

## Press Release



1 July 2009

For immediate release

### Significant change to Baltic Exchange Dry Index

In a move designed to help boost derivative trading, the Baltic Exchange will be implementing changes to the way in which the Baltic Exchange Dry Index (BDI) is calculated. As of 1 July 2009, the BDI will be calculated taking the timecharter components of the Baltic's capesize, panamax, supramax and handysize indices. Each vessel type's routes make up 25% of the BDI.

The BDI is published every working day at 1300 (London) and is based on professional shipbroker assessments. The index is a key independent barometer of the cost of transporting dry bulk commodities including iron ore, coal and grain by sea.

According to Baltic Exchange chief executive Jeremy Penn, the change is a significant one as it will enable financial market players to develop and trade derivative products on the index with greater ease and understanding.

"There has been considerable interest from the wider investment and commodity trading community in the BDI in recent years. Mutual funds, hedge funds and traders have an interest in exposure to dry bulk freight and may also wish to trade it in conjunction with shipping company equities. However, their interest is often in a more general exposure to dry freight rather than in the very specific existing liquid derivative contracts. By re-selecting the index so that it consists entirely of components which are already relatively liquid in the derivatives market, we believe we are making this process considerably easier. It will enable market-makers to offer pricing and hedge resultant positions easily."

Chairman of the Baltic's Freight Market Information Users Group (FMIUG) and senior freight manager at Hamburg based commodity house Alfred C. Toepfer International, Stefan Albertijn welcomed the move.

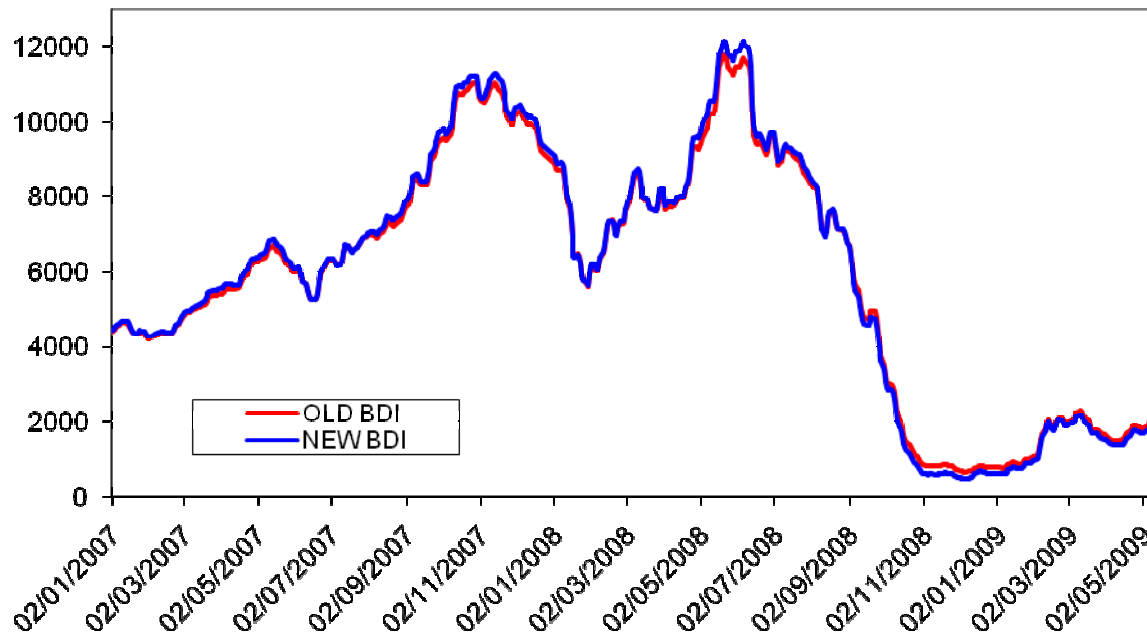
"We're pleased to see the Baltic Exchange implement yet another innovation in the freight market which will not only expand the reach of freight products to include retail investors, but at the same time will probably also boost trading volumes in the BDI's components which will benefit the existing freight derivatives community as well. The FMIUG is happy to see that the Baltic has an open ear to our needs and are looking forward to continue developing new products that address shipping community needs within the Baltic."

The BDI will now be made up by the average timecharter rate of each of the following components:

<b>Capesize (172,000 mt dwt) - 25%</b>	
C8_03	Gibraltar/Hamburg trans Atlantic round voyage
C9_03	Continent/Mediterranean trip Far East
C10_03	172000mt Pacific round voyage
C11_03	172000mt China/Japan trip Mediterranean/Cont
<b>Panamax (74,000 mt dwt) - 25%</b>	
P1A_03	Transatlantic RV
P2A_03	SKAW-GIB/Far East
P3A_03	Japan-SK/Pacific/round voyage
P4_03	Far East/NOPAC-AUST/SK-PASS
<b>Supramax (52,454 mt dwt) - 25%</b>	
S1A	Antwerp - Skaw Trip Far East
S1B	Canakkale Trip Far East
S2	Japan - SK / NOPAC or Australia round voyage
S3	Japan - SK Trip Gib - Skaw range
S4A	US Gulf - Skaw-Passero
S4B	Skaw-Passero - US Gulf
<b>Handysize (28,000 mt dwt) - 25%</b>	
HS1	Skaw - Passero trip Recalada - Rio de Janeiro
HS2	Skaw - Passero trip Boston – Galveston
HS3	Recalada – Rio de Janeiro trip Skaw – Passero.
HS4	US Gulf trip via US Gulf or NCSA to Skaw – Passero
HS5	SE Asia trip via Australia to Singapore – Japan
HS6	S Korea – Japan via NOPAC to Singapore-Japan

Backtesting of the reselected index against historical data suggests a correlation of 0.99978 so existing usage of the index for econometric and freight market analysis will not be significantly affected.

## OLD VS NEW BDI



Voyage rates, which are expressed as dollars per tonne of cargo loaded will be excluded from the index.

Under the new arrangements capesize routes C2 (Tubarao/Rotterdam), C3 (Tubarao/Qingdao), C4 (Richard's Bay/Rotterdam), C5 (W. Australia/Qingdao), C7 (Bolivar/Rotterdam) and C12 (Gladstone/Rotterdam) will no longer contribute to the calculation of the BDI. These routes will however continue to contribute to the calculation of the Baltic Exchange Capesize Index (BCI).

### ENDS

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### Notes to editors

#### The Baltic Exchange

The Baltic Exchange is the world's only independent source of maritime market information for the trading and settlement of physical and derivative contracts. Its international community of over 550 members encompasses the majority of world shipping interests and commits to a code of business conduct overseen by the Baltic.

Baltic Exchange members are responsible for a large proportion of all dry cargo and tanker fixtures as well as the sale and purchase of merchant vessels.

### **Baltic Exchange services**

- Independent, high quality dry, wet and gas freight market information
- Self-regulated chartering, sale and purchase and freight derivatives markets
- Central forum for competing freight market interests
- Framework ensuring high standards of business practice and co-operation
- London-based business facilities for members
- A collective voice for members worldwide

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