Bleak outlook for aframaxes

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The aframax-tanker market has entered a sustained bear cycle, says German bank DZB.

Utilisation rates are expected to fall significantly between 2009 and 2012. Unlike some of the other crude-tanker subsectors, which may weather a downturned by mid-2011, the aframax tanker sector is not expected to rebound at least until mid-2012," said the bank’s research scan.

Also, asset values are set to decline in line with reducing time charter rates, while prevailing values could slump by up to 30% from current levels.

DZB’s market outlook draws on raw data from sources including Clarksons and Delphi, says a report in the news.

Themaindriving force behind the market is the continuing decline in tanker demand, which will not pick up until 2011 at the earliest, with a cautious improvement expected in 2012.

The report goes on to say that the market’s net fleet is expected to recover to an estimated 5% from a current level of 2.5%. However, the report says that the market’s recovery is not expected to be strong enough to impact on the market’s utilisation rates.

The report also notes that the market is expected to continue to be dominated by vessels built before 2000, with a significant number of older vessels expected to be sold for demolition.

The report concludes that the aframax market is expected to remain weak for the remainder of 2009 and into 2010, with utilisation rates expected to decline further and asset values expected to continue to decline.