

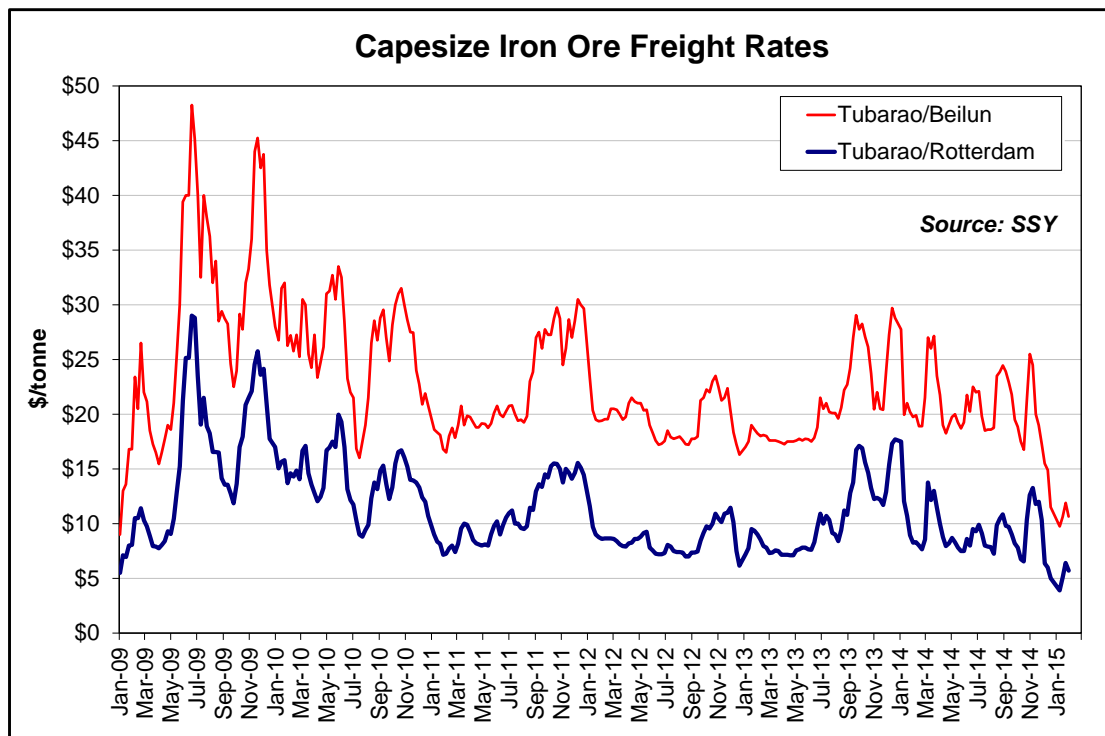
CAPE SIZE/PANAMAX MARKET UPDATE (2 February 2015)

The benchmark Baltic Exchange Dry Index is approaching its record low of 554 recorded back in 1986, falling by 23% from the start of the year to 590 in February as vessel earnings for all major sizes have struggled to cover their operating costs.

As we mentioned in our previous report, reduced coal trade volumes and the seasonal slowdown in grain shipments produced a further slump in the Panamax sector. Most of the decrease was in the Atlantic, with average earnings slumping \$1,641/day or more than 30% during the week to a 7-month low of \$3,514/day. The Panamax coal spot voyage rate from Puerto Bolivar to Rotterdam dropped by \$1.75/t week-on-week to \$7.25/t.

The Capesize sector remained under pressure last week, with average earnings for a 172 kdwt vessels falling by \$1,221/day or 18% week-on-week to \$5,529/day. The Capesize spot voyage rate from Tubarao to Rotterdam has now decreased by \$0.70/t from last week to \$5.70/t, while the corresponding rate to Qingdao has dropped to \$10.65/t, a weekly decline of \$1.25/t.

January saw a dramatic jump in dry bulk newbuilding deliveries with preliminary figures from SSY showing 94 vessels at 8.0 MdwT entering the fleet. This already exceeds the combined dwt total for newbuilding deliveries in November and December 2014.



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