

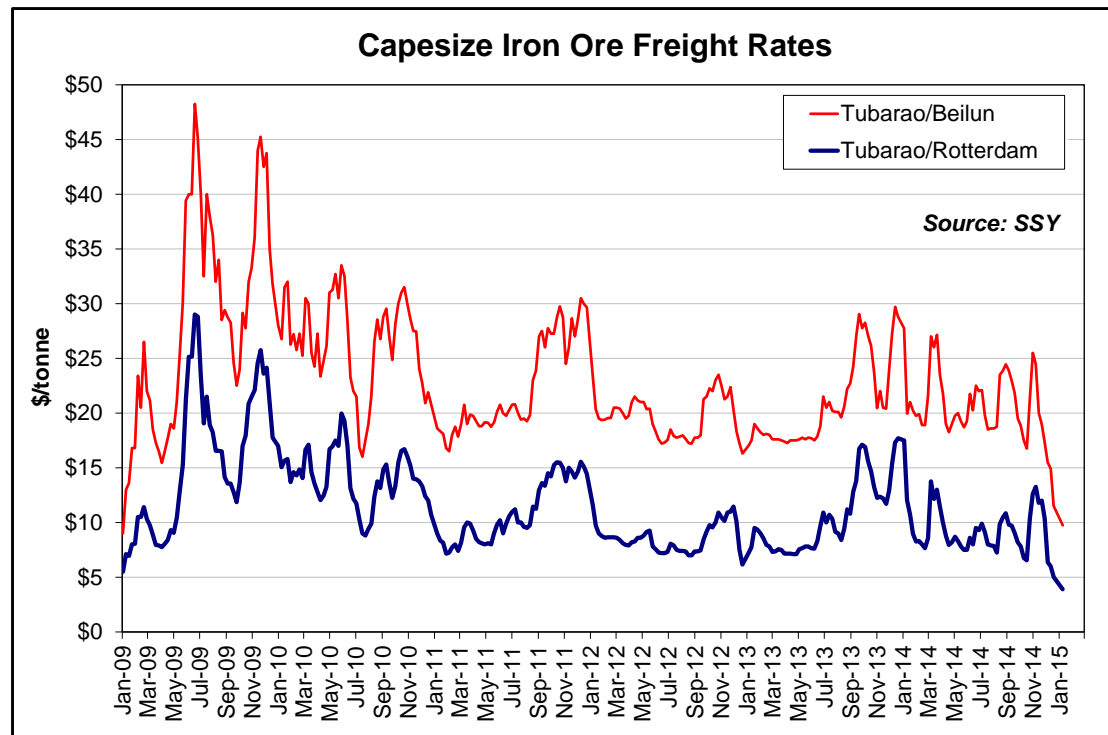
CAPESIZE/PANAMAX MARKET UPDATE (12 January 2015)

Depressed freight market conditions combined with drops in oil prices, and therefore bunker fuel costs, have combined to produce some of the lowest voyage rates in recent years, as the chart below shows.

For example, the current Brazil to China Capesize rate assessed by SSY on 9 January of \$9.75/t marks the lowest rate since the depths of the global financial crisis in late 2008/early 2009 and compares with historical cyclical lows of \$7.00/t from November 2008 and, before then, \$6.00/t in September 2001. Freight costs on this route have dropped by \$15/t since the end of October.

For Panamax freight rates, the decline in voyage rates has been a little less extreme than in the Capesize sector, but, nonetheless dramatic. The Puerto Bolivar to Rotterdam Panamax rate has dropped to \$9.70/t against \$12.50/t two months ago.

These developments follow the average of bunker prices at the three major bunker centres of Rotterdam, Singapore and Houston losing more than half its value over the past five months.



SSY Consultancy & Research

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