

# Capital Link Shipping Weekly Markets Report



Monday, May 12, 2014 (Week 19)



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## SHIPPING MARKETS

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- Stifel Shipping Markets
- Dry Bulk Market – Weekly Highlights, by Intermodal Shipbrokers
- Container Market – Weekly Highlights, by Braemar Seascope
- Weekly Tanker Market Opinion, by Poten & Partners
- Tanker Market - Weekly Highlights, by Charles R. Weber Company

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## CONTENT CONTRIBUTORS





# 4<sup>th</sup> Posidonia

Analyst & Investor Day  
Capital Link Shipping Forum  
Monday, June 2, 2014 - Athens, Greece



## IN COOPERATION WITH



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## REGISTRATION LINKS

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*Registration is by invitation only and reserved to analysts, investors, bankers, and industry participants visiting Greece for Posidonia.*

## MORE INFORMATION CONTACT



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## EVENT DETAILS

**Date:** Monday, June 2, 2014

**Time:** 9:00 AM – 3:00 PM (Followed by a Networking Buffet Luncheon)

**Venue:** Astir Palace Hotel, Vouliagameni, Athens, Greece

## OVERVIEW

Every two years, Capital Link's forum brings together public and private shipping company executives, investors, analysts, financiers, and other industry participants who are visiting Athens for the Posidonia event from all over the world. Attendees come together to exchange views on the shipping, financial, and capital markets, as well as investor attitudes towards shipping.

The Forum is organized in cooperation with NYSE Euronext and NASDAQ OMX. It features **sector roundtable discussions** dedicated to the dry bulk, tanker/LNG, container and offshore sectors. Comprised of senior industry executives who debate the developments and outlook of each respective sector, each of these panels consist of 35 to 40 minutes. They are also completely **discussion-based; there are no company presentations.**

This is a small-scale, highly exclusive event. The Posidonia Analyst & Investor Day provides attendees with the unique opportunity to share information, insight, and perspectives, and additionally serves as a networking platform for industry players.

## PANEL DISCUSSIONS:

- LNG Sector
- Business & Investment Opportunities Across Shipping & Offshore Sectors
- Tanker Sector
- Dry Bulk Sector
- Container Sector
- Capital Markets
- Growth Opportunities in the Dry Bulk Sector

## PARTICIPATING COMPANIES:

- ABN AMRO Bank
- Capital Product Partners L.P.
- Clarkson Capital Markets
- Danaos Corporation
- DHT Holdings, Inc.
- DryShips Inc.
- DVB Group Merchant Bank (Asia)
- Dynagas LNG Partners LP
- Euroseas Ltd.
- EY
- Gaslog
- Globus Maritime Limited
- Goldenport Holdings Inc.
- Hellenic Carriers Limited
- International Registries, Inc.
- Lloyds List
- Maran Gas Maritime Inc.
- Maxim Group
- Morgan Stanley
- Navios Corporation
- Prime Marine
- Reed Smith
- RS Platou Markets AS
- Safe Bulkers, Inc.
- Seaborne Capital Advisors Ltd.
- Seenergy Maritime Holdings Corp.
- Star Bulk Carriers Corp.
- Technomar Shipping
- Thomson Reuters
- TMS Cardiff Gas
- Tsakos Energy Navigation Ltd.

# Capital Link Shipping

...Linking Shipping and Investors Across the Globe

Capital Link is a New York-based Advisory, Investor Relations and Financial Communications firm. Capitalizing on our in-depth knowledge of the shipping industry and capital markets, Capital Link has made a strategic commitment to the shipping industry becoming the largest provider of Investor Relations and Financial Communications services to international shipping companies listed on the US and European Exchanges. Capital Link's headquarters are in New York with a presence in London and Athens.



## Investor Relations & Financial Advisory

Operating more like a boutique investment bank rather than a traditional Investor Relations firm, our objective is to assist our clients enhance long term shareholder value and achieve proper valuation through their positioning in the investment community. We assist them to determine their objectives, establish the proper investor outreach strategies, generate a recurring information flow, identify the proper investor and analyst target groups and gather investor and analyst feedback and related market intelligence information while keeping track of their peer group. Also, to enhance their profile in the financial and trade media.

In our effort to enhance the information flow to the investment community and contribute to improving investor knowledge of shipping, Capital Link has undertaken a series of initiatives beyond the traditional scope of its investor relations activity, such as:



## www.CapitalLinkShipping.com

A web based resource that provides information on the major shipping and stock market indices, as well as on all shipping stocks. It also features an earnings and conference call calendar, industry reports from major industry participants and interviews with CEOs, analysts and other market participants.



## Capital Link Shipping Weekly Markets Report

Weekly distribution to an extensive audience in the US & European shipping, financial and investment communities with updates on the shipping markets, the stock market and listed company news.



## www.CapitalLinkWebinars.com

Sector Forums & Webinars: Regularly, we organize panel discussions among CEOs, analysts, bankers and shipping industry participants on the developments in the various shipping sectors (containers, dry bulk, tankers) and on other topics of interest (such as Raising Equity in Shipping Today, Scrapping, etc).



## Capital Link Investor Shipping Forums

In New York, Athens and London bringing together investors, bankers, financial advisors, listed companies CEOs, analysts, and shipping industry participants.



## www.MaritimeIndices.com

Capital Link Maritime Indices: Capital Link developed and maintains a series of stock market maritime indices which track the performance of U.S. listed shipping stocks (CL maritime Index, CL Dry Bulk Index, CL Tanker Index, CL Container Index, CL LNG/LPG Index, CL Mixed Fleet Index, CL Shipping MLP Index – Bloomberg page: CPLI. The Indices are also distributed through the Reuters Newswires and are available on Factset.

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# Capital Link Shipping Weekly Markets Report



Monday, May 12, 2014 (Week 19)

IN THE NEWS

## Latest Company News

Monday, May 5, 2014

### **Tsakos Energy Navigation Ltd. Announces Charter Extension for One MR Tanker and Commencement of Strategic Alliance With European Oil Major Through the Chartering of a Modern Crude Aframax Vessel**

Tsakos Energy Navigation Ltd. announced the charter extension for a further 12-months of one of its MR tankers to the current charterer, a major Japanese trading house. This fixture has profit-sharing provisions attached and excluding those, the Company expects to generate a minimum of \$5 million in gross revenues over the duration of the contract. Concurrent with this, TEN commenced its strategic partnership with a major European oil major through the chartering of the first of its modern DNA Aframax crude carriers operating, up to now, in the spot market.

### **Danaos Corporation Reports First Quarter Results for the Period Ended March 31, 2014**

Danaos Corporation reported unaudited results for the quarter ended March 31, 2014. Adjusted net income was \$7.0 million, or \$0.06 per share, for the three months ended March 31, 2014. It has adjusted the net income in the three months ended March 31, 2014 for unrealized gains on derivatives of \$5.7 million, a non-cash expense of \$4.7 million for fees related to our 2011 comprehensive financing plan (comprised of non-cash, amortizing and accrued finance fees) and a gain on sale of vessel of \$0.5 million. Operating revenues were \$135.5 million and Adjusted EBITDA was \$96.4 million for the three months ended March 31, 2014. The fleet utilization increased to 95.2% in the three months ended March 31, 2014 compared to 89.6% in the three months ended March 31, 2013.

Tuesday, May 6, 2014

### **Seenergy Maritime Holdings Corp. Announces Compliance With Nasdaq Continued Listing Requirements**

Seenergy Maritime Holdings Corp. announced that the Company has received a letter notifying the Company that it has regained compliance with the continued listing requirements of the Nasdaq Capital Market. As previously announced, in a decision dated January 9, 2014, the Nasdaq Hearings Panel had granted the Company's request for continued listing through April 28, 2014, subject to certain conditions, including that the Company regain compliance with the minimum shareholders' equity requirement. The letter announced noted that the Nasdaq Hearings Panel is now closing this matter, as the Company has regained compliance with the minimum shareholders' equity requirement and all other requirements for continued listing on the Nasdaq Capital Market.

### **GasLog Partners LP Announces Pricing of its Initial Public Offering of 8,400,000 Common Units and Listing on the New York Stock Exchange**

GasLog Partners LP announced that it has priced its initial public offering of 8,400,000 common units representing limited partner interests (the "common units") at \$21.00 per common unit. The

underwriters have a 30-day option to purchase up to 1,260,000 additional common units from the MLP at the initial public offering price. GasLog Ltd. ("GasLog") (GLOG) will retain 1,422,358 of the MLP's common units if the underwriters' option to purchase additional common units is not exercised or will retain 162,358 common units if the option is exercised in full, as well as all of the MLP's subordinated units, general partner interest and incentive distribution rights.

### **Navigator Holdings Ltd. Announces its First Quarter 2014 Results**

Navigator Holdings Ltd. announced its financial and operating results for the three months ended March 31, 2014. It reported revenue of \$69.8 million for the first quarter ended March 31, 2014, an increase of 65% from revenue of \$42.3 million for the first quarter of 2013. Net income increased to \$16.9 million for the first quarter ended March 31, 2014, compared to \$7.6 million for the first quarter of 2013. EBITDA increased to \$35.9 million for the three months ended March 31, 2014 from \$20.7 million for the three months ended March 31, 2013. Earnings per share increased to \$0.31 for the three months ended March 31, 2014 from \$0.18 for the three months ended March 31, 2013. The Company also exercised an option to build an additional three 35,000 cubic meter ethylene/ethane capable semi-refrigerated liquefied gas carriers in April 2014. Thirteen newbuilding semi-refrigerated gas carriers are on order, scheduled for delivery between June 2014 and December 2016.

Wednesday, May 7, 2014

### **Baltic Trading Limited Announces First Quarter Financial Results**

Baltic Trading Limited reported its financial results for the three months ended March 31, 2014. The Company recorded a net loss for the first quarter of 2014 of \$3.5 million, or \$0.06 basic and diluted net loss per share. Comparatively, for the three months ended March 31, 2013, the Company recorded a net loss of \$5.1 million, or \$0.23 basic and diluted net loss per share. The Company declared a \$0.01 per share dividend payable on or about May 27, 2014 to all shareholders of record as of May 20, 2014 based on Q1 2014 results.

### **Safe Bulkers, Inc. Announces the Closing of Its Public Offering of Series C Preferred Shares**

Safe Bulkers, Inc. announced the closing of its previously announced public offering (the "Public Offering") of 2,300,000 shares of its 8.00% Series C Cumulative Redeemable Perpetual Preferred Shares, par value \$0.01 per share, liquidation preference \$25.00 per share (the "Series C Preferred Shares") at a price of \$25.00 per share, which includes 300,000 shares sold pursuant to the full exercise of the underwriters' over-allotment option. The aggregate gross proceeds from the Public Offering, before the underwriting discount and other offering expenses, were \$57,500,000.



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### **Scorpio Tankers Inc. Announces Pricing of \$50.0 Million of Unsecured Senior Notes Due 2020**

Scorpio Tankers Inc. announced that it has priced its previously announced \$50.0 million public offering of senior unsecured notes due 2020 (the "Notes"). The Notes will mature on May 15, 2020, and may be redeemed in whole or in part at any time or from time to time after May 15, 2017. The Notes will bear interest at a rate of 6.75% per year, payable quarterly on each February 15, May 15, August 15 and November 15, commencing on August 15, 2014. The Company has granted the underwriters of the offering a 30-day option to purchase up to an additional \$7.5 million of the Notes on the same terms and conditions. The offering is expected to close on May 12, 2014. The Company intends to use the net proceeds from the offering for general corporate purposes, including working capital.

### **d'Amico International Shipping Reports First Quarter 2014 Financial Results**

d'Amico International Shipping S.A. announced its financial results for the first quarter 2014. Time charter equivalent earnings were \$46.5 million, EBITDA amounted to \$3.8 million, and Net Cash Flow was US\$ 15.6 million for the first quarter of 2014. DIS had capital expenditures of \$92.7 million in the first quarter, mainly in relation to its newbuilding plan. As of today DIS has a total orderbook of 16 'Eco design' product tankers (10 MR and 6 Handysize vessels), of which 4 vessels were already delivered between January and February 2014.

**Thursday, May 8, 2014**

### **Ocean Rig UDW Inc. Announces First Common Stock Dividend**

Ocean Rig UDW Inc. announced that its Board of Directors declared a quarterly cash dividend with respect to the quarter ended March 31, 2014 of \$0.19 per common share, to shareholders on record as of May 20, 2014 and payable on or about May 30, 2014.

### **Teekay Tankers Ltd. Announces Sale of Two VLCC Tankers**

Teekay Tankers Ltd. announced that it has agreed to sell its two 2010-built Very Large Crude Carriers (VLCCs) to Tanker Investments Ltd. (Tanker Investments) for \$154 million. Teekay Tankers assumed full ownership of the two VLCCs in late-March 2014, which previously secured the Company's \$115 million investment in term loans. The vessels are expected to be delivered to Tanker Investments in early-May 2014.

### **Global Ship Lease Announces Signing of New Time Charter With Sea Consortium / X-Press Feeders**

Global Ship Lease, Inc. announced a new time charter for its 1996-built, 4,113 TEU vessel, Ville d'Aquarius, to Sea Consortium Pte Limited, doing business as X-Press Feeders. The charter, which commenced yesterday, May 7, 2014, is at a gross charter rate of \$7,490 per day and is for a period of 180 days plus or minus 30 days, at charterer's option.

### **Knightsbridge Announces First Quarter 2014 Results**

Knightsbridge Tankers Limited reported net income of \$10.7 million and earnings per share of \$0.35 for the first quarter compared with net income of \$3.5 million and earnings per share of \$0.12 for the preceding quarter. Net income in the first quarter includes \$9.7 million, which was received as partial settlement for a claim for damages and unpaid charter hire. EBITDA was \$14.1 million and EBITDA per share of \$0.46 for the first quarter of 2014. The Company also announced a cash distribution of \$0.20 per share for the first quarter of 2014.

**Friday, May 9, 2014**

### **GasLog Ltd. Announces New Orders**

GasLog Ltd. announced that it has ordered two new 174,000 cubic meter LNG carriers from Samsung Heavy Industries Co., Ltd. ("Samsung") in South Korea. The vessels are expected to be delivered in 2017 and are sister vessels to the four ordered in 2013 for delivery in 2016. The vessels have been ordered with the proven tri-fuel diesel electric (TFDE) propulsion with the option to change to two stroke diesel engines with low-pressure gas injection ("LP-2S"). The vessels will also benefit from a low boil off rate of 0.09%. GasLog has achieved what we believe to be very attractive commercial terms for these vessels. In addition, GasLog has secured two additional priced options from Samsung with delivery dates in late 2017 and early 2018. Further, if the Company exercises these two options, Samsung has agreed to grant us two additional options.

**Monday, May 12, 2014**

### **Diana Shipping Inc. Announces Delivery of Dry Bulk Carrier and Entry Into Time Charter Agreement**

Diana Shipping Inc. announced that, through a separate wholly-owned subsidiary, it took delivery of the newly built m/v "Atalandi," an Ice Class Panamax dry bulk vessel of 77,529 dwt that was contracted in March 2012. The Company also announced that, through the aforementioned subsidiary, it has entered into a time charter contract with Glencore Grain B.V., Rotterdam, for the newly delivered "Atalandi" at a gross charter rate of US\$13,500 per day, minus a 5% commission paid to third parties, for a period of minimum eleven (11) months to maximum fourteen (14) months. The charter is expected to commence tomorrow.

### **Nordic American Tankers Announces First Quarter Financial Results**

Nordic American Tankers announced its financial results for the first quarter ended March 31, 2014. The Company declared a cash dividend of \$0.23 on April 2, 2014, which is expected to be paid on or about May 27, 2014 to shareholders of record as of May 15, 2014. Earnings per share in 1Q2014 was \$0.05, compared with -\$0.31 in 4Q2013 and -\$0.59 in 1Q2013. The Company's net operating cash flow in 1Q2014 was \$27.1m, compared with \$1.9m in 4Q2013 and -\$4.9m in 1Q2013.



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IN THE NEWS

## *Crushing costs: think of a big number, then double it!*

Last week, the International Association of Independent Tanker Owners (or, Intertanko) gathered in New York for their annual convention. Part of the week was devoted to private meetings, for members (tanker owners) and associate members (vendors, usually), but the second half of the week was “opened up” (more on that later) to interested folks who could attend their seminar, and the hands-on workshops on the final day of the week. This was a stellar event, full of high level attendees, carefully planned by the Intertanko staff.

Tankers have always been at the intersection of many serious issues, involving politics, economics and the environment. Most of the time, the pressure on the shipping business is exogenous, ie it is not of the tanker industry’s making. Thus, “Sustainability”- as in, “How do we as a business survive and thrive going forward?” was the main topic in the sessions- however it became clear that sustainability means something a little bit different to each speaker. Several times during the seminar, discussions of “transparency”- a word that’s way over-used throughout business, came up. This is not a concept that shipping people are comfortable with- yet it will continue to exert a powerful influence as shipping must interact with outside “stakeholders”, really a polite way of referring to those on the outside with the potential to bring about “exogenous” factors. I am not suggesting that we all get comfortable with full disclosure of anything; rather, I just want to remind everyone of the ongoing tension, and there is plenty of tension.

A few common themes did emerge during the Intertanko meeting session, where views were presented on what the industry must do to cope with ongoing changes and move forward. Throughout the meeting, as I listened and took notes, I was overwhelmed by a huge irony- which was that the seminar was conducted under something called “Chatham House Rules”, which prohibits reporting of who attended (specific people or organizations) and what a certain person said. Yet, the speaker at the annual dinner, whom I am not allowed to name, spent his allotted 20 minutes or so, promoting the use of social media- actually quite cogently and eloquently, by the tanker industry. Huh?

Recruiting speakers for high profile events is challenging; invariably, those from big listed companies in the public view are reticent to appear at any event that may provide grist for the trade press, or for the Capital Link shipping report, for that matter. Reporters may add an unintended nuance; copy editors (or sub-editors, as they call them across the pond) often show their mischievous side when it comes to headlines and captions. So, hence, the gag order on talking about who said what. If readers are wondering whether they missed some juicy revelations of disclosures, the answer is “no”. Where the debates did get lively, however, the level of back and forth was in line with that at some of the better industry conferences- like the Capital Link, [Connecticut Maritime Association](#), or the [Mare Forum](#) events (where simply sitting in the audience makes you fair game for inclusion in discussions).

Contributed by

**Barry Parker**



Barry Parker is a financial writer and analyst. His articles appear in a number of prominent maritime periodicals including Lloyds List, Fairplay, Seatrade, and Maritime Executive and Capital Link Shipping.

Fundamental changes involving technologies were a big subject; sorry vendors on the panels- they might have to kill me if I mentioned your names and companies. A huge subject throughout the day was the changing landscape for fuels- brought on by new waves of regulations and restrictions- in 2015, tight restrictions on sulfur in fuels for vessels around U.S. and European coasts will kick in. The information and internet realm, not surprisingly, was also a subject that appeared in multiple contexts- for example, whether data fusion (AIS, ship descriptions, cargo loading data) could potentially give charterers an advantage in the information wars. “Big Data” concepts, a hot topic in the past few years, were quite well presented (sorry again, vendors). Questions included whether these new analytics might be applied to shipping, and whether tanker fixtures could be transacted in electronic marketplaces (a discussion linked to questioning about the degree of value added by shipbrokers). Vessel vetting received extensive attention, with the sometimes differing philosophies of owners and charterers revealed and explored. In a very good set of presentations, recent developments in information management were also infused into discussions of vetting. Through the haze, there was an intriguing suggestion that sophisticated data analytics (a/k/a “Big Data”) may begin to have a profound impact on how vessel inspections, evaluations and approvals (or not) are handled. More data, and the ability to grab it and analyze it will bring even more tension to a private business. More transparency, or maybe “Big Oil” becoming “Big Brother?”

The financial landscape was also a subject of extensive discussion, centering on the emergence of private equity at a time that banks have pulled back. Concerns were expressed about whether the new investors might “exit” at inauspicious times from shipping deals, and whether such sales- if and when they happen, could add undue downward pressure on a market that’s currently precarious. The financial discussion was also infused into the meetings that concerned the owner- charterer dynamic, always a topic in these meetings. Integrated shipowning companies, or really the lack of them, emerged as a concern when questions were raised about whether the major charterers will tolerate the extensive outsourcing of vessel operations. This trend is likely to continue as financial owners become a permanent part of the shipping picture, and subsequently hire ship managers. In cases where private investors are partnering with an established ship owners, managers have also been hired. Another important point emphasized at the seminar was that movers of oil, whether they be oil majors, or



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trading companies) need to have a financially healthy group of owners who will not cut corners. Where working capital is a scarce resource, the timely payment of freight and demurrage is imperative.

The ongoing trade flow shifts, mainly tied to changes in the landside infrastructure to bring cargo to the ports, also came up. Presenters were wary about making actual forecasts, but I would say that a sense of ongoing demand recovery, albeit gradual,

emerged from that group of speeches. Of course, the specter of over-supply (especially in the product tanker sector) is a worry. It's not clear (based on what I saw), where the LR type tankers may see a huge spurt in demand; the brave forecasters have divergent views on this. Surprisingly, none of the local shipping bankers and equity analysts were in the audience to hear, and perhaps challenge any of the speakers, or simply to network with a fabulous group of industry insiders.



We want to hear from you!

Have any thoughts or suggestions for the newsletter? Please feel free to email us at [shipping@capitallink.com](mailto:shipping@capitallink.com) or click on the below button to provide feedback.

Any feedback or remarks are welcome!

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### **d'Amico International Shipping S.A. Reported First Quarter Results**

The Board of Directors of d'Amico International Shipping S.A. reported first quarter results for the period ended March 31, 2014.

**Marco Fiori, Chief Executive Officer of d'Amico International Shipping** commented:

"The product tanker market was weaker than expected in Q1'14 only due to seasonal effects. In fact, a harsh winter in the US and the closure of several American refineries for maintenance temporarily reduced US exports of Oil Products. However I firmly believe this was only temporary turbulence and I expect the situation will reverse in the short term, with the USA leading again the market recovery. At the same time, I believe DIS commercial strategy has proven once again to be successful even in this challenging market scenario. We managed to reposition a large part of our fleet in the Atlantic area, in order to take advantage of the market rebound we are expecting from that region. At the same time, DIS was able to mitigate this temporary weakness in the market, thanks to a high level of coverage, fixed at a profitable daily average. As a further evidence of our belief in the positive market perspectives of our Industry, we increased our orderbook by three further MR 'ECO vessels' in Q1'14, bringing our total newbuilding plan to 16 product tankers for an overall investment of US\$ 490.7 million. Half of our new vessels have been already fixed on long term TC contracts with Oil Majors and a leading refining Company at very profitable levels and seven of these newbuildings will be delivered in the course of 2014 supporting the company results already from this year."

**Giovanni Barberis, Chief Financial Officer of d'Amico International Shipping and of d'Amico Group** commented:

"I think it is important to stress that DIS has the financial and



strategic capabilities to overcome even a challenging market scenario. We believe the Product tanker market weakness was only a very much of a seasonal effect and the scenario will start to improve again soon. However even in these difficult market spells, we are able to mitigate negative results thanks to a prudent high level of TC coverage and a conservative fleet valuation, which allows potential capital gains even during temporary downturns. In fact, in March 2014, DIS agreed the sale of the Handysize vessel MT Cielo di Parigi at the price of US\$ 13.6 million which we expect will generate a capital gain of over US\$ 6 million in Q2'14. We are also very proud that the net asset value of our Company has grown by 46% in the last twelve months, generating once again value for our shareholders."

#### **About d'Amico International Shipping S.A.**

d'Amico International Shipping S.A. is a subsidiary of d'Amico Società di Navigazione S.p.A., one of the world's leading privately owned marine transportation companies. DIS is a pure product tankers player operating in MR1 and MR2 sectors and therefore its typical cargoes are clean petroleum products CPP, dirty petroleum product DPP, (vessels that typically carry refined petroleum products) chemical products and vegetable oils. d'Amico International Shipping S.A. controls, either through ownership or charter arrangements, a modern, high-tech and double-hulled fleet, ranging from 35,000 to 51,000 deadweight tons. The Company has a history and a long tradition of family enterprise and a worldwide presence with offices in key maritime market centres (London, Dublin, Monaco, Singapore and USA). DIS's fleet of MR represents the 5th largest fleet in the world.

Access this [link](#) to view the company's press release

### **Danaos Corporation Reported First Quarter Results For The Period Ended March 31, 2014**

**Danaos' CEO Dr. John Coustas** commented on the first quarter 2014 results: "Danaos is reporting 1st quarter 2014 adjusted net income of \$7 million or 6 cents per share, which is \$6.9 million lower than the \$13.9 million adjusted net income for the 1st quarter of 2013. This decrease is mainly a result of the previously announced Zim restructuring which accounts for \$6 million in lower operating revenues. We anticipate this effect to be partially offset upon legal consummation of the Zim restructuring when we will commence to gradually recognize through our income statement the debt and equity instruments that we will receive in return for the charter rate concessions.

"A positive income driver which starts becoming increasingly relevant is the decrease in our financing costs as a result of the rapid deleveraging of our balance sheet and the gradual expiration of interest rate swaps which will continue in the coming quarters.



During the 1st quarter of 2014 finance costs were \$4.6 million lower when compared to the 1st quarter of 2013. In the current quarter we reduced indebtedness by \$60.7 million while we will reduce debt by at least \$200 million in total within 2014. Interest rate swaps were \$300 million lower between the 2 quarters while there is a further \$1 billion in swaps expiring within 2014.

"The containership market remains challenging. The focus of the liner companies is on fleet deployment optimization and the creation of operational efficiencies either through M&A





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consolidation or alliances. In the short run this may add further pressure to the gearless panamax charter market which we believe will subside in the medium term as demand growth eventually absorbs in the non mainlane trades what today are considered 'surplus' vessels. On a macro level, a successful operational consolidation in the liner industry and the rationalization of the liner services is a positive step as the industry will become healthier and the counterparty risk for charter owners like Danaos will improve.

"In any case, we maintain our strong 98% contract coverage for the next 12 months, limiting further downside from a prolonged weak spot charter market.

"We continue to be one of the most cost competitive operators in the industry with our daily vessel operating expenses averaging at \$6,110 per day for the 1st quarter of 2014.

"With a resilient business model both from an operating and financial standpoint, we will continue to manage our fleet efficiently, while in 2014 we will focus on further de-leveraging the company and creating value for our shareholders."

#### About Danaos Corporation

Danaos Corporation is an international owner of containerships, chartering its vessels to many of the world's largest liner companies. Our current fleet of 57 containerships aggregating 335,714 TEUs ranks Danaos among the largest containership charter owners in the world based on total TEU capacity. Danaos is one of the largest US listed containership companies based on fleet size. The Company's shares trade on the New York Stock Exchange under the symbol "DAC".

Access this [link](#) to view the company's press release

## NAVIGATOR HOLDINGS LTD. ANNOUNCED FIRST QUARTER 2014 RESULTS

Navigator Holdings Ltd. announced its financial and operating results for the three months ended March 31, 2014.

#### Highlights Included:

- Navigator Holdings Ltd. (NYSE: NVGS) reported revenue of \$69.8 million for the first quarter ended March 31, 2014, an increase of 65% from revenue of \$42.3 million for the first quarter of 2013, primarily as a result of the increase in the number of vessels in our fleet
- Net income increased to \$16.9 million for the first quarter ended March 31, 2014, compared to \$7.6 million for the first quarter of 2013
- EBITDA increased to \$35.9 million for the three months ended March 31, 2014 from \$20.7 million for the three months ended March 31, 2013
- Earnings per share increased to \$0.31 for the three months ended March 31, 2014 from \$0.18 for the three months ended March 31 2013, based on a significantly increased number of



shares outstanding

- Exercises an option to build an additional three 35,000 cubic meter ethylene/ethane capable semi-refrigerated liquefied gas carriers in April 2014
- Thirteen newbuilding semi-refrigerated gas carriers on order, scheduled for delivery between June 2014 and December 2016

#### About Navigator Holdings Ltd.

Navigator Gas is the owner and operator of the world's largest fleet of handysize liquefied gas carriers and provides international and regional seaborne transportation services of liquefied petroleum gas, petrochemical gases and ammonia for energy companies, industrial users and commodity traders. Navigator's fleet consists of 36 semi- or fully-refrigerated liquefied gas carriers, including thirteen newbuildings scheduled for delivery by the end of December 2016.

Access this [link](#) to view the company's press release

## Ocean Rig UDW Inc. Announces First Common Stock Dividend

Ocean Rig UDW Inc. Board of Directors declared a quarterly cash dividend with respect to the quarter ended March 31, 2014 of \$0.19 per common share, to shareholders on record as of May 20, 2014 and payable on or about May 30, 2014.

#### About Ocean Rig UDW Inc.

Ocean Rig is an international offshore drilling contractor providing oilfield services for offshore oil and gas exploration, development and production drilling, and specializing in the ultra-deepwater and harsh-environment segment of the offshore drilling industry.



Ocean Rig's common stock is listed on the NASDAQ Global Select Market where it trades under the symbol "ORIG".

Access this [link](#) to view the company's press release



## ***Safe Bulkers, Inc. Closed its Public Offering of Series C Preferred Shares***

Safe Bulkers, Inc. announced the closing of its previously announced public offering of 2,300,000 shares of its 8.00% Series C Cumulative Redeemable Perpetual Preferred Shares, par value \$0.01 per share, liquidation preference \$25.00 per share at a price of \$25.00 per share, which includes 300,000 shares sold pursuant to the full exercise of the underwriters' over-allotment option.

The aggregate gross proceeds from the Public Offering, before the underwriting discount and other offering expenses, were \$57,500,000.

The Company plans to use the net proceeds of the Public Offering for vessel acquisitions, capital expenditures and for other general corporate purposes, which may include the repayment of indebtedness.



Morgan Stanley & Co. LLC and UBS Securities LLC are acting as joint bookrunners of the Public Offering which was made under an effective shelf registration statement.

### **About Safe Bulkers, Inc.**

The Company is an international provider of marine drybulk transportation services, transporting bulk cargoes, particularly coal, grain and iron ore, along worldwide shipping routes for some of the world's largest users of such services. The Company's common stock is listed on the NYSE, where it trades under the symbol "SB". The Company's current fleet consists of 31 drybulk vessels, all built 2003 onwards, and the Company has agreed to acquire thirteen additional drybulk newbuild vessels to be delivered at various dates through 2017.

Access this [link](#) to view the company's press release

## ***Seenergy Maritime Holdings Corp. Announces Compliance With Nasdaq Continued Listing Requirements***

Seenergy Maritime Holdings Corp. announced that they regained compliance with the minimum shareholders' equity requirement and all other requirements for continued listing on the Nasdaq Capital Market.

In a decision dated January 9, 2014, the Nasdaq Hearings Panel had granted the Company's request for continued listing through April 28, 2014, subject to certain conditions, including that the Company regain compliance with the minimum shareholders' equity requirement.

Stamatis Tsantanis, the Company's Chairman and Chief Executive Officer, stated: "We are pleased to announce the successful resolution of this matter and the continued listing of the Company's shares on the Nasdaq Capital Market. Following this positive development, we are now focused on implementing our business plan for the Company's growth."

### **About Seenergy Maritime Holdings Corp.**

Seenergy Maritime Holdings Corp. is a Marshall Islands corporation with its executive offices in Athens, Greece. The Company is engaged in the transportation of dry bulk cargoes through the ownership and operation of dry bulk carriers.

Currently, the Company does not own any operating vessels. Upon the completion of a previously-announced transaction expected to close prior to June 30, 2014, subject to certain closing conditions, the Company's fleet will consist of 4 Capesize dry bulk carriers with a combined cargo-carrying



capacity of approximately 682,723 dwt and an average fleet age of 7.5 years.

Access this [link](#) to view the company's press release





# Capital Link Shipping Weekly Markets Report



Monday, May 12, 2014 (Week 19)

CAPITAL MARKETS DATA

## Select Dividend Paying Shipping Stocks

Stock Prices as of May 9, 2014

Company Name	Ticker	Quarterly Dividend	Annualized Dividend	Last Closing Price (May 9, 2014)	Annualized Dividend Yield (%)
<b>Container</b>					
Costamare Inc	CMRE	\$0.28	\$1.12	\$21.46	5.22%
Diana Containerships	DCIX	\$0.15	\$0.60	\$3.71	16.17%
Matson Inc	MATX	\$0.16	\$0.64	\$23.62	2.71%
Seaspan Corp	SSW	\$0.345	\$1.38	\$21.73	6.35%
<b>Dry Bulk</b>					
Baltic Trading Limited	BALT	\$0.01	\$0.04	\$6.06	0.66%
Knightsbridge Tankers Limited	VLCCF	\$0.20	\$0.80	\$12.92	6.19%
Navios Maritime Holdings Inc.	NM	\$0.06	\$0.24	\$8.04	2.99%
Navios Maritime Partners L.P. <sup>(1)</sup>	NMM	\$0.4425	\$1.77	\$18.42	9.61%
Safe Bulkers Inc. <sup>(2)</sup>	SB	\$0.06	\$0.24	\$8.11	2.96%
<b>Tankers</b>					
Ardmore Shipping Corp.	ASC	\$0.10	\$0.40	\$13.07	3.06%
Capital Product Partners L.P.	CPLP	\$0.2325	\$0.93	\$10.78	8.63%
DHT Holdings, Inc.	DHT	\$0.02	\$0.08	\$7.32	1.09%
KNOT Offshore Partners L.P.	KNOP	\$0.4350	\$1.74	\$27.15	6.41%
Navios Maritime Acquisition Corp	NNA	\$0.05	\$0.20	\$3.49	5.73%
Nordic American Tankers Limited	NAT	\$0.23	\$0.92	\$8.21	11.21%
Scorpio Tankers Inc	STNG	\$0.09	\$0.36	\$8.74	4.12%
Teekay Corporation	TK	\$0.31625	\$1.265	\$57.58	2.20%
Teekay Offshore Partners L.P.	TOO	\$0.5384	\$2.1536	\$36.25	5.94%
Teekay Tankers Ltd	TNK	\$0.03	\$0.12	\$3.45	3.48%
Tsakos Energy Navigation Ltd <sup>(3)</sup>	TNP	\$0.05	\$0.20	\$6.79	2.95%
<b>Mixed Fleet</b>					
Ship Finance International Limited	SFL	\$0.40	\$1.60	\$17.49	9.15%
<b>LNG/LPG</b>					
Dynagas LNG Partners L.P.	DLNG	\$0.3650	\$1.46	\$22.74	6.42%
Gas Log Ltd	GLOG	\$0.12	\$0.48	\$25.79	1.86%
Glolar LNG	GLNG	\$0.45	\$1.80	\$44.75	4.02%
Glolar LNG Partners, L.P	GMLP	\$0.5225	\$2.09	\$31.40	6.66%
Teekay LNG Partners L.P.	TGP	\$0.6918	\$2.7672	\$43.48	6.36%
<b>Maritime MLPs</b>					
Capital Product Partners L.P.	CPLP	\$0.2325	\$0.93	\$10.78	8.63%
Dynagas LNG Partners L.P.	DLNG	\$0.3650	\$1.46	\$22.74	6.42%
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Teekay Offshore Partners L.P.	TOO	\$0.5384	\$2.1536	\$36.25	5.94%
KNOT Offshore Partners L.P.	KNOP	\$0.4350	\$1.74	\$27.15	6.41%
<b>Offshore Drilling</b>					
Ocean Rig UDW	ORIG	\$0.19	\$0.76	\$16.48	4.61%





# Capital Link Shipping Weekly Markets Report



Monday, May 12, 2014 (Week 19)

## CAPITAL MARKETS DATA

Preferred Shipping Stocks	Safe Bulkers Series B	Safe Bulkers Series C	Tsakos Energy Series B	Tsakos Energy Series C	Costamare Series B	Costamare Series C	Diana Shipping Series B	Box Ships Series C	Navios Series G	Seaspan Series C	Seaspan Series D	Seaspan Series E	International Shipholding Series A	Teekay Offshore Series A
Ticker	SBPRB	SBPRC	TNPPRB	TNPPRC	CMREPRB	CMREPRC	DSXPRB	TEUPRC	NMPRG	SSWPRC	SSWPRD	SSWPRE	ISHPRA	TOOPRA
Fixed Annual Dividend <sup>(4)</sup>	8.00%	8.00%	8.00%	8 <sup>7</sup> / <sub>8</sub> %	7.625%	8.50%	8.875%	9.00%	8.75%	9.50%	7.95%	8.25%	9.50%	7.25%
Liquidation Preference	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$24.00	\$25.00	\$25.00	\$25.00	\$25.00	\$100.00	\$25.00
Last Closing Price (5/9/14)	\$26.16	\$25.19	\$24.20	\$25.15	\$24.88	\$25.76	\$26.03	\$23.65	\$25.25	\$27.32	\$25.54	\$25.73	\$108.00	\$25.54

- 1) Board approved a 0.57% dividend increase, beginning with the second quarter 2012 dividend, raising the quarterly dividend from \$0.44 to \$0.4425 per unit.
- 2) SB completed an offering of 800,000 shares of its 8.00% Series B Cumulative Redeemable Perpetual Preferred Shares at a price of \$25.00 per share. On June 19, 2013, the Series B Preferred Shares commenced trading on the New York Stock Exchange, under the symbol "SBPRB". On April 14, 2014, SB declared a cash dividend of \$0.50 per share on the Series B Preferred Shares for the period from January 30, 2014 to April 29, 2014. The dividend will be paid on April 30, 2014 to all Series B preferred shareholders of record as of April 24, 2014.
- 3) On May 13, 2013, TEN's 8.00% Series B Cumulative Redeemable Perpetual Preferred Shares commenced trading on the New York Stock Exchange at \$25.00 per share, under the symbol "TNPPRB." On September 30, 2013, TEN successfully closed its \$50 million offering of 8 <sup>7</sup>/<sub>8</sub>% Series C Cumulative Redeemable Perpetual Preferred Shares in a public offering under its effective shelf registration statement at \$25.00 per share. On January 14, 2014, the Board of Directors declared regular quarterly cash dividends of \$0.50 per share for the Series B Preferred Shares and \$0.73958 per share for the Series C Preferred Shares.
- 4) Annual dividend percentage based upon the liquidation preference of the preferred shares.

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# Capital Link Shipping Weekly Markets Report



Monday, May 12, 2014 (Week 19)

CAPITAL MARKETS DATA

## Currencies, Commodities & Indices

Week ending, Friday, May 9, 2014

### KEY CURRENCY RATES

Rate	Current Price	Price Last Week	% Change	YTD %Chg	52 Week High	52 Wk Low
3-Month LIBOR (USD)	\$0.2241	\$0.2229	0.56%	-7.72%	\$0.2768	\$0.2229
10-Yr US Treasury Yield	\$2.6233	\$2.5843	1.51%	-12.23%	\$3.0516	\$1.8566
USD/CNY	\$6.2285	\$6.2596	-0.50%	2.93%	\$6.2682	\$6.0377
USD/EUR	\$0.7267	\$0.7208	0.82%	-0.64%	\$0.7839	\$0.7148
USD/GBP	\$0.5934	\$0.5927	0.12%	-2.37%	\$0.6748	\$0.5884
USD/JPY	\$101.7200	\$102.5200	-0.78%	-3.48%	\$105.4700	\$93.6400

### PRECIOUS METALS

	Current Price	Price Last Week	% Change	YTD %Chg	52 Week High	52 Wk Low
Copper	\$308.30	\$307.00	0.42%	-8.83%	\$345.70	\$287.20
Gold	\$1,290.77	\$1,286.21	0.35%	5.67%	\$1,450.00	\$1,180.50
Palladium	\$799.75	\$812.40	-1.56%	9.52%	\$822.00	\$690.00
Platinum	\$1,430.75	\$1,424.63	0.43%	2.80%	\$1,555.00	\$1,294.60
Silver	\$19.23	\$19.12	0.60%	-3.96%	\$25.11	\$18.23

### KEY AGRICULTURAL & CONSUMER COMMODITIES

	Current Price	Price Last Week	% Change	YTD %Chg	52 Week High	52 Wk Low
Cocoa	\$2,864.00	\$2,917.00	-1.82%	8.65%	\$3,047.00	\$2,177.00
Coffee	\$183.90	\$203.20	-9.50%	65.08%	\$219.00	\$108.80
Corn	\$507.50	\$499.50	1.60%	20.69%	\$595.25	\$421.75
Cotton	\$92.36	\$94.32	-2.08%	9.90%	\$96.76	\$77.74
Soybeans	\$1,487.00	\$1,470.75	1.10%	17.09%	\$1,521.00	\$1,180.00
Sugar #11	\$17.20	\$17.45	-1.43%	5.59%	\$19.26	\$15.24
Wheat	\$722.50	\$716.00	0.91%	21.02%	\$771.00	\$557.25

### KEY FUTURES

Commodities	Current Price	Price Last Week	% Change	YTD %Chg	52 Week High	52 Wk Low
Gas Oil Futures	\$901.75	\$906.75	-0.55%	-2.30%	\$943.50	\$837.25
Gasoline RBOB Future	\$289.60	\$294.45	-1.65%	7.46%	\$306.10	\$265.00
Heating Oil Future	\$290.68	\$292.23	-0.53%	-2.68%	\$306.77	\$279.10
Natural Gas Future	\$4.53	\$4.67	-3.06%	4.86%	\$6.49	\$3.13
WTI Crude Future	\$99.99	\$99.76	0.23%	4.77%	\$104.10	\$88.01



# Capital Link Shipping Weekly Markets Report



Monday, May 12, 2014 (Week 19)

## CAPITAL MARKETS DATA

### MAJOR INDICES

Index	Symbol	9-May-14	2-May-14	% Change	YTD % Change	2-Jan-14
Dow Jones	INDU	16,583.34	16,512.89	0.43%	0.86%	16,441.35
Dow Jones Transp.	TRAN	7,719.30	7,698.84	0.27%	5.92%	7,287.87
NASDAQ	CCMP	4,071.87	4,123.90	-1.26%	-1.72%	4,143.07
NASDAQ Transp.	CTRN	3,149.13	3,128.69	0.65%	7.19%	2,938.03
S&P 500	SPX	1,878.48	1,881.14	-0.14%	2.54%	1,831.98
Russell 2000 Index	RTY	1,107.22	1,128.80	-1.91%	-3.78%	1,156.09
FTSE 100 Index	UKX	6,814.57	6,822.42	-0.12%	1.44%	6,730.70

### CAPITAL LINK MARITIME INDICES

Index	Symbol	9-May-14	2-May-14	% Change	2-Jan-14	YTD % Change
Capital Link Maritime Index	CLMI	2,610.00	2,570.07	1.55%	2,250.12	15.99%
Tanker Index	CLTI	2,985.71	2,908.86	2.64%	2,521.85	18.39%
Drybulk Index	CLDBI	965.28	1,001.03	-3.57%	1,020.38	-5.40%
Container Index	CLCI	1,873.96	1,882.00	-0.43%	1,814.70	3.27%
LNG/LPG Index	CLLG	3,550.96	3,529.43	0.61%	3,212.34	10.54%
Mixed Fleet Index	CLMFI	1,682.87	1,700.71	-1.05%	1,437.01	17.11%
MLP Index	CLMLP	3,240.48	3,156.88	2.65%	3,062.97	5.80%

\*The Capital Link Maritime Indices were updated recently to adjust for industry changes. Navigator Holding Ltd (NYSE:NVGS) became a member of Capital Link LNG/LPG Index and Scorpio Bulkers (NYSE:SALT) became a member of Capital Link Dry Bulk Index.

### BALTIC INDICES

Index	Symbol	9-May-14	2-May-14	% Change	2-Jan-14	YTD % Change
Baltic Dry Index	BDIY	997	1,017	-1.97%	2,113	-52.82%
Baltic Capesize Index	BCIY	1,541	1,829	-15.75%	3,733	-58.72%
Baltic Panamax Index	BPIY	898	865	3.82%	1,780	-49.55%
Baltic Supramax Index	BSI	909	915	-0.66%	1,330	-31.65%
Baltic Handysize Index	BHSI	506	510	-0.78%	773	-34.54%
Baltic Dirty Tanker Index	BDTI	665	647	2.78%	1,021	-34.87%
Baltic Clean Tanker Index	BCTI	534	526	1.52%	612	-12.75%





# Capital Link Shipping Weekly Markets Report



Monday, May 12, 2014 (Week 19)

CAPITAL MARKETS DATA

## Shipping Equities: The Week in Review

### SHIPPING EQUITIES OUTPERFORM THE BROADER MARKET MLP THE BEST PERFORMER

During last week, shipping equities outperformed the broader market, with the Capital Link Maritime Index (CLMI), a composite index of all US listed shipping stocks soaring 1.55%, compared to the Dow Jones Industrial Average (DJII) going up 0.43%, and the S&P 500 gaining 0.14%.

MLP stocks were the best performers during last week, with Capital Link MLP Index rising 2.65%, followed by Capital Link Tanker Index rising 2.64%. Dry bulk equities were the least performer in last week, with Capital Link Dry Bulk Index retreating 3.57%.

During last week, dry bulk shipping stocks underperformed the physical market, with Baltic Dry Index (BDI) declining 1.97%, compared to the Capital Link Dry Bulk Index losing 3.57%. Year-to-date, the BDI has dropped 52.82%, while the Capital Link Dry Bulk Index went down 5.40%.

During last week, Baltic Dirty Tanker Index (BDTI) improved 2.78% and Baltic Clean Tanker Index (BCTI) increased 1.52%. Capital Link Tanker Index went up 2.64%. Year-to-date, the BDTI dropped 34.87% and the BCTI went down 12.75%, compared to Capital Link Tanker Index increasing 18.39%.

The Trading Statistics supplied by KCG Holdings, Inc. provide

details of the trading performance of each shipping stock and analyze the market's trading momentum and trends for the week and year-to-date.

The objective of the Capital Link Maritime Indices is to enable investors, as well as all shipping market participants, to better track the performance of listed shipping stocks individually, by sector or as an industry. Performance can be compared to other individual shipping stocks, to their sector, to the broader market, as well as to the physical underlying shipping markets or other commodities. The Indices currently focus only on companies listed on US Exchanges providing a homogeneous universe. They are calculated daily and are based on the market capitalization weighting of the stocks in each index. In terms of historical data, the indices go back to January 1, 2005, thereby providing investors with significant historical performance.

There are seven indices in total; the Capital Link Maritime Index comprised of all 43 listed shipping stocks, and six Sector Indices, the CL Dry Bulk Index, the CL Tanker Index, the CL Container Index, the CL LNG / LPG Index, the CL Mixed Fleet Index and the CL Maritime MLP Index.

The Index values are updated daily after the market close and can be accessed at [www.CapitalLinkShipping.com](http://www.CapitalLinkShipping.com) or at or [www.MaritimeIndices.com](http://www.MaritimeIndices.com). They can also be found through the Bloomberg page "CPLI" and Reuters.

## Capital Link Shipping

Providing investors with information on shipping (maritime industry) and the listed companies, featuring latest news, industry reports, interviews, article, industry

CapitalLinkShipping.com



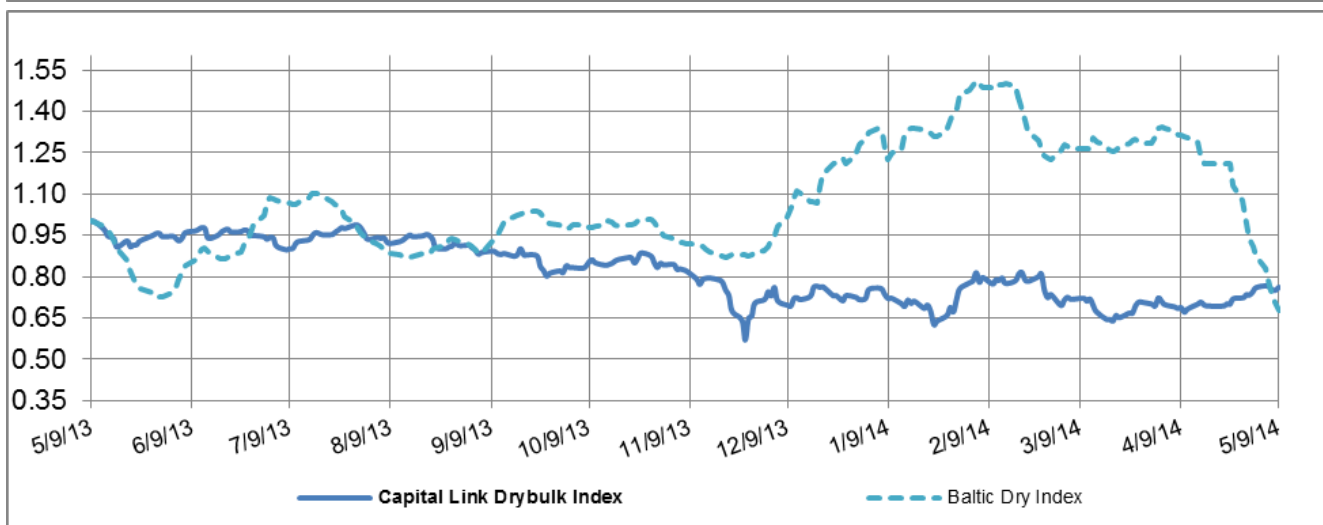
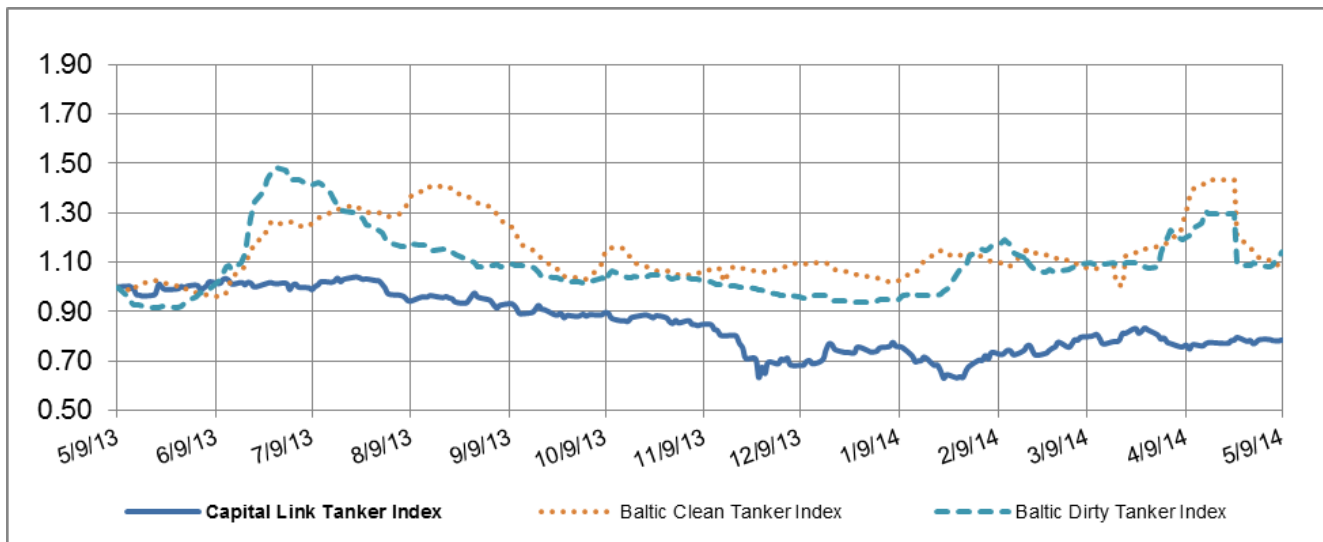
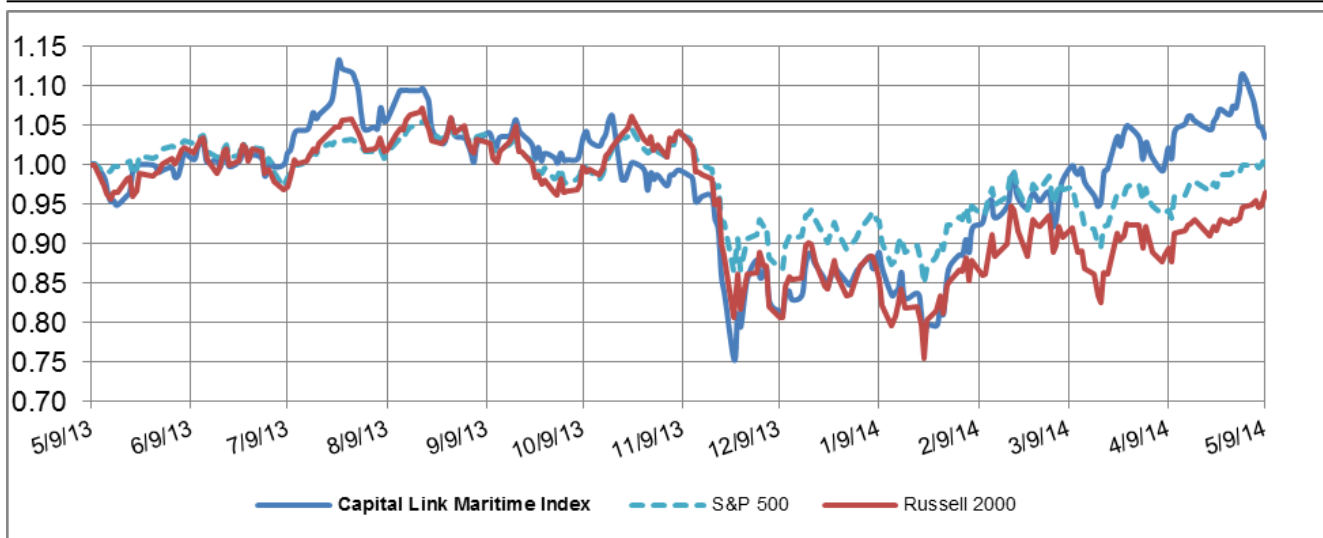
# Capital Link Shipping Weekly Markets Report



Monday, May 12, 2014 (Week 19)

CAPITAL MARKETS DATA

## MARITIME INDEX DAILY COMPARISON CHARTS (52 -WEEK )



\*SOURCE: BLOOMBERG



# Capital Link Shipping Weekly Markets Report



Monday, May 12, 2014 (Week 19)

## SHIPPING MARKETS

### Weekly Market Report

Week Ending May 9, 2014



#### FREIGHT

##### Capesize 4TC Average

Volume: 6,290 lots

Contract	Average	Chg	Open	Close	Chg	Low	High
May 14	12691	-489	15000	11750	-3250	11750	15000
Jun 14	16925	143	18000	14750	-3250	14600	18250
Jul 14	19967	na	20850	19500	-1350	19500	20900
Q3 14	22059	-470	23500	20900	-2600	20900	23500
Q4 14	29542	-523	31000	28500	-2500	28500	31000
Cal 15	22598	233	23100	21900	-1200	21900	23100
Cal 16	20454	429	20525	20100	-425	20100	20525

##### Panamax 4TC Average

Volume: 1,685 lots

Contract	Average	Chg	Open	Close	Chg	Low	High
May 14	8131	-135	8000	8000	0	8000	8200
Jun 14	9317	-119	9000	9800	800	9000	9800
Jul 14	10108	na	10100	10150	50	10100	10150
Q3 14	10798	164	10750	10900	150	10500	10950
Q4 14	13546	93	13600	13450	-150	13450	13800
Cal 15	12517	177	12700	12450	-250	12450	12700
Cal 16	12263	-38	12250	12300	50	12250	12300

##### Supramax 6TC Average

Volume: 290 lots

Contract	Average	Chg	Open	Close	Chg	Low	High
Jun 14	11250	na	11600	10900	-700	10900	11600
Q3 14	11723	na	11800	11600	-200	11600	11800
Q4 14	13633	-71	13600	13650	50	13600	13650

#### IRON ORE

##### TSI Iron Ore 62% Fines

Volume: 2,194,500 mt

Contract	Average	Chg	Open	Close	Chg	Low	High
May 14	104.58	-2.62	106.25	103.50	-2.75	103.15	107.25
Jun 14	102.56	-3.03	104.50	101.75	-2.75	101.50	105.50
Jul 14	101.88	na	103.50	100.25	-3.25	100.25	103.50
Q3 14	102.16	-1.26	103.25	100.50	-2.75	100.50	103.85
Q4 14	100.46	-2.37	101.50	100.35	-1.15	100.00	101.50
Cal 15	100.82	0.06	101.75	100.00	-1.75	100.00	101.75
Cal 16	100.20	na	100.25	100.00	-0.25	100.00	100.25





# Capital Link Shipping Weekly Markets Report



Monday, May 12, 2014 (Week 19)

## SHIPPING MARKETS

### FERTILIZER

#### Urea Nola

Volume: 27 lots

Contract		Average	Chg	Open	Close	Chg	Low	High
Jul	14	284.00	na	284.00	284.00	0.00	284.00	284.00
Aug	14	284.00	-10.33	284.00	284.00	0.00	284.00	284.00
Sep	14	284.00	-10.50	284.00	284.00	0.00	284.00	284.00

#### DAP Nola

Volume: 9 lots

Contract		Average	Chg	Open	Close	Chg	Low	High
May	14	440.00	4.33	440.00	440.00	0.00	440.00	440.00

### BUNKER FUEL

#### Singapore 180cst

19,500 mt

Contract		Average	Chg	Open	Close	Chg	Low	High
May	14	595.42	na	595.50	595.25	-0.25	595.25	595.50

### Legend

Average	Weighted average price of the contract period for the week
Change (1)	Difference between the current week Average and the previous week Average
Open	Opening price of the week
Close	Closing price of the week
Change (2)	Different between the weekly Open and Close Price
Low	Lowest price of the week
High	Highest price of the week



# Capital Link Shipping Weekly Markets Report



Monday, May 12, 2014 (Week 19)

## SHIPPING MARKETS

### First Watch: Stifel Shipping Weekly

Contributed by  
**Stifel Nicolaus & CO, Inc.**

**STIFEL  
NICOLAUS**

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Website: [www.stifel.com](http://www.stifel.com)

<i>Rates in \$/Day</i> <b>Vessel Category</b>	<b>Weekly Trend</b>	<b>5/9/2014</b>	<b>5/2/2014</b>	<b>% Change</b>	<b>2014 YTD</b>
<i>Crude Tanker</i>					
VLCC	↓	\$12,812	\$15,007	(14.6%)	\$25,153
Suezmax	↓	\$10,197	\$10,298	(1.0%)	\$24,791
Aframax	↓	\$13,338	\$13,657	(2.3%)	\$24,884
<i>Product Tankers</i>					
Long Range	↑	\$14,796	\$12,192	21.4%	\$20,606
Medium Range	↑	\$8,878	\$8,717	1.8%	\$9,955
<i>Dry Bulk</i>					
Capesize	↑	\$10,495	\$9,477	10.7%	\$15,971
Panamax	↑	\$4,905	\$4,687	4.7%	\$6,707
Supramax	↑	\$9,468	\$9,387	0.9%	\$11,769
<i>Containers*</i>					
Panamax-4400 TEU	→	\$7,500	\$7,500	0.0%	\$7,350
Sub-Panamax-2750 TEU	→	\$6,800	\$6,800	0.0%	\$6,875
Handy-2000 TEU	→	\$7,100	\$7,100	0.0%	\$6,925
LPG-82,000 cbm	↓	\$76,667	\$93,333	(17.9%)	\$60,417
LNG-138,000 cbm	→	\$53,000	\$53,000	0.0%	\$69,000

\*Monthly data was used

Source: Clarkson Research & Astrup Fearnley

The process toward development of Western Canadian LNG exports made significant strides forward with respect to four different projects this week. First, Canada's National Energy Board approved applications for 25-year natural gas export licenses to the 24 million ton/year project Aurora LNG controlled by Nexen, Inpex, and JGC Corp, and also the 10.5 million ton/year Oregon LNG project owned by Leucadia National. Additionally, Woodfibre LNG backed by RGE Group signed a letter of intent with the Province of British Columbia to ensure cooperation going forward on the 2 million tons per year project. This arrangement came just days after Pacific NorthWest LNG, the 12 million ton facility controlled by Petronas, signed a similar letter of intent. Ultimately, none of the four projects have reached a final investment decision, so we are not estimating them in our LNG supply and demand model, but they are four of 13 projects which could ultimately contribute to a dramatic change in the global LNG transportation landscape by the end of the decade. In fact, we estimate that these four projects, which would have a collective capacity of over 48 million tons per year, would require approximately 29 LNG carriers to service the trade. We estimate that projects already further in development in other areas of the world will require 243 new vessels, while there are just 105 full size vessels on order with no additional newbuilding capacity until 2017. Thus, while the LNG shipping market is currently oversupplied, the number of ships on order will certainly need to double and perhaps triple between now and the end of the decade on order to avoid a shipping capacity shortfall.



# Capital Link Shipping Weekly Markets Report



Monday, May 12, 2014 (Week 19)

## SHIPPING MARKETS

### Global Shipping Fleet & Orderbook Statistics

Cargo	Category	Fleet Size (DWT)	Orderbook (DWT)	OB/Fleet %	Average Age	% Greater than 20 yrs.
Crude	VLCC	193,522,175	27,492,944	14.2%	8.2	2.3%
	Suezmax	76,402,885	6,383,185	8.4%	8.5	4.8%
	Aframax	68,741,650	4,462,858	6.5%	9.1	5.8%
Product	LR2	26,455,640	8,407,218	31.8%	7.8	2.6%
	LR1	23,753,659	2,128,998	9.0%	7.2	2.5%
	MR	71,487,479	13,668,812	19.1%	9.0	7.2%
	Handy	5,150,932	166,856	3.2%	18.6	52.2%
Dry Bulk	Capesize	298,719,153	67,618,459	22.6%	7.5	11.1%
	Panamax	190,910,877	34,967,835	18.3%	8.7	10.4%
	Supramax	160,616,362	43,147,078	26.9%	8.3	8.3%
	Handymax	87,789,385	16,312,483	18.6%	11.7	20.9%
		(TEU)	(TEU)			
Containers	Post Panamax	9,702,646	3,422,283	35.3%	6.5	0.1%
	Panamax	3,650,399	23,482	0.6%	8.5	5.6%
	Handy-Feeder	3,378,917	238,164	7.0%	10.7	9.4%
		(CBM)	(CBM)			
Gas	LPG	21,454,441	8,746,210	40.8%	16.1	21.8%
	LNG	53,354,150	16,888,280	31.7%	10.9	12.2%

DWT: Dead Weight Tons, TEU: Twenty Equivalent Units, CBM: Cubic Meters

Source: Clarkson Research

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# Capital Link Shipping Weekly Markets Report



Monday, May 12, 2014 (Week 19)

## SHIPPING MARKETS

### Dry Bulk Market – Weekly Highlights

The weakness in the Dry Bulk market is still very much present. Following a couple of weeks during which most segments displayed slight improvements, the market returned to red once more with the BDI falling below 1,000 points. The bank holiday in the beginning of the week and the adjustment on the weight of certain BCI routes followed by daily drops, of the market thereafter, didn't allow for much improvement on sentiment, which still hangs over a thread. Rates for Capes displayed the most weakness last week, with activity in both basins looking thin. The Panamax market on the other hand noted a small increase, mainly due to improved Atlantic business, but taking into account the battering the segment has been getting lately, this hardly

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#### Indices / Dry Bulk Spot Rates

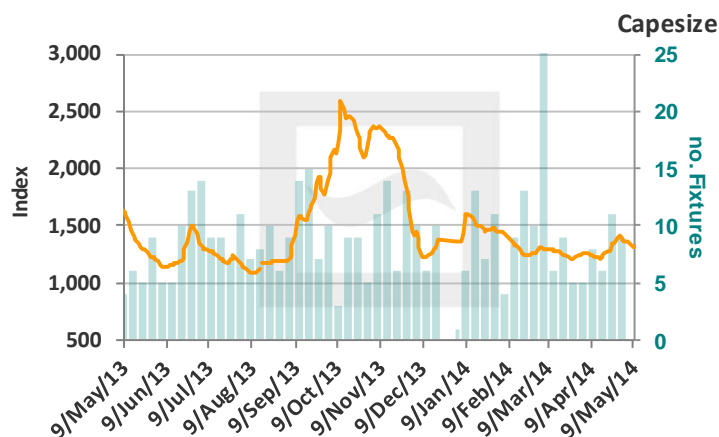
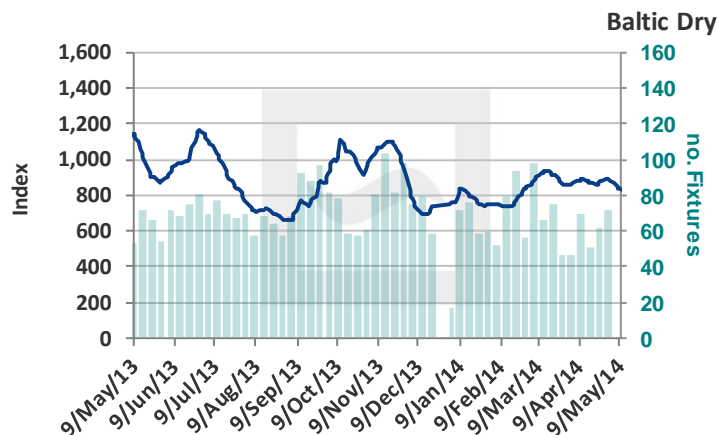
	Week 19 09/05/2014		Week 18 02/05/2014		Point Diff	\$/day ±%	2014	2013
	Index	\$/day	Index	\$/day			Avg Index	Avg Index
<b>BDI</b>	997		1,017		<b>-20</b>		1,263	1,205
<b>BCI</b>	1,541	\$10,998	1,829	\$11,744	<b>-288</b>	<b>-6.4%</b>	2,089	2,106
<b>BPI</b>	898	\$7,207	865	\$6,950	<b>33</b>	<b>3.7%</b>	1,156	1,186
<b>BSI</b>	909	\$9,500	915	\$9,568	<b>-6</b>	<b>-0.7%</b>	1,057	983
<b>BHSI</b>	506	\$7,514	510	\$7,584	<b>-4</b>	<b>-0.9%</b>	643	562

brought any smiles back, as the segment is still the worse performing one across the board. The improvement experienced in the USG region for the Supramax market in the week prior proved to be short lived as position lists started to lengthen once again, while both Supras and Handies witnessed an overall stable market elsewhere, with sentiment nevertheless weakening as we slid into the weekend.

This wasn't a very good week on the commodities front, as most of the main dry bulk trades continue to struggle to maintain healthy activity. Coal prices managed to see a small glimmer this week thanks to a small demand surge from India and China. This however is nothing to depend on in the longer run, as expectations are for an oversupply and almost stagnating demand over the next two years with emphasis on lower emissions continuing to be a high priority for several major importing nations. Iron ore has taken a further battering lately, with prices dropping to their lowest levels since 2012. These lower prices may eventual translate towards increased

demand, but for the moment they reflect the general glut that is seen in global trade. Grains are the only major dry bulk commodity which is showing some promise, as there are hopes that U.S. and S. America harvests should see an improvement compared to last year.

▼ The Baltic Dry Index closed on Friday the 9th of May at 997 points with a weekly loss of **-20** points or **-2.0%** over previous week's closing. (Last Friday's the 2nd of May closing value was recorded at 1,017 points).



**CAPE SIZE MARKET** - ▼ The Baltic Cape Index closed on Friday the 9th of May at 1,541 points with a weekly loss of **-288** points. For this week we monitor a **-15.7%** change on a week-on-week comparison, as Last Friday's the 2nd of May closing value was 1,829 points). It is worth noting that the annual average of 2011 for the Cape Index is currently calculated at 2,089 points, while the average for the year 2010 was 2,106 points.



# Capital Link Shipping Weekly Markets Report



Monday, May 12, 2014 (Week 19)

## SHIPPING MARKETS

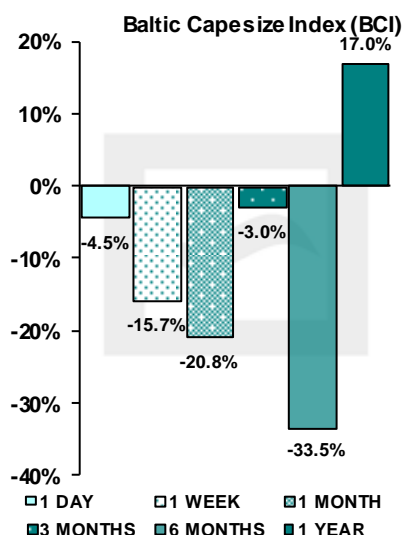
### Dry Bulk Market – Weekly Highlights

For Week 19 we have recorded a total of 3 timecharter fixtures in the Capesize sector, 0 for period charter averaging \$0 per day, while 3 trip charters were reported this week with a daily average of \$13,333 per day.

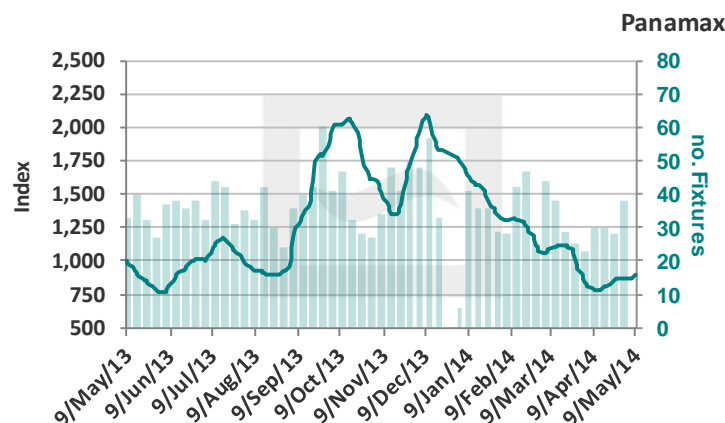
This week's fixture that received the lowest daily hire was the M/V "AQUAJJOY", 171009 dwt, built 2003, dely Rotterdam 01/04 Jun, redely Continent, \$7000, Oldendorff, for a trip via Nouadhibou, 295000 bb, Vitol relet 100\$ improved from last week, and the fixture with the highest daily hire was the M/V "ANANGEL TRUST", 180391 dwt, built 2012, dely Immingham 12/15 May, redely Al Jubail, \$22000, Cargill, for a trip via Ubu, <fixed 07/05> -3250\$ reduced from last week.

Week	No. of Fixtures	Highest Fixture	Lowest Fixture
this week	3	\$22,000	\$7,000
last week	9	\$25,250	\$6,900

Week	Period Charter	Trip Charter
this week	\$0	\$13,333
last week	\$25,250	\$10,313



In the bar chart on the left we see that the BCI is showing a **-15.7%** fall on a weekly comparison, a **-20.8%** fall on a 1 month basis, a **-3.0%** fall on a 3 month basis, a **-33.5%** fall on a 6 month basis and a **17.0%** rise on a 12 month basis.



**PANAMAX MARKET - ▲** The Baltic Panamax Index closed on Friday the 9th of May at 898 points having gained **33** points on a weekly comparison. It is worth noting that last Friday's the 2nd of May saw the Panamax index close at 865 points. The week-on-week change for the Panamax index is calculated to be **3.8%**, while the yearly average for the Baltic Panamax Index for this running year is calculated at 1,156 points while the average for 2010 was 1,186 points.

Week	No. of Fixtures	Highest Fixture	Lowest Fixture
this week	38	\$15,500	\$7,000
last week	38	\$15,600	\$6,500

Week	Period Charter	Trip Charter
this week	\$11,860	\$11,002
last week	\$11,010	\$10,477

For Week 19 we have recorded a total of 38 timecharter fixtures in the Panamax sector, 5 for period charter averaging \$11,860 per day, while 33 trip charters were reported this week with a daily average of \$11,002 per day.

The daily earnings differential for the Panamax, that we calculate from all this week's reported fixtures, i.e. the difference between the lowest and highest reported fixture for this week was reduced, and this week's fixture that received the lowest daily hire was the M/V "AFOVOS", 74306 dwt, built 2001, dely Bayuquan prompt, redely Singapore-Japan intention grain, \$7000, Noble, for a trip via NoPac 500\$ improved from last week, and the fixture with the highest daily hire was the M/V "AMIS WISDOM LLL", 61527 dwt, built 2011, dely Buenaventura prompt, redely India, \$19000, Siva Bulk, for a trip via WC South America 3400\$ improved from last week.



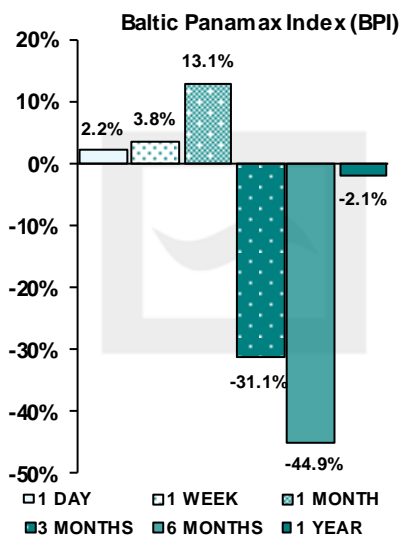
# Capital Link Shipping Weekly Markets Report



Monday, May 12, 2014 (Week 19)

## SHIPPING MARKETS

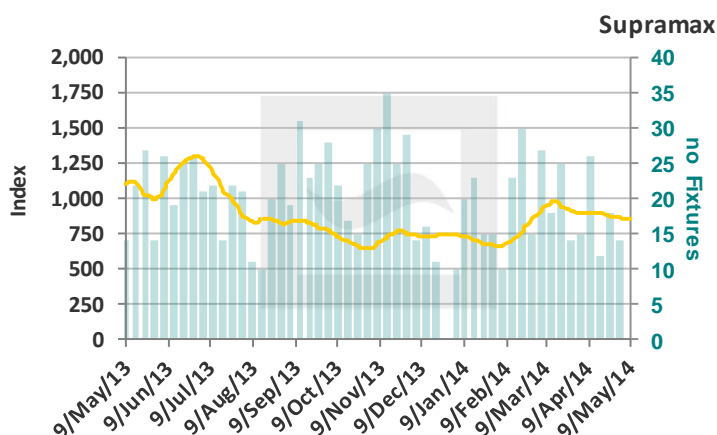
### Dry Bulk Market – Weekly Highlights



In the bar chart on the left we see that the BPI is showing a **3.8%** rise on a weekly comparison, a **13.1%** rise on a 1 month basis, a **-31.1%** fall on a 3 month basis, a **-44.9%** fall on a 6 month basis and a **-2.1%** fall on a 12 month basis.

For Week 19 we have recorded a total of 12 timecharter fixtures in the Supramax & Handymax sector, 0 for period charter averaging \$0 per day, while 12 trip charters were reported this week with a daily average of \$11,271 per day.

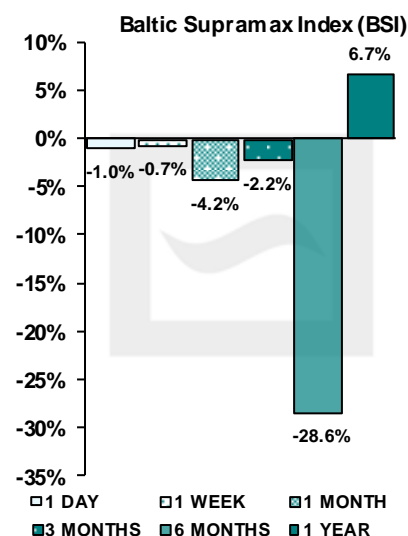
The minimum vs maximum daily rate differential as analyzed from our fixtures database was overall improved and from the reported fixtures we see that this week's fixture that received the lowest daily hire was the M/V "ASSOS STRIKER", 56819 dwt, built 2010, dely aps Jamaica prompt, redely Corpus Christi approx, \$8000, Ultrabulk, for a trip 3000\$ improved from last week, and the fixture with the highest daily hire was the M/V "AMIS WISDOM LLL", 61527 dwt, built 2011, dely Buenaventura prompt, redely India, \$19000, Siva Bulk, for a trip via WC South America 4000\$ improved from last week.



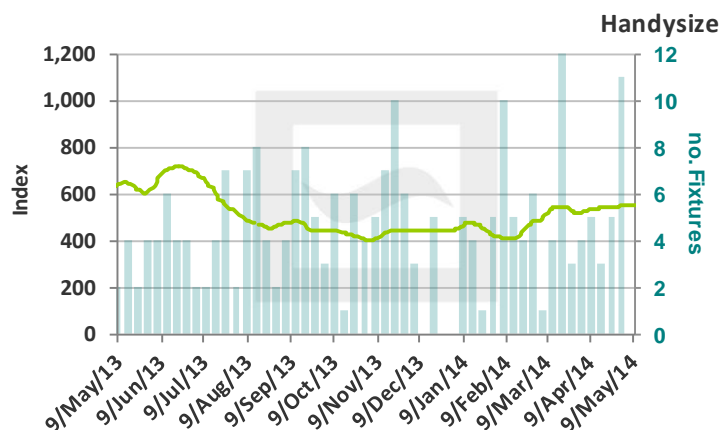
**SUPRAMAX & HANDYMAX MARKET - ▼** The Baltic Supramax Index closed on Friday the 9th of May at 909 points down with a weekly loss of **-6** point or **-0.7%**. The Baltic Supramax index on a weekly comparison is with a downward trend as last Friday's the 2nd of May closing value was 915 points. The annual average of the BSI is recorded at 1,057 points while the average for 2010 was 983 points.

Week	No. of Fixtures	Highest Fixture	Lowest Fixture
this week	12	\$19,000	\$8,000
last week	14	\$15,000	\$5,000

Week	Period Charter	Trip Charter
this week	\$0	\$11,271
last week	\$0	\$10,186



In the bar chart on the left we see that the BSI is showing a **-0.7%** fall on a weekly comparison, a **-4.2%** fall on a 1 month basis, a **-2.2%** fall on a 3 month basis, a **-28.6%** fall on a 6 month basis and a **6.7%** rise on a 12 month basis.





# Capital Link Shipping Weekly Markets Report



Monday, May 12, 2014 (Week 19)

## SHIPPING MARKETS

### Dry Bulk Market – Weekly Highlights

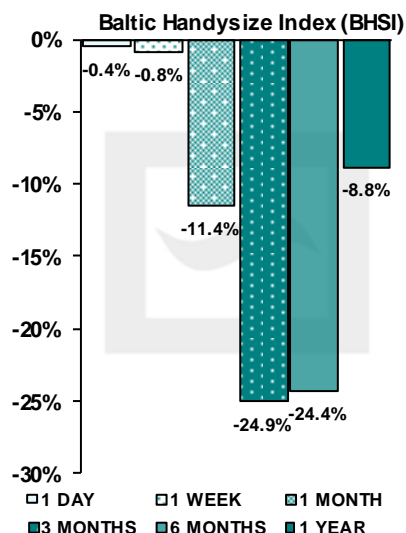
**HANDYSIZE MARKET – ▼** The Baltic Handysize Index closed on Friday the 9th of May with a downward trend at 506 points with a weekly loss of **-4** points and a percentage change of **-0.8%**. It is noted that last Friday's the 2nd of May closing value was 510 points and the average for 2011 is calculated at 643 points while the average for 2010 was 562 points.

Week	No. of Fixtures	Highest Fixture	Lowest Fixture
this week	1	\$8,000	\$8,000
last week	11	\$12,500	\$6,500

Week	Period Charter	Trip Charter
this week	\$0	\$8,000
last week	\$0	\$8,945

For Week 19 we have recorded a total of 1 timecharter fixtures in the Handysize sector, 0 for period charter averaging \$0 per day, while 8 trip charters were reported this week with a daily average of \$8,000 per day.

The minimum vs maximum daily rate differential as analyzed from our fixtures database was overall reduced and this week's fixture that received the lowest daily hire was the M/V "ADFINES EAST", 36490 dwt, built 2012, dely aps Houston prompt, redely EC Mexico, \$8000, Clipper, for a trip 1500\$ improved from last week and the fixture with the highest daily hire was the M/V "ADFINES EAST", 36490 dwt, built 2012, dely aps Houston prompt, redely EC Mexico, \$8000, Clipper, for a trip -4500\$ reduced from last week



we see that the BHI is showing a **-0.8%** change on a weekly comparison, a **-11.4%** on a 1 month basis, a **-24.9%** fall on a 3 month basis, a **-24.4%** fall on a 6 month basis and a **-8.8%** fall on a 12 month basis.

All Baltic Dry Indices, 1 day, 1week , 1 month, 3 months, 6 months and 12 months % changes based on last Friday's closing figures.

INDEX	1 DAY	1 WEEK	1 MONTH	3 MONTHS	6 MONTHS	1 YEAR
BDI	-1.1%	-2.0%	-6.0%	-8.6%	-34.6%	19.3%
BCI	-4.5%	-15.7%	-20.8%	-3.0%	-33.5%	17.0%
BPI	2.2%	3.8%	13.1%	-31.1%	-44.9%	-2.1%
BSI	-1.0%	-0.7%	-4.2%	-2.2%	-28.6%	6.7%
BHI	-0.4%	-0.8%	-11.4%	-24.9%	-24.4%	-8.8%





# Capital Link Shipping Weekly Markets Report



Monday, May 12, 2014 (Week 19)

## SHIPPING MARKETS

### Weekly Freight Rate & Asset Trends

#### Tanker Spot Rates

Vessel	Routes	Week 19		Week 18		\$/day ±%	2014 \$/day	2013 \$/day
		WS points	\$/day	WS points	\$/day			
VLCC	265k MEG-JAPAN	37	12,275	38.5	14,760	-16.8%	29,406	21,133
	280k MEG-USG	25.5	8,411	27	10,999	-23.5%	20,139	7,132
	260k WAF-USG	48	25,942	50	28,349	-8.5%	40,780	26,890
Suez max	130k MED-MED	60	11,729	60	11,558	1.5%	29,431	17,714
	130k WAF-USAC	55	9,176	55	9,348	-1.8%	20,172	13,756
	130k BSEA-MED	55	9,799	55	9,667	1.4%	29,431	17,714
Aframax	80k MEG-EAST	90	15,778	92.5	16,347	-3.5%	16,610	11,945
	80k MED-MED	75	8,598	78	9,902	-13.2%	29,182	13,622
	80k UKC-UKC	92.5	6,982	95	9,528	-26.7%	38,363	18,604
Clean	70k CARIBS-USC	125	23,170	110	17,566	31.9%	28,329	16,381
	75k MEG-JAPAN	92	14,147	83	10,746	31.6%	10,491	12,011
	55k MEG-JAPAN	108	12,727	99	10,122	25.7%	10,044	12,117
Dirty	37K UKC-USAC	110	6,763	100	4,592	47.3%	10,015	11,048
	30K MED-MED	115	17,952	115	16,037	11.9%	19,763	17,645
	55K UKC-USG	120	19,662	115	17,688	11.2%	25,951	14,941
50k	55K MED-USG	115	17,502	115	16,806	4.1%	24,223	12,642
	50k CARIBS-USAC	130	20,021	110	12,327	62.4%	29,121	15,083

#### Tanker Time Charter Rates

	\$/day	Week 19	Week 18	±%	Diff	2014	2013
VLCC	300k 1yr TC	25,500	25,500	0.0%	0	26,355	20,087
	300k 3yr TC	27,750	27,750	0.0%	0	26,911	23,594
Suez max	150k 1yr TC	19,250	19,250	0.0%	0	20,434	16,264
	150k 3yr TC	23,250	23,250	0.0%	0	21,858	18,296
Aframax	110k 1yr TC	15,500	15,500	0.0%	0	15,803	13,534
	110k 3yr TC	17,250	17,250	0.0%	0	17,068	15,248
Panamax	75k 1yr TC	15,500	15,500	0.0%	0	15,553	15,221
	75k 3yr TC	16,500	16,500	0.0%	0	16,305	15,729
MR	52k 1yr TC	15,000	15,000	0.0%	0	15,303	14,591
	52k 3yr TC	16,000	16,000	0.0%	0	16,121	15,263
Handysize	36k 1yr TC	14,500	14,500	0.0%	0	14,684	13,298
	36k 3yr TC	15,500	15,500	0.0%	0	15,424	13,907

#### Dry Bulker Time Charter Rates

	\$/day	Week 19	Week 18	±%	Diff	2014	2013
Capesize	170K 6mnt TC	27,000	26,250	2.9%	750	25,154	17,625
	170K 1yr TC	25,750	26,750	-3.7%	-1,000	26,397	15,959
	170K 3yr TC	25,250	25,250	0.0%	0	24,055	16,599
Panamax	76K 6mnt TC	13,000	13,000	0.0%	0	15,312	12,224
	76K 1yr TC	13,500	13,600	-0.7%	-100	14,553	10,300
	76K 3yr TC	14,500	14,500	0.0%	0	14,439	10,317
Supramax	55K 6mnt TC	12,500	12,250	2.0%	250	13,621	11,565
	55K 1yr TC	12,500	12,500	0.0%	0	12,924	10,234
	55K 3yr TC	12,750	12,750	0.0%	0	12,766	10,482
Handymax	45k 6mnt TC	10,750	10,500	2.4%	250	11,713	9,771
	45k 1yr TC	10,750	10,750	0.0%	0	11,082	8,852
	45k 3yr TC	11,000	11,000	0.0%	0	11,029	9,237
Handysize	30K 6mnt TC	9,750	9,750	0.0%	0	10,239	8,244
	30K 1yr TC	10,000	10,000	0.0%	0	10,061	8,309
	30K 3yr TC	10,250	10,250	0.0%	0	10,187	8,926

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#### Secondhand Indicative Market Values (\$ Million) - Tankers

Vessel	5yrs old	May-14	Apr-14	±%	2014	2013	2012
VLCC	300KT DH	74.5	73.8	1.0%	70.7	56.2	62.9
Suezmax	150KT DH	50.0	50.0	0.0%	48.1	40.1	44.9
Aframax	110KT DH	38.0	38.0	0.0%	36.4	29.2	31.2
Panamax	75KT DH	35.0	34.3	2.2%	32.8	28.0	26.7
MR	52KT DH	29.0	29.0	0.0%	29.5	24.7	24.6

#### Secondhand Indicative Market Values (\$ Million) - Bulk

Vessel	5 yrs old	May-14	Apr-14	±%	2014	2013	2012
Capesize	180k	52.8	52.3	1.0%	48.7	35.8	34.6
Panamax	76K	27.3	27.8	-1.8%	27.1	21.3	22.7
Supramax	56k	26.8	27.0	-0.9%	26.6	21.5	23.0
Handysize	30K	20.5	20.8	-1.2%	20.8	18.2	18.2

#### Indicative Newbuilding Prices (million\$)

	Vessel		Week 19	Week 18	±%	2014	2013	2012
Bulkers	Capesize	180k	57.5	57.5	0.0%	56.0	49	47
	Kamsarmax	82k	30.8	30.8	0.0%	30.5	27	28
	Panamax	77k	29.5	29.5	0.0%	29.1	26	27
	Supramax	58k	27.5	27.5	0.0%	27	25	25
	Handysize	35k	23.5	23.5	0.0%	23	21	22
Tankers	VLCC	300k	101.0	101.0	0.0%	98.3	91	96
	Suezmax	160k	65.0	65.0	0.0%	64	56	58
	Aframax	115k	55.0	55.0	0.0%	54	48	50
	LR1	75k	46.5	47.0	-1.1%	45.7	41	42
Gas	MR	52k	37.0	37.0	0.0%	36.8	34	34
	LNG	150K	186.0	186.0	0.0%	185.5	185	186
	LGC LPG	80k	79.0	78.0	1.3%	76.8	71	71
	MGC LPG	52k	67.0	66.0	1.5%	65.6	63	62
	SGC LPG	23k	44.0	44.0	0.0%	43.5	41	44



# Capital Link Shipping Weekly Markets Report



Monday, May 12, 2014 (Week 19)

## SHIPPING MARKETS

### Container Market – Weekly Highlights

#### Chartering

Vessel (TEU/HOM)	Index	+/-
700/440TEU (GL) 17.5 k	3.52	► 0.00
1,043/660TEU (GL) 18 K Eco	5.27	► 0.00
1,100/715TEU (G) 19 k	7.80	► 0.00
1,700/1,125TEU (G) 19.5 k	8.86	► 0.00
1,740/1,300TEU (G) 20.5 k	8.87	► 0.00
1,714/1,250TEU (G) 19k Bkk Max	6.29	► 0.00
2,500/1,900TEU (G) 22 k	3.97	▼ 0.08
2,800/2,000TEU (GL) 22 k	3.50	► 0.00
3,500/2,500TEU (GL) 23 k	1.75	► 0.00
4,250/2,800TEU (GL) 24 k	2.58	▲ 0.08
5,500/4,200TEU (GL) 25 k	2.50	► 0.00
8,500/6,600 (GL) 25 k	3.75	► 0.00
<b>Index Total</b>	<b>58.67</b>	<b>► 0.00</b>

Activity picked up again this week as the annual spring rash of global public holidays came to an end, with a significant number of fixtures concluded although with little change to the supply/demand balance and hence at levels generally around last done.

Rumours of an 8,500 TEU unit securing USD25,000/day for a three to four months, appear to show a fixture below the last done in this sector at USD31,000/day. However, when analysed closer, the near 1,000 effective TEU deficit and only marginally lower consumptions, as well as the short period, would explain the difference. Availability in this size remains limited and tonnage is commanding relatively decent money in comparison to the smaller sizes.

Oversupply in the Panamax segment is reducing fast as a number of units continue to be snapped up and rates have just started picking up as a result, albeit marginally so far. Such is the way operators adapt to market conditions it was inevitable that this size would attract charterers attention eventually, having spent so long as the floundering, but slot-cost bargain segment.

The 1,700 TEU sector remains quiet in the Far East with standard designs continuing to struggle to find long term employment, although a couple of requirements did surface this week. In contrast,

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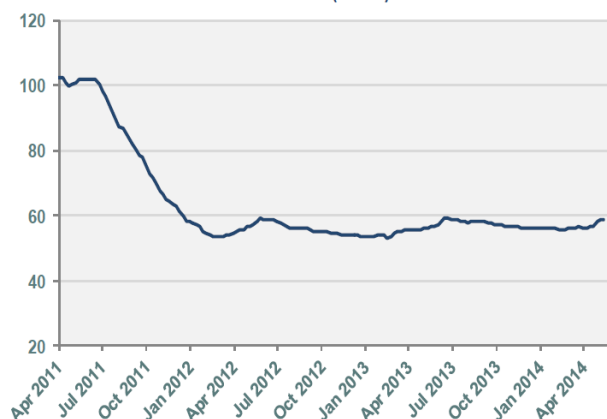
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Website: braemarseascope.com



eco designs in this sector continue at a relatively higher level rate wise with USD11,000/day achieved for an SPP 1,700 unit for six months, although this came as a surprise after mid-USD11,000s/day were recently achieved for the slightly more economical, gearless Zhejiang Ouhua design and low-USD11,000s/day for the smaller but also more economical Sadari Wenchong design.

The next month or two is key to fortunes for the remainder of the year; traditionally the pace slows from late June and historically the second half of the year, certainly in recent years, hasn't been a time when significant upward surges have occurred. However, with oversupply in many sectors dwindling, especially in the (often market leading) larger sizes, there is still scope for a pre-summer uptick in rates.

The BOX Index (BOXi) 58.67



#### Representative Fixtures

Name	Dwt	Teu	14T	Blt	Spd	Cons	GR	Charterer	Dely	Date	Period	US\$/day
Wehr Singapore	67,800	5,089	3,370	2006	21.0	104.5	GL	NYK	NE Asia	May	8-11 mos	8,700
Bavaria	50,811	4,252	2,810	2003	22.9	115.0	GL	NDAL	SE Asia	Jun	7-10 mos	7,500
Lilly Schulte	47,681	3,635	2,751	2012	23.0	124.0	G	Maersk Line	NE Asia	May	3-6 mos	8,400
Leto	42,300	3,091	2,481	2006	16.0	49.8	G	CCNI	NE Asia	May	4-6 mos	8,500
Theodor Storm	33,290	2,586	2,250	2004	22.0	93.0	GL	CMA CGM	NE Asia	May	4-6 mos	7,300
Seamaster	24,129	1,756	1,380	2013	19.0	47.1	G	Golden Sea Shpg	SE Asia	May	5-7 mos	11,000
Cape Nemo	23,300	1,740	1,290	2010	21.2	64.1	GL	CSCCL	NE Asia	May	3-6 mos	7,550
Rijnborg	16,450	1,700	1,050	2007	17.0	30.0	GL	CMA CGM	UKC	May	11-13 mos	12,000
Warnow Beluga	18,500	1,296	957	2008	19.6	45.0	GL	Zim	EMED	May	4-6 mos	7,500
Devon Strait	13,760	1,118	712	2008	19.0	39.0	G	CMA CGM	WMED	May	1-3 mos	6,400
Conwest	9,300	737	414	1998	15.5	20.5	G	CMA CGM	WMED	May	5-6 mos	5,500
Bara IPSA	8,500	707	425	2005	17.5	28.0	GL	Sinotrans	NE Asia	May	14 Days	5,000



# Capital Link Shipping Weekly Markets Report



Monday, May 12, 2014 (Week 19)

## SHIPPING MARKETS

### Weekly Tanker Market Opinion

#### Shipbuilding's Slippery Slope Kicking the can down the road:

In general, it is difficult to engender sympathy for shipowners. To market insiders, the plight might be somewhat easier, but one could make the case that market cyclicity is largely within their collective control. Although demand and trade growth are dictated by forces well beyond the confines of offices and board rooms, the booms and busts of the market are largely vessel supply related. The delayed nature of the shipbuilding process only serves to complicate matters as shipowners must evaluate how favorable they expect market conditions to be when their vessels hit the water. While shipyards take the opposing position, it could be argued that they are even more exposed than the ship orderer; shipyards face the threat that orders will be cancelled if the mood isn't right. As orderbooks swell on the tide of positive sentiment, observers question, how much is too much?

As of April 2014, the tanker orderbook is 63 million deadweight tons for vessels 30,000 deadweight tons and larger (see Fig 1.) This is about half the size of the orderbook in 2010, which amounted to 126 million deadweight tons, but contained a higher proportion of VLCCs. Cost-savings and technology outsourcing has improved China's emergence as a shipbuilder during the last decade. Although Korea still holds the number one shipbuilding position as far as this tanker fleet subset is concerned, there is no doubt that China is on the rise. As Chinese-built assets performed to the satisfaction of oil companies and shipowners alike, the comfort level with Chinese tonnage continues to improve (see Fig. 2.)

Shipyards are in an inherently precarious position. Over the past three years, the fleet has only expanded by 73 million deadweight tons, from 384 million to 457 million deadweight

Fig. 3 Tanker Orderbook by Shipowner

Owner	Total DWT ('000 MT)	% of Total
Navig8	7,172	11%
Scorpio	4,057	6%
COSCO	2,488	4%
Petrobras	2,414	4%
Metrostar	2,350	4%
China Merchants Energy	1,911	3%
BP	1,828	3%
DHT	1,800	3%
Frontline 2012	1,751	3%
Global Union	1,570	2%
Other	36,602	57%
<b>Top 10 Total</b>	<b>27,341</b>	<b>43%</b>
<b>Total</b>	<b>63,943</b>	<b>100%</b>

Source: Poten & Partners

tons, giving insight into the degree of slippage and cancellation that was experienced by the shipbuilders during that period. Yards decide the shipping sectors in which they want to participate based on where they view asset prices today and in the future, but are disproportionately disadvantaged by extending options. By granting options, shipyards must leave berth space available on the off chance that the orderer will want additional units in the future. The orderer, not

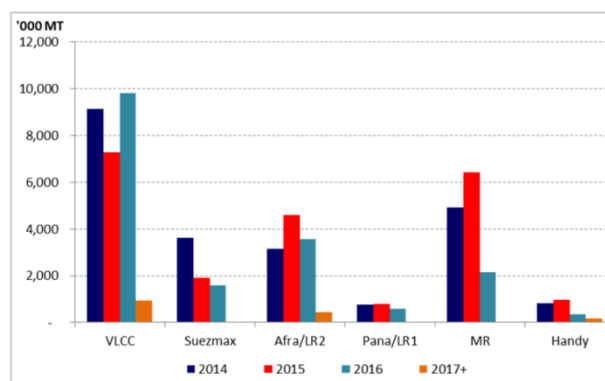
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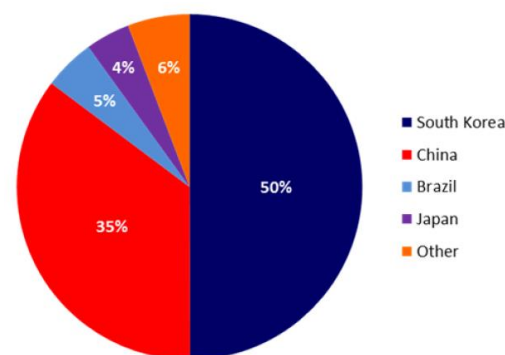


Fig. 1 Tanker Orderbook by Sector



shipyard, will always capture the upside in this scenario since they can either exercise the option or resell the berth at a higher price. The highly competitive nature of shipbuilding affords shipowners this bargaining chip since they can always take their business elsewhere.

Fig. 2 Tanker Orderbook by Country



Source: Poten & Partners

The availability of new and public money serves to compound the mounting orderbook. With asset prices near the bottom of the ten-year average, it becomes easier to make the case that prices will rise over time. It is important to remember that the marginal order and resultant incremental supply will chip away at the earning potential of the fleet at large. Today, the oversupply threat is exacerbated by the broad feeling that the market is at an inflection point. With limited availability in the secondhand market, owners will continue to look to knock on the shipyard's gates, even if it could be to the long-term detriment of the tanker market at large.



# Capital Link Shipping Weekly Markets Report



Monday, May 12, 2014 (Week 19)

## SHIPPING MARKETS

### Tanker Market – Weekly Highlights

#### Rail Car Regulation and Export Crude Expansion

*How Canadian bitumen crude is getting out of Canada, despite the Keystone XL*

By John M. Kulukundis

This week the U.S. Government issued a safety advisory “strongly urging those shipping Bakken crude to use tank car designs with the highest level of integrity available in their fleets”. They added that tank owners and tank charterers, “to the extent possible avoid the use of older legacy tank cars for the shipment of their crude oil”. An advisory that when transposed into crude shipping terms could read: “crude charterers should make best efforts where possible to charter modern double hull tonnage and try to avoid chartering older single skin tankers, but if you can’t, at least you tried”.

The U.S. also issued an order requiring railroads operating trains carrying volumes of Bakken oil to notify State Emergency Response Commissions (SERCs) when the trains are moving through their states. What’s next, COFR’s for crude rail shippers? While rail crude shipping has more in common with marine container shipping, as the cargo tank is usually owned by someone other than the person transporting it, a cursory look at tanker design and trading regulations set by the Federal Government, USCG, Class, Flag State and the IMO might give the Rail Administration some safety inspiration. Trains tend to run through highly populated cities and towns... tankers, slightly less populated oceans.

The U.S. action came after Canada’s Transportation Safety Board last month issued new rules for crude-carrying rail cars. The more stringent Canadian actions included removing the least crash-resistant tank cars; requiring emergency response assistance plans for shipments of crude oil, gasoline, diesel, aviation fuel and ethanol; creating a task force of industry and local government representatives; and requiring railways to reduce the speed of trains carrying “dangerous goods,” of which crude and ethanol are now included.

The U.S. response, an approach which they describe as comprehensive, includes immediate and long-term steps such as: launching “Operation Classification” in the Bakken region to verify that crude oil is being properly classified; issuing safety advisories, alerts, emergency orders and regulatory updates; conducting special inspections; moving forward with a rulemaking to enhance tank car standards; and reaching agreement with railroad companies on a series of immediate voluntary actions they can take by reducing speeds, increasing inspections, using new brake technology and investing in first responder training. Virtually all of the above (except the one about brake technology) have been standard operating practice in the shipping industry for years.

Notwithstanding the new, more stringent Canadian and U.S. crude tank car regulations and lack of progress on the Keystone XL, heavy crude moving from Western Canada is making its way to the U.S. Gulf in increasing amounts. It arrives in both smaller tank car numbers as part of larger trains and on dedicated unit trains (trains of more than 100 tank cars). There are already a number of terminals in operation

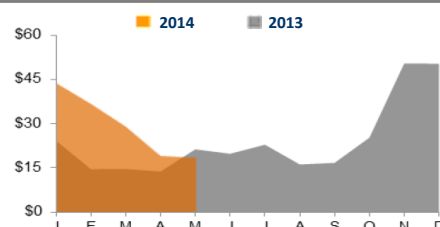
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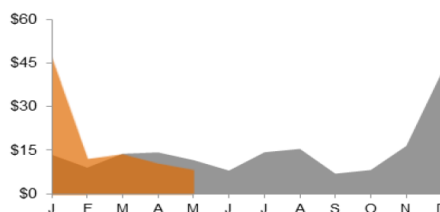
Phone: (203) 629 - 2300  
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**VLCC TCE**  
AG-USG /  
CBS-SPORE/AG

MTD Average  
\$18,400/Day

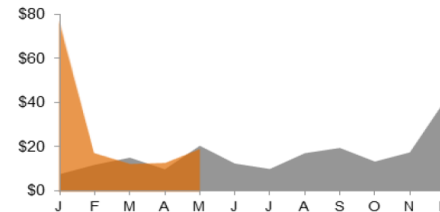
Month y/y  
▼ -14%



**S'MAX TCE**  
130k WAF-USAC

MTD Average  
\$8,600/Day

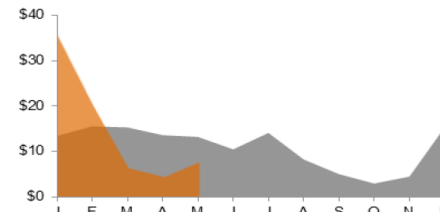
Month y/y  
▼ -26%



**A'MAX TCE**  
70k CBS-USG

MTD Average  
\$19,200/Day

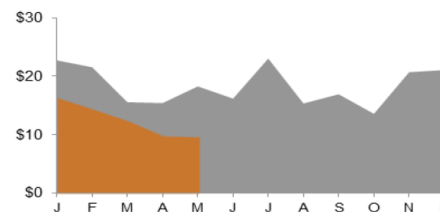
Month y/y  
▼ -6%



**P'MAX TCE**  
50k CBS-USAC

MTD Average  
\$7,600/Day

Month y/y  
▼ -43%



**MR TCE**  
USG-UKC/  
UKC-USAC/USG

MTD Average  
\$9,700/Day

Month y/y  
▼ -47%





# Capital Link Shipping Weekly Markets Report



Monday, May 12, 2014 (Week 19)

## SHIPPING MARKETS

### Tanker Market – Weekly Highlights

to handle these large shipments with access to the Gulf Coast, plus terminals to handle smaller quantities, with more planned as demand increases.

The new facilities are designed to trans-load Canadian bitumen crude from unit trains to barges for marine and pipeline shipment to Gulf Coast region refineries and further afield. Presently there is more than one million b/d of terminal capacity with access to the U.S. Gulf area for Canadian heavy crude trans-loading (not all of it for unit trains). It is worth noting that this crude arriving on rail cars from Western Canada, as well as being an excellent blend for the light tight U.S. domestic crude for U.S. Gulf refineries (designed for heavier Middle East and Latin American crudes), and is also not subject to U.S. export regulations and can therefore be exported to anywhere in the world. Reports this week indicate that a Repsol has purchased what is believed to be the first re-export cargo of Western Canada Select for delivery to Spain and serviced by a Suezmax.

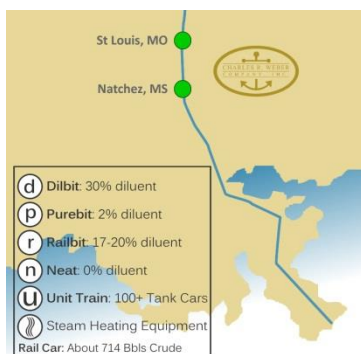
#### Going with the Flow

In **(d)(r)(p)(u)** Canadian bitumen crude to flow through pipelines, the viscosity needs to be reduced by blending it with diluent (usually condensate). While this is not essential for rail transport when there is steam heating equipment at the receiving end, most of the bitumen crude being moved today is cut with diluent to get to the railhead via pipeline.

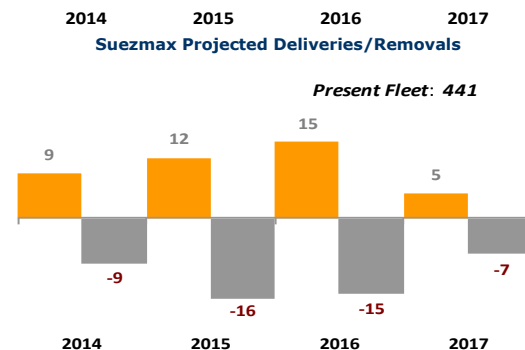
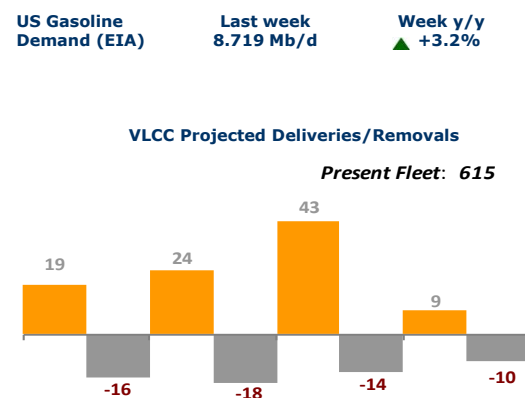
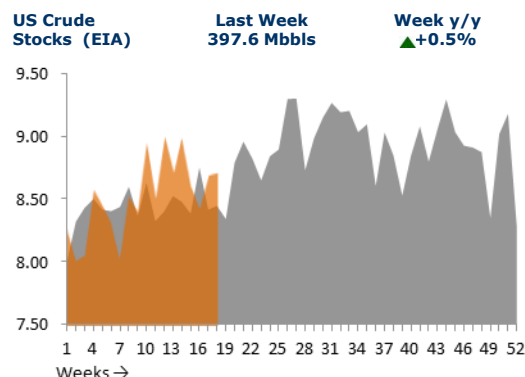
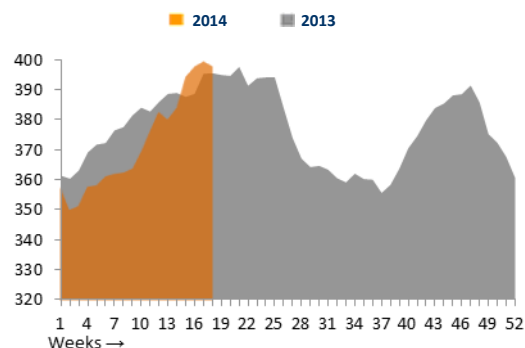
#### Canadian Bitumen Crude Blends

Dilbit: 30% diluent blend | Railbit: 17-20% diluent blend | Purebit: 2% diluent blend | Neat: 0% diluents blend.

Given that these light hydrocarbons are only blended with the bitumen to allow it to flow through pipelines, when Dilbit is moved by rail, a 30% blend is considered a "diluent penalty", Railbit or Purebit would be better suited. By next year it is expected that bitumen crude arriving at rail heads in Alberta will be processed by diluent recovery units (DRUs) that remove some or all of the diluent before loading crude onto tank cars and this can then be reused. Below we take a look at those U.S. Gulf terminals set up to handle unit trains and that have or will have the ability to handle all bitumen grades below and including Dilbit with the installation of steam heating equipment.



U.S. Gulf Unit Train Trans-loading Facilities - source RBN Energy





# Capital Link Shipping Weekly Markets Report



Monday, May 12, 2014 (Week 19)

## SHIPPING MARKETS

### Tanker Market – Weekly Highlights

#### Texas International Terminal – Galveston, TX

(d)(r)(p)(?) (U)

Texas International Terminal has a unit train unloading facility that can unload up to 140,000 b/d of crude to storage tanks and then transfer to barges or tankers (as large as Aframax) with direct access to the Gulf of Mexico. The terminal has handled unit trains carrying Dilbit from Western Canada as well as light sweet crude. They are in the process of installing a steam heating system that is expected online by the end of 1Q 2015 that will unload Railbit as well as Purebit into heated tanks for transfer to barges or tankers.

#### Greens Port – Kinder Morgan & Watco – Houston Ship Channel, TX

(d)(r)(p)(?) (U)

Greens Port is backed by a long-term agreement with commodities trader Mercuria. The terminal can load and unload up to 210,000 b/d of crude and condensate. Incoming crude is distributed to area refiners via barge and pipeline. Installation of storage and steam heating capacity to unload pure heavy crude is expected to be complete by the end of April 2014.

#### Jefferson Trans-load Railport – Beaumont, TX

(d)(r)(p)(?) (U)

Jefferson Trans-load Railport is being upgraded this year with steam and heat facilities to handle heavy crude as well as 2 MMBbl of storage and increased unload capacity to 300,000 b/d. The upgrade is expected to be completed by December 2014.

#### GT Omniport – Port Arthur, TX

(d)(r)(p)(?) (U)

The rail to barge offload facility at GT Omniport initially handled domestic light sweet crude, but have been receiving Dilbit crude from Western Canada since July 2013. GT has installed steam heat capacity and they are in engineering design to handle Railbit and Purebit. Capacity is 155,000 b/d from unit trains up to 130 cars.

#### Genesis Energy – Natchez, MS

(d)(r)(p)(?) (U)

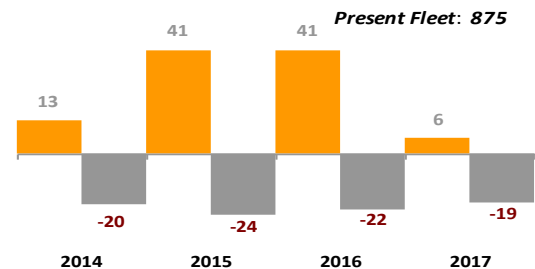
Genesis Energy is now operational and receiving unit train shipments of pipeline quality Dilbit (March 2014) it is unclear if they are handling Railbit yet.

#### Gateway Terminal – St. Louis, MO

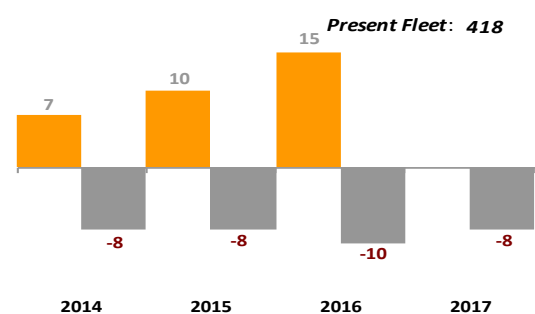
(d)(r)(p)(?) (U)

Gateway Terminal can trans-load 120 car unit trains onto barges for delivery to refineries on the Mississippi and Ohio rivers. It has four 98,000 bbl storage tanks & rail infrastructure to store up to 130 rail cars. Throughput capacity onto river barges is 50,000 b/d. Because the Gateway Terminal is further up the Mississippi, the company says the one-way unit train trip time (including unloading) from Edmonton is 10 days versus up to 20 days for rail shipment to the Gulf Coast. The shorter rail journey cuts down the time that tank cars are in use, reducing the cost per trip.

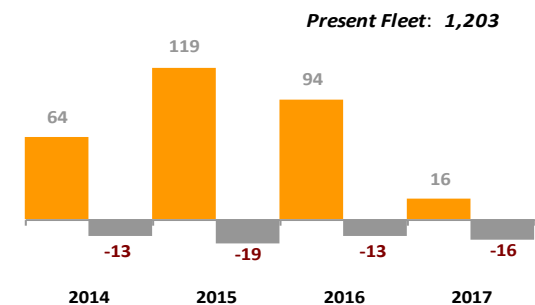
Aframax/LR2 Projected Deliveries/Removals



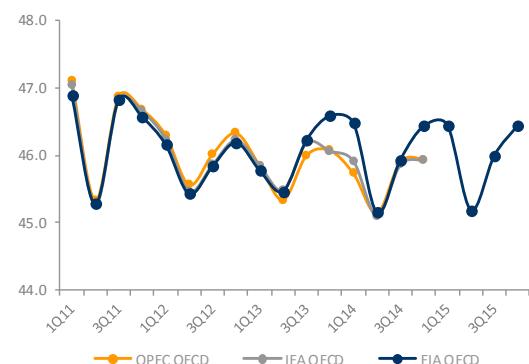
Panamax/LR1 Projected Deliveries/Removals



MR Projected Deliveries/Removals



Projected OECD Oil Demand





# Capital Link Shipping Weekly Markets Report



Monday, May 12, 2014 (Week 19)

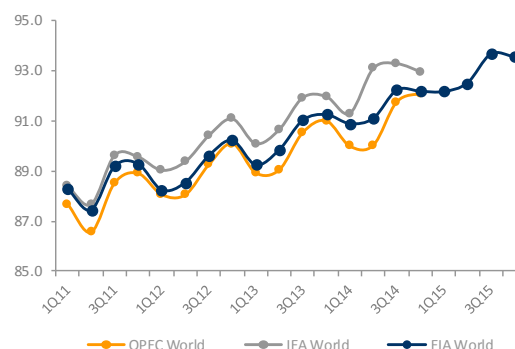
## SHIPPING MARKETS

### Tanker Market – Weekly Highlights

Spot Market	WS/LS	TCE \$/day	WS/LS	TCE \$/day
<b>VLCC</b> (12 Kts L/11.5 Kts B)	<b>2-May</b>		<b>9-May</b>	
AG>USG 280k (TD1)	26.0	\$488	25.5	\$(599)
AG>USG/CBS>SPORE/AG	--	\$17,758	--	\$17,590
AG>SPORE 270k (TD2)	38.0	\$16,366	36.0	\$13,485
AG>JPN 265k (TD3)	38.0	\$15,713	36.0	\$12,755
WAFR>USG 260k (TD4)	47.5	\$25,874	45.0	\$22,304
WAFR>CHINA 260k (TD15)	40.0	\$16,063	40.0	\$15,664
CBS>SPORE/AG 270k	\$3.35m	\$16,826	\$3.45m	\$18,126
<b>SUEZMAX</b> (12 Kts L/11.5 Kts B)				
WAFR>USAC 130k (TD5)	52.5	\$8,480	52.5	\$8,198
WAFR>UKC 130k (TD20)	55.0	\$6,579	55.0	\$6,365
BSEA>MED 135k (TD6)	55.0	\$3,380	55.0	\$4,888
CBS>USG 150k	57.5	\$15,068	57.5	\$14,785
<b>AFRAMAX</b> (12.5 Kts L/B)				
N.SEA>UKC 80k (TD7)	95.0	\$19,883	92.5	\$17,507
AG>SPORE 70k (TD8)	90.0	\$13,520	95.0	\$17,180
BALT>UKC 100k (TD17)	70.0	\$12,338	67.5	\$10,083
CBS>USG 70k (TD9)	110.0	\$17,339	122.5	\$22,736
MED>MED 80k (TD19)	82.5	\$11,302	80.0	\$9,543
<b>PANAMAX</b> (12.5 Kts L/B)				
CBS>USAC 50k (TD10)	107.5	\$4,239	137.5	\$12,624
CBS>USG 50k	107.5	\$8,726	137.5	\$18,976
CONT>USG 55k (TD12)	115.0	\$9,275	120.0	\$10,602
ECU>USWC 50k	160.0	\$17,598	155.0	\$16,620
<b>CPP</b> (13.5 Kts L/B)				
CONT>USAC 37k (TC2)	105.0	\$4,919	105.0	\$4,733
CONT>WAFR 37k	120.0	\$7,512	120.0	\$7,331
USG>CONT 38k (TC14)	80.0	\$1,472	77.5	\$679
USG>CONT/CONT>USAC/USG	--	\$10,507	--	\$9,855
USG>P.COLORADOS 38k	\$450k	\$10,183	\$465k	\$11,062
CBS>USAC 38k (TC3)	100.0	\$5,733	95.0	\$4,363
AG>JPN 35k	109.0	\$5,938	110.0	\$6,068
SPORE>JPN 30k (TC4)	110.0	\$4,375	109.0	\$4,107
AG>JPN 75k (TC1)	82.5	\$12,306	90.0	\$15,613
AG>JPN 55k (TC5)	97.0	\$6,655	102.0	\$8,206

Time Charter Market \$/day (theoretical)	1 Year	3 Years
<b>VLCC</b>	\$23,000	\$27,000
<b>Suezmax</b>	\$18,000	\$22,000
<b>Aframax</b>	\$14,500	\$17,000
<b>Panamax</b>	\$14,750	\$16,500
<b>MR</b>	\$14,750	\$16,000

Projected World Oil Demand

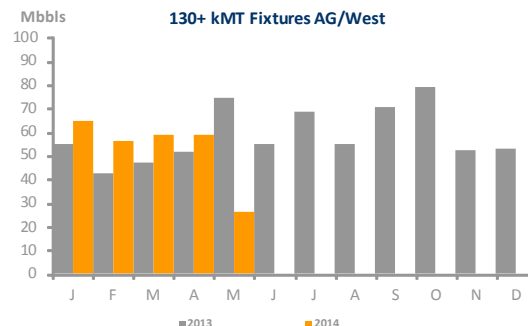


130+ kMT Fixtures, 2014 YTD, y/y Percentage Change  
(Middle East, West Africa & CBS+USG liftings)

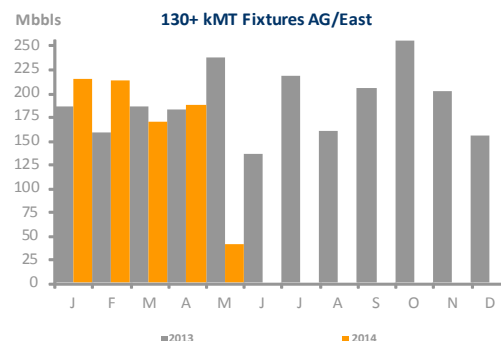


Charles R. Weber Company

130+ kMT Fixtures AG/West



130+ kMT Fixtures AG/East





# Capital Link Shipping Weekly Markets Report



Monday, May 12, 2014 (Week 19)

## SHIPPING MARKETS

### Tanker Market – Weekly Highlights

#### VLCC

Rates in the VLCC market remain weak as the reality of a softer May Middle East cargo program has set in while the pace of activity slowed during the course of the week, which was shortened by the UK's bank holiday. The cargo program is likely undermined by slowing crude exports from Iraq's southern region this month following post-war record highs in April while crude supplied from Saudi Arabia is likely paring back modestly from April levels following a production rate of 9.57 in March. Fixture activity generated this week for voyages to the Far East from the Middle East and West Africa markets declined 36%, w/w, while those to the US pared back from last week's one-month high of six to just 4 this week.

The AG-FEAST route ultimately shed 0.5 point over the course of the week to conclude at ws37.5. Further weakening is expected during the coming weeks due to softness in the May cargo program, which is now projected to conclude with 115 cargoes. This is expected to leave 20 units uncovered at the conclusion of the program – the greatest number of surplus units in nine months and which compares with 16 at the conclusion of the April program and an average of 11 during the first three months of 2014. These units are likely to weigh heavily on the market once charterers progress into the June program later this month. An expected modest rise in Middle East crude exports during 2H14 combined with the return of Chinese refineries from maintenance and the startup of new regional Chinese refineries should boost demand from July/August. After a lag period to allow sufficient excess supply to be absorbed, rates are likely to strengthen from late during Q3 and through Q4.

#### Middle East

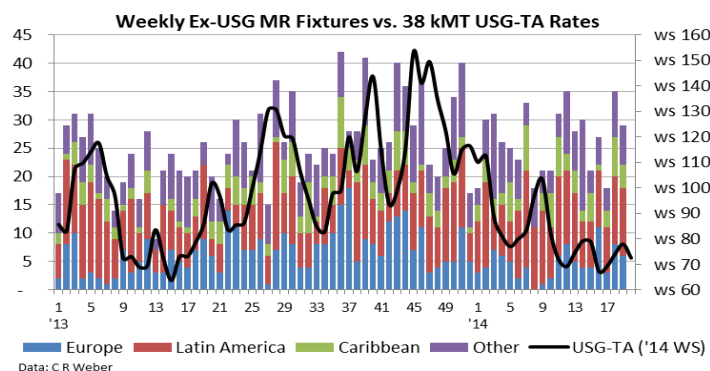
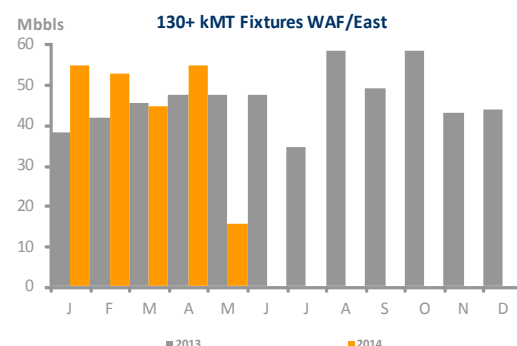
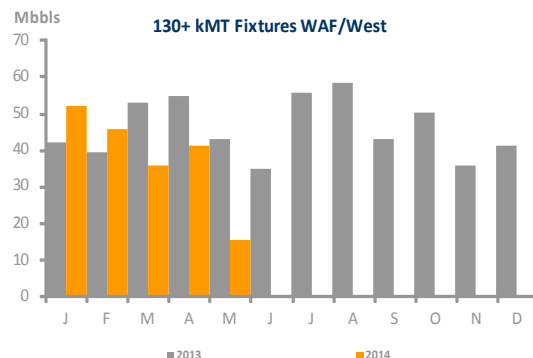
Rates to the Far East averaged ws38.1, representing a w/w loss of 0.7 point. Corresponding TCEs declined ~\$904/day, or 5.3% w/w, to an average of ~\$16,252/day. Rates to the USG via the Cape posted greater rate erosion given owners' rising preference for longer triangulated earnings and averaged ws25.5, representing a w/w loss of 1.3 points. Triangulated Westbound trade earnings declined by ~\$494/day on last week, averaging ~\$17,499/day.

With 83 May cargoes covered to date, a further 32 are reasonably expected through the end of the program. Against this, 52 units are available through end-month dates, implying an excess of 20 units. This is likely to see rates remain under negative pressure through the coming week, though the extent of losses could be minimized by a more robust pace as charterers cover remaining May cargoes.

#### Atlantic Basin

Rates in the West Africa posted modest gains after a small number of cargoes with tighter dates and an earlier trend by USG positions to offer for West Africa cargoes halted. The WAFR-FEAST route gained 0.5 point, w/w, to an average of ws40.13 with corresponding TCEs gaining ~\$1,957/day, or 13.9%, to ~\$16,066/day.

The Caribbean market was also modestly improved on the resumption of inquiry to service Venezuelan cargoes. Rates on the CBS-SPORE route averaging \$80,000 over last week's assessed average at \$3.41m lump sum. The route concludes at an assessed level of



\$3.45m, but could lose modest ground during the upcoming week on an expansion of positions in-line with expected USG arrivals.

#### Suezmax

The West Africa Suezmax market yielded twelve fresh fixtures this week, matching the number recorded last week. As the figure remains below the YTD weekly average of fourteen, the rate at which regional positions were depleted remained too low for owners to command rate gains while demand ultimately proved sufficient to prevent rate erosion. The WAFR-USAC route held steady on this basis at the ws52.5 level and little change is expected through the start of the upcoming week.





### Tanker Market – Weekly Highlights

#### Aframax

The Caribbean Aframax market rallied on the back of tight availability at the start of the week to service the remainder of the May's first decade cargo program due to stronger recent demand and intermittent weather and ullage delays which caused a number of early replacement fixtures. The replacement fixtures included one for which there was only one suitable unit available and concluded at ws125 on the CBS-USG route. Though a return to more normalized requirements prevailed by mid-week, owners remained largely bullish and succeeded at preventing a correction of rates. The route concludes at ws122.5 – a 12.5 points gain on last week's closing value. Given a generally more flexible supply of regional units prevailing at the close of the week, rates should start to correct during the start of the upcoming week, failing a surge in demand. Looking further forward, with PADD 3 refineries moving past earlier seasonal maintenance as remaining off stream capacity returns, stronger inputs should support Aframax demand through the remainder of May and early June. This should help to limit the extent of Aframax rate downside and hold rates generally around the ws110 level during the coming weeks following a correction from present levels.

#### Panamax

The Caribbean Panamax market was markedly more active this week as a number of crude cargoes augmented a modestly improved demand for units to service DPP and replacement cargoes. The trend partly resulted from a strong rate differential between Panamaxes and Aframaxes early during the week which prompted more charterers to look to Panamaxes to service cargo requirements. Rates on the CBS-USG route posted strong gains, adding as much as 32.5 points from last week's close to the ws140 level by mid-week. An evaporation of fresh demand thereafter halted the positive bias and ultimately the week concluded at ws137.5. A further correction is likely during the upcoming week, though the extent thereof could be

limited by the possibility of more replacement fixtures as well as the fact that charterers have moved to working dates further forward than usual.

#### CPP

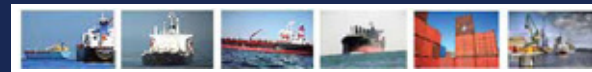
Chartering activity in the USG MR market scaled back from last week with total fixtures declining by 17% to 29. Voyages to Europe dropped to six from a revised total of eight a week ago (eleven had been provisionally fixed last week, but three failed), while voyages to Latin America held steady at a total of twelve. Though regional rates had concluded last week on an upward trend, the impact of failed fixtures combined with a number of units reappearing on position lists from earlier short-haul voyages hindered owners' ability to command further gains. By mid-week, a two-week forward count of regional availability had risen by 18% to over 50 units and while no further expansion materialized through the remainder of the week, rate sentiment remained soft and by the close of the week rates had retested lower. The USG-UKC route, which had remained around the ws80 level through most of the week, concluded at ws72.5.

Though fixtures to Europe were fewer, this week's tally of six remains above the YTD average of five (which includes a number of weeks during Q1 when extreme cold in the US depleted heating oil inventories and kept the trans-Atlantic arbitrage firmly shut). Rising PADD 3 refinery inputs distillate inventories suggest that diesel exports could generally trend higher over the coming weeks. However, sustained demand for voyages on the UKC-USAC route resulting from the fact that PADD 1 gasoline inventories were 11% below year-ago levels will likely continue to limit the extent of any potential USG market rate gains in the near term though heading further into Q3 we continue to expect that seasonal forces will help to support more substantive gains.

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### **Capital Link Shipping Weekly Markets Report**

Published by Capital Link Media, a division of Capital Link, Inc.

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