

This copy is for your personal, non-commercial use. For high-quality copies or electronic reprints for distribution to colleagues or customers, please call UK support at +44 (0)20 3377 3996 / APAC support at +65 6508 2430

Printed By

D'Amico confident of product tanker market boost

Company says low supply growth will benefit rates

10 Nov 2022 | **NEWS**

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

Italian owner looking to increase its period cover to 20-30% from current 12-13% to lock in some of the strengthening rates as recession fears loom



D'AMICO RECENTLY TOOK FULL CONTROL OF ITS JOINT VENTURE PARTNER GLENDA INTERNATIONAL SHIPPING, A UNIT OF GLENCORE, GAINING 100% OWNERSHIP IN FOUR MEDIUM-RANGE TANKERS.

D'AMICO International Shipping, an Italian owner of product tankers, expects the market to remain strong for the foreseeable future as a shift in trade flows is expected to accelerate due to sanctions on Russian supplies.

Combined with that situation is the secular dislocation of refinery capacity further away from key consuming centres (Europe, US and Australia) to mainly the Far East and the Middle East, which will be extremely beneficial for product tankers' tonne-mile demand.

"Looking at the supply and demand equation, I expect the good times for some time," said chief executive Paolo d'Amico. "We expect an even stronger market next year as sanctions will increase tonne-miles, combined with low fleet growth."

He told Lloyd's List that new regulations from January will force ships to slow down, at least the older, less-efficient fleet, which adds another element to the shrinking supply picture.

Fleet growth is limited, at just 1.2% for this year and 0.5% for next year, the lowest on record, according to the company, while the orderbook to fleet ratio for medium-range and long range one tankers is at 3.1%.

In addition, more than 33% of the existing fleet is older than 15 years, which would be scrapping candidates, while very little ordering of newbuildings is taking place.

Mr d'Amico was not overly concerned by macroeconomic fears hurting demand as the market was "already so tight".

"Any potential decrease in demand in the US and Europe should be more than outweighed by an increase in consumption in Asia and especially in China, as it reopens its economy, and an increase in jet fuel consumption, which is rising fast and still needs to reach pre-pandemic levels," he said,

adding that trading inefficiencies and the ongoing shift of trade patterns, with the associated lengthening of trade routes will provide an additional significant support to freight rates.

If spot rates continue to strengthen, the company expects to increase its exposure in the period market to 20-30% from its current 12-13%, as charterers improve offers. A month ago, steep discounts were being offered, which was a disincentive given the rising spot rates.

Mr d'Amico said he was happy with the fleet size, after declaring options on two chartered-in vessels as a way of investing its cash.

The company has 36 vessels in its fleet, 19 of which are owned.

It recently took full control of its joint venture partner Glenda International Shipping, a unit of Glencore, for \$27.4m, gaining 100% ownership in four medium-range tankers.

The company posted net profit of \$43.6m in the third quarter of the year compared with a net loss of \$13.8m in the same period a year earlier, it said in a statement. It achieved daily spot rate of \$37,159 this year versus \$9,248 in the third quarter of 2021.

D'Amico chief says product tanker market is turning a corner

By Nidaa Bakhsh

11 Nov 2021

The Italian owner, which has sold one of its oldest vessels, says next year offers better prospects as vaccine uptake rises, allowing more people to start travelling again

[Read the full article here >](#)