d’Amico to conceive new strategies with Monegasque group C Transport Maritime

Cesare d’Amico: “In a weak dry market, we trust a sharp recovery will come by 2019 second half”. A fully fledged interview on freight rates, investments and sulphur cap

Direct knowledge of colleagues, good results in a particularly tough market and most of all, a mindset aimed at launching new co-operations with foreign partners and grow.
These are substantially the three elements which induced d’Amico group to transfer Supramax Revenue Sharing Agreement (RSA) pool, managed by Monaco-based C Transport Maritime (CTM), bulk carrier Medi Bangkok (2006; 53,000 dwt) and Medi Paestum (2009; 56,000 dwt), first step toward a new partnership which will grow in years to come.

The new pool…
“The idea ensued from the direct acquaintance between CTM’s CEO, John Michael Radziwill, and Monegasque group’s management; it’s been evaluated for quite some time” was told to *Ship2Shore* by Cesare d’Amico, heading namesake group together with his cousin Paolo d’Amico.
“They founded a very strong group, which currently controls overall 60 ships, giving them these two first units is a first step”, states Rome-native manager adding they will evaluate RSA pool’s results confiding they will be positive.
“We’ll subsequently develop this partnership in both directions, evaluating other synergies in different sectors, also supported by CTM ships”.
D’Amico targets “developing synergies by blending complimentary expertise”.

...and what about the ‘old’ pool
The two ships transferred RSA pool of CTM (Medi Bangkok and Medi Paestum) were managed by Medi Supra Pool, directly controlled by d’Amico group and committed to Supramax units.
“They are still operating although managing a very lower tonnage. The majority of ships belonged to Japanese shipowners which sold them last year when the dry market went slightly up. Provided our cooperation with CTM will produce the envisaged results we’ll definitely focus on that market”.

Unstable market, although showing positive perspectives
After an early 2018 recording soaring rates, dry bulk market was fluctuating recorded a rather fluctuating trend.
“We are moderately satisfied by 2018 results, although freight rates dropped in the second semester due to “the general unstable market affected by USA-China trade dispute on duties, also worsened by coal-related problems in Australia and iron ore in Brasil which fostered the drastic drop in Capesize units’s rates and weakened the whole market”.
This sector is still ailing “a slight countertrend was recorded in early 2019, however should the political dispute between China and USA be sorted out a recovery would come in the second semester”.

***Sulphur cap* in 2020**
While waiting to see future market developments, d’Amico, as all other shipping operators has to tackle forthcoming deadline, the new 0.5% cap (from current 3.5%) ordered by IMO, as from 1st January 2020”.
“We opted for a cautious approach, we determined not to install scrubbers which are much too expensive and not yet tested”. Only 3 or 4 ships in d’Amico’s fleet will be provided with scrubbers “these are Japanese units for which we signed time charter contracts. We’ll test these scrubbers directly”.
In order to comply with the new cap d’Amico will use 0.5% sulphur bunker: “Actual cost can’t be easily evaluated, however the premium would be seemingly lower than Heavy Fuel Oil.
The majority of our units are last generation eco-friendly ships, with lower consumption than former generation ships. Therefore we’ll lower low sulphur bunker extra cost.

Fleet: this isn’t the right time to order
d’Amico Dry owns overall 60 units in fleet, most of which are eco-friendly ships with efficient propellers and low consumption and according to Rome native shipowner this is suitable for current market: “Our fleet is competitive, we made huge investments in past years and currently prefer to evaluate future market developments”.
d’Amico believes environmental impact regulations might shortly change again: “If we currently ordered new ships they might be out of date in 2022 and not complying with updated standards.
Moreover current prices charged by shipyards are inadequate for latest freight rates”.
Cutting global bulk carriers’ orderbook would probably offset the market.
Newbuildings’ deliveries dropped in the last two years although freight rate recovery recorded in 2018 lowered scrappings. Year 2019 showed an increase in deliveries while scrapping soared again, in 1Q 2019 the number of scrapped ships reached the ones recorded in the whole 2018.
This trend and the new IMO 2020 regulations will definitely put older ships out of the market.

Francesco Bottino