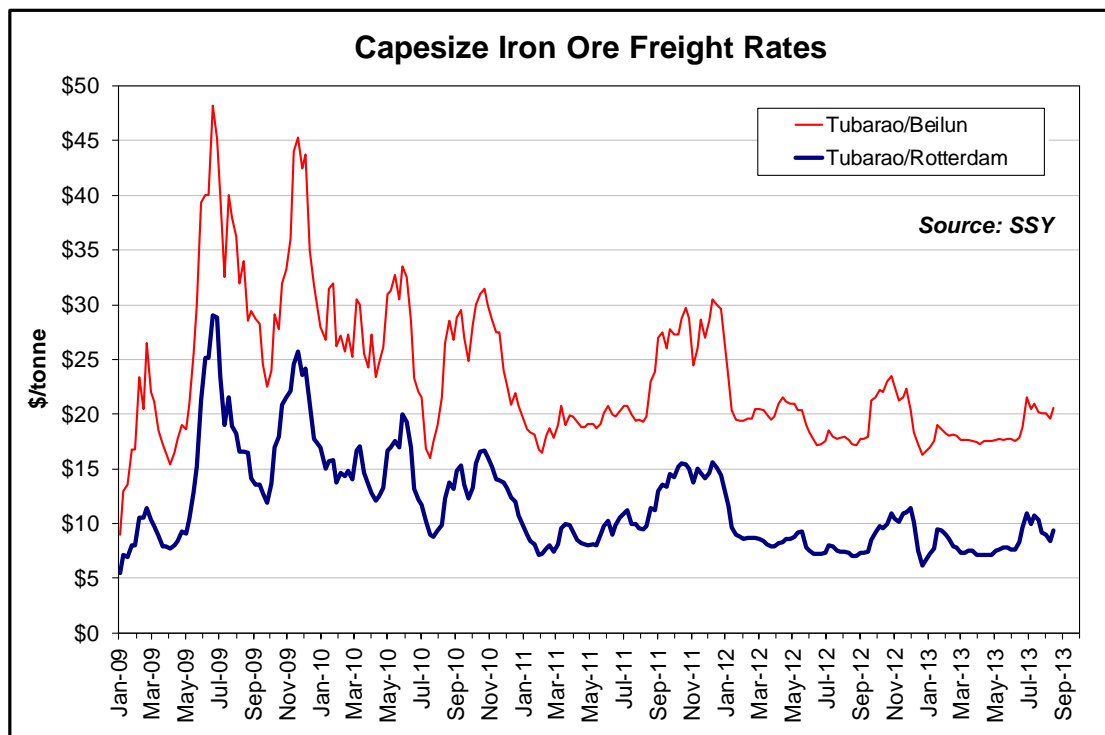


CAPE SIZE/PANAMAX MARKET UPDATE (19 August 2013)

Last week saw a significant improvement in the Capesize market, with average vessels earnings rebounding by \$4,337/day to a 6-week high of \$14,887/day. This brings the physical market well above year-ago levels; the corresponding rate at this point last year was less than \$3,000/day. Sentiment in the freight futures market has also turned far more positive: at \$19,000/day the contract for the 4q13 is now priced at a substantial premium to the spot market and contrasts sharply with the 4q futures price of \$14,300/day just one month ago.

Capesize rates have increase in both basins, with the largest gain in the Atlantic, where round voyage rates more than doubled from last week to \$13,075/day. This was chiefly driven by an increase in iron ore chartering activity from Brazil. With the strike by Drummond coal mine and port workers Colombia ongoing, shipbrokers observed more coal chartering activity from South Africa. Healthy levels of iron ore shipments from West Australia have helped Capesize Pacific round voyage rates gain more than \$3,000/day from last week to stand above \$15,000/day for the first time since November 2012. The voyage rates from Tubarao to Qingdao and to Rotterdam both rose by \$1/t from last week to \$20.60/t and \$9.40/t, respectively.

The Panamax market has been comparatively negative in the past few weeks, with average earnings weakening to a 2-month low of \$7,308/day, as the positive influence of this year's record Latin American grain export season fades. The largest decline was in the Atlantic basin, with Panamax Atlantic round voyage rates dropping by around \$4,000/day in the last month to their lowest point since mid-June at \$8,029/day.



SSY Consultancy & Research

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