

Pareto Bassøe Shipbrokers

Market Reports

Please find enclosed the weekly market reports from the
Pareto Bassøe Shipbrokers Group

P. F. Bassøe AS
Tanker chartering, FFA, Projects

Pareto Shipbrokers AS
S&P, Newbuildings

Pareto Dry Cargo AS
Dry cargo chartering

Bassøe Friday Report

Week 11 – 17.03.2006

www.pfbassoe.no

Nr 11. Vol 29

Tanker chartering – Crude

Market comments

Owners' stubbornness appears to be paying off in the VLCC market. Despite a period of very slow activity, there has been considerable resistance to drop rates in order to secure employment. With April cargoes now in full play, rates have begun to rebound and the week is ending with a firm undertone. Tonnage availability is showing diverging trends, with single hulls in quite healthy supply but double hulls are rapidly becoming scarce mainly due to a sharp rise in Westbound fixings. With more cargoes expected next week, owners appear favorably positioned for further gains. Suezmaxes have continued the rebound that began last week, partly helped by very low presence of VLCCs in West Africa. More activity is needed next week to keep the trend alive, however. Aframaxes are enjoying a nice rebound in the North Sea after a slow period, while holding on to high levels in Caribs and the Med.

VLCC (DH)		Current trend: Firm		
Route	WS today	Last week	USD/day	
270' MEG – Korea	100.0	95.0	58,927	
275' MEG – UKC	75.0	82.5	48,748	
260' Bonny – LOOP	115.0	105.0	74,506	

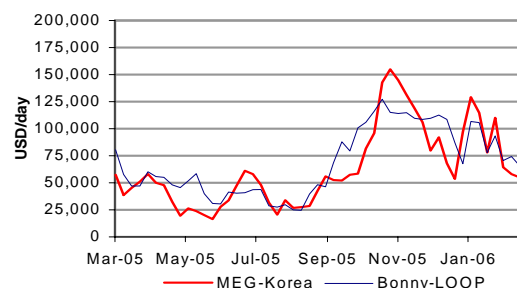
Suezmax (DH)		Current trend: Mixed		
Route	WS today	Last week	USD/day	
130' Bonny – Phila.	145.0	130.0	44,173	
130' MAF – Ningpo	135.0	150.0	38,418	
135' Novo – Augusta	135.0	130.0	54,503	

Aframax (DH)		Current trend: Firm		
Route	WS today	Last week	USD/day	
80' TEES – R.dam	140.0	115.0	42,416	
70' PLC – Texas	265.0	255.0	52,467	
80' MEG – Singapore	145.0	150.0	24,584	

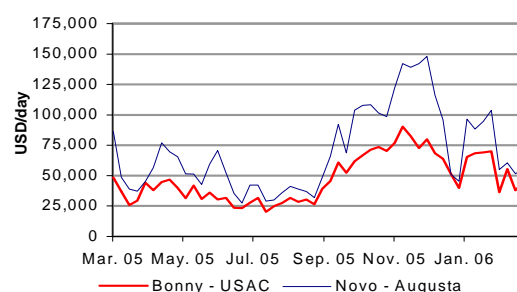
VLCC availability in MEG (# vessels)		
	Single hull	Double hull
Spot	1	0
Next 30 days	37	12

Bunkers (USD/mt)			
Fujairah	330	Rotterdam	297

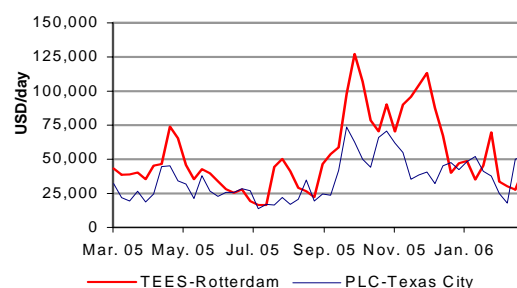
VLCC earnings



Suezmax earnings

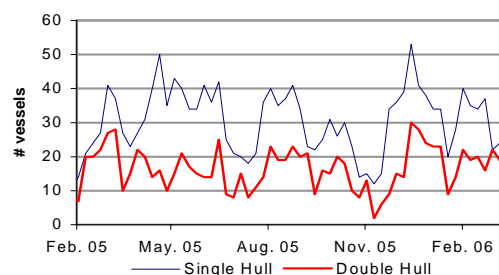


Aframax earnings



VLCC availability in MEG

vessels next 30 days ex. FRO and TI



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Tanker chartering – Clean

Market Comment

We have seen relatively minor drops in rates this week. Most trades, apart from Cont/US, are under pressure. We expect the East to turn very soon and the Caribs to return when St. Croix is back on steam.

Market assessment – MR

Route	WS today	Last week	USD/day
30' Spore - Japan	185.0	195.0	5,678
37' Cont. - US	257.5	265.0	22,855
38' Car. - USAC	215.0	230.0	16,808

Market assessment – LR

Route	WS today	Last week	USD/day
55' MEG – Japan	155.0	162.5	16,030
75' MEG – Japan	135.0	137.5	17,291

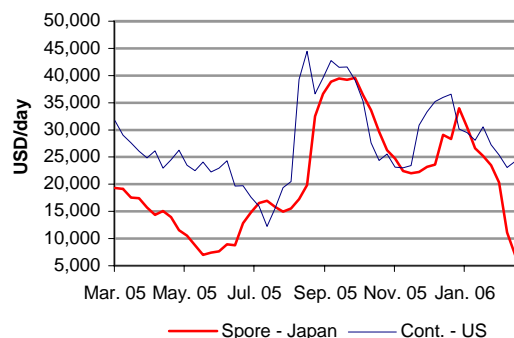
Freight derivatives

A quiet week with only slightly improved levels for the crude routes with hardly any movement in rates caused by a largely uneventful underlying market. TC2 has been flat with limited trading activity this week, while the eastern clean routes have traded down. TC5 has been relatively active but rates have fallen less than last week and we might be close to the bottom of the trough.

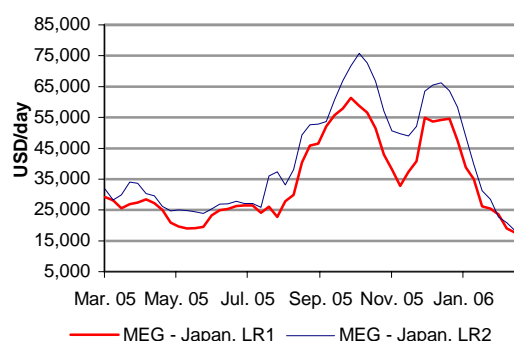
Weekly change in key FFA contracts

Mar	Apr	Q2'06	Q3'06	Q4'06	CAL07
TD3 MEG-Japan, 250' dwt					
93.5	91.0	82.0	78.0	111.0	81.0
4.5	9.0	3.5	-1.0	2.5	0.0
TD 5 West Africa – USAC, 130' dwt					
142.5	138.0	126.0	113.0	153.0	124.0
4.5	8.0	4.0	0.0	1.0	0.0
TD 7, North Sea, UKC, 80' dwt					
133.0	135.0	131.0	112.5	160.0	135.0
2.0	2.0	1.0	0.5	0.0	0.0
TC 2 Cont-USAC, 37' dwt					
267.0	266.0	261.0	244.0	288.0	236.0
-0.5	1.0	3.0	0.0	0.0	-1.0
TC 5, MEG-Japan, 55' dwt					
162.5	190.0	210.0	220.0	270.0	217.0
-7.5	-5.0	-5.0	-2.5	0.0	-1.0

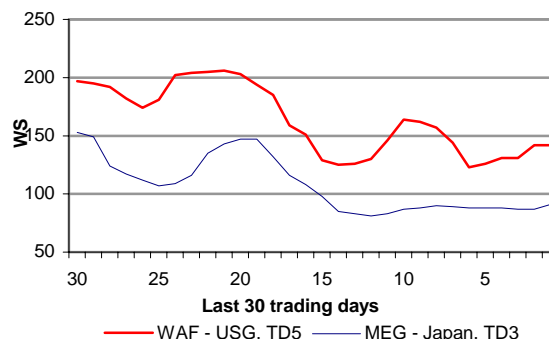
MR earnings



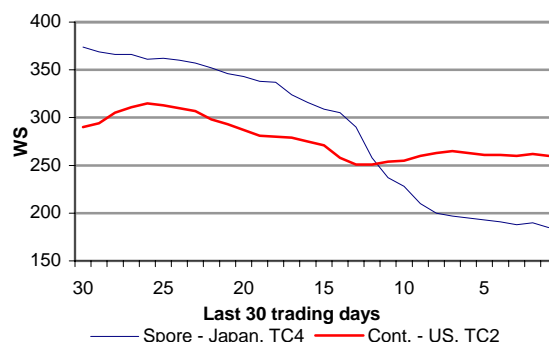
LR earnings



BITR rates, crude



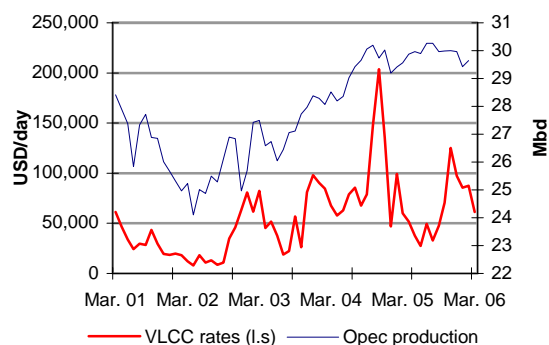
BITR rates, clean



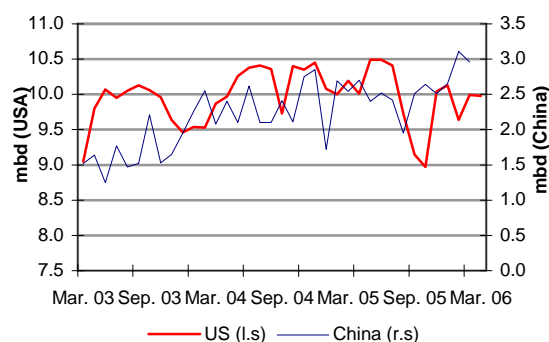
VLCC rates vs. Opec production

Research

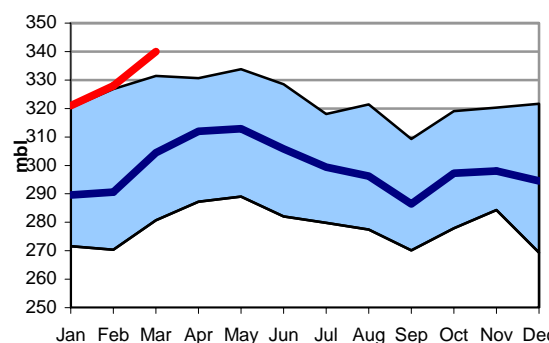
The IEA’s cut in expected oil demand growth for 2006 was the biggest fundamental event of the week. While the story got some attention in the media, one should note that the new 1.5 mbd forecast is a healthy figure and would still represent a strong recovery from the slowdown in 2005. The IEA cites “increasing evidence of demand weakness in Southeast Asia”. The issue is the impact of higher domestic oil prices in several countries. On closer inspection, however, the figures do seem very focused on Indonesia. Given the steady stream of still healthy economic figures from the region, however, the breadth of the problem may not be that significant. The new figure takes the forecast down to the same level as other analysts (the DoE and Opec). One important difference still exists from a shipping standpoint, however; The IEA sees no recovery in US domestic crude production vs. the hurricane-riddled ’05 figure, while the DoE expects a recover of 0.3 mbd. The correct forecast will have a substantial impact on tanker demand.



Crude oil imports



Crude oil inventories – USA



Key market drivers				
	2004	2005	2006E	2007E
World oil demand (% change)	+3.7 %	+1.3 %	+1.8 %	+2.2 %
USA	+3.5 %	+0.2 %	+1.5%	+1.9%
Europe	+1.1 %	-0.1%	2.1%	0.6%
China	+15.4	+2.9%	+6.0%	+6.8%
Japan	-2.7 %	+1.1 %	0.2%	0.0%
Opec production (mbd)	29.1	29.9	30.5	
FSU production (mbd)	11.2	11.6	12.1	
Fleet statistics				
	Curre	2006P	2007E	2008E
VLCC fleet (# vessels)	464			
Orderbook	110			
Deliveries		17	33	36
Suezmax fleet (# vessels)	341			
Orderbook	60			
Deliveries		24	28	7

Average earnings	2004	2005	2006 YTD
VLCC, MEG – Korea	97,657	60,232	80,611
Suezmax, Bonny – Phila.	65,965	46,907	54,729
Aframax, TEES – R.dam	56,610	54,304	44,282

Source: IEA, DoE, Bassøe

SALE & PURCHASE

MARKET COMMENTS

It's full speed ahead in the gas markets, particularly in the mid-size and semi-ref segments where owners enjoy sustained spot earnings around high '06 levels. Mid-sized LPG carriers have made USD 30,000+ per day for some time, suggesting that our current estimated resale premium being insufficient to create any excitement, let alone a counter offer.

Modern aframaxes remain in demand with several sales taking place at levels in line with "last done". At the same time a few modern suezmaxes are being tested but so far without getting buyers to "take the bait". US based Intrepid's 5 yr fixture to AET on the newly purchased aframax Lita is said to be at usd 25000/day with profit split. Essar Shipping is being linked to rumoured purchase of one or two modern VLCC's but this remains unconfirmed.

An important issue over the next 12-18 months is whether the strong demand from China will absorb the substantial newbuilding orderbook. It is interesting to note that Chinese buyers have been very active lately.

TANKERS

SALES

Vessel	Dwt	Built	Buyer	\$ Mill	Comments
4 x Top Tkrs	154970	1991	Fortis	200	5 yrs bb back
Lita	104459	2002	Intrepid	68.25	5 yrs tc AET
Kamari	96174	1996	Vietnam	52.5	
Natura	91263	1993	Knutsen	47	Shuttle/dbl hull
4 x Top Tkrs	47000	91/92	Koreans	100	5 yrs bb back
Sunny Blossom	20000	1986	Bridge Marine	9	

SECONDHAND VALUES (MUSD)

	PPT resale	5	10	15
VLCC	142	117	92	43 ¹⁾
Suez	87	74	63	35 ¹⁾
Afra	76	65	54	24 ¹⁾
LR2	78	67	56	
LR1	62	50	45	34
MR	54	46	37	27

¹⁾ Non dbl hull

BULKERS

SALES

Vessel	Dwt	Built	Buyer	\$ Mill	Comments
Pilsum	73750	1997	Chinese	28	
Cemtex General	71500	1994	Greeks	22.5	
North Duchess	63750	1985	Chinese	10.5	
F.D. Laura D'a	52500	2002	Undisclosed	28.5	
Ulla R	43600	1989	Chinese	15	
Lina Two	41500	1996	Germans	18	
Lady Z	41500	1996	Germans	18	
Falcon Trident	28500	1992	Chinese	16.5	

SECONDHAND VALUES (MUSD)

	PPT resale	5	10	15
Cape	63	55	38	24
Pmax	37	32	26	19
Hmax	33	27	20	17

LPG

SALES

Vessel	Cbm	Type	Built	Buyer	\$ Mill	Comments

SECONDHAND VALUES (MUSD)

	PPT resale	5	10	15
VLGC	105	93	77	60
MGC	77	65	54	42
20' SR	66	58	48	39
10' ETH	48	40	32	23
3,5' FP	15	12	9.5	4

NEWBUILDING

MARKET COMMENTS

The already huge product tanker order-book is set to increase further with several big deals coming to light this week.

Sungdong sales executives have returned from Greece with no less than twelve LoI's for product tankers. Furthermore we understand Marmaras have converted two of their 92000 dwt bulkcarrier contracts also at Sungdong into LR2's instead. Not bad for a week's work !

US based Cambridge, which was behind the Navigator Gas bond issue in 1999, is riding again. This time with a series of MR's contracted at Jinling on the back of 10 years bareboat to Shell.

CONTRACTS

Type	Nos	Size	Yard	Owner	Delivery	\$ Mill	Comments
LR2	4	112000 dwt	New Times	OSG	2008/2009	59	LoI
LR2	2	107000 dwt	Sungdong	Byzantine	2008/2009	63	LoI
LR2	2	107000 dwt	Sungdong	Marmaras	2008/2009	63	
LR1	2	74000 dwt	Sungdong	Restis	2008/2009	50	LoI
MR	8	47000 dwt	Sungdong	Restis	2008/2009	44	LoI
MR	6	51000 dwt	STX	Cido	2009	44	
MR	4+2	47000 dwt	Jinling	Cambridge	2009	42.5	10 yrs bb Shell
MR	1	45800 dwt	Shin Kurushima	Taiheiyo Kaiun	2010		
Chem	1	19000 dwt	Fukuoka	Taiheiyou Kaiun	2009		NYK tc

PRICES (MUSD)

TANKERS

Type	This week	Last week
VLCC	118	118
Suez	71	71
Afra	60	60
LR2	63	63
LR1	50	50
MR	44	45

BULKERS

Type	This week	Last week
Cape	59	59
Pmax	34	34
Hmax	29	29

LPG

Type	This week	Last week
VLCG	92	92
MGC	60	60
20' SR	57	57
10' ETH	40	40
3,5' FP	15	15

MARKET COMMENTS

The Capesize market slowed down further this week and the rates dropped considerably in both hemispheres. 'Diamond Warrior' 197,000 dwt built '84 fixed delivery N.China for a trip via Brazil back to China at Usd 22,750 per day. 'Anangel Prosperity' 174,000 dwt built '06 fixed delivery China via Saldhana back to China at Usd 30,000 per day. 'Aquagrace' 167,000 dwt built '97 fixed delivery China for a trip via Australia to S.Korea at Usd 29,000 per day. 'Teh May' 175,000 dwt built '04 fixed delivery Dunkrik for a transatlantic roundtrip at Usd 32,000 per day. 'Thalassini Niki' 171,000 dwt built '05 fixed delivery Rotterdam for a transatlantic round voyage at Usd 31,500 per day.

Also the Panamax market is softer this week. Rates are coming off despite reasonable volume of fixing. 'Pasquale Della Gatta' 75,000 dwt built '96 fixed delivery China for a trip via south east Asia to Taiwan at Usd 23,000 per day. 'Blumenau' 74,000 dwt built '00 fixed delivery Ghent for 6-8 months period at Usd 18.500 per day. 'Ocean Pride' 72,000 dwt built '97 delivery Shanghai for 3-5 months trading at Usd 19.000 per day. 'New Arising' 71,000 dwt built '95 fixed delivery Fos for a South American round trip at Usd 15,400 per day. 'Ayrton II' 72,000 dwt built '00 fixed delivery Shanghai for a trip via Indonesia to the Adriatic at Usd 23,000 per day.

The Handymax market remained firm in the Far East, but the activity slowed down this week. The iron ore trade from India to China continued to be strong with rates close to Usd30000 daily. The Atlantic market is still soft, but some more fixtures have been concluded from West Africa and East Coast South America to Far East. Charterers are still fixing vessels for short period in the Far East to cover their prompt requirements. A 55000 tdw built 04 was fixed delivery US East Coast via Nopac to Australia at Usd 18500 daily. A 55000 tdw built 05 was fixed delivery US Gulf for a trip to Continent at Usd 17500 daily. A 50800 tdw built 00 was fixed delivery Spain for a trip to US East Coast at Usd15000 daily. A 45000 tdw built 00 was fixed delivery North Continent for a trip to Turkey at Usd 15750 daily. A 51000 tdw built 02 was fixed delivery West Africa for a trip via Brazil to Far East at Usd 17500 daily. A 53000 tdw built 03 was fixed from West Coast Africa to China at Usd17500 daily. A 45700 tdw built 00 was fixed dely West Coast Africa for a trip to New Zealand at Usd16500 daily. A 45600 tdw built 96 was fixed delivery West Africa for a trip to Turkey at usd16150 daily. A 56000 tdw built 05 was fixed from West Coast India to China at Usd30000 daily. A 45700tdw built 90 was fixed delivery North China for 4/6 months tc at Usd17500 daily. A 56000 tdw built 04 was fixed delivery North China for 4/6 months at Usd 20500 daily. A 53500 tdw built 06 was fixed delivery may for 3 years at Usd 14500 daily. A 55500 tdw built 06 was fixed ex yard Japan end mar for 4/6 months tc at Usd 20500 daily.



Size:		17/03	10/03	03/03
MODERN CAPE SIZE 172,000 DWT:				
- TC trip Cont/Far East	USD/day	44.000	52.000	54.500
- TC trip Far East/Cont	USD/day	21.000	27.500	30.500
- TC round trip in the Atlantic	USD/day	32.500	41.000	40.500
- TC round trip in the Pacific	USD/day	31.000	40.000	42.000
- 12 months TC 172,000 DWT (Delivery Far East)	USD/day	32.000	33.000	33.000
MODERN PANAMAX 74,000 DWT:				
- 54,000 hss USGulf/Japan - No Combo	USD/Ton	35,30	36,25	36,00
- TC trip Cont to Far East	USD/day	19.000	20.000	19.000
- TC roundtrip in the Atlantic	USD/day	15.500	16.500	16.000
- TC roundtrip in the Pacific	USD/day	21.500	22.500	21.000
- TC Far East/Continent	USD/day	20.000	20.000	18.500
- 4-6 months TC (Delivery Far East)	USD/day	19.500	20.000	19.250
- 12 months TC (Delivery Far East)	USD/day	16.500	17.250	17.000
MODERN HANDYMAX 50/52,000 DWT:				
- TC trip Continent to Far East	USD/day	17.000	17.000	17.250
- TC round trip in the Atlantic	USD/day	14.250	13.750	13.250
- TC trip Black Sea to Far East	USD/day	15.500	16.000	16.000
- TC round trip in the Pacific	USD/day	20.500	20.000	19.000
- TC trip Far East to Cont.	USD/day	20.000	19.000	17.500
- 4-6 months TC 44-46,000 DWT (Delivery Far East)	USD/day	17.500	17.000	16.500
- 12 months TC 44-46,000 DWT (Delivery Far East)	USD/day	15.250	15.250	15.000
- 4-6 months TC 50-52,000 DWT (Delivery Far East)	USD/day	21.500	20.000	19.000
- 12 months TC 50-52,000 DWT (Delivery Far East)	USD/day	16.750	16.750	16.500
BALTIC INDICES:				
- Baltic Dry Index	(BDI)	2502	2704	2682
- Baltic Supramax Index (52,000 DWT)	(BSI)	1746	1687	1627
- Baltic Panamax Index	(BPI)	2460	2525	2394
- Baltic Cape Index	(BCI)	3313	3915	4040

Index Summary

