

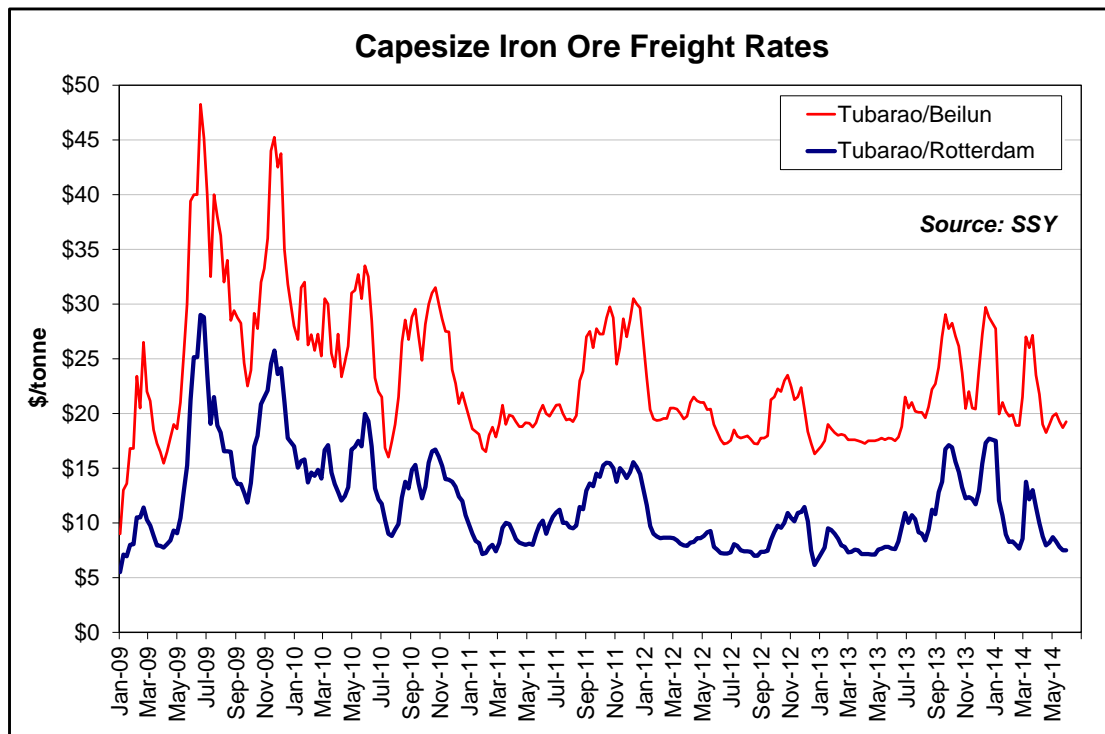
## CAPE SIZE/PANAMAX MARKET UPDATE (2 June 2014)

Capesizes average charter rates have been relatively flat, closing the week at \$9,986/day. The Capesize iron ore freight rate from Brazil to China rate edged higher \$0.50/t last week to \$19.25/t, while the rate to Rotterdam was unchanged from the previous week at \$7.50/t.

By contrast, the Panamax market saw further declines last week, with average earnings down \$988/day week-on-week to \$6,786/day, just \$500/day above the year-to-date low of mid-April. The downward movement is strongest in the Pacific, where round voyage rate dropped to \$6,700/day, the lowest level since August 2013. The Panamax spot voyage rates from Puerto Bolivar to Rotterdam route fell by \$1.0/t to a 4-week low of \$11.80/t.

Continuing declines in the spot freight market have led in turn to reductions in period rates. The one-year period rate for Capesizes is currently at \$22,500/day, having reached \$31,000/day during the March rally. Similarly, longer-term sentiment for Panamaxes has been negatively affected by the prolonged downturn in the spot market. The current one-year rate in the Pacific of \$12,000/day compares with a mid-March level of \$14,500/day.

The other measure of market sentiment for coming months, the freight futures (FFA) market is pricing Capesize and Panamax average charter rates at around \$21,000/day and \$12,000/day for the 2h14, which although lower than the forward curve in early May marks an increase from current spot physical levels.



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