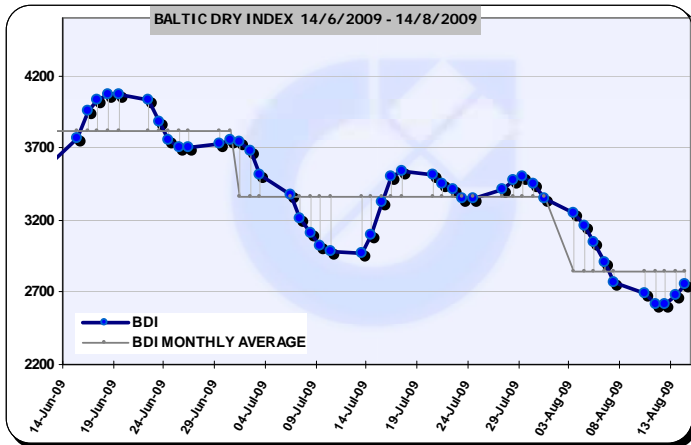


### 33<sup>rd</sup> Week - Dry Cargo Market “Highlights”

➤ **The Baltic dry index (BDI)** closed on Friday the 14<sup>th</sup> of August 2009, performing a mixed and indecisive directionless week. It nearly regained mid week the small loss it had encountered during the first two days of the running week. In total it lost **-0.72%** which is a **reduction** of a mere **-20** points during this current week. The Baltic Dry Index closed at **2,752** points (closing figure of Friday 7<sup>th</sup> August was 2772 points).



We have some very good signs from the US Economy. The financial Markets seem to have performed amazingly during this otherwise dull August of 2009. It looks like the U.S. economy is turning around. As we had mentioned in our last week's Dry cargo Market Highlight report, the World stock markets raced to new high marks for 2009 and the sharp downward fall in employment opportunities in the USA showed its smallest decline in a year last week. However the huge public deficit of the USA, is another serious issue that

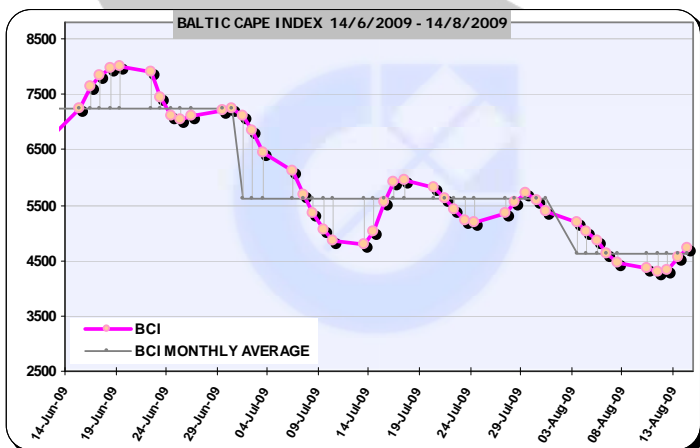
has to be addressed by President Barack Obama. And funding of this issue is the major problem. Will it be from Taxes, and if so will this involve new taxes? In dejavu terms during the first broken campaign promise of President Bush's whereas he had said there will be no new taxes and then two years later he surprise-surprise did what? Raised taxes!!! This case of letting down your public voters is definitely in the Agenda and deep in the mind of President Obama, and he has explicitly declared that there will be no new taxes... to fund the Public Deficit and support US Health Care... so the question still arises... “show me the money”!!!!

Continuing what we had stressed in our last week's report using a simple Level 42 song and stating clearly our concerns about transparency and accuracy of the Chinese published Statistical data, the Financial Times this week raised a valid question about China's accuracy of the Statistics provided to the general public by the Chinese Authorities: *“the latest set of first-half numbers provided by provincial-level authorities are far higher than the central government's national figure”*. GDP totaled Rmb15,376bn (\$2,251bn) in the first half, according to data released individually by China's 31 provinces and municipalities, 10 per cent higher than the official first-half GDP figure of Rmb13,986bn published by the National Bureau of Statistics. All but seven of the regions reported GDP growth rates above the bureau's first-half figure of 7.1 per cent. At the start of the year, Beijing set 8 per cent as China's growth target for the year.

So we raise again a serious issue and share our worries with Financial Times journalist Jamil Anderlini that says: *With the rest of the world looking to China as a beacon of expansion, the discrepancy is a reminder that statistics there are often unreliable and manipulated regularly by officials for personal and political purposes.*

#### CAPESIZE MARKET

➤ The **Baltic Cape Index (BCI)** during week 33 made a small rebound and increased to the contrary of all other indices. It increased by abt **5.94%** and went **up** by **264** points during this past week. The BCI decreased just like the BDI during the first two days of this current week and then Wednesday onwards made some significant gains and closed at **4,708** points on Friday 14<sup>th</sup> August 2009, up from 4,444 which was last Friday's (7<sup>th</sup> of August) closing figure.



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 seriously decreased by **-17.17%**, to **\$42,656** during this week, from \$51,500 which was last week's average. This drastic drop might seem odd if one looks at the BCI index that overall was up by 5% this week. However the low number of T/C fixtures due to decreased demand for Capes and the fact that the Chinese imports have seriously slowed down, are the major reasons for the sharp drop on daily T/C average. The daily rates as seen in our separate fixtures report for Cape this week, high/low margins ranged from \$34,750

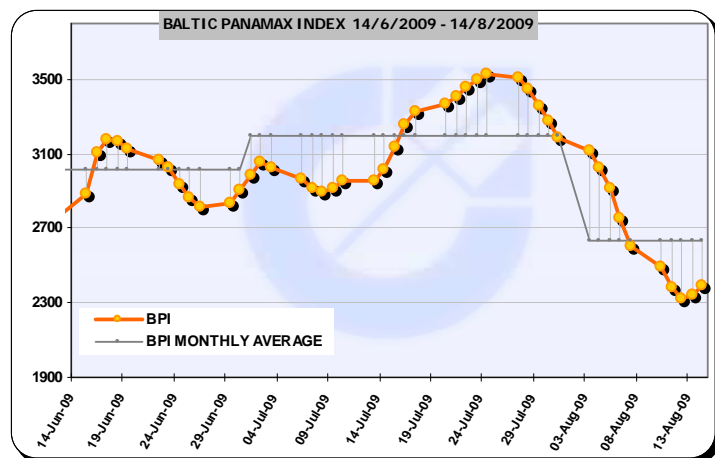
(M/V **“Hebei Forest”** 149k/89blt/ STX Pan Ocean for a trip via EC Australia) up to \$47,500 for the (M/V **“Kyla Fortune”** 170k/01blt/ Daiichi – CoscoHong Kong relet for a trip via West Australia).

Although we don't have any Capes to report this week we can comment on the sale of the **“Oriental Angel”**, 179,764 dwt to be completed in Nov/2009, at Sasebo Sasebo, that was initially the **“Sasebo 764”** Hull contracted in July 2007 By Cido Shipping HK Co Ltd with our estimated contract cost of around 79-83mil usd (don't have report of exact price but this is the range we have for that period). Comparison of similar cape resale's: 1) Chinese built **“Shanghai Jiangnan Changxing SB”** resale 177,000 dwt 2009

Nov dely, sold by Seacrest Shipping of Greece to Angelicoussis interests for \$65mil USD in June 2009. 2) Dalian Cape resale, 180,000 dwt sold in May 2009 to clients of Cosco for \$70mil. 3) SWS Cape Resale 177,000 dwt 1020 dely, acquired by Greeks for \$63mil in May 2009. 4) 4 Sungdong cape resale's that Navios acquired for \$81mil each with dely all 3 in 2010 and one in 2011. The Price of the Cido vessel is on the slight high side, comparing, but then again being part of a 3 vessel enbloc deal, might have other hidden values in it.

## PANAMAX MARKET

➤ The Baltic Panamax Index (BPI) continued the sharp decline that started in 24 July 2009, and turned around Thursday and



Friday of this week with a minor increase to close on Friday the 14<sup>th</sup> of August at **2,391** which is **down by -8.00%** or **-208** points less than 2599 points which was last Friday's the 7<sup>th</sup> of August closing.

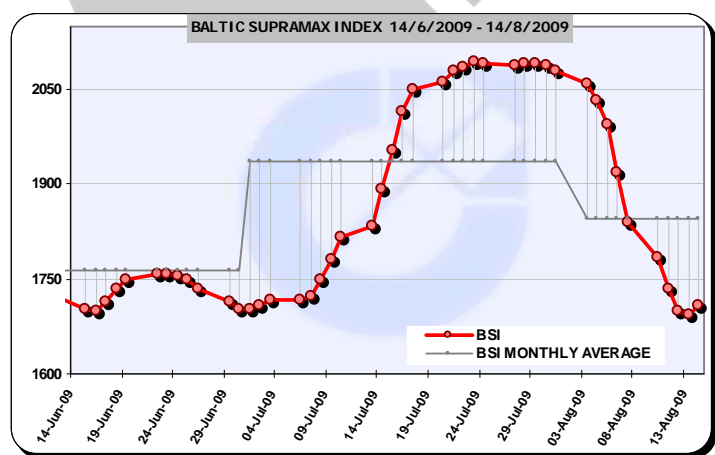
For this running week the Cotzias calculated Panamax T/C average rate, went down marginally by **-8.4%** this week to **\$21,654** from \$23,639 which was last week's Panamax average. We can note that after eight consecutive weeks that the average rate for PMX vessels had stabilized around the 24k-23k mark we see such a drop in daily earnings. Our this week's high/low range was on a somewhat worse level in terms of daily returns. Looking at units chartered on period this week we see an improved 55 Panamax vessels that were chartered on Period and T/C's.

The daily rates as seen in our separate fixtures report for Panamaxes this week, with reduced high/low margins and ranged from \$7,000 (M/V **"Genco Vigour"** 74k/99blt/ United for a trip via EC Australia) up to \$32,000 for the (M/V **"Thalassa"** 77k/03blt/ Oldendorff for a trip via Port Cartier).

In the Panamax sector we had 4 vessels sold this week: part of the 3 vessel deal of Cape Oriental Glory mentioned in the Cape section, were the **"Fortune Clover"**, 77430 dwt 2006 built Oshima, was sold to same Undisclosed Chinese Buyers for \$37.25mil, together with the **"Fortune Ocean"** 76801 dwt 2006 built Sasebo HI that went for \$37.25mil too. The Fortune Ocean has a very vast sales or rumored sales history: She was reported sold in July 2009 in a 2 vessel enbloc deal (Fortune Ocean+Fortune Princess) for \$79mil both units. She was also reported sold in June 2009 for \$38.8mil, and before that in Jan 2009 for \$34mil. She was Acquired by CIDO SHIPPING in MAY 2006 FOR \$40MIL. Other sales this week include the M/V **"Orange Tiger"**, 75,752 dwt 1998 built Sanoyas that went for \$27.25mil to Undisclosed Chinese Buyers, and the M/V **"Humber"**, 70,912 dwt 1982 built Hyundai that was sold for \$5.8mil to undisclosed Chinese Buyers too.

## SUPRAMAX & HANDYMAX MARKET

➤ The Baltic Supramax Index (BSI) closed seriously down at **1709** points on Friday the 14<sup>th</sup> of August 2009. We can say that it just continued its decline that was initiated in late July and it lost for this week **-7.12%** or **-131** points based on the previous closing of 1840 points we had last Friday the 7<sup>th</sup> of August 09.

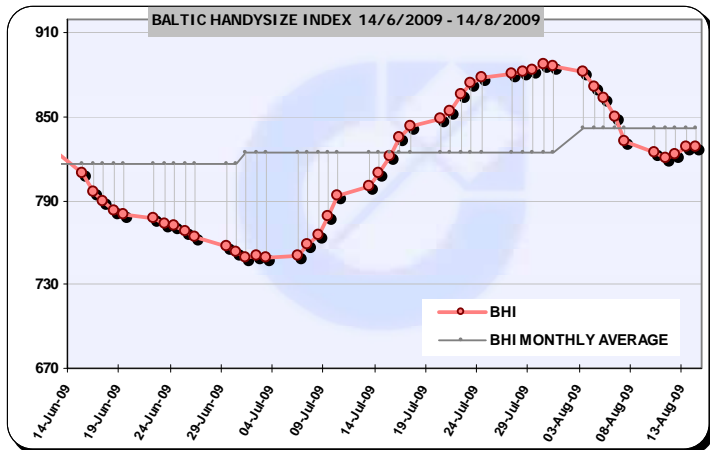


This Month's Supramax Time Charter Cotzias rate average is calculated at **\$22,586** or **+1.94%** up from \$22,156 which was last week's Supramax average. It is worth noting that just like April/May 2009 Supras are obtaining higher rates than Panamaxes.

18 Supramaxes were on T/C this week, which in terms of volume is a good number same as last week too.. The daily rates in the fixtures reported this week, for Supramaxes ranged from \$12,500 (for the M/V **"Sea Lantana"** 52k/04 blt/ Bulkhandling for a trip via Indonesia) up to \$32,000 (for the M/V **"Jin Li"** 51k/01 blt / Fayette for a T/C trip via Black Sea).

➤ The Baltic Handysize index (BHI) stabilized around the 825 margin and all this week floated around that line. It closed on Friday the 14<sup>th</sup> August 2009 marginally down at **829** points and this represents a mere loss of **-0.48%** or **-4** points.

This week's Handysize Time Charter went very sharply up by **14.69%** this week to **\$16,295** from \$14,208 which was last week's average. Handies are obtaining 2,000 per day more than last week but it is worth noting that they had peaked their average at end of July 2009 at 18,000 per day! This week's T/C daily rates fixtures has tumbled for Handy sized vessels and ranged from a



very low \$14,000 (for the M/V *“Progress 2”* 46.6k/95 blt / Undisclosed Charterer for a T/C trip via South East Asia) up to \$27,000 (for the M/V *“Jin Bi”* 48k/00 blt / Greig Star Shipping for T/C trip via US Gulf).

Regarding the Handies’ and Supras’ Sales activity of the past week we saw only 2 Kambara Kisen of Japan Tsuneishi Zhousan resale’s. The 58,752 dwt *“Tsuneishi Zhousan SS-050”* dely late 2009 and the *“Tsuneishi Zhousan SS-052”* with dely in 2010 were sold enbloc to J.J. Ugland of Norway for 31.5mil each unit. Comparable sale of last month was the Kambara Kisen resale of the *“Tsuneishi Zhousan SS-069”* with dely 2010 that was acquired by Greek buyers for \$33mil USD. In June 2009 we also had the resale’s of two Tazhou Kouan 57k Supras with dely 2009/2010 that were acquired by

Wilmar of Singapore for a low \$28mil each unit.

**DEMOLITION MARKET** - We saw a dramatic hotting up of the scrap market as more ships have left from the active market this week. We have updated our database with all pending, rumored and non validated scrap deals of 2009, and have come up with accurate scrap statistics. **687** Dry cargo units have been scrapped so far from 1.1.2009 until 14.8.2009. These dry cargo vessels scrapped are: **260** BC’s, **35** SD’s, **26** Tweens, **89** Mpp’s, **148** Containers, **21** Reefers, **100** Roro (mainly Car/Vehicle carriers) and **6** passenger vessels. Total DWT reduced from the active dry cargo fleet is **18.3**million DWT and the Scrap intake in terms of LDT is **5.85**million tonnes of marine steel.

Dry Cargo Ships reported sold for Scrap during week 33 of 2009.

<b>ORIENT FUZHOU</b>	BC	<b>1978</b>	HAKODATE HAKODATE	<b>28,873</b>	<b>6,349</b>	<b>\$253</b>	PAKISTAN
<b>J. B. FORD</b>	BC	<b>1904</b>	AMERICAN SHIP LORAI	<b>7,112</b>		-	AS IS
<b>SUN LUCKY</b>	BC	<b>1974</b>	SUMITOMO SB URAGA	<b>34,702</b>	<b>7,448</b>	<b>\$210</b>	CHINA
<b>HUA RUN</b>	BC	<b>1978</b>	GEORGI DIMITROV	<b>24,285</b>	<b>7,695</b>	<b>\$278</b>	CHINA
<b>MAFRA</b>	BC	<b>1972</b>	AESA SEVILLA	<b>14,036</b>	<b>4,052</b>	-	INDIA
<b>ACHILLEUS</b>	BC	<b>1974</b>	FUKUOKA SHIPBUILDING -	<b>6,508</b>	<b>2,455</b>	<b>\$188</b>	TURKEY
<b>HYUNDAI ADMIRAL</b>	CONT	<b>1992</b>	HYUNDAI HEAVY INDS - U	<b>61,152</b>	<b>22,000</b>	<b>\$314</b>	CHINA
<b>EVER GENERAL</b>	CONT	<b>1987</b>	ONOMICHI	<b>53,240</b>	<b>18,100</b>	-	CHINA
<b>EVER GIVEN</b>	CONT	<b>1986</b>	ONOMICHI	<b>53,239</b>	<b>18,102</b>	-	CHINA
<b>SEA-LAND MOTIVATOR</b>	CONT	<b>1984</b>	DAEWOO SHIPBUILDING	<b>47,171</b>	<b>16,553</b>	-	-
<b>OOCL FORTUNE</b>	CONT	<b>1987</b>	MITSUBISHI KOBE	<b>44,433</b>	<b>15,500</b>	-	CHINA
<b>APHRODITE I</b>	CONT	<b>1984</b>	ONOMICHI	<b>43,310</b>	<b>14,190</b>	<b>\$270</b>	CHINA
<b>GREET</b>	CONT	<b>1984</b>	ONOMICHI	<b>43,293</b>	<b>14,190</b>	-	CHINA
<b>ARAMIS</b>	CONT	<b>1984</b>	IHI-KURE	<b>43,198</b>	<b>14,342</b>	<b>\$270</b>	CHINA
<b>GEM</b>	CONT	<b>1983</b>	IHI-KURE	<b>43,198</b>	<b>14,342</b>	<b>\$270</b>	CHINA
<b>ATHOS I</b>	CONT	<b>1983</b>	IHI-KURE	<b>43,198</b>	<b>14,342</b>	<b>\$270</b>	CHINA
<b>PORTHOS</b>	CONT	<b>1984</b>	IHI-KURE	<b>43,198</b>	<b>14,342</b>	<b>\$270</b>	CHINA
<b>OOCL FAIR</b>	CONT	<b>1987</b>	MITSUBISHI NAGASAKI	<b>40,560</b>	<b>14,731</b>	-	CHINA
<b>OOCL FIDELITY</b>	CONT	<b>1987</b>	MITSUBISHI KOBE	<b>40,560</b>	<b>14,731</b>	-	CHINA
<b>MOL MIRACLE</b>	CONT	<b>1991</b>	TSUNEISHI SHBLDG -	<b>40,330</b>	<b>15,205</b>	<b>\$303</b>	CHINA
<b>MSC ANDALUCIA II</b>	CONT	<b>1978</b>	LENINA STOCZNIA GDA	<b>21,857</b>	<b>6,657</b>	-	-
<b>PIETARI BRUIN</b>	REEFER	<b>1980</b>	FRAMNAES	<b>12,475</b>	<b>7,445</b>	<b>\$220</b>	INDIA
<b>CAPTAIN ALI</b>	SD	<b>1966</b>	NEPTUN SCHIFFSWERFT	<b>3,640</b>		-	INDIA
<b>FINE STAR</b>	SD	<b>1969</b>	LUDEKAUPUNGIN	<b>3,580</b>	<b>1,959</b>	-	CHINA
<b>ARGUS</b>	SD	<b>1971</b>	HOLLMING OY	<b>3,950</b>	<b>1,959</b>	-	CHINA

SCRAP - BREAKERS AVERAGE PRICE STATS				
BREAKER	THIS MONTH	LAST MONTH	DIFF	TREND
CHINA	\$267	\$255	\$12	▲
INDIA	\$273	\$249	\$23	▲
BANGLADESH	\$279	\$289	-\$10	▼
PAKISTAN	\$271	\$315	-\$44	▼
TURKEY	\$179	\$174	\$6	▲

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