BARRY ROGLIANO SALLES
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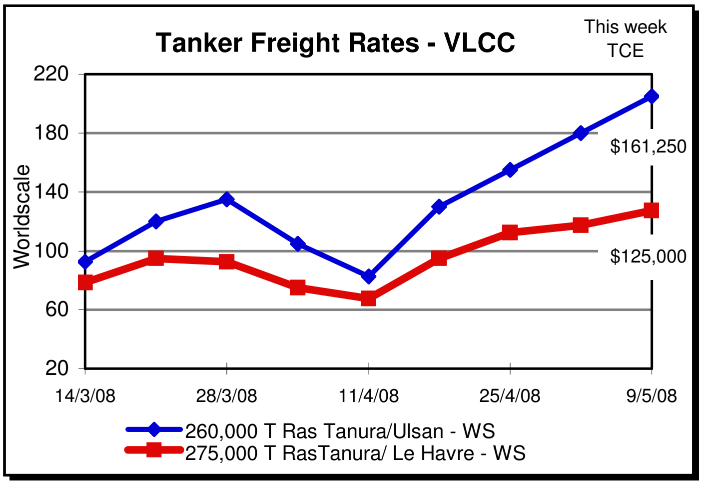
TANKER NEWSLETTER

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

N° 571 - May 9th, 2008

CRUDE



Number of stems covered:

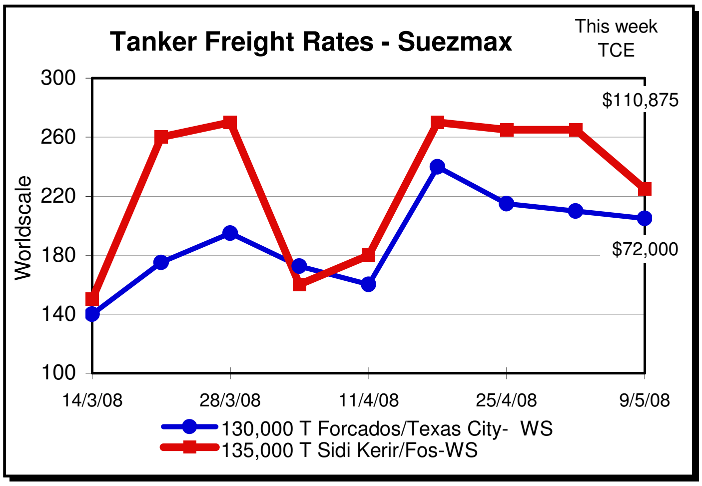
For May = 99
For June = 26

Number of ships till:

31st May = 14
9th June = 42

Public holidays in Europe and the Far East did not affect demand much in the Middle East Gulf, on the contrary… **VLCC** rates jumped by more than 20 points for Eastern discharge, breaking through the WS200 level for double hull units, which is in excess of US$160,000/day TCE. Meanwhile large single hull units were obtaining a remarkable WS160 for voyages for Eastern discharge. Voyages to the West have not been really tested for double hull units, except for one single hull vessel (!) which was fixed to discharge in Spain at WS120 (TCE about US$114,000/day). The tight supply of tonnage was mainly responsible for pushing charter rates to these levels and with less than 42 VLCCs (including 21 double hull units) available in the Middle East in the coming 4 weeks, one can anticipate a further strong increase in rates. The West Africa zone, after a quiet period in the wake of union-backed strikes and attacks by militants, should see an increase in Nigerian output as workers return to work at the Exxon facilities in the Niger Delta. Rates have stabilised around the WS157.5/WS160 level for US Gulf discharge, but the stronger Middle East Gulf alternative could attract some ballasters from an already limited position list.

VLCC MEG WS TREND : ↗



WAF Figures:

Number of stems covered:

For May = 54
For June = 0

Number of ships till:

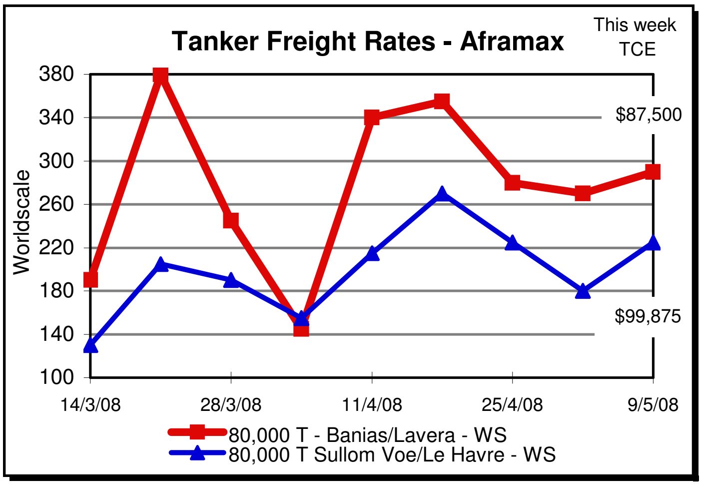
31st May = 20
9th June = 40

The **Suezmax** market was generally quiet throughout the entire week. Demand from the Black Sea was not an exception to this rule and rates came off slightly, although the lowest done was WS230 for a short voyage. The tonnage list is getting heavy with ships in prompt position, and there are very few mid-May cargoes remaining as charterers have already started to look at end-month stems, and rates are poised to reduce further. Today's rate is about WS220 for traditional Black Sea or cross-Med (daily returns in the US$110,000/day region), but untested. The West Africa market was quiet as well, as a number of cargoes got pushed back 10/15 days due to the earlier social disruptions in Nigeria. Rates never dipped under WS200 although the activity was slight but as VLCC rates continue to firm slightly, Suezmax rates could withstand the downward pressure and are presently trading in the WS205 region for USG discharge (TC return about US$72,000/day). Some tonnage remains available for end-May liftings but it remains unclear what will happen if demand only revives as a result of early-June stems, in which case rates should show some softness.

SUEZMAX WAF WS TREND : →

SUEZMAX MED WS TREND : →

Market Trends Market Trends Market Trends

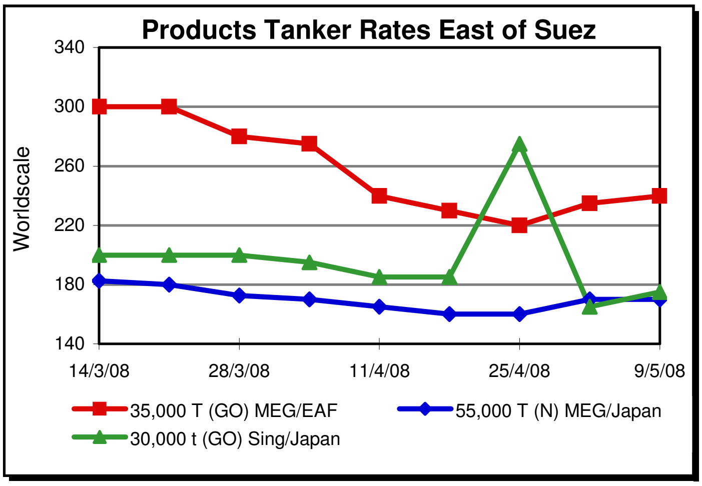


The **Aframax** rates in the West are up and rather stable in the East of Suez. After a quiet start due to 1st May celebrations and the bank holiday on Monday, the European markets revived quickly, taking the rates back up. The Med market dipped well below the WS200 mark, falling to WS160/WS170, on the back of plentiful spot ships, but increased demand for mid-month loading and further fears of strikes in France took them back to WS300 (over US$90,000/day TC return), a 140 point spread in just 4 days. The rates from the North Sea and Baltic also increased but to a lesser extent than the Med. North Sea cargoes fetched a firm
WS235 basis 80,000t (TC return over US$100,000/day) whereas Primorsk stems are still traded around WS195, but with end-month cargoes in play soon, these rates will continue on a rising trend. In the East of Suez, MEG rates for double hull tonnage remain around WS235 for a trip to the Far East, although they have lost a few points compared to last week.

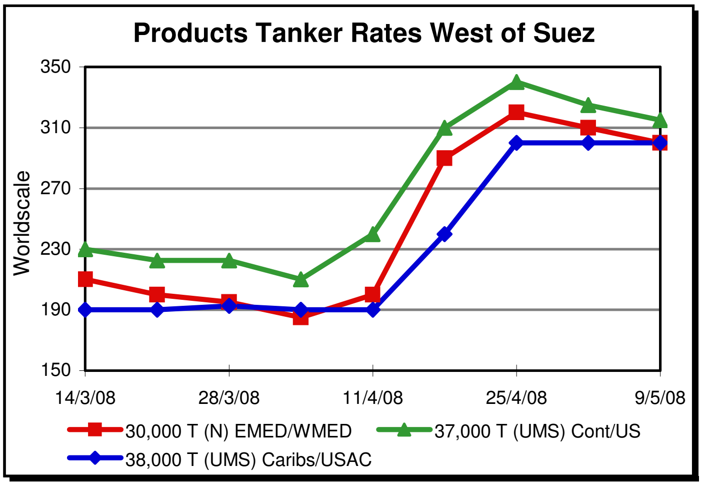
AFRAMAX NORTH SEA WS TREND :

AFRAMAX MED WS TREND :

PRODUCTS



In the East of Suez, the market remained flat. **LR2** maintained around WS140 for 75,000t MEG/Japan, while the **LR1** speedometer is frozen at WS170 for 55,000t MEG/Japan. The end of a golden week did not bring any improvement, and it will take some time for the market to absorb the number of units still available in a prompt position (more than 12 vessels). On the other hand, most cargoes are now surfacing off 20/30 May which will create upwards pressure in the market for end-May positions. The **MR** market started the week with the same tone as the previous week, but some quality units have fixed long-haul cargoes, which is creating pressure for fixtures in the medium term window. Hence 35,000t Jet MEG/UK Cont is on subs at US$1.4m, which is a US$150,000 hike from last done. Next week MR rates are expected to strengthen on the back of the re-immergence of long haul cargoes, draining the tonnage list.



The week was universally calm for the Med CPP market. Demand was steady but rather limited and the zone was definitely long on tonnage availability. Neither the Black Sea nor the West Med dominated in terms of demand, and activity was evenly spread. Freight rates came off even further from last week with cross Med at WS280 and Black Sea/Med at WS285 basis 30,000t cargo.

The clean market in North West Europe was quiet at the beginning of the week with Handy rates going down to WS275 basis 30,000t, both for cross and Baltic/UK Cont. A couple of UK Cont/West Africa cargoes were fixed on Handies above WS300 basis 33,000t. The end of the week was much more active, and the rates are already starting to go up a bit. Transatlantic destinations are still giving good returns to the owners, with 37,000t fixed at WS310 even if the rates are starting to go down slowly.

The clean MR Caribbean market was still at WS300 basis 38,000t Caribs/Up, and has been very stable now for two weeks.

The Handy fuel oil market maintained its upward trend with rates at WS295 cross-Med and WS305 out of the Black Sea, while cross UK/Cont was done at WS300.