

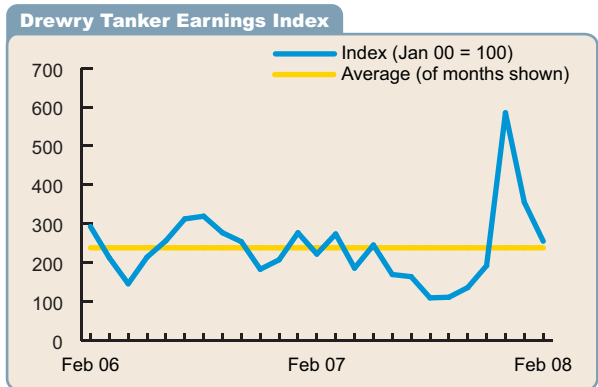
## Which one will run its course?

Oil prices rallied over the \$105/bbl mark in the first week of March driven largely by speculation rather than by fundamentals. A huge influx of capital from market speculators, hedging against a weakening dollar and rising inflation (amid expectations that the Fed will further slash interest rates to sustain growth in the US), and growing geopolitical tensions, formed the base for the recent spike in prices.

In the wake of this rally, came the latest report from the IEA which expects a temporary easing of the supply/demand fundamentals in 2008, against the backdrop of scheduled capacity additions both in the upstream and downstream sectors. What needs to be remembered though is that these expansion plans come with a rider of probable project delays, cost-overruns and the ever-present danger of political instability, which might mar future output levels.

Amongst the upstream expansion plans, stronger output from the FSU, Asia, Latin America and Africa in the latter half of 2008 is expected to boost non-Opec supplies by 910,000 bpd in 2008. Within the Opec, capacity additions and new field start-ups scheduled in 2008 are estimated to augment Opec's production capacity by 1.8m bpd between now and end-2008, with significant increases planned in Saudi Arabia (700,000 bpd), Iran (355,000 bpd) and Angola (200,000 bpd). In the downstream sector, significant new capacity additions during 2008-09 are centred on China and India; with total planned capacity expansions of about 800,000 bpd in China and 700,000 bpd in India, outpacing the growth in domestic demand and allowing for higher exports to the Atlantic basin markets.

	2007		2008	
			Jan	Feb
<b>AG-Japan (TD3)</b>	41,850	69,900	82,200	57,600
<b>W. Africa-Car/USES (TD5)</b>	37,858	39,750	42,200	37,300
<b>NWE-NWE (TD7)</b>	36,875	40,400	49,700	31,100
<b>NWE-Car/USES (TD12)</b>	25,183	24,350	27,400	21,300
<b>AG-Japan (TC1)</b>	21,058	25,750	33,000	18,500
<b>Sing-Japan (TC4)</b>	15,783	11,500	12,600	10,400



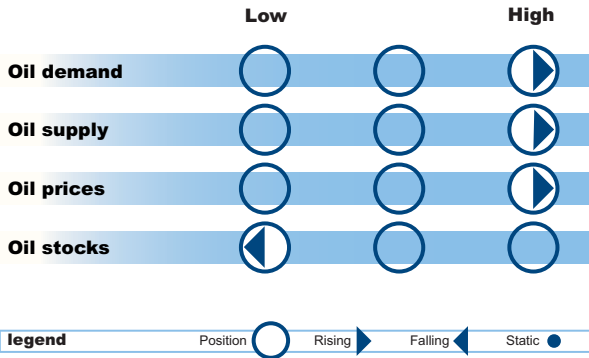
Based on Drewry Hire Index

### Our view

Assuming capacity addition plans materialise in time, there still exists a cloud over demand growth in 2008. Taking a cue from this, the IEA in its latest oil market report has revised down its forecasts for global oil demand to 87.5m bpd in 2008, down by 300,000 bpd against the figure quoted in the January report. It will thus be interesting to see, which fundamental (supply or demand) meets its desired targets/expectations.

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## Market Indicators



## World Oil Market (Mbp/d)

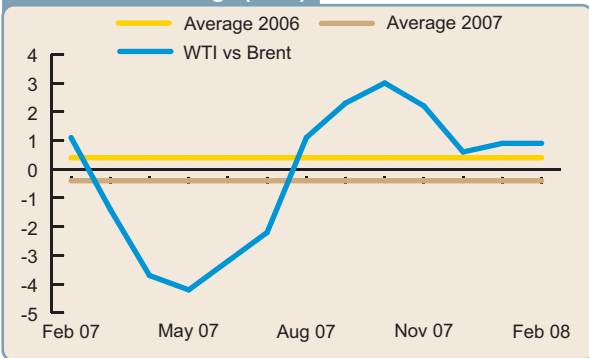
	2007	2008 <sup>(*)</sup>	3Q07	4Q07	1Q08 <sup>(P)</sup>
<b>Oil Demand</b>	85.95	87.62	85.58	87.23	88.04
<b>Oil Supply</b>	85.60	87.18	85.20	86.43	87.10
Opec	35.47	36.54	35.44	36.44	36.73
Saudi Arabia	8.48	8.98	8.42	8.78	8.85
Non-Opec	50.13	50.64	49.76	49.99	50.37
FSU	12.76	13.19	12.74	12.80	12.87
<b>Stock Change</b>	-0.35	-0.44	-0.38	-0.80	-0.94

(\*) IEA, Drewry Estimate for the Year (P) Provisional Data

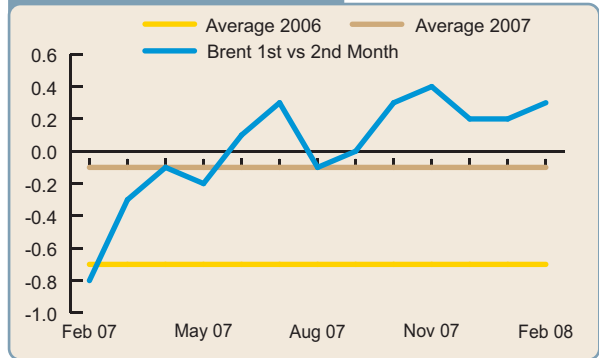
## Prices hit inflation adjusted records

Resisting the strong pressure from consuming countries to increase crude output, Opec decided to leave its production target level unchanged at 29.67m bpd at its recent meet on 5<sup>th</sup> March. While the US government had been lobbying for higher Opec crude in the wake of supply uncertainties arising from project delays in non-Opec and geopolitical tensions in Nigeria, Venezuela and Middle East, the cartel proceeded with the decision to keep its output targets unaltered, citing the possibility of a decline in oil demand amid increasing downside risks to the global economic growth and financial market crisis, and concerns about seasonal weakness in crude demand during second quarter maintenances. Nonetheless, one interesting fact is that while, output quotas stay unchanged, industry sources suggest that production from Gulf Opec members remains well above targets. Meanwhile, global oil demand seems well balanced – whilst crude runs in US and Europe are low (amidst refinery turnarounds), oil demand from emerging economies of Asia and the Middle East remains steady (shielded by domestic oil price subsidies). As per the EIA data, crude runs in non-OECD Asia pegged at an average 15.3m bpd in January-February as compared to 14.8m bpd in December. Amidst steady supply/demand fundamentals, oil prices are breaching new highs on a daily basis. Clearly, it is not the fundamentals but speculative forces which are bolstering oil prices to record breaking levels. Data pertaining to choppy US job statistics is leading to the notion that Fed will cut interest rates again in the near term, having a domino effect on the (weakening) dollar. This is expected to induce more speculative buying in the oil markets, pushing prices to further new highs in the near term.

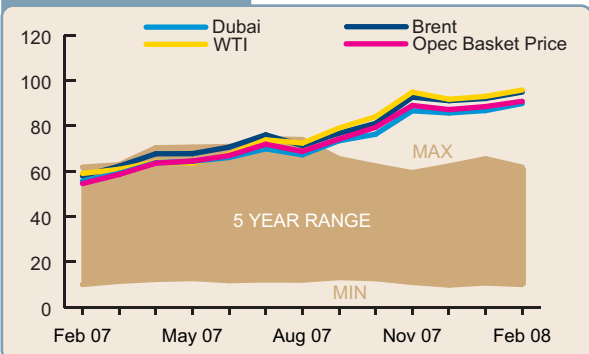
## Crude Price Arbitrage (\$/bbl)



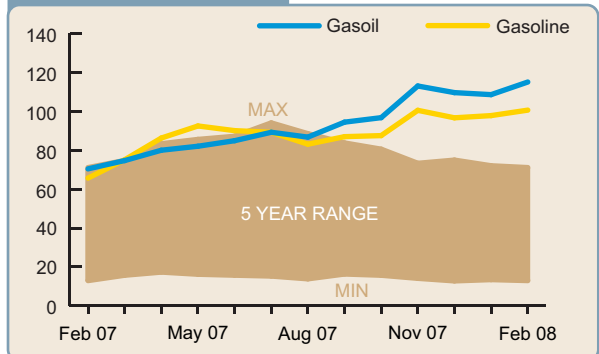
## Crude Price Differential (\$/bbl)



## Crude Oil Prices \$/bbl



## Products Oil Prices \$/bbl



## Total Tanker Fleet: February 2008

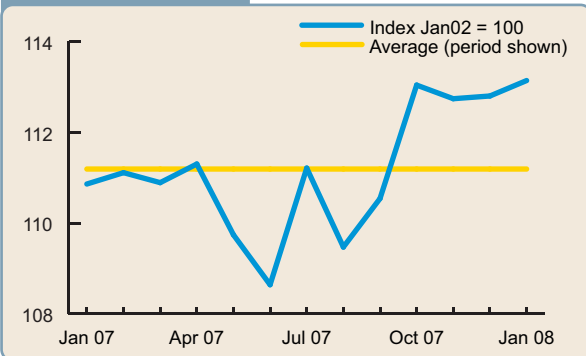
Size ( <sup>'000 dwt</sup> )	Total		Fleet Size
	No.	Dwt	
10-50	848	29,380	▶
50-80	420	28,027	▶
80-120	740	76,113	▶
120-200	361	54,689	◉
200-320	490	143,690	◀
320+	8	3,050	◉
<b>Total</b>	<b>2,867</b>	<b>334,948</b>	◀

**Legend:** Position ◉ Rising ▶ Falling ◀ Static ●

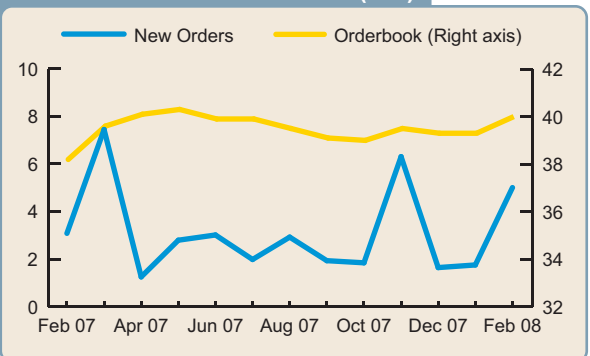
## Hull concerns becoming a reality

Growing hull concerns among port authorities and charterers (post the single hull VLCC oil-spill off South Korean coast in December), finally seem to be taking shape, with a direct hit on the VLCC fleet size. Since the end of 2007 the VLCC fleet size has declined by about 2.0m dwt to 146.7m dwt in February. Over the same period, inactivity (tonnage lying idle for a period of more than two months) has increased by 1.4m dwt. Conversions to double hull vessels, FPSOs and dry bulk carriers have also gathered pace with at least four VLCCs confirmed sold for conversion over the past three months. Moreover, at the time of writing, market reports confirmed the sale of the 1986 built single hull *B Elephant* (239,351 dwt) for demolition at \$715/ldt - the first VLCC to be scrapped in more than 30 months.

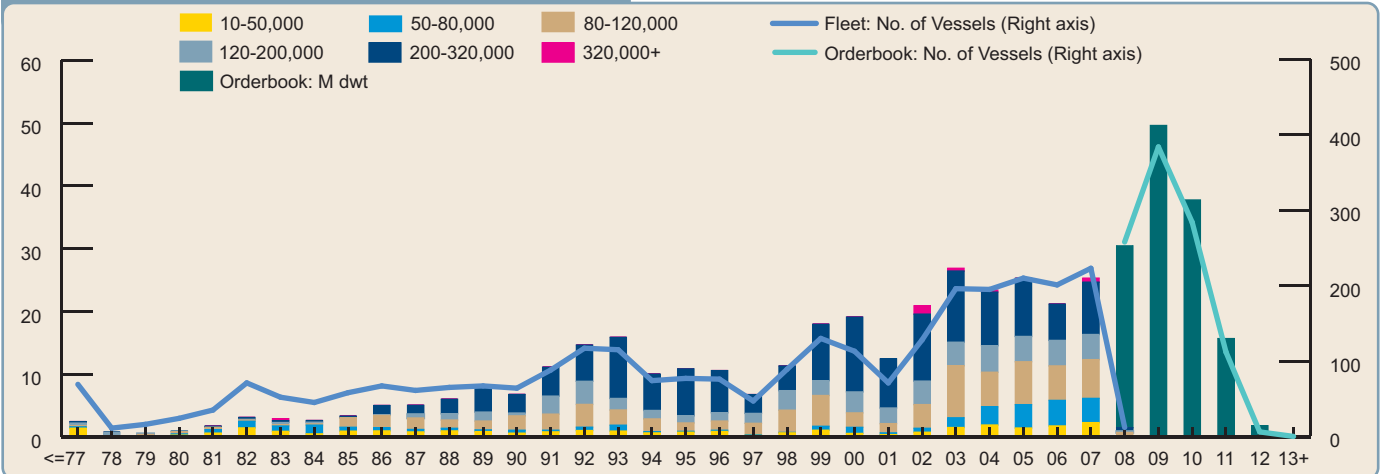
## Tanker Demand Index



## New Orders & Orderbook % Fleet (Dwt)



## Fleet Age Profile and Orderbook Delivery Schedule (M dwt)

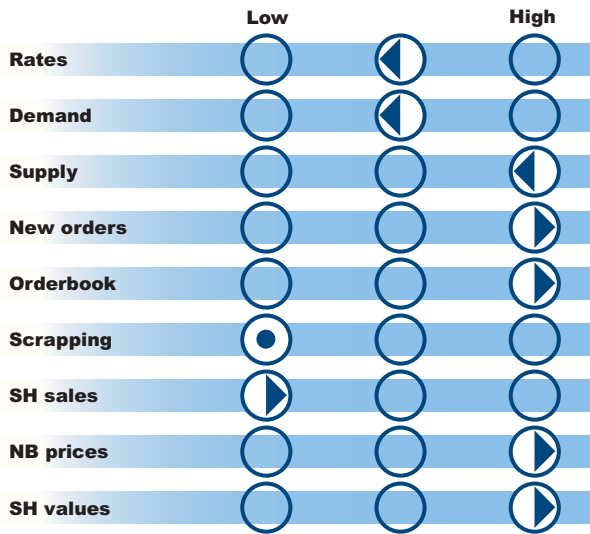


## Total Tanker Fleet & Orderbook: February 2008

Size ( <sup>'000 dwt</sup> )	Existing Fleet*		Orderbook								% of Fleet Dwt		
	No.	Dwt	2008		2009		2010		2011+			Total	
			No.	Dwt	No.	Dwt	No.	Dwt	No.	Dwt	No.	Dwt	
10-50	848	29,380	73	3,064	78	3,417	53	2,468	10	471	214	9,420	32.1
50-80	420	28,027	58	3,776	76	5,014	49	2,908	36	2,348	219	14,045	50.1
80-120	740	76,113	70	7,656	105	11,519	84	9,321	27	2,974	286	31,471	41.3
120-200	361	54,689	20	3,143	59	9,316	47	7,421	14	2,204	140	22,082	40.4
200-320	490	143,690	35	10,668	61	18,751	47	14,361	29	8,897	172	52,676	36.7
320+	8	3,050	2	640	5	1,600	4	1,280	2	640	13	4,160	136.4
<b>Total</b>	<b>2,867</b>	<b>334,948</b>	<b>258</b>	<b>28,946</b>	<b>384</b>	<b>49,616</b>	<b>284</b>	<b>37,759</b>	<b>118</b>	<b>17,533</b>	<b>1,044</b>	<b>133,855</b>	<b>40.0</b>

\* Actual fleet less 10-50,000 dwt crude tankers built before 1st July 1975

## Market Indicators

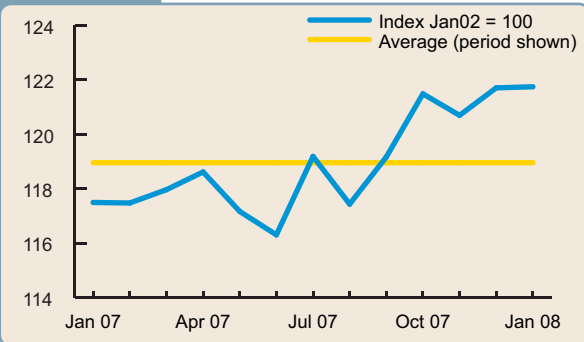


## Mixed trends in freight market

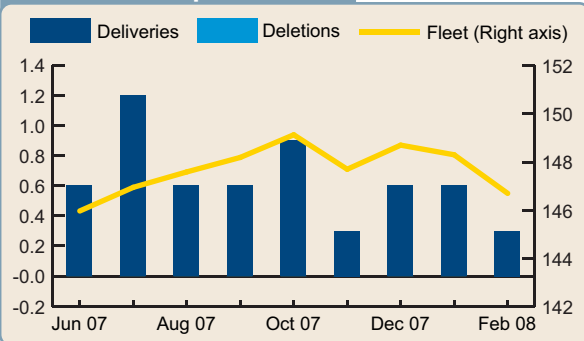
The month started on a dull note for the Vlcc market in the Arabian Gulf with rates softening (to sub WS90 level for Far East voyages) in the initial trading days on account of ample tonnage supply. Markets however gained momentum in the latter half of the month with stable demand from Far Eastern charterers allowing for a sound recovery in rates (to WS110 by month's end). Even so, rates averaged lower by about 21.0% from last month, as overall activity during the month failed to match the amount of tonnage available in the region. The total volume of Vlcc sized cargoes loading from the Arabian Gulf pegged at 16.9m tonnes in February, as compared with 28.4m tonnes in January. The recent halt in exports from Bonny Terminal following pipeline troubles in Nigeria had a marginal effect on total crude exports from West Africa. Tonnage demand was reported to be firm with rates improving to WS100 for both eastbound and westbound voyages.

Looking ahead, with the US crude stocks well below last year's level, crude imports into the US are likely to increase at the end of Atlantic basin refinery maintenances, supporting freight rates in the Vlcc segment.

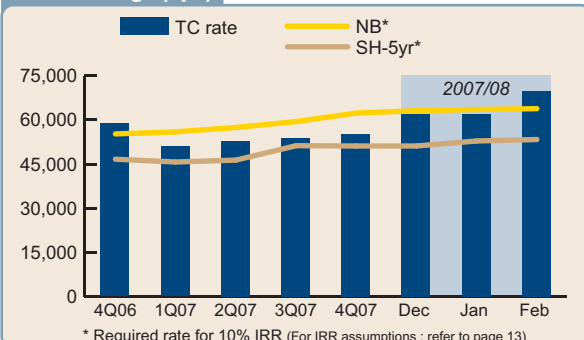
## Vlcc Demand



## Vlcc Fleet Development - m dwt



## Vlcc Earnings (\$pd)



## Vlcc Rates (\$pd)

	2007 Avg	2008 Avg	2007/08 Dec	2007/08 Jan	2007/08 Feb
AG-Japan (TCE)	41,850	69,900	149,000	82,200	57,600
AG-S. Korea (TCE)	38,108	70,400	137,300	83,200	57,600
AG-N. Europe (TCE)	37,383	81,450	132,100	105,900	57,000
280k, 5yr old (TC 1yr)	53,333	66,000	62,000	62,000	70,000
280k, 10yr old (TC 1yr)	48,633	51,500	49,500	50,000	53,000
280k, 5yr old (TC 3yr)	47,358	51,500	50,500	50,000	53,000

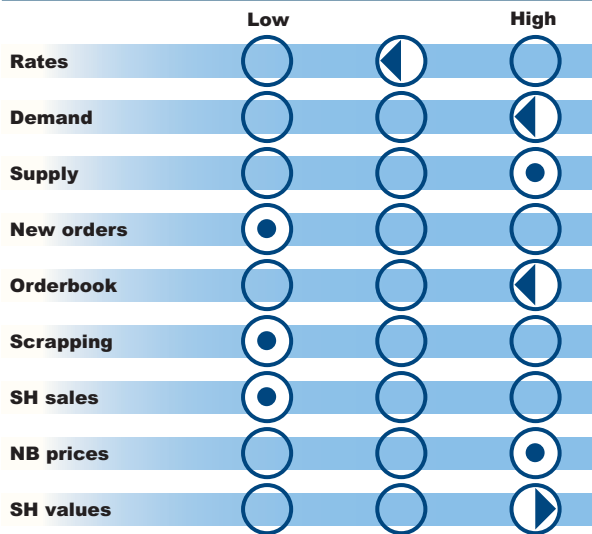
## Newbuild, Secondhand Scrap Values

	2007 Avg	2008 Avg	2007/08 Dec	2007/08 Jan	2007/08 Feb
NB Price - \$M	135.7	146.5	146.0	146.0	147.0
SH Price (5yr) - \$M	123.8	135.0	130.0	134.0	136.0
SH 5yr % of NB	91.2%	92.1%	89.0%	91.8%	92.5%
Scrap Value - \$M	17.9	21.2	19.0	19.4	23.0

## Investment Returns

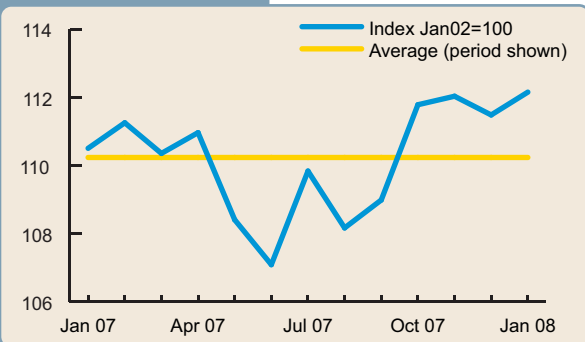
	Feb 2008 Newbuild	Feb 2008 Secondhand (5yr)
Cost - \$M	147.0	136.0
Operating Costs \$pd	10,310	10,310
Required TC Rate - for 10% IRR \$pd	64,200	53,700
Current Rate - T/C \$pd	70,000	70,000
Current Rate of Return (IRR) %	11.07%	14.95%
Sensitivity (+/- \$1,000 T/C rate)	0.19%	0.30%

## Market Indicators

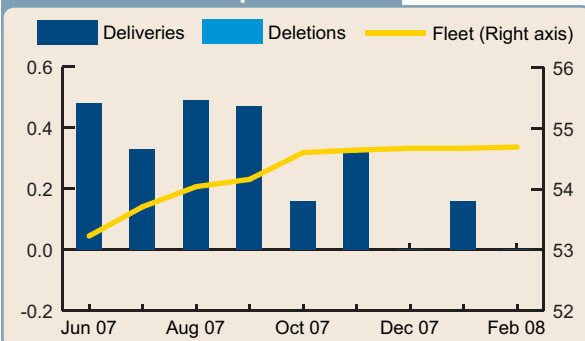


**Legend** Position ○ Rising ▶ Falling ◀ Static ●

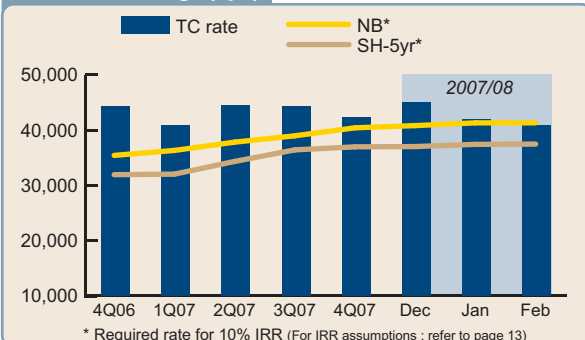
## Suezmax Demand Index



## Suezmax Fleet Development - m dwt



## Suezmax Earnings (\$pd)



## Further losses in the spot market

In line with the general downturn across the tanker markets, the Suezmax segment witnessed weaker rates this month than last as activity declined, particularly in the Mediterranean region. As per the fixture database, the total volume of spot cargoes from the Mediterranean declined to 13.4m tonnes in February, lower by 3.1m tonnes from last month. Rates for Cross-Med trips thus declined by about WS50 points m-o-m to average WS115. In West Africa, spot cargoes to the US Gulf increased by a significant 1.5m tonnes over the month to 3.8m tonnes in February. Rates however failed to improve as excess supply from the Mediterranean made inroads in the West African market. Rates for transatlantic voyages declined by WS10 points m-o-m to an average WS125.

The mood in the Suezmax newbuilding market remains depressed with no contracts reported so far this year. One of the possible reasons for this slump could be the fact that the Suezmax orderbook already equals about 22.1m dwt (~40% of the fleet size) – more than sufficient to replace the amount of single skin tonnage (~5.7m dwt) in the fleet and meet additional tonnage demand going forward.

## Suezmax Rates (\$pd)

	2007 Avg	2008 Avg	2007/08 Dec	2007/08 Jan	2007/08 Feb
Med-Med (TCE)	44,833	53,750	103,900	70,900	36,600
W. Afr-Car/USES (TCE)	37,858	39,750	102,000	42,200	37,300
150k, 5yr old (TC 1yr)	43,042	41,500	45,000	42,000	41,000
150k, 10yr old (TC 1yr)	40,467	40,500	42,000	41,500	39,500
150k, 5yr old (TC 3yr)	37,867	38,000	38,500	38,500	37,500

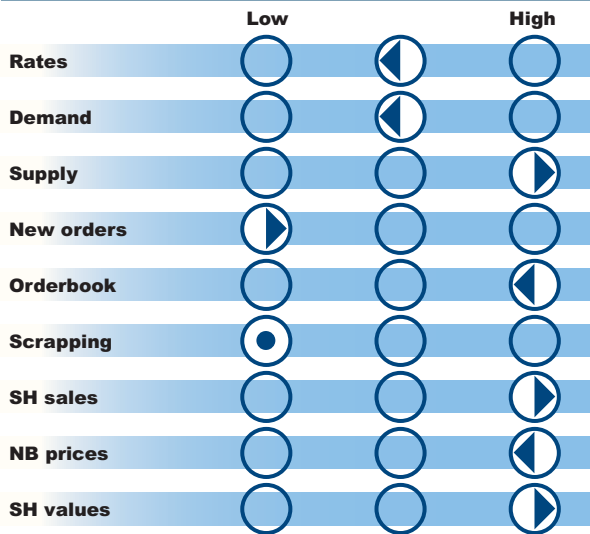
## Newbuild, Secondhand Scrap Values

	2007 Avg	2008 Avg	2007/08 Dec	2007/08 Jan	2007/08 Feb
New Building Price \$M	84.9	90.5	90.0	90.5	90.5
SH Price (5yr) \$M	86.6	91.8	91.5	91.5	92.0
SH 5yr % of NB	101.9%	101.4%	101.7%	101.1%	101.7%
Scrap Value \$M	12.8	15.2	13.6	13.9	16.5

## Investment Returns

	Feb 2008 Newbuild	Feb 2008 Secondhand (5yr)
Cost - \$M	90.5	92.0
Operating Costs \$pd	8,310	8,310
Required TC Rate - for 10% IRR \$pd	41,500	37,650
Current Rate - T/C \$pd	41,000	41,000
Current Rate of Return (IRR) %	9.85%	11.55%
Sensitivity (+/- \$1,000 T/C rate)	0.31%	0.46%

## Market Indicators



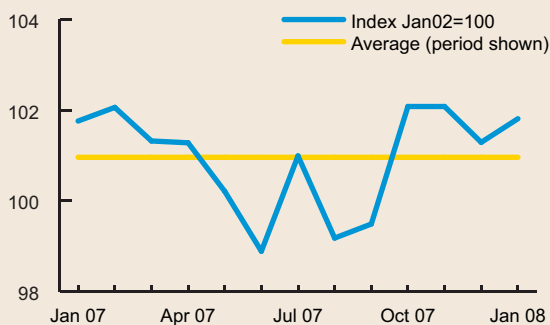
**Legend** Position ○ Rising ▶ Falling ◀ Static ●

## Ample tonnage supply hurts freight

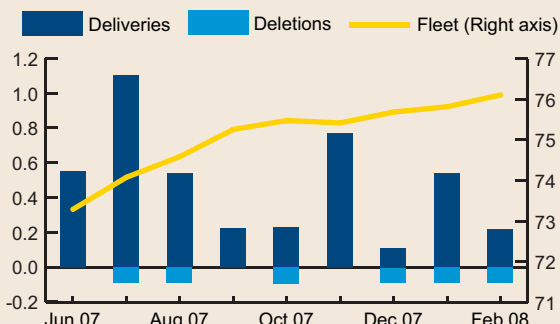
With Atlantic basin refinery maintenances in full swing, tonnage supply continued to build up in US and Europe, effectuating weaker rates for Aframaxes trading in these regions. On the whole, freight rates for intra-regional voyages in the US Gulf and Med declined by about 17-20% over the month to WS170 and WS145 respectively. Going forward, with gasoline (primary summer fuel) stocks in the US now well above their five year range and indications of a slowing demand growth, the rise in crude demand from refiners at the end of the maintenance season might be less significant than normal. This is expected to weigh on Aframax activity and rates in the near term.

Meanwhile, activity in the secondhand market continued at hectic pace with increasing demand for conversion tonnage. Owners traded a total of 24 tankers of 2.4m dwt over the month, as compared to just five vessels of 0.5m dwt sold last month. In tandem, secondhand values firmed up by about 0.7-0.9% over the month. Frontline sold the 1990 built sister vessels *Sea Leopard* (94,993 dwt) and *Sea Panther* (97,002 dwt) to Chinese owners for conversion to dry bulk carriers at \$40.0m per vessels.

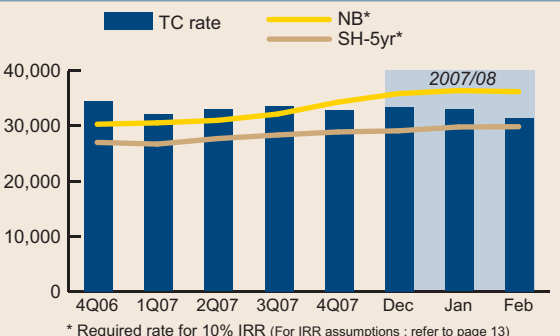
## Aframax Demand Index



## Aframax Fleet Development - m dwt



## Aframax Earnings (\$pd)



## Aframax Rates (\$pd)

	2007 Avg	2008 Avg	2007/08 Dec	2007/08 Jan	2007/08 Feb
<b>Med-Med (TCE)</b>	27,950	33,000	45,400	40,000	26,000
<b>NWE-NWE (TCE)</b>	36,875	40,400	61,900	49,700	31,100
<b>Caribs-USES (TCE)</b>	32,700	34,000	67,700	39,500	28,500
<b>95k, 5yr old (TC 1yr)</b>	33,413	32,250	34,000	33,000	31,500
<b>95k, 10yr old (TC 1yr)</b>	27,796	26,250	28,000	27,000	25,500
<b>95k, 5yr old (TC 3yr)</b>	29,208	28,600	29,000	29,000	28,200

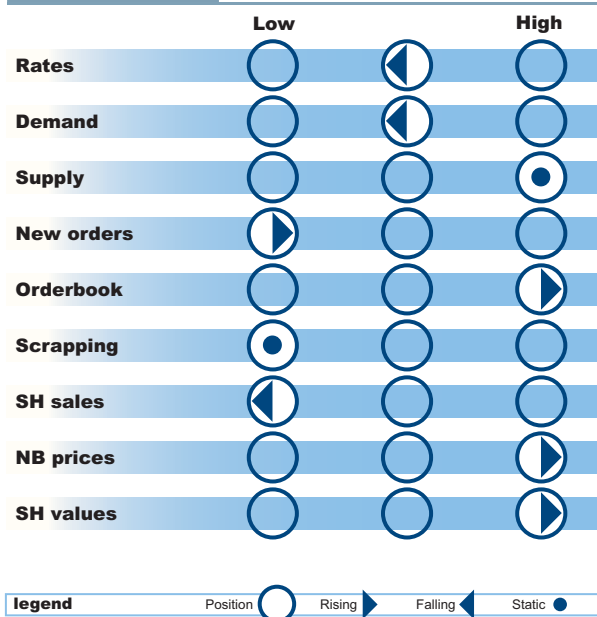
## Newbuild, Secondhand Scrap Values

	2007 Avg	2008 Avg	2007/08 Dec	2007/08 Jan	2007/08 Feb
<b>New Building Price \$M</b>	68.9	78.3	78.0	78.5	78.0
<b>SH Price (5yr) \$M</b>	66.4	69.8	68.5	69.5	70.0
<b>SH 5yr % of NB</b>	96.4%	89.1%	87.8%	88.5%	89.7%
<b>Scrap Value \$M</b>	11.2	12.7	11.8	11.6	13.8

## Investment Returns

	Feb 2008		
	Newbuild	Secondhand (5yr)	Secondhand (10yr)
<b>Cost \$M</b>	78.0	70.0	59.0
<b>Operating Costs \$pd</b>	7,775	7,775	7,775
<b>Required TC Rate - for 10% IRR \$pd</b>	36,400	30,050	28,250
<b>Current Rate - T/C \$pd</b>	31,500	31,500	25,500
<b>Current Rate of Return (IRR) %</b>	8.18%	10.88%	7.90%
<b>Sensitivity (+/- \$1,000 T/C rate)</b>	0.39%	0.61%	0.79%

## Market Indicators

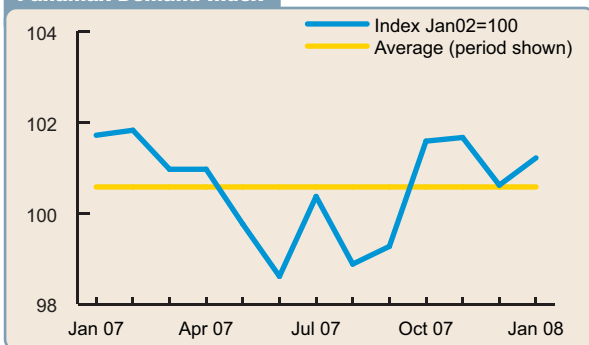


## Markets continue to slide

A slowdown in activity in the Panamax market in the US Gulf effectuated significant losses to the freight rates. As per the fixture database, the total volume of Panamax sized cargoes loading in the US Gulf almost halved to 0.5m tonne in February, creating an environment of abundant prompt tonnage supply. Rates for Caribs-Uses upcoast voyages thus declined by about WS35 points over the month, to WS160. A similar build up of tonnage in northern Europe pressurised rates for transatlantic voyages to the US, which fell by about 14.0% over the month to an average WS180. Going forward, trade activity in the Panamax markets is anticipated to improve at the start of the summer season (around April), with rising fuel oil demand from power utilities supported by widening discounts for fuel oil to heavier crude grades.

With spot rates falling, activity in the secondhand market declined to a total of four tankers (totaling 0.3m dwt) in February, lower by 0.5m dwt against last month. Vessel prices, however, continued their upward move, rising by about 1.5% over the month to \$60.0m for five year old vessels.

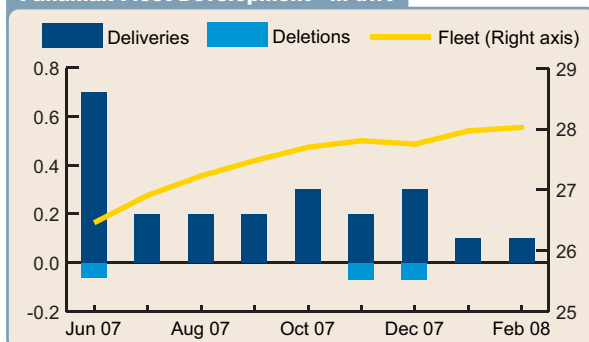
## Panamax Demand Index



## Panamax Rates (\$pd)

	2007 Avg	2008 Avg	2007/08 Dec	2007/08 Jan	2007/08 Feb
<b>Car-USES (TCE)</b>	34,950	27,900	66,600	32,300	23,500
<b>NWE-Car/USES (TCE)</b>	25,183	24,350	36,800	27,400	21,300
<b>75k, 5yr old (TC 1yr)</b>	30,408	28,850	30,200	29,500	28,200
<b>75k, 10yr old (TC 1yr)</b>	24,608	23,500	24,200	24,000	23,000
<b>75k, 5yr old (TC 3yr)</b>	26,042	25,750	26,000	26,000	25,500

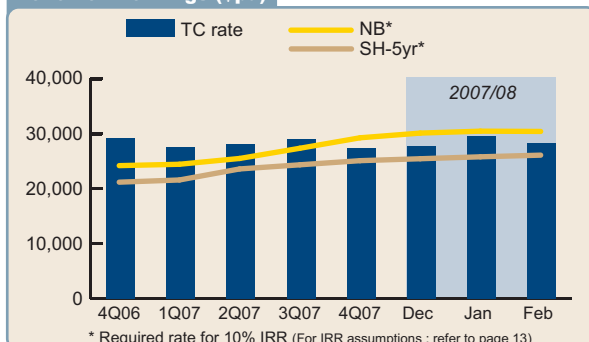
## Panamax Fleet Development - m dwt



## Newbuild, Secondhand Scrap Values

	2007 Avg	2008 Avg	2007/08 Dec	2007/08 Jan	2007/08 Feb
<b>New Building Price \$M</b>	56.0	64.0	64.0	64.0	64.0
<b>SH Price (5yr) \$M</b>	54.8	59.5	59.0	59.0	60.0
<b>SH 5yr % of NB</b>	98.2%	93.0%	92.2%	92.2%	93.8%
<b>Scrap Value \$M</b>	8.2	9.2	8.6	8.4	10.0

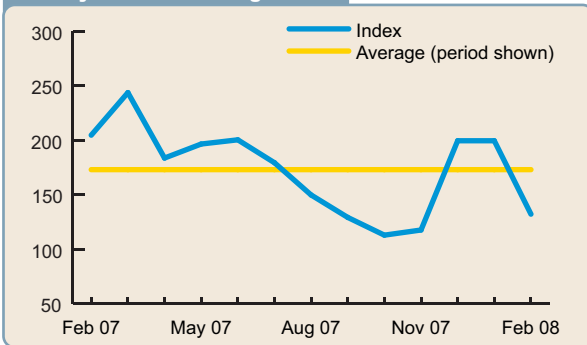
## Panamax Earnings (\$pd)



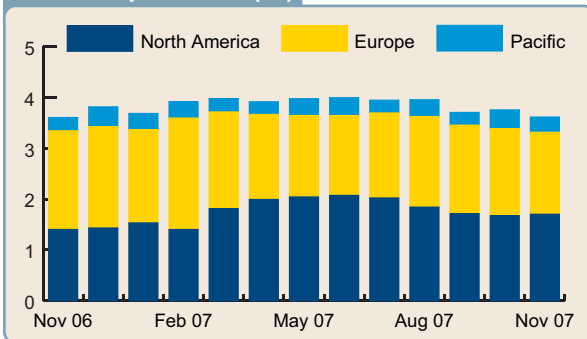
## Investment Returns

	Feb 2008 Newbuild	Feb 2008 Secondhand (5yr)	Feb 2008 Secondhand (10yr)
<b>Cost \$M</b>	64.0	60.0	48.0
<b>Operating Costs \$pd</b>	6,980	6,980	6,980
<b>Required TC Rate - for 10% IRR \$pd</b>	30,500	26,200	23,750
<b>Current Rate - T/C \$pd</b>	28,200	28,200	23,000
<b>Current Rate of Return (IRR) %</b>	8.98%	11.44%	9.31%
<b>Sensitivity (+/- \$1,000 T/C rate)</b>	0.46%	0.70%	0.95%

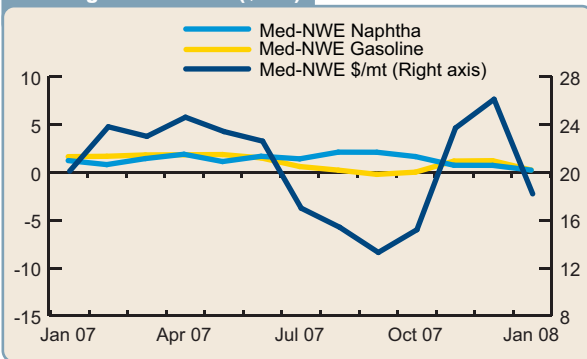
**Drewry Product Earnings Index**



**Product Imports OECD (Mt)**



**Arbitrage Differential (\$/bbl)**

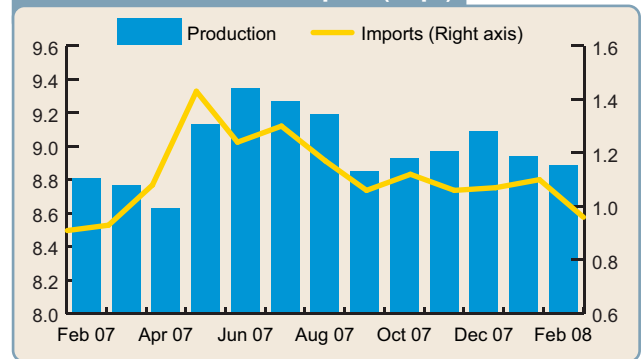


## Dispirited freight markets

Product tanker markets recorded a general weakening in freight rates effectuated by a slowdown in trade activity and rising tonnage supply. Markets on the East side of the Suez witnessed subdued activity at the start of the month with Lunar New Year celebrations hampering exports from China and Singapore. While activity picked up in the latter half of the month with rising crude runs, the total volume of spot clean cargoes proved insufficient to match the amount of tonnage available. Total spot clean cargoes loading from Singapore and the Arabian Gulf for Far East/SE Asia discharges almost halved to 1.3m tonnes in February against 2.1m tonnes in January. The average rates for clean tankers trading on East of Suez trade lanes thus dipped by about 13-25.0% against last month.

A slow start to trade activity in southern Europe pushed down the rates to around WS180 for MRs in the first week. Rates however stabilised at this level for the rest of the month as tonnage supply reduced on account of few long haul stems fixed to West Africa and US, and fog related delays at the Turkish Straits. Rising gasoline stocks in the US (which stood above their five year range by month end) limited import requirements, affecting arbitrage trade from UK/Cont and freight rates (which pegged lower by about 9.0%). Looking ahead, rates are expected to improve as refiners increase imports to rebuild stocks for summer grade gasoline ahead of the driving season.

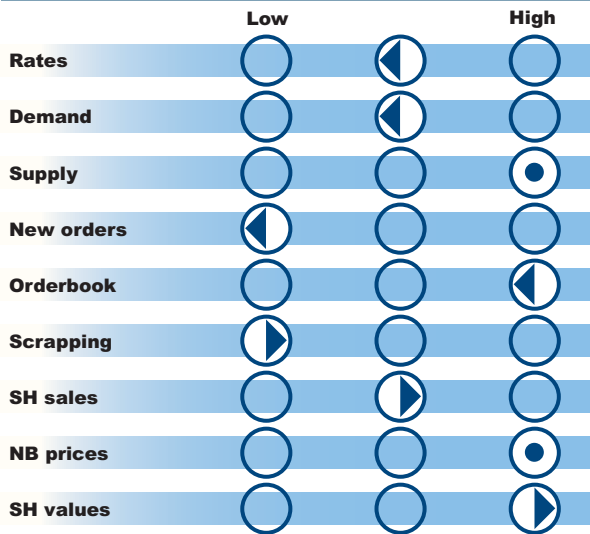
**US Gasoline Production & Imports (mbpd)**



**The Product Tanker Fleet & Orderbook: February 2008**

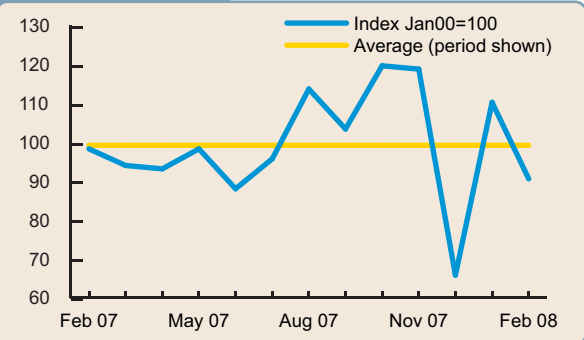
Size	Existing Fleet		Orderbook										% of Fleet
			2008		2009		2010		2011+		Total		
('000 dwt)	No.	Dwt	No.	Dwt	No.	Dwt	No.	Dwt	No.	Dwt	No.	Dwt	Dwt
10-25	104	1,632	7	76	5	65	1	13	0	0	13	154	9.4
25-50	544	22,381	64	2,964	73	3,352	49	2,314	9	424	195	9,053	40.5
50-80	259	17,254	51	3,274	63	4,071	44	2,530	36	2,348	194	12,222	70.8
80+	154	15,755	18	2,018	29	3,245	33	3,708	17	1,869	97	10,840	68.8
<b>Total</b>	<b>1,061</b>	<b>57,022</b>	<b>140</b>	<b>8,332</b>	<b>170</b>	<b>10,733</b>	<b>127</b>	<b>8,565</b>	<b>62</b>	<b>4,641</b>	<b>499</b>	<b>32,270</b>	<b>56.6</b>

## Market Indicators

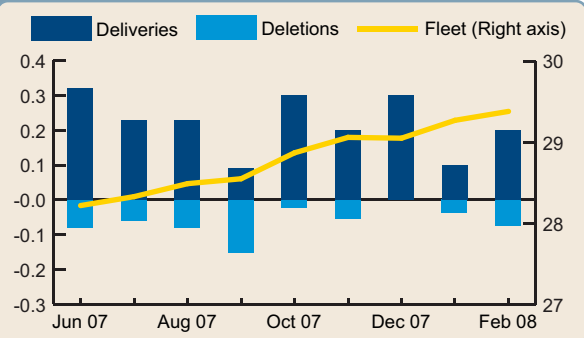


**Legend** Position ○ Rising ▶ Falling ◀ Static ●

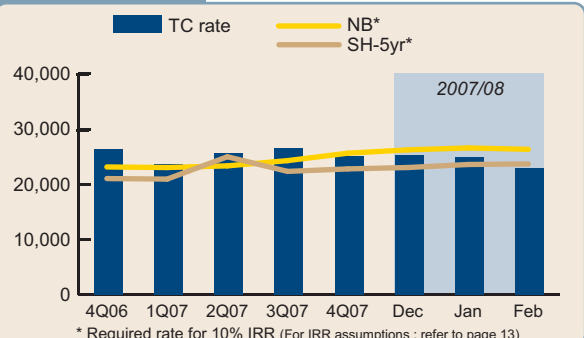
## Clean Demand Index



## Handy Fleet Development - m dwt



## MR Earnings (\$pd)



## Product Tanker Rates (\$pd)

	2007	2008	2007/08		
	Avg	Avg	Dec	Jan	Feb
<b>TCE</b>					
Med-Med (25-35,000 dwct)	20,400	12,600	24,300	13,700	11,500
Sing-Japan (25-35,000 dwct)	15,783	11,500	17,600	12,600	10,400
Car-USES (25-35,000 dwct)	18,175	14,300	14,600	16,600	12,000
Med-NWE (25-35,000 dwct)	20,058	12,700	26,200	14,200	11,200
NWE-USES (35-40,000 dwct)	24,683	20,450	20,600	22,100	18,800
AG-Japan (50-60,000 dwct)	23,908	24,350	31,900	29,900	18,800
AG-Japan (70-80,000 dwct)	21,058	25,750	31,200	33,000	18,500
<b>Time Charter (1yr)</b>					
Handy (30,000 dwt 5 yrs)	22,200	22,250	22,000	22,500	22,000
MR (45,000 dwt 5 yrs)	25,367	24,000	25,000	25,000	23,000
LR (75,000 dwt 5 yrs)	30,408	28,850	30,200	29,500	28,200
<b>Time Charter (3yr)</b>					
Handy (30,000 dwt 5 yrs)	20,363	21,125	21,000	21,250	21,000
MR (45,000 dwt 5 yrs)	22,146	22,250	22,250	22,500	22,000

## Newbuild, Secondhand Scrap Values

	2007	2008	2007/08		
	Avg	Avg	Dec	Jan	Feb
<b>New Building Price \$M</b>					
Handy	41.9	46.0	46.0	46.0	46.0
MR	49.5	53.8	54.0	54.0	53.5
LR1	56.0	64.0	64.0	64.0	64.0
<b>SH Price (5yr) \$M</b>					
Handy	40.4	42.0	40.5	41.5	42.5
MR	50.0	52.8	52.0	52.5	53.0
LR1	54.8	59.5	59.0	59.0	60.0
<b>SH 5yr % of NB</b>					
Handy	95.8%	91.3%	92.4%	90.2%	92.4%
MR	101.2%	98.1%	96.3%	97.2%	99.1%
LR1	98.2%	93.0%	92.2%	92.2%	93.8%
<b>Scrap Value \$M</b>					
Handy	4.1	4.6	4.3	4.3	4.9
MR	6.4	7.2	6.7	6.6	7.9
LR1	8.2	9.2	8.6	8.4	10.0

## MR Investment Returns

	Feb 2008		
	Newbuild	Secondhand (5yr)	Secondhand (10yr)
<b>Cost \$M</b>	53.5	53.0	44.0
<b>Operating Costs \$pd</b>	6,840	6,840	6,840
<b>Required TC Rate - for 10% IRR \$pd</b>	26,500	23,850	22,300
<b>Current Rate - T/C \$pd</b>	23,000	23,000	22,000
<b>Current Rate of Return (IRR) %</b>	8.07%	9.30%	9.67%
<b>Sensitivity (+/- \$1,000 T/C rate)</b>	0.58%	0.83%	1.04%

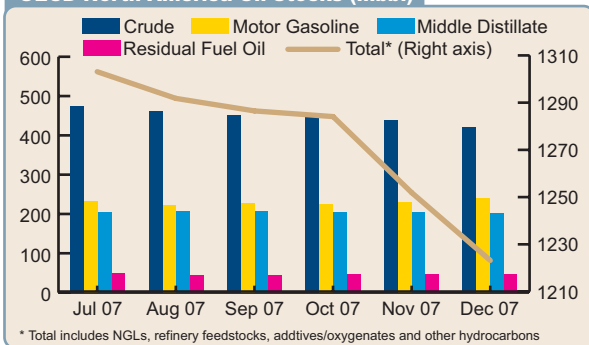
## Tanker Stocks - Snapshot

Company	Country	Price*	% Monthly Change	52 Week High	52 Week Low	P/E Ratio	Last week Avg Vol	Market Cap (M USD)
AP Moeller - Maersk A/S	Denmark	52,200.00	7.19%	74,100.00	43,000.00	12.37	29,952	46,818
B&H Ocean Carriers	USA	12.09	-8.06%	20.40	9.52	19.58	3,320	82
Berlian Laju Tankers, PT	Indonesia	2,325.00	0.00%	2,700.00	1,170.00	14.34	5,044,200 ●	1,191
Bonheur ASA	Norway	239.00	9.89%	298.55	190.00	8.05	1,050	1,904
Brostrom	Sweden	44.30	-11.40%	79.50	42.70	6.95	224,172	481
Concordia Maritime AB	Sweden	24.10	-3.60%	48.90	23.30	18.29	56,658	196
Euronav Navigation**	Belgium	25.24	3.06%	26.62	17.10	8.79	180,223	2,012
Fisher, James & Sons PLC	UK	612.00	12.09%	727.00	516.00	25.57	38,565	595
Frontline Ltd	Norway	242.00	6.14%	294.86	177.06	6.08	670,564	3,531
Frontline Ltd	USA	46.33	9.32%	53.09	29.35	5.74	1,465,702 ●	3,300
GangerRolf, AS	Norway	215.00	8.31%	270.05	175.50	8.79	8,250	1,488
General Maritime	USA	23.60	-3.83%	45.33	19.81	14.94	529,210	841
Humpuss Intermoda Transportasi Tbk	Indonesia	500.00	0.00%	900.00	490.00	11.54	13,287	n/a
IM Skaugen	Norway	47.50	7.95%	65.00	40.00	17.63	320	249
Knightsbridge Tankers	USA	26.00	-0.12%	34.00	20.25	12.44	131,526	479
Kyoei Tanker	Japan	318.00	-2.75%	762.00	242.00	5.55	266,800	117
Mitsui OSK Lines	Japan	1,437.00	11.05%	2,040.00	1,073.00	10.74	1,288,500	16,597
Navigazione Montanari SpA	Italy	2.66	16.16%	4.49	1.90	n/a	1,156,695	491
Nepline Bhd	Malaysia	0.23	-14.81%	0.40	0.16	n/a	31,500	5
Nordic American Tanker Shipping	USA	29.21	-6.59%	44.16	25.75	15.49	292,688	889
NYK Lines	Japan	1,002.00	15.57%	1,276.00	726.00	13.60	10,321,200 ●	11,957
Overseas Shipholding Group Inc	USA	64.45	-1.48%	91.49	52.74	12.92	940,447	2,202
Taiheiyo Kaiun	Japan	242.00	-1.63%	564.00	157.00	n/a	761,000	125
Teekay	USA	45.10	-3.32%	63.69	39.42	17.08	406,582	3,438
Tsakos Energy Navigation Limited	USA	32.90	-6.16%	39.48	22.56	10.46	274,130	1,306

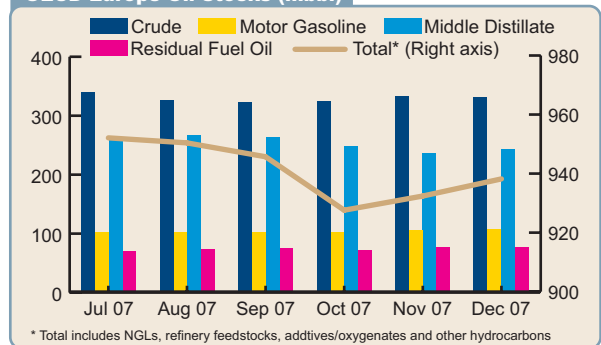
\* All prices as on 29<sup>th</sup> February 2008 in local currencies except for \*\*\*\* companies, which are traded in EUR

● ● ● Three most active companies - by the number of shares traded in the last week irrespective of the price and market cap

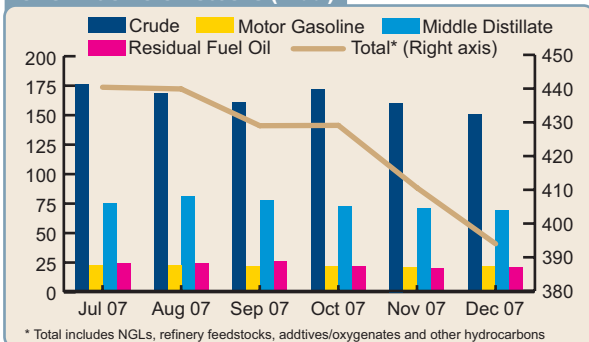
### OECD North America Oil Stocks (mmbbl)



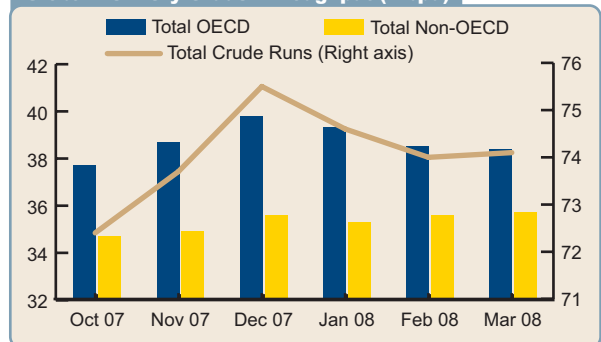
### OECD Europe Oil Stocks (mmbbl)



### OECD Pacific Oil Stocks (mmbbl)



### Global Refinery Crude Throughput (mmbpd)



## Fleet Supply

	2006		2007		2008		Jan		Feb	
	No	'000 Dwt	No	'000 Dwt	No	'000 Dwt	No	'000 Dwt	No	'000 Dwt
<b>Fleet Size - End period</b>										
10-50,000	845	28,765	839	29,045	848	29,380	844	29,269	848	29,380
50-80,000	367	24,407	416	27,752	420	28,027	419	27,970	420	28,027
80-120,000	704	71,537	737	75,686	740	76,113	738	75,820	740	76,113
120-200,000	350	52,733	361	54,674	361	54,689	361	54,673	361	54,689
200,000+	483	141,320	506	148,741	498	146,740	504	148,300	498	146,740
<b>Total</b>	<b>2,749</b>	<b>318,762</b>	<b>2,859</b>	<b>335,898</b>	<b>2,867</b>	<b>334,948</b>	<b>2,866</b>	<b>336,031</b>	<b>2,867</b>	<b>334,948</b>
Average Age	10.9		10.5		11.3		10.5		11.3	
% Double Hull	75.7%		79.5%		80.6%		79.7%		80.6%	
<b>Orderbook - End period</b>										
10-50,000	240	10,642	237	10,544	214	9,420	217	9,661	214	9,420
50-80,000	248	15,541	221	14,160	219	14,045	215	13,757	219	14,045
80-120,000	225	24,714	290	31,921	286	31,471	292	32,123	286	31,471
120-200,000	107	16,963	139	21,929	140	22,082	141	22,245	140	22,082
200,000+	168	51,347	175	53,594	185	56,836	177	54,250	185	56,836
<b>Total</b>	<b>988</b>	<b>119,207</b>	<b>1,062</b>	<b>132,148</b>	<b>1,044</b>	<b>133,855</b>	<b>1,042</b>	<b>132,036</b>	<b>1,044</b>	<b>133,855</b>
% Fleet	37.4%		39.3%		40.0%		39.3%		40.0%	
<b>New orders</b>										
10-50,000	287	9,366	292	8,067	38	1,247	32	953	6	294
50-80,000	171	10,033	87	5,224	5	258	1	50	4	208
80-120,000	167	18,356	62	6,855	7	799	1	110	6	689
120-200,000	87	13,617	37	5,912	0	0	0	0	0	0
200,000+	109	33,533	34	10,487	14	4,442	2	636	12	3,806
<b>Total</b>	<b>821</b>	<b>84,906</b>	<b>512</b>	<b>36,545</b>	<b>64</b>	<b>6,746</b>	<b>36</b>	<b>1,749</b>	<b>28</b>	<b>4,997</b>
<b>Deliveries *</b>										
10-50,000	57	2,402	56	2,429	9	255	2	85	7	169
50-80,000	67	4,343	64	4,213	4	227	2	125	2	102
80-120,000	47	5,144	54	5,953	7	758	5	541	2	217
120-200,000	31	3,940	25	4,003	1	163	1	163	0	0
200,000+	19	5,772	29	8,964	3	906	2	598	1	308
<b>Total</b>	<b>221</b>	<b>21,601</b>	<b>228</b>	<b>25,562</b>	<b>24</b>	<b>2,308</b>	<b>12</b>	<b>1,512</b>	<b>12</b>	<b>796</b>
<b>Deletions</b>										
10-50,000	42	1,304	48	1,525	3	113	1	38	2	75
50-80,000	7	435	5	320	0	0	0	0	0	0
80-120,000	10	909	11	999	2	176	1	88	1	89
120-200,000	0	0	2	324	0	0	0	0	0	0
200,000+	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>59</b>	<b>2,649</b>	<b>66</b>	<b>3,168</b>	<b>5</b>	<b>290</b>	<b>2</b>	<b>126</b>	<b>3</b>	<b>164</b>
<b>Secondhand Sales</b>										
10-50,000	166	4,871	174	5,068	30	1,013	12	426	18	587
50-80,000	44	2,831	57	3,789	12	717	8	449	4	268
80-120,000	48	4,868	70	6,975	29	2,895	5	521	24	2,374
120-200,000	37	5,648	48	7,258	4	601	2	304	2	296
200,000+	43	12,276	53	14,630	5	1,386	2	529	3	857
<b>Total</b>	<b>338</b>	<b>30,494</b>	<b>402</b>	<b>37,722</b>	<b>80</b>	<b>6,612</b>	<b>29</b>	<b>2,229</b>	<b>51</b>	<b>4,383</b>

\* Provisional deliveries for February 2008

## Drewry Prices

Type of Vessel	Newbuilding Price (US\$m)					Scrap Value (US\$m)					Scrap Price \$/ldt	
	2006	2007	2008	Jan	Feb	2006	2007	2008	Jan	Feb	Feb	
MR	46.8	49.5	53.8	54.0	53.5	5.1	6.4	7.2	6.6	7.9	625	
Panamax	48.0	56.0	64.0	64.0	64.0	6.4	8.2	9.2	8.4	10.0	625	
Aframax	62.9	68.9	78.3	78.5	78.0	8.8	11.2	12.7	11.6	13.8	625	
Suezmax	75.5	84.9	90.5	90.5	90.5	10.1	12.8	15.2	13.9	16.5	610	
Vlcc	124.9	135.7	146.5	146.0	147.0	14.2	17.9	21.2	19.4	23.0	610	
Type of Vessel	Secondhand Value (US\$m, 10 year old)					Secondhand Value (US\$m, 5 year old)					BSPA	
	2006	2007	2008	Jan	Feb	2006	2007	2008	Jan	Feb	Average*	
MR	30.9	37.7	43.5	43.0	44.0	47.1	50.0	52.8	52.5	53.0	52.0	
Panamax	40.0	44.6	47.8	47.5	48.0	47.9	54.8	59.5	59.0	60.0	n/a	
Aframax	54.6	56.0	58.8	58.5	59.0	62.5	66.4	69.8	69.5	70.0	70.3	
Suezmax	n/a	74.4	75.8	75.5	76.0	76.2	86.6	91.8	91.5	92.0	n/a	
Vlcc	n/a	100.7	109.5	107.0	112.0	116.2	123.8	135.0	134.0	136.0	134.7	

\* for the month

## Freight Rates

Vlcc	2006	2007	2008	Jan	Feb
<b>TCE Rate (\$/day)</b>					
AG-Japan	47,317	41,850	69,900	82,200	57,600
AG-South Korea	43,700	38,108	70,400	83,200	57,600
AG-N.Europe	47,864	37,383	81,450	105,900	57,000
<b>Average</b>	<b>45,846</b>	<b>39,114</b>	<b>73,917</b>	<b>90,433</b>	<b>57,400</b>
<b>TC Rate - 1 yr (\$/day)</b>					
280k dwt 5 Yr Old	55,992	53,333	66,000	62,000	70,000
280k dwt 10 Yr Old	n/a	48,633	51,500	50,000	53,000
<b>TC Rate - 3 yr (\$/day)</b>					
280k dwt 5 Yr Old	48,617	47,358	51,500	50,000	53,000

Suezmax	2006	2007	2008	Jan	Feb
<b>TCE Rate (\$/day)</b>					
Med-Med	52,833	44,833	53,750	70,900	36,600
W.Africa-Car/Uses	42,300	37,858	39,750	42,200	37,300
<b>Average</b>	<b>47,567</b>	<b>41,346</b>	<b>46,750</b>	<b>56,550</b>	<b>36,950</b>
<b>TC Rate - 1 yr (\$/day)</b>					
150k dwt 5 Yr Old	42,667	43,042	41,500	42,000	41,000
150k dwt 10 Yr Old	n/a	40,467	40,500	41,500	39,500
<b>TC Rate - 3 yr (\$/day)</b>					
150k dwt 5 Yr Old	37,158	37,867	38,000	38,500	37,500

Aframax	2006	2007	2008	Jan	Feb
<b>TCE Rate (\$/day)</b>					
Med-Med	29,383	27,950	33,000	40,000	26,000
N.Europe-N.Europe	40,475	36,875	40,400	49,700	31,100
Caribs-Uses	33,283	32,700	34,000	39,500	28,500
<b>Average</b>	<b>34,381</b>	<b>32,508</b>	<b>35,800</b>	<b>43,067</b>	<b>28,533</b>
<b>TC Rate - 1 yr (\$/day)</b>					
95k dwt 5 Yr Old	35,150	33,413	32,250	33,000	31,500
95k dwt 10 Yr Old	n/a	27,796	26,250	27,000	25,500
<b>TC Rate - 3 yr (\$/day)</b>					
95k dwt 5 Yr Old	28,183	29,208	28,600	29,000	28,200

## Forward Freight Agreements\* (FFA)

	Mar 08	Apr 08	May 08	Jun 08	Jul 08	Aug 08	Cal 2009	Cal 2010
<b>AG-Japan</b> (260,000 mt)	127	104	94	89	88	89	86	83
<b>W.Africa-USAC</b> (130,000 mt)	145	135	126	122	112	114	110	105
<b>North Sea-Cont</b> (80,000 mt)	131	129	122	114	110	111	121	118
<b>AG-Japan</b> (55,000 mt)	185	193	190	189	192	193	164	164
<b>Cont-USAC</b> (37,000 mt)	244	244	242	235	231	231	203	204
<b>Sing-Japan</b> (30,000 mt)	203	217	224	225	232	235	210	211

\* Worldscale prevailing at reported time of fixing  
Source: Baltic Exchange 3<sup>rd</sup> March 2008

## The Crude Tanker Fleet & Orderbook: February 2008

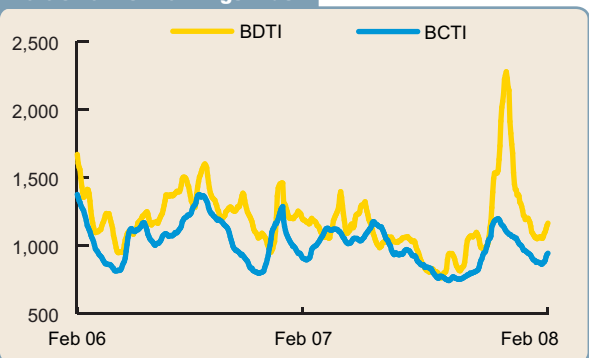
Size ('000 dwt)	Existing Fleet*		Orderbook										% of Fleet Dwt	
	No.	Dwt	2008		2009		2010		2011+		Total			
			No.	Dwt	No.	Dwt	No.	Dwt	No.	Dwt	No.	Dwt	No.	Dwt
<b>10-50</b>	200	5,366	2	25	0	0	3	141	1	47	6	213	4.0	
<b>50-80</b>	161	10,773	7	502	13	943	5	378	0	0	25	1,823	16.9	
<b>80-120</b>	591	61,118	52	5,638	76	8,274	51	5,614	10	1,105	189	20,631	33.8	
<b>120-200</b>	356	53,930	20	3,143	59	9,316	47	7,421	14	2,204	140	22,082	40.9	
<b>200-320</b>	490	143,690	35	10,668	61	18,751	47	14,361	29	8,897	172	52,676	36.7	
<b>320+</b>	7	2,730	2	640	5	1,600	4	1,280	2	640	13	4,160	152.4	
<b>Total</b>	<b>1,805</b>	<b>277,606</b>	<b>118</b>	<b>20,615</b>	<b>214</b>	<b>38,883</b>	<b>157</b>	<b>29,194</b>	<b>56</b>	<b>12,892</b>	<b>545</b>	<b>101,585</b>	<b>36.6</b>	

\* Fleet less 10-50,000 dwt tankers built before 1st July 1975

Panamax	2006	2007	2008	Jan	Feb
<b>TCE Rate (\$/day)</b>					
Caribs-Uses	32,908	34,950	27,900	32,300	23,500
N.Europe-Car/Uses	26,142	25,183	24,350	27,400	21,300
<b>Average</b>	<b>29,525</b>	<b>30,067</b>	<b>26,125</b>	<b>29,850</b>	<b>22,400</b>
<b>TC Rate - 1 yr (\$/day)</b>					
75k dwt 5 Yr Old	n/a	30,408	28,850	29,500	28,200
75k dwt 10 Yr Old	n/a	24,608	23,500	24,000	23,000
<b>TC Rate - 3 yr (\$/day)</b>					
75k dwt 5 Yr Old	25,700	26,042	25,750	26,000	25,500

Product	2006	2007	2008	Jan	Feb
<b>TCE Rate (\$/day)</b>					
Med-Med (Handy)	17,375	20,400	12,600	13,700	11,500
Sing-Japan (MR)	13,117	15,783	11,500	12,600	10,400
Caribs-Uses (MR)	19,917	18,175	14,300	16,600	12,000
Med-N.Europe (MR)	8,450	20,058	12,700	14,200	11,200
N.Europe-Uses (MR)	13,392	24,683	20,450	22,100	18,800
AG-Japan (LR1)	26,117	23,908	24,350	29,900	18,800
AG-Japan (LR2)	23,975	21,058	25,750	33,000	18,500
<b>Average</b>	<b>17,477</b>	<b>20,581</b>	<b>17,379</b>	<b>20,300</b>	<b>14,457</b>
<b>TC Rate - 1 yr (\$/day)</b>					
30k dwt 5 Yr Old	21,417	22,200	22,250	22,500	22,000
30k dwt 10 Yr Old	15,083	15,150	14,850	15,000	14,700
45k dwt 5 Yr Old	26,792	25,367	24,000	25,000	23,000
45k dwt 10 Yr Old	19,775	22,121	23,000	24,000	22,000
<b>TC Rate - 3 yr (\$/day)</b>					
30k dwt 5 Yr Old	19,100	20,363	21,125	21,250	21,000
45k dwt 5 Yr Old	21,675	22,146	22,250	22,500	22,000

## Baltic Tanker Earnings Index



## The Drewry Demand Index

The Drewry demand Index is an attempt to measure demand for oil tankers - both crude and Clean. The Index is not designed to be an absolute measure of demand, rather provides an indication as to changes in demand and thus provides an accurate trend of tanker demand. The methodology employed utilises tracking of the tanker fleet and fixtures over an extended period of time (in this case two years) and thus grouping oil movements by vessel types. By relating vessel employment to oil production by country and region an assessment of tanker demand can be made, which is then converted to an Index using January 1998 as the 100 mark.

## Assumptions for Investment Return calculations

- Newbuilding - Delivery in 18 months, 25 year trading life.
- Secondhand - Prompt delivery five year-old, 20 year trading life.
- Residual value based on prevailing scrap rates.
- 2008 operating costs.
- 360 trading days.
- Sensitivity implies for a \$1,000pd change in TCE, the given change in IRR is produced.
- Time charter rates are for 5 year old vessels.

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### Tanker Insight

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