



DRYBULK NEWSLETTER

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

N° 584 – May 2nd, 2008

Trends

Capesize Atlantic	↗
Capesize Pacific	↗
Panamax Atlantic	↗
Panamax Pacific	↗
SupraMax Pacific	→
SupraMax Atlantic	↗

Capesize FFA Market Assessment

Bid	Offer
(as of May 2nd, 2008)	

C4 ~ Richards Bay / Rotterdam

Month	Bid	Offer
May 08	42,50	43,50
June 08	41,50	42,50
July 08	40,50	41,50
Aug 08	40,00	41,00
Sep 08	39,00	40,00
Oct 08	38,75	41,00
Nov 08	38,25	38,75
Dec 08	38,00	38,25
Cal 09	30,75	31,25
Cal 10	24,75	25,25
Cal 11	20,00	21,50

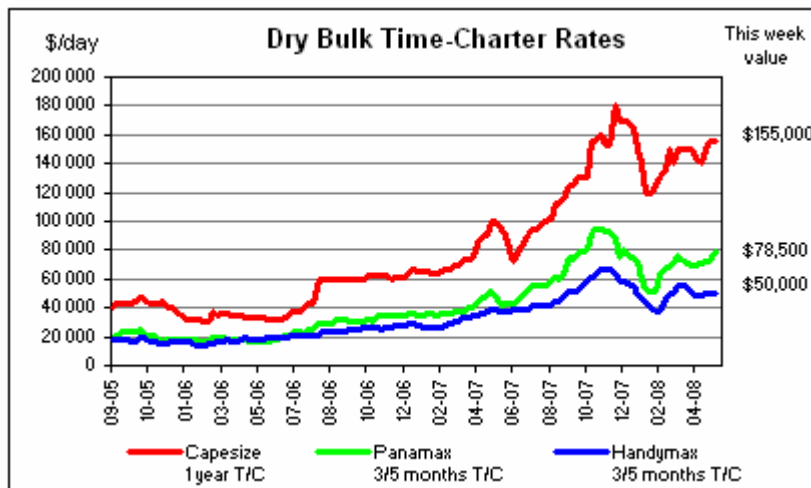
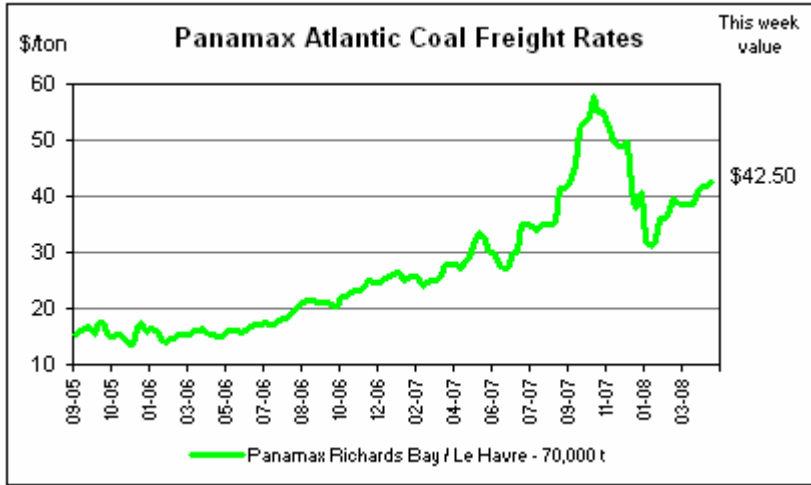
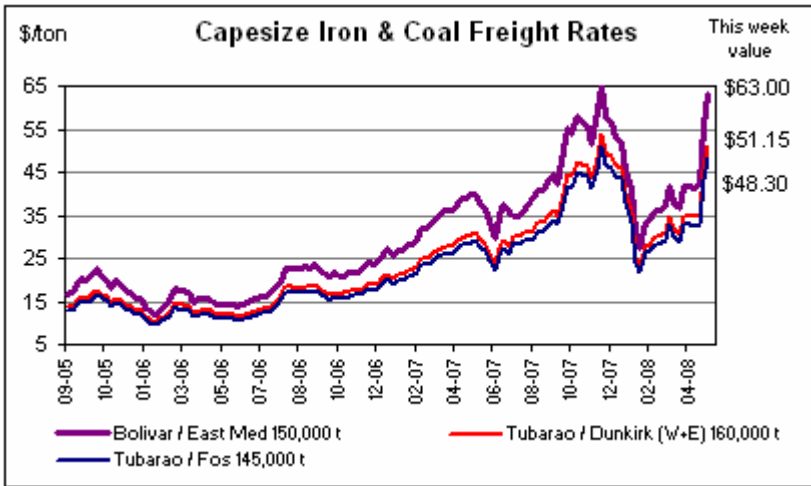
C7 ~ Puerto Bolivar / Rotterdam

Month	Bid	Offer
May 08	47,75	48,00
June 08	46,00	46,50
July 08	45,00	45,50
Aug 08	44,00	44,25
Sep 08	42,25	42,50
Oct 08	41,00	41,25
Nov 08	34,50	34,75
Dec 08	34,00	34,50
Cal 09	32,00	33,00
Cal 10	25,00	26,00
Cal 11	20,75	21,00

Average 4 Timecharter routes

Month	Bid	Offer
May-08	166 000	168 000
May/June 08	165 000	167 000
Q3 08	148 000	150 000
Q4 08	144 000	146 000
Q1 09	122 000	124 000
Cal 09	101 000	103 000
Cal 10	69 000	71 000
Cal 11	50 000	52 000

Source: BRS Futures Limited
(44) 207 283 0786



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



Trends ... DRY BULK Market ... Trends

The surge in iron ore prices continues to reshape the bulk markets, and recently it was the turn of China's trade with India to come under the microscope. Although it has lost market share recently, India remains China's third largest ore trading partner. This week China warned India it must move closer to its competitors and institute more long term contracts. According to the China Iron and Steel Association (CISA), Chinese buyers incurred additional costs of US\$800m in 2007 due to India's 'reliance' on spot sales, and CISA warned its members would cut imports from the country if the situation remained. India's Federation of Mineral Industries quickly acknowledged the two countries should work together to agree a benchmark pricing system. Although more than 80% of India's exports go to China, the country's market share in China has fallen from 25% to just 15% in the past three years. By contrast Brazil and Australia have used Chinese expansion to increase their market share. Over in the shipping markets, despite May Day holidays in several countries, shipowners held onto, and even built on, the massive gains logged the previous week. Tonnage shortages in the Atlantic forced prices up across the board, and conditions for May loadings remain tight. Average Cape earnings are now at their highest levels since December 2007.

Another strong week in the **Cape** market, with a further strengthening in rates. The four time charter average jumped US\$11,876 Friday-to-Friday to reach US\$178,052. Average earnings have now risen almost 30% in two weeks. The Atlantic showed the greatest increase, with

a lack of tonnage in the area pushing the transatlantic round voyage well beyond US\$200,000, and front hauls to US\$230,000-235,000. Meanwhile there was little change in the period market, where sentiment has already been strong for several months. In line with other recent deals, a five-year charter was reached at US\$82,000/day on a 177,000 dwt newbuilding delivery ex-yard June/July 2008. Meanwhile a 180,000 dwt vessel with delivery ex-yard June 2009 won US\$55,000/day for 4+1 years. Bank holidays in Europe dampened activity at the start of the new week but the market is expected to stay firm in the short term and expectations for May are strong.

The **Panamax** went down by 102 points last week finishing at 9,121 points. However, even if a lot of countries were having holidays last week, the market remained pretty active. We saw a lot of fresh requirements in the Atlantic and still a lot of interest for period business. In the Pacific, the market was quiet and interest for period was prevailing.

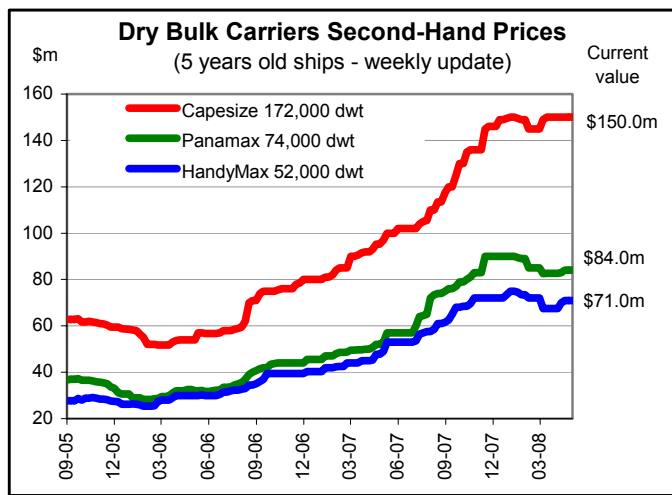
The spread between the 2 basins almost reached US\$30,000 daily during the week. The Panamax Atlantic round was steady, in the low US\$90's on t/c basis, whereas the Pacific round lost US\$6,000 daily, down to US\$60,000. An interesting fixture was reported for a 1 year deal on an LME delivery June 2008 in China at US\$71,000 daily.

The Handy market continued to firm up last week driven by the Atlantic basin, where a regular provision of stems, coupled with ongoing congestion in South America, allowed owners to raise the stakes. The US Gulf-Continent route gained about US\$4,000

both for standard **Handysizes** and **Supramaxes**, to end the week respectively at US\$62,000/day and US\$96,000/day. The 'Clipper Valour' (34,000 dwt built 2003) was fixed for a trip from NCSA to Cont at US\$75,000/day. In the Pacific, the situation is less clear, as market levels stagnated and even dropped slightly for Supramaxes. The Pacific round voyage ended the week at US\$49,000/day for Supramaxes and US\$33,500/day for Handysizes. The 'Yasa Pembe' (56,000 dwt built 2007) was fixed for a short round voyage in NOPAC at US\$54,675/day. This imbalance between the two basins meant owners with ships in the Pacific had an incentive to bring their ships back to the Atlantic, and 'Darya Brahma' (56,000 dwt built 2006) was fixed for a trip from Far East via Indonesia back to the Med at US\$41,500/day.

S&P market:

Holidays in Europe and the Far East did little to subdue S&P activity in the dry market last week. In the Cape sector, Dryships agreed to buy a 177,000 resale from Geden Lines with delivery ex-Shanghai Waigaoqiao Shipyard in January 2009 for US\$153m. Dryships also purchased the 'Nightflight' (170,000 dwt, built 2004 in Korea) for a firm US\$158m with a June-July charterfree delivery. Pacific Basin sold another Handymax, the 'Pacific Trader' (46,000 dwt, built 2000 in the Philippines), for US\$58.5m including a time charter until October 2008 at US\$18,350/day. Meanwhile the modern Handies 'Clipper Transporter' and 'Clipper Treasure' (31,000 dwt, built 2002 in China) were sold en bloc for in excess of US\$50m each, including a 4 year charter back at US\$25,000/day.



Dry Bulk Carriers Orderbook

	(Source: BRS)							Number of ships
05/05/2008	2008 (deliv.)	2008*	2009	2010	2011	2012	2013+	Total on order
VLOC		8	16	28	39	21	3	115
Capesize	(10)	35	130	278	102	19	12	576
Small Cape	(1)	10	51	102	91	22	2	278
Panamax	(23)	69	102	147	89	32	2	441
Supramax	(33)	154	275	304	202	46	3	984
Handysize	(17)	116	225	202	138	37	2	720
Total	(84)	392	799	1061	661	177	24	3114

* 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

