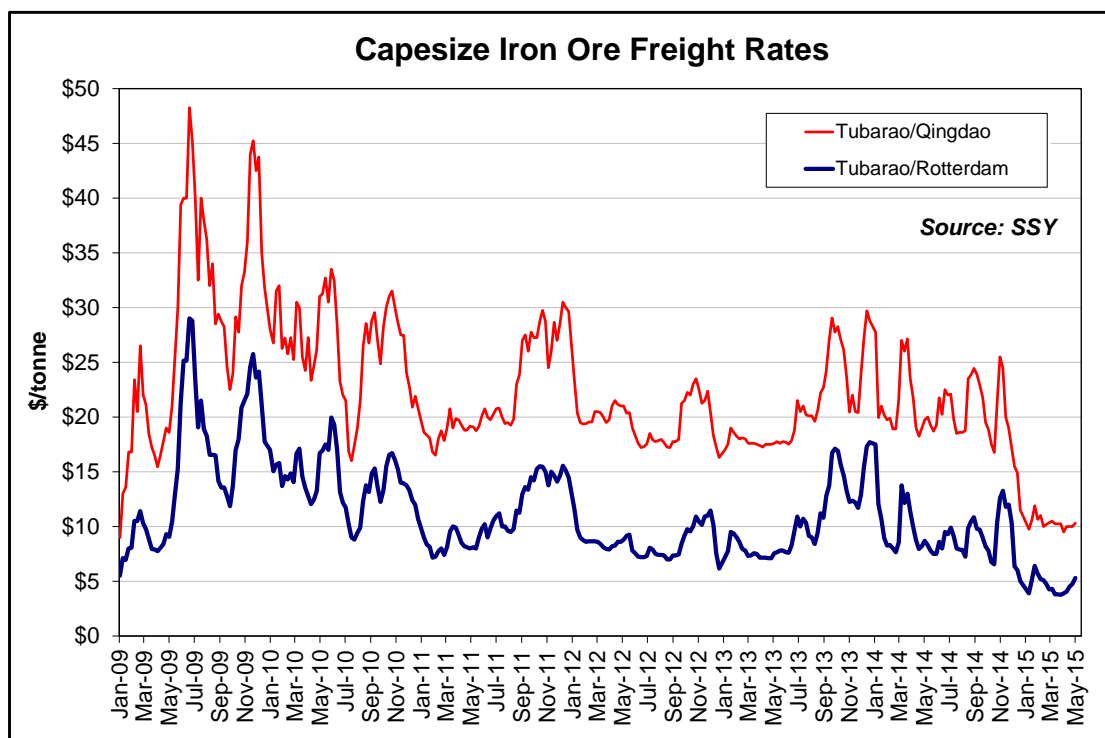


CAPE SIZE/PANAMAX MARKET UPDATE (5 May 2015)

With little rate movement in the Capesize sector last week, April saw the lowest Capesize timecharter average since the Baltic Exchange commenced daily assessments for this market in late 1998, with a mere \$3,236/day for 172,000 dwt vessels. Furthermore, the Cape one-year rate has drifted lower to \$9,000/day, which contrasts sharply with the levels at this stage in 2014, when the rate was a buoyant \$25,000/day. The Capesize spot voyage rate from Tubarao to Rotterdam rose to a 3-month high of \$5.30/t, while the corresponding rate to Qingdao increased by \$0.30/t week-on-week to \$10.30/t.

Although higher than their Capesize counterparts, Panamax average earnings have also remained weak. The Panamax timecharter average of \$5,155/day on 1 May compared with a Cape equivalent of \$3,211/day, and the one-year rate (Pacific delivery) is currently around \$7,000/day as opposed to \$12,750/day at the beginning of May 2014. The Panamax spot voyage rate from Bolivar to Rotterdam slipped by \$1.25/t week-on-week to \$8.50/t.

In response, demolition interest by owners of dry bulk carriers has increased. Taking the Capesize fleet as an example, there have been around 30 vessels of 100,000+ dwt actually scrapped since the turn of the year, with a further 20-25 Capes demolition sales where vessels have yet to arrive at the shipbreakers' yards. This tally for the year is already in excess of the 2014 full-year total of 26 and compares with the annual record of 75 scrapped Capes in 2012.



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