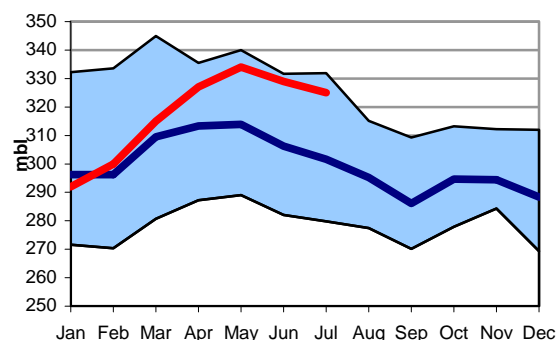
### VLCC rates vs. Opec production



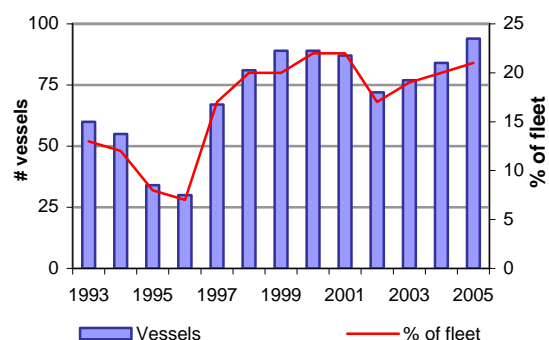
### Crude oil imports



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