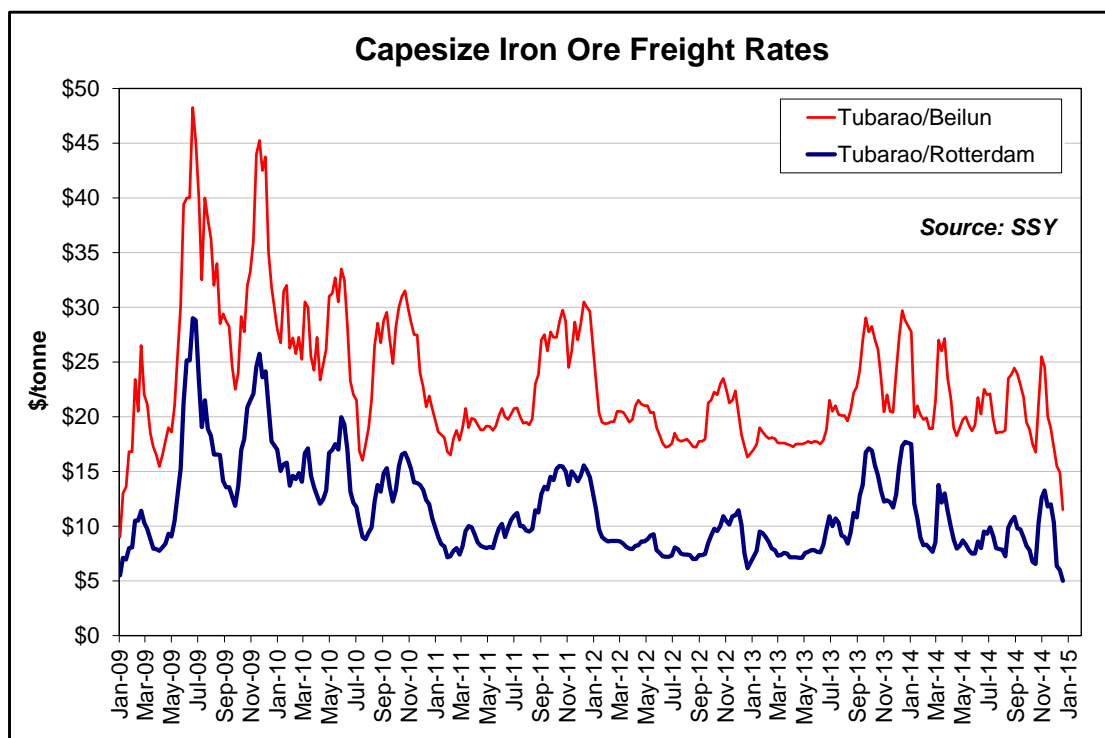


CAPE SIZE/PANAMAX MARKET UPDATE (22 December 2014)

From a 10-month high of \$26,802/day on 4 November, average Capesize charter rates for a 172 kdw vessel have dived to \$3,674/day, well below operating costs and down by more than 90% from the end-2013 level. The year-to-date average of \$13,881/day meanwhile is 5% below the annual average for 2013.

Iron ore voyage rates have been impacted by not only sharp falls in timecharter (or TC) rates, but also by steep declines in bunker fuel costs. Bunker prices have dropped to four-year lows, falling by more than 40% since October. As a result of these developments, the Tubarao to Qingdao Capesize voyage rate ended the year at \$11.50/t, the lowest level last seen since the first week in 2009, which compares with \$28.80/t at the end of 2013, while Tubarao to Rotterdam rates lost more than 50% of their values four weeks ago to finish 2014 at \$5.00/t, which compares with the year-ago level of \$17.70/t.

Although the plunge in Capesize rates has been most dramatic in the dry bulk freight market, December has also brought a marked weakening to the Panamax sector, with average charter rates on 22 December slipping to a two-month low of \$7,100/day from almost \$9,000/day at the beginning of the month. In terms of voyage rates, the spot rate from Bolivar to Rotterdam finished the year at \$10.00/t, down by 46% on the same route a year ago.



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