

FIS Dry Freight Weekly Report

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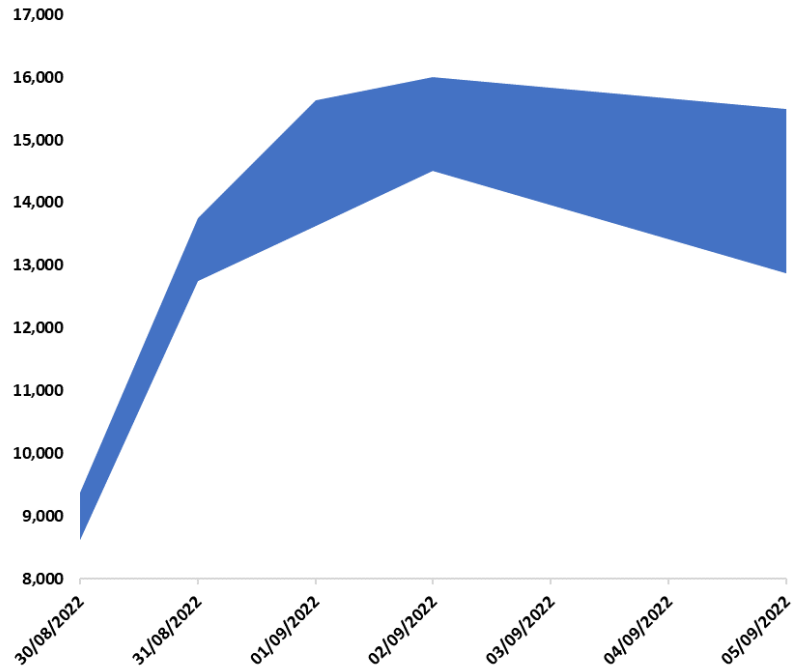
Market Review:

Progress was made among the larger vessel sizes last week, despite Supramaxes giving away 13% of their value. This wasn't much of a surprise considering the significant premiums over the larger units and the bearish sentiment lingering in the background. Capesizes managed to walk away from the cliff and started the new month from above \$6,000, although many owners would still say this levels is less than ideal. Panamaxs also saw a glimpse of hopes from increasing grain demand. Weather disruptions are key to watch this week.

Freight Rate \$/day	2-Sep	26-Aug	Changes %	Short Term	Sentiment
Capesize 5TC	6,076	3,413	78.0%	Neutral to Bearish	↘
Panamax 4TC	10,106	11,008	-8.2%	Neutral to Bullish	-
Supramax 10TC	16,658	19,183	-13.2%	Bearish	↓
Handy 7TC	15,650	16,794	-6.8%	Bearish	↓

IHS	Weekly Total Shipments		Iron Ore	Coal	Bauxite	Agribulk	Minor bulk
Capesize	227	+5	160 (+9)	49 (-13)	11 (+6)		
Panamax	348	-20		191 (+11)		62 (-35)	59 (+4)
Supramax	487	-17		96 (-2)		81 (+3)	297 (-13)

Capesize 5TC Front Month Trading Range



Capesize

Cape time charter rates started the week at below \$2,800, but finished above \$6,000, making the most significant weekly percentage increase on record. The demand side of the story remained unchanged in terms of decent iron ore shipment out of the Pacific, but no improvement from the Atlantic basin. Volume-wise, iron ore exports from Australia remained positive, with shipments rising, while exports from South Africa and Brazil were drifting further away from the seasonal level. On the supply side, some owners have already idled their vessels considering the poor returns; on top of that, supply could tighten up soon from weather delays in Eastern Pacific. Over the weekend, China's National Meteorological Center reported that super Typhoon Hinnamnor was expected to move into the East China Sea, with ships being told to take shelter in some northeastern coastal cities in China and Taiwan, while refuelling operations were halted in Southern parts of South Korea. Taking the likelihood of severe weather disruption, ship owners put down their foot and did not accept a lower rate. Regarding fixtures, the key C5 iron ore route (West Australia to China) was fixed at between \$7.50-\$7.70 for 13 – 15 Sept laycan in the early part of the week, with all majors actively seeking cargos before pushing up to \$8.35 and then \$8.80 as the highest for mid-Sept loading dates. Yesterday, C5 was firmed at \$8.80 for 12 - 14 Sept. On the other hand, tonnage lists remained long in the North Atlantic, although a market source said the enquires for Brazil were slightly better. Moving iron ore on the C3 route from Tubarao to Qingdao was fixed at mid to high \$12 for 11-20 Sept. Other trips out of Brazil were also scant, with trips from CSN to Qingdao fixed at \$17.75 and \$17.90. Despite the traditional peak construction season arriving in the underlying iron ore market, the demand outlook still lacks convincing reasons for a rebound in Sept. In addition, along with the fall in global oil prices, fuel cost pressure has eased, with Singapore 380 and 0.5% fuel oil assessed at \$428 and \$678, respectively, on Monday.

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Chart source: FIS Live

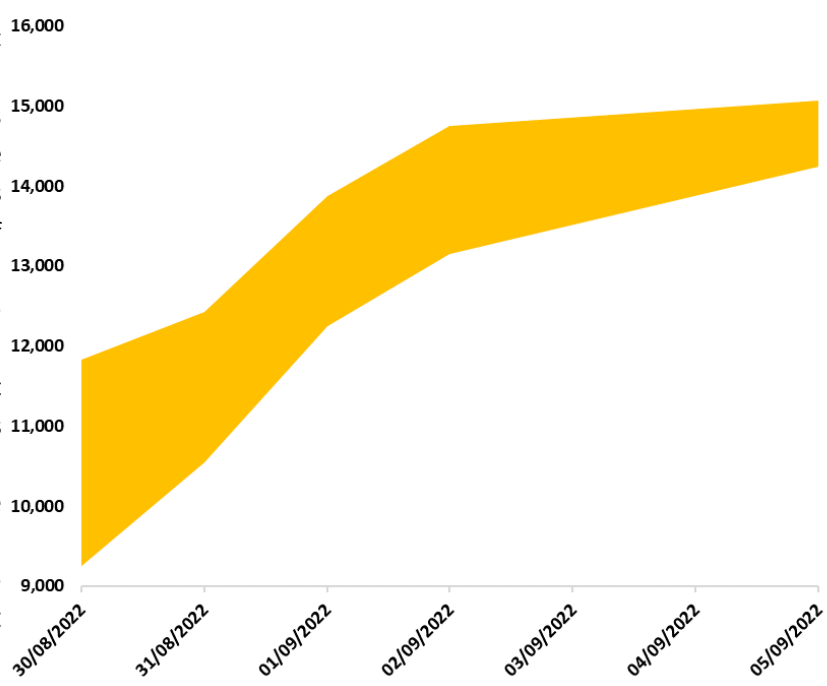
The decline in the futures market appears to have no end. On the one hand, the index is approaching zero, and on the other hand, a larger premium is left on the FFAs; unsurprisingly Sept contract slipped to \$8750 from \$9250 at the beginning of the week. Until strong fixtures were heard on C3 and C5 along with index posting gains, paper markets started to rally at the rest of the week, with Sept and Q4 breaking the resistant levels of \$11,000 and \$15,750, respectively. On Monday, although the index continued to move up, the future market didn't catch up with the run as the premium of over \$7000 in Oct contract attracted sellers entered the market.

Short run neutral to bearish

Panamax

The downward trend was carried over for the first half of the week, with Panamax TC rate falling below \$10,000, but finally, some green shoots in the Atlantic basin pulled the market away from those losses. From mid-week, fresh enquires and better bids surfaced for grains business lending in support, although the lengthy tonnage for prompt dates still needs time to clear. Furthermore, the optimism of growing coal demand in the Asia Pacific stayed strong, with demand from China refreshing to a new record high. Regarding fixtures, limited cargoes were heard from US Gulf and NCSA at the beginning of the week, with rates declining lower. In the latter part of the week, cargoes with coal from Bolivar to Italy were fixed at \$16; from US Gulf to ARA, it was heard at \$17.50 for end of Sept dates. While in the South, redelivery cargoes with grains from EC South America to the Far East were fixed at a discount rate of \$12,509, and from ECSA to Arabian Gulf, it was heard at \$11,250. In Asia, coal cargoes via Indonesia redelivery to S. China were fixed between \$12,500 - \$ 13,250 before lifting to \$14,500. Elsewhere, Australia round trips with grains were fixed at around \$12,250. Overall, the demand and supply outlook remained balanced, but if the selloff persisted in Capes and Panamax, rates would be capped until more robust demand appeared.

Panamax 4TC Front Month Trading Range



After passing through a miserable Tuesday, brighter days were ahead for Panamax paper, supported by the rally in Cape and a turnover on the underlying market. Sept was initially sold to \$9250; Oct broke the support levels to trade at \$10,900; further back contracts also traded lower with Q4 at \$11,500 and Cal23 at \$10,750. But the negatives were quickly erased with index firming up and a combination of hedging and short covering. Sept eventually reached \$12500, Q4 and Cal 23 tested \$15,000 and \$12,000 with decent volume changing at those high levels. On Monday, the prompt contracts gave up around \$500, followed by the sell-off in Capes.

Short run neutral to bullish

Chart source: FIS Live

Supramax

Supramaxes fell straight throughout last week amid thin activities reported in the Atlantic, and the sole support from coal could no longer hold the floor. Followed by the fall of larger sizes and the competitive rates, market sources said that Panamax vessels were seen to undercut in US Gulf and South Atlantic regions, which resulted in rates falling sharply. Regarding fixtures, moving coal from Indonesia to China was fixed between \$17,000-\$18,000 before edging lower to \$16,000. In comparison, redelivery to India and SE Asia was much lower at \$23,000 and \$14,500, respectively. Elsewhere, a cargo with iron ore via Fiji to N. China was fixed at \$16,000. Overall, the sentiment looks rather negative with Supramaxes under significant pressure, especially if the larger size fails to recover.

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Short run bearish

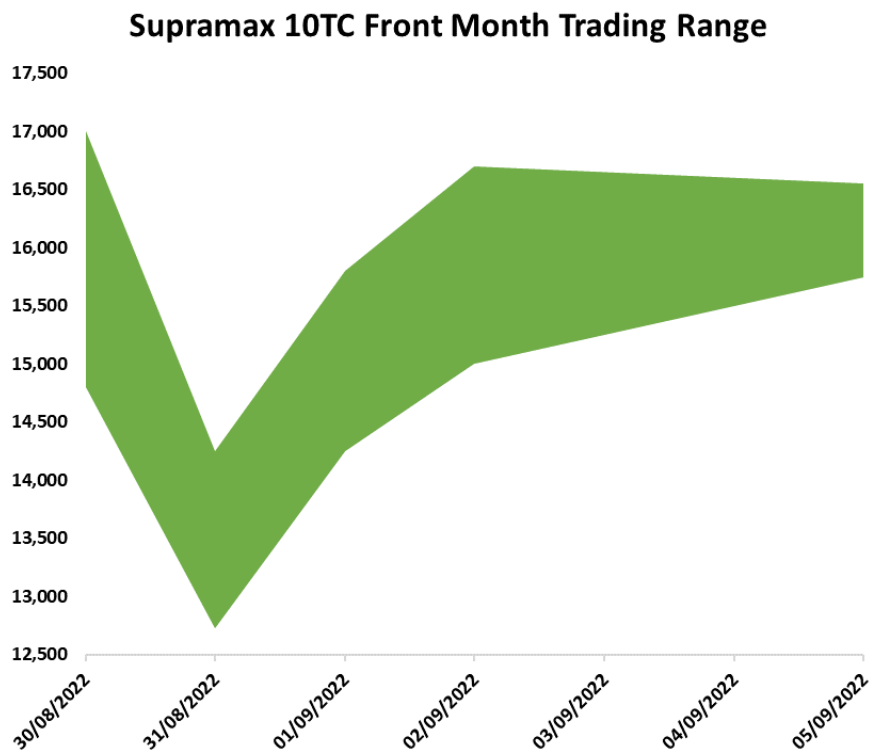


Chart sources: FIS Live

FFA Market

As the high volatility persisted in the future markets and market participants returned from the UK bank holiday, FFAs had a very busy week with trading volumes of over 59,500 lots posted on exchanges. Decent activity were seen in options last week, with 8,910 lots being cleared in Panamax among 9,020 lots traded last week. Overall, Capes and Panamaxes traded around 2,900 lots and 4,500 lots per day last week; Supramaxes followed right behind with 2,400 lots traded per day last week. Main actions focus on Sep, Q4'22 and Cal23 contracts. Open interest decreased due to the expiration of the Aug month, on 5th Sept Cape 5TC 165,608 (-11,847 w-o-w), Panamax 4TC 180,623 (-15,663 w-o-w), Supramax 10TC 88,320 (-4,411 w-o-w).

FFA Market Indexes

Freight Rate \$/day	2-Sep	26-Aug	Changes %	2022 YTD	2020	2019	2018	2017
Capesize5TC	6,076	3,413	78.0%	16,988	13,070	18,025	16,529	15,129
Panamax4TC	10,106	11,008	-8.2%	21,407	8,587	11,112	11,654	9,766
Supramax10TC	16,658	19,183	-13.2%	25,268	8,189	9,948	11,487	9,345
Handy7TC	15,650	16,794	-6.8%	24,077	8,003	9,288	8,700	7,636

FFA Market Forward Values

FFA \$/day	2-Sep FIS	26-Aug FIS	Changes %	Weekly Mkt	Weekly Mkt	2022 Mkt	2022 Mkt
	Closing	Closing		High	Low	High	Low
Capesize5TC Oct 22	15,250	13,250	15.1%	16,000	11,250	35,750	11,250
Capesize5TC Q4 22	15,450	13,750	12.4%	16,000	12,750	36,500	12,750
Panamax4TC Oct22	14,500	13,250	9.4%	15,000	10,100	28,000	10,100
Panamax4TC Q4 22	14,750	13,175	12.0%	15,000	11,250	30,700	11,250
Supramax10TC Oct 22	16,500	16,800	-1.8%	16,500	12,750	29,000	12,750
Supramax10TC Q4 22	15,475	14,250	8.6%	16,000	10,900	30,500	10,900

Data Source: FIS Live, Baltic Exchange

Freight Technical View

Capesize

October Futures – The futures roll has resulted in the technical producing an upside gap due to the carry against the September futures. We have seen a couple of bullish days following the roll, resulting in price trading into the Fibonacci resistance zone; however, the upside move has failed to trade above the USD 16,627 resistance leaving the technical vulnerable to further tests to the downside. The resistance rejection has resulted in the futures trading USD 1,375 lower today (current price on the 05/09 USD 13,875) meaning we are trading below Fridays low (USD 14,500), a close below this level will warn that support levels could be tested. Downside moves that hold at or above USD 11,132 will support a near-term bull argument, below this level the USD 8,625 low is vulnerable. Technically bearish with price rejecting a key resistance, warning that support levels could be vulnerable.

Panamax

October futures – Technically bearish last week with upside moves considered as countertrend, the September contract traded to a low of USD 9,225 before moving higher on the back of the roll. Key resistance is now at USD 15,478, upside moves that fail at or below this level will leave the technical vulnerable to further tests to the downside, above this level the technical will have a neutral bias (current price USD 14,450). Only above USD 18,700 is the daily technical bullish. Near-term momentum is to the buy side, but price is below key resistance, we maintain our view (based on Elliott wave analysis) that upside moves should be considered as countertrend.

Supramax

October futures – The futures have moved higher on the back of the intraday divergence highlighted last week, resulting in the futures trading up to USD 16,700. Key resistance is now at USD 18,011, upside moves that fail at or below this level will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 19,975 is the technical bullish. Technically bearish, momentum is currently to the buyside, downside moves that close on the intraday 4-hour candle below USD 15,000 will warn the USD 14,200 low could be tested and broken.

Chart source: Bloomberg

Capesize Sept 22 Morning Technical Comment – 240 Min



Dry Bulk Trades/Iron Ore

Iron ore futures hovered around \$100 with the mixed signals of picking up demand and the Chinese economic losses from the pandemic as the megacity Chengdu entered lockdown last week. The concerns over China's economic recovery from the latest lockdown kept a lid on iron ore prices last week. However, the continuous increase in steel output did provide a floor for now. According to a Mysteel survey of over 247 Chinese steel mills, blast furnace operation rates were up 0.71% w-o-w to 80.65%. Capacity utilisation rates improved for a fifth week, up 1.56% w-o-w to 86.83% over 26 Aug – 1 Sep. Meanwhile, steel mills have been increasing their seaborne medium-grade iron ore imports, with the inventory at 45 major Chinese ports reaching a four-month high of 140 million tonnes, up 1.6% or 2.2 million tonnes from the previous week. On Monday, a short rally after the Chinese central bank and policymakers reiterated their efforts to stabilise the economy by rolling out more supportive measures in Q3. Apart from that, market sentiment remained cautious, making a sharp rebound look less likely.

Last week's total iron ore shipments increased 8% from the previous week to 33.2 million tonnes, with exports generated from Australia improving to 18.1 million tonnes, up 6% from the last week. For the other top exporter Brazil, volumes again reported under 8 million tonnes ending the slow increase in the previous three weeks, down 6% w-o-w. Out of South Africa, shipment dropped below 1 million tonnes first time in five weeks to 970kt, down 10% w-o-w. As the charts below show, last week's shipments from Brazil to China remained flat around the seasonal average, whilst exports from Australia to China climbed above the 5-year average and stood at around 16 million tonnes, a comparably high-volume week in recent weeks.

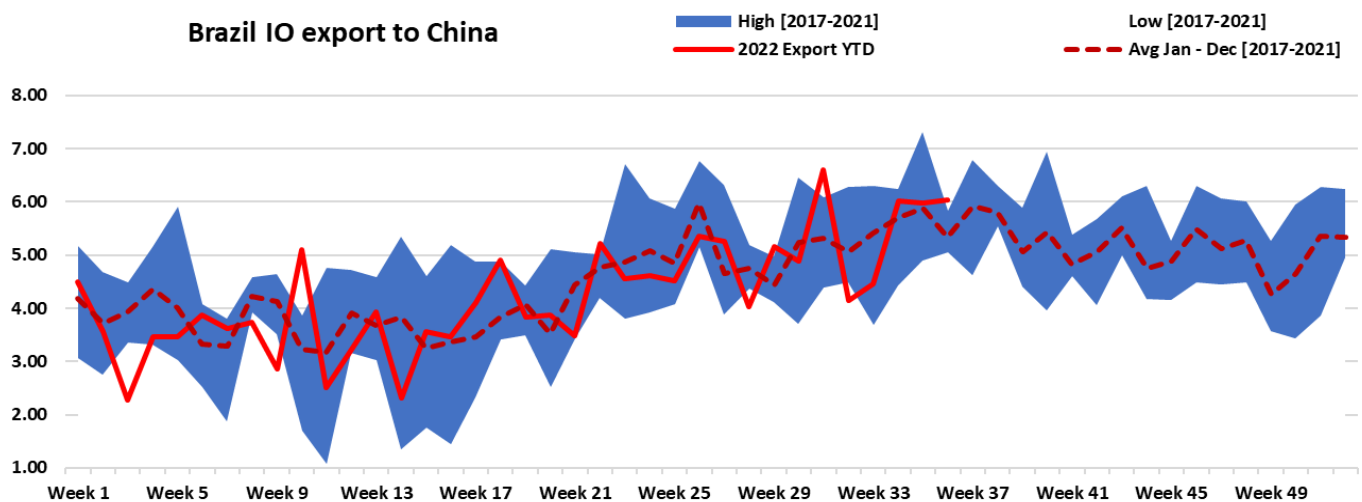
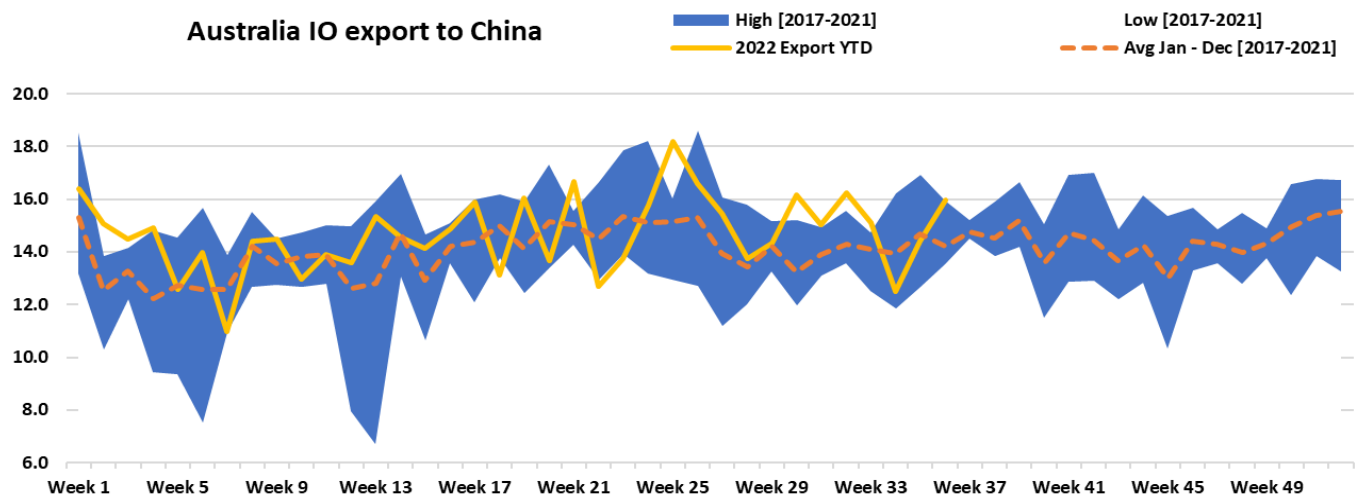
Dry Bulk Trades/Iron Ore

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	16.0	14.4	10.8%	8.19	7.89	3.8%
Brazil-China	6.0	6.0	1.2%	18.43	18.64	-1.1%

Seasonality Charts



Data Source: IHS Markit Commodities at Sea Service, Bloomberg

Dry Bulk Trades/Coal

The benchmark Newcastle coal active contract jumped up \$114 a week to hit an all-time high of \$439.40 on Monday. On top of the robust demand, weather disruptions in Australia were another potential risk to tighten supply and increase coal prices. According to the forecast alert, a 70% chance of La Nina would reform later this year, with the events of heavy rainfall potentially impacting up to 30% of the coal output based on past years' figures.

Coal shipments eased off the record level but remained at the high of around 26.2 million tonnes (-5.5% w-o-w) as demand from key regions showed no sign of slowdown. For China alone, its imports soared to 7.5 million tons last week, refreshing the highest weekly volume this year, with over 65% of its coal supplied by Indonesia. Accordingly, Indonesian coal maintained its exports at a high speed, up 5.3% to 10.3 million tonnes. While Australia also gradually lifted its exports with 7.6 million tonnes reported last week, with demand from all key regions remaining high, JKT and India were keen with their purchases for another week, with volume standing around 4.8 Mmt and 1.4 Mmt, respectively. Furthermore, coal imports to NW Europe jumped to 2.1 million tonnes (+55% w-o-w), the highest week since mid-May.

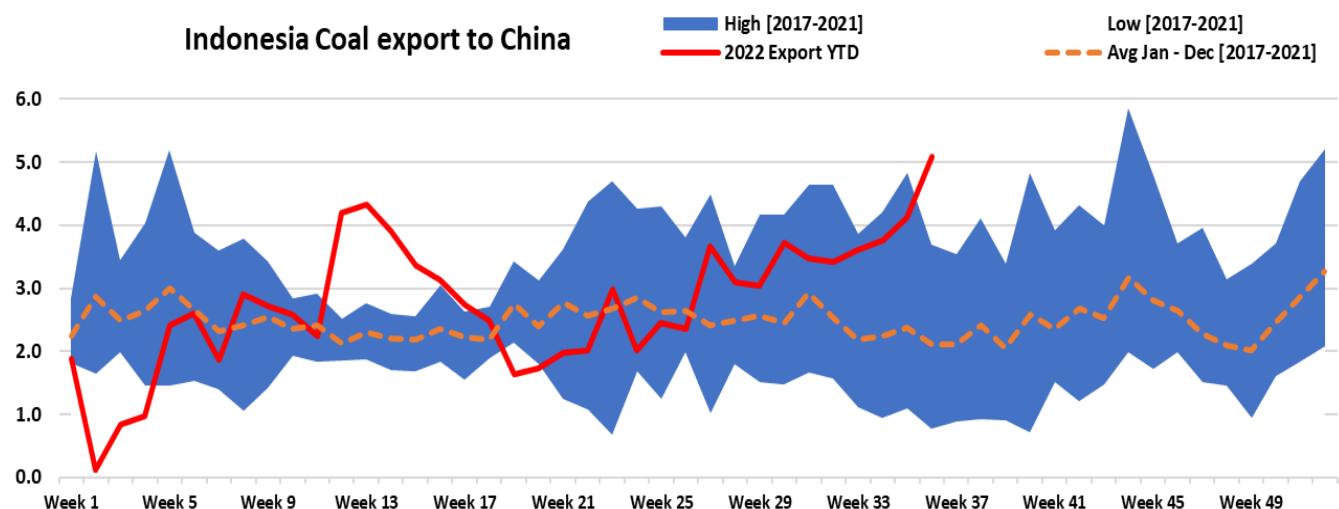
Dry Bulk Trades/Coal

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

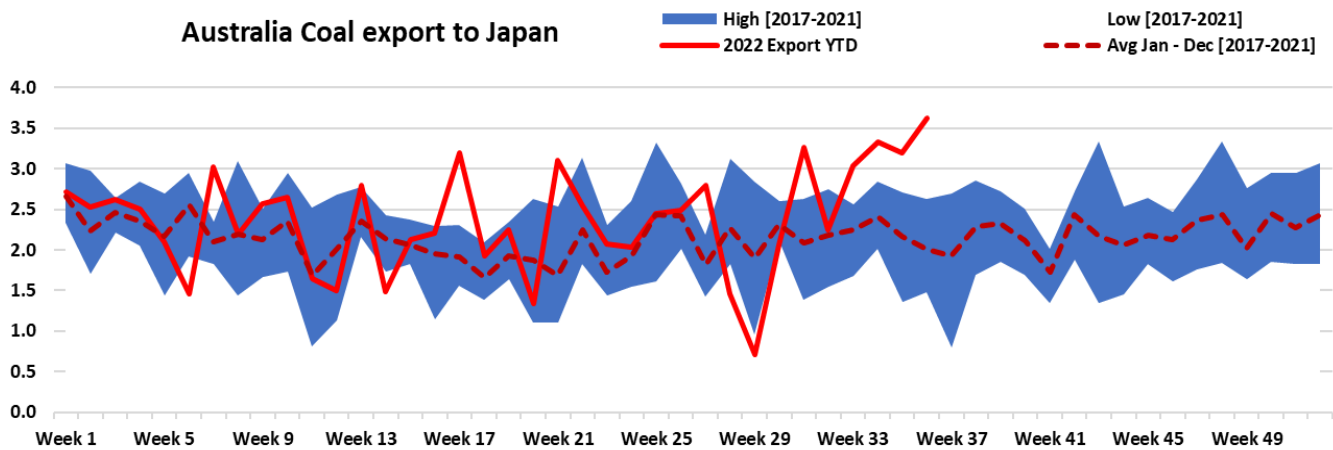
Coal Key Routes	Coal Export Million mt		
	Last Week	Prev. Week	Chg %
Indonesia-China	5.1	4.1	23.3%
Australia-Japan	3.6	3.2	13.0%

Seasonality Charts



Data Source: IHS Markit Commodities at Sea Service, Bloomberg

Australia Coal export to Japan



Data Sources: IHS Markit Commodities at Sea Service, Bloomberg

Dry Bulk Trades/Agri

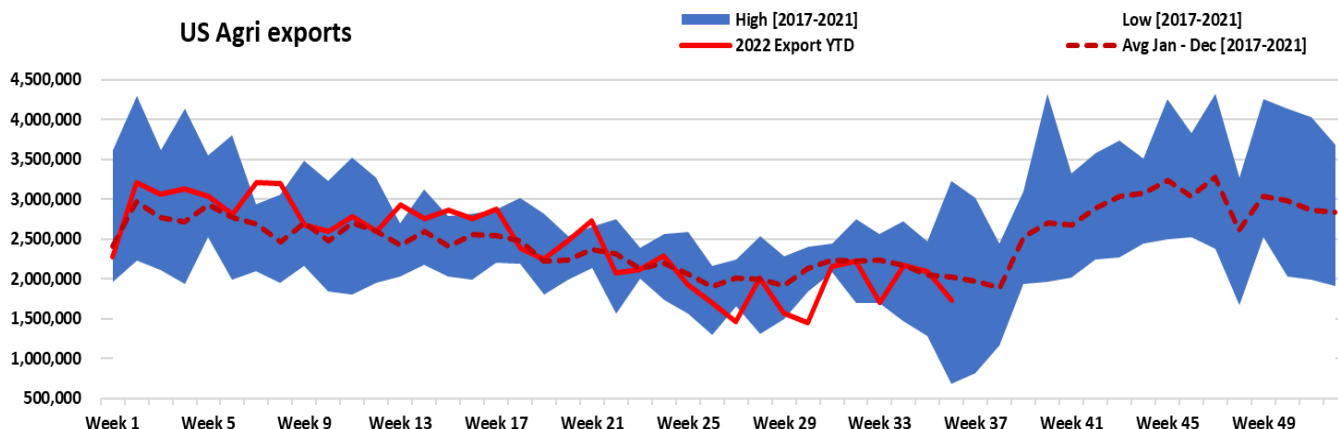
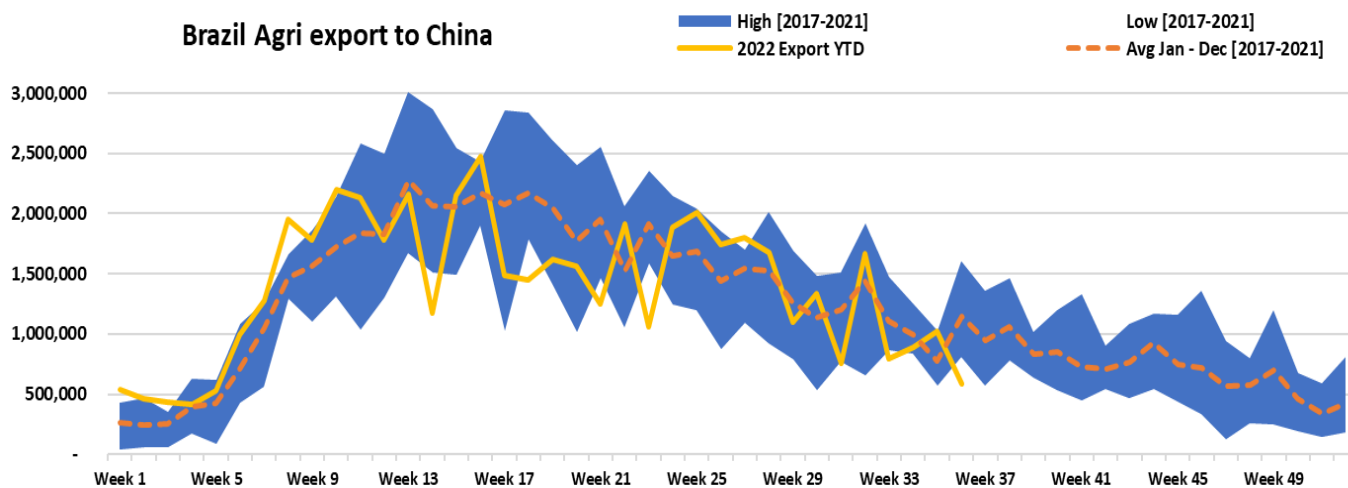
An uninspiring week for grains shipments as total export volumes fell to 10.7 million tonnes, with a weekly decrease of 21.2%. Out from Brazil, shipments were in line with the season, with the weekly total slumped 22% to 3.4 million tonnes. Exports from Brazil to China surpassed the low end of the 5-year average but followed a downward seasonal trend. As a few more cities in China entered a lockdown, the market was concerned that the restrictions would dampen the demand for soybeans. On the other hand, US shipments stayed at around 1.7 million tonnes, currently below the seasonal average. Elsewhere, some suppliers' exports are rising in the new month; on Sunday, the Argentinian government offered a special exchange rate to boost their soybean exports. While grains shipped out of the Black Sea regions were over 800kt last week, volume-wise, still a very low level but in progress.

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		
	Last Week	Prev. Week	Chg %	Last Week	Prev. Week	Chg %
Brazil-China	589.6	1026.5	-42.6%	40.4	44.6	-9.4%
US-China	142.0	297.6	-52.3%	53.0	57.1	-7.2%

Seasonality Charts



Data Source: IHS Markit Commodities at Sea Service, Bloomberg

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