

# FIS Dry Freight Weekly Report

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### Market Review:

The dry freight market took a breather from its bullish sentiment the past few weeks, especially Capesizes which collapsed dramatically. Overshadowed by the negative sentiment in Capes, Panamaxes and the smaller size vessels also closed the week at lower levels. The outlook of supply and demand remained balanced, and if the plans for the relaxation of China's covid restrictions go ahead as planned, there is hope of a recovery in demand in the near term.

Freight Rate \$/day	30-May	23-May	Changes %	Short Term	Sentiment
Capesize 5TC	21,516	38,169	-43.6%	Bullish	↑
Panamax 4TC	25,157	29,056	-13.4%	Neutral	-
Supramax 10TC	30,514	31,002	-1.6%	Bearish	↓
Handy 7TC	29,524	29,956	-1.4%	Bearish	↓

IHS	Weekly Total Shipments	Iron Ore	Coal	Bauxite	Agribulk	Minor bulk
Capesize	227	-7	146 (+1)	65 (-7)	10 (-4)	
Panamax	361	+12		194 (+36)		78 (-15) 53 (-8)
Supramax	473	+3		86 (+10)		68 (-7) 300 (+1)

### Capesize

Capes started well but dropped from Tuesday onwards, losing most of the recent gains as the negative sentiment in the equity and commodity markets crept in. In terms of demand, we continued to see coal shipments build on record levels last week combined with steady iron ore demand. Brazil iron ore shipments rose 18.7% to 7.3 million tonnes and Australian iron ore shipments up by 1.3% to 18.9 million tonnes. Moreover, total coal shipments were up 11.6% to 30 million tonnes, with coal from Indonesia to India shipments climbing up to 3.9 Mmt last week and continuing to be carried by more Cape vessels than Panamaxes, IHS Markit Commodities at Sea Service data showed. However, despite busy activity fixture rates posted heavy losses specially in the Pacific, which dragged down rates in the Atlantic. The key C5 iron ore route (West Australia to China) was fixed around \$14.50 for mid of Jun loading dates at the beginning of the week, then quickly fell to below \$14 at the mid-week, eventually heard at the low of \$12 and \$11.45 before the weekend.

In the Atlantic, moving iron ore on the C3 route from Tubarao to Qingdao was heard at \$30 for 31 May onwards. Apart from that, activities out of West and South Africa continued to improve, although some said vessel supply still outweighed demand in that region. Cargos with ores from Freetown to Qingdao were fixed from \$35 to \$34 for early Jun while other routes of West Africa to China were mostly heard at below \$31 as the week progressed, and in the South, a trip from Richards Bay to China at \$27 on 5- 11 Jun. In addition, congestion levels in China had eased further as the nation relaxed its covid restrictions, which also took away some of the support in shipping rates. This week, Beijing and Shanghai will exit lockdowns and resume business operations, as a result, the underlying markets such as iron ore have rebounded strongly on the hopes of a recovery in demand. As multiple holidays approach this week, it seems that we have to wait for clearer direction, but hope remains for a floor to be found.

Capesize 5TC Front Month Trading Range

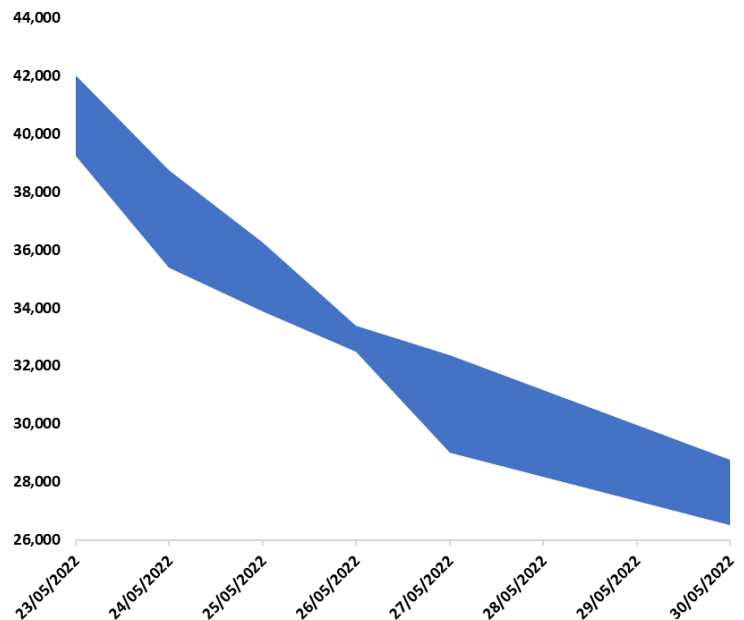


Chart source: FIS Live

The Capesize paper market was under significant pressure right across the curve last week as the index took a beating and dropped from \$38,169 to \$21,516 Monday to Monday, a 43.6% drop. Early week rumours of C5 fixing at \$14.75 caused the June contract to trade down sharply with little respite from the fall for the rest of the week, until Monday afternoon. With the strong movements down on the index, the prompt periods took the brunt of the heat, with June losing \$3875 on Friday alone. A floor was found Monday afternoon and a strong push up was seen today, so all eyes will be on whether or not this rebound can continue.

**Short run bullish**

**Panamax**

Panamaxes faced a correction last week amid long tonnage lists in the Atlantic and easing rates in the Pacific. In the Atlantic, activities were impacted by holidays in Europe, with fixture levels becoming erratic. For the grains routes, most of the stems were from ECSA while very few were reported from the US Gulf and NCSA. A trip from NCSA via US Gulf redelivery Far East was heard at \$40,000. In the south, cargoes from EC South America redelivery Singapore-Japan were fixed around \$5,000 lower compared with last week at between \$23,000-\$24,000, while redelivery SE Asia at \$29,000. Other than that, a cargo with iron ore from Seven Islands to Ijmuiden was fixed at \$17 and a trip from Mobile with coal to Ijmuiden at \$30/t for 10-14 Jun. On the other side,

robust coal demand gave some comfort to the Asian market, although rates still fell, under pressure from very negative sentiment. NoPac round trips with grains were fixed at a low of between \$21,000 - \$22,000. For the coal runs, Indonesia redelivery Taiwan was heard at \$26,000 and to Singapore at \$30,000; Australia redelivery India was fixed at \$24,000. The market felt it was searching for a floor with many worried that the correction would carry on. On the bright side, the arrival of peak grains season in Argentina and the prospect of shipping grains out of Black Sea region could lend the market some support.

The Panamax FFA market was still a sea of red with the week-on-week index losing some \$4,000 to Monday, but it suffered less than the larger ships. With the underlying continuing to soften in both basins and the weaker cape market offering little support, there was no surprise that rates took a hit, although the more deferred periods were quite resistant to the sell off. The European holiday at the end of the week could not stem the flow, with the index losing another 8% this Monday closing at \$25,157, having been \$29,056 the Monday before. However, like the big ships, the panamax paper saw a jump on Tuesday.

**Short run neutral**

**Panamax 4TC Front Month Trading Range**

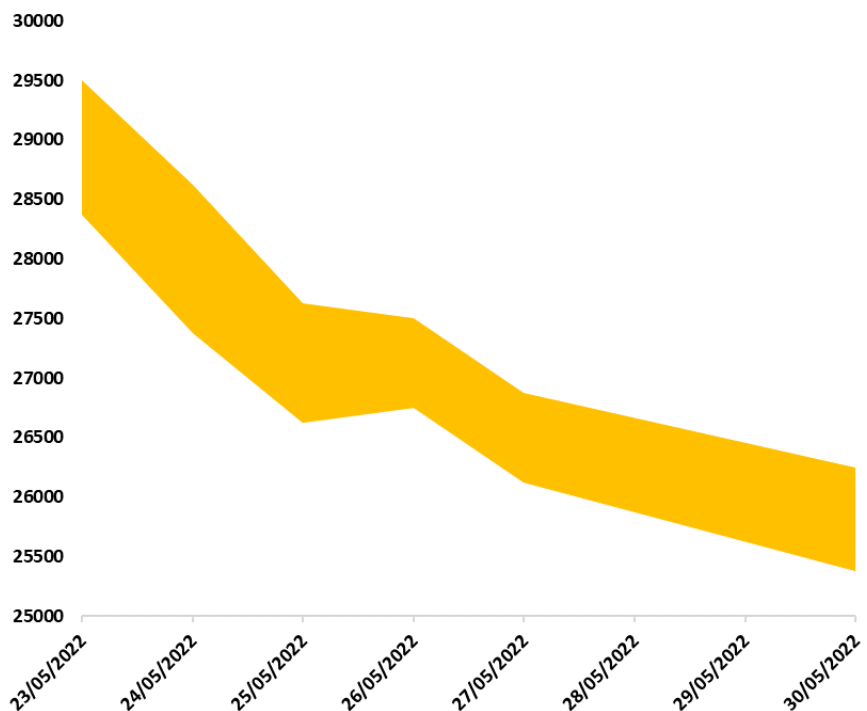


Chart source: FIS Live

## Supramax

As holidays in many European countries last Thursday and the US on Monday took a toll on activities and Supramaxes rates slipped on the back of limited enquires from both basins. Activities out of the US Gulf were again reported to be thin. A trip from the Continent to East Mediterranean with scrap was fixed at \$20,000. In the Pacific, rates continued to receive support from Australian grains and Indonesian coal demand. The key route from Indonesia redelivery China was fixed higher at \$35,000. In the Indian Ocean, trips with minerals via Arabian Gulf redelivery WC India at \$33,000 and redelivery Beira at \$35,000.

The index on Supramaxes managed to avoid negative territory halfway into last week, but despite this the paper market suffered losses. This was especially prevalent at the end of the week where sellers had to chase a thin bid side as weakened physical and larger sizes prompted some longs to liquidate their positions.

### Short run bearish

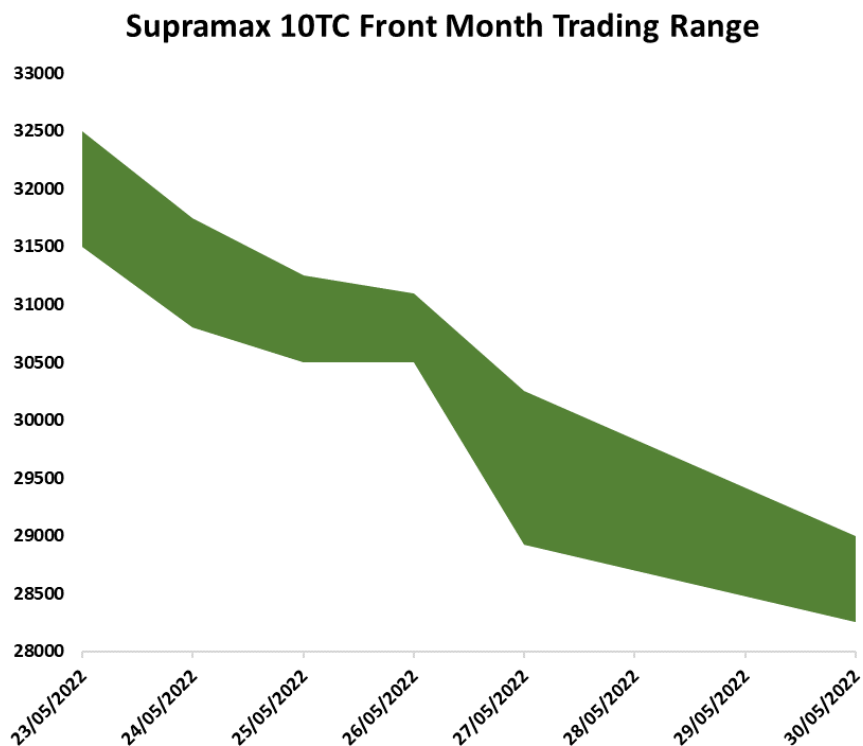


Chart sources: FIS Live

## FFA Market

FFAs slowed down activities last week due to multiple holidays, with trading volumes of around 34,900 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 posted options count of 3,510 lots. Overall, Capes and Panamax traded respectively around 2,930 lots and 2,580 lots per day last week, Supramaxes followed right behind with 1,350 lots traded per day. Main action focused on Jun, Q3'22 and Cal23 contracts. Open interest increased slightly along with falling prices, on 30th May Cape 5TC 171,593(+4,126 w-o-w), Panamax 4TC 213,047(+4,227 w-o-w), Supramax 10TC 95,452(+2,132 w-o-w).

## FFA Market Indexes

Freight Rate \$/day	30-May	23-May	Changes %	2022 YTD	2020	2019	2018	2017
Capesize5TC	21,516	38,169	<b>-43.6%</b>	17,502	13,070	18,025	16,529	15,129
Panamax4TC	25,157	29,056	<b>-13.4%</b>	23,616	8,587	11,112	11,654	9,766
Supramax10TC	30,514	31,002	<b>-1.6%</b>	26,877	8,189	9,948	11,487	9,345
Handy7TC	29,524	29,956	<b>-1.4%</b>	25,898	8,003	9,288	8,700	7,636

## FFA Market Forward Values

FFA \$/day	30-May FIS Closing	23-May FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2022 Mkt High	2022 Mkt Low
Capesize5TC Jun 22	27,750	39,500	<b>-29.7%</b>	42,000	26,500	42,000	20,000
Capesize5TC Q3 22	34,175	36,750	<b>-7.0%</b>	37,500	32,965	38,750	21,500
Panamax4TC Jun 22	26,000	28,450	<b>-8.6%</b>	29,250	25,250	33,000	16,050
Panamax4TC Q3 22	27,075	28,875	<b>-6.2%</b>	29,750	25,950	30,700	16,050
Supramax10TC Jun 22	29,000	31,750	<b>-8.7%</b>	32,050	28,250	36,000	20,500
Supramax10TC Q3 22	29,175	30,800	<b>-5.3%</b>	30,800	28,100	31,700	19,625

Data Source: FIS Live, Baltic Exchange

## Dry Bulk Trades/Iron Ore

Iron ore prices rebounded on Monday from last week's plunge as investors were optimistic about China exiting covid lockdowns and subsequent recovery steel demand. Shanghai will end lockdown and resume all manufacturing activities on Wednesday while Beijing announced they will reopen for business on Sunday. But market concern on steel demand remained as cities located on the Yangtze River will enter the rainy season in June with expected weaker downstream demand. On the other hand, steel production has kept at low levels due to thin margins, some said it is unlikely to go lower as some steel mills are already operating at a loss. According to Mysteel's industry survey, blast furnace utilisation rates among 247 Chinese steel mills edged up for a fifth consecutive week to 89.26%, up 0.59%, for the week ending 27 May. The marginal increase was mainly driven by nine blast furnaces that have resumed operations this week, but another four went offline for scheduled maintenance. Meanwhile, iron ore stockpiles at Chinese major ports fell 0.8% to 134.54 million tons during the same period.

Last week Australian iron ore shipments to China fell to 13.8 million tonnes. For the shipments from Brazil to China, we saw volumes ramped up to 5.23 million tonnes, breaking out of the upper end of the seasonal average.

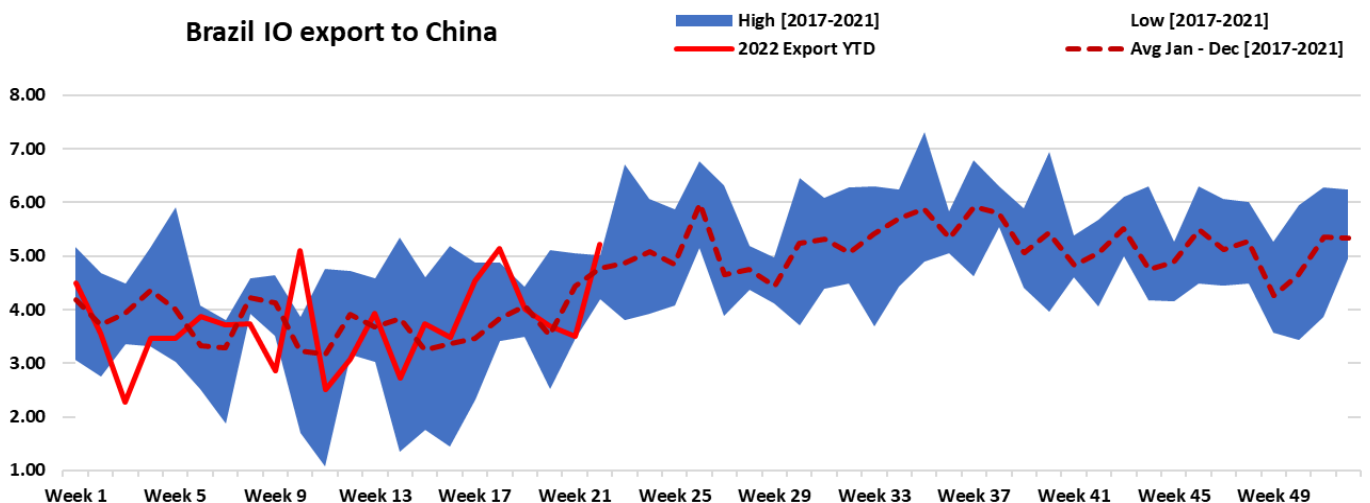
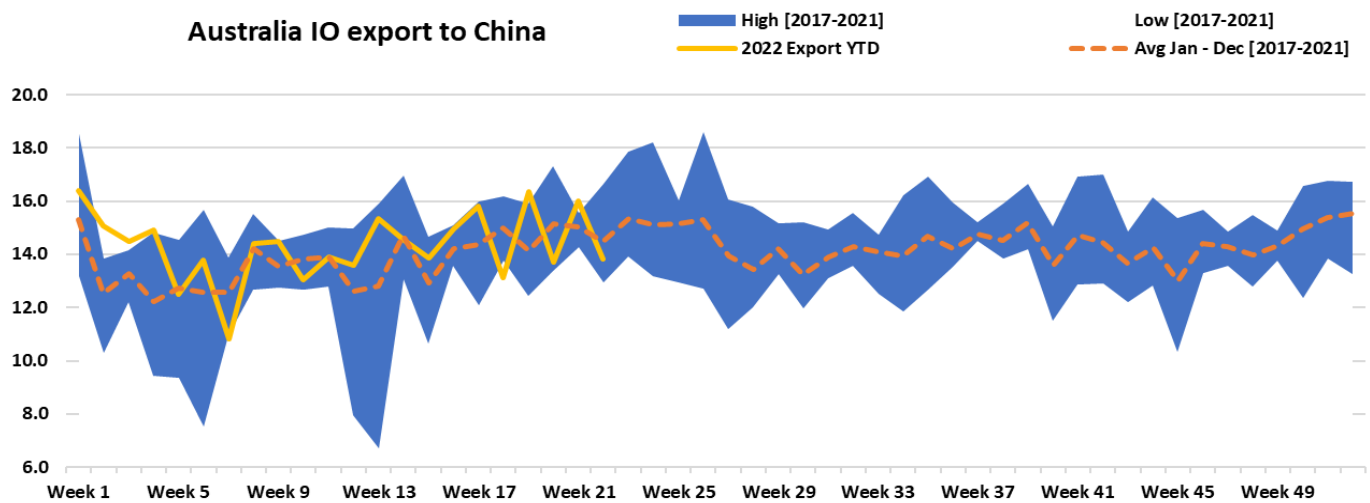
## Dry Bulk Trades/Iron Ore

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
<b>Global</b>	<b>125.3</b>	<b>128.2</b>	<b>367.8</b>	<b>412.9</b>	<b>419.1</b>	<b>411.1</b>	<b>1623.7</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	13.8	16.0	<b>-13.7%</b>	13.72	15.31	<b>-10.4%</b>
Brazil-China	5.2	3.5	<b>49.4%</b>	35.83	36.40	<b>-1.6%</b>

## Seasonality Charts



Data Source: IHS Markit Commodities at Sea Service, Bloomberg

## Dry Bulk Trades/Coal

Asian coking coal declined amid lackluster buying interest and negative steel margins. While Asian thermal coal price continued its rally last week after India government asked state run coal company Coal India to import coal for the first time since 2012 as the nation facing power shortages. The bullish sentiment was further boosted by China taking measures to boost economic activity in hope to return to normality.

Last week, the total coal shipments ramped up 10.2% to 29.7 million tonnes, with shipments from Indonesian to India increased by 3.4% to 3.7 million tonnes and to China recovered to 2.8 million tonnes.

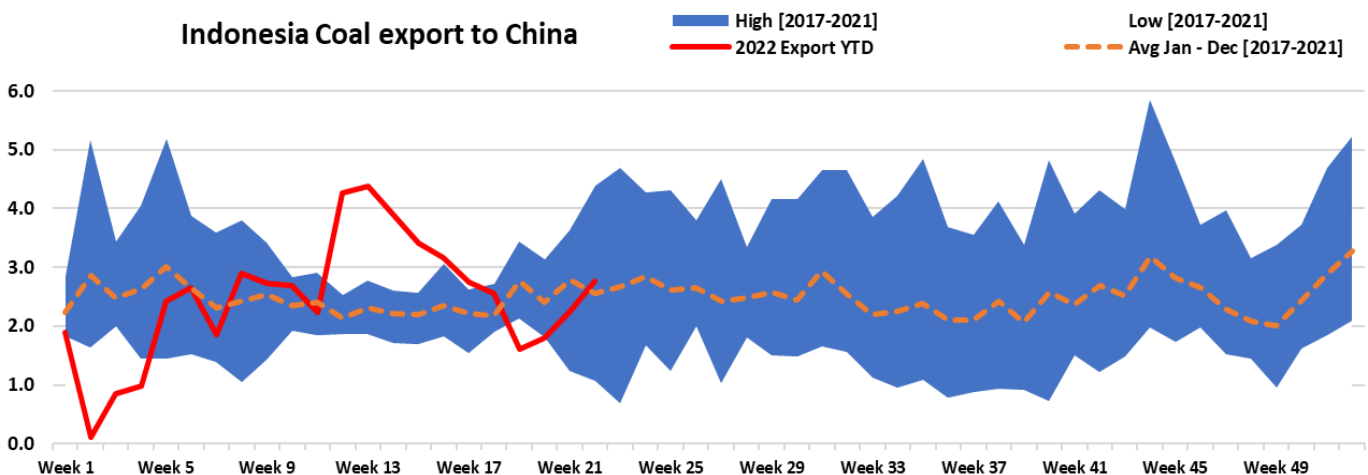
### Dry Bulk Trades/Coal

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
<b>Global</b>	<b>107.3</b>	<b>111.3</b>	<b>286.5</b>	<b>311.7</b>	<b>320.7</b>	<b>307.5</b>	<b>1239.3</b>	<b>1194.9</b>

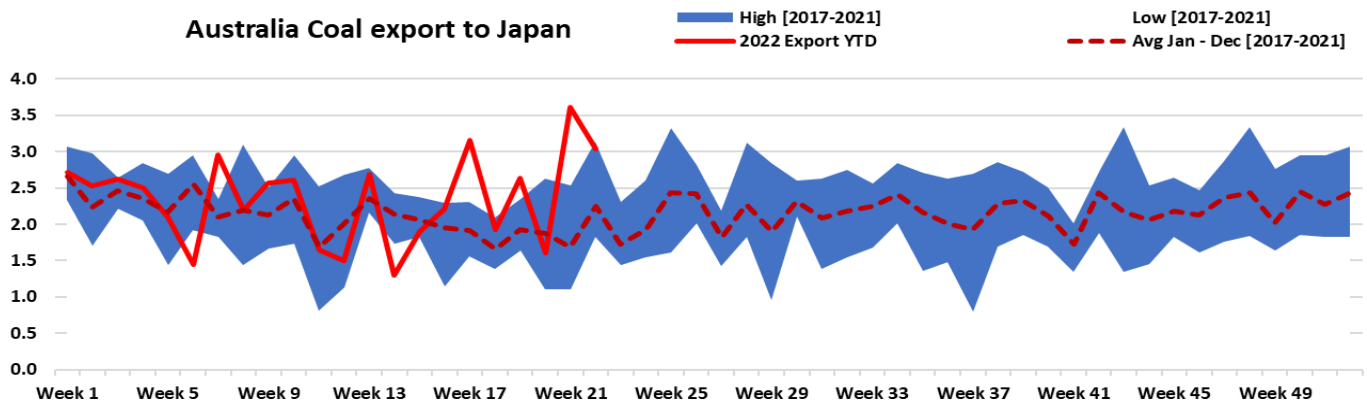
### Coal Key Routes

Coal Key Routes	Coal Export Million mt		
	Last Week	Prev. Week	Chg %
Indonesia-China	2.8	2.2	<b>23.3%</b>
Australia-Japan	3.0	3.6	<b>-15.9%</b>

### 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 continued to firm with market concerns about planting delays due to rainy weather in Northern US, but as various holidays approached, profit taking pulled prices back from highs. Corn prices also managed to finish the week higher despite falling in the earlier part of week from weaker weekly export sales. Meanwhile, wheat rebounded after the US Department of Agriculture (USDA) cut its forecast on US wheat exports by 20% to 20.3 million tonnes. The high volatility persists in grain market as market participants closely monitored the diplomatic effort on opening sea corridor for Ukraine grain shipments.

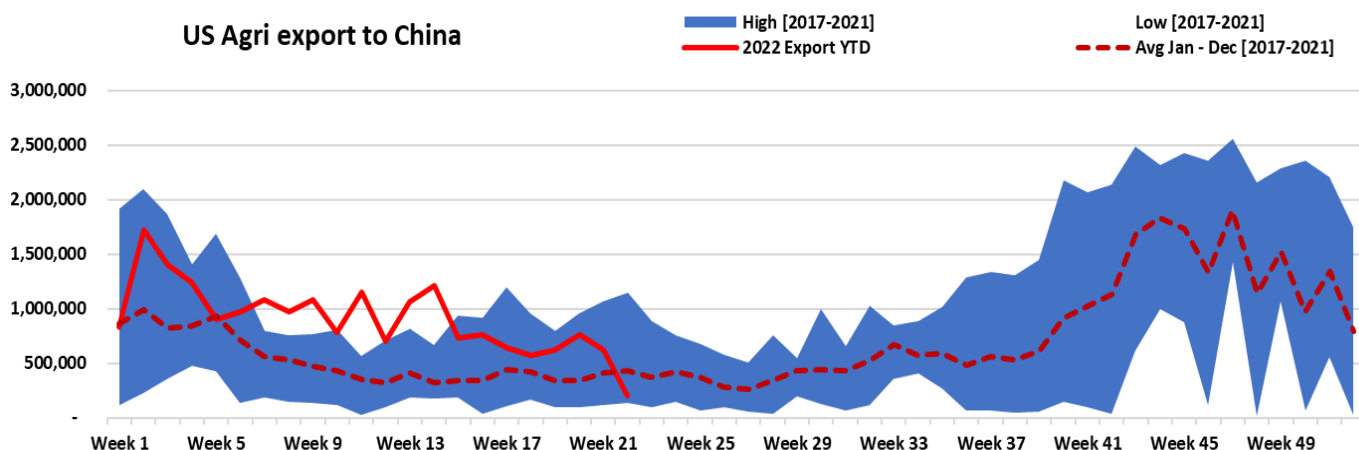
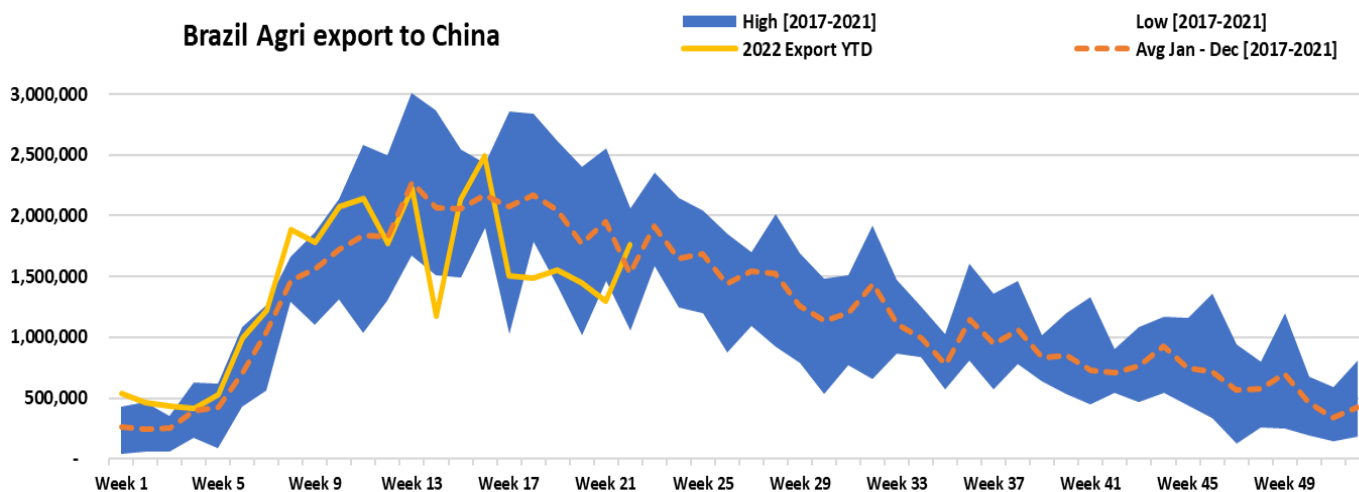
Last week global shipments fell to 10.4 Mmt, according to IHS Markit Commodities at Sea Service. Shipments out from Brazil were reported at 1.76 million tonnes as Brazil shifted away from the seasonal peak. While shipments from US down sharply by 31% to 1.8 million tonnes.

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
<b>Global</b>	<b>52.8</b>	<b>53.2</b>	<b>157.3</b>	<b>159.1</b>	<b>155.2</b>	<b>165.4</b>	<b>639.6</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	1,762.8	1,293.9	36.2%	70.1	70.1	0.1%
US-China	201.1	626.0	-67.9%	81.1	82.1	-1.3%

## Seasonality Charts



Data Source: IHS Markit Commodities at Sea Service, Bloomberg

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