

Bassøe Friday Report

Week 17 – 29.04.2005

www.pfbassoe.no

Nr 17. Vol 28

Tanker chartering – Crude

Market comments

An active week in the VLCC market with more some 35 fixtures completed, the highest since mid-March. Rates for double hulls, which fell early in the week, have recovered most of the losses. Single hull rates are little changed and remain at a 10-15 WS point discount, maintaining the two-tier structure. Overall tonnage availability has been reduced, and is very low for double hulls. However, with upcoming holidays activity is unlikely to be equally high next week. A mixed week for Suezmaxes with rates slipping in West Africa, despite healthy activity, and gaining in the Black Sea. Aframaxes have enjoyed a broad based improvement, led by sharp gains in the Med.

VLCC (DH)		Current trend: Firming		
Route	WS today	Last week	USD/day	
270' MEG – Korea	95.0	105.0	49,921	
275' MEG – UKC	77.5	90.0	46,850	
260' Bonny – LOOP	100.0	105.0	55,719	

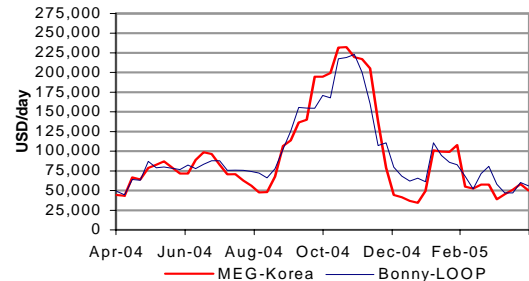
Suezmax		Current trend: Mixed		
Route	WS today	Last week	USD/day	
130' Bonny – Phila.	140.0	152.5	38,047	
130' MAF – Ningpo	113.5	155.0	26,875	
135' Novo – Augusta	145.0	125.0	56,638	

Aframax		Current trend: Firm		
Route	WS today	Last week	USD/day	
80' TEES – R.dam	150.0	132.5	50,851	
70' PLC – Texas	170.0	145.0	23,270	
80' MEG – Singapore	160.0	190.0	25,611	

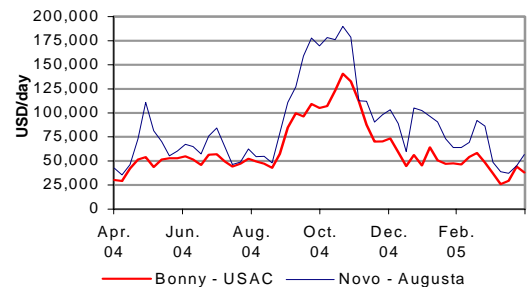
VLCC availability in MEG (# vessels)		
	Single hull	Double hull
Spot	1	0
Next 30 days	35	10

Bunkers (USD/mt)			
Fujairah	258	Rotterdam	234

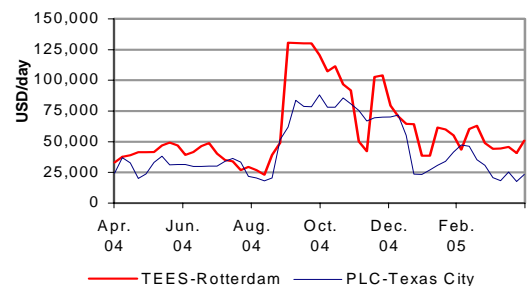
VLCC earnings



Suezmax earnings

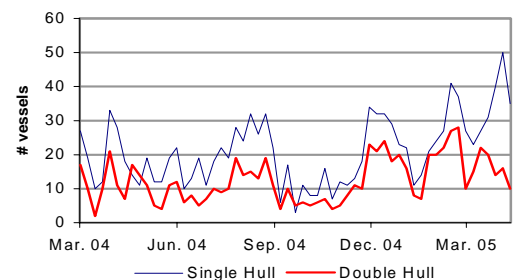


Aframax earnings



VLCC availability in MEG

vessels next 30 days ex. FRO and TI



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Tanker chartering – Clean

Market Comment

Rates this week did not change much from last. The arbitrage US/Europe is open and the MRs get fixed back. The Cont./US trade was halted somewhat by the drop in US gasoline prices towards the end of the week. LR1 was firming whilst LR2 rates Meg/East dropped and MR Singapore/Japan is soft.

Market assessment – MR

Route	WS today	Last week	USD/day
30' Spore - Japan	272.5	287.5	
37' Cont. - US	300.0	290.0	
38' Car. - USAC	247.5	255.0	18,685

Market assessment – LR

Route	WS today	Last week	USD/day
55' MEG – Japan	242.5	235.0	
75' MEG – Japan	200.0	215.0	

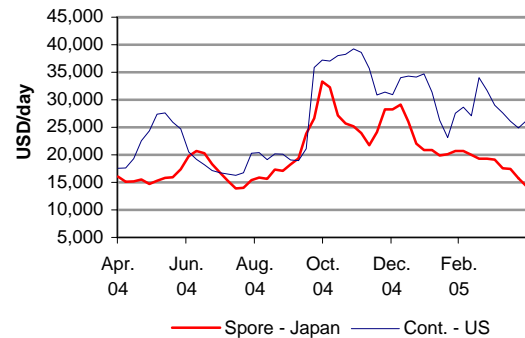
Freight derivatives

TD3 fell hard as the double-hull market plunged MEG/EAST, but regained strength as the single/double spread opened up again through the week. No big moves in TD5, while TD7 firmed up considerably as NSEA tightens on Thursday. No clear directions on the clean side, but generally weaker on the front end and firming along the curve.

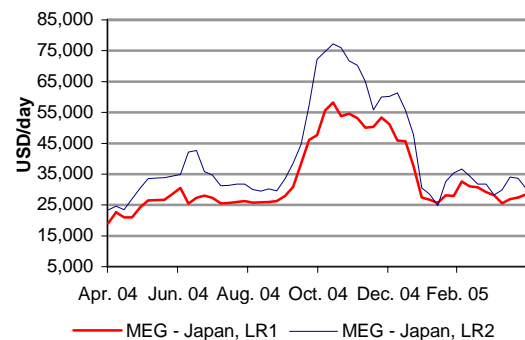
Weekly change in key FFA contracts

May	Jun	Q3	Q4	Q1'06	CAL06
TD3 MEG-Japan, 250' dwt					
91.5	101.0	100.0	121.0	115.0	99.0
-15.5	-9.0	-11.0	-5.0	-2.0	-1.0
TD 5 West Africa – USAC, 130' dwt					
142.5	145.0	135.0	162.5	155.0	141.0
-2.5	-2.0	-7.0	-0.5	0.0	0.0
TD 7, North Sea, UKC, 80' dwt					
143.0	139.0	128.0	157.0	152.0	140.0
12.0	9.0	3.0	0.0	0.0	0.0
TC 2 Cont-USAC, 37' dwt					
280.0	275.0	252.5	290.0	282.5	247.5
-14.0	0.0	5.0	5.0	4.5	2.5
TC 4, Spore-Japan, 30' dwt					
275.0	277.5	270.0	300.0	295.0	270.0
-12.0	-7.5	0.0	0.0	15.0	0.0

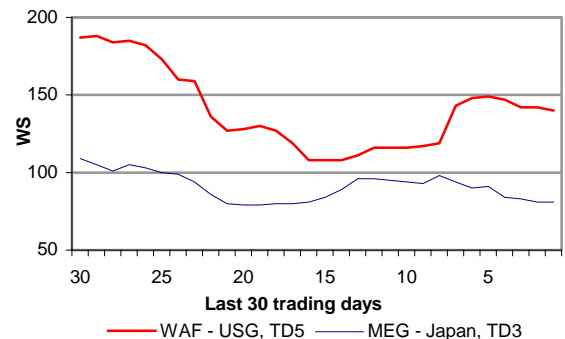
MR earnings



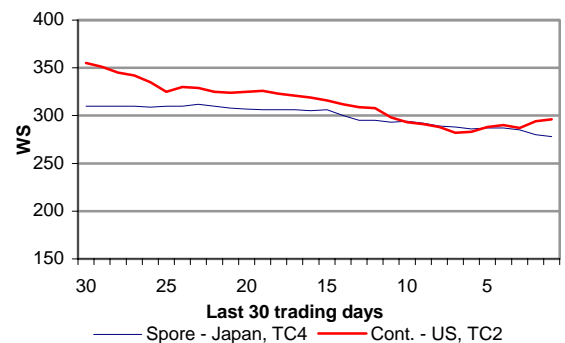
LR earnings



BITR rates, crude



BITR rates, clean



Sale and purchase

Market comment

A mixed bag of transactions this week. Nothing spectacular as such, but interest remain strong. Tanker values are keeping firm in anticipation of a strong 2nd half for the spot market, and newbuilding prices going ballistic.

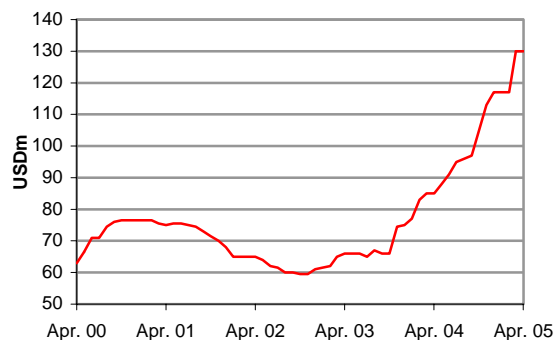
Prices for bulkcarriers are slipping, as the freight market is inn for a correction.

Due to technical problems last week, we report a few extra sales this week.

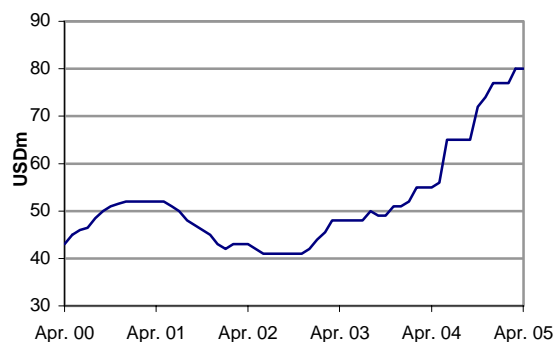
Second hand values

Vessel /USDm	Latest	1 mth	2 mth	3 mth	12 mth
300' D/D 3 yrs	130.0	130.0	117.0	117.0	85.0
300' D/D 10	100.0	100.0	87.0	86.0	59.0
280' S/S 1990	60.0	58.0	58.0	58.0	34.0
150' D/D 3 yrs	80.0	80.0	77.0	77.0	55.0
150' D/D 10	67.0	67.0	63.0	63.0	42.5
140' S/S 1990	30.0	30.0	32.0	37.0	20.0
105' D/D 3 yrs	65.0	65.0	63.0	63.0	48.5
95' D/D 10yrs	47.0	47.0	46.0	46.0	32.0
95' S/S 1990	25.0	22.0	25.0	27.0	19.0
70' D/D 3 yrs	47.0	47.0	45.0	45.0	34.0
47' D/D 3 yrs	46.0	45.0	44.0	43.0	35.0
45' D/D 10 yrs	32.0	32.0	32.0	30.0	22.0
40' S/S 1990	16.0	16.0	17.0	15.0	14.0

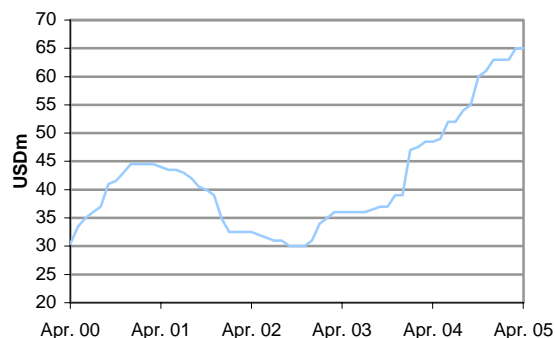
VLCC – 3 year old



Suezmax – 3 year old



Aframax – 3 year old



S&P Transactions

Tankers

M/T "SEAMASTER" - 101,134 TDW, BUILT 1990 NAMURA IMARI AND M/T "SEAFALCON" - 97,114 TDW, BUILT 1991 KOYO DOCK MIHARA (DOUBLE SIDES) SOLD LAST WEEK FOR RESPECTIVELY USD 27.75 AND USD 30.25 MILL MILLION TO BLT, INDONESIA

M/T "GENERAL TYULENEV" / "SOROKALETIE POBEDY" - 67,980 TDW, BUILT 1983/1985 ZALIV (DOUBLE HULL) SOLD TO UNDISCLOSED BUYERS AT USD 23.5 MILL ENBLOC.

M/T "EVROS" - 63,155 TDW, BUILT 1982 NAMURA IMARI SOLD TO CHINESE BUYERS FOR USD 6.5 MILL.

M/T "ELKA BENE"/"ELKA BALUNI" - 45,300 TDW, BUILT 2002 SPLIT (DOUBLE HULL, IMO3) SOLD TO TOP TANKERS FOR USD 48 MILL. EACH WITH HIGH COMMISSION.

M/T "DION"/"PELLA" - 40,321 TDW, BUILT 1984 ULJANIK (DOUBLE BOTTOM, COATED, IMO3) SOLD ENBLOC LAST WEEK TO GREEK BUYERS FOR TOTAL USD 23.75 MILL

Bulkers

M/S "KARTERIA" - 174,004 TDW, BUILT 1985 HITACHI NAGASU SOLD TO CHINESE BUYERS USD 37 MILL

M/S "MINERAL ORDAZ" - 172,632 TDW, BUILT 1996 CONSTANTZAREPOTED SOLD TO TURKISH BUYERS FOR USD 46 MILL

M/S "NOBLE DRAGON" - 149,782 TDW, BUILT 1994 DALIAN SOLD TO UNDISCLOSED FAR EASTERN BUYERS USD 54.5 MILL

M/S "CSK TRIBUTE" - 140,000 TDW, BUILT 1991 SASEBO HVY IND. SOLD TO CHANG MYUNG, KOREA FOR USD 44.5 MILL

M/S "MARVEL TIMONEL" - 69,286 TDW, BUILT 1994 HASHIHAMA SOLD REGION USD 34 MILL TO UNDISCLOSED BUYERS.

M/S "PANORMOS TRADER" - 64,000 TDW, BUILT 1983 SAMSUNG SB/HI SOLD LAST WEEK ENBLOC TO GLOBAL OCEANIC CARRIERS TOGETHER WITH M/S "PANORMOS FAITH" - 65,125 TDW, BUILT 1984 NAMURA IMARI FOR USD 35.5 MILL (18.25 MILL AND 17.25 MILL RESPECTIVELY).

M/S "EBONI" - 45,000 TDW, BUILT 2002 PAL INDONESIA (CR 4X40T) SOLD TO CHINESE BUYERS FOR USD 32.5 MILL WITH DELIVERY DEC 06.

M/S "ANANGEL SUCCESS" - 41,502 TDW, BUILT 1984 MITSUI TAMANO (CR 4X25T 4X 25.0) SOLD AT UNDISCLOSED PRICE TO TBS INTERNATIONAL, US.

M/S "SIR NICHOLAS" - 41,213 TDW, BUILT 1984 NIPPONKAI H.I. (CR 4X25T 4X 25.0) SOLD TO UNDISCLOSED BUYERS FOR USD 14 MILL.

M/S "ARROW" - 39,225 TDW, BUILT 1984 KANASASHI ZOSEN TOYOHA (CR 4X25T 4X 25.0) SOLD TO TBS SHIPPING, US, FOR USD 15.5 MILL

M/S "PANORMOS PRIDE" - 35,055 TDW, BUILT 1982 TOHOKU SB. (DR 5X25T 5X 25.0) ALSO SOLD TO GLOBAL OCEANIC CARRIERS USD 10.1 MILL

M/S "OCEAN RIVER" – 24,733 TDW, BUILT 1982 IMABARI SOLD TO UNDISCLOSED BUYERS FOR USD 8.8 MILL

M/S "HCH RIVER"– 6,850 TDW, BUILT 1990 S. KOREA SOLD TO KOREAN BUYERS FOR USD 5.5 MILL.

Demolition

The upcoming monsoon season at the sub continent is starting to have an impact. This in combination with the prevailing perception that the market soon will be flooded with tanker tonnage the prices have been put under pressure. An Aframax has been sold as is where is in Singapore for delivery India. Price is USD 422/ldt

There are two Suezmax under negotiations, but due to the weak market the progress is slow.

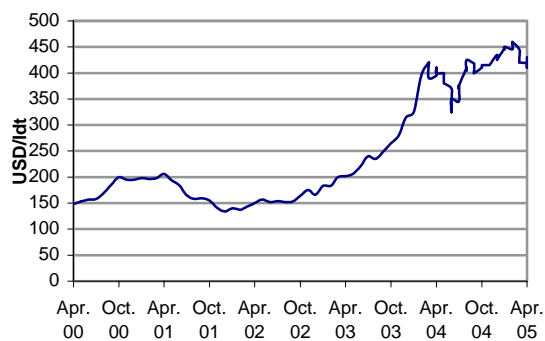
Demolition volume		
# vessels	YTD	Year ago
VLCC	-	3
Suezmax	2	7
Aframax	12	7

Demolition prices (tankers, USD/ldwt)			
China	India	Pakistan	Bangladesh
370	410	400	410

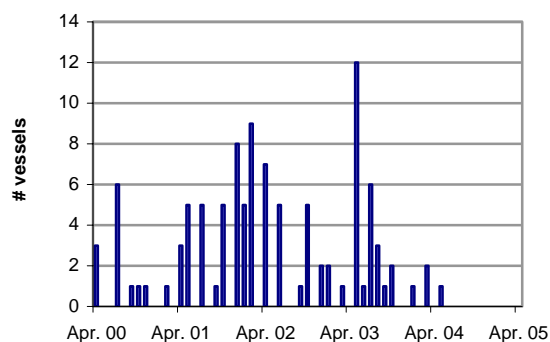
Transactions

M/T "PYLADIS" - 80,650 TDW, BUILT 1982
 ISHIBRAS SOLD AS IS IN SINGAPORE TO INDIA
 FOR USD 422.

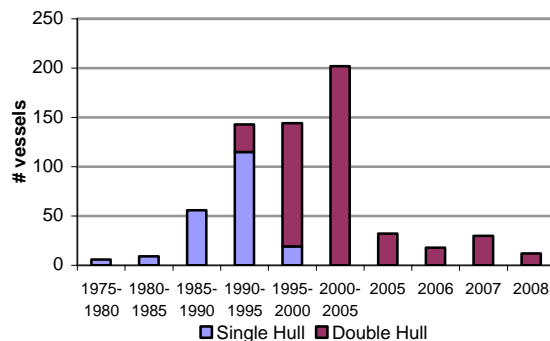
Demolition prices (VLCC, Bangladesh)



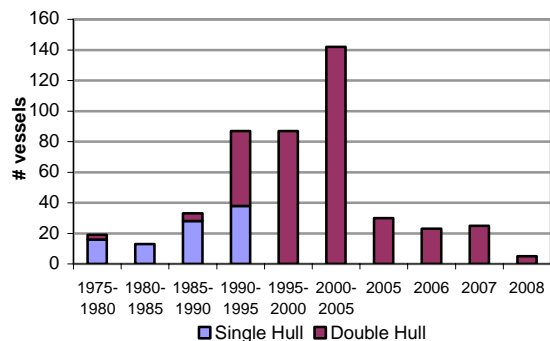
VLCCs sold for demolition



VLCC fleet – Age distribution



Suezmax fleet – Age distribution



Research

Two stories have been developing this week, with opposite implications for the tanker market. Stock markets have continued to sell off in response to weaker macro figures from the US. GDP growth and orders for durable goods both came in well below expectations, feeding fears that growth is coming off more than what's been built into most forecasts. Oil demand, which has been remarkably resilient in view of the high prices, is likely to find a harsher environment if growth slows more than expected. On the other hand, the new forecast from Russia's Economic Development Ministry calling for production growth of 2.4%, or less than half of what has generally been expected, works in the opposite direction in terms of VLCC demand. Russia has been the only bright spot among non-MEG producers and a weaker performance here will hasten Opec's drive to push production back above 30 mbd, the current rise in stocks not withstanding.

Key market drivers

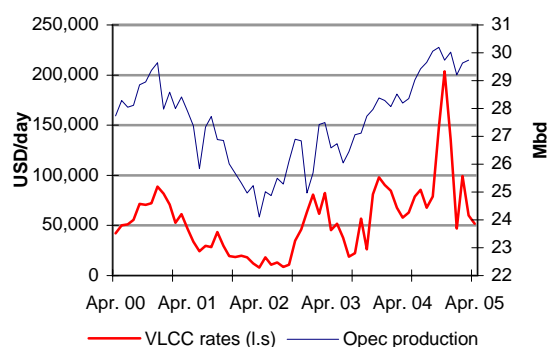
	2002	2003	2004P	2005E
World oil demand (%)	+0.8 %	+2.4 %	+3.4 %	+1.8 %
USA	+0.6 %	+1.4 %	+2.4 %	+0.9%
Europe	-0.1 %	+1.2 %	+1.5%	+0.5%
China	+6.3 %	+11.0%	+15.6%	+6.3%
Japan	-1.7 %	+2.2 %	-2.7 %	-1.7 %
Opec production (mbd)	26.3	27.2	29.0	29.6
FSU production (mbd)	9.4	10.3	11.2	11.7
Fleet statistics	Current	2005P	2006E	2007E
VLCC fleet (# vessels)	451			
Orderbook	86			
Deliveries		32	18	30
Suezmax fleet (# vessels)	314			
Orderbook	79			
Deliveries		30	23	25

Average earnings

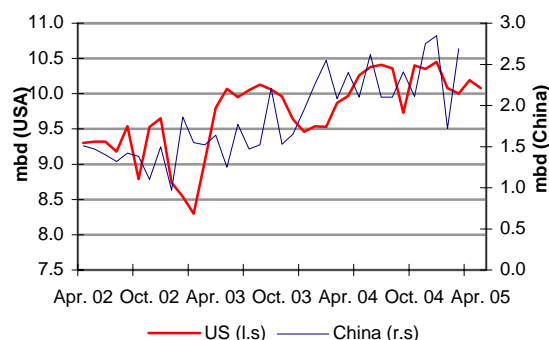
	2003	2004	2005 YTD
VLCC, MEG – Korea	56,233	97,657	60,850
Suezmax, Bonny – Phila.	39,619	65,965	46,923
Aframax, TEES – R.dam	42,127	61,800	52,645

Source: IEA, DoE, Bassøe

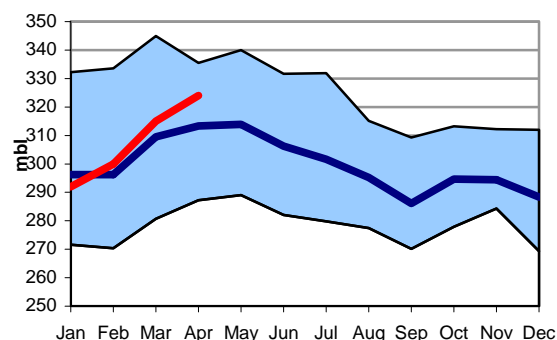
VLCC rates vs. Opec production



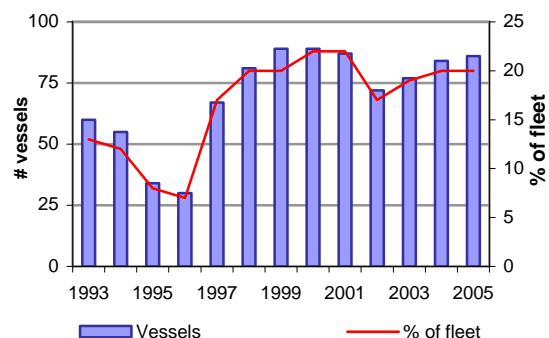
Crude oil imports



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
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
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
RESEARCH	22 01 09 06	
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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