Dry Bulk
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BDI	**8925**	**down 214**
BCI	12593	down 439
BPI	8963	down 201
BSI	5700	down 59
BHI	2678	down 19

The numbers are down about the same as yesterday – implying negative sentiment is warranted for the time being. The Pacific basin is creating most of the doubt, in case anyone is looking to point fingers. **Omar Nokta** at Dahlman Rose notes that Cape rates ex Australia have come down to $29/ton from $35/ton in late June, though the **Pareto Shipping Team** considers this a short term phenomenon, and expects better times ahead towards Q4. On the macro front, I have attached a copy of an Iron Ore and Steel report written by the Ton Mile Korea correspondent, dated June 30th. Feedback is welcome.

FFAs

Contract	Last Close	Current	Diff
BDI July	8900	8800	-100
BDI Q3	8925	8850	-75
BDI Q4	9000	8900	-100
CS4 Q3	151,559	149,750	-1,809
CS4 Cal 09	122,000	122,000	flat
PM4 Q3	70,000	70,500	+ 500
PM4 Cal 09	59,950	59,125	-825
SM6 Q3	55,688	57,500	+ 1812

Volumes are light. Though the market made a minor up move early on, it has since settled back down closer to yesterdays closing levels. Don't see too many tea leaves in today's numbers. The fact that they are not going down too much is a very good sign – for now. Stay tuned. Plenty of track left to run on the roller coaster.

Tankers
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VLCC AG/East 235-240 ($200k). **Suezmax** Wafr/Usac 225 ($71k).

Still quiet on the Eastern front as July could be considered complete. Barring a replacement fixture, rates should ease a touch as the position list builds. All eyes are on August stems. In the Atlantic – the Suezmaxes continue to help everyone's cause by pushing even further above the 200 mark. That market now sits at 225. Last week we mentioned that some Vs would ballast from the Atlantic basin towards the Ag to capture higher returns – and with that we predicted that salt water would seek its own level and the markets would converge. In effect, that is what has happened. No – we are not claiming Nostradamus status for this fairly basic prediction. We are only saying that there is no free lunch within this thing of ours.

Crude tanker FFAs have been moderately active – with **TD3** seeing the lion's share of volume. July trades down 1 point to 218, while Aug trades down 3 points to 175. Nothing much to read into here. The Q1 trades up 1 point to 113 on minor volume. Nothing much to read into there either. For those who are into forward curves, it is worth noting that forward prices decline to 165 for the October contract, before turning up in Nov and Dec to 172. The FFA market doesn't believe the physical market can hold current gains. While I tend to agree – recall that we watched the dry bulk FFA market underestimate the physical market for what seemed like an eternity. Dare to dream!

On the clean slate, the market remains steady at yesterday's levels. **Cont/ta** 360 ($31.5k) and **Caribs/Usac** 300 ($24k), though there is talk of 365-370 levels getting done for Cont/ta. Stay tuned. **Asian clean** routes remain somewhere between steady and firm.

Clean tanker FFAs have seen a very big day as large volumes have been traded on **TC2**. The July and Aug contracts each gain two points and now trade at 328 and 281. Sep trades flat at 273. Asian Tiger **TC5** has impressive price increases on good volume. July gains 19 points to 302, while Aug adds 6 points to 261. The Asian Cub, **TC4**, has seen less volume traded, though its July contract trades up as well: plus 8 points to 300.

Equities
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Ewe'll Be Sorry!

The Alpha Male Network: In tier 2.5 news, there is a new Scottish rock and roll band climbing the charts these days. Their hit single is "Hey, McCloud, get off of my ewe!"

That's right, bad issues deserve bad humor. Don't shoot the messenger. Anyway, in the world of real humor, **RAMS** is expected to change their ticker to **EWE**. It went sub $4. I blame Renee Richards.

Back to tier 1...

George Glass called. Wants to know why **GMR** took the biggest hit on the wet sled. Good question. Free ton mile trader t shirt to anyone who can advise why a G-name with 70% coverage should lose this much ground over the past few days. Anyway - it was an ugly day across the board, so we won't dwell on the diff between 5% and 7%.

...back to tier 2.5 news…the company currently and formerly known as **TOPS** closed right at the Mendoza line (home gamers know this means doggy dollars, not inflated reverse-split "happy bucks"). Hottest tanker market ever. Hard to believe. Really.

Dry Bulk: Though George Glass was not long dry bulk going into today, he did dust off his copy of 'Pain for Dummies', in order to assist any "ledge funds" who may have been whacked. We are pretty much beyond the 'pain' stage - and in fact, past the 'can of extra large whoopass' moment. Though we are not anywhere near the January debacle, it still feels like we are getting beaten with a garbage can lid by a very angry Sonny Corleone. If **NM** can make a decent move today, Senor Glass will be bringing his own case of Bud 40s to Duane's 4th of July bash.

In ratings news…

- Mike Pak at B of A begins dry sector coverage with an OVERWEIGHT stance on the sector as a whole. Specifically, he initiates BUY ratings on **NM, GNK** and **TBSI**, with **NM and GNK representing**

his top picks. He also opens coverage on **NMM**, but has a NEUTRAL rating on it. He views the current concerns over high ore stockpiles in China and the Argie farmer's strike as transitory, and therefore believes the recent decline in share prices provides for a favorable risk/reward profile. Over the longer term, he acknowledges the massive orderbook and advises that a more defensive stance on the group may be warranted at a future point.

- The **Pareto Shipping Team** maintains a BUY on **Stolt-Nielsen** (NOK 160). Though their Q2 results were below expectations, the chemical sector should remain strong for the balance of the year, they advise.

END