Capital Link Shipping Weekly Markets Report

Monday, June 9, 2014 (Week 23)

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CAPITAL MARKETS DATA

- Currencies, Commodities & Indices
- Shipping Equities – Weekly Review
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SHIPPING MARKETS

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- Stifel Shipping Markets
- Container Market – Weekly Highlights, by Braemar Seascope
- Weekly Tanker Market Opinion, by Poten & Partners
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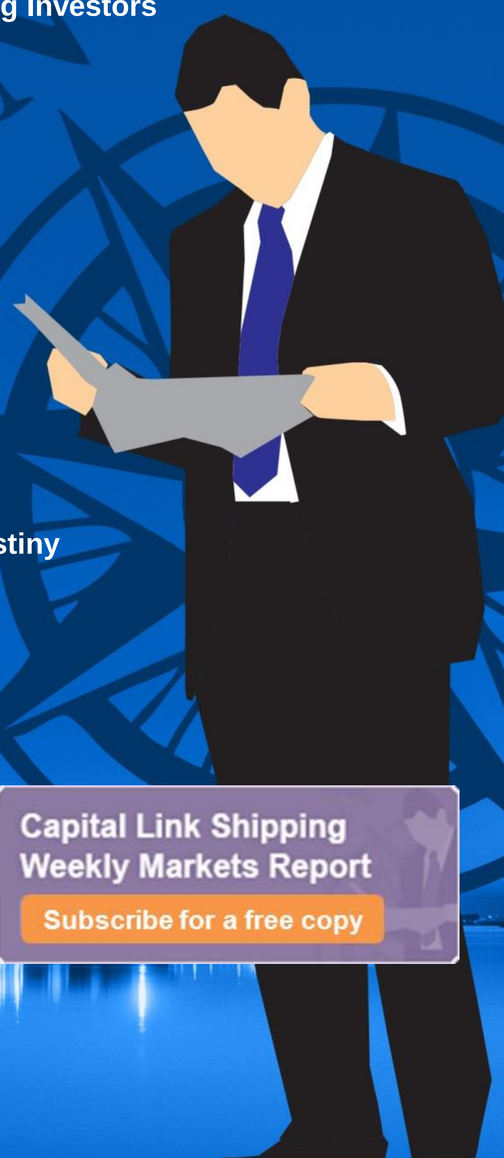
CONTENT CONTRIBUTORS



Capital Link Shipping

...Linking Shipping and Investors Across the Globe

Capital Link is a New York-based Advisory, Investor Relations and Financial Communications firm. Capitalizing on our in-depth knowledge of the shipping industry and capital markets, Capital Link has made a strategic commitment to the shipping industry becoming the largest provider of Investor Relations and Financial Communications services to international shipping companies listed on the US and European Exchanges. Capital Link's headquarters are in New York with a presence in London and Athens.

Investor Relations & Financial Advisory

Operating more like a boutique investment bank rather than a traditional Investor Relations firm, our objective is to assist our clients enhance long term shareholder value and achieve proper valuation through their positioning in the investment community. We assist them to determine their objectives, establish the proper investor outreach strategies, generate a recurring information flow, identify the proper investor and analyst target groups and gather investor and analyst feedback and related market intelligence information while keeping track of their peer group. Also, to enhance their profile in the financial and trade media.

In our effort to enhance the information flow to the investment community and contribute to improving investor knowledge of shipping, Capital Link has undertaken a series of initiatives beyond the traditional scope of its investor relations activity, such as:

www.CapitalLinkShipping.com

A web based resource that provides information on the major shipping and stock market indices, as well as on all shipping stocks. It also features an earnings and conference call calendar, industry reports from major industry participants and interviews with CEOs, analysts and other market participants.

Capital Link Shipping Weekly Markets Report

Weekly distribution to an extensive audience in the US & European shipping, financial and investment communities with updates on the shipping markets, the stock market and listed company news.

www.CapitalLinkWebinars.com

Sector Forums & Webinars: Regularly, we organize panel discussions among CEOs, analysts, bankers and shipping industry participants on the developments in the various shipping sectors (containers, dry bulk, tankers) and on other topics of interest (such as Raising Equity in Shipping Today, Scrapping, etc).

Capital Link Investor Shipping Forums

In New York, Athens and London bringing together investors, bankers, financial advisors, listed companies CEOs, analysts, and shipping industry participants.

www.MaritimeIndices.com

Capital Link Maritime Indices: Capital Link developed and maintains a series of stock market maritime indices which track the performance of U.S. listed shipping stocks (CL maritime Index, CL Dry Bulk Index, CL Tanker Index, CL Container Index, CL LNG/LPG Index, CL Mixed Fleet Index, CL Shipping MLP Index – Bloomberg page: CPLI. The Indices are also distributed through the Reuters Newswires and are available on Factset.

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www.capitallink.com
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Latest Company News

Monday, June 2, 2014

FreeSeas Announces Settlement of $37.6 million of Debt with $15 million Debt Forgiveness

FreeSeas Inc. announced that on May 30, 2014, it paid $22.6 million in full settlement of $37.6 million of debt owed to Credit Suisse using funds from the $25 million proceeds of the Company's sale of the Series D Convertible Preferred Stock and Series C Warrants concluded on May 28, 2014.

Tuesday, June 3, 2014

Safe Bulkers, Inc. Announces Election of Class III Directors at 2014 Annual Meeting of Stockholders

Safe Bulkers, Inc. announced the election of two Class III directors at the Company's annual meeting of stockholders held in Athens yesterday. Elected Class III directors were Konstantinos Adamopoulos and Frank Sica. The Class III directors were elected to hold office for a term ending at the annual meeting of stockholders in 2017 and until their respective successors have been duly elected and qualified. Stockholders also ratified the appointment of Deloitte, Hadjipavlou, Sofianos & Cambanis S.A. as the Company's independent auditors for the fiscal year ending December 31, 2014.

Tsakos Energy Navigation Ltd. Holds Its Twenty-First Annual General Meeting and Announces the Appointment of New Chairman of the Board

Tsakos Energy Navigation Ltd. announced that the Company concluded its Annual General Meeting (AGM) at which all the resolutions proposed were approved by significantly more than the required shareholder votes. In addition, the company announced today that Mr. Takis Arapoglou has been appointed by the Company as the Chairman of the Board, replacing Mr. John Stavropoulos, who had been the Chairman of the Board and a director since 1994, and had previously announced his retirement from the position following the 2014 Annual Meeting.

Wednesday, June 4, 2014

Nordic American Tankers Announces Acquisition of Two Suezmax Tankers

Nordic American Tankers Limited announced that the Company has agreed to acquire two Suezmax vessels, delivered from a top shipyard in 2005. The agreed purchase price is $36.5 million each. The vessels are expected to be delivered to us no later than August, 2014. The acquisitions will be financed from the financial resources of the Company. Including the delivery of the current acquisitions, NAT will have a fleet of 22 Suezmax vessels - enhancing our dividend and earnings capacity.

Ocean Rig UDW Inc. Announces Signing of Contract for the Eirik Raude

Ocean Rig UDW Inc. announced that it has signed a drilling contract for one of its semi-submersible drilling rigs, the Eirik Raude. The drilling contract is for a minimum six-well program, with an estimated duration of about 260 days, for drilling offshore the Falkland Islands, with an estimated backlog of approximately $165 million. The rig is scheduled to commence this contract in the first quarter of 2015.

Thursday, June 5, 2014

NewLead Holdings Ltd. Announces Granting of Temporary Restraining Order Against Ironridge Global IV, Ltd.

NewLead Holdings Ltd. announced that on June 3, 2014, the Company was granted a Temporary Restraining Order ("TRO"), against Ironridge Global IV, Ltd. ("Ironridge") prohibiting the further issuance of common shares in payment of dividends on Series A Preference Shares ("Preference Shares") of NewLead. The TRO is pending the hearing and decision on Petition for Preliminary Injunctive Relief Pending Arbitration.

Ocean Rig UDW Inc. Announces Signing of Contract for the Ocean Rig Skyros

Ocean Rig UDW Inc. announced that it has signed definitive documentation, following the previously announced contract award, for the 6 year contract for drilling operations offshore Angola for its ultra deepwater drillship the Ocean Rig Skyros, with Total E&P Angola Block 32. The contract is expected to commence in the third quarter of 2015 and has an estimated backlog of $1.3 billion.

Friday, June 6, 2014

Top Ships Inc. Announces Pricing of Public Offering

Top Ships Inc. announced the pricing of an underwritten public offering of 10,000,000 shares of its common stock, and warrants to purchase 5,000,000 common shares, at $2.00 per common share and $0.00001 per warrant. The warrants have an exercise price of $2.50 per share, are exercisable immediately, and will expire five years from the date of issuance. Top Ships has granted the underwriters a 45-day option to purchase up to an additional 1,500,000 common shares and/or up to 750,000 additional warrants to cover over-allotments, if any. The offering is expected to close on June 11, 2014.

The next big thing…maybe

Contributed by

Barry Parker

Barry Parker is a financial writer and analyst. His articles appear in a number of prominent maritime periodicals including Lloyds List, Fairplay, Seatrade, and Maritime Executive and Capital Link Shipping.

Last week, I had an interesting conversation with a possible investor which is worth relaying. Instead of the usual discussion of "Buy this if the T/C rates are below $xxxx/day, and sell that if the T/C rates are above $yyyy/day", the discussion turned to the subject of disruptive technologies and how to invest in the next big thing.

The shipping business is not known for being early adapters of anything, indeed it's widely thought to be full of laggards and even a few Luddites. In the Harvard Business School context- where Professor Clayton M. Christensen coined the term in the 1990's, disruptive technologies and innovations are those that transform business processes. Winners thrive and then dominate, while losers exit the scene. Clearly, this very topic is at variance with the whole maritime mantra of evolutionary movements, rather than great revolutionary movements across chasms (another concept, from a noted venture capitalist, popularized in the tech literature of the 1990s).

So, what does all this have to do with shipping? Quite a bit, actually. Anybody attending any conference, whether it be a presentation at Posidonia (just completed), Marine Money (with its big New York gathering coming up in a week) or dozens of events aimed at industry professionals (a/k/a "middle management") will hear about technology concepts. My pitches vary depending on the audience- when talking to industry insiders, who lately have been in the line of more regulatory fire than at any time in recent memory, I describe hordes of invaders from the outside and the need to push back on every technological assertion being made. When talking to outsiders (seeking to invade, and perhaps plunder), the emphasis is on adaptation to the maritime business- of a technology or technique that's succeeded in a more mainstream context. How do you properly engineer the equipment, and then how do you brand it and market it to a fragmented business with decision-makers all over the world? What about Corporate Social Responsibility (CSR), which is sometimes lacking where smaller entities- often outside of the public domain, are the major players?

Shipping's trade publications, rather than those chronicling its financial activities and fund-raising, are the best place to observe the clash, transformations and technological infusions. Consider that Eco-tankers, the subject of much attention (and ordering of vessels) in 2013, seem to have faded from the limelight, as vessel must now be built, flipped (maybe) and absorbed into fleets. More efficient engines, often with slower design speeds than their predecessors of a few years back, are burning less fuel. Longer strokes- involving a slight (read- evolutionary) change in the engine configuration, in turn supporting more hulls forms that are slightly streamlined, are the way of achieving the economies. Fine-tuning, with improvements in electronic controls, also play a role in the new solutions. But all of these techniques have been in play for some time. What's more interesting here, and probably grist for more articles if readers want them, are alternative strategies such as LNG fuelling, where infrastructures are rapidly being created, and adaptation of scrubber technologies, a mainstay in the land-side power business. A few brave early adapters are putting their toes in the water- with support of beneficent (for now) regulators.

Ballast water treatment (BWT), a $100 billion regulatory and technological morass, offers scope for evolution- yes, with adaptations for vessels of technologies that have found success in landside water filtration and treatment. Yet the performance based nature of the rules (specifying a desired outcome, rather than a "prescription" for exactly how to achieve the results) offers room for diverse approaches. One interesting item in the trade press showcased the successes of Ecochlor, one of many players (with diverse technological approaches) vying for a prominent place in the BWT firmament, in raising money in the private placement market. This is hardly the only game in town, but it's heartening to find niches where the established giants do not have a lock on technologies.

Moving further out into another set of firmaments, we come to "Big Data", where they invading hordes are now exploring entry points and trajectories. A few years ago, I did some writing on Condition Based Maintenance (CBM), where detailed data analysis is used to predict when parts might fail, and, therefore, to swap them out in advance of those fail points. CBM has found usage in the offshore sector of the business, where assets are deployed for longer periods, or for their entire economic lives, in out of the way places; ie, the nearest drydock is not just around the corner. CBM begot advances in remote monitoring of process and equipment; with the explosion of satellite bandwidth, it's now possible to do more monitoring and send back more data. Meantime, the notion of un-manned vessels, at least far out at sea, has seen increasing discussion. With added satellite communications capability, could data analysis be used to optimize operations aboard rusty bulk carriers (subject to the whims of spot markets and commodity pricing), rather than keeping CBM and the like only in the purview of high spec oil production vessels or LNG tankers, often deployed on long term charters?

For tech-minded investors, such ideas- certainly now in nascent stages, are worth watching. If readers are interested, I'd be happy to provide guided tours showcasing the thinking of both the invaders and the Luddites who will work hard to build walls and maintain the status quo.

RECORD ATTENDANCE AT CAPITAL LINK's 4th POSIDONIA FORUM

Free Access to Audio Archives & Forum Write-Ups

New York, Monday, June 9, 2014. – Last Monday, June 2, 2014 Capital Link held its "4th Posidonia Investor & Analyst Forum" at the Astir Palace Hotel, in Athens Greece, with record attendance of 600+ delegates. The Forum attracted more than 600 listed and non-listed shipping company executives, investors, analysts, financiers, and other industry participants, active in the shipping markets, who came to Athens from abroad for the biannual Posidonia event, the largest shipping trade event in the world.

The Forum's objective was to discuss the latest developments in the various sectors of the shipping market as well as in the financial and capital markets as they relate to shipping.

AUDIO ARCHIVE & FORUM WRITE-UPS

An audio archive on the Forum can be accessed at http://forums.capitallink.com/shipping/2014posidonia/index.html.

FORUM STRUCTURE

Opening remarks were made by Mr. Doug Pollock, Head of Commodities, Europe - Thomson Reuters. The Opening Address was given by Mr. Clay Maitland, Managing Partner - International Registries, Inc. on the topic of "Sustainability & The Changing Face of the Shipping Industry". The Minister of Shipping, Maritime Affairs & the Aegean, Mr. Miltiadis Varvitsiotis, made the Official Remarks.

In addition, there were eight discussion panels as follows:

LNG Sector Panel Discussion

with executives from DVB Bank SE, Dynagas LNG Partners LP, (NASDAQ: DLNG), Gaslog Ltd. (NYSE: GLOG), Maran Gas, Maritime Inc. and TMS Cardiff Gas Ltd.

Business & Investment Opportunities Across Shipping & Offshore Sectors Panel Discussion

with executives from EY, DryShips Inc. (NASDAQ: DRYS), Capital Product Partners L.P. (NASDAQ: CPLP), Navios Maritime Holdings (NYSE: NM) – Navios Maritime Acquisition (NYSE: NNA), Dynagas LNG Partners LP (NASDAQ: DLNG), Tsakos Energy Navigation Ltd. (NYSE: TNP)

Tanker Sector Panel Discussion

With executives from Thomson Reuters, Capital Maritime & Trading Corp. (NASDAQ: CPLP), Prime Marine Corporation, Tsakos Energy Navigation Ltd. (NYSE: TNP)

Dry Bulk Sector Panel Discussion

With executives from ABN AMRO Bank, Euroseas Ltd. (NASDAQ: ESEA), Safe Bulkers, Inc. (NYSE: SB); Star Bulk Carriers Corp. (NASDAQ: SBLK), Thomson Reuters

Container Sector Panel Discussion

With executives from Seaborne Capital Advisors Ltd., Danaos Corporation (NYSE: DAC); Euroseas Ltd. (NASDAQ: ESEA); Technomar Shipping Inc.

Growth Opportunities in the Dry Bulk Sector Panel Discussion

With executives from Lloyds List, Globus Maritime Limited (NASDAQ: GLBS), Goldenport Holdings Inc. (LN: GPRT); Hellenic Carriers Limited (LN: HCL); Seanergy Maritime Holdings Corp. (NASDAQ: SHIP)

Offshore Drilling Sector, Discussion

With executives from RS Platou Markets AS, Pacific Drilling (NYSE: PACD) – Quantum Pacific, Ocean Rig UDW Inc. (NASDAQ: OCR); Metrostar

Capital Markets Panel Discussion

With executives from Reed Smith, Clarkson Capital Markets, Morgan Stanley, Maxim Group, RS Platou Markets AS

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Global Sponsors: Clarkson Capital Markets, International Registries, Inc., Maxim Group, Morgan Stanley, Reed Smith, RS Platou Markets AS
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About Capital Link

Founded in 1995, Capital Link is an advisory, investor relations and financial communications firm headquartered in New York and with presence in London, Oslo and Athens. Capital Link specializes in the maritime sector and works with the majority of shipping companies listed on US and European Exchanges. It is also a member of the Baltic Exchange. Capital Link, among other services, specializes in the organization of Investment Forums, in New York, London and Athens which are known for combining rich informational and educational content with unique marketing and networking opportunities. Capital Link's Investment Forums include events on International Shipping, Offshore & Marine Services; Commodities, Energy & Freight; Closed-End Funds & ETFs; Master Limited Partnerships; Corporate Social Responsibility in Finance & Investing.

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4th Posidonia
Analyst & Investor Day
Capital Link Shipping Forum
Monday, June 2, 2014 - Athens, Greece

Capital Link Shipping Forum – Posidonia Week

GREEK SHIPPING A GLOBAL FORCE

Controlling 16% of the global & 47% of the European fleet

Posidonia takes place in Greece every two years and is the largest maritime event in the world. During the course of last week, more than 19,000 executives from the Greek and international shipping communities visited the state-of-the-art Athens Metropolitan Expo venue during the five-day event which occupies 35,000 square meters of floor space with a new participation record of more than 1,870 exhibitors from 93 countries and companies from 98 different sectors. Once again, the biggest national participation belonged to China, followed by South Korea and Japan.

In addition, there were many other events organized by various organizations, such as shipping companies, banks, law and auditing firms, shipyards, shipbrokers and more. Capital Link held its traditional Analyst & Investor Day with huge success.

With the Greek fleet's ongoing expansion and modernization strategy, shipping service and product providers from all sectors of the industry converged to Athens for some quality time in the company of Greek shipowners who last year spent $13bn under their newbuilding programs, investing in more than 300 newbuildings.

The 2014 Posidonia 2014 reaffirmed the leading position of Greek shipping in the global ranking of shipping nations, despite the adverse conditions in the international shipping market. Mr. Theodore Veniamis, the President of the Union of Greek Shipowners (UGS), gave a press conference to Greek and foreign journalists on the occasion of the Posidonia Exhibition 2014 and noted, inter alia, the impressive statistics of Greek-owned shipping, which prove the key role of Greek-owned fleet in global maritime developments:

- 3,669 vessels with an average age of 9.9 years
- 16.16% of the global fleet in dwt
- 46.72% of the European fleet in gt
- 18.51% of the world bulk carriers fleet in dwt
- 23.32% of the world crude oil tankers fleet in dwt
- 13.81% of the world chemical and product tankers fleet in dwt

Greek Shipping does not depend on the Greek economy as it is a global business conducted beyond Greece's borders. Shipping is affected by the global commodity and energy markets and the economic developments in emerging and developed markets. On the other hand, Greek Shipping contributes materially to the Greek economy and society.

In 2013, two studies were published on the importance of shipping for the Greek economy. One by the Foundation of Economic and Industrial Research (IOBE) entitled "The contribution of Oceangoing Shipping to the Greek economy" and a second one by The Boston Consulting Group (BCG) entitled "Impact Assessment of Greek Shipping on the Economy and Society".

Both studies, each one following its own methodology, concur that Greek shipping is one of the basic pillars of the national economy, emphasizing the important contribution of the maritime sector to the GDP which in the last two years exceeded 7% of the overall GDP as well as the creation of over 192,000 jobs. Moreover, the two studies highlight the potential of the sector in becoming the key driver of the Greek economy through further establishment of maritime activities in Greece and increase of employment in the various subsectors of the shipping industry.

Posidonia 2014 coincided with the Greek Presidency of the Council of the European Union, which is at a crossroads with significant changes in the governance of its legislative institutions. A few days ago the members of the new European Parliament were elected and soon the new Commissioners will be appointed.

Speaking at the Opening of Posidonia, the President of the Union of Greek Shipowners, Mr. Theodore Veniamis, stated, the following: "Shipping should be a central part of the vision of European politicians due to its strategic importance for Europe and as the main facilitator of world trade and globalization. Continuation of the existing Guidelines on State Aids to maritime transport is of paramount importance. The Guidelines will allow EU member states to meet global competition and provide the necessary legal certainty that all businesses require and expect. May I also remind our distinguished audience that the Greek legal framework for shipping, and I refer in particular to the Greek tonnage tax system for shipping as established in 1975, has been the prototype for European shipping policy in this area, leading eventually to the introduction of these Guidelines which have operated successfully in all EU states that adopted them". In closing, he stressed that Greek shipping is a national asset, which serves not only Greece, but also Europe and the world community.

Clay Maitland: Educate Governments & Investors About Industry Achievements

by James Brewer, All About Shipping

One of the shipping's most experienced practitioners has urged the industry to help educate politicians and financial lenders to recognize its 'green' achievements and the challenges it faces.

Clay Maitland, Managing Partner at International Registries Inc, and Founding Chairman of NAMEPA was the Chairman of Capoital Link's 4th Posidonia Analyst & Investor Forum and delivered the Opening Address on the topic of "Sustainability and the Changing Face of the Shipping Industry".

He said that many people think that sustainability simply means making a profit. "That is part of it. It is also concerned wth the environment." Recalling that the first Posidonia he attended was more than 30 years ago, he said: "If you had talked about sustainability in 1976, no-one would have known what you were talking about."

Mr Maitland defined sustainability as the ability to carry on a business, with government support, with the support of regulators, with counter-parties, with the public and with those who work alongside you, particularly your seafarers… and finally with your lenders, the financial community.

He declared: "The Greek shipping community is every bit as vibrant as in 1976 — even more so. It is very dynamic, forward-looking and it is growing, but the fundng for the Greek shipowner today is very different." He said that in 1976 very few banks had a good idea of what it took to run a ship. "Today, that is less and less the case." Factors such as the Erica casualty and the role of the European Union had made it more expensive to run a ship. Ballast water management, and emissions considerations had come on the scene, but some investors still did not know about them, and that was "a bit alarming" because shipping is a much more expensive business than in the 1970s and 1980s.

Mr Maitland said: "Sustainability carries with it a price, and it is very important to remember that the Greek shipping industry has been strong for 2,000 years because they know how to make money. They can factor in the cost of operation. Greek shipping has always prospered because it can do that. The problem we have is to bring our lenders, our financial community, along with us.

"Although the Greek shipping industry will be resilient, we need to educate the new people in the industry who do not recognise that we are in an entirely new climate."

Greece was probably the pre-eminent shipping country in the world, and there were major implications for its shipping community in terms of relationships with Brussels "that go far beyond what you read in the newspapers, to the extent that it will fundamentally affect the ability of the government and the owners to run their own ships in a sustainable way." He asked his audience to remember that marine environmentalism "began here" with the creation of HELMEPA, and subsequently NAMEPA, of which he is the Founding Chairman. "The shipping industry is very environmentally committed. The majority of owners have done a great deal for cleaner seas, and that message has to be spread around to Brussels."

Mr. Maitland said that "Brussels' heart is in the right place, but we also need to make sure our regulators learn a great deal more about what [owners] do for the shipping industry."

An Audio Archive of his remarks can be accessed at http://forums.capitallink.com/shipping/2014posidonia/index.html

LNG Fleet Set For 33% Expansion

by James Brewer, All About Shipping

Mr. Frans van de Bospoort, Managing Director, & Global Head of the Tanker Group - DVB Bank SE moderated the LNG Sector Panel discussion. The panelists included Mr. Tony Lauritzen, CEO - Dynagas LNG Partners LP, Mr. Simon Crowe, CFO - Gaslog Ltd., Mr. Richard Gilmore, Director Gas Fleet - Maran Gas Maritime Inc., Mr. Christos Economou, Founder - TMS Cardiff Gas Ltd.

Most positive ocean shipping sector by far is the transport of liquefied natural gas, speakers confirmed during the Capital Link Shipping Forum analyst and investor day coinciding with Posidonia 2014.
Some 400 ships are working in the speciality, and another 100 are on order, which amounts to a one-third increase in terms of capacity.

In the last few years, the sector has grown fourfold to 55m cu m, said Frans van de Bospoort, global head of the tanker group at DVB Bank SE, introducing a panel discussion. Mr van de Boosport asked if 100 newbuildings was "enough" and Tony Lauritzen, chief executive of Dynagas LNG Partners quickly replied: "Going forward, we do not think that is enough." Based on current gas production, we need many more units, said Mr Lauritzen. "Most of the order book is already dedicated to projects."

Mr Lauritzen said that of the current fleet, some 130 to 140 vessels were of less than 140,000 cu m, "which means that they are quite small for the average cargo size. The average cargo size is probably 145,000 cu m. Taking that into account, the market looks very robust."

Richard Gilmore of Maran Gas Maritime, said that a good estimate might be 70 to 80 ships needed. He said that the market should look at what might happen in Japan after the Fukushima disaster which led to government decision to suspend nuclear power, hitting around 30% of the country's primary energy supply. Japan had weathered that economic shock; at some point companies might put some nuclear capacity back on line, but many other countries were moving ahead and increasing their gas imports.

Simon Crowe of Gaslog Ltd agreed with his fellow panelists, saying: "We see gas as cheap and abundant. The cost and efficiency of moving that gas has got better and better." The switch from coal to gas continued, and the global population was "set to explode." He went on: "The emerging economies are increasingly relying on gas. People are thinking of the strategic value of LNG regasification terminals."

Ships were $200m assets, and "there will be some bumps in the [market] road" with vessels delivered on time and gas projects taking longer to complete, so there was what Mr. Crowe called a "very robust outlook with some short term volatility."

Spot trading or employment contracts — what is the trend? "We see overall gas being a bigger percentage of the energy mix of each country." he said. The spot market was likely to increase as a percentage of the trade, but the primary driver would be projects.

Mr. Crowe said that the vessels cost a lot of money "so we like to have long-term contracts. Projects costing $20bn, $30bn or $40bn do not want to be reliant on not having a ship available," but he did foresee the market opening up more.

Floating storage and offshore regasification is another big talking point. Christos Economou of TMS Cardiff Gas said that the cost of building on land was encouraging offshore developments and his company expected to take part in opportunities created by the latter, "but it is a bit early and the trade is really small." Mr. Gilmore said the innovation in the business was "great, and it is helping to drive more spot trading and open up markets, but like Mr. Economou, "we like the dynamic of the more traditional side at the moment."

Are the capital markets open currently for LNG ship investment? "Absolutely," said Mr. Crowe. "People 'get' the industry, they 'get' the need for gas. They see the long-term nature of this industry — it is not a spot and highly volatile sector. The banking market is there, the bond market is here. Some banks have come back, and new banks are interested."

Mr. Gilmore said that if you have long-term charters behind the assets, "there is money out there right now chasing deals."

An Audio Archive of the panel discussion can be accessed at http://forums.capitallink.com/shipping/2014posidonia/index.html

Mr. Miltiadis Varvitsiotis, Minister of Shipping & The Aegean: Full Steam Ahead with Optimism

Remarks at the Capital Link Posidonia Forum

The Minister delivered the Official Remarks at Capital Link's Posidonia Forum. He stressed that Greek shipping plays a leading role in international shipping since it makes up 15% of the world shipping and 40% of the European. A sector that endures harsh times, flourishes in prosperous ones and supports Greece during both the bad and the good times. After all, Greek Shipping is the highest achievement of modern Greece. Tourism as well as shipping are the mainstay of the Greek economy. They are the keys to growth as they offer more than 7% and 8% to the Greek Gross Domestic Product (GDP).

Setting European Union Shipping Policies

Mr. Varvitsiotis mentioned that in the context of the Greek Presidency in the European Union they have set have set specific priorities for the European Shipping policies and invited other states to collaborate. Regional policies and rationales of over taxation, stemming from relevant perceptions of the bureaucratic Brussels and other states with competitive interests, have been harming the interests of European shipping and as a result funds are being diverted to Asia.

On the initiative of the Hellenic Presidency, an Informal Maritime Ministerial Meeting was held in Athens on the "Mid-term Review of the EU's Maritime Transport Policy until 2018 and Outlook to 2020". The European Ministers of Shipping unanimously adopted the "Athens Declaration" which highlights the priorities of the EU Member States and EEA Countries aiming at the support, development and sustainability of European shipping. Starting with the "Athens Declaration" as a milestone, the objective is to continue with the adoption of relevant Conclusions by the Transport, Telecommunications & Energy Council of the EU (TTEC) in its June 2014 session.

The "Athens Declaration" recognizes seven priorities of the European Maritime Transport Policy: The important role of shipping to Europe's economy and welfare; to secure the long-term competitiveness of the EU's maritime industry; to increase employment in the maritime sector; to ensure free access to markets; to enhance the role of Short Sea Shipping in the Euopean Union; to implement efficient EU-wide digital maritime services; and to sustain EU's leading role in maritime technology & innovation.

The Minister also mentioned that there is an agreement to promote through the Connecting Europe Facility and the European structural funds better connections of islands and long-distance intra-EU passenger and freight transport through quality ferry services and appropriate port terminals, as well as appropriate hinterland connections of ports.

He stated "We have to encourage the development of more sustainable and efficient port systems to further enhance the environmental performance of ports (LNG) and accommodate the ever-increasing maritime transport of goods and passengers with a view to meeting the demands of EU businesses and consumers for cost-efficient and timely transportation from door-to-door."

Enhancing the Greek Registry

His Ministry intends to strengthen the National Registry attracting more ships to the Greek flag. Special attention will be paid to upgrading Naval Education.

He stressed that Greece has shifted towards a far more investments-friendly policy than in the previous era. The focus has been on improving trade and investments, aiming at achieving 50% of GDP through exports of goods and services by the year 2020. Mr. Varvitsiotis mentioned "We are changing our stance to the best "Red Carpet" treatment an Investor can have".

He pointed out the restructuring of the Coast Guard aiming to safeguard more efficiently Greece's maritime borders and to offer a better service.

Port Policy & The Port of Piraeus

Port policy has also, greatly changed. Hellenic ports shall now be able to utilize all their possibilities and attract investment based on their international appeal, competitiveness and outward orientation. The promotion of the Trans-European Transport Network and maritime-based intermodal logistic chains in Europe require adequate infra- and superstructures. For this purpose, investment must be promoted in order to achieve interconnectivity and inter-operability of transport networks.

The Piraeus port is an indicative example of this new strategy. The biggest port in the country has today drastically converted its image, taking on a metropolitan profile in the Mediterranean Sea.

Mr. Miltiadis Varvitsiotis, Minister of Shipping & The Aegean: Full Steam Ahead with Optimism

Remarks at the Capital Link Posidonia Forum

In 2013 there was an increase of 20% of the total sum of Containers handled in Piraeus port. Private investments by COSCO contributed to the above. Big firms like HP, HUAWAY, ZTE have already expressed their will to use Piraeus port as their main distribution facility in Europe. Six investment groups submitted Expressions of Interest for the privatization of Piraeus. Investment groups in the same time expressed their interest for the sale of a 67% stake of Piraeus Port Authority S.A. Major groups like APM Terminals B.V., Cartesian Capital Group LLC, COSCO (Hong Kong) Group Limited, International Container Terminal Services, Inc., Ports America Group Holdings, Utilico Emerging Markets Limited.

Key elements for Greece's national economy: Yachting and Cruise

Greece has already established a business friendly environment in Yachting reforming the legal framework for pleasure boats. The new law abolishes any kind of legislative and administrative impediments to the free sailing of all European yachts in the Greek Sea. The sea tourism is an expanding sector and Greece can benefit from that given its insular geography. There is significant growth potential. Greece accommodates only 17,000 yachts compared to 130,000 for Italy. The objective is to double Greece's capacity in within 2 years bringing doubling the yachts that have a home port in Greece. This will bring more income and more jobs, as it is estimated that a signle work position in the yachting sector on board creates four other jobs onshore.

The cruise industry can be another significant source of revenue for local and national economy. This dynamic sector is continuously expanding its offer of products and services, and developing new markets, with an average 8.5% annual growth in the last 20 years, and nearly 90 million passengers since 1980.

The port of Piraeus is the main cruise center (+151 % over the last decade (2002-2012). The building of a new generation of cruise ships (over 300 meters) in the framework of the Port's Investment Program (2010-2015), it has been decided to extend the southern part of the passenger port, a project that will make the port of Piraeus the main crossroad for the Mediterranean cruises. The project has a total budget of € 120 million financed by 95% by the European Structural Funds (113.9 million Euro).

The Minister concluded stating "I would like to express my strong belief that Shipping is a sector of champions. I and the Ministry must safeguard the competiveness of shipping and advance policies that will accelerate the contribution of shipping at a financial and social level. Greece will always have the leading role in the evolution of Shipping, preserving the prominence of shipping internationally. I would like to congratulate Capital Link for the organization of this excellent event. Much remains to be done and the work awaiting us is both interesting and challenging."

Five Industry Majors Discuss Opportunities Across Shipping & Offshore Sectors

Mrs. Sofia Kalomenides, Partner, Central & Southeast Europe Accounts, Business Development Leader & Capital Markets Leader – EY moderated this Panel Discussion. The panelists included Mr. George Economou, Chairman, President & CEO - DryShips Inc., Mr. Evangelos Marinakis, Director & Chairman of the Board- Capital Product Partners L.P., Mr. Ted Petrone, President - Navios Maritime Acquisition, Mr. George Procopiou, Chairman - Dynagas LNG Partners LP, and Mr. Nikolas Tsakos, President & CEO - Tsakos Energy Navigation Ltd.

Act quickly to snap up opportunities for financing assets: that was the message to operators of shipping and offshore hardware from speakers at a business and investment session of the Capital Link Shipping Forum analyst and investor day, as Posidonia 2014 got underway.

A series of challenging questions was put to a panel of Greek entrepreneurs by Sofia Kalomenides, partner for central and southeast Europe accounts at transaction and advisory group EY, who began by asking which one of shipping and offshore energy investments was the better choice.

George Economou, chairman, president and chief executive of Dryships, replied confidently: “Offshore. The margins are better, the contracts are longer, and you can forecast your cash flow better.” Mr Economou has been seen talking up the benefits for Greek owners diversifying into offshore investments, where he argues that high barriers to entry, coupled with the Greeks’ operational expertise, will provide much better margins than the mature tanker sectors traditionally favored by Greek owners.

George Prokopiou, chairman of Dynagas LNG Partners, recalled ordering ships 10 years ago without charters when his view was that the spot market would develop. Newbuilding prices had been drifting lower for 15 years, but the time for a similar move had gone.

Evangelos Marinakis, chairman of Capital Product Partners, recommended that companies should be diversified, a view echoed by Nikolas Tsakos of Tasakos Energy Navigation, who cautioned that diversification was wise “as long as the company has the infrastructure.” He added: “I think a private company can afford to be diversified, but I am not sure the public markets are ready to accept diversified shipping companies.”

Mr. Petrone of Navios mentioned “We can manage risk and we can manage cost. When you manage risk you pick your sectors, when you pick your sectors you pick your asset classes in the sectors to diversify your risk and you need to do the same with finance. These markets open and close quickly. You need to arbitrage between sectors but you also need to arbitrage between the financial structures that will open and close very quickly”.

Access to financing

Has access to traditional bank financing improved, asked Mrs. Kalomenides, and are the margins attractive? Ted Petrone, president of Navios Maritime Acquisition, indicated the answer was yes: his company had recently done a debt refinancing. The phone kept ringing in the Navios office in New York. “There has been a rediscovery.”

Are your transactions being priced within the right range, the moderator persisted in asking Mr. Economou who replied: “The market is the market.” Mr. Tsakos: “The windows of opportunity are short and far between, so it is a good time. We were able to raise more than $300m in the last 11 months by choosing the right opportunities and times. It is expensive, but when you need to grow you have to use it.”

Mr. Petrone added: “The depth and value that come out of the New York market are second to none.” Mr. Prokopiou said: “Until November last year, we had never gone to the capital markets. It is inevitable to look at alternatives to the capital markets. If you can offer quality services, the market is supporting you. Traditional bank finance and recourse to capital markets is the best combination for companies, going forward.”

Mr. Petrone suggested that owners needed to become more agile in their approach to financing generally. “As a shipowner you can’t manage the market — you do that and you’re going to jail,” he quipped.

Keep your pens in your pockets

“KEEP your pens in your pockets and don’t kill the market” was the stark warning delivered to fellow shipowners by Tsakos Energy Navigation president and chief executive Nikolas Tsakos as oversupply of tonnage again topped the debate at Posidonia in Athens on Monday. Mr. Tsakos tapped into the growing concern among owners that their collective concern about supply is still being contradicted by individual actions.

Mr. Prokopiou joined the chorus of concern that shipowners may be tempted to do deals that Mr. Tsakos suggested would be tantamount to "shooting ourselves in the foot".

"All of us know when the market is high or low — cyclicality is an intrinsic part of this business and of course timing is important... You have to invest when it's really low," Mr. Prokopiou said. "But we have to be careful."

Private Equity

Although the general consensus among all major owners attending Posidonia this year seems to suggest that the influx of private equity has now abated, at least for the mainstream shipping sectors, that has not prevented the funds becoming the scapegoat for many concerns about the perceived supply-side problems.

"This could have been a very healthy market for us to enjoy, but I think that private equity has presented an additional danger — people with no knowledge of the industry just making a bet for a couple of years and they can get out of it whenever they decide, inflicting huge pain on the industry in the process," said Mr. Tsakos.

Despite those concerns topping public debate, conversation on the sidelines of Posidonia events is now shifting away from the private equity issue to diversification and financial risk management.

Cost Control

On the issue of cost control all Greek owners and, indeed, the Greek shipping minister Miltiadis Varvitsiotis, who attended the Capital Link event, have been keen to trumpet their prowess when it comes to operational management of their fleets, arguing that Greek shipping remains the world leader when it comes to efficiency.

As Mr. Tsakos pointed out, controlling costs is not simply a question of cutting all the fat and "risking cutting flesh in the process" — the key benchmark to be concerned about is performance.

"It is not all about running costs," said Mr. Marinakis. "Days off hire, repair time and costs — that is essential and that is how we should analyze our figures. You cannot cut running expenses at the cost of performance."

But if performance is key, having the economies of scale to back up that approach is the differentiator, argued Mr. Petrone from Navios, which now controls well over 100 vessels. "It's the suppliers I feel sorry for," he said, admitting that his company has a firm policy of squeezing every contract. It's very important not to get fat – it's our mandate to keep costs low".

An Audio Archive of the panel discussion can be accessed at http://forums.capitallink.com/shipping/2014posidonia/index.html

This article was compiled by Capital Link with material taken from the relevant articles of Richard Meade, Lloyds List and James Brewer, All About Shipping

FOCUS: TANKER SECTOR

Tanker Operators Savor A Mini-Boom

by James Brewer, All About Shipping

Mr. Jonathan Saul, Shipping Correspondent - Thomson Reuters moderated the Tanker Sector Panel discussion at Capital Link's Posidonia Forum. The Panelists included Mr. Jerry Kalogiratos, Finance Director - Capital Maritime & Trading Corp., Mr. Michael Chalkias, Co-Founder & Co-CEO - Prime Marine Corporation and Mr. George Saroglou, COO - Tsakos Energy Navigation Ltd.

Tanker markets are beginning to see "some sort of balance," the Capital Link Shipping Forum was told, in an expression of a mood of cautious optimism in this sector evident among the attendees and exhibitors at Posidonia 2014.

George Saroglou, chief operating officer of Tsakos Energy Navigation, assessed that in the crude tanker market, "we have seen a turning point. "Demand is there, supply is balanced and that has created a mini-boom for two and a half months. We have seen asset prices going higher. The oil majors' sentiment is to fix tonnage forward."

Mr Saroglou was one of a panel who was asked by session moderator Jonathan Saul of Thomson Reuters whether a new "ordering threat" was in the offing. The TEN chief replied: "That is always a risk, but we have faced one of the biggest crises shipping has seen because of overbuilding the fleet. It seems that after five years, some sort of balance is out there. We hope that sense will prevail and that we are not going to face the same problem [as earlier] two years from now. The yards are full until 2016, but if people go out and place more orders, we are going to face again what we did before."

Michael Chalkias, co-founder and co-chief executive of Prime Marine Corp agreed, adding: "I hope that private equity funds will follow the same principles."

Jerry Kalogiratos, finance director of Capital Maritime & Trading, worried: "There is not much you can do as regards discipline. There is always someone to have a berth that is available. There is always a magic availability to cook up berths when you do not expect them."

On a more positive note, Mr Kalogiratos said that there was a tendency to exaggerate the true size of the order book. There had been substantial time slippages and cancellations. Some owners had run into trouble.

Deliveries of medium range tankers had slowed to an average of 6.8 per month, from a previous 9.5, perhaps because owners were delaying acceptances, "but I think there is some excess in the nominal order book. So one has to take the order book with a small pinch of salt," Mr Kalogiratos advised.

An Audio Archive of the panel discussion can be accessed at http://forums.capitallink.com/shipping/2014posidonia/index.html

FOCUS: DRY BULK SECTOR

Better Days Ahead

Mr. Gust Biesbroeck, *Global Head of ECT - Transportation* - ABN AMRO Bank moderated this panel with **Mr. Aristides Pittas**, Chairman & CEO - **Euroseas Ltd., Mr. Polys Hajioannou**, Chairman & CEO - **Safe Bulkers, Inc., Mr. Spyros Capralos**, President & CEO - **Star Bulk Carriers Corp., Mr. Amrit Singh**, Sr. Shipping Analyst - **Thomson Reuters**

The belief that there will be a market recovery after the summer was a common theme amongst the panelists at the Capital Link Shipping Forum in Athens.

Mr. Polys Hajioannou of Safe Bulkers stated, "I think we have market recovery already, from the point of view that in the last few years, it tends to become a market of two halves. We have a very weak first half of the year and a very strong second half of the year. This year is no different."

Mr. Aristides Pittas of Euroseas echoed Mr. Hajoannou's sentiment stating, "The second half of 2014 is going to be better than what we've had up until now and 2015 looks promising from the supply and demand side fundamentals." He also agreed on the key role China will continue to play as the main driver of the drybulk industry.

Mr. Spyros Capralos of Star Bulk stated, "They (China) still have a lot of infrastructure projects and therefore we are very positive on the fact that the iron ore trade will continue growing, the domestically produced iron ore is of low quality and I think that makes steel mills import more. Both because of quality and because of the price."

"I think the key factor underpinning this is the urbanization process that has started in China, that will keep on going and the expectations of the people are higher now. I think that urbanization is something that will not stop," said Mr. Amrit Singh of Thomson Reuters. He continued, "For steel mills, if they use imported iron ore which is cheaper, when their margins are pressurized they can make a better profit out of it."
The speed with which fuel efficient ships came into the market has surprised many and pushed the idea that we will see a prolonged period where we can expect ships having shorter lives.

Mr. Spyros Capralos of Star Bulk commented, "Yes there are new vessels coming in the water that are fuel efficient, they are already in the water and we see the differences so they clearly have an advantage, but still, older vessels have their own market. I do not see that they are obsolete."

Mr. Aristides Pittas of Euroseas concurred "Yes, I think that the eco ships was one of the reasons why we saw all the ordering happening in the dry bulk section. There are some economies of scale but it is not a lot, maybe a couple thousand dollars. In a bad market it matters, in a good market it tends to be less important."

In regards to the financial side of the discussion as it relates to the dry bulk industry Mr. Spyros Capralos of Star Bulk stated, "I think private equity and other smart money has already invested in shipping because they were looking for opportunities before the market picked up. Now it is more difficult to have the returns that they require. Also, they are very selective in the partners that they choose. Going forward they will be looking for their exit."

Mr. Aristides Pittas of Euroseas continued "I am not advising the people that I talk to, to invest today in order to get returns in excess of 15% to 20% that they want to get. I am not optimistic that this will be feasible with the new investments that are made today in the dry bulk sector."

Mr. Polys Hajioannou of Safe Bulkers offered his opinion on private equity by stating "I think like other industries, private equity is part of our industry from now on we will have to live with it and not complain about this money hitting the market. Also, I think we cannot complain about owners ordering newbuildings when they are cheaply priced."

The lack of debt financing for smaller companies has sparked concern that it may lead to a run of consolidations.

Mr. Polys Hajioannou stated "I think that in Greek shipping we should not expect too much consolidation, I think it's a very individualistic business, I think that even smaller companies are well prepared. "

Mr. Aristides Pittas seconded this view saying "I found it easier myself to get into the capital markets and become a public company rather than to convince various friends to join forces with us in order to grow our company. I tried that for a few years before deciding to go public. I think it is going to be a tough time trying to merge with other companies."

Mr. Spyros Capralos went along stating that "I think many people have been discussing consolidation, I think that it will not take place or if it takes place it is going to be in very small numbers."

Echoing the sentiment of the other panel members, Mr. Amrit Singh said "Dry bulk is quite a fragmented industry. Because it is family driven, in some of the cases, as long as costs were kept under control, there won't be so much of an opportunity that they would want to wind up. In terms of consolidation when it comes to dry bulk, there are very few chances."

FOCUS: CONTAINER SECTOR

Speculation Gets Squeezed Out Of Boxship Market

by James Brewer, All About Shipping

Mr. Anthony Argyropoulos, Managing Director - Seaborne Capital Advisors Ltd. Moderated the Container Sector panel discussion. The panelists included Mr. Iraklis Prokopakis, Chief Operating Officer - Danaos Corporation, Mr. Aristides Pittas, Chairman & CEO - Euroseas Ltd. and Mr. George Youroukos, Founder & Managing Director - Technomar Shipping Inc.

Structural change in the containership market heralds better times ahead, the Capital Link Shipping Forum heard.

Many of the owning partnerships which fuelled the ordering boom “do not exist as they used to,” said George Youroukos, founder and managing director of Technomar Shipping.

With some 60% of German limited partnerships – known as KG ventures — in liquidation, the container sector now contained mostly financially healthy owners, unlike the “bubble years,” he said.

Speaking during Posidonia week, Mr Youroukos said that there were now very few shipowners who could order a substantial number of ships, as the KG partnerships did. Smart money would not invest in a high market, so when the market improves, private equity would stop ordering.

“The recovery will be sustainable. Most of the companies that did speculative ordering are no longer here.”

The Technomar head added that “slow steaming is here to stay… for ever.”

Irakis Prokopakis of Danaos Corp foresaw “ordering, yes; heavy ordering, no.” When the big Maersk ships were ordered, the rest of the sector had to reduce unit costs and go for economies of scale. “That is a vicious circle. The only way… to see some stability is to stop ordering.”

Mr Youroukos advanced a new argument in the scenario for a stronger freight market for boxships. He said that ports in West Africa and South America were not ready for the big ships. Such ports had the cranes to handle arrivals, but lacke te infrastructure to move goods efficiently from the ports. “We have seen a few major operators in South America having schedule problems. The ships stay in port too long. This is going o create demand for more ships. This is going to be a new fact that nobody has taken into account, because until now there were no ships being deployed in such ports. We are seeing the first signs of what is going to happen.”

Panellists were asked by Anthony Argyropoulos of Seaborne Capital Advisors if they felt panamaxes were becoming obsolete.
Aristides Pittas, chairman and chief executive of Euroseas acknowledged that around 55 such ships had been scrapped so far in 2014, and the forecast for the year as a whole was 500,000 teu to be demolished. Last year 450,000 teu was disposed of. He warned though: “I do not think we shall see a solution to the problem by scrapping, becuse the fleet is young. The market will improve, but not to a scale where you are going to see huge returns.”

Mr Youroukos said that a big percentage of the idled fleet was not in a fit state to be reactivated, regardless of the market. He believed that there were great opportunities in the secondhand sales market, and “I would go for the smaller ships, or small post-panamax.”

An Audio Archive of the panel discussion can be accessed at http://forums.capitallink.com/shipping/2014posidonia/index.html

Growth Opportunities in the Dry Bulk Sector

Mr. Nigel Lowry, Athens Correspondent**, Lloyds List moderated this panel with Mr. George Karageorgiou,** President & CEO **- Globus Maritime Limited, Mr. John Dragnis,** CEO **- Goldenport Holdings Inc., Mrs. Fotini Karamanlis,** CEO **- Hellenic Carriers Limited and Mr. Stamatis Tsantanis,** Chairman & CEO **- Seanergy Maritime Holdings Corp.**

The dry bulk owners' panel concluded that while the opportunities expected from a market rebound have yet to materialize in the second quarter of 2014, there are many reasons to be optimistic moving forward.

The panel noted that there are many reasons why the rebound hasn't happened yet.

Mr. John Dragnis of Goldenport said, "What I think is more relevant to us, to our company, is that we cannot underplay the impact that the ban of exports from Indonesia had in the past quarter. Exports from there went down 75 to 80 percent because of this ban. To put things in perspective, that's about 120 Panamax and Supramaxes going out of the market in terms of the Indo China route."

In the first quarter, there was a large amount of deliveries as many owners delayed delivery of late 2013 vessels into early 2014. Also, a slowdown out of South America both for grains and iron ore depressed rates further. Many owners expected a strong trade this year and ballasted their ships to South America in order to take advantage of a strong market, which caused oversupply in that market.

Comparing the first half of 2014 to the second half of 2013 has led to a belief that a weak market exists. Rather, if one were to compare the first half of 2014 to the first half of 2013, improvement in the market becomes more evident. This perspective emerged from the panel discussion at the Capital Link Shipping Forum in Athens.

Mrs. Fotini Karamanlis of Hellenic Carriers commented, "If we compare Q1 of this year to Q1 of last year, there's an improvement. If we compare the numbers to last year, it gives you an idea of how things are better."

Demand for iron ore and coal will continue to remain strong. Stamatis Tsantanis of Seanergy commented, "China is investing heavily in the infrastructure of the country. I remind you that in 2007 there was absolutely no high speed railroad in China. Right now you have 5.8 thousand kilometers of high speed railroad and they have pledged to build another 5 to 6 thousand kilometers in the next couple of years. The main commodity that is needed for this kind of infrastructure is iron ore and coal."

Iron ore imports from China and increasing iron ore exports from Brazil will lead to a rise in the demand for dry bulk vessels, and as a result, spot rates are expected to increase this and next year.

Pointing out that Globus Maritime is in a position to maximize their earning potential when the cycle turns, George Karageorgiou commented, "In our case, we are not over levered and our cash breakeven point is among the lowest in the market, so that allows us to operate our vessels with a little more flexibility."

The panel concluded that while charter rates for dry bulk carriers underperformed during the first quarter of 2014, forward charter rates and asset prices are holding up resiliently, underscoring the bullish market sentiment.

The panel discussed that small to midsize companies have significant growth opportunities given the cyclicality of the shipping markets and where cycle is right now for the dry bulk sector.

On the issue of access to capital, the panelists offered a variety of opinions split between bank financing and capital markets.

Mr. Stamatis Tsantanis of Seanergy mentioned "We have seen a significant slowdown in the traditional banking markets the last few years for a number of reasons and I think that most ship owners, especially those with bigger projects, should not be so dependent on this traditional form of financing. I believe that companies like Seanergy and those that are capital markets friendly should rely more on the equity capital markets."

On the other hand, commenting on bank financing, John Dragnis of Goldenport reassured that "Here in Europe, for the right project, banks are offering reasonable terms to finance a good project."

Discussing the high yield market, Mr. George Karageorgiou of Globus stated that "In order to issue high yield debt, you need to have three things. You need to have a young fleet, long-term charters and large size. Not everyone fits this profile. So, I believe that conventional bank financing, which is available and is becoming available at better terms is the best way to grow a small to medium size dry bulk company."

Mrs. Fotini Karamanlis of Hellenic Carriers also referring to high yield financing agreed that "Yes it is far too expensive for smaller companies, it makes no sense. If you couple that with bank debt, you end of with a very high cost of capital to pay."

FOCUS: OFFSHORE DRILLING

Offshore deep-water drillers preparing for resurgence

by James Brewer, All About Shipping

Mr. Truls Troan, Head of Corporate Finance - RS Platou Markets AS moderated the Offshore Sector Panle Discussion at Capital Link's Posidonia Forum. The Panelists included Mr. Elias Sakellis, Director - Pacific Drilling; Managing Director - Quantum Pacific, Mr. Anthony Argyropoulos, Capital Markets Special Advisor to CEO - Ocean Rig UDW Inc. and Mr. Michael Sapountzoglou, Drector of Deep Sea Metro and Finance Director, Metrostar Management Corp.

Operators of offshore ultra-deep water rigs are hoping for a material improvement in market conditions in 2016 which could endure for several years, an audience at the Capital Link Shipping Forum heard during Posidonia Week.

Only five companies are 100% focused on the specialist activity, and experts following the business expressed their confidence in what is believed to be the strongest sector of its type at this stage of the cycle.

The operators work in waters 7,500 ft deep and potentially up to 12,000 ft, with units that can cost $600m each.

They have had to accept lower day rates in recent months, but are looking to a tightening of availability as the newbuilding delivery rate cools. Some 40 units were ordered in each of 2011 and 2012, but in 2013 only 40 units were ordered, and in 2014 even fewer.

Analysts expect hire rate softness to last possibly through 2015, but thereafter rates could even exceed the previous high of $600,000 daily seen in 2013.

Elias Sakellis, a director of Pacific Drilling, said there was no doubt that over the last year the market had softened. Activity had slowed. In the first half of this year, 15 rig-years had been awarded, compared with close to 50 in the first six months of 2013.

In the short term, there was perceived oversupply, said Mr Sakellis, but "the reality is that is where the bad news stops." In the long term, there were great prospects for ultra-deep water oil and gas as a source of energy. This would start to show over the next 18 months or so.

He said that the Deepwater Horizon disaster in 2010 in the Gulf of Mexico had changed the risk profile and the barriers to entry.

Eleven people died in a gas release and explosion on the rig, which was working on the Macondo exploration well. Fire burned for 36 hours before the rig sank, and considerable quantities of hydrocarbons leaked into the Gulf. The oil major had to set aside $42.7bn for the impact and has so far dispensed $14bn for clean-up and $13bn in local compensation claims.

Anthony Argyropoulos, Capital Markets Special Advisor to CEO - Ocean Rig UDW, stressed that the fleet had assets capable of operating in the mid-water market too. Generally speaking, the mid- and deep-water fleet was very old – it had units which dated back as many as 32 years. The Macondo well incident had meant tremendous constraints on using older assets: hence a bifurcation in the hire rates. "The older assets will face a tougher time to work through."

Taking up that theme, Michael Sapounzoglou, finance director of Metrostar, said: "It is technically not possible to upgrade [elderly units]. There is a clear distinction in the market which favours the newer assets." In 2020 there would not be enough rigs in the market, notwithstanding lower exploration and production. "Long term, it is a very, very strong market."

GBI Research UK, quoted by the site Energy Global, has said that subsea hydrocarbon production facilities are expected to witness market growth to around $130bn in 2020, from $27bn in 2011.

An Audio Archive of the panel discussion can be accessed at http://forums.capitallink.com/shipping/2014posidonia/index.html

Capital Link Shipping
Weekly Markets Report
Monday, June 9, 2014 (Week 23)

FOCUS: CAPITAL MARKETS

Shipowners Should Not Despair Of Attracting Investors, Despite A Slowdown In Deals

by James Brewer, All About Shipping

Mr. Bill Haddad, Partner - Reed Smith moderated the Capital Markets Panel at Capital Link's Posidonia Forum. The panelists included Mr. Nicholas Stillman, Managing Director, Investment Banking - Clarkson Capital Markets, Mr. Stephen Williams, Director, Global Transportation - Morgan Stanley, Mr. Lawrence C. Glassberg, Managing Director, Investment Banking - Maxim Group and Mr. Erik Helberg, CEO - RS Platou Markets AS.

Windows of opportunity are still opening for raising money to support the highly capital intensive industry of shipping, but investors need to hear a 'chunky' and appealing story. This perspective emerged from a panel discussion at the Capital Link Shipping Forum in Athens, although participants had somewhat different takes about the direction of travel.

Nicholas Stillman, managing director of investment banking at Clarkson Capital Markets, said that over the last 12 months investors had been buying assets cheaply – tankers, dry bulk, containerships, "it did not matter what it was." They wanted charter rates to be low to help them get the best price for those assets. A second set of investors were more interested in cash flow, and were charter rate-focused.

Now, "we are in a bit of a predicament. Asset prices have moved 20% to 25% off the bottom. The 'distress' guys are not interested n chasing the market further." A lot of initial public offering plans were on hold, pending charter rate developments. "Right now, we have seen a pull-back in deal activity."

Mr. Stillman said that levels of $300m market capitalisation were too low in the investment proposition context. "Ideally you would like to have more scale, raising $150m as a minimum size."

Steven Williams of Morgan Stanley, whose firm has raised more than $4bn for shipping in a decade, said that current activity was mainly from institutional buyers in the US, but added: "there have been investors who have lost money. There are paper losses at a number of private equity groups around the world." The 'distress' investor had looked at transactions, "and played them very sporadically."

He advised ways of attracting investor attention were to "be visible" and have something "sizeable, chunky, sustainable" to offer. The key was simplicity, telling a message that resonates with investors.

"Investors are focused on one thing, and one thing only: total return to shareholders. There are investors interested in the right situation, there is money to be had," insisted Mr. Williams.

Lawrence Glassberg, managing director for investment banking at Maxim Group, said that his group focused on companies with $500m market capitalization and below. "We believe that there is a strong market, and there is demand from investors," he said, but admitted: "it is very difficult to keep up with the markets. The markets open and close very quickly, and "a large mega-cap ipo is not necessarily the way to go."

Erik Helberg, chief executive of RS Platou Markets AS, added: "There have been a lot of investable companies without legacy issues. Now you are seeing strong platforms with growth potential. Now we have a lot of good companies building their fleets, getting ships delivered."

Mr. Glassberg ended on an upbeat note. "We do not know when the windows are coming, but when they are open, cash is going to flood into transactions."

An Audio Archive of the panel discussion can be accessed at http://forums.capitallink.com/shipping/2014posidonia/index.html

ABN AMRO steps up shipping finance as sector looks to recovery

Interview of Mr. Gust Biesbroeck, *Global Head of ECT - Transportation* - ABN AMRO Bank

with Mr. Jonathan Saul, *Senior Correspondent*, Thomson Reuters

Gust Biesbroeck

ABN AMRO is expanding its shipping finance business as the sector looks to recovery - just as European rivals cut their exposure due to tougher capital constraints, the Dutch state bank's head of shipping said.

Ship owners ordered large numbers of vessels between 2007 and 2009, just as the global economy sank into crisis. Prospects have brightened in recent months as world trade picks up and the ship glut is absorbed.

Recovery still remains fragile and the industry faces a multi-billion dollar financing hole after many European banks, a major source of funding, cut back lending to boost capital in the wake of financial turmoil.

In contrast, ABN AMRO, which had to be rescued in the 2008 crisis, has tripled its ship finance portfolio to around $7 billion to $8 billion, from $2.5 billion in 2009-2010, the bank's head of transportation Gust Biesbroeck told Reuters.

Biesbroeck said ABN AMRO would continue to expand its shipping finance business and was ready to make significant commitments, after having rebuilt the portfolio in recent years. "We expect a growth of 10 to 12 percent of our portfolio this year and the plan for up until 2017 is continued growth at about that pace. Of course, market circumstances allowing," he said on the sidelines of Greece's Posidonia shipping week.

"We started from a very low base. As a result of the financial crisis and everything that happened to our bank and other banks, we lost quite a sizeable portion of our shipping portfolio. So, we quickly took the decision to rebuild our presence in the shipping industry and also we think it is a good time in the cycle to lend money."

OFFLOADING ASSETS

Lending to the shipping sector in the Europe, Middle East and Africa region reached $2.08 billion in the second quarter of this year, down from $4.59 billion in the first quarter and the $6.34 billion and $12.98 billion in the fourth and third quarters of last year respectively, Thomson Reuters LPC data showed.

Several European banks - including Britain's Royal Bank of Scotland RBS.L and Lloyds Banking Group LLOY.L - have been pressured to sell off shipping loans or exit the sector in a bid to boost their capital to comply with new, stricter industry legislation since the financial crisis. (Full Story) The banks have suffered alongside shipping firms they lent to as the latter endured one of their worst downturns in decades. Many firms defaulted on loans and several collapsed.

As a result, several banks have been offloading what they see as risky assets at cheaper prices to investors such as hedge funds and private equity firms, even as trading conditions improve.
"The number of dedicated sector banks from Europe as we have seen in the past will continue to be very limited for the foreseeable future," Biesbroeck said.

He said ABN AMRO, which is being readied for an eventual stock market floatation, had looked at the shipping portfolios of other banks "on and off". "If the opportunity is interesting enough we will definitely look at it," he said.

ABN AMRO's energy, commodities and transportation business, which includes its shipping finance activities, is one of its four key international growth areas - also including clearing, private banking and asset-based finance.

ACCESS TO CAPITAL

Biesbroeck said "liquidity is available only for a limited number of borrowers". "You see really a big differentiation between access to capital for the smaller and the bigger shipping companies and that will have a consequence for the way the market will look in a few years' time," he said.

"Third party money - whether it is public equity or private equity, whether it is bonds or any other colour or shape of money - is only available for the larger, more transparent shipping companies."

"From 45 active shipping banks, five to six remain now," leading Greek ship-owner George Prokopiou told a Capital Link conference in Athens this week. "It is inevitable (for companies) to look at the capital markets as an alternative."

Select Dividend Paying Shipping Stocks

Stock Prices as of June 6, 2014

Company Name	Ticker	Quarterly Dividend	Annualized Dividend	Last Closing Price (June 6, 2014)	Annualized Dividend Yield (%)
Container					
Costamare Inc	CMRE	$0.28	$1.12	$22.37	5.01%
Diana Containerships	DCIX	$0.05	$0.20	$2.69	7.43%
Matson Inc	MATX	$0.16	$0.64	$24.86	2.57%
Seaspan Corp	SSW	$0.345	$1.38	$22.81	6.05%
Dry Bulk					
Baltic Trading Limited	BALT	$0.01	$0.04	$6.35	0.63%
Knightsbridge Tankers Limited	VLCCF	$0.20	$0.80	$15.74	5.08%
Navios Maritime Holdings Inc.	NM	$0.06	$0.24	$9.45	2.54%
Navios Maritime Partners L.P.(1)	NMM	$0.4425	$1.77	$18.72	9.46%
Safe Bulkers Inc.(2)	SB	$0.06	$0.24	$8.60	2.79%
Tankers					
Ardmore Shipping Corp.	ASC	$0.10	$0.40	$14.47	2.76%
Capital Product Partners L.P.	CPLP	$0.2325	$0.93	$10.66	8.72%
DHT Holdings, Inc.	DHT	$0.02	$0.08	$7.21	1.11%
KNOT Offshore Partners L.P.	KNOP	$0.4350	$1.74	$26.77	6.50%
Navios Maritime Acquisition Corp	NNA	$0.05	$0.20	$3.55	5.63%
Nordic American Tankers Limited	NAT	$0.23	$0.92	$8.60	10.70%
Scorpio Tankers Inc	STNG	$0.09	$0.36	$9.21	3.91%
Teekay Corporation	TK	$0.31625	$1.265	$58.23	2.17%
Teekay Offshore Partners L.P.	TOO	$0.5384	$2.1536	$36.63	5.88%
Teekay Tankers Ltd	TNK	$0.03	$0.12	$3.70	3.24%
Tsakos Energy Navigation Ltd (3)	TNP	$0.05	$0.20	$7.23	2.77%
Mixed Fleet					
Ship Finance International Limited	SFL	$0.41	$1.64	$19.19	8.55%
LNG/LPG					
Dynagas LNG Partners L.P.	DLNG	$0.3650	$1.46	$23.79	6.14%
Gas Log Ltd	GLOG	$0.12	$0.48	$23.77	2.02%
Glolar LNG	GLNG	$0.45	$1.80	$47.28	3.81%
Glolar LNG Partners, L.P	GMLP	$0.5225	$2.09	$34.00	6.15%
Teekay LNG Partners L.P.	TGP	$0.6918	$2.7672	$44.82	6.17%
Maritime MLPs					
Capital Product Partners L.P.	CPLP	$0.2325	$0.93	$10.66	8.72%
Dynagas LNG Partners L.P.	DLNG	0.3650	$1.46	$23.79	6.14%
Golar LNG Partners, L.P.	GMLP	$0.5225	$2.09	$34.00	6.15%
Navios Maritime Partners L.P.	NMM	$0.4425	$1.77	$18.72	9.46%
Teekay LNG Partners L.P.	TGP	$0.6918	$2.7672	$44.82	6.17%
Teekay Offshore Partners L.P.	TOO	$0.5384	$2.1536	$36.63	5.88%
KNOT Offshore Partners L.P.	KNOP	$0.4350	$1.74	$26.77	6.50%
Offshore Drilling					
Ocean Rig UDW	ORIG	$0.19	$0.76	$18.32	4.15%

Preferred Shipping Stocks	Safe Bulkers Series B	Safe Bulkers Series C	Tsakos Energy Series B	Tsakos Energy Series C	Costamare Series B	Costamare Series C	Diana Shipping Series B	Box Ships Series C	Navios Series G	Seaspan Series C	Seaspan Series D	Seaspan Series E	International Shipholding Series A	Teekay Offshore Series A
Ticker	SBPRB	SBPRC	TNPPRB	TNPPRC	CMREPRB	CMREPRC	DSXPRB	TEUPRC	NMPRG	SSWPRC	SSWPRD	SSWPRE	ISHPRA	TOOPRA
Fixed Annual Dividend(4)	8.00%	8.00%	8.00%	8 7/8 %	7.625%	8.50%	8.875%	9.00%	8.75%	9.50%	7.95%	8.25%	9.50%	7.25%
Liquidation Preference	$25.00	$25.00	$25.00	$25.00	$25.00	$25.00	$25.00	$24.00	$25.00	$25.00	$25.00	$25.00	$100.00	$25.00
Last Closing Price (6/6/14)	$25.98	$25.29	$24.66	$25.53	$24.93	$26.05	$26.40	$23.70	$25.34	$27.11	$25.90	$25.88	$106.50	$25.40

1) Board approved a 0.57% dividend increase, beginning with the second quarter 2012 dividend, raising the quarterly dividend from $0.44 to $0.4425 per unit.

2) SB completed an offering of 800,000 shares of its 8.00% Series B Cumulative Redeemable Perpetual Preferred Shares at a price of $25.00 per share. On June 19, 2013, the Series B Preferred Shares commenced trading on the New York Stock Exchange, under the symbol “SBPRB”. On April 14, 2014, SB declared a cash dividend of $$0.50 per share on the Series B Preferred Shares for the period from January 30, 2014 to April 29, 2014. The dividend will be paid on April 30, 2014 to all Series B preferred shareholders of record as of April 24, 2014.

3) On May 13, 2013, TEN’s 8.00% Series B Cumulative Redeemable Perpetual Preferred Shares commenced trading on the New York Stock Exchange at $25.00 per share, under the symbol “TNPPRB.” On September 30, 2013, TEN successfully closed its $50 million offering of 8 7/8% Series C Cumulative Redeemable Perpetual Preferred Shares in a public offering under its effective shelf registration statement at $25.00 per share. On January 14, 2014, the Board of Directors declared regular quarterly cash dividends of $0.50 per share for the Series B Preferred Shares and $0.73958 per share for the Series C Preferred Shares.

4) Annual dividend percentage based upon the liquidation preference of the preferred shares.

Currencies, Commodities & Indices

Week ending, Friday, June 6, 2014

Key Currency Rates

Rate	Current Price	Price Last Week	% Change	YTD %Chg	52 Week High	52 Wk Low
3-Month LIBOR (USD)	$0.22960	0.22740	0.97%	-5.46%	$0.2768	$0.2229
10-Yr US Treasury Yield	$2.58690	2.47590	4.48%	-13.45%	$3.0516	$2.0964
USD/CNY	$6.2496	$6.2479	0.03%	3.28%	$6.2682	$6.0377
USD/EUR	$0.7328	$0.7335	-0.10%	0.19%	$0.7838	$0.7148
USD/GBP	$0.5952	$0.5967	-0.25%	-2.07%	$0.6749	$0.5884
USD/JPY	$102.3700	$101.6600	0.70%	-2.87%	$105.4700	$93.6400

Precious Metals

	Current Price	Price Last Week	% Change	YTD %Chg	52 Week High	52 Wk Low
Copper	$305.10	$312.35	-2.32%	-9.77%	$339.70	$287.20
Gold	$1,252.37	$1,253.35	-0.08%	2.52%	$1,433.83	$1,180.50
Palladium	$844.25	$836.35	0.94%	15.61%	$846.40	$701.00
Platinum	$1,448.75	$1,459.50	-0.74%	4.10%	$1,555.00	$1,294.60
Silver	$19.04	$19.00	0.19%	-4.92%	$25.11	$18.23

Key Agricultural & Consumer Commodities

	Current Price	Price Last Week	% Change	YTD %Chg	52 Week High	52 Wk Low
Cocoa	$3,079.00	$3,070.00	0.29%	16.81%	$3,103.00	$2,186.00
Coffee	$172.10	$177.50	-3.04%	54.49%	$219.00	$108.80
Corn	$459.00	$465.75	-1.45%	9.16%	$595.25	$421.75
Cotton	$84.78	$86.27	-1.73%	0.88%	$96.76	$77.74
Soybeans	$1,218.75	$1,233.75	-1.22%	-4.04%	$1,295.00	$1,088.25
Sugar #11	$16.92	$17.38	-2.65%	3.87%	$19.26	$15.24
Wheat	$618.25	$627.25	-1.43%	3.56%	$761.00	$557.25

Key Futures

Commodities	Current Price	Price Last Week	% Change	YTD %Chg	52 Week High	52 Wk Low
Gas Oil Futures	$886.00	$893.75	-0.87%	-4.01%	$940.25	$869.25
Gasoline RBOB Future	$293.90	$297.19	-1.11%	9.05%	$301.72	$263.17
Heating Oil Future	$287.12	$288.82	-0.59%	-3.87%	$304.85	$278.25
Natural Gas Future	$4.71	$4.54	3.70%	9.00%	$6.49	$3.13
WTI Crude Future	$102.66	$102.71	-0.05%	7.56%	$104.50	$88.01

MAJOR INDICES

Index	Symbol	6-June-14	30-May-14	% Change	YTD % Change	2-Jan-14
Dow Jones	INDU	16,924.28	16,717.17	1.24%	2.94%	16,441.35
Dow Jones Transp.	TRAN	8,209.96	8,104.57	1.30%	12.65%	7,287.87
NASDAQ	CCMP	4,321.40	4,242.62	1.86%	4.30%	4,143.07
NASDAQ Transp.	CTRN	3,444.91	3,301.33	4.35%	17.25%	2,938.03
S&P 500	SPX	1,949.44	1,923.57	1.34%	6.41%	1,831.98
Russell 2000 Index	RTY	1,165.21	1,134.50	2.71%	1.26%	1,156.09
FTSE 100 Index	UKX	6,844.51	6,815.80	0.42%	1.88%	6,730.70

CAPITAL LINK MARITIME INDICES

Index	Symbol	6-June-14	30-May-14	% Change	2-Jan-14	YTD % Change
Capital Link Maritime Index	CLMI	2,657.97	2,611.16	1.79%	2,250.12	18.13%
Tanker Index	CLTI	3,017.65	2,989.43	0.94%	2,521.85	19.66%
Drybulk Index	CLDBI	1,047.60	994.28	5.36%	1,020.38	2.67%
Container Index	CLCI	1,975.13	1,954.30	1.07%	1,814.70	8.84%
LNG/LPG Index	CLLG	3,566.41	3,479.96	2.48%	3,212.34	11.02%
Mixed Fleet Index	CLMFI	1,852.99	1,780.10	4.09%	1,437.01	28.95%
MLP Index	CLMLP	3,318.95	3,250.93	2.09%	3,062.97	8.36%

The Capital Link Maritime Indices were updated recently to adjust for industry changes. Dorian LPG Ltd (NYSE:LPG) became a member of Capital Link LNG/LPG Index, and GasLog Partners L.P. (NYSE:GLOP) became a member of Capital Link LNG/LPG Index and Capital Link MLP Index.

BALTIC INDICES

Index	Symbol	6-June-14	30-May-14	% Change	2-Jan-14	YTD % Change
Baltic Dry Index	BDIY	989	934	5.89%	2,113	-53.19%
Baltic Capesize Index	BCIY	1,793	1,395	28.53%	3,733	-51.97%
Baltic Panamax Index	BPIY	727	872	-16.63%	1,780	-59.16%
Baltic Supramax Index	BSI	802	830	-3.37%	1,330	-39.70%
Baltic Handysize Index	BHSI	481	485	-0.82%	773	-37.77%
Baltic Dirty Tanker Index	BDTI	630	667	-5.55%	1,021	-38.30%
Baltic Clean Tanker Index	BCTI	530	527	0.57%	612	-13.40%

Shipping Equities: The Week in Review

SHIPPING EQUITIES OUTPERFORM THE BROADER MARKET
DRYBULK THE BEST PERFORMER

During last week, shipping equities outperformed the broader market, with the Capital Link Maritime Index (CLMI), a composite index of all US listed shipping stocks gaining 1.79%, compared to the S&P 500 rising 1.34%, and Dow Jones Industrial Average (DJII) going up 1.24%.

Dry bulk stocks were the best performers during last week, with Capital Link Dry Bulk Index rising 5.36%, followed by Capital Link Mixed Fleet Index increasing 4.09%. Tanker equities were the least performer in last week, with Capital Link Tanker Index gaining 0.94%.

During last week, dry bulk shipping stocks underperformed the physical market, with Baltic Dry Index (BDI) gaining 5.89%, compared to the Capital Link Dry Bulk Index gained 5.36%. Year-to-date, the BDI has dropped 53.19%, while the Capital Link Dry Bulk Index went up 2.67%.

During last week, tanker shipping stocks outperformed the physical market, with Baltic Dirty Tanker Index (BDTI) decreasing 5.55% and Baltic Clean Tanker Index (BCTI) gained 0.57%, compared to Capital Link Tanker Index went up 0.94%. Year-to-date, the BDTI dropped 38.30% and the BCTI went down 13.40%, compared to Capital Link Tanker Index increasing 19.66%.

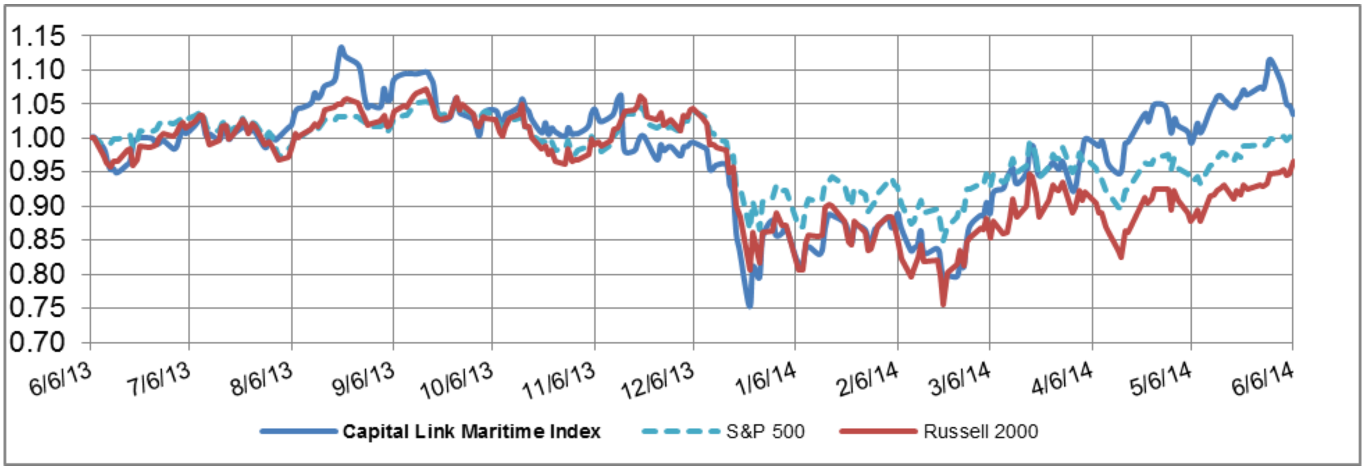
The Trading Statistics supplied by KCG Holdings, Inc. provide details of the trading performance of each shipping stock and analyze the market's trading momentum and trends for the week and year-to-date.

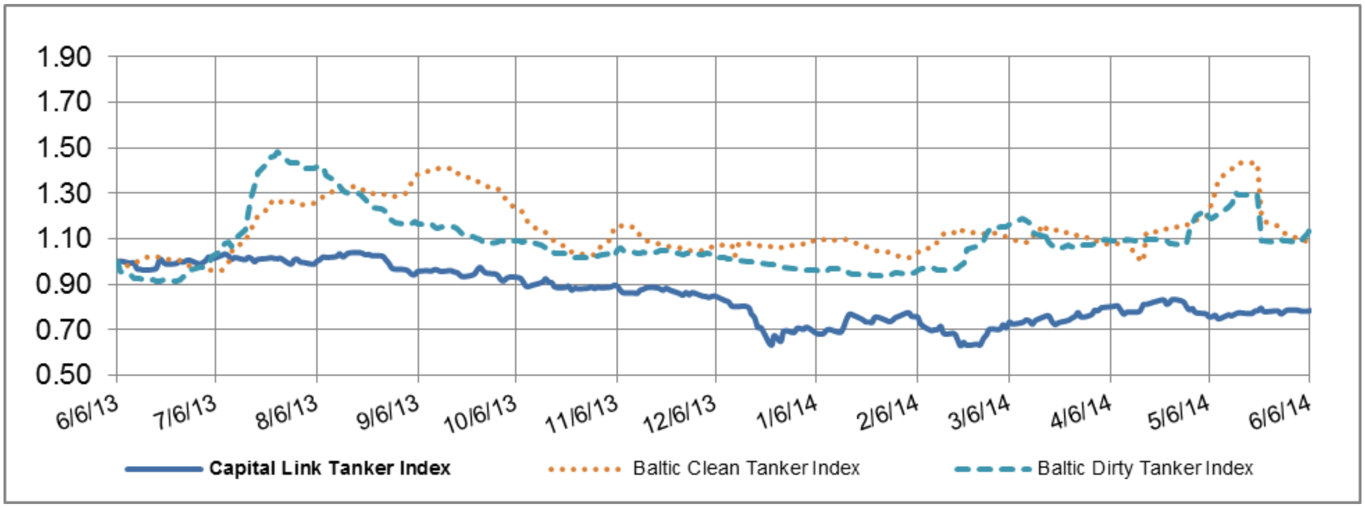
The objective of the Capital Link Maritime Indices is to enable investors, as well as all shipping market participants, to better track the performance of listed shipping stocks individually, by sector or as an industry. Performance can be compared to other individual shipping stocks, to their sector, to the broader market, as well as to the physical underlying shipping markets or other commodities. The Indices currently focus only on companies listed on US Exchanges providing a homogeneous universe. They are calculated daily and are based on the market capitalization weighting of the stocks in each index. In terms of historical data, the indices go back to January 1, 2005, thereby providing investors with significant historical performance.

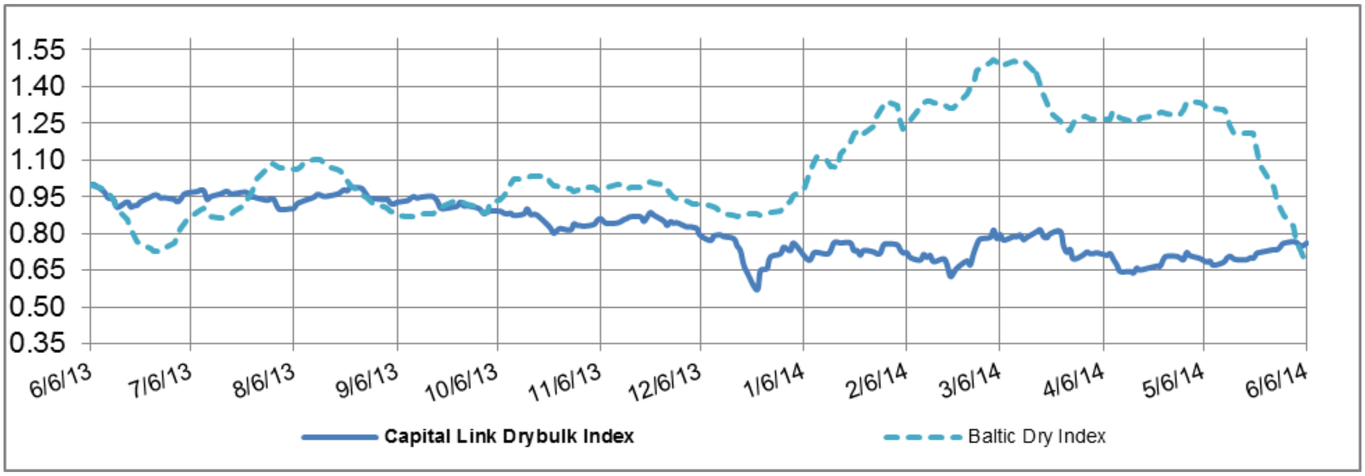
There are seven indices in total; the Capital Link Maritime Index comprised of all 43 listed shipping stocks, and six Sector Indices, the CL Dry Bulk Index, the CL Tanker Index, the CL Container Index, the CL LNG / LPG Index, the CL Mixed Fleet Index and the CL Maritime MLP Index.

The Index values are updated daily after the market close and can be accessed at www.CapitalLinkShipping.com or at or www.MaritimeIndices.com. They can also be found through the Bloomberg page "CPLI" and Reuters.

Maritime Index Daily Comparison Charts (52 -Week)







*SOURCE: BLOOMBERG

KCG

Custom Statistics Prepared Weekly for Capital Link Shipping

BROAD MARKET

Percent Change of Major Indexes for the Week Ending Friday, June 6, 2014

Name	Symbol	Close	Net Gain	Percent Gain
Russell 2000 Index	RUT	1165.19	30.69	2.71%
Nasdaq Composite Index	COMPX	4321.4	78.78	1.86%
Nasdaq-100 Index	NDX	3794.57	57.75	1.55%
Russell 3000 Index	RUA	1164.7	17.52	1.53%
Russell 1000 Index	RUI	1087.28	15.32	1.43%
S&P 500 Index	SPX	1949.44	25.87	1.34%

SHIPPING INDUSTRY DATA (42 Companies)

Moving Averages

- 65.91% closed > 10D Moving Average.
- 56.82% closed > 50D Moving Average.
- 45.45% closed > 100D Moving Average.
- 52.27% closed > 200D Moving Average.

Top Upside Momentum (Issues with the greatest 100 day upside momentum*)

Symbol	Close	Weekly % Change	50-Day % Change
VLCCF	15.74	18.88%	22.49%
GLNG	47.28	2.54%	13.54%
GMLP	34	3.19%	16.64%
SFL	19.19	3.62%	10.61%
TOO	36.63	2.69%	16.54%
CMRE	22.37	2.76%	11.07%
GLOG	23.77	1.80%	0.76%
ASC	14.47	4.03%	10.21%
TGP	44.82	1.17%	12.27%
TK	58.23	0.66%	5.28%

***Momentum:** (100D % change) + 1.5*(50D % change) + 2.0*(10D % change) for each stock then sort group in descending order and report the top 10.

Top Downside Momentum (Issues with the greatest 100 day downward momentum*)

Symbol	Close	Weekly % Change	50-Day % Change
NEWL	0.66	-52.17%	-99.22%
TOPS	1.85	-48.90%	-81.77%
FREE	0.9	-19.64%	-43.40%
FRO	2.49	10.18%	-31.22%
TEU	1.51	-0.66%	-37.08%
DCIX	2.69	-2.89%	-28.27%
DAC	5.98	0.50%	-12.06%
PRGN	5.67	1.98%	-14.74%
SHIP	1.4	7.69%	-17.16%
EGLE	3.35	0.60%	-10.43%

***Momentum:** (100D % change) + 1.5*(50D % change) + 2.0*(10D % change) for each stock - sort names that have a negative value in ascending order - report the top 10.

Top Consecutive Higher Closes

Symbol	Close	Up Streak
GMLP	34	8
GSL	4.27	6
VLCCF	15.74	5
GLNG	47.28	5
TGP	44.82	4
SFL	19.19	4
SBLK	12.04	4
SALT	9.3	4
ASC	14.47	4
NAT	8.6	3

Top Consecutive Lower Closes

Symbol	Close	Up Streak
GLOG	23.77	-2
NMM	18.72	-2
SSW	22.81	-2
TOPS	1.85	-2

Top Largest Weekly Trading Gains				
Symbol	Close One Week Ago	Friday Close	Net Change	% Change
VLCCF	13.24	15.74	2.50	18.88%
SBLK	10.67	12.04	1.37	12.84%
NVGS	24.54	27.42	2.88	11.74%
FRO	2.26	2.49	0.23	10.18%
SHIP	1.3	1.4	0.10	7.69%
SB	8.1	8.6	0.50	6.17%
GSL	4.03	4.27	0.24	5.96%
DSX	10.9	11.46	0.56	5.14%
NAT	8.18	8.6	0.42	5.13%
DRYS	3.01	3.16	0.15	4.98%

Top Largest Weekly Trading Losses				
Symbol	Close One Week Ago	Friday Close	Net Change	% Change
NEWL	1.38	0.66	-0.72	-52.17%
TOPS	3.62	1.85	-1.77	-48.90%
FREE	1.12	0.9	-0.22	-19.64%
ESEA	1.23	1.18	-0.05	-4.07%
DCIX	2.77	2.69	-0.08	-2.89%
KNOP	27.49	26.77	-0.72	-2.62%
DHT	7.31	7.21	-0.10	-1.37%
DLNG	24.03	23.79	-0.24	-1.00%
BALT	6.41	6.35	-0.06	-0.94%
GASS	10.5	10.43	-0.07	-0.67%

Top Largest Monthly Trading Gains (A month has been standardized to 20 trading days)				
Symbol	Prior Close	Friday Close	Net Change	% Change
VLCCF	11.81	15.74	3.93	33.28%
NM	7.77	9.45	1.68	21.62%
EGLE	2.87	3.35	0.48	16.72%
TNK	3.28	3.7	0.42	12.80%
PRGN	5.04	5.67	0.63	12.50%
SALT	8.37	9.3	0.93	11.11%
ASC	13.05	14.47	1.42	10.88%
SFL	17.38	19.19	1.81	10.41%
NAT	7.83	8.6	0.77	9.83%
GLBS	3.49	3.82	0.33	9.46%

Top Largest Monthly Trading*Losses (A month has been standardized to 20 trading days)				
Symbol	Prior Close	Friday Close	Net Change	% Change
NEWL	3	0.66	-2.34	-78.00%
TOPS	5.1	1.85	-3.25	-63.73%
DCIX	3.7	2.69	-1.01	-27.30%
FREE	1.1	0.9	-0.20	-18.18%
FRO	2.89	2.49	-0.40	-13.84%
GLOG	26.79	23.77	-3.02	-11.27%
DAC	6.21	5.98	-0.23	-3.70%
SHIP	1.45	1.4	-0.05	-3.45%
DHT	7.42	7.21	-0.21	-2.83%
CPLP	10.83	10.66	-0.17	-1.57%

Stocks Nearest to 52-Week Highs		
Symbol	52W High	% Away
TOO	36.74	-0.30%
GLNG	47.57	-0.60%
TK	60.08	-3.07%
VLCCF	16.25	-3.14%
CPLP	11.06	-3.63%
NMM	19.43	-3.64%
DLNG	25.00	-4.84%
SSW	24.05	-5.15%
ASC	15.61	-7.32%
KNOP	29.36	-8.82%

Stocks Nearest To 52-Week Lows		
Symbol	52W Low	% Away
DCIX	2.65	1.51%
FREE	0.85	5.88%
TEU	1.40	7.86%
MATX	22.22	11.90%
SALT	8.30	12.05%
STNG	8.01	15.04%
ESEA	0.99	19.19%
TGP	36.93	21.38%
GSL	3.50	22.00%
DSX	9.38	22.17%

Top Stocks with Highest Weekly Volume Run Rate* > 1

Symbol	Close	Net % Change	Run Rate
TOPS	1.85	-48.90%	18.5111
NEWL	0.66	-52.17%	9.4378
FREE	0.9	-19.64%	2.2477
VLCCF	15.74	18.88%	1.5591
SBLK	12.04	12.84%	1.2318
DHT	7.21	-1.37%	1.0756
TK	58.23	0.66%	1.0700
SFL	19.19	3.62%	1.0478
TOO	36.63	2.69%	1.0183

*The Volume Run Rate is calculated by dividing the current week's volume by the average volume over the last 20 weeks. For example, a run rate of 2.0 means the stock traded twice its average volume

Top Year-To-Date Gainers

Symbol	YTD Gain %
VLCCF	76.85%
GLOG	40.48%
GLNG	33.03%
CMRE	25.89%
TK	22.72%
DAC	22.04%
TNP	21.11%
SFL	19.71%
GMLP	16.36%
TOO	14.36%

Top Year-To-Date Decliners

Symbol	YTD Decliners %
NEWL	-99.93%
TOPS	-85.32%
FREE	-62.18%
TEU	-54.10%
FRO	-33.42%
DRYS	-32.77%
SHIP	-30.35%
DCIX	-29.95%
GSL	-28.95%
EGLE	-27.02%

The following are the 44 members of this group: Symbol - Name: **ASC –** Ardmore Shipping Corp; **BALT** - Baltic Trading Ltd; **CPLP** - Capital Product Partners LP; **CMRE-** Costamare, Inc.; **DAC** - Danaos Corp; **DCIX** – Diana Containerships; **DHT** - DHT Maritime Inc; **DRYS** - DryShips Inc; **DNLG** - Dynagas LNG Partners LP; **DSX** - Diana Shipping Inc; **EGLE** - Eagle Bulk Shipping Inc; **ESEA** - Euroseas Ltd; **FREE** – FreeSeas; **FRO** - Frontline Ltd; **GASS** - StealthGas Inc; **GLBS** – Globus Maritime Limited ; **GLNG** - Golar LNG Ltd; **GLOG** - GasLog Ltd.; **GMLP** – Golar LNG Partners; **GSL** - Global Ship Lease Inc; **KNOP** - KNOT Offshore Partners LP; **MATX** - Matson, Inc.; **NAT** - Nordic American Tanker Shipping; **NEWL** - NewLead Holdings Ltd; **NM** - Navios Maritime Holdings Inc; **NMM** - Navios Maritime Partners LP; **NNA** - Navios Maritime Acquisition Corp; **NVGS** - Navigator Holdings Ltd.; **PRGN** - Paragon Shipping Inc; **SALT** – Scorpio Bulkers; **SB** - Safe Bulkers Inc; **SBLK** - Star Bulk Carriers Corp; **SFL** - Ship Finance International Ltd; **SHIP** - Seanergy Maritime Holdings Corp; **SSW** - Seaspan Corp; **STNG** - Scorpio Tankers Inc; **TEU** - Box Ships; **TGP** - Teekay LNG Partners LP; **TK** - Teekay Corp; **TNK** - Teekay Tankers Ltd; **TNP** - Tsakos Energy Navigation Ltd; **TOO** - Teekay Offshore Partners LP; **TOPS** - TOP Ships Inc.; **VLCCF** - Knightsbridge Tankers Ltd

Weekly Market Report

Week Ending June 6, 2014

FREIGHT

Capesize 4TC Average — Volume: 5,185 lots

Contract		Average	Chg	Open	Close	Chg	Low	High
Jun	14	13751	246	12600	14250	1650	12600	14500
Jul	14	16607	1724	14500	16500	2000	14500	17500
Aug	14	18494	na	18350	19500	1150	18350	19500
Q3	14	19250	1213	18000	19250	1250	18000	20200
Q4	14	26602	559	26100	26150	50	26100	27100
Cal	15	21408	383	21200	21250	50	21000	21500
Cal	16	20000	275	20000	20000	0	20000	20000

Panamax 4TC Average — Volume: 2,140 lots

Contract		Average	Chg	Open	Close	Chg	Low	High
Jun	14	6210	-1610	6900	5900	-1000	5900	6900
Jul	14	7351	-1872	8150	6800	-1350	6800	8200
Aug	14	8000	na	8000	7700	-300	7700	8100
Q3	14	8845	-548	9250	8000	-1250	8000	9400
Q4	14	11960	-315	12500	11400	-1100	11250	12500
Cal	15	10888	-813	11450	10700	-750	10700	11450
Cal	16	10925	na	10900	10950	50	10900	10950

Supramax 6TC Average — Volume: 360 lots

Contract		Average	Chg	Open	Close	Chg	Low	High
Jul	14	9213	-288	9425	9000	-425	9000	9425
Q3	14	9868	-182	9950	9450	-500	9400	10100
Q4	14	12021	na	12250	11750	-500	11750	12250

IRON ORE -

TSI Iron Ore 62% Fines — Volume: 2,302,000 mt

Contract		Average	Chg	Open	Close	Chg	Low	High
Jun	14	94.53	0.30	93.50	95.25	1.75	92.75	96.00
Jul	14	94.45	-0.30	93.00	95.00	2.00	92.25	96.25
Q3	14	94.79	0.82	93.00	95.00	2.00	92.50	96.00
Q4	14	94.47	0.05	94.00	95.00	1.00	93.75	95.25

FERTILIZER

-

Urea Nola Volume: 23 lots

Contract		Average	Chg	Open	Close	Chg	Low	High
Aug	14	297.25	14.25	295.00	295.00	0.00	295.00	301.00
Sep	14	297.67	na	295.00	301.00	6.00	295.00	301.00

UAN Nola Volume: 20 lots

Contract		Average	Chg	Open	Close	Chg	Low	High
Jul	14	231.50	10.50	231.00	233.00	2.00	231.00	233.00
Aug	14	231.50	10.50	231.00	233.00	2.00	231.00	233.00
Sep	14	231.50	10.50	231.00	233.00	2.00	231.00	233.00

DAP Nola Volume: 9 lots

Contract		Average	Chg	Open	Close	Chg	Low	High
Sep	14	437.25	na	435.00	439.00	4.00	435.00	439.00

BUNKER FUEL

Singapore 180cst 25,000 mt

Contract		Average	Chg	Open	Close	Chg	Low	High
Jul	14	602.90	na	605.00	599.75	-5.25	598.75	605.00

Singapore 360cst Volume: 20,250 lots

Contract		Average	Chg	Open	Close	Chg	Low	High
Q4	14	590.25	na	590.50	589.75	-0.75	589.75	590.50

Rotterdam 3.5% Volume: 3,000 lots

Contract		Average	Chg	Open	Close	Chg	Low	High
Jul	14	577.25	na	577.25	577.25	0.00	577.25	577.25

Legend	
Average	Weighted average price of the contract period for the week
Change (1)	Difference between the current week Average and the previous week Average
Open	Opening price of the week
Close	Closing price of the week
Change (2)	Different between the weekly Open and Close Price
Low	Lowest price of the week
High	Highest price of the week

First Watch: Stifel Shipping Weekly

Contributed by
Stifel Nicolaus & CO, Inc.

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Rates in $/Day Vessel Category	Weekly Trend	6/6/2014	5/30/2014	% Change	2014 YTD
Crude Tanker					
VLCC	↑	$9,128	$7,670	19.0%	$22,263
Suezmax	↓	$19,562	$22,224	(12.0%)	$23,563
Aframax	↓	$11,177	$13,944	(19.8%)	$23,244
Product Tankers					
Long Range	↓	$10,454	$12,103	(13.6%)	$19,246
Medium Range	↑	$9,566	$9,208	3.9%	$9,819
Dry Bulk					
Capesize	↑	$12,306	$8,718	41.2%	$14,834
Panamax	↓	$3,938	$5,037	(21.8%)	$6,405
Supramax	↓	$8,110	$8,340	(2.8%)	$11,227
*Containers**					
Panamax-4400 TEU	↔	$7,500	$7,500	0.0%	$7,413
Sub-Panamax-2750 TEU	↔	$6,800	$6,800	0.0%	$6,988
Handy-2000 TEU	↔	$7,100	$7,100	0.0%	$6,925
LPG-82,000 cbm	↑	$83,333	$58,333	42.9%	$60,417
LNG-138,000 cbm	↔	$48,500	$48,500	0.0%	$66,750

*Monthly data was used

Source: Clarkson Research & Astrup Fearnley

The gas carrier business continues to be a tail of two markets in which LNG remains challenging and LPG shipping has been strong and is again gaining speed. In both cases, we believe the long-term outlook is strong, but while LPG is currently strong and should remain so in the intermediate term, the LNG market may take months or years to improve.

In meeting with a number of LNG ship owners last week, owners indicated that it remains extremely challenging to secure spot voyages, as there are simply not many cargoes available resulting in spot rates of $48,500 per day as compared to $99,000 per day at this time last year. Furthermore, 27 newbuildings are scheduled to be delivered by the end of the year, which are particularly hard to charter because they require an initial cooling cargo. In fact, we understand that a number of the most recently delivered vessels have yet to operate or have to take as much as 50% discounts on the first voyage. This includes vessels operated by major oil companies which would naturally be in the strongest competitive position.

LPG shipping on the other hand remains strong. The VLGC market rallied to about $105,000 per day earlier in the year, prior to retrenching back to $83,120 by mid-May. However, rates have again begun to rally as more cargoes are coming out of the U.S. Gulf Coast. With eight more projects expected to come on line over the next 18 months, we believe rates are likely to remain firm, particularly for the large, mid-sized, and Handysize classes.

Global Shipping Fleet & Orderbook Statistics

Cargo	Category	Fleet Size (DWT)	Orderbook (DWT)	OB/Fleet %	Average Age	% Greater than 20 yrs.
Crude	VLCC	192,253,135	26,526,296	13.8%	8.1	2.3%
	Suezmax	76,716,636	5,284,034	6.9%	8.5	5.4%
	Aframax	68,489,749	4,352,858	6.4%	9.1	5.4%
Product	LR2	26,455,640	8,522,218	32.2%	7.8	2.6%
	LR1	23,764,427	2,049,998	8.6%	7.1	2.2%
	MR	71,860,878	14,973,518	20.8%	8.9	7.2%
	Handy	5,151,245	166,856	3.2%	18.6	53.0%
Dry Bulk	Capesize	299,013,255	67,332,013	22.5%	7.4	11.0%
	Panamax	191,220,451	35,417,588	18.5%	8.6	10.8%
	Supramax	160,970,399	44,128,804	27.4%	8.2	8.7%
	Handymax	87,974,002	16,420,407	18.7%	11.6	20.9%
		(TEU)	(TEU)			
Containers	Post Panamax	11,141,823	3,305,002	29.7%	2.3	0.1%
	Panamax	3,645,977	20,061	0.6%	8.5	5.6%
	Handy-Feeder	3,375,743	254,963	7.6%	10.6	9.4%
		(CBM)	(CBM)			
Gas	LPG	21,568,695	9,068,153	42.0%	16.0	21.7%
	LNG	56,780,689	18,802,910	33.1%	11.0	13.0%

DWT: Dead Weight Tons, TEU: Twenty Equivalent Units, CBM: Cubic Meters
Source: Clarkson Research

Contributed by Stifel Nicolaus & Co, Inc.

Container Market – Weekly Highlights

Contributed by
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Chartering

Vessel (TEU/HOM)	Index	+/-
700/440TEU (GL) 17.5 k	3.68	▶ 0.00
1,043/660TEU (GL) 18 K Eco	5.34	▲ 0.06
1,100/715TEU (G) 19 k	7.93	▶ 0.00
1,700/1,125TEU (G) 19.5 k	8.98	▲ 0.12
1,740/1,300TEU (G) 20.5 k	8.93	▲ 0.06
1,714/1,250TEU (G) 19k Bkk Max	6.43	▶ 0.00
2,500/1,900TEU (G) 22 k	3.78	▼ 0.08
2,800/2,000TEU (GL) 22 k	3.70	▲ 0.02
3,500/2,500TEU (GL) 23 k	1.84	▲ 0.02
4,250/2,800TEU (GL) 24 k	3.17	▲ 0.08
5,500/4,200TEU (GL) 25 k	2.83	▶ 0.00
8,500/6,600 (GL) 25 k	3.88	▶ 0.00
Index Total	**60.49**	**▲ 0.28**

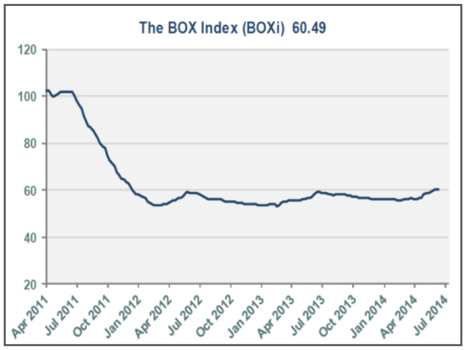
As one might have predicted in a week with Posidonia taking over in Europe and various holidays in Asia, the container market has edged forward rather slowly over the past seven days albeit in a positive direction and most notably the BOXi has now reached it highest level since December 2011.

After several weeks of negative press for the 2,500s, as further units are returned to owners in light of various liner upsizing plans, the week saw a number of fixtures concluded at predictably lower rates. As hires for their Panamax replacements have continued to climb, the geared 2,500 TEU types have now been forced below the USD7,000 mark as tough competition and limited business has pressurised owners into accepting Charterers terms. Owners of these units fix in the hope that Charterers return once again for their vessels should the large scale capacity adjustments prove detrimental to freight rates over the coming months.

Elsewhere sentiment continues to play a part in raising owners' ideas as they look to hold out for improved terms across a number of firming sectors.

The 1,700 TEU market is seeing an increasing divide between the fortunes of east and west of Suez positions, as the Asian side looks to firm up further with limited supply and steady demand. Mediterranean positions on the other hand are finding business hard to come by as we head into the Summer months and this along with a build up of prompt tonnage is forcing the hand of several owners who have, within the last week, made the difficult decision to start positioning their ships to the Far East in the hope of better prospects.

The news this week that the European authorities have approved the P3 Alliance will be met with both relief and apprehension, the latter from the container market stake holders who fear that such a large-scale tie up will have a damaging effect on their own business, while in truth much of the market will likely believe that the green light for this project is inevitable and the sooner it happens the sooner the rest of the market can work around this and move forward, rather than continuing with the uncertainty we had for much of the past year.



Representative Fixtures

Name	Dwt	Teu	14T	Blt	Spd	Cons	GR	Charterer	Dely	Date	Period	US$/day
Northern Guild	53,685	4,319	2,810	2009	21.0	91.0	GL	CMA CGM	SE Asia	Jun-14	50-70 days	9,500
Katharina S	42,300	3,108	2,500	2001	22.0	105.0	GL	Sea Consortium	PG	Jun-14	3-6 mos	7,500
Wehr Havel	33,795	2,526	1,895	2002	21.0	83.0	GR	Maersk	Med	Jun-14	1-3 mos	6,800
Frisia Kiel	33,900	2,478	1,897	2004	22.0	86.0	GR	Maersk	SE Asia	Jun-14	2-5 mos	6,800
Albert Rickmers	31,034	2,213	1,750	1998	20.0	72.0	GR	OEL	PG	Jun-14	14-28 Days	7,800
Hansa Ronneburg	23,579	1,740	1,295	2004	20.0	58.0	GR	Maersk Line	Med	Jun-14	1-3 mos	7,000
Nefeli	23,379	1,740	1,274	2011	20.4	65.0	GR	KMTC	NE Asia	Jun-14	3-5 mos	7,500
Caribbean Sea	23,780	1,706	1,250	2007	19.0	54.0	GR	Seaboard	US Gulf	Jun-14	6-8 mos	8,000
Tokyo Trader	13,750	1,102	705	2014	18.0	24.5	GR	MCC	NE Asia	Jul-14	3-6 mos	9,500
Mandalay Star	12,575	1,016	636	1996	16.0	26.9	GR	Sea Consortium	SE Asia	Jun-14	3-6 mos	5,800
Wms Vlissingen	8,400	698	444	2005	17.0	26.3	GL	MELL	NE Asia	Jun-14	4-6 mos	4,750

Weekly Tanker Market Opinion

Contributed by
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POTEN & PARTNERS

The World Cup Runneth Over

Brazil's new refineries to back out diesel imports

As the World Cup kicks off next week, many a watchful eye will be drawn to the pastoral pitches of Brazil. Like many countries that host international sporting events, a flurry of construction and knock on fuel demand will likely ensue. Aside from the short-term economic benefits of being a host nation, larger transitions are taking shape in the Brazilian petroleum industry that will yield broader ramifications for the tanker market for many years to come. The last decade saw Brazil transform from a net fuel importer to a crude oil producing powerhouse. But Brazil's existing refineries, not unlike the United States', were built to handle a crude oil type of yore: that said, new refining capacity is due to come on stream in the next few years that will more effectively process the Brazilian crude oils of today. As a result, Brazil will likely evolve into a more balanced petroleum nation perhaps to the detriment of demand for certain tanker sectors.

Technology has enabled a frontiersman spirit in Brazil by adding significant amounts of reserves in the nearby, pre-salt layers of the offshore Santos and Campos basins. It is reported that Brazil could double its crude oil production, from the current 2.6 million barrels per day, by the end of the decade. An investment plan that was published in 2013, intimates that Brazil will be adding nearly 1.6 million barrels per day of refining capacity over the same period, *see Fig. 1*.

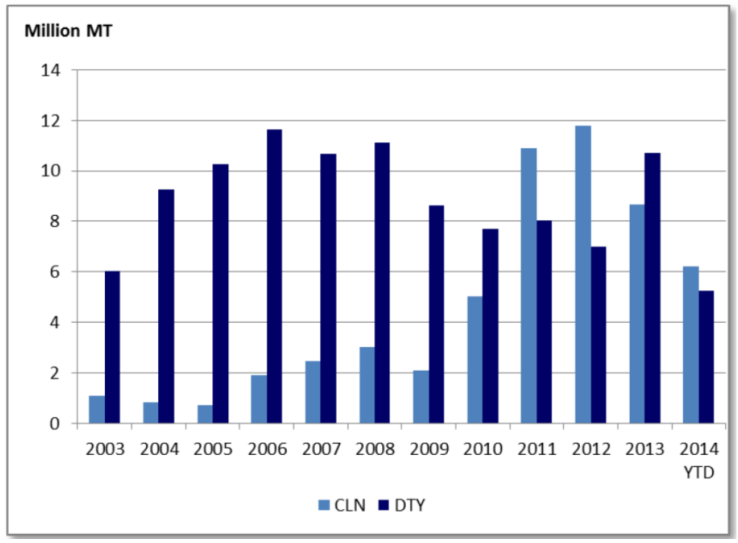
Although simple math suggests that Brazil will still be long crude oil, it could understate to what end. Political interests and a national oil company introduce bureaucratic obstacles that ultimately impede the free flow of petroleum and will likely bolster export activity of independent producers. Existing transportation fuel subsidies only

Fig. 1 Brazil Refining Projects

Name	Capacity kbd	Year
Northeast Refinery (RNEST) - Phase 1	115	Nov-14
Northeast Refinery (RNEST) - Phase 2	115	May-15
Comperj - Phase 1	165	Apr-15
Preimum I - Phase 1	300	Oct-17
Premium II	300	Dec-17
Comperj - Phase 2	300	Jan-18
Premium I - Phase 2	300	Oct-20
Total	1,595	

Source: 2013 – 2017 Business and Management Plan, 2013, Petrobras

Fig. 2 Total Reported Spot Fixtures – to Brazil



Source: Poten

serve to further complicate matters. Last December, Bloomberg reported that Petrobras's refining division incurred a loss of $3.68 billion by selling imported gasoline at a 20% discount to international prices; a modus operandi that will be difficult to sustain. Crude oil exports still tell a bullish tale for the larger tanker sectors, but product tanker demand appears to be at increasing risk.

Economic growth launched Brazil to the top of the charts from an oil demand perspective. And, like other countries in Latin America, Brazil has underpinned Atlantic basin Medium-Range (MR) tanker demand through incremental diesel import requirements (*see Fig. 2*). However, the start-up of one of the new refineries, the Northeast Refinery (RNEST), by the end of this year will back out import requirements to the reported tune of 260,000 barrels per day. Since diesel is imported from India on long-term contracts, the market that could stand to lose the most is the US Gulf which tends to supply Brazil on a spot basis. The net result could cost the MR market the equivalent of 40 vessels in demand per year assuming the 260,000 barrels per day are backed out of the United States, and potentially more if supplies from farther abroad are cannibalized.

Tanker Market – Weekly Highlights

Contracting Panamax tanker fleet to limit impact of slumping demand?

Panamax tanker earnings improved markedly during 2012, rising 111% to ~$13,708/day from the 2011 average as markets tightened on greater worldwide fuel oil and small-parcel crude shipping demand. During 2012, periodic rallies were often limited by the presence of alternative Aframax tonnage—which at times offered charterers more attractive freight costs.

The momentum failed to prevail through 2013 and Panamax tanker earnings fell by 20% y/y to ~$10,791/day. During the year, spot market demand for Panamax tankers declined with many cargoes covered on charterers' direct tonnage. Rate erosion became more pronounced by mid-year and through 3Q13. The progression came even despite the removal of Aframax tankers as attractive alternatives; Aframax supply/demand fundamentals continued to tighten on a net fleet contraction, stable demand in many key markets and modest demand growth in the Baltic and Far East markets. During end-4Q13 and through early-1Q14, a very strong worldwide Aframax rally exhausted available units and a corresponding rise in Aframax TCEs to record levels (in isolated markets) saw more charterers utilize Panamax tankers as an alternative. This trend supported Panamax earnings which averaged ~$23,399/day during 1Q14 (representing a multiple-year high).

Since 1Q14, Panamax rates have retreated and average earnings presently stand at ~$7,858/day. An earlier demand spike (April/May) materialized in the Caribbean market on the back of a rise in inquiry for Panamaxes to transport sensitive crude cargoes (Heated Crude) and modestly stronger demand for fuel oil cargoes against weather issues which delayed load/discharge operations for a number of units and prompted replacement fixtures. The demand rise and delay issues have since subsided leading to a return of overcapacity in the market.

The DPP Panamax market remains generally oversupplied as Fuel Oil transportation demand trends have shown a sustained weakening. In the Fuel Oil market, declining West-East arbitrage opportunities have declined since 2012; during 2013 average monthly arrivals of Fuel Oil from the West declined by 14% y/y to 3.5 MnMT/month while YTD arrivals have declined by a further 9% to 3.2 MnMT/month.

Declining US demand for Fuel Oil (most recent figures show February demand at a record low of 154,000 b/d) amid a rise in utilization of advantaged Natural Gas, combined with declining US Fuel Oil production complicated trading opportunities for Panamaxes. Contributing to a decline in demand is the closure of key refineries in the Caribbean which relied on Fuel Oil to power refining operations.

The Americas oil market has become more efficient as a result of the US' shale oil renaissance; though PADD 3 (USG) refineries remain largely dependent on heavy crude imports to offset light domestic supplies, regional import cargoes have been largely centered on Aframax tankers and, increasingly, Suezmax tankers. PADD 5 (West Coast) crude oil imports have also trended lower since 2011 on increased availability of domestic crude (delivered via rail and Jones

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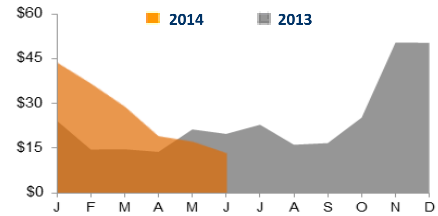
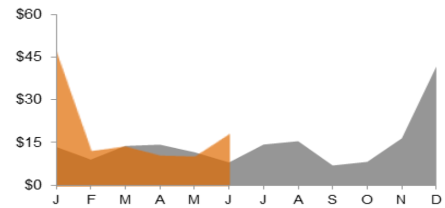
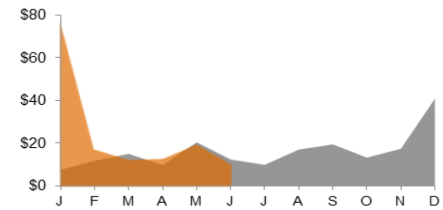


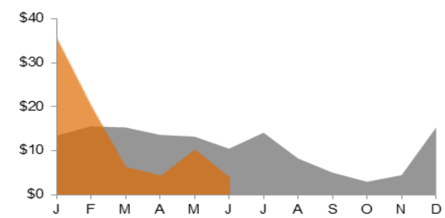
VLCC TCE AG-USG / CBS-SPORE/AG	MTD Average $13,400/Day	Month y/y ▼32%



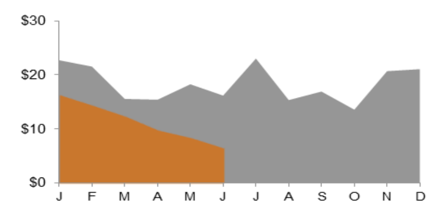
S'MAX TCE 130k WAF-USAC	MTD Average $18,400/Day	Month y/y ▲+129%



A'MAX TCE 70k CBS-USG	MTD Average $10,400/Day	Month y/y ▼ -16%



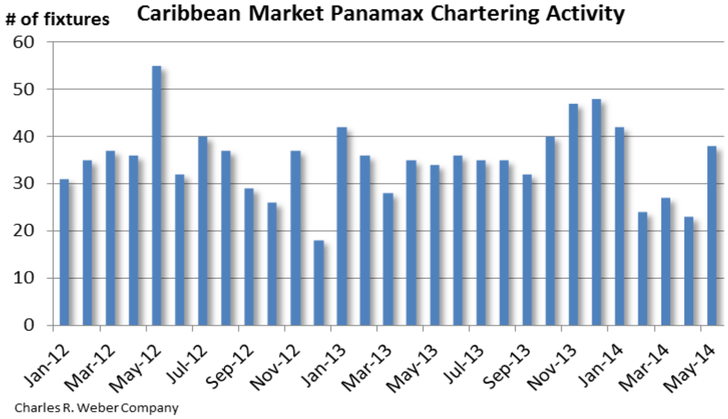
P'MAX TCE 50k CBS-USAC	MTD Average $3,900/Day	Month y/y ▼-63%



MR TCE USG-UKC/ UKC-USAC/USG	MTD Average $6,500/Day	Month y/y ▼-60%

Tanker Market – Weekly Highlights

Act tankers/barges). Collectively, these factors have negatively impacted Panamax demand trends in theAmericas – where the class' flexibility to transit the Panama Canal had historically made the class a regional workhorse.



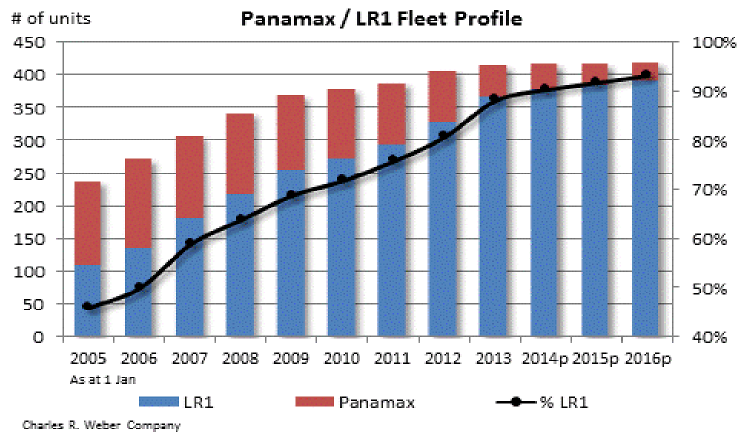
We view DPP Panamax tanker demand trends as being subject to demand destruction through the coming years on declining Fuel Oil demand trends in the Americas markets and an expected improvement of efficiency following the completion of the Panama Canal expansion project (we estimate early/mid-2016).

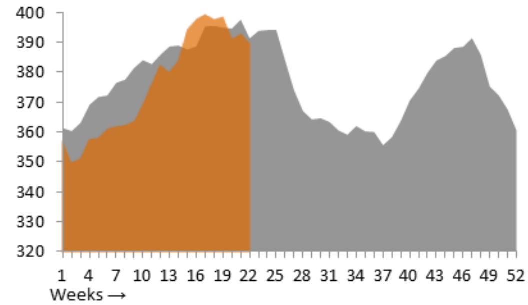
The widening of the Panama Canal to include tankers as large as Suezmaxes will likely lead to increased regional utilization of Aframax tonnage (given size flexibility for trans-Panama cargoes), and further improve an attractive forward Aframax supply/demand growth profile.

Earnings erosion for Panamax tankers, however, will likely be limited as Aframax earnings remain on a positive trend, allowing Panamaxes to capitalize on periodic Aframax rate rallies as a more-attractively priced alternative.

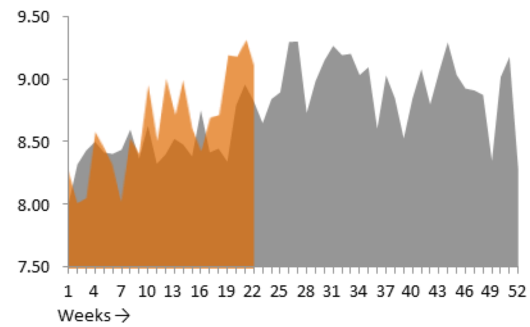
A floor on Panamax demand erosion may also be supported by size flexibility for certain trades were infrastructure and port constraints limit utilization of larger tonnage, particularly on South America's Pacific Coast.

Further limiting earnings erosion, forward Panamax supply growth remains in negative territory. 100% of the size range's orderbook is comprised of LR1 units. Though 43% of the existing LR1 fleet is trading dirty cargoes, forward product demand trends driven by new refining capacity in the Middle East set to come on stream over the next 12-18 months imply that future LR1 deliveries will be firmly oriented to clean trading while a portion of the LR1 fleet presently trading in the dirty market will switch back to CPP trading (the switch is likely to coincide with dry-docking intervals, given lost trading time associated with cleaning cargo tanks).



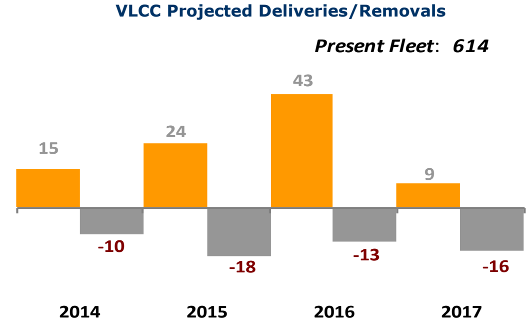


US Crude Stocks (EIA) | Last Week 389.5 Mbbls | Week y/y ▼-0.5%



US Gasoline Demand (EIA) | Last week 9.104 Mb/d | Week y/y ▲+3.2%

2014 2013

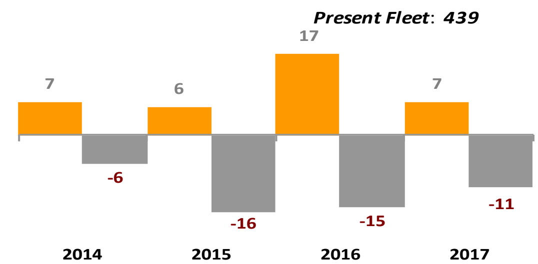


Tanker Market – Weekly Highlights

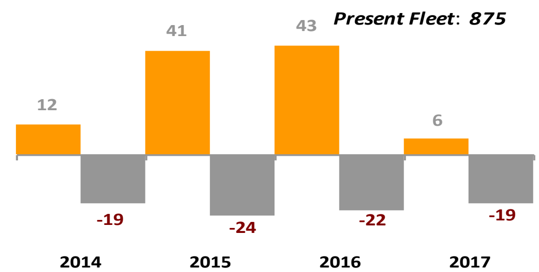
Spot Market	WS/LS	TCE $/day	WS/LS	TCE $/day
VLCC (12 Kts L/11.5 Kts B)	30-May		6-June	
AG>USG 280k (TD1)	24.5	$(2,239)	22.0	$(5,446)
AG>USG/CBS>SPORE/AG	--	$16,150	--	$13,514
AG>SPORE 270k (TD2)	33.0	$8,798	34.0	$10,267
AG>JPN 265k (TD3)	33.0	$7,945	34.0	$9,454
WAFR>USG 260k (TD4)	42.5	$18,863	42.5	$19,057
WAFR>CHINA 260k (TD15)	37.0	$11,358	37.0	$11,529
CBS>SPORE/AG 270k	$3.45m	$17,820	$3.45m	$18,004
SUEZMAX (12 Kts L/11.5 Kts B)				
WAFR>USAC 130k (TD5)	72.5	$21,011	67.5	$17,905
WAFR>UKC 130k (TD20)	75.0	$19,436	70.0	$16,272
BSEA>MED 140k (TD6)	77.5	$24,926	70.0	$18,296
CBS>USG 150k	57.5	$14,618	65.25	$21,390
AFRAMAX (12.5 Kts L/B)				
N.SEA>UKC 80k (TD7)	95.0	$19,543	90.0	$15,502
AG>SPORE 70k (TD8)	100.0	$18,965	97.5	$17,937
BALT>UKC 100k (TD17)	70.0	$11,954	60.0	$4,297
CBS>USG 70k (TD9)	105.0	$14,632	95.0	$10,233
MED>MED 80k (TD19)	82.5	$10,867	77.5	$7,966
PANAMAX (12.5 Kts L/B)				
CBS>USAC 50k (TD10)	115.0	$5,978	107.5	$3,967
CBS>USG 50k	115.0	$10,952	107.5	$8,471
CONT>USG 55k (TD12)	110.0	$7,180	110.0	$7,350
ECU>USWC 50k	155.0	$16,009	155.0	$16,032
CPP (13.5 Kts L/B)				
CONT>USAC 37k (TC2)	100.0	$3,483	102.5	$4,184
CONT>WAFR 37k	115.0	$6,066	117.5	$6,725
USG>CONT 38k (TC14)	67.5	$(1,850)	60.0	$(3,554)
USG>CONT/CONT>USAC/USG	--	$7,215	--	$6,207
USG>P. COLORADOS 38k	$390k	$5,753	$370k	$4,453
CBS>USAC 38k (TC3)	92.5	$3,659	90.0	$3,148
AG>JPN 35k	115.5	$6,928	115.0	$6,876
SPORE>JPN 30k (TC4)	112.0	$4,431	111.0	$4,283
AG>JPN 75k (TC1)	90.0	$15,180	82.5	$11,834
AG>JPN 55k (TC5)	116.0	$12,442	116.5	$12,692

Time Charter Market $/day (theoretical)	1 Year	3 Years
VLCC	$22,500	$26,750
Suezmax	$18,000	$22,000
Aframax	$14,750	$17,000
Panamax	$14,750	$16,500
MR	$14,250	$15,500

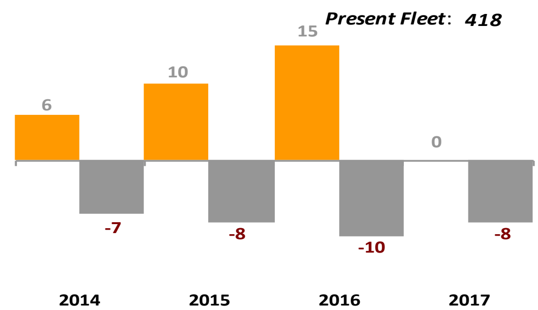
Suezmax Projected Deliveries/Removals



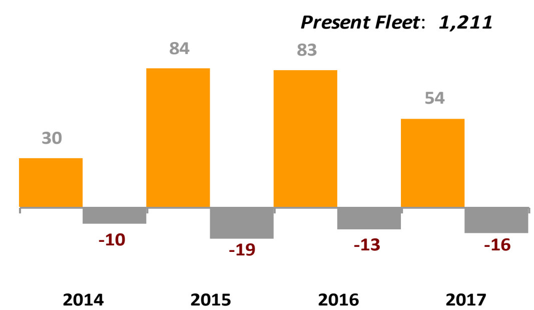
Aframax/LR2 Projected Deliveries/Removals



Panamax/LR1 Projected Deliveries/Removals



MR Projected Deliveries/Removals



Tanker Market – Weekly Highlights

THE TANKER MARKETS

VLCC

VLCC markets remained generally unchanged at bottom levels this week on a largely unchanged supply/demand profile. A notable exception was the AG-USG route, which retested 2.5 points below the prior assessment at ws22 – and the lower rate appears to be repeatable. Declining optimism and rising uncertainty over the near-term outlook incentivized owners to more aggressively seek voyages on the route, given the ability to triangulate with onward CBS-FEAST voyages. Triangulated AG-USG/CBS-SPORE/AG trades presently yield an effective TCE of ~$13,514/day over ~116 days – a 48% premium over 30-50 day AG-FEAST trades and 22% premium over the worldwide spot market average. With inquiry levels for AG-USG voyages having declined during the past two weeks, the greater completion allowed charterers to achieve lower rates.

With 67 June cargoes now covered in the Middle East, we note that only a further 10 are estimated to remain uncovered through the end of the second decade. Through the same space of time, some 35 units are expected to be available, implying a surplus of 25 units. This represents only a small reduction from the 29 excess units estimated a week ago basis availability through mid-June. The ongoing overcapacity situation in the Middle East market is expected to continue to weigh negatively on rates in the near-term before Q3 seasonal demand gains begin to absorb the excess by late Q3/early Q4.

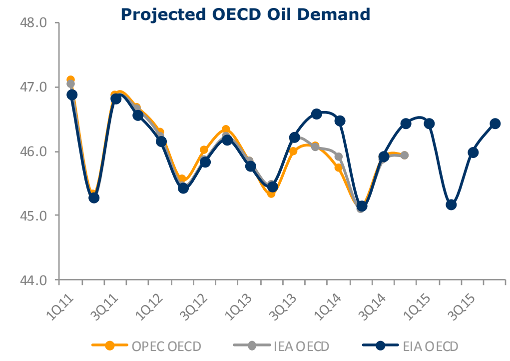
Middle East

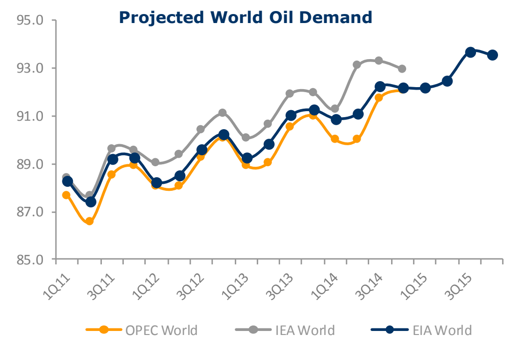
Regional chartering activity was unchanged from last week with 18 fixtures materializing. AG-FEAST rates gained 0.1 point, w/w, to an average of ws33.2 while corresponding TCEs gained 4% to ~$8,898/day. Rates to the USG via the Cape lost 2.5 points w/w to an average of ws22. Triangulated Westbound trade earnings averaged ~$13,398/day, representing a w/w loss of 21%.

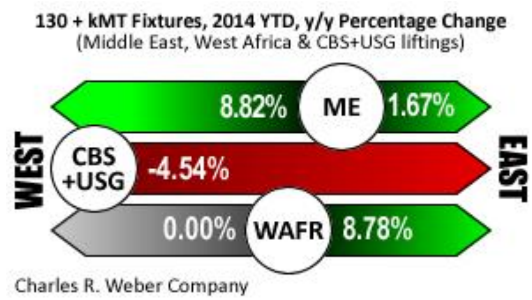
Rates to the East are likely to continue to trade around the ws33-33.5 range as downside remains limited by owners unwilling to trade with earnings further below OPEX levels the extent of overcapacity will prevent gains. Following this week's correction, rates on the AG-USG route are likely to hold steady with further losses likely to be limited. As locking into Westbound voyages effectively commit owners into earnings through to early Q4 while TD3 (AG-JPN) FFA indications suggest higher TCE earnings from July (relative to present triangulated returns, which themselves could decline on normal seasonal rate downside in the Caribbean market during Q3), we expect that AG-USG further rate losses will be limited by greater owner resistance.

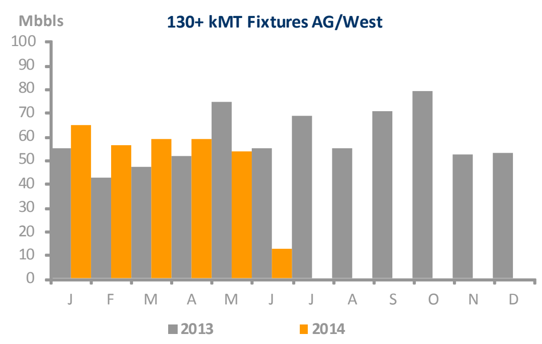
Atlantic Basin

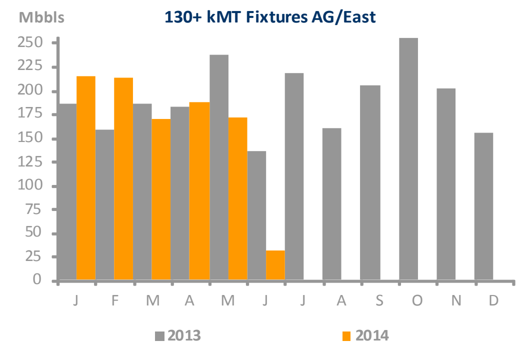
Chartering activity in the Atlantic basin remained muted this week with just three fixtures materializing – all for voyages from West Africa. Recently stronger rates for Suezmaxes in the West Africa market again failed to ignite much interest in VLCC co-loadings given the discharge orientation of West Africa exports to points in Europe. WAFR-FEAST rates gained 0.25 points, w/w, to an average of ws37.25 while corresponding TCEs gained 6% to an average of ~$11,864/day.



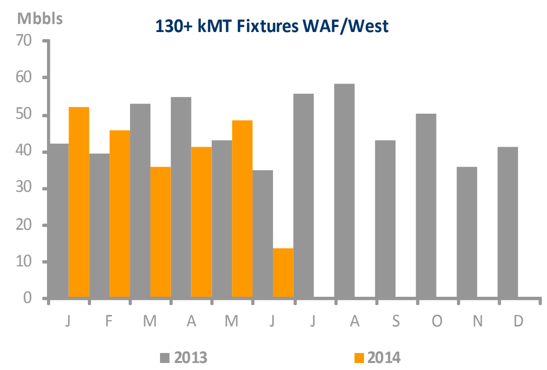


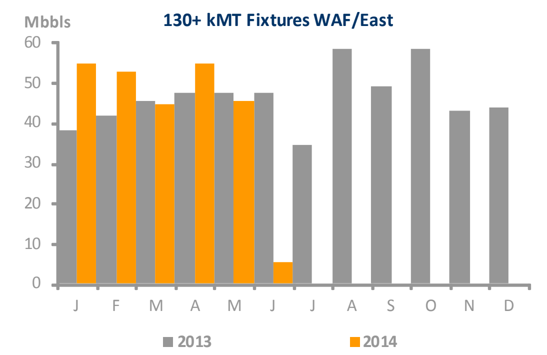






Tanker Market – Weekly Highlights





No fixtures materialized in the Caribbean market this week following last week's more active pace. Rates on the CBS-SPORE route corrected to $3.45m level, erasing a $100l gain observed last week. With USG arrivals and regional position list replenishment rates expected to remain unchanged through the upcoming week, rates should hold around present levels. Since April, rates on the CBS-SPORE route remained below the 2010-2013 range.

Suezmax
Chartering activity in the West Africa Suezmax market slowed to a 4-week low with the regional fixture tally declining 19%, w/w, to 13. The lull saw charterers achieve lower rates and the WAFR-USAC route lost 5 points to conclude at ws67.5. TCE earnings on the route remain high relative to levels observed since the Dec '13/Jan '14 rally; the present assessment of ~$17,905/day compares with a Feb-May average of ~$11,949/day. With the final decade June program still only ~60% covered and only Suezmaxes in play for the relevant load windows, we expect that stronger chartering activity during the upcoming week should prevent further rate erosion and potentially prompt modest gains by mid-week. Thereafter, a progression into the July program – for which demand has remained low with a number of cargoes still unsold as the Brent-Dubai spread made West African crude less attractive – should prompt a fresh expansion of regional positions and negatively impact rates.

Aframax
Chartering activity in the Caribbean Aframax market rose 22% on last week to a total of 11 fixtures. Against a YTD weekly average of 13, the pace was insufficient to stem negative rate progression and the CBS-USG route lost 10 points, accordingly, to a closing assessment of ws95. With the market near the YTD low of ws90, we expect limited further downside through the coming week.

Panamax
The Caribbean Panamax market was softer this week on limited ex-CBS chartering activity despite stronger demand for Panamaxes to service lightering contracts on the USG amid a wider rate differential between Aframaxes and Panamaxes. The CBS-USG route lost 7.5 points to conclude at ws107.5. An extension of this week's limited activity could prompt further rate downside during the upcoming week, though continued lightering demand could limit the extent of downside thereof.

CPP
Chartering activity in the USG MR market improved this week; 29 units were fixed representing an 81% w/w rise. Ten fixtures were bound for points in Europe (the most in seven weeks) vs. a revised tally of 5 during the preceding week while those bound for points in Latin America gained modestly to 9. A large portion of this week's fixtures were concluded with private details and respective destinations have not yet been determined; the ultimate trading orientation of these fixtures could hold implications for regional rate progression as longer-haul voyages could contribute to a decline in regional availability. Despite the activity gains, rates remained under negative pressure as two-week forward availability rose by 6% to 56 units. The USG-UKC route lost 7.5 points to conclude at ws60 – its lowest level since late 2012. Rates on the USG-POZOS route shed a further $20k to $370,000 (lump sum) – the lowest level since early-2011. Given the extent of rate erosion and stronger long-haul fixture activity levels during recent weeks, rates may now be at a floor.

Charting forward progression remains complicated by uncertain trading patterns and persistent market underperformance through the YTD. Mounting pressure on European refineries from US and growing Russian diesel exports remains a possible driver of lower European refinery utilization rates and modest USG-UKC demand growth while there expectations that stronger PADD 3 (USG) refinery utilization rates from July should boost product exports. These factors could potentially reverse the sour trading environment facing MRs in the USG and throughout the Atlantic basin, but in the absence of signs European refiners are prepared to embrace lower runs and given uncertainty over the extent of imminent Russian diesel export volumes from new facilities at Ust Luga, it remains to be seen if ton-mile gains will be sufficient to clear excess positions through the coming weeks and support rate and earnings gains from early during Q3.

S&P Secondhand, Newbuilding & Demolition Markets

S&P MARKET TRENDS DURING April:

↓ Secondhand – ▬Newbuilding – Demolition ↑

WEEKLY S&P ACTIVITY

VESSELTYPE	SECOND HAND		DEMOLITION		TOTAL	%w-o-w	
	Units	($) Invested Capital	Units	in DWT	Units	SH	DEMO
Bulkcarriers	3	66.500.000	6	136.793	9	-75%	0%
Tankers	7	570.200.000	3	233.993	10	-73%	-25%
Gas Tankers	0	0	0	0	0	-100%	
General Cargo	0	0	8	124.309	8	-100%	100%
Containers	1	4.500.000	2	47.117	3		-33%
Reefers	0	0	0	0	0		-100%
Passenger / Cruise	0	0	0	0	0		
Ro - Ro	0	0	1	7.021	1		
Car Carrier	0	0	0	0	0	-100%	
Combined	0	0	0	0	0		
Special Projects	0	0	2	8.314	2		
TTL VSLS/Demo	11	641.200.000	22	557.547	33	-75%	22%

0 S&P deals reported at an undisclosed sale price

- ✓ The estimated invested capital does not include deals reported at an undisclosed secondhand sale price.
- ✓ P&C: deals reported as private and confidential with no disclosed details for the secondhand sale price.

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NEWBUILDING MARKET

WEEKLY NEWBUILDING MARKET

WEEKLY NEWBUILDING ACTIVITY

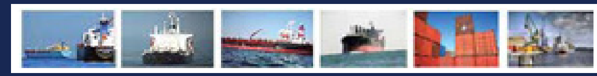
Vessel Type	Units	in DWT	Invested Capital	P&C	%w-o-w
Bulkcarriers	12	1.492.000	447.000.000	2	100%
Tankers	17	1.653.000	424.000.000	11	325%
Gas Tankers	2	52.000	102.000.000	0	0%
General Cargo	0	0	0	0	
Containers	0	0	0	0	-100%
Reefers	0	0	0	0	
Passenger / Cruise	0	0	0	0	
Ro - Ro	0	0	0	0	-100%
Car Carrier	0	0	0	0	-100%
Combined	0	0	0	0	
Special Projects	11	44.400	133.000.000	10	10%
TOTAL	42	3.241.400	1.106.000.000	23	50%

- ✓ The estimated invested capital does not include deals reported with undisclosed newbuilding price.
- ✓ P&C: deals reported as private and confidential (not revealed contract price)

NEWBUILDING MARKET – ORDERS

Vessel Type	Sub-type	Units	Dwt	Contractor	Country	Builder	Country	USD mil/Unit	Dely
Bulk Carrier		6	180.000	Frontline 2012	NOR	New Times Shipyard	PRC	55.500.000	2016-2017
Bulk Carrier		2 +2	84.000	W Marine	GR	Sainty Marine	PRC	N/A	N/A
Bulk Carrier		4	61.000	Fortune Ocean	PRC	Dalian COSCO KHI	PRC	28.500.000	8/10/12-2016
Tanker		2	318.000	Undisclosed	GR	Japan Marine United	JPN	xs 100.000.000	2017
Tanker		2 +2	158.000	Kyklades Maritime	GR	Sungdong Shipd.	SKR	xs 65.000.000	late 2016
Tanker	Pruduct	2 +2	115.000	Frontline 2012	NOR	New Times Shipyard	PRC	xs 50.000.000	6/9-2016
Tanker	Product	7	50.300	Ceres Shipping Ltd	GR	SPP Shipbuilding	SKR	N/A	2015-2016
Tanker	Chemical	3	33.000	Sinochem	PRC	Fukuoka	JPN	N/A	6/9/12-2016
Tanker	Chemical	1	19.900	Tarinus Line SA	N/A	Fukuoka	JPN	N/A	11-2015
LPG		2 +2	22.000cbm	Stealth Maritime	GR	Hyundai Mipo Dockyard	SKR	51.000.000	1/3-2017
Special Proj.	PSV	4	4.500	Executive Ship Mgmt	SPORE	Colombo Dockyard	SRI LANKA	N/A	2015
Special Proj.	PSV	2 +1	4.000	NAO	USA	Vard Holdings	NOR	N/A	2015
Special Proj.	PSV	4	3.500	China Oilfield Services	PRC	Guangzhou Huangpu	PRC	N/A	2/5/6/7-2015
Special Proj.	OCV	1	4.400	Rem Offshore	NOR	Vard Tulcea	ROM	133.000.000	1q 2016

Key: *GR: Greece, PRC: China, NOR: Norway, JPN: Japan,DEN: Denmark, CAN: Canada, SWD: Sweden, GER: Germany, TRK: Turkey, NIG: Nigeria, SKR: South Korea, SPORE: Singapore, CYP: Cyprus, Dely: Delivery*



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