

Dry Bulk

			May 20th
BDI	6146	down 320	11,793
BCI	8724	down 875	18,105
BPI	6002	down 15	11,425
BSI	3823	down 148	6,641
BHSI	2063	down 36	3,382

If you are looking for good news - you could look at the Panamax number a find relief that it is only down 15 points. That's about the only relief to be found, and even this less-than-bad news is partially a result of Cape splitting. The numbers are still falling from their May high points - and neither the futures nor the equities are pointing to an imminent turnaround. If Q4 does turn out to be a strong as some expect - then this downturn will at least provide a brilliant entry point in the near-term. Though the ore story seems grim for the time being, Road Warrior Landsberg checked in to tell me that the coal story is positive - as it will help increase the ton mile equation, until it reaches the point where supply just can't meet demand. I will let him elaborate once he settles into his new crib in Spore.

FFAs

Contract	Close	Current	Diff
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BDI Sep	6950	6725	- 225
BDI Q4	7975	7800	- 175
BDI Q1	7400	7225	- 175
CS4 Q4	\$131,094	\$123,500	- \$7,594
CS4 Cal 09	\$108,500	\$102,000	- \$6,500
PM4 Q4	\$59,300	\$57,750	- \$1,550
PM4 Cal 09	\$52,100	\$51,000	- \$1,100
SM6 Q4	\$47,469	\$46,000	- \$1,469

Again volumes are decent - and again prices are coming off. A fair amount of ratio trading has been seen, as the recent Cape/Panamax spread has been too large for too long. It now stands at 2.14 for Q4.

Tankers

VLCC AG/East: ws 110 (\$59,000) Suezmax Wafr/Usac: ws 170 (\$47,000)

Significant fixing activity has boosted rates another 10 points, pushing TCE levels close to \$60 for AG/East. If the momentum can hold up into Q4, then we indeed might be facing more good times ahead. If you are looking for the cloud

in the silver lining - it is that there are only about 15 Sep cgos remaining - and the position list seems ample. Owners, of course, are hoping to keep the rate surge alive into the October requirement session. Brutus the Buckeye tells me that it's all about momentum right now - and reports that plenty of cgos are currently being worked.

The improved physical has moved VLCC FFAs up, though volumes have been only moderate. TD3 Sep trades up 10 points to 125 while Q4 adds 5 points to 149. TD7 Sep has lost ground, giving back 5 points to 175.

Decent fixing activity on the Cont/ta route has allowed rates to remain at about the 320 level (\$27k). The arb has come off a bit - but still doesn't look too bad. Caribs/Usac has slid a few points further to 285 (\$23k). AG/East 55kt has slipped 5 points to 355 (\$51k).

Clean FFAs have been deafeningly quiet. TC2 has taken a bit of a digger though - dropping 25 points to 295. Ouch! TC4 Sep trades flat at 315 while TC5 Sep trades up 5 points to 325.

Equities

- Natasha Boyden maintains a BUY on DHT (\$15).
- Justin Yagerman initiates coverage on TNK with a MARKET PERFORM rating and a valuation range of \$24-\$26.
- Justin Yagerman initiates coverage of CPLP with an OUTPERFORM rating and a \$20-\$22 valuation range.
- Ton Mile Trader initiates coverage of the CPLP Posidonia Party with a MUST ATTEND rating and a "priceless" valuation.