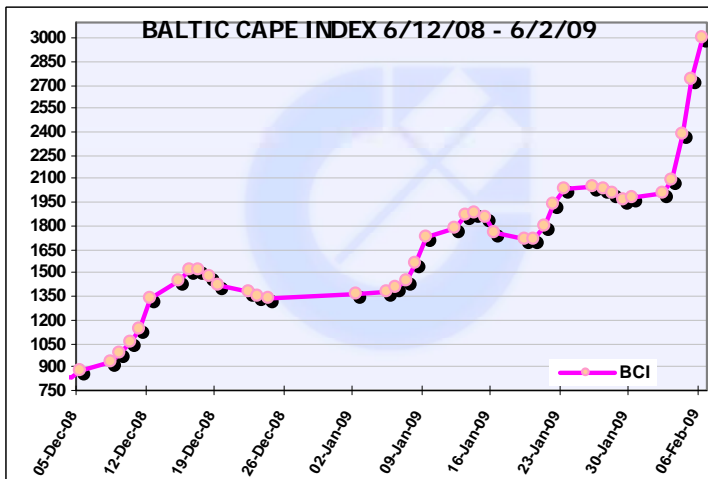


WEEK 06 2009 - DRY CARGO MARKET

The dry bulk market rallied this week. The Baltic Exchange Dry Index (BDI) gained more than 53 % this week, leapt on Friday to a new three-month high and this was largely due to China resuming iron ore imports. The BDI rose 9.61 percent to 1,642 points from 1,498 on Thursday.

CAPE SIZE MARKET



The BCI gained about 50%, or 995 points this week, to 2999 (6 Feb.), up from 2004 on 30th Jan, pushed up by renewed demand for Capesize vessels. The Capesize rates increased by 72% this week and this followed the slow awakening after the Chinese New Year. On Friday the daily rates for Capesizes, soared by 21.5% to \$26,495, up from \$21,810, on Wednesday, while one-year time charter rates are approaching \$30,000 a day, the highest levels seen in four months, record high after the major market collapse.

The Chinese have made trade deals for iron ore from Brazil and Australia, and also fresh coal orders from Indonesia and Australia. The

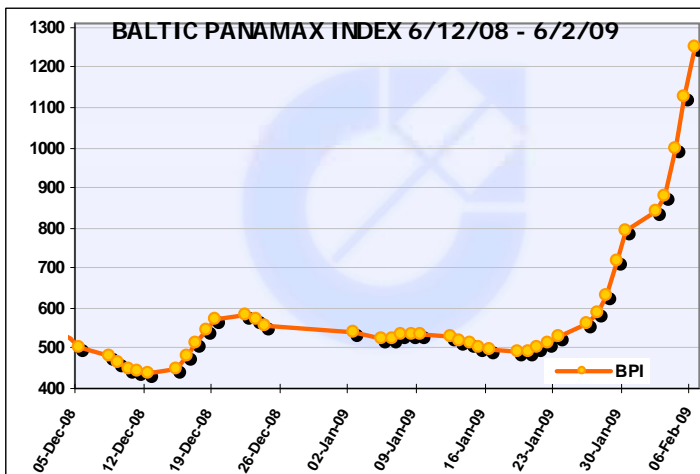
stronger Capesize rates are mainly a result of strengthening steel prices. The rise in steel prices is due to reduced stockpiles in China, a sign that more iron ore will need to be shipped. As it is known by world economic analysts, China accounts for half of the worlds' iron ore imports and it is a fact that industrial activity after Dec 2008 has been increasing every month. However we can only see this demand driven increase as a "W" shaped curve of increase, with some short term signs of serious downfalls to be expected, in a double dip scenario according to our Technical Analysis team.

According to analysts' estimates, Iron ore stockpiles at Chinese ports have fallen to their lowest levels in years, which is about 60.0 million tons in the first quarter of 2009, with another 125 million tones stored at steel mills, boosting demand for Capesize vessels as miners Rio Tinto, Vale and BHP Billiton secure ships to carry iron ore to China. In addition, the annual iron ore price negotiations, which usually start in April, are already in full swing with Chinese steel mills pushing for a 40.0% price decrease retroactive as of Jan. 1 from major iron ore producers. Lower iron ore prices would push demand higher. However as we mentioned last week, a good number of Capes that were laid up were brought back in the market, after the initial hotting up of the market, but although we saw more than 50 capes being reinstated in the market we still estimate about 65 to 70 Capesize vessels anchored, which could put downward pressure on the rising rates.

We are curious to see if Beijing's government stimulus package efforts will have the expected effect on Steel demand and the use of the existing stockpiles just for the immediate short term period or will last longer and give some medium term momentum.

Sale activity was positive this week, as we got the "Golden Wing", 170k, blt 97 Korea, that was sold to Greek buyers, Polemis, for high 20's (26-27mil USD). The slightly older "Yamato", 184k, blt 91 Japan, sold to Vale for 21mil USD. Both ships were reported at the beginning of the week, and just to see how secondhand ship prices might be affected upwards, rumors have it that there is the "Pacific Prosperity" 180k, blt 98 Korea, has been sold to Greek buyers (Fostropoulos) and obtained a number starting with a "4" 40-41mil USD, others state price as 38-39mil USD!!! Offcourse it goes without saying that same ship sold in May/June 2008 would have got something between 135-145mil USD!!! If this sale is true then we can say that we are re-entering into some healthy Sale and Purchase figures once more!

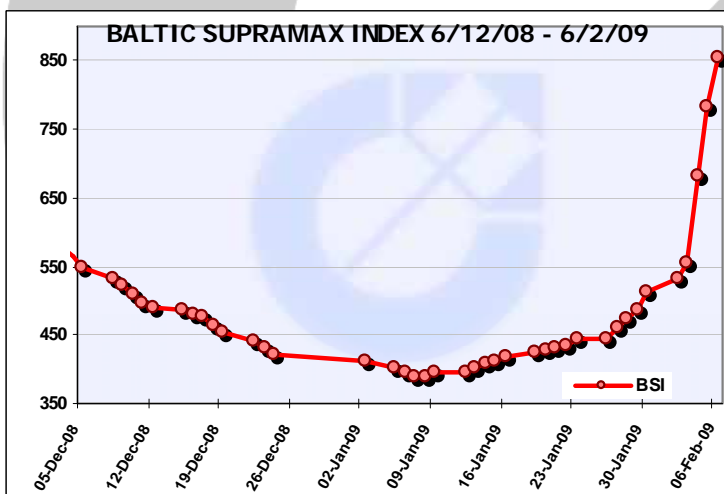
PANAMAX MARKET



The Panamax market was also strong and was increasing during daily this past week. The BPI gained more than 57 %, or 456 points this week, to 1251 (6 Feb.), up from 795 on 30 Jan. There has been a marked increase this week in freight rates especially for the panamaxes. All Time charter rates are up by a good 4-5,000 Per day from last week, and it seems that 4-6 months period charter together with 12-18 months charters have hit the market. Panamax daily rates are up by 15%, to \$9,766 from \$5,800 which was last month's average.

We see no sales of Panamaxes this week, only the negotiation of the "Glorious Wind, 72k, 97 blt Japan, is near fixing levels with Greek buyers at 19mil USD. On the fixture side we see the "Yasa Pioneer" 82k, blt 06, fixed for \$18,000 per day and the "Yiannis B" 82k 08 blt, fixed by Cargill for \$16,500 per day. These levels are greatly improved from last weeks period charters. One more fixture worth noting was the "Hephaestus" 74k, 01 blt which was fixed again by Cargill for \$16,000 per day

SUPRAMAX MARKET



Wee saw almost the same "picture" in the Supramax Market. The Baltic Supramax Index has increased daily and closed at 854 points (on 6 Feb.), +67.0% up from the previous week's closing of 512 of last Friday (30 Jan). The Handymax freight market gained some strong momentum mainly for spot cargoes in the Atlantic and Pacific region. We also saw a good number of period fixtures for worldwide trading which we have selectively reported further below.

As the rates seem to have increased rapidly during this week and it seems that a number of charterers are out in the market to lock themselves and the vessel owners, in period

charters of 12-18 months duration, maybe anticipating an overall rising trend in Charter rates.

Sale and Purchase activity in the Handy and Supramax sector was low, but one good notable sale of this week was the Jag Riddhi, 47k blt 98, Japan which was sold to Chinese buyers for a good 15.7mil USD.

On the fixture side we see some very good rates being offered by Charterers. The "Alam Manis" 55k blt 07 was fixed for \$20,000 per day, while the "Ikan Solomon" 53k 03 blt and the 49k blt 99 were both fixed for \$16,000 per day. Some good rates in excess of last week's fixing levels!

Commodities News this Week

Energy

There is still no sign of a cut in OPEC's production with crude oil stocks reaching a record high in the middle of the winter. Nevertheless, the figures due to be released shortly are expected to confirm a marked decrease

in production. Even so, the IEA is likely to further trim its global consumption forecasts for this year based on the assumption that GDP will grow by 0.5% (the IMF's latest forecast) compared with the estimate of 1.2% used the previous month. OPEC could decide to make further production cuts if prices lose any more ground as we head towards spring.

Grains

Apart from iron ore demand, China, the world's top consumer of wheat, has been buying grain from the United States and Australia as well as other sources in recent months. The country has declared an emergency over a drought that could threaten its wheat crop.

Metals

Faced with a virtual worldwide recession, demand for metals is expected to decline significantly this year although the uncharted waters that we are entering make forecasting a difficult exercise. We expect the production stoppages already announced to gradually rein in the rise in stocks while the strategic purchases made by China will limit the impact of any downturn. Consequently, prices could start to rise as from the second quarter, especially as it is expected world GDP to recover to 2.6% in 2010.