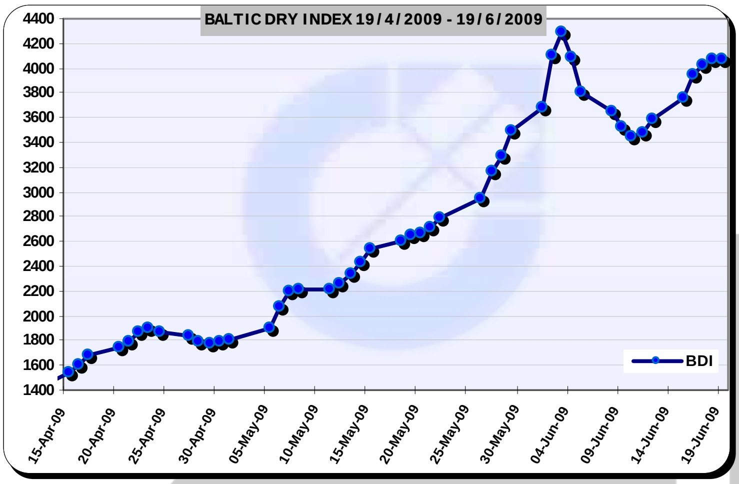
25th Week - Dry Cargo Market "Highlights"

The Baltic dry index (BDI) closed on Friday the 19h of June 2009, continuing its positive trend earning **13.68%** or **490** points during this week, at **4,070** points. The BDI was up from 3,583 which was the previous closing of Friday 12th of June.



The BDI increase was caused mainly because of the continuing increased Chinese demand for Iron Ore imports. The congestion at Chinese discharge ports is also to "blame" as that has hit a new high, with 87 capesize bulk carriers at anchor waiting to discharge cargoes. The recent surge in Capesize rates has slowly moved to the segment of Panamax vessels too.

This substantial share of the capesize fleet tied up in the Pacific creates a shortage of tonnage supply in the Atlantic. Several charterers are splitting capesize cargoes headed for China onto Panamax bulk carriers to save cash and avoid congestion by going into separate terminals or berths. Just by looking at the daily averages we see that it pays off as economically cheaper to charter 2 panamaxes (+25k/day) instead of one cape vessel (+$70k/day).

According to the World Steel Association, world crude steel production for the 66 countries was 95.6 million metric tons in May 2009. This is 21% lower than the same statistical figures of May 2008. China's crude steel production for May 2009 was 46.5 mmt, 0.6% higher than that of May 2008. Japan produced 6.5 mmt of crude steel in May 2009, down by -38.5% compared to the same period of last year. South Korea showed a decrease of -11.8% from May 2008, producing 4.2 mmt of crude steel in May 2009.

There are two weeks left for the expiration of last year's iron ore supply contract of the China Iron and Steel Association (CISA), leader in the iron ore talks. CISA still insists on fixing with over a 45% price cut from the Australian miners. The major reason that China's steel makers have already rejected the 33% price cut was mainly because it was still to say the least $5 U.S.Dollars higher than the current spot market price, according to CISA. In addition, Chinese steel plants will still suffer huge losses if they are determined to agree at this level.

Many analysts believe that there is a strong possibility if the price negotiations fail that the Chinese steel makers will turn to contracts from the spot market. Such a development will reconstruct the Chinese Iron Ore Imports Demand. In addition a further surge in freight rates will emerge the Chinese substitution of the imported iron ore by its own "cheaper" even though they may be of lower quality product.

We noted the decline of the dollar against other currencies, as the markets became mildly optimistic with the fact that the global recession could be near an "end", forcing investors to shift to higher investment risk and thus obtain higher returns.

Light Crude Oil (Jun 09), continued to lose ground this week and closed at $69.50 a barrel on, with a daily high at $72.30, while the Brent Crude Oil (Jul 09), closed at $69.30 a barrel on Friday the 19th of June 2009.

In their monthly reports last week, the IEA, EIA and OPEC finally stopped their aggressive downward revisions to estimates for global oil demand in 2009. From an average of 83.7mn b/d, this was revised to 83.6mn b/d. Due to varying estimates for non-OPEC output, important differences remain in the estimates for the output required from OPEC to balance the market.

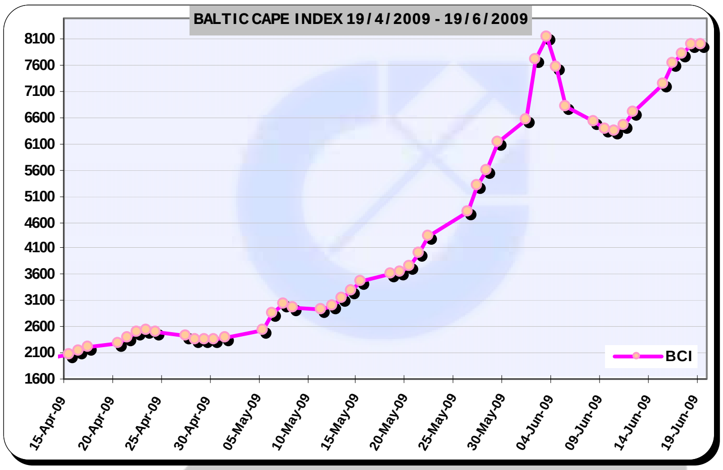
While OPEC see this at 28.7mn b/d, 0.4mn b/d higher than their combined output in May, the IEA consider that only 27.8mn b/d are required to balance the market this year, 0.5mn b/d less than OPEC are currently supplying. IEA also consider that the current levels of supply from OPEC will result in further increases in global oil stockpiles for much of the remainder of the year.

In the Dry Bulk sale and purchase market we had a relatively low activity this week. Few deals have been reportedly concluded this week while vessel prices remained at the established increased levels of the 2-3 previous weeks.

We have identified mostly modern Supramax and Handies ships that still drove the demand in the Market for the past week. It is important to mention that we had a few number of Supramax resale deals that were also concluded this week at notable firm prices.

CAPESIZE MARKET

The Baltic Cape Index (BCI) in total increased about **18.84%** or **1265** points this week. The BCI rose all this week and closed at **7,996** on Friday 19th June 2009, up from 6,715, which was last Friday's the 12th of June 09 closing figure.

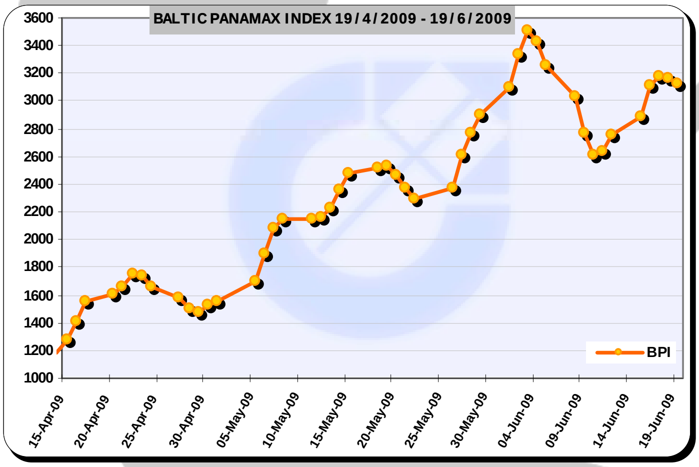


This Month's Capesize T/C average rate which is calculated by N. Cotzias Shipping Consultants from all T/C fixture data that are reported during the current running month increased by **9.89%**, to **$71,140** during this week, from $64,739 which was last week's average. This average is considered a very good daily figure possibly enough to support a good and smooth running for the Capes. At these $70k+ daily price levels owners of Loan-full capes that were acquired even at sky high price levels of last year, can still substantiate and leave them with a mere profit. A Cape acquired for $120mil with an $80mil loan for say 5 years duration of loan has approximately daily financial costs of $55,000/day. Add to that $15,000 per day for OPEX, we see that we need a daily price level of $70,000 per day just to keep them at breakeven levels!

The daily rates, as seen in our separate fixtures report for Capesizes this week, ranged strongly from $26,000 p/d (M/V ***"Ocean Energy"*** 147.5K/90blt / Hong Xiang Shipping) up to $103,000 p/d (M/V ***"Maria A Angelicoussis"*** 169k/01blt / Bunge – Trip via Brazil – Swiss Marine Relet). Regarding the Sales activity in Capesize segment of the past week we had the following sales: the M/V "***Cotswold"*** 151k / 86blt - China built which was sold for $14.0m to Undisclosed Buyers and the M/V "***Mineral Libin"*** 175k / 06blt - SWS built which was sold for $53.0m to Undisclosed Buyers.

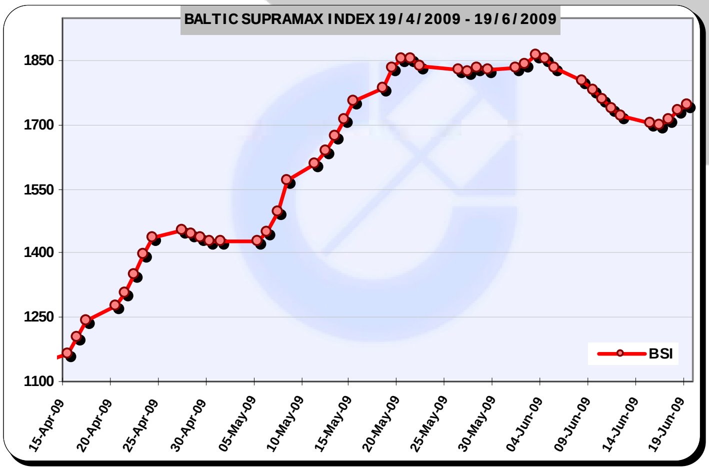
PANAMAX MARKET

The rally in capesize rates has also had a knock-on effect on the panamax rates and for this week the Baltic Panamax Index (BPI) ended its weekly on Friday 19th of June at **3,125** up by **13.47%** or **371** points higher from 2,754 which was last Friday's 12th of June closing.



For this running month the Cotzias calculated Panamax T/C average rate, as expected, went up by **2.52%** this week to **$24,256** from $23,659 which was last week's Panamax average. The daily rates as seen in our separate fixtures report for Panamaxes this week, ranged from $12,000 (M/V ***"Mara"*** 64.8k/89blt/ SST) up to $41,000 (M/V ***"Heng Shan Hai"*** 72.7/98blt/ Toepfer). Regarding the Panamax sales activity of the past week we had the following interesting resale: M/V "***C S Olive***" 82.6k/ 2010blt – Japan built sold for $37.0mil to Italian Buyers. This resale was followed by the sale of the M/V "***Efrossini*** " 75.6k/03blt – Tsuneishi built sold for $34.0mil to Korean Buyers and of the M/V "***Anassa***" 63.1k/83blt – Hitachi built sold for $6.95mil to Chinese buyers.

SUPRAMAX & HANDYMAX MARKET

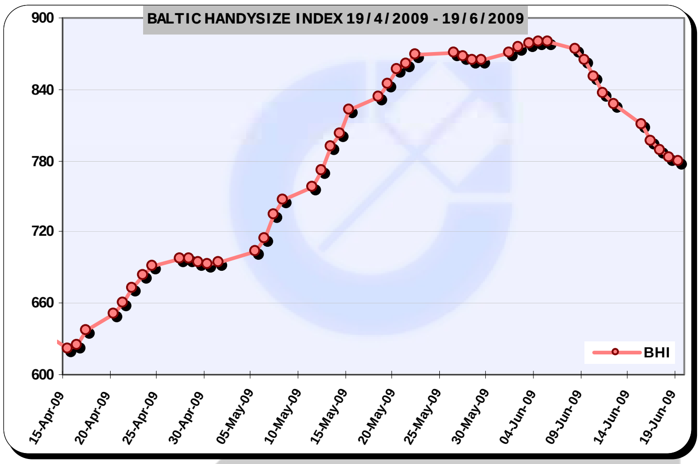


The Baltic Supramax Index (BSI) closed at **1,749** points on Friday 19th June 2009. This represents a increase of **1.57%** or **27** points from the closing of 1,722 points we had last Friday, 12th June 09. Spot rates for supramax and handymax vessels have been marginally weakly over the last week, as they remain in "neutral" effect from the volatile trends that has characterized the major Dry Bulk segments.

This Month's Supramax Time Charter Cotzias rate average is calculated at **$19,258** or **-1.56%** down from $19,562 which was last week's Supramax average.

The daily rates in the fixtures reported this week, for Supramaxes ranged from $6,750 (for the M/V ***"Jaeger"*** 52.4k/04 blt/ Undisclosed Charterer) up to $34,000 (for the M/V "***Tai Happiness"*** 52.6k/04 blt/Turkish Charterer).

In an opposite way from the BSI, the Baltic Handysize index (BHI) which closed on Friday 19th June 2009 at **780** points, had a week with daily losses. In total it lost during week 25 **-5.68%** or **-47** points down from 827 which was last week's closing figure.



This Month's Handysize Time Charter surprisingly and despite the Index dropping, went up by **2.84%** to **$16,244** from $15,795 which was last week's average. This week's T/C daily rates fixtures for Handy sized vessels ranged from $12,000 (for the M/V ***"Steel Might"*** 39.1k/85 blt / IVS) up to $25,000 (for the M/V ***"Syrena"*** 48.1k / 97 blt / Windrose).

Regarding the Handies' and Supras' Sales activity of the past week we can report the sale of the following vessels: the enbloc resale of the M/V "***Taizhou Kouan 102***" 57k/09blt & the M/V "***Taizhou Kouan 102***" 57k/10blt – Taizhou Kouan built sold for $28mil each to Wilmar / Singapore, the resale of the M/V "***Nacks Resale***" 55k/10blt – Nacks built sold for $33.5mil to Chinese Buyers and the sales of the M/V "***Ken Ocean***" 45.2k/94blt– Kanasashi built, sold for $15.5mil to Greek Buyers, of the M/V "***Orfeas***" 48.9k/83blt – Japan built sold for $6.45mil to Chinese Buyers, of the M/V "***Miranda Rose*** " 43.2k/84blt – Tsuneishi built sold for $5.0mil to Vietnamese Buyers and of the M/V "***Antikeri***" 28.7k/84blt – Naikai built sold for $5.3mil to Undisclosed Buyers.

DEMOLITION MARKET

The supply of tonnage for scrap strongly decreased very strongly this past week.

The best prices offered this week was for the Tween decker M/V ***"Sinai"*** which was sold for $261/ldt to be broken in the Indian Market.

For week 25 we have an only 2 reported Dry Bulk demolition sales/deals, all other reported and noted Tankers/Roro/Containers vessels scrapped this week, were omitted for the purpose of publication of this Dry Bulk weekly report:

SINAI	TWEEN	1977	**16,746**	**7,319**	**$261**	**INDIA**
NAYAB II	TWEEN	1981	**19,035**	**10,147**	**$250**	**PAKISTAN**