



# VARNA

## Tanker Chartering Report

13<sup>th</sup> October 2010

# Volatility remains a feature of the Tanker Market

'07-'08

'08-'09

'09-'10

BDTI + 70% - 64% + 40%

BCTI + 82% - 65% + 23%

# Tanker Chartering Report

## Bunker Prices in Rotterdam

Small variance \$400 to \$450 per tonne  
In last 12 months



# Tanker Chartering Report

- Global Oil Demand risen 2.7m bbls/d 2010 due to global small economic recovery which in line with ILEA figures estimated Oct '09 which predicted a small rise 2010
- 52 week range \$66.50 / \$87.00/bbl
- Predicted Oil Price 2011 \$95/bbl ('10 = \$81)
- Price Today \$82.23

# Tanker Chartering Report

High level of oil stocks – worldwide

OECD inventories rose 603,000 bbls in Aug to record 2.8 billion bbls = 61.2 days of forward cover.

OPEC spare production 6.1 million bbls

# Tanker Chartering Report

- China Crude Oil imports continue to rise: plus 13.2% to 4.95 million bbls/day in last 12 months



# Tanker Chartering Report

- China imports : Atlantic basin replaced by Middle East sourced crude
- Pipeline from East Siberia/N.E. China

# Tanker Chartering Report

## Tanker Fleet:

Current 5,230 vessels 433.37m dwt

on order 1,397 (27%) 140.73m (32.5%)

Jan – Aug 2010 = 39.7 million dwt ordered

Approx. 90% of world fleet Double Hulls



# Tanker Chartering Report

2010 –

Deliveries to date :	204	25.05m dwt
Deletions to date :	98	9.19m dwt
Net change	: 106	15.86m dwt

AG – October 3 VLCC's for every cargo

# Tanker Chartering Report

Floating Storage (short term) lowest level in  
18 months

US/Europe/Middle East/Asia

18 - VLCC's

2 - Suezmaxes

8 - LR1's (Product tankers (distillate))

Half of current volume is NITC tonnage

# Tanker Chartering Report

- VLCC average earnings:
  - 2006 \$60,289
  - 2007 \$55,744
  - 2008 \$92,511
  - 2009 \$35,324
  - 2010 \$25,000
  - Oct \$20,000 down to \$8,500



# Tanker Chartering Report

- Lone Star Platou:

2010 June \$52,000

July \$20,000

Aug \$15,700

Sept \$9,500

Tankers in all sectors operating  
at below operating costs

# Tanker Chartering Report

- FFA's may provide a forecast
- TD3      260,000mt AG/Japan
  - Q4 10      \$18,616
  - Q1 11      \$26,835
  - Q2 11      \$27,008
  - Q3 11      \$26,651
  - Q4 11      \$32,949

# Tanker Chartering Report

Clarksons estimate:

7% growth needed to soak up supply

More likely to be 3% considered good

2001/2009 = 2.9%

1990's = 4.4% growth



# Tanker Chartering Report

- The Future:

- Global Economic recovery

- Arrest declining demand

- Production areas & pipelines

- Alternative Fuels eg wind/ solar/  
coal/gas

# *Tanker Market*

Is

in the

**Doldrums!**