

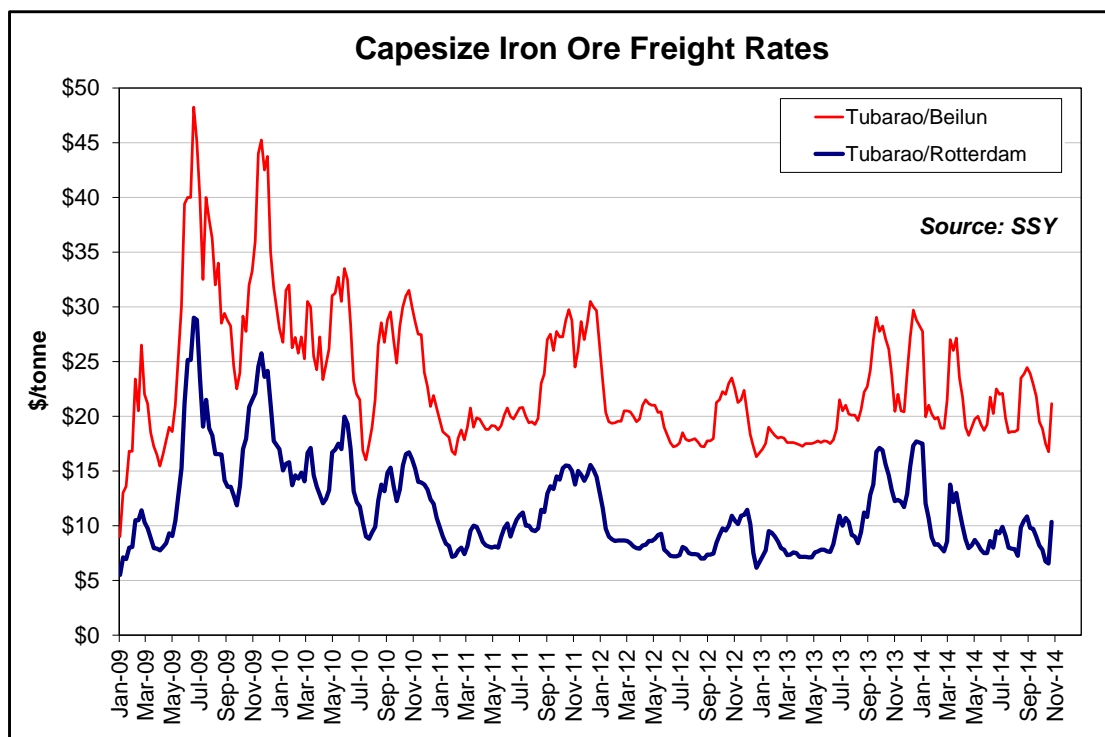
CAPE SIZE/PANAMAX MARKET UPDATE (27 October 2014)

Last week saw a sudden upward movement in the Capesize market, where average earnings for 172 kdwts vessels jumped from \$9,148/day to a 7-month high of \$18,842/day, driven by increased iron ore chartering activity from Brazil and West Australia. On a spot voyage basis, this translated into a large weekly gain of \$3.8 /t to an 8-week high of \$10.4/t for freight rates from Tubarao to Rotterdam, while the corresponding rate to China rose sharply by \$4.4/t to \$21.2/t.

The sudden rally in the Capesize sector follows the weakest Cape market in relation to Panamax since February, which implies a loss of competitiveness for Panamax in mid-October.

The rebound in the spot Capesize markets has prompted increases in the physical period rates, with the one-year period rate climbing by \$4,000/day during the week to \$18,000/day. Meanwhile, freight futures (FFA) market sentiment has been boosted, with the Capesize 4 TC average contract for the 4q14 rising by \$2,500/day last week to \$17,700/day by 24 October.

Meanwhile, Panamax average earnings rose to an 8-month high of \$9,102/day at time of writing. According to data from the US Department of Agriculture, combined exports of corn, soyabeans and wheat rose to an 8-month high of 3.0 Mt in the week ending 16 October, the highest level since February. The Panamax spot freight rate from Bolivar to Rotterdam climbed \$1.0/t from last week to \$11.4/t.



SSY Consultancy & Research

While care has been taken to ensure that the information contained in this report is accurate, it is supplied without guarantee. SSY can accept no responsibility for any errors or any consequence arising therefrom.