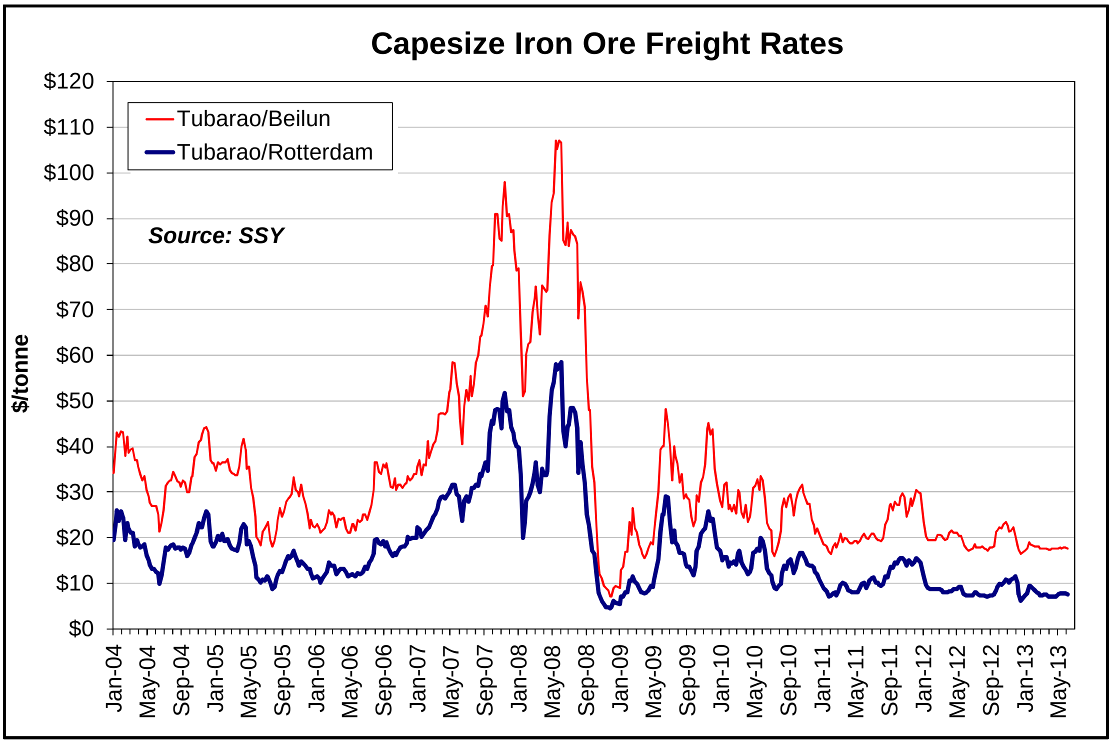
CAPESIZE/PANAMAX MARKET UPDATE (10 June 2013)

The Capesize market edged 8% higher from last week to $5,571/day. This was led by the Pacific. Shipbrokers identified increased iron ore fixing activity from West Australia as one of the main factors supporting rates in the Pacific basin. Trade statistics show Australian iron ore exports during January-April reached 184.5 Mt (wet basis), with an annual increase of a massive 27.5 Mt. In addition, throughput data from Port Hedland (Australia's largest iron ore port) showed further increases in iron ore shipments in May, hitting a record 28.0 Mt.

By contrast, and although latest data show new year-to-date highs, both Brazilian iron ore and Colombian coal exports are lagging behind their corresponding 2012 levels. Brazil's January-May total of 118.5 Mt compared with the 120.7 Mt of iron ore exported in the same period last year. Meanwhile, Colombian coal exports during January-April experienced a sharp annual decline of 6.2 Mt. The Capesize spot voyage rate from Tubarao to Rotterdam inched lower by $0.05/t to a 5-week low of $7.65/t, while the route from Tubarao to Qingdao fell by $0.20/t to $17.50/t.

Vessel demand in the Panamax market has benefited in both basins in the year to date: Atlantic activity has been supported by a record volume of grain cargo supply from South America. While in the Pacific basin, Australian coal exports recorded an annual increase of 9.5 Mt in January-April to 106.8 Mt. However, such trade growth failed to support sustained rise in Panamax average spot earnings, which have weakened to a 4-month low of $6,079/day. The Panamax voyage rate from Bolivar to Rotterdam declined to a 4-month low of $12.55/t.



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