



# TRANSPORT TRACKERS

INDEPENDENT TRANSPORT RESEARCH

## Panamax in Gold Terms, Continued

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We've taken to showing ship prices in gold, which changes the pattern as well as the timing of the lows and the highs on ship prices, and increases the volatility of ship prices further – as if they couldn't use more volatility. When ships act as a store of value, as commodities against, say, a weak dollar do, they tend to lower their volatility in a world of dollar declining at a rate greater than other currencies (ie, ships go down less than the dollar typically).

Gold tends to add back a truer picture of volatility. It is interesting to us that in the last few weeks, vessel prices have trended lower (despite a firmer BDI), with additional comments noting that re-sales off of original prices being even lower than negotiated prices. Seen in gold terms the drop is more pronounced. We are back to 1987 pricing on a Panamax, and have the 1985-86 period to test to see if we even re-visit lower levels. One point of hope for “stabilization” is central banks and governments, in allowing continued dollar weakness and ultra-low interest rates, are trying as hard as they can to revive growth ex-China. Lower dollar and stimulated demand could still help form an earlier bottom.

## Panamax in Gold Ounce Terms, 1976 – 2009YTD



Source: Transport Trackers, Clarksons, Baltic Exchange, Datastream

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