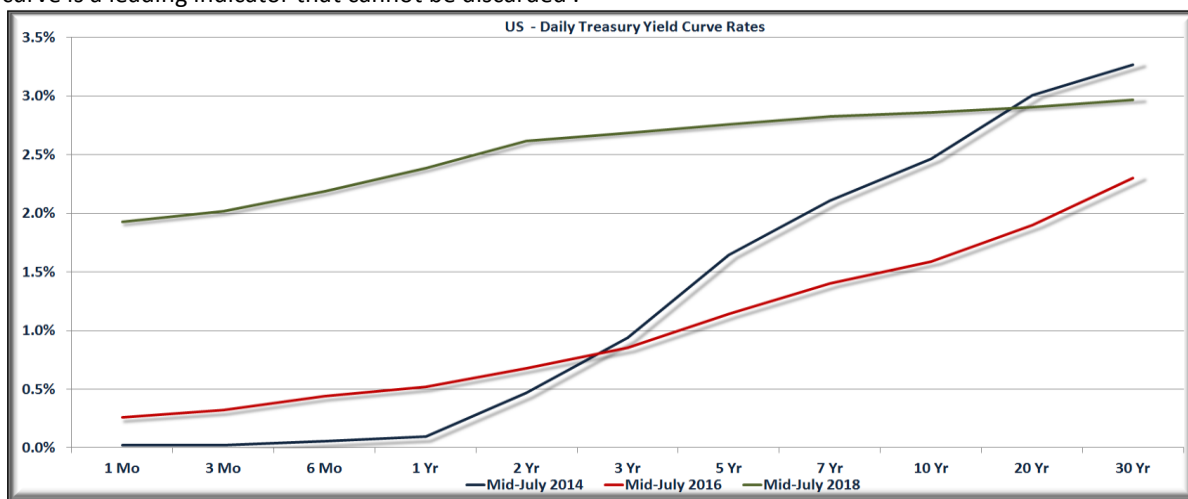
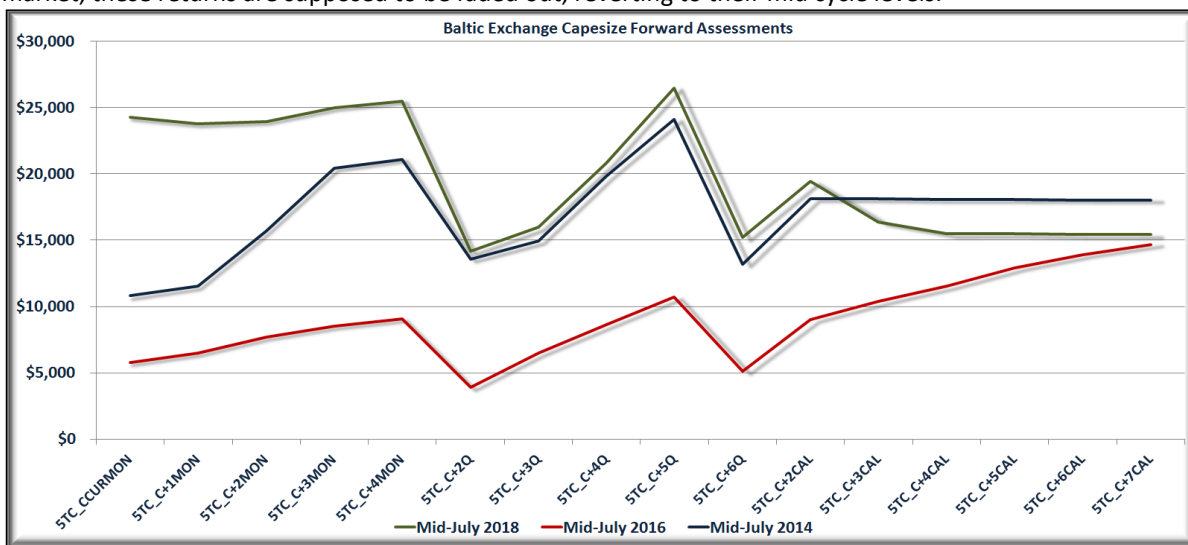


Having preceded every economic downturn of the past fifty years, an inversion of the yield curve serves as a warning sign for recession. Thus, every time the yields on bonds with a shorter duration are higher than those of longer, investors become alarmed. The rationale behind is pretty straightforward. Having little confidence in the near-term, investors demand more yield for a short-term investment than for a longer one. This typically happens when the near-term outlook of the economy is not so rosy, as in the cases of the dot-com bubble and the financial crisis of 2008. Currently the narrowing gap between yields on two-year and ten-year Treasuries is one of the hottest subjects on Wall Street. Although the reliability of an inverted yield curve as an indicator of recession was called into question by former Fed chair Ben Bernanke last week, there are growing concerns that the US economy could be derailed before or soon after breaking its 1990s record. Fed's unconventional monetary policy in the post-Lehman era and president Trump's eccentric trade policy are perplexing the signals of the pivotal movement of the yield curve even more, but in any case the US yield curve is a leading indicator that cannot be discarded.



In the dry bulk spectrum, the recent rally of the spot market has dragged the short end of the forward curves higher with it. On this week closing, Capesize Baltic Forward Assessments balanced at \$24,220 daily and \$24,494 daily for the September and October contracts respectively. On a similar tone, the Cal 19 and Cal 20 hovered at \$19,283 and \$19,350 daily, substantially higher than the contracts of the longer horizon. Laying circa \$4,000 below Cal 19, the long end of the Cape curve kept lingering at mid \$15Ks for Cal 22 onwards. Usually, backwardation is related to some sort of supply shortage in the near-term that is expected to be covered in the years to follow. Hence, under the current shape of the forward Capesize curve, the spot market is generating higher returns than the expected future ones. Of course, once the extra supply comes into market, these returns are supposed to be faded out, reverting to their mid cycle levels.



In the current economic context with the global economy having left the 2008 crisis behind and the dry bulk sector its own rock bottom levels, a discussion of a U-turn of current trends looks premature. However, the movements of the forward curves indicate that the current cycle has chances of following the course of its antecedents both in regard to the dry bulk sector and to global economy in general. Up to then, the current trip has some extra miles to cover and hopefully uncharted territory bucking the trends of the past...

Freight market 120yrs ago (page 12): "Markets have been more active during the last week, and especially from the Black Sea direction, with a fair amount of chartering having been effected..."

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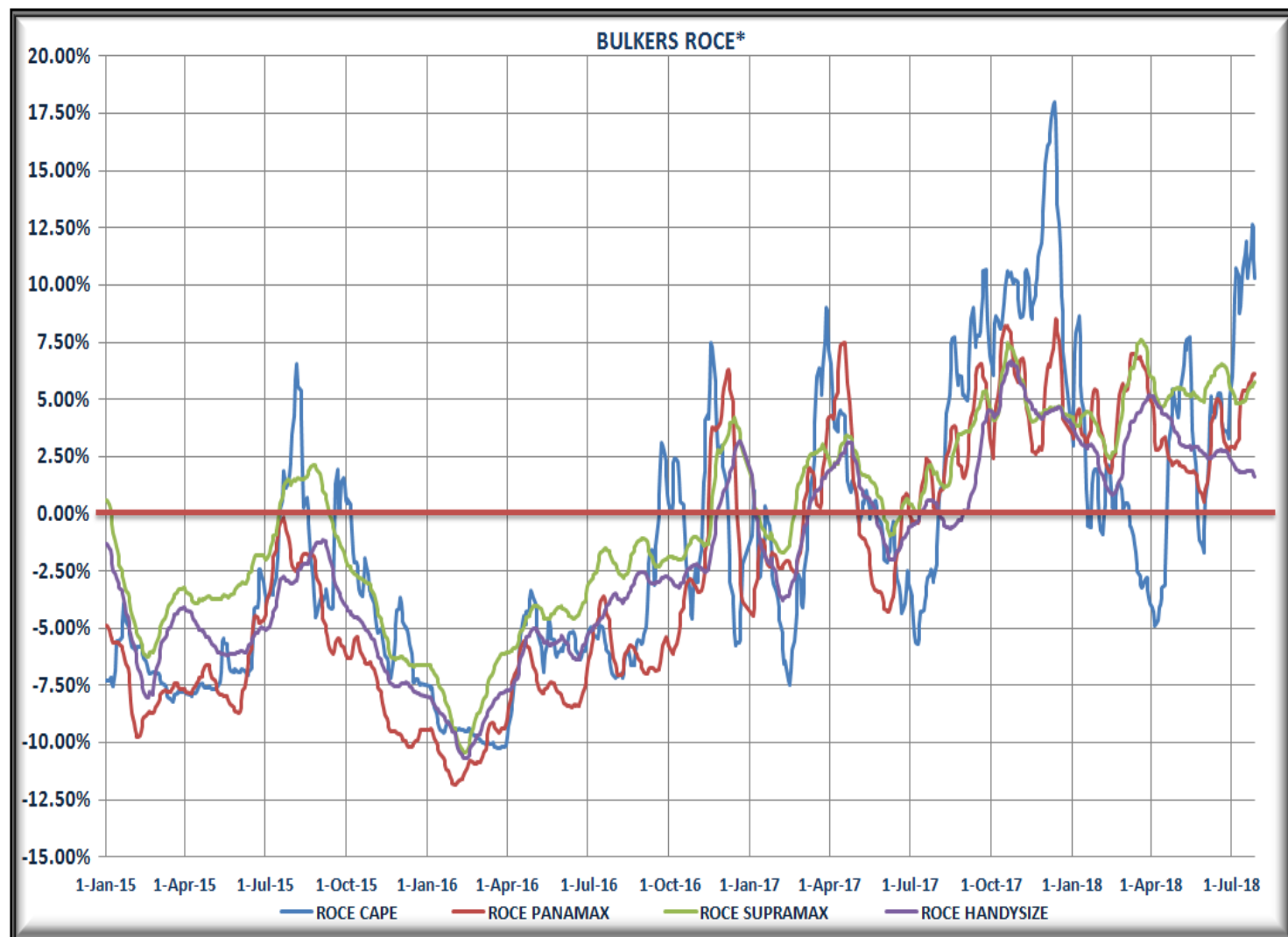
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Dry Cargo Spot Market

Another week another record for the general Baltic Dry Index, balancing at a four and a half year high of 1774 points on Tuesday. However, for the rest of the week, BDI trended downwards, concluding at 1676 points. Being for two trading days above 3460 points, Baltic Capesize Index finished the week at 3197 points. For a second consecutive week, BSI moved higher to 1035 points, reporting 1.2 percentage-point increases. Hovering at one of its lowest levels for 2018, BHSI balanced at 553 points at this week's closing.

At the box office, Capesize ROCE continued holding the fort, laying at double-digit percentages of 10.31%. Being less than one percentage point apart, Panamax ROCE and Supramax ROCE ended the week at 6.1% and 5.73% respectively. Handy returns lost 20 basis points on a weekly basis, balancing at one point six cents in every dollar invested.



| Baltic Freight Indices | | | | | |
|------------------------|------|----------|-----------|-----------|------------|
| Date | BDI | BCI 5TC | BPI - TCA | BSI - TCA | BHSI - TCA |
| 23-Jul-18 | 1718 | \$25,076 | \$12,529 | \$11,299 | \$8,207 |
| 24-Jul-18 | 1774 | \$26,367 | \$12,649 | \$11,327 | \$8,195 |
| 25-Jul-18 | 1772 | \$26,254 | \$12,700 | \$11,365 | \$8,156 |
| 26-Jul-18 | 1708 | \$24,673 | \$12,656 | \$11,386 | \$8,121 |
| 27-Jul-18 | 1676 | \$23,824 | \$12,695 | \$11,404 | \$8,102 |
| 12-month High | 1774 | \$30,475 | \$13,740 | \$12,356 | \$10,104 |
| 12-month Low | 933 | \$7,051 | \$8,765 | \$8,486 | \$6,793 |
| 12-month Avg | 1320 | \$17,425 | \$11,203 | \$10,642 | \$8,568 |
| Avg. Cal 2017 | 1145 | \$15,129 | \$9,766 | \$9,168 | \$7,636 |
| Avg. Cal 2016 | 673 | \$7,388 | \$5,562 | \$6,236 | \$5,214 |

***Return on Capital Employed (ROCE)** is the ratio of net operating profit of an investment to its capital employed. It measures the profitability of an investment by expressing its operating profit as a percentage of its capital employed. In other words, ROCE assesses how much profit an investment earns on every dollar employed.

In a week that the “prima donnas” gave their strongest performance for 2018, the Baltic **Capesize** TC Index touched \$26,367 daily on Tuesday, finishing \$2,000 lower on Friday’s closing though. However, the main news of the week was not so positive for the segment as Vale signed a COA, involving 47 VLOC of 325,000 dwt and one Valemax of 400,000 dwt, would cover about 62m tonnes per year of its transport needs. The vessels would be delivered from 2019 to 2023.

In the Pacific basin, the trendsetter Baltic C5 index reported strong gains of 4.3% on a weekly basis, concluding at \$9.336 pmt. From Dampier to Qingdao, Rio Tinto allegedly fixed an 11/13 August 170,000-tonne 10% cargo at \$9.30. On the TC runs, 'Anangel Fortune' (175,500 dwt, 2005) was fixed with spot delivery Huanghua for a trip via West Australia to Singapore-Japan at \$23,000 daily. The C14 index (China- Brazil round) ended above last Friday’s levels at \$22,673 daily, or 4.6% higher W-o-W.

In the Atlantic basin, Vale’s underlying earnings improved to \$2.094b in 2Q18 from \$1.787b in 1Q18, but fall short of analyst expectations. In any case, Vale’s BoD approved the proposal from the Executive Board to establish a \$1b share buyback program for company’s common shares, reflecting the management’s belief that repurchasing Vale’s own shares is one of the best investments for the excess cash. With regards to the freight market, the Baltic C3 index concluded marginally up at \$22.832 pmt. The 'Star Pauline' (180,274 dwt, 2008) concluded at \$23,000 + \$400,000 bb for a trip via Brazil to Singapore-Japan, basis retro delivery 14 July Singapore. The fronthaul index (C9_14) concluded at \$42,114 daily whereas the Transatlantic index (C8_14) plunged to \$24,950 daily, or lower by 1.5% and by 14.2% W-o-W respectively. H-Line took the 'China Harmony' (179,505 dwt, 2016) from Rotterdam for a trip via Port Cartier to Singapore-Japan at \$43,000 daily.

On the period desk, 'Seattle' (179,362 dwt, 2011) secured employment for the next 4/6 months at \$24,050, basis delivery Huanghua. Anglo-American took the 'Excel' (176,419 dwt, 2012) for 1 year trading at 98.55 of the BCI 5-timecharter average, basis delivery CJK.

| Representative Capesize Fixtures | | | | | | | | |
|----------------------------------|---------|-------|-----------------|---------------|-----------------|-------------------------|----------------|--------------------|
| Vessel | DWT | Built | Delivery | Date | Re-del | Rate | Charterers | Comment |
| Star Pauline | 180,274 | 2008 | retro Singapore | 14-Jul | Singapore-Japan | \$23,000 + \$400,000 bb | Hyundai Glovis | via Brazil |
| Anangel Fortune | 175,500 | 2005 | Huanghua | spot | Singapore-Japan | \$23,000 | cnr | via West Australia |
| China Harmony | 179,505 | 2016 | Rotterdam | 01/03 Aug | Singapore-Japan | \$43,000 | H-Line | via Port Cartier |
| Nymphe | 180,018 | 2009 | Qingdao | 05/06 Aug | WW | \$25,000 | Jera | min 6/max 8 months |
| Excel | 176,419 | 2012 | CJK | 26/28 Jul | WW | 98.55% BCI - 5TC | Anglo American | 1 year |
| Han Fu Star | 175,062 | 2012 | Tianjin | 23/25 Jul | WW | approx \$20,000 | Bunge | about 1 year |
| Seattle | 179,362 | 2011 | Huanghua | 30 Jul/12 Aug | WW | \$24,050 | Koch Shipping | 4/6 months in d/c |

In another positive week for the **Panamax** segment, the Atlantic kept on going with a firm momentum, while the Pacific was laboriously trying to move higher.

The market in the Pacific was very volatile, with rates on momentary outbursts, driven by a sudden recovery on NoPac activity and short downfalls, mainly due to the alleged downsize in Indonesian exports and the sturdy long list of tonnage. A sudden decrease in Australian demand though served Charterers’ hard bargains and indices moved on a negative sign all throughout the week. Indonesian rounds are still paying lower than \$10,000 daily on lme. The 'Malakand' (76,830 dwt, 2004) with 27 July delivery Hong Kong got \$9,500 daily for a trip via Indonesia to Taiwan. From the land down under, 'Nasaka' (81,918 dwt, 2014) allegedly fixed at \$11,500 daily with delivery 25 July Nantong via EC Australia to India. Activity out of NoPac seemed to pick up, but rates remained under pressure. Lme tonnage was hovering on and off mid \$9,000 daily, while kamsarmax vessels were fixing slightly more. 'Peak Liberty' (81,837 dwt, 2015) concluded at \$11,500 daily with 29 July premium delivery at Tachibana. For a similar run, 'Shandong Hai Xing' (75,750 dwt, 2014) earned \$1,250 less, or \$9,250 daily, with delivery in Tianjin. Given current rates, South East Asia tonnage has started ballasting towards ECSA, where things seem to be steadier, in terms of both money and activity.

The sentiment remained strong in the Atlantic this week, on the back of numerous good fixtures. One that headlined was the one of 'Shandong Fu You' (81,781 dwt, 2018) which was fixed at \$24,000 daily with 1 August delivery at Gibraltar for a long-haul trip via NC South America to the Far East. Further south, the ECSA market was seemingly busy and firm, with forward dates being covered at healthy levels on either APS or DOP basis. 'Captain George' (82,140 dwt, 2013) fixed at \$15,250 daily for late August dates loading in EC South America, basis retro sailing Karaikal delivery on the 24th of July, and redelivery at South East Asia ranges. 'Osmarine' (76,596 dwt, 2006) agreed \$16,000 daily plus \$600,000 GBB for trip to Singapore – Japan. With the east side of the Atlantic fully charged, a positive effect on rates has been witnessed on other major loading areas as well. The Baltic is absorbing a great deal of tonnage from the Continent, as was the case with the 'Ocean Ambition' (82,000 dwt, 2014) fixture, which touched \$17,500 daily earnings for a quick round to the Mediterranean with 29 July delivery at Brake and redelivery Cape Passero. Black sea market finally revealed its power, with 'Intuition' (80,281 dwt, 2011) getting paid \$13,000 daily with prompt delivery at Fujairah for a round trip via Black sea and redelivery PMO.

A very quiet week on the period front. 'King Loong' (77,430 dwt, 2006) was fixed to unnamed charterers at \$13,000 daily with 27-28 July delivery at Gangavaram for 4 to 6 months. Raffles was linked to 'Ecomar G.O.' (75,093 dwt, 2008) paid \$12,500 daily with 29/30 July delivery at Singapore for a period of maximum 5 months redelivery worldwide.

| Representative Panamax Fixtures | | | | | | | | |
|---------------------------------|--------|-------|----------------|------------|-----------------|---------------------|------------|----------------|
| Vessel | DWT | Built | Delivery | Date | Re-del | Rate | Charterers | Comment |
| Intuition | 80,281 | 2011 | Fujairah | 26/28 July | PMO | \$13,000 | Cargill | via Bsea |
| Ocean Ambition | 82,000 | 2014 | Brake | 29 July | Passero | \$17,500 | Oldendorff | via Baltic/Med |
| Shandong Fu You | 81,781 | 2018 | Gibraltar | 01 Aug | Singapore-Japan | \$24,000 | Bunge | via NCSA |
| Captain George | 82,140 | 2013 | retro Karaikal | 24 July | SE Asia | \$15,250 | Norden | via ECSA |
| Osmarine | 76,596 | 2006 | ECSA | 22/28 July | Singapore-Japan | \$16,000+\$600k gbb | K Line | |
| Peak Liberty | 81,837 | 2015 | Tachibana | 29 July | Singapore-Japan | \$11,500 | Norden | via NoPac |
| Shandong Hai Xing | 75,750 | 2014 | Tianjin | prompt | Singapore-Japan | \$9,250 | Oceanways | via NoPac |
| Nasaka | 81,918 | 2014 | Nantong | 25 July | India | \$11,500 | H Glovis | via ECAus |
| King Loong | 77,430 | 2006 | Gangavaram | 27/28 July | worldwide | \$13,000 | cnr | 4/6 mos |

With a 1.2% weekly increase, **Supramaxes** have seen the BSI TCA moving higher marginally to \$11,404 daily.

Market in the Pacific remained on positive territory throughout the week and hire levels were improved in most major Baltic reported routes. Indices showed an average increase of about \$200 on the daily hire. Despite such a rise for a second week in a row, the actual reported fixtures still do not manage to impress. 'Emmanuel C' (58,837 dwt, 2008), after she was failed on subs at \$12,000 for two laden legs, managed to secure \$11,000 basis delivery Singapore for a trip to china. There was increased activity noted on clinker trades. For one such trip, 'Fareast Hope' (55,628 dwt, 2004) agreed \$10,000 daily from Vietnam with redelivery CJK. Nickel ore trips to China was also on the spotlight throughout this week, however hire levels varied depending on ship's position. Indicatively, 'Great Century' (61,444 dwt, 2017) managed \$10,500 basis delivery North China whilst 'Medi Lisbon' (58,710 dwt, 2007) opening at Kaohsiung achieved \$11,550 for a similar run. Persian Gulf remains quiet. 'SFL Sara' (56,869 dwt, 2010) fixed \$14,500 basis delivery Fujairah for direction India.

In the Atlantic, rates remained in an upward trajectory, with the Black Sea still outperforming other sub-markets. From North America, a relatively small unit, the 'Samos Majesty' (50,790 dwt, 2009) was fixed at \$18,000 daily on a petcoke run from USEC to India. Meanwhile, on petcoke trades ex USG, it was reported that the slightly smaller 'Josco Suzhou' (49,416 dwt, 2004) secured \$19,250 daily basis delivery Houston, for a trip to Japan. In the South Atlantic, fixtures were concluded close to 'last done levels'. It was heard that a 56,000 tonner was fixed at \$16,500 daily basis delivery Paranagua, for a trip via Plate to the Mediterranean. Little information surfaced from the Continent, where cargo flow seems to have somewhat decreased. Large supramax units were being rated by charterers in the \$17,000's for fronthaul trips, while scrap cargoes to Turkey were still paying between \$11-12,000 daily, depending on size and delivery point. Further east, Med-Black Sea saw another week of intense activity, which was outlined by a \$1,071 increase on the S1B_58 route (Canakkale via Med/Bsea Feast) w-o-w. Among various reports, one that stood out was the fixture of the 'La Tonda' (61,241 dwt, 2016) which locked \$24,000 daily basis delivery Egypt Med, for a trip to PG.

On the period front, the 'Olympic Progress' (55,415 dwt, 2012) was fixed at \$12,250 daily for 3-5 months period basis delivery Hazira and redelivery PG-Japan range.

| Representative Supramax Fixtures | | | | | | | | |
|----------------------------------|--------|-------|-------------|-----------|----------------|----------|------------|-------------------|
| Vessel | DWT | Built | Delivery | Date | Re-del | Rate | Charterers | Comment |
| Emmanuel C | 58,837 | 2008 | Singapore | Prompt | China | \$11,000 | cnr | |
| Fareast Hope | 55,628 | 2004 | Vietnam | Prompt | CJK | \$10,000 | cnr | |
| Great Century | 61,444 | 2017 | North China | Prompt | China | \$10,500 | cnr | |
| Medi Lisbon | 58,710 | 2007 | Kaohsiung | Prompt | China | \$11,550 | cnr | |
| SFL Sara' | 56,869 | 2010 | Fujairah | Prompt | India | \$14,500 | cnr | |
| Samos Majesty | 50,790 | 2009 | USEC | early Aug | India | \$18,000 | Centurion | intention petcoke |
| Josco Suzhou | 49,416 | 2004 | Houston | 1-3 Aug | Japan | \$19,250 | Norvic | intention petcoke |
| La Tonda | 61,241 | 2016 | Egypt Med | prompt | PG | \$24,000 | cnr | intention steels |
| Olympic Progress | 55,415 | 2012 | Hazira | prompt | PG-Japan range | \$12,250 | cnr | 3-5 months period |

Sideways in the Far East – Change of heart in the Atlantic on the **Handysize**.

Both Far East indices eroded by about \$100 per day over the week or by circa 1% showing a certain degree of slackness in the region but the underlying feeling from both owners and charterers are fairly steady. From the north the "Ocean Falcon" (37,152 dwt, 2011) fixed for a Continent steels backhaul out Yangtze River at \$5,250. The "Sun Grace" (33,745 dwt, 2004) agreed to \$9,500 for a quick coal trip with delivery S.Korea and redelivery Japan. From "down under", the "TS Golf" (38,859 dwt, 2017) obtained \$9,250 from Cargill for a salt haul with delivery Singapore and Redelivery China. On the period front, an unreported charterer allegedly seized the opportunity to lock in \$9,000 for 3 to 5 months on the logger "Maritime Fidelity"(32,017 dwt, 2010) with delivery Japan. Next week will be interesting to see where the wave shall splash.

In the Atlantic, it seems that towards the end of the week some more positive vibes were felt with Owners' hopes rising. In ECSA we saw some movement with a few more fresh cargoes appearing, stopping the rates from dropping further. We heard, early in the week, a 39,202dwt agreeing for a coastal trip at \$12,250 from Recalada. Rumours surfaced of a 30,000 dwt fixing a trip with grains from Amazon to the Continent at \$11,000. In contrast, USG market is slowing down together with rates. Earlier this week we heard of a 30,000 dwt fixing a trip from Texas to EC Mexico at \$10,600 but from then on, only spot ships were appearing. Continent more or less moved sideways with no excitement. We saw a 38,271 dwt fixing a scrap cargo from Rotterdam to Turkey at \$10,500 and after that only a few voyage orders were marketed. Things in the Med - Bl. Sea picked up with more cargoes being quoted and rates picking up. There were talks of a handy fixing a trip from Canakkale to USG at \$9,000 and of a 37,000 dwt fixing a trip to W. Africa at \$12,000 from Diliskelesi.

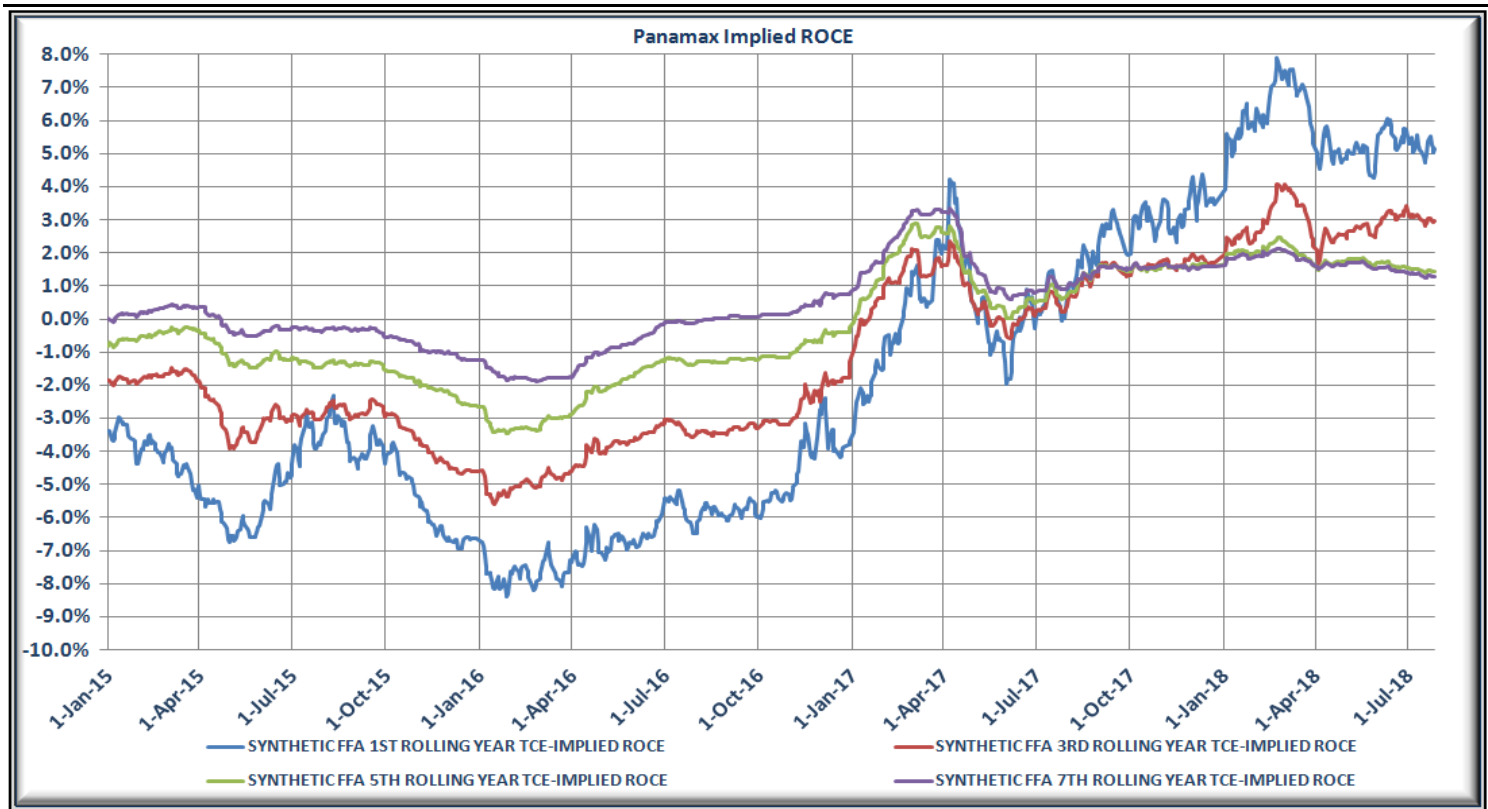
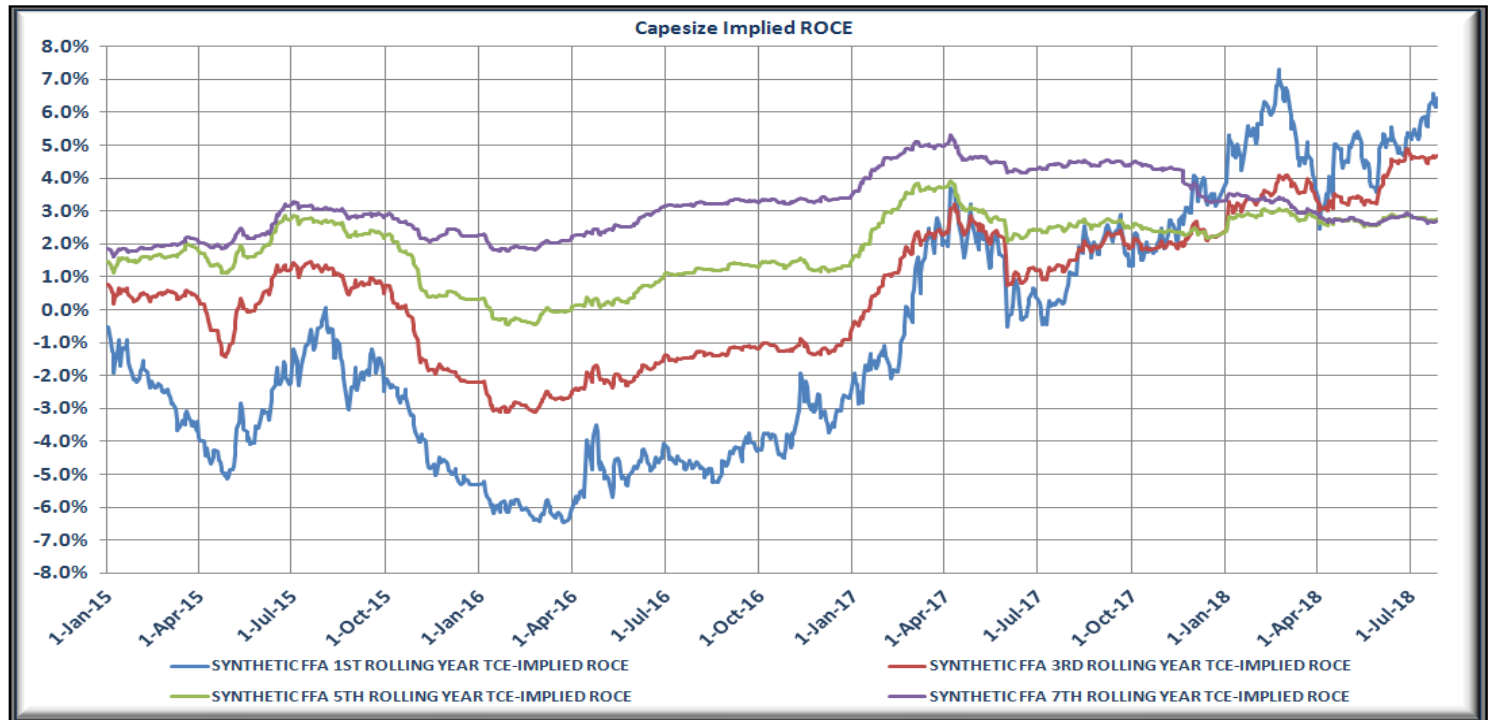
On the period desk, we heard of "Maritime Fidelity" (32017 dwt, 2010) fixing a short period of 3-5 months from Hibi at \$9,600 and "Maratha Paramount" (32081 dwt. 2011) fixing a similar period at \$9,000 from Onsan.

| Representative Handysize Fixtures | | | | | | | | |
|-----------------------------------|--------|-------|------------|------------|------------|----------|------------|------------|
| Vessel | DWT | Built | Delivery | Date | Re-del | Rate | Charterers | Comment |
| Ocean Falcon | 37,152 | 2011 | CJK | 02-Aug | Continent | \$5,250 | Oldendorff | |
| TS Golf | 38,859 | 2017 | Spore | 27-28 July | China | \$9,250 | Cargill | Salt |
| Sun Grace | 33,745 | 2004 | Kwangyang | 28-30 July | Japan | \$9,500 | cnr | |
| Maritime Fidelity | 32,017 | 2010 | Hibi | 26-27/JULY | WW | \$9600 | cnr | 3/5 months |
| Cielo Di Valparaiso | 39,202 | 2015 | Recalada | 26-30 Jul | Brazil | \$12,250 | cnr | |
| Niki C | 30,036 | 2011 | Paramaribo | Prompt | Kandla | \$12,000 | cnr | logs |
| Asia Pearl | 35,239 | 2010 | Safi | Prompt | Varna | \$7,000 | Medlogs | |
| NY Trader 1 | 38,271 | 2014 | Rotterdam | Prompt | Nemrut Bay | \$10,500 | Centurion | scrap |

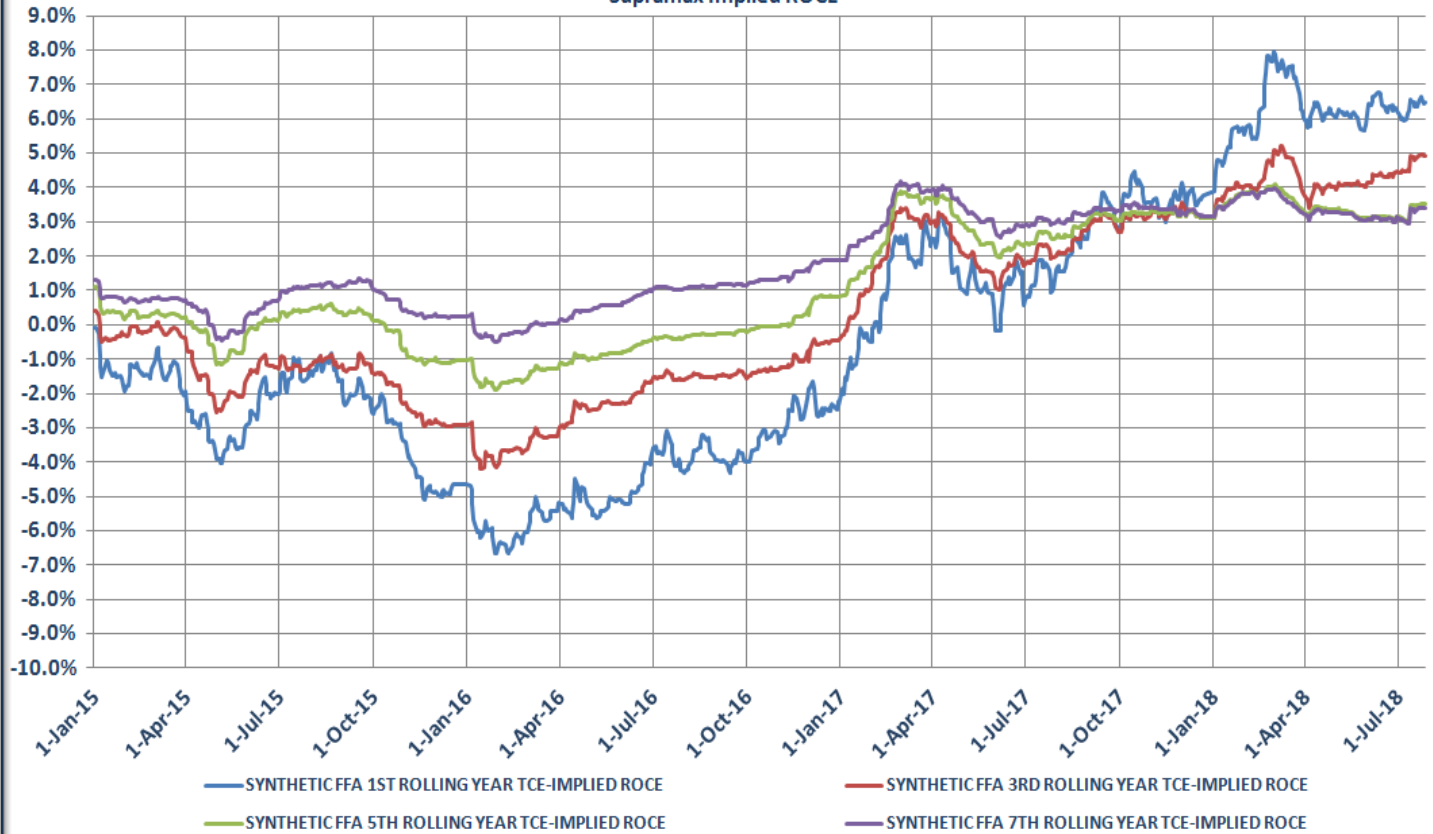
FFA Market

In a week with mixed signals, forward curves remained virtually unchanged. In spite of the softer tone in Cape spot market, prompt forward months closed substantially higher, with August balancing at \$23,100 daily and September at \$24,220 daily. The short end of the Panamax curve concluded a tad below last Friday's levels, with both September and October finishing lower at \$12,245 and \$12,350 respectively. Mixed tone in the Supramax forward market, with September balancing at \$12,205 and October at \$12,440. The prompt Handysize contracts reported marginal losses at August levels of \$9,150. The back ends of all segments remained at previous levels without significant changes.

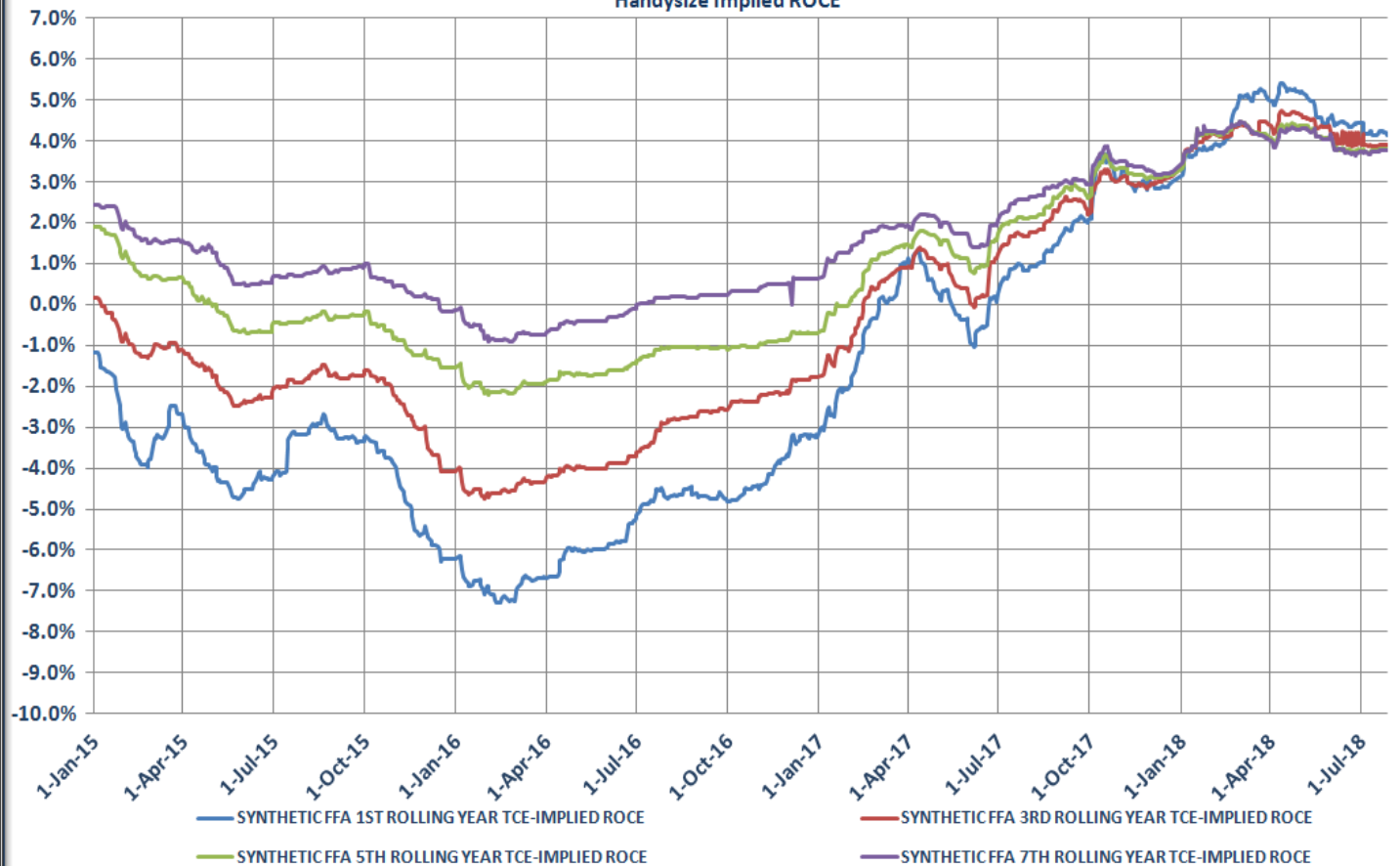
Capesize first rolling year implied ROCE moved up to 6.4% this week, while at the same time the returns of Panamax turned to the opposite direction, concluding at 5.2%. Geared segments implied ROCEs trended sideways, with Supramax concluding at 6.5% and Handy at 4.2%.



Supramax Implied ROCE



Handysize Implied ROCE



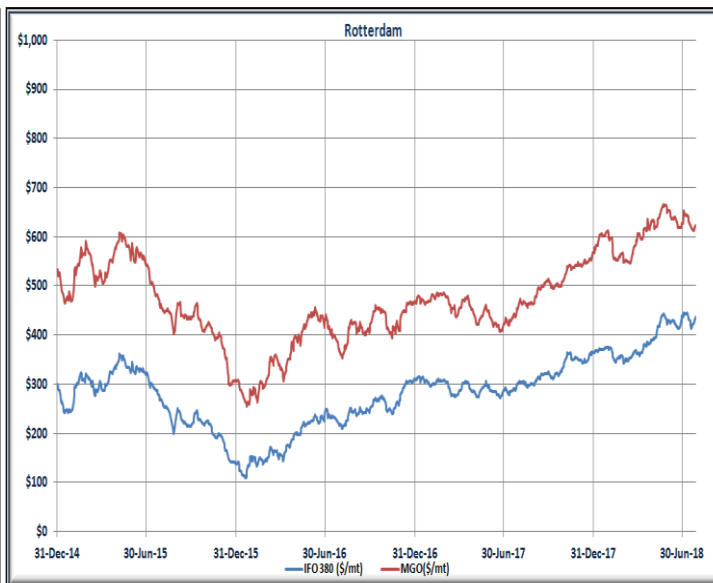
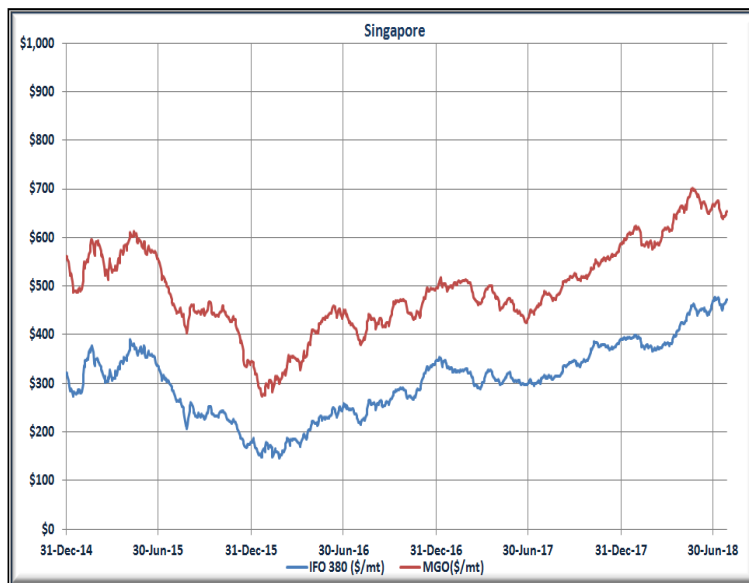
| BFA Cape 5TC | | | | | | | | | |
|--------------|-----------|----------|-----------|----------|----------|----------|----------|----------|----------|
| Date | July (18) | Aug (18) | Sept (18) | Q3 (18) | Q4 (18) | Q1 (19) | Cal 19 | Cal 24 | Cal 25 |
| 23-Jul-18 | \$23,810 | \$22,810 | \$23,510 | \$23,377 | \$24,510 | \$14,090 | \$19,308 | \$15,390 | \$15,400 |
| 24-Jul-18 | \$24,220 | \$23,730 | \$23,920 | \$23,957 | \$24,720 | \$14,150 | \$19,333 | \$15,400 | \$15,410 |
| 25-Jul-18 | \$23,930 | \$22,880 | \$23,320 | \$23,376 | \$24,250 | \$13,910 | \$19,240 | \$15,390 | \$15,400 |
| 26-Jul-18 | \$23,880 | \$22,400 | \$23,220 | \$23,167 | \$24,230 | \$13,870 | \$19,233 | \$15,404 | \$15,414 |
| 27-Jul-18 | \$23,810 | \$23,100 | \$24,220 | \$23,710 | \$24,610 | \$14,000 | \$19,283 | \$15,440 | \$15,440 |
| Week High | \$24,220 | \$23,730 | \$24,220 | \$23,957 | \$24,720 | \$14,150 | \$19,333 | \$15,440 | \$15,440 |
| Week Low | \$23,810 | \$22,400 | \$23,220 | \$23,167 | \$24,230 | \$13,870 | \$19,233 | \$15,390 | \$15,400 |
| Week Avg | \$23,930 | \$22,984 | \$23,638 | \$23,517 | \$24,464 | \$14,004 | \$19,279 | \$15,405 | \$15,413 |

| BFA Panamax 4TC | | | | | | | | | |
|-----------------|-----------|----------|-----------|----------|----------|----------|----------|---------|---------|
| Date | July (18) | Aug (18) | Sept (18) | Q3 (18) | Q4 (18) | Q1 (19) | Cal 19 | Cal 24 | Cal 25 |
| 23-Jul-18 | \$11,880 | \$12,595 | \$12,655 | \$12,377 | \$12,630 | \$11,610 | \$12,436 | \$9,760 | \$9,730 |
| 24-Jul-18 | \$11,860 | \$12,425 | \$12,435 | \$12,240 | \$12,415 | \$11,430 | \$12,320 | \$9,740 | \$9,720 |
| 25-Jul-18 | \$11,870 | \$12,380 | \$12,380 | \$12,210 | \$12,340 | \$11,420 | \$12,293 | \$9,730 | \$9,720 |
| 26-Jul-18 | \$11,850 | \$12,150 | \$12,145 | \$12,048 | \$12,175 | \$11,340 | \$12,271 | \$9,740 | \$9,720 |
| 27-Jul-18 | \$11,850 | \$12,245 | \$12,245 | \$12,113 | \$12,300 | \$11,440 | \$12,354 | \$9,740 | \$9,720 |
| Week High | \$11,880 | \$12,595 | \$12,655 | \$12,377 | \$12,630 | \$11,610 | \$12,436 | \$9,760 | \$9,730 |
| Week Low | \$11,850 | \$12,150 | \$12,145 | \$12,048 | \$12,175 | \$11,340 | \$12,271 | \$9,730 | \$9,720 |
| Week Avg | \$11,862 | \$12,359 | \$12,372 | \$12,198 | \$12,372 | \$11,448 | \$12,335 | \$9,742 | \$9,722 |

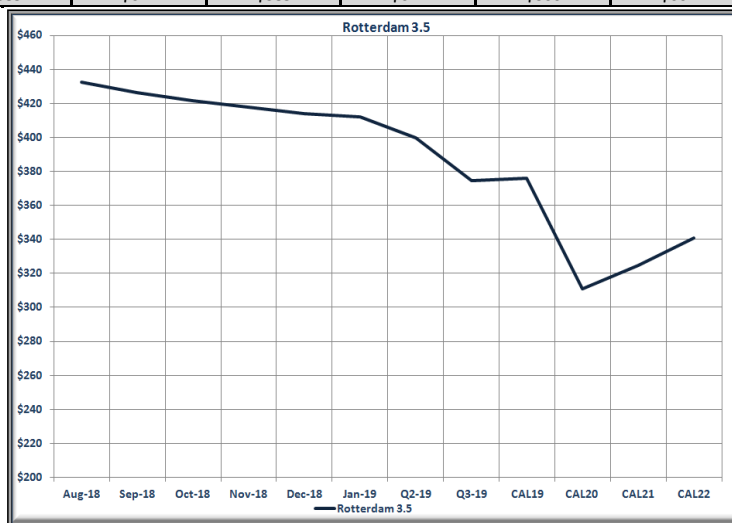
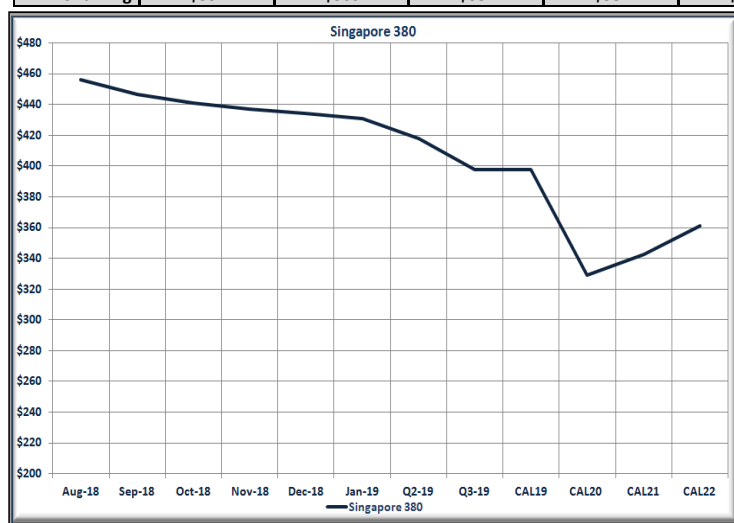
| BFA Supra 5TC | | | | | | | | | |
|---------------|-----------|----------|-----------|----------|----------|----------|----------|----------|----------|
| Date | July (18) | Aug (18) | Sept (18) | Q3 (18) | Q4 (18) | Q1 (19) | Cal 19 | Cal 24 | Cal 25 |
| 23-Jul-18 | \$11,100 | \$12,230 | \$12,510 | \$11,947 | \$12,660 | \$11,180 | \$12,260 | \$10,050 | \$10,050 |
| 24-Jul-18 | \$11,100 | \$12,010 | \$12,310 | \$11,807 | \$12,560 | \$11,130 | \$12,220 | \$10,060 | \$10,060 |
| 25-Jul-18 | \$11,110 | \$12,030 | \$12,159 | \$11,766 | \$12,559 | \$11,120 | \$12,240 | \$10,060 | \$10,060 |
| 26-Jul-18 | \$11,070 | \$11,920 | \$12,220 | \$11,737 | \$12,480 | \$11,100 | \$12,210 | \$10,060 | \$10,060 |
| 27-Jul-18 | \$11,010 | \$11,965 | \$12,205 | \$11,727 | \$12,510 | \$11,110 | \$12,210 | \$10,060 | \$10,060 |
| Week High | \$11,110 | \$12,230 | \$12,510 | \$11,947 | \$12,660 | \$11,180 | \$12,260 | \$10,060 | \$10,060 |
| Week Low | \$11,010 | \$11,920 | \$12,159 | \$11,727 | \$12,480 | \$11,100 | \$12,210 | \$10,050 | \$10,050 |
| Week Avg | \$11,078 | \$12,031 | \$12,281 | \$11,797 | \$12,554 | \$11,128 | \$12,228 | \$10,058 | \$10,058 |

| BFA Handysize TC | | | | | | | | | |
|------------------|-----------|----------|-----------|---------|---------|---------|---------|---------|---------|
| Date | July (18) | Aug (18) | Sept (18) | Q3 (18) | Q4 (18) | Q1 (19) | Cal 19 | Cal 24 | Cal 25 |
| 23-Jul-18 | \$8,275 | \$9,288 | \$9,713 | \$9,092 | \$9,888 | \$8,988 | \$9,263 | \$9,150 | \$9,138 |
| 24-Jul-18 | \$8,275 | \$9,275 | \$9,700 | \$9,083 | \$9,875 | \$8,975 | \$9,263 | \$9,150 | \$9,138 |
| 25-Jul-18 | \$8,275 | \$9,275 | \$9,700 | \$9,083 | \$9,875 | \$8,975 | \$9,263 | \$9,150 | \$9,138 |
| 26-Jul-18 | \$8,275 | \$9,275 | \$9,700 | \$9,083 | \$9,875 | \$8,975 | \$9,263 | \$9,150 | \$9,138 |
| 27-Jul-18 | \$8,263 | \$9,150 | \$9,650 | \$9,021 | \$9,825 | \$8,963 | \$9,263 | \$9,150 | \$9,138 |
| Week High | \$8,275 | \$9,288 | \$9,713 | \$9,092 | \$9,888 | \$8,988 | \$9,263 | \$9,150 | \$9,138 |
| Week Low | \$8,263 | \$9,150 | \$9,650 | \$9,021 | \$9,825 | \$8,963 | \$9,263 | \$9,150 | \$9,138 |
| Week Avg | \$8,273 | \$9,253 | \$9,693 | \$9,072 | \$9,868 | \$8,975 | \$9,263 | \$9,150 | \$9,138 |

Bunker Market



| | Rotterdam | | Singapore | | Fujairah | | Gibraltar | | Houston | |
|---------------|-----------|-------|-----------|-------|----------|-------|-----------|-------|---------|-------|
| Date (\$/mt) | IFO 380 | MGO | IFO 380 | MGO | IFO 380 | MGO | IFO 380 | MGO | IFO 380 | MGO |
| 23-Jul-18 | \$424 | \$613 | \$464 | \$644 | \$453 | \$710 | \$450 | \$675 | \$438 | \$663 |
| 24-Jul-18 | \$429 | \$617 | \$466 | \$645 | \$451 | \$710 | \$454 | \$679 | \$447 | \$670 |
| 25-Jul-18 | \$430 | \$620 | \$468 | \$648 | \$454 | \$708 | \$457 | \$683 | \$453 | \$676 |
| 26-Jul-18 | \$434 | \$620 | \$471 | \$651 | \$458 | \$713 | \$460 | \$690 | \$452 | \$686 |
| 27-Jul-18 | \$436 | \$622 | \$472 | \$653 | \$460 | \$715 | \$462 | \$692 | \$453 | \$688 |
| 12-month High | \$446 | \$665 | \$478 | \$701 | \$476 | \$739 | \$477 | \$738 | \$462 | \$698 |
| 12-month Low | \$294 | \$456 | \$308 | \$470 | \$310 | \$540 | \$312 | \$495 | \$290 | \$483 |
| 12-month Avg | \$364 | \$566 | \$387 | \$587 | \$385 | \$644 | \$385 | \$614 | \$366 | \$601 |



| Singapore | 27-Jul-18 | Week max | Week low | Week Avg | RTDM 3.5 | 27-Jul-18 | Week max | Week low | Week Avg |
|-----------|-----------|----------|----------|----------|----------|-----------|----------|----------|----------|
| Aug-18 | \$456.0 | \$456.0 | \$439.3 | \$447.6 | Aug-18 | \$432.7 | \$432.7 | \$416.5 | \$424.9 |
| Sep-18 | \$446.5 | \$446.5 | \$430.3 | \$438.9 | Sep-18 | \$426.2 | \$426.2 | \$410.3 | \$418.9 |
| Oct-18 | \$441.0 | \$441.0 | \$424.8 | \$433.8 | Oct-18 | \$421.5 | \$421.5 | \$405.8 | \$414.4 |
| Nov-18 | \$437.2 | \$437.2 | \$421.5 | \$430.4 | Nov-18 | \$417.7 | \$417.7 | \$401.8 | \$410.6 |
| Dec-18 | \$434.5 | \$434.5 | \$418.3 | \$427.4 | Dec-18 | \$414.2 | \$414.2 | \$398.3 | \$407.1 |
| Jan-19 | \$430.7 | \$430.7 | \$414.8 | \$424.2 | Jan-19 | \$412.0 | \$412.0 | \$395.8 | \$405.0 |
| Q4-18 | \$437.6 | \$437.6 | \$421.5 | \$430.5 | Q4-18 | \$417.8 | \$417.8 | \$401.9 | \$410.7 |
| Q1-19 | \$427.4 | \$427.4 | \$411.7 | \$420.8 | Q1-19 | \$409.1 | \$409.1 | \$393.2 | \$401.9 |
| Q2-19 | \$418.1 | \$418.1 | \$401.2 | \$411.2 | Q2-19 | \$399.6 | \$399.6 | \$382.7 | \$392.0 |
| Q3-19 | \$397.9 | \$397.9 | \$380.2 | \$390.4 | Q3-19 | \$374.6 | \$374.6 | \$357.4 | \$367.0 |
| CAL19 | \$397.9 | \$398.2 | \$378.0 | \$388.9 | CAL19 | \$375.9 | \$376.2 | \$356.3 | \$366.9 |
| CAL20 | \$328.9 | \$329.2 | \$306.0 | \$319.3 | CAL20 | \$310.9 | \$311.2 | \$293.5 | \$303.3 |
| CAL21 | \$342.9 | \$343.2 | \$323.3 | \$333.9 | CAL21 | \$324.9 | \$325.2 | \$307.5 | \$317.3 |
| CAL22 | \$360.9 | \$361.2 | \$341.3 | \$351.9 | CAL22 | \$340.9 | \$341.2 | \$323.5 | \$333.3 |

Dry Bulk S&P Market

Up to now, 2018 have seen healthy levels of activity in the secondhand market, with the Supramax sector attracting circa 34% of the total. Second and third more active sectors were Panamaxes and Handies with 27.5% and 23% respectively, whilst Capesizes were limited to 11%. On the newbuilding front, Chinese yards have doubled their newbuilding orders to 22.7m dwt in the first six months of the year. In reference to the indicative prices, nothing has materially changed during the last week in the S&P market, with both newbuilding and secondhand tonnage remained at their "last dones". Thus, Tobin's Q ratios trended sideways during the 30th week of the year.

In our secondhand to age-adjusted newbuilding comparison, the market for five-year-old Capesizes and same-aged Panamaxes balanced at just 6% and 14% off their adjusted newbuilding prices respectively. Five-year-old Supramaxes are on the market at 13% less than their newbuilding price, if we compare them on the same age basis, whereas same-aged Handies at a smaller discount of 10%.

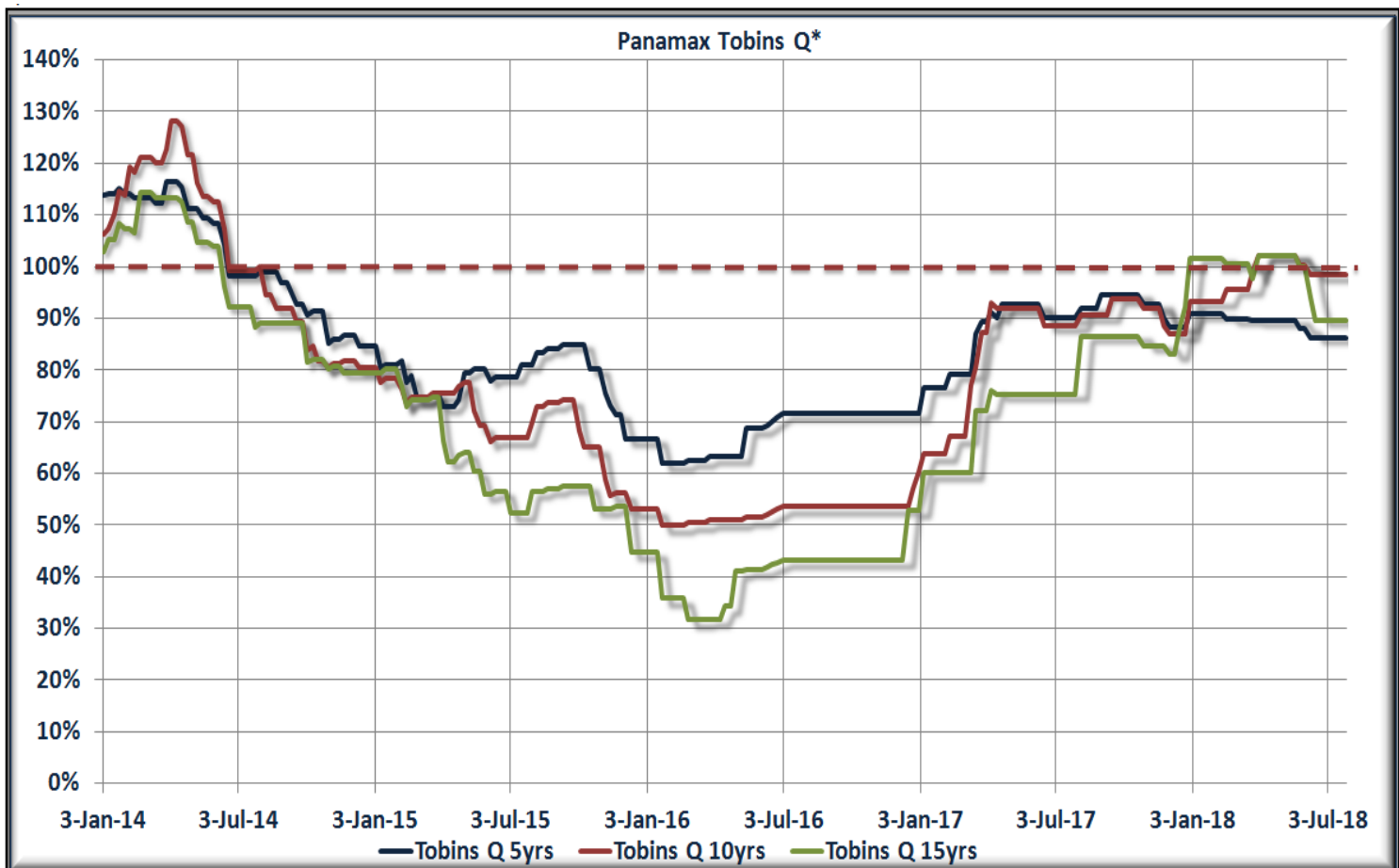
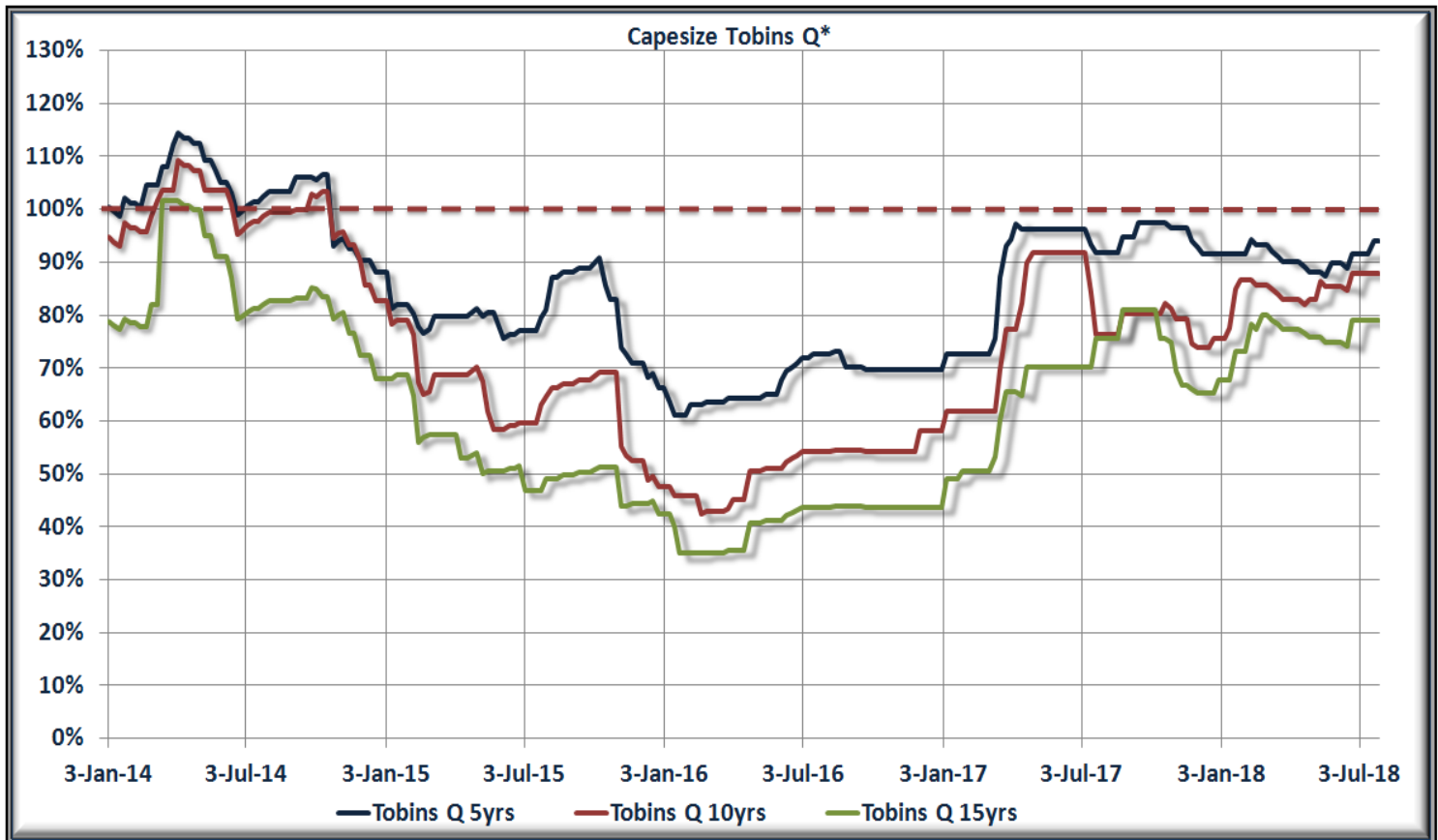
| Indicative Fifteen-Year-Old Prices | | | | |
|------------------------------------|-------------------|-----------------|------------------|-------------------|
| Date / \$ mil. | Capesize 170K DWT | Panamax 73K DWT | Handymax 52K DWT | Handysize 28K DWT |
| 27-Jul-2018 | 16.50 | 10.50 | 10.00 | 6.50 |
| 27-Jul-2017 | 14.00 | 8.00 | 7.50 | 5.00 |
| 27-Jul-2016 | 8.00 | 4.50 | 4.25 | 4.00 |
| Δ % Y-o-Y | 17.9% | 31.3% | 33.3% | 30.0% |
| Δ % 2018-2016 | 106.3% | 133.3% | 135.3% | 62.5% |

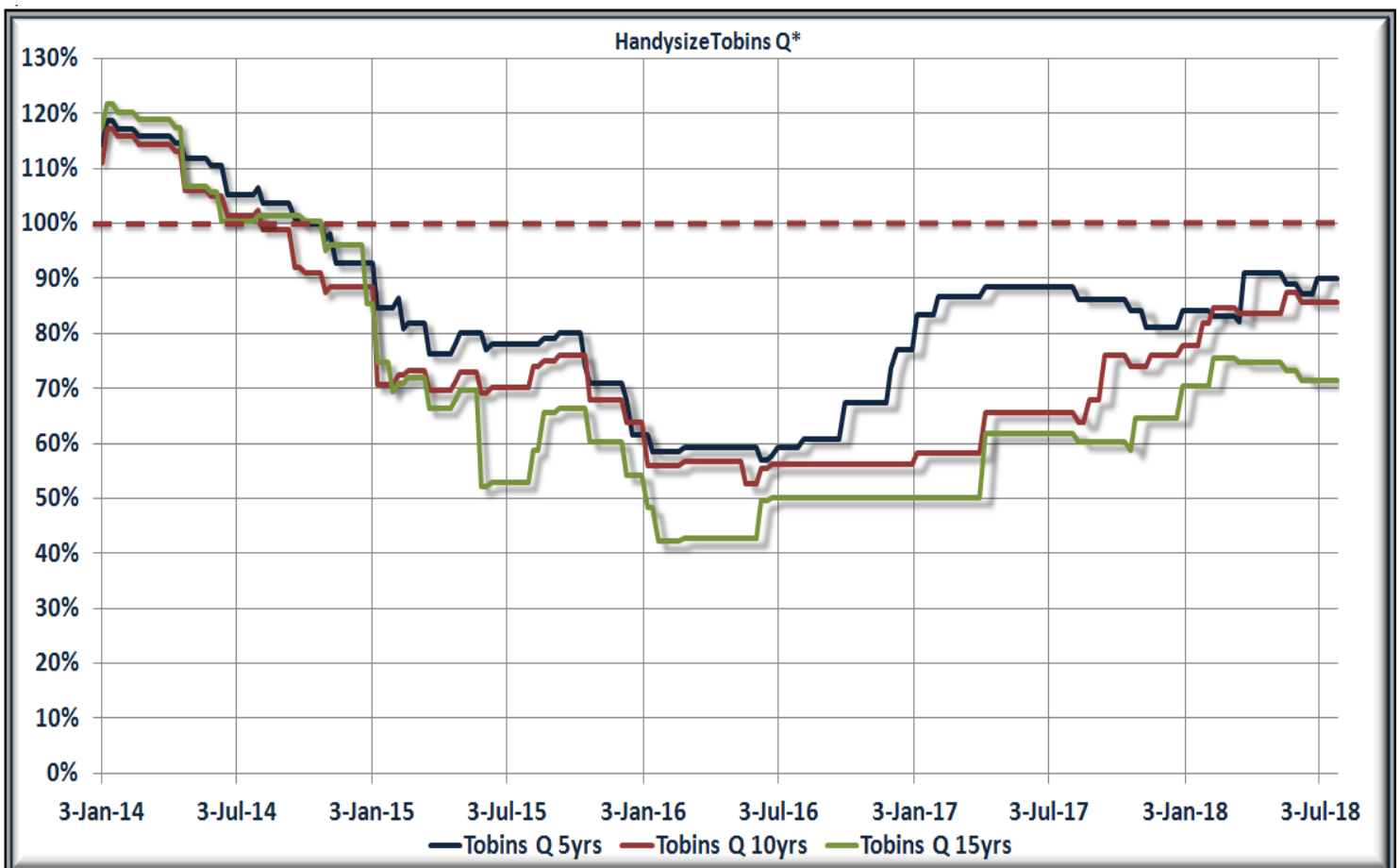
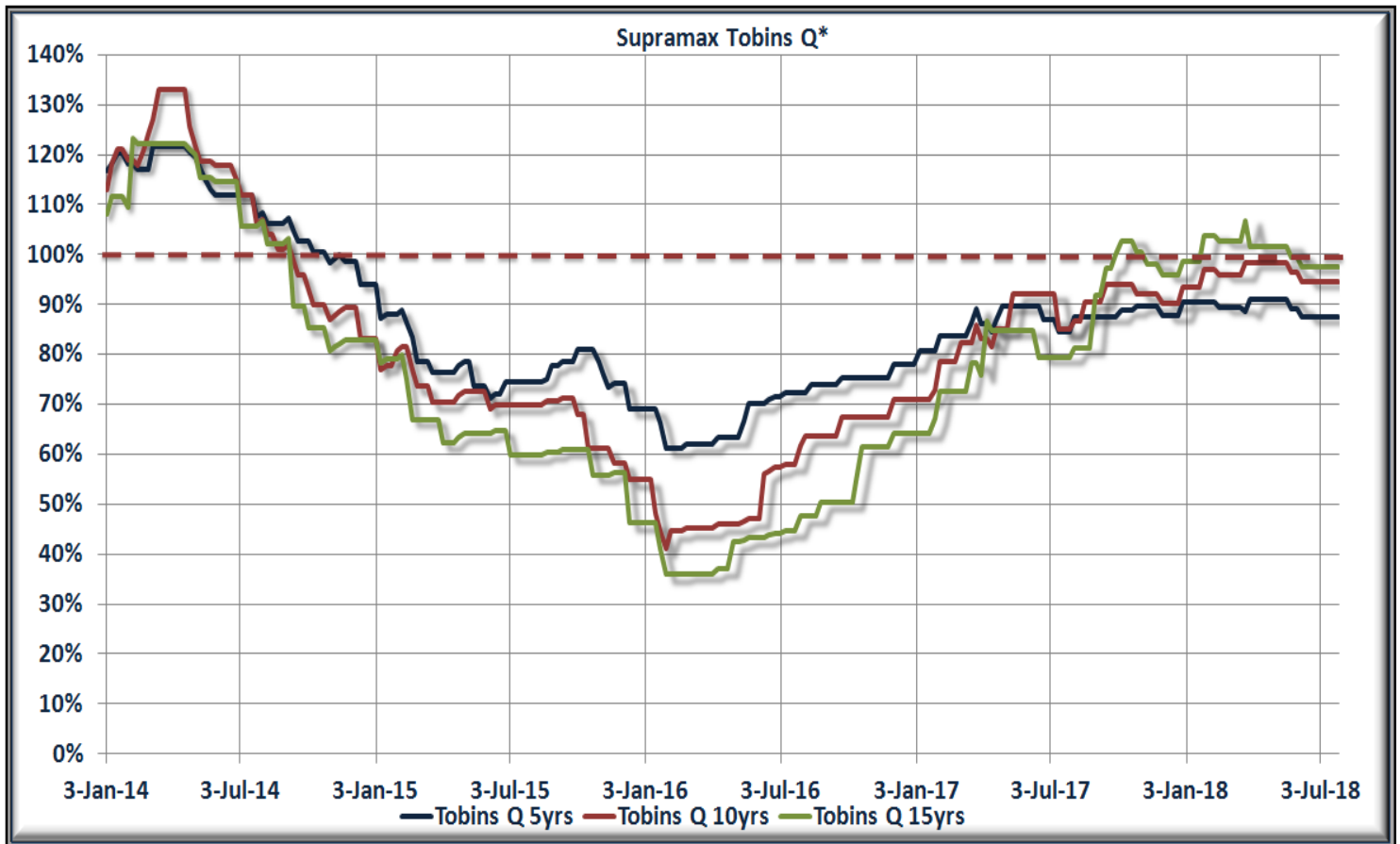
| Reported Recent S&P Activity | | | | | | |
|------------------------------|---------|-------|----------------------------|--------------|----------------|-----------------|
| Vessel Name | DWT | Built | Yard/Country | Price \$Mil. | Buyer | Comments |
| YZJ2015 | 180,000 | 2020 | Yangzijiang/China | 50.5 | Undisclosed | |
| Malena | 180,377 | 2016 | Hanjin HI/S.Korea | 49 | Genco | part of en bloc |
| NSS Fortune | 184,872 | 2003 | Mitsui/Japan | mid 15 | Undisclosed | |
| Trade Prosperity | 82,086 | 2016 | Yangzijiang/China | 24.5 | Undisclosed | |
| Rena | 81,700 | 2011 | STX/S. Korea | mid-high 18 | Undisclosed | auction sale |
| BBG Ambition | 82,108 | 2009 | Tsuneishi Zhoushan/China | low-mid 17 | Greek Buyers | |
| F.D.Vittorio Raiola | 76,619 | 2010 | Shin Kasado/Japan | mid-high 17 | Undisclosed | |
| Lady Maria Ocean | 76,596 | 2007 | Imabari/Japan | 13.1 | Undisclosed | |
| Dubai Star | 75,202 | 2001 | Hyundai/S.Korea | low 9 | Chinese Buyers | |
| SBI Echo | 61,258 | 2015 | Imabari/Japan | 19 | Undisclosed | Incl. 5-yr BBB |
| Bao Tong | 63,800 | 2014 | Chengxi/China | 21.3 | Undisclosed | C 4x36 |
| Bulk Power | 57,005 | 2010 | Zhoushan/China | 11.5 | Chinese Buyers | C 4x30 |
| Amber Beverly | 53,177 | 2011 | Chengxi/China | 12 | Undisclosed | C 4x36 |
| Tschaikowsky | 58,790 | 2008 | Tsuneishi Cebu/Philippines | 14 | Undisclosed | C 4x30 |
| Aquarius Ocean | 53,478 | 2005 | Imabari/Japan | 9.8 | Greek Buyers | C 4x30.5 |
| Anna | 52,466 | 2002 | Sanoyas/Japan | 9 | Chinese Buyers | C 4x30 |
| Christina L | 50,380 | 2003 | Jiangnan/China | 8 | Chinese Buyers | C 4x30 |
| Tamarita | 52,292 | 2001 | Tsuneishi Cebu/Philippines | 8.5 | Chinese Buyers | C 4x30 |
| Maple Glory | 32,491 | 2011 | Taizhou Maple/China | 10 | Undisclosed | C 4x30.5 |
| Tequila Sunrise | 31,612 | 2009 | Saiki/Japan | mid 11 | Undisclosed | C 4x30 |
| Sider Dream | 33,588 | 2005 | Hakodate/Japan | 9.5 | Undisclosed | C 4x30 |
| Oriente Shine | 31,820 | 2001 | Hakodate/Japan | 7.2 | Chinese Buyers | C 4x30 |
| Genco Progress | 29,952 | 1999 | Oshima/Japan | 5.6 | Undisclosed | C 4x30 |
| Chikusa | 17,366 | 2006 | Kurinoura/Japan | 6.5 | Undisclosed | C 3x25 |

| Tobin's Q* Capesize-Panamax | | | | | | |
|-----------------------------|---------------|----------------|----------------|--------------|---------------|---------------|
| Date | Capesize 5yrs | Capesize 10yrs | Capesize 15yrs | Panamax 5yrs | Panamax 10yrs | Panamax 15yrs |
| Current ratio | 94% | 88% | 79% | 86% | 98% | 90% |
| 12months High | 98% | 88% | 81% | 95% | 102% | 102% |
| 12months Low | 87% | 74% | 65% | 86% | 87% | 83% |
| 12months Avg | 93% | 82% | 75% | 90% | 95% | 93% |

| Tobin's Q* Supramax-Handysize | | | | | | |
|-------------------------------|---------------|----------------|----------------|----------------|-----------------|-----------------|
| Date | Supramax 5yrs | Supramax 10yrs | Supramax 15yrs | Handysize 5yrs | Handysize 10yrs | Handysize 15yrs |
| Current ratio | 87% | 94% | 98% | 90% | 86% | 72% |
| 12months High | 91% | 98% | 107% | 91% | 87% | 76% |
| 12months Low | 87% | 87% | 81% | 81% | 64% | 59% |
| 12months Avg | 89% | 94% | 98% | 86% | 79% | 69% |

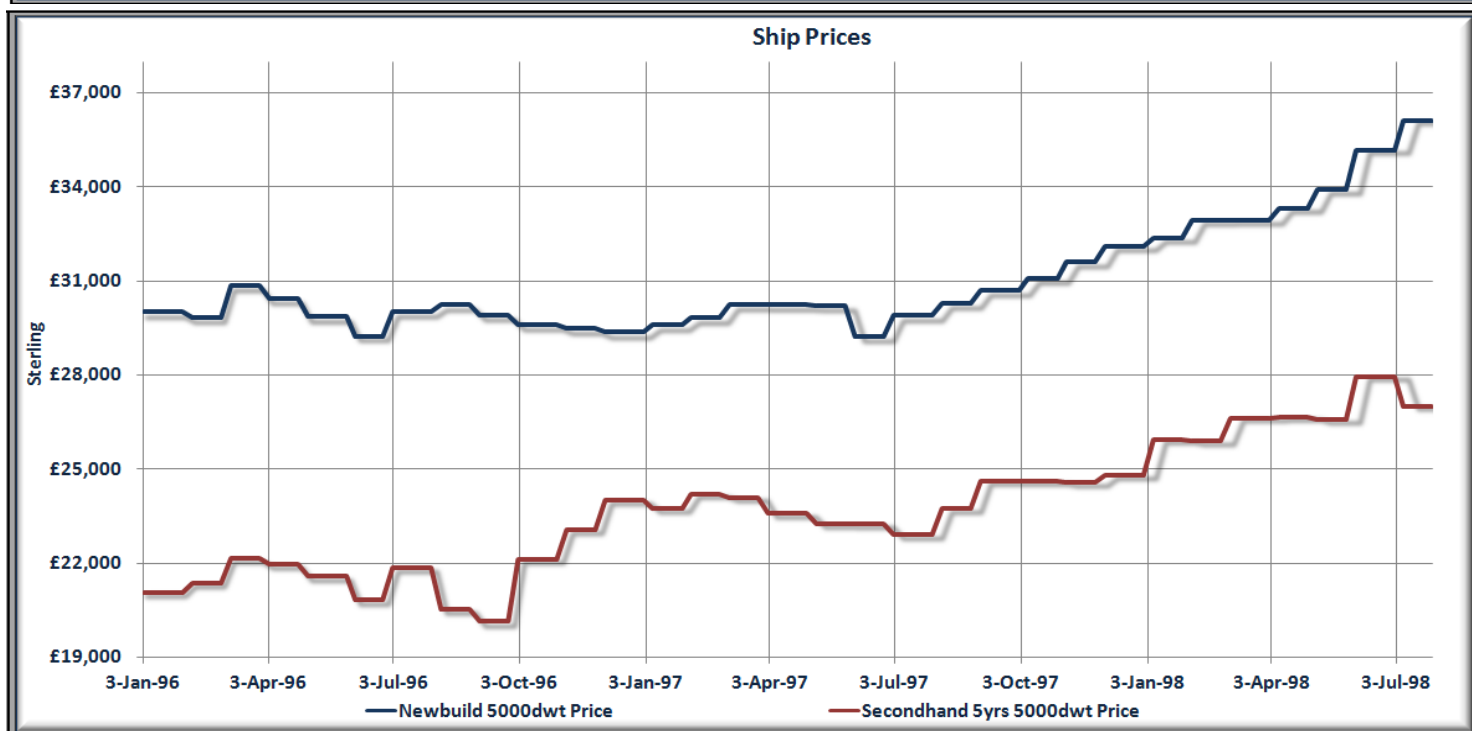
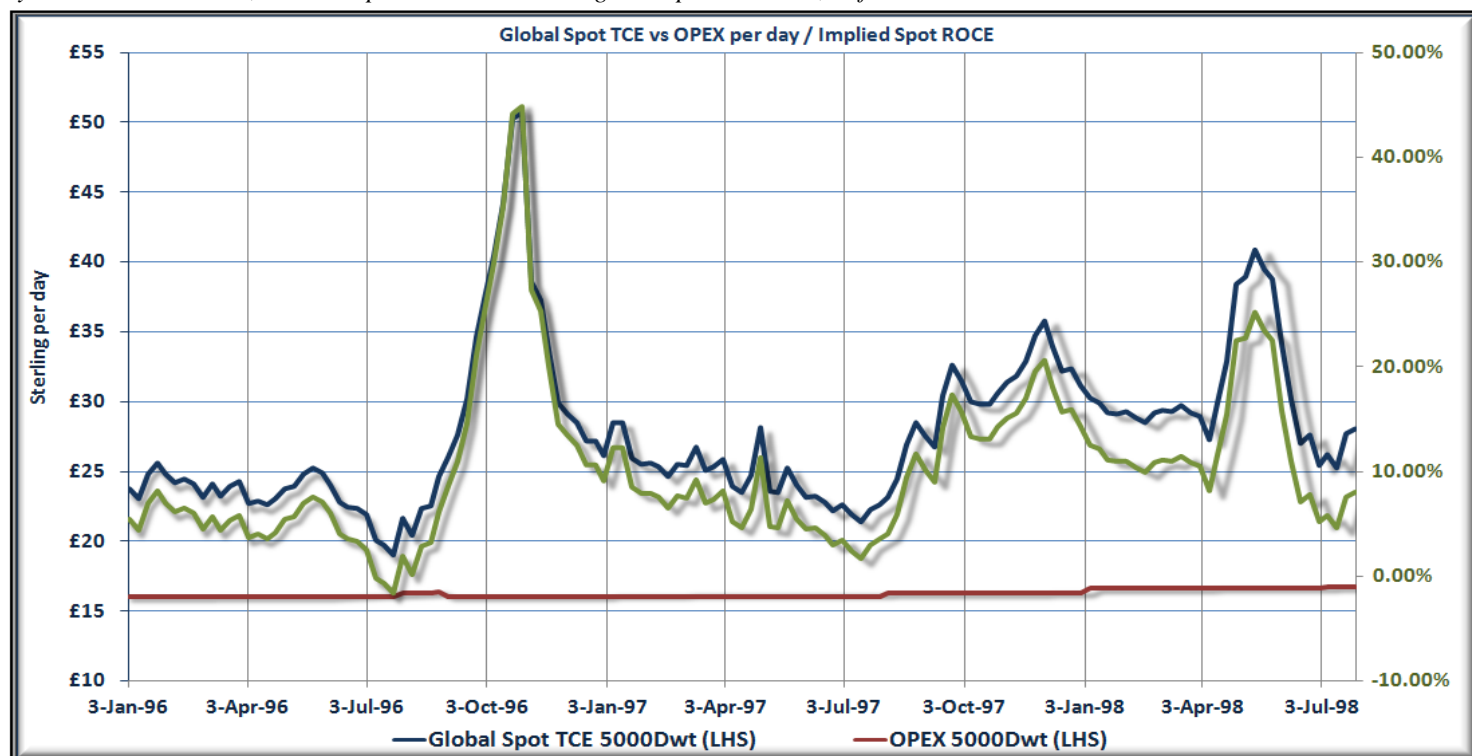
*Tobin's Q represents the ratio between the market value and replacement value of a physical asset, with numerator and denominator adjusted to same age basis. According to economic theory, this ratio should be mean reverting towards 1 or 100%, for assets that do not face technological obsolescence.





Market Insight 120 years ago

By: Michalis Voutsinas, Doric Shipbrokers S.A. and Angela Papanastasiou, Tufton Oceanic Ltd.



| Weekly Spot Market | Current week | Previous week | Jun-98 | May-98 | Apr-98 |
|--------------------|--------------|---------------|--------|--------|--------|
| Implied Spot Roce | 8.1% | 7.7% | 9.5% | 23.6% | 14.5% |
| Global Spot TCE | £27.98 | £27.56 | £28.76 | £39.41 | £32.06 |
| BlackSea Round | £27.17 | £26.91 | £27.37 | £38.95 | £31.97 |
| East Round | £34.14 | £35.60 | £38.62 | £51.20 | £41.53 |
| Med Round | £26.66 | £25.60 | £26.51 | £34.42 | £28.54 |
| US Round | £30.90 | £32.03 | £35.54 | £47.59 | £35.13 |
| River Plate Round | £29.44 | £23.00 | £30.71 | £44.81 | £32.07 |

| S&P Market (5,000dwt) | Current week | Previous week | Jun-98 | May-98 | Apr-98 |
|-----------------------|--------------|---------------|---------|---------|---------|
| NB | £36,104 | £36,104 | £35,167 | £33,892 | £33,317 |
| SH 5yrs old | £27,034 | £27,034 | £27,962 | £26,587 | £26,677 |
| SH 10yrs old | £20,727 | £20,727 | £21,630 | £20,376 | £20,476 |
| SH 15yrs old | £15,562 | £15,562 | £16,558 | £15,275 | £15,400 |

*1 Sterling = 20Shillings, 50% of the World Fleet under British Ownership, Size Categories: "Small"=below 2,500dwt, "Handy"= 2,500-4,000dwt, "Large"=5,000dwt, "Very Large"= 6,000dwt, "Ultra Large"=above 6,000dwt, Assumptions for a 5,000dwt Benchmark Ship: Voyage Speed=9knots, Fuel Consumption 17.75tonnes of coal/day

History does not repeat itself but it does rhyme...

The demand is hardly proportionate to the available supply, so that owners will have to act diplomatically and avoid if possible having too many boats ordered up to Constantinople unfixed home. For later loading, the demand continues good, but fixing ahead is only going on to a very limited extent. In this context, the average returns on capital employed in shipping during this week (28-July-1898) reported marginal gains, ending at 8.1%.

Owners who are contemplating forward fixing should not lose sight of the important fact that their boats now loading, or about sailing out for the Mediterranean ports, have only a poor outward freight to start on; certainly about 1s to 1s 6d per tonne higher than the lowest on record, but on the other hand about 3s 6d per tonne lower than the best rates paid this year, which viewed in conjunction with the extra cost of bunkers (coming up to 1s per tonne freight) equals a drop of about 4s 6d per tonne. Consequently, taking the homeward obtainable rates for distant loading in combination with the outward business, it will be found that quotations offer no inducement for even the most reckless fixers ahead. Taking everything into account, the Welsh coal strike, the extra cost of bunkers and the enormously increased value of tonnage, it seems clear that owners' policy should be to a great extent one of "hand to mouth". Looking forward, the prospects are that freights will have to ascend to an all-around higher level. The point of the increased value of tonnage in regard to the freight market is more important than it appears on the surface, for with enormous Government orders in hand and now being given out – sufficient to keep the large shipbuilding and engineering firms in full swing for the next eighteen months or more – it is certain that the cost of production of liner and tramp tonnage must still further increase. Even now the rise that has been steadily going on since 1896 represents about 20 to 22.5 cents and on this greatly increased cost of production shipowners must be made to pay. Until quite recently, owners have been accustomed to write down their boats year by year to an extent not only covering actual depreciation but also the decline in market value, until such values have become so small that even a trifling trading profit would suffice to pay a dividend on them. This all tends to the demoralization of the freight market, as if freights were insufficiently good to enable owners to distribute a profit on the original values of their boats or somewhere near approaching same, they would not be justified in keeping them running on what would constitute a losing basis. Laying up would then have to ensue or a rise in freights would have to take place. Now that the market value of tonnage is increasing more than commensurately with the actual depreciation, owners should cohesively demand an adequate return upon their capital.

A boat that about two years ago would have cost £28,000 could not today be contracted for under about £35,000; therefore in regard to the insurance alone it would cost about £500 per annum more to keep the dearer boat insured, while calculating 10 per cent only on the increased capital to cover, say, 5 per cent interest plus 5 per cent for actual depreciation, this means another £700, making it imperative that the revenue should be increased to the extent of £1,200 per annum. This £1,200 must be got by bringing up the freight market to a more remunerative level, and even those owners who have boats running purchased at bottom prices should also demand a profit on the appreciated values of their property, otherwise they lose to a great extent the advantage of having cheap tonnage.

The US cotton charterers are still "looking on", as they cannot get owners to even start negotiations anywhere near the level of their quotations. There will be plenty of American business doing later on, independently of cotton. As far as the war is concerned, this will ultimately result in the US doing a larger business than hitherto to the advantage of shipowners, for the trade will be stimulated with Cuba and the Philippines by the removal of the absurd and burdensome restrictions that have for generations prevailed.

In the spot arena, Black Sea rates for prompt loading are not so strong, as owners have allowed tonnage to accumulate too much towards and at Constantinople. As soon as these boats have been disposed of the market should again rally, without much fear of a retrograde movement taking place for the next month or two. Mediterranean business is fairly active. From Smyrna to UK 10s to 10s 3d is offering and from the Syrian Coast possibly 11s 9d to 12s could be got for barley. There is not much change to report in the American market. Berth grain rates from the Northern range to UK/Cont. are 2s 6d per quarter and for August 2s 8d. The Eastern market is quiet. From Bombay, the most obtainable for August loading to UK/Cont. is 17s 6d and from Kurrachee 18s per tonne. River Plate business has been more active, with several boats having been fixed from Up River at 15s 6d.

On the S&P front, both the newbuilding and the secondhand market remained stable at previously reported levels. A typical newbuilding 5,000dwt British-build steamer is currently at the market for £36,100, or up 20.8% on a yearly basis, whereas a ten-year old of the same dwt and specification at £20,700, or 21.8% Y-o-Y.