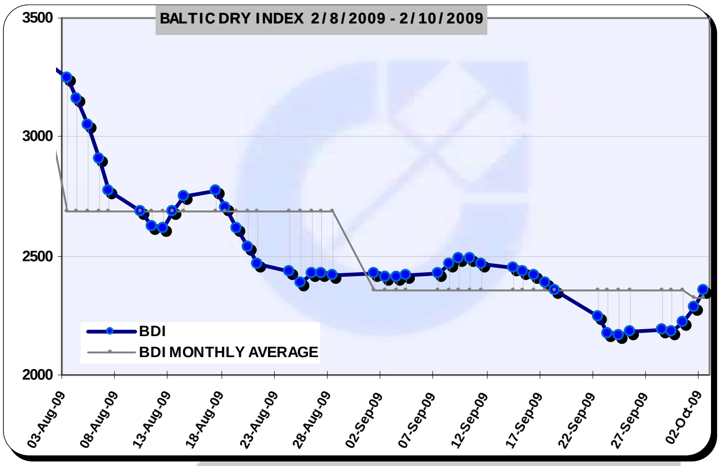
40th Week - Dry Cargo Market "Highlights"

The Baltic dry index (BDI) improved this week & closed on Friday the 2nd of October 2009, at **2357** points with a gain of **8%** or **174** points. But, the BDI is still 45% below year's high.



Perhaps one reason for the rise is the ongoing speculation on the part of the iron ore traders that with negotiations beginning again for next year, prices for iron ore will rise? Not only has demand from China not pulled back, but we see increased demand from Europe into the winter and spring.

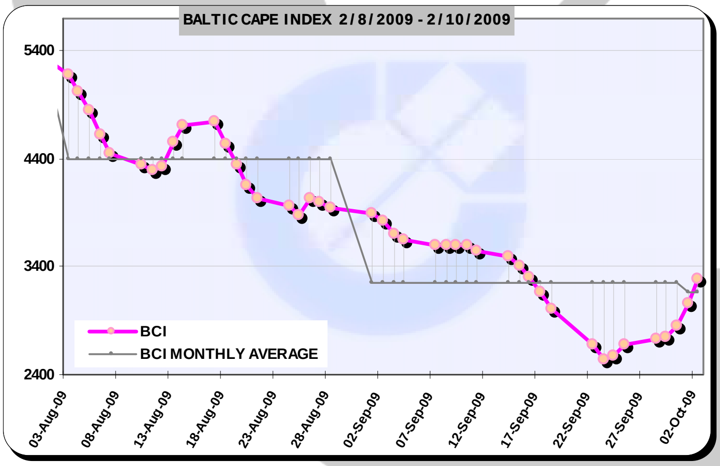
The higher grades of ore shipped out of South America and Australia are the most preferred for steel mills, and while the lower grades can be used and are available in abundance across the globe, the lower grades create more maintenance downtime and waste gases for the mills, and in china's case, threaten the continuance of the mills that use it, because china is clamping down on the mills that don't meet environmental limits. China has already closed 1/3 of the mills in the Liaoning Province, and this is not an isolated case.

On the lighter side, president Obama's first international/diplomatic defeat during his presidency happened yesterday. His hometown Chicago was defeated by Rio de Janeiro and Brazil will be the hosts of the 2016 Olympic Games. Definitely we will be seeing some important and heavy infrastructure works that will have to be performed in the Brazilian Capital, and these being budgeted at a record of 10 billion Euro's will surely create strong raw material traffic in the Latin American subcontinent.

Maybe China's example is not the perfect match for what we are to see in the Brazilian Oly games preparation, but surely in the next 2-3 years there will be true positive gains in the Shipping Industry. We will be following closely the developments and the growth of Brazil as definitely another idling engine is revving up, and there is a great amount of torque hidden in this Brazilian Engine!!!! Macro-Economicaly and for the benefit and good sake of the world economy and our Shipping Industry Brazil was the best Choice as a developing country was chosen over two well developed and advanced countries as Spain (Madrid) & USA (Chicago).

CAPESIZE MARKET

The ***Baltic Cape Index (BCI)*** closed on Friday the 2nd October 2009 well above the 3,000 points mark at **3,282** points with very sharp gain of **22.6%** or **605** points. Previous week's closing was 2677. The yearly average of the BCI currently stands at 3791 points but the overal trend is still on a heavy decline especially since April 2009. This w2w heavy increase could push up the index and boost all other size segments. Australia improved exports to China together with limited availability of tonnage from the Atlantic trade gave the BCI the necessary rise.



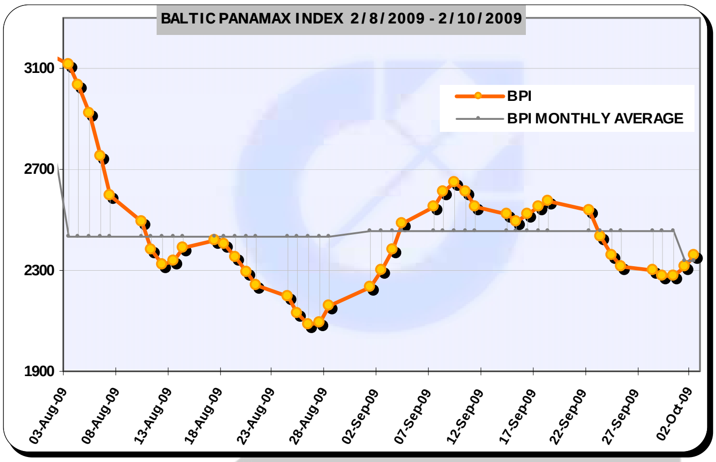
The Chinese steel industry's top iron ore negotiator warned early this week, that iron ore markets would be oversupplied next year as global steel production recovers slowly, setting the scene for a new round of negotiations over annual prices. Most analysts have said that further negotiations over this year's prices are nearly meaningless, with many Chinese steel mills having tacitly agreed to the "benchmark" price.

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 didn't have the time to absorb the rising index and decreased further by **-5.75%**, to **$33,239** during this week, from $35,266 which was last week's average. For one more week, a limited amount of only Five (6) cape T/C fixtures were reported this week (it seems that 5-6 Cape fixtures per week are the standard now). The daily rates as seen in our separate fixtures report for Capes this week, high/low margins ranged from $10,500 (M/V ***"Bulk Asia"*** 170k/01blt/Oldendorff – for a T/C trip via Brazil) up to $40,000 (M/V ***"F.Duckling"*** 170k/97blt/Swiss Marine – for a trip via Columbia).

After 2-3 weeks of total Capes sale inactivity we have the following Cape sold this week:
The M/V "***Mineral Monaco***" 180k/2005 Imabari built which was sold to Greek buyers for $50mil with later delivery with a window open after 2nd quarter 2010.

PANAMAX MARKET

The Baltic Panamax Index (BPI) stopped its upward "escape" from the falling patterns, and closed on Friday the 2nd of October at **2,361** which is **up by 1.90%** or **44** points more than 2317 points which was last Friday's the 25th of Spetember closing.



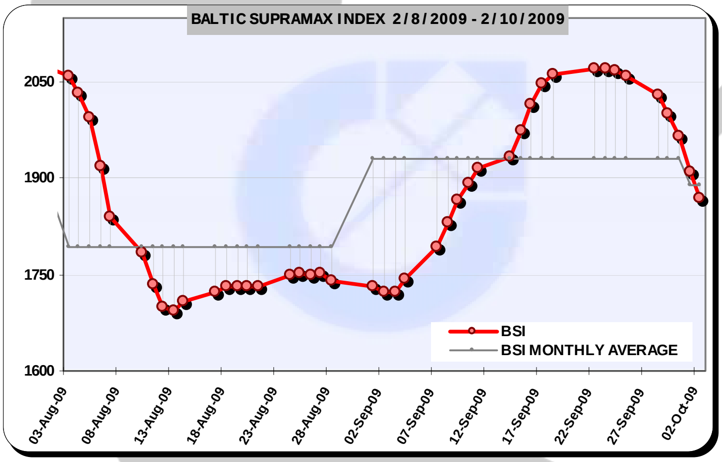
For this running week the Cotzias calculated Panamax T/C average rate, for one more week went up by **2.33%** this week to **$19,816** from $19,366 which was last week's Panamax average. Looking at units chartered on period this week we are back at normal activity with 55 Panamax vessels being chartered on Period and T/C's this week (week40).

The daily rates as seen in our separate fixtures report for Panamaxes this week, with once more improved high/low margins and ranged from $8,250 (M/V ***"Alabanda"*** 74k/95blt/ Cargill for a trip via Indonesia) up to $35,000 for the (M/V ***"Happy Clipper"*** 73k/01blt/ Alfred C. Toepfer for a trip via Black Sea).

Sales of this week include:
The sale of M/V "***Star of Abu Dhabi***" 81.2k/09 blt Japan was sold to Undisclosed Chinese buyers for $42mil, and we understand that the sale includes a 5 year TimeCharter at $18,000 per day, we also can report the sale of two sister hulls rom STX of South Korea, "***STXResale 01***" and "***STXResale 02***" 81k/2010 Korea built that were sold for $39mil each unit with both to be delivered during 1st half of 2010.

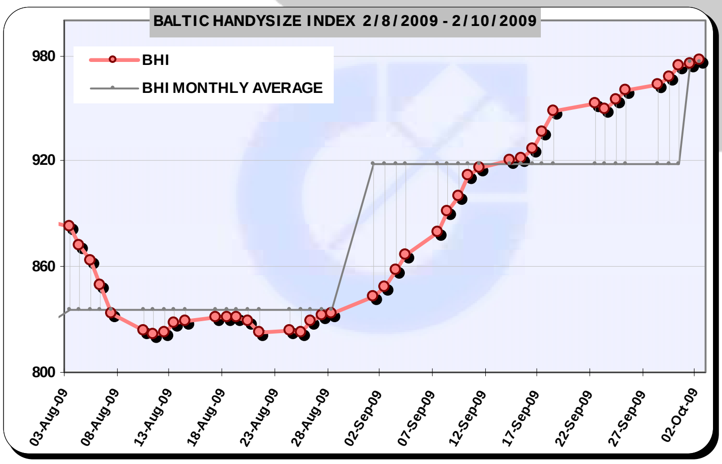
SUPRAMAX & HANDYMAX MARKET

The Baltic Supramax Index (BSI) was the only index that faced a severe drop this week. It closed below the psychological mark of 2000 points at **1868** points on Friday the 2nd of October 2009. It has lost this week a heavy **-9.23%** or **-190** points based on the previous closing of 2058 points we had last Friday the 25th of September 2009.



Despite the drop in the idex, this was not absorbed yet in the T/C average return, and this Month's Supramax Time Charter Cotzias rate average is calculated up at **$19,876** or **2.09%** up from $19,469 which was last week's Supramax average. As stated last week the current active supramax market is a market with the lowest average age of vessels but this week it was the one affected the most by the lack of serious biz and dropping index.

A reduced number of only **11** Supramaxes were on T/C this week, which in terms of volume/rate is much lower over previous week's stats, clearly reflecting the drop in the BSI. The daily rates in the fixtures reported this week, for Supramaxes ranged from $12,750 (for the M/V ***"Sanko Glory"*** 52.9k/05blt/ Cargill for a T/C trip including 340,000 Ballast Bonus) up to $41,000 (for the M/V ***"Magnum Energy"*** 53.6k/09 blt / Transgrain for a T/C trip via Mississipi River)

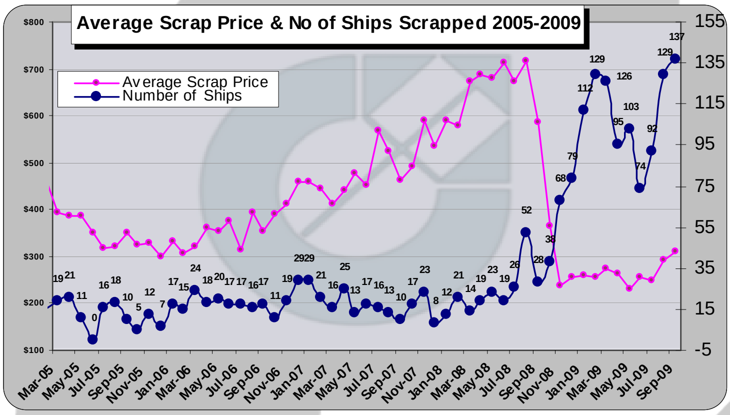


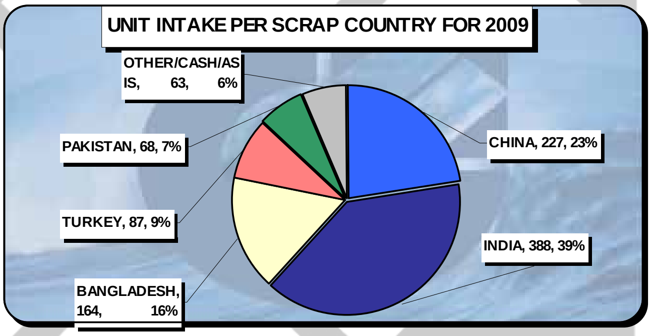
The Baltic Handysize index (BHI) continued for the 4th consequtive week achieving once more a record level for 2009. It closed on Friday the 2nd October 2009 up at **977** points and this represents a gain of **1.77%** or **17** points. It is clearly heading to break the psychological 1000 point barrier a level that we waved "*goodbye*" this time last year…!

Following the phenomenal rise of the index for more than four consequtive weeks, this week's Handysize Time Charter calculated by NCSC went up by a good **4.47%** this week to **$18,941** from $18,131 which was last week's average. More emphasis was given on Handymax fixed this week, and a record number of **12** Handymax vessels were reported on T/C this week with their weekly T/C daily rates fixtures for Handy sized vessels ranging improved from $11,500 (for the M/V ***"Astrac"*** 48k/04 blt / Oldendorff for a trip via East Coast South America) up to $27,000 (for the M/V ***"Glarus"*** 46.5k/01 blt / Norton for a T/C trip via UK).

This week's sales include:
The M/V "***Bungo Spirit***" 50.3k 2004 Kawasaki built, sold for $24.95 to undisclosed buyers, the sale of M/V "***Joviality***" 45.5k/82 Japan built, sold for $5.2mil to Undisclosed Chinese buyers, the M/V "***Lake Globe***" 43k/94 Jpan built sold for $16.5mil usd to Grand China (Sellers are Globus Shipmanagement of Greece), the sale of the M/V "***Scanda***" 40k/90 Bulgaria built sold for $8.5mil to undisclosed buyers, the sale of the M/V "***Imandra***" 33k/85 Poland built sold for $5.2mil to European buyers, and the 3ple sale of Xhejiang Zhenghe 1004 and 2 sisters 57k/2009 and 2010 built sold to Nasco of China for $29mil for the early delivery of Nov 2009 and $27mil each for the 2 units to be delivered in 1st and 2nd quarter of 2010.

DEMOLITION MARKET – the demo market has been as hot as ever during September 2009. 137 vessels were scrapped in September 2009, and a total of 997 ships during the first 9 months of 2009. These figures are including all vessels wet and dry. **856** DRY units have been withdrawn from the active fleet and **141** TANKER units have been scrapped so far. 344 Bulkers and SD's, 145 MPP's and Tweendeckers, 167 Container vessels, 34 RoRo 93 Pure Car Carriers, 7 Trawlers and 18 Passenger/Cruise and Ferry ships are the breakdown of the DRY fleet scrapped. 113 Tankers, 24 Gas carriers (LNG/LPG) and 4 OBO ships are the breakdown of the WET fleet scrapped. It is worth noting that Turkey has already taken 87 units and is very active on the medium small size ship intake with an average price per ldt taken of $177usd/tonne.





Demolition DATA for 2009								
STATS	BULKERS / SD	TANK/ OBO/GAS	CONT/ TWEEN/MPP	REEFER	RORO PAX CRUISE, OTHER	VEHICLES CARRIERS	TRAWLER TUG OTHER	TOTAL
UNITS	344	141	312	38	52	93	17	997 SHIPS
%	34.5%	14.1%	31.3%	3.8%	5.2%	9.3%	1.7%	100.0%
LDT	2,530,044	1,452,596	2,822,223	232,719	300,998	884,599	14,876	8,238,055
DWT	11,247,656	6,689,030	7,438,430	375,326	345,095	1,206,922	25,846	27,328,305
USD PAID	$456,668,854	$373,617,220	$521,852,498	$47,590,966	$47,338,050	$82,274,666	$3,731,305	$1,533,073,559
AVERAGE AGE	32.7 Years	28.0 Years	28.8 Years	28.9 Years	35.4 Years	27.5 Years	31.3 Years	30.4 Years

DETAILED BREAKER REGION - STATISTICS FOR 2009				DRY		WET	
BREAKER	UNITS	LDT TAKEN	av $	UNITS	LDT	UNITS	LDT
CHINA	227	2,223,874	240.0	216	2,140,027	11	83,847
INDIA	388	3,155,232	268.7	350	2,774,493	38	380,739
BANGLADESH	164	1,863,528	295.5	104	1,059,785	60	803,743
TURKEY	87	178,496	181.4	80	169,578	7	8,918
PAKISTAN	68	574,459	265.1	59	480,875	9	93,584
OTHER/CASH/AS IS	63	242,466	32.9	47	160,701	16	81,765
TOTAL	997	8,238,055	213.9	856	6,785,459	141	1,452,596

Scrap sales for week 40 is very extensive and we feel it is better for our readers to obtain a clearer picture of all scrap activity for the year 2009. This is freely available in our Sale and Purchase monthly report available for download from our company's website: www.cotzias.gr or more specifically at the direct link:

http://www.cotzias.gr/reports/COTZIAS_2009_09_SEP.pdf

HAPPY READING…!!!