

Dry Bulk

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The Argie farmer's strike is back on until next week, which could put a dent in both demand and sentiment. In the meantime, the Cape's are leading the way up – gaining a not-so-tiny 460 points on the BCI. If you combine this with the increase in FFA prices and the very significant run up in equities yesterday – it seems that sentiment might be returning for another battle.

BDI	11347	up 102
BCI	18348	up 460
BPI	9889	down 17
BSI	6488	down 86
BHSI	3330	down 17

FFA volumes are again good – and if you believe in crystal balls, then the last two days of FFA price increased should be telling you something. Positive sentiment seems to be returning, as the Capes are once again moving north – causing the physical Panamaxs to stop their slide, and possibly move north as well.

Contract	Last Close	Current	Diff
CS4TC '09	\$122,688	\$127,000	+ \$4,500
PM4TC Q3	\$73,888	\$75,750	+ \$2,000
SM6TC Q3	\$59,000	\$60,000	+ \$1,000

Tankers

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VLCC AG/East 190 (\$150). **Suezmax** Wafr/Usac 270 (\$102k).

Rates seem to be holding for the moment, though there appears to be a softened tone to the market. With adequate tonnage to cover the remaining June requirements, we could expect further declines in AG rates until July inquiry surfaces later next week or so. The Atlantic basin remains steady, however, for both Vs and Suezmaxes. The diminutive **Afras** continue their slide in the Euro-Med region, while the Caribs holds firm.

Crude tanker FFA trading has been modest – with prices coming off further. **TD3** June and July both lose 5 points to 150 and 126. With the spot market at about 190, the backwardation steepens. We are only days away from June – so we can again expect some convergence. Last month at this same time we had expected either the physical to come off or the FFAs to rise, or both. What we saw was the physical rise – forcing the FFAs to chase this increase. July cgos might start hitting the mkt late next week – and then we'll know if short term history repeats itself.

Activity on the **cont/ta** route has maintained a decent pace, though rates still hold at the 315-320 level (\$27.5k). Demand for Cont/Wafr tonnage has prevented the position list from building. USG exports continue to keep regional tonnage occupied – allowing the **Caribs/Usac** trade lane sit firm at 300 (\$26.5k), though sentiment here is on the rise. **TC2** paper has been slow, though we do see the July contract trade down 6 points to 277. More action was found in Asian FFAs. **TC4** June and July trade down 2-3 points each to 253, 258. **TC5** trades down 4 points on the back end of the curve, as Q4 loses 4 points to 235.

Equities

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Dry Bulk: Some brighter minds saw yesterday coming. When the futures moved up early in the FFA trading day and the indices were better than expected – those seeking first-mover advantage were well

rewarded. A few points here – and a few points there – and before you know it – the Dry Fox gained 10% on the day – while all the other names increased 5% or more. Looks like the equities were indeed oversold – though believe we need the physical to firm up further before we see **DRYS** pushing for the magic \$130 level.

NM is getting crushed in pre-market – as earnings apparently scared off 51,500 shares, pushing this name to \$12.22 (minus 9%). If this one crashes through \$12 – George Glass will be at the pub wondering how much his new i-phone will fetch on Ebay.

Tankers: Another mixed day on the tanker side, though the **VLCCF** and **TOPS** took noteworthy dives. Knightsbridge had seen a good run up, so the sell off was understandable. Top Ships, however, is “full of bourbon and can’t stand up.”

In ratings news...

-**Natasha Boyden** maintains a BUY on **ONAV** and raises price target to \$24 (from \$23).

-**Henrik With** at DNB maintains a BUY on **Golar LNG** (NOK 125).

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