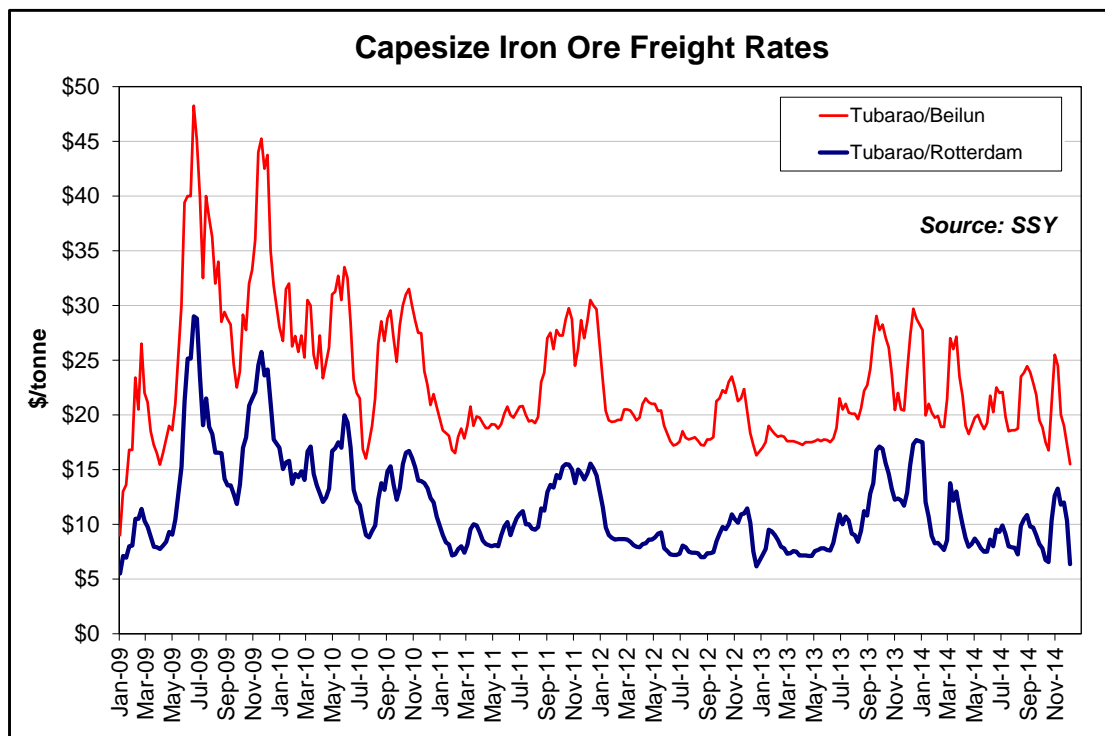


CAPE-SIZE/PANAMAX MARKET UPDATE (8 December 2014)

The slump in Capesize average charter rates continued last week, sinking to \$7,446/day, the lowest level in almost 18 months, compared with \$26,000/day in early November. Shipbrokers reported a pronounced slowdown in iron ore chartering activity from Brazil to Far East, driving fronthaul rates (Atlantic-Pacific) from around \$45,000/day one month ago to \$18,220/day, the lowest level since May 2011. Pacific round voyage rates also tumbled to a 10-month low of \$7,132/day. As we mentioned in the last few weeks, falling bunker prices have been also added further pressure on voyage rates, with iron ore freight voyage rate from Brazil to China declining by \$1.75/t week-on-week to \$15.50/t, compared with \$24.50/t four weeks ago. The Brazil-Europe voyage rate fell by \$4.0/t week-on-week to \$6.35/t, the lowest level since 2012.

Preliminary customs data for November show Chinese iron ore imports at 67.4 Mt, the second-lowest month of 2014. Despite a monthly decline of 12 Mt, year-to-date imports of 846.3 Mt are still around 100 Mt above the corresponding level in 2013. This emphasises the process of import substitution of iron ore in China this year, with relatively cheap high-quality ore from overseas displacing high-cost, low-quality domestic ore.

In the Panamax market, rates continued to be dragged down by weakness in the Pacific, where round voyage rates now stand at \$7,766/day, down by \$1,028/day week-on-week. Panamax coal spot voyage rates from Bolivar to Rotterdam retreated from last week's 6-month high of \$13.0/t to the current level of \$12.0/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.