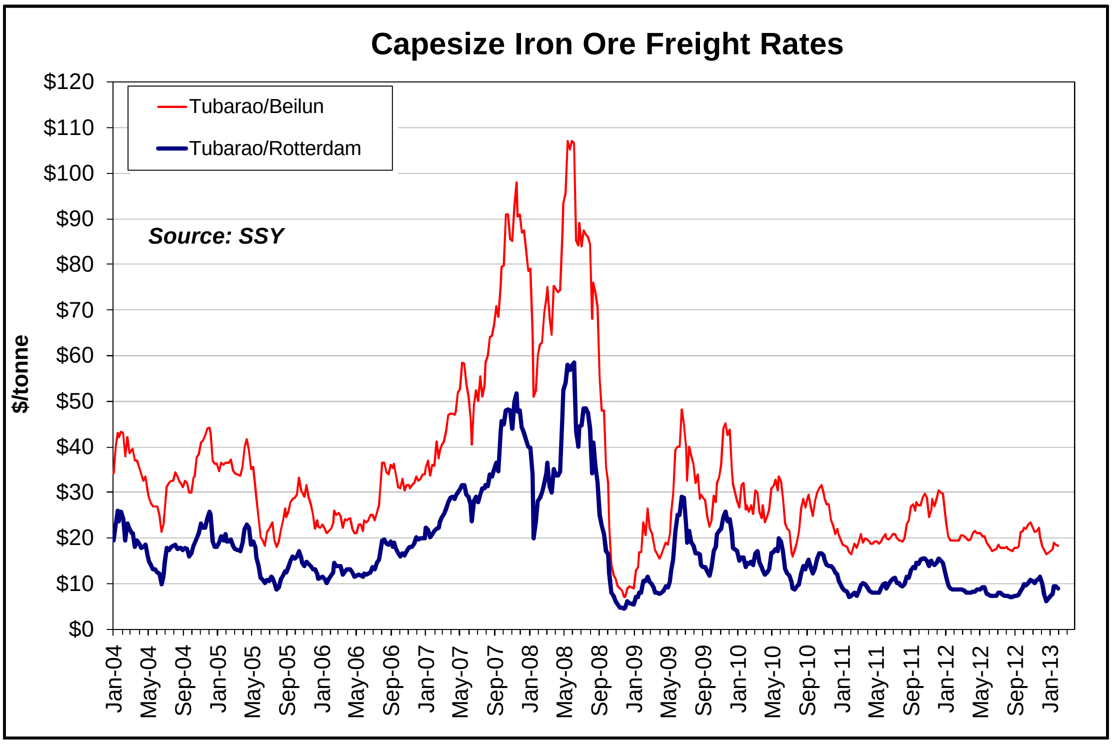
CAPESIZE/PANAMAX MARKET UPDATE (4 February 2013)

Last week saw Capesize iron ore voyage rates from Tubarao to Qingdao & Rotterdam both fell for a second consecutive week to $18.25/t and $9.00/t respectively.

Latest available data for January indicate a seasonal slowdown in cargo movements. Official data indicate iron ore exports from Brazil in January fell by 7.6 Mt from December to 24.7 Mt. In addition, preliminary port data for Gladstone showed throughput at 4.0 Mt in January, which, if confirmed, would be a nine-month low and would represent a monthly drop of 30% following several *force majeure* declarations from mining companies and the closure of the rail link from the Moura and Blackwater coalfields into the port at Gladstone. Similarly, preliminary figures for Dalrymple Bay indicate monthly exports of 4.9 Mt, down 25% from the record volume in December.

Panamax average earnings fell by 8% from the previous week to $5,176/day at time of writing, with Atlantic round voyage earnings weakening by 14% to $5,693/day, the lowest level since mid-November. With high expectations for the approaching main Latin American grain season, a number of ballasting vessels have arrived in the South Atlantic, dragging the fronthaul earnings lower in the process. The Panamax freight rate from Bolivar to Rotterdam was $12.15/t, edging $0.05/t lower from the previous week.



SSY Consultancy & Research