Chemical Tankers

'Bleak' 2009 on new ships flood

Tanker pool manager says improvement to come after older vessels are scrapped

Michelle Wiese Bockmann

MARKET conditions for short range one chemical tankers remain "pretty lousy" and will not return to normal until 2011, according to Hellespont Tankers.

The Hamburg-based commercial manager of the Seatramp Intermediate Tanker Pool, established earlier this year, added its fourth chemical tanker this week.

The 17,000 dwt *Hellespont Centurion* is the first of eight ordered by Hellespont at South Korea's Sekwang Shipbuilding. All will join the pool by 2011.

"Freight rates are pretty low at the moment," said Hellespont Tankers managing director Phrixos Papachristidis.

"We've managed to keep our ships employed through short-term time charters of, basically, three months, six months and one year... That's how we're fitting into the current market."

Spot voyages for SR1 chemical tankers, of between 10,000 dwt and 20,000 dwt, remain at around $4,000-$7,000 per day for trading in the northwest Europe inter-regional trades, Mr Papachristidis said.

Time charter rates were "$9,000 per day net".

But for those SR1 chemical tankers trading in the Far East and Southeast Asia region, rates were going into the minus territory, he said.

Heading for Europe: the *Hellespont Centurion* has loaded its first cargo — palm oil destined for Europe.

"Probably the best you'll get inter-regionally in the Far East on a spot trade is anything between $1,000 and $4,000-$5,000 dollars per day."

He said newbuilding deliveries were "flooding the market" in Asia.

"The problem is that there are so many ships out there, there's such an oversupply of tonnage, and everybody's looking for opportunities to get out of there, usually by taking vegoils or palm oils out of the Far East or Southeast Asia to come to Europe or the Mediterranean or elsewhere."

The SR1 chemical fleet numbers 714 vessels, or 10.7m dwt, according to a July report on the sector, compiled by DVB Bank, and this represents about 30% of the overall chemical tanker fleet.

The SR1 orderbook stands at 231 vessels, or 3.7m dwt, representing 34% of the current fleet, with deliveries to peak at 170 in 2009, DVB said.

Just under 200 SR1s traded in the European region, according to DVB, which Mr Papachristidis described as the best overall trading region.

"We feel that 2009 is going to be pretty bleak, and we should see some improvement in 2010 from the scrapping of older tonnage," he said.

"That's not only in the 10,000 dwt-20,000 dwt sector but also in the 5,000 dwt-10,000 dwt sector, so hopefully there will be more cargoes, and more will then be moved around in 10,000 dwt-20,000 dwt [vessels].

"So we think there will be a little bit of improvement in 2010, and then in 2011 or 2012 we should be seeing things getting back to historical averages.

"It won't be peaking, like it has in recent years, but there should certainly be room for improvement."

Despite the downturn, Mr Papachristidis said there were employment opportunities for the pool.

"We're having as good a crack at it as we can," he said.

The Seatramp Intermediate Tanker Pool was incorporated in February and "really started to get going in May", Mr Papachristidis said.

There are plans to eventually add as many as 25 IMO2-classified SR1 tankers to the pool.

"The greatest advantage to having a pool is the effect of consolidating tonnage into one commercial management and you gain a critical mass and more presence in the market and more access to cargoes and to charterers," Mr Papachristidis said.

Hellespont Centurion has loaded its first cargo of palm oil in Asia for a journey that will see it repositioned into Europe.

Loss-making rates lead to new lay-ups

MR Tankers

CHARTER rates for medium range tankers have dropped further to fresh lows, forcing one owner to lay up three tankers, *writes Martyn Wingrove.*

Rates in Asia for MR tankers are close to negative territory, and rates in the Atlantic trading area are the lowest since Baltic Exchange records began, in 2004.

"There is no demand and too many vessels. Bunker prices have gone up, which means owners' earnings have gone down the pan," a Clarksons broker said.

London brokers said rates for MRs taking European gasoline to the US fell by 25% over the last week to around $4,000 per day.

Charterers fixed MR (25,000 dwt-55,000 dwt) tankers at rates of W95 for loadings in the last 10 days of August.

The rate for the Baltic Exchange's TC2 route — shipping 37,000 tonnes of gasoline from Rotterdam to New York — was W96, or $4,900 per day, yesterday.

This is down from $7,000 per day last week and rates of $10,000 per day in June, and nearly as low as earnings seen in March.

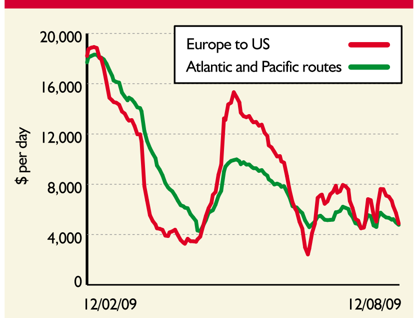
Time charter earnings for a 38,000 tonne cargo from the Caribbean to New York were even lower, at just $3,000 per day, according to the Baltic Exchange.

The worst rates for MR tankers were in Asia, where charterers were fixing tankers at W80, or less than $100 per day, to take 30,000 tonnes of naphtha from Singapore to Japan.

"It's tough times for owners, and their ships are running at a loss. Owners are losing money on every voyage, so it is a question of how much they can lose," a Braemar Seascope broker said.

The loss-making Asian rates led to Tanker Pacific putting 1992-built MRs *Kyoto*, *Amoy* and *Batavia* in cold lay-up in Malaysia.

Medium range tanker earnings



Source: Baltic Exchange

Off northwest Europe there was an oversupply of MRs for August loadings. Brokers expect there will be 12 available tankers by the weekend, including two that were ready to load yesterday.

More MR tankers were fixed for a cross-Mediterranean voyage than for transatlantic routes, which saw rates at W100, or $7,000 per day, for MRs taking North African diesel to southern European terminals.

Charter rates for long range one tankers, taking 55,000 tonnes of Middle East naphtha to Japan, fell by $1,300 per day to around $9,000 per day, which is less than the operating costs, estimated to be $10,000 per day.

By comparison, long range two tankers were earning around $11,000 per day. Charterers booked LR2s at W80 to take 75,000 tonnes of Middle East naphtha to Japan.

"There was modest activity for fixing LR1s but not much inquiry for LR2s. Definitely not sufficient to keep rates up," a Braemar Seascope broker said.

Continuing delivery of newbuilds will swell the global fleet of 1,605 MR tankers if another 416 ships on order are all delivered as planned, a Gibsons analyst said.

Monthly sailings slump on global auto downturn

Car Carriers

MONTHLY car carrier sailings from ports in North America and Asia have fallen by as much as half since February, when the financial crash in late 2008 began to take its toll on car manufacturers, *writes Michelle Wiese Bockmann.*

Figures from Lloyd's Marine Intelligence Unit show that 157 car carriers sailed from Asia in July, down nearly 40% from December's monthly sailings tally.

In North America, there were 82 car carriers registered as sailing in July, down from 134 in December and 130 in January.

Drastic falls in car carrier sailings first emerged in February and March, reflecting the delayed effect of the global economic crisis on car manufacturers.

Imported cars began to pile up on docks in Europe and the US in late 2008 and early January, before plants were idled to cut capacity as consumer demand froze.

But figures from the second quarter of 2009 have revealed that the fall in monthly sailings of cars shipped from the traditional export hot spots of Asia and North America appears to be bottoming out.

In June, 176 car carriers sailed from Asia, compared with 156 in May. This is on par with sailings in February and March, but much lower than the 282 recorded in January and the 258 last December.

North American sailings registered their first significant falls in February, falling to 81 from 130 in January. Since then car carrier sailings have fallen steadily, totalling 90 in April, 91 in May, 88 in June and 82 in July.

European monthly car carrier sailings have also slipped, falling from 150 in January to 120 in July.

The sharp fall in demand for the 744-strong world fleet of pure car carriers over the last six months has led to many owners putting vessels into lay-up.

Up to 108 vessels, totalling 1.7m dwt, or over 15% of the fleet, are now classified as unemployed, idle or inactive, according to Lloyd's MIU.

The figure comprises those ships for which no movement has been registered for more than 35 days.

ICAP HANDYMAX INDEX — 1794 (+57) 13 Aug 2009

ROUTE	13/08/09 $	12/08/09 $
1 Antwerp - Skaw trip Far East	26000	26000
2 Canakkale trip Far East	26500	25500
3 Japan - SK/NOPAC or Australia RV	12750	12750
4 Japan - SK trip Gib - Skaw range	6950	6950
5 Antwerp - Skaw trip US Gulf	12500	12500
6 USG trip Skaw - Passero	23500	20500
Weighted Average	15988	15488

Index basis: 45,000 dwt bulk carrier max 15 years, 25 t cranes with nil grabs, 14k/29.5 ifo, no diesel at sea

ICAP SUPRAMAX INDEX — 2642 (+149) 13 Aug 2009

ROUTE	13/08/09 $	12/08/09 $
1 Black Sea to Far East	30000	29500
2 US Gulf to NCSA/Skaw-Passero	28000	25000
3 Far East to Atlantic	7700	7700
4 Australia/India (Pac round)	14000	13000
Average 4TCs	19925	18800

Index basis: 50-52000 dwt bulk carrier max 10 years, 25t cranes with grabs, 14k on 30 t ifo, no diesel at sea

BALTIC TANKER INDICES — 13 Aug 2009

INDEX		
Baltic Clean Index	451	-3
Baltic Dirty Index	472	+3

For more information on routes or calculations please visit www.balticexchange.com

IMAREX TANKER FUTURES — 13 Aug 2009

Route	August	Q4 09	Q1 10	Cal 10
TD3 (VLCC MEG/JAPAN)	39.5	47.5	66	66.13
TD5 (Suez WAF/USAC)	48	63	88.5	89
TD7 (Afra Cross-Nsea)	71	91	102.5	105
TC2 (MR Rott-New York)	101	108.33	146	146.75
TC5(LR1 Mid East-Japan)	95.5	92.33	131	131

All prices shown in Worldscale
For more information please visit www.imarex.com

CLEAN

Middle East Gulf to UK Continent — *Reliance II*, 40,000t, $1,050,000 lumpsum Aug 21. (Cargill)

Black Sea to Mediterranean — *Santa Ana*, 30,000t, W100, Aug 15. (Gazprom)

Novorossiysk to Mediterranean — *Wave A*, 30,000t, W100, Aug 17. (Litasco)

Libya to Mediterranean — *Carlos G*, 30,000t, W100, Aug 14. (Lukoil)

Italy to US Atlantic coast — *Mariella Bottiglieri*, 33,000t, W110, Aug 17. (ENI)

Ras Lanuf to Haldia — *CSC Progress*, 35,000t, $500,000 lumpsum Aug 23. (HPCL)

Sarroch to Mediterranean — *Eberhardt Arctic*, 30,000t, W107.5, Aug 10. (BBNAFT)

Libya to Mediterranean — *CPO England*, 30,000t, W97.5, Aug 15. (Repsol)

UK Continent to W Africa — *Cape Bilbao*, 33,000t, W110, Aug 15. (Nyala)

UK Continent to Mediterranean — *Diana*, 33,000t, Aug 16. (BBNAFT)

UK Continent to US Atlantic coast — *Atlantic Star*, 37,000t, W97.5, Aug 17. (Morgan Stanley)

Port Jerome to US Atlantic coast — *Handytankers Miracle*, 32,000t, W120, Aug 17. (Clearlake Shpg)

West coast India to Japan — *Gan-shield*, 35,000t, W95, Aug 20. (Trafigura)

COCKETT BUNKER PRICES

13 Aug 2009

	380cst $	Change $
Rotterdam	426-431	16
UAE	456-458	13
Singapore	443-445	8
Houston	417-419	6

Further information available at: www.cockett.co.uk

DIRTY

Middle East Gulf to Saguntu — *Universal Crown*, 265,000t, W40, Aug 20. (Shell)

Middle East Gulf to US Gulf — *Tenjun*, 275,000t, W25, Aug 26. (KPC)

Ras Tanura to Mumbai — *Ce Ulsan*, 80,000t, W59, Aug 29. (BPCL)

Ma Ahmadi to west coast India — *Ocean Amber*, 130,000t, W46, Aug 23. (BPCL)

Middle East Gulf to Thailand — *Apollo Glory*, 265,000t, W40, Sep 1. (PTT)

Primorsk to UK Continent — *Minerva Libra*, 100,000t, W50, Aug 21. (Clearlake Shpg)

Baltic to US Gulf — BP vessel to be nominated, 55,000t, W65, Aug 21. (Litasco)

Bourgas to Singapore — *Mitera Marigo*, 80,000t, $1,850,000 lumpsum Aug 25. (Litasco)

Novorossiysk to UK Continent — *Genmar Kara G*, 135,000t, W45, Aug 23. (St Shipping)

Black Sea to Mediterranean — *Atalandi*, 80,000t, W70, Aug 25. (Clearlake Shpg)

CPC Novorossiysk to Italy — *Seascout*, 80,000t, W65, Aug 19. (ENI)

Caribbean to Singapore — *Samco Scandinavia*, 270,000t, $3,100,000 lumpsum Sep 1. (Charterer not reported)

Taranto to Italy — *Iron Point*, 30,000t, W120, Aug 13. (Shell)

Ras Lanuf to Mediterranean — *Maria Princess*, 80,000t, W63.75, Aug 22. (BP)

Libya to Mediterranean —*Sea Nostrum*, 80,000t, W63.75, Aug 22. (Total)

Zawia to Mediterranean — *Phoenix Beta*, 80,000t, W62.5, Aug 17. (Repsol)

Sidi Kerir to Greece — *Heydar Aliyev*, 130,000t, W52.5, Aug 15. (Avin)

Bayu Udan to Yosu — *Bunga Kelana 9*, 80,000t, W55, Sep 1. (GS Caltex)

Marsa Bashayer to East — *Desh Prem*, 80,000t, W79.5, Aug 25. (Arcadia)

Dumai to Yosu — *New Accord*, 80,000t, W63, Aug 26. (GS Caltex)

Nigeria to west coast India — *Tsushima*, 260,000t, $2,600,000 lumpsum Sep 9. (IOC)

Gamba to UK Continent — *Seatriumph*, 130,000t, W47.5, Sep 03. (St Shipping)

W Africa to west coast India — KPC vessel to be nominated, 260,000t, $2,600,000 lumpsum Sep 9. (IOC)

Forcados Terminal to US Gulf — Gemini vessel to be nominated, 130,000t, W42.5, Aug 28. (Trafigura)