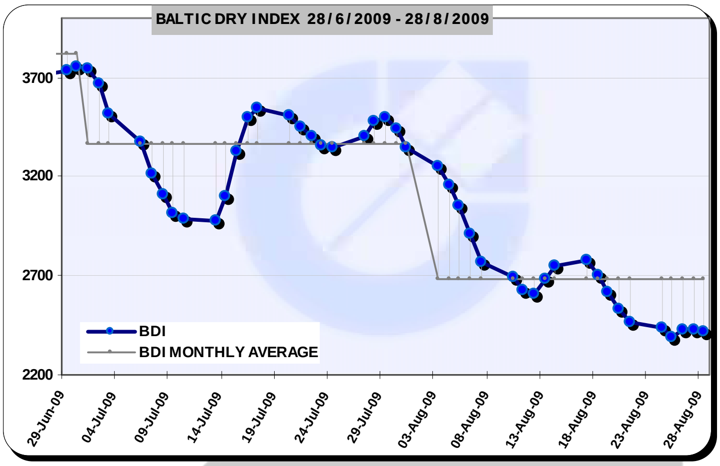
35th Week - Dry Cargo Market "Highlights"

__The Baltic dry index (BDI)__ closed on Friday the 28th of August 2009, after going through a "trying to stabilise" non0decisive week lost **-1.9%** on a a week-to-week comparison, and has dropped by **-74** points during this current week. The Baltic Dry Index closed once more below the psychological 2.5k mark, at **2,421** points (closing figure of Friday 21st August was 2468 points). We saw very minor daily movements, no harsh ups or downs, so we can say that during the following weeks we should observe a turning point of the BDI.



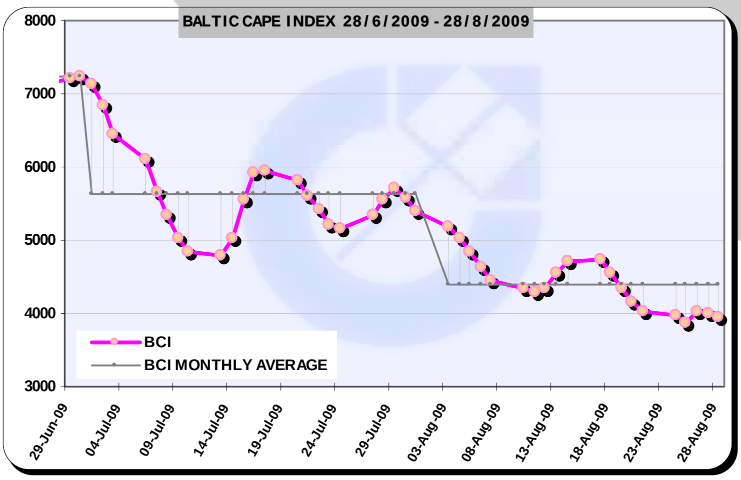
This week we saw that Vale of Brazil, decided/opted to deal directly with steel-makers that want to buy its products rather than keep on the negotiations with China for fixing a price level. This move will definitely put more pressure on China Iron and Steel Association (CISA), which will receive provisional offered prices on ore shipments. An agreement should have been executed by June 2009 the latest and still until today the talks seem to be endless. The annual price talks between the three global iron ore miners and China's steel industry appear to have been going down a dead-end street leading to nowhere for months after China refused to accept the 33 and 28 percent cuts offered by Australia miners and Brazilian miner Vale. China's crude steel output will hit a record figure in August. Data that we have analysed from CISA showed that daily production ran at 1.67 million tons for the first 2 weeks of Aug 2009, which is up 10 percent on July 2009 comparative figures.

President Obama decided to renominate Federal Reserve Chairman Bernanke to maintain continuity as the country appears poised to climb out of the deepest recession in decades. Although his term expires in Jan 31 2010, Chairman Bernanke was entrusted with another term this week. Looking back at the advievements of Chairman Bernanke we can only say that he has done a hell of a job, always considering the shambled term that he had to handle his responsibilities well through a time of turmoil, stepping-up to lead a clueless Congress, and a President who needed his guidance, through a period of chaos. He definitely showed unexpected leadership skills at a time of need, and proved to be stronger than his humble stature indicated. Most importantly, the market has confidence in him, as indicated by his affect upon it after speaking in Jackson Hole which we reported in our previous NCS weeklies and by the rise of the Consumer Confidence index from 46.6 in July to 48 for the month of August.

All US Financial market indices performed for one more week landmark 2009 highs and these levels are truly represented in the return of business confidence. It is business trying to come back to normal, and definitely economies and investors have to take one careful step at a time. Portfolios of most insitutional investors are still underperforming and their returns lag from the indices percentage rise, but nevertheless positive signs are there, and that will enable most cash rich investors to think of alternative investment opportunities, which is very likely that our Shipping business will be tied for once again with the hot capital markets.

CAPESIZE MARKET

The *__Baltic Cape Index (BCI)__* closed on Friday the 28th August 2009 at **3,946** points with a loss of **-2.08%** or **-84** points. Previous week's closing was 4030. The psychological "barrier" of 4,000 points was broken this week and we may say that we are approaching to meet the yearly average which currently stands at 3883 points.



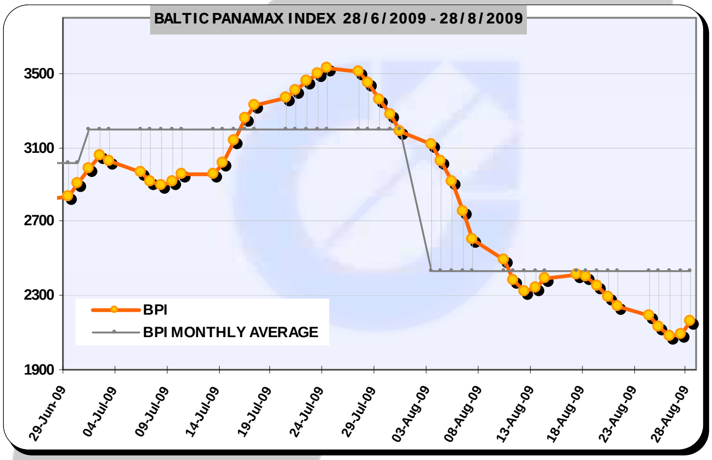
It is observed and we express our concern as we are experiencing a rather low demand in the capesize sector, so if we add to this the fact that a significant amount of vessels that will be coming of long-term charter contracts during the next weeks, we may well be facing the "perfect storm". The Capes average earnings that NCSC (N. Cotzias Shipping Consultants) calculate daily, has dropped and presently stands just over 40k mark. However if the facts we just mentioned fall through we may expect the rates to be pushed further down possibly below the 35k mark. During this week, Iron Ore prices have fallen but with inventory levels at Chinese ports at more or less 72m tonnes, we can't see any way that ore imports will increase. Iron ore inventories in China according to data published and analysed last week were reported to be up by 240K tones to a total of 71.2m tones, or 20% higher than the levels experienced in early June. Those shippers who increased contract coverage to near 100%, while rates were elevated should still continue to benefit. In addition to Chinese iron ore prices falling, steel prices have also declined, dropping almost 7% over the past week.

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 decreased by a good **-4.58%**, to **$41,528** during this week, from $43,521 which was last week's average. Six (6) cape T/C fixtures were reported this week, and the daily rates as seen in our separate fixtures report for Cape this week, high/low margins ranged from $29,000 (M/V ***"Juneau"*** 150k/1990blt/SK Shipping – for a trip via Newcastle) up to $42,000 for the (M/V ***"Brisbane"*** 151k/03blt/Cargill for a trip via Brazil).

Only Cape reported sold this week is the M/V ***"Oriental Angel"***, 179,764dwt, 2009 built Sasebo Japan that was sold finaly for $72mil to Five Star Shipping of China. She was reported early August 2009 as a 3 vsl enbloc deal (together with 2 x 2006 built panamaxes) which has failed.

PANAMAX MARKET

The Baltic Panamax Index (BPI) continued the sharp decline and closed on Friday the 28th of August at **2,157** which is **down by -3.88%** or **-87** points less than 2244 points which was last Friday's the 21st of August closing. For this running week the Cotzias calculated Panamax T/C average rate, went down by **-5.12%** this week to **$20,055** from $21,138 which was last week's Panamax average. Looking at units chartered on period this week we see a good number of 55 Panamax vessels that were chartered on Period and T/C's.

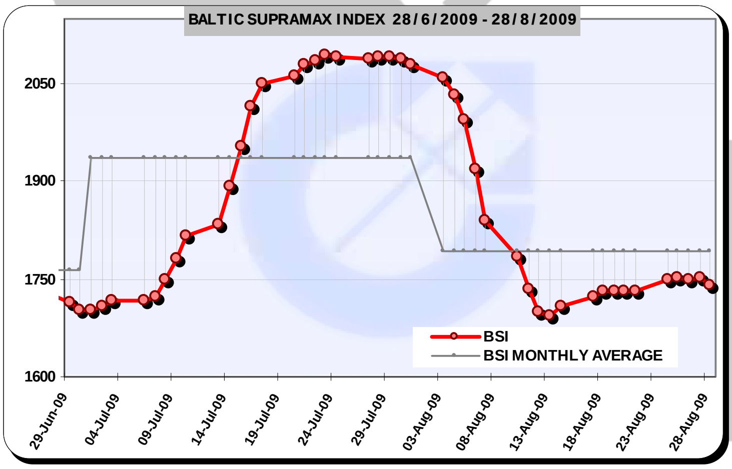


The daily rates as seen in our separate fixtures report for Panamaxes this week, with improved high/low margins and ranged from $9,000 (M/V ***"Panamax Success"*** 63k/83blt/ Undisclosed Charterer for a trip via Russian Pacific Coast) up to $30,000 for the (M/V ***"Positano"*** 73k/00blt/ Cosco for a trip via Nouadhibou).

In the Panamax sector we had 3 vessels sold this week: These include the M/V ***"Fortune Ocean"***, 76,801dwt 2006 built Sasebo Japan that went for $38mil, together with the M/V ***"Fortune Princess"***, 76,635dwt 2006 built Oshima Japan that was sold for $39mil enbloc to Undisclosed Greek Buyers. We also had the M/V ***"Golden Joy"***, 70,044dwt 1994 built Jiangnan Shipyard China that was sold for $16.5mil to undisclosed Chinese Buyers (*It is worth noting that the "Golden Joy" was acquired by her current sellers in November 2007 for a price close to $62.5mil. This reduction in price truly represents the slump of today's prices or to be more precise shows vividly the extravagantly high prices that we had all encountered up until the crash of Oct 2008*).

SUPRAMAX & HANDYMAX MARKET

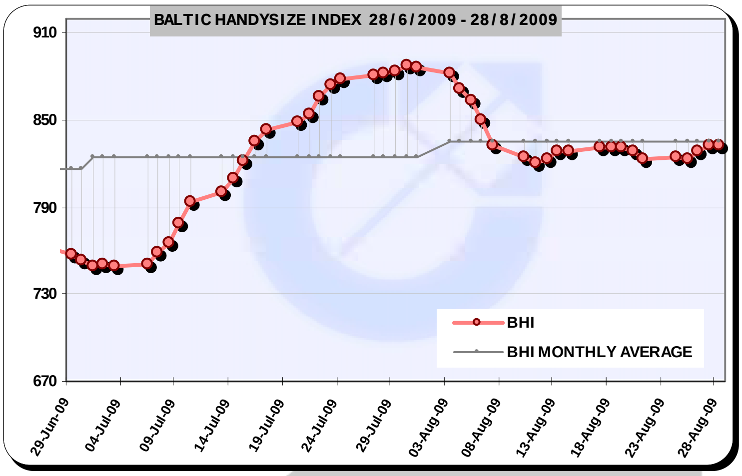
The Baltic Supramax Index (BSI) surprisingly closed for one week more with a mere increase at **1740** points on Friday the 28th of August 2009. It has gained this week **+0.40%** or **just +7** points based on the previous closing of 1733 points we had last Friday the 21st of August 09.



This Month's Supramax Time Charter Cotzias rate average is calculated at **$20,866** or **-4.15%** down from $21,770 which was last week's Supramax average. It is worth noting that for the month of Aug 2009 just like April/May 2009 Supras are obtaining slightly higher rates than their Panamax sisters.

19 Supramaxes were on T/C this week, which in terms of volume is reduced over previous weeks. The daily rates in the fixtures reported this week, for Supramaxes ranged from $4,800 (for the M/V ***"Medi Paestum"*** 55k/09blt/ Norden for a T/C trip) up to $37,500 (for the M/V ***"Alam Manis"*** 55.6k/07 blt / Cargill for a T/C trip).

The Baltic Handysize index (BHI) stabilized around the 825-835 margin and all this week floated around that line. It closed on Friday the 28th August 2009 up at **833** points and this represents a gain of **1.22%** or **10** points. This week's Handysize Time Charter went slightly down by **-1.13%** this week to **$15,217** from $15,391 which was last week's average. Only 9 Handymax vessels were reported on T/C this week and the weekly T/C daily rates fixtures for Handy sized vessels ranged from a very low $7,000 (for the M/V ***"Eilhardt Schulte"*** 48.9k/99 blt / STX PanOcean for a T/C trip) up to $31,500 (for the M/V ***"VOC Daisy"*** 47k/98 blt / Undisclosed Charterer for T/C trip via Black Sea).

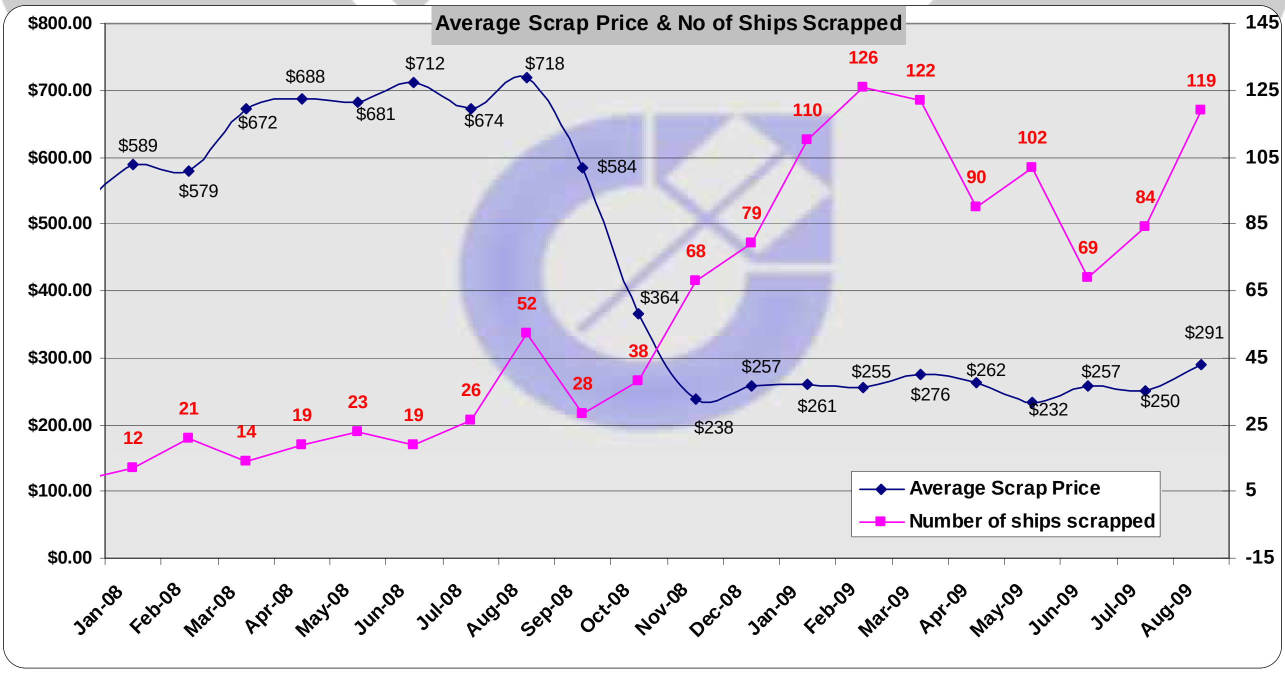


Regarding the Handies' and Supras' Sales activity of the past week we had a low volume of transactions, with a few deals only to report. This week we had the sale of: the M/V ***"Anna-Johanna"*** 58,503 dwt, Tsuneishi Heavy Japan 2009 built, 4x30T, sold to hinese Buyers for $34.5m, the M/V ***"Norden"*** 56,032 dwt, Mitsui Chiba Japan 2005 built, 4x30T, sold to Undisclosed Greek buyers for $32.1mil, the M/V ***"Noa"*** 43,590 dwt, Tsuneishi Japan 1985 built, 4x25T, sold to Undisclosed buyers for $7.25mil, the M/V ***"Bauta"*** 41,756 dwt, Hyundai Korea 1987 built, 4x25T, together with the M/V ***"Ballangen"*** 41,630 dwt, Hyundai Korea 1987 built, 4x25T, sold to Undisclosed buyers for a total of $18million for both units. Finally we have reported sold this week the M/V ***"Island Triangle"*** 28,012 dwt, Hitachi Japan 1984 built, 4x25T, sold to Greek Buyers in a P&C deal.

DEMOLITION MARKET - We have seen a serious hotting up of the scrap market as more ships have left from the active market this week too. Analysing the Scrap market for 2009, according to data provided to us by N. Cotzias Shipping Consultants (NCSC), we report that 822 ships have been scrapped from Jan 01, 2009 till today and 119 units have been scrapped for August 2009. More details will follow in our monthly report of August 2009.

Dry cargo scrap sales for week 35:

SEA AGILITY	BC	1987	KAWASAKI HEAVY INDS	89,558	14,488	$335	BANGLADESH	SELLERS ARE COSCO CHINA
IRAN AKHAVAN	MPP	1984	AESA SEVILLA	34,853	7,711	$292	INDIA	ENBLOC IRAN AKHAVAN, IRAN MAHALLATI, KIJEA, DINNA - SELLERS ARE IRAN SHIPPING LINES
KIJEA	MPP	1979	LENINA STOCZNIA	17,956	7,638	$292	INDIA	
IRAN MAHALLATI	MPP	1978	LENINA STOCZNIA	17,928	7,638	$292	INDIA	
DINNA	MPP	1978	LENINA STOCZNIA	17,928	7,638	$292	INDIA	
VIBORG	MPP	1971	ULJANIK BRODOGRADIL	28,876	10,906	$270	INDIA	SELLERS ARE MACS, GERMANY
MEDITERRANEAN CARRIER	BC	1962	BRODOSPLIT	23,786	8,193	$290	INDIA	SELLERS ARE SEABULK SHIPPING S.A. GREECE. CEMENT CARRIER
THOR MARINER	TWEEN	1983	LENINA STOCZNIA	17,279	6,593	$298	BANGLADESH	SELLERS ARE THORESEN THAI AGENCIES THAILAND
PERLA II	BC	1979	IHI KURE	17,199	4,406	$303	INDIA	USA SELLERS
SANTIAGO	REEFER	1978	MATHIAS-THESEN-WERF	9,539	5,530	$300	INDIA	SELLERS ARE MURMANTRANSFLOT RUSSIA
HUMMER	TWEEN	1980	GALATI	8,750	3,231	$280	INDIA	SELLERS ARE CONSOLIDATED BULK INC LEBANON
ARGUS	SD	1971	HOLLMING OY	3,950	1,959	-	CHINA	SELLERS ARE REGAL CO LTD RUSSIA
JABAL ALI 2	PAX	1971	SUMITOMO	2,553	5,740	$240	INDIA	SOLD AS IS UAE - SELLERS ARE NAIF MARINE SERVICES PVT UAE



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