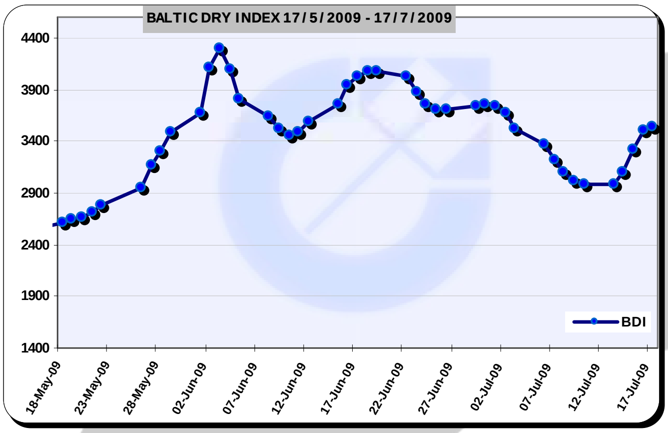
29th Week - Dry Cargo Market "Highlights"

We mentioned last week that: "*shipping investors are presently in a fog, waiting for something to either confirm their greatest hopes that the economic recovery is indeed unfolding, or their greatest fears that the improving markets and economic conditions of the past four months have been nothing but a mirage. Right now it appears that the hopes and fears are about equally balanced*". We would say that after this week investors must be definitely pushing their balance on the "hope-side", as nearly all relevant markets moved "into the green" during this week. There is not a single ticker that we monitor that didn't make a weekly gain, so week 29 can be considered a week of hope and joy…! But is it though? Or will it all be just short lived?



The Baltic dry index (BDI) closed on Friday the 17th of July 2009, having gained approximately **19%** adding **567** points during this current week. The Baltic Dry Index recovered nearly all the loss it suffered last week, and has closed at **3,542** points. The BDI was greatly improved from 2,975 which was the previous closing of Friday the 10th of July.

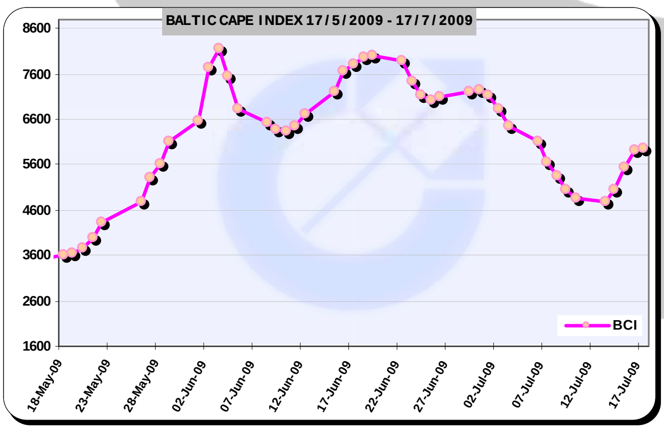
The Chinese economy is projected to grow by 7.5 percent and 8.5 percent in 2009 and 2010 respectively. Both figures are one percentage point higher than what was projected in April, according to data released by the International Monetary Fund this week. This is definitely some good news that must give a boost to our industry. In addition, according to figures announced by the statistics bureau in Beijing this week, China's gross domestic product grew 7.9 percent in the second quarter of 2009, as China became the first of the major economies to rebound from the global recession. China, the biggest contributor to global growth, overtook Japan as the world's second-largest stock market by value during this week, after a 4 trillion Yuan ($585 billion) stimulus package spurred record lending and boosted share prices. The first-half expansion laid the foundation for meeting the year's 8 percent growth target for creating jobs and maintaining social stability.

Some more optimism is there, as the demand from Chinese Steel Mills gave nearly a 25% boost in Capesize rates as the BCI picked up 1169 points during this week. Adding to this we also noted that the capesize-FFA rates for the third quarter lept from $43,000 to $59,000 during week 29, and from $36,000 to $50,000 for the fourth quarter.

Brent Crude Oil went up this week by $2 USD per barrel and was yesterday just below $63 dollars per barrel at $62.76. WTI stayed on the exact same levels as last week's trading figures @ just below $60 USD per barrel.

INDEX	THIS WEEK	LAST WEEK	% CHANGE	POINT DIFF	TREND
BDI	3542	2975	19.06%	567	▲
BCI	5957	4788	24.42%	1169	▲
BPI	3324	2955	12.49%	369	▲
BSI	2051	1834	11.83%	217	▲
BHI	843	800	5.38%	43	▲

CAPESIZE MARKET



The ***Baltic Cape Index (BCI)*** during week 29 increased in an equally dramatic percentage, by **24.4%** or up by **1169** points during this week, same as it had fallen during week 28. The BCI moved sharply uphill, and closed at **5,957** on Friday 17th July 2009, up from 4,788, which was last Friday's (10th of July) closing figure.

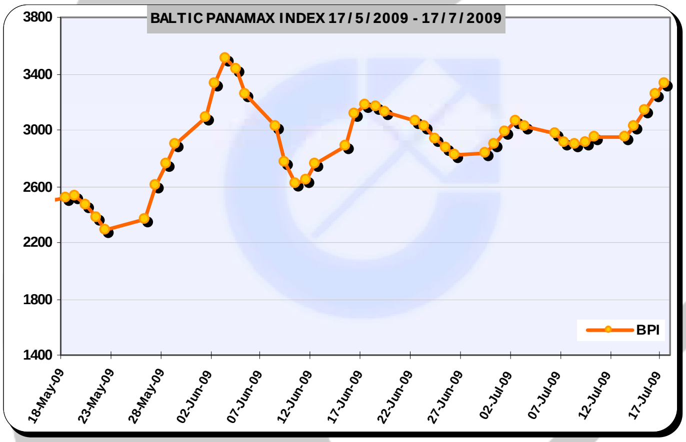
We read this week and can point out the denial of Mining giants Rio Tinto and BHP Billiton of a recent News report that said that iron ore shipments to China had been disrupted by the arrest of a Rio executive held on spy claims. The story that was in the Financial Times made some suggestions that the firms had suspended spot iron ore exports following the July 5 arrest of Australian Stern Hu and three Chinese colleagues in Shanghai. The alarming article said "almost nothing" was being shipped from Australia for the Chinese spot market in the wake of the arrests of the executives, who were involved in tough contract negotiations with Beijing. But as the week progressed, we saw that Rio Tinto denied the rumored article and stated that "we are proceeding as usual to all our markets", while BHP said operations were continuing normally "both to and within China".

China has not detailed the allegations against Hu but says it can prove he was involved in bribery during the iron ore talks, equating the offences with spying and stealing state secrets. Rio has expressed "surprise and concern" at the allegations and Hu's detention has sparked a diplomatic row between Australia and key trading partner China. Australian Prime Minister Kevin Rudd Wednesday warned Beijing it had economic interests at stake and the world would be closely watching the case, which analysts say has sent a shiver through the business community. And US Commerce Secretary Gary Locke said Wednesday he would raise the issue during an official visit to China this week. "This is of course a great concern with respect to US investors, multinational companies from around the world that have projects here, that are involved in energy," Locke told CNN. Hu was lead negotiator for Rio, the world's third-largest miner, in the talks with China to set iron ore prices for the coming year. The negotiations had become deadlocked on Beijing's demands for deeper cuts from last year's benchmark than the 33-44 percent negotiated with Japan and South Korea. China, the world's biggest consumer of iron, said this week that the negotiations were continuing despite Hu's arrest. Chinese state media allege Rio bribed executives from all 16 of China's major steel mills to obtain sensitive industry data.

This week’s Capesize T/C average rate calculated by N. Cotzias Shipping Consultants from all T/C fixture data that are reported during the current running month increased by **3.5%,** to **$56,774** during this week, from $54,850 which was last week’s average. The daily rates, as seen in our separate fixtures report for Capesizes this week, which had a good number of capes reported on Timecharter and their daily earnings ranged from $30,000 p/d (M/V ***“Successor”*** 174K/07blt / Undisclosed charterers for 35-37 months trading though!) up to $88,500 p/d (M/V ***“Sapienza”*** 177k/08blt / Noble for a trip via Brazil).

No Capes reported sold this week..!

PANAMAX MARKET



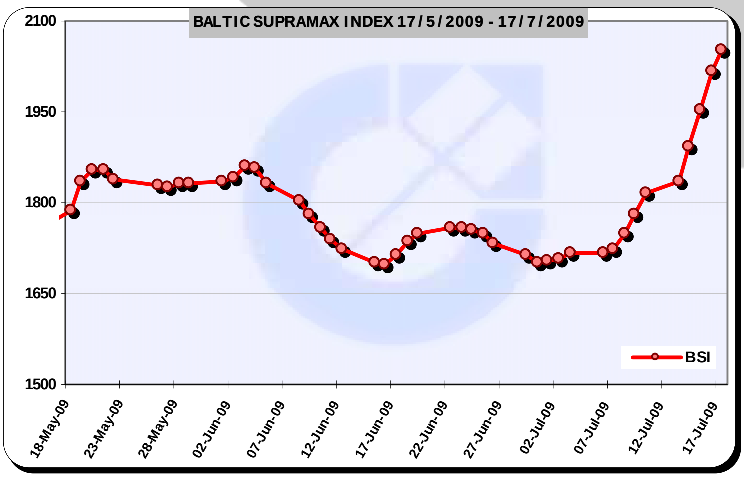
The BPI that seemed to have anchored around the 3k mark and this had lasted for more than 4 weeks! The Baltic Panamax Index (BPI) this week moved up on a constant uprise, and on Friday the 17th of July it closed at **3324** which is **up by 12.5%** or **369** points higher than 2955 points which was last Friday’s the 10th of July closing.

For this running week the Cotzias calculated Panamax T/C average rate, went down by a mere **-0.14%** this week to **$23,195** from $23,228 which was last week’s Panamax average and again we can clearly note that for five consecutive weeks the average rate for PMX vessels has stabilized around the 24k-23k mark. 56 Panamax vessels were chartered on Period and T/C’s this week, much lower number than 74 which were the number of PMX vessels chartered on period last week.

The daily rates as seen in our separate fixtures report for Panamaxes this week, ranged from $11,000 (M/V ***“Barito”*** 73k/96blt/ Noble for a trip via Richards Bay) up to $42,500 for the (M/V ***“Ocean Baron”*** 74k/02blt/ Hanjin for a trip via USEC).

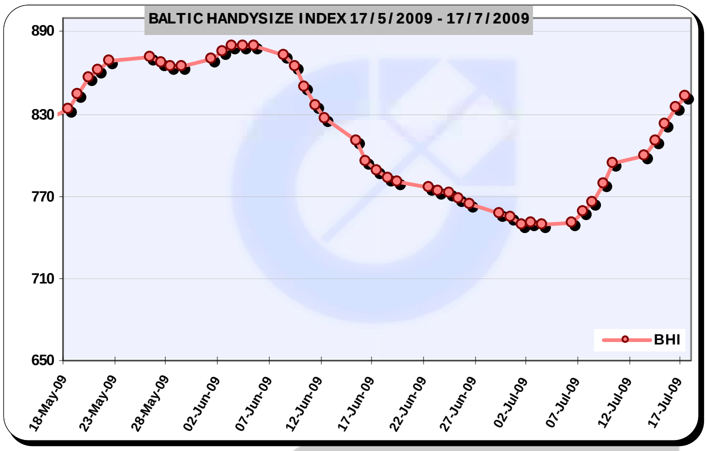
Regarding the Panamax sales activity of the past week we had a very low activity week, and can report only a few such vessels sold: the M/V “***Fortune Princess***” 76.6k/ 06blt – Sasebo HI Japan built, sold together with her sister the M/V “***Fortune Ocean***” 76.6k/ 06blt – Sasebo HI Japan built, to Undisclosed Buyers for $39.5mil each unit, the M/V “***Far Eastern Marina***” 73.6k/ 97blt – Jiangnan China built, sold for $21mil to Italian Buyers, the M/V “***Big Sky***” 69.2k/ 94blt – Imabari Zosen KK Japan built, sold for $19mil to Chinese Buyers.

SUPRAMAX & HANDYMAX MARKET



The Baltic Supramax Index (BSI) closed at **2051** points on Friday the 17th July 2009. This represents a serious increase of about **11.8%** or **217** points based on the previous closing of 1,834 points we had last Friday, 10th July 09.

This Month’s Supramax Time Charter Cotzias rate average is calculated at **$21,099** or **1.2%** up from $20,844 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 ***“Aifanourios”*** 50.2k/02 blt/ Undisclosed Charterer for trip via ECSA) up to $38,000 (for the M/V “***Katrine Star”*** 55.8k/05 blt / Norden for a TC trip and for the M/V “***Ken Sea”*** 53.4k/09 blt / Clipper for a TC trip via USAC).



The Baltic Handysize index (BHI) continued its rise of last week, and closed on Friday 17th July 2009 up at **843** points. During week 29 it gained in total **5.4%** or **43** points and was up from 800 which was last week's Friday 10th of July 2009 closing figure.

This Month's Handysize Time Charter went down up by **8.3%** this week to **$16,140** from $14,900 which was last week's average. This week's T/C daily rates fixtures much improved this month for Handy sized vessels, ranged from $13,750 (for the M/V ***"Emperor"*** 38.8k/86 blt / Nom UK Ltd for a trip) up to $25,000 (for the M/V ***"Grand View"*** 44k/94 blt / Norton for a trip via UK).

Regarding the Handies' and Supras' Sales activity of the past week we saw that the sale activity was marginally on the rise. We can report the sale of the following vessels: the Tsuneishi Zhoushan resale M/V "***Tsuneishi Zhoushan SS***" 58.5k/2010blt – Tsuneishi Zhoushan Japan built, sold for $34mil to Greek Buyers, the M/V "***Coal Express***" 49k/82blt – Kasado Japan built sold for $4.62mil to Chinese buyers, the M/V "***Dubai Freedom***" 45k/94blt – Tsuneishi Japan built sold for $15.74 mil to Undisclosed buyers, the M/V "***Thor Alliance***" 40k/84blt – Hitachi Japan built sold for $4.5mil to Chinese buyers, the M/V "***Bulk Crusader***" 38k/82blt – Ishikawajima HHI Japan built sold for a P&C price to Undisclosed buyers.

DRY BULK TIME CHARTER EARNING OUTLOOK					
VSL TYPE	THIS WEEK	LAST WEEK	% CHANGE	DIFF	TREND
CAPES	$56,774	$54,850	3.51%	$1,924	▲
PANAMAX	$23,195	$23,228	-0.14%	-$33	▼
SUPRAMAX	$21,099	$20,844	1.22%	$255	▲
HANDYMAX	$16,140	$14,900	8.32%	$1,240	▲

DEMOLITION MARKET

The demo market is undergoing some fundamental changes, the great availability of tonnage for scrap has opened the appetite of new scrap dealers who have emerged in the Indian, Bangladesh and even the more closed Chinese scrap market. These new entrants eager to obtain the business have pledged high offers in the market, and have seriously affected the price of many deals. This way many ship owners were tempted to either politely re-negotiate or simply "fail" their deal in order to get some more extra easy dollars for every ton they send for recycling. These high and sometimes unjustified prices offered by the new scrap players, off-course with all the risk that they may involve, make the ship scrap market seem very volatile and uncertain.

The slag observed in the local steel market in India and Bangladesh has lead to a small slowdown in the intake of the subcontinent scrap players. Adding to this the Indian fiscal budget that did not offer the expected stimulus package that the public anticipated, further softening the market. The inflow of vessels willing to be scrapped is still very strong, better than last week, and some better deals were concluded this week and these include:

SCRAP - BREAKERS AVERAGE PRICE STATS				
BREAKER	THIS MONTH	LAST MONTH	DIFF	TREND
CHINA	$242	$249	-$7	▼
INDIA	$254	$258	-$4	▼
BANGLADESH	$306	$296	$10	▲
PAKISTAN	$282	$282	$0	▼

Vessels sold for scrap during week 29 –of July 2009

DONGHAI	BC	1978	KANASASHI ZOSEN	33,663	8,021	$240	BANGLADESH	SELLERS ARE TIANJIN HEBEI SHIPPING CO LTD, CHINA - WAS REPORTED IN JUNE 2006 FOR DELY INDIAN BREAKERS, DEAL FAILED
MSC CLORINDA	CONT	1981	BRAZIL	30,714	15,325	$245	INDIA	SELLERS ARE MSC SWISS
MARSEILLE STAR	CONT	1981	HITACHI ZOSEN	28,615	13,041	-	BANGLADESH	BASIS DELY BANGLADESH - SELLERS ARE OFER BROTHER HOLDINGS ISRAEL
ROSSEL CURRENT	MPP	1981	ULJANIK BRODOGRADIL	24,491	11,021	$245	INDIA	SELLERS ARE BOGAZZI & FIGLI SPA ITALY
EL GRECO	SD	1979	DENMARK	23,720	6,989	$247	INDIA	SELLERS ARE BOGAZZI & FIGLI SPA ITALY
MSC SEOUL	MPP	1979	HYUNDAI HEAVY INDS	18,753	9,786	$260	CHINA	SELLERS ARE CHIOS MARITIME GREECE
XIANG QIAN	CONT	1983	JAPAN	12,066	4,465	$260	INDIA	SELLERS ARE CHINA SHIPPING GROUP, CHIAN. 656 TEU
LADY FATIMAH	MPP	1973	SCHICHAU-UNTER	8,985		$247	INDIA	SELLERS ARE PANSEAS CO LLC UAE