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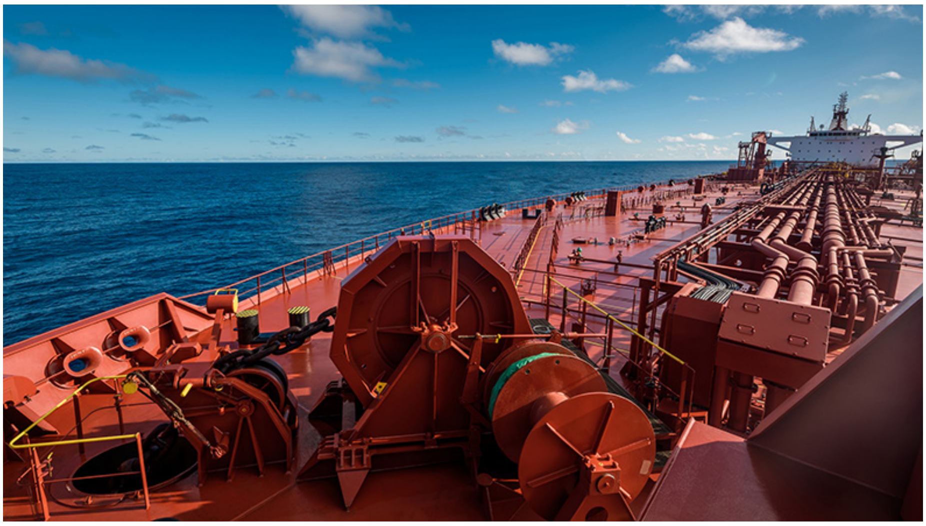
Floating storage economics fail to lift tankers for pandemic's second wave



FLOATING STORAGE REACHED a record 307.3m barrels per day on 254 tankers in early July, data from Lloyd's List Intelligence show.

Since then it has steadily dropped and is now at a six-month low of 199.7m barrels.

Methodology encompasses clean and dirty cargoes on panamax-sized tankers and larger, at anchor, and laden for 20 days or more.

Is the contango wide enough?
Oil traders typically charter larger tankers for floating storage when the market is said to be in contango and the future price of crude or refined products is much higher than the current price

When lockdowns paralysed first Asian and then European economies global crude demand collapsed by a third, or by some 33m barrels per day.

That made it profitable to buy crude or refined products and then pay for storage at land or sea, for later sale at a profit.

The current difference in price, or spread, between Brent futures trading in January, and the July contract was minus $2.53 per barrel.

That compares to the discount that exceeded minus $10.30 for May-versus-November contracts earlier this year. That spread was the most in 11 years. Now the economic impact of the pandemic is priced in to further-out futures, such discounts appear unlikely, notwithstanding any calamitous event.

Brent is the benchmark from which about 80% of oil is traded, and today's numbers do not make floating storage viable, nor profitable.

Traders would lose some $550,000 over the period if they bought crude now at today's price, chartered a very large crude carrier for six months for storage and then sold at the July futures value. That assumes a time charter rate of $30,000 daily. Profits do not start to emerge until that rate is around $23,000 to $24,000 daily.

When the same sums are done for low-sulphur gasoil futures stored on VLCCs, traders can make a profit of some $1.3m over six months, based on a spread of $27.50 per tonne and a time-charter rate of $30,000 daily.

This explains why about six newbuilding VLCCs are now storing diesel off the east coast of England, as they are able to trade clean with their first cargo.

However, such plays are rare as not only must the economics work, but a newbuilding VLCC must be available.

Storing diesel on a smaller Long range 2 tanker, which is more common, does not add up. At $15,000 per day, traders would incur loss of some $573,000 over the same period.

Unless time-charter rates drop, the contango widens, or land-based inventories fill up, then the pattern seen over May-through-August is unlikely to be repeated on the same scale.

How congested are China's ports?
Port congestion in China elevated floating storage volumes over the second quarter and into the third, helping lift demand for tankers because vessels were delayed for weeks at ports and unable to discharge.

As much as 40% of floating storage volumes over July and August comprised tankers at anchor off the Chinese coast, rather than tankers being used for oil traders' contango storage plays.

This was because price-sensitive Chinese refineries maxed out purchases over the second quarter when crude was low, which resulted in record volumes imported over May, June and July. This overwhelmed receiving capacity at many terminals.

There are currently 12 tankers that have been at anchor off Chinese ports for 20 days or more, floating storage data show. That compares to 39 tankers waiting in the last week of July.

Furthermore, Chinese refineries have slowed crude purchases, making a further repeat of port congestion unlikely in the medium term, given the four-to-six week sailing time from major buyers in the Middle East Gulf, and Atlantic.

Some 9.16m bpd of crude was tracked to China in September, Lloyd's List Intelligence preliminary data show. That compares to the record 13.73m bpd registered in May.

Sinopec started up a new, 200,000 bpd refinery in Zhanjiang in June, prompting speculation that crude demand would surge in the final quarter to augment the winter seasonal uptick.

With the market already oversupplied with middle distillates such as gasoil, diesel and jet fuel and inventories already high, demand for crude to process gasoil and kerosene for heating is muted this year.

What about land-based inventories?
Alongside the surge in floating storage that began in April and May, was a rise in stocks held in land-based inventories. There were reports that many shoreside tanks were almost full, prompting panic-chartering of tankers to mop up any overspill.

This maxing out of tanks failed to materialise. Stocks at many hubs reached or exceeded highs last seen in 2014 and 2015, when contango trades were last at such levels. Tankers were frequently delayed or idled while traders sought for land-based space to discharge and store cargoes.

Crude land stocks for north America, the European Union 27, UK and Scandinavia totalled 1.6bn barrels in August, the last month for which data from the Joint Organisation Data Initiative was available. That's 44m barrels below the June peak, with September figures likely to be slightly lower.

Diesel, gasoline and jet fuel inventories from the same countries are also below a peak seen in April. These figures suggest that cargoes equivalent to 30 very large crude carriers would need to go into land-based storage before similar pressure is seen.

Global oil demand: what was it then, what is it now?
The pandemic has rapidly reshaped tanker seaborne flows, with new routes emerging for fuel oils, traditional east-west jet fuel trading lanes shrinking

and reverse-arbitrage trades arising for transatlantic diesel over October.

This isn't surprising given that jet fuel exports plunged 52.5% over the first half of 2020 compared to the prior-year period, with gasoline 15 percent lower and diesel down nearly 11%, according to JODI figures.

It was these dramatic drops in demand for road and air transport fuels that led the crude price lower.

An accord reached in May by members of Organisation of the Petroleum Exporting Countries and their allies dramatically reduced production and exports to arrest plunging prices.

Since then exports from the Middle East Gulf have slowed and were tracked at over 15.23 million bpd in September.

That compares to 19m bpd in April at the height of an oil price war between Saudi Arabia and Russia that was quickly derailed by the coronavirus demand collapse.

This reduction equates to the loss in cargoes of two VLCCs daily, or nearly 60 every month compared with April.

With European countries now in lockdown, the so-called Opec-plus deal is set to extend current production curbs into January, rather than add an additional 2m bpd as initially planned.

The scale and pace of any global demand downturn is unlikely to be as severe as earlier this year, when the economic impact cascaded from Asia to Europe to north America and beyond.

Asian economies that have been spared a second-wave outbreak are faring better, especially China, the largest importer of crude, and a significant refiner.

With the long-anticipated rebalancing of the global oil market now stalled, falling demand will weigh on rates.

Tanker utilisation is unlikely to be lifted by the deployment of larger sizes for floating storage.

So, unless there is another 'black swan' event heading the market's way, owners will need to rely on increased scrapping, fewer newbuilding deliveries and a return to oil demand growth for rates recovery over the next six months.

OPINION

More work to be done to stem maritime skills decline

MUCH has been written and discussed about the growing shortage of experienced crew and the decline of traditional seafaring nations being able to train and meet the demand, *writes Oliver Hutchings, marine managing director at Charles Taylor Adjusting.*

The issue was discussed in the context of a growing world fleet and how a shortage of experienced crew could lead to shipside issues that might otherwise have been avoided.

This is of course a significant concern the industry has had to deal with over the past decade, but what about those who support the shipping industry from the shore side?

The marine industry is enormous and requires vast numbers of professionals and skilled individuals to manage not only the day-to-day operations of shipping but also the numerous supporting functions. For example, every ship has a team of operational and management support staff in the owner's offices. There are superintendents, brokers and fixtures who manage the commercial side.

There are also the thousands of people employed all over the world who support the industry when things go wrong. The people who sit behind the day-to-day optics of a shipping operation are not so well known outside the industry, so how do we ensure we can continue to attract and develop talent to ensure there is not a shortage?

We are talking about the brokers, underwriters, lawyers, adjusters, surveyors and claims handlers who support the shipping industry and are an integral part of it.

Most people who are not part of the industry would not have the first idea as to what these roles are and how to get involved in the industry even if they did want to. That being said, the industry thrives and these roles are well filled for the time being.

The issue, however, is perhaps going to affect us sooner than we might think. The age profile of the service industry that supports shipping is increasing and inevitably experienced practitioners in these areas will retire over the coming years.

Are we going to be left with a skills shortage for these roles in the future and should we be acting now to ensure we are well positioned for the next decade and beyond?

The age profile of the service industry that supports shipping is increasing and inevitably experienced practitioners in these areas will retire over the coming years.

Are we going to be left with a skills shortage for these roles in the future and should we be acting now to ensure we are well positioned for the next decade and beyond?

Before 2008, the shipping industry was booming and was perhaps a more lucrative business for those working in it. A question I often ask of individuals in our industry is how did you start your career?

The question is usually answered in one of two ways: either the individual knew someone in the industry, or they "fell" into it. Diversity being a key part of any business is important and perhaps the industry needs to consider how we can continue to attract talent and develop that talent for the future.

In our average adjusting business for example, we face this dilemma each time we recruit. Young people coming out of higher education are well versed in most job sectors and there are very obvious career paths for the more routine job sectors.

Trying to explain to a graduate they could have a career in the shipping industry as an average adjuster is a challenging task given it is a niche service line in our industry let alone in the wider job market.

Training those individuals up to become qualified and experienced and then holding onto them for 30 years is an even greater challenge.

Importantly, we all need to ensure our respective service industries continue and the level of skill and experience continues throughout. There are obvious gaps in the experience of individuals within the market.

The most experienced people in our industry are retiring and being replaced by those with a decade or perhaps two decades less of experience. Recruitment and training are important and in a perfect world there would be continuous hiring at all levels but this comes at a cost.

Since 2008, the downturn in the shipping market has had a profound effect on all parts of the industry. If the ships cannot make the same level of revenue and margin and remain profitable, that pressure is reflected in all levels of the industry.

The increasing pressure on insurance and service rates leads to a downturn in performance of those businesses and therefore an impact on the ability to recruit, train and develop new talent while trying to remain profitable.

Over the past 12 years, we have seen a reduction in the number of different service providers, whether it be marine underwriters, law firms, survey firms or brokers.

Consolidation has occurred in all areas of our industry and while expertise is still available, the number of providers and therefore the amount of choice has reduced. Perhaps consolidation of the marine service industry is the answer in the short term, but it is incumbent on those experienced professionals in the market to ensure their craft is passed on to the next generation and that it continues.

We know from our own experiences that it is important to continue recruiting and training young people, notwithstanding the costs of doing so. If we do not, the future does not hold much hope of having the necessary skills and experience to support our industry. We need to be inventive and make sure we keep our industry open to all and provide as many opportunities as we can to those who wish to have a career in it.

For me, it is clear no matter what part of the industry you work in we are all in it together and collectively we have a responsibility to pass on our experience to the next generations.

The only way we can do this is by looking at our individual businesses or even ourselves and asking

ANALYSIS

Scorpio chairman says dry bulk didn’t deliver returns as expected

SCORPIO Bulkers’ chairman Emanuele Lauro says that the dry bulk market has not quite delivered the returns the company had been expecting.

A combination of factors, including the weak returns and a general sense of the world and financing moving towards green projects, prompted its decision to move away from the bulker market to focus on the new burgeoning wind turbine installation vessels market.

“It’s a natural evolution of the company,” Mr Lauro said in an interview, adding that a name change is planned although no serious contenders have yet been found.

Another inevitable result of the shift from dry bulk to wind will be job losses, but it is yet unclear as to how many people will be affected or in which locations.

“We had an open dialogue with our employees about what we’re doing,” he said from his office in Monaco. “It’s definitely a tough time and we will make it as least impactful as possible.”

Several industry sources said they were surprised when news broke that the company would most certainly be exiting the dry bulk market with an acceleration of vessel sales, especially when senior management had repeatedly cited its commitment to the space it has been operating in for seven years.

Concerns have been raised about the company’s revenue stream between the time all the bulkers are sold and the delivery of its new wind turbine installation vessel expected towards the end of 2023, saying a gradual exit may have been a more prudent approach.

As a group, the company had been looking into renewables for about four years, with wind being discussed in the last two years, and offshore wind in particular since last summer, Mr Lauro said, adding that events of this year related to coronavirus and lockdowns accelerated its willingness to dive into the new industry.

“We talked about it for so long, we decided to pull the trigger,” he explained.

Market sources have questioned whether Scorpio Bulkers was the best fit for its “radical transformation” to offshore wind.

Mr Lauro and his senior management had wondered the same thing, and discussed how relevant dry bulk would be in five years’ time. They decided they wanted to be in a more predictable market that had growth potential, with environmental, social, and governance objectives.

“Our choice was to stick with a market that didn’t return as we expected or be humble enough to recognise that we needed to change,” Mr Lauro said. “We have the resources to gather the right people around us and become a leader in the sector,” he added. “We are focused on what we can control.”

One source pointed to possible cash flow issues as the driving force behind the decision, while another said it was probably a push by lenders to not have any dry bulk exposure in order to qualify for green finance.

Investors have had to change in response to the world around them with a greater focus on sustainability, and have had, for example, restrictions placed on them for coal investments and related activities, the chairman said.

Dry bulk investors were reportedly selling their positions in the company as it plans its exit, with Scorpio Services Holding, an affiliated company that handles technical and operational ship management, seen buying up shares.

Late last week, Scorpio Bulkers said SSH purchased 85,000 common shares at an average price of $10.94 per share in the open market, giving it a 24.77% holding. A further 40,000 shares were purchased at $10.84 per share, taking its holding to 25.09%.

A market source suggested that the purchases have been a way to prop up the stock price, which is trading at near-lows. Green energy investors have yet to enter the picture.

The company has so far sold eight vessels for a total consideration of $143m. It has no “meaningful” payments for the new wind turbine installation vessel, which is close to being finalised for up to $290m, until 2022, its management said.

Jefferies expects all vessels to be sold by the third quarter of next year, based on its modelling assumptions.

"We expect Scorpio Bulkers to divest six additional vessels in the fourth quarter of 2020, and a total of 35 vessels throughout 2021," the US bank's shipping analyst Randy Giveans said in a note. Net proceeds from the eight vessels sold have amounted to $40m.

Cleaves Securities has meanwhile suspended coverage of Scorpio Bulkers for "an indefinite period of time".

The Oslo-based investment bank had a buy rating on the stock prior to the suspension with a target price of $17 per share on October 22. That was reduced from a previous estimate of $20.

"We view the rapid sale of vessels into illiquid markets at a discount to be unfavourable for the company's dry bulk shipping investors," its shipping analyst Joakim Hannisdahl said in note, adding that it would re-initiate coverage under an ESG (environmental, social and governance) umbrella should Scorpio Bulkers be successful in its rebranding into an ESG company.

Karatzas Marine Advisors managing director Basil Karatzas said that dry bulk markets "were going nowhere fast" while the offshore wind market was garnering a lot of a attention with several projects planned in the US and elsewhere.

While that was the case, Mr Karatzas said: "It concerns me that management has no experience in this sector and that they habitually have been opportunistic."

At the time of its initial public offering at the end of 2013, Scorpio Bulkers said it had contracted and agreed to buy 52 newbuilding bulkers in the space of a few months The vessels, which would start to be delivered the following year through to 2016, came at a price tag of more than $1bn

At the beginning of 2014, it ordered a further 22 newbuildings for just over $1bn.

However, dry bulk markets failed to impress as vessel supply ballooned and demand from China started to slow. A series of mishaps within the iron ore industry curtailed output and exports, which led to extremely weak markets in 2016 and 2019. This year has also been affected by the global economic hit from the coronavirus pandemic.

The company has reported net losses each quarter, bar three, since it was formed.

In August this year, Hermitage Offshore, part of the Scorpio Group which Mr Lauro chairs, filed for bankruptcy amid an oil slump. By October, it was forced to sell its fleet at an auction.

In had bought the company, then named Nordic American Offshore, from Nordic American Tankers in December 2018.

Some sources suggested that the new WTIV order was originally planned to fold into the offshore unit, but since it was now defunct, the natural place for it was in the dry bulk company, since it was already listed and had all the structures in place.

MARKETS

Container shipping outlook positive as Cosco earnings surge

ANALYSTS are upbeat about Cosco Shipping Holdings' prospects after the containership and port company enjoyed an exuberant third quarter of the year. But a resurgence of the coronavirus pandemic and the US presidential election have increased uncertainties.

Benefiting from surging peak-season rates, the Shanghai- and Hong Kong-listed company saw net profits soar 210% in the period from July-September to Yuan2.7bn ($404m).

Liftings of its boxship fleet, the world's third-largest, increased 9.2% and 4.9% year on year on transpacific and Asia-Europe trades, respectively, where vessel revenue also jumped 19% in both lanes.

Chinese investment bank CICC said that the results have met its anticipation, and forecast continued robust performance in the fourth quarter.

Contrary to earlier concerns that freight rates would fall back in October, transpacific rates have been hovering at high levels since September, while rates on other routes have also rebounded quickly, according to a research report of the bank.

“The mark-up on Friday (the Shanghai Containerised Freight Index rose 4.1% week on week) has exceeded expectations of us and the markets. In the short term, cargo demand will remain strong backed by growing consumer spending and restocking overseas.”

CICC expected CSH’s net profits to reach Yuan2.5bn in the last three months of 2020, up from the previous forecast of Yuan500m-1bn.

Shanghai-based SWS Securities noted the shortage of container equipment as another main driver behind the recent rate increase.

“While vessel deployment has been substantially reinstated since September, the imbalance between exports and imports has resulted in a serious shortage of container equipment,” said the broker. “The cause of the tightening slot availability has been shifted to the lack of containers rather than vessels.”

It added such “tightness” will continue until the Christmas period owing to the time needed for box replenishment.

CICC further reckoned that the strong momentum in the spot market might even extend to the contract rates to be negotiated between carriers and large cargo owners and freight forwarders.

“We expect big [shipper] clients to be more tolerant to mark-ups [by carriers] during their contract negotiations in the first quarter next year. The increase could be substantial,” said the bank.

The current contract rates “are not high”, said Sea-Intelligence in a Sunday report, having reviewed price developments over the past 22 years.

The weak rates in recent years were an “aberration” owing to the severe vessel glut resulting from the last global financial crisis, said the consultancy, adding that shippers should start planning for a correction.

However, it also warned of huge uncertainties lying ahead as the coronavirus becomes rampant again in the Western economies, where lockdown measures are being reintroduced.

“Will we see the European consumers once more pull back due to the new lockdown?” asked Sea-Intelligence.

It added on the US side, the candidate who loses the presidential election — regardless of whether it is Donald Trump or Joe Biden — would likely choose to dispute the results. That may lead to a temporarily dysfunctional federal government and rapid spread of the virus in the country.

“The ramifications are unknown but hardly positive to the economy as a whole, nor to the current US consumer boom.”

Marine insurance shrugs off pandemic impact

THE global marine insurance market is showing tentative early signs of recovery after the uncertainty caused by the coronavirus pandemic, a report by the sector’s leading trade association says.

The finding comes in the 2020 edition of the International Union of Marine Insurance’s annual analysis of trends in marine lines.

For the first time, the figures include the initial findings from IUMI’s new major claims database, built over the last three years with input from 22 national insurance associations, which submitted 6,800 records of major marine losses.

Secretary-general Lars Lange said that while data from the organisation’s facts and figures committee covers 2019, IUMI has as usual tried to comment on the general health of marine underwriting in the current year.

The coronavirus pandemic has significantly impacted trade, shipping, commodity prices and consumer activity, which adds to the difficulty in making forecasts.

“Despite this, our analysis is reporting the beginnings of a modest market recovery in most business lines,” he said.

Global marine premiums across all sectors are assessed relatively stable. Early signs of a modest market recovery are encouraging, although covid-19 necessarily clouds the picture.

The gap between global hull premiums and global tonnage continues to widen, although at a slower rate. Hull loss ratios have improved slightly and a benign loss environment prevails, with the continued exception of large vessel fires.

This, coupled with a reduction in underwriting capacity, seems likely to predict a market recovery, but from an exceptionally low base.

Loss ratios for cargo underwriting have improved slightly. But global trade dipped sharply as a result of coronavirus, and accumulation of risk onboard and ashore continues to grow. A market recovery across all regions is reported, however.

The fortunes of the offshore energy market tend to mirror the oil price which has been unstable since 2014.

The low impact hurricane season – at least to date - is positive, but a fragile balance between a low premium base and a low claims environment exists.

IN OTHER NEWS

Seadrill risks default as debt deals expire

SEADRILL says debt deals with senior creditors have expired, leaving it vulnerable to default.

The struggling offshore drilling contractor is restructuring $7.3bn of debt.

It agreed in September to suspend interest payments due that month under "forbearance agreements", which covered senior secured credit facilities, notes and guarantees.

Standard Club 'expecting pushback' on double-digit general increase

STANDARD Club will tackle a projected underwriting deficit with a 10% general increase, the highest for an International Group affiliate yet, and is expecting a difficult renewal with significant member pushback, chief executive Jeremy Grose has confirmed.

The price hike compares with 5% at Steamship, 7.5% at West, and higher ship-by-ship pricing at Britannia, which chief executive Andrew Cutler has confirmed will be "in the same ball park" as its peers.

The trend appears to have emerged as the obvious response to real-terms erosion of rate levels over a number of years, combined with falling investment returns and a spate of major casualties that has seen pool claims for the first six months of 2020/21 hit an all-time high for the halfway stage.

Former maritime minister says UK has neglected shipping in pandemic

SHIPPING has been given second-best treatment by the UK during the coronavirus pandemic, according to a former Conservative government maritime minister.

The claims from Nusrat Ghani — contained in a paper she co-wrote for centre-right think tank Policy Exchange — have been endorsed by Labour peer Lord West, a former First Sea Lord and security minister.

"The government risks overlooking the maritime sector in its economic response to the coronavirus crisis," Ms Ghani said.

Korea Shipbuilding wins two LNG carrier orders worth $375m

SOUTH Korea's Korea Shipbuilding & Offshore Engineering Co, formerly known as Hyundai Heavy Industries, is looking set for a relatively good end to the year, having secured another two liquefied natural gas carriers orders worth Won425bn ($375m), with the prospect for more orders before 2020 closes out.

KSOE unit Hyundai Heavy Industries Co won the contract to build the 174,000 cu m LNG carriers for a European company, which are scheduled to be delivered starting in the second half of 2022, the company said in a regulatory filing.

The deal also has options for another two similar LNG carriers, the company added.

MOL seals contract for three ships for Artic LNG 2 project

MITSUI OSK Lines has ordered three ice-breaking liquefied natural gas carriers on the back of a long-term charter contract with Arctic LNG 2, building on the success of ship-to-ship transfers of LNG from Arctic projects.

MOL, through its wholly owned subsidiaries, signed the contract on October 28 at an undisclosed rate.

The icebreaking 172,500 cu m vessels with reinforced hull and specially designed bow structure will be built by Daewoo Shipbuilding & Marine Engineering and are scheduled for delivery in 2023.

Shanghai Shipping Exchange launches freight index to spur derivative trading

SHANGHAI Shipping Exchange has rolled out a new index for container shipping rates as the state-backed bourse seeks to develop its role in derivative trading.

The Shanghai Containerised Freight Index based on Settled Rates mirrors the average settled spot rates upon departure of boxships on the Shanghai-Europe and Shanghai-US west coast trades, said SSE in a release.

The exchange said the new index improves the reliability of the existing Shanghai Containerised Freight Index, a metric widely used by carriers and shippers to track market development on the main east-west trades.

More Xihe tankers said to be up for sale

A SECOND batch of tankers linked to insolvent Hin Leong Trading's shipowning affiliates is being put up for sale.

Clarksons and Arrow Shipbrokers, which were appointed to handle the first tender for seven tankers, have been tasked to market six more tankers directly and indirectly owned by Xihe Holdings and its subsidiaries, Lloyd's List has learned.

These include three very large crude carriers, namely Hua San, Jin Gang San and Lu San, which are backed by loans from DvB Bank, Standard Chartered and OCBC Bank.

Capital Product eyes expansion as profits double

CAPITAL Product Partners, the Nasdaq-listed containership owner, has underlined its intention to add to an existing fleet of 10 boxships as a trio of acquisitions earlier this year helped it more than double third-quarter profits.

Hailing a rebound in containership rates, the Greece-based company nonetheless warned that due to the coronavirus pandemic the economic outlook and overall prospects for the container trades remained uncertain.

"As we secure increasing cash flow visibility and charter coverage, we intend to pursue accretive acquisitions on the back of our increasing liquidity position," said Jerry Kalogiratos, chief executive of Capital Maritime & trading, the partnership's general partner.

Pacific Drilling files for second Chapter 11 bankruptcy

PACIFIC Drilling is the latest offshore driller to file for Chapter 11 — its second in three years — after struggling with low oil prices and the coronavirus pandemic.

The Luxembourg-based company and 18 of its subsidiaries filed for bankruptcy in Houston on October 30.

It has agreed with a group of bondholders to swap $1.1bn in bond debt in exchange for new equity in the restructured company. The bondholders will also put in new capital in the form of an $80m exit loan.

Dorian LPG surveys stronger market for VLGCs after tough quarter

DORIAN LPG, a very large gas carrier owner, managed to remain marginally in the black for its second fiscal quarter despite a plunge in average charter rates for its fleet compared with the same period of 2019.

However, the New York Stock Exchange-listed company said that it was now surveying a much stronger market.

Dorian posted a $500,000 profit for the quarter ended September 30 and a $3.4m adjusted net loss, versus second-quarter net income of $41.4m last year. Revenue fell by 40.3% to $54.7m as average daily charter rates shrank from $47,623 in last year's second quarter to $21,608 this year.

Classified notices follow