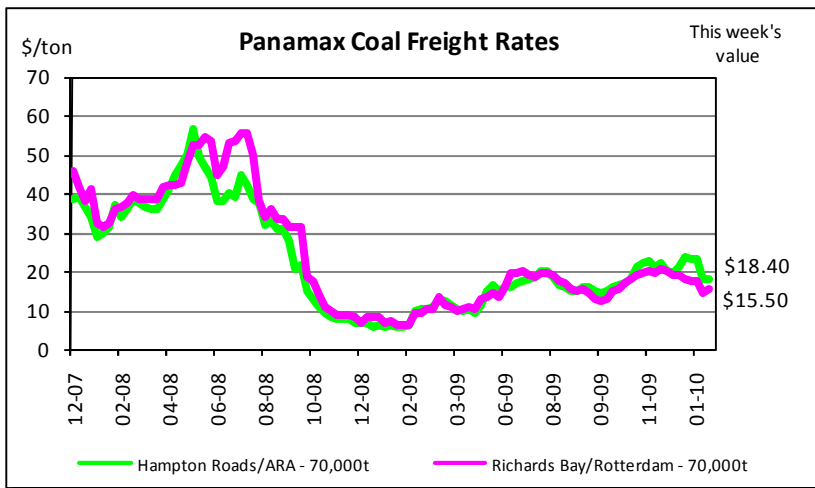
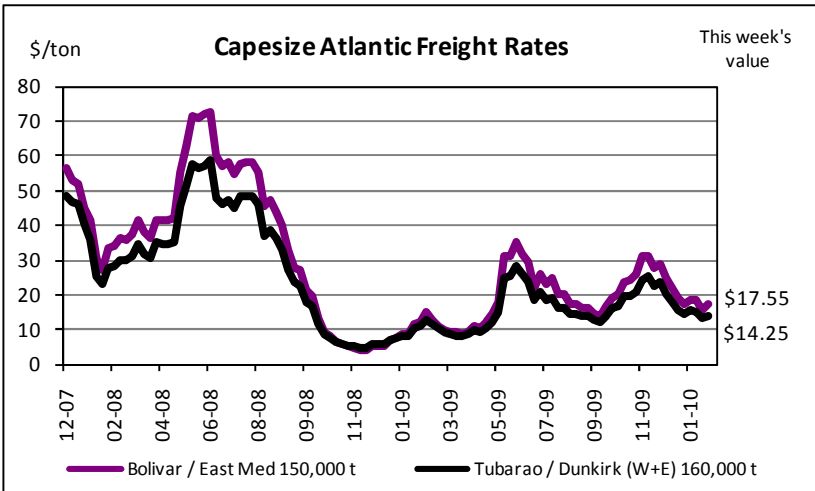
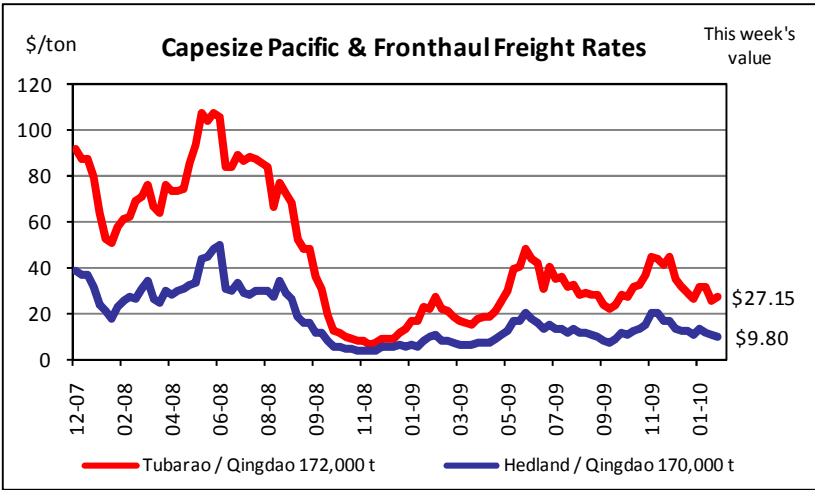




DRYBULK NEWSLETTER

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

N° 670 – February 8th, 2010

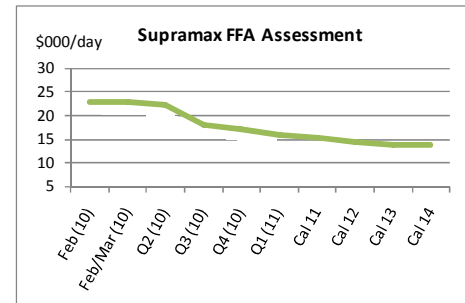
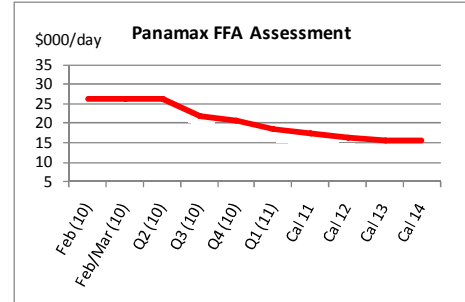
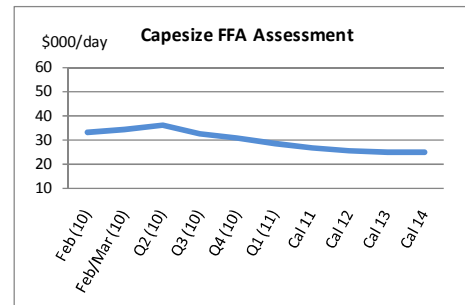


Trends

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

Dry Bulk FFA Market Assessment

(as of February 5th, 2010)



Source: **BRS Futures Limited**
(44) 207 283 0786

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



Trends ... DRY BULK Market ... Trends

With no clear direction in the market, the bulk indices either froze or lost ground this week, with the Panamax showing the biggest decline. In the Cape segment, there was little consensus over the short-term future with the bulls pointing to possible stockpiling before the annual ore contract is finalised, and the bears concerned about China's decision to restrict lending.

Coal imports should provide one strong export leg. In India this week a Tata Steel and SAIL JV predicted India would need to import 110m tonnes of coal a year by 2012 to meet domestic demand, with South Africa slated to supply 20-25% of this amount. Also in the coal market, reports suggested BHP Billiton Mitsubishi (BMA) had approached Japanese mills to accept quarterly contracts for their coking coal imports, with the parties agreeing prices and volumes 15 days before the start of each period. The news was not confirmed by either the mills or BMA however.

Capesize

A definite flattening in the market in the run-up to Chinese New Year, although there were no dramatic losses in the last seven days, in contrast to the previous week. The BCI fell just 20 points, while

the four time charter average slipped just below \$32,000/day. There was some feeling that the market was reacting too strongly to China's decision to restrict future lending, and there are still hopes for an increase in imports after the Chinese New Year. In the meantime there was some good news in the European steel market, with steel consumption expected to bottom out in the first half of this year. Production levels have already increased. The BCI rose slightly at the start of the new week.

Panamax

Rates fell throughout the week as tonnage oversupply, particularly in the Atlantic, cut shipowners' bargaining power. Overall the BPI fell 280 points, or 8%, the biggest loser in the bulk market this week. The 4TC average was at US\$25,277 by week-end, prompting some short period enquiry. Congestion in Australia is preventing a further slide, however, and if the Capes pick up it could have a knock-on effect on the Panamaxes. The rates were little changed Monday, however, and the market seems wide open.

Supra/Handy

Handy rates were under pressure last week across all basins. More fresh positions than cargoes meant that the rates corrected downwards by about US\$1,000. Business staying in the Atlantic was under the most pressure, while ships ready to go east managed more healthy rates. For Handysizes a TARV is worth in the mid teens, whereas a trip WAF via ECSA to Far East is worth in the low US\$20,000s. For Supras the TARV is worth low US\$20,000s whereas a trip from the Black Sea to the east via Suez will still pay in the high US\$30,000s.

On the Pacific front, there was very little interest in short period despite an increasing number of spot ships appearing in the market in the Far East/southeast Asia and PMO/India. Trips from WC India to China were fixed on Supramax units in the mid/high US\$20,000s while EC India units went for closer to mid-US\$20,000s. There were very few firm coal cargoes available from Indonesia and large units ballasting from North China were fixed in the mid teens. NOPAC rounds paid a premium closer to high teens but there were very few available and the same went for Australian rounds.

Trends ... Sale & Purchase ... Trends

Despite a softer freight market, second hand S&P activity is still brisk with Chinese buyers again in the driving seat. In the past week we have seen a large number (7) of Capes committed, ranging from re-sale units all the way down to 29 year old 'antiques'.

A South Korean re-sale with delivery 2Q 2011 has been purchased by Navios from the shipyard for about US\$55.5m using their tried and tested payment terms of cash plus stock (US\$52.5m in cash and US\$3m in Convertible Preferred Stock). The vessel is fixed for 12 years time charter at about US\$27,431 net per day. Meanwhile Chinese buyers are thought to have purchased the NYK-controlled 'Ocean Comfort' (150,000 dwt, built 1992 in Taiwan) for about US\$19.2m.

The Panamax market has been similarly active (7 sales). The Toyo Kaiun owned 'Marvelous' (76,000 dwt, built 2002 in Japan) was committed for a firm US\$32m and a charterfree delivery in 3Q 2010. Chinese buyers were also behind the purchase of the 'Waimea' (73,000 dwt, built 1993 in South Korea) for about US\$25.5m.

In the Supramax/Handymax sector, Norden sold their 'Nordbright' (56,000 dwt, del April 2010 from Mitsui/Japan) for about US\$37m on 20/80 NSF terms to Greek buyers. Handymaxes changing hands included the en-bloc deal for the sisters 'Selendang Nilam' and 'Selendang Intan' (47,000 dwt, built 1997 in for US\$18m each. In the Handy segment, Clipper has apparently committed its 'Clipper Melody' (26,000 dwt, built 1997 in China) for about US\$13.5m.

