

# FIS Dry Freight Weekly Report

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## 14/12/2021

### Market Review:

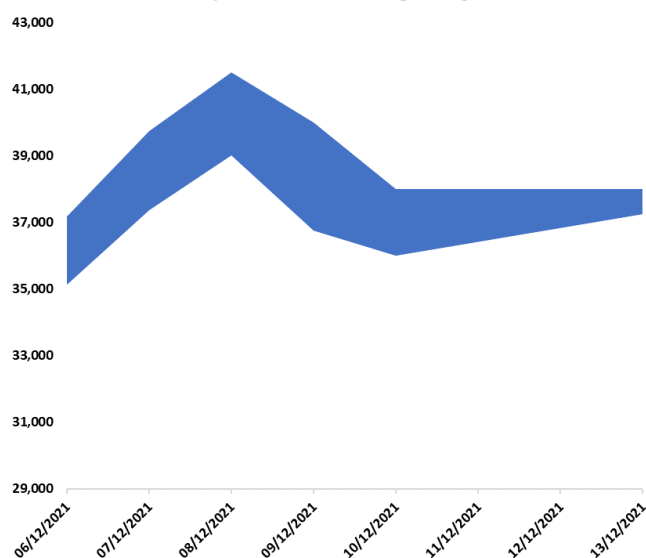
Last week freight market opened with strong prints and continued climbing up to the mid week, but the negative sentiment weighted in and rates eventually dropped back in the second half of week, Cape and Panamax FFA market turned into aggressive sell off. On Monday, market started in a slow mode with thin trading volume. As holiday is approaching, this week could be the last busy week this year, we wish you Merry Christmas and a Happy New Year.

Freight Rate \$/day	10-Dec	03-Dec	Changes %	Short Term		1st Support	1st Resistance
Capesize5TC	40,035	38,096	5.1%	Neutral to Bearish	↘	25,406	40,509
Panamax4TC	26,274	26,818	-2.0%	Neutral	—	22,136	28,757
Supramax10TC	28,065	26,741	5.0%	Neutral to Bullish	↗	26,483	29,647
Handy7TC	28,295	28,065	0.8%				

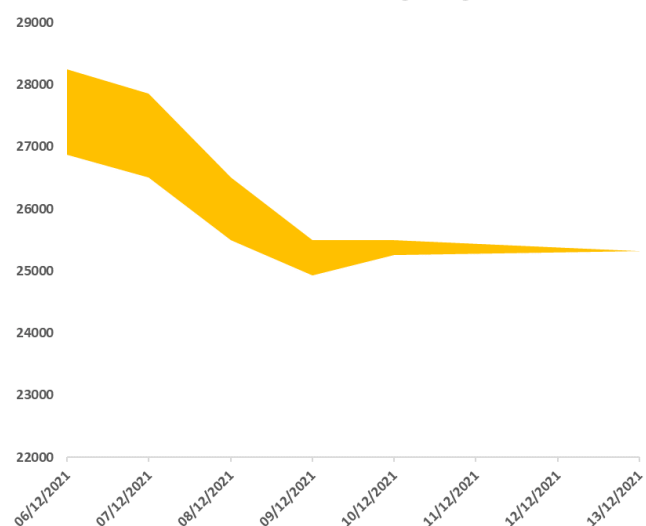
### Capesize

The Cape market took a breather from its 9 day rally, with rates retreating from the weekly high. Although iron ore and coal demand outlooks are positive, market sentiment seems to have changed as ship owners were willing to lower their offers just to cover the upcoming holiday season. On the fixture side, pacific regions remained busy for the last two weeks of December with rates were supported by high demand. Miners and operators were active in the market searching for the end of year loading window, a couple of fixtures reported for the key route Australia to China, hearing shipping 170,000mt iron ore with laycan dates from 23rd December onwards were agreed at \$14 to mid \$14/mt, before dipping to \$13.50-13.70/mt in later part of last week. While in the Atlantic regions, tonnage lists were tight which kept the transactions at its minimum, Tubarao to Qingdao route with loading date in January were fixed around \$27. Short-run **neutral to bearish**.

Capesize 5TC Trading Range



Panamax 4TC Trading Range



Data Source: FIS Live

### Panamax

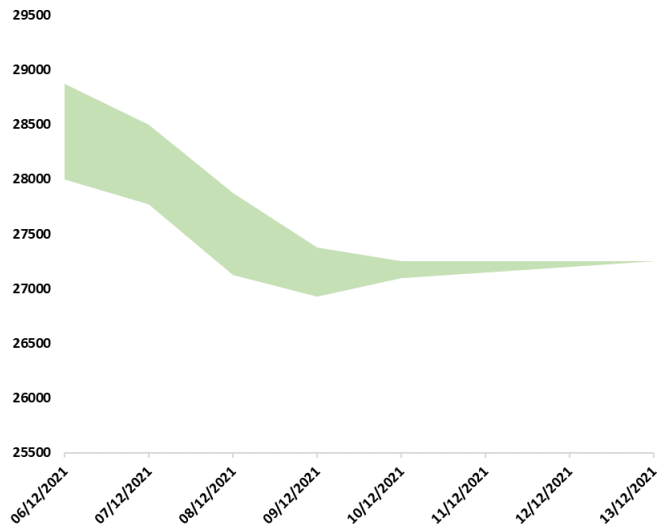
The Panamax market reversed its upward trend and opened the week with a softer tone. Under-performing Agri shipments along with overall slower activity had a negative impact on markets. Rates eased in the Atlantic basin were as tonnage lists started to increase, last week trips out from both East Coast South America were reported at lower rate, whilst in the Asia regions rates mostly were flat, the key coal routes of Australia to Indian were fixed at \$26,000-\$27,000, Australia to Japan was heard at \$23,000 and North Pacific redelivery to China at \$24,000. However, coal shipments remain healthy which could lend some support to Panamax rates with limited downside pressure. Short-run **neutral**.

IHS	Weekly Total Shipments		Iron Ore	Coal	Bauxite	Agribulk	Minor bulk
Capesize	228	-3	163	38	16		
Panamax	332	-26		141		96	60
Supramax	485	+22		111		62	295

### Supramax

Strong coal shipment demand held the Supramax market at highs. As a result TC rates were marching towards the \$30,000 mark. Indonesia ramped up its coal shipment to China with fixtures reported at \$30,000-\$33,000, market expected the positive steam from the coal demand would run for the coming weeks. On the other hand, Atlantic regions remained balanced. However, negative sentiment from the larger vessels could put Supramaxes under pressure and set up a ceiling in the FFA markets. Short-run **neutral to bullish**.

Supramax 10TC Trading Range

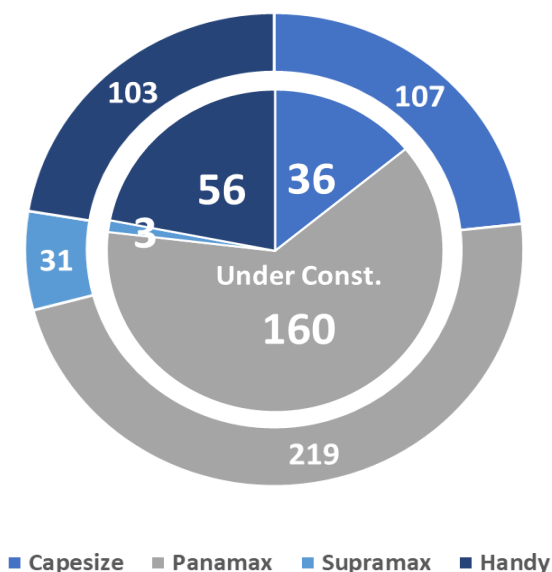


Data Source: FIS Live

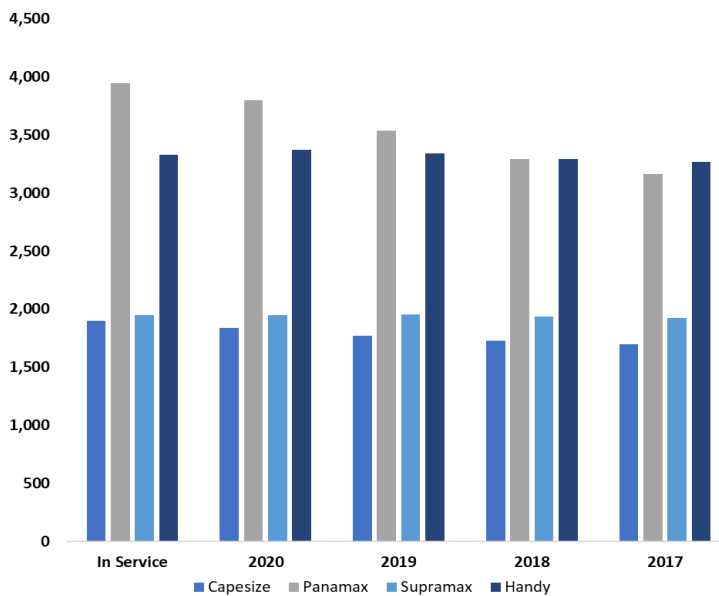
### Fleet Capacity Changes

Dry bulk vessels supply remained tight with lower order books. Under the environmental restrictions in coming years, the market expects supply to have limited expansion. Due to shipyard capacity, shipbuilders turned their strategies towards higher profit container vessels, JP Morgan shared the view of dry bulk scrapping are likely to pick up from 2H 2022. In recent months, global the orderbook in dry bulk segments saw the main interest 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



Data Source: Bloomberg

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

Busy trading observed in futures market last week with decent volume going across all vessels, Cape and Panamax traded an average 3,420 lots and 3,840 lots per day, while Supramax traded 1,260 lots traded per day. Main trading activities were focused on Jan and Q1'22 contracts. In terms of open Interest, on 13 Dec Cape5TC 150,825 (+7,824 w-o-w), Panamax4TC 222,048 (+5,238 w-o-w), Supramax 10TC 86,210(+1,218 w-o-w).

Freight Rate \$/day	10-Dec	3-Dec	Changes %	2021 YTD	2020	2019	2018	2017	2016
Capesize5TC	40,035	38,096	5.1%	33,525	13,070	18,025	16,529	15,129	7,388
Panamax4TC	26,274	26,818	-2.0%	25,681	8,587	11,112	11,654	9,766	5,562
Supramax10TC	28,065	26,741	5.0%	26,750	8,189	9,948	11,487	9,345	6,164
Handy7TC	28,295	28,065	0.8%	25,569	8,003	9,288	8,700	7,636	5,214

FFA \$/day	10-Dec FIS Closing	3-Dec FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2021 Mkt High	2021 Mkt Low
Capesize5TC Jan 21	22,750	25,125	-9.5%	28,500	21,500	35,900	13,000
Capesize5TC Q1 22	18,750	20,250	-7.4%	25,000	18,000	33,500	13,000
Panamax4TC Jan 21	22,000	25,750	-14.6%	27,375	20,500	33,750	13,650
Panamax4TC Q1 22	22,500	24,750	-9.1%	25,250	20,000	31,750	13,650
Supramax10TC Jan 21	24,500	26,750	-8.4%	26,750	23,000	35,250	15,650
Supramax10TC Q1 22	23,750	24,950	-4.8%	25,700	21,250	35,250	15,650

Data Source: FIS Live, Baltic Exchange

## Dry Bulk Trades/Iron Ore

Iron ore prices surged to \$115 following the Chinese policy maker stepped up effort to stabilise its economic in 2022, positive sentiments was lifted after the People's Bank of China lowered the reserve requirement ratio by 0.5% and released 1.2 trillion yuan (approx. \$190 billion) to the banking system. Furthermore, the completion of the annual Central Economic Work Conference brought further optimism to investors, during the conference the top leaders prioritised macroeconomic stability and kept major economic indicators within healthy range in 2022. Market players expected China would release more stimulus plans in early next year, as well as ease the restrictions in steel production. On the demand side, iron ore port inventories continued to build up due to the low demand in winter seasons and concerns over potential supply disruptions. Moreover, congestions in Chinese ports has eased but concerns is there to remain due to the winter weather conditions. Lastly, market sources reported increased iron ore shipments out of Australia to China, Japan, Korean regions in November.

IHS full year forecast of Australia iron ore exports was lifted marginally to around 920-922 Mmt, and Brazil iron ore full year shipment forecast 5% higher at 353Mmt. From the seasonality chart below, the weekly shipment from the top two exporters moved in two directions, Australia to China weekly export surpassed 16 million tonnes reaching the top of its average in the seasonality range, while iron ore from Brazil shredded one million tonnes from the previous week to 4.1 million tonnes.

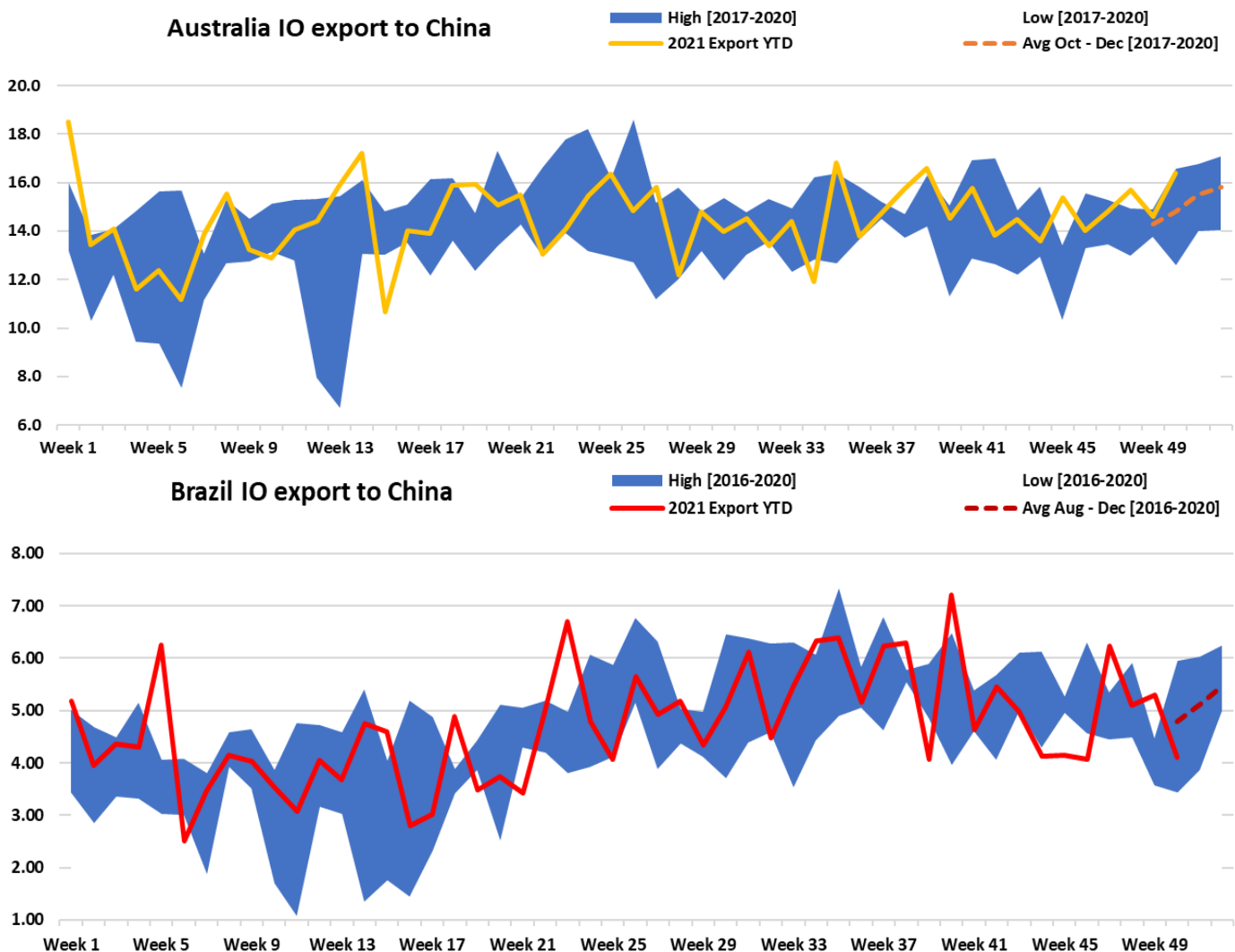
### Dry Bulk Trades/Iron Ore

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
<b>Global</b>	<b>131.0</b>	<b>131.1</b>	<b>138.6</b>	<b>410.9</b>	<b>404.6</b>	<b>378.7</b>	<b>1601.6</b>	<b>1538.6</b>

### Iron Ore Key Routes

	IO Export Million mt			Freight Rate \$/mt		
	Last Week	Prev. Week	Chg %	Last Week	Prev. Week	Chg %
Australia-China	16.4	14.6	12.3%	14.06	13.24	6.2%
Brazil-China	4.1	5.3	-22.6%	28.71	29.25	-1.8%

### Seasonality Chart



## Dry Bulk Trades/Coal

With China waiting to resolve their domestic coal supply crisis, and other countries stocking coal for winter seasons, weekly coal shipment during 6-10 December had surged to the highest level since November, the main contributor for the increased were the high exports volume from Indonesia, Australia and Russian. However the historical high coal prices may put a cap on the seaborne volumes towards to the end of year.

IHS estimated the Australian coal shipments for December and 2021 full year are respectively 93.8 Mmt and 371 mmt. From the seasonality chart below, the weekly shipment from Indonesia to China saw further increased and closed to the high season demand range of 4 million tonnes, while Australia coal has recovered from the weather disruptions, adding 38% more from previous week to 2.6 million tonnes.

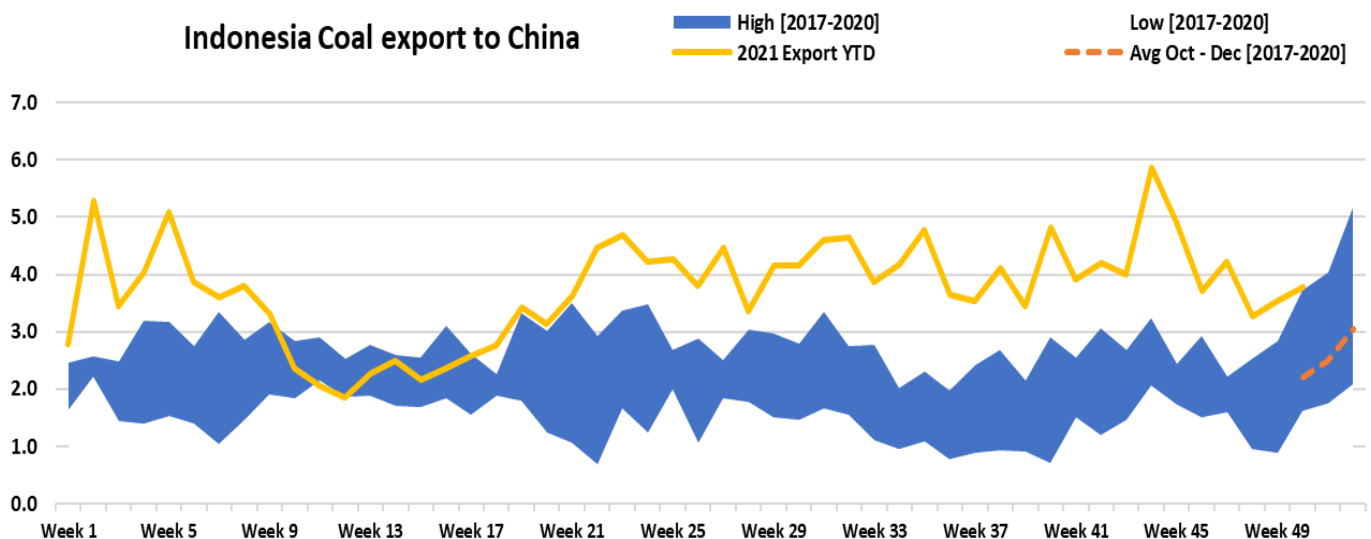
### Dry Bulk Trades/Coal

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
<b>Global</b>	<b>99.0</b>	<b>108.7</b>	<b>103.8</b>	<b>316.3</b>	<b>305.8</b>	<b>298.2</b>	<b>1200.3</b>	<b>1294.0</b>

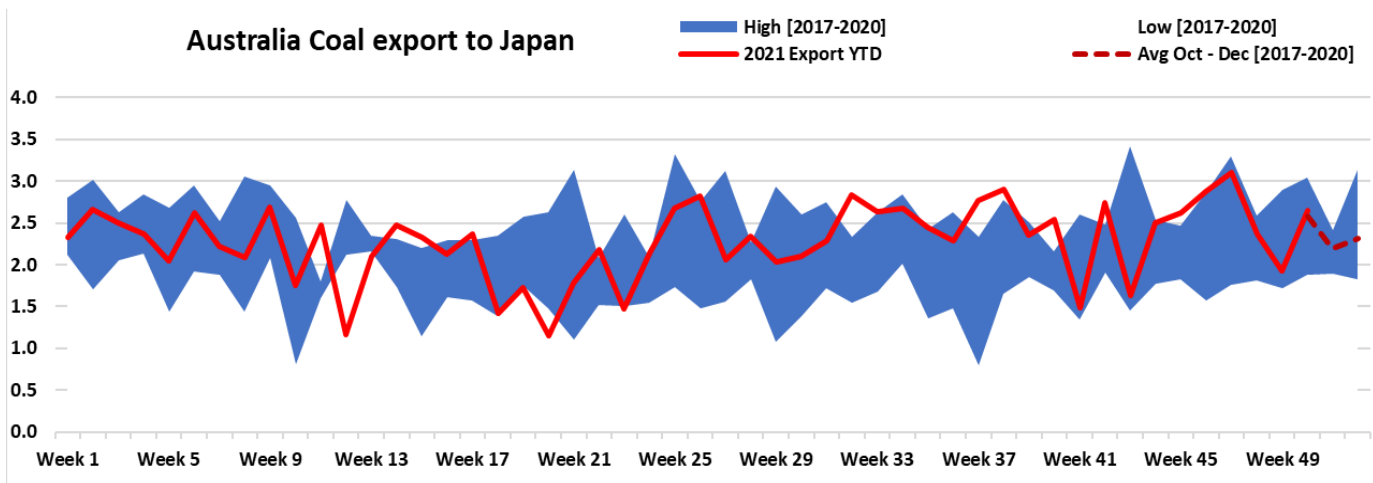
### Coal Key Routes

Coal Key Routes	Coal Export Million mt		
	Last Week	Prev. Week	Chg %
Indonesia-China	3.8	3.5	7.2%
Australia-Japan	2.6	1.9	38.0%

### Seasonality Chart



Data Source: IHS Connect, Bloomberg



## Dry Bulk Trades/Agri

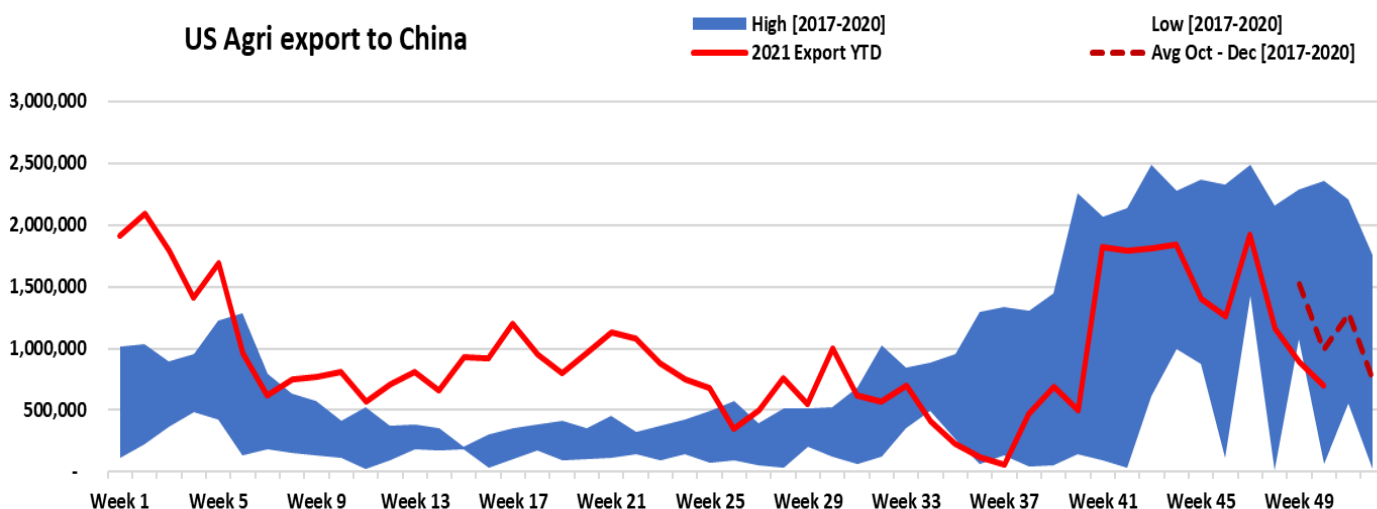
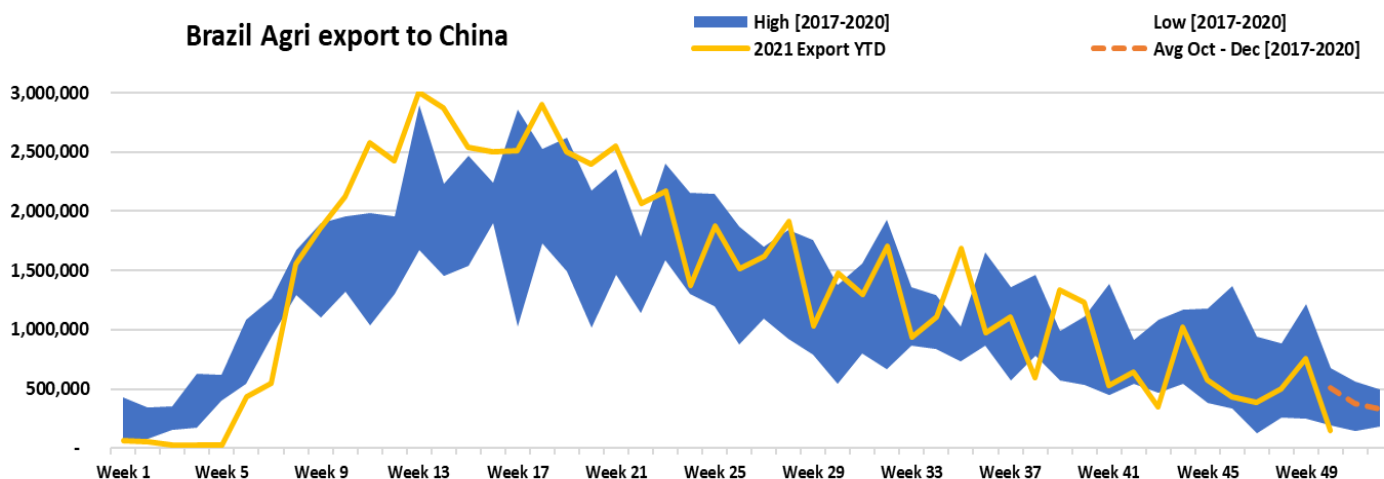
Brazil soybeans prices dropped lower on the back of favourable weather forecasts, Platts Soybean FOB Santos on 13 Dec was \$504.60 fell from last Monday \$508.37. Besides, US soybeans, wheat and corn prices also extended their losses amid the prospects of higher production in South America. Elsewhere, according to USDA World Agricultural Supply and Demand reports, higher US soybeans stocks are expected for December and forecasted at 340 million bushels. On the exports side, a massive drop in Agri shipment this week with the top two exporter Brazil and US showing low figures. From the seasonality chart, weekly shipment to China from Brazil dropped out of the average seasonality range to a low 145kt. On the other hand US to China continued its downward trend and reached the lower end of the seasonal average level. In additions, Brazilian Trade Ministry released their November soybean exports to China jumped to 2.23 million tonnes, +99% YoY.

Export (million tonnes)	Nov-21	Oct-21	Sep-21	Q3-21	Q2-21	Q1-21	2020	2019
Brazil	9.7	9.9	13.4					
USA	14.8	14.5	5.8					
Argentina	5.0	7.2	7.9					
Ukraine	7.0	6.2	5.7					
Canada	3.6	4.0	2.7					
Russia	2.2	2.8	3.8					
Australia	2.9	2.2	2.6					
Others	6.2	8.7	8.6					
<b>Global</b>	<b>51.5</b>	<b>55.4</b>	<b>50.5</b>	<b>153.6</b>	<b>165.0</b>	<b>160.2</b>	<b>617.3</b>	<b>561.3</b>

## 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	145.4	756.7	-80.8%	55.02	53.30	3.2%
US-China	698.7	891.5	-21.6%	75.19	72.23	4.1%

## Seasonality Chart



Data Source: IHS Connect, Bloomberg

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