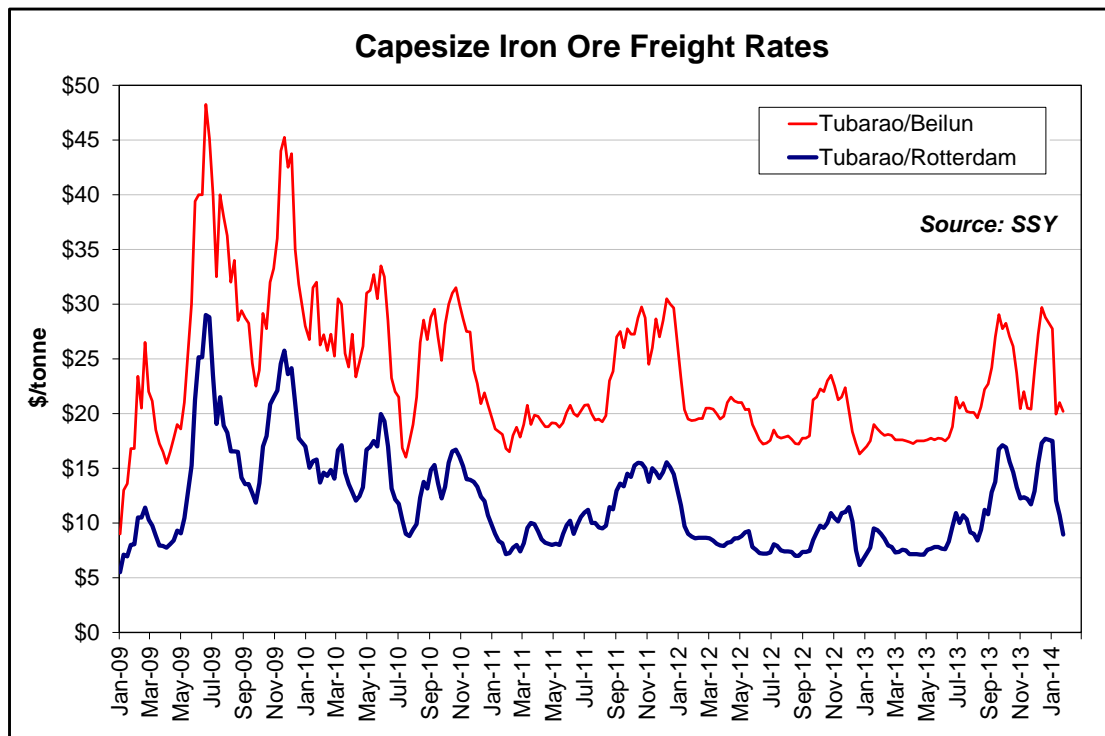


CAPE SIZE/PANAMAX MARKET UPDATE (27 January 2014)

The partial rebound in Capesize freight rates in the middle of January proved short-lived as downward movement returned and drove average charter rates in the sector to \$10,006/day, a seven-month low. As a result in \$/day terms the current Capesize market is now just 26% of the end-2013 level. The spot Brazil to China freight rate stands at \$20.20/t compared with almost \$30/t as recently as mid-December. In the Atlantic the Brazil to Rotterdam rate dwindled below \$10 for the first time since August 2013 and compares unfavourably with the end-2013 level of \$17.70/t. In doing so, the Capesize market has followed the example of recent years, as bad weather impacts cargo availability in the 1q and adversely affects freight rates.

The Panamax market has also trended downwards through January. The spot rate from Bolivar to Rotterdam stands at \$14.05/t, marking a decline of \$3.30/t over the last three weeks alone.

On the other hand there has been more positive sentiment in evidence in the physical period market. The one-year rate for a Panamax in the Pacific for example advanced from \$12,500/day at the turn of the year to \$14,500/day, retreating slightly to \$14,000/day at time of writing. This may be influenced by an expectation of a strong Latin American grain season, which typically boosts Panamax employment from March onwards.



SSY Consultancy & Research

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