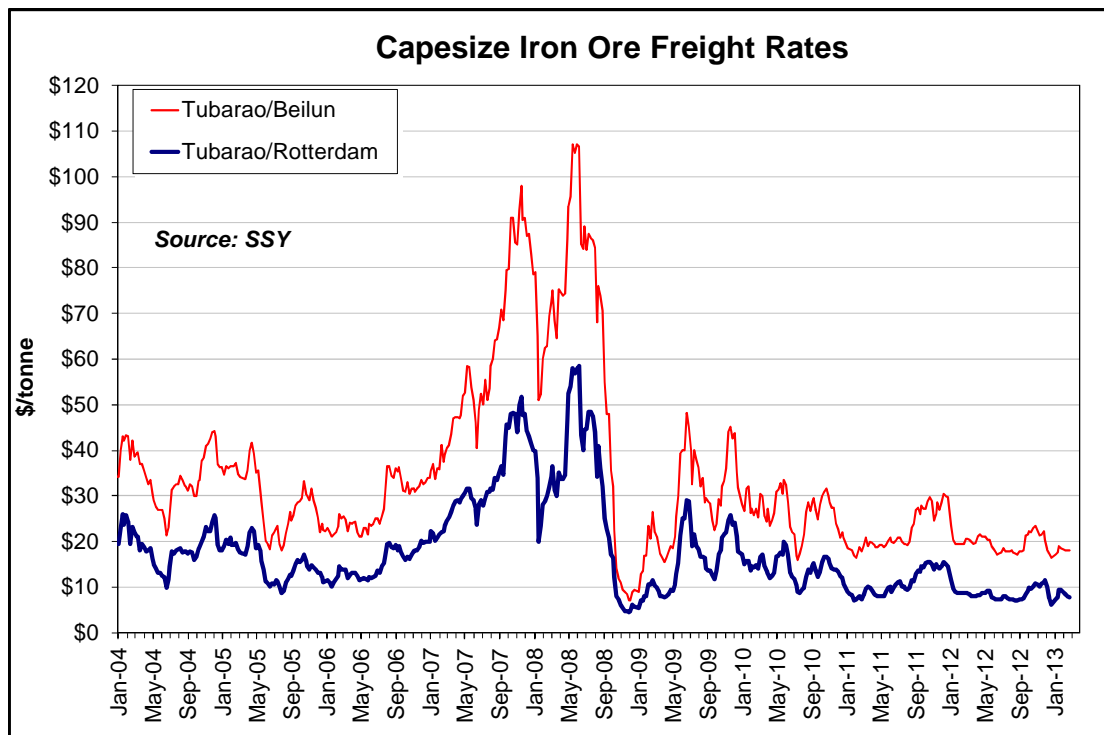


CAPE SIZE/PANAMAX MARKET UPDATE (25 February 2013)

The Capesize freight market continued to soften last week with coal cargo availability issues in Colombia to the fore (including *force majeure* declarations due to industrial action and night restrictions on coal railings). The negative impact on Capesize business has contributed to Atlantic round voyage rates losing almost \$5,000/day in the last two weeks to stand at \$4,732/day, according to the Baltic Exchange. The Capesize iron ore voyage rates from Tubarao to Rotterdam and to Qingdao both declined to their lowest level since mid-January, at \$7.80/t and \$18.00/t respectively.

Iron ore chartering activity from NW Australia has been interrupted by the approach of another strengthening tropical cyclone. This is the third such cyclone in the region this year (the peak season typically runs from January to April). The majority of Australia's iron ore exports are carried in Capesizes from Port Hedland, Dampier and Port Walcott on the country's NW coast.

Continued improvement in the Panamax Pacific market has helped to push average vessel earnings in this sector to their highest level since early December of \$7,363/day. Panamax Pacific round voyage rates have climbed from less than \$4,000/day at the beginning of February to almost \$8,500/day at the time of writing. An increase in chartering activity for coal cargoes from Indonesia has been a key factor behind the gains. The Panamax coal freight rate from Bolivar to Rotterdam rose \$0.35/t week-on-week to \$13.65/t, the highest level since early December.



SSY Consultancy & Research

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