

# Italian tanker carrier hit by a record low spot market

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Italian product tanker carrier d'Amico International Shipping emerged from the latest quarter with a red bottom line. The CEO is satisfied with the positive result for the first nine months of the year, which culminated in a historically low spot market.

Tanker carrier d'Amico International Shipping (DIS), which is headquartered in Rome and listed on the Milan stock exchange, can thank its traditional focus on long term contracts for its significant USD 6.1 million profit in the first nine months of this year.

The carrier came out of the third quarter with a deficit of USD 7.6 million relative to a positive result of USD 14.7 million in the same quarter of 2015, shows the Italian company's [quarterly report](#) Wednesday.

TC (time charter) landed at USD 58.5 million against USD 85 million in the third quarter of 2015, while the company's cash flow on operations rose to USD 17.9 million from USD 9.3 million last year.

The improved operating result is primarily traced back to the carrier's traditional focus on long contracts, which protected d'Amico International Shipping against what CEO Marco Fiori describes as a historically low spot market for product tankers in the third quarter.

"I am rather satisfied about the US\$ 6.1 million net profit posted by DIS in the first nine months of the year," says Fiori in the report.

"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 utilization of petroleum product inventories. In addition to this, a large number of newbuildings has hit the market in the first nine months of the current year, increasing the global tonnage supply."

## Below expectations

The result is below expectations, writes Pareto in a comment. The Norwegian analyst firm had expected a deficit of USD 3.8 million, due to the fact that the quarter was characterized by the lowest spot rates ever for DIS while the carrier's average charter rates were record high: around USD 10,000 per day for spot and USD 16,100 for charter contracts.

Pareto maintains its buy recommendation of d'Amico International Shipping at the price of EUR 0.39 but emphasizes that the market for product tanker is characterized by major uncertainty and has developed worse than expected. The prognosis for the fourth quarter and 2017 will therefore probably be adjusted for all market players.

The CEO, however, is confident about the long-term outlook for the market.

"I believe the product tanker market has still strong underlying fundamentals. I refer in particular to the trend of refineries moving away from main consuming regions, which will increase the ton-mile demand, and to a historically low fleet growth expected for the years to come, with virtually no new ordering activity," says Fiori.

He expects a gradually improved market as soon as the coming two quarters, where a cold winter season is expected to support a market for transport and petroleum products.

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