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- Tanker owners in confident mood the party will continue



Tanker owners in confident mood the party will continue



By [Barry Parker](#) from Miami

Confidence abounded over the tanker market prospects from owners and pool operators at Cargo Conference hosted by the Association of Ship Brokers and Agents (ASBA), in Miami.

Enjoying the sun at the ASBA conference in Miami

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Panelists Robin Heath, from pool operator Gemini Tankers and Jonathan Jackson, from Mjolner Shipping, both agreed, with Jackson saying: "Owners' confidence is high; they won't accept less than last done rates."

Peter Lorusso, from Stena Bulk, emphasized another key element of the market, telling the 300 plus conference attendees that "Lower oil prices bring more volatility; there are more opportunities for traders." Mjolner's Jackson added that lower oil prices could bring about more storage plays, and support strategic stockpiling of oil by China.

Jason Klopfer's panel also considered the supply side of the equation, with the panelists unanimously "not frightened" by the vessel orderbook, saying that deliveries looming in 2016 and 2017 would be absorbed into the market. Jackson, from Mjolner, described the market for crude tankers in 2016 as being "pretty balanced."

Gemini Tanker's Heath pointed out that vessel owners are seeking assets that can be readily and quickly deployed into the strong market - rather than waiting two years for delivery of a newbuilding. Bart Kelleher, who had noted that "capital market investors still need some convincing of the market's staying power" cautioned that excess capacity at shipyards could be a concern in the future, calling it "something to watch".

Two other speakers offered relevant perspectives. In a late morning conference session, Marsoft's Arlie Sterling, a well known economist, provided a view that oil prices may remain between \$30 - \$50 per barrel for some time, a "new normal" which becomes accepted by the markets. In a slide describing the pro's and con's of shipping investments, tankers showed a base case of -1% (for a 5 year old fleet financed with all equity), reflecting high asset prices of Q3 2015- bid up by the factors described by Heath. This contrasts with positive results for the battered dry bulk and container sectors.

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