

FIS Dry Freight Weekly Report

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

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Market Review:

Less activity was reported in dry freight market with several major holidays across the world. Capesize overturned its negative tone and seemed to find a floor on the back of strong iron ore and coal demand last week, while Panamax and the smaller size vessels were supported within recent ranges, although Panamaxes have more to give considering grains activity had not yet recovered to seasonal levels.

| Freight Rate \$/day | 29-Apr | 22-Apr | Changes % | Short Term | Sentiment |
|---------------------|--------|--------|-----------|------------|-----------|
| Capesize 5TC | 17,713 | 15,299 | 15.8% | Neutral | - |
| Panamax 4TC | 25,107 | 25,703 | -2.3% | Bearish | ↓ |
| Supramax 10TC | 30,074 | 29,453 | 2.1% | Neutral | - |
| Handy 7TC | 28,679 | 27,077 | 5.9% | Neutral | - |

Capesize

Capes continued to receive support from decent iron ore and coal demand, as a result rates gradually firmed up across last week. Iron ore shipments advanced above 31.8 million tonnes with a weekly 8.4% increase. Brazil, among the top exporters, ramped up 32.5% and hit the 8 million tonnes level after notable increase in previous week. Moreover, activities out of South and West Africa also picked up with increasing enquiries for mid-May dates. While on the receiver side, China still maintained its gradual and seemingly sustainable growth in iron ore demand despite escalating covid lockdowns in some provinces. In terms of fixtures, rates in Pacific were lifted by busy iron ore and coal activities, market sources said that high interests were noticed on the Indonesia to India route. The key C5 iron ore route (West Australia to China) fixed between \$11.50-\$ 11.80 at the beginning of the week, then climbed towards \$12.20 for 11-20 May loading dates, finally slipping a touch before the weekend as owners rushed to fix ahead of the holidays, instead of any fundamental change. In the Atlantic, rates were still comparably lower as the supply of vessels still outweighed demand, although Brazil market showed signs of recovering in the past four weeks which did light up sentiment somewhat. Last week, trips from Ponta Da Madeira to Qingdao was fixed just below \$26 on 16-25 May and from Tubarao to Qingdao was heard between \$24.50 to \$24.80 for 11-20 May. Out of West Africa, a cargo from Kamsar to China was heard to fix at \$26.90 on 17-22 May. In view of congestion, IHS Markit Commodities at Sea Service data showed the total congestion in mainland China was 30-40% higher than last month, but much lower than the peak in Q3 last year. The number of vessels at Shanghai’s port waiting for loading reached over 400, the highest since November last year. Elsewhere, after the European Union firmed up plans to tighten sanctions on Russia, fuel prices spiked again with Sing 380 and 0.5% fuel oil assessed at \$683 and \$822 respectively on Friday.

Capesize 5TC Front Month Trading Range

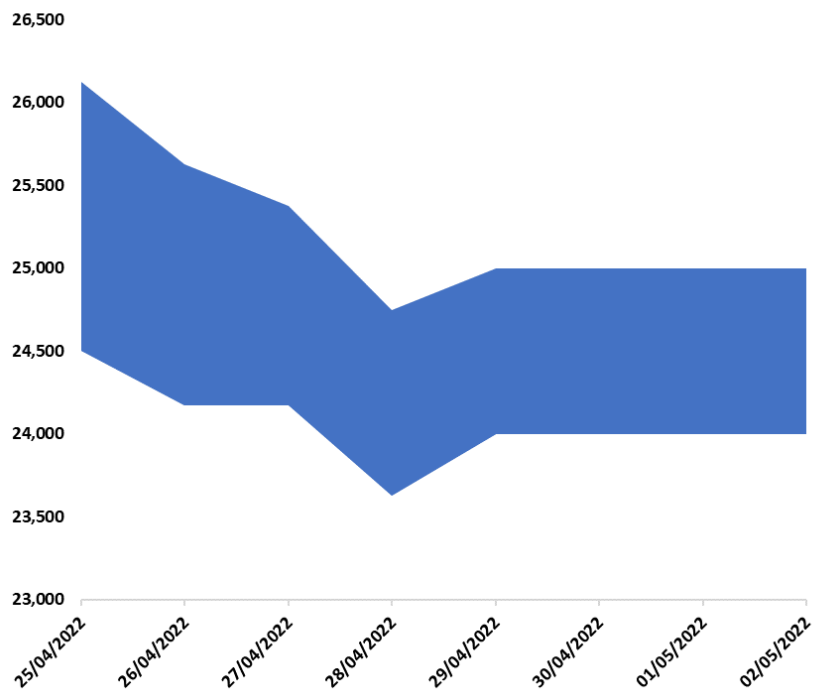


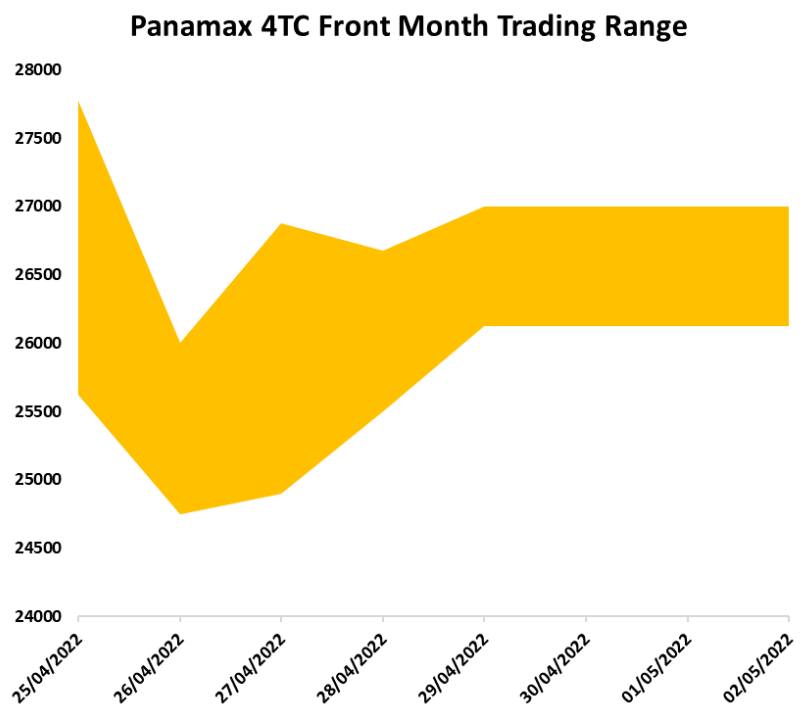
Chart source: FIS Live

Compared to previous week's trading in the Capesize paper market was quieter, especially in the run up to the long holiday weekend. Choppy and negative trading characterised the beginning of the week as broader worries about the buoyancy of commodity markets seemed into the freight market. Front months took the brunt of this sentiment, with longer dated periods largely unchanged. Despite optimism around index levels, this failed to produce much in terms of significant price movements, with an underwhelming Atlantic market offsetting a slightly better Pacific. All this led to May stuck in the \$24,000 to \$25,000, Q3 around the \$35,000, and Cal 23 \$22,500 to \$23,000.

Short run neutral

Panamax

Panamaxes edged lower last week amid a slow-moving grain market and lack of fresh support from the Asia. Mixed views were held on the Atlantic market, as some said positive signs and a floor was starting to emerge for the fronthaul trips. Whilst Australian and Indonesian coal demands, the main support for the premium in Panamaxes, have come off its previous peak. Fixtures in the Atlantic were fixed at similar levels as the previous week, including NC South America redelivery Skaw-Barcelona at \$27,000 and in the south EC South America redelivery Far East were fixed between \$26,000 to \$27,000. In Asian markets, Pacific round trips fell below \$22,000 for late Apr dates for the first half of the week before holiday impacted activity, later in the week a trip from EC Australia redelivery India was paid at \$25,000 and a cargo with grains from Australian to Red Sea was heard at \$23,000. While Indonesia routes were again under pressure with smaller vessels competing on short trips, with redeliver to India heard at \$25,000 and to Taiwan at \$13,500.



Panamaxes were more volatile in the paper market than the larger ships, with an early week fall counteracted by a latter week revival. The front months, especially May, made most of the negative moves falling some \$2,500, and most other periods out the Cal 25 printing in the red. This levelled out midweek, although support seemed fragile, as trading become quite tightly rangebound and flat into the weekend.

Short run bearish

Chart source: FIS Live

Supramax

Sentiment remained positive in Supramaxes market on the back of strong demand from the US Gulf and fresh enquires from South Asia. As East and West holiday approached, limited activated were surfaced with rates traded within the range and being well supported throughout the week.

Like the Panamaxs the Supras came under pressure early on with May and June slipping to respective lows of \$31000 and \$31500. Yet this early movement gave way to a week that was very rangebound, with contracts not moving more than a few hundred dollars on most periods.

Short run neutral

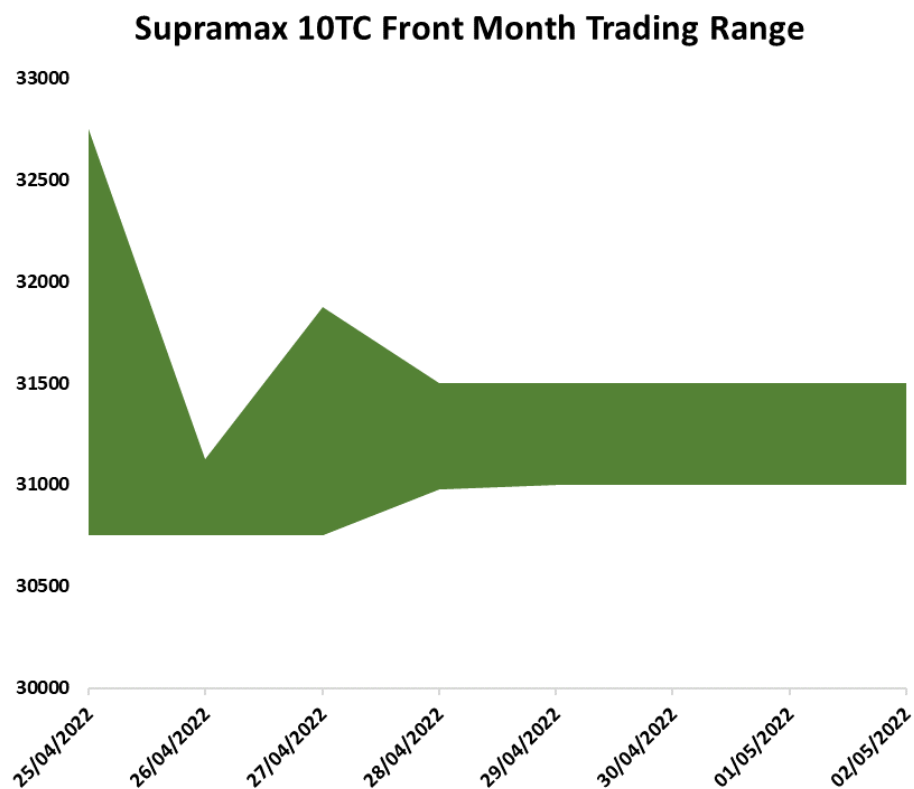


Chart sources: FIS Live

FFA Market

Due to market participants gradually returning from holidays, it was a quiet week for FFAs with trading volumes of over 42,200 lots posted on exchanges, but decent activity seen in Panamax options with over 4,100 lots traded among the total on options of 5,300 lots. In the futures market, Capes and Panamaxs traded respectively around 2,300 lots and 3,100 lots per day last week, Supramaxes followed right behind with 1,100 lots traded per day last week. Main actions focus on May, Q3'22 and Cal23 contracts. Open interest shrunk as Apr come to an end, on 2nd May Cape 5TC 153,344 (-14,995 w-o-w), Panamax 4TC 200,291(-18,246 w-o-w), Supramax 10TC 87,478(-6,053 w-o-w).

FFA Market Indexes

| Freight Rate \$/day | 29-Apr | 22-Apr | Changes % | 2022 YTD | 2020 | 2019 | 2018 | 2017 |
|---------------------|--------|--------|-----------|----------|--------|--------|--------|--------|
| Capesize5TC | 17,713 | 15,299 | 15.8% | 14,617 | 13,070 | 18,025 | 16,529 | 15,129 |
| Panamax4TC | 25,107 | 25,703 | -2.3% | 22,677 | 8,587 | 11,112 | 11,654 | 9,766 |
| Supramax10TC | 30,074 | 29,453 | 2.1% | 26,049 | 8,189 | 9,948 | 11,487 | 9,345 |
| Handy7TC | 28,679 | 27,077 | 5.9% | 25,006 | 8,003 | 9,288 | 8,700 | 7,636 |

FFA Market Forward Values

| FFA \$/day | 29-Apr FIS Closing | 22-Apr FIS Closing | Changes % | Weekly Mkt High | Weekly Mkt Low | 2022 Mkt High | 2022 Mkt Low |
|---------------------|--------------------|--------------------|-----------|-----------------|----------------|---------------|--------------|
| Capesize5TC May 22 | 24625 | 26125 | -5.7% | 26,750 | 23,750 | 35,750 | 20,000 |
| Capesize5TC Q3 22 | 35750 | 36750 | -2.7% | 36,600 | 30,500 | 37,250 | 21,500 |
| Panamax4TC May 22 | 26875 | 27925 | -3.8% | 28,000 | 24,250 | 33,000 | 16,050 |
| Panamax4TC Q3 22 | 28250 | 28375 | -0.4% | 28,500 | 21,750 | 30,700 | 16,050 |
| Supramax10TC May 22 | 31175 | 32000 | -2.6% | 32,500 | 30,500 | 36,000 | 20,500 |
| Supramax10TC Q3 22 | 29875 | 30500 | -2.0% | 30,100 | 26,950 | 31,250 | 19,625 |

Data Source: FIS Live, Baltic Exchange

Freight Technical View

Capesize

June Futures – The roll into the Jun contract has resulted in the futures moving above the 200-period MA, price has created a higher high meaning it is technically bullish. Downside moves that hold at or above the USD 26,770 will support a bull argument, below this level the futures will have a neutral bias. From a technical perspective we are bullish but find ourselves in a similar situation to the roll into May, the futures are trading USD 15,446 above the index, meaning the carry is unsustainable at these levels. The index is USD 91 higher today at USD 17,804, if we do not see some strong index figures in the next day or so the futures will need to correct, regardless of the technical. Bullish but not a buy as we are vulnerable to a downside moves at this point.

Panamax

June Futures – The roll into the June expiry and the subsequent upside move means the intraday futures are now bullish, whilst the daily technical has a neutral bias; above USD 29,375 the technical is bullish based on the higher high. Flat moving averages highlight the lack of trend in the market, above the USD 29,375 fractal resistance we target the USD 30,750 and USD 33,625 levels. Likewise, downside moves that trade below USD 24,750 will target the USD 22,750 support level. From an Elliott wave perspective, the technical is not clear on whether we have left the previous corrective phase or not. If we trade above USD 33,625, then we have a fifth wave within the phase that started on the 19/01/22, indicating bullish impulse, suggesting the USD 41,550 high could be tested. Below USD 22,750 will imply that the futures remain in a complex corrective wave 4, making the USD 16,425 low a viable downside target for market sellers. Technically neutral, near-term momentum is currently to the buy side.

Supramax

June Futures – The technical is bullish based on the USD 33,250 high on the 19/04/22, in terms of the trend the moving averages are flat indicating neutrality. The downside move from USD 38,000 has produced a corrective 3-wave pattern that has held the 200-period EMA, this supports a bull argument. Technically we could still be in a complex corrective phase, below USD 30,750 will warn the USD 28,250 fractal support could be tested; we have this as a key level, if broken we are looking at a complex correction, implying the USD 17,425 low could be vulnerable. Likewise, upside moves above USD 33,250 will target the USD 36,000 – USD 38,000 resistance zone, a new high above the resistance zone will support a bullish impulse move, warning the futures are potentially in an Elliott wave 5. This would suggest the rolling front month futures should in theory trade above the USD 42,250 high. Technically bullish based on price, neutral based on the averages, we could be in the early stages of a bullish wave 5, but we need to see more from the futures to confirm this. At this point we could just as easily break to the downside, taking the futures into a complex corrective phase.

Chart source: May Cape 5TC from Bloomberg



Dry Bulk Trades/Iron Ore

Iron ore continued its upward trend last week and returned above the \$150 level on Friday amid improved market sentiment. President Xi said in a politburo meeting last Friday that the party should waste no time to push out more policy tools to strengthen infrastructure construction. On the industrial side, blast furnace utilisation rates among 247 Chinese steel mills edged up 0.22% to 86.57% for the week ending 28 Apr, as stated in Mysteel’s industry survey, indicating production disruptions and transportation delays due to covid lockdowns were still an issue. On the supply side, Fortescue Metals Group – the fourth largest iron ore producer – announced an increase to their projected annual shipments to 185-188 million tonnes due to record production in Q1. In addition, the latest National Bureau of Statistics (NBS) data showed that Chinese industrial profits increased 8.5% in Q1, despite the economic slowdown due to Covid outbreaks and geopolitical tensions.

Last week Australian iron ore shipments to China dropped below the seasonal level and stood at 13.9 million tonnes. For the shipments from Brazil to China, we saw volume ramped up to 5.9 million tonnes high above than the seasonal average.

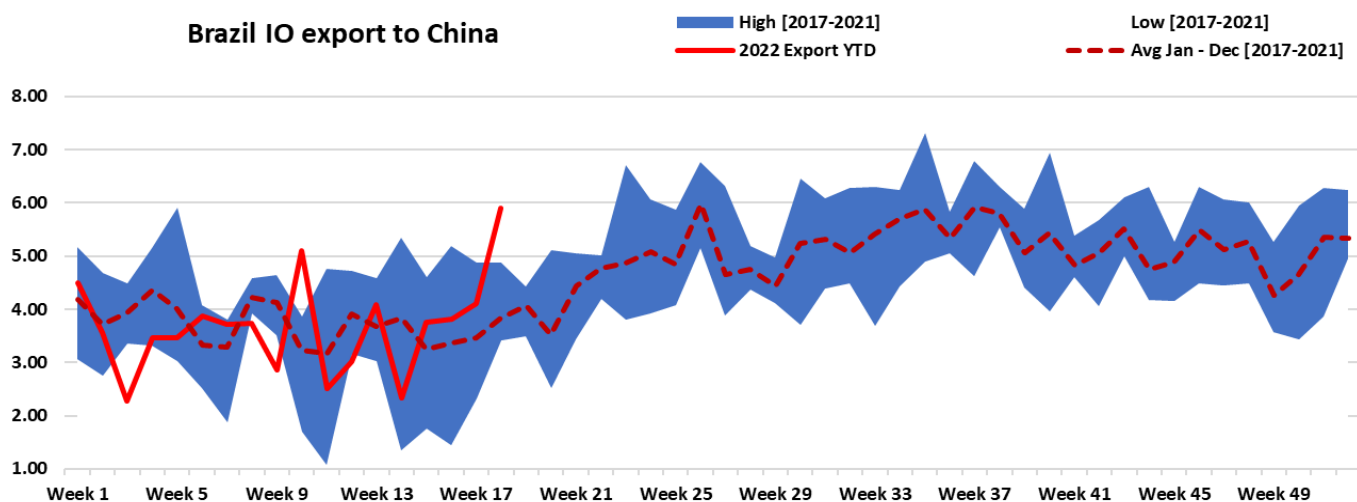
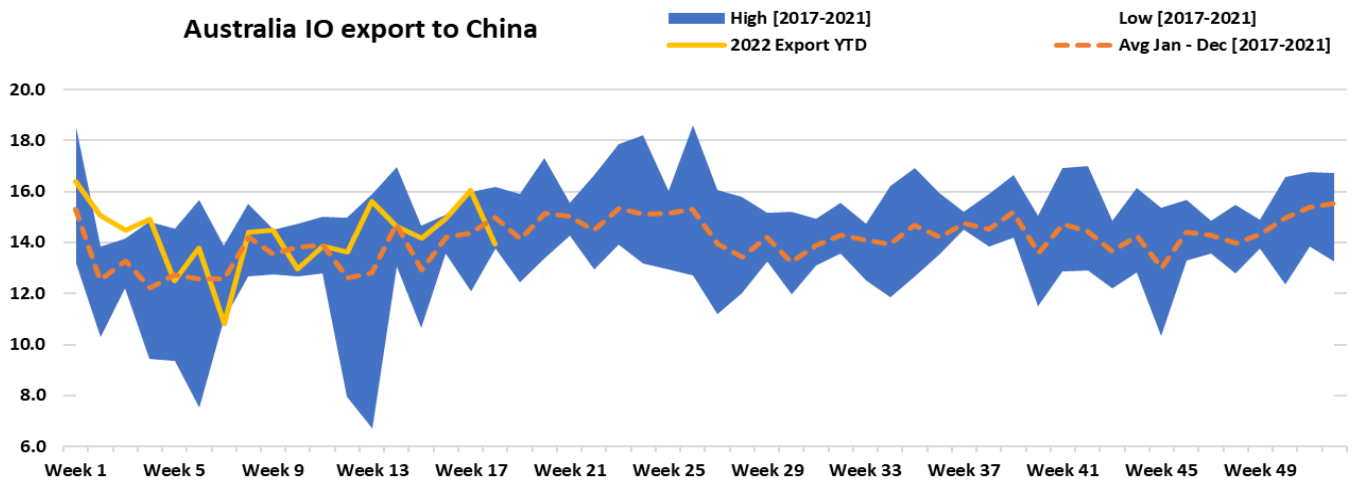
Dry Bulk Trades/Iron Ore

| 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 |
| Global | 129.3 | 111.3 | 369.1 | 413.2 | 419.2 | 411.5 | 1624.7 | 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 | 13.9 | 16.1 | -13.1% | 11.87 | 9.69 | 22.6% |
| Brazil-China | 5.9 | 4.1 | 43.2% | 26.09 | 25.11 | 3.9% |

Seasonality Charts



Data Source: IHS Markit Commodities at Sea Service, Bloomberg

Dry Bulk Trades/Coal

Coal demand had another solid growth with total shipments up 19.5% to a total of 29.5 million tonnes last week according to IHS Markit Commodities at Sea Service. Indonesia, as the main coal contributor, shipped 10.2 million tonnes, up 25% w-o-w. Comparably, Australian coal shipment stood up 5.6% at 7.6 million tonnes with 70% towards JKT region.

Last Thursday, the Chinese Finance Ministry announced the country will temporarily cut coal import tariffs to zero from the 1st May to secure sufficient energy supplies for the nation, the move will benefit those importing more coal from Russia as Indonesian coal is already on zero rates.

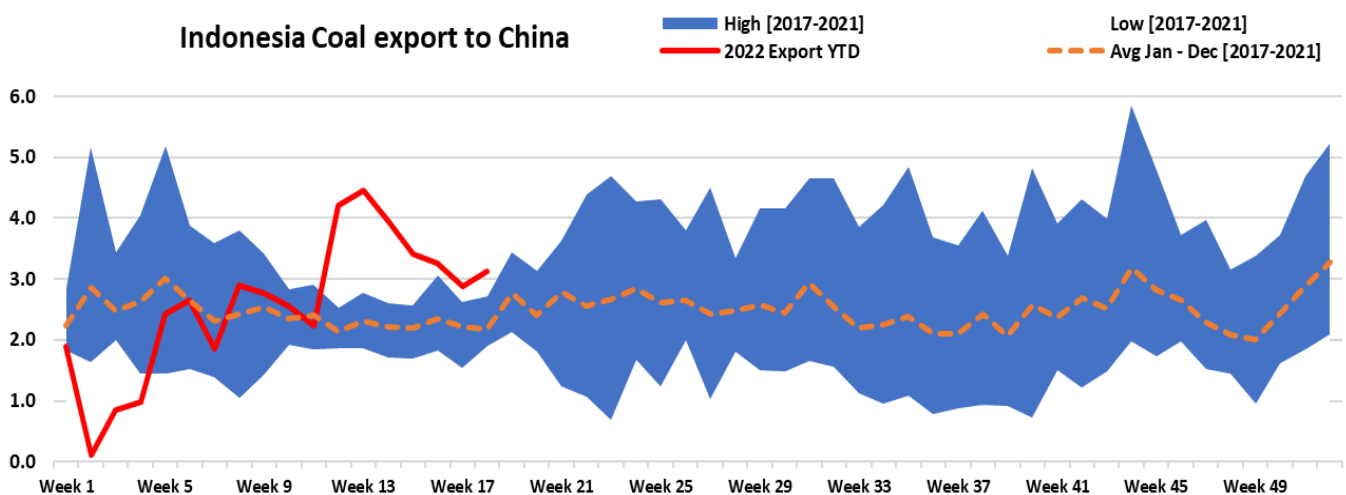
Dry Bulk Trades/Coal

| 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 |
| Global | 113.6 | 95.0 | 290.0 | 312.4 | 321.2 | 307.9 | 1242.0 | 1194.9 |

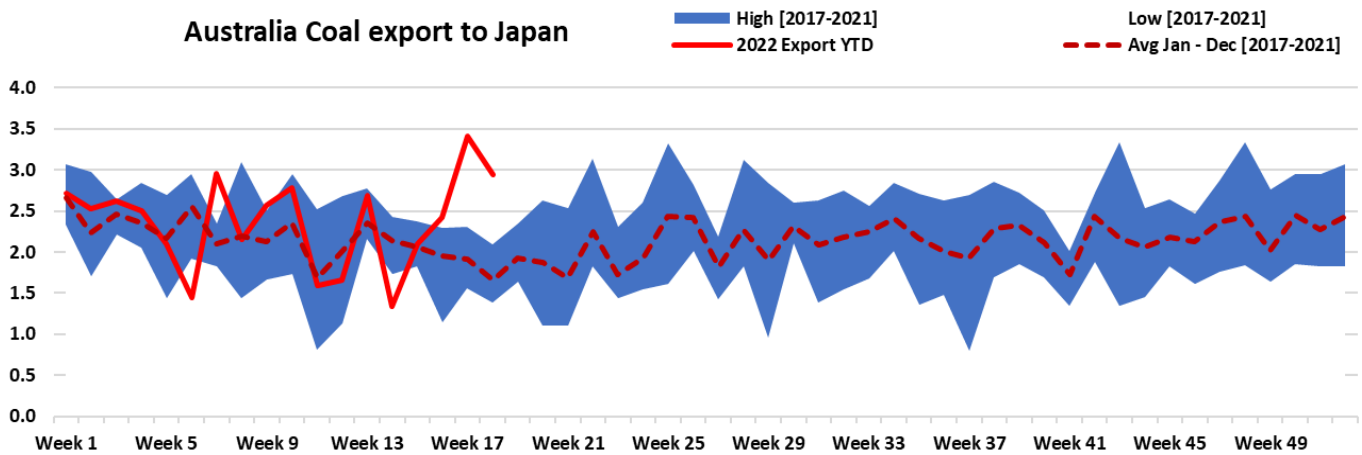
Coal Key Routes

| Coal Key Routes | Coal Export Million mt | | |
|------------------------|------------------------|------------|--------|
| Coal Export Million mt | Last Week | Prev. Week | Chg % |
| Indonesia-China | 3.1 | 2.9 | 8.3% |
| Australia-Japan | 2.9 | 3.4 | -13.9% |

Seasonality Charts



Data Source: IHS Markit Commodities at Sea Service, Bloomberg



Data Sources: IHS Markit Commodities at Sea Service, Bloomberg

Dry Bulk Trades/Agri

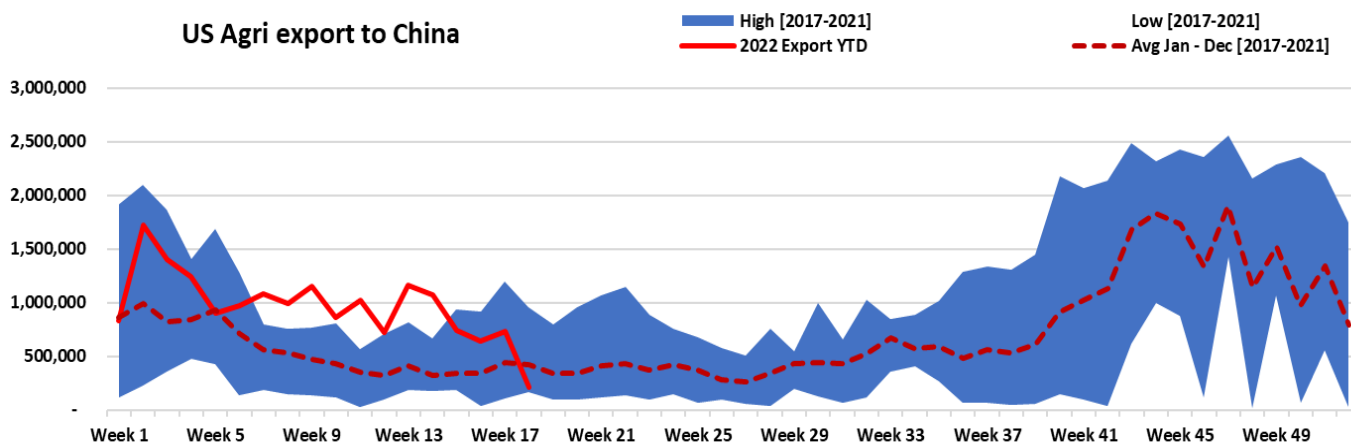
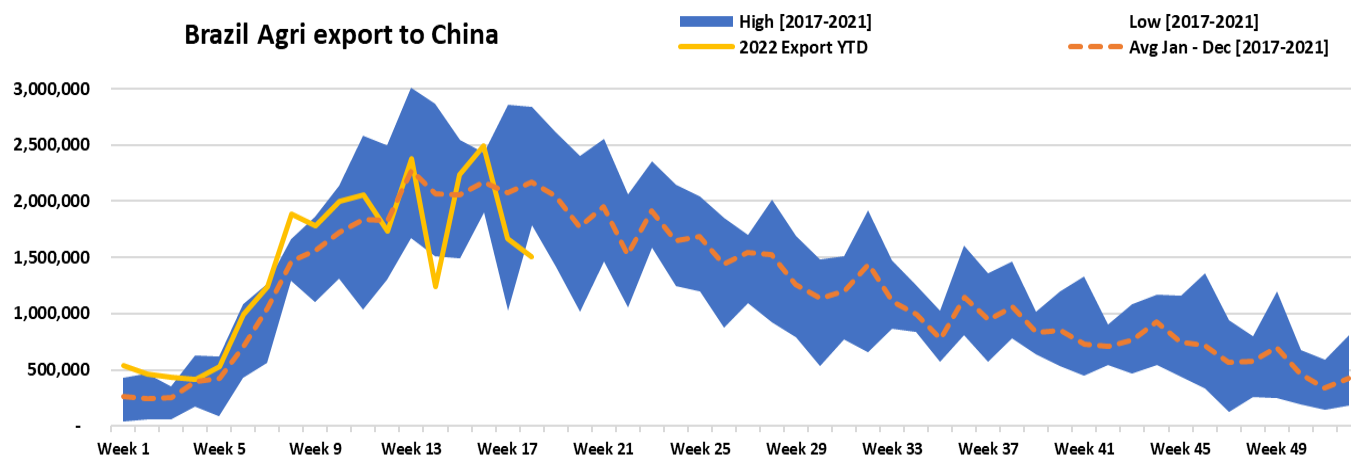
It was a less active week for the seaborne market as the total global shipment fell 13.4% w-o-w to around 11 million tonnes, especially for the US suppliers with volumes slumped over 20% to 2.3 million tonnes. Likewise, Brazil saw a significant reduce in total shipments of just shy of 3.5 million tonnes, exports to China has slipped below the seasonal average, according to IHS Markit Commodities at Sea Service data showed.

| 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 |
| Global | 51.9 | 53.9 | 155.9 | 159.2 | 156.3 | 166.5 | 643.2 | 620.3 |

Agri Key Routes

| Agri Key Routes | Agri Export mt | | | Freight Rate \$/mt | | |
|-----------------|----------------|------------|--------|--------------------|------------|-------|
| | Last Week | Prev. Week | Chg % | Last Week | Prev. Week | Chg % |
| Brazil-China | 1,509.9 | 1,665.1 | -9.3% | 67.0 | 68.9 | -2.7% |
| US-China | 211.1 | 732.1 | -71.2% | 77.9 | 78.7 | -1.0% |

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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