



Lorentzen & Stemoco

Joint Shipping Service Morning Report



October 20, 2011

Dry Bulk Market

	Today	Previous	Change	Change YTD
Average TCEs				
Capesize (\$/day)	\$29,918	\$29,669	0.8 %	60.0 %
Panamax (\$/day)	\$16,708	\$16,820	-0.7 %	16.7 %
Supramax (\$/day)	\$16,851	\$16,807	0.3 %	13.4 %
BDI	2,140	2,136	0.2 %	26.4 %
Dry Commodities				
India Iron Ore China Landed 63% Fe (\$/ton)	\$169	\$169	0.0 %	-3.7 %
China Average HR Sheet (\$/ton)	\$663	\$683	-2.9 %	-4.9 %
Amsterdam Coal API#2 (\$/ton)	\$114.25	\$116.15	-1.6 %	-9.3 %
Red Hard Wheat KCBT (\$/bushel)	\$6.86	\$6.82	0.6 %	-13.0 %

The physical market for Capesize bulk carriers may confound people once again. As many in the market have brazen themselves for weaker times, the Capesize market is coming alive with more inquiries for shipments of iron ore and coal. Yesterday, the FFA market responded by pushing up Q4 to USD 25,750 per day and Q1 '12 to USD 15,500 per day. Everyone is awaiting the developments this morning for new indications of the direction in the market for big ships. The Panamax market has not been as volatile as the Capesize market, though rates have been pushed up also for shipments of grain and phosphate rock. The Supramax market is keeping up well, both in the spot and the period market.

Tanker Market

	Today	Previous	Change	Change YTD
Average TCEs				
VLCC TD3 MEG-Japan (\$/day)	-\$215	-\$2,155	90.0 %	-101.3 %
Suez Average (\$/day)	\$40,966	\$40,561	1.0 %	92.2 %
Aframax Average (\$/day)	\$12,473	\$10,964	13.8 %	32.2 %
MR Average (\$/day)	\$8,494	\$8,492	0.0 %	-18.4 %
Oil Commodities				
Brent Front Month (\$/bbl)	\$108.37	\$108.39	0.0 %	14.3 %
WTI Front Month (\$/bbl)	\$86.11	\$88.34	-2.5 %	-6.4 %
Brent Forward Spread, 2M-1M (\$/bbl)	-\$1.11	-\$1.08	-2.8 %	-
NWE-USG Gasoline Arbitrage (\$/mt)	-\$10.98	\$24.43	-\$35.4	-

Contrary to expectations, US crude, gasoline and distillate inventories declined by 4.7 mbbls, 3.3 mbbls and 4.3 mbbls for the week ended Oct. 14. With the Brent oil forward curve in steep backwardation, US oil companies are behaving rationally by dumping larger volumes of oil. ICE Brent futures for December are currently trading at USD 108.38 / bbl while the contract for March 12 is down to USD 105.79 / bbl. Large tanker ship sales continue this week with both Saga Tankers and Frontline disposing of 2 x VLCC's bld 2000 and one Suezmax bld 1994, respectively. According to their announcements the sales will result in net losses for the stock listed companies

Gas Market

	Today	Previous	Change	Change YTD
Freight Rates				
LPG Average (\$/ton)	78.25	78.81	-0.7 %	104.3 %
Gas Commodities				
Propane AG Spot (\$/ton)	688.00	675.00	1.9 %	-24.6 %
Butane AG Spot (\$/ton)	763.00	750.00	1.7 %	-15.0 %
Natural Gas (\$/MMBTU)	3.59	3.63	-1.1 %	-20.9 %
Bunkers				
380 cSt Fujairah	668.50	675.50	-1.0 %	28.7 %
380 cSt Rotterdam	646.50	646.50	0.0 %	31.1 %
380 cSt Houston	647.00	649.00	-0.3 %	29.5 %

Targa Resources Partners will build a fifth 100,000 b/d fractionation train at Mont Belvieu, Texas, the Houston-based partnership said today, citing ongoing demand for NGL processing capacity. "The partnership has entered into agreements to acquire the necessary land for CBF Train 5 and has commenced engineering design, permitting activities and discussions with potential customers," the company said. The partnership's fourth 100,000 b/d Cedar Bayou fractionator expansion is on schedule to be completed in 2013

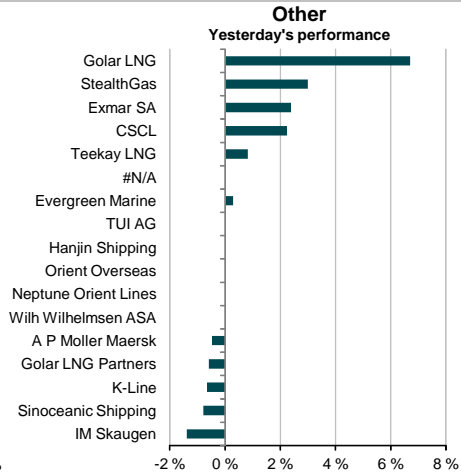
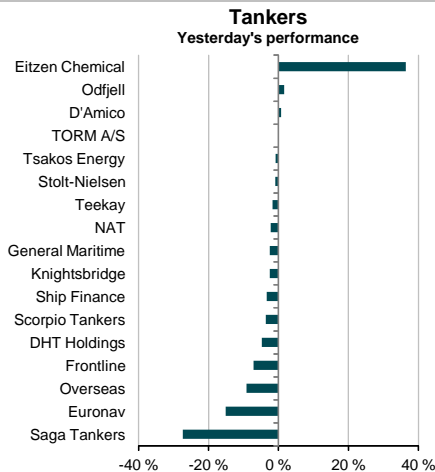
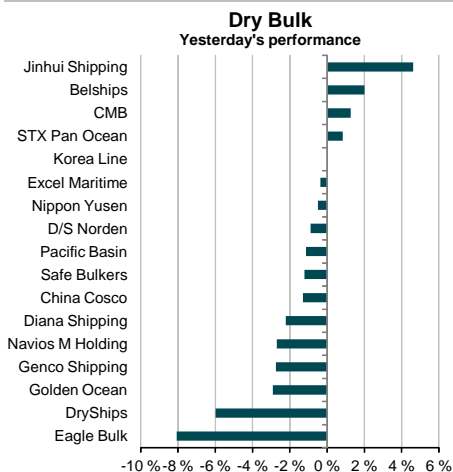
Source: Bloomberg / Lorentzen & Stemoco AS

Shipping Equities

Selected news:

Frontline (Reduce tp NOK 15/share) FRO just announced the termination of the long-term charterparty for the OBO carrier Front Striver as well as the sale of the 1994-built Suezmax Front Fighter. The net cash outflow from the sale of the Front Fighter will be approximately \$3m and the company will book a loss of \$27m in the fourth quarter while the termination of the charterparty for the Front Striver will result in a compensation payment to Ship Finance of approximately \$8.1m and a book loss of \$9.3m in the fourth quarter. The transactions impact earnings estimates positively, however we make no changes to our Reduce recommendation towards the company.

Golar LNG (Buy tp NOK 250/share) yesterday announced a time charter for its 2006-built LNG carrier Golar Grand. The EBITDA contribution from the charter will be \$39m on an annualized basis, corresponding to \$125,000/day which is far above our expectations that the ship would be chartered out for \$95,000/day. The charter thus reflects a tightening LNG shipping market and we reiterate our Buy recommendation towards the company as more favourable charter contracts are expected to be awarded going forward. Finally, the company has completed its sale of the FSRU Golar Freeze to Golar LNG Partners.



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



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	GUGL NO	4.41	-2.9 %	-4 %	1 %	-46 %	361	5.8	5.6	7.7	7.2	13 %	10 %	61 %	
Jinhui Shipping	JIN NO	13.60	4.6 %	8 %	20 %	-30 %	205	2.0	4.3	3.8	5.1	0 %	0 %	64 %	
CMB	CMB BB	17.58	1.3 %	0 %	-2 %	-24 %	849	8.4	9.3	8.2	7.6	6 %	6 %	52 %	
DryShips	DRYS US	2.51	-6.0 %	-5 %	-21 %	-53 %	1,025	5.4	3.6	8.2	5.5	0 %	0 %	78 %	
Diana Shipping	DSX US	7.93	-2.2 %	-4 %	-6 %	-32 %	655	6.1	9.9	3.8	4.3	0 %	0 %	Neg.	
Genco Shipping	GNK US	8.87	-2.7 %	3 %	17 %	-38 %	319	15.8	na	7.5	9.1	0 %	0 %	82 %	
Navios M Holding	NM US	3.61	-2.7 %	0 %	-2 %	-32 %	367	6.2	6.6	5.8	5.4	7 %	7 %	75 %	
Excel Maritime	EXM US	2.80	-0.4 %	6 %	19 %	-50 %	240	na	na	7.9	10.8	0 %	0 %	80 %	
Eagle Bulk	EGLE US	1.48	-8.1 %	-11 %	-24 %	-70 %	93	na	na	11.1	9.2	0 %	0 %	92 %	
Safe Bulkers	SB US	6.49	-1.2 %	1 %	-4 %	-27 %	460	4.3	4.3	6.7	6.2	9 %	9 %	48 %	
Korea Line	005880 KS	7,500	0.0 %	-28 %	-19 %	-71 %	108	na	na	na	na	na	na	na	
STX Pan Ocean	STX SP	8.37	0.8 %	-3 %	-5 %	-36 %	1,363	na	na	na	19.6	0 %	0 %	64 %	
Nippon Yusen	9101 JP	204	-0.5 %	1 %	-12 %	-43 %	4,518	na	12.3	9.9	7.7	2 %	2 %	71 %	
Pacific Basin	2343 HK	3.51	-1.1 %	-3 %	9 %	-32 %	874	na	16.2	7.2	6.8	2 %	3 %	20 %	
Belships	BEL NO	6.12	2.0 %	2 %	7 %	-16 %	27	na	na	na	na	na	na	na	
China Cosco	1919 HK	3.78	-1.3 %	-15 %	4 %	-54 %	8,897	na	na	na	na	0 %	0 %	32 %	
D/S Nordco	DNORD DC	157	-0.9 %	-1 %	0 %	-23 %	1,248	12.4	15.9	5.5	5.1	5 %	4 %	Neg.	
Market cap weighted average			-1.1 %	-6.9 %	-1.6 %	-44.6 %		8.0	10.9	8.0	8.2	2 %	1 %		

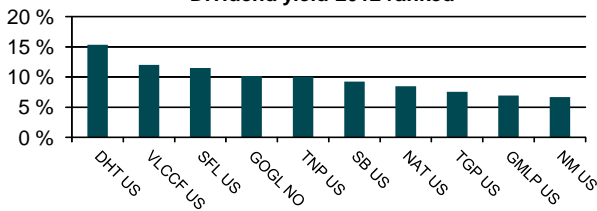
Tankers

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	27	-7.2 %	-9 %	-21 %	-82 %	371	na	na	11.7	11.0	3 %	2 %	86 %	
Ship Finance	SFL US	13.61	-3.3 %	-2 %	-2 %	-37 %	1,077	8.2	8.3	13.9	12.4	11 %	11 %	65 %	
Euronav	EURN BB	3.27	-15.1 %	-22 %	-34 %	-74 %	234	na	na	9.2	9.0	0 %	0 %	84 %	
General Maritime	GMR US	0.28	-2.5 %	-29 %	-10 %	-91 %	34	na	na	na	18.4	0 %	0 %	97 %	
Teekay	TK US	25.44	-1.7 %	5 %	-3 %	-23 %	1,781	na	na	10.2	8.2	5 %	5 %	73 %	
Overseas	OSG US	13.30	-9.2 %	-11 %	-21 %	-62 %	405	na	na	na	11.3	10 %	7 %	83 %	
NAT	NAT US	14.18	-2.2 %	-2 %	-14 %	-46 %	670	na	na	na	15.3	8 %	8 %	16 %	
Tsakos Energy	TNP US	5.96	-0.8 %	3 %	2 %	-40 %	275	na	na	13.0	9.5	10 %	10 %	83 %	
Saga Tankers	SAGA NO	1.09	-27.3 %	-27 %	-46 %	-81 %	17	na	na	3.6	5.9	0 %	0 %	67 %	
Knightsbridge	NLCFF US	16.65	-2.5 %	-3 %	-2 %	-25 %	407	11.9	12.0	7.8	7.7	12 %	12 %	17 %	
DHT Holdings	DHT US	2	-4.7 %	-3 %	-26 %	-61 %	113	7.5	na	6.7	7.2	19 %	15 %	68 %	
Odfjell	ODF NO	37.60	1.6 %	3 %	9 %	-30 %	582	na	na	9.6	8.0	0 %	4 %	66 %	
TORM A/S	TORM DC	6.82	0.1 %	12 %	-20 %	-83 %	92	na	na	na	11.7	0 %	0 %	95 %	
Stolt-Nielsen	SNI NO	111.00	-0.9 %	2 %	-6 %	-22 %	1,274	12.6	7.9	8.5	7.0	5 %	5 %	53 %	
Eitzen Chemical	ECHEM NO	0.15	36.4 %	15 %	-17 %	-92 %	30	na	na	na	19.7	0 %	0 %	97 %	
Scorpio Tankers	STNG US	5.35	-3.6 %	-8 %	-7 %	-47 %	97	na	na	12.7	10.8	0 %	0 %	58 %	
D'Amico	DIS IM	0.62	0.7 %	-2 %	3 %	-37 %	128	na	9.7	12.6	6.9	0 %	1 %	70 %	
Market cap weighted average			-2.6 %	-0.9 %	-6.7 %	-37.2 %		10.7	8.7	10.5	9.7	6 %	6 %		

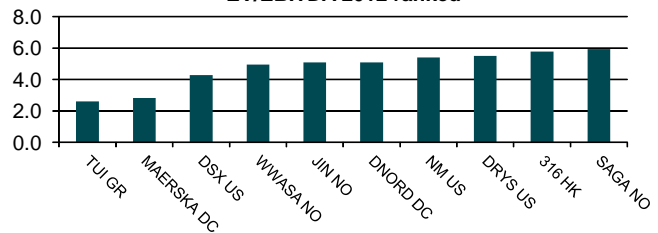
Other

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	215.00	6.7 %	14 %	15 %	141 %	3,072	na	19.0	na	13.7	3 %	3 %	22 %	
Golar LNG Partners	GLMP US	25.25	-0.6 %	-2 %	-1 %	na	987	17.0	14.0	11.3	10.0	5 %	7 %	31 %	
Höegh LNG Holdings	HLNG NO	40.50	0.5 %	3 %	-4 %	na	328	na	na	na	na	0 %	0 %	49 %	
IM Skaugen	IMSK NO	28.40	-1.4 %	-1 %	-1 %	-23 %	138	na	16.4	18.9	9.9	0 %	0 %	50 %	
Exmar SA	EXM BB	4.29	2.4 %	0 %	6 %	-20 %	352	na	10.0	9.1	6.9	6 %	4 %	71 %	
Teekay LNG	TGP US	36	0.8 %	3 %	6 %	-6 %	2,100	19.7	16.6	13.3	11.4	7 %	8 %	42 %	
StealthGas	GASS US	4.12	3.0 %	1 %	-1 %	-48 %	87	6.2	5.0	na	na	na	na	na	
A P Moller Maersk	MAERSKA DC	33,400.00	-0.5 %	-1 %	5 %	-32 %	27,824	9.9	8.9	2.8	2.8	3 %	3 %	34 %	
TUI AG	TUI GR	4.50	0.0 %	1 %	10 %	-57 %	1,564	12.2	8.1	3.1	2.6	0 %	0 %	62 %	
Evergreen Marine	EVGZF US	17.15	0.3 %	3 %	11 %	-38 %	1,979	na	na	16.8	9.9	1 %	1 %	28 %	
Sinoceanic Shipping	SINO NO	6	-0.8 %	-9 %	-21 %	-26 %	15	na	na	na	na	na	na	na	
Hanjin Shipping	000700 KS	7,800	0.0 %	0 %	-27 %	-58 %	302	na	na	na	na	na	na	na	
K-Line	9107 JP	153.00	-0.6 %	-4 %	-18 %	-57 %	1,525	na	18.1	18.8	9.0	0 %	1 %	79 %	
CSC	2866 HK	1.37	2.2 %	-11 %	-7 %	-60 %	5,447	na	na	na	na	0 %	0 %	17 %	
Orient Overseas	316 HK	34.10	0.0 %	-7 %	2 %	-44 %	2,744	12.9	10.2	6.4	5.8	2 %	3 %	17 %	
Neptune Orient Lines	NOL SP	1.13	0.0 %	-3 %	3 %	-48 %	2,301	na	na	17.4	8.3	0 %	1 %	33 %	
With Wilhelmsen ASA	WWASA NO	28	0.0 %	4 %	0 %	-34 %	1,103	7.3	5.2	6.0	4.9	4 %	4 %	53 %	
Market cap weighted average			0.4 %	-1.1 %	3.5 %	-26.7 %		10.9	10.5	6.0	5.2	2 %	3 %		

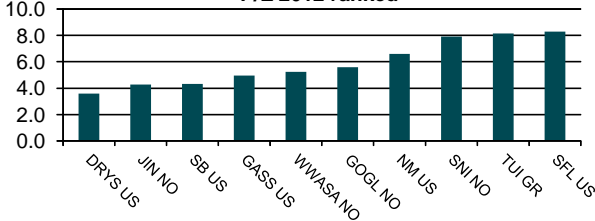
Dividend yield 2012 ranked



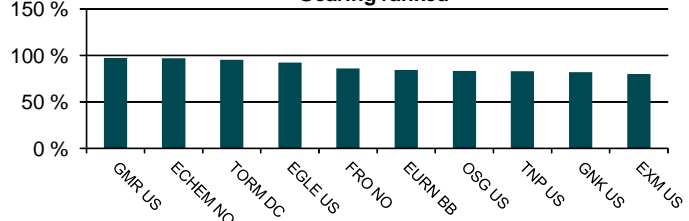
EV/EBITDA 2012 ranked



P/E 2012 ranked



Gearing ranked



Source: JCF FactSet / First Securities AS



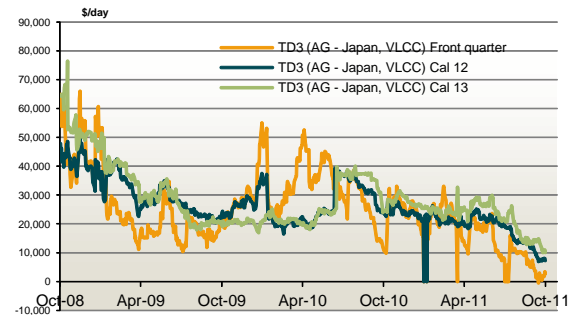
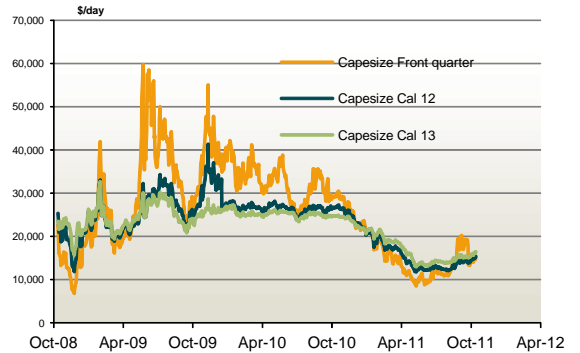
Currencies

	Today	Previous	Change
EURUSD	1.3677	1.376	-0.6 %
EURJPY	104.93	105.69	-0.7 %
USDJPY	76.72	76.81	-0.1 %
USDKRW	1,145.2	1,132.3	1.1 %
USDCNY	6.3858	6.3783	0.1 %
USDNOK	5.6468	5.6181	0.5 %



FFAs

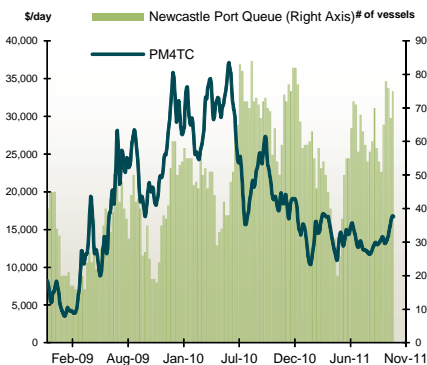
	Today	Previous	Change
Capesize Front quarter	15,292	14,725	3.9 %
Capesize Cal 12	15,442	15,070	2.5 %
Capesize Cal 13	16,475	16,200	1.7 %
	(\$/day)	(\$/day)	
Panamax Front quarter	12,007	12,192	-1.5 %
Panamax Cal 12	12,079	12,192	-0.9 %
Panamax Cal 13	12,604	12,642	-0.3 %
Supramax Front quarter	12,979	13,050	-0.5 %
PM4TC Cal 12	12,700	12,713	-0.1 %
PM4TC Cal 13	12,983	12,958	0.2 %
TD3 (AG - Japan, VLCC) Front quarter	2,712	3,353	-19.1 %
TD3 (AG - Japan, VLCC) Cal 12	7,315	7,955	-8.0 %
TD3 (AG - Japan, VLCC) Cal 13	10,073	11,000	-8.4 %
TD5 (W. Afr. - US Gulf, Suezmax) Front quarter	16,660	16,992	-2.0 %
TD5 (W. Afr. - US Gulf, Suezmax) Cal 12	10,761	11,304	-4.8 %
TD5 (W. Afr. - US Gulf, Suezmax) Cal 13	15,685	16,241	-3.4 %
TC2 (ARA - USEC, MR) Front quarter	6,384	7,064	-9.6 %
TC2 (ARA - USEC, MR) Cal 12	8,471	8,753	-3.2 %
TC2 (ARA - USEC, MR) Cal 13	10,321	10,610	-2.7 %



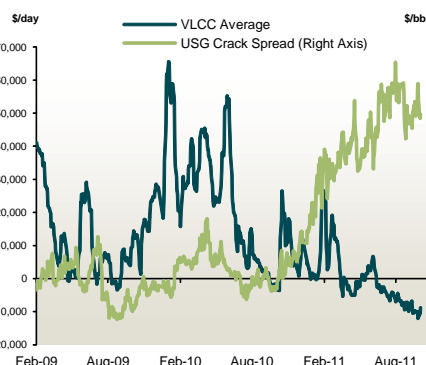
Source: Bloomberg / Baltic Exchange / Lorentzen & Stemoco AS

Selected Indicators

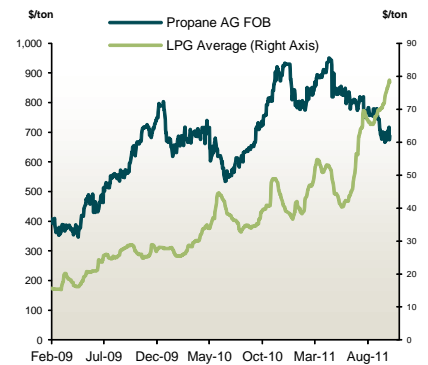
Dry Bulk



Tanker



Gas



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