

Bassøe Friday Report

Week 45 – 11.11.2005

www.pfbassoe.no

Nr 45. Vol 28

Tanker chartering – Crude

Market comments

The trend from last week continued into this week with a flurry of new cargoes, particularly in MEG and WAFR, resulting in sharply increased rate levels. The list of available VLCC's in MEG is shorter than in many months and Owners have not been bashful to use the momentum by continuously pushing the ratelevels up. At weeks end WS 200+ was fixed MEG/East, which is an increase of some 50 WS-points for the week. WAFR/USG remain more stable, but yet very firm. The rates for VLCC's may even have more to go on next week.. The Suezmax market has seen less activity this week, but rates are still very firm because of the very active VLCC market. Aframax rate levels in the west traded up in the Caribs, while Northsea and Med are slightly down.

VLCC (DH)		Current trend: Firm		
Route	WS today	Last week	USD/day	
270' MEG – Korea	215.0	157.5	142,737	
275' MEG – UKC	155.0	130.0	121,972	
260' Bonny – LOOP	190.0	180.0	127,248	

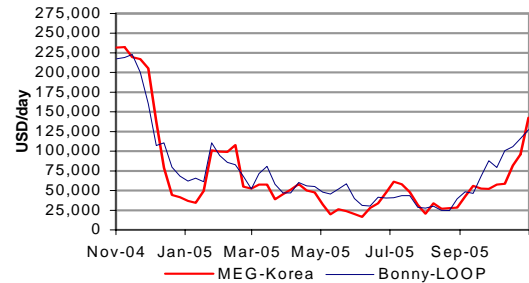
Suezmax (DH)		Current trend: Firm		
Route	WS today	Last week	USD/day	
130' Bonny – Phila.	230.0	225.0	73,524	
130' MAF – Ningpo	240.0	185.0	73,671	
135' Novo – Augusta	225.0	237.5	101,456	

Aframax (DH)		Current trend: Mixed		
Route	WS today	Last week	USD/day	
80' TEES – R.dam	195.0	210.0	70,404	
70' PLC – Texas	345.0	260.0	63,496	
80' MEG – Singapore	330.0	292.5	62,552	

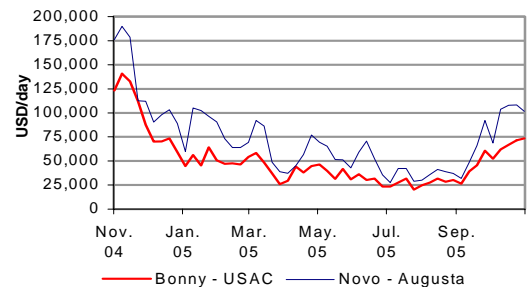
VLCC availability in MEG (# vessels)		
	Single hull	Double hull
Spot	0	0
Next 30 days	12	2

Bunkers (USD/mt)			
Fujairah	286	Rotterdam	254

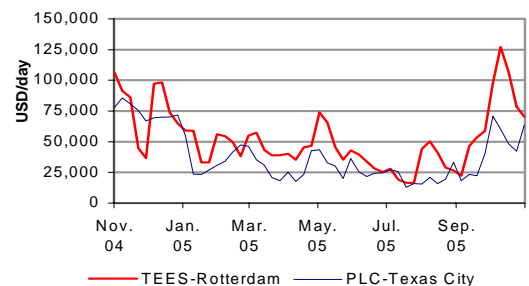
VLCC earnings



Suezmax earnings

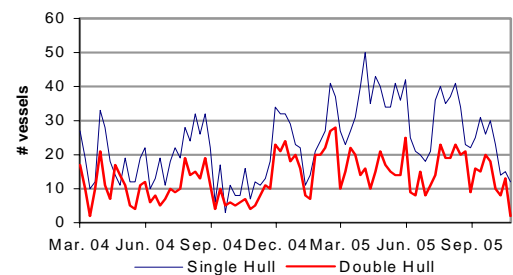


Aframax earnings



VLCC availability in MEG

vessels next 30 days ex. FRO and TI



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Tanker chartering – Clean

Market Comment

This week all markets fell each and every day except 37,000 Cont/US, which turned north late Friday. The Western hemisphere is dominated by unusually mild weather and we still have to wait for the temps to drop.

Market assessment – MR

Route	WS today	Last week	USD/day
30' Spore - Japan	435.0	480.0	29,653
37' Cont. - US	290.0	320.0	24,376
38' Car. - USAC	240.0	280.0	17,297

Market assessment – LR

Route	WS today	Last week	USD/day
55' MEG – Japan	395.0	430.0	51,450
75' MEG – Japan	375.0	405.0	66,711

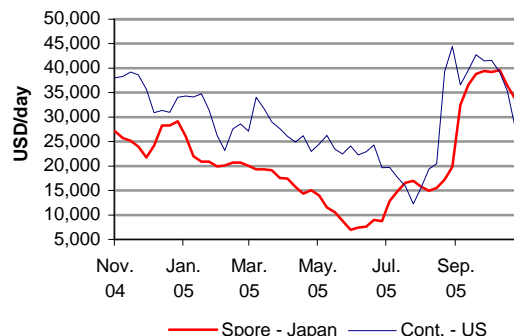
Freight derivatives

TD3 traded up significantly on the short end as underlying rates took off, but hardly moving further down the curve. In spite of softer physical mkt TD5 ended on a stronger note, supported by TD3. Decent volumes changed hands in TD7 Cal06, without really moving the market. The drop in TC2 was halted and rates rebounded end week, while TC5 is still sliding.

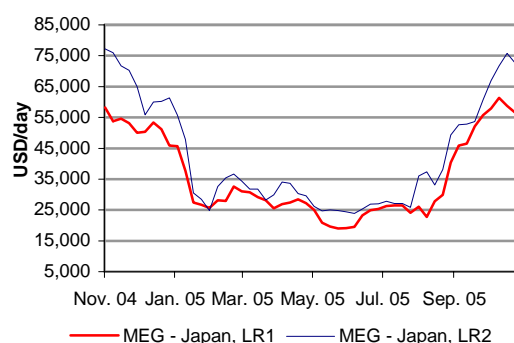
Weekly change in key FFA contracts

Nov	Dec	Q1'06	Q2'06	Q3'06	CAL06
TD3 MEG-Japan, 250' dwt					
196.0	207.0	126.0	78.0	68.5	92.0
3.0	42.0	10.0	-2.0	0.0	2.0
TD 5 West Africa – USAC, 130'dwt					
240.0	247.5	172.0	115.0	111.0	137.0
5.0	12.5	7.0	0.0	0.0	2.0
TD 7, North Sea, UKC, 80'dwt					
220.0	230.0	169.0	127.0	119.0	142.0
0.0	17.5	1.5	-1.0	-2.0	-1.5
TC 2 Cont-USAC, 37' dwt					
307.5	340.0	320.0	260.0	225.0	270.0
7.5	40.0	30.0	25.0	7.0	19.0
TC 5, MEG-Japan, 55' dwt					
380.0	325.0	267.5	213.0	192.5	225.0
-17.5	-30.0	-17.5	0.0	-2.5	-5.0

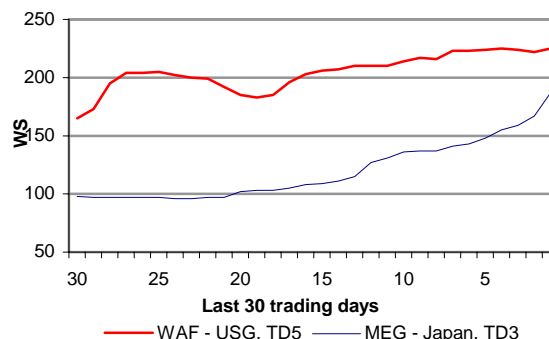
MR earnings



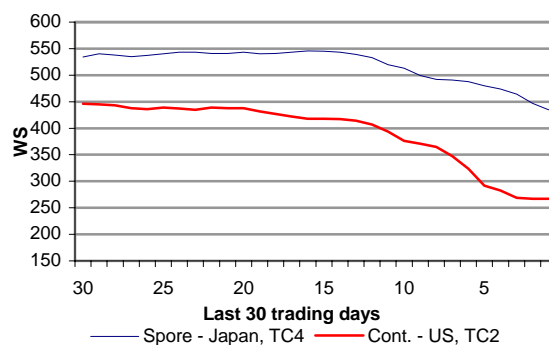
LR earnings



BITR rates, crude



BITR rates, clean



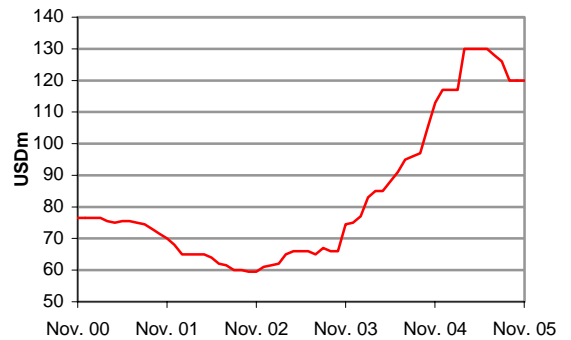
Sale and purchase

Market comment

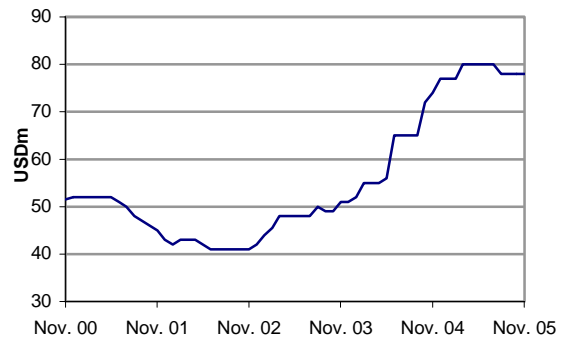
Tankers remain in demand on the back of the strong freight market with more non-double hull sales said to be in the pipeline but also double hull tankers testing the waters on an off-market basis. The dry market remains “wobbly” which has an impact on both activity and the buyers’ willingness to meet prevailing asking prices.

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

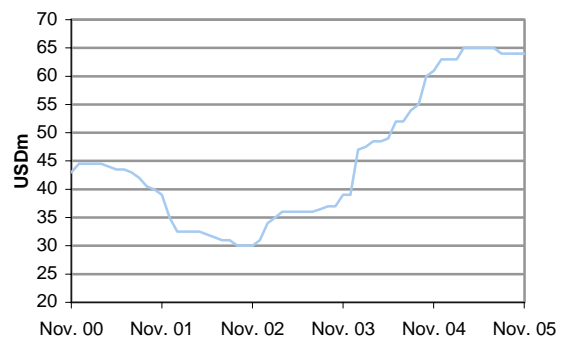
VLCC – 3 year old



Suezmax – 3 year old



Aframax – 3 year old



S&P Transactions

Tankers

M/T "NAVARINO" - 149,235 TDW, BUILT 1982 ISHIKAWAJIMA KURE (SINGLE HULL) SOLD USD 22 MILL TO STAR MARINE, INDIA.

M/T "CIELO DI BAFFIN" - 27,350 TDW, BUILT 1986 ODENSE LINDO (DOUBLE HULL, COATED) SOLD USD 17.75 MILL TO EGYPTIAN BUYERS.

M/T "FIGHTER" - 19,990 TDW, BUILT 1984 APUANIA NUOVI (SINGLE HULL, COATED) SOLD USD 7 MILL TO FAIRDEAL, GREECE

M/T "FREA" - 16,484 TDW, BUILT 2003 TULCEA SANTIERUL (IMO2/3) AND

M/T "NINA" - 16,484 TDW, DELIVERY 2006 AKER AUKRA SOLD AT UNDISCLOSED PRICE TO BRYGGEN SHIPPING & TRADING, NORWAY.

Bulkers

M/S "KINGSTON TRADER" - 74,000 TDW, BUILT 1999 SASEBO SOLD USD 32 MILL TO TSANGARIS, USA.

M/V CHIOS – 50,200 TDW, BUILT 2002 MITSUI (CR 4X30T) SOLD USD 31 MILL TO SPLOSNA PLOVIDBA, SLOVENIA

M/S "TOMAHAWK" - 45,423 TDW, BUILT 1997 OSHIMA SHIPBUILDING (CR 4X25T) SOLD USD 27 MILL TO UNDISCLOSED BUYERS.

M/V RIO TOPAZ – 17,786 TDW, BUILT 1998 PT PAL (CTS 3X25T) SOLD USD 15.5 MILL TO UNDISCLOSED BUYERS.

Demolition

Market comment

The lack of available tonnage continues, and 2005 looks to end as one of the slowest for demolition sales.

Prices remain stable.

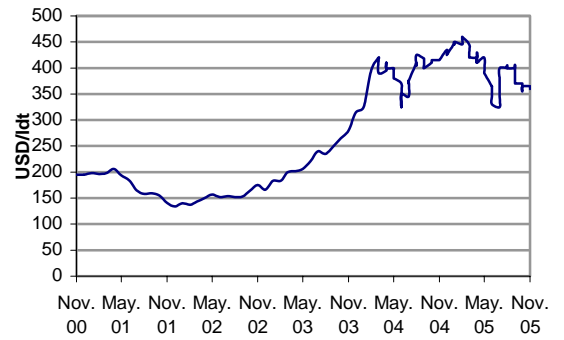
Demolition volume		
# vessels	YTD	Year ago
VLCC	1	4
Suezmax	2	11
Aframax	19	21

Demolition prices (tankers, USD/ldwt)			
China	India	Pakistan	Bangladesh
290	355	340	360

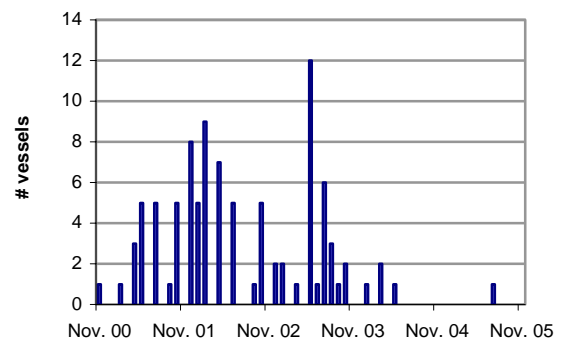
Transactions

No sales to report!

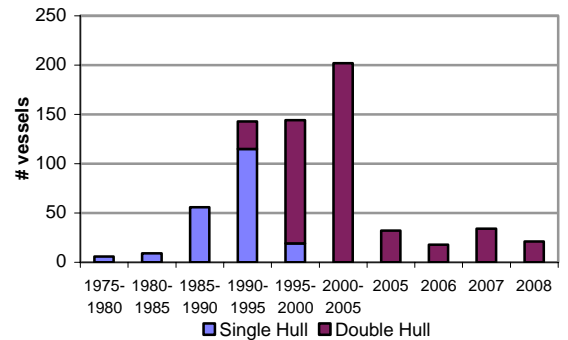
Demolition prices (VLCC, Bangladesh)



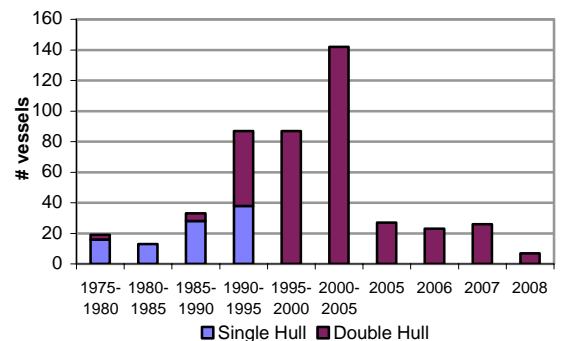
VLCCs sold for demolition



VLCC fleet – Age distribution



Suezmax fleet – Age distribution



Research

Market leadership has been passed from clean tankers to crude tankers during the last couple of weeks as crude tanker rates once again are shooting higher. Product tankers have been the standout performers this year because of healthy end-user demand and continued low inventories, quite the opposite of the crude market. Since the summer two things have changed; Hurricanes knocked out a large portion of US product supplies and Chinese demand has returned. Product rates initially surged on the hurricane replacement needs, but are now coming down as supplies are comfortable for the winter (according to the market). Crude rates on the other hand are spiraling upwards on fresh demand from China (October imports +20% y/y). Most importantly, however, the US supply situation is reversing; More refineries are back, but Gulf 0.7 mbd of Gulf production is still down, which means higher imports. According to the DoE, a full recovery is not seen until next spring. Product tanker owners will have to keep watching the weather reports for the next upswing.

Key market drivers

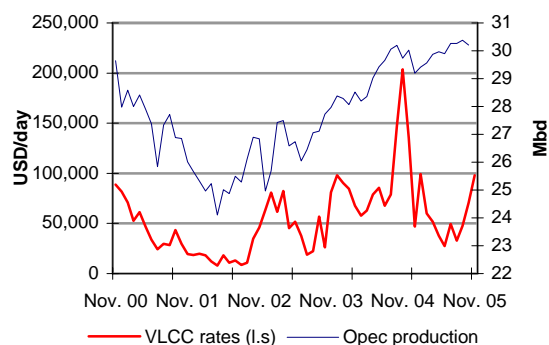
	2003	2004	2005E	2006E
World oil demand (%)	+2.3 %	+3.7 %	+1.6 %	+2.1 %
USA	+1.4 %	+3.5 %	+0.6 %	+1.5%
Europe	+1.6 %	+1.1 %	+0.0%	+0.1%
China	+11.0 %	+15.4%	+3.2%	+7.0%
Japan	+2.2 %	-2.7 %	+0.9 %	0.1%
Opec production (mbd)	27.1	29.1	29.9	30.5
FSU production (mbd)	10.3	11.2	11.6	12.1
Fleet statistics	Current	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

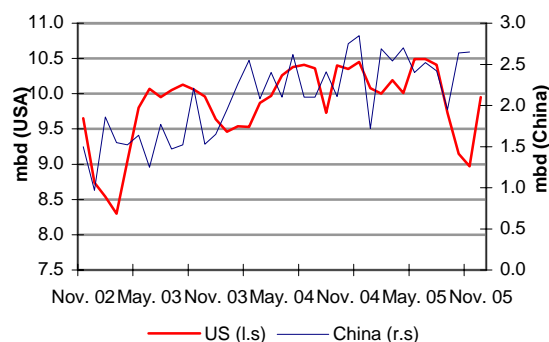
	2003	2004	2005 YTD
VLCC, MEG – Korea	56,233	97,657	51,214
Suezmax, Bonny – Phila.	39,619	65,965	42,186
Aframax, TEES – R.dam	42,127	56,610	48,265

Source: IEA, DoE, Bassøe

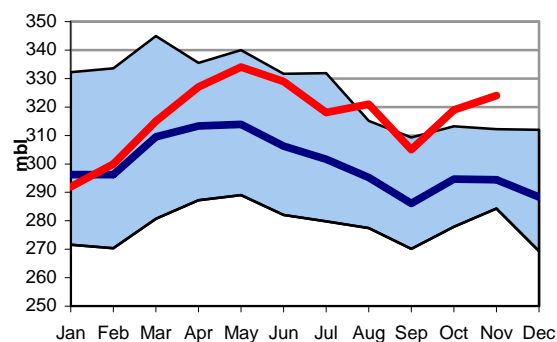
VLCC rates vs. Opec production



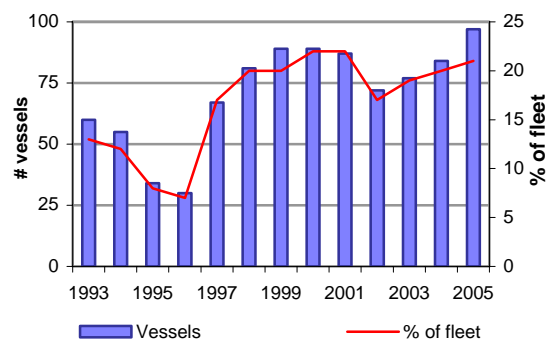
Crude oil imports



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	90 02 25 25	90 02 25 25

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