WEEK33 - Dry Cargo Market "Highlights" – 13-August-2010 until 20-August-2010

Another positive week in all size segments with all 5 Baltic Indices to be "green" once more. It was the Capes that threw the party last week, this week we can say it may well be the Supramaxes that have that extra bit of flare. In general the Capes showed since end of last week a small slack, with a minor fall of 18 points in total but overall the week ended well for all 4 sub-indices that performed positively for all 5 working days of week 33. The BDI seems to be running a mini rally of 13 consecutive positive days (Since 4th August 2010).

The markets seem to be regaining a great part of their heavy losses encountered during the first two months of this summer period. We still have 10 more days for August to wave goodbye, and the freight markets have made a mini rebound which is more important as this was made effective during a month that traditionally was a month of low activity and seasonal slack.

The shipping markets were greatly assisted by the added momentum that last week were offered by the Capes, however Capes don't really represent 100% of the seaborne trade and in general don't really show us the general state of the consumer markets. One thing we point out and is very important is that the recent rebound in the freight supply can be seen across nearly all size segments of ships and is not attributed say to Capes or Panamaxes only. It is the smaller sizes of ships that carry together with raw materials, nearly finished goods or final products that are ready to be consumed by the markets, and can be seen as the closest link to indicate the volume of goods and the consumer demand that these markets absorb and generate.

Here we are facing with the problem that the consumer markets of the advanced economies of the developed countries are still lagging behind in GDP growth when comparing the 2Q estimate of 2010 with those of the developing economies that really show some encouraging signs. It is the case that shipping heavily still depends on the wellbeing of the developing world in order to get more steam into seaborne trade. The Philippines for the first semester of 2010, have the positive estimate for 2Q 2010, of 5.4% growth, Indonesia 6.2%, India 8.4%, Malaysia 8.9%, Vietnam 6.4%, Thailand 10.5%, Taiwan 11%, Korea 7.5% and China 10.3% while Japan only 4%. These Asian country growth figures are very encouraging and adding Russia 5.2% and Brazil 9% we see that the comparison with the low estimates of 2.4% for the USA, and 2.2% for Germany and the mere 1% of the Eurozone is not encouraging to make as expect any more help from the developed world, but one could say that we may feel happy enough that at least these figures are positive… so let's not be greedy!!

The most important development this week that is ringing some alarms was in the U.S. Treasury markets, which blasted upwards following the Fed's decision to resume purchase of these very long-term debt obligations of the U.S. Government. It is said there could be a bubble, and if it happened in Treasures, it would result in "Double Bubble Trouble." Indeed, that seems to be happening now as Treasuries approach the levels present in the height of the 2008 Panic. The Fed's decision makes one wonder if things are progressing so badly that there is real danger of another economic and market collapse.

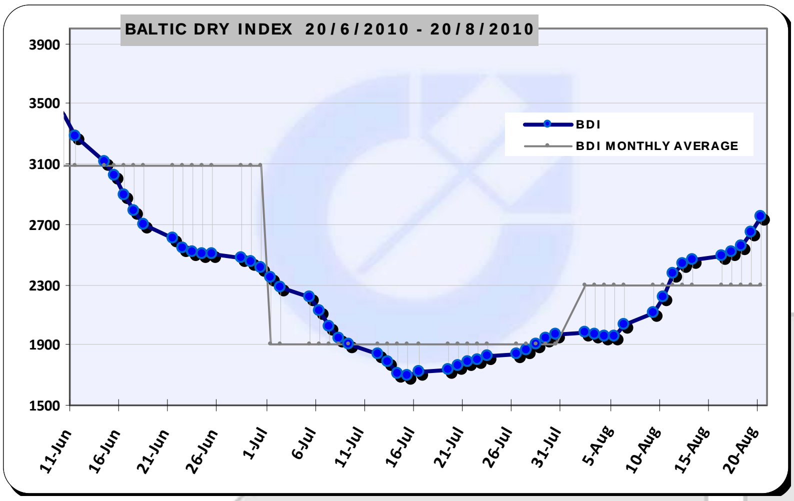
Why would they take Treasuries back to the level of the 2008 crisis days if the economy was improving and stabilizing as the White House and its "Economic Dream Team" continues to insist? Somebody is not telling the whole story to the American people and the world. The San Francisco Federal Reserve Bank report issued last week, stating that "… the probability that the U.S. economy will slip back into recession over the next two years is higher than that of economic expansion.", and that is definitely not for the benefit of our industry.

However the underlying market fundamentals still pose a level of uncertainty although overall the picture looks much better than 2 months ago. China has imposed their game rules in the iron/ore pricing agreement, and the country's size and import appetite on its own have such great weight that they can and have brought the per tone prices to the desired levels. Russian grain exports embargo/ban went into action as from the 15th August until 31st Dec 2010, and the Russian exports will be limited to 60-65 mil tones for 2010 as opposed to 97 mil tones for 2009. This is a serious quantity reduction that will be needed to be shipped from alternative locations and this will definitely act positively on shipping freights as the per ton mile cost will increase.

N. COTZIAS SHIPPING CONSULTANTS (NCSC) have started a Shipping markets & World Trade Reviews 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 you may find of 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 20th of August 2010 greatly aided by all 4 segments that were positive this week, at **2756** points giving us a very strong weekly gain of **11.67%** or **288** points. (Last Friday's 13th of August 2010 closing value was **2468** points). The monthly average for the BDI is now standing at 2297 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 33) **BDI**, **gain, 11.67%**, **BCI**, **gain, 11.46%**, **BPI**, **gain, 7.86%**, **BSI**, **gain, 13.38%**, **BHI**, **gain, 5.33%**

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

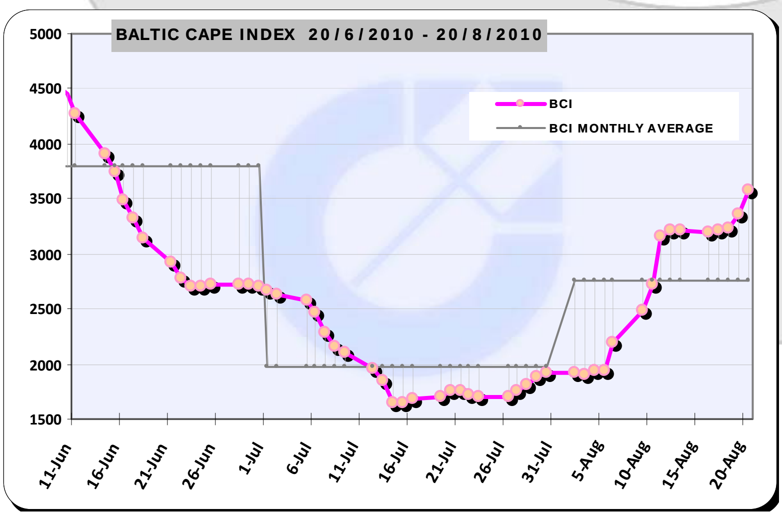
INDEX	20-August-2010	01-January-2010	% CHANGE	POINT DIFF	TREND	L/G
BDI	2756	3005	-8.29%	-249	▼	loss
BCI	3578	3887	-7.95%	-309	▼	loss
BPI	3089	3567	-13.40%	-478	▼	loss
BSI	2076	2224	-6.65%	-148	▼	loss
BHI	1068	1159	-7.85%	-91	▼	loss

high & lows 2010	TODAY 20/8/2010	2010 HIGH	DATE	% CHANGE TODAY	2010 LOW	DATE	% CHANGE TODAY
BDI	2756	4209	26 May 2010	-34.52%	1700	15 Jul 2010	62.12%
BCI	3578	5455	2 Jun 2010	-34.41%	1640	15 Jul 2010	118.17%
BPI	3089	4622	20 May 2010	-33.17%	1941	12 Jul 2010	59.14%
BSI	2076	3111	19 May 2010	-33.27%	1664	19 Jul 2010	24.76%
BHI	1068	1520	24 May 2010	-29.74%	940	19 Jul 2010	13.62%

It is interesting to note that the BDI today has regained since the lowest of 2010 (15 July 2010, more than 62%., whereas the Cape index has regained 118% and the Panamaxes more than 59%.

CAPESIZE MARKET

The ***Baltic Cape Index (BCI)*** closed on Friday the 20th of August 2010, at **3578** points posing a very positive w2w **gain** of **11.46%** or **368** points over previous week's closing on Friday the 13th August which was **3210** points. It is worth mentioning that last week's increase was the strongest w2w gain for 2010, and similar levels of weekly increase volatility were only seen during Jan/Feb 2009 when the markets were only just recovering from the collapsed markets post Oct 2008. The monthly average for the BCI stands greatly higher than that of July 2010 (1970 points) and is at 2749 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 **8.22%,** now well above the 30k mark at $31,600. Previous week's T/C figure was **$29,303**. It is notable though that period demand this week was subdued and we report a lower number of cape fixtures of **eleven (11)** units that were fixed on T/C this week compared to the higher figure of 19 we had observed last week. It could well be that the sentiment and expectations of charterers believe that the market will not increase at such a great rate or even fall next week and they don't want to commit at these higher freight levels.

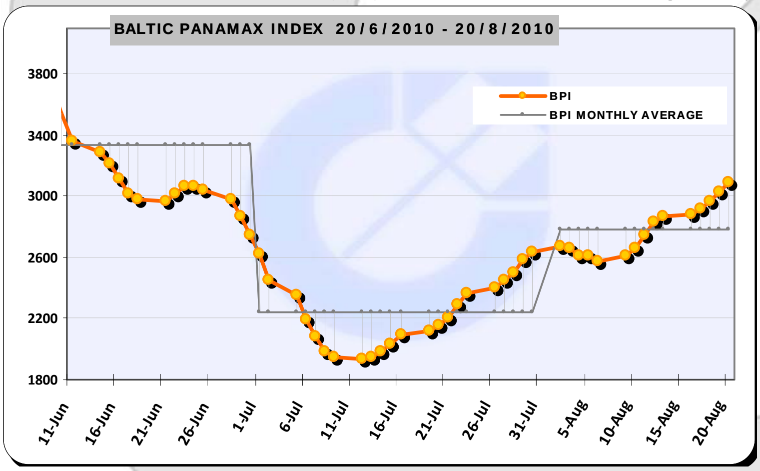
For this current week 33, the Capes had a decent number of fixtures on period with most representative those of: M/V ***"Pacific Creation"***, 180000 dwt, built 2010, dely ex yard Beihai 10/16 Aug, redely worldwide, $30000, Swiss Marine, for 11/13 months trading, the M/V ***"Kanaris"***, 178064 dwt, built 2010, dely Japan in d/c 5/15 Sept, redely worldwide, $31000, GMI, for 12/14 months trading, the M/V ***"Go Trader"***, 176000 dwt, built 2010, dely S.Korea 30/31 Aug, redely worldwide, $30000, Swiss Marine, for 11/13 months trading, the M/V ***"C.Utopia"***, 173759 dwt, built 2007, dely retro Bayuquan 30 July, redely worldwide, $32000, Oldendorff, for 5/7 months trading and the M/V ***"Captain Vangelis L"***, 169044 dwt, built 2009, dely Far East end Aug/early Sept, redely worldwide, $29000, GMI , for 17/19 months trading.

Additionally the T/C fixtures of the capes: M/V ***"Star Sigma"***, 184403 dwt, built 1991,dely ex dd Qinhuangdao 25/30 Aug, redely Singapore-Japan rge, $32500, Cetragpa, for a trip via Brazil, the M/V ***"Navios Lumen"***, 180061 dwt, built 2009, dely retro Qingdao 6 Aug, redely China, $32100, STX Pan Ocean, for trip via Brazil, the M/V ***"Skythia"***, 177830 dwt, built 2010, dely Tianjin 24/28 Aug, redely Japan, $30300, KLine, for trip via W.Australia, the M/V ***"POS Dignity"***, 173198 dwt, built 1989, dely Rotterdam 22/24 Aug, redely Rotterdam, $29750, Hanjin, for a trip via Bolivar, the M/V ***"Formosabulk Brave"***, 170085 dwt, built 2001, dely Pohang spot, redely China, $29000, BHP Billiton, for a trip via EC.Australia or W.Australia and the M/V ***"Dong-A Rhea"***, 149505 dwt, built 1993, dely Samcheonpo 23/25 Aug, redely S.Korea, $28000, DHL, for trip via EC.Australia, 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 **$28,000** (M/V ***"Dong-A Rhea"***, 149505 dwt, built 1993, dely Samcheonpo 23/25 Aug , redely S.Korea, $28000, DHL, for a trip via EC Australia 8000$ improved from last week*)* up to **$32,500** (M/V ***"Star Sigma"***, 184403 dwt, built 1991, dely ex dd Qinhuangdao 25/30 Aug , redely Singapore-Japan rge, $32500, Cetragpa, for a trip via Brazil -4500$ reduced from last week). There is a smaller fluctuation in the daily freight offered as it ranged from $28,000 to $32,500 per day with the average ranging in the 31k region.

PANAMAX MARKET

The ***Baltic Panamax Index (BPI)*** is back on track increasing after posing a small downward correction 2 weeks ago. From the start of this week we saw it going upward and it is slope is now the same rate of increase as we had post July 11th 2010. The BPI closed on Friday the 20th of August 2010 above the 3,000 point mark at **3089** which represents a generous weekly **gain** of **7.86%** or **225** points compared to **2864** points which was last Friday the 13th August 2010 closing. The monthly average for July for the BPI is calculated at 2783 points and that is up from July's average of 2241 while the Yearly average of the BPI currently stands at **3455** points.



The Atlantic market seems to have some extra cargoes this week while North Atlantic trade and the TA R/V's seem to give us $25,000-$27,000 per day and $34,000-$37,000 per day respectively. This week we had 3 fixtures for periods of 11-13 months and one for 3 years at $25,500 per day, and $23,250 per day while 3 more fixtures for 6-7 months period at $26,500-$27.250 per day and 13 fixtures of 4-6 and 5-7 months duration at $25,900-$34,500 per day. What is notable is that during the 3 week August period we had 65 period fixtures while in July we had only 62.

In the **Kamsarmax** size range the fixtures of the: M/V ***"United Challenger"***, 82641 dwt, built 2008, dely Point Tupper 30/31 Aug, redely worldwide, $33000, Cargill, with $400,000 bb - balance of period min 4 max feb 2011 and the M/V ***"London 2012"***, 82561 dwt, built 2007, dely Valencia 16/20 Aug, redely worldwide, $34500, Cargill, for min 24 Nov/max 4 Jan 2011.

Still in the Kamsarmax section we had some interesting T/C fixtures: the M/V ***"Tiare"***, 83688 dwt, built 2009, dely Tsuruga 21/26 Aug, redely China, $23000, Raffles, for a trip via NoPac, the M/V ***"Fortune Sunny"***, 83000 dwt, built 2008, dely Taranto 18/20 Aug, redely China via gulf of Aden, $38000, Cargill, for trip via Black Sea, the M/V ***"Micaela Della Gatta"***, 82790 dwt, built 2006, dely psg Skaw 14/17 Aug , redely China via Cape of Good Hope, $35000, Xinlu Marine, for a trip via Norway - BHP Billiton relet, the M/V ***"Yarrawonga"***, 82624 dwt, built 2008, dely Taranto 22/26 Aug, redely Stade, $21000, Proline, for trip via Kamsar, the M/V ***"Iron Bradyn"***, 82597 dwt, built 2005, dely retro San Cyprian 12 Aug, redely Skaw-Cape Passero, $27500, STX Pan Ocean, for a trip via USEC, the M/V ***"Nord Phoenix"***, 82471 dwt, built 2007, dely Kaohsiung 23/25 Aug, redely Taiwan, $22000, STX Pan Ocean, for trip via Indonesia, the M/V ***"Iron Vassilis"***, 82295 dwt, built 2006, dely aps Itaquai 28/31 Aug, redely Continent, $25000, Cargill, with 550000 bb, for trip, the M/V ***"Key Action"***, 82168 dwt, built 2010, dely Rotterdam 26/31 Aug, redely Continent, $28000, Oldendorff, for trip via Baltic.

In the other **Panamax** smaller than then Kamsarmax size we had the following period fixtures mainly for durations of 4-6 and 5-7 months: the M/V ***"Penda Bulker"***, 76500 dwt, built 2005, dely Taiwan mid Oct, redely worldwide, $23250, Grand China Shipping, for 3 years trading, the M/V ***"Mandarin Eagle"***, 75668 dwt, built 2002, dely Shanghai 1/10 Sept, redely worldwide, $25500, Eitzen, for 11/13 months trading, the M/V ***"Galapagos"***, 75600 dwt, built 2010, dely Haldia 20/24 Aug, redely worldwide, $25000, HMM, for 11/13 mos trading, the M/V ***"Kerveros"***, 76602 dwt, built 2003, dely China 10/20 Sept, redely worldwide, $26750, Chart Not Rep, for 7/9 mos trading, the M/V ***"RBD Capri"***, 76500 dwt, built 2008, dely Qingdao 20/24 Aug, redely worldwide, $27250, Swiss Marine, for 6/7 mos trading, the M/V ***"Boreal"***, 74181 dwt, built 2002, dely Qinzhou 23/26 Aug, redely worldwide, $27000, Bunge, for 5/7 mos trading, the M/V ***"Euro Carrier"***, 76602 dwt, built 2004, dely Jintang 20/24 Aug, redely worldwide, $26250, Rainbow Maritime, for 4/6 months trading, the M/V ***"Cape Sun"***, 75600 dwt, built 2004, dely S.Japan 1/5 Sept, redely worldwide, $25900, Cetragpa, for 4/6 months trading.

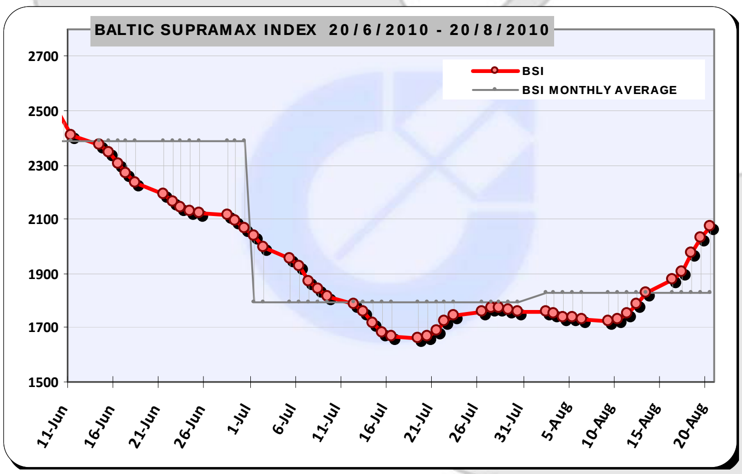
This week's Panamax T/C average rate as calculated by N. Cotzias Shipping Consultants went **up** by **6.11%** to **$23,980** from **$22,675** which was last week's Panamax T/C av. A very good number of **fiftynine (59)** Panamax vessels compared to a record number of 60 fixtures of last week, were being chartered during week 33 on Period and T/C's.

The daily rates as seen in our separate fixtures report for Panamaxes this week, with **improved** differential levels from low to high, compared to last week and ranged from **$10,000** (M/V ***"Castillo de San Jorge***", 75378 dwt, built 1982, dely Xiamen 25/30 Aug , redely S.Korea, $10000, Chokang, for a trip via N.China -2000$ reduced from last week*)* up to **$38,000** for the (M/V ***"Fortune Sunny"***, 83000 dwt, built 2008, dely Taranto 18/20 Aug , redely China via gulf of Aden, $38000, Cargill, for a trip via Black Sea 3000$ 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 ***"Jia Qiang"***, 76801 dwt, built 2004, dely SW Pass 1/4 Sept, redely Skaw-Cape Passero, $26000, Cargill, with $550,000bb for trip via USGulf, the M/V ***"Maritime Anita"***, 76737 dwt, built 2004, dely Singapore spot, redely China, $25000, BHP Billiton, for a trip via Newcastle, the M/V ***"Avoca"***, 76500 dwt, built 2004, dely Cape Passero ppt, redely Cape Passero, $26000, Louis Dreyfus, for a trip via Port Cartier & Egypt, the M/V ***"Egret Bulker"***, 74500 dwt, built 2002, dely Sri Lanka 15/17 Aug, redely India, $26000, Golden Ocean, for a trip via Richards Bay, the M/V ***"Jag Arnav"***, 71122 dwt, built 1995, dely SW Pass 16/20 Aug, redely China, $35000, Oldendorff, with $740,000 bb for trip via US Gulf, the M/V ***"B Indonesia"***, 70424 dwt, built 1990, dely WC India 18/25 Aug , redely India, $19750, Oldendorff, for a trip via Richards Bay, the M/V ***"Eastern Queen"***, 70196 dwt, built 1994, dely Inchon in d/c 17/20 Aug , redely Singapore-Japan rge, $20500, Cargill, for a trip via NoPac, the M/V ***"Apostolos"***, 70119 dwt, built 1995, dely PMO 17/20 Aug , redely PMO, $24500, Noble, for a trip via River Plate & Saudi Arabia.

SUPRAMAX MARKET

The ***Baltic Supramax Index (BSI)***, closed on Friday the 20st of August 2010, at **2076** points with a very good and positive **gain** of **13.38%** or **245** points based on the previous **1831** points we had last Friday the 13th August 2010 closing. The BSI after the initial recovery 5 weeks ago seemed to oscillate around the 1750 level, but for the past 2 weeks have made a good upward rally, of 9 consecutive daily increases. The monthly average for August is at 1826 points above that of July's monthly average that was at 1790 points, while the yearly average for the BSI currently stands slightly improved at **2360** points.



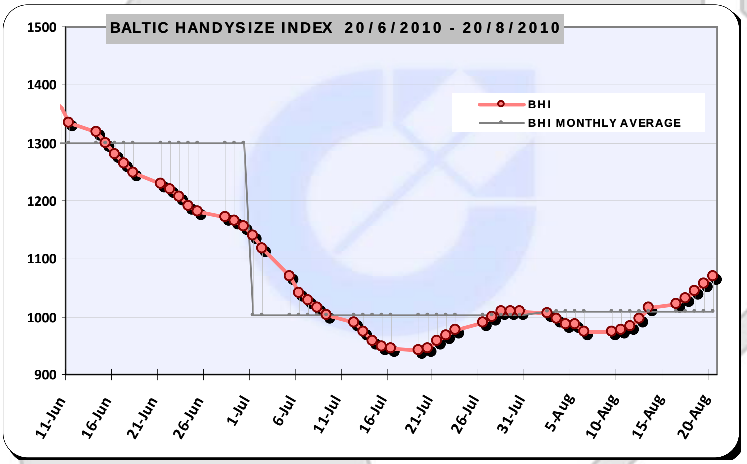
For this week the Supramax Time Charter average rate calculated by NCSC is this week merely **up** at **$22,100** or by **6.25%** based on **$20,713** which was last week's Supramax average.

For the past month we had been observing only 2 or 3 period charters in our every weekly analysis. This week too we had more than 8 period charters and some of them were the: M/V ***"Hudson Trader 2"***, 58056 dwt, built 2009, dely WC India end August/ early September, redely worldwide, $24000, AMN Bulkcarriers, RBD relet for abt 5/ abt 7 months trading, the M/V ***"Fantastic"***, 57000 dwt, built 2010, dely Shanghai 22/25 August, redely worldwide, $24000, Chart Not Rep, for 5/7 months trading, the M/V ***"COS Prosperity"***, 55500 dwt, built 2006, dely North China 10/20 September, redely worldwide, $22000, European charterer, for 12 mos trading, the M/V ***"Tai Hunter"***, 55418 dwt, built 2007, dely Xingang 22/24 August, redely worldwide, $23000, BHP Billiton, for period up to min 17 Nov / max 17 Dec 2010, the M/V ***"Star Kappa"***, 52825 dwt, built 2002, dely Continent end August, redely worldwide, $25750, Hudson, for 4/6 months trading, the M/V ***"Olympias"***, 52817 dwt, built 2001, dely South China end August, redely worldwide, $22750, Norden, balance of period until 1Jan/1 Feb 2011, the M/V ***"26 Agustos"***, 52455 dwt, built 2002, dely Pohang end August, redely worldwide, $24750, Copenship, for 4/6 mos trading.

Some representative T/C fixtures for Supramaxes for this week were the: M/V ***"Medi Genova"***, 58729 dwt, built 2009, dely Mumbai 21/23 August , redely India, $19000, Cargill, for trip via Richards Bay, the M/V ***"Kang Long"***, 57809 dwt, built 2010, dely Port Harcourt end Aug, redely E.Med, $25000, Norden, for trip via W.Africa, the M/V ***"Darya Brahma"***, 56056 dwt, built 2006, dely USGulf end August/early September, redely Morocco, $34000, Oldendorff, for a trip, the M/V ***"Yin Shun"***, 53496 dwt, built 2009, dely aps Houston 20/25 August, redely Med, $32750, Pacbasin, for a trip, the M/V ***"Gong Yin 1"***, 53450 dwt, built 2009, dely Haldia 25 August/10 September, redely China, $21000, Prime East, for a trip, the M/V ***"Sea Lantana"***, 52471 dwt, built 2004, dely Port Harcourt 16/20 August, redely Cont-Med, $19000, Bunge, for a trip via EC South America, the M/V ***"JBU Orient"***, 52454 dwt, built 2006, dely Lianyungang spot , redely Singapore-Japan, $22000, IVSI, for trip via Nopac, the M/V ***"Svinoy"***, 52055 dwt, built 2001, dely Key West 18/28 September, redely Singapore-Japan, $39000, Oldendorff, for a trip via USGulf.

Demand for Supra's is now showing the increased momentum we expected and hoped for, with **twentyseven (27)** Supramaxes that were on T/C this week as opposed to 26 last week and the daily rates (differential of Highest – Lowest weekly T/C figure) in the fixtures reported this week, for Supramaxes was somewhat **improved** over last week and ranged from **$13,000** (M/V ***"Yong Feng",*** 58018 dwt, built 2010, dely CJK 25/31 August , redely Continent, $13000, Greig Star, for a trip via Nopac -2000$ reduced from last week) up to **$43,000** (M/V ***"IDC Pearl",*** 52344 dwt, built 2002, dely USGulf early September , redely Singapore-Japan approx, $43000, STX Pan Ocean, for a trip 13000$ improved from last week*).*

HANDYSIZE MARKET



The ***Baltic Handysize index (BHI)*** closed on Friday the 20st of August 2010 up at **1068** points and this represents a good percentage **gain** of **5.33%** or a gain of **54** points over last week's closing of Friday the 13th of August 2010 which stood at **1014** 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 be on a steady upward trend. The BHI yearly average for the index currently stands at **1226** points with the monthly average for August is calculated at 1007 points.

It is notable that just like last 2-3 weeks, only two period fixtures of Handymaxes were reported for this running week too: the M/V ***"De Ping Hai"***, 45693 dwt, built 1996, dely Continent early September, redely worldwide approx, $25250, Chart Not Rep, for balance of period until Feb 2011, the M/V ***"Prabhu Yuvika"***, 42004 dwt, built 1992, dely Mongla end August, redely worldwide approx, $17000, Chart Not Rep, for 3/5 months trading.

This week's Handysize Time Charter that is calculated by NCSC went slightly **up** by a good **2.71%** this week to **$19,900** from **$19,375** which was last week's average. In this size sector we had a low number of only **four (4)** Handymax vessel that were reported on T/C this week, compared with 12 of last week, with their weekly T/C daily rates for Handy sized vessels ranging on **reduced** differential levels of high-low rates, compared to last week's from **$17,000** (M/V ***"Prabhu Yuvika",*** 42004 dwt, built 1992, dely Mongla end August, redely worldwide approx, $17000, Chart Not Rep, for a 3/5 months trading 7000$ improved from last week*)* up to **$30,000** (M/V ***"Full Sources"***, 47324 dwt, built 1998, dely USGulf end August , redely West Africa approx, $30000, ABC, for a trip 3000$ improved from last week).

The only two T/C fixtures of week 33 were the: M/V ***"Pacific Primate"***, 49061 dwt, built 1997, dely Chennai 23/26 August, redely China, $20000, Sinochart, for a trip, and the M/V ***"Full Sources"***, 47324 dwt, built 1998, dely USGulf end August , redely West Africa, $30000, ABC, for a trip.

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