



Monday, 14 April 2008

BMTI INVESTORS' MARKET SPOTLIGHT

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BMTI provides a daily report of broker views, market news and trend analyses on all sectors of the international dry bulk shipping market. Our reports are drawn from a global network of independent correspondents, agencies and BMTI subscribers themselves.

DRY BULK MARKET HIGHLIGHTS

A generally strong and steady market sees the BCI marked up 118 points and the time charter average increased by US\$ 1,288 to US\$ 132,870 daily on Friday. The Panamax markets are also ending up on a positive note with rates in both hemispheres being marked up and the BPI shifted upwards 98 points. However, in the Far East, many fixtures are concluded on short coal or nickel ore trips which means that the tonnage lists are not being appreciably diminished. With the Handies and Handymaxes it is the South Atlantic that continues to dominate the market. Atlas are thought to have covered four Handymax stems from the Plate with two going to Turkey and two to South Africa. Of the four, only reports of the 1997-built, 43,800 dwt "Tern Spirit", apparently taken passing Gibraltar for the trip via Plate and redelivery South Africa at about US\$ 47,500 daily, have emerged.

Capes markets this week have a really solid feel. In the Pacific even the smaller older ladies are making their mark such as the 1992-built, 149,391 dwt "Collonges" booked by Classic Maritime ex Zhoushan for a back haul via Australia to the Atlantic at US\$ 75,000 daily for the first 55 days and US\$ 120,000 daily for the balance. It is interesting to compare the fixture of the "SG Prosperity" taken for a Port Hedland to Qingdao stem with end-April dates at US\$ 29.50 and that of the "Cape Dover"—taken for the same run at US\$ 29.50 but with the vessel not open until 22/23 April on the coast—and a loading laycan of 1/10 May which suggests strength well forward. Both vessels are taken by BHP Billiton.

INVESTMENT REVIEW

The dry bulk futures market has been relatively stable with a slightly downward tendency for most contracts. April contracts for Capes and Panamax are down while the Supramaxes have climbed by US\$ 1,250 to US\$ 51,750 over the last four days. Capes are also losing on the Q2-contracts (-US\$ 2,000 over the week). Panamax Q2-contracts are doing better and add US\$ 1,250 to end up at US\$ 66,000 while Supramaxes remain unchanged at US\$ 53,000.

The shipping derivatives market—"a very interesting place to be right now", according to a market insider—attracts more and more investment bankers. The latest to join in is Barclays Capital (UK) with its announcement of launching an expanded trading desk in London by next month. Barclays' announcement has met with positive reactions among shipping derivatives traders as they see more liquidity coming into the market and a growing interest in FFA trading which will result in more competitive pricing.

Shares of Mercator Lines (India) on the Singapore Exchange climbed 1.6% in value to US\$ 0,32 on Tuesday after the company announced the closure of a 10-year charter-in agreement for a 91,800 dwt vessel with Augustea Atlantica (Italy). One week prior, the company had released its plans to expand its fleet—the second largest fleet from a privately owned company in India today—by eight dry bulk vessels and five dredgers. The first sales agreement has already been signed for the 1997-built, 69,221 dwt "YK Titan" at the price of US\$ 65.5 mio. The company expressed its optimism for the further development of the dry bulk market in the next two years. As global commodity demand keeps growing, "there should be no problem", an official from Mercator Lines stated.

On Wednesday, shares of Cosco Corporation Ltd. (Singapore) took their deepest dive in seven years on

the Singapore Exchange after news that the company cancelled a newbuild order worth US\$ 200 mio by a Norwegian owner because of an unpaid deposit. Share value went down 15% in morning trading to US\$ 2.11 and recovered only slightly over the day.

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