

# Bassøe Friday Report

Week 31 – 05.08.2005

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Nr 31. Vol 28

## Tanker chartering – Crude

### Market comments

The VLCC story repeats itself this week: Low activity, abundance of tonnage and downward trend in the rate levels.

Due to low activity in all areas of the Suezmax market this week, rates dropped significantly. The rates in the Aframax market remain at a stand still this week. Only in the Caribs can we see some changes to the positive.

VLCC (DH)		Current trend: <b>Soft</b>		
Route	WS today	Last week	USD/day	
270' MEG – Korea	72.5	92.5	31,770	
275' MEG – UKC	67.5	80.0	36,564	
260' Bonny – LOOP	67.5	85.0	28,667	

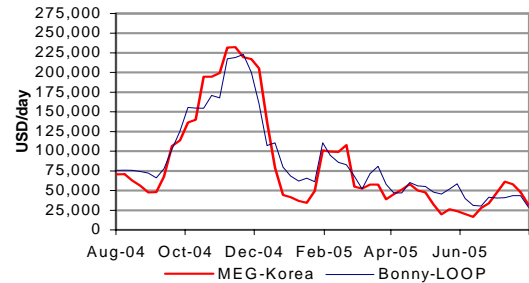
Suezmax		Current trend: <b>Soft</b>		
Route	WS today	Last week	USD/day	
130' Bonny – Phila.	92.5	120.0	20,314	
130' MAF – Ningpo	100.0	120.0	21,565	
135' Novo – Augusta	97.5	120.0	28,955	

Aframax		Current trend: <b>Soft</b>		
Route	WS today	Last week	USD/day	
80' TEES – R.dam	100.0	100.0	16,458	
70' PLC – Texas	140.0	125.0	15,977	
80' MEG – Singapore	160.0	160.0	25,512	

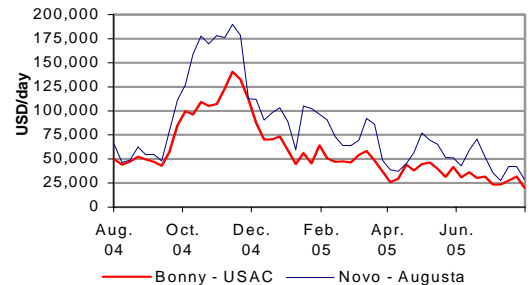
VLCC availability in MEG (# vessels)		
	Single hull	Double hull
Spot	1	0
Next 30 days	40	23

Bunkers (USD/mt)				
	Fujairah	261	Rotterdam	246

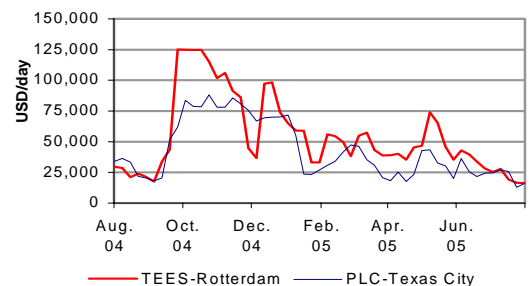
### VLCC earnings



### Suezmax earnings

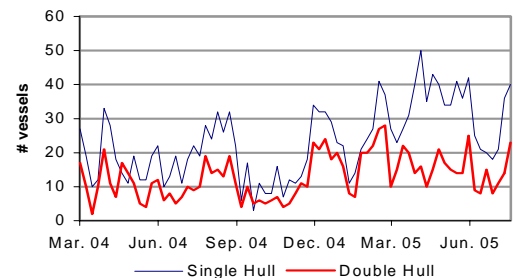


### Aframax earnings



### 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 East of Suez in all areas with more pressure on the LR's towards end of the week. The western markets have been active, but rates are down in all areas.

### Market assessment – MR

Route	WS today	Last week	USD/day
30' Spore - Japan	290.0	285.0	16,964
37' Cont. - US	187.5	217.5	12,258
38' Car. - USAC	160.0	210.0	7,804

### Market assessment – LR

Route	WS today	Last week	USD/day
55' MEG – Japan	215.0	230.0	24,093
75' MEG – Japan	180.0	185.0	25,860

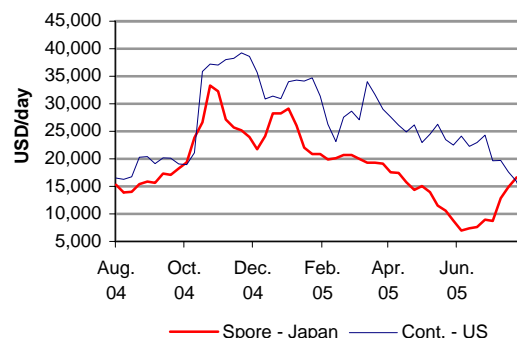
## Freight derivatives

A fairly slow week for TD3 with little change in rate levels. TD5 was quite active as rates came off significantly when underlying rates broke into the w90s. Unusual amount of interest in TD7 with active trading throughout the curve. Lack of Atlantic activity caused TC2 levels to come off. Surplus of LR1s resulted in lower TC5 rates, but after several fixtures end week we expect this trend to turn

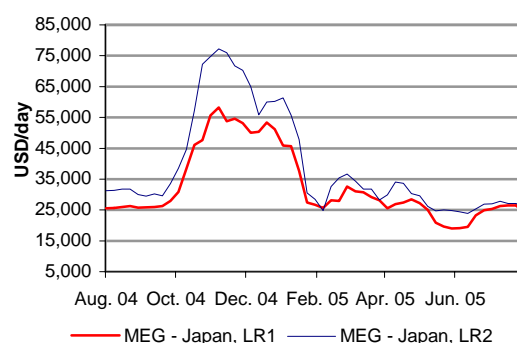
### Weekly change in key FFA contracts

Aug	Sep	Q4	Q1'06	Q2'06	CAL06
<b>TD3 MEG-Japan, 250' dwt</b>					
65.0	73.0	100.0	89.0	81.0	83.0
-7.0	-5.0	-4.0	-9.0	-1.5	0.0
<b>TD 5 West Africa – USAC, 130' dwt</b>					
96.0	115.0	150.0	148.0	120.0	130.0
-29.0	-20.0	-10.0	-2.0	0.0	-2.0
<b>TD 7, North Sea, UKC, 80' dwt</b>					
106.0	125.0	162.0	155.0	129.0	141.0
-3.0	-2.5	-5.5	0.0	-1.0	1.0
<b>TC 2 Cont-USAC, 37' dwt</b>					
197.5	225.0	281.0	270.0	240.0	242.0
-27.5	-12.5	-6.5	-10.0	0.0	-0.5
<b>TC 5, MEG-Japan, 55' dwt</b>					
217.5	212.5	260.0	252.5	220.0	220.0
-5.0	-26.5	-2.5	-2.5	0.0	0.0

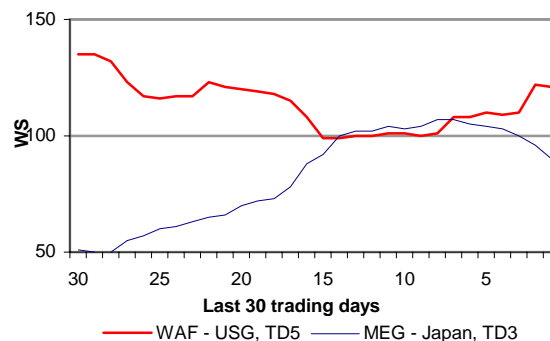
### MR earnings



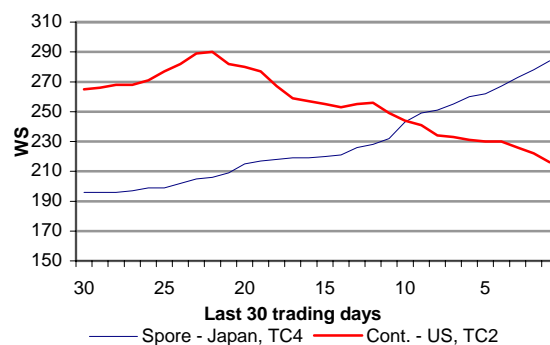
### LR earnings



### BITR rates, crude



### BITR rates, clean



# Sale and purchase

## Market comment

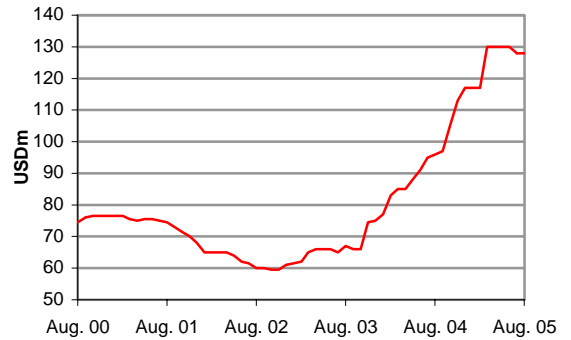
Low activity in the second hand sales market for both tanker and dry bulk vessels as we are heading towards summer holidays.

World tankers have acquired the 99 built M/T “Ioannis” – 47,000 tdw for right below USD 41 mill.

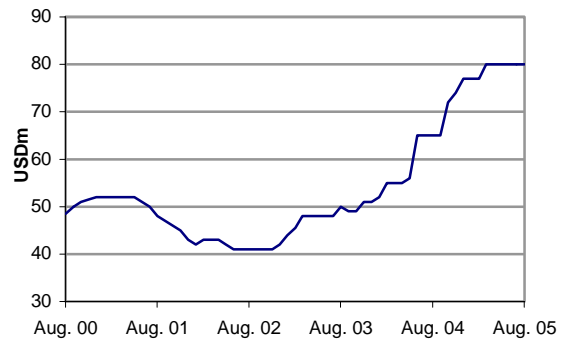
## Second hand values

Vessel /USDm	Latest	1 mth	2 mth	3 mth	12 mth
300' D/D 3 yrs	128.0	128.0	130.0	130.0	96.0
300' D/D 10	98.0	98.0	100.0	100.0	68.0
280' S/S 1990	56.0	56.0	56.0	58.0	47.0
150' D/D 3 yrs	80.0	80.0	80.0	80.0	65.0
150' D/D 10	66.0	66.0	66.0	67.0	50.0
140' S/S 1990	28.0	28.0	28.0	29.0	23.0
105' D/D 3 yrs	65.0	65.0	65.0	65.0	54.0
95' D/D 10yrs	46.0	46.0	46.0	47.0	37.0
95' S/S 1990	21.0	21.0	21.0	23.0	21.0
70' D/D 3 yrs	48.0	48.0	48.0	48.0	40.0
47' D/D 3 yrs	45.0	45.0	45.0	45.0	37.5
45' D/D 10 yrs	33.0	33.0	33.0	33.0	24.0
40' S/S 1990	15.0	15.0	15.0	16.0	13.0

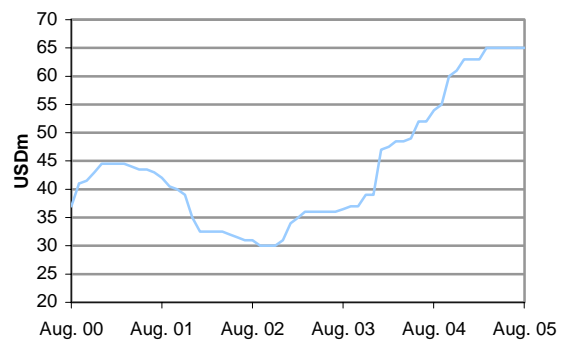
VLCC – 3 year old



Suezmax – 3 year old



Aframax – 3 year old



## S&P Transactions

### Tankers

M/T "IOANNIS" - 47,106 TDW, BUILT 1999 ONOMICHI (DOUBLE HULL) SOLD USD 41 MILL TO WORLD TANKERS

M/T "ALTANTIC LADY" – 7,100 TDW, BUILT 2005 SOLD USD 17.5 MILL TO TURKISH BUYERS.

### Bulkers

M/S "AGAMEMNON" - 23,443 TDW, BUILT 1983 ISHIKAWAJIMA TOKYO (CR 5X25T) SOLD TO FAR EAST BUYERS FOR USD 8.25 MILL.

M/S "OSIOS DAVID" - 18,737 TDW, BUILT 1976 KOCHI JYUKO (DR 4X25T) SOLD USD 3.65 MILL TO UNDISCLOSED BUYERS.

## Demolition

Bangladesh continues to pay a large premium to the other markets as M/T “Porthos” was sold at USD 401/ldt to Bangladesh. OSG sold their Aframax “Overseas Chicago” to China “as is” in Hong Kong for USD 280/ldt.

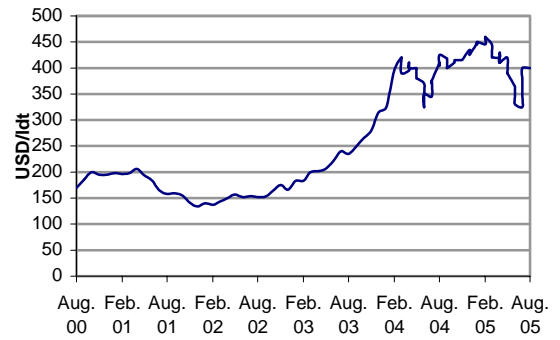
Demolition volume		
# vessels	YTD	Year ago
VLCC	1	4
Suezmax	2	9
Aframax	17	15

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

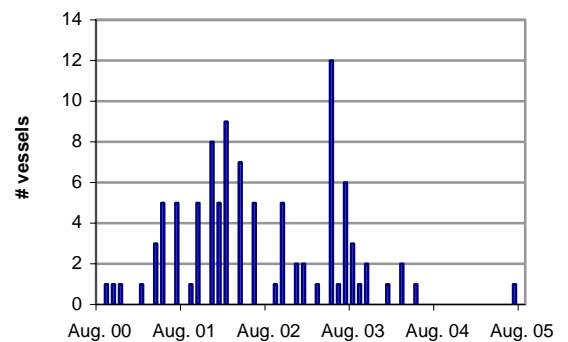
## Transactions

TT "OVERSEAS CHICAGO" - 92,091 TDW,  
 BUILT 1977 NATIONAL STEEL SOLD "AS IS"  
 HONG KONG TO CHINA FOR USD 280/LDT  
 M/T "PORTHOS" - 54,131 TDW, BUILT 1981  
 KOYO MIHARA SOLD USD 401/LDT TO  
 BANGLADESH

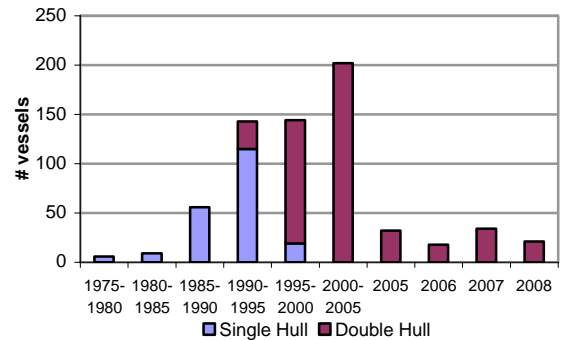
Demolition prices (VLCC, Bangladesh)



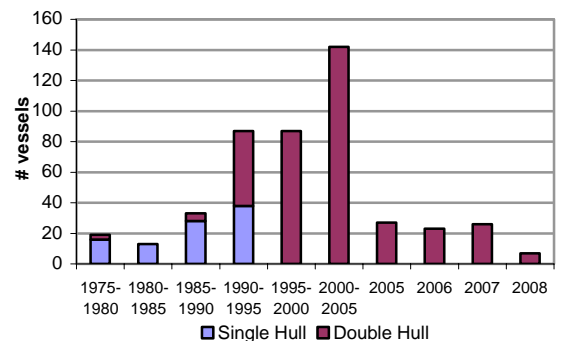
VLCCs sold for demolition



VLCC fleet – Age distribution



Suezmax fleet – Age distribution



## Research

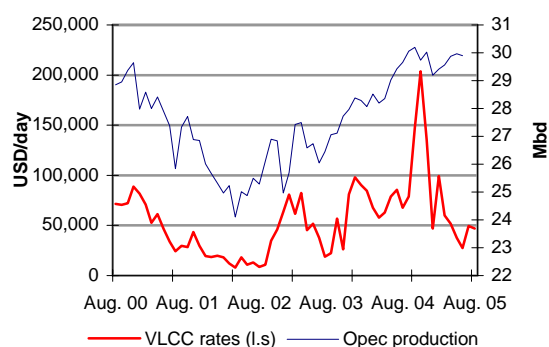
How much of a problem does the current 20 mbl y/y surplus in US crude oil stocks represent for exporters and shipowners looking to move more crude? Or does it simply represent good planning from refiners, meaning that all of it (at least) will be required. Demand from US refiners have been puzzlingly low this spring and took a further hit with hurricane disruptions in July. We now expect there to be some payback time, however. The strength of product demand is biting into inventories and with excellent margins, refineries should continue to go full blast. We expect the normal late season dip in refinery demand therefore to be very shallow, resulting in a further drop in the inventory surplus. Present robust import levels should thus stay well supported. Does anyone now remember how bloated the now tight gasoline stocks looked in the spring?

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 (mbl)	27.1	29.1	29.9	30.5
FSU production (mbl)	10.3	11.2	11.6	11.7
Fleet statistics				
	Current	2005P	2006E	2007E
VLCC fleet (# vessels)	459			
Orderbook	94			
Deliveries		32	21	30
Suezmax fleet (# vessels)	316			
Orderbook	77			
Deliveries		30	23	25

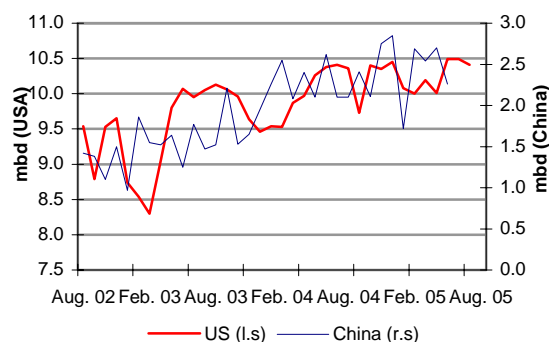
Average earnings	2003	2004	2005 YTD
VLCC, MEG – Korea	56,233	97,657	49,304
Suezmax, Bonny – Phila.	39,619	65,965	40,567
Aframax, TEES – R.dam	42,127	56,610	42,526

Source: IEA, DoE, Bassøe

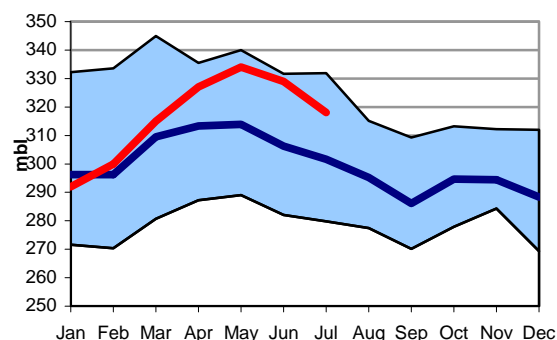
### VLCC rates vs. Opec production



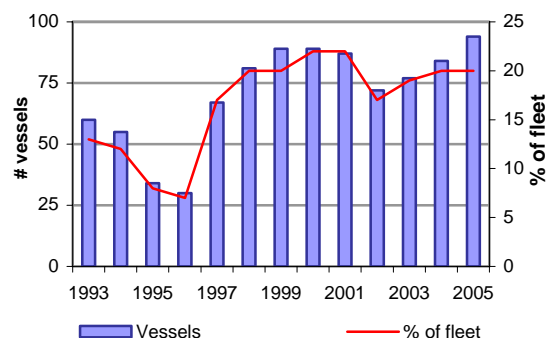
### Crude oil imports



### 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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