



The port has a new plan to raise the Bayonne Bridge and allow larger ships [Photo: PANYNJ]

Carriers should care about what PANYNJ terminals are doing on the landside, Larrabee stressed, because when ship sizes double, "their efficiency at the berth is going to be directly related to the terminal operators' ability to clear that cargo out of the terminal and get ready for the next ship".

In December 2010, a \$57/lift intermodal rail lift fee was replaced by a much cheaper \$4.95/teu container facility charge as an incentive for carriers and shippers to move more by rail through the port.

Walter Kemmsies, chief economist with transport consultant Moffatt & Nichol, believes the change will help the port compete with the Port of Virginia, where rail operator Norfolk Southern recently completed its Heartland Corridor expansion, allowing for faster double-stack container transport to the Midwest.

Kemmsies told *Fairplay*: "It remains to be seen whether the more attractive fees in New York will be enough to offset faster transit times promised by the Heartland Corridor and prevent container business from diverting away this year." ■

E-trader widens shipping focus

The flow of shipping shares convinced Knight to dig deeper, reports Barry Parker

New York's Knight Capital has long been a powerful force in electronic securities trading. Now it's looking to leverage its trading strength and market share to help shipping meet its capital markets needs.

"We discovered we were getting a great deal of the activity in shipping companies," explained Knight head of equity capital markets Bill Kelly.

Founded in the mid-1990s as an electronic venue for executing orders for broker-dealers, Knight grew alongside advances in computing and communications, including the rise of the internet and the self-directed investor. Now Knight's business has evolved into a hybrid model combining electronic brokerage with cash trading and institutional sales and trading across capital markets.

Knight's market leadership (with 2010 shares of 18.7% of NYSE volume and 21.6% of NASDAQ) has been buttressed by big investment in technology and connectivity into exchanges and a dominant presence in the over-the-counter market.

Although inter-dealer trades are also important, Knight's clients include the 'buy' side (typically

investing institutions), the 'sell' side (brokers that sell securities and make recommendations) and corporations – which is where shipping fits into the equation.

"We believe our shipping clients can see real benefits because of our knowledge of how the trades get executed," Kelly told *Fairplay*.

With its capital markets expertise, Knight has signed a partnership agreement with DVB Bank, a specialist in shipping finance.

Sandy Reddin, the MD responsible for Knight's transport banking business told *Fairplay*: "We have a number of mandates for IPOs in the queue. These are with big international companies."

His list of potential deals includes follow-on equity offerings, at-the-market offerings, and high-yield debt transactions.

Knight's expertise in shipping can also be seen in its expanded shipping research offerings. With selected companies, Reddin explained, "we bring the top management into an internal conference, so the institutional and retail sales teams can really get to know those names in depth." ■

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