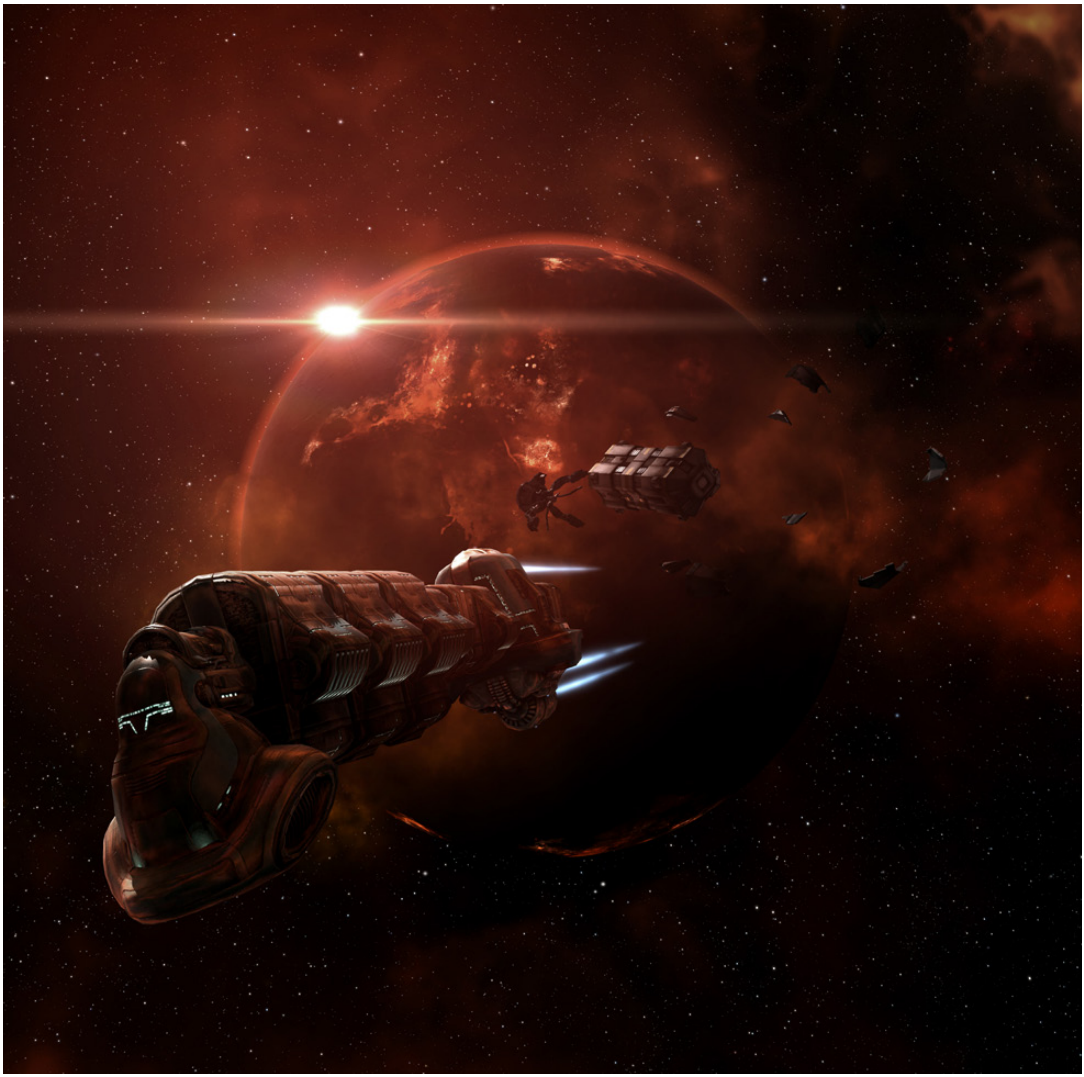

QUARTERLY ECONOMIC NEWSLETTER

EVE ONLINE
1st Quarter 2010

CCP

QUARTERLY ECONOMIC NEWSLETTER

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PUBLICATION INFORMATION

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DISCLAIMER

EDITORIAL

EVE online is set to meet several milestones this year. With the Dominion expansion, the number of accounts rose above 320,000. This number is special to us because it realizes a long-standing CCP goal to grow EVE beyond the population of Iceland. This historic company milestone was reached at the end of 2009, at which time the total population of Iceland was estimated to be about 318,000. As of January 1st 2010, the total EVE population was well above 320,000 as measured in terms of active paying accounts (excluding trial accounts).

Iceland still presents a host of interesting challenges. The international banking and financial crisis of 2009 hit Iceland hard, forcing a total restructuring of its entire banking system. Although CCP has its headquarters in Iceland, the company was not affected by these crises and continued to focus on game development as though nothing had happened. Then, in Q1 of 2010, a volcano that had been dormant for almost 200 years erupted, reminding us all why Iceland is nicknamed "the land of fire and ice." Fortunately, CCP headquarters remained largely unaffected by this turn of events, allowing us to focus on delivering a new expansion for EVE – Tyrannis - coming out in Q2 2010. Our dedicated players can thus rest assured that neither global financial catastrophes nor the wrath of volcanoes can stop us from providing them with the best massively multiplayer online game there is.

Tyrannis will bring two key features to monitor in future economic reports. EVE Gate is a web portal into the EVE universe, providing players with a powerful communication, identity, and organization tool. Most notably, it will enable players to send and receive in-game EVE Mail from any browser. It will be interesting to note

how, if at all, this ability affects trade, as players will be able to reach others in-game during all hours of the day to check regional prices on trade commodities.

Next, Tyrannis will also introduce planetary interaction. This feature will have a significant economic impact, as players will be able to harvest resources from planets that can be combined to create the building materials for Tech II components and POS fuel. At the moment, this industry-focused feature will present players with the opportunity to earn passive income while participating in other parts of the game.

Lastly, loot drop tables will be modified to replace Tech Zero loot with scrap metal in Tyrannis. The goal of this change is to bring hourly loot refining mineral yields from mission running to levels at or below the yield that can be attained directly from mining. We will be monitoring how these changes affect manufacturing and industry closely. This issue focuses on wormhole space and Tech III ships, which were introduced with Apocrypha one year ago. "W-space," as it is called now, has been very successful at luring fearless pilots in search of adventure and riches into the unknown. By all accounts, it appears fortune rewards the brave, as many pilots have inhabited these hostile solar systems and established profitable manufacturing sites.

Perhaps this is one of the many core attributes that EVE pilots and CCP employees share: they are unafraid of new challenges.

Thanks for sharing the EVE experience with us - Fly safe!

DEMOGRAPHICS

POPULATION

The Dominion expansion was released in December 2009. Prior to this expansion, EVE's population had been stable for several months, but grew rapidly following the release. This growth continued into January of 2010 but then leveled off and even declined somewhat towards the end of the quarter. Rather than aligning with real-life economic cycles, EVE's economic cycles pivot with expansions. We see economic activity increase in the month before an expansion, during which time new players are entering the game and excitement about the expansion content peaks. Two to three months later, growth starts to decline again. Veteran industrialists know this cycle well by now and position themselves to profit from it. With Tyrannis due in May, there will be more activities for the industrialist, the manufacturers and the traders to engage in through planetary interaction.

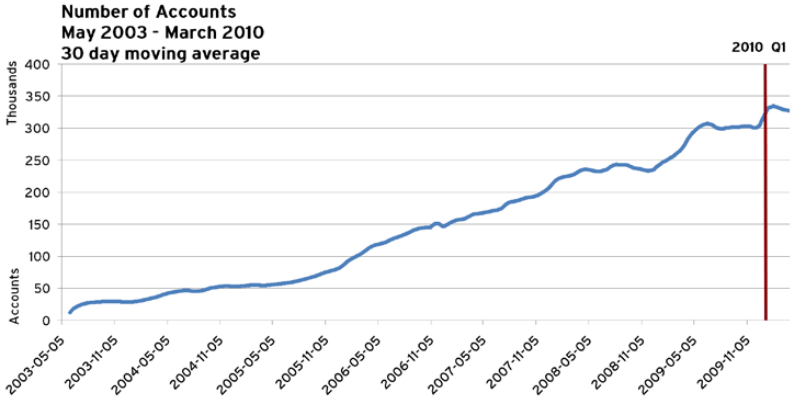

Figure 1: Number of accounts in EVE from May 2003 through March 2010, 30 day moving average. Total number of subscribers is just under 330,000 throughout Q1 2010.

The number of characters per account is 1.99, which is a slight decrease from the previous figure of 2.1 per account. Given the large sample size, this is actually a statistically significant decrease, but it is too soon to tell whether the change is permanent. On average, each active character held about 300 million ISK, with a slight increase towards the end of the quarter. No significant changes occurred in the race ratio, with Caldari being the race with most characters.

From a demographic standpoint, Q1 2010 was a stable quarter after initial growth of the Dominion expansion, with no significant changes in key variables.

SHIP TYPES IN USE

The Hulk regained its top spot as the most flown ship type this quarter, knocking the Drake back down to second place. There were 14,202 characters flying capital ships, with the most common of these being the Obelisk with 2,219 active, followed by the Thanatos with 2,161. The least flown capital ship was the Ragnarok.

After rookie ships, the most flown ship group was frigates, with 104,955 active. There were 38,958 industrials and 37,624 battleships being flown. The most flown Tech II ship group was the exhumer, with 22,349 (of which 16,917 were of the Hulk class), followed by covert ops with 12,621. The least flown ship group overall was the electronic attack ship, with only 255 active.

	Ship type	No. of ships	% of total	Change
1	Hulk	16,917	2.44%	+1
2	Drake	15,669	2.26%	-1
3	Kestrel	11,506	1.66%	-
4	Rifter	11,120	1.60%	-
5	Retriever	10,184	1.47%	+1
6	Raven	8,100	1.17%	+1
7	Catalyst	7,325	1.06%	+1
8	Cormorant	7,179	1.04%	+1
9	Dominix	6,880	0.99%	+1
10	Condor	6,868	0.99%	+1
	Rookie ships, shuttles and capsules	290,372	41.87%	
	Other	301,344	43.45%	
	Total	**693,464**		

Table 1: The ten most flown ships as of the end of Q1, 2010. The Hulk has regained its place at the top of the list, with the Zephyr falling dramatically to number 34 with only 4,212 being flown. At the end of the last quarter the Zephyr was in fifth place.

There are some interesting changes in the number of ships within each category. In general we see an increase in mining ships, including the Orca. In Q1, the number of exhumers increased by 22%, and industrial command ships increased by 21.4%. The largest percent increase was in strategic cruisers, which rose by 42%, from 3,791 to 5,392.

There is an obvious shift away from Tech I, low-tier fighting ships to industrial and mining vessels, with a moderate increase in capital and Tech II fighting ships. This shift is common in the months ahead of an expansion, during which time activity in high security space decreases along with warfare in null security space, while industrial activity takes a larger role in the EVE economy.

POPULATION DISTRIBUTION

Population distribution in EVE did not change much in the last quarter, with the exceptions of null security space and wormhole space. For the purpose of this section, the EVE universe has been divided into eleven sectors, each of the four empires (with Ammatar and Khanid space being counted as part of the Amarr Empire), six null security sectors and an additional sector representing wormhole space. Null security is again divided into the following sectors:

North	West	South	South East	East	North East
Geminate	Deklein	Delve	Providence	Great Wildlands	Cobalt Edge
Vale of the Silent	Fade	Querious	Catch	Curse	Outer Passage
Tribute	Pure Blind	Period Basis	Immensea	Scalding Pass	Oasa
Venal	Cloud Ring	Stain	Tenerifis	Wicked Creek	Perrigen Falls
Branch	Outer Ring	Esoteria	Impass	Insmother	Malpais
Tenal	Syndicate	Paragon Soul	Feythabolis	Detorid	The Kalevala Expanse
	Fountain		Impass	Cache	Etherium Reach
					The Spire

Table 2: The division of null security space into sub-categories. There are six subcategories defined covering 41 regions.

Null security space has seen a dramatic increase in the number of players in the South and North, with a dramatic decrease in the number of players in the South East. This can be theorized as being the result of a large shift in the political landscape of null security space during Q1, with large areas of territory changing hands and new wars getting underway.

Sector	Systems	Population Q4 2009	Population Q1 2010	Change
Caldari	326	232,531	226,009	-2.80%
Amarr	913	155,963	150,841	-3.28%
Minmatar	280	104,063	97,450	-6.35%
Gallente	388	147,408	136,290	-7.54%
South	488	10,866	13,991	28.76%
North	513	11,647	14,051	20.64%
North East	689	5,483	5,808	5.93%
East	564	10,598	10,029	-5.37%
West	500	17,592	15,241	-13.36%
South East	540	14,037	11,094	-20.97%
Unknown	2,499	11,288	12,174	7.85%

Table 3: Population distribution as of the end of Q4, 2009 and Q1, 2010 across the 11 previously defined sectors of EVE. The first four represent empire space, the following six null sec and the last shows wormhole space.

The overall population of null security space remained about the same, decreasing by only 9 characters. The total count of characters on active accounts declined by 3.95% compared to the end of Q4, with almost all of this decline occurring in empire space (falling by 4.59%). Wormhole space saw a considerable increase in population, growing by almost 886 characters (7.85%).

	System	Characters	% change since Q4 09	Rank change
1	Jita	28,996	5.38%	-
2	Rens	7,609	-2.86%	-
3	Amarr	7,124	-2.16%	-
4	Dodixie	5,838	0.14%	-
5	Oursulaert	3,616	-10.45%	-
6	Motsu	3,473	-6.94%	+1
7	Arnon	3,319	-16.63%	-1
8	Hek	3,144	-1.69%	-
9	Akiainavas	2,534	-11.40%	+1
10	Penirgman	2,365	-5.66%	+3
	Total	**68,018**		
	Total in all systems	**458,728**		
	% in top 10 systems	**14.83%**		

Table 4: The 10 most populated systems in EVE at the end of Q1, 2010. Unlike the previous table, the figures in this table exclude characters flying either rookie ships or capsules.

The last quarter saw a further increase in the population of Jita, rising to almost 29,000 characters active in a non-rookie ship. This is almost four times the population of the second highest population system, Rens. The top 1% of all systems ranked by population had a combined count of 166,448 characters, or 36.29% of the total. This increases to 67.15% of characters being in the top 5% of systems.

The shift towards w-space is the most interesting change during Q1. Even though it has been a year since the feature was introduced, it is still growing strong. We can assume that with increased popularity there will be more conflict as players begin fighting over the best systems.

PRICE LEVEL CHANGES

All price indices for EVE are calculated as Laspeyres indices, in which the base is updated monthly based on total trade of individual items in the previous month. Within each index there is a variety of items ranging from eight items for the Mineral Price Index to almost 4,000 for the Consumer Price Index.

MINERAL PRICE INDEX (MPI)

The Mineral Price Index (MPI) shows the price changes in all eight minerals used to produce ships and other items in EVE. In Q1 the MPI fell by 1.8%, predominantly in February, while the overall index was fairly stable in January and March.

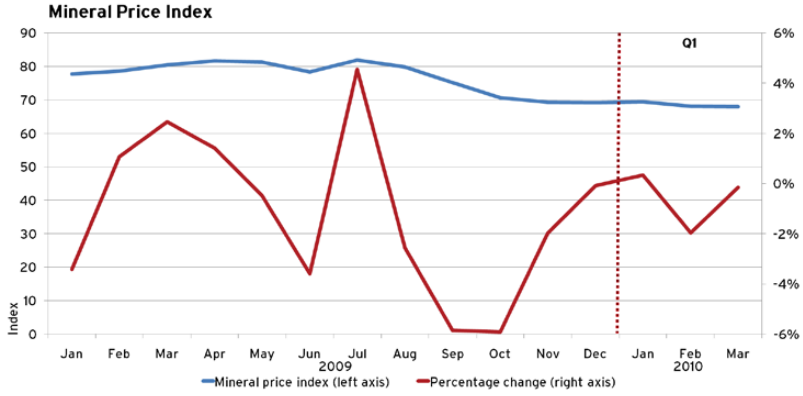

Figure 2: The Mineral Price Index fell by 1.8% in Q1, with the sharpest drop occurring in February. This decrease is due to a drop in prices of high-end minerals.

We split minerals into two categories: low-end minerals and high-end minerals. The low-end minerals contain Tritanium, Pyerite, Mexallon and Isogen, while the high-end category includes Nocxium, Zydrine, Megacyte and Morphite.

This quarter shows these two categories moving in opposite directions. The prices of low-end minerals are generally rising, while the high-end minerals are rapidly falling in price.

LOW-END MINERALS

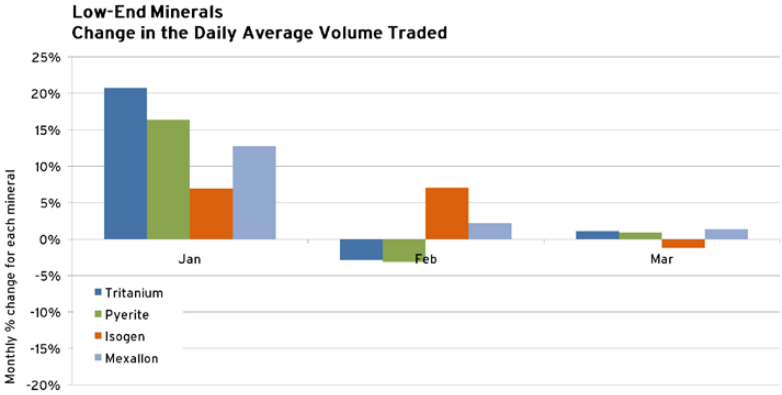

Figure 3: Percentage change in the daily average volume traded of low-end minerals. The volume of low-end minerals rose somewhat, especially in January, still feeling the effect of the release of Dominion.

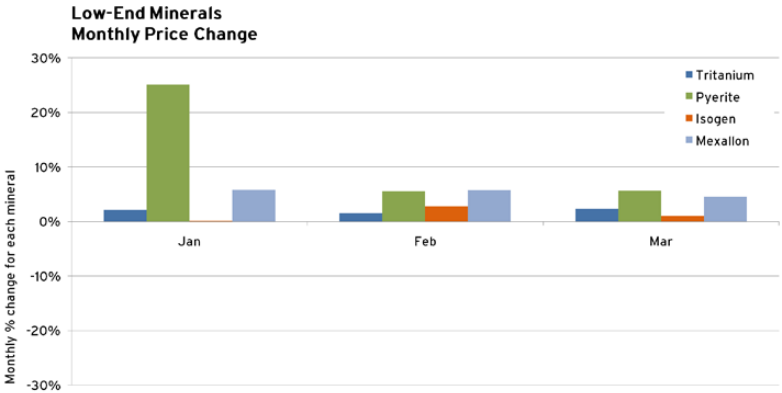

Figure 4: The price changes of low-end minerals where all positive in Q1. Most notable was the rise of Pyerite prices in January where prices went up 25%, due to asteroid changes and insurance fraud.

PRICE LEVEL CHANGES

The price of Pyerite started to rise quite rapidly last November, climbing by 8.5%. In December it rose by almost 15%, and this January the rise is over 25%. Two primary factors contributed to this increase: increased Tritanium supply through changes in asteroid reseeding and respawning last June, and insurance fraud.

Before the asteroid changes, Tritanium was a bottleneck in the supply of minerals for the manufacturing pipeline. But the changes made it abundant. As a result, the price of Tritanium fell by a third from June to October, where it stabilized. This reduced the price of ships to the level where insurance fraud – building ships, insuring them, self-destructing, and collecting the insurance payout – became profitable. The fixed insurance payout therefore put an artificial floor on ship prices. With the Tritanium bottleneck removed, Pyerite became the new bottleneck due to low availability, large volume and low refining yield.

Pyerite prices stabilized somewhat in February, but some increase is still evident, albeit at a slower pace. All low-end minerals rose throughout the quarter. This is probably the aforementioned effect of insurance fraud reaching the other minerals after the Pyerite bottleneck had been widened enough through higher prices.

HIGH-END MINERALS

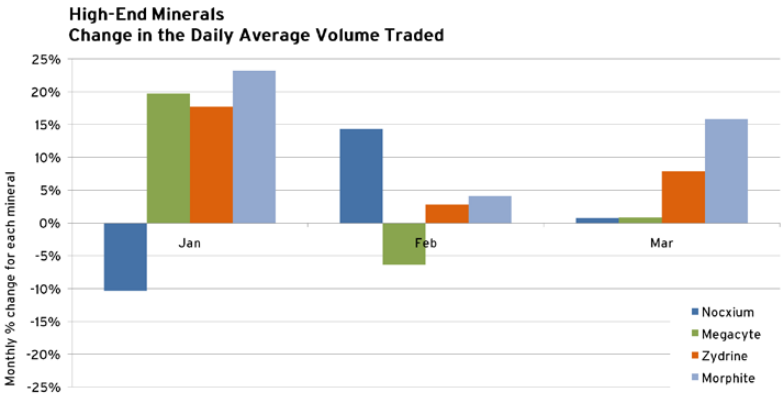

Figure 5: The volume traded of all high-end minerals rose in Q1 from previous Q4. Even though the volume traded has been increasing, the quantity of these minerals used in ship production remained almost unchanged, which suggests speculative trading.

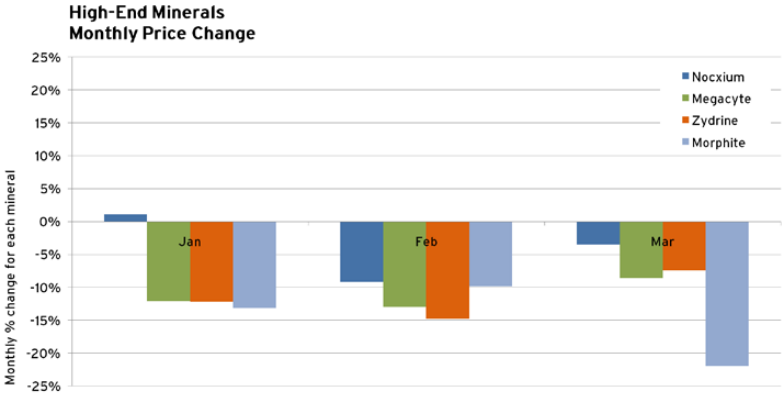

Figure 6: The quarter saw a large decrease in the average monthly price for all high end minerals. This is attributed to Dominion's introduction of hidden asteroid belts in null security space, which increased supply of these valuable minerals.

High-end minerals fell significantly in price throughout the quarter. From December to March the prices of Zydrine and Megacyte dropped by over 30%, while Morphite decreased by 39% over the same period. This is attributed to Dominion's introduction of hidden asteroid belts in null security space, which increased the supply of these valuable minerals.

The volume of Morphite traded in Q1 2010 was 27% above the traded volume in Q4 2009. On the other hand, the quantity of Morphite used in ship construction in Q1 2010 was only 2.5% higher than in Q4 2009. The story is the same for Zydrine and Megacyte, which grew in traded volume by 34% and 29% respectively between the quarters, while the quantity of these minerals used in ship production remained almost unchanged. This would indicate lively speculative trading with these high-end minerals as the market adjusts to the increased supply. We anticipate more volatility in this market in the coming months.

PRIMARY PRODUCER PRICE INDEX (PPPI)

The Primary Producer Price Index consists of manufacturing items used for the production of other manufacturing items at the secondary stage. Manufacturing items used for the production of final consumer goods are excluded. The index includes such item groups as drone compounds, raw, processed and advanced moon materials, as well as items used in invention.

The index fell significantly throughout the quarter, or 14.2% in all. The majority of the deflation is based on moon materials, although other factors add to it, such as drone compounds and ice.

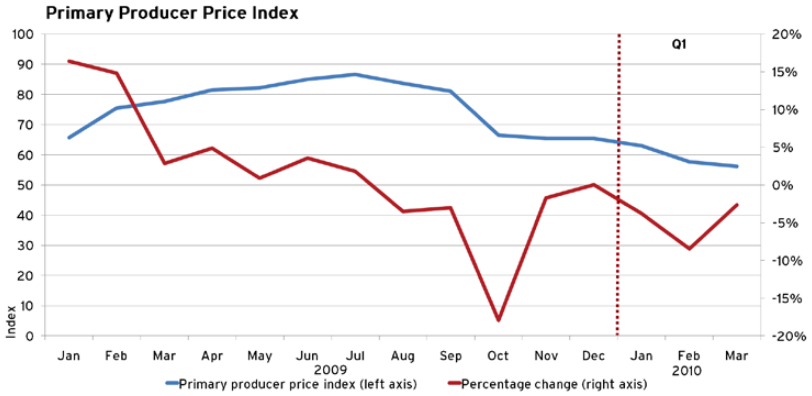

Figure 7: The Primary Producer Price Index continued to decline in Q1 2010. The largest decline was in February, when the index fell by 8% between months. The majority of the deflation is based on moon materials, although other factors add to it, such as drone compounds and ice.

Q4 2009 saw changes to the blueprint material requirements of Tech II ships. The quantities required of some of the most expensive materials were reduced, while the required quantities of some of the other materials were greatly increased. As soon as these changes were announced, the markets reacted strongly. The most expensive materials, Dysprosium and Promethium dropped in price by massive amounts while other materials, now in greater demand, increased by equally impressive amounts.

It was predicted in the last QEN that prices of moon materials, which had grown the most since Dominion, e.g. Technetium, Platinum and Neodymium, would start to fall again this quarter due to improved moon utilization and thus increased supply. This did come true in January and February, when Technetium prices fell by 15%, Platinum by 17% and Neodymium by 12% over the two months. Furthermore, the price drop of Dysprosium and Promethium continued in January and February.

March sees a reversal of this trend, with most moon materials either stabilizing or rising, including Technetium, Dysprosium and Promethium. There will likely be price fluctuations for some time, but volatility will progressively decrease as markets find new equilibriums.

SECONDARY PRODUCER PRICE INDEX (SPPI)

The Secondary Producer Price Index contains production materials and other production items that are used in the manufacturing of consumer goods, such as goods included in the Consumer Price Index.

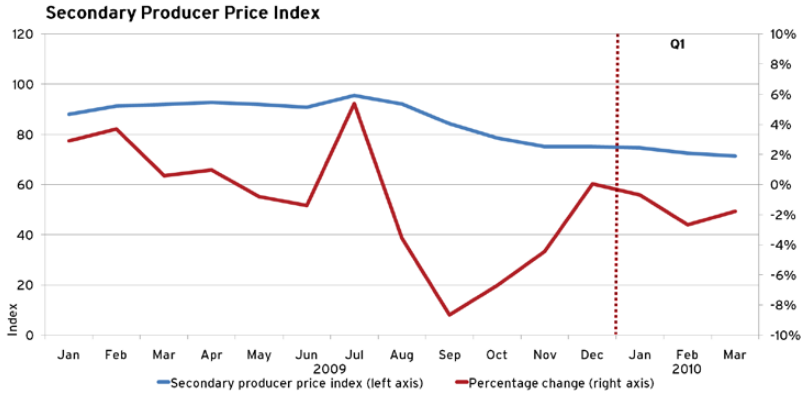

Figure 8: The Secondary Producer Price index is relatively stable during Q1 2010. The main contributing categories behind this trend are Tech II construction components and ancient salvaged materials (Sleeper salvage).

Q1 of 2010 shows a 5.1% deflation in the Secondary Producer Price Index. The main contributing categories of this trend are Tech II construction components and ancient salvaged materials (Sleeper salvage).

The decline of Tech II construction component prices amounts to 22% over the quarter. The cause of this deflation seems to be entirely on the supply side since moon materials fell in price in Q1, while on the demand side the construction of Tech II ships has grown.

CONSUMER PRICE INDEX (CPI)

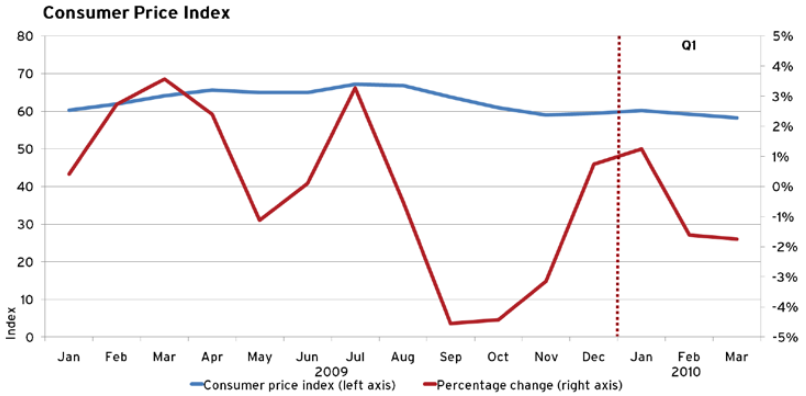

Figure 9: The Consumer Price Index declines by 2.1% in Q1 2010. This is considerably lower deflation than in Q4 2009 but still quite significant. The main driver is a decline in Tech II prices.

Changes in the CPI in Q1 show a deflation of 2.1%, which is considerably lower deflation than in Q4 2009, but still quite significant. Consumer prices actually inflate by 1.2% in January, but the trend then changes to deflation in February and continues that way through March. The main driver for both the January inflation and the subsequent deflation is Tech II items.

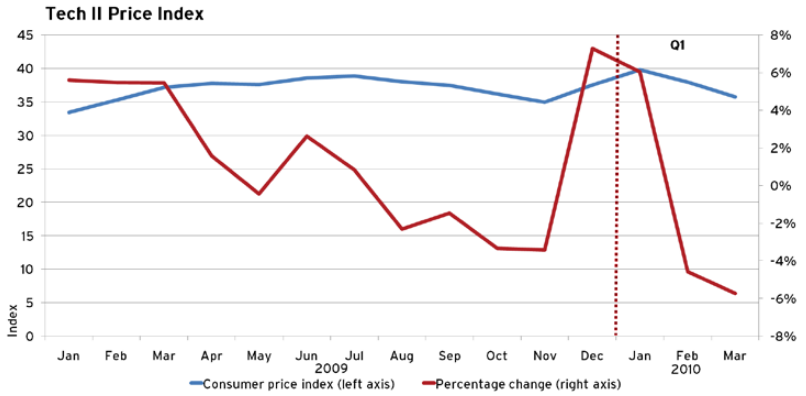

Figure 10: The Tech II Price Index fell considerably in Q1 2010 due to changes in the requirements for Tech II production in the Dominion expansion.

The prices of Tech II consumer items have been in a state of flux since the announcement of changes to the material requirements of Tech II blueprints in the Dominion expansion. The first two months after the announcement prices fell by 6.7% due to the predictable fall in the prices of the most expensive moon materials. The increased demand and subsequent shortage in some of the other moon materials, following the actual release of Dominion, seems to have taken the market by surprise, which increased prices by 13.8% in the following two months. With improved utilization of moons providing these minerals, Tech II prices have now dropped by 10% in the last two months. Overall, this represents a 4.5% fall since the announcement.

How has all of this affected the production of Tech II ships? Measured as the mass of produced ships, production of Tech II ships dropped by 31% from November to December when Dominion was released, or from 1.2 gigatonnes (Gt) to 0.8 Gt. As prices started to adjust, production picked up again, with mass produced increasing by 19% in January, 15% in February and 23% in March, when production reached 1.4 Gt. Overall, that's an increase of 17% from November to March.

SUMMARY

The quarter was mostly characterized by deflation, especially in February when it was quite significant. The factors most influencing this development were the changes in Tech II blueprint requirements and scannable asteroid belts. Both additions were introduced in Dominion. Both of these factors can be seen as technological changes, i.e. more efficient production and more efficient scanning. Therefore the deflation is not a big problem for the economy since items are still being produced and the economy as a whole grew over the time period.

WORMHOLE SPACE AND TECH III SHIPS

The one year anniversary of Apocrypha passed on March 10th. This expansion introduced wormhole space and strategic cruisers, which require Tech III technology and reverse engineering to produce. This section will review how these features have been used in the past year.

WORMHOLE SPACE

To learn more about the details of wormholes, read the description of wormholes on EVElopedia. In short, wormhole space (or w-space) is the name used to describe unchartered and dangerous systems that lie outside of the starmap that players can only find by using the exploration system. To locate the entrance to a wormhole system players must use scan probes to search for wormholes in known space that either lead to w-space or other systems in EVE.

There are a total of six different w-space environments, all of which adversely affect the way ships perform in a different way. Not only is w-space more dangerous, but due to the unstable nature of the wormholes, it is possible to become trapped in wormhole space – if the pilot neglects to bring probes and fitted a probe launcher. There were many stories of fleets exploring wormhole systems that either lost their scanning vessel or simply forgot extra probes (or to recover the used ones) – leading to open distress calls on our forums.

Wormhole exploration has proven quite popular since introduction, but just how popular is it?

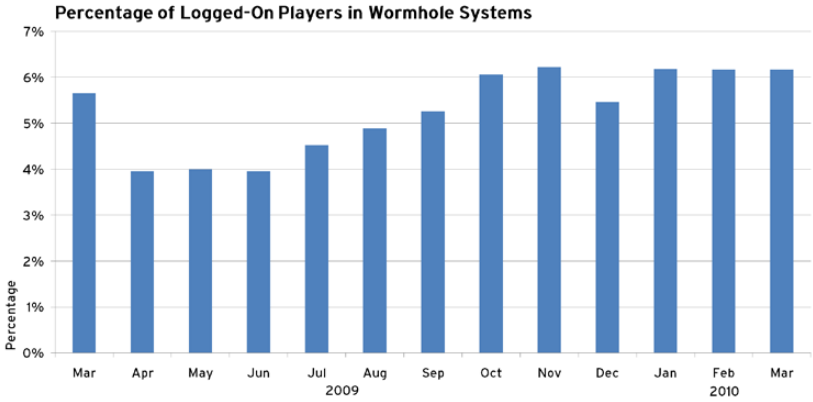

Figure 11: The development of wormhole space population has been on the rise since introduction in March 2009. The averages are based on snapshots taken every 20 minutes.

Figure 11 shows the percentage of logged-on players that are located in wormhole space. This is based on the averages of snapshots taken every 20 minutes. The first month after the introduction of wormholes this percentage jumped to 5.7% as EVE pilots explored these new regions. In the following month, the percentage dropped below 4%, presumably because many found themselves unprepared for the challenges of wormhole space. Three months later, this ratio started to rise as pilots became more informed of the dangers through tactic guides developed and published by veteran w-space explorers. This ratio has been stable at 6.2% for the last three months, which is nearly 1 out of every 16 logged-on players. For perspective, consider that about 40% of players buy and sell an item each day, and about 5% of players complete a manufacturing job each day. So compared to other activities within the game, we can state that the wormhole feature has been popular among EVE pilots. In addition, one interesting development which occurred much quicker than we anticipated was that pilots who enjoyed travelling to w-space started to inhabit the system, making it easier for them to operate large scale harvesting of Tech III technology.

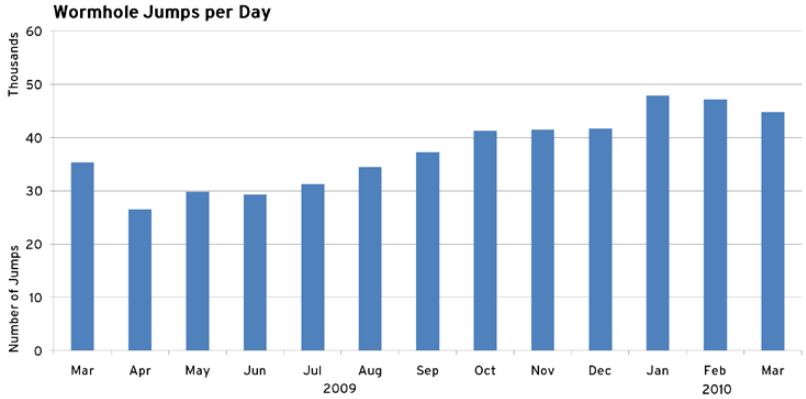

Figure 12: Number of wormhole jumps per day each month from March 2009 through March 2010.

The number of wormhole jumps per day tells the same story. Initial interest is high, but then drops by a quarter the following month and then starts to grow gradually. Currently there are about 50,000 characters per month that make one or more wormhole jumps. Of those, 92% are in player corporations, with the remaining 8% in NPC corporations.

PRICES OF MATERIALS FROM WORMHOLE SYSTEMS

Pilots travel to w-space seeking adventure and riches, since w-space is the only source for Tech III technology. The materials which pilots can acquire from w-space are split into four categories. First is ancient salvaged materials needed to reverse engineer blueprints for Tech III components. The Second category is the gas cloud materials needed to create hybrid polymers. The third category is the salvage materials from Sleeper wrecks, and the last category is the Tech III components themselves.

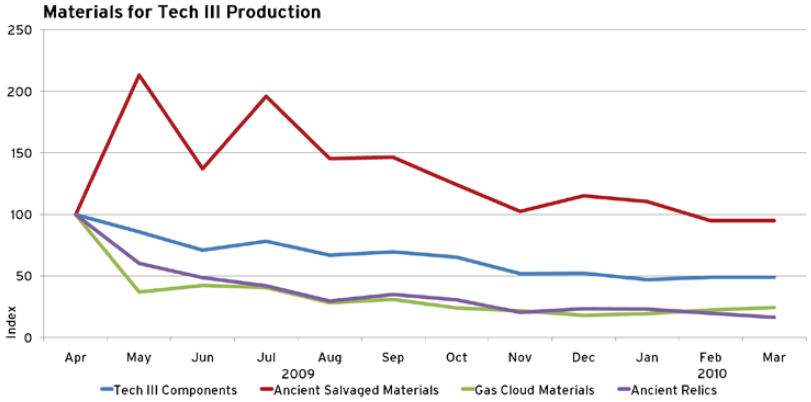

Figure 13: The price trends for four categories of materials from w-space. Ancient salvaged materials include all salvaged materials from NPCs in w-space. The index for gas cloud materials contains all gases that are harvestable from w-space; ancient relics contains material needed for reverse engineering; and the index for Tech III components includes all the construction components.

Figure 13 shows the price trends of the new materials coming from wormhole systems. As expected when new products are introduced to the market, the original price is high but then falls very rapidly, as seen in the figure for gas cloud materials, Tech III components and, to a lesser degree, ancient relics. The interesting thing is that ancient salvaged materials show two major spikes in price in May and July. The first spike is almost entirely caused by Neurovisual Input Matrices, while the second one is primarily driven by Neurovisual Input Matrices and Melted Nanoribbons. It would seem that the scarcity of these items came as a surprise to the market. However, since then prices have declined steadily and all Tech III materials and components can now be found at prices that are considerably lower than in the first months after launch of Apocrypha.

TECH III SHIPS – NUMBERS

Strategic cruisers are the first modular ships in EVE. The basic structure is a Tech III modular hull that can be fitted with five subsystems, with four different types available for each subsystem. The strategic cruisers are race-specific: Legion (Amarr), Loki (Minmatar), Tengu (Caldari) and Proteus (Gallente). In theory, there are 4096 possible combinations of strategic cruisers available.

Looking first at the strategic cruisers by race, it comes as no surprise that the Caldari Tengu is the most abundant Tech III ship since the Caldari are the most prevalent race in EVE. During the first 12 months of strategic cruiser production there were a total of 39,258 ships (basic hulls) produced. Of these, 17,568 units were Tengu, or 44.8% of the total volume. Second was the Proteus with 8,331 units (21.2%); third was the Legion with 7,625 units (19.4%); and finally the Loki with 5,734 units (14.6%). During Q1 2010, the order stayed the same while the Tengu rose to 47.5% of total number of Strategic Cruisers, and the Loki rose to 15.3%, while the Legion and Proteus declined to 17.6% and 19.6% respectively.

However, the hull of a strategic cruiser is worthless without subsystems fitted to it. Given the many different combinations available, we will examine the total sales of selected subsystems, focusing on trade in offensive systems in Q1 2010.

Pilot preferences for fitting the Tengu become visible when looking at trade volume in Q1. Figure 14 shows the total amount trade and weighted average price for those items.

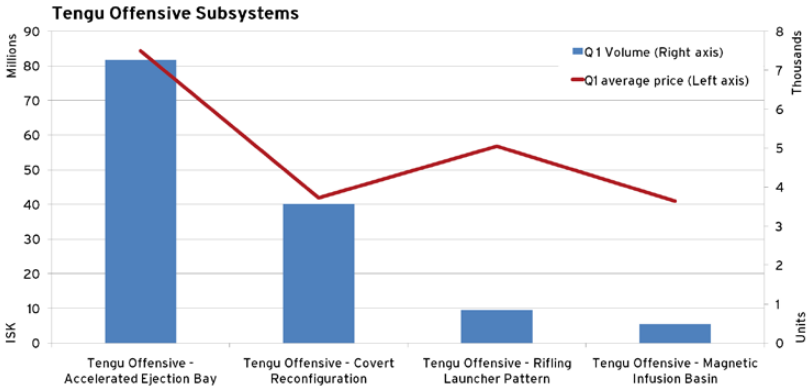

Figure 14: Total trade in offensive subsystems for Tengu. The missile bonus subsystem is the most popular followed by a Covert Reconfiguration.

The most traded subsystem is the Accelerated Ejection Bay. This subsystem gives good missile bonuses, and since Caldari is usually the race of choice for operating with missiles in PvE, then it comes as no surprise that the Ejection Bay is the most traded item and hence the most preferred by Tengu pilots. However, it is unusual that the Rifling Launcher Pattern is not more popular given its bonuses to heavy and assault missiles plus some boost for target jamming. But Tengu pilots obviously value the cloaking capability of the Covert Reconfiguration subsystem. So the Tengu is mostly used as a missile platform, presumably for mission running, or as covert ship in PvP.

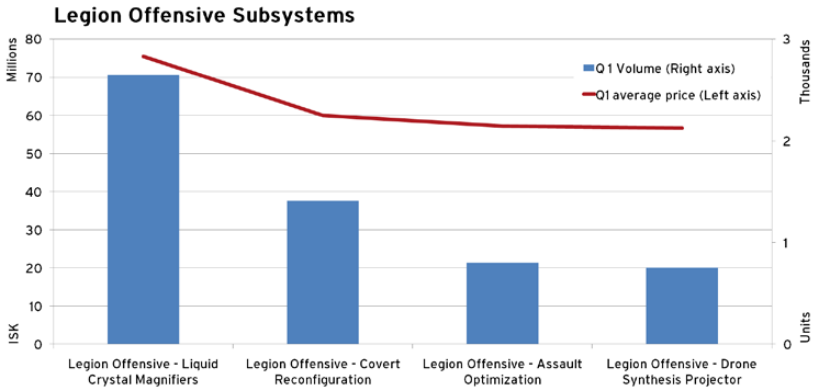

Figure 15: Total quantity traded and value of trade in offensive subsystems for the Legion

The story is similar for the Legion. Figure 15 shows total count of each subsystem sold in Q1 as well as the average price. The most popular offensive system is the Liquid Crystal Magnifiers, which increase the range and the power of lasers from medium turrets. So the story is the same for the Amarr strategic cruiser as for the Caldari one – the most popular offensive modules are the race weapon specific subsystem or the Covert reconfiguration. This is also reflected in the price, with the less popular systems being cheaper than the more popular ones.

The story changes somewhat for the offensive systems of the Loki. The most popular subsystem for the Minmatar strategic cruiser is the Covert Reconfiguration, followed by the Projectile Scoping array. Hence the order is reversed, and the race-specific weapon system is in second place as shown in figure 16.

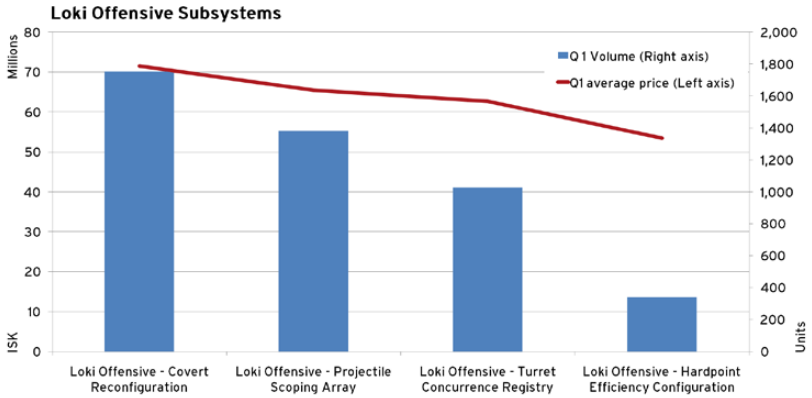

Figure 16: Offensive subsystems for Loki. An interesting difference here from the other subsystems is that the Covert Reconfiguration is the most popular one.

The Proteus offensive subsystems show a similar pattern as the Legion and Tengu. The race-specific weapon subsystem is most popular, while the Covert reconfiguration is the second one. However, the difference is small, as shown in figure 17.

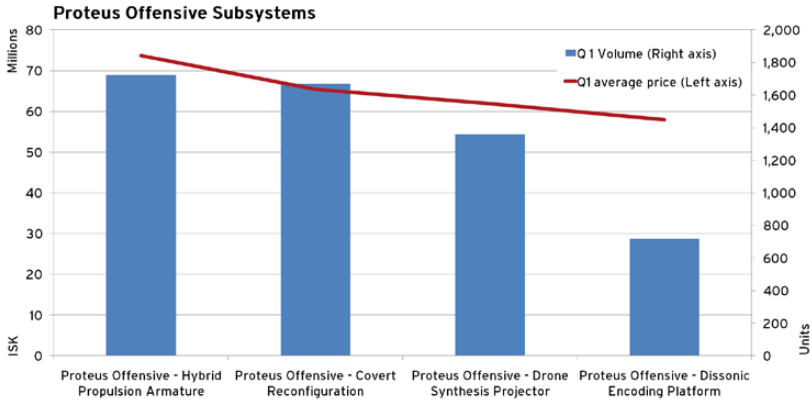

Figure 17: Proteus offensive subsystems. Again, the race-specific weapon subsystem is the most popular, but the Covert Reconfiguration comes in at a very similar trade volume in Q1 2010.

TECH III SHIPS – WHERE ARE THEY AND HOW ARE THEY BEING DESTROYED?

Strategic cruisers have a vastly different distribution than most other ship types. More than 35% of them are being flown outside of high security space. A snapshot of what ships were being flown by characters on active accounts was taken at the end of the first quarter, and at the time 5,392 Strategic Cruisers were being flown.

Security Group	Count
High Security Space	3,457
Low security Space	270
Null security Space	994
Wormhole Space	671
Total	**5,392**

Table 5: Strategic cruisers being flown by security group.hole space.

Unsurprisingly, most ships are being flown in mission areas and market hubs in high security space. However, the top ten list does show something interesting:

	System	Count
1	Motsu	170
2	Jita	168
3	Dodixie	92
4	Ichoriya	85
5	Amarr	67
6	Umokka	61
7	Tintoh	55
8	Irjunen	54
9	Sankkasen	52
10	Unknown System	45

Table 6: The ten solar systems with the highest counts of strategic cruisers being flown.

An unknown wormhole system came in at number 10, with 45 characters piloting strategic cruisers. This was unexpected due to the relatively sparsely populated nature of wormhole space. But it demonstrates that at least some wormhole systems are being populated by EVE pilots.

Strategic cruisers are becoming increasingly popular in PVP, with more being lost to other players than to NPCs in the last quarter.

The most dangerous place for strategic cruisers during the first quarter of 2010 was null security space, with 1,514 destroyed there. Overall, 2,252 were lost in PVP and 1,771 in PVE. In total, 3,200 different characters lost at least one strategic cruiser, and the character that lost the most lost 16 of them, at an estimated value around 10 billion ISK, including fitted modules. Of those 16 cruisers, 6 were lost to PVE, and 10 were lost in PVP battles.

Security Group	Count
High Sec	**1,228**
PVE	964
PVP	264
Low sec	**601**
PVE	75
PVP	526
Null sec	**1,514**
PVE	449
PVP	1,065
Wormhole Space	**680**
PVE	283
PVP	397
Total	**4,023**

Table 7: Strategic cruisers destroyed by security group and type of loss. PVP losses are losses to other players, whereas PVE losses are losses to NPCs.

One of the more interesting notes shown in the data is that in comparison with most ship groups, strategic cruisers are disproportionately more popular in wormhole space. This could be for several reasons. Most notably, strategic cruisers have a surprisingly high rate of production in wormhole space, with 2,117 being built there during the quarter. Additionally, wormhole space is the source of the materials used in their production, and thus strategic cruisers are an ideal choice for dealing with the threats to be found in wormhole space due to their strength and versatility.

Pilots do not only lose their ship and fitted modules when they lose a strategic cruiser. They also lose one level of the Tech III race-specific skill. So if you have Amarr Defensive Systems at level 4, and you lose an Amarr strategic cruiser, then your Amarr Defensive system level drops from 4 to 3.

In total, 3,847 characters lost 318,492,215 skill points in the first quarter of 2010 and almost 800 million skill points since the launch of Apocrypha. Pilots can, however, avoid losing skill points by ejecting before the ship is actually blown up.

In terms of race, the distribution is the same as the ratio of ships, with Tengu specific skill points counting for almost half of all skill points lost. However, it is more interesting to examine the date in more detail.

	Amarr	Caldari	Gallente	Minmatar
Defensive Systems	27.0%	23.6%	23.2%	22.3%
Electronic Systems	14.8%	16.7%	17.7%	21.2%
Engineering Systems	18.4%	17.3%	21.0%	17.0%
Offensive Systems	25.2%	28.3%	25.7%	23.5%
Propulsion Systems	14.7%	14.1%	12.4%	16.0%

Table 8: Percentage of skill points lost by type of subsystem and race

Table 8 tells us how important each subsystem is for each race. As an example, we can look at the Amarr race defensive system. Those flying the Legion have lost relatively more of defensive system skills than of other subsystem skills while the Caldari lost relatively more of offensive subsystem skills.

SUMMARY

The first year of wormhole space and Tech III has proven successful. The feature has been used quite extensively by a large number of players, whom we have seen adapt quickly to living in w-space. At this stage, the Tech III market has reached a certain level of stability, so it will be very interesting to see the development of production and market activity of Tech III items next year. We will therefore continue to report on the Tech III market in the near future.

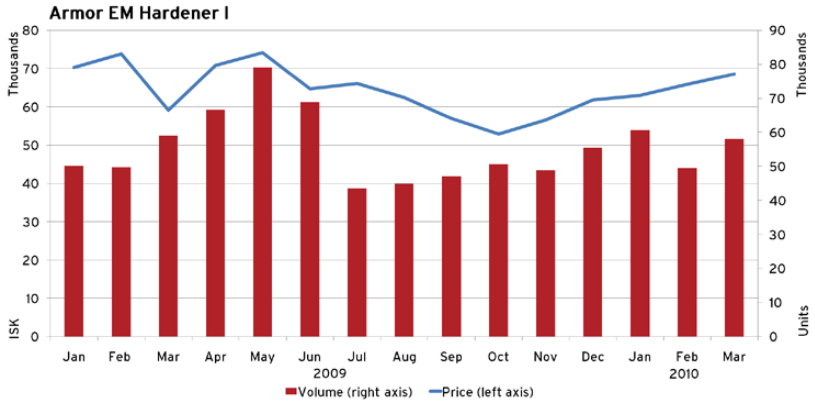

Figure 18: The Armor EM Hardener I is an enhanced version of the standard EM armor plating. It uses advanced magnetic field generators to strengthen the nanobot plating integrity. With the Dominion expansion the armor hardeners have a lower skill level requirement, which leads to an increase in demand with both prices and volume rising.

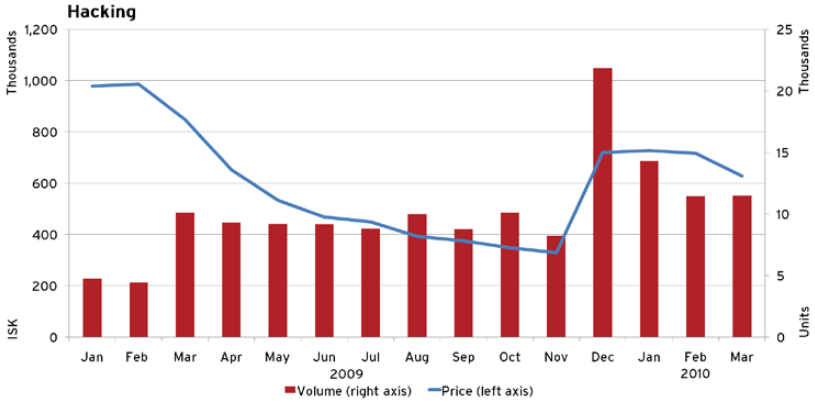

Figure 19: Hacking gives proficiency at breaking into guarded computer systems, and is a required skill for the use of codebreaker modules. In December there was an increase in the number of hacking sites due to infrastructure upgrades in null security space. This led to a large increase in demand for the hacking skill and thus prices and volume increased significantly.

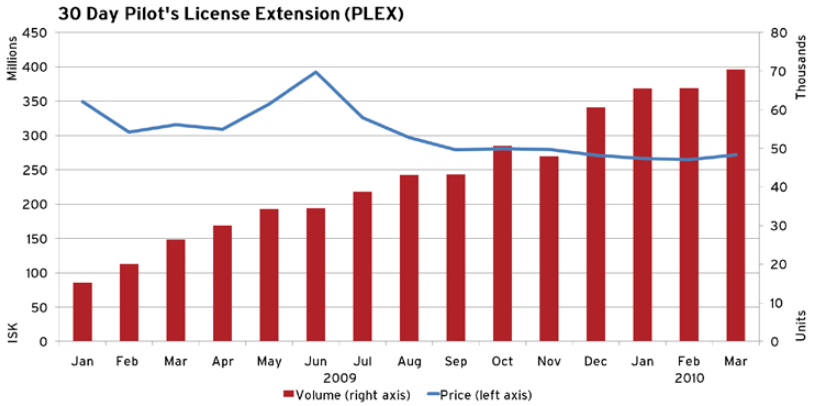

Figure 20: The volume of PLEX being traded has continued to increase, with PLEX created and activated both increasing by 25%. The price of PLEX did however decline by around 3% from Q4 of 2009.

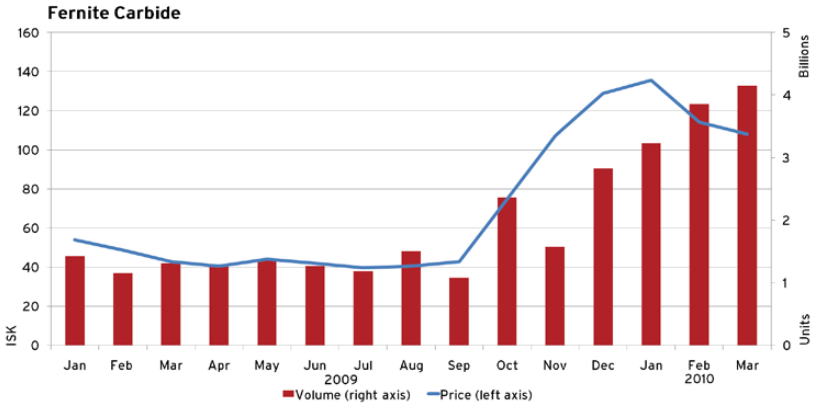

Figure 21: Fernite Carbide is an advanced moon material. In the last QEN market snapshots we showed the effects of rising Titanium Carbide prices (advanced moon material) due to changes in Tech II production. The demand for Fernite Carbide is still on the rise, but the price has been decreasing for the last 2 months.

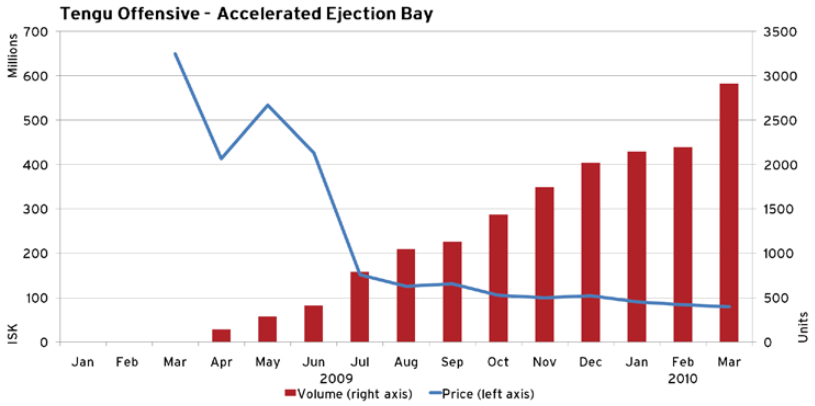

Figure 22: In order to assemble a Tech III ship, a Tech III ship hull and five types of subsystems are needed. The Accelerated Ejection Bay is the most popular offensive subsystem of the Tengu. As often, the initial price was very high in the first 4 months, but now seems to have leveled off at around 100 million. Prices have been decreasing since May despite increasing demand, with volume traded increasing by 33% in March alone.

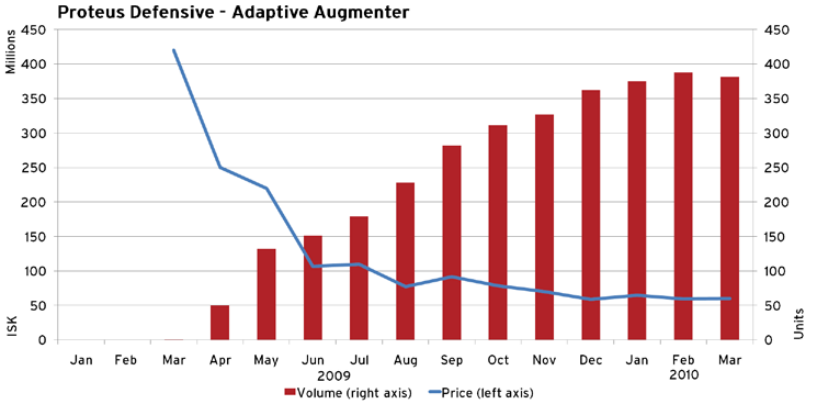

Figure 23: The second most popular Tech III ship is the Proteus. This subsystem increases armor resistance, dramatically enhancing survivability in combat. This subsystem shows similar market development as the many other Tech III subsystems, with prices reaching a steady state whilst demand continues to increase.

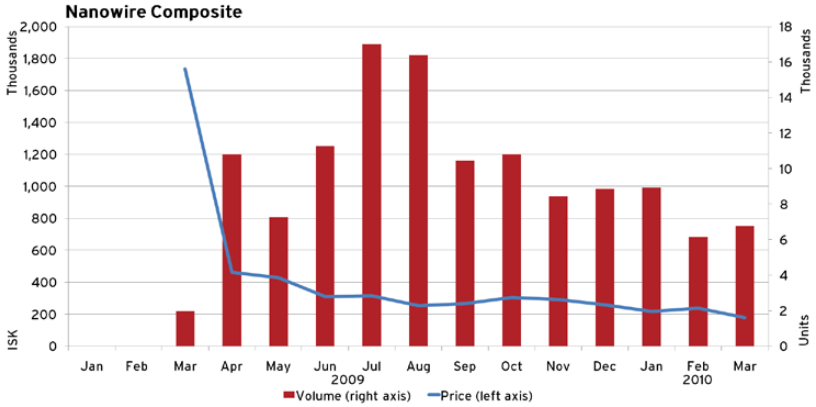

Figure 24: Nanowire Composites function as connective links between subsystems in Tech III ships, except for offensive subsystems. Despite the increase in demand for Tech III subsystems the demand for Nanowire Composites has decreased by around 25% in Q1.

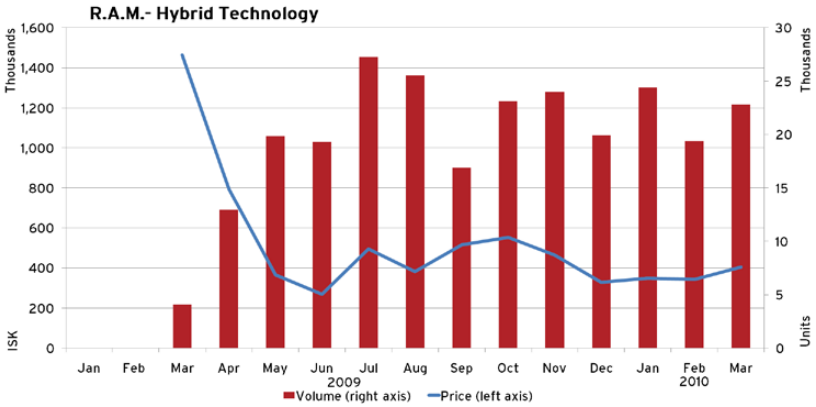

Figure 25: The R.A.M.- Hybrid technology is used in reverse engineering in Tech III production, to get hull and subsystem BPCs for the strategic cruisers. This material can be found in wormhole space at exploration sites or bought straight off the market. The volume traded has remained stable since Q4 2009 but at the same time price has declined by 19% since last quarter.

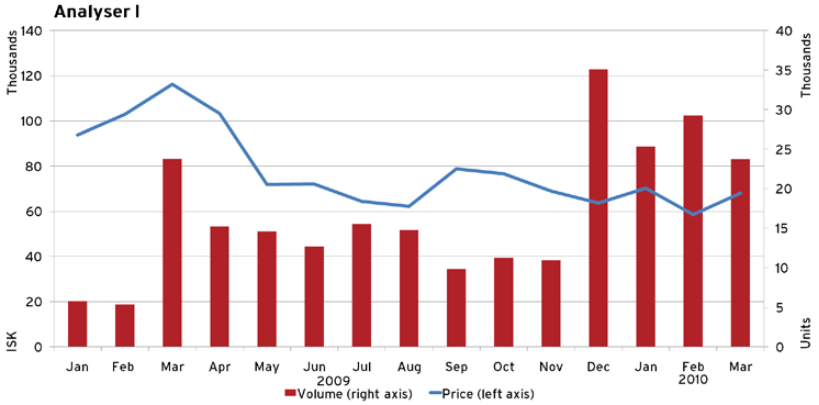

Figure 26: An archaeology system is used to analyze and search ancient ruins. The sovereignty upgrades following Dominion led to tripled volume in December. This quarter, the demand has decreased a bit since December, and volume traded in March was around 25 thousand units.

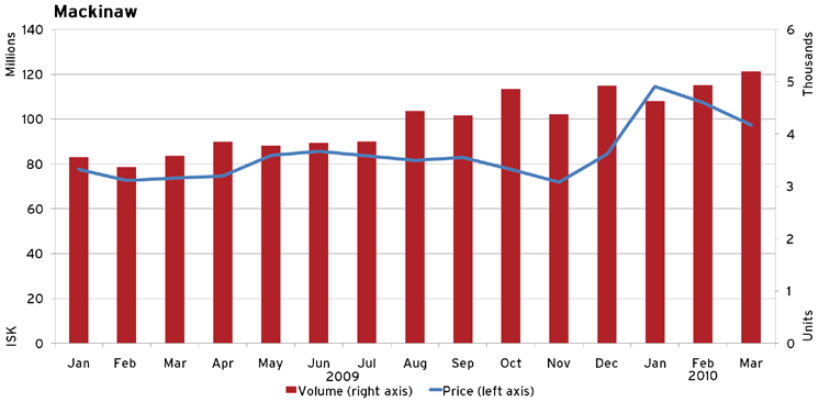

Figure 27: The Tech II ship Mackinaw is the second most popular exhumer after the Hulk, which is currently the most flown ship in EVE. Following a staggering 36% price increase in January, the price of the Mackinaw has been decreasing, falling 15% alone in the last two months despite increased demand.

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