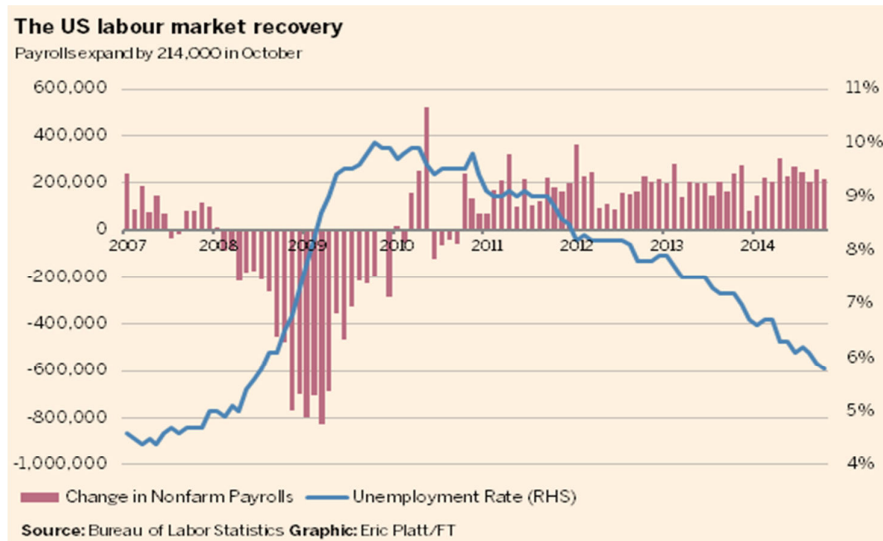


Global Economy:

Eurozone: European Central Bank President Mario Draghi said that the central bank is open to inject new measures to increase inflation. The bank has already decided to purchase covered bond and asset backed securities and its expects these measures to boost its balance sheet to levels recorded in March 2012 at about EUR1 trillion more than current levels. "If these measures are insufficient, then we can take others, including unconventional ones," said Mr. Draghi in the Italian capital.

US: US economy added 214,000 jobs in October, which is very slightly below analyst expectations for 240,000 jobs with unemployment rate dropping from 5.9% to 5.8%, according to figures from Labor Department in its monthly snapshot of the labor market.

"The continued drop in the unemployment rate, to 5.8% in October, increases the odds that both reaching the natural rate of unemployment and the first Fed rate hike would occur in the first half of 2015," said Gad Levanon at the Conference Board in New York.



China: Chinese president Xi Jinping predicted in the Asia-Pacific Economic Co-operation CEO Summit in Beijing that Chinese offshore investment will reach \$1.25tn over the next decade. He also unveiled a \$40bn contribution to a new China initiated "Silk Road Fund" for investments in infrastructure to support the vision of a "new silk road and maritime silk road" to link China and the Mediterranean. For the current year, China is predicted to become a net exporter of capital for the first time as the government reduces restrictions on outbound investments and encourages companies to seek overseas for mergers and acquisitions. Chinese president's prediction of \$1.25tn in overseas capital flows would almost triple existing Chinese outbound direct investment over the next decade.



Shipping:

October ended with falling movements in imports of commodities from China, despite a slump in prices due to seasonal factors and weaker economy. The demand outlook for iron ore and coal for the rest of the year remains bleak, analysts said, as steel mills have started to cut output on continuing weakness in demand and the usual winter slowdown in use. Import tariffs on coal since October are also making overseas supplies uneconomic.

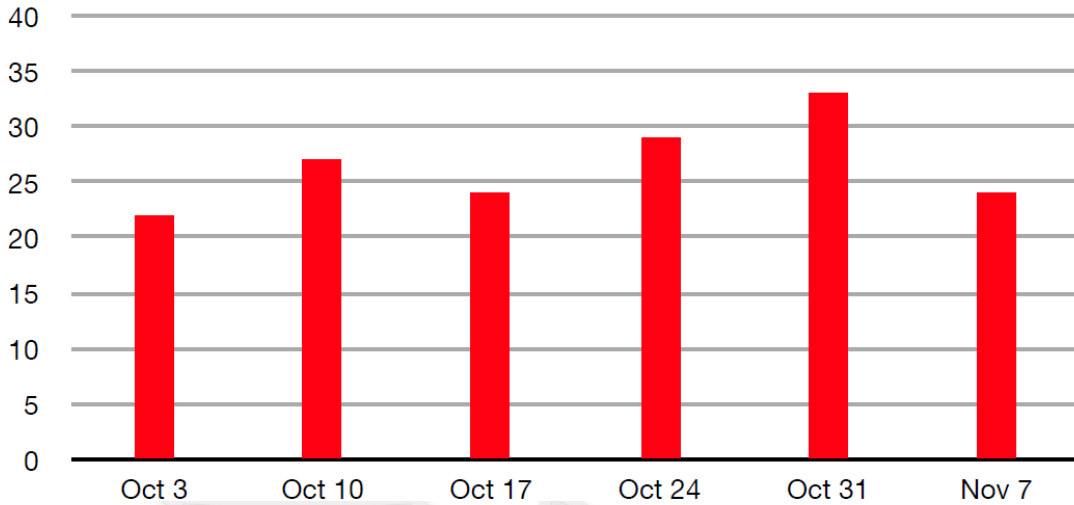
“The fall in bulk commodities is a reflection of tepid domestic demand, with the housing sector, a key economic driver, remaining weak,” analysts at Minsheng Securities said in a research note. “Given high inventories and economic uncertainties for the rest of the fourth quarter, companies will be cautious when restocking, so imports are likely to weaken in the coming months.”

- **Crude Oil:** Chinese crude oil imports in October were 24.09 million or 5.67 million barrels/day, down 15.5% on a daily basis from the previous month, but still up 2.25% from a year ago.
- **Iron ore:** Chinese iron ore shipments fell 6.3% from the previous month's high to 79.39 million tons in October, as steel mills cut output in anticipation of the usual winter slowdown in steel use. Despite the sharp drop in spot iron ore price at the lowest levels since September 2009, ample levels of port stockpiles and tighter access to credit have discouraged mills to replenish aggressively. However, total iron ore imports for the first 10 months were up by 16.5% at 778.4 mil tons, which is even higher than the 10% year-on-year increase seen in 2013.
- **Coal:** Chinese coal imports fell 5% from previous month and 22% from a year ago to 20.13 mil tons in October, after Beijing's implementation on import tariffs to protect domestic miners. For the first 10 months of the year, Chinese coal imports fell by 7.7% from a year ago and some traders expect in the coming months to drop further at least by 10% till the end of the year.

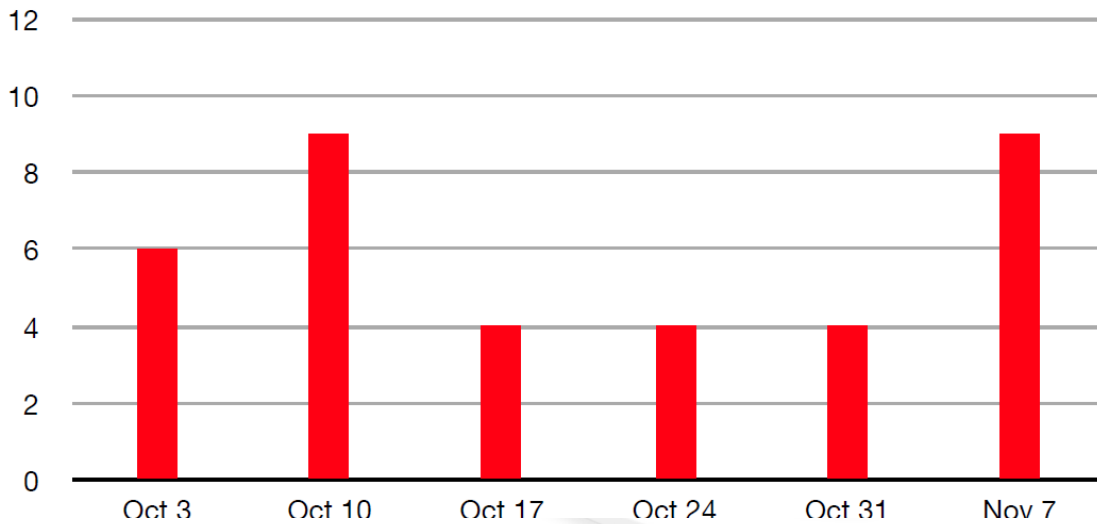
Dry Segment: The ongoing strength in the capesize segment keeps levels above 1,000 points for the Baltic Exchange since October 21st. In the panamax and supramax segment, there is a soft recovery, but the picture remains distressed due to a sudden decrease in US grain cargoes surfacing from North Pacific and US Gulf. However, US grain season is still ongoing and more cargoes are likely to surface again in the near future. Overall, 105 vessels were chartered to haul dry bulk commodities in the spot market last week, 23 less than the previous week, according to figures from Commodore Research. In addition, 8 vessels were chartered for period deals, 5 less than the previous week. 1 was for a period of a year or more. In the iron ore market, 28 iron ore fixtures came to the market last week, 12 less than the previous week and 6 less than the trailing four week average. 25 of last week's iron ore fixtures were for capesize vessels, 11 less than the previous week and 6 less than the trailing four week average.

Baltic Dry Index is expected to keep its rosy levels since capesize Atlantic basin is extremely tight pushing capesize rates on the high side and Brazilian iron ore production continues to increase given the firm Chinese iron ore appetite. Recently released data shows that Brazilian iron ore exports totaled 31.8 million tons in October. This is 1.3 million tons (-4%) less than was exported in September and 700,000 tons (-2%) less than was exported in October 2013. Through the first ten months of this year, Brazilian iron ore exports have totaled 281.1 million tons. This is 14.2 million tons (5%) more than was exported during the same period last year.

Vessels Chartered To Ship Iron Ore to China (Week Ending Oct 3 - Nov 7)



Vessels Chartered To Ship Thermal Coal to China (Week Ending Oct 3 - Nov 7)



Source: Commodore Research

Meanwhile, China’s steel mills continue to consume a greater amount of imported iron ore over domestic iron ore. In the thermal coal market, 9 vessels were chartered to haul spot thermal coal cargoes to Chinese buyers last week. This is 5 more than were chartered during the previous week and 4 more than the trailing four week average. Encouraging development for the future growth in Chinese coal imports is that China and Australia are very close to reaching their free trade agreement and tariffs on Australian coal imports will come to an end.

On Friday November 14th, **BDI** closed at 1256 points, down by 13% from last week’s closing and down by 17% from a similar week closing in 2013, when it was 1507 points. All dry indices closed in red. **BCI** is down by 20% week-on-week, **BPI** is down by 8% week-on-week, **BSI** is down 1% week-on-week, **BHSI** is down by 1% week-on-week.

Capesizes are currently earning \$20,660/day, down by \$5,445/day from last week's closing and **panamax**s are earning \$8,718/day, down by \$762/day from last week's closing. At similar week in 2013, **capecizes** were earning \$17,809/day, while **panamax**s were earning \$11,255/day. **Supramaxes** are trading at \$9,149/day, down by \$60/day from last week's closing, about 56% lower than **capecize** and 5% higher than **panamax** earnings. At similar week in 2013, **supramaxes** were getting \$14,162/day, hovering at 20% lower levels than **capecizes** versus 56% today's lower levels. **Handysizes** are trading at \$6,544/day, down by \$85/day from last week's closing; when at similar week in 2013 were earning \$9,900/day.

Wet Segment: A soft downward trend is recorded again in the VLCC segment, while the aframax segment keeps its rosy levels.

In the VLLC segment, rates in AG-USG fell again below the barrier of WS30 and lost 1 point by moving to W 29. Soft decreasing trends are also recorded in AG-SPORE and AG-JPN routes, and rates lost 2.5 points from previous week and fell to W 55. In WAFR-USG and WAFR-China routes, rates showed no change and stayed at WS65 and WS57.5 respectively.

In the suezmax segment, rates in WAFR-USAC gained 5 points and concluded at WS80 last week, while in B.SEA-Med route, rates increased by 10 points to WS87.5. In the aframax segment, rates in the Caribbean market held the accelerated levels of previous week and steadied at WS 165.

	Route	Vessel Size			
VLCC:	AG-USG	280,000t	WS 29	(last week WS 30)	Downward Trend
	AG-JPN	265,000t	WS 55	(last week WS 57.5)	Downward Trend
	AG-SPORE	270,000t	WS 55	(last week WS 57.5)	Downward Trend
	WAFR-USG	260,000t	WS 65	(last week WS 65)	Steady
	WAFR-China	260,000t	WS 57.5	(last week WS 57.5)	Steady

	Route	Vessel Size			
Suez:	WAFR-USAC	130,000t	WS 80	(last week WS 75)	Upward Trend
	B.SEA-Med	130,000t	WS 87.5	(last week WS 77.5)	Upward Trend

	Route	Vessel Size			
Afram:	CBS-USG	70,000t	WS 165	(last week WS 165)	Steady
	Med-Med	80,000t	WS 130	(last week WS 120)	Upward Trend

	Route	Vessel Size			
Clean:	AG-JPN	75,000t	WS 131	(last week WS 135)	Upward Trend
	AG-JPN	55,000t	WS 135	(last week WS 132.5)	Upward Trend

LNG Segment: Russia and China have signed a memorandum of understanding to supply gas from western Siberia to China. The framework agreement between China National Petroleum Corporation and Russian energy group Gazprom is for an additional 30bn cubic meters of gas per year. It follows a \$400bn agreement in May for Russia to sell up to 38bcm of gas per year from eastern Siberia to northeastern China.

Meanwhile, LNG spot rates have increased slightly to \$85,000/day, on improved sentiment as as at least three vessels were fixed on charters last week and 10 were on subjects, with 2 and 8 vessels reported to be on subjects in the East and West respectively. The majority of recent fixtures are for discharge in December/January, leaving little available tonnage for charters heading into Q1 2015. The recent chartering activity and limited near-term availability could be a positive for short-term LNG rates.

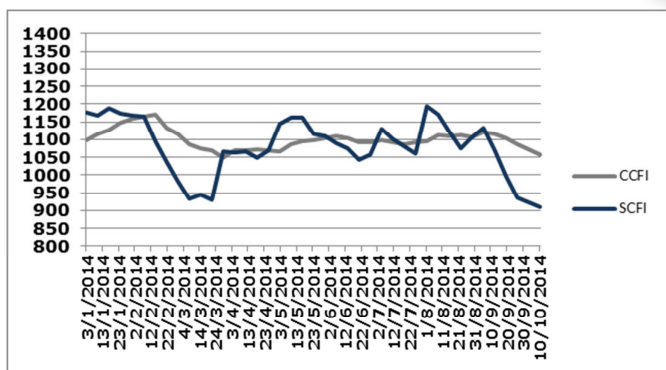
LPG Segment: An oversupply of ships heading to Asia may freeze a further increase in LPG spot rates. Currently, the benchmark Middle East to Asia VLGC voyage is at \$98.92/ton, according to data from the Baltic Exchange and recent fixtures for hauling Middle Eastern LPG to Asia on the end of November are at a rate in the lows of \$80/ton. In mid-July, rates on the benchmark route Middle East to Asia were standing at the highs of \$140/ton.

In the period market, tightening fundamentals and firm sentiment continue to support a healthy rate environment. LGC, MGC, and Handysize 1-year time charter rates currently stand at ~\$61,667/day (up 83% yr/yr), ~\$36,667/day (up 33% yr/yr), and ~\$36,000/day (up 21% yr/yr), respectively. VLGC 1-year time charter rates are currently at \$63,333/day, representing a ~0.3% discount to peak VLGC levels (~\$63,500/day).

Container Segment: The Shanghai Container Freight Index has stayed above of 1,000 points for two straight weeks, but a downward incline was seen again with weekly decreases in all main routes. The largest weekly decrease in recorded again in Asia-Europe route, but also in the transpacific route, Asia-USEC route. The index ended at 1062 points last week, 50 points down from previous closing and up by 95 points from week ending October 24th.

In Asia-Europe route, rates decreased to \$1175/TEU, down by \$137/TEU (10% w-o-w) and in Asia-Med, rates moved down by \$111/TEU (8% w-o-w) and concluded at \$1305/TEU. The levels in Asia-Europe route are now down by \$280/TEU from the beginning of August and down by \$303/TEU in Asia-Med route.

In transpacific routes, rates moved down by \$61/FEU (3% w-o-w) in Asia-USWC and down by \$107/FEU (3% w-o-w) in Asia-USEC route. Rates in Asia-USWC route concluded at \$1,927/FEU and \$3,941/FEU in Asia-USEC route. Compared with the beginning of August, rates in Asia-USWC route are now down by \$271/FEU and down by \$246/FEU in Asia-USEC route. Rates in Asia-USWC remain below the barrier of \$2000/FEU for two straight weeks, while in Asia-USEC route, rates decreased to levels of less than \$4,000 for the first time since week ending July 25th.



STX Offshore & Shipbuilding Co has offered to share technology with three Indian yards for constructing LNG carriers in India. But the beleaguered South Korean shipbuilder needs India's state-owned natural gas firm GAIL (India) to relax its terms on a tender for nine vessels to let it participate. GAIL's shipyard eligibility criteria exclude STX mainly on financial grounds. But a government-backed plan aims to build three of the nine ships in India and – as Indian yards have yet to build LNG ships – they would need to tie up with overseas shipyards to meet this objective. "STX is the only global shipowner with experience in building LNG ships to come up with an offer to share technology with Indian yards such as Cochin Shipyard, L&T Shipbuilding, and Pipavav Defence and Offshore Engineering Co," said a spokesman for India's shipping ministry. STX has submitted a letter from Korea Development Bank, its main creditor bank, assuring its support on the GAIL LNG shipping project to dispel doubts over STX's financial capability to undertake the contracts, added the ministry spokesman. India's new government led by Narendra Modi is keen for Indian yards to start building LNG ships as part of a 'make in India' campaign, which could put pressure on GAIL's board to adjust the tender. STX, which is selling overseas units and laying off staff as it restructures, sees the GAIL project as an opportunity to re-build its reputation. At the expiry of the tender's original deadline on 30 October, no qualifying yards in Japan or in South Korea – such as Hyundai, Daewoo, and Samsung – had expressed their willingness to share technology. GAIL has now extended the submission deadline of the techno-commercial bids to 4 December to help Indian yards find a technology partner. STX's offer is a relief for Indian shipbuilders, who were on the brink of missing the government-backed opportunity due to lack of technology.

Shipping Finance:

Greece's **Alpha Bank** is to raise about \$510 million from a deal backed by shipping loans, one of the first of its kind in Europe for nearly a year, finance industry and Alpha bank sources said. The fundraising, arranged and financed by Citigroup (C.N), bundles together approximately 35 individual shipping loans with an average life of two and a half years with a five-year final maturity, industry sources said. A Citi spokesman declined to comment.

The deal represents efforts by industry players to seek ways to raise money and plug a multi-billion dollar funding gap, caused by several European banks pulling out of the shipping sector or scaling back exposure in response to tougher regulations after the financial crisis. "Securitisation transactions are part of Alpha's program. They are a tool to differentiate the bank's funding sources," one Alpha bank source said.

Sources told Reuters in June that Alpha Bank, Greece's fourth-largest lender, planned to securitize about 1 billion euros (\$1.24 billion) of shipping loans and expected to raise about 500 million euros in the transaction. Industry sources said the private deal was a secured financing with the loans to be placed in a special purpose vehicle. Alpha Bank will act as the servicer of the loans, which include financings provided for dry bulk and oil tanker ships. The size of the underlying portfolio was \$850 million, they said. The deal for Alpha Bank follows a similar-styled transaction that Citi arranged in Dec. 2013 for German lender HSH Nordbank which lifted up to \$700 million from a portfolio of 30 shipping loans. (Source Reuters)

Ship financing deals: **Scorpio Bulkers, Inc.** announced that it has received a commitment from ABN AMRO Bank N.V. for a loan facility of up to \$39.6 million. The Facility was arranged by ABN AMRO Bank N.V., The Netherlands, with insurance cover to be provided from the China Export & Credit Insurance Corporation ("Sinasure"). The Facility will be used to finance up to 60% of the market value upon delivery of two Kamsarmax vessels currently under construction at Tsuneishi Zhoushan Shipyard, China for delivery in Q3 2015 and Q1 2016. The Facility has two tranches which shall each mature 10 years from the date of delivery of each vessel. The terms and conditions of the Facility, including covenants, will be similar to those in the Company's existing credit facilities and customary for

financings of this type. The Facility is subject to customary conditions precedent and the execution of definitive documentation.

GasLog Partners LP announced that the Partnership's vessel owning subsidiaries have signed the previously announced \$450.0 million credit facility to refinance the \$486.7 million outstanding under the Partnership's existing three credit facilities (the "Existing Facilities"). The borrowers under the New Facility are the Partnership's vessel owning subsidiaries (the "Borrowers"), and the lenders and arrangers are Citibank, N.A., London Branch, Nordea Bank Finland plc, London Branch, DVB Bank America N.V., ABN Amro Bank N.V., Skandinaviska Enskilda Banken AB and BNP Paribas. Andrew Orekar, Chief Executive Office of GasLog Partners commented, "I am very pleased to have signed this financing, at what I believe are attractive rates, six months after completing our initial public offering in May. This financing simplifies the Partnership's funding arrangements, bringing the existing loans into one single facility."

Companies News-Merging Acquisitions:

Mitsui O.S.K. Lines, Ltd. announced that the pool agreement governing the formation of a new MR (*1) pool has now been signed among the four partners. Partners in the new pool will be MOL, Asahi Tanker Co., Ltd., UltrNAV International S. A.(UltrNAV)(*2) ., and OSG International, Inc. (*3)

The new pool "Clean Products Tankers Alliance" will operate a combined fleet of around 60 MR vessels. UltrNAV, headquartered in Santiago will operate IMO-type vessels (*4) mainly for the Americas trade out of their office in Miami, and MOL whose main operations are in Tokyo, Singapore, London, and Houston, will operate other vessels for worldwide trade.

The joint pool agreement will enable more efficient arrangement of vessels, allowing the flexibility to meet diverse customer needs with reliable, high-quality ocean transport service.

*1:MR: Medium range product tankers; ranging 45,000- 55,000 deadweight ton

*2:UltrNAV International S.A.: Part of the Chilean Ultramar Group

*3:OSG International, Inc.: A wholly owned subsidiary of Overseas Shipholding Group, Inc., of the U.S.

*4:IMO-type vessels: Tankers which comply with the construction and equipment requirements for carriage of chemicals in bulk adopted by IMO(International Maritime Organization). IMO-type vessels can carry petroleum products, easy chemicals, vegetable oils, and other cargoes.

In the crude tanker segment, **SINOTRANS & CSC Holdings** chairman Zhao Huxiang has confirmed that all the very large crude carriers in his group fleet will be injected to a joint venture with China Merchants Energy Shipping, which could create the world's largest VLCC operator. The two Chinese state-owned conglomerates formed China VLCC in Hong Kong in September, aiming to combine group assets in this segment to enhance profitability and meet Beijing's long-term strategic goal of shipping more crude on the home-owned fleet. "All the VLCCs our group will be instilled to the joint venture with CMES. So far, we have already transferred three VLCCs [to China VLCC]," Mr Zhao told Lloyd's List in an interview. "The venture could have as many as 39 vessels... we'll build from that foundation."

GOLDEN DESTINY - RESEARCH DEPARTMENT

In the container segment, **United Arab Shipping Company (UASC)**, a leading container shipping line and emerging global carrier, plans to make significant investment in new reefer units, the Company announced at WOP Dubai, the international perishables expo for the Middle East.

The expansion of its fleet of refrigerated units and enhanced geographic access to the South America trades - following UASC's recently announced cooperation with Hamburg Süd - ensures that all UASC customers now have access to the important South America trades as part of UASC's comprehensive global reach, including those moving refrigerated cargo.

Gareth Madsen, head of reefer management at UASC, commented: "Through partnerships with leading operators, investment in some of the largest and most eco-efficient container vessels ever built, and a commitment to expanding reefer services, UASC is moving up the rankings of the global container liner shipping industry in a way that reflects our strategic growth plans.

"We are continuously investing in our container fleet to meet customer demand and to comply with the most up-to-date specifications. Expanding our reefer fleet will ensure that we continue to offer our customers the most cutting-edge, energy-efficient solutions for the carriage of frozen and chilled cargoes."

GOLDEN DESTINY Research & Valuations Department

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