

“Who Delivers? GNK, That’s Who!!!” – Greg Lewis, Credit Suisse

Dry Bulk

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BDI	8341	down 47
BCI	13005	down 72
BPI	7517	down 7
BSI	4897	down 56
BHSI	2554	down 24

The slide continues, though the pace is slow. I keep hearing of a bottom existing somewhere nearby, yet the indices continue to slide – and as we see below – the FFAs have come off a touch. We know by now that anything is possible. Period demand in some regions continues to provide hope, yet you can’t pay your rent with hope. I would prefer to see a sustainable upmove on the physical side before accepting the presence of a floor beneath me.

Contract	Close	Current	Diff
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BDI July	8925	8650	- 275
BDI Q3	8975	8800	- 175
BDI Q4	9400	9300	- 100
CS4 Q3	155469	154000	-1469
CS4 Cal 09	129313	129000	-313
PM4 Q3	68536	67250	-1286
PM4 Cal 09	62875	62000	-875
SM6 Q3	54605	54000	-605

Volumes are fair, prices starting to come off.

Tankers

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VLCC Ag/East: 150 (\$98k) **Suezmax Wafr/Usac: 290 (\$104k) - soft**

It’s hard to work the phrase ‘Houston, we have a problem’ into the same sentence with ‘\$98,000/day’ – but that is the state of today’s market. If the bleeding (too soft a word actually) can be stopped in the near future, then all remains well. The problem, for those that are into such things – is that we don’t when the slide will stop. August demand had been seemingly slow – though Charterers have been given little reason to fix today. The market is falling, so they wait. All the while, the position list builds. Kind of like musical chairs with more chairs than players, which we haven’t seen since early Nov 2007. The Suezmaxes are due for a slide ex Wafr.

Crude FFAs are quiet – but have managed to come off noticeably. **TD3** Aug trades down 13 points to 135, while Q4 trades down 12 points to 138. Though volumes are light – the size of the fall is concernable.

The **cont/ta** market has come alive. Bravo!!! Increased activity has been brought rates up to 255 (\$15k). **Caribs/Usac** remains at 295 (\$24k). In the East, **AG/Japan LR1s** are firming – and are now rated at 330 (\$43k).

Clean FFAs have been quite active. **TC2** sentiment is bullish, as Aug adds 10 points to 272,, Sep adds 7 points to 277 and Oct adds 10 to 270. This is no surprise in light of the surge in physical rates. Asia has been active as well. **TC4** – Aug plus 1 to 271 with Sep plus 5 to 270. **TC5** – Aug adds 7 to 322 while Sep adds 8 to 292.

Equities

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Tankers: GMR reported Q2 EPS of \$0.55 – in line with consensus. Conf call at 1000hrs NYK today.

Dry Bulk: GNK reported Q2 EPS of \$2.03 – well above the \$1.78 consensus. Now we know why the G-Team had a 5% run up yesterday. Well done!!! GNK conf call is in progress.

In ratings news...

Dry Bulk

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- **Justin Yagerman** maintains an OUTPERFORM on **DSX**.
- **Greg Lewis** maintains NEUTRAL on **GNK** (\$80).
- **Omar Nokta** maintains a BUY on **GNK** (\$90).

Tankers

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- **Natasha Boyden** maintains a BUY on **OSG** (102\$)
- **Omar Nokta** maintains a BUY on **GMR** (\$30).
- **Greg Lewis** maintains NEUTRAL on **OSG** (\$75).
- **Erik Helberg** maintains a BUY on **SFL** (\$35).

Other

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- **Henrik With** maintains a SELL on **Eitzen** (NOK 18).
- **Henrik With** maintains a SELL on **BW Gas** (NOK 45).
- **Henrik With** maintains a SELL on **Exmar** (EU 14.50).
- **Glenn Lodden** maintains a HOLD on **Orient Overseas** (HK 47.50).