

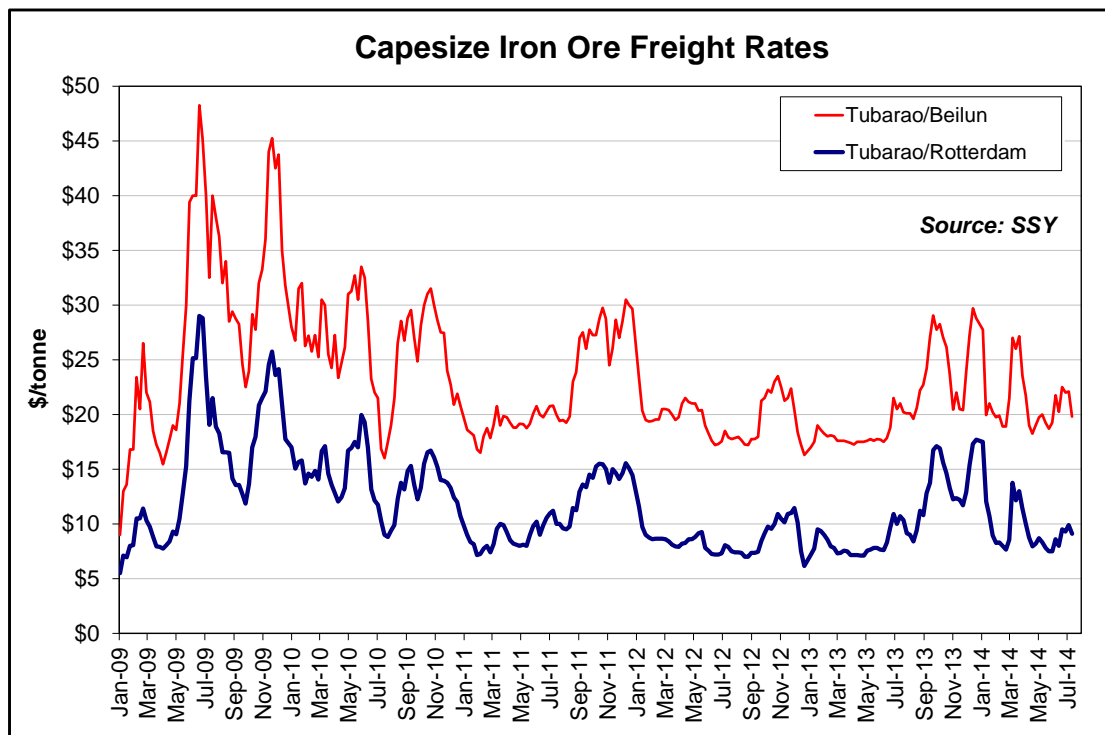
CAPE SIZE/PANAMAX MARKET UPDATE (14 July 2014)

After hitting a one-month high of \$5,677/day last Wednesday, average earnings for Panamax vessels have eased to \$5,329/day by the time of writing, with rates in both basins experiencing declines. The Panamax spot coal voyage rate from Bolivar to Rotterdam edged down by \$0.10/t week-on-week to \$11.70/t.

Fleet data from SSY show the pace of newbuilding deliveries in the Panamax sector (65,000-99,999dwt) slackened in the 2q14, when 41 new ships entered service, followed 67 arrivals in the 1q14. In combination with greater interest in scrapping, this led to a net expansion of 2.4 Mdw, which was less than half the net addition in the 1q14 and represented the smallest quarterly net gain since 2009.

The Capesize sector experienced downward movement last week, especially in the Atlantic, where round voyage rates for 172 Kdwt vessels fell by almost \$3,000/day during the week to \$7,200/day, the lowest level since end-April. This brought the spot iron ore voyage rate from Turbarao to Qingdao to a 6-week low of \$19.8/t, down by \$2.3/t week-on-week, while Turbarao to Rotterdam also slipped by \$0.8/t from last week to \$9.1/t.

Earnings for Capesizes in the Pacific have also declined by \$2,196/day to \$9,077/day, the lowest level since late-May. The declines on the Capesize physical market have been accompanied by falling freight futures (FFA) prices. The 3q14 contract for Capesize 4TCs was priced at \$13,600/day last Friday, compared with more than \$17,000/day on 1 July.



SSY Consultancy & Research

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