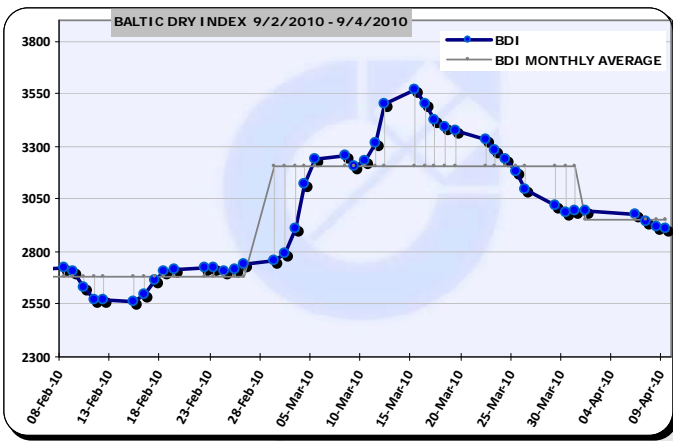


## 14<sup>th</sup> Week - Dry Cargo Market "Highlights" – 5/4/2010 until 9/4/2010



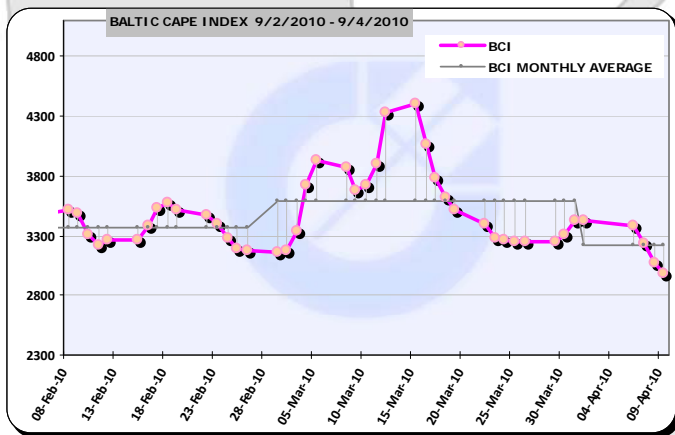
The *Baltic Dry Index* closed on Friday the 9th of April 2010 just below the 3,000 point mark, a level which purely for psychological reasons makes everyone feel better if we are around it!! The BDI was mainly pushed down by the BCI which suffered a substantial weekly loss. The BDI closed at **2913** points with an overall medium weekly loss of **-2.61%** or **-78** points. (Last Friday's the 2nd of April 2010 closing value was **2991** points). The index every day of this week made a negative turn, over-passing below its monthly average which in turn was lower than last week.

significant decline in Capes, at -13%. Panamax on the other hand, strengthened by 6.6% and stabilized at 3952 points. The market seems to have seriously affected from the signs that were specified and analyzed by N. Cotzias Shipping Consultant last week: the announcement of the measures from China's Prime Minister Wen Jiabao that China will attempt to moderate the stimulation of economy through the Stimulus package. It was declared and we see it already being taken into action that China will try to saw-off the legs of the crutch-sticks (Stimulus package) that the Chinese growth has been safely walking with. The credit limitation affected the larger amounts needed by traders/importers in China to book and import a whole Cape-load of Iron-Ore, so they also found it easier with the tighter LC's to import a panamax parcel size. We saw that many Iron Ore cargo import traders in China, booked smaller parcel/order sizes and so the vessels that prevailed for the transportation, were mainly Panamax and Supramaxes. This resulted in a change of attitude from the Chinese (a possible boycott on the 4 main miner/exporter giants), due to the strategic playing of the contract price agreement that we will analyze below, China turned to the Indian market booking loads of Iron Ore from there. India due to port infrastructure is not really able in all ports to accommodate the larger Capes, so Panamaxes and Supramaxes were and remain the most convenient solution.

In summary form: (week 09) BDI, **loss, -2.61%**, BCI, **loss, -12.98%**, BPI, **gain, 6.58%**, BSI, **gain, 3.36%**, BHI, **loss, -0.37%**

### CAPE SIZE MARKET

The *Baltic Cape Index (BCI)* closed on Friday the 9th of April 2010 just below the 3,000k mark, at **2984** points posing a rather strong weekly **loss** of **-12.98%** or **-445** points over previous week's closing on Friday the 2<sup>th</sup> April which was **3429** points. It is interesting to note that this sharp weekly downfall has continued on last week's, and overall in 3 weeks the BCI has lost more than 35% of its value.



Capes are still seriously affected for this week too, and Freight levels remained low, with some more decline noted, while the index dropped further this week. The present week was dominated by the news of the upcoming and much anticipated price agreement for the import price of iron ore. It is not so much a matter of how much of a significant price increase we will see, but the redefinition of the agreement and how it will work through the restructuring of the system that the world's steel producers and miners used for nearly 40 years now. Until

now steelmakers in China, Korea, Japan and Europe, were taking the ore by sea, in prices agreed upon in advance for one year. There were a few spot loads but more than 85-90% took place under the annual contract.

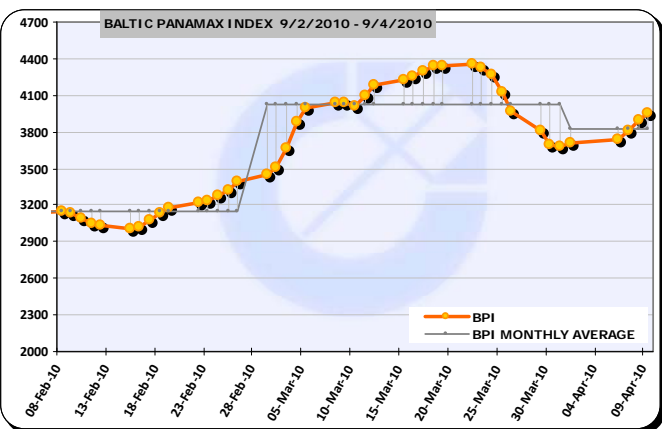
Now with the encouragement of VALE (from Brazil), BHP Billiton and Rio Tinto, the contracts will probably from now on be defined as 3 month contracts and will be updated every quarter (Variable pricing regime). Rumor has it, that contracts will turn entirely in spot trading. On the other hand, Chinese producers who produce more than 50% of the global steel, argue that they deserve a big discount. Last year they did not agree to a final value, so almost 60-70% of all contracts were made at spot prices and spot terms. What we see is a game of tactic on one side the miners 'hold' loads from the market to put upward pressure on spot prices, while on the other side Chinese importers/producers purchase less shipments from Brazil and Australia in order to suppress spot prices. As a result this strengthens the uncertainty and increases the volatility of the market, primarily in the Capes sector which are known to govern the BDI index by as much as 50%. Rumors has it that China Iron and Steel Association (CISA) and the China Chamber of Commerce and Metals (CCCMC) request a 2-month boycott and embargo on importing iron/ore from Vale, BHP Billiton and Rio Tinto as a way to protest on the proposed price increases and the mining industry's proposed new quarterly pricing system.

The yearly average of the BCI is reduced and currently stands at **3630**. 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

**4.82%**, still well below the 35k mark at **\$32,233**. Previous week's T/C figure was **\$30,750**. However we had a low number of reported cape fixtures of **six (6)** 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 **\$13,300** (M/V "ZOSCO Hangzhou", 148629 dwt, built 1982, dely Caofeidian 9/11 Apr, redely China, \$13300, Winning, for a trip via Indonesia) up to **\$49,000** (M/V "Ionian Prosperity", 179385 dwt, built 1998, dely Sines 19/21 Apr, redely S.Korea, \$49000, STX Pan Ocean, for a trip via Bolivar - Swiss Marine relet).

## PANAMAX MARKET

➤ The **Baltic Panamax Index (BPI)** closed on Friday the 9th of April 2010 just below the 4,000 point mark at **3952** which represents a strong **gain** of **6.58%** or **244** points compared to **3708** points which was last Friday the 2<sup>nd</sup> April 2010 closing.

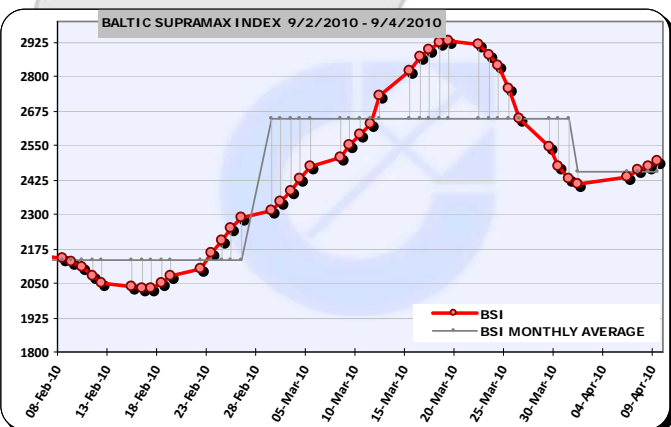


The Yearly average of the BPI currently stands slightly down at **3694** points. The NCSC Panamax T/C average rate went **up** by **5.67%** to **\$30,680** from **\$29,033** which was last week's Panamax T/C av.

A greater than usual number of **fiftyseven (57)** 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 **reduced** levels compared to last week ranged from **\$17,000** (M/V "Mara", 64850 dwt, built 1989, dely Xingang 6/10 Apr, redely China, \$17000, Oldendorff, for a trip via WC India) up to **\$46,000** for the (M/V "Ecostar G.O", 75149 dwt, built 2007, dely Jorf Lasfar 8/10 Apr min 100 days 1st leg Kamsar, redely worldwide, \$46000, Chart Not Rep, for a trip)

## SUPRAMAX MARKET

➤ The **Baltic Supramax Index (BSI)**, closed on Friday the 9th of April 2010, at **2490** points a **gain** of a good **3.36%** or **81** points based on the previous **2409** points we had last Friday the 2<sup>th</sup> April 2010 closing. This week we saw a halt for the BSI's two week fall. The yearly average for the BSI currently stands slightly up at **2415** points. For this week the Supramax Time Charter average rate calculated by NCSC is **up** at **\$28,595** or **5.36%** based on **\$27,141** which was last week's Supramax average.

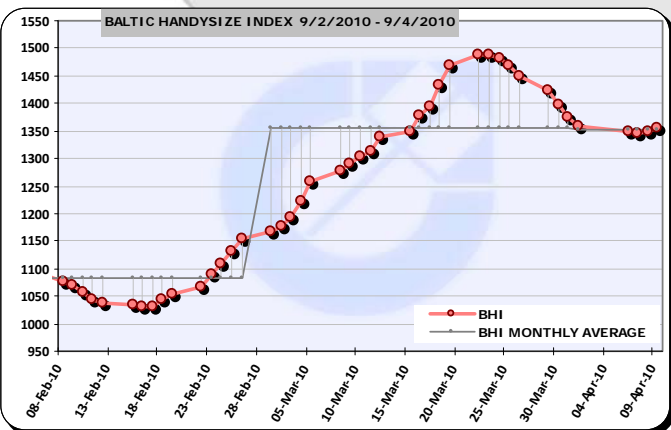


Demand for Supra's is strong for once more, and we were above last week's average, with a good number of **twentyone (21)** Supramaxes that were on T/C this week. The daily rates in the fixtures reported this week, for Supramaxes were **reduced** over last week and ranged from **\$18,000** (M/V "Jag Ratan", 52180 dwt, built 2001, dely South Korea spot, redely India, \$18000, Chart Not Rep, for a trip via Indonesia/Australia) up to

**\$39,600** (M/V "Canary", 58170 dwt, built 2009, dely USGulf mid April, redely Continent approx, \$39600, Clipper, for a trip via Houston).

## HANDYSIZE MARKET

➤ The **Baltic Handysize index (BHI)** closed on Friday the 9th of April 2010 with a weekly loss of **1355** points and this represents a mere percentage reduction of **-0.37%** or a loss of **-5** points.



The yearly average for the BHI currently stands at **1225** points. We saw a partial stabilizing attempt to halt the 2 week fall of the BHI, and this week's Handysize Time Charter that is calculated by NCSC went **down** too by **-4.69%** this week to **\$29,786** from **\$31,250** which was last week's average. The Handies are still earning a decent return and their time charter daily equivalent can be seen as a very respectful one.

A low number of only **three (3)** 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 **\$25,000** (M/V "Eleoussa", 44950 dwt, built 1994, dely Recalada early April, redely Spain approx, \$25000, Copenship, for a 375000 bb - trip) up to **\$33,000** (M/V "Stove Trader", 46233 dwt, built 1999, dely Brunsbittel 15/16 Apr, redely east Mediterranean, \$33000, Copenship, for a trip via Continent).

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