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D'Amico chief sees strong market through 2023 and 'very positive' long-term fundamentals

Vessel supply will remain limited, while the existing fleet will have longer distances to cover, Paolo d'Amico says

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Tonne-mile demand set to increase by new refining capacity in India, China and the Middle East, while vessel supply will continue to be tight, according to D'Amico



D'AMICO: A POSITIVE 2023 BUT NEXT YEAR TOO EARLY TO CALL.

D'AMICO International Shipping expects the strong product tanker market to continue through the end of the year, while long-term fundamentals are “very positive”.

“I see a market which is sustainable through the year,” chief executive Paolo d'Amico said in an interview. “What’s going to happen next year remains to be seen because there are many variables.”

The Milan-listed owner and operator reported strong first-quarter results, achieving a net income of \$54.1m, compared with a loss of \$6.5m in the same period in the past year, while time charter equivalent revenues more than doubled from the year-earlier period to \$106.3m.

D'Amico said strong movements of cargo from the Far East to West Africa and Europe was creating an oversupply of vessels in the Atlantic Basin and a shortage in the Far East. While this is reflected in lower rates in the Atlantic and higher rates in the east, both are still robust by historical standards.

“We are talking about \$20,000 per day minimum in the Atlantic Basin, up to \$30,000 a day in the Far East. Now this is big money anyhow, even if it is a corrected phase. So, we cannot say the market is bad; it is not as good as it was a month ago, but that is a different story.”

Long-term fundamentals are also favourable, d'Amico said, as shifts in refinery capacity from where products are consumed to the Far East and Middle East will increase tonne-mile demand, while tonnage growth will be minimal.

“A lot of the fleet is being purchased by so-called, more dark or less dark fleet, run by Russians. Those ships will never compete with us again.”

D'Amico said there were already signs of a global slowdown in consumption, and while he expects a recession will take place in the Western economies, it will not be “as serious” and not long, either.

“There is still a lot of savings around and people who want to spend money.”

Spot time charter equivalent rates for D'Amico's tankers nearly tripled in the first quarter from the year-earlier period to \$36,652 per day, while 25.2% of its employment days were under period contracts yielding average time charter equivalent rates of \$26,367 per day. Its fleetwide time charter equivalent rate was \$34,056 per day, compared with \$13,796 in the same period in the past year.

D'Amico said the company would look for longer-term covers if the rates, charterers and coverage are attractive.

“At the end of the past year, we were very much [aiming for] six months' or 12 months' cover. If we can go longer today, we will do it. If it makes sense, of course.”

The company has several older vessels that it will have to dispose of “at a certain point”, d'Amico said, and while it is “certainly” looking to the robust sale-and-purchase market, it is not in a rush to sell.

“We will [only] do it if we really see the levels that we want, so for the moment, we are very happy with running them.”