

# **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 24 – 09.06.2006

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

Nr 23. Vol 29

## Tanker chartering – Crude

### Market comments

The sound of hoofs thundering is that of owners' pushing ahead and charters retreating. It's been a fairly busy week, although not along the lines of recent weeks. The appearance of a major Middle East charterer in the spot market, aggressively booking tonnage on long forward positions, has done as much to boost owners' confidence as anything else, however. Tonnage availability is thin, certainly up to mid month, and with Middle East stem dates now out, next week should be active as well. The only slight fly in the ointment is a somewhat softer Atlantic market which has begun to shift tonnage out of West Africa and towards the MEG. Suezmaxes began the week on a downbeat note, extending previous losses, but activity is picking up and the market is closing well off its lows. Aframaxes in the North Sea are going through a similar cycle, as focus on end-of-month cargoes is boosting rates. Other trades are mixed.

VLCC (DH)		Current trend: <b>Firming</b>		
Route	WS today	Last week	USD/day	
270' MEG – Korea	130.0	120.0	86,689	
275' MEG – UKC	95.0	90.0	72,123	
260' Bonny – LOOP	102.5	107.5	63,140	

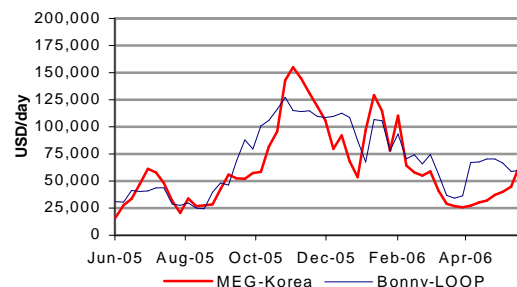
Suezmax (DH)		Current trend: <b>Firming</b>		
Route	WS today	Last week	USD/day	
130' Bonny – Phila.	127.5	125.0	36,791	
130' MAF – Ningpo	126.0	130.0	34,771	
135' Novo – Augusta	125.0	130.0	47,930	

Aframax (DH)		Current trend: <b>Mixed</b>		
Route	WS today	Last week	USD/day	
80' TEES – R.dam	122.5	80.0	31,844	
70' PLC – Texas	165.0	185.0	25,512	
80' MEG – Singapore	115.0	115.0	17,097	

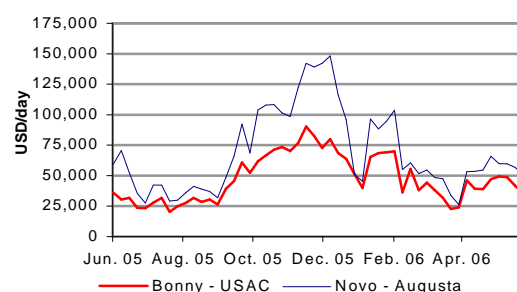
VLCC availability in MEG (# vessels)		
	Single hull	Double hull
Spot	3	0
Next 30 days	23	11

Bunkers (USD/mt)			
Fujairah	325	Rotterdam	297

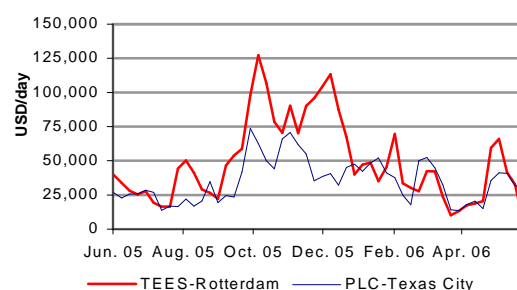
### VLCC earnings



### Suezmax earnings

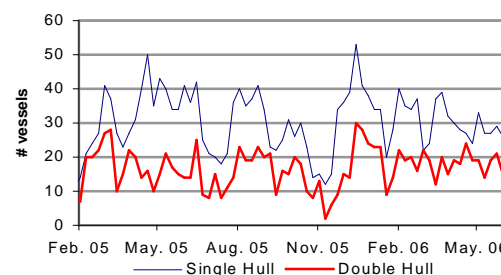


### Aframax earnings



### VLCC availability in MEG

# vessels next 30 days ex. FRO and TI



# Tanker chartering – Clean

## Market Comment

The Mediterranean markets saw major improvements Thursday, and MR rates Cont/US continue to climb as July cargoes start coming out. LR's East are flat at the end of the week.

### Market assessment – MR

Route	WS today	Last week	USD/day
30' Spore – Japan	250.0	260.0	14,489
37' Cont. – US	255.0	235.0	22,518
38' Car. – USAC	217.5	215.0	16,890

### Market assessment – LR

Route	WS today	Last week	USD/day
55' MEG – Japan	230.0	235.0	29,515
75' MEG – Japan	185.0	195.0	29,752

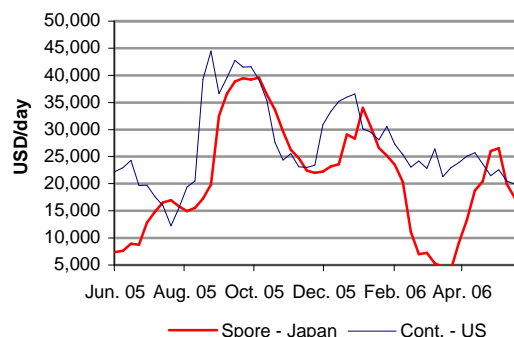
## Freight derivatives

All the crude routes have climbed up several points this week, although TD3 corrected down a tad on Friday. The moves can all be traced back to the activity in the physical market – VLCC moved further up, while both suez- and aframaxes found their feet and strengthened towards the weekend. In the clean markets, TC2 has been the major mover with active trading along the curve. It finishes the week markedly higher than last week even though it corrected down some points on Friday. The Eastern routes also moved up through the week, however showing the same softening tendencies come w/e.

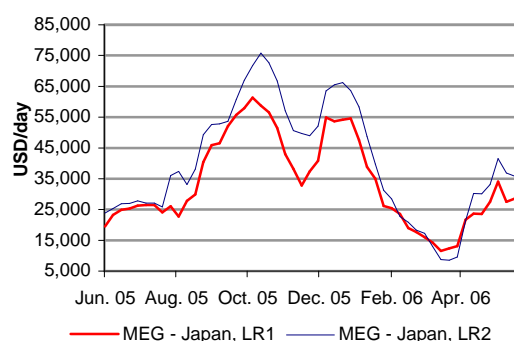
### Weekly change in key FFA contracts

Jun	Jul	Q3'06	Q4'06	Q1'07	CAL07
<b>TD3 MEG-Japan, 250' dwt</b>					
109.0	92.0	90.0	128.0	99.0	79.0
7.0	1.0	1.0	0.5	0.0	-1.0
<b>TD 5 West Africa – USAC, 130' dwt</b>					
135.0	135.0	132.5	173.0	135.0	121.0
5.0	14.0	9.5	4.0	-5.0	-1.5
<b>TD 7, North Sea, UKC, 80' dwt</b>					
126.0	120.0	122.5	172.0	143.0	129.0
7.0	11.0	9.5	2.0	0.0	0.0
<b>TC 2 Cont-USAC, 37' dwt</b>					
250.0	255.0	270.0	311.0	268.0	240.0
7.5	5.0	5.0	8.5	3.0	2.0
<b>TC 5, MEG-Japan, 55' dwt</b>					
230.0	222.5	225.0	281.5	240.0	210.0
5.0	0.0	-2.5	-1.5	-5.0	-3.0

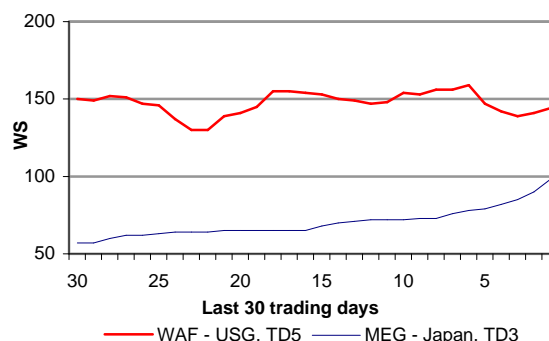
MR earnings



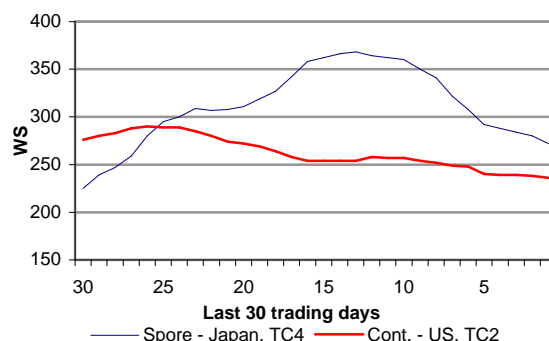
LR earnings



BITR rates, crude



BITR rates, clean



**Research**

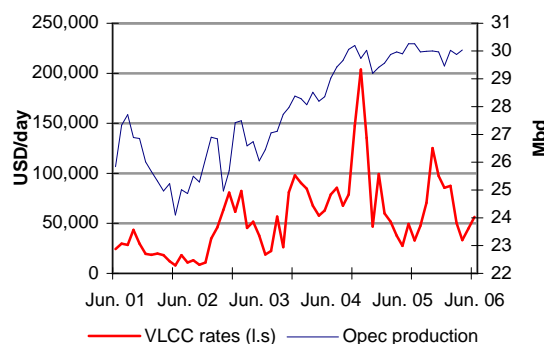
It's been a difficult week for the growth bulls. Brutal corrections have blown through world asset market, hitting commodities particularly hard. The driver is the fear that the inflation genie now is out of the bottle and that interest rates are heading higher. In the real world of physical demand and supply, things look slightly different, however. Growth does indeed seem to be very strong, as the big engines (US and China) seem to be firing simultaneously. Solid GDP growth in the former is already visibly translating into solid oil demand growth during Q2. This week, China followed up with a set of statistics indicating anything but a slowdown; May crude oil imports were up a robust 19% y/y. Specific strength in oil demand was supported by very solid figures from the rest of the economy; Industrial production grew 17.9% y/y, the fastest rate in nearly two years, while investment is up 30%. A significant, and as far as we can understand, largely unexpected upswing in the dry bulk market acts as corroborating evidence, given the far greater impact of China in this segment. Higher interest rates will have an impact when they come, but if stronger demand is what is pushing them up in the first place, it could take some time.

Key market drivers				
	2004	2005	2006E	2007E
World oil demand (% change)	+3.7 %	+1.3 %	+1.9 %	+2.3 %
USA	+3.5 %	+0.2 %	+0.5%	+2.4%
Europe	+1.1 %	-0.1%	+0.0%	+0.6%
China	+15.4	+2.9%	+7.3%	+6.8%
Japan	-2.7 %	+1.1 %	0.2%	0.0%
Opec production (mbd)	29.1	29.9	30.1	30.4
FSU production (mbd)	11.2	11.6	12.0	12.5
Fleet statistics				
	Curre	2006P	2007E	2008E
VLCC fleet (# vessels)	465			
Orderbook	139			
Deliveries		17	33	36
Suezmax fleet (# vessels)	341			
Orderbook	60			
Deliveries		24	28	7

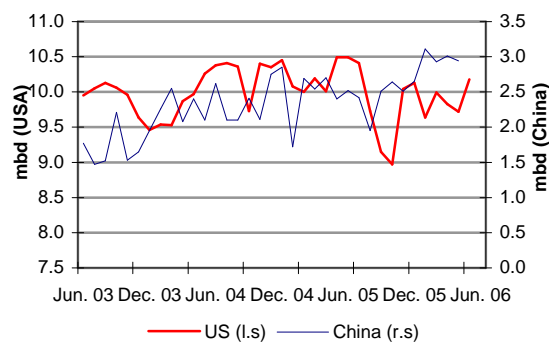
Average earnings	2004	2005	2006 YTD
VLCC, MEG – Korea	97,657	60,232	59,188
Suezmax, Bonny – Phila.	65,965	46,907	46,317
Aframax, TEES – R.dam	56,610	54,304	36,463

Source: IEA, DoE, Bassøe estimates

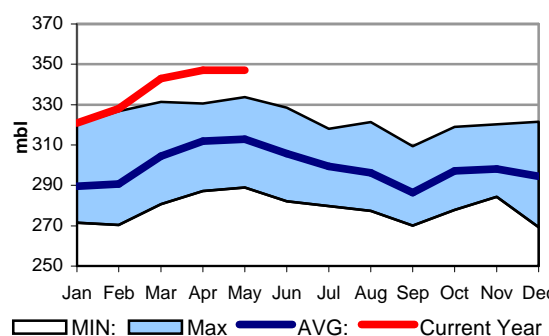
**VLCC rates vs. Opec production**



**Crude oil imports**



**Crude oil inventories – USA**



## SALE & PURCHASE

### MARKET COMMENTS

Finally some bench-mark sales of modern tankers which all in all show prices are holding up nicely. Tanker earnings in Q2 are very robust for this time of the year, and if anyone should be in doubt – prices for modern tankers will remain firm for the remainder of the year ! Several suezmaxes and aframaxes are being inspected and we expect more sales will materialize soon. Tanker buyers are increasingly found in the US, Middle East, India and Japan.

Bulker values are moving ahead of long-term period levels but both spot and short-term charters support the strengthening values.

Shipping shares have made a solid rebound this week with both wet and dry equities pushing north. We're in for a hot summer !

### TANKERS

#### SALES

Vessel	Dwt	Built	Buyer	\$ Mill	Comments
MajesticUnity	300000	1996	Lykiardopulo	90	
Pacific Sapphire	96000	1994	US	40	T/c 3@23500
2 x SPP resales	51000	07/08	ADNATCO	99	En-bloc
2 x SPP resales	51000	07/08	Intrepid	99	En-bloc
High Venture	45000	2006	Middle East	54	
Ace 3	45000	2006	Petro Diamond	54	

#### SECONDHAND VALUES (MUSD)

	PPT resale	5	10	15	
VLCC	140	115	90	43	<sup>1)</sup>
Suez	85	74	63	31	<sup>1)</sup>
Afra	76	65	48	24	<sup>1)</sup>
LR2	78	67	56		
LR1	62	50	45	32	
MR	54	46	37	24	

<sup>1)</sup> Non dbl hull

### BULKERS

#### SALES

Vessel	Dwt	Built	Buyer	\$ Mill	Comments
2xBohai resales	174000	2007	Zela	129	En-bloc
Seamaid	74500	1999	Meadway	29.5	
Century Fortune	73000	1998	Greeks	27.5	Nov dely
Nordmoritz	72500	1995	Gen.Maritime	25.5	
North Star	68000	1995	Blumental	22	Low t/c
Prabhu Puni	43500	1992	Greece	17.6	
Great Ocean	43500	1991	China	16.7	
Faros	42500	1986	Greece	11	
Eco Vision	26800	1986	Undiscl.	10.9	

#### SECONDHAND VALUES (MUSD)

	PPT resale	5	10	15	
Cape	63	55	38	25	
Pmax	41	34	27	20	
Hmax	36	31	22	17	

### LPG

#### SALES

Vessel	Cbm	Type	Built	Buyer	\$ Mill	Comments
Tycho Brahe	15370	S	82	MC Shpg	32 bloc	T/c back
Immanuel Kant	15360	S	83	MC Shpg	#	"
Andean Gas	70000	F	77	BW Gas		FPSO conv
Niels Maersk	15000	S	91	Harpain		

#### 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	4.5	



## NEWBUILDING

### MARKET COMMENTS

Chinese newcomer Rongsheng has joined the ranks of suezmax builders with orders for upto 12 contracts including options. Once the yard's first drydock is completed in 2007 they will first build 3 panamax bulkers account Golden Ocean and thereafter the suezmaxes. Hence the early delivery.

Japanese owners have seen a number of purchase options being declared and with money to reinvest to avoid tax liabilities we continue to see orders being done by such owners against tc's to Western companies at very competitive rates.

### CONTRACTS

Type	Nos	Size	Yard	Owner	Delivery	\$ Mill	Comments
MT	1	315000 dwt	NACKS	Sonatrach	2009	120	
MT	2+2	156000 dwt	Rongsheng	Frontline	2008	70	
MT	2+2	156000 dwt	Rongsheng	Cardiff	2008	70	
MT	2+2	156000 dwt	Rongsheng	Undisclosed	2008	70	
CHEM	1	33000 dwt	Kitanihon	Yuyo	2009	40	Odfjell tc
PC	1	51000 dwt	STX	Ionia	2009	44	Option
PC	6	45000 dwt	Shina	NCC	2009/2010	50	Imo2 / 20 tks
BC	1	54200 dwt	Oshima	Jinhui	2009	30	

### PRICES (MUSD)

#### TANKERS

Type	This week	Last week
VLCC	120	120
Suez	73	73
Afra	61	61
LR2	64	64
LR1	51	51
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	91	91
MGC	59	59
20' SR	57	57
10' ETH	40	40
3,5' FP	15	15



## MARKET COMMENTS

The Capesize market continues to improve for all trades. There are several ships reported fixed for short to long period. Cargill extended the 'Cape Island' 172,000 dwt built '05 and the 'Cape Sun' 172,000 dwt built '99 for 2 years at Usd 30,000 (net of commissions) per day with delivery end of this year. 'Aquagem' 167,000 dwt built '97 fixed delivery China for 11/13 months period at Usd 33,000 per day. 'Tian Lu Hai' 175,000 dwt built '05 fixed 2 laden legs in the Pacific at Usd 32,500 per day. 'Cape Pioneer' 170,000 dwt built '05 fixed delivery Spain for a trip via Brazil to China at Usd 46,000 per day. 'Winner' 174,000 dwt built '86 delivery China for a trip via Australia back to China at Usd 28,000 per day. 'CHS Bright' 151,000 dwt built '95 fixed delivery Cape Passero for a trip via Brazil to China at Usd 41,000 per day. 'Aquagrace' 167,000 dwt built '97 fixed delivery Cape Passero for 4-6 months period at Usd 39,500 per day.

The Panamax market slowed down towards the end of the week. Rates are under pressure and fixtures are concluded below last done, in both hemispheres. 'Kamsar Gold' 83,000 dwt built '06 delivery Black Sea for a trip to Far East at Usd 23,000 per day. 'An Ho' 77,000 dwt built '04 delivery Ghent for a trip via EC South America to China at Usd 22,500 per day. 'Maple Valley' 76,000 dwt built '05 fixed delivery Japan for a trip via NoPac redelivery Far East at Usd 22,500 per day. 'YK Sentosa' 73,000 dwt built '00 fixed delivery Korea via N.China to EC India at Usd 25,000 per day. 'Fu May' 76,000 dwt built '02 fixed delivery Ulsan 3-5 months period at Usd 21,000 per day. 'Maria Bottiglieri' 75,000 dwt built 95 fixed delivery China for a trip to US east coast at Usd 22,000 per day. 'Kamsar Gold' 83,000 dwt built '06 fixed 12 months period at Usd 19,000 per day delivery Far East.

The handymax market increased further this week in both hemispheres. The Atlantic market has now also seen good improvements and rates from USGulf to the Continent and Mediterranean are now close to usd25000 daily. In the Far East the market strengthened further and charterers are now paying close to usd25000 daily for short period. The demand for tonnage to carry cement to USA and West Africa is still the main factor for the improvement in the Far East market. A 52000 tdw was fixed delivery USGulf for a trip to Morocco at Usd24750 daily. A 46000 tdw built 95 was fixed from West Africa to USEC at Usd22000 daily. A 52000 tdw blt 02 was fixed from Continent to USGulf at Usd20000 daily. A 52000 tdw built 02 was fixed delivery West coast India to China at Usd21500 daily. A 55000 tdw built 05 was fixed delivery West coast India via South East Asia to West Africa at Usd24000 daily. A 47000 tdw built 96 was fixed delivery Philippines via Indonesia to Thailand at Usd24500 daily. A 47000 tdw built 97 was fixed delivery Indonesia for 5/7 months at Usd24000 daily. A 48000 tdw built 00 was fixed delivery Indonesia for 4/6 months at Usd24000 daily. A 46000 tdw built 98 was fixed delivery Italy for 3/5 months at Usd18500 daily. A 52400 tdw built 04 was fixed delivery north China for 3/5 months at Usd24500 daily.



## RATES

Size:		16/06	09/06	02/06
<b>MODERN CAPE SIZE 172,000 DWT:</b>				
- TC trip Cont/Far East	USD/day	46.500	45.000	43.000
- TC trip Far East/Cont	USD/day	22.500	21.000	19.500
- TC round trip in the Atlantic	USD/day	33.500	32.000	30.000
- TC round trip in the Pacific	USD/day	33.000	31.500	30.000
- 12 months TC 172,000 DWT (Delivery Far East)	USD/day	34.500	33.000	32.000
<b>MODERN PANAMAX 74,000 DWT:</b>				
- 54,000 hss USGulf/Japan - No Combo	USD/Ton	37,05	36,50	35,30
- TC trip Cont to Far East	USD/day	22.000	22.000	20.250
- TC roundtrip in the Atlantic	USD/day	20.250	19.750	18.500
- TC roundtrip in the Pacific	USD/day	21.500	21.500	18.500
- TC Far East/Continent	USD/day	19.750	19.500	17.500
- 4-6 months TC (Delivery Far East)	USD/day	21.000	20.000	17.500
- 12 months TC (Delivery Far East)	USD/day	17.500	17.500	17.000
<b>MODERN HANDYMAX 50/55,000 DWT:</b>				
- TC trip Continent to Far East	USD/day	20.000	18.750	18.500
- TC round trip in the Atlantic	USD/day	18.500	17.250	16.750
- TC trip Black Sea to Far East	USD/day	16.750	16.000	15.250
- TC round trip in the Pacific	USD/day	23.500	23.000	23.000
- TC trip Far East to Cont.	USD/day	26.500	26.000	26.000
- 4-6 months TC 44-46,000 DWT (Delivery Far East)	USD/day	23.000	21.000	21.000
- 12 months TC 44-46,000 DWT (Delivery Far East)	USD/day	18.250	17.500	17.500
- 4-6 months TC 50-55,000 DWT (Delivery Far East)	USD/day	24.500	23.000	23.000
- 12 months TC 50-55,000 DWT (Delivery Far East)	USD/day	20.000	18.750	18.750
<b>BALTIC INDICES:</b>				
- Baltic Dry Index	(BDI)	2725	2653	2514
- Baltic Supramax Index	(BSI)	2103	2050	2010
- Baltic Panamax Index	(BPI)	2676	2617	2397
- Baltic Cape Index	(BCI)	3412	3308	3150

Index Summary

