

Paolo d'Amico watching product tanker period market as rates get 'interesting'

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Shipowner Paolo d'Amico is keeping a watchful eye on the product tanker period market at a time charterers are showing an increased appetite for tonnage.

The d'Amico International Shipping chief executive is planning to have two thirds of the company's fleet trading spot ahead of IMO 2020 before locking in extra cover.

Milan-listed DIS will take delivery of its first scrubber-fitted tanker later this year and will look to get back to a more even balance in its employment as the upturn develops.

d'Amico says rates on shorter period charters are "not there at all" but for longer periods of around three years the market is "becoming interesting".

"There you are talking about bigger numbers and bigger takers because they have a more industrial view – like oil companies who need the ship for their own distribution system not traders who need to play the market," he said.

"In that case your ship goes at a premium as it's really needed in the system."

Fame and fortune

DIS had 46.4% time-charter coverage in the first quarter of this year but will take this down to around 35% by the "famous IMO 2020 period" in the final quarter of this year.

"We would like, once the market goes back to being reasonable, then we will certainly be looking for more cover and go back where we used to be at 50/50," d'Amico explained.

DIS today reported a first quarter loss of \$5.5m compared with a \$3.6m red figure in the same stretch of 2018.

It will take delivery of the final LRI in a series of six vessels from Hyundai Vinashin later this year.

The previous five sister ships have been fixed on period and d'Amico says the company does not intend to play the spot market in the sub-sector.

"We have a lot of interest also because she is scrubber-fitted," he said of the final newbuilding in a \$755m programme.

"There are many people questioning what we will do with her and there are many options on the table."

In DIS' first quarter earnings release, d'Amico said the company maintains a very positive outlook on the product tanker market, a view supported almost unanimously by industry analysts and key players.

"Demand for seaborne trade of refined oil products is expected to be strong in 2019, driven by a substantial increase in refinery capacity and by the new IMO regulations, which limit the sulphur content in bunker fuels to 0.5% from January 2020, further stimulating demand for our vessels, already from the second half of 2019," it said.

