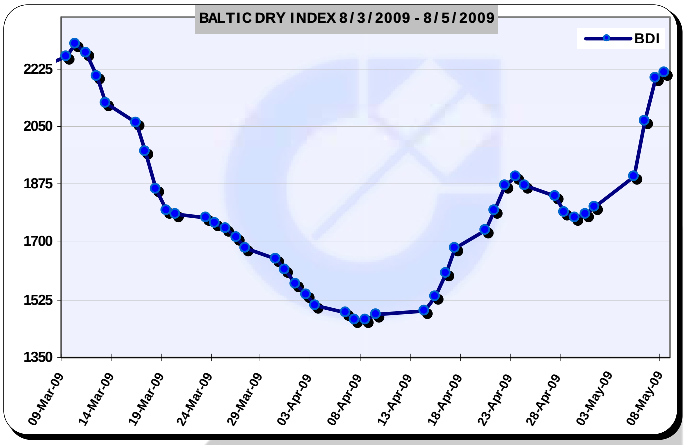
19th Week - Dry Cargo Market "Highlights"

A quite strong recovery characterized the Dry Sector this week mostly in larger sized tonnage segments. The Baltic Exchange Dry Index (BDI) rose about **22.59%** or **408** points this week, up from 1,806 on 1st of May, closing at 2,214 points on Friday the 8th of May 2009. An upward trend seems to be establishing in the market however, it's too early to conclude that we are in front of a bullish Market, more rather a rollercoaster looking trend.



The optimism from the labor market and the effects of stress test banks gave new impetus to the upward indicators on Wall Street. According to financial analysts' Thursday's test results contained few surprises and attracted many cash-rich investors to return to the sector and overcome their fears for the health of US banks. Earnings increased also after the disclosure of the employment figures, which showed a slowdown in job cuts. Weekly overall gains of 4.4% for Dow, 1,2% for Nasdaq and 5.9% for S & P. The NASDAQ remains on track of increasing weeks, for its ninth straight week!

With four months' "historical high" we saw the stock prices in European markets close this week, after the relief on the results of U.S. banks' "stress test". The Stoxx 600 index closed with a rise of 1.2% at the highest levels since 7 January and weekly earnings by 4.3%. The index has recovered 32% from March 9, covering all the losses 2009.

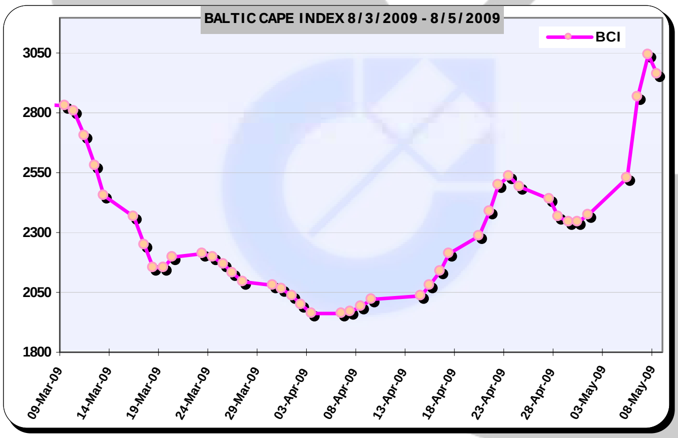
Oil prices strengthened as investment and consumer psychology show signs of improvement, creating the prospect of rising energy demand. Crude oil futures prices in New York strengthened $ 1.34 to $ 58.05 per barrel, with profit of 8% in weeks and bolstered energy shares. In London, Brent earns $ 1.31 to close at $ 57.78 per barrel.

A moderate to upwards trend characterized the Dry Bulk sale and purchase market activity for this week. Few deals have concluded this week with market prices be marginally stable in the second-hand Market. Once more Chinese (mostly as buyers), Japanese (mostly as sellers) and Greeks (in both roles) seem to dominate in the second-hand market's transactions worldwide.

Ship owners remain reluctant to commit newbuilding orders. It is estimated that almost 30% of the world's dry bulk orderbook risks not being delivered at all, as the shipowners in the specific sector are facing the expected, if not more serious financial liquidity troubles apart from the overall lack of substantial cargoes. It is studied that over 80 percent of the volume of world's traded goods are transported by sea. So it has become a habit of all financial market and commodity analysts to keep staring at the freight activity as they believe this is a leading indicator that may pin hopes for a world economic recovery.

CAPESIZE MARKET

The Baltic Cape Index (BCI) increased about **24.75%** or **587** points this week. The BCI closed at 2,963 on Friday the 8th of May 2009, up from to 2,376, which was last Friday's the 1st of May 09 closing figure, mostly due to lack of early tonnage in the Iron Ore main routes in both basins.



China's iron ore demand is expected to slide 60 million tons this year, which will be accompanied by slide of imports by 21% to 350 million tons, the chairman of China Iron & Steel Association (CISA), as saying. Mr. Zhou also predicted that the country's iron ore output will rise marginally to reach 860-880 million tons this year and iron ore products supply could increase about 20 million tons over the previous year. According to CISA data, China's iron ore imports amounted to 131.52 million tons in the first quarter, up 20.86 million tons or 18.85 % since last year while the iron ore imports for the same period outgrow iron ore consumption by 12.90 million tons, leading to oversupply in the domestic market. The average CIF price of iron ore to China reached 80 U.S. dollars/ton in the first quarter, 38.75% lower than a year ago.

Brazil's Vale, the world's largest iron ore producer, shipped 34.63 million tons of iron ore to China in the first quarter of 2009, which marks a quarterly record, the company announced on May 6. China's imports from Vale in the first quarter surpassed the previous high of 28.19 million tons for the third quarter of 2008, according to Vale's first quarter report.

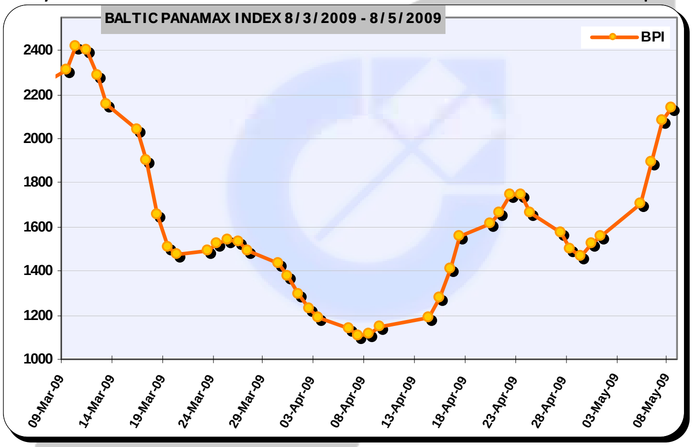
Vale attributed the record to a rebound in China's demand for minerals and metals and a jump in sales due to more contracts with medium-sized steel mills. In addition, Vale has also adopted a more flexible iron ore pricing scheme, including provisional pricing. Vale predicted that looser credit and government-sponsored infrastructure investment will lead to an increase in domestic demand and subsequently bolster China's economy over the next three quarters.

This Month's Capesize T/C average rate which is calculated by N. Cotzias Shipping from all T/C fixture data that are reported during the current running month increased by **5.05%,** to **$23,466** during this week, from $22,337 which was last week's average. The daily rates as seen in our separate fixtures report for Capesizes this week, ranged from $14,500 p/d (M/V ***"Pompano"*** 174K/06blt / Cargill) up to $42,000 p/d (M/V ***"Nord Power "*** 176.3k/05blt / Cargill).

Regarding the Sales activity of the past week we had a very interesting the resale deal of the M/V ***"SWS Resale"*** 177k/09blt - "Shanghai Waigaoqiao Shipbuilding" built which was sold for $63m to Greek Buyers, while a same "resale" of May 2008 was sold for $153m (This represents a 58.8% decrease in Value during these 12 turbulent months). We had also the sale of the M/V "***Star Europe"*** 170.7k / 86blt - "Hyundai Heavy Industry" built which sold for $9m to Fujian Ocean / China.

PANAMAX MARKET

Fully correlated the Panamax Market followed the same upwards movement this week as the BDI and BCI. The Baltic Panamax

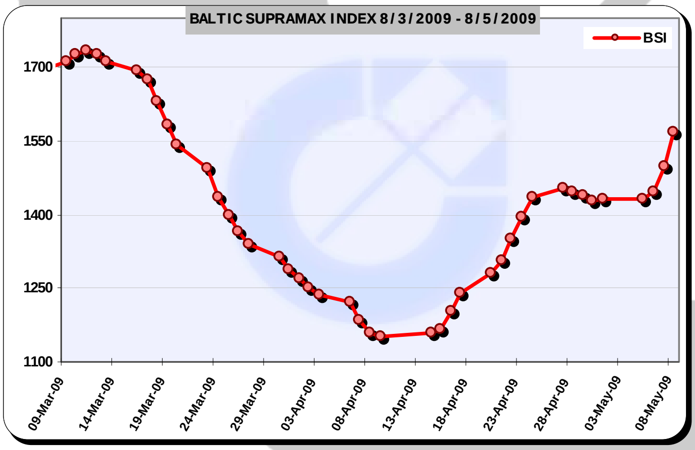


Index (BPI) has been firmly moved up this week and closed on Friday the 8th of May at **2,144** up by **37.79%** or **588** points higher from **1,556** which was last Friday's 1st of May closing. Despite the improvement in Panamax market the average rates (see below) remain lower than the relevant of the Supra Market leading in a "market paradox".

For this running month the Cotzias calculated Panamax T/C average rate went up by **8.71%** this week to **$14,949** from $13,752 which was last week's Panamax average. The daily rates as seen in our separate fixtures report for Panamaxes this week, ranged from $7,000 (M/V ***"Popi S"*** 65k/82blt/Npble) up to $40,000 (M/V ***"AnHo"*** 77.8k/04blt/Bao Steel).

Regarding the Panamax sales activity of the past week we had the sales of the M/V "***Island Globe***" 73.1k/95blt – Sumsung HI built sold for $19.2mil to Yuedian Shipping / China, the M/V "***Dignity T***" 63.6k/84blt – Hitachii built sold for $7mil to Chinese buyers and the M/V "***Georgia***" 60.1k/82blt – China Shipbulding built sold for $3.75mil to Chinese Buyers.

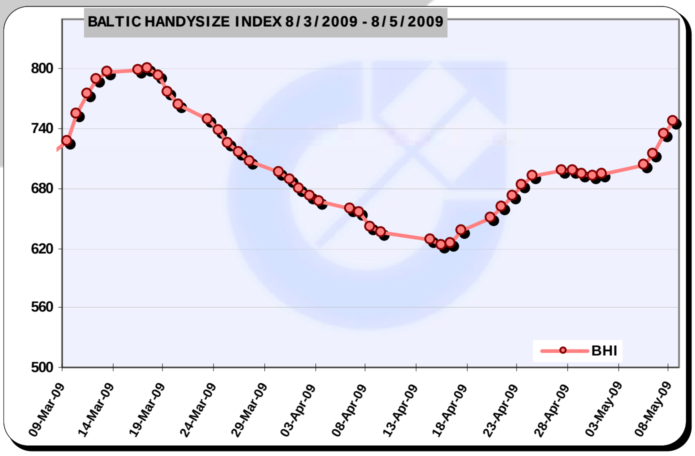
SUPRAMAX & HANDYMAX MARKET



The Baltic Supramax Index (BSI) closed finally at **1,569** points on Friday the 8th of May 2009. This represents an increase of **9.72%** or **139** points from the closing of **1,430 points** we had last Friday the 1st of May 09.

This Month's Supramax Time Charter Cotzias rate average was calculated to be at **$14,853**, **-1.52%** lower from $15,082 which was last week's Supramax average. The daily rates for Supramaxes ranged from $11,000 (for the M/V ***"VOC Gallant"*** 51.2k/02 blt/ North China Shipping) up to $25.200 (for the M/V "***Sea Lavender"*** 50.3k/02blt/CNR).

Gains also for the Baltic Handysize index (BHI) which closed on



Friday the 8th of May 2009 at 747 points increased in total by **7.6 %** or **53** points up from 694 which was last week's closing figure. This Month's Handysize Time Charter went down for **-3.62%** to **$13,361** from $13,864 which was last week's average. This week's T/C daily rates fixtures for Handy sized vessels ranged from $7,000 (for the M/V ***"Hardwar"*** 47.3k/87 blt / North China Shipping) up to $22,500 (for the M/V ***"Genco Success"*** 47k/97 blt / STX Pan Ocean).

Regarding the Handies and Supra's Sales activity of the past week we can report the sale of the following vessels: the M/V "***Sea Luck*** " 45.4/95blt - Tsuneishi built sold for $15.50m to Chinese Resources, the M/V "***Spar Emerald***" 34.9k/87 – Nippon Kokan built sold for $6.75m to Undisclosed buyers and the M/V "***Maritime Friendship*** " 29.1k/84– Imabari built sold for $4.30m to to Undisclosed buyers too.

DEMOLITION MARKET

The supply for tonnage for scrap fell during this past week and the average prices offered by scrap dealers reduced further.

The total tonnage of the demolition of all ships that have gone for breaking this month is 17 units, and the Bulkers dwt scrapped only for this week was about 272,428 dwt (6 units), with the monthly bulker's demolition average offering price to be down this week, at $227.88/ldt compared to $258.25/ldt which was the April scrap average.

The best price offered was for the M/V ***"Trust Thalassa"*** and the M/V ***"Standard Vigor"*** at $242/ldt in the Bangladesh Market. For this week we have a very good and substantial number of demolition sales/deals:

NAME	TYPE	YEAR	BUILT	DWT	LDT	PRICE	BREAKER
GREAT ZHEJIANG	BC	1984	ROMANIA	65,044	17,900	$222.00	CHINA
STANDARD VIGOR	BC	1981	DENMARK	64,120	12,056	$242.00	PAKISTAN
TRUST THALASSA	BC	1984	SWEDEN	54,500	12,515	$242.00	PAKISTAN
HAO XING	BC	1977	JAPAN	43,112	9,307	$225.00	BANGLADESH
YM PROSPERITY	CONT	1988	CHINA SHIPBUILDING KEE	40,845	16,535	$219.00	CHINA
SWAN	MPP	1977	JAPAN	38,776	10,300	$235.00	INDIA
LAKE SUPERIOR	BC	1982	UK	30,670	7,057	$230.00	INDIA
MSC STEFANIA	CONT	1969	JAPAN	24,245	12,828	-	-
RIO BLANCO	PCC	1981	IMABARI MARUGAME	18,142	13,137	$218.00	CHINA
BREEZE	MPP	1981	YUGOSLAVIA	15,919	4,944	$225.00	PAKISTAN
GRONX	BC	1977	RUSSIA	14,982	5,615	$220.00	INDIA
MORNING PRINCE	RORO	1979	JAPAN	13,910	12,483	$210.00	CHINA
SUNBELT DIXIE	RORO	1978	JAPAN	12,730	10,577	$230.00	INDIA
CATHY SPIRIT	MPP	1980	GDR	12,652	6,150	$225.00	INDIA
SILVER CASTLE	CONT	1973	USSR	6,270	3,785	$238.00	INDIA
KRIOLA	MPP	1975	GDR	5,657	3,412	$235.00	INDIA
OTANI	RORO	1975	FRANCE	4,450	4,094	$230.00	INDIA

A new international convention on ship recycling is to be considered for adoption at a diplomatic conference to be held in Hong Kong, China, from 11 to 15 May 2009. The new convention is aimed at ensuring that ships when they are being recycled, after reaching the end of their operational lives, do not pose any unnecessary risk to human health and safety and the environment. The draft International Convention for the Safe and Environmentally Sound Recycling of Ships has been developed by the International Maritime Organization (IMO), the United Nations specialized agency with responsibility for the safety and security of shipping and the prevention of marine pollution from ships.

Regulations in the new convention will cover: the design, construction, operation and preparation of ships so as to facilitate safe and environmentally sound recycling, without compromising the safety and operational efficiency of ships; the operation of ship recycling facilities in a safe and environmentally sound manner; and the establishment of an appropriate enforcement mechanism for ship recycling, incorporating certification and reporting requirements. Ships to be sent for recycling will be required to carry an inventory of hazardous materials, which will be specific to each ship. An appendix to the convention will provide a list of hazardous materials the installation or use of which is prohibited or restricted in shipyards, ship repair yards, and ships of Parties to the convention. Ships will be required to have an initial survey to verify the inventory of hazardous materials, additional surveys during the life of the ship, and a final survey prior to recycling.

Ship recycling yards will be required to provide a "Ship Recycling Plan", to specify the manner in which each ship will be recycled, depending on its particulars and its inventory. Parties will be required to take effective measures to ensure that ship recycling facilities under their jurisdiction comply with the convention. A series of guidelines are being developed to assist in the convention's implementation. The entry-into-force criteria for the convention (number of States and percentage of gross merchant shipping tonnage required) will be decided by the conference.

IMO's role in the recycling of ships, the terminology used to refer to ship scrapping, after the IMO Assembly, in 2005, subsequently agreed that IMO should develop the new legally-binding instrument on ship recycling.

The main ship recycling countries are Bangladesh, China, India, Pakistan and Turkey. The number of ships recycled each year is variable and ship recycling appears to be cyclical in nature. In recent years, the average age of recycled ships rose to around 32 years in the early 2000s, from around 26-27 years old in the 1990s. The low volume and high average age of recycled ships in recent times was explained, to a great extent, by the particularly buoyant state of the freight market in most shipping sectors up to 2008. However, it is not thought that shipping markets alone drive recycling prices, or the volumes of recycling. The large price differentials that exist between different recycling markets are thought to reflect not only differences in labour and environmental compliance costs for recycling ships but, principally, differences in internal demand for ship steel and, consequently, the price obtained by the recyclers in each different economy. **Source**: *IMO*