

FIS Dry Freight Weekly Report

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Market Review:

Some sharp losses were made in the Capesize last week, given the weak demand outlook. Not much changed fundamentally in the past week for Capes as rates continued to drop. At the same time, Panamaxes and Supramax held on to a glimpse of hope of steady grains and coal demands, with rates falling to a lesser extent.

Freight Rate \$/day	21-Nov	14-Nov	Changes %	Short Term	Sentiment
Capesize 5TC	9,363	11,995	-21.9%	Bearish	↓
Panamax 4TC	12,601	13,667	-7.8%	Bearish	↓
Supramax 10TC	12,800	13,164	-2.8%	Neutral	-
Handy 7TC	13,631	14,042	-2.9%	Neutral	-

Capesize

Cape time charter rate fell last week to nearly \$9,000 as vessel supply exceeded demand. Despite iron ore export volumes from Australia and Brazil remaining positive, with shipment rising from the previous week, ample tonnages suppressed the freight rates, especially in the Pacific region, as owners had fewer incentives to ballast out, given the lower rates in Brazil. On top of that, the futures market added further pressure, with owners rushing to fix it before the year-end. Regarding the fixture, the key C5 iron ore route (West Australia to China) was fixed at between \$8.50 - \$8.65 for 28-30 Nov laycan at the early part of the week with all majors actively seeking cargos before pushing down to \$8.35 - \$8.40 for early Dec and then \$7.70 as the lowest before the weekend approached. Yesterday, C5 was heard at \$7.65 for 6 - 8 Dec. Additionally, some South Korean tenders were disrupted due to strikes at some East Australian ports. Likewise, rates in Atlantic were under pressure due to long tonnage lists on top of thin activities; moving iron ore on the C3 route from Tubarao to Qingdao was fixed at mid-\$17 for 23 - 30 Dec with fixtures backwardated. Other trips out of Brazil were also scant, with trips from Tubarao to Misurata heard at \$16.40 for 22 - 30 Nov and Sudeste to Qingdao was fixed at \$20 for 8-17 Dec. Activities were also improving in other key regions, out of West Africa, iron ore cargoes from Freetown to Qingdao was fixed at \$19.50 for 13 - 17 Dec before lower to \$17.75 for 18 - 22 Dec. Besides, some support was given by tenders from South Korean and Japanese buyers, with a trip from Pointe Noire to Japan paid at \$23.50 for 8 - 17 Dec. In the underlying iron ore market, some eastern and northern steel mills came out of environmental restrictions and resumed production, increasing iron ore demand slightly. Outlook still lacks convincing of a rebound in Sept. Elsewhere, along with a weaker global demand outlook and the fall in oil prices, fuel cost has eased a touch, with Singapore 380 and 0.5% fuel oil assessed at \$386 and \$622, respectively on Monday.

Capesize 5TC Front Month Trading Range

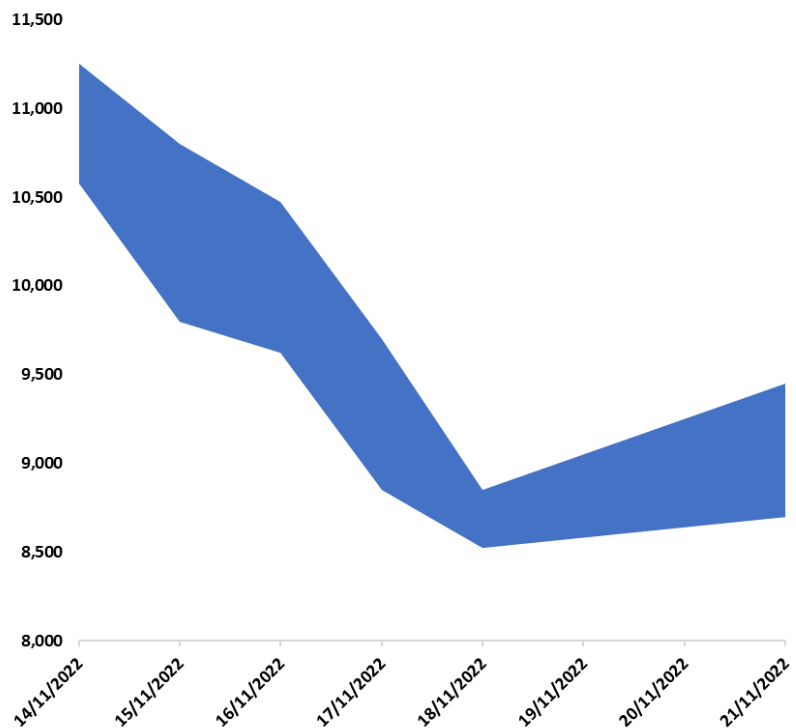


Chart source: FIS Live

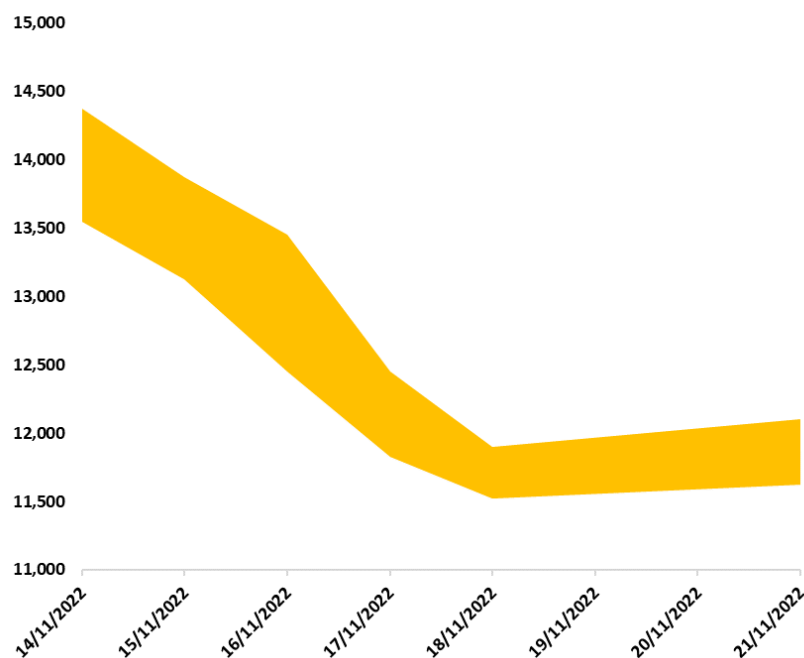
An active start to the week for the capes, with the front end of the curve trading in a narrow range. The Cal 23 and Cal 24 were the popular contracts, with the Cal 23 trading up to 13150 (+400) in the morning session while the Cal 24 traded at 13750 (+300). Even though the middle of the week was quiet, we saw volume lots range from 2500 lots to 4500 but with limited price movement. The entire curve, however, had pressure through to Cal 24. Most of the week remained quiet through to Monday with all the interest in the opening of the world cup tournament. Front-month contracts Nov and Dec moved from \$11,375/day and \$10,750 to \$10,700 and \$9,350 Monday to Monday; Q1-23 from \$7,150 to \$6,375; Cal 24 from \$13,350 to \$13,000.

Short run bearish

Panamax

Panamax closed the week on a weaker note, with all routes marking lower. Although healthy grains volume from ECSA, a falling North Pacific market along with low activity in the Indian Ocean eventually dampened the market confidence. Moreover, the negatives were quickly built up with the sell-off in the paper market and easing bunker costs. As a result, rates dropped lower at the start of this week. Regarding fixtures, grains business US Gulf and ECSA lent support at the beginning of the week, with rates increasing for early Dec dates. A trip from US Gulf redelivery Far East was heard at \$21,000. While in the South, cargoes with grains from ECSA redelivery Sing/Japan were fixed from \$19,500 to \$20,000, and redelivery Skaw-Mediterranean was at \$26,000. In the Asia market, the coal demand on the key routes of Indonesia to China and Australia to Japan came off noticeably last week; cargoes via Indonesia redelivery to the Far East were fixing around \$13,000. In addition, activity from Australia was also disrupted due to tug strikes at some ports, with round trips with grains fixed at approximately \$12,000.

Panamax 4TC Front Month Trading Range



Overall, given that plenty of prompt ships were available in the region, it seemed charterers were on the upper hand. On a positive note, the good news of three Ukraine Black Sea ports being extended for four months has fueled some optimism on grain shipments.

The Panamax FFA market seemed to have more like than the Cape market as it experienced a busy start to the week showing one of the most active Mondays in many months with close to 6500 lots trading. The optimism started to give way midweek to a raft of selling as rates corrected lower. Any gains made at the start of the week were erased. Rates gradually drifted lower in the latter part of the week. The Nov contract oscillated around the \$13,000 - \$14,600/day range, closing the week at \$13,125. Q1-23 \$12,375 - \$10,550, closing the week at \$10,700 and Cal 24 in a \$10,850 - \$11,825, closing the week at \$11,100.

Short run bearish

Supramax

Followed by the fall of larger sizes and the competitive rates, Supramaxes gradually edged lower last week amid primary support from US Gulf and Indonesia holding the floor but limited activity elsewhere. In the Atlantic, better enquires were reported in US Gulf and West Mediterranean, with trips from US Gulf to Sing/Japan fixing above \$20,000. In the South, a cargo with grains via ECSA redeliver the Far East was fixed at \$24,000 as the highest, although demand was lacking. In the Asian market, fresh enquires from N Pacific and healthy coal demand remained from Indonesia, but rates failed to move higher considering the length of prompt tonnage. Regarding fixtures, trips via South Africa to the Far East were fixed between \$9,000 - \$9,250. On the coal front, a cargo from Indonesia to India was paid around \$10,000. Other trips from India to China were fixed between \$9,500 - \$10,500, along with an overage ship to North China at \$7,800 and to the South at \$7,200 on an overaged ship. Nevertheless, positivity remained in the Asia Pacific with continued coal support, and India cut exports duty on iron ore products.

Supramax paper had a steady decline, with hardly any price movement across the reporting week. Nov and Dec kept testing new respective lows finishing on a quiet and rangebound end to the week before rates ticked up slightly on Monday 21st, to test resistance levels for Dec and Q1. Nov ranged from \$13,250 - \$14,250, Q1-23 from \$10,625 - 12,075, and Cal 24 from \$10,950 - \$11,750.

Short run neutral

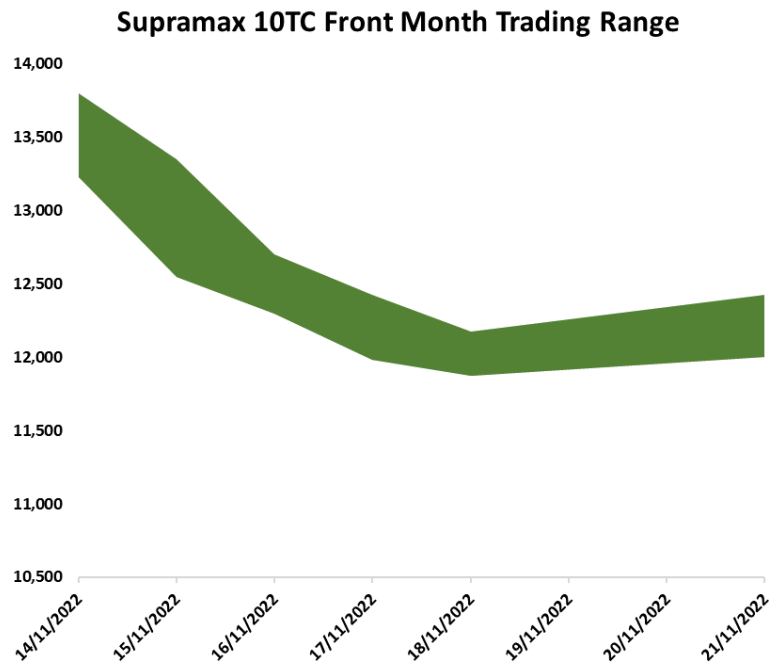


Chart sources: FIS

FFA Market

FFAs had a reasonably active week with a volume of nearly 49,000 lots posted on exchanges. On options, most volumes were focused on Capes last week, with 4,760 lots being cleared in Cape and 1,530 in Panamax among 6,590 lots traded last week. On average, Capes and Panamaxes traded around 3,880 lots and 4,050 lots per day last week; Supramaxes followed right behind with 1,410 lots traded per day last week. Main actions focus on Dec, Q1'23 and Cal23-24 contracts. Open interest increased along with falling prices; on 21 Nov, Cape 5TC 1580,47 (+3,770 w-o-w), Panamax 4TC 172,669 (+4,760 w-o-w), Supramax 10TC 85,713 (+700 w-o-w).

FFA Market Indexes

Freight Rate \$/day	21-Nov	14-Nov	Changes %	2022 YTD	2020	2019	2018	2017
Capesize5TC	9,363	11,995	-21.9%	16,326	13,070	18,025	16,529	15,129
Panamax4TC	12,601	13,667	-7.8%	20,091	8,587	11,112	11,654	9,766
Supramax10TC	12,800	13,164	-2.8%	23,173	8,189	9,948	11,487	9,345
Handy7TC	13,631	14,042	-2.9%	22,230	8,003	9,288	8,700	7,636

FFA Market Forward Values

FFA \$/day	21-Nov FIS	14-Nov FIS	Changes %	Weekly Mkt	Weekly Mkt	2022 Mkt	2022 Mkt
	Closing	Closing		High	Low	High	Low
Capesize5TC Dec 22	9,375	10,650	-12.0%	11,500	8,350	36,500	8,350
Capesize5TC Q1 23	6,375	7,050	-9.6%	6,000	7,500	27,650	5,600
Panamax4TC Dec 22	12,100	13,975	-13.4%	14,500	11,150	30,700	11,150
Panamax4TC Q1 23	11,100	12,125	-8.5%	13,125	10,550	24,500	9,750
Supramax10TC Dec 22	12,425	13,225	-6.0%	13,800	11,900	30,500	10,900
Supramax10TC Q1 23	11,025	11,900	-7.4%	12,850	10,600	22,000	9,750

Data Source: FIS Live, Baltic Exchange

Freight Technical View

Capesize

Dec Futures – The trend remains bearish having traded down to the 100% projection level at USD 8,500 (low USD 8,525). We remain below all key moving averages supported by the RSI below 50; however, the RSI is now in divergence with price, warning we have the potential to see a momentum slowdown soon. Upside moves that fail at or below USD 10,604 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 11,675 is the technical bullish. The intraday RSI (4-hour) has made a lower low, suggesting we still have the potential for another test to the downside; however, below USD 8,525 we will create further positive divergences with the RSI, suggesting caution on any downside breakout. Technically bearish, the futures are holding the USD 8,500 support, warning we have the potential to see some short covering around these levels.

Panamax

Dec Futures – We remain in a bearish trending environment having rejected the 8-21 period EMA's, resulting in a move to the downside. The futures have traded below the USD 11,525 fractal support which has created a positive divergence with the RSI on both the daily and intraday technical. Upside moves that fail at or below USD 13,406 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 14,375 is the technical bullish. Technically bearish, Elliott wave analysis would suggest we have a potential downside target at USD 9,740. It is worth noting that both the Capsize and Supramax technical have traded to a new lows this year, whilst the Panamax has not, suggesting the wave cycle is lagging, implying there is potential further downside in this cycle, regardless of the divergences.

Supramax

Dec Futures – Like the rest of the freight complex the futures remain in a bearish trending environment with price below all key moving averages supported by the RSI below 50. The futures are now on wave 5 of the Elliott wave C, meaning we look to be in the final stages of the bear cycle with price trading below the January low. We are in divergence with the RSI, not a buy signal it will need to be monitored as it is warning we have the potential to see a momentum slowdown. Near-term support is at USD 15,861 with further support at USD 7,600 and USD 4,791, upside moves that fail at or below USD 15,861 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Technically bearish, we have a note of caution due to the positive divergence and the wave count.

Chart source: Bloomberg

Capesize Nov 22 Morning Technical Comment – 240 Min



Dry Bulk Trades/Iron Ore

Last week total iron ore shipments rebounded 15.7% from the previous week to 31.8 million tonnes, with exports generated from Australia improving to 19.0 million tonnes, up 15.0% from the last week. For the other top exporters, Brazil, volumes increased for the third week and reached 8.3 million tonnes (+26.1% w-o-w), returning to the high level seen at the end of Oct. Out of South Africa, shipment stayed at the lower range. However, the volume has jumped weekly. The charts below show that last week's shipments from Brazil to China recovered nicely. They surpassed the seasonal average, whilst exports from Australia to China climbed further above the five year average and stood at around 17 million tonnes, a comparably high volume week in recent weeks.

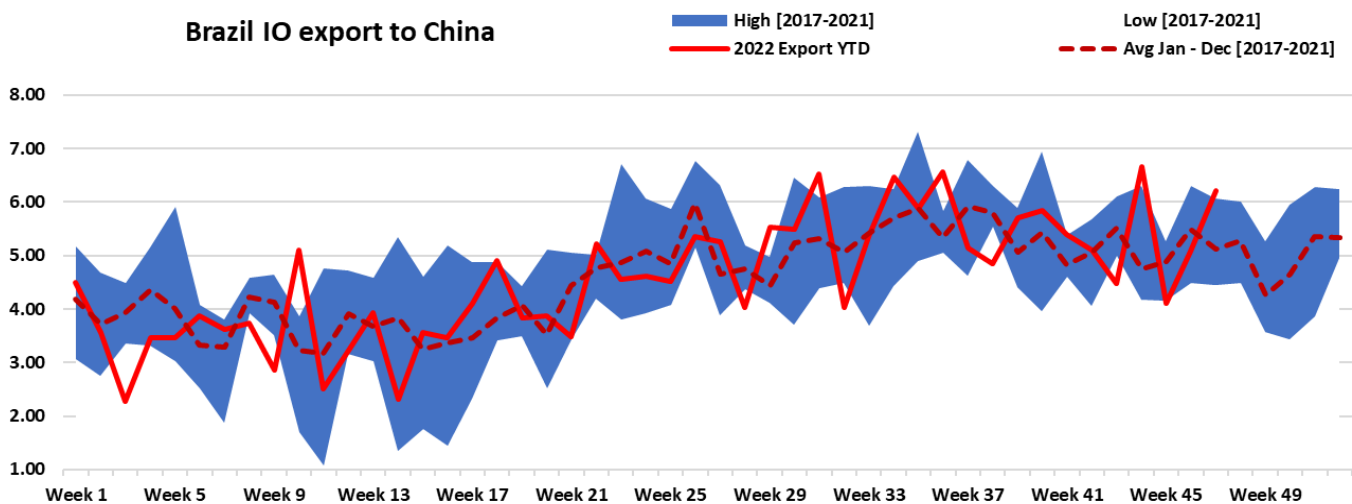
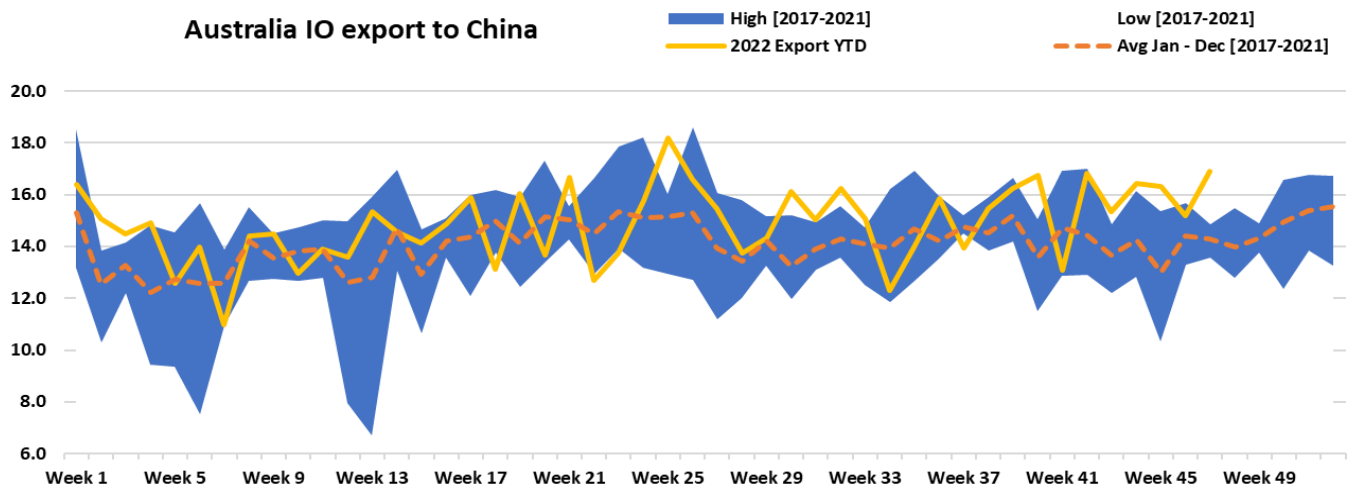
Dry Bulk Trades/Iron Ore

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	16.9	15.2	11.5%	8.26	8.71	-5.2%
Brazil-China	6.2	5.1	22.2%	18.75	20.14	-6.9%

Seasonality Charts



Data Source: IHS Markit Commodities at Sea Service, Bloomberg

Dry Bulk Trades/Coal

Coal shipments maintained a high of around 25.2 million tonnes (-0.3% w-o-w) as demand from key regions remained steady. In a rare observation, China, Japan, and Korea, as the main coal takers, posted lower imports last week, but this was compensated by increasing imports elsewhere, including coal imports to India soared to 3.9 million tonnes (+55% w-o-w), SE Asia 2.2 million tonnes (+31% w-o-w), and NW Europe 1.8 million tonnes (+15% w-o-w). As for the suppliers, Indonesian coal came off its recent high and was reduced by 17% to 8.6 million tonnes. At the same time, Australia had a better week on its exports, with 7.0 million tonnes (+11%) reported last week.

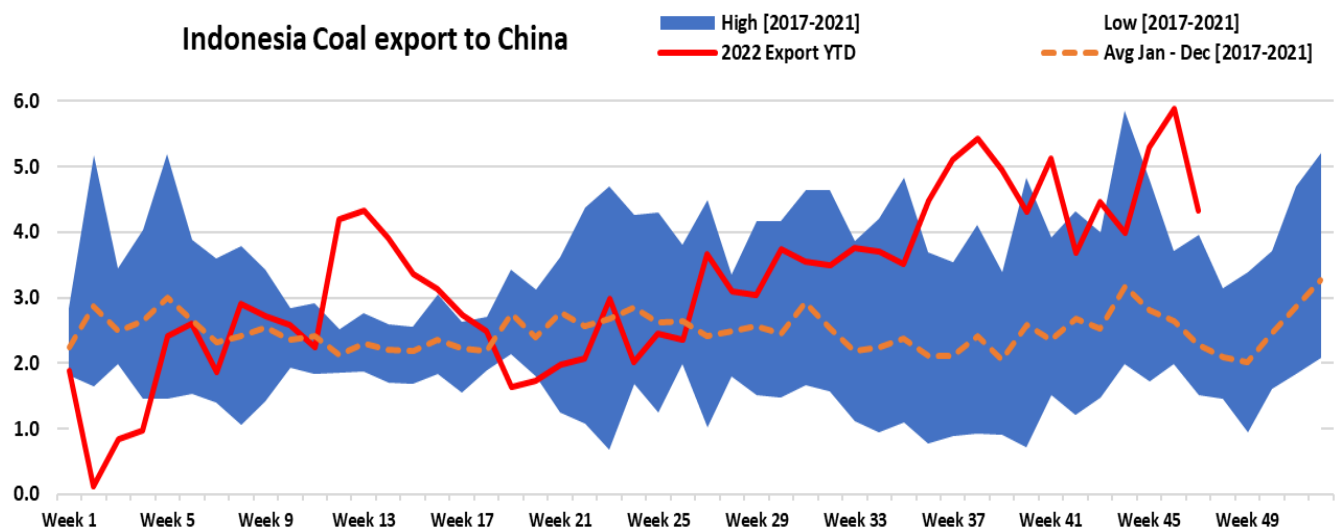
Dry Bulk Trades/Coal

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

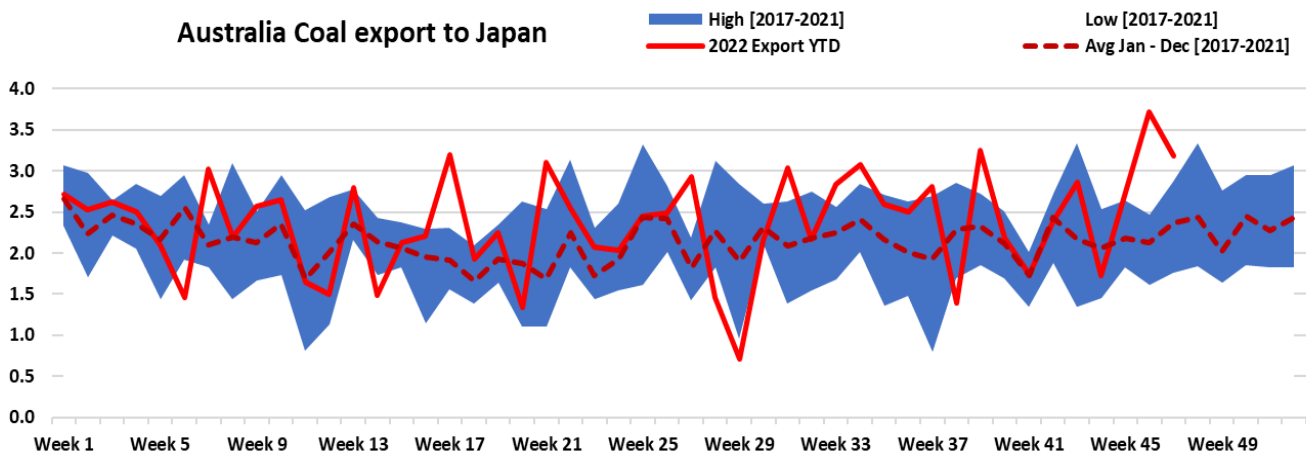
Coal Key Routes

Coal Key Routes	Coal Export Million mt		
	Last Week	Prev. Week	Chg %
Indonesia-China	4.3	5.9	-26.5%
Australia-Japan	3.2	3.7	-14.3%

Seasonality Charts



Data Source: IHS Markit Commodities at Sea Service, Bloomberg



Data Sources: IHS Markit Commodities at Sea Service, Bloomberg

Dry Bulk Trades/Agri

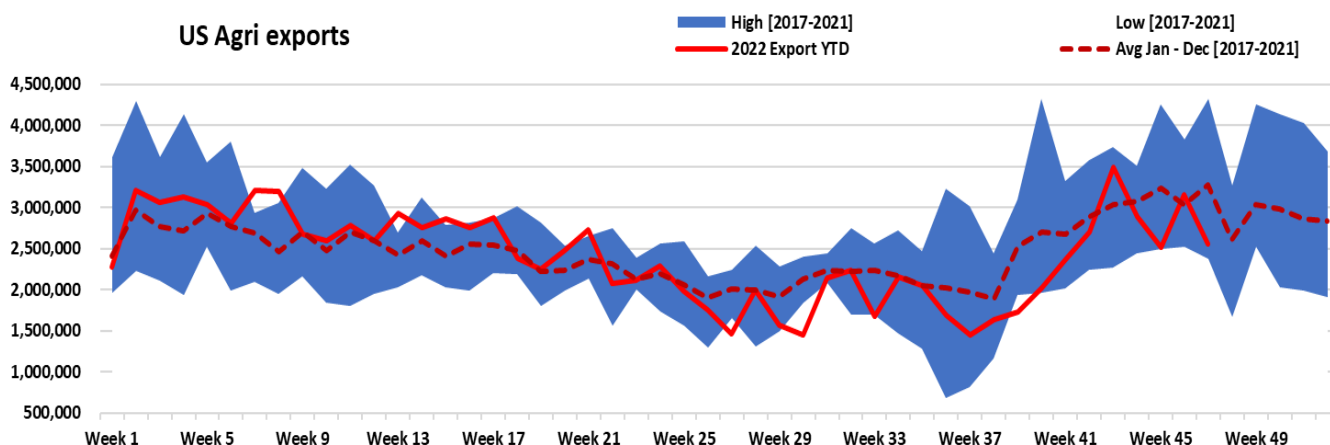
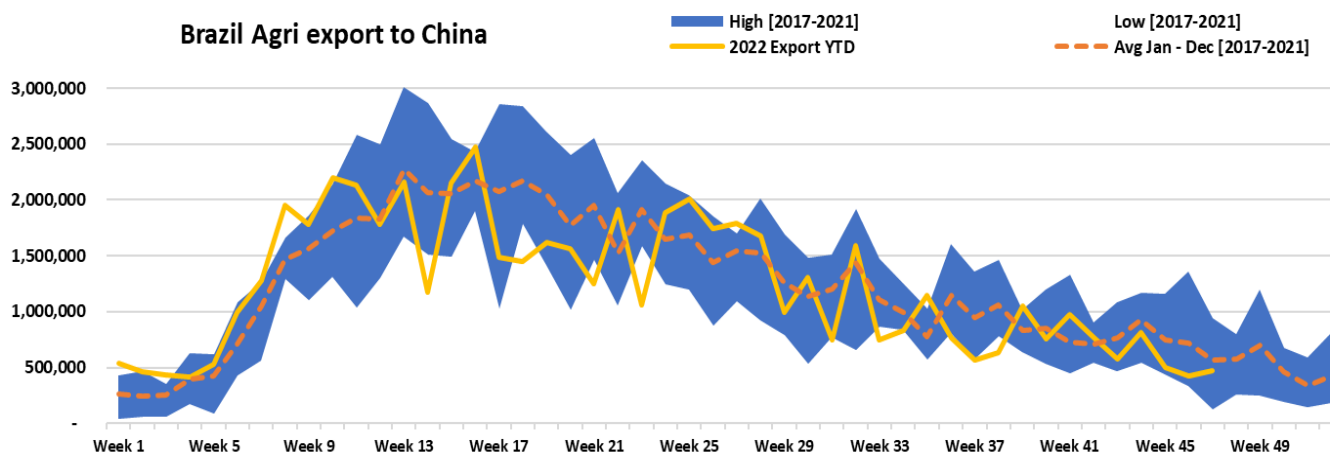
A steady week for grain shipments as total export volumes stayed at a similar level in the past four weeks at around 12 million tonnes, with a weekly decrease of 9.4%. Out from Brazil, shipments were in line with the season, with the weekly total slumping 13% to 2.8 million tonnes. Exports from Brazil to China surpassed the low end of the 5-year average but followed a downward seasonal trend. As the covid situation worsens in China, the market is concerned that the restrictions would reinforce and dampen the grain demand. Likewise, shipments from the US stayed at around 2.6 million tonnes, currently below the seasonal average. While grains shipped out of the Black Sea regions returned above 1.1 million tonnes, off the lows in the last two weeks.

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		
	Last Week	Prev. Week	Chg %	Last Week	Prev. Week	Chg %
Agri Export (thousands tonnes)						
Brazil-China	475.6	427.3	11.3%	54.6	56.0	-2.6%
US-China	499.3	1,347.0	-62.9%	44.0	44.7	-1.6%

Seasonality Charts



Data Source: IHS Markit Commodities at Sea Service, Bloomberg

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