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D'Amico says charterers eye fixing vessels on period contracts

Italian product tanker owner d'Amico says it will continue to take advantage of interest by oil majors and trading houses to fix its vessels on period charters. That way it can protect itself against any potential market correction later on

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by **Nidaa Bakhsh** | @LloydsListNidaa | nidaa.bakhsh@informa.com

"Unprecedented" spot levels were achieved in April due to floating storage needs, company says



D'AMICO IS AIMING TO FIX MORE PERIOD CHARTERS.

D'AMICO International Shipping, an Italian product tanker owner and operator, said it was aiming to take a balanced approach through the current "uncharted" territory amid the coronavirus crisis and its impact on markets.

Chief executive Paolo d'Amico said that while the company is benefiting from a strong spot market, if conditions are favourable, would like to "continue taking advantage of the interest from oil majors and leading trading houses to fix some of our vessels on period contracts, which are currently at profitable levels, in order to protect our cash flow from any potential market correction that might occur in the future."

He added that at the end of the first quarter and into this quarter, period rates had improved to levels "not seen for a very long time" with conventional medium-range tankers at more than \$20,000 per day, while eco-MR2's were earning \$1,000 more.

Spot levels also reached "unprecedented" territory.

Besides benefiting from increased demand for floating storage for both crude and refined products, its tankers were also enjoying lower bunker prices, combined with new arbitrage trades, often tied to long sailing distances, such as exports of naphtha from Europe and the Middle East Gulf to Asia, and jet fuel exports from China to the US Gulf, the company said in a statement.

Port congestion was adding to employment opportunities.

But, the large drop in demand for refined products due to the virus outbreak, and resultant build-up in inventories, was creating imbalances, which could negatively impact demand for its vessels from as early as the third quarter of this year, d'Amico warned.

The company reported a profit of \$1.5m in the first quarter versus a loss of \$5.5m a year earlier.

Longer-term, the company maintained a positive outlook for the sector as "underlying fundamentals continue to be strong" with a low orderbook.