

Tankers

=====

Basis 2010 Flat Rates

Crude

VLCC Ag/East	71	(\$29k)	about same
SM Wafr/Usac	160	(\$52k)	firmer on good activity
Jan AG fixtures	54	up 6	
Jan Wafr bbls	80m	up 8	
Turkish Straits	8n/6s	same,	though some reports have 9/9
Fujairah bunkers	500	up 2	

Physical: The fixing pace remains healthy. AG rates are currently range bound – thereby allowing rising bunker prices to chip away at bottom line returns. SMs in the Atlantic basin continue their push for higher numbers as demand has been steady.

Omar Nokta raises 2010 spot forecasts for tankers: “We continue to believe tanker prospects are quite positive for 2010. During 2009 spot rates suffered from a drop in OPEC output and a lack of urgency to book tankers to load those volumes. We believe a reversal is coming with OPEC likely boosting output and charterers rushing to book cargoes at a faster pace this year....We expect OPEC to boost output by mid-2010. Worldwide oil demand is expected to grow by 1.5 mb/d this year yet non-OPEC supply is slated to grow by just 0.5 mb/d. This 1.0 mb/d of excess demand is likely to be initially met by drawing down stocks but we expect OPEC will increase production during the second half as inventories are set to fall rather quickly....” (more at bottom).

Crude FFAs: TD3 volumes have been light/moderate. Jan and Feb trade about flat at 74.50. TD5 remains priced at 129, well below current spot levels.

Clean

37kt Cont/ta	195-200	(\$15k)	about same
38kt Caribs/up	140	(\$6k)	about same
55kt Ag/East	155	(\$16k)	about same

Physical: The Atlantic basin rate atmosphere is largely the same. Reports of clean floating storage now have the number in the mid 70m bbl range – about 20m bbls less than what saw in mid December. The cold weather drawdown is playing a role. Eastern clean is stable.

FFAs: Very good volumes on clean FFAs today. TC2 Jan and Feb trade up about 6 points each to 190 and 173. TC4 Jan trades down 1 point to 150 while TC5 Jan adds 5 points to 154, mostly in line with spot.

EIA Estimates from Reuters

Crude: - 0.5
Dist: - 1.9
Mogas: + 0.5

Dry Bulk

=====

Baltic Indices

BDI 3259 down 11
BCI 4253 down 178

BPI 4122 up 119
BSI 2319 up 63
BHSI 1161 up 6

The indices illustrate the current strength of the Panamax market as well as the slowing of Cape demand. Coal demand has been good, as Chinese inventories are below the norm. The Indian tax hike on ore exports should help the ton mile equation, as it will encourage product to be shipped from longer haul sources. Ore prices are steady today.

Dry FFAs - average volumes

	Spot	Q1 FFA
Cape:	40606, down 2116	40500, down 2250
PM:	33103, up 962	2900, down 250
SM:	24243, up 649	22500, down 750

Equities

=====

Capital Link Indices

Maritime:	2002.46	53.13	2.73%
Tanker:	2367.91	38.58	1.66%
Dry:	1075.46	40.69	3.93%

Omar Nokta raises tanker spot rate forecasts and expects a rise in vessel values as well. Specific to equities:

- FRO upgraded to BUY (from hold) with \$42 target.
- OSG upgraded to BUY (from hold) with \$60 target.
- NAT upgraded to BUY (from hold) with \$37 target.
- GMR target raised to \$12 (from \$10) – reiterate BUY.
- TNK target raised to \$12 (from \$11) – reiterate BUY.