

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 18 – 5.05.2006

www.pfbassoe.no

Nr 18. Vol 29

Tanker chartering – Crude

Market comments

It's been a quiet week in the VLCC market, owing to Asian holidays. Activity has not dried up completely, however, and benchmark rate levels are largely unchanged. The Atlantic market remains considerably firmer than the MEG, owing to the present bigger appetite from the former's refiners. Availability of single hulls is increasing again, which means that activity must rebound if owners are to preserve their recent small gains. The timing of next month's cargo program (June) will as usual be decisive for near-term direction. The Suezmax market has enjoyed an active week in Western Hemisphere and remains firm overall. The market is finely balanced and could move in either direction, however. The North Sea Aframax market is beginning to show some signs of tightness, having had been in the doldrums for a while.

| VLCC (DH) | | Current trend: Mixed | | |
|-------------------|----------|-----------------------------|---------|--|
| Route | WS today | Last week | USD/day | |
| 270' MEG – Korea | 72.5 | 70.0 | 31,991 | |
| 275' MEG – UKC | 65.0 | 67.5 | 35,403 | |
| 260' Bonny – LOOP | 112.5 | 110.0 | 70,204 | |

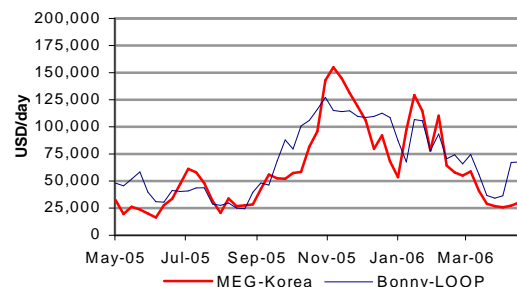
| Suezmax (DH) | | Current trend: Firm | | |
|---------------------|----------|----------------------------|---------|--|
| Route | WS today | Last week | USD/day | |
| 130' Bonny – Phila. | 135.0 | 135.0 | 39,027 | |
| 130' MAF – Ningpo | 110.0 | 97.5 | 26,444 | |
| 135' Novo – Augusta | 137.5 | 135.0 | 54,609 | |

| Aframax (DH) | | Current trend: Mixed | | |
|---------------------|----------|-----------------------------|---------|--|
| Route | WS today | Last week | USD/day | |
| 80' TEES – R.dam | 105.0 | 102.5 | 20,348 | |
| 70' PLC – Texas | 130.0 | 150.0 | 15,106 | |
| 80' MEG – Singapore | 130.0 | 135.0 | 20,066 | |

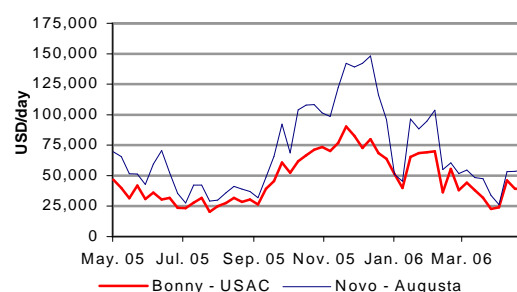
| VLCC availability in MEG (# vessels) | | |
|--------------------------------------|-------------|-------------|
| | Single hull | Double hull |
| Spot | 2 | 1 |
| Next 30 days | 33 | 19 |

| Bunkers (USD/mt) | | | |
|------------------|-----|-----------|-----|
| Fujairah | 351 | Rotterdam | 327 |

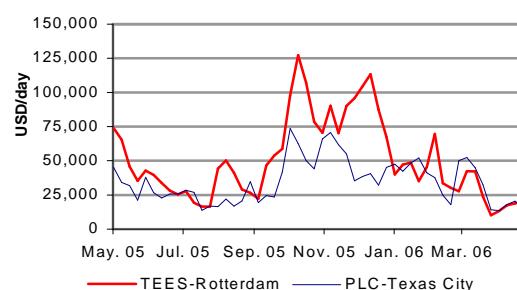
VLCC earnings



Suezmax earnings

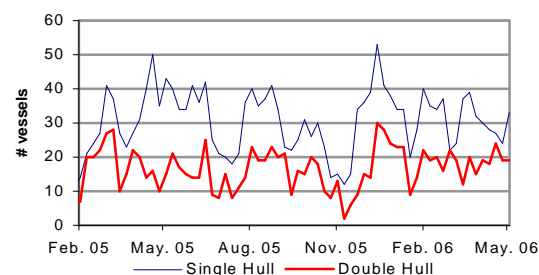


Aframax earnings



VLCC availability in MEG

vessels next 30 days ex. FRO and TI



Tanker chartering – Clean

Market Comment

A slow week in the Far East brought LR-rates down. But there are signs that higher levels are expected towards end of May loading in Meg. Mogas moving from the Europe to the US has been relatively active, but rates are dropping, contrary to the Car/US market that became firmer.

Market assessment – MR

| Route | WS today | Last week | USD/day |
|-------------------|----------|-----------|---------|
| 30' Spore – Japan | 310.0 | 295.0 | 20,456 |
| 37' Cont. – US | 270.0 | 285.0 | 23,668 |
| 38' Car. – USAC | 230.0 | 220.0 | 17,927 |

Market assessment – LR

| Route | WS today | Last week | USD/day |
|-----------------|----------|-----------|---------|
| 55' MEG – Japan | 200.0 | 200.0 | 23,545 |
| 75' MEG – Japan | 190.0 | 190.0 | 30,060 |

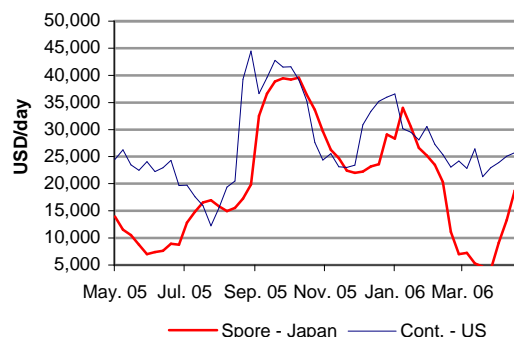
Freight derivatives

Straight up again on Eastern clean routes. Expectations were for a quiet market during Golden week holidays. Ratelevels, although jittery, did never experience a real dive - most likely they will move up for the remainder of the month. TC2 traded down in line with a dropping physical market. Both TD5 and TD7 are up on the prompt end, while slightly stronger VLCC fixtures couldn't prevent TD3 from softening a bit on the prompt contracts

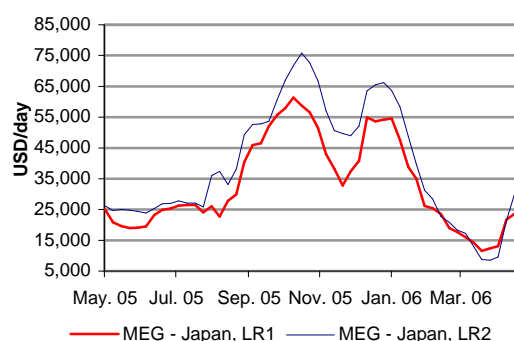
Weekly change in key FFA contracts

| May | Jun | Q3'06 | Q4'06 | Q1'07 | CAL07 |
|---|-------|-------|-------|-------|-------|
| TD3 MEG-Japan, 250' dwt | | | | | |
| 74.0 | 79.0 | 82.0 | 116.0 | 97.0 | 78.0 |
| -1.0 | 0.0 | -0.5 | 1.0 | 0.0 | 0.0 |
| TD 5 West Africa – USAC, 130'dwt | | | | | |
| 135.0 | 130.0 | 120.0 | 166.0 | 136.0 | 124.0 |
| 8.0 | 5.0 | 0.0 | 2.0 | 0.0 | 0.0 |
| TD 7, North Sea, UKC, 80'dwt | | | | | |
| 127.0 | 127.5 | 117.5 | 167.5 | 145.0 | 128.0 |
| 5.0 | 3.5 | 1.5 | 0.0 | 0.0 | 0.5 |
| TC 2 Cont-USAC, 37' dwt | | | | | |
| 257.5 | 250.0 | 247.5 | 290.0 | 262.0 | 236.0 |
| -7.5 | -5.0 | -2.5 | -3.0 | 0.0 | 0.0 |
| TC 5, MEG-Japan, 55' dwt | | | | | |
| 220.0 | 223.0 | 232.5 | 295.0 | 250.0 | 218.0 |
| 17.5 | 8.0 | 7.5 | 10.0 | 5.0 | 0.0 |

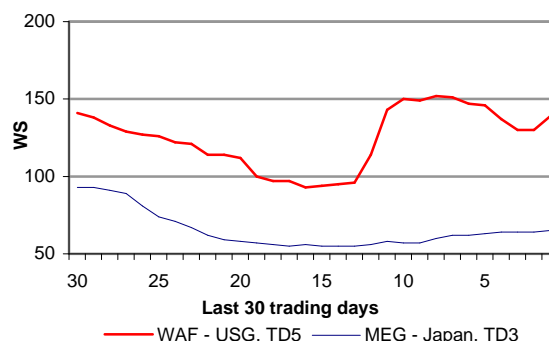
MR earnings



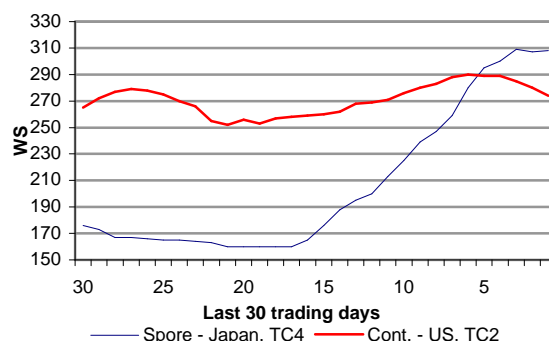
LR earnings



BITR rates, crude



BITR rates, clean



Research

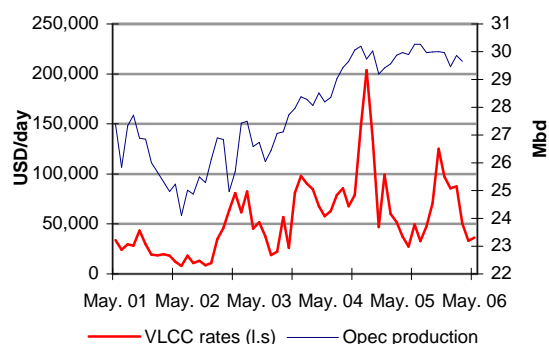
The key issue for the tanker market in the coming months will be the effect of the deepening crude supply problems in the Atlantic Basin. We have previously commented on the challenges caused by on-going declines in North Sea output (down 0.4 mbd in Q1) and the hurricane related fall in the US (down 0.6 mbd). These shortfalls will add to the long-haul import requirements for the region when refiners end their maintenance programs in coming weeks. Adding to this, it now seems clear that Venezuela exports have taken a decisive turn away from the US. Exports of the mostly heavy Venezuela crudes have been remarkably steady at 1.2 to 1.3 mbd in recent years. Since September exports have made a decisive move lower, however, averaging only 1.1 mbd, a drop of some 0.15 mbd vs. the same period a year ago. The drop matches well with statements in recent months that Venezuela now is targeting China, having reportedly raised exports by 0.15 mbd, with an aspiration of reaching 0.3 mbd. Combined with this week's news that Mexico also is reducing heavy crude exports to the US (due to greater needs at home), the need for longer-haul crude imports may indeed surprise on the upside this summer.

| 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 | 127 | | | |
| Deliveries | | 17 | 33 | 36 |
| Suezmax fleet (# vessels) | 341 | | | |
| Orderbook | 60 | | | |
| Deliveries | | 24 | 28 | 7 |

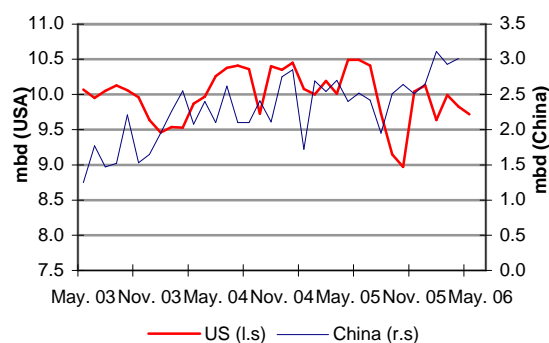
| Average earnings | 2004 | 2005 | 2006 YTD |
|-------------------------|--------|--------|----------|
| VLCC, MEG – Korea | 97,657 | 60,232 | 61,019 |
| Suezmax, Bonny – Phila. | 65,965 | 46,907 | 46,824 |
| Aframax, TEES – R.dam | 56,610 | 54,304 | 35,163 |

Source: IEA, DoE, Bassøe

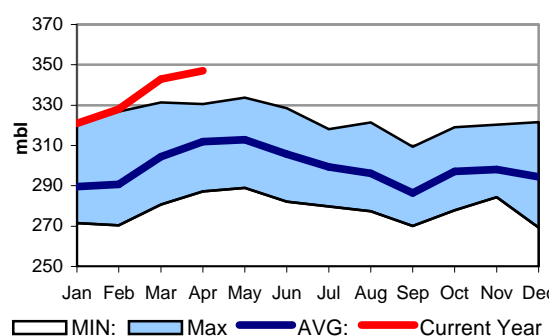
VLCC rates vs. Opec production



Crude oil imports



Crude oil inventories – USA



SALE & PURCHASE

MARKET COMMENTS

Bulkers are stealing the limelight with high transaction volume and now also corporate deals in the making. Nasdaq listed Quintana Maritime is linked to a purchase of Metrostar's fleet of bulkers at no less than USD 740 mill en-bloc. The fleet consists of 12 Kamsarmaxes, 3 panamaxs and 3 capesizes. Quintana, with a market cap of USD 197 mill, will need to raise equity to complete such a transaction and Fortis is said to be working on a private placement of USD 500 mill for the company. We await further news.

We're adjusting our benchmark value for prompt VLGC resales as buyers don't seem willing to pay a premium above asking prices for later resales delivering 2007/09. Despite very firm freight markets and unchanged newbuilding prices this has bearing on second-hand values for ships built 1990 onwards. Increased interest rates pull in the opposite direction, but newbuilds being fixed long-term on t/c at usd 900000 pcm lend support to slightly more sober values.

TANKERS

SALES

| Vessel | Dwt | Built | Buyer | \$ Mill | Comments |
|----------|-------|-------|--------|---------|-----------|
| Bow Wind | 8500 | 1999 | Stolt | 19 | St. steel |
| Bow Wave | 8500 | 1999 | Stolt | 19 | St. steel |
| Leader M | 44993 | 1982 | Greece | 8.5 | |

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 |
|-----------------|-------|-------|-----------|---------|-----------|
| 2 x resales | 82800 | 2008 | Cosco | 36 | Kamsarmax |
| Peruvian Expr. | 82329 | 2006 | Centrofin | 39.5 | Kamsarmax |
| Mega Wisdom | 76397 | 2001 | TMT | 32 | |
| Anangel Express | 61537 | 1982 | China | 8.2 | |
| St.Matthew | 52670 | 1987 | Undiscl. | 20 e-b | |
| St.George | 52670 | 1986 | " | " | |
| Apostolovo | 52670 | 1984 | " | " | |
| Kavo Portland | 46641 | 1995 | Italians | 21 | |

SECONDHAND VALUES (MUSD)

| | PPT resale | 5 | 10 | 15 |
|------|------------|-----------|-----------|----|
| Cape | 63 | 55 | 38 | 25 |
| Pmax | 39 | 33 | 26 | 20 |
| Hmax | 35 | 30 | 22 | 17 |

LPG

SALES

| Vessel | Cbm | Type | Built | Buyer | \$ Mill | Comments |
|--------|-----|------|-------|-------|---------|----------|
|--------|-----|------|-------|-------|---------|----------|

SECONDHAND VALUES (MUSD)

| | PPT resale | 5 | 10 | 15 |
|---------|------------|-----------|-----------|-----------|
| VLGC | 98 | 83 | 67 | 53 |
| 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

Solvang bravely declared option for their second 'panamax' VLGC of 75,000 cbm. These ships have 5-10% less intake than the standard size of 78/83000 cbm and contracts at about same price. Mr Steensland's newbuilding portfolio now accounts for 2 x VLGC, 3 x LGC and 4 x 17000 cbm semi-ref ships with ethylene capacity.

Chinese newcomer Jiangnan Changxing now have 11 VLCC's on order – Koreans, watch out !

Chinese offshore specialist Yantai Raffles made a successful listing on the Oslo Stock Exchange today and the share traded 7% up the first day.

CONTRACTS

| Type | Nos | Size | Yard | Owner | Delivery | \$ Mill | Comments |
|---------|-----|------------|-----------------|-----------|-----------|---------|----------|
| MT | 2 | 300000 dwt | Jiang.Changxing | Drytank | 2010 | 106 | |
| MT | 2 | 300000 dwt | Universal | Cido | 2011 | | |
| PC | 2 | 105000 dwt | SWS | Drytank | 2009 | 60 | |
| PC | 4 | 16500 dwt | Jiangzhou | Schulte | 2008/2009 | | Imo2 |
| LPG | 1 | 75000 cbm | HHI | Solvang | 2008 | 90 | Option |
| LPG | 1 | 22500 cbm | HHI | Petreddec | 2q08 | 52 | Option |
| LPG/ETH | 1 | 6000 cbm | Sasaki | Daelim | 1q08 | 35+ | |
| BC | 6 | 53000 dwt | Zhejiang | Hartmann | 2008/2009 | 28 | |

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 |
|---------|-----------|-----------|
| VLGC | 92 | 92 |
| MGC | 59 | 59 |
| 20' SR | 57 | 57 |
| 10' ETH | 40 | 40 |
| 3,5' FP | 15 | 15 |

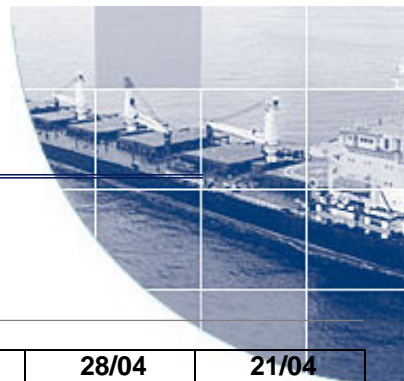


MARKET COMMENTS

With the absence of the Chinese and the Japanese, due to holidays this week, the Capesize market remained quiet and the rates drifted sideways. Owners are bullish and optimistic for an improvement next week. 'Cape Venus' 172,000 dwt built '96 fixed delivery Shanghai for a trip via W. Australia to China at Usd 31.000 per day. 'Cyclades' 170,000 dwt built '04 fixed delivery China for a trip via Australia to China at Usd 28,500 per day. 'China Steel Responsibility' 175,000 dwt built '03 fixed delivery France for a trip via Brazil back to the Continent at Usd 29.500 per day. 'Formosabulk Allstar' 150,000 dwt built '95 fixed delivery China for 4/7 months period at Usd 26,250 per day.

The Panamax market is again more active in the Atlantic and rates are firming. More grain requirements out of the US Gulf area and also in South America give owners hope for higher revenue in the next weeks to come. Also in the the Pacific the rates are improving slowly. 'Nord Venus' 76,000 dwt built '05 fixed delivery Japan for 2 laden legs in the Pacific at Usd 17,000 per day. 'Sonoma' 74.000 dwt built '01 fixed delivery N. Spain for a S.American roundtrip at Usd 17,500 per day. 'Maria Salamon' 74,000 dwt built '01 delivery Brazil for a trip to Far East at Usd 18,000 + Usd 400,000 in ballast bonus. 'Yuan Zhi Hai' 74,000 dwt built '05 fixed delivery Mundra for a trip to China at Usd 20,000 per day. 'Tian Bai Feng' 74,000 dwt built '00 fixed delivery Indonesia for a trip to Mediterranean at Usd 18,750 per day.

The handymax market improved slightly in the US Gulf and from the Continent whilst the Black Sea market remained inactive. The iron ore trade from west coast India to China has slowed down a lot due to the monsoon season. From west coast India to China to iron trade is still active. In the Far East the market is a bit slower for prompt tonnage. However, the period time charter activity is still firm with rates at usd18000 daily for 12 months. A 49000 tdw built 01 was fixed from USEC via Caribs to Continent at Usd19000 daily. A 46000 tdw built 97 was fixed delivery USGulf for a trip to Far East at Usd17000 daily. A 46000 tdw built 97 was fixed delivery USGulf for a trip to Morocco at Usd17900 daily. A 44000 tdw built 95 was fixed dely Continent for a trip to Far East at Usd16750 daily. A 46000 tdw built 00 was fixed delivery Chittagong for a trip via Persian Gulf to PMO at Usd20000 daily. A 55000 tdw built 04 was fixed delivery Surabaya via Australia to India at Usd26000 daily. A 43000 tdw built 91 was fixed delivery Thailand via Indonesia to China AT 22000 daily. A 42000 tdw built 92 was fixed delivery USGulf for 4/6 months at Usd15000 daily. A 46000 tdw built 96 was fixed from Japan to West Africa or USGulf at Usd21700 daily. A 53500 tdw built 06 was fixed delivery Far East in May for 12 months tc at usd18000 daily. A 52000 tdw built 04 was fixed delivery Japan mid May for 12 months tc at Usd17800 daily. A 48500 tdw built 01 was fixed delivery China mid May for 4/6 months at usd21750 daily.



RATES

| Size: | | 5/05 | 28/04 | 21/04 |
|---|---------|--------|--------|--------|
| MODERN CAPE SIZE 172,000 DWT: | | | | |
| - TC trip Cont/Far East | USD/day | 39.000 | 39.000 | 43.000 |
| - TC trip Far East/Cont | USD/day | 18.500 | 19.000 | 20.500 |
| - TC round trip in the Atlantic | USD/day | 28.500 | 28.500 | 32.000 |
| - TC round trip in the Pacific | USD/day | 29.000 | 28.000 | 31.000 |
| - 12 months TC 172,000 DWT (Delivery Far East) | USD/day | 32.000 | 32.500 | 33.000 |
| MODERN PANAMAX 74,000 DWT: | | | | |
| - 54,000 hss USGulf/Japan - No Combo | USD/Ton | 34,20 | 34,15 | 34,45 |
| - TC trip Cont to Far East | USD/day | 18.250 | 17.750 | 18.500 |
| - TC roundtrip in the Atlantic | USD/day | 17.750 | 16.000 | 16.250 |
| - TC roundtrip in the Pacific | USD/day | 17.000 | 16.250 | 16.250 |
| - TC Far East/Continent | USD/day | 16.000 | 15.750 | 15.500 |
| - 4-6 months TC (Delivery Far East) | USD/day | 17.250 | 17,000 | 17.500 |
| - 12 months TC (Delivery Far East) | USD/day | 17.000 | 17,000 | 17.000 |
| MODERN HANDYMAX 50/55,000 DWT: | | | | |
| - TC trip Continent to Far East | USD/day | 18.000 | 17.500 | 17.000 |
| - TC round trip in the Atlantic | USD/day | 15.750 | 15.500 | 14.750 |
| - TC trip Black Sea to Far East | USD/day | 15.500 | 15.250 | 15.250 |
| - TC round trip in the Pacific | USD/day | 22.500 | 23.000 | 23.000 |
| - TC trip Far East to Cont. | USD/day | 23.500 | 23.750 | 23.500 |
| - 4-6 months TC 44-48,000 DWT (Delivery Far East) | USD/day | 20.000 | 19.000 | 19.500 |
| - 12 months TC 44-48,000 DWT (Delivery Far East) | USD/day | 16.000 | 15.650 | 15.500 |
| - 4-6 months TC 50-55,000 DWT (Delivery Far East) | USD/day | 22.000 | 21.500 | 22.500 |
| - 12 months TC 50-55,000 DWT (Delivery Far East) | USD/day | 17.750 | 17.500 | 17.250 |
| BALTIC INDICES: | | | | |
| - Baltic Dry Index | (BDI) | 2383 | 2368 | 2434 |
| - Baltic Supramax Index | (BSI) | 1905 | 1907 | 1885 |
| - Baltic Panamax Index | (BPI) | 2205 | 2172 | 2175 |
| - Baltic Cape Index | (BCI) | 3056 | 3040 | 3257 |

Index Summary

