

FIS Dry Freight Weekly Report

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Market Review:

With the Chinese Golden Week and other holidays being celebrated recently, market activity was significantly impacted. With limited reported physical fixtures market participants looked to the FFA market for a price direction. The early bullish sentiment dissipated mid-week with the upcoming steel production curbs dampening iron ore demand and US grains slowed down due to low water levels in the Mississippi river.

Freight Rate \$/day	11-Oct	03-Oct	Changes %	Short Term	Sentiment
Capesize 5TC	19,418	16,924	14.7%	Neutral to Bullish	↗
Panamax 4TC	18,712	17,405	7.5%	Neutral to Bullish	↗
Supramax 10TC	18,850	18,289	3.1%	Neutral	-
Handy 7TC	18,607	18,212	2.2%	Neutral	-

IHS	Weekly Total Shipments		Iron Ore	Coal	Bauxite	Agribulk	Minor bulk
Capesize	204	-36	135 (-33)	45 (-5)	12 (-3)		
Panamax	386	+16		189 (+9)		106 (+11)	59 (+6)
Supramax	476	+11		98 (-14)		63 (+5)	267 (+24)

Capesize

It was a game of two halves for Cape market last week, with rates initially firming up to \$21,000 following increased cargoes reported in the Atlantic, before the sentiment took a turn in the FFA market pushing physical rates lower. On a weekly basis, the Capes time charter rates still closed higher by holding onto some gains from the earlier part of last week. Volume wise, iron ore shipments had a sharp cut during the week-long Chinese national holiday, with noticeable reduced volume from all key suppliers, especially in the Pacific. Hence market participants turned their focus to the Atlantic market to get a better idea of price direction. It maybe due to the lack of activity or price correction, the upward movement took a pause although some said both basins remained stable with vessel supply in Brazil tightening up for end of Oct dates. On the other hand, coal demand was again robust last week, so much so that some Cape vessels got paid at premium rates to move coal out of Australia. In terms of fixtures, the key C5 iron ore route (West Australia to China) was fixing from \$8.75 to the high of the week at \$9.40 for mid Oct loading dates, before drifting lower to \$9.35-\$9 at the end of week. On Monday, C5 lifted to \$9.30 for 20 Oct onwards dates amid steady activities and increasing bunker prices, with some hope on renewed support after the holidays. In the Atlantic, the C3 iron ore route (Tubarao to Qingdao) was fixed above previous week levels, moving from mid-\$24 to above \$25 as the week progressed, although it was confirmed to have fallen again below \$24 on Monday. Other trips out of Brazil, from Itaguaí to Qingdao were fixed higher at \$22.10 for 19-23 Oct and \$25.25-25.50 for end of Oct dates. Other than that, activities from West and South Africa were relatively active. Trips from Kamsar to Qingdao were fixed at a steady range as previous week at mid to high \$25 for 23-31 Oct and at \$25.25 for 1-5 Nov. Other than that, cargoes with coal via Hay point to Turkey was fixed at \$21 for 20-29 Oct and on other demanding routes from Australia to SE Asia.

Capesize 5TC Front Month Trading Range

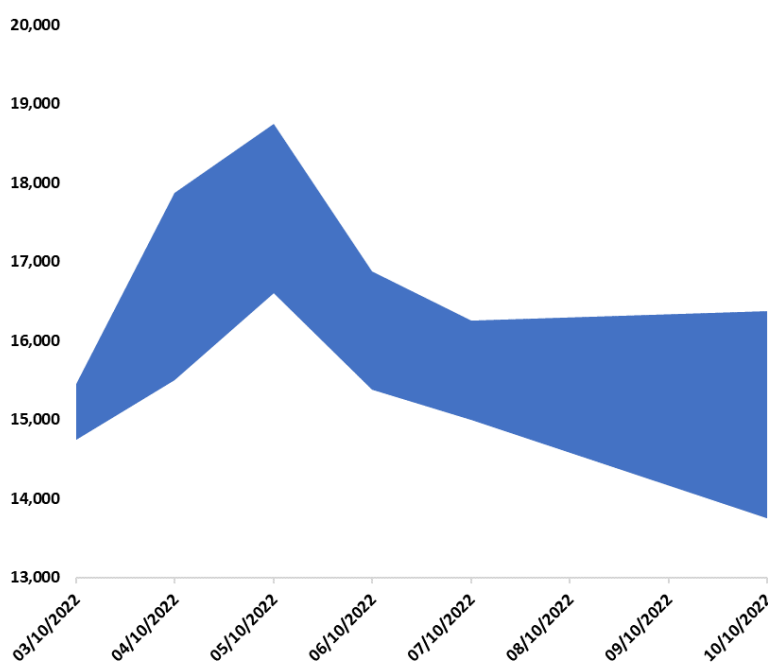


Chart source: FIS Live

Into the new week, the underlying iron ore market has a bumpy ride as activities picking up in a slow pace, coupled with the production curbs were ordered for the steel mills in Hebei province of China before the Party Congress taking place. Elsewhere, bunker prices increased throughout last week, with Singapore 380 and 0.5% fuel oil assessed at \$384 and \$711 respectively on Monday.

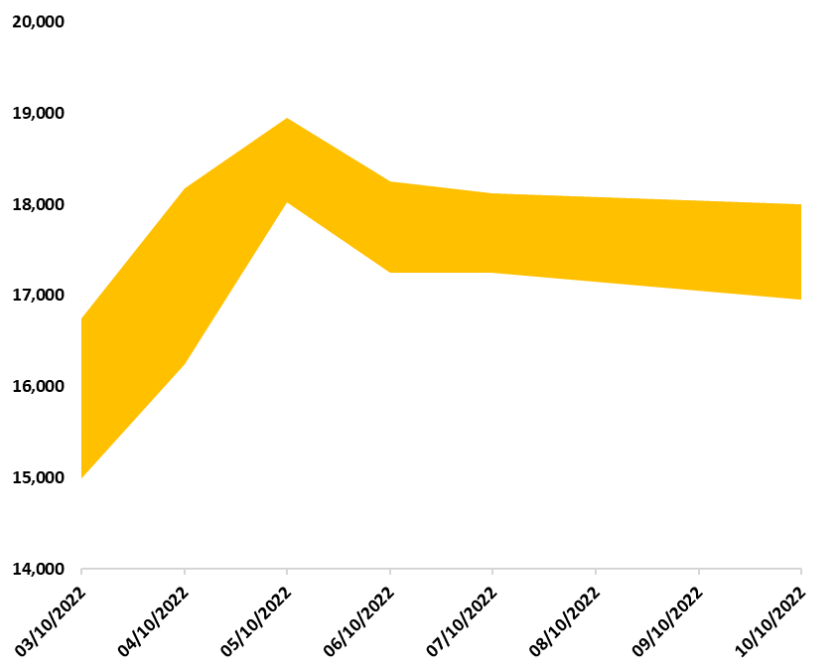
The renewed optimism post Golden Week in the Cape FFA market was short-lived after an initial market boost slumped into week end. Rates we're improved off the back of returning participants, rumours of higher physical and weather disruption at Chinese ports. This helped both the physical index and FFA contracts to gain, with the Nov contract alone moving up over \$2,000/day on Tuesday. Despite the physical index breaking \$21k and promoting optimism of further rises in the FFA values, but softer physical pushed away buyers and rates dropped as the week progressed. The Nov contract ended the reporting period at \$14,300/day down about \$1,000 on the previous Monday, but Q1-23 and Cal 24 closed at \$7,050 and \$13,700 respectively around where they had been a week ago. The backwardated structure continues in the Capes FFA, accentuated by the weather disruptions, which could provide some appetising longer dated buying opportunities in the coming weeks.

Short run neutral to bullish

Panamax

Panamaxes time charter rates gradually firmed up, supported by decent demand in grains and coal, although upside movement was limited by the various holidays impacting activities and a rather quiet Asian market. On the volume front, last week coal shipments to China hit another weekly high of the year, along with strong US grains demand resulting in weekly shipments marching closer to seasonal levels. By the end of the week, as the sell off in the larger sized vessels continued and lack of clarity due to holidays, negative sentiment crept in, which pressured rates lower into the new week. Other pressures also surfaced with other vessel sizes competing for business. Regarding fixtures, cargoes from the US Gulf redelivery Sing/ Japan jumped up to \$31,000-\$31,500 due to increasing demand, despite the rate fell to \$28,000 on Monday still higher than the previous week levels. In the South, other grains cargo via ECSA redelivery Sing/ Japan were fixed at \$26,000 and later rumoured was fixed at \$31,500. While on the TA round trip with minerals, NCSA redelivery Skaw-Gib was paid higher at \$22,000(+\$3k vs previous). In the Asian market, activities from Indonesia and Australia also returned but rates failed to hold up, with round trips from Indonesia to China fixing at 2k lower at around \$15,000, and NoPac round trip fell from \$20,000 to \$18,000 last week.

Panamax 4TC Front Month Trading Range



Unlike the larger sized vessels the Panamax paper market held onto early week gains much better with better prospects in the Atlantic and port congestion boosting rates. The Nov contract hit a high of \$18,950/day, Oct changed hands in good size between \$19750 and \$20000, and Q4 pushed up to \$18600. Despite rates coming under pressure towards week end, the Panamax FFAs managed to hold onto some of the gains and kept their head above Monday rates. The Cape market volatility and easing physical put pressure on the market impacting volumes and pushed trading into a rangebound session to end the reporting week. The Nov contract ended Monday 10th at \$17,575 up over \$1,000 on the week, Q1-23 at \$11,975 up \$500, and Cal 24 at \$11,700 up \$425.

Chart source: FIS Live

Short run neutral to bullish

Supramax

A fairly quiet week for Supramaxes with limited fixtures conducted during the week, despite that spot rates were supported by healthy enquires and higher rates in ECSA and US Gulf regions. With mixed views were shared for the Asian market, as some said with strong coal shipment ramped up from Indonesia, supply and demand seemed to be in balance. After some higher number being discussed, cargoes with grain stems from Houston to Far East was fixed at \$26,000, and from ECSA to Far East was heard at \$19,000. On the other side, moving coal from Indonesia to China fell a touch to \$16,750 while redeliver to WC India also marked lower at \$14,500. Elsewhere, grains shipped out of Black Sea ports remained stable last week with a trip to Far East was paid at \$27,000.

Of all the three main FFA average markets the Supramax 10TC held onto gains the best, with almost all value gained into the early week retained into the close the following Monday. Oct and Nov contracts traded to their respective highs of \$19,300 and \$18,750. There was hardly any movement in longer dated periods with all the action on prompt months; Cal 24, for example, was stuck in a \$200 trading range. The front Oct contract ended Monday \$400 above the index at \$19,250, with all other period up week-on-week.

Short run neutral

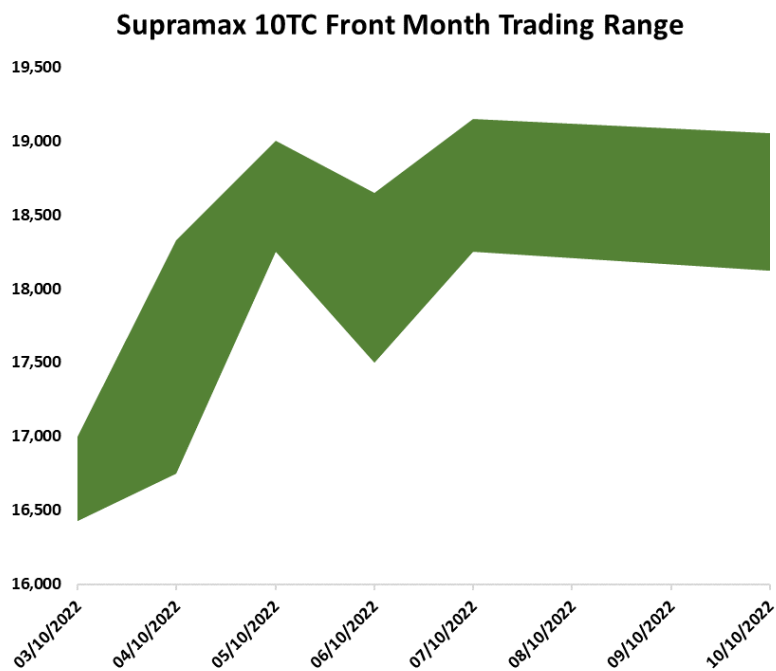


Chart sources: FIS Live

FFA Market

Although FFAs started the week on a quiet note, busy trading resumed in the mid week of the Chinese holiday. FFAs had another volatile week with good volume of nearly 51,500 lots posted on exchanges. Large activity was seen on options last week, with 5,580 lots being cleared in Panamax among 7,410 lots traded last week. On average, Capes and Panamaxes traded around 3,370 lots and 3,400 lots per day last week; Supramaxes followed right behind with 1,550 lots traded per day last week. Main actions focus on Oct, Nov, Q4'22, Q1'23 and Cal23 contracts. Open interest increased as positions extended to further dated contracts, on 11th Oct Cape 5TC 152,694 (+3,000 w-o-w), Panamax 4TC 167,343 (+5,250 w-o-w), Supramax 10TC 81,546 (+1,390 w-o-w).

FFA Market Indexes

Freight Rate \$/day	11-Oct	03-Oct	Changes %	2022 YTD	2020	2019	2018	2017
Capesize5TC	19,418	16,924	14.7%	16,675	13,070	18,025	16,529	15,129
Panamax4TC	18,712	17,405	7.5%	20,823	8,587	11,112	11,654	9,766
Supramax10TC	18,850	18,289	3.1%	24,315	8,189	9,948	11,487	9,345
Handy7TC	18,607	18,212	2.2%	23,209	8,003	9,288	8,700	7,636

FFA Market Forward Values

FFA \$/day	11-Oct FIS Closing	03-Oct FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2022 Mkt High	2022 Mkt Low
Capesize5TC Nov 22	14,300	15,250	-6.2%	18,750	13,750	35,750	11,250
Capesize5TC Q4 22	14,875	15,434	-3.6%	19,000	14,500	36,500	10,500
Panamax4TC Nov 22	17,575	16,375	7.3%	19,150	15,850	27,750	11,250
Panamax4TC Q4 22	17,425	16,450	5.9%	18,750	15,750	30,700	11,250
Supramax10TC Nov 22	18,125	16,500	9.8%	19,000	15,875	27,250	12,750
Supramax10TC Q4 22	18,225	16,600	9.8%	18,750	16,800	30,500	10,900

Data Source: FIS Live, Baltic Exchange

Freight Technical View

Capesize

November Futures – The technical was bullish neutral last week having held fractal support at USD 14,750. The futures had been moving higher supported by an oversold stochastic alongside a neutral RSI; we highlighted key resistance at USD 18,917, upside moves that failed at or below this level would leave the futures vulnerable to a test to the downside, above this level we targeted the USD 21,000 fractal high. The futures traded to a high of USD 18,750, resulting in a technical pullback. The upside failure last week has created a bearish head and shoulders pattern, the downside move today has broken the USD 14,750 double bottom fractal support (neckline), the technical is now bearish. We now target the USD 11,125 and USD 8,575 support levels. Upside moves above USD 18,750 will mean the technical is bullish.

Panamax

November Futures – The upside move above USD 18,044 resulted in the futures trading to a high of USD 18,950, meaning we have failed to trade above the USD 19,300 high. Seasonality charts warned that resistance level could be tested in the near-term, they haven't, but it has resulted in the futures consolidating for the last four days. The technical is bullish with price in a holding pattern, downside moves below USD 15,250 will mean the technical is bearish, warning the USD 9,225 fractal low could be tested. Upside moves above USD 19,300 would warn resistance levels could come under pressure; however, both wave and seasonality charts would suggest that any upside breakout has the potential to fail, as the current bull wave is against the longer-term trend.

Supramax

November futures – Seasonality warned that resistance levels could be tested in the near-term resulting in the futures trading to a high of USD 19,150, meaning the USD 19,500 high remains intact. We noted on the weekly technical that there is an inverse head and shoulders pattern in play which is a bullish pattern; however, two attempted breakouts have already failed, suggesting buy-side momentum is not that strong, whilst seasonality tends to turn lower around the 20/10. The neckline resistance was broken on Friday, but the fractal resistance remains in place, with the futures moving lower today. Technically we are bullish, However, the inverse H&S pattern is not looking reliable whilst seasonality and Elliott wave analysis suggesting this upside move will turn to the downside soon.

Chart source: Bloomberg

Capesize Nov 22 Morning Technical Comment – 240 Min



Dry Bulk Trades/Iron Ore

A muted week for the iron ore market with future prices drifting to the lower end of the range. During the holiday period, production levels remained flat, according to a Mysteel survey of over 247 Chinese steel mills, blast furnace operation rates stayed around the same level of 83.50%. Whereas capacity utilisation rates dipped due to the week-long holidays, edging down 0.17% w-o-w to 88.98% over 30 September – 8 Oct. Meanwhile, inventories of imported iron ore at 45 major Chinese ports fell to a three-month low of 129.6 million tonnes, down 0.9% or 1.1 million tonnes from the previous week, despite a slower discharge rate due to transport disruption. However, iron ore prices were again under pressure with the production cuts in Hebei province and lockdown fears in some Chinese cities before the Party Congress.

In September, the total iron ore seaborne volume reached its highest level this year at 138.9 million tonnes, up 1.3% or 1.75 million tonnes from Aug. The increase in supply was mainly contributed by the top exporter Australia, accounted for 58% of the total exports. The nation shipped about 90.32 million tonnes (+3.7% MoM) last month, also hit a nine-month high. Whereas declining volumes reported from other key regions as Brazil (31.86 Mmt, -3.9% MoM) and South Africa (4.95 Mmt, -2.6% MoM). As demand was expected to pick up in peak season from China, the imports accordingly rose by 2.5% to around 103 million tonnes in September. Last week, volume saw a downturn due to the week-long national holidays.

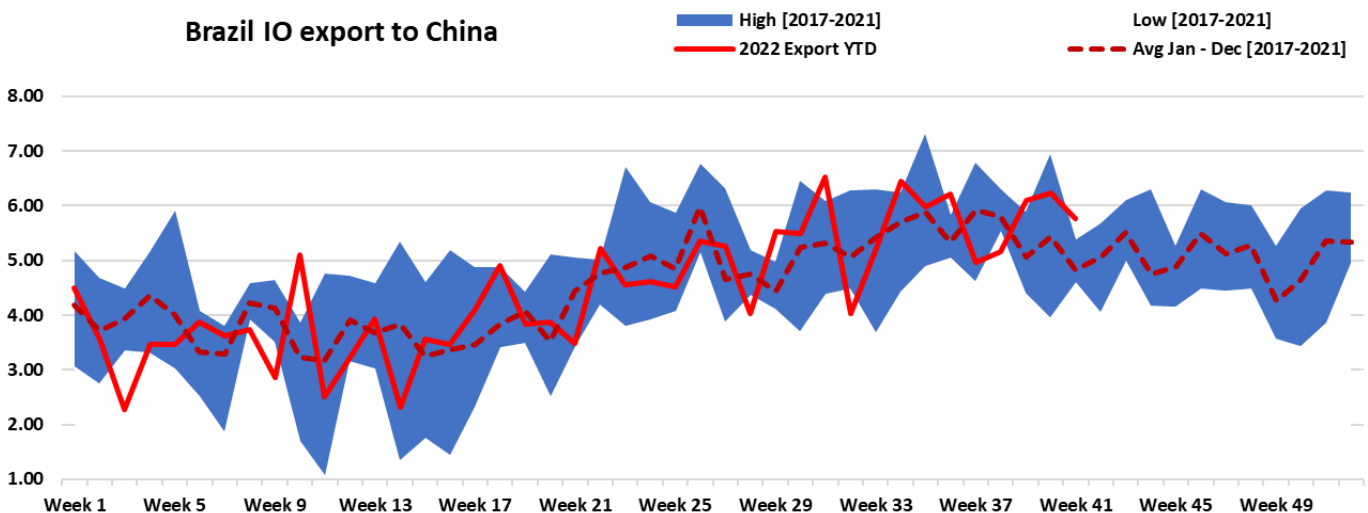
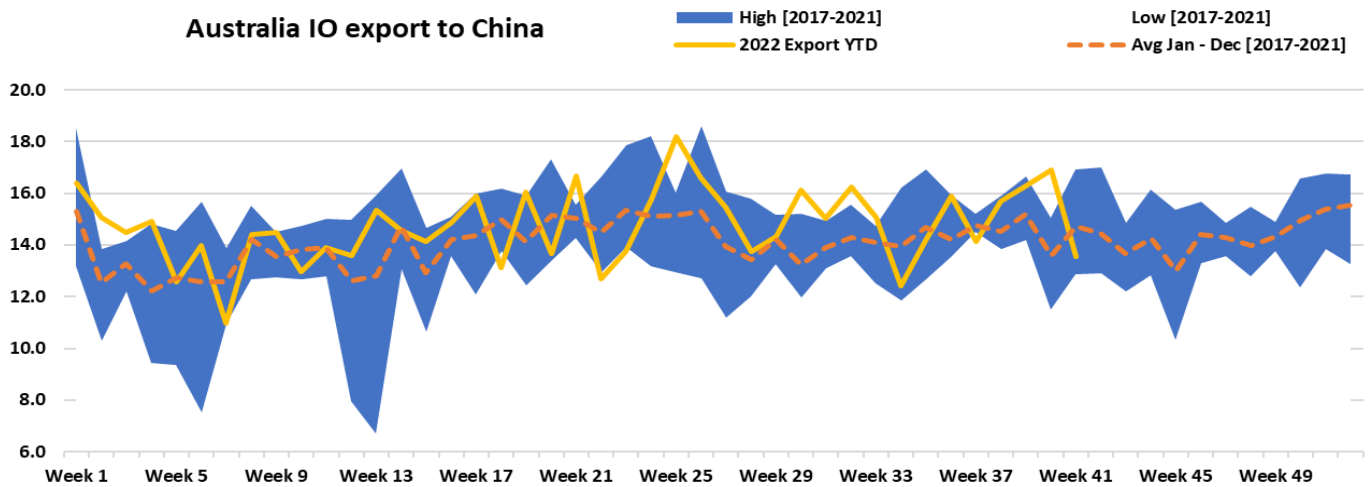
Dry Bulk Trades/Iron Ore

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	13.5	16.9	-19.9%	8.97	8.93	0.5%
Brazil-China	5.8	6.2	-7.7%	24.03	23.22	3.5%

Seasonality Charts



Data Source: IHS Markit Commodities at Sea Service, Bloomberg

Dry Bulk Trades/Coal

Another decent volume week for coal shipments last week despite the Asian holidays. We observed China boost their purchases to another record high of 7.3 million tonnes (+14% w-o-w) among total exports of 25.7 million tonnes. The route from Indonesia to China, reached another weekly high of 5.5 Mmt, jumping up by 24% or 1.1 Mmt. While for Australia, imports from the key region slowed down a touch but strong demand was seen from SE Asian regions, with their weekly imports close to a yearly high level at 1.3 Mmt. Last month, global coal shipments stayed flat around 110 million tonnes similar to the previous two months, with increasing imports from Indonesia (44.6 Mmt) compared with August, and a slightly lower volume from Australia (27.5 Mmt) due to weather disruption. Apart from the traditional coal takers, demand from Europe rose by 20.6% to 8.3 million tonnes in Sept, compared with the range of 4-5.8 mmt in the last 3 years.

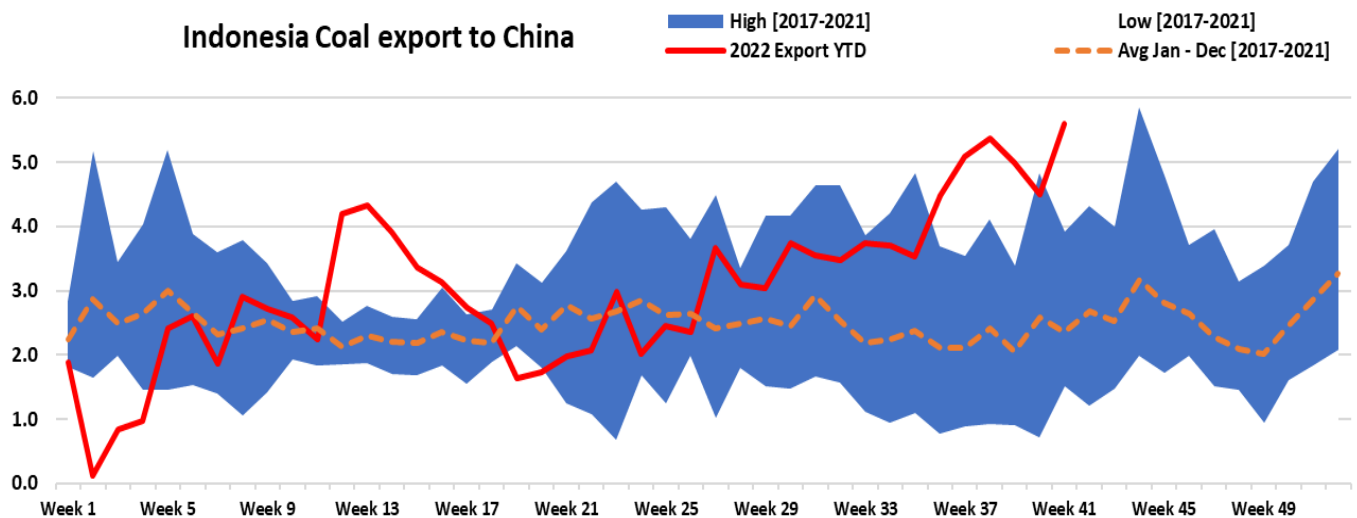
Dry Bulk Trades/Coal

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

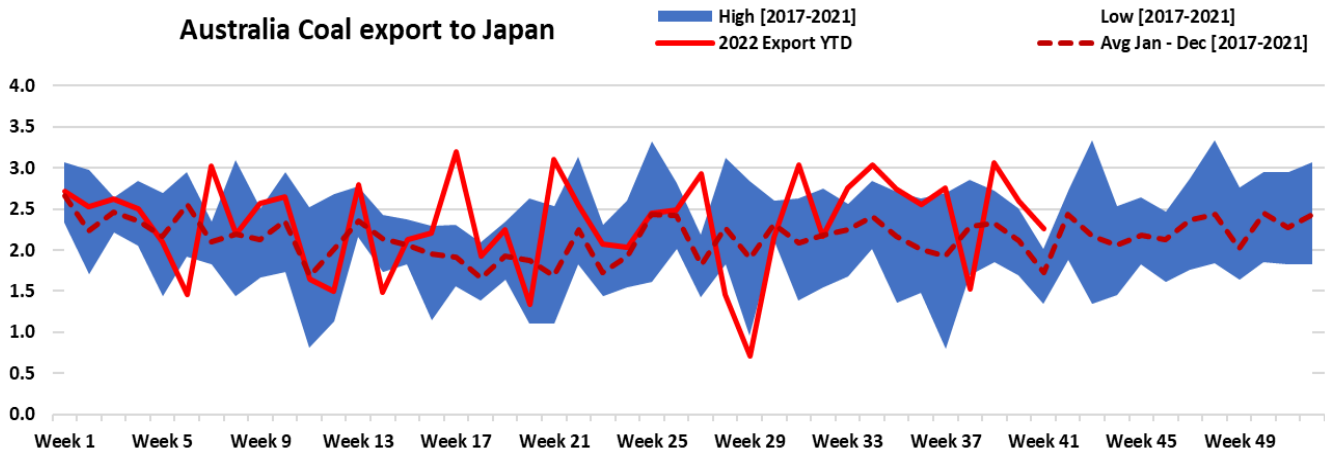
Coal Key Routes	Coal Export Million mt		
	Last Week	Prev. Week	Chg %
Indonesia-China	5.6	4.5	24.2%
Australia-Japan	2.3	2.6	-13.1%

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

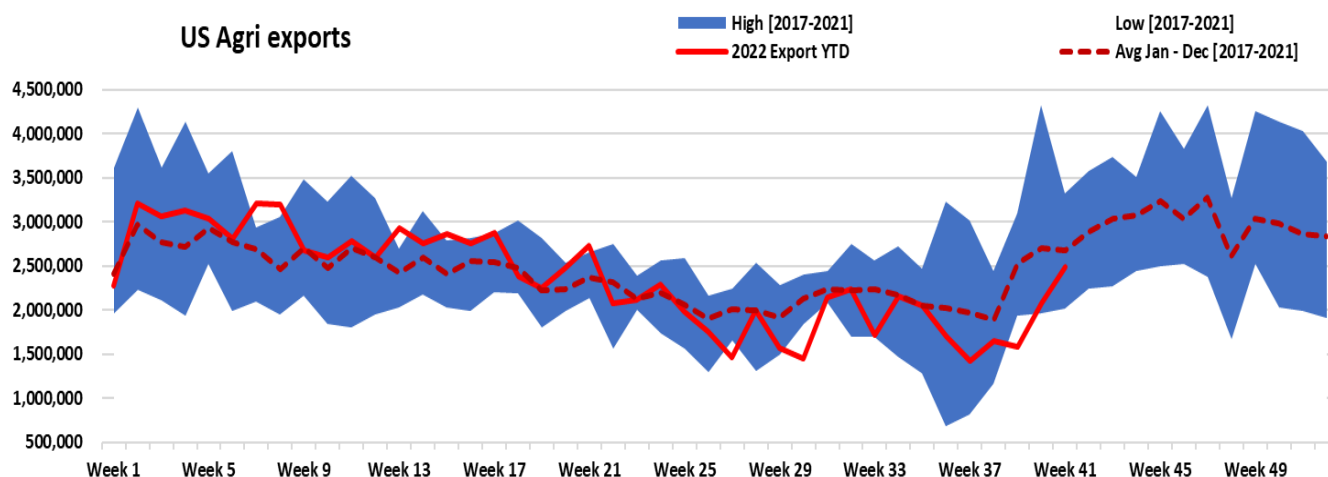
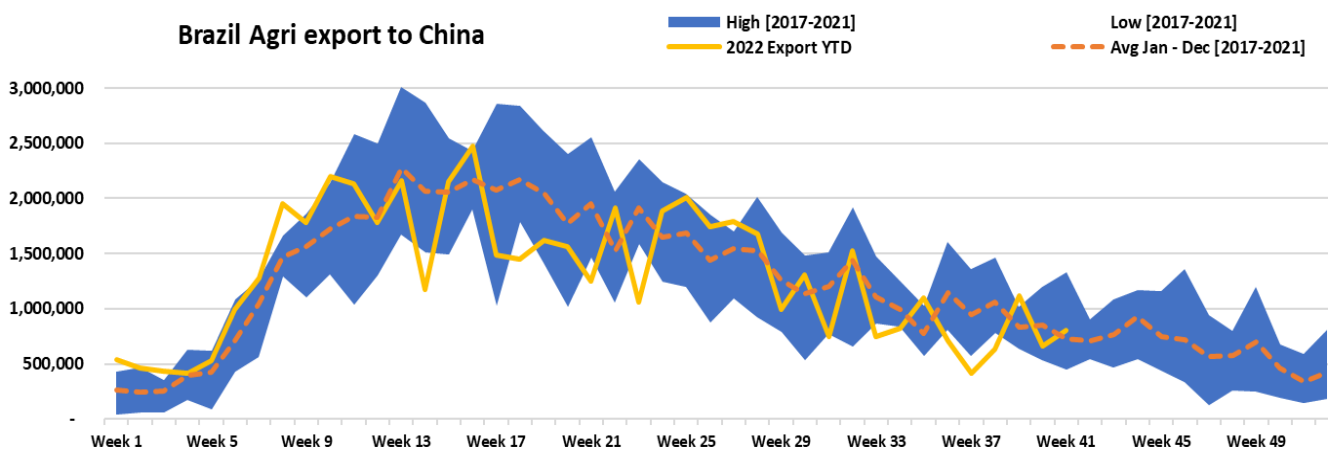
Another positive week for US grains shipments with total export volumes surging up to 3.5 million tonnes, however Brazilian shipments followed the seasonal trend, with last weeks total rising by 26.2% to 4 million tonnes. On the flip side, shipments from the US pushed up to 2.5 million tonnes (+19.5% w-o-w), making its way back into the seasonal range. According to the estimates from IHS Markit Commodities at Sea Service, grains exports from US were forecast to increase 16% in Q4 to 48.2 million tonnes due to higher soy shipments.

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		
	Last Week	Prev. Week	Chg %	Last Week	Prev. Week	Chg %
Brazil-China	806.1	662.6	21.6%	51.7	48.9	5.8%
US-China	636.3	435.6	46.1%	62.8	59.6	5.5%

Seasonality Charts



Data Source: IHS Markit Commodities at Sea Service, Bloomberg

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