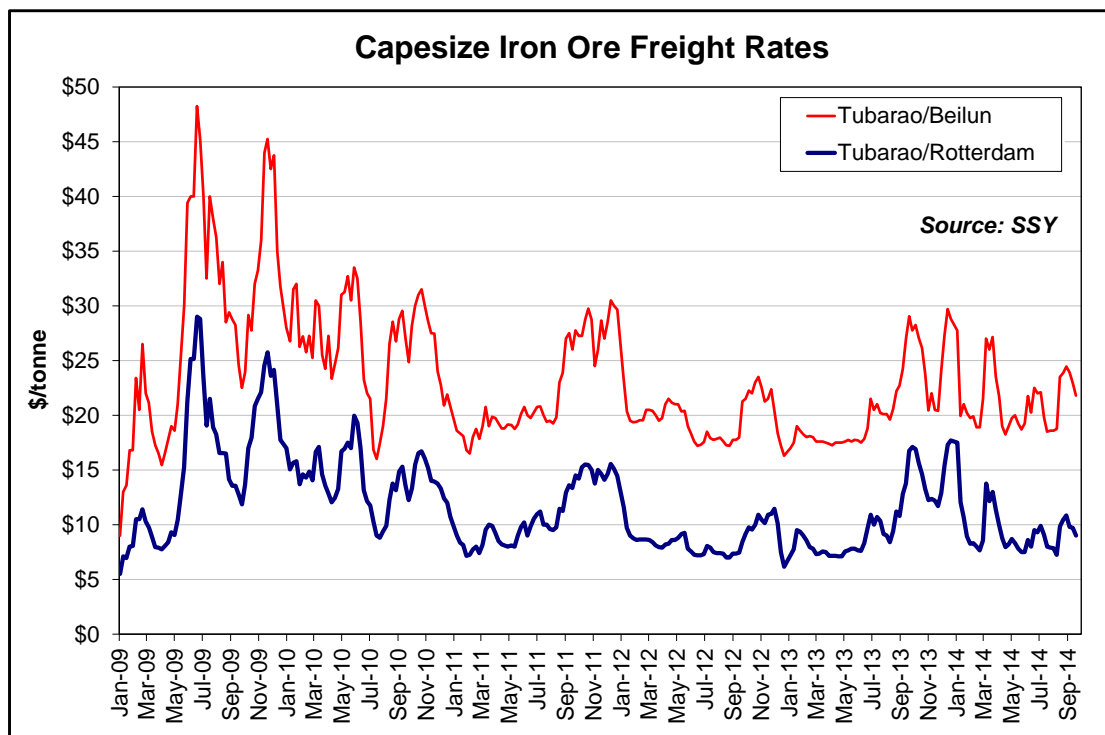


CAPE SIZE/PANAMAX MARKET UPDATE (22 September 2014)

Last week both the Panamax and Capesize markets experienced the return of downward movement, with average Capesize charter rates (for a 172kdwt vessel) seeing an overall weekly decline of \$3,384/day to \$13,835/day. At the end of last week the spot Capesize voyage rate from Tubarao to Qingdao dropped by \$1.10/t week-on-week to a 6-week low of \$21.80/t, while the equivalent rate to Rotterdam down by \$0.70/t to \$9.00/t.

In the Panamax sector a gentler decline has been in evidence, with average earnings edging lower by \$404/day during the week to \$6,487/day. The Panamax spot freight rate from Bolivar to Rotterdam is currently \$10.00/t.

As one of the key sources of bulker demand towards the end of last year was the rise in Chinese coal imports, news that the country's National Development and Reform Commission has instructed buyers to cut imports over the balance of the year has negative implications for freight rates in the Pacific, especially as current depressed domestic coal prices are limiting import opportunities. A breakdown of August's imports by source reveals that the volume shipped from long-haul sources (i.e. more distant than Australia) had dropped to their lowest monthly level since 2009, with no inbound shipments recorded from Colombia, Mozambique or South Africa.



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