Joint Shipping Service
Morning Report

Lorentzen & Stemoco | FIRST SECURITIES

November 1, 2011

Dry Bulk Market

	Today	Previous	Change	Change YTD
Average TCEs				
Capesize ($/day)	$26,669	$28,214	-5.5 %	42.6 %
Panamax ($/day)	$15,450	$15,521	-0.5 %	8.0 %
Supramax ($/day)	$16,009	$16,155	-0.9 %	7.7 %
BDI	1,965	2,018	-2.6 %	16.1 %
Dry Commodities				
India Iron Ore China Landed 63% Fe ($/ton)	$157	$157	0.0 %	-10.7 %
China Average HR Sheet ($/ton)	$668	$669	-0.1 %	-4.2 %
Amsterdam Coal API#2 ($/ton)	$117.50	$118.85	-1.1 %	-6.7 %
Red Hard Wheat KCBT ($/bushel)	$7.18	$7.18	0.0 %	-9.1 %

A sugar deficit in China, the world's second-largest consumer, may be 2.5 million metric tons in 2011-2012, spurring imports, writes Bloomberg, quoting Liu Hande, deputy secretary general of the China Sugar Association. Production may be at most 11.5 million tons, which compares with estimated consumption of 14 million tons, Liu said in an interview in Haikou, Hainan. A state production projection is about 12 million tons, Liu said. Chinese buying may lift prices, which have dropped almost 30 percent since reaching a three-decade high in February on rising supply and concern the European debt crisis will curtail the global economic recovery. Imports into China may climb 20 percent in 2011-12 as local consumption outpaces production, according to Morgan Stanley

Tanker Market

	Today	Previous	Change	Change YTD
Average TCEs				
VLCC TD3 MEG-Japan ($/day)	-$769	$2,823	-127.2 %	-104.7 %
Suez Average ($/day)	$16,719	$18,636	-10.3 %	-21.6 %
Aframax Average ($/day)	$3,054	$3,974	-23.2 %	-67.6 %
MR Average ($/day)	$11,817	$12,112	-2.4 %	13.5 %
Oil Commodities				
Brent Front Month ($/bbl)	$107.87	$109.56	-1.5 %	13.7 %
WTI Front Month ($/bbl)	$93.19	$93.32	-0.1 %	-0.1 %
Brent Forward Spread, 2M-1M ($/bbl)	-$0.76	-$0.72	-5.6 %	-
NWE-USG Gasoline Arbitrage ($/mt)	-$0.96	-$7.33	$6.4	-

Earnings on the benchmark VLCC route from MEG to Japan fell back into negative figures yesterday as reported by the Baltic Exchange. The past seven days saw a slight resurgence in VLCC rates with an increased number of vessels trading West of Suez and also with Asian refinery capacity returning from maintenance. While there are still refineries emerging from maintenance in Asia, which should give some support to the market in the last two months of the year, however the sheer number of available vessels is still keeping a lid on significant rate developments.

Gas Market

	Today	Previous	Change	Change YTD
Freight Rates				
LPG Average ($/ton)	74.56	74.69	-0.2 %	94.6 %
Gas Commodities				
Propane AG Spot ($/ton)	739.00	731.00	1.1 %	-19.1 %
Butane AG Spot ($/ton)	799.00	786.00	1.7 %	-11.0 %
Natural Gas ($/MMBTU)	3.66	3.63	0.8 %	-19.4 %
Bunkers				
380 cSt Fujairah	668.50	691.50	-3.3 %	28.7 %
380 cSt Rotterdam	646.50	646.50	0.0 %	31.1 %
380 cSt Houston	659.00	657.00	0.3 %	31.9 %

Source: Bloomberg / Lorentzen & Stemoco AS

Saudi Aramco released the CP for November at US$ 850 for propane and US$ 810 for butane reflecting current crude and naphtha prices. Spot trading in Asia was slow following the announcements as market players were contemplating their next moves. Prices in North East Asia now basically cover the product price plus freight, but leave no trading margin. A run up in crude prices feeding through to LPG or a cold spell could set the stage for more activity, but for the time being the economic incentives are insufficient to boost shipments East. Given a continued presence of Middle East Gulf spot cargoes many of these can be expected to be sold West, which should continue to support the shipping marked given the longer round

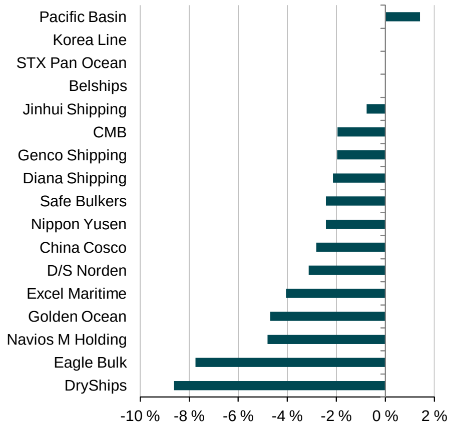
Shipping Equities

Selected news:
Frontline (Reduce, tp NOK 15/share) yesterday announced the sale of its 1996-built Suezmax tanker Front Hunter. The sale has little impact on our earnings estimates for the company going forward, but will result in a net cash outflow of $0.3m and an accounting loss of $29.6m in the fourth quarter. After the sale of the Front Fighter and the termination of the Front Striver lease in October, total losses for the three vessels will be around $65.9m. FRO still owns three early/mid-1990 built Suezmaxes.

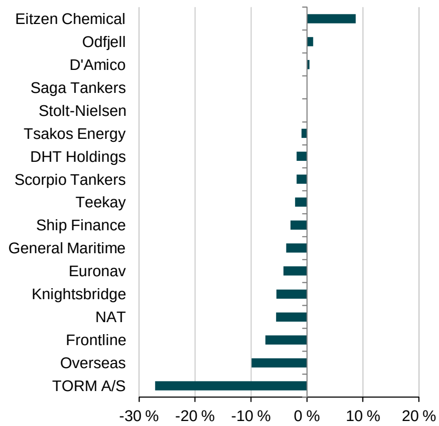
TORM yesterday reduced its guidance for its FY-2011 pre-tax loss. Product tanker reight rates have been lower than expected so far in the second half of the year and the product tanker specialist now expects a full-year loss of $175-195m relative to the guidance as of the second quarter earnings report of $100-175m. LR1 and LR2 markets have been particularly slow, however TORM remains confident that in the longer term the product tanker segment will benefit from improved market fundamentals.

Yang Ming Line reported a net loss of TWD 5.3bn (USD 176m) for the first nine months of the year. Losses are accelerating; at the end of the first six months of the year total losses were TWD 2.6bn. Last year's profit for the first nine months of 10.4bn is thus reversed.

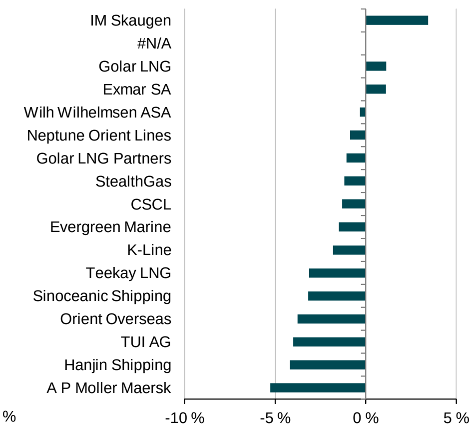
Dry Bulk
Yesterday's performance



Tankers
Yesterday's performance



Other
Yesterday's performance



Source: First Securities AS / JCF FactSet / Bloomberg / TradeWinds / Lloyd's List / Fairplay

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Shipping Equities

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Dry bulk

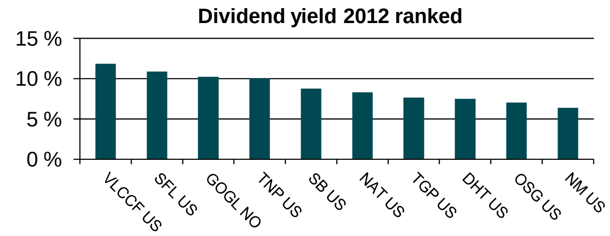
Company	Ticker	Last (Local curr)	Performance 1d	1w	1m	YTD	M cap (mUSD)	P/E 11	P/E 12	EV/EBITDA 11	EV/EBITDA 12	Yield 11	Yield 12	Gearing Net debt/EV
Golden Ocean	GOGL NO	4.31	-4.7 %	-10 %	7 %	-47 %	357	5.7	5.5	7.7	7.2	13 %	10 %	61 %
Jinhui Shipping	JIN NO	12.90	-0.8 %	-4 %	29 %	-34 %	197	1.9	4.1	3.8	5.0	0 %	0 %	65 %
CMB	CMB BB	17.06	-2.0 %	-4 %	-2 %	-26 %	833	7.7	8.5	7.8	7.9	6 %	6 %	51 %
DryShips	DRYS US	2.65	-8.6 %	3 %	13 %	-50 %	1,082	5.9	3.8	8.3	5.7	0 %	0 %	77 %
Diana Shipping	DSX US	8.23	-2.1 %	3 %	11 %	-29 %	680	6.3	10.3	3.9	4.5	0 %	0 %	Neg.
Genco Shipping	GNK US	9.00	-2.0 %	2 %	15 %	-38 %	324	16.0	na	7.4	9.1	0 %	0 %	82 %
Navios M Holding	NM US	3.76	-4.8 %	2 %	19 %	-29 %	382	6.5	6.9	5.9	5.4	6 %	6 %	74 %
Excel Maritime	EXM US	2.84	-4.1 %	-4 %	37 %	-50 %	243	na	na	8.3	11.9	0 %	0 %	80 %
Eagle Bulk	EGLE US	1.55	-7.7 %	3 %	-1 %	-69 %	97	na	na	11.2	9.3	0 %	0 %	92 %
Safe Bulkers	SB US	6.84	-2.4 %	3 %	11 %	-23 %	485	4.6	4.6	6.9	6.3	9 %	9 %	47 %
Korea Line	005880 KS	7,500	0.0 %	0 %	-16 %	-71 %	110	na	na	na	na	na	na	na
STX Pan Ocean	STX SP	8.24	0.0 %	8 %	-4 %	-37 %	1,355	na	na	na	19.6	0 %	0 %	64 %
Nippon Yusen	9101 JP	201	-2.4 %	4 %	-5 %	-44 %	4,384	na	15.5	10.2	8.5	2 %	2 %	72 %
Pacific Basin	2343 HK	3.60	1.4 %	1 %	18 %	-30 %	898	na	15.5	7.3	7.0	2 %	2 %	20 %
Belships	BEL NO	6.00	0.0 %	-2 %	0 %	-17 %	27	na	na	na	na	na	na	na
China Cosco	1919 HK	4.14	-2.8 %	-2 %	28 %	-50 %	9,299	na	na	na	na	0 %	0 %	31 %
D/S Norden	DNORD DC	158	-3.1 %	-3 %	3 %	-22 %	1,274	12.7	16.2	5.6	5.2	5 %	4 %	Neg.
Market cap weighted average			**-2.7 %**	**0.1 %**	**13.8 %**	**-42.8 %**		**8.1**	**12.1**	**8.1**	**8.6**	**2 %**	**1 %**	

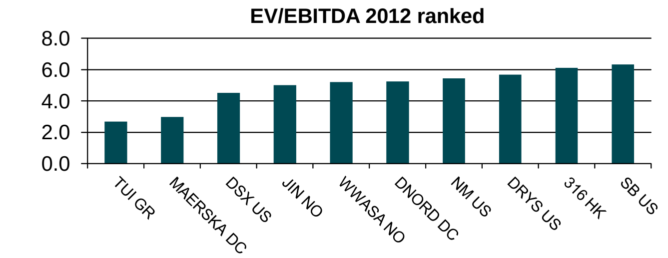
Tankers

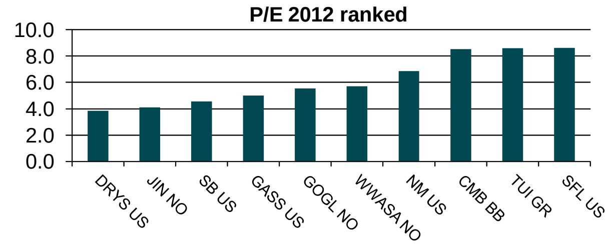
Company	Ticker	Last (Local curr)	Performance 1d	1w	1m	YTD	M cap (mUSD)	P/E 11	P/E 12	EV/EBITDA 11	EV/EBITDA 12	Yield 11	Yield 12	Gearing Net debt/EV
Frontline	FRO NO	29	-7.5 %	3 %	0 %	-81 %	403	na	na	12.0	11.4	3 %	2 %	85 %
Ship Finance	SFL US	14.31	-2.9 %	4 %	10 %	-34 %	1,132	8.6	8.6	14.1	12.6	11 %	11 %	63 %
Euronav	EURN BB	3.21	-4.2 %	6 %	-26 %	-75 %	232	na	na	9.6	11.5	0 %	0 %	84 %
General Maritime	GMR US	0.26	-3.7 %	-4 %	0 %	-92 %	32	na	na	na	na	0 %	0 %	98 %
Teekay	TK US	25.76	-2.1 %	1 %	14 %	-22 %	1,803	na	na	10.3	8.4	5 %	5 %	73 %
Overseas	OSG US	12.48	-9.9 %	-4 %	-9 %	-65 %	380	na	na	na	14.0	11 %	7 %	84 %
NAT	NAT US	14.42	-5.5 %	1 %	2 %	-45 %	681	na	na	na	16.0	8 %	8 %	19 %
Tsakos Energy	TNP US	5.98	-1.0 %	0 %	7 %	-40 %	276	na	na	13.9	9.5	10 %	10 %	83 %
Saga Tankers	SAGA NO	1.45	0.0 %	7 %	-28 %	-74 %	23	na	na	3.4	6.7	0 %	0 %	60 %
Knightsbridge	VLCCF US	16.88	-5.4 %	0 %	2 %	-24 %	412	12.1	12.1	7.9	7.8	12 %	12 %	17 %
DHT Holdings	DHT US	2	-1.8 %	-1 %	-22 %	-66 %	100	7.0	20.0	6.6	7.6	16 %	8 %	71 %
Odfjell	ODF NO	35.60	1.1 %	-2 %	4 %	-34 %	557	na	na	9.6	7.9	0 %	4 %	68 %
TORM A/S	TORM DC	5.90	-27.2 %	-19 %	-16 %	-85 %	81	na	na	na	11.6	0 %	0 %	96 %
Stolt-Nielsen	SNI NO	110.00	0.0 %	4 %	1 %	-23 %	1,279	12.7	8.8	8.6	7.3	5 %	5 %	53 %
Eitzen Chemical	ECHEM NO	0.25	8.7 %	39 %	39 %	-86 %	51	na	na	na	na	0 %	0 %	95 %
Scorpio Tankers	STNG US	6.39	-1.8 %	14 %	21 %	-37 %	116	na	na	14.6	12.9	0 %	0 %	53 %
D'Amico	DIS IM	0.58	0.4 %	-4 %	-6 %	-41 %	121	na	13.7	12.4	6.3	0 %	1 %	71 %
Market cap weighted average			**-3.0 %**	**1.9 %**	**4.5 %**	**-36.9 %**		**10.8**	**9.8**	**10.7**	**10.1**	**6 %**	**6 %**	

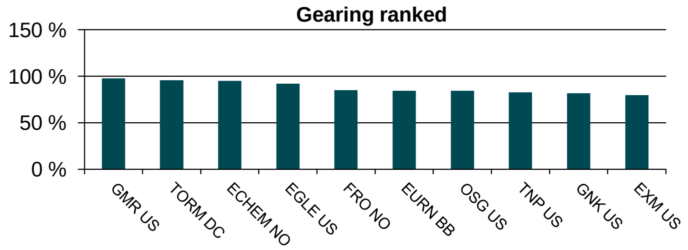
Other

Company	Ticker	Last (Local curr)	Performance 1d	1w	1m	YTD	M cap (mUSD)	P/E 11	P/E 12	EV/EBITDA 11	EV/EBITDA 12	Yield 11	Yield 12	Gearing Net debt/EV
Golar LNG	GOL NO	223.50	1.1 %	5 %	16 %	150 %	3,234	na	19.2	na	14.1	3 %	3 %	22 %
Golar LNG Partners	GMLP US	28.69	-1.1 %	11 %	12 %	na	1,121	19.3	15.3	13.1	10.7	4 %	6 %	34 %
Höegh LNG Holdings	HLNG NO	40.90	2.5 %	0 %	11 %	na	336	na	na	na	na	0 %	0 %	49 %
IM Skaugen	IMSK NO	30.00	3.4 %	6 %	4 %	-19 %	147	na	17.5	19.6	10.3	0 %	0 %	48 %
Exmar SA	EXM BB	5.45	1.1 %	8 %	31 %	1 %	452	na	11.0	10.9	8.3	5 %	3 %	67 %
Teekay LNG	TGP US	35	-3.1 %	-2 %	13 %	-8 %	2,064	19.4	16.3	13.2	11.3	7 %	8 %	43 %
StealthGas	GASS US	4.15	-1.2 %	-1 %	6 %	-48 %	88	6.3	5.0	na	na	na	na	na
A P Moller Maersk	MAERSKA DC	34,860.00	-5.3 %	-2 %	11 %	-29 %	29,450	10.8	10.0	3.0	3.0	3 %	3 %	33 %
TUI AG	TUI GR	4.74	-4.0 %	2 %	22 %	-55 %	1,665	12.8	8.6	3.1	2.7	0 %	0 %	61 %
Evergreen Marine	EVGZF US	16.60	-1.5 %	1 %	6 %	-40 %	1,927	na	na	17.1	10.7	1 %	1 %	29 %
Sinoceanic Shipping	SINO NO	6	-3.2 %	-3 %	-13 %	-28 %	15	na	na	na	na	na	na	na
Hanjin Shipping	000700 KS	8,690	-4.2 %	5 %	15 %	-53 %	343	na	na	na	na	na	na	na
K-Line	9107 JP	163.00	-1.8 %	9 %	0 %	-54 %	1,600	na	na	na	14.7	0 %	0 %	78 %
CSCL	2866 HK	1.51	-1.3 %	3 %	25 %	-56 %	5,683	na	na	na	na	0 %	0 %	19 %
Orient Overseas	316 HK	35.75	-3.8 %	1 %	13 %	-41 %	2,881	14.0	11.8	6.8	6.1	2 %	2 %	16 %
Neptune Orient Lines	NOL SP	1.14	-0.9 %	4 %	4 %	-48 %	2,354	na	na	18.9	8.8	0 %	1 %	33 %
Wilh Wilhelmsen ASA	WWASA NO	31	-0.3 %	-1 %	19 %	-28 %	1,217	8.1	5.7	6.4	5.2	3 %	4 %	51 %
Market cap weighted average			**-3.5 %**	**0.7 %**	**12.7 %**	**-23.5 %**		**11.7**	**11.1**	**5.7**	**5.6**	**2 %**	**2 %**	









Source: JCF FactSet / First Securities AS

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Market Information

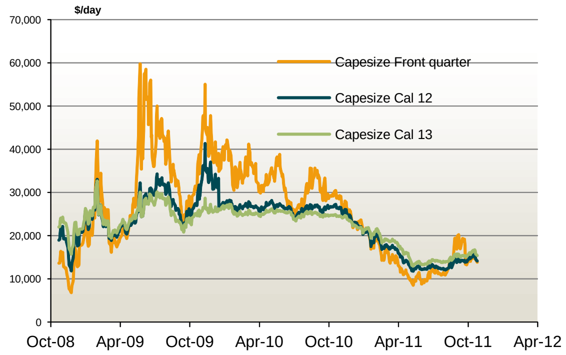
FIRSTSECURITIES

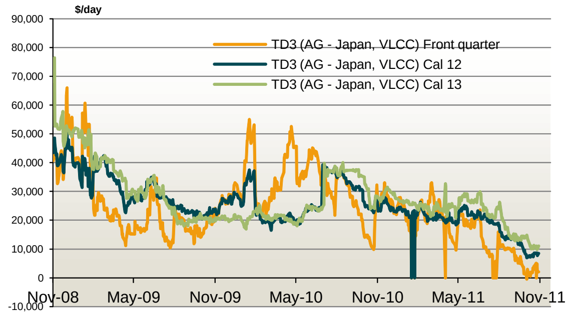
Currencies

	Today	Previous	Change
EURUSD	1.3697	1.3858	-1.2 %
EURJPY	106.97	108.33	-1.3 %
USDJPY	78.1	78.17	-0.1 %
USDKRW	1,113.9	1,110.2	0.3 %
USDCNY	6.3552	6.3548	0.0 %
USDNOK	5.638	5.5534	1.5 %

FFAs

	Today	Previous	Change
Capesize Front quarter	13,879	14,275	-2.8 %
Capesize Cal 12	14,159	14,375	-1.5 %
Capesize Cal 13	15,433	15,642	-1.3 %
	($/day)	($/day)	
Panamax Front quarter	11,679	11,654	0.2 %
Panamax Cal 12	11,786	11,739	0.4 %
Panamax Cal 13	12,364	12,357	0.1 %
Supramax Front quarter	12,233	12,288	-0.4 %
PM4TC Cal 12	12,272	12,367	-0.8 %
PM4TC Cal 13	12,675	12,733	-0.5 %
TD3 (AG - Japan, VLCC) Front quarter	2,059	2,033	1.3 %
TD3 (AG - Japan, VLCC) Cal 12	8,470	7,706	9.9 %
TD3 (AG - Japan, VLCC) Cal 13	11,095	10,125	9.6 %
TD5 (W. Afr. - US Gulf, Suezmax) Front quarter	18,647	18,445	1.1 %
TD5 (W. Afr. - US Gulf, Suezmax) Cal 12	11,606	11,148	4.1 %
TD5 (W. Afr. - US Gulf, Suezmax) Cal 13	16,573	15,938	4.0 %
TC2 (ARA - USEC, MR) Front quarter	8,600	8,321	3.4 %
TC2 (ARA - USEC, MR) Cal 12	8,802	8,623	2.1 %
TC2 (ARA - USEC, MR) Cal 13	10,727	10,416	3.0 %

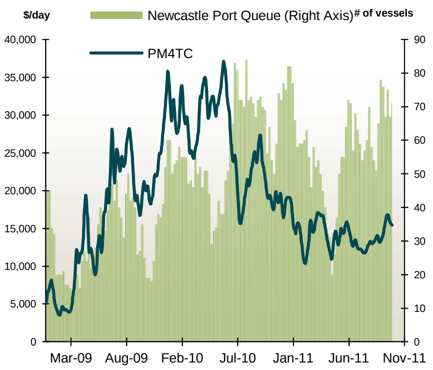




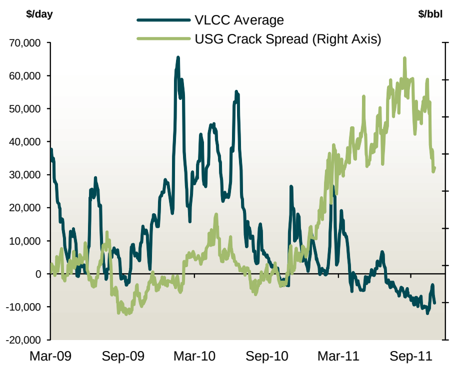
Source: Bloomberg / Baltic Exchange / Lorentzen & Stemoco AS

Selected Indicators

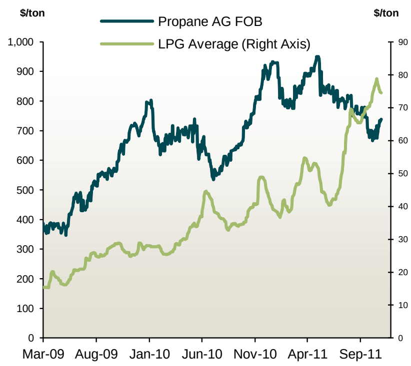
Dry Bulk



Tanker



Gas



Source: Bloomberg / Lorentzen & Stemoco AS

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