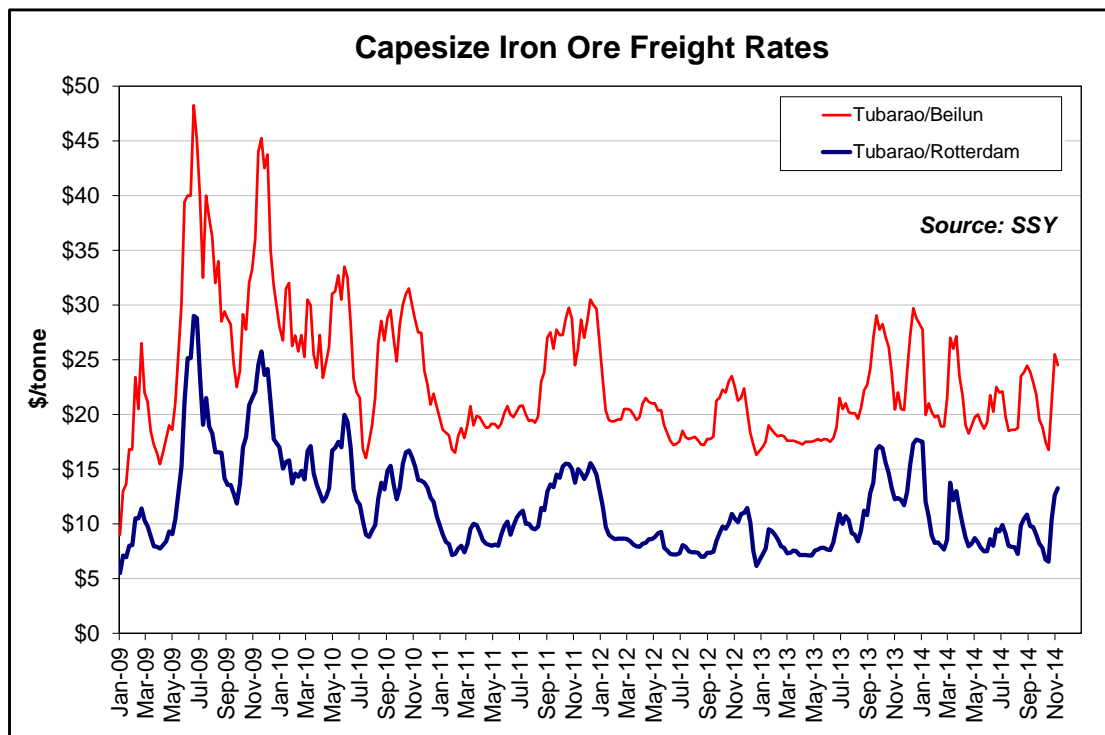


## CAPE SIZE/PANAMAX MARKET UPDATE (10 November 2014)

After surging by 60% in the space of less than 3 weeks between mid-October and early November (to 1,484 points), the Baltic Exchange Dry Index has stalled in recent days and currently stands at 1,418 points. The dramatic jump in the BDI since mid-October was driven by a sharp rebound in the Capesize market, which was supplemented by a more modest rise in the Panamax sector. Spot earnings in both vessel sizes are now meeting resistance.

Having reached a 10-month high of \$26,802/day on 4th November, average Capesize earnings for a 172kdwt vessel have edged down to \$25,620/day, but significantly are up by 33% on the corresponding level in November 2013 and 84% on their year to date average. Last week saw a further gain of \$0.65 /t to an 8-month high of \$13.25/t for freight rates from Tubarao to Rotterdam, while the corresponding rate to China slipped \$1.00/t to \$24.50/t.

The upswing in Panamax charter rates was also halted last week after reaching a 7-month high of \$9,946/day at the opening of November. In contrast to Capes, the current 4 TC average of \$9,356/day is 24% below the corresponding level of a year ago. This is despite a strong seasonal rise in US grain exports and sustained high coal import demand from India. Weak coal exports from the US (which were down 16% year-on-year in September) and limited grain port congestion in Brazil (where the number of Panamaxes waiting to load has dropped to just 6 vessels from almost 30 in early August) have both exerted a negative influence on the Panamax Atlantic market. Panamax coal spot voyage rates from the US Gulf to Rotterdam were down by \$0.90/t week-on-week to \$13.60/t, while the Bolivar to Rotterdam equivalent rose \$1.00/t to a 5-month high of \$12.50/t.



### SSY Consultancy & Research

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