

Bassøe Friday Report

Week 7 – 18.02.2005

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Nr 7. Vol 28

Tanker chartering – Crude

Market comments

A more active week in the VLCC market, although the number of fixtures was still relatively low. Instead, owners and charterers have been busy trying to establish common ground. With quite differing rate ideas, that has been a somewhat arduous task. Owners appear to eventually be getting the upper hand, however, and the week ends on a firming note.

Suezmaxes fared poorer. Slow activity, partly due to London's IP week, put rates under pressure. Activity and rates are expected to rebound next week. Aframaxes saw gradually improving levels in the North Sea and in Caribs, while the Med market fell back.

VLCC		Current trend: Firm		
Route	WS today	Last week	USD/day	
270' MEG – Korea	150.0	150.0	98,886	
275' MEG – UKC	130.0	120.0	104,634	
260' Bonny – LOOP	130.0	140.0	85,900	

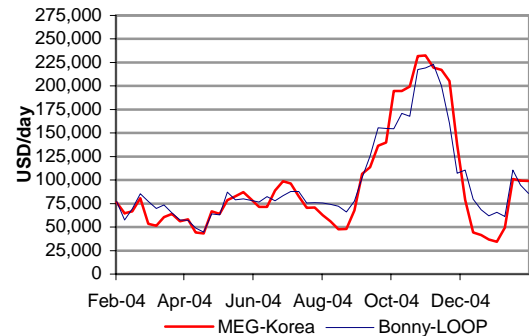
Suezmax		Current trend: Soft		
Route	WS today	Last week	USD/day	
130' Bonny – Phila.	150.0	160.0	47,001	
130' MAF – Ningpo	195.0	160.0	61,044	
135' Novo – Augusta	170.0	200.0	73,191	

Aframax		Current trend: Improving		
Route	WS today	Last week	USD/day	
80' TEES – R.dam	162.5	165.0	59,923	
70' PLC – Texas	205.0	190.0	33,976	
80' MEG – Singapore	160.0	145.0	27,523	

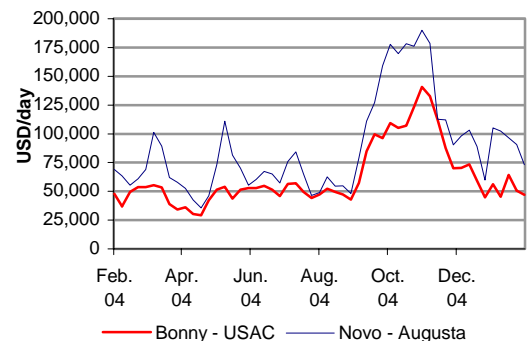
Availability in MEG (# vessels)			
	VLCC		ULCC
	Single hull	Double hull	
Spot	2	0	0
Next 30 days	24	20	0

Bunkers (USD/mt)			
Fujairah	200	Rotterdam	171

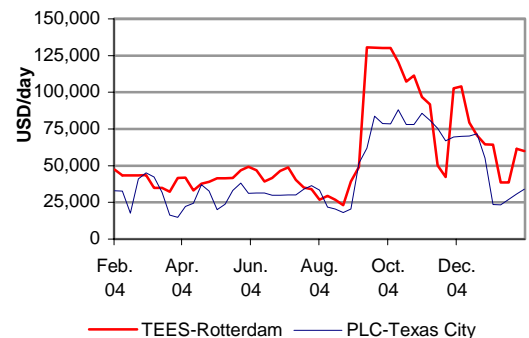
VLCC earnings



Suezmax earnings



Aframax earnings



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Tanker chartering – Clean

Market Comment

LRs rebounded this week and we expect to see rates improve further. Another quiet week brought the Cont/US market down to WS 260 level from WS 327.5 two weeks ago. A third slow week in a row is unlikely, despite the high US inventory figures seen this week.

Market assessment – MR

Route	WS today	Last week	USD/day
30' Spore - Japan	302.5	300.0	20,137
37' Cont. - US	260.0	285.0	23,169
38' Car. - USAC	230.0	245.0	18,219

Market assessment – LR

Route	WS today	Last week	USD/day
55' MEG – Japan	230.0	212.5	28,139
75' MEG – Japan	200.0	162.5	32,578

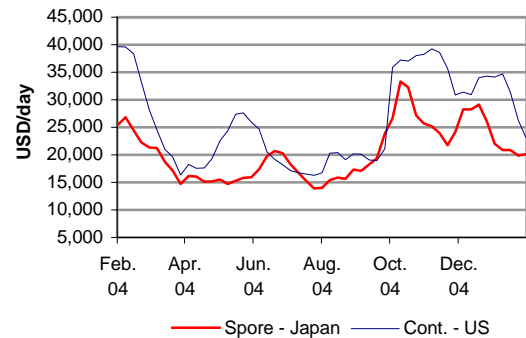
Freight derivatives

Patchy activity this week as a result of IP Week in London. TD3 traded up on the prompt as physical activity picked up, with little change down the curve. TC2 also improved as the market feels the bottom has been reached this time around. The sentiment in the eastern MR market is more bullish, TC4 has traded up this week, although with a slight correction end week.

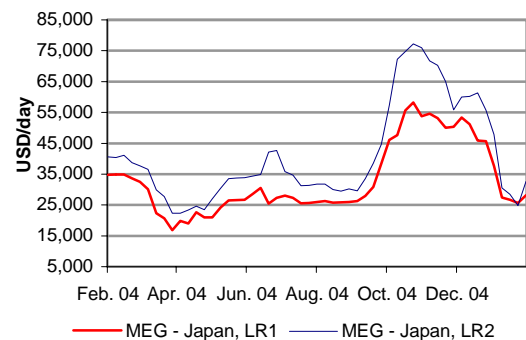
Weekly change in key FFA contracts

Mar	Apr	Q2	Q3	Q4	CAL06
TD3 MEG-Japan, 250' dwt					
140.0	115.0	104.0	98.0	120.0	95.0
13.0	-	2.0	2.0	7.0	5.0
TD 5 West Africa – USAC, 130'dwt					
165.0	155.0	140.0	125.0	158.0	134.0
0.0	-	0.0	10.0	-2.0	9.0
TD 7, North Sea, UKC, 80'dwt					
160.0	150.0	140.0	115.0	155.0	135.0
-7.5	-	-5.0	0.0	0.0	7.5
TC 2 Cont-USAC, 37' dwt					
255.0	260.0	257.5	222.5	270.0	227.5
0.0	-	15.0	2.5	20.0	7.5
TC 4, Spore-Japan, 30' dwt					
310.0	280.0	270.0	245.0	280.0	232.5
22.0	-	20.0	5.0	0.0	7.5

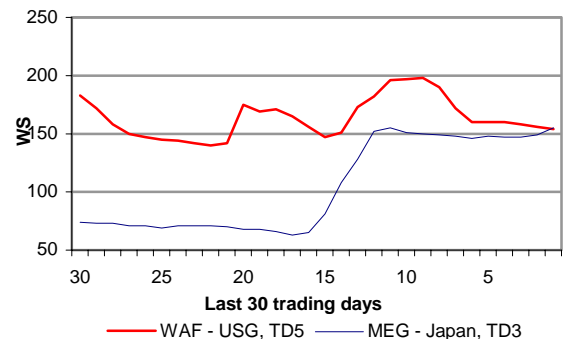
MR earnings



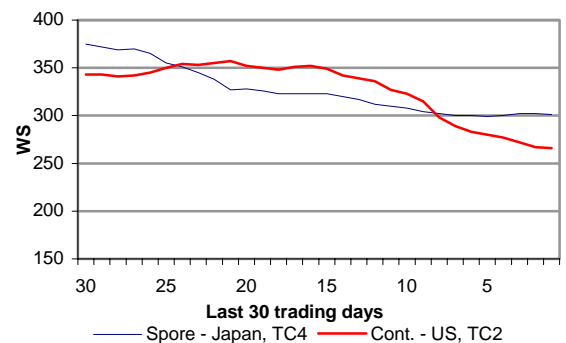
LR earnings



BITR rates, crude



BITR rates, clean



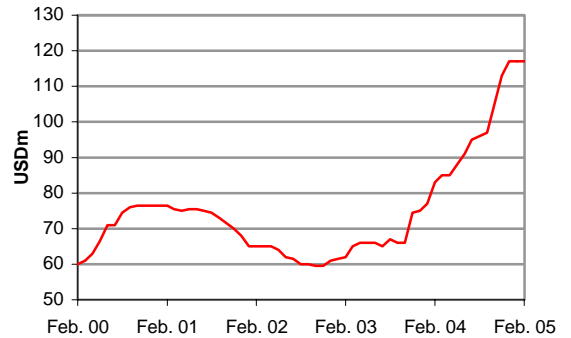
Sale and purchase

Market comment

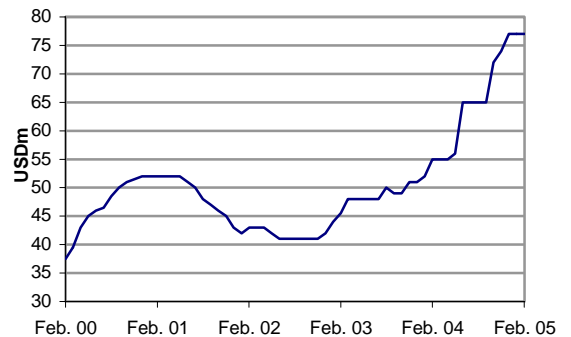
Judging from the activity it seems the Chinese New Year was extended. IP Week in London has undoubtedly also played a role in keeping the market quiet. Having said that, competition was fierce for the 1998 built MR Mikom Accord.

Following Dry Bulk's listing, the company has confirmed further acquisitions of panamaxs and a capesize.

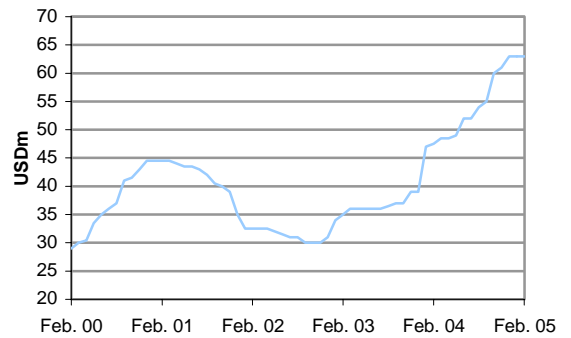
VLCC – 3 year old



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	117.0	117.0	117.0	113.0	83.0
300' D/D 10	87.0	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	34.0	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	25.0	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	44.0	43.0	43.0	40.0	34.5
45' D/D 10 yrs	32.0	30.0	30.0	28.0	22.0
40' S/S 1990	17.0	15.0	16.0	16.0	14.5



S&P Transactions

Tankers

MT "MARY ANN" - 64,239 TDW, BUILT 1986 HITACHI (COATED) SOLD FOR REGION USD 16,2 MILL. BUYERS REPORTED TO BE OCEAN TANKERS.

M/T "SANMAR SENTINEL" - 50,600 TDW, BUILT 1986 ODENSE (COILED) REPORTED SOLD TO GOLDENPORT USD 16 MILL

M/T "MIKOM ACCORD" - 47,262 TDW, BUILT 1998 ONOMICHI (DOUBLE BOTTOM, DOUBLE SIDES, COILED , COATED) SOLD TOP TANKERS, GREECE USD 39 MILL

M/T "ISOLA BLU" - 25,000 TDW, BUILT 2001 FINCANTIERI (DOUBLE BOTTOM, DOUBLE SIDES, IMO1, IMO2, IMO3) SOLD FOR USD 45 MILL TO STOLT NIELSEN

M/T "AGGERSBORG" - 16,775 TDW, BUILT 1998 ALABAMA SHIPYARD (DOUBLE BOTTOM, DOUBLE SIDES, COILED , IMO2) SOLD CANADIAN BUYERS USD 28.5 MILL.

Bulkers

M/S "KATERINA V" - 171,995 TDW, BUILT 2003 HYUNDAI SOLD TO DRYSHIP FOR USD 85 MILL.

M/S "CAPE ARAXOS" - 155,300 TDW, BUILT 2000 SAMHO SOLD TO DRYSHIP FOR 75 MILL

M/S "YONG KANG" - 74,000 TDW, BUILT 2001 HUDONG SOLD USD 43.5 MILL TO GENCO, BUYER WAIVING INSPECTION

M/S "DORIC CHARIOT" - 73,350 TDW, BUILT 1994 HYUNDAI (CR 4X25T) SOLD USD 28,5 MILL TO UNNAMED BUYERS

M/S "KONKAR MAROULA" - 72,126 TDW, BUILT 1997 HITACHI SOLD TO DRYSHIP FOR USD 39 MILL INCLUDING A TC UNTIL SEPT. 05 AT USD 35,750/DAY

M/S "MANI P" - 65,132 TDW, BUILT 1983 HASHIHAMA SOLD FOR USD 11,5 MILL TO UNDISCLOSED BUYERS

M/S "MARINA" - 64,200 TDW, BUILT 2001 HASHIHAMA SUSOLD USD 47,5 MILL TO GOULANDRIS

M/S "SEAFARER II" - 63,700 TDW, BUILT 2000 SANOYAS SOLD TO DRYSHIP FOR USD 45 MILL INCL TC UNTIL AUG. 05 AT USD 37,000/DAY

M/S "INCETRANS" - 38,135 TDW, BUILT 1983 IMABARI MARUGAME (CR 4X25T) SOLD USD 13 MILL TO TURKEY BASED BUYERS

M/S "CAPE MORETON" - 23,706 TDW, BUILT 1982 AALBORG (CR 6X 25.0,) SOLD USD 9,6 MILL TO ATLANTICA INCLUDING 4 YEARS BB BACK AT USD 7,226/DAY

Demolition

Bangladesh is racing ahead, leaving other markets behind in the dust. Paying mid-\$460's/ldt in the middle of last week for an aframax, they ended the week paying \$470/ldt for an 11.900 ldt tanker. The appetite for tonnage remains firm. A few more ships have now entered the market and prices have dropped somewhat.

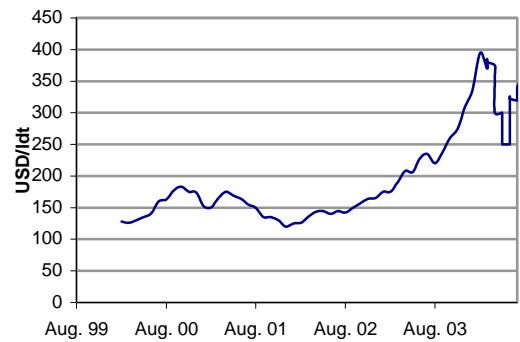
Demolition volume		
# vessels	YTD	Year ago
VLCC	-	1
Suezmax	1	3
Aframax	4	2

Demolition prices (tankers, USD/ldwt)			
China	India	Pakistan	Bangladesh
360	410	360	460

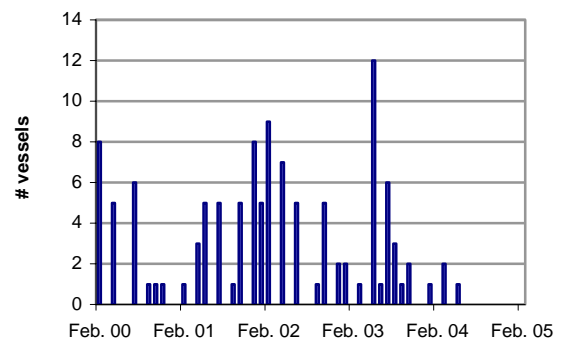
Transactions

M/T "IMPROS" - 59,247 TDW, BUILT 1977
 KALDNES MEK. VERKSTED (11,908 LDT) SOLD
 TO FOR DELIVERY BANGLADESH USD
 470/LDT

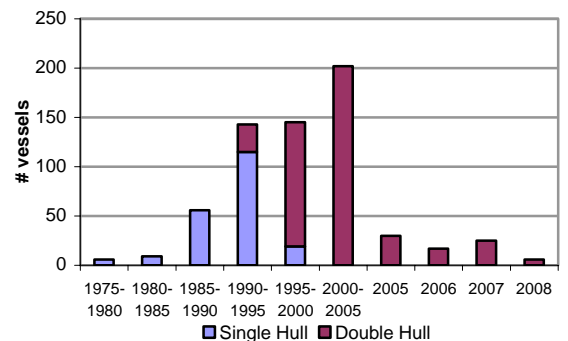
Demolition prices (VLCC, China)



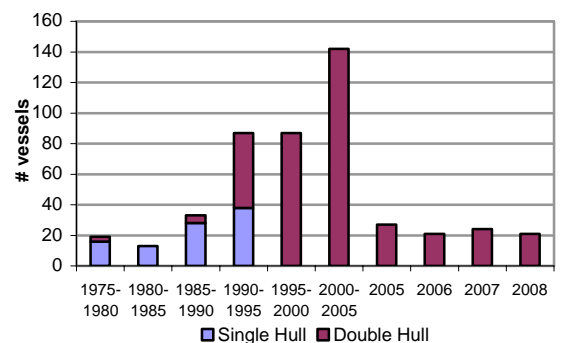
VLCCs sold for demolition



VLCC fleet – Age distribution



Suezmax fleet – Age distribution



Research

Crude prices have moved higher during the last couple of weeks, but are not supported by similar strength in refining margins, which may be an ominous sign for the tanker market. Unusually high US gasoline inventories is the culprit. If this spills over to a general softening of margins, crude demand will eventually suffer. Signs are, however, that it is an isolated event, resulting from very high import levels and a refinery system unusually skewed to produce gasoline. European refiners are now heading for maintenance and with gasoline inventories well down, transatlantic trade flows should fall. That is probably what the drop in T/A product rates is telling us. Underlying gasoline demand remains healthy and if supplies drop inventory levels should tighten. If not, Opec's case for cutting output further will get stronger.

Key market drivers

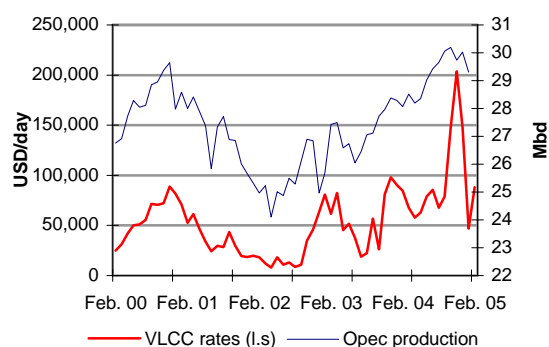
	2002	2003	2004P	2005E
World oil demand (%)	+0.8 %	+2.4 %	+3.4 %	+1.8 %
USA	+0.6 %	+1.4 %	+2.4 %	+0.9 %
Europe	-0.1 %	+1.2 %	+1.5 %	+0.5 %
China	+6.3 %	+11.0 %	+15.6 %	+6.3 %
Japan	-1.7 %	+2.2 %	-2.7 %	-1.7 %
Opec production (mbd)	26.3	27.2	29.0	29.6
FSU production (mbd)	9.4	10.3	11.2	11.7
Fleet statistics	Current	2004P	2005E	2006E
VLCC fleet (# vessels)	441			
Orderbook	84			
Deliveries		28	32	18
Suezmax fleet (# vessels)	309			
Orderbook	74			
Deliveries		27	27	21

Average earnings

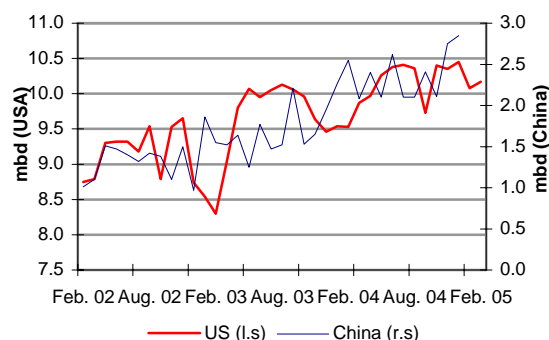
	2003	2004	2005 YTD
VLCC, MEG – Korea	56,233	97,657	65,909
Suezmax, Bonny – Phila.	39,619	65,965	52,540
Aframax, TEES – R.dam	42,127	61,800	56,866

Source: IEA, DoE, Bassøe

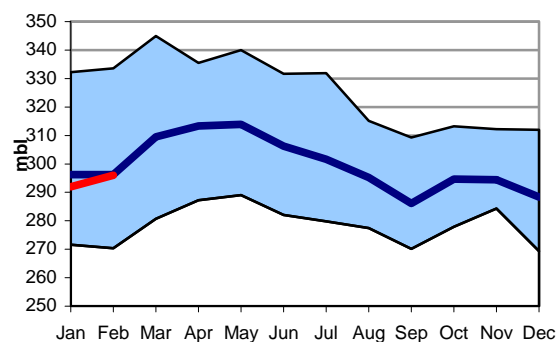
VLCC rates vs. Opec production



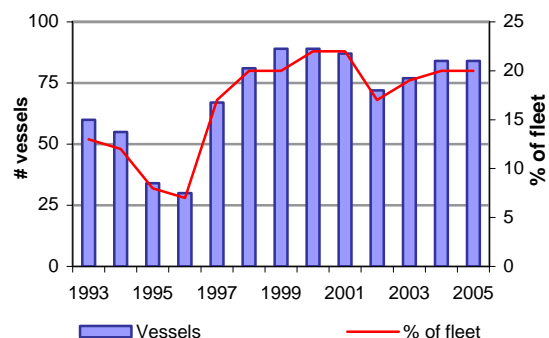
Crude oil imports



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
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	
Ole-Rikard Hammer	66 90 49 91	97 54 06 82

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