

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 16 – 21.04.2006

www.pfbassoe.no

Nr 16. Vol 29

Tanker chartering – Crude

Market comments

It's been all about the Atlantic this week in the VLCC market. High activity and a severe lack of tonnage have caused rates to spike to a five week high. There may be more to come, as Atlantic Basin refiners are rushing back to the market to capture current excellent refining margins. The Middle East Gulf market has been a different story, however. Activity has indeed picked up, but an overhang of single hulls has prevented rates from doing anything more than inching off the bottom. Activity needs to continue its improvement if the market is to get on a more solid footing. The strength in the Atlantic should help in this regard. The Suezmax market in West Africa has benefited from the lack of VLs with owners quickly adjusting their rate ideas higher. Black Sea rates have also joined the party – eventually. Tonnage delays have caused Aframax rates to move higher in the Baltic, but no little spillover effect to the North Sea, so far.

VLCC (DH)		Current trend: Slightly firmer		
Route	WS today	Last week	USD/day	
270' MEG – Korea	67.5	65.0	27,258	
275' MEG – UKC	60.0	57.5	29,492	
260' Bonny – LOOP	105.0	75.0	66,988	

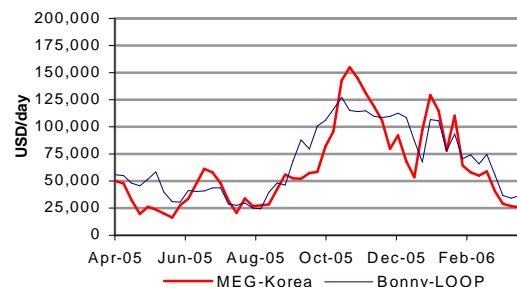
Suezmax (DH)		Current trend: Firming		
Route	WS today	Last week	USD/day	
130' Bonny – Phila.	150.0	97.5	45,927	
130' MAF – Ningpo	95.0	77.5	19,820	
135' Novo – Augusta	135.0	90.0	53,345	

Aframax (DH)		Current trend: Flat		
Route	WS today	Last week	USD/day	
80' TEES – R.dam	100.0	92.5	17,420	
70' PLC – Texas	135.0	122.5	18,072	
80' MEG – Singapore	130.0	120.0	20,000	

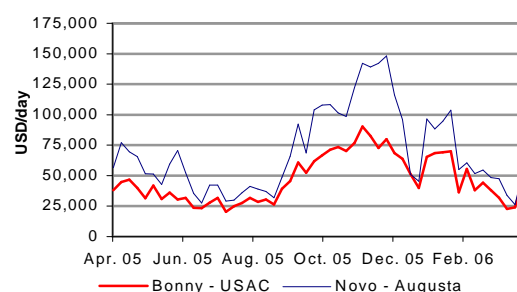
VLCC availability in MEG (# vessels)		
	Single hull	Double hull
Spot	4	0
Next 30 days	27	24

Bunkers (USD/mt)			
Fujairah	353	Rotterdam	324

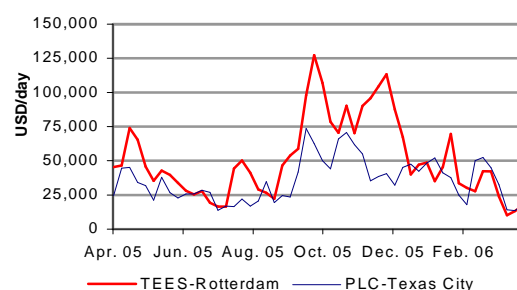
VLCC earnings



Suezmax earnings

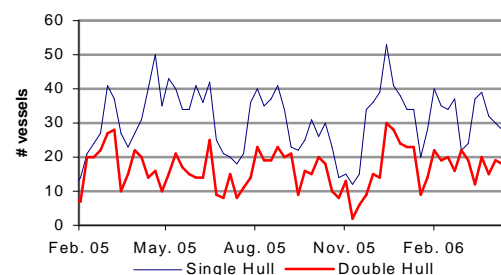


Aframax earnings



VLCC availability in MEG

vessels next 30 days ex. FRO and TI



Tanker chartering – Clean

Market Comment

MR Cont./US is still the better place to be, but LR2 MEG/Japan is closing in and we expect this market to pass. We see Cont/US being firm, and this seems to push Caribs/USAC. Cross Med is also picking up a little at the end of the week. We expect BTR to break through 1000 index heading north.

Market assessment – MR

Route	WS today	Last week	USD/day
30' Spore - Japan	235.0	205.0	13,312
37' Cont. – US	280.0	270.0	25,101
38' Car. – USAC	217.5	217.5	16,393

Market assessment – LR

Route	WS today	Last week	USD/day
55' MEG – Japan	190.0	140.0	21,713
75' MEG – Japan	155.0	105.0	21,424

Freight derivatives

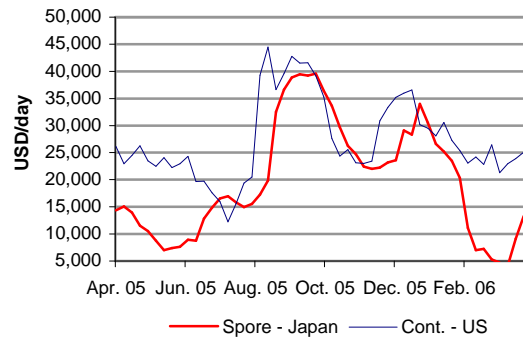
Overall a reasonably active week. TD5 grabbed the attention of the market with a rapid rise to WS150 on the spot, moving the front month position up 18 points to WS140. The other crude routes saw some mid week strength but eased off on Friday. Likewise, clean markets rallied strongly especially towards the end of the week with TC5 spot gaining some 50 points, with a flurry of paper trading. Clean is ending the week on a very positive note.

Weekly change in key FFA contracts

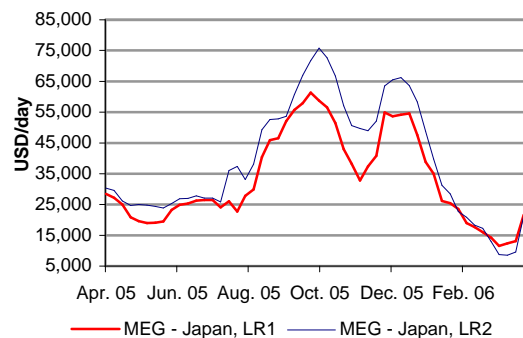
May	Jun	Q3'06	Q4'06	Q1'07	CAL07
TD3 MEG-Japan, 250' dwt					
77.0	81.0	81.5	115.0	98.0	80.0
2.0	-	3.5	7.0	-	2.0
TD 5 West Africa – USAC, 130' dwt					
140.0	136.0	120.0	163.0	136.0	124.0
18.0	-	7.0	6.0	-	1.0
TD 7, North Sea, UKC, 80' dwt					
125.0	125.0	115.5	165.0	145.0	135.0
10.0	-	2.5	2.5	-	6.5
TC 2 Cont-USAC, 37' dwt					
292.5	275.0	257.5	293.0	260.0	237.0
24.5	-	7.5	3.0	-	4.0
TC 5, MEG-Japan, 55' dwt					
222.5	232.5	230.0	282.5	245.0	215.0
32.5	-	15.0	10.0	-	5.0

Research

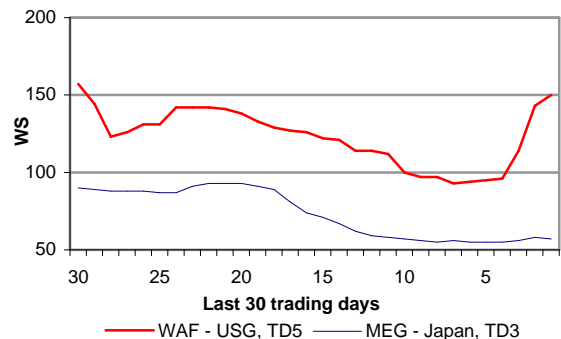
MR earnings



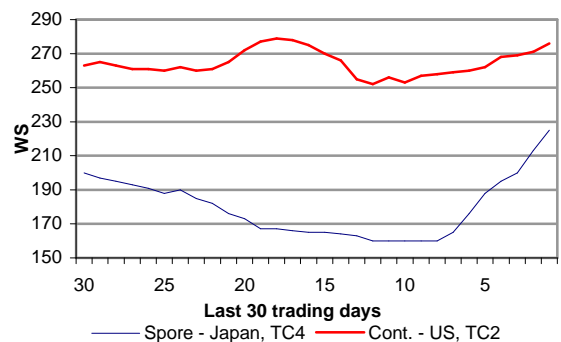
LR earnings



BITR rates, crude

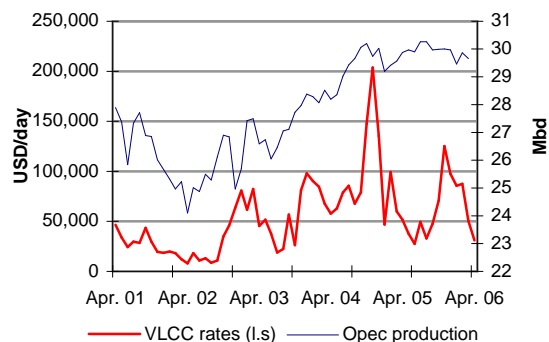


BITR rates, clean

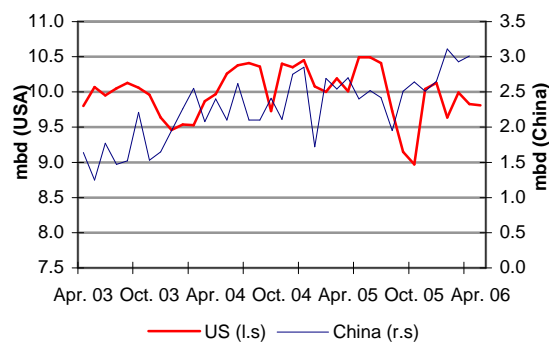


China is back to stay. That must be the conclusion after long-term forecasts as well as short-term data came in on the bullish side this week. Crude oil imports for March came in at 3.0 mbd, making it the third straight month around that level. The Q1 average is a massive 0.7 mbd or 30% above Q1 last year and the average is 10% above the highest month during the record year 2004. Granted, Q1 05 imports were indeed artificially low, after the splurge in 2004, but imports were weak through the first half of '05 as troublesome domestic pricing issues curbed refiners appetite. This of course contributed to the relatively weak tanker market. Since last summer, there have been signs of a turnaround, however and the sharp jump during Q1 strongly indicates that the economy, oil demand and oil imports now should be back in sync. This may well continue for a while, as the IMF has again raised its economic growth forecast. For '06, world GDP is seen growing at 4.9% vs. 4.3% before and the inaugural '07 forecast came in at 4.7%, still very high. For China, the figures were 9.5% (up from 9%) and 9% for '07. With its share of West African imports also rising, China looks set to be an important contributor to tanker demand again in 2006.

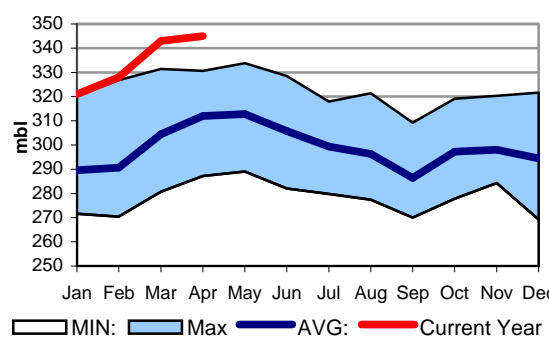
VLCC rates vs. Opec production



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)	465			
Orderbook	122			
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	64,767
Suezmax, Bonny – Phila.	65,965	46,907	47,792
Aframax, TEES – R.dam	56,610	54,304	37,105

Source: IEA, DoE, Bassøe



SALE & PURCHASE

MARKET COMMENTS

Sellers of older double hull tankers are finding it difficult to excite buyers and we understand OSG haven't seen offers in line with their expectations for the two 94 built afras they have for sale. The general sentiment is that the spread between buyers and sellers is widening. However, modern vessels with attractive features are able to achieve firm prices as evidenced by the sales of suezmax Eton with ice class 1A and Knutsen's shuttle tanker Hanne Knutsen, also with ice 1A. Reports that Frontline have resold two of their VLCC newbuildings at Jiangnan Changxing remain unconfirmed. If the FFA forward curves for clean are anything to go by, buyers wishing for prices to drop for modern product tankers will have to wait for some time still! Far Eastern buyers are holding up the pressure for bulkcarriers with numerous transactions reported over the last two weeks - pricewise the market is clearly more balanced. Yara's LPG fleet remain unsold, however, we understand that BWG have slipped into the front seat at the expense of OSG and TK.

TANKERS

SALES

Vessel	Dwt	Built	Buyer	\$ Mill	Comments
Eton	160000	2006	Barclay	88.5	Ice 1A
Hanne Knutsen	123800	2000	Bluewater	Undiscl	Ice 1A/shuttle
Chiara DP	16300	2001	Hilltveit	35	St.steel

SECONDHAND VALUES (MUSD)

	PPT resale	5	10	15
VLCC	142	117	92	43 ¹⁾
Suez	85	74	63	31 ¹⁾
Afra	76	65	48	24 ¹⁾
LR2	78	67	56	
LR1	62	50	45	32
MR	54	46	37	25

¹⁾ Non dbl hull

BULKERS

SALES

Vessel	Dwt	Built	Buyer	\$ Mill	Comments
Atacama	75000	2001	Dryships	35	10 mos tc
Kingston Trader	74000	1999	TMT	29.5	
Rubin Energy	69500	1993	Mantina	21	
2 x resale	53000	2006	Ofer	28	Vietnam blt
Fiora Topic	37100	1984	China	9	
Global Sydney	20200	1990	Korea	8.5	

SECONDHAND VALUES (MUSD)

	PPT resale	5	10	15
Cape	63	55	38	25
Pmax	38	33	26	20
Hmax	34	29	21	17

LPG

SALES

Vessel	Cbm	Type	Built	Buyer	\$ Mill	Comments
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SECONDHAND VALUES (MUSD)

	PPT resale	5	10	15
VLGC	100	87	71	55
MGC	73	62	52	40
20' SR	68	60	50	40
10' ETH	48	40	32	23
3,5' FP	15	12	9.5	4

NEWBUILDING

MARKET COMMENTS

The market is dominated by tanker negotiations in China, mainly at new yards such as New Times, Rongsheng and Jiangnan Changxing. Post-CSR prices being quoted from China show very modest adjustments and we still await new benchmark contracts in Korea with the latest CSR-regulations included. With the Koreans seemingly soon "home-dry" as far as 2009 is concerned we expect they're holding back some attractive deliveries for their favourite Greek clients during Posidonia....

Otherwise we continue to see a swelling of the product tanker orderbook and also more stainless steel tankers being booked with Eitzen upping their presence in this expensive segment. We understand the price for Utkilen's similar order at De Poli, which we have reported earlier, being close to USD 30 mill.

Contrary to various market reports and newspaper articles, Tanker Pacific has not ordered any VLCC newbuildings at Daewoo, nor at any other yards.

CONTRACTS

Type	Nos	Size	Yard	Owner	Delivery	\$ Mill	Comments
MT	1	300000 dwt	Kawasaki	K-Line	2009		
MT	2	300000 dwt	IHI	K-Line	2009/2010		
MT	2	114000 dwt	New Times	Seaarland	2009	58	
MT	2	105000 dwt	HHI	Phoenix	2009	61	
PC	2	110000 dwt	New Times	Liquimar	2009	61	
PC	4	38000 dwt	STX	MISC	2009	42.5	
PC	6	37000 dwt	H.Mipo	Conti	2008/2009	41	Ex cont. contracts
Chem	3	8000 dwt	INP	Eitzen	2008	27	St. steel
BC	2+1	56000 dwt	Nam Trieu	Vroon	2008	29	

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	44

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	59	59
20' SR	57	57
10' ETH	40	40
3,5' FP	15	15

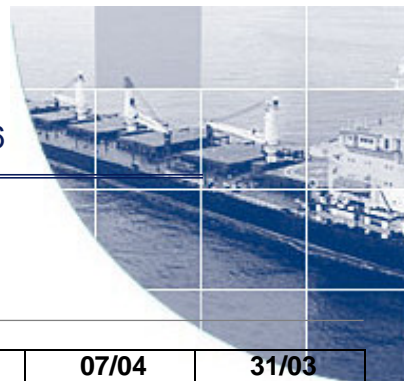


MARKET COMMENTS

The Cape Size market slipped further in both hemispheres this week.. Prices for iron-ore are still being negotiated between the Chinese importers and the exporters in Australia and Brazil. The steel production in China reached 305 million tons in 2005, up from 220 million tons in 2003. 'Arimathian' 150,000 dwt built '94 fixed 11/13 months period to Cosco at Usd 25,000 per day. 'Anangel Eternity' 171,000 dwt built '99 fixed delivery Ijmuiden for a trip via Narvik to Turkey at Usd 31,000 per day. 'Sanko Oasis' 161,000 dwt built '95 fixed delivery Shanghai for a trip via Australia to China at Usd 26,000 per day. 'Mineral Tianjin' 174,000 dwt built '04 fixed delivery China for a trip via Australia to China at Usd 30,000 per day. 'Champel' 150,000 dwt built '93 fixed delivery on the Continent for a trip via Bolivar to Turkey at Usd 27,000 per day.

The Panamax market has been moving sideways for some time. The spot market appears softer this week. It is interesting to register that modern 55,000 dwt Handymaxes are obtaining more than Usd 23,000 per day for 3-5 months period whilst modern Panamax tonnage will struggle to obtain usd 20,000 for the same employment. 'Nordtrave' 75,000 dwt built '01 fixed delivery Aden for 3-5 months period at Usd 18,750 per day. 'Samjohn Amity' 74,000 dwt built '98 fixed delivery Continent for a trip via River Plate to Far East at Usd 17,850 per day. 'Great Luck' 71,000 dwt built '98 fixed delivery China for a trip to the Continent at Usd 15.500 per day. 'Tian Song Feng' 74,000 dwt built '00 fixed delivery in France for a trip via Murmansk to Spain at Usd 17,250 per day.

The Handymax market improved further in the Far East also this week which is caused partly by a steady movement of bulk cement into USA and West Africa. The iron ore market from West coast India to China has slowed down caused by the approaching of the monsoon season. In the Atlantic there is more activity from the Continent and the Usgulf whilst the Black Sea market is still suffering due to lack of new requirements. A 45000 tdw built 96 was fixed from US Gulf to Mediterranean at Usd16000 daily. A 53000 tdw built 03 was fixed from US Gulf to Mediterranean at Usd19000 daily. A 52000 tdw built 02 was fixed from US East coast via US Gulf to Far East at Usd17000 daily. A 52000 tdw built 02 was fixed delivery west coast India spot to China at Usd19500 daily. A 52000 tdw built 03 was fixed dely west coast India end apr for a trip to China at Usd21000 daily. A 56000 tdw built 03 was fixed delivery east coast India for a trip to China at Usd24000 daily. A 52000 tdw built 01 was fixed delivery Japan via south east Asia to China at Usd24000 daily. A 50300 tdw built 04 was fixed dely north China for a trip Red Sea at Usd24750 daily. A 45000 tdw built 99 was fixed from China end April for 7/9 months at Usd17500 daily. A 52500 tdw built 04 was fixed delivery Japan May 1-7 for 12 months tc at Usd17000 daily.



RATES

Size:		21/04	07/04	31/03
MODERN CAPE SIZE 172,000 DWT:				
- TC trip Cont/Far East	USD/day	43.000	48.500	47.500
- TC trip Far East/Cont	USD/day	20.500	22.000	21.000
- TC round trip in the Atlantic	USD/day	32.000	36.500	35.500
- TC round trip in the Pacific	USD/day	31.000	34.500	32.000
- 12 months TC 172,000 DWT (Delivery Far East)	USD/day	33.000	33.000	33.000
MODERN PANAMAX 74,000 DWT:				
- 54,000 hss USGulf/Japan - No Combo	USD/Ton	34,45	34.90	35.70
- TC trip Cont to Far East	USD/day	18.500	18.900	20.000
- TC roundtrip in the Atlantic	USD/day	16.250	16.750	17.500
- TC roundtrip in the Pacific	USD/day	16.250	16.750	17.500
- TC Far East/Continent	USD/day	15.500	16.000	17.500
- 4-6 months TC (Delivery Far East)	USD/day	17.500	17.500	18.250
- 12 months TC (Delivery Far East)	USD/day	17.000	16.500	17.000
MODERN HANDYMAX 50/55,000 DWT:				
- TC trip Continent to Far East	USD/day	17.000	16.250	16.500
- TC round trip in the Atlantic	USD/day	14.750	14.000	14.250
- TC trip Black Sea to Far East	USD/day	15.250	15.250	15.250
- TC round trip in the Pacific	USD/day	23.000	21.250	20.750
- TC trip Far East to Cont.	USD/day	23.500	21.500	21.000
- 4-6 months TC 44-48,000 DWT (Delivery Far East)	USD/day	19.500	19.000	19.000
- 12 months TC 44-48,000 DWT (Delivery Far East)	USD/day	15.500	15.250	15.250
- 4-6 months TC 50-55,000 DWT (Delivery Far East)	USD/day	22.500	22.000	22.000
- 12 months TC 50-55,000 DWT (Delivery Far East)	USD/day	17.250	16.900	16.750
BALTIC INDICES:				
- Baltic Dry Index	(BDI)	2434	2514	2496
- Baltic Supramax Index	(BSI)	1885	1797	1766
- Baltic Panamax Index	(BPI)	2175	2234	3227
- Baltic Cape Index	(BCI)	3257	3526	3410

Index Summary

