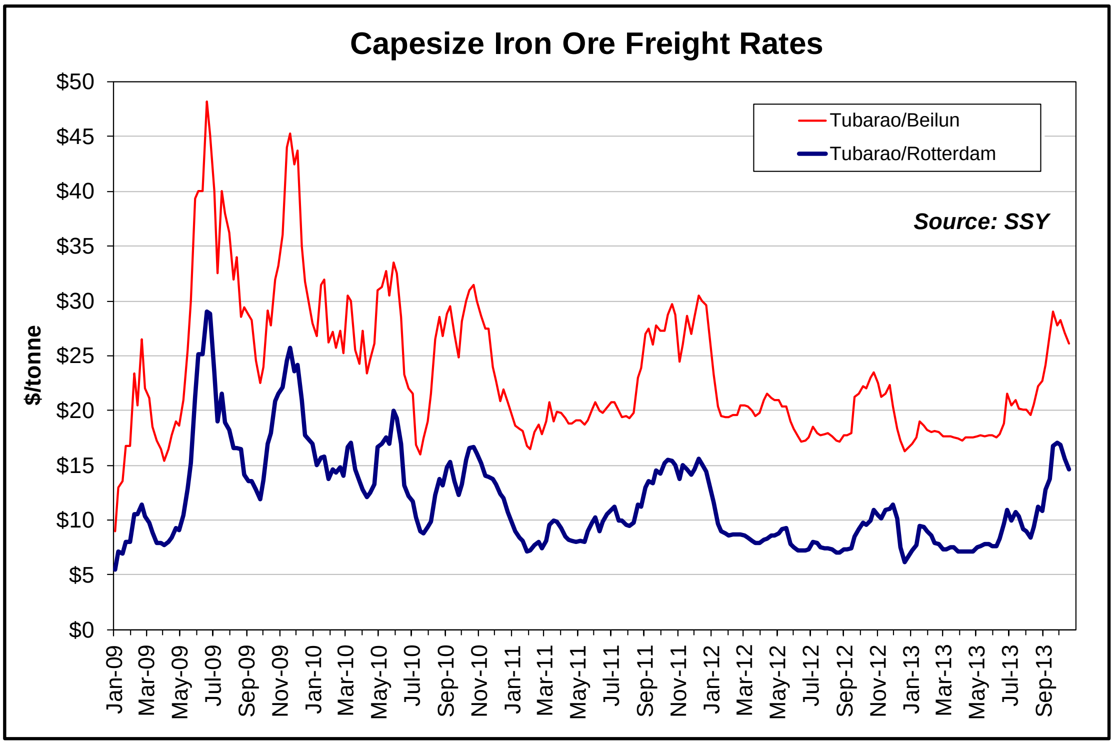
CAPESIZE/PANAMAX MARKET UPDATE (21 October 2013)

Having peaked at $42,212/day on 25 September Capesize rates continued to fall last week, with average timecharter earnings down $3,544/day to $28,002/day, according to assessments from the Baltic Exchange. A dip in chartering activity of iron ore cargoes from Brazil, triggered a slide in fronthaul rates (Atlantic to Pacific), which dropped almost $5,000/day to a still robust $46,727/day. It should be remembered that despite October's declines, the Capesize market is far stronger than the standards of 2013 (Cape rates have averaged $12,275/day in the year to date) and is nearly doubled the year-ago level. The spot voyage rate from Tubarao to China fell by $0.9/t week-on-week to a 6-week low of $26.2/t, while the Tubarao to Rotterdam rate also declined $1.0/t to $14.7/t.

In contrast, the recent rise in the Panamax market has been maintained in October as average vessel earnings have climbed by more than 40% in the last month to above $16,000/day, supported by grain-related chartering in the Atlantic and coal trade in the Pacific. The onset of the main US grain season overlapping with port congestion in Brazil following a record South American grain season earlier this year has provided the impetus behind a spectacular rise in the Panamax short period rate (Atlantic delivery), which has reached $20,000/day for the first time since November 2011 and compares with $13,000/day a month ago.



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