

D'Amico says tanker demand hit by Middle East tensions

Italy's product tanker owner d'Amico International Shipping says the tensions in the Middle East have knocked demand at a time when sentiment is bullish, driven by the International Maritime Organization's low-sulphur rules

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

Aside from increased demand ahead of IMO 2020, the company expects an expansion in US oil-product shipments to Asia and Latin America



PRODUCT TANKER DEMAND IS EXPECTED TO ACCELERATE IN THE SECOND HALF OF 2019, SAYS D'AMICO.

THE Italian product tankers owner d'Amico International Shipping says the tensions in the Middle East have knocked demand.

“The recent incidents and seizures of ships in the Middle East are having a major effect on the market in that region, with inquiries and demand severely reduced,” the company said in a statement.

But product tanker demand is expected to accelerate in the second half of 2019, d'Amico says, driven by a surge in refining volumes and bunker inventory building ahead of the International Maritime Organization's low-sulphur rules.

Asian product imports are expected to exceed 9m barrels per day this year, according to d'Amico, with Southeast Asian countries such as Thailand and Malaysia especially seeing imports grow. Singapore too is experiencing higher imports as it is a key hub for processing and trading, says d'Amico.

The strength should continue into 2020, when demand growth for product tankers is expected to accelerate further, in part due to IMO 2020, but also as a result of an expansion in US shipments to Asia and Latin America, according to d'Amico.

Period rates and asset values have been rising “gradually”, the company statement adds.

D'Amico reported a net loss of \$18.8m in the second quarter versus a loss of \$16.6m in the year-earlier period.