Market Comments

The LPG Product Market

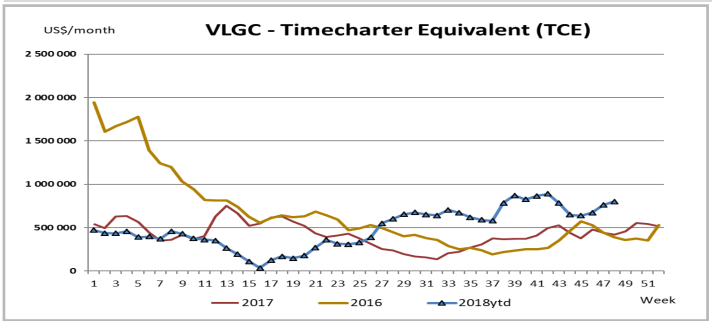
Reacting to a further crude fall of some US$ 10 bl in November, LPG prices lost over US$ 100 per ton both in Europe and Asia. Prices in Europe were also depressed due to high inventory levels as the weather has been mild so far this winter season. US exports totaled 2.9 mill. tons in October, while the November number is expected to exceed of 3 million tons. The spot cargo arbitrage to Europe became difficult as US prices were slower to react to lower crude and naphtha values due to a cold spell and some concerns around propane inventory levels going into the high demand season. US inventory levels started to draw by mid-month, but so far the decline has been lower than expected and US prices came off sharply towards the end of the month. Propane stocks as of November 23 were 81.11mn bl, 11% higher than at the same time last year. US LPG production in November averaged around 2 mn bl per day. The arbitrage to Asia remained open in November although margins were occasionally a bit squeezed. The 25% tariffs imposed on US LPG by China with effect as of August 9 has in effect closed all US to China trade. Yet, US buyers have been able to find other Asian buyers and Chinese buyers have boosted imports from the Middle East. The Saudi CP for December was set at US$445 and 415 for C3 and C4 respectively.

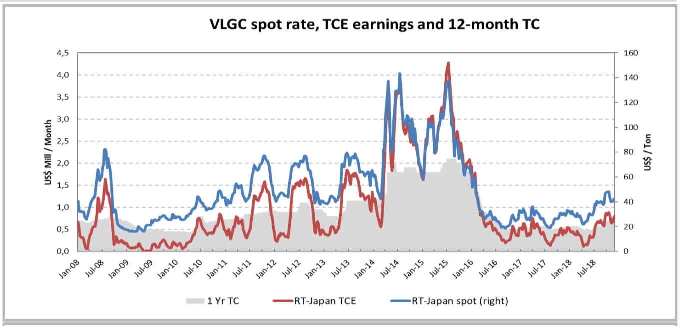
The LPG Shipping Market

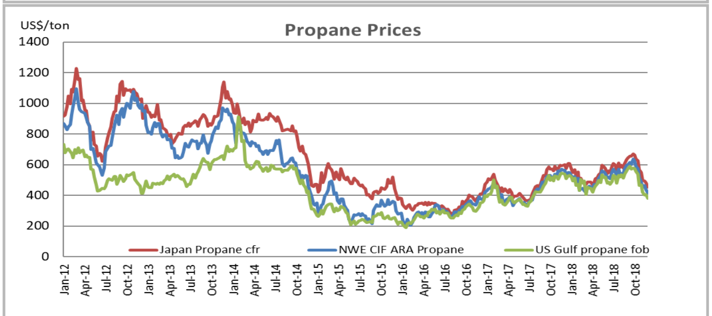
The VLGC market for November has been rather flat with little movement in the Baltic Index which has remained stable around the low US$ 40's mark. It seems that balance is slowly returning to the market with the slow but sure increase in cargo volumes gradually absorbing tonnage over capacity. It is fair to say that the market appears less vulnerable to the sharp downward spikes we have seen previously this year. This sentiment is reflected in the re-opening of period business discussions, which has been off the agenda for some time, as both owners and charterers start to see some middle ground.

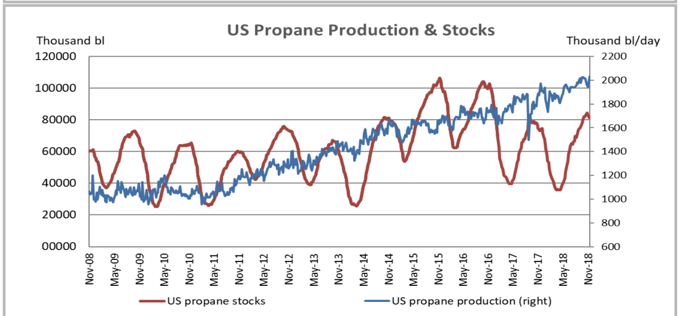
Vessels in the Midsize market are still seeing a fairly high percentage of idle time, but overall sentiment is also pointing towards a slight firming in rates. The Handy segment has seen an uptick in activity on petrochemicals and this coupled with a steady flow of LPG cargoes has also given freight rates a welcomed lift. The Coaster market has continued in the same vein as previous months this year with decent returns for owners. Rates are steady for the smaller sizes and the freight market for the larger Coasters has increased, supported by the 5000cbm Press market, and the tightening of the Handy segment.

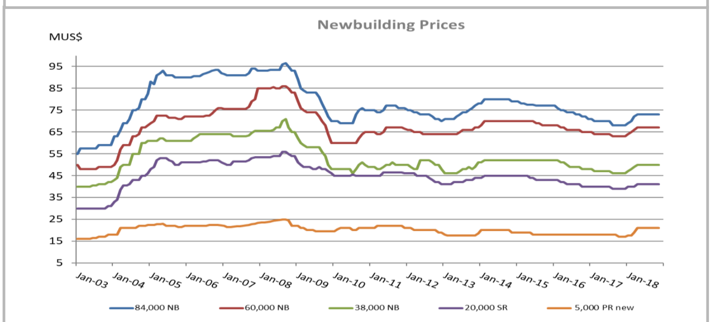
Graphs

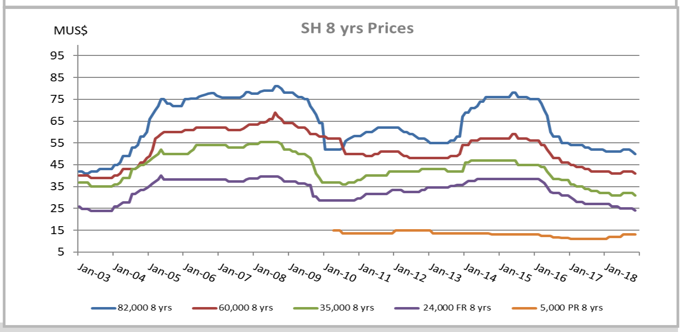












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