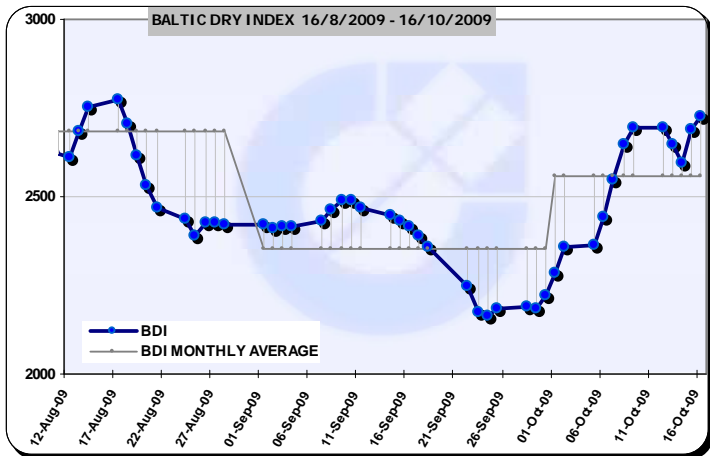


## 42<sup>nd</sup> Week - Dry Cargo Market "Highlights"

The **Baltic dry index (BDI)** had an overall positive week and closed on Friday the 16<sup>th</sup> of October 2009 up, at **2728** points



with a small gain of **1.22%** or just **33** points. As we mentioned last week, it is very clear that we might be presently seeing the Dry Bulk market at "affordable" and "acceptable" and "sustainable" levels, however these rates surely give us some positive thoughts and show us some glimmer of hope, but... There are some butts in our minds that are buzzing our brains... just like a "bee in a bonnet". We see some reported sales this week at marginally yet still improved levels. Some buyers have got bored just sitting back "waiting to see" where will tomorrow's prices be and have gone into actually purchasing second hand units. There is always the risk element in their minds of: "have I bought it cheaply enough"? "Will these prices drop somewhat in the near future"? "Has the dry bulk market already hit a rock bottom" or "is there some more room for further drops and

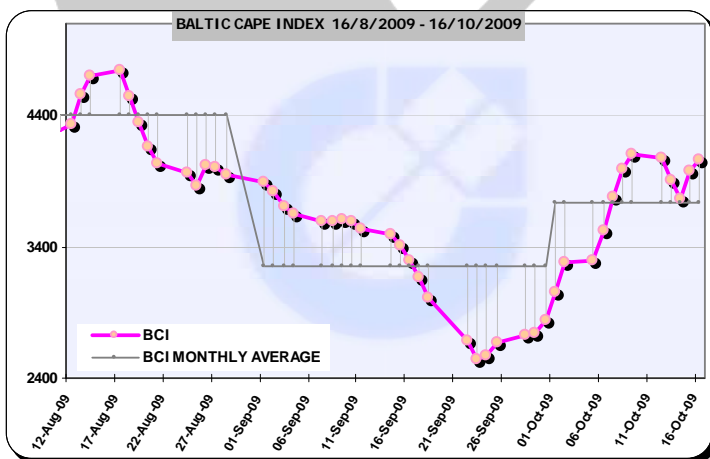
further price reductions"? These questions are always the first ones any potential investor asks us when he wants to seek our advice on "when", "how" and "where" to invest in the low priced shipping market of today. Difficult questions though...!!!

However we should stress once more that despite the overwhelming increase we see in both the index and the daily freight rates we should have in our minds that it is becoming increasingly clear that the market is coming face to face with the issue of oversupply of tonnage. **OVERSUPPLY** will be the keyword for 2010. We have made a statement that if we "**don't get rid**" of at least 50%-60% of all the Dry bulk Newbuilding vessels on order and scheduled to be delivered by at least 2014, we will be facing serious overcapacity in the Supramax, Capesize, Panamax and Handymax size segments (with Supra facing the most serious overcapacity problem and Handymax the least). Our analytics team of N. Cotzias Shipping Consultants are in the process of introducing the "**NCSC Overcapacity Dry Sectors Indices**" that will allow us to monitor the upward or downward trend of all size segments on a monthly basis. This way investors and Shipping professionals will have a clear and immediate view of how each sector is progressing every month and how effective or instrumental every addition and/or deletion from the active fleet is in the future forecasted outlook of every ship size market sector.

We have produced a report of each size sector specifically outlining the overcapacity problem of each size market. An overwhelming demand was generated since last week and we thank all who enquired and received this publication from our NCSC analytics team. (This report is still available on demand. Just email us with your request at: [reports@cotzias.gr](mailto:reports@cotzias.gr))

### CAPE SIZE MARKET

The **Baltic Cape Index (BCI)** closed on Friday the 16<sup>th</sup> October 2009 with a small overall loss just above the 4,000 points mark



at **4,061** points which represents a small loss of **-1.12%** or **-46** points. Previous week's closing was 4107. The yearly average of the BCI currently stands at 3795 points which is holding on a steady overall increase.

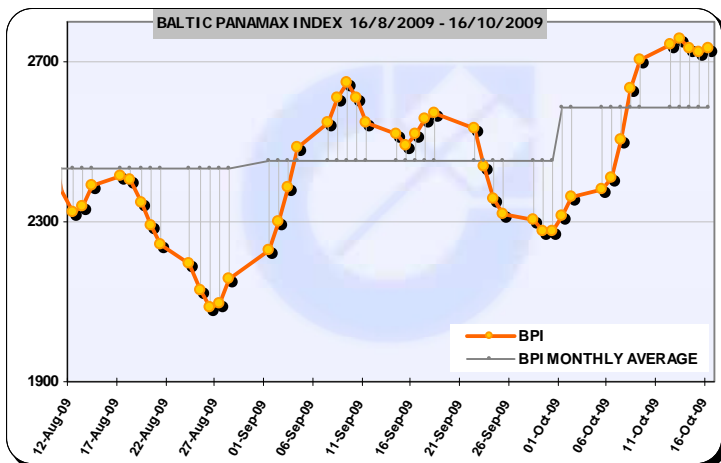
China has seriously increased its imports of the key material used to make steel and as such they expect to be in a stronger bargaining position next year as the industry curbs surging production amid a major restructuring. China will account for more than 60 per cent of the global iron ore trade this year. The country's investments in iron ore and coalmining overseas likewise will give it more say, Spot market prices surged in the summer but have since fallen sharply. China wants to switch to setting benchmarks by the calendar year rather than timing them, as now, to the April

1-March 31 Japanese fiscal year. Prices should be set on a six-month or one-year basis, and China's iron ore imports should be more strictly controlled. (*WestAustralia Today*)

During the past two weeks the BCI has practically recovered a great part of the losses incurred during the past 2 months. 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 was helped by the rising index and increased by **7.97%**, to **\$37,224** during this week, from \$34,475 which was last week's average. Despite previous week's low level of chartered vessels, this week a lower number of eleven (11) units of capesize vessel T/C fixtures were reported this week. The daily rates as seen in our separate fixtures report for Capes this week, high/low margins ranged from \$13,500 (M/V "**Etoile**" 123k/97blt/Winning – for a T/C trip via Indonesia with intention of Coal) up to \$67,500 (M/V "**Genco Tiberius**" 175k/07blt/Oldendorff – for a trip via Narvik and Al Jubail).

## PANAMAX MARKET

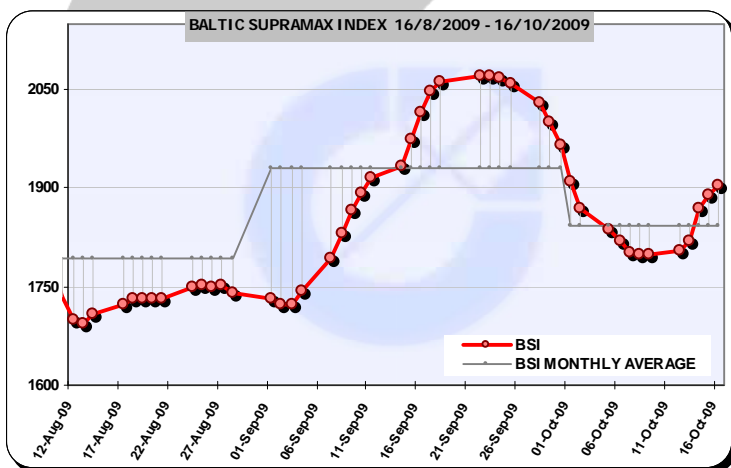
■ The Baltic Panamax Index (BPI) moved very similarly to the BDI index and closed on Friday the 16<sup>th</sup> of October marginally up at **2,734** which represents an **increase by 1.07%** or just **29** points more than 2705 points which was last Friday's the 09<sup>th</sup> of October closing. For this running week the Cotzias calculated Panamax T/C average rate, for one more week went up merely by **3%** this week to **\$21,620** from \$20,990 which was last week's Panamax average. Looking at units chartered on period this week we are above normal activity with 63 Panamax vessels being chartered on Period and T/C's this week (week42). The daily rates as seen in our separate fixtures report for Panamaxes this week, with once more improved high/low margins and ranged from \$9,500 (M/V "Panamax Power" 65k/82blt/ Danzas for a T/C trip via Indonesia) up to \$36,000 for the (M/V "Ribbon" 74.5k/98blt/ BOSCO for a trip via Brazil and Iran).



included until July 2012 at \$15,500 per day.

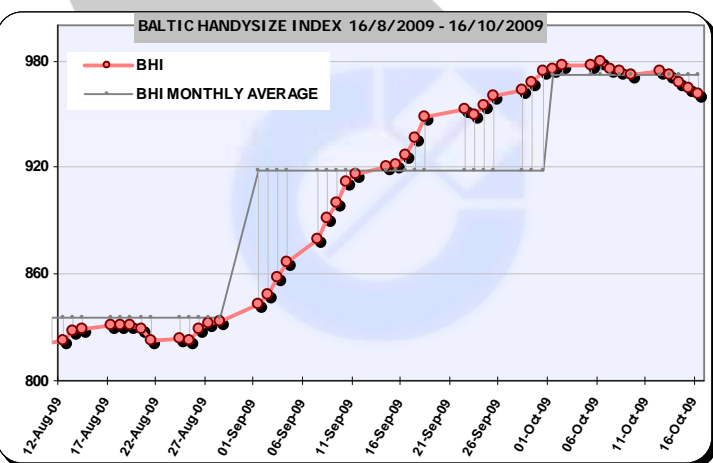
## SUPRAMAX & HANDYMAX MARKET

■ The Baltic Supramax Index (BSI), closed just above the 1900 points mark at 1903 points, this week on Friday the 16<sup>th</sup> October,



gaining **5.72%** or **103** points based on the previous closing of 1800 points we had last Friday 9<sup>th</sup> October 2009. It was the only index of all 4 that showed some steady rise and produced the higher percentage increase. Despite the drop in the index, this Month's Supramax Time Charter Cotzias rate average is calculated down at **\$21,314** or **-4.98%** down from \$22,431 which was last week's Supramax average. A very good number of **31** Supramaxes were on T/C this week, which in terms of volume/rate is much improved over previous week's stats. The daily rates in the fixtures reported this week, for Supramaxes ranged from \$14,250 (for the M/V "Desert Hawk" 50k/99blt/ Noth China Shipping for a T/C trip via Indonesia) up to \$32,000 (for the M/V "KT Venture" 55.8k/07 blt / Norden for a T/C trip.)

■ The Baltic Handysize index (BHI) stopped its upward run and it closed on Friday the 16<sup>th</sup> October 2009 down at **961** points



and this represents a minor loss of **-1.13%** or **-11** points. AS the BHI index went down every day of this week, so did this week's Handysize Time Charter calculated by NCSC. It went slightly down by a mere **-1.7%** this week to **\$17,940** from \$18,250 which was last week's average. A great deal less emphasis was given on Handymax fixed this week, and a much lower number of only **7** Handymax vessels were reported on T/C this week with their weekly T/C daily rates for Handy sized vessels ranging surprisingly on an improved level from \$13,500 (for the M/V "Blest Marine" 47.1k/97 blt / IVSI for a T/C trip via NoPac and for the M/V "Crystal Seas" 43.1k/95 blt / Undisclosed Charterer for a T/C trip via SE Asia and West Australia) up to \$28,500 (for the M/V "John F." 42.3k/91 blt / ED&F Man Shipping for a T/C trip).

Sales of Supramaxes and Handymaxes this week include the following deals: the M/V "Sara V", 53.8k/ Chinese built 2002, was sold to one of her creditors at auction for a very low \$20.2mil, the M/V "Morning Sky", 45.8k/ Japanese built 1996, was sold to Chinese buyers for \$18.2mil, the M/V "Alberto Topic", 44.1k/ Japanese built 1991, was sold to Undisclosed Greek Buyers for \$12.8mil, and the M/V "Capt. Thomas J. Hudner", 44.9k/ Korea built 1990 was sold to Undisclosed Greek Buyers for \$10mil usd.

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