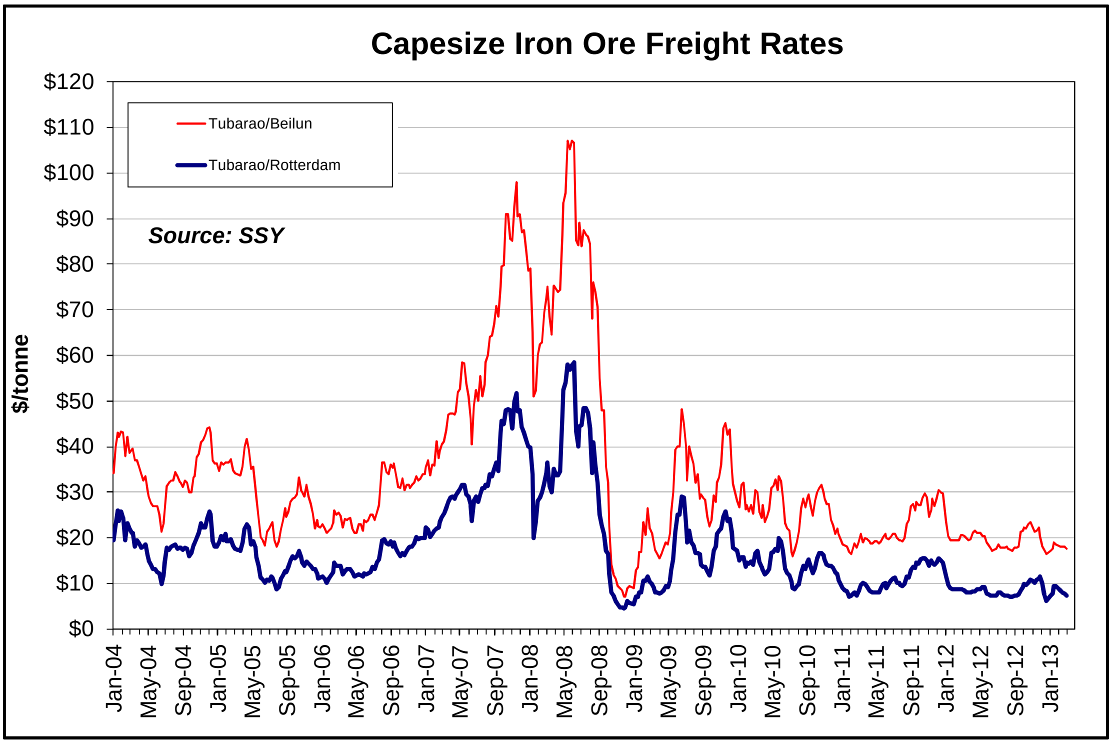
# CAPESIZE/PANAMAX MARKET UPDATE (4 March 2013)

Last week was characterised by a declining Capesize market and a firming Panamax market. Average charter rates for Capesizes lost further ground last week, dropping 17% to the lowest level since mid-September 2012 at just $4,210/day. The decline during February has been most pronounced in the Atlantic, where round voyage rates dropped by 60% from early February to $3,820/day. As a result the Capesize iron ore voyage rates from Tubarao to Rotterdam slipped by $0.5/t week-on-week to a year-to-date low of $7.3/t, while from Tubarao to Qingdao declined to a 7-week low of $17.6/t.

In contrast, Panamax average earnings reached their highest level since July 2012 of $8,463/day with the Pacific round voyage rate surging by almost $6,000/day in one month to $9,786/day, the highest rate since May 2012. The Panamax coal freight rate from Bolivar to Rotterdam edged lower from last week to $13.55/t.

Pre-Latin American grain season chartering has driven up Panamax short period rates, which typically are of 3/5 or 4/6 months' duration. The short period rate (basis Pacific delivery) has appreciated from $7,000/day in the first week of February to around $10,000/day in early March. Panamax rates in the Atlantic have also been supported by an upturn in port congestion, which has helped absorb ship supply. In the past week there has been 60-70 Panamaxes waiting to load grain cargoes in Brazil compared with fewer than 10 at the beginning of 2013.

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