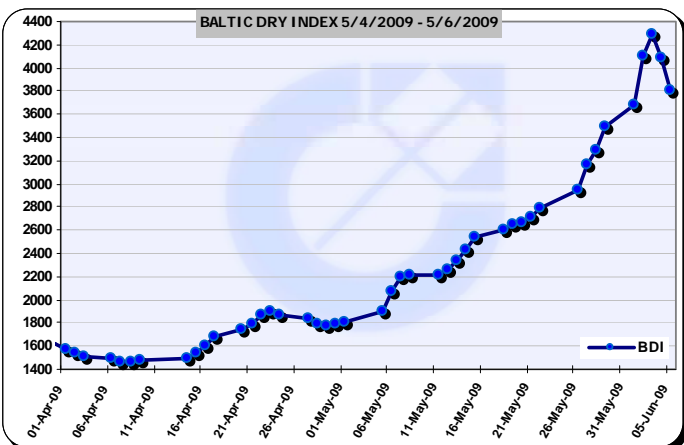


## 23<sup>rd</sup> Week - Dry Cargo Market “Highlights”

A definite “contrast of sentiments” characterized the past week. Despite the strong exaggerated correction in the second half of the week, that lost almost 50% of its weekly gains, the Baltic dry index (BDI) reached a **new 8 months high**, its highest level of 2009, closing finally at **3,809** points on Friday the 5<sup>th</sup> of June 2009.



The Baltic Exchange Dry Index (BDI) rose about **9.02%** or **315** points this week, up from 3,494 which was the previous closing on Friday 29<sup>th</sup> of May. The peak point of 2009 was on Wednesday 3<sup>rd</sup> June 2009, when BDI was the star for a day at 4291 points. The overall euphoria sentiment that was supported by 24 days of consecutive daily rises, was somewhat abruptly stopped with two days of big losses, Wed-Thu **-4.8%** (-298 points) Thu-Fri **-7.5%** (-284 points) which have to be evaluated closely as they could initiate a medium term period of downfall that could be further hurt by the possible Summer slump/slowdown, and also on how quickly the China port Congestion will be “decongested”.

Mixed signs at the closing of Wall Street Indexes on Friday the 5<sup>th</sup> of June 2009, as the macroeconomic data that were announced regarding of labour market in US puzzled and concerned both the analysts and the investors. Initially the investors received positively the smaller expected reduction of places of work in May. Unemployment signs are not good, concretely, 345.000 work places were lost the previous month against 504.000 places in April.

However the enthusiasm and the purchasing interest of investors dropped in the middle of the meeting when it began to be realised that henceforth the unemployment in America touches upon historical high 26 years in the 9.4% against 8.9% in April. It is worth to mention that the analysts did not expect the unemployment exceeds the 9.2%. Moreover the economists are puzzled if the worst for the job market in the USA passed as it is expected to see more layoffs of personnel from Chrysler and General Motors after the arrangement of bankruptcy by the government. In addition the decision of Rio Tinto of withdrawing from the merging agreement of 19.5 billion dollars with the Chinese “Aluminium Corporation of China” putted the mining shares in the epicentre of interest.

INDEX	LAST WEEK	THIS WEEK	% CHANGE	POINT DIFF	TREND
S&P500	919,14	940,09	2,28%	20,95	↑
DOW-Ind	8500,33	8763,13	3,09%	262,8	↑
NASDAQ	1774,33	1849,42	4,23%	75,09	↑
FTSE 100	4417,94	4438,56	0,47%	20,62	↑

Looking at the economic/financial indicators, we record weekly earnings of **3.1%** for Dow Jones, **4.2%** for NASDAQ and **2.3 %** for S&P 500. The largest European stock markets were strengthened further after the announcement of Rio Tinto that goes into a capital increase of about 12.5 billion U.S. dollars and the U.S. in May, lost fewer jobs than expected by analysts. While in London FTSE 100 increased daily by **1.18%** to 4,438.56 points, in Frankfurt DAX 30 gained **0.24%** closing at 5,077.03 points and in Paris CAC 40 went higher by **0.82%** to close at 3,399.05 points. The yield on ten-year bonds increased further on Friday the 5<sup>th</sup> of June 2009 to 3.83% and the yield on bonds 2 years moved higher to 1.29%.

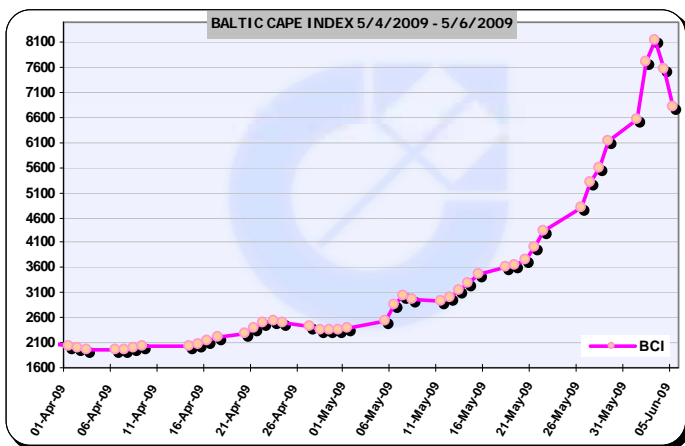
The dollar is recovering against the euro, making the biggest rise since April, after the announcement that the U.S. lost fewer jobs in May than those expected by analysts. The dollar strengthened 1.5% against the euro at the rate be adjusted to \$ 1.3968 per euro at Friday’s closing from 1.4183 the previous day and in relation to the yen, the dollar moved higher 1.6% at 98.14 yen. The strengthening of the dollar after the communication of data on the labor market in the U.S. has created pressure on the international commodity markets. Light Crude Oil, continued to gain ground this week and closed at \$68.44 a barrel on, with a daily high of \$70.32 (delivery July), while the Brent Crude Oil closed at \$68.34 a barrel on Friday the 5<sup>th</sup> of June 2009. Predictions say that Barrel price should/would reach \$90-\$100/barrel by early 2010, and that forecast could justify the previous month’s stocking up of crude in Storage Vessels.

A low volume of business characterized the Dry Bulk sale and purchase market activity this week. A few numbers of deals have been reportedly concluded this week while market prices continue improving in the second-hand Market following the recent “trend” in freight levels. Mostly modern Panamax and Supramax once more drove the demand in the Market for the past week.

It is important to mention that China, according to this week’s China Association of Shipbuilding Industry(CASI) announcement, is going to support plans by qualified ship builders to list their shares and/or issue corporate bonds, as part of the aid plan for its shipbuilding industry. As already mentioned this week by N. Cotzias Shipping Consultants in Tradewinds, It is rumored that the Chinese government is encouraging domestic shippers to purchase the vessels ordered by overseas buyers who cancelled their orders and local banks to step up trade finance for the exports of ships. As a result China is expected to expand its share in global shipping market to unforeseen levels, and this links nicely with our Statistical figures of Chinese buyers grabbing the “Lion’s Share” of 2009 S/H sales.

## CAPESIZE MARKET

In the same trend with the BDI but with more extreme percentage rises, the Baltic Cape Index (BCI) increased about **11.22%** or **687** points this week. The BCI closed at **6,812** on Friday 5<sup>th</sup> June 2009, up from 6,125, which was last Friday's the 29<sup>th</sup>



of May 09 closing figure. It seems that a crash in Shipping Derivatives in the Capesize segment, supported further the downturn trend of the last two days of the past week. Nevertheless the "thirst" of China that continued to ship records levels of cheaper imported iron ore from Australia & Brazil mines, creating massive congestion at its ports, kept the Cape rates in very respectable levels... (someone would really think looking at a sample of present T/C trip rates that these could well be dated somewhere in 2008, before October's crash date!)

The key point in Cape rates development is the "efficient" lower cost of CIF transportation of Iron Ore and it is estimated that imports will continue to price China's domestic Iron Ore out of the market if this cost remained at \$60-\$70/tonne. This

parameter of cost clearly shows the crucial need of "synergies" between Major Iron Ore producers. According to Rio Tinto and BHP Billiton common announcement, the two giant iron ore producers signed a non-binding agreement to establish a production joint venture, covering the entirety of both companies' Western Australian iron ore assets. This joint venture will encompass all current and future Western Australian iron ore assets and liabilities and will be owned in equal shares by BHP Billiton and Rio Tinto. The joint venture is expected to unlock significant value from the two companies' overlapping, world-class resources. Both companies believe the net present value of these unique production and development synergies will be in excess of US\$10 billion.

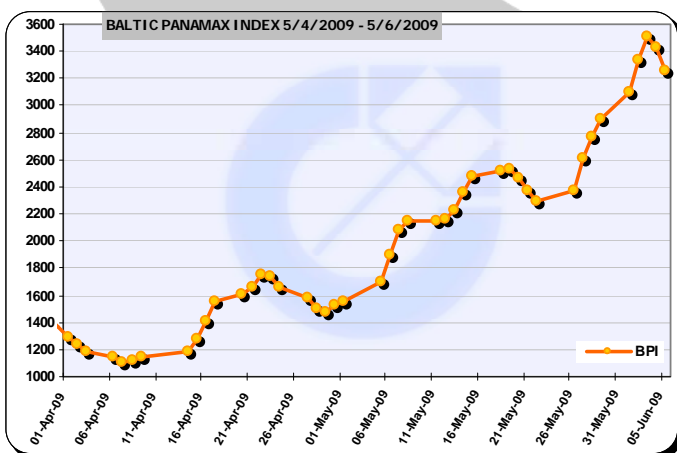
We can state that China is hoarding commodities as part of its attempt to diversify its trade surplus away from dollars. China won't stop buying American debt, of course, that would destroy its largest customer. But stocking up on raw materials is a great hedge against the feared Obama inflation to come.

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 **72.71%**, to **\$67,472** during this week, much improved from \$39,066 which was last week's average. The daily rates, as seen in our separate fixtures report for Capesizes this week, ranged strongly from \$31,000 p/d (M/V "Anangel Odyssey" 171.6K/06blt / Louis Dreyfus) up to \$105,000 p/d (M/V "China Steel Responsibility" 175.7k/03blt / CTC ).

Regarding the Sales activity in Capesize segment of the past week we had only the sale of the M/V "Zetland" 145.9k / 85blt - Hundai built which was sold for \$12.85m to... hmmm... take a guess....for a minute... yet another Chinese Undisclosed Buyer...!!!!

## PANAMAX MARKET

The Baltic Panamax Index (BPI) as it's siblings the BDI and BCI, increased until mid this week and closed on Friday 5<sup>th</sup> June at **3,252** up by **12.14%** or **352** points higher from 2,900 which was last Friday's 29<sup>th</sup> May closing.



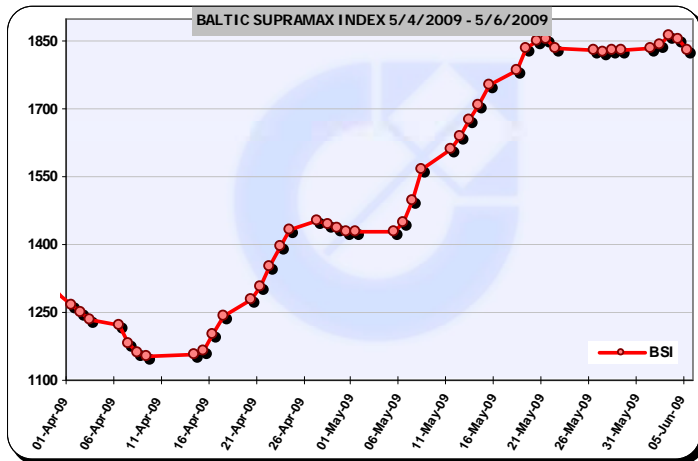
For this running month the Cotzias calculated Panamax T/C average rate, as expected, went up by **46.42%** this week to **\$25,285** from \$17,270 which was last week's Panamax average. The daily rates as seen in our separate fixtures report for Panamaxes this week, ranged from \$13,000 (M/V "Pioneer Sky" 81.5k/83blt/Richstone) up to \$43,750 (M/V "Monte Pelmo" 72.8/00blt/ Transgrain).

Regarding the Panamax sales activity of the past week we had the following interesting resales: M/V "Sea Breeze" 91.8k/

2009blt – sold for \$41mil to Undisclosed Buyers. We also had the secondhand sales of the M/V "Jin He" 77.3k/06blt - Oshima built sold for \$39mil to Five Stars (of India), the M/V "Lansing" 73k/96blt (Cardiff Marine/Greece) – Samsung built sold for \$21mil to Undisclosed Buyers the M/V "Far Eastern Express" 69.3k/82blt – Imabari built sold for \$14.85mil to Undisclosed Chinese Buyers and the M/V "Giannis D" 69.1k/98blt (Goldenport (Dragnis)/Greece)–Okean built sold for \$20mil to Intrigue Shipping Inc.

## SUPRAMAX & HANDYMAX MARKET

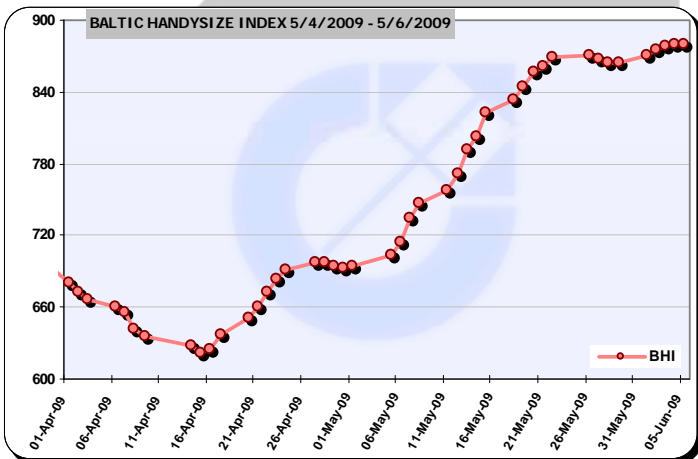
The Baltic Supramax Index (BSI) closed finally at **1,832** points on Friday 5<sup>th</sup> June 2009. This represents a decrease of **0.05%** or **1** points from the closing of 1,831 points we had last Friday, 29<sup>th</sup> May 09. Looking at the chart from 19/5/2009 we can say the BSI is a "Flatliner" ...!!!! It seems to have averaged out at 1800 points.



This Month's Supramax Time Charter Cotzias rate average is calculated at **\$19,322**, a mere **14.69%** up from \$16,847 which was last week's Supramax average.

The daily rates in the fixtures reported this week, for Supramaxes ranged from \$14,000 (for the M/V "Aston Trader 2" 55k/05 blt/ WBC) up to \$31,500 (for the M/V "Nord Leader" 55.8k/07 blt/Oldendorff).

Gains also for the Baltic Handysize index (BHI) which closed on Friday 5<sup>th</sup> June 2009 at **880** points increased in total by **1.85%** or **16** points up from 869 which was last week's closing figure. The BHI made marginal gains everyday of the past week but its trend seems to resist to make a move past 900 points.



This Month's Handysize Time Charter went up by **9.78%** to **\$16,214** from \$14,770 which was last week's average. This week's T/C daily rates fixtures for Handy sized vessels ranged from \$11,000 (for the M/V "Alpena" 47k/98 blt / Shadab) up to \$14,250 (for the M/V "C.S.Fortune" 47.3k/02 blt / C.N.R.).

52.5k/03blt – Thuneishi built sold for \$26.8mil to Undisclosed Buyers, the M/V "Jag Rani" 41.5k/84blt ( Five Star Shipping / India) – Mitsui Tamano built sold for \$4.10mil to Taiwanese Buyers, the M/V "Omer Kaptanoglu" 34.6k/84blt - Mitsubishi built sold for \$5.5m to Greek Buyers, the M/V "IVS Kenso" 32.6k/05blt – Canda built, sold for \$22.2mil to Interglobal Marine / Greece and the M/V "Sanko Eagle" 27.8k/97blt ( Sanko Steamship / Japan) – Naikai Setoda built, sold for \$14.5mil to Greek Buyers.

Regarding the Handies' and Supras' Sales activity of the past week we can report a "quick pick of the week" on the sale of the following vessels: the sales of the M/V "Jin Kang"

## DEMOLITION MARKET

The supply of tonnage for scrap decreased this past week. The best prices offered this week was for the M/V "Augusta" sold for \$262/ldt to be broken in the Indian Market.

For week 22 we have a very few reported demolition sales/deals:

<b>AUGUSTA</b>	BC	1981	JAPAN	<b>70,637</b>	<b>13,167</b>	<b>\$262</b>	INDIA
<b>BOW WEST</b>	BC	1982	SPAIN	<b>34,681</b>	<b>7,995</b>	<b>\$242</b>	BANGLADESH
<b>LORETTA D</b>	MPP	1979	GDR	<b>12,685</b>	<b>6,053</b>	<b>\$248</b>	INDIA
<b>IKAL</b>	MPP	1982	KOREA	<b>12,633</b>	<b>12,705</b>	-	INDIA

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