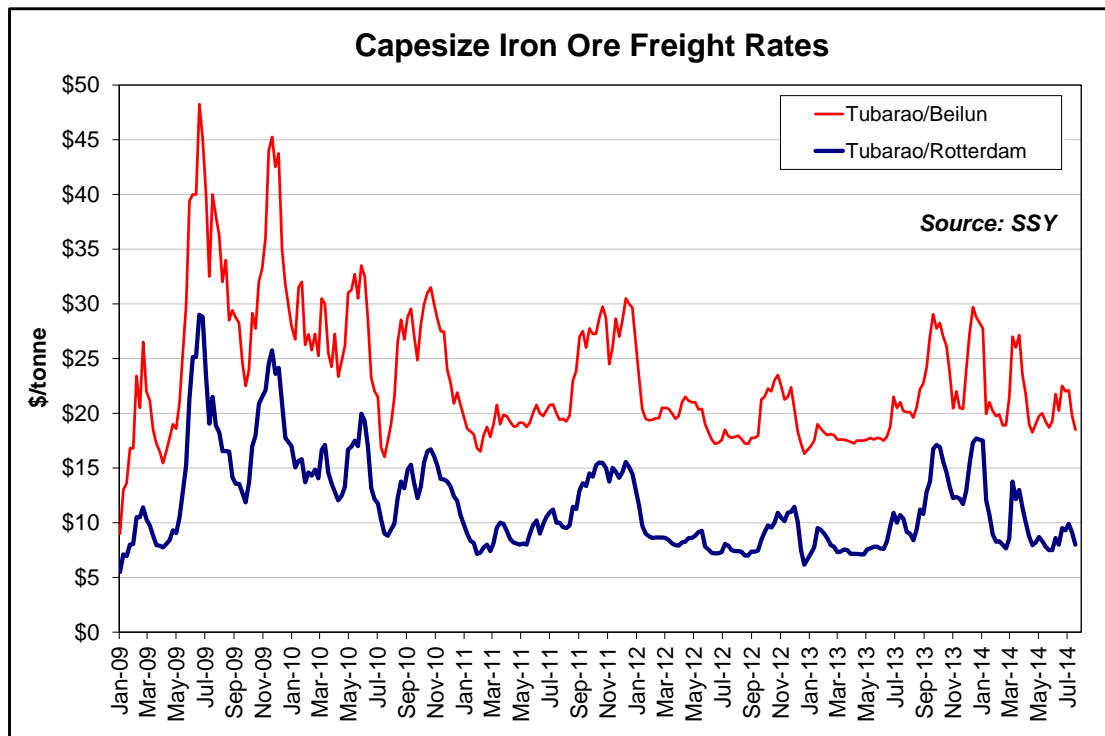


CAPE SIZE/PANAMAX MARKET UPDATE (21 July 2014)

The Baltic Exchange Dry Index (BDI) has fallen to a 17-month low of 724 points with declines in average earnings across the board. Capesize average earnings for 172 Mdw vessels sunk to their lowest level since mid-February, down by \$1,442/day week-on-week to \$8,484/day from close to \$15,000/day at the beginning of July. The downward movement is most severe in the Atlantic, with round voyage earnings declining from \$12,935/day one month ago to \$4,925/day, with a weekly decline of \$2,275/day. As a result, the spot iron ore voyage rate from Turbarao to Qingdao fell by \$1.30/t week-on-week to a 13-week low of \$18.50/t, while Turbarao to Rotterdam also slipped by \$1.1/t from last week to \$8.0/t, the lowest level since end-May.

Panamax average earnings have dropped back after a short-lived rebound in early July, remaining the weakest of four dry bulk freight markets assessed by the Baltic Exchange for a fifth consecutive month, with a current charter rate average of \$4,604/day. This was chiefly due to a severe build-up of tonnage and amidst slower chartering activity in both basins. The Panamax spot coal voyage rate from Bolivar to Rotterdam dropped \$1.80/t week-on-week to \$9.90/t, which compared with the year-ago level of \$14.40/t.

The declines on the physical market have been accompanied by sliding freight futures (FFA) prices. Nevertheless, \$21,000/day for Capes and \$9,750/day for the Panamax FFA prices for the 4q14 still imply a higher market towards the end of 2014, in line with recent seasonal trends.



SSY Consultancy & Research

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