

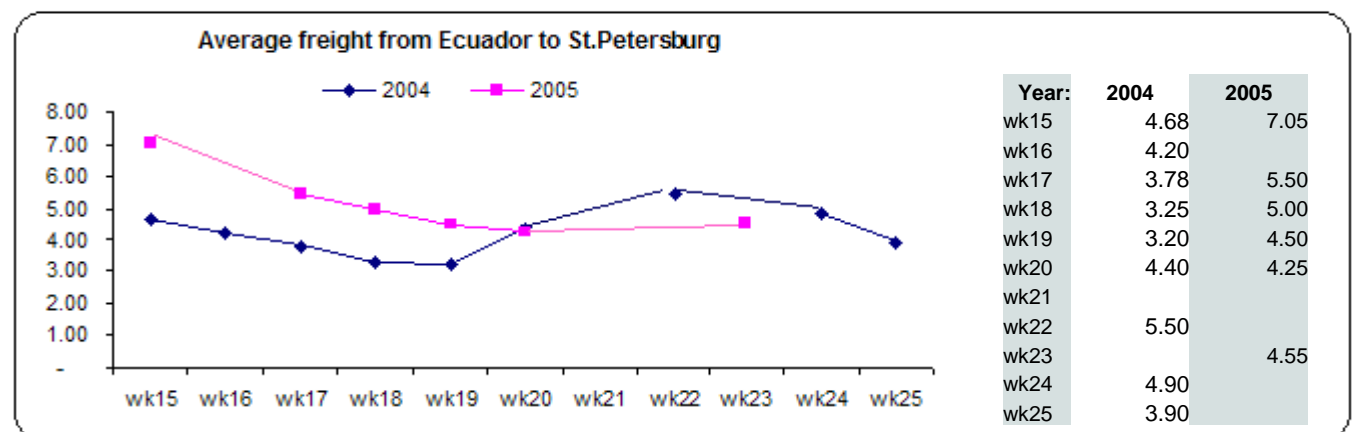
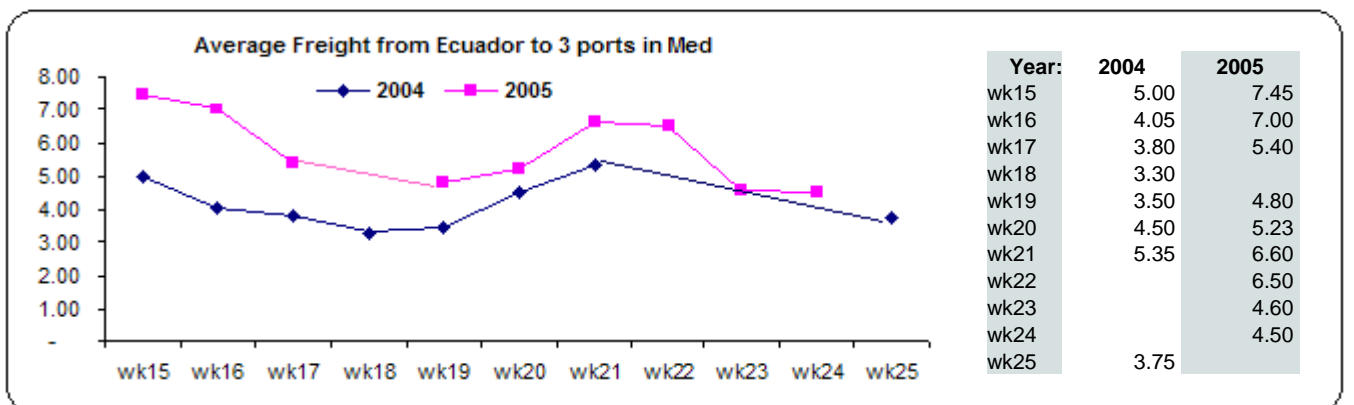
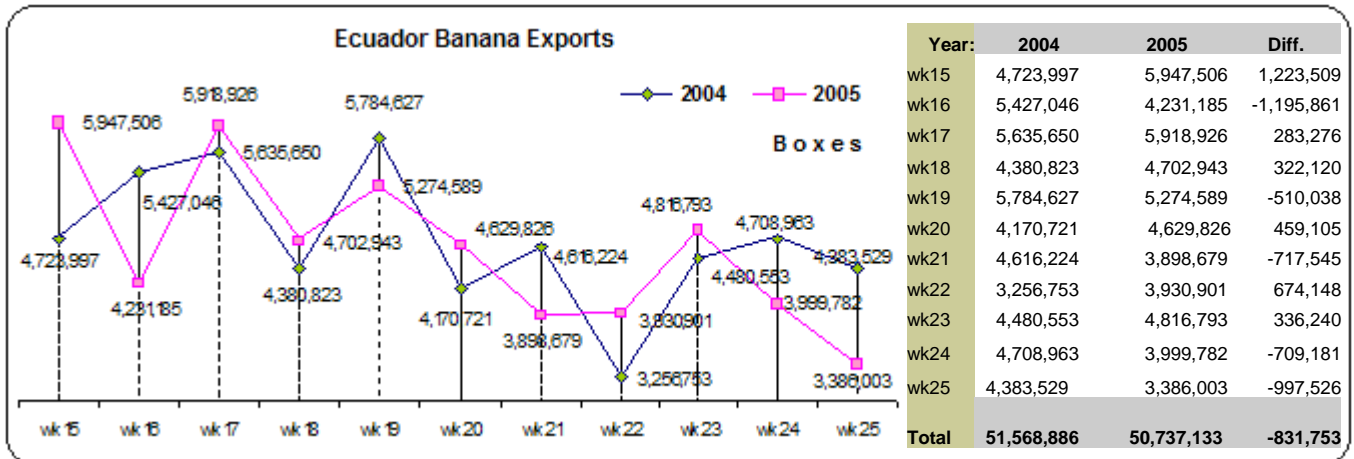
Dynamics in Ecuadorian banana exports and effects on the reefer market

The reefer market has been affected recently by the events which have caused irregularities in the banana export activity in Ecuador and which could continue to influence chartering activity for specialized reefer vessels over the coming weeks or months.

If we consider the volumes exported from the Andean country during weeks 15-25 of this year and compare them with the same period of 2004 it appears that a total of 51,568,886 boxes

were exported last year, against 50,737,133 this year, a difference of 831,753 boxes less or -1.61 percent.

To try to understand the factors which have influenced banana exports from Ecuador, the reefer market, banana selling prices in some world markets and the internal price paid to growers, Guayaquil based brokers Sopisco, specialists in the banana trade have performed the analysis shown below.



During week 15 of 2005 5,947,506 boxes of bananas were exported against 4,723,997 in 2004, an increase of 1,223,509 boxes, which corresponds to almost 26%.

Selling prices in the Mediterranean during that week averaged around USD 11.90 on CIF terms and around USD 11.25 in Russia (St. Petersburg).

The freight rate for 3 ports in the Med from Ecuador was on average around USD 7.45 against almost USD 5.0 the previous year as a consequence of the larger volumes exported

(almost 7 vessels more were employed as shown in the graphics).

The average freight rate from Ecuador to St. Petersburg was around USD 7.05 compared to USD 4.70 last year.

Due to the larger volumes exported from Ecuador and additional volumes from Central America and Colombia banana selling prices in the Mediterranean dropped considerably to an average of almost USD 9.25 CIF terms, although remained stable at almost USD 11.25 in Russia, the same rate as the previous week.

As a consequence mainly of the drop in selling prices in the Medi-

terranean, and high freight rates, volumes exported from Ecuador, dropped by almost 1.1 million boxes compared to the previous week and were almost 1.2 million boxes less than the same week the previous year.

In order to cope with the high freight rates and the lower selling prices which caused losses to banana traders in the Mediterranean and the Black Sea, Ecuadorian banana exporters came under pressure to reduce the prices paid to banana growers and reported FOB prices sank to USD 3.0 per box or less, in the spot market. Five fewer vessels were loaded between Puerto Bolivar and Guayaquil than in week 16.

During weeks 17 and 18, bananas exported were almost 300,000 up on the same weeks of 2004 however freight rates dropped to almost USD 5.50 per box for 3 Med ports and later to almost USD 4.80-5.0.

Due to the low FOB prices paid to exporters in Ecuador (USD 2.50-2.90 per box) in some cases prices as low as USD 1.0-1.20 per box were paid to growers on the spot market. Consequently banana producers started a strike in week 19 which resulted in almost half a million boxes less being exported and freight rates dropped to an average of almost USD 4.80 per box for the trip Ecuador 3 Med and to almost USD 4.50 per box from Ecuador to St. Petersburg.

Nevertheless, freight rates from Ecuador to 3 Med were still almost USD 1.30 per box higher than the corresponding week in 2004 when the freight was almost USD 3.50 per box. Rates to St. Petersburg were also around USD 1.30 higher compared to the average rates for the same destination in 2004 when an average of USD 3.20 per box was paid.

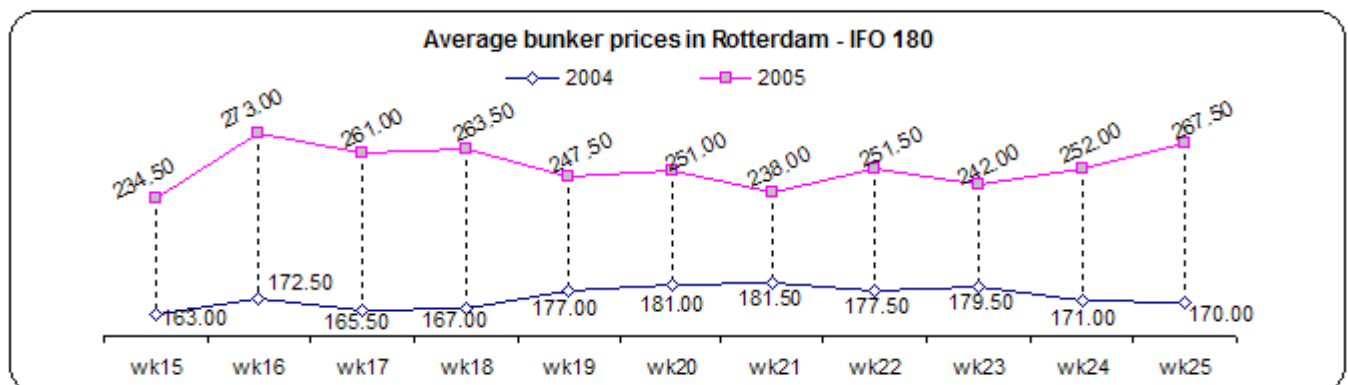
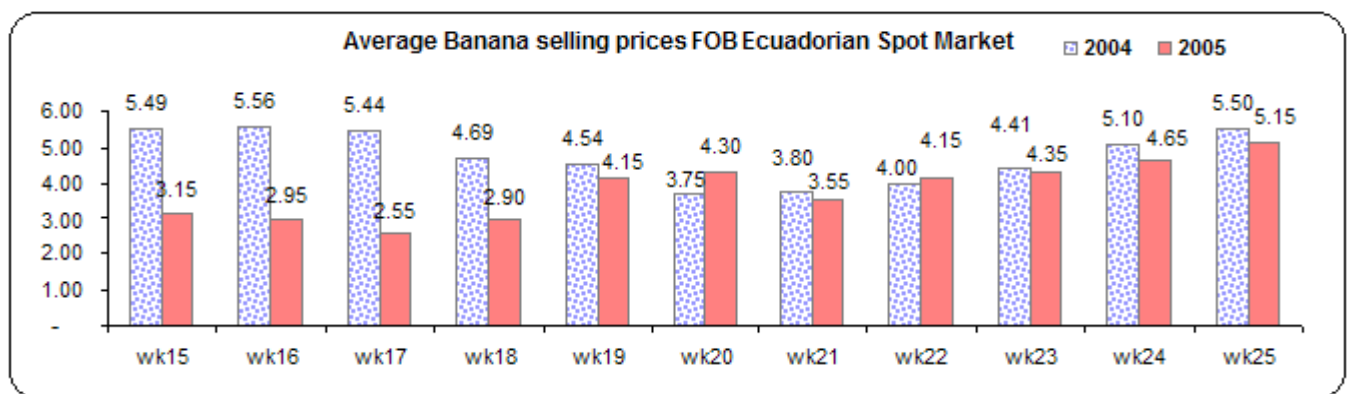
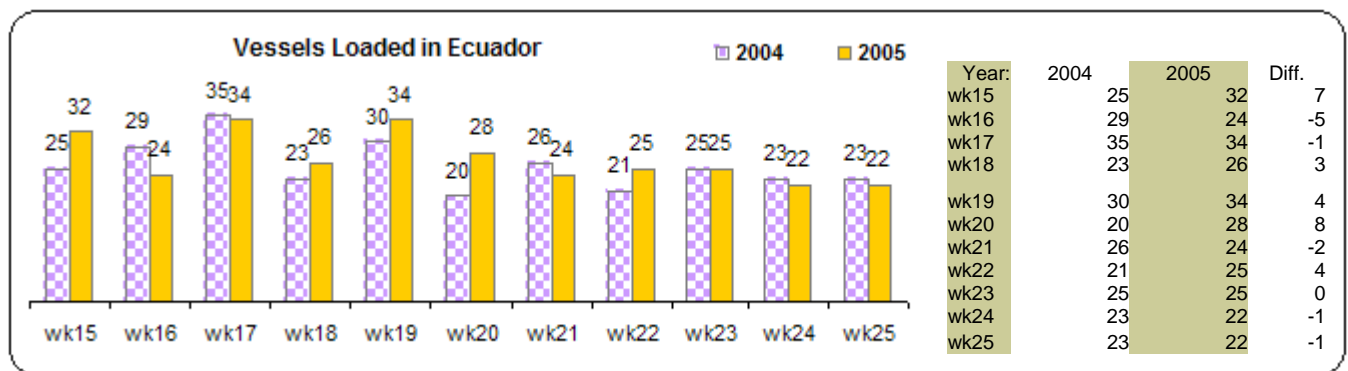
From the enclosed tables and graphics it is possible to make further comparisons to understand the dynamics which have influenced the banana export activity and the chartering activity.

We have also observed a considerable drop in export volumes during week 21 (almost 700,000 boxes compared to the same week in 2004) and a considerable drop in export volumes during week 24 compared to the same week a year ago (also around 700,000 boxes).

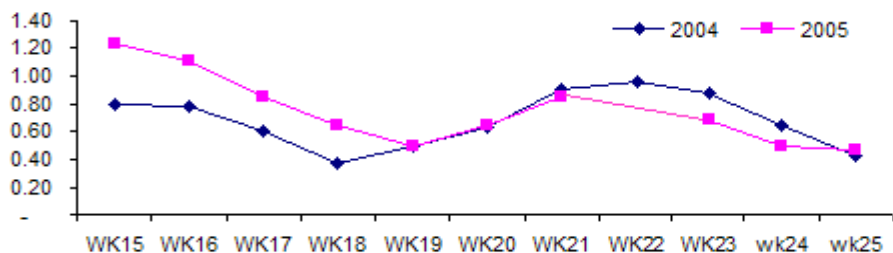
The reduced volumes exported during week 21 were the result of less bananas being exported because of the threat by the Ecuadorian authorities to punish banana exporting companies for not paying the minimum price of USD 3.0 per box (as fixed by Decree of the Ministers of Agriculture and Foreign Trade) and confusion over the so called "export quotas" which were to be implemented.

However the other significant drop in exported volumes during the week 24, and 25 respectively 709,181 and 997,526 boxes less than the same week in 2004 has been caused by the lower volumes of bananas harvested in Ecuador (in some cases around 35% less than the previous weeks) mainly due to colder temperatures in some banana producing regions (as low as 18-19 degrees C in some cases).

As a consequence firstly of the strike and the measures subsequently implemented by Ecuadorian authorities, in order to force exporting companies to pay at least a minimum price of USD3.0 per box to the growers (excluding cardboard box, plastic bag, transportation costs etc.) as the tables show the FOB prices gradually and consistently lower while freight rates went the other way.

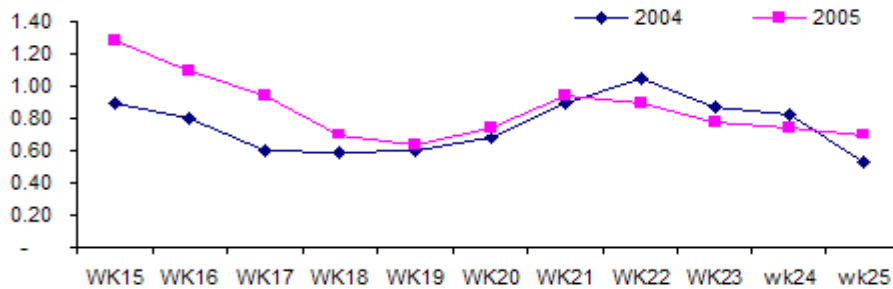


Average Time Charter Large Vessels



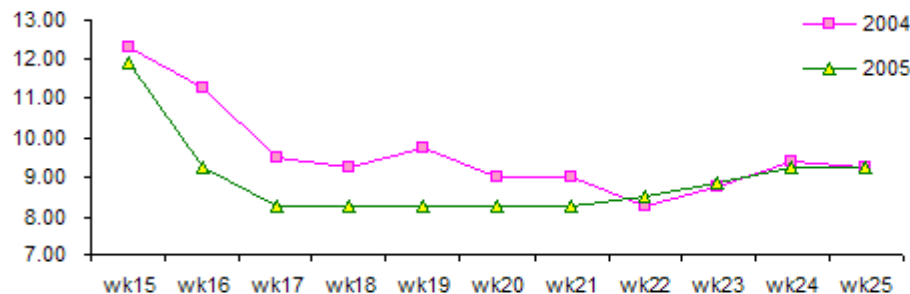
Year:	2004	2005
wk15	0.80	1.23
wk16	0.78	1.10
wk17	0.60	0.85
wk18	0.38	0.65
wk19	0.50	0.50
wk20	0.63	0.65
wk21	0.90	0.85
wk22	0.95	0.68
wk23	0.87	0.50
wk24	0.65	0.50
wk25	0.43	0.47

Average Time Charter Small Vessels



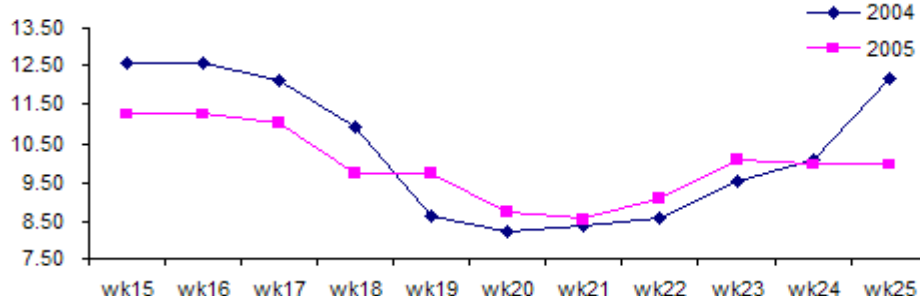
Year:	2004	2005
wk15	0.90	1.28
wk16	0.80	1.10
wk17	0.60	0.95
wk18	0.58	0.70
wk19	0.60	0.63
wk20	0.68	0.75
wk21	0.90	0.95
wk22	1.05	0.90
wk23	0.87	0.78
wk24	0.83	0.75
wk25	0.53	0.70

Average Banana Selling Prices Cif Med



Year:	2004	2005
wk15	12.25	11.88
wk16	11.25	9.25
wk17	9.50	8.25
wk18	9.25	8.25
wk19	9.75	8.25
wk20	9.00	8.25
wk21	9.00	8.25
wk22	8.25	8.50
wk23	8.75	8.86
wk24	9.38	9.25
wk25	9.25	9.25

Average Banana Selling Prices Cif Russia



Year:	2004	2005
wk15	12.58	11.25
wk16	12.58	11.25
wk17	12.10	11.00
wk18	10.90	9.75
wk19	8.65	9.75
wk20	8.25	8.75
wk21	8.40	8.60
wk22	8.58	9.10
wk23	9.55	10.10
wk24	10.10	10.00
wk25	12.15	10.00

From an analysis of the dynamics which have influenced the banana trade in Ecuador and the reefer market between weeks 15 and 25 of 2004 and 2005 it appears that:

- Freight rates were higher, almost 39 pct as average on voyage charter basis and FIOST terms for Ecuador to 3 Med and 22.42 pct for Ecuador to St. Petersburg.
- Time Charter was around 10 pct higher for larger vessels and around 14 pct for smaller vessels
- Bunker prices were almost 46 pct higher in 2005 than 2004, during same weeks (basis IFO180 Rotterdam).
- 50,737,133 boxes of bananas were exported from Ecuador during weeks 15-25 of 2005 compared to 51,568,886 same period in 2004, 831,753 boxes less or almost 1.60 pct.
- 296 vessels were loaded during weeks 15-25 of 2005 against 280 in 2004, but during the weeks 23-25 almost the same number of vessels of the same weeks in 2004 were loaded.
- The reasons why there seem to be much more reefer vessels available this year after weeks 22-23 is probably due to the fact that last year during the same period more reefers were employed carrying dry cargo than this year or that more reefers were employed in other trades (like citrus or other fruit or frozen cargoes).