

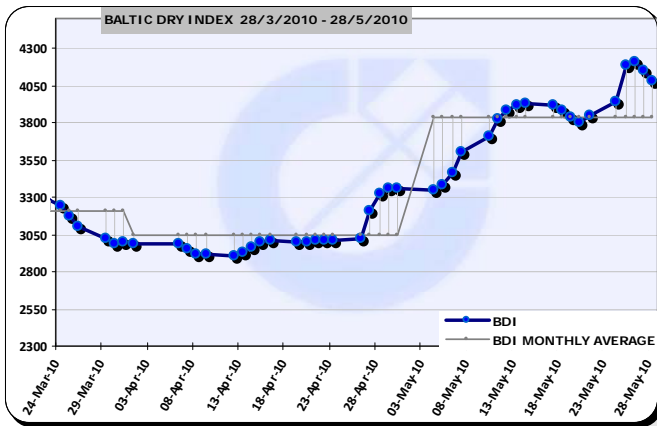
21st Week - Dry Cargo Market “Highlights” – 24/5/2010 until 28/5/2010

The *Baltic Dry Index* is once more on a positive level, this week primarily if not solely driven by the surge in the Cape segment. The BDI closed on Friday the 28st of May 2010 with a good upward move at **4078** points with a strong and positive weekly gain of

6.09% or **234** points. (Last Friday's the 21st of May 2010 closing value was **3844** points).

It seems that the resistance level, the border of 4k points, was surpassed this time, and for statistics purposes the highest point mark for the BDI for 2010 was on Wednesday the 26th May 2010 when it peaked at 4209. From then on, both Thursday and Friday found the BDI losing approx. 130 points to settle at just above the 4,000 point barrier.

As for the other indices only the Cape index was positive and it was the Cape index that dragged the BDI to have a weekly increase. The Panamax Index on Thursday the 20th May 2010 rose to the year's highest point mark reaching 4622 and since then it has been falling.

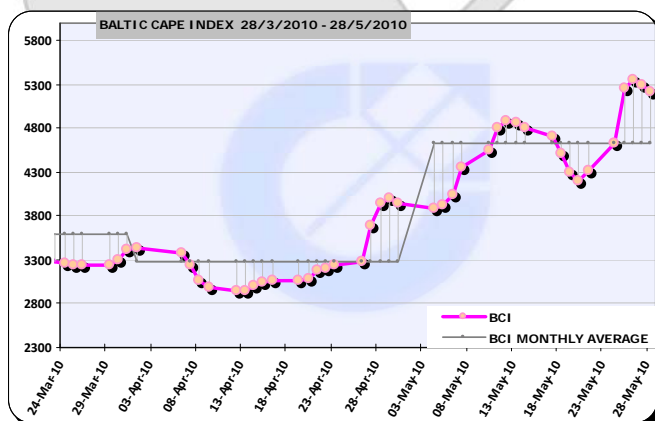


In summary form: (week 20) **BDI, gain, 6.09%**, **BCI, gain, 20.85%**, **BPI, loss, -7.19%**, **BSI, loss, -3.65%**, **BHI, loss, -2.57%**

Let's have a quick browse on this week's financials. In Europe, the London FTSE fell to 4940 on Monday 25th May 2010, its lowest level since October 2009, and down 15% from its yearly high of 5833 on April 16. But none of the other European indices fell below their lows of May 7, thus creating a possible case of intermarket bullish divergence, as long as the lows of May 7 hold. In the Americas, all the indices we track—except the Dow Jones Industrial Average—fell below their lows of May 7, which includes the NASDAQ Composite. Brazil's Bovespa, and Argentina's Merval Index. In the case of the Bovespa, it is now down almost 20% from its yearly highs of April 9. The Merval is down over 17% since April 12, and the NASDAQ over 14%. In Asia and the Pacific Rim, all the indices we track took out their lows of May 7 on Friday, May 20. The Russian MICEX index did too, and is now nearly 20% below its yearly high of 1539 recorded on April 15.

Gold and Silver pulled back sharply from their highs of the previous week. Gold fell to 1207 intraday from 1212 that it peaked during week 21, after posting an all-time of nearly 1250 just one week earlier on May 14. Silver fell below 1850 on Friday. Last week it was nearly 2000. The Euro currency fell to a new 4-year low on May 19, down to 1.2142, before rebounding smartly to close the week above 1.22 and Brent Crude Oil washed out to a low of 69.24 on May 25th only to close above \$73 per barrel at the end of last week. (*star IQ*)

CAPE SIZE MARKET



■ The **Baltic Cape Index (BCI)** closed on Friday the 28st of May 2010 way above the 5k mark, at **5217** points posing a strong w2w **gain of 20.85%** or **900** points over previous week's closing on Friday the 21st May which was **4317** points. We had given out our prediction based on visible signals that were there last week that the capes would increase rapidly this week. It was abnormal to see that the daily earnings of Capes lacked compared to the earnings of the smaller siblings the Panamax especially.

increase in the ship's prices (during the past 5 months) when its freight rate (T/C rate) seems locked around the 40k mark for nearly 5 months? It might have importance to note that this time last year, on Friday 22nd May 2009, the Capes were earning \$40,000 per day and after 2 weeks-time, on Friday the 5th of June 2009 they had shot up to \$85,000 per day! For whatever it's worth we may well encounter the same scenario this time!!

Capex last week were earning BCI close to \$40,000 per day, and Cape secondhand values were 20% higher than Nov 2009 when their daily earning were then close to \$70,000 per day and the BCI to be then around 8000 points. This was not really explainable with common logic. How do we see such a price

The increased availability and supply of Iron/Ore from Brazil and Australia, gave momentum to the cape market together with the possible mining tax that the Australian Government is rumored to impose in 2012. That move will alter the Iron Ore market as 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 to an increased freight level. And anticipating on this price increase definitely the importers of Iron/Ore will increase the quantities and stock while prices are lower. The new quarterly pricing system with July 2010 prices expected to be abt 25%-35% increased over current prices, we expect to see over the next

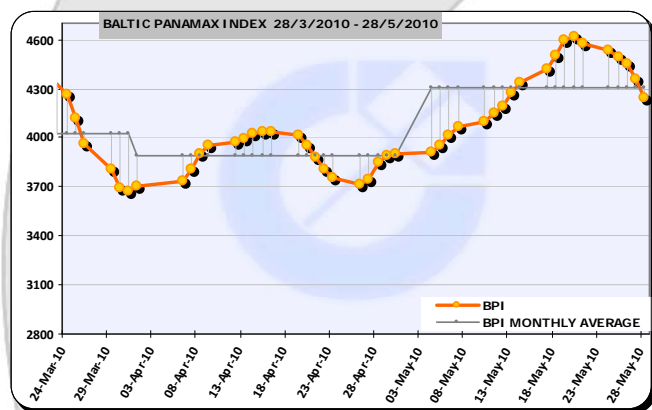
weeks some advance purchases!! Also Chinese Coal imports seem to be on the increase and already from the start of the year we have seen abt 80 capes being taken in, compared to 115 that were used all 12 months period of 2009. Coal can't be stored and stockpiles of same are not the norm, so we see that all imports of coal go directly to energy production, clearly giving us a sign that increased demand for coal can be seen as a clear sign of the industry's being on a steady increased output. Just as an indication iron/ore imports for April were down by 17% while coal imports are up by 15%.

With the big three iron ore mining giants - Vale, BHP Billiton and Rio Tinto - achieving the switch to a quarterly pricing system and also obtaining their desired price increases, China's Ministry of Finance is rumored to be considering a tax reduction for domestic iron ore suppliers, aiming at supporting the domestic iron ore industry and reducing reliance on imported resources. According to the expectations of local market players, such a possible tax reduction would mostly benefit domestic small and medium sized steel producers, since the large domestic steel mills still depend greatly on imported materials.

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 **up** this week by a good **18.10%**, still marginally passing the 40k mark at **\$49,540**. Previous week's T/C figure was **\$41,948**. Period demand this week was lower, and we had an adequate number of reported cape fixtures of **twentyseven (27)** 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 **improved** over last week from **\$24,000** (M/V "Ocean Energy", 147981 dwt, built 1990, dely Qingdao 30 May/3 June, redely China, \$24000, Winning, for a trip via Indonesia) up to **\$85,000** (M/V "CPO America", 180000 dwt, built 2010, dely Cape Passero 1/5 May, redely China, \$85000, Noble, for a trip via Bolivar).

PANAMAX MARKET



The **Baltic Panamax Index (BPI)** closed on Friday the 28st of May 2010 still above the 4,000 point mark at **4247** which represents a weekly **loss** of **-7.19%** or **-329** points compared to **4576** points which was last Friday the 21st May 2010 closing. After 4 consecutive weeks of gains, the BPI failed this week to keep up with that increasing pace and since last week's Friday the 21st May it had shown some clear signs of losing steam. Highest point for 2010 for the BPI was 4622 points on Friday 21st May 2010.

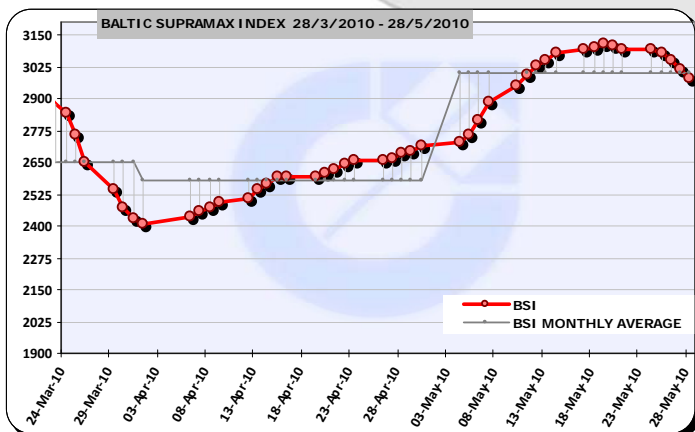
The Baltic Panamax index (BPI) monthly average currently stands improved at 4304 points, while the Yearly average of the BPI currently stands slightly improved at **3839** points. The Panamax T/C average rate as calculated by N. Cotzias Shipping

Consultants, went **down** by **-0.11%** to **\$34,270** from **\$34,306** which was last week's Panamax T/C av.

A mediocre number of **fourtyfour (44)** Panamax vessels, greatly reduced from last week's 54 fixtures, were being chartered this week on Period and T/C's and this shows a wait and see stance on behalf of Panamax vessel Charterers. However as we stated in our last week's report we are 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 **\$23,000** (M/V "Evangelia Petrakis", 74467 dwt, built 2007, dely China 1/5 June, redely worldwide, \$23000, Chinese chrtr, for a 3 years trading and the M/V "Shun Ji Xing", 69011 dwt, built 1983, dely Taichung 3/5 June, redely S.Korea, \$23000, STX Pan Ocean, for a trip via Indonesia) up to **\$60,000** for the (M/V "Excalibur", 73976 dwt, built 1999, dely Hamburg 26 May/2 June, redely India int fertilizers, \$60000, Russian chrtr, for a trip via Baltic)

SUPRAMAX MARKET



The **Baltic Supramax Index (BSI)**, closed on Friday the 28st of May 2010, at **2982** points a **loss** of **-3.65%** or **-113** points based on the previous **3095** points we had last Friday the 21st May 2010 closing. The BSI seems to ride in a similar way as the Panamax index, however the BSI had shown a prolonged 7 week rising patterns/trend. This was disrupted last week when the rate of increase softened giving signals that the market was turning soft. This week the BSI was declining every working day of the week.

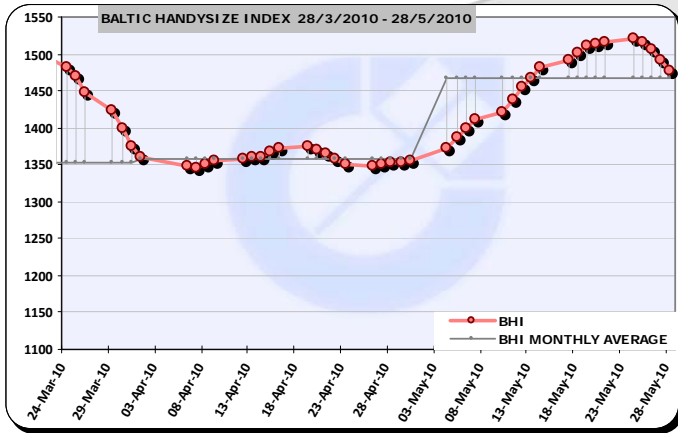
The yearly average for the BSI currently stands slightly up at **2554** points while the monthly average is just above 3,000 points. For this week the Supramax Time Charter average

rate calculated by NCSC is **down** at **\$32,556** or **-2.05%** based on **\$33,238** which was last week's Supramax average.

Demand for Supra's is softening, with **nineteen (19)** Supramaxes that were on T/C this week as opposed to 23 last week, showing yet another wait and see stance from the charterers. The daily rates (differential of Highest – Lowest weekly T/C figure) in the fixtures reported this week, for Supramaxes were **improved** over last week and ranged from **\$20,200** (M/V "**Trident Challenger**", 57000 dwt, built 2010, dely ex yard Far East Sept/Oct 2010, redely worldwide, \$20200, Minmetals, for a 1 years trading - Sinochart relet) up to **\$56,000** (M/V "**Nord Reliable**", 58787 dwt, built 2008, dely Port Canaveral spot, redely Continent, \$56000, PCL, for a trip via USGulf).

HANDYSIZE MARKET

■ The **Baltic Handysize index (BHI)** closed on Friday the 28st of May 2010 showing a 4th consecutive weekly rise! This week it closed at **1477** points and this represents a percentage **loss** of **-2.57%** or a loss of **-39** points over last week's closing of Friday the 21st May 2010 which stood above the 1500 mark, at that of **1516** points.



The BHI had overcome the 1500 point mark and was steadily increasing for more than 4 weeks giving signs of a good and strong market. In the Handies charter market and more specifically in the Handymax vessels we saw a rise in the charter activity rates mainly from Indian market, as most owners don't want to engage trading in that region so the Indian cargo interests had to improve on their ideas to attract candidates. Remaining markets were subdued with coal and grains moving most ships.

The yearly average for the BHI currently stands at **1290** 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 **down** by **-2.90%** this week to **\$30,100** from **\$31,000** which was last week's average. The Handies are still earning a good return and their time charter daily equivalent can be considered above expected.

As the market was increasing, a rather low number of only **one (1)** 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 **\$43,500** (M/V "**Tuscarora Belle**", 41479 dwt, built 1984, dely Continent end May, redely East Med intention scrap, \$43500, EMR, for a trip) up to **\$43,500** (M/V "**Tuscarora Belle**", 41479 dwt, built 1984, dely Continent end May, redely East Med intention scrap, \$43500, EMR, for a trip).