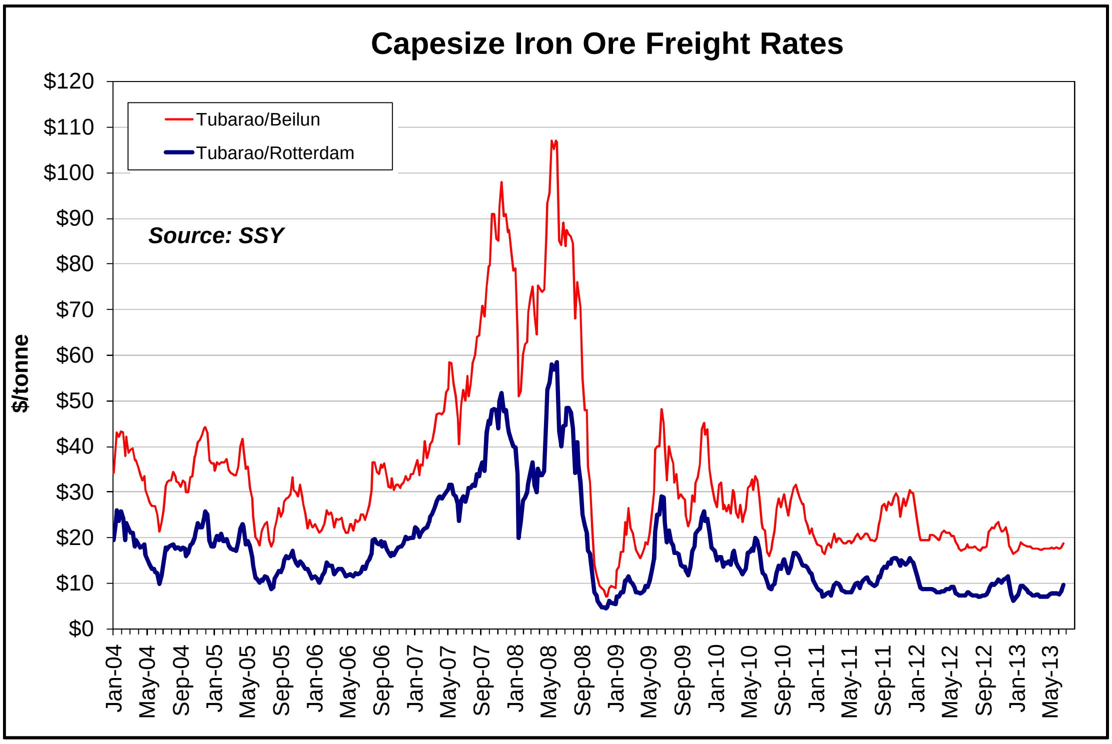
CAPESIZE/PANAMAX MARKET UPDATE (24 June 2013)

The upswing in the Capesize spot market has been maintained over the last week with average TC earnings climbing by a further 40% to a six-month high of $12,158/day, so restoring the sector as the highest earning in the dry bulk market and helping push the Baltic Exchange Dry Index back above 1,000 points for the first time this year.

The latest rally in the freight market has followed a slide in raw material prices, which suggests increased cargo availability. While the biggest gains in Capesize rates have been in the Atlantic, additional spot fixing of iron ore cargoes from West Australia together with coal-related chartering from East Australia and South Africa were also important factors in supporting Capesize demand. Cape spot voyage rates from Tubarao to Rotterdam rose by $1.35/t to a new year-to-date high of $9.65/t, while the route from Tubarao to Qingdao was up by $0.95/t to its highest level since January, at $18.80/t.

Meanwhile, Panamax 4TC earnings rose by almost 7% during the last week to $7,451/day, but such modest gains left this sector as the weakest of the four main dry bulk size ranges for the last 8 trading days. Such a disparity in performance between the sizes has pushed the ratio of Cape to Panamax average earnings to 1.63, its highest point since December 2012, from 0.81 at the end of May. The recent gains in Panamax earnings have been Atlantic-driven with round voyage rates in the basin gaining $1,095/day week-on-week to $9,288/day, which represents a premium of almost 60% to corresponding round voyage rates in the Pacific (of $5,883/day). Panamax spot coal rates from Indonesia to Qingdao ended last week $0.10/t lower at $7.40/t, whereas the voyage rate from Puerto Bolivar to Rotterdam rose by $0.55/t to a 7-week high of $13.45/t.



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