

General Comments

August is generally a summer month which gives an indication of what we can expect for the remainder for the year and things are looking more positive.

The order book for Cal18 is growing a bit, but it still remains significantly lower than 2016/2017. We had 48 Million MT deliver in 2016 and now expect 38 Mill in 2017 and possibly as low as 28 Million in 2018 - meaning a net increase of around 2 % each year in 2017/2018, depending on scrapping.

Global trade growth however looks to be a decent 3.5 % this year and 2.5-3% next year.

Hurricane Harvey hit the USA and in terms of damage and rebuilding things are still unclear however there are fears it could be the worst storm to hit the USA mainland since Katrina in 2005. The resultant annual cement imports to USA peaked in 2006/2007 at around 24.5mt before bottoming out in 2011. The subsequent decline in USA cement production capacity and the current high utilisation rates, as the construction sector has rebounded, mean that any extra demand could only be met by imports (at least in the short term). Which of course would be good for the Supra/Ultra markets.

Trade Flow Update

Iron Ore - JSW Steel Ltd, India's biggest local steelmaker, aims to be producing 80 percent of the iron ore needed for its flagship plant in south India in three years time as it seeks to cut costs, a senior executive said.

The company expects to begin producing ore from mines it won in a recent auction in the southern state of Karnataka by March, at an annual run rate of 4.7 million tonnes, Deputy Managing Director Vinod Nowal said, adding that it was also planning to bid for more mines in an u ..

Grain - Looking towards Australia they have experiences a record dry July on top of a dry June has put pressure on struggling winter crops and pastures in New South Wales. During July, rainfall was below average across 71 per cent of the state.

Mr Ian McGowen, of the NSW Department of Primary Industries, said July was another record-breaking month with some areas of eastern and central NSW experiencing the driest July for 20 years, or the driest on record. "The problem is that we need good soaking rains, above average rainfall to really boost the season for many farmers but the long-range forecast is not showing that sort of rain," Mr McGowen said.

Coal – Coal, which powers around three-quarters of India's electricity, will continue to be the foremost energy source over the coming decades. By 2019, the government will explore 25% of the untapped 5,100 sq. km coal bearing area to ensure availability of more coal mining blocks. Coal India has to raise its production to 1 billion Mt by 2019-20, while Singareni Collieries Company Limited is seen increasing output to 80 million Mt by 2019 -20. Production from captive blocks has been targeted at 400 million Mt by 2020. It also suggested that India should, like China, take steps to cut use of low quality coals.

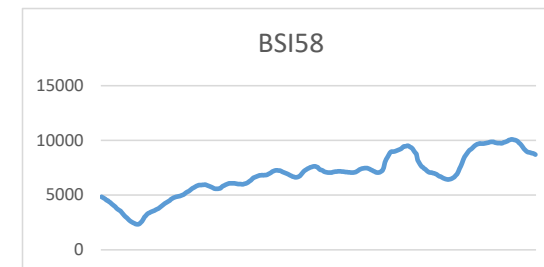
Steel - The potential shutdown of 50% of Hebei's steel production has reportedly fuelled the recent price rally. The province accounts for 23% of China's steel production and is the focus of temporary environmental closures this coming winter. Given the province's material share of total steel output and iron ore consumption, prices have rallied in anticipation of a supply shortage. Freight rates have consequently rallied 16% from US\$13/t to US\$15.2/t (Brazil -China), as steel mills reportedly restock ahead of the potential shutdowns.

Oil - Despite the huge uncertainties related to the two massive hurricanes that hit the U.S., the global oil market looks tighter t han it has in a long time, according to a new report from the International Energy Agency.

Global oil supply fell in August for the first time in four months, the IEA said, a result of a dip in OPEC's oil production, combined with refinery maintenance and sizable outages from Hurricane Harvey. World oil supply fell by 720,000 barrels per day (bpd) in August compared to July, a significant decline that will aid in the market's progress towards rebalancing.

Multiple outages contributed to the decline in global output. Hurricane Harvey resulted in U.S. oil production falling by 200,000 bpd in August—outages that occurred mostly in the Eagle Ford shale and offshore in the Gulf of Mexico. But OPEC also saw its collective output fall by 210,000 bpd in August, mainly from disruptions in Libya. The supply outages will go a long way toward adding some momentum to the rebalancing effort, even if some of them are only transitory.

Another notable issue, the IEA said, was that U.S. oil supply is quite a bit lower at this point than it expected, and not just because of Harvey. The agency singled out the fact that U.S. oil production actually declined in June from a month earlier, an unexpected development. That meant that the Harvey disruptions resulted in output declines from a lower-than-anticipated base.



FFA	Current	Last report
Short Period (Pac)	11000	9500
1 Year Period (Pac)	10000	9500
Q4 FFA	10800	9900
Q1 FFA	8800	8350
Cal' 18 FFA	9450	9050

Commodities	Current	Last Report
SoybeanMeal (CBOT)	US\$313/ton	US\$299/ton
Fuel Oil (Sing 380)	US\$330/ton	US\$316/ton
Coal (Newcastle)	US\$87/ton	US\$87/ton
Iron Ore (London)	US\$74/ton	US\$76/ton

Pool Performance	Pool	Index
Jan-17	8871	6823
Feb-17	7157	6917
Mar-17	6708	9173
Apr-17	8872	9400
May-17	9020	8267
Jun-17	7697	7557
Jul-17	7614	8349
Aug-17	8213	8556

Note all the above figures are net and the Pool result is based on a BSI vessel (Tess 58).

Detailed Supramax Analysis

In August, we saw a dramatic turnaround in the Pacific market, we saw a big push by the Nickel ore and coal. Aussie grain was quiet and not much activity on that front, however the cargoes there are still commanding USD 1,000-1,500 above a normal Aussie round. Steel exports have increased slightly however the majority being bhaul to the USGulf. China Coastal coal freight rate continued their increase from July and have stayed steady keeping the Chinese flagged vessels of the international market. The steel Bhaul market although it increased the rates have not staying around USD 2,500-3,500 per day. SE Asia Coal has increased considerably and we have seen a lot of activity in China and India should be starting up soon (post monsoon). The market is USD 11,000-12,000 dop Singapore. The India market is still commanding a premium of USD 1,500-1,750 to the SEAsia market. The NOPAC grain market is getting more and more busy and we can see the push its creating on the bigger sizes, TC rates are now at USD 9,500 ex Shanghai and similar to last month if you wish to book voyage you must discount USD 1,000 under the spot market.

Sand into Singapore is unchanged and remains a low paying cargo that is quick and positional.

India iron ore exports have started up again and with the iron ore price in mind we expect things to keep busy. Rbay is firm and levels are increasing steadily. Rates ex India finished the month at USD10,000 dop for trips to China or SAfrica back to India or China.

In the Atlantic, ECSA for August has continued its push and rates are now around USD 9,000 DOP WAfrica for trips within the Atlantic and for trips to Fareast USD 13250 + 325K BB APS. The US Gulf continues to stay volatile and the dips we see are short term. Rates are now at USD 20,000 fhaul market and the TA at USD 14,500-15,000. The USGulf period market has remained flat and the main driver continues to be operators with cargo on the books being squeezed to take numbers between USD 13,500-14,000 for redelivery wwide basis 4-6 months and USD 12,500 for redelivery Atlantic.

The Med has started to look more positive both in EMed and WMed for trips within Atlantic, and Fhauls have also started to increase with rates ex Black Sea fetching USD 17,000-18,000 ex canakkale and trips out of the Med and USD 9,000 to USA dop with 1 or 2 days ballast and USD 13,000 to WAfrica.

The Continent has eased with the summer holidays really setting in. Scrap is paying USD 9,000 for trips into the Med and Fhauls although very limited at USD 12,000. The Baltic RV is USD 7,000 but extremely limited.

Pool View Strategy and Positioning

In the month of July we have had 0.09 days off hire for the pool vessels however we did have some 15 days off hire on the thrid party vessels named the POSEIDON SW which is pres ently running for abt 4 to abt 8 months.

We are relatively balanced when looking at the two basins, the Pacific Ocean (11) and Atlantic (4) vessels and we have fixed 10 out on short/medium period. However we will receive 2/3 vessels back towards the end of September which we will focus on repositioning into the USGulfQ4 grain harvest.

The period market in August has increased again month on month and we have seen Ultramax fetching USD 10,750 - 11,000 for 9-12 months, the Atlantic basin is still comanding a premium of USD 11,500 for 8-13months. Period rates are around USD 9,500 - 10,000 in the Pacific(Tess58), provided you can grant the wide optionality that the Charterers require.

In August we have taken the Neptune Pioneer on period and we will continue to monitor the market and look for opportunities, we are still keen to lengthen a little more provided we get big spreads and flexibility on the cargo/trading. We are still overall long for 2017 and are happy with the position and will continue to take coverage when we see fit, especially now we are heading into Q4.

In respect of cargo we continue to focus on the nearby and at present only see merit in taking cargo unless they are niche trade or Bhaul trades.

In August we have not hedged any bunkers nor sold or bought any FFA.

Some cargoes booked in August:42010MT Cement from Eleusis to USEC, shipment 01/05 October 2017.

Tonnage fixed in for more than 2 legs in August:Neptune Pioneer, 2/3 llegs Chopt redel Spore/japan range.

Tonnage fixed out for more than 2 legs in August: N/A