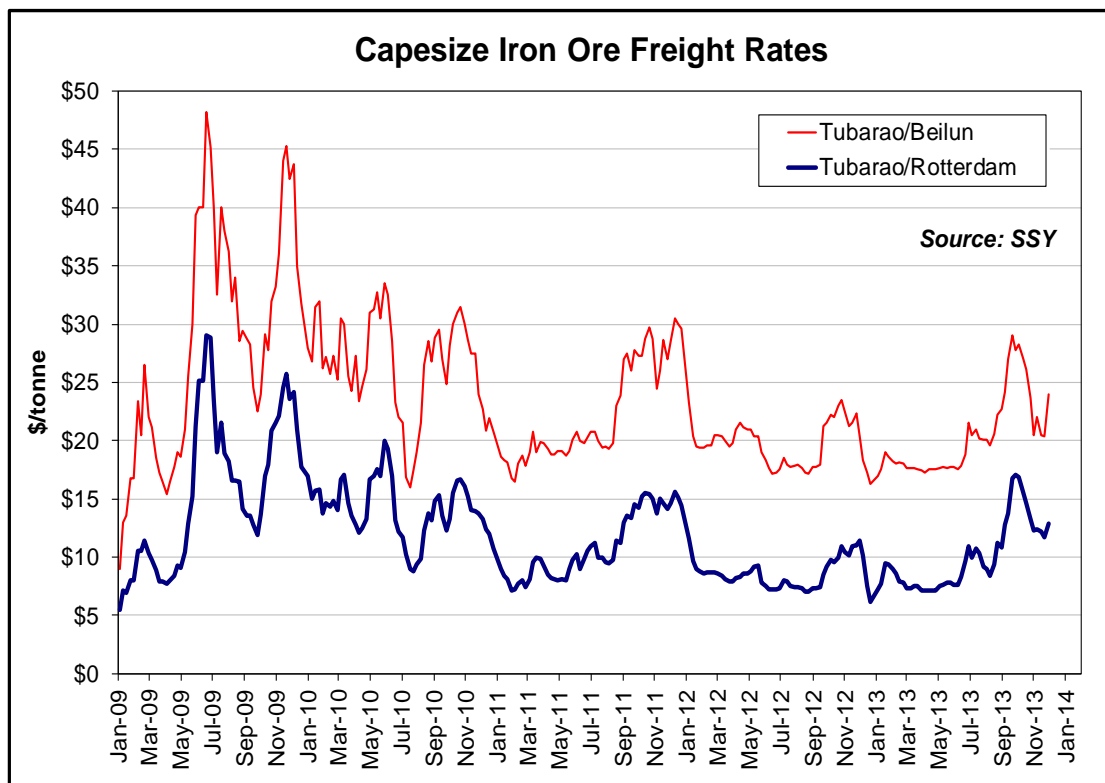


CAPESIZE/PANAMAX MARKET UPDATE (2 December 2013)

The Baltic Exchange Dry Index recorded its largest daily rise since August 2010 at the end of November, driven by a firming Capesize market. A weekly gain of more than \$9,100/day has lifted the Capesize average 4TC to a one-month high of \$25,673/day. Capesize iron ore chartering activity has been concentrated in the Pacific, with the Baltic Exchange reporting the second highest number of fixtures in a month since July 2011 involving iron ore shipments from West Australia into Asia in November. The Pacific round voyage rate rose by almost \$10,000/day in five trading days to \$27,477/day. This has now been supplemented by renewed levels of iron ore chartering activity from Brazil, which created the basis for elevated fronthaul (Atlantic to Pacific) earnings, which almost doubled from the previous week to \$37,455/day.

As a result, the Capesize iron ore freight rate from Tubarao to China climbed by \$3.6/t week-on-week to \$24.0/t while the spot voyage rate from Tubarao to Rotterdam rose by \$1.2/t to a one-month high of \$12.9/t.

Correspondingly, sentiment in the freight futures market has also turned more positive. The Capesize 4TC FFA contract for December is trading around \$24,150/day, up sharply from last Monday's level of \$17,725/day. However, the 1q14 FFA contract of \$13,650/day demonstrates market expectations of a softer market as 2014 begins.



SSY Consultancy & Research

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