

# FIS Dry Freight Weekly Report

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**Market Review:**

A fairly busy week for the dry freight market, with all vessel rates falling amid the broad sell-off in the commodity markets and further concerns over demand in Q4 after China reaffirmed its zero covid policy stance. On top of that, congestion in China has fallen for Capesize and Panamax, taking out another supporting factor to their rates. At the same time, losses were more evident on Supramax due to declining US grain activities. **(No dry weekly report next week, it will resume on 22nd November)**

Freight Rate \$/day	7-Nov	31-Oct	Changes %	Short Term	Sentiment
Capesize 5TC	11,648	12,933	-9.9%	Neutral	-
Panamax 4TC	13,929	14,367	-3.0%	Bearish	↓
Supramax 10TC	13,761	15,808	-12.9%	Bearish	↓
Handy 7TC	14,863	15,898	-6.5%	Bearish	↓

**Capesize**

The cape market was under pressure for most days of last week amid increasing tonnage against slow activities in both basins. Weekly, iron ore shipments edged lower but remained within the monthly range after the holiday rebound, although declining volumes from Brazil and other regions added further pressure on the rates. As the underlying iron ore market plunged below \$90 over demand concern, market sentiment also turned weaker in Capes, with all routes marking lower at the start of the week. On a positive note, by the end of the week, there was more resistance from the owners' side, and more coal cargoes being carried by Cape vessels helped to take up some prompt tonnage. Eventually, rates come out of their weekly lows with renewed hope for next week. Fixtures-wise, the key C5 iron ore route (West Australia to China) fell from \$8.60 on Monday to \$8.30 and then \$7.90 mid-week for mid-November loading dates, as only one miner was actively in the market. However, it ticked up by \$8 before the weekend. In addition, cargos with coal via Adang Bay to Mundra were heard at \$6 for 10-15 Nov. On the flip side, slightly higher bids were reported in the Atlantic, with the C3 iron ore route (Tubarao to Qingdao) fixing at improving rates of high \$19 as the week progressed.

Better fixtures also reported from other key regions, including trips from Freetown to Qingdao, fixed at \$22 for 13-17 Nov and \$20.35 for 23-26 Nov. Out of South Africa, cargos with iron ore from Saldanha Bay to Qingdao were heard at \$14 for 26 Nov-5 Dec. Rotterdam was fixed at \$7.10 for 16-25 Nov. While moving coal from Richard Bay to EC India were heard at low \$9s for late Nov loading dates. Elsewhere, bunker prices rebounded from last week, with Singapore 380 and 0.5% fuel oil assessed at \$413 and \$671, respectively, on Monday.

**Capesize 5TC Front Month Trading Range**

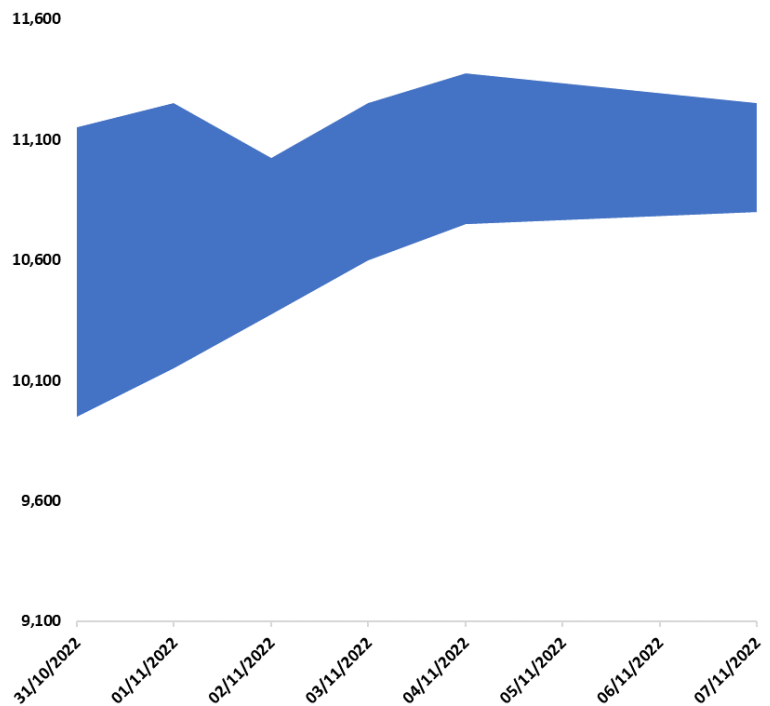


Chart source: FIS Live

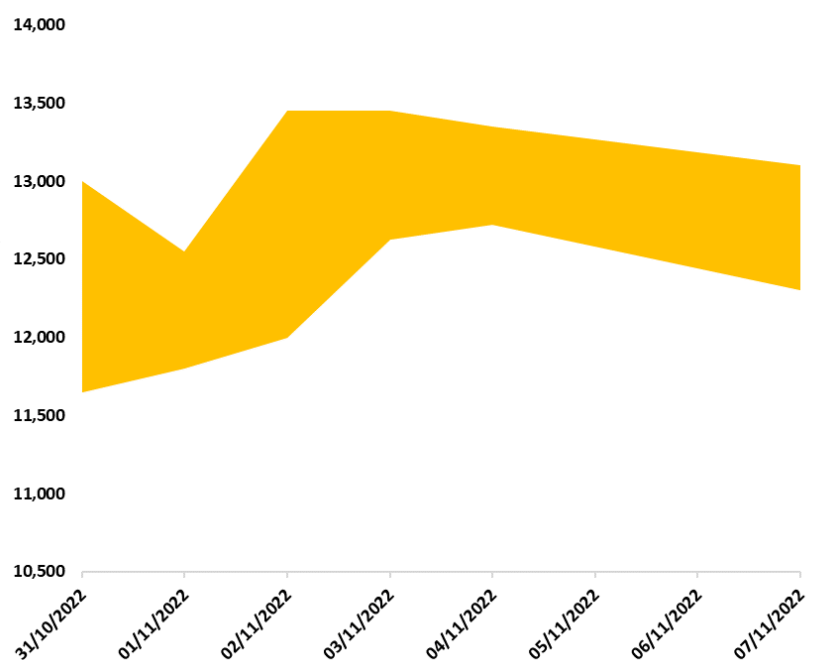
After another negative start to the week for the Cape FFA market, any hope of recovery was slowly eroded into the week. The paper market was crushed down the curve on Monday. Despite the ongoing misery in the physical market, the paper found some decent support through Tuesday, absorbing considerable weight. As the physical lost ground in both basins throughout the week, all the premiums in the prompt contracts were lost later. It then became hard to justify selling the Nov and Dec contracts. The week ended with no significant change as we started with another lowkey start. Dec moved from \$10,225/day to \$10,875 Monday to Monday, Q1-23 from \$5,800 to \$6,200, and Cal 24 from \$12,375 to \$12,650.

**Short run neutral**

## Panamax

A mixed and uninspiring one for Panamax last week, with the time charter rate. Dived below the \$14,000 mark and stayed in a tight range throughout the week. The main highlight was robust coal demand from traditional Asian buyers supporting the Asia Pacific mark. As a result, weekly coal shipments in key regions refreshed to new highs again. On the downside, bearish sentiment persisted in the Atlantic market due to a lack of fresh enquires and lengthy spot tonnages. With grains, weekly shipments from US and ECSA dropped significantly with falling rates for End Nov dates and wider spreads in early Dec. Regarding fixtures, amid the weak sentiment, cargoes with grains from the US Gulf redelivery Sing/Japan were fixing lower to \$16,500. In the South, other grains cargo via ECSA redelivery Sing/ Japan were fixed from \$18,250 to \$17,500 in the first half of the week; some said a floor had been found at these levels. While on the TA round trip with minerals, NCSA redelivery Skaw-Gib was paid at a lower rate of \$13,500 - \$14,000. In the Asian market, Indonesia remained the most active. However, pressures were evident in the other areas, such as round trips from Indonesia to S. China, fixing at around \$13,000 before edging up \$500 later in the week. For NoPac and Australia, demands remained steady, but as rates drifted lower, a standoff appeared between owners and charters. NoPack round trip redelivery to Japan edged down from \$17,750 to \$17,000 last week, while EC Australia redelivery to India was fixed at mid \$16,000 to \$17,000.

**Panamax 4TC Front Month Trading Range**



The Panamax paper market followed much of the same pattern as the larger ships opening with sellers to start the week. Pockets of bid support were seen, with fears of November looking gloomy. With Capes finally finding a foothold and the rate of decline on the index slowing, Panamax increased, with buyers and sellers thinning out before giving back most of its gains later in the week. Dec moved from \$11,750/day to \$12,325 Monday to Monday, Q1-23 \$9,875 to \$10,750, and Cal 24 \$10,325 to \$10,675.

**Short run bearish**

## Supramax

As a result of a two-tier market and overall negative sentiment, Supramaxes rates drifted lower throughout last week. As many participants were away to attend events in Hamburg, Atlantic had a reasonably quiet week with few fresh enquires from US Gulf and ECSA. On the front haul trip, US Gulf redelivery Sing/Japan was fixed at \$20,000 on Monday. On the other hand, due to strong Indonesian coal demand, the Asian market remained balanced with fresh enquires surfacing and healthy supply. Regarding fixtures, coal runs via Indonesia to WC India were fixed between \$13,000-\$14,000 and to China at around mid \$11,000. Other coal trips from Australia to Sing/Japan were heard at \$12,500.

Supramax FFAs followed the trend of the Panamax, with a general slide week-on-week in response to another significant drop in the Pacific index. Although still negative, a slightly better than expected index saw some buyers return to the market at the start of the week. We saw strong buy-side flows as we continued to see the curve pushed up before another significant drop in the index. We finished a quiet end to the week for the Supramax paper, with rates pushing across the curve as the index started to flatten. Dec did nudge up from \$12,750/day to \$13,100, but Q1-23 moved from \$10,050 to \$11,150, and Cal 24 from \$10,575 to \$11,250.

### Short run bearish

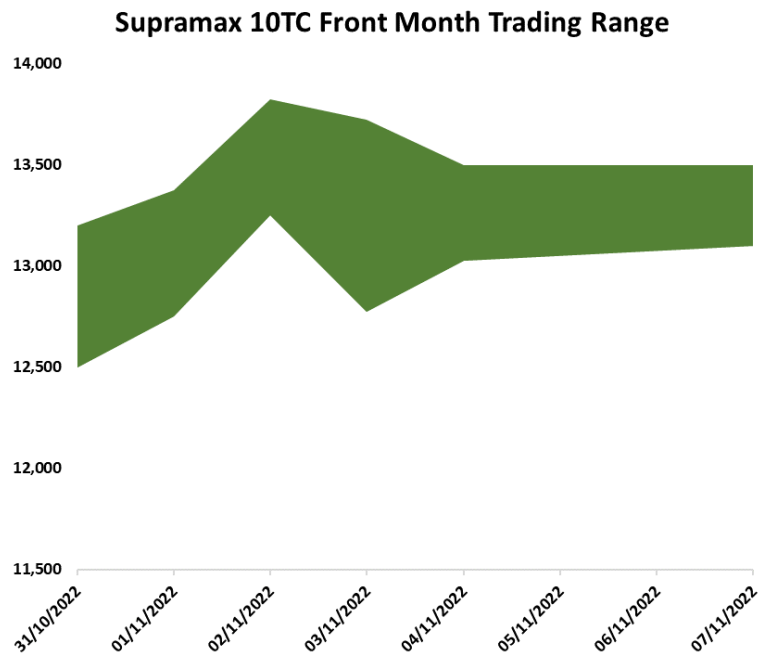


Chart sources: FIS Live

## FFA Market

FFAs had a fairly active week with a volume of nearly 69,000 lots posted on exchanges. On options, volume was also trading noticeably last week, with 9,900 lots being cleared in Cape and 1,830 lots in Panamax among 11,730 lots traded last week. On average, Capes and Panamax traded around 4,400 lots and 4,480 lots per day last week; Supramaxes followed right behind with 2,150 lots traded per day last week. Main actions focus on Nov, Dec, Q1'23 and Cal23-24 contracts. Open interest decreased as Oct, and Q4 contracts come to expire; on 7th Nov, Cape 5TC 150,190 (-4,200 w-o-w), Panamax 4TC 165,525 (-5,950 w-o-w), Supramax 10TC 84,462 (+610 w-o-w).

## FFA Market Indexes

Freight Rate \$/day	7-Nov	31-Oct	Changes %	2022 YTD	2020	2019	2018	2017
Capesize5TC	11,648	12,933	-9.9%	16,551	13,070	18,025	16,529	15,129
Panamax4TC	13,929	14,367	-3.0%	20,404	8,587	11,112	11,654	9,766
Supramax10TC	13,761	15,808	-12.9%	23,642	8,189	9,948	11,487	9,345
Handy7TC	14,863	15,898	-6.5%	22,614	8,003	9,288	8,700	7,636

## FFA Market Forward Values

FFA \$/day	7-Nov FIS Closing	31-Oct FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2022 Mkt High	2022 Mkt Low
Capesize5TC Dec 22	11,150	10,500	6.2%	11,500	10,100	36,500	10,100
Capesize5TC Q1 23	6,250	5,625	11.1%	6,500	5,600	27,650	5,600
Panamax4TC Dec 22	12,325	11,750	4.9%	13,400	11,750	30,700	11,250
Panamax4TC Q1 23	10,750	9,875	8.9%	11,900	9,900	24,500	9,750
Supramax10TC Dec 22	13,125	12,750	2.9%	13,750	12,400	30,500	10,900
Supramax10TC Q1 23	11,150	10,050	10.9%	11,800	10,050	22,000	9,750

Data Source: FIS Live, Baltic Exchange

## Freight Technical View

### Capesize

Dec Futures – The trend remains technically bearish having broken the head and shoulders neckline to the sell side (neckline USD 14,750), resulting in the futures trading to a low of USD 10,150. We have seen light buying support in the last 5 sessions with what potentially looks to be a bear flag forming, price remains below the 8- 21 period EMA's supported by the RSI below 50. Upside moves that fail at or below USD 15,826 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. The head and shoulders pattern would suggest that we have a potential downside target based on the 100% Fibonacci projection at USD 8,500; however, below USD 10,150 the intraday technical has the potential to create a positive divergence with the RSI, this will need to be monitored.

### Panamax

Dec Futures – The futures broke the symmetrical triangle to the downside resulting in price moving USD 5,000 lower. The technical remain in a bearish trending environment with price below the 8-21 period EMA's supported by the RSI below 50. Upside moves that fail at or below USD 15,809 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. The futures are currently holding above the 100% Fibonacci projection of the symmetrical triangle; however, intraday Elliott wave analysis would suggest that upside moves should be considered as countertrend at this point, implying there is another bear-wave to follow.

## Supramax

Dec Futures – Previously we had stated that upside moves were considered as countertrend; Having spent around six weeks in consolidation the futures broke to the downside, resulting in price moving USD 3,675 lower, before entering another consolidation phase. Technically we remain bearish with price below all key moving averages supported by the RSI below 50. Upside moves that fail at or below USD 16,159 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Intraday Elliott wave analysis would suggest upside moves should be considered as countertrend at this point, implying we should (in theory) test and break the USD 12,750 low.

Chart source: Bloomberg

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



## Dry Bulk Trades/Iron Ore

Last week total iron ore shipments came off by 7.4% from the previous week to 30.5 million tonnes, with exports generated from Australia improving to 20.2 million tonnes, up 8.4% from the last week, closer to the pre-holiday levels in late Sept. However, volumes from Brazil dropped sharply to around 5.5 million tonnes after a peak at the previous week, down 36.3% w-o-w., In other regions, shipment out of South and West Africa was reported to be limited last week with thin volumes. As the charts below show, last week's shipments from Brazil to China fell below the seasonal average, whilst exports from Australia to China stayed nearly flat after the post-holidays rebound, standing at around 16.7 million tonnes.

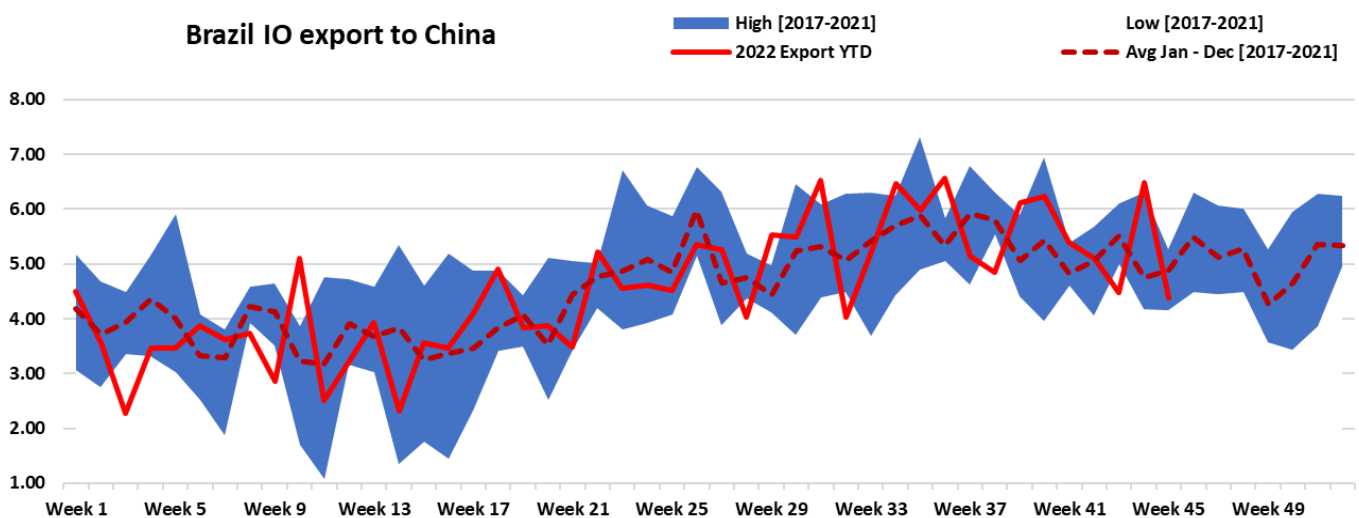
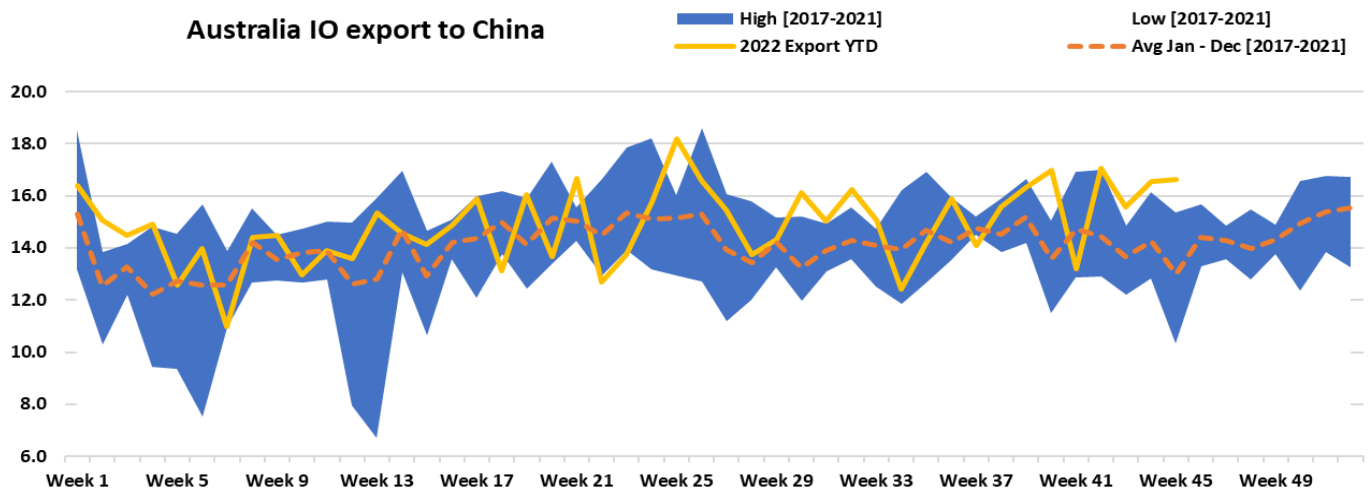
### Dry Bulk Trades/Iron Ore

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	16.6	16.5	0.5%	19.41	20.56	-5.6%
Brazil-China	4.4	6.5	-32.5%	8.16	8.93	-8.7%

### Seasonality Charts



Data Source: IHS Markit Commodities at Sea Service, Bloomberg



## Dry Bulk Trades/Coal

Total coal shipments stabilised at record high levels of above 26 million tonnes last week for the fourth consecutive week. For the two top exporters, Australia ramped up about 6.8 million tonnes of coal exports last week, up 13.4% w-o-w. The significant increase was mainly contributed by the Japanese buyers, as the chart below shows the weekly volume climbed up to a new high. Decent demand continued to be seen from the JKT region, with volume soaring to over 21% to 4.7 Mmt, SE Asia was at 1.1 Mmt (+54%), but another week of declining volume to India at 584kt (-21%). Whilst Indonesian exports fell slightly out of the recent week's level to 9.2 million tonnes. However, its supply directed to China rocketed up last week to a high of 5.2 million tonnes, which rose by 31% from the previous week. On the other hand, increasing demand from all key regions for Australian coal, with last week's volumes down quickly after hitting a 3-month high.

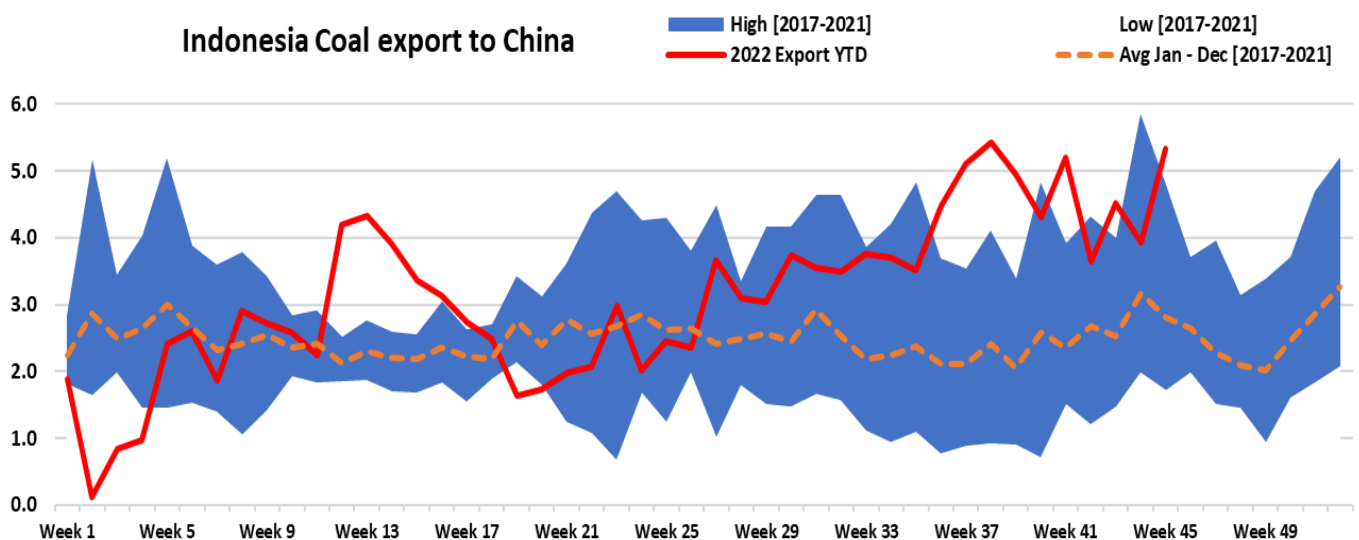
### Dry Bulk Trades/Coal

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>

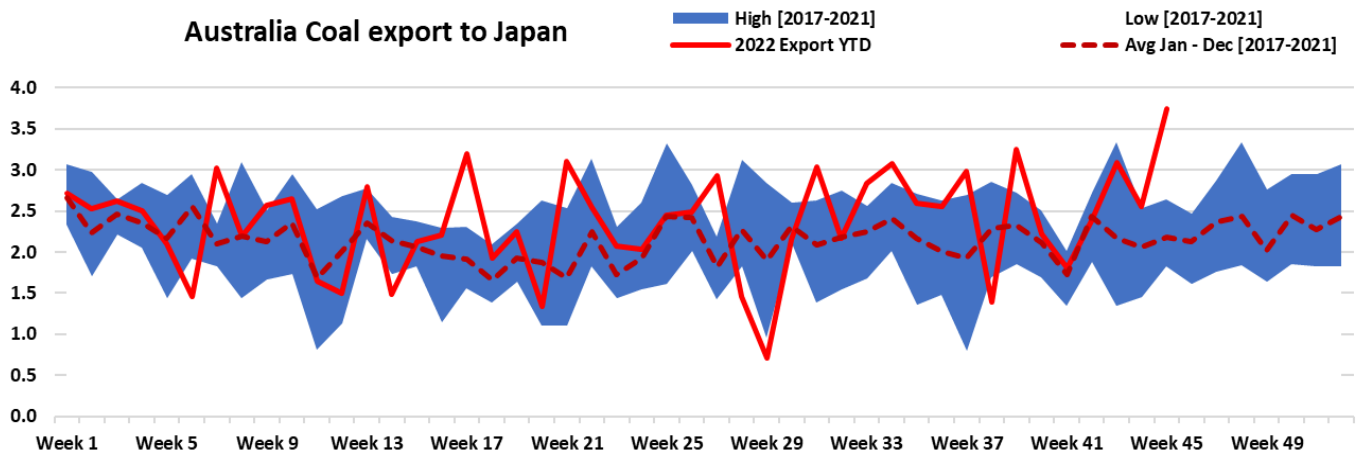
### Coal Key Routes

Coal Key Routes	Coal Export Million mt		
	Last Week	Prev. Week	Chg %
Indonesia-China	5.3	3.9	<b>35.8%</b>
Australia-Japan	3.7	2.6	<b>46.6%</b>

### Seasonality Charts



Data Source: IHS Markit Commodities at Sea Service, Bloomberg



Data Sources: IHS Markit Commodities at Sea Service, Bloomberg

## Dry Bulk Trades/Agri

Another negative week for grains shipments, with total export volumes falling to 10.6 million tonnes, down 16% w-o-w. Brazilian shipments followed the seasonal trend, with last week’s total reduced by 24.3% to 2.3 million tonnes. Meanwhile, shipments from the US were trimmed down to 2.7 million tonnes (-12.8% w-o-w) due to logistic delays, reaching the lower end of its seasonal range. On a brighter note, stable demand was reported from Australia, with weekly shipment improving for a third week to 633 kt.

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>

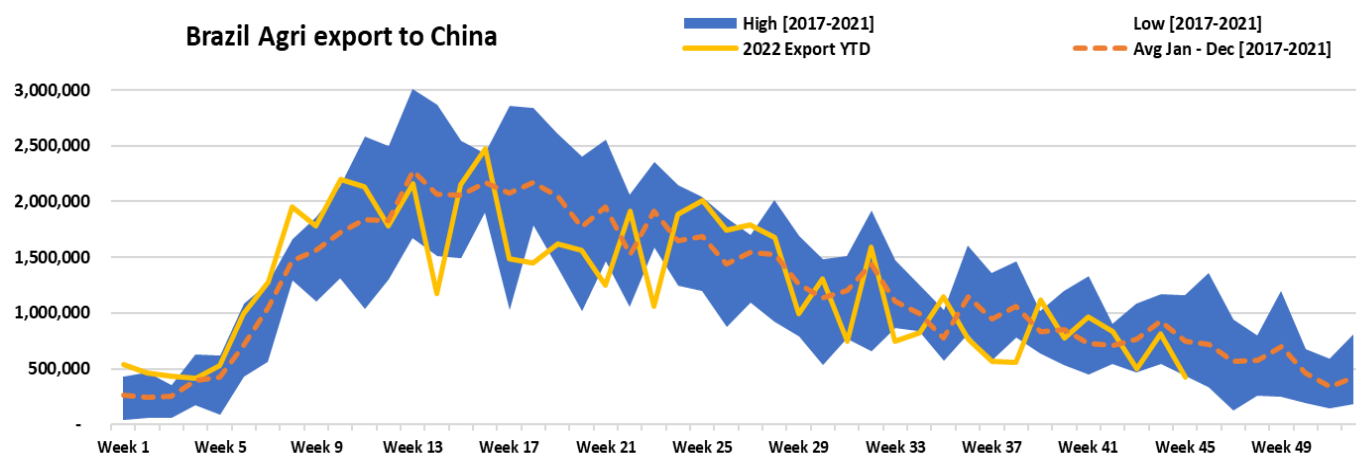


## Agri Key Routes

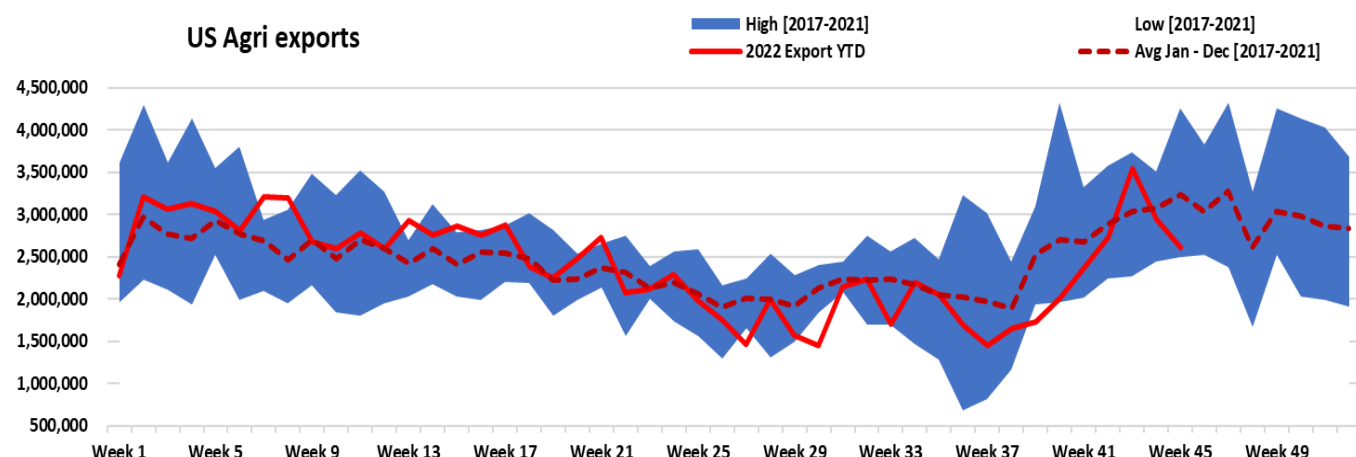
Agri Key Routes	Agri Export mt			Freight Rate \$/mt		
	Last Week	Prev. Week	Chg %	Last Week	Prev. Week	Chg %
Brazil-China	421.5	811.3	<b>-48.0%</b>	43.8	47.6	<b>-7.9%</b>
US-China	765.6	1,386.7	<b>-44.8%</b>	57.6	61.2	<b>-5.8%</b>

## Seasonality Charts

### Brazil Agri export to China



### US Agri exports



Data Source: IHS Markit Commodities at Sea Service, Bloomberg

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