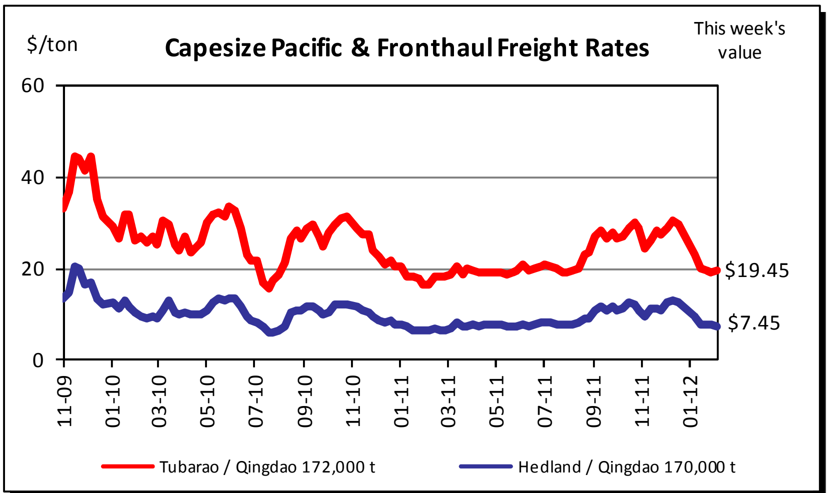
BARRY ROGLIANO SALLES

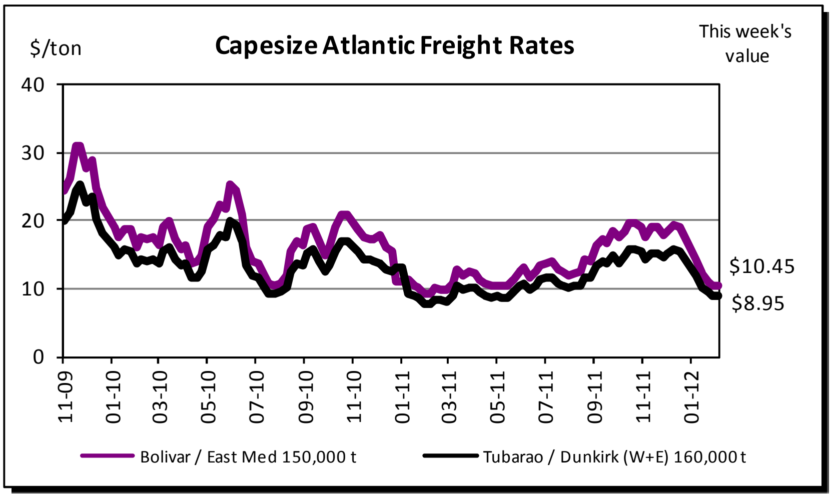
SHIPBROKERS SINCE 1856

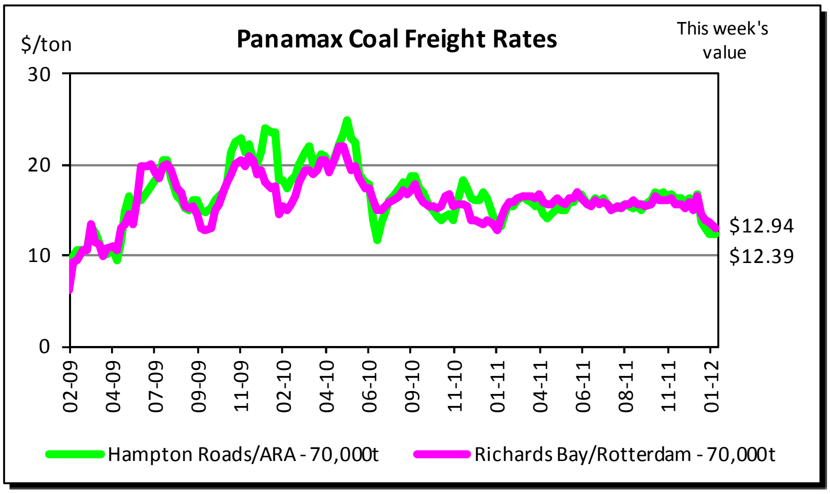
DRY BULK NEWSLETTER

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

N° 770 – February 6th, 2012





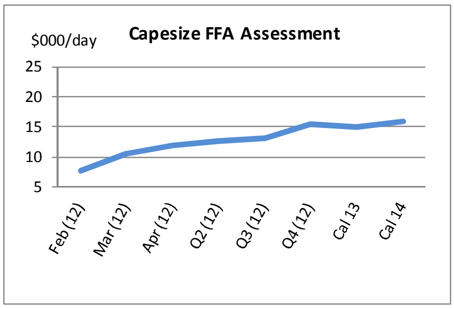


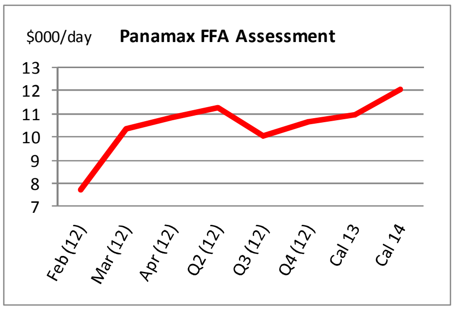
Trends

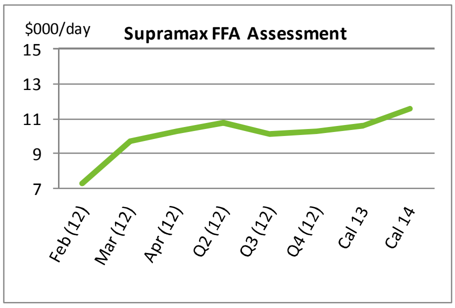
Capesize Atlantic	→
Capesize Pacific	→
Panamax Atlantic	→
Panamax Pacific	↗
HandyMax Pacific	→
HandyMax Atlantic	↘

Dry Bulk FFA Market Assessment

(as of February 3rd, 2012)







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

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

Trends ... DRY BULK *Market* ... Trends

It was another week of heavy losses in all dry bulk segments, but there were some signs of a reversal in the Cape market. The BDI reached 647 points, illustrating a decline of about 11% w-o-w. The BCI lost just 2% to 1,436 while the BPI lost a remarkable 15% to finish on Friday at 693. The BSI and the BHSI declined 12.5% and 10% w-o-w, reaching 608 and 382 at the end of this week respectively. The BCI showed a slight uptick on Monday, however, the first for a month, while the BPI also rose 33 points.

Capesize

There were signs last week rates might finally have bottomed for the Capes, with the decline in rates slowing, and Tubarao -Qingdao showing even a small 1% uptick to $19.45. Hedland-Qingdao softened slightly however, while in the Atlantic there was very little activity on which to gauge rates. The end of the Chinese holidays did not seem to result in a sudden increase in activity, however there was talk of more Chinese buying next week. Meanwhile there were reports of a period deal for 5-7 months at $12,000 per day for a 160,000 dwt vessel. Overall the Capesize 4TC ended the week at $5,251, 6% down on the week before but only equivalent to a loss of $315. Meanwhile Monday saw the BCI rise 2 points, halting 30 days of consecutive declines.

Panamax

Further declines were recorded in both Atlantic and Pacific basins last week. Limited fresh business was reported in what continued to be a market characterized by underlying bearish sentiment. Demand fundamentals in Europe remain muted, with coal demand being subdued by a relatively mild winter period thus far. The macro-economic outlook in the EU also appears downbeat, with little to suggest any imminent upturn. The 1A index declined a further $1049, settling at $4619 on 03/02/2012 (down from $15,500 on 01/01/2012). Front haul rates fared no better, with 2A index falling $1316, from $15,740 to $14,424. The limited volume of fresh business, along with plentiful supply of ballasters arriving from the East continued to weigh down on rates. In the Pacific, stockpiles of both iron ore and coal remained high at major Chinese ports, and with little in the way of fresh business post-Lunar New Year, rates also fell away (down $430 w-o-w). The one positive note at the end of the week however was a small rise in the 3A index, perhaps signifying a more balanced market heading into the new week.

Supramax/Handy

The market was still feeling the holiday fever last week even though the Far Easterners were back in their offices. The Atlantic also maintained a downward trend, while there was still no improvement in the numbers witnessed in the Far East. This was obviously expressed by a $1,000 decline on the average Supra TC routes last week and about -$500 on the average Handy routes.
Supras went for barely $10,000 per day pro for US Gulf-East Med trips and about $6,000 per day pro for US Gulf–North American round voyages. Continent–E Med voyages followed with lower levels of about $8,500 per day pro due to the lack of cargoes in the Continent. ECSA managed with better figures than the US Gulf as we noticed fixtures at about $12,000 daily for trips to West Africa. The Far East maintained low rates as India–China trips went at about $5,500.
The Handy and Handymax were not left out, even though the Handies saw better rates of about $12,000 for ECSA-N Africa trips. Handymax saw poor rates of about $8,000 aps in South Africa with long ballasts from Singapore or India. India–China maintained lower levels of about $5,000 per day pro and similar numbers were seen for Black Sea–West Africa voyages.

Trends ... *Sale & Purchase* ... Trends

This week continued with fairly low volumes but with some interesting deals setting new benchmarks. The Japanese controlled "Washington Trader" and "Goldbeam Trader" (74,000 dwt, built 2000 & 2001 in Japan) were committed for about $31m to Greek buyers. The "Sanko Galaxy" (53,000 dwt, built 2006 in Japan) was sold for about $20.5m to Sicuro Greece. The "Arcadia" (41,000 dwt, built 1995 in Bulgaria) was sold at auction from Credit Swiss in Singapore for about $11.5m to Greeks.

Older Handymax sales include: the "Solon" (42,000 dwt, built 1987 in Japan) to Bangladeshi buyers for about $6.0m, the "Slovenija" (41,000 dwt, built in 1985 in Japan) for about $4.8m to Chinese buyers, the "Sealight" (41,000 dwt, built 1984 in Japan) for about $4.2m to undisclosed buyers and the "African Zebra" (38,000 dwt, built 1985 in China) for about $4.1m to Chinese buyers.

Meanwhile the demolition market has firmed up since last week, with India paying $515/LT, Pakistan $515/LT and China $430/LT.