



TELEPHONE:
201-585-9999

ONE EXECUTIVE DRIVE
FORT LEE, NEW JERSEY 07024

TELEFAX:
201-585-9998

ships@compassmar.com

THE COMPASS WEEKLY MARKET REPORT

October 3rd, 2008 / Week 40

THE VIEW FROM THE BRIDGE ...

Liquidity and Confidence. Both have disappeared in the past few weeks as the financial markets froze and the "icing effect" carried over into most shipping segments. The markets should start moving again next week after reaction to the "rescue" package starts to unfold, but how costly will the effects of recent events be to shipping values?

As expected, the S+P market remains frozen this week with almost no sales of any consequence taking place (of course in the past few weeks unless a buyer pays cash for the vessel it is almost impossible to obtain credit!). There is plenty of money on the sidelines waiting to strike when buying opportunities become available, however, thus far we have seen little evidence of owners willing to lower their prices so we now have a widening gap between price ideas of buyers and sellers. There are a lot of ships for sale in the market but most have been circulated for some time and there are fewer new candidates being offered.

Compass is one of the panel members providing S+P values to the Baltic Exchange Sale & Purchase Assessments (BSPA). Last week we felt that it was prudent to freeze our valuation tables during this unprecedented financial de-leveraging period until representative sales could be used to develop accurate opinions.

In addition to comparative sales, charter rates, newbuilding prices, number of available sales candidates etc, there now is another factor that can be used to value ships when markets are less active. Earlier this week the SEC clarified its position on the "Mark to Model" alternative for valuing assets (see SEC Office of the Chief Accountant and FASB Staff Clarifications on Fair Value Accounting 2008-234). "If they (transactions) are orderly, transactions should be considered in management's estimate of fair value. However, if prices in an inactive market do not reflect current prices for the same or similar assets, adjustments may be necessary to arrive at fair value. When markets are less active, brokers may rely more on models with inputs based on the information available only to the broker." At this time, Compass does not use a model to calculate shipping values. Although some buyers may argue that our values are too high and some sellers may argue that our values are too low, we think that we are providing a best estimate considering the disparity of opinions during this unprecedented time.

Dry cargo rates continued to plummet this week (especially the Panamax index which has fallen 77% since mid July!) although rates stabilized slightly at week's end (providing some optimism for a few strong hearted players). Reports of charter renegotiations and charterer's defaults keep uncertainty at the forefront. The dry cargo shipping stock prices have been in a freefall this week (many falling over 30% since Monday) and we expect massive volatility until freight rates stabilize. It will be interesting to see if companies start suspending dividends to keep cash handy.

It was reported that the Stolt Nielsen expansion program is "fully financed" and we expect that other public companies with extensive newbuilding programs will be addressing that issue as access to capital remains a problem. As we have been previously mentioned, M&A activity will certainly increase. It was reported that the Bob Burke Group has put an offer on table for Aries Maritime and Liberty has increased their holdings in International Shipping Holdings. Both companies have so far rejected these approaches.

The 6th Annual ASBA (Association of Ship Brokers & Agents U.S.A.) Cargo Conference took place at the Doral Golf Resort in Miami this week with key representatives of the shipping community presenting topics and exchanging information (in addition to the golf!). There were about 140 agents, ship brokers (sale and purchase, dry cargo, tanker), ship owners, charterers, operators, oil companies, bankers in attendance as the event continues to be one of the premier shipping networking events of the year.

SALE & PURCHASE ACTIVITY REPORTED THIS WEEK

TANKERS

NONE

BULK CARRIERS

"MARIGOLD" 46,745/82 - PUSAN - SUL 10,665 - 6HH - C 3X20T, 2X15T - 9,582 LDT
Sold for \$16 mill. to undisclosed buyer. Vessel sold basis SS/DD freshly passed.

CONTAINERSHIPS

NONE

TWEEDECKERS / MPC / Ro-Ro / MISCELLANEOUS VESSELS

NONE

NEW VESSELS FOR SALE

TANKERS

NONE

BULK CARRIERS

"ROTTERDAM TRADER" 51,356/98 - HYUNDAI - 6HH - B&W 15,600 - C 3X15T
Inspectable Rotterdam October 14th.

NEWBUILDINGS

NEWBUILDING STATISTICS

<i>ASSET CLASS</i>	2008	2009	2010	2011	2012	2013	2014	* TOTAL ORDERBOOK
ULCC/VLCC	14	66	67	98	16			261
SUEZMAX	13	61	44	59	9			186
AFRAMAX	37	101	86	46	1			271 (-1)
PANAMAX	21	50	26	35				132
MR TANKER	69	226	192	92	11			590
0-35K DWT	138	221	158	53	9			579
CAPE SIZE	15	164	345	216	77	16	2	835 (+6)
80-100K WT	17	90	191	154	37	11	1	501 (+4)
PANAMAX	17	54	80	55	30	5		241
SUPRAMAX	75	309	319	216	53	7		979 (+38)
HANDYSIZE	49	278	282	199	72	8		888 (+2)

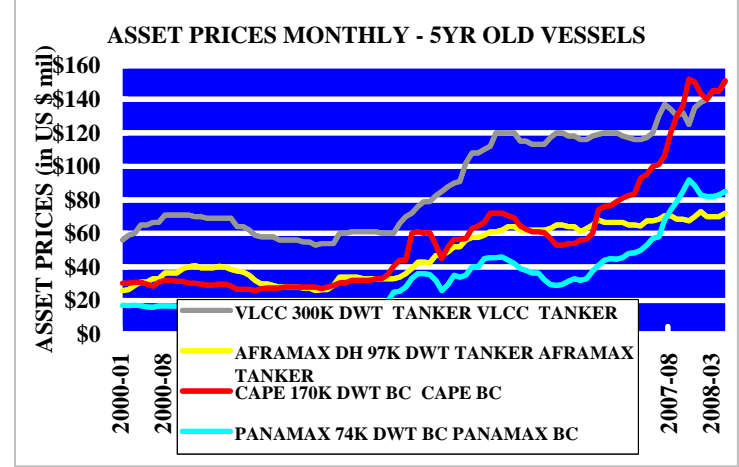
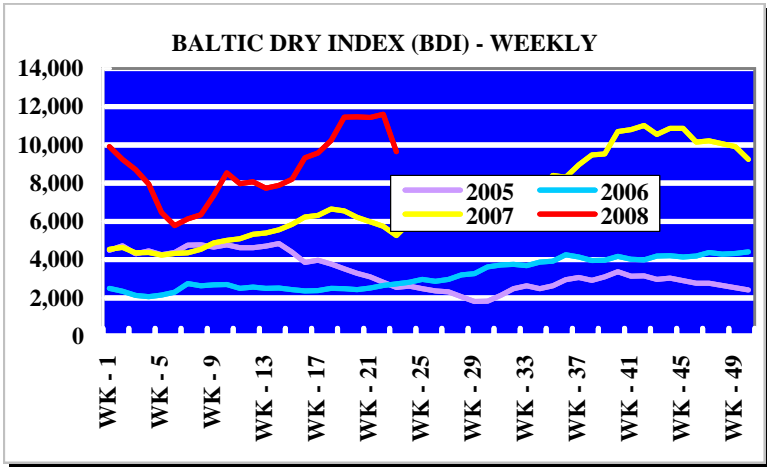
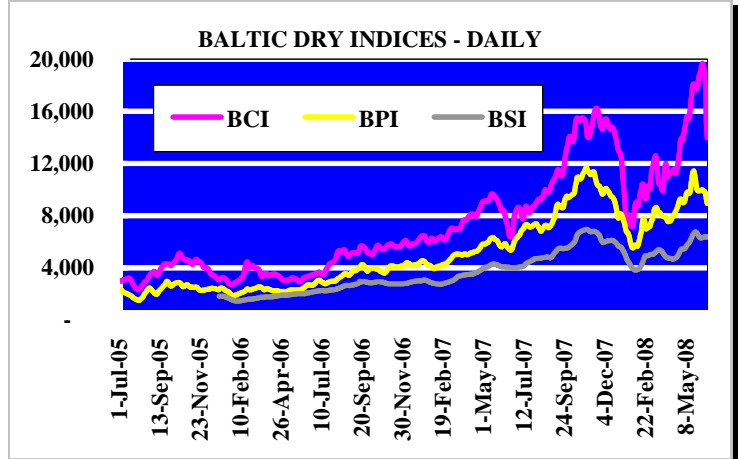
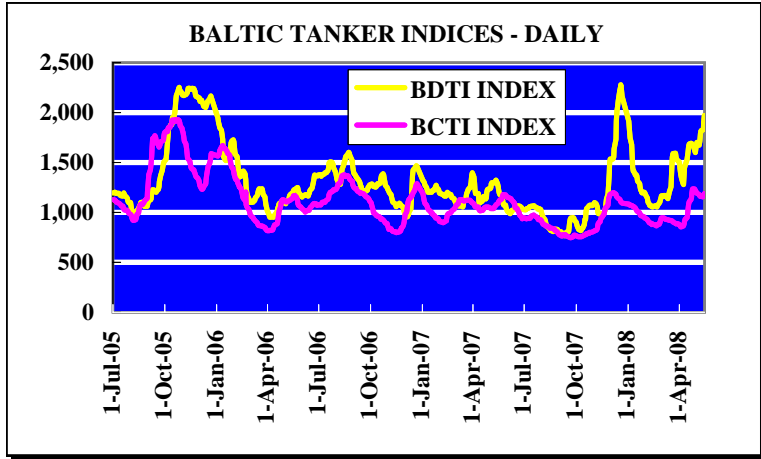
- *Includes ALL vessels on order.*
- Please note that not all data are current as of the end of this week.

NEWBUILDING ACTIVITY REPORTED THIS WEEK

<u>No.</u>	<u>Size</u>	<u>Type</u>	<u>Yard</u>	<u>Delivery</u>	<u>Price (mill)</u>	<u>Owners</u>	<u>Comm.</u>
2x	50,000 dwt	Prod	Korea	2011	\$52.5	undisclosed	
6x	20,000 dwt	Prod	Modest	2011/12	\$30.85	Cineanpo Group	
2x	19,800 dwt	Prod	Kitanihon	2012		Zodiac Maritime	
5x	205,000 dwt	Bulk	Nantong COSCO	2011		Kawasaki Kisan	
2x	115,000 dwt	Bulk	Jiangnan	2011		T. Schulte	
2x	80,000 dwt	Bulk	COSCO Dalian	2010	\$54	German	
2x	80,000 dwt	Bulk	New Times	2011		T. Schulte	
1x	55,000 dwt	Bulk	Kawasaki	2011		Kawasaki Kisen	
2x	50,000 dwt	Bulk	Nantong	2010		Fujian Shipping	
8x	37,000 dwt	Bulk	STX Dalian	2012/13	\$40	STX Pan Ocean	
1x	35,000 dwt	Bulk	SPP	2012	\$40	Iran Shipping	
1x	34,000 dwt	Bulk	Daesan	2011	\$38	Leros	
4x	24,000 dwt	Mpp	Guangzhou	2011	\$52	Rickmers	
2x	4,500 dwt	Mpp	Modest	2011	\$14	Dutch	
4x	4,500 dwt	Mpp	Qingdao	2009/10		Dutch	

KEY INDICATORS

MARKET SNAPSHOT								
FINANCIAL SUMMARY		FREIGHT INDICES - BALTIC EXCHANGE INDICES						
			THIS WEEK	LAST WK	LAST YR	CHANGE w-o-w	y-o-y	y-o-y (%)
WON / US \$	1,223.69							
NOK / US \$	6.013	BDI - DRY	3,002	3,746	9,535	(744)	(5,789)	-60.71%
US \$ / €	1.3794	BCI - CAPES	4,254	6,528	13,664	(2,274)	(7,136)	-52.22%
US \$ / £	1.7618	BPI - PANAMAX	2,281	3,458	9,635	(1,177)	(6,177)	-64.11%
¥ / US \$	105.22	BSI - SUPRAMAX	2,364	2,925	5,860	(561)	(3,496)	-59.66%
OIL (WTI) / bbl	\$ 93.97	BHSI - HANDYSIZE	1,169	1,527	2,822	(358)	(1,653)	-58.58%
10-YR TREAS	3.646%	BDTI - DIRTY TANKERS	1,464	1,585	829	(121)	756	91.19%
LIBOR (3-mos)	4.21%	BCTI - CLEAN TANKERS	1,349	1,424	755	(75)	669	88.61%



VESSEL VALUES								FREIGHT	
ASSET CLASS		NB CONTRACT	PROMPT	5 YR	10 YR	20 YR (HULL)		ONE-YR TC	
TANKERS	SIZE (DWT)	(All Numbers in US \$ Millions)							US \$ (pd)
VLCC	300,000	\$156.0	\$191.0	\$159.0	\$130.0	\$35.0	SH	\$87,500	
SUEZMAX	150,000	\$98.0	\$116.0	\$101.0	\$82.0	\$28.0	DH	\$52,500	
AFRAMAX	105,000	\$78.0	\$86.0	\$77.0	\$60.0	\$18.0	SH	\$40,000	
PANAMAX	70,000	\$65.0	\$69.0	\$60.0	\$47.0	\$12.0	SH	\$31,000	
MR TANKER	47,000	\$52.0	\$60.0	\$52.0	\$40.0	\$10.0	SH	\$24,500	
DRY BULK	SIZE (DWT)	NB CONTRACT	PROMPT	5 YR	10 YR	20 YR			
CAPE	170,000	\$96.0	\$145.0	\$120.0	\$85.0	\$40.0	SH	\$55,000	
PANAMAX	74,000	\$54.0	\$80.0	\$68.0	\$51.0	\$30.0	SH	\$35,000	
SUPRAMAX	52,000	\$48.0	\$60.0	\$50.0	\$37.0	\$25.0	SH	\$40,000	

BUNKER PRICES (US\$/ton)	ROTTERDAM	FUJAIRAH	SINGAPORE	PIRAEUS
380 CST	\$511.00	\$541.00	\$539.00	\$535.00
180CST	\$536.00	\$551.00	\$556.00	\$566.00
MGO	\$892.50	\$1,012.50	\$832.50	\$872.50

DEMOLITION

DEMOLITION STATISTICS

<i>ASSET CLASS</i>	<i>THIS DATE 2008</i>	<i>THIS DATE 2007</i>	<i>2007 TOTAL</i>	<i>2006 TOTAL</i>
ULCC/VLCC	5	1	1	0
SUEZMAX	4	1	1	0
AFRAMAX	7	8	8	14
PANAMAX TANKER	8	3	4	7
CAPE/COMBO (100K DWT +)	1	0	0	3
PANAMAX BULKER	0	*2 (*1 pmax+1 post pmax)	2	13

ESTIMATED DEMOLITION PRICES (US \$ per lt)

<i>LOCATION</i>	<i>TANKERS 6-10,000 LT</i>	<i>TANKERS 15-20,000 LT</i>	<i>BULK CARRIERS</i>
CHINA	350	375	325
SUB-CONTINENT	545	560	515

RECYCLING ACTIVITY REPORTED THIS WEEK

COMMENTARY:

No sales to report this week.

BANGLADESH – CHITTAGONG

NONE

CHINA

NONE

INDIA – ALANG

NONE

PAKISTAN – KARACHI

NONE

COMPASS CONTACTS

SALE & PURCHASE	MOBILE PHONE NUMBER	AOH
Terry Chance	201 - 463-3834	908 - 232-5574
Bart Lawrence	201 - 463-3835	914 - 997-7599
Tom Linter	201 - 463-3826	973 - 949-4218
Tom Roberts	201 - 463-3832	914 - 242-5436
Sophus Schanche	201 - 463-3831	973 - 283-2848

OFFSHORE	MOBILE PHONE NUMBER	AOH
Tommy O'Toole	845 - 597-4150	845 - 783-9092

PROJECTS & FINANCE	MOBILE PHONE NUMBER	AOH
Basil Karatzas	201 - 463-3828	713 - 545-5990

IT & MANAGEMENT RESOURCES	MOBILE PHONE NUMBER	AOH
Joseph Kaufmann	201 - 463-3833	845 - 628-0469

Very Truly Yours,

COMPASS MARITIME SERVICES, LLC

Compass Maritime Services, LLC is Member of

- ✓ The Association of Ship Brokers & Agents (USA) Inc. (ASBA), and
- ✓ The Baltic Exchange,



and Panel Member of

- ✓ The Baltic Exchange Sale & Purchase Assessment (BSPA Index)
- ✓ The Baltic Exchange Demolition Assessment (BDA Index)

The information contained in this report has been obtained from various market sources. COMPASS MARITIME SERVICES (CMS) believes such information to be factual and reliable without making guarantees regarding its accuracy or completeness. CMS will not be held responsible for any action or failure to take action upon reliance on information contained herein. This report, whether partially or in its entirety, cannot be reproduced by any means without the prior written authorization of Compass Maritime Services, LLC.

© 2000-2008 COMPASS MARITIME SERVICES, LLC All Rights Reserved