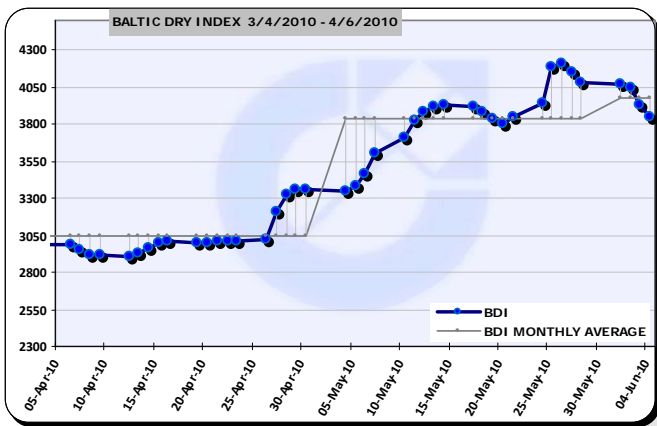


## 22<sup>nd</sup> Week - Dry Cargo Market "Highlights" – 31/5/2010 until 04/6/2010



The **Baltic Dry Index** after peaking on 4209 points 10 days ago, it started to go downhill and has not been sustained any further by the capes that have taken a slump too. The BDI closed on Friday the 4<sup>th</sup> of June 2010 well below the 4k point mark at **3844** points with a weekly loss of **-5.74%** or **-234** points. (Last Friday's the 28<sup>th</sup> of May 2010 closing value was **4078** points). It started the week on more or less the same levels as it closed week 21, and then lost 40 points then another 100 and on the last day 89 points. Since mid May 2010 we can say that the BDI is oscillating around the 4k mark, which is an improvement as during the previous month it was oscillating around the 3k mark. For statistics purposes the highest point mark for the BDI for the running year, was on Wednesday the 26<sup>th</sup> May 2010 when it peaked at 4209.

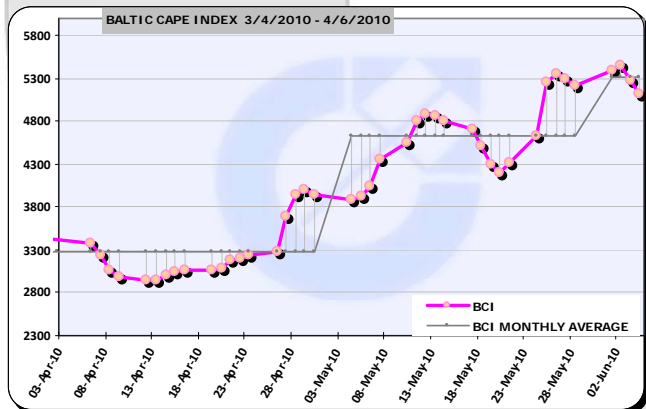
As for the other indices all were negative this week, and the Panamax index was the one with the heaviest weekly drop.

In summary form: (week 20) **BDI, loss, -5.74%, BCI, loss, -2.05%, BPI, loss, -8.69%, BSI, loss, -8.08%, BHI, loss, -3.45%**

Interesting enough to see in the table below the Indices changes from 1/1/2010 (Jan 2010):

INDEX	4 June 2010	1 January 2010	% CHANGE	POINT DIFF	TREND	L/G
BDI	<b>3844</b>	3005	<b>28%</b>	<b>839</b>	▲	<b>gain</b>
BCI	<b>5110</b>	3887	<b>31%</b>	<b>1223</b>	▲	<b>gain</b>
BPI	<b>3878</b>	3567	<b>9%</b>	<b>311</b>	▲	<b>gain</b>
BSI	<b>2741</b>	2224	<b>23%</b>	<b>517</b>	▲	<b>gain</b>
BHI	<b>1426</b>	1159	<b>23%</b>	<b>267</b>	▲	<b>gain</b>

### CAPESIZE MARKET



The **Baltic Cape Index (BCI)** closed on Friday the 4<sup>th</sup> of June 2010 way above the 5k mark, at **5110** points posing a strong w2w **loss** of **-2.05%** or **-107** points over previous week's closing on Friday the 28<sup>th</sup> May which was **5217** points.

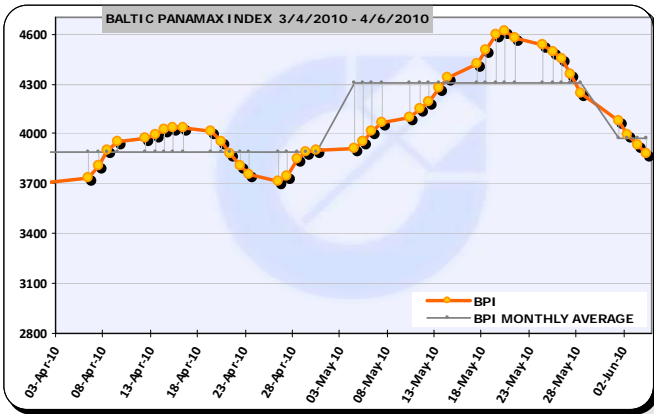
The Capesize T/C average rate calculated every week by N. Cotzias Shipping Consultants from this week T/C fixtures once more followed the fall of the index & went **down** this week by a good **-3.86%**, still marginally passing the 40k mark at **\$43,141**. Previous week's T/C figure was **\$44,871**. Period demand this week was lower, and we had an adequate number of reported cape fixtures of **eight (8)** units that were fixed on T/C this week.

Capes recent good times are on a halt. After the frenzy upward move when average daily rates exceeded \$50,000 per day, we see this week a drop of nearly \$10,000 per day and it is interesting to note that we only saw one period charter for 3-5 months at \$40,000 per day. Charterers probably believe that there is more room for them to reduce the rates and then lock for longer periods. In any case Steel production in China is reduced and expectations for June are that it will continue so on one hand we see that China is taking at least during Posidonia a short "Greek-holiday" and on the other hand we see some positive that while port congestion can be seen in Chinese ports this may counter the negative impact the capes have had this past 3-5 days. In Australia the miners/charterers are still producing good quantities, but the sudden rise in the freight rates may have reduced their appetites in locking in long periods at these rates. Monsoon season in India is starting and that will give owners the incentive to concentrate in tonnage from Australia and Brazil as definitely monsoon endangered ports will come as 2<sup>nd</sup> choice. We had mentioned last week that China had a good demand for thermal coal and that has somewhat continued this week too. Coal used to supply the industries with energy/power has some good exports from US and India. This is expected to give some positive momentum in both Panamax and Supra's if the possible strike in the Colombian mines of Glencore in Cartagena does not fall through.

The daily min/max rate differential as seen in our separate weekly fixtures report for was **reduced** over last week from **\$29,500** (M/V "Gold Ease", 152295 dwt, built 1986, dely Rizhao 4/6 June, redely China approx, \$29500, Bunge, for a trip via Richards Bay) up to **\$87,000** (M/V "Iron Baron", 169981 dwt, built 1999, dely El Ferrol 7/10 June, redely redel China, \$87000, Seawin, for a trip via Colombia option Nouadhibou).

## PANAMAX MARKET

➤ The **Baltic Panamax Index (BPI)** closed on Friday the 4<sup>th</sup> of June 2010 below the 4,000 point mark at **3878** which represents a weekly **loss** of **-8.69%** or **-369** points compared to **4247** points which was last Friday the 28<sup>th</sup> May 2010 closing. After 4 consecutive weeks of gains, the BPI failed for a second week to become positive and was dragged to more losses. Highest point for 2010 for the BPI was 4622 points on Friday 21<sup>st</sup> May 2010. It is worth noting that the percentage drop from the 21<sup>st</sup> May 2010 is -16% and 1050 points that can be represented as \$10,500 less per day in their earnings.



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 **3844** points. The Panamax T/C average rate as calculated by N. Cotzias Shipping Consultants, went **down** by **-9.79%** to **\$30,915** from **\$34,270** which was last

week's Panamax T/C av.

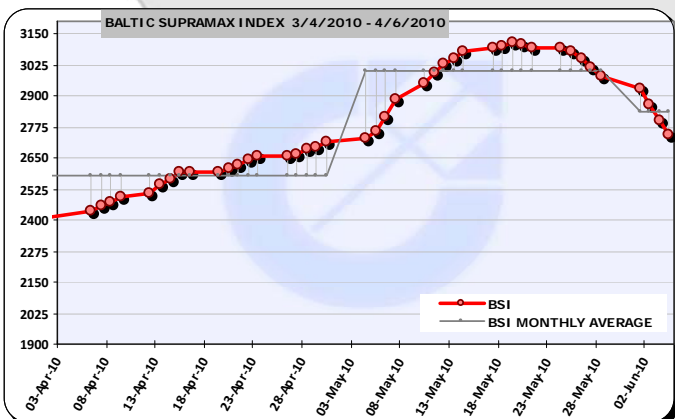
Panamaxes had a slump and have lost most of the steam that peaked 2 weeks ago. It is a fact that freight levels for both Pacific and Atlantic have been reduced, with the grain export season to be ending soon, and freight levels to be below the levels of \$27,000 per day. Less cargoes for more ships is the case and purely in economic supply/demand conditions the equilibrium is pushed down, to lower levels. These levels could be lower if the average had not been boosted by coal, iron/ore and grain inbound for Japan and South Korea. We have monitored a great reduction in the number and the levels of T/C fixtures this week. The M/V "**Great Loyalty**" 73,500 dwt built 1999 was chartered for 11-13 months by Transgrain for \$31,000 per day, while the M/V "**Ascanius**" 76,800 dwt built 2004 was chartered for 4-6 months by undisclosed European charterers for slightly less, \$30,000 day. In general the charterers are not willing just like in the capes to "lock" themselves I long periods as they believe that the market will drop further. We also saw two more charters this week that their longer time commitment was translated in a significantly reduced daily level: Cosco Qingdao chartered the M/V "**Evangelia Petrakis**" 74,500 dwt built 2006 for 3 years at \$23,000 per day while Undisclosed Charts took the M/V "**Moonlight**", 75,700 dwt built 2010, with dely from the shipyards of Jiangnan Shipyard for 2 years at \$25,250 per day.

A mediocre number of **fourtyone (41)** 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 **reduced** levels and differential from low to high, compared to last week ranged from **\$23,000** (M/V "**Cinzia D'Amato**", 75213 dwt, built 2008, dely Kaohsiung ppt, redely redel Sual, \$23000, GPN, for a trip via Indonesia) up to **\$45,000** for the (M/V "**Dione**", 75172 dwt, built 2001, dely Cape Passero 1/5 June, redely Singapore-Japan rge, \$45000, STX Pan Ocean -, for a trip via EC South America)

## SUPRAMAX MARKET

➤ The **Baltic Supramax Index (BSI)**, closed on Friday the 4<sup>st</sup> of June 2010, at **2741** points with a **loss** of **-8.08%** or **-241** points based on the previous **2982** points we had last Friday the 28<sup>th</sup> May 2010 closing. The BSI had previously shown 7 week's of a constantly rising trend and now we see the second consecutive drop that has brought the index near the levels we had at the beginning of May. This week too the BSI was declining stronger on every working day of the week.



The yearly average for the BSI currently stands slightly up at **2565** 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 **\$28,831** or **-11.44%** based on **\$32,556** which was last week's Supramax average.

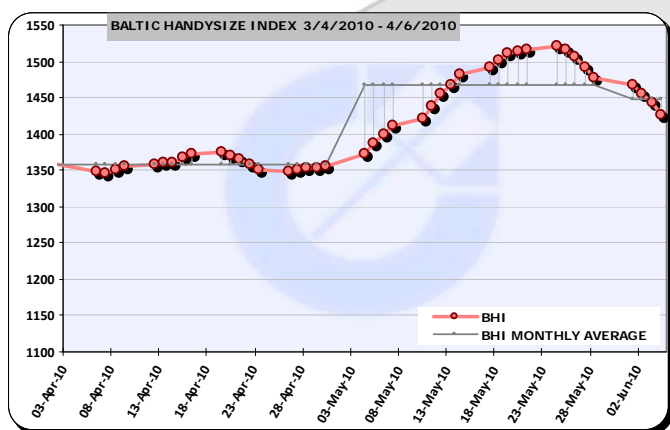
In the Supra markets, we saw some strength in the Atlantic, where in contrast with the Panamax market, periods of \$30,000-\$31,000 per day were seen and also commitments of up to 6-8 months gave \$35,000/day while shorter 4-6 months gave \$33,000 pday. In general terms the average of Supras dropped by \$4,000 per day, as many ships hunt for less cargoes, as there is possibly deliberate as we are seeing a charterers market and as they have the upper hand they can naturally place less cargoes in the market, to put pressure on the freight levels, more economical for them. Most markets were subdued, with the China – India market to be more or less numb. For example the M/V "Namrun" 55,000 dwt 2007 built was fixed for a trip from India to China at only \$24,000 per day while last week the M/V

“**Maritime Newanda**” 55,800 dwt 2005 built was fixed for the same voyage at \$29,750 (on 28/5!!!.) The M/V “**Yuan Ping Sea**” 55,600 dwt built 2004 was chartered for 6-8 μήνες by Copenship for \$35,000 day and the M/V “**Canary**” 57,800 dwt built 2009 was fixed for 4-6 μήνες by Solym Carriers for \$34,000 day. Some trips from Black sea to Far East gave approx. \$40,000 day!

Demand for Supra’s is softening, with **sixteen (16)** 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 **reduced** over last week and ranged from **\$23,500** (M/V “**Jin Yuan**”, 55400 dwt, built 2007, dely Xiamen 5/7 June, redely redel East coast India, \$23500, Oldendorff, for a trip via Indonesia) up to **\$54,000** (M/V “**Legend Phoenix**”, 50209 dwt, built 2002, dely USGulf early June, redely Singapore-Japan, \$54000, Chart Not Rep, for a trip).

## HANDYSIZE MARKET

■ The **Baltic Handysize index (BHI)** closed on Friday the 4<sup>st</sup> of June 2010 showing a 2<sup>nd</sup> consecutive weekly drop! This week it closed at **1426** points and this represents a percentage **loss** of **-3.45%** or a loss of **-51** points over last week’s closing of Friday the 28<sup>th</sup> May 2010 which stood slightly below the 1500 mark, at that of **1477** 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 however for two weeks now it has performed a major correction. The yearly average for the BHI currently stands at **1296** points with the monthly average to be just above 1450 points.

However following the drop in the index this week’s Handysize Time Charter that is calculated by NCSC went dramatically

**down** by **-27.37%** this week to **\$21,063** from **\$29,000** which was last week’s average. The Handies 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 **improved** levels of high-low rates, compared to last week from **\$13,500** (M/V “**Golden Elpis**”, 46645 dwt, built 1997, dely Port Said spot, redely redel USGulf approx, \$13500, Western Bulk, for a trip via East Med/Black Sea) up to **\$32,750** (M/V “**Agia**”, 45296 dwt, built 1994, dely La Pallice 3/6 June, redely redel PMO, \$32750, Solym Carriers, for a trip via Brazil & Bahrain).

## SHIPS SALES for MAY 2010

691 ships sold from January until end of May 2010

From these 473 are dry cargo vessels, and 218 are tankers and LNG/LPG.

Nearly \$14 billion dollars is spent to finance all these 690 deals and what is interesting is that last year in 2009 there were spent \$19.25 billion dollars within 12 months. If the same trend continues until the end of 2010 perhaps we may overcome \$30 billion dollars and we will touch possibly the levels of 2008.

The Greeks have topped the tables spending so far \$ 3.8 billion dollars and having acquired 119 ships of all types. Total capacity of the fleet under Greek ownership has increased by 9 million tonnes.

On the other hand Chinese buyers have spent nearly \$2 billion dollars and have acquired 128 ships of a total of 8.6 mil tonnes carrying capacity. In the Bulkera, the Chinese have bought 117 ships compared with 88 the Greeks have acquired and as such Chinese have increased their dry cargo fleet by 8mil tonnes while that of Greece has increased by 5 mil tones.

More details can be seen in today’s article by Nigel Lowry at Lloyd’sList:

<http://www.lloydslist.com/ll/epaper/ll/pagePreview.htm?pubCode=001&issueNo=60187&page=6>