

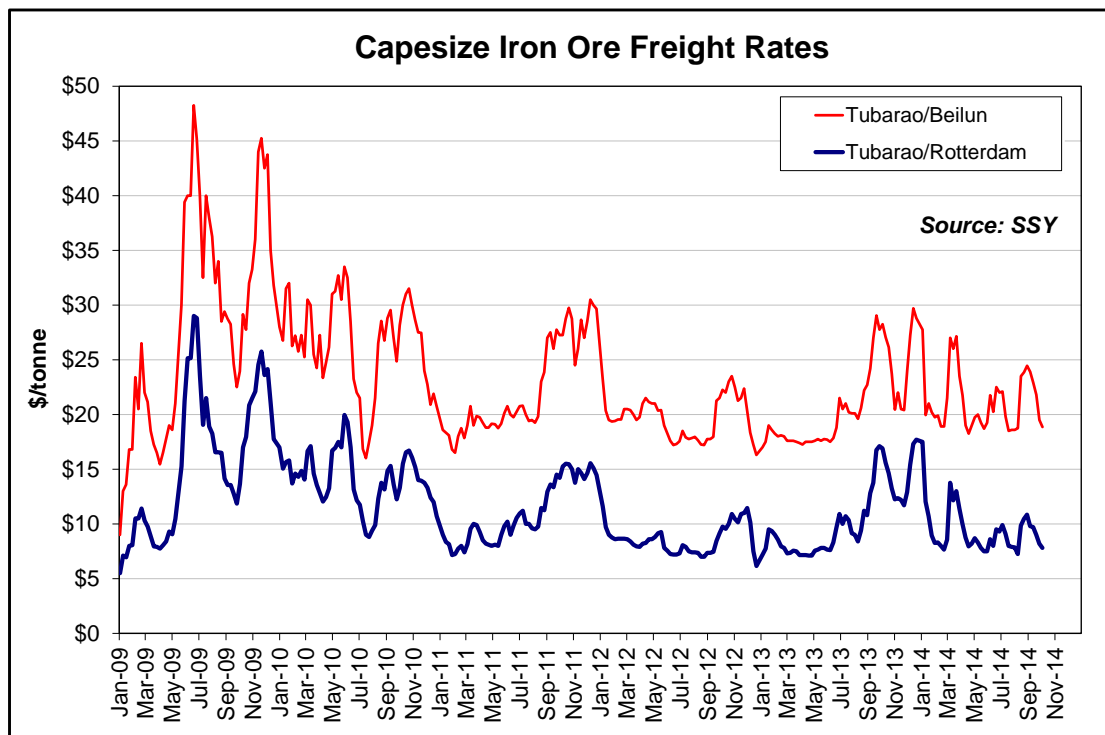
## CAPE SIZE/PANAMAX MARKET UPDATE (6 October 2014)

The beginning of October saw the decline in the Capesize market of September extended, with average charter rates falling by almost \$1,900/day from last week to \$10,827/day. The spot Capesize voyage rate from Tubarao to Qingdao dropped by \$2.30/t week-on-week to a 7-week low of \$19.50/t, while the equivalent rate to Rotterdam was down by \$0.80/t to \$8.20/t.

Iron ore trade data continue to indicate strong annual growth from Australia and Brazil, in spite of the recent slide in the Capesize market. Brazil's iron ore exports in September rose to 33.1 Mt, taking the year-to-date total to 249.3 Mt, up almost 15 Mt year-on-year. Meanwhile, exports of Australian iron ore have shown robust growth this year, August's all-time high volume took year-to-date exports to 490.4 Mt, up a massive 102.4 Mt year-on-year.

With iron ore trade growing strongly this year, the weak link in vessel demand has been coal, where soft import demand into China and Europe, for example, has impacted the Panamax market and, in turn, dragged on Capesize rates.

Panamax sector average charter rates have been the lowest of all bulker sizes assessed by the Baltic Exchange since mid-September, though the Panamax average did generate some upward momentum last week, climbing \$614/day to reach a three-week high of \$7,119/day, although shipbrokers noted that some of the positive effect from grain-related chartering eased at the turn of the month. Panamax spot voyage coal freight rates from Bolivar to Rotterdam rose by \$0.60/t week-on-week to a four-week high of \$10.60/t.



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