FIS

Dry Freight Weekly Report

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

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Market Review:

A subdued week for the dry freight market with slow activities and rates moving to the lower end of recent ranges. After returning from holiday, market participants waited for further clues on future demand. For the iron ore, a more bearish tone has appeared on the back of ongoing production curbs and a continuation of the Chinese zero covid policy. Whilst US grains were another factor supporting rates as they still faced logistic delays.

Freight Rate $/day	18-Oct	11-Oct	Changes %	Short Term	Sentiment
Capesize 5TC	18,133	19,418	-6.6%	Neutral	-
Panamax 4TC	17,460	18,712	-6.7%	Neutral to Bullish	↗
Supramax 10TC	18,460	18,850	-2.1%	Neutral	-
Handy 7TC	17,935	18,607	-3.6%	Neutral	-

IHS	Weekly Total Shipments		Iron Ore	Coal	Bauxite	Agribulk	Minor bulk
Capesize	211	+13	146 (+11)	50 (+6)	12 (+3)		
Panamax	363	-16		177 (-8)		94 (-18)	51 (+3)
Supramax	498	+7		116 (+28)		79 (-3)	292 (-15)

Capesize

An uneventful one for the Cape market last week, as the gains from the start of the week slowly evaporated in subdued activities to close the week a touch lower. More support is required for spot rates to stay in the current range than is currently being seen in the market. On a weekly basis, iron ore shipments rebounded as expected after the Chinese national holiday, with recovering volumes from Australia and West Africa despite another decline in weekly volume from Brazil. With the fall in steel prices and margins squeezed, Chinese buyers were rather on the sidelines waiting for more clues in terms of iron ore demand for Q4, with high-grade ore demand taking a bigger hit than the low and mid grades. On the other side, coal demand remained strong last week and we saw more Cape vessels competing for coal cargoes. Again it was a two tier market, in the Pacific, demand remained stable although some prompt tonnages were still available, thereby it would be hard to see rates pushing much higher unless cargoes increased. While in the Atlantic, rates came under pressure as market sources said vessels supply was sufficient for early Nov laycan and likely more inbound ballasters towards Brazil. Hence charterers lowered their bids following by the lacklustre activities. In terms of fixtures, the key C5 iron ore route (West Australia to China) was firming up from $9.30 to the $9.65 and then $9.80 for late Oct loading dates, as all three miners were actively in the market. In the mid-week activities started to dry out, C5 slipped to $9.20-$9 before the weekend. In addition, cargos with coal via West Africa and Australia delivering to India also contributed to tighten up the prompt tonnage list. In the Atlantic, the C3 iron ore route (Tubarao to Qingdao) was fixed at $23 for 5-15 Nov and $21.85 for 21-30 Nov. Other trips out of Brazil, PDM to Qingdao were fixed at $15.70 for 25 Oct-3 Nov. Other than that, activity from South Africa was inactive whereas more demand for West Africa with volume seeing significant uptick. Trips from Takoradi to Qingdao were fixed at $26.10 for 1-5 Nov.

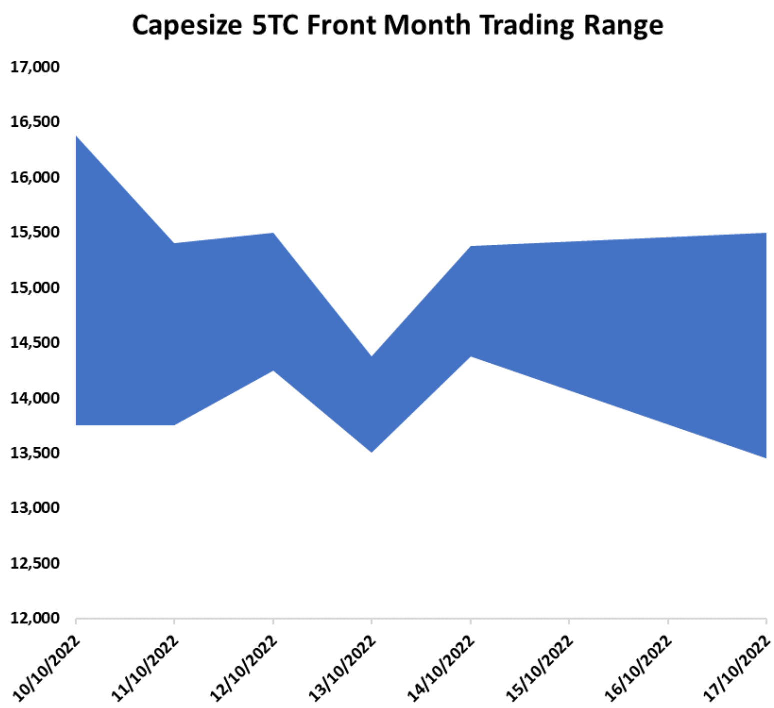


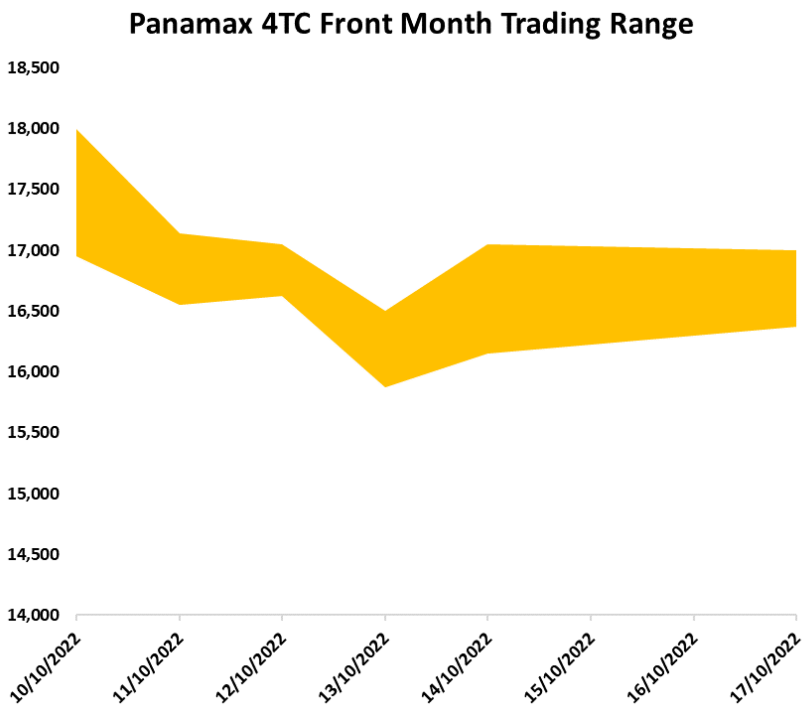
Chart source: FIS Live

Elsewhere, bunker prices fell sharply last week to the levels at early Oct, with Singapore 380 and 0.5% fuel oil assessed at $348 and $674 respectively on Monday.

The backwardation structure continued from the previous week to the start of w/c 10th October in the Cape FFA market. A reversal near the end of the week produced a slight rise and maintained that level the following weekend. The overall sentiment started quietly with thin trading volume despite the ongoing weather delays in the East. This trend continued through Thursday, 13th October, as the index dropped nearly 5% on the day. The Nov contract closed at $13,825, only a 0.36% price movement from the close on Monday. Liquidity dried up at the end of the week, with the Nov contract closing at $15375, an increase of 11.21%. Foul weather in China may have contributed to a negative start to this week. It could continue to cause delays in the Cape despite the index staying on the positive side with a w-o-w price increase of 4.88% from Monday, 10th to Monday, 18th October.

Short run neutral

Panamax



Panamaxes time charter rates continued to fall for most of last week, eventually the market sentiment was lifted by the end of the week thanks to a firmer Pacific market. However, mineral demand over the TA routes was lacking, thus adding pressure to the rates, along with slowing down grains stems due to drought in the Mississippi River. Volume wise, there was no surprise at another decent weekly increase in coal demand with progress being made on the Australia to JKT routes, resulting in a 48% volume jump from the previous week to a total of 4.7 million tonnes. Furthermore, on the grains front, shipments from US rose to seasonal level although facing delay in barge traffic as well as healthy volume reported to flow out from NoPac. Regarding fixtures, fresh enquires were limited on front haul either for grains or mineral ex US Gulf, which dampened the sentiment. As charterers seemed to have more control due to increasing tonnage count, that discounted bids were shown especially over minerals. Cargoes with grains from the US Gulf redelivery Sing/Japan was fixing lower to $25,500. In the South, other grains cargo via ECSA redelivery Sing/ Japan were fixed at $21,000. While on the TA round trip with minerals, ECSA redelivery Skaw-Gib was paid lower at $21,000. In the Asian market, activities from the Pacific resumed strongly with rates marching higher, as round trips from Indonesia to S. China fixing over $2k higher at around $17,500 and to India was heard at $15,000, and other coal cargoes from Hay Point to Ijmuiden was fixed at $31,70 for 1-6 Nov and via Newcastle redelivery Japan was paid at $18,000. While NoPac round trip nudged up from the range of $18,500-18,750 to $19,000 last week. This week, Panamax started on a firmer note with the positive news that China will step up measures to secure coal supply for the winter in the coming weeks, also there was a hope that the logistic issues can be resolved in the Mississippi to further boost demand.

Chart source: FIS Live

Unlike the larger-sized vessels, the Panamax paper market didn't hold onto gains, with a slight decrease of 1.92% w-o-w from Monday, 10th October to 17th. The Nov contract started the week by trading in good size at $17,500 and Q1 at $12,000 on the 10th. Most of the week was relatively quiet, with Columbus Day, Sports day in Japan, National Farmers Day, and National Fossil Day. After a few losses on Thursday the 13th, most of the losses were pulled back Friday the 14th. We saw the Nov contract testing the $17,000 resistance while Dec broke the $16,000 resistance with most of the trading activity on the front of the curve.

Short run neutral to bullish

Supramax

Similar to the larger size, Supramaxes drifted lower throughout last week despite decent demand shown in ECSA and US Gulf regions but less so in the Asian market. Although coal demand has been a main supporter, rates did drop as prompt tonnage list began to build up with a coal run via Australia to EC India was heard at around $17,000. On a positive note, shipments out of the Arabian Gulf were better with trips delivering to Bangladesh fixing from $20,000 to $19,350. On the other hand, the Atlantic seemed to be more in balance with increasing enquires for US grains and mineral business. A cargo with grains via Mississippi to WC Centra America was fixed at $31,000. Other FH trip from West Africa was lifted up from the low $20,000 with details yet to be confirmed.
This week of all the three main FFA average markets, the Supramax 10TC experienced the opposite from last week by dropping 7.44% w-o-w Monday 10th to 17th October. It was a quiet start, with Nov and Q4 trading lows of $18000 and $18250. New lows continued to be hit daily on the Nov and Dec contracts, especially the Nov contract to lows of $16500 on the 13th of October before being pushed to respective highs at the end of the week of $17200 and gains in the backend of the curve, with Cal23 trading to $12,700 high.

Short run neutral

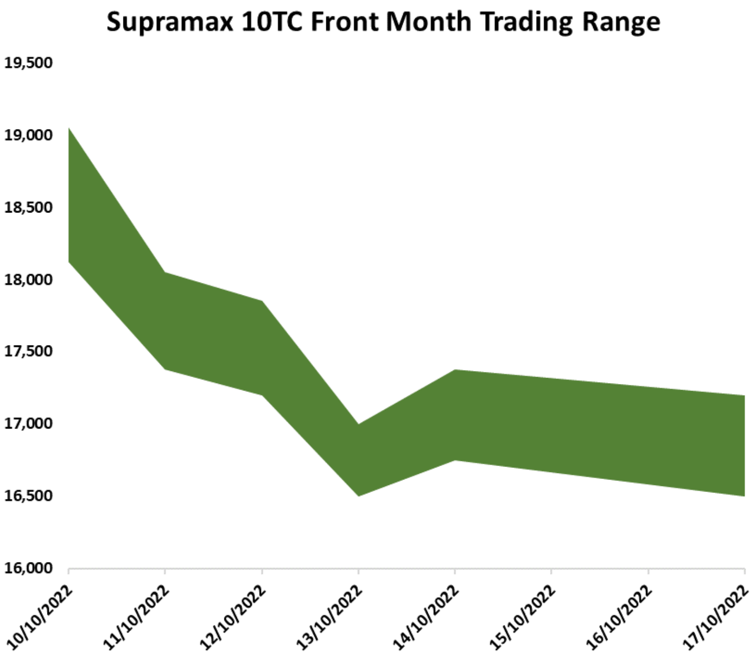


Chart sources: FIS Live

FFA Market

Like the indices that moved at a subdued pace, FFAs had a less active week with a volume of around 33,300 lots posted on exchanges. On options, volume was also reduced noticeably last week, with 1,650 lots being cleared in Panamax among 2,010 lots traded last week. On average, Capes and Panamaxes traded around 2,580 lots and 2,550 lots per day last week; Supramaxes followed right behind with 880 lots traded per day last week. Main actions focus on Oct, Nov, Dec, Q4'22, Q1'23 and Cal23 contracts. Open interest increased as positions extended to further dated contracts, on 17th Oct Cape 5TC 155,034 (+2,340 w-o-w), Panamax 4TC 169,603 (+2,260 w-o-w), Supramax 10TC 82,551 (+1,005 w-o-w).

FFA Market Indexes

Freight Rate $/day	18-Oct	11-Oct	Changes %	2022 YTD	2020	2019	2018	2017
Capesize5TC	18,133	19,418	-6.6%	16,720	13,070	18,025	16,529	15,129
Panamax4TC	17,460	18,712	-6.7%	20,731	8,587	11,112	11,654	9,766
Supramax10TC	18,460	18,850	-2.1%	24,143	8,189	9,948	11,487	9,345
Handy7TC	17,935	18,607	-3.6%	23,058	8,003	9,288	8,700	7,636

FFA Market Forward Values

FFA $/day	18-Oct FIS Closing	11-Oct FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2022 Mkt High	2022 Mkt Low
Capesize5TC Nov 22	13,500	14,300	-5.6%	16,250	13,500	35,750	11,250
Capesize5TC Q4 22	14,600	14,875	-1.8%	15,500	14,450	36,500	10,500
Panamax4TC Nov 22	16,625	17,575	-5.4%	17,735	15,600	27,750	11,250
Panamax4TC Q4 22	16,525	17,425	-5.2%	17,500	16,100	30,700	11,250
Supramax10TC Nov 22	16,800	18,125	-7.3%	19,000	16,000	27,250	12,750
Supramax10TC Q4 22	16,825	18,225	-7.7%	18,250	16,500	30,500	10,900

Data Source: FIS Live, Baltic Exchange

Freight Technical View

Capesize

November Futures – Technically bearish last week on the break in the head and shoulders pattern below USD 14,750, the futures targeted the USD 11,125 and USD 8,575 support levels. The downside break has been followed by 4 days of consolidation with price trading between USD 13,500 and USD 15,500. The futures are moving lower today (17/10 USD 13,725) but we remain above the USD 13,500 support. A close below this level will weaken the technical further, suggesting the near-term support at USD 11,125 could come under pressure. Upside moves that fail at or below USD 16,965 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 18,750 is the technical bullish.

Panamax

November Futures – Technically bullish last week but in a holding pattern with key support at USD 15,250 and resistance at USD 19,300. Price initially moved lower to USD 15,875 before finding buying support on the 15/10. The technical remains bullish but with a neutral bias with the index moving USD 67 higher today to USD 17,460 (17/10), a close above USD 17,815 will mean momentum based on price is starting to strengthen. Seasonality in the futures (and index) tends to move lower around the 20/10, whilst our wave analysis would suggest this recent upside move looks to be a countertrend wave 4, suggesting we remain technically vulnerable to a move to the downside. However, until we see a move below and a close below 15,250 the technical remains in bull territory. A close above USD 19,300 will warn that the USD 19,800 – USD 20,275 resistance zone could be vulnerable.

Supramax

November futures – We noted last week that the inverse head and shoulders pattern was not looking reliable whilst seasonality and Elliott wave analysis suggested the upside move in the futures could turn to the downside soon. The futures have traded to a low of USD 16,475, meaning the USD 16,375 support remains intact, leaving price in a consolidation phase. A close below USD 16,375 will have bearish implications going forward, likewise a close above USD 19,500 will signal a bullish breakout. Technically we remain unchanged from last week with seasonality and wave analysis continuing to warn that we have the potential to see further weakness. Key support to follow is at USD 16,375.

Chart source: Bloomberg

Dry Bulk Trades/Iron Ore

The iron ore market came under further pressure last week as iron ore usage declined due to environmental restrictions, with iron ore stockpiles in northern China edging up. According to a Mysteel survey of over surveyed Chinese steel mills, the daily consumption of imported iron ore sintering fines reduced by 9.5% from last week, or 500,300 tonnes less per day over the 8-12 October. Furthermore, blast furnace operation rates dipped 0.88%, but was still in a steady range at 82.62% as most of the mills kept production levels flat and a few mills in the Tangshan region idled their blast furnaces. On the other hand, capacity utilisation rates ticked up after the return from holidays, up 0.06% w-o-w to 89.04% over 8– 13 Oct. Above all else, investors waited for confirmation of more government stimulus and support for the property sector from the upcoming Communist Party Congress, to gauge steel demand in Q4 although this turned out to be rather depressed after the unwavering zero covid policy was reiterated at the Communist Party congress on Sunday.

Last week total iron ore shipments firmed up 11% from the previous week to 30.9 million tonnes, with exports from Australia improving to 19.0 million tonnes, up 15% from the previous week, although still below the pre-holiday levels. For the other top exporter Brazil, volumes reduced to around 6.4 million tonnes continued its downward trend in last three weeks, down 3.6% w-o-w., In other regions, shipment out of South Africa reported to be limited last week with thin volumes, however better iron ore volumes were heard from West Africa, with weekly shipments jumping up 18% to 616kt. As the charts below show, last week's shipments from Brazil to China came in just under the seasonal average, whilst exports from Australia to China bounced back post holidays and reached the ceiling of the 5 year average, standing at around 17.2 million tonnes, a comparably high volume week in recent weeks.

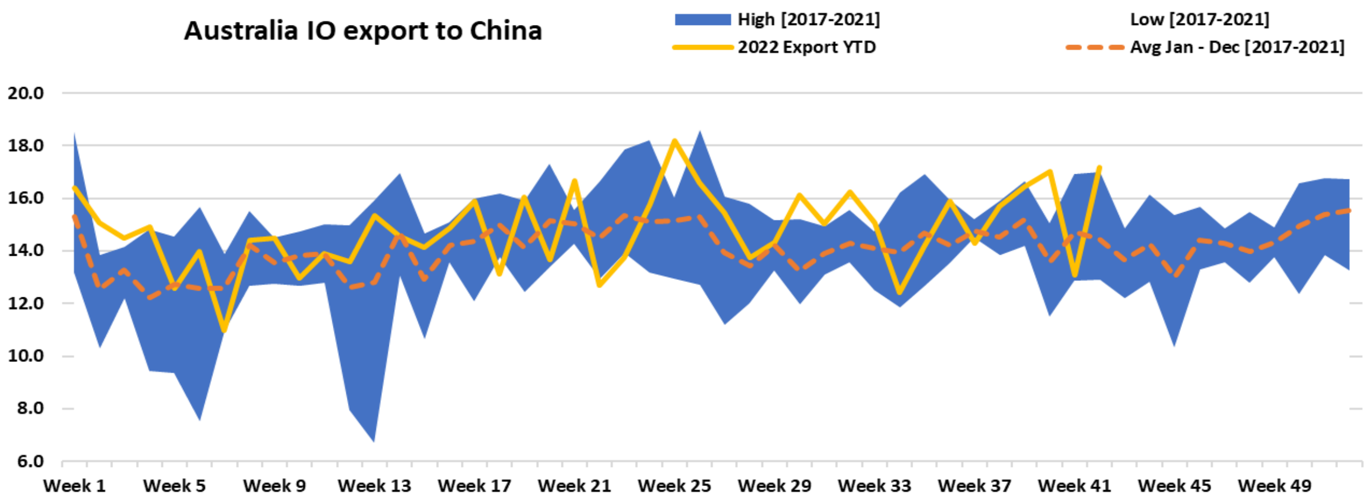
Dry Bulk Trades/Iron Ore

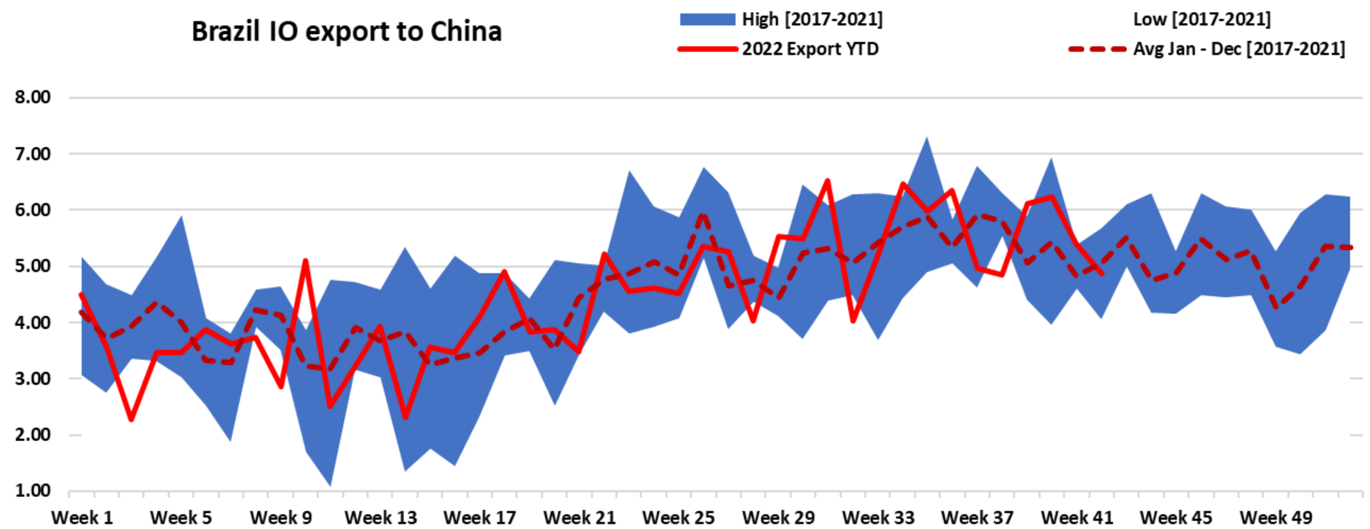
Export (million tonnes)	Sep-22	Aug-22	Q3-22	Q2-22	Q1-22	Q4-21	2021	2020
Australia	80.3	77.5	235.3	234.6	219.2	236.1	922.7	922.4
Brazil	31.9	33.2	97.5	81.9	69.7	91.2	350.5	336.6
South Africa	4.9	5.1	15.7	15.9	14.4	15.6	60.4	56.0
India	0.3	0.5	1.6	5.5	7.2	1.9	37.6	50.8
Canada	6.8	6.3	17.9	13.5	11.7	14.9	57.2	58.1
Others	14.7	14.5	42.5	40.1	45.2	52.5	199.4	179.7
Global	**138.9**	**137.1**	**410.5**	**391.6**	**367.4**	**412.1**	**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	17.2	13.1	31.3%	9.27	8.97	3.3%
Brazil-China	4.9	5.4	-9.7%	23.72	24.03	-1.3%

Seasonality Charts





Data Source: IHS Markit Commodities at Sea Service, Bloomberg

Dry Bulk Trades/Coal

Total coal shipments rose by 13.4%, moving above record high levels to hit 27.7 million tonnes last week. Indonesian exports were steady at the recent week's level of 10.6 million tonnes, with nearly half of supply directed to China, which in a rare change in recent memory, witnessed a downturn but mainly due to Chinese buyers waiting for a clear directional signal post holidays. The drop in shipments, however, could quickly be reversed as demand from China is expected to surge after the government reiterated its plan to secure sufficient coal over the winter. On the other hand, with increasing demand from all key regions for Australian coal, last week's volumes were down after hitting a 3-month high. Decent demand continues to be seen from JKT with volumes soaring up over 48% to 4.5 Mmt, India 7.2 Mmt (+30%) and SE Asia stayed flat at 1.2 Mmt.

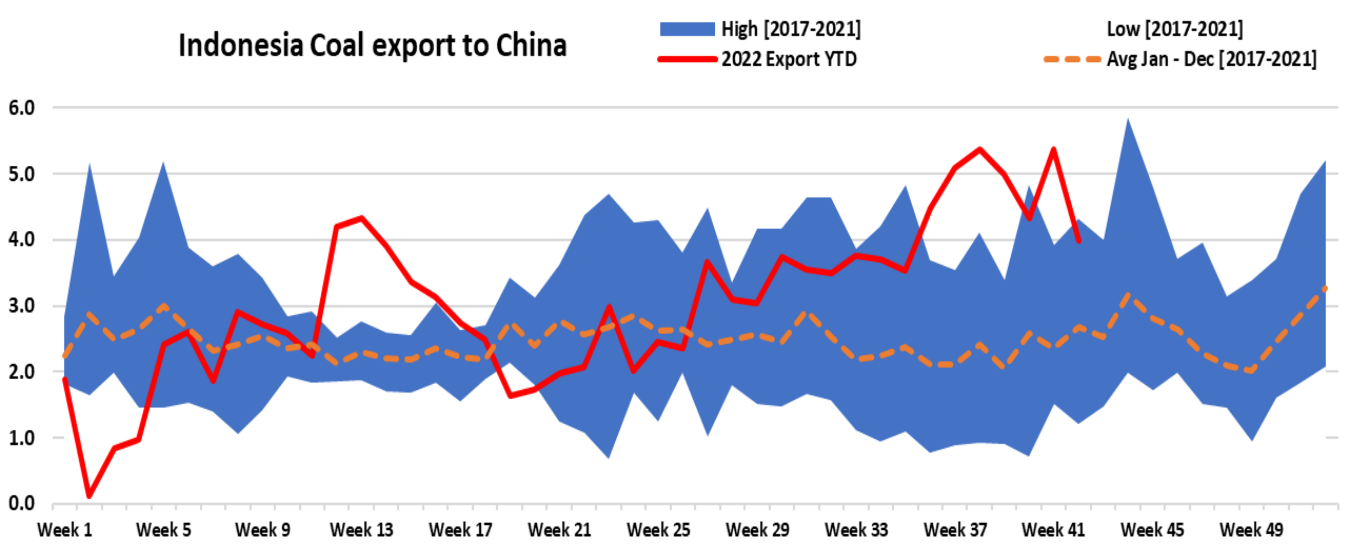
Dry Bulk Trades/Coal

Export (million tonnes)	**Sep-22**	**Aug-22**	Q3-22	Q2-22	Q1-22	Q4-21	2021	2020
Indonesia	44.5	42.0	130.7	118.8	88.8	105.5	415.6	377.0
Australia	27.4	29.2	80.3	90.9	84.4	90.7	368.3	376.1
Russia	14.2	15.5	47.3	50.9	41.2	40.6	173.4	178.4
USA	5.3	5.1	15.1	14.5	16.0	15.8	68.9	56.0
Colombia	5.6	5.3	15.9	15.1	15.5	17.5	61.1	58.6
South Africa	14.1	14.2	43.2	42.2	40.7	40.9	61.9	72.8
Others	111.1	111.2	332.4	332.3	286.8	310.9	86.3	75.9
Global	**112.4**	**109.8**	**331.7**	**287.0**	**313.5**	**319.5**	**1235.6**	**1194.9**

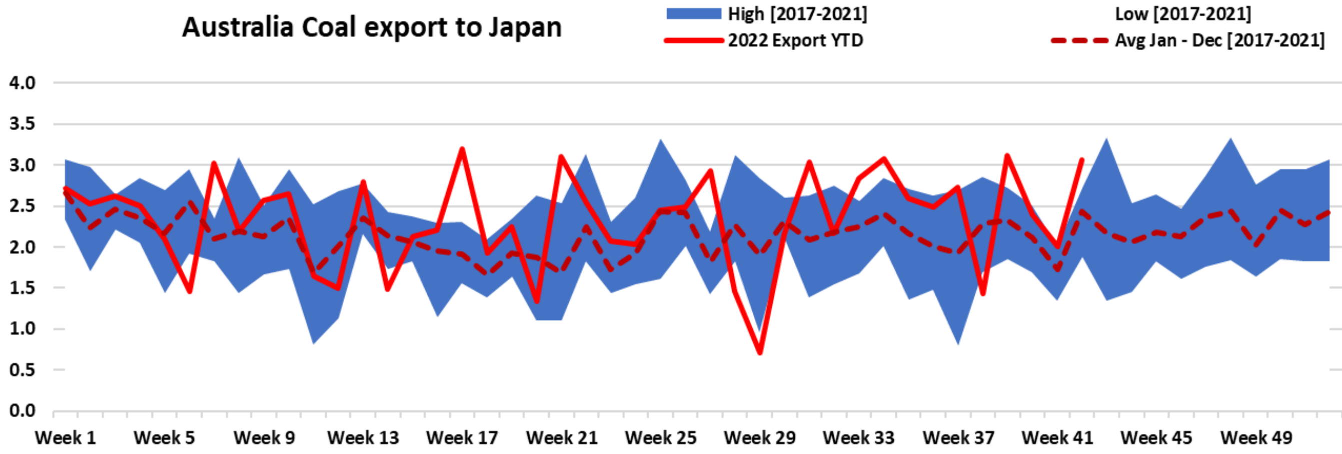
Coal Key Routes

Coal Key Routes	Coal Export Million mt		
Coal Export Million mt	Last Week	Prev. Week	Chg %
Indonesia-China	4.0	5.4	-25.9%
Australia-Japan	3.1	2.0	53.0%

Seasonality Charts



Data Source: IHS Markit Commodities at Sea Service, Bloomberg



Data Sources: IHS Markit Commodities at Sea Service, Bloomberg

Dry Bulk Trades/Agri

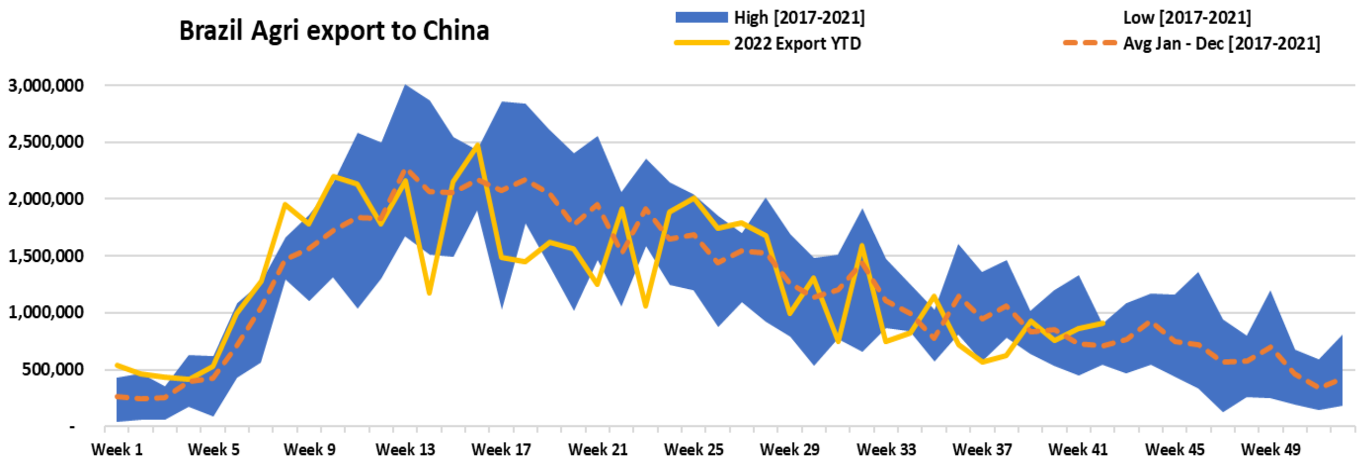
A slow week for grains shipments with total export volumes falling to 5.7 million tonnes, down 12% w-o-w. Brazilian shipments followed the seasonal trend, with last week's total reduced by 12.1% to 5.7 million tonnes. On the flip side, shipments from the US pushed up to 2.7 million tonnes (+13.2% w-o-w), making its way back into the seasonal range. Strong demand was also reported from Australia, with weekly shipments increased for a sixth straight week to 3.3 Mmt, its highest weekly level since mid-May. According to the estimates from IHS Markit Commodities at Sea Service, grains exports from the US are forecast to increase 16% in Q4 to 48.2 million tonnes due to higher soy shipments.

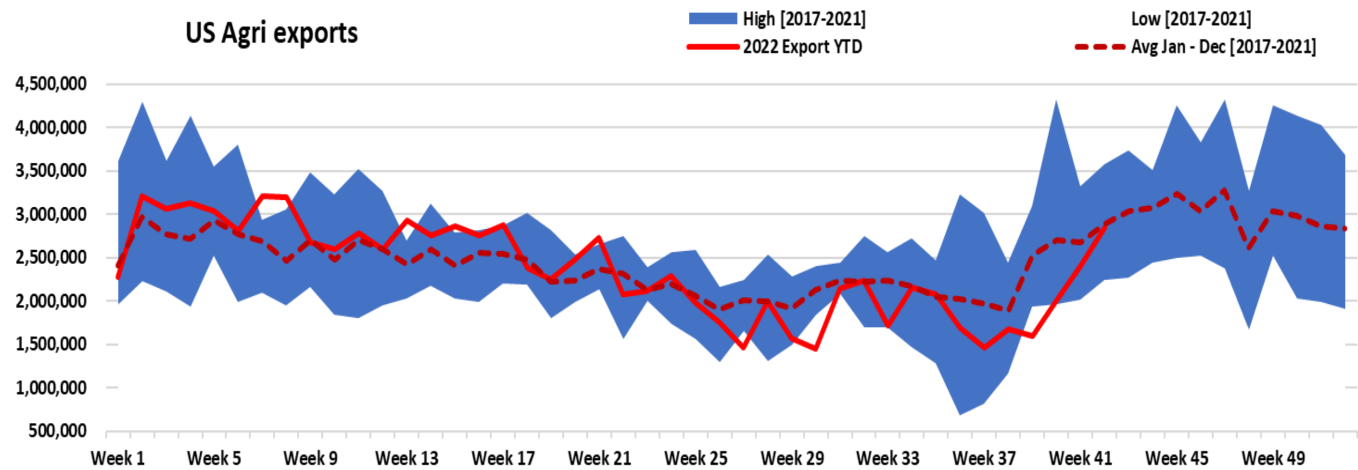
Export (million tonnes)	Sep-22	Aug-22	Q3-22	Q2-22	Q1-22	Q4-21	2021	2020
Brazil	15.6	17.6	51.1	49.5	40.7	29.3	158.6	170.8
USA	7.3	8.9	23.9	30.5	37.4	42.7	140.0	141.4
Argentina	5.4	6.7	20.2	24.6	16.7	17.6	85.7	79.1
Ukraine	2.9	1.3	4.2	0.1	12.0	19.8	56.7	51.5
Canada	3.0	1.7	6.8	5.9	5.8	10.0	40.7	50.8
Russia	2.7	3.3	7.7	4.7	5.0	7.2	29.7	35.1
Australia	4.0	3.6	11.7	11.5	12.8	8.9	40.8	20.2
Others	7.1	9.4	25.5	24.4	25.5	22.9	84.4	71.5
Global	**48.1**	**52.3**	**151.0**	**151.2**	**156.1**	**158.4**	**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	908.1	862.2	5.3%	51.6	51.7	-0.2%
US-China	961.4	921.5	4.3%	62.0	62.8	-1.3%

Seasonality Charts





Data Source: IHS Markit Commodities at Sea Service, Bloomberg

Written by **Emma Feng**, FIS Senior Research Analyst

Edited by **Chris Hudson**, FIS Communications Director

News@freightinvestor.com, +44 207 090 1120