FIS Dry Freight Weekly Report

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Market Review:

As many expected, the dry freight market came back with a positive attitude post holidays. Capesizes posted the biggest gains among all vessel sizes amid strong activities reported in both basins. Panamaxes, and the smaller size vessels steadied in their current ranges with consistent support from grain and coal demand, with rates helped higher by the positive sentiment from the Capes.

Freight Rate $/day	9-May	3-May	Changes %	Short Term	Sentiment
Capesize 5TC	26,412	17,804	48.3%	Bullish	↑
Panamax 4TC	27,757	25,255	9.9%	Bullish	↑
Supramax 10TC	30,057	30,058	0.0%	Neutral	-
Handy 7TC	29,708	28,967	2.6%	Neutral	-

IHS	Weekly Total Shipments		Iron Ore	Coal	Bauxite	Agribulk	Minor bulk
Capesize	225	+18	151 (+7)	52 (-11)	15		
Panamax	340	-31		153 (-29)		86 (-5)	63 (+2)
Supramax	444	-81		96 (-22)		77 (-10)	334 (-57)

Capesize

The bullish sentiment in Capes turned into reality with all routes posting gains and the 5TC index breaking through the $20,000-mark last week. On top of the positive Pacific iron ore and coal routes, the Brazilian market finally showed more evidence of a strong recovery and took ships out for longer trips at higher fixture rates. The C3 route, from Tubarao to Qingdao, was heard to be fixed at $29.90 last Thursday when the eastern holidays ended. Later rates quickly climbed above $32 and gradually lifted from mid to late June loading days, hearing the highest of $35 fixed for the end of June. Other fixtures in the Atlantic included trips from Tubarao to Rotterdam heard at $22.50 for mid-May dates and Saldanha Bay to Qingdao at sub $23. In Asia, activities were expected to be thin in the early part of the week, the key C5 iron ore route (West Australia to China) was fixed around $12 before things moved up, as owners took control, with more fixtures surfacing fixing at rates between $12.85-$ 13.00 before the weekend. On Monday, C5 was heard to fix even higher at around $13.30. Moreover, coal cargos from Indonesia to India routes remained busy which has squeezed vessel supplies in the Pacific region, as over 56% of the coal on this route was shipped by Capesize ships last week and rates were paid similar to C3 at around $12. It also needs to be noted that the ongoing covid lockdowns in China kept a hold on the high season for iron ore demand. Elsewhere, as the oil market awaits the outcome of EU discussions around the proposed ban on Russian oil and refined products, Sing 380 and 0.5% fuel oil edged up and were assessed at $660 and $839 respectively on Friday.

Capesize 5TC Front Month Trading Range

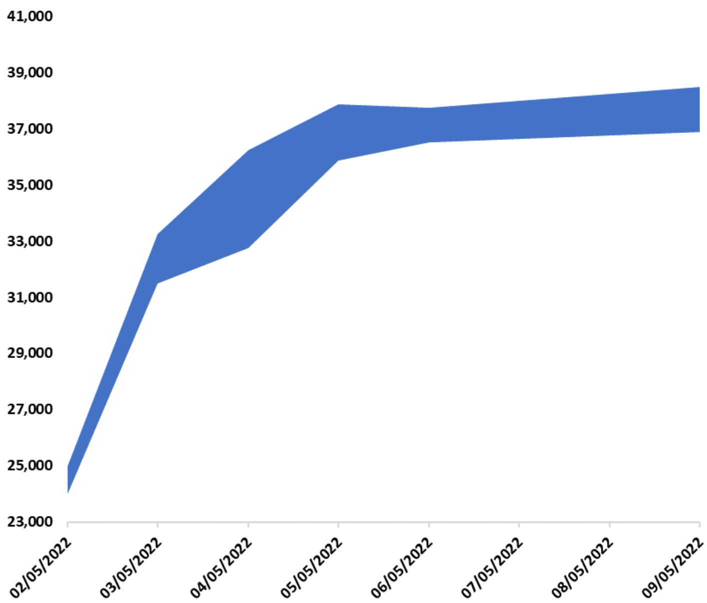
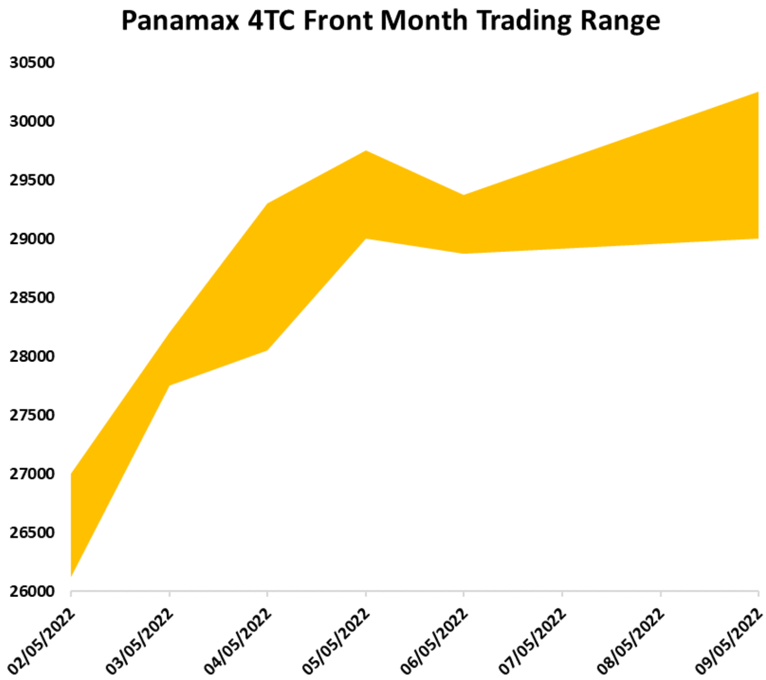


Chart source: FIS Live

The Cape paper market climbed after the UK bank holiday weekend, with the June contract rising from $31,500 to a high just over the $38,000 mark. This sentiment pushed through much of the early week, with gains across the curve, with some front-month contracts posting over $3,000 moves on Wednesday. The physical market fixing C3 at $26.50 and C5 at $12.10 gave validity to the bullish tone in the futures, pushing the June, July, and Q3 paper contracts at or above $38,000/day. With the index rapidly approaching the $30,000 mark by the weekend, trading became more muted and rangebound to finish the week.

Short run bullish

Panamax



A less busy week for Panamaxes due to multiple holidays, but rates returned stronger with more enquiries in US Gulf and NC South American. Fixtures in the Atlantic improved from the previous week's levels, fronthaul trips including US Gulf redelivery Far East were fixed between $37,250 to $38,500 on 11-12 May, and in the south EC South America redelivery Singapore-Japan were fixed around $33,000 and $33,500. While trans-Atlantic trips redelivery Skaw-Gibraltar were fixing towards the $30k mark for the minerals and grains. Since more vessels were willing to stay in the Atlantic, pressures eased in the Asian market, with Pacific round trips fixing $2k higher at $24,500 for early May dates. Later in the week, increasing Australian coal and grains demand gave the market another push, with trips from EC Australia redelivery India were paid at $34,000 and another grain cargo from West Australia to Arabian Gulf was heard at $26,000. Furthermore, activities out of Indonesia remained robust, heard the busy routes - Indonesia redeliver to India were paid above $30,000 and to Japan were fixed at $25,000.

Panamax futures followed the bigger ships, but to a lesser extent, with the June future moving from a low of $27,875 to a high of $30,250. More deferred periods did not enjoy the positive moves of the front of the curve, posting marginal movements. There was exiting news this week with the P6 route (delivery Sing - S. America - redelivery Far East) trading for the first time. Despite little change to the underlying as the end of week weaker cape sentiment seemed to dictate play and fed into a muted end to trading.

Short run bullish

Chart source: FIS Live

Supramax

As the majority of participants in the Asian and Middle East were away for holidays, the Supramax market lacked a clear direction. In terms of shipments, coal exports were the ones most impacted by holidays, while minerals and grain activities were slightly lower than previous few weeks, according to IHS Markit Commodities at Sea Service data. In the Atlantic region, a cargo with Scarp from North Europe to East Mediterranean was fixed at $25,000 and a grain run from River Plate to Algeria were heard at $40,500. In addition, coal demand from South Africa and Indonesia continued to lend support, with trips from Durban to JKM were heard to fix around $34,500 and Indonesia to India was fixed at $30,000. Overall, sentiment remained slightly positive owing to the bigger size vessels making helping to drag up sentiment.

Liquidity was impacted in the Supramax paper market as Asian participants returned to the market after their holidays. Despite this it followed the general trend of the FFA market with rates pushing across the curve despite a relatively flat but supported underlying. Front June contract moved form a low of $32,000 to a high of $33,800, with even Cal25 and Cal26 nudging up to $13750 and $13250 respectively. It was similar to the other sizes end of week, with hardly any change on the index and minimal movement in the futures, even on more prompt dates.

Short run neutral

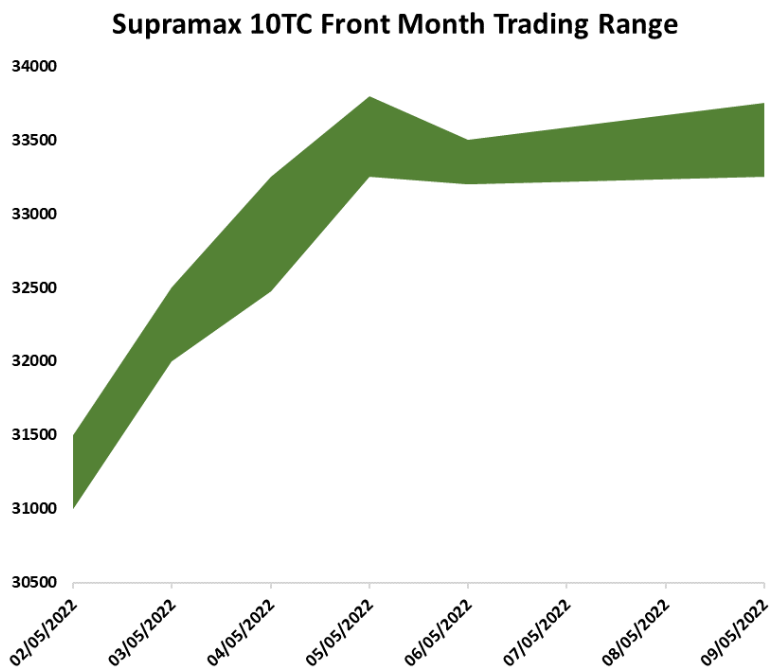


Chart sources: FIS Live

FFA Market

Due to multiple holidays around the world last week, trading was less active for FFAs with trading volumes of about 38,400 lots posted on exchanges, but good actions seen in both Cape and Panamax options with each trading over 4,000 lots. In the futures market, Capes and Panamaxes traded respectively around 3,000 lots and 2,800 lots per day last week, Supramaxes followed right behind with 1,600 lots traded per day last week. Main actions focus on Jun, Q3’22 and Cal23 contracts. As the new month began and new buying come into the market, open interest increased slightly, on 9th May Cape 5TC 156,688 (+3,344 w-o-w), Panamax 4TC 200,966 (+675 w-o-w), Supramax 10TC 90,071 (+2,593 w-o-w).

FFA Market Indexes

Freight Rate $/day	9-May	3-May	Changes %	2022 YTD	2020	2019	2018	2017
Capesize5TC	26,412	17,804	48.3%	15,005	13,070	18,025	16,529	15,129
Panamax4TC	27,757	25,255	9.9%	22,870	8,587	11,112	11,654	9,766
Supramax10TC	30,057	30,058	0.0%	26,233	8,189	9,948	11,487	9,345
Handy7TC	29,708	28,967	2.6%	25,210	8,003	9,288	8,700	7,636

Data Source: FIS Live, Baltic Exchange

Freight Technical View

Capesize

June Futures – We noted last week that although technically bullish the futures were trading with a USD 15,446 carry, meaning that we needed to see positive numbers from the index, otherwise the upside moves would be unsustainable. For this reason, although technically bullish the futures were not considered to be a technical buy. The Index has moved higher alongside the futures with the disparity reaching an all time high of USD 16,583 on the close on the 04/05/22. The paper remains supported as the carry has now narrowed to 12,088, significantly the RSI on the index has moved above the 64, a level which has previously been a bullish signal for the index. The futures are above all key moving averages supported by the RSI above 50, the new high on the RSI and well-spaced averages would suggest does side moves have the potential to be countertrend. Countering the bull argument is the intraday RSI which is now in divergence on the 1 and 4-hour timeframes, not a sell signal it is warning that we could enter a corrective phase soon. This will need to be monitored. Technically bullish and in trend with near-term resistance at USD 42,020, USD 43,687, with the potential to trade as high as USD 45,354 within this phase. Downside moves below USD 36,500 will indicate that the intraday futures have entered a corrective phase, making USD 27,032 the key level to follow, as the technical is bullish above this level and neutral below.

Panamax

June Futures - The futures continue to move higher with price above all key moving averages supported by the RSI above 50. Using Elliott wave analysis on the intraday futures on the move that started from the low on the 26/04/22, we can see that price has entered a bullish impulse wave 5 of this phase. The intraday futures have produced a negative divergence with the RSI, meaning we could see a momentum slowdown (note: the new high means the minimum requirement for phase completion has now been achieved); however, using the William's approach we have a potential upside target for this phase of the cycle potentially as high as USD 31,965. Downside moves that trade below USD 28,875 will mean that the futures have entered a corrective phase, making key support to follow at USD 26,620; corrective moves lower that hold at or above this level will support a bull argument, below this level the futures will have a neutral bias. On the daily technical, key resistance is still at USD 33,625, upside moves above this level would suggest we will have entered a bullish wave 5 on the higher timeframe chart, warning the USD 41,550 high could come under pressure.

Supramax

June Futures – We are seeing a separation on the intraday moving averages suggesting we are in the early stages of a bullish trending environment with the futures trading above the USD 33,250 fractal resistance, meaning we target the USD 36,00 – USD 38,000 resistance zone. Above this level would suggest that the futures are in a bullish impulse move, warning the USD 42,250 high could be tested. Downside moves below USD 33,200 will warn that the intraday technical is weakening, leaving the USD 30,750 and USD 28,250 levels vulnerable. Near-term price action is bullish but the longer-term technical continues to have a neutral bias.

Chart source: Apr Cape 5TC from Bloomberg

Dry Bulk Trades/Iron Ore

Iron ore prices plunged below $130 as market concerns grew about Chinese economic damage caused by Covid restrictions after investors assessed the latest China new-home sales data. China Real Estate Information – a real estate research film – cited in their latest report that new home sales in 23 major Chinese cities dropped 33% during early May compared with same period last year. These poor home sales figures alongside Premier Li Keqiang warning of a depressed employment situation in Shanghai and Beijing, industrial metals suffered significant losses with copper prices falling to their lowest level since Dec 2020. However, Fortescue Metals Group said in a conference last Wednesday that they have not seen any significant impact on iron ore demand in China due to the Covid lockdowns, instead they noticed restocking from steel mills as expected in anticipation of increased construction activity. Market investors held mixed views on iron ore prices in May, on the supplier side top producers plan to increase their shipments this month and which will swell port inventories. On the other hand, the steel demand outlook is still uncertain as covid restrictions remain in place, coupled with the Chinese government's reiterated commitment to economic growth. The officers said in the last politburo meeting that the zero covid policy will stay but that local governments should minimise any disruption to economic activities. The latest industry data suggested demand only picked up slightly post-holiday. Investors closely monitored the blast furnace utilisations rate after an easing of movement restrictions in the northern and some part of eastern regions. According to Mysteel's industry survey, blast furnace utilisation rates among 247 Chinese steel mills rose for a second week to 87.75%, up 1.18%, for the week ending 5 May.

Last week Australian iron ore shipments to China climbed above the seasonal level and stood at 16.3 million tonnes. For the shipments from Brazil to China, we saw volume firmed up to 5.0 million tonnes high, above the seasonal average.

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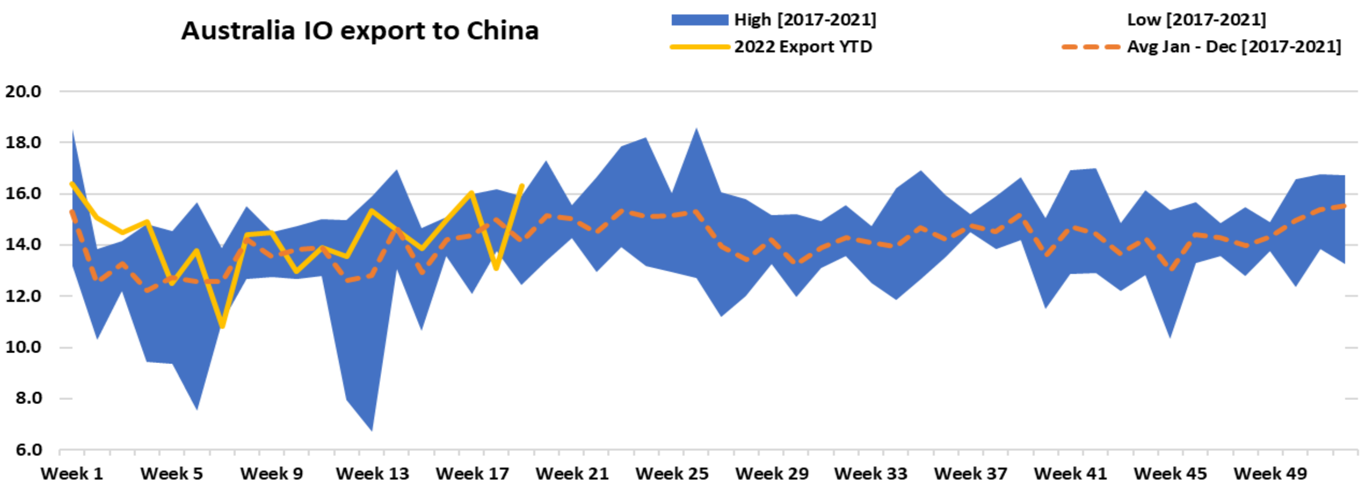
Dry Bulk Trades/Iron Ore

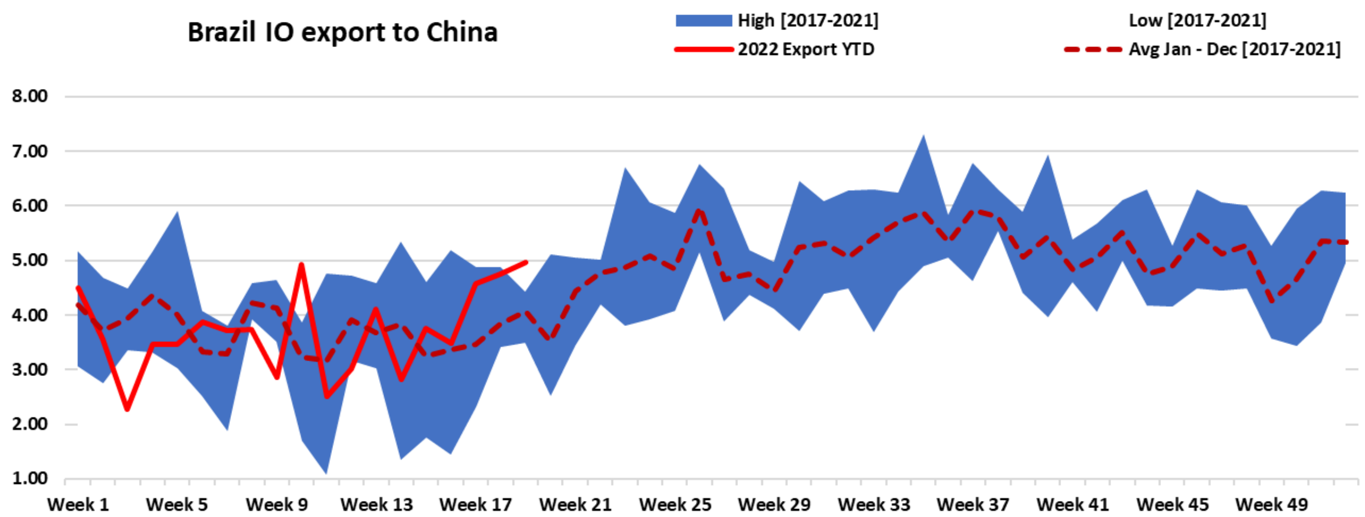
Export (million tonnes)	Apr-22	Mar-22	Q1-22	Q4-21	Q3-21	Q2-21	2021	2020
Australia	74.6	76.5	219.1	236.1	233.9	235.4	922.9	922.4
Brazil	25.0	23.9	69.1	91.1	97.9	84.9	350.4	336.6
South Africa	4.8	4.2	13.8	15.1	15.1	13.9	57.8	56.0
India	2.8	3.2	8.1	2.1	5.3	14.4	39.0	50.8
Canada	4.7	4.6	11.7	15.0	18.1	11.3	57.3	58.1
Others	13.5	15.8	46.1	53.5	48.8	51.2	196.4	179.7
Global	**125.3**	**128.2**	**367.8**	**412.9**	**419.1**	**411.1**	**1623.7**	**1603.6**

Iron Ore Key Routes

	IO Export Million mt			Freight Rate $/mt		
	Last Week	Prev. Week	Chg %	Last Week	Prev. Week	Chg %
Australia-China	16.3	13.1	**24.6%**	12.55	11.87	**5.7%**
Brazil-China	5.0	4.8	**4.5%**	28.21	26.09	**8.1%**

Seasonality Charts





Data Source: IHS Markit Commodities at Sea Service, Bloomberg

Dry Bulk Trades/Coal

Global coal shipments were impacted significantly by holidays, falling to a total of 22.4 million tonnes last week, according to IHS Markit Commodities at Sea Service. Indonesian as the main coal contributors shipped 6.7 million tonnes last week, down 32% w-o-w, although it's more in line with the seasonal levels. Comparably, Australia coal shipment also dropped over 5% in total but its shipment towards JKM stood up 7.2% at 5.1 million tonnes.

In April, China shipped 23.55 million tonnes of coal, up 43% from March, to secure sufficient energy supply for the nation, date released by General Administration of Customs.

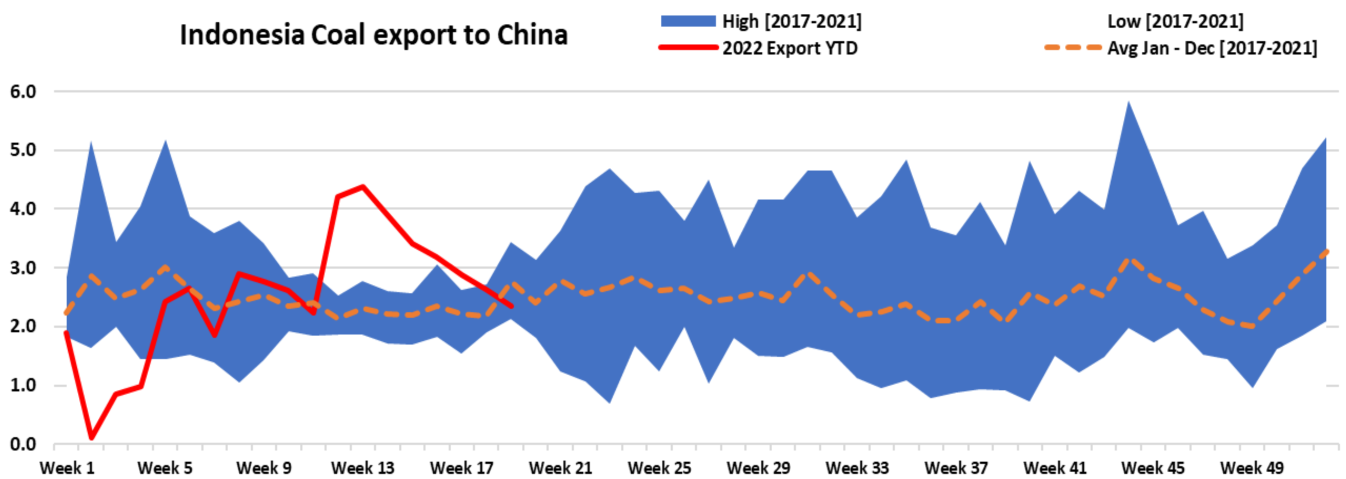
Dry Bulk Trades/Coal

Export (million tonnes)	**Apr-22**	**Mar-22**	Q1-22	Q4-21	Q3-21	Q2-21	2021	2020
Indonesia	39.7	43.8	88.8	106.7	109.6	101.2	418.3	377.0
Australia	27.6	27.3	84.7	90.8	97.2	93.4	369.1	376.1
Russia	15.4	13.9	41.2	40.8	44.4	45.3	174.3	178.4
USA	7.4	7.1	18.3	17.9	16.0	18.0	69.5	56.0
Colombia	5.2	5.6	16.1	15.9	15.5	14.6	61.4	58.6
South Africa	4.3	4.7	14.3	17.1	14.0	15.2	60.9	72.8
Others	7.6	8.9	23.2	22.7	24.0	19.8	85.8	75.9
Global	**107.3**	**111.3**	**286.5**	**311.7**	**320.7**	**307.5**	**1239.3**	**1194.9**

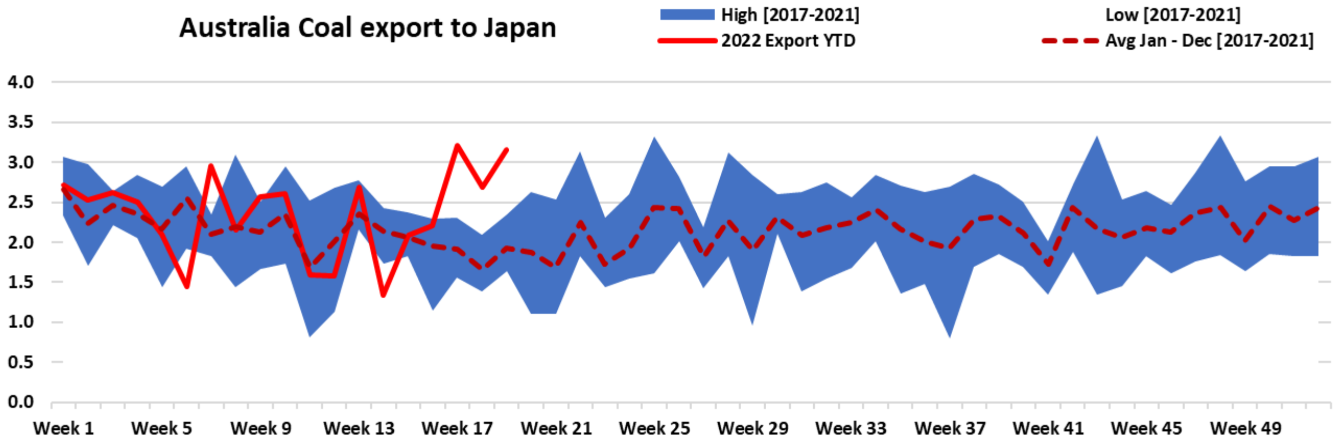
Coal Key Routes

Coal Key Routes	Coal Export Million mt		
Coal Export Million mt	Last Week	Prev. Week	Chg %
Indonesia-China	2.3	2.6	**-11.2%**
Australia-Japan	3.2	2.7	**17.5%**

Seasonality Charts



Data Source: IHS Markit Commodities at Sea Service, Bloomberg



Data Sources: IHS Markit Commodities at Sea Service, Bloomberg

Dry Bulk Trades/Agri

Soybean and corn closed the week slightly lower due to warmer weather reported in the US Midwest promoting crop planting, combined with rising interest rates pressuring exports. Whilst wheat rallied on the back of declining grain production forecasts out of Ukraine and potent ion exports loss from India due to unfavoured weather conditions, leading to an even tighter global supply.

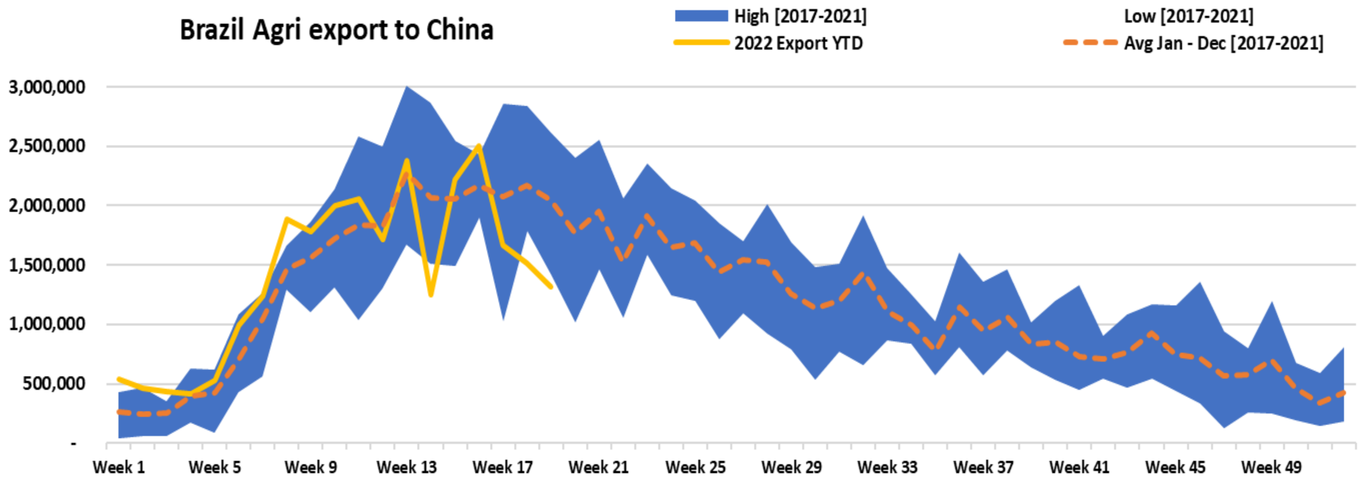
It was another less active week for the seaborne market as the total global shipment fell 9.5% w-o-w to around 10.4 million tonnes, especially for the Brazil suppliers with volumes slid over 13% to 3 million tonnes, exports to China has slipped below the seasonal average, according to IHS Markit Commodities at Sea Service data showed.

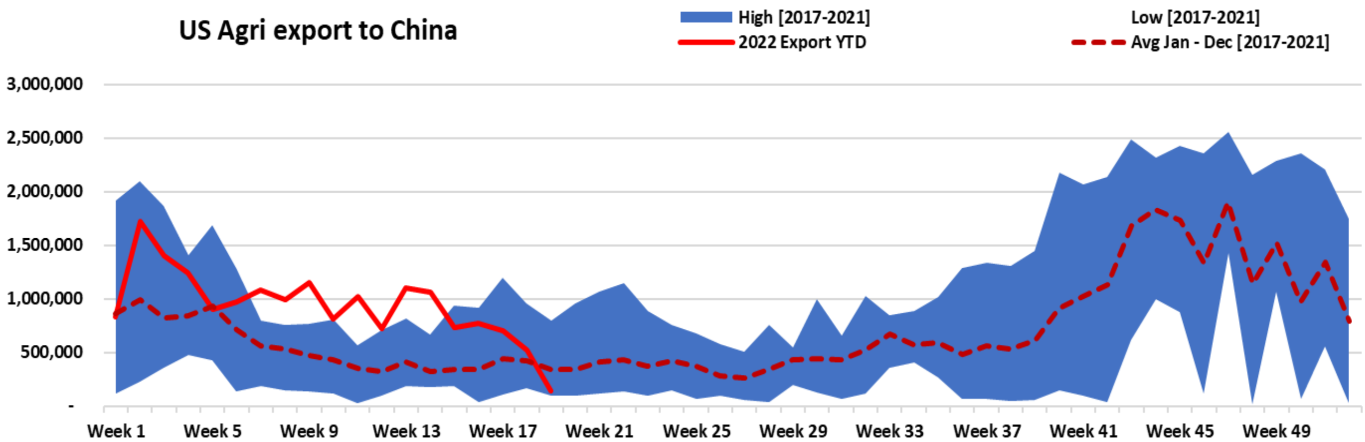
Export (million tonnes)	Apr-22	Mar-22	Q1-22	Q4-21	Q3-21	Q2-21	2021	2020
Brazil	16.1	17.1	39.7	28.9	43.3	52.7	158.1	170.8
USA	11.8	12.4	37.8	43.2	21.6	32.5	141.4	141.4
Argentina	8.8	5.9	16.9	17.9	24.3	25.6	85.7	79.1
Ukraine	0.0	0.0	11.9	19.2	15.3	8.7	53.9	51.5
Canada	2.1	2.1	6.2	10.5	7.6	11.7	42.5	50.8
Russia	2.1	1.5	5.1	7.4	10.6	5.0	30.4	35.1
Australia	4.1	4.6	13.2	9.0	8.6	11.2	41.1	20.2
Others	7.7	9.6	26.3	23.0	23.9	17.9	86.4	71.5
Global	**52.8**	**53.2**	**157.3**	**159.1**	**155.2**	**165.4**	**639.6**	**620.3**

Agri Key Routes

Agri Key Routes	Agri Export mt			Freight Rate $/mt		
Agri Export (thousands tonnes)	Last Week	Prev. Week	Chg %	Last Week	Prev. Week	Chg %
Brazil-China	1318.7	1517.6	-13.1%	68.5	67.0	2.2%
US-China	140.0	521.0	-73.1%	79.0	77.9	1.5%

Seasonality Charts





Data Source: IHS Markit Commodities at Sea Service, Bloomberg

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