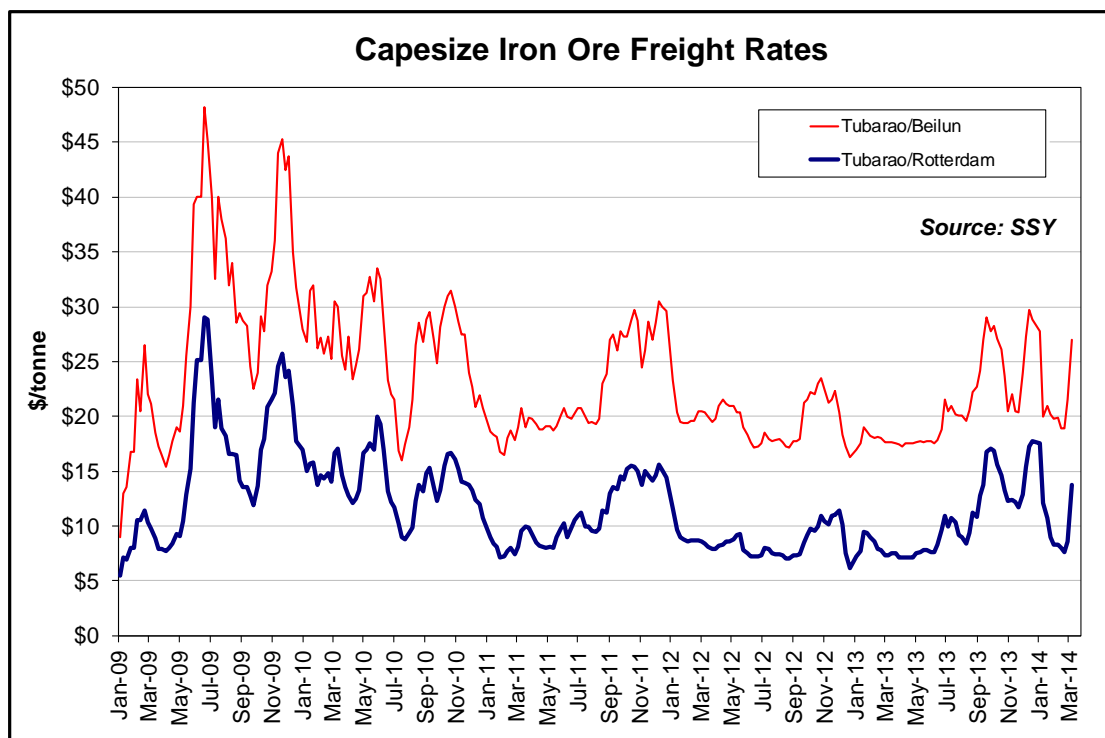


## CAPEX/PANAMAX MARKET UPDATE (10 March 2014)

The Capesize market experienced a continuous upward trend last week, with average 4TC earnings reaching a 2-month high of \$24,748/day, following a large weekly gain of \$9,673/day. A spell of iron ore spot chartering activity in the Atlantic basin has helped push round voyage rates up \$13,550/day from the previous week to \$25,500/day. The recent surge also involved fronthaul (Atlantic-Pacific) charter rates climbing by \$13,335/day to \$44,550/day. In the Pacific, sustained high levels of iron ore chartering activity from West Australia has lifted round voyage rates increasing by more than \$7,000/day to \$24,282/day.

As a result, the Capesize iron ore spot voyage rates from Tubarao to Qingdao & Rotterdam both reached their second highest levels of the year, rising to \$27.0/t (+\$5.5/t week-on-week) and \$13.8/t (+\$5.2/t week-on-week), respectively.

The rally in the Capesize market has stretched the Cape: Panamax earnings ratio to 2.83, the widest since September 2013. The current average earnings of \$8,757/day for Panamaxes remained the weakest of the four main dry bulk market sectors, despite fronthaul earnings returning above \$16,100/day. As a result, Panamax coal freight rates from Bolivar to Qingdao gained by \$0.35/t week-on-week to a 3-week high of \$30.4/t. Meanwhile, the Panamax voyage rate from Newcastle to Qingdao is now \$14.55/t, some \$1.15/t cheaper than the corresponding Capesize rate. Furthermore, this is the largest discount to the Capesize for this route since the end of 2013.



### SSY Consultancy & Research

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