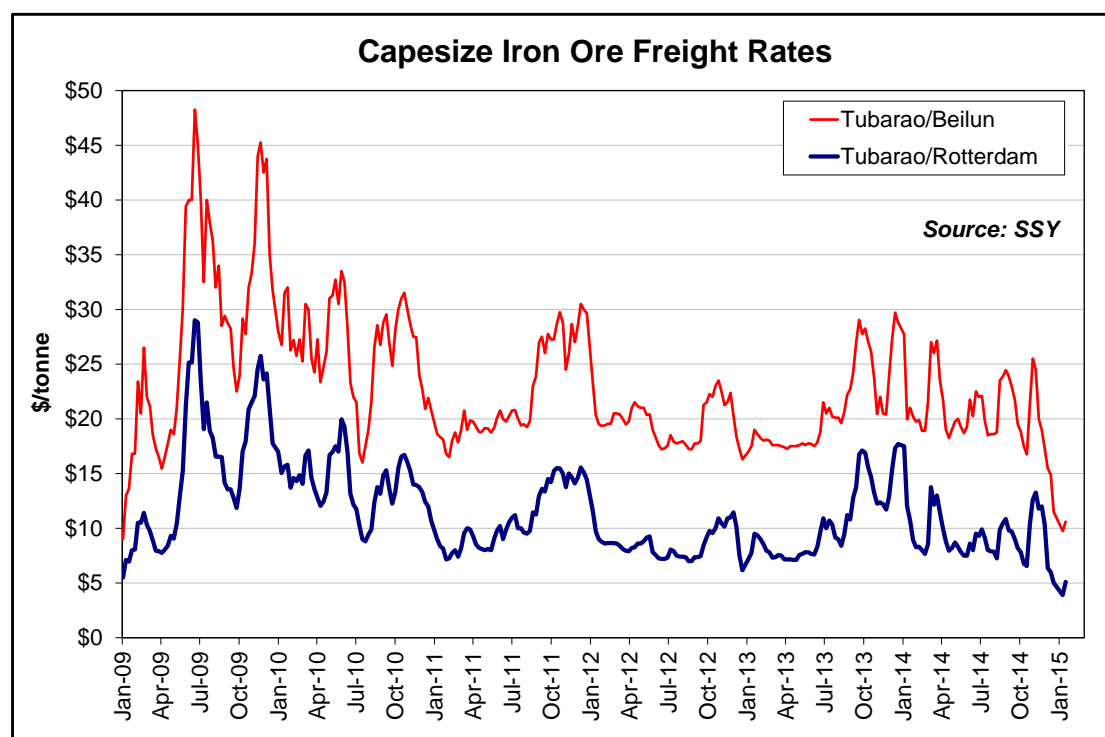


CAPE SIZE/PANAMAX MARKET UPDATE (19 January 2015)

After collapsing to a 27-month low of \$3,315/day on 9 January, average earnings for a 172 kdwT Capesize vessel have rebounded to more than \$6,100/day. Increases have been most pronounced in the Atlantic, including a \$4,000/day (73%) jump in round voyage rates last Tuesday. Atlantic rounds now stand at a 7-week high of almost \$9,000/day, lifting Capesize iron ore voyage rates from Tubarao to Rotterdam by \$1.20/t from the previous week to \$5.10/t. Fronthaul rates have also climbed by 15% week-on-week to \$15,600/day. This reflects additional cargo enquiry and increases in competitiveness compared with Panamaxes. The Capesize spot voyage rates from Tubarao to China edged up by \$0.85/t during the week to \$10.60/t. Twelve months ago in firmer freight and, especially bunker fuel, markets the corresponding rate was \$21.00/t.

In contrast to Capes, average Panamax 4TC earnings have posted a net fall over the past week and dropped below \$6,000/day for the first time since August 2014. As well as the competition from Capes across a range of coal trades, the Panamax sector is facing a seasonal slowdown in US grain exports, disruptions to Chinese coal imports as a result of new coal quality regulations and a rising tide of 60-64,999 dwt Ultramax newbuilding deliveries (with 15 entering service in the first 2 weeks of 2015). The current Panamax Puerto Bolivar-Rotterdam coal spot voyage rate of \$9.75/t is down by \$3.25/t from their recent high at the end of November 2014.



SSY Consultancy & Research

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