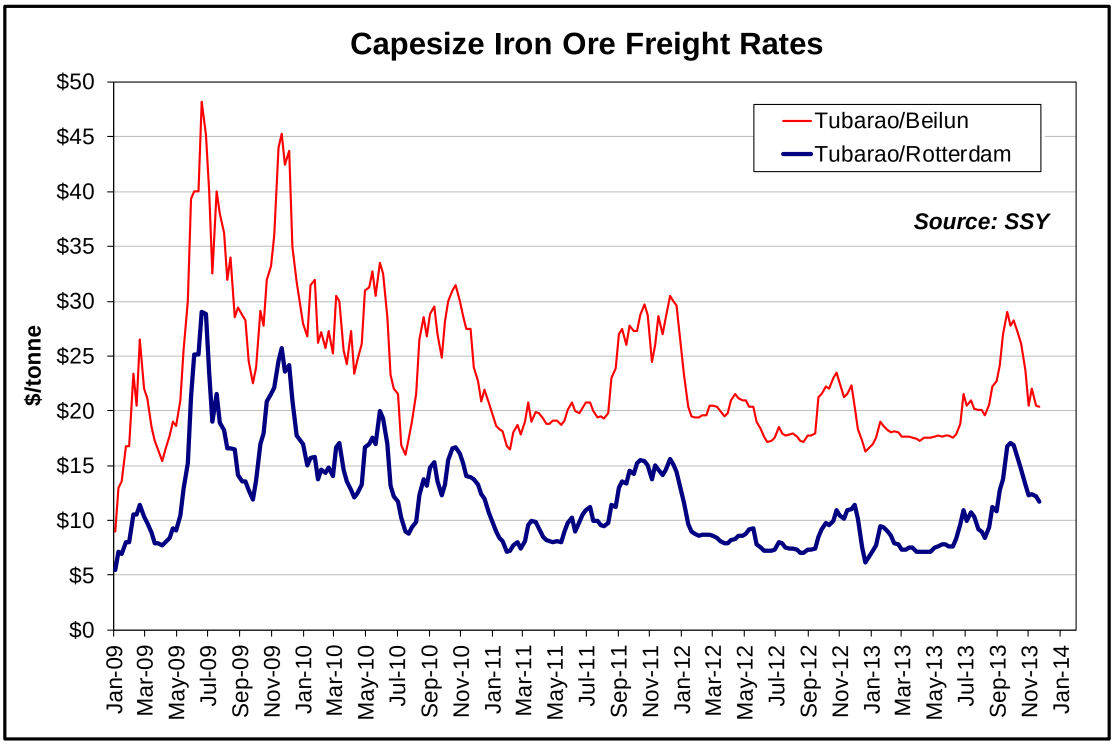
CAPESIZE/PANAMAX MARKET UPDATE (25 November 2013)

The Capesize and Panamax markets both experienced fluctuations over the past week. Transpacific average earnings in the Capesize sector rose by more than $3,100/day in only three trading days to close to $19,000/day on 20 November, supported by a surge in iron ore chartering activity from West Australia. This lifted spot charter rates on the benchmark Baltic Exchange-assessed Capesize route from West Australia to Qingdao to above $10/t for the first time in four weeks. However, by 25 November, the rate had eased to $9.96/t. A comparative lack of Brazilian iron ore chartering dragged fronthaul earnings to their lowest level since mid-August, with a weekly decline of around $4,800/day to below $25,500/day. Spot Capesize coal freight rates from Tubarao to China have lost almost $3.5/t from four weeks ago to $20.4/t while the rate from Tubarao to Rotterdam is $11.7/t, down $1.6/t during the same period.

Following a steady decline from mid-October, the Panamax market showed some signs of upward movement from 22 November. The current average charter rate of $11,080/day marks a small improvement on the recent low of $10,749/day, but is still approximately $5,400/day off the year-to-date high seen in mid-October. The Newcastle to Qingdao spot freight rate slipped $1/t to $14.45/t, while the rate to Qingdao from Indonesia (terminal basis) fell $0.85/t to $8.30/t. The passing of seasonal peaks in grain-related chartering and the resulting unwinding in port congestion have loosened supply: demand balances in this sector.



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