

Dry Bulk

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|------------|-------------|-----------------|
| BDI | 9211 | down 217 |
| BCI | 13112 | down 746 |
| BPI | 8796 | up 97 |
| BSI | 6203 | down 33 |
| BHI | 2783 | down 43 |

Though the Capes have relinquished a concernable 746 points – the Panamax sector brings positive news. You can of course try to read into the tea leaves here – or, you can make the valid assumption that the ratio is working its way back to the benchmark 2.0 level. Either way, period demand for the Panamaxes has played a role – as has cautious optimism related to the Argentina farmer's strike. Though steel prices have witnessed a decline the past few days, coal prices continue to rise. **Omar Nokta** at Dahlman believes "both near term and long term fundamentals remain strong."

| Contract | Last Close | Current | Diff |
|-----------|------------|-----------|---------|
| ===== | ===== | ===== | ===== |
| BDI July | 8,700 | 8,700 | flat |
| BDI Q3 | 8,650 | 8,600 | - 50 |
| BDI Q4 | 8,575 | 8,550 | -25 |
| CS4TC '09 | \$121,203 | \$121,000 | flat |
| PM4TC Q3 | \$70,875 | \$71,500 | + \$500 |
| SM6TC Q3 | \$57,984 | \$58,000 | flat |

Dry bulk futures have been quiet - no surprise for a Monday. The prices above show essentially flat sentiment, though worth noting is the Cape Q3-Q4, which has shed about \$5,000 to the \$150k mark. Looks like the hand of the ratio at work. Recall it peaked at about 2.9 two weeks ago.

Tankers

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VLCC AG/East 220 (\$185k). **Suezmax** Wafr/Usac 195-200 (\$62k).

As July requirements near the halfway point, V rates have steadily risen to a quite impressive \$185k/day. With plenty of fixing expected in the near term, many believe rates should still see further gains. The 2h July position list appears ample enough to cover potential requirements, however – giving bears hope that any additional rate rise will be limited to a few more points. We are reminded, again, of our Spore desk's belief that "a market in balance is an Owner's best friend." The Atlantic basin has shown some softening the past few days. While Suezmaxes are still earning a very respectable \$64k/day, more demand will be needed to move this mkt north again.

Crude tanker paper is still in bed. A few trades on **TD3** July have increased the price 4 points to 195. The TD3 curve, and all the dirty curves, remain backwardated – though a seasonal bump in Q4 is priced in. The 'yelp' you heard from the corner of your trading screen was **TD8** (80k mt f.o. Kuwait/Spore) trying to elbow its way into the conversation, as it trades up 5 points on the Q3 to 210.

The **Atlantic basin clean mkt** has finally showed the same belly-fire that the regional dirty routes have displayed the past few months. Looks like I can retire my "This market is so ugly..." joke book for at least a little while longer. Firm **Cont/ta** demand combined with USG exports occupying tonnage has moved this mkt to the ws 390 mark (\$35.5k/day). Optimism for ws 400 can be readily found. Hip hip!!! The Caribs/**Usac** route has not enjoyed the same rate lift, though it still sits at a decent 315 (\$28k/day).

Clean paper on this side has been slow. Though TC2 trading has been negligible, home gamers have likely noticed the steep backwardation. TC2 July is priced at 320 while Aug will cost you 277. Out East

there is some more action to be found. TC4 July trades up 3 points to 273, while TC5 July also trades up 3 points to 257.

Equities

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Tankers: Anyone else sense a \$70 ceiling on the **Alpha Male**? Looks that way, until of course this legendary sled puller blasts through another milestone and opens up an even larger can of whoopass on the few remaining shorts. I am not saying it will happen, but am saying that it can happen. Remember \$50, \$60, \$65? Yep, we all do. Stay tuned. In the tier-two department, looks like the company currently and formerly known as **TOPS** is still sick and that **RAMS** is still taking the battering – and not the other way around. Hottest tanker market ever. Hard to believe.

Dry Bulk: In my absence, it appears most of the sector names gained ground despite the pervasive volatility. The **Dry Fox** is still sub \$80 – a long way from the \$130 that screen jockeys recall from October's Stormy Monday. **NM** below \$10 is still concernable – even though George Glass unwound before his screen turned too red. George, still at the pub whistling in the dark with other FRO shorts, is looking for a better entry point before jumping on the dry sled. **Ton Mile Trader Asian Editor Jeff Landsberg** weighs in on the Asian dry sector as follows "In what might have been just a general reaction to the overall global equities market, virtually all of the major Asian dry bulk stocks fell today. Among the biggest losers: **COSCO** fell 6.2%, **Pacific Basin** fell 4.3%, and **U-Ming** fell 2.8%. It is also possible that the falling stock prices are an indication that freight rates / physical market sentiment is set for another fall."

Thank you Dahlman Rose! Only in shipping do you get a party where the primary attractions include "Whac-A-Mole", a two headed turtle and a magic man who made my dollar bill disappear faster than a long position in TOPS. Additional wildlife included Burmese pythons, a White-headed Capuchin – and of course the contortionist consortium, who led George Glass to inquire how he could invest in even-toed ungulate futures. Brilliant indeed – and we can only assume the festivities reinforced the consensus that although shipping can bring volatility – and therefore occasional downside – it is also an industry we are glad to be a part of. Bravo!!!

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