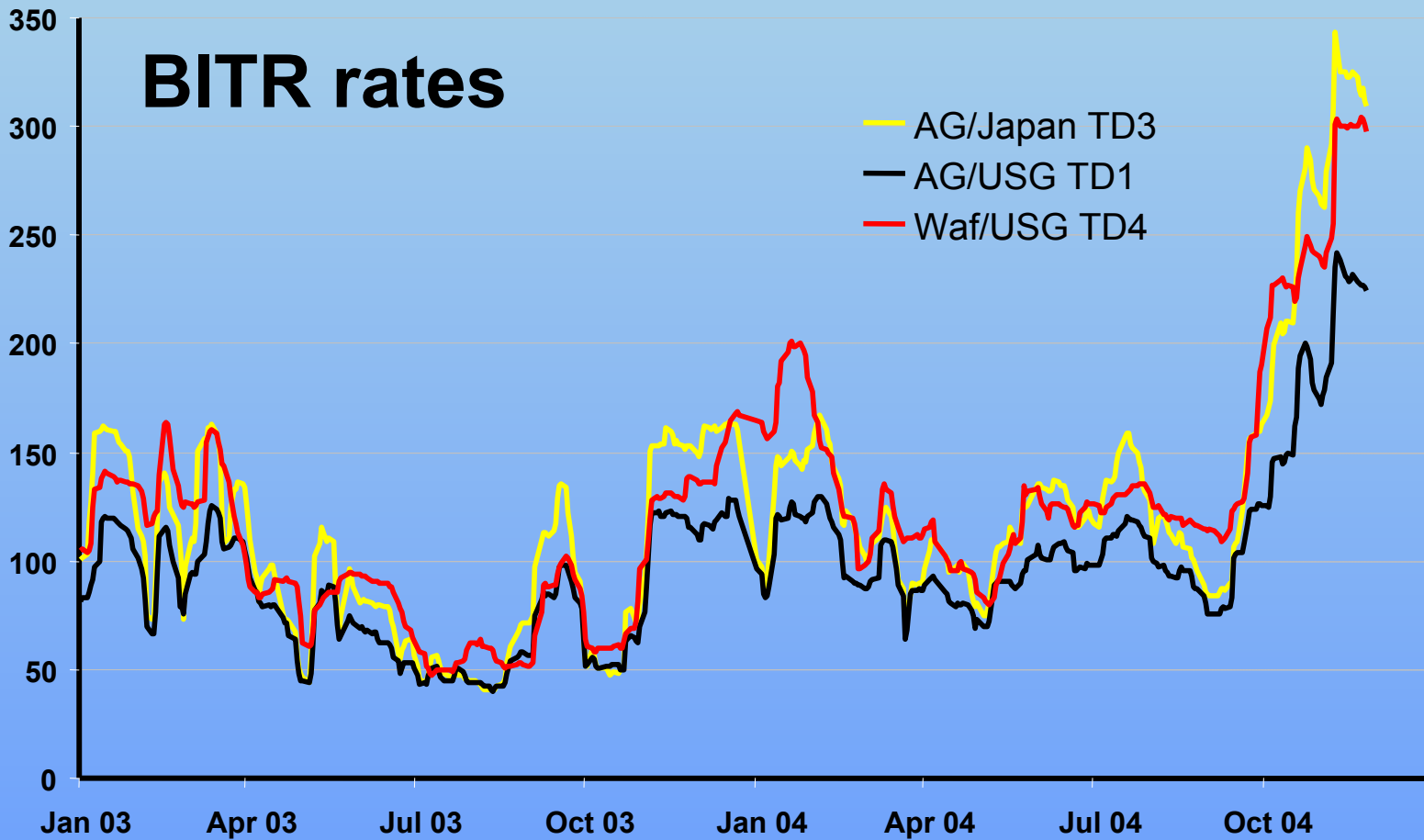


FORTIS BANK
8th ANNUAL SHIPPING
CONFERENCE

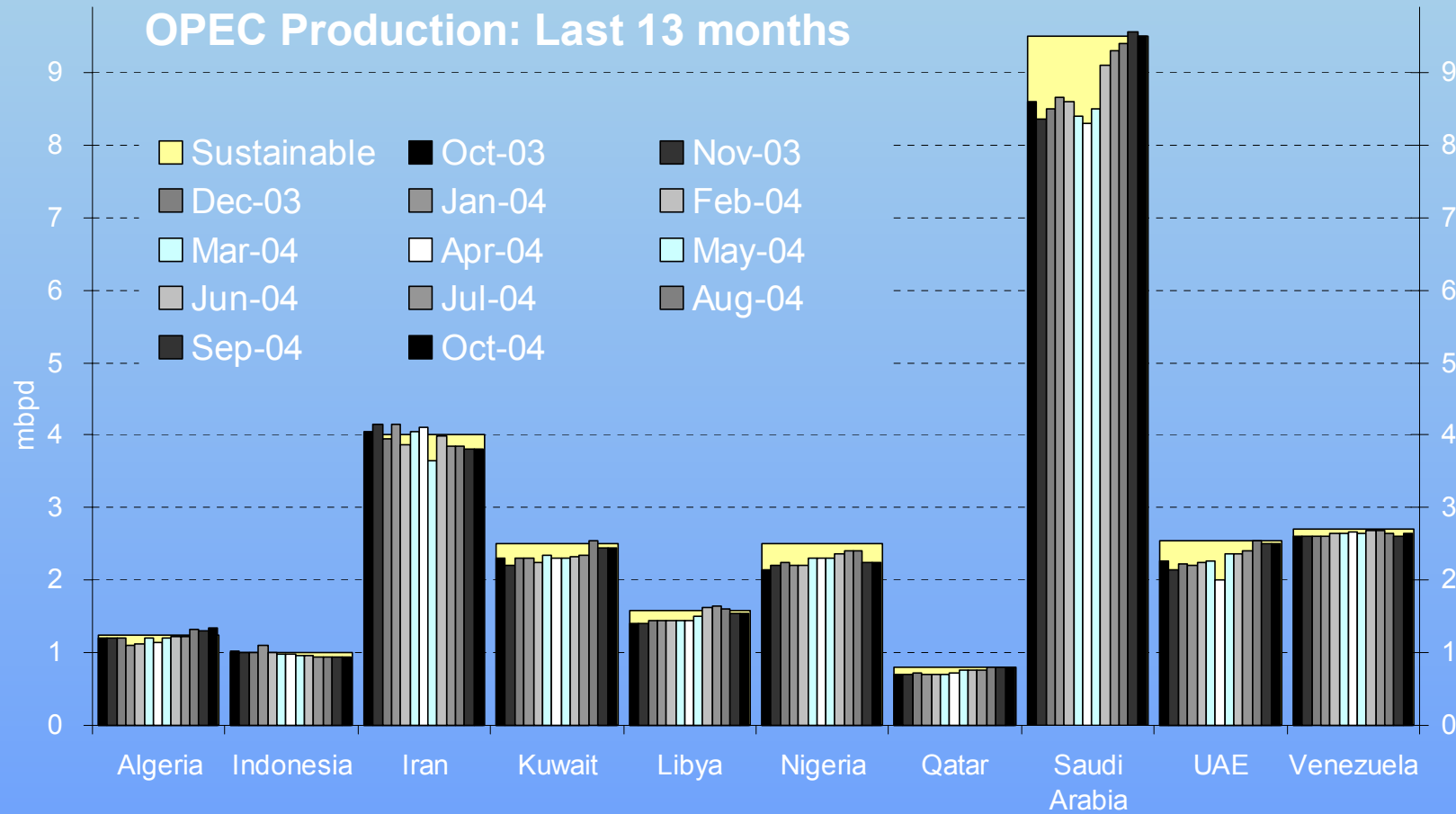
ROTTERDAM
2nd December 2004
“WHY WORRY?”



Feeling Dizzy?

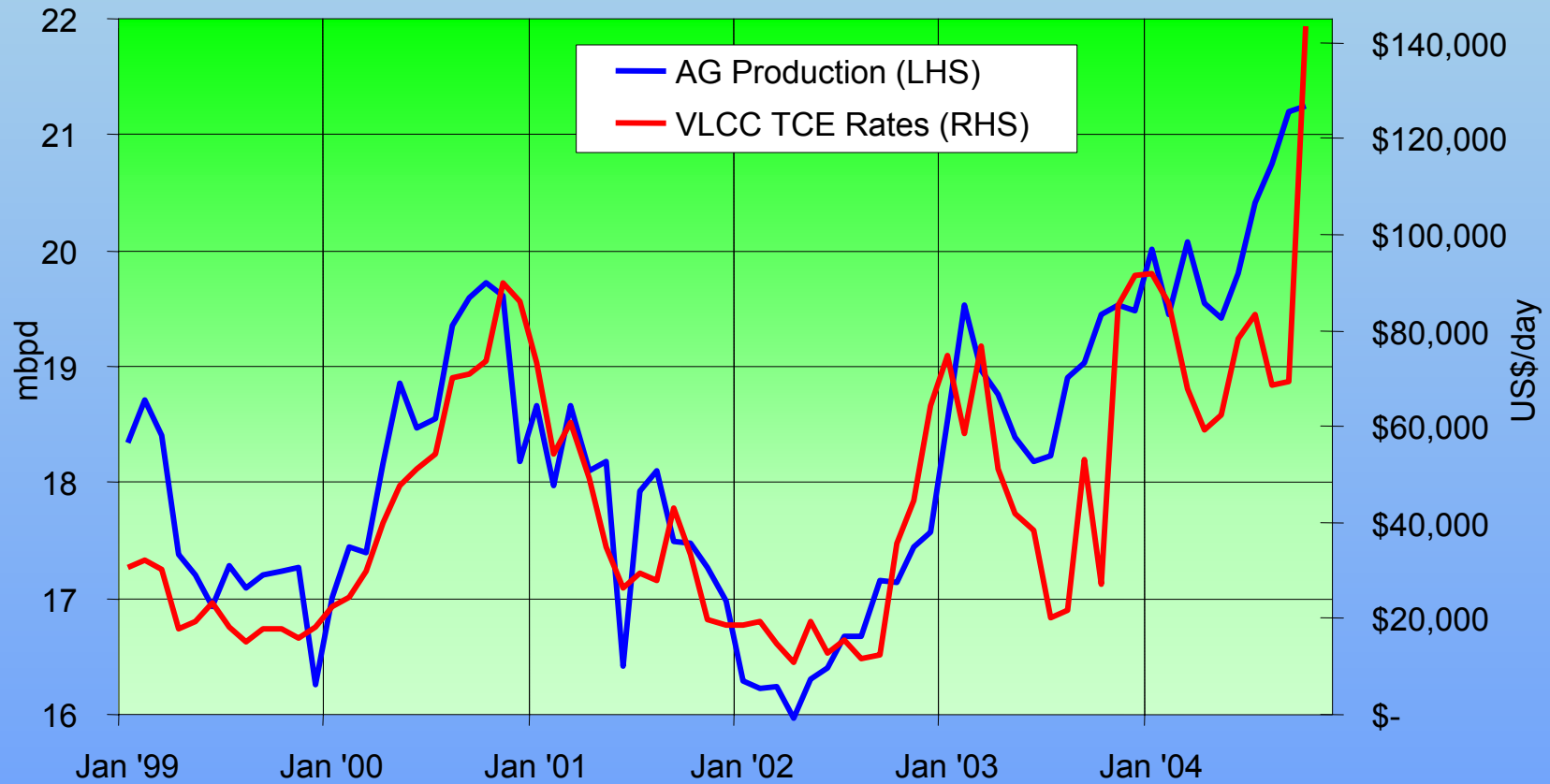


OPEC Production

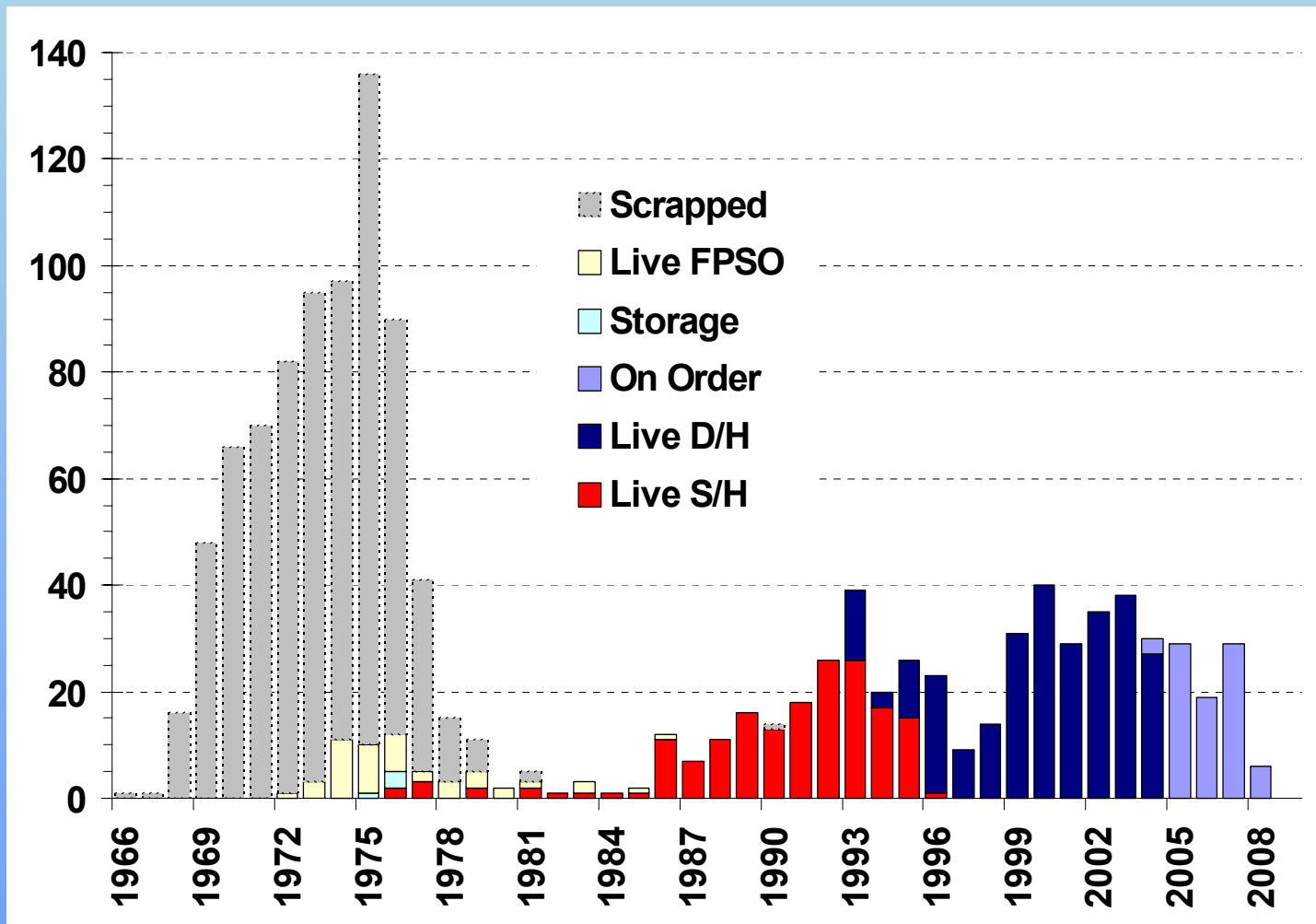


Correlation

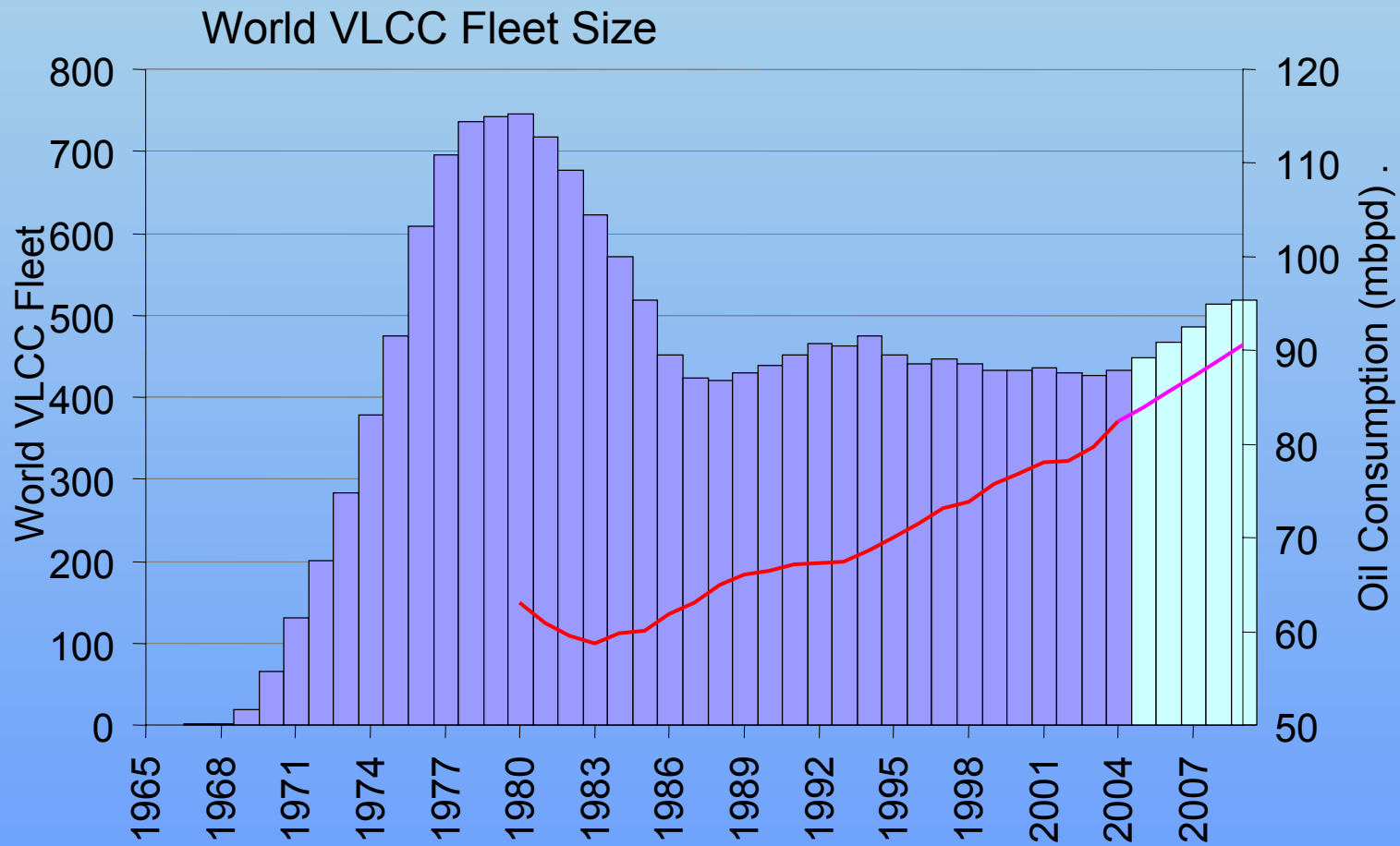
AG Production excl. Iraq Ceyhan exports vs VLCC Rates



World VLCC fleet profile

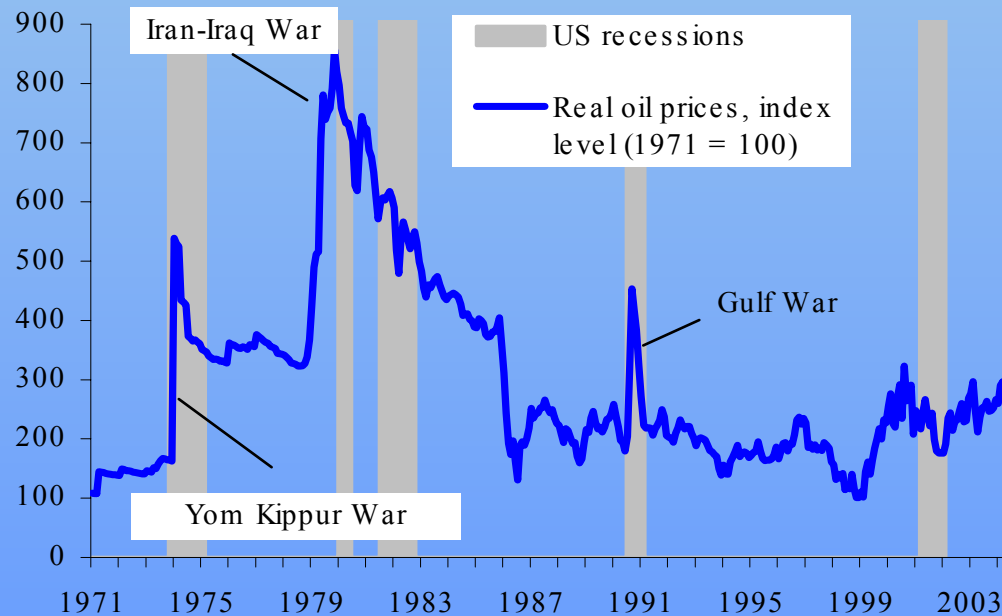


World oil consumption



Energy crisis? What crisis?

- In real terms, the crude oil price is still below levels that were hit during previous energy crises.
- Oil prices would need to reach between USD50-55/bbl to be equivalent to the 1990 peak.
- For real oil prices to reach their 1973 and 1979 levels, nominal prices would need to rise to USD60/bbl and USD100/bbl respectively.



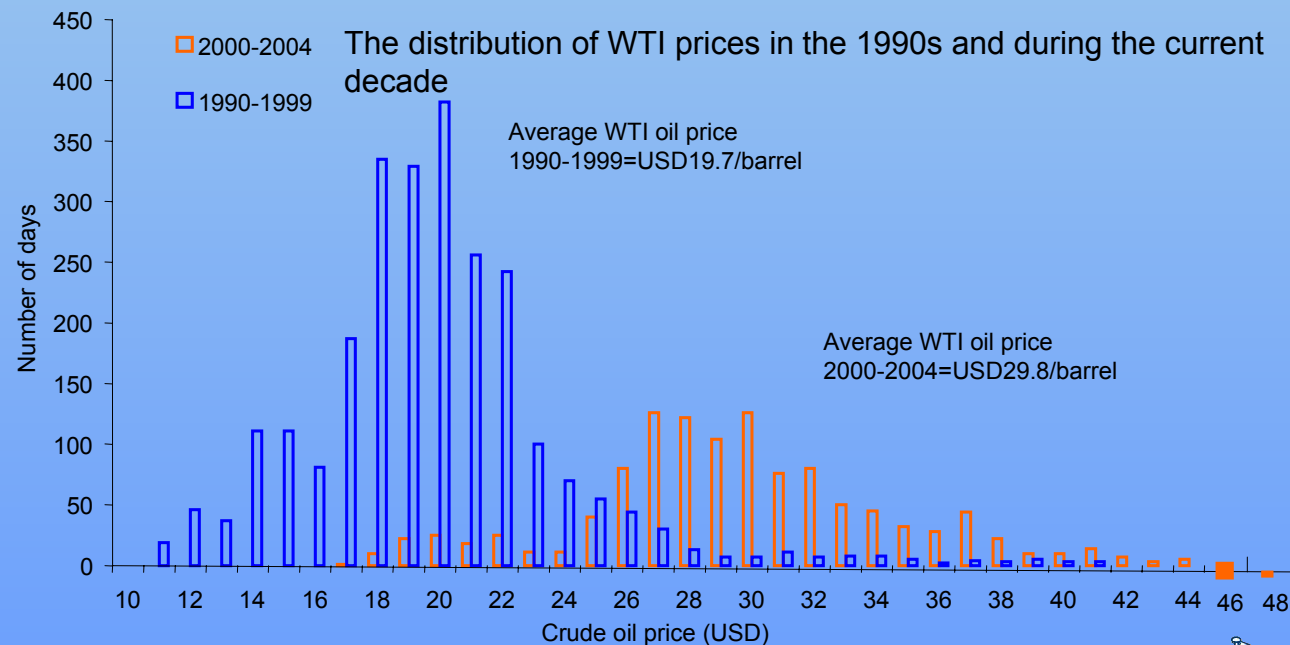
The Brave New World

- The forces that kept oil prices low in the 1990s have been moving in reverse during this decade:
 - The US dollar has been falling and this is affecting OPEC's pricing behaviour
 - Rising geopolitical risk and its impact on supply and demand
 - The emergence of China and India as the new commodity consumers has skewed oil demand growth to the upside

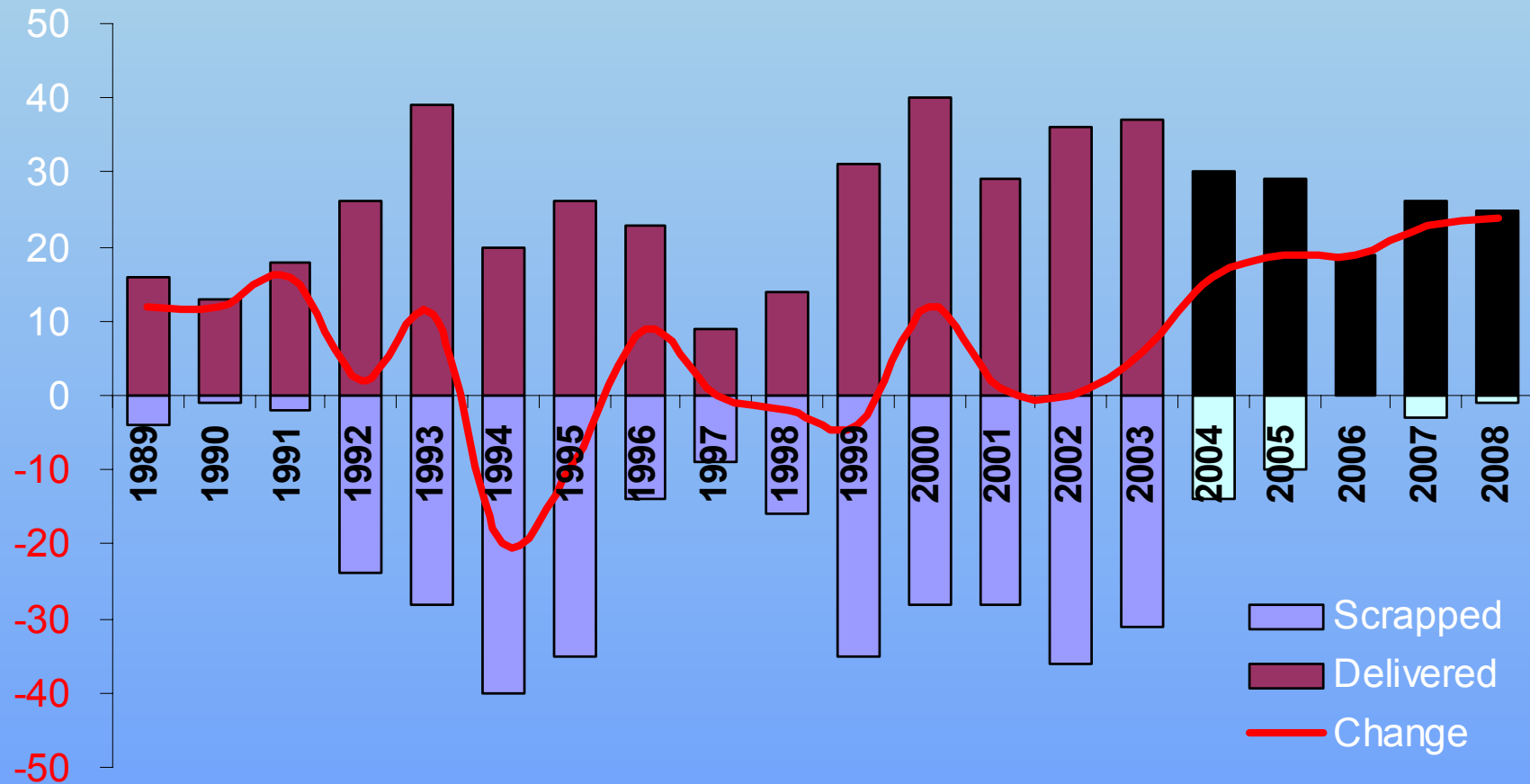


Higher Oil Prices & The Impact on Global Growth

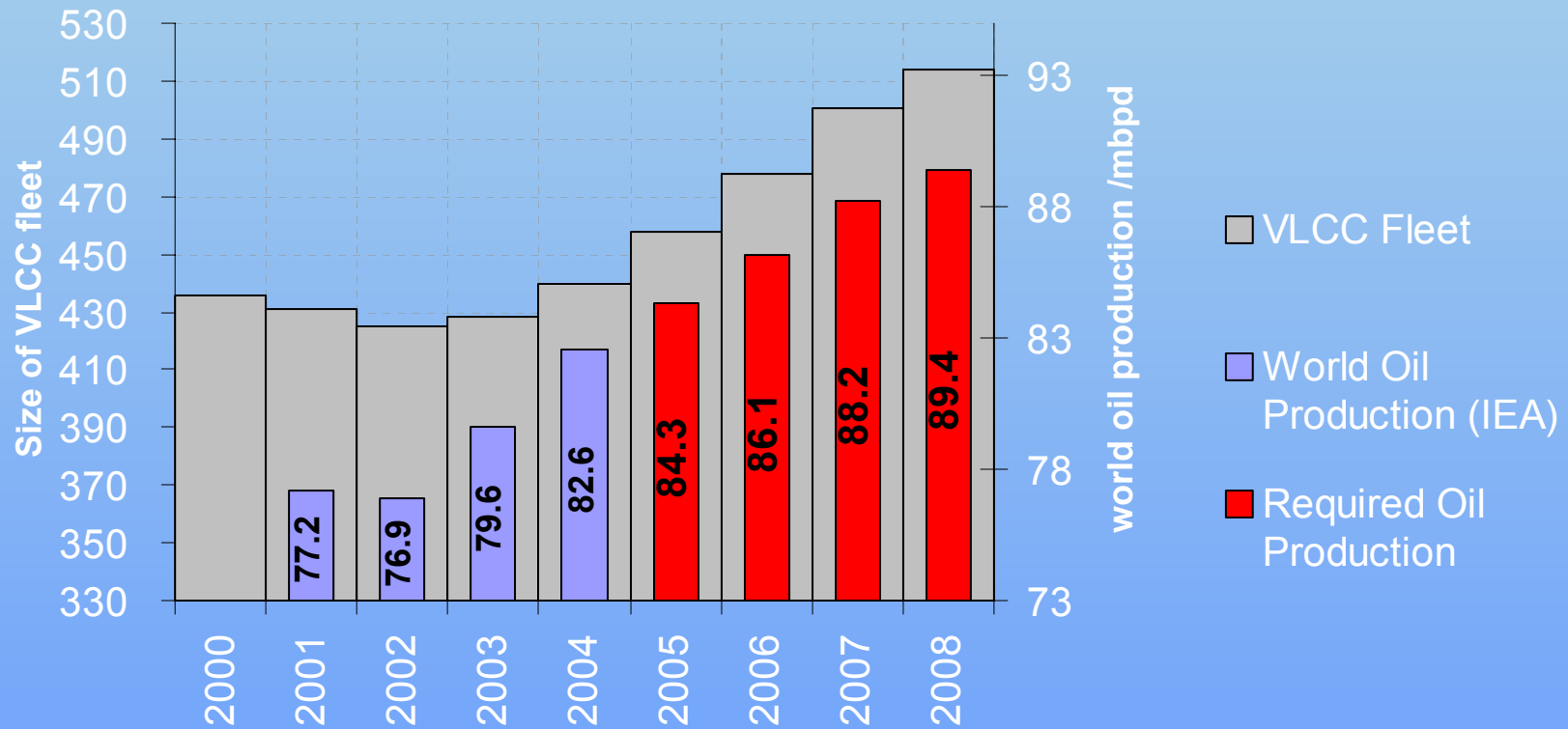
- The chart below shows the number of days WTI crude oil prices have traded between USD10-49/barrel in USD1 intervals between 1990-2004.
- In the current decade the oil price has been above USD25/barrel more than 85% of the time. In the 1990s it was above that level less than 10% of the time.



Supply: the future



Required Oil Supply



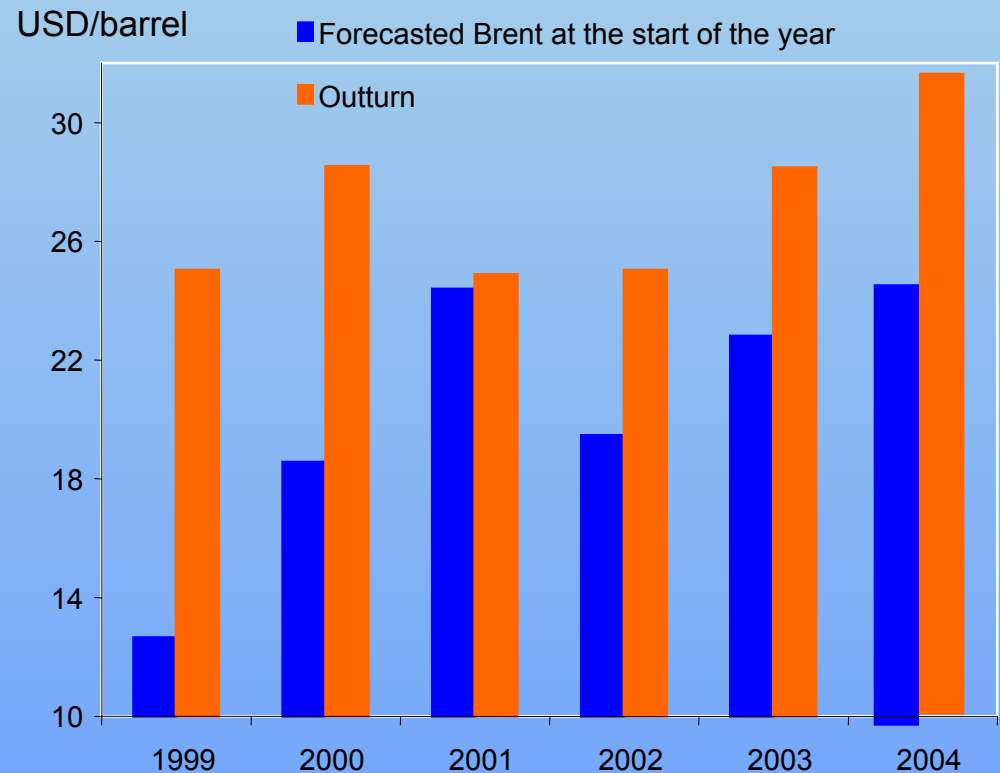
VLCC Supply/Demand

- World VLCC fleet will grow by 4.5% in 2005
- With the same pattern of trade, world oil demand would have to grow by 2.3% to increase tanker demand by 4.5%
- IEA forecasts 2005 oil demand to grow by 1.8%
- DOE forecasts oil demand to grow by 2.6%



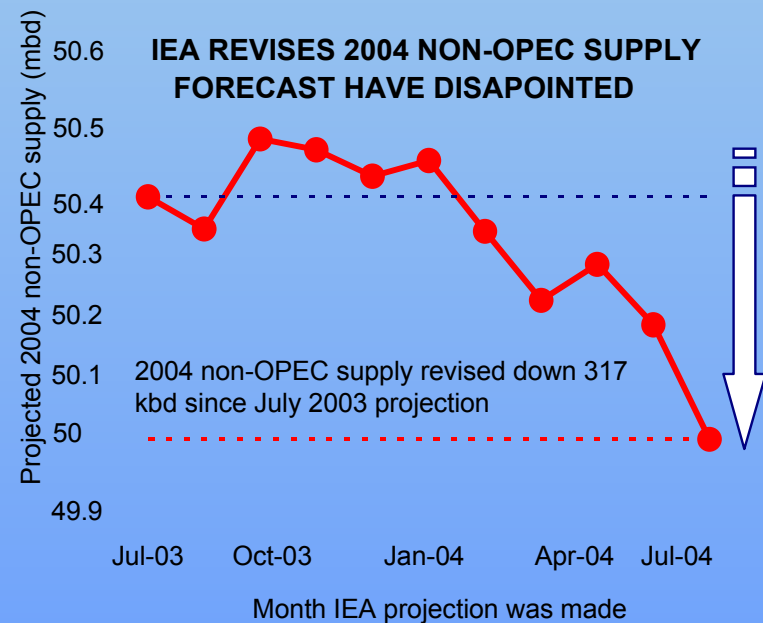
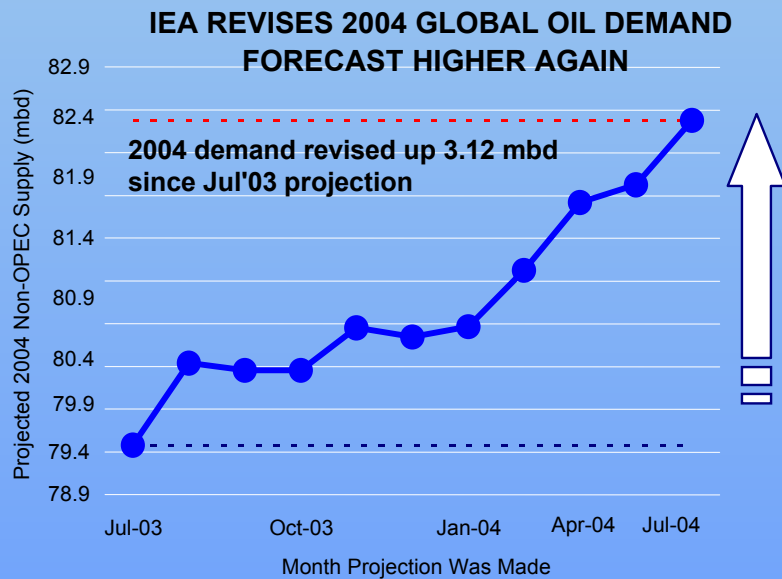
Wrong but consistant

- For the past six year analysts have consistently underestimated the resilience in oil prices. Year ahead forecasts have been between 25-35% below the eventual outturn.
- If oil prices remain at current levels for the remainder of the year, the forecasting error in 2004 is expected to be as high as 60%.



Easy afterwards

- Oil demand and supply trends have been bullish. 2004 is forecast to post the strongest increase in global oil demand since 1988.
- Non-OPEC have been disappointing market expectations in terms of new supply.



Sensitivity

- With the same total oil demand, a 0.1mbpd shift in the US from domestic fields to Middle East sources would require an extra 0.7% supply of VLCCs.
- China: an extra 0.1mbpd of demand of oil would require an extra 0.6% VLCC supply [*2004 has seen imports rise by 0.65mbpd*]
- India: an extra 0.1mbpd of demand of oil would require an extra 0.4% VLCC supply [*2004 has seen imports rise by 0.19mbpd*]



CHANGING TRADE PATTERNS

Year 2000-2004

