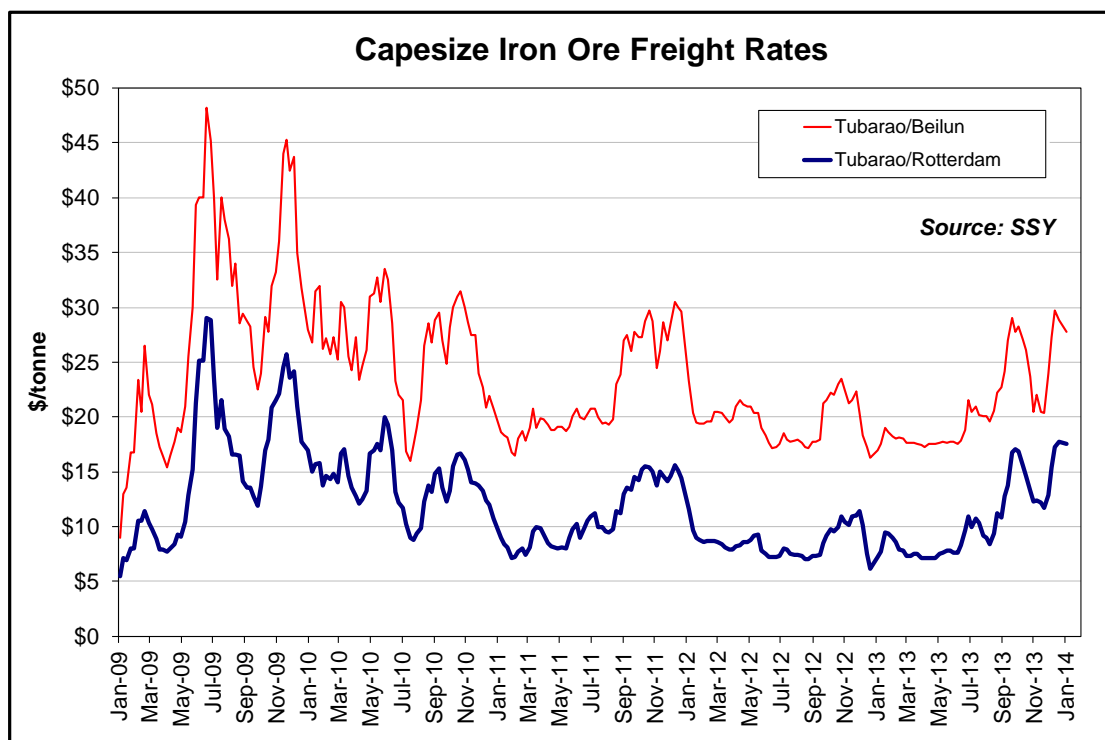


CAPE SIZE/PANAMAX MARKET UPDATE (6 January 2014)

Having ended 2013 relatively strongly, the dry bulk freight market in 2014 has opened with average earnings for all bulker sectors trending downwards. Average charter rates for Capesize vessels began 2014 at \$35,316/day and have since declined to \$31,334/day, with the sharpest falls in evidence in the Pacific. Tubarao-Rotterdam Capesize iron ore freight rates slipped by \$0.2/t in the last two weeks to \$17.50/t. This compares with \$7.20/t on the same route at the beginning of 2013. Capesize spot rates from Tubarao to China fell by \$1.1/t during the same period to \$27.8/t, which compares with \$17.0/t a year ago.

Temporary stoppages at NW Australian ports caused by a tropical cyclone Christine and a force majeure declaration relating to iron ore from mines in SE Brazil (both in late December) serve as a reminder the increasing risk of seasonal weather-related disruption to iron ore cargo availability as the 1q begins.

Meanwhile, Panamax average charter rates slipped by \$811/day from end-2013 to one-month low of \$13,745/day, which still compares favourably with around \$5,300/day a year ago. The Panamax coal freight rate from Newcastle to Qingdao has remained below the equivalent Capesize rate for a fifth consecutive week, at \$15.40/t. In the Atlantic, the Hampton Roads-Rotterdam freight rate slipped \$0.35/t to \$15.15/t, which compares with \$11.20/t on the same route a year ago.



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