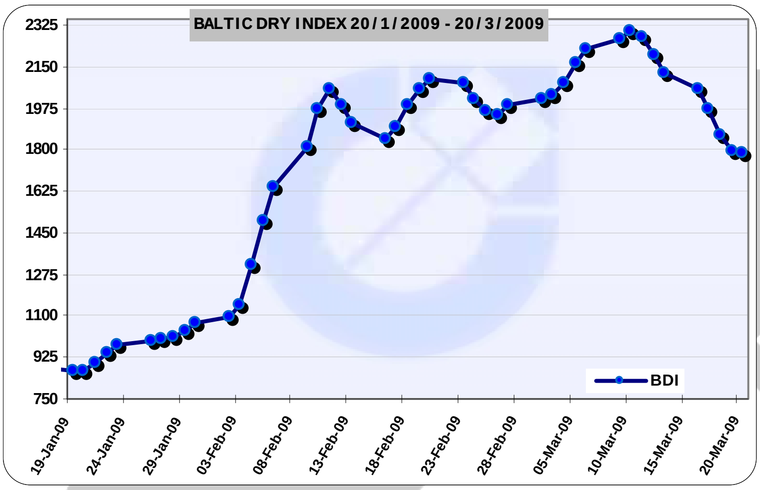
12th Week - Dry Cargo Market "Highlights"

Despite some strong resistance in the smaller segments of tonnage, early this week, an overall negative trend has dominated the Dry Bulk Market for the week ending 20th March 2009. It definitely seems that the worst may not be over yet, and we would like to quote Mr. Louis Dreyfus who said this week: "*We think that the worst is yet to come,*" adding to this statement we can surely agree and "second" with his mentioning: "*It will not last for five years, but it will not last for six months either.*"

The Baltic Exchange Dry Index (BDI), fell this week about **-16.02%** or 340 points. The index is down from 2,122 which was the previous closing of 13th of March, to 1,782 points on closing of Friday the 20th of March 2009. The Dry Sector remains a highly "unstable" Market. The BDI fluctuations reflect the "uncertainty" both of the global growth and the seaborne trade. The lack of sufficient amount of cargoes was the main cause that distanced more the BDI from the friction level of 2,000 points with no further signs in the horizon, of a possible recovery to be.



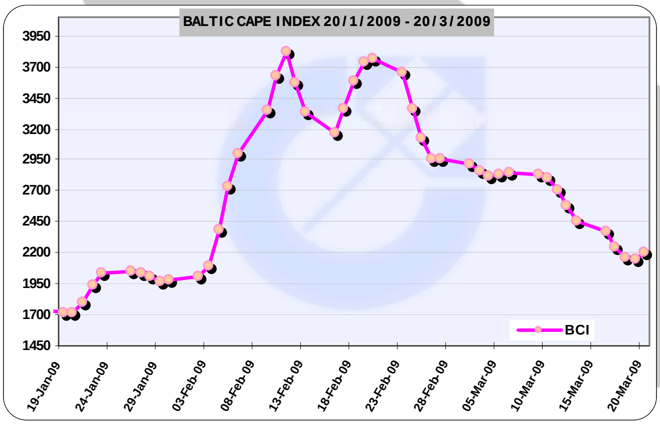
The BDI is correlated with China's Iron Ore import. The last recovery of BDI depended mostly to the recovery of China Steel Industry. Since the steel product prices softening continued for the past 3-4 weeks, the Chinese steelmakers' demand started declining last month and this has continued till now. In addition the stockpiles in main Chinese ports rose again this week, exceeding the 63million tons, and this will reduce further the demand. According to Chinese media, the china Iron Ore and Steel Association said this week that China's steel exports may drop even by 80 % this year, a decline that would have a dramatic effect on the demand for dry bulk transportation/shipments. Let's hope this is just market speculation, or purely "*manipulated market B.S.*"…!

Regarding the Coal, the second largest bulk cargo, its trade and transportation volume declined also as winter passed and will result to lower demand, pushing further down the BDI levels. Asian and European steel industries have greatly cut production due to severe slow-down in demand from construction and the auto industries both overshadowed by the economic recession worldwide. Market Analysts have also pointed out their expectance of a decline of the BDI, stressing that the US Grain industry, a serious supporter of the global demand for dry-bulk transportation will be moving to a seasonal weak period.

A downturn trend characterized also the sale and purchase market activity this week. Few deals were concluded this week. The prices remain steady in previously seen "higher levels", with Buyers remaining hesitant to proceed with a deal in these levels, expecting the possibility of lower market levels in the very near coming future.

CAPESIZE MARKET

The Baltic Cape Index (BCI) declined about **-10.47%**, or 257 points this week, and closed at 2,197 (20th of March), down from to 2,454, on 13th of Feb mostly due to Chinese Iron Ore demand declined, since China Iron Ore imports represent of nearly 80% of the global imports.



Citigroup revealed yesterday on March 19th that the iron ore giant BHP Billiton and Japan's Nippon Steel Corporation (NSC) just reached an agreement on the coke contract price of 2009 somewhere in the region of US$115～125/ton, a figure down by 62% compared with 2008's level of US$300/ton. This can also be combined with the thought of China that wants to negotiate 2009 prices at 50% of 2008 levels… maybe there is room for China to reduce further their price levels, to say 55%-60%?

It is reported that the Australia mining giant, Rio Tinto has shipped totally 83.38 million tons of iron ore to Chinese steel mills in the last year, the number is 18 percent higher than that of 2007 and take about 53 percent of its overall shipment. Due to the robust demand for iron ore in the first three quarters, Rio's total shipment of iron ore of 2008 increased by 6.25% year over year, though the economic slowdown affected the demand contraction.

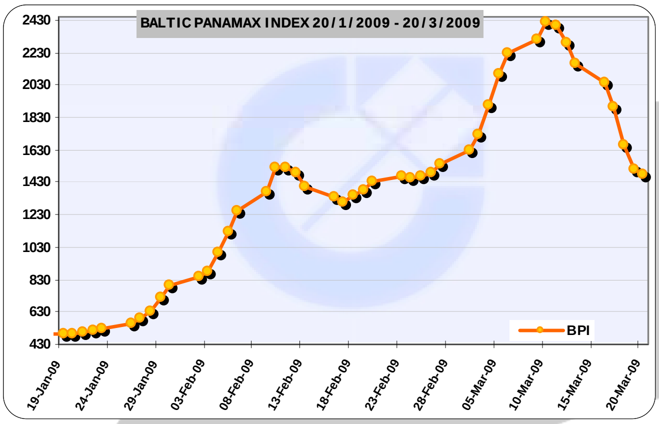
This Month Capesize T/C average rate which is calculated by N. Cotzias Shipping from all T/C fixture data that are reported declined to $26,322 during this week, from $30,625 which was last week's average. The daily rates as seen in our separate fixtures report for Capesizes this week, ranged from $14,900 (M/V ***"Bosporus"*** 151k/95blt/STX Pan Ocean) up to $36,500 (M/V ***"C. Winner"*** 170k/08 blt/Korea Line).

The activity in Pacific basin remains weak, with an amount of fixtures concluded especially in W Australia (Dampier/Rio Tinto & Port Hedland/BHP Billiton) to China (Qingdao) routes, with rates range from $6.4/t up to $7.15/t. In routes from East Cost South America (Tubarao/Vale - Brazil) to China (Qingdao) the rates range at $17/t region.

Regarding the Sales activity of the past week we had no sales to report.

PANAMAX MARKET

The Panamax Market following a strong downward movement, almost "collapsed" this week. The Baltic Panamax Index (BPI) declined about **-31.65** %, or 683 points this week, and closed at 1,475 (20th of March), up from 2,158 on 13th of March. We are making "one step forward and two steps back". In practically less than a week, the BPI lost nearly all the gains it had accumulated over of the past 4 weeks.



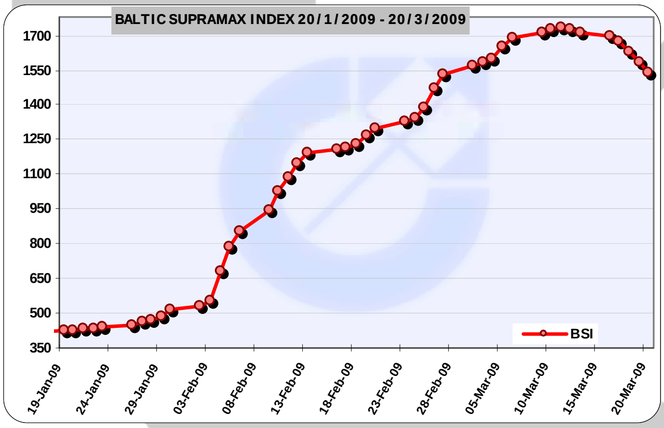
This Month the Cotzias calculated Panamax T/C average rate went down this week to $16,145 from $16,984 which was last week's Panamax average. The daily rates as seen in our separate fixtures report for Panamaxes this week, ranged from $6,000 (M/V ***"Maritime Baqui"*** 76k/06blt/Danzas) up to $30,000 (M/V ***"Hellenic Breeze"*** 69k/93blt/Wamopl).

In the Atlantic Region round trip rates dropped about $5.5k and range in the $15k region due to lack of cargos in the area and the big number of prompt ships opening soon. In the Pacific and India Region, market rates went down around $5k and range for a Pacific round trip in the $10k region. Also a high number of early ships opens in Pacific. In T/C trip from Continent to F. East the Panamax rates range in $20k region, while in the reverse T/C trip the Panamax rates range in the $6k region from $9k last week.

Regarding the Panamax sales activity of the past week we only have a single sale of the M/V ***"Bulk Canada"*** 64k/82 – Isikawajima Built which was sold for $3.2m to Chinese buyers.

SUPRAMAX & HANDYMAX MARKET

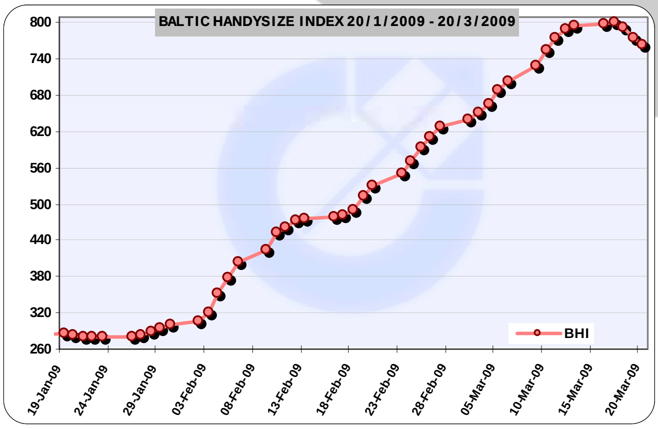
Despite the remarkable "resistance" that the Handy/Supramax market showed early this week, it followed the global downward trend of the Dry Sector. The Baltic Supramax Index (BSI) declined this week and closed at 1,541 points on 20th March 2009. This represents a **-9.88 %** decrease or -187 points from the closing of 1,710 we had end of last Friday (13th of March).



The demand for tonnage in Atlantic region slightly decreased, with the rates range in $26k region for voyages from Continent to Far East. In Atlantic Region round trip rates range in the $25k region while in the Pacific Region round trip rates declined about $4.5k and range in the $7k region. Black sea freight market remains active due to the lack of available tonnage in the region with rates somehow standing firm at mid 20's for Supramaxes.

The Supramax Time Charter Cotzias Calculated average rate went down to $17,029 from $18,390 which was last week's Supramax average. The daily rates for Supramaxes ranged from $6,000 (for the M/V ***"Kosmos"*** 46k/95 blt/Undisclosed Charterer) up to $27,500 (for the M/V "***Don Frane Bulic"*** 42.5k/97blt/again Undisclosed Charterer).

The Baltic Handysize index (BHI) closed on Friday 20th of March at 764 points. In total it decreased by -32 points down from 796 which was last week's closing figure. This Month's Handysize Time Charter average was calculated to be greatly reduced down to $15,924 from $17,276 which was last week's average. This week's T/C daily rates for Handysizes ranged from $7,000 (for the M/V ***"Great Immensity"*** 32.5k/00blt/Chinese Charterer) up to $25,750 for the (M/***V "Emi S"*** 36k/83blt/Undisclosed Charterer).



Regarding the Handies and Supra's Sales activity of the past week we had the resale of the "***Diamond 53 Resale"*** 53k/09 – Vietnamese Built which was sold for $29.10m to German buyers, with dely end 2009. A rather premature resale of a Bulker initially reported to have been contracted in 2007 for USD$36-$40mil.

We also can report the sale of the following vessels: the M/V ***"Mehmet Aksoy"*** (of Akmar Deniz/Turkey) 45.8k/85 – Hashihama Zosen Built was sold for $5.5m to Chinese buyers, the M/V ***"Custodia Athena"*** (of Seamar Management/Greece) 41k/85 - Sanoyasu Built was sold for $5.9m to Chinese buyers, the M/V ***"Engin Kaptanoglu"*** (of Kaptanoglu Shipmanagement/Turkey) 40.7k/81 – Mitsui Tamano Built was sold for $2.6m to Chinese buyers, the M/V ***"Commander II"*** (of troubled Britannia Bulk PLC/UK) 31.4k/83 - Hakodate Built was sold in auction for low $3.3m to Greek buyers, the M/V ***"Manora Naree"*** (of Precious Shipping/Thailand) 29.1k/84 - Japan Built was sold for $2.9m to undisclosed buyers, the M/V ***"Antalina"*** (of TEO Shipping /Greece) 28k/84 -Japan Built was sold for $3.95m to NY Greek buyers and finally the M/V ***"Johnny P"*** (P&P Shipping/Greece) 27k/80 - Osaka Built was sold for $1.75m to undisclosed buyers.

DEMOLITION MARKET

The supply for tonnage for scrap slightly fell during the previous week and the average prices offered by scrap dealers remained steady at marginally higher levels.

One piece of news that will totally affect the Subcontinent Scrap industry, was the order of the Bangladesh High Court this week that all shipbreaking yards that do not have government environmental approval MUST be closed within two weeks. Since none of the yards have such certification it is very likely that the entire SCRAP industry of Bangladesh WILL close unless any possible and feasible appeal by any industry interests may be successful.

To make things even worse, the court has also banned further vessels from entering Bangladeshi waters for scrapping. What will be the final fate, of the 13 ships contracted during March 2009, to be scrapped in Bangladesh. The much-criticized industry is believed to employ tens of thousands of people in Bangladesh. The director of the Bangladesh Environmental Lawyers Association, *Syeda Rizawana Hasan* which brought the case, is quoted as saying: "*The court has expressly said Bangladesh cannot be treated as a dumping ground of hazardous waste. The court has really tried to address the long-standing inaction by the secretary agencies in regulating the shipbreaking industries in line with international conventions and the national law.*"

The total tonnage of the demolition of Dry Bulkers exceeded 250,000 dwt this week, slightly up from March's week average .

Total scrap figures for Bulkers only, for the month of March 2009, were 58 units and a total of 708 k DWT that was withdrawn from the market.

Until week 12, the bulker's demolition average offering price was $266.19/ldt, compared to $248.73/ldt which was Feb 2009 Bulker average.

The best price offered was for the M/V ***"Good Day"*** at $310/ldt. Other interesting facts are Bangladesh's monthly average scrap price of$292/ldt, India's average monthly scrap price of $269.78/ldt, Pakistan's average monthly scrap price of $277/ldt and China 's, who has been slowing down dramatically its intake of scrap, monthly average scrap price of $200/ldt.

This week's demolition sales report the following deals:

India market: The M/V ***"Vulturnus"*** 29.1k DWT/8.2k LDT/1978 sold in private terms and the M/V ***"Golden Sun"*** 22.6k DWT/ 5.61k LDT/1977 sold at $285 per LDT.

Bangladesh market: The M/V ***"Trans Ocen"*** 75.5k DWT/17.1k LDT/1983 and the M/V ***"Glory Falcon"*** 32.5k DWT/8.3k LDT/1977 sold both in private terms, while the M/V ***"Good Day"*** 33.6 k DWT / 7.4 k LDT / 1978 sold at $310 per LDT and the M/V ***"Jin Yuan"*** 23.7k DWT/5.6k LDT/1972 sold at $290 per LDT.

Pakistan Market: The M/V ***"Ispat Star"*** 26.4k DWT/6.0k LDT/1977 sold in private terms.

China Market: The M/V ***"Yantalles"*** 3.7k DWT/1.96k LDT/1968 and the M/V ***"East Voyager"*** 3.7k DWT/1.96k LDT/1971 sold both at $220 per LDT.