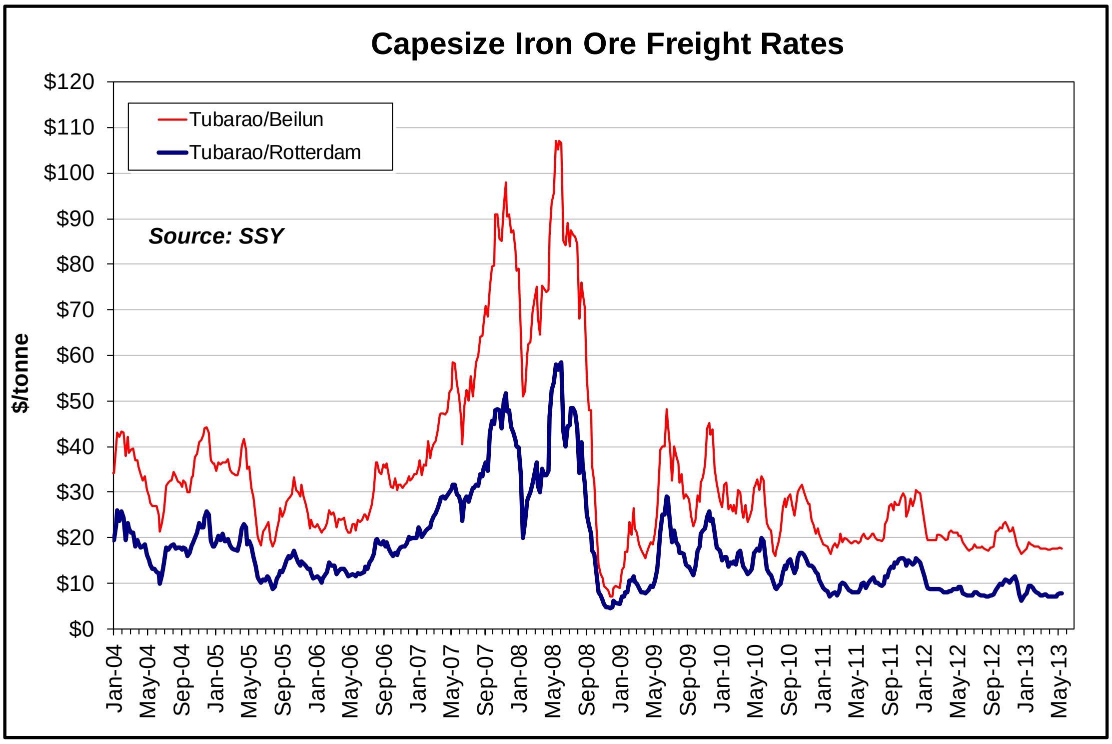
CAPESIZE/PANAMAX MARKET UPDATE (20 May 2013)

Last week saw downward movement across all sectors of the dry bulk freight market. Capesize average earnings slipped almost $1,000/day to just above $5,000/day, with rates in both basins experiencing falls. The Capesize voyage rates from Tubarao to Qingdao edged lower by $0.15/t week-on-week to $17.60/t; by contrast, the route from Tubarao to Rotterdam rose by $0.15/t last week to a 3-month high of $7.80/t. Despite impressive annual growth in iron ore exports from Australia, a year-on-year decline in iron ore shipments from Brazil has contributed to Capesize weakness with shipbrokers reporting thin chartering activity on the iron ore trade from Brazil.

Panamax average earnings peaked at $9,600/day in late April, but have since lost momentum and dropped to around $7,300/day (losing $600/day in the last week). US seaborne coal exports reached a monthly record in March, suggesting the firmer Panamax market had been influenced by coal trade in addition to the onset of the main Latin American grain export season (and the associated worsening in port congestion in Brazil). The loss of momentum in the Panamax market has pulled the spot voyage rate from Puerto Bolivar to Rotterdam lower for the fourth consecutive week to $12.95/t (compared with $14.60/t on 19 April).



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