

Bassøe Friday Report

Week 35 – 02.09.2005

www.pfbassoe.no

Nr 35. Vol 28

Tanker chartering – Crude

Market comments

The VLCC market ends the week on a firming note, with widening rates between single and double hull vessels. Rate levels vary between low WS60's on smaller to 70 on larger MEG/East for Charterers able to use single hull tonnage. There is a fierce battle from double hull Owners to sustain the tendency when a double hull fixed MEG/USWC at WS105. The Atlantic basin remains relatively quiet. Another quiet week in the Suezmax market with only about 25 fixtures concluded worldwide. Rates are only marginally down from last week.

Aframaxes were quiet in the North Sea, but rates seem to have bottomed out. The Caribs market was up mid-week due to the hurricane Katrina. Med/Blsea and Far East rates are unchanged.

VLCC (DH)		Current trend: Firmer		
Route	WS today	Last week	USD/day	
270' MEG – Korea	75.0	70.0	27,499	
275' MEG – UKC	70.0	65.0	32,888	
260' Bonny – LOOP	67.5	65.0	24,501	

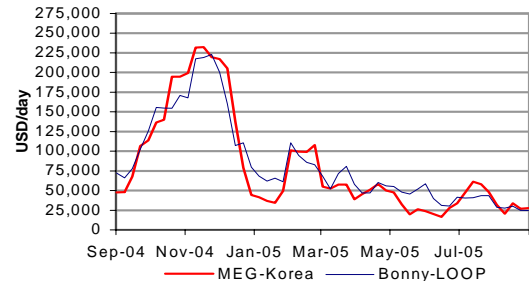
Suezmax (DH)		Current trend: Weaker		
Route	WS today	Last week	USD/day	
130' Bonny – Phila.	120.0	125.0	28,325	
130' MAF – Ningpo	125.0	145.0	27,458	
135' Novo – Augusta	117.5	120.0	38,892	

Aframax (DH)		Current trend: Mixed		
Route	WS today	Last week	USD/day	
80' TEES – R.dam	125.0	145.0	29,055	
70' PLC – Texas	162.5	142.5	19,429	
80' MEG – Singapore	170.0	175.0	25,464	

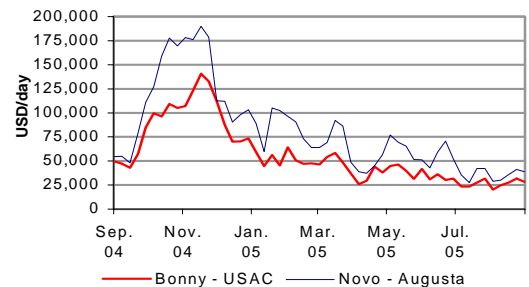
VLCC availability in MEG (# vessels)		
	Single hull	Double hull
Spot	6	1
Next 30 days	34	20

Bunkers (USD/mt)			
Fujairah	330	Rotterdam	300

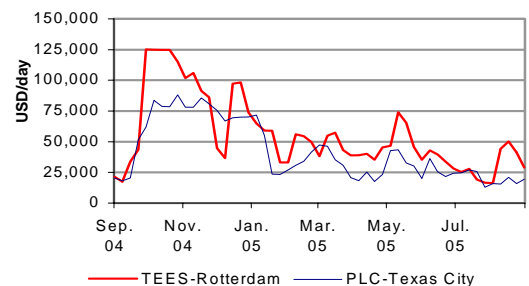
VLCC earnings



Suezmax earnings

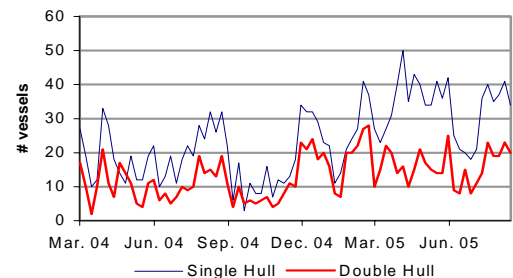


Aframax earnings



VLCC availability in MEG

vessels next 30 days ex. FRO and TI



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Tanker chartering – Clean

Market Comment

Lack of large MR's in September position on the Cont have resulted in a number of large Handies helping out transatlantic forcing rates further up. This will in turn support the short hauling in Europe which has fallen behind. Rumors last night transatlantic rates passed W400 and move towards W450? Lack of LR1 and LR2 continue to push MEG/East rates upwards whilst Sing/Japan at the moments seems to stay calm.

Market assessment – MR			
Route	WS today	Last week	USD/day
30' Spore - Japan	320.0	290.0	18,006
37' Cont. - US	425.0	262.5	39,308
38' Car. - USAC	325.0	245.0	26,775

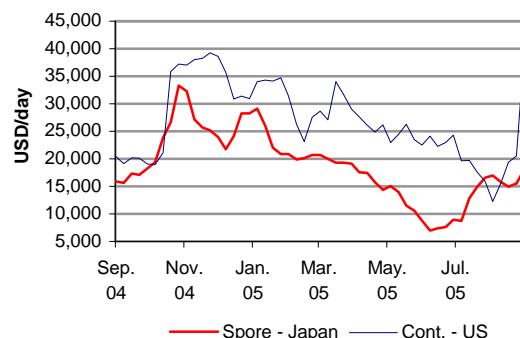
Market assessment – LR			
Route	WS today	Last week	USD/day
55' MEG – Japan	265.0	245.0	30,710
75' MEG – Japan	250.0	220.0	39,211

Freight derivatives

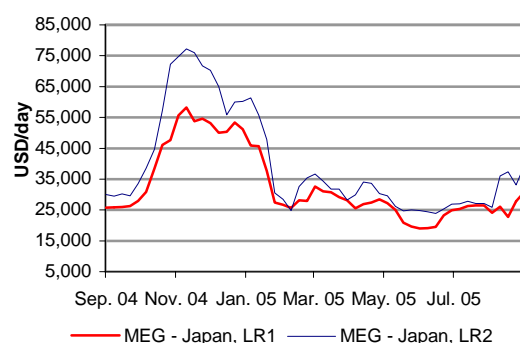
Headlines reserved for TC2. As physical rates shoot through the roof and beyond, all clean markets have sky-rocketed along the curve. Should be some momentum left for next week. TD3 and TD7 have followed the upward trend based on higher fixing activity and expectations, respectively - Afras have bottomed out on the physical side. TD5 was fairly quiet and indecisive but lent bullish support from Katerine.

Weekly change in key FFA contracts					
Sep	Oct	Q4	Q1'06	Q2'06	CAL06
TD3 MEG-Japan, 250' dwt					
95.0	120.0	133.0	107.0	90.0	94.0
14.0	22.0	20.5	7.0	4.0	5.0
TD 5 West Africa – USAC, 130' dwt					
140.0	158.0	178.0	152.5	125.0	134.0
12.5	13.0	13.0	0.0	-1.0	1.0
TD 7, North Sea, UKC, 80' dwt					
152.5	175.0	187.5	170.0	132.0	144.0
24.5	22.0	17.5	5.0	1.0	2.0
TC 2 Cont-USAC, 37' dwt					
455.0	440.0	425.0	337.5	262.5	272.5
171.0	135.0	109.0	40.0	12.5	19.5
TC 5, MEG-Japan, 55' dwt					
310.0	290.0	350.0	280.0	245.0	245.0
45.0	35.0	50.0	7.5	25.0	15.0

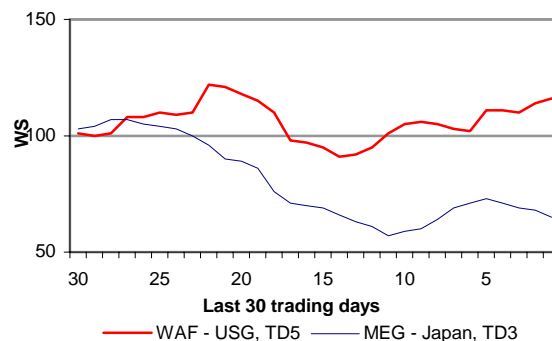
MR earnings



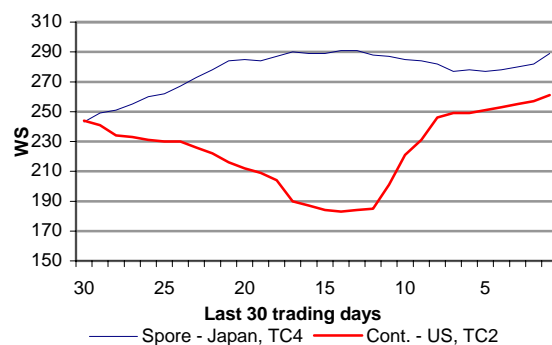
LR earnings



BITR rates, crude



BITR rates, clean



Sale and purchase

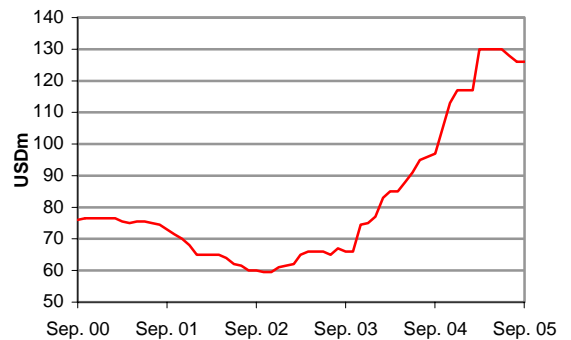
Market comment

As the market is back after summer holidays, we expect interest to increase over the next couple of weeks. The sale of an Aframax this week supports the current SH values.

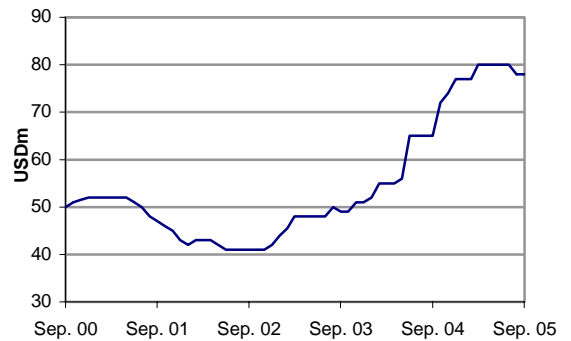
Second hand values

Vessel /USDm	Latest	1 mth	2 mth	3 mth	12 mth
300' D/D 3 yrs	126.0	126.0	128.0	130.0	97.0
300' D/D 10	96.0	96.0	98.0	100.0	70.0
280' S/S 1990	52.0	52.0	56.0	56.0	49.0
150' D/D 3 yrs	78.0	78.0	80.0	80.0	65.0
150' D/D 10	64.0	64.0	66.0	66.0	50.0
140' S/S 1990	26.0	26.0	28.0	28.0	27.0
105' D/D 3 yrs	64.0	64.0	65.0	65.0	55.0
95' D/D 10yrs	46.0	46.0	46.0	46.0	38.0
95' S/S 1990	20.0	20.0	21.0	21.0	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	38.0
45' D/D 10 yrs	33.0	33.0	33.0	33.0	25.0
40' S/S 1990	14.0	14.0	15.0	15.0	14.0

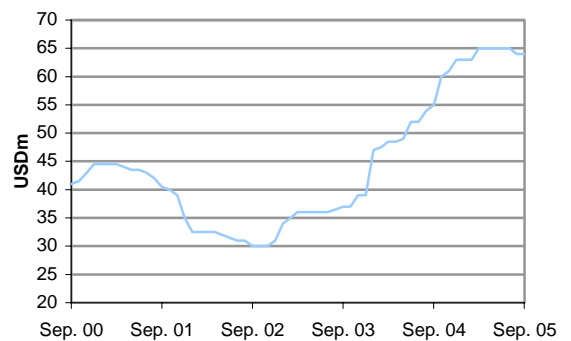
VLCC – 3 year old



Suezmax – 3 year old



Aframax – 3 year old



S&P Transactions

Tankers

M/T "SEAFALCON" - 97,114 TDW, BUILT 1991 KOYO DOCK MIHARA (SINGLE HULL) SOLD USD 24 MILL TO DRYTANK, GREECE.

M/T "ON YANG" - 4,998 TDW, BUILT 1998 HAEDONG (COILED, IMO3) SOLD USD 7.6 MILL TO UNDISCLOSED BUYERS.

Bulkers

M/S "IKARIA" - 129,237 TDW, BUILT 1981 MITSUI TAMANO SOLD USD 12.5 MILL TO VROON, NETHERLANDS.

M/S "GUINOMAR BARAKA" - 74,000 TDW, BUILT 2000 IMABARI MARUGAME SOLD USD 37 MILL TO GLEAMRAY MARITIME, GREECE

M/S "BOLINA" - 73,624 TDW, BUILT 2004 JIANGNAN GROUP SOLD USD 45 MILL TO DIANA SHIPPING, GREECE, INCLUDING 2 YEAR TC AT USD 25,000/DAY.

M/S "SIETE OCEANOS" - 45,694 TDW, BUILT 1995 TSUNEISHI (CR 4X25T) SOLD USD 23/24 MILL TO GREEK BUYERS.

M/S "JOP" - 28,200 TDW, BUILT 2000 BOHAI (DOUBLE BOTTOM, CR 4X30T) SOLD USD 29 MILL TO UNDISCLOSED BUYERS.

Demolition

Market comment

The market has been fairly quiet since last week, with no sales of any importance to report, and prices remain fairly steady. China continues to struggle with low demand for recycled steel and low steel prices.

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

Demolition prices (tankers, USD/ldwt)			
China	India	Pakistan	Bangladesh
310	330	330	400

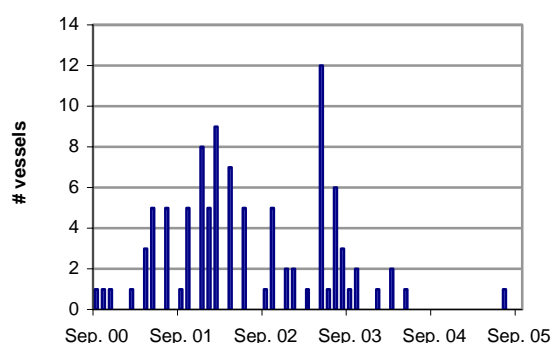
Transactions

No transactions to report!

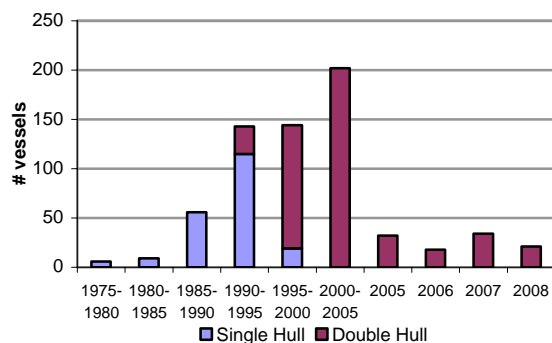
Demolition prices (VLCC, Bangladesh)



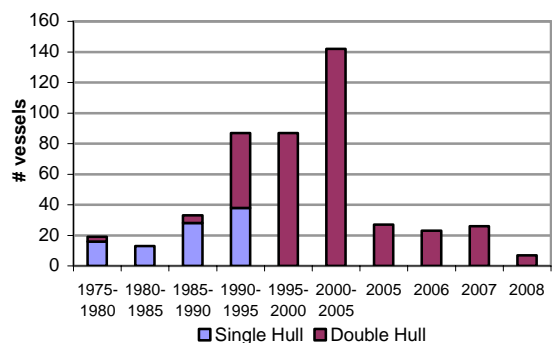
VLCCs sold for demolition



VLCC fleet – Age distribution



Suezmax fleet – Age distribution



Research

In addition to the tragic impact to the people of Mississippi and Louisiana, Katrina is making its impact on the oil and tanker markets. Katrina has shut down 1.3 mbd of crude production (25% of total US output), and reduced refinery production by 2mbd (11% of US capacity). In the short-run electricity is causing the main constraints, while physical damages to refineries and production units will be the main constraint in the long-run. How severe the damages are will take weeks to find out. As the commercial inventories of refined products are low, and there are no government stocks, the main effect is hitting product tanker rates due to the short lead-time for shipments of refined products. As US product imports account for 25% of total product trade, the substantial rise in US imports will make a global impact on the product market. Crude oil on the other hand has ample supplies and the Strategic Reserves. However, the VLCC market should follow as the price effects filters into Asian refining margins, and thereby boosting demand from this region.

Key market drivers

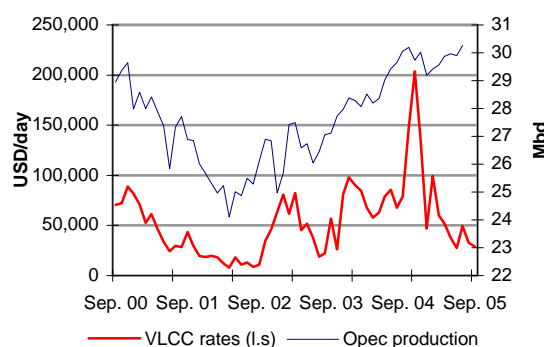
	2003	2004	2004E	2005E
World oil demand (%)	+2.3 %	+3.6 %	+2.1 %	+2.0 %
USA	+1.4 %	+3.5 %	+1.6 %	+1.2%
Europe	+1.6 %	+1.0 %	+0.2%	+0.1%
China	+11.0 %	+15.4%	+9.4%	+7.2%
Japan	+2.2 %	-2.7 %	+0.6 %	0.0%
Opec production (mbd)	27.1	29.1	29.9	30.5
FSU production (mbd)	10.3	11.2	11.6	11.7
Fleet statistics	Current	2005P	2006E	2007E
VLCC fleet (# vessels)	461			
Orderbook	95			
Deliveries		32	18	34
Suezmax fleet (# vessels)	329			
Orderbook	70			
Deliveries		27	23	27

Average earnings

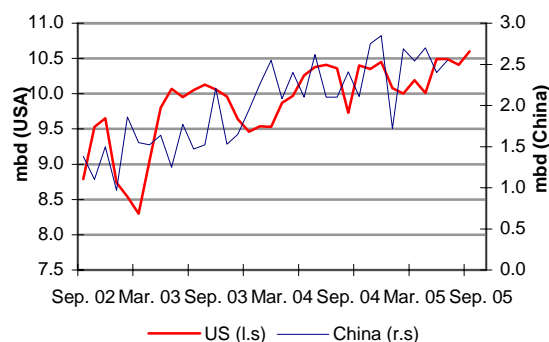
	2003	2004	2005 YTD
VLCC, MEG – Korea	56,233	97,657	46,775
Suezmax, Bonny – Phila.	39,619	65,965	39,144
Aframax, TEES – R.dam	42,127	56,610	42,377

Source: IEA, DoE, Bassøe

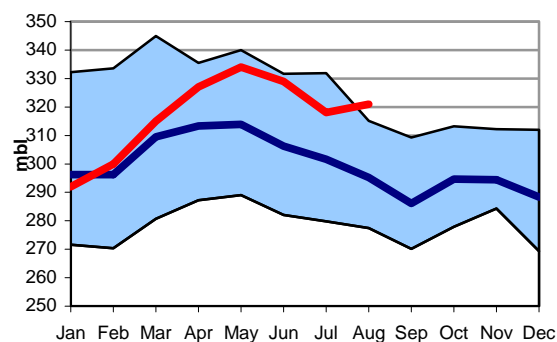
VLCC rates vs. Opec production



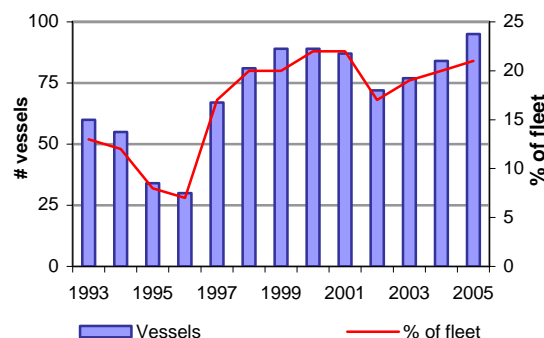
Crude oil imports



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	
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
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
TANKER CHARTERING	22 01 08 20	
Gerhard N. Dahl	22 95 19 94	91 16 42 35
Morten Austvold	64 86 78 11	91 70 50 31
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
David Sand	66 82 01 05	90 14 34 31
Inge Wallentin	22 73 27 20	90 89 99 28
OPERATION	22 01 08 30	
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
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

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