

# Bassøe Friday Report

Week 39 – 30.09.2005

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Nr 39. Vol 28

## Tanker chartering – Crude

### Market comments

A divided world for the VLCC market this week. Westbound trades have done very well, led by a surging West Africa market, while rates to eastern destinations have been held back by ample supply of single hull tonnage. The monthly guessing game over precisely how many October cargoes are left and when November stems will appear is about to begin. If the cargo volumes are to match last months' total, owners would still appear to hold the upper hand. The post-hurricane chaos is also boosting the tanker market, with very strong demand for light sweet crude out of West Africa, as well as some tonnage now being tied up for storage because of the surplus of heavy crude building in the US Gulf. Suezmaxes have capitalized on the VLCC rally and are firmer in all regions. A very strong week for Aframaxes in the North Sea and the Med.

VLCC (DH)		Current trend: <b>Mixed</b>		
Route	WS today	Last week	USD/day	
270' MEG – Korea	105.0	110.0	52,426	
275' MEG – UKC	100.0	90.0	64,013	
260' Bonny – LOOP	125.0	95.0	68,525	

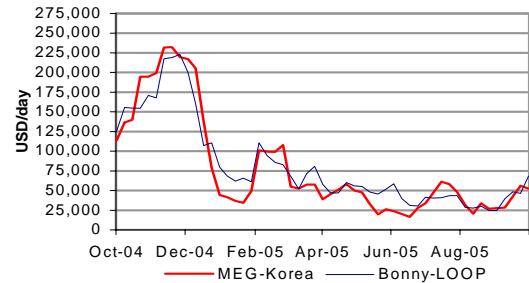
Suezmax (DH)		Current trend: <b>Firm</b>		
Route	WS today	Last week	USD/day	
130' Bonny – Phila.	165.0	150.0	45,589	
130' MAF – Ningpo	120.0	120.0	26,184	
135' Novo – Augusta	165.0	135.0	65,816	

Aframax (DH)		Current trend: <b>Firm</b>		
Route	WS today	Last week	USD/day	
80' TEES – R.dam	167.5	155.0	53,731	
70' PLC – Texas	180.0	180.0	22,342	
80' MEG – Singapore	200.0	200.0	32,542	

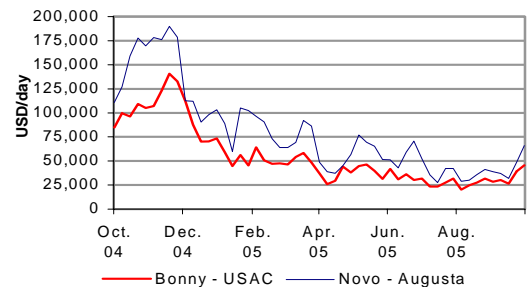
VLCC availability in MEG (# vessels)		
	Single hull	Double hull
Spot	2	0
Next 30 days	31	15

Bunkers (USD/mt)			
	Fujairah		Rotterdam
	318		286

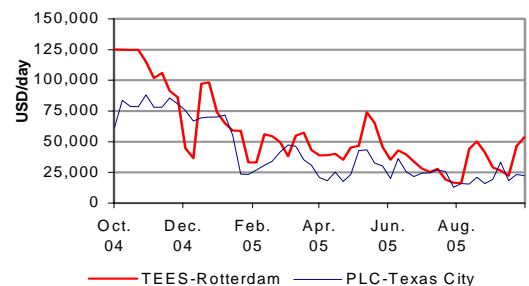
### VLCC earnings



### Suezmax earnings

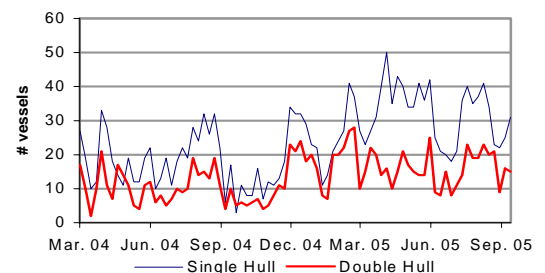


### Aframax earnings



### VLCC availability in MEG

# vessels next 30 days ex. FRO and TI



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# Tanker chartering – Clean

## Market Comment

Car/up moved up last night following the Cont/US where suitable tonnage can be difficult to find looking 3 weeks ahead. LR1 and 2 continue to strengthen together with 30' Sing/Japan.

### Market assessment – MR

Route	WS today	Last week	USD/day
30' Spore - Japan	535.0	515.0	38,845
37' Cont. - US	450.0	425.0	42,727
38' Car. - USAC	340.0	310.0	27,824

### Market assessment – LR

Route	WS today	Last week	USD/day
55' MEG – Japan	405.0	370.0	52,112
75' MEG – Japan	320.0	317.5	53,636

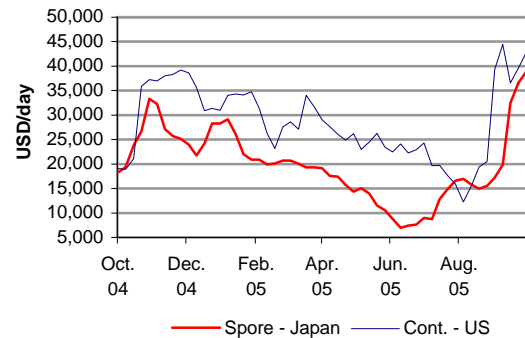
## Freight derivatives

TC2 has again been very active and rates recovered as long-term effect of hurricanes become apparent. Rangebound trading in TD3 with few clear signals from the physical market. The strike in Lavera resulted in a mini rally in TD5 end week, while TD7 traded up through the week but ended on a weaker note

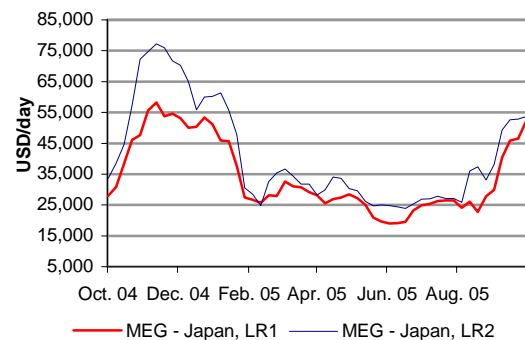
### Weekly change in key FFA contracts

Oct	Nov	Q4	Q1'06	Q2'06	CAL06
<b>TD3 MEG-Japan, 250' dwt</b>					
117.5	132.0	128.0	107.5	84.0	91.0
-5.5	7	4.0	-1.0	-3.5	-1.0
<b>TD 5 West Africa – USAC, 130' dwt</b>					
183.0	188.	185.0	162.5	133.0	135.0
25.5	13.0	12.5	10.0	5.5	0.0
<b>TD 7, North Sea, UKC, 80' dwt</b>					
172.5	185	185	167.5	135.0	145.0
-7.5	-10.0	-10.0	-12.5	0	-5.0
<b>TC 2 Cont-USAC, 37' dwt</b>					
460.0	430.0	430.0	352.5	257.50	277.5
35.0	25.0	75.0	20.0	2.5	7.5
<b>TC 5, MEG-Japan, 55' dwt</b>					
395.0	380.0	390	305	250.0	250.0
20	15	25.0	10.0	5.0	5.0

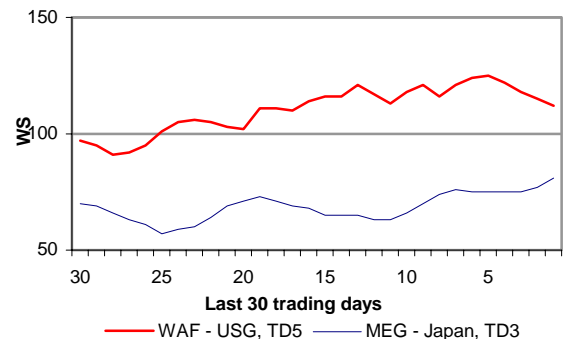
MR earnings



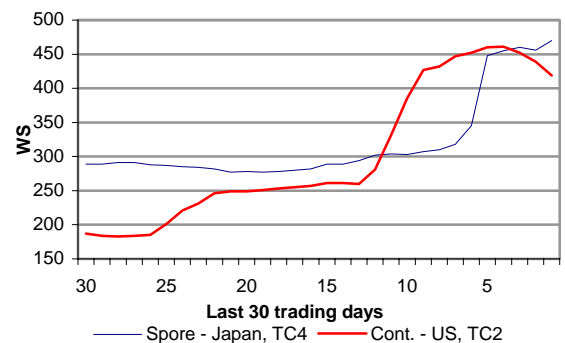
LR earnings



BITR rates, crude



BITR rates, clean



## Sale and purchase

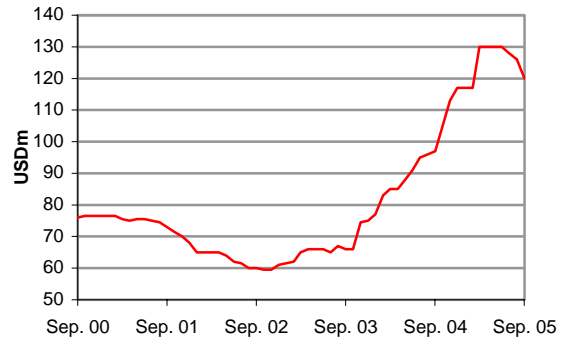
### Market comment

The s&p activity is generally high, particularly for dry bulk vessels but demand for product tankers with early delivery has increased as the effects of the hurricanes in the US become clearer. NATS announced their purchase of another modern Suezmax, taking to 4 the number of such tankers purchased by the company so far this year.

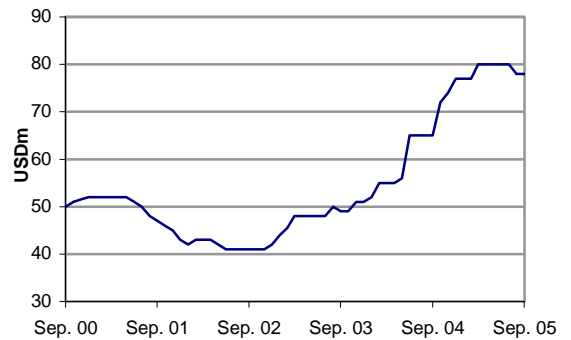
Rumors that Fred Cheng has purchased the VLCC “IRENE SL” blt 2004 for USD 125 mio and a VLCC newbuilding resale ex Universal 2006 for USD 145 mio remain unconfirmed.

Second hand values					
Vessel /USDm	Latest	1 mth	2 mth	3 mth	12 mth
300' D/D 3 yrs	120.0	126.0	128.0	130.0	97.0
300' D/D 10	90.0	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	62.0	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	50.0	48.0	48.0	48.0	40.0
47' D/D 3 yrs	49.0	45.0	45.0	45.0	38.0
45' D/D 10 yrs	37.0	33.0	33.0	33.0	25.0
40' S/S 1990	14.0	14.0	15.0	15.0	14.0

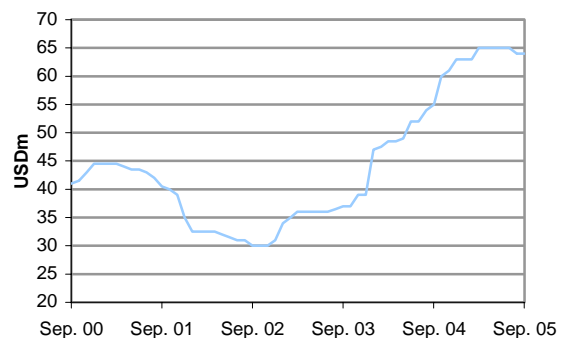
VLCC – 3 year old



Suezmax – 3 year old



Aframax – 3 year old



## S&P Transactions

### Tankers

M/T "SABINE" - 157,331 TDW, BUILT 1998 DAEWOO HI SOLD USD 70 MIO TO NATS, BERMUDA

M/T "DIFKO SUSANNE" - 69,500 TDW, BUILT 1989 B&W (DOUBLE HULL) SOLD USD 32 MIO TO PRIME MARINE, GREECE

### Bulkers

2 X M/V "NEWBUILDING RESALE" - 175,000 TDW, DELIVERY SHANGHAI WAI QUAIO 2006/2007 SOLD USD 59 MIO EACH TO UNDISCLOSED BUYERS

M/S "KWK LEGACY" - 149,505 TDW, BUILT 1993 CHINA SB KAOHSIUNG SOLD USD 33.5 MIO TO CHANG MYUNG, KOREA

M/S "NORDBRIGHT" - 52,800 TDW, BUILT 2001 ONOMICHI (CR 4X30T) SOLD USD 35 MIO TO EAGLE MARITIME, USA WITH 2 YEARS TC BACK TO SELLERS USD 24,000/DAY

M/S "NORDSUND" - 46,634 TDW, BUILT 2001 MITSUI TAMANO (CR 4X30.5T) SOLD USD 35 MIO TO EAGLE MARITIME, USA WITH 2 YEARS TC BACK TO SELLERS USD 24,000/DAY

M/V "HALIM BAY" 53,000 TDW, BUILT ZHEJIANG 2002 (5 H/H CRS 4X30 TS)

M/V "BEYAZIT BAY" 53,000 TDW, BUILT ZHEJIANG 2002 (5 H/H CRS 4X30 TS)

M/V "NEDIM BAY" – 52,817 TDW, BUILT ONOMICHI 2001 (5 H/H CRS 4X30 TS)

M/V "ZEIKI BAY" – 50,969 TDW, BUILT OSHIMA 2001 (5 H/H CRS 4X30 TS)

SOLD USD 135 MIO EN-BLOC TO UNDISCLOSED BUYERS (RUMORED TO BE "IPO BUYERS")

M/V "APOLLON" – 52,105 TDW, BUILT NEW CENTURY 2002 SOLD USD 33.2 MIO TO DILESHIP, GREECE.

M/V "IKAN TUXPAN" – 42,250 TDW, BUILT OSHIMA 1989 SOLD USD 19 MIO TO UNDISCLOSED BUYERS.

M/S "JAG RADHA" - 35,676 TDW, BUILT 1983 KURUSHIMA ONISHI (CR 4X25T) SOLD USD 8.5 MIO TO UNDISCLOSED BUYERS.

M/S "MILENA L" - 28,457 TDW, BUILT 1989 IMABARI (CR 4X30T) SOLD USD 18.5 MIO TO CHINESE BUYERS.

M/S "LARK" - 21,520 TDW, BUILT 1985 WATANABE HAKATA (CR 3X50T) SOLD USD 9.5 MIO TO ITALIAN BUYERS.

# Demolition

## Market comment

Another week with no tanker sales to report due to the cartel in Bangladesh. Owners are still waiting for the situation to stabilize.

Demolition volume		
# vessels	YTD	Year ago
VLCC	1	4
Suezmax	2	10
Aframax	17	19

Demolition prices (tankers, USD/ldwt)			
China	India	Pakistan	Bangladesh
290	365	340	370

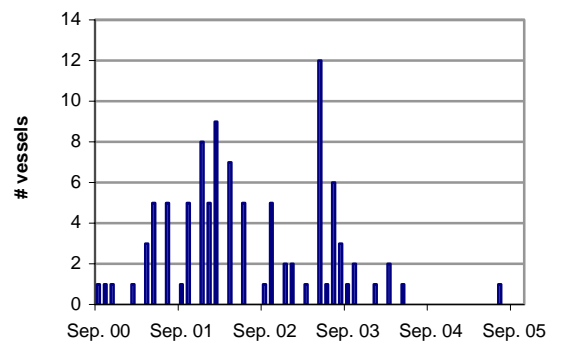
## Transactions

No transactions to report.

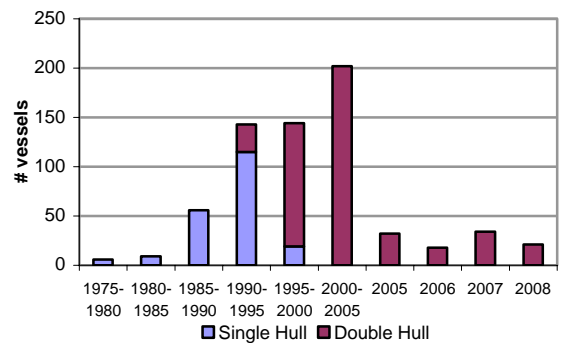
## Demolition prices (VLCC, Bangladesh)



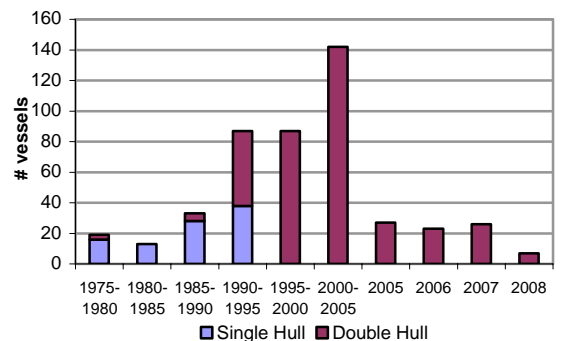
## VLCCs sold for demolition



## VLCC fleet – Age distribution



## Suezmax fleet – Age distribution



## Research

After spending years worrying about what would happen to the world economy if oil prices ever went above \$30, some economists are changing their tune. Rising oil prices are still a concern, but oil has failed, at least so far, to have the negative impact on growth many feared. The IMF's World Economic Outlook is the latest case in point, calling for a continuation of very strong growth of 4.3% through next year. Although this is down from the record 5.1% expansion last year, it would still be one of the best performances on record. Importantly, the forecasts are little changed from the Fund's April report, despite the sharp acceleration in oil prices during this period. These kind of growth rates are good news for shipping of course. Oil demand growth of around 2% could be expected, and that will put a floor under crude and product rates. The fact that bunker prices are unlikely to come down much is a drop in the bucket in this context. Stay tuned!

### Key market drivers

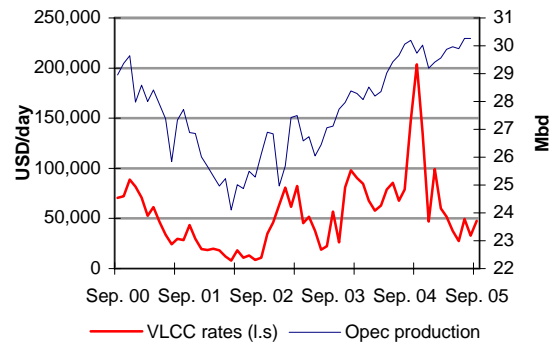
	2003	2004	2005E	2006E
World oil demand (%)	+2.3 %	+3.7 %	+1.6 %	+2.1 %
USA	+1.4 %	+3.5 %	+0.9 %	+1.4%
Europe	+1.6 %	+1.1 %	+0.0%	+0.2%
China	+11.0 %	+15.4%	+3.4%	+7.5%
Japan	+2.2 %	-2.7 %	+0.9 %	0.1%
Opec production (mbd)	27.1	29.1	29.9	30.5
FSU production (mbd)	10.3	11.2	11.6	12.1
<b>Fleet statistics</b>	<b>Current</b>	<b>2005P</b>	<b>2006E</b>	<b>2007E</b>
VLCC fleet (# vessels)	461			
Orderbook	99			
Deliveries		32	18	34
Suezmax fleet (# vessels)	329			
Orderbook	70			
Deliveries		27	23	27

### Average earnings

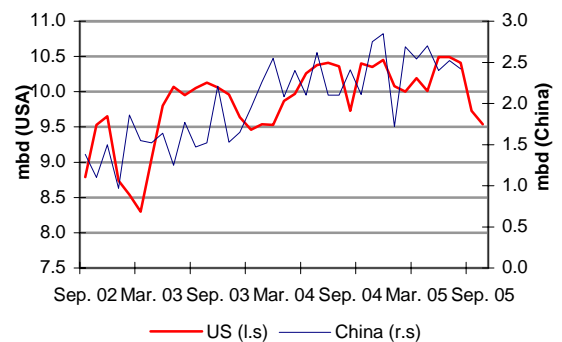
	2003	2004	2005 YTD
VLCC, MEG – Korea	56,233	97,657	46,577
Suezmax, Bonny – Phila.	39,619	65,965	38,759
Aframax, TEES – R.dam	42,127	56,610	41,851

Source: IEA, DoE, Bassøe

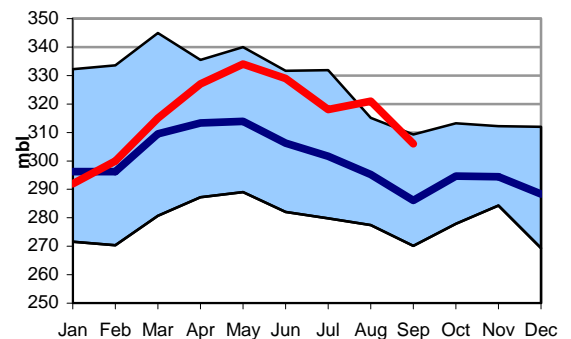
### VLCC rates vs. Opec production



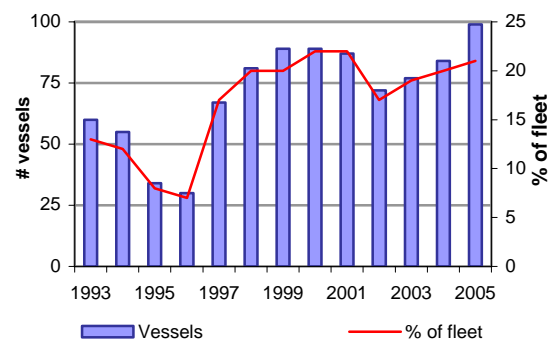
### Crude oil imports



### 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>	
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
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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