

FIS Dry Freight Weekly Report

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Market Review:

The dry freight market posted a loss last week, particularly on Panamaxes and smaller sizes, which were trading at a relatively higher premium to Capes, had more to give away as global oil prices fell and the ongoing lockdowns in China dampened demand, and rates returned to the levels seen one month ago. As China has a public holiday for the early part of this week, freight rates have been sliding further without additional enquiry and volume.

Freight Rate \$/day	4-Apr	28-Mar	Changes %	Short Term	Sentiment
Capesize 5TC	14,896	14,380	3.6%	Neutral	-
Panamax 4TC	25,799	29,410	-12.3%	Neutral	-
Supramax 10TC	29,888	32,897	-9.1%	Bearish	↓
Handy 7TC	30,092	32,166	-6.4%	Bearish	↓

IHS	Weekly Total Shipments		Iron Ore	Coal	Bauxite	Agribulk	Minor bulk
Capesize	227	-10	153 (+3)	55 (-9)	11 (-7)		
Panamax	339	+1		161 (-14)		86 (+1)	54 (+8)
Supramax	522	+38		111 (+10)		69 (+4)	325 (+22)

Capesize

Capes actually edged up through much of the week on the back of an initially slightly more positive iron ore demand outlook from the East and solid global coal demand, despite growing tonnage supply in the Pacific region. Market sources reported that many ships still preferred to stay in the Pacific than ballasting, due to the high bunker costs and unclear weather prospects in Brazil, which added further downward pressure for the Pacific routes as the week went on. Moreover, iron ore demand failed to increase as expected. The key C5 iron ore route (West Australia to China) fixed within a narrow range throughout the week, at the beginning of the week rates were fixed at \$10.50-10.60 for mid-Apr laycan, then towards to \$11.00 mid-week, before coming back to around \$10.80 before the weekend. Rates were heard to slip lower on Monday mostly due to the Chinese public holiday. In the Atlantic region, Brazil iron ore shipments to China stayed flat in volumes but rates fell on the nearby, amid no significant improvement, with iron ore cargoes from Sudeste to Qingdao fixed between \$25.50-\$26 for late Apr (although still above \$31 for mid-May). While business from West African and WC South Africa to the East has come to life, with fixtures reported into China at \$24.10 for 8 Apr, before hearing higher rates later the week with Freetown to Qingdao at \$27.25 and Takoradi to Qingdao at \$29 for late Apr laycan, and also a trip from Congo to Japan was fixed at \$32 for late March to early Apr dates. According to IHS Markit Commodities at Sea Service, last week around 1.6 million tonnes of iron ore was shipped from those two regions. Meanwhile, Cape vessels, having the lowest relative freight rates among all vessel sizes, continued to take coal stems amid the widening premiums, with around 7.1 million tonnes or 26% of coal shipped by Capes last week. In addition, fuel oil prices slid after the US announced it would release supplies from its strategic oil reserves to combat the high fuel prices, accordingly, Sing 380 and 0.5% fuel oil fell a touch and were assessed at \$651 and \$803 respectively on Friday.

Capesize 5TC Front Month Trading Range

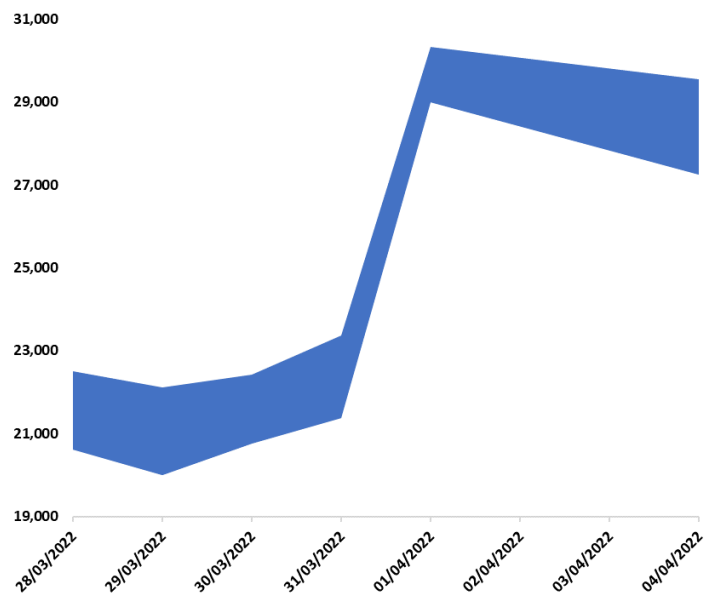


Chart source: FIS Live

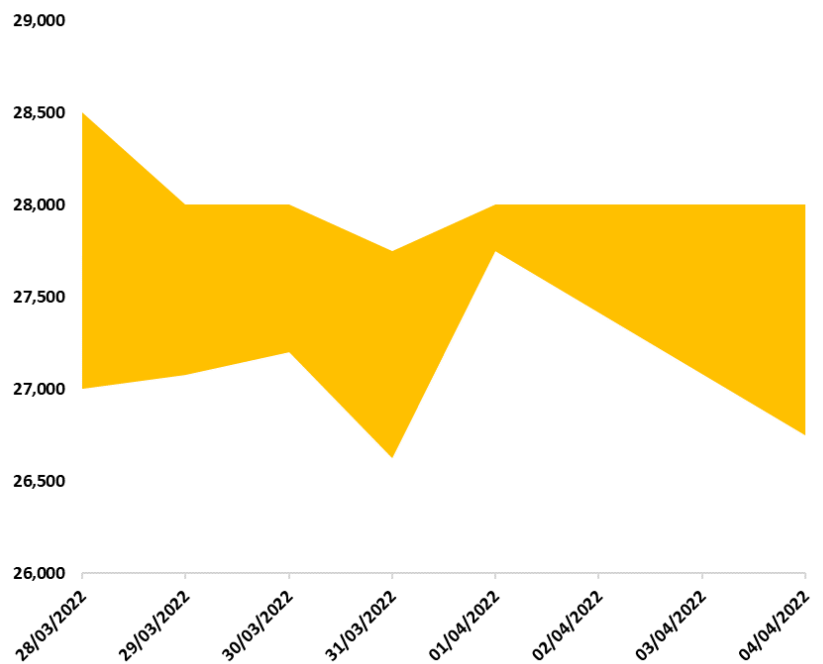
In the paper market the news of weaker physical fixing dragged down prices into the month end, and into the new week, with the prompt months taking the brunt of the pressure. There were a few days of some positive action, but overall week-on-week movements were flat to Friday, and substantially down on Monday. The Chinese holiday at the end of the week dropped volumes, as the April contract tried to hold onto rates above \$20,000/day, with the market shifting into an even steeper contango as poor Pacific basin sentiment dragged down rates into the new week.

Short run Neutral

Panamax

Panamaxes took a hit last week with sentiment turning soft, dragged down by an underperforming Atlantic region for trans-Atlantic, and for longer round trips. In the Atlantic, rates came off their recent highs with fixtures included NC South America redelivery Skaw-Gibraltar fell from \$32,500 to \$28,000 during the week. Activity out of EC South America was notably muted, with rates falling; redelivery to India was reported at \$28,000 and to Far East at \$30,000, a trip from the US Gulf to Spain was heard at \$27,000 for early Apr. The Asian market also came under pressure, with Indonesia being the sole support. Fixture wise, Indonesia redelivery China was paid at \$22,000 - \$21,500 for early Apr dates, and around \$20,000 for Japan redelivery. For Australia, activities were off the boil and more in line with seasonal levels, and out of EC Australia fixtures for redelivery India were heard at \$30,500, while redelivery Sing-Japan was heard at mid-\$20,000s. Overall, coal shipments from Indonesia remained at record high levels and are likely to stay there. Coupled with market expectations of EC South America grain demand picking up as harvest comes closer to completion, this should help provide a floor. But, until we see robust iron ore demand from China, the coal share carried on Capes will cap the upside movement for Panamaxes.

Panamax 4TC Front Month Trading Range



It was a choppy week on the Panamax paper, but overall it could not escape the general move down on rates week-on-week. Positive news around some de-escalation in the Ukraine-Russia conflict triggered a scramble for coverage on the front of the curve, momentarily keeping April rates above the \$27,000/day mark. The backdrop of a sliding index – having dropped from \$29,410 to under \$26,000 by the following Monday – cut any marginal gains, as the front end of the curve took most of the heat as it slid into the beginning of this week.

Short run Neutral

Chart source: FIS Live

Supramax

Supramaxes extended their losses as the week progressed due to a lack of fresh enquires in the US Gulf and Pacific areas. On top of that, sentiment for Asian markets turned negative amid ample tonnage, while the key route Indonesia to China was fixed below \$21,000. Minor bulks were slightly more active, a trip from Gresik with bauxite to China was heard at \$31,000. Besides this, the Mediterranean market continued to improve, cargoes delivery to Guinea from Algeria were heard at better rate of \$36,000, a trip from Bremeant with scrap delivery to Turkey was paid at \$28,000, and a number of fixtures from Southeast China to Continentnt/ Mediterranean were fixed between \$40,000-42,000. With the disruptions in the Black Sea region continuing into the seventh week, supramaxes are under pressure to give away some of its premiums.

Supramax paper was more consistently negative across the week as it came under pressure early on as the index moved into negative territory, with April losing nearly \$2,000 Monday to Monday. By end of week April and Q2 slipped to respective lows of \$30250 and \$30900. Losses further out were more limited, with Cal23 trading \$16100 low. The Chinese holiday did not help things as the new month started quietly, with Monday seeing an extension of losses right down the curve to Cal 24.

Short run Bearish

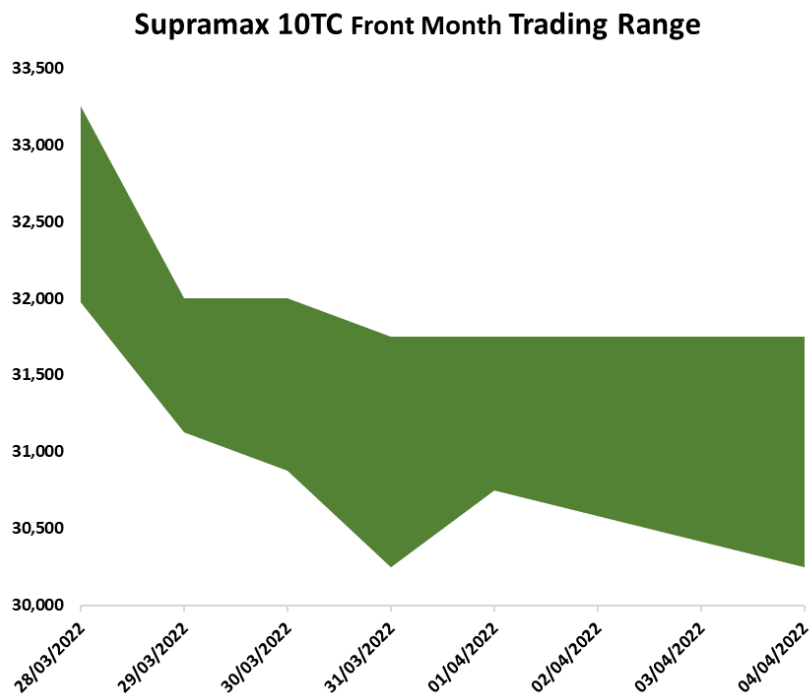


Chart sources: FIS Live

FFA Market

It was a less busy week for FFAs with trading volumes of over 44,600 lots posted on exchanges, and decent activity also seen in both Cape and Panamax options with over 3,350 lots and 2,700 lots respectively traded. In the futures market, Capes and Panamaxes traded respectively around 2,640 lots and 2,800 lots per day last week, Supramaxes followed right behind with 1,940 lots traded per day last week. Main actions focus on Apr, Q2'22 and Q3'22 contracts. Open Interest decreased as March came to expire, on 4 Apr Cape 5TC 157,224 (-15,309 w-o-w), Panamax 4TC 208,842(-20,527 w-o-w), Supramax 10TC 88,754 (-4,249 w-o-w).

FFA Market Indexes

Freight Rate \$/day	4-Apr	28-Mar	Changes %	2022 YTD	2020	2019	2018	2017
Capesize5TC	14,896	14,380	3.6%	14,759	13,070	18,025	16,529	15,129
Panamax4TC	25,799	29,410	-12.3%	22,010	8,587	11,112	11,654	9,766
Supramax10TC	29,888	32,897	-9.1%	25,308	8,189	9,948	11,487	9,345
Handy7TC	30,092	32,166	-6.4%	24,275	8,003	9,288	8,700	7,636

FFA Market Forward Values

FFA \$/day	4-Apr FIS Closing	28-Mar FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2022 Mkt High	2022 Mkt Low
Capesize5TC Apr 22	18750	21000	-10.7%	23,250	20,250	34,000	17,750
Capesize5TC Q2 22	26250	27250	-3.7%	29,500	26,000	34,000	20,750
Panamax4TC Apr 22	25625	27625	-7.2%	28,500	25,500	33,750	19,000
Panamax4TC Q2 22	26675	28000	-4.7%	28,750	27,250	33,000	16,050
Supramax10TC Apr 22	29125	32000	-9.0%	33,150	29,300	38,000	19,900
Supramax10TC Q2 22	29900	32000	-6.6%	32,750	30,000	35,750	19,900

Data Source: FIS Live, Baltic Exchange

Freight Technical View

Capesize

May Futures- The futures roll has resulted in price making a new high, meaning the technical is now considered as bullish. However, price has opened on and failed to close above the daily 200-period MA, resulting in a technical pullback. The intraday futures have now entered neutral territory, the daily technical remains bullish above USD 23,995 and neutral below. The RSI at 56 is in bull territory with price holding above the Fibonacci support zone, but the May contract is around USD 13,500 above the index, suggesting upside moves could be limited without index support. Technically bullish based on the roll with key support at USD 23,995, the futures now need to see the index turn bullish otherwise the futures could come under further pressure.

Panamax

May Futures - The downside move on the open today has resulted in price moving below key support, meaning the daily technical has a neutral bias; However, the futures are in a consolidation phase with price finding support on the EMA band (30-60), warning we could be forming a base around these levels. The index continues to move lower with the technical also neutral due to price breaking support. The 3-year average value on the seasonality chart (Index) turns on the 12/04, whilst on the rolling front month futures it is around the 08/04. The technical is bullish with a neutral bias supported by the seasonality charts and the EMA band, suggesting downside moves are likely to finding buying support at this point.

Supramax

May Futures- We noted last week that near-term support levels could be tested after the index started correcting on a negative divergence; however, our wave analysis remains technically bullish. Like the Panamax the Supramax futures are currently testing the EMA support band (30-60) which remain stable at this point. Downside moves below the USD 29,750 fractal support will weaken the technical, but we remain bullish above the USD 26,750 level and bearish below. The three-year seasonality chart on the rolling front month futures are also due to enter a bullish phase within the coming days, warning market sellers should be cautious around these levels.

Chart source: Apr Cape 5TC from Bloomberg



Dry Bulk Trades/Iron Ore

Iron ore prices gained over \$8 last week, moving above \$160 after China's largest developer made progress in cutting its debt, perhaps signalling that the worst for the sector is over. Country Garden Holdings informed their investors last Wednesday in a press release that the company's revenue increased 13% YoY, while net asset debt ratio for 31 December 2021 year end had dropped from the previous 55.6% to 45.4%. Moreover, Xinhua – the stated news agency– reported that the special bonds issued to fund state infrastructure projects, which are worth about \$197 billion, sold fast in Q1, indicating investors were confident about the rebound in the real estate market. The positive outlook in the property market quickly lifted iron ore prices. On top of that, Trade sources reported that Chinese steel mills began restocking in order to resume full production, with both seaborne and portside iron ore trading higher last week amid improving buying interest. Pandemic restrictions would affect steel demand larger than supply, steel inventories in the Covid affected area have been building up for the past two weeks, but it's not all negative once the outbreak was contained so that the consumption would return. Elsewhere, some investors expected steel demand to pick up in Apr with prices possibly hitting a new high. Last week Nippon lifted their steel prices for April in response to rising production costs, followed today by Shagang Group – the largest private steel enterprise in China – announced their domestic rebar price will increase by 100 yuan/mt (around \$15.7/mt) over 1-10 Apr.

Last week Australian iron ore shipments to China dropped 4.8% to 15.1 million tonnes but still at the higher of seasonal average. On the other hand, shipments from Brazil to China were flat on the previous week of 3.43 million tonnes, according IHS Markit Commodities at Sea Service.

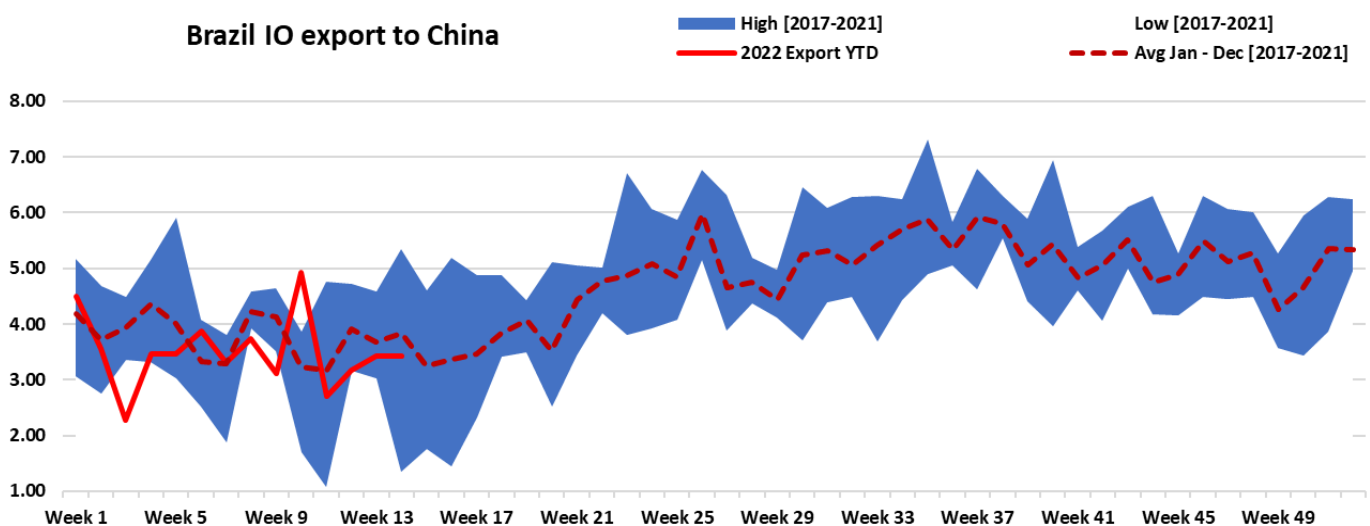
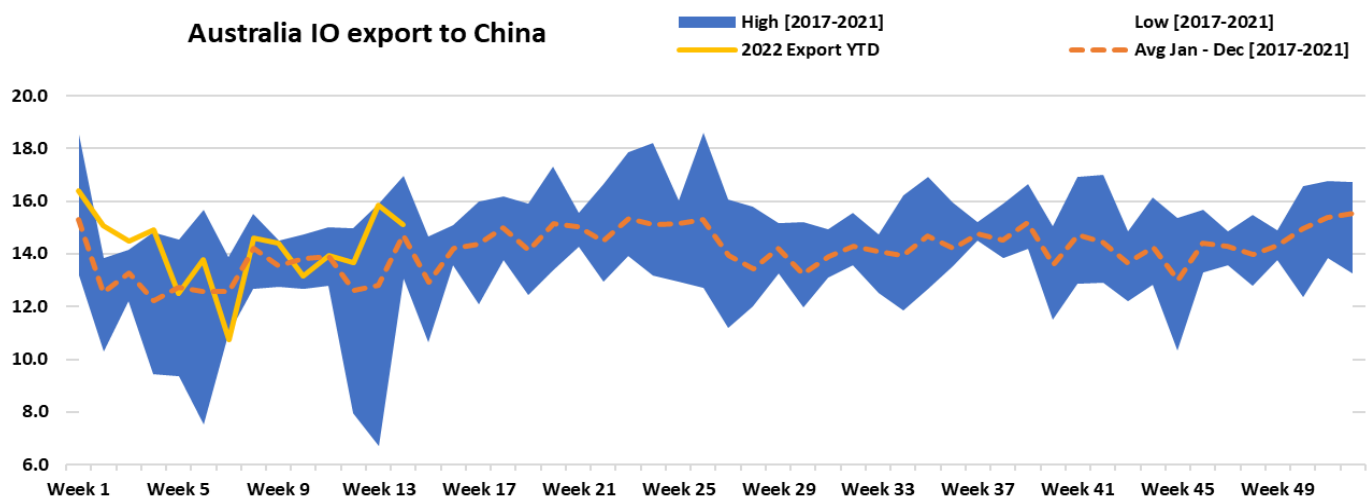
Dry Bulk Trades/Iron Ore

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	15.1	15.9	-4.8%	10.76	11.53	-6.7%
Brazil-China	3.4	3.4	0.0%	25.71	26.87	-4.3%

Seasonality Charts



Data Source: IHS Markit Commodities at Sea Service, Bloomberg

Dry Bulk Trades/Coal

Seaborne coal prices retreated further last week from historical high levels as international buyers gradually secured their purchases with the new routes. Furthermore, market sources said a lower demand outlook were forecasted in the second half, as coal plant retirement were gather pace in US and Europe as they positioned to low carbon energy sources, however strong demand from Asia will offset the global balance. Nonetheless, coal demand was still solid with total shipments of 26 million tonnes last week, according to IHS Markit Commodities at Sea Service.

As the chart shows below, Australian coal shipments to Japan came off sharp and returned to the seasonal average with 2.0 million tonnes reported last week. Whilst Indonesian exports to China also came off the peak but remained at a record high level, with 4.5 million tonnes of coal shipped reported last week.

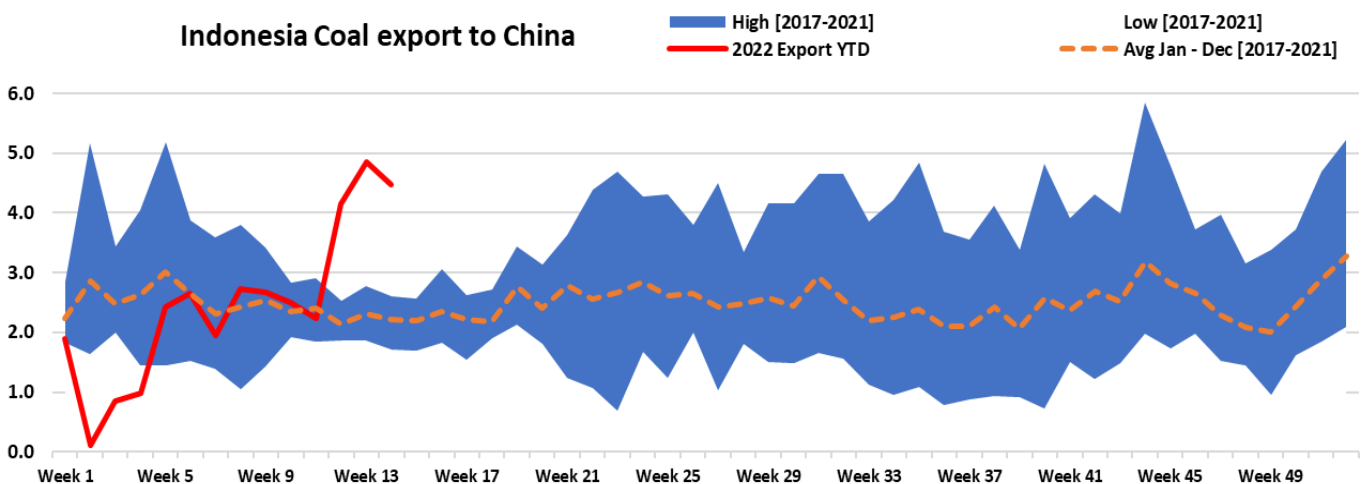
Dry Bulk Trades/Coal

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

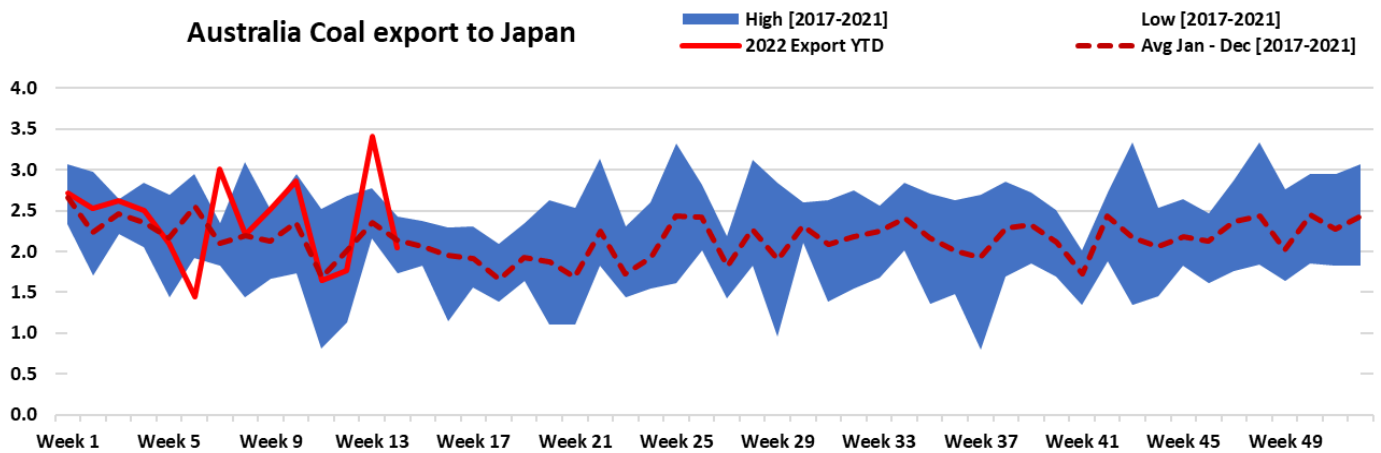
Coal Key Routes	Coal Export Million mt		
Coal Export Million mt	Last Week	Prev. Week	Chg %
Indonesia-China	4.5	4.8	-7.6%
Australia-Japan	2.0	3.4	-40.2%

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

Soybean futures retreated after the U.S. Department of Agriculture's (USDA) report forecasted an all-time high planting acreage of 91 million acres, which could produce approx. 125 million tonnes of soybean. While a much lower than expected forecast for corn planting at 89.5 million acres, as farmers shifted away from the fertiliser intensive grain, which was followed by a corn price jump last Thursday. Wheat traded in a volatile range last week as investors eyed the peace talk progress between Ukraine and Russia, prices were supported by a lower-than-expected USDA estimate of planning at 11.2 million acres. In terms of exports, the Black Sea region shipped a total of 1.5 million tonnes in March, about 6.2 million tonnes than Feb. Although increased shipping from Australia and Indian in Q1 partly offset the lost, respectively exported 6.1 million tonnes (37% YoY) and 13.1 million tonnes (8% YoY), adding another 2.5 million tonnes in total to the export market compared with last Q1, data from IHS Markit Commodities at Sea Service showed.

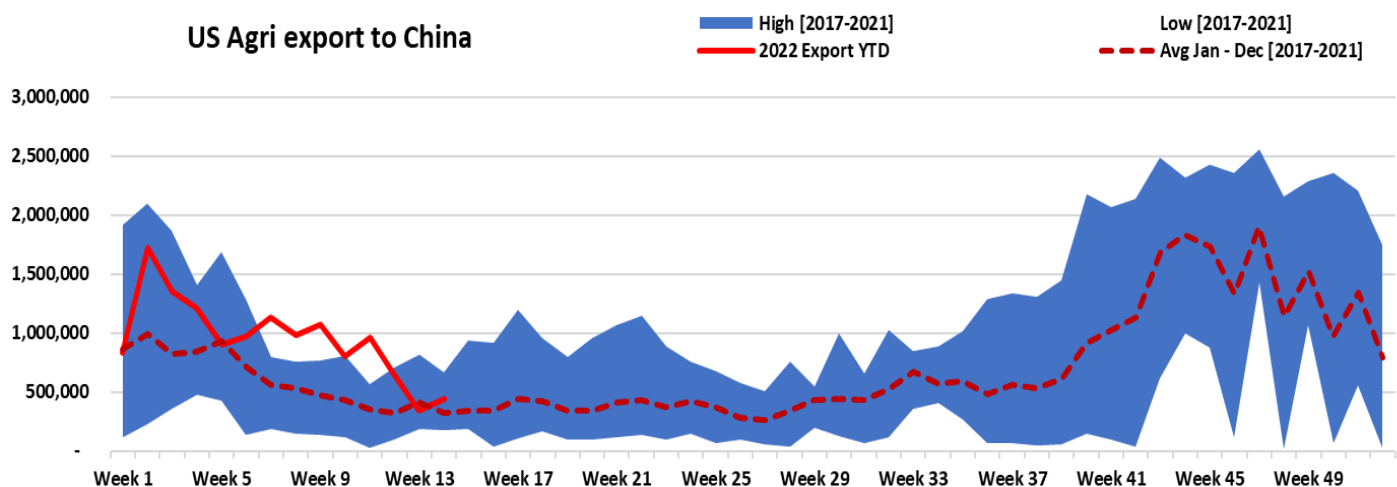
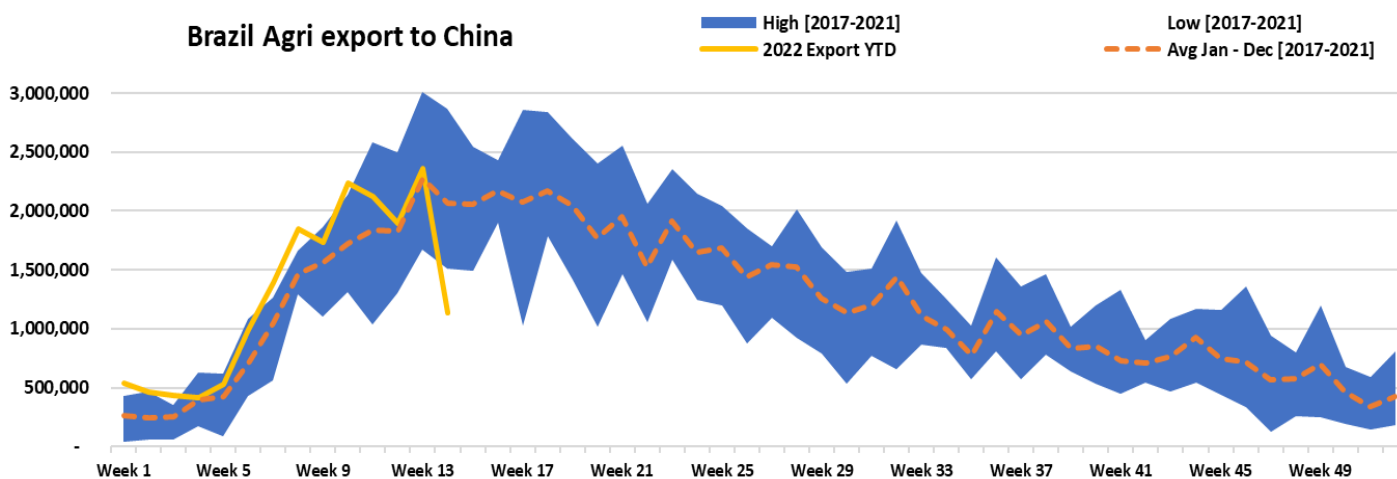
Last week Brazil and the US shipped a similar amount of grain at 2.7-2.8 million tonnes, a sharp drop from last week for Brazil as the farmers focused on the later stages of the harvest, which reached 80.4% the local consultancy Safras & Mercado stated last Friday.

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 %
Agri Export (thousands tonnes)						
Brazil-China	1,140.4	2,358.8	-51.7%	68.5	67.4	1.5%
US-China	441.2	339.0	30.2%	78.5	77.2	1.6%

Seasonality Charts



Data Source: IHS Markit Commodities at Sea Service, Bloomberg

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