



DRYBULK NEWSLETTER

BRS Dry Bulk Newsletter is a summary for BRS clients of current market trends and developments.

N° 583 – April 28th, 2008

Trends

- Capesize Atlantic →
- Capesize Pacific →
- Panamax Atlantic →
- Panamax Pacific →
- HandyMax Pacific →
- HandyMax Atlantic →

Capesize FFA Market Assessment

Bid	Offer
(as of April 25th, 2008)	

C4 - Richards Bay / Rotterdam

Apr 08	39,50	40,50
May 08	40,00	41,00
June 08	40,00	40,50
July 08	39,00	40,00
Aug 08	38,00	39,00
Sep 08	38,00	38,50
Oct 08	37,50	39,00
Nov 08	34,25	34,75
Dec 08	34,00	34,25
Cal 09	30,50	31,50
Cal 10	23,75	24,25
Cal 11	20,00	21,00

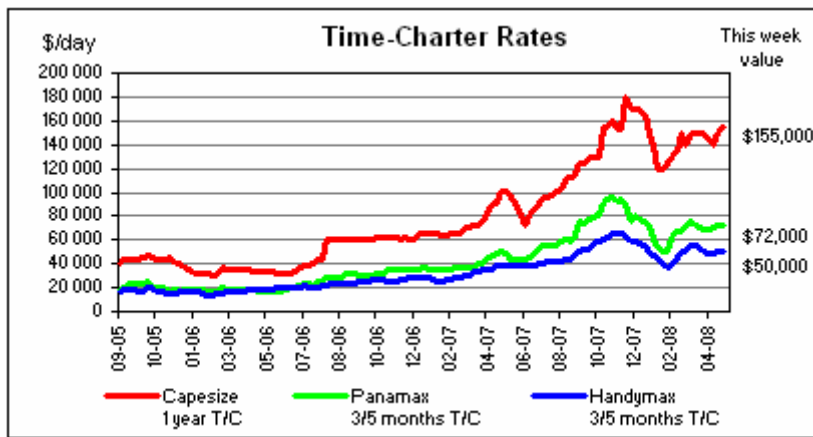
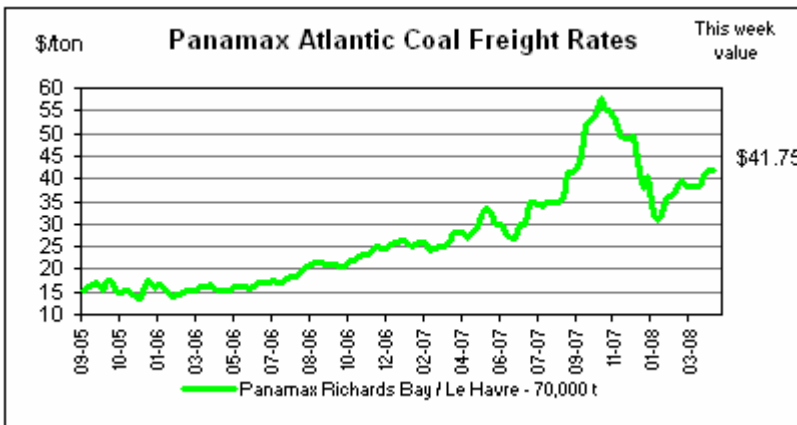
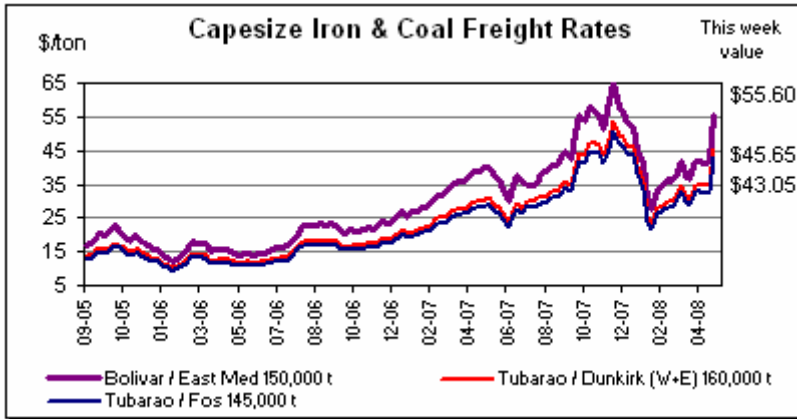
C7 - Puerto Bolívar / Rotterdam

Apr 08	39,50	40,50
May 08	42,00	42,50
June 08	41,50	42,00
July 08	40,50	41,00
Aug 08	39,50	40,50
Sep 08	39,00	39,50
Oct 08	38,00	39,00
Nov 08	34,50	34,75
Dec 08	34,00	34,50
Cal 09	31,50	32,00
Cal 10	24,50	25,50
Cal 11	20,00	21,00

Average 4 Timecharter routes

avr-08	138 000	139 000
mai-08	145 000	145 500
Q2 08	141 000	143 000
Q3 08	136 000	137 000
Q4 08	133 000	135 000
Q1 09	114 000	115 000
Cal 09	96 000	97 000
Cal 10	66 000	69 000
Cal 11	47 000	50 000

Source: BRS Futures Limited
(44) 20 7602 5670



At a Glance ... DRY BULK Market ... At a Glance ...



Trends ... DRY BULK Market ... Trends

One man's meat is another man's poison, or so the saying goes. This week Sinosteel renewed its bid to take over Australia's Midwest Corp, telling shareholders its Chinese links should be regarded as a positive factor, not a negative. Only with close relations to the Chinese government and industry can Midwest manage the risk of developing new iron ore resources, it argued. In the commodity markets this week, coal stockpiles in China fell to just 12 days of consumption, a drop of 12% on the previous month. Conversely iron ore stockpiles continue to creep up. Inventory at China's 23 major ports rose 1.8% week-on-week, while Indian stockpiles grew 2.8%. Stockpiles are now reported to be three times as large as 2005, and this is already having an impact on the spot market. Despite this, sources say Australia's mining groups are still pushing for 80%+ price increases on the iron ore contracts - a 70% increase on the commodity price plus a freight premium. Although this will be a bitter pill for China's steel mills to swallow, the price still represents a 45% discount on prevailing spot rates. Tightening the supply screw, India announced this week it may calculate taxes on iron ore exports by value rather than volume in future. This will inevitably increase shippers' costs and dampen exports by the country's producers.

Capesize rates rose across the board last week, with the BCI gaining 2,280 points and the four time charter average leaping US\$31,096 to finish on Friday at US\$166,176. The market was mainly driven by the Atlantic where demand

outstripped tonnage supply, which then had a knock on effect in the Pacific. Yet again period deals were done at firm rates. A five year deal was reportedly signed on a 1993-built 162,000 dwt vessel at US\$77,500/day with delivery June/July. A 177,000 dwt newbuilding for delivery 1 May ex-yard won US\$82,000/day. There were more small gains on Monday though most players were expecting a slowdown as the market headed towards the May bank holidays.

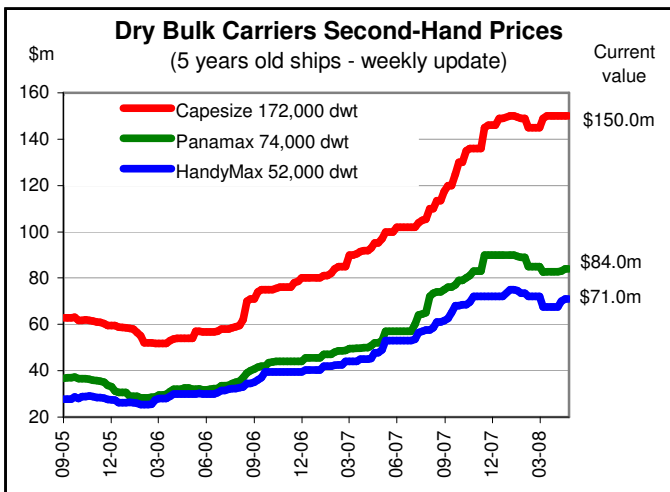
Last week the **Panamax** market caught fire, with strong demand for short period deals in the Pacific from several operators. A large Danish operator was reported to have fixed at least 9 vessels in just two days, a move that was rapidly imitated by few other majors, also for short period with Pacific deliveries. This massive move put a lot of pressure on both the physical and the paper markets, which both went up rapidly. The development probably helped the operators who have to hedge their requirements with paper to narrow their spread risk. Holidays however put an end to a possible speculative spiral, and most of the Panamax players preferred to hold onto their requirements waiting for lower rates. The Pacific spot market is not showing a very strong face yet still the fronthaul spot rates have gone up significantly, reaching in the region of US\$90,000 last week.

The **Handy** market in both basins went up significantly on the back of increased activity cargo-wise, genuine interest/trading for short period and soaring Cape/Panamax rates. Not all of these are based on fundamentals but the end result is the

same. Short period was very active last week and again there was a notable differential between Pacific and Atlantic rates. Handysize are currently yielding in the mid to low US\$40,000s for short period delivery Continent/Med. Supramaxes are currently trading in the mid US\$50,000s for short period delivery Pacific, and in the high US\$60,000s delivery Atlantic (excluding US Gulf attracting even higher numbers). The forthcoming holidays might quiet the market down a bit.

S&P market:

No Cape sales to report this week despite the amazing rise seen on the freight market last week. Only one transaction on a modern Panamax vessel has emerged, with CMB offloading the recent CMB Florentina (76,800 dwt, built 2005) for around US\$88m with a 3 year time charter attached at US\$54,000/day, which is in line with what Dryships paid two weeks ago for the Federal Maple (76,600 dwt, built 2004). The other two transactions reported were the TBS acquisition of the (42,200 dwt, 1985 built) Handymax bulk carrier North Star at US\$34m on a charter free basis for delivery in June and the sale of the Handysize Aquadance (37,700 dwt, built 1984) at US\$27m with a time charter until September 2008 at US\$20,000/day. No big surprises this week, but any further rise in freight rates and a renewed interest for period charter could soon lead the sellers to revise their ambitions upwards.



Dry Bulk Carriers Orderbook

Dry Bulk Carriers Orderbook

28/04/2008

(Source: BRS)

Number of ships

	2008 (deliv.)	2008*	2009	2010	2011	2012	2013+	Total on order
VLOC		8	16	28	39	21	3	115
Capesize	(10)	35	131	276	103	17	11	573
Small Cape	(1)	10	51	102	90	22		275
Panamax	(23)	68	96	153	90	27	2	436
Supramax	(32)	155	281	307	192	42	3	980
Handysize	(16)	111	215	199	137	39		701
Total	(82)	387	790	1065	651	168	19	3080

* Includes delayed 2007 vessels

VLOC: >220k dwt

Cape: 120k-219k dwt

Small Cape: 83k-120 dwt or >32,3 beam

Panamax: 60-80k dwt & <=32,3 beam

Supramax: 40-60k dwt

Handysize: 24-40k dwt

