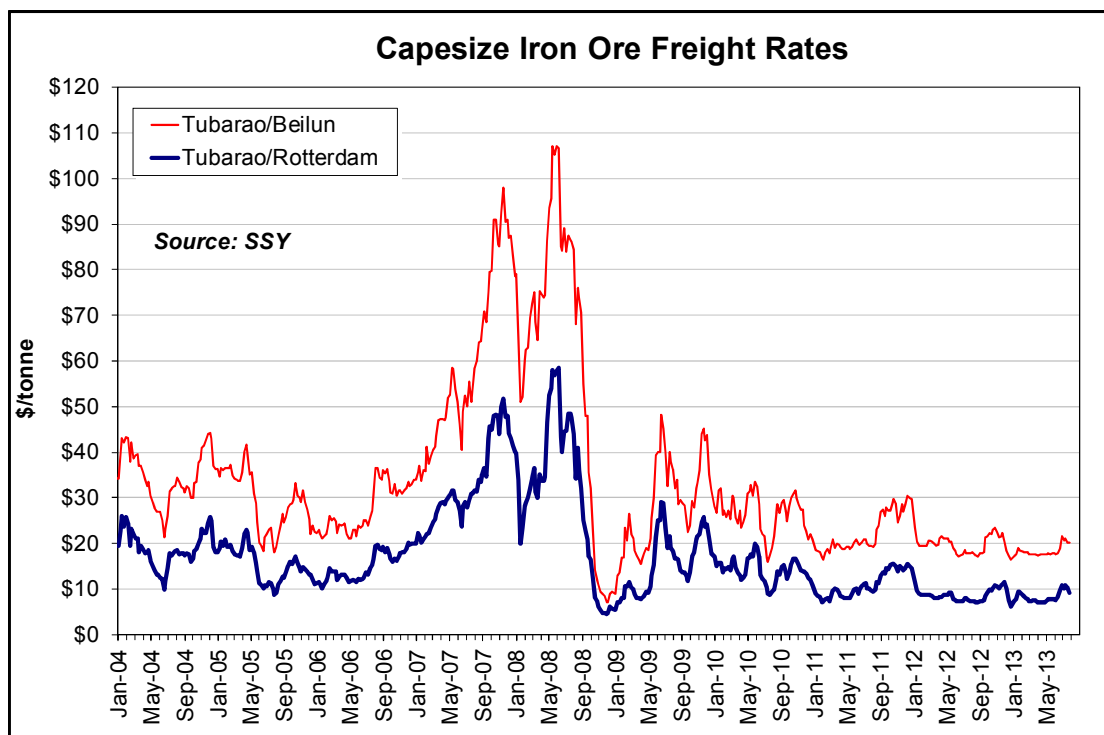


CAPE SIZE/PANAMAX MARKET UPDATE (29 July 2013)

Having reached a 7-month high of \$15,218/day in early July, average earnings for 172kdwt Capesize vessels have dropped back to \$11,789/day during the past four weeks. Round voyage rates in the Atlantic have seen the largest fall, losing almost \$4,000/day during the week to a month low of \$11,075/day.

Although the main negative risk for rates in the Atlantic in the near term comes from industrial action in Colombia by Drummond's mineworkers, Capesize chartering activity involving iron ore shipments from Brazil into Asia has been the main driving force behind the firmer market in July. Indeed, the number of such fixtures reported to the Baltic Exchange in July reached its highest monthly level so far this year. Capesize spot rates from Tubarao to Qingdao rose from \$19.96/t last week to \$20.41/t, while rates from Tubarao to Rotterdam slipped by \$1.08/t week-on-week to \$9.11/t. By contrast, coal freight rates from Colombia to Rotterdam fell to \$9.90/t, which compared with \$11.40/t from one month ago.

The past week has also seen softening in earnings for the Panamax sector, with average vessel earnings slipping by \$635/day to \$8,669/day. In the Pacific shipbrokers reported a decreasing number of prompt coal cargoes, especially from Australia. As a result, last week's level were not sustained and the spot coal rate from Newcastle to Qingdao eased to \$12.80/t from a 10-week high of \$13.00/t one week ago. Meanwhile, the voyage rate from Indonesia to Qingdao also declined, down by \$0.40/t week-on-week to \$7.50/t.



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