

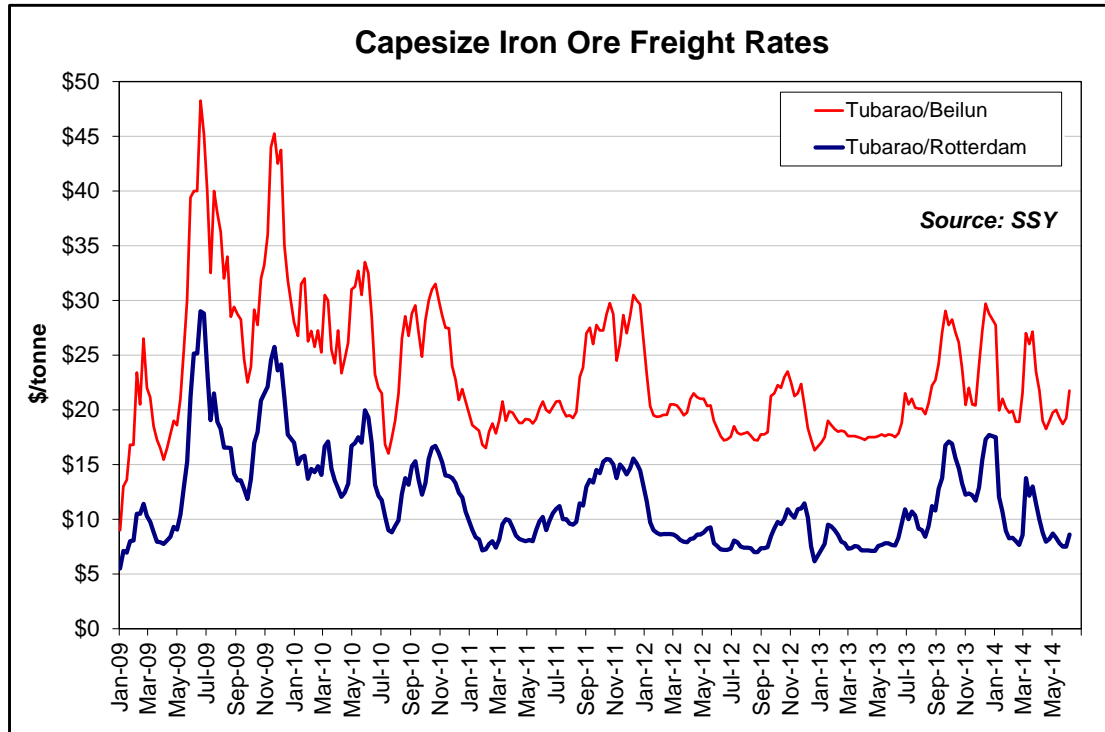
CAPE SIZE/PANAMAX MARKET UPDATE (9 June 2014)

Last week witnessed Atlantic-focused gains in the Capesize market, which lifted average charter rates assessed by the Baltic Exchange by more than \$4,000/day to a two-month high of \$14,238/day (basis 172,000 dwt vessels). Increased iron ore chartering activity from Brazil to China pushed fronthaul (Atlantic-Pacific) rates higher by around \$7,000/day to \$31,117/day, with Atlantic round voyage rates climbing \$5,756/day to \$14,306/day. Although more modest, round voyage rates in the Pacific reached a two-month high of \$12,280/day, up \$1,744/day. The Capesize iron ore freight rate from Brazil to China rate rose \$2.5/t last week to a 2-month high of \$21.75/t, while the rate to Rotterdam climbed by \$1.1/t week-on-week to \$8.60/t.

In the last week a series of trade data have been released, which highlight the strength of iron ore trade flows in 2014. With 77.4 Mt of iron ore imported by China in May, the total for the first five months of the year is already running some 60 Mt ahead of the corresponding pace in 2013 at 383 Mt.

Significantly, for the Capesize market Brazilian iron ore exports in May hit a monthly year-to-date high of 30.7 Mt, up 6.0 Mt from April and representing an annual increase of 9 Mt for January-May. Meanwhile, iron ore throughput at Port Hedland (Australia's largest iron ore terminal) in May reached a record 36.1 Mt, up 8.2 Mt on May 2013, suggesting another large Australian export total in prospect for last month.

In complete contrast, Panamax vessels weakened further last week. Further declines were in evidence in the Pacific basin, where round voyage rate fell to a 12-month low of \$5,564/day. The Panamax spot voyage rate from Puerto Bolivar to Rotterdam route fell to a 5-week low of \$11.55/t.



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