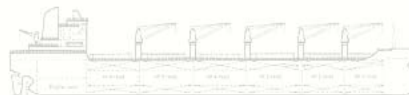


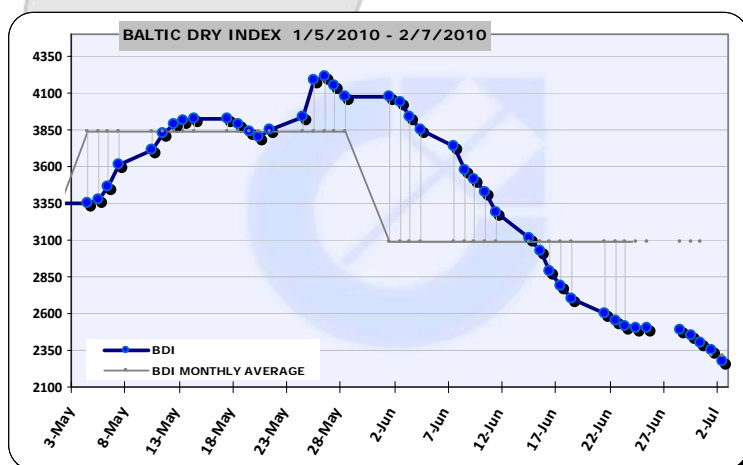
WEEK26 - Dry Cargo Market "Highlights" – 25-June-2010 until 02-July-2010



The Dry market is facing the 6th consecutive week of daily downfalls. This week all the Baltic Dry indices are for once more in the red all 5 Baltic Indices have rather seriously declined with w2w percentage losses of -3.3% for the Capes and -20% for the Panamaxes! And we are still not facing in its entirety, the overcapacity threat with the massive newbuilding order-book still pending over our heads. This downfall is not caused by increasing number and capacity of ships but by the decreasing supply of cargoes, it is caused purely because there are no cargoes out there to fix. The increasing Iron/Ore contract prices with 1st July to have brought new agreed prices in force which make it wiser to consume domestic produced iron/ore rather than imported, together with a softening in final product Steel prices have lead to the sharp drop in Cape daily earnings, with no immediate signs of any recovery.

Dry Bulk markets are facing a nine month low, and as the grain season in South America is nearly over, the Indian Monsoon period is not helping us get more steam out of what can will and is expected to be the new steam generator for our Shipping industry and that is India. A country with its public deficit not exceeding 6% of its GDP, and a country that has such massive potentiality to grow, and improve the daily living standards of its population of 1.28billion citizens. Adding to this the ongoing government investigation about illegal iron/ore mining activities, that have to be investigated and approved in order to re-open, have lead to less seaborne traffic activity around the Indian subcontinent.

Talking about the oversupply of vessels that we all fear, although the orderbook was reduced since Oct 2008, it seems that the overexcitement that lead them to order more dry cargo newbuildings will only put more pressure on a market that has been successfully more than alive but with mechanical support!!! The freight levels that were in excess of 30k per day, made everyone think that the NB price for a Kamsarmax is value for money, and yes it could well be... but what will happen if the current dropping freight market continues at this pace for another 2 months? And 2 months with the excess volatility of the current markets seems like a long time, in which time, will the dry market face freight levels that will be adequate to cover the break-even daily operating expenses including basic loan repayments? And what can be easily said to be the breakeven levels of these days, especially for ships that were acquired during 2008 and 2007? We are cautious to the extent that the headache of NB orders has been cured by a regular daily feed of strong pain killers...



We had recorded the highest mark for the **Baltic Dry Index** on the 26th May 2010, when it hit 4209 points. Until today, we are counting 25 daily successive Baltic sessions that have been all negative. The overall losses since 26/5 amount to -45%. The BDI closed on Friday the 2th of July 2010 just above another psychological 2k point mark level at **2280** points suffering another heavy weekly loss of **-8.84%** or **-221** points. (Last Friday's 25th of June 2010 closing value was **2501** points).

As we mentioned already, from the peak of May 26th we have seen a loss of nearly -45% that is represented by ~ -2000 points. This heavy 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 Panamax index this week that was the one with the heaviest weekly drop.

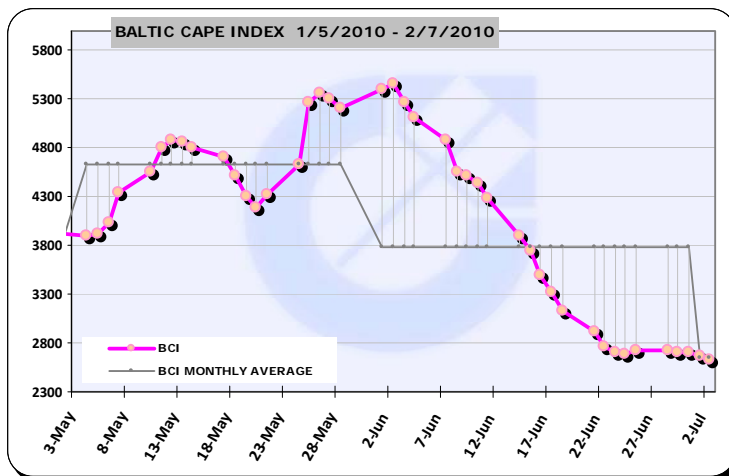
In summary form: (week 20) **BDI, loss, -8.84%**, **BCI, loss, -3.31%**, **BPI, loss, -19.64%**, **BSI, loss, -5.98%**, **BHI, loss, -5.41%**

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

INDEX	02-July-2010	01-January-2010	% CHANGE	POINT DIFF	TREND	L/G
BDI	2280	3005	-24.13%	-725	▼	loss
BCI	2627	3887	-32.42%	-1260	▼	loss
BPI	2447	3567	-31.40%	-1120	▼	loss
BSI	1995	2224	-10.30%	-229	▼	loss
BHI	1118	1159	-3.54%	-41	▼	loss

It is interesting to note the highs and lows of 2010 for all indices: **BDI high 4209 on 26 May 2010, low 2280 on 2 Jul 2010**, **BCI high 5455 on 2 Jun 2010, low 2627 on 2 Jul 2010**, **BPI high 4622 on 20 May 2010, low 2447 on 2 Jul 2010**, **BSI high 3111 on 19 May 2010, low 1995 on 2 Jul 2010**, **BHI high 1520 on 24 May 2010, low 1030 on 17 Feb 2010**.

CAPESIZE MARKET



■ The **Baltic Cape Index (BCI)** closed on Friday the 2th of July 2010 just below the 3k mark, at **2627** points posing another strong w2w **loss** of **-3.31%** or **-90** points over previous week's closing on Friday the 25th June which was **2717** 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 and now we are approaching the 2.5k level. We had seen the highest peak for 2010 on June the 2nd when we had experienced 5455 points. From then on we have lost -51% and 2800 points. The monthly average stands significantly lower than that of May 2010 and is at 3963 points. Freight levels for capes are below \$33,000-35,000 per day. Closing of 24th June 2010 at 2695 points was the lowest for 2010.

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 **-7.48%**, well below the 40k mark at **\$35,022**. Previous week's T/C figure was **\$37,854**. Period demand this week was lower and we had quite a low number of reported cape fixtures of just **seven (7)** units that were fixed on T/C this week compared to 5 we had observed last week.

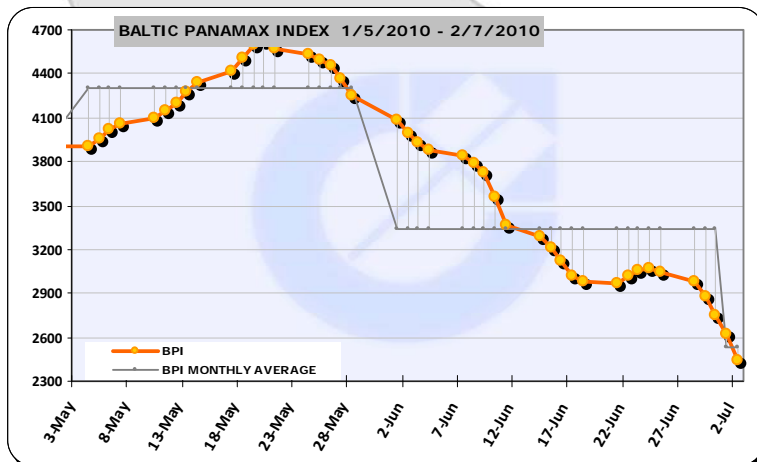
Unfortunately the Capes had a low week with daily earning around \$22,000 – \$25,000 per day, with the fixtures of M/V "**Dong-A Astrea**", 180000 dwt, built 2010, dely China 5/10 July, redely worldwide, \$29000, BHP Billiton, for a 4/6 months trading - Grand China Shipping relet, the M/V "**C.Queen**", 151330 dwt, built 1994, dely Pohang 13/15 July, redely redel worldwide, \$25000, cnr, for a 4/6 months trading, the M/V "**Iron Fortune**", 177477 dwt, built 2005, dely Kimitsu 7/10 July, redely worldwide, \$29000, Sinchart, for a 4/6 months trading.

The daily min/max rate differential as seen in our separate weekly fixtures report for was **improved** over last week from **\$11,000** (M/V "Cape **Glory**", 177173 dwt, built 2003, dely Japan ppt, redely Skaw-Cape Passero, \$11000, Oldendorff, for a trip via Roberts Bank - SK Shipping relet -11000\$ reduced from last week) up to **\$29,000** (M/V "Iron **Fortune**", 177477 dwt, built 2005, dely Kimitsu 7/10 July, redely worldwide, \$29000, Sinchart, for a 4/6 months trading - 3500\$ reduced from last week).



PANAMAX MARKET

■ The **Baltic Panamax Index (BPI)** closed on Friday the 2th of July 2010 just above the 3,000 point mark at **2447** which represents a marginal weekly **loss** of **-19.64%** or **-598** points compared to **3045** points which was last Friday the 25th June 2010 closing. After 4 consecutive weeks of downfalls, the BPI gave us some false signs of a possible upturn which was short-lived and only lasted 3 days! In a period of 6 weeks the BPI has lost 52% of its power!



The Baltic Panamax index (BPI) monthly average currently stands greatly reduced at 3401 points, while the Yearly average of the BPI currently stands slightly down at **3732** points. The Panamax T/C average rate as calculated by N. Cotzias Shipping Consultants went **down** by **-3.63%** to **\$26,231** from **\$27,220** which was last week's Panamax T/C av.

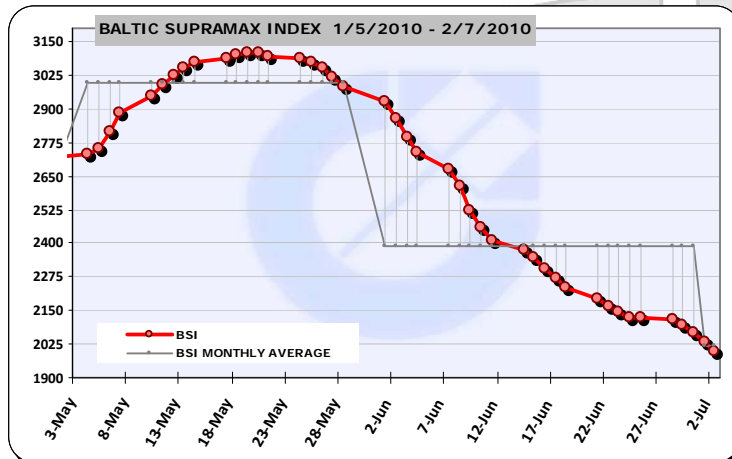
We had some mediocre period charters this week with only few worth noting. Out of these we pick as indicative of the present market, the fixture of the M/V "**Mahitis**", 76099 dwt, built 2001, dely Nanjing 28/30 June, redely worldwide, \$24500, Chart Not Rep, for a 7/9 months trading, the M/V "**Pasquale Della Gatta**", 75473 dwt, built 1996, dely Haldia 25/30 June, redely worldwide, \$26500, STX Pan Ocean, for a 4/6 months trading, the M/V "**Iron Manolis**", 82187 dwt, built 2007, dely retro Amsterdam 23 June, redely Taiwan, \$37500, CSE, for a trip via Brazil, the M/V "**Genco Vigour**", 73941 dwt, built 1999, dely Itaqui 7/15 July, redely Singapore-Japan rge, \$34000, Louis Dreyfus, for a 675000 bb - trip via EC South America.

An average number of **fiftysix (56)** Panamax vessels compared to 55 fixtures last week, 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 **reduced** levels and differential from low to high, compared to last week ranged from **\$12,750** (M/V "Dimitrios S", 66088 dwt, built 1990, dely Inchon ppt, redely Skaw-Cape Passero, \$12750, Chart Not Rep, for a trip via EC Australia 2250\$ improved from last week) up to **\$42,000** for the (M/V "Iron Knight", 76429 dwt, built 2004, dely psg Cape Passero ppt, redely redel PMO, \$42000, cnr, for a trip via Black Sea & Bahrain -2000\$ reduced from last week)



SUPRAMAX MARKET

— The **Baltic Supramax Index (BSI)**, closed on Friday the 2st of July 2010, at **1995** points with a **loss of -5.98%** or **-127** points based on the previous **2122** points we had last Friday the 25th June 2010 closing. The BSI sees the fifth consecutive weekly drop that has brought the index 100 points away from the lowest levels of Feb 2010. The panamax index only managed to temporize its drop so we can possibly expect the BSI to follow closely the footsteps of the BPI.



For this week the BSI was declining on every working day of the week. Since the peak of the index for 2010 which occurred on 19th May 2010 (3111 points) we have registered 24 consecutive daily Baltic sessions that have been negative. The yearly average for the BSI currently stands slightly down at **2517** points while the monthly average is 2436 points. For this week the

Supramax Time Charter average rate calculated by NCSC is **down** at **\$25,432** or by **-1.21%** based on **\$25,743** which was last week's Supramax average.

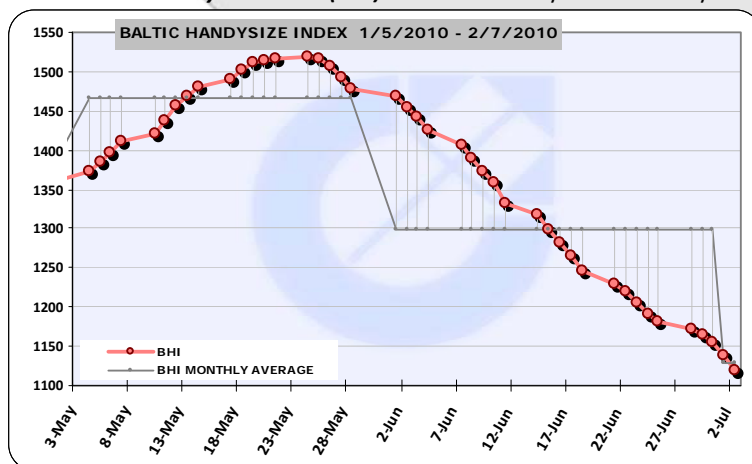
In the Supramax markets, the USGulf area, is slightly down from last week and ranges around \$30,000 per day. From the USGulf we have very few new cargoes. Supramaxes had some decent period fixtures at reduced rates this week with most prominent the M/V "Aqua Atlantic", 56000 dwt, built 2010, dely Japan early July, redely worldwide approx, \$23000, Cargill, for a 3/5 months trading, the M/V "Fortune Apricot", 57000 dwt, built 2010, dely ex yard N.China early July, redely PG-Japan rge, \$22750, Chart Not Rep, for a 2/3 months trading, the M/V "Bridgagate", 53500 dwt, built 2010, dely Japan mid July, redely worldwide, \$23000, Furness Withy, for a 4/6 months trading.

Demand for Supra's is softening, with **twentyeight (28)** Supramaxes that were on T/C this week as opposed to 22 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 **\$14,250** (M/V "Caly Manx", 58089 dwt, built 2009, dely Japan early July, redely Baltic approx, \$14250, Chart Not Rep, for a trip via Nopac 2650\$ improved from last week) up to **\$41,000** (M/V "Yasa Unsal Sunar", 56000 dwt, built 2007, dely aps Tampa 7/10 July, redely India- Japan rge approx, \$41000, Cargill, for a trip 1000\$ improved from last week).



HANDYSIZE MARKET

— The **Baltic Handysize index (BHI)** closed on Friday the 2st of July 2010 showing a 5th consecutive weekly drop! This week it closed at **1118** points and this represents a percentage **loss of -5.41%** or a loss of **-64** points over last week's closing of Friday the 11th June 2010 which stood at **1182** points.



Just after the 24th 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 five weeks now it has performed a major downward correction, and the slope of the downward fall does not indicate any slack. The yearly average for the BHI currently stands at **1289** points with the monthly average to be at 1320 points.

The Handymax freight market was down too, and

rates are around \$23,000 per day with very few interesting period charters this week. We had the M/V "**Confidence Ocean**", 48256 dwt, built 1996, dely Karikal 5/10 July, redely PG, \$19500, Holcim, for a trip via EC India, the M/V "**Tai Shuin Hai**", 47377 dwt, built 1991, dely Guangzhou early July, redely Aden-Japan, \$18750, Copenship, for a trip via Australia, the M/V "**Amorita**", 46667 dwt, built 1999, dely dop Portugal end June, redely St.Lawrence, \$14000, Ultrabulk, for a trip via North Coast South America, the M/V "**Lumoso Karunia**", 45875 dwt, built 1990, dely North China end June, redely Thailand approx, \$13900, Chart Not Rep, for a trip via Indonesia.

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 **-22.10%** this week to **\$22,592** from **\$29,000** which was last week's average. The Handies sector had a low number of **eight (8)** only Handymax vessel were reported on T/C this week (improved compared with 9 of last 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's from **\$13,900** (M/V "**Lumoso Karunia**", 45875 dwt, built 1990, dely North China end June, redely Thailand approx, \$13900, Chart Not Rep, for a trip via Indonesia - 3100\$ reduced from last week) up to **\$32,000** (M/V "Blackfin", 43171 dwt, built 1995, dely Black Sea spot, redely PMO, \$32000, Chart Not Rep -, for a trip via PG -1000\$ reduced from last week).



SALE and PURCHASE

Looking at the figures of the first half of 2010 we see some basic statistics comparing it with 2009.

	SHIP SALES JAN-JUN 2010	SHIP SALES JAN-JUN 2009	CAPITAL SPENT JAN-JUN 2010	CAPITAL SPENT JAN-JUN 2009	TOTAL DWT JAN-JUN 2010	TOTAL DWT JAN-JUN 2009
DRY CARGO	553	508	\$10,469,150,000	\$6,308,620,000	25,852,706	23,062,942
TANKERS	227	150	\$5,788,840,000	\$3,398,650,000	18,267,179	9,104,468
NEWBUILDINGS	523	281	\$26,467,360,000	\$12,262,400,000	47,614,861	14,353,747

	UNITS JAN-JUN 2010	UNITS JAN-JUN 2009	LDT JAN-JUN 2010	LDT JAN-JUN 2009	DWT JAN-JUN 2010	DWT JAN-JUN 2009
SCRAPPED	671	647	4,091,206	5,408,388	17,522,442	18,273,255