

FIS Dry Freight Weekly Report

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Market Review:

The Dry freight market continued its rally over the concerns of the impact of Russia’s war in Ukraine with strong coal and iron ore demand from other key regions helping to drive levels higher. Soaring commodity prices and limit up grain prices also gave support, with all size vessels made decent gains over the week and overall sentiment was positive, despite outstanding concerns.

Freight Rate \$/day	7-Mar	28-Feb	Changes %	Short Term	Sentiment
Capesize 5TC	14,508	13,414	8.2%	Bullish	↑
Panamax 4TC	24,777	22,053	12.4%	Bullish	↑
Supramax 10TC	29,037	26,711	8.7%	Neutral to Bullish	↗
Handy 7TC	26,414	25,296	4.4%	Neutral to Bullish	↗

IHS	Weekly Total Shipments	Iron Ore	Coal	Bauxite	Agribulk	Minor bulk
Capesize	218	-9	137(+1)	57(-9)	14	
Panamax	354	-6		169(+7)		87(-27) 59(+15)
Supramax	468	-28		100		53(-17) 290(-7)

Capesize

Capes firmed up last week following healthy demand from both basins and soaring bunker prices. Shipments out of Brazil were expected to pick up with better weather. Last week Brazil shipped a total 6.5 million tonnes of iron ore, up 9.7% from previous week, data from IHS Markit Commodities at Sea Service showed. Market sentiment was affected by the reduced commodity supply from the Black Sea region, as shipowners avoided the route, but the tone did turn positive by the end of week after major miners were seen active in the market. Strong fixtures continued to flow out from the Pacific market, with volatile rates throughout the week. The key C5 iron ore route (West Australia to China) took a dive at the beginning of the week to fix \$8.65-9.00 for mid-March laycan, then recovered to \$10.30 mid-week, and despite a few wobbles heading to the weekend was even rumoured to fix above \$11 on Monday. In the Atlantic region, robust Brazil shipments to China were seen last week, with iron ore moving on the C3 route from Tubarao to Qingdao at \$24 for early Apr and rumoured \$27 for late Apr. Market sources said, despite the firm rates from Brazil, it was not attractive for owners to ballast out from the Pacific due to bunker costs. Iron ore cargos out of South Africa were significantly improved last week; hearing Saldanha Bay to Qingdao with mid-end March dates was fixed at the lower end of \$17. A Capesize was heard to take coal stem from Indonesia to India at \$8.50 and Teluk to Qingdao at \$7 but the details not confirmed. In addition, bunker costs breached record levels with Sing 380 and 0.5% fuel oil assessed at \$598 and \$859 respectively on Friday. Market sources reported bunker prices above \$1000 in some key hubs, with the rising bunker costs likely to be a key factor going forward.

Capesize 5TC Trading Range

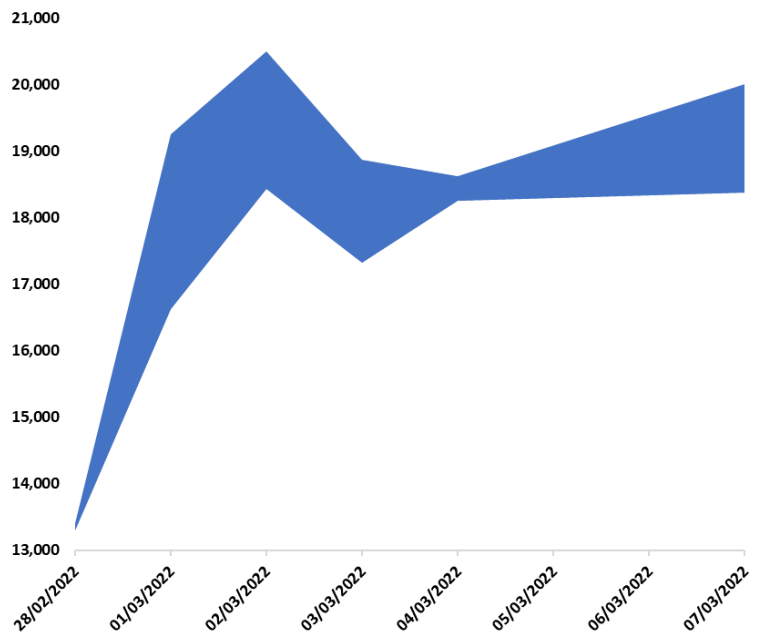


Chart source: FIS Live

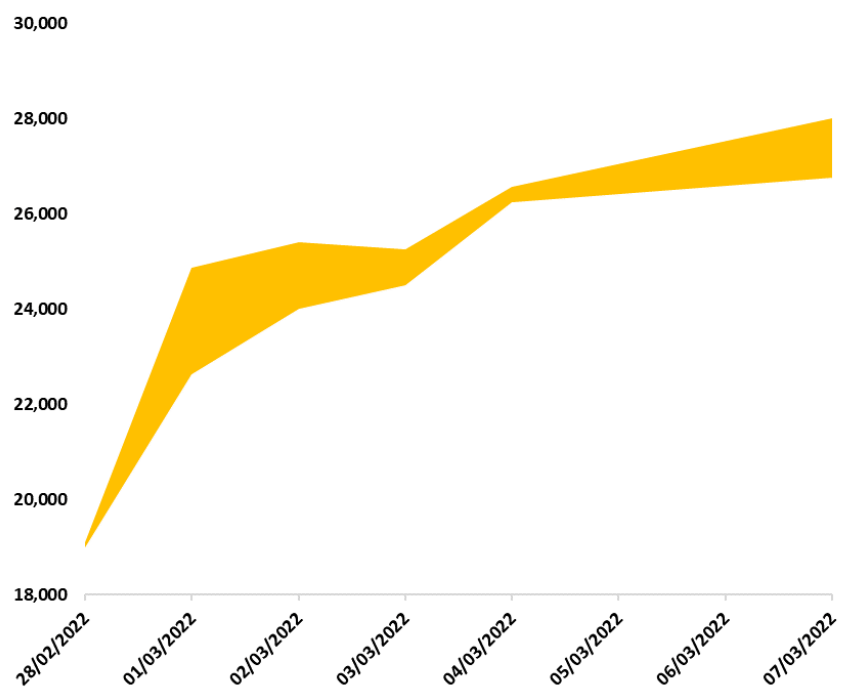
Despite the escalating crisis in Ukraine, as March started the paper market was optimistic, especially for the prompt contracts. Although voyage rates have increased, this is being driven mainly by bunkers. Surging crude prices drove up the voyage bids with C5 paper quickly following the physical, and the 5TC average being lifted largely on sentiment. Despite a wobble on the physical market on Thursday, Capesize FFAs ended the week on a very firm note. The reasons for this strength remain uncertain, especially in the face of a very lacklustre physical index performance, but again, may be a case of the market chasing oil prices north.

Short run bullish

Panamax

Panamax were a mixed bag for the first half of the last week, as many ships in the Black Sea region had to seek employment elsewhere. Market sentiment was dampened by the tragic situation in Ukraine. This was however offset by better shipments and higher bids for key routes surfacing elsewhere, which saw rates driven up later on in the week. Traders were on the hunt for coal shipments last week, especially for Europe that has had to seek replacement suppliers besides Russia. According to IHS Markit Commodities at Sea Service, coal shipments to NW Europe jumped up 40% w-o-w to 2.2 million tonnes. Fixtures wise, EC South America redelivery Singapore-Japan were heard at an increased rate of \$25,500-26,000 for the early Apr dates before bounced to \$28,750 at the mid-week, and EC Australia redelivery India edged up from \$29,500 to \$30,000. Sustainable shipments from Australia and Indonesia further supported the rate, fixtures for North Pacific round voyage were fixed to the low level of \$20,000 then backed up to \$24,750 for laycan date in early March. While trips via Indonesia redelivery Japan initially slipped to \$24,000 before reversing to higher levels.

Panamax 4TC Trading Range



The week on Panamax paper began rangebound before some early afternoon bid support in the early afternoon put March around \$22750, Q2 at \$25500 and Q3 around \$24750. It stepped up a gear the next day as early support on prompt dates quickly spilled over into some firmer buying. There was some resistance into the close but the tone was more optimistic as the index broke into positive territory. Cape sentiment flowed into the market midweek to nudge up rates before sellers came in, closing levels just below the previous close. With the physical market climbing into the end of the week, the derivatives followed with buying support was evident throughout the day. The market ended the week with Mar and Q2 pushed to \$26500 and \$29250 respectively, Q3 pushed to \$27500 and Q4 tested resistance just south of \$26000, while further out the Cal23 finally broke \$17500 resistance to print \$17800. Despite a sharp nudge up on the index we saw a range bound afternoons trading with levels drifting off at the close on the back of some pre-weekend profit taking but still saw us finishing well up on the day.

Short run bullish

Chart source: FIS Live

Supramax

Supramaxes remained on its upward trend last week amid high interest in Indonesia coal demand, although activities were down in the Black Sea and Mediterranean. A number of Supramax vessels were taking coal stems from Indonesia to JKT region increasing sharply the last two week. In terms of fixtures, limited activity was heard in Atlantic but demand still looked positive on the Asian side, with Indonesia redelivery China hold up above \$30,000 and Indonesia redelivery Japan trip was heard at \$42,500.

A positive start to last week for Supramax paper, with rates pushing across the curve. March and April pushed to respective highs of \$29,250 and \$30,000. Q234 pushed to \$27,000 average. Midweek was volatile and active with prompt paper initially drifting down before firm underlying and sparse offers propelled the market upwards and above rates at the start of the week. With tensions escalating to conflict in Ukraine the front of the curve slipped \$2500 on average and less on deferred. Despite a few bounces through the day it closed at day lows. There was, however, a positive end to the week with recovering rates supported across the curve.

Short run neutral to bullish

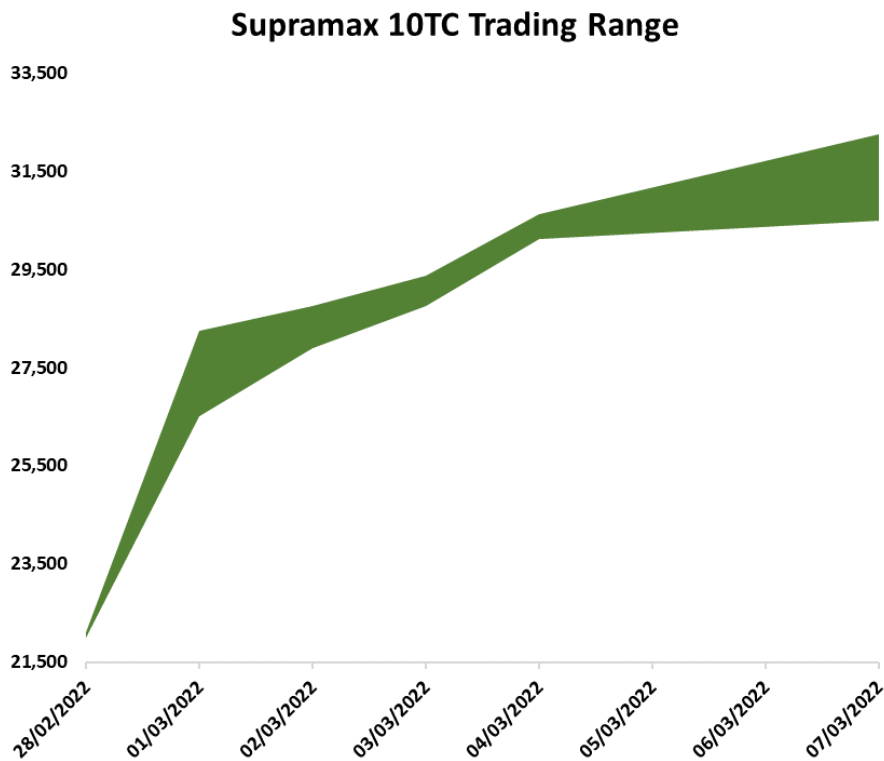


Chart sources: FIS Live

FFA Market

FFAs had another active and volatile week with high trading volumes of over 74,000 lots posted on exchanges, and strong activity also seen in Panamax options of over 7,300 lots traded. In the futures market, Capes and Panamaxes traded respectively around 3,490 lots and 5,040 lots per day last week, Supramaxes followed right behind with 3,100 lots traded per day last week. Main actions focus on March, Q2'22 and Cal23 contracts. Open Interest declined a touch with price increased confirmed an upward trend, on 7 March Cape5TC 157,620 (-3,528 w-o-w), Panamax4TC 219,060 (-8,284 w-o-w), Supramax 10TC 85,746 (-292 w-o-w).

FFA Market Indexes

Freight Rate \$/day	7-Mar	28-Feb	Changes %	2022 YTD	2020	2019	2018	2017
Capesize5TC	14,508	13,414	8.2%	13,218	13,070	18,025	16,529	15,129
Panamax4TC	24,777	22,053	12.4%	19,865	8,587	11,112	11,654	9,766
Supramax10TC	29,037	26,711	8.7%	22,364	8,189	9,948	11,487	9,345
Handy7TC	26,414	25,296	4.4%	21,782	8,003	9,288	8,700	7,636

FFA Market Forward Values

FFA \$/day	7-Mar FIS Closing	28-Feb FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2022 Mkt High	2022 Mkt Low
Capesize5TC Mar 22	19500	15500	25.8%	20,600	15,500	23,750	14,750
Capesize5TC Q2 22	30000	24700	21.5%	32,200	24,500	32,200	20,000
Panamax4TC Mar 22	28000	22700	23.3%	28,750	22,500	28,750	19,000
Panamax4TC Q2 22	30500	25125	21.4%	30,850	25,000	28,350	19,000
Supramax10TC Mar 22	32250	26500	21.7%	32,000	26,350	32,000	19,500
Supramax10TC Q2 22	32875	26375	24.6%	32,850	19,900	32,850	19,900

Data Source: FIS Live, Baltic Exchange

Freight Technical View

Capesize

March Futures – Technically bearish last week A positive divergence on the 1-hour intraday had warned that we could see a small test to the upside resulting in the futures trading from USD 15,650 to USD 20,000. April futures – The roll in the futures created a bullish Gap of USD 4,000 which took the technical into bullish territory. Price continues to move higher supported by rising oil prices with the April futures trading to a high of USD 28,425. Using the William's method we now have a near-term upside target at USD 31,156, above this level we target the USD 33,033 and USD 35,425 levels. Downside moves below USD 24,250 will warn the USD 23,345 – USD 20,322 Fibonacci support zone could be tested. Corrective moves lower that hold at or above USD 20,322 will support a longer-term bull argument, below this level the futures will have a neutral bias. The carry on the index is now USD 13,742 which will need to be monitored, with rumours that the C3 and C5 are both fixing higher on the back of rising oil prices there is an expectancy that the carry should narrow in the coming days. If it does not the futures could be vulnerable to a technical pullback.

Panamax

April Futures – the downside move in the rolling front month took the futures into neutral territory, however the technical failed to make a new low resulting in higher pricing. The April contract has now made a higher high with price trading above our USD 29,208 target, highlighted in the morning technical. Price is now testing the USD 30,963 resistance; upside moves above this level will target the USD 33,200 and USD 36,021 levels. Downside moves that hold at or above USD 25,640 will support a bull argument, below this level the technical will have a neutral bias. Intraday Elliott wave analysis would suggest that corrective moves lower should be against the trend, indicating we have another bull wave to come within this phase.

Supramax

April futures- We assumed last week that although the futures did not create a higher high, based on the Q2-22 and the Cal 23 Elliott wave cycles the rolling front month had entered a corrective phase. Further down the curve we have seen the futures move to new highs, indicating wave extension. The April contract remained in bullish territory and has now achieved our original upside target (pre-Russian invasion) of USD 34,587. Upside moves above this level will target the USD 36,615 and USD 39,200 resistance levels. Downside moves that hold at or above USD 29,797 will support a bull argument, below this level we will have a neutral bias. The RSI is now at 76.8 meaning it remains in divergence, above 79 the divergence will have failed suggesting suggest we are seeing further wave extension (like the back end of the curve). Intraday Elliott wave analysis on a lower time frame would suggest corrective moves lower are against the trend, indicating there is another bull wave to follow within this part of the cycle.

Dry Bulk Trades/Iron Ore

Iron ore prices closed the week with nearly a 15% gain and continued to surge above \$168 Monday as investors expected Chinese authorities to further stimulate its economy for 2022 and increase infrastructure investment. Xinhua – the state owned news agency – reported that at the ‘Two Session’ China set the goal of steady economic growth this year, with a GDP growth target of 5.5%, which was much higher than forecasts from the World Bank and the International Monetary Fund, signalling the nation is confident to shake off the impact from Covid 19 and focus on high-quality economic and social development. Furthermore, several industrial data reports were released last Friday which supported the recovering demand outlook, with iron ore inventories at 45 major ports decreased slowly by 320,500 tonnes this week to 158.55 million tonnes at an improved evacuation rate, according to Mysteel. The capacity steel utilisation rate - a key indicator of actual production - was up 0.5% to 73.4% this week in Tangshan region, as the production restrictions gradually lifted. However for the surveyed 247 Chinese steel mills the rate was up 3.88% to 81.49%, reflecting increasing demand from end users, data from Beijing CUSTEEL E-Commerce Co and Mysteel showed. In addition, the Chinese HRC export price rallied on the back of soaring international steel prices and foreseeable restructured global steel supply. Elsewhere, DCE doubled the iron ore trading fees from 0.02% to 0.04% in an attempt to calm volatile price movements. Several industrial data reports were released today which supported the recovering demand outlook, with iron ore inventories at 45 major ports decreased slowly by 320,500 tonnes this week to 158.55 million tonnes at an improved evacuation rate, according to Mysteel. The capacity steel utilisation rate - a key indicator of actual production - was up 0.5% to 73.4% this week in Tangshan region, as the production restrictions gradually lifted. However for the surveyed 247 Chinese steel mills the rate was up 3.88% to 81.49%, reflecting increasing demand from end users, data from Beijing CUSTEEL E-Commerce Co and Mysteel showed. In addition, the Chinese HRC export price rallied on the back of soaring international steel prices and foreseeable restructured global steel supply. Elsewhere, DCE doubled the iron ore trading fees from 0.02% to 0.04% in an attempt to calm volatile price movements, after the previous increase three weeks ago.

Last week Australian iron ore shipments to China stabilised at the healthy level of 14 million tonnes, which was flat with the seasonal range showed in the chart. For the shipments from Brazil to China, we saw it rocket up and increase 64% to 5.1 million tonnes, according IHS Markit Commodities at Sea Service.

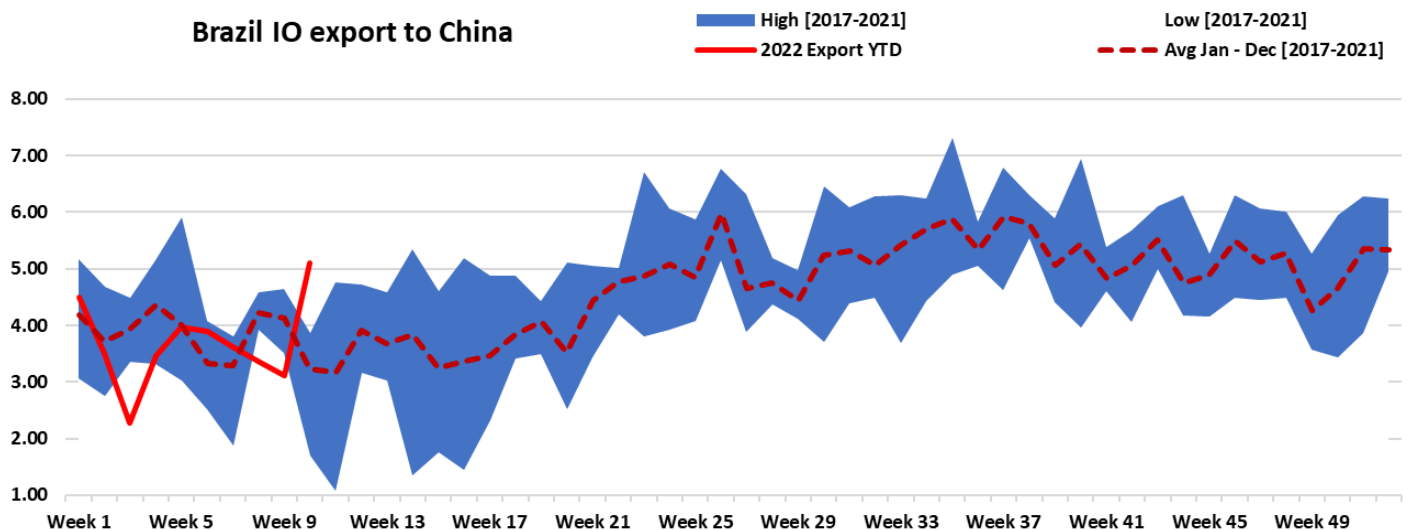
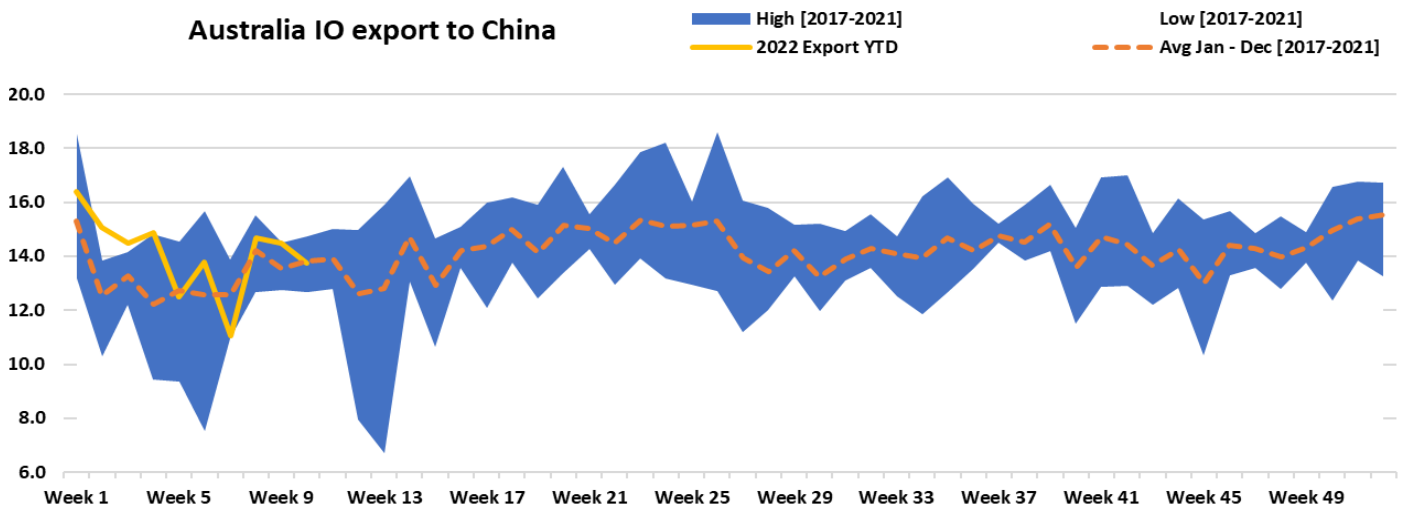
Dry Bulk Trades/Iron Ore

Export (million tonnes)	Feb-22	Jan-22	Q4-21	Q3-21	Q2-21	Q1-21	2021	2020
Australia	65.2	77.5	236.2	233.9	235.4	217.3	922.8	922.5
Brazil	21.8	23.6	91.1	98.0	85.0	76.6	350.6	336.5
South Africa	4.7	4.7	15.1	15.1	13.9	13.7	57.9	56.0
India	2.3	2.8	2.4	5.4	14.3	17.3	39.3	53.1
Canada	3.1	3.6	15.0	18.1	11.3	12.9	57.3	58.1
Others	14.3	15.6	50.6	45.4	49.4	42.3	187.7	174.0
Global	111.5	128.0	410.4	415.8	409.3	380.1	1615.6	1600.1

Iron Ore Key Routes

	IO Export Million mt			Freight Rate \$/mt		
	Last Week	Prev. Week	Chg %	Last Week	Prev. Week	Chg %
Australia-China	13.7	14.5	-5.1%	9.65	9.63	0.3%
Brazil-China	5.1	3.1	64.0%	22.74	22.30	2.0%

Seasonality Charts



Data Source: IHS Markit Commodities at Sea Service, Bloomberg

Dry Bulk Trades/Coal

Seaborne coal prices continue to surge amid market concerns of supply tightness and talks of banning of Russian oil. Fengkuang Coal Logistics, a Chinese consultancy reported that the near term cargos throughout Q2 out of Russia and Indonesia were basically sold out. On the other hand, market expected European coal consumption would spike considered soaring natural gas prices and other top coal suppliers, such as US, Colombia and South Africa (exporters ranked behind Russia) will react to the supply disruption and took orders from the European buyers. The alternative routes of coal shipment will potentially increase the tonne miles in dry freight. On top of that, China will ramp up its coal reserves to above 200 million tonnes in response to the rising prices, a deputy director of NDRC said on Monday.

As the chart showed below, Australia coal shipping to Japan reached 3.3 million last week, nearly a million more compared with the seasonal average. Indonesian exports to China remained strong and above the seasonally range, with just shy of 3 million tonnes of coal shipping to China. In addition, strong coal shipments out of Colombia were reported last week, up 32.2% wov to 1.5 million tonnes, according to IHS Markit Commodities at Sea Service, also its March forecast was lifted to 5.7 million tonnes compared with 5.5 in March 2020, due to European sanctions against Russia. On the other hand, Russian coal destined to Europe are on its second week of decline in the speed of over 10% reductions but ramped up its shipment to China.

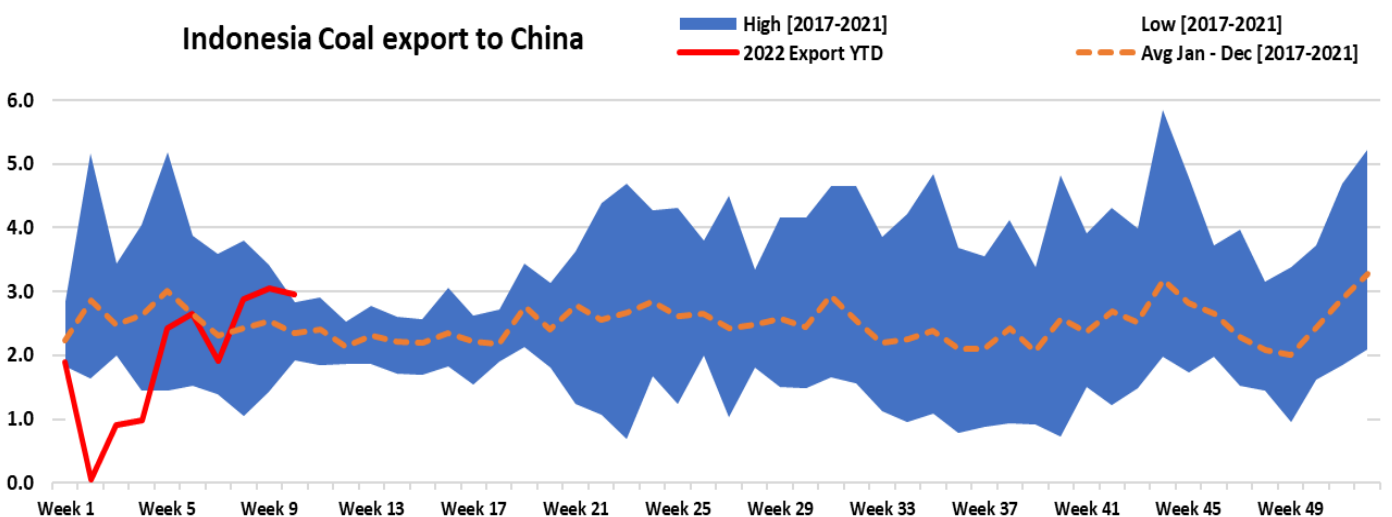
Dry Bulk Trades/Coal

Export (million tonnes)	Feb-22	Jan-22	Q4-21	Q3-21	Q2-21	Q1-21	2021	2020
Indonesia	31.7	13.7	106.6	109.8	101.5	101.5	419.3	377.0
Australia	27.7	31.5	90.8	97.0	93.0	87.8	368.6	376.1
Russia	13.8	13.3	40.9	44.3	45.4	43.6	174.2	178.4
USA	7.0	5.6	18.3	16.3	18.5	17.7	70.7	56.0
Colombia	4.8	5.7	15.8	15.5	14.6	15.4	61.3	58.6
South Africa	4.9	4.6	16.9	14.0	15.2	14.7	60.9	72.8
Others	7.8	7.0	22.4	23.9	19.6	19.1	85.0	75.9
Global	97.9	81.3	311.7	320.7	307.7	299.8	1240.0	1194.9

Coal Key Routes

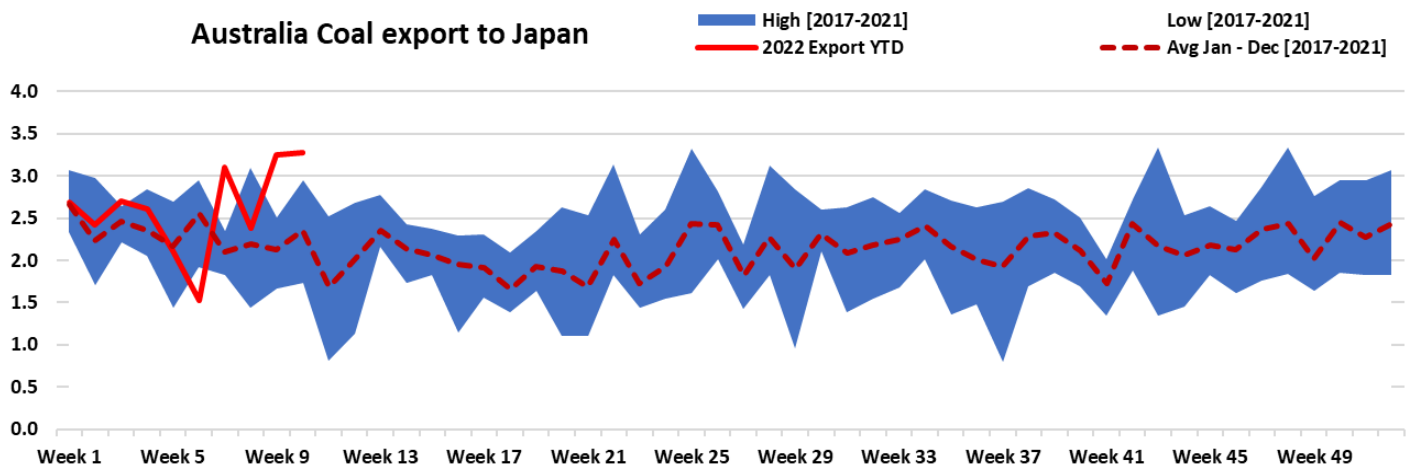
Coal Key Routes	Coal Export Million mt		
	Last Week	Prev. Week	Chg %
Indonesia-China	2.9	3.1	-3.7%
Australia-Japan	3.3	3.2	0.8%

Seasonality Charts



Data Source: IHS Markit Commodities at Sea Service, Bloomberg

Australia Coal export to Japan



Data Sources: IHS Markit Commodities at Sea Service, Bloomberg

Dry Bulk Trades/Agri

As the market feared lasting disruption to global grain supply chains, wheat and corn prices surged to 14-year highs level last week, with wheat marking its highest gain on record of over 40% in a week. On Sunday, Ukrainian railways were prepared to export grain by trains after the closure of Black Sea ports, they planned to deliver around 10,500 tonnes of grain to bordering countries. China imported 13.94 million tonnes of soybean in Jan-Feb, up 4.1% compared with last year, the General Administration of Customs data showed, but the March and Apr arrivals will remain tight due to a poor harvest in South America. Soybean prices were well supported by the bullish sentiment in the grain markets, even though farmers sale volumes remained low. Apart from that, Brazilian farmers faced fertiliser shortages as Russia supplied nearly 22% of the nation's imports. Followed by the dry weather in Argentina, the Buenos Aires grains exchange lowered its production forecast for soybeans to 42 million tonnes and corn crop to 51 million tonnes. But weather agencies expected more rain to arrive in the coming weeks to support the harvest later in March.

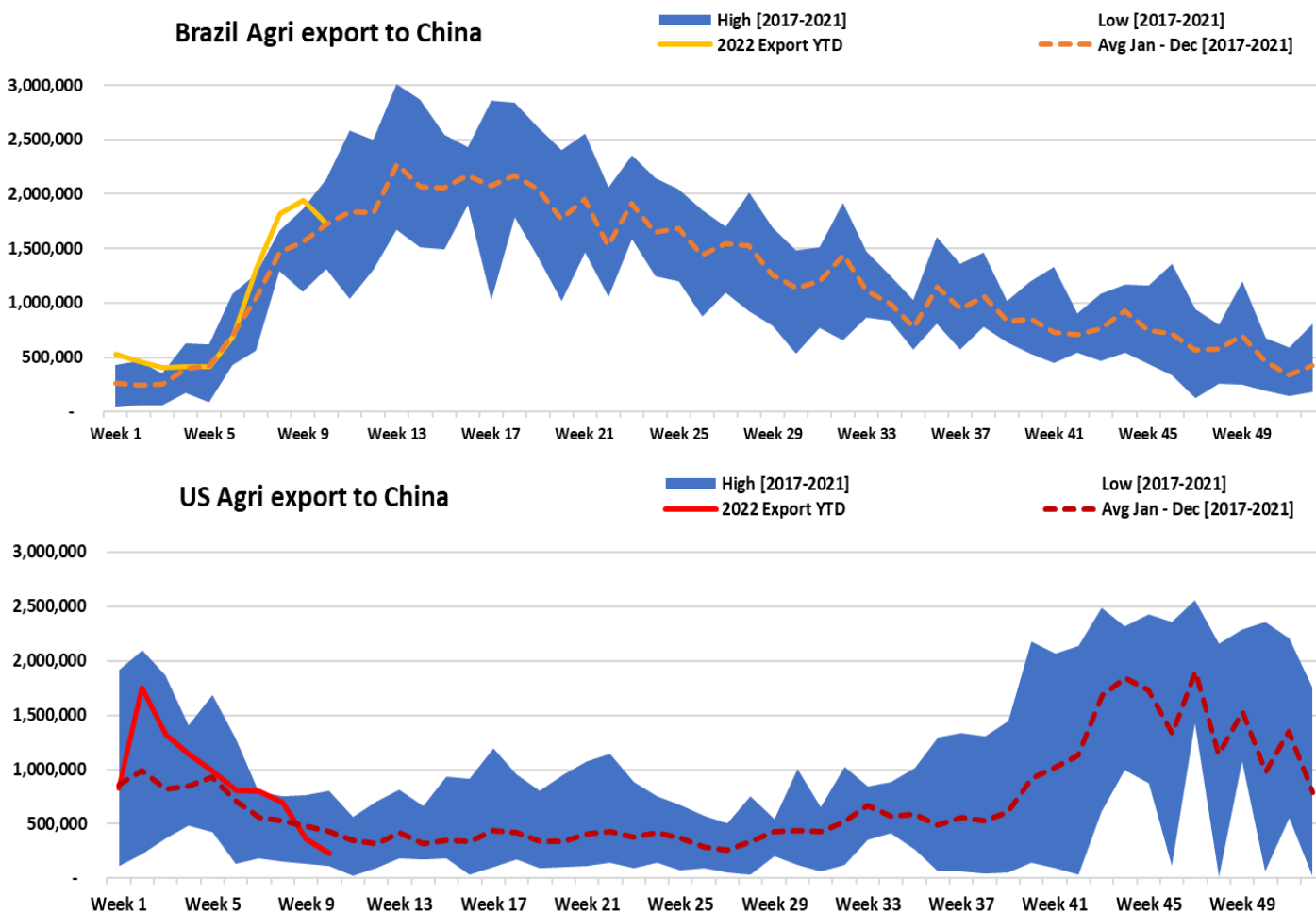
As the seasonality chart below shows, shipments from US to China were in line with the seasonal average although 34% lower compared with last week. While shipments from Brazil came off the high slightly to a total of 3.7 million tonnes last week, shipments to China alone remained above 1.7 million tonnes at the higher end of 5-year average range, data from IHS Markit Commodities at Sea Service showed.

Export (million tonnes)	Feb-22	Jan-22	Q4-21	Q3-21	Q2-21	Q1-21	2021	2020
Brazil	14.2	8.9	30.6	44.8	54.4	34.1	164.0	170.5
USA	11.5	13.1	42.2	21.1	32.2	43.7	139.2	140.0
Argentina	5.6	5.4	17.7	24.2	25.7	18.9	86.6	78.8
Ukraine	5.5	6.3	19.3	15.3	8.6	10.5	53.6	51.6
Canada	2.4	2.2	10.3	7.4	11.7	12.7	42.2	50.5
Russia	2.0	1.5	7.4	10.5	5.0	7.3	30.2	35.0
Australia	4.4	3.9	8.9	8.6	11.2	12.2	40.8	20.0
Others	6.2	8.2	21.7	23.3	17.0	21.1	83.1	72.2
Global	51.7	49.6	158.2	155.2	165.7	160.6	639.6	618.8

Agri Key Routes

Agri Key Routes	Agri Export mt			Freight Rate \$/mt		
	Last Week	Prev. Week	Chg %	Last Week	Prev. Week	Chg %
Brazil-China	1,724.0	1,938.2	-11.1%	60.6	56.8	6.8%
US-China	232.8	355.4	-34.5%	70.9	67.6	4.8%

Seasonality Charts



Data Source: IHS Markit Commodities at Sea Service, Bloomberg

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