# QUARTERLY ECONOMIC NEWSLETTER

EVE ONLINE

1st QUARTER 2008

CCP

## PUBLICATION INFORMATION

**Editor**
Dr. Eyjólfur Guðmundsson
CCP Lead Economist

**Researcher**
Freyr Tómasson, CCP
Kjartan Þ. Halldórsson, CCP

## TABLE OF CONTENT

## EDITORIAL

This is the third Quarterly Economic Newsletter (QEN) for EVE Online. The QENs provide economic and demographic information for anyone who is interested in learning about the dynamic world of EVE Online.

May 2008 marked the fifth anniversary that EVE has been open for business. These years have seen incredible growth of EVE as a Universe, with a strong player-run economy and other social institutions developing within. Thus, for 2008 we will take a closer look at the development of these institutions, including the EVE market, corporations, alliances, and other institutions as well.

The first quarter in 2008 was good for the EVE universe and all the players that reside in this unique single-shard world. The population grew steadily, as did economic activity, even though there was a decline in market activity in the month of February. Overall, there is relative price stability with continued deflation, although this deflation is running at a much lower rate than before. Over the next months, increased efforts will be vested into establishing a better understanding of the continued deflation and what, if any, measures need to be taken against that.

In this issue of the Quarterly Economic Newsletter, we provide information about mining and production activity within EVE in addition to the standard price analysis and market snapshots. EVE is a harsh universe, but at the same time intriguing and challenging. The industrial and market component of EVE is every bit as harsh and competitive as the PvP aspect of the game. Players compete fiercely with each other as they battle to lower production costs or outbid each other on the open market. They also compete in the mining sector by adding to and advancing their skills in order to boost returns and reduce waste, often investing significant effort to increase their efficiency by just 1% at a time. But that 1% edge is often what makes or breaks a mining mogul.

According to our studies, just under half of all characters in EVE stay within the high security areas. In addition, about 20% of all characters in EVE engage in production activities, although only a small percentage (about 4%) are engaged in production consistently. This shows one of the strengths of the EVE economy: All players can produce. This is true whether the need is a full-time interest or if the need is a temporary one for some specific item. But the size of the community has become so big that it actually pays to specialize. The market is large enough to be capable of sustaining a variety of specialized producers. This is the fundamental function of the EVE market (or any other market for that matter) and allows it to become completely driven by those that participate in the EVE economy. This is what makes the EVE universe so different from other virtual worlds out there.

It is expected that 2008 will bring a great many new things to the EVE Universe. The release of Factional Warfare in June, with its lower-level engagement and increased Empire-space warfare as a result, is predicted to increase the consumption of ammunition, weapons, and starships, subsequently leading to an increase in market activity for EVE. The winter expansion is expected to focus heavily on the industrial and trade aspect of EVE, offering new options and features for the EVE industrialist. In short, there will be lots of new content to explore in the coming months! Fly safe.

## DEMOGRAPHICS

The population of EVE continues to grow. The number of subscribers grew from 221.000 at the beginning of the first quarter of 2008 to 236.000 at the end of the quarter. On average there are just over 2 characters per account, which means that the number of active characters in-game is approaching 500.000.

In earlier issues of the QEN (see issue QEN vol 1, issue 2) it had been established that about 50% of these characters never leave high security areas and that about 20% fly down to 0.0 space. The remaining 30% fly both in high sec and low sec areas. Looking more closely at which regions and solar systems are the most and least traveled in the EVE universe yields some interesting results.

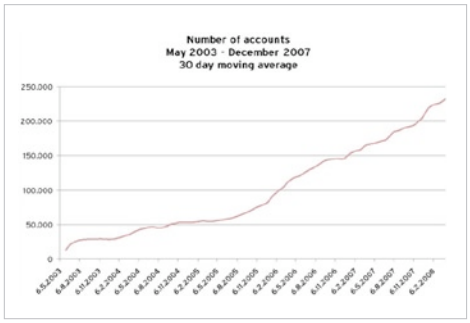


Figure 1: Number of subscribers from January 2003 through February 2008 - 30 day moving average

Table 1 to the right shows the top 25 regions out of 66 regions in EVE, of which 63 are accessible to EVE pilots. It comes as no surprise that the regions around the trade hubs in Jita, Rens and Amarr are the most travelled, however what is interesting is looking at the regions outside of Empire space.

| Rank | Region Name | Total visits | Percentage | Cumulative % |
|---|---|---|---|---|
| 1 | The Citadel | 1000574 | 10.4% | 10% |
| 2 | The Forge | 849428 | 8.9% | 19% |
| 3 | Lonetrek | 769264 | 8.0% | 27% |
| 4 | Sinq Laison | 722353 | 7.5% | 35% |
| 5 | Domain | 713795 | 7.4% | 42% |
| 6 | Heimatar | 554310 | 5.8% | 48% |
| 7 | Metropolis | 429011 | 4.5% | 53% |
| 8 | Essence | 398193 | 4.1% | 57% |
| 9 | Tash-Murkon | 306756 | 3.2% | 60% |
| ***10*** | ***Genesis*** | ***293724*** | ***3.1%*** | ***63%*** |
| 11 | Verge Vendor | 278482 | 2.9% | 66% |
| 12 | Khanid | 205305 | 2.1% | 68% |
| 13 | Everyshore | 191693 | 2.0% | 70% |
| 14 | Derelik | 167440 | 1.7% | 72% |
| 15 | Kador | 164217 | 1.7% | 73% |
| 16 | Kor-Azor | 154458 | 1.6% | 75% |
| 17 | Devoid | 134160 | 1.4% | 76% |
| 18 | Placid | 123937 | 1.3% | 78% |
| 19 | Catch | 117024 | 1.2% | 79% |
| ***20*** | ***Delve*** | ***98996*** | ***1.0%*** | ***80%*** |
| 21 | Querious | 98002 | 1.0% | 81% |
| 22 | Syndicate | 97881 | 1.0% | 82% |
| 23 | Molden Heath | 95110 | 1.0% | 83% |
| 24 | Aridia | 90964 | 0.9% | 84% |
| ***25*** | ***Fountain*** | ***85674*** | ***0.9%*** | ***85%*** |

Table 1: The top 25 most travelled regions. The top 19 are all in Empire space but from 20 through 25 are in 0.0 space.

The first 18 regions are all either within Empire space or on the boundaries between Empire and 0.0 space, but the 19th is pure 0.0 space –Catch, followed by Delve. The number of visits to those regions is considerably higher than other 0.0 regions at the time, or just under 100.000 per month. Other popular 0.0 regions have between 50.000 and 70.000 visits per month. This difference is most likely due to the ongoing conflict in Delve during the month of March and to Catch being a major link to other regions.

The least travelled regions in EVE during March are shown in Table 2. These generally reside on the outskirts of the universe, deep within territories claimed by alliances.

The distribution of travel matches well with the former numbers on the distribution of the players. Most activity takes place in Empire space, or about 80% of all solar system visits, while the rest takes place in 0.0. The distribution within the latter seems to depend quite heavily on the warfare that is ongoing at any given time. However, the least traveled regions still have about 400 visits per day, which shows us that even in the most remote regions there is still always some starship activity. This is a good testament as to how large the population of EVE has become, and that there is still plenty of room for more.

| Region Name | Total visits | Percentage | Cumulative % |
|---|---|---|---|
| Immensea | 22194 | 0.2% | 98.4% |
| The Spire | 21246 | 0.2% | 98.6% |
| Cache | 20863 | 0.2% | 98.8% |
| Fade | 20578 | 0.2% | 99.0% |
| Omist | 18327 | 0.2% | 99.2% |
| Period Basis | 18032 | 0.2% | 99.4% |
| Mal Pais | 16956 | 0.2% | 99.6% |
| Cobalt Edge | 16599 | 0.2% | 99.7% |
| Paragon Soul | 12407 | 0.1% | 99.9% |
| Impass | 12308 | 0.1% | 100.0% |

Table 2: The least travelled regions in EVE

## PRODUCERS IN EVE

The most common player professions in EVE are mission running, manufacturing, trading and player versus player combat. However, since all characters can change their training to specialize in different fields, it is difficult to precisely determine how many characters are engaged in each profession, and what metric can define this profession as a specialty for the character.

An interesting way of approaching this is to determine how many characters are involved in production at any given time. Overall there were approximately 500.000 characters in EVE, represented by 236.000 players, during Q1 2008. We were surprised to discover that only about 10% of all characters, or about 50.000, had a production job in any given month during this timeframe.

| Month | # of characters | Number of production jobs |
|---|---|---|
| January | 52342 | 778182 |
| February | 49432 | 708458 |
| March | 52300 | 751738 |

| Month | Number of jobs per day | Jobs per character |
|---|---|---|
| January | 25102.6 | 14.9 |
| February | 22853.5 | 14.3 |
| March | 24249.6 | 14.4 |

Table 3: Number of characters with production jobs by month and number of jobs per day by month.

However, over the entire quarter almost 100.000 unique characters had a least one production job. This means that 20% of all characters produced during this period, but much fewer of the characters were engaged in what we would define as "constant" production, i.e. continuously having at least one production job. There were only 20.891 characters that produced constantly throughout the first quarter of 2008, or just over 4% of total characters in EVE.

As an example, we can look at the production of Ravens in March 2008. During that month, a total of 14.893 Ravens were produced. The Ravens were built using 6.798 jobs, or about 2.2 Ravens per job. There were 2.738 different characters that produced these 15,000 Ravens in March, or approximately 5.4 Ravens per character.

This shows us how specialization is the key to success in EVE. Ravens are one of the most used ships in EVE, with several thousand pilots flying them at any given time. These popular ships are supplied by a relatively small number of players to the greater EVE population. This allows those who use Ravens for PvE and PvP actions to focus on combat, while other players focus on improving their manufacturing skills and researching their blueprints to compete effectively with other manufacturers.

## PRICE LEVEL CHANGES

In the last QEN, it was noted that the time period of deflation seemed to have ceased, and that a moderate inflation was starting to become visible. We have therefore been watching the price level quite closely during Q1 2008.

In general, price changes during the first quarter were relatively small compared to monthly price changes in 2007. There was a price decline in January, something that we could call the "Trinity hangover", but prices decreased again somewhat in March. The most interesting aspect of price changes in Q1 is that for the higher end of the market (Secondary Producer Price Index and the Consumer Price Index) there is a general decline in the indices, while the lower end of the market (Mineral Price Index and the Primary Producer Price Index) is generally increasing. This means that there is inflation at the raw material and primary production level, but deflation at the consumer end of the market. Conventional theory would predict that in Q2 2008 we should see increases in consumer prices due to increased cost of raw material for final production. But first we will closely examine the changes in each of the four main price indices; the Mineral Price Index (MPI), The Primary Producer Price Index (PPPI), The Secondary Producer Price Index (SPPI) and the Consumer Price Index (CPI).

**Mineral prices**

During Q1 2008 the MPI increased in value from 77.9 in January to a value of 84.9 in March. After an increase in early December, index declined between mid-December and January (-3.7%), then increased again in February (+6.3%) and March (+2.5%).

January saw some heavy trading activity in all minerals, with quantity traded increasing across the board. The largest increase was in morphite, with quantity traded increasing by 26%, while the lowest percentage increase was in tritanium (+5.3%). Due to the sheer volume, tritanium was the mineral that most heavily impacted the mineral index.

In January, prices declined for all minerals except zydrine and pyerite. These price declines are most likely attributed to a market adjustment following a period of increased demand for minerals after the Trinity expansion. Increased prices in December because of increased demand has, in general, pushed those holding a stock of minerals to sell from their stockpile and also encouraged others to invest in extra mining hours. Both lead to an increased supply of minerals and price declines despite the fact that production of starships is increasing at the same time. Thus, the supply of minerals seems to have increased faster than demand for those same minerals.

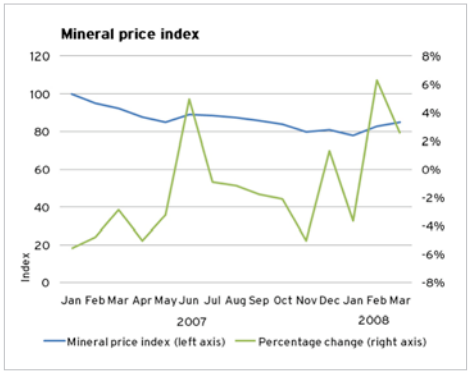


Figure 2: The Mineral Price Index. The blue line shows the nominal value of the index (left axis) and the green line shows the monthly percentage change (right axis). The green line shows the increase in the price of minerals during the last two months of the first quarter of 2008, after a price decline in January.

Zydrine and pyerite are the exceptions for January. Pyerite is relatively stable in price (+0,1%) and has remained so since dropping in price after the Revelations II expansion. Zydrine is a different story. The price increased throughout Q1 2008 with a regional average price of around 3000 ISK per unit by the end of March 2008.

The MPI increased in February by 6.3%, one of the largest increases in the past 12 months. The biggest contributor to this trend was the price increase of Tritanium and Zydrine between January and February. Tritanium increased in price by 11.1%, contributing +2.6 percentage points to the index. Zydrine increased in price by 10.7%, contributing +2.4 percentage points to the index. Other minerals increased in price between 0.002% and 8.8%, adding as much as +0.8 percentage points to the MPI. Despite these price gains, daily trade volume of tritanium fell 23% in February compared to January and 21% for zydrine in the same time period. Hence, the most likely explanation for price gains in zydrine and tritanium is reduced supply rather than increased demand. The reduction in supply is most likely due to less activity in the month of February, since data indicates that both mission running and mining activity declined in February.

The decreased activity in February is obvious if we look at figure 2b). The figure shows the volume index for low-end and high-end minerals from January 2007 through March 2008. There is a good increase in total volume traded in January which is followed by a considerable drop in February.

For the low end minerals this drop is across all mineral types (tritanium, pyerite, isogen and mexallon) but relatviely most in tritanium that drops by 28% in February 2008 compared to January.

For the high end minerals the drop is even higher with 34% decrease in morphite trade volume and between 26% and 28% decrease in trade volume for nocxium, zydrine and megacyte.

Looking at the numbers from February 2007 it is interesting to see that there was also a reduction in mineral trade volume for the low end and high end minerals. This might suggest that there is a cyclical behaviour within the EVE economy in the first quarter of 2008, something that warrants further investigation.

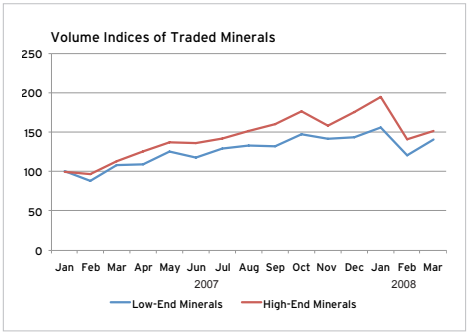


Figure 2b): Volume indices for trade in low-end and high-end minerals. There is a significant drop in traded volume in February of 2008 for both categories. It is interesting to note that there is also a drop in total trade volume for these indices in February of 2007 suggesting a specific EVE economic cycle.

The MPI continued to rise in March. Between February and March, the index increased by 2.5%. Tritanium was the leader once again with an 11.8% average price gain, contributing +2.8 percentage points to the increase of the MPI. Isogen and mexallon saw a slight price decrease, somewhat offsetting the price increases of other minerals and yielding a 2.5% increase for the MPI in March. In addition to increased mission running and mining activity, trade activity increased again in March, with trade volume rising 4.2% to 23%.

Overall, the MPI increased 9.1% in Q1 2008. During this time, the total volume traded for all minerals declined from 1.1 trillion units per month to 955 billion units per month, of which tritanium counted for roughly 75%. However, the total number of subscribers rose and average daily trade activity increased in the same period as well. So what caused the reduction in mission running and the production of minerals? During the first quarter we know that there was a high incident of "suicide ganking" attacks in high-sec space that targeted, among other things, large scale mining and industrial vessels. Numbers on mining barge kills clearly support this theory. There appears to be a seasonal decrease in these activities in the month of February, as both February 2007 and 2008 showed some reduction in total economic activity. In addition, a general slowing of the EVE economy seems to have followed the Trinity expansion, which is consistent with the behavior following other expansions as well. In this newsletter, we look more closely at the production and destruction of mining barges in order to understand the impact of suicide ganking.

**Primary Producer Price Index**

The Primary Producer Price index consists of advanced raw materials, datacores and other materials needed for the production of items that are used for further production but not for final goods.

The index rose quite sharply in December 2007 due to increased demand after the release of Trinity. There was an apparent cool down in January when the PPPI decreased from 65.7 to 59.5 (-9.5%), mostly due to a fall in prices for datacores and data interfaces. This was a clear indication that the market for items needed for invention and Tech II production cooled off in January, compared to December. At the same time, moon materials continued increasing in price, with promethium leading the charge at an average 26% increase across all regions.

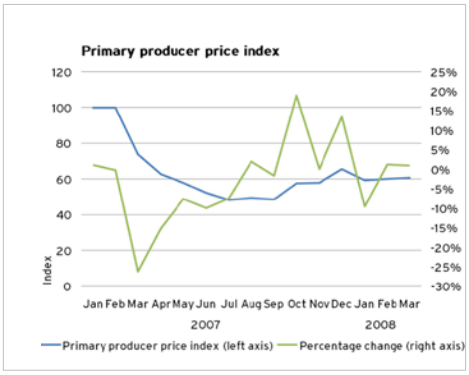


Figure 3: The primary producer index. The graph shows the absolute value for the PPPI (Blue line – left axis) and the monthly percentage change (green line – right axis) from January 2007 through March 2008. The changes in the index during the first quarter of 2008 are low compared to previous quarters.

In February, there was a slight increase in the PPPI, as it rose from 59.5 to 60.2 (+1.3%). Data interfaces continued to decrease in value, but prototypes and datafiles increased somewhat between January and February. Other items in this index were relatively stable, except for raw moon material. The highflyer was again promethium (+47.6% price increase), but dysprosium increased as well, though considerably less (7.8%).

The PPPI again rose in March, from 60.3 to 60.9 (+1.0%). Prototypes and datafiles continued to increase in price as datacores and ship data interfaces dropped in value. Another noticeable price change is in the blue ice and white glaze ice ores. Blue ice dropped in price by 9.5%, contributing a -0.24% point change in the overall index while white glaze increased in price by 12.4%, contributing to a 0.28% increase in the PPPI. These price changes offset each other, but are worthy of note. This is a stark reminder that price indices only tell part of the story. The behavior of blue ice and white glaze could simply be random price fluctuations since both ores are mined heavily for private consumption and only a small fraction is actually sold on the market.

Overall there is a decrease in the PPPI between Q4 2007 and Q1 2008. The decrease follows typical post-expansion behavior with the Trinity expansion in December, but throughout the first quarter prices increased somewhat from January through March.

**Secondary Producer Price Index**

The Secondary Producer Price Index (SPPI) consists mostly of blueprints, NPC trade goods and material needed for the production of Tech 2 items.

The index declined between December 2007 and January 2008 as NPC's stopped buying them from 91.2 to 88.5 (-3.0%). The biggest impact on the index at this time was Nexus chips, which declined considerably in price between December and January. Overall, the impact of this price reduction on the SPPI was -2.6% points.

In February the index continued to decline, though marginally. The index value for February was 88.3 (-0.2%). This reduction is due to a general reduction in the price of Tech 2 construction components such as cluster and thruster units. For example, fusion thrusters declined by 17% between January and February, and pulse shield emitters fell by 13% in the same period. Both of these items had more than doubled in price during Q4 2007.

The month of March saw a similar trend in the SPPI. The index value declined from 88.3 to 84.7 (-1.1%). The main reason for this price decline is a continued decline in Tech 2 building materials as well as price declines in salvaged materials used both for Tech 1 and Tech 2 production.

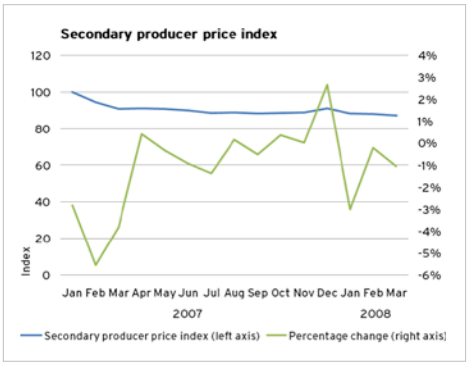


Figure 4: The Secondary Producer Price Index (SPPI). The blue line shows the nominal value of the index (left axis) and the green line shows the monthly percentage change in the index (right axis). The graph covers the period from January 2007 through March 2008. The price decline throughout the first quarter of 2008 is clearly visible on the graph.

**Consumer Price Index**

There are more than 3.000 items in the Consumer Price Index (CPI). The commonality of these items is that they are available on the market and are final goods, i.e. they are used directly for a specific purpose, be it ammunition, electronic or engineering items, starships, weapons etc. The index declined during the Q1 2008 from a value of 60.8 in December to 57.8.

January saw a decline after a slight increase in December. The index declined to a value of 58.2 (-4.2%) mostly due to a decrease in all types of ships and modules and +5 implants as well. The Raven declined in price by 4%, and because of the sheer volume of trades with this battleship, this price decrease resulted in an overall decline in the index by 0.1 percentage points. Other interesting items are cruise and siege missile launchers, but a change in the attributes of torpedoes in the Trinity expansion made cruise missiles very popular. Both cruise missile launchers and standard cruise missiles increased sharply in price. Increased production of these items soon brought prices down, and the January price decrease of those items can mostly be attributed to increased supply as trade volumes continued to rise during that month.

In February the index rose by 0.3 percentage point, from 58.2 to 58.4. The interesting part about this increase is that it is driven mostly by an increase in attribute implants. The price of implants increased in February between 25% – 30%, resulting in a 1.7% point increase in the index. Most other categories decreased modestly in price during February. The net outcome was a 0.3% point increase in the overall CPI.

But deflation kicked in again in March when the index dropped from 58.4 to 57.8, a 1.0% decrease. This time it was Tech II ships and Tech II items which led the price decline. A counterweight to the price decrease in Tech II items was an increase in the price for some attribute implants (0.2%) and Tech I ships (0.3%). The end result was a 1% decrease in the Consumer Price Index.

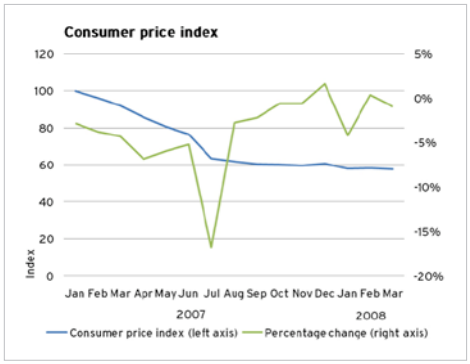


Figure 5: The consumer price index (CPI) and monthly changes from January 2007 through March 2008. The blue line shows the nominal value of the CPI (left axis) and the green line shows monthly percentage change (right axis). Since January 2007 prices have declined by more than 40%, and continued to decline during the first quarter of 2008.

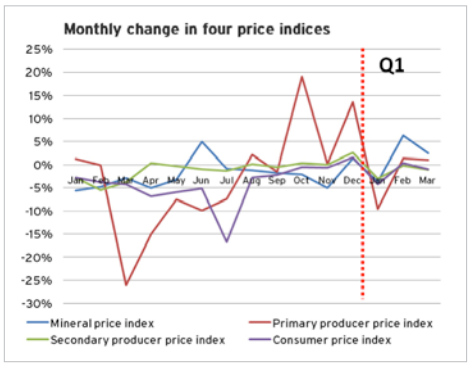


Figure 6: Overview of monthly price changes in all four price indices from January 2007 through March 2008. The general trend from a deflation in all indices to a slight inflation shows clearly on this graph, with the exception of January 2008.

## MINING SHIP PRODUCTION & LOSSES

In EVE, the building blocks for all starships and stations are the basic eight minerals: tritanium, isogen, megacyte, zydrine, mexallon, pyerite, morphite and nocxium. These minerals are reprocessed from ore that is harvested in asteroid belts by EVE pilots using any ship that can be fitted with a regular miner or strip miner (believe it or not, there are reports of a Dreadnought sitting in high-sec asteroid belts – mining!). However, the majority of the ore is mined using technology from the ORE Syndicate (the largest independent NPC corporation), namely the Retriever, Procurer, and Covetor mining barges; and the Hulk, the Mackinaw, and the Skiff Exhumer-class vessels. Lastly, there is the Rorqual, the massive support ship for mining fleet operations.

The six basic mining barges form the mainstay of the mining fleet in EVE. During the Q1 2008, these ships, especially the more expensive Exhumers, have been under attack from suicide gankers. It is therefore interesting to examine in more detail how many ships of this type were actually destroyed and how many were produced to replace the vessels lost. In this issue we will look at the Tech I and Tech II categories, but leave the Rorqual out of the analysis for now.

**Mining barges**

The main difference between the mining barges and other starships is that they can fit strip miners that greatly enhance the efficiency of extracting ore from asteroids. The Procurer is the smallest mining barge available, followed by the Retriever and the Covetor.

**Procurer**

The Procurer is favored by those that are starting their mining profession. These vessels are cheap yet effective in extracting ore, but its biggest drawback is its small cargo. Throughout Q1 2008, an average of 314 Procurers were built per week. Daily production ranged from 0 to 260 units per day.

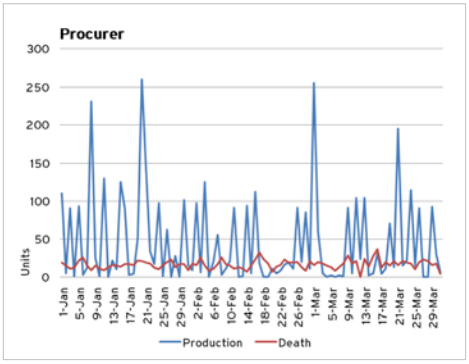


Figure 7: Production and destruction of Procurers from January through March 2008. The destruction is relatively stable around 17 ships per day but production fluctuates more. Overall there is a net increase in the number of Procurers in EVE during the first quarter of 2008.

During this same time period, an average of 17 Procurer mining barges were shot down per day, with a maximum of 37 kills per day, and a minimum of 0.

Overall there was a net increase of 2.560 Procurer mining barges during the entire first quarter of 2008, or 853 per month.
Daily sales ranged between 7 and 226 units, with average daily sales of 127 units and average weekly sales of 869 units.

**Retriever**

The Retriever is the middle-sized class of mining barges, with increased cargo capacity, drone bay capacity, and armor hit points. This barge is the second step for the new miner who is aiming to become a mogul in the mining industry. The production of the Retriever was stable over Q1 2008, with an average of 2.226 units built every week, and ranging from 94 to 873 ships per day.

Looking at Retriever losses reveals that 811 ships were shot down per week during Q1 2008. The daily kill numbers range from 13 to 177 ships per day. Overall there was a net increase of 18.399 Retriever mining barges for Q1 2008.

Daily sales ranged between 26 and 707 units per day, amounting to an average of 2.817 per week. There is a noticeable difference in the ratio of production to sales as compared to the Procurer. The implication is that at this level of mining, the specialization of characters has already begun in which players hang onto these vessels much longer than the cheaper Procurer.

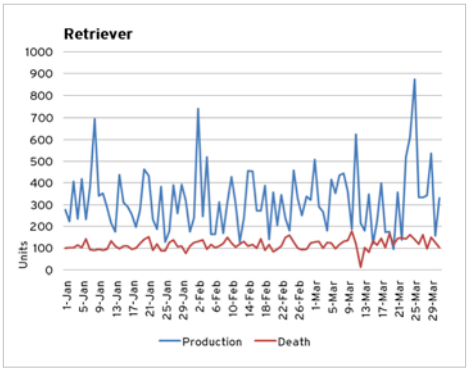


Figure 8: Daily production and destruction of Retrievers from January 2008 through March 2008. Destruction is very stable around 100 ships per day while production fluctuates from 13 to 177 ships per day.

**Covetor**

The Covetor is the largest Tech I mining barge in EVE. With its massive cargo hold, this is the final stepping stone for anyone preparing to pilot Exhumers and becoming a mining mogul. With a level 5 requirement in the mining barge skill, plus several other level 4 skills, only the most dedicated industrial characters train for the operation of Covetors.

During Q1 2008, an average of 1562 Covetors were produced per week, or 223 per day on the average. The daily production numbers range between 90 and 487 ships.

At the same time, only 210 Covetors were destroyed on average per week, or 30 per day.

Judging from data on production and sales, the Covetor is produced for personal use as well as trade. An average of 177 Covetors are sold per day, or about 1245 per week. This is less than what is produced on a weekly basis, which indicates that a considerable number of Covetors never enter the market.

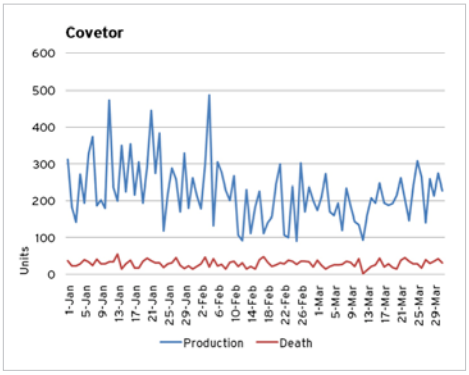


Figure 9: Production and kills of Covetors from January 2008 through March 2008. Total production declined in early February and stayed at that level until late March. Destruction was relatively stable around 30 ships per day.

**Skiff**

The Skiff is the smallest Tech II version of the Ore mining barges. It is specialized for harvesting mercoxit, though it can harvest all other ores as well.

The weekly production of Skiff barges during Q1 2008 was just under 100 vessels, or about 14 ships per day. The production was relatively stable during the first quarter, suggesting that there is a low but steady demand for this type of Tech II mining barge.

Some 17 Skiffs were destroyed per week, or about 2.5 per day. These numbers were also fairly stable throughout the period.

Altogether, there was a net increase of 1,137 Skiffs in EVE during Q1 2008.

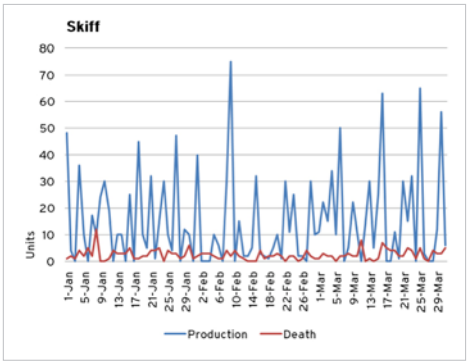


Figure 10: Daily production and kills of Skiff mining barges from January 1st through March 31st 2008. The Skiff is a highly specialized small-scale Tech II vessel and is therefore only used in small numbers. Production and destruction is relatively stable over the time period as can be seen from the 7 day moving average lines for production and destruction.

**Mackinaw**

The Mackinaw is the medium-sized Tech II mining barge from the ORE syndicate. The Mackinaw´s specifications are tweaked towards ice harvesting, allowing for a much better yield (+100%), but has a slightly longer harvesting process (+25%). Given the importance of ice as fuel for Player Owned Stations (POSs), it comes as a no surprise that the Mackinaw is a popular mining ship despite an asking price of 60 to 70 million ISK.

For Q1 2008, more than 600 ships were produced per week, or 87 ships per day.

Production increased throughout the period, with daily average numbers rising from less than 100 ships per day to more than 100 ships per day during the second half of February through mid-March. After this time, production declined again below 100 ships per day on the average, as can be seen in Figure 11.

Total ship losses show an interesting pattern. After mid-February, there was a noticeable spike in the daily number of destroyed ships. Until that point the daily average had been around 20 vessels, but soon doubled to more than 40 vessels per day on average, and even reached as high as 80 vessels on a single day. This coincides with increased suicide ganking, where a group of players decided to make industrial ships their primary target. But production increased simultaneously, so the total Mackinaw fleet continued to grow throughout the entire quarter.

The net increase in Mackinaws for Q1 2008 was 5.396, with 7.993 ships produced and 2.597 ships destroyed.

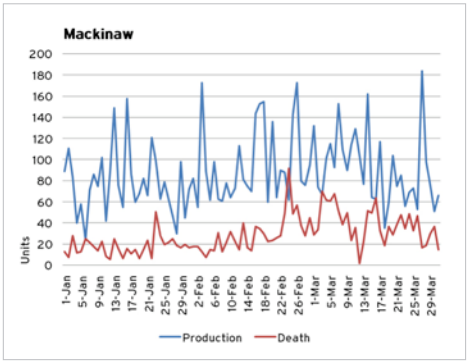


Figure 11: Daily production and kills of Mackinaw barges during Q1 2008. Compared to other types of mining barges and exhumers, the increase in destruction is very much noticeable from mid-February through March. But production is always higher than destruction, leading to a net increase in the number of vessels throughout the period.

**Hulk**

The big and mighty Hulk is the mainstay of any major mining operation. The Hulk is the largest, most efficient mining barge there is, and it can be fit for a wide range of mining operations. It comes with a big price tag, costing around 100 million ISK. But the Hulk is also slow, making it an excellent target for rogue pirates, or a gang of them.

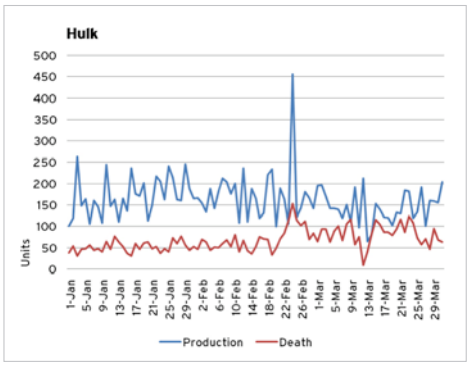


Figure 12: Hulk production and destruction during the first quarter of 2008

The production of Hulks was relatively stable throughout Q1 2008. Average weekly production was about 1.100 ships, or about 150 ships per day. However, daily production ranged from 64 to 455 units. There was a slight decline in production during the month of March, but production still outpaced destruction and thus yielded a net increase in Hulks during all months of the first quarter.

The month of February was quite interesting for the Hulk. Starting in mid-February there was a surge in the destruction of Hulks that again coincided with increased incidents of suicide ganking. But even more interesting is the production spike in the third week of February. It appears that industrialists were able to recover their losses soon after the campaign started, and total production actually outpaced losses for the entire quarter.

In total, there were 14.777 new Hulks built during Q1 2008. Some 6.122 Hulks were destroyed, resulting in a net increase of 8.655 ships. However, the kill-to-production ratio for Hulks was 41%, whereas other mining ships had kill ratios between 13% and 36%, indicating that Hulks were the prime target. With an estimated average value of 100 million ISK per Hulk, the total value of destroyed property was a staggering 6 trillion ISK. For comparison, the overall trade value of all EVE markets ranges between 2.0 – 2.5 trillion ISK per day.

**Summary on production of Mining Barges**

Despite the massive losses inflicted by suicide ganking, the total number of mining barges and exhumers increased during Q1 2008. The largest Tech I ship (the Covetor) is the most commonly produced, but more than 70% of those ships are used to produce the Tech II variant, the Hulk. We do not show the total number of each ship type at this time, but at last check the Hulk ranked as one of the top 5 ships in the EVE Universe. That is not expected to have changed much during Q1 2008.

## MARKET SNAPSHOTS

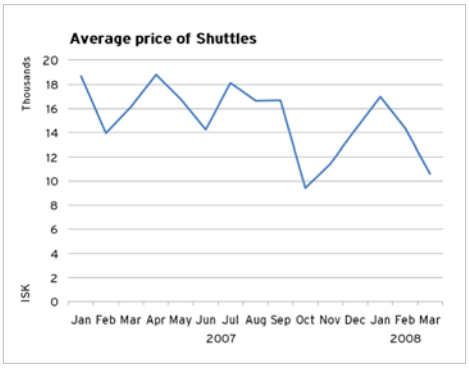


Figure 13: The graph shows average prices of Shuttles, and a general decrease in their value since March 2007. This demonstrated that forces of competition at play between industrialists, which in turn has driven the price down.

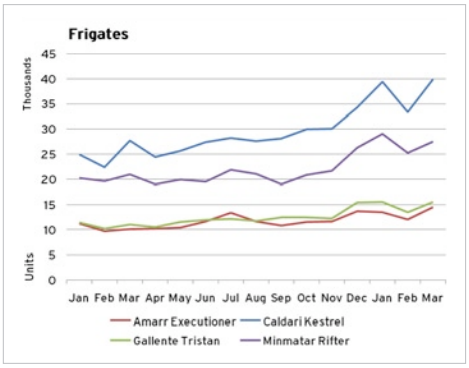


Figure 14: The graph shows development of the total number of frigates sold from January 2007 through March 2008. These frigates are the most popular within each race. It is no surprise that the most popular frigate comes from the Caldari race, since they are the most populous of the EVE-Online Universe. Frigates are the first ship that most players fly as their first real starship, so the increase in frigates sold directly correlates with the increase in the player base and other activity within the EVE Universe. As noted earlier in this QEN, there was a slowdown in February of 2008 that, among other things, shows as a dip in the number of sold frigates in February.

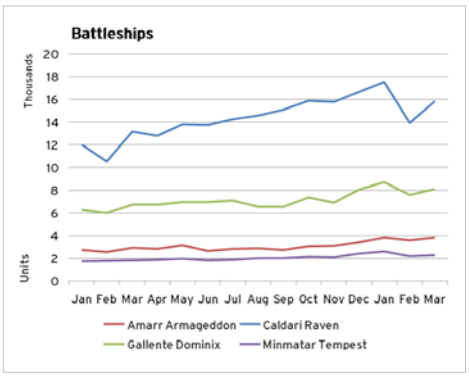


Figure 15: The graph shows number of battleships sold. These are the most popular battleships of each race. As usual, the Raven is the most popular battleship in Eve and singlehandedly outweighs combined sales of the Armageddon, Dominix, and Tempest.

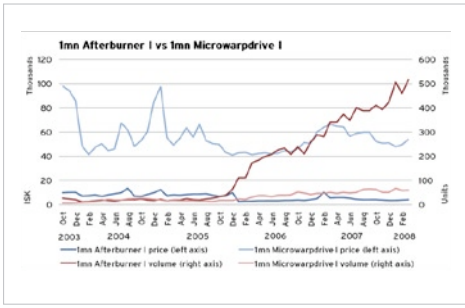


Figure 16: This graph shows the price of the 1mn Afterburner I and the 1mn Microwarpdrive I on the left axis. The right axis is the volume of the 1mn Afterburner I's and the 1mn Microwarpdrive I's sold. Afterburners and Microwarpdrives have been a popular commodity. Demand for these items has been increasing steadily since late 2005, especially for the Afterburner. In November 2005, the demand for 1mn Afterburner I increased significantly, and has been growing rapidly as the microwarpdrive slowly increases. The difference in the development of the demand for the 1mn Afterburner I versus the 1mn microwarpdrive I can be explained by the inability of players to use microwarpdrives during missions. In essence, the afterburner became a substitute, For new players, the afterburner is also more appealing because of the higher skill requirements for microwarpdrives.

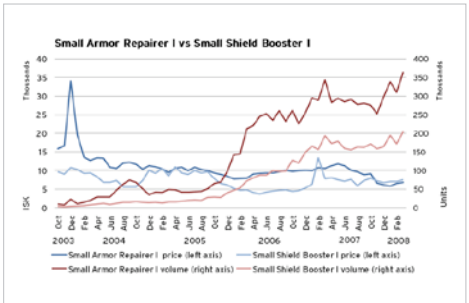


Figure 17: The graph shows prices of the Small Armor Repairer I and the Small Shield Booster I on the left axis. On the right axis is the volume of Small Armor Repairer I's and Small Shield Booster I's sold. The prices of Small Armor Repairer I's and Small Shield Booster I's have been converging unlike the 1mn Afterburner I and 1mn Microwarpdrive I. Even with this trend for prices, the development is different when looking at the volume of items sold. There seems to be a correlation between items sold, but Small Armor Repairer I's are increasing at a higher rate. The correlation between volume sold from late 2006 through March 2008 is significant.

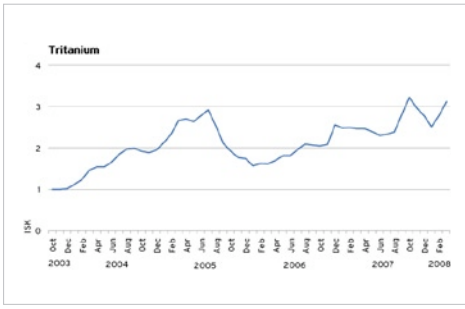


Figure 18: This graph shows the nominal price of tritanium from October 2003 through March 2008. Tritanium prices have gone up, and in March the average price was 3.11, which is the second highest month in EVE´s history. It peaked again in October 2007 when the average price was 3.22.

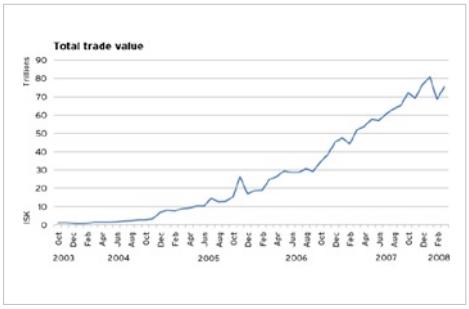


Figure 19: The graph shows both nominal and real total trade value in EVE, which is the value of all market transactions. There is a small drop in February 2008, but the market transactions seem to go up again the following month. In the real value of trade, we take the consumer price index into account and calculate the worth of the trade. The real and nominal value seem to go hand in hand, but when looking at the year 2007 from January to October, one can see the effects of the deflation in the increase of real value.