

# Bassøe Friday Report

Week 30 – 29.07.2005

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Nr 30. Vol 28

## Tanker chartering – Crude

### Market comments

With slow activity and plenty of VLCC tonnage available, the charterers have the upper hand in MEG at present. The Atlantic market remains steady with the “conference” rate of W85 for 260,000 tdw Wafr/USG. Suezmaxes have seen low activity in the Med, whilst more healthy activity out of Wafr where rates have strengthened. The activity in Wafr must be maintained to sustain current rate levels.

The Aframax trend is soft, and rates have slipped in all regions with the exception of East of Suez.

VLCC (DH)		Current trend: <b>Soft</b>		
Route	WS today	Last week	USD/day	
270' MEG – Korea	92.5	105.0	47,934	
275' MEG – UKC	80.0	85.0	49,354	
260' Bonny – LOOP	85.0	85.0	43,707	

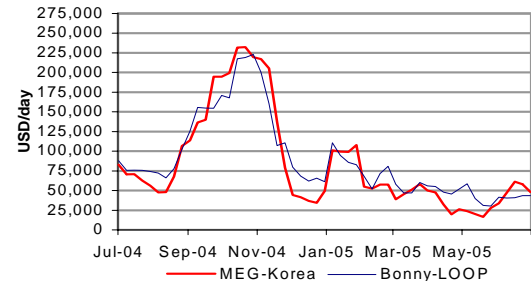
Suezmax		Current trend: <b>Mixed</b>		
Route	WS today	Last week	USD/day	
130' Bonny – Phila.	120.0	110.0	31,706	
130' MAF – Ningpo	120.0	125.0	29,356	
135' Novo – Augusta	120.0	120.0	42,160	

Aframax		Current trend: <b>Soft</b>		
Route	WS today	Last week	USD/day	
80' TEES – R.dam	100.0	105.0	16,519	
70' PLC – Texas	125.0	180.0	12,823	
80' MEG – Singapore	160.0	160.0	25,611	

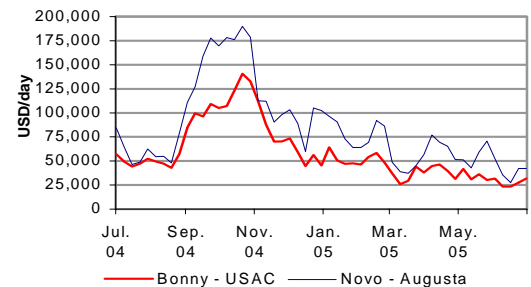
VLCC availability in MEG (# vessels)		
	Single hull	Double hull
Spot	0	0
Next 30 days	36	14

Bunkers (USD/mt)			
	Fujairah		Rotterdam
	258		244

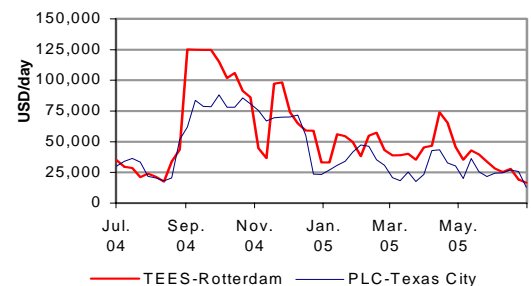
### VLCC earnings



### Suezmax earnings

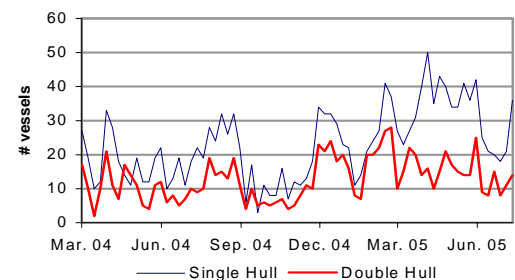


### Aframax earnings



### 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

Good activity in the East with a lot of fixtures concluded and rates heading north for MR's. Rates in the west are still going down, and similar levels transatlantic have not been done since April 04.

### Market assessment – MR

Route	WS today	Last week	USD/day
30' Spore - Japan	285.0	265.0	16,572
37' Cont. - US	217.5	232.5	15,931
38' Car. - USAC	210.0	235.0	14,153

### Market assessment – LR

Route	WS today	Last week	USD/day
55' MEG – Japan	230.0	230.0	26,515
75' MEG – Japan	185.0	185.0	27,052

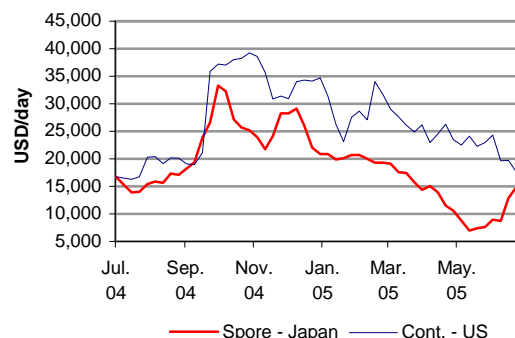
## Freight derivatives

The market is nervous and still waiting for clear direction. TD3 came off significantly, particularly on the prompt. Both TD5 and TD7 traded down on thin volumes, but to a lesser extent than TD3. A slow week for the clean routes and all routes sliding

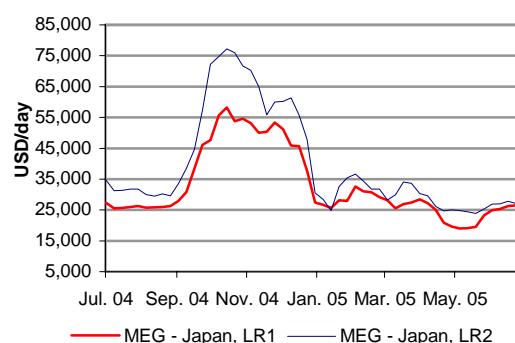
### Weekly change in key FFA contracts

Aug	Sep	Q4	Q1'06	Q2'06	CAL06
<b>TD3 MEG-Japan, 250' dwt</b>					
72.0	78.0	104.0	98.0	82.5	83.0
-18.0	-18.0	-9.0	-4.0	-2.5	-2.0
<b>TD 5 West Africa – USAC, 130' dwt</b>					
125.0	135.0	160.0	150.0	120.0	132.0
-7.0	-2.0	-5.0	-5.0	-5.0	-3.0
<b>TD 7, North Sea, UKC, 80' dwt</b>					
109.0	127.5	167.5	155.0	130.0	140.0
-11.0	-2.5	-2.5	-5.0	0.0	-1.0
<b>TC 2 Cont-USAC, 37' dwt</b>					
225.0	237.5	287.5	280.0	240.0	242.5
-7.5	-12.5	-2.5	0.0	0.0	-0.5
<b>TC 5, MEG-Japan, 55' dwt</b>					
222.5	239.0	262.5	255.0	220.0	220.0
-10.0	-3.5	-5.0	0.0	-0.0	-0.0

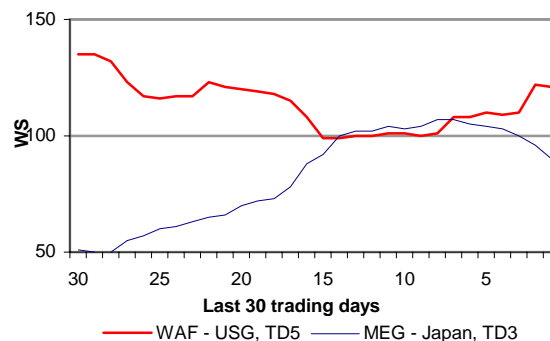
MR earnings



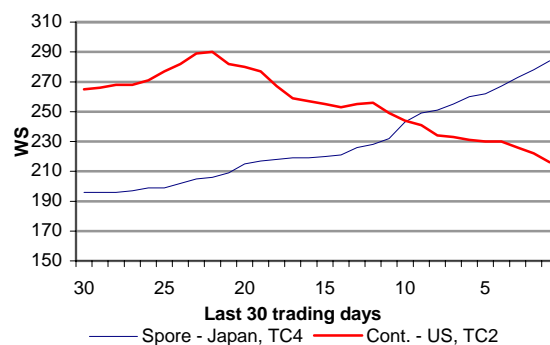
LR earnings



BITR rates, crude



BITR rates, clean



## Sale and purchase

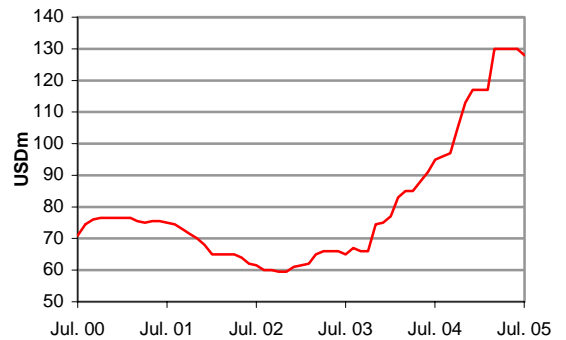
### Market comment

An active week for sales of VLCCs. While Nanjing reportedly have failed the purchase of the 93 built “Front Tobago” for USD 56 mill, Titan appear as possible buyers. They have also secured two other VLCCs this week: The 94 built single hull vessel “Falcon” was sold for USD 57 mill, and the 93 built double hull vessel “Folk Star” was sold to Titan for firm USD 89 mill.

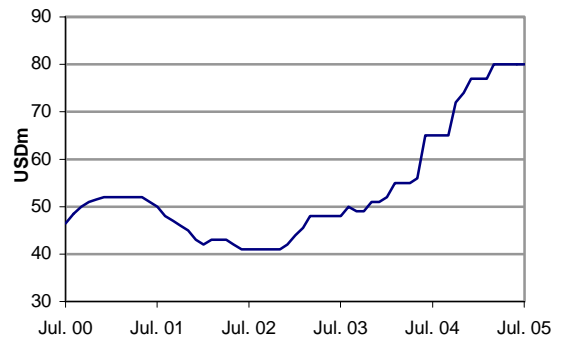
### Second hand values

Vessel /USDm	Latest	1 mth	2 mth	3 mth	12 mth
300' D/D 3 yrs	128.0	130.0	130.0	130.0	95.0
300' D/D 10	98.0	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

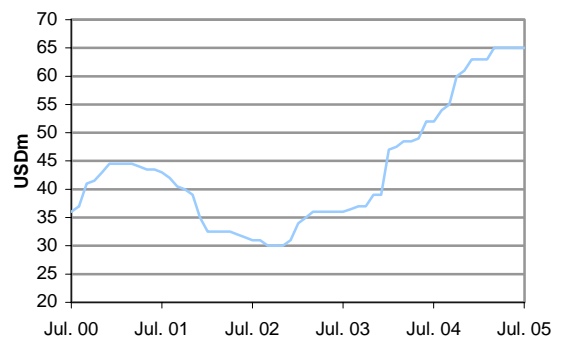
VLCC – 3 year old



Suezmax – 3 year old



Aframax – 3 year old



## S&P Transactions

### Tankers

M/T "FOLK STAR" - 299,999 TDW, BUILT 1993 DAEWOO (DOUBLE HULL) REPORTED SOLD USD 89 MILL TO TITAN.

M/T "FALCON" - 265,995 TDW, BUILT 1994 MITSUBISHI NAGASAKI (SINGLE HULL) SOLD USD 57 MILL TO TITAN.

M/T "VELEZ-BLANCO" - 147,067 TDW, BUILT 1992 ESPANOLES PUERTO REAL (COILED) SOLD USD 33 MILL TO UNDISCLOSED BUYERS.

M/T "ARMATA" - 89,920 TDW, BUILT 1980 NAMURA IMARI (COILED) SOLD USD 9.5 MILL TO USD UNDISCLOSED BUYERS.

M/T "SEABULK RELIANT" - 48,000 TDW, BUILT 1999 DAEWOO HI (DOUBLE HULL, COILED) SOLD USD 43 MILL TO GREEK BYERS

M/T "NORDAFRIKA" - 37,463 TDW, BUILT 2003 STX (DOUBLE HULL, COILED, IMO3) SOLD USD 45 MILL TO VIETNAMESE BUYERS.

M/T "OAK GALAXY" - 19,900 TDW, BUILT 2004 SHIN KURUSHIMA SOLD USD 32.8 MILL TO AN UNDISCLOSED BUYER.

### Bulkers

M/S "MARITIME RIAL" - 69,607 TDW, BUILT 1993 HASHIHAMA ZOSEN SOLD USD 25.75 MILL TO GREEK BUYERS.

## Demolition

A more active market this week, with some hungry buyers in Bangladesh. The product tanker “Nikos” was sold to Bangladesh for USD 400/Ldt.

However, as these buyers fill their immediate demand, we do not see the current level in Bangladesh as sustainable in the short term.

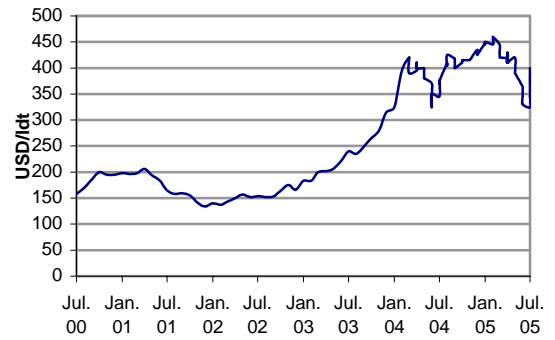
Demolition volume		
# vessels	YTD	Year ago
VLCC	1	4
Suezmax	2	9
Aframax	16	15

Demolition prices (tankers, USD/ldwt)			
China	India	Pakistan	Bangladesh
315	315	335	400

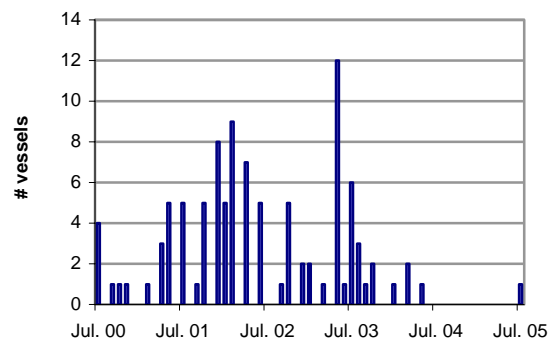
## Transactions

M/T "NIKOS" - 33,788 TDW, BUILT 1976  
 VEROLME ALBLASSERDA SOLD USD  
 400/LDT TO BANGLADESH

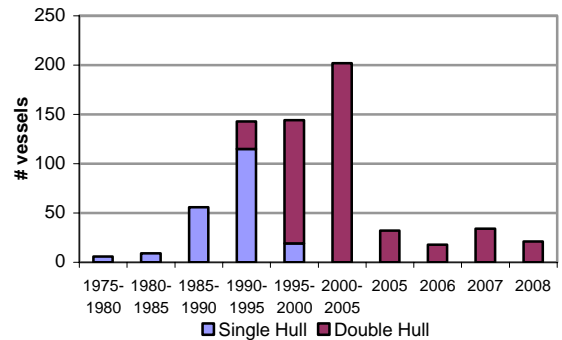
Demolition prices (VLCC, Bangladesh)



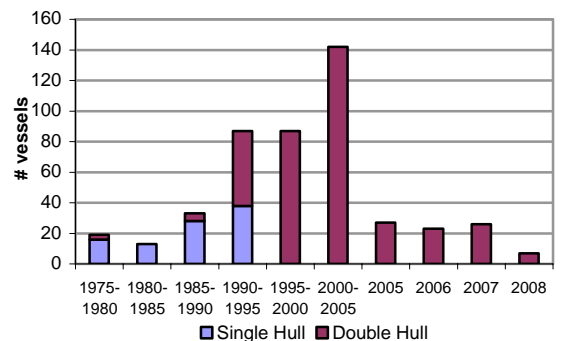
VLCCs sold for demolition



VLCC fleet – Age distribution



Suezmax fleet – Age distribution



## Research

Chinese revaluation was the big news last week in the commodity markets. Currency changes, particularly within a fixed rate regime such as China's, can significantly alter buying patterns. This may be particularly true in China's case because of the comparatively long debate before the fact, which has given refiners time to prepare by delaying "expensive" USD denominated oil imports. Combined with the increase in domestic gasoline prices at the retail level, two potentially major constraints on refinery behavior may have been alleviated: Oil, in USD, has become cheaper (if only by about 2%) and refining it has become more profitable. If Yuan denominated margins now have become attractive, an increase in Chinese imports has become likely. Longer-term, higher prices and a stronger currency is likely to work in the opposite direction by tightening financial conditions.

### Key market drivers

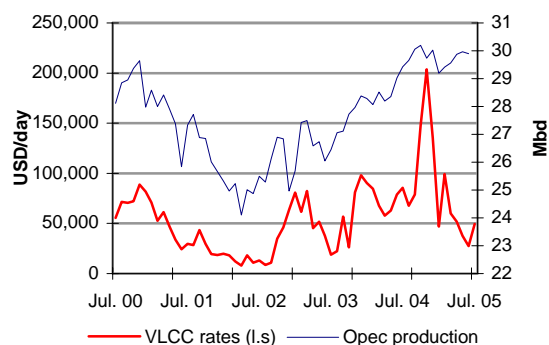
	2003	2004	2004E	2005E
World oil demand (%)	+2.3 %	+3.6 %	+2.1 %	+2.0 %
USA	+1.4 %	+3.5 %	+1.6 %	+1.2%
Europe	+1.6 %	+1.0 %	+0.2%	+0.1%
China	+11.0 %	+15.4%	+9.4%	+7.2%
Japan	+2.2 %	-2.7 %	+0.6 %	0.0%
Opec production (mbd)	27.1	29.1	29.9	30.5
FSU production (mbd)	10.3	11.2	11.6	11.7
<b>Fleet statistics</b>	<b>Current</b>	<b>2005P</b>	<b>2006E</b>	<b>2007E</b>
VLCC fleet (# vessels)	459			
Orderbook	94			
Deliveries		32	21	30
Suezmax fleet (# vessels)	316			
Orderbook	77			
Deliveries		30	23	25

### Average earnings

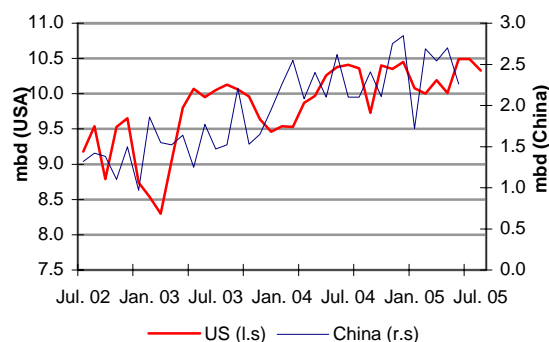
	2003	2004	2005 YTD
VLCC, MEG – Korea	56,233	97,657	49,889
Suezmax, Bonny – Phila.	39,619	65,965	41,242
Aframax, TEES – R.dam	42,127	56,610	43,395

Source: IEA, DoE, Bassøe

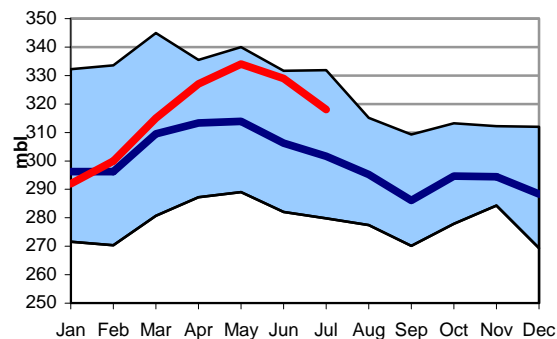
### VLCC rates vs. Opec production



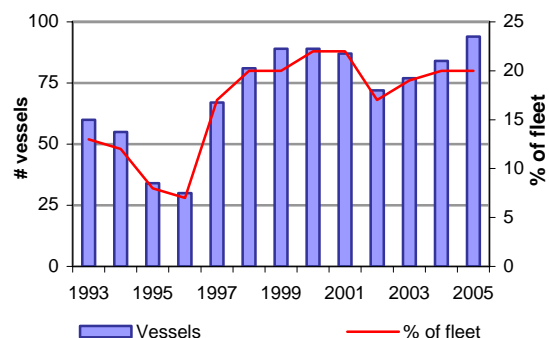
### Crude oil imports



### 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
Fredrik Sagen Andersen	41 23 30 29	41 23 30 29
Nils Andreas Arnesen	22 43 05 25	90 18 46 49
Magnus Dehli	92 45 92 90	92 45 92 90
Alf Fjetland	92 63 44 95	92 63 44 95
<b>TANKER CHARTERING</b>	<b>22 01 08 20</b>	
Gerhard N. Dahl	22 95 19 94	91 16 42 35
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
David Sand	66 82 01 05	90 14 34 31
Inge Wallentin	22 73 27 20	90 89 99 28
<b>OPERATION</b>	<b>22 01 08 30</b>	
Gustav Myreng	67 14 92 37	90 12 19 47
Åge Johnny Haug	69 88 56 80	90 03 55 40
Øystein Heggen	67 12 46 51	90 12 19 46
<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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