WEEK36 - Dry Cargo Market "Highlights" – 03-September-2010 until 10-September-2010

This week was a market warm-up. The Baltic Dry index is only a notch away from breaking the mostly psychological barrier of 3,000 points. In general, all 5 indices were "green" for week 36, with the Capes having an uncertain fluctuation only to finally close marginally higher than last week, while Panamaxes were the size segment with the most positive weekly gains, continuing on the momentum that they generated from previous week 35. The other two smaller sizes, the Supra's and the Handymaxes, were positive this week contrary to week 35 that they were recorded as negative. It is worth noting that we are already counting the 10th consecutive positive run for the BDI, and what is also interesting as a pattern, is that after July 15th 2010 the Baltic Dry Index has produced two sets of consecutive increases, the firsts one lasted 12 days and then we had 2 negative days, while the next set lasted for 14 days and then again counted 2 negative days, to bring us here where we are looking at 10 days… and counting…! It seems the BDI has formed a behavioral pattern…!!

high & lows 2010	TODAY 10/9/2010	2010 HIGH	DATE	% CHANGE TODAY	2010 LOW	DATE	% CHANGE TODAY	year average
BDI	2995	4209	26 May 2010	-28.84%	1700	15 Jul 2010	76%	2907
BCI	4019	5455	2 Jun 2010	-26.32%	1640	15 Jul 2010	145%	3458
BPI	3394	4622	20 May 2010	-26.57%	1941	12 Jul 2010	75%	3430
BSI	2046	3111	19 May 2010	-34.23%	1664	19 Jul 2010	23%	2335
BHI	1078	1520	24 May 2010	-29.08%	940	19 Jul 2010	15%	1213

In the table above we see the changes that occurred during the running year. We have recorded the year's High's and Low's and the percentage changes of these H&L's, compared with today's values. At a quick glance we see that the BCI, has regained 145% from the lowest point of 15 Jul 2010 (when it bottomed out at 1640 points), while the BPI has regained 75% since its lowest point of 12 Jul 2010 (when it reached 1941 points), and the generic dry index the BDI has regained 76% since its lowest annual point of 15 Jul 2010 when it had leveled at 1700 points). Our optimism is made greater as we see that most of these gains representing 2/3's of July's losses have occurred during a traditional seasonal idle month of August. China is the leader of the rebound, and we can feel some sort of confidence that we can expect the freight markets to sustain their present reasonably good levels and very possibly improve on them.

The overall U.S. economic situation remains uncertain, and using Fed Chairman Ben Bernanke's own words, we can say the markets continue to perform with "unusual uncertainty". Prior to that, he had announced the Fed would trim down its balance sheet which had tripled in assets following the Panic of 2008. It had printed massive amounts of money and used that to purchase U.S. Treasuries and mortgage backed securities. Those treasuries and securities were coming due. Was that a wise move, or will there be unforeseen consequences later on this decision of further stimulus, further manipulation and interference with the normal market climate? Some analysts share the "crazy" idea of sovereign default, bankruptcy, and a bubble in the U.S. Treasury market, and while the U.S. government's debt is 53 percent of GDP, one of the lowest ratios among developed nations, its debt as a percentage of revenue is 358 percent, one of the highest. For comparison purposes, Italy has one of the highest debt-to-GDP ratios, at 116 percent, yet has a debt-to-revenue ratio of 188. Investor concern that the U.S. may fall back into recession has grown in recent weeks as data missed economists' estimates. A Citigroup Inc. index of U.S. economic data surprises fell to minus 59 last week, the least since January 2009 while the number of unemployment claims unexpectedly shot up by 12,000 to 500,000 in the week ended Aug 14, Labor Department figures showed Aug. 19.

China as we have stated repeatedly these past 2-3 weeks, has imposed their own 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. The positive Chinese trade data show us impressive resilience despite the weaker growth in the U.S. and Europe and positive investor confidence is rising, as domestic demand is holding up even as Beijing continues its campaign to cool the economy. We still share our concerns over the rising real estate prices in China that should lead to even stiffer government actions to slow the industry and that will hurt stocks among real estate developers this year and also affect our seaborne trade. China's housing market hasn't yet turned into a full-blown real estate bubble as the government has proved to be some steps ahead proactively. Good news is that Real estate prices in China rose 9.3% in August from a year earlier, according to a government survey of 70 leading cities. Although prices were still on the rise, it was the fourth consecutive decline in the year-on-year rate of increase from a near five-year high of 12.8% in April. As long as China can cap the rate of increase in prices to allow incomes to catch up and allow other factors to even out, we believe that the bubble may never overinflate, and China's monetary policy officials could, for instance, allow interest rates to rise.

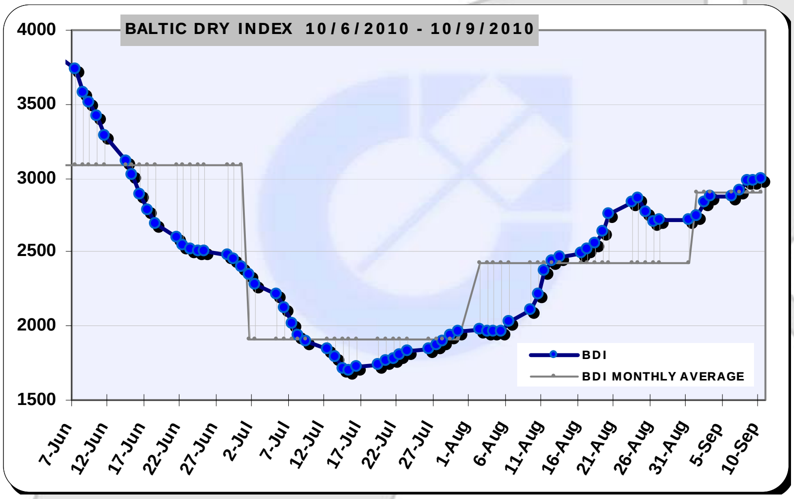
N. COTZIAS SHIPPING CONSULTANTS (NCSC) started Shipping Markets & World Trade Reviews BLOG, at http://shipping-markets.blogspot.com/ - Be our guests, come and share your thoughts on many interesting articles.

In summary form the general index BDI, and the two large indices BCI & BPI were "green" while the smaller BSI & BHI were "red": (for week 35) **BDI**, gain, 4.14%, **BCI**, gain, 1.16%, **BPI**, gain, 8.75%, **BSI**, gain, 2.71%, **BHI**, gain, 1.13%

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

INDEX	10-September-2010	01-January-2010	% CHANGE	POINT DIFF	TREND	L/G
BDI	2995	3005	-0.33%	-10	▼	loss
BCI	4019	3887	3.40%	132	▲	gain
BPI	3394	3567	-4.85%	-173	▼	loss
BSI	2046	2224	-8.00%	-178	▼	loss
BHI	1078	1159	-6.99%	-81	▼	loss

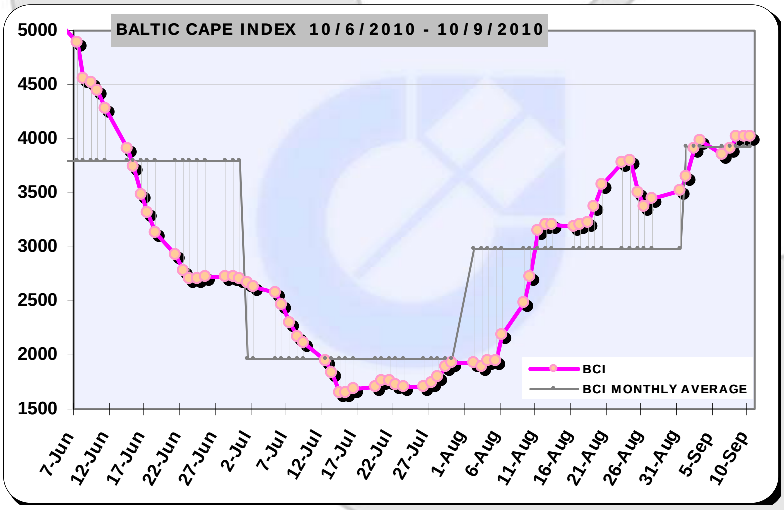
BALTIC DRY INDEX



The ***Baltic Dry Index*** closed on Friday the 10th of September 2010 at **2995** points giving us a serious weekly **gain** of **4.14%** or **119** points. (Last Friday's 3rd of September 2010 closing value was **2876** points). It was mostly assisted by the Panamax sector, and less by the Capes this week that performed positively and dragged the general index upward. The September monthly average for the BDI is now standing at 2901 points and this is well improved from last month's (August) average which was calculated at 2431 points. The yearly average for the BDI stands at 2907 points. In the chart plotting we see clearly a reversal of the huge downfall and a "V" shape has been formed.

It is worth noting that from all 4 sizes we have analysed, only the smaller size segment the Handymaxes, had a 5%increase in their daily earnings, while the Panamaxes for this week softened with a -4.5% drop while the Capes and Supra's made marginal gains, practically retaining their previous week's levels.

CAPESIZE MARKET



The ***Baltic Cape Index (BCI)*** closed on Friday the 10th of September 2010, at **4019** points posing a small but welcome w2w **gain** of **1.16%** or **46** points over previous week's closing on Friday the 3rd September which was **3973** points. What is worth noting is that the three last Baltic Exchange sessions were flat, and this could be a sign of a leveling-off or simply a "breather". The monthly average for September for the BCI stands at 3917 points, and that is greatly higher than that of August 2010 which was calculated at 2983 points and even greater than July's average that was 1969 points. The Yearly average for the BCI is calculated at 3458 points.

CAPES	$39,250	$39,000	0.64%	$250	▲

The quantities of Iron/Ore shipped are considered as "perfectly healthy", and after the "market choking" that China caused seems to be relieved, pushing Capes to satisfactory daily earnings. We wait to see what will be the outcome of the Supreme Court in India regarding the Karnataka ban on iron/ore exports from India's 10 major ports. The positive re-opening of India as a source will act as an extra source for added momentum and better freight rates in the Cape size segment.

The Capesize T/C average rate calculated every week by N. Cotzias Shipping Consultants from this week T/C fixtures went slightly **up** this week by **0.64%,** still just below the 40k mark at **$39,250.** Previous week's T/C figure was $39,000. It is notable though that period demand this week was more or less unchanged and we report a medium to low number of cape fixtures of **eleven (11)** units that were fixed on T/C this week compared to 10 we had observed last week. For this current week 36, the Capes period fixtures were improved, with 11/13 months to pay $32,000-$33,000 per day while shorter periods of say 4/6 and 6/8 month's pay $35,500 to $37,000 per day.

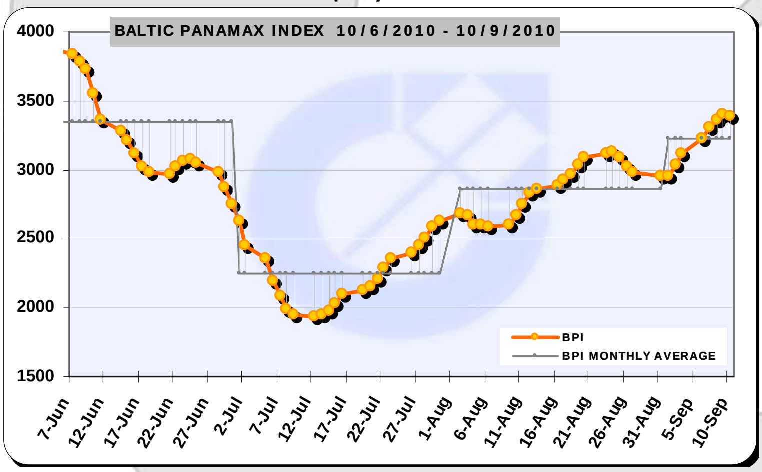
This week we had an even smaller number of Capes period fixtures only three to report: M/V ***"E.R. Bayonne"***, 180000 dwt, built 2010, dely Algerciras 11/13 Sept , redely Skaw-Cape Passero, $47000, Classic Maritime, for transatlantic, the M/V ***"Giant Ace"***, 179000 dwt, built 2009, dely Qinghuangdao 7/10 Sept, redely worldwide, $37000, Classic Maritime, for 3/4 months trading and the M/V ***"ER Buenos Aires"***, 178000 dwt, built 2010, dely Immingham 8/10 Sept, redely worldwide, $45000, Classic Maritime, for 4/6 months trading. (It was observed that all 3 Period charters this week were for "Classic Maritime").

Additionally this week we had a small increase in the number of T/C fixtures reporting the following Capes: M/V ***"Alpha Faith"***, 178104 dwt, built 2008, dely Chiba 11/14 Sept, redely China, $39000, Classic Maritime, for a trip via Roberts Bank, the M/V ***"China Pride"***, 177856 dwt, built 2009, dely China, redely China, $39000, BHP Billiton, for a trip via Whyalla option EC Australia, the M/V ***"Lowlands Phoenix"***, 177036 dwt, built 2004, dely Kaohsiung 12/14 Sept , redely S.Korea, $43000, STX Pan Ocean, for a trip via West Australia, the M/V ***"Chou Shan"***, 175569 dwt, built 2005, dely Taichung 11/19 Sept, redely China approx, $40500, Cargill, for a trip via West Australia - J.Aron relet, the M/V ***"Besiktas Azerbaijan"***, 170500 dwt, built 2010, dely S.Korea 15/20 Sept, redely China, $37500, BHP Billiton, for a trip via EC Australia, the M/V ***"SC Lotta"***, 169057 dwt, built 2009, dely retro Shanghai 7 Sept, redely China, $37250, Rio Tinto, for a trip via West Australia, the M/V ***"Iron Beauty"***, 164796 dwt, built 2001, dely Rizhao ppt, redely China, $33500, Rio Tinto, for a trip via West Australia - Excel relet, the M/V ***"C.March"***, 151053 dwt, built 1995, dely Qingdao spot, redely China, $32500, DHL, for a trip via Queensland

The minimum vs maximum daily rate differential as analyzed from our fixtures database was **reduced** over last week's from **$32,500** (M/V ***"C.March"***, 151053 dwt, built 1995, dely Qingdao spot , redely China, $32500, DHL, for a trip via Queensland 500$ improved from last week*)* up to **$47,000** (M/V ***"E.R. Bayonne***", 180000 dwt, built 2010, dely Algerciras 11/13 Sept , redely Skaw-Cape Passero, $47000, Classic Maritime, for a transatlantic -12000$ reduced from last week). There is a greater fluctuation in the daily freight offered as it ranged from $32,000 to a whopping $59,000 per day with the average ranging in the 39k region.

PANAMAX MARKET

The ***Baltic Panamax Index (BPI)*** relaxed last week… but it went straight into action this week. The BPI closed on Friday the 10th of September 2010 just below the 3,000 point mark at **3394** which represents a weekly **gain** of **8.75%** or **273** points compared to **3121** points which was last Friday's the 3rd September 2010 closing. The monthly average for September for the BPI is calculated at 3223 points and that is up from August's average of 2859 and July's 2242, while the Yearly average of the BPI currently stands at **3430** points. Daily earnings of Panamaxes this week was down mainly because the Kamsarmaxes lost some of their extra earnings that they had produced during week 35 and as such brought the overall Panamax sector average down.

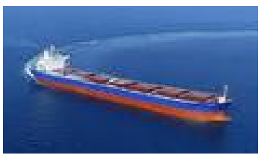


PANAMAX	$27,600	$28,900	-4.50%	-$1,300	▼

The Panamx markets gained on the Russian grain export embargo, and moved positively, however the Kamsarmaxes period charters softened with lower rates offered compared t week 35 levels. New grain cargoes from USA and Canada, with the Saint Lawrence Seaway to show plenty of activity. The grain Embargo has produced a greater per tone mile, and that has reflected on freight rates. The Atlantic market seems to have some more fresh cargoes this week with averages of $27,000-$29,000 per day.

This week we had a solid **76** T/C and period charters for Panamax vessels and this is a just about the normal weekly average number of fixtures we usually have. We had 1 period of 24 months at $23,250 per day, and 3 fixtures for 11-12months period at $23,000-$26.000 per day, while shorter periods of say 6-7 months pay $27,000-$28,000 per day and very short periods of 2/4 months pay from $26,000-$30,000 per day.

In the **Kamsarmax** size range despite two weeks ago large number of reported fixtures this was another semi-quiet week. We



have reported only 1 period fixture that of: the M/V ***"Yasa Pioneer"***, 82849 dwt, built 2006, dely Shanghai 17/25 Sept, redely worldwide, $29000, Swiss Marine, for 5/7 months trading, however we have some interesting and worth mentioning ***timecharter fixtures*** with those the: M/V ***"Areti"***, 86690 dwt, built 1985, dely Qingdao ppt , redely Singapore-Japan rge, $24000, Chart Mot Rep, for a trip via NoPac, the M/V ***"Medi Sentosa"***, 83690 dwt, built 2008, dely Matsushima 13/17 Sept , redely Singapore-Japan rge, $28750, Oldendorff, for a trip via NoPac, the M/V ***"Iron Kalypso"***, 82191 dwt, built 2006, dely US Gulf 13/15 Sept , redely Singapore-Japan rge, $26500, Cargill, with $650000 bb for a trip, the M/V ***"Darya Jyoti"***, 80545 dwt, built

2010, dely ARA 4/6 Sept , redely Skaw-Cape Passero, $29500, Flame, for a trip via Baltic, the M/V ***"Jawor"***, 80000 dwt, built 2010, dely Civitavecchia 10/12 Sept , redely Singapore-Japan rge, $38750, Hanjin, for a trip via USEC.

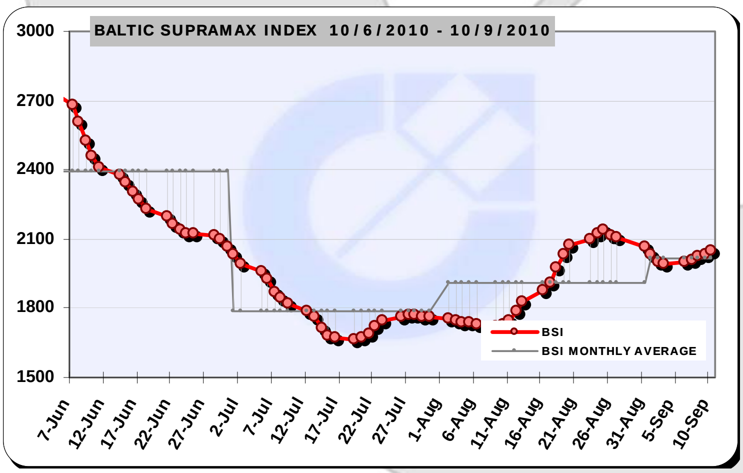
In the other **Panamax** sector smaller than then Kamsarmax size we had the following period fixtures: M/V ***"Voge Prosperity"***, 75100 dwt, built 1995, dely Qingdao 6/10 Sept, redely worldwide, $23000, Pacific Bulk, for 11/13 months trading, the M/V ***"Oceanis"***, 75211 dwt, built 2001, dely Shanghai 13/15 Sept, redely worldwide, $23250, Giuseppe Bottiglieri, for 2 years trading - Sinochart relet, the M/V ***"Fearless I"***, 73427 dwt, built 1997, dely Nanjing 20/26 Sept, redely worldwide, $24750, AWB, for 12/14 months trading, the M/V ***"Great Ambition"***, 73725 dwt, built 1999, dely PMO ppt, redely redely worldwide, $28000, Rainbow Maritime, for 7/8 months trading, the M/V ***"Shi Dai 3"***, 69659 dwt, built 1994, dely retro Sual 4 Sept, redely Worldwide, $26000, STX Pan Ocean, for bop 17 Mar/7 May 2011, the M/V ***"Xin Shun"***, 75846 dwt, built 2002, dely Hoping 15/17 Sept, redely worldwide, $28000, Eastern Ocean, for 6/8 months trading, the M/V ***"Tian Du Feng"***, 74201 dwt, built 2001, dely Longkou 10/14 Sept, redely worldwide, $30000, BHP Billiton, for min 4/max 6 months trading 1st leg Hay Point/Sweden, the M/V ***"Sonoma"***, 74786 dwt, built 2001, dely Piombino 5/10 Sept, redely worldwide, $34000, STX Pan Ocean, for 5/7 months trading.

This week's Panamax T/C average rate as calculated by N. Cotzias Shipping Consultants went **down** by **-4.50%** to **$27,600** from **$28,900** which was last week's Panamax T/C average. 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 **$11,000** (M/V ***"Hai Fu Star",*** 64669 dwt, built 1982, dely Kwangyang 12/17 Sept, redely Kaohsiung, $11000, CSE, for a trip via Rizhao int steels -10500$ reduced from last week*)* up to **$38,750** for the (M/V ***"Jawor",*** 80000 dwt, built 2010, dely Civitavecchia 10/12 Sept , redely Singapore-Japan rge, $38750, Hanjin, for a trip via USEC 3250$ improved from last week*)*

Out of these 76 T/C fixtures we pick as indicative of present market the fixtures of: the M/V ***"Qinfa 8"***, 70887 dwt, built 1991, dely Huangpu 14 Sept in d/c , redely China, $18000, Sinoeast, for a trip via Koolan, the M/V ***"Tai Prize"***, 73169 dwt, built 2001, dely Richards Bay ppt , redely Aughinish, $20000, Norden, for a trip via Kamsar, the M/V ***"Mass Wits"***, 69355 dwt, built 1988, dely Hong Kong 16/20 Sept , redely S.China, $20500, NCS, for a trip via Indonesia, the M/V ***"Ostria S"***, 76000 dwt, built 2008, dely US Gulf 1/10 Oct , redely Skaw-Cape Passero, $26500, Noble, for a 675000 bb - trip, the M/V ***"Dream Seas"***, 75000 dwt, built 2009, dely Cape Passero 8/10 Sept , redely Cape Passero, $27750, EBC, for a trip via N.France & Egypt, the M/V ***"Topeka"***, 74710 dwt, built 2004, dely Cristobal 29 Sept/4 Oct , redely Singapore-Japan rge, $38000, STX Pan Ocean, with $715,000 bb for a trip via US Gulf, the M/V ***"Ionian Eagle"***, 74085 dwt, built 2001, dely aps USGulf 25/27 Sept, redely Singapore-Japan rge, $37500, Cargill, for a $800,000 bb for a trip, the M/V ***"Maribella"***, 76629 dwt, built 2004, dely Dalian 13/15 Sept, redely China, $29500, Sinotrans Vancouver, for a trip via NoPac.

SUPRAMAX MARKET

The ***Baltic Supramax Index (BSI)***, strongly corrected downward this week and closed on Friday the 10st of September 2010, at **2046** points giving us a positive weekly **gain** of **2.71%** represented by **54** points based on the previous **1992** points we had last Friday the 3rd September 2010 closing. The monthly average for September is at 2017 points above that of August's monthly average monthly that was at 1908 points and much improved on July's that stood at 1790 points. The yearly average for the BSI currently stands slightly down at **2335** points.



SUPRAMAX	$23,200	$23,000	0.87%	$200	▲

Activity in the Supramax size segment is satisfactory and the Indian subcontinent Monsoon period that is expected to end soon, will boost the sector further, especially for the geared vessel that can accommodate cargoes from smaller but still very important Indian ports that have less impressive port infrastructure. A 5 year T/C by Chinese Sinochart at $16,000 per day is important as it gives us the feel of what is considered as the rock-bottom break-even price earning per day that a modern Supramax NB can sustain.

For this week the Supramax Time Charter average rate calculated by NCSC is this week **up** at **$23,200** or by a percentage of **0.87%** based on **$23,000** which was last week's Supramax average. This week we had more period and T/C charters with thirtyfour 34 recorded this week, compared with 28 recorded last week. The charterers take advantage of "lowish" rates and commit…!!

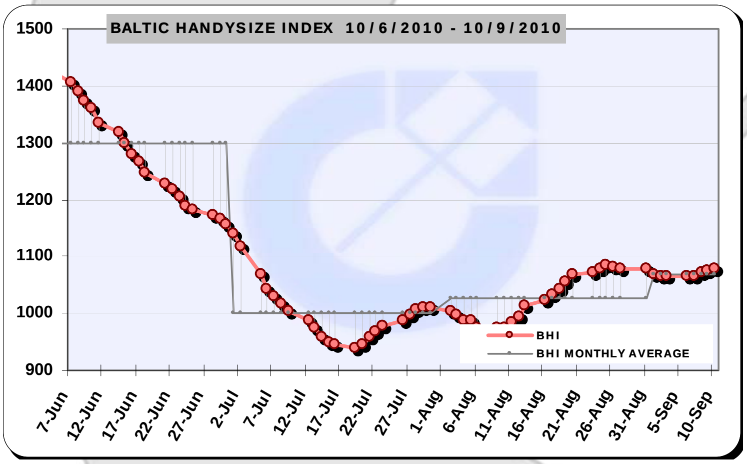
Most notable were the period charters of: the M/V ***"Nasco Jade"***, 57000 dwt, built 2010, dely ex yard China December 2010, redely worldwide approx, $16000, Sinochart, for 5 years trading, the M/V ***"Karavados"***, 50992 dwt, built 2002, dely North China spot, redely worldwide, $22750, Hudson, for 4/6 months trading, the M/V ***"Jin Quan"***, 51104 dwt, built 2002, dely Ohka 18/27

September, redely worldwide, $21500, Triumph Carriers, for 12 months trading, $23750, Oldendorff, for about 2 months trading up to max 16 Jan 2010, the M/V ***"Aetolia"***, 58106 dwt, built 2010, dely Kohsichang 9/11 September, redely worldwide, $24500, Grand China Developments, for about 5.5/7.5 months trading, the M/V ***"Jin Wan"***, 56897 dwt, built 2009, dely South China spot, redely worldwide, $24500, Oldendorff, for 3/5 months trading, the M/V ***"Jin Heng"***, 55091 dwt, built 2010, dely Kohsichang 18/20 September, redely worldwide, $24500, Phaeton, for 5/7 months trading, the M/V ***"Maria L"***, 50338 dwt, built 2003, dely Gibraltar spot, redely Atlantic approx, $22000, D'Amico, for 2/3 laden legs.

Some representative T/C fixtures for **Supramaxes** for this week were the: M/V ***"Thrasher"***, 53360 dwt, built 2010, dely Karakiel spot, redely Singapore-Japan, $17000, IVSI, for a trip via South Africa, the M/V ***"Lark"***, 53633 dwt, built 2007, dely Continent spot, redely East Med intention scrap, $25000, Oldendorff, for a trip, the M/V ***"Khang Zhong"***, 50508 dwt, built 2002, dely Mundra spot, redely Aden, $17500, Oldendorff, for a trip via South Africa, the M/V ***"An Ning"***, 55526 dwt, built 2009, dely Mumbai 13/15 September, redely China, $18000, North China Shipping, for a trip via WC India, the M/V ***"Nueva Fortuna"***, 50900 dwt, built 2003, dely USGulf spot , redely east Med approx, $30000, Windrose, for a trip, the M/V ***"Alpine Trader"***, 54000 dwt, built 2009, dely Antwerp spot, redely India, $32000, NCS, for a trip via Gulf of Aden intention bulk ferts, the M/V ***"Sky Globe"***, 57000 dwt, built 2010, dely Venezuela 14/20 September, redely Gib-Hamburg intention Pet Coke, $32500, ED&F Man Shipping, for a trip via Venezuela, the M/V ***"Aetolia"***, 58106 dwt, built 2010, dely Kohsichang 10/12 September, redely China, $22250, Cargill, for a trip via Indonesia.

Demand for Supra's period charters is now showing some more momentum, with **thirtyfour (34)** Supramaxes that were on T/C this week as opposed to 28 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 **$13,500** (M/V ***"Dapenghai", 50458*** dwt, built 2002, dely Mundra spot , redely China, $13500, Chart Not Rep, for a trip via India -1500$ reduced from last week) up to **$34,000** (M/V ***"E.R.Barcelona"***, 55783 dwt, built 2010, dely aps USGulf mid/end September , redely Tunisia, $34000, Copenship, for a trip -4000$ reduced from last week*)*.

HANDYSIZE MARKET



The ***Baltic Handysize index (BHI)*** closed on Friday the 10st of September 2010 **improved** at **1078** points, still standing above the 1000 point mark. This week's figures represent a small percentage **gain** of **1.13%** or a point gain of **12** points over last week's closing of Friday the 3rd of September 2010 which found the BHI at **1066** points.

The BHI for nearly 10 weeks now, is observed to move like the Supramax index, and shows similar upward sloping trend just like the Supras. The BHI yearly average for the index currently stands at **1213** points with the monthly average for September to be calculated at 1070 points slightly up from August's monthly average of 1028 and July's 1001 monthly average.

The Atlantic up to now has not given us the momentum we had all expected and ultimately this week we saw a fall in the daily rates for the Handymaxes. In general the market for Handymax & Handies is sustained at what we can call "good and satisfactory levels", but for the long-term future, unfortunately the markets of America and Europe and most of the developed economies show negative signs and a possible double dip scenario is still clinging in and feels like it is creeping on our doorstep.

This week's Handysize Time Charter that is calculated by NCSC went greatly **up** by a solid **4.95%** this week to **$21,200** from **$20,200** which was last week's average. In this size sector we had a substantial number of **ten (**10**)** Handymax vessels that were reported on T/C this week, compared with a mere 3 that were reported 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 **$14,000** (M/V ***"Hardwar",*** 47311 dwt, built 1987, dely EC India spot , redely China approx, $14000, Chart Not Rep, for a trip -7500$ reduced from last week*)* up to **$32,000** (M/V ***"Marylebone",*** 48377 dwt, built 2001, dely Durban spot , redely India, $32000, Oldendorff, for a trip via Richards Bay 7500$ improved from last week).

For one more week, charterers still don't show the will to commit for long periods in the Handymax sector and it is notable that only one period fixture of Handymaxes was reported for this running week and that was the: M/V ***"Star Pollux"***, 43769 dwt, built 1996, dely Portugal spot, redely worldwide, $23500, Solym Carriers, for min 90 days trading. In addition we had for a change a seriously good number of timecharter fixtures this week, those of the: M/V ***"Mandarin Sun"***, 49420 dwt, built 2005, dely Chittagong spot, redely China, $17000, Ray Metals, for a trip via Haldia, the M/V ***"Marylebone"***, 48377 dwt, built 2001, dely Durban spot, redely India, $32000, Oldendorff, for a trip via Richards Bay, the M/V ***"Hardwar"***, 47311 dwt, built 1987, dely EC

India spot , redely China approx, $14000, Chart Not Rep, for a trip, the M/V ***''Marguerite''***, 47304 dwt, built 2002, dely Imbituba early-mid September, redely USGulf approx, $15000, SBC, for a trip, the M/V ***''Anarchos''***, 46676 dwt, built 1996, dely Abidjan spot, redely Mediterranean, $17250, USeabulk, for a trip via EC South America, the M/V ***''Konkar Georgios''***, 46670 dwt, built 1997, dely Gibraltar 13 September, redely Italy-Turkey range, $19250, STX Pan Ocean USA, for a trip via NC South America, the M/V ***''Alexandros Theo''***, 45659 dwt, built 2000, dely retro Bejaia 7 September, redely Singapore-Japan, $25500, STX Pan Ocean, for a trip via EC South America, the M/V ''Great Calm'', 45215 dwt, built 1996, dely Visakhapatnam spot, redely China, $16000, Chart Not Rep, for a trip.

OVERCAPACITY REPORT – AUGUST 2009 / AUGUST 2010

o·ver·ca·pac·i·ty (ō͵vər-kə-păs'ĭ-tē)

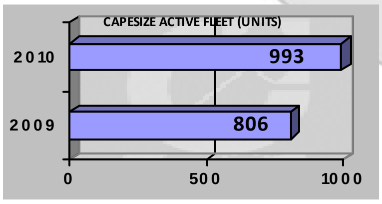
noun
Too great a capacity for production of commodities or delivery of services in relation to actual need: the problem of overcapacity in many large industries.

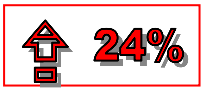
Without wanting to sound like pessimists, we must not forget that shipowners being assured by their better daily earning results, and what all call as low NB present contract prices, were armed by their overwhelming future expectations and some intriguing fruitful business plans presented to them, went out and ordered a tremendously large new set of NB Dry Cargo carrying ships in all 5 major ship size sectors. These newbuilding orders we believe strongly, are the icing on the overcapacity cake that we will be forced to "eat" within the next 2-3 year period. Ordering new ships like "hot cakes" and like there is no tomorrow, is plainly put like shooting at our own leg, and definitely will not help alleviate the burden of overcapacity that looks and is alarming. We have repeatedly rung the alarm bells but our soundings are most possibly not heard as the ordering trend seems to be increasing rather than steadying-off and cooling off. Overcapacity is the issue we all analysts fear, as shipping is one of the few markets that pure supply demand, basic economic theory essentials, is put in actual practical force. The S & D curve meeting point is the natural equilibrium price that dictates the daily freight levels, and if we distort this pure economics Supply and Demand equation we will be able to claim that we destroyed our own healthy market!!! More ships in the seas will simply mean less bargaining and negotiation power for the shipowners in the future. It has been a Charterers market for a long time now, and from all signs ahead will possibly remain for a long time. Charterers will have the luxury and option to have a greater variety of choice with more ships in the water and of course they will have the ability to choose the best ships with better age, maintenance, consumption, speed, gear, etc for them. More ships in the water mean much fewer opportunities for the owners to obtain a better daily hire. It is clear that within the first eight months of 2010 deliveries of ships are alarming and the overcapacity monitor that gives us every month these alarming warning signs is anything but encouraging.

This overcapacity AUG 2010 report may be requested by anyone providing us their contact details by sending an email to: reports@cotzias.gr – ***WE APOLOGISE for NOT SENDING OUT the REPORT YET but some last minute UPDATING and further VALIDATING of data delayed the Publishing of this. By end of week 37 all reports will be sent out to fulfill all requests.***

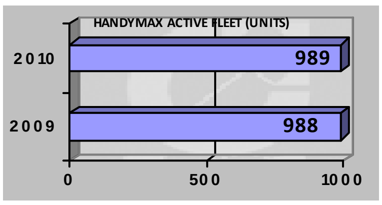
SUMMARY

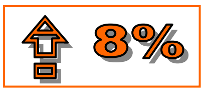
A small summary of this report tells us that one year later comparing with the image snapshot we took in August 2009 in the large Bulk Carriers size sectors, like Capesize, Panamax, Supramax, Handymax & Handies, have all increased by an alarming 728 ships and the total capacity of the Group of these large vessels increased by 64mil tones. The large Bulk Carriers now totals 7778 units of 489mil tones capacity.





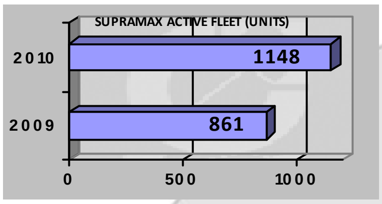
It is disturbing that the total carrying capacity of the capes sector has increased by 24% and is now totaling 173mil tones compared with 139mil tones we had back in Aug2009, while the Capesize ships total 993 units compared to 806 units last Aug2009. The increase in ship numbers is 23% is of particular importance since this number will be topped up by an extra 432 ships that are on order, and will be in the pipeline … of future delivery until 2014.

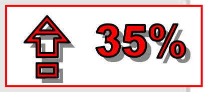




In the Panamax size sector we see the active fleet showing us a slightly better picture than we previously saw for the Capes, and this is simply because we have swept a lot of dust under the carpet and today the picture look satisfactory but remains unclear how this picture will be interpreted tomorrow …!!! A total of 111 more Panamax sized ships are now in the "water" compared to August 2009.

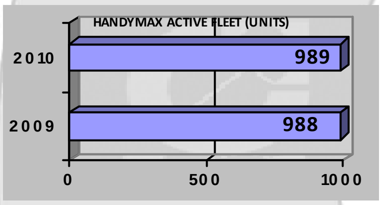
The total carrying capacity of the Panamax size has increased by 8mil tones and the total Panamax ship numbers size today has 1,674 units of a total carrying capacity of 123mil tones compared with 1563 ships of a total of 114mil tones of Aug2009. Looking at the NB orderbook, in August 2009 we had 551 orders for Panamax size and out of these, 111 were actually delivered in Aug-Dec 2009 and during the first 8 months period of 2010. In this period we had just 55 cancellations of orders and we unfortunately currently expect another 690 NB orders for new ships to be delivered until 2014. It is very important to note that during the past 12 months period, have been seen more than 230 new fresh orders for Panamax size ships and out of these 85% are the well in fashion Kamsarmax type!!!!!!

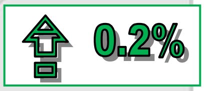




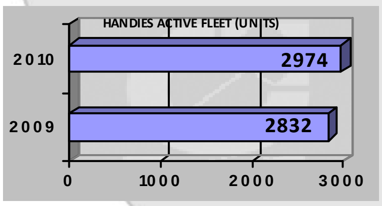
In the smaller sized Supramax here things are out of control…!!! The Supramax fleet has increased during this 12 month period its overall capacity by an exact 33%! We had 861 ships in August 2009 and now we have 1,148 ships in the water actively trading…!!! There are 287 more ships in the water to compete for the same number of transport jobs. The percentage increase that we mentioned is even greater if we look at the total carrying capacity tonnage of the Supramax size segment. We had 46mil tones carrying capacity and now we are facing with more than 63mil tones… and that has gone up with a massive 35% annual growth rate!!!

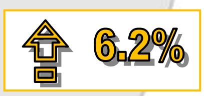
At the same time all pending orders for new ships amount to 697 ships that will be delivered until 2014. During Aug-Dec 2009 and the first 8 months period of 2010, a total of 287 new ships were delivered, nearly one a day, and we had slightly more than 115 cancellations of NB ships, shipowners went out and ordered an extra 150 ships to be constructed in the next 4 year time horizon!!





In the Handymax sector the picture looks magical as we had just one new vessel that hit the water…!!! We had 988ships in Aug 2009 and 989 ships today in Aug 2010 and any newbuilding orders were very few. Currently only 34 ships are on order and none have been reported as cancelled. At first glance the Handymax market seems to be «totally under control» and if we put into the equation the ageing and old Handymax fleet where nearly 75-80% of all ships are built before the 2000's, then the future of new vessels that will be delivered looks good enough, as any possible competition from the older ships of this size will be insignificant. So in a possible decline of the Handymax market the first that will "suffer" will be the older and aged ships that form the great mass of the category.





In the smaller sized ships the Handies sector, the picture is simply said as "nice". There were 2832 vessels in Aug 2009 and now in Aug 2010 we count 2974 units. The total tonnage was 80mil tones in Aug 2009, and the total capacity has gone up to a total of 85mil tones. The annual increase in the Handies sector in ships is only 5% and 6.2% if we compare the total carrying capacity in dwt tonnage.

At the same time we note that that the active fleet increased by 142 new ships and the orders that are pending are significantly reduced from 948 ships on order in Aug2009 to a much lesser 812 vessels on order in August 2010. Cancellations of new orders are not negligible with148 ships cancelled during the 12 month comparison period. New ship orders placed during this comparison 12 month period is just 75 ships.

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