

Dry Bulk

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BDI	9419	down 227
BCI	13553	down 407
BPI	8660	down 282
BSI	6339	down 29
BHSI	3038	down 44

Though prospects for a firm mkt towards the end of this year remain, near term sentiment is not so good. The indices reflect this change of mood. Though today's fall-off does not seem disastrous, it is a continued slide nonetheless. Of course the Argentina's farmer strike is playing both a physical and sentimental role, but Owner's mojo has gone missing for the time being.

FFAs

Contract	Last Close	Current	Diff
BDI June	10,100	10,000	-100
BDI Q3	8,484	8,400	-84
BDI Q4	8,400	8,350	-50
CS4TC '09	\$117,594	\$115,000	-\$2,594
PM4TC Q3	\$67,111	\$65,500	-\$1,611
SM6TC Q3	\$54,172	\$53,625	-\$547

FFAs still moving lower - though volumes are only fair.

Tankers

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VLCCs Ag/East - 197.5 (\$160k), Suezmaxes W Afr/Usac 217 (\$75k).

The last reported number we have seen for AG/East is 197.5 - and with plenty of July bbls left to fix, it isn't hard to picture 200 being broken in the near future. Though enough tonnage appears to be available to cover near term requirements, history suggests that a demand surge will move rates north regardless. Overall, crude tanker markets are firm. Saudi's announcement to increase production will increase bull sentiment.

Crude FFAs are still in bed. While the dirty routes are still backwardated, recent optimism has reduced the magnitude of the downward slope.

The Bald Viking at Southport weighs in on clean: It is Monday and as such not too much new stuff to report so far. We saw continued strong demand last week and rates moved higher step by step as the week progressed. By the end of the week we had reports that WS 350 had been done. Speaking with a few people this morning, it seems that the tonnage situation is still quite tight and that we should see the market hold firm also this week. The U.S. Gulf and Caribbean markets are holding firm as well with the regular 38 KMF Caribs/Up paying about WS 315 at the moment. Tonnage is still tight as ships opening up on the USAC prefer to head to Europe to partake in the Bonanza on that side.

Market Assessments / Time Charter Equivalent US\$/Day IFO \$610/MT:

-UKC/TA - TC2: WS 345 \$31,550
-Caribs/Up - TC3 WS 315 \$28,625
-USG/Europe WS 205
-USG/Chile LS \$2.1 m

Clean FFAs are only slightly more active than their dirty cousin above. TC2 June trades up 5 points to 340, while July increases 2 points to 303.

Equities

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Tankers: The Alpha Male is looking good in Oslo today – likely on the news of additional Saudi output increases as well as firming AG mkt.

Dry Bulk: Friday saw a pretty decent turnaround in this battered sector. Though many were waiting for further declines, apparently some felt it was a good time to get back in the game. Omar Nokta at Dahlgren maintains that “despite the record drop off last week, fundamentals remain strong”, while Urs Dur at Lazard points out that the dry names are indeed oversold. He points out that investors may be overly focused on the spot BDI number, but should be looking past near-term volatility towards the bigger picture. He reiterates his BUY ratings on GNK, DSX, EGLE and NM

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