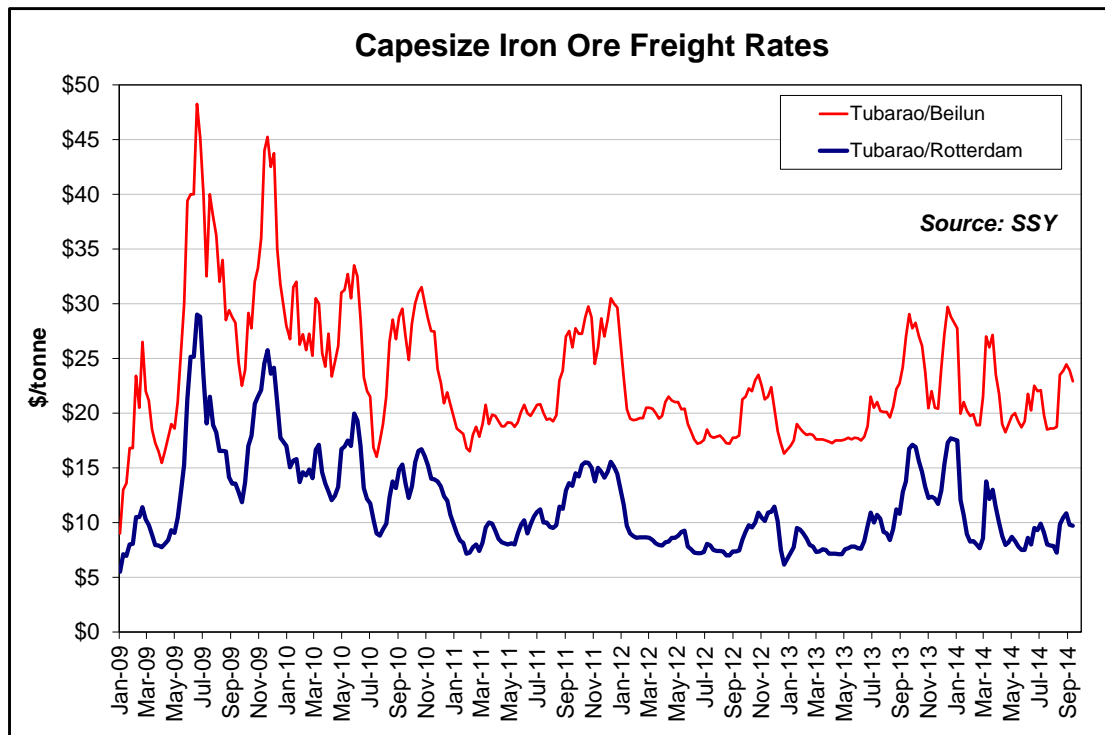


CAPE-SIZE/PANAMAX MARKET UPDATE (15 September 2014)

The recent improvement in the Capesize market, which saw average charter rates reach a five-month high of \$17,670/day on 10 September, gave way to some easing last week, with average rates edging lower to \$17,219/day by time of writing. Capesize spot coal freight rates from Tubarao to Qingdao and Rotterdam both fell to their 5-week lows at \$22.90/t (-\$1/t week-on-week) and \$9.70/t (-\$0.1/t week-on-week), respectively.

Meanwhile, Panamax average rates lost \$627/day last week to \$6,891/day. Much of the recent increase in this sector had been driven by the expectations of a strong grain export season from the US. More recently, however, reports that the Chinese government was seeking import curbs dragged on sentiment. The freight futures (FFA) market is pricing Panamax average charter rates for the 4q14 contract at \$9,750/day, which compares with \$11,200/day at the beginning of September.

The decline was particularly evident in the Atlantic, where the round voyage rate fell by more than \$2,000/day during the week to \$5,000/day. As a result, spot coal freight rate from Bolivar to Rotterdam fell by \$2.60/t week-on-week to \$9.40/t. In comparison the Pacific market remained steadier, with shipbrokers reporting a healthy amount of activity from Indonesia and Australia.



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