

D'Amico posts loss in tough third quarter

Weak tanker market turns result red, but Italian owner says it still made a profit over the first nine months.

November 9th, 2016 13:27 GMT by Gary Dixon

Italian tanker owner D'Amico International Shipping (DIS) has fallen to a loss in weak third quarter markets.

The net deficit was \$7.5m, it said, compared to a profit of \$14.72m in the same period of 2015.

Revenue dropped to \$81.08m from \$111.66m the year before, with rates "extremely subdued".

CEO Marco Fiori pointed to a positive result over the first nine months, however: "I am rather satisfied about the \$6.1m net profit posted by DIS in the first nine months of the year, considering the very challenging market scenario experienced in the third quarter.

"In fact, following a strong Q1, the spot market softened in the second quarter and hit historically low levels in the following three months."

He added that the relative oil price stability has been putting pressure on refinery margins, with the consequent decline in their throughput and has been leading to a greater utilisation of petroleum product inventories.

In addition to this, a large number of newbuildings hit the market in the first nine months, increasing the global tonnage supply.

DIS's high level of charter coverage has "somewhat limited the negative impacts of this market correction," the company said.

"We are also expecting a gradual improvement in market conditions already in the following two quarters, which should benefit from a cold winter season expected in the western hemisphere".

The owner said the one-year perceived time charter rate is always the best indicator of spot market expectations.

In the third quarter, this number for an MR went from \$14,500 to \$13,500 per day.

The daily spot rate was \$14,528 in the first nine months, as opposed to \$19,739 in 2015.

The third quarter spot rate was \$10,101, down from \$21,219 the year before.

Term contracts accounted for 47.3% of fleet days in the first nine months, at an average daily rate of \$15,959, up from 45.1% and \$15,129 respectively.

TRENDING TODAY

- 1 Fredriksen firms confirm VLCC sale**
Veteran tanker secures more than previously thought from storage buyer.
- 2 Oversupply dampens chemical market outlook**
China's reduced demand and increasing domestic production also set to impact sector, says Drewry.
- 3 American Shipping returns to profit**
Oslo-listed tanker owner benefits from a drop in interest payments in the third quarter.