

Tankers

Crude

VLCC	Ag/East	37.5	(\$15k)	about same, limited fixtures to report
SM	Wafra/Usac	45	(\$9k)	possibly softer as June is exhausted

Not much to report over the weekend, leaving VLCC rates “about the same” until we see another print or two on the fixture report. June has given us 60 cgos thus far – leaving another 30 or so, all else equal. The position list shows enough tonnage to handle the balance of requirements, though it does seem more balanced than the past few weeks...possibly providing Owners an opening to boost rates another few points – though the overall supply/demand scenario should cap any form of significant rate surge. Many are talking about NB VLCCs taken on for gasoil storage – which of course helps Owners today – but it does invite questions as to the real level of crude/product demand if we simply continue to store product rather than consume it.

Crude FFAs have been quiet this morning. Bid/ask levels imply mild softening on a next done basis...maybe **TD3** June at about 39 and July about 42.

Clean

37kt Cont/ta	117.5	(\$10k)	about same
38kt Cribs/up	100	(\$6k)	about same
55kt Ag/East	80	(\$9.5k)	about same

Though market rates appear about the same in both basins, there does seem to be a bit of a softer atmosphere on some routes. This should come as no surprise with the level inquiry coming off a touch. If/when demand comes back – so will sentiment...and possibly...rates.

TC2 paper has been quiet. The June bid/ask implies a next done of about 116/117 – just below the current spot level. Eastern FFAs are quiet as well **TC5** June trades flat at 89.

Dry Bulk

Baltic Indices

BDI	3646	down 163
BCI	6523	down 289
BPI	3027	down 225
BSI	1804	down 28
BHSI	873	down 7

Pride of the Aggie's Omar Nokta provides dry bulk thoughts: “In the middle of last week, FFA markets saw significant losses. The June forward Capesize contract fell from highs above \$80,000/day to \$61,000/day by the end of the week. Steel prices in China remained firm last week, and it was unclear what drove the losses beyond fears of sustainability of spot Capesize rates above \$90,000/day. The spot market saw some declines as well, although the softening was moderate compared to changes in the futures market...even with a drop off in spot rate recently, we expect to see a significant rise in vessel values in the coming weeks. Last week, we saw a continued acceleration in S&P activity, with a resale Capesize sold for \$63.5 million.”

FFAs - light volumes with prices showing limited changes

Contract	Close	Current	Diff
BDI Jun	3210	3210	flat
BDI Q3	2335	2335	flat
BDI Q4	2030	2030	flat

CS4 Q3	\$40,020	\$41,250	+ \$1230
CS4 Cal10	\$24,828	\$25,000	+ \$172
PM4 Q3	\$18,100	\$18,000	-\$100
PM4 Cal10	\$14,488	\$14,500	+ \$12
SM6 Q3	\$14,353	\$14,250	- \$103
SM6 Cal10	\$12,156	\$12,000	-\$156

Doug Mavrinac remains positive on dry bulk: “Although we do expect dry bulk shipping spot charter rates to be volatile during the seasonally volatile summer months, we believe the combination of improving commodity demand in China, eventual improvement in Japanese and Korean steel demand, structural change in contract iron ore prices, and continued shipyard delivery shortfall should continue to support dry bulk shipping charter rates through the remainder of the year.”

Equities

- **Natasha Boyden** maintains a HOLD on **OCNF** (\$1.50).

Charles Rupinski mentions unconfirmed reports of a resolution in ore negotiations:

There are unconfirmed reports of iron ore resolution between Chinese steel makers and various ore producers...China, which is the number one steel producer in the world, is the fulcrum for seaborne iron ore trade-which is the single largest driver of dry bulk shipping demand...The unconfirmed reports state that the cut is 33%, in line with recent cuts to other Asian steel makers, and that this was the result of an ultimatum by Rio Tinto... Given recent Chinese ore restocking, a final pricing decision may not be the driver for ore volumes that some investors have been expecting...We will look for more information to confirm these reports over the next few days and weeks.

END