

Bassøe Friday Report

Week 9 – 04.03.2005

www.pfbassoe.no

Nr 9. Vol 28

Tanker chartering – Crude

Market comments

A version of Dr. Jekyll and Mr. Hyde is being played out in the VLCC market. Another week with a distinct lack of activity is running sharply at odds with a very strong oil market. Prices have made new highs daily in response to very cold weather in the US and Europe. With tonnage availability widening sharply, charterers have regained control and driven rates lower. Owners, it seems, must continue to hope that high oil demand eventually will flow down to the freight market.

Suezmaxes have been quite active, but more vessels available in the West have put a cap on rate gains. A quiet week for aframaxes, with the notable exception of Caribs where rates moved higher.

VLCC		Current trend: Soft		
Route	WS today	Last week	USD/day	
270' MEG – Korea	95.0	162.5	54,637	
275' MEG – UKC	82.5	120.0	56,516	
260' Bonny – LOOP	110.0	127.5	68,103	

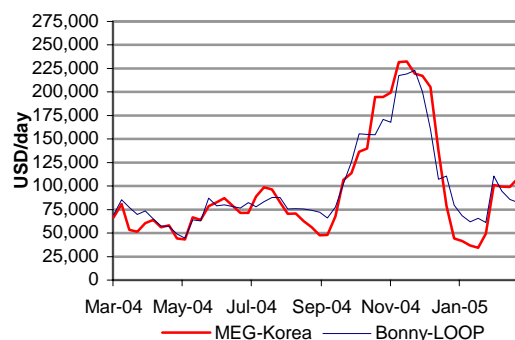
Suezmax		Current trend: Flat		
Route	WS today	Last week	USD/day	
130' Bonny – Phila.	150.0	152.5	46,473	
130' MAF – Ningpo	212.5	215.0	67,406	
135' Novo – Augusta	155.0	155.0	63,962	

Aframax		Current trend: Mixed		
Route	WS today	Last week	USD/day	
80' TEES – R.dam	135.0	155.0	43,650	
70' PLC – Texas	265.0	240.0	47,342	
80' MEG – Singapore	300.0	290.0	58,507	

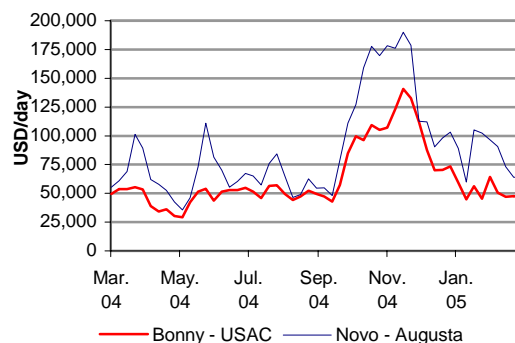
Availability in MEG (# vessels)			
	VLCC		ULCC
	Single hull	Double hull	
Spot	0	0	1
Next 30 days	41	27	0

Bunkers (USD/mt)			
Fujairah	206	Rotterdam	190

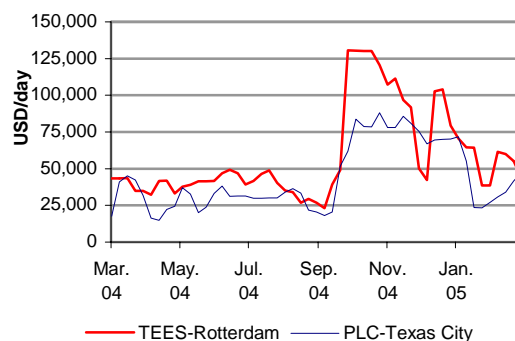
VLCC earnings



Suezmax earnings



Aframax earnings



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Tanker chartering – Clean

Market Comment

Although activity has been relatively modest, all segments moved up this week. The most significant changes were seen in the LR1 market MEG/Japan and for 38' on Caribs/USAC.

Market assessment – MR

Route	WS today	Last week	USD/day
30' Spore - Japan	315.0	312.5	20,721
37' Cont. - US	310.0	300.0	28,642
38' Car. - USAC	300.0	245.0	26,333

Market assessment – LR

Route	WS today	Last week	USD/day
55' MEG – Japan	260.0	230.0	32,647
75' MEG – Japan	220.0	215.0	36,631

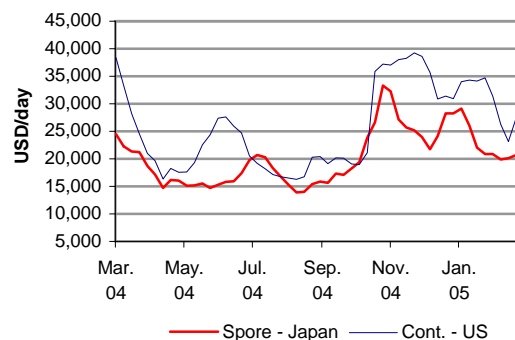
Freight derivatives

The TD3 prompt took a serious hit this week, falling some 40pts, while the back end of the curve only saw minor bearish adjustments. TD5 followed the same trend, albeit with a smaller drop, while TD7 remained largely unchanged. TC2 rose sharply towards the end of the week.

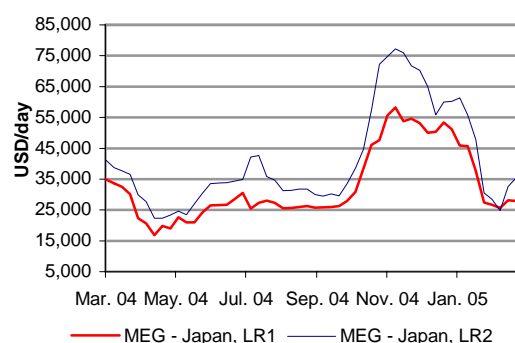
Weekly change in key FFA contracts

Mar	Apr	Q2	Q3	Q4	CAL06
TD3 MEG-Japan, 250' dwt					
92.0	94.0	96.0	94.0	116.5	93.0
-50.5	-21.0	-14.0	-9.0	-6.5	-3.0
TD 5 West Africa – USAC, 130' dwt					
140.0	138.0	132.5	120.0	157.5	132.5
-21.0	-12.0	-7.5	-2.5	5.0	-2.5
TD 7, North Sea, UKC, 80' dwt					
138.0	132.5	130.0	120.0	150.0	135.0
-22.0	-20.0	-12.5	-5.0	-5.0	-2.0
TC 2 Cont-USAC, 37' dwt					
335.0	305.0	285.0	235.0	282.5	237.5
27.5	25.0	7.5	5.0	12.5	5.0
TC 4, Spore-Japan, 30' dwt					
320.0	310.0	297.5	255.0	285.0	237.5
-15.0	2.5	2.5	5.0	5.0	5.0

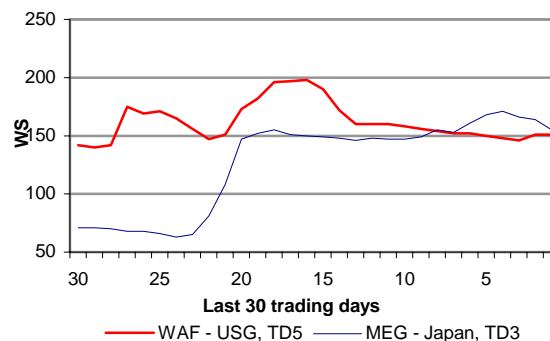
MR earnings



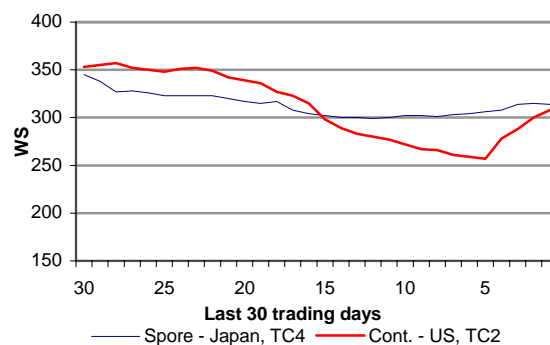
LR earnings



BITR rates, crude



BITR rates, clean



Sale and purchase

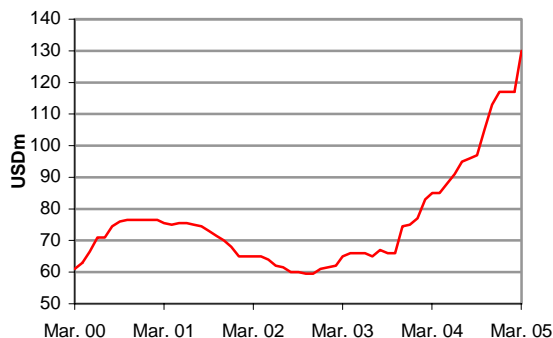
Market comment

Coming from a few rather quiet weeks in terms of reported tanker sales, this week exploded. News of the week, the month and possible the next couple of months is Metrostar finally concluding a major sale of six out of their eight VLCCs. Euronav have bought four vessels at an enbloc price of USD 477.5 mill. In addition Pacific Star (Ghandour) is reported to have bought further two of the vessels at about USD 265 mill., leaving two vessels in the Metrostar fleet, both currently on t/c to BP. Further, Metrostar are also said to have sold off two Hyundai Mipo type MR's to German KG.

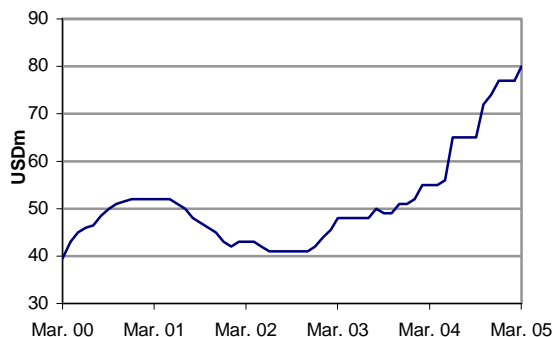
Top Tankers have lifted subjects on their purchase of the three Latsis MR's "HELLAS FOS"/"HELLAS RENAISSANCE"/"HELLAS SERENITY" all 46,268 TDW BUILT HYUNDAI 1999 at apprx. USD 41.5 mill each.

The Finaval fleet is also being reported sold, to Swiss/Italian Euroceanica.

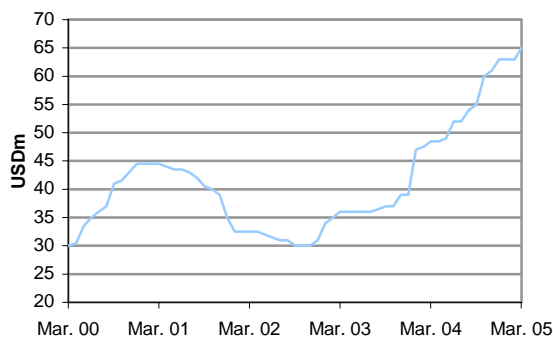
VLCC – 3 year old



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 "CRUDE GUARDIAN" - 279,900 TDW, BUILT 1993 MITSUBISHI

M/T "CRUDE CREATION" - 298,324 TDW, BUILT 1998 DAEWOO

M/T "CRUDE TOPAZ" - 292,300 TDW, BUILT 2002 SAMHO

M/T "SAMHO N/B S214" - 318,000 TDW, DELIVERY JUNE 2005

SOLD ENBLOC FROM CLIENTS OF METROSTAR TO EURONAV USD 477.5 MILL. WE SPLIT THE INDIVIDUAL PRICES TO BE USD 95 / 110 / 130 / 142.5 MILL RESPECTIVELY

IN ADDITION CLIENTS OF METROSTAR HAVE SOLD OFF FURTHER TWO VLCC's, NAMELY THE M/T "CRUDE SUN" - 309,233 TDW, BUILT 2002 SAMSUNG AND THE M/T "CRUDE CREST" - 300,000 TDW, BUILT 2002 DAEWOO TO CLIENTS OF PACIFIC STAR (GHANDOUR) USD 265 MILL ENBLOC.

BUT IT DOES NOT STOP THERE WITH METROSTAR THIS WEEK. ALSO SAID TO HAVE BEEN SOLD ARE THE MR's M/T's "PROSTAR"/"PROSKY" - 37,300 TDW, BUILT 2003 HYUNDAI MIPO TO A GERMAN KG AT REGION USD 32.5 MILL FOR PROSKY AND USD 35 MILL FOR THE . PROSTAR. PROSKY IS ON T/C TO ORL TILL NOVEMBER 05 AT USD 13,900 AND THE PROSTAR ON T/C TO CEPASA TILL DECEMBER 06 AT USD 14,250 TILL DECEMBER 05 AND USD 14,500 TILL DECEMBER 06

M/T "FARANDOLE" - 40,537 TDW, BUILT 1988 ULJANIK (DOUBLE BOTTOM/ COILED/EPOXY COATED) SOLD TO GREEK OWNERS DELPHI USD 16.5 MILL INCL. BAREBOAT BACK TILL OCTOBER THIS YEAR AT USD 15,000

EUROCEANICA IS THE BUYER OF THE FINAVAL FLEET AT REGION USD 160/165 MILL. THE SALE INCLUDES CHARTER BACK ARRANGEMENTS FOR 6/12 MONTHS COVERING THE CURRENT CHARTERS THE SELLERS HAVE ON THE VESSELS. THE PRICE DIFFERENTIAL FROM WHAT CAMILLO EITZEN HAD AGREED TO PAY (APPRX USD 200 MILL) AND THE ABOVE IS DUE TO SEPARATE SALE OF THE ISOLA BLU 26,707 TDW BUILT 2001 SOLD TO STOLT-NIELSEN ON PRIVATE TERMS.

ALL VESSELS ARE SOLID STAINLESS STEEL.

M/T "ISOLA ATLANTICA" - 16,400 TDW, BUILT 2000 ORLANDO FRATELLI

M/T "ISOLA AZZURRA" - 13,843 TDW, BUILT 1997 ESERCIZIO VIAREGGIO

M/T "ISOLA AMARANTO" - 9,887 TDW, BUILT 1998 ORLANDO FRATELLI

M/T "GIOVANNI FAGIOLI" - 9,554 TDW, BUILT 1998 ORLANDO FRATELLI

M/T "ISOLA AMBRA" - 7,990 TDW, BUILT 1998 AARHUS

M/T "ISOLA CORALLO" - 4,482 TDW, BUILT 1999 AARHUS

M/T "ISOLA MORA" - 3,746 TDW, BUILT 1998 NORDSOVAERFTET

M/T "BEATRICE" - 8,508 TDW, BUILT 1995 KURINOORA (DOUBLE HULL/COILED/IMO II/III) REPORTED SOLD TO KOREAN BUYERS USD 10.7 MILL

Bulkers

M/S "MARINA" - 151,053 TDW, BUILT 1995 KAWASAKI REPORTED SOLD TO KOREAN BUYERS CHUNG MYON USD 51 MILL. DELIVERY SEPTEMBER

M/S "KING ARTHUR" - 72,873 TDW, BUILT 1997 CHINA SB PREVIOUS REPORTED SALE AT USD 38.5 MILL IS SAID TO HAVE FAILED AND THE VESSEL IS NOW REPORTED SOLD REGION USD 40 MILL TO GREEK BUYERS.

M/S "JOHN OLDENDORFF"/"PHILIPP OLDENDORFF" - 52,433 TDW, BUILT 2002/2003 TSUNEISHI IS REPORTED SOLD TO GREAT EASTERN, INDIA USD 37.5 AND USD 38.3 MILL RESPECTIVELY. SOME RUMOURS ALSO SAYING THE JOHN OLDENDORFF SOLD TO GREEKS.

M/S "AGIA EIRINI" - 45,262 TDW, BUILT 1994 SHIN KURUSHIMA (CR 4X25) REPORTED SOLD UNDISCLOSED RUSSIAN BUYERS USD 26/27 MILL. WAIVING INSPECTION.

M/S "NICON FRONTIER" - 45,000 TDW, BUILT 2000 IMABARI (CR 4X30) SOLD TO MARYVILLE USD 33.5 MILL

M/S "YICK WING" - 42,943 TDW, BUILT 1982 SANOYASU (CR 5X15) REPORTED SOLD UNDISCLOSED BUYERS USD 12.5 MILL

M/S "STARLY"/"ANGELINA F" - 33,264 TDW, BUILT 1984 KANDA (CR 4X25) REPORTED SOLD ENBLOC USD 12 MILL EACH WITH T/C BACK TILL JUNE 2006 AT USD 20,000/DAY, TO UNDISCLOSED BUYERS.

Demolition

Another dull week. The market dropped beginning of the week resulting in the aframax “NORD SEA” 88,000 tdw /abt 18,500 ldt being withdrawn as well as other tonnage that was circulated last week. No sales of significance to report this week. Bangladesh is the ruling buyer and seems they will continue to be so in the foreseeable future.

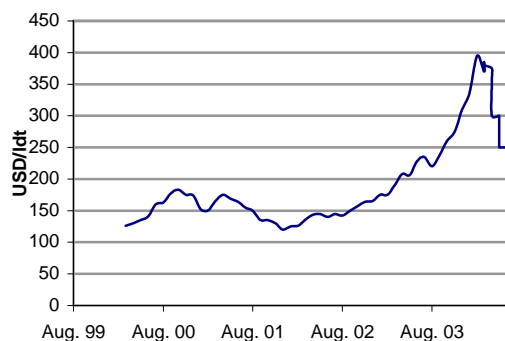
Demolition volume		
# vessels	YTD	Year ago
VLCC	-	1
Suezmax	1	4
Aframax	4	4

Demolition prices (tankers, USD/ldwt)			
China	India	Pakistan	Bangladesh
350	400	350	445

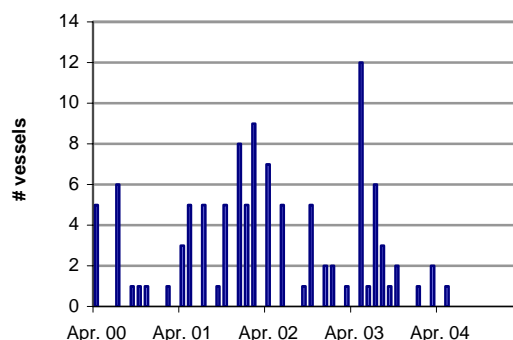
Transactions

No transactions this week.

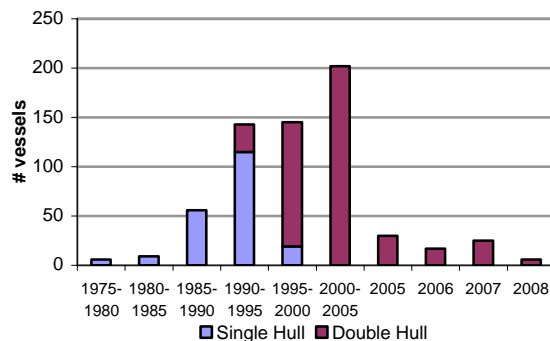
Demolition prices (VLCC, China)



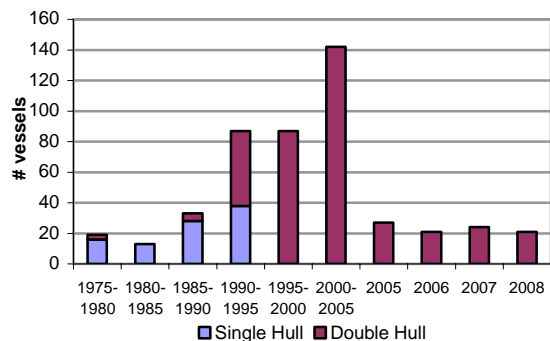
VLCCs sold for demolition



VLCC fleet – Age distribution



Suezmax fleet – Age distribution



Research

The concerns over an unusual mild winter have been thrown out the window with the current “deep freeze” in the US and Europe. We now expect significant upward revisions to already solid Q1 demand, as well as a substantial drawdown of product inventories. While this is certainly good news for the tanker market in the medium term, it may perversely create some near-term problems. High and rising US gasoline stocks remain the challenge for this market, and with refining margins now improving, output (including gasoline) could be higher than otherwise would have been the case. This is further driven home by the rally in gasoline prices outpacing heating oil this week. With Opec still concerned with Q2 inventories, any signal of fundamental weakness, once temperatures return to normal could well have a negative impact near-term.

Key market drivers

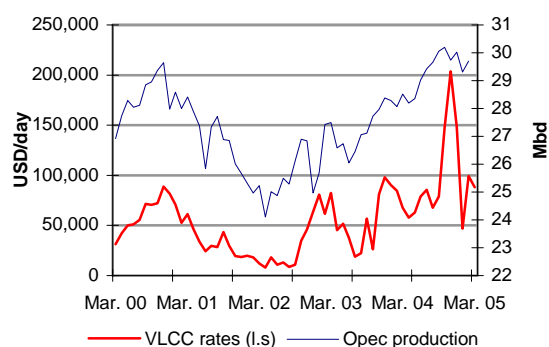
	2002	2003	2004P	2005E
World oil demand (%)	+0.8 %	+2.4 %	+3.4 %	+1.8 %
USA	+0.6 %	+1.4 %	+2.4 %	+0.9 %
Europe	-0.1 %	+1.2 %	+1.5 %	+0.5 %
China	+6.3 %	+11.0 %	+15.6 %	+6.3 %
Japan	-1.7 %	+2.2 %	-2.7 %	-1.7 %
Opec production (mbd)	26.3	27.2	29.0	29.6
FSU production (mbd)	9.4	10.3	11.2	11.7
Fleet statistics	Current	2004P	2005E	2006E
VLCC fleet (# vessels)	441			
Orderbook	84			
Deliveries		30	30	17
Suezmax fleet (# vessels)	309			
Orderbook	78			
Deliveries		27	27	21

Average earnings

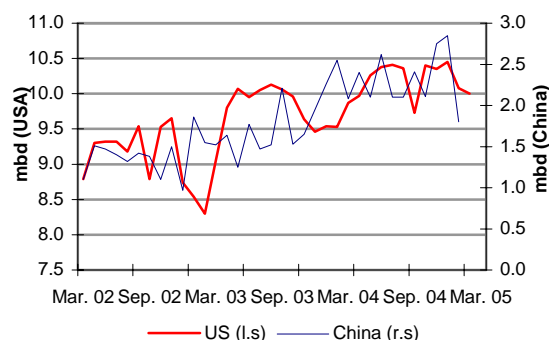
	2003	2004	2005 YTD
VLCC, MEG – Korea	56,233	97,657	69,334
Suezmax, Bonny – Phila.	39,619	65,965	51,314
Aframax, TEES – R.dam	42,127	61,800	55,214

Source: IEA, DoE, Bassøe

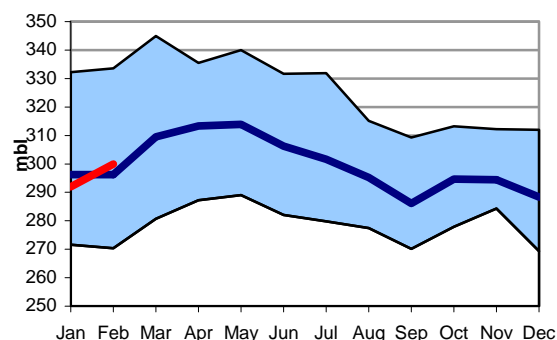
VLCC rates vs. Opec production



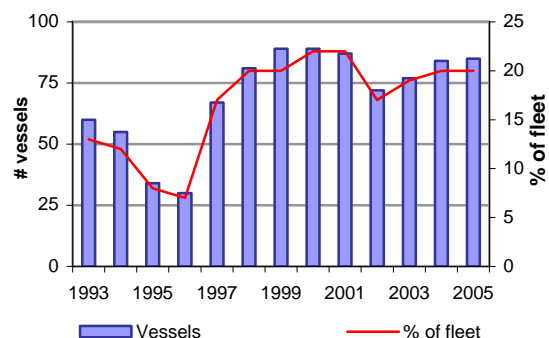
Crude oil imports



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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