

# Leon Patitsas positive on wet and dry buys

Dry bulk remains on Atlas Maritime map, while DIS chief Marco Fiori suggests being upbeat can help you live longer.

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Shipowner Leon Patitsas remains interested in diversifying the fleet of Atlas Maritime at a time when he sees value in both the wet and dry investments.

Patitsas –

who has been exploring a return to drybulk following a cyclical downturn in the market – told Marine Money today he was positive about buying both bulker and tankers.

“I’m optimistic by nature. I wake up every morning and I look at my lovely wife next to me smiling,” he told an audience at the Dorchester Hotel. “She is in the audience by the way, so I have to give her credit.”

He added: “I think with Trump in the White House the economy is going to do better. He has said he is going to lower taxes, deregulate and he is going to stimulate the economy with \$1 trillion of infrastructure projects. That is definitely going to be positive for GDP and as we know shipping is highly correlated to GDP growth.”

He added: “I think that the worst is behind us. Definitely, on the dry side we have seen the bottom, at the same time last year, and on the tanker side we think things are going to be much better due to the fact nobody is ordering anymore. So, much more positive going forward.”

Patitsas told TradeWinds after Posidonia last summer he was exploring a return to the dry cargo market,

which his family exited in 2007

. However, Atlas today remains exclusively in wet, with a fleet of six aframax tankers on the water.

## Good entry point

Patitsas said the dry cargo market continued to look attractive, with the capesize orderbook down at 9% of the trading fleet and commodities rallying.

“Dry bulk presents a very good entry point because values are at historical 20 or 30 year lows,” he said.

“On the tanker side, we think it’s going to be a little bit soft due to the fact OPEC cut production and you have a lot of newbuildings coming this year.

“But you have a lot of regulations coming that will initiate scrapping and demand is creeping up. I would say diversification makes a lot of sense and I would put my money in both dry and wet.”

## Price disconnect

Patitsas said a lack of financing, an inability of public tanker companies to issue equity and the fact 80% of tanker owners have other shipping investments that were a drain on cash had created a disconnect between asset prices and the freight market.

“That’s why we believe values are so attractive on the tanker side, and earnings, maybe they are a bit lower than last year but they are still providing a very good cash on cash return,” he said.

“So this dislocation of values will last for a couple more years and whoever has access to capital or firepower will do well buying at this point in the cycle.”

### **Fiori positive on products**

Marco Fiori, chief executive of product tanker specialist d’Amico International Shipping, was also positive on his market.

“To be in this business you have to be an optimist otherwise you die very young,” Fiori quipped during a panel discussion.

Fiori says 2017 is not going to be an earth-shattering year but he does believe it will be better than many suggest.

Noting only 30 products tanker newbuildings for delivery in 2018, Fiori says the market will start feeling a recovery later this year which will continue into 2018

“You don’t go to bed on 31/12/17 with a terrible market and wake up 1/1/18 with a fantastic market. It has to be a gradual process,” he said.

### **Shipping’s unicorn**

Fiori was less optimistic about the possibility of further consolidation in the tanker market.

“Consolidation has always been the unicorn in shipping. Everybody says we need consolidation and it never happens. I think we should all look at each other,” he said in response to a question from the audience.

“I must say coming from outside the shipping business, of all of the businesses I have been in during my lifetime [shipping] is where you encounter the most interesting people but also there is a lot of egos that can fill up a very big room. Consolidation is always a difficult problem when you have a lot of big egos.”

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