

# Bassøe Friday Report

Week 28 – 15.07.2005

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Nr 28. Vol 28

## Tanker chartering – Crude

### Market comments

The VLCC market so far in July is quite a different specimen compared to June. Activity remains robust, while the list of available tonnage has been cut down sharply and is now at similar levels to a year ago. Owners are gradually reaping the benefit of this, with rates registering further gains on key benchmark routes from the MEG. Rates in the Atlantic remain stable, in contrast, due in part to higher competition from suezmaxes. With continued solid activity expected into next week, owners appear well positioned to achieve further gains. Suezmaxes, on the other hand, are lagging. Despite reasonably high activity, rates have remained stuck in the doldrums, relatively speaking. An uneventful for Aframax with rates holding steady in the North Sea and MEG, while improving in the Caribs. Charterers are ruling in the Med, however.

VLCC (DH)		Current trend: <b>Firmer</b>	
Route	WS today	Last week	USD/day
270' MEG – Korea	110.0	95.0	61,115
275' MEG – UKC	85.0	67.5	53,646
260' Bonny – LOOP	82.5	82.5	40,950

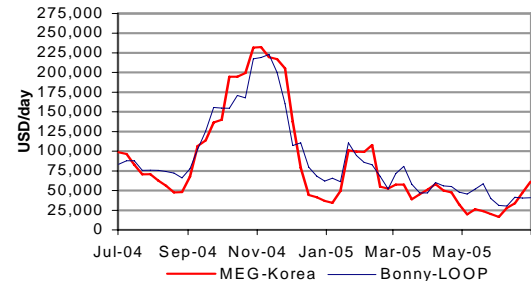
Suezmax		Current trend: <b>Flat</b>	
Route	WS today	Last week	USD/day
130' Bonny – Phila.	100.0	100.0	23,359
130' MAF – Ningpo	115.0	117.5	27,025
135' Novo – Augusta	95.0	110.0	27,563

Aframax		Current trend: <b>Mixed</b>	
Route	WS today	Last week	USD/day
80' TEES – R.dam	120.0	117.0	27,805
70' PLC – Texas	187.5	177.5	27,127
80' MEG – Singapore	165.0	165.0	26,461

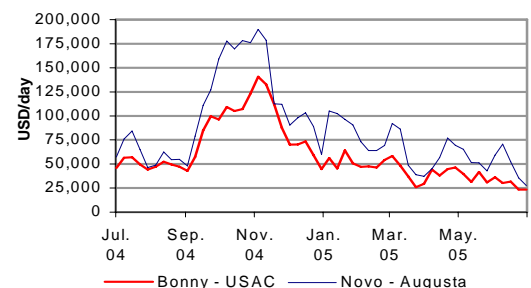
VLCC availability in MEG (# vessels)		
	Single hull	Double hull
Spot	0	1
Next 30 days	18	8

Bunkers (USD/mt)			
Fujairah	266	Rotterdam	248

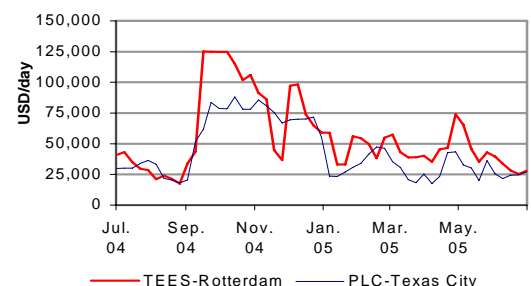
### VLCC earnings



### Suezmax earnings

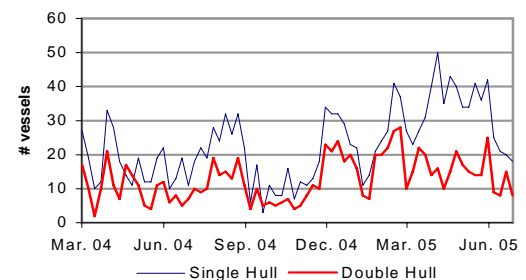


### Aframax earnings



### VLCC availability in MEG

# vessels next 30 days ex. FRO and TI



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# Tanker chartering – Clean

## Market Comment

LR1+2 MEG/East maintained steady through the week whilst MR Sing/Japan improved drastically at the week's end. MR Cont/US and Car/Atlantic Coast are soft and the short haul markets in Europe move south.

### Market assessment – MR

Route	WS today	Last week	USD/day
30' Spore - Japan	250.0	220.0	12,825
37' Cont. - US	250.0	255.0	19 731
38' Car. - USAC	250.0	265.0	18 834

### Market assessment – LR

Route	WS today	Last week	USD/day
55' MEG – Japan	230.0	227.5	26 291
75' MEG – Japan	190.0	190.0	27 807

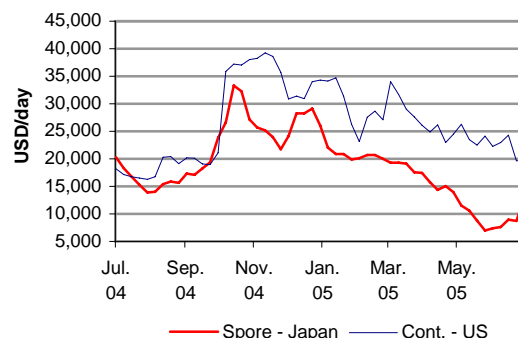
## Freight derivatives

A lively and volatile week, with a slow end to it. Even a strong w127.5 MEG/RSEA failed to bring in the bulls and TD3 came off after a short-lived spike - probably fuelled by profit taking. TD5 prompt was again actively traded despite a lacklustre physical market. TD7 Q3 traded repeatedly at new lows, but still supported on the bid side at those levels. Cal06s were traded repeatedly on TD3, 5, 7 and TC2, the latter being fairly quiet apart from that. Eastern LRs quiet, but some long awaited buoyancy was seen in TC4 again.

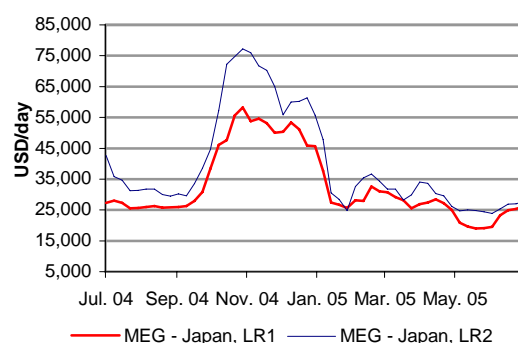
### Weekly change in key FFA contracts

Aug	Sep	Q4	Q1	Q2	CAL06
<b>TD3 MEG-Japan, 250' dwt</b>					
106.0	109.0	120.0	106.0	88.0	92.0
-5.0	-	-5.0	-1.5	-	1.0
<b>TD 5 West Africa – USAC, 130' dwt</b>					
138.0	150.0	170.0	160.0	130	140.0
1.0	-	0.0	2.0	-	4.0
<b>TD 7, North Sea, UKC, 80' dwt</b>					
125.0	135.0	171.0	162.0	134	144.0
-1.0	-	3.0	4.0	-	4.0
<b>TC 2 Cont-USAC, 37' dwt</b>					
242.5	256.0	292.5	285.0	237.5	245.0
-2.5	-	0.0	-5.0	-	0.0
<b>TC 5, MEG-Japan, 55' dwt</b>					
235.0	242.5	267.5	255.0	225.0	222.0
0.0	-	2.5	5.0	-	2.0

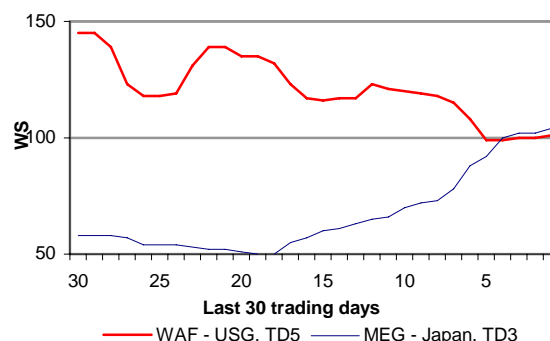
MR earnings



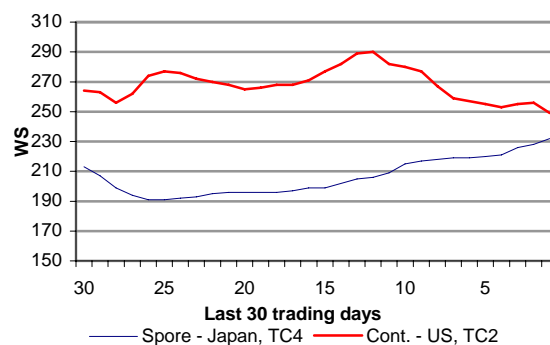
LR earnings



BITR rates, crude



BITR rates, clean



# Sale and purchase

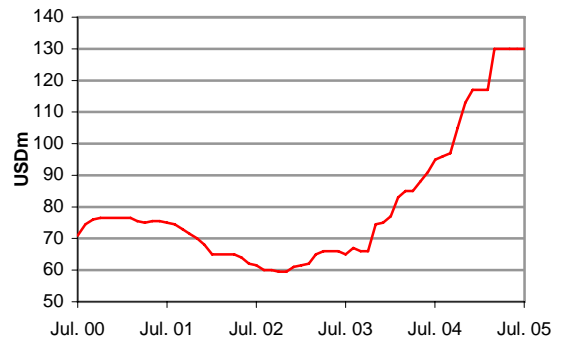
## Market comment

Another quiet summer-week with no sales to comment further.

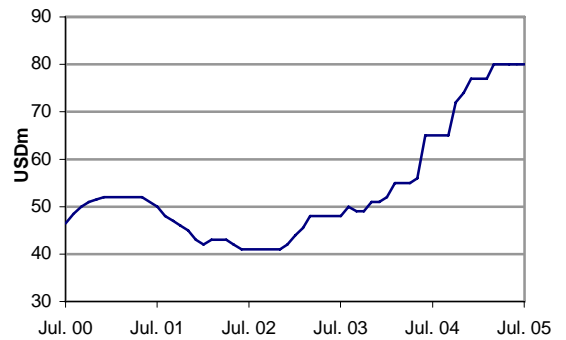
No changes in values.

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

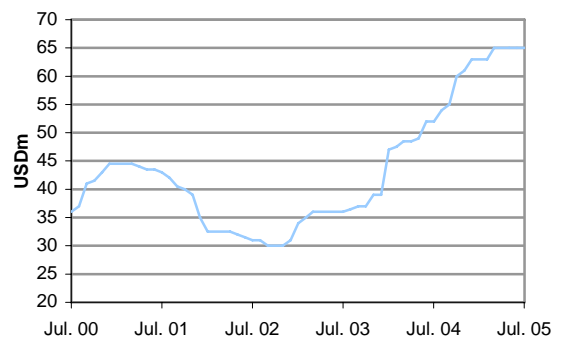
VLCC – 3 year old



Suezmax – 3 year old



Aframax – 3 year old



## S&P Transactions

### Tankers

M/T "PIEMONTE" - 95,000 TDW, BUILT 1987 FINCANTIERI MONFALCONE (DOUBLE SIDES, COATED PARTLY) SOLD FOR REGION USD 18.5 MILL TO CONVERSION BUYERS BASED IN SINGAPORE

M/T "FAIR VOYAGER" - 50,600 TDW, BUILT 1985 ODENSE STAALSKIBSVÆRFT (DOUBLE SIDES, ST.STEEL, COATED EPOXY) SOLD USD 14 MILL TO HELLENIC STAR, GREECE.

M/T "FEARLESS" - 44,646 TDW, BUILT 1992 DALIAN (COATED EPOXY) SOLD USD 27 MILL TO PEMEX

M/T "CICEK 31" - 15,000 TDW, BUILT 2004 DENIZ ENDUSTRISI (DOUBLE BOTTOM, DOUBLE SIDES, IMO2) SOLD USD 34 MILL TO UNDISCLOSED BUYERS.

M/T "GOLDEN LUCY I" - 12,742 TDW, BUILT 1987 TAIHEI AKITSU (DOUBLE BOTTOM, ST.STEEL, COATED EPOXYZINC, IMO2, IMO3) SOLD KOREAN BUYERS FOR USD 8 MILL

M/T "TEBO OLYMPIA" - 11,474 TDW, BUILT 1980 VALMET VUOSAARI (DOUBLE BOTTOM) SOLD USD 6 MILL TO UNDISCLOSED BUYERS, WITH DELIVERY AT END OF THE YEAR.

M/T "GOLDEN FRONTIER" - 9,312 TDW, BUILT 1985 FUKUOKA FUKUOKA (IMO2, IMO3) SOLD TO KOREAN BUYERS FOR USD 7 MILL

M/T "ADRASAN C" - 4,500 TDW, BUILT 2000 CELIKTEKNE TUZLA (DOUBLE BOTTOM, DOUBLE SIDES, STAINLESS, COATED PHENGUARD, IMO2, IMO3) SOLD TO UNDISCLOSED BUYERS FOR USD 8.5 MILL

### Bulkers

M/S "WHITE DIAMOND" - 69,220 TDW, BUILT 1993 IMABARI MARUGAME SOLD GREEK BUYERS FOR USD 29 MILL.

M/S "ATHENA SEA" - 42,529 TDW, BUILT 1994 NAMURA IMARI (CR 4X30T 4X 30.0) SOLD USD 24.5 MILL TO THORESEN THAI, THAILAND.

# Demolition

Another quiet week with no sales of any importance to report. However, prices are firming as there is lack of tonnage. After long environmental battles, India's Ministry of Environment this week gave go-ahead for the Danish ferry Ricky containing asbestos to be scrapped.

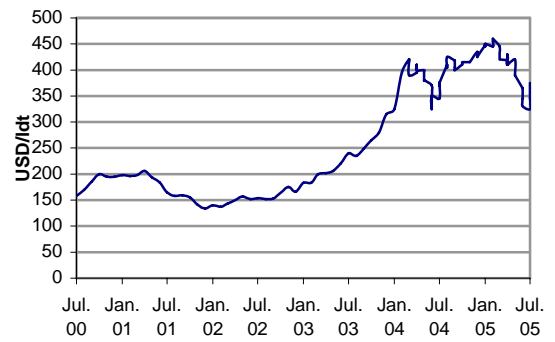
Demolition volume		
# vessels	YTD	Year ago
VLCC	1	4
Suezmax	2	9
Aframax	16	15

Demolition prices (tankers, USD/ldwt)			
China	India	Pakistan	Bangladesh
295	345	340	375

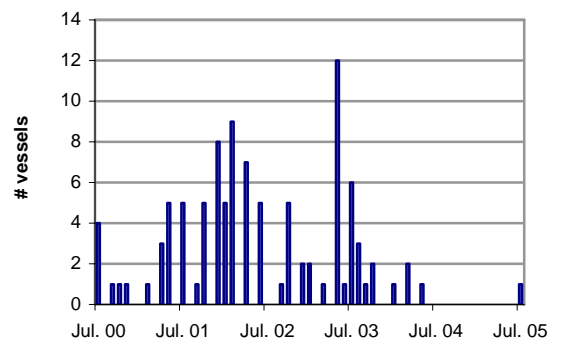
## Transactions

No transactions this week.

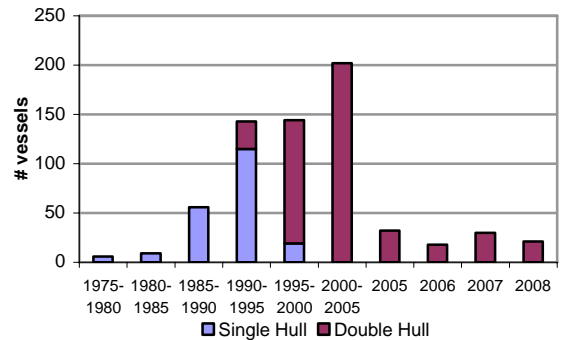
Demolition prices (VLCC, Bangladesh)



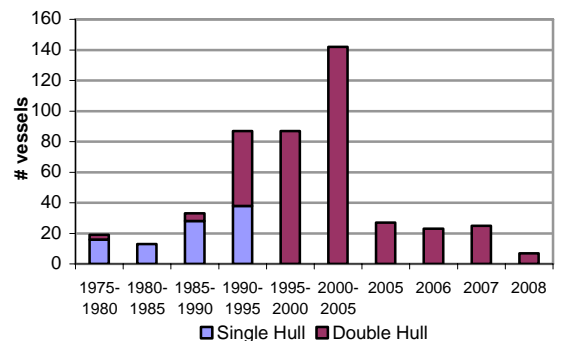
VLCCs sold for demolition



VLCC fleet – Age distribution



Suezmax fleet – Age distribution



## Research

If you are already confused about the current oil and tanker markets, don't expect any relief from analysts! The DoE and the IEA both released their monthly updates this week showing quite different views of the world. The IEA remains relatively bearish; The '05 oil demand forecast was further reduced (from a low position), while keeping faith in a brisk revival in non-Opec oil production from here on through '06. With an assumed call-on-Opec of 29 mbd during Q4, 1 mbd above present output, the implicit assumption is a possible output cut in coming months. Not a happy outcome for shipowners. They should instead look to the DoE, which raised its demand forecast (from a higher baseline level than the IEA) and said that this, combined with slow growth in non-Opec output, will keep pressure on capacity utilization across the entire supply chain. Confused? Well at least both agree that '06 growth should be solid at around 2 mbd. Tanker demand thus looks bright in the medium term, it's getting there which could be tricky!

### Key market drivers

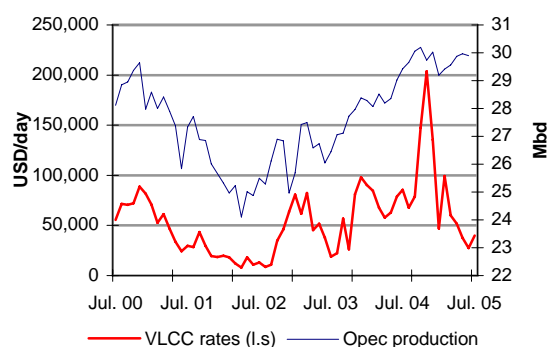
	2003	2004	2005E	2006E
World oil demand (%)	+2.3 %	+3.6 %	+2.1 %	+2.0 %
USA	+1.4 %	+3.5 %	+1.6 %	+1.2%
Europe	+1.6 %	+1.0 %	+0.2%	+0.1%
China	+11.0 %	+15.4%	+9.4%	+7.2%
Japan	+2.2 %	-2.7 %	+0.6 %	0.0%
Opec production (mbd)	27.1	29.1	29.9	30.5
FSU production (mbd)	10.3	11.2	11.6	11.7
<b>Fleet statistics</b>	<b>Current</b>	<b>2005P</b>	<b>2006E</b>	<b>2007E</b>
VLCC fleet (# vessels)	456			
Orderbook	97			
Deliveries		32	21	30
Suezmax fleet (# vessels)	324			
Orderbook	73			
Deliveries		27	23	25

### Average earnings

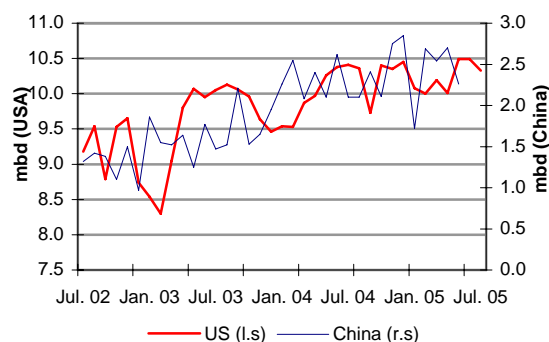
	2003	2004	2005 YTD
VLCC, MEG – Korea	56,233	97,657	49,674
Suezmax, Bonny – Phila.	39,619	65,965	42,068
Aframax, TEES – R.dam	42,127	56,610	45,217

Source: IEA, DoE, Bassøe

### VLCC rates vs. Opec production



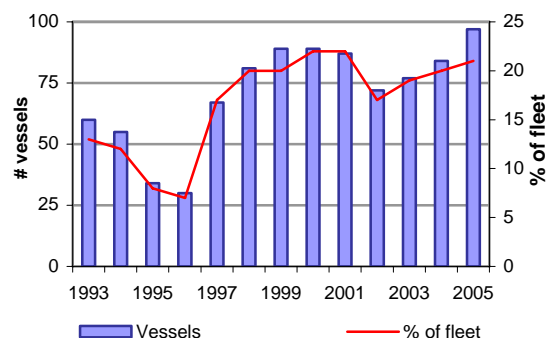
### Crude oil imports



### 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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