

HIGHLIGHTS OF THIS ISSUE

In this issue, we briefly update our existing themes. We then present in the spotlight piece the **Poseidon Cycle**. Shipping freight rates are notoriously cyclical. Yet, few bother to scientifically quantify or utilize this information. We do for the Baltic Dry Index (BDI). Thinking of hedging options in this fairly illiquid and esoteric market, we also attempt to link movements in the BDI to tradable financial assets.

- April offered a perfect speed bump and May a more worrisome slide. June is an unavoidable crescendo. The markets are in earnest pricing in a higher probability of a tail-event risk.
- We expect a forced culmination of those risks this month and the sliding to continue till then. However, we expect sharp moves in either direction depending on the realization of outcomes in Greece and Spain, with relief rallies still the more likely outcome later this month.
- Despite the onset of softer global economic data in the course of the last couple of months, which are likely to persist through the summer, there is still a ray of hope originating from the **US housing market** with further potential ahead.
- In our **Poseidon Cycle** spotlight piece, we explore a slice of the fascinating shipping freight rate market.

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