FIS Dry Freight Weekly Report

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Market Review:

The dry freight market continued its downward trend last week amid a short-term supply outlook exceeding demand. On top of that, the lasted Chinese economic data has dampened investor confidence in recovering demand in Q3. Capesizes were under pressure and lost over 25% of their value over a week, while the smaller vessels also posted sizeable losses.

Freight Rate $/day	15-Aug	8-Aug	Changes %	Short Term	Sentiment
Capesize 5TC	9,104	12,152	-25.1%	Neutral	-
Panamax 4TC	15,631	16,288	-4.0%	Neutral to Bearish	↘
Supramax 10TC	17,678	18,377	-3.8%	Bearish	↓
Handy 7TC	17,458	18,783	-7.1%	Bearish	↓

IHS	Weekly Total Shipments		Iron Ore	Coal	Bauxite	Agribulk	Minor bulk
Capesize	221	-11	152 (-2)	47 (-11)	8 (-4)		
Panamax	371	+15		188 (+22)		76 (-21)	77 (+18)
Supramax	445	-18		84 (-11)		56 (-4)	287 (-6)

Capesize

After several attempts to move higher, Cape Time charter rates plunged to sub $9,000, their lowest level since January this year. Not much has changed fundamentally with the outlook of tonnage oversupply in the Pacific region and sluggish activity in the Atlantic. However, owners aggressively offered lower on the back of no sign of market support. Last week, Brazil exported iron ore improved by 13% to around 7 million tonnes. Still, volumes from Australia came off their previous high, resulting in a lower weekly total of iron ore exports. On the fixture side, rates rebounded briefly before falling to six-month lows. The key C5 iron ore route (West Australia to China) was fixed between $8.75-$8.80 for 21-24 Aug laycan post-Singapore holiday and held firm before falling sharply to sub $8.15 on Friday and then to a low of $7.50 heard yesterday. The market sentiment was further eroded by slow demand from other key regions with only so much support the Pacific basin could provide with export volumes remaining above the seasonal high levels. In the Atlantic, moving iron ore on the C3 route from Tubarao to Qingdao was heard at $21.50 for end Aug dates, and then at $20.50 for 1-10 Sept before the weekend. Out of South Africa, rates dropped from the low $15s to $13.90 on the Saldanha Bay to Qingdao route. It surprised many that Capes got heavily hit from this week's opening, but some said the bottom had not yet been reached, considering the time needed to absorb the long ballast list around Brazil. In addition, the lower-than-expected pace of the Chinese economic recovery and no significant turnaround in steel demand has pressured the underlying iron ore market. Elsewhere, global oil prices ticked up last week, with Singapore 380 and 0.5% fuel oil assessed at $509 and $712 respectively on Monday.

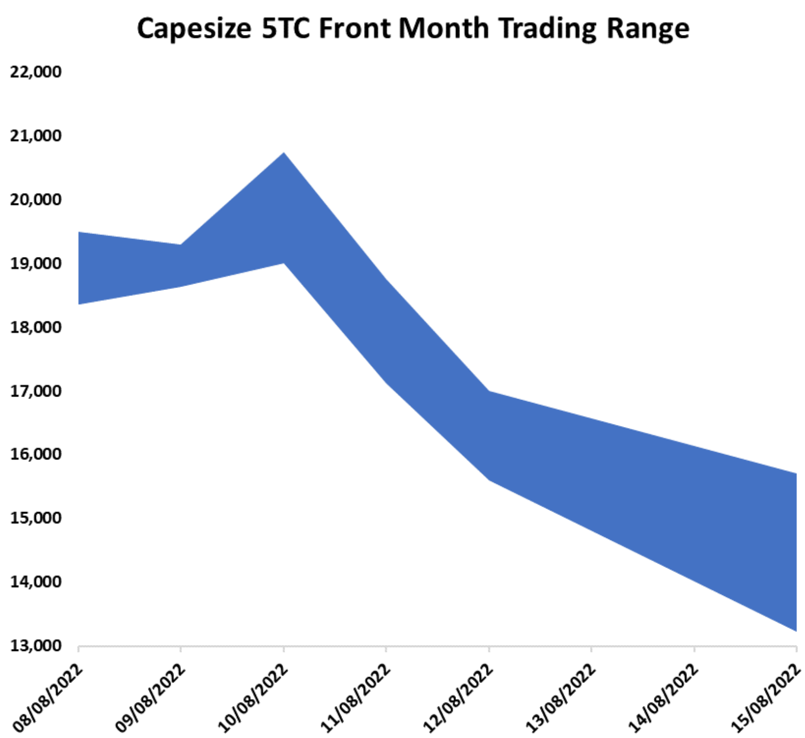
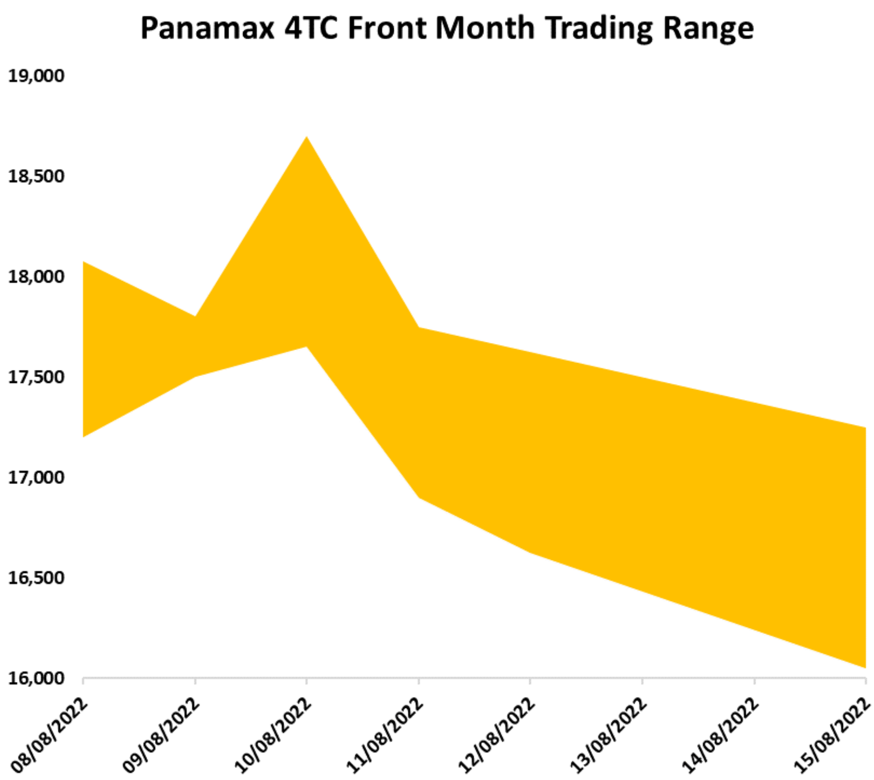


Chart source: FIS Live

The losses week on week continued in the Cape FFA market as the spot index dropped below the $10,000/day mark. The market had started the week on a more positive note, especially on the Q4 contract, with rates hitting a week high on Wednesday with the September contract at $19,250/day, Q4 $19,925, and Cal 23 $16,250. The abrupt death of the Pacific market triggered a sea of red across the board for the rest of the reporting week. The front months suffered heavily over three days of losses that knocked down the September contract to $13,375, Q4 to $16,500, and Cal 23 to $14,563.

Short run neutral

Panamax



Panamaxes continued to ease due to multiple holidays depressing market activities. In the Atlantic, rates fell amid thin grains selling and a growing tonnage list. Regarding fixtures, cargos with grains from the US Gulf redelivery Sing/Japan edged up to $26,000 after owners showed more resistance, while via NC South America delivery Skaw/Gib was fixed at $21,000. In the South, trips via EC South America and redelivery to Sing/Japan were heard at a lower rate of $17,600 for the end of Aug dates. The Asian market, on the other hand, was well supported by increased coal demand from JKM and India pushing up rates. Coal cargoes via Indonesia redelivery to S. China were fixed higher at $14,000 before lifting to $17,000 as the week progressed. The NoPac round trips to Sing-Japan were heard at $15,500, and to S. Korea was fixed between $16,500 – 17,500. A trip via Australia redelivery to India was paid at a $4k premium between $17,500 – 18,500. Volume-wise, coal demand again proved strong last week, with high export figures from Indonesia and Australia. Moreover, the Indonesian coal export ban has not yet shown much impact on levels. A market source says that major producers have met their obligations in the domestic market, with smaller producers more impacted by the measures. On the mineral side, shipments were healthy with a weekly 30% volume increase, although rates stayed at a discount. However, the bearish sentiment persisted in Cape, and declining grains shipments capped Panamax rates.

The Panamax paper market sustained the negative sentiment from the Cape market well, with only modest losses across the reporting week. There was a Christmas-like quiet in the market early on and largely rangebound trading for much of the week, with bids showing their hand early on to nudge upmarket, but the sellers taking over for the end of the week. The September contract started the week at $17,375/day moving down to $16,125, Q4 $17,450 to $16,850, and Cal 23 from $13,150 up to $13,275.

Short run neutral to bearish

Chart source: FIS Live

Supramax

Due to many market participants being away for a holiday and limited enquires from key areas, Supramaxes fell below $18,000 last week. It witnessed similar scenes to previous weeks, with demand for coal and minerals providing support to rates, but negative sentiment persisted in the Atlantic region. Out of the US Gulf, cargos of petcoke to India and China were fixed at $22,000 and $23,750, respectively. And a scrap run from USEC to Turkey was heard at $23,000. As Brazil passed its peak grains season, the total shipments would understandably drift lower for the remainder of this year, with a trip via Santos redelivery Algeria fixed at $29,000. On the flip side, excitement remained for the Asian side as all headlines were about the energy crisis and coal; however, despite the weekly coal shipment by Supramaxes remaining stable, rates did soften. Trips from Indonesia to China were fixed at around $16,000 (-1k), while via Australia to India was at $21,000. Elsewhere, a nickel cargo from the Philippines to China was heard at $18,000.

The Supramax FFA market managed to weather the storm of the other vessel sizes to end the reporting week up across most contract periods. The market defied the index, dropping from $18,377 to $17,678 as the early part of the week saw positive moves across all Dry FFA markets. Later in the week saw some limited losses, with most contracts losing $100-500 across two days before a reprieve on Friday and Monday, with levels recovering to and exceeding week start levels

Short run bearish

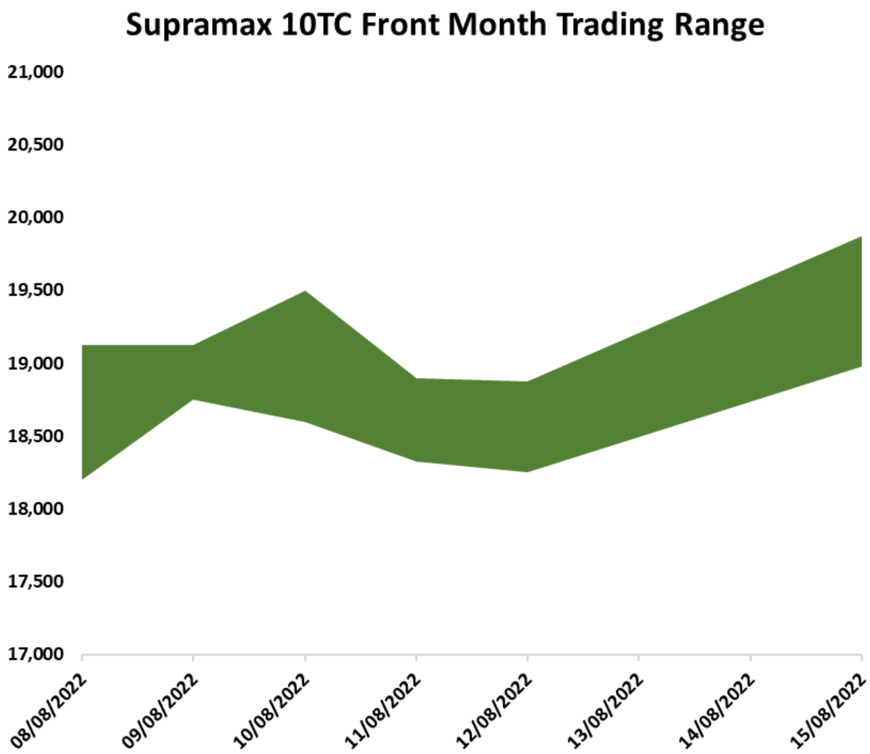


Chart sources: FIS Live

FFA Market

Due to a Singapore holiday last Tuesday, FFAs had a less busy week with trading volumes of around 35,600 lots posted on exchanges, as activities were impacted on all vessels sizes. Similarly on the Options, only 2,780 lots was traded last week. Overall, Capes and Panamaxes traded around 2,460 lots and 2,380 lots per day last week; Supramaxes followed right behind with 1,390 lots traded per day last week. Main actions focus on Aug, Sep, Q4’22 and Cal23 contracts. Open interest increased along with falling prices, on 15th Aug Cape 5TC 167,016 (+4,482 w-o-w), Panamax 4TC 189,272 (+2,222 w-o-w), Supramax 10TC 877,65 (+1,190 w-o-w).

FFA Market Indexes

Freight Rate $/day	15-Aug	8-Aug	Changes %	2022 YTD	2020	2019	2018	2017
Capesize5TC	9,104	12,152	-25.1%	18,011	13,070	18,025	16,529	15,129
Panamax4TC	15,631	16,288	-4.0%	22,246	8,587	11,112	11,654	9,766
Supramax10TC	17,678	18,377	-3.8%	25,890	8,189	9,948	11,487	9,345
Handy7TC	17,458	18,783	-7.1%	24,739	8,003	9,288	8,700	7,636

FFA Market Forward Values

FFA $/day	15-Aug FIS Closing	8-Aug FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2022 Mkt High	2022 Mkt Low
Capesize5TC Aug 22	10,375	13,750	-24.5%	15,250	10,250	39,250	10,250
Capesize5TC Q4 22	16,500	19,250	-14.3%	20,500	16,500	36,500	16,000
Panamax4TC Aug 22	15,500	16,375	-5.3%	17,500	15,500	30,700	15,500
Panamax4TC Q4 22	16,850	17,450	-3.4%	18,500	16,700	30,700	16,050
Supramax10TC Aug 22	18,875	18,750	0.7%	19,500	18,525	31,850	15,750
Supramax10TC Q4 22	17,800	17,800	0.0%	18,650	17,500	30,500	15,750

Data Source: FIS Live, Baltic Exchange

Freight Technical View

Capesize

September Futures – Technically bearish last week but moving higher on a positive divergence. The futures failed to trade above the USD 25,655 resistance resulting in price trading to a low of USD 13,750. The positive divergence on the daily technical has now failed, warning the USD 11,625 support could be tested. Upside moves that fail at or below USD 18,370 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 20,750 is the intraday technical considered to be bullish. Technically bearish the futures rejected the resistance area noted in the on the technical report last week (10/), the divergence is now failing on the daily chart. We do have a minor divergence on the 240 min intraday chart, if this fails the probability of the futures trading down to the USD 11,625 – USD 11,415 support zone will increase.

Panamax

September Futures – Technically bearish but not considered a technical sell last week with upside moves considered as countertrend, the futures traded up from USD 17,300 to a high of USD 18,700 before trading lower again. The futures are now testing the USD 16,500 low, if broken it would suggest we are seeing a wave 5 extension, meaning we have a potential downside target based on the William's approach at USD 11,752. However, a new low will mean the minimum requirement for wave/phase completion will have been met due to the futures creating a positive divergence with the RSI. Upside moves that fail at or below USD 25,657 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Technically bearish, USD 16,500 is the key near-term support (currently trading USD 16,625), downside moves below this level will have bearish implication in the near-term, but the divergence will need to be monitored.

Supramax

September futures – Technically bearish last week with upside moves considered to be countertrend, the futures have traded to a high of USD 19,925. Upside moves that fail at or below USD 22,120 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 24,600 will it confirm that the futures have entered a higher timeframe wave 4. Our intraday Elliott wave analysis continues to suggest that the upside move is potentially countertrend at this point. Downside moves below USD 18,250 will warn the USD 17,500 low is likely to come under pressure. Bearish but momentum is currently to the buyside with key resistance at USD 22,120.

Chart source: Bloomberg

Dry Bulk Trades/Iron Ore

After a modest gain last week, a softer tone reappeared for the iron ore market this week which dragged prices down to near \$106. Market participants were concerned about the pace of the Chinese economic recovery following depressed industrial output and slower investment growth last month. According to the data released from The National Bureau of Statistics (NBS) today, China's pig iron output declined 4.5% YoY to 510.9 million tonnes over Jan – July. During the same period, crude steel output was down 6.4% to 609.3 million tonnes. Furthermore, the growth of fixed asset investments was only 5.7% in July vs the estimates of 6.2% and the June figure of 6.1%. On the other hand, The People's Bank of China (PBOC) announced an interest rate cut on the one-year medium term loan, which was lowered to 2.75% from 2.85%, in an effort to increase market liquidity. Other than that, steel demand from end users has improved for another week since both rebar and HRC inventories were on the decline. As steel margins returned to positive levels for some steel mills, more steel mills gradually resumed operations to lift output before the peak demand season. According to a Mysteel survey of over 247 Chinese steel mills, blast furnace operation rates were up 3.54% w-o-w to 76.2%. Capacity utilisation rates also improved for a second week, edging up 1.6% w-o-w to 81.2% over 5 – 11 Aug.

Last week total iron ore shipments ticked lower to 31.2 million tonnes, with exports generated from Australian retreating to 17.7 million tonnes, down 9% from the previous week. For the other top exporter, Brazil volume has improved last week but still ample upper room to go, with a total volumes of 7.0 million tonnes, up 13% w-o-w. As the charts below show, last week's shipments from Brazil to China was still below the seasonal average after a straight fall last week, while exports from Australia to China remained above the seasonal high and stood at around 15.4 million tonnes.

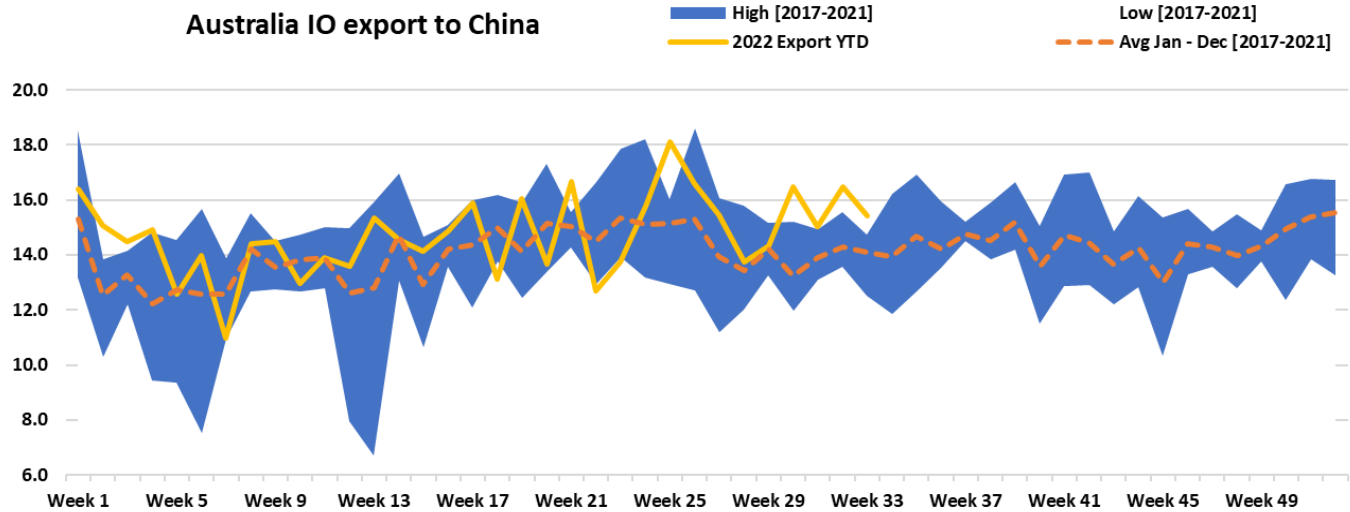
Dry Bulk Trades/Iron Ore

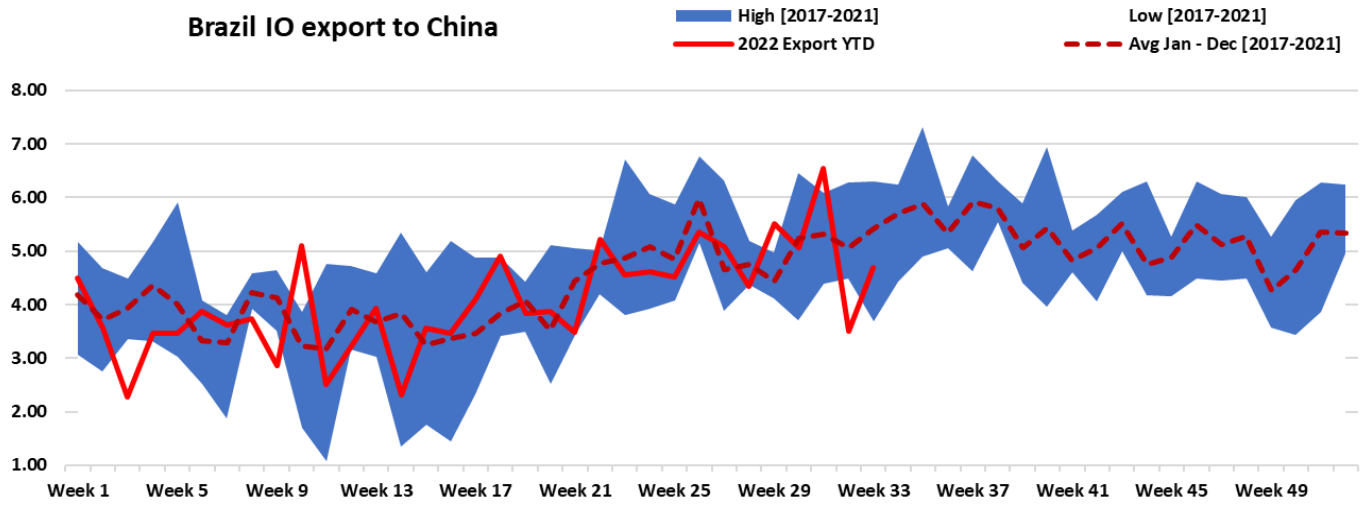
Export (million tonnes)	Jul-22	Jun-22	Q2-22	Q1-22	Q4-21	Q3-21	2021	2020
Australia	77.8	82.9	234.9	219.2	236.1	233.9	922.9	922.4
Brazil	32.4	29.6	81.9	69.5	91.1	97.8	350.3	336.6
South Africa	5.3	5.4	15.9	14.7	15.5	15.3	59.6	56.0
India	0.8	0.6	5.4	7.5	2.0	4.9	37.7	50.8
Canada	4.8	4.5	13.4	11.7	15.0	18.1	57.1	58.1
Others	13.2	13.5	40.9	44.7	51.2	46.9	190.7	179.7
Global	**134.4**	**136.4**	**392.5**	**367.1**	**410.8**	**417.0**	**1618.4**	**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	15.4	16.5	-6.5%	8.41	8.69	-3.2%
Brazil-China	4.7	3.5	34.0%	21.66	23.94	-9.5%

Seasonality Charts





Data Source: IHS Markit Commodities at Sea Service, Bloomberg

Dry Bulk Trades/Coal

Coal shipment last week was at the steady range of around 27.1 million tonnes (+13.6% w-o-w). The push up was mainly driven by the Australian coal exports, which rebounded sharply to 8.3 million tonnes and returned the previous high level, with record demand from the JKT regions increased by 77% to 5.8 million tonnes as well as notable increase from India and SE Asia. While coal supply from Indonesia remained high at 10.2 million tonnes coal exports last week, w-o-w up 7.4%. Exports to China hit 4.3 million tonnes last week, the second highest weekly volume this year.

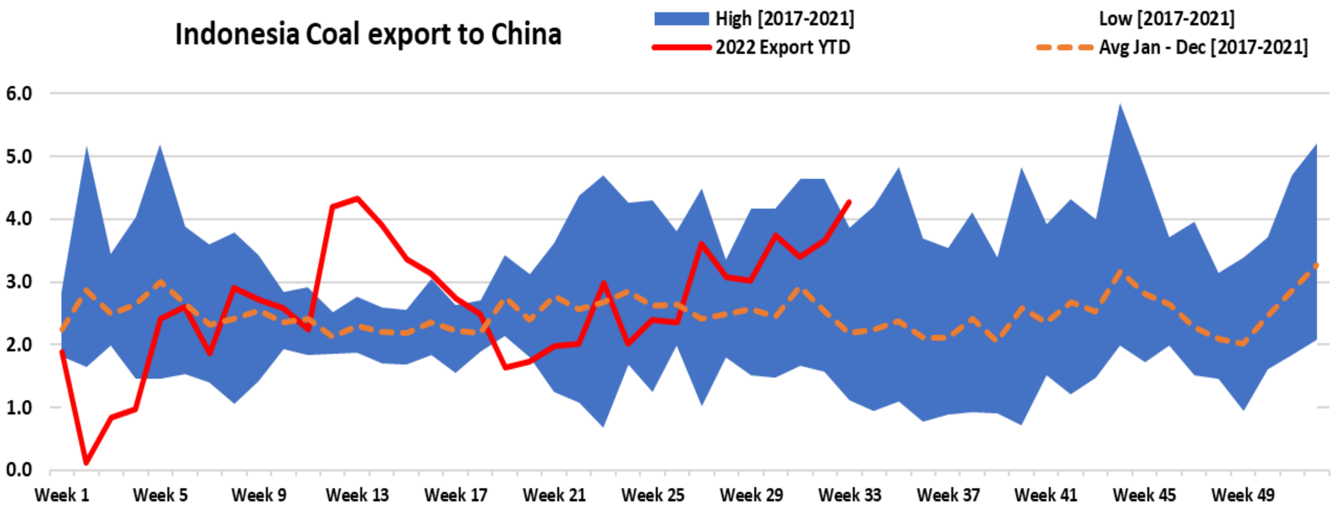
Dry Bulk Trades/Coal

Export (million tonnes)	Jun-22	May-22	Q2-22	Q1-22	Q4-21	Q3-21	2021	2020
Indonesia	44.0	40.1	118.6	88.6	106.0	109.3	416.8	377.0
Australia	24.3	33.0	90.8	84.5	90.8	97.0	368.8	376.1
Russia	17.3	18.4	50.4	41.2	40.8	44.1	173.5	178.4
USA	6.8	7.1	19.3	17.6	17.7	15.8	68.9	56.0
Colombia	4.6	4.4	14.3	16.0	15.8	15.5	61.1	58.6
South Africa	4.3	4.5	13.3	14.4	17.1	14.0	61.0	72.8
Others	9.5	8.2	24.5	25.2	25.3	26.9	93.9	75.9
Global	**110.9**	**115.6**	**331.3**	**287.4**	**313.5**	**322.7**	**1244.1**	**1194.9**

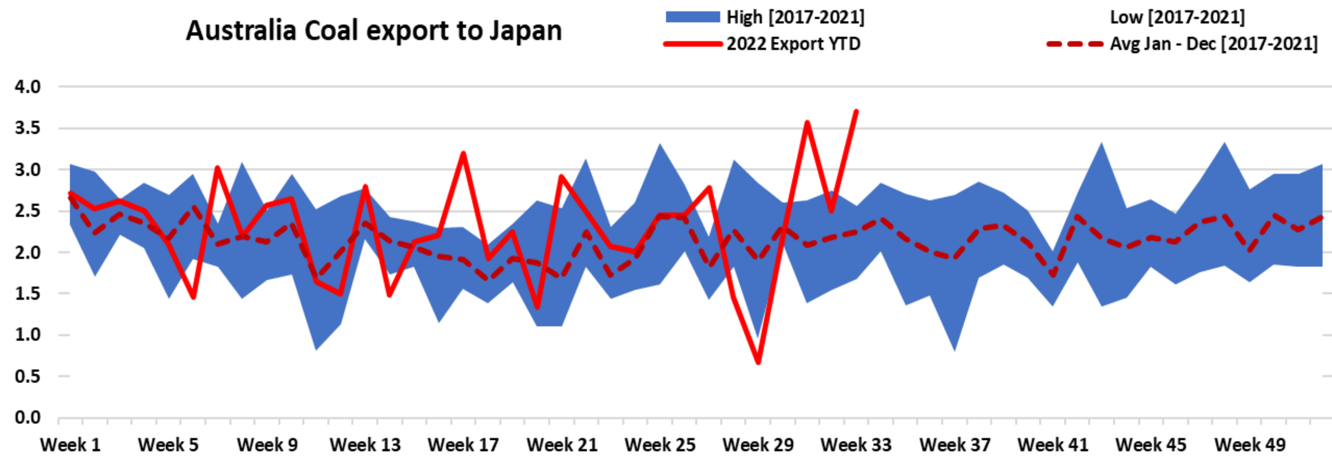
Coal Key Routes

Coal Key Routes	Coal Export Million mt		
Coal Export Million mt	Last Week	Prev. Week	Chg %
Indonesia-China	4.3	3.7	16.4%
Australia-Japan	3.7	2.5	48.0%

Seasonality Charts



Data Source: IHS Markit Commodities at Sea Service, Bloomberg



Data Sources: IHS Markit Commodities at Sea Service, Bloomberg

Dry Bulk Trades/Agri

Global grains prices closed the week higher as the concerns over inflation dampening demand eased. Soybeans took back all the losses from the previous week, despite a higher production forecast of 4.53 billion bushels cited in the USDA monthly report. Corn edged up after its yield forecast was cut to 175.4 bushels/acre from the previous 177 b/a. Wheat futures also ended the week with gains over falling Russian exports. On Monday, grains prices dropped again following the retreat in the oil markets.

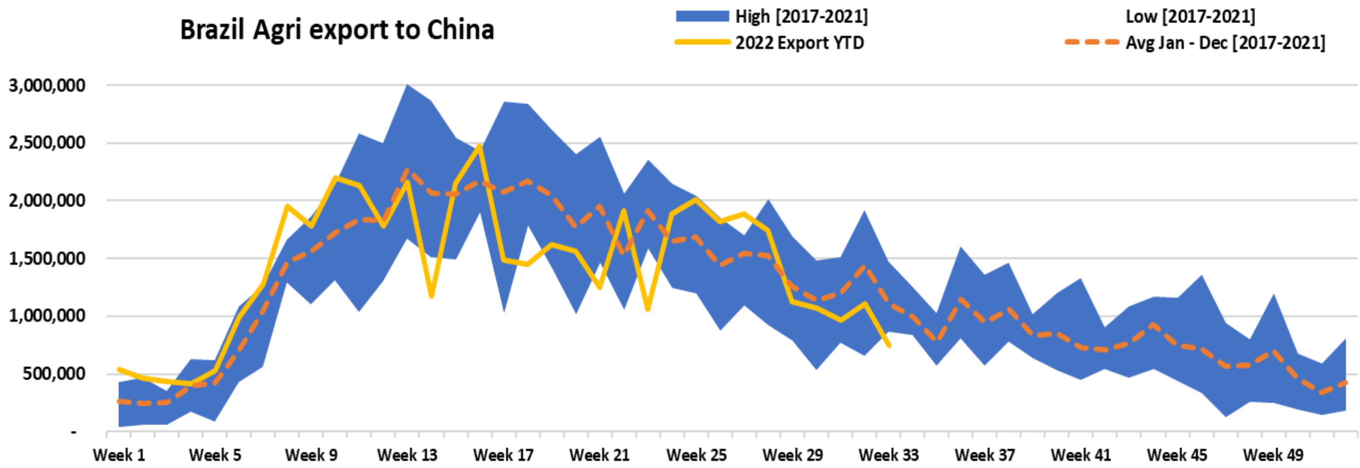
Total shipments out from Brazil continued to drop last week in line with the season, with exports to China slipping further below the 5-year average. Besides this, shipments from the US fell again to 1.7 million tonnes, down 27.6% or 638,500 tonnes. Elsewhere, according to IHS Markit Commodities at Sea Service forecast, exports out of Black Sea stood at 21.7 million tonnes in Q3 (-35%) and 80.1 million tonnes for 2022 (-23%).

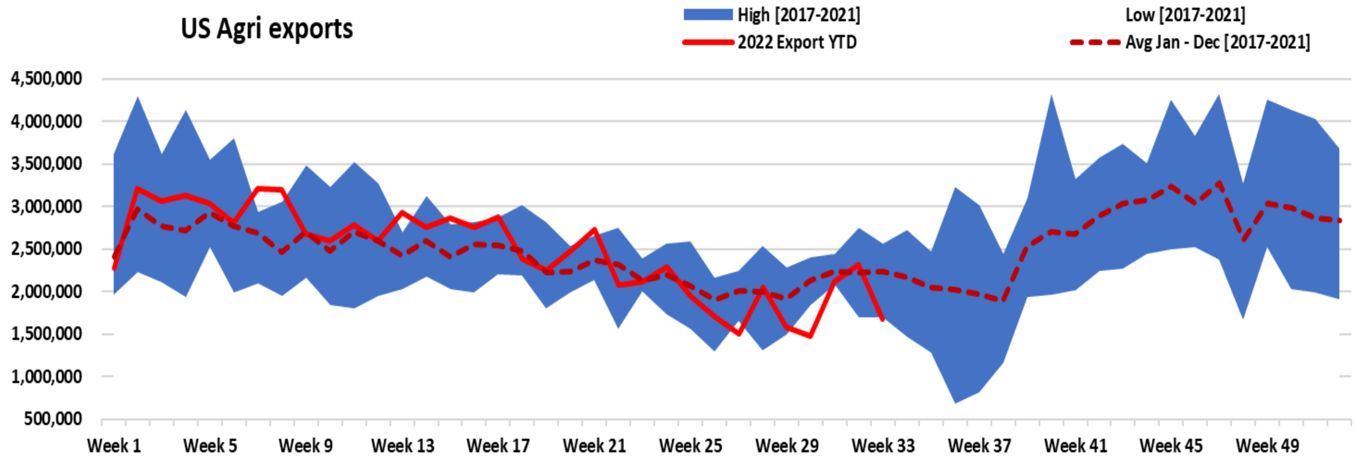
Export (million tonnes)	Jul-22	Jun-22	Q2-22	Q1-22	Q4-21	Q3-21	2021	2020
Brazil	17.9	16.7	49.4	40.6	28.9	43.0	156.9	170.8
USA	7.8	8.4	30.5	37.4	42.8	21.4	140.3	141.4
Argentina	8.2	7.5	24.5	16.7	17.6	24.0	85.3	79.1
Ukraine	0.0	0.1	0.1	12.1	19.1	15.2	53.4	51.5
Canada	2.1	1.7	6.0	5.8	10.2	7.3	41.3	50.8
Russia	1.7	1.4	4.7	5.0	7.2	10.4	29.7	35.1
Australia	4.0	3.7	11.7	13.1	8.9	8.6	40.8	20.2
Others	8.7	8.1	24.2	25.9	22.9	23.7	85.5	71.5
Global	**50.3**	**47.6**	**151.2**	**156.7**	**157.6**	**153.5**	**633.3**	**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	749.4	1,108.9	-32.4%	50.8	53.7	-5.3%
US-China	193.9	345.8	-43.9%	63.1	64.6	-2.3%

Seasonality Charts





Data Source: IHS Markit Commodities at Sea Service, Bloomberg

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