

## Dry Bulk

BDI	6809	down 120
BCI	10506	down 314
BPI	5993	up 42
BSI	4189	down 102
BHSI	2151	down 25

Though the Panamax turned up - the Capes are still digging themselves a hole. Market reports contain the words "flat" and "nervous", along with an oft-repeated phrase "Although earlier in the week we had seen optimism..." Things are still good - so no need to panic, but at some point we need to see more demand if rates are going to rise. Pretty simple.

## FFAs

Contract	Close	Current	Diff
BDI Sep	7600	7650	+ 50
BDI Q4	8550	8600	+ 50
BDI Q1	7900	7925	+ 25

CS4 Q4	\$147,594	\$148,500	+ \$906
CS4 Cal 09	\$118,945	\$119,500	+ \$555
PM4 Q4	\$62,950	\$63,750	+ \$800
PM4 Cal 09	\$54,719	\$55,500	+ \$781
SM6 Q4	\$51,250	\$52,000	+ \$750

Volumes have been fair. The good news is that we finally see an upturn in forward prices. The less than good news is that early morning prices had pushed even higher before being turned back to current levels. Its still all about the physical - which to a great extent, is about the 72m mt of ore stockpiled in China.

## Tankers

VLCC AG/East: ws 95 (\$40,000/day)      Suezmax Wafr/Usac: ws 185 (\$150,000/day)

The upswing continues on the Vs, where ws 95 has been reported on subjects. This has clearly moved us beyond a "dead cat bounce" and into a noteworthy rate increase. From here...it is safe to say that anything is possible. I still sense a bull breeze - though even these bulls point only to about ws 130-140 as the endgame this go around. Worth noting is that rates are still on the move and we are past the 50% point of Sep fixing. If by chance this rally can continue and hold itself until we see Oct cargos - then we could be facing the same

scenarios we saw in the spring and early summer where rates kept spring boarding themselves in this manner...up to the ws 230 level (though no one here is predicting that). Before you go palms in, remember 2006 - when the Q4 rally failed to materialize.

Crude FFA trading has been moderate. TD3 prices have continued their migration north. Sep trades up 5 points to 139, Oct trades up 6 points to 159 and Dec trades 4 points to 170. TD5 Sep trades down 6 points to 196 - only about 10 points above the spot. TD7 Sep trades down about 9 points to 195.

Cont/ta has seen some fixing activity, though rates remain in the 310-315 range (\$25.5). Reports of a slightly higher number on subs are making the rounds, though details are murky. The arb still looks good. Caribs/Usac fixing has been moderate with rates estimated at 290-295 (\$24k). USG export requirements have diminished. AG/East 55kt stays flat at 360 (\$51k).

Clean FFAs have seen limited activity. TC2 Sep trades flat at 320, while TC5 Sep trades up 7 points to 337. Hurricane traders haven't been able to put too much energy into the TC2 market - as the Sep price is only 5 -10 points above the spot. Yawn. Things could always change as Gustav approaches the USG, but if 5-10 points is all we see, it seems the market lacks underlying strength at this point in time.