BARRY ROGLIANO SALLES

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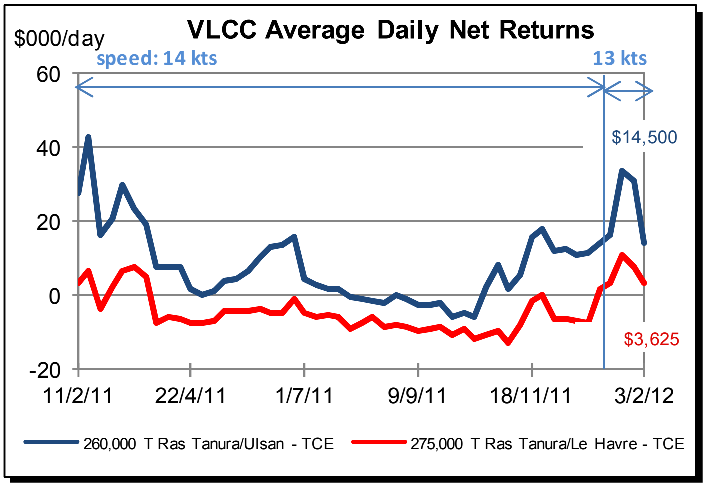
TANKER NEWSLETTER

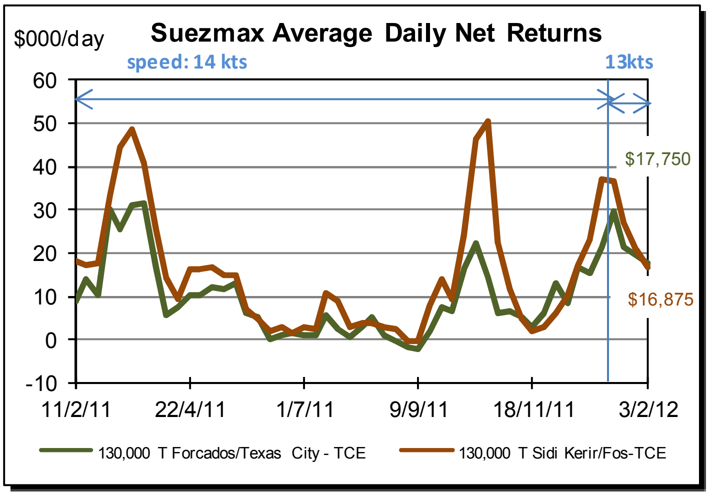
BRS Tanker Newsletter is a summary for BRS clients of current market trends and developments.

N° 759 – February 3rd, 2012



Although activity for **VLCC** tonnage quickly resumed after the Chinese New Year celebrations, owners seem to have lost confidence. After a few weeks of 'exceptional' positive trends, the over capacity of tonnage has again taken its toll on the rates… After the previous week's initial drop of about 5 points, voyages from the Middle East Gulf to the Far East have quickly suffered and ended the week at about WS50 (-10 pts). At such levels, daily returns are back below US$15,000, and this provided the voyage is performed at a reduced speed of 13 knots. Basis a 'normal' speed of 14 knots, these daily returns would not even cover the Opex. From the western hemisphere, against a falling Suezmax market, the larger sizes are limited to voyages back to the Far East. From rates in the very high WS50's, the last fixtures from West Africa have been concluded in the low WS50's and now attract more ships willing to ballast all the way from the East.

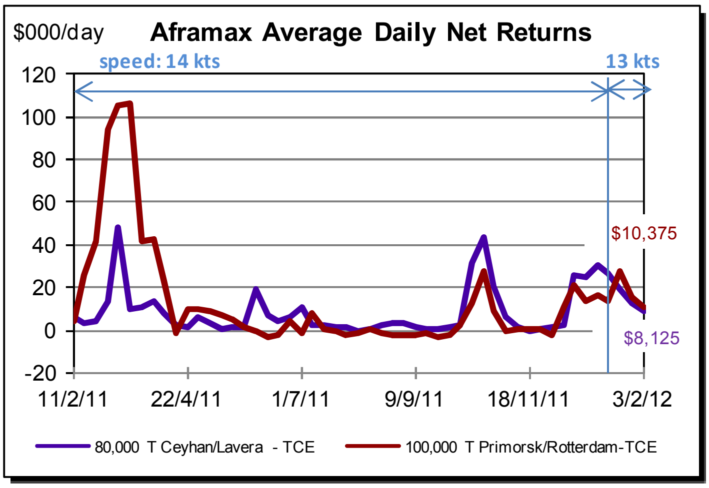
VLCC Middle East Gulf



As briefly mentioned above, the **Suezmax** market has also lost some ground after having enjoyed a very positive month of January. Further to the previous week's lower trend ex West Africa, and although demand remained stable, charterers managed to reduce rates to the low/mid WS70's on specific voyages. However, the available tonnage remaining by end February is now so limited that one can expect rates to stabilize or even improve again next week. Basis speed at 13 knots, present returns are fetching US$20,000 per day. Simultaneously, the European market and especially the Med and Black Sea markets went pretty quiet. The much reduced delays in transiting the Turkish straits have affected owners' hopes. Voyages from the Black Sea have lost about 7.5 points at WS75 which corresponds to daily returns below US$15,000 …

SUEZMAX West Africa

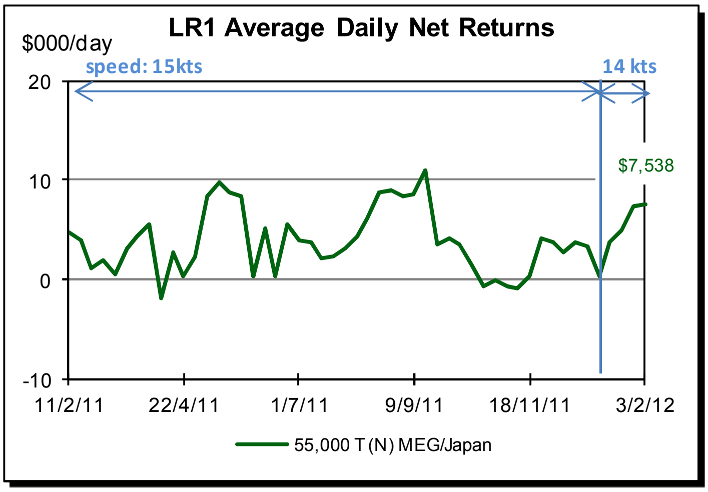
SUEZMAX Mediterranean

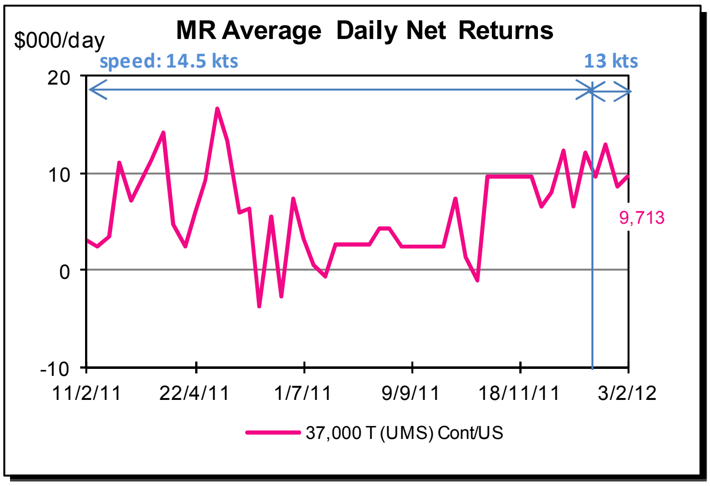


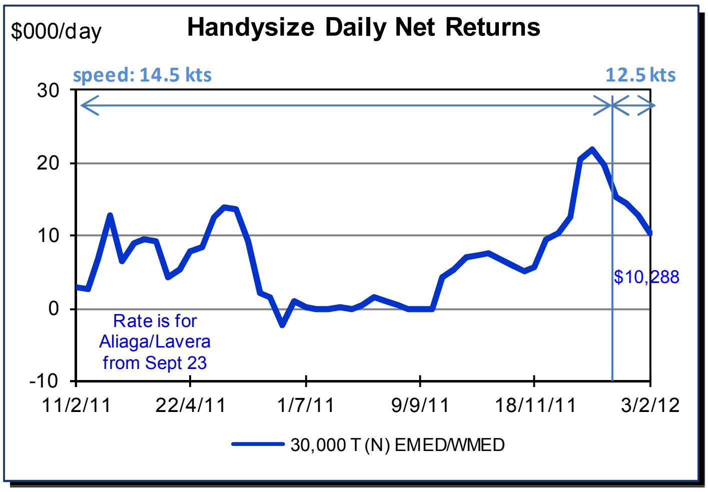
In the North, cross-Continent **Aframax** enquiries were very scarce this week, whereas ex-Baltic, stems were plentiful. But with an ample ice and non ice classed vessel supply, owners did not manage to prevent rates from softening. Currently 80,000t cross-North Sea pays about WS95, whereas 100,000t ex Baltic makes WS80. At such levels, daily returns are hardly above US$10,000. The Med and Black Sea markets experienced a second quiet week in a row. Volume is not enough to employ all available ships and, without weather delays or similar outside support, the Market will not improve for time being. Rates continued to slide down and latest cross-Med are still concluded somewhere around WS82.5 basis 80,000t (less than US$5,000 per day). The Caribbean market, after having topped at WS135/140 for local short voyages, ended the week on a lower tone at about WS120, still providing returns substantially better than in Europe (above US$15,000 per day).

AFRAMAX Mediterranean

AFRAMAX North Sea







There was a bit more activity this week but the rates are extremely bleak as the tonnage lists are still long. The LR1s showed a bit of life early in the week but towards the end the market stabilised. With bunkers at current levels, there is a reluctance from owners to go any lower on rates as earnings are just too low. The sentiment is that the market should start seeing some life towards the mid to end Feb.

Cross MEG is now fixing in the $170,000 levels. 35,000t cpp from MEG to east Africa is going for ws180. The east run with 35,000t naphtha, trading at WS107.5 for 75,000t naphtha from MEG to Japan at WS85-WS90, and LR1s 55,000t naphtha MEG/Japan are going for WS105-WS110 levels.

The bitterly cold weather is also hitting southern Europe and the fuel oil players are taking advantage of this situation with freight rates at WS200, and potentially moving up for the Handies. The cpp is exactly the opposite! Demand is extremely poor and the tonnage on offer generously abundant. This has resulted in every ‘next fixture’ cheaper than the previous and this lasted throughout the entire week. By the end of the week the cross Med and Black Sea markets bottomed out at WS152.5, some 15 points down from last friday.

In NWE the market became very busy on all sizes and trades. There were numerous longhauls to the US on MRs and on Handies/MRs/LRs for west Africa. At the end of the week, WS180 was fixed Cont/Wafr basis, WS160 was rumored basis 37,000t Cont/TA, WS120 basis 60,000t for Cont/Wafr. Short hauls were at WS225 basis 22,000t and WS195 basis 30,000t.

PRODUCT LR1	⇨ ↗
PRODUCT MR	⇨ ↘
PRODUCT Handysize	⇨ ↘