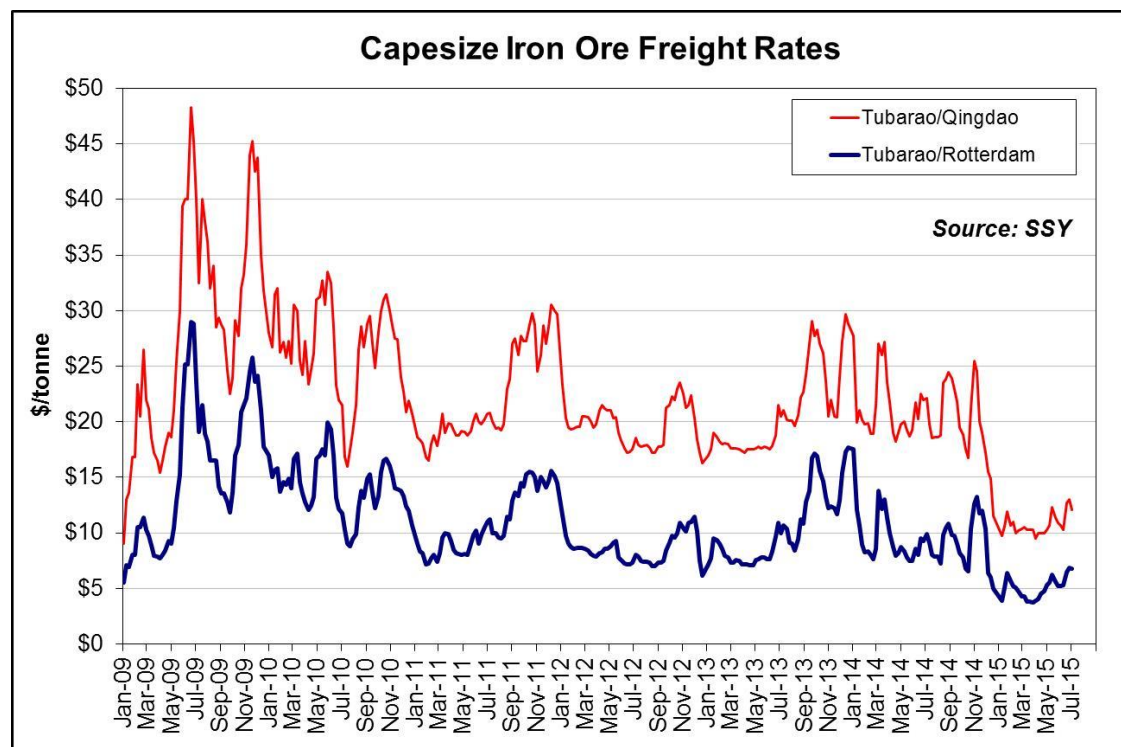


CAPE SIZE/PANAMAX MARKET UPDATE (6 July 2015)

The Panamax 4 TC average rose to a year-to-date high of \$7,382/day on the 6 July as strong grain-related chartering activity in the Atlantic continued. Indeed, government trade data show that Brazilian soyabean exports rose to a record 9.8 Mt in June (+42% year-on-year). This has helped push the Atlantic round voyage rate towards \$10,000/day and, in the process, its highest premium against the Pacific since January 2014, at \$3,352/day. This movement can be seen in the Bolivar-Rotterdam coal spot rate which rose \$0.80/t week-on-week to a year-to-date high of \$11.45/t.

The Capesize market retreated last week on reduced chartering activity, particularly in the Atlantic, before finding renewed support. Average Capesize earnings (172k dwt) of \$8,251/day on the 6 July were down by \$531/day week-on-week, while the Tubarao-Qingdao iron ore spot rate fell by \$0.90/t week-on-week to \$12.10/t and there was a \$0.10/t decline in the Tubarao-Rotterdam rate to \$6.75/t. Nevertheless, the freight futures (FFA) market continues to price a much stronger second half of the year for Capes with the 4q15 contract trading at over \$14,500/day.

Such positive sentiment is being influenced by expected increases in iron ore trade. The most recent data for Australia (May) and Brazil (June) showed iron ore exports from both countries rising year-on-year. Australian shipments were up 3% to 66.1 Mt, while Brazilian exports rose 8% to 32.0 Mt. Furthermore, June throughput data for Port Hedland in Western Australia showed iron ore shipments at a record 38.4 Mt, up 14% year-on-year, according to port authority data.



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