FIS Dry Freight Weekly Report

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Market Review:

As fundamentals remained depressed in the Capesize market and a quick rebound proving to be unfruitful, Cape time charter rates were under the cosh with owner's returns falling closer to operation breakeven levels. Comparably, Panamaxes suffered to a lesser degree amid hopes for the U.S. grains season and increasing coal demand already pushing up Supramax rates. An interesting week ahead to see how the story unfolds.

Freight Rate $/day	22-Aug	15-Aug	Changes %	Short Term	Sentiment
Capesize 5TC	6,199	9,104	-31.9%	Neutral to Bearish	↘
Panamax 4TC	13,472	15,631	-13.8%	Neutral to Bearish	↘
Supramax 10TC	19,265	17,678	9.0%	Neutral	-
Handy 7TC	17,189	17,458	-1.5%	Neutral	-

IHS	Weekly Total Shipments		Iron Ore	Coal	Bauxite	Agribulk	Minor bulk
Capesize	**218**	+8	139 (-10)	60 (+16)	11 (+2)		
Panamax	**369**	+18		183 (-3)		73 (-9)	57 (-6)
Supramax	**438**	-9		82 (+1)		59 (-6)	279 (-2)

Capesize

Capes closed on a much weaker note last week after market participants' confidence over a rebound in near term was dismissed. Some resistance from the owner side was evident mid-week along with fixtures reported at better rates, however the Atlantic region lacked activity which again capped any gains with all routes marking lower. Volume wise, iron ore exports from Australia remained at decent levels with miners actively seeking vessels, while exports from South Africa also made positive progress compared with the week before, but eventually the support ran dry, which led to some aggressive selling at the later part of the week. Apart from that, the underlying iron ore market seemed nowhere near to a rally due to uncertain steel demand and slow-moving construction activities. Low steel margins would not support the demand for high grade ore, thereby, shipments from Brazil are likely to be kept at a minimum. On the fixture side, the key C5 iron ore route (West Australia to China) was fixed at between $7.65-$7.85 for 31 Aug – 2 Sept laycan before lifting up to $8.20 on Wed after more vessels were cleared out, but rates fell again at mid-high $7s for early Sept before the weekend. Yesterday, C5 firmed up towards $8. On the other hand, tonnage lists continued to grow in North Atlantic, moving iron ore on the C3 route from Tubarao to Qingdao was heard at around $20. A market source said rates have improved slightly for Oct dates, with a trip from Sudeste to Qingdao was fixed at sub $22 for 5-11 Oct. Out of South Africa, early Sept rates drifted from the high $13s to the low/mid levels on the Saldanha Bay to Qingdao route. A cargo with iron ore from Saldanha Bay to Rotterdam was heard at $8.85 for 10-19 Sept. In another note, the latest meaningful support from the China's central bank was to provide a special loan of around $29.3 billion to the unfinished housing projects as a bailout fund, consequently both onshore and offshore ferrous markets saw a rebound early this week.

Capesize 5TC Front Month Trading Range

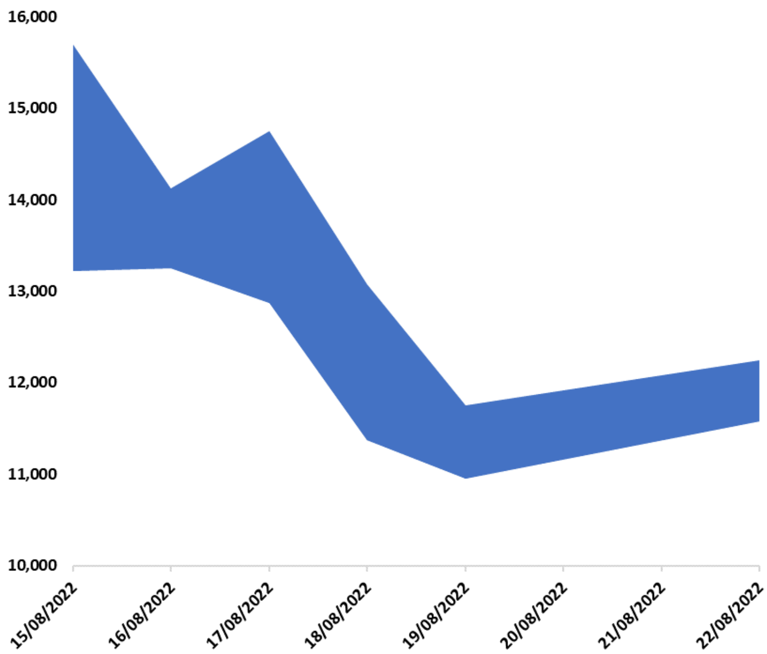


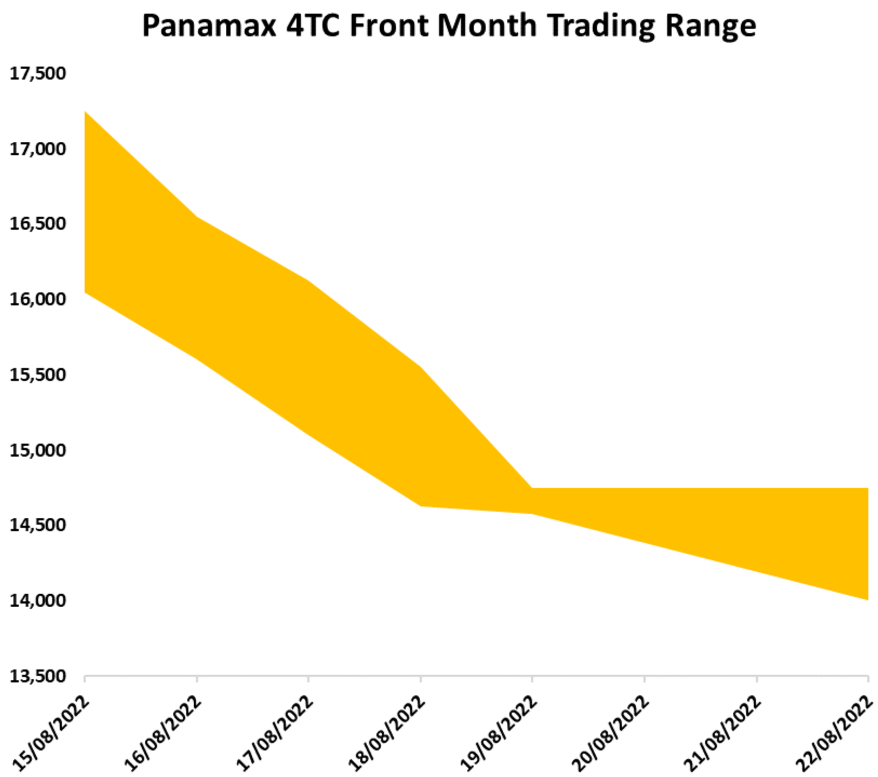
Chart source: FIS Live

Some hope may resurface from the potential increasing demand from China, although some sources pointed out that any small increase would easily be absorbed by the quicker vessel turnaround time in the Pacific due to no delays. According to the Baltic Exchange's operating cost index, cape daily operating costs were at $5,574 vs the 5TC $6,199 on Monday. In addition, global oil prices fell a touch last week, with Singapore 380 and 0.5% fuel oil assessed at $464 and $706 respectively on Monday.

In the Cape paper market rates continued to slip across the reporting week with the September contract dropping from $13,375/day to $11,625. With the index being slashed across the week to below the $7,000 mark, there was little support, the only respite being a short lived push on the back of rumours C5 had fixed $8.20. The week ended with prompt contracts clinging on the levels above the $10,000, with August valued at $10,000 and September at $11,125. The more deferred periods held up much better with only a small fall across the week, Q4-22 closing $16,125, Cal 23 $14,400. There seems little positive news around currently to lift rates before year end. This week began with a little more positive sentiment, but on thin volume and incorrect predictions of a positive index.

Short run neutral to bearish

Panamax



Following the negative sentiment in Capes, Panaxes corrected further with rates easing throughout the week. In terms of shipments, the market looked rather balanced with lasting support from the Asian side and seasonal grains demand to come from the US. Furthermore, coal demand from Europe increased significantly last week with weekly figures reaching a two-month high, some support could progress from here. Regarding fixtures, thin activities were heard on the Transatlantic routes with offers heading lower. In the South, Cargos with grains from EC South America redelivery to Far East was fixed lower at $17,500, as market source said the tonnage list were growing in the region. Overall, limited enquiries last week on US Guld and ECSA basins. On the flip side, the optimism continued in the Indonesia market supported by increasing Chinese demand as several provinces struggled with months long heatwaves. Coal cargoes via Indonesia redelivery to S. China were at fixed $2k off the high at previous week, with rates steadying at mid $15,000. Out of Indonesia, coal cargoes to Japan and Taiwan were fixed at $22,500 ad $19,500 respectively. While another coal cargo via Australia redelivery to Sing/Japan was paid at $16,800. Moreover, the NoPac round trips with grains were also edged lower at between $14,000-$14,250. As the bearish sentiment persisted in Cape, and declining grains shipments could further cap Panamax rates.

The Panamax FFA market was more consistently negative across the week, with medium sized drops in most contracts across the reporting period. The weight of the negative sentiment in the Cape market, negative index, and physical market in the doldrums there was no surprise in the fall in rates across the week. The September contract move from $16,125 to $14,100 Monday to Monday, Q4-22 from $16,850 to $15,125, and Cal 23 from $13,275 to $12,500. Further dated years held up much better under the pressure, with hope still remaining that rates can recover with time.
Short run neutral to bearish

Chart source: FIS Live

Supramax

In contrast to the bigger vessels, Supramaxes firmed up gradually and ended the week in profit thanks to strong coal shipments. The impact of low activity due to holiday season in the Atlantic was negligent, as coal remained the focus last week. Along with the coal volumes ramping up and prompt vessel supply getting tighter, rates for moving coal from Indonesia to China sharpened up from $20,000 to $28,000, while redelivery to CJK was at $27,000. Elsewhere, a trip via NoPac redelivery to SE Asia was fixed at $23,000. On the downside, there was lower interest in the Atlantic with limited activity in the US Gulf and EC South America. Grains cargos via Santos redelivery Algeria fixed at $28,000 (-$1k), while trips via ECSA to Sing/Japan were heard at $16,000 before falling to $14,500. On the mineral run, a trip from W Africa to China was fixed at $17,500. Since the heatwaves in the key import regions were forecasted to last longer into the summer, a floor has developed in the Supramax market last week.

The Supramax paper market was much more neutral that the larger vessel contracts. Rates hovered around similar levels for much of the week, with Monday to Monday rates being flat to marginally down. September moved from $19,550/day to $19,250 Monday to Monday, Q4-22 from $17,800 to $17,150, and Cal 23 to $13,825 to $13,250.

Short run neutral

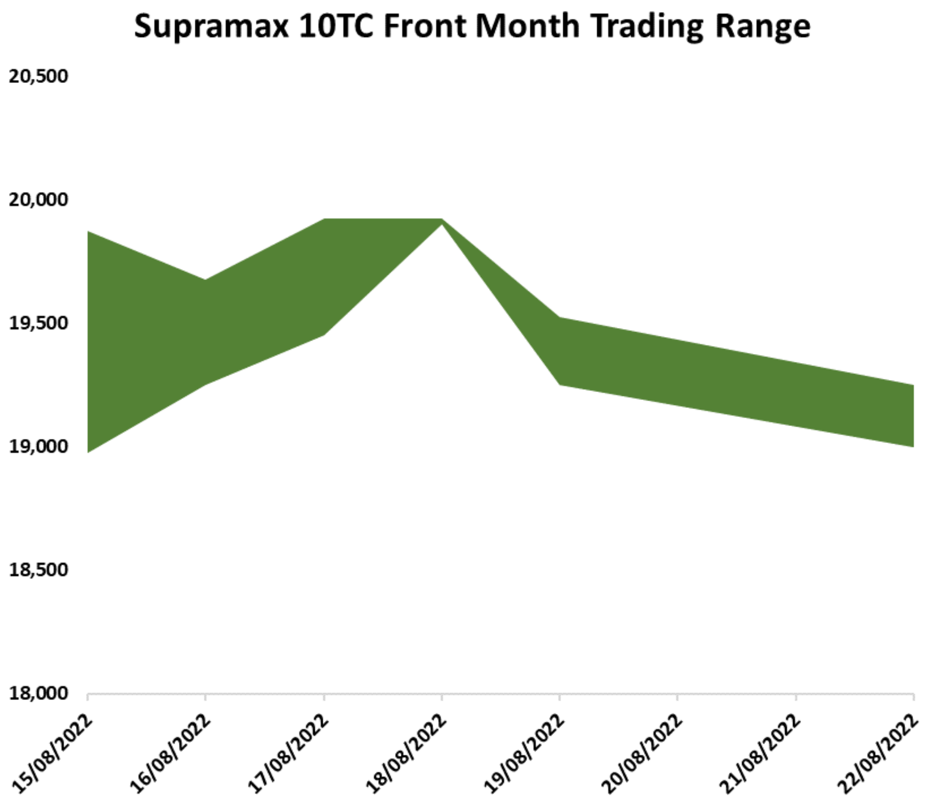


Chart sources: FIS Live

FFA Market

FFAs had a fairly busy week with trading volumes of over 50,500 lots posted on exchanges, especially on Supramax10TC marked the highest weekly volume this year so far. Lesser activity were seen in options last week, with 2,815 lots being cleared in Cape among 4,725 lots traded last week. Overall, Capes and Panamaxes traded around 3,300 lots and 2,800 lots per day last week; Supramaxes followed right behind with 2,300 lots traded per day last week. Main actions focus on Sep, Q4’22 and Cal23 contracts. Open interest rose as the week progressed with noticeable increase on the Panamax and Surpramax, on 22th Aug Cape 5TC 171,897 (+4,881 w-o-w), Panamax 4TC 193,899 (+4,627 w-o-w), Supramax 10TC 90,565 (+2,800 w-o-w).

FFA Market Indexes

Freight Rate $/day	22-Aug	15-Aug	Changes %	2022 YTD	2020	2019	2018	2017
Capesize5TC	6,199	9,104	**-31.9%**	17,682	13,070	18,025	16,529	15,129
Panamax4TC	13,472	15,631	**-13.8%**	22,000	8,587	11,112	11,654	9,766
Supramax10TC	19,265	17,678	**9.0%**	25,663	8,189	9,948	11,487	9,345
Handy7TC	17,189	17,458	**-1.5%**	24,508	8,003	9,288	8,700	7,636

FFA Market Forward Values

FFA $/day	22-Aug FIS Closing	15-Aug FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2022 Mkt High	2022 Mkt Low
Capesize5TC Sep 22	11,625	13,375	-13.1%	15,750	11,000	39,250	11,000
Capesize5TC Q4 22	16,125	16,500	-2.3%	17,800	15,750	36,500	15,750
Panamax4TC Sep 22	14,100	16,125	-12.6%	17,500	14,000	30,700	11,750
Panamax4TC Q4 22	15,125	16,850	-10.2%	17,300	15,000	30,700	15,000
Supramax10TC Sep 22	19,250	19,550	-1.5%	20,250	18,850	31,850	15,750
Supramax10TC Q4 22	17,150	17,800	-3.7%	18,650	17,000	30,500	15,750

Data Source: FIS Live, Baltic Exchange

Freight Technical View

Capesize

September Futures – As highlighted last week the futures remained technically bearish with the divergence failing, warning we had the potential to test the USD 11,625-USD 11,415 support zone if the intraday divergence failed. Price traded to a low of USD 10,950 before moving USD 1,000 higher. The futures remain technically bearish and in trend having made new lows. However, we are seeing intraday divergence still on the 1-hour technical warning of the potential for a momentum slowdown, suggesting caution on a downside breakout below USD 10,950 at this point. Upside moves that fail at or below USD 17,418 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias.

Panamax

September Futures – The downside move below USD 16,500 indicated we were seeing an Elliott wave extension to the downside, resulting in the futures trading to a low of USD 14,275. Price remains below all key moving averages supported by the RSI below 50, the downside move means the daily divergence has now failed. Upside moves that fail at or below USD 17,195 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias, whilst above USD 18,700 the technical is bullish. Intraday Elliott wave analysis would suggest that upside moves should be considered as countertrend at this point.

Supramax

September futures – Technically bearish last week we highlighted a resistance zone on the morning intraday technical between USD 19,600 – USD 20,000 this has now held twice, resulting in the futures starting to move lower. The futures are below all key moving averages supported by the RSI below 50 whilst the stochastic is in overbought territory, momentum is warning the daily technical has the potential for further tests to the downside. Upside moves that fail at or below USD 22,247 will warn the futures remain vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Intraday Elliott wave analysis continues to suggest we have the potential to trade below the USD 17,500 fractal low, with a possible downside target (using the William's approach) as low as USD 15,762.

Chart source: Bloomberg

Dry Bulk Trades/Iron Ore

Iron ore futures lost nearly 9% of its value last week as the bearish sentiment took hold of the market. On top of tepid demand, the heatwaves across Southern China set new temperature records. Sichuan and Jiangsu provinces are under strict electricity restrictions, with steel making operations and construction activities being temporarily halted. Last year, the two provinces account for around 17% of crude steel output. As the peak demand season is approaching in September, steel mills began to resume operations while the mills in the North and Eastern regions with positive margins even ramped up their output. According to a Mysteel survey of over 247 Chinese steel mills, blast furnace operation rates were up 1.67% w-o-w to 77.9%. Capacity utilisation rates also improved for a third week, edging up 2.7% w-o-w to 83.9% over 12 – 18 Aug. Meanwhile, iron ore inventories at 45 major Chinese ports remained almost flat at a three-month high of 138.9 million tonnes. On Monday, iron ore reversed its downward trend and climbed above $100 after the People's Bank of China cut two key rates to boost economic growth, along with offering special loans to the most hard hit home developers. The five-year loan prime rate was also cut to 4.3% from 4.45%, while the one year loan prime rate was lowered to 3.65% from a previous 3.7%. Furthermore, a special loan of $29.3 billion will be used as a bailout fund provided by local banks to home developers, to finish housing projects that have been sold but not yet finished.

Last week total iron ore shipments were slightly lower but remained steady at around 30 million tonnes, with exports generated from Australian trimmed to 17.1 million tonnes, down 2% from the previous week. For the other top exporter, Brazil volume rose for a second week still far from the seasonal level, with a total volume of 8.1 million tonnes, up 26% w-o-w. As the charts below show, last week's shipments from Brazil to China touched the low end of the seasonal average after two weeks fall, while exports from Australia to China ended the previous optimism and slightly below the 5 year average and stood at around 13.5 million tonnes. Other exporters, South Africa reversed its previous downward trend with its exports to China ramping up sharply last week to 810kt.

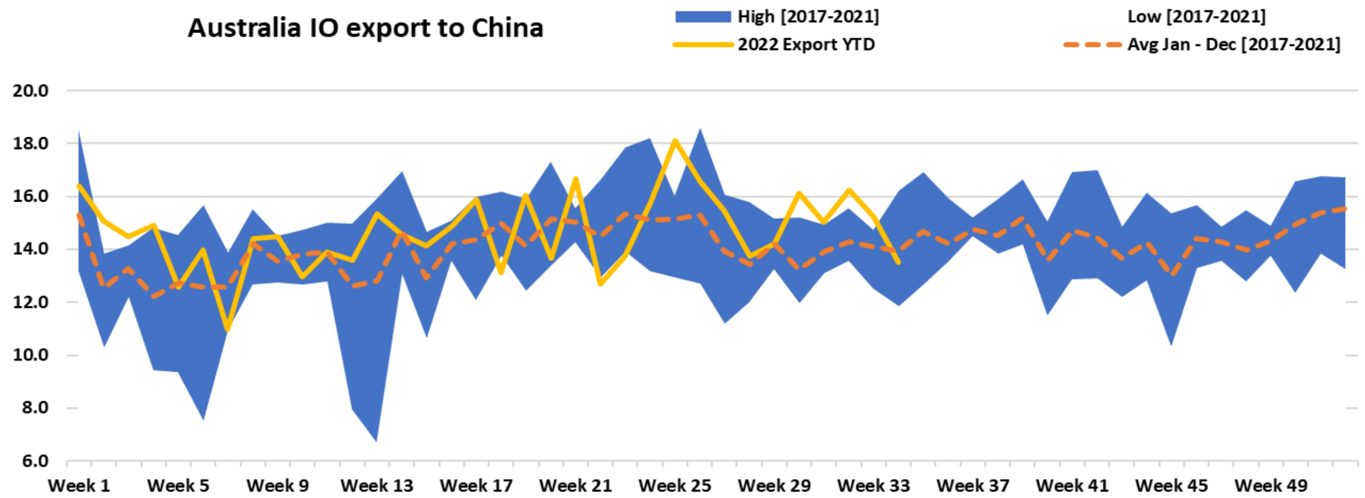
Dry Bulk Trades/Iron Ore

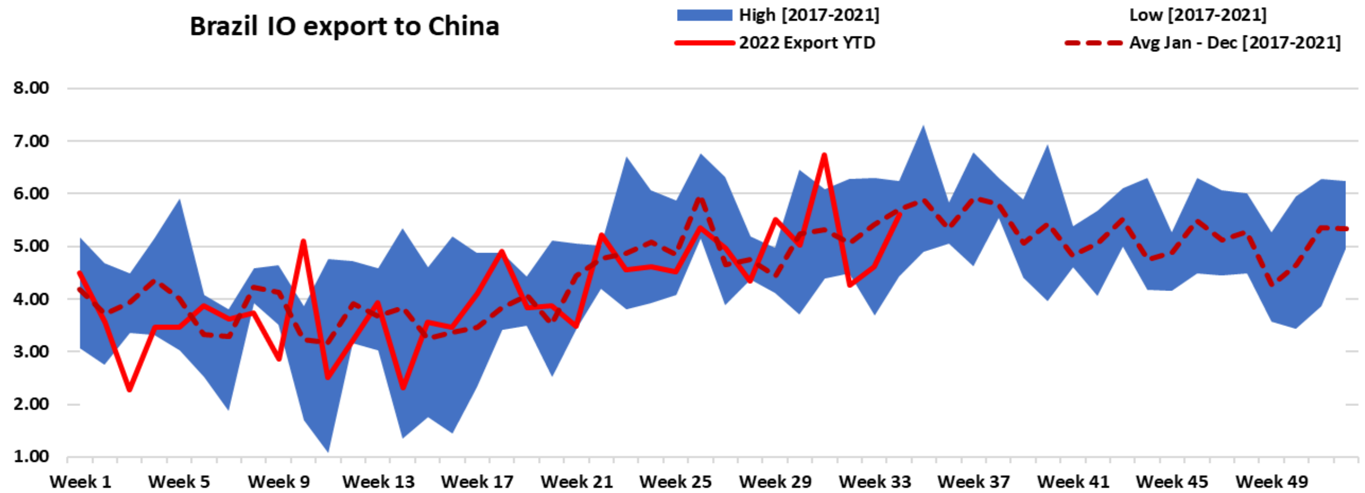
Export (million tonnes)	Jul-22	Jun-22	Q2-22	Q1-22	Q4-21	Q3-21	2021	2020
Australia	77.8	82.9	234.9	219.2	236.1	233.9	922.9	922.4
Brazil	32.4	29.6	81.9	69.5	91.1	97.8	350.3	336.6
South Africa	5.3	5.4	15.9	14.7	15.5	15.3	59.6	56.0
India	0.8	0.6	5.4	7.5	2.0	4.9	37.7	50.8
Canada	4.8	4.5	13.4	11.7	15.0	18.1	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	13.5	15.2	-11.1%	7.75	8.41	-7.8%
Brazil-China	5.6	4.6	21.8%	19.62	21.66	-9.4%

Seasonality Charts





Data Source: IHS Markit Commodities at Sea Service, Bloomberg

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Dry Bulk Trades/Coal

The benchmark Newcastle coal active contract moved up $88 in a week to closed at $444 on Monday on the strength of rising demand. Indian buyers also sped up buying thermal coal after strong interest persisted from China.

Coal shipments last week drifted away from recent highs to around 25.6 million tonnes (-4.1% w-o-w). Market participants expected higher shipments to return in the coming weeks, as the heatwave in China, already lasting two months with record high temperatures across provinces, has required higher power supply. The reduced volume last week was mainly due to Indonesian coal exports come off its peak to 9.0 million tonnes, down 1 Mmt or 12%. While Australia also drifted to 7.1 million tonnes, although demand from SE Asia continued to grow in a weekly basis, other the key regions included JKT and India come off the previous peak with volume stood around 4.9 Mmt and 830kt, respectively. Moreover, coal imports to NW Europe hit 1.6 million tonnes, a two-month high. In addition, Indian coal imports from Russia in the first half of Aug jumped 70% to 1.46 million tonnes. South Korea also sharply increased its imports from Russia and began to import from the Philippines, to cover the nearly 20% lower coal flows from Australia.

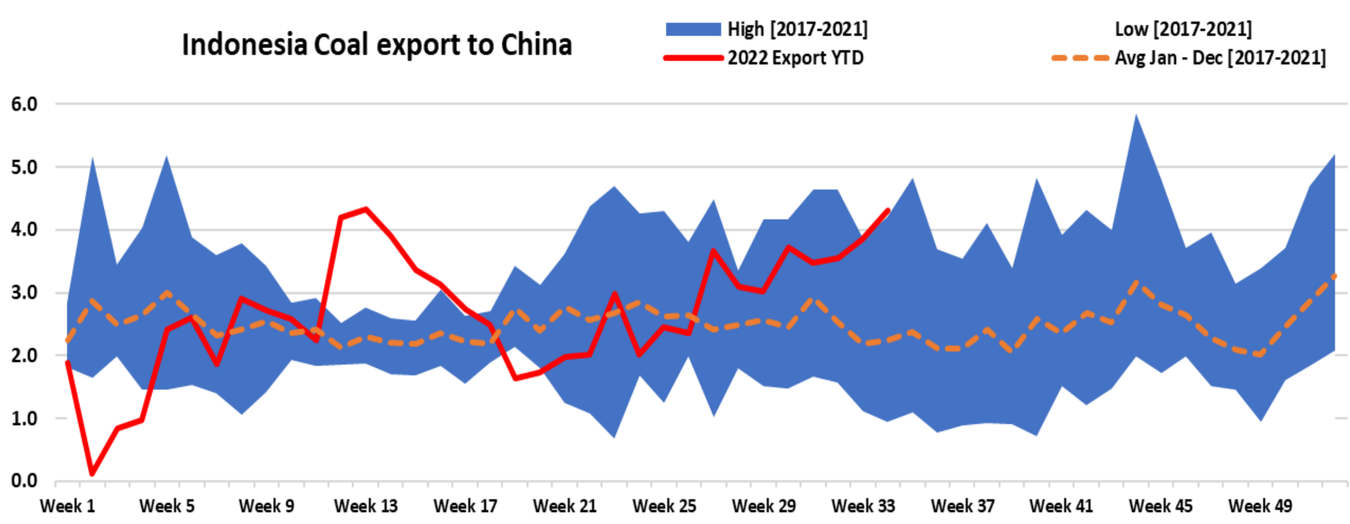
Dry Bulk Trades/Coal

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**

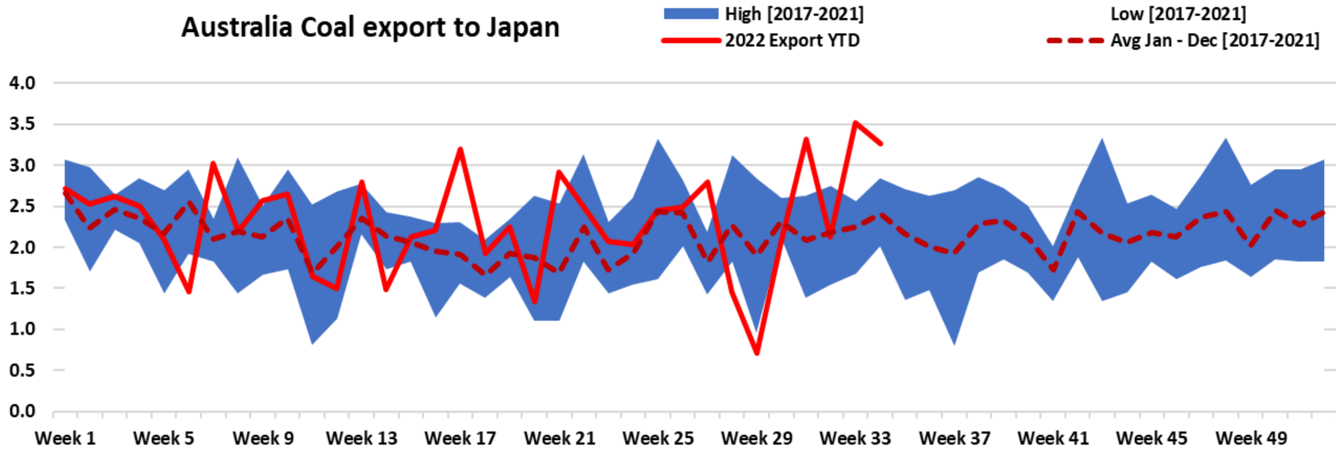
Coal Key Routes

Coal Key Routes	Coal Export Million mt		
Coal Export Million mt	Last Week	Prev. Week	Chg %
Indonesia-China	4.3	3.9	**11.9%**
Australia-Japan	3.3	3.5	**-7.2%**

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 fell lower last week with soybeans taking a hit amid rain forecast in parts of US Midwest and higher planting expectations in South America. Corn and wheat futures also moved lower last amid renewed hopes for increased exports from the Black Sea, although the current export volumes were marginal with the total numbers of vessels reaching 26 after the extra cargoes had loaded last week.

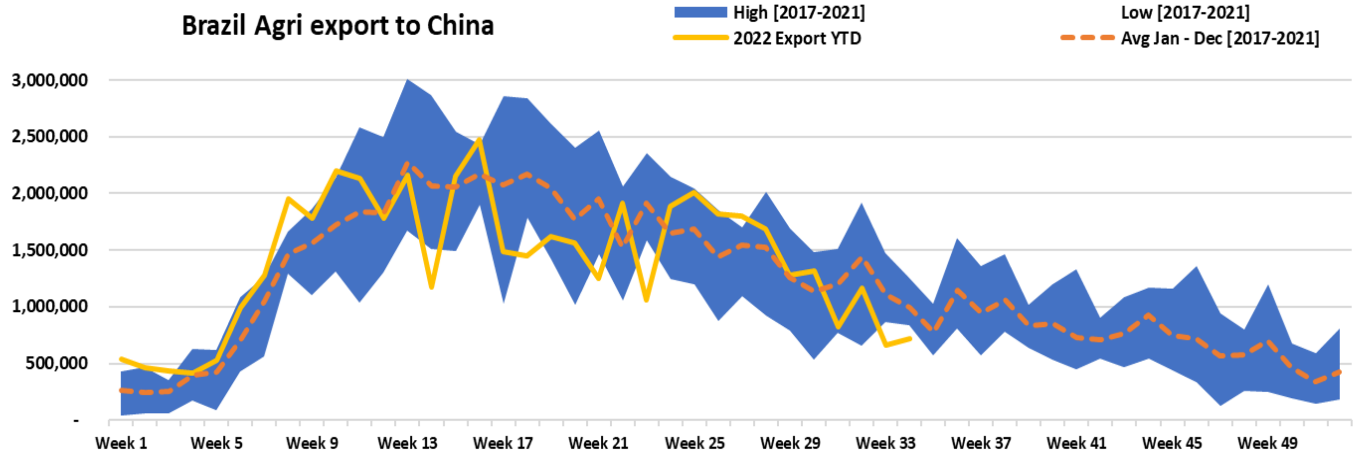
Total shipments out from Brazil were in line with the season, with the weekly total edging up 7% to 3.6 million tonnes. Exports from Brazil to China has slipped further below the 5-year average, marking another grim week. On the other hand, shipments from US ramped up 23% weekly to 2.1 million tonnes, but still marginally lower than the seasonal average. Elsewhere, according to IHS Markit Commodities at Sea Service, EU agri shipments were forecast 5% higher in Q3 at 17.6 million mt.

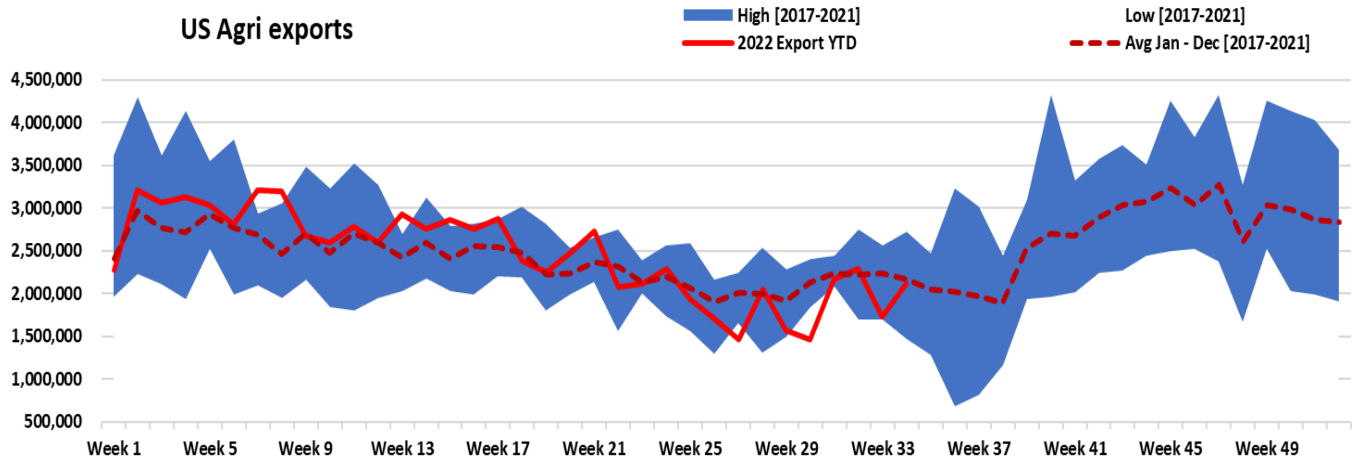
Export (million tonnes)	Jul-22	Jun-22	Q2-22	Q1-22	Q4-21	Q3-21	2021	2020
Brazil	17.9	16.7	49.4	40.6	28.9	43.0	156.9	170.8
USA	7.8	8.4	30.5	37.4	42.8	21.4	140.3	141.4
Argentina	8.2	7.5	24.5	16.7	17.6	24.0	85.3	79.1
Ukraine	0.0	0.1	0.1	12.1	19.1	15.2	53.4	51.5
Canada	2.1	1.7	6.0	5.8	10.2	7.3	41.3	50.8
Russia	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	722.7	664.7	8.7%	48.4	50.8	-4.7%
US-China	186.9	366.9	-49.1%	60.6	63.1	-4.0%

Seasonality Charts





Data Source: IHS Markit Commodities at Sea Service, Bloomberg

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