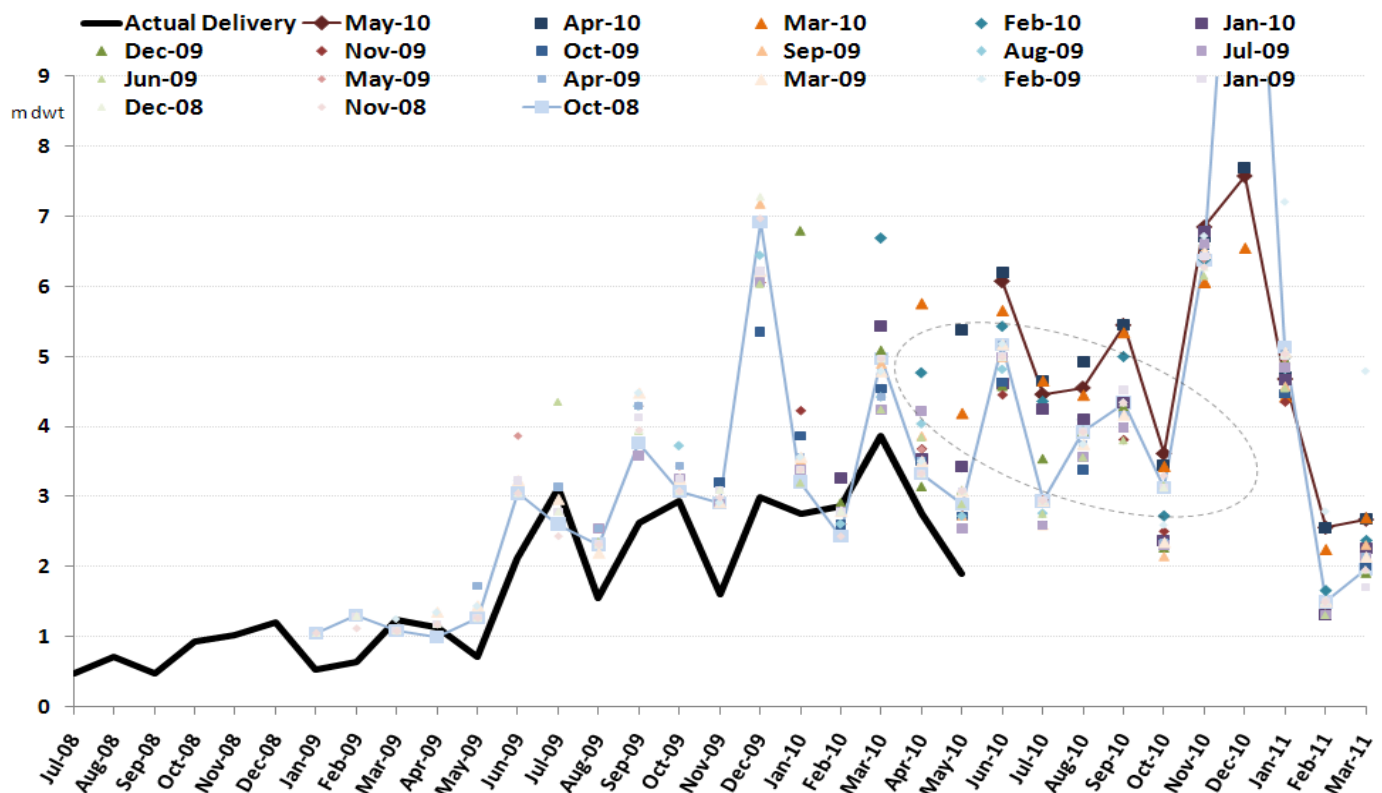


The Cape+ Supply Picture: From Bad to More Bad...

23 Jun 2010

A little distant, but not completely, from current increased iron ore and steel inventories as well as softer China HRC and CRC steel prices is the nagging issue of rising bulk vessel deliveries (despite forecasts for higher than actual to now). The collected data for recent estimates of scheduled deliveries is showing a serious uptick whichever way one wants to slice the deliveries pie. The run rate used to be at about 1m dwt per month until mid-09, then rose to a 2-3m dwt range, and now looks set to jump again in 2H10 to a 4-5m dwt range per month. There is a chance of getting to 7+m dwt month, though the recent Clarksons Dec '09 forecast for this level did not materialize. One might argue that deliveries in '09 were still being held back for various reasons, but that owner-operators recently would have pushed for more deliveries, and that an oversized delivery month should be a higher likelihood, on top of the higher run rate which will be running about 2x that of 2009 levels...

Cape+ Orderbook Forecast Time Series (Oct '08 – May '10) vs Actual Deliveries to May '10



Source: Clarksons; Transport Trackers

NOTE: Nov '10 – Jan '11 smoothed (rather than taking entire '10 unallocated in Dec 10)