Tankers

Crude

VLCC AG/East	50	(TCE $45k/day)	quiet, untested
Suezmax Wafr/Usac	70	(TCE $32k/day)	
Turkish Straits Delays	4-5 n / 3-4 s		

The VLCC market remains quiet. Feb fixture count sits at about 91, while March has only seen 7. Safe to say – "we have been to this movie before" – and maneuvering for the soon-to-start game of musical chairs has left the market near silent. If it turns out there are plenty of chairs for all the bottoms – then we can expect rates to come off – and likely head back towards the $30k TCE levels we saw two weeks ago…although – that also assumes we see an orderly market. Charterers can occasionally be "too smart by half" – and end up running up an otherwise flat to soft market. With oil demand somewhere between soft and softer, Owners will have to work their usual magic to keep rates at decent levels.

From Doug Mavrinac: Last week, the IEA reduced its global oil demand forecast for 2009 with oil demand now expected to contract 1.0 MMbd while the U.S. DOE reported another weekly inventory build with crude oil inventories increasing another 4.7 MMbbls now standing at over 350 MMbbls. With crude oil tanker fundamental data points continuing to worsen, and Saudi Arabia also raising the premium relative to WTI for U.S. buyers to a record $1 per barrel last week, we believe crude oil tanker demand is likely to decline in the coming months likely putting downward pressure on crude oil tanker spot charter rates and the shares of crude oil tanker companies under coverage with significant spot market exposure.

TD3 volumes have been light – though March trades down 4 points to 43 while Q2 trades down 2 points to 37.5.

Clean

37kt Cont/Usac	140	($17k/day)
38kt Caribs/Usac	120	($13k/day)
55kt AG/East	140	($31 k/day)

Quiet day in the Atl basin yesterday – though some activity this am keeps the market at 140 for Cont/ta. Caribs/Usac and USG exports also dormant. In the East – rates have firmed noticeably for LR1s since I last wrote. The ATS Report mentions that naphtha demand from South Korean crackers has been strong.

Clean FFA volumes have been good. TC2 March trades down 8 points to 141, TC4 March trades down 3 points to 133. TC5 March trades down 9 points to 133.

Dry Bulk

Baltic Indices

BDI	1895	up 49
BCI	3356	up 186
BPI	1305	down 30
BSI	1213	up 4
BHSI	482	up 3

Reports of a better dry physical are making the rounds – as is confirmed with the BCI number above. Though some reports had pointed out a softening Pacific – today we see a reversal of sentiment there. Overall fixing activity has been good.

From Omar Nokta: Although upward momentum has been removed from the freight market, vessel values have seen a degree of support recently, a potential boon to dry bulk companies struggling with collateral maintenance covenants. Clarkson's confirmed the sale of a 10-year old Capesize for $40 million, while the Baltic Exchange raised assessments for 5-year old Capes last week by nearly 10%.

Dry FFAs

Contract	Close	Current	Diff
BDI Feb	1750	1850	+ 100
BDI Q2	1900	2100	+ 200
BDI Q3	1850	2000	+ 150
CS4 Q2	$27,969	$33,250	+ $5231
CS4 Cal10	$25,094	$27,000	+ $1906
PM4 Q2	$13,667	$15,000	+ $1333
PM4 Cal10	$13,489	$14,375	+ $886
SM6 Q2	$12,156	$13,000	+ $844
SM6 Cal10	$11,188	$11,900	+ $712

The turn in the physical has brought about a change of fortunes in the FFA mkt. Prices are up – and volumes are very good.

Equities

- **Anders Rosenlund** initiates coverage on **NAT** with a SELL and $15 target.
- **Urs Dur** downgrades **EGLE** to HOLD (from buy).
- **Anders Rosenlund** maintains a BUY on **GLNG** ($10).
- **EXM** has suspended their dividend. No surprise to anyone, I hope.

END