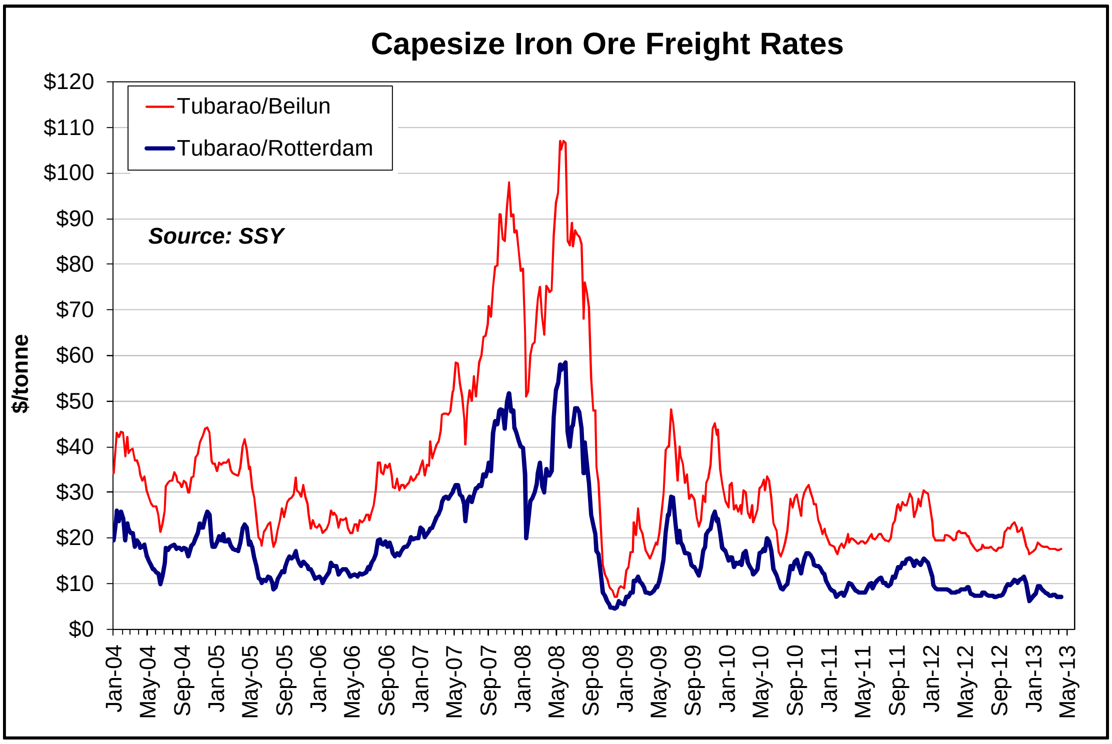
CAPESIZE/PANAMAX MARKET UPDATE (15 April 2013)

The past week has witnessed a significant erosion of expectations within the Capesize market, as illustrated by weakening FFA prices and the lowest physical one year period rates since early January (of $10,500/day). This is despite the fact that the 1q13 was a new quarterly high for Chinese steel production and that the coming months are expected to see improvements in iron ore export availability. Confidence in the prospects for Capesize freight market recovery have been dented by the protracted softness in average spot market earnings, which have languished below $5,000/day for virtually all of the last seven weeks. The Capesize iron ore voyage rate from Tubarao to Rotterdam unchanged for a third consecutive week, at a year-to-date low of $7.15/t, while the rates from Tubarao to Qingdao rose by $0.25/t to $17.50/t.

By contrast, there have been some modest improvements in Panamax spot coal rates in the Pacific with, for example, Newcastle to Qingdao rising by $0.28/t week-on-week to $14.28/t and Indonesia to Qingdao up by $0.10/t to $8.60/t. Greater gains have been seen in the Atlantic, supported by grain fixing activity, with Bolivar-Rotterdam up by nearly $0.45/t week-on-week to $13.85/t. With the onset of the peak shipment season for Latin American grain exports, against the background of persistently high port congestion at key Brazilian grain terminals, the FFA market is pricing May to be the highest earning month of the year for Panamaxes at around $9,600/day.



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