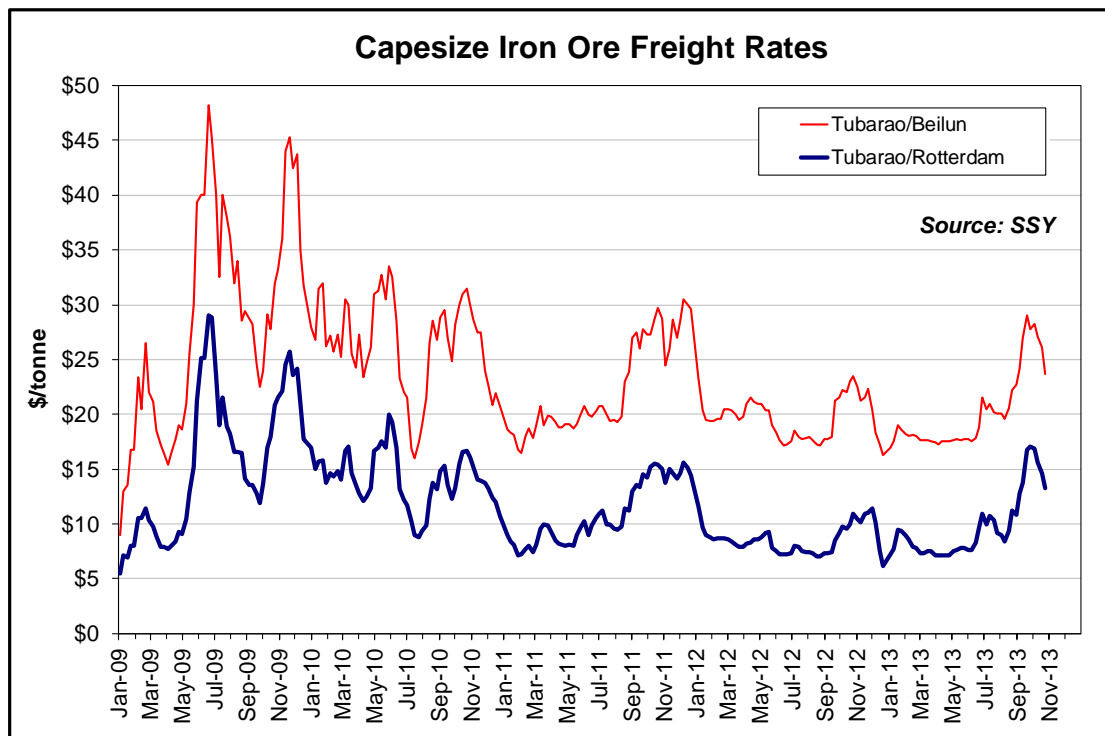


CAPEXSIZE/PANAMAX MARKET UPDATE (28 October 2013)

Reduced spot iron ore chartering activity on the key routes from Australia and Brazil to China contributed to a further drop in the Capesize market, with average 4TC earnings falling by more than \$8,100/day over the last week to \$19,838/day. This compares with \$38,865/day just three weeks ago, but is still above the corresponding 2012 level. The recent low levels of fixing activity and high levels of available tonnage in the Pacific have dragged the basin's round voyage earnings down to \$15,891/day, which is the lowest level since mid-August. The spot voyage rate from Tubarao to China has fallen to \$23.7/t from \$28.3/t three weeks ago, while the Tubarao to Rotterdam rate have dropped below \$14.0/t for the first time since mid-September.

After initial resistance to the fall in Capesize freight rates, Panamax markets have come under downward pressure during the last week. From a 2-year high of \$16,486/day on 18 October, average Panamax timecharter earnings had fallen to \$14,818/day at time of writing, according to assessments from the Baltic Exchange. Nevertheless, Panamax earnings remain far stronger than their year-to-date average (of less than \$9,000/day).

Softer Panamax rates have been most apparent in the Pacific, where round voyage earnings stand at a 6-week low of around \$13,200/day. By contrast, and although down from their recent peaks, Atlantic round voyage earnings remain at a relatively robust \$17,550/day with Panamax spot coal rates from Bolivar to Rotterdam at approximately \$17.80/t.



SSY Consultancy & Research

While care has been taken to ensure that the information contained in this report is accurate, it is supplied without guarantee. SSY can accept no responsibility for any errors or any consequence arising therefrom.