CAPESIZE

As previous week 26 came to an end, Pacific activity had not been as bustling as anticipated, but conditions remained stable, whilst in the Atlantic rumours of improved C3 fixtures for end of July loaders brought hopes of a somewhat brighter outlook.

On the beginning of July, the start of q3, players were wondering if the capes will spark into life for the 2nd half of the year or if the fears over China's slowdown will continue to cast a shadow over the market. In any case it was a quiet commencement of the new week with very little to report.

Atlantic business was slow to emerge as both owners and charterers were taking stock. The stronger close on Friday, with Vale's $21.75 on a July 18-23 C3 cargo, failed to bring a lasting impact.

We did see a significant volume of fresh inquiry in the Pacific. Two out of the three majors were in the market off the same dates, and both reportedly fixed a few ships. Despite this, rates eased on last dones due to lengthy tonnage lists across the basin.

A full house of C5 miners Tuesday but scattered across a wide range of eta's, meant it was not easy to judge just where we were heading. Had all three been looking at 15th eta - then up we would go, just as had they all been looking at 20th then down we go. Last fixed was $8.15 and there were no spreads. C3 saw some sharper August numbers printing as the ballaster count was growing but more strange was the lower July offers appearing after what looked Monday to be a tighter market.

Atlantic experienced a lack of notable activity with more competitive rates being offered on C3. Concurrently, the bid had also retracted, resulting in downward pressure. Owners showed some resistance and the Tata auction was cancelled since no ships were willing to offer aggressively. In the Pacific, all ore majors were in the market, but rates trended sideways on limited fixing.

Four Nuke tenders closing/trading Wednesday ex West Australia and three C5 miners in the market on any other day should be a good sign but once again the real lack of coal and slightly forward dates from the miners mean too many early vessels left out east and the Teluk/Quingdao deals were quite telling themselves. The feeling was, most miners will be looking sub $8.00. No action on Brazil which left off quite gappy earlier but for sure bids would not chase the $20.00+ offers. Overall conditions in the sector remained poor. Too much tonnage combined with too little inquiry continued to weigh on the market.

Atlantic saw little activity with the pressure mounting again on C3. Charterers were talking lower rates or stepping back and waiting for further decreases.

Despite the presence of all three majors once again from West Australia to China in addition to several tender cargoes, conditions remained relatively stagnant suggesting a lack of significant movement.

Resistance, floor, futile and rancid. All words being used over Thursday. Did C5 'bottom' out at $7.70 as a higher $7.90 was paid later on so perhaps we will see a battle around the $8.00 mark once again. Though there is a distinct lack of offers thus far, there remained a sizable number of vessels with 22-25 eta in West Australia that will need to find homes. C3 lists remained too long with the ever growing 'Singapore open' list a cause for concern but the question was whether owners would succeed to follow up Wednesday's paper gains of last night? Sub $20.00 (and considerably less in some cases) was very much the target from many but for the most part owners were fighting for excess index ($20.05) late on. It

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could be too soon to call for a bounce but some stability, not seen for a few days could return...

On the approach of the weekend Atlantic trading saw little in the way of fresh inquiry or concluded business reported. There was some talk of more fresh August enquiry in the market, but no evidence of business concluded.

In the Pacific long tonnage lists and insufficient inquiry did not help to improve rates. However, while trading volumes had decreased slightly the market seemed to have found some stability.

The BCI was down this week 129 to 1,522, while the BCI 5TC lost $1,067 standing on Friday at $12,625 daily. Sentiment remained dull the whole week with some improvement on closing.

PANAMAX

Previous week finished with the customary slow Friday in evidence again, with little activity of note. The only real market with any solid support remained EC South America with marginally improved rates. Elsewhere it was largely sideways motion. Sentiment was still negative in the Pacific with a very inactive NoPac market, while demand from Indonesia and Australia quieted down as a lot had been covered.

In a typically slow start to the week, very little concluded business emerged. The lack of inquiry and long tonnage lists left the Atlantic with little hope for a quick cure. From the Pacific there were cargoes quoted from Indonesia and Australia absorbing some of the ships, however it was still not enough to firm rates and there were still plenty of vessels to choose from.

In the North Atlantic the market continued to be quiet but some prompt demand revealed that we might see some more sporadic action later on this week.

A similar trend in the Pacific with a very idle market across the basin. The mineral cargo count was poor for a Monday, with a very few exchanges. Outlook for the week was very negative, as vessel count had increased and cargo book remained short.

The market continued to struggle Tuesday. Although there had been a steady influx of fresh inquiry in the Atlantic, the sheer volume of available tonnage suppressed hopes of a recovery in the near-term. A slower pace in both two basins, with grain and ore cargoes the primary commodities. Grain was seeing a premium over ore, but this did not value in a market with rates still easing. Very little was heard in the Pacific, with too much tonnage around and too little interest leaving rates nowhere to go but down.

Another gloomy day in the Atlantic, with present demand unable to accommodate the oversupply of tonnage opening in the North. The EC South America/Singapore-Japan trade dominated the market.

Pacific was simply negative with a rapid drop in FFA values and a downward trend across the basin. Fundamentals remained the same, hence it was still difficult for the market to rebound.

Trading remained extremely dull midweek.

In the Atlantic the volume of available tonnage continued to outstrip demand with EC South America July 15-30 tonnage expected to build further. In the North a bottom might have been found but with concluded fixtures lacking, there was little to confirm it. Pacific saw a further easing in rates as NoPac rounds and Australian inquiry had both dried up.

Activity failed to pick up the pace on the approach of the where rates appeared to be somewhat steadier. Little joy could be found in the Pacific with a severe lack of inquiry across many routes. Fresh stems kept the North Atlantic more lively, granting some owners the opportunity to cover over last done. Fronthaul demand was focused around early to mid-August, with very few stems left now for July.

Pacific suffered losses for another day, as the market remained under pressure with demand further decreasing before the week comes to an end. Vessels with some time ahead appeared to wait in order to see what next week will bring,

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but notably more spot ships were prepared to cover.

A "troubled" week of red ink ended with some optimism that there will be an injection of new business for August loaders, which will shorten the tonnage lists in both basins pushing the market up.

SUPRAMAX – HANDYMAX - HANDYSIZE

EAST COAST SOUTH AMERICA / WEST AFRICA

Supramax/Ultramax tonnage in Atlantic basin, was off to a slow start this week. Seems that the slow pace of summer appears with ECSA trading being dull for both sizes with demand being low and tonnage still being much. Nevertheless rates remained on the 5 digit with handies being fixed at mid 10es for trips to USG and low 10es for west MED/CONT direction.

MEDITERRANEAN/ CONTINENT / BLACK SEA

Continent and Mediterranean remained stable with no fluctuations on levels this week though a slight increase of activity has been reported since many returned to their offices after a week of events in Greece.
Not many supramax cargoes faced the market at Mediterranean this week which leaves supramaxes in the area under pressure. Backhaul trip were traded at 7/8,000 while trip to West Africa with clinker at 9/10,000. From Continent, scrap runs have been fixed at low-teens this week on ultramaxes.
On handies, several fresh cargoes appeared especially from Black Sea which added a glance of positive across the regional market though this fact hasn't affected rate levels yet. Inter-Mediterranean runs were discussed around 7,000 while we heard here a 35k dwt was fixed at 6,000 with delivery at East Mediterranean for a trip with minerals to ARAG. Continent remained sluggish. At Continent Trips to Mediterranean were discussed at 6/7000 while trips to US Gulf were traded at similar levels.

On period field supramaxes were fixed at low-teens for short period sub flexibility.

FAR EAST / INDIA

(**Below info on the basis of an average 58k dwt vessel - basis our views/feeling/information on the market)
Expectations for some recovery of market's sentiment were not met for yet another week, with activity and rates stepping backward for all routes. A decent 58 could aspire towards $8,000/8,500 levels basis Philippines for a coal shipment to India while Australia rounds have been paying now closer to $7,500/8,000 levels basis CJK, subject to the cargo/duration and actual destination of course. Rates in Persian Gulf and South Africa plummeted as well, with an aggregates business via Mina Saqr to Bangladesh now paying around $10,500/11,000 levels (on APS basis) and ships having to accept around $13,000 plus $130,000 passing Durban for trips to Far East or closer to $11,000/11,500 plus $110,000/115,000 afsps Richards bay for a coal shipment to India. Interest for period has been very limited, but guess that a 58 basis Far East would able to achieve up to 10,000/10,500 for 4/6 months period, subject to actual design/position and flexibility offered.

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