

# Bassøe Friday Report

Week 10 – 11.03.2005

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Nr 10. Vol 28

## Tanker chartering – Crude

### Market comments

Most of the week was remarkably quiet in the VLCC market with owners spending most of the time on defense. Activity picked up as the week drew to an end and eastbound rates made a solid bounce off the lows.

Tonnage availability is still quite high, however, and activity must pick up further in order to maintain, or improve, current rate levels. Higher oil demand forecasts released this week should be supportive for owners.

Suezmaxes have had a good week and rates west of Suez have firmed further, despite the relatively weak VLCC market. Aframaxes are firming up in the North Sea and Med while going sideways in elsewhere.

VLCC		Current trend: <b>Firming</b>		
Route	WS today	Last week	USD/day	
270' MEG – Korea	92.5	95.0	52,469	
275' MEG – UKC	85.0	82.5	58,841	
260' Bonny – LOOP	90.0	110.0	52,027	

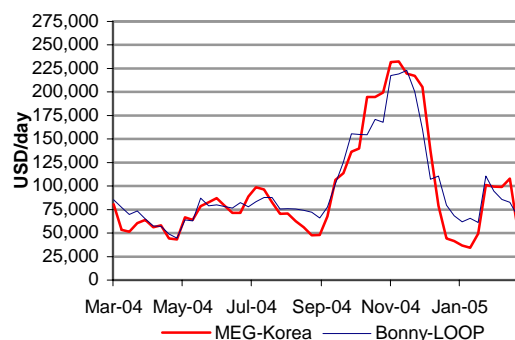
Suezmax		Current trend: <b>Firm</b>		
Route	WS today	Last week	USD/day	
130' Bonny – Phila.	172.5	150.0	54,233	
130' MAF – Ningpo	180.0	212.5	54,897	
135' Novo – Augusta	165.0	155.0	69,289	

Aframax		Current trend: <b>Firming</b>		
Route	WS today	Last week	USD/day	
80' TEES – R.dam	165.0	135.0	60,394	
70' PLC – Texas	260.0	265.0	46,251	
80' MEG – Singapore	300.0	300.0	58,441	

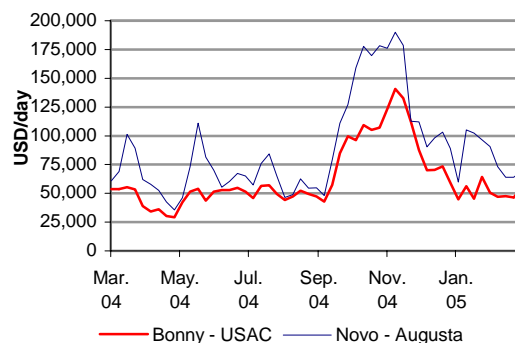
Availability in MEG (# vessels)			
	VLCC		ULCC
	Single hull	Double hull	
Spot	0	0	1
Next 30 days	37	28	0

Bunkers (USD/mt)			
Fujairah	208	Rotterdam	202

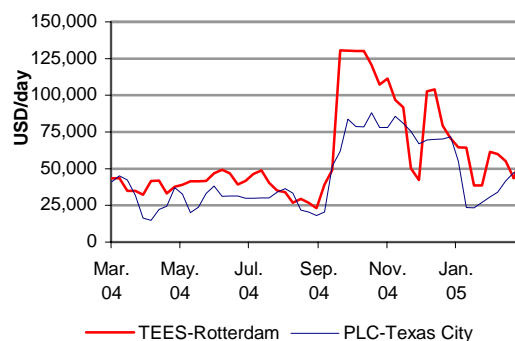
### VLCC earnings



### Suezmax earnings



### Aframax earnings



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# Tanker chartering – Clean

## Market Comment

A generally positive week with improving activity on the MRs transatlantic, resulting in an improving trend in rates. The MEG has been slower on the other hand and LR's are under moderate downward pressure.

### Market assessment – MR

Route	WS today	Last week	USD/day
30' Spore - Japan	310.0	315.0	20,018
37' Cont. - US	300.0	310.0	27,089
38' Car. - USAC	312.5	300.0	27,914

### Market assessment – LR

Route	WS today	Last week	USD/day
55' MEG – Japan	250.0	260.0	31,032
75' MEG – Japan	210.0	220.0	34,406

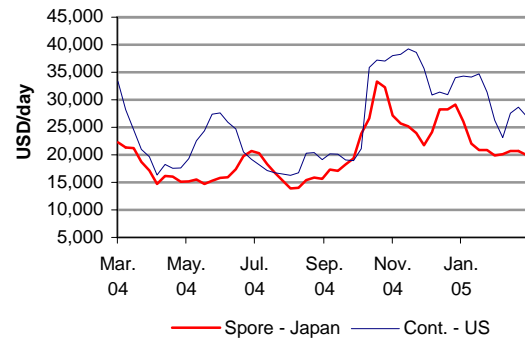
## Freight derivatives

The bulls came back with a vengeance as VL's, Suezmaxes and Aframaxes bounce sharply up from last week's levels. As the week starts with uncertainty and quietness, the volatility of this market is clearly displayed as TD3, TD5 and TD7 skyrockets going into the weekend. TC2 has been flattish albeit with a strong and steady physical market, while eastern clean routes look weaker on the back of sliding rates.

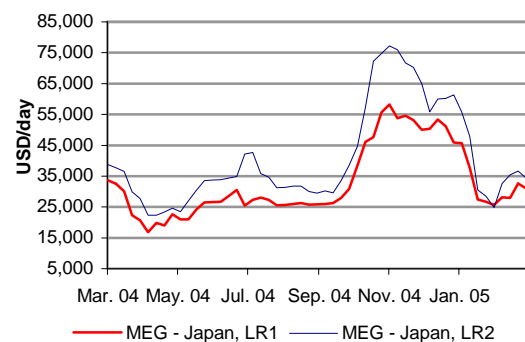
### Weekly change in key FFA contracts

Mar	Apr	Q2	Q3	Q4	CAL06
<b>TD3 MEG-Japan, 250' dwt</b>					
98.0	117.50	115.0	106.0	125.0	97.0
6.0	23.5	19.0	12.0	8.5	4.0
<b>TD 5 West Africa – USAC, 130' dwt</b>					
170.0	155.0	145.0	132.5	160.0	135.0
30.0	17.0	12.5	12.5	2.5	2.5
<b>TD 7, North Sea, UKC, 80' dwt</b>					
155.0	150.0	135.0	127.0	155.0	137.5
17.0	17.5	5.0	7.0	5.0	2.5
<b>TC 2 Cont-USAC, 37' dwt</b>					
330.0	310.0	280.0	235.0	287.5	237.5
-5.0	5.0	-5.0	0.0	5.0	0.0
<b>TC 4, Spore-Japan, 30' dwt</b>					
317.5	320.0	295.0	265.0	300.0	245.0
-2.5	10.0	-2.5	10.0	15.0	7.5

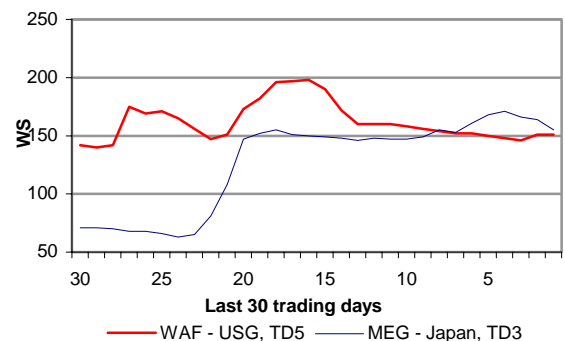
### MR earnings



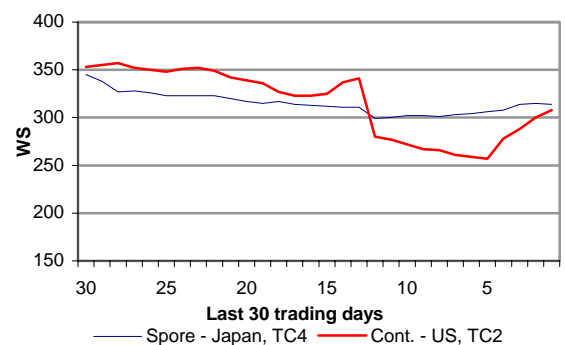
### LR earnings



### BITR rates, crude



### BITR rates, clean



# Sale and purchase

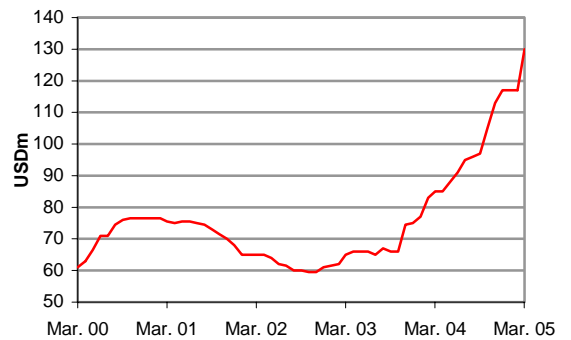
## Market comment

There was nothing stopping Euronav. The ink was not dry on the deal with Metrostar before they announced to acquisition of 14 suezmaxes and 2 aframaxes at an en bloc price of USD 1,080 mill. from Ceres Hellenic.

Torm has added another 6 ships to their own fleet through the purchase of 5 MRs built 2000 up to 2003, and 1 LR1 built 2004 from their pool partner LGR, Italy for about USD 250 mill.

The second hand market for dry cargo ships is red hot! Prices are going ballistic and turnover is fantastic. For first time we see excess USD 50 mill is paid for a conventional panamax.

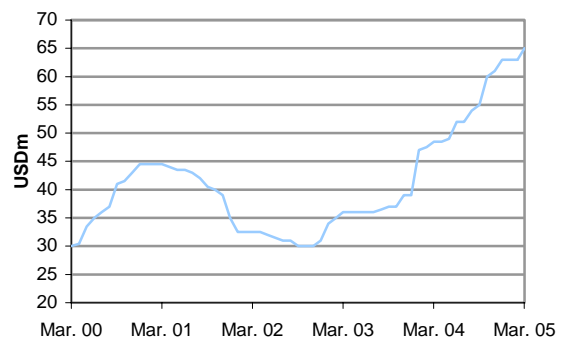
**VLCC – 3 year old**



**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	130.0	117.0	117.0	117.0	85.0
300' D/D 10	100.0	87.0	86.0	86.0	58.0
280' S/S 1990	58.0	58.0	58.0	60.0	34.0
150' D/D 3	80.0	77.0	77.0	77.0	55.0
150' D/D 10	65.0	63.0	63.0	63.0	42.0
140' S/S 1990	30.0	32.0	37.0	39.0	21.0
105' D/D 3	65.0	63.0	63.0	63.0	48.5
95' D/D 10yrs	47.0	46.0	46.0	46.0	30.0
95' S/S 1990	24.0	25.0	27.0	29.0	20.0
70' D/D 3 yrs	47.0	45.0	45.0	45.0	33.5
47' D/D 3 yrs	45.0	44.0	43.0	43.0	35.0
45' D/D 10	33.0	32.0	30.0	30.0	22.0
40' S/S 1990	17.0	17.0	15.0	16.0	14.0

## S&P Transactions

### Tankers

M/T "FANTASY" - 106,560 TDW, BUILT 2002

M/T "FIDELITY" - 106,548 TDW, BUILT 2002

M/T "FINESSE" - 149,994 TDW, BUILT 2002 NKK TSU (COILED )

M/T "FILIKON" - 149,989 TDW, BUILT 2002

M/T "CAP DIAMANT" - 160,044 TDW, BUILT 2001 HYUNDAI (DOUBLE HULL)

M/T "CAP LEON" - 159,600 TDW, BUILT 2003 SAMSUNG (DOUBLE HULL, COILED )

M/T "CAP PIERRE" - 159,600 TDW, BUILT 2003 SAMSUNG HEAVY (DOUBLE HULL)

M/T "CAP JEAN" - 148,000 TDW, BUILT 1998 SAMSUNG HI (DOUBLE HULL, COILED )

M/T "CAP GEORGES" - 148,000 TDW, BUILT 1997 SAMSUNG HI (DOUBLE HULL, COILED)

M/T "CAP LAURENT" - 147,436 TDW, BUILT 1998 SAMSUNG HI (DOUBLE HULL, COILED)

M/T "CAP ROMUALD" - 146,639 TDW, BUILT 1998 SAMSUNG HI (DOUBLE HULL, COILED)

M/T "SAMSUNG 1600 TBN" - 157,700 TDW, DELIVERY SEP 2006

M/T "SAMSUNG 1601 TBN" - 157,700 TDW, DELIVERY FEB 2007

M/T "SAMSUNG 1620 TBN" - 157,700 TDW, DELIVERY 2007

M/T "SAMSUNG 1581 TBN" - 157,700 TDW, DELIVERY FEB 2007

M/T "SAMSUNG 1582 TBN" - 157,700 TDW, DELIVERY MAR 2007

SOLD ENBLOC FROM CLIENTS OF CERES HELLENIC TO EURONAV FOR USD 1,070 MILLION. PART PAYMENT IN CASH, SHARES AND OBLIGATIONS. RESPECTIVELY USD 430 MILLION IN CASH, 350 MILLION IN SHARES, AND 300 IN OBLIGATIONS.

M/T "SOPHIA" - 76,300 TDW, BUILT 2001 TSUNEISHI SHIP NUMAKUMSOLD TO UNDISCLOSED BUYERS FOR USD 50 MILL.

M/T "METAXATA" - 63,774 TDW, BUILT 1985 HITACHI NAGASU (COILED , COATED EPOXY) SOLD TO GREEK BUYERS FOR USD 15.5 MILL.

M/T "AZTECA S" - 11,629 TDW, BUILT 1998 FUKUOKA FUKUOKA (COATED 316 L (CLAD), IMO2, IMO3) SOLD TO AKSAY USD 20.5 MILL. TO AKSAY, TUKEY INCL C/P TO TMM TILL SEPT 05. VESSEL BEEN ON T/C SINCE NEW.

M/T "CRISTAL" - 10,314 TDW, BUILT 1995 ASAKAWA (COILED , IMO2, IMO3) REPORTED SOLD USD 17 MILL UNDISCLOSED BUYERS

M/T "ILARIA D." - 9,445 TDW, BUILT 1993 POLI PELLESTRINA (DOUBLE BOTTOM, DOUBLE SIDES, COILED AVESTA 2205) SOLD WITHIN ITALY USD 18 MILL

M/T "SWEET DREAM" - 3,800 TDW, BUILT 1997 FUKUOKA FUKUOKASOLD TO BRAVE MARITIME SHADE BELOW USD 14 MILL. INCLUDING BB BACK COVERING EXCISTING CHARTER TO STATOIL TILL DEC 05/JAN 06

**Bulkers**

M/S "YONG LER" - 74,000 TDW, BUILT 2000 HUDONG SOLD TO UNDISCLOSED BUYERS FOR USD 40 MILL. INCLUDING 3 YRS T/C USD 21,000

M/S "NORSUL RIO" - 63,671 TDW, BUILT 1984 ISHIBRAS SOLD TO UNDISCLOSED BUYERS FOR USD 12.25 MILL.

M/S "APEX" - 53,806 TDW, BUILT 2002 JINGJIANG (CR 4X30T) SOLD TO MIDDLE EAST BUYERS FOR USD 39 MILL

M/S "FORWARD UNITY" - 48,913 TDW, BUILT 1999 ISHIKAWAJIMA TOKYO (CR 4X25T) SOLD TO EUROPEAN BUYERS FOR USD 33 MILL

M/S "URI" - 46,000 TDW, BUILT 2001 MITSUI TAMANO (DOUBLE BOTTOM, CR 4X30T) SOLD TO GREEK BUYERS FOR USD 34 MILL, INCLUDING T/C FEB 06 AT USD 21,000

M/S "IDC 2" - 41,524 TDW, BUILT 1985 MITSUI TAMANO (CR 4X25T 4X 25.0) SOLD TO UNDISCLOSED BUYERS FOR USD 15.5 MILL

M/S "FLORIANA" - 39,055 TDW, BUILT 1984 ISHIKAWAJIMA KURE (CR 4X25T 4X 25.0) SOLD TO ITALIAN BUYERS FOR USD 14 MILL

M/S "BLUE FORTUNE" - 36,174 TDW, BUILT 1981 IMABARI MARUGAME (CR 4X25T 4X 25.0) SOLD TO UNDISCLOSED BUYERS FOR USD 9.0 MILL

M/S "APOLLO" - 27,912 TDW, BUILT 1996 NAIKAI ZOSEN SETODA (CR 4X30T 4X 30.0) SOLD TO MID EAST FOR USD 39 MILL.

M/S "ALTHEA" - 26,517 TDW, BUILT 1995 GUANGZHOU INTERNATIONAL SOLD TO GREEK BUYERS FOR USD 20.00 MILL.

M/S "CMB JEANNOT" – 75,000 TDW, DELIVERY 2005 SOLD TO DRY SHIPS FOR USD 51.00 MILL.

M/S "OCEANIC ENSIGHT" – 69,458 TDW, BUILT 1990 SOLD TO STAMFORD NAVIGATION FOR USD 25.30 MILL INCLUDING T/C JUNE 2006 AT USD 30,000

M/S "AFRICAN OSPREY" – 23,270 TDW, BUILT 1989 SOLD TO UNDISCLOSED BUYERS FOR USD 14 MILL.

# Demolition

Some more activity, with three sales being reported.

Demolition volume		
# vessels	YTD	Year ago
VLCC	-	2
Suezmax	2	4
Aframax	6	5

Demolition prices (tankers, USD/ldwt)			
China	India	Pakistan	Bangladesh
350	410	390	430

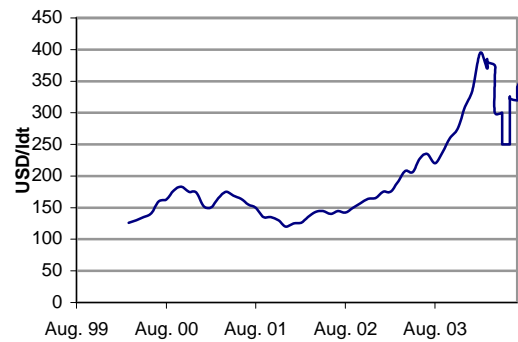
## Transactions

M/T “THEOTOKOS” – 97,115 TDW, BUILT 1978 CSBC (16,756 LDT) SOLD USD 440 TO BANGLADESH

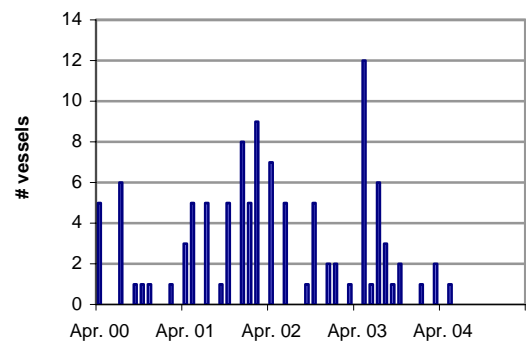
M/T “HISTRIA PRESTIGE” – 163,647 TDW, BUILT 1981 SANTIERUL NAVAL (28,500 LDT) SOLD USD 430 TO BANGLADESH

M/T “EVERTON” – 80,367 TDW, BUILT 1980 NAMURA ZOSENSHO (15,492 LDT) SOLD USD 442 TO INDIA

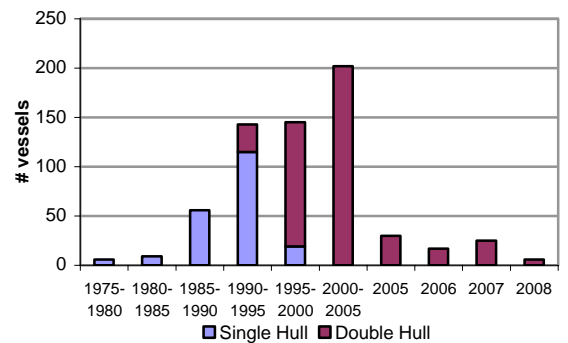
Demolition prices (VLCC, China)



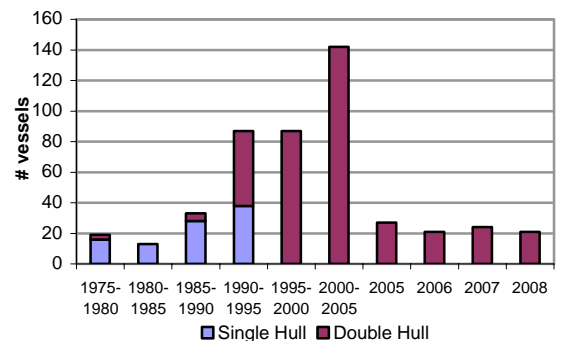
VLCCs sold for demolition



VLCC fleet – Age distribution



Suezmax fleet – Age distribution



## Research

Concerns over Chinese growth returned this week after Jan-Feb imports showed an 11% y/y drop. This is indeed a different tune than last year's last year's 40% jump, and certainly an argument in favor of the much feared growth slowdown. While a drop is indeed a drop, a far different picture emerges when looking at the two months in aggregate. January showed a dramatic 24% drop (lowest number since late '03). That implies actually a quite robust Feb figure estimated at 2.6 mbd, virtually flat y/y. With nothing else in other Chinese data pointing to a similar slowdown in demand, our view is that the figures reflect inventory adjustments in the wake of the Q4 import spree. Underlying demand is in good shape, which is also reflected by this week's upward adjustments to IEA and DoE forecasts for Chinese demand growth. The dragon has returned.

### Key market drivers

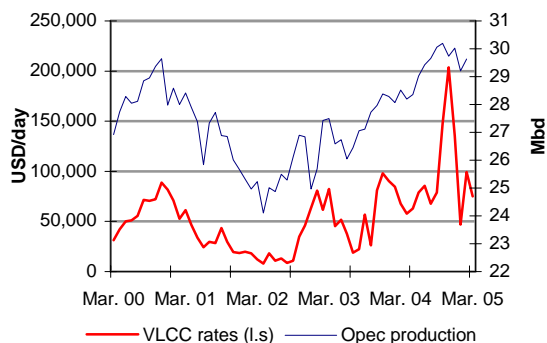
	2002	2003	2004P	2005E
World oil demand (%)	+0.8 %	+2.4 %	+3.4%	+2.2%
USA	+0.6 %	+1.4 %	+2.5%	+1.5%
Europe	-0.1 %	+1.2 %	+1.6%	+0.5%
China	+6.3 %	+11.0%	+15.6%	+7.9%
Japan	-1.7 %	+2.2 %	-2.6%	-1.1%
Opec production (mbd)	26.3	27.2	29.0	29.6
FSU production (mbd)	9.4	10.3	11.2	11.7
<b>Fleet statistics</b>	<b>Current</b>	<b>2004P</b>	<b>2005E</b>	<b>2006E</b>
VLCC fleet (# vessels)	441			
Orderbook	84			
Deliveries		30	30	17
Suezmax fleet (# vessels)	309			
Orderbook	78			
Deliveries		27	27	21

### Average earnings

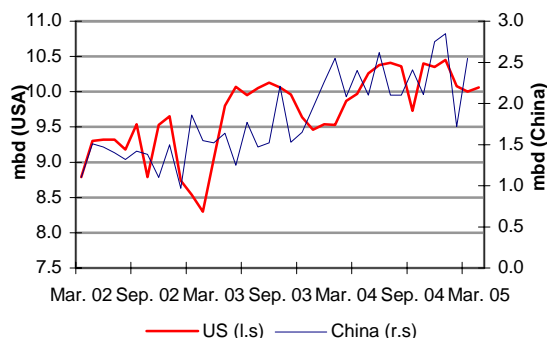
	2003	2004	2005 YTD
VLCC, MEG – Korea	56,233	97,657	67,647
Suezmax, Bonny – Phila.	39,619	65,965	51,606
Aframax, TEES – R.dam	42,127	61,800	55,732

Source: IEA, DoE, Bassøe

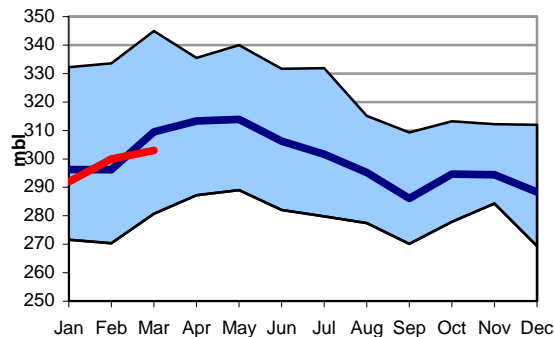
### VLCC rates vs. Opec production



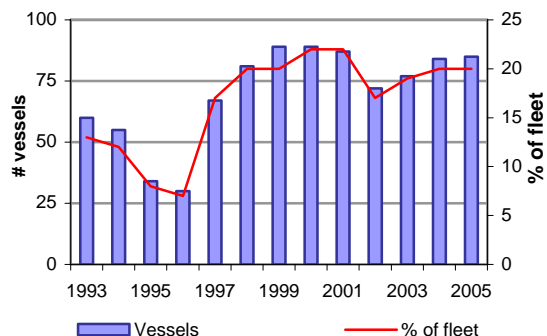
### Crude oil imports



### 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
Einar B. Danbolt - Managing Director	22 44 62 81	92 05 08 08
<b>SALE &amp; PURCHASE / NEWBUILDING / PROJECT</b>	<b>22 01 08 25</b>	
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
<b>FREIGHT DERIVATIVES</b>	<b>22 01 08 50</b>	
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
<b>TANKER CHARTERING</b>	<b>22 01 08 20</b>	
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
<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
Inge Wallentin	22 73 27 20	90 89 99 28
David Sand	66 82 01 05	90 14 34 31
<b>OPERATION</b>	<b>22 01 08 30</b>	
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
<b>RESEARCH</b>	<b>22 01 09 06</b>	
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