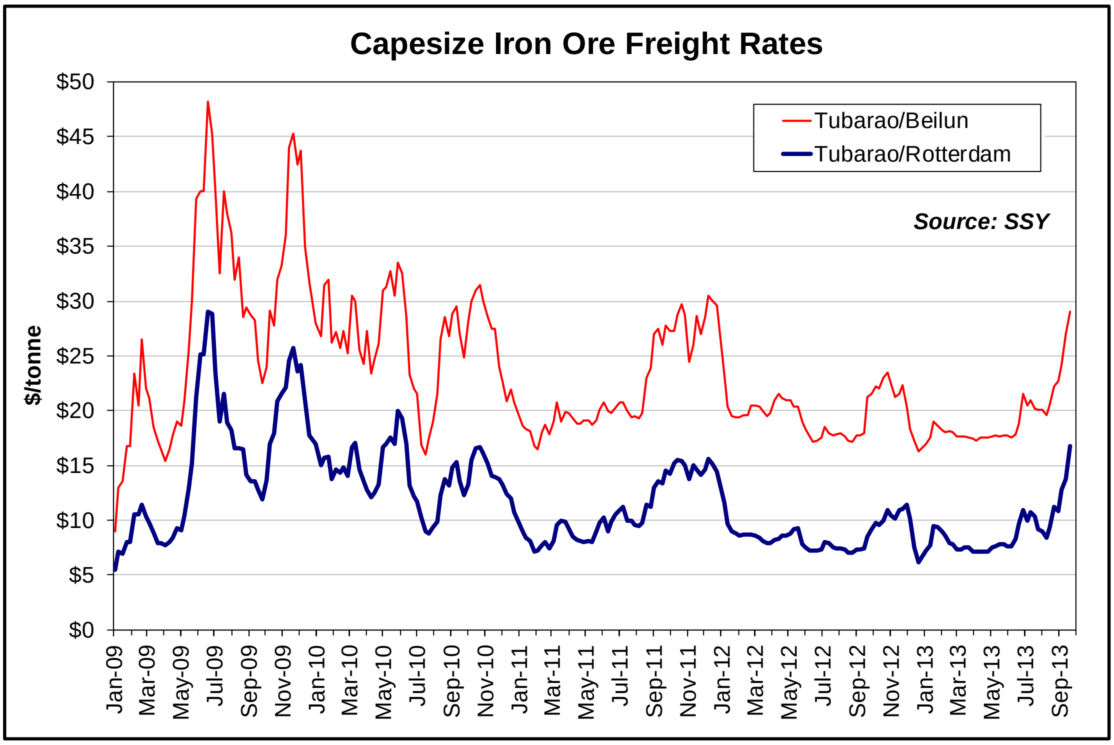
CAPESIZE/PANAMAX MARKET UPDATE (23 September 2013)

The Capesize market continued to climb last week, lifting average charter rates to $38,397/day for the first time since November 2010 and pushing the Baltic Exchange Dry Index to its strongest level since October 2011, at 1,947 points, in the process.

The effect of increased volumes of iron ore exports from Brazil has played a key role in driving fronthaul rates to $58,382/day, up by $9,000/day last week. Tightening tonnage supply in the Atlantic has transformed the Atlantic Round Voyage rate from less than $9,000/day at the start of the month to $42,570/day. Chinese iron ore import demand remains strong with the January-August total of 527 Mt now around 40 Mt ahead of the corresponding 2012 pace. The Tubarao-China rate is now $29.1/t (the highest level since end 2011) while the rate to Rotterdam is now $16.75/t (the highest level since June 2010).

Panamax average earnings have firmed to $12,102/day, marking a weekly gain of $1,506/day. The Puerto Bolivar to Rotterdam rate finished last week at $14.95/t, rising from $12.95/t in early September.

Despite a firmer Panamax market, the sudden strengthening in the Capesize market has stretched the Cape: Panamax earnings ratio to 3.21 on 19 September, the widest since 2009. The strength of the Cape market has led to some instances of stem-splitting into Panamaxes for coal cargoes ex-East Coast Australia and Colombia, brokers reported, benefitting Panamax demand.



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