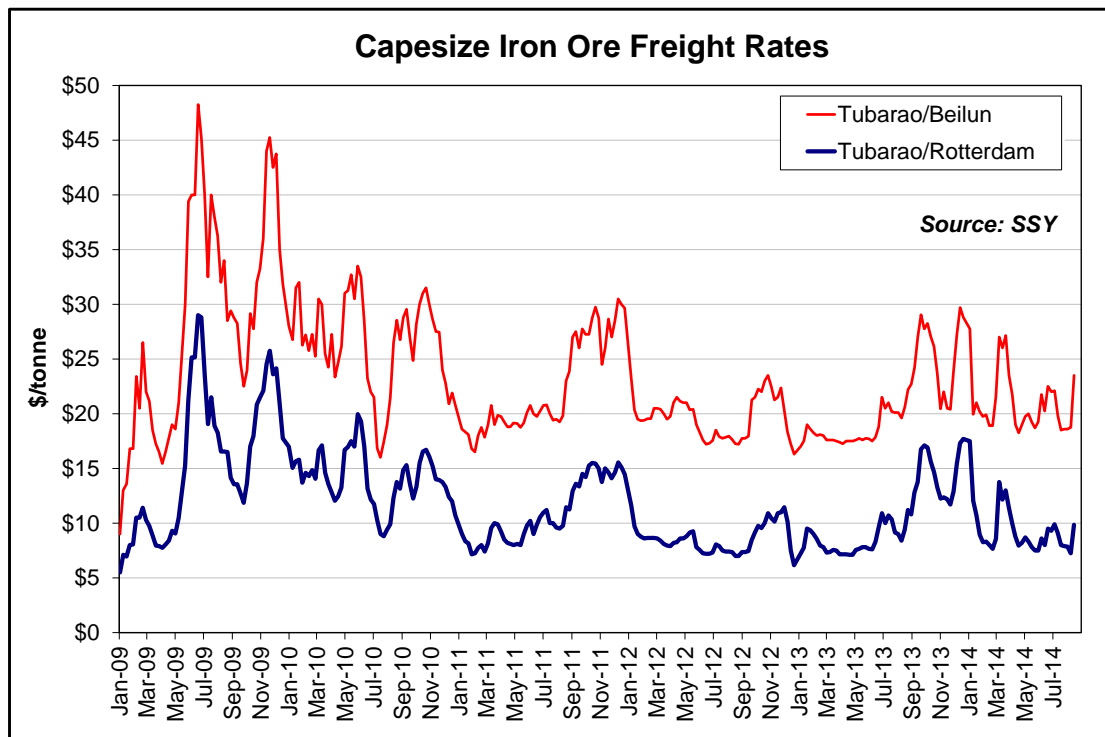


## CAPE SIZE/PANAMAX MARKET UPDATE (18 August 2014)

Last week saw a sudden upward movement in the Capesize market, where average charter rates for 172 kdwt vessels jumped by \$6,100/day to \$14,893/day, the highest level since early April. In freight rate terms, this translates into a dramatic weekly spot rate gain of \$4.75/t to a 5-month high of \$23.50/t for Tubarao to Qingdao, while Tubarao to Rotterdam also climbed by \$2.60/t week-on-week to \$9.60/t.

There is a striking parallel between last week's rally and developments at this stage last year. Average charter rates for Capesizes, as assessed by the Baltic Exchange, are not only at very similar levels (\$14,893/day on 18 August against \$14,377/day a year ago), but also rose at a similar pace last week. In 2013 this upward move proved to be the first stage of a more pronounced increase in the Cape market through September, fuelled in part by greater iron ore export availability from Brazil at the time and supplemented by more iron ore shipments from Australia. Last year, however, ship demand benefitted from faster growth in seaborne coal trade, which also led to a firmer Panamax market.

There has been an upturn in the Panamax market, with the spot voyage coal rate from Bolivar to Rotterdam edging higher by \$0.05/t week-on-week to \$10.80/t, which compared with the year-ago level of \$12.80/t.



### SSY Consultancy & Research

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