FIS

Dry Freight Weekly Report

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Market Review:

Capesizes continued to post strong gains last week and hit the highs of the year. A strong push from the Capes this week, with Panamaxes and the smaller size vessels holding firm and closing the week with small gains. The strong gains were driven by robust coal demand from India and Europe, alongside robust Brazilian iron ore and US grain markets.

Freight Rate $/day	23-May	16-May	Changes %	Short Term	Sentiment
Capesize 5TC	38,169	32,581	17.2%	Bullish	↑
Panamax 4TC	29,056	27,832	4.4%	Neutral	-
Supramax 10TC	31,002	30,224	2.6%	Bearish	↓
Handy 7TC	29,956	30,004	-0.2%	Bearish	↓

IHS	Weekly Total Shipments		Iron Ore	Coal	Bauxite	Agribulk	Minor bulk
Capesize	238	+18	143 (+8)	75 (-2)	14 (-3)		
Panamax	351	+10		167 (+17)		82 (-13)	66 (+7)
Supramax	444	-15		74 (-4)		69 (+2)	282 (-15)

Capesize

Capes continued their rally last week on the back of robust iron ore and coal demand from key regions. Like the past few weeks it has been the Pacific region that has helped keep rates up, but the long awaited activity in the Atlantic finally appeared with strong volume seen out of Brazil. As a result, Capes 5TC index settled at a new high of year at $38,169 on Monday. Iron ore shipments rose 16.1% to 31.4 million tonnes, coupled with coal shipments that were up by 15.8% to 28.3 million tonnes, according to IHS Markit Commodities at Sea Service. In the Atlantic, decent Brazil shipments were seen last week with iron ore destinated to China and other dry bulk to the Mediterranean. Apart from that, improved activities out of South Africa further strengthened the rebound. In last week's fixtures, moving iron ore on the C3 route from Tubarao to Qingdao was fixed at $37.50 for mid Jun loading dates with rumours of $39 conducted for end of Jun dates. Another iron ore cargo from Sudeste to Qingdao was fixed just below $40. Out of Brazil, a cargo with a grain stem from Brazil to Egypt was heard at $21. In the Pacific, the key C5 iron ore route (West Australia to China) was fixed at $14.95 for end of May loading dates after the Singapore holiday, with three majors all seeking vessels and quickly fixing between $15.00-$15.50 for the rest of week, with the highest fixture heard at $15.90 for loading date on 3 Jun. Moreover, coal fixtures by Capes also lifted up last week, including trips from Indonesia to India at $13.75 and Richard Bay to EC India at $22. As many expected coal demand, especially from China and India, is likely to increase substantially towards a record high volume this year, which provides a floor for the larger size vessels. Along with demand picking up in other regions, vessel supplies in the Pacific region are already tightening up, pushing rates higher.

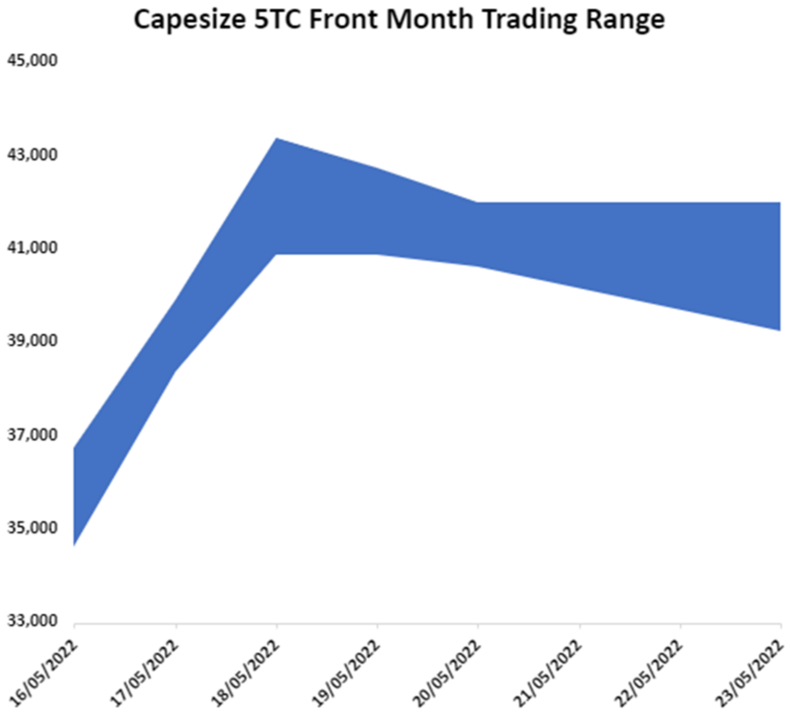


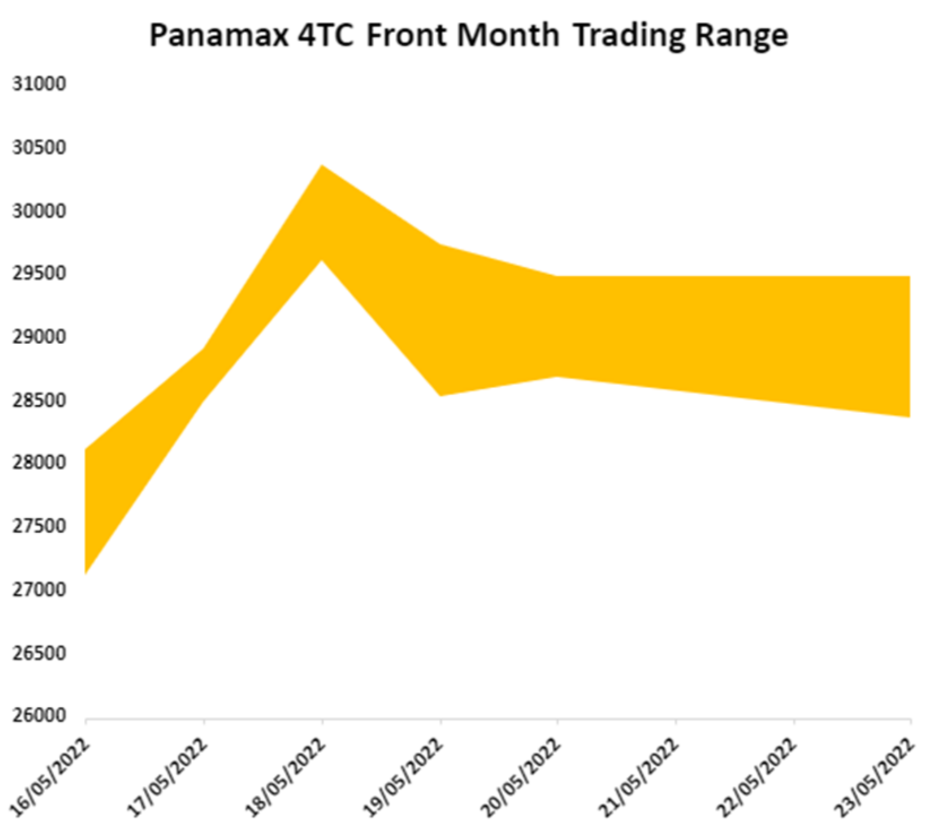
Chart source: FIS Live

Congestion wise, IHS Markit Commodities at Sea Service data showed the total congestion level in mainland China has eased off from its previous peak and returned to the 5-year seasonal average, while the number of vessels anchored at Shanghai port dropped to around 150, as many vessels have diverted to major ports in the North, causing congestion to increase in other ports including Tianjin and Qinghuangdao.

The Capesize FFA market witnessed an almost clean sweep of significant positive moves up on the index across the week. Prompt periods saw the greatest movement and ended the week still well supported, supposedly in anticipation of further positive physical on the horizon. The June contract moved significantly midweek at $3,000/day or more, hitting a high of $42,750. Despite a fall across mot periods at the start of this week, the index continued its climb towards the $40,000 mark, moving to within $1,500 of the June contract. More deferred periods were fairly static across the reporting period, with nominal falls in the nearer calendar periods.

Short run bullish

Panamax



Panamaxes held firmed last week on the back of decent grain demand and solid coal demand, despite rates in the Atlantic market generally easing on thin activity. On top of Indonesian coal maintaining at record high levels, Australia ramped up coal and grains shipments before its financial new year. Accordingly, fixtures in the Pacific region looked very healthy with NoPac round trips with grains were fixed between $29,500 - $30,000 and trips via Indonesia redelivery India were paid at a high of $31,000. On the other hand, sentiment in the Atlantic was mixed with sluggish mineral demand for the Trans-Atlantic but increasing grain business in the fronthaul. In terms of fixtures, fronthaul trips with grains were heard at $41,000 and trans-Atlantic trips redelivery Skaw-Gibraltar were at similar rate as previous week at $30,000. While in the South, cargoes from EC South America redelivery Singapore-Japan were fixed slightly lower at $29,500 for early Jun. Overall, Panamaxes were well supported by the bullish sentiment in Capes.

The Panamax paper once again fed off the Cape's positive momentum, helping to drive it up the futures market into the middle of the week and the index toward the $30,000/day mark. Early week saw decent gains across the curve, with prompt June and July moving to their respective highs of $30,000 and $30,250. From here the market ran out of steam with prompt months not being able to make any significant headway above the $30,000 level and even the index moved into negative territory. The new week opened the door for sellers who moved in to depress levels even further.

Chart source: FIS Live

Supramax

The theme of the Asian coal business being the core support for this market has not changed for Supramaxes. Activities out of the US Gulf were reported to be thin and there was a lack of fresh enquiry, while EC South America remained balanced, but rates were falling. A trip vis Skaw to East Mediterranean with mineral was fixed at $25,000 and EC South America redeliver Far East was heard at low $20,000. In contrast, trips from Indonesia to China which were fixed at similar level as previous week at $24,000 and tested high of $30,000 but failed.

Like the other smaller ships, the positive Cape movement helped lift rates in the Supramax FFAs despite little movement in the index. June pushed up to $33500 high while Q3 and Q4 were chased to $31850 and $26600 highs respectively. The index managed to claw above $31,000 by Monday 23rd, but the futures moved downwards, as they were dragged down by falling larger ship rates.

Short run bearish

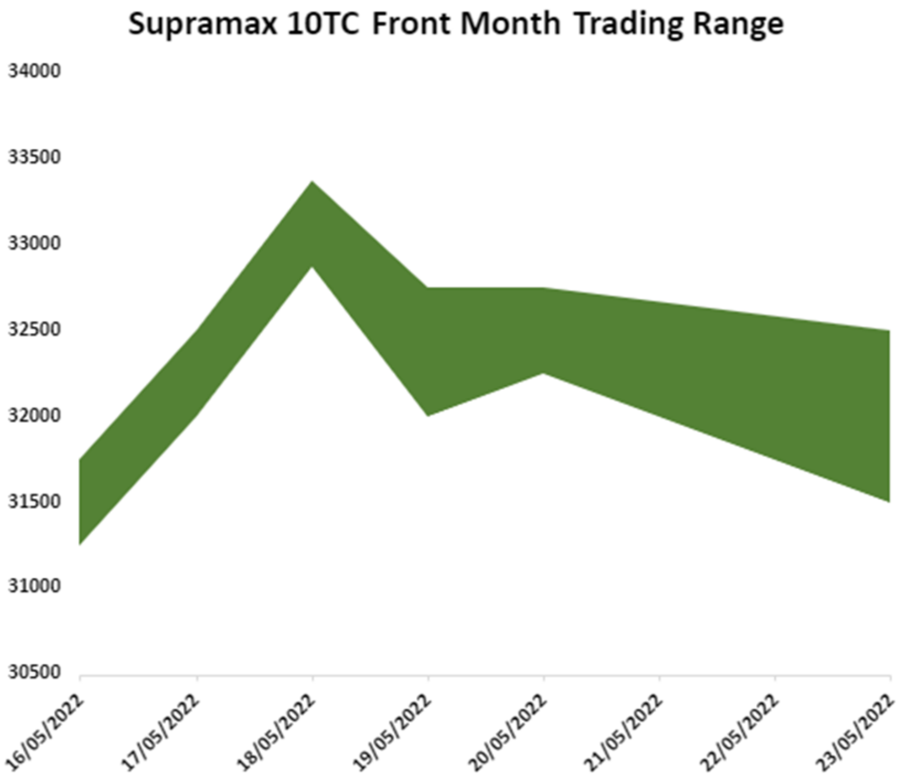


Chart sources: FIS Live

FFA Market

FFAs resumed its busy activities with trading volumes of over 38,800 lots posted on exchanges and Capes being the main focus. Decent activity also seen in Capes options with over 2,500 lots traded among the total on options of 4,890 lots. In the futures market, the new route P6-82 Singapore round voyage via Atlantic continued to see good interest of 180 days traded last week. Overall, Capes and Panamaxes traded respectively around 4,000 lots and 2,300 lots per day last week, Supramaxes followed right behind with 1,010 lots traded per day last week. Main actions focus on Jun, Q3'22 and Cal23 contracts. Open interest increased slightly along with rising prices, on 23rd May Cape 5TC 167,467(+7,153 w-o-w), Panamax 4TC 208,820(+3,169 w-o-w), Supramax 10TC 93,320(+1,305 w-o-w).

FFA Market Indexes

Freight Rate $/day	23-May	16-May	Changes %	2022 YTD	2020	2019	2018	2017
Capesize5TC	38,169	32,581	17.2%	16,936	13,070	18,025	16,529	15,129
Panamax4TC	29,056	27,832	4.4%	23,449	8,587	11,112	11,654	9,766
Supramax10TC	31,002	30,224	2.6%	26,669	8,189	9,948	11,487	9,345
Handy7TC	29,956	30,004	-0.2%	25,701	8,003	9,288	8,700	7,636

FFA Market Forward Values

FFA $/day	23-May FIS Closing	16-May FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2022 Mkt High	2022 Mkt Low
Capesize5TC Jun 22	39,500	36,250	9.0%	43,500	35,500	43,500	20,000
Capesize5TC Q3 22	36,750	36,000	2.1%	39,150	35,350	39,150	21,500
Panamax4TC Jun 22	28,450	27,550	3.3%	30,500	27,250	30,500	16,050
Panamax4TC Q3 22	28,875	27,750	4.1%	30,000	27,250	30,000	16,050
Supramax10TC Jun 22	31,750	31,750	0.0%	33,500	31,350	33,500	20,500
Supramax10TC Q3 22	30,800	30,400	1.3%	31,850	29,000	31,850	19,625

Data Source: FIS Live, Baltic Exchange

Freight Technical View

Capesize

June Futures – Technically bullish last week but in a corrective phase; having traded to a low of USD 34,625 the futures have traded above the USD 39,250 high, to USD 43,500. Elliott wave analysis would suggest we are on a wave 5 of the cycle that started on the 29/04/22 with a potential upside target between USD 46,302 and USD 46,521: note, the move above USD 39,250 means the minimum requirement for phase/cycle completion has been achieved. Downside moves that hold at or above USD 37,642 will support a bull argument, below USD 34,625 the technical is bearish. The intraday RSI is in divergence with price, warning of the potential for a momentum slowdown. Technically bullish with an upside target just above the USD 46,000 level, the divergence is warning that we have the potential to see this phase of the cycle complete soon.

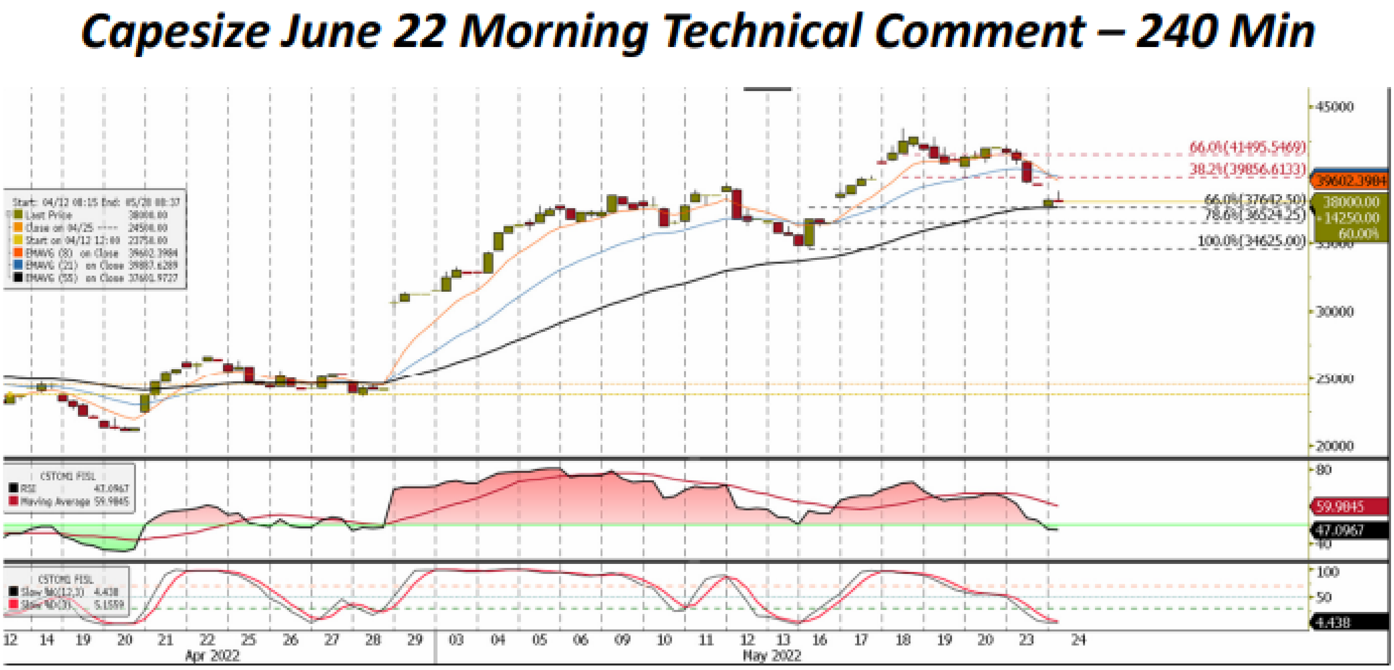
Panamax

June Futures - the corrective move lower held above the USD 26,620 support resulting in the futures trading to a new high (USD 30,375); however, the new high created an intraday negative divergence resulting in the futures entering a corrective phase. Technically bullish based on price, the downside move has held the USD 28,230 support before holding the USD 29,754 resistance, meaning the futures have a neutral bias on the intraday technical. Key fractal support on the daily technical is at USD 27,125, below this level we target the USD 24,750 level. 2022 has produced two bullish waves between Jan-March, these waves both consisted of 3 waves, warning the upside move is potentially part of a larger corrective move. If we trade above the USD 33,625 level it will signal the longer-term Elliott wave cycle is bullish, as price will have confirmed a 5th wave within this cycle; however, until it does, we remain cautious, as warning signals point to the downside.

Supramax

June Futures – we noted on the morning technical on the 18/05 that we have concerns regarding the Elliott wave cycle being corrective, and not bullish impulse. We will reiterate this again in case it was missed. Elliott wave in its basic form consists of 5 waves, 3 up and 2 down. There are 5 golden rules, the rule we will be focusing on is the wave 3 can never be the shortest wave. This year we have had to clear bullish impulse waves, with the second wave (which would be the wave 3) being shorter than the first, meaning that any bull wave from here must be shorter than the move between Feb-Mar 2022. Why is this significant? Working on the assumption that this year's move is linked to last years, the rolling front month futures cannot mathematically trade above last years 42,250 high. This would suggest the upside move in 2022 is in fact part of a larger period corrective phase, the only way we can make new highs is if we are looking at some form of wave-3 extension. However, we cannot come to this conclusion based on the information to hand, suggesting the futures are vulnerable to another move to the downside. Only above USD 38,000 can we say that this move is bullish impulse. Downside moves below USD 30,750 will create a lower low, meaning the technical is bearish.

Chart source: Jun 22 Cape 5TC from Bloomberg



Dry Bulk Trades/Iron Ore

Iron ore initially rebounded after the People's Bank of China lowered the five-year loan prime rate by 15 basis point to support infrastructure financing. The higher-than-expected cut has sent a strong signal to investors that the government is targeting support at the property sector. However, some market participants remained in doubt about the price rebound as the nation's steel demand still significantly impacted by covid lockdown and restrictions. In addition, China's total rebar production declined 13.6% to 75.8 million tonnes during Jan- Apr, with Apr output fell 14.1% to 20.22 million tonnes, data from the National Bureau of Statistics (NBS) showed. Meanwhile, the domestic rebar prices slipped lower at end of last week as buyers were cautious about weakened demand, a market source said construction activities in South China are likely to slow down as rainy season starts from late May, while buyers in other regions prefer to stay hold for clearer price direction. With demand uncertainty and narrowing margins, steel mills are reluctant to ramp up their production in short term. Also with utilisation rates below seasonal levels, lower than expected steel output and high inventory levels, the outlook for Chinese steel demand remains rather pessimistic. Some investors were sceptical about a rally in iron ore before Q3. According the Mysteel's latest industry survey, daily crude steel output among the surveyed 247 blast furnace and 71 EAF steel mills edged down slightly by 11,500 tonnes per day over 9 – 20 May, but compared with the same period last year the output level was down 3.9%. In terms of supply, last month India lifted its ban on iron ore exports from the southern state of Karnataka, which accounts for a quarter of the nation's total exports. Therefore, it's expected to see higher iron ore shipments out from India to China in the near future, as India exports mainly low-grade ore which are in demand by Chinese buyers at the time of high raw material costs and decreasing steel margins.

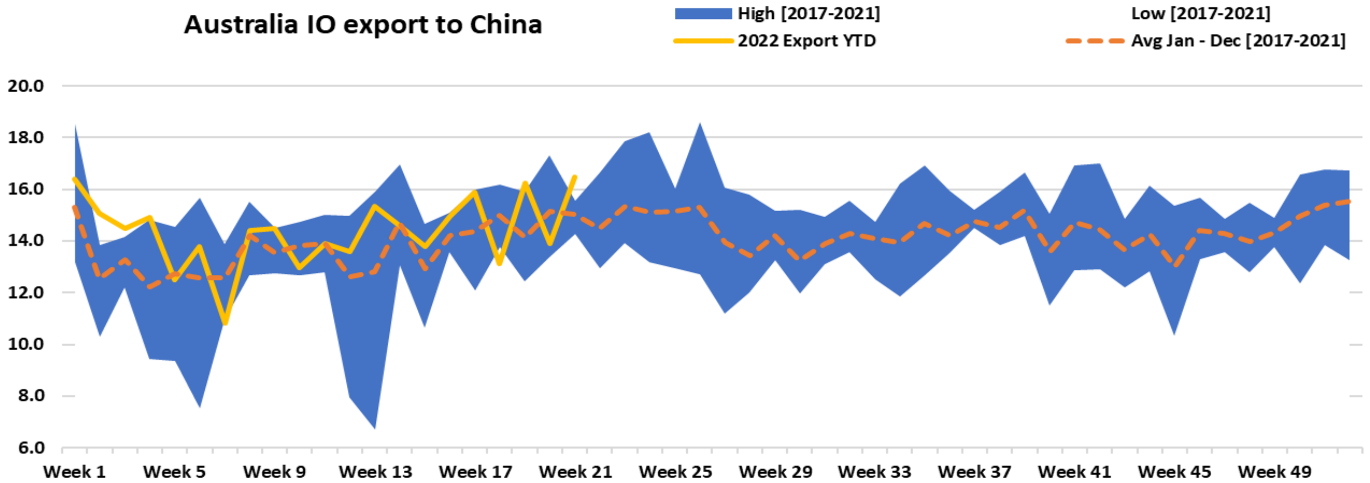
Dry Bulk Trades/Iron Ore

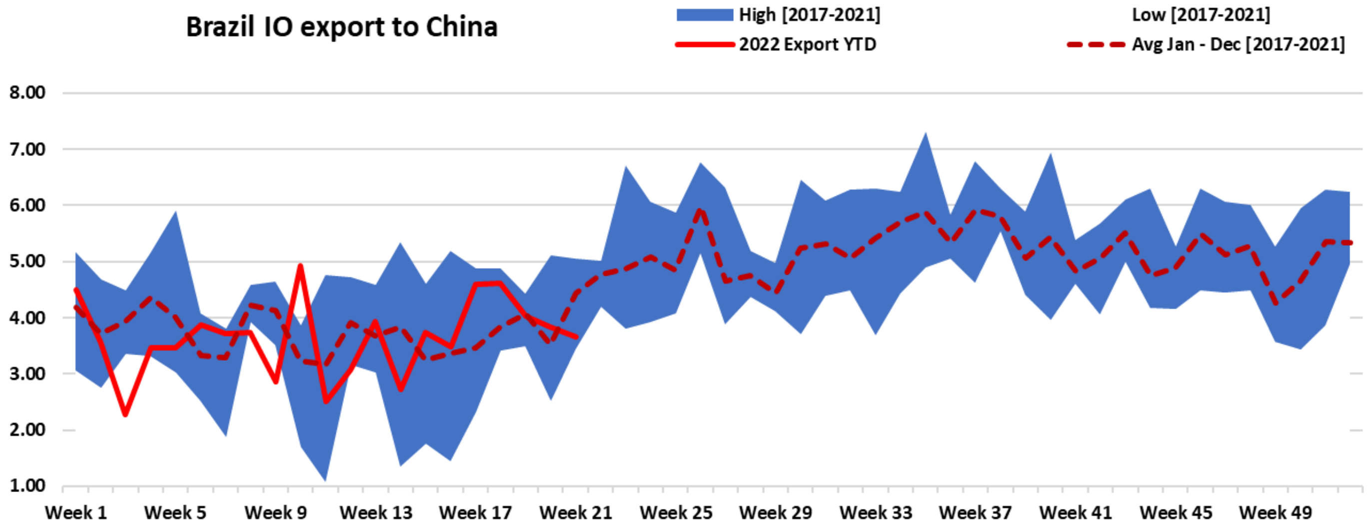
Export (million tonnes)	Apr-22	Mar-22	Q1-22	Q4-21	Q3-21	Q2-21	2021	2020
Australia	74.6	76.5	219.1	236.1	233.9	235.4	922.9	922.4
Brazil	25.0	23.9	69.1	91.1	97.9	84.9	350.4	336.6
South Africa	4.8	4.2	13.8	15.1	15.1	13.9	57.8	56.0
India	2.8	3.2	8.1	2.1	5.3	14.4	39.0	50.8
Canada	4.7	4.6	11.7	15.0	18.1	11.3	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	16.5	13.9	**18.7%**	15.31	14.42	**6.2%**
Brazil-China	3.7	3.8	**-4.3%**	36.40	34.01	**7.0%**

Seasonality Charts





Data Source: IHS Markit Commodities at Sea Service, Bloomberg

Dry Bulk Trades/Coal

Asian coking coal steadied after China released more measures to support the economy, with rainfall across East Australia also lending some support. However, prices did slide on Friday as Chinese buyers expected further price cut from domestic coke offered at more competitive prices. Besides, supply from elsewhere have surged, China imported 1.71 million tonnes of coking coal from Russia in Apr, +22.2% YoY, while imports from Mongolia also recovered to 1.3 million tonnes last month since border controls have eased, data from the General Administration of Customs showed. On the other hand, Chinese thermal coal price continued to rise last week amid solid demand and tight spot supply. Coal demand from China and India rose last week, with the heatwaves in India boosting coal-fired power generation needs and bringing the peak season of coal consumption earlier this year. According to IHS Markit Commodities at Sea Service, coal shipments to India remained at high level of 6.1 Mmt.

On the side of exporters, Australia pushed out higher coal exports last week to a total of 8.3 million tonnes, the highest weekly volume since May 2021. Japan, as its biggest Australian coal buyer, imported around 3.7 million tonnes (+113% w-o-w), followed by India imported 1.5 Mmt last week.

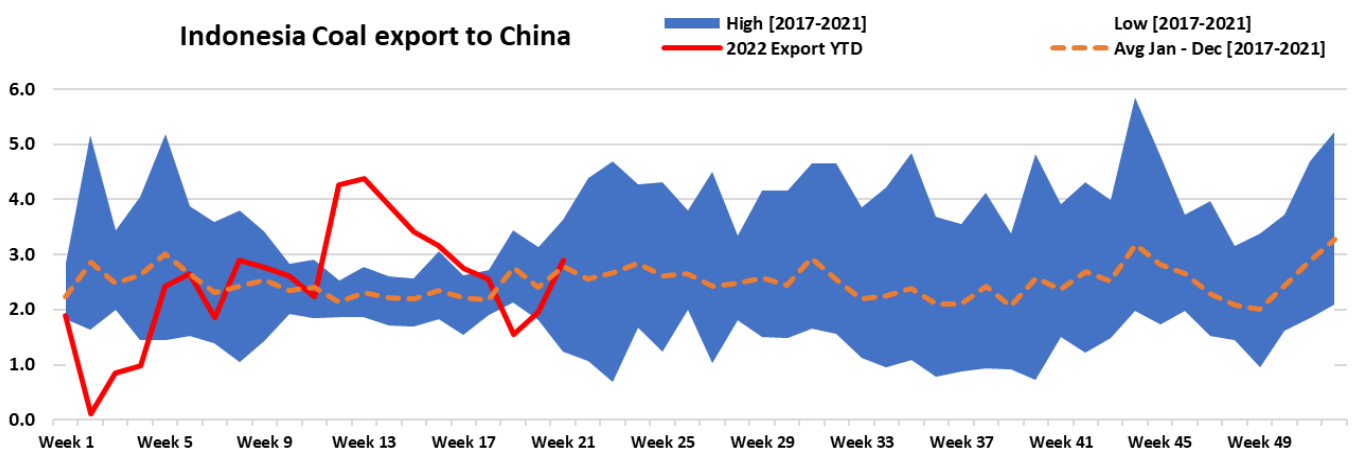
Dry Bulk Trades/Coal

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**

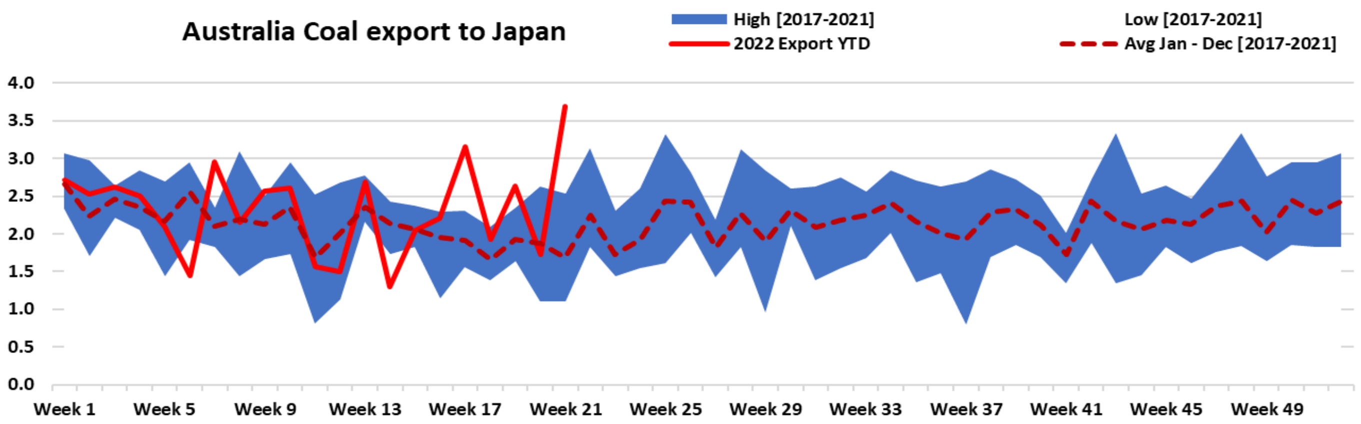
Coal Key Routes

Coal Key Routes	Coal Export Million mt		
Coal Export Million mt	Last Week	Prev. Week	Chg %
Indonesia-China	2.9	2.0	48.4%
Australia-Japan	3.7	1.7	113.5%

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 prices extended gains last week supported by strong export sales from US. US sold about 752,700 mt of soybean for the week ended 12 May, marking a 65% increase from the previous four-week average, data from Weekly US Department of Agriculture sales showed. A market source said US soybean destocking was at a fast pace on existing large orders and would lead to lower stockpile levels. But soybean prices slipped again on Monday after the US Department of Agriculture (USDA) released US soybean planting reached 50%, more than the expected 49% figure and the seedings in previous week of 30%. Meanwhile, wheat faced a correction late last week as uncertainty about India allowing around 1.8 million tonnes of old crop wheat trapped at the ports to ship out. In addition, traders closely monitored the UN's effort to strike a deal to ship grain from Ukrainian ports. Corn was also down as the expectation of accelerated plating progress across central US due to warmer and drier weather conditions. On Monday, USDA reported that the planting pace is catching up to its five year average level, with 72% of the corn crop and 50% of soybeans were planted. Furthermore, Argentina, as the second largest corn exporter, may lift its corn exports cap from 30 million tonnes to 35 million tonnes for its 2021/22 harvest, sourced from Ministry of Agriculture.

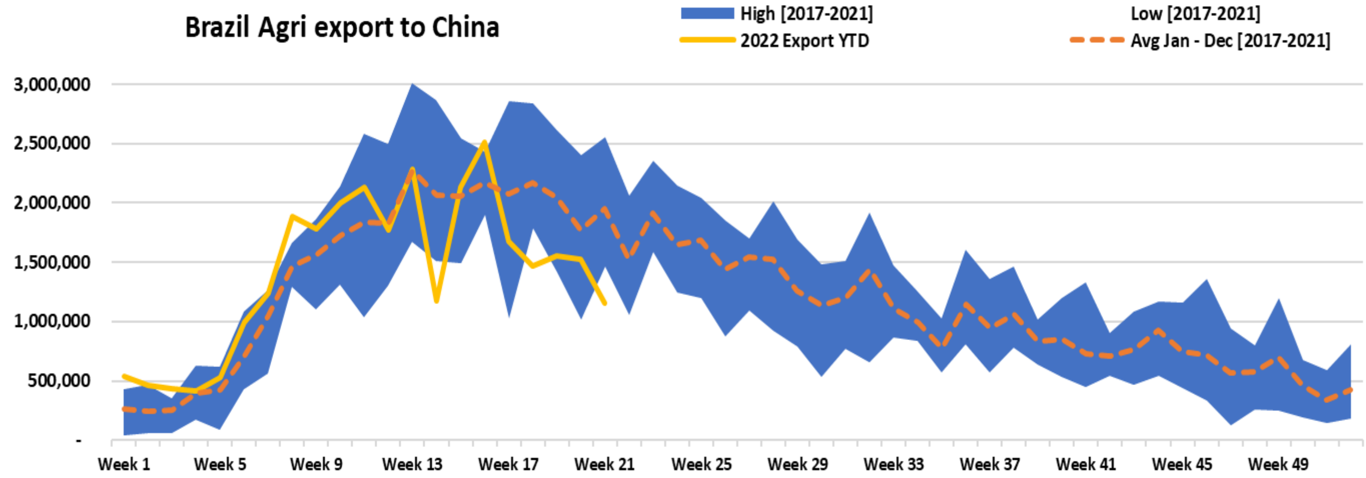
Last week global shipments down 8.3% to 10.6 Mmt, according to IHS Markit Commodities at Sea Service. Demand from China has cool off last week to 2 million tonnes, while its shipments from Brazil dropped notably to 1.16 million tonnes as Brazil shifted away from the seasonal peak.

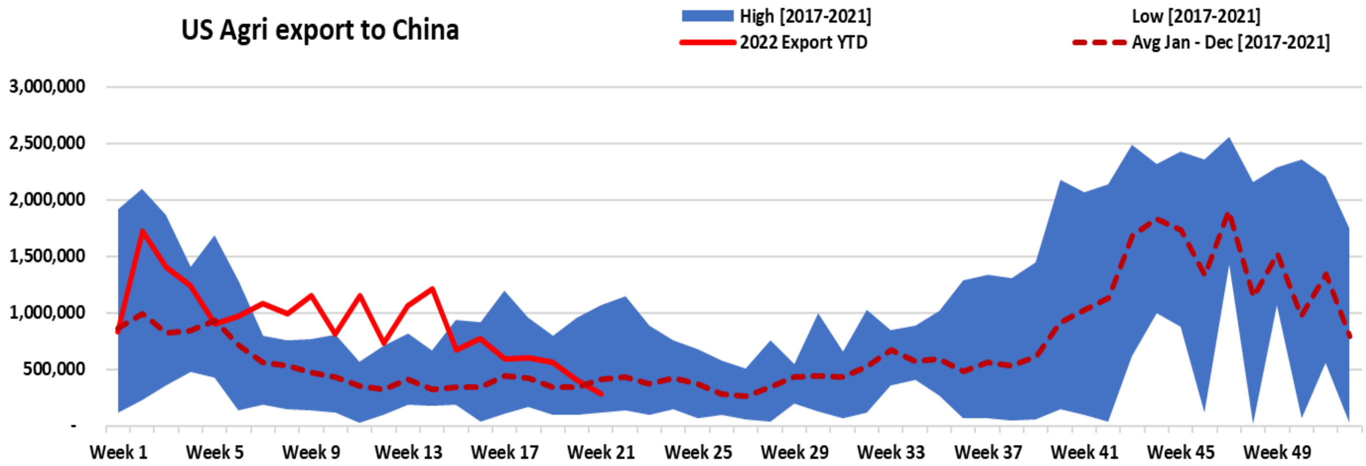
Export (million tonnes)	Apr-22	Mar-22	Q1-22	Q4-21	Q3-21	Q2-21	2021	2020
Brazil	16.1	17.1	39.7	28.9	43.3	52.7	158.1	170.8
USA	11.8	12.4	37.8	43.2	21.6	32.5	141.4	141.4
Argentina	8.8	5.9	16.9	17.9	24.3	25.6	85.7	79.1
Ukraine	0.0	0.0	11.9	19.2	15.3	8.7	53.9	51.5
Canada	2.1	2.1	6.2	10.5	7.6	11.7	42.5	50.8
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	1,155.3	1,524.7	-24.2%	70.1	70.4	-0.4%
US-China	279.0	402.7	-30.7%	82.1	81.6	0.6%

Seasonality Charts





Data Source: IHS Markit Commodities at Sea Service, Bloomberg

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