

FIS Dry Freight Weekly Report

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Market Review:

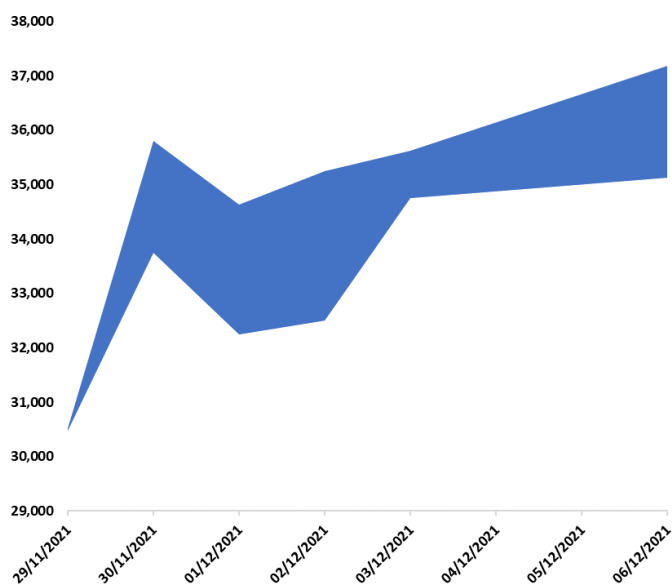
The week opened on a firm note following the positive physical fixtures carried from last week along with fresh enquires made on Monday. Index maintained momentum on all vessel segments, market kept its interestingly volatile tone despite only 13 index days left for this year.

Freight Rate \$/day	03-Dec	26-Nov	Changes %	Short Term		1st Support	1st Resistance
Capesize 5TC	38,096	32,393	17.6%	Neutral/Bullish	↗	22,375	30,585
Panamax 4TC	26,818	22,250	20.5%	Bullish	↑	22,028	29,472
Supramax 10TC	26,741	25,472	5.0%	Neutral/Bullish	↗	23,611	29,889
Handy 7TC	28,065	27,703	1.3%	Neutral	-		

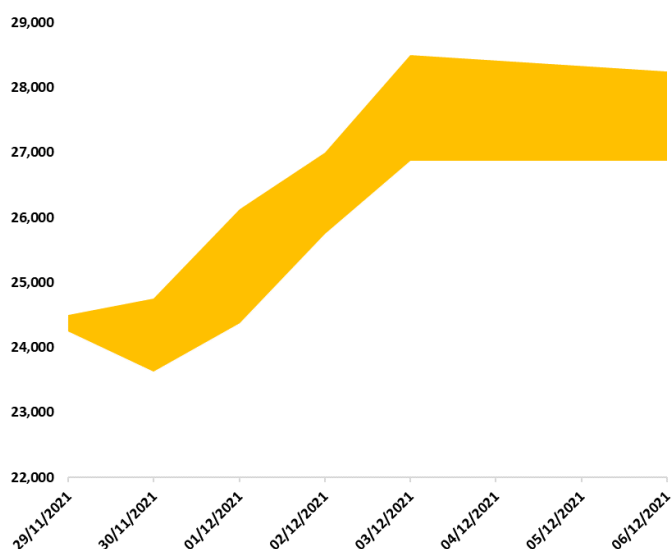
Capesize

Rates continue their upward trend from last week following better market sentiment supported by healthy cargo volumes in both basins, as well as Chinese steel mills preparing to restock iron ore for December. On the fixture side, charters paid up to be in owners favours, with market sources reporting that the key Australia to China route remained active and fixed at a higher rate close to \$14, which was fuelled by a number of factors such as port closures in North China over the adverse weather, fears of omicron variant and a rebound in derivative markets. While supply disruptions are expected in north Atlantic with thin tonnage lists, Brazil to China route was heard done towards \$30 for end of Dec laycan. Furthermore, poor weather in Queensland with heavy rains and flood warnings could cause more vessel delays and push the cape rates higher. However, any improvements in weather and tonnage lists in Pacific will add downward pressure to prices. **Short term - neutral to bullish.**

Capesize 5TC Trading Range



Panamax 4TC Trading Range



Panamax

Another week of gains for the Panamax market, first of all, the previous concerns over Indonesia coal were eased by improved activities this week. Second, the prospect of La Nina returns again this year, resulting coal restocking has become crucial for importers before the energy crisis exacerbating further. In China, winter has arrived early for eastern and northern regions with sharp temperature drops, thus heating season has started earlier than usual. Moreover, a high season of grains exports will give another boost to the freight rates. **Short-term bullish.**

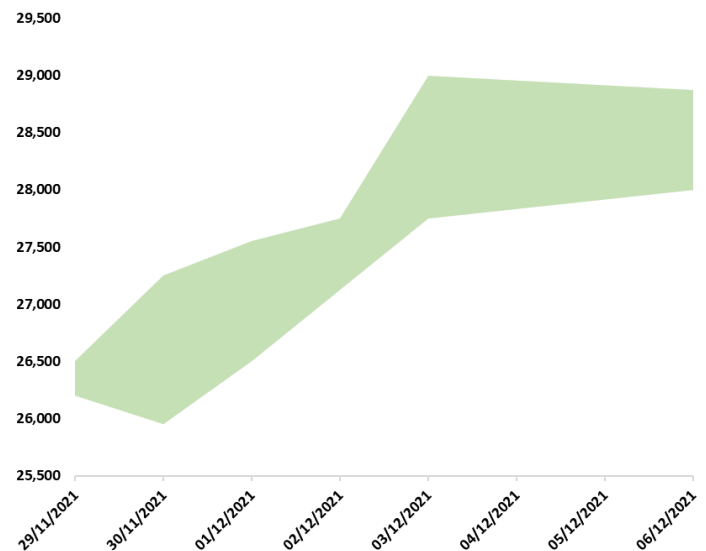
Data Source: FIS Live

IHS	Weekly Total Shipments		Iron Ore	Coal	Bauxite	Agribulk	Minor bulk
Capesize	231	+3	167	46	10	-	-
Panamax	358	+11	-	153	-	94	72
Supramax	463	+1	-	80	-	71	299

Supramax

Following the big ships and driven by increased activities in US Gulf and ECSA, Supramax rates continued to edge higher this week with modest gains, the current tonnage lists were still tight for prompt dates. More chartering on Indonesia coal kept the rates at the upper end, as well as congestion, which has not yet returned to its usual seasonal level, will limit the downside risks. A series of fixtures were discussed at strong rate in the market, but still awaiting details to be confirmed, with Indonesia—China trips heard fixing at \$25,000-26,000 and a numbers of trips from US Gulf fixed for the first half of December. Grain shipment have improved from the previous weeks, in total tonnage is balanced. **Short-run neutral to bullish.**

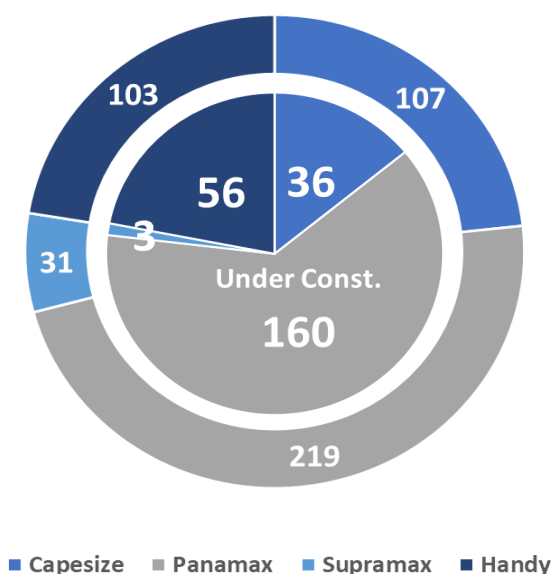
Supramax 10TC Trading Range



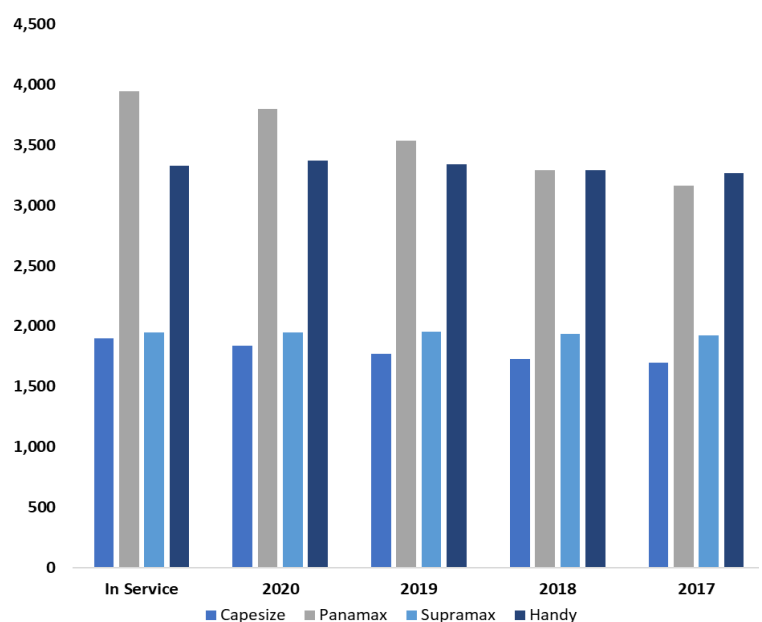
Fleet Capacity Changes

Dry bulk vessels supply remained tight with a lower order book, due to the environmental restrictions in coming years the market expects supply would have limited expansion. Due to the shipyard capacity, shipbuilders turn their strategies towards higher profit container vessels, JP Morgan shared the view that dry bulk scrapping is likely to pick up in 2H 2022. In recent months, the global orderbook in dry bulk segments saw main interests in larger size, IHS reported 11 new order added to Capesize vessel and 19 new order on Panamax size in October.

Vessels On Order



Historic Fleet Levels



Global Fleet Capacity							
Dry Bulk No. of Vessels	On Order	Under Const.	In Service	2020	2019	2018	2017
Capesize	107	36	1,898	1,840	1,773	1,728	1,700
Panamax	219	160	3,950	3,801	3,537	3,294	3,166
Supramax	31	3	1,948	1,946	1,952	1,937	1,926
Handy	103	56	3,330	3,372	3,343	3,292	3,268
Dry Bulk Carries Mil DWT	On Order	Under Const	In Service	2020	2019	2018	2017
Capesize	21.0	7.1	373.5	361.1	347.1	334.5	324.7
Panamax	16.6	12.2	299.8	288.7	269.3	251.3	242.0
Supramax	1.7	0.2	108.4	108.3	108.6	107.8	107.2
Handy	3.6	2.0	107.1	109.4	108.5	106.3	105.4

FFA Market

The futures market saw healthy volumes across the dry freight complex, with prices gradually moving up throughout the week, active contracts of all vessel sizes started the week at their weekly lows and completed the week at the highest. Last week Cape and Panamaxes traded on average around 2,560 lots and 3,670 lots per day, while Supramax saw 1,320 lots traded per day, slightly decreased from their November level, as the countdown to Christmas began. Main trading activities were focused on Dec, Jan and Q1'22 contracts. Open Interest on 3 Dec, Cape5TC 143,001 (-14,118 w-o-w), Panamax4TC 216,810 (-16,188 w-o-w), Supramax 10TC 84,992 (-5661 w-o-w), which were attributed to the November expiry.

Freight Rate \$/day	3-Dec	26-Nov	Changes %	2021 YTD	2020	2019	2018	2017	2016
Capesize5TC	38,096	32,393	17.6%	33,525	13,070	18,025	16,529	15,129	7,388
Panamax4TC	26,818	22,250	20.5%	25,681	8,587	11,112	11,654	9,766	5,562
Supramax10TC	26,741	25,472	5.0%	26,750	8,189	9,948	11,487	9,345	6,164
Handy7TC	28,065	27,703	1.3%	25,569	8,003	9,288	8,700	7,636	5,214

FFA \$/day	3-Dec FIS Closing	26- Nov FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2021 Mkt High	2021 Mkt Low
Capesize5TC Jan 21	25,125	20,500	22.6%	25,000	19,850	35,900	13,000
Capesize5TC Q1 22	20,250	17,000	19.1%	20,350	16,500	33,500	13,000
Panamax4TC Jan 21	25,750	20,750	24.1%	27,000	23,000	33,750	13,650
Panamax4TC Q1 22	24,750	21,000	17.9%	25,075	20,750	31,750	13,650
Supramax10TC Jan 21	26,750	25,750	3.9%	26,500	23,500	35,250	15,650
Supramax10TC Q1 22	24,950	21,750	14.7%	24,750	19,500	35,250	15,650

Data Source: FIS Live, Baltic Exchange

Dry Bulk Trades/Iron Ore

Restocking from Chinese steel mills has been the game changer for this week, iron ore price climbed back into the \$100 territory following Northern regions of China lifting their output curbs. On top of that, decent steel margins continued to encourage miners to ramp up productions. However, last Friday China's Ministry of Industry and Information Technology released the country's five year plan for industrial green development, the shared market reaction and view was the Chinese steel industry would have to reply on more productions controls and increased scrap consumption from next year to meet the emission standards before advanced technology is put in place. Outside of China, the market expects some countries in Europe and Asian countries including the Netherlands, Germany, UK, Japan, Korea and Taiwan will also import more ore in Q4. On the supply side, although Vale lowered its production guidance for this year to 315-320 million tonnes, the mining giant plans to ship more next year of between 320-335 million tonnes. For the week of 29 Nov-3 Dec, top iron ore producers increased their shipments of iron ore by nearly 230 tonnes, up from the previous week to 32.9 million mt, IHS data showed.

IHS's full year forecast for Australian iron ore exports stood around 921Mil mt, and Brazil iron ore full year shipments forecast at 357Mil mt. From the seasonality chart below, the weekly shipments from the top two exporters have come down from the previous week but is still above the 4 year average.

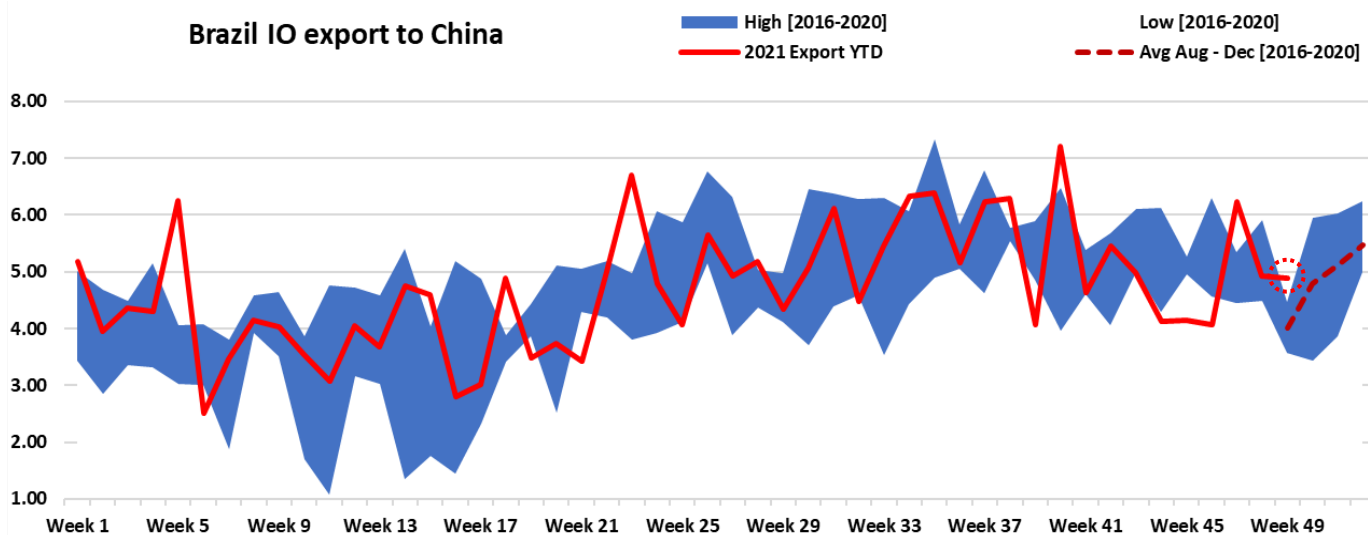
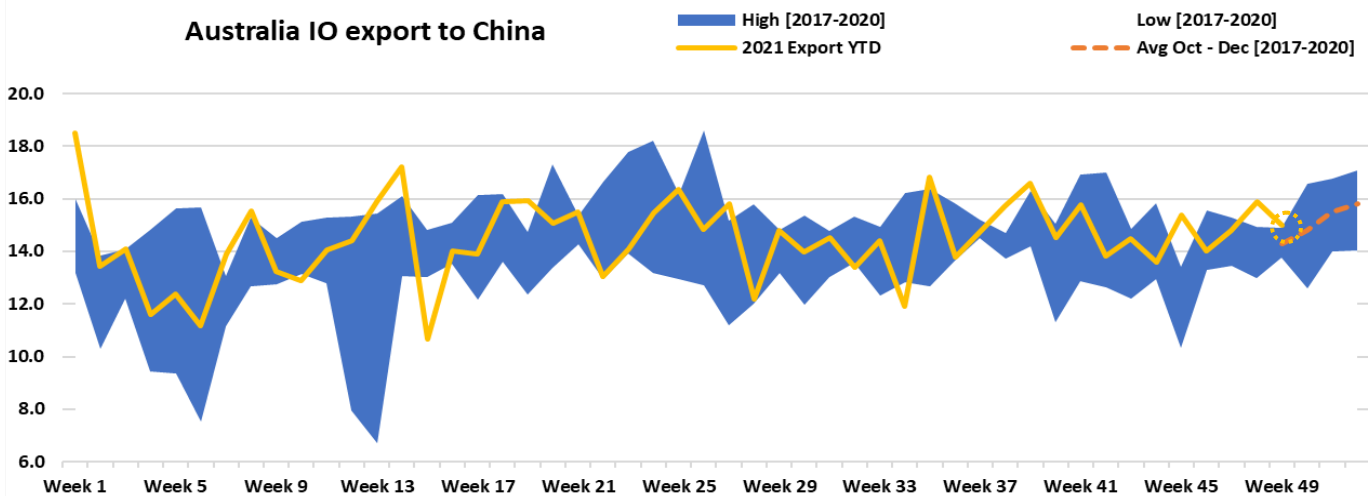
Dry Bulk Trades/Iron Ore

Export (million tonnes)	Nov-21	Oct-21	Sep-21	Q3-21	Q2-21	Q1-21	2020	2019
Australia	76.0	75.6	82.1	234.1	236.1	218.0	930.2	884.7
Brazil	30.3	30.1	31.1	97.8	85.1	77.7	337.7	348.8
South Africa	5.3	3.9	4.8	14.9	13.9	13.9	55.6	54.5
India	0.6	1.2	0.7	5.5	14.4	17.5	55.5	35.8
Canada	4.8	5.7	6.3	18.2	11.3	13.0	58.5	54.0
Others	14.0	14.6	13.6	40.4	43.9	38.6	82.4	81.5
Global	131.0	131.1	138.6	410.9	404.6	378.7	1601.6	1538.6

Iron Ore Key Routes

	IO Export Million mt			Freight Rate \$/mt		
	Last Week	Prev. Week	Chg %	Last Week	Prev. Week	Chg %
Australia-China	15.0	15.9	-5.8%	13.24	12.69	4.3%
Brazil-China	4.9	4.9	-0.9%	29.25	26.83	9.0%

Seasonality Charts



Data Source: IHS Connect, Bloomberg

Dry Bulk Trades/Coal

Highlight of the week has been the recovering Indonesia coal shipment, injecting optimistic sentiments into the physical and paper market. Specifically, Indonesia shipped 7.7 million tonnes of coal this week, up 109kt w-o-w, against the total weekly coal shipment of 23.3 million tonnes according IHS data, in addition their full year forecast of Indonesia coal exports is expected to reach 429 Mil mt, up 13% YoY, with around 48% of this volume destined to China. Furthermore, China has halted the main coal transportation route from Mongolia and Russia to mainland China due to increased Covid cases, stressing out domestic buyers ahead of winter restocking and forcing them to purchase elsewhere to build up inventories.

From the seasonality chart below, the weekly shipment from Indonesia to China stayed high above historical average level, increased noticeably to 4.1 million tonnes, up 16% w-o-w, with market expectations that shipments would continue to increase again towards end of year.

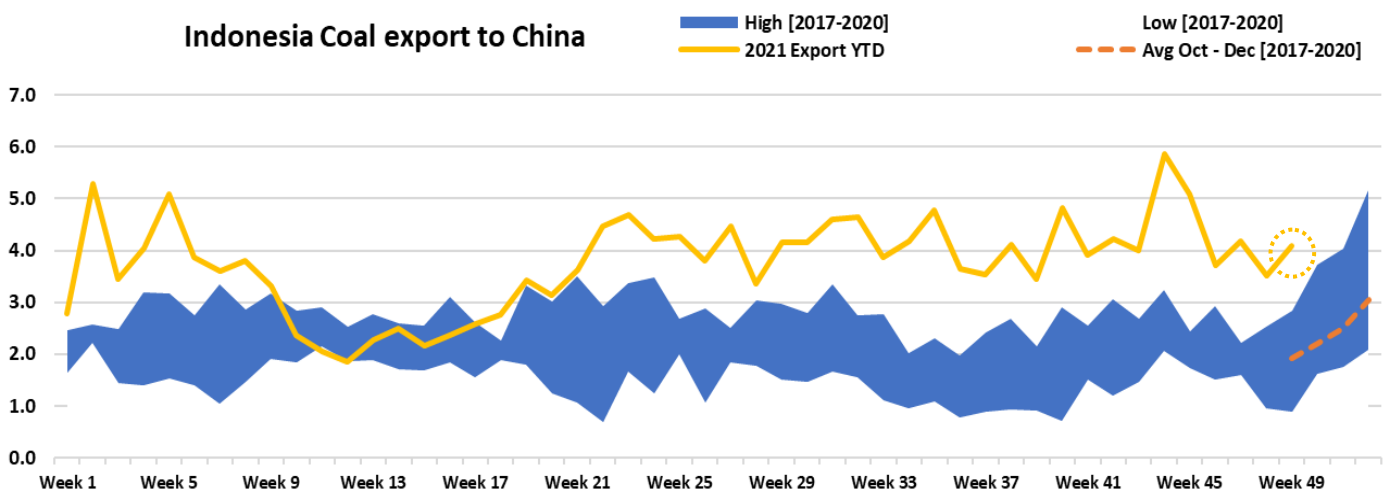
Dry Bulk Trades/Coal

Export (million)	Nov-21	Oct-21	Sep-21	Q3-21	Q2-21	Q1-21	2020	2019
Indonesia	33.6	38.3	34.9	109.5	102.9	101.8	379.4	413.4
Australia	29.5	31.3	32.0	97.4	93.2	88.1	380.9	402.4
Russia	11.6	13.3	13.1	40.9	42.1	40.9	173.6	152.8
USA	6.4	7.0	5.3	16.3	17.9	17.3	56.1	72.9
Colombia	5.2	5.2	5.1	15.4	14.5	15.5	59.9	83.7
South Africa	5.4	6.1	4.7	13.6	15.3	15.0	74.2	73.4
Others	7.2	7.5	8.8	23.2	19.8	19.6	76.2	95.5
Global	99.0	108.7	103.8	316.3	305.8	298.2	1200.3	1294.0

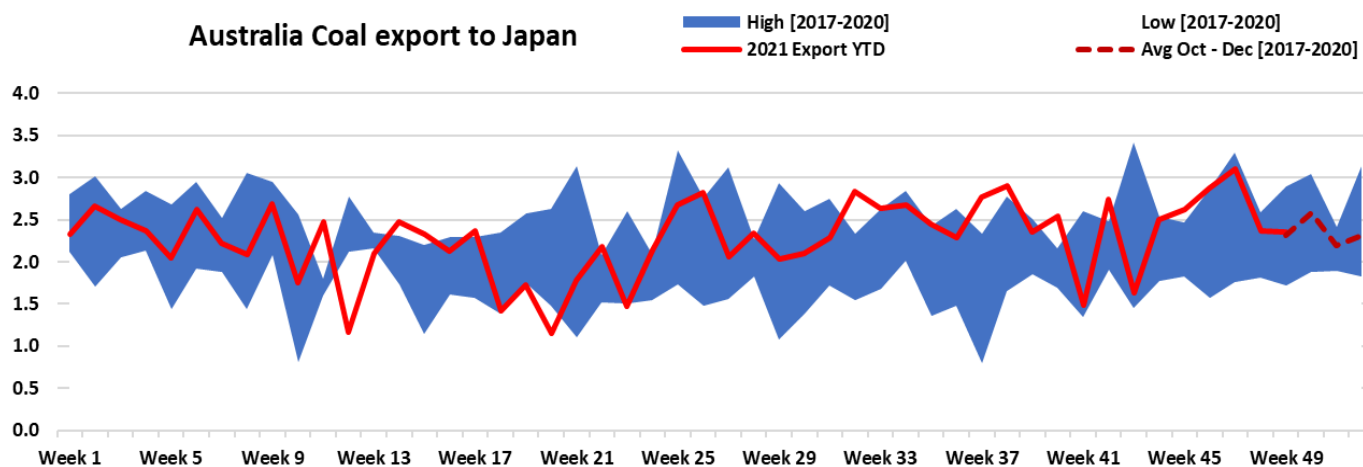
Coal Key Routes

Coal Key Routes	Coal Export Million mt		
	Last Week	Prev. Week	Chg %
Indonesia-China	4.1	3.5	16.0%
Australia-Japan	2.4	2.4	-0.6%

Seasonality Chart



Australia Coal export to Japan



Data Source: IHS Connect, Bloomberg

Dry Bulk Trades/Agri

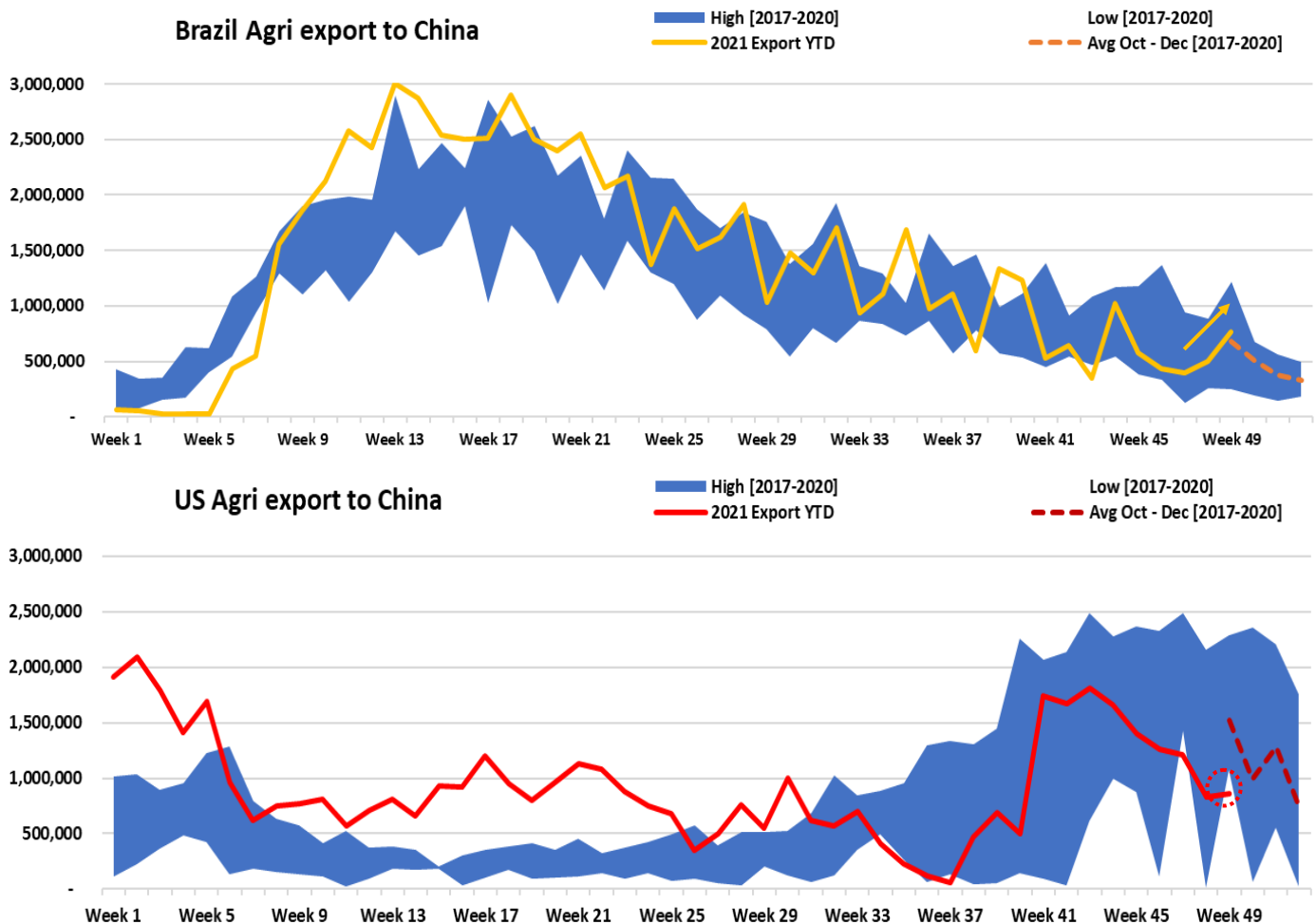
Brazil agri shipments continued their upward trend as better productions at its main regions. Market sources reported sales from Brazilian farmers had increased in recent weeks, mainly driven by FOB prices above \$500/mt, as well as a higher dollar rate encouraging farmers to sell their inventories prior to harvest. Platts Santos FOB Monday was \$508.37, up \$7.53 from previous week with futures markets trading with a firmer tone. Market sentiment was optimistic over recovering demand, as the fear over the new omicron variant has been easing. From the seasonality chart below, shipment from Brazil to China are heading to the upper end of its historical average level, and it's expected to go higher in the coming weeks due to notable increase in soy production. According to IHS forecasts, Brazil Agri shipments for this year would stand around 160Mil mt(-6% YoY), yearly growth compromised by the significant decline earlier on this year due to adverse weather conditions. While, in the US region, it showed in the seasonality chart below weekly figures had previously slipped out of the average range and the figure last week was touching the lower end of seasonality average range. Full year shipments from US forecasts by IHS are 139.6Mil mt. Moreover, according to market analysts, US grains exports are expected to stem up in the last quarter and to continue into Q1'22 and an upcoming record high grains harvest from Brazil due to the favourable weather.

Export (million tonnes)	Nov-21	Oct-21	Sep-21	Q3-21	Q2-21	Q1-21	2020	2019
Brazil	9.7	9.9	13.4	45.1	54.5	34.5	171.6	154.0
USA	14.8	14.5	5.8	20.4	32.1	44.3	140.5	110.1
Argentina	5.0	7.2	7.9	24.3	25.8	18.9	79.0	91.2
Ukraine	7.0	6.2	5.7	15.3	8.8	10.5	51.7	56.3
Canada	3.6	4.0	2.7	7.4	11.5	12.7	50.4	41.2
Russia	2.2	2.8	3.8	10.7	5.1	7.4	35.2	25.9
Australia	2.9	2.2	2.6	8.5	11.0	12.0	20.2	18.8
Others	6.2	8.7	8.6	21.9	16.1	20.1	68.7	63.8
Global	51.5	55.4	50.5	153.6	165.0	160.2	617.3	561.3

Agri Key Routes

Agri Key Routes	Agri Export mt			Freight Rate \$/mt		
	Last Week	Prev. Week	Chg %	Last Week	Prev. Week	Chg %
Agri Export (thousands tonnes)						
Brazil-China	768.4	502.0	53.1%	53.30	49.73	7.2%
US-China	862.9	826.2	4.4%	72.23	66.76	8.2%

Seasonality Chart



Data Source: IHS Connect, Bloomberg

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