

# Bassøe Friday Report

Week 2 – 13.01.2006

[www.pfbassoe.no](http://www.pfbassoe.no)

Nr 2. Vol 29

## Tanker chartering – Crude

### Market comments

The VLCC market started the week on a slow note with continuously declining rates, however ended on a very active one. Rate levels found a brief bottom before rebounding on Friday afternoon. Continuous activity is expected next week as charterers may want to secure coverage prior to Chinese New Year.

The Suezmax and Aframax markets have been quiet for a long time, and a somewhat higher activity this week was not sufficient to reduce tonnage availability and prevent rates from falling. However, the rate levels may have reached bottom.

VLCC (DH)		Current trend: <b>Improving</b>		
Route	WS today	Last week	USD/day	
270' MEG – Korea	90.0	105.0	53,543	
275' MEG – UKC	82.5	92.5	61,018	
260' Bonny – LOOP	127.5	150.0	87,230	

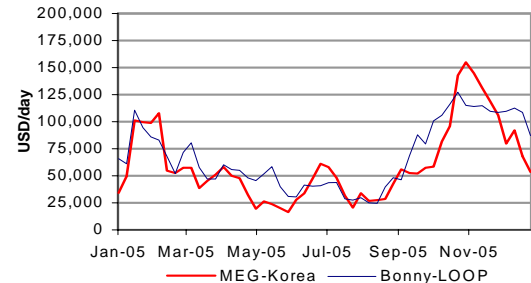
Suezmax (DH)		Current trend: <b>Soft</b>		
Route	WS today	Last week	USD/day	
130' Bonny – Phila.	157.5	185.0	51,280	
130' MAF – Ningpo	135.0	135.0	40,585	
135' Novo – Augusta	127.5	200.0	50,991	

Aframax (DH)		Current trend: <b>Soft</b>		
Route	WS today	Last week	USD/day	
80' TEES – R.dam	135.0	180.0	40,012	
70' PLC – Texas	245.0	235.0	47,572	
80' MEG – Singapore	290.0	325.0	62,919	

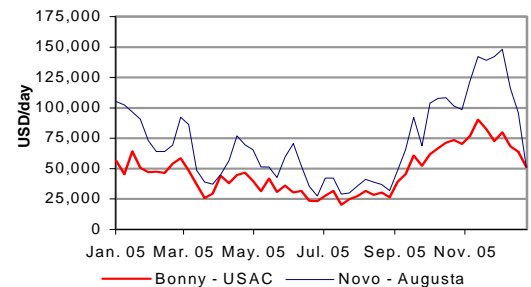
VLCC availability in MEG (# vessels)		
	Single hull	Double hull
Spot	1	0
Next 30 days	34	23

Bunkers (USD/mt)			
	Fujairah	Rotterdam	
	289	277	

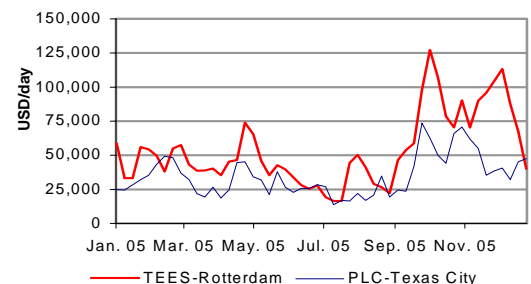
### VLCC earnings



### Suezmax earnings

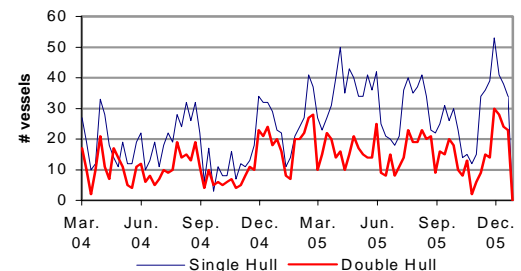


### Aframax earnings



### VLCC availability in MEG

# vessels next 30 days ex. FRO and TI



P.F. Bassøe AS  
Enterprise Number: NO-927161052  
P O Box 1723 Vika  
N-0121 Oslo, Norway  
Dronning Mauds gt. 3  
Phone +47 22 01 08 00  
Fax +47 22 01 08 10  
Telex +56 76766 basso n

E-mail Internet bassoe@pfbassoe.no  
E-mail Comtext A43NN076  
www.pfbassoe.no



# Tanker chartering – Clean

## Market Comment

All BTR rates turned slightly south last night and broke the trend of improving every day in 2006. Softness in the Car/Upcoast run will pull the index further down. Most of the other markets seem to be relatively stable towards the end of the week.

Market assessment – MR			
Route	WS today	Last week	USD/day
30' Spore - Japan	385.0	390.0	39,590
37' Cont. - US	355.0	350.0	44,594
38' Car. - USAC	310.0	295.0	38,123

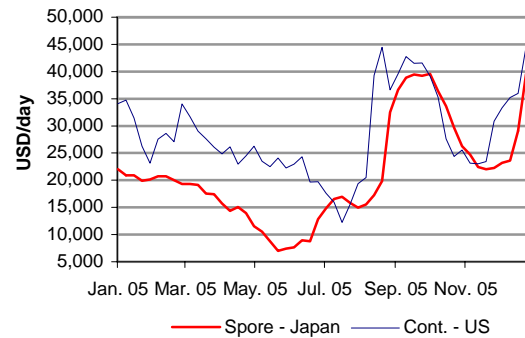
Market assessment – LR			
Route	WS today	Last week	USD/day
55' MEG – Japan	367.5	365.0	63,142
75' MEG – Japan	320.0	330.0	75,839

## Freight derivatives

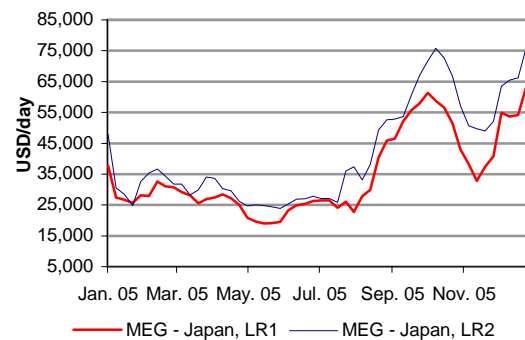
The first signs of a peak on the clean trades resulted in a flurry of sellers into the market pushing down paper all along the curve on TC2 and prompt contracts on TC5. TC4 on the other hand regained some of the lost territory as activity is still good. Crude routes made a dive through the week but both TD3 and TD7 are trading up markedly on Friday, while TD5 is flat.

Weekly change in key FFA contracts						
Jan	Feb	Q1'06	Q2'06	Q3'06	CAL06	
<b>TD3 MEG-Japan, 250' dwt</b>						
95.0	97.0	92.5	73.0	72.0	83.5	
-5.0	0.0	-3.5	-1.0	0.0	0.0	
<b>TD 5 West Africa – USAC, 130' dwt</b>						
165.0	150.0	150.0	116.0	110.0	133.0	
-21.0	-11.0	-11.5	1.0	0.0	1.0	
<b>TD 7, North Sea, UKC, 80' dwt</b>						
160.0	155.0	152.5	125.0	115.0	137.5	
-15.0	-5.0	-7.5	0.0	1.0	0.0	
<b>TC 2 Cont-USAC, 37' dwt</b>						
340.0	315.0	315.0	260.0	230.0	267.5	
-10.0	-25.0	-25.0	-3.0	0.0	-5.0	
<b>TC 5, MEG-Japan, 55' dwt</b>						
345.0	280.0	290.0	225.0	217.5	250.0	
-5.0	-25.0	-15.0	0.0	0.0	0.0	

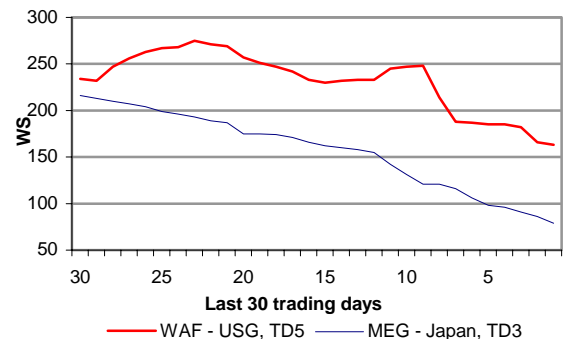
MR earnings



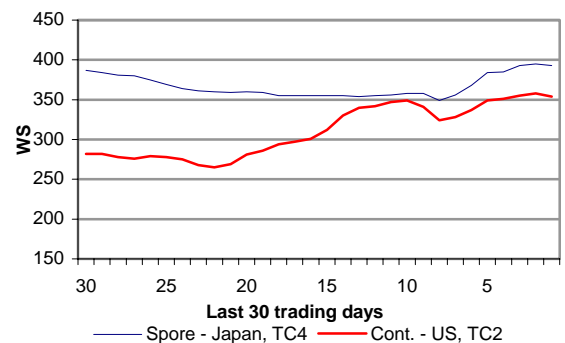
LR earnings



BITR rates, crude



BITR rates, clean



## Research

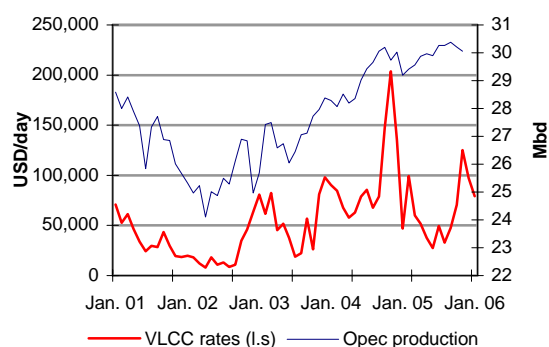
Rising Chinese imports and falling Russian exports were the background stories of the week, both being positive for tanker markets, at the margin. A full-year fall in Russian oil exports was the biggest surprise. According to Russia's Energy Ministry, exports fell 1.1% last year to touch above 5 mbd. This was the first drop since 1999 and comes on the heels of double digit % gains in recent years. A general slowdown in investments, coupled with the downfall of Yukos caused production growth to slow sharply. Lower oil exports from the FSU, in theory, would increase reliance on other (read MEG) suppliers thus boosting ton-miles. In a win-win situation for shipping, it would appear that the export drop has mainly been on railways to the old Russian republics and the old Eastern bloc, thus opening up a replacement potential from seaborne trade. Chinese crude imports topped 3 mbd in December, a new record and a clear indication that domestic demand remains strong. A revival of Chinese growth is a prerequisite for a balanced tanker market in '06, and if Middle East exports increasingly must replace Russian exports, the odds will be greater still.

Key market drivers				
	2003	2004	2005E	2006E
World oil demand (% change)	+2.3 %	+3.7 %	+1.4 %	+2.2 %
USA	+1.4 %	+3.5 %	+0.4 %	+1.7 %
Europe	+1.6 %	+1.1 %	+0.0%	+0.1%
China	+11.0	+15.4	+3.1%	+6.0%
Japan	+2.2 %	-2.7 %	+0.9 %	0.1%
Opec production (mbd)	27.1	29.1	29.9	30.5
FSU production (mbd)	10.3	11.2	11.6	12.1
Fleet statistics	Curre	2005P	2006E	2007E
VLCC fleet (# vessels)	472			
Orderbook	94			
Deliveries		31	18	34
Suezmax fleet (# vessels)	334			
Orderbook	65			
Deliveries		27	23	27

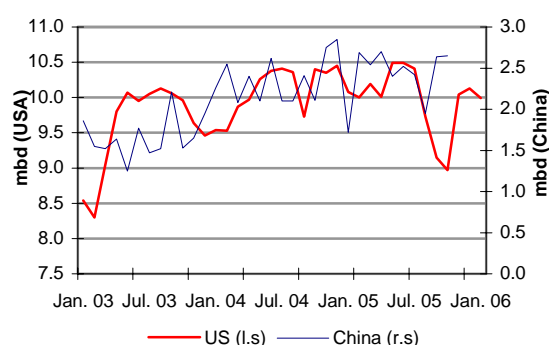
Average earnings	2003	2004	2005 YTD
VLCC, MEG – Korea	97,657	60,232	60,778
Suezmax, Bonny – Phila.	65,965	46,907	57,544
Aframax, TEES – R.dam	56,610	54,304	53,650

Source: IEA, DoE, Bassøe

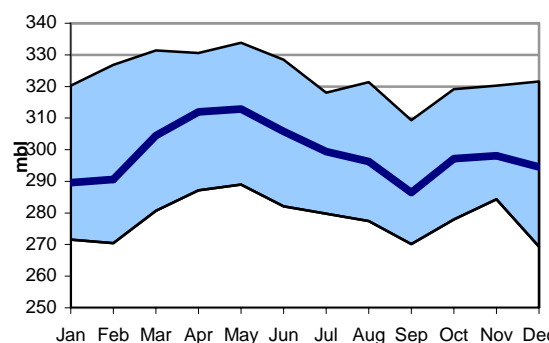
VLCC rates vs. Opec production



Crude oil imports



Crude oil inventories – USA



## BROKERS OF P. F. BASSØE AS

	<b>AOH (+47)</b>	<b>Mobile (+47)</b>
Gerhard N. Dahl - President	22 95 19 94	91 16 42 35
Ole-Rikard Hammer - Managing Director	66 90 49 91	97 54 06 82
<b>SALE &amp; PURCHASE / NEWBUILDING / PROJECT</b>	<b>22 01 08 25</b>	
Petter A. Thorendahl	22 44 63 83	90 12 33 06
Nils W. Koren	67 53 01 47	90 03 32 30
Lars Kalbakken	90 02 25 25	90 02 25 25
<b>FREIGHT DERIVATIVES</b>	<b>22 01 08 50</b>	
Kristian Thunes	22 59 27 05	91 58 14 57
Fredrik Sagen Andersen	41 23 30 29	41 23 30 29
Nils Andreas Arnesen	22 43 05 25	90 18 46 49
Magnus Dehli	92 45 92 90	92 45 92 90
Alf Fjetland	92 63 44 95	92 63 44 95
<b>TANKER CHARTERING</b>	<b>22 01 08 20</b>	
Gerhard N. Dahl	22 95 19 94	91 16 42 35
Morten Austvold	64 86 78 11	91 70 50 31
Lars Irgens	22 49 32 72	90 60 13 99
Bjørn-Erik Løkken	22 92 14 74	90 18 80 44
Morten Røine	67 59 11 11	90 61 44 72
<b>CLEAN</b>	<b>22 01 08 80</b>	
Tom Ranum	67 12 01 01	90 69 72 10
Knut Ebbesen	22 49 16 95	90 11 09 15
David Sand	66 82 01 05	90 14 34 31
Inge Wallentin	22 73 27 20	90 89 99 28
<b>OPERATION</b>	<b>22 01 08 30</b>	
Gustav Myreng	67 14 92 37	90 12 19 47
Åge Johnny Haug	69 88 56 80	90 03 55 40
Øystein Heggen	67 12 46 51	90 12 19 46
<b>RESEARCH</b>	<b>22 01 09 06</b>	
Ole-Rikard Hammer	66 90 49 91	97 54 06 82
Lars Kalbakken	90 02 25 25	90 02 25 25

### Disclaimer

This e-mail/fax is based on information obtained from sources which P.F.Bassøe AS believes to be reliable, but P.F.Bassøe AS does not represent or warrant its accuracy. The opinions and estimates contained in this e-mail/fax represent the views of P.F.Bassøe AS of the date of the e-mail/fax, and may be subject to change without prior notice. P.F.Bassøe AS will not be responsible for the consequence of reliance upon any opinion or statement contained in this e-mail/fax. This e-mail/fax is confidential, and may not be reproduced, in whole or in part, without the prior written permission of P.F.Bassøe AS.