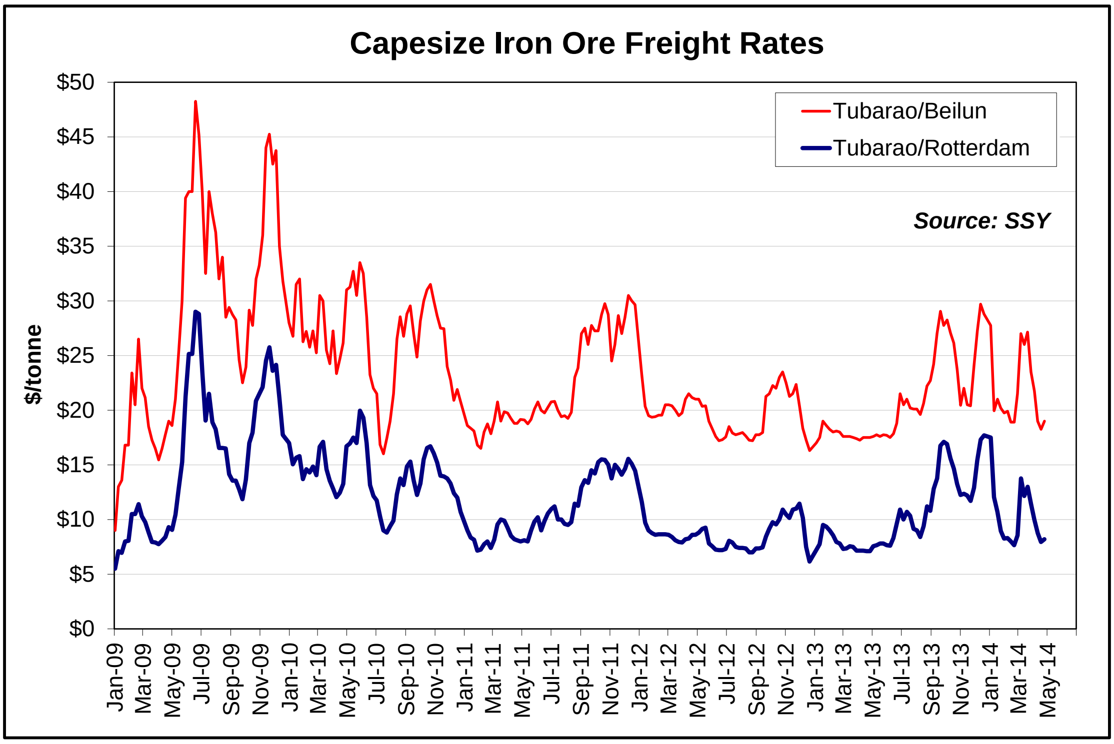
CAPESIZE/PANAMAX MARKET UPDATE (28 April 2014)

Shipbrokers reported an uptick in chartering activity in the Panamax sector last week, which was responsible for a mild improvement in freight rates. That said, rates remain at modest levels, with the Bolivar to Rotterdam rate estimated at $10.90/t, an increase of $0.40/t from the 17-month low seen two weeks ago, but still some distance short of the early March level of $12.60/t.

The Capesize market also made some gains last week, with the Tubarao to Rotterdam freight rate up $0.25/t from last week's eight-week low to $8.20/t. Although higher than the year-ago figure, this is overshadowed by the recent rally in the Capesize spot market, which lifted the rate for this route as high as $13.75/t in March. The corresponding rate to Qingdao is $19.00/t at present.

Reports have even been circulating in the mainstream media of grain cargo defaults by Chinese buyers against a background of tightening credit availability with cargoes also being resold (often involving shorter haul voyages). This has blunted the usually positive impact on the freight market of the main South American grain export season, which typically reaches its peak around this time of year. Credit availability concerns in China are ongoing. For example, the China Banking Regulatory Commission has this week called for the financing of iron ore deals to be investigated by local authorities and banks, according to Reuters.



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