FIS Dry Freight Weekly Report

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

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Market Review:

Followed by the selloff in broader financial markets, dry freight market extended its losses the past week with Cape 5TC being the hardest hit and dropping further below the $20,000 threshold to $17,849 on Tuesday. Unsurprisingly Panamaxes and the smaller vessels also ended down on the week. On the demand sides, coal and grains are expected to remain healthy in the near term, while there are mixed views on iron ore, as exports figures continued to be strong despite China entering its low demand season. However, sentiment was boosted after China eased lockdown measures in major cities this week.

Freight Rate $/day	27-Jun	20-Jun	Changes %	Short Term	Sentiment
Capesize 5TC	19,336	25,138	-23.1%	Neutral to Bearish	-
Panamax 4TC	22,534	24,510	-8.1%	Neutral to Bearish	-
Supramax 10TC	26,832	27,167	-1.2%	Bearish	↓
Handy 7TC	24,014	24,051	-0.2%	Bearish	↓

IHS	Weekly Total Shipments		Iron Ore	Coal	Bauxite	Agribulk	Minor bulk
Capesize	261	+30	167 (+16)	74 (+15)	5 (-8)		
Panamax	366	+9		184 (+15)		84 (-17)	62 (+10)
Supramax	470	-4		85 (-1)		61 (-1)	309 (+1)

Capesize

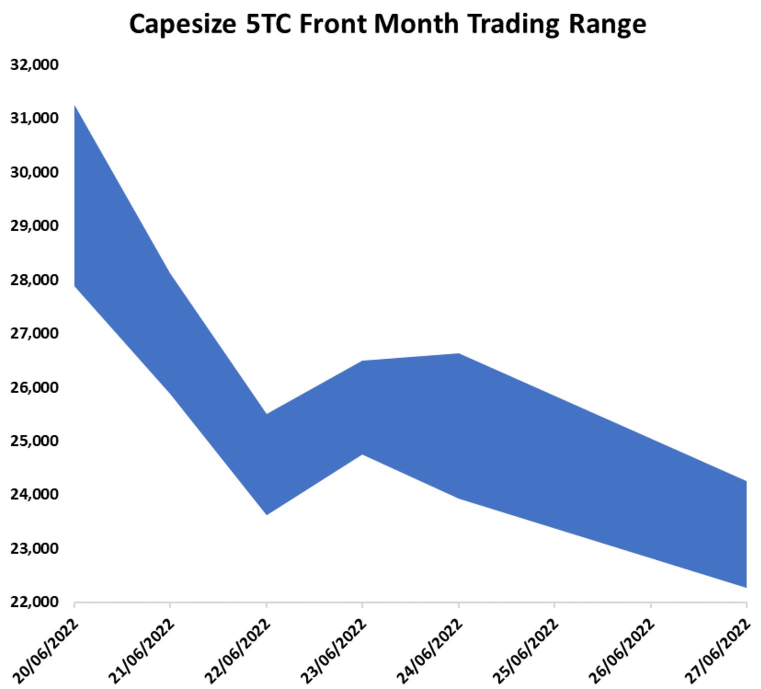


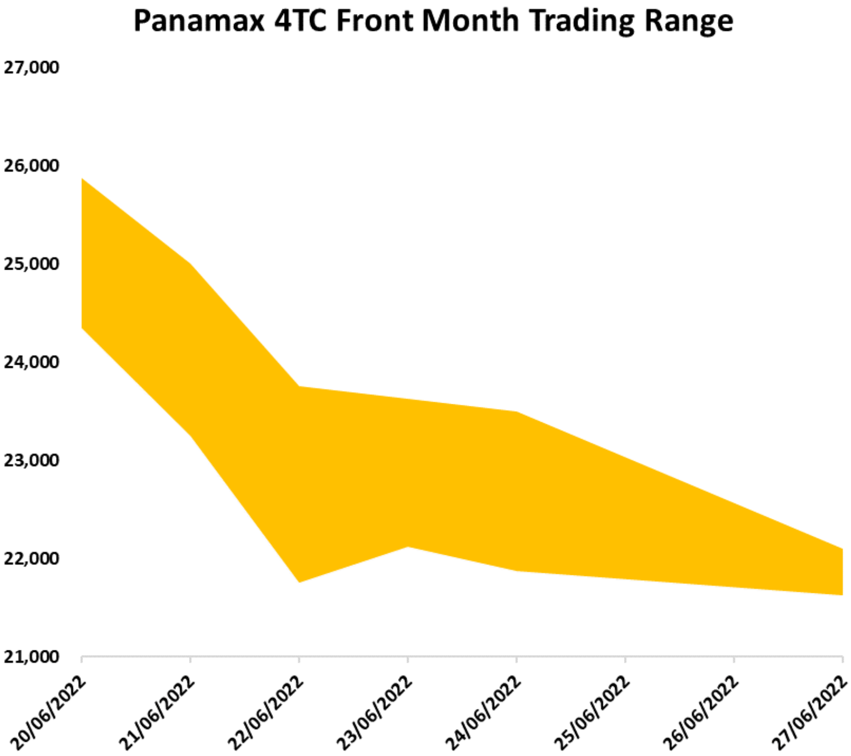
Chart source: FIS Live

Capes gave away all the gains made on Monday and drifted below the $20,000 threshold over the uncertainty from the continuous sell off in iron ore and coal markets. Fundamentally, not much has changed, with the familiar situation of Pacific market providing a market floor, whilst in the Atlantic Brazil iron ore exports recovering to 7.2 million tonnes (+7.5%), data from IHS Markit Commodities at Sea Service showed. However, since there has been no sharp turnover in physical, rates gradually shifted to lower levels as time passed. In the Pacific, exports from Australia came off their peak but remained at the high seasonal levels. The key C5 iron ore route (West Australia to China) fell from $13.15 for 6-9 July loading dates to $11.20 at the mid-week, although rates later rebounded to $11.55 and $11.70 and stayed sideway move on Monday. Market sources said the weakening was due to owners reluctance to ballast out from the Pacific in the face of high bunker costs and tepid demand in Brazil and South Africa. In terms of coal stems, Capes benefited from last week's high coal shipment, trips from Indonesia to Vietnam was fixed at $5.80 for 3-4 July, and to India was fixed from $9.50 to $9.15 for 6-12 July, although demand has slowed down with the onset of monsoon season. In the Atlantic, routes were pressured by vessel supply outweighing demand in the near term, but with potential improvement in August. Moving iron ore on the C3 route from Tubarao to Qingdao fixed mostly at $29 throughout the week for end of July dates, a trip from Acu to Qingdao was fixed above $30 for 19-26 Jul. From West and South Africa, demand decreased from previous weeks thereby fixtures reported to be lower, cargoes from Noadhibou to Qingdao was fixed at $32 for 15-24 July loading dates, and from Saldanha Bay to Qingdao was heard at $21.15. Elsewhere, a coal cargo from Richard Bay to Korea was paid at $28.80 for 16-25 loading dates. In addition, bunker prices weakened further last week, with Sing 380 and 0.5% fuel oil assessed at $561 and $966 respectively on Friday.

The Cape FFA market saw losses across the curve as the index shed $5,802 Monday to Monday. A poor outlook in global commodity and equity markets cast a weighty shadow over the derivatives market. A poor physical outlook slashed indices across the board, with Pacific round voyage in particular being subjected to a 26% drop. Despite an improving picture in the Atlantic later in the week, this did not prevent an overall FFA drop across the week. The July contract moved down $5575/day from $27,875 to $22,300; Q3 from $31,000 to $27,000; and Cal 23 from $19,250 to $18,750.

Short run neutral to bearish

Panamax



Panamaxes opened on a firm note before falling the rest of the week, following the markdown in Capes. Grain activities were reported to be healthy despite exports shrinking in size last week. On the coal runs, there was decent support given by urgent restocking activities from the CJK regions. In the Atlantic, cargos from NCSA redelivery Skaw-Gib were fixed at discount level of $27,500; trips via EC South America redelivery Far East were also fixed lower to $23,000. Although fresh enquiries were heard from US Gulf, little action was completed with interests mostly for Aug dates. As both owners and charters adopted a wait and see approach amid the broader sell off in commodities, a wider gap was created between bids and offers, and as a result activity was thin in the basin. On the other hand, the coal route ex Indonesia was kept busy last week although rates heading lower, Indonesia redelivery to India were heard at $22,000 (-$2,000) for late Jun, and redelivery to South China was dropped from $25k to fixed between $21,000-$22,000. Similarly, Pacific round trips eased from $25,000 to $24,000, rates were heard slipped toward $20k on Monday.

The Panamax FFAs were less affected by the negative winds blowing from the rest of the world’s markets than the larger ships, but it did still post an index fall of $1,976/day across the week. Front months took the brunt of the negative moves, but this did not mean that further dated periods did not also moved downwards, with even the Cal 26 contract posting a weekly drop. The July contract moved down $2,550/day to $21,825; Q3 was down from $24,675, to $22,250. With the current sentiment likely to continue it seems that charterers will be the beneficiary of the current market moves and shape of the forward curve.

Short run neutral to bearish

Chart source: FIS Live

Supramax

Supramaxes closed marginally lower last week as limited activity in the US Gulf, and vessels failing to fix higher in the Pacific due to the missing support from NoPac and Australia. Although grains support from Brazil has lifted the outlook in the Atlantic region, tonnage lists continued to building up in the north. Whilst mineral activities remained flat, a cargo with scrap from UK to East Mediterranean was heard at $18,500 for late Jun dates. In the Asian market, negative sentiment crept in with rates falling from the previous week's level, with a trip for Persian Gulf redelivery Chittagong was heard at $30,000. Coal cargoes from Indonesia to China were fixed at $27,000 although later in the week more subjects were failed to fix higher, while to WC India was paid higher around $36,000. As the peak season for containers approached, it is believed it will lend in some support and limit downside risks.

A fairly flat week for the Supramax FFAs, albeit with some days of notable losses in prompt contracts. Like the other size contracts. the bearish global outlook pressured this market with an overall week-on-week move down on both the index and derivative contracts. The index was down $335/day, with the July FFA down $2,000 to $25,750, Q3 down to $25,500 from $27,750, and Cal 24 moving from $13,250 to $12,975.

Short run bearish

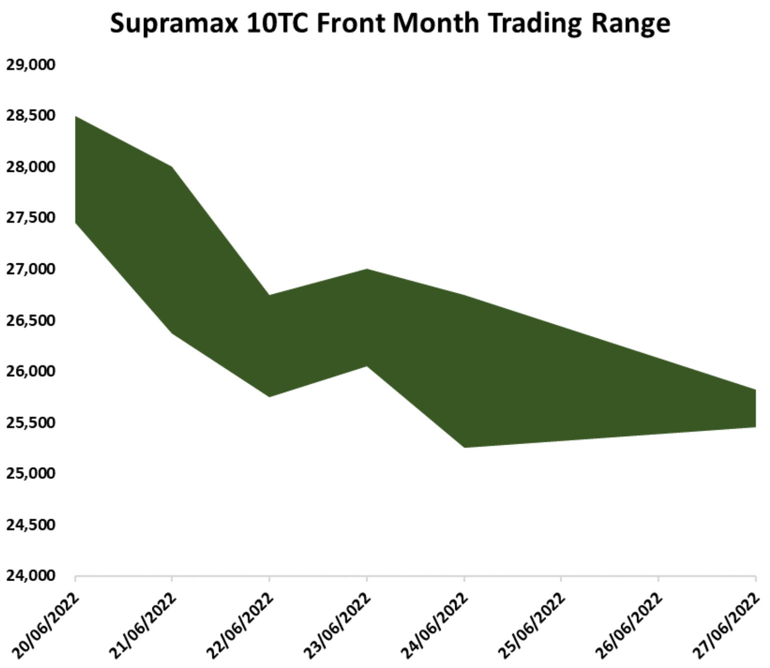


Chart sources: FIS Live

FFA Market

FFAs had a busy week with trading volumes of over 62,100 lots posted on exchanges and both Capes and Panamaxes being traded in large size. Sizeable activity also seen in options with the total of 7,950 lots traded last week. Overall, Capes and Panamaxes traded respectively around 4,000 lots and 3,700 lots per day last week, Supramaxes followed right behind with 1,850 lots traded per day last week. The main actions focus on Jul, Q3'22, Q4'22 and Cal23 contracts. Open interest increased along with falling prices, on 27th June Cape 5TC 174,274 (+7,516 w-o-w), Panamax 4TC 210,432 (+5,186 w-o-w), Supramax 10TC 95,899(+2,065 w-o-w).

FIS

FFA Market Indexes

Freight Rate $/day	27-Jun	20-Jun	Changes %	2022 YTD	2020	2019	2018	2017
Capesize5TC	19,336	25,138	-23.1%	18,072	13,070	18,025	16,529	15,129
Panamax4TC	22,534	24,510	-8.1%	23,595	8,587	11,112	11,654	9,766
Supramax10TC	26,832	27,167	-1.2%	27,008	8,189	9,948	11,487	9,345
Handy7TC	24,014	24,051	-0.2%	25,843	8,003	9,288	8,700	7,636

FFA Market Forward Values

FFA $/day	27-Jun FIS Closing	20-Jun FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2022 Mkt High	2022 Mkt Low
Capesize5TC Jul 22	22,300	27,875	-20.0%	31,250	22,250	42,000	20,000
Capesize5TC Q3 22	27,000	31,000	-12.9%	32,250	27,000	38,750	21,500
Panamax4TC Jul 22	21,825	24,375	-10.5%	26,000	21,250	33,000	16,050
Panamax4TC Q3 22	22,250	24,675	-9.8%	25,750	21,750	30,700	16,050
Supramax10TC Jul 22	25,750	27,750	-7.2%	29,000	25,250	36,000	20,500
Supramax10TC Q3 22	25,500	27,425	-7.0%	28,500	24,000	31,700	19,625

Data Source: FIS Live, Baltic Exchange

Freight Technical View

Capesize

July Futures – on the last report we noted that upside moves that failed at or below USD 35,505 will leave the futures vulnerable to further tests to the downside. The futures traded to a high of USD 32,750 before trading below the USD 26,500 and USD 23,625 support levels, to a low of USD 22,875. Technically we remain bearish with price below all key moving averages supported by the RSI below 50. The intraday RSI is now showing a positive divergence, not a buy signal it does warn that we have the potential for a momentum slowdown. Upside moves that trade above the USD 26,625 resistance will create a higher high in the futures, taking it into bullish territory, however we have trend line resistance at USD 29,437 that we need to be aware of. Technically bearish with key support at USD 21,125, downside moves below this level will have further bearish implications for the technical, the intraday divergence will need to be monitored as a bullish close will warn resistance levels could be tested.

Panamax

July Futures – The futures traded below our key USD 22,750 support last week which was the base of the last dominant bull wave that started on the 25/02/22, the downside breakout warns we have the potential for further downside within this move. Upside moves that fail at or below USD 25,215 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Our intraday Elliott would suggest that upside moves should be considered as countertrend, implying upside resistance levels should hold if tested; near-term support is at USD 21,550 with further support at USD 20,078 and USD 18,825.

Supramax

July Futures – having held the USD 26,750 support the futures failed to trade above the USD 29,721 resistance (High USD 29,500), leaving the technical vulnerable to further tests to the downside. The futures traded below our key support at 26,750, warning there is further downside within this move. Upside moves that fail at or below USD 28,055 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Intraday Elliott wave analysis is bearish, suggesting upside resistance levels should hold if tested. Near-term support is at USD 25,215 with further support at USD 24,096 and USD 22,625.

Chart source: Jul 22 Cape 5TC from Bloomberg

Capesize July 22 Morning Technical Comment – 240 Min

Dry Bulk Trades/Iron Ore

Iron ore made its way back to $125 after China reiterated that economic targets can be achieved this year. Furthermore, China reported no new cases in Shanghai for the first time since March, and falling cases in Beijing, followed by plans of reopening schools and businesses. In the Chinese domestic market, steel prices led the ferrous pack to close higher early this week. The optimism of a recovering economy was seen elsewhere, Citi group cited in a note that iron ore prices could move up to $140 in three months. However, on the industrial data side, steel inventory levels jumped 10.7% to 20.5 million tonnes in mid Jun among the surveyed 137 steel mills by Mysteel. Meanwhile, rebar production was down 174,300 tonnes per day to 2.88 million tonnes during 16- 22 Jun, with sales price falling in the domestic market. In addition, world crude steel production in May decreased by 3.5% YoY to 169.5 million tonnes. The top producer China produced 96.6 million tonnes last month, down 3.6% MoM and 8.7% YoY, while India, as the second largest producer, produced about 10.6 million tonnes, up 17.3% MoM and 6.5% YoY, according to the World Steel Association.

Last week total iron ore shipments edged lower to 32.1 million tonnes, with higher than seasonal exports generated from Australian producers. As the charts below show, last week's shipments from Brazil to China were slightly below the seasonal average, while the same destination from Australia stayed at the top end of the seasonal range.

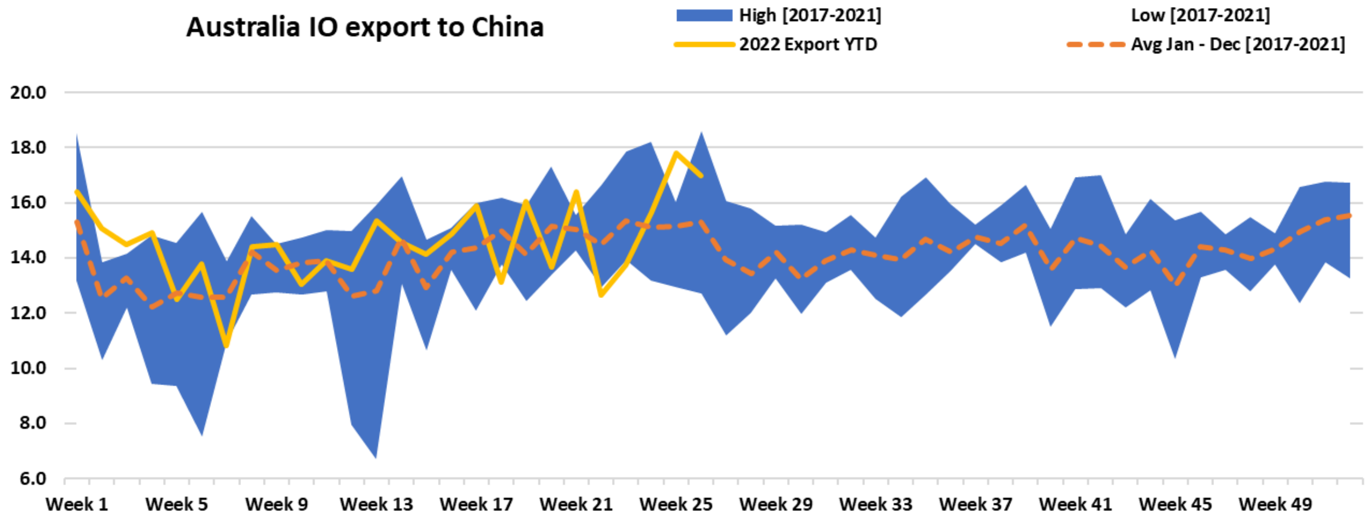
Dry Bulk Trades/Iron Ore

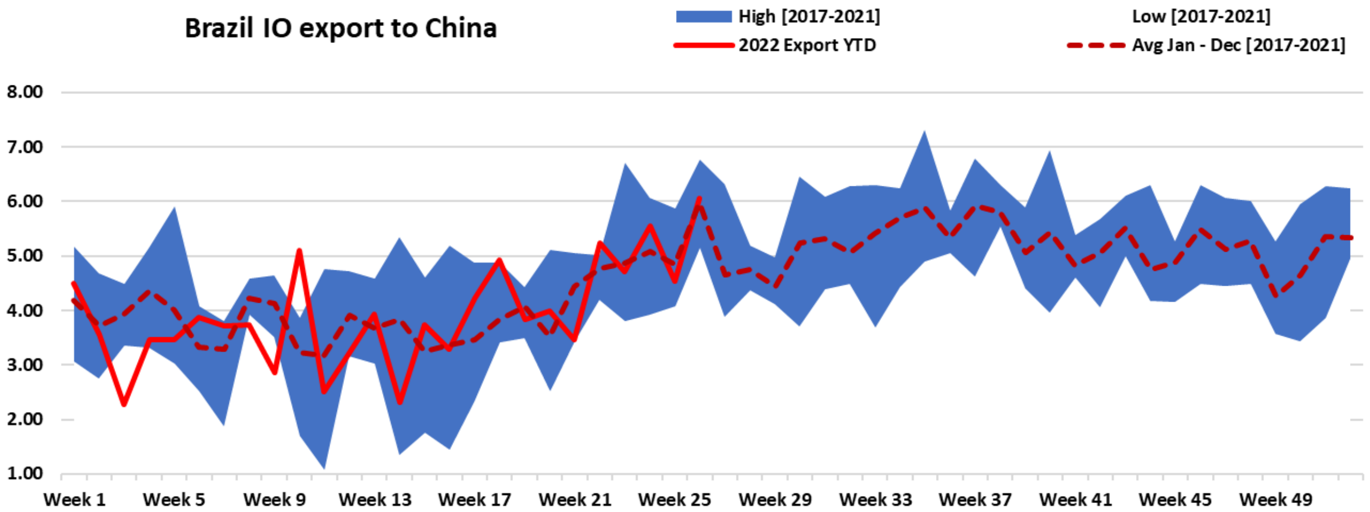
Export (million tonnes)	May-22	Apr-22	Q1-22	Q4-21	Q3-21	Q2-21	2021	2020
Australia	77.4	74.3	219.1	236.1	233.9	235.4	922.9	922.4
Brazil	27.9	24.8	68.9	91.1	97.9	84.9	350.4	336.6
South Africa	5.4	4.9	14.9	15.1	15.1	13.9	57.8	56.0
India	2.2	2.9	7.7	2.1	5.3	14.4	39.0	50.8
Canada	4.3	4.7	11.7	15.0	18.1	11.3	57.3	58.1
Others	15.0	13.3	45.3	53.5	48.8	51.2	196.4	179.7
Global	**132.2**	**124.9**	**367.6**	**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	17.2	17.8	-3.5%	12.06	12.71	-5.1%
Brazil-China	5.3	4.5	18.0%	30.97	31.95	-3.1%

Seasonality Charts





Data Source: IHS Markit Commodities at Sea Service, Bloomberg

Dry Bulk Trades/Coal

The benchmark Newcastle coal August contract moved up $7 to close at $368 on Monday on the back off robust demand. Last week, Japan and South Korean were busy stocking in preparation of early arrived summer. Hotter weather was reported in north and central China, therefore pushing coal demand to a new high. Last week, total coal shipment was up 15.5% to 29.7 million tonnes, with demand from China increasing 20.6% to 5.4 million tonnes. Elsewhere, JKM imported around 10.2 Mmt as the highest level this year, up 31.2% w-o-w. On the supply side, Australian exports continued to be strong with 9.4 million tonnes on top of the sharp rebound in previous week, against 9.2 million tonnes exports from Indonesia.

Indian coal imports are broadly expected to surge in the next quarter, according to IHS forecast that Q2 exports will hit a total of 69.4 million tonnes, up 13% YoY, with 51.2 million tonnes of thermal coal and 18.2 million tonnes among the total.

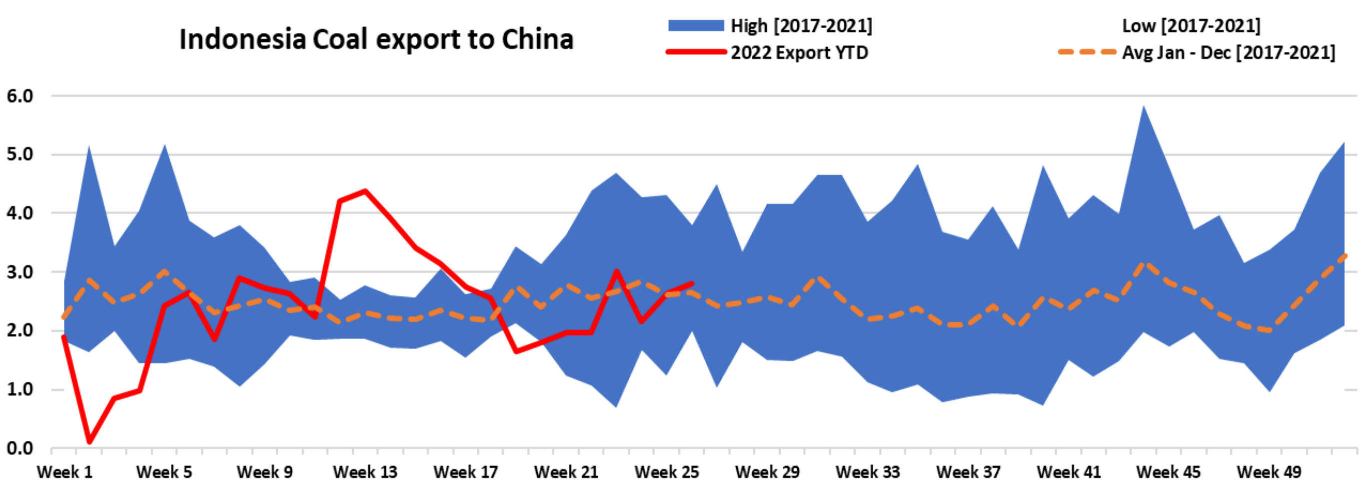
Dry Bulk Trades/Coal

Export (million tonnes)	May-22	Apr-22	Q1-22	Q4-21	Q3-21	Q2-21	2021	2020
Indonesia	39.0	39.7	89.0	106.7	109.6	101.2	418.3	377.0
Australia	31.0	27.1	84.6	90.8	97.2	93.4	369.1	376.1
Russia	16.8	14.9	41.2	40.8	44.4	45.3	174.3	178.4
USA	6.4	6.1	18.1	17.9	16.0	18.0	69.5	56.0
Colombia	4.8	5.1	16.1	15.9	15.5	14.6	61.4	58.6
South Africa	4.3	4.5	14.3	17.1	14.0	15.2	60.9	72.8
Others	8.7	7.4	25.1	22.7	24.0	19.8	85.8	75.9
Global	**111.1**	**104.9**	**288.3**	**311.7**	**320.7**	**307.5**	**1239.3**	**1194.9**

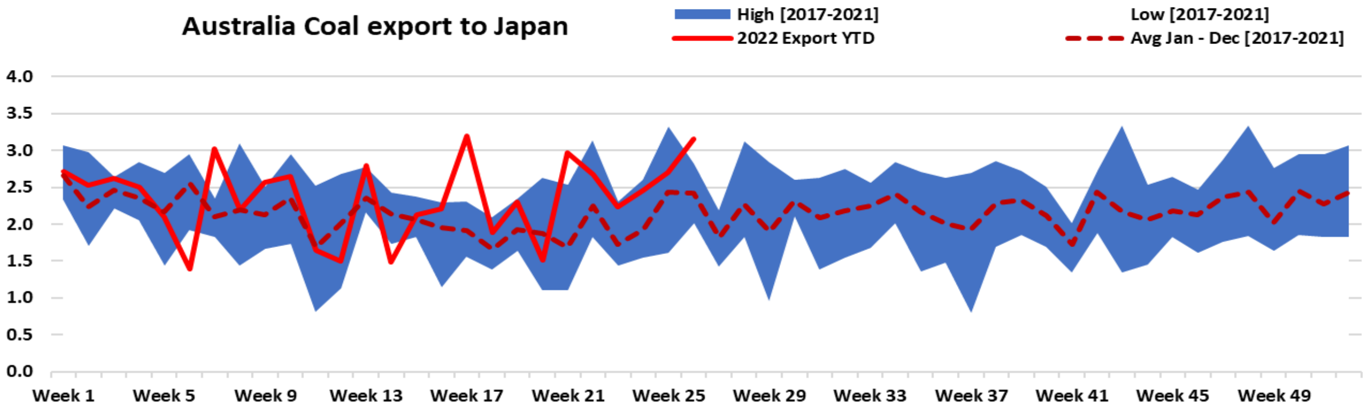
Coal Key Routes

Coal Key Routes	Coal Export Million mt		
Coal Export Million mt	Last Week	Prev. Week	Chg %
Indonesia-China	2.8	2.6	**6.9%**
Australia-Japan	3.2	2.7	**16.9%**

Seasonality Charts



Data Source: IHS Markit Commodities at Sea Service, Bloomberg



Data Sources: IHS Markit Commodities at Sea Service, Bloomberg

Dry Bulk Trades/Agri

Grains futures rebounded a touch on Friday after a four-day sell off. Soybeans and corn pulled back some of the losses on Friday as a heatwave may arrive early in US and parts of Europe threatening crop yields. Wheat futures dropped over 10% amid the uncertainty despite receiving support from higher-than-expected export sale data of 477,800 tonnes, data from USDA reports. However, wheat futures were pressured by the winter harvest accelerating in the Southern U.S. and Western Europe.

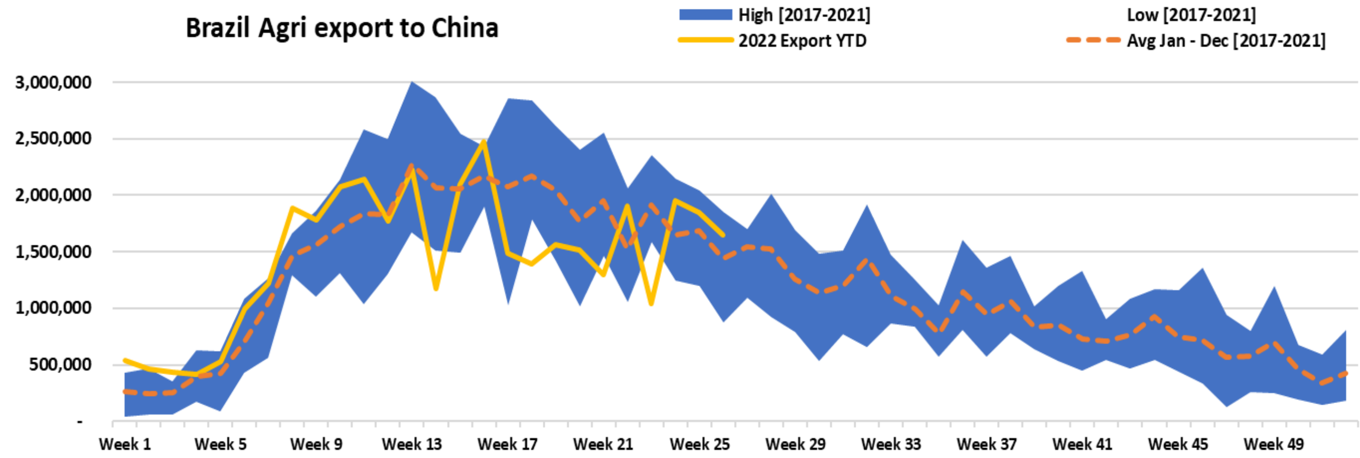
Last week global gains shipments dropped by 18.5% to 9.6 million tonnes, according to IHS Markit Commodities at Sea Service. Total shipments out from Brazil were reported at 3.5 million tonnes, down 22.0% w-o-w. On the other hand, shipments from US continued to drop, last week down 14% to 1.7 million tonnes.

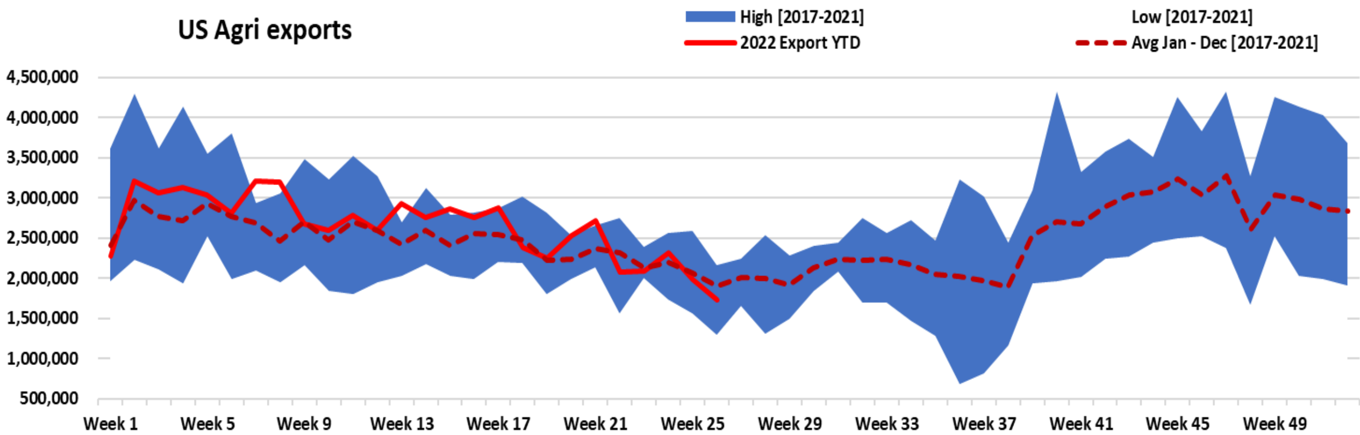
Export (million tonnes)	May-22	Apr-22	Q1-22	Q4-21	Q3-21	Q2-21	2021	2020
Brazil	16.3	16.3	40.5	28.9	43.3	52.7	158.1	170.8
USA	10.4	11.7	37.6	43.2	21.6	32.5	141.4	141.4
Argentina	9.4	8.6	16.6	17.9	24.3	25.6	85.7	79.1
Ukraine	0.0	0.0	12.1	19.2	15.3	8.7	53.9	51.5
Canada	2.6	2.1	6.2	10.5	7.6	11.7	42.5	50.8
Russia	1.4	2.0	5.0	7.4	10.6	5.0	30.4	35.1
Australia	3.9	4.0	13.2	9.0	8.6	11.2	41.1	20.2
Others	7.9	8.4	26.4	23.0	23.9	17.9	86.4	71.5
Global	**51.9**	**53.0**	**157.6**	**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	1,645.1	1,851.8	-11.2%	69.4	69.9	-0.7%
US-China	0.0	142.8	-100.0%	77.6	77.9	-0.4%

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