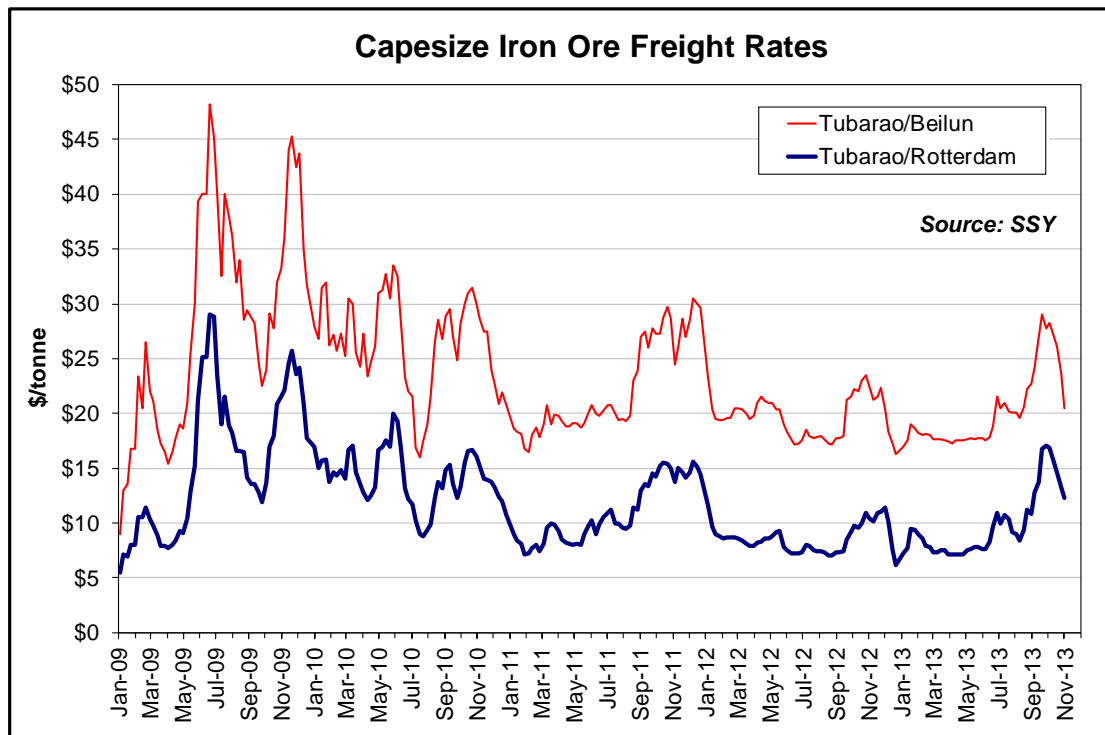


CAPE SIZE/PANAMAX MARKET UPDATE (4 November 2013)

The Capesize market has experienced yet more volatility. The sudden rise in Capesize average earnings to a 34-month high of \$42,212/day in late September was followed by an equally swift descent to \$16,005/day on 30 October, with the average now pushing higher once again, reaching \$18,957/day at time of writing. Spot Capesize coal freight rates from Tubarao to China are now \$20.45/t, having risen to \$28.25/t four weeks ago while the rate from Tubarao to Rotterdam declined to a 9-week low of \$12.25/t from \$16.9/t at the beginning of October.

The volatility in the physical spot market has been accompanied by wild swings in the freight futures (FFA) markets. At present the FFA contract for the Capesize TC average in November is trading around \$19,675/day, which compares with \$33,625/day in late September and \$17,750/day a week ago. Capesize FFA prices in the 1q14 (trading around \$11,375/day) are priced at a discount to the spot physical market, emphasising the market's belief that a seasonal reduction in iron ore availability will contribute once again to a softer start to the new calendar year.

Meanwhile, average earnings for Panamaxs drifted down by almost \$2,000/day during the week to \$12,877/day (standing below Supramax 6TCs for the first time since 11 September). Spot Panamax voyage rates from Puerto Bolivar to Rotterdam spot rate fell by \$1.35/t to \$16.45/t.



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