

Weekly Shipping Market Update

08th - 12th October 2018 | Week 41

Market Analysis

Since the end of 2016, we have been witnessing a rather impressive recovery being noted in the dry bulk market. Given that much hope has been placed by many in the market as to this upward trend continuing and magnifying during the final quarter of 2018 it may well be interesting to take on some more in depth technical analysis in what the prevailing freight rate figures are actually saying with regards to the state of health of the current market.

To break this down and put some focus, we will take a look at the figures of the Capesize segment, a segment, typically seen as the overall barometer for market. After collapse of 2016, the market has been on a relative stable upward trajectory in terms of earnings. Looking at things in terms of the BCI-5TC Average, in the year so far, the market has been enjoying a considerably higher average figure compared to the two previous years, having already climbed to US\$ 16,696pd. You can see the difference when comparing this figure to the US\$ 15,190pd average noted in 2017 and the US\$ 7,389pd seen back in 2016. Furthermore, when you take into consideration that we are still in the very onset of the final quarter and given that most market participants are still keeping a relatively bullish attitude, we may well see the final figure for the year reach even higher levels. So, just by taking such a simple look it seems that the expressed improvement is clearly apparent.

Going beyond the question of if the market has improved or not, many would look to ask as to how sustainable this overall trend is and to what extent can we expect stability to take hold?

A typical statistical instrument for measuring volatility is standard deviation. It is a measure of how spread out figures are from the average. When looking at the BCI-5TC average, in 2018 to date this figure has declined slightly to US\$ 5,406pd, while in 2017 this figure was in the region of US\$ 6,000pd. As such it would seem that the level of volatility has dropped. However, despite how bizarre it may seem, this year figure remains well above that of 2016 and 2015 (which were US\$ 4,034pd and US\$ 3,671pd respectively). To take things further however and to better understand the real impact of any given fluctuation to this index, we can look at the coefficient of variation. The reasoning behind this is to better get to grips with these standard deviation figures when compared to the average earnings noted (i.e. compare the percentage shifts instead of the absolute figure shifts). The coefficient of variation (which is the ratio of the standard deviation to the average) has decreased for a third consecutive year, from the high 54.5% in 2016 (a mere reflection of how low the average returns were that year compared to how high variations we noted in earnings), while for 2018, this figure is now just above 32%. As such it seems as though we are not only noting less volatility in the market than 2017 but also when compared to the past 3 years.

With all this being said, the dry bulk sector seems to be moving in the right direction, both in terms of improved earnings but also in terms of overall stability. This makes sense given the more balanced supply-demand dynamics now noted. All-in-all, it seems as though for the near term we are placed in a market of modest shifts and shimmies and with limited surprises on the horizon. One only wonders as to how long this can hold for.

Thomas Chasapis
Research Analyst



Week in numbers

Dry Bulk Freight Market

| | 12 Oct | | W-O-W change | |
|------|--------|--|--------------|------|
| | | | ±Δ | ±% |
| BDI | 1,579 | | ▲ 43 | 2.8% |
| BCI | 2,169 | | ▲ 88 | 4.2% |
| BPI | 1,775 | | ▲ 48 | 2.8% |
| BSI | 1,204 | | ▲ 7 | 0.6% |
| BHSI | 657 | | ▲ 20 | 3.1% |

Tanker Freight Market

| | 12 Oct | | W-O-W change | |
|------|--------|--|--------------|------|
| | | | ±Δ | ±% |
| BDTI | 921 | | ▲ 68 | 8.0% |
| BCTI | 598 | | ▲ 2 | 0.3% |

Newbuilding Market

| Aggregate Price Index | 12 Oct | | M-O-M change | |
|-----------------------|--------|--|--------------|------|
| | | | ±Δ | ±% |
| Bulkers | 97 | | ▲ 0 | 0.4% |
| Cont | 94 | | 0 | 0.0% |
| Tankers | 100 | | ▲ 1 | 0.9% |
| Gas | 91 | | 0 | 0.0% |

Secondhand Market

| Aggregate Price Index | 12 Oct | | M-O-M change | |
|-----------------------|--------|--|--------------|-------|
| | | | ±Δ | ±% |
| Capesize | 65 | | ▼ -1 | -2.1% |
| Panamax | 61 | | 0 | 0.0% |
| Supramax | 66 | | 0 | 0.0% |
| Handysize | 72 | | ▲ 1 | 1.3% |
| VLCC | 84 | | ▲ 1 | 0.7% |
| Suezmax | 74 | | ▲ 0 | 0.1% |
| Aframax | 85 | | ▲ 0 | 0.1% |
| MR | 103 | | ▼ -1 | -0.6% |

Demolition Market

| Avg Price Index (main 5 regions) | 12 Oct | | W-O-W change | |
|----------------------------------|--------|--|--------------|------|
| | | | ±Δ | ±% |
| Dry | 358 | | 0 | 0.0% |
| Wet | 374 | | 0 | 0.0% |

Economic Indicators

| | 12 Oct | | M-O-M change | |
|--------------|--------|--|--------------|-------|
| | | | ±Δ | ±% |
| Gold \$ | 1,216 | | ▲ 23 | 1.9% |
| Oil WTI \$ | 71 | | ▲ 4 | 5.7% |
| Oil Brent \$ | 79 | | ▲ 3 | 4.4% |
| Iron Ore | 75 | | ▲ 6 | 8.2% |
| Coal | 99 | | ▼ -1 | -0.8% |

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Freight Market

Dry Bulkers - Spot Market

08th - 12th October 2018

Capesize – After a soft start on Monday, rates were gradually improving during the course of the week, with the BCI reaching 2,169 basis points, almost 4% up from the previous Friday. Interest for cargoes from China was strong leading rates from Brazil to levels above \$21 per ton and from Australia to an increase of approximately 4%. At the same time, an unexpected surge in activity was observed in Atlantic basin again. The momentum in rates remains positive for the time being, while it looks as though we have been off to a good start for the final quarter.

Panamax – A relatively positive week, with rates in the Atlantic moving up, as open tonnage became scarce. The trans-Atlantic round voyage climbed this past week to \$15,508 per day, \$800 higher than the previous Friday. In the East, rates were also improving, fueled by increased interest for Australian cargoes. However, gains were capped as ballasters from the sluggish North Pacific were slowly adding to the tonnage lists in the region.

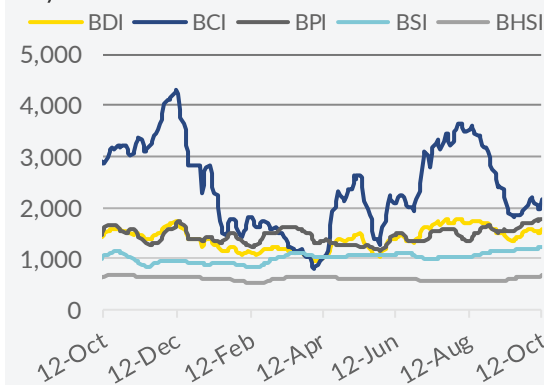
Supramax – Following the trend of the bigger size sectors, rates here too followed an upward pattern, as we seemingly had an overspill of sentiment. However, some pressure came into the market due to the limited fresh inquiry seen in the US Gulf, though this seemed to be somewhat counterbalanced by the increased activity observed in the Far East.

Handysize – A healthy Pacific basin led rates higher this past week, with fresh inquiries being seen in the Med and US Gulf as well, boosting rates further. Things seemed to be slacking in the Pacific, though still holding close to last levels.

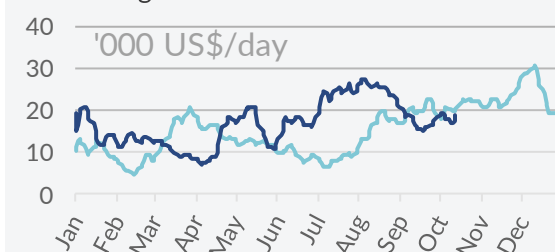
Spot market rates & indices

| | | 12 Oct | 05 Oct | ±% | Average 2018 | 2017 |
|-------------------------|--------------------|-----------|-----------|-------|-----------------|-----------|
| Baltic Dry Index | | | | | | |
| | BDI | 1,579 | 1,536 | 2.8% | 1,357 | 1,149 |
| Capesize | | | | | | |
| | BCI | 2,169 | 2,081 | 4.2% | 2,134 | 2,094 |
| | BCI 5TC | \$ 18,746 | \$ 18,026 | 4.0% | \$ 16,766 | \$ 15,190 |
| | ATLANTIC RV | \$ 18,700 | \$ 16,944 | 10.4% | \$ 16,990 | \$ 15,774 |
| | Cont / FEast | \$ 34,909 | \$ 36,205 | -3.6% | \$ 31,337 | \$ 25,878 |
| | PACIFIC RV | \$ 19,967 | \$ 18,795 | 6.2% | \$ 16,237 | \$ 14,983 |
| | FEast / ECSA | \$ 18,691 | \$ 18,150 | 3.0% | \$ 16,743 | \$ 14,537 |
| Panamax | | | | | | |
| | BPI | 1,775 | 1,727 | 2.8% | 1,435 | 1,221 |
| | BPI - TCA | \$ 14,227 | \$ 13,849 | 2.7% | \$ 11,516 | \$ 9,794 |
| | ATLANTIC RV | \$ 15,508 | \$ 14,690 | 5.6% | \$ 11,635 | \$ 10,140 |
| | Cont / FEast | \$ 22,623 | \$ 21,955 | 3.0% | \$ 18,725 | \$ 15,918 |
| | PACIFIC RV | \$ 13,602 | \$ 13,525 | 0.6% | \$ 10,850 | \$ 9,195 |
| | FEast / Cont | \$ 5,175 | \$ 5,227 | -1.0% | \$ 4,854 | \$ 3,923 |
| Supramax | | | | | | |
| | BSI | 1,204 | 1,197 | 0.6% | 1,034 | 846 |
| | BSI - TCA | \$ 13,395 | \$ 13,327 | 0.5% | \$ 11,467 | \$ 9,368 |
| | USG / FEast | \$ 25,439 | \$ 25,625 | -0.7% | \$ 22,402 | \$ 19,950 |
| | Med / FEast | \$ 23,914 | \$ 23,493 | 1.8% | \$ 18,479 | \$ 15,733 |
| | PACIFIC RV | \$ 11,736 | \$ 11,617 | 1.0% | \$ 10,517 | \$ 8,054 |
| | FEast / Cont | \$ 7,740 | \$ 7,713 | 0.4% | \$ 6,716 | \$ 4,503 |
| | USG / Skaw | \$ 20,791 | \$ 20,747 | 0.2% | \$ 17,919 | \$ 15,683 |
| | Skaw / USG | \$ 9,275 | \$ 9,181 | 1.0% | \$ 7,867 | \$ 6,507 |
| Handysize | | | | | | |
| | BHSI | 657 | 637 | 3.1% | 586 | 525 |
| | BHSI - TCA | \$ 9,536 | \$ 9,260 | 3.0% | \$ 8,556 | \$ 7,668 |
| | Skaw / Rio | \$ 8,500 | \$ 8,050 | 5.6% | \$ 7,215 | \$ 6,455 |
| | Skaw / Boston | \$ 8,304 | \$ 7,904 | 5.1% | \$ 7,235 | \$ 6,539 |
| | Rio / Skaw | \$ 13,358 | \$ 12,806 | 4.3% | \$ 11,301 | \$ 10,699 |
| | USG / Skaw | \$ 12,679 | \$ 12,064 | 5.1% | \$ 10,228 | \$ 9,310 |
| | SEAsia / Aus / Jap | \$ 8,293 | \$ 8,196 | 1.2% | \$ 8,138 | \$ 7,199 |
| | PACIFIC RV | \$ 8,429 | \$ 8,433 | 0.0% | \$ 8,096 | \$ 6,974 |

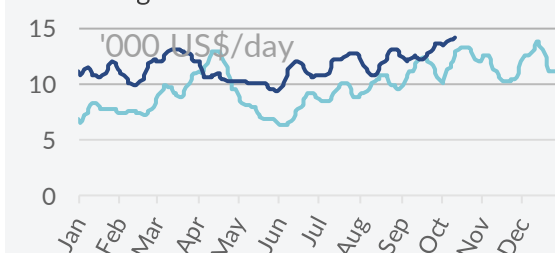
Dry Bulk Indices



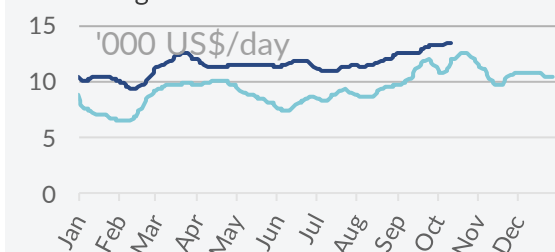
BCI Average TCE



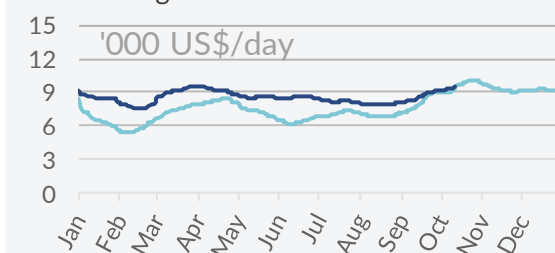
BPI Average TCE



BSI Average TCE



BHSI Average TCE



— 2017 — 2018

Freight Market

Tankers - Spot Market

08th - 12th October 2018

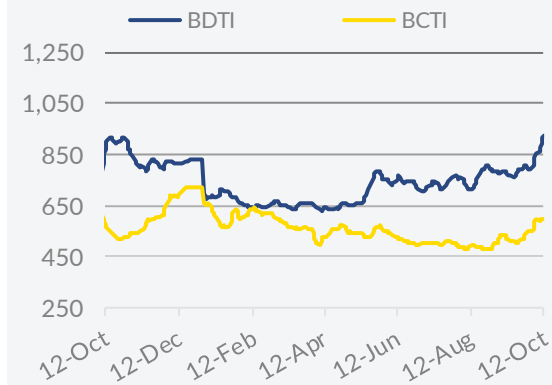
Crude Oil Carriers - After an impressive week in terms of rates increases, there seems to have been a slight correction seen in the VL market due to pressure being felt from the growing number of open tonnage. However, with demand remaining strong, the expectation is for further rises to be noted during November. Meanwhile, the Suezmax market was firm this past week, as boosted activity in the WAF helped boost rates. However, charterers have started to hold back, capping gains. Aframax noted an overall boost in rates across most major routes, with the only exception seemingly being seen in the Med/Black Sea region as fresh interest started to dry up. Things remained firm in the Baltic/North Sea and Caribs providing ample support for now in the market.

Oil Products - A ramp up in activity and the shortage of open tonnage boosted rates higher on the Med and USG DPP routes. At the same time, rates on the CPP rounds seemed to be under pressure in part due to slower demand seen out of Cont and the MEG.

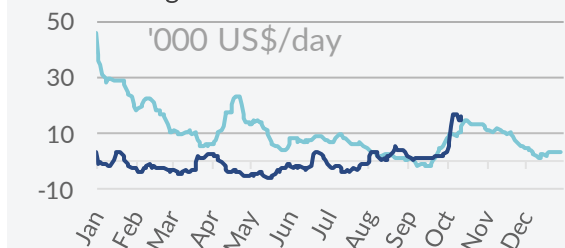
Spot market rates & indices

| | | 12 Oct | 05 Oct | ±% | Average | |
|------------------------------|--------|-----------|-----------|--------|-----------|-----------|
| | | | | | 2018 | 2017 |
| Baltic Tanker Indices | | | | | | |
| BDTI | | 921 | 853 | 8.0% | 714 | 788 |
| BCTI | | 598 | 596 | 0.3% | 547 | 608 |
| VLCC | | | | | | |
| MEG-USG | WS | 32.18 | 33.59 | -4.2% | 20.51 | 29.32 |
| | \$/day | \$ 5,293 | \$ 5,277 | -0.3% | \$ 12,508 | \$ 2,206 |
| MEG-SPORE | WS | 83.42 | 86.63 | -3.7% | 48.67 | 59.86 |
| | \$/day | \$ 39,313 | \$ 40,682 | -3.4% | \$ 20,336 | \$ 45,754 |
| MEG-JAPAN | WS | 82.25 | 85.38 | -3.7% | 48.10 | 58.36 |
| | \$/day | \$ 37,205 | \$ 38,517 | -3.4% | \$ 11,548 | \$ 22,702 |
| WAF-USG | WS | 79.00 | 82.50 | -4.2% | 48.80 | 61.85 |
| | \$/day | \$ 85,700 | \$ 89,473 | -4.2% | \$ 44,778 | \$ 70,814 |
| SUEZMAX | | | | | | |
| WAF-USAC | WS | 97.50 | 90.00 | 8.3% | 63.20 | 75.85 |
| | \$/day | \$ 49,465 | \$ 42,816 | 15.5% | \$ 26,665 | \$ 40,601 |
| BSEA-MED | WS | 105.53 | 106.00 | -0.4% | 82.26 | 87.57 |
| | \$/day | \$ 20,808 | \$ 20,196 | 3.0% | \$ 8,673 | \$ 12,767 |
| AFRAMAX | | | | | | |
| NSEA-CONT | WS | 118.06 | 104.72 | 12.7% | 102.11 | 101.90 |
| | \$/day | \$ 10,854 | \$ 2,187 | 396.3% | \$ 2,488 | \$ 7,719 |
| MEG-SPORE | WS | 135.28 | 109.83 | 23.2% | 96.26 | 108.74 |
| | \$/day | \$ 10,509 | \$ 2,464 | 326.5% | \$ 3,743 | \$ 7,329 |
| CARIBS-USG | WS | 163.61 | 128.89 | 26.9% | 114.74 | 121.64 |
| | \$/day | \$ 18,015 | \$ 6,645 | 171.1% | \$ 6,827 | \$ 9,531 |
| BAL TIC-UKC | WS | 102.50 | 88.61 | 15.7% | 80.82 | 81.96 |
| | \$/day | \$ 18,579 | \$ 10,104 | 83.9% | \$ 7,779 | \$ 10,019 |
| DPP | | | | | | |
| CARIBS-USAC | WS | 117.50 | 110.00 | 6.8% | 117.26 | 129.23 |
| | \$/day | \$ 16,813 | \$ 13,627 | 23.4% | \$ 19,010 | \$ 26,317 |
| ARA-USG | WS | 116.56 | 114.69 | 1.6% | 106.68 | 120.54 |
| | \$/day | \$ 4,177 | \$ 3,026 | 38.0% | \$ 7,734 | \$ 25,637 |
| SEASIA-AUS | WS | 132.50 | 107.13 | 23.7% | 94.75 | 105.77 |
| | \$/day | \$ 15,578 | \$ 6,830 | 128.1% | \$ 7,017 | \$ 9,856 |
| MED-MED | WS | 102.78 | 107.22 | -4.1% | 100.71 | 106.37 |
| | \$/day | \$ 5,429 | \$ 6,277 | -13.5% | \$ 6,487 | \$ 9,426 |
| CPP | | | | | | |
| MEG-JAPAN | WS | 100.00 | 102.13 | -2.1% | 97.43 | 106.84 |
| | \$/day | \$ 4,994 | \$ 4,648 | 7.4% | \$ 7,239 | \$ 9,016 |
| CONT-USAC | WS | 130.00 | 153.33 | -15.2% | 127.94 | 140.87 |
| | \$/day | \$ 3,769 | \$ 6,756 | -44.2% | \$ 4,861 | \$ 7,272 |
| CARIBS-USAC | WS | 125.00 | 120.00 | 4.2% | 125.18 | 138.78 |
| | \$/day | \$ 15,036 | \$ 13,276 | 13.3% | \$ 16,631 | \$ 22,286 |
| USG-CONT | WS | 103.75 | 85.00 | 22.1% | 90.66 | 105.91 |
| | \$/day | \$ 480 | \$ -2,905 | 116.5% | \$ -147 | \$ 2,859 |

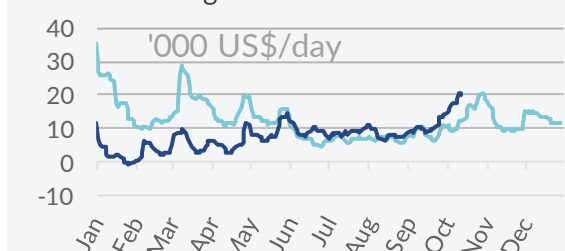
Tanker Indices



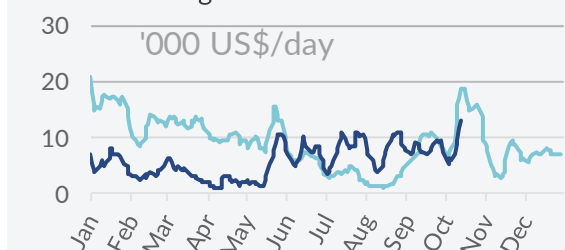
VLCC Average TCE



Suezmax Average TCE



Aframax Average TCE



MR Average TCE



— 2017 — 2018

Freight Market Period Charter

08th - 12th October 2018

Dry Bulk period market TC rates

| | 12 Oct | 07 Sep | ±% | last 5 years | | |
|------------------|-----------|-----------|-------|--------------|-----------|-----------|
| | | | | Min | Avg | Max |
| Capesize | | | | | | |
| 12 months | \$ 20,250 | \$ 21,250 | -4.7% | \$ 6,200 | \$ 15,096 | \$ 31,450 |
| 36 months | \$ 20,500 | \$ 21,000 | -2.4% | \$ 6,950 | \$ 15,257 | \$ 25,200 |
| Panamax | | | | | | |
| 12 months | \$ 14,000 | \$ 13,750 | 1.8% | \$ 4,950 | \$ 10,029 | \$ 15,450 |
| 36 months | \$ 13,000 | \$ 12,750 | 2.0% | \$ 6,200 | \$ 10,381 | \$ 15,325 |
| Supramax | | | | | | |
| 12 months | \$ 13,500 | \$ 13,500 | 0.0% | \$ 4,450 | \$ 9,686 | \$ 13,950 |
| 36 months | \$ 12,250 | \$ 12,250 | 0.0% | \$ 6,200 | \$ 9,710 | \$ 13,700 |
| Handysize | | | | | | |
| 12 months | \$ 10,250 | \$ 10,750 | -4.7% | \$ 4,450 | \$ 8,024 | \$ 11,200 |
| 36 months | \$ 9,250 | \$ 9,250 | 0.0% | \$ 5,450 | \$ 8,200 | \$ 10,450 |

Latest indicative Dry Bulk Period Fixtures

M/V "IRON FRITZ", 176298 dwt, built 2003, dely Jiangyin 12/14 Oct, \$, for rate basis on the BCI 5-timecharter average, about 12 months, to Chart Not Rep

M/V "MG EXPLORER", 84790 dwt, built 2016, dely retro passing Cape Passero 08 Oct, \$19,000, for min 120 days, to Cobelfret

M/V "ATALANTA", 82094 dwt, built 2010, dely Phu My 16 Oct, \$15,000, for 3/6 months, to Louis Dreyfus

M/V "TAI PROGRESS", 77834 dwt, built 2004, dely La Coruna 22/23 Oct, \$15,000, for 500,000 bonus, balance of period min 25 March-Max 25 June 2019, to Ultrabulk

M/V "ENDURANCE SW", 60225 dwt, built 2015, dely Paradip 11/13 Oct, \$14,000, for 3/5 months, to Jaldhi

Tanker period market TC rates

| | 12 Oct | 07 Sep | ±% | last 5 years | | |
|----------------|-----------|-----------|--------|--------------|-----------|-----------|
| | | | | Min | Avg | Max |
| VLCC | | | | | | |
| 12 months | \$ 26,000 | \$ 21,500 | 20.9% | \$ 18,000 | \$ 30,637 | \$ 57,750 |
| 36 months | \$ 25,750 | \$ 25,750 | 0.0% | \$ 22,000 | \$ 30,898 | \$ 45,000 |
| Suezmax | | | | | | |
| 12 months | \$ 17,000 | \$ 17,000 | 0.0% | \$ 15,250 | \$ 23,117 | \$ 42,500 |
| 36 months | \$ 16,500 | \$ 19,500 | -15.4% | \$ 16,500 | \$ 24,296 | \$ 35,000 |
| Aframax | | | | | | |
| 12 months | \$ 15,000 | \$ 14,250 | 5.3% | \$ 13,000 | \$ 18,353 | \$ 30,000 |
| 36 months | \$ 17,000 | \$ 17,000 | 0.0% | \$ 14,750 | \$ 18,992 | \$ 27,000 |
| MR | | | | | | |
| 12 months | \$ 12,250 | \$ 12,500 | -2.0% | \$ 12,000 | \$ 14,782 | \$ 21,000 |
| 36 months | \$ 14,250 | \$ 14,250 | 0.0% | \$ 14,000 | \$ 15,134 | \$ 18,250 |

Latest indicative Tanker Period Fixtures

M/T "NEW CHAMPION", 311000 dwt, built 2018, \$29,750, for 2 years trading, to KOCH

M/T "MONTREAL SPIRIT", 150000 dwt, built 2006, \$17,000, for 1+1 year trading, to PHILLIPS 66

M/T "ALHANI", 115000 dwt, built 2007, \$20,500, for 1 year trading, to TRAFIGURA

M/T "GEORGIA M", 75000 dwt, built 2007, \$13,000, for 1+1 year trading, to EMIRATES NATIONAL OIL CO.

M/T "NORD VALIANT", 50000 dwt, built 2016, \$13,250, for 1 year trading, to STENA BULK

Dry Bulk 12 month period charter rates (USD '000/day)

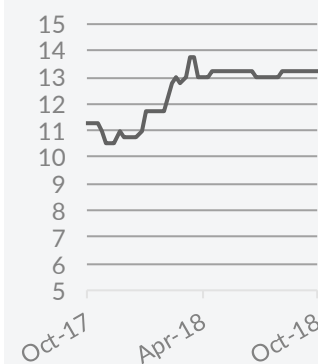
Capesize



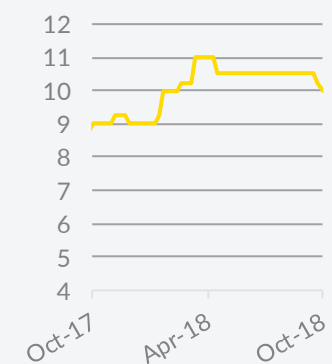
Panamax



Supramax



Handysize

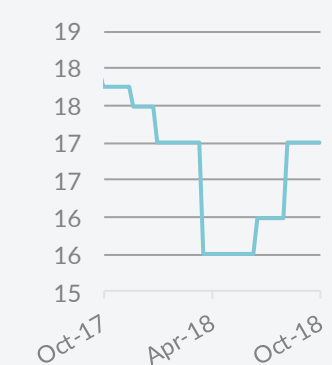


Tanker 12 month period charter rates (USD '000/day)

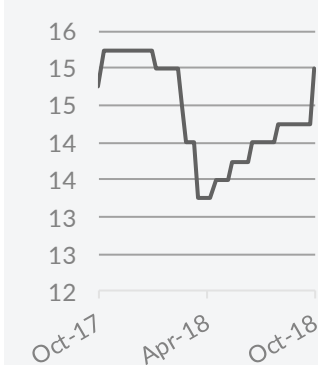
VLCC



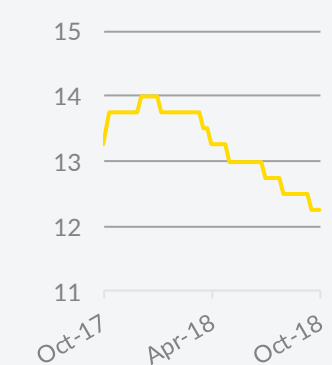
Suezmax



Aframax



MR

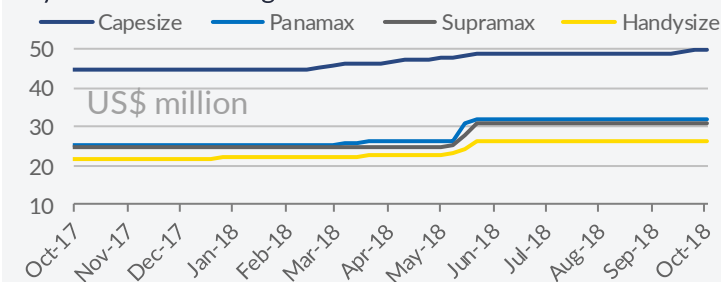


Sale & Purchase Newbuilding Orders

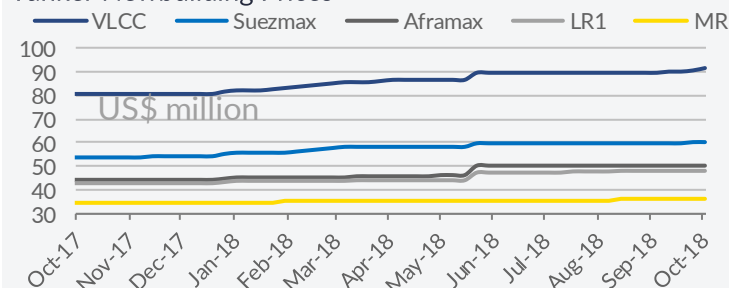
08th - 12th October 2018

A relatively quiet week in the newbuilding market, with the level of reported activity scaling back slightly. Despite the small number of new contracts, things were still relatively interesting. In the dry bulk front, a ramp up in interest from Far Eastern owners was seen, as 4 new orders were placed for 12 Ultramax and 2 Kamsarmax vessels, all within Chinese yards. Further orders are expected to be noted during the next couple of months given the current trends noted in terms of freight rates. On the tanker side, there was only one new contact slipping through this past week, with the Iranian state oil company contracting 3 new Aframax tankers from its local shipbuilder. In terms of the other main sectors, we witnessed an order for 4 feedermax containerships from Japanese interests, while an order was also placed at Samsung yet another LNG carrier. As a result of the positive momentum noted in recent months, we should continue to see a fair flow of new orders emerging over the coming months, while prices have started to reflect a more aggressive and bullish attitude being present amongst shipbuilders now.

Dry Bulk Newbuilding Prices



Tanker Newbuilding Prices



Indicative Dry NB Prices (US\$ million)

| | 12 Oct | 07 Sep | ±% | last 5 years | | |
|-------------------------|--------|--------|------|--------------|------|------|
| | | | | Min | Avg | Max |
| Dry Bulkers | | | | | | |
| Capesize (180,000dwt) | 50.0 | 49.0 | 2.0% | 41.8 | 48.1 | 58.0 |
| Kamsarmax (82,000dwt) | 33.0 | 33.0 | 0.0% | 24.3 | 27.5 | 33.0 |
| Panamax (77,000dwt) | 32.0 | 32.0 | 0.0% | 23.8 | 26.7 | 32.0 |
| Ultramax (64,000dwt) | 31.0 | 31.0 | 0.0% | 22.3 | 25.3 | 31.0 |
| Handysize (37,000dwt) | 26.0 | 26.0 | 0.0% | 19.5 | 21.8 | 26.0 |
| Container | | | | | | |
| Post Panamax (9,000teu) | 82.5 | 82.5 | 0.0% | 76.5 | 84.5 | 91.0 |
| Panamax (5,200teu) | 48.5 | 48.5 | 0.0% | 48.0 | 52.6 | 58.5 |
| Sub Panamax (2,500teu) | 27.0 | 27.0 | 0.0% | 26.0 | 29.4 | 33.0 |
| Feeder (1,700teu) | 21.5 | 21.5 | 0.0% | 21.5 | 23.7 | 27.0 |

Indicative Wet NB Prices (US\$ million)

| | 12 Oct | 07 Sep | ±% | last 5 years | | |
|----------------------|--------|--------|------|--------------|-------|-------|
| | | | | Min | Avg | Max |
| Tankers | | | | | | |
| VLCC (300,000dwt) | 92.0 | 90.0 | 2.2% | 80.0 | 90.5 | 101.0 |
| Suezmax (160,000dwt) | 60.5 | 60.0 | 0.8% | 53.0 | 59.4 | 66.0 |
| Aframax (115,000dwt) | 50.0 | 50.0 | 0.0% | 43.0 | 49.2 | 55.0 |
| LR1 (75,000dwt) | 47.8 | 47.8 | 0.0% | 40.5 | 44.0 | 47.8 |
| MR (56,000dwt) | 36.5 | 36.0 | 1.4% | 32.5 | 34.9 | 37.3 |
| Gas | | | | | | |
| LNG 160k cbm | 184.0 | 184.0 | 0.0% | 184.0 | 195.0 | 200.0 |
| LPG LGC 80k cbm | 70.0 | 70.0 | 0.0% | 70.0 | 73.6 | 80.0 |
| LPG MGC 55k cbm | 62.0 | 62.0 | 0.0% | 62.0 | 64.5 | 68.5 |
| LPG SGC 25k cbm | 40.0 | 40.0 | 0.0% | 40.0 | 42.4 | 45.5 |

Reported Transactions

| Type | Units | Size | Shipbuilder | Price | Buyer | Delivery | Comments |
|--------|-------|-------------|----------------------------------|----------|------------------------|----------|---------------------|
| BULKER | 2 | 82,000 dwt | NACKS, China | N/A | SANTOKU SENPAKU, Japan | 2020 | |
| BULKER | 8 | 63,500 dwt | SUMEC Marine (Dayang), China | N/A | AVIC LEASING, China | 2020 | |
| BULKER | 1 + 1 | 61,000 dwt | Yangzhou Dayang, China | N/A | Rongda Shipping, China | 2020 | |
| BULKER | 1 + 1 | 61,000 dwt | Yangzhou Dayang, China | N/A | Taizhou Yongan, China | 2020 | |
| TANKER | 3 | 113,000 dwt | SADRA SY, Iran | N/A | IRISL, Iran | 2020 | |
| CONT | 4 | 1,900 teu | TSUNEISHI ZHOUSHAN SHBLDG, China | \$ 25.0m | NISSEN KAIUN, Japan | 2020 | |
| GAS | 1 | 174,000 cbm | Samsung HI, S. Korea | N/A | UNDISCLOSED | 2021 | Oceania-based buyer |

Sale & Purchase Secondhand Sales

08th - 12th October 2018

On the dry side, another week with the market holding at fairly good activity levels, though relatively slower than what was seen a week prior. The majority of reported volume seemed to have been focused on the larger sizes with Capes and Panamaxs attracting most of the buying interest being seen of late. We have also seen a considerable portion of buying interest attracted to more modern tonnage, possibly taking on the lower risk involved with regards to any conversions and works that need to be done in order to comply with the new emissions regulations.

On the tanker side, activity fell back to the average levels we had been seeing during the first half of the year. Most of the deals that emerged this past week seemed to have focused on the product tanker segments, while given the current trends being noted in the freight market for some of the larger crude oil carriers, it wouldn't be much of a surprise if we started to see buying interest shift here.

Indicative Dry Bulk Values (US\$ million)

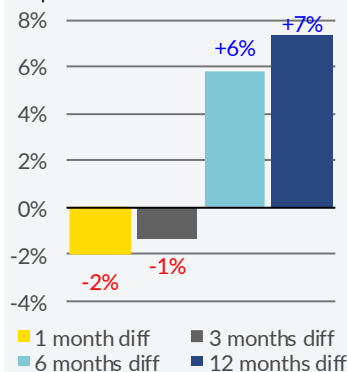
| | | | | | | last 5 years | | |
|------------------|-------------|--------|--------|-------|------|--------------|------|--|
| | | 12 Oct | 07 Sep | ±% | Min | Avg | Max | |
| Capesize | | | | | | | | |
| 180k dwt | Resale | 52.50 | 53.25 | -1.4% | 34.5 | 46.5 | 65.0 | |
| 180k dwt | 5 year old | 36.50 | 37.25 | -2.0% | 23.0 | 34.3 | 53.0 | |
| 170k dwt | 10 year old | 25.50 | 26.00 | -1.9% | 12.0 | 22.5 | 38.0 | |
| 150k dwt | 15 year old | 16.00 | 16.50 | -3.0% | 6.5 | 13.7 | 25.0 | |
| Panamax | | | | | | | | |
| 82k dwt | Resale | 31.50 | 31.50 | 0.0% | 22.5 | 28.5 | 34.0 | |
| 82k dwt | 5 year old | 23.00 | 23.00 | 0.0% | 11.5 | 19.7 | 28.0 | |
| 76k dwt | 10 year old | 15.50 | 15.50 | 0.0% | 7.3 | 13.5 | 23.0 | |
| 74k dwt | 15 year old | 10.00 | 10.00 | 0.0% | 3.5 | 8.6 | 14.5 | |
| Supramax | | | | | | | | |
| 62k dwt | Resale | 28.50 | 28.50 | 0.0% | 19.0 | 26.7 | 33.0 | |
| 58k dwt | 5 year old | 18.50 | 18.50 | 0.0% | 11.0 | 18.0 | 27.0 | |
| 56k dwt | 10 year old | 14.25 | 14.25 | 0.0% | 6.0 | 12.9 | 22.0 | |
| 52k dwt | 15 year old | 9.25 | 9.25 | 0.0% | 3.5 | 8.2 | 13.5 | |
| Handysize | | | | | | | | |
| 37k dwt | Resale | 24.50 | 24.50 | 0.0% | 17.0 | 21.6 | 26.0 | |
| 37k dwt | 5 year old | 15.50 | 16.00 | -3.1% | 7.8 | 14.6 | 21.0 | |
| 32k dwt | 10 year old | 11.50 | 11.50 | 0.0% | 6.0 | 10.4 | 16.0 | |
| 28k dwt | 15 year old | 7.25 | 6.50 | 11.5% | 3.5 | 6.5 | 11.0 | |

Indicative Tanker Values (US\$ million)

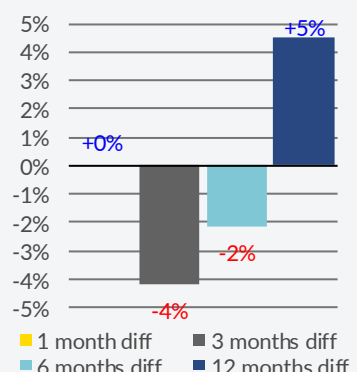
| | | | | | | last 5 years | | |
|----------------|-------------|--------|--------|-------|------|--------------|-------|--|
| | | 12 Oct | 07 Sep | ±% | Min | Avg | Max | |
| VLCC | | | | | | | | |
| 310k dwt | Resale | 90.00 | 89.00 | 1.1% | 80.0 | 91.4 | 105.0 | |
| 310k dwt | 5 year old | 65.00 | 64.00 | 1.6% | 55.0 | 68.0 | 84.0 | |
| 250k dwt | 10 year old | 41.00 | 41.00 | 0.0% | 34.5 | 45.2 | 59.0 | |
| 250k dwt | 15 year old | 25.00 | 25.00 | 0.0% | 18.7 | 28.1 | 41.0 | |
| Suezmax | | | | | | | | |
| 160k dwt | Resale | 61.25 | 61.00 | 0.4% | 53.0 | 61.9 | 73.0 | |
| 150k dwt | 5 year old | 44.50 | 44.50 | 0.0% | 38.0 | 47.7 | 62.0 | |
| 150k dwt | 10 year old | 27.50 | 27.50 | 0.0% | 24.0 | 32.2 | 44.5 | |
| 150k dwt | 15 year old | 17.00 | 17.00 | 0.0% | 14.0 | 18.6 | 23.0 | |
| Aframax | | | | | | | | |
| 110k dwt | Resale | 47.25 | 47.00 | 0.5% | 39.0 | 48.3 | 57.0 | |
| 110k dwt | 5 year old | 32.00 | 32.00 | 0.0% | 27.0 | 35.5 | 47.5 | |
| 105k dwt | 10 year old | 20.00 | 20.00 | 0.0% | 17.0 | 23.2 | 33.0 | |
| 105k dwt | 15 year old | 11.50 | 11.50 | 0.0% | 8.0 | 13.3 | 20.0 | |
| MR | | | | | | | | |
| 52k dwt | Resale | 36.25 | 36.00 | 0.7% | 33.0 | 36.1 | 39.0 | |
| 52k dwt | 5 year old | 27.25 | 26.50 | 2.8% | 23.0 | 26.1 | 31.0 | |
| 45k dwt | 10 year old | 14.50 | 16.00 | -9.4% | 14.5 | 17.6 | 21.0 | |
| 45k dwt | 15 year old | 9.25 | 9.00 | 2.8% | 9.0 | 10.9 | 13.5 | |

Price movements of 5 year old Dry Bulk assets

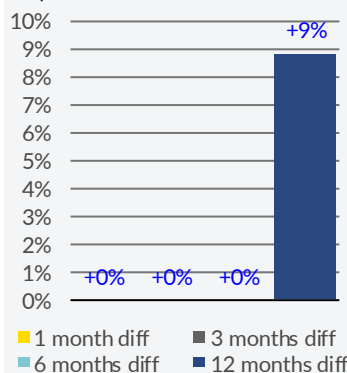
Capesize



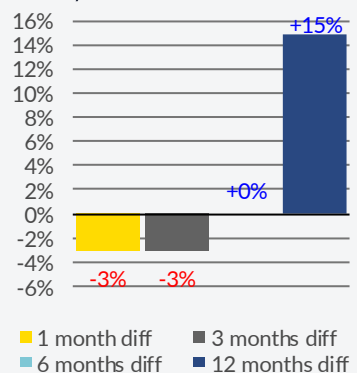
Panamax



Supramax

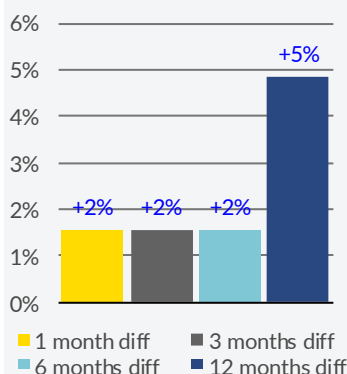


Handysize

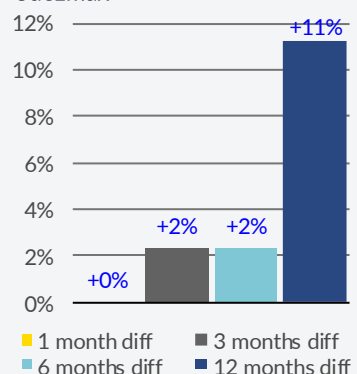


Price movements of 5 year old Tanker assets

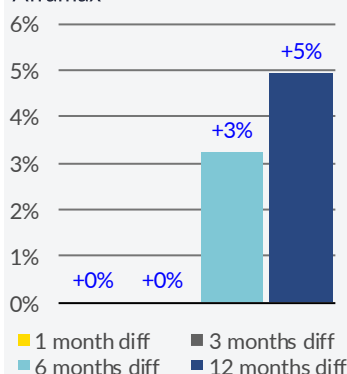
VLCC



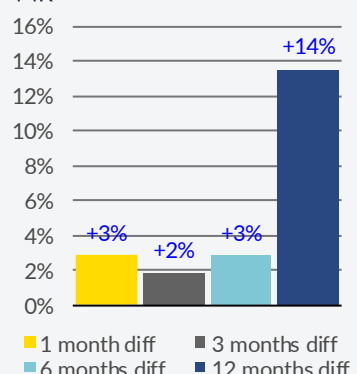
Suezmax



Aframax



MR



Sale & Purchase

Secondhand Sales

08th - 12th October 2018

| Tankers | | | | | | | | | |
|---------------|----------------------------|---------|-------|-------------------------------------|------------|---------------------|---------------------|-------------------------------|--------------|
| Size | Name | Dwt | Built | Shipbuilder | M/E | Coating | Price | Buyers | Comments |
| AFRA | DENSA ALLIGATOR | 105,408 | 2013 | HYUNDAI HEAVY INDS - G, S. Korea | MAN-B&W | | \$ 61.5m en bloc | Greek | coated |
| AFRA | DENSA CROCODILE | 105,171 | 2015 | HYUNDAI HEAVY INDS - G, S. Korea | MAN-B&W | | | | |
| LR1 | RED EAGLE | 74,997 | 2011 | SUNG DONG, S. Korea | MAN-B&W | | N/A | PNSC | |
| MR | HIGH ENTERPRISE | 45,967 | 2009 | SHIN KURUSHIMA ONISHI, Japan | Mitsubishi | EPOXY Coated | \$ 13.75m | Greek | |
| Bulk Carriers | | | | | | | | | |
| Size | Name | Dwt | Built | Shipbuilder | M/E | Gear | Price | Buyers | Comments |
| CAPE | BULK ASIA | 181,513 | 2014 | IMABARI SHBLDG - HIROS, Japan | MAN-B&W | | xs \$ 40.0m | undisclosed | |
| PMAX | AOM MILENA | 76,606 | 2009 | SHIN KASADO DOCKYARD C, Japan | MAN-B&W | | \$ 16.5m | Chinese | |
| PMAX | HAI JING | 75,928 | 2001 | KANASASHI HEAVY TOYOKA, Japan | B&W | | \$ 7.6m | Chinese | auction sale |
| PMAX | EISHO | 74,930 | 2012 | SASEBO SASEBO, Japan | MAN-B&W | | \$ 18.5m | undisclosed | |
| HANDY | SKELT | 34,529 | 2010 | SPP SHBLDG CO LTD - TO, S. Korea | MAN-B&W | 4 X 35t CRANES | \$ 12.9m | UK based | |
| HANDY | IVS KANDA | 32,621 | 2004 | KANDA KAWAJIRI, Japan | Mitsubishi | 4 X 30,5t CRANES | \$ 8.8m | Greek | |
| Containers | | | | | | | | | |
| Size | Name | TEU | Built | Shipbuilder | M/E | Gear | Price | Buyers | Comments |
| PMAX | KOTA LIHAT | 4,335 | 2013 | DALIAN SHBLDG IND - NO, China | MAN-B&W | | \$ 88.9m en bloc | Minsheng FL | incl TC |
| PMAX | KOTA LAWA | 4,250 | 2008 | DALIAN SHBLDG IND - NO, China | MAN-B&W | | | | |
| PMAX | KOTA KARIM | 3,081 | 2006 | TOYOHASHI, Japan | MAN-B&W | | | | |
| SUB PMAX | KOTA GABUNG | 2,824 | 2013 | HYUNDAI MIPO, S. Korea | MAN-B&W | | | | |
| SUB PMAX | KOTA GAYA | 2,824 | 2012 | HYUNDAI MIPO, S. Korea | MAN-B&W | | | | |
| FEEDER | FORMOSA CONTAINER NO.5 | 1,118 | 2006 | YANGZHOU DAYANG, China | MAN-B&W | | N/A | Chinese | |
| FEEDER | FPMC CONTAINER 9 | 1,118 | 2009 | QINGSHAN, China | MAN-B&W | | N/A | Greek - Pacific & Atlantic | |
| FEEDER | FORMOSA CONTAINER NO.10 | 1,118 | 2009 | QINGSHAN, China | MAN-B&W | | | | |
| FEEDER | FRISIA INN | 1,118 | 2008 | YANGZHOU DAYANG, China | MAN-B&W | 2 X 45t CRANES | low \$ 6.0m | Greek | |
| FEEDER | FRISIA ILLER | 1,118 | 2007 | YANGZHOU DAYANG, China | MAN-B&W | 2 X 45t CRANES | low \$ 6.0m | | |
| FEEDER | FRISIA ALLER | 1,114 | 2007 | YANGZHOU DAYANG, China | MAN-B&W | 2 X 45t CRANES | low \$ 6.0m | | |
| FEEDER | FRISIA ALSTER | 1,114 | 2007 | YANGZHOU DAYANG, China | MAN-B&W | 2 X 45t CRANES | low \$ 6.0m | | |

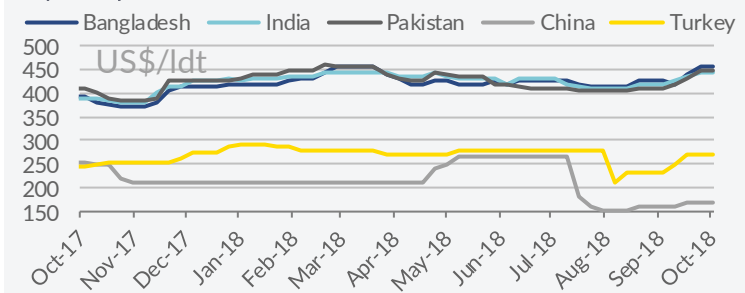
Sale & Purchase

Demolition Sales

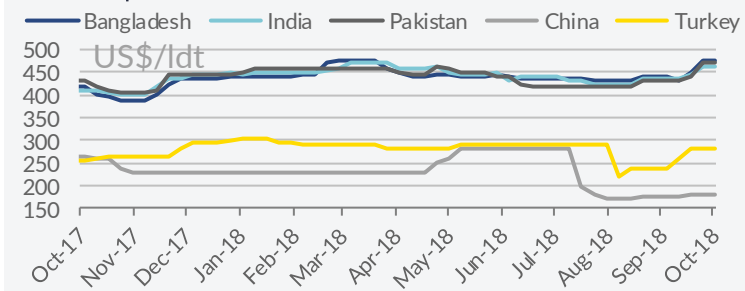
08th - 12th October 2018

An active week in terms of ship recycling activity. The volume still holds despite the absence of activity reported for dry bulk tonnage. The tanker sector continues to be the main feeding source, while in terms of concluded activity, of interest was the sale of a 19-year-old VLCC which was sent to Indian breakers at a relatively competitive price (when compared to the price levels being heard of late). In addition to this, we also witnessed the retirement of 2 Aframax also being picked up by Indian breakers, though at slightly firmer levels. Meanwhile, a couple of containerships and a 25-year-old gas carrier were also amongst some of the most interesting deals concluded this past week. With regards to the trends being noted amongst the main shipbreaking regions, Indian breakers seem to have gained some market share of recent, despite the fact that the Indian rupee has slumping to historical lows and the slight decline noted in local steel plate prices. Bangladeshi breakers are still locked firm at the most enticing price levels being quoted right now, while Pakistan remain seems to be following closely though with minimal volume being seen as of yet..

Dry Scrap Prices



Wet Scrap Prices



Indicative Dry Prices (\$/Ldt)

| | | | | last 5 years | | |
|-----------------------------|--------|--------|------|--------------|-----|-----|
| | 12 Oct | 05 Oct | ±% | Min | Avg | Max |
| Indian Sub Continent | | | | | | |
| Bangladesh | 455 | 455 | 0.0% | 220 | 375 | 475 |
| India | 445 | 445 | 0.0% | 225 | 376 | 500 |
| Pakistan | 450 | 450 | 0.0% | 220 | 375 | 475 |
| Far East Asia | | | | | | |
| China | 170 | 170 | 0.0% | 110 | 240 | 395 |
| Mediterranean | | | | | | |
| Turkey | 270 | 270 | 0.0% | 145 | 247 | 355 |

Indicative Wet Prices (\$/Ldt)

| | | | | last 5 years | | |
|-----------------------------|--------|--------|------|--------------|-----|-----|
| | 12 Oct | 05 Oct | ±% | Min | Avg | Max |
| Indian Sub Continent | | | | | | |
| Bangladesh | 475 | 475 | 0.0% | 245 | 394 | 490 |
| India | 465 | 465 | 0.0% | 250 | 396 | 510 |
| Pakistan | 470 | 470 | 0.0% | 245 | 395 | 500 |
| Far East Asia | | | | | | |
| China | 180 | 180 | 0.0% | 120 | 256 | 405 |
| Mediterranean | | | | | | |
| Turkey | 280 | 280 | 0.0% | 150 | 257 | 355 |

Reported Transactions

| Type | Vessel's Name | Dwt | Built | Country | Built | Ldt | US\$/Ldt | Buyer | Sale Comments |
|----------------|--------------------|---------|-------|----------|-------|--------|------------|-------------|---------------------------------------|
| Tanker | ARMADA ULYSSES | 310,137 | 1999 | S. Korea | | 40,069 | \$ 403/Ldt | Indian | As is Singapore, 1600 tons sludge ROB |
| Cont | APL PHILIPPINES | 66,696 | 1996 | S. Korea | | 24,072 | \$ 471/Ldt | Indian | |
| Gas | CARMEN | 49,242 | 1993 | Japan | | 16,897 | \$ 430/Ldt | Indian | |
| Tanker | EAGLE BEAUMONT | 99,448 | 1996 | S. Korea | | 16,649 | \$ 460/Ldt | Indian | As is Singapore |
| Tanker | MERCURY | 94,488 | 1991 | Japan | | 15,239 | N/A | Indian | |
| Cont | OEL LANKA | 23,062 | 1997 | Poland | | 7,773 | \$ 480/Ldt | Bangladeshi | |
| Reefer | CHAITEN | 12,838 | 1988 | Japan | | 7,162 | N/A | Indian | |
| Reefer | YONG XIANG 8 | 7,337 | 1986 | Japan | | 4,224 | N/A | Indian | |
| Gen. Cargo | NORFOLK GUARDIAN | 2,433 | 1987 | Denmark | | 917 | N/A | Indian | |
| Bulker | TRUST GLORY | 8,438 | 1972 | Japan | | - | N/A | Indian | |
| Offsh | DEBBIE TIDE | | 2002 | U. S. A. | | - | N/A | undisclosed | |
| Offsh | SEA CHALLENGER I | 700 | 1977 | U. S. A. | | - | N/A | undisclosed | |
| Offshore/suppo | DC STAR | | 1967 | U. S. A. | | - | N/A | undisclosed | |
| Tanker | MV8 LANGSA VENTURE | 32,229 | 1974 | Norway | | - | N/A | Bangladeshi | |

Trade Indicators

Markets | Currencies | Commodities

08th - 12th October 2018

The exposure of Germany's biggest banks to the shipping industry has improved dramatically over the past three years. However, ship loan asset quality remains poor.

The banks are now "better balanced" with their loss-absorbing capacity and that ship lending no longer presents a significant tail risk for the German banking system, says Moody's.

German banks' aggregate exposure as a percentage of Tier 1 capital has fallen to around 60% at the end of 2017 from 100% in 2015.

Meanwhile, the rating agency says their combined absolute exposure has dropped to EUR 39bn (\$45bn) as of June 2018 from EUR 81bn in 2015.

Moody's said DVB Bank and Norddeutsche Landesbank retain the highest gearing to ship lending, with leverage ratios of 9.8x and 1.9x their Tier 1 capital, respectively.

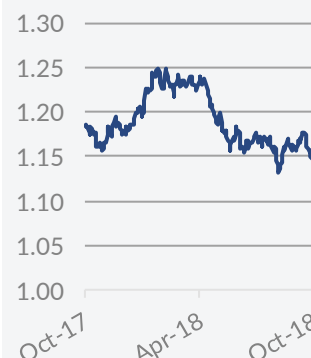
"German banks have significantly reduced their aggregate exposure through active management, loan restructurings, sales of bad debt and securitisations," said Moody's senior credit officer Swen Metzler.

Source: Tradewinds

| | 12 Oct | 07 Sep | ±% | last 12 months | | |
|--------------------|----------|----------|-------|----------------|---------|---------|
| | | | | Min | Avg | Max |
| Markets | | | | | | |
| 10year US Bond | 3.14 | 2.94 | 6.8% | 2.28 | 2.72 | 3.23 |
| S&P 500 | 2,767.1 | 2,871.7 | -3.6% | 2,551 | 2,741 | 2,931 |
| Nasdaq | 7,496.9 | 7,902.5 | -5.1% | 6,557 | 7,328 | 8,110 |
| Dow Jones | 25,340.0 | 25,916.5 | -2.2% | 22,841 | 24,974 | 26,828 |
| FTSE 100 | 6,995.9 | 7,277.7 | -3.9% | 6,922 | 7,475 | 7,779 |
| FTSE All-Share UK | 3,850.2 | 4,022.0 | -4.3% | 3,830 | 4,111 | 4,274 |
| CAC40 | 5,096.0 | 5,252.2 | -3.0% | 5,079 | 5,385 | 5,615 |
| Xetra Dax | 11,523.8 | 11,959.6 | -3.6% | 11,524 | 12,715 | 13,560 |
| Nikkei | 22,694.7 | 22,307.1 | 1.7% | 20,618 | 22,598 | 24,271 |
| Hang Seng | 25,801.5 | 26,973.5 | -4.3% | 25,266 | 29,270 | 33,154 |
| DJ US Maritime | 260.3 | 252.1 | 3.3% | 204.2 | 248.4 | 301.3 |
| Currencies | | | | | | |
| \$ per € | 1.16 | 1.16 | -0.3% | 1.13 | 1.19 | 1.25 |
| \$ per £ | 1.32 | 1.30 | 1.7% | 1.27 | 1.35 | 1.43 |
| £ per € | 0.88 | 0.89 | -2.0% | 0.00 | 0.88 | 0.91 |
| ¥ per \$ | 112.3 | 110.9 | 1.3% | 105.0 | 110.5 | 114.2 |
| \$ per Au\$ | 0.71 | 0.71 | -0.4% | 0.71 | 0.76 | 0.81 |
| \$ per NoK | 0.12 | 0.12 | 2.9% | 0.12 | 0.12 | 0.13 |
| \$ per SFr | 0.99 | 0.97 | 2.6% | 0.92 | 0.98 | 1.00 |
| Yuan per \$ | 6.91 | 6.84 | 1.0% | 6.26 | 6.55 | 6.92 |
| Won per \$ | 1,131.2 | 1,123.5 | 0.7% | 1,055.0 | 1,095.1 | 1,140.7 |
| \$ INDEX | 95.2 | 95.4 | -0.2% | 93.9 | 98.0 | 101.5 |
| Commodities | | | | | | |
| Gold \$ | 1,216.0 | 1,193.1 | 1.9% | 1,161.4 | 1,277.1 | 1,355.0 |
| Oil WTI \$ | 70.6 | 66.9 | 5.7% | 50.6 | 64.5 | 74.9 |
| Oil Brent \$ | 79.2 | 75.9 | 4.4% | 56.3 | 70.6 | 84.3 |
| Palm Oil | - | - | - | 562.0 | 562.0 | 562.0 |
| Iron Ore | 74.5 | 68.9 | 8.2% | 58.1 | 68.3 | 80.0 |
| Coal Price Index | 99.3 | 100.0 | -0.8% | 85.0 | 97.3 | 109.0 |
| White Sugar | 363.2 | 332.4 | 9.3% | 305.0 | 350.7 | 399.3 |

Currencies

US Dollar per Euro



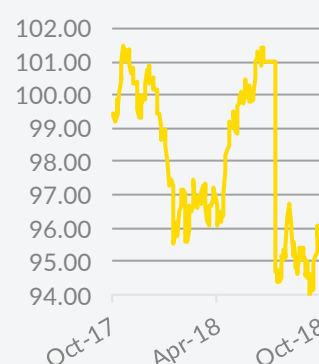
Yen per US Dollar



Yuan per US Dollar

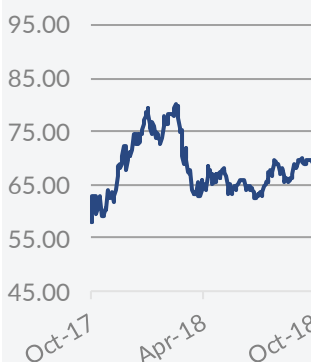


US Dollar INDEX

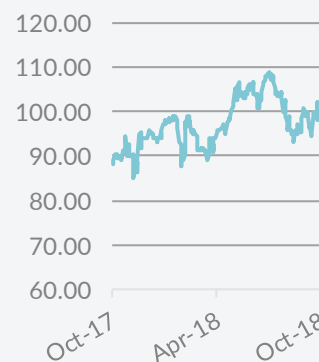


Commodities

Iron Ore (TSI)



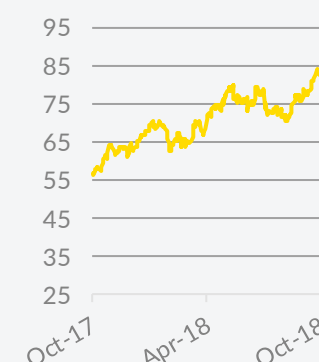
Coal Price Index



Oil WTI \$



Oil Brent \$



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08th - 12th October 2018 | Week 41

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Appendix

Aggregate Price Index quoted on the first page for both Newbuilding and Secondhand relates to the current average prices levels compared to where they stood at 1st January 2010 (i.e. index 100 = 01/01/2010)

Demolition market average price index refers to the combination of the average prices currently offered in the Indian Sub-Continent, Far East and Mediterranean.

Period rates currently relate to Capesize of 180,000dwt, Panamax of 76,000dwt, Supramax of 56,000dwt and Handysize of 33,000dwt on the Dry Bulk side and VLCC of 250,000dwt, Suezmax of 150,000dwt, Aframax of 115,000dwt and MR of 52,000dwt on the Tankers side respectively.

In terms of Secondhand Asset Prices their levels are quoted based on following description:

| | Resale | 5 year old | 10 year old | 15 year old |
|-----------|------------|------------|-------------|-------------|
| Capesize | 180,000dwt | 180,000dwt | 170,000dwt | 150,000dwt |
| Panamax | 82,000dwt | 82,000dwt | 76,000dwt | 74,000dwt |
| Supramax | 62,000dwt | 58,000dwt | 56,000dwt | 52,000dwt |
| Handysize | 37,000dwt | 32,000dwt | 32,000dwt | 28,000dwt |
| VLCC | 310,000dwt | 310,000dwt | 250,000dwt | 250,000dwt |
| Suezmax | 160,000dwt | 150,000dwt | 150,000dwt | 150,000dwt |
| Aframax | 110,000dwt | 110,000dwt | 105,000dwt | 95,000dwt |
| MR | 52,000dwt | 45,000dwt | 45,000dwt | 45,000dwt |

All vessels built to European specifications by top Japanese shipbuilders, with dwt size based on the below table.

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