FIS Dry Freight Weekly Report

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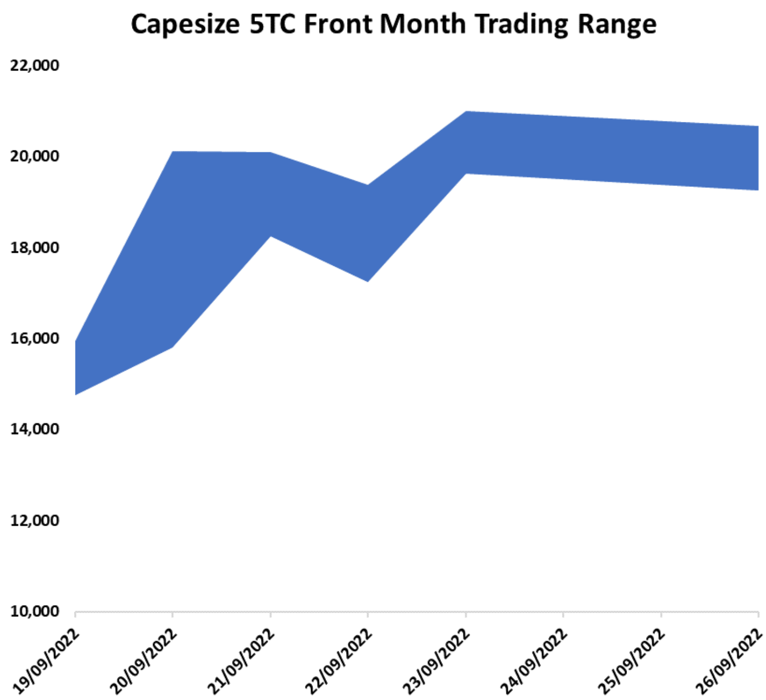
Market Review:

It was a good return for the dry bulk market after the UK Bank Holiday, with most vessels sizes posting gains except Panamaxes, although the futures market was quite rangebound. The peak seasonal demand for iron ore and ongoing robust coal exports offered renewed optimism for the larger sized vessels. As the Chinese Golden Week holiday approaches, activities in the Asian market may take a break with low volume trading.

Freight Rate $/day	26-Sep	20-Sep	Changes %	Short Term	Sentiment
Capesize 5TC	18,207	16,540	10.1%	Bullish	↑
Panamax 4TC	16,591	16,870	-1.7%	Neutral to Bullish	↗
Supramax 10TC	18,231	17,382	4.9%	Neutral	-
Handy 7TC	17,534	16,576	5.8%	Neutral	-

IHS	Weekly Total Shipments		Iron Ore	Coal	Bauxite	Agribulk	Minor bulk
Capesize	236	+8	166 (+8)	50 (+1)	10 (-6)		
Panamax	348	-43		190 (-4)		70 (-15)	47 (-28)
Supramax	446	-58		86 (-12)		59 (-25)	283 (-26)

Capesize



In two short weeks, Capes time charter rates surged from the $6,000s to above $18,000 last Friday, amid more positive signs in the fundamentals. Peak seasonal demand aside, weather related disruption required owners and charters to reprice fast in order to secure fixtures. Apart from delays reported in the CJK region tightening up tonnage supply, some ports in the West and East Pacific also faced temporary closures. Alternatively, some interest shifted from the Pacific to Brazil which helped clear out some of the prompt vessels. Regarding volume, iron ore exports from Australia continued to firm up following the seasonal trend; whilst a sharp rebound saw Brazilian volumes ramping up 23% or 1.8 million tonnes last week, with a market source saying the ballast list in 2H Oct was now getting shorter. Apart from that, decent demand for iron ore and coal cargoes from South Africa further supported the strong rates. Fixtures wise, the key C5 iron ore route (West Australia to China) was fixed at a low of $9.60 and high of $10.40 for 1-10 Oct after returning from the bank holiday, then it edged up to the low $11s during the mid-week. But with another interest rate hike and the broad sell off across assets at the latter part of the week, C5 rates retreated to a range of $9.75-$10.25 for early October loading dates despite the fundamentals remaining the same. In the Atlantic, the C3 iron ore route (Tubarao to Qingdao) moved up from $22.50 to $$23.25 as the week progressed. Other trips out of Brazil, from CSN to China was fixed at $23.50 for 7-13 Oct and from Itagai to Rotterdam was heard at $12.65 for 10-19 Oct. Other than that, activities from West and South Africa pushed up the tonnage demand, trips from Boffa to Qingdao was fixed at $23.25 for 15-22 Oct, and from Saldanda Bay was paid at $18 for 1-7 Oct. A cargo with coal from Richard Bay to Hadong was done at $18.35 for late Oct dates.

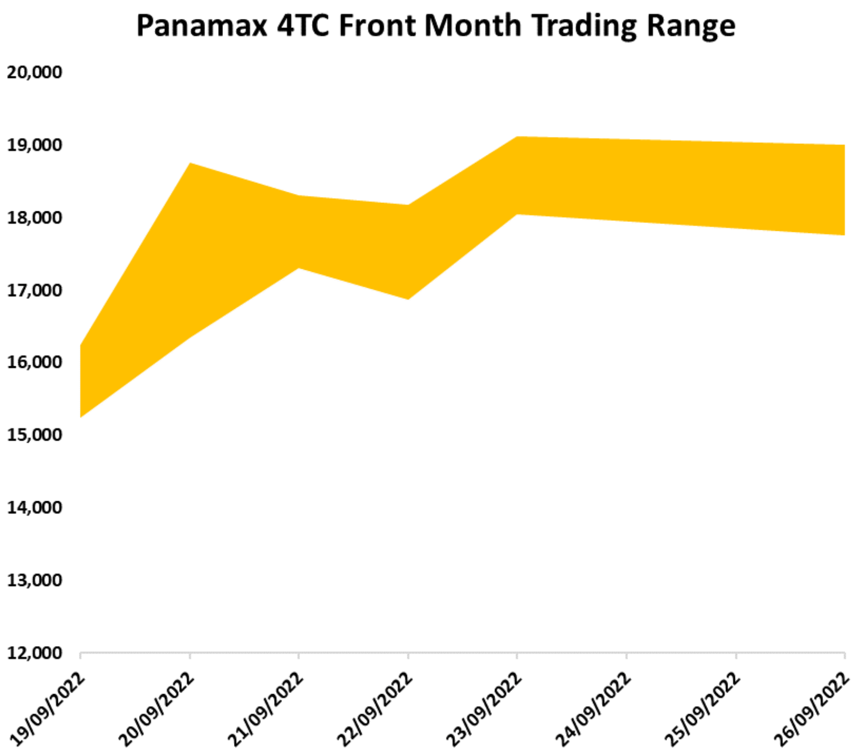
Chart source: FIS Live

In addition, the underlying iron ore market in the third week of September, steel output and iron ore demand started to show more strength in a peak season recovery with volumes reaching multi-month highs. Elsewhere, oil prices plunged amid the weak demand outlook, with Singapore 380 and 0.5% fuel oil assessed at $358 and $624 respectively on Monday.

Despite large movements up on a couple of the days this week on the cape index, the paper market was more resistant to change across the week. The day after the UK Bank Holiday was marked by a significant move up across the curve alongside a chunky 31% increase on the 5TC index (+$3,941). With the news of Russia's partial mobilisation filtering into the market midweek, this pressurised the market over fears of a further escalation of the war and impact on the world economy and trade. This gave way to fairly rangebound trading with periods of thin volume as the market was content to wait and see what happens next before taking on any more risk. Front month contracts Oct and Nov moved from $20,125/day and $19,000 to $20,125 and $18,500 Tuesday to Monday; Q1-23 from $8,000 to $7,825; Cal 24 from $14,425 to $14,250.

Short run bullish

Panamax



Panamaxes reversed the upward trend and spent the rest of the week searching for a clear direction, eventually closing the week on a quiet note with rates heading marginally lower. In the Atlantic, mineral business was lacking on the transatlantic route with rates fixing in discount. Whilst the grains business from the South remained strong with some felt had more room to rise in the coming days. Regarding fixtures, cargoes from the US Gulf redelivery Sing/Japan were heard at $24,500 at the beginning of the week before falling to $21,500 and lower before the weekend as pressure surfaced in the North region. While cargoes from NCSA redelivery Sing/Japan was heard at $24,000 and trips via ECSA redelivery Sing/Japan was as expected to fix higher at $24,000 after tonnage count began to get thinner for 1H Oct. On the TA round trip NCSA redelivery Skaw-Gib and Cape Passero were paid at $17,500 and $15,000 respectively. In the Asian market, Indonesian coal demand was flat at record high levels, along with an Australian coal rebounded after a previous dip due to weather related delays. Likewise, NoPac grains activities recovered after two weeks decline with a 16% weekly increase in volume. Despite the optimism in demand, the NoPac round trips redelivery Sing/Japan was first fixed at the high $22,000 before moving down below $20,000 and then at $19,500 last Friday. This could have been holidays in Australia and Japan impacting the market. On the coal runs, cargoes via Indonesia redelivery to Sing/Japan were fixed between $15,000-17,000, and to India was fixed at $16,000. As weather disruptions eased, along with other vessel sizes competing for the same business, Panamaxes will need grains and mineral demand to surge to have a decent change of a bullish run.

The Panama FFA market followed a similar trend to the larger size Capesize, with some movement, but ultimately ones that equalled each other out across the reporting week. This was despite the fact that the PMX market did not have the big movements of index like in the Capes. The Oct contract oscillated around the $18,000-19,000/day range, closing the week at $18,125. Q1-23 $11,700-12,000, closing the week at $11,750 and Cal 24 in a $11,400 –

Chart source: FIS Live

Supramax

Supramaxes gradually made small gains throughout last week in response to rates ticking up in the US Gulf and remaining balance in ECSA, but losses were also seen in the coal business with some owners preferring to wait for a clear direction after the Chinese holiday. In terms of fixtures, moving coal from Indonesia to China remained at the previous week's level of $20,000, then slipped to $18,000 and $17,000 later the week; while redelivery to Thailand was fixed at $19,500. A cargo with grains via NoPac redelivery Far East was heard at $18,000. On the flip side, mineral runs were more active with a trip from Philippines to China was paid at $16,5000, a cargo from N. China to SE Asia were fixed between $16,000-$17,000 with steel. In the Atlantic, a scrap run via the Continent to East Mediterranean was fixed at $15,000. On the fronthaul, US Gulf to Sing/Japan was firmed up to $27,000.

Supramax paper was also pretty rangebound, with hardly any movement in prices across the reporting week. Even though the index moved up nearly $1,000, this did not translate into any sustained gains in the futures contracts. Oct ranged from $18,250 – 19,375, Q1-23 from $12,250 - 12,625, and Cal 24 from $11,775 – 11,875.

Short run neutral

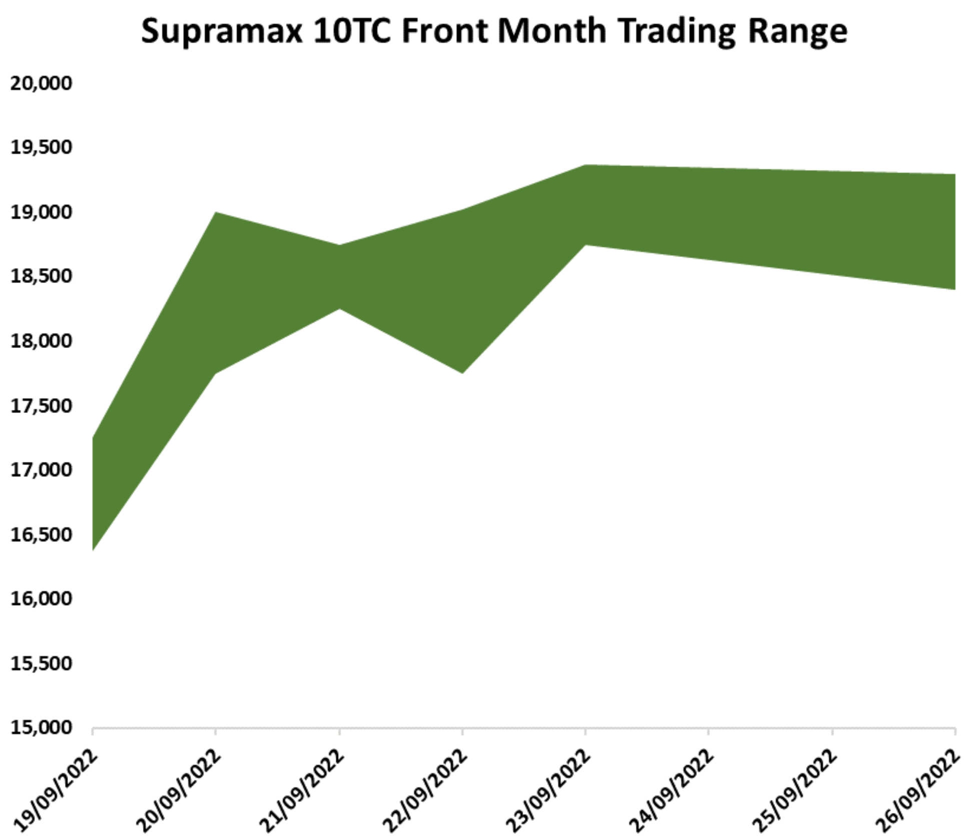


Chart sources: FIS Live

FFA Market

After the Bank Holiday on Monday, FFAs got right into busy trading with volumes of over 45,400 lots posted on exchanges. Not too much activity were seen in options last week, with 1,350 lots being cleared in Panamax among 1,995 lots traded last week. In a four week, Capes and Panamaxes traded around 3,640 lots and 4,400 lots per day last week; Supramaxes followed right behind with 1,660 lots traded per day last week. Main actions focus on Oct, Nov, Q4'22, Q1'23 and Cal23 contracts. Open interest increased along with the volatile prices, on 26th Sept Cape 5TC 178,749 (+2,884 w-o-w), Panamax 4TC 194,640 (+4,539 w-o-w), Supramax 10TC 93,915 (+2,245 w-o-w).

FFA Market Indexes

Freight Rate $/day	26-Sep	20-Sep	Changes %	2022 YTD	2020	2019	2018	2017
Capesize5TC	18,207	16,540	**10.1%**	16,577	13,070	18,025	16,529	15,129
Panamax4TC	16,591	16,870	**-1.7%**	20,988	8,587	11,112	11,654	9,766
Supramax10TC	18,231	17,382	**4.9%**	24,633	8,189	9,948	11,487	9,345
Handy7TC	17,534	16,576	**5.8%**	23,480	8,003	9,288	8,700	7,636

FFA Market Forward Values

FFA $/day	26-Sep FIS Closing	20-Sep FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2022 Mkt High	2022 Mkt Low
Capesize5TC Oct 22	20,125	20,125	**0.0%**	21,000	15,250	35,750	11,250
Capesize5TC Q4 22	18,450	18,500	**-0.3%**	19,000	15,750	36,500	10,500
Panamax4TC Oct 22	18,125	18,375	**-1.4%**	19,400	15,600	28,000	10,100
Panamax4TC Q4 22	17,250	17,375	**-0.7%**	18,000	15,150	30,700	11,250
Supramax10TC Oct 22	18,750	18,750	**0.0%**	19,250	17,000	29,000	12,750
Supramax10TC Q4 22	17,375	17,875	**-2.8%**	18,150	17,000	30,500	10,900

Data Source: FIS Live, Baltic Exchange

Freight Technical View

Capesize

October Futures – The upside move in the futures traded above the USD 16,950 resistance resulting in the futures trading to a high of USD 21,000. Our Elliott wave analysis continues to suggest that the upside move should be considered as countertrend with the futures remaining vulnerable below USD 23,045 and neutral above. The new high on Friday in the futures has created a negative divergence with the RSI on the intraday technical, not a sell signal it is warning we have the potential for a momentum slowdown. Downside moves that hold at or above USD 16,875 will support a near term bull argument, below this level the technical will have a neutral bias, warning that the USD 14,750 fractal support could be tested. If we trade below USD 14,750 then the daily technical will have made a lower low, suggesting we could be entering a bearish wave 5, indicating the USD 11,125 and USD 8,575 fractal supports could come under pressure. Technically price is bullish, but the wave cycle indicates this move is countertrend, the intraday divergence warns we are vulnerable to a technical pullback.

Panamax

October futures – Having traded above USD 18,700 the futures have made a higher high, meaning the technical is bullish based on price; however, the intraday technical is bearish with a neutral bias, our Elliott wave analysis continues to suggest that the current upside move is countertrend. Upside moves that trade above USD 19,300 will create a negative divergence with the RSI, not a sell signal it does warn that we have the potential for a momentum slowdown. Downside moves that hold at or above USD 16,525 will support a bull argument, below this level the futures will target the USD 15,250 fractal support. Technically bullish but not considered a technical buy due to the potential intraday divergence above USD 19,300.

Supramax

October futures – The futures have now confirmed that they are in a countertrend Elliott wave 4 based on our intraday oscillators; however, the daily technical remains bearish with a neutral bias below USD 19,975. Above USD 19,975 the daily technical will have made a higher high, our wave analysis would suggest that the futures remain vulnerable below USD 27,153 and neutral above. Downside moves that hold at or above USD 15,959 will support a near-term bull argument, below this level we target the USD 14,200 low. Technically bearish with the intraday futures moving lower on the back of a negative divergence, warning support levels could be vulnerable.

Chart source: Bloomberg

Dry Bulk Trades/Iron Ore

A roller coaster for iron ore as prices marched up towards $100, before falling back down to where it started at $96. Iron ore futures recouped previous losses after steel demand provided more clarity and moved up to a weekly high on last Thursday. On top of rising steel production shown in yesterday's data due to restocking activities, rebar and HRC inventories were also on a slow decline. The long tale of the Evergrande Group progressed as it resumed over 600 stalled construction projects as stated in a report from the Hong Kong Stock Exchange today, citing that over 90% projects have reached normal operation levels. However, prices then retreated before the weekend following the fast appreciation of the U.S. dollar. Finally, in the third week of September, both steel output and demand started to show more strength in a peak season recovery with volumes reaching multi-month highs. China's Iron & Steel Association (CISA) cited in a report today that the daily crude steel output among the surveyed mills rose 2.2%, or 46,800 tonnes to around 2.15 million tonnes per day over 11-20 Sep. At last, according to a Mysteel survey of over 247 Chinese steel mills, blast furnace operation rates ticked up 0.4% w-o-w to 82.81%. Capacity utilisation rates also improved for an eighth week, edging up 0.75% w-o-w to 89.08% over 16 – 22 September. Meanwhile, inventories of imported iron ore at 45 major Chinese ports retreated to a two-month high 131.8 million tonnes, down 3.9% or 5.3 million tonnes from the previous week due to higher discharge rates and the easing of Typhoon disruption.

Iron ore shipments were on a third week rise, with a weekly increase of 8.1% reaching 34.0 million tonnes last week. The top exporter Australia, after a noticeable increase on the second week of Sept, saw exports climb up another 5% last week to 19.8 million tonnes. On the other side, the sharp rebound come a week later for the Brazilian exporter, with the weekly volume climbed up 22.7% to 8.6 million tonnes last week. As the charts below show, last week's shipments from Australia to China head towards the upper end of the seasonal average, whilst exports from Brazil to China has come out from the bottom and surpassed

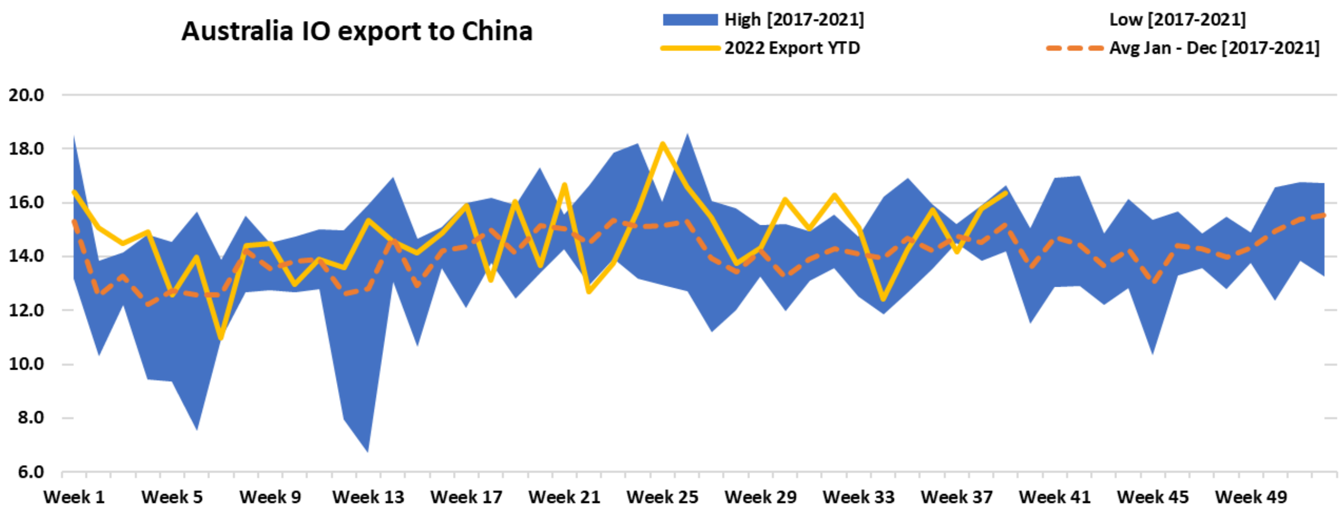
Dry Bulk Trades/Iron Ore

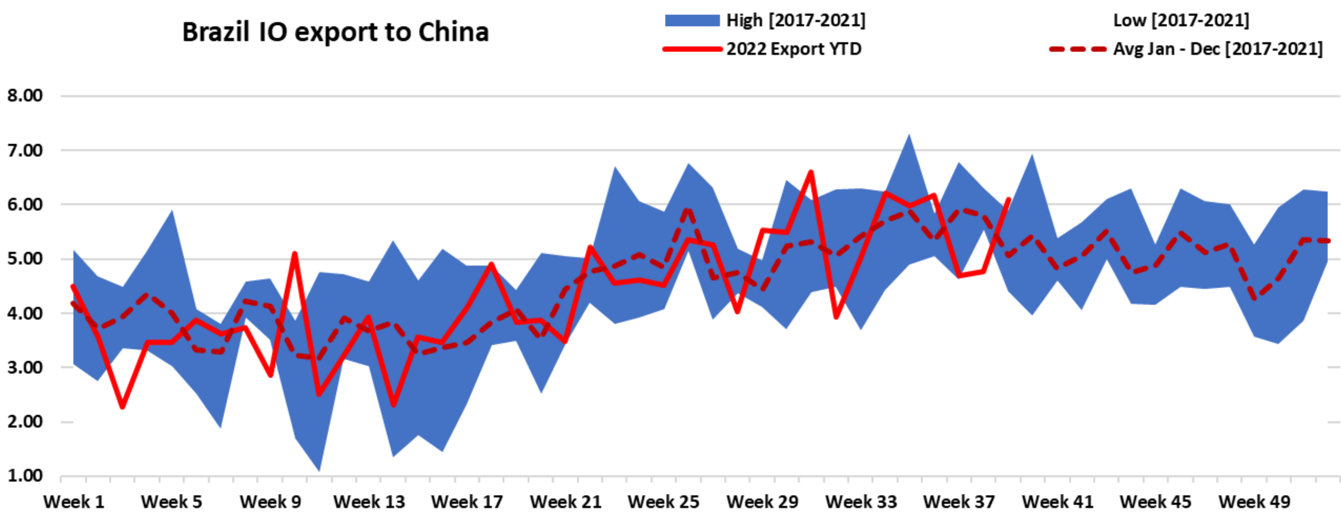
Export (million tonnes)	Aug-22	Jul-22	Q2-22	Q1-22	Q4-21	Q3-21	2021	2020
Australia	77.5	77.6	234.6	219.2	236.1	233.9	922.7	922.4
Brazil	33.2	32.4	81.8	69.6	91.1	97.8	350.5	336.6
South Africa	4.9	5.6	15.9	14.3	15.5	15.3	60.4	56.0
India	0.6	0.8	5.6	7.5	1.9	4.9	37.6	50.8
Canada	6.4	4.8	13.5	11.7	14.9	18.1	57.2	58.1
Others	15.4	14.1	42.2	46.2	54.0	46.9	199.4	179.7
Global	**138.0**	**135.4**	**393.6**	**368.5**	**413.4**	**417.0**	**1627.9**	**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	16.4	15.8	**3.8%**	10.05	9.12	**10.2%**
Brazil-China	6.1	4.8	**28.0%**	23.53	21.08	**11.6%**

Seasonality Charts





Data Source: IHS Markit Commodities at Sea Service, Bloomberg

Dry Bulk Trades/Coal

Total coal shipments have been steady at record high levels of 25 million tonnes per week since August. Breaking this down, Indonesian exports came off from the peak in the previous week to 10.5 million tonnes, down 4.3% w-o-w, with nearly half of supply redirected to China, sustaining for the last three weeks record high volumes. On the other hand, more diversity on the Australian side, with volumes last week hitting a 3-month high of total 7.8 million tonnes, up 33% from the low week impacted by typhoon. High demand continued to be seen from JKT at 4.7 Mmt (+45%) and SE Asia 1.7 Mmt (+90%) the highest since May 2020, whilst India 714kt (-47%).

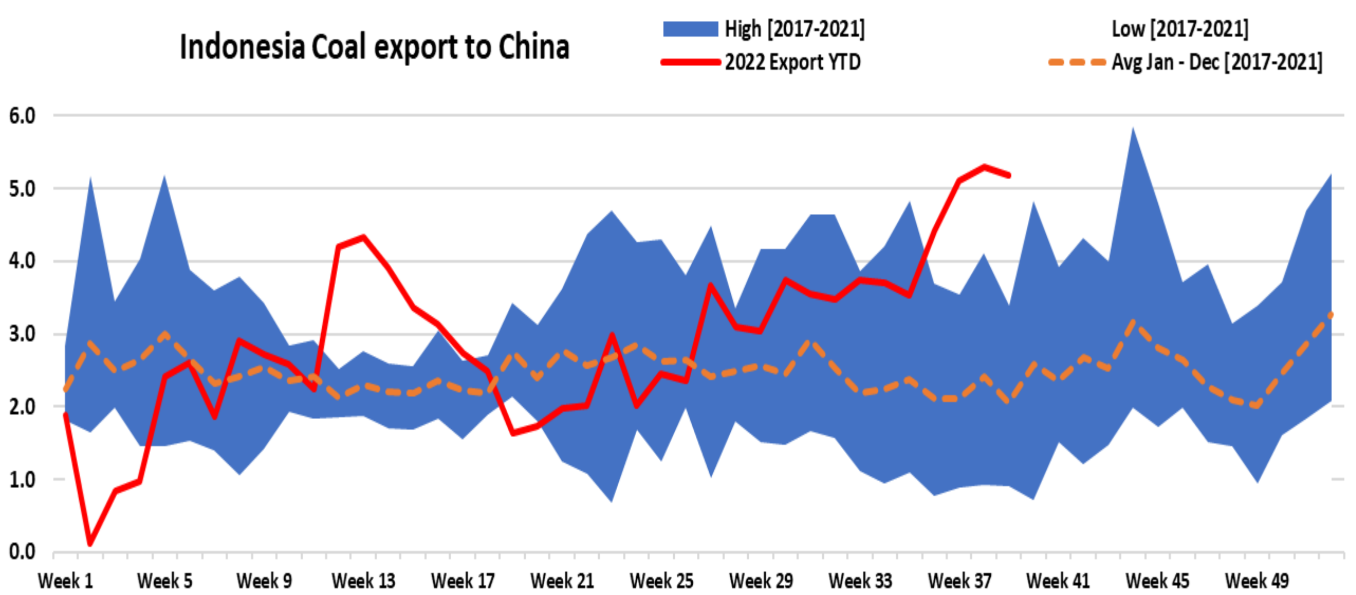
Dry Bulk Trades/Coal

Export (million tonnes)	Aug-22	Jul-22	Q2-22	Q1-22	Q4-21	Q3-21	2021	2020
Indonesia	42.1	44.1	118.7	88.7	106.0	108.7	415.6	377.0
Australia	29.7	23.7	90.9	84.5	90.8	97.0	368.3	376.1
Russia	15.6	17.4	50.5	41.2	40.8	44.0	173.4	178.4
USA	7.2	6.0	18.7	17.3	17.7	15.8	68.9	56.0
Colombia	5.1	4.8	14.5	16.1	15.8	15.5	61.1	58.6
South Africa	4.8	4.9	15.1	15.6	17.1	14.3	61.9	72.8
Others	8.1	9.0	23.4	23.6	25.3	24.2	86.3	75.9
Global	**112.4**	**109.8**	**331.7**	**287.0**	**313.5**	**319.5**	**1235.6**	**1194.9**

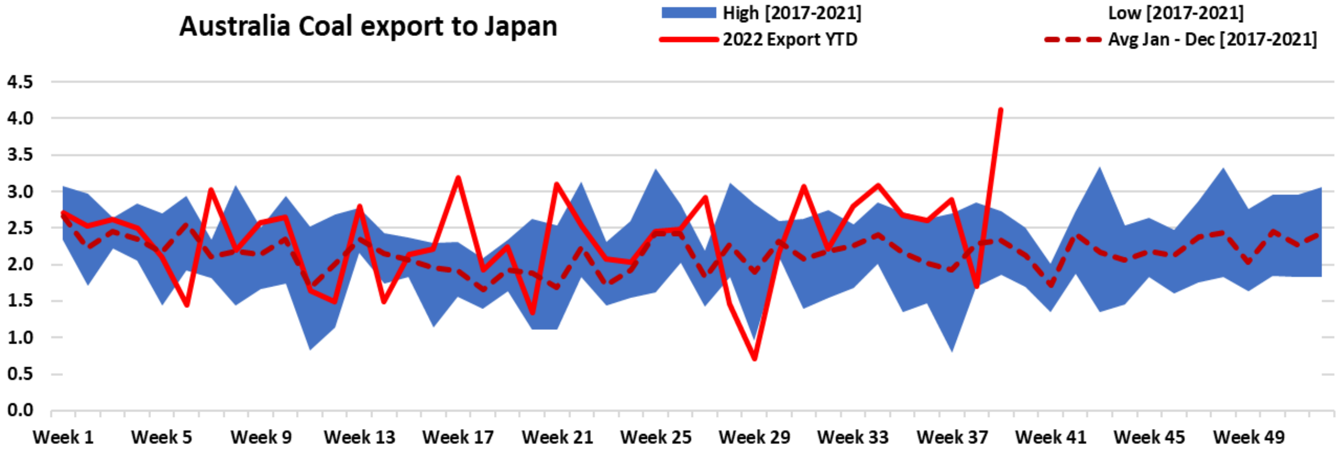
Coal Key Routes

Coal Key Routes	Coal Export Million mt		
Coal Export Million mt	Last Week	Prev. Week	Chg %
Indonesia-China	5.2	5.3	**-2.0%**
Australia-Japan	4.1	1.7	**142.8%**

Seasonality Charts



Data Source: IHS Markit Commodities at Sea Service, Bloomberg



Data Sources: IHS Markit Commodities at Sea Service, Bloomberg

Dry Bulk Trades/Agri

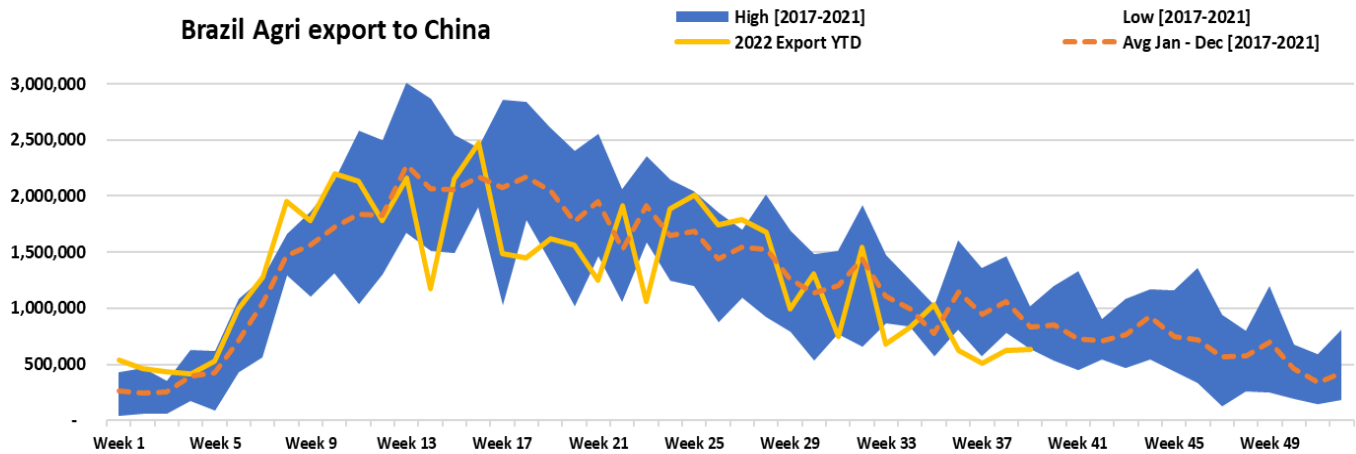
A more positive week for grains shipments, as total exports volume to 11.3 million tonnes, with a weekly increase of 5.7%. Shipments out of Brazil also firmed up nicely, with the weekly total rising 21% to 3.8 million tonnes. Exports from Brazil to China surpassed the low end of the 5-year average but followed a downward seasonal trend. Elsewhere, shipments from the US improved for a second week to 1.7 million tonnes, although these were still below the seasonal average. In addition, grains shipped out of the Black Sea region sped up to 1.4 million tonnes last week, it's worth noticing that volumes began to make good progress from the 2nd week of Sept and with all hope that this will continue.

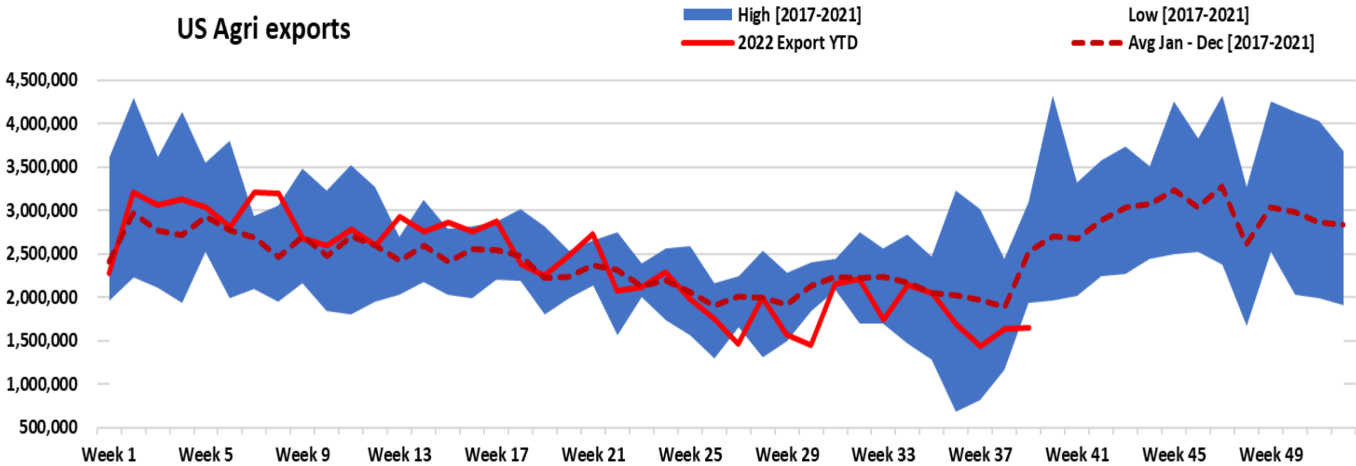
Export (million tonnes)	Aug-22	Jul-22	Q2-22	Q1-22	Q4-21	Q3-21	2021	2020
Brazil	17.5	17.9	49.4	40.7	29.3	43.3	158.6	170.8
USA	8.9	7.8	30.5	37.3	42.6	21.1	140.0	141.4
Argentina	6.6	8.2	24.6	16.7	17.6	24.0	85.7	79.1
Ukraine	1.3	0.0	0.0	12.0	19.8	15.9	56.7	51.5
Canada	1.7	2.0	5.9	5.8	10.0	7.2	40.7	50.8
Russia	3.3	1.7	4.7	5.0	7.2	10.4	29.7	35.1
Australia	3.5	4.1	11.7	13.1	8.9	8.6	40.8	20.2
Others	9.3	8.9	24.4	25.5	22.7	23.5	84.4	71.5
Global	**52.0**	**50.7**	**151.1**	**156.3**	**158.0**	**154.1**	**636.6**	**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	630.1	622.3	1.3%	48.7	48.8	-0.2%
US-China	142.2	289.0	-50.8%	58.2	59.2	-1.7%

Seasonality Charts





Data Source: IHS Markit Commodities at Sea Service, Bloomberg

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