

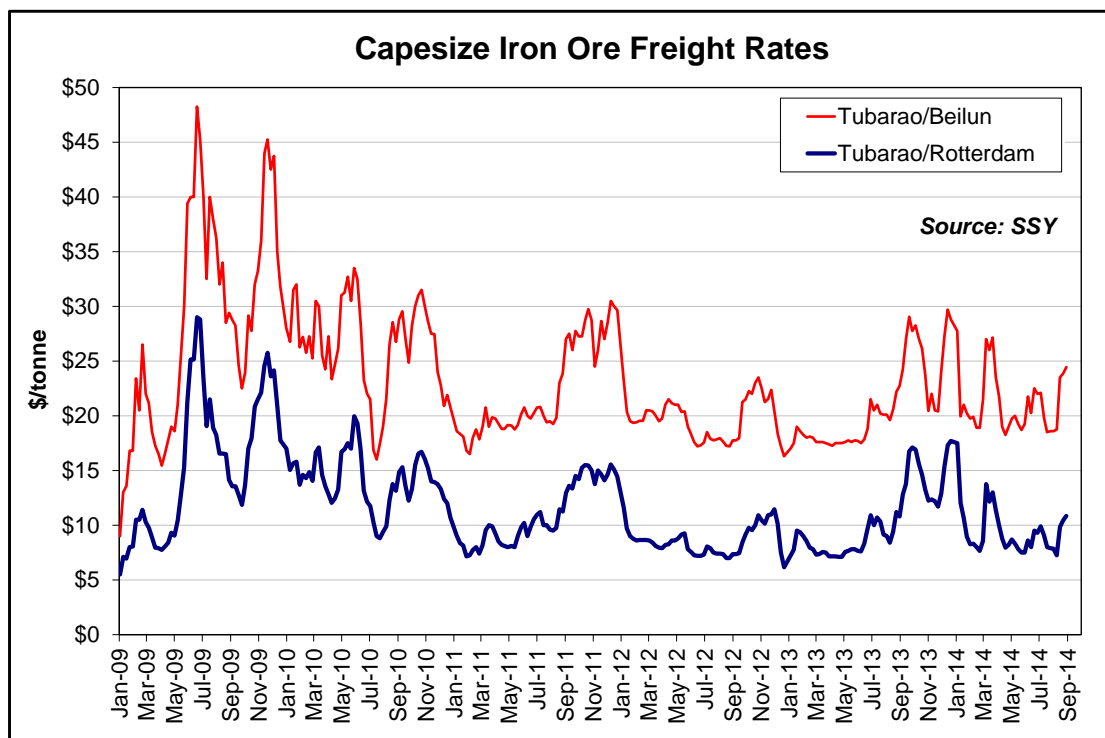
CAPEXSIZE/PANAMAX MARKET UPDATE (01 September 2014)

A favourable outlook for grain shipments from the Black Sea and US Gulf is helping support sentiment for Panamaxes for the 4q, while the Capesize rally is mirroring last August's iron ore-driven upward push.

Last week saw a renewed upward movement in the Capesize sector, with average earnings for 172 kdwt vessels reaching a five-month high of \$16,877/day on 29 August, before edging lower to \$16,605/day by time of writing. The Capesize spot coal freight rates for Tubarao to Qingdao rose by \$0.60/t during the week to a five-month high of \$24.45/t, while the spot voyage rate from Tubarao to Rotterdam stood above \$10/t for a second consecutive week.

Strong rises in the Capesize spot earnings have contributed to the recent firming in both period rates and FFA prices. Capesize one-year period rates rebounded from a 7-month low of \$18,750/day one month ago to \$23,000/day, while the freight futures market contract (FFA) for the 4q14 rose to \$25,300/day.

Panamax average charter rates climbed above \$7,000/day for the first time since end-May. Increases were seen in both basins. The strengthening in the Atlantic market was reflected in spot coal rates with the Bolivar to Rotterdam rate rising by \$0.15/t week-on-week to \$10.95/t.



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