GAS REPORT 39 2011

"The pessimist complains about the wind; the optimist expects it to change; the realist adjusts the sails."

September 30th, 2011

VLGC

Freight rates are still climbing, albeit not as quickly as back in June 2008 and still not as high, but steadily. There are not many ships left for October loading. Heavy weather delays in the Far East in addition to VLGCs on short time storage and vessels ballasting back from the Western Hemisphere, which adds ton/mile demand, should maintain VLGC freights at firm levels short term.

West of Suez we have seen little activity except for two CoA nominations out of West Africa. There are additional VLGCs employed on short term storage with unsold cargo onboard. The vessels fixed from East to West will all most likely ballast back East.

Pertamina signed for their first 84' cbm VLGC from HHI for delivery 4th quarter 2013 this week. With no brokers involved it is difficult to get the price confirmed, but our understanding is region of US$ 79/80 million.

NH3

In the US, the October contract price for Cfr Tampa was settled this week at US$ 650, US$ 60 up from September. However, with Yuzhnyy prices level with the US and firm Midsize freight rates the arbitrage from Black Sea is effectively closed. Yuzhnyy sales were concluded at US$ 650 Fob for late October and early November loading, up by more than US$ 60 from last week. East of Suez prices are continuing to rise and one cargo was sold this week for early November loading at US$ 575 Fob.

The 30 % reduction in gas supply to the Trinidad ammonia plants in October should imply a reduction in output of about 120,000 tons and provide further price support to FSU product from Black Sea and the Baltic.

The September line-up in Yuzhnyy look set to total about 250 000 tons, while October already stands at 285 000 tons.

HANDY

This week was a repeat of last with very limited spot activity. Petchem cargoes are still available in the ARA region although vessels will have to ballast in to cover these requirements. The outlook remains strong with high employment and firm rates and this trend shows no signs of abating in the short term.

COASTER

Delays are still having a marked effect on ship availability, especially in the ARA region. The perception of length has abated somewhat relative to last week as owners are experiencing uncertainties in terms of their contract schedules. An increase in activity has been seen in the spot market. One oil major had three requirements during the week.

LPG

In NW Europe prices for propane eased over the week. Sentiment in propane was generally weak, weighted down by limited end user demand through the first half of October. Butane prices firmed towards the end of the week, supported by higher naphtha prices.

Saudi Aramco released the October CP with the new values set at 735 for propane and 815 for butane, down 55 and 50 respectively from September. Activity was muted as the market participants were figuring out how to react to the new numbers. October Fob cargo prices firmed with the gradual reduction in the surplus of spot cargoes east following a number of fixtures West over the last couple of weeks.

In Asia both propane and butane prices moved up, reacting to the reduction in the surplus of Middle East Gulf spot cargoes. There was renewed buying interest from China. Butane premiums over propane widened. The Far East Index swaps saw the contango of November over October widening to US$ 30.

The US NGL's market saw both propane and butane prices moving higher reacting to tight US propane stocks and firm demand for butane from the blending sector.

LNG

US gas prices moved up to US$ 3.8786/mmBtu from US$ 3.7204 last week. In the UK day-ahead price fell to 48.01p/therm, equivalent to US$ 7.53/mmBtu compared to 57.58p/term last week.

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A Qatari oil and gas company is interested in participation in the Yamal LNG project in the Russian Arctic. The project, implemented by Russia's largest independent gas producer Novatek and France's Total, to produce LNG on Yamal Peninsula in the Russian Arctic is estimated at $15-20 billion and envisages the development of the giant Yuzhno-Tambeiskoye gas condensate field and the construction of a LNG plant. Novatek also plans to build a sea port in the Sabetta village in Yamal and an ice-class tanker fleet.

BG Group announced today it has signed a Heads of Agreement with Gujarat State Petroleum Corporation for the long-term supply of up to 2.5 million tonnes per annum of Liquefied Natural Gas (LNG). The HoA sets out the basis on which BG Group proposes to sell the LNG volumes to GSPC for up to a 20-year period beginning as early as 2014. The LNG volumes will be sourced from the Group's global supply portfolio.

Chevron Corporation announced that its Australian subsidiary will proceed with the construction of its Wheatstone Project in Western Australia. The foundation phase of the Wheatstone Project is estimated to cost US$29 billion (AU$29 billion) and consists of two LNG processing trains with a combined capacity of 8.9 million tons per annum (MTPA), a domestic gas plant and associated offshore infrastructure including the processing platform, subsea equipment, drilling and an export trunkline. First gas is planned for 2016. The Wheatstone Project was granted final Federal Government approval for a 25 MTPA LNG development, paving the way for future expansion opportunities.

Keppel Shipyard Ltd has secured a contract to convert Liquefied Natural Gas (LNG) Carrier to a Floating Storage Unit (FSU). The contract is for the fast-track conversion of the LNG carrier Tenaga Empat into a FSU for Malaysian customer MISC. When completed in 2Q 2012, the FSU will have a storage capacity of 130,000m3 and operate in the newly-developed Melaka LNG Import Terminal.

Fixtures

SPOT							
VESSEL	CBM	MT	CARGO	LOAD/DISCH	LAYCAN	RATE USD	CHARTERER
VLGC							
Venus Glory	83'	44'	LPG	MEG/East	2-3 Oct	70.50	Shell
Kobai	82'	44'	LPG	MEG/Opts	2-4 Oct	71	Itochu
Capt. John NP	81'	44'	LPG	MEG/Opts	8-10 Oct	RNR	CNR
Hellas Glory	82'	44'	LPG	MEG/Opts	10-12 Oct	70	Gunvor (old)
Maersk Visual	82'	44'	LPG	MEG/Opts	12 Oct	71	Itochu
Reimei	79'	44'	LPG	MEG/Opts	12 Oct	71	Itochu
Iris Glory	84'	45'	LPG	MEG/Opts	15 Oct	RNR	CNR
BW Princess	82'	44'	LPG	MEG/Opts	22-24 Oct	Abt 72	Glencore
Gas Diana	79'	44'	LPG	MEG/Opts	25 Oct	73	CNR

Sub 25'000							
Lady Hilde	3'5	1'6	PROP	Pembroke/Leixoes	25-26 Sep	RNR	Stasco
Gas Cerberus	5'	1'6	PROP	Pembroke/Lisbon	28-30 Sep	RNR	Ryttsa
Luke	3'3	1'6	PROP	Stenungsund/Gdansk	Ely Oct	RNR	SHV
Deltagas	3'4	FC	PROP	Flotta/Dunkirk	1-3 Oct	RNR	ETS
Lady Hilde	3'5	1'65	RGP	Sines/Terneuzen	1-3 Oct	RNR	Sacor
Saargas	3'5	1'2	ISOBUT	Kaarstoe/Port Jerome	3-5 Oct	RNR	ExxonMobil
Nordic Gas	20'7	12'	ISOBUT	Kaarstoe/Marcus Hook	13-15 Oct	Abt 1.5mill LS	Sun

TIME CHARTER

VESSEL	CBM	BUILT	TRADE	DELIVERY	PERIOD	HIRE US$	CHARTERER
Stolt Avance	82'	'03	LPG	6-8 Oct, Yanbu	Short TC	HNR	Naftomar

SALE & PURCHASE/NEW BUILDING/DEMOLITION

VESSEL	CBM	BUILT	DETAILS	PRICE	DELIVERY	OWNER	BUYER/YARD
Pertamina TBN	84'	'13	VLGC	79-80 mill USD	Q4 2013	Pertamina	HHI

Rates

The Baltic Exchange LPG index				
44'LPG Ras Tanura/Chiba		**Last Week**	**This Week**	**Trend**
Weekly Baltic average	(US$/pmt)	69,98	**70,81**	Firming
Baltic TC Equivalent	(US$/pcm)	1 544 390	**1 565 204**	Firming
	(US$/pd)	50 769	**51 453**	Firming

12 months Time Charter - Indicators				
	Last Week (US$/pd)	**This Week** (US$/pd)	**This Week** **(US$/pcm)**	**Trend**
3.200 cbm S/R	9 040	9 040	**275 000**	Steady
3.500 cbm P/R - East	7 890	7 890	**240 000**	Steady
3.500 cbm P/R - West	8 711	8 711	**265 000**	Steady
5.000 cbm P/R	10 191	10 191	**310 000**	Steady
6.500 cbm S/R	14 793	14 793	**450 000**	Steady
10.000 cbm ETH	19 724	19 724	**600 000**	Steady
20.000 cbm S/R	23 833	23 833	**725 000**	Steady
35.000 cbm	23 011	23 011	**700 000**	Steady
60.000 cbm	26 298	26 298	**800 000**	Steady
82.000 cbm	28 764	28 764	**875 000**	Steady

Product & Prices

	Propane usd/pmt	Change from last week	Butane usd/pmt	Change from last week
NWE				
FOB Seagoing Small	805,00	1,86 %	859,00	-4,89 %
CIF Seagoing Small	861,00	1,74 %	882,00	-4,76 %
US Mt Belvieu				
Non-LDH	795,44	1,48 %	841,09	1,61 %
NWE Propane Swaps				
Q1 forward	817,00	1,47 %		
Q2 forward	825,00	-0,61 %		
MEG				
Contract Price	735,00	-6,96 %	815,00	-5,78 %
Japan CFR	711,50	-7,31 %	861,50	0,35 %
NG and Crude				
NG, NYMEX	3,75	-0,08 %	usd/mmbtu	
WTI, Crude - Spot	81,25	0,26 %	usd/bbl	
				Various Sources (average values)

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