

Excel Maritime Carriers Ltd (EXM)

Ticker:

EXM

Excel Maritime (EXM) Pops on Uptick in the Baltic Dry Index

EXM rose 26% from the previous close on news the Baltic Dry Index (BDI) may have reached the floor at 647 from an average of 2,000 in 4Q 2011. The BDI tracks the price of shipping cargo submitted on a daily basis by a panel of international shipbrokers, similar to the LIBOR rate setting.

The other dry bulk shipping companies rose an average of 15%. The sector has been an underperformer as a glut of ships coalesced with dampened demand to form the historic BDI lows. Just a couple of years ago, the BDI was at +11,000 before the global economy slumped into the worst recession since the 1940s.

As a result, many dry bulk shippers have undervalued book value and cashflows have decreased as the chargeable spot and contract rates have fallen drastically.

We are not sure whether the positive market news coming from the U.S., driven mainly by lower unemployment figures and strong corporate earnings by the large cap firms, is a measure of sustainable growth. Therefore, we will try to exit EXM after we recoup as much of the loss as we can before the BDI falls through the floor.

Sources:

http://investmenttools.com/futures/bdi_baltic_dry_index.htm

[http://stockcharts.com/freecharts/gallery.html?\\$BDI](http://stockcharts.com/freecharts/gallery.html?$BDI)

Sung Nam
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