

Tankers

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Crude

VLCC Ag/East	80 +/- (\$41k)	firmer.	good activity, rate estimates vary
SM Wafr/Usac	92.5 (\$21k)	firmer	
AG April	78	up	another 8
Wafr April	59m	up	2
Turkish Straits	2n/1s	about	same
Fujairah bunkers	466	up	4

Physical: The fixing pace in the AG remains quite impressive – and rates have responded accordingly. Assessments vary – but something close to 80 is not outside the goalposts – a gain of about 5 points from yesterday. The key issue is whether or not Charterers have covered their forward requirements responsibly heading into the holiday...or...if not – will we see another demand surge early next week. We know that Owners have mastered the game of musical chairs. Atlantic basin SMs are also on the uptrend, gaining a few thousand dollars per day before the week comes to a shortened close.

Crude FFAs: Quiet. **TD3** April remains priced at about 81 – a few points above spot – implying not only near term upside – but also that the Q2 seasonal downturn is going to have wait at least a month. The April TCE equates to about \$44k/day. If it plays out close to that level, I doubt we will hear too many complaints from V nation. **As I hit send, TD3 trades up 2 points to 83 on minor volume.**

Clean

37kt Cont/ta	165	(\$9.5k)	potential for slowing
38kt Caribs/up	145	(\$6k)	same
55kt Ag/East	122.5	(\$10k)	same

Physical: Cont/ta has slowed ahead of the holiday. Though rates are holding for the time being – some feel the market will soon cede ground. Eastern routes are mostly steady – though LR2s are showing a soft side.

Clean FFAs: **TC2** has been dormant. April remains priced about 171 – a few points above spot. The forward curve for TC2 is somewhat flat...falling to 160 for Q3 before rising to an anemic 163 in Q4. Eastern volume has been light – though the trading volumes we do see is largely due to moderate trading in **TC5** April and May – where prices trade within a point of closing levels at 127 and 135.

Dry Bulk

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Baltic Indices

BDI	2991	down	7
BCI	3429	up	4
BPI	3708	up	34
BSI	2409	down	22
BHSI	1360	down	15

“Men sleep peacefully in their beds at night because rough men stand ready to do research on their behalf.” **Commodore Landsberg** weighs in: Drought conditions in southwestern China have severely restricted hydropower production and will likely lead to an increase in near-term thermal coal demand. Dry conditions first emerged in September 2009 after the region witnessed a shorter than average rainy season. Conditions started to become severe by the end of February and since then reservoirs in the southwest have dried up and citizens have been left without enough water. Livestock and crops have been affected, and hydropower production has been severely restricted. Yunnan

province, located in southwest China, normally receives a moderate amount of rainfall and is home to an abundance of rivers and lakes. On average, approximately 360 cubic kilometers of water flows through the province each year, four times China's national average. Due to the abundance of water, Yunnan produces a large amount of hydropower and supplies electricity to neighboring provinces through China's power grids (hydropower is used to generate about 70% of Yunnan's electricity; hydropower accounted for approximately 12% of total Chinese electricity consumption last year)...

Dry FFAs - thin volume

	Spot	Q2 FFA
Cape:	30641 down 61	36000 down 250
PM:	29836 up 270	29750 unch
SM:	25188 down 231	25500 unch

Equities
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Robert MacKenzie: Based on recent visits with investors, both with and without a management team, we believe that institutional investor sentiment towards marine shipping equities is currently very selective, but that demand still exists for high quality companies leveraged to a rebound in the shipping industry. In particular, we believe that most institutional investors heavily favor large liquid securities with a competitive edge and adequate spot exposure in order to capitalize on the current cyclical recovery. Furthermore, the quality of management teams is increasingly a key factor in purchase decisions of either seasoned or new issues...."Size matters"... "Management is important"... "The pitch counts too".

- Doug Mavrincac maintains BUY on **ULTR** and raises target to \$8 (from \$7). "Disappointing 4Q Results But On The Cusp Of A Great Year In South America"