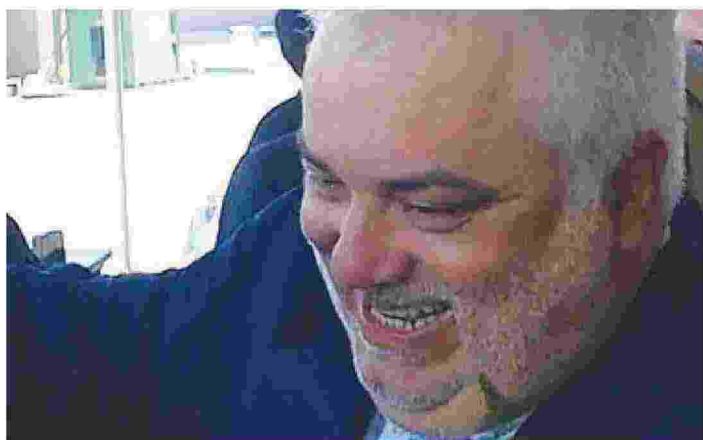


Lloyd's List

D'Amico climbs products 'ladder' but is not tempted by crude carriers

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Fiori: High volume of movements on VLCCs is a good indicator of a strong market for products.

Specialist nature of product tankers requires full attention, rather than the distraction of diversification, Italian owner says

D'AMICO Tankers' six long range one product tanker newbuildings on order show the company is 'moving up the ladder' in terms of tanker size, but it will stop short of diversifying into crude tankers, the company's chief executive Marco Fiori told Lloyd's List.

Traditionally a handysize and medium range product tanker specialist, Milan-listed **d'Amico** made its debut in the LR1 segment this year, ordering two LR1s in April at the Hyundai-Vinashin shipyard.

The rationale was that voyage distances are growing as new refining capacity opens in the Middle East and shuts in Europe, requiring larger tankers to carry cargoes long-haul. "It's a totally different picture," AtlasInvest chairman Marcel van Poecke told Lloyd's List on the sidelines of the Oil & Money conference in London.

Intent on cashing-in on this development in the product tanker market, Mr Fiori's orders rose from that initial two to now six 75,000 dwt LR1s to be delivered in 2017 and 2018.

"We're moving up the ladder," he told Lloyd's List, clearly excited by the shifting global trade dynamics for product tankers.

Although spot earnings for LR1s on the Middle East to Asia trade are now down at \$12,730 per day on the Baltic Exchange's index, the average so far this year stands at a healthier \$25,422 per day.

The Europe to US gasoline spot trade on MR tankers is thus far averaging \$19,852 per day, Baltic Exchange data shows.

"2015 should be a good year," said Mr Fiori.

However, he said he was not tempted to diversify into crude tankers — a market that has shown exceptional improvement over the last year, very large crude carrier earnings rising back up to more than \$100,000 per day at the start of this month.

The specialised nature of product tankers, where only around 10 yards globally can build them, and the changing nature of the market, requires full attention, he explained.

Nevertheless, he acknowledged that there is a clear overlap, given that oil movements dictate refining activities.

"High volume of movements on VLCCs is a good indicator of a strong market for products."

So, there will be no diversification away from products at this stage — and no plans to move even further up the product tanker ladder in terms of vessel size.

"Rome wasn't built in a day," said Mr Fiori, when asked if larger long range two product tankers could be next on the company's wish list.

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