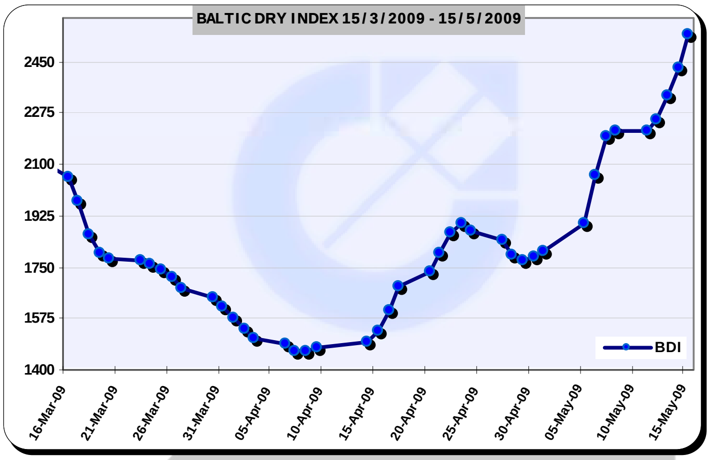
20th Week - Dry Cargo Market "Highlights"

Further and stronger strengthening characterized the Dry Sector this week in all tonnage segments. The Baltic Exchange Dry Index (BDI) rose about **14.91%** or **330** points this week, up from 2,214 on 8th of May, closing at **2,544 points on Friday the 15th of May 2009.** The Baltic Dry Index (BDI) closed above 2500 points for the first time since October 10, 2008 and reached a 7-month high with this Friday's closing. Over the last twelve days, the BDI has increased by **740** points (**41%**), and over the last month the index has increased by **1010** points (**66%**).



February to mid-May saw the highest amount of iron imported by China, including more than 45 million tons in April alone. That has mainly propelled the rise in the Baltic Dry Index, with heavy activity reported on the Australia to China route.

Chinese buying of iron ore was predominantly stimulated by lowest prices in four years. The latest CIF (cost, insurance and freight) price for iron ore is $80 per ton, down about 35 per cent compared with last year's prices. China continues to drive the commodities Market with Chinese "appetite" for Iron Ore described still as "insatiable".

The mixed macroeconomic data, the negative developments in GM, and announced changes in the administrations of some banks from the head of the FDIC, pushed the indices of Wall Street lower. The consumer price index (CPI) remained stable in April in the U.S. on a monthly basis, but a year fell by **-0.7%,** which is the biggest escalation of the index since 1955. Moreover, the manufacturing in New York fell to the slowest pace in April, since August 2008, while industrial production in the U.S. in April also moved into the slowest pace of past six months. The weekly losses in all European Markets were somewhat reduced after this announcement. We have seen an interesting report about the contraction of German GDP which is stated as the worst for the past 40 years in German Economy.

On a weekly analysis basis we see that on Friday the 15th of May Dow Jones closed with a drop, down **-3.6%** at 8268.64 points, NASDAQ closed down too **-3.38%** at 1680.14 points and S&P500 closed on Friday at 882.88 points losing a good **-5%** during this week. In Europe, the FTSE 100 fell during this week **-2.55%** to 4348.11 points, in Frankfurt the DAX 30 index closed just **-0.02%** lower at 4,737.50 points and in Paris the CAC 40 closed gained **0.4%** at 3169.05 points. The European Stoxx 600 index increased from Thursday's closing by **0.6%** to 202.92 points, with the index to record an overall weekly loss of **-3.2%.**

In the meantime, oil prices fell 3.8% and were recorded at $56.56 per barrel on Friday, showing losses of 2% or more throughout the week because of concern that the demand for energy will fall further. Both OPEC and the International Energy Agency downgrading their estimates for this year demand, because of the recession.

The loss of the euro against the dollar and the yen was worsened after the announcement that the Euro economy has the biggest decline seen in the past 13 years. Euro completes its first weekly decline against the dollar in a month. The euro fell **-0.6%** to $ 1.3560 from $ 1.3639 yesterday, showing a similar decline across the week. The European currency feels an Extra pressure from rumors that there is a disagreement between the directors of the ECB regarding the bond market and the prospects in Euro-zone for a quick economic recovery.

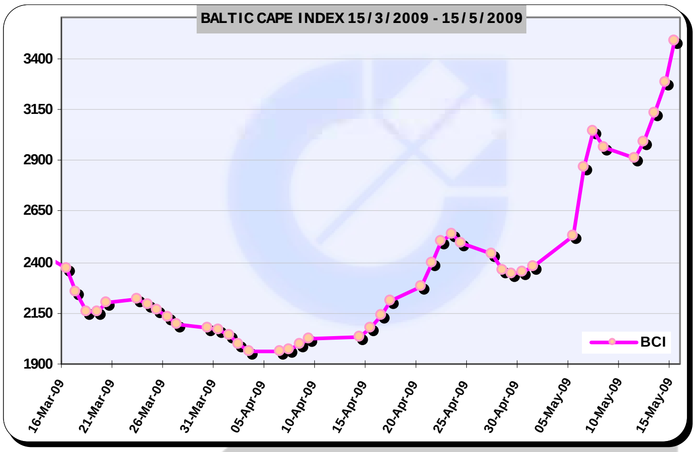
Small changes were observed in the prices of U.S. bonds and the fear that the economy will shrink further pushed FED into new purchases of markets bonds for the second time within weeks. The yield of the 10Y government bonds increased one basic point to **3.17%.**

Coming to the Shipping market, a moderate to upwards trend characterized the Dry Bulk sale and purchase market activity for this week. Some very interesting deals have been reportedly concluded this week with market prices sufficiently improving in the second-hand Market. Increasing S/H prices have somewhat reflected the recent rise in freight levels.

Chinese buyers continue to emphasize in 90's Handies & Panamax while Japanese sellers continue to sell their well sought after quality secondhand dry bulkers. Cash buyers remain alert trying to capitalize and gain significantly on present low ship values. However the recent rise in the indices and freight levels has "turned around" some near definite sale and purchase deals that we have witnessed, as both parties (buyers/sellers) share opposing views of their futures! Some large and dominant charterers have slowly but surely entered into the ship acquisition business, with major target, to be able to carry their own goods, with their own vessels. One of them is Brazil's Vale who we have reported previously of their buying appetite. Vale has purchased already five large Capesize bulk carriers in 2009.

CAPESIZE MARKET

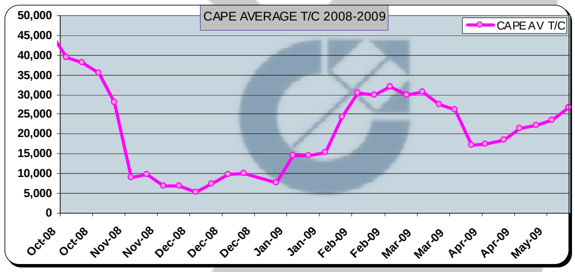
The Capesize dry bulk sector was the "super-leaper" of the week. With a "weekly super rise" it dragged further the BDI to much higher than expected levels. The Baltic Cape Index (BCI) increased about **17.48%** or **518** points this week. The BCI closed at 3,481 on Friday the 15th of May 2009, up from to 2,963, which was last Friday's the 8th of May 09 closing figure, mostly due to the "thirst" of China for Iron Ore and the Ore giants (BHP Billiton – Brazil's Vale – Rio Tinto) which have organized efficiently and much more economically their exports through the Capesize Freight Market. Again short comment unlike the BDI index, is that the current BCI level is still missing 460 points from 11/2/2009's 3822 points which still is the highest post Oct 2008 crisis point level.



China's industrial production growth slowed to 7.3% in April from 8.3% in March, providing more uncertainty over whether a Chinese recovery is clearly underway. The growth in factory output in April was less than half (15.7%) comparing April 2008, rate of one year ago. Most analysts believe that the growth this year has come from $586 billion USD of stimulus package, not from rising demand domestically or offshore.

The head of the China Iron and Steel Association on Thursday blamed speculators and strong demand from the small steel mills for pushing iron ore imports to a record high in April. Iron ore imports in April reached 57 million tonnes, up 9.45 percent month on month and 33 percent over the same period last year. CISA Officials believe that traders and small steel plants are responsible for pushing up imports. Mr. Shan Shanghua, secretary general of the CISA, said that "*traders presented intentions of stockpiling imported iron ore with expectations that prices would raise*". Customs data showed that six of the top 10 iron ore importers in the first quarter were traders, compared with an average of two or three. The CISA said on Wednesday it would launch an investigation into the iron ore importers, and the findings were expected to come out next week. "*Excessive imports would stretch steel makers' capital, and increase their operating risks*", said Shan.

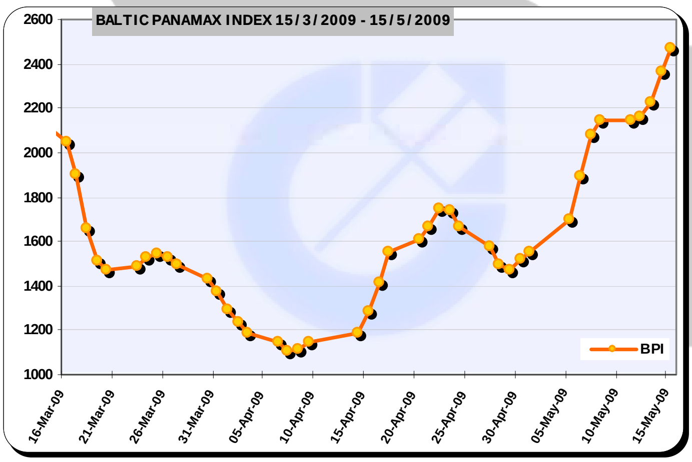
This Month's Capesize T/C average rate which is calculated by N. Cotzias Shipping Consultants from all T/C fixture data that are reported during the current running month increased by **3.15%,** to **$26,621** during this week, from $**23,466** which was last week's average. The daily rates as seen in our separate fixtures report for Capesizes this week, ranged from $17,000 p/d (M/V ***"Ocean Energy"*** 147.5K/90blt / Undisclosed Charterer) up to $50,000 p/d (M/V ***"Bao Shan"*** 175k/06blt / Noble).



Regarding the Sales activity of the past week we had only one sale that of the M/V "***Tien Shan"*** 128.8k / 94blt - "Hashihama Zosen" built which sold for $19.0m to Chinese Buyers.

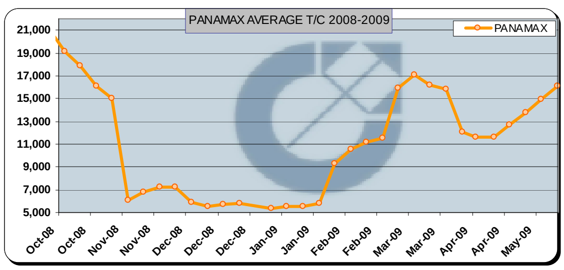
PANAMAX MARKET

In near full correlation with the BCI and BDI, the Panamax Market followed the same upwards movement this week. The Baltic Panamax Index (BPI) has firmly moved up this week and closed on Friday the 15th of May at **2,474** up by **15.39%** or **330** points higher from **2,144** which was last Friday's 8th of May closing.



Coal remains the major "catalyst" for the tight development in Panamax rates of this past week. Of course China drives the demand in this commodity. The boom in imports seen in March and April has not stopped in May and it is expected that the stock piles will continue to be build further supported from the relatively low level of import prices and China's infrastructure spending.

For this running month the Cotzias calculated Panamax T/C average rate went up by **7.65%** this week to **$16,093** from **$14,949** which was last week's Panamax average. The daily rates as seen in our separate fixtures report for Panamaxes this week, ranged from $7,250 (M/V "Full Strong" 70k/94blt/D' Amico) up to $40,000 (M/V "Hui Ping" 69.5/94blt/Transgrain).

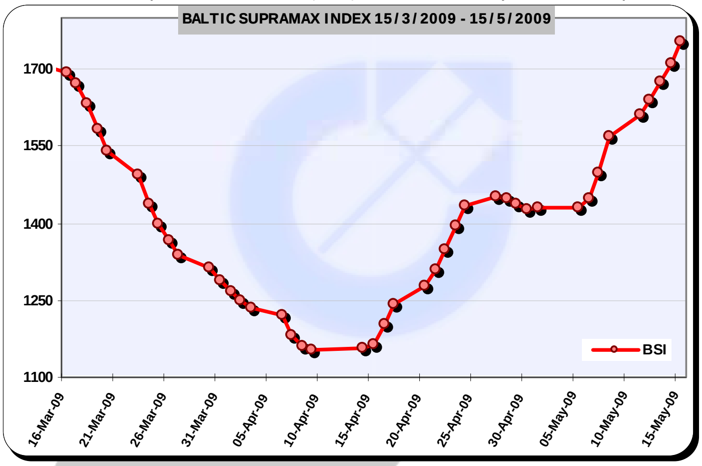


It is worth noting, that the M/V “AnHo” 77.8k/04blt which had been chartered for $20,250per/day by Deiulemar for a 5-7 month period, was next day sub-let for a T/C trip via black sea to charterers Bao Steel for $40,000.

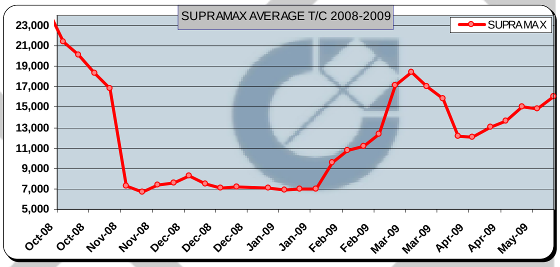
Regarding the Panamax sales activity of the past week we had the sales of the M/V “***Basic Spirit***” 73.6k/97blt – Sumitomo built sold for $22.5mil to Chinese Buyers, the M/V “***Halo Olympus***” 72k/97blt – Hitachi Zosen built sold for $21mil to Chinese Buyers and the M/V “***Torm Marta***” 69.6k/97blt & the M/V “***Torm Baltic***” 69.6k/97blt – Hitachii built which sold enbloc for $42.5mil to both units to undisclosed buyers.

SUPRAMAX & HANDYMAX MARKET

The Baltic Supramax Index (BSI) closed finally at **1,754** points on Friday the 15th of May 2009. This represents an increase of **11.79%** or **185** points from the closing of **1,569 points** we had last Friday the 8th of May 09. The closing levels of Friday 15th May 2009, is just by a fraction the highest point post Oct 2008 levels. Previous highest point was 1735 on 11 March 2009.

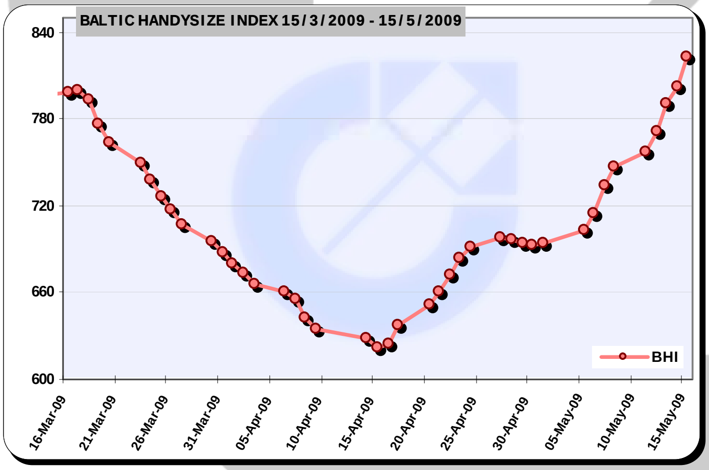


This Month’s Supramax Time Charter Cotzias rate average is calculated to be at **$16,047,** a solid **8.03%** up from $14,853 which was last week’s Supramax average.

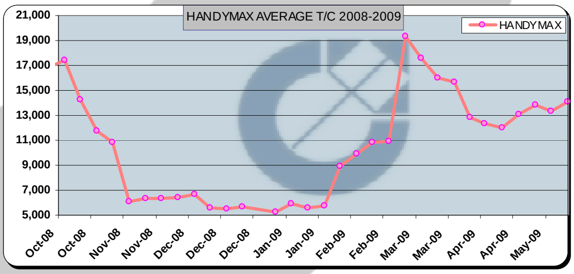


The daily rates in the fixtures reported this week, for Supramaxes ranged from $12,750 (for the M/V ***“Oktem Aksoy”*** 52.4k/03 blt/ Eitzen) up to $32,000 (for the M/V “***Pretty Lady”*** 50k/01blt/UST).

Gains also for the Baltic Handysize index (BHI) which closed on Friday the 15th of May 2009 at 823 points increased in total by **10.17 %** or **76** points up from 747 which was last week’s closing figure. Again the closing levels of Friday 15th May 2009, is just by a fraction the highest point post Oct 2008 levels. Previous highest point was 800 points on 17 March 2009.



This Month’s Handysize Time Charter went up by **5.51%** to **$14,098** from $13,361 which was last week’s average. This week’s T/C daily rates fixtures for Handy sized vessels ranged from $5,000 (for the M/V ***“Aolucky”*** 47.3k/98 blt / Charterer Not Reported) up to $30,000 (for the M/V ***“Expander”*** 46.6k/00 blt / Charterer Not Reported).



Regarding the Handies and Supra’s Sales activity of the past week we can report the sale of the following vessels: the M/V “***Victoria II***” 55.3k/09blt (Tanto Intim Line / Indonesia) – Taizhou Jiantiao built was reported sold on subjects for $26mil to Top Tankers/Greece, the M/V “***Koriana***” 52.2k/01blt – KRS built sold for $20.4mil to Greek Buyers, the M/V “***Darya Rani*** ” 45.6/96blt - Tsuneishi built sold for $15.50m to undisclosed buyers. The icing on the cake for this week, was the sale of the sister vessels’ M/V ***“Topaz”*** 46.8/85blt and M/V ***“Emerald”*** 46.8/86blt (Nereus Shipping / Greece) - Kawasaki Heavy Industry / Japan built which attained very lucrative price and were sold in an enbloc deal for $15.80m ($8.4m for “Emerald” & $7.4m for “Topaz”) to Atro Shipping Ltd / Singapore.

DEMOLITION MARKET

The supply for tonnage for scrap increased this past week. The total tonnage of the demolition of all ships that have gone for breaking this month is 37 units, and the Bulkers dwt scrapped only for this week was about 316,591 dwt (6 units), with the monthly bulker’s demolition average offering price to marginally improved this week, at $228.73/ldt compared to $227.88/ldt which was the previous week.

The best price offered this week was for the M/V ***"Duban Star III"*** at $251/ldt in the Pakistan Demo Market (Price however includes 500Tns of Bunkers R.O.B.).

For "week 20", we have a very good and substantial number of demolition sales/deals:

NAME	TYPE	YEAR	BUILT	DWT	LDT	PRICE	BREAKER	NOTES
EDWARD N	OBO	1979	YUGOSLAVIA	225,162	35,443	$240.00	BANGLADESH /PAKISTAN	SOLD BASIS DELIVERY BANGLADESH/PAKISTAN RANGE IN BUYERS OPTION
ANGELIC PROTECTOR	BC	1977	JAPAN	77,961	14,812	$227.00	CHINA	
YI HENG	BC	1976	MITSUI CHIBA ICHIHARA	77,827	14,884	$230.00	CHINA	
STAR HUANGPU	BC	1985	SPAIN	76,290	16,684	$230.00	CHINA	
MOL INITIATIVE	CONT	1988	JAPAN	59,516	18,957	$235.00	INDIA	
MOL INGENUITY	CONT	1992	JAPAN	58,986	19,365	$235.00	INDIA	
FOUR ETOILES	OBO	1984	SWEDEN	52,950	12,336	$230.00	CHINA	
EVER GOLDEN	CONT	1985	TAIWAN	43,401	14,114	$230.00	CHINA	
TIANJIN	TWEEN	1979	JAPAN	31,507	11,540	$235.00	INDIA	
SUNVAZS	BC	1977	JAPAN	23,215	4,679	$223.00	INDIA	
DURBAN STAR III	MPP	1982	JAPAN	22,918	8,000	$251.00	PAKISTAN	SOLD BASIS DELIVERY PAKISTAN WITH PRE-BUDGET DELIVERY AND PRICE INCLUDING 500 TNS BUNKERS ROB
CAPETAN HARIS	BC	1977	JAPAN	18,216	5,475	$225.00	INDIA	
DIAMOND RAY	RORO	1979	HITACHI MUKAISHIMA	17,714	12,104	$220.00	CHINA	
LANGFORD	TWEEN	1978	GERMANY	16,270	4,822	$235.00	INDIA	
SEGOVIA CARRIER	REEFER	1980	SWEDEN	15,200	10,206	$226.00	INDIA	
MALAGA CARRIER	REEFER	1979	SWEDEN	15,100	10,799	$226.00	INDIA	
DIAMOND RAY	TWEEN	1974	VIANA DO CASTELO	12,120	5,299	$220.00	CHINA	
CERVANTES	RORO	1984	SPAIN	6,017	6,563	$150.00	AS IS	SOLD BASIS AS IS CANARY ISLES
PANCON EXPRESS	CONT		JAPAN		3,976	$220.00	CHINA	

STATISTICS	BULKERS / SD	TANK/ OBO/GAS	CONT/ TWEEN/MPP	REEFER	RORO PAX CRUISE, OTHER	TOTAL
UNITS	164	43	133	7	41	388 SHIPS
%	42.3%	11.1%	34.3%	1.8%	10.6%	100.0%
LDT	1,507,678	517,104	1,098,021	58,162	357,857	3,538,822 LDT
DWT	7,148,258	2,350,454	2,864,418	90,523	454,916	12,908,569 DWT
USD	$303,451,253	$124,733,548	$223,612,240	$4,472,850	$51,085,971	$707,355,862
AVERAGE AGE	30.9 Years	27.8 Years	45.0 Years	27.7 Years	29.9 Years	32.3 Years

<u>**388 Ships have been scrapped in total for 2009, and until 15 May 2009. 243 Dry Cargo (Bulkers) have been reduced from the World Fleet.**</u>

Dry Cargo units	Units	DWT Scrapped
BC/SD	**164**	7,140,999
MPP/TWEEN	**79**	1,416,392
TOTAL DRY 2009	**243**	8,557,391