

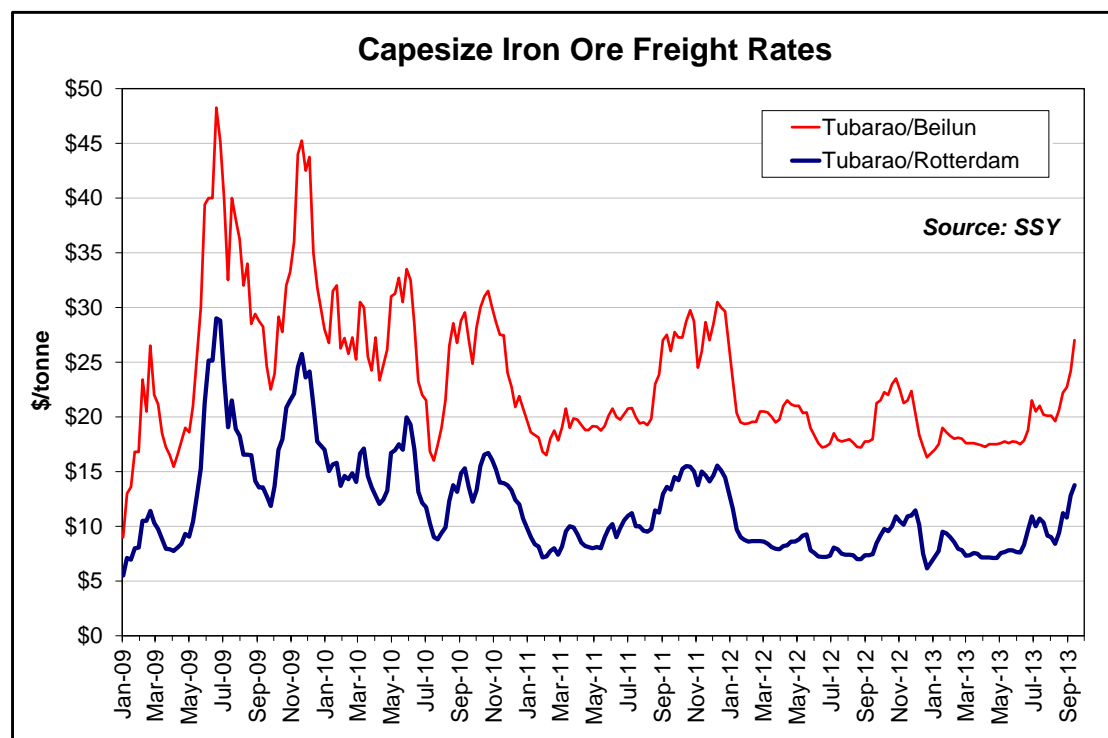
CAPE SIZE/PANAMAX MARKET UPDATE (16 September 2013)

The Capesize market pushed higher again last week, taking the average of the 4 timecharter routes assessed by the Baltic Exchange to \$30,000/day for the first time since December 2011. Placing this rate in context, the average stood at \$15,200/day as recently as 30 August and laboured below \$6,000/day in early June. This incorporated gains for spot freight rates on major iron ore trades. The Tubarao-China rate is now \$27.0/t while the rate to Rotterdam is now \$13.75/t.

With the spot market currently echoing the peaks of late 2011, the current rally has improved market sentiment for longer-term period rates. The one-year period rate for a Capesize is currently \$22,000/day, which is in excess of the levels achieved during the 2011 peak and is the highest since the end of 2010. The other gauge of market sentiment for coming months, the freight futures (FFA) market, is pricing in a strong end to 2013, with the October Cape 4 TC contract trading over \$31,000/day (the highest contract at present) and the 2014 calendar year priced at \$17,650/day.

Upward movement returned to the Panamax market with average charter rates reaching a four-month high of \$10,596/day from \$8,836/day. The Panamax coal rate from Puerto Bolivar to Rotterdam stands at \$14.40/t, the highest since April.

Market sentiment has improved in this sector too: the one-year physical period rate has increased by \$2,000/day in the last week to \$11,750/day while the October FFA contract for the Panamax 4 TC average is trading at \$13,700/day.



SSY Consultancy & Research

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