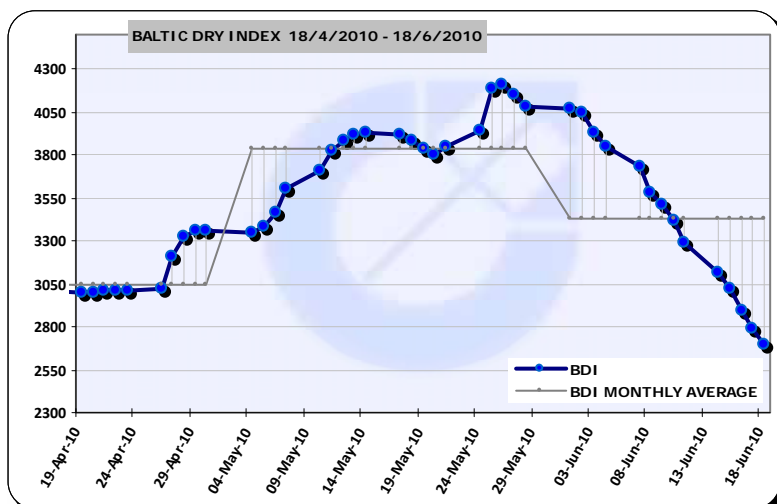


## WEEK24 - Dry Cargo Market "Highlights" – 11-June-2010 until 18-June-2010



All the Baltic Dry indices are once more in the deep red this week. It was possibly the worst week in terms of volatility and heavy week on week losses since week 31/7-7/8 of 2009. How important is China, and developing Asia as a whole for seaborne transportation is also shown by this weekly heavy decline, as China and Taiwan were on holidays for most of this past week and slowdown of shipping activity was made even worse. All 5 Baltic Indices have seriously declined this week and it is a fact that percentage losses of -27% for the Capes are seriously affecting the freight markets immediately, with no time lag. It is clearly evident that with present supply demand conditions there are more ships out there than cargoes available and this is going to be worse as our statistics show that there are about 3 newbuilding

bulk carrier vessels supplied/delivered every day, and only 1 scrapped daily so far... (170 vessels scrapped and 430 new bulker vessels that have been added to the active bulker fleet from Jan 2010 until today!)

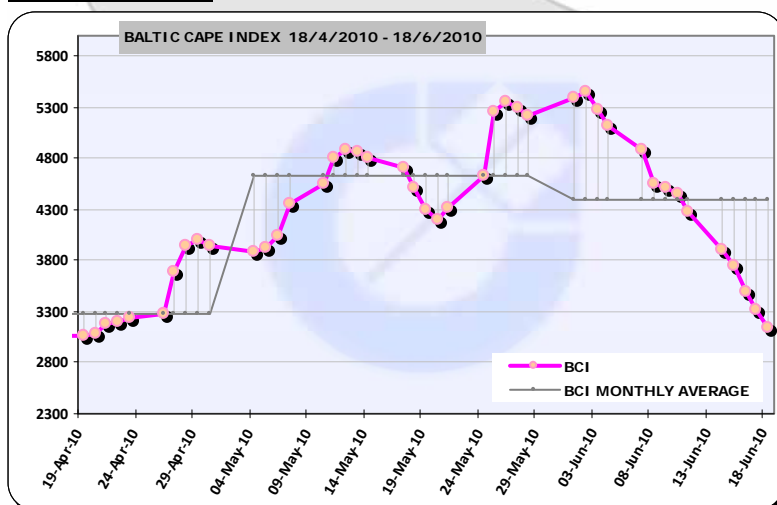
The **Baltic Dry Index** reached 2010's peak on the 26<sup>th</sup> May 2010, when it hit 4209 points. From then on it has started a downhill rally that seems to be progressing further, 16 daily successive Baltic sessions have been all negative. The BDI closed on Friday the 18<sup>th</sup> of June 2010 well below the base and psychological 3,000 point mark level at **2694** points suffering a very heavy and abrupt weekly loss of **-18.07%** or **-594** points. (Last Friday's 11<sup>th</sup> of June 2010 closing value was **3288** points). From the peak of May 26<sup>th</sup> we have seen a loss of -36% that is represented by -1500 points. This fall shows that there is quite a strong volatility in the freight market clearly shown by the BDI as well as by all of the other indices that were all were negative this week, and it was the Cape index this week just like last week too, that was the one with the heaviest weekly drop.

In summary form: (week 20) **BDI, loss, -18.07%, BCI, loss, -26.71%, BPI, loss, -11.34%, BSI, loss, -7.39%, BHI, loss, -6.45%**

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

INDEX	18-June-2010	01-January-2010	% CHANGE	POINT DIFF	TREND	L/G
BDI	<b>2694</b>	<b>3005</b>	<b>-10.35%</b>	<b>-311</b>	▼	<b>loss</b>
BCI	<b>3134</b>	<b>3887</b>	<b>-19.37%</b>	<b>-753</b>	▼	<b>loss</b>
BPI	<b>2980</b>	<b>3567</b>	<b>-16.46%</b>	<b>-587</b>	▼	<b>loss</b>
BSI	<b>2232</b>	<b>2224</b>	<b>0.36%</b>	<b>8</b>	▲	<b>gain</b>
BHI	<b>1247</b>	<b>1159</b>	<b>7.59%</b>	<b>88</b>	▲	<b>gain</b>

### CAPE SIZE MARKET



The **Baltic Cape Index (BCI)** closed on Friday the 18<sup>th</sup> of June 2010 just above the 3k mark, at **3134** points posing a very strong w2w **loss** of **-26.71%** or **-1142** points over previous week's closing on Friday the 11<sup>th</sup> June which was **4276** points. It is interesting to note that last week we were surprised that the BCI was just above the 4k mark, and this week only 5 days later we are discussing that it is approaching the 3k level mark. We had seen the highest peak for 2010 on June the 2<sup>nd</sup> when we had experienced 5455 points. From then on we have lost -43% and 2400 points. All signs show that the downfall will most likely continue. According to technical analysts, this downfall may well be the start of a "W" shaped correction. The monthly average stands slightly lower than that of May 2010 and is at 4400 points. Freight levels for capes are below

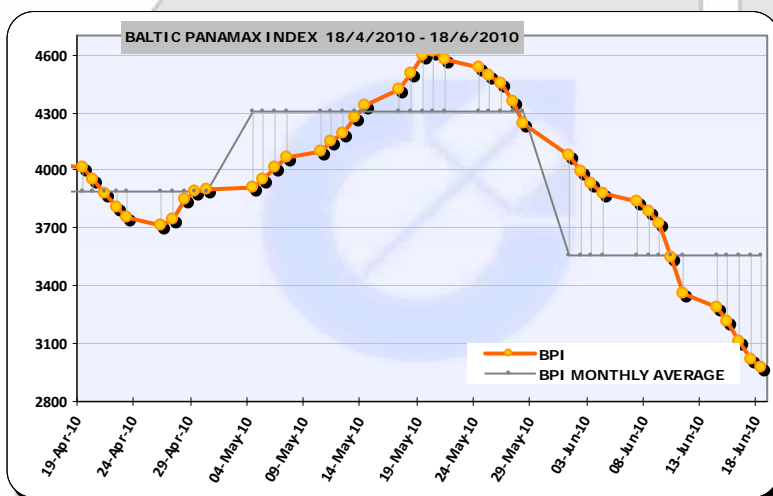
\$35,000 per day, and freight per tone from Australia to China has reached approx. \$10.25 per m.t. which is down by 25% over previous week.

The Capesize T/C average rate calculated every week by N. Cotzias Shipping Consultants from this week T/C fixtures once more followed the ongoing fall of the index & went **down** this week by a notable **-9.09%**, still marginally along the 40k mark at

**\$40,000.** Previous week's T/C figure was **\$44,000.** Period demand this week was lower and we had quite a low number of reported cape fixtures of just **eight (8)** units that were fixed on T/C this week.

Chinese demand for commodities and basically raw materials is still greatly reduced. Chinese imports are for the past 2-3 weeks on a slowdown, and data from China show that Industrial output is on lower rates in May than what we had seen and monitored in April. This shows us that Chinese growth is reducing speed. The housing problem that has been eminent over the past week's, has seriously slowed down the Chinese economy. Overheating of housing prices, inflationary pressures that have pushed inflation past the monitored and expected level have caused the central government to take measures and reduce their growth. Industrial commodity imports for May 2010 fell, but as we had stressed last week too coal imports are on the rise and there is an expectation that imports will rise by 70% over last year's figures and reach 170mil tones, compared with 100 mil tones for 2009. Coal is much needed for China's alternative energy source to power up their industries mostly, and as a percentage share coal is responsible for nearly 2/3 of their total energy needs. The daily min/max rate differential as seen in our separate weekly fixtures report for was **reduced** over last week from **\$11,000** (M/V "**Good News**", 148484 dwt, built 1982, dely retro Qingdao 14 June , redely China, \$11000, Richstone, for a trip via Black Sea) up to **\$40,000** (M/V "**Graceful Madonna**", 180000 dwt, built 2010, dely Continent 20/26 June, redely Skaw-Cape Passero, \$40000, Classic Maritime, for a transatlantic round - Oldendorff relet).

**PANAMAX MARKET**

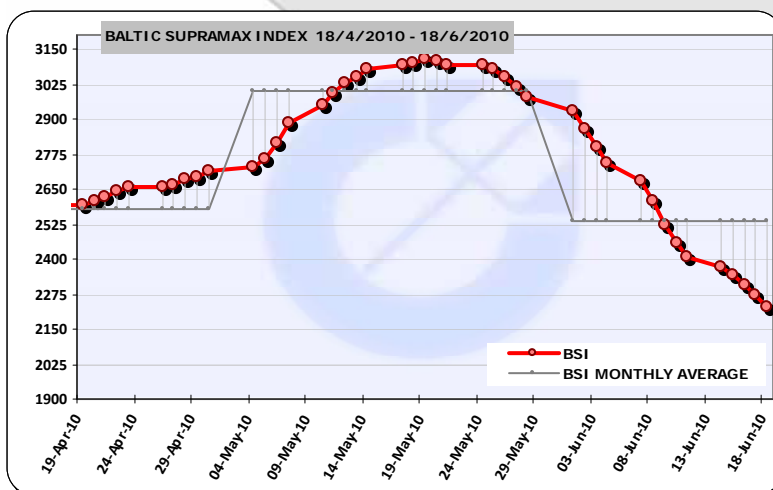


➤ The **Baltic Panamax Index (BPI)** closed on Friday the 18<sup>th</sup> of June 2010 below the 4,000 point mark at **2980** which represents a strong weekly **loss** of **-11.34%** or **-381** points compared to **3361** points which was last Friday the 11<sup>th</sup> June 2010 closing. After 4 consecutive weeks of gains, that peaked the index to 4622 points on 21<sup>st</sup> May 2010, the BPI failed for a third week to become positive and was dragged to even more losses.

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 **3805** points. The Panamax T/C average rate as calculated by N. Cotzias Shipping Consultants went **down** by **-5.28%** to **\$28,391** from **\$29,973** which was last week's Panamax T/C av.

Panamaxes continue the slump and already have lost all of the steam that peaked 4 weeks ago. It is still observed that freight levels for both Pacific and Atlantic have been further reduced from last week, with the grain export season nearly over and freight levels to be below the levels of \$22,000 per day. It is still a difficult market for panamax owners as freight levels have seriously declined and very few new cargoes are out in the market. Pacific R/T pays \$24,000 per day, while Atlantic R/T just 1k dollars more. An average number of **fiftyfive (55)** Panamax vessels, 41 fixtures, were being chartered this week on Period and T/C's. 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 **\$17,000** (M/V "**Tai Prosperity**", 77747 dwt, built 2005, dely aps Samarinda 26/30 June, redely Philippines, \$17000, Swiss Marine, for a 224000 bb - trip) up to **\$46,500** for the (M/V "**Panamax Trader**", 69338 dwt, built 1990, dely Cape Passero 23/26 June , redely PMO-Japan rge, \$46500, Phaethon, for a trip via Black Sea)

**SUPRAMAX MARKET**



➤ The **Baltic Supramax Index (BSI)**, closed on Friday the 18<sup>st</sup> of June 2010, at **2232** points with a **loss** of **-7.39%** or **-178** points based on the previous **2410** points we had last Friday the 11<sup>th</sup> June 2010 closing. The BSI sees the third consecutive drop that has brought the index near the levels we had exactly at the beginning of May. This week too the BSI was declining stronger on every working day of the week. Since the peak of the index for 1020 which occurred on 19<sup>th</sup> May 2010 (3111 points) we have registered 16 consecutive daily Baltic sessions that have been negative.

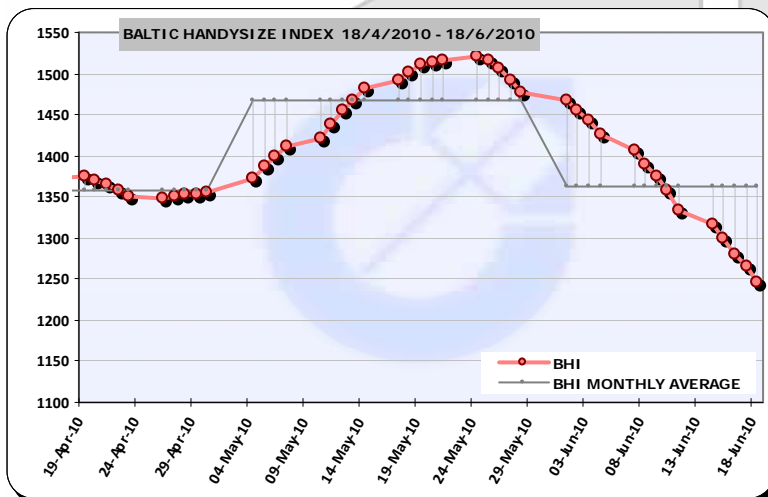
In both hemispheres and both basins, Supramaxes were seriously affected this week too. Gulf cargoes dropped heavily this week, and again the Chinese

holidays giving no activity to India China iron/ore trade, gave no help to a falling market.

The yearly average for the BSI currently stands slightly up at **2552** points while the monthly average is just above 2520 points. For this week the Supramax Time Charter average rate calculated by NCSC is **down** at **\$26,307** or by **-2.95%** based on **\$27,106** which was last week's Supramax average.

Demand for Supra's is softening, with **sixteen (16)** Supramaxes that were on T/C this week as opposed to 19 last week and 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 **\$10,750** (M/V "**Ince Akdeniz**", 57000 dwt, built 2010, dely Zoushan mid/end June , redely East Med approx, \$10750, Copenship, for a trip via Indonesia) up to **\$39,000** (M/V "**Nueva Fortuna**", 50900 dwt, built 2003, dely USGulf end June , redely West Coast Central America, \$39000, Navision, for a trip - SBC relet).

## HANDYSIZE MARKET



■ The **Baltic Handysize index (BHI)** closed on Friday the 18<sup>st</sup> of June 2010 showing a 3<sup>rd</sup> consecutive weekly drop! This week it closed at **1247** points and this represents a percentage **loss** of **-6.45%** or a loss of **-86** points over last week's closing of Friday the 11<sup>th</sup> June 2010 which stood at **1333** points.

Just after the 24<sup>th</sup> May 2010, the BHI had overcome the 1500 point mark (1520 points) and was steadily increasing for more than 4 weeks giving signs of a good and strong market however for four weeks now it has performed a major downward correction. The yearly average for the BHI currently stands at **1299** points with the monthly average to be just above 1380 points.

However following the drop in the index this week's Handysize Time Charter that is calculated by NCSC went dramatically **down** by a very hefty **-18.51%** this week to **\$23,633** from **\$29,000** which was last week's average. The Handies sector had a very 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** differential levels of high-low rates, compared to last week from **\$13,000** (M/V "**Mega Ace**", 41216 dwt, built 1982, dely South Korea 14/16 June, redely China, \$13000, Hengda, for a trip via Indonesia) up to **\$38,500** (M/V "**Crystal Ocean**", 48913 dwt, built 1999, dely USGulf spot, redely West coast central America approx, \$38500, Chart Not Rep, for a trip).