

APR 16, 2009

The BDI has been on the rise for the last four index days

Cargo demand is moderate; sentiment has improved with increases in both FFA prices and physical period activity

Average Day Rates (as of 4/16)

Capesize: \$19,151 +6% wow  
 Panamax: \$11,331 +23% wow  
 Supramax: \$12,579 +4% wow  
 Handysize: \$8,990 -2% wow

China imported 52.1mt of ore in March, an increase of 5.3mt (11.4%) from 46.7mt imported in February

A shift to importing more low cost foreign iron ore might be taking place, or the increase in imports could simply be a ploy by China to gain leverage in the ongoing iron ore contract negotiations

Traders could also simply be averaging down purchases made at higher prices

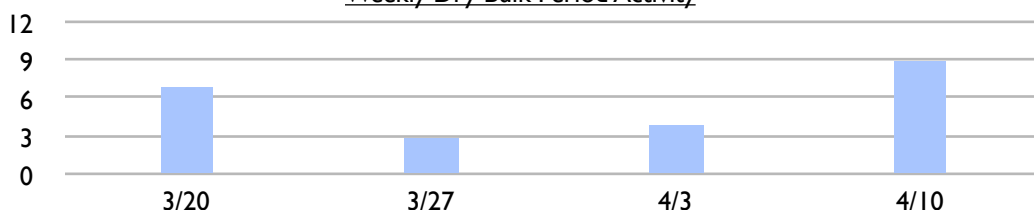
Iron ore stockpiles at Chinese ports have grown to 68.57mt, an increase of 480,000 tons (0.7%) from a week ago

A healthy amount of iron ore is still being purchased by China

## Sentiment and Period Activity Improving

After falling for twenty-one straight days, dry bulk freight rates have finally started to improve. The BDI reached a two-month low of 1478 points last Wednesday (April 8) before beginning its current four index day rebound. Spot cargo demand (specifically for grain and coal) has increased and short-term sentiment has dramatically improved. Front quarter FFA prices are up by roughly 15% from a week ago and period activity in the physical market is also on the rise. 9 period deals reported were reported last week (which was shortened a day for Easter). 4 period deals were reported the week before.

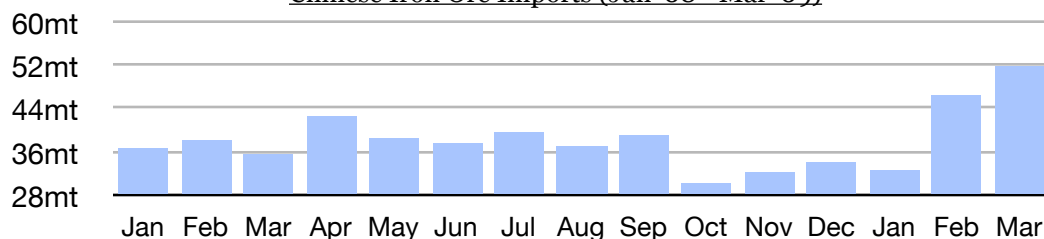
Weekly Dry Bulk Period Activity



## Chinese Iron Ore Imports Set New Record

China imported 52.08mt of ore in March, an increase of 5.34mt (11.4%) from the previous monthly record of 46.74mt in February 2008. The incredibly large amount of ore imports (well above 2008's monthly average of 37mt) helps explain the significant rise in dry bulk freight rates from early January to the middle of February -- iron ore shipments normally arrive at China's ports one to two months after dry bulk vessels are fixed. Going forward, the reliance on imported ore might continue (the first part of this year has seen a decline in Chinese iron ore production). Total demand, however, could easily just fall even more.

Chinese Iron Ore Imports (Jan '08 - Mar '09)



## Chinese Iron Ore Stockpiles Continue to Grow

Iron ore stockpiles at Chinese ports now total 68.57mt, an increase of 480,000 tons (0.7%) from last week. Stockpiles have been on the rise for the last six weeks.

Iron Ore Stockpiles at Chinese Ports (Dec '08 - Apr '09)

