

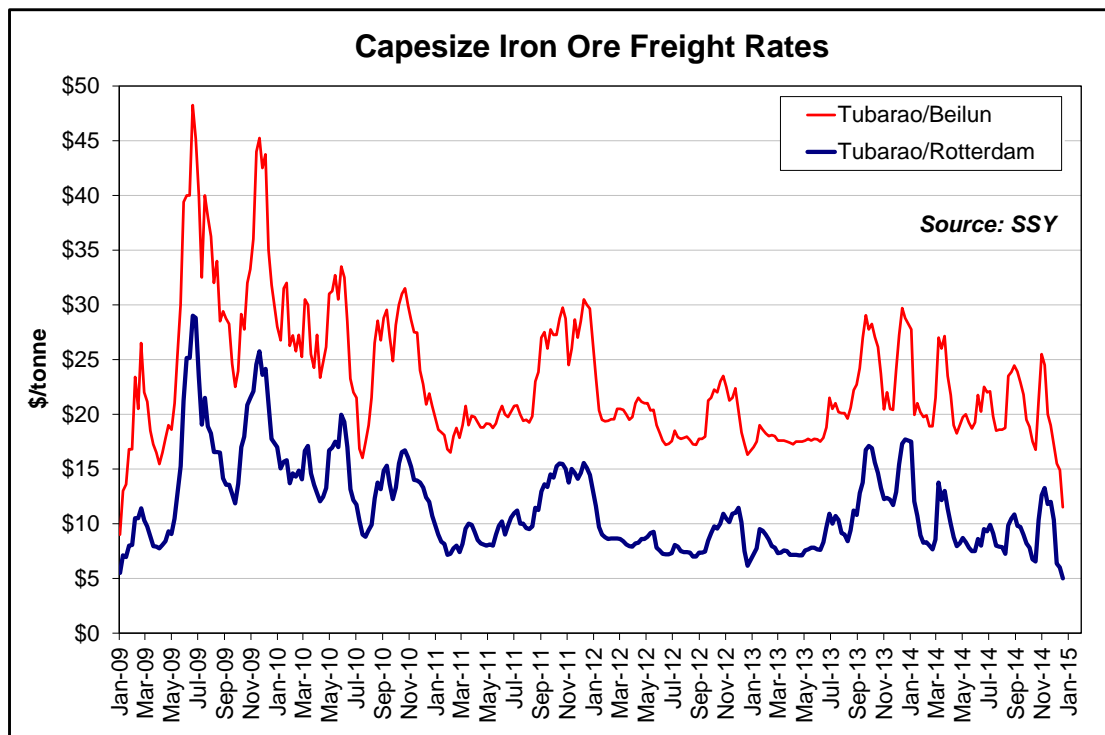
CAPE SIZE/PANAMAX MARKET UPDATE (5 January 2015)

The Capesize market has been the worst performer of all the dry bulk carrier sectors for the past three weeks. With average charter rates for 172,000 dwt bulkers at just \$3,580/day on 2 January, this marks the lowest opening to a calendar year for standard Capesizes since the Baltic Exchange introduced its assessments in the late 1990s (the average dipped below this level during 2008 and 2012).

The weakness in freight market conditions has of course been accompanied by a dramatic slide in oil prices, reducing the cost to charterers of bunker fuel. The combination of weak freight and cheaper oil has driven the Tubarao to Qingdao voyage rate (the Baltic Exchange assessment) to \$11.06/t by the time of writing, down by 37% from the year-ago level, while the Tubarao to Rotterdam rate dropped to \$4.84/t at the beginning of the year, against \$27.77/t a year earlier.

Although the Capesize market has witnessed the most extreme falls, 2015 began with Panamax average charter rates trending downwards to \$6,466/day, more than half of their year-ago values. The current coal spot rate from Puerto Bolivar to Rotterdam of \$5.96/t fell sharply by 68% year-on-year, according to the Baltic Exchange.

Consequently, the year began with the lowest Baltic Exchange Dry Index (761 points) in over five months. The Index has declined by 63% from the year-ago level.



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