

# FIS Dry Freight Weekly Report

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**Market Review:**

World Cup is in full swing, 18 days to Christmas, China eased covid testing to enter public venues, and quoted some distractions for the dry freight market last week. Not surprisingly, Capesize sought direction, and physical players took clues from the FFA market. While for Panamax, winter arrived early this year for some parts of China, favouring coal demand. An exciting week for football fans and dry freight market participants.

**(No dry freight weekly report on next Tuesday 13 Dec)**

Freight Rate \$/day	05-Dec	28-Nov	Changes %	Short Term	Sentiment
Capesize 5TC	12,457	13,845	-10.0%	Neutral	-
Panamax 4TC	13,405	12,132	10.5%	Neutral to Bullish	↗
Supramax 10TC	12,736	12,977	-1.9%	Neutral	-
Handy 7TC	13,264	13,420	-1.2%	Neutral	-

**Capesize**

It was a week lacking clear direction for Cape, and as the positive sentiment at the start of last week evaporated, the time charter rate fell below \$12,000 to close the week with a slight loss. Volume-wise, iron ore exports from Australia were steady, and a noticeable improvement was seen last week from Brazil. Although iron ore export volumes remained positive, with shipment rising from the previous week, ample tonnages suppressed the freight rates, especially in the Pacific region, as owners had less incentive to ballast out. Moreover, the reopening of some Chinese ports impacted by heavy winds took away some support on Australia to China routes. Hence some owners were in a rush to fix it before the rates headed lower. In the Asia Pacific, the key C5 iron ore route (West Australia to China) was initially fixed at the high of \$8.70 for 15-17 Dec laycan before falling between \$8.40 - \$8.65 for mid-Dec loading dates. Before the weekend approached, C5 was heard to fix at lower rates of \$8.10 and \$8.20. In the Atlantic, along with increased activities out of Brazil, higher fixtures were heard due to tight vessel supply for 2H Dec while lower bids for Jan dates. The C3 Tubarao to Qingdao was fixed at mid-\$21 for the end of Dec, whilst to Misurata was fixed at lower compared with the previous week at \$15.85 for 24-20 Dec. a trip via Sudeste to Qingdao was fixed at \$22.75 for 27 Dec. Other than that, cargoes to Qingdao from Seven Island were heard at \$24.50 for 12-18 Dec, and from Freetown at \$19.75 for 26-30 Dec. Overall, decent fixtures for prompt dates seemed to hold up the Atlantic basins for another week while mixed views persisted over the Pacific. On a positive note, more Chinese cities eased covid restrictions, and the following restocking activities would support the demand side.

**Capesize 5TC Front Month Trading Range**

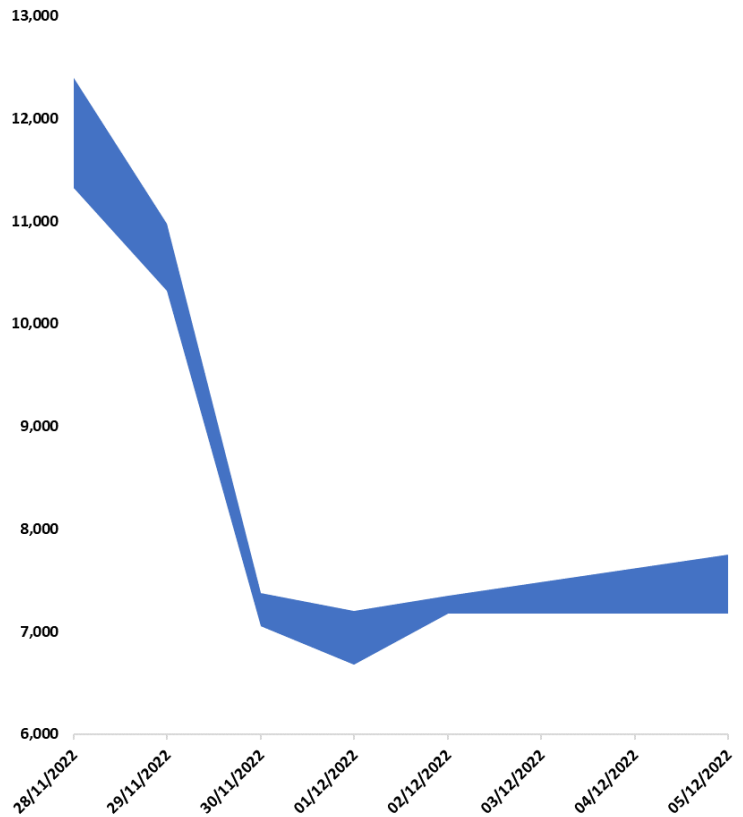


Chart source: FIS Live

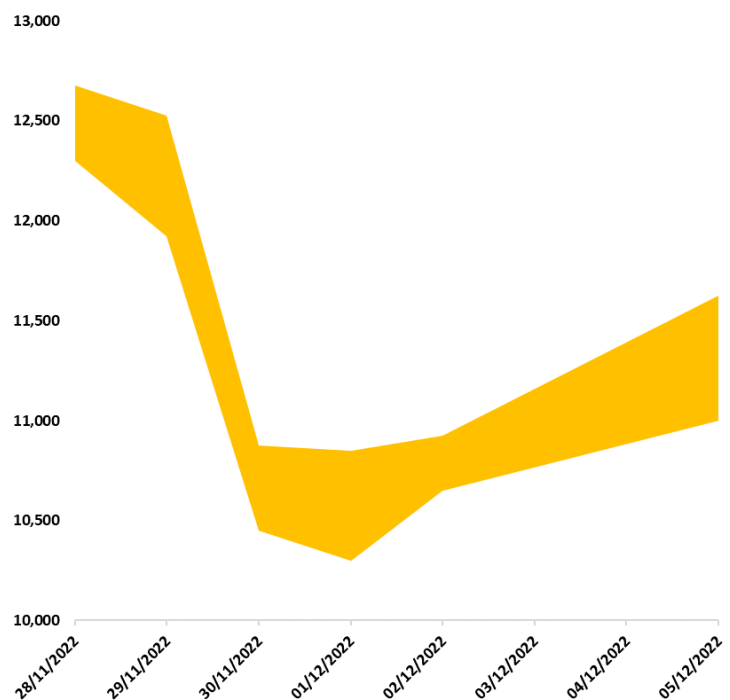
Cape FFA market up had a flat week with a narrow trading range. It started the week with little confidence as we ran into sellers, with December retracing to \$11,350 and Q1 to \$6400, with the rest of the calendar also coming under pressure. Cal 23 touched a low of \$11,550, Cal 24 was sold at \$12,400, and Cal 25 was sold at \$14,250. This trend continued through to Wednesday before opening on a firmer note, with the December and Q1 paid marginally higher while the Cal 23 traded sideways at \$11,500. This trend continued into the afternoon session, with Dec trading up to \$11,900 and Cal 23 trading up to \$11,700. It then continued to trade in a very narrow range with little conviction in either direction and ended the week with little to no movement after Q1 21 on the curve. Front-month contract Dec and Jan moved from \$11,650/day and \$11,375 to \$11,250 and \$7,750 Monday to Monday; Cal 24 from \$12,375 to \$13,050.

**Short run neutral**

**Panamax**

On top of decent levels of grain and mineral activities continuing to support the Atlantic basin, fresh grain cargoes also surfaced in NoPac, with premium rates being discussed. As a result, Panamax gradually moved higher last week. Regarding fixtures, better rates were heard from both North and South Atlantic due to lower vessel supply in the regions; a cargo with coal via US Gulf redelivery to the Continent was fixed at \$17,500. While trips via ECSA redelivery to Sing/Japan was fixed from \$16,500 early in the week to \$17,000 - \$18,000, redelivery to SE Asia was heard at \$17,000. In Asia, decent grain activities in NoPac and the market expectation of increasing coal demand from China due to sharp temperature drops in several provinces put up the hope of higher rates in the coming weeks. Higher bids were already heard for forward dates for the round trips from Indonesia to S. China. While NoPac redelivery to China with grains was fixed at \$13,250 (81kt), the same trip on the 74kt was fixed higher last week at \$10,750. This week, Panamax started with a firmer note on several price-supporting factors, including increasing congestion in ECSA and NW Europe.

**Panamax 4TC Front Month Trading Range**



Panamax paper market had a similar week to the Cape paper market, with a narrow trading range. Monday opened with bids on the prompt, which supported the rest of the curve; Dec printed up to \$12,750, Q1 to \$11,250 and Cal 23 to \$12,250. It continued rangebound throughout the week despite some intraday volatility on Tuesday. The Cape sentiment brought a steady increase through Wednesday, with Dec printing at \$12,500 up to highs of \$12,850, Q1 from \$11,000 to \$11,400 and Cal23 found fresh buying interest back up to \$12,250 with rangebound activity before finishing the week with little change and limited liquidity across the curve. The Dec contract oscillated around the \$12,425 - \$13,200/day range, closing Monday at \$12,825. Q1-23 \$10,875 - \$11,950, closing Monday at \$11,925 and Cal 24 in a \$10,850 - \$11,700, closing Monday at \$11,675.

**Short run neutral to bullish**

Chart source: FIS Live

## Supramax

Another uninspiring week for Supramaxes, with rates unchanged last week with support from US Gulf and Indonesia coal holding the floor but limited activity elsewhere. In the Atlantic, fresh enquiries were lacking from the Continent to the Mediterranean but remained in balance. A trip from US Gulf to Egypt with grain was fixed at \$21,500. On the flip side, coal demand continued to lend support to the Asia market, with decent activities reported from Indonesia to China. Coal run via Indo to China was heard at between \$8,300-\$8,400.

Supramax paper market had a narrow trading range but decreased overall through the week. A relatively steady start to the week went to it coming under pressure starting Tuesday throughout the curve. It was a quiet end to the week and the beginning of a new month with relatively rangebound rates. Dec ranged from \$12,250 to \$13,600, Q1-23 from \$11,550 to \$11,650, and Cal 24 from \$11,300 to \$11,675.

### Short run neutral

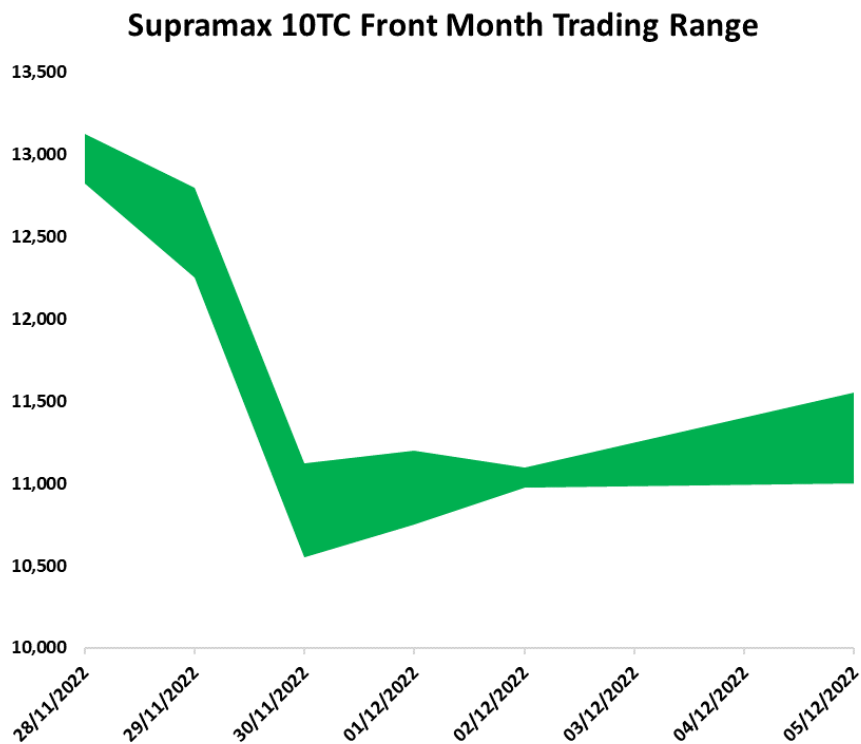


Chart sources: FIS Live

## FFA Market

With the World Cup and holiday celebration taking attention away from the market, a less active week for FFAs, with a volume of about 52,170 lots posted on exchanges. Yet, huge volumes changed hand on options, with 9,280 lots being cleared in Cape among the total options volume of 11,080. On average, Capes and Panamax futures traded around 3,100 lots and 3,600 lots per day last week; Supramaxes was more settled, with 970 lots traded per day last week. Main actions focus on Dec, Q123 and Cal23-24 contracts. Open interest increased as the Nov contract came to expiration; on 6 Dec, Cape 5TC 149,929 (-15,000 w-o-w), Panamax 4TC 162,761 (-14,770 w-o-w), Supramax 10TC 80,823 (-5,960 w-o-w).

## FFA Market Indexes

Freight Rate \$/day	05-Dec	28-Nov	Changes %	2022 YTD	2020	2019	2018	2017
Capesize5TC	12,457	13,845	-10.0%	16,152	13,070	18,025	16,529	15,129
Panamax4TC	13,405	12,132	10.5%	19,764	8,587	11,112	11,654	9,766
Supramax10TC	12,736	12,977	-1.9%	22,730	8,189	9,948	11,487	9,345
Handy7TC	13,264	13,420	-1.2%	21,852	8,003	9,288	8,700	7,636

## FFA Market Forward Values

FFA \$/day	05-Dec FIS Closing	28-Nov FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2022 Mkt High	2022 Mkt Low
Capesize5TC Dec 22	11,250	11,400	-1.3%	12,350	10,400	36,500	8,350
Capesize5TC Q1 23	7,025	6,350	10.6%	12,000	6,150	27,650	5,600
Panamax4TC Dec 22	12,825	12,352	3.8%	13,000	11,600	30,700	11,150
Panamax4TC Q1 23	11,925	11,175	6.7%	13,250	10,150	24,500	9,750
Supramax10TC Dec 22	12,775	12,825	-0.4%	13,100	12,300	30,500	10,900
Supramax10TC Q1 23	11,175	11,125	0.4%	12,550	11,000	22,000	9,750

Data Source: FIS Live, Baltic Exchange

## Freight Technical View

**Capesize** Jan 23 Futures – The Roll into the Jan contract has resulted in a downside breakaway gap due to the discount between the two contracts. The downside move has created a positive divergence in the futures, resulting in price finding light buying support. Upside moves that fail at or below USD 10,453 on the rolling contract will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. When we look at the Jan futures instead of the rolling contract, we can see that price is moving higher on the back of a positive divergence, if the intraday technical trades above USD 8,000 we will target the USD 8,857 and USD 9,500 fractal resistance levels. Above USD 9,500, the USD 10,453 resistance will be vulnerable on the rolling front month technical. We are technically bearish; however, with the futures moving higher on the back of a positive divergence on both the rolling contract and the outright Jan, we do not consider price to be a technical sell at this point, as resistance levels look vulnerable.

**Panamax** Jan 23 Futures – Like the Capesize contract we did see a gap lower in the futures on the roll into the January contract. However, this move lower did fit in with the bearish Elliott wave cycle, as the futures remained above the USD 9,225 low from late August. We are seeing buying support in the market on the back of a positive divergence with the RSI, upside moves that fail at or below USD 12,032 remain vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 12,925 is the technical bullish, as this would suggest the bearish Elliott cycle has completed. The futures remain technically bearish with a downside target of USD 9,225, if we do trade above USD 12,032 it will warn that sell side momentum is weak, leaving the USD 12,925 resistance vulnerable.

## Supramax

Jan 23 Futures - The trend remains technically bearish with the rolling front month futures trading to a low of USD 10,750 on the back roll into Jan. the futures remain below all key moving averages with price moving higher on the back of a positive divergence with the RSI. Upside moves that fail at or below USD 12,483 will leave the futures vulnerable to further tests to the downside, above this level the technical will have a neutral bias. Only above USD 13,150 is the technical bullish, at this point it would suggest that the Elliott wave cycle has completed. The roll has made the intraday wave cycle more difficult to read, if we reject the USD 12,483 level, we could see the Jan having one final test to the downside. However, we do have divergences on the intraday and daily technical, meaning we do not regard the futures as a technical sell at this point.

Chart source: Bloomberg

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



## Dry Bulk Trades/Iron Ore

Last week total iron ore shipments rose by 9.4% from the previous week to 32.7 million tonnes, with exports generated from Australia edging up to 20.0 million tonnes, up 5.6% from the previous week. For the other top exporter Brazil, volumes have recovered to 7.0 million tonnes (+16.5% w-o-w) after the last week's dip; although still far off to the higher level seen at the end of Oct. Out of South and West Africa, shipment stayed at the subdued range for the past weeks. 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 17.2 million tonnes, a comparably high volume week in recent months.

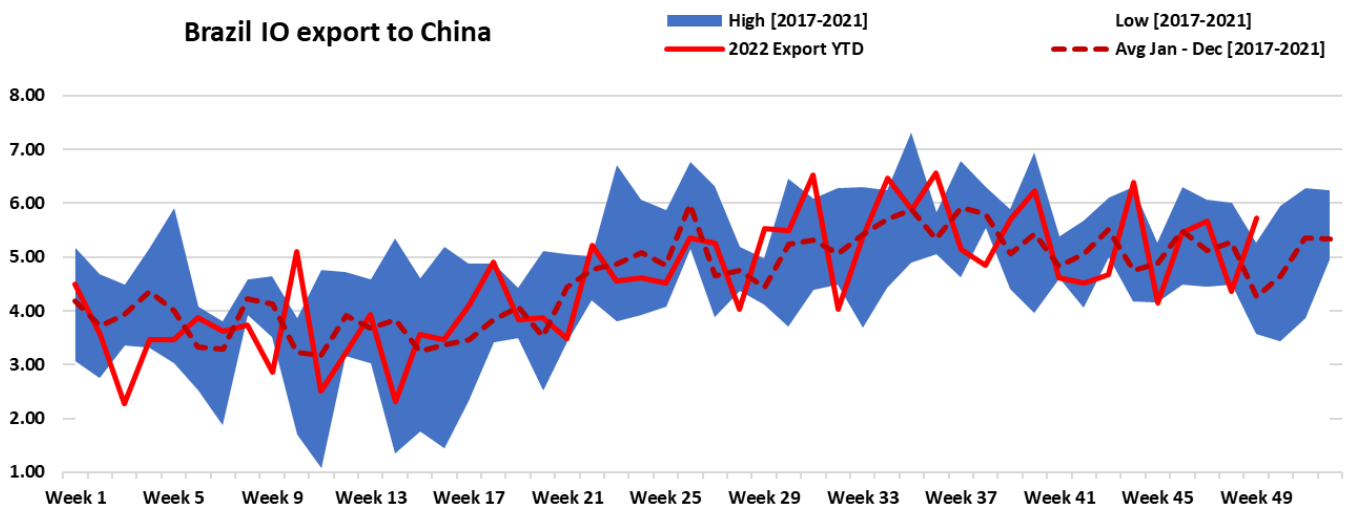
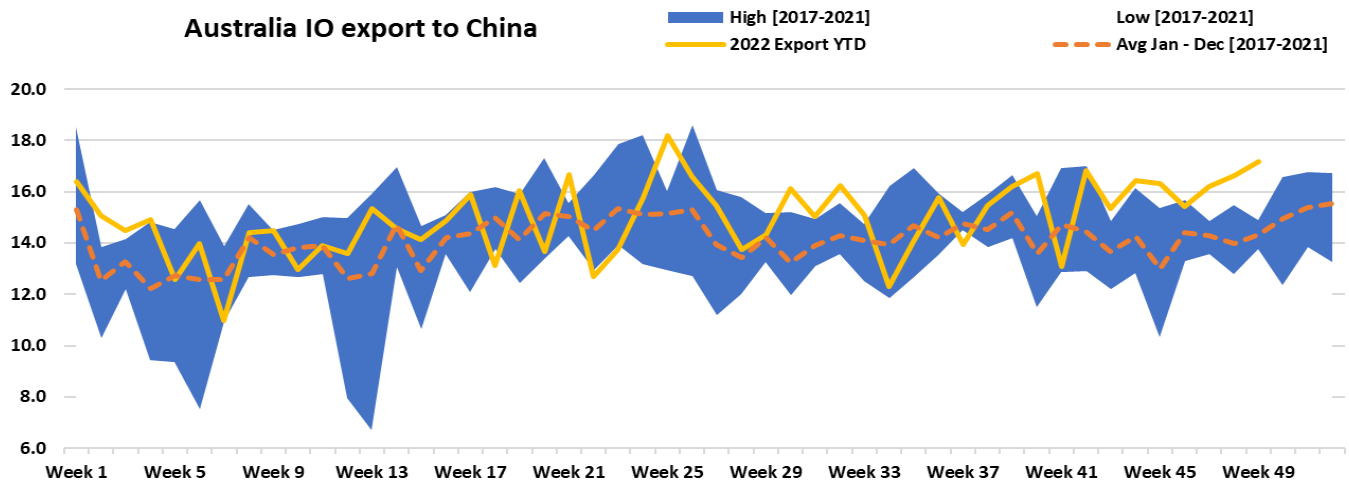
## Dry Bulk Trades/Iron Ore

Export (million tonnes)	Nov-22	Oct-22	Q3-22	Q2-22	Q1-22	Q4-21	2021	2020
Australia	81.0	80.1	235.3	234.6	219.2	236.1	922.7	922.4
Brazil	29.6	30.7	97.5	81.9	69.7	91.2	350.5	336.6
South Africa	3.3	3.2	15.7	15.9	14.4	15.6	60.4	56.0
India	0.2	0.1	1.6	5.5	7.2	1.9	37.6	50.8
Canada	4.8	5.2	17.9	13.5	11.7	14.9	57.2	58.1
Others	14.2	14.2	42.5	40.1	45.2	52.5	199.4	179.7
<b>Global</b>	<b>133.0</b>	<b>133.6</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	17.2	16.6	3.4%	8.55	8.03	6.4%
Brazil-China	5.7	4.4	31.3%	19.47	17.92	8.6%

## Seasonality Charts



Data Source: IHS Markit Commodities at Sea Service, Bloomberg

## Dry Bulk Trades/Coal

Due to increased demand from key regions, coal shipments maintained a high of around 26.4 million tonnes (+4.4% w-o-w). Last week, the benchmark Indonesian thermal coal prices rose due to tight supply and increasing demand from China as cold weather hit over 20 provinces. Apart from Japan imports staying at a steady level, other main coal takers posted increasing coal imports compared with the previous week, including China (6.4 Mmt, +12.8%), India (3.9 Mmt, +13%), and NW Europe 1.5 million tonnes (+3.2% w-o-w). As for the suppliers, Indonesian coal increased for a second week and stood at around 9.9 million tonnes. At the same time, Australia was flat on its exports, with 6.9 million tonnes reported last week.

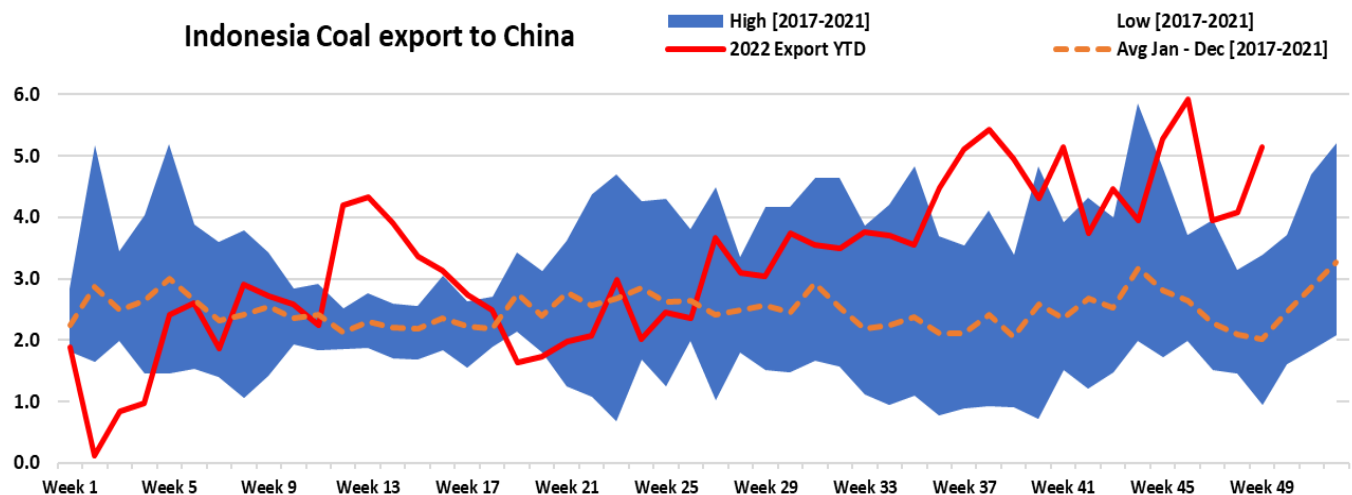
### Dry Bulk Trades/Coal

Export (million tonnes)	Nov-22	Oct-22	Q3-22	Q2-22	Q1-22	Q4-21	2021	2020
Indonesia	41.8	44.3	130.7	118.8	88.8	105.5	415.6	377.0
Australia	28.1	26.6	80.3	90.9	84.4	90.7	368.3	376.1
Russia	15.6	17.8	47.3	50.9	41.2	40.6	173.4	178.4
USA	6.9	6.6	15.1	14.5	16.0	15.8	68.9	56.0
Colombia	5.6	4.4	15.9	15.1	15.5	17.5	61.1	58.6
South Africa	3.7	5.2	43.2	42.2	40.7	40.9	61.9	72.8
Others	7.3	8.7	332.4	332.3	286.8	310.9	86.3	75.9
<b>Global</b>	<b>108.9</b>	<b>113.5</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

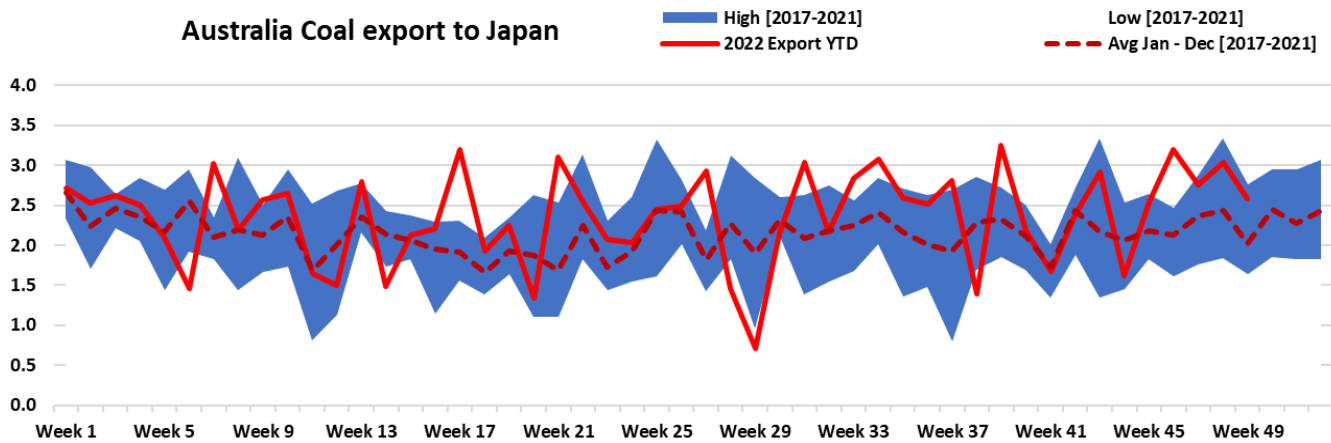
Coal Key Routes	Coal Export Million mt		
	Last Week	Prev. Week	Chg %
Indonesia-China	5.1	4.1	<b>25.9%</b>
Australia-Japan	2.6	3.0	<b>-15.3%</b>

### 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 steady week for grain shipments as total export volumes stayed at a similar level in the past four weeks at around 11 million tonnes, with a weekly decrease of 8.3%. Out from Brazil, shipments were in line with the season, with the weekly total reduced by 12.6% to 2.4 million tonnes. Exports from Brazil to China fell below the 5-year average, following a downward seasonal trend. However, US shipments jumped to 3.4 million tonnes, up 29.7% w-o-w, surpassing the seasonal average. As covid restrictions begin to ease in China, market participants again put their hope on recovery demand for grains.

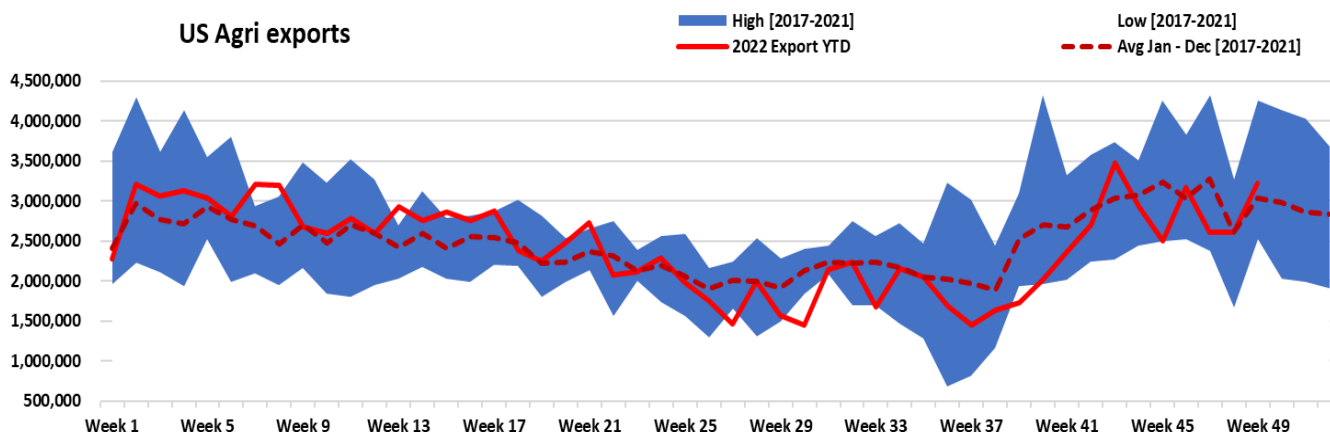
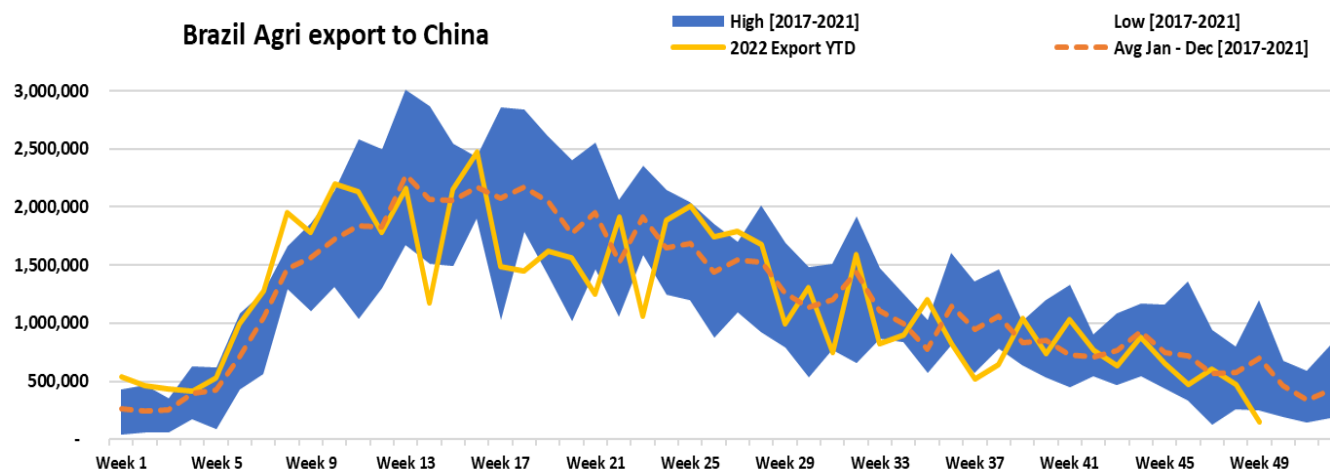
Export (million tonnes)	Nov-22	Oct-22	Q3-22	Q2-22	Q1-22	Q4-21	2021	2020
Brazil	11.9	16.2	51.1	49.5	40.7	29.3	158.6	170.8
USA	11.7	12.6	23.9	30.5	37.4	42.7	140.0	141.4
Argentina	5.9	7.0	20.2	24.6	16.7	17.6	85.7	79.1
Ukraine	2.5	3.9	4.2	0.1	12.0	19.8	56.7	51.5
Canada	5.4	5.2	6.8	5.9	5.8	10.0	40.7	50.8
Russia	4.0	4.0	7.7	4.7	5.0	7.2	29.7	35.1
Australia	3.7	2.7	11.7	11.5	12.8	8.9	40.8	20.2
Others	5.8	7.8	25.5	24.4	25.5	22.9	84.4	71.5
<b>Global</b>	<b>50.9</b>	<b>59.3</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 %
Agri Export (thousands tonnes)						
Brazil-China	147.4	470.0	<b>-68.6%</b>	42.7	42.5	<b>0.4%</b>
US-China	685.4	1,409.1	<b>-51.4%</b>	55.3	54.6	<b>1.3%</b>

## Seasonality Charts



Data Source: IHS Markit Commodities at Sea Service, Bloomberg

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