

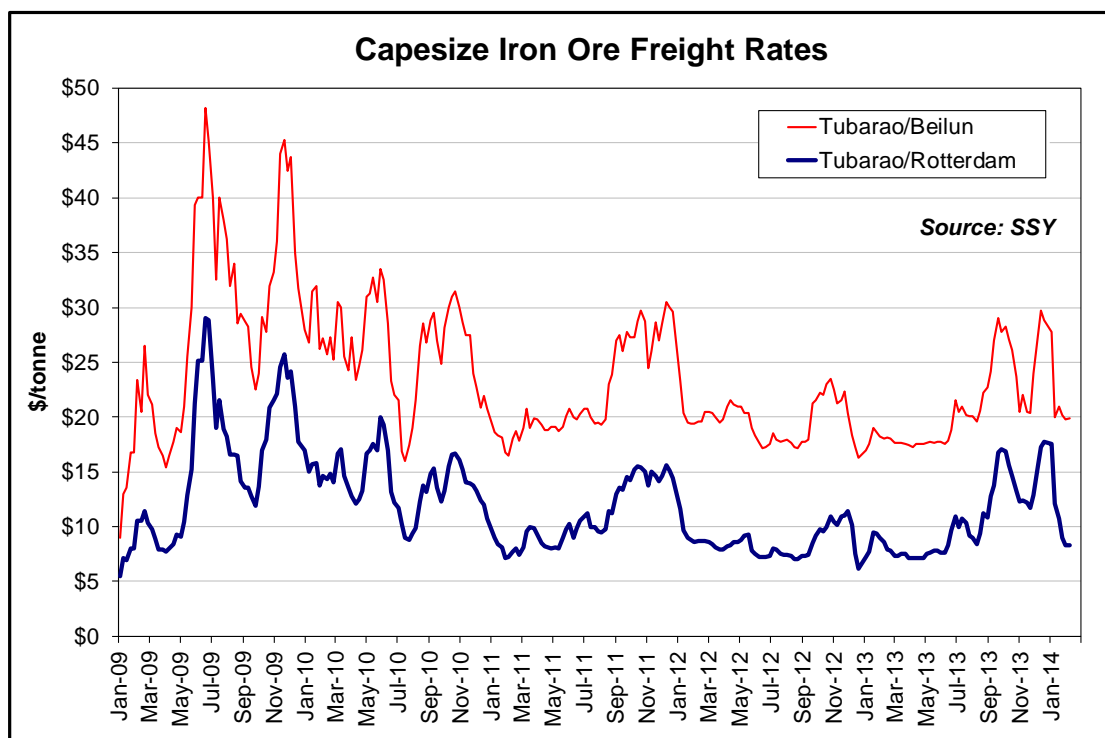
CAPE SIZE/PANAMAX MARKET UPDATE (10 February 2014)

Last week finally saw some upward momentum return to the Capesize market, with the average of the four timecharter rates for the sector climbing by \$956/day to \$8,868/day after hitting a 7-month low on 4 February. Atlantic round voyage rates edged higher from \$5,670/day last week to the current level of \$6,600/day. As a result, spot Capesize voyage rates from Tubarao to China rose by \$0.15/t week-on-week to \$19.90/t and the corresponding rate to Rotterdam edged higher to \$8.30/t.

Official trade data for Brazilian iron ore exports in January reflect the decline in the Capesize market. Brazil only exported 24.7 Mt of iron ore in January, down by 7.1 Mt from December last year as wet weather hampered supply chain operations. This marked the lowest monthly level since April 2013.

There has been a series of disruptions to cargo supply. These include winter weather in Canada (including iron ore exports), the suspension of indirect coal loading at Puerto Drummond in Colombia (removing up to 2.5 Mt/month of coal from the market) from 12 January, tropical cyclones in Western Australia (impacting iron ore exports), a power cut at Richards Bay (for a week from 31 January) as well as the recent disruption in Queensland.

By contrast, in the Panamax sector, current average charter earnings of \$10,427/day were barely changed from the previous week (\$10,576/day). However, last week saw a weekly rise of \$626/day in the Pacific round voyage rate, now standing at a 2-week high of \$9,182/day. The Panamax spot freight rate from Indonesia-Qingdao is now \$7.70/t, up by \$0.6/t week-on-week to a 4-week high.



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