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Capesize & Panamax Rates Edge Lower

In the past week Capesize average charter rates for 180,000 dwt vessels slipped by more than \$1,400/day to \$13,511/day, according to Baltic Exchange assessments. A week-long holiday in China has helped subdue chartering activity following a very active period in mid-September which drove average charter rates from less than \$9,000/day to more than \$15,000/day in just four trading days. In terms of coal freight rates, the Capesize spot rate from Bolivar to Rotterdam fell \$0.25/t to a three-week low of \$6.75/t.

Indeed, trade and port throughput data for September indicate strong movements of iron ore on the key Capesize trades. Brazil's iron ore exports in September rose to a year-to-date high of 35.6 Mt, taking the January-September total to 264.5 Mt, up more than 15 Mt from the corresponding period last year and marking a rebound from the six-month low of 27.1 Mt in August. This strong performance from Brazil's exporters coincided with record iron ore throughput from Port Hedland of 39.4 Mt, which provides evidence of increased ore shipments from Australia.

At the same time, average earnings for Panamaxes slipped by \$356/day last week to \$5,606/day. While Brazil's corn exports climbed to a 22-month high of 3.5 Mt last month and port congestion has recently been higher than usual, seasonal decline in Brazil's soyabean exports and a slow US grain movements have combined with weak coal trade volumes to keep Panamax rates in the Atlantic under pressure. Vessel earnings in the Pacific have maintained relatively steady, at \$6,100/day, with the Newcastle to Qingdao rate edging lower by \$0.15/t week-on-week to \$8.00/t.

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