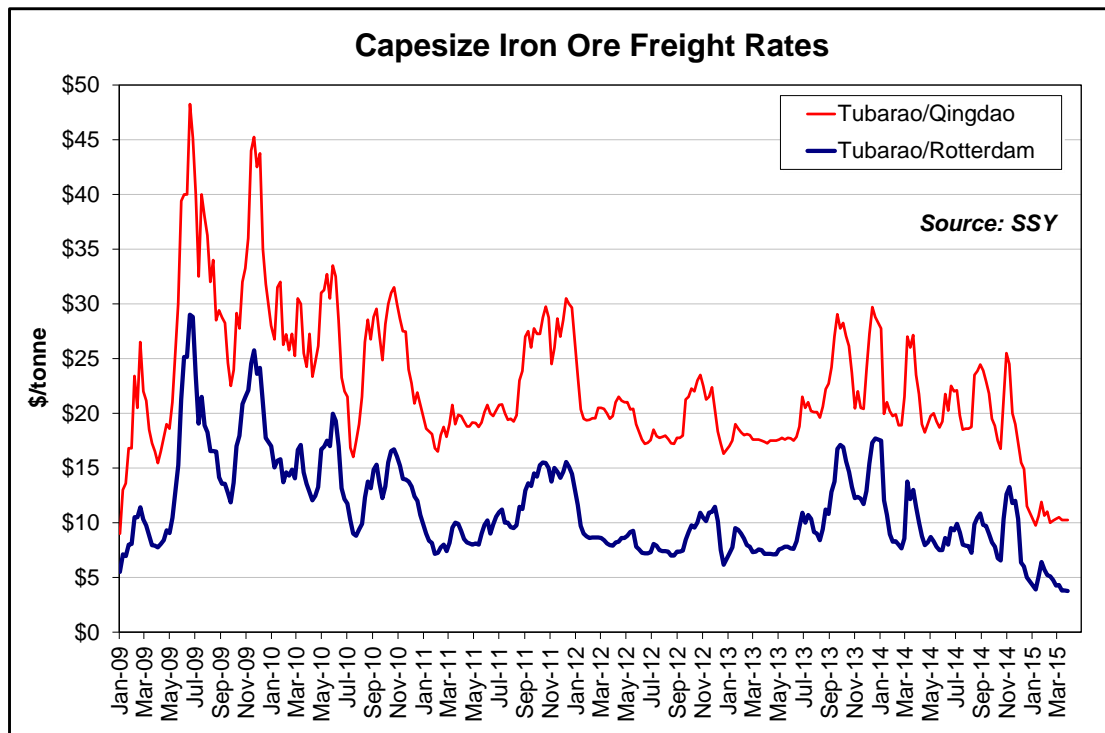


CAPE SIZE/PANAMAX MARKET UPDATE (30 March 2015)

The Capesize voyage rate from Tubarao to Rotterdam is a mere \$3.75/t, while the corresponding rate to Qingdao remains \$10.25/t. The Panamax coal freight rate from Puerto Bolivar to Rotterdam retreated \$0.10/t from last week to \$8.10/t.

Consequently, the ongoing depressed freight market is prompting greater interest in scrapping by shipowners. The Capesize sector has witnessed a sharp increase in elderly ships sold for scrap this year. Indeed, since the turn of the year some 21 Capes (100,000+ dwt vessels) have been scrapped, excluding several vessels sold for demolition, but yet to arrive at the scrapyards. This compares with 25 newbuilding arrivals in the year to date and puts the 1q15 on course for the highest quarterly demolition total since 2012.

Adding to the negative tone is the weak start to the year for global steel production. Year-on-year falls in crude steel output in the first two months of 2015 have been recorded in China (-1.5%), Japan (-2.2%), the EU (-2.0%) and the US (-4.1%). Such cyclical weakness has combined with the seasonal lull in iron ore exports from Brazil to the detriment of vessel demand.



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