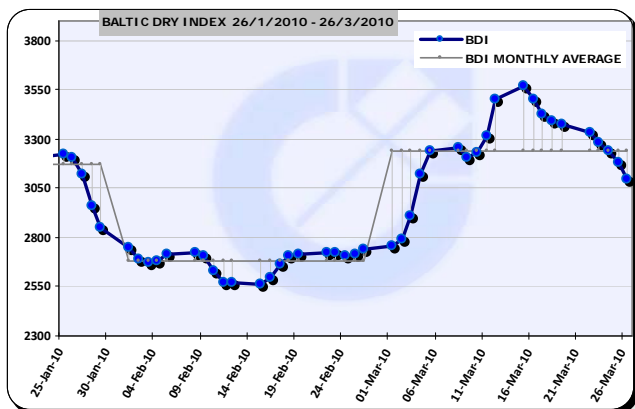


12th Week - Dry Cargo Market “Highlights” – 22/3/2010 until 26/3/2010



The *Baltic Dry Index* closed on Friday the 26th of March 2010 is approaching the 3,000 point mark and was assisted by all 4 size Baltic Indices to an expected corrective weekly loss. It closed at **3098** points with an overall strong weekly loss of **-8.32%** or **-281** points. (Last Friday's the 19nd of March 2010 closing value was **3379** points). The index every day of this week made a negative turn, over-passing below its monthly average.

Easter Holidays are here and week 13 will be as is always following the seasonal fluctuations, a subdued week. It is good however that both Greek Orthodox coincides with the Western World East festivities as the disruption will be only for a short period, and will not be unnecessarily prolonged. Port Congestion is somewhat

reduced compared with last week and this reduction didn't help the dropping freight rates and indices. The developing countries, their economies and their slow or non-existent growth has also hampered world trade and the need for traffic in the shipping routes. It seems that we have to focus on all the help the developing world/countries mainly the BRIIC (Brazil, Russia, India, China and Indonesia responsible for the double "I") countries that will generate the steam into our shipping industry engines.

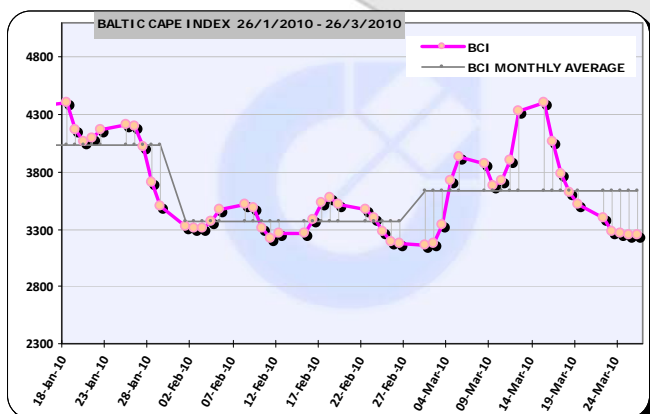
We mentioned last week of the IPO of Peter Georgiopoulos newly founded setup named "Baltic Trading" that has acquire 2 Capes 177,000 dwt from SWS China for \$72mil each and 4 Supramax vessels from Daeyang China for \$35mil each while last week we had even more reports of 6 Handies being further acquired by "Baltic Trading" the 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 and it was know that Georgiopoulos is the buyer but not for Baltic Trading (at least not for now!). We had mentioned in our last week's report that the reported sale was sort of "grayish" as no press release was given by BALT. However we have seen that Oaktree Capital & Blackstone Group with whom Peter Georgiopoulos is partner for investment participation of up to 1bil USD, has been linked as the buyers of the 6 Handies.

On BALT still, what is considered as news worth highlighting is the 2 large share acquisitions by two investment groups. Five days ago we saw the purchase of 1.1mil shares of BALT by Hunter Global Investors that have invested \$15.4mil usd and are holding 6.6% of Baltic Trading. On closing of week 12 we also reported that Dmitry Balyasny's Hedge Fund, Balyasny Asset Management according to their 13G filing with SEC have acquired 5.2% of BALT with 925,000 shares worth around \$13mil usd. BAM has as a target to invest in companies that according to their research focus on companies or sectors that are undergoing some serious turbulence or are facing fundamental changes as an opportunistic hedge fund that can benefit from good ideas that reap good returns.

In summary form: (week 09) BDI, **loss, -8.32%**, BCI, **loss, -7.89%**, BPI, **loss, -8.72%**, BSI, **loss, -9.63%**, BHI, **loss, -1.29%**

DRY BULK TIME CHARTER EARNING OUTLOOK					
VSL TYPE	THIS WEEK	LAST WEEK	% CHANGE	DIFF	TREND
CAPESES	\$33,881	\$34,065	-0.54%	-\$184	▼
PANAMAX	\$31,816	\$31,617	0.63%	\$199	▲
SUPRAMAX	\$31,358	\$30,452	2.98%	\$906	▲
HANDYMAX	\$29,010	\$29,944	-3.12%	-\$934	▼

CAPE SIZE MARKET



■ The *Baltic Cape Index (BCI)* closed on Friday the 26th of March 2010 seriously approaching the 3,000k mark, at **3244** points posing a rather mentionable weekly **loss** of **-7.89%** or **-278** points over previous week's closing on Friday the 19th March which was **3522** points. It is interesting to note that this sharp weekly downfall has continued on last week's, which was the sharpest weekly drop 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 the demand for Iron Ore was seriously reduced. It could well be that it is a tactical/strategic move on behalf of the 4 Major Miners/Exporters as the contract price agreement is due 1st week of April 2010. The

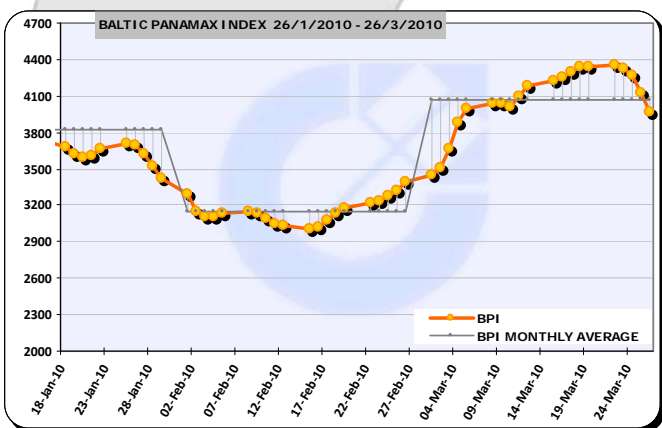
route of West Australia – China is down by -18% compared with last week, the line of Brazil – China is down by more than -20% and we are talking about freight levels of about \$23.5usd/tonne. Few period charters and some can be seen as a good leading indicator that the market is expected by the charterers to increase in the next mid-short term, as we had a 180k, 2009blt Cape fixed for 7-10 months trading at \$36,000 per day while another smaller older 171k/2000 blt cape was fixed for 3 years trading at \$27,500 per day with Worldwide delivery at the end of 2010.

Freight levels remained bullish, with no real decline noted, but the index dropped further. As we mentioned earlier on, the new price levels according to what Bloomberg announced yesterday, Vale seems to ask for a 110% price increase for the Apr/Jun 2010 contract. If this agreement takes place then we will see an FOB (Free on Board) price will be \$115 per ton, and if we add to this the freight from Brazil to China we end up with a total price of \$138.6 per tonne. This price agreement is very important as it is primarily a long ongoing saga of disputes as to the way the deal takes place. The Miners want to achieve market-based pricing while the Chinese importers want to go on contract-based pricing... On the other hand if the agreement is delayed the stock piling will need to be replenished soon, as we are not talking about such great quantities currently being stocked, 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. However the Price agreement is now in the capable hands of China's Prime Mr. Wen Jiabao.

The yearly average of the BCI is improved and currently stands at **3680**. 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 down this week slightly by **-0.54%**, still just below the 35k mark at **\$33,881**. Previous week's T/C figure was **\$34,065**. However we had a good number of reported cape fixtures of **nine (9)** units that were fixed on T/C this week. The daily min/max rate as seen in our fixtures report for was **improved** over last week from **\$17,500** (M/V "Mahavir Prasad", 136608 dwt, built 1983, dely Jintang end Mar/ely Apr, redely redel China, \$17500, Jaldhi, for a trip via EC India) up to **\$42,500** (M/V "Cape Saturn", 175882 dwt, built 2003, dely Continent 1/5 Apr, redely redel Singapore-Japan rge approx, \$42500, Cargill, for a trip via Brazil).

PANAMAX MARKET

➤ The **Baltic Panamax Index (BPI)** closed on Friday the 26th of March 2010 just below the 4,000 point mark at **3965** which represents a strong **loss** of **-8.72%** or **-379** points compared to **4344** points which was last Friday the 19th March 2010 closing. The 5th consecutive upward rising week initiated after 17th Feb 2010, was interrupted this week!!!



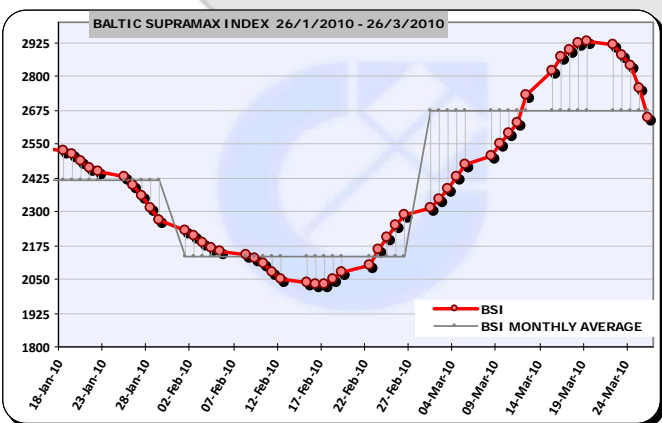
The Yearly average of the BPI currently stands slightly down at **3682** points. The NCSC Panamax T/C average rate went **up** by **0.63%** to **\$31,816** from **\$31,617** which was last week's Panamax T/C av. A lower than usual number of **fourtysix (46)** Panamax vessels were being chartered this week for 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 **reduced** levels compared to last week ranged from **\$20,000** (M/V "Ella Claire", 64225 dwt, built 1989, dely Dong Guan spot, redely WC India, \$20000, Chart Not Rep, for a trip via Indonesia) up to **\$55,000** for the (M/V "Kanak Prem", 69221 dwt, built 1997, dely Mumbai 24/28 Mar, redely China, \$55000, RGL, for a trip via WC India)

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SUPRAMAX MARKET

➤ The **Baltic Supramax Index (BSI)**, closed on Friday the 26th of March 2010, at **2647** points a **loss** of a good **-9.63%** or **-282** points based on the previous **2929** points we had last Friday the 19th March 2010 closing. A halt for the BSI's five week rising period!! The yearly average for the BSI currently stands down at **2408** points.



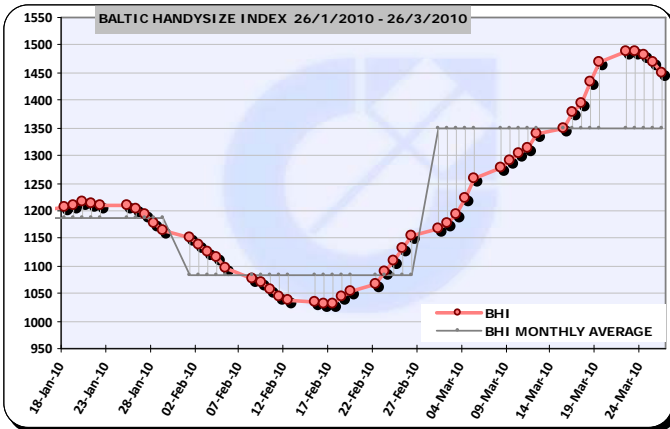
For this week the Supramax Time Charter average rate calculated by NCSC is **up** at **\$31,358** or **2.98%** based on **\$30,452** which was last week's Supramax average. Like Panamax index this is the 5th consecutive week of gains.

Once more we were above last week's average, with **seventeen (17)** Supramaxes that were on T/C this week. The daily rates in the fixtures reported this week, for Supramaxes were **improved** over last week and ranged from **\$23,000** (M/V "Chang Hang Bohai", 57000 dwt, built 2010, dely Xingang early April, redely worldwide, \$23000, Sinochart, for a 12 mos trading) up to **\$48,250** (M/V "Flag Alexandros", 57000 dwt, built 2010, dely Dahanu 29 March/10 April, redely China, \$48250, Nasbulk, for a trip).

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HANDYSIZE MARKET

■ The **Baltic Handysize index (BHI)** closed on Friday the 26th of March 2010 with a weekly loss of **1449** points and this represents a mere percentage reduction of **-1.29%** or a loss of **-19** points. Similarly with other 3 indices the BPI & BSI, the BHI stopped a five week upward rally, during which it had gained 50%. The yearly average for the BHI currently stands at **1206** points.



This week's Handysize Time Charter that is calculated by NCSC went **down** too by **-3.12%** this week to **\$29,010** from **\$29,944** which was last week's average. Like its other two bigger brothers the Handymax index has 5 consecutive weeks of gains too.

A low number of only **seven (7)** only Handymax vessel were reported on T/C this week with their weekly T/C daily rates for

Handy sized vessels ranging on **reduced** levels than last week from **\$22,000** (M/V "Force Ranger", 45950 dwt, built 1996, dely Piombino end March, redely redel worldwide approx, \$22000, Bunge, for a 12/14 months trading & the M/V "Spar Orion", 47639 dwt, built 1996, dely Hamburg end March, redely Turkey, \$37000, Copenship, for a trip via UKCont) up to **\$37,000** (M/V "Spar Orion", 47639 dwt, built 1996, dely Hamburg end March, redely Turkey, \$37000, Copenship, for a trip via UKCont).

SCRAP MARKET

In the scrap market we saw last week a serious increase in prices offered per ton of scrap steel. This week a further increase was observed. In the Indian Sub-Continent 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 \$460-\$470 usd per ton of lightship, and same breakers to have offered similar to last week's improved levels ranging from \$385-\$390 for dry cargo vessels. What is interesting to see is that Tankers mainly go to Pakistan and Bangladesh and India attracts most dry cargo units, which by the way fewer and fewer bulkers units are "demoed". In our monthly publication an extensive demolition analysis will be performed as we finalise the first quarter of 2010.

This report can be made available to anyone freely, simply by requesting it from our N. Cotzias Shipping Consultants at reports@cotzias.gr