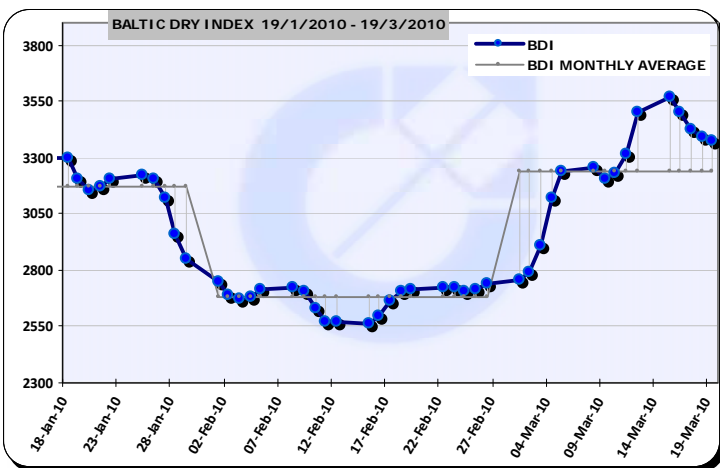


## 11<sup>h</sup> Week - Dry Cargo Market “Highlights” – 15/3/2010 until 19/3/2010

The *Baltic Dry Index* closed on Friday the 19th of March 2010 shooting below the 3,500 point mark and was pushed to a fair weekly loss mainly due to the Cape index that had a severely battered week. Drifted to a loss it lost some momentum and closed at **3379** points with an overall weekly loss of **-5.46%** or **-195** points. (Last Friday's the 15nd of February 2010 closing value was **3574** points). The index increased only at the start of the week but Tuesday onwards made a negative turn approaching its monthly average.



acquired by “Baltic Trading” and these include 6 Hakodate built vessels all built from 2002-2009, M/V “**PALAWAN**”, 32,079dwt, 2007 Hakodate, M/V “**PADRE**”, 32,029dwt, 2008 Hakodate, M/V “**PAX**”, 32,047dwt, 2009 Hakodate, M/V “**PATRIARCH**”, 31,842dwt, 2002 Hakodate, M/V “**PARENT**”, 31,818dwt, 2004 Hakodate, M/V “**PARAT**”, 31,829dwt, 2003 Hakodate. These 6 Handies are said to have been sold by Orion Bulker GmbH of Germany for \$160mil for all 6 units. What is still vague and rather grey is that these six handies are not publically announced by BALT, and are being rumoured as possible sales by very reputable shipbrokers reports.

The IPO of BALT, went ahead and the flotation price was set at \$14usd per share, just below Georgiopoulos expectations of \$16. According to the prospectus of BALT, the company wishes to trade solely in the spot market: “*We seek to provide shareholders with the opportunity to invest in a company with a strategic focus on the drybulk spot market by deploying our vessels on voyage or time charters or in vessel pools that are related to the spot market. The spot market is volatile and holds the potential for significant increases or decreases in shipping rates over time. Upward movements in spot rates have the potential to increase our revenues, and we will have opportunities to take advantage of these upswings by not locking our vessels into long-term, fixed-rate time charters*” – Having studied extensively their IPO prospectus and reading between the lines it is fairly obvious that Baltic Trading gives the investor the opportunity to ride the curves of the BDI and can be said more than just simplistically that anyone with a feeling of how the Baltic Dry index may move can position himself and reap the benefits of his say, positive evaluation of the index by trading and investing via the stock of BALT. Very similar to the other IPO of this week on the tanker sector done successfully by Evangelos Marinakis Crude Carriers, that will mainly replicate the BDTI (Baltic Dirty Tanker Index). Last minute news say that New York Investment giant “Hunter Global Investors” have bought 1.1m shares of Baltic Trading, worth approx. \$14.6mil. This is a very interesting move that we will be following closely.

Financial Markets Globally looked bullish. Dow Jones (DJIA) soared to new yearly high during the week reaching 10,820 points, S&P and Nasdaq Composite topped the Year highs this week too while in Europe FTSE and Swiss SMI peaked to yearly high on closing of Friday. US Treasuries peaked for the week, while Gold and Crude Oil had topped during midweek but softened by closing of week 11. Brent Crude oil closed at \$79.93, while Nymex WTI Crude was also down to \$80.17 per barrel. Gold closed at 1104.00 per ounce.

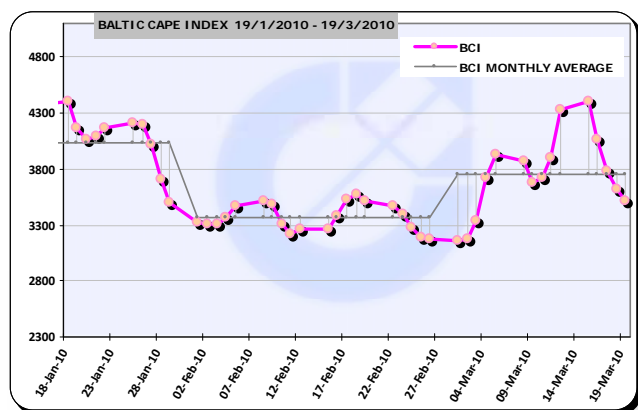
Sale and Purchase activity was for once more the case of “I wanna buy NOW... but no-one wants to sell”. Many buyers, fewer sellers. Buyers this week were mainly Chinese and Indian’s and looking onto the figures they were rather active too as they moved fast with determination. AS we mentioned last week, the sale of the Capesize “Sea Victory” 180k/ built 2004 Japan to Chinese for \$61-\$63mil depending on dely dates (Feb 2011 being the latest). This vessel went for nearly \$9-\$10 mil more than the similar Cape the M/ V “Cape Victory” 177k/ built 2003 Japan that was sold in Dec 2009 for \$52mil usd. This week we had the sales of the M/V “Mineral Capeasia” 175k/ built 205 SWS that fetched \$54.5mil and that price includes a T/C to Bocimar until end 2010 early 2011 at \$25,000 per day. The interesting point for this ship is that the Chinese buyers grabbed her and were fully firm within two days that the Mineral Capeasia was placed in the market, waiving the right for inspection. However one other point worth noting, is that lower price attained could be partly attributed to the “lowish” T/C rate and partly to the Chinese built comparative disadvantage when compared to the other vessel sales that were all built in Japan.

In summary form: (week 09) BDI, **loss, -5.46%**, BCI, **loss, -20.15%**, BPI, **gain, 2.87%**, BSI, **gain, 3.87%**, BHI, **gain, 8.74%**

DRY BULK TIME CHARTER EARNING OUTLOOK - WEEK10					
VSL TYPE	THIS WEEK	LAST WEEK	% CHANGE	DIFF	TREND
CAPESES	\$34,065	\$33,238	2.49%	\$827	▲
PANAMAX	\$31,617	\$30,823	2.58%	\$794	▲
SUPRAMAX	\$30,452	\$28,294	7.63%	\$2,158	▲
HANDYMAX	\$29,944	\$28,500	5.07%	\$1,444	▲

## CAPE SIZE MARKET

The **Baltic Cape Index (BCI)** closed on Friday the 19th of March 2010 touching the 3,500k mark, at **3522** points posing a very strong **loss** of **-20.15%** or **-889** points over previous week's closing on Friday the 15<sup>th</sup> February which was **4411** points. It is interesting to note that this is one of the sharpest weekly downfalls we have noted for 2010. It is important to note that the sharp gains of the past two weeks were nearly countered by this week's losses.



Capes are seriously affected this week, and their demand was seriously reduced. Freight levels remained bullish, not a serious decline noted, but the index has dropped dramatically. The main reason for this is the trading decision of the main Cape Charterers (Fortescue, BHP Billiton, Rio Tinto and Vale) that have show a certain hesitation to charter vessels this week. We had warned our readers that following the Chinese Lunar year celebrations would

lead to a temporary short lived cape euphoria as a certain stockpiling would take place. It seems that Chinese have stocked up, prior to their annual price talks (firm agreement is according to plan due for the first week of Apr 2010) however recent news show that the annual talks may once more lead to a deadlock... and no price will be agreed! It makes us wonder though who needs who most in this trade-equation? The Chinese need the Iron Ore, the producers need to sell it to China... so both are so dependent to each other. So far all trade is concluded at spot prices. The new price levels according to analysts may be 30% up so what is there to happen? China will not buy large quantities and will wait to see what will be the results of any price agreement, or will China continue to pose their strength obliging the iron/ore producers/exporters to sell them at the prices that China's size impose? On the other hand the stock piling will need to be replenished soon, as we are not talking about such great quantities and possibly in 2-3 weeks time more input of raw materials will need to rush into China. So once more the Capes will start to gain momentum.

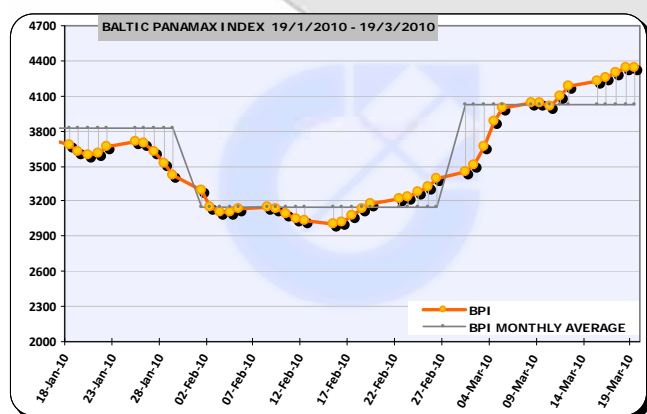
The yearly average of the BCI is improved and currently stands at **3716**. The Capesize T/C average rate calculated every week by N. Cotzias Shipping Consultants from this week T/C fixtures didn't match the fall of the index & went up this week slightly by **2.49%**, still just below the 35k mark at **\$34,065**. Previous week's T/C figure was **\$33,238**. However we had a decent number of reported cape fixtures of **ten (10)** units that were fixed on T/C this week. The daily min/max rate as seen in our fixtures report for was **reduced** over last week from **\$26,000** (M/V "Sunrise 1", 138327 dwt, built 1981, dely Jintang 16/21 Mar, redely S.Korea, \$26000, STX Panoecean, for a trip via Indonesia) up to **\$46,500** (M/V "Nisshin Trader", 172517 dwt, built 2001, dely Rizhao 12/14 Mar, redely China, \$46500, BHP Billiton, for a trip via West Australia/China).

high & lows 2010	TODAY 19/3/2010	2010 HIGH	DATE	% CHANGE TODAY	2010 LOW	DATE	% CHANGE TODAY	year average
BDI	3379	3574	15/Mar/10	-5.46%	2566	15/Feb/10	31.68%	3010
BCI	3522	4431	5/Jan/10	-20.51%	3163	1/Mar/10	11.35%	3716
BPI	4344	4344	19/Mar/10	0.00%	3011	15/Feb/10	44.27%	3635
BSI	2929	2929	19/Mar/10	0.00%	2028	16/Feb/10	44.43%	2372
BHI	1468	1468	19/Mar/10	0.00%	1030	17/Feb/10	42.52%	1181

In the chart above we see that the Panamax Supramax and Handymax index peaked for 2010 on Friday 19<sup>th</sup> March 2010. 2010 lowest figures for the three indices were observed in mid Feb 2010 (Feb 15, 16 & 17<sup>th</sup>) when they had reached the year lowest. From then until today 4 weeks later we see an improvement in the range of 44% and that is important as the secondhand prices of same have reacted positively upwards.

## PANAMAX MARKET

The **Baltic Panamax Index (BPI)** closed on Friday the 19th of March 2010 well above the 4,000 point mark at **4344** which represents a decent **gain** of **2.87%** or **121** points compared to **4223** points which was last Friday the 15<sup>th</sup> February 2010 closing. It is the 5<sup>th</sup> consecutive upward rising week!!!



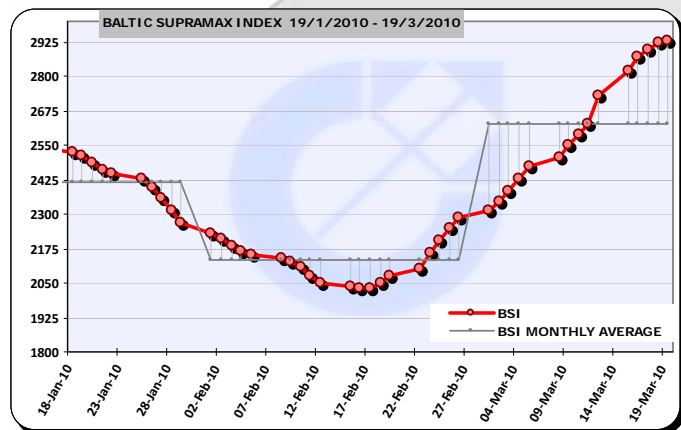
The Yearly average of the BPI currently stands improved at **3635** points. The NCSC Panamax T/C average rate went **up** by **2.58%** to **\$31,617** from **\$30,823** which was last week's Panamax T/C av. An average number of **sixtyone (61)** Panamax vessels were being chartered this week on Period and T/C's and this shows the added momentum and demand by Charterers. The daily rates as seen in our separate fixtures report for Panamaxes this week, with **improved** levels compared to last week ranged from **\$14,250** (M/V "Pioneer Sky", 81659 dwt, built 1983, dely retro Fangcheng

20 Feb, redely China, \$14250, Richstone, for a trip via Black Sea) up to **\$55,500** for the (M/V "Prem Vidya", 82273 dwt, built 2006, dely Mumbai 20/22 Mar, redely China, \$55500, Chart Not Rep, for a trip)

Activity was hot in the sale and purchase of Panamax vessels. The M/V "Bahia Blanca" 74k/built 1998 Hashihama, was sold to Chinese for high \$27's, while the M/V "Catriena" 73k/ 1998 built Sumitomo went to Chinese too for \$27.8mil. The younger M/V "Betis" 78k/ 2004 built Sasebo went also to Undisclosed Chinese Buyers for an undisclosed price. Adding to these 3 sales we had late in the week the sale of the M/V "Makiki" 73k/ 1997 built Korea that went possibly to Chinese buyers for \$27mil when its sister vessel the M/V "Waimea" was sold last month for \$25.5mil. What we left last to comment on was the sale of the M/V "Africana" 76k/ 2002 built Japan that was sold by Greek Interests for \$33mil to Indian buyers (Five Star). We feel that MMM (3M) the sellers that had acquired her as "Montrose" in Oct 2009 for \$28.9mil have made in a 4 month period a good profit of about \$4-\$4.5mil or 14-16% capital appreciation. It is evident that Panamax vessels are well sought after and this has pushed their prices slowly slowly to higher levels.

## SUPRAMAX MARKET

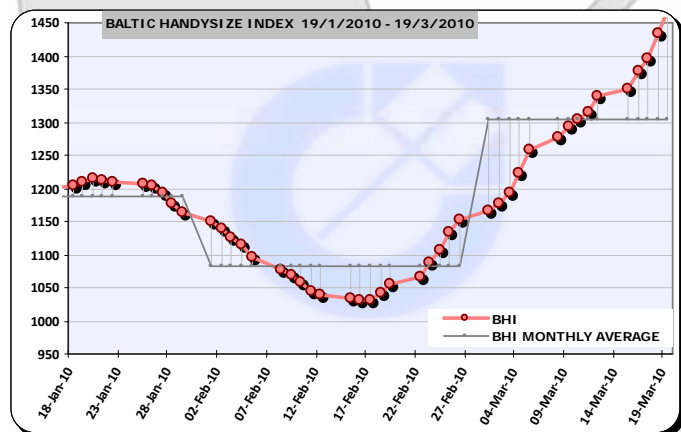
■ The **Baltic Supramax Index (BSI)**, closed on Friday the 19th of March 2010, at **2929** points a **gain** of a good **3.87%** or **109** points based on the previous **2820** points we had last Friday the 15<sup>th</sup> February 2010 closing. The yearly average for the BSI currently stands up at **2372** points. For this week the Supramax Time Charter average rate calculated by NCSC is **up** at **\$30,452** or **7.63%** based on **\$28,294** which was last week's Supramax average. Like Panamax index this is the 5<sup>th</sup> consecutive week of gains.



trip via PG) up to **\$47,500** (M/V "Kang Yao", 52988 dwt, built 2004, dely Cristobal 20/25 March, redely India, \$47500, Strategic Bulkcarriers, for a trip via USGulf).

## HANDYSIZE MARKET

■ The **Baltic Handysize index (BHI)** closed on Friday the 19th of March 2010 with another weekly serious gain at **1468** points and this represents a strong percentage gain of **8.74%** or a gain of **118** points. The yearly average for the BHI currently stands at **1181** points. This week's Handysize Time Charter that is calculated by NCSC went **up** too by **5.07%** this week to **\$29,944** from **\$28,500** which was last week's average. Like its other two bigger brothers the Handymax index has 5 consecutive weeks of gains too.



49047 dwt, built 1996, dely Goa 25/27 March, redely China, \$48000, Chart Not Rep, for a trip via India - WBC Relet).

## SCRAP MARKET

In the scrap market we see a serious increase in prices offered per ton of scrap steel. In the Indian Sub-Continent we see an improvement of say \$30-\$40 per ton, and that is greatly induced by Indian breakers who are trying to attract more steel ahead of the increased world steel prices. We see the firm levels that Pakistan, Bangladesh and India are offering for Tankers and other wet cargo vessels due to the stainless content to have reached \$435-\$445 usd per tone of lightship, and some breakers to have offered improved levels ranging from \$385-\$390 for dry cargo vessels.