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## D'Amico cites lingering concerns about oil demand recovery

*With a spike in new coronavirus cases, Italian product tanker owner and operator raises questions about the timing of an oil requirement rally*

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The company's chief executive tells Lloyd's List that it can manage through what may be a delayed recovery in the product tanker market



D'AMICO MADE A NET LOSS OF \$9.8M IN THE FIRST QUARTER OF THE YEAR COMPARED WITH A NET PROFIT OF \$1.5M IN THE SAME PERIOD A YEAR EARLIER.

Source: Bjorn Wylezich / Alamy Stock Photo

D'AMICO International Shipping, an Italian product tanker owner and operator, said it has “lingering concerns” about an oil demand recovery as coronavirus infections rise in some countries.

“There are still lingering concerns over the strength of the recovery in oil demand with the number of coronavirus cases globally having recently peaked because of surges in some European countries and in particular due to the accelerating contagion trends in populous countries such as India and Brazil,” it said in an earnings statement.

“Looking at India and Brazil, it is not helping us,” said the company's chief executive Paolo d'Amico.

“We will probably have to be patient for a few more months before seeing a proper recovery in the market but DIS is perfectly positioned to navigate through these difficult waters in the short term, while certainly looking at a bright future ahead.”

The market is expecting an oil demand recovery in the region of 5m barrels per day this year, with a refined products expansion of 6m bpd compared with last year, Mr d’Amico said, questioning whether this could realistically be achieved.

He is betting on a recovery in Europe “where more freedoms are allowed”, and the US, where people are driving more, rather than flying, which will require increased gasoline imports.

In addition, tonne-miles should increase because of a geographic dislocation as some refineries shut for good.

While Brazil has not been importing a great deal due to lockdowns, India may increase its exports as reduced domestic needs will lead to surpluses.

The company made a net loss of \$9.8m in the first quarter of the year compared with a net profit of \$1.5m in the same period a year earlier because of a “much weaker” tanker market.

Mr d’Amico is confident that the company can weather any protracted downturn in the market as it has a strong cash position.

Half the fleet is covered on short-term charters, ranging from six months to 24 months, which can be renewed, he said, adding that although the vessels may be fixed at lower levels, they were still reasonable.

At the end of March, the one-year time charter was at \$12,500 per day for a conventional medium-range tanker, while an eco-MR2 was assessed at a premium of \$2,000 extra per day.

The company may target the sale of a couple of older tankers should it see a deterioration in its financial position, Mr d’Amico said.