

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 27 – 07.07.2006

www.pfbassoe.no

Nr 27. Vol 29

Tanker chartering – Crude

Market comments

A surprisingly active week for VLCC's in the MEG, with high volumes of end July cargoes driven by strong demand from Asia, pushed rates higher towards the end of the week. 114 vessels have so far been fixed for July, which is historically very high. Charterers are entering the market early for next month's cargoes. With scarce tonnage availability Owners' attitude is confident, and continued activity may push rates higher next week.

The Suezmax market has been quiet, but more Med activity is likely if Iraq exports out of Ceyhan begin on a consistent basis. Aframax cross UK Continent has been busy with improved rates.

VLCC (DH)		Current trend: Firm		
Route	WS today	Last week	USD/day	
270' MEG – Korea	115.0	100.0	72,400	
275' MEG – UKC	87.5	85.0	62,899	
260' Bonny – LOOP	115.0	125.0	73,781	

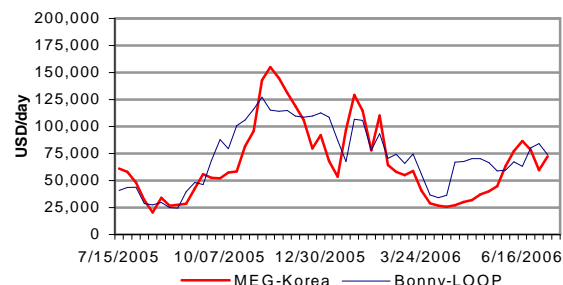
Suezmax (DH)		Current trend: Slow		
Route	WS today	Last week	USD/day	
130' Bonny – Phila.	150.0	160.0	47,248	
130' MAF – Ningpo	130.0	130.0	36,140	
135' Novo – Augusta	140.0	172.5	57,191	

Aframax (DH)		Current trend: Firm		
Route	WS today	Last week	USD/day	
80' TEES – R.dam	150.0	130.0	48,334	
70' PLC – Texas	210.0	230.0	37,284	
80' MEG – Singapore	212.5	215.0	41,734	

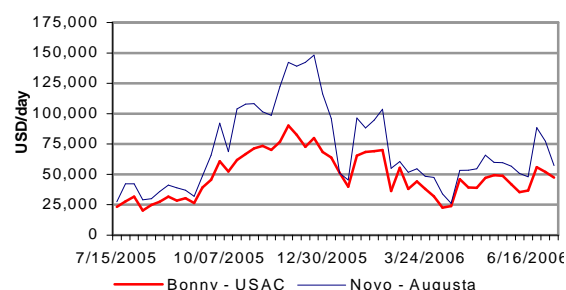
VLCC availability in MEG (# vessels)		
	Single hull	Double hull
Spot	1	0
Next 30 days	24	15

Bunkers (USD/mt)			
Fujairah	332	Rotterdam	301

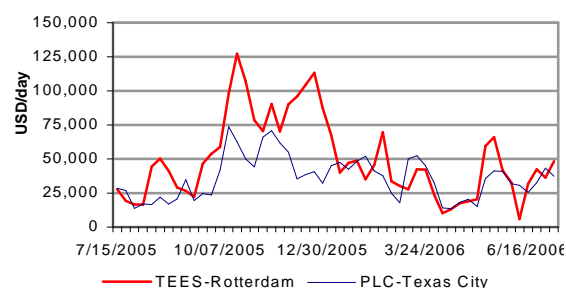
VLCC earnings



Suezmax earnings

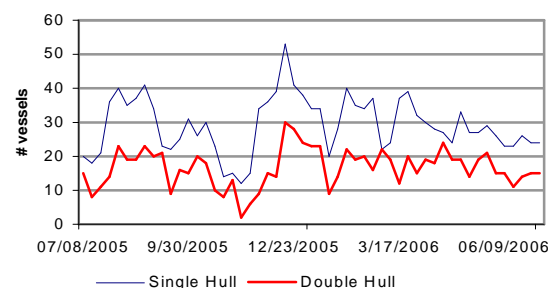


Aframax earnings



VLCC availability in MEG

vessels next 30 days ex. FRO and TI



Tanker chartering – Clean

Market Comment

MR's in the Western hemisphere have been very active, with large improvements in the rates, partly driven by the widening arbitrage between US and European gasoline prices. LR's East have been fairly active, with slightly improving rates, and the activity may rise further next week.

Market assessment – MR

Route	WS today	Last week	USD/day
30' Spore – Japan	225.0	235.0	11,432
37' Cont. – US	315.0	302.5	30,480
38' Car. – USAC	270.0	250.0	24,102

Market assessment – LR

Route	WS today	Last week	USD/day
55' MEG – Japan	210.0	200.0	25,600
75' MEG – Japan	172.5	160.0	26,180

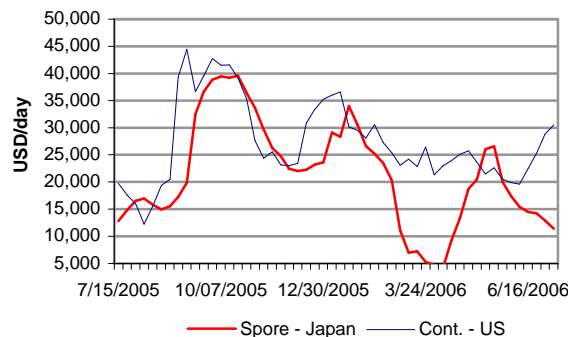
Freight derivatives

TD3 is back as the big mover of the week. Physical bonanza and paper not at all unwilling to follow, or even lead. All contracts along the curve were lifted considerably. TD5 and TD7 both experienced a jittery week, but overall they both moved up some 10 points plus on the prompt and a tad stronger further down the curve. All clean trades apart from TC4 are looking a lot stronger with underlying markets powering on. An active week with a lot of calendar trades coming into play.

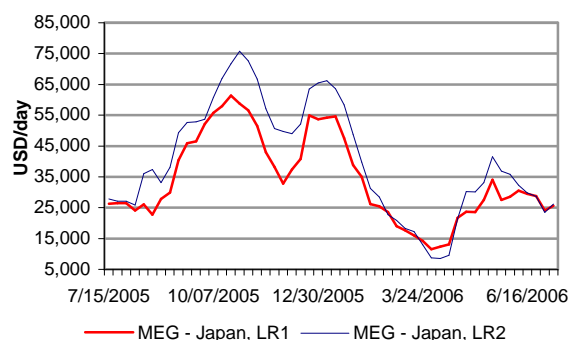
Weekly change in key FFA contracts

Jul	Aug	Q3'06	Q4'06	Q1'07	CAL07
TD3 MEG-Japan, 250' dwt					
110.0	100.0	104.7	133.0	105.0	76.5
26.0	19.0	18.7	5.0	2.0	-3.5
TD 5 West Africa – USAC, 130' dwt					
155.0	136.0	143.3	179.0	145.0	119.5
7.0	5.0	4.3	0.0	2.0	-3.0
TD 7, North Sea, UKC, 80' dwt					
142.0	122.5	133.5	182.0	145.0	128.5
10.0	4.5	-0.5	4.0	2.0	-2.5
TC 2 Cont-USAC, 37' dwt					
300.0	277.5	294.5	322.8	270.0	235.5
15.0	0.5	4.5	2.2	2.5	-5.5
TC 5, MEG-Japan, 55' dwt					
210.0	232.5	232.5	295.0	245.0	228.5
5.0	17.5	10.5	5.0	6.0	18.5

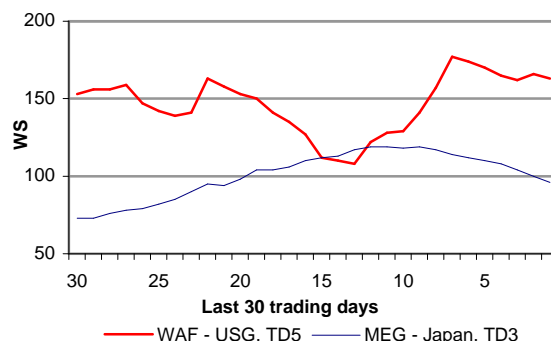
MR earnings



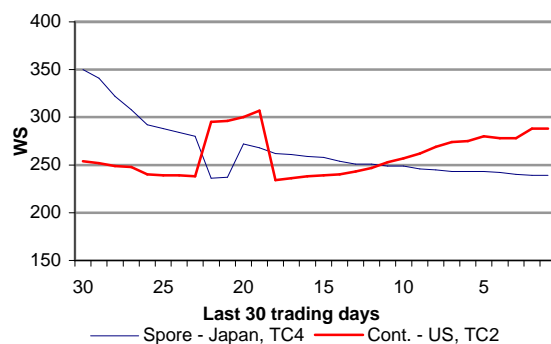
LR earnings



BITR rates, crude



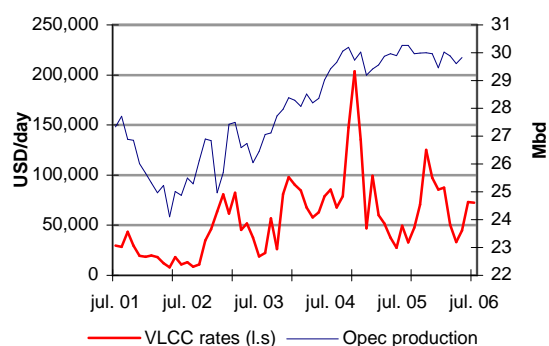
BITR rates, clean



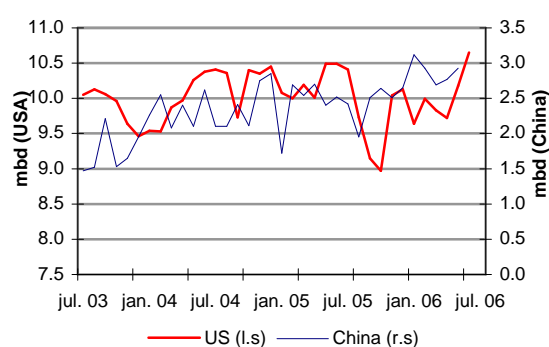
Research

In the heydays of Iraq’s on-and-off relationship with the UN, the Mediterranean port of Ceyhan used to be in focus. Since the allied invasion in 2003, it has virtually disappeared from the picture, as repeated attacks on Iraq’s northern line have prevented exports on a regular basis. The situation is now likely to change. Firstly, the Baku-Tbilisi-Ceyhan pipeline (BTC) has opened and is set to expand volumes significantly during the second half of the year. The line, carrying Azeri and Kazak crude from the Caspian region, is currently pumping some 0.2 mbd, but this is scheduled to expand to around 0.4 mbd. By the end of the year. The crude is of the light variety and should be relatively heavily sought after in the current environment of high refining margins and strong demand growth for light products. The news during the past fortnight has been that Iraq again is marketing crude exports from the same port. Several attempts have been made during the past couple of year, but it now seems as though the line may be defended better. If these volumes come on top of the Caspian volumes, it would mean a considerable increase in VLCC and Suezmax demand from the Med. Good news for tanker owners, provided the oil market can swallow it all.

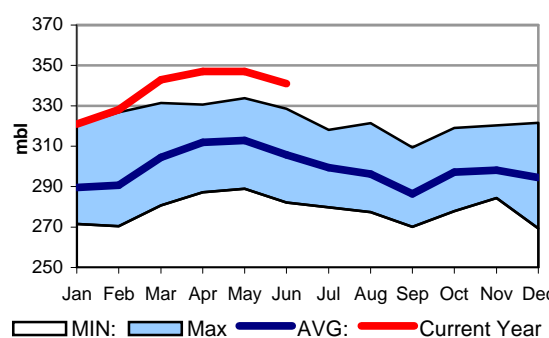
VLCC rates vs. Opec production



Crude oil imports



Crude oil inventories – USA



Key market drivers				
	2004	2005	2006E	2007E
World oil demand (% change)	+3.7 %	+1.3 %	+1.9 %	+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	61,431
Suezmax, Bonny – Phila.	65,965	46,907	46,563
Aframax, TEES – R.dam	56,610	54,304	36,948

Source: IEA, DoE, Bassøe estimates



SALE & PURCHASE

MARKET COMMENTS

Although the dry-cargo freight market is softening somewhat this week there is a continued flow of new enquiries. However, the recent price hike have taken a breath and further strengthening may only take place over the Summer.

The expected sale of a Formosa VLCC came to light this week with the disposal of "Formosapetro Giant" at usd 128 million to a HK based leasing company. The acquisition is supported by long term employment to Chinese end users. The 1997 built VLCC "Equatorial Lion" marketed couple of weeks ago with a price tag of usd 95 million was inspected by three Buyers, but OSG have not yet seen offers in line with their price ideas.

Lack of sales candidates, 3+ years lead-time on newbuildings and mismatch between period rates and vessel prices serve as effective barriers against the entry of new players in the LPG market above 20k cbm. From the buyers' point of view it will not get any better in the short to medium term - pay up or shut up. Romance aside, new entrance may be better off in the paper market, buying BW Gas and Exmar for fully-ref exposure.

TANKERS

SALES

Vessel	Dwt	Built	Buyer	\$ Mill	Comments
Formosapetro G	300000	2005	Nanfung	128	
Pink Sands	93000	1993	Venezuela	42.5	Subs
Giada D	10100	1996	Odfjell	21.5	stst
Clarice	8500	1996	Korea	13.5	

SECONDHAND VALUES (MUSD)

	PPT resale	5	10	15
VLCC	140	115	90	43 ¹⁾
Suez	85	74	63	31 ¹⁾
Afra	74	63	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
Hanjin Sydney	188000	1987	Tsakos	25	5 yrs bbc
Orient Alliance	152000	1990	Goldenport	27.5	Blw mkt tc
Vassilos	64200	1989	Sinotrans	17.75	
Prem Pranshu	56000	2005	Nimtas	39.5	
Uljanik	44000	1996	Transworld	20.5	
Avedon Calypso	28500	1995	Greeks	18.25	

SECONDHAND VALUES (MUSD)

	PPT resale	5	10	15
Cape	72	56	40	28
Pmax	43	35	28	20
Hmax	38	32	22	17

LPG

SALES

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

SECONDHAND VALUES (MUSD)

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



NEWBUILDING

MARKET COMMENTS

We have recently witnessed a limited number of contracts in 2010 and even 2011 in Japan and China for crude oil tankers. Most yards are reluctant to start marketing such forward delivery slots due to unpredictable cost factors mainly related to currency, labour and steel prices.

Quite a number of buyers are struggling for the very limited available 2009 delivery slots. Yards with such attractive deliveries are still focusing on repeat orders to existing clients.

CONTRACTS

Type	Nos	Size	Yard	Owner	Delivery	\$ Mill	Comments
LNG	1+1	165000	Daewoo	Knutsen	2010		
MT	3	105000	Vinashin	Vietnam Oil & Gas	2008/2009	60	
BC	1	74500	Jiangsu RongSheng	Golden Ocean	2009	34.5	Option
PC	2	74500	STX	Great Eastern	2009	50	Option
PC	2+2	51000	STX	ETA	2009	45	

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	60	60
Pmax	35	35
Hmax	29	29

LPG

Type	This week	Last week
VLGC	91	91
MGC	59	59
20' SR	57	57
10' ETH	40	40
3,5' FP	15	15



MARKET COMMENTS

The Cape size market decreased a bit this week, but the volume of business from Brazil is still very active. Sinochart fixed 'Nisshin Trader' 172517 tdw built 01 from Dunkirk via Brazil to China at Usd48500 daily. Transfield fixed 'Obeliks' 170454 tdw built 00 delivery Cape Passero via Brazil to China at Usd45500 daily. 'CE Duke 170085 tdw built 01 was fixed delivery Shanghai via Richards Bay to Continent at Usd19000 daily to Swiss Marine. 'Gran trader' 172529 tdw built 01 was fixed delivery Dalian via west Australia to China at Usd32000 daily to SK Shipping.

The Panamax market dropped also this week due to lack of prompt requirements and some vessels are now in ballast and will have to face lower rates. 'Ageless' 74500 tdw built 04 delivery retro Gibraltar via EC South America to Skaw/Passero at Usd22000 daily account Azure. 'Gallia Graeca' 74133 tdw built 01 was fixed delivery Nagoya trip via Australia to Far East at Usd23000 daily to PCL. 'COS Intrepid' 01 built delivery Norfolk for 2 laden legs redelivery Far East at Usd21500 daily plus Usd300000 ballast bonus to Bunge. 'Babitonga' 73726 tdw built 97 delivery Bremerhaven via Continent to Middle East at Usd23500 daily. 'Huang Shan Hai' 73596 tdw built 98 was fixed delivery Surabaya for 4/6 months timecharter at Usd22500 daily. 'Ocean Pride' built 97 delivery Xingang via NoPac to Singapore/Japan at Usd23000 daily.

The handymax market improved further this week in both hemispheres. The market is still firm in the Atlantic with good rates being paid from Continent to USGulf area. However, from India to China the iron ore trade is still slow especially from West coast India. In the Far East the market is still very firm and a number of charts are fixing tonnage for short period to cover their prompt cement commitments. A 48000 tdw built 00 was fixed delivery Poland via north Norway to Continent at Usd20000 daily. A 45000 tdw built 85 was fixed from Sweden to USGulf at Usd18500 daily. A 52000 tdw built 02 was fixed delivery USGulf for a trip to Far East at Usd25000 daily. A 43000 tdw built 98 was fixed from Black Sea to PG at Usd20000 daily. A 53500 tdw built 06 was fixed delivery west coast India for a trip to China at Usd16000 daily. A 52000 tdw built 01 was fixed from north China to west coast India at Usd29000 daily. A 53000 tdw built 01 was fixed delivery north China for a trip to Atlantic at Usd25500 daily. A 53500 tdw newbuilding was fixed delivery Japan for 5/7 months at Usd25000 tdw. A 51000 tdw built 01 was fixed delivery north China for 5/7 months at Usd24000 daily. A 52000 tdw built 02 was fixed delivery north China for 3/5 months at Usd25250 daily. A 52300 tdw newbuilding was fixed delivery Japan mid October for 2 years at Usd19200 daily. A 46000 tdw built 98 was fixed delivery Far East prompt for 2 years at Usd17000 daily.



RATES

Size:		07/07	30/06	23/06
MODERN CAPE SIZE 172,000 DWT:				
- TC trip Cont/Far East	USD/day	47.000	52.500	51.500
- TC trip Far East/Cont	USD/day	22.000	23.500	22.500
- TC round trip in the Atlantic	USD/day	36.000	37.000	35.500
- TC round trip in the Pacific	USD/day	33.000	36.000	33.000
- 12 months TC 172,000 DWT (Delivery Far East)	USD/day	36.500	37.000	36.000
MODERN PANAMAX 74,000 DWT:				
- 54,000 hss USGulf/Japan - No Combo	USD/Ton	38.95	40.00	37,85
- TC trip Cont to Far East	USD/day	23.000	25.000	22.750
- TC roundtrip in the Atlantic	USD/day	21.500	23.000	21.250
- TC roundtrip in the Pacific	USD/day	23.500	25.000	22.000
- TC Far East/Continent	USD/day	22.000	23.000	21.000
- 4-6 months TC (Delivery Far East)	USD/day	22.000	23.000	21.000
- 12 months TC (Delivery Far East)	USD/day	21.500	22.000	18.500
MODERN HANDYMAX 50/55,000 DWT:				
- TC trip Continent to Far East	USD/day	22.500	22.000	20.750
- TC round trip in the Atlantic	USD/day	21.500	21.000	19.750
- TC trip Black Sea to Far East	USD/day	20.500	20.000	18.250
- TC round trip in the Pacific	USD/day	23.750	23.500	22.750
- TC trip Far East to Cont.	USD/day	25.500	25.500	25.500
- 4-6 months TC 44-46,000 DWT (Delivery Far East)	USD/day	22.500	23.000	22.500
- 12 months TC 44-46,000 DWT (Delivery Far East)	USD/day	19.500	19.500	18.250
- 4-6 months TC 50-55,000 DWT (Delivery Far East)	USD/day	25.000	25.000	24.000
- 12 months TC 50-55,000 DWT (Delivery Far East)	USD/day	22.000	21.500	20.000
BALTIC INDICES:				
- Baltic Dry Index	(BDI)	2870	2964	2808
- Baltic Supramax Index	(BSI)	2249	2227	2172
- Baltic Panamax Index	(BPI)	2875	3038	2755
- Baltic Cape Index	(BCI)	3504	3645	3514

