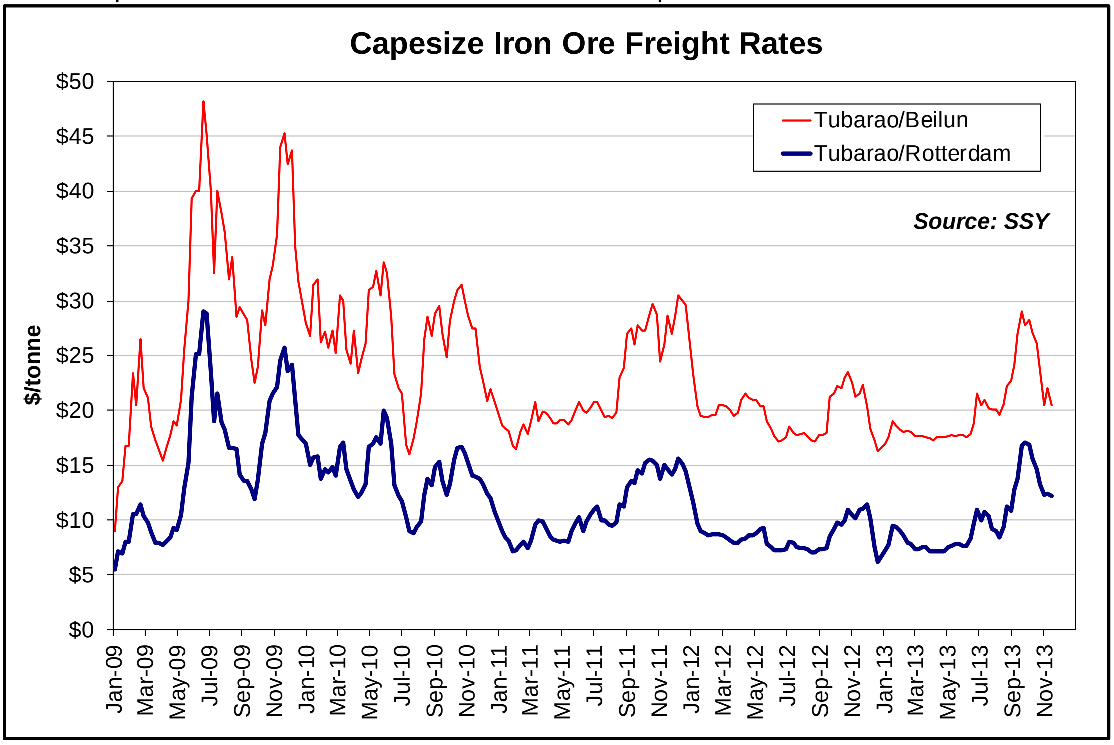
CAPESIZE/PANAMAX MARKET UPDATE (18 November 2013)

With iron ore chartering activity from Brazil relenting from the intense pace of September, average charter rates are now around $17,700/day, down $11,000/day in the last month. Spot Capesize coal freight rates from Tubarao to China have lost almost $5.7/t over the last month to $20.5/t while the rate from Tubarao to Rotterdam is $12.2/t, down $2.5/t in the last month.

Panamax average earnings continued their decline last week and, at $11,045/day are now more than $5,000/day below the month-ago level. Spot coal freight rates reflect this move: the Newcastle to Qingdao rate is $14.60/t, down $1.80/t in the last month.

October marked a 6-month high for newbuilding deliveries in terms of dwt capacity, according to SSY fleet data, while demolition activity experienced one of the slowest months of the year. Indeed, new arrivals into the 65,000-99,999 dwt Panamax fleet were the highest since January, with 24 ships of 1.95 Mdwt entering service. Scrapping in this sector was negligible in comparison: just two Panamax vessels of 0.14 Mdwt were removed from the fleet in October. Part of the reason for the deceleration in demolition activity through 2013 has been the gain in secondhand values, which has filtered through to the older portion of the fleet as well for modern ships. For example, a 15 year-old Panamax valued at $11 million at the end of October would have been worth $8 million in the 1q13. Such price movement for older ships would reduce owners' incentive to scrap.



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