

Date: Feb 14, 2003
(Tradewinds)

Number-crunching is no match for being on the ground and the finance panel [NACC/HACC Joint Shipping conference (New York)] was glad to defer to audience member Per Heidenreich for some advice on where tanker rates might go next.

Heidenreich's company has longstanding ties to the Venezuelan market and the Norwegian-American was the first to agree with the bankers that Venezuelan oil production is likely to take longer than generally expected to come back to full-throttle -- a trend that would be good for smaller tankers.

But in the VLCC market, Heidenreich predicts resolution of the Iraq situation will usher in hard times. Uncertainty over Iraq is unnaturally inflating freight rates, he says.

"When the war is over, oil prices and shipping rates will plummet. Then it's back to business as usual with a very poor economy," he warned.

Overall, Heidenreich is "pretty pessimistic", predicting the second quarter of the year will be good but thereafter that rates will take a turn for the worse.

The "joker in the pack" is EU legislation and the impact of the Prestige, he adds.