

# Bassøe Friday Report

Week 44 – 04.11.2005

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Nr 44. Vol 28

## Tanker chartering – Crude

### Market comments

Despite less activity early this week, Friday ended on a very firm note with sharply increased rates paid both in MEG and West Africa. This trend may very well continue next week. Tonnage availability both in the MEG and Atlantic remain scarce.

Suezmax activity are also down in all areas this week, but rates are still firm. The Aframax market is globally firm except in the Northsea, where we have seen a considerably drop.

VLCC (DH)		Current trend: <b>Firm</b>		
Route	WS today	Last week	USD/day	
270' MEG – Korea	157.5	140.0	95,867	
275' MEG – UKC	130.0	120.0	95,766	
260' Bonny – LOOP	180.0	167.5	116,040	

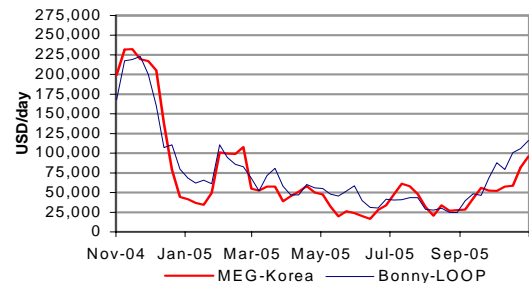
Suezmax (DH)		Current trend: <b>Firm</b>		
Route	WS today	Last week	USD/day	
130' Bonny – Phila.	225.0	215.0	71,424	
130' MAF – Ningpo	185.0	180.0	51,994	
135' Novo – Augusta	237.5	237.5	108,335	

Aframax (DH)		Current trend: <b>Mixed</b>		
Route	WS today	Last week	USD/day	
80' TEES – R.dam	210.0	260.0	78,591	
70' PLC – Texas	260.0	285.0	42,275	
80' MEG – Singapore	292.5	280.0	53,771	

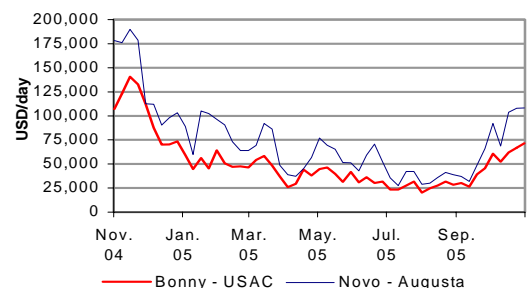
VLCC availability in MEG (# vessels)		
	Single hull	Double hull
Spot	0	0
Next 30 days	15	13

Bunkers (USD/mt)			
Fujairah	299	Rotterdam	266

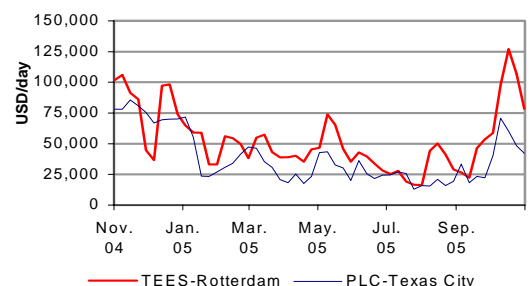
### VLCC earnings



### Suezmax earnings

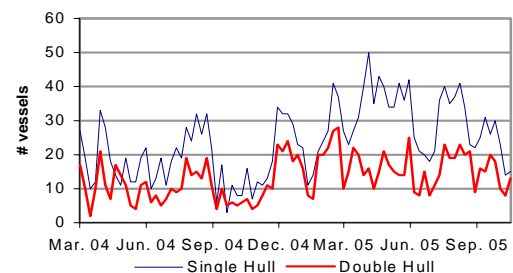


### Aframax earnings



### VLCC availability in MEG

# vessels next 30 days ex. FRO and TI



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# Tanker chartering – Clean

## Market Comment

All main product trades fell this week, clearly shown by the BITR clean index going down 131 since last Thursday. MR Cont/USAC took the biggest beating dropping some 70-80 WS points due to lack of activity.

Market assessment – MR			
Route	WS today	Last week	USD/day
30' Spore - Japan	480.0	510.0	33,632
37' Cont. - US	320.0	385.0	27,643
38' Car. - USAC	280.0	295.0	21,299

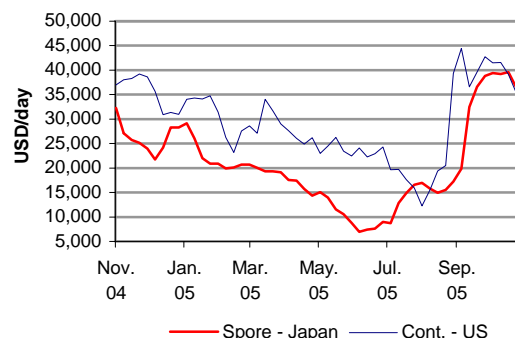
Market assessment – LR			
Route	WS today	Last week	USD/day
55' MEG – Japan	430.0	445.0	56,541
75' MEG – Japan	405.0	420.0	72,632

## Freight derivatives

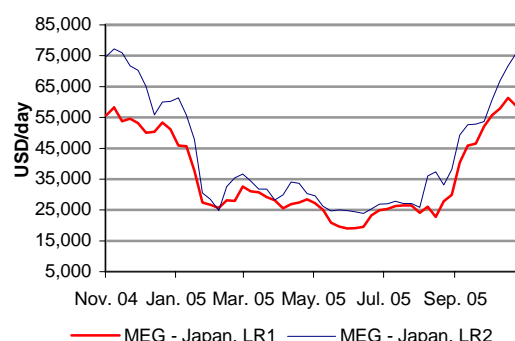
Trend reversal - clean down and crude up. TD3 and TD5 have moved up during the week, with only TD7 lagging behind the other crude routes. Last done VLCC MEG-EAST is WS159 and WAF-USG WS180, and the market still appears to have room to move. The clean markets both east and west are coming off fast, and has led to very strong selling pressure both on the prompt and calendar positions. Especially TC2 ends on a weaker note.

Weekly change in key FFA contracts					
Nov	Dec	Q1'06	Q2'06	Q3'06	CAL06
<b>TD3 MEG-Japan, 250' dwt</b>					
163.0	165.0	116.0	80.0	68.5	90.0
7.0	9.0	2.0	-3.0	3.0	0.0
<b>TD 5 West Africa – USAC, 130' dwt</b>					
235.0	235.0	165.0	115.0	111.0	135.0
5.0	5.0	-5.0	-5.0	-2.0	0.0
<b>TD 7, North Sea, UKC, 80' dwt</b>					
220.0	212.5	167.5	128.0	121.0	143.5
-10.0	-25.0	-7.5	8.0	8	-2.5
<b>TC 2 Cont-USAC, 37' dwt</b>					
300.0	300.0	290.0	235.0	218.0	251.0
-62.5	-57.5	-32.5	-7.5	-2.0	-14.0
<b>TC 5, MEG-Japan, 55' dwt</b>					
397.5	355.0	285.0	213.0	195.0	230.0
0.0	-12.5	-5.0	-14.5	-5.0	-12.5

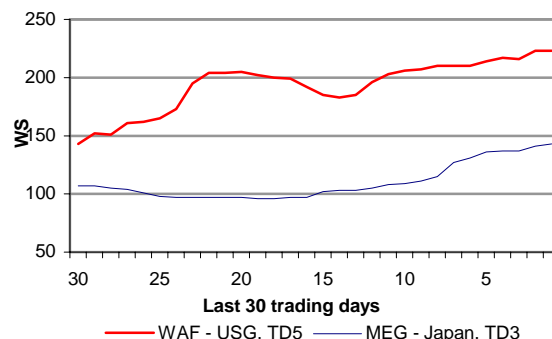
MR earnings



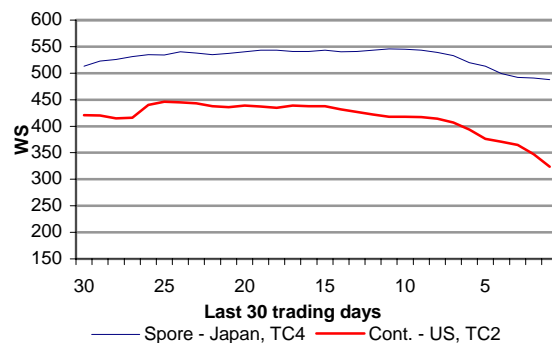
LR earnings



BITR rates, crude



BITR rates, clean



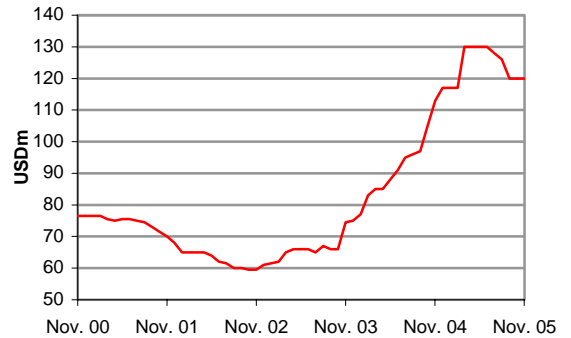
## Sale and purchase

### Market comment

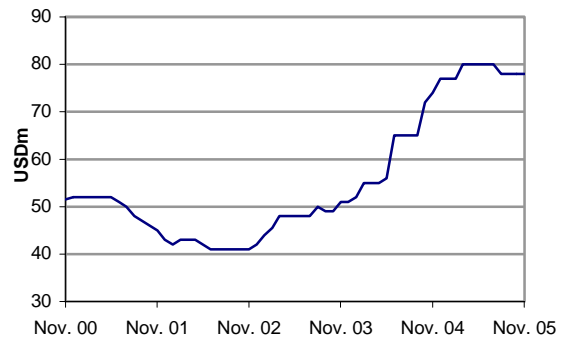
Strong demand for single skin and double sided tankers with buyers keen to capitalise on the significant discount for such vessels relative to the values for double hull tankers. With prompt deliveries these vessels' earnings potential is equally significant.

We understand the six double sided Aframaxes sold from Genmar to John Fredriksen is intended for commercial management with Arcadia.

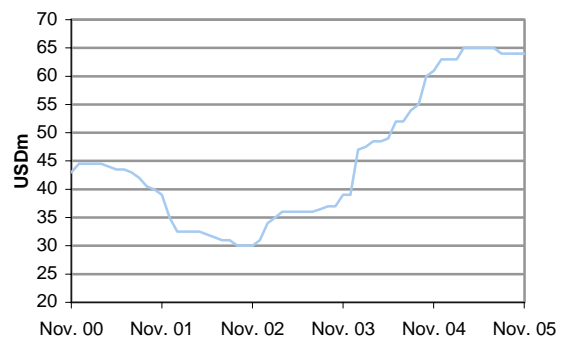
VLCC – 3 year old



Suezmax – 3 year old



Aframax – 3 year old



### Second hand values

Vessel /USDm	Latest	1 mth	2 mth	3 mth	12 mth
300' D/D 3 yrs	120.0	120.0	120.0	126.0	113.0
300' D/D 10	90.0	90.0	90.0	96.0	85.0
280' S/S 1990	48.0	48.0	52.0	52.0	59.0
150' D/D 3 yrs	78.0	78.0	78.0	78.0	74.0
150' D/D 10	62.0	62.0	62.0	64.0	60.0
140' S/S 1990	26.0	26.0	26.0	26.0	36.0
105' D/D 3 yrs	64.0	64.0	64.0	64.0	61.0
95' D/D 10yrs	46.0	46.0	46.0	46.0	44.0
95' S/S 1990	20.0	20.0	20.0	20.0	28.0
70' D/D 3 yrs	50.0	50.0	50.0	48.0	42.0
47' D/D 3 yrs	49.0	49.0	49.0	45.0	40.0
45' D/D 10 yrs	37.0	37.0	37.0	33.0	28.0
40' S/S 1990	14.0	14.0	14.0	14.0	16.0

## S&P Transactions

### Tankers

M/T "TAKAMATSU MARU" - 259,994 TDW, BUILT 1987 MITSUBISHI NAGASAKI SOLD USD 30 MILL TO DYNACOM

M/T "GENMAR NESTOR" - 97,112 TDW, BUILT 1990 IMABARI MARUGAME (DOUBLE SIDES)

M/T "GENMAR LEONIDAS" - 97,000 TDW, BUILT 1990 KOYO DOCK (DOUBLE SIDES)

M/T "GENMAR GEORGE" - 94,995 TDW, BUILT 1989 KOYO MIHARA (DOUBLE SIDES)

M/T "GENMAR GABRIEL" - 94,993 TDW, BUILT 1990 KOYO MIHARA (DOUBLE SIDES)

M/T "GENMAR BOSS" - 88,283 TDW, BUILT 1984 KAWASAKI HEAVY (DOUBLE SIDES)

M/T "GENMAR SUN" - 88,283 TDW, BUILT 1985 KAWASAKI HEAVY (DOUBLE SIDES)

SOLD ENBLOC USD 130 MILL TO JOHN FREDRIKSEN-RELATED COMPANIES.

M/T "LOUL'WAT QATAR" - 96,668 TDW, BUILT 1990 SUMITOMO (SINGLE HULL) AND

M/T "JAHARAT QATAR" - 91,717 TDW, BUILT 1989 SUMITOMO (SINGLE HULL) SOLD USD 20 MILL EACH TO AK SHIPPING, GREECE.

M/T "KOYAGI SPIRIT" - 95,987 TDW, BUILT 1989 MITSUBISHI NAGASAKI (SINGLE HULL) SOLD USD 20 MILL TO CENTROFIN, GREECE

M/T "NILOS" - 88,666 TDW, BUILT 1981 IMABARI MARUGAME SOLD USD 10 MILL TO ANDERS WILHELMSSEN, NORWAY

### Bulkers

NEWBUILDING RESALE – 82,000 DWT DELIVERY EX TSUNEISHI 2006

SOLD USD 37.5 MILL EACH TO MYKONOS SHIPPING, GREECE

M/S "CMB FLORENTINA" - 76,838 TDW, BUILT 2004 OSHIMA SHIPBUILDING SOLD USD 41 MILL TO GREEK BUYERS.

M/S "ARABELLA" - 23,440 TDW, BUILT 1982 ISHIKAWAJIMA TOKYO (CR 5X25T) SOLD USD 7.5 MILL TO BULGARIAN BUYERS.

# Demolition

## Market comment

After a few interesting sales last week, the market more quiet this week with no sales to report.

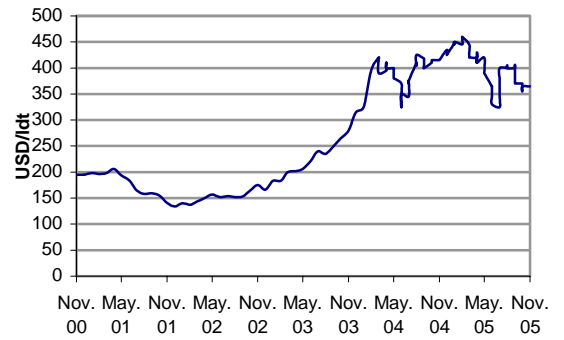
Demolition volume		
# vessels	YTD	Year ago
VLCC	1	4
Suezmax	2	11
Aframax	19	21

Demolition prices (tankers, USD/ldwt)			
China	India	Pakistan	Bangladesh
290	355	340	365

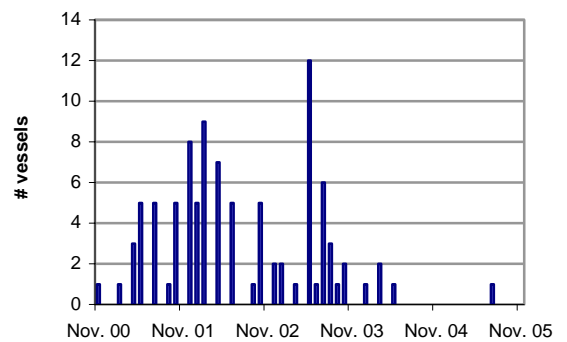
## Transactions

No sales to report!

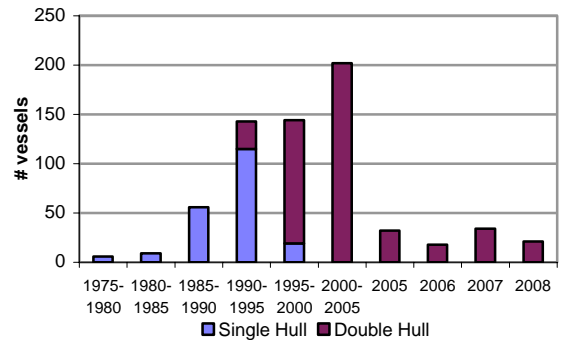
## Demolition prices (VLCC, Bangladesh)



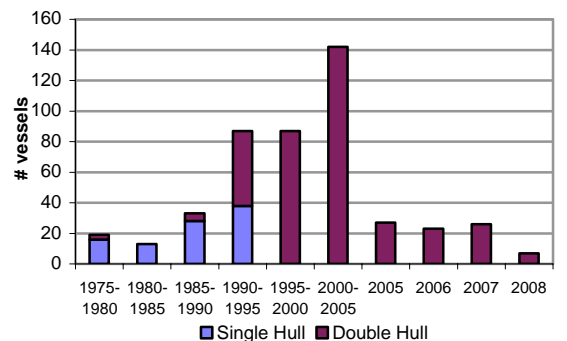
## VLCCs sold for demolition



## VLCC fleet – Age distribution



## Suezmax fleet – Age distribution



## Research

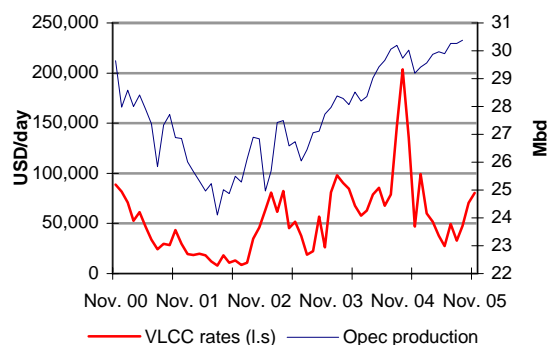
The economic health of Asia is always near the top of anybody’s worry list. Even more so this year with demand from China inexplicably having ground to a halt despite plenty of evidence that the economy remains strong. Worriers should be able to relax somewhat after the latest figures show that oil imports rose sharply in September. Crude and products imports hit a total of 3.3 mbd, the second highest level ever and a good 10% up on last year. With product exports falling, growth in the “implied demand” figure (the sum domestic production and net trade) was positive for only the second time since March. Data from the region’s other big consumer, Japan, added to the positive outlook. Refineries worked overtime in September and kept demand 12% above last year. This was possible both because there are signs of life in domestic consumption, up some 3% from last year, and because product exports maintained a 40% + growth rate. The latter should continue to do well if Chinese demand now indeed is recovering.

Key market drivers				
	2003	2004	2005E	2006E
World oil demand (%)	+2.3 %	+3.7 %	+1.6 %	+2.1 %
USA	+1.4 %	+3.5 %	+0.6 %	+1.5%
Europe	+1.6 %	+1.1 %	+0.0%	+0.1%
China	+11.0 %	+15.4%	+3.2%	+7.0%
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
Fleet statistics	Current	2005P	2006E	2007E
VLCC fleet (# vessels)	461			
Orderbook	99			
Deliveries		32	18	34
Suezmax fleet (# vessels)	334			
Orderbook	65			
Deliveries		27	23	27

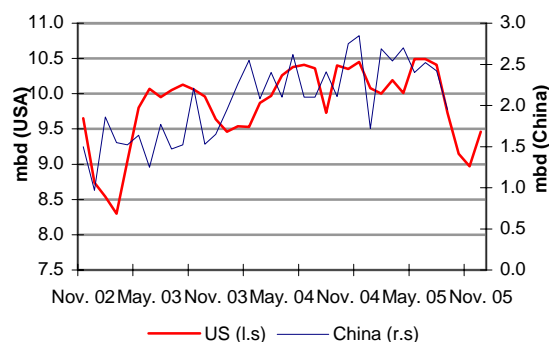
Average earnings	2003	2004	2005 YTD
VLCC, MEG – Korea	56,233	97,657	49,134
Suezmax, Bonny – Phila.	39,619	65,965	41,474
Aframax, TEES – R.dam	42,127	56,610	47,761

Source: IEA, DoE, Bassøe

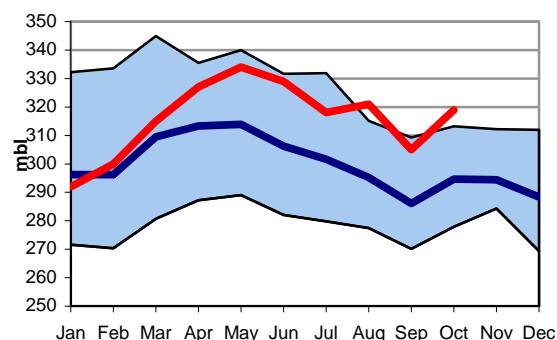
### VLCC rates vs. Opec production



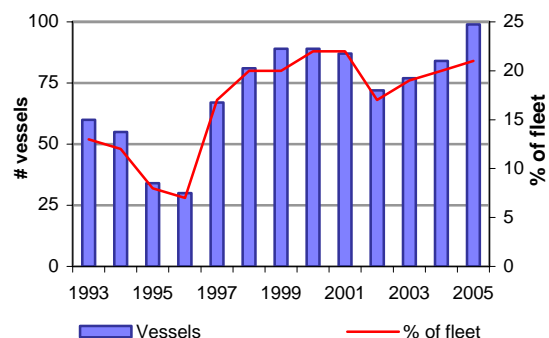
### Crude oil imports



### 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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