

Dry Bulk

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BDI	9139	down 240
BCI	13032	down 438
BPI	9164	down 306
BSI	5759	down 51
BHI	2698	down 9

The negativity we see in the mkt is largely due to limited demand in the Pacific allowing positions to build. Though this of course leads to uncertainty in the Atlantic, the cgo flow there has managed to keep rates close to last done. With all of this said – you can be sure that Charterers will of course keep the downward pressure on – and be more than willing to throw a drowning Owner a brick or two to facilitate the trip into Davy Jones' locker. Not that \$70k/day or so on a Panamax is bad money – but, we know by now this is all about the trend, and therefore this mkt needs a discerning eye.

From our **Ton Mile Korea** correspondent: "A small fall for the Capes yesterday might be a predecessor of a bigger drop to come. Capesize brokers and charterers have been reporting that a bunch of Capes are about to come open as Chinese / Brazilian congestion is apparently decreasing. In addition, there is a strong possibility that Chinese iron ore stockpiles are finally being depleted.

If China was to temporarily reduce iron imports, NOW is the time. Chinese ore stockpiles are incredibly high, contract prices have finally been settled (except for BHP), and the Olympics are only a month away. With the coming of the Olympics, steel production might temporarily be reduced in order to ensure clean air for Beijing. Looking closely at these factors: last night's drop could be the start of a brief correction - at least for Capes and the Pacific."

FFAs

Close / Current / Difference

BDI

Jul	9000 / 8950 / -50
Q3	9000 / 8900 / -100
Q4	9075 / 8975 / -100

CS4TC

Q3-09	152624 / 151000 / -1624
Cal09	122125 / 120000 / - 215

PM4TC

Q3-08	70688 / 70250 / - 438
Cal09	60450 / 60000 / - 450

SM6TC

Q3-08	56094 / 56000 / -94
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Paper showed signs of moving north today – though that idea was short lived. Although some higher bids were found in early trading, this temporary optimism gave way to lower bids and lower offers. Volumes have been moderate. Today's price reductions are not severe by any means, but with the physical mkt showing consecutive concernable declines, we may be in for some bumpy times in the near term.

Tankers

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VLCC AG/East 245 (\$208k). **Suezmax** Wafr/Usac 210 plus (\$68k).

AG activity has slowed for the V sector, as July requirements are just about exhausted. We await August – and further await the psychological battle between Owners and Charterers. In the Atlantic basin rates continue to firm for the larger ships – with Sun reported to have taken out a Suezmax Wafr/Usac at 215.

TD3 July has come off 12 points today on fair volume and now sits at 212. Toppish sentiment on the physical may be playing a role, though we have heard that before. August trades down 8 points to 180, though volume here has been light. **TD5** July trades up 3 points to 223 while **TD7** July trades up 1 point to 190. Seeking ‘New Kid on the Block’ status, **TD11** (cross Med Afra) traded in good volume - increasing prices all the way out to the December contract. The most notable price increase occurred on the July contract, which gained 17 points to 227.

We have seen some clean physical action in the Atlantic basin as some Charterers try to clear their requirement list ahead of the US holiday on Friday. Though the **Cont/ta** mkt remains close to 360 (\$32.5k), the **Caribs/Usac** mkt has come off 10-15 points, and now sits at 300 (\$25k). Asian clean mkts remain firm and steady, though LR1 sentiment may be cracking.

TC2 paper trading has been moderate –with July increasing 4 points to 329. With the spot sitting at about 360, the convergence is beginning. Paper tiger **TC5** has roared back to life today with impressive volumes. July and August have gained about 9 points each and now stand at 282 and 255. Further down the curve, Q3 and Q4 both trade up 5 points to 257 and 240.

Equities

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RAMS investors can't take it anymore

The Alpha Male Network: The tankers saw their share of darkness, but then managed to improve towards to the close. Though **FRO** gave back 2%, the midday turn north is encouraging. This is likely attributable to the broader market making a comeback - though the strong physical market probably helped. The gold star award goes to Suezmax spot stalwart **NAT**, which closed just shy of the \$40 mark. George Glass is pleased. On the down side, surrender monkey **RAMS** really got whacked as it took a 13% digger. Looks like Aries Nation was unimpressed with the latest corp-strategy. Is anyone out there willing to buy this name at \$4?

Dry Bulk: The dry names took a beating - but it could have been worse, and for much of the day it was. Other than the **G-Team** closing in the green, there was plenty of pain to go around. The sector was likely saved by the turn in the broader market. The worst gut punch was delivered to **EXM**, which relinquished 6% to close at \$37. If 6% is the worst decline we see on a day where the futures, the indices and pre market trading pointed notably south, then I think yesterday's losses are acceptable within this roller coaster thing of ours.

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