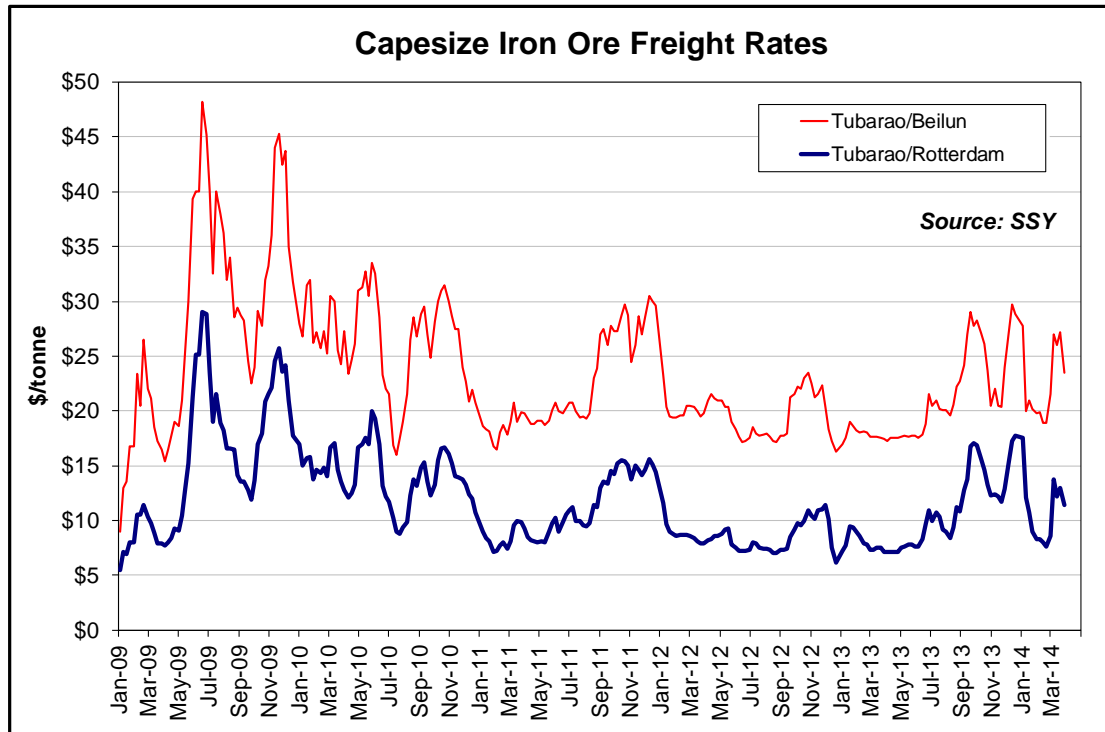


CAPEXSIZE/PANAMAX MARKET UPDATE (31 March 2014)

The recent improvement in the Capesize market (which hit a 10-week high of \$25,659/day on 20 March) came to an end last week with average earnings falling by \$5,759/day in just four trading days to \$19,211/day. Round voyage rates in the Atlantic slumped by almost \$9,000/day week-on-week to \$15,750/day on reduced chartering activity, while transpacific average earnings also dropped by nearly \$6,000/day to \$19,386/day at the end of last week. Tracking those falls, the Capesize iron ore spot voyage rates from Tubarao to China and Rotterdam both fell to their 4-week lows of \$23.50/t and \$11.40/t, respectively. Nevertheless, average Capesize TC earnings remain at a multiple of their corresponding 2013 levels and finished March with a modest Pacific-led rise to \$19,479/day.

Panamax average earnings have been the weakest of the four main dry bulk market sectors since late February, ending the 1q at a near 7-month low of \$7,600/day. Subdued Atlantic steam coal markets together with higher than average fleet supply growth both contributed to the relative weakness in this size range. The softness in the Atlantic is particularly acute, where round voyage rates slumped to below \$4,000/day for the first time since November 2012, a heavy decline from over \$18,000/day at the end of 2013.

However, both physical period and freight futures markets imply positive expectations for Panamax spot earnings with one-year period rates at \$14,250/day, compared with the year ago level of \$10,250/day, and the 4TC paper contract for April-December 2014 also priced above the spot market, at \$13,000/day.



SSY Consultancy & Research

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