Tankers

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Crude

VLCC Ag/East	52.5	($32k)	firmer
SM Wafr/Usac	77.5	($28k)	likely firmer
Nov AG fixtures	86	up 1	
Dec AG fixtures	7	up 4	
Nov Wafr bbls	113m	up 1	
Dec Wafr bbls	31m	up 5	
Turkish Straits	**4n /4s**	**Dardanelles closed. Some reports have larger delays**.	
Fujairah bunkers	473	up 5	

Physical: AG rates are still on the move as Dec inquiry hits the wires. Demand has not been excessive, but at moment Owners have the mojo and are able to nudge rates up at a measured pace. The Nov fixture count of 86 is a tad disappointing, though Nov Wafr bbls have been impressive – illustrating the “law of one price” theory within this thing of ours. Regardless – with seemingly poor fundamentals in place, Owners have again worked their magic to keep hope alive. The market, as we speak, is firm.

Crude FFAs: **TD3** has seen very good activity. Dec adds 2.5 to 57.5 while the Cal 10 adds 2 points to 70. **TD5** Dec adds 2 points to 77. **As I hit send, TD3 Q1 trades up 3.5 points to 72.**

Clean

37kt Cont/ta	90	($1.5k)	maybe better numbers, still ugly
38kt Caribs/up	75-77	(-$1k)	still miserable
55kt Ag/East	110	(15k)	firmer

Physical: Despite a firm dirty market and a riotous dry bulk sector, Atlantic basin clean remains the red-headed skunk at the picnic that no one attended. Too many ships, not enough cgos – full stop! In the East. long haul AG bbls are seeing higher rates while the short regional routes remain mostly steady and occasionally soft.

FFAs: **TC2** has seen light volume as Dec trades flat at 102. Eastern volumes have been fair. **TC4** Dec adds a point to 102 while **TD5** Dec loses a point to 114.

EIA Estimates

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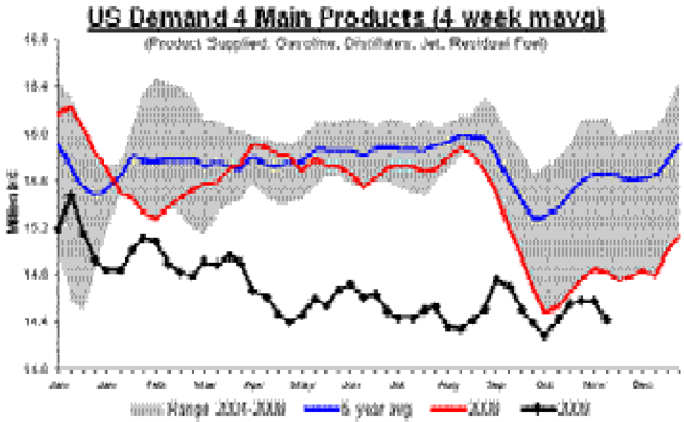
Crude – 0.3
Dist - 0.7
Mogas unch
Ref 79.9%



Source: DNB

I went to a prison riot, and a Dry Bulk market broke out!
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Baltic Indices
BDI   4643, up 262
BCI   8243, up 560
BPI   4339, up 157
BSI   2423, up 73
BHSI   1034, up 30

Martin Korsvold: Despite a very tight tonnage situation we sensed a higher degree of nervousness yesterday, with fears that the market may have peaked. As of yet we do not have any firm evidence of this happening with capes fixing pacific rounds at USD 105,000/d against index at USD 93,000/d and fronthaul above USD 100,000/d in line with index levels. The panamax market is still firm with an atlantic round done at USD 40,000/d against the index level of 37,200/d. If the market should stabilize at the current level we should be set for a rebound on the cape Q1 contract which is trading at 40% backwardation to spot. Equities have been stretched and we expect a broad selloff if the market decides we have peaked.

Dry FFAs - **very good volume**

	Spot	Q1 FFA
Cape:	88560, up 6765	55000, up 6000
PM:	34890, up 1276	30500, up 3500
SM:	25334, up 759	23500, up 2000

Equities
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Capital Link Indices
Maritime: 1,836.59 -11.36 -0.61%
Tanker: 2,175.23 -16.87 -0.77%
Dry: 1,153.14 +16.89 +1.49%

ESEA – 3 Buy, 2 Hold, 0 Sell
- Justin Yagerman maintains a BUY on ESEA ($5).
- Robert MacKenzie maintains a PERFORM on ESEA ($5).

- Glenn Lodden upgrades NM to BUY (from hold) and increases target to $8.50 (from $5.50).

- Dag Kilen maintains an ADD on Torm (USD 12).
- Martin Korsvold maintains a HOLD on Torm (DKK 55).

- **Natasha Boyden downgrades GASS to HOLD** (from buy) and maintains $7 target.
- Charles Rupinski maintains a HOLD on GASS.

- Justin Yagerman maintains a HOLD on TGH ($17).

- Natasha Boyden has discontinued coverage of OCNF.

Scott Burk's takeaway's from the Oppenheimer 4th Annual Industrials Conference:
- Large 2010/11 Orderbook. A tanker orderbook of 31% and a dry bulk orderbook of 62% imply massive fleet growth for both sectors through 2011. Dry bulk slippage/cancellations of 30-50% seem likely, especially for Handymax/size vessels, while tanker slippage could be lower at 10-20% since tankers and larger bulkers are built in established yards.
- **Seasonal Tanker Strength.** Larger tankers (VLCCs and Suezmaxes) have seen significant increases in day rates in the last few weeks. Owners ascribed the strength to normal seasonal factors like bad weather (on the East Coast and in the Bosporus Straits), as well as continued use of tankers for oil/product storage. Downside potential seems likely with all owners seeking charter coverage for 2010.
- **Dry Bulk Strength Through Yet?** Dry bulk day rates have been moving up almost continuously since Chinese holidays in early October, while the stocks and forward rates turned upward starting last week. The consensus seemed to be for lower rates/values in 2010 since all owners are looking for distressed sales next year.
- We maintain our **outperform** ratings on conference presenters **CPLP**, **GNK** and **ESEA**.