

# FIS Dry Freight Weekly Report

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### Market Review:

Despite the Chinese Golden Week Holiday dampening demand in the Cape market, good grains and mineral demand helped lift Panamax rates despite coal shipment demand remaining relatively flat. The increase in grain demand, however, was not enough to lift Supramax rates which traded in a tight range across the reporting week.

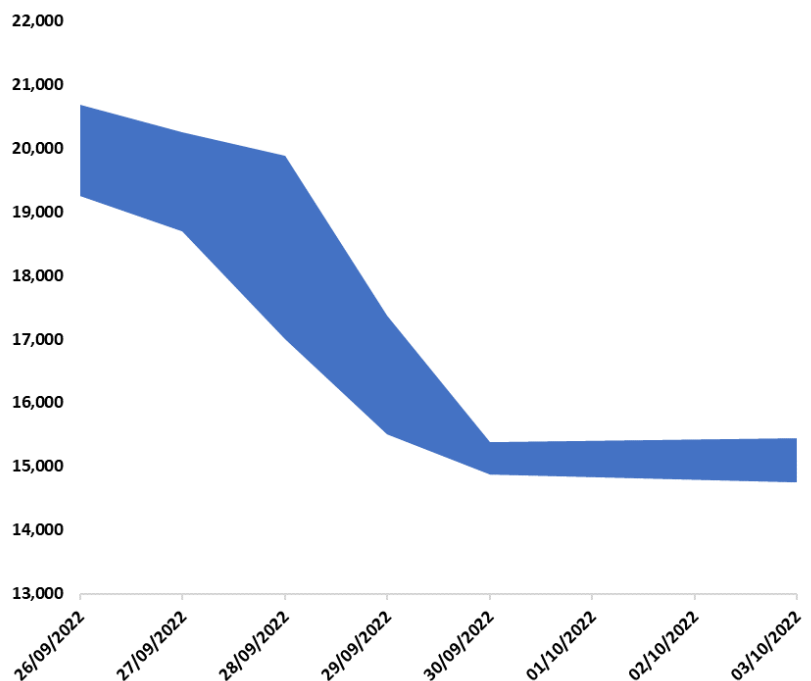
Freight Rate \$/day	03-Oct	26-Sep	Changes %	Short Term	Sentiment
Capesize 5TC	16,924	18,207	-7.0%	Bullish	↑
Panamax 4TC	17,405	16,591	4.9%	Neutral to Bullish	↗
Supramax 10TC	18,289	18,231	0.3%	Neutral	-
Handy 7TC	18,212	17,534	3.9%	Neutral	-

IHS	Weekly Total Shipments		Iron Ore	Coal	Bauxite	Agribulk	Minor bulk
Capesize	244	+11	173 (+9)	49 (+1)	15 (+5)		
Panamax	378	+33		184 (+0)		86 (+5)	65 (+25)
Supramax	451	+5		98 (+13)		63 (-12)	267 (-10)

### Capesize

Capes time charter rates saw some recovery in the latter part of last week, but still finished the week at lower levels. As restocking activities ahead of the week long Chinese national holiday were completed last week, the Pacific quietened down with only one major in the market seeking vessels. Besides this, rates in the Atlantic firmed up with increasing activities around Brazil, and especially South and West Africa with their weekly shipments reaching two-month highs at 1.5 million tonnes (+19% w-o-w) and 685kt (+57% w-o-w) respectively, data from IHS Markit Commodities at Sea Service showed. On the volumes front, shipments of iron ore still posted a marginal weekly increase. Followed by the widening spread between the two basins and the building up tonnage in the Pacific, more ships were ballasting towards Brazil. Fixtures wise, the key C5 iron ore route (West Australia to China) was fixing at dropping rates as the week progressed, initially at \$9.30 for 11-13 Oct at the start of the week, before heading lower from high to mid-\$8 amid lacklustre spot activities and easing port congestion in China. Then a fixture of \$8 was heard before the weekend began. On Monday, the C5 route rebounded to \$8.30 for 17-19 Oct dates. Meanwhile, some owners took a quick run at low rates before leaving to Brazil, with iron ore cargoes with from Teluk to Qingdao heard at a low \$6 for 12-13 Oct, and to Dung Quat was at \$5.30 for 8-9 Oct. In the Atlantic, as the spot tonnage was getting tighter in the N. Atlantic, both FH and TA routes were paid at a premium. The C3 iron ore route (Tubarao to Qingdao) was fixed at the highs of previous week at \$23 and \$23.25 for early Nov loading dates. Other trips out of Brazil, from CSN to Qingdao slipped from their last levels of above \$23 to mid to high \$22 for end of Oct dates. A cargo from Seven Islands to Qingdao was paid at the high \$28 for mid Oct.

### Capesize 5TC Front Month Trading Range



Then a fixture of \$8 was heard before the weekend began. On Monday, the C5 route rebounded to \$8.30 for 17-19 Oct dates. Meanwhile, some owners took a quick run at low rates before leaving to Brazil, with iron ore cargoes with from Teluk to Qingdao heard at a low \$6 for 12-13 Oct, and to Dung Quat was at \$5.30 for 8-9 Oct. In the Atlantic, as the spot tonnage was getting tighter in the N. Atlantic, both FH and TA routes were paid at a premium. The C3 iron ore route (Tubarao to Qingdao) was fixed at the highs of previous week at \$23 and \$23.25 for early Nov loading dates. Other trips out of Brazil, from CSN to Qingdao slipped from their last levels of above \$23 to mid to high \$22 for end of Oct dates. A cargo from Seven Islands to Qingdao was paid at the high \$28 for mid Oct.

Chart source: FIS Live

Other than that, activities from West and South Africa kept absorbing the tonnage for Oct dates with some Nov loading dated fixtures also beginning to surface. Trips from Kamsar to Qingdao were fixed at between \$24-\$25 for 12- 16 Oct, and to Lianyungang was fixed at \$22 for 22-26 Oct, from Freetown to Qingdao was heard at high \$23 respectively for 15- 19 Oct. During last week and early part of this week, supply seemed to outweigh demand with the absence of Chinese buyers, hence some charterers waited for further assessments in the coming days, whilst owners understandably were in no rush to fix at even lower rates.

The recent recovery in the Cape index and futures market did not last into this reporting week, as rates slid, with significant pressure felt in the prompt months midweek. The poor economic outlook and thin volumes weighed early on in the week before news that Brazilian majors having fixed some November cargoes at sub index rates, which although were not index fixtures, triggered an aggressive sell off midweek. While prompt contracts continued to feel the weight of negative sentiment, more deferred periods mounted a small end of week recovery. The Oct contract bottomed out in the week at \$15,775/day, Q1-23 at \$7,000, and Cal 24 at \$13,850. Rumours of C3 being bid higher for end of October dates may help stem further losses, but it may be difficult to hold on to any gains with the Golden Week holiday impacting volumes.

### Short run bullish

## Panamax

As hopes of grains and mineral demand supported Panamax rates, the time charter vales made positive progress throughout last week despite a weaker Asian market and rates falling lower in the region. The highlight of last week would be the strong grains and mineral demand that pushed up rates in the Atlantic basin. Thanks to the arrival of the US grains season, we saw grain shipments ex US Gulf sharply increase along with business in the South remaining firmed, resulting in weekly Panamax volumes surging up 103% to 1 million tonnes from a previous 507kt. Whilst for minerals, total shipments by Panamaxes also saw a decent increase of over 20% to nearly 5.1 million tonnes. However, coal demand was almost flat week-on-week due to the major Chinese holiday were on the way. Regarding fixtures, cargoes from the US Gulf redelivery Sing/Japan were

heard at \$3k higher than previously at between \$26,000-\$27,000 on the back of decent enquires and owners accordingly repricing their offers. Whilst cargoes from the South fell a touch, with trips via ECSA redelivery the Continent and Sing/Japan were fixed at \$18,000 and \$19,000 respectively. As the vessel supply become tighter for the area, a market source said that things were looking bullish for fixtures for end of Oct to early Nov, with a trip from ECSA redelivery S. Korean heard at \$20,300. On the TA round trip with minerals, NCSA redelivery Skaw-Gib and Cape Passero were paid higher at \$18,750 (+\$1k vs previous) and \$15,000 respectively (+\$3k). On the other hand, rates were under pressure in the Asian market as demand from Indonesia and Australia dropped as holidays in China and Korea had an impact. Although Indonesian coal demand was the main type of cargo, this came off the recent highs but still well above the seasonal averages. Rates took a hit with round trips from Indonesia to China fixing between \$16,500-\$17,500. Likewise, Australian coal destined to the JKM region posted a lower weekly volume. Moreover, NoPac grains activities were less active with round trips falling from \$17,500 to \$15,000-\$16,250 at the rest of last week. It seems not much will change this two-tier market until the Chinese holiday comes to an end.

**Panamax 4TC Front Month Trading Range**

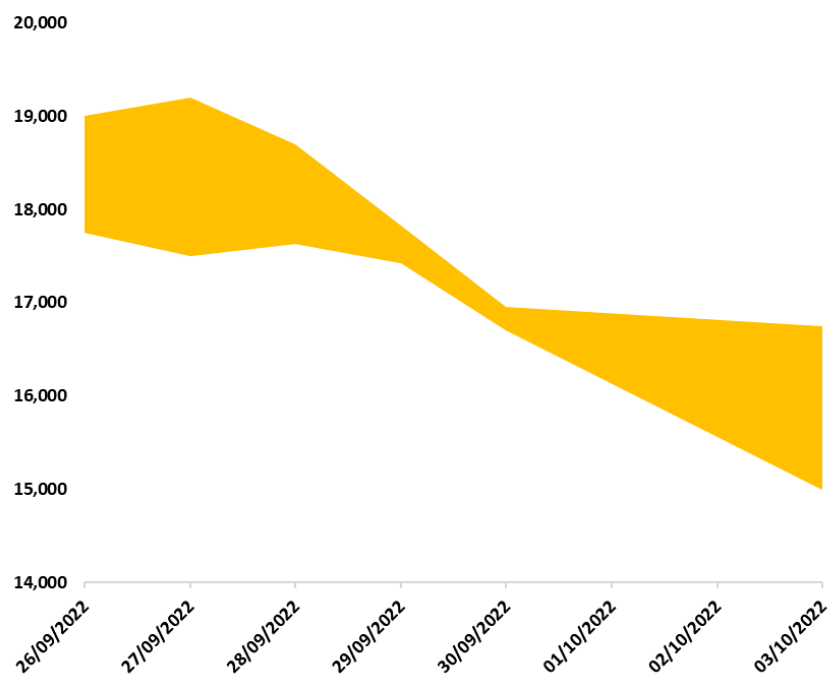


Chart source: FIS Live

The panamax paper market lost ground from the off, as post weekend trading ran into sellers, with the market gapping down on prompt periods. Despite one day of respite from negative moves triggered by a rush to cover as bids chased offers, rates continued to slide across the week, even though the index was gaining on average a hundred dollars a day. Cape pressure helped depressed rates to Oct contract lows of \$17,475, Q1-23 \$11,350, and Cal 24 down to \$11,275.

**Short run neutral to bullish**

**Supramax**

Supramaxes remained in a tight range last week as rates in US Gulf slightly put under pressure from a lack of fresh enquiry but the overall sentiment was supported by the US grain season. Despite improved mineral interest shown on the Continent to Mediterranean routes, volumes were not enough to push rates higher. With limited fixtures surfacing during the week, it was hard to get a clear view of the market direction. In the Asian market, coal demand from Australia to SE Asia returned to normal levels after previously hitting a record high, whilst Indonesian coal shipments to India witnessing a decent rise with declining volumes to China. In terms of fixtures, moving coal from Indonesia to China bounced back to mid-levels of the previous week at \$19,000, and to SE Asia was heard at \$20,000. Whilst redelivery to India was fixed at \$21,750 before falling to a low of \$20,000. On the grains runs, a cargo via NoPac redelivery Far East was heard at \$19,500. On the flip side, cargoes with grain stems from US Gulf to China were fixed at \$24,500, and from USEC to the Continent was heard at \$27,000. Further to the mineral business, trips from Arab Gulf to Bangladesh with rates being paid at \$19,000 then down to \$17,000. A scrap run via Liverpool to Bangladesh was heard done at a higher rate. Elsewhere, more grains were shipped out of Ukrainian Black Sea ports last week, as the country set a target of exporting 3 million tons of grain per month.

Supramax FFAs followed a similar trend to the Panamaxes with a general slide in rates punctured by a day of respite in the early week. Rates across the curve saw fairly consistent moves down across all but one of the reporting, with the sentiment of the PMX market causing a similar rush for coverage on Tuesday which saw a reversal of Monday's losses. Although the index was around flat futures contracts were down across the week with Oct down to \$17,209, Q1-23 \$12,125, and Cal 24 \$11,750.

**Short run neutral**

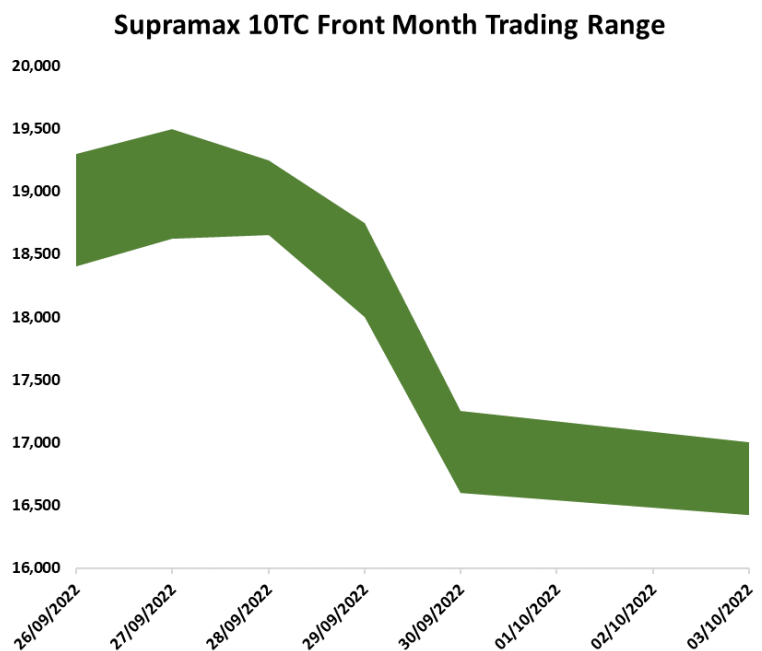


Chart sources: FIS Live

**FFA Market**

Some busy trading was observed during the mid week period but it ended on a quiet note due to the arrival of the Chinese holiday. FFAs had another volatile week with volume of over 42,300 lots posted on exchanges. Decent activity were seen in options last week, with 3,180 lots being cleared in Panamax among 4,725 lots traded last week. On average, Capes and Panamaxes traded around 3,050 lots and 2,870 lots per day last week; Supramaxes followed right behind with 830 lots traded per day last week. Main actions focus on Oct, Nov, Q4'22, Q1'23 and Cal23 contracts. Open interest decreased as Sept and Q3 contracts come to expire, on 3rd Oct Cape 5TC 149,694 (-29,055 w-o-w), Panamax 4TC 162,093 (-32,547 w-o-w), Supramax 10TC 80,155 (-13,760 w-o-w).

## FFA Market Indexes

Freight Rate \$/day	03-Oct	26-Sep	Changes %	2022 YTD	2020	2019	2018	2017
Capesize5TC	16,924	18,207	-7.0%	16,587	13,070	18,025	16,529	15,129
Panamax4TC	17,405	16,591	4.9%	20,885	8,587	11,112	11,654	9,766
Supramax10TC	18,289	18,231	0.3%	24,467	8,189	9,948	11,487	9,345
Handy7TC	18,212	17,534	3.9%	23,334	8,003	9,288	8,700	7,636

## FFA Market Forward Values

FFA \$/day	03-Oct FIS Closing	26-Sep FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2022 Mkt High	2022 Mkt Low
Capesize5TC Oct 22	16,500	20,125	-18.0%	20,500	15,000	35,750	11,250
Capesize5TC Q4 22	15,434	18,450	-16.3%	18,500	13,000	36,500	10,500
Panamax4TC Oct 22	17,475	18,125	-3.6%	18,600	17,350	28,000	10,100
Panamax4TC Q4 22	16,450	17,250	-4.6%	18,000	16,500	30,700	11,250
Supramax10TC Oct 22	17,750	18,750	-5.3%	19,100	17,700	29,000	12,750
Supramax10TC Q4 22	16,600	17,375	-4.5%	18,400	17,000	30,500	10,900

Data Source: FIS Live, Baltic Exchange

## Freight Technical View

### Capesize

November Futures – The downside move in the futures has held at the USD 14,750 support meaning the technical remains bullish but with a neutral bias (the intraday technical is bearish). Upside moves that fail at or below USD 18,917 will leave the futures vulnerable to further tests to the downside; above this level, and the futures will target the USD 21,000 high. The RSI is neutral at 49.3 with the stochastic in oversold territory; momentum is a warning that we are vulnerable to a test to the upside. The technical is bullish neutral, and the futures have held fractal support with momentum vulnerable to a test to the upside, making USD 18,917 the key near-term resistance. Above USD 21,000 we target the USD 22,430 and USD 23,045 resistance zone.

### Panamax

November Futures – The futures traded below the USD 16,593 support, meaning the technical is bullish but with a natural bias; a bullish rejection candle yesterday means we have seen a strong move to the upside today. Near-term resistance is at USD 18,044 (current price is 17,675); upside moves above this level will warn that the USD 19,300 high is vulnerable. Further resistance is at USD 19,737 and USD 23,184. The near-term technical is bullish with a neutral bias, and the longer-term Elliott wave cycle would suggest that the current upside move is countertrend. If we maintain these levels today on yesterday's rejection candle, we could see the USD 19,300 resistance come under pressure soon. Downside moves below USD 15,250 will have bearish implications in the future. It is worth noting that Elliott Wave's analysis is based on the psychological footprint of the market. It can and does fail at times; however, the 5-year seasonality chart suggests that the index could top out between the 15 - 21 of October, supporting our wave analysis. It is also worth noting that the index has moved up until the 15th of Oct in 6 of the last seven years, suggesting resistance could be tested soon.

## Supramax

November futures – The technical remains bearish but with a neutral bias, having failed to trade above the USD 19,975 fractal resistance. The futures are moving higher, having held above the USD 16,425 support, but we remain below all key moving averages supported by the RSI below 50. Upside moves above USD 19,975 will mean the technical is bullish based on the futures making a higher high; However, the longer-term Elliott wave cycle would suggest that the current upside moves are considered countertrend with the futures remaining vulnerable below USD 27,153 and neutral above. 5-year average values on the seasonality chart turn bearish around 20/10, supporting our wave analysis but warning that resistance levels could be tested in the near term.

Chart source: Bloomberg

### Capesize Nov 22 Morning Technical Comment – 240 Min



## Dry Bulk Trades/Iron Ore

Activities gradually slowed down in the iron ore market with rates dipping further ahead of the Chinese national holiday. Nevertheless, positive momentum has begun to gather steam before the market moved into the quieter holiday week. As the data from National Bureau of Statistics (NBS) showed, the purchasing managers' index (PMI) for China's manufacturing sector climbed back into expansion territory at 50.1 this month, recovering from 49.4 in August, as a positive result for the government stimulus policies and manufacturing boost for the peak season. Likewise, the PMI for the steel industry was up 0.5% to 46.6 in Sept and output index was 47.9 compared with 47.4 in August amid better demand shown in the domestic market. Apart from that, investors expect further stimulus to be announced at China's 20th Party Congress and also on speculation that covid restrictions would be eased. In addition, more details were revealed regarding the lending program from The People's Bank of China. The Bank has told the six national banks to extend 600 billion (\$85 billion) of funds to the property sector in Q4. Lastly, according to a Mysteel survey of over 247 Chinese steel mills, blast furnace operation rates stayed around the same level of 82.81% as most of the mills kept production levels flat ahead of holiday. Capacity utilisation rates improved for a ninth week, edging up 0.07% w-o-w to 89.14% over 23 – 29 September. Meanwhile, inventories of imported iron ore at 45 major Chinese ports fell for another week to 130.8 million tonnes, down 1.1 million tonnes from the previous week due to a higher discharge rate.

Iron ore shipments have now risen for four week, with more regions showing increases. Last week the total weekly volume saw an increase of 4.9% to 35.7 million tonnes. The top exporter Australia, had another week of increasing exports with volumes directed to China climbing above the 5 year seasonal range at 21.1 million tonnes, up 8.6% from the previous week. Similarly, iron ore exports from Brazil surpassed the seasonal mid-range, although the weekly volume dropped by 3% to 8.4 million tonnes last week after climbing to a high previously. As the charts below show, last week's shipments from Australia to China broke the upper end of the seasonal average to a record level thanks to restocking activities ahead of Golden Week, whilst exports from Brazil to China was marching higher above the mid line of the 5 year seasonal average. Likewise in other regions, shipments from West Africa was up 57.4% to 685kt and from South Africa volumes was recovered by 19% to near 1.5 Mmt last week as a two month high.

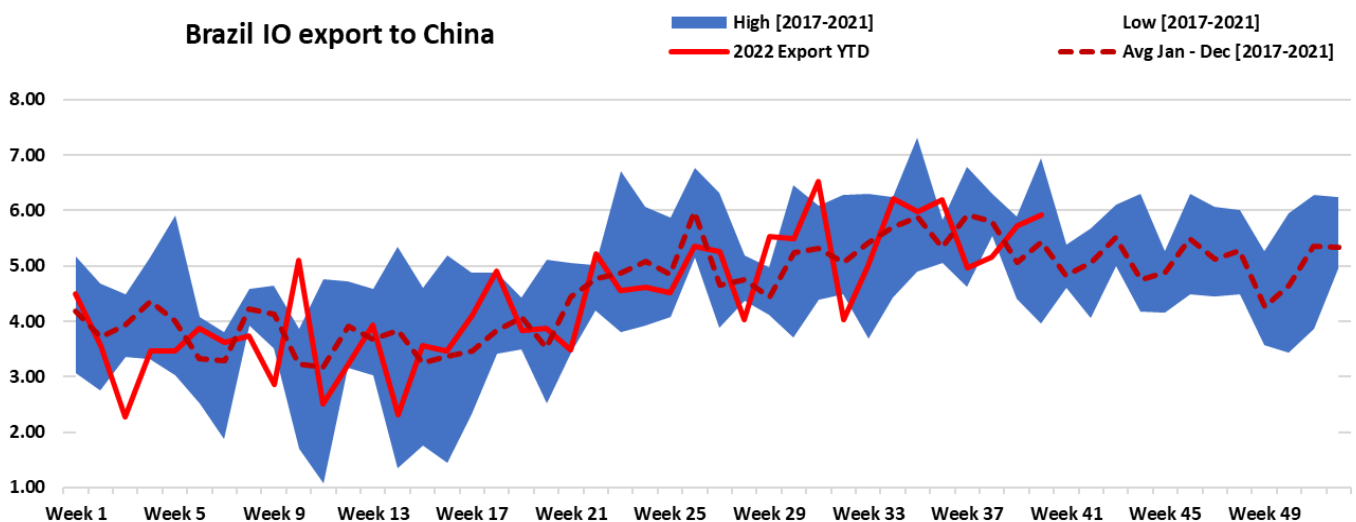
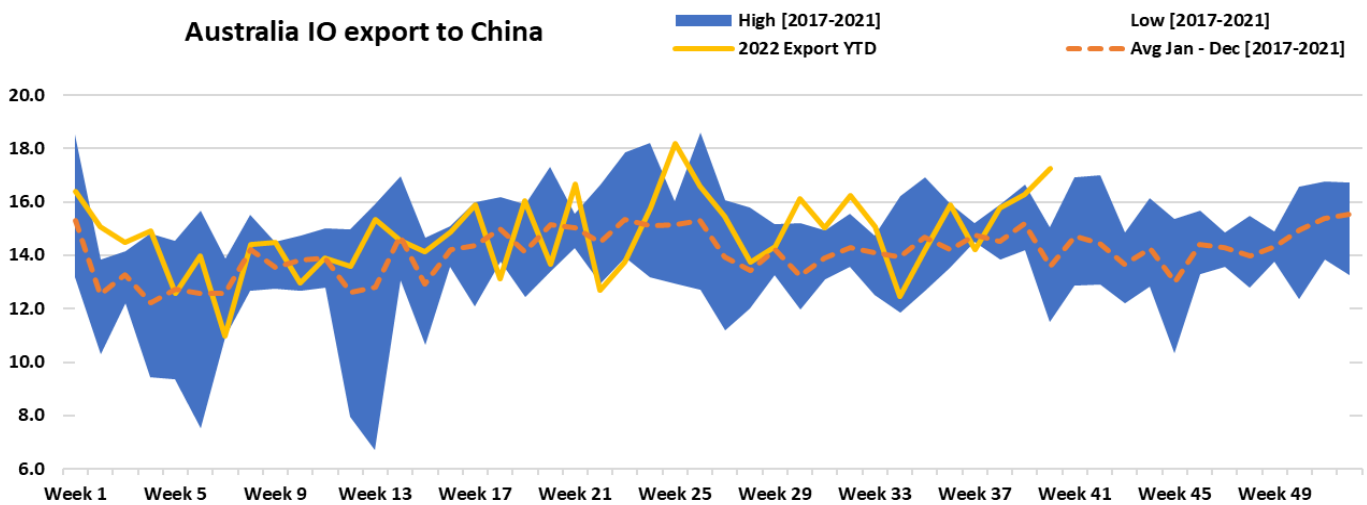
## Dry Bulk Trades/Iron Ore

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
<b>Global</b>	<b>138.0</b>	<b>135.4</b>	<b>393.6</b>	<b>368.5</b>	<b>413.4</b>	<b>417.0</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	17.3	16.3	6.0%	8.93	10.05	-11.1%
Brazil-China	5.9	5.7	3.4%	23.22	23.53	-1.3%

## Seasonality Charts



Data Source: IHS Markit Commodities at Sea Service, Bloomberg

## Dry Bulk Trades/Coal

Total coal shipments have been steadily again at the record high levels of 25.7 million tonnes per week since August. Indonesian exports come off from the peak at the previous week to 10.1 million tonnes, down 4.4% w-o-w, with nearly half of supply directed to China which for the first time in recent memory witnessed a downturn but mainly impacted by the holiday. On the other hand, more diversity on destination for Australian product, with last week's volumes down quickly after hitting a 3-month high. Decent demand continued to be seen from JKT although volume was down by 14.7% to 3.8 Mmt and SE Asia returned to 695kt (-66%) after the previous spike, conversely India was up to 739kt (+20%).

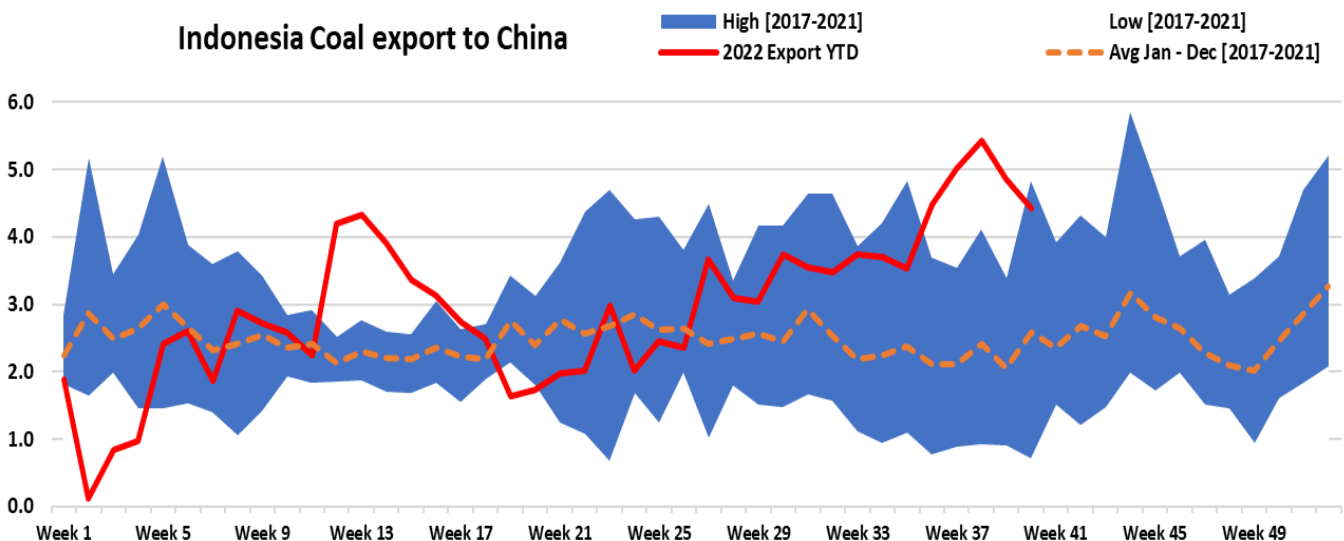
### Dry Bulk Trades/Coal

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
<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>

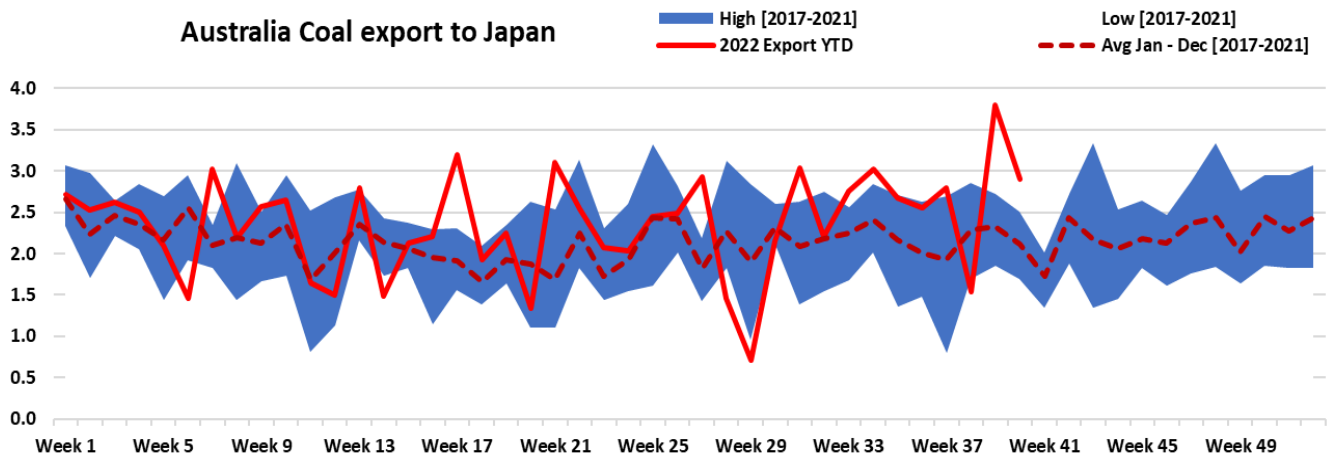
### Coal Key Routes

Coal Key Routes	Coal Export Million mt		
Coal Export Million mt	Last Week	Prev. Week	Chg %
Indonesia-China	4.4	4.9	-9.2%
Australia-Japan	2.9	3.8	-23.5%

### 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 positive week for US grains shipments with total export volumes surging up 27% to 2 million tonnes, however Brazilian shipments followed the seasonal trend and headed lower, resulting in weekly total drop by 4.8% to 11.2 million tonnes. Exports from Brazil to China surpassed the low end of the 5-year average but followed the downward seasonal trend. Elsewhere, shipments from the US recovered to the 2 million tonne mark, making its way back into the seasonal range.

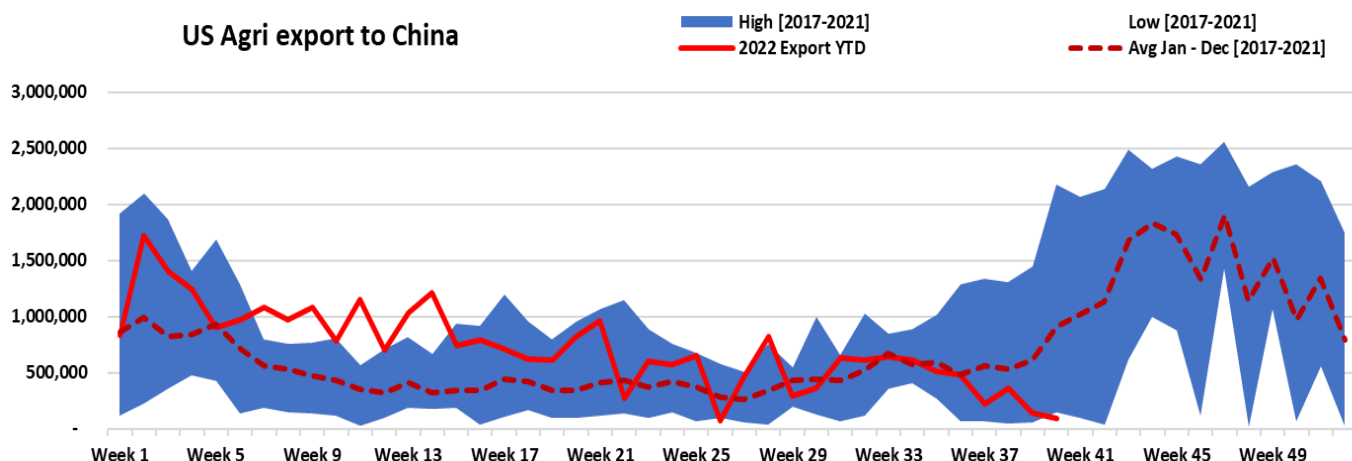
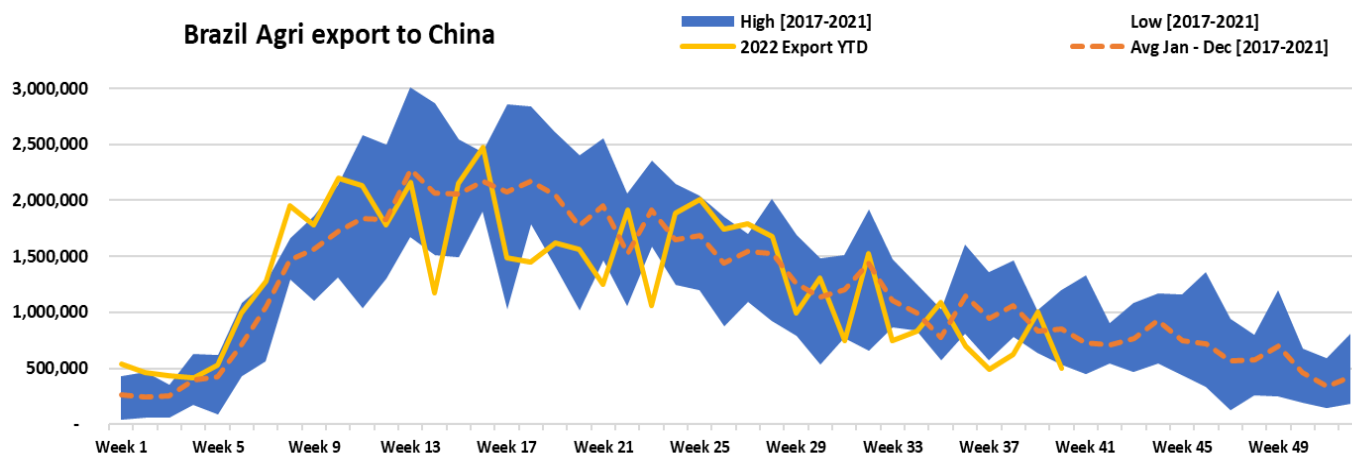
Export (million tonnes)	Aug-22	Jul-22	Q2-22	Q1-22	Q4-21	Q3-21	2021	2020
Brazil	17.5	17.9	49.4	40.7	29.3	43.3	158.6	170.8
USA	8.9	7.8	30.5	37.3	42.6	21.1	140.0	141.4
Argentina	6.6	8.2	24.6	16.7	17.6	24.0	85.7	79.1
Ukraine	1.3	0.0	0.0	12.0	19.8	15.9	56.7	51.5
Canada	1.7	2.0	5.9	5.8	10.0	7.2	40.7	50.8
Russia	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
<b>Global</b>	<b>52.0</b>	<b>50.7</b>	<b>151.1</b>	<b>156.3</b>	<b>158.0</b>	<b>154.1</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 %
Agri Export (thousands tonnes)						
Brazil-China	497.7	999.8	<b>-50.2%</b>	48.9	48.7	<b>0.4%</b>
US-China	87.9	145.0	<b>-39.4%</b>	59.6	58.2	<b>2.3%</b>

## Seasonality Charts



Data Source: IHS Markit Commodities at Sea Service, Bloomberg

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