

Clean Tankerwire

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Market commentary

East of Suez

LR markets in the East of Suez opened the week on a slow note Monday, with reports of failings heard in the LR1 segment. Itochu was heard to have dropped the Energy Centurion for a Persian Gulf, West Coast of India-Japan voyage, loading July 16-17, at w127. It was also heard BP had failed the Energy Centaur for a cross Persian Gulf voyage. According to sources the Marika was heard to be on subject for a prompt loading out of the Persian Gulf, with no details available. Most of the sources said the LR1 market was rather quiet. "There is no update from the physical market. I haven't heard [about] any strong factors [in the LR1 or LR2 markets]," a Japanese chartering source said, adding that charterers have no incentive to use the LR2 vessels at the moment. "[It is a] very small differential. Better to use LR1s [now] because of [fewer] load and discharging ports. So most of the job will be shifted to the LR1s," the source said. Meanwhile, the source added that the supply of naphtha was continuing normally. "We are seeing spot tenders every week ... [In fact], the trade flow has not decreased," the source said. The LR1 rate on the benchmark Persian Gulf-Japan route was

(continued on page 2)

Assessment notes

- Worldscale Freight Assessments are quoted as a percentage of Worldscale flat rates, and those rates are designated with a W.
- Other assessments are quoted in a total rate for chartering the ship, expressed as a lumpsum in 000's of \$.
- Platts determines \$/mt freight rates based on a basket of Worldscale flat rates on several key routes between the two regions noted.
- Spot assessments made in the top table are applied against this basket, to produce the assessment for a \$/mt rate.
- For lumpsum assessments, the amount is divided by the size of the cargo to determine the \$/mt figure.
- +/- reflects up or down since the prior assessment. ^ - 80kt gasoil AG-Sing/Indo, ~ - 37kt, & - 33kt, * - 27.5kt naphtha, # - 22kt, > - 40kt, " - 65kt. ** - 45kt cargoes; NR: No recent rate.

Worldscale Rates East of Suez

FROM:	RSea	AG	Sing	India	SKorea	RSea	AG	Sing	AG
TO:	35kt	30kt	30kt	30kt	30kt	55kt	55kt	55kt	75kt
UKC	1450>	1550>	—	—	—	1675"	1975"	—	2500
MED	1350>	1450>	—	—	—	1575"	1675"	—	2400
AG	-340	-270	—	—	—	—	—	—	—
INDIA	-189W	-199W	370	—	—	—	-165W**	410	—
SING	-174W	-184W	110	-184W	440	-130W	-135W	—	134W^
JAPAN	-159W	-169W	146W	-169W	365	-115W	-120W	-110W	119W
SKOREA	-164W	-174W	151W	-174W	—	-120W	-125W	-115W	124W
HK	—	—	360	—	375	—	—	310	—
AUSTR	—	—	204W	—	—	—	—	—	—
USWC	1900	1800	1425	—	1280	—	—	—	2600
USAC/G	1800	1700	—	—	1380	—	2575	—	2500
E AFRICA	280W	330W	—	—	—	—	—	—	—

\$/MT Freight Assessments East of Suez

FROM:	RSea	AG	Sing	India	SKorea	RSea	AG	Sing	AG
TO:	35kt	30kt	30kt	30kt	30kt	55kt	55kt	55kt	75kt
UKC	36.25>	38.75>	—	—	—	25.77"	30.38"	—	33.33
MED	33.75>	36.25>	—	—	—	24.23"	25.77"	—	32.00
AG	-9.71	-9.00	—	—	—	—	—	—	—
INDIA	-17.99	-13.85	12.33	—	—	—	-11.48**	7.45	—
SING	-26.13	-24.56	3.67	-15.58	14.67	-19.53	-18.02	—	17.39^
JAPAN	-38.96	-38.52	16.44	-30.20	12.17	-28.18	-27.35	-12.39	27.12
SKOREA	-37.08	-36.37	14.19	-27.82	—	-27.13	-26.13	-10.81	25.92
HK	—	—	12.00	—	12.50	—	—	5.64	—
AUSTR	—	—	28.05	—	—	—	—	—	—
USWC	54.29	60.00	47.50	—	42.67	—	—	—	34.67
USAC/G	51.43	56.67	—	—	46.00	—	46.82	—	33.33
E AFRICA	22.99	32.14	—	—	—	—	—	—	—

Worldscale Rates - West of Suez

FROM:	UKC	Med	BSea	Car	USWC	Car	Med	UKC
TO:	30kt	30kt	30kt	30kt	30kt	38kt	55kt	60kt
UKC	-182W#	-150W	158W	112W	—	—	110W	108W
UKC(Jet fuel)	—	-150W	—	Premium:	—	0W	—	—
MED	140W	-140W	148W	112W	—	—	—	109W
INDIA	—	850	950	1750	980	—	—	—
SING	NR	1100	—	1600	980	—	—	—
JAPAN	—	1250	—	1450	880	—	1680	—
USAC	+150W~	+173W&	—	193W	—	152W	115W	110W
USGC	+150W~	+173W&	—	193W	—	152W	115W	110W
USWC	—	—	—	190W	—	—	—	—
S AMERICA	860	880	890	1350	NR	—	125W	—
W AFRICA	+183W	180W	Med 30kt naphtha	—	—	—	—	—
UKC*	—	-169W	-155W	—	—	—	—	—
MED*	—	-158W	-145W	—	—	—	—	—

\$/MT Freight Assessments - West of Suez

FROM:	UKC	Med	BSea	Car	USWC	Car	Med	UKC
TO:	30kt	30kt	30kt	30kt	30kt	38kt	55kt	60kt
UKC	-10.59#	-17.10	25.82	17.60	—	—	12.54	6.29
UKC(Jet Fuel)	—	-17.10	—	Premium:	—	NR	—	—
MED	16.52	-7.60	16.09	18.52	—	—	—	12.57
INDIA	—	28.33	31.67	58.33	32.67	—	—	—
SING	NR	36.67	—	—	32.67	—	—	—
JAPAN	—	41.67	—	—	29.33	—	30.55	—
USAC	+20.12~	+27.40&	—	14.65	—	11.54	18.22	14.75
USGC	+28.02~	+35.64&	—	15.59	—	12.28	23.69	20.55
USWC	—	—	—	31.64	—	—	—	—
S AMERICA	28.67	29.33	29.67	45.00	NR	—	22.06	—
W AFRICA	+27.05	25.07	Med 30kt naphtha	—	—	—	—	—
UKC*	—	-19.57	-9.90	—	—	—	—	—
MED*	—	-10.71	-5.81	—	—	—	—	—

assessed at w120, a drop of w1 point from Friday. The LR2 market, one source said, was still stable. "The LR2 position list is still looking good. I call the market at w120. Owners seem to be holding out at that level, and it's still the last done," a source with an LR2 shipowner said. MRs in the Persian Gulf and West Coast of India market were flat in the w145s for moving a 35,000-mt cargo to Japan. The Singapore region saw many prompt ships available. "The South [East Asia market] is pretty weak I feel. [There is] too much tonnage around and more than a handful of prompt [ships]," a broker said, adding that the North Asia market was very strong with charterers fixing ships two weeks ahead.

West of Suez

Trans-Atlantic freight rates nudged higher Monday, though it was unclear how strong the momentum was, with only a smattering of new fixtures and cargoes reported. Neste was widely reported to have placed the Torm Lene on subs at w160 for a July 15-17 Porvoo-US Atlantic Coast voyage, although sources said the rate was somewhat higher than could be expected for loadings in Western Europe. Neste declined to comment on reports of the fixture. Spain's Repsol was also reported to be in the market Monday, placing the Sanko Libra on subs at w155 for a North Spain-USAC voyage, loading July 16-18. With the arbitrage to take gasoline from Europe to the US marginally open of late, owners were somewhat hopeful that the upward trend could continue. Market strength was decidedly less evident in the Mediterranean and Northwest European markets amid a paucity of activity. Owners, brokers and charterers almost universally pegged rates at around w140 for Med-Med voyages, while the NWE market was also softer, with sources pegging rates for UKC-UKC voyages for 22,000 mt cargoes at around w180-185.

News

Gasoil CIF Med premium widens to strongest level in 18 months:

A shortage of gasoil in the Mediterranean has seen the CIF Med 0.1% gasoil

Latest Market Fixtures

Ship name	Size	Type	Date	Route	Rate	Charterer
Torinia	90	JT	eAug	PG-UKC	op	Shell
Botafogo	90	UN	eJul	PG-UKC	rnr	cnr
Elka Athina	80	GO	Jul25	WC India-West	rnr	Bp
Horizon Diana	60	GO	Jul20	PG-Spore	rnr	cnr
Morning Gl VII	55	NA	Jul25	PG-Japan	119	Marubeni
Eships Sama	35	UN	Jul12	Cross PG	rnr	cnr
Challenge Procy	35	NA	Jul22	PG-Japan	147.5	Total
DL Cosmos	35	NA	Jul23	WC India-Japan	145	Shell
St Mr	35	UN	Jul16	WC India-PG	rnr	Bp
Wei Chi	35	NA	Jul26	WC India-Japan	rnr	cnr
Maersk Claudia	30	CL	eJul	PG-Spore	190	cnr
Ceylon	30	CL	mJul	Cross PG	\$200k	cnr
DL Bellflower	90	GO	Aug1	SKorea-Indon	rnr	SK En
Cape Endless	90	JT	Aug8	SKorea-UKC	rnr	Mstan
Scott Spirit	90	GO	Jul23	SKorea-Indon	rnr	SK En
Liwa	60	UN	Jul22	SKorea-Spore	rnr	Csssa
Iris Victoria	60	CL	Jul22	Taiwan-Spore-opts	\$385k	cnr
Cape Tees	60	GO	Jul25	Onsan-Spore	\$500k	Mabnaft
Overseas Leyte	60	GO	Jul17	Taiwan-Spore	\$385k	Vitol
Atlantic Muse	40	JT	Jul21	SKorea-HKong	\$370k	Sinopec
Challenge Polar	30	CL	Jul21	SKorea-Japan	rnr	cnr
Tbn	30	NA	Jul14	Yosu-Qingdao	rnr	GS Calt
Atlantic Lily	30	UN	Jul18	Japan-Spore	\$455k	Shell
Kolka	38	CL	Jul15	USGC-Brazil	145	Petrobras
Elegant Victoria	60	CL	Jul16	USGC-UKC	70	Shell

CL:Clean, NA:Naphtha, UN:Unleaded, JT: Jet, GO:Gasoil, ++:Update, F:Failed

European clean product barge freight rates (\$/mt)

ARA		Germany	
Rotterdam - Rotterdam	2.00	Rotterdam - Duisburg	8.00
Rotterdam - Flushing	2.75	Rotterdam - Cologne	13.75
Rotterdam - Ghent	2.75	Rotterdam - Karlsruhe	24.50
Rotterdam - Antwerp	2.75	Antwerp - Duisberg	8.50

Switzerland

Rotterdam - Basel	28.00
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MR clean tanker demurrage rates

\$ 000	17
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differential to ICE gasoil futures strengthen to the largest premium since January 2010, market sources said Monday. The CIF Med 0.1% gasoil differential rose from \$10/mt above ICE gasoil futures July 5 to \$15.25/mt Friday, the strongest the premium has been since January 11 last year, Platts data shows. Ongoing North African demand

coupled with less supply coming out of the Black Sea, the principal supply source for the Mediterranean market, were leading to a very bullish picture for the product, sources said. "There is not that much oil around, it's looking tight," one Med gasoil cargo trader said Monday. The structure has been tightened further by Algerian state oil and gas company

Sonatrach's refineries in Arzew and Skikda going into turnaround for at least two weeks. Algeria typically imports up to three cargoes a month of high sulfur gasoil, however, with the country's refineries in turnaround it is expected to pull in more product to cover the shortfall, sources said. "Obviously any refinery being down is another bullish factor," the trader said.

NWE gasoline CIF cargo/FOB barge spread widens on low supply:

The price spread between Northwest European gasoline CIF cargoes and FOB barges has widened this week due to a lack of prompt availability for 10,000 mt volumes in the region, traders said. Gasoline CIF NWE cargoes are currently pricing some \$20/mt above FOB Rotterdam barges, up from last week when cargoes were \$13/mt above barges, Platts data shows. In addition, buying interest for CIF Northwest Europe gasoline cargoes has been visible during the Platts Market on

Close assessment process, with two trades concluded. Buyers included Greenergy and Harvest Energy, while vendors were Glencore and Gunvor. The increase in buying and wider cargo/barge spread has been attributed to a lack of 10,000 mt volumes in NWE. This is due in part to gasoline moving out of Amsterdam-Rotterdam-Antwerp to supply the US. "A lot of product moved out to the US, which has taken gasoline out of the pool which would have supplied 10 ppm," a London-based source said Monday. Buyers are looking for product. "Certainly the market looks tight for 10 ppm; I can't find the 10,000 mt cargoes," a second trader said. Despite the lack of 10,000 mt cargoes, premiums are not yet high enough to cover barge throughput costs to combine smaller cargoes into larger ones. In addition, a backwardated structure — one in which a product loses value going forward — means the time taken to throughput gasoline would erode its value. "Barging costs and the backwardation are too strong," a Switzerland-based trader said last week.

NHC monitoring system near southern Windward Islands:

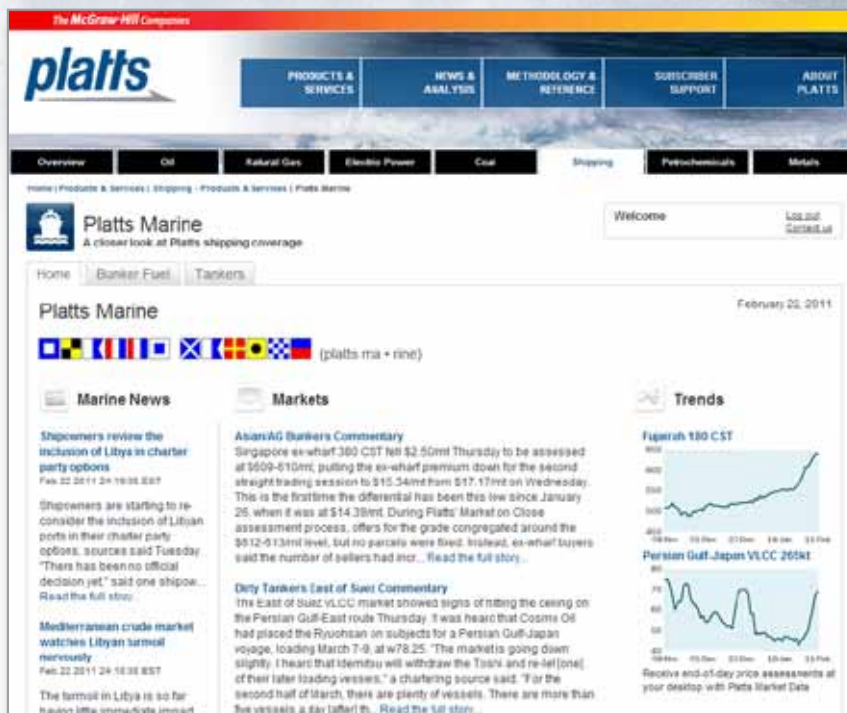
The US National Hurricane Center is monitoring a tropical wave producing showers and thunderstorms approaching the southern Windward Islands, saying early Monday there is a low chance of it becoming a tropical cyclone over the next two days. In its 8 a.m. EDT (1200 GMT) outlook, the agency assigned the system a 10% chance of it becoming a tropical cyclone during the next 48 hours. Even though significant development of the system is not expected, showers and gusty winds could affect the southern Windward Islands over the next few days, the agency said. The system is about 600 miles east of the southern Windward Islands, moving west at 15 to 20 mph, the NHC said. No other tropical cyclone formation is expected in the north Atlantic Ocean, Caribbean Sea or Gulf of Mexico during the next two days, the NHC said.

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