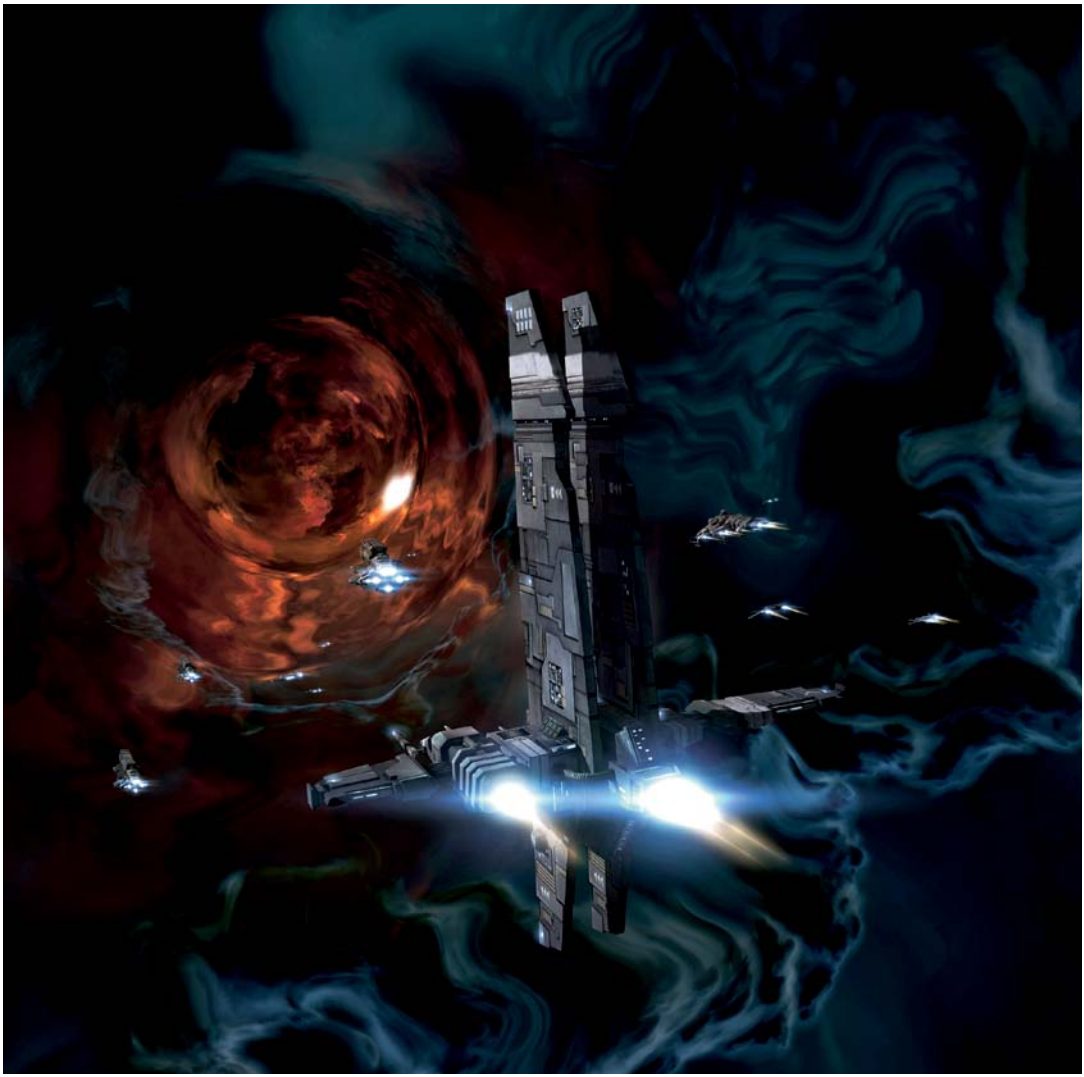

QUARTERLY ECONOMIC NEWSLETTER

EVE ONLINE
1st Quarter 2009

CCP

QUARTERLY ECONOMIC NEWSLETTER

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PUBLICATION INFORMATION

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Disclaimer

EDITORIAL

The year 2009 is a good year – as strange as it may sound in the midst of global financial crisis and general downturn in the world economy. However, there is another world that is thriving despite the current economic turmoil. That world is EVE Online. Q1 of 2009 has been one of the best quarters for EVE Online since the beginning in May 2003. Six years later, EVE is still growing strong. During the Q1 of 2009, subscriptions in EVE saw strong growth ahead of the next expansion – Apocrypha. This new expansion promised to be the best expansion ever added to EVE, and it delivered this promise.

After the highly successful launch of this new expansion, EVE continued growing even faster than before, powering EVE's vibrant and thriving economy. As this report was written, EVE broke the 300.000 subscriber milestone, showing no sign of slowing down.

So why is it that EVE thrives so well while real life economies are still in a downward spiral? EVE will soon overtake the population of Iceland, which means that the economy in EVE compares with that of a small nation. Within the boundaries of this economy, there are countless opportunities for those who are willing to put time and effort into their career as pilots in EVE. Unemployment is not possible in EVE since all pilots, even those that have lost it all and have minimal entrepreneurial skills, can start again with what matches a bucket and shovel in real life. This also confirms an old and valuable lesson for real life economies; give people the chance to pursue their dreams and they will solve their own problems. Another lesson to learn from EVE is the importance of trust. Within EVE you must build your trust with other pilots over a long period of time. However this trust is easy to break and is in fact consistently broken. This means that

those who are able to maintain trust acquire the most valuable asset of all. Although EVE might be a harsher world when it comes to fraud and trust than real life the lesson which can be drawn from EVE is that without trust there will be no rebuildingof the world's economies. The leaders of the world must make certain that trust is not broken within their own country nor between nations. Without that trust there is no trade. Without trade everyone would have less and the world would fall into an unstoppable downward spiral.

EVE can help us battle this economic crisis. There are examples of EVE players forming real life companies after playing together, having learned to trust each other enough through gameplay to enter a real business partnership. Due to the single shard approach, people from all over the world work towards common goals for the corporation or alliance they align with. The driving engine in all of these interactions, battles and social organizations is trade.

EVE can teach world leaders how important trade is for any society, and how valuable trust is within them. EVE can teach all of us that by working together there is no obstacle that is too large for us to overcome – there are no bridges we can´t build.

"The lesson which can be drawn for real life is that without trust there will be no rebuilding of the world's economies."

DEMOGRAPHICS

The year 2009 is turning out to be a good year – for EVE. In terms of total accounts, EVE has grown significantly during the first quarter of 2009 from 244,000 accounts in the beginning of Q1 to 285,000 at the end of the quarter. This is due to several factors, but the most significant one is the Apocrypha expansion on March 10th. But EVE was growing before then, and in fact we have seen healthy growth since mid Q4 2008. During this period two expansions (Quantum Rise and Apocrypha) were released, and interesting in-game events have attracted former players to join us again. Specifically, the renewed conflict between BoB and Goonswarm following the infamous betrayal by an insider that resulted in large fleet battles and increased activity in 0.0 space. But these fleet battles would not have been so spectacular if had we not employed many of our new technologies such as Stackless IO, 64 bit computing and RamSan database technology. Then we have the introduction of wormholes and Tech 3 in the latest expansion, plus new features such as the skill queue, improved UI, and epic mission arcs. All of this added together gives our subscribers a much improved experience, and these numbers prove it.

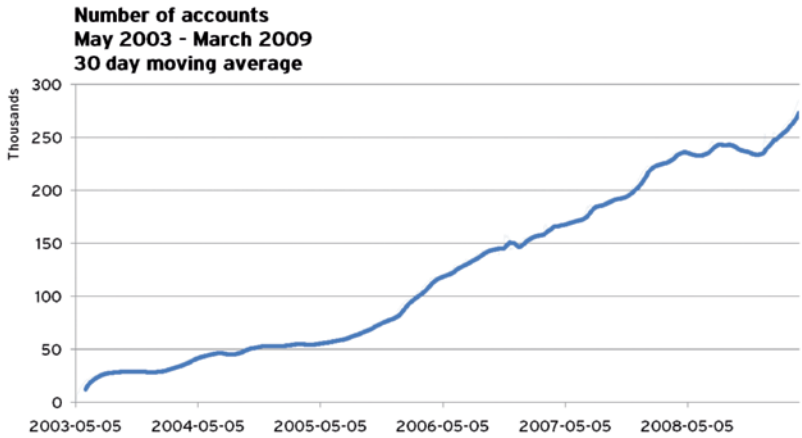


Figure 1: Total number of active paying accounts from launch through March 2009. There is a noticeable increase in the rate of new subscriptions starting in November 2008 that increases after the launch of Apocrypha.

There is an interesting increase in subscriptions right after the release of Quantum Rise in November, and since then the population has been growing steadily.

These are not just new players joining the game. We are also seeing older players returning, once again becoming a part of the immersive EVE experience.

Each account can have up to three characters, but the average number is 2.5 characters per account. In total, there are more than 660,000 active characters in EVE.

SKILL POINTS

EVE evolves and so do the skills of our brave pilots. A Gallente character passed the historic 125 million skill point mark in late March or early April. Currently there are 120 characters with more than 100 million skill points.

The skill system was changed considerably in Apocrypha. New players start with much fewer skill points than before (around 50,000 points), but train their skills faster (a 100% training speed bonus until 1.6 million skill points are reached, to be exact) and can be more selective with regard to their attributes and specializations. In addition, the new skill queue feature allows for much better skill training planning, especially managing short skills scheduled to complete during offline hours. To learn all about the new skill system, you should read this blog or this one. This has among other things resulted in players being much more active at training (short) skills. In the weeks before Apocrypha players completed about 155,000 skills per day but in the weeks after Apocrypha the average number of skills completed per day jumped to almost 350,000 skills per day. And in the first few days after the expansion as many as half a million skills were completed per day.

This also means that comparing data before and after Apocrypha is quite difficult since many new players joined EVE during the first quarter. So we decided to again focus on describing the current skill status of the 660,000 characters in EVE at the end of Q1, 2009.

We begin by examining the composition of races. Of the 660,000 characters in EVE, there are 110,000 Amarr (16.9%), 243,000 Caldari (37.3%), 172.000 Gallente (26%) and 127,000 Minmatar (19.5%). These numbers are in almost perfect harmony with the racial composition numbers we published more than a year ago, showing very little change in preference. It will be interesting to watch these numbers over the next quarters and see if the new tutorial and skill training system will have any effect on the popularity of the different races.

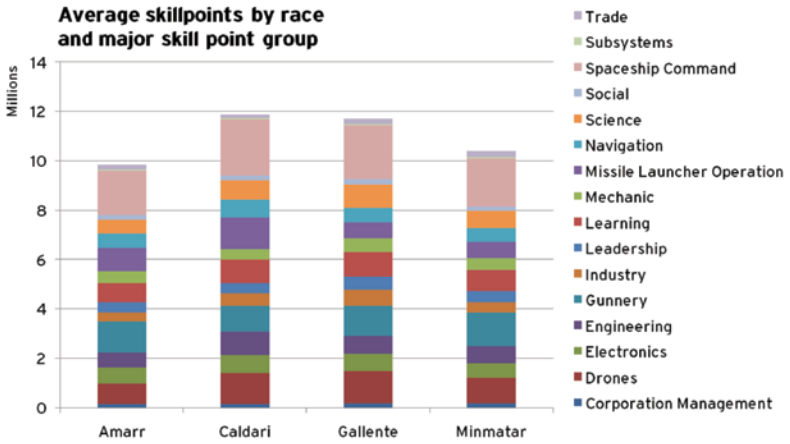


Figure 2: Average skill points per character by race and major skill group. Caldari and Gallente have similar number of average skill points while Amarr and Minmatar are around 10 million skill points.

Looking at the relative share of each of the skill groups shows that each race specializes in certain skills. Overall, the Caldari characters tend to have less industrial/management skills and more combat skills, but the difference is small. Table 1 provides the details of each skill category.

	Amarr	Caldari	Gallente	Minmatar	Total
Corporation Management	1.5%	1.2%	1.5%	1.6%	1.4%
Drones	8.5%	10.6%	11.0%	10.0%	10.3%
Electronics	6.4%	6.0%	6.2%	5.6%	6.0%
Engineering	6.1%	8.0%	6.1%	6.6%	7.0%
Gunnery	12.9%	8.9%	10.5%	13.1%	10.6%
Industry	3.7%	4.2%	5.4%	4.1%	4.4%
Leadership	4.2%	3.7%	4.6%	4.3%	4.1%
Learning	8.1%	7.9%	8.5%	8.3%	8.1%
Mechanic	4.7%	3.5%	4.7%	4.4%	4.2%
Missile Launcher Operation	9.7%	10.7%	5.4%	6.4%	8.9%
Navigation	5.9%	6.1%	5.0%	5.5%	5.6%
Science	5.7%	6.6%	8.2%	6.7%	6.9%
Social	1.8%	1.7%	1.9%	1.5%	1.7%
Spaceship Command	18.2%	19.2%	18.7%	18.9%	18.7%
Subsystems	0.7%	0.4%	0.4%	0.5%	0.5%
Trade	1.9%	1.3%	1.9%	2.3%	1.7%
	100.0%	100.0%	100.0%	100.0%	100.0%

Table 1: Relative share of each skill group within the average skill point value by race. Gallente have 11% of their skill points in the Drones category while Caldari have 19.2% of their total skill points in Spaceship Command.

As an example, we can examine Corporation Management. This skill is fairly similar among all of the races. Caldari has the lowest value, or 1.2%, and Minmatar the highest, or 1.6%. This means that out of all skill points that Minmatar characters have, 1.6% of those skill points are used for corporation management.

There are noticeable differences in several groups, including Drones, Gunnery, Missile Launcher Operation and Science. Some of these are easy to explain. One example is drone skills and the Gallente race. Gallente characters have a relatively higher share of their skills invested in Drones, or a total of 11% of average skill points. This correlates with popular Gallente ship attributes that tend to have high bonuses for drones, such as the Dominix battleship. At the same time, Amarr and Minmatar have a relatively high share of Gunnery skill points, while Caldari have a much higher portion committed to Missile Launcher Operation. This difference can be attributed to battleships like the Raven, which is one of the most popular ships in EVE. More surprising is the difference in categories like Science, where Amarr have 5.7% of their total skill points allocated versus the Gallente, who have allocated 8.2% of their skill points. The Gallente also have the highest allocation of industry skills, indicating that EVE pilots prefer to use Gallente characters more as industry/research characters than other races.

But these numbers are skewed by the significant influx of new players throughout the quarter. We will therefore exclude new players from the dataset to determine if that impacts the relative share of skill points within each category.

We begin by examining all players with more than 2 million skill points. For this group, the average number of skill points is 21.7 million, ranging from 21.1 million for the Minmatar to 21.9 million points for the Gallente.

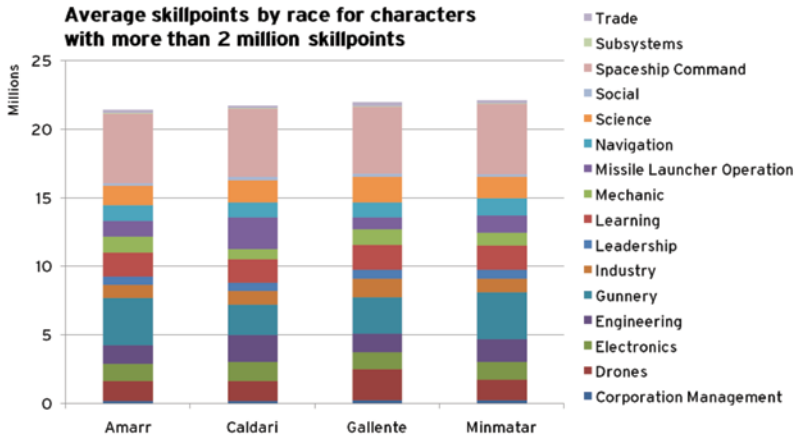


Figure 3: Average skill points for players with more than 2 million total skill points. The distribution between the races is much more even for this group, with average skill points in the range of 21 million per character.

The difference between races in terms of total skill points is less pronounced than when all characters were included. In terms of the share of each category, we see a similar pattern emerge as with the entire group, as Caldari characters have more Missile Operation skills, Amarr more Gunnery skills and Gallente more Drone skills.

What is also interesting to note is how individual categories change as characters acquire more skill points. Table 2 shows the average share of skill points within each category.

	Amarr	Caldari	Gallente	Minmatar	Total
Corporation Management	0.8%	0.7%	0.9%	0.8%	0.8%
Drones	6.8%	6.7%	10.3%	6.8%	7.6%
Electronics	5.8%	6.5%	5.9%	6.0%	6.1%
Engineering	6.3%	9.0%	6.0%	7.4%	7.2%
Gunnery	16.1%	10.1%	12.2%	15.3%	13.4%
Industry	4.3%	4.6%	6.0%	4.6%	4.9%
Leadership	3.0%	2.7%	3.1%	3.1%	3.0%
Learning	8.1%	7.9%	8.2%	7.9%	8.0%
Mechanic	5.3%	3.3%	5.2%	4.2%	4.5%
Missile Launcher Operation	5.5%	10.7%	3.9%	5.6%	6.4%
Navigation	5.4%	5.2%	5.2%	5.7%	5.4%
Science	6.5%	7.4%	8.3%	7.1%	7.3%
Social	1.0%	1.1%	1.2%	1.0%	1.1%
Spaceship Command	23.7%	22.9%	22.2%	23.0%	22.9%
Subsystems	0.3%	0.2%	0.2%	0.2%	0.2%
Trade	1.2%	0.9%	1.3%	1.2%	1.1%
	100.0%	100.0%	100.0%	100.0%	100.0%

Table 2: Share of each major skillpoint group in the total skillpoint for each race for characters with more than 2 million skill points. There is a noticeable difference between this group and when all players were included. Combat skills and industrial/science skills are a higher portion of the average skill points for this group.

We begin by looking at the Amarr. Gunnery points are a much higher percentage for this group when compared to the group that includes new players. Spaceship Command is also considerably larger or 23.7% versus 18.2% for the entire group. However, Missile Launcher Operation is much lower, with 5.5% compared to 9.7% for the entire group. Spaceship Command is higher for all races with the 2 million-plus group, as is Gunnery.

This shows how the players specialize over time, and as they progress they focus more on combat skills suited for their race as well as more specialized skills in Engineering, Industry, and Science.

Since there are now 120 players with more than 100 million skill points, it is interesting to see if the skill point distribution is any different for this high level group. The average skill points for members in this group is 103 million (the highest with more than 125 million skill points) showing us that most of these players are just above the 100 million mark. The distribution of their skill points is shown in Table 3.

	Amarr	Caldari	Gallente	Minmatar	Total
Corporation Management	0.5%	0.8%	1.5%	0.6%	0.8%
Drones	7.6%	7.1%	7.0%	6.4%	7.0%
Electronics	5.6%	5.8%	4.5%	4.4%	5.1%
Engineering	5.1%	6.7%	5.8%	5.3%	5.7%
Gunnery	14.3%	12.0%	9.7%	16.9%	13.2%
Industry	3.2%	3.4%	9.2%	2.6%	4.6%
Leadership	2.8%	3.7%	3.2%	3.2%	3.2%
Learning	5.0%	5.0%	5.1%	4.5%	4.9%
Mechanic	6.3%	5.1%	6.9%	4.5%	5.7%
Missile Launcher Operation	5.0%	8.9%	4.5%	8.2%	6.6%
Navigation	5.5%	5.7%	4.3%	5.1%	5.1%
Science	9.6%	9.4%	17.0%	10.8%	11.7%
Social	1.2%	1.7%	2.2%	1.4%	1.6%
Spaceship Command	26.2%	22.9%	16.7%	25.2%	22.8%
Subsystems	0.5%	0.4%	0.1%	0.0%	0.2%
Trade	1.5%	1.4%	2.3%	1.0%	1.6%
	100.0%	100.0%	100.0%	100.0%	100.0%

Table 3: Distribution of skill points between categories for characters with more than 100 million skill points. Spaceship Command and more technical skills are a higher percentage for this group than for the other two groups. Weapons specialization is still visible but weapons have a lower share than for the other groups.

What is most noteworthy is that the Gallente characters have considerably fewer Spaceship Command points but more of Science and Industry points. This reflects the fact that Gallente characters had the best memory/intelligence attributes in the past which gave them an advantage in training Industry and Trade skills, in addition to very good industrial ships and freighters. Overall, the 100 million skill point group has relatively more Spaceship Command, Science and Industry skills than the group for all characters.

This detailed look at skill points and racial selection of characters shows us how players progress over time in EVE. Skill training is directly linked to real time, and so EVE pilots place considerable thought into their training plan. With the changes introduced in Apocrypha, there will be radical changes in these skill groups since players can now redistribute their attributes in addition to using new tools such as skill queue to plan their skill training better. It will therefore be very interesting to see how this develops over the next few quarters.

TOTAL ISK PER CHARACTER IN EVE.

One question we are asked frequently is: Who is the richest character in EVE? We have been reluctant to answer this since measuring wealth in EVE is quite difficult, especially when evaluating rarities such as Tech II blueprint originals, or Titans. Measuring wealth by cash only is insufficient as well since players hold only a portion of their wealth in cash, and cash on hand for each player changes very rapidly. However, observing the distribution of cash for active subscribers in EVE is interesting.

From January 2007, the average ISK per active account has grown from just over 300 million ISK per account to about 500 million ISK per account. This might seem like a large increase, but at the same time the EVE economy has grown. New and more expensive ships have become available which require pilots to have more cash on hand to replace those ships if they are lost in combat.

Another interesting statistic to observe is the distribution of ISK between players. Figure 4 shows the frequency of accounts that have ISK within a specific range. This is a snapshot of the wallet status at the end of Q3.

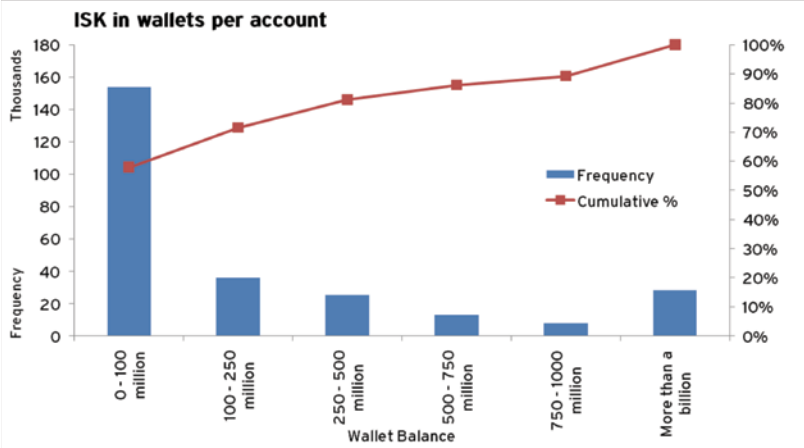


Figure 4: Histogram of ISK in wallets per account. This includes all characters on each active paying account. Players can have more than one account, but here each account is tallied individually. The majority of all players have less than 100 million ISK, or 58% of all accounts. About 18% of the players have ISK between 100 and 1000 million ISK, and fewer than 11% of all accounts have more than a billion in their wallet.

In EVE, most accounts have less than 100 million Inter Stellar Kredits (ISK), or 153,000 accounts out of 265,000 total accounts when this snapshot was taken (58%). About 36,000 accounts (14%) have between 100 and 250 million ISK, and another 25,000 accounts have between 250 – 500 million ISK (10%). Overall, there are more than 28,600 accounts that have more than a billion in their wallet.

We can also look at this in terms of how much cash a certain percentage of all characters hold relative to other characters.

The top 100 characters in EVE (0.015% of all accounts) hold 5.5% of total cash in all active and paying accounts. The top 10% of all characters in EVE (64,500 characters in total) hold more than 88% of all ISK in wallets at any given time. But we have to be careful in interpreting these results and place all this into perspective. This statistic does not measure the total wealth of any account or character. Again, most players only hold enough cash to replace their best ship or to operate their industrial operations. Hence, the total wealth could be distributed differently than cash on hand.

PRICE LEVEL CHANGES

One of the most important indicators to monitor for the EVE economy is inflation. Inflation is determined by measuring the changes in prices between months using a weighted basket of goods based on purchasing behavior in the previous month. The details for the calculations are available in QEN Q3 2007.

Prices are measured at four different levels: mineral, primary producer, secondary producer, and consumption. Measuring prices at these levels helps identify total supply and demand conditions. Each of these indices is examined in the following section.

The mineral market was relatively stable in terms of price and volume during the first quarter of 2009. The MPI grew throughout the quarter – increasing from 77.7 in January to 80.5 in March. This is an average monthly increase of 1.8%, but mineral prices increased by 1.1% from January to February, and then another 2.5% in March, showing the impact of the Apocrypha launch on basic materials. Figure 5 shows the MPI from January 2008 through March 2009.

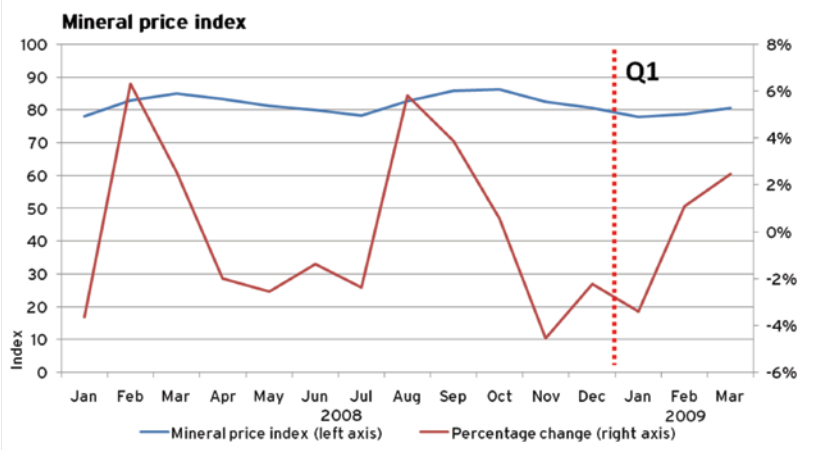


Figure 5: Mineral Price Index from January 2008 through March 2009. Overall, mineral prices have been stable throughout this period, with price levels similar today as they were in Q1 2008.

The figure clearly shows a slow but steady price increase in Q1, but also the overall stability of the index over the past 15 months. The price increase is most likely due to two reasons. First, historically there has always been increased demand in the system ahead of new expansions, and with anticipation for Apocrypha there was considerable excitement for the new features. And even though overall prices are stable, prices for individual items can fluctuate drastically.

Tritanium is the single most important mineral in EVE since it is needed to produce almost every type of item. It has the largest sales volume by far, and is the most abundant mineral of New Eden. In the first quarter of 2009, the total traded volume increased from 1.05 trillion units to 1.13 trillion in March. This is an increase from 37 billion units per day to 40 billion units per day on average, or a 9.2% increase in volume. At the same time, average price has increased slightly, from 4.03 to 4.09 ISK per unit (1.4%). This steady increase in supply along with a small price change for the main building material of EVE shows us that the overall economy of EVE is growing since it requires more minerals, but also that the economy is able to meet this added demand.

We have a similar story for other lowend minerals in the first quarter! price increases from January through March, along with an increase in quantity traded. In all cases there is a slight decrease in total traded quantity in February due to fewer trading days, but trade per day increased for all low-end minerals.

Total trade volume for Isogen decreased by 3.25% between January and February, but increased again by 8.21% in March. However, average traded volume increased between January and February (+7.12%) but decreased again in March (-2.26%).

Pyerite prices actually decreased between January and February. The average price in February was 3.75 ISK per unit compared to 3.83 ISK per unit in January. In March the price increased again to 3.81 leaving the average price for Pyerite almost unchanged during the first quarter of 2009. At the same time, monthly traded volume was also virtually unchanged with about 8.5 to 8.9 billion units traded per day on the average.

The last of the four low-end minerals is Mexallon. Total monthly trade volume for Mexallon was also very stable during the first quarter of 2009. In January there were 80.5 billion units traded, compared to 73 billion in February and 80.8 billion in March. The daily average traded volume was very stable, ranging between 2.6 and 2.61 billion per day throughout the quarter. Mexallon prices increased throughout the quarter, or from 24.10 ISK per unit in January to 25.83 ISK per unit in March (+7% total increase).

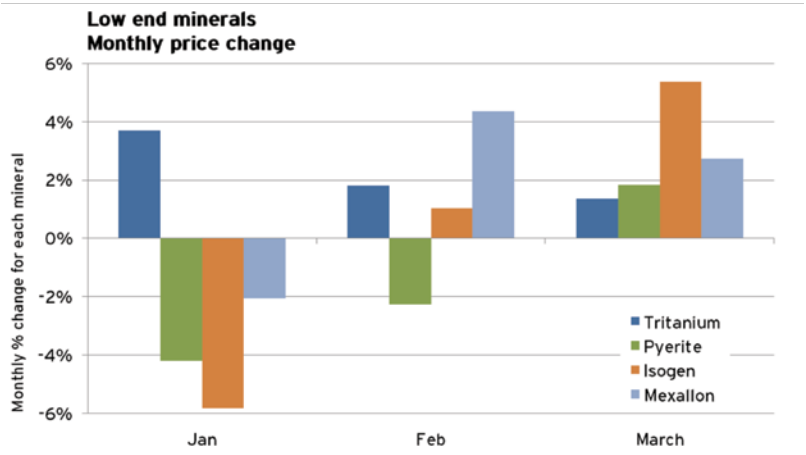


Figure 6: Monthly price change for low-end minerals. Prices declined in January, except for tritanium, while in March all low-end mineral prices increased. The most likely explanation for the price increases in February and March is increased demand for Tech I items due to increases in the number of players in EVE.

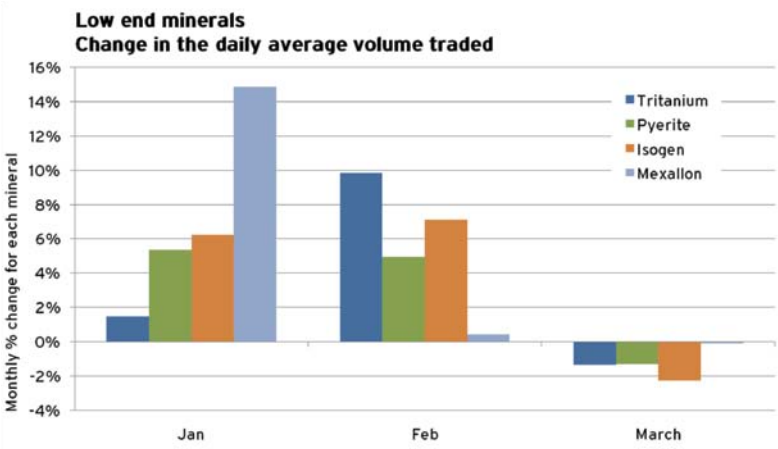


Figure 7: Change in average daily volume traded by month. Quantity traded increased in January and February but then decreased slightly in March compared to February. Total trade increased slightly throughout the quarter indicating growing demand for Tech 1 items.

Total trade in the four minerals was stable during Q1 of 2009 following a significant increase in Q4 of 2008. This increased trade activity between Q4 2008 and Q1 2009 is attributed to several factors that include increased activity within EVE due to a growing population, significant alliance gameplay events that resulted in huge battles, and increased anticipation and planning for the Apocrypha EVE expansion.

When we examine the high-end minerals, we see another picture emerge.

Nocxium is the most traded high-end mineral. Monthly trade during Q1 was 7.58 billion units in January, 7.48 billion units in February and 7.68 billion units in March, or an average daily trade of 250 to 267 million units. The price of Nocxium declined throughout the period, or from 85.08 in January to 75.09 in March.

The second most traded high-end mineral is Zydrine, with more than 40 million units traded on a daily basis, or about 1.2 to 1.3 billion units per month. The price of Zydrine declined steadily during the period, indicating that supply was higher than demand in Q1 in 2009.

Megacyte is the second rarest basic mineral in EVE. Daily trade volume is around 15 million units, dropping significantly throughout Q1 in 2009. At the same time, the price increased significantly each month. The average price in February rose to 2,993.8 ISK per unit, up 18.7% compared to January. In March the price rose again by another 15.7%, to 3,464.2 ISK per unit. At the same time the daily traded volume increased to 45 million units in February, decreasing to 41 million units per day in March.

The rarest of them all is Morphite, used only for advanced Tech II production. On a daily basis, about 2.3 million Morphite units are traded on all EVE markets. The quantity declined steadily throughout the quarter, from 2.5 million per day in January down to 2.25 million units per day in March. At the same time, the price declined as well, down to 8,385 ISK per unit in February (-0.4%) and again to 8,209.7 in March (-2.1%).

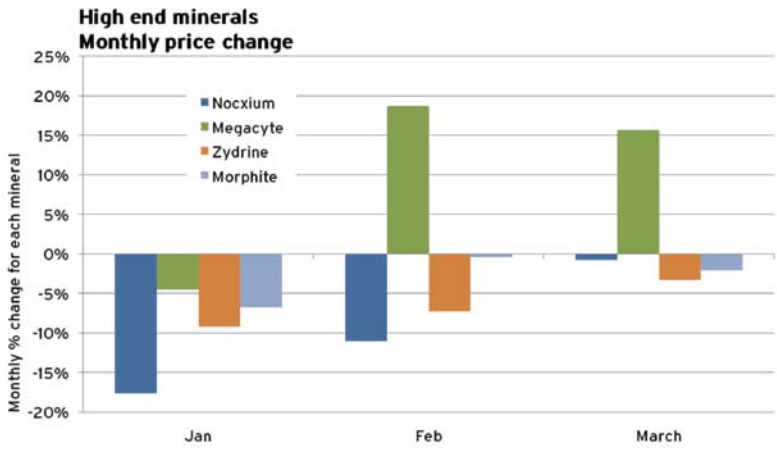


Figure 8: Monthly change in average prices for high-end minerals. Prices generally declined throughout the quarter with the exception of Megacyte, which increased in price in February and March.

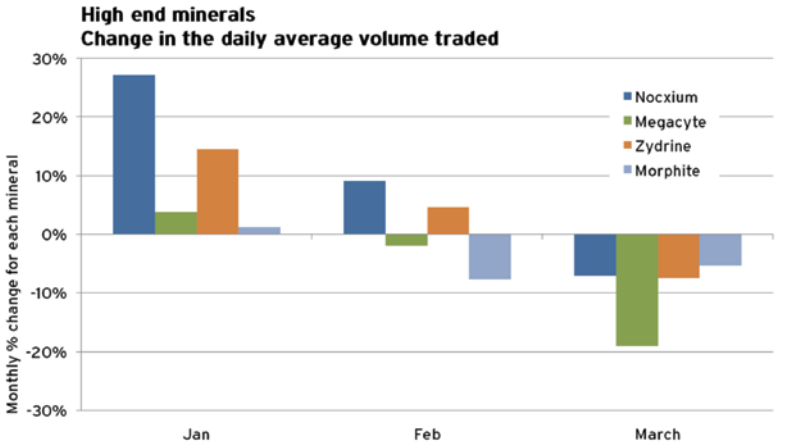


Figure 9: Change in daily trade by month. Trade increased considerably in January, but declined again in March. This decrease is attributed to higher moon material prices, leading to lower Tech II production and thus lower demand for high-end minerals.

Analyzing the performance of high-end minerals reveals a pattern. The price of all high-end minerals with the exception of Megacyte declined in Q1. In addition, traded quantity declined as well. This happened at the same time that low-end minerals were all increasing in volume traded. So there are two different forces impacting the low-end and the high-end mineral markets.

The low-end mineral market is the mainstay for all Tech 1 production. During the first quarter of 2009 there was a healthy increase in the population of EVE: total subscribers grew from 245,000 to 285,000. That is a substantial increase for EVE in just one quarter. All of these new pilots needed new ships and weapons. Since it takes time to train skills and learn to master different ships and technologies, new players are most likely to use Tech 1 equipment. Thus, observing an increase in the demand for basic minerals is not surprising.

But the high-end mineral market is a different story because there are other, more complicated factors at play. In December 2008, a large POS (Player Owned Structure) exploit was revealed and summarily closed. This exploit resulted in an oversupply for several items required for Tech II production. The price of these items subsequently jumped by as much as 100% in the month of January. This led to decreased Tech II production and thus a lower demand for the high-end minerals. At the same time, there was a high level of anticipation for Tech III to be introduced to EVE with the launch of Apocrypha on March 10th. Tech II manufacturers were therefore unlikely to produce any large numbers of Tech II items and stockpile them, since there was uncertainty about how popular and available Tech III items would become. So the decreased demand for high-end minerals can be seen as the aftershock of the POS starbase exploit and pre- Apocrypha speculation.

PRIMARY PRODUCER PRICE INDEX (PPPI)

The primary producer price index contains items that are needed in the first stages of producing goods in EVE. It therefore includes items such as ore, blueprints, alloys, and other primary material.

During Q1 2009, the PPPI rose from 65.8 to 77.7, or a total of 18%. Between January and February the index rose by 14.8% and again between February and March by 2.5%.

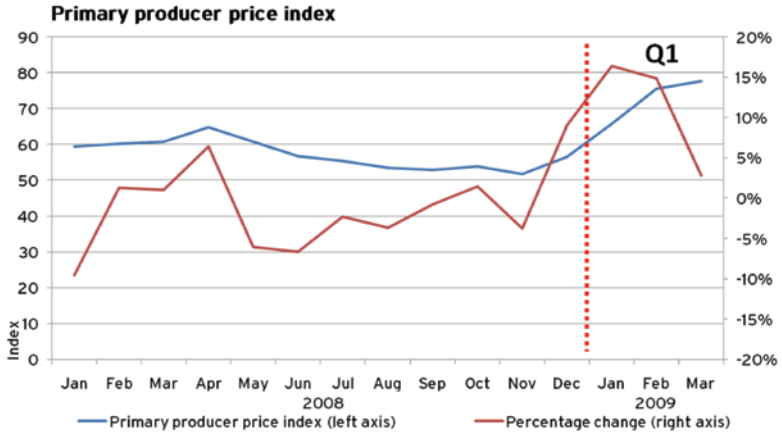
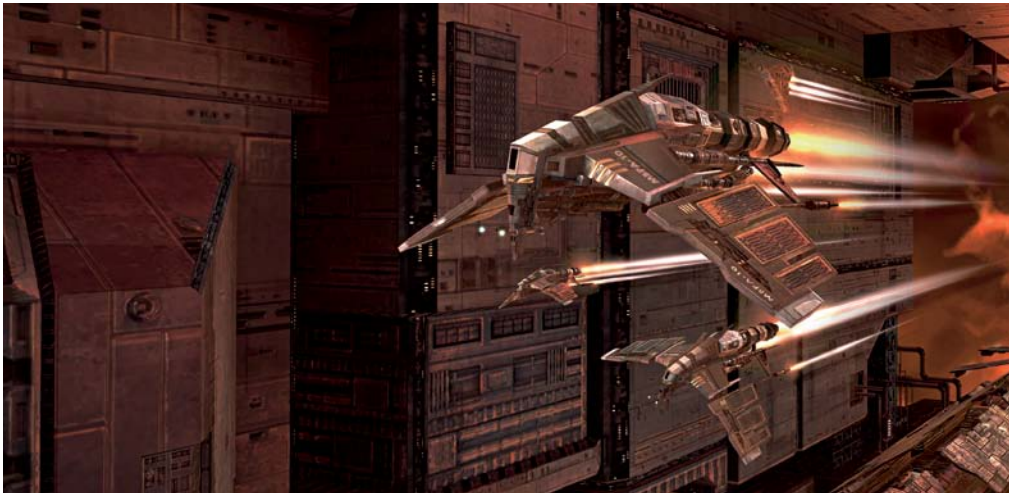


Figure 10: Primary Producer Price Index from January 2008 through March 2009. After a sharp increase between Q4 in 2008 and Q1 in 2009, the PPPI leveled off in March. This increase in PPPI was primarily due to the impact of the POS exploit.

The primary reason for this increase was the POS starbase exploit discovered in December 2008. In January, advanced moon materials increased in price, contributing 10.2% towards the overall increase in the PPPI. Raw moon materials contributed 6.47% due to the lower supply of these materials once the POS exploit bug had been removed. Other categories had a much lower impact. Datacores, data interfaces, drone compounds and prototypes had a negative effect by -0.03% to -1.02% while processed moon materials contributed 1.3% to the index change in January compared to December 2008.



	Jan	Feb	March
Datacores	0.0%	1.0%	0.3%
Drone Compounds	-1.0%	0.0%	0.3%
Raw moon materials	6.5%	5.1%	1.0%
Processed moon materials	1.3%	1.2%	0.5%
Advanced moon materials	10.2%	8.1%	1.2%
Data interfaces	-0.1%	-0.1%	-0.1%
Prototypes and data files	-0.1%	-0.3%	-0.5%

Table 4: Contribution of each category within the Primary Producer Price Index. Advanced moon materials is the biggest contributor to the overall increase in the PPPI for Q1 2009, with 10.17 percentage points out of a total increase of 16% in January.

The same trend continued in February, with all moon materials increasing in price (see Table 4). It is clear that in March the market for moon materials slowed down and prices have stabilized, though in some cases at a much higher level than before.

SECONDARY PRODUCER PRICE INDEX (SPPI)

The Secondary Producer Price Index shows the overall price changes in material needed to produce final consumption goods such as ships, weapons and ammunition. This index also includes trade good items such as Nexus chips, Tech II construction components and other items that are traded by EVE players, but not used directly.

Figure 11: The Secondary Producer Price index (SPPI) from January 2008 through March 2009. The increase in the SPPI spikes in February, a month later than for the PPPI. In March there is a slight price increase, leaving the entire quarter with a constant price increase.

The SPPI closely follows the same pattern as the PPPI. There is a sharp increase in January and February followed by a lower increase in March. And indeed the reasons are the same. The price increase of the high-end moon materials trickle into Tech II production, and then directly impact the SPPI. However, the increases are lower since the price changes become diluted within the SPPI. This is because the impacted items have a lower share in the SPPI than in the PPPI.

Between January and February the index rose from 88.1 to 91.3, or by 3.7%. There was then a slight price increase of 0.6% in March as the index increased from 91.3 to 91.9. These increases are mostly due to increases in the prices of Tech II construction components and salvaged materials. As usual though, despite slight changes in the index there can still be large fluctuations for individual items. We can use interface circuits as an example. Between January and February, the price of interface circuits increase by 67%, resulting in an overall impact on the index by 0.1 percentage point.

Also noteworthy is that in February only 3 out of the 1100+ items in this index actually decreased in price enough to have an impact on the overall index score. In total, just over 600 items either stayed the same or increased in price, while more than 520 items actually decreased in price.

In March there were 540 items that were either unchanged or increased in price, while 588 items decreased in price. Overall, the impact from the increase in Tech II items seems to have been negligible for March, and the prices were relatively stable within this month.

CONSUMER PRICE INDEX (CPI)

The Consumer Price Index measures changes in price for items used for final consumption. These include spaceships, ammunition, building material for player owned structures (POS) and anything else that players use to advance and enhance their life in EVE. In total there are more than 3,400 items in this index.

The CPI started to increase in July 2008. It was stable throughout the Q3 and Q4 of 2008 but took a real jump in January 2009. Figure 12 shows the development of the CPI, both absolute values and monthly percentage change, from January 2008 through March 2009.

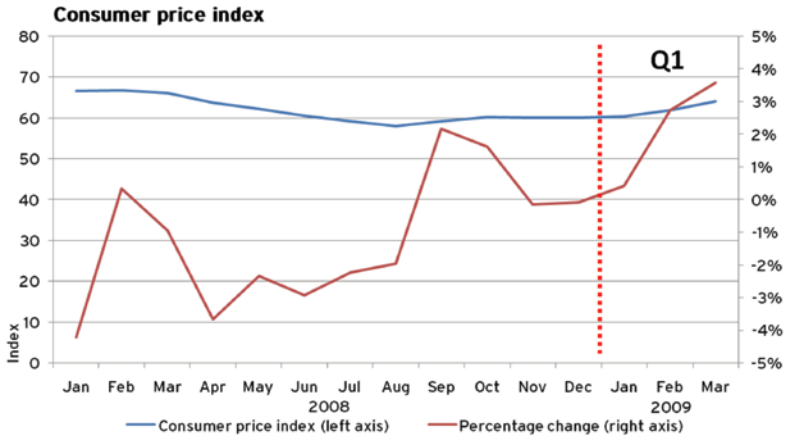


Figure 12: The Consumer Price Index in EVE. The CPI increased continuously in Q1 of 2009. The increase peaked in March, one month later than the SPPI and two months after the PPPI peaked. This clearly shows how changes in prices for the manufacturing industry moves through the value chain. Overall population increase is also a contributing factor towards increased demand for consumer products in EVE during Q1, 2009.

There is a significant increase in the index between January and February of Q1, 2009. The index rose from 60.3 in January to 61.9 in February, or by 2.7%. This is a significant increase, especially in light of the deflation that has been ongoing in EVE for the past two years now. The main reason for this increase in February was an increase in the price of Tech II ships and Tech II modules. This is directly related to the end of the POS starbase exploit, since the price of the high-end materials needed for Tech II production increased after the POS starbase exploit was fixed. However, Tech I ships increased as well. On average, the price for all Tech I ships increased by 0.38%, and with all Tech I ships weighing about 15% of the overall traded volume, the total impact on the CPI by Tech I ships is 0.06% points. This is also clear when looking at individual items. Of the top 10 items that impacted the CPI with regard to price increases, six are Tech II ships. But there are other items of interest on that list. Strontium Clathrates is one of those materials (used to fuel control

towers). Strontium Clathrate increased in price between January and February by more than 92%. 'Arbalest' Cruise Missile Launchers are also interesting, with a 30% increase in February compared to January.

The items with the most negative impact on the CPI were mostly isotopes and some Tech II devices. Isotopes decreased in price by -3.9% to -8.3% depending on the type. Due to the large volumes traded, these negatively impacted the CPI by -0.05 to -0.07% points. An interesting item here is the Cap Recharger II – a very popular item for both PvPers as well as PVEers. Cap Recharger II's decreased in price by 11.6% in February, indicating that there is a higher level of competition in the production of these items since traded volume has been steadily increasing, and because the utility of this item has not changed for the players. This is also an item which players start to use fairly early in their career, and thus an increase in the population of EVE should result in increased demand for this item.

Of the items that have high trade volume, the price jumper of February 2008 is the 125mm Gatling Autocannon I. This item increased by 156% in price during the month of February. At the same time, sold quantity increased steadily from 35,500 units in January to 37,200 units in February. However, in March the price fell sharply from 7,000 ISK per unit in February to 5,000 ISK per unit. Sold quantity increased dramatically, to 54,000 units. This short story shows the effectiveness of the markets in EVE. Once an item becomes more popular and demand increases, price increases as well. But the increased price means higher profits (assuming all input prices are the same) and thus other producers start producing the item as well. The reaction of other manufactures ensures enough quantity and price starts to drop again, though in this case it is still double than before this process started. It is a completely different story – and unresolved mystery – why this particular item increased so much in popularity.

In March there were similar trends as in February. Tech II ships had the biggest impact on the index, but Tech I items and Tech II modules increased in price as well. The biggest difference is in the price of fuel, with isotopes increasing in price after a decrease in January and February. Implants were also a factor, with 3 out of 5 top items affecting the index in March. The pressure from Tech II markets also seems to be declining, with 4 out of 5 top items negatively impacting the CPI. An interesting item is Carbonized Lead ammo, which increased in price by more than 450% in March. Quantity traded increased as well, from 28 million units sold to 33.1 million units sold. On the other end, the Sigil industrial ship dropped by more than 68% in price with total quantity sold increasing to 4,408 compared to 2,437 in February. Overall, more than 1,800 items increased in price, but less than 1,700 items decreased in price.

SUMMARY

When observing the four price indices together, the impact of the POS starbase exploit is apparent. The exploit first and foremost affected high-end moon materials and Tech II production, and not surprisingly, those items had the largest impact on the price indices. We could also see the trend move up the value chain, with primary production cost increasing first, then secondary production cost, and finally into the consumer prices.

Another interesting development during the first quarter of 2009 is the constant increase in consumer prices. Consumer prices have now been increasing steadily since Q3 2008. So the deflation during the past two years seems to have ended, and we have since entered a period of mild inflation.

But overall, the EVE economy is very stable in terms of prices with healthy increases in traded value, volume, and monetary growth. The EVE economy therefore performed very well in Q1 2009.

WORMHOLES AND TECH III

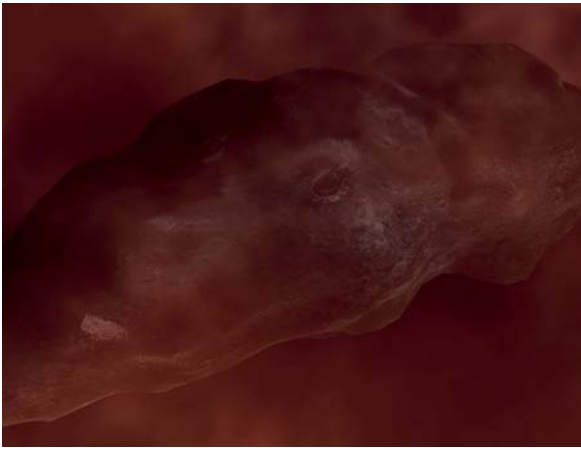
After the deployment of Apocrypha, pilots began discovering new wormholes. This highly anticipated feature allows pilots to venture into new solar systems for them to explore – but like all frontiers, the wormholes lead to dangerous places. Not only do you have to search for each wormhole, but once it is found you will never know how long it will stay open. Upon entering the faraway system, the wormhole might just collapse behind you. If you did not bring scanner probes, you are trapped, and the only way out is to self-destruct – a harsh lesson that has been learned by many EVE pilots since Apocrypha. But once you are inside, the fun is only just beginning. Lurking within these systems are dangerous NPCs– the Sleepers. These new aggressors are smarter than anything EVE pilots have encountered in New Eden so far, and they will kill you - fast. However, if you manage to overcome these new enemies, you could be richly rewarded, and possibly able to salvage enough technology to build new modular ships – the new Tech III strategic cruisers.

Although Apocrypha had been in place for only 20 days by the end of Q1, the players have embarked on some very impressive adventures into these new wormhole systems – though not all stories end well.

So although we have only limited data on wormholes and Tech III items at this time, we decided to present the raw statistics which are available as of this report.

Pilots began exploring the new wormholes as soon as the servers were up following the Apocrypha deployment. In the first few days more than 50,000 jumps were made into wormholes daily as everyone started to explore the new systems. Soon there after it started to drop down to an average of more than 25,000 jumps per day but since then has risen again and current numbers show more than 30,000 jumps per day on the average. The first registered trade with Tech III salvage material registered just two hours after wormholespace opened up – so some EVE pilots did not waste much time seeking new opportunities.

Thus, from day one we have seen lively trade in Tech III salvage material. Figure 13 to the right shows us the number of Sleeper salvage material traded on a daily basis from March 12th through March 31st.



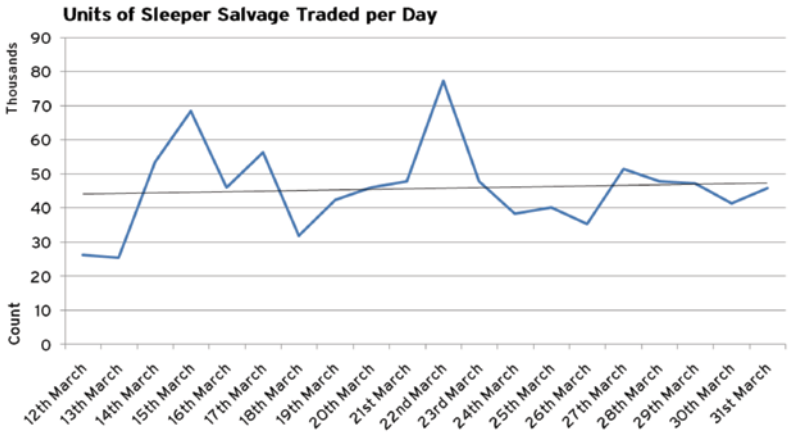


Figure 13: Units of Sleeper salvage material traded each day in March (blue line) and the linear trend in that trade (black line). There is a slight upward trend in the total trade, with close to 50 thousand units being traded daily towards the end of March.

So there is a slight increase in number of traded items as time evolves. Please note that this does not show the total amount of these units in game, since items can be traded many times before being used to produce Tech III strategic cruisers. The average daily trade volume is just under 50,000 units at the end of the period.

Each day about 350 unique characters sold Sleeper salvage material, but only about 100 characters bought this material on a daily basis. This shows us that relatively few players are counting on the market as a source for Tech III production, and most players are using this technology to build their own vessels.

As expected, most of the material is sold in Jita, or about 67%. Figure 14 shows the share of each location in terms of sold items.

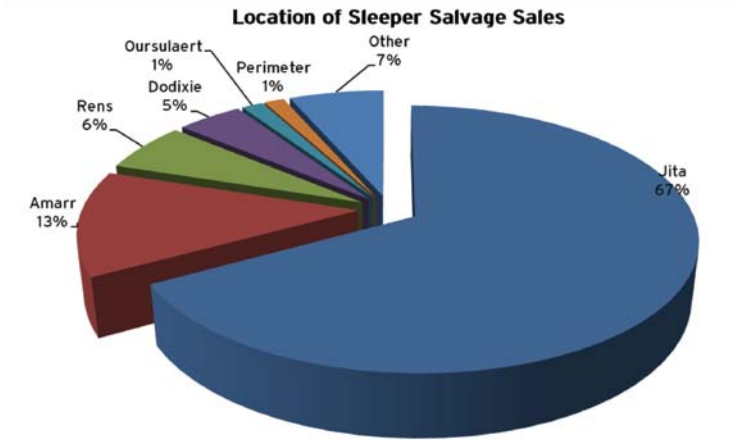


Figure 14: Location of salvage sales. Most of the salvage material is sold in Jita, followed by Amarr and Rens. These are also the three largest trade hubs.

Amarr has 13% of the total sales of Sleeper salvaging material in March, and Rens has 6%. Jita, Amarr and Rens are also the main major trade hubs in EVE.

In total, 29 Tech III ships were produced in March. This clearly shows how difficult it is to acquire the necessary material to build strategic cruisers. Of these 29 vessels, there were four Legions, four Loki, ten Proteus and 11 Tengu. And of course, anything that is built in EVE can also be lost. By the end of March, three strategic cruisers had already been lost, two Proteus and one Tengu. Two of these were lost in low-security space during factional warfare conflicts, and the third was lost to Sleepers in wormhole space. Yes, the Sleepers are quick to seek retribution even though you are flying their own technology.

We will watch the progress of brave wormhole explorers with much interest in the coming months and years.

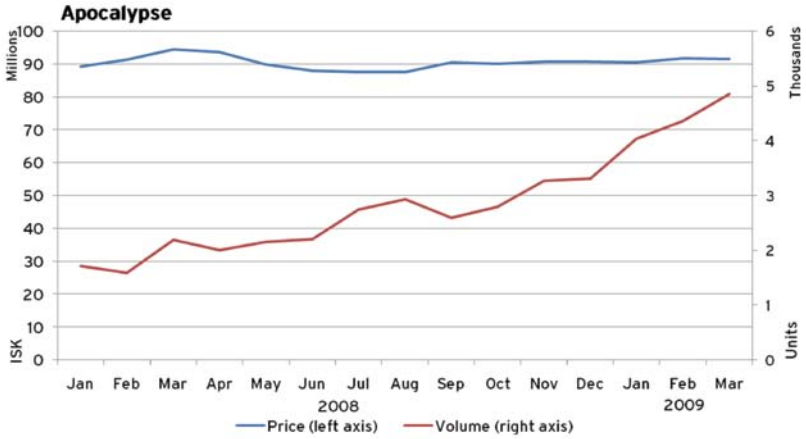


Figure 15: Changes in Amarrian ships and weaponry in 2008 have caused a dramatic increase in their popularity. The graph shows how volume has increased considerably since August 2008. Despite this, average price has been stable throughout the period.

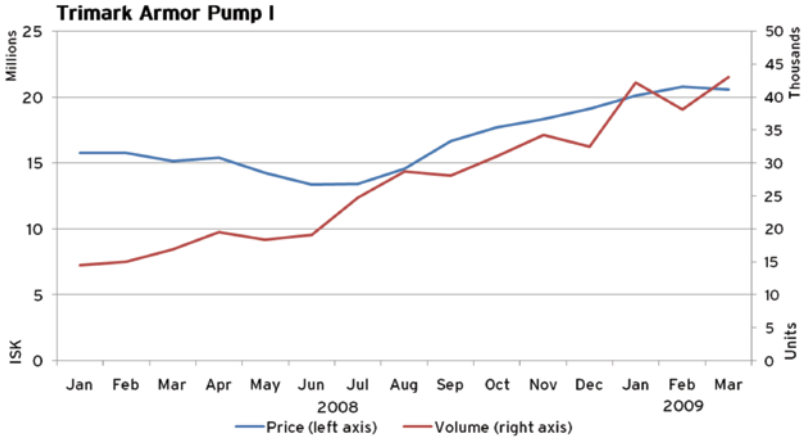


Figure 16: Trimark Armor Pump I is one of the more popular rigs. Increasing steadily in popularity, this item had a nearly 200% increase in sold volume over the last 15 months, while the price has gone up by 30% in the same period.

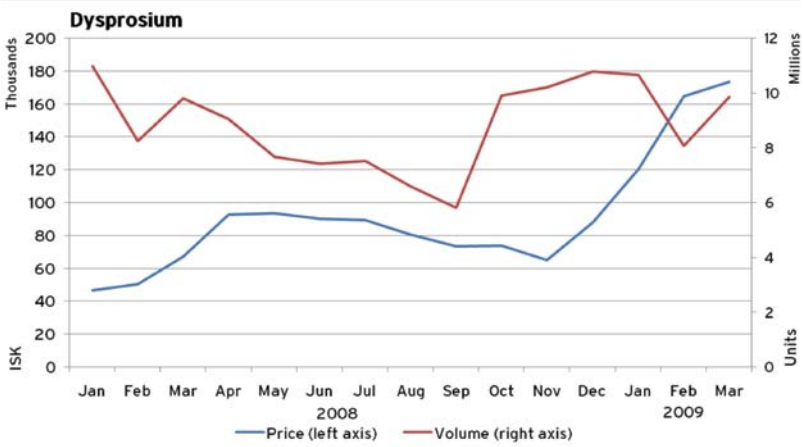


Figure 17: This graph clearly shows the aftereffect of fixing the POS starbase exploit. The price of Dysprosium increased by 167% since November 2008. At the same time, sold volume dropped considerably in February as large battles raged in 0.0 space.

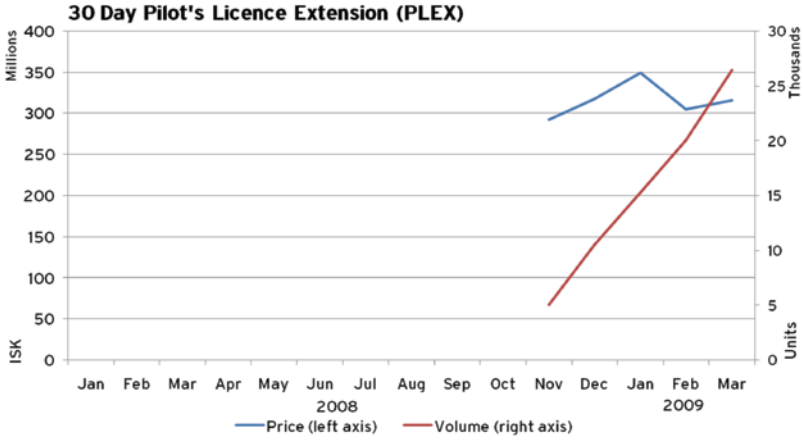


Figure 18: Pilot License Extensions (PLEXes) became available in November and have grown in popularity since then. More than five times as many PLEXes were sold in March 2009 compared to November 2008. The average prices have been stable, fluctuating between 300 and 350 million ISK per unit.

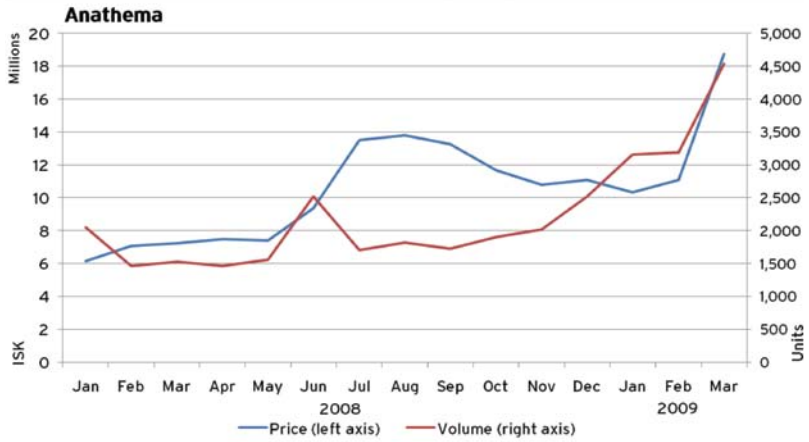


Figure 19: The scanning system was reworked in Apocrypha, and scanning is required to locate wormholes. This resulted in a large increase in both price and quantity traded of covert ops frigates, since those ships have the best specifications for using scanning probes.

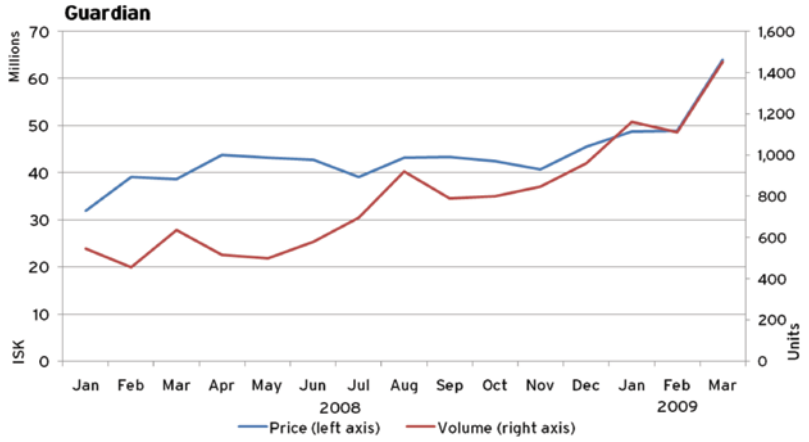


Figure 20: The Guardian, like other logistics ships, saw a very large increase in both price and volume during first quarter of 2009, likely due to speculation regarding their use against Sleepers and also due to price increases in important Tech II construction materials.

Figure 21: The price of the Manticore stealth bomber increased following the fix of the POS starbase exploit. However, the price increase does seem somewhat lower than that of many other Tech II ships.

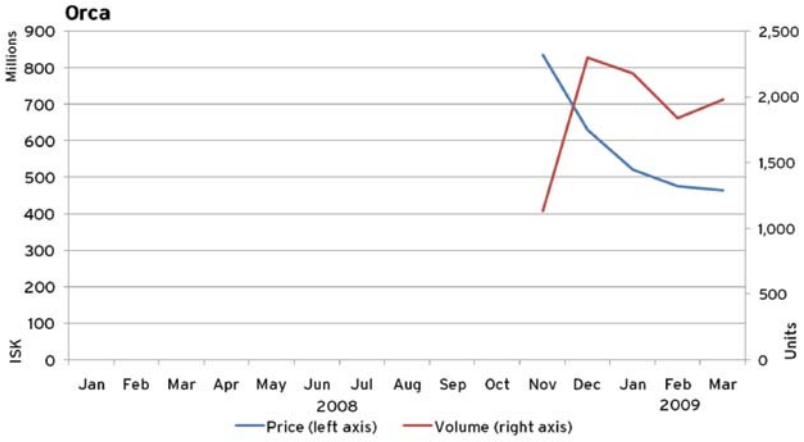


Figure 22: The Orca was introduced in Quantum Rise in November last year. As usual with new ships, prices were quite high in the beginning but dropped fast as demand was met. Sales volume fell from December to February, but increased again in March, possibly due to demand for these ships as logistic ships for wormhole space.

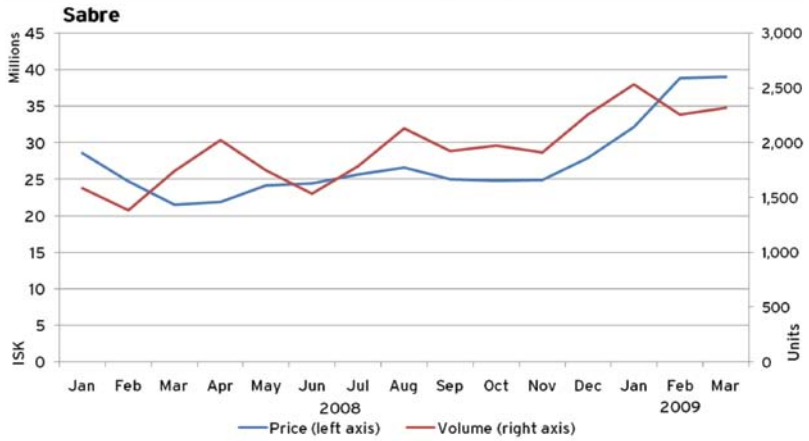


Figure 23: Dramatic price increases follow the POS starbase exploit discovery while volume remains fairly stable, resulting in a huge jump in total market value in Q4 2008 / Q1 2009.

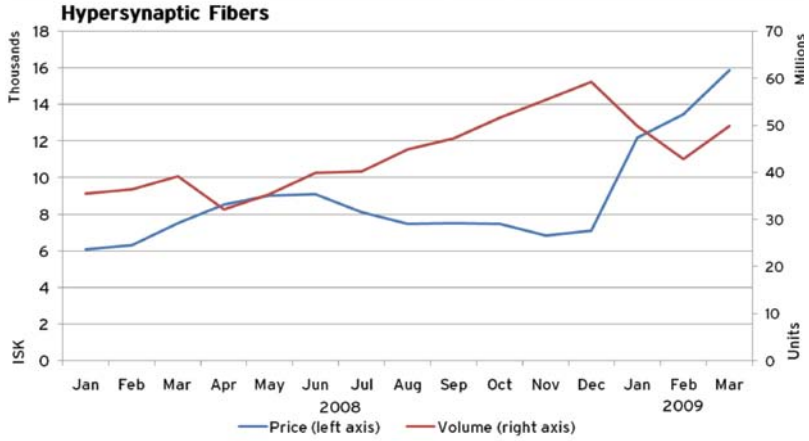


Figure 24: The sales volume of Hypersynaptic Fibers drops drastically at the beginning of the year, following the fix of the POS exploit. Prices increased by 123% from December to March.

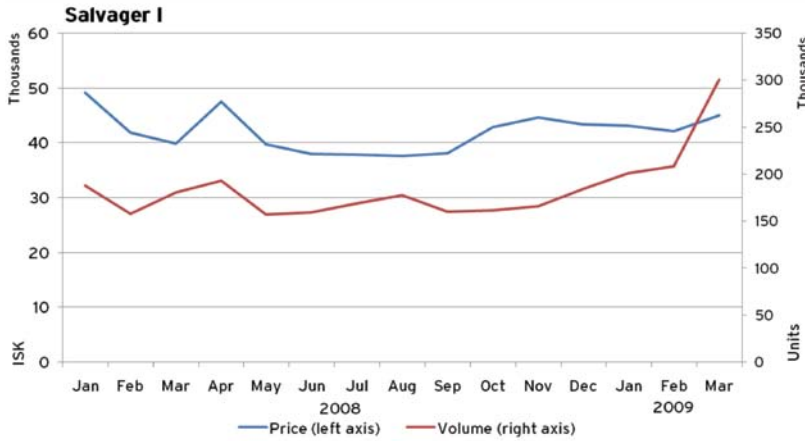


Figure 25: The Salvager I grew in popularity with Apocrypha due to salvaging needs in wormhole space. This resulted in a sharp increase in volume, but only a modest increase in price during the month of March.

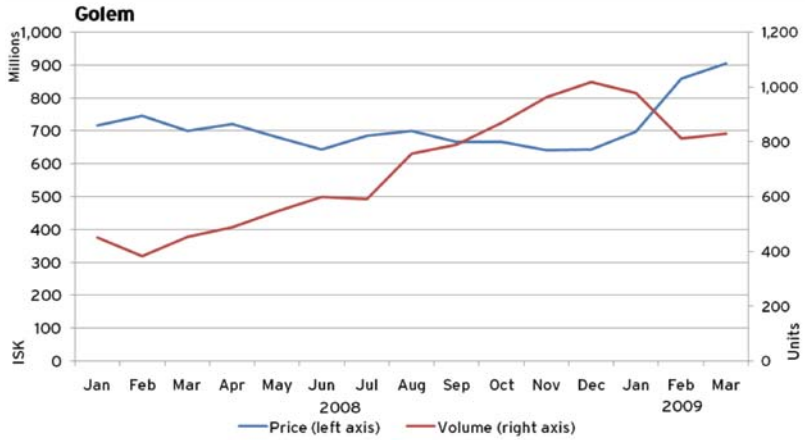


Figure 26: The average market price for the Golem increased considerably in Q1 2009, and during the same period there was a significant decrease in volume traded. This would suggest that higher prices deterred people from purchasing them.

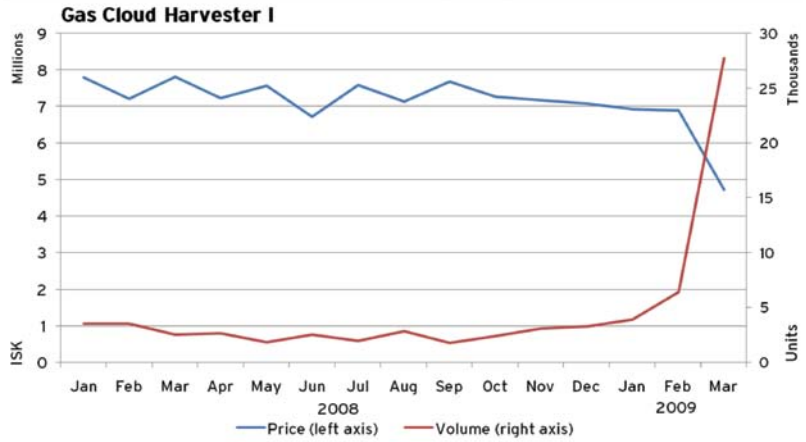


Figure 27: Gas Cloud Harvester I BPOs were released in Apocrypha, and the sales volume of the module jumps accordingly while average prices drop significantly.

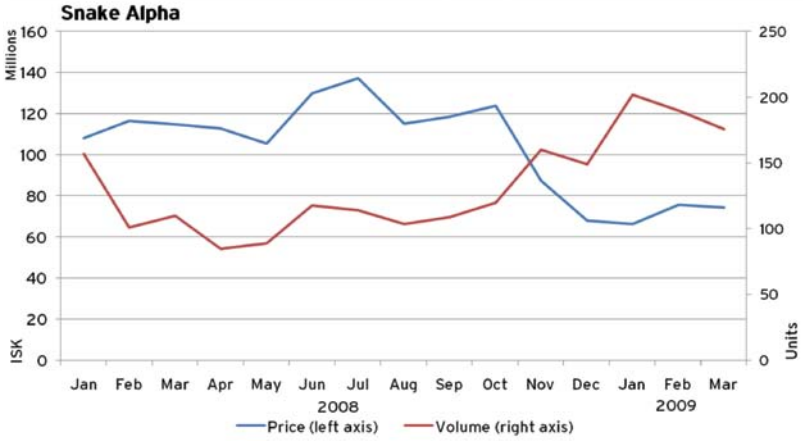


Figure 28: Attributes for Snake Implants were changed in Quantum Rise, and their value decreased immediately as a result. The implants have been climbing slowly in value since, but the price appears to level off in February and March.

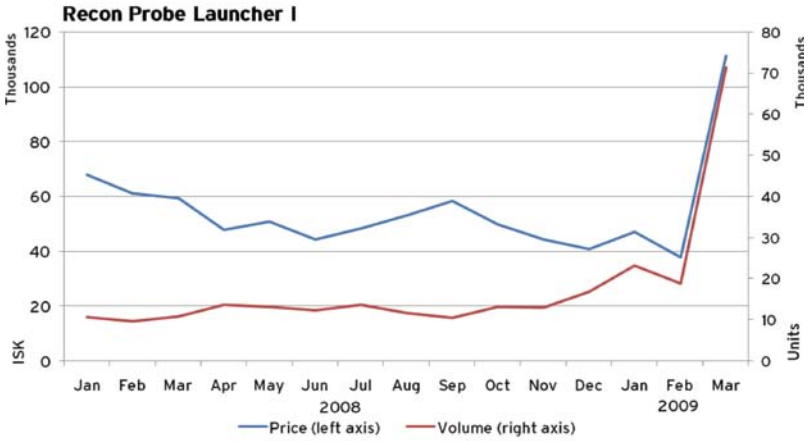


Figure 29: With the scanning system revamp and introduction of wormholes in Apocrypha, the demand for Recon Probe Launcher I's has skyrocketed, resulting in significant price increases at the same time as sold quantity increases as well.

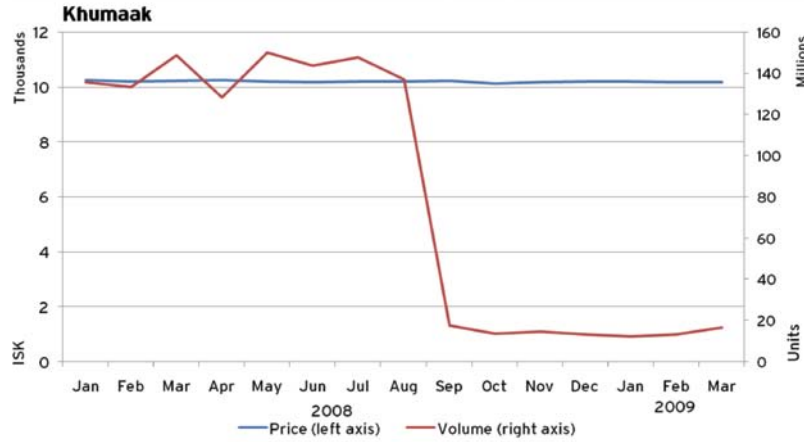


Figure 30: The Khumaak is a trade item that became very popular when the players discovered lucrative trade routes that could be exploited for quick gains. Eventually, these trade routes were deemed too profitable and easy and were rebalanced. This has resulted in a sharp drop in Khumaak trading, as these graphs illustrate.

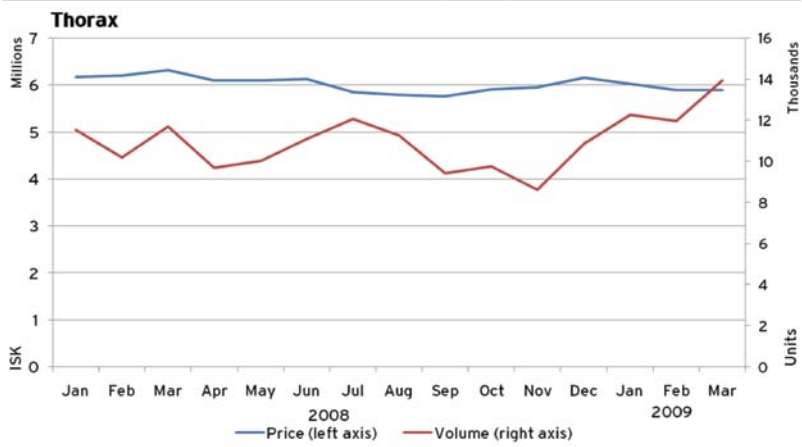


Figure 31: The Thorax is a Gallente cruiser. It has been available since the launch of EVE and is a very reliable and good ship. The trade with that ship during the last 10 months has been very interesting. What we see is a very obvious increase in trade volume for Thoraxes, starting around the release of Empyrean Age, yet the price only changed by 0.3%, while the change in traded items increased by 10.7%. The price only started to drop in July, when manufacturers finally caught up with the demand. This prologue is important because demand then swiftly contracted, reaching a low point in November. Thus, when new players started to pour in around the release of Apocrypha, the price did not rise as fast as the increased volume would have suggested. The reasons are the stockpiles of Thoraxes available, and manufacturers had all the necessary components available to ramp up their production quickly. The result is that during the last quarter the volume of Thoraxes traded has been on the rise, while the price has been going down.

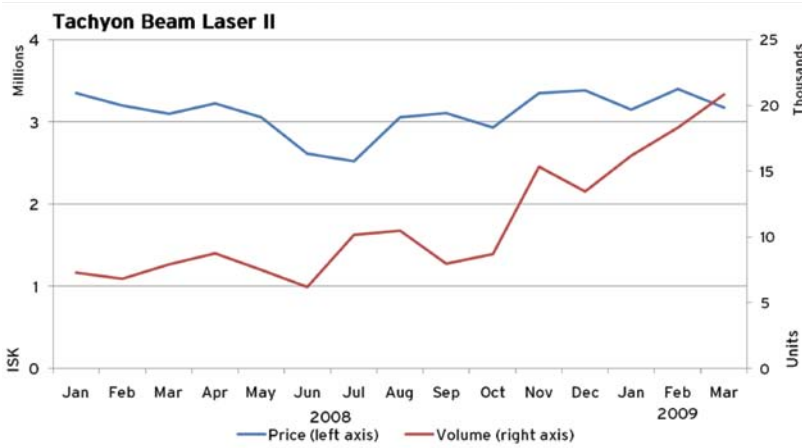


Figure 32: Due to several game balance changes in 2008, Amarrian weaponry became more popular throughout the year, continuing into Q1 2009. Shown above is the Tachyon Beam Laser II, the most powerful, readily available large size energy turret. Prices have remained stable, but volume has increased.

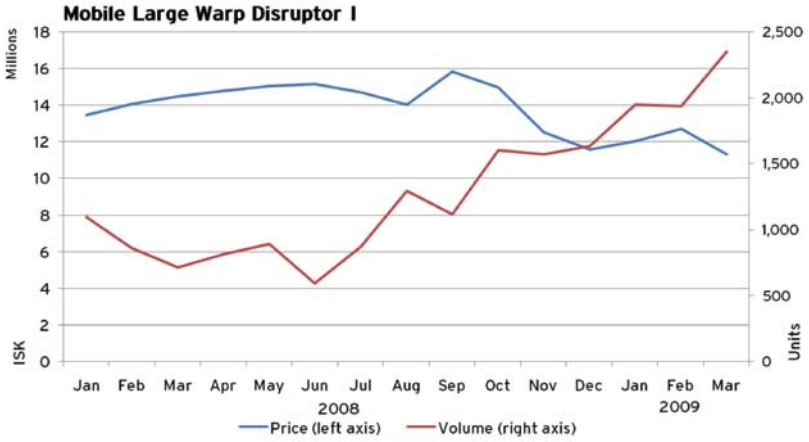


Figure 33: : Mobile Large Warp Disruptors have seen consistent growth throughout the last three quarters, with volume now reaching in excess of two thousand units per month. These items can be deployed in 0.0 space to create a warp disruption field over a large area, preventing any ships inside it from warping, and pulling people that try to warp to areas in its vicinity into it. Increasing levels of conflict in 0.0 space is the likely reason for such rapid growth in the market for these items.

Research and analysis provided by the Research and Statistics team