



A d'Amico tanker is seen at a refinery. Photo: d'Amico International Shipping

## Too hard to predict: Tankers could go either way amid Ukraine war, says d'Amico

Tankers see short-term gain in the wake of armed conflict but overall market picture is fluid and confusing, veteran owner says

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By [Harry Papachristou](#)  in **Athens**

Events in Ukraine are unfolding too rapidly for markets to make sense of, let alone allow for predictions, tanker player d'Amico International Shipping (DIS) said on Thursday.

“The impact of this war in our markets is still difficult to evaluate since the scenario is evolving quickly,” chief executive Paolo d'Amico said in the company's earnings release on 10 March.

The head of the Milan-listed company added, however, that he remained optimistic about market prospects in the “longer term”, amid [low orderbooks](#), [global post-corona economic recovery](#) and increased tonne-mile demand for vessels, as Europe replaces some of its Russian energy imports with oil sourced farther away.

### Rising rates

“When this thing [Ukraine upheaval] will be over, and we don't know when, we won't go back to the same bad levels we were before,” d'Amico told TradeWinds after the results release.

Ailing tanker markets were already showing some signs of improvement towards the end of last year.

“In fact, in the fourth quarter of 2021, despite a surge in Covid cases, global oil demand was substantially back in line with the same quarter of 2019,” d'Amico said.

The Ukraine upheaval helped tanker rates rise even further since — and not just in trades affected by sanction fears against Russia.

The 75,000-dwt DIS ship Cielo Bianco (built 2017) was fixed earlier this month by Brazilian company Braschem for six months at \$20,000 per day. In its previous employment the vessel was earning just between \$14,000 and \$15,000 per day.

“You don't have to go to Russia to get a better rate,” d'Amico told analysts in a conference call with analysts.

DIS, an owner and operator of 36 product tankers, currently doesn't go to Russian ports. “We don't want to take the risk,” d'Amico said.

The company also said it has no receivables outstanding from Russian companies.

### Discounted barrels to China

Opportunities of a different nature beckon for Russian or Chinese companies that will likely carry Russian oil to its new buyers in the Far East, the Italian owner estimated.

“I personally expect that Russia is going to sell discounted barrels of crude to China. China will probably refine that barrel and resell to us as diesel at the full price — it will be a hell of a big deal for the Chinese”.

Long-term impacts from the Ukraine conflict and any ensuing trade war might very well be a drag for tanker markets, d'Amico admitted.

"[The] potential for a reduction in the supply of oil is a source of concern," he said.

The influx of Ukrainian refugees to western Europe might also lead to a new surge of the coronavirus there, as Ukraine had low vaccination rates, d'Amico estimated.

Despite these potential negatives, the owner expressed confidence that the market "should enjoy good rates for quite a while" and that 2022 should be a better year for tankers than 2021, in which his company's loss widened.

DIS reported a net loss of \$37.3m in the year, compared to \$16.6m in 2020.

Excluding impairments and other non-recurring items, adjusted net loss for 2021 came in somewhat lower at \$29.1m, compared with a loss of \$22.5m in 2020.

((This article was updated since initial publication to include additional d'Amico comments))

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