

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 17 – 28.04.2006

www.pfbassoe.no

Nr 17. Vol 29

Tanker chartering – Crude

Market comments

The VLCC market is putting behind it a very active week, but charterers have more reason to be happy than owners. Some 35 fixtures have been completed, the highest level since January. Plentiful tonnage has made owners' attempts to push rates higher an uphill struggle, however, and benchmark routes are showing only modest gains. The big question is how much of this week's activity represents "borrowing" from next week when Japan's Golden Week can be expected to slow things down. Continued strong Westbound activity represents owners' best bet for further advances. Suezmaxes began the week on a high note but slowing activity and a bigger presence of VLs caused the market to fall back towards the end of the week. Aframaxes have picked up somewhat in the North Sea but activity is too slow to cause more than a ripple in the market so far.

VLCC (DH)		Current trend: Slightly firmer		
Route	WS today	Last week	USD/day	
270' MEG – Korea	70.0	67.5	30,078	
275' MEG – UKC	67.5	60.0	38,627	
260' Bonny – LOOP	110.0	105.0	67,623	

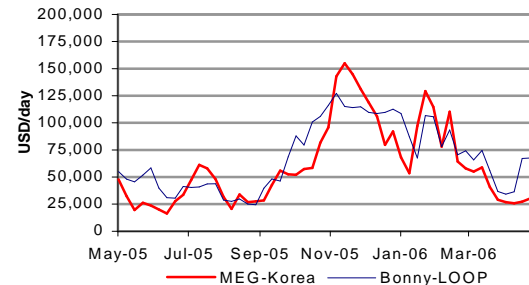
Suezmax (DH)		Current trend: Softer		
Route	WS today	Last week	USD/day	
130' Bonny – Phila.	135.0	150.0	39,132	
130' MAF – Ningpo	97.5	95.0	21,224	
135' Novo – Augusta	135.0	135.0	53,465	

Aframax (DH)		Current trend: Flat		
Route	WS today	Last week	USD/day	
80' TEES – R.dam	102.5	100.0	18,899	
70' PLC – Texas	150.0	135.0	20,394	
80' MEG – Singapore	135.0	130.0	21,473	

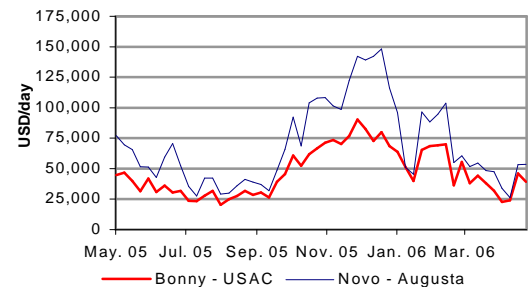
VLCC availability in MEG (# vessels)		
	Single hull	Double hull
Spot	3	0
Next 30 days	24	19

Bunkers (USD/mt)			
Fujairah	347	Rotterdam	325

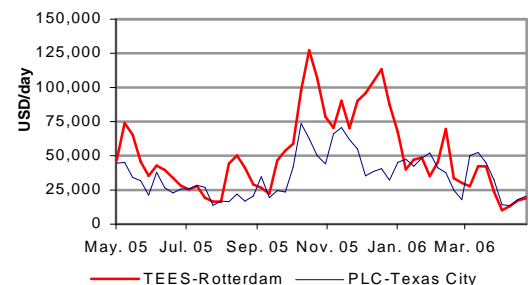
VLCC earnings



Suezmax earnings

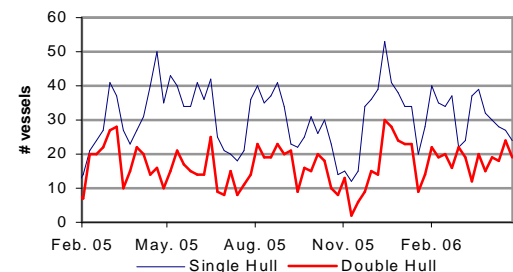


Aframax earnings



VLCC availability in MEG

vessels next 30 days ex. FRO and TI



Tanker chartering – Clean

Market Comment

After last week's rally East of Suez, we have seen less activity this week due to the upcoming Golden week holiday in Japan. The Atlantic is still active, but Bush' waiver on ethanolblending disrupted trading somewhat.

Market assessment – MR

Route	WS today	Last week	USD/day
30' Spore – Japan	295.0	235.0	18,707
37' Cont. – US	285.0	280.0	25,745
38' Car. – USAC	220.0	217.5	16,815

Market assessment – LR

Route	WS today	Last week	USD/day
55' MEG – Japan	200.0	190.0	23,629
75' MEG – Japan	190.0	155.0	30,179

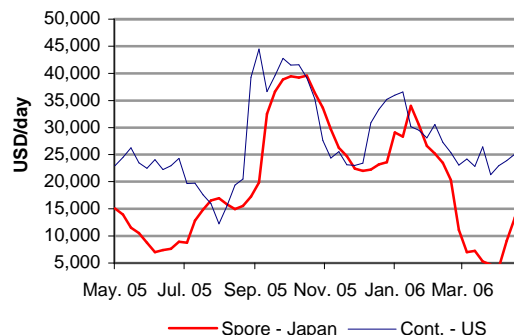
Freight derivatives

The clean market flipfopped from ending last week on a very positive note, to a soft finale this week. TD3 has seen slightly more optimistic signals from the market, but the prompt months still came off from levels that were in a steep contango to spot. The paper market was correct wrt to development in TD5, and also here the prompt months traded down as physical market is softening. An eventless week in TD7, leave for some trading of the 4th quarter. All clean routes are losing weight on the close end contracts, except for TC4 which has good support on the bid side with a firm physical market.

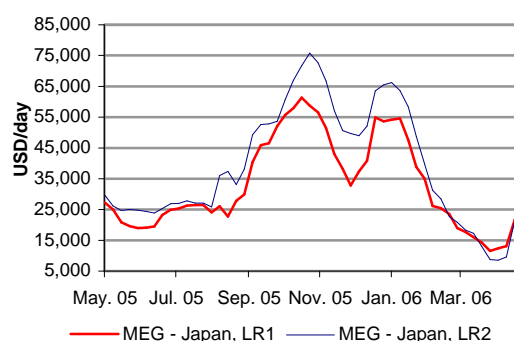
Weekly change in key FFA contracts

May	Jun	Q3'06	Q4'06	Q1'07	CAL07
TD3 MEG-Japan, 250' dwt					
75.0	79.0	82.5	115.0	97.0	78.0
-2.0	-2.0	1.0	0.0	-1.0	-2.0
TD 5 West Africa – USAC, 130' dwt					
127.0	125.0	120.0	164.0	136.0	124.0
-13.0	-11.0	0.0	1.0	0.0	0.0
TD 7, North Sea, UKC, 80' dwt					
122.0	124.0	116.0	167.5	145.0	127.5
-3.0	-1.0	0.5	2.5	0.0	7.5
TC 2 Cont-USAC, 37' dwt					
265.0	255.0	250.0	293.0	262.0	236.0
-27.5	-20.0	-7.5	0.0	2.0	-1.0
TC 5, MEG-Japan, 55' dwt					
202.5	215.0	215.0	285.0	245.0	218.0
-20.0	-17.5	-15.0	2.5	0.0	3.0

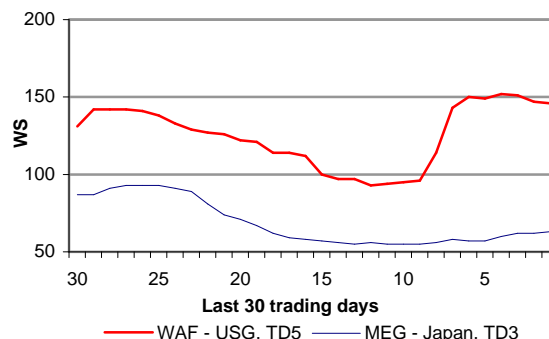
MR earnings



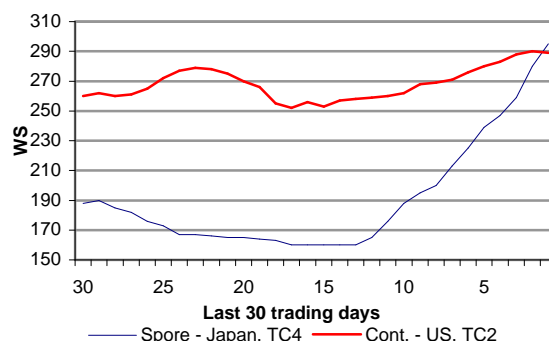
LR earnings



BITR rates, crude



BITR rates, clean



Research

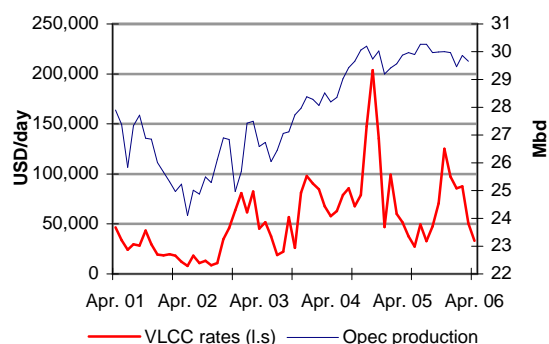
While crude tanker rates have spent the past month mostly in the doldrums, we continue to see background data as at the very least confirming expectations of a robust demand recovery this year. Strong Chinese data was this week followed by some fairly constructive news from Japan and Korea. Japanese crude imports in March came within a whisker of the 5 mbd level, the highest level in more than two years and a solid 0.4 mbd (9%) up on last year's figures. Although some of Japan's import jump fed into higher crude inventories (building 10 mbls, slightly faster than normal), they are still below last year's level, however. This surplus is wiped out by the third big country in the region, Korea, which saw a sharp drop in crude stocks during March, due to lower imports. While India's data are still not in, we suspect it also will show import growth, as its refinery capacity expands this year. The overall picture for the region after Q1 is thus one of very robust import growth (we estimate in the neighbourhood of 10%), but still a tight inventory position. When the fog of seasonally slow demand and maintenance lifts, we expect this to give way to another way of robust freight demand.

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	130			
Deliveries		17	33	36
Suezmax fleet (# vessels)	341			
Orderbook	60			
Deliveries		24	28	7

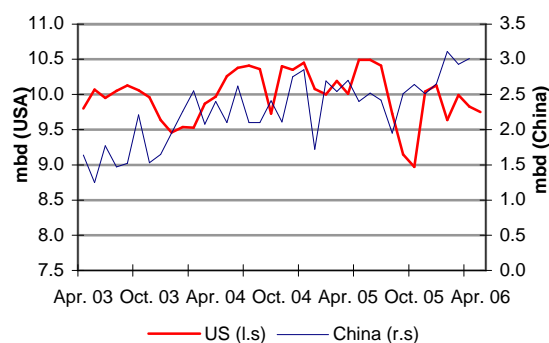
Average earnings	2004	2005	2006 YTD
VLCC, MEG – Korea	97,657	60,232	62,727
Suezmax, Bonny – Phila.	65,965	46,907	47,283
Aframax, TEES – R.dam	56,610	54,304	36,034

Source: IEA, DoE, Bassøe

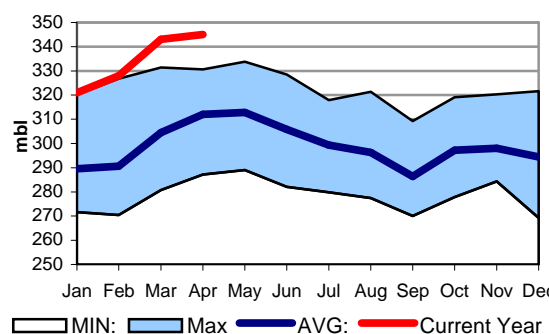
VLCC rates vs. Opec production



Crude oil imports



Crude oil inventories – USA



SALE & PURCHASE

MARKET COMMENTS

As we expected in our last weekly, BWG beat OSG and TK in the final heat to secure Yara's LPG fleet of 7 owned and 3 chartered vessels at a price of USD 347 mill en bloc, arguably some 5% above charter-free value. The ships will be timechartered back to Yara for periods between 3-15 years. Yara saw offers well above USD 350 mill, but BWG's experience and ability to feed additional tonnage and software into Yara's demanding ammonia programme has a value beyond the extra dollars.

Camillo Eitzen ride again, this week signing LOI to acquire Fouquet Sacop plus adding two more gas carriers to the portfolio. At the price of EUR 219 mill CECO get Fouquet's 12 modern chemical carriers between 3900-19000 dwt, three newbuildings delivering 2007 and two ships on bareboat. All going well, CECO will eventually control a fleet of 60 chemical carriers to be listed separately at OSE. The purchase of Igloo Moon/Star - stainless LPG/ethylene carriers of 10,000 cbm - completes CECO's acquisition of the "Igloo" fleet of 9 ships.

Japanese owners now fixing VLGC newbuildings for long-term t/c at USD 900,000 pcm incl. purchase options after 10 years below USD 50 mill, indicating pre-tax returns on totcap of 4%. Profane!

Leading vegoil operators continue to secure older product tankers at prices which are down several millions compared to the sellers' original asking prices - the Neste controlled sisters picked up by Champion came, for instance, on the market with a price tag in excess of usd 20 mill each.

TANKERS

SALES

Vessel	Dwt	Built	Buyer	\$ Mill	Comments
Astro Leon	285771	1992	Koreans	Undiscl.	Single hull
Polar Alaska	191460	1979	Undiscl.	25	
Oriental Tiger	180377	1982	Aker FP	25.2	FPSO conv.
Polar Californ.	127000	1980	Undiscl.	25	
Red Point	46000	1986	Greeks	24 e-b	Dbl bottom
Blue Point	46000	1984	#	#	#
Tervi/Palva	45000	1986	Champion	32.5 e-b	1A Super/DH
Jag Prachi	44124	1996	Polyar	34.75	Dalian built

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	24

¹⁾ Non dbl hull

BULKERS

SALES

Vessel	Dwt	Built	Buyer	\$ Mill	Comments
Formo Fortune	170100	2006	Cosco	65	
Jin Yang	76343	2005	Magna	39.1	Tess 76
Jin Sheng	76343	2005	Magna	39.1	#
Oak Star	73740	1997	Undisclosed	26	Dely Oct
Brave NV	72424	1997	Undisclosed	26	
Torm Arawa	27800	1997	Pacific Basin	17.55	
Torm Pacific	27800	1997	Pacific Basin	17.55	

SECONDHAND VALUES (MUSD)

	PPT resale	5	10	15
Cape	63	55	38	25
Pmax	39	33	26	20
Hmax	34	29	21	17

LPG

SALES

Vessel	Cbm	Type	Built	Buyer	\$ Mill	Comments
Pacific Viking	60,000	F	2005	BWG	347 e-b	incl tc-back to Yara
Polar Viking	60,000	F	2004	#	#	#
Oscar Viking	25,000	F	1983	#	#	#
Euro Viking	18,000	F	1997	#	#	#
Agri Viking	18,000	F	1997	#	#	#
Bussewitz	17,640	F	1983	#	#	#
Baltic Viking	6,000	S	2000	#	#	#
Igloo Moon	10200	E	1987	CECO	33,75 e-b	
Igloo Star	10200	E	1987	#	#	

SECONDHAND VALUES (MUSD)

	PPT resale	5	10	15
VLGC	100	85	70	54
MGC	71	60	50	38
20' SR	68	60	50	40
10' ETH	48	40	32	23
3,5' FP	15	12	9.5	4

NEWBUILDING

MARKET COMMENTS

2010 quoted deliveries are no longer a rarity from Chinese yards who traditionally are happy to take long, forward cover. With their latest VLCC contracts, newcomer Jiangnan Changxing is now booked into 1q 2010, taking to 9 the number of VLCC's on order (4 x Nanjing Tankers, 4 x Frontline, 1 x Oak). We understand also the latest contracts are "pre-CSR" spec. Harpain's order at Dayang being Sinopacific's first gas project albeit a repeat of Jiangnan/TGE's tested design.

As expected after the very high Q1 intake, new orders in Korea for tankers have dried up but big container vessels are again in demand with f.instance Zodiac booking 4 x 8600 teus at HHL. Together with LNG's, this demand will cover remaining 2009 deliveries in Korea. The major yards are also literally inendanted with offshore projects from Norwegian interests.

All in all we expect the leading Korean yards will start to show healthy figures from end 2006 onwards when loss-making contracts are finally out of their books. This is reflected in their share price/trading volume, as is indeed the case also for Aker Yards on the Oslo Stock Exchange. Leading Chinese offshore yard Yantai Raffles sees this as a window of opportunity and is in the process of raising usd 150 million in an IPO aimed at a listing on the OSE.

CONTRACTS

Type	Nos	Size	Yard	Owner	Delivery	\$ Mill	Comments
MT	2	300000 dwt	Jiang. Changxing	Frontline	2009	104	Options
MT	1	300000 dwt	Jiang. Changxing	Oak	2010	106	
Chem	2+2	7500 dwt	Palumbo	Marnavi	2007		
Chem	2	4500 dwt	Yardimici	Fouquet-Sacop	2007/2008		
BC	2	170000 dwt	Imabari	MOL	2009	60	
BC	1	170000 dwt	Mitsui	MOL	2010	60	
BC	1	170000 dwt	Namura	NYK	2009	60	
BC	1	170000 dwt	Imabari	NYK	2009	60	
BC	2+2	30000 dwt	Shanhaiguan	Canfornav	2008	25.5	Lakers
LPG/ETH	2+2+2	16800 cbm	Yangzhou Dayang	Harpain	2008/09	48	

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

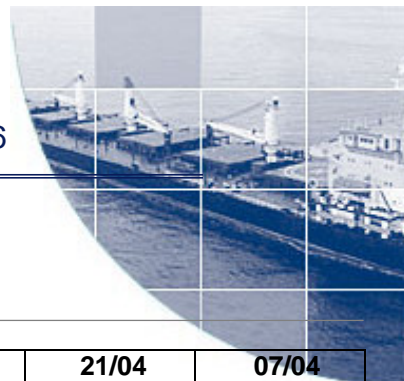


MARKET COMMENTS

The Capesize rates have dropped significantly throughout this week prior to the 'Golden Week Holidays' in Japan and China. 'China Venture' 175,000 dwt built '05 fixed delivery China for 3-5 months period at Usd 28,500 per day. 'Channel Alliance' 172,000 dwt built '96 fixed delivery Cape Passero for a trip via Brazil back to the Mediterranean at Usd 29,250 per day. 'Anangel Splendour' 161,000 dwt built '93 fixed delivery China for a trip via Australia to China at Usd 28,000 per day. 'Anangel Ambition' 161,000 dwt built '94 fixed delivery on the Continent for 5 years period at Usd 24,400 per day. 'Mineral Capeasia' 175,000 dwt built '05 fixed delivery China for a West Australian roundtrip at Usd 27,000 per day. 'Mineral China' 171995 tdw was fixed delivery PMO via Richards Bay to Skaw/Passero at Usd22250 daily.

The Panamax market continued sidewise also this week. Roundtrips in the Atlantic and the Pacific remain unchanged from last week whilst trips from the Continent direction east are weaker. 'Y K Sentosa' 73.265 dwt built '00 delivery US Gulf for a trip Far East at Usd 16,500 per day plus Usd 300.000 ballast bonus. 'Samjohn Spirit' 71,000 dwt built '94 fixed delivery Bridisi for 2 laden legs redelivery Atlantic at Usd 16.250 per day. 'Ince Istanbul' 73,000 dwt built '99 fixed delivery South America for a trip to the Continent at Usd 15,500 per day plus Usd 375,000 ballast bonus. 'Carol' 75608 tdw built 99 was fixed delivery Nagoya via Queensland to Far East at Usd15750 daily. 'Audax' built 01 was fixed delivery Japan via NoPac to Aden/PMO at Usd17000 daily. 'Samjohn Liberty' built 98 was fixed delivery Japan via EC Australia redelivery UK at Usd16500 daily.

The Handymax market finally improved in the Atlantic this week. Better rates have been paid from Usgulf to Mediterranean and from west coast Africa to Usgulf and Far East. The Indian iron ore trade to China is again softer from the west coast of India whilst the east coast India is still active. In the Far east the short period timecharter market is softer and charterers are now more keen to conclude longer period of 12 months and rates are improving. A 52000 tdw built 02 was fixed delivery USGulf for a trip to Far East at Usd17000 daily. A 46000 tdw built 98 was fixed delivery Spain via west coast UK to Turkey at Usd15000 daily. A 46000 tdw built 90 was fixed delivery Turkey redelivery US Gulf at Usd12000 daily. A 49000 tdw built 04 was fixed delivery west Africa for a trip to US Gulf at Usd20500 daily. A 55000 tdw built 05 was fixed from west coast India to China at Usd19000 daily. A 53800 tdw built 04 was fixed delivery east coast India for a trip to China at Usd24750 daily. A 52400 tdw built 05 was fixed delivery China for a trip via Indonesia to east coast India at Usd21500 daily. A 53000 tdw built 02 was fixed delivery China for a trip to US Gulf at Usd24000 daily. A 51000 tdw built 02 was fixed delivery Black Sea for 4/6 months timecharter at Usd18000 daily. A 55800 tdw blt 05 was fixed delivery China mid May for 12 months timecharter at usd17900 daily.



RATES

Size:		21/04	21/04	07/04
MODERN CAPE SIZE 172,000 DWT:				
- TC trip Cont/Far East	USD/day	39.000	43.000	48.500
- TC trip Far East/Cont	USD/day	19.000	20.500	22.000
- TC round trip in the Atlantic	USD/day	28.500	32.000	36.500
- TC round trip in the Pacific	USD/day	28.000	31.000	34.500
- 12 months TC 172,000 DWT (Delivery Far East)	USD/day	32.500	33.000	33.000
MODERN PANAMAX 74,000 DWT:				
- 54,000 hss USGulf/Japan - No Combo	USD/Ton	34.15	34,45	34.90
- TC trip Cont to Far East	USD/day	17.750	18.500	18.900
- TC roundtrip in the Atlantic	USD/day	16.000	16.250	16.750
- TC roundtrip in the Pacific	USD/day	16.250	16.250	16.750
- TC Far East/Continent	USD/day	15.750	15.500	16.000
- 4-6 months TC (Delivery Far East)	USD/day	17,000	17.500	17.500
- 12 months TC (Delivery Far East)	USD/day	17,000	17.000	16.500
MODERN HANDYMAX 50/55,000 DWT:				
- TC trip Continent to Far East	USD/day	17.500	17.000	16.250
- TC round trip in the Atlantic	USD/day	15.500	14.750	14.000
- 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	23.000	21.250
- TC trip Far East to Cont.	USD/day	23.750	23.500	21.500
- 4-6 months TC 44-48,000 DWT (Delivery Far East)	USD/day	19.000	19.500	19.000
- 12 months TC 44-48,000 DWT (Delivery Far East)	USD/day	15.650	15.500	15.250
- 4-6 months TC 50-55,000 DWT (Delivery Far East)	USD/day	21.500	22.500	22.000
- 12 months TC 50-55,000 DWT (Delivery Far East)	USD/day	17.500	17.250	16.900
BALTIC INDICES:				
- Baltic Dry Index	(BDI)	2368	2434	2514
- Baltic Supramax Index	(BSI)	1907	1885	1797
- Baltic Panamax Index	(BPI)	2172	2175	2234
- Baltic Cape Index	(BCI)	3040	3257	3526

Index Summary

