

Dry Bulk

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The Capes roll on - up another 401 points, as demand for period tonnage continued. This upward draft has managed to pull the Panamax sector up a touch also, despite concerns over the farmer's strike and a generally quiet market. On the macro side, Chinese rebar export prices remain firm at about the \$1,000/mt level.

BDI	11440	up 93
BCI	18749	up 401
BPI	9912	up 23
BSI	6405	down 83
BHSI	3304	down 26

FFA volumes are decent for a Friday. Rates are mostly flat despite the strong BCI and the uptick on the BPI.

Contract	Last Close	Current	Diff
CS4TC '09	\$126,953	\$126,500	- \$500
PM4TC Q3	\$75,780	\$75,250	- \$500
SM6TC Q3	\$59,844	\$59,750	flat

Tankers

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VLCC AG/East 187.5 (\$147). **Suezmax** Wafr/Usac 260 (\$93k).

The orderly slide has spread to the Atlantic basin, where Sun is reported to have taken out a few Suezmaxes at or below the 260 level. In the AG, fixing is quite sparse, bringing sentiment down maybe a point or two. Tonnage available for June dates is ample – so further softening is a reasonable expectation. July, however, is just around the corner – and when the fireworks get underway, rates could be reasonably expected to increase. The first question, therefore, is how far will rates fall, if at all, the next 7-10 days. The second question becomes, how much of an increase, if any, will we see. If no increase occurs above current levels, I would take this as a bearish indicator.

Crude tanker FFA trading has been slow. **TD3** July trades up two points to 133, though volume is minor. The June contract still sits at 153, noticeably below the spot. If you believe in crystal balls, then you believe the spot market is going to come off further, as some form of convergence would be expected. **TD5** July has been active and trades up 7 points to 163. This market is in severe backwardation.

Clean Report from the Bald Viking at Southport: It seems to be a bit quieter on the Continent this morning and we only hear of a couple of sporadic deals done so far. The market seems to be holding at about WS 320 level for the regular 37,000 MT cargo liftings, and the question is now if this will continue as we move in to the month of June. The Caribbean market seemed to be relatively subdued yesterday, but rates are holding steady at WS 300-305 level I should say. There were more fixtures concluded for US Gulf to Europe at rates about WS 175 level and even higher rates have been talked. As we see things right now, we believe that the Atlantic clean markets will continue to be strong for June, but beyond that it is too early to make any predictions at this stage. My crystal ball is a bit too foggy for that at the moment.

UKC/TA WS 315 (\$27,600),

-Caribs/UsacTC3 WS 300 (\$26,825).

Clean paper trading has been mostly limited to Asia, with prices moving up. **TC4** June trades up 6 points to 261, while the Q3 increases 6 points to 265. **TC5 has seen some impressive gains** on good

volume: June plus 22 to 280, July plus 20 to 270 and Q3 plus 5 to 245. **These Asian routes are firming quite quickly on the physical side.**

Equities

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Dry Bulk: Just as George Glass cashed in his **VLCCF** profits and ordered another round for his friends at the pub, the reality of an NM earnings miss sent him scrambling towards the I-45 off ramp, cardboard and sharpie in hand. Though a quick recovery early on provided him enough funds to pay for the round of beers, the subsequent drop off to \$12 put him back into an “ebay” kind of mindset. Pre market US points higher.

Tankers: A mixed day with little to report.

In ratings news...

- **Pareto Securities** maintains a BUY on **Imarex ASA** (IMAREX.OL) with a target price of NOK 175, citing a brilliant editorial board, among other things.
- **Natasha Boyden** maintains a BUY on **ESEA** (\$20).
- **Natasha Boyden** maintains a BUY on **NM**, though she lowers her target price to \$16 (from \$17).
- **Urs Dur** lowers estimates on **NM** to reflect tighter margin performance, but maintains a BUY (\$20).
- **Urs Dur** maintains a BUY on **GNLG** (\$28).