Natasha Boyden has released her 1Q:10 Earnings Preview and Industry Outlook

Tankers
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Crude

VLCC Ag/East	95	($56k)	softer, for now - 92.5 reported
SM Wafr/Usac	142.5	($44k)	firmer, limited supply of Vs to absorb demand
AG May	34	up 2	
Wafr May	69m	up 9	
Turkish Straits	2n/2s	same	
Fujairah bunkers	501	up 15	

Physical: AG inquiry remains slow – though Wafr demand has been good. A 92.5 has been reported AG/East – with the cgo said to have received up to 6 offers. It is still a sloppy market – and with the May fixture count on the low side – anything is possible. Rates in the Atlantic basin are firm – as a lack of VLCC positions has forced demand onto the SMs – where Owners have done a good job of raising rates each time a new cgo hits the wires.

Natasha Boyden: In particular, we suggest the VLCC market was supported during the quarter by increased tonne-mile demand from China and reduced utilization of older, single-hulled vessels, which are becoming more and more marginalized economically. On the product tanker side, rates moved up comfortably from cash breakeven levels seen during a large part of 2009, as floating storage kept vessels from trading and seasonal restocking increased cargo demand, in our opinion. From a demand point of view, the outlook is mildly optimistic, in our opinion, as both the EIA and IEA forecast an increase in oil demand in 2010 driven primarily by non-OECD nations. At the same time, recent surges in scrapping ahead of the preliminary 2010 IMO single-hull deadline, combined with a falling tanker orderbook and delivery schedule suggests the supply dynamic could be more favorable for tanker owners in 2010. Nevertheless, we are only cautiously optimistic

Crude FFAs: Fair/good volume. **TD3** has traded down along the curve. May and June lose 4 points each to 96 and 88 while Q3 and Q4 lose about ½ point each to 82 and 85.50. **TD5** May trades flat at 126 though June loses 3 points to 109.

Clean

37kt Cont/ta	167.5	($10k)	about same
38kt Caribs/up	135	($4k)	about same
55kt Ag/East	130	($10.5k)	about same

Physical: Not much to report in the Atlantic basin. Rates are largely the same, while Wafr mogas demand and distillate shipments Usg/Americas remain steady. Eastern routes are also steady with one or two shorter haul trade lanes said to be firm.

Clean FFAs: Moderate **TC2** volume. May and June trade down a point or two each to 174 and 169. Eastern volumes have been very light. **TC4** May gains 6 points to 143.

Dry Bulk
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Baltic Indices
BDI 3020 up 7
BCI 3277 up 39
BPI 3712 down 45
BSI 2659 up 3
BHSI 1348 down 3

Commodore Landsberg's Weekly Dry Bulk Report: Dry bulk demand (particularly Chinese iron ore demand) remains firm which has allowed Capesize rates to continue to find support. Freight rates for all other vessels, however, have come under pressure due to the relative rate imbalance among the vessel classes. Capesize rates continue to remain lower than much smaller Panamax vessels. This has resulted in a moderate decrease in Panamax rates coinciding with a moderate increase in Capesize rates - even though fixtures for both vessels remain firm. A continued decline in Chinese steel stockpiles remains encouraging, and Chinese steel consumption appears to still be quite firm. A continued sharp decrease in Chinese coal stockpiles is also encouraging. Thermal coal demand in China is likely to remain robust during the next few months…

Dry FFAs - light/moderate volume

	Spot	Q2 FFA
Cape:	29061 up 620	32250 up 1000
PM:	29875 down 364	28750 up 250
SM:	27803 up 36	25750 up 250

Equities
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Shipping Weeklys
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Doug Mavrinac: Last week, the World Steel Association released it's short range outlook for 2010 and 2011 projecting global steel demand to increase 10.7% in 2010 to 1.241 mmt and by 5.3% in 2011 to 1.306 mmt, an all-time high. With the resulting projected increase in demand for both iron ore and coking coal, we continue to believe dry bulk shipping charter rates should remain firm at profitable levels over the next 6-12 months with the potential for increases in Capesize spot charter rates in the coming weeks/months as the lack of Chinese fixture activity in recent weeks should reverse as underlying Chinese steel demand remains robust.

Scott Burk: Drybulk Deliveries Tracking Close to 60%. According to Clarksons, roughly 55% of scheduled deliveries in 1Q10 entered the fleet, based on expected deliveries at year-end 2009. Our delivery schedule projections include an average of 2.6M/month of expected DWT, which takes into account listed newbuilds in 2010 without specified delivery months. If we were to only include listings with delivery dates specifically in 1Q10, 67% of scheduled newbuilds entered the fleet during the quarter. Capesize vessel deliveries have continued to accelerate as shipyards boost output to fulfill scheduled deliveries. Fifty-two new capesize vessels entered the global fleet in 1Q10, compared to a total of 112 in 2009. Accelerating capesize deliveries coinciding with easing iron ore demand from China have pushed capesize spot and future rates near 8-month lows. We still expect…

Martin Korsvold: World crude steel production up 30.5% YoY in March. World crude steel production came in strong for March at 120.3m tons, with China accounting for 55m tons vs rest of world at 65.3m tons. This was up 30.5% YoY and is almost identical to the pre-crisis level of USD 121m tons reached in May 2008. The World Steel Association released its short range outlook for 2010 and 2011 on Monday where it forecasts that apparent steel use will increase by 10.7% in 2010 to 1.2bn tons after contracting 6.7% in 2009. If correct, steel demand will exceed the pre-crisis level in 2007. In 2011demand is expected to grow by 5.3% to 1.3bn tons.