

# FIS Dry Freight Weekly Report

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

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### Market Review:

The dry freight market took a breather last week as activity was impacted by the Easter holiday. Capes, for a change, marked the highest weekly gains amid overdue support from strong iron ore and coal demand. Panamaxes lost some of the previous gains over narrowing premiums with Capes, whilst the smaller sizes closed the week on a firm note.

Freight Rate \$/day	25-Apr	19-Apr	Changes %	Short Term	Sentiment
Capesize 5TC	16,609	11,127	49.3%	Neutral	-
Panamax 4TC	25,367	26,379	-3.8%	Bearish	↓
Supramax 10TC	29,685	27,955	6.2%	Neutral	-
Handy 7TC	27,683	26,056	6.2%	Neutral	-

IHS	Weekly Total Shipments		Iron Ore	Coal	Bauxite	Agribulk	Minor bulk
Capesize	226	+19	149 (+6)	58 (+12)	11 (-2)		
Panamax	365	-14		192 (-25)		90 (-8)	64 (+15)
Supramax	461	-17		79 (+2)		70 (-5)	305 (-7)

### Capesize

Market sentiment improved in Capes market on the back of healthy iron ore and coal demand, with spot rates moving higher from mid-week after most market participants returned from Easter holidays. In terms of iron ore supply, top miners including Rio Tinto, Vale and BHP are aiming to boost production in next quarters to maintain unchanged annual targets, according to their latest operational reports. Last week, Australia iron ore shipments increased 12.2% w-o-w to 19.2 million tonnes, while shipments from Brazil rose to 6.3 million tonnes, a notable 15% w-o-w increase. The key C5 iron ore route (West Australia to China) fixed between \$9.10-\$ 9.30 at the beginning of the week, then edged up towards \$10 for 3-9 May loading dates as more activity surfaced, and finally, higher rates of \$10.80 were heard before the weekend. As positive sentiment was also felt in futures market, moving iron ore from Dampier to Qingdao on Monday was paid up at \$11.50. Out of Brazil, trips from Tubarao to Qingdao were fixed between mid-\$24 to \$25. Aside from that, Cape coal stems from Richard Bay to Rotterdam and to East India were fixed at \$14.50 and \$14.80 for mid-May laycan, respectively. However, growing concerns about lockdowns in China hurting demand has triggered waves of selling in the commodity and freight markets on Monday. This, together with an with ample supply of vessels have many questioning if Capes can hold on to their gains. In addition, fuel costs dropped a touch from the recent highs with Sing 380 and 0.5% fuel oil assessed at \$650 and \$814 respectively on Friday.

Capesize 5TC Front Month Trading Range

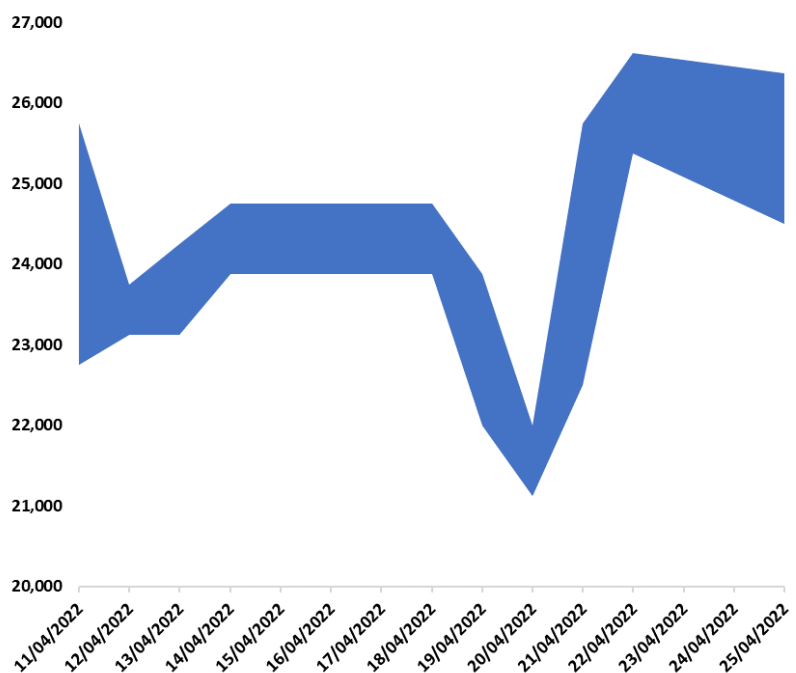


Chart source: FIS Live

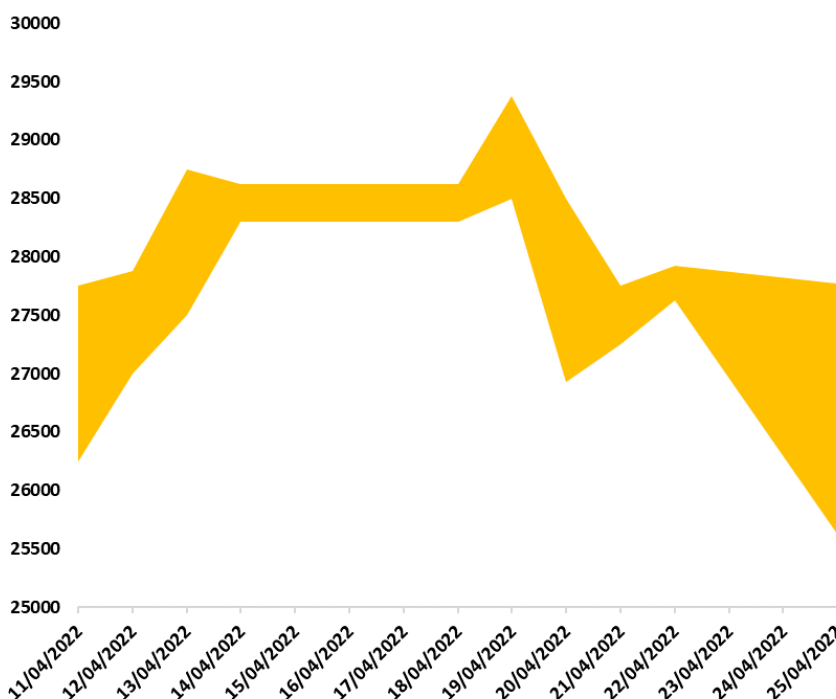
A slightly positive week overall in the futures market, despite a negative start. Front month contracts lost some \$1,000 – \$2,000 on a resumption of business after the Bank Holiday as miners sat back and physical rates on the C5 route lost \$1 of value. The midweek jump, however, saw an increase increase of 20% on the 5TC index with rumours of a TMI tender fixing just below \$30.00 keeping buyers keen into the afternoon and next day. The broader selloff in commodity markets capped these gains and rounded off the week on a more muted front. May paper did post a weekly gain of around \$4,000, with Cal 23 less positive with a \$1,000 increase.

**Short run neutral**

**Panamax**

A choppy week for Panamaxes amid limited activity, and some owners had to lower offers just to cover the holiday period. Both basins remained balanced, with grain and coal shipments remaining flat compared with previous week, and fixtures in Atlantic gradually slipped as the week progressed. This included EC South America redelivery Far East falling from \$27,500 to \$25,000 and then \$24,500, before bouncing back to \$26,000 for late Apr dates. Trips via US Gulf redelivery Spore-Japan range were fixed around \$40,000. In Asian markets, we continued to see shipments increased from Australia while Indonesia came off the boil. Japan-Korea region and India, as the main takers for Australian coal, observed another spike in coal imports of 4.8Mmt and 3.9Mmt respectively last week.

**Panamax 4TC Front Month Trading Range**



In terms of fixtures, Pacific round trips were heard at \$22,500 before edging up to \$25,000. A cargo with coal stem via EC Australia redelivery India was heard at \$30,000. On the other hand, Indonesia routes were less steady with rates slightly discounted on short trips, heard redeliver to Japan at \$30,000 and to South China at \$17,500. With Capes taking a portion of the coal business, Panamax will need renewed support to see much upward movement.

Panamaxes looked weaker than the capes on paper last week, posting a weekly loss of a few hundred dollars on the May contract, a sentiment that accelerated into this week. Softer Transatlantic and fronthaul physical weighed on sentiment, with some of the early week negativity from the larger ships giving the market no excuse but to slide lower. The offer side really took hold of the market on Monday this week, with front months and quarters losing some \$1,000+, May losing \$2,550 Q3 down \$1,550 ending the week at \$25,375 and \$26,825 respectively.

**Short run bearish**

Chart source: FIS Live

## Supramax

Although the holiday took a toll on activities, Supermaxes were supported by strong rates from US Gulf and fresh enquires in Asia market. In the Atlantic, grains cargos from Mississippi to Far East was heard at \$36,000 for early May loading dates. Another grains trip from EC Mexico to East Mediterranean was heard at \$41,500. For Asian markets, strong coal demand combined with retuning steel activity continued lending support to the rates, with the key route Indonesia to China fixing higher between \$26,000-\$27,000 while redely EC India was paid just below \$26,000.

The post Bank Holiday Supramax paper market was mixed with marginal gains and losses competing across the week. There was some good volume action on more deferred periods early week, which helped to push up rates, with Cal 23 moving from 16,625 to nearly \$17,500. News of firmer physical helped to sustain rates in a reasonable trading range. However, like the other contracts Monday opened the flood gates and rates fell across the curve, with the biggest falls on front months - May, Q2 and Q3 losing \$1,250, \$ 1,250, and \$1,500 to end at \$30,750, \$30,250 and \$29,000 respectively.

### Short run neutral

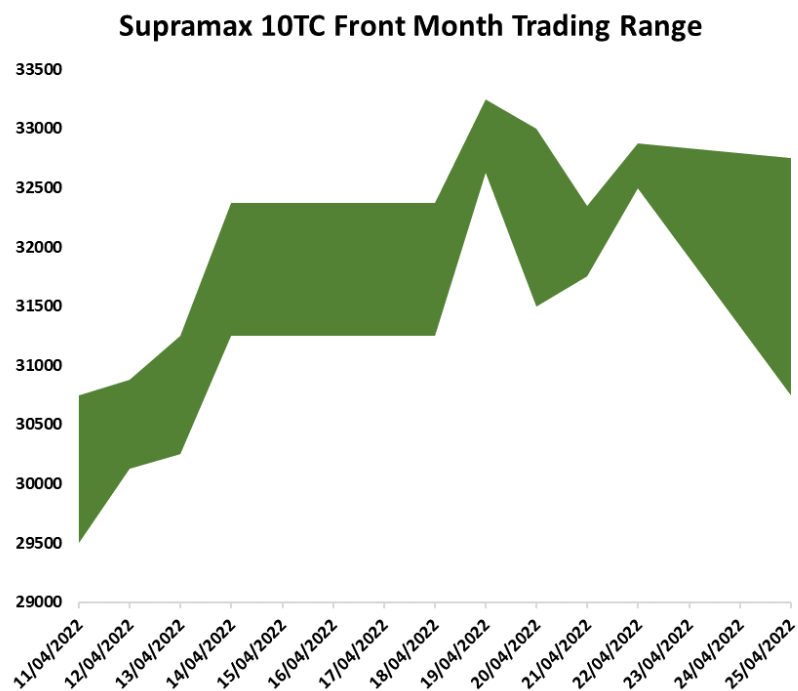


Chart sources: FIS Live

## FFA Market

Due to market participants gradually retuning from the Easter holiday, it was a quiet week for FFAs with trading volumes of over 38,200 lots posted on exchanges, but strong activity seen in Panamax options with over 9,150 lots traded among the total on options of 11,200 lots. In the futures market, Capes and Panamaxes traded respectively around 1,950 lots and 2,330 lots per day last week, Supramaxes followed right behind with 1,350 lots traded per day last week. The main action was focused on May, Q3'22 and Cal23 contracts. Interest continued to build up with futures losing on gains, on 25 Apr Cape 5TC 168,339 (+4,355 w-o-w), Panamax 4TC 218,537 (+4,912 w-o-w), Supramax 10TC 93,531 (+2,396 w-o-w).

## FFA Market Indexes

Freight Rate \$/day	25-Apr	19-Apr	Changes %	2022 YTD	2020	2019	2018	2017
Capesize5TC	16,609	11,127	49.3%	14,403	13,070	18,025	16,529	15,129
Panamax4TC	25,367	26,379	-3.8%	22,529	8,587	11,112	11,654	9,766
Supramax10TC	29,685	27,955	6.2%	25,794	8,189	9,948	11,487	9,345
Handy7TC	27,683	26,056	6.2%	24,781	8,003	9,288	8,700	7,636

## FFA Market Forward Values

FFA \$/day	25-Apr FIS Closing	19-Apr FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2022 Mkt High	2022 Mkt Low
Capesize5TC Apr 22	24500	22175	10.5%	26,750	21,000	35,750	20,000
Capesize5TC Q2 22	34750	35250	-1.4%	36,900	30,500	37,250	21,500
Panamax4TC Apr 22	25375	28500	-11.0%	29,250	25,500	33,000	16,050
Panamax4TC Q2 22	26825	28250	-5.0%	29,000	26,000	30,700	16,050
Supramax10TC Apr 22	30750	32950	-6.7%	33,250	30,500	36,000	20,500
Supramax10TC Q2 22	29000	30550	-5.1%	31,000	29,000	31,250	19,625

Data Source: FIS Live, Baltic Exchange

## Freight Technical View

## Capesize

May Futures – The index has started to move higher resulting in the futures trading up to USD 26,625, the intraday technical remains bullish whilst the daily has a neutral bias. Upside moves that fail at or below USD 28,137 remain vulnerable to further tests to the downside, above this level we target the USD 31,750 high. The index is moving higher with price at USD 16,609, meaning we have broken fractal resistance; price is now bullish based on the higher high. The issue remains with the carry as this is still at USD 9,200, price is now consolidating waiting for the disparity gap to close, we maintain our view that until the carry is around USD 4-5k the technical remains vulnerable, suggesting we need to see either a corrective pullback or further consolidation whilst the index moves higher. Any downside moves in the index should in theory attract technical sellers to the market. Next week we will focus on the June futures as this will become the rolling front contract, we should note that the June carry is still at USD 14,891, suggesting this will also be vulnerable to technical sellers soon as it is valued at USD 31,500.

## Panamax

May Futures - The futures traded to a high of USD 29,375 last week taking the technical into bullish territory; however, we are now seeing a technical pullback with price trading below the low of the 20/04, warning that support levels could be tested. Downside moves that hold at or above USD 26,322 will support a bull argument, below USD 24,750 will imply the technical could weaken further with price targeting the USD 22,750 fractal support, below this level we target the USD 16,425 low. Upside moves that trade above USD 30,750 will target the USD 33,625 high and potentially the USD 41,550 level. The futures look to be in a longer-term corrective wave-4 (Elliott wave), if we trade below USD 24,750 then the probability of the USD 22,750 support being broken will increase; if it is, then the correction is likely to be a complex corrective phase (Based on wave analysis). Likewise, if we trade above USD 30,750 and USD 33,625 then it would suggest we have entered a bullish impulse move. Technically bullish but with a neutral bias the futures are in balance, this is emphasized by the longer period EMA's (30-60) which are currently flat, supporting neutrality. The RSI is moving below 50 (49) with the RSI moving below 70 (58), momentum is vulnerable to further tests to the downside.

## Supramax

May Futures – The futures did trade back above the daily support band with price moving USD 2,850 higher to USD 33,250. We have now entered a corrective phase putting the futures into the Fibonacci support zone, downside moves that hold at or above USD 29,912 will support a bull argument, below this level we target the USD 28,250 support, if broken the USD 26,750 level could be tested. This is a key level as it is the low of the last dominant bull wave, below this level the daily technical is bearish. We are bullish but with a corrective bias; however, like the Panamax futures we have a neutral RSI with the stochastic in overbought territory, momentum is warning that downside support levels could be tested and broken. If the RSI can hold above 50 then the faster moving stochastic is considered as less relevant. Technically bullish there are warning signs that support levels could be tested in the near-term.

Chart source: Apr Cape 5TC from Bloomberg



## Dry Bulk Trades/Iron Ore

Iron ore prices slumped along with other ferrous products amid growing concerns about the Covid outbreak in China. On Sunday, Beijing started mass Covid testing after cases spiked, the locals fearing the city will enter a full lockdown like Shanghai. While northern regions remain in partial lockdown, impacting steel production capacity for the past few weeks, but transportation issues have also started to impact operations. On the supply side, Rio Tinto reported reduced iron ore shipments and production in their quarterly production results citing challenges on project delays at Pilbara and labour shortages, but that they will hopefully see higher production in 2H with the ramp up in Gudai-Darri. According to the report, Rio Tinto shipped 71.5 million tonnes in Q1, down 8% YoY. Whist Vale, who also released their production report last week, announced a total of 63.9 million tonnes of iron ore being produced in Q1, down 6% YoY due to heavy rainfall impacting production in Minas Gerais state in January. At last, BHP Q1 operation report showed it iron ore output reached 66.7 million tonnes, same level as last year, but down 10% from Q4 due to labour shortages but partially offset by the continued ram up of South Flank.

Both Australia and Brazil ramped up their iron ore shipments last week, in line with their target of increasing supply from Q2. From the charts below, Brazilian iron ore shipments to China surged to 4.9 million tonnes last week, surpassing the higher end of seasonality average. While shipments from Australia, climbed up to a healthy seasonal demand level of 16 million tonnes.

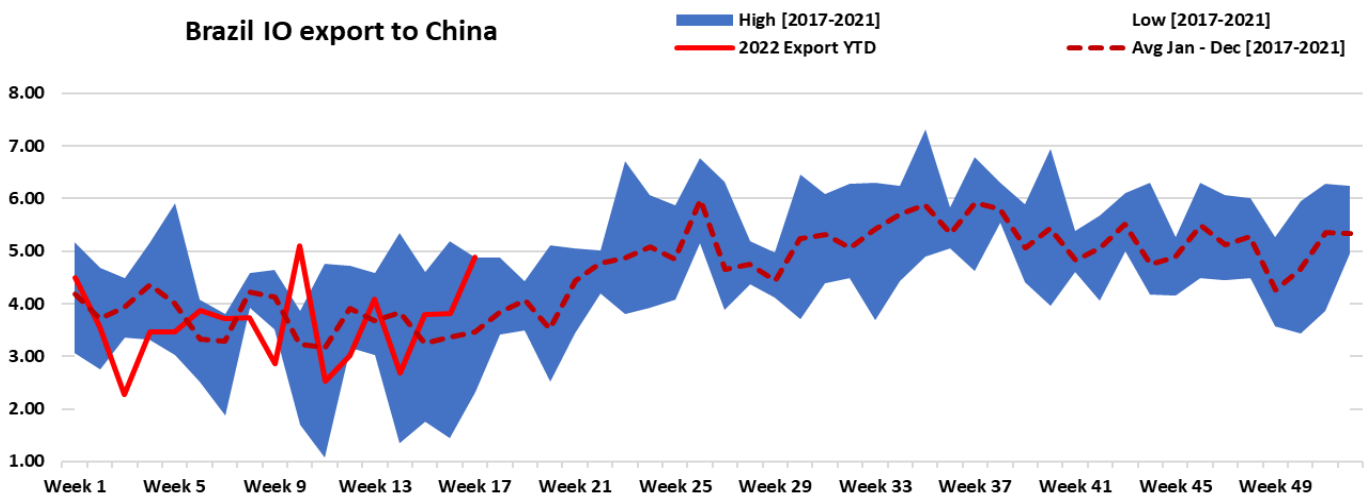
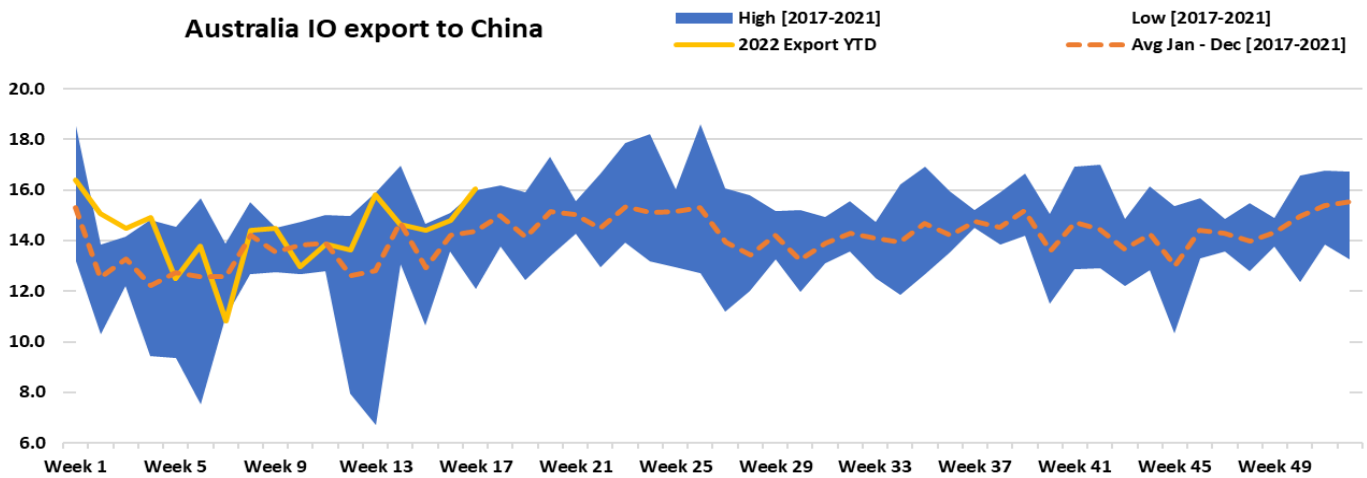
### Dry Bulk Trades/Iron Ore

Export (million tonnes)	Mar-22	Feb-22	Q1-22	Q4-21	Q3-21	Q2-21	2021	2020
Australia	76.9	64.9	219.2	236.1	233.9	235.4	922.8	922.4
Brazil	24.6	21.4	69.6	91.1	97.9	84.9	350.5	336.6
South Africa	4.3	4.8	13.9	15.1	15.1	13.9	57.9	56.0
India	3.0	2.3	8.1	2.2	5.2	14.4	39.1	50.8
Canada	4.6	3.3	11.7	15.0	18.1	11.3	57.3	58.1
Others	16.0	14.6	46.6	53.7	48.9	51.6	197.2	179.7
<b>Global</b>	<b>129.3</b>	<b>111.3</b>	<b>369.1</b>	<b>413.2</b>	<b>419.2</b>	<b>411.5</b>	<b>1624.7</b>	<b>1603.6</b>

### Iron Ore Key Routes

	IO Export Million mt			Freight Rate \$/mt		
	Last Week	Prev. Week	Chg %	Last Week	Prev. Week	Chg %
Australia-China	16.0	14.8	8.4%	9.69	9.29	4.3%
Brazil-China	4.9	3.8	28.5%	25.11	24.49	2.5%

### Seasonality Charts



Data Source: IHS Markit Commodities at Sea Service, Bloomberg



## Dry Bulk Trades/Coal

Seaborne coal prices edged up over strong buying interest from Japan and India, coupled with restocking demand from China despite existing logistical issues. Apart from that, European coal imports were stable at the record highs in the past weeks. However, the cautiousness over extended lockdowns in China resulting in weaker demand eventually halted the rally in the physical market, with rates falling before the end of week and into the new week.

Another record level of Australian coal shipments last week, with a total of 7.4 million tonnes reported. As the chart below shows, Australian coal shipments to Japan surged to 3.6 million tonnes, high above the seasonal average level. Whilst Indonesian exports to China continued to come off the peak but remained at a record high level, with 3.1 million tonnes of coal shipped reported last week.

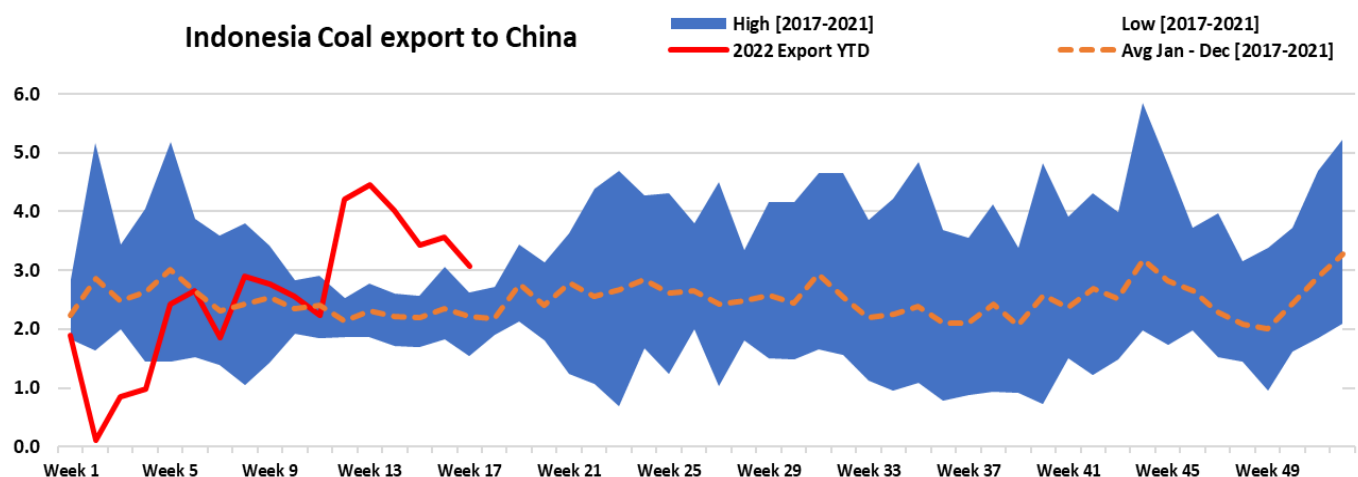
### Dry Bulk Trades/Coal

Export (million tonnes)	Mar-22	Feb-22	Q1-22	Q4-21	Q3-21	Q2-21	2021	2020
Indonesia	44.2	31.1	89.2	106.9	110.1	101.7	420.3	377.0
Australia	28.1	26.2	85.9	91.0	97.0	93.2	369.0	376.1
Russia	13.9	13.7	41.1	40.8	44.4	45.3	174.1	178.4
USA	8.0	6.8	20.2	17.9	16.0	18.1	69.6	56.0
Colombia	5.6	4.8	16.1	15.9	15.5	14.6	61.4	58.6
South Africa	4.8	4.8	14.2	17.0	14.0	15.2	60.9	72.8
Others	9.0	7.5	23.4	22.9	24.3	19.9	86.7	75.9
<b>Global</b>	<b>113.6</b>	<b>95.0</b>	<b>290.0</b>	<b>312.4</b>	<b>321.2</b>	<b>307.9</b>	<b>1242.0</b>	<b>1194.9</b>

### Coal Key Routes

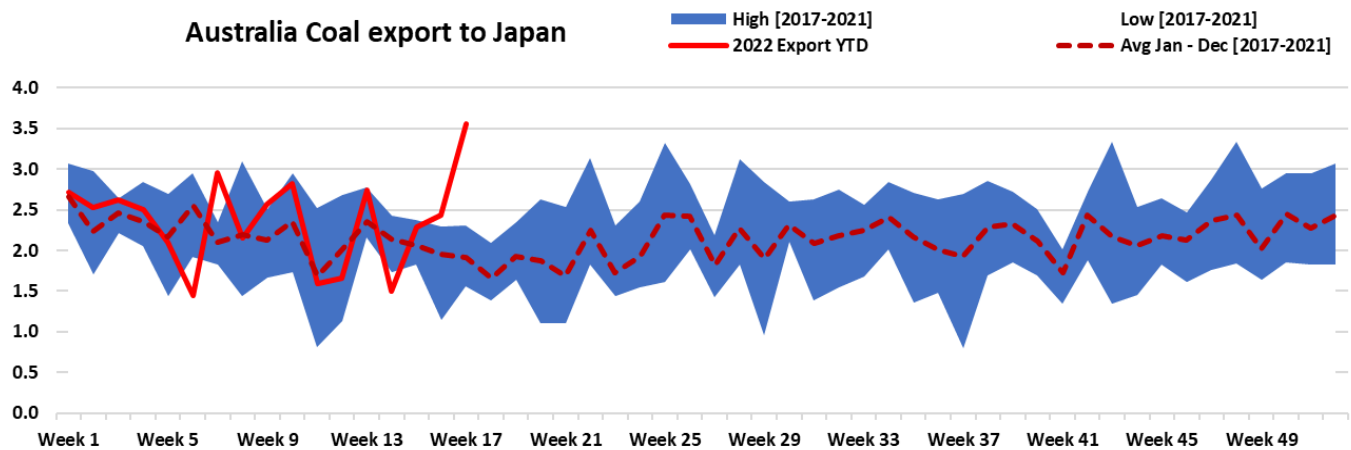
Coal Key Routes	Coal Export Million mt		
Coal Export Million mt	Last Week	Prev. Week	Chg %
Indonesia-China	3.1	3.6	<b>-13.8%</b>
Australia-Japan	3.6	2.4	<b>46.2%</b>

### 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

Tight global supply continued to support grains prices at record high levels, with soybean and corn surging last Friday following the Indonesian government’s announcement to halt palm oil exports to tackle domestic food inflation. Although Brazilian soybean sales were low last week as producers held back for higher prices and expected rising demand from China for June loading, the higher dollar rate accelerated some sales by the end of the week. Moreover, U.S. Department of Agriculture (USDA) reported lower than expected corn sales and planting delays in US, which further supported the corn rally. While wheat traded lower after Russian wheat exporters returned to the market with highly accumulated stocks. Last week Russia shipped 514,400 tonnes of wheat (up 187% w-o-w), first sharp increase since late Feb, IHS Markit Commodities at Sea Service data showed.

Last week Brazil shipments dropped on the back of producers holding on their positions await higher prices, with 1.6 million tonnes toward China among the total of 3.9 million tonnes (-6.4% w-o-w). While US shipped about 2.7 million tonnes, comparably flat with the previous weeks.

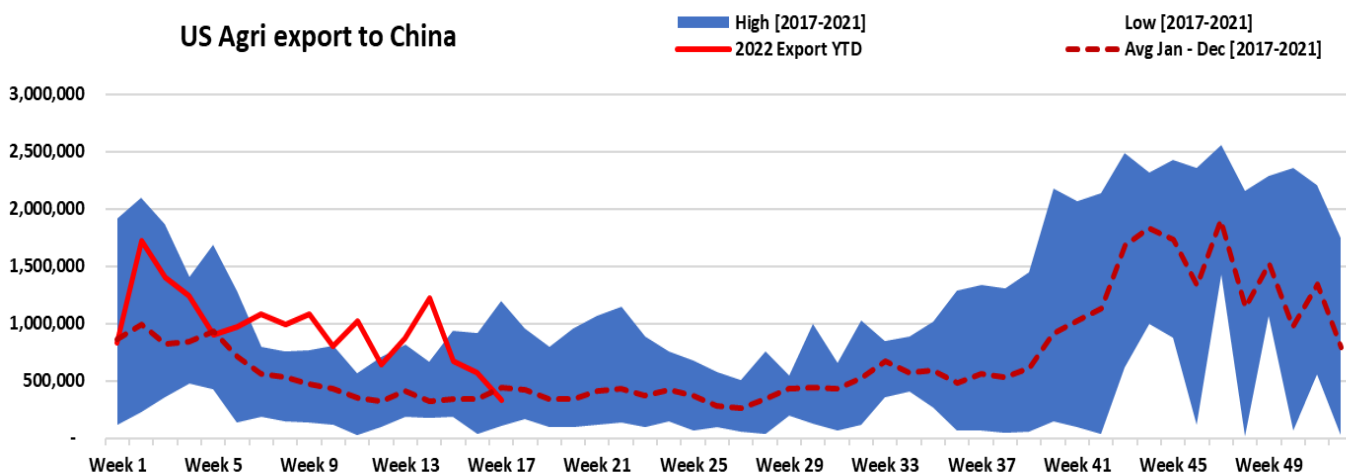
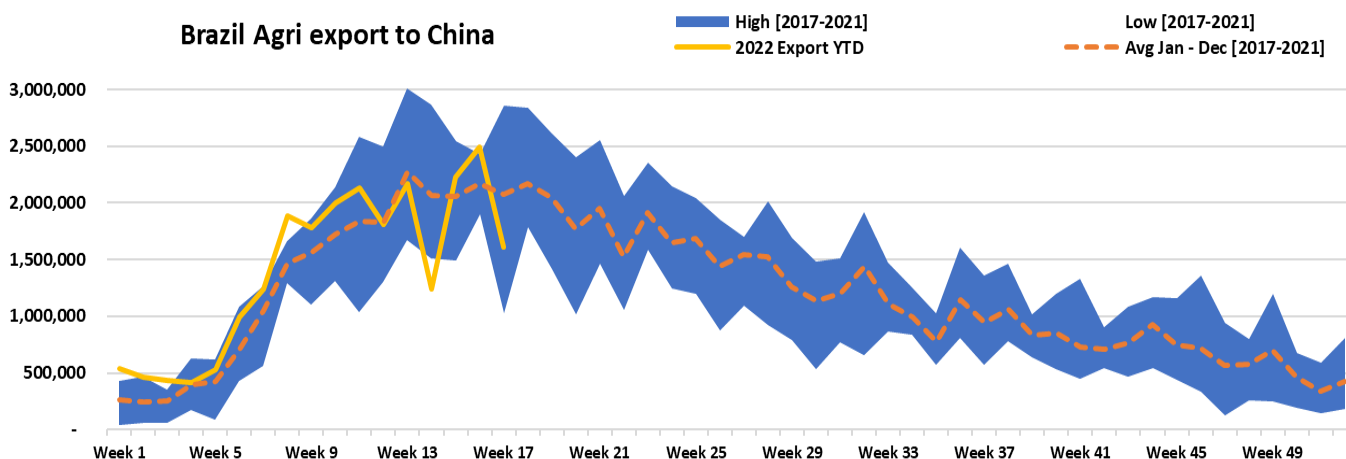
Export (million tonnes)	Mar-22	Feb-22	Q1-22	Q4-21	Q3-21	Q2-21	2021	2020
Brazil	17.3	14.4	40.6	30.8	44.9	54.4	164.4	170.8
USA	12.0	11.6	37.0	42.4	21.2	32.5	140.2	141.4
Argentina	5.9	5.6	16.9	18.2	25.0	26.0	88.1	79.1
Ukraine	0.0	5.6	12.0	19.3	15.3	8.6	53.7	51.5
Canada	2.1	2.2	6.3	10.3	7.4	11.7	42.2	50.8
Russia	1.5	2.1	5.2	7.4	10.5	5.0	30.2	35.1
Australia	4.5	4.4	13.1	8.9	8.6	11.1	40.9	20.2
Others	8.6	8.0	24.9	21.8	23.4	17.2	83.6	71.5
<b>Global</b>	<b>51.9</b>	<b>53.9</b>	<b>155.9</b>	<b>159.2</b>	<b>156.3</b>	<b>166.5</b>	<b>643.2</b>	<b>620.3</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	1614.5	2493.5	<b>-35.3%</b>	68.9	68.4	<b>0.8%</b>
US-China	335.6	576.2	<b>-41.8%</b>	78.7	78.0	<b>0.8%</b>

## Seasonality Charts



Data Source: IHS Markit Commodities at Sea Service, Bloomberg

Written by **Emma Feng**, FIS Senior Research Analyst

Edited by **Chris Hudson**, FIS Communications Director

News@freightinvestor.com, +44 207 090 1120

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