

Bassøe Friday Report

Week 6 – 11.02.2005

www.pfbassoe.no

Nr 6. Vol 28

Tanker chartering – Crude

Market comments

The VLCC market has been quiet this week mainly due to the Luna New Year. Rates, however, remain firm. Activity is expected to pick up next week, which is likely to support present levels. A quiet week for Suezmaxes in all areas. Rates are down some 30 WS points from last week. However, with Black Sea stems coming into play next week, rates should stabilize at present levels. Aframaxes saw a nice rate-hike both in the Caribs and North Sea, whilst MED continued to take a beating.

| VLCC | | Current trend: Quite | | |
|-------------------|----------|-----------------------------|---------|--|
| Route | WS today | Last week | USD/day | |
| 270' MEG – Korea | 150,0 | 152,5 | 99 520 | |
| 275' MEG – UKC | 120,0 | 125,0 | 95 244 | |
| 260' Bonny – LOOP | 140,0 | 160,0 | 94 572 | |

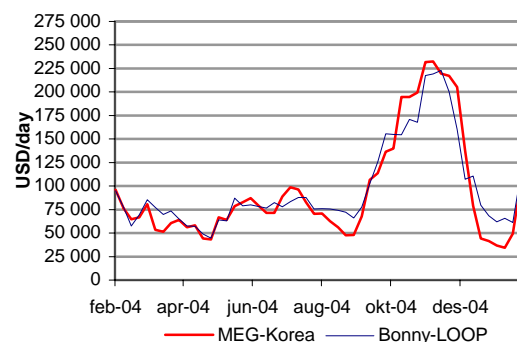
| Suezmax | | Current trend: Soft | | |
|---------------------|----------|----------------------------|---------|--|
| Route | WS today | Last week | USD/day | |
| 130' Bonny – Phila. | 160,0 | 195,0 | 50 673 | |
| 130' MAF – Ningpo | 160,0 | 170,0 | 48 057 | |
| 135' Novo – Augusta | 200,0 | 210,0 | 90 651 | |

| Aframax | | Current trend: Mixed | | |
|---------------------|----------|-----------------------------|---------|--|
| Route | WS today | Last week | USD/day | |
| 80' TEES – R.dam | 165,0 | 125,0 | 61 441 | |
| 70' PLC – Texas | 190,0 | 175,0 | 30 704 | |
| 80' MEG – Singapore | 145,0 | 145,0 | 24 413 | |

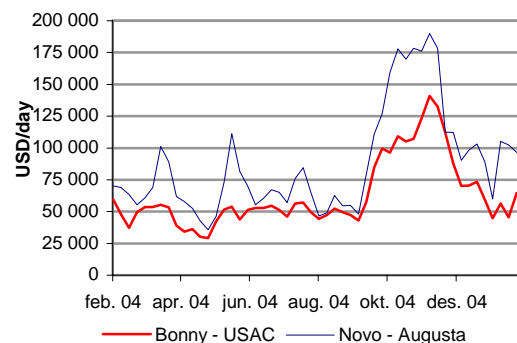
| Availability in MEG (# vessels) | | | |
|---------------------------------|-------------|-------------|------|
| | VLCC | | ULCC |
| | Single hull | Double hull | |
| Spot | 3 | 0 | 1 |
| Next 30 days | 21 | 20 | 0 |

| Bunkers (USD/mt) | | | |
|------------------|-----|-----------|-----|
| Fujairah | 193 | Rotterdam | 168 |

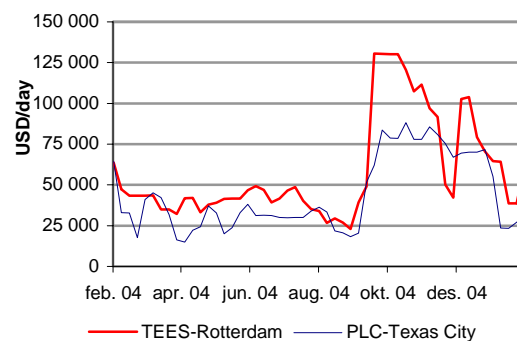
VLCC earnings



Suezmax earnings



Aframax earnings



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Tanker chartering – Clean

Market Comment

A slow week in the east caused by Chinese New Year holidays, resulted in falling rates in all segments. The same trend was seen in the West and the Transatlantic MR-rates fell some 42,5 ws points and Caribs/Usac some 25 point. Lack of activity, surplus tonnage and upcoming IP-Week must take the blame.

Market assessment – MR

| Route | WS today | Last week | USD/day |
|-------------------|----------|-----------|---------|
| 30' Spore - Japan | 300,0 | 310,0 | 19 890 |
| 37' Cont. - US | 285,0 | 327,5 | 26 268 |
| 38' Car. - USAC | 245,0 | 270,0 | 20 210 |

Market assessment – LR

| Route | WS today | Last week | USD/day |
|-----------------|----------|-----------|---------|
| 55' MEG – Japan | 212,5 | 220,0 | 25 607 |
| 75' MEG – Japan | 162,5 | 180,0 | 24 809 |

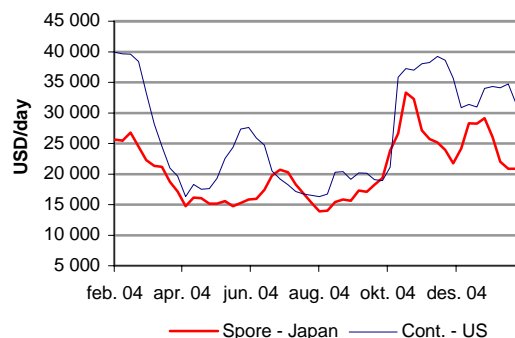
Freight derivatives

Chinese New Year must take the blame for a relatively quiet week on paper. TD3 regained some of its strength towards the end of the week following bullish news from IEA and a rise in crude oil prices. Stronger rates in the NSEA Aframax market brought some life into td7 with strong rates paid especially for March. As expected the far eastern clean markets remained reasonably quiet, although the market appears to be pricing in renewed strength in the LR markets for march.

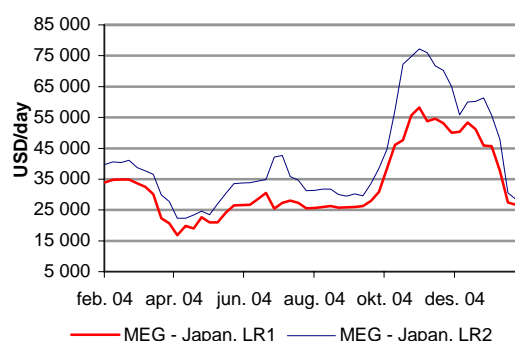
Weekly change in key FFA contracts

| Feb | Mar | Q2 | Q3 | Q4 | CAL06 |
|--|-------|-------|-------|-------|-------|
| TD3 MEG-Japan, 250' dwt | | | | | |
| 142.0 | 127.0 | 102.0 | 96.0 | 113.0 | 90.0 |
| -3.0 | 3.0 | 7.0 | 9.0 | 3.0 | -2.5 |
| TD 5 West Africa – USAC, 130' dwt | | | | | |
| 170.0 | 165.0 | 140.0 | 115.0 | 160.0 | 125.0 |
| -20.0 | -20.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TD 7, North Sea, UKC, 80' dwt | | | | | |
| 155.0 | 167.5 | 145.0 | 115.0 | 155.0 | 127.5 |
| 15.0 | 5.0 | 5.0 | 0.0 | 5.0 | 2.5 |
| TC 2 Cont-USAC, 37' dwt | | | | | |
| 290.0 | 255.0 | 242.5 | 220.0 | 250.0 | 220.0 |
| -25.0 | -45.0 | -22.5 | -7.5 | -5.0 | -2.5 |
| TC 4, Spore-Japan, 30' dwt | | | | | |
| 300.0 | 280.0 | 250.0 | 240.0 | 280.0 | 225.0 |
| -10.0 | -10.0 | -5.0 | 0.0 | 0.0 | 0.0 |

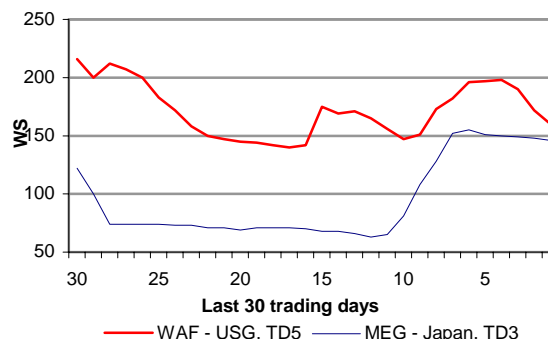
MR earnings



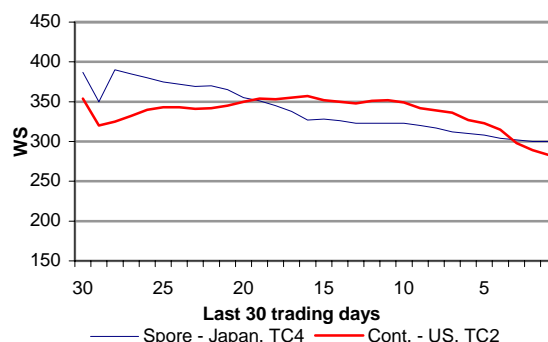
LR earnings



BITR rates, crude



BITR rates, clean



Sale and purchase

Market comment

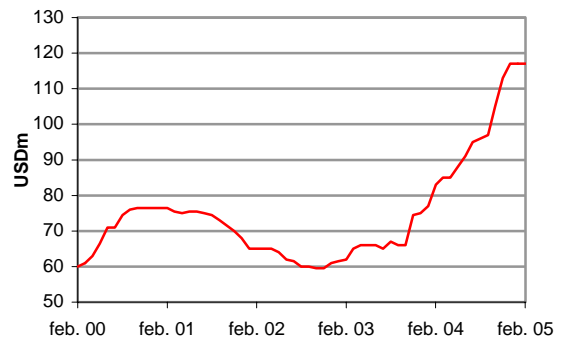
The market has been dominated by sales in the dry sector. For modern ships the values seems to firm further.

Very few tankers have changed hands this week. If this is a consequence of the Chinese being away celebrating their new year is impossible to say.

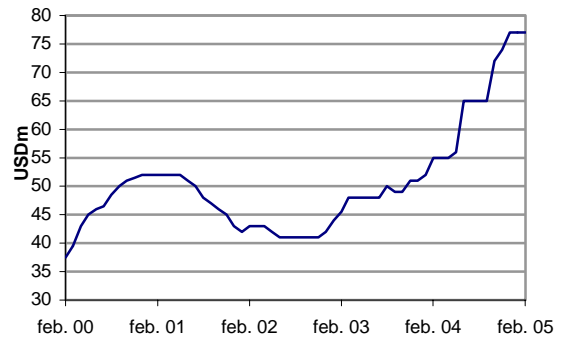
Judging from the numbers of enquiries the market will not stay slow for long.

| Second hand values | | | | | |
|--------------------|--------|-------|-------|-------|--------|
| Vessel /USDm | Latest | 1 mth | 2 mth | 3 mth | 12 mth |
| 300' D/D 3 yrs | 117,0 | 117,0 | 117,0 | 113,0 | 83,0 |
| 300' D/D 10 | 86,0 | 86,0 | 86,0 | 85,0 | 57,0 |
| 280' S/S 1990 | 58,0 | 58,0 | 60,0 | 59,0 | 33,0 |
| 150' D/D 3 yrs | 77,0 | 77,0 | 77,0 | 74,0 | 55,0 |
| 150' D/D 10 | 63,0 | 63,0 | 63,0 | 60,0 | 42,0 |
| 140' S/S 1990 | 36,0 | 37,0 | 39,0 | 36,0 | 20,5 |
| 105' D/D 3 yrs | 63,0 | 63,0 | 63,0 | 61,0 | 47,5 |
| 95' D/D 10yrs | 46,0 | 46,0 | 46,0 | 44,0 | 28,0 |
| 95' S/S 1990 | 26,0 | 27,0 | 29,0 | 28,0 | 20,0 |
| 70' D/D 3 yrs | 45,0 | 45,0 | 45,0 | 42,0 | 32,5 |
| 47' D/D 3 yrs | 43,0 | 43,0 | 43,0 | 40,0 | 34,5 |
| 45' D/D 10 yrs | 30,0 | 30,0 | 30,0 | 28,0 | 22,0 |
| 40' S/S 1990 | 15,0 | 15,0 | 16,0 | 16,0 | 14,5 |

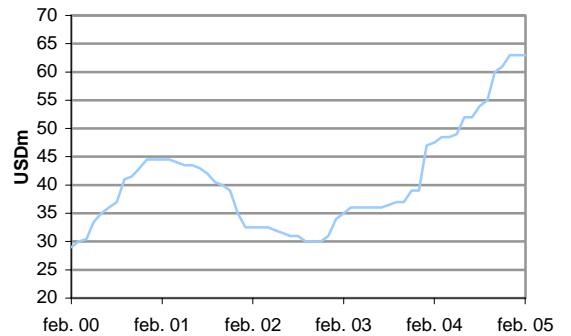
VLCC – 3 year old



Suezmax – 3 year old



Aframax – 3 year old



S&P Transactions

Tankers

M/T "LENI" - 19,999 TDW, BUILT 1981 KOREA PUSAN (COILED 150 DEG F, COATED EPOXY)
SOLD FOR USD 4,8 MILL TO NIGERIAN BUYERS

Bulkers

M/S "CONRAD OLDENDORFF" - 76,000 TDW, BUILT 2001 IMABARI MARUGAME (DE 2X4T,
DE 1X3T) SOLD ON SUBJECTS FOR EXCESS USD 44,5 MILL TO UNDISCLOSED BUYERS

M/S "LINDA OLDENDORFF" - 75,100 TDW, BUILT 1995 B&WSOLD ON SUBJECTS TO
DRYSHIPS, GREECE FOR USD 39,5 MILL INCLUDING 18 MONTHS BACK AT USD 48,000/DAY

M/S "LITTLE ATHENA" - 74,047 TDW, BUILT 1998 HASHIHAMA TADOTSUSOLD USD 35 MILL
TO CLIENTS OF BARCLAY, GREECE INCLUDING BALANCE TC FOR 11-12 MNTS AT USD
20,000/DAY

M/S "CMB DAISY" - 72,270 TDW, BUILT 1999 IMABARI MARUGAMESOLD USD 42 MILL
INCLUDING TC BACK AT USD 32,000/DAY UNTIL JUNE 06

M/S "PANORMOS FAITH" - 65,125 TDW, BUILT 1984 NAMURA IMARISOLD TO CHINESE
BUYERS FOR USD 16 MILL

M/S "OINOUSSIAN STRENGTH" - 64,201 TDW, BUILT 1987 HYUNDAI HISOLD FOR USD 20,5
MILL TO FAR EAST BUYERS

M/S "PROSPERITY" - 45,345 TDW, BUILT 1985 IMABARI MARUGAMESOLD TO KOREAN
BUYERS FOR USD 14,75 MILL

M/S "ZENO" - 40,300 TDW, BUILT 1982 SANOYASU MIZUSHIMA (CR 5X25T 5X 25.0) SOLD TO
UNDISCLOSED BUYERS USD 12,5 MILL

M/S "SEA CONQUEROR" - 37,662 TDW, BUILT 1984 KANASASHI ZOSEN TOYOHA (CR 4X25T
4X 25.0) SOLD TO GREEK BUYERS FOR USD 12 MILL

M/S "STRANGE ATTRACTOR" - 28,873 TDW, BUILT 1977 HAKODATE HAKODATE (CR 5X15T
5X 15.0) SOLD TO UNDISCLOSED BUYERS FOR USD 6,9 MILL

M/S "STAMATINA P" - 16,123 TDW, BUILT 1995 GALATZ (CR 6X12.5 (COM 3X25TS),) SOLD
USD 9,4 MILL TO GREEK BUYERS

Demolition

The demolition market is starting to wake up finally.

A few more ships are being talked around the market and prices are increasing.

This week we saw USD 462-463/ldt being paid for the aframax tanker MT “Zeinat” blt 76 abt 17,100 ldt, for delivery Bangladesh.

| Demolition volume | | |
|-------------------|-----|----------|
| # vessels | YTD | Year ago |
| VLCC | - | 1 |
| Suezmax | 1 | 2 |
| Aframax | 4 | 2 |

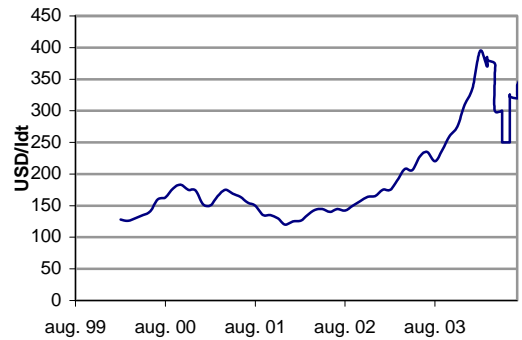
| Demolition prices (tankers, USD/ldwt) | | | |
|---------------------------------------|-------|----------|------------|
| China | India | Pakistan | Bangladesh |
| 360 | 425 | 390 | 455 |

Transactions

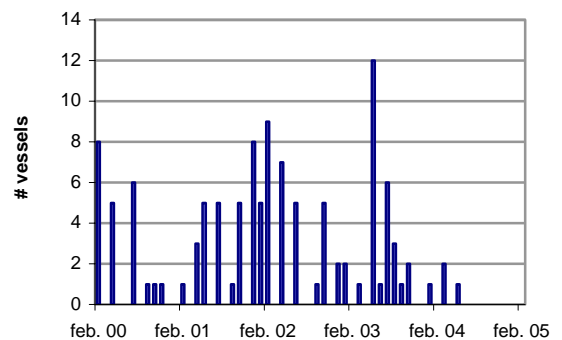
M/T "ONDA" - 132,207 TDW, BUILT 1980
 ESPANOLES SESTAO (22,045 LDT)
 REPORTED SOLD FOR DEMOLITION AT USD 445/LDT FRO DELIVERY BANGLADESH

M/T "ZEINAT" - 81,283 TDW, BUILT 1976
 ISHIKAWAJIMA AIOI (17,119 LDT) SOLD FOR USD 463/LDT FOR DELIVERY BANGLADESH.

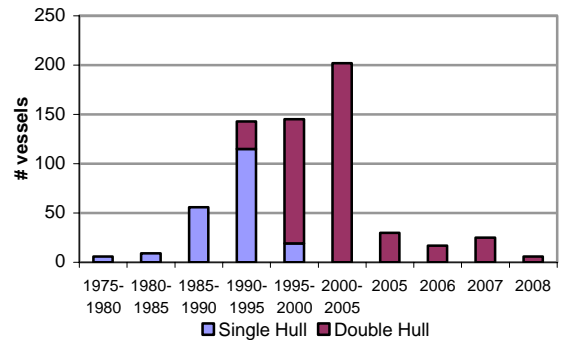
Demolition prices (VLCC, China)



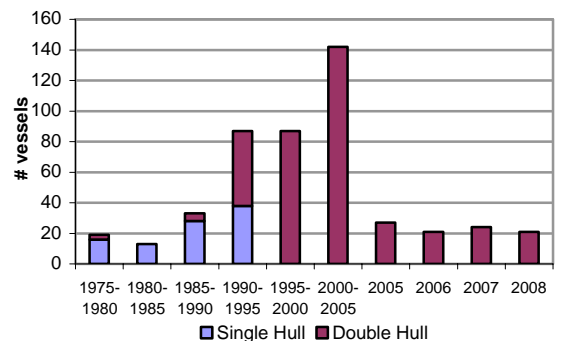
VLCCs sold for demolition



VLCC fleet – Age distribution



Suezmax fleet – Age distribution



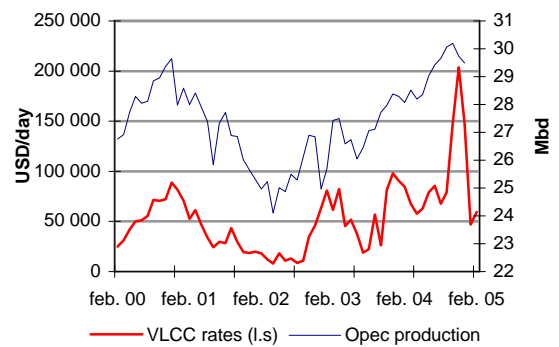
Research

No research comments this week.

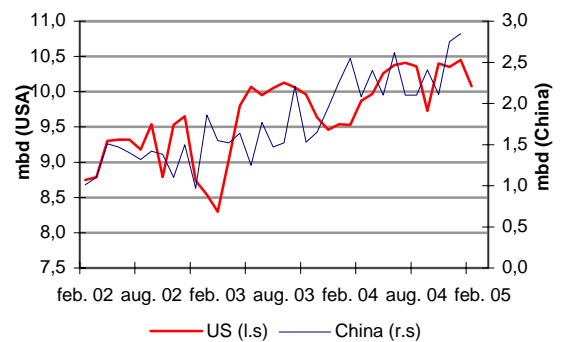
| Key market drivers | | | | |
|---------------------------|---------|--------|--------|--------|
| | 2002 | 2003 | 2004E | 2005E |
| World oil demand (%) | +0.8 % | +2.4 % | +3.3 % | +1.7 % |
| USA | +0.6 % | +1.4 % | +2.4 % | +0.8 % |
| Europe | -0.1 % | +1.2 % | +1.6 % | +0.5 % |
| China | +6.3 % | +11.0% | +15.4% | +5.7 % |
| Japan | -1.7 % | +2.2 % | -2.1 % | -2.0 % |
| Opec production (mbd) | 26.3 | 27.2 | 29.0 | 29.5 |
| FSU production (mbd) | 9.4 | 10.3 | 11.2 | 11.8 |
| Fleet statistics | | | | |
| | Current | 2004P | 2005E | 2006E |
| VLCC fleet (# vessels) | 441 | | | |
| Orderbook | 84 | | | |
| Deliveries | | 30 | 30 | 17 |
| Suezmax fleet (# vessels) | 309 | | | |
| Orderbook | 78 | | | |
| Deliveries | | 27 | 27 | 21 |

| Average earnings | 2003 | 2004 | 2005 YTD |
|-------------------------|--------|--------|----------|
| VLCC, MEG – Korea | 56 233 | 97 657 | 60 413 |
| Suezmax, Bonny – Phila. | 39 619 | 65 965 | 53 463 |
| Aframax, TEES – R.dam | 42 127 | 61 800 | 56 356 |

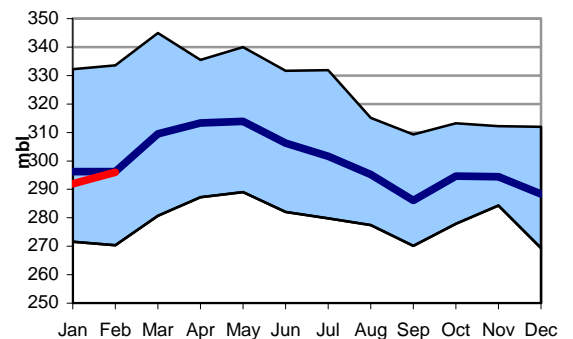
VLCC rates vs. Opec production



Crude oil imports

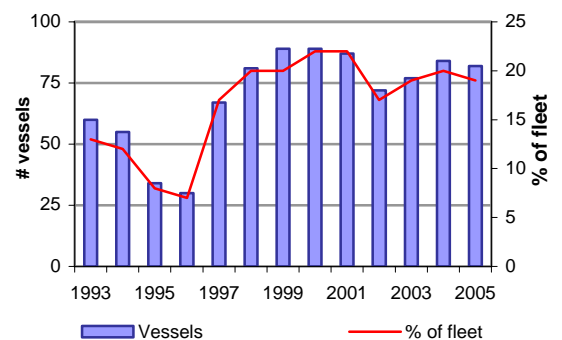


Crude oil inventories - USA



Source: IEA, DoE, Bassøe

VLCC orderbook



BROKERS OF P. F. BASSØE AS

| | AOH (+47) | Mobile (+47) |
|--|--------------------|---------------------|
| Gerhard N. Dahl - President | 22 95 19 94 | 91 16 42 35 |
| Einar B. Danbolt - Managing Director | 22 44 62 81 | 92 05 08 08 |
| | | |
| SALE & PURCHASE / NEWBUILDING / PROJECT | 22 01 08 25 | |
| Richard Fuglesang | 67 53 48 87 | 90 77 57 59 |
| Herman Marcussen | 22 49 59 90 | 91 34 00 97 |
| 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 |
| Nils Andreas Arnesen | 22 43 05 25 | 90 18 46 49 |
| Alf Fjetland | 92 63 44 95 | 92 63 44 95 |
| Fredrik Sagen Andersen | 41 23 30 29 | 41 23 30 29 |
| | | |
| TANKER CHARTERING | 22 01 08 20 | |
| Gerhard N. Dahl | 22 95 19 94 | 91 16 42 35 |
| Svein Andersen | 22 55 43 22 | 91 17 78 93 |
| 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 |
| Frederik Mathiesen | 21 90 58 88 | 95 93 37 63 |
| Bjørn-Erik Løkken | 22 92 14 74 | 90 18 80 44 |
| Morten Røine | 67 59 11 11 | 90 61 44 72 |
| | | |
| 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 |
| Inge Wallentin | 22 73 27 20 | 90 89 99 28 |
| David Sand | 66 82 01 05 | 90 14 34 31 |
| | | |
| OPERATION | 22 01 08 30 | |
| Gustav Myreng | 67 14 92 37 | 90 12 19 47 |
| Øystein Heggen | 67 12 46 51 | 90 12 19 46 |
| Åge Johnny Haug | 69 88 56 80 | 90 03 55 40 |
| Sebastian Venjar | 98 62 41 50 | 98 62 41 50 |
| | | |
| RESEARCH | 22 01 09 06 | |
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