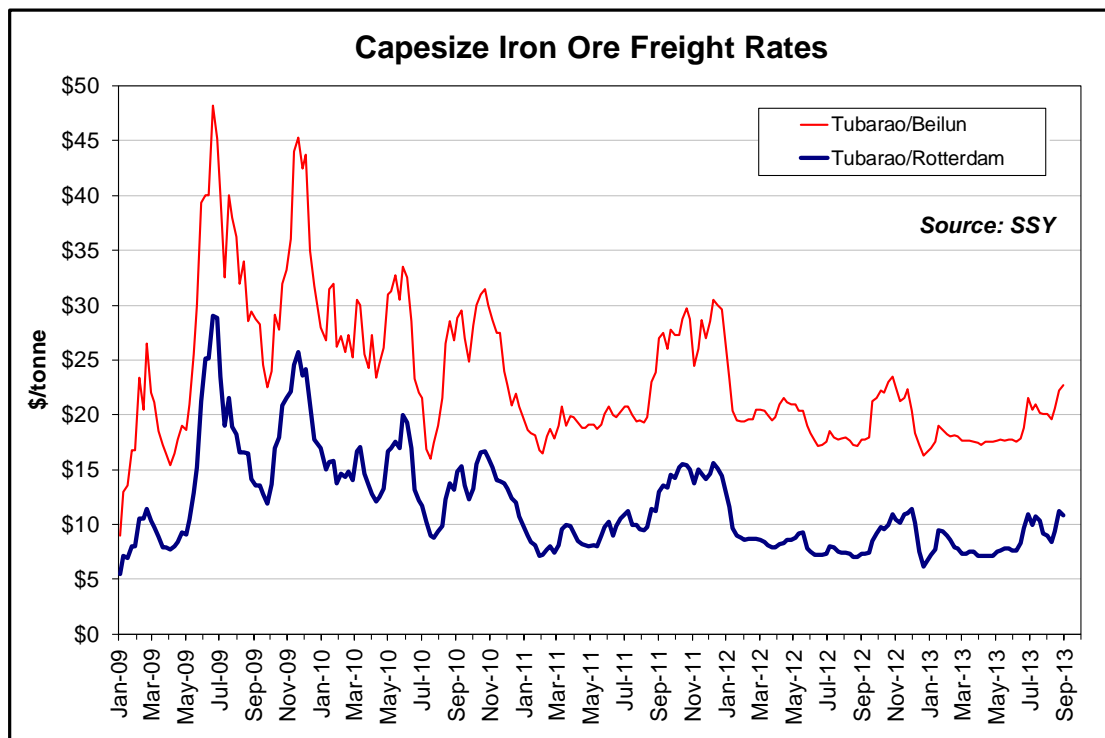


CAPE SIZE/PANAMAX MARKET UPDATE (2 September 2013)

Last week saw a slight retreat in the Capesize market, with average vessel earnings at \$15,373/day compared with \$16,605/day on 27 August (which had been the highest daily rate since November 2012), according to the Baltic Exchange. The recent retreat was concentrated in the Atlantic where Round Voyage rates fell sharply by more than \$3,300/day in just four trading days to \$8,915/day. SSY reports that the spot coal freight rate from Tubarao to Beilun rose by \$0.50/t to a new year-to-date high of \$22.70/t. By contrast, the corresponding rate from Tubarao to Rotterdam slipped by \$0.40/t week-on-week to \$10.80/t.

In the Panamax sector, the Baltic Exchange Panamax P5 route (Indonesian Round Voyage) climbed to a four-month high of \$7,519/day. The freight rate from an Indonesian coal terminal to Qingdao has edged to a six-week high of \$7.70/t from \$7.60/t last week. This contrasts with the gradual weakening in the Panamax market to \$7,278/day (the sector average had been more than \$9,000/day in late July). Like their Capesize counterparts, market softness has been most evident in the Atlantic, with Panamax Round Voyage rates dropping by more than \$2,600/day over the past month to \$7,382/day as current levels of coal- and grain-related chartering activity (as well as grain port congestion in Brazil) have failed to offset the negative effects on rates of rapid fleet growth.

According to latest fleet data from SSY, net of newbuilding deliveries and the removal of scrapped vessels, Capesize fleet growth has reached 3.5% since the beginning of the year, while Panamax net fleet expansion is now almost 6.7%, highlighting the rapid supply growth still facing the Panamax sector.



SSY Consultancy & Research

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