

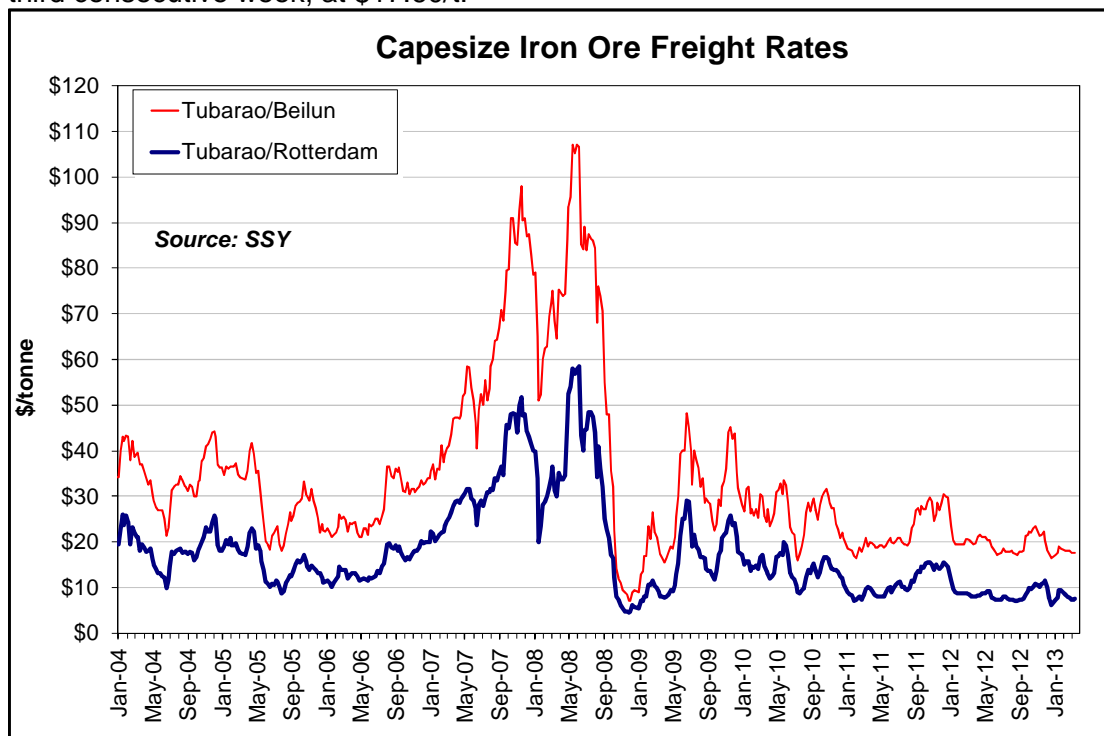
CAPE-SIZE/PANAMAX MARKET UPDATE (18 March 2013)

The Baltic Exchange Dry Index advanced to a year-to-date high of 899 points led by the Panamax sector, where average earnings increased from less than \$5,200/day in early February to an eight-month high of \$9,370/day. Panamax spot rates from Bolivar to Rotterdam also climbed to an 8-month high of \$13.90/t.

Meanwhile, there has been a significant build-up in port congestion in Brazil, where SSY estimates around 100 Panamaxes are now waiting to berth at the country's grain terminals compared with fewer than ten at the beginning of 2013. Such an increase in the number of ships queuing to load grain more than offsets the number of newbuildings entering the market this year and helps to explain the firmer market conditions against a general background of ship oversupply. As a result fronthaul (Atlantic-Pacific) charter rates rose by \$3,712/day from one month ago to \$17,509/day, the highest level since July 2012.

Pacific round voyage rates in the Pacific remained above \$10,000/day, supported by Australian coal shipments with the SSY Australian Coal Port Congestion Index hovering around 13 days, the highest level since April 2012.

This latest push has distorted the relationship between charter rates for Panamax ships (of 74 kdw) and their larger Capesize counterparts (172 kdw). Panamax average earnings are currently almost double the Capesize equivalent (\$4,896/day). The Capesize iron ore voyage rates from Tubarao to Rotterdam were up by \$0.20/t last week to \$7.55/t, while charter rates from Tubarao to Qingdao unchanged for a third consecutive week, at \$17.60/t.



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