

Dirty Tankerwire

Volume 29 / Issue 130 / Monday, July 11, 2011

West of Suez Worldscale rates

VLCCs

From:	Med 260kt	WAF 260kt	UKC 270kt
To:			
UKC	51	51	
Med	51	51	
USAC	52	51	52
USGC	52	50	52
EC Can	53	51	53
Caribs		52	
East		48	

UKC-East Lump sum (\$ million): 3.35

Aframaxes

From:	Caribs 70kt	UKC 80kt	Med 80kt	Baltic 100kt	BI Sea 80kt
To:					
UKC		105	91	-96	
MED		106	90		93
USAC	93	107	96		
USGC	92	106	95		
EC Can	94	108	97		

100kt Primorsk-UKC ice premium: 0

Residual fuel oil vessels

From:	Baltic 27.5kt	UKC 27.5kt	Med 27.5kt	Baltic 30kt	UKC 30kt	Med 30kt	BI Sea 30kt
To:							
UKC	196			180			
Med		186	194		170	178	182

Bosporus delays (days)*

Northbound	1
Southbound	1

* Charged to charterers account for delay in transit through Turkish Straits

Suezmaxes

From:	WAF 130kt	Caribs 130kt	UKC 135kt	Med 135kt	BI Sea 135kt
To:					
UKC	68	43	90	72	
MED	69	44	95	71	74
USAC	66	74	64	65	82
USGC	65	73	63	64	80
EC Can			65	66	
Caribs	73		67		
East	79				

Panamaxes

From:	UKC 55kt	Caribs 50kt
To:		
USAC		140
USGC	115	140
Med	115	
USWC		175
	(loading Latin America)	

Market Commentary

West of Suez

There were very few new fixtures in the West of Suez dirty tanker market Monday, as players decided to test the waters before committing to any ships. In the Mediterranean, rates for Aframax cargoes stayed static in assessment as the Minerva Zenia and Maratha were both fixed by Socar last Friday to load July 13 from Ceyhan at w90, basis 80,000 mt. "I do not see any reason why rates should go [above w100] this week," a source said, adding that the market would not firm that high, "unless 25 fresh cargoes come out." The Eagle Kangar, reported last week, and the Torm Margit failed to be fixed on Socar's account for July 13 and 14 loadings. For Suezmaxes in the region, rates also remained static at w71 for cross-Med voyages and w74 from the Black Sea, as no significant or conclusive movements were reported by the end of the trading day. "It seems that the July program in the Black Sea has been almost completed, there might be a few stems remaining," a source said, continuing: "I think rates will be steady [this week]." Rates for Baltic loading 100,000 mt fixtures were assessed down w2 day-on-day to w96 as demand slowed in the region. "I think it [rates] are still very date-dependent," a source said, adding: "The next fixture is key, there is maintenance in Primorsk at the end of the month [which means there are] eight fewer stems [available for loading], so rates will definitely come down."

East of Suez Worldscale rates

VLCC assessments from Persian Gulf

To:	270kt	280kt
China	48 USGC	38
East	48 USWC	52
Singapore	48 UKC	40
Red Sea	62 Med	40
S Korea	48	

250kt

Japan	48
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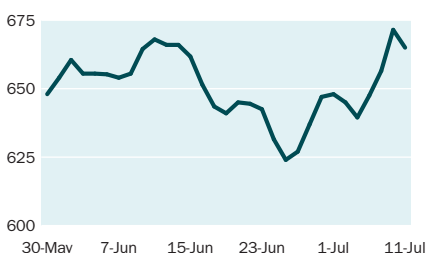
Suezmaxes from Persian Gulf (130kt)

East	80
Red Sea	85
USGC	55
UKC	57
Med	57

Aframaxes (80kt)

From:	Indonesia	Persian Gulf
To:		
Japan	98 East	119
Korea	98 Red Sea	124
Australia	98	
Singapore (Lump sum)	185	

Fujairah 380 CST daily spot assessment (\$/mt)



Source: Platts

Rotterdam 380 CST daily spot assessment (\$/mt)



Source: Platts

East of Suez

East of Suez VLCC market fell slightly Monday, although activity was good. Most of the fixtures heard on the day were on subjects in the w48-48.5s, while a broker felt the Persian Gulf-East rate was around w49, except for vessels just out of the dry-dock taking w48. ExxonMobil was reported to have taken the Asian Progress IV for a Persian Gulf-

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West of Suez assessments (\$/mt)

VLCCs

From:	Med 260kt	WAF 260kt	UKC 270kt
To:			
UKC	5.39	8.28	
Med	2.79	8.68	
USAC	8.19	9.09	6.85
USGC	10.34	10.40	9.25
EC Can	8.19	8.39	5.75
Caribs		8.33	
East		15.77	

UKC-East Lump sum (\$ million): 12.41

Aframaxes

From:	Caribs 70kt	UKC 80kt	Med 80kt	Baltic 100kt	BI Sea 80kt
To:					
UKC		6.68	9.61	-7.54	
MED		13.64	4.92		8.86
USAC	7.64	14.10	15.12		
USGC	7.19	18.86	18.90		
EC Can	8.64	11.72	14.99		

100kt Primorsk-UKC ice premium: NR

Residual fuel oil vessels

From:	Baltic 27.5kt	UKC 27.5kt	Med 27.5kt	Baltic 30kt	UKC 30kt	Med 30kt	BI Sea 30kt
To:							
UKC	15.29			14.04			
Med		22.06	13.72		20.16	12.58	19.47

Suezmaxes

From:	WAF 130kt	Caribs 130kt	UKC 135kt	Med 135kt	BI Sea 135kt
To:					
UKC	11.04	6.73	5.72	7.60	
MED	11.74	6.96	12.23	3.88	7.33
USAC	11.76	6.08	8.44	10.24	16.81
USGC	13.51	5.71	11.21	12.73	19.72
EC Can			7.05	10.20	
Caribs	11.69		10.49		
East	25.95				

Panamaxes

From:	UKC 55kt	Caribs 50kt
To:		
USAC		11.51
USGC	24.71	10.95
Med	13.64	
USWC		25.03
		(loading Latin America)

Japan voyage, loading July 23, at w48. China's Unipac had the Astipalaia on subjects for a Persian Gulf-China voyage, loading August 22, at w48. Chinese charterers such as Glasford and Zhenrong had the Lu San and Jiu Hua San for a Persian Gulf-China voyages, loading July 22-24 and 25-26, respectively, at w48.5 each. "The market is looking stable and unchanged at the moment. It is a very difficult situation for the owners. Although there are cargoes in the market, the rates are not moving at the moment," a chartering source with a Japanese refiner said. The benchmark Persian Gulf-Japan rate on the VLCC vessel was assessed at w48, a drop of w1 point from Friday's levels. In other news, China's June crude oil imports fell 11.5% year on year to 19.7 million mt, or an average of 4.81 million b/d, dropping for the first time in six months, preliminary data released Sunday by the country's General Administration of Customs showed. June's crude imports were also 8.6% less than May's imports at 21.55 million mt, as Chinese state-owned refineries slashed run rates because of plant shutdowns for maintenance. According to a Platts survey conducted in June, crude throughput by state-controlled refineries was expected to drop to 82% of capacity in June, compared with 86% in May, due to scheduled turnarounds. Meanwhile, no fresh fixtures were seen in the Suezmax market. It was heard that IPLOM had a 130,000-mt crude cargo for a Persian Gulf-Mediterranean voyage, loading July 21, which was yet to be placed on subjects. The Aframax market in the Indonesia region opened on a slow note, with no change seen on the day. From the Persian Gulf region, there was talk of Chinese charterer Tianbao placing the Four Bay on subjects for a Bandar Mashahr-East voyage, loading August 1, at w128.5.

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East of Suez assessments (\$/mt)

VLCC \$/mt assessments from Persian Gulf

	270kt	280kt
To:		
China	9.49	USGC 15.12
East	8.84	USWC 18.67
Singapore	6.35	UKC 14.61
Red Sea	6.36	Med 14.94
S Korea	9.97	

250kt

Japan	10.88
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Suezmaxes from Persian Gulf (130kt)

East	16.40
Red Sea	8.71
USGC	21.88
UKC	20.82
Med	21.28

Aframaxes (80kt)

From:	Indonesia	Persian Gulf
To:		
Japan	12.40	East 21.92
Korea	10.57	Red Sea 13.40
Australia	15.18	
Singapore (Lump sum)	2.31	

Oil futures (16:30 London time)

AUGUST ICE BRENT trading at \$116.33/b
 AUGUST NYMEX WTI trading at \$94.68/b

Assessment notes

- 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.
- Key: +/- reflects movement up or down since the prior assessment. NR: No recent rate.
- Platts will assess routes as information is available. It will change an existing rate to an NR if there has been no activity for six months.
- RS: Red Sea AG: Arab Gulf SING: Singapore WAF: West Africa CAR: Caribbean INDO: Indonesia UKC: UK & Continent MED: Mediterranean USWC: US West Coast.
- Under normal market conditions, Baltic-loading assessments are based on modern, non-ice class vessels.

Market News

July deferrals may push August Forties prog over 11 mil barrels

The Forties crude loading program could rise above 11 million barrels in August, if deferrals of July cargoes rise, trading sources said Monday. On Friday parcel F0714 initially scheduled to load July 22-24 was postponed to August 4-6, becoming the first July-loading cargo to be deferred into August, said trading sources. The August loading program was bolstered by one cargo to 10.2 million barrels as a result. But traders said other deferrals are possible. "The August program looked shorter than many people thought but I think there's going to be one or two more deferrals," one trader said. "Given what's happened over the last few months, we could potentially expect more disruptions to loading programs," a second trading source said. Buzzard, an oil field that contributes around one-third of total Forties production, has had production problems all year, resulting in a spate of deferrals. In addition, the Forties pipeline system will be closed August 1-5 to remove an unexploded mine from World War Two, curbing output of the grade. There were seven deferrals and a

dropped cargo announced last week, up from one deferral the previous week, Platts data showed Monday. There were also two advancements, up from zero the previous week.

Rotterdam-to-Singapore HSFO arb opens on weak NWE HSFO barges:

The arbitrage for transporting high sulfur fuel oil from Rotterdam to Singapore was described as break-even-to-open Monday on the back of a weaker Northwest European market, though no vessels have yet been fixed, a fuel oil trader said. "Usually when you're break-even you see oil float," a European fuel oil trader said. "We'll soon see another VLCC." Northwest European high sulfur fuel oil barges were assessed at a premium of \$3/mt to comparable front-month swaps, down from plus \$10/mt, assessed at the beginning of the month, Platts data show. Furthermore, the structure of the high sulfur fuel oil barge swaps market has also weakened, with the balance-month/front-month spread heard in \$3/mt backwardation Monday, down from \$3.75/mt as assessed Friday and down \$2/mt from the \$5/mt assessed at the beginning of the month, Platts data show. VLCC Worldscale rates were pegged at \$3.3 million, while the August east/west swap — which reflects the difference

between the liquid fuel oil markets in Rotterdam and Singapore — was heard offered at \$34/mt Monday afternoon, up about \$2/mt from morning levels. "If it doesn't work on VLCCs then it would work on Suezmaxes," the trader said.

Ice August Brent falls \$3/barrel to \$115.33/b

ICE August Brent fell \$3/barrel to \$115.33/b Monday as macroeconomic uncertainty led to sharp gains in the US dollar and weakness across equities. August Brent then fell to a session low of \$115.22/b. On NYMEX, August crude was \$1.95 lower at \$94.25/b, while August heating oil was 5.18 cents lower at \$3.0440/gal. August RBOB was 5.93 cents lower at \$3.0333/gal. Mike Guido, associate director of hedge fund sales at Macquarie, said the energy complex is lower as commodities fall across the board as "too much macroeconomic uncertainty" and the upcoming August 2 default date on US debt sends investors to the exits. "[The] last half hour is turning into a technical rout as well," he said. The US Dollar Index on ICE was up more than 101 points at 76.100, while the euro was 2.6 cents down at \$1.4004 against the dollar. The Dow Jones Industrial Average, S&P 500 Index and NASDAQ were all more than 1% down by late morning US trade.

Reported crude spot transactions

Grade	Loading dates	Load Port	Size (barrels)	Seller	Buyer
North Sea, Mediterranean and West African Deals					
Forties	July 24 - July 26	Hound Point	600,000	Vitol	Shell
Urals	July 25 - July 29	Novorossiysk/Yuzhny	600,000	Lukoil	ENI

Latest market fixtures

Tanker	Size	Type	Date	Route	Rate	Charterer
Astipalaia	265	CR	Jul22	PG-China	48	Unipac
Asian Prog IV	262.5	CR	Jul23	PG-Japan	48	Exxon
Bw Nysa	270	CR	Jul12	PG-Jamnagar	58	Reliance
Desh Vaibhav	275	CR	Jul30	PG-West	rnr	Csssa
Antiparos	247	DY	Jul25	PG-WC India	51	loc
Lu San	265	CR	Jul22	PG-China	48.5	Gford
Jiu Hua	265	CR	Jul25	PG-China	48.5	Zzr
Ti Tbn	280	CR	Jul30	PG-US Gulf	coa	Kpc
Four Bay	80	DY	Aug1	PG-East	128.5	Tianbao
Ratna Shruti	80	DY	eJul	PG-Mangalore	Own Prog	Iss
Mako	80	DY	Jul19	PG-Karachi	rnr	Byco
Tankpac Tbn	80	DY	Jul24	Cross PG	\$1.2M	Vitol
Giovanni B.D.C	80	DY	Jul26	RSea-Jamnagar	140	Eni
Olympic Serenity	80	FO	Jul24	WC India-Spore	\$1.1M	Matrix
Asian Jade	80	DY	Jul19	Seria+1-Ulsan	rnr	SK En
Iblea	80	DY	mJul	Spore-China	\$550K	Arcadia
Senang Spirit	80	DY	Jul19	S'pore-HKong	\$500K	Chevron
Diamond Aspire	80	DY	mJul	Kikeh-Australia	96	Shell
New Accord	80	DY	Jul28	Pyrenees-Thailand	rnr	Ptt
Nara	30	FO	Jul13	Cross S'pore	\$150K	Merc
Minerva Zenia	80	DY	Jul13	Ceyhan-Med	90	Socar
Maratha	80	DY	Jul13	Ceyhan-Med	90	Socar
Valtamed	135	DY	Jul17	Ceyhan-Med	72.5	Socar
Chapter Genta	130	DY	Jul20	WAF-USGC	64	Shell
Prinicimar Tr.	130	DY	Jul27	WAF-USGC	65	Shell

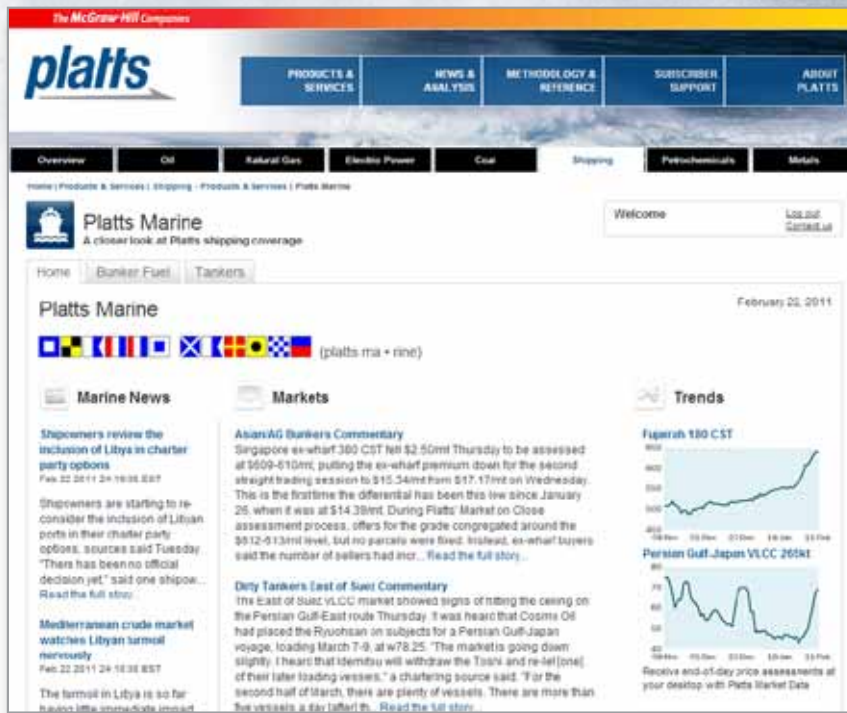
DY: Dirty, CR: Crude, FO: Fuel Oil, +:Update, ppt: Prompt, cnr: charterer not reported, rnr: rate not reported, coa: contract of affreightment, o/p: own program

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