

- Jonathan Chappell has released his Q2 Tanker Earnings Previews. Upgrades include OSG, FRO and GMR.
- Greg Lewis has released his Q2 Earnings Previews for Tankers and Dry Bulk.

Tankers

=====

Crude			
VLCC Ag/East	57.5	(\$23k)	next done rates still seem uncertain
SM Wafr/Usac	100	(\$26 k)	firmer, date sensitive, maybe topped for now
AG July	117		up 2
AG Aug	16		up 4
Wafr July	103m		same
Wafr Aug	21m		up 3
Turkish Straits	1/1		same
Fujairah bunkers	451		up 4

Jonathan Chappell: Rate (and stock price) volatility plagued 1H10, but improving long-term fundamentals remain intact. Tanker rates in most asset classes have undergone several mini spikes and collapses through 1H10, bringing most stocks along for the ride, as short-term shifts in the supply/demand balance, mainly owing to changes in floating storage, exacerbated rate volatility. However, despite some increasing macro concerns and questions surrounding the eventual impact on oil demand, we believe the favorable supply/demand outlook for 4Q10 and '11 remains intact. Indeed, the key demand catalyst of an OPEC production increase still appears likely for 2011, as J.P. Morgan's commodities research team forecasts that the call on OPEC crude will increase by 1.4 mbd next year, which should necessitate a sizable supply response to rising demand. Moreover, fleet growth has remained muted owing to delivery delays and robust fleet removals, and we expect delivery delays to further increase next year...

Greg Lewis: IEA oil demand growth forecast at 1.6% in 2011. The IEA Oil Market report released last week calls for global oil demand to increase 1.3 mb/d (+1.6%) in 2011. The 2010 forecast calls for an increase of 1.8 mb/d (+2.1%). Growth expected by the usual suspects – at 4.7% in 2011 (9.1% in 2010); followed by the Middle East at 4.7% (4.4% in 2010); LatAm at 3.4% (4.0% in 2010); and India at 3.3% (1.8% in 2010). We expect oil demand growth in China and India to push tanker rates higher, but we view oil demand growth in the Middle East and LatAm as neutral to negative.

Clean

37kt Cont/ta	210	(\$17.5k)	about same
38kt Caribs/up	175	(\$12k)	about same
55kt Ag/East	120-125	(\$10.5k)	firmer, some calling it 127.5

Dry Bulk

=====

Baltic Indices

BDI	1781	up 20
BCI	1752	down 5
BPI	2207	up 49
BSI	1692	up 21
BHSI	957	up 12

Greg Lewis: Strong demand continues to be outshined by supply. Global steel production was up ~28% through the first half of the year versus 2009. YTD Chinese steel production growth is up 21% - well ahead of last years growth rate of 14%. However, robust fleet growth continues to rain on the dry bulk

parade. The dry bulk fleet has grown by roughly 6% through the first half of the 2010. Through mid-July we have already seen last years record Cape delivery schedule (112) eclipsed – we expect roughly 215 Capes to be delivered this year.

Commodore Research: One of the most troubling signs in the Chinese economy at the moment is the recent (and relatively long-lasting) decline in steel prices. Steel prices have fallen consistently since the end of April, even while stockpiles and production levels have remained firm. In recent weeks, though, steel output has decreased moderately but has remained at historically robust levels. Last week's decline in steel prices was one of the smallest week-on-week declines since April, however, and steel prices may be on the verge of finding support. Chinese steel prices will be closely monitored and we will continue to discuss the Chinese steel market in great detail in our next Weekly Dry Bulk Report and in next month's China Report.

Dry FFAs - light volume

	Spot	Q4 FFA
Cape:	13266 down 70	27250 up 250
PM:	17761 up 395	22750 up 750
SM:	17688 up 218	20750 up 750

Equities

=====

- **Jonathan Chappell upgrades:**
 - FRO to OW (from uw)
 - OSG to OW (from uw)
- GMR to OW (from neutral)
- Anders Rosenlund maintains SELL on GNK (\$15).
- Kevin Sterling maintains BUY on ANW (\$40).
- Henrik With maintains SELL on Eitzen Chemical, with NOK 1.5 target price under revision.
- Urs Dur maintains BUY on SSW (\$16).
- Glenn Lodden maintains SELL on d'Amico International (EUR 1.00).