



Lorentzen & Stemoco

# Joint Shipping Service Morning Report



November 7, 2011

## Dry Bulk Market

	Today	Previous	Change	Change YTD
<b>Average TCEs</b>				
Capesize (\$/day)	\$22,939	\$23,374	-1.9 %	22.7 %
Panamax (\$/day)	\$14,682	\$14,925	-1.6 %	2.6 %
Supramax (\$/day)	\$14,903	\$15,183	-1.8 %	0.3 %
BDI	1,784	1,817	-1.8 %	5.4 %
<b>Dry Commodities</b>				
India Iron Ore China Landed 63% Fe (\$/ton)	\$140	\$140	0.0 %	-20.5 %
China Average HR Sheet (\$/ton)	\$668	\$665	0.5 %	-4.2 %
Amsterdam Coal API#2 (\$/ton)	\$117.65	\$117.00	0.6 %	-6.6 %
Red Hard Wheat KCBT (\$/bushel)	\$6.96	\$6.91	0.7 %	-11.8 %

According to AFP, China's economy is "slowing visibly", quoting the chairman of mining giant Rio Tinto, but says he expressed confidence that it will prove resilient to any sharp correction in other major economies. The miner provides key materials for China's growth, with the Asian powerhouse accounting for 28 percent of its global sales of materials including iron ore, coal, aluminium, copper and diamonds, worth about USD 16.7 billion. Chairman Jan du Plessis said the economic problems faced in the United States and Europe have led to greater scrutiny of China, but he remained upbeat about its prospects. "While the Chinese economy continues to grow at over nine percent annually, it is slowing visibly," he told a business lunch in

## Tanker Market

	Today	Previous	Change	Change YTD
<b>Average TCEs</b>				
VLCC TD3 MEG-Japan (\$/day)	\$554	-\$623	188.9 %	-96.6 %
Suez Average (\$/day)	\$12,706	\$13,489	-5.8 %	-40.4 %
Aframax Average (\$/day)	\$1,350	\$1,451	-7.0 %	-85.7 %
MR Average (\$/day)	\$10,931	\$10,943	-0.1 %	5.0 %
<b>Oil Commodities</b>				
Brent Front Month (\$/bbl)	\$111.68	\$111.97	-0.3 %	17.8 %
WTI Front Month (\$/bbl)	\$94.26	\$94.07	0.2 %	2.5 %
Brent Forward Spread, 2M-1M (\$/bbl)	-\$1.25	-\$1.23	-1.6 %	-
NWE-USG Gasoline Arbitrage (\$/mt)	\$3.48	\$4.08	-\$0.6	-

Forward Freight Agreements (FFA's) for December on the benchmark VLCC route from MEG to Japan was 22% higher on Friday at USD 9000 per day. Expectations of an improved market is caused by a slightly thinner list of vessels available for loading in over the next four weeks forward while Asian refineries exiting maintenance should also increase demand for crude oil heading East from the Gulf. An additional 3m barrels of refinery capacity in Asia should be back in operation by the end of November

## Gas Market

	Today	Previous	Change	Change YTD
<b>Freight Rates</b>				
LPG Average (\$/ton)	73.53	74.06	-0.7 %	91.9 %
<b>Gas Commodities</b>				
Propane AG Spot (\$/ton)	757.50	756.50	0.1 %	-17.0 %
Butane AG Spot (\$/ton)	802.50	806.50	-0.5 %	-10.6 %
Natural Gas (\$/MMBTU)	3.49	3.40	2.6 %	-23.1 %
<b>Bunkers</b>				
380 cSt Fujairah	689.50	677.50	1.8 %	32.7 %
380 cSt Rotterdam	639.50	649.00	-1.5 %	29.7 %
380 cSt Houston	649.00	647.50	0.2 %	29.9 %

By 2016, India is expected to have a total of five liquefied natural gas (LNG) terminals — with a total capacity of over 118 million standard cubic meters of gas per day (mscmd) — against just two (both in Gujarat) that are currently operational in the country. Despite the intended capacities, the operators of the proposed terminals and the present ones have been able to tie up only 31.3 mscmd gas on long-term basis. As for the new terminals, there will be a key challenge writes LNG World News: their ability to tie up LNG supplies through long-term contracts at competitive prices. Utilities in India import LNG under long-term contracts that are linked to the price of crude oil. Long-term agreements can be anywhere between 15-25 years

Source: Bloomberg / Lorentzen & Stemoco AS

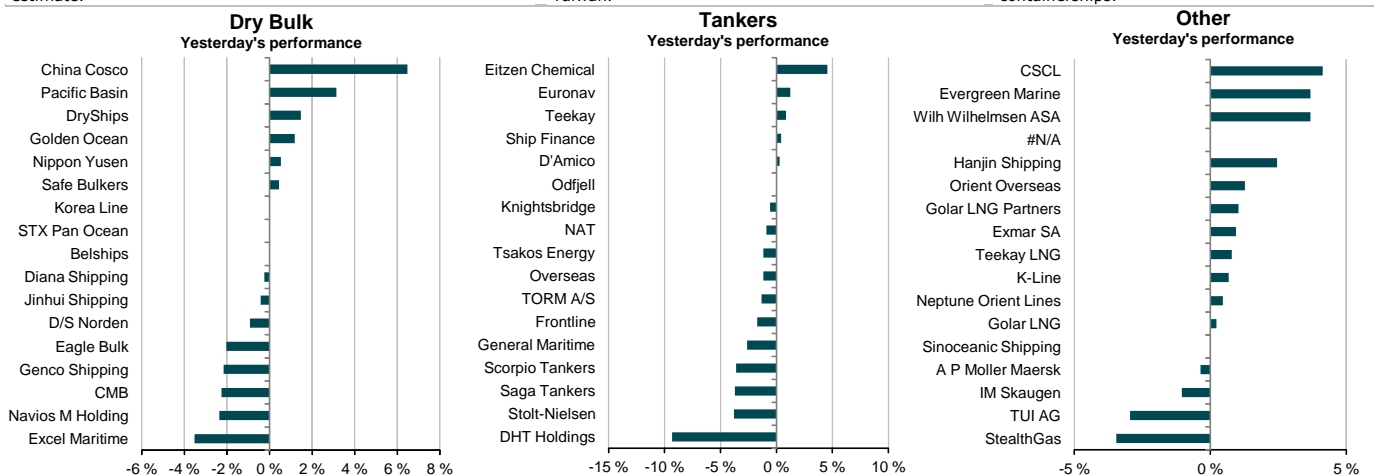
## Shipping Equities

### Selected news:

Eitzen Chemical reported an operating loss of \$12m for the third quarter; \$3m stronger than our \$15m operating loss estimate. The average TCE was in line with our estimate at \$8,936/day vs \$8,920/day. The company expects a continued challenging chemical tanker market in the fourth quarter and is evaluating alternatives in order to improve its operating cash flow. Cash reserves at end-3Q11 were \$75m, slightly behind our \$76m estimate.

Yang Ming Line intends to add a series of 16,000-teu containerships to its fleet. The liner company today has a fleet of 77 vessels as well as a series of 12,000-teu ships under construction. Yang Ming did not offer any details on how many mega containerships it intends to build or at what yard the order will be placed, however as indicated in Tradewinds last week, the majority of its ships have been built at China Ship Building Corp in Taiwan.

Hanjin Shipping reported a loss of KRW 85.9bn, or \$77m, for the third quarter of the year, down from a KRW 252.1bn profit one year ago. The company blames high fuel costs for the weak result, however its containership division is facing an increasingly oversupplied market and softening freight rates. Hanjin operates 4 LNG carriers, 40 dry bulk carriers and 43 containerships.





Lorentzen & Stemoco

# Shipping Equities



## Dry bulk

Company	Ticker	(Local curr) Last	Performance				(mUSD) M cap	P/E		EV/EBITDA		Yield		Gearing	
			1d	1w	1m	YTD		11	12	11	12	11	12	Net debt/EV	
Golden Ocean	GOGL NO	4.30	1.2 %	0 %	16 %	-47 %	349	5.5	5.2	7.6	6.8	13 %	10 %	62 %	
Jinhui Shipping	JIN NO	11.80	-0.4 %	-9 %	22 %	-39 %	176	1.7	3.7	3.8	4.9	0 %	0 %	67 %	
CMB	CMB BB	16.06	-2.3 %	-6 %	-1 %	-30 %	773	7.3	8.0	7.6	7.6	6 %	6 %	53 %	
DryShips	DRYS US	2.76	1.5 %	4 %	40 %	-48 %	1,127	6.4	3.9	8.1	5.7	0 %	0 %	76 %	
Diana Shipping	DSX US	8.30	-0.2 %	1 %	17 %	-28 %	685	6.3	10.4	3.8	4.6	0 %	0 %	Neg.	
Genco Shipping	GNK US	8.62	-2.2 %	-4 %	31 %	-40 %	310	12.6	na	7.2	8.9	0 %	0 %	82 %	
Navios M Holding	NM US	3.73	-2.4 %	-1 %	25 %	-29 %	379	6.9	7.0	5.9	5.4	6 %	6 %	74 %	
Excel Maritime	EXM US	2.46	-3.5 %	-13 %	24 %	-56 %	211	na	na	8.1	11.5	0 %	0 %	82 %	
Eagle Bulk	EGLE US	1.45	-2.0 %	-6 %	7 %	-71 %	91	na	na	11.3	9.3	0 %	0 %	92 %	
Safe Bulkers	SB US	6.73	0.4 %	-2 %	20 %	-24 %	477	4.5	4.5	6.8	6.3	9 %	9 %	48 %	
Korea Line	005880 KS	7,500	0.0 %	0 %	-11 %	-71 %	110	na	na	na	na	na	na	na	
STX Pan Ocean	STX SP	8.09	0.0 %	-2 %	-3 %	-38 %	1,314	na	na	na	19.2	0 %	0 %	65 %	
Nippon Yusen	9101 JP	190	0.5 %	-5 %	-2 %	-47 %	4,133	na	14.6	10.1	8.8	2 %	2 %	73 %	
Pacific Basin	2343 HK	3.61	3.1 %	0 %	21 %	-30 %	900	na	15.5	7.3	7.0	2 %	2 %	20 %	
Belships	BEL NO	6.00	0.0 %	0 %	0 %	-17 %	26	na	na	na	na	na	na	na	
China Cosco	1919 HK	4.11	6.5 %	-1 %	45 %	-50 %	9,664	na	na	na	na	0 %	0 %	30 %	
D/S Nordco	DNORD DC	152	-0.9 %	-4 %	2 %	-25 %	1,205	12.3	16.6	5.2	5.0	4 %	4 %	Neg.	
<b>Market cap weighted average</b>			<b>2.9 %</b>	<b>-2.0 %</b>	<b>24.6 %</b>	<b>-44.2 %</b>		<b>7.8</b>	<b>11.7</b>	<b>8.0</b>	<b>8.6</b>	<b>1 %</b>	<b>1 %</b>		

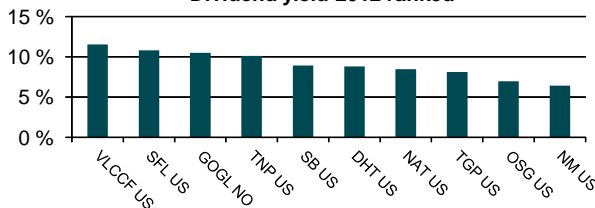
## Tankers

Company	Ticker	(Local curr) Last	Performance				(mUSD) M cap	P/E		EV/EBITDA		Yield		Gearing	
			1d	1w	1m	YTD		11	12	11	12	11	12	Net debt/EV	
Frontline	FRO NO	26	-1.7 %	-7 %	7 %	-82 %	366	na	na	12.0	11.2	3 %	2 %	86 %	
Ship Finance	SFL US	14.44	0.4 %	1 %	15 %	-33 %	1,143	8.7	8.8	14.2	12.7	11 %	11 %	63 %	
Euronav	EURN BB	3.24	1.2 %	1 %	-17 %	-74 %	231	na	na	9.7	11.4	0 %	0 %	84 %	
General Maritime	GMR US	0.19	-2.6 %	-29 %	0 %	-94 %	22	na	na	na	na	0 %	0 %	98 %	
Teekay	TK US	26.17	0.8 %	2 %	20 %	-21 %	1,832	na	na	10.4	8.4	5 %	5 %	73 %	
Overseas	OSG US	12.62	-1.2 %	1 %	-7 %	-64 %	384	na	na	na	15.7	10 %	7 %	84 %	
NAT	NAT US	14.19	-0.9 %	-2 %	9 %	-45 %	670	na	na	na	17.1	8 %	8 %	19 %	
Tsakos Energy	TNP US	5.94	-1.2 %	-1 %	6 %	-41 %	274	na	na	13.9	9.5	10 %	10 %	83 %	
Saga Tankers	SAGA NO	1.30	-3.7 %	-10 %	-32 %	-77 %	20	na	na	3.3	6.4	0 %	0 %	63 %	
Knightsbridge	VLCCF US	17.36	-0.6 %	3 %	5 %	-22 %	424	12.5	12.5	8.1	7.9	12 %	12 %	17 %	
DHT Holdings	DHT US	1	-9.3 %	-15 %	-27 %	-71 %	85	5.7	17.0	6.2	7.0	19 %	9 %	74 %	
Odfjell	ODF NO	35.40	0.0 %	-1 %	10 %	-34 %	544	na	na	10.3	8.1	3 %	5 %	68 %	
TORM A/S	TORM DC	5.98	-1.3 %	1 %	-11 %	-85 %	80	na	na	na	11.7	0 %	0 %	96 %	
Stolt-Nielsen	SNI NO	101.00	-3.8 %	-8 %	-2 %	-29 %	1,150	11.4	7.9	8.2	6.9	6 %	6 %	56 %	
Eitzen Chemical	ECHM NO	0.23	4.5 %	-8 %	35 %	-87 %	46	na	na	na	na	0 %	0 %	95 %	
Scorpio Tankers	STNG US	6.15	-3.6 %	-4 %	7 %	-39 %	111	na	na	16.1	14.2	0 %	0 %	54 %	
D'Amico	DIS IM	0.56	0.3 %	-3 %	-7 %	-43 %	116	na	13.1	12.3	6.2	0 %	1 %	72 %	
<b>Market cap weighted average</b>			<b>-0.7 %</b>	<b>-1.5 %</b>	<b>8.0 %</b>	<b>-37.5 %</b>		<b>10.3</b>	<b>9.4</b>	<b>10.8</b>	<b>10.3</b>	<b>7 %</b>	<b>6 %</b>		

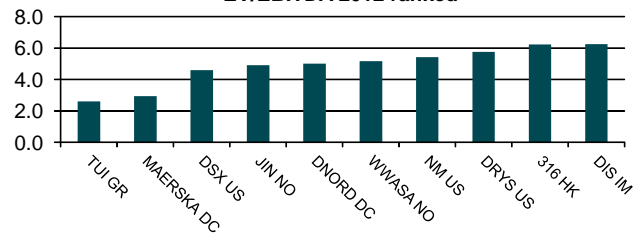
## Other

Company	Ticker	(Local curr) Last	Performance				(mUSD) M cap	P/E		EV/EBITDA		Yield		Gearing	
			1d	1w	1m	YTD		11	12	11	12	11	12	Net debt/EV	
Golar LNG	GOL NO	227.00	0.2 %	2 %	32 %	154 %	3,215	na	19.4	na	13.8	3 %	3 %	21 %	
Golar LNG Partners	GMLP US	28.40	1.0 %	-1 %	19 %	na	1,110	19.1	15.2	13.0	10.6	5 %	6 %	35 %	
Höegh LNG Holdings	HLNG NO	40.40	3.1 %	-1 %	11 %	na	325	na	na	na	na	0 %	0 %	49 %	
IM Skaugen	IMSK NO	28.20	-1.1 %	-6 %	-2 %	-24 %	136	na	16.1	18.8	9.8	0 %	0 %	50 %	
Exmar SA	EXM BB	5.33	0.9 %	-2 %	33 %	-1 %	436	na	10.5	10.8	8.1	5 %	3 %	67 %	
Teekay LNG	TGP US	33	0.8 %	-5 %	8 %	-13 %	1,971	18.3	15.4	12.8	11.0	8 %	8 %	44 %	
StealthGas	GASS US	4.10	-3.5 %	-1 %	14 %	-48 %	87	6.2	4.9	na	na	na	na	na	
A P Moller Maersk	MAERSKA DC	33,320.00	-0.4 %	-4 %	8 %	-32 %	27,842	10.5	10.0	2.9	2.9	3 %	3 %	34 %	
TUI AG	TUI GR	4.48	-2.9 %	-6 %	25 %	-57 %	1,550	12.1	8.1	3.1	2.6	0 %	0 %	62 %	
Evergreen Marine	EVGZF US	16.90	3.7 %	2 %	12 %	-39 %	1,955	na	na	na	10.8	0 %	1 %	29 %	
Sinoceanic Shipping	SINO NO	6	0.0 %	5 %	-7 %	-25 %	15	na	na	na	na	na	na	na	
Hanjin Shipping	000700 KS	8,350	2.5 %	-4 %	16 %	-55 %	329	na	na	na	na	na	na	na	
K-Line	9107 JP	150.00	0.7 %	-8 %	1 %	-58 %	1,469	na	na	na	14.2	0 %	0 %	79 %	
CSC	2866 HK	1.51	4.1 %	0 %	50 %	-56 %	5,708	na	na	na	na	0 %	0 %	19 %	
Orient Overseas	316 HK	35.80	1.3 %	0 %	25 %	-41 %	2,884	15.1	12.1	7.0	6.2	2 %	2 %	16 %	
Neptune Orient Lines	NOL SP	1.10	0.5 %	-4 %	3 %	-50 %	2,243	na	na	na	10.4	0 %	0 %	34 %	
Wilhelmsen ASA	WWASA NO	31	3.7 %	2 %	35 %	-27 %	1,210	8.4	5.7	6.5	5.2	3 %	4 %	51 %	
<b>Market cap weighted average</b>			<b>0.6 %</b>	<b>-3.0 %</b>	<b>16.1 %</b>	<b>-25.1 %</b>		<b>11.5</b>	<b>11.1</b>	<b>4.3</b>	<b>5.6</b>	<b>2 %</b>	<b>2 %</b>		

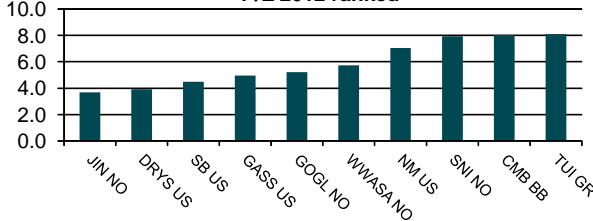
Dividend yield 2012 ranked



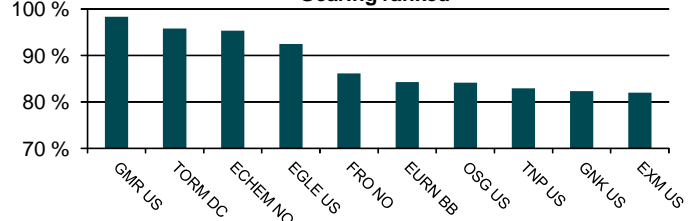
EV/EBITDA 2012 ranked



P/E 2012 ranked



Gearing ranked



Source: JCF FactSet / First Securities AS



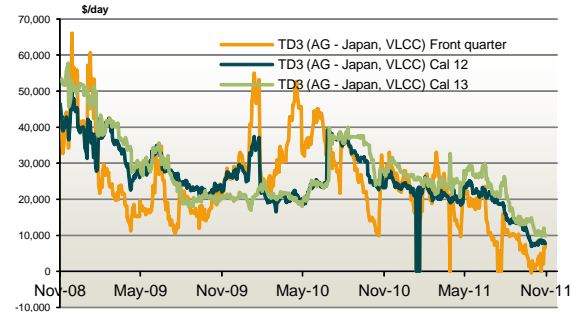
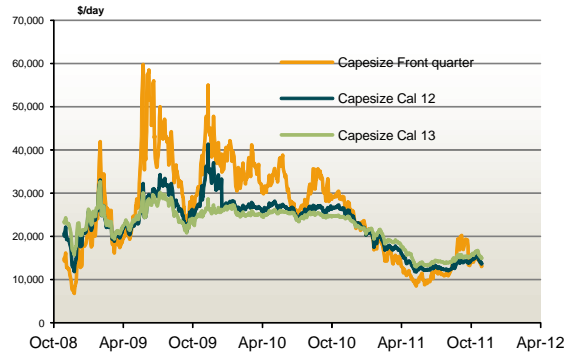
## Currencies

	Today	Previous	Change
EURUSD	1.3705	1.3792	-0.6 %
EURJPY	107.04	107.88	-0.8 %
USDJPY	78.11	78.24	-0.2 %
USDKRW	1,116.9	1,110.7	0.6 %
USDCNY	6,351	6,34	0.2 %
USDNOK	5.6513	5.6087	0.8 %



## FFAs

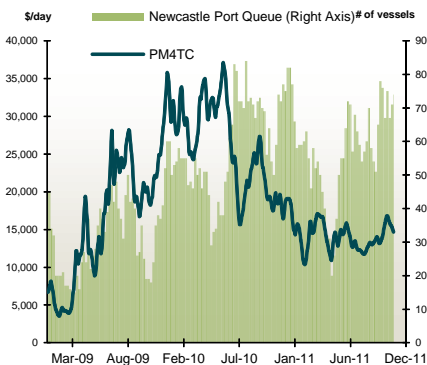
	Today	Previous	Change
Capesize Front quarter	13,167	13,050	0.9 %
Capesize Cal 12	13,742	13,665	0.6 %
Capesize Cal 13	14,958	14,921	0.2 %
	<b>(\$/day)</b>	<b>(\$/day)</b>	
Panamax Front quarter	11,246	11,388	-1.2 %
Panamax Cal 12	11,387	11,516	-1.1 %
Panamax Cal 13	12,000	12,050	-0.4 %
Supramax Front quarter	11,579	11,791	-1.8 %
PM4TC Cal 12	11,684	11,789	-0.9 %
PM4TC Cal 13	12,187	12,258	-0.6 %
TD3 (AG - Japan, VLCC) Front quarter	7,326	6,501	12.7 %
TD3 (AG - Japan, VLCC) Cal 12	7,761	7,995	-2.9 %
TD3 (AG - Japan, VLCC) Cal 13	9,912	10,494	-5.5 %
TD5 (W. Afr. - US Gulf, Suezmax) Front quarter	11,151	10,953	1.8 %
TD5 (W. Afr. - US Gulf, Suezmax) Cal 12	10,636	10,830	-1.8 %
TD5 (W. Afr. - US Gulf, Suezmax) Cal 13	16,016	16,310	-1.8 %
TC2 (ARA - USEC, MR) Front quarter	8,574	8,513	0.7 %
TC2 (ARA - USEC, MR) Cal 12	8,693	8,720	-0.3 %
TC2 (ARA - USEC, MR) Cal 13	10,238	10,678	-4.1 %



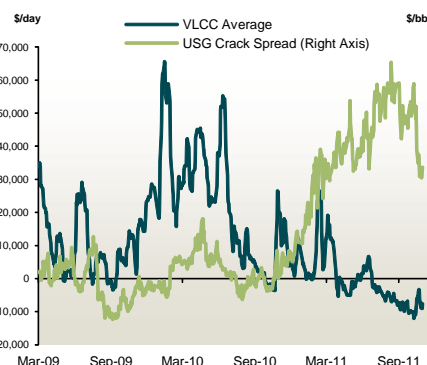
Source: Bloomberg / Baltic Exchange / Lorentzen & Stemoco AS

## Selected Indicators

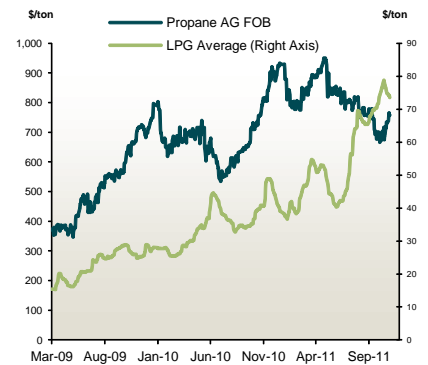
### Dry Bulk



### Tanker



### Gas



Source: Bloomberg / Lorentzen & Stemoco AS





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# General Disclaimer



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