Carlos Balestra di Mottola says asset prices can go higher for tankers Photo: G Morty Ortega/Marine Money

Booming tanker asset prices ‘can go higher in 2023’

D’Amico International Shipping says prices for secondhand and newbuilding tankers still remains below prices from 2009

31 January 2023 18:06 GMT *UPDATED 31 January 2023 18:06 GMT*

By Paul Peachey in London

The buoyant market for newbuilding and secondand tankers has further to rise as owners seek to exploit the prospect of high freight rates in 2023, Italy’s d’Amico International Shipping (DIS) said.

A string of new shipowners entered the sector in 2022 to tap into the lucrative market hauling Russian oil on longer-haul voyages, boosting prices second-hand prices with the newbuilding orderbook at a historic low.

Braemar warns product boom could turn into ‘damp squib’

Read more

But the company’s chief financial officer, Carlos Balestra di Mottola, said that asset prices remained well down on the last peak in 2009.

Newbuilding product tankers remained 19% below that peak, while five and 10-year-old tankers were 23% and 27% lower, he told investors during an online Capital Link presentation.

DIS, which has a fleet of 36 product tankers, has benefitted from the surging asset prices after exercising purchase options on two MR tankers before the spike in prices. The company has another four options it plans to exercise in the coming quarters, it said.

A low orderbook, recovering demand for oil products and the increased tonne-miles because of the impact of Russia’s invasion of Ukraine adds up to a healthy outlook for the sector, said di Mottola.

Rates have eased since the highs of late 2022 but di Mottola said that underlying conditions for the sector remained strong and he expected them to pick up after Europe bans seaborne Russian oil product imports from Sunday.

Time charter equivalent rates for MR tankers in the Atlantic have fallen from $75,000 at the start of December to around $10,000, according to the Baltic Exchange.

“There’s some element of concerns but if we look at the fundamentals we feel relieved because they seem to be just as strong as they were just a few weeks ago,” he said.

He said the dip in rates could be explained by bad weather affecting refinery runs in the US and the impact of the Chinese New Year.

Kirby's fleet sees big rate increases as bottom line jumps

Read more

He also suggested that traders may have increased shipments in December in advance of the EU oil products import ban from 5 February, which resulted in a quieter period in January.

"In the Atlantic, the market is still very weak," he said. "But we have good reasons to expect it to rebound very strongly especially as the European sanctions on Russian exports of refined products come into force on 5 February."

Insight Maersk Product Tankers D'Amico International Shipping Oil price cap Russia Ukraine

TRENDING TODAY

Law

Spain seizes 4.5 tonnes of cocaine after tracking livestock carrier for two years

Cruise And Ferry

World's oldest cruise ship, the Astoria, sold for recycling

Tankers

Khanna's Heidmar builds bulk carrier fleet after adding VLCCs and aframaxes