

WEEK32 - Dry Cargo Market "Highlights" – 06-August-2010 until 13-August-2010

What a week we had... 15th of August week has always been by tradition a calm week that all Shipping professionals at least in Greece usually slack –off and relax momentarily from our straining daily schedules... however how can you relax in full when the Baltic Dry indices are practically going crazy...??? The BCI is gone hot and Capes have rightly gone wild with China the usual culprit asking for more iron/ore to replenish their nearly used-up stock-piles... and the freights are going up... by nearly 45% passing also some of this momentum on the smaller sized vessel segments, a scenario so familiar that we wonder why we don't rename the Baltic Cape Index (BCI) to the Baltic Chinese Index (BCI)... as it is China's wishes and China's appetite that purely dictates the wellbeing or mal-days of the Cape Index.

The BCI has increased by 13% Friday to Monday, another 13% Monday to Tuesday, 10% Tuesday to Wednesday and another 16% Wed2Thurs...!!! In total in less than 2 weeks (from July 27th) it has regained more than 90% of its value (from 1698 points it has risen to 3210). The BDI has risen since its lowest point of 1700 on July 15th 2010 by more than 45% and has reached 2468 points on closing of 13th Aug 2010.

Overall we have seen a rapid recovery that has enabled most involved in shipping to improve their confidence and boost psychology and that is very important especially during the traditionally inactive month of August. We mentioned that China is very important and their import buying appetite for Iron/Ore is the key ingredient for the capes, as Iron ore accounts for more than 75% of all cargoes transported by capesize ships.

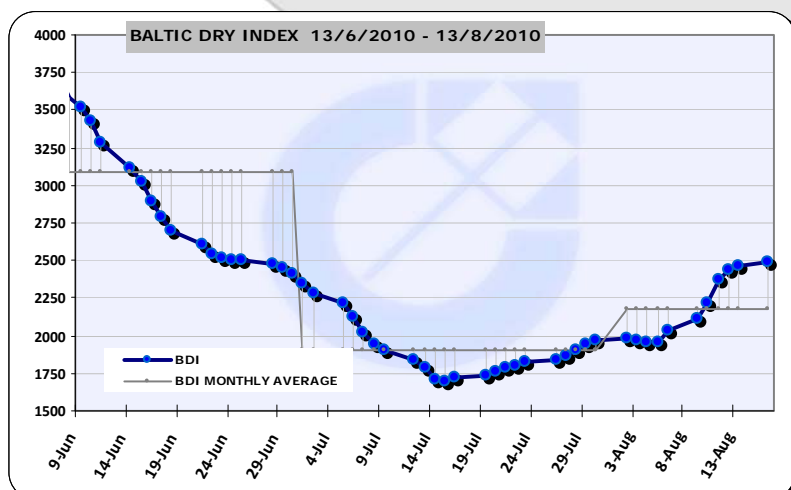
China has given the Capes a boost and there is even more shared optimism if we add the positive effects the Russian Embargo on grain exports will eventually have in the shipping markets. It is estimated that 25-30% of this year's Russian grain crop has been ruined as an unprecedented heat wave and drought has gripped the country for almost two months. Wildfires sweeping across European Russia have also taken a toll on farmers, threatening arable land with destruction. Moscow has imposed a temporary ban on grain exports, causing world wheat prices to surge to the highest level since the 2008 food crisis and unleashing panic on Russian food markets. However new import routes will be sought after by countries that will need to meet their grain import demands, and these new routes will add per ton miles to the grain seaborne transportation haul definitely pushing freight rates upwards.

Russian grain exports are expected to fall to between 2m tonnes and 4.5m tonnes this year from just over 22m tonnes in the 2009, the Russian agriculture ministry mentioned. Exports could be even lower if the grain crop falls below the government's latest 60m tonne forecast. Adding to this that grain commodity price will go up as market speculators and trade opportunists will try to take advantage of the situation, part of this commodity price increase will be matched by an equivalent share of shipping freight opportunistic exploit increase.

N. COTZIAS SHIPPING CONSULTANTS (NCSC) have started a Shipping markets & World Trade Review BLOG, located at <http://shipping-markets.blogspot.com/>

We would appreciate your input in discussing this Dry Cargo market report, and your views opinions and ideas on any topic of you may find of your interest. The purpose of the BLOG is to have a common place that we can share opinions ideas, views and exchange thoughts on the shipping markets and on market fundamentals and commodity trades, that shape the Seaborne trade, and be able to interact with each other and have more feedback from yourselves.

BALTIC DRY INDEX



The **Baltic Dry Index** closed on Friday the 13th of August 2010 greatly aided by the super rise of the BCI, at **2468** points giving us a very strong weekly gain of **21.58%** or **438** points. (Last Friday's 06th of August 2010 closing value was **2030** points). The monthly average for the BDI is now standing at 2180 points and this is well improved from last month's (July) average which was calculated at 1910 points.

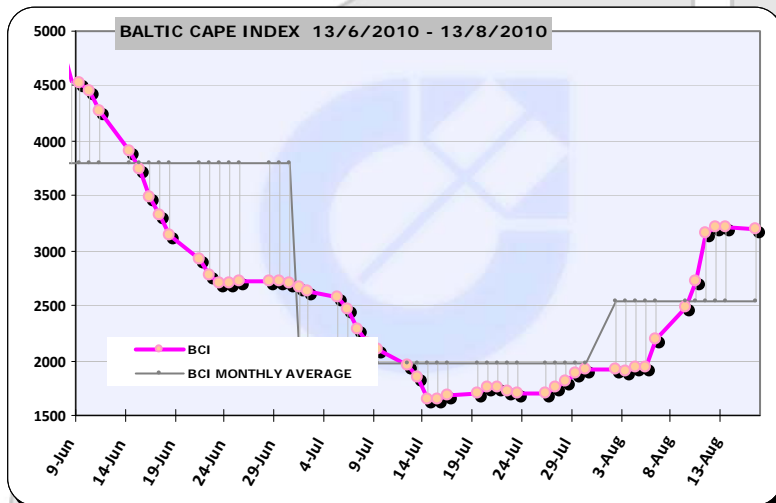
In summary form all 5 indices are "green": (week 32) **BDI, gain, 21.58%, BCI, gain, 46.31%, BPI, gain, 10.96%, BSI, gain, 5.78%, BHI, gain, 4.11%**

In the table below the Indices changes from year start, 1/1/2010 (Jan 2010):

INDEX	13-August-2010	01-January-2010	% CHANGE	POINT DIFF	TREND	L/G
BDI	2468	3005	-17.87%	-537	▼	loss
BCI	3210	3887	-17.42%	-677	▼	loss
BPI	2864	3567	-19.71%	-703	▼	loss
BSI	1831	2224	-17.67%	-393	▼	loss
BHI	1014	1159	-12.51%	-145	▼	loss

CAPESIZE MARKET

► The **Baltic Cape Index (BCI)** closed on Friday the 13th of August 2010, at **3210** points posing a very positive w2w gain of **46.31%** or **1016** points over previous week's closing on Friday the 6th August which was **2194** points. It is important to note that such great week to week gain had not been seen in 2010.



Only w2w gain that exceeded this week levels were observed during late Jan09-Feb09 when the freight markets were recovering from their total post Oct 2008 collapse. The monthly average for the BCI stands greatly higher than that of July 2010 (1970 points) and is at 2533 points.

The Capesize T/C average rate calculated every week by N. Cotzias Shipping Consultants from this week T/C fixtures went **up** this week by a very strong **43.58%**, still around the 20k mark at **\$29,303**. Previous

week's T/C figure was **\$20,409**. It is notable though that period demand this week was improved and we report still a good number of cape fixtures of **nineteen (19)** units that were fixed on T/C this week compared to the lower figure of 11 we had observed last week.

This week the Capes had a good number of fixtures on period with most representative those of : M/V "**K. Daphne**", 180786 dwt, built 2009, dely Rizhao 12-15 Aug, redely Worldwide, \$30000, Chart Not Rep, for 4/6 mos trading, the M/V "**Levender**", 180000 dwt, built 2010, dely Ex Yard Daewoo 17-20 Aug, redely Worldwide, \$25300, Pacific Bulk, for 4/7 mos trading, the M/V "**Athenian Phoenix**", 179223 dwt, built 2009, dely China 1/10 Sept, redely worldwide, \$34250, Swiss Marine, for 4/6 months trading, the M/V "**Bulk China**", 175971 dwt, built 2005, dely China 15/20 Aug, redely worldwide, \$27500, TMT, for 3/5 months trading, the M/V "**Tong Hao**", 175000 dwt, built 2006, dely Zhoushan 13-15 Aug, redely Worldwide, \$24000, TMT, for 4/7 mos trading and the M/V "**Capri**", 172579 dwt, built 2001, dely Xingang 11/13 Aug, redely worldwide, \$33500, ArcelorMittal, for 4/6 months trading.

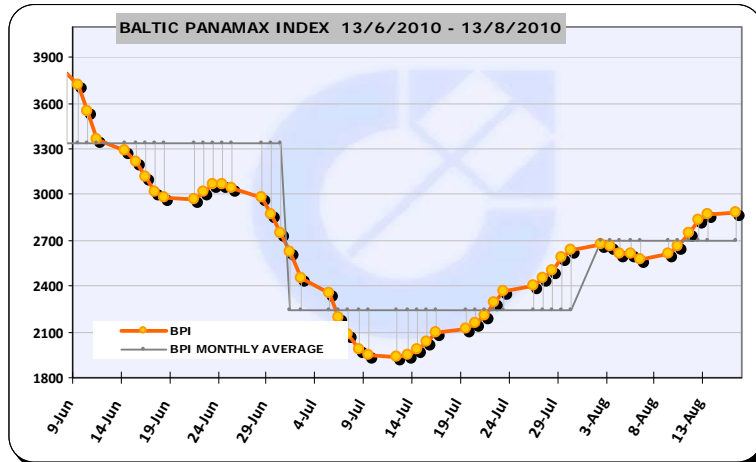
Additionally the T/C fixtures of: M/V "**Hebei King**", 180317 dwt, built 2010, dely Kwangyang 23/24 Aug, redely S.Korea, \$32000, STX Pan Ocean, for a trip via Port Hedland, the M/V "**Triton Condor**", 180274 dwt, built 2009, dely Algeciras 16-19 Aug, redely Skaw-Cpass, \$30500, Cargill, for a Transatlantic R/V, the M/V "**Mineral New York**", 176000 dwt, built 2010, dely retro Zhoushan 26 July, redely redel Singapore-Japan rge, \$31000, Oldendorff, for a trip via Richards Bay, the M/V "**Golden Beijing**", 175820 dwt, built 2010, dely Kaohsiung 15-17 Aug, redely Spain approx, \$31200, Mercuria, for a trip, the M/V "**Lowlands Beilun**", 170162 dwt, built 1999, dely Kaohsiung 20/22 Aug, redely Taiwan, \$25000, CSE, for a trip via Australia, the M/V "**Erradale Star**", 163554 dwt, built 1994, dely Guangzhou late July, redely worldwide, \$22500, Rio Tinto, for a trip via Australia, the M/V "**Aquadonna**", 161010 dwt, built 1991, dely Oita 20/24 Aug, redely China, \$28000, Pacific Bulk, for a trip via EC Australia - Mercuria relet, stood out this week.

The daily min/max rate differential as seen in our separate weekly fixtures report for was **reduced** over last week from **\$20,000** (M/V "Lowlands **Phoenix**", 177036 dwt, built 2004, dely Kaohsiung 20/22 Aug, redely Taiwan, \$20000, CSE, for a trip via Australia 12750\$ improved from last week) up to **\$37,000** (M/V "SA **Altius**", 171509 dwt, built 2001, dely PMO 20/22 Aug, redely PMO, \$37000, Oldendorff, for a trip via Brazil & PG -1000\$ reduced from last week). There is a massive fluctuation in the daily freight offered as it ranged from \$20,000 to \$37,000 per day with the average ranging in the 25-29k region.



PANAMAX MARKET

➤ The **Baltic Panamax Index (BPI)** was the first of all size segments that showed some early signs nearly 5 weeks ago that initiated the dry bulk market rebound and so it did. Last week we saw the BPI that made a downward correction, however early from the start of this week we saw it going upward, it closed on Friday the 13th of August 2010 well above the 2,500 point mark at **2864** which represents a generous weekly **gain of 10.96%** or **283** points compared to **2581** points which was last Friday the 6th August 2010 closing.



The monthly average for July for the BPI is calculated at 2703 points and that is up from July's average of 2241 while the Yearly average of the BPI currently stands at **3466** points.

This week we had a good number of period fixtures with 23 ships being "locked" in medium duration periods of 4-6 months and 3-5 months. (last week we had 31 vsls on period charters) and this week the time-charter period fixtures that were most notable in the Kamsarmax size range were that of the: M/V **"Medi Sentosa"**, 83690 dwt, built 2008, dely Fangcheng 13/18 Aug, redely Singapore-Japan rge, \$21000, Chart Not Rep, for a trip via Indonesia, the M/V **"Torm Saltholm"**, 83685 dwt, built 2008, dely Krishnapatnam in d/c 24/28 Aug, redely India, \$23000, Oldendorff, for a trip via Richards Bay, the M/V **"Kamsar Gold"**, 82800 dwt, built 2006, dely Kinuura 11/14 Aug, redely worldwide, \$26500, Swiss Marine, for a 4/6 months trading - Phaethon relet, the M/V **"Micaela Della Gatta"**, 82790 dwt, built 2006, dely Skaw 10-20 Aug, redely China, \$33000, Pacific Bulk, for a trip via Orinoco, the M/V **"Tenshin Maru"**, 82687 dwt, built 2008, dely FOS 10-13 Aug, redely India, \$31000, Hanjin, for a trip via USEC, the M/V **"Coal Gypsy"**, 82295 dwt, built 2006, dely Colombo 5 Aug, redely India, \$20000, Chart Not Rep, for a trip via Richards Bay.

In the other Panamax smaller than then Kamsarmax size we had the following period fixtures for durations of 3-5 and 4-6 months: the M/V **"Torm Pacific"**, 77171 dwt, built 2009, dely Kwangyang 20/28 Aug, redely worldwide, \$22000, EdF, for 23/25 months trading, the M/V **"Ocean Shanghai"**, 76801 dwt, built 2006, dely S.China ppt, redely worldwide, \$24500, North China Shipping, for 11/13 months trading, the M/V **"Astrale"**, 75933 dwt, built 2000, dely China in d/c Sept, redely worldwide, \$24500, Deilemar, for 11/13 months trading - Daeyang relet, the M/V **"Amalia"**, 75100 dwt, built 2000, dely Tianjin 21/25 Aug, redely worldwide, \$24750, GMI, for 11/13 months trading, the M/V **"COS Intrepid"**, 74000 dwt, built 2001, dely Zhangjiang 15/17 Aug, redely worldwide, \$23500, NCS, for 11/13 months trading, the M/V **"Sea Resolute"**, 73322 dwt, built 1998, dely Paradip 18/20 Aug, redely worldwide, \$24500, Etizen, for 10/11 mos trading, the M/V **"Lopi Z"**, 71982 dwt, built 1998, dely Worldwide Oct/Dec, redely worldwide, \$22500, Oldendorff, for 12/15 mos trading, the M/V **"Mining Star"**, 76225 dwt, built 2005, dely Kosichang ppt, redely worldwide, \$27000, BHP Billiton Shanghai, for 4/6 months trading - Glencore relet.

This week's Panamax T/C average rate as calculated by N. Cotzias Shipping Consultants went **up** by **7.49%** to **\$22,675** from **\$21,095** which was last week's Panamax T/C av. A good number of **sixty (60)** Panamax vessels compared to a record number of 68 fixtures of last week, were being chartered during week 32 on Period and T/C's.

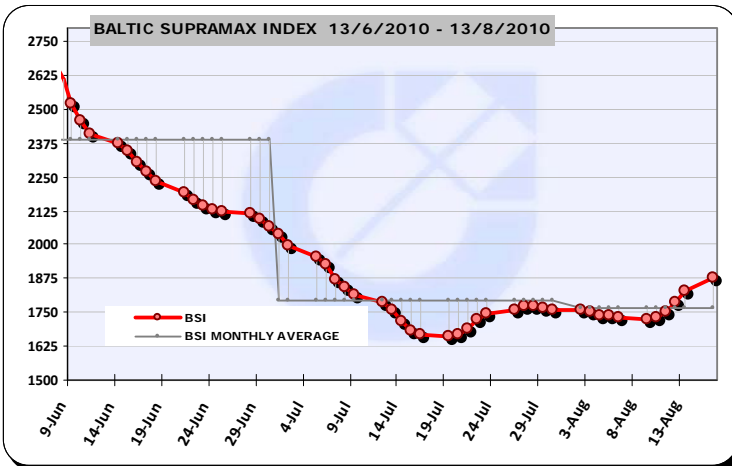
The daily rates as seen in our separate fixtures report for Panamaxes this week, with **reduced** differential levels from low to high, compared to last week and ranged from **\$12,000** (M/V **"Centurion"**, 76838 dwt, built 2005, dely Guangzhou 20/24 Aug, redely Continent, \$12000, Cargill, for a trip via Indonesia 3000\$ improved from last week) up to **\$35,000** for the (M/V **"Triton"**, 75336 dwt, built 2001, dely Civitavecchia 16/20 Aug, redely Singapore-Japan rge, \$35000, Vista, for a 2 laden legs 3000\$ improved from last week)



Out of these 60 T/C fixtures we pick as indicative of the present market, are the fixtures of the: M/V **"Red Seto"**, 75966 dwt, built 2002, dely Taichung 14/18 Aug, redely China, \$21500, Noble, for a trip via Darwin, the M/V **"Silver Dragon"**, 74748 dwt, built 2006, dely Hamburg 13/18 Aug, redely UKC, \$25500, Oldendorff, for a trip via Baltic, the M/V **"Clipper Monarch"**, 74381 dwt, built 2000, dely Kushiro 24/26 Aug, redely China int sulphur, \$23750, Noble, for a trip via NoPac, the M/V **"Tian Yang Feng"**, 74027 dwt, built 2000, dely retro CJK 6 Aug, redely Japan int Ore, \$23750, NYK, for a trip via Philippines, the M/V **"Nord Fortune"**, 76500 dwt, built 2008, dely Taichung 17/20 Aug, redely Malaysia, \$17000, PCL, for a trip via Indonesia, the M/V **"Ri Guan Feng"**, 76000 dwt, built 2010, dely CJK 18/22 Aug, redely China, \$20000, Klaveness, for a trip via Port Latta, the M/V **"Spitha"**, 75411 dwt, built 2005, dely Niihama 11/13 Aug, redely PMO-Japan, \$19500, Oldendorff, for a trip via Newcastle, the M/V **"Grazia Bottiglieri"**, 75265 dwt, built 1999, dely Gladstone 10-20 Aug, redely India, \$18000, Oldendorff, for a trip + 375000 B/B.

SUPRAMAX MARKET

➤ The **Baltic Supramax Index (BSI)**, closed on Friday the 13th of August 2010, at **1831** points with a good **gain** of **5.78%** or **100**



points based on the previous **1731** points we had last Friday the 6th August 2010 closing. The BSI after the initial recovery 4 weeks ago, seemed to flat-out and was stuck around the 1750 level, but this week a successful attempt was made and the index rose. The monthly average for August at 1764 points is slightly below that of July's monthly average that was at 1790 points, while the yearly average for the BSI currently stands slightly down at **2369** points. For this week the Supramax Time Charter average rate calculated by NCSC is this week merely **down** at **\$20,713** or by **-1.07%** based on **\$20,938** which was last week's Supramax average.

For the past 2-3 weeks we had been observing only 2 or 3 period charters in our every weekly analysis. This week we

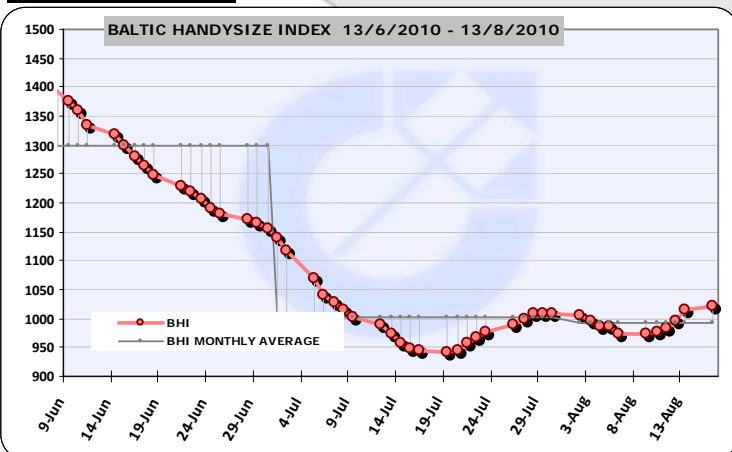
had more than 8 period charters and that were the M/V **"Ince Ege"**, 57396 dwt, built 2010, dely WC India early September, redely worldwide, \$23000, Chart Not Rep, for 6/8 mos trading, the M/V **"Amoy Action"**, 57000 dwt, built 2010, dely Far East August/October, redely worldwide approx, \$17750, Chart Not Rep, for 3 years trading, the M/V **"Ince Karadeniz"**, 56955 dwt, built 2010, dely Fangcheng 1/15 September, redely worldwide, \$23000, Sinochart, for 7/9 mos trading, the M/V **"Hermann-S."**, 56732 dwt, built 2009, dely North China 12-13 Aug, redely Worldwide, \$21500, AMN Bulkcarriers, for 4/6 mos trading, the M/V **"JinYuan"**, 55400 dwt, built 2007, dely WC India August, redely worldwide approx, \$20000, Chart Not Rep, for 12 months trading, the M/V **"Genco Provence"**, 55317 dwt, built 2004, dely Tunisia end August, redely worldwide, \$20300, Setaf, for 16/18 mos trading, the M/V **"Sophia D"**, 53565 dwt, built 2008, dely Turkey mid August, redely Atlantic, \$20000, Chart Not Rep, for 2/4 mos trading, the M/V **"Kang Qiang"**, 51069 dwt, built 2002, dely China mid August, redely worldwide, \$21000, Cargill, for 3/5 months trading.

Some representative T/C fixtures for Supramaxes for this week were the: M/V **"Vega Aries"**, 57000 dwt, built 2010, dely Lianyungang 16/18 August, redely China intention Nickel ore, \$18500, Intermarine, for a trip via South east Asia, the M/V **"Crowned Eagle"**, 55940 dwt, built 2008, dely passing Durban spot, redely Cont-Med, \$19000, Navision, for a trip via East coast South America, the M/V **"Bianco Dan"**, 55628 dwt, built 2004, dely aps USGulf spot, redely Spain, \$30000, Ultrabulk, for a trip, the M/V **"Desert Rhapsody"**, 53820 dwt, built 2007, dely Xingang spot, redely Philippines, \$15000, AWB, for a trip via Nopac, the M/V **"Tianjin Venture"**, 53000 dwt, built 2009, dely USGulf 10/12 August, redely West Africa, \$27000, ABC, for a trip, the M/V **"Mimosa"**, 52479 dwt, built 2002, dely West Africa spot, redely South east Asia, \$29000, Cargill, for a trip via East Coast South America, the M/V **"Sea Lily"**, 52471 dwt, built 2004, dely Shuaiba 16/18 August, redely WC India, \$18000, WBC, for a trip, the M/V **"Falcon"**, 50296 dwt, built 2001, dely Niihama spot, redely New Zealand intention sulphur, \$19000, Greig Star, for a trip via Nopac.

Demand for Supra's is now showing the momentum we expected and hoped for, with **twentysix (26)** Supramaxes that were on T/C this week as opposed to 17 last week and the daily rates (differential of Highest – Lowest weekly T/C figure) in the fixtures reported this week, for Supramaxes was somewhat **reduced** over last week and ranged from **\$15,000** (M/V **"Desert Rhapsody"**, 53820 dwt, built 2007, dely Xingang spot, redely Philippines, \$15000, AWB, for a trip via Nopac 3000\$ improved from last week) up to **\$30,000** (M/V **"Bianco Dan"**, 55628 dwt, built 2004, dely aps USGulf spot, redely Spain approx, \$30000, Ultrabulk, for a trip 2000\$ improved from last week).



HANDYSIZE MARKET



➤ The **Baltic Handysize index (BHI)** closed on Friday the 13th of August 2010 up at **1014** points and this represents a percentage **gain** of **4.11%** or a gain of **40** points over last week's closing of Friday the 06th of August 2010 which stood at **974** points.

The BHI has done some oscillating around the 975 point mark, tried to regain some of its losses, but then was pushed down again, while this week it seems to copy the Supramax index and is stepping up.

The BHI yearly average for the index currently stands at **1230** points with the monthly average for August is calculated at 992 points.

Just like last 2 weeks, only two period fixtures of Handymaxes were reported this week: the M/V **"Global Glory"**, 45769 dwt, built 1998, dely West Africa 17/19 August, redely worldwide, \$23000, ABT, for 4/6 mos trading, and the M/V **"Alexandros Theo"**, 45659 dwt, built 2000, dely Algeria 20/30 August, redely worldwide, \$24000, Oldendorff, for 4/6 mos trading.

This week's Handysize Time Charter that is calculated by NCSC went slightly **down** by a negligible **-0.67%** this week to **\$19,700** from **\$19,833** which was last week's average. In this size sector charterers seem to believe that the freight levels and daily hire will increase and will eventually become more expensive for them, have been rather active to fix on T/C terms more handymaxes this week. We had a decent number of **twelve (12)** Handymax vessel that were reported on T/C this week (compared with only 3 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 **\$10,000** (M/V **"Van Nice"**, 47893 dwt, built 1984, dely Chittagong 16/24 August, redely Singapore-Japan intention PRC, \$10000, Ray Metals, for a trip via EC India -4500\$ reduced from last week) up to **\$27,000** (M/V **"Honesty Ocean"**, 47240 dwt, built 1997, dely Tema 14/16 August, redely Singapore-Japan, \$27000, Trafigura, for a trip via East Coast South America 3000\$ improved from last week).



Some T/C fixtures of week 32 are the: M/V **"VOC Rose"**, 47183 dwt, built 1998, dely retro Antwerp 3 August, redely Singapore-Japan, \$23500, STX Pan Ocean, for a trip via USGulf, the M/V **"Griffon"**, 46635 dwt, built 1995, dely Philippines spot, redely Taiwan, \$17000, Chart Not Rep, for a trip via South east Asia, the M/V **"Blue Sand"**, 46570 dwt, built 1998, dely Gibraltar 15/16 August, redely Med, \$17750, AWB, for a trip via St.Lawrence, the M/V **"Yue Hai"**, 45500 dwt, built 1996, dely dop Varna 13/20 August, redely Singapore-Japan, \$22000, Chart Not Rep, for a trip via Black Sea, the M/V **"Livanita"**, 45426 dwt, built 1997, dely North China spot, redely Taiwan, \$14500, Chart Not Rep, for a trip via North China, the M/V **"Sattar"**, 43419 dwt, built 1992, dely Visakhapatnam spot, redely China, \$12500, Ocean Fortune, for a trip.