

# FIS Dry Freight Weekly Report

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

## 25/10/2022

### Market Review:

A calm week for the dry freight market with slow activity and rates moving lower within the recent price range. Among all the vessel sizes, Capes seemed to lose the strength to move higher amid reduced activities last week, as a bearish sentiment remained in the underlying iron ore market. While Panamax and Supramax vessels went through a quiet week, and likely this week too, due to the various holidays taking place. **(No dry weekly report next week, it will resume on 8<sup>th</sup> November)**

Freight Rate \$/day	24-Oct	17-Oct	Changes %	Short Term	Sentiment
Capesize 5TC	16,883	18,133	-6.9%	Neutral to Bearish	-
Panamax 4TC	17,683	17,460	1.3%	Neutral to Bullish	↗
Supramax 10TC	18,373	18,460	-0.5%	Neutral	-
Handy 7TC	17,269	17,935	-3.7%	Neutral	-

IHS	Weekly Total Shipments		Iron Ore	Coal	Bauxite	Agribulk	Minor bulk
Capesize	239	+29	153 (+9)	63 (+13)	17 (+5)		
Panamax	382	+23		179 (+7)		115 (+19)	53 (+1)
Supramax	458	-43		116 (-5)		79 (-12)	292 (-37)

### Capesize

Capes started last week on a positive note, with activities picking up in both basins, however rates came under pressure from mid-week as increasing concern over iron ore demand and over supply of vessels, as a result, rates headed lower the rest of the week. Volumes wise, iron ore shipments fell a touch with lower weekly volume from Australia but a decent 10% rebound from Brazil, mainly driven by the production curbs in Northern China. Whilst good demand for coal and bauxite continued to be a supporting factor last week. In addition, with the Communist Party Congress ended and environmental controls were lifted over the weekend, with restocking activities expected from Chinese buyers which should lend some support to Cape rates. In terms of fixtures, the key C5 iron ore route (West Australia to China) stayed at a steady range between \$9.25-\$9.30 for early Nov loading dates, it briefly dipped to \$9.10 and \$9.15 at the mid-week, before bouncing back, supported by healthy demand. In the Atlantic, the C3 iron ore route (Tubarao to Qingdao) was assessed at \$22.94 at the start of last week to \$20.94 on Monday. Despite improving activities on the Brazil to China route, rates did drop considering not enough cargoes to oborb the inbound ballaster towards Brazil and backwardated FFA rates, with rates for mid Nov laycan fixing at mid to high \$21 and at \$19 for early Dec. Trips from Sudeste to Qingdao was heard at \$22.50 for 1H Nov and from Itaguai to Qingdao was paid at \$21.50 for 11-15 Nov. While Other trips out of Brazil, Acu to Ijmuiden with iron ore stems was fixed at \$13.25 for 18-22 Nov. Other than that, limited activities reported from West and South Africa, trips from W. Africa to China was fixed at \$23.75 for 5-10 Nov, Freetown to Qingdao was rumoured at low \$22 for 4-8 Nov. Elsewhere, bunker prices continued to fall with Singapore 380 and 0.5% fuel oil assessed at \$343 and \$664 respectively on Monday.

Capesize 5TC Front Month Trading Range

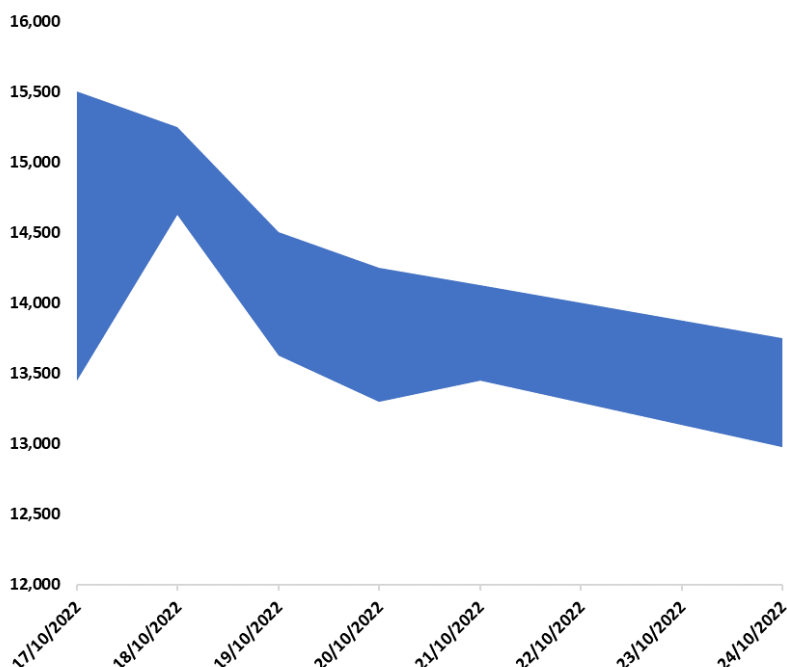


Chart source: FIS Live

After a negative start to the week for the Cape FFA market any attempt at a recovery was slowly eroded into week end and the start of this week. Despite the good movement up on rates on Tuesday last week off the back of two consecutive positive indexes, this slipped southwards for the rest of the week with a string of negative indexes and FFA contract rates losses. Although the Nov contract nudged up week end, the rest of the curve was down as we slide towards the end of the year. Nov moved from \$ 13,500/day to \$13,000 Monday to Monday, Q1-23 from \$7,375 to \$6,950, and Cal 24 from \$13,950 to \$13,400.

**Short run neutral to bearish**

**Panamax**

Panamaxes were supported by robust coal and grains demand this week, although holidays in Asia and drought issues in the US impacted activities, with the market moving slow last week but closing with moderate gains. The market highlights were that coal demand from Japan soared with weekly volumes hitting a 3 month high of 5.3 million tonnes, while coal imports from China also returned to the previous week’s high after the previous dip when buyers waited on the sidelines. On top of that, strong demand from the US gulf fuelled positive sentiment on the fronthaul rates while balancing off the seasonal declining shipments from ECSA. However, mineral demand last week was again lacking from Australia. Regarding fixtures, cargoes with grains from the US Gulf redelivery Sing/Japan was fixing from \$28,500 to \$30,000 as the week progressed, from US Gulf redelivery Skaw/Barca was heard at \$18,000. In the South, other grains cargo via ECSA redelivery Sing/ Japan eased to \$20,000 from \$21,000.

In the Asian market, activities from the Pacific remained strong with rates pushing higher, as round trips from Indonesia to S. China fixed at over \$1k/day higher at around \$18,500, and to Japan and S. Korean were heard at \$20,000 and \$17,500 respectively. While NoPac round trip also moved above from the previous week range to \$19,500-20,500 last week. On Monday, Panamaxes started in a quiet note, as Diwali celebrations and various European events taking places at early this week caused rates to drift lower on thin volume.

The panamax paper market followed much of the same pattern as the larger ships, with days of marginal positivity punctured by the slow depression of rates. There was a feeling of Christmas on the air and the market had the feeling of a holiday drift lower as volume shifted to next year trading and a contango opened up between Q-23 and Q2-23. Nov moved from \$16,625/day to \$15,625 Monday to Monday, Q1-23 \$11,650 to \$11,625, and Cal 24 \$11,400 to \$11,350.

**Short run neutral to bullish**

**Panamax 4TC Front Month Trading Range**

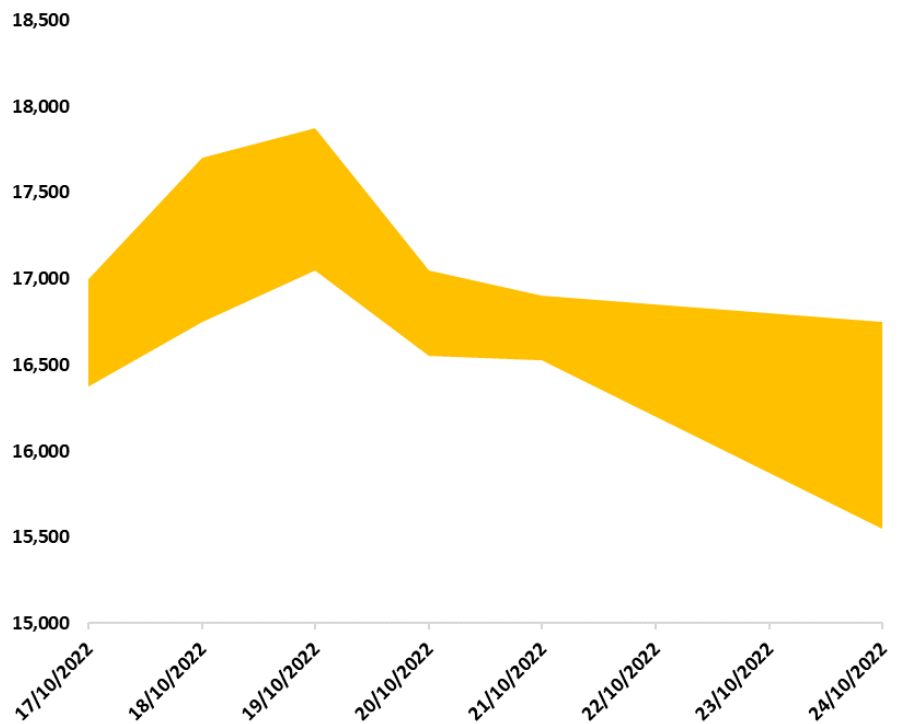


Chart source: FIS Live

## Supramax

Supramaxes were largely unchanged last week with the US Gulf market remaining in balance and healthy coal demand supporting the timecharter rates in a narrow range. But as holidays and key events approach, the Supramax market entered the weekend earlier last week with limited activities or enquiries reported at the latter part of week. In the Atlantic regions, trips via US Gulf to Far East was fixed at \$30,000 with grains, while from US East Coast redelivery to the Continent fixing from \$32,000 to low \$30,000 with coal. On the other hand, more enquiries surfaced on the Indonesia to China route, with rates fixing between \$19,000-\$20,000 on the back of recovering demand. Elsewhere, NocPac round trips redelivery Far East with grains was heard at \$16,000.

Supramax FFAs followed the trend of the panamaxes, with a general slide week-on-week interrupted by the odd day of marginal gains. There is a steady contango structure that has developed for next year, probably showing hopes of traders that next year has a more positive and exciting outlook than what the rest of this year has left. Nov did nudge up from \$18,125/day to \$18,300, but Q1-23 moved from \$12,300 to \$12,175, and Cal 24 from \$11,650 to \$11,525.

### Short run neutral

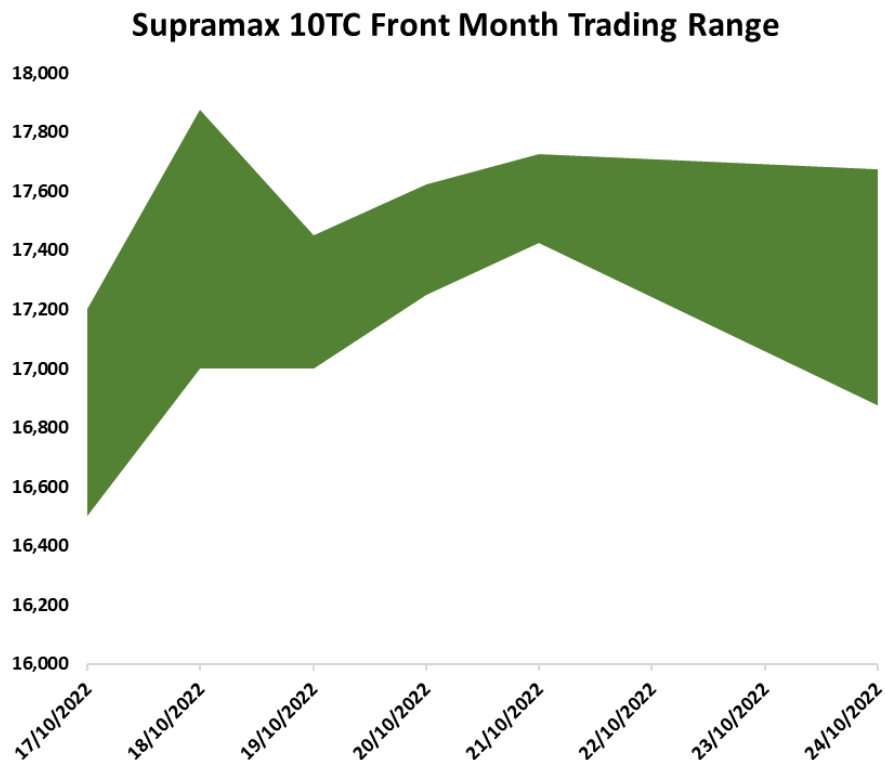


Chart sources: FIS Live

## FFA Market

A less active week for FFAs futures with a volume of around 33,000 lots posted on exchanges. However on options, a decent volume was reported last week, with 3,570 lots being cleared in Cape and 2,120 lots in Panamax among 6,370 lots traded last week. On average, Capes and Panamaxes traded both around 2,640 lots per day last week; Supramaxes followed right behind with 950 lots traded per day last week. Main actions focus on Nov, Dec, Q4'22, Q1'23 and Cal23 contracts. Open interest increased as positions extended to further dated contracts, on 24th Oct Cape 5TC 158,819 (+3,785 w-o-w), Panamax 4TC 174,210 (+4,607 w-o-w), Supramax 10TC 84,617 (+2,066 w-o-w).

## FFA Market Indexes

Freight Rate \$/day	24-Oct	17-Oct	Changes %	2022 YTD	2020	2019	2018	2017
Capesize5TC	16,883	18,133	-6.9%	16,735	13,070	18,025	16,529	15,129
Panamax4TC	17,683	17,460	1.3%	20,676	8,587	11,112	11,654	9,766
Supramax10TC	18,373	18,460	-0.5%	24,031	8,189	9,948	11,487	9,345
Handy7TC	17,269	17,935	-3.7%	22,946	8,003	9,288	8,700	7,636

## FFA Market Forward Values

FFA \$/day	24-Oct FIS Closing	17-Oct FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2022 Mkt High	2022 Mkt Low
Capesize5TC Nov 22	13,000	13,500	-3.7%	15,500	12,950	35,750	11,250
Capesize5TC Q4 22	14,275	14,600	-2.2%	15,500	14,500	36,500	10,500
Panamax4TC Nov 22	15,625	16,625	-6.0%	17,750	13,100	27,750	11,250
Panamax4TC Q4 22	15,975	16,525	-3.3%	17,200	16,100	30,700	11,250
Supramax10TC Nov 22	16,950	16,800	0.9%	18,000	16,000	27,250	12,750
Supramax10TC Q4 22	16,725	16,825	-0.6%	18,000	16,675	30,500	10,900

Data Source: FIS Live, Baltic Exchange

## Dry Bulk Trades/Iron Ore

Iron ore extended its losses for another week to fall below the \$90 mark given the poor steel demand outlook. The long awaited rebound of steel production has been put on halt due to environmental controls and poor margins. According to a Mysteel survey of over 247 Chinese steel mills, blast furnace operation rates dipped 0.57%, but were still within the recent range at 82.05% as most of the northern mills kept production levels flat. On top of this, capacity utilisation rates reversed their previous upward trend, down 0.78% w-o-w to 88.26% over 15– 20 Oct. Meanwhile, inventories of imported iron ore at 45 major Chinese ports stayed at a 3-month low of 129.1 million tonnes, down 0.6% to the lowest stocks since early July, due to accelerated shipment arrivals balanced by discharge volumes picking up. Onto this week, various of economic data released after the Communist Party Congress ended on Sunday, which did not restore the market confidence in property sector, either providing clear further supporting plans. In mixed views, Q3 GDP rose 3.9% YoY in Q3 driven by increasing infrastructure activities and investment, despite the lockdown in Shanghai and other cities. The growth in Q3 surpassed the market expectations of 3.3%, but a 3% growth in the first 9 month was away from the official target of 5.5%. While China's fixed asset investment grew 5.9% YoY to 42.1 trillion yuan(\$5.8 trillion) over Jan-Sept. In addition, new home prices for the surveyed 70 large and medium cities fell 0.28% from Aug, home prices of another 4 cities in Sept among the total of 54 cities, while second hand market got hit harder with 61 out of the 70 cities showing declining resale price and overall posting a 0.39% drop, data from the National Bureau of Statistics (NBS) showed.

Last week total iron ore shipments were down 2.1% from the previous week to 29.7 million tonnes, with exports generated from Australian falling to 17.9 million tonnes, down 4.4% from the previous week. On the flip side, volumes from Brazil finally overturned its weeks of dropping levels and improved by 10% to around 7 million tonnes. In other regions, shipments out of West and South Africa reported to be limited last week with thin volumes. However, shipments toward China took a hit last week amid production curbs and weaker demand outlook. As the charts below show, last week's shipments from Brazil to China just came further under the seasonal average, whilst exports from Australia to China came off the previous peak.

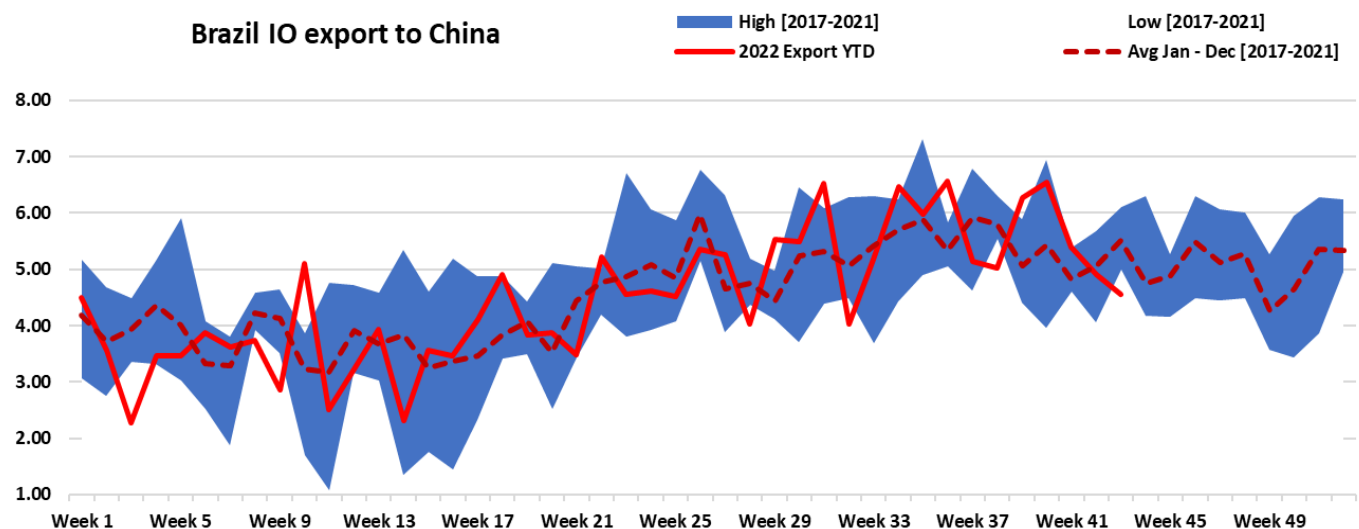
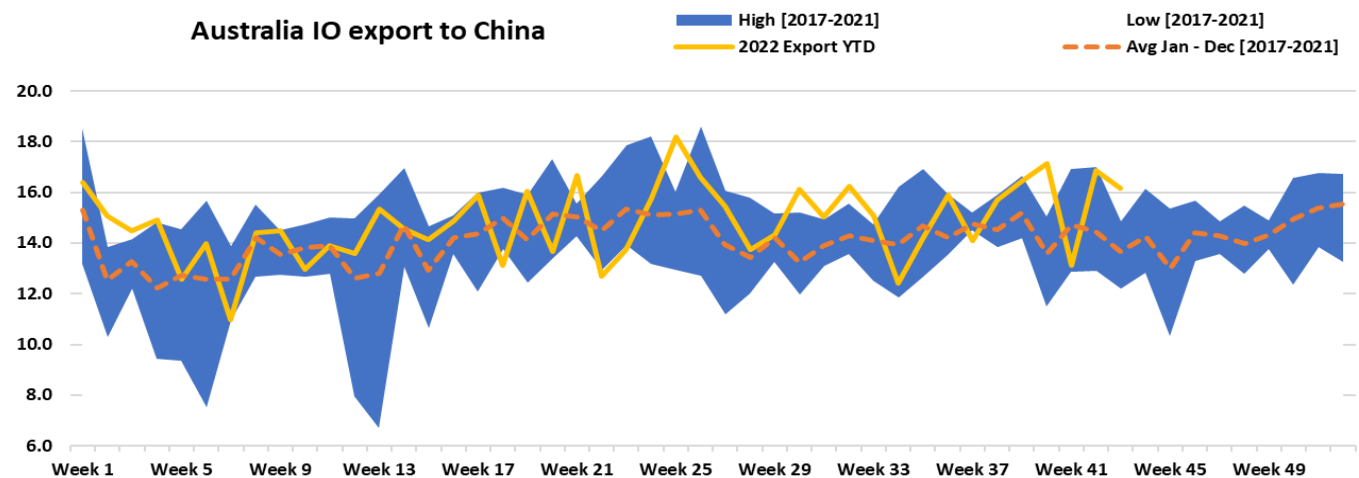
## Dry Bulk Trades/Iron Ore

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
<b>Global</b>	<b>138.9</b>	<b>137.1</b>	<b>410.5</b>	<b>391.6</b>	<b>367.4</b>	<b>412.1</b>	<b>1627.9</b>	<b>1603.6</b>

## Iron Ore Key Routes

	IO Export Million mt			Freight Rate \$/mt		
	Last Week	Prev. Week	Chg %	Last Week	Prev. Week	Chg %
Australia-China	16.2	16.8	-4.0%	9.29	9.27	0.2%
Brazil-China	4.6	4.9	-7.3%	22.12	23.72	-6.7%

## Seasonality Charts



Data Source: IHS Markit Commodities at Sea Service, Bloomberg

## Dry Bulk Trades/Coal

Total coal shipments were on a third week of increase last week, topping record high levels to hit 28.4 million tonnes, up 6% w-o-w. Indonesian exports were steady at the recent weeks level of 10.7 million tonnes, with nearly half of supply directed to China, which recovered quickly last week after a previous downturn as Chinese buyers took signals from the government to secure sufficient coal over the winter. Likewise, Australia also shipped out higher volumes last week to a total of 7.3 million tonnes, up 2% from the previous week at a 3-month high. Decent demand continued to be seen from most key regions for Australian coal, with volume from JKT jumped 20% to 5.2 Mmt, and SE Asia stayed flat at 1.2 Mmt, except sharp drop to India 466kt (-32%).

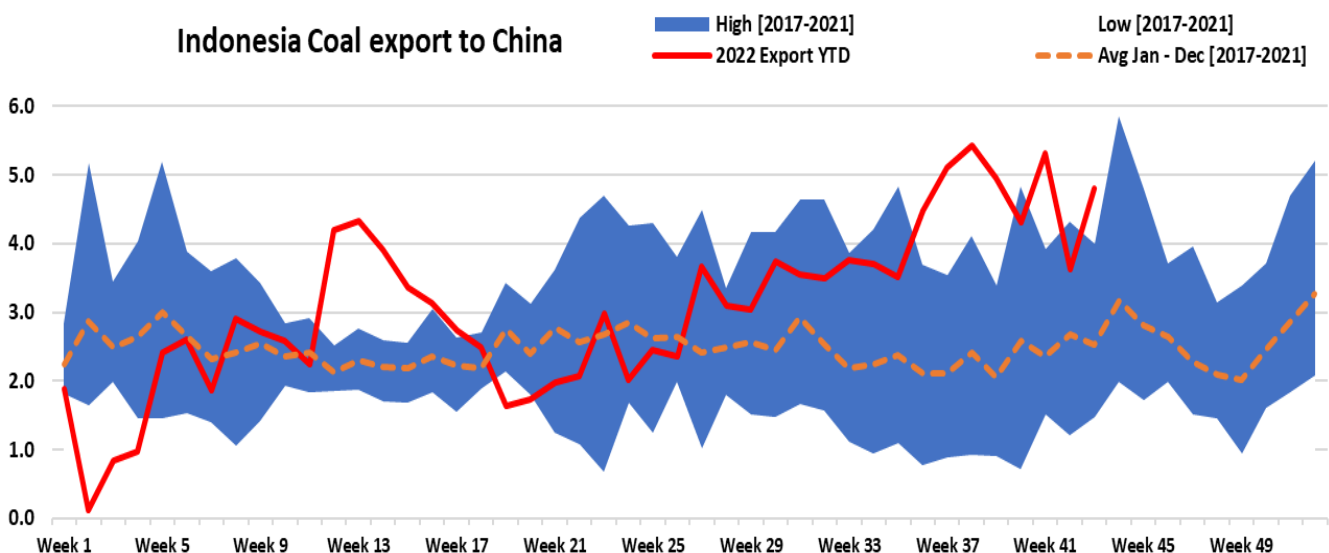
### Dry Bulk Trades/Coal

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
<b>Global</b>	<b>112.4</b>	<b>109.8</b>	<b>331.7</b>	<b>287.0</b>	<b>313.5</b>	<b>319.5</b>	<b>1235.6</b>	<b>1194.9</b>

### Coal Key Routes

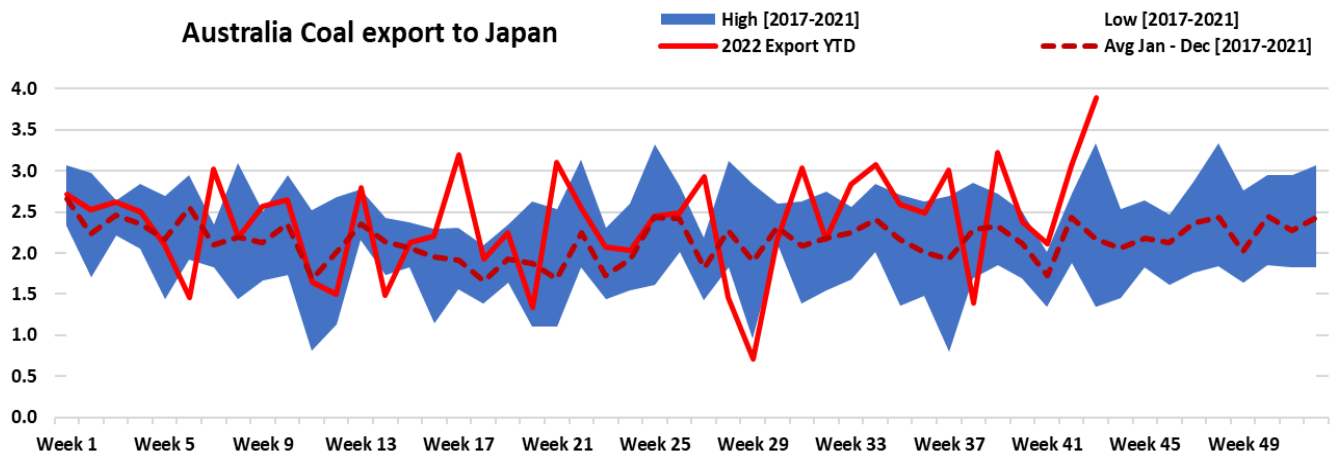
Coal Key Routes	Coal Export Million mt		
	Last Week	Prev. Week	Chg %
Indonesia-China	4.8	3.6	32.5%
Australia-Japan	3.9	3.1	27.0%

### 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

A strong comeback for grains shipments with total export volumes growing by 14% on week to 14.1 million tonnes. Brazilian shipments followed the seasonal trend, with last weeks total remaining flat to 3.3 million tonnes. While on the positive side, shipments from the US shot up to 3.6 million tonnes (+30.6% w-o-w), towards the top of the 5-year seasonal average. 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.

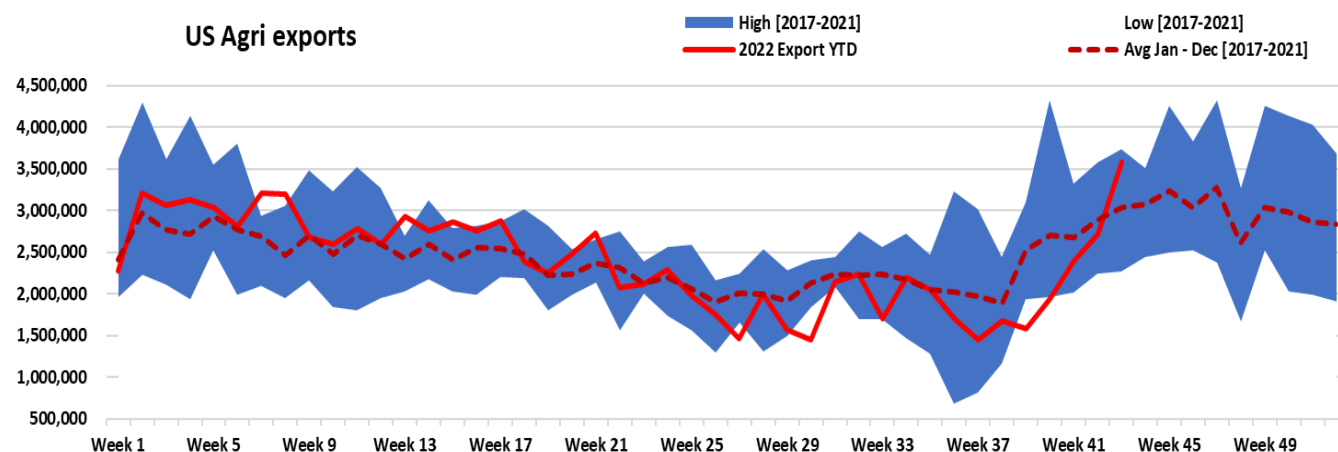
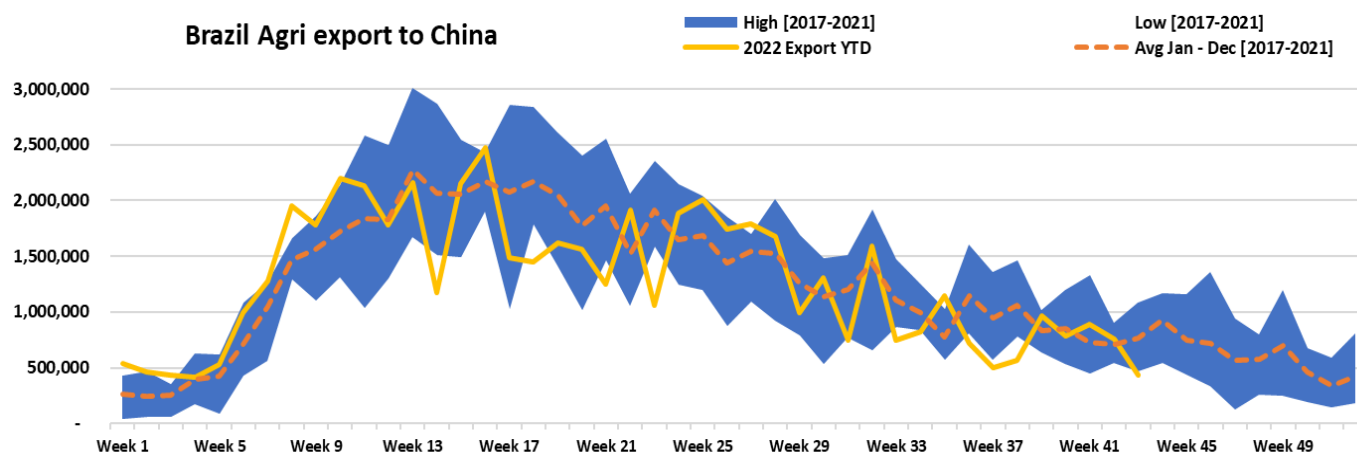
Export (million tonnes)	Sep-22	Aug-22	Q3-22	Q2-22	Q1-22	Q4-21	2021	2020
Brazil	15.6	17.6	51.1	49.5	40.7	29.3	158.6	170.8
USA	7.3	8.9	23.9	30.5	37.4	42.7	140.0	141.4
Argentina	5.4	6.7	20.2	24.6	16.7	17.6	85.7	79.1
Ukraine	2.9	1.3	4.2	0.1	12.0	19.8	56.7	51.5
Canada	3.0	1.7	6.8	5.9	5.8	10.0	40.7	50.8
Russia	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
<b>Global</b>	<b>48.1</b>	<b>52.3</b>	<b>151.0</b>	<b>151.2</b>	<b>156.1</b>	<b>158.4</b>	<b>636.6</b>	<b>620.3</b>



## Agri Key Routes

Agri Key Routes	Agri Export mt			Freight Rate \$/mt		
	Last Week	Prev. Week	Chg %	Last Week	Prev. Week	Chg %
Brazil-China	436.0	752.5	<b>-42.1%</b>	50.6	51.6	<b>-2.0%</b>
US-China	911.9	1,179.2	<b>-22.7%</b>	62.0	62.0	<b>-0.01%</b>

## 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

The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at [freightinvestorservices.com](http://freightinvestorservices.com)