

FIS Dry Freight Weekly Report

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Market Review:

Dry freight market had a bullish run last week, seeing rates of the bigger size vessels gaining nearly 40% in a hectic week. Cape market saw stable shipment despite in a relatively low demand season. Panamaxs were back in the game with fresh coal and grain demand, leading support to Supramaxes. Furthermore, dry bulk commodity prices carried on their sell off and the bunker market's volatility persisted due to political tensions, all likely to increase volatility in freight rates .

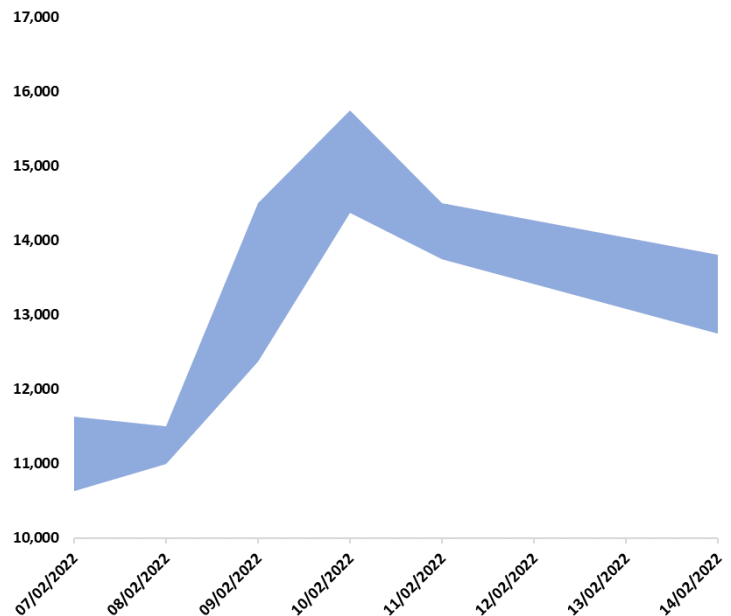
Freight Rate \$/day	11-Feb	4-Feb	Changes %	Short Term	Sentiment
Capesize 5TC	15,397	10,302	49.5%	Neutral	-
Panamax 4TC	20,287	14,829	36.8%	Neutral	-
Supramax 10TC	23,743	17,531	35.4%	Bullish	↑
Handy 7TC	21,018	17,819	18.0%	Neutral	-

IHS	Weekly Total Shipments		Iron Ore	Coal	Bauxite	Agribulk	Minor bulk
Capesize	199	-10	116 (-22)	57 (+7)	14 (+2)		
Panamax	294	-30		131 (-30)		82 (-1)	51 (-3)
Supramax	496	+35		87 (+14)		77 (+2)	308 (+26)

Capesize

Capes made a strong comeback last week with fresh enquiries and higher fixtures reported from both basins, all routes posting significant gains pushing 5TC back to \$15,000. Asian participants returned from holiday adding more support to the Cape rebound, mining majors Rio Tinto, BHP and Vale were heard to be active fixing iron ore and coal to China. The key iron ore route West Australia to China fixed higher as the week progressed, Port Hedland to Qingdao fixing at \$8.00-\$8.10 for laycan late Feb, Dampier to Qingdao rose from the beginning of week \$8.40 to \$8.60 with early March dates. Capesize vessels were heard taking coal stems from Teluk to Qingdao for late Feb at levels around \$5. Market sentiment improved with enquiries circulated for Atlantic routes, including reported fixtures fixed basis Rotterdam redelivery Skaw-Passero at \$22,500 on 15 Feb. Iron ore cargos out of Brazil improved slightly on the previous week, despite decreased shipments to China, but the total were made up from other regions, with fixtures destined to Vietnam at low \$23 for late Feb and at \$15.50 to Isdemir for early March. Rates were also pushing up in South Africa by healthy demand for iron ore and coal, the key route Saldanha Bay to Qingdao route were up from \$14.50 to \$16.00, Richards Bay to Mailiao for Mid-March were heard at \$14.50. Furthermore, global oil prices hit 7 year highs over fears of a Russian attack on Ukraine, with bunker prices also reaching highs on Monday with Sing 380 and 0.5% fuel oil assessed at \$552 and \$727 respectively. Market sources said that interest has increased for shippers to lock in better time charter returns due to the volatile bunker market. The bullish sentiment in the paper market last week strengthened the confidence of ship owners. The whole forward curve was lifted by the Cape v Panamax spread buyers, Feb, Mar, April and Q2 contracts saw sharp gains under heavy volumes while deferred contracts presented modest gains. **Short run neutral**

Capesize 5TC Trading Range



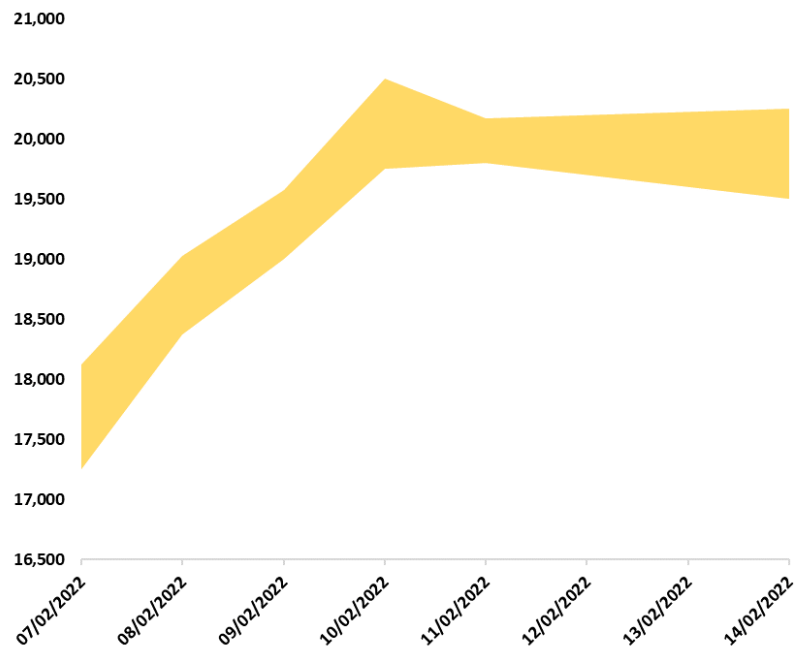
Rates were also pushing up in South Africa by healthy demand for iron ore and coal, the key route Saldanha Bay to Qingdao route were up from \$14.50 to \$16.00, Richards Bay to Mailiao for Mid-March were heard at \$14.50. Furthermore, global oil prices hit 7 year highs over fears of a Russian attack on Ukraine, with bunker prices also reaching highs on Monday with Sing 380 and 0.5% fuel oil assessed at \$552 and \$727 respectively. Market sources said that interest has increased for shippers to lock in better time charter returns due to the volatile bunker market. The bullish sentiment in the paper market last week strengthened the confidence of ship owners. The whole forward curve was lifted by the Cape v Panamax spread buyers, Feb, Mar, April and Q2 contracts saw sharp gains under heavy volumes while deferred contracts presented modest gains. **Short run neutral**

Chart source: FIS Live

Panamax

Strong fixture numbers from US Gulf and EC South America regions have supported the bullish trend in Panamax last week. In the Atlantic, fixtures of US Gulf option EC South America redelivery Far East laycan date in mid Feb were fixed at \$27,000 and then \$29,000 later the week, while talks of EC South America redelivery Singapore-Japan around \$19,500 and EC South America redelivery Skaw-Gib were fixed \$30,000 for late Feb. Moreover, Pacific and Asian markets looked promising as stable coal shipments from Australia and Indonesia fed to the robust demand. In terms of fixtures, NoPac redelivery Singapore-Japan were fixed between \$21,500-\$23,500, and the scrub fitted NoPac redelivery China were done at \$25,500-\$25,750. According to IHS Markit Commodities at Sea Service, last week Australia coal shipments increased sharply 40.2% w-o-w to high levels of 8.1 million tonnes, whilst Indonesian coal shipments remained stable. However, the uncertain situation in the Black Sea region will put rates under pressure.

Panamax 4TC Trading Range



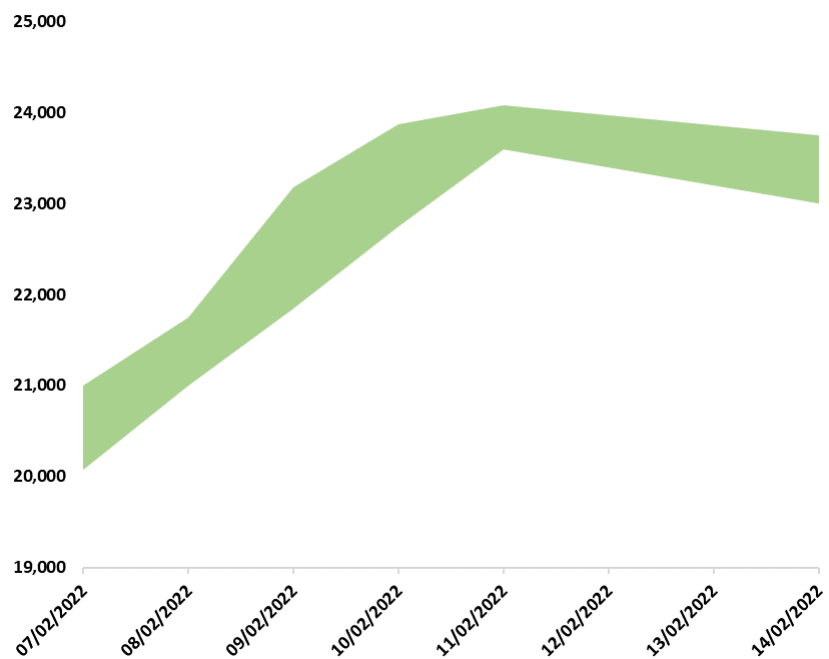
Panamax FFA market moved onwards and upwards as the firming physical and Cape markets continued to buoy optimism, increasing buying interest pushed March to \$27,000 and Q2 to \$28,000, some resistance formed at the weekly high levels which saw rates slipped towards to the end of the week.

Short run neutral

Supramax

Supramaxes speeded up Atlantic business as well as Asia participants returned to see Indonesia coal. Overall market sentiment remained positive in the short term over recovering coal and grain demand. Some strong fixtures were reported last week with talk of West Africa redelivery China agreed at \$27,000, Indonesia redelivery East Coast India were heard at \$30,000, and rumoured of a trip North China to Bangladesh were fixed at near \$35,000.

Supramax 10TC Trading Range



A very active week for Supramax futures with rates pushing higher at the beginning of the week, March and Q2 climbed to respective highs of \$29150 and \$28900, trading interest on deferred contracts also hold up the forward curve, with Cal23 and Cal24+25 traded at high of \$17700 and \$14000-\$14150. Following the larger sizes, Supramax came under pressure as a mixture of profit taking and position trimming, we saw rates slipped with losses limited on the prompt months, Feb and Mar gave up about \$800 from last week's gain and Q23 lost about \$1300 of its values.

Short run bullish

FFA Market

FFAs had a very busy week with high trading volume of over 73,000 lots posted on exchanges. Particularly for Capes and Panamax futures, traded respectively around 4,160 lots and 5,840 lots per day last week, while options trading were also active on Panamax 4TC and 5TC. Supramax followed right behind with 2,120 lots traded per day last week. We also saw prompt contracts rally to a new high under decent volume. In terms of open interest, March and Q2 remained the most active contracts and there were new positions opened on Q3 and Q4'22, on 14 Feb Cape5TC 157,410 (+7,606 w-o-w), Panamax4TC 225,435 (+8,687 w-o-w), Supramax 10TC 84,521(+2,175 w-o-w).

Freight Rate \$/day	11-Feb	4-Feb	Changes %	2022 YTD	2020	2019	2018	2017
Capesize5TC	15,397	10,302	49.5%	12,576	13,070	18,025	16,529	15,129
Panamax4TC	20,287	14,829	36.8%	18,820	8,587	11,112	11,654	9,766
Supramax10TC	23,743	17,531	35.4%	20,251	8,189	9,948	11,487	9,345
Handy7TC	21,018	17,819	18.0%	20,451	8,003	9,288	8,700	7,636

FFA \$/day	11-Feb FIS Closing	4-Feb FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2022 Mkt High	2022 Mkt Low
Capesize5TC Mar 22	20,750	17,250	20.3%	23,750	16,250	23,750	14,750
Capesize5TC Q2 22	27,625	24,250	13.9%	28,950	24,000	28,950	20,000
Panamax4TC Mar 22	25,700	23,175	10.9%	27,000	22,500	27,000	19,000
Panamax4TC Q2 22	27,200	24,800	9.7%	28,000	24,500	28,000	19,000
Supramax10TC Mar 22	28,800	25,000	15.2%	29,250	25,500	29,250	19,500
Supramax10TC Q2 22	28,800	25,250	14.1%	28,900	25,250	26,000	19,900

Data Source: FIS Live, Baltic Exchange

Freight Technical View

Capesize

March Futures – The intraday technical had produced a lower low indicating it had entered bear territory. However, the corrective move lower held above our key support (USD 13,320, low - USD 16,250) keeping the daily technical in bull territory, resulting in the futures trading to a high of USD 23,750. The technical is again in a corrective phase with key support at USD 18,800, below this level the futures will have a neutral bias, only below USD 16,250 is it bearish. The intraday Elliott wave analysis would imply that we have the potential for another test to the upside, if we trade below USD 18,800 the deep pull-back would suggest that the probability of the futures making a new high is decreasing. Hence the technical has a neutral bias. Upside moves above USD 20,750 will create a higher high implying a bullish technical on the intraday. Technically bullish with key support at USD 18,800, the index is above the 5-year high for this time of year leaving it a little vulnerable to a downside move.

Panamax

March Futures – the futures needed to see some strong upside moves in the index to back the move in the paper and this proved to be the case. Subsequently the negative divergence in the paper failed resulting in the futures trading to a high of USD 26,875 before entering a corrective phase. Downside moves that hold at or above USD 22,626 will support a bull argument, below this level the technical will have a neutral bias. The intraday futures have produced a 3-wave pattern lower, this pattern is often associated with bullish moves and will need to be monitored, as the intraday Elliott wave analysis is also open to a move to the upside. From a negative perspective the futures are pulling back on good volume which market bulls will not like, especially as the index is now slowing down with price above the 5-year highs for this time of year. The futures are corrective not bullish at this point, the intraday RSI on the 4-hour chart is above 50 (53) whilst the stochastic is oversold, if the RSI can hold above 50 then it will support a bull argument, if the RSI drops below 50, then momentum will be considered as weak. The carry between the index and the March contract is now just under USD 4,000, a much more respectable level, but the index is still looking a little overvalued; however, we do have some potential bull patterns forming making USD 23,319 a key level to follow. If we hold above this level and trade above USD 25,925 then the USD 26,875 high will become a bull target. If support fails, the futures will have a neutral bias.

Supramax

March Futures -Last week it was about the scale of the move in the index as the disparity gap was over USD 8,000. The index did not disappoint with price moving over 35%, to a high of USD 24,508, supporting bullish upside continuation in the futures which traded to a high of USD 29,500. Price has been consolidating for the last 3 days, warning we could be about to enter a corrective phase (as noted on the E.U. close reports), resulting in the futures trading USD 825 lower at USD 27,925 today (14/02/22). Corrective moves lower that hold at or below USD 25,144 will support a bull argument, below this level the futures will have a neutral bias, only below USD 22,900 is the technical bearish. Intraday Elliott wave analysis would suggest this downside move should be considered as countertrend, implying support levels (USD 26,978 to USD 25,144) should hold in the near-term.

Dry Bulk Trades/Iron Ore

Iron ore markets had a roller-coaster ride last week, prices initially rallied amid market expectations of more spending on infrastructure later this year as a fiscal stimulus from policy makers to boost its economy, however prices plunged from \$153 to \$136 after Chinese regulators intervened to stabilise the iron ore markets. However, iron ore demand remained robust, especially after steel mills and construction took time to resume operations post holiday. Last week, physical buyers were rather on the sidelines for clearer price direction, resulted in seaborne and portside trades were less actively compared with same period last year. In addition, Vale SA released its latest production report on 11th Feb, the mining giant produced 82.5 million tons in the fourth quarter, which is less than expected, but its projection of 320-335 million tons for 2022 remained unchanged despite the weather interruption.

According to IHS Markit Commodities at Sea Service, iron ore shipment last week from Brazil were reduced by 20% from the previously week, although its shipment to China were similarly at 3.8 million tonnes a week. While out of Australia, shipments suffer higher degree of cut, down 17% w-o-w to 11.5 million tonnes. From the seasonality chart below, Australia weekly shipments crossed the average mark and touched the lower end of the 5 year range.

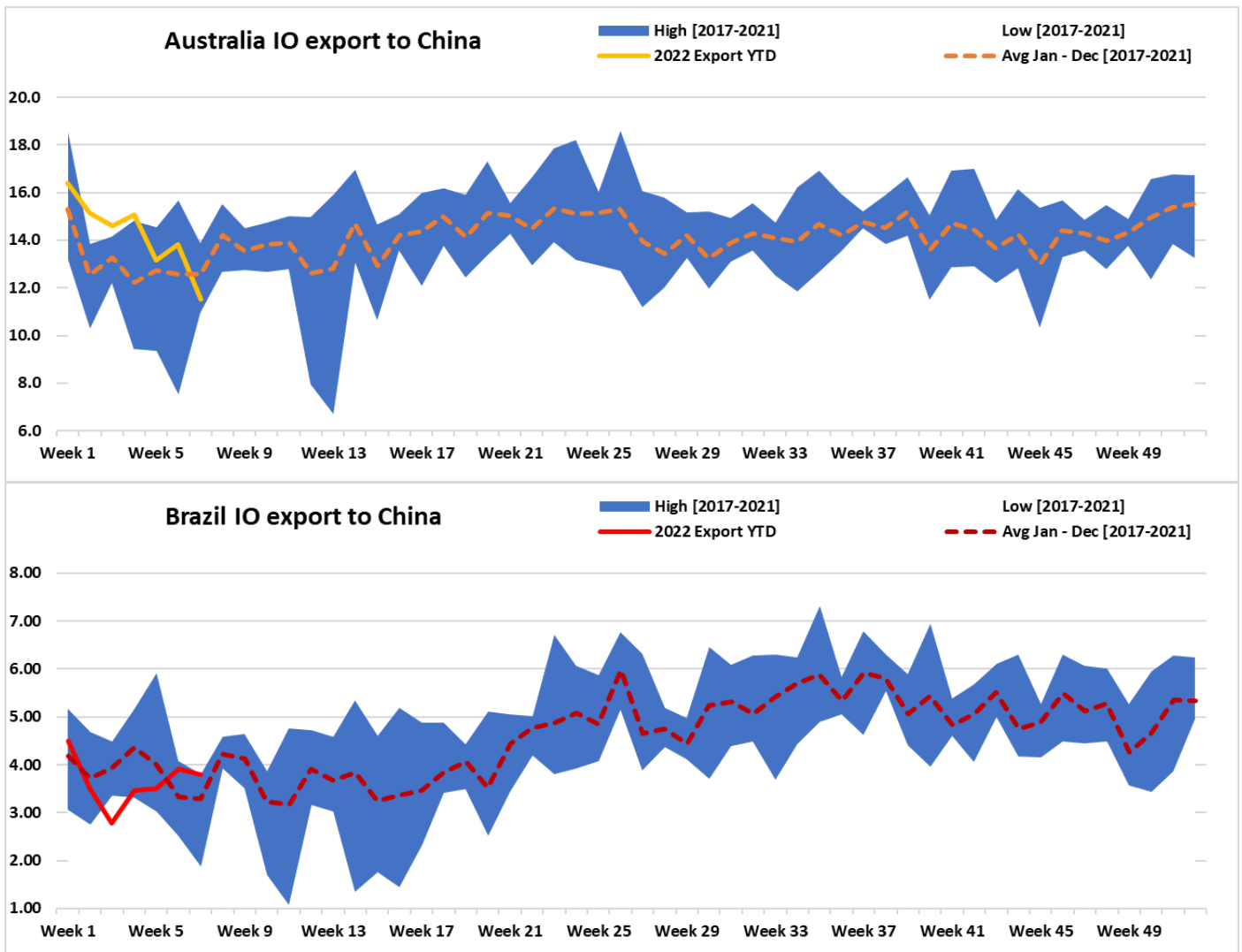
Dry Bulk Trades/Iron Ore

Export (million tonnes)	Jan-22	Dec-21	Q4-21	Q3-21	Q2-21	Q1-21	2021	2020
Australia	78.0	84.8	236.4	233.9	235.2	217.4	922.9	930.2
Brazil	24.1	30.1	90.8	97.6	84.9	76.5	349.8	337.7
South Africa	4.8	5.7	15.0	15.1	13.9	13.7	57.7	55.6
India	2.2	0.9	2.4	5.3	14.4	17.3	39.4	55.5
Canada	3.7	4.5	15.0	18.1	11.3	13.1	57.5	58.5
Others	15.3	18.2	48.5	41.5	45.6	39.7	175.3	82.4
Global	128.0	144.2	408.2	411.5	405.2	377.7	1602.6	1601.6

Iron Ore Key Routes

	IO Export Million mt			Freight Rate \$/mt		
	Last Week	Prev. Week	Chg %	Last Week	Prev. Week	Chg %
Australia-China	11.5	13.8	-16.7%	7.92	7.65	3.6%
Brazil-China	3.8	3.9	-2.78%	22.15	20.35	8.8%

Seasonality Charts



Data Source: IHS Markit Commodities at Sea Service, Bloomberg

Dry Bulk Trades/Coal

Seaborne coal prices declined last week under potential increasing coal supply from the US and as Chinese authorities pledged to stabilised commodity prices. With Covid related issues starting to ease, and restrictions for mines and logistics relaxed, the market expects supply would gradually return to average seasonal levels. Therefore, some physical buyers waited on import opportunities at lower prices and that futures would follow its downward trend. Elsewhere, on 15th Feb, China’s energy administration approved a new coal mine project in norther province of Shanxi which has the production capacity of 3 million tonnes as the nation’s plan to secure its coal supply.

As the seasonality chart shows below, Indonesian exports have returned to usual levels of 3 million tonnes of coal shipping to China, whilst rocky coal volumes were reported from Australia last week with a total of 8.1 million tonnes export, up 40% w-o-w, and over 3.3 million tonnes directed to Japan, 2.8 million tonnes to SE Asia and 1.2 million tonnes to India.

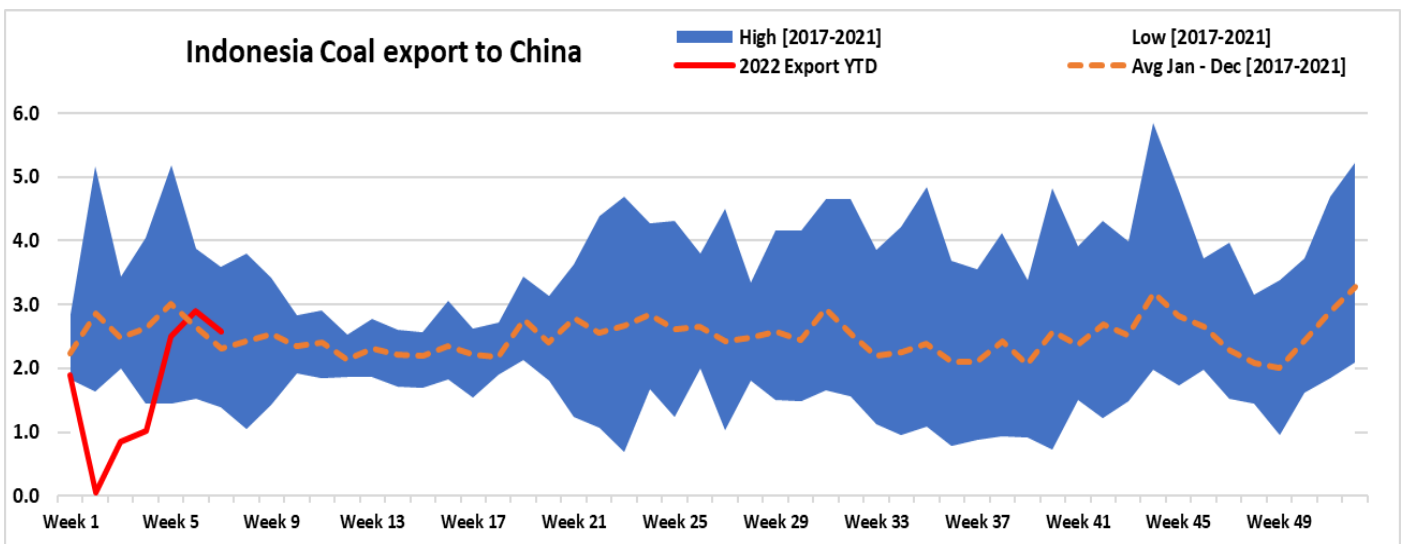
Dry Bulk Trades/Coal

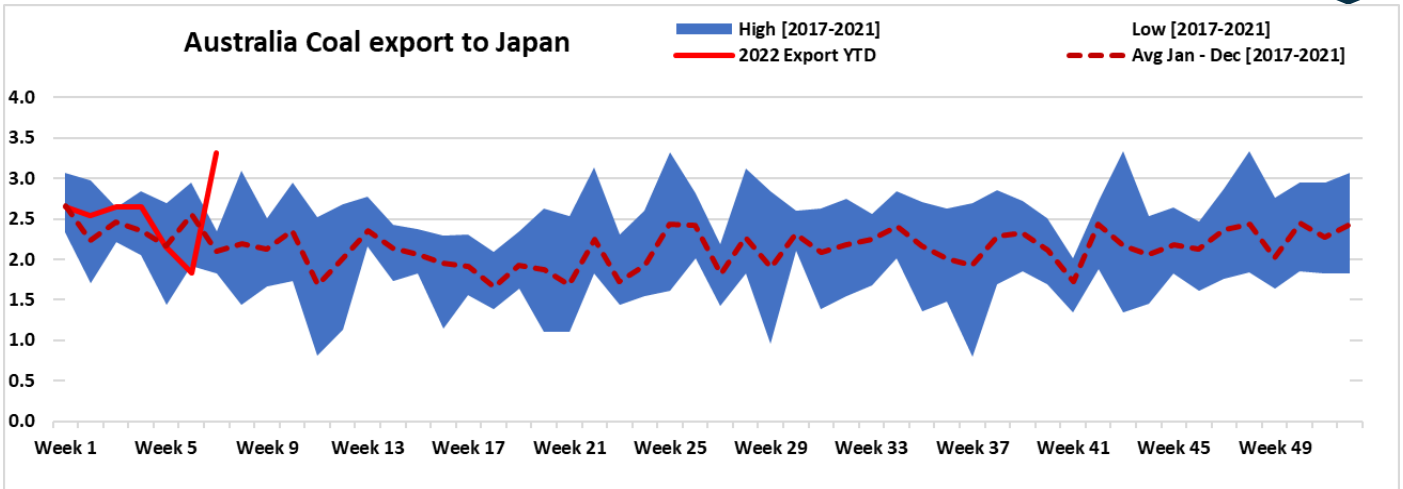
Export (million)	Jan-22	Dec-21	Q4-21	Q3-21	Q2-21	Q1-21	2021	2020
Indonesia	13.7	34.9	106.6	110.0	102.5	102.2	421.4	379.4
Australia	31.8	30.3	90.7	96.3	92.3	86.6	365.9	380.9
Russia	13.3	14.4	41.1	44.0	44.4	43.5	173.0	173.6
USA	6.3	5.9	18.2	16.3	18.0	17.4	69.9	56.1
Colombia	5.8	5.6	15.8	15.5	14.6	15.5	61.4	59.9
South Africa	4.5	5.3	16.8	14.0	15.3	14.7	60.8	74.2
Others	7.0	7.4	22.5	23.8	19.6	19.1	85.0	76.2
Global	82.5	103.9	311.7	320.0	306.7	299.0	1237.4	1200.3

Coal Key Routes

Coal Key Routes	Coal Export Million mt		
	Last Week	Prev. Week	Chg %
Indonesia-China	2.6	2.9	-10.6%
Australia-Japan	3.3	1.8	80.2%

Seasonality Charts





Data Sources: IHS Markit Commodities at Sea Service, Bloomberg

Dry Bulk Trades/Agri

Soybean prices retreated over weather concerns affecting production levels. Losses were also showed in the wheat and corn markets which were curbed by Russia-Ukraine tensions. According to the February World Agricultural Supply and Demand Estimates report, Brazilian soybean crops revised down 5 millions mt to 134 million mt, while Argentinian crop yields were estimated down 1.5 million mt to 45 million mt. With production levels lower in South America, its expected exports from US should be increased. Last week, the US shipped over 3.4 million tonnes of grains, up 23% w-o-w according to IHS Markit Commodities at Sea Service.

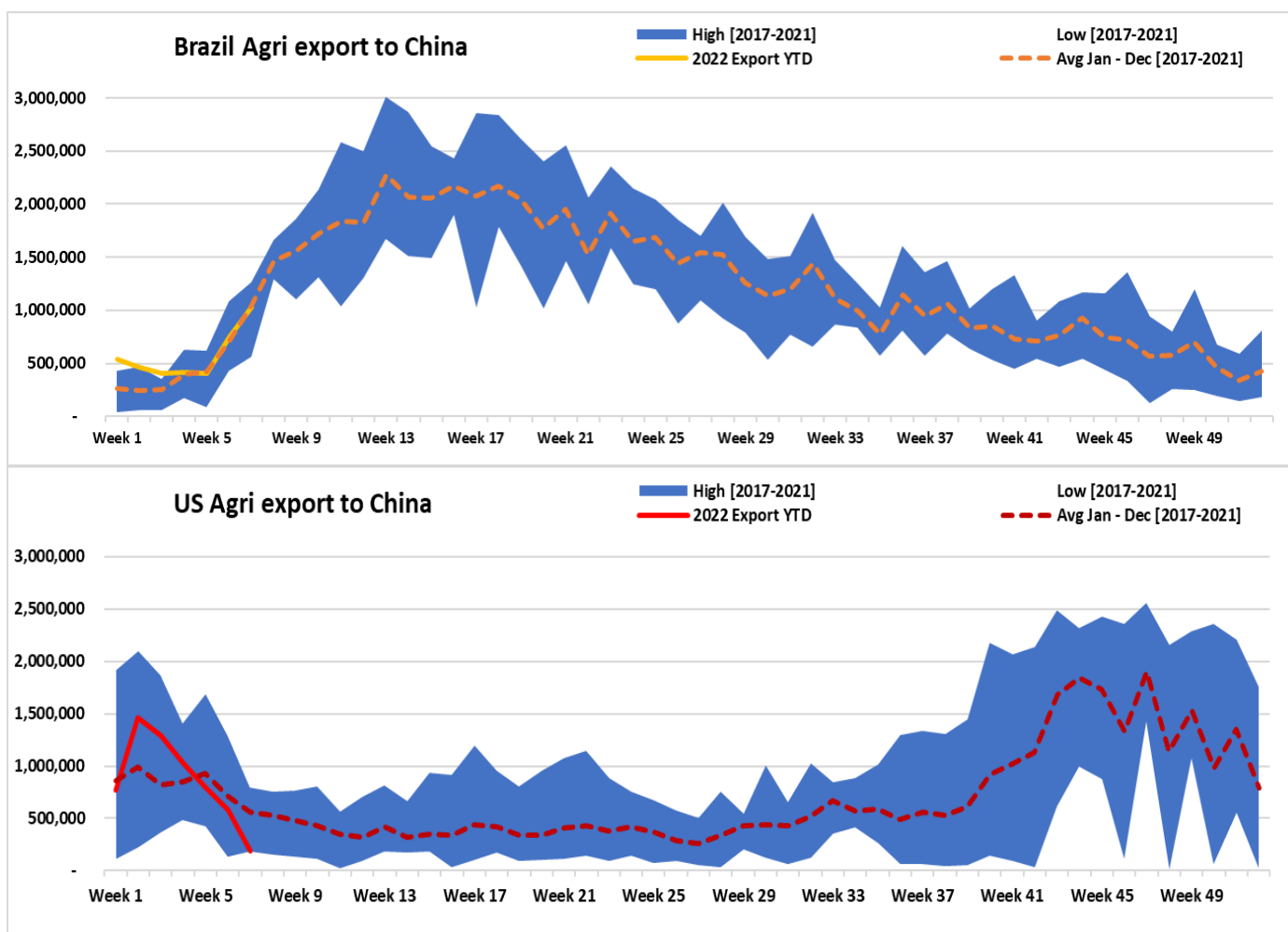
As the seasonality chart below shows shipments from US to China continued dropping to less than 200,000 tonnes, reaching the lower end of seasonal average. While shipment of Brazil to China remaining firmed at the 5 year average .

Export (million tonnes)	Jan-22	Dec-21	Q4-21	Q3-21	Q2-21	Q1-21	2021	2020
Brazil	8.8	10.9	30.9	45.1	54.4	34.2	164.6	171.6
USA	13.2	13.0	42.0	20.7	32.1	44.0	138.8	140.5
Argentina	5.4	5.9	17.7	24.0	25.6	18.8	86.1	79.0
Ukraine	6.4	5.9	19.2	15.2	8.6	10.5	53.4	51.7
Canada	2.3	2.8	10.3	7.4	11.7	12.7	42.1	50.4
Russia	1.5	2.5	7.4	10.4	5.0	7.2	30.0	35.2
Australia	3.9	3.6	8.8	8.5	11.1	12.0	40.4	20.2
Others	6.2	5.8	21.7	22.6	16.4	20.4	81.1	68.7
Global	47.7	50.3	158.1	154.0	164.8	159.7	636.6	617.3

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	1,036.5	749.1	38.4%	52.44	47.74	9.8%
US-China	192.7	581.7	-66.9%	62.63	58.88	6.4%

Seasonality Charts



Data Source: IHS Markit Commodities at Sea Service, Bloomberg

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