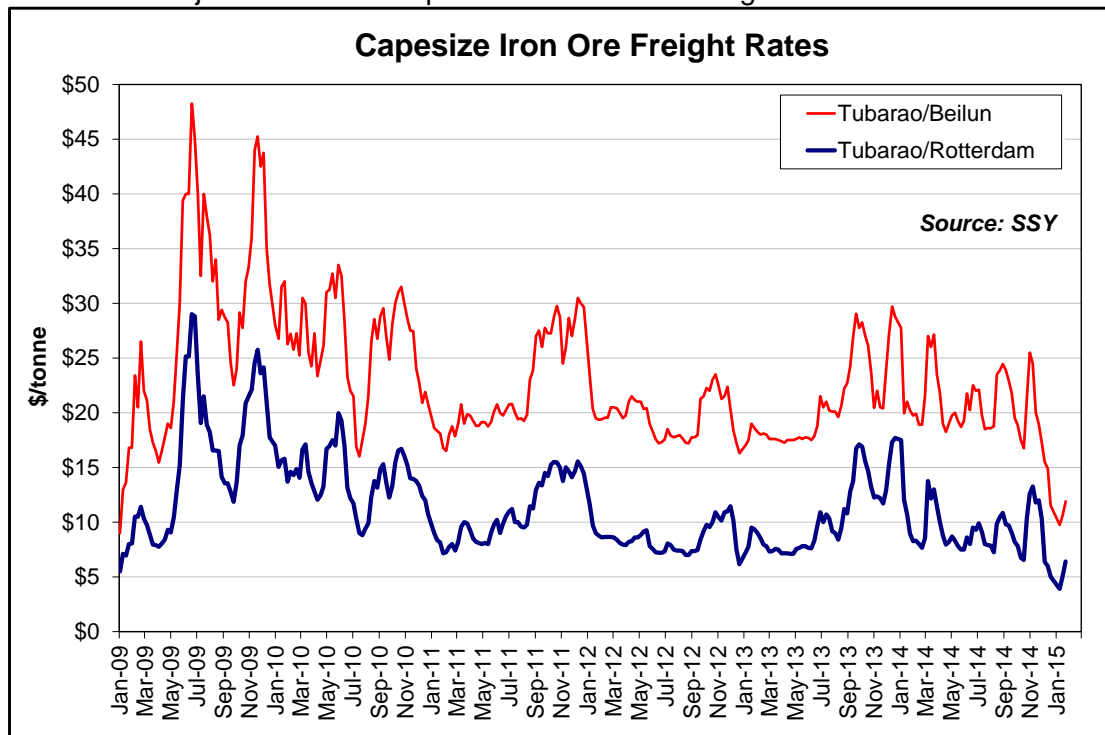


## CAPEXSIZE/PANAMAX MARKET UPDATE (26 January 2015)

Capesize average earnings for a 172kdwt vessel briefly climbed to a 7-week high of \$7,863/day on 21 January, supported by an upturn in chartering activity in both basins. However, after 8 consecutive daily increases, downward momentum returned to this sector in the second half of last week with average vessel earnings slipping to the current level of \$6,750/day. This retreat was led by falls in the Atlantic, where round voyage rates dropped by almost \$2,000/day or 18% in only three trading days to \$8,820/day. Capesize spot voyage rates from Tubarao to Rotterdam and China both rose by \$1.30/t from the previous week to \$6.40/t and \$11.90/t respectively.

The Panamax market has maintained its declining trend, with average earnings having steadily lost ground from \$8,974/day at the beginning of December to \$6,591/day in early January and a current 5-month low of \$5,345/day. The Panamax Puerto Bolivar-Rotterdam coal spot voyage rate was down by 0.75/t week-on-week to \$9.00/t.

Although the present softness in dry bulk freight markets owes much to developments in the steam coal and grain trades, it also coincides with cyclical weakness in the global steel industry (which accounts for around half of all seaborne dry bulk trade). According to the World Steel Association, total world crude steel production rose by 1.1% in 2014. This included a small 0.9% increase in Chinese steel production. Furthermore, by December 2014 world production was rising at an annual rate of just 0.1% with output in the world excluding China in decline.



### 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.*