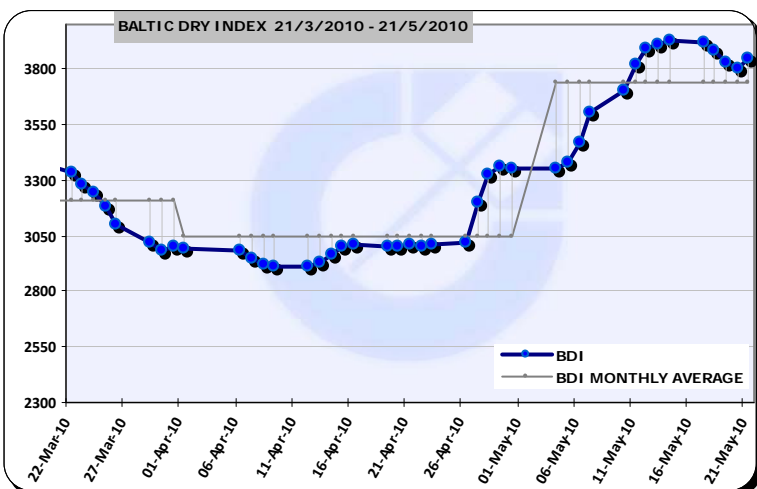


20th Week - Dry Cargo Market "Highlights" – 17/5/2010 until 21/5/2010

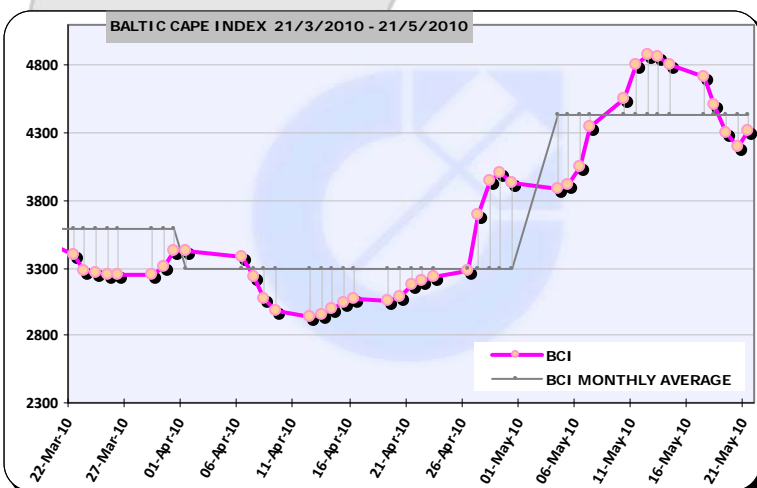
The *Baltic Dry Index* is on a positive level, and that is at least the some comforting news in the unsteady frenzy financial and political world we are living in. The BDI closed on Friday the 21st of May 2010 with an overall small downward correction at **3844** points with a mere weekly loss of **-2.16%** or **-85** points. (Last Friday's the 7th of May 2010 closing value was **3929** points). It seems that the resistance level, the border of 4k points, was not overcome this time, as the Cape Index put serious downward pressure to the BDI and that was very much expected. However we are still over the monthly average of the BDI which stands at 3743 points.



The Baltic Dry Index started this week on Monday with a marginal decrease and closed very much as it stood at the end of week 19. This small daily fall continued for the next 3 working days too. And as all other indices were positive it was the Cape index that dragged the BDI downward. On Friday 21st the Cape index rose while the Panamax index stopped its 5 week rally. And this past Friday was this week's only positive day for the BDI. For Statistics purposes the closing of Friday the 14th of May, at 3929 points was the BDI's highest point for 2010, while the lowest point still stands as of 15th February 2010 at 2566 points.

In summary form: (week 20) **BDI, loss, -2.16%**, **BCI, loss, -10.14%**, **BPI, gain, 5.44%**, **BSI, gain, 0.62%**, **BHI, gain, 2.36%**

CAPESIZE MARKET



—The **Baltic Cape Index (BCI)** closed on Friday the 21st of May 2010 still below the 4.5k mark, at **4317** points posing a strong w2w **loss** of **-10.14%** or **-487** points over previous week's closing on Friday the 7th May which was **4804** points. Signs were there last week and this week (w20) showed us further the correction on the Cape market, which after the fifth consecutive week of gains for the BCI which had reached a peak showed us the softening of the Cape market mainly due to the Stockpiles, that can last up to one more month, of Iron Ore the Chinese are keeping, and secondly due to a softening and reduction in the growth rate of China following the fears of the Housing price bubble and hyperinflationary pressures prevailing.

Adding to this the definite uncertainty the market is facing and will be facing more in the future, after the possible mining tax the Australian Government is to impose. This mining tax that will possibly be introduced in 2012 will alter the Iron Ore market and we shall be able to see how the future investments will react. A prolonged period of uncertainty is definitely not a wise condition to leave in a shadowy state, as this uncertainty will lead to delay of projects.

Prime Minister Kevin Rudd unveiled the tax this month, arguing the government was not receiving its fair share of the resources boom, which helped the economy avoid recession during the global financial crisis, and now threatens to overheat it. Rudd has put the tax at the center of his campaign to win re-election at polls expected around October. It is the cornerstone of his promise to return the fiscal budget to surplus by 2012/13, to cut the company tax rate and to indirectly fund another pledge to raise national retirement incomes. But miners are waging a high-stakes political campaign to have the tax defeated at the election or, if Rudd is returned to power, to at least negotiate substantial changes to it. It is threatening to pull billions of dollars of investment, with iron ore miner Fortescue Metals Group alone threatening to abandon \$15 billion in new iron pre projects.

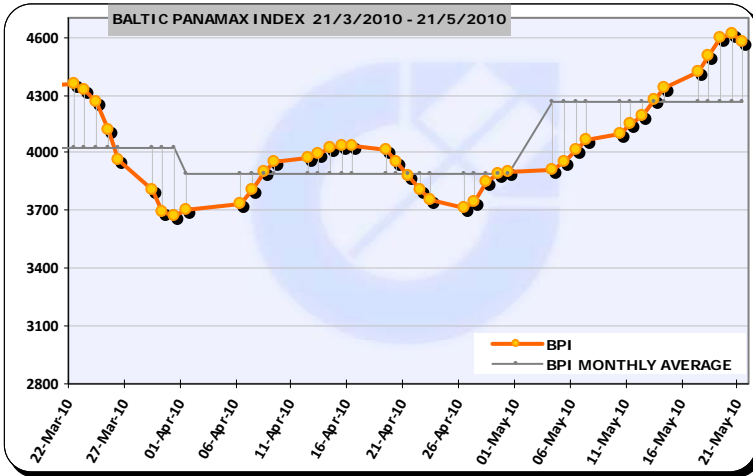
We feel that if this tax is finally imposed the increased costs of Iron/Ore will definitely have a positive impact on the freight rates of Capes. Increased commodity price will eventually lead an increased freight level.

The Capesize T/C average rate calculated every week by N. Cotzias Shipping Consultants from this week T/C fixtures once more followed the fall of the index & went **down** this week by a mere **-0.16%**, still marginally passing the 40k mark at **\$41,948**.

Previous week's T/C figure was **\$42,017**. Period demand this week was lower, and we had an adequate number of reported cape fixtures of **seven (7)** units that were fixed on T/C this week.

The daily min/max rate differential as seen in our separate weekly fixtures report for was **reduced** over last week from **\$31,000** (M/V "Eternal Sea", 150561 dwt, built 1984, dely Mundra 12/16 June, redely redel China, \$31000, Richstone, for a trip via Black Sea) up to **\$65,000** (M/V "Quorn", 179000 dwt, built 1996, dely Port Talbot 24 May, redely redel China, \$65000, Classic, for a trip via S. America - Cargill relet).

PANAMAX MARKET



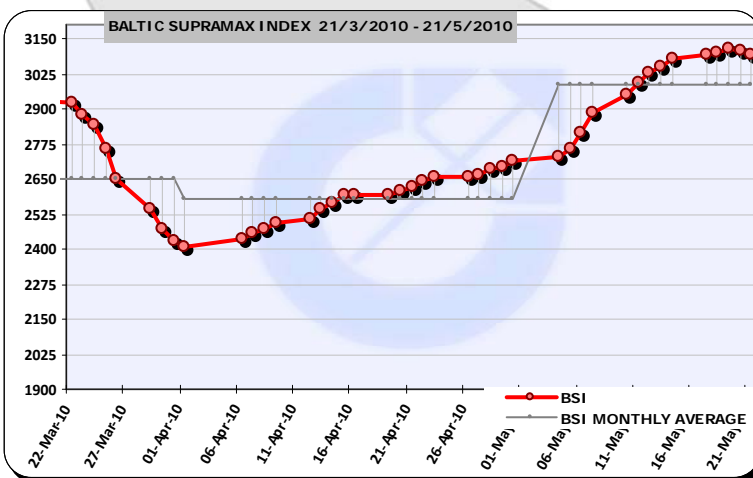
➤ The **Baltic Panamax Index (BPI)** closed on Friday the 21st of May 2010 just above the 4,500 point mark at **4576** which represents a solid weekly **gain** of **5.44%** or **236** points compared to **4340** points which was last Friday the 7th May 2010 closing. A Strong panamax market whose rise seems to have come to a halt and last day of the week to a drop. Very roughly period market looks good, and many charterers have secured and locked period positions, as 24 Panamax vessels were on period Timecharter this week. 12 month periods pay around \$29,700 per day, while 17-19 months duration pay \$26,000 per day, with shorter durations of say 4-6 months paying an average of \$37,000 per day, with 6-8 months duration paying slightly more.

Monthly panama index (BPI) stands at 4280 points, while the Yearly average of the BPI currently stands slightly improved at **3810** points. The Panamax T/C average rate as calculated by N. Cotzias Shipping Consultants, went **up** by **3.18%** to **\$34,306** from **\$33,248** which was last week's Panamax T/C av.

A good number of **fiftyfour (54)** Panamax vessels, lower than last week, were being chartered this week on Period and T/C's and this shows the steady rising momentum and strong demand by Charterers. However we could well be on a turning point were the bullish market will momentarily rest.

The daily rates as seen in our separate fixtures report for Panamaxes this week, with **improved** levels and differential from low to high, compared to last week ranged from **\$16,000** (M/V "Best Fortune", 63179 dwt, built 1982, dely Xiamen ppt, redely S.China, \$16000, CITIC, for a trip via Indonesia) up to **\$50,000** for the (M/V "Nordelbe", 75323 dwt, built 2001, dely Aughinish ppt, redely redel UKC, \$50000, Armada, for a trip via Murmansk, and the M/V "Nordmosel", 75257 dwt, built 2001, dely Stade 25/30 May, redely redel Skaw-Passero approx, \$50000, cnr, for a trip via Baltic)

SUPRAMAX MARKET



➤ The **Baltic Supramax Index (BSI)**, closed on Friday the 21st of May 2010, at **3095** points a **gain** of a good **0.62%** or **19** points based on the previous **3076** points we had last Friday the 7th May 2010 closing. Although we can say that the rate of increase with which the BSI is going up every week is on the decline, this week we saw the 7th consecutive week of "a rising BSI" which is still very positive as all markets remain firm with cargo activity being strong. However signals from both the Pacific market and the Indian China trade route, indicate that we should expect a downward correction on the indices and the resulting freight rates!!!

The yearly average for the BSI currently stands slightly up at **2529** points while the monthly average is just above 3,000 points. For this week the Supramax Time

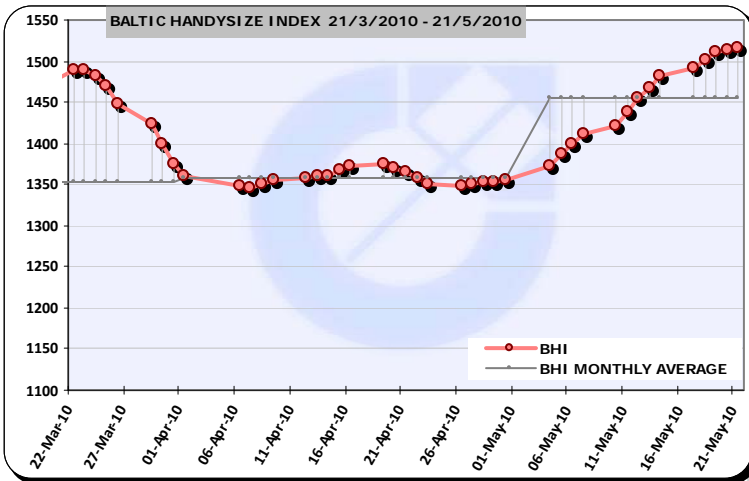
Charter average rate calculated by NCSC is **up** at **\$33,166** or **0.45%** based on **\$33,018** which was last week's Supramax average.

Demand for Supra's as mentioned is remaining good, with **twentyfour (24)** Supramaxes that were on T/C this week. The daily rates (differential of Highest – Lowest weekly T/C figure) in the fixtures reported this week, for Supramaxes were **reduced** over last week and ranged from **\$25,500** (M/V "Cos Knight", 52395 dwt, built 2002, dely North China mid June, redely redel worldwide, \$25500, Chart Not Rep, for a 6/8 months trading) up to **\$58,000** (M/V "Anna Barbara", 55535 dwt, built 2008, dely

Tampa 30 May/2 June , redely redel Singapore-Japan, \$58000, Noble, for a trip via USGulf, and the M/V "Thor Friendship", 54000 dwt, built 2009, dely New Orleans 25/29 May , redely redel Turkey intention Pet Coke, \$58000, Chart Not Rep, for a trip).

HANDYSIZE MARKET

➤ The **Baltic Handysize index (BHI)** closed on Friday the 21st of May 2010 showing a 4th consecutive weekly rise! This week it closed at **1516** points and this represents a good percentage **gain** of **2.36%** or a gain of **35** points over last week's closing of Friday the 7th May 2010 which stood at of **1481** points.



The BHI has overcome the 1500 point mark and is increasing strongly giving us the foundations of a good market. Definitely the differential of rates obtained by Handymax and Supramax vessels were not in line with what they should make per day, so this can be a good opportunity as the smaller market of Handymax vessels may lay the foundations for stronger future markets for Supramax and Panamax vessels.

In the Handies charter market and more specifically in the Handymax vessels we saw a rise in the charter activity. The yearly average for the BHI currently stands at **1279** points with the monthly average to be just above 1450 points. We had mentioned last week we expected the smaller Handies and Handymax vessels to pick up momentum, and this happened.

However following the rise in the index this week's Handysize Time Charter that is calculated by NCSC went **up** by a surprisingly good **10.71%** this week to **\$31,000** from **\$28,000** which was last week's average. The Handies are now earning a good return and their time charter daily equivalent can be seen as a very respectful one with a small minor divergence from the larger Supras.

As the market was increasing, a rather low number of only **four (4)** 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 of high-low rates, compared to last week from **\$38,500** (M/V "Danos Z", 46492 dwt, built 2001, dely Antwerp prompt bop about, redely redel worldwide, \$38500, Chart Not Rep, for a 3 months trading) up to **\$48,500** (M/V "Blackfin", 43000 dwt, built 1995, dely Texas Gulf 25/27 May , redely redel Black Sea intention Pet Coke, \$48500, Energy, for a trip).