



Alam Maritim In The News

Media: The STAR

Date: Monday March 23, 2009

## Operators not worried over slim rate slide forecast

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DAILY charter rates of offshore support vessels (OSVs) may fall by 10%-15% this year due to the uncertainty in the oil and gas (O&G) sector.

According to AmResearch in its latest O&G sector update, the average daily charter rates this year may return to 2007 level of between US\$1.70 and US\$1.80 per brake horse power (bhp).

But, the forecast on the slim rate slide this year may not be too detrimental to OSV players as the rates had previously undergone significant increases over the last two years.

The report said that from its checks with the sector players, the average daily charter rates rose between 11% and 25% last year against 2007, with the strongest increase recorded for anchor handling tug and supply (AHTS) vessels.

It added that contracts signed for 5,000-bhp range AHTS vessels last year were at daily rates of US\$2 per bhp versus US\$1.60 to US\$1.80 per bhp in 2007.

AmResearch also told *StarBiz* in an e-mail that the current daily charter rates were still holding strong at US\$1.80 to US\$2 per bhp for a 5,000-bhp AHTS vessel.

For Malaysian OSV operators, we believe that current charter rates are still holding up at last year's level despite the negative outlook on the sector, said the research house,

acknowledging that Petroliam Nasional Bhd (Petronas) continued its support for local OSV companies.

But realistically, we do not feel that Petronas will be willing to award contracts at previous levels (US\$1.80 to US\$2.10 per bhp).

This is due to rates that are already showing weaknesses elsewhere and the weak oil price that may actually force Petronas to phase out its capex over longer periods although the oil major does not plan to reduce its capex,+said the report.

For example, the North Sea charter rates have been slashed by 33% in January on a month-on-month basis for 8,000-bhp range of vessels.

The report said that while OSV operators such as Tanjung Offshore and Alam Maritim had vessels that had mostly secured long-term charters until 2011 or 2012, the research house expected lower charter rates for new deliveries of vessels this year.

It added that there were fears that new construction of vessels would lead to an excess supply in the market and result in charter rates declining.