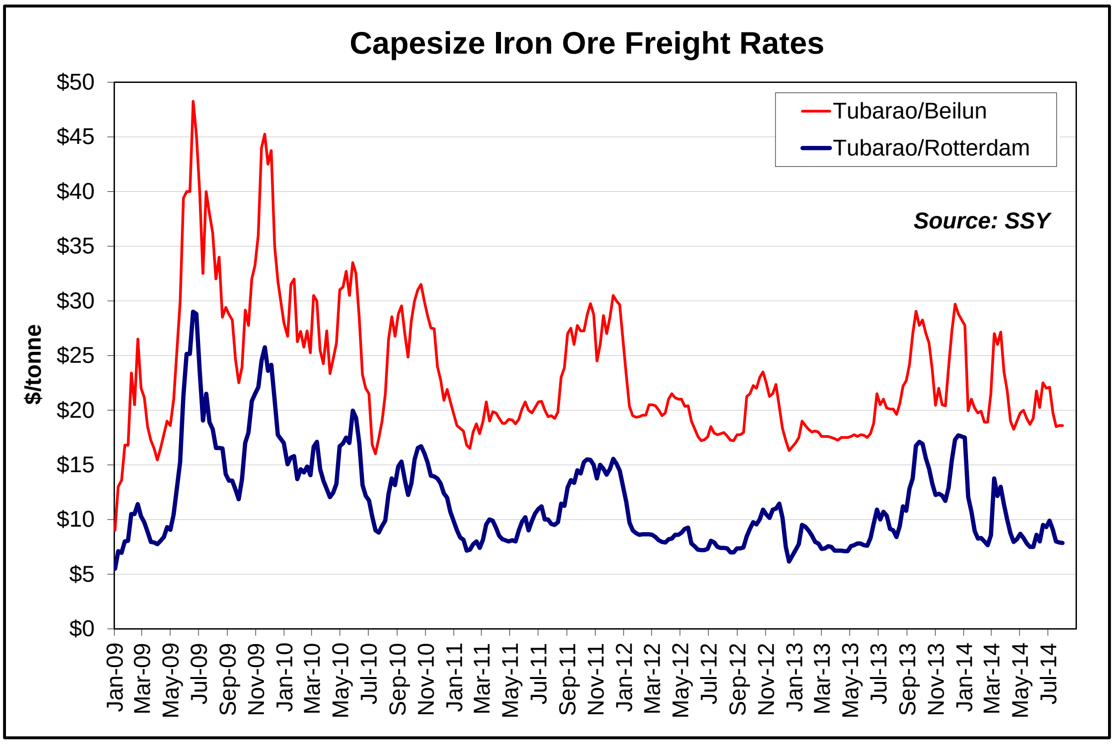
# CAPESIZE/PANAMAX MARKET UPDATE (4 August 2014)

Last week saw little movement in spot Capesize freight rates. The spot iron ore voyage rate from Tubarao to Qingdao was unchanged from last week at $18.60/t, but Tubarao to Rotterdam edged lower by $0.05/t to a 2-month low of $7.85/t. Although the soft Capesize market is in line with recent seasonal trends, this year's July market has underperformed 2013, with the July 2014 monthly charter rate average of $10,361/day down 22% year-on-year.

This soft tone stands in contrast to recent robust iron ore trade data. Exports from Brazilian in July rose to a year-to-date high of 31.2 Mt, up 1.6 Mt from June and 1.5 Mt on July 2013. The arrival of new mining capacity in Brazil has positive implications for the Capesize market, as the clear majority of material is shipped longhaul to destinations in Asia, boosting demand for Capesize vessels disproportionately. In the first seven months of 2014 exports are up 14 Mt to 188 Mt.

The main negative for the Capesize market is the depressed Panamax market, which has been adversely affected by this year's subdued coal trade growth. Shipbrokers report that the main focus of chartering activity from East Coast Australia is India, where demand growth has proved more resilient than China or Europe.

Despite the weaker tone to the spot freight markets, the total dry bulk carrier orderbook has risen by 8 Mdwt over the past two months to stand at its highest level since June 2012. By far the biggest change has been to Capes, where tonnage on order has climbed by 4.8 Mdwt since May.

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