D’Amico remains positive despite wider losses

01 Mar 2018 | **NEWS**

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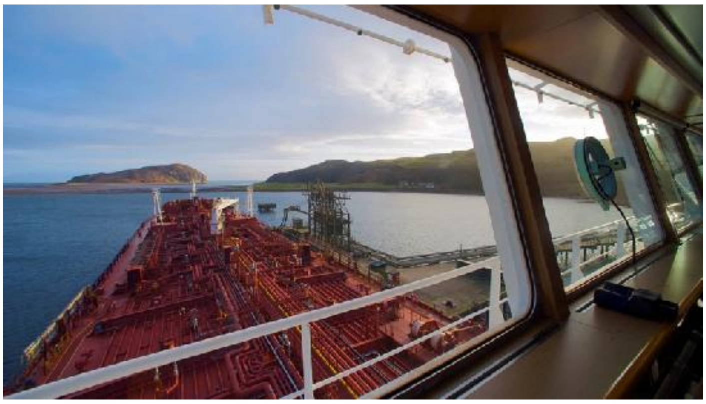
Product tanker rates will recover on low fleet growth and the completion of destocking, says chief executive Marco Fiori



D'AMICO'S PRODUCT TANKER ARM IS BULLISH ON MARKET RECOVERY. *Source: DIS*

D’AMICO International Shipping has maintained a bullish stance on product tanker markets, saying a rate recovery is arriving with low fleet growth and the forecast completion of product destocking.

"I am firmly convinced the product tanker market is finally heading towards a positive cycle," chief executive Marco Fiori said in the company's quarterly report. "All the fundamentals are pointing in the right direction, with all the variables aligned for rate improvements."

Data from the Milan-listed owner of handysize, medium range and long-range-one product tankers shows net fleet growth in those segments is expected to be 2.1% in 2018 and 1.7% in 2019, which are among the lowest in the past 15 years.

Also, Mr Fiori said the high level of product inventories seemed to be "finally coming to a more manageable level". The completion of destocking can often trigger more movements of products in seaborne trades.

"The global refining industry has undergone a structural shift during the past few years with refining capacity moving far from some of the key consuming centres and toward some of the main points of extraction, mainly in the Middle East," he added. "This trend has been driving ton-mile demand for product tankers and is expected to continue with new export oriented refinery capacity coming on line."

His optimism came despite DIS' full-year net losses widened to $38.1m in 2017 from $12.8m in 2016, plagued by weak freight earnings and impairment costs of $10.9m booked on three ships under sale negotiations.

The DIS fleet achieved average daily time-charter-equivalent rates of $13,150 in 2017, down from $14,534 in 2016.

Revenues grew to $391m from $347.1m amid fleet expansion, but the increase failed to make up for incremental voyage and time charter hire costs.