

FIS Dry Freight Weekly Report

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10/01/2023

Market Review:

All vessel sizes fell heavily after the holiday period as there was a lack of demand in key areas to clear out the excessive tonnage. A small recovery occurred by the end of the last week, but some felt a floor still needed to be found, and high volatility is inevitable for the new week.

Freight Rate \$/day	09-Jan	3-Jan	Changes %	Short Term	Sentiment
Capesize 5TC	13,237	13,561	-2.4%	Bearish	↓
Panamax 4TC	9,916	11,608	-14.6%	Bearish	↓
Supramax 10TC	9,073	10,646	-14.8%	Bearish	↓
Handy 7TC	9,748	11,051	-11.8%	Neutral	-

Capesize

After returning from holiday, the Cape time charter rate fell below \$13,000 amid low seasonal activity in both basins. Regarding iron ore demand, a subdued volume week was reported from all key regions. Fixtures-wise, only a little action was heard from the N. Atlantic at the beginning of the week. Out of Brazil, better rates were discussed for the prompt days with iron ore cargoes from Itaguai to Qingdao fixing at mid-\$19 for 19-23 Jan laycan and high \$17 for 6-10 Feb. A trip via Tubarao to Gijon/Rotterdam was heard at \$11 for 15-24 Jan. Likewise, limited enquired from South Africa last week, an iron ore cargo from Saldanha Bay to Qingdao was paid at \$15 for 25-27 Jan. In the Pacific, the key C5 iron ore route (West Australia to China) was under further pressure, falling from \$7.45 at the start of the week to \$7.20 for late Jan loading dates, and then \$7.05 at the lowest. On Monday, C5 was supported by positive sentiment in the paper market and rebounded to \$7.40, although the demand side was unchanged. It's worth noting that restocking activity for iron ore ahead of the Chinese New Year comes close to an end, coupled with steel mill trimmed production in dealing with negative margins, leaving many wondering if the rebound would carry to this week.

Capesize 5TC Front Month Trading Range

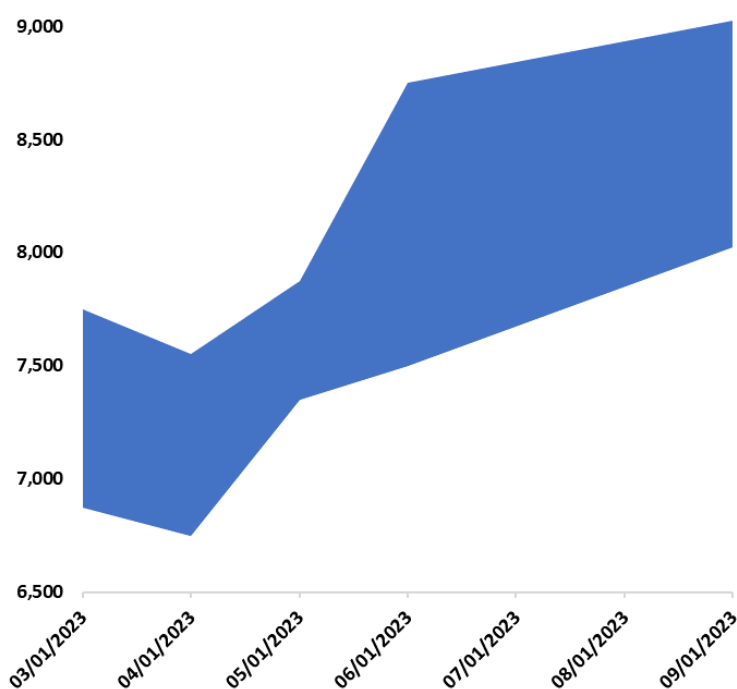


Chart source: FIS Live

The Cape paper market experienced a gradual rise on rolling and front-month contracts through the week before hitting a high and dipping back this week. It opened relatively steady, trading sideways to slightly firmer before dipping pre-index. It continued to show optimism through the week with the weakening index. Up across the board in the contracts past February. It appeared well supported with traders' position for a medium-term recovery. Finishing off the week on a bullish day with the entire curve lifting as some shorts rushed for the exit and as we closed for the week. Front-month contracts Jan and Feb moved from \$9,550/day and \$6,875 to \$11,450 and \$8,125 Tuesday 3rd to Monday 9th Jan; Cal 24 from \$13,875 to \$14,825.

Short run bearish

Panamax

Panamax time charter rate fell to four digits, with little support being found by the end of last week. Apart from traditional slow demand from China pre-Lunar New Year period, and probably will stay as such until early Feb, subdued demand from Japan and India has added more on the downside. Furthermore, grain shipment remained at its downward trend as demand from China took longer after the nation eased covid restrictions. While on the supply side, soy output from Argentina continued to drop due to a prolonged drought. Regarding fixtures last week, rates in both basins eroded further as owners had to lower their offers to fix them. In the Atlantic, a trip via US Gulf redelivery to Sing/Japan was fixed at around \$21,500. In the South, a trip via ECSA redelivery to Sing/Japan was fixed at \$14,500 mid-week, and to the Far East was heard at \$10,500 on Monday despite a market source saying activity picked up. In the Asia Pacific, rates were under further pressure, with some fixtures reported below the index level. On the grain runs, trips via Australia redelivered to Japan and India were heard at \$11,000 and \$8,000, respectively.

The Panamax paper market continued to hold onto the market as we opened in 2023, with rates trending lower early in the day. However, we did start to see some support pre-index and rates being pushed up off the lows post-index, with offers thinning out into the close. Mid-week Panamax paper continued to defy the gloomy underlying and, with Capes on the turn, saw a sharp push-up across the curve as some shorts looked to cover. Finished the week with a supported curve and scale-back buying throughout Friday, with sharp offers, picked off before opening this week with rangebound trading. The Jan contract oscillated around the \$8,825- \$11,150 day range, closing Monday at \$9,550. Q1-23 \$10,725 - \$11,550, closing Monday at \$10,750 and Cal 24 in a \$11,675 – \$12,725, closing Monday at \$12,475.

Short run bearish

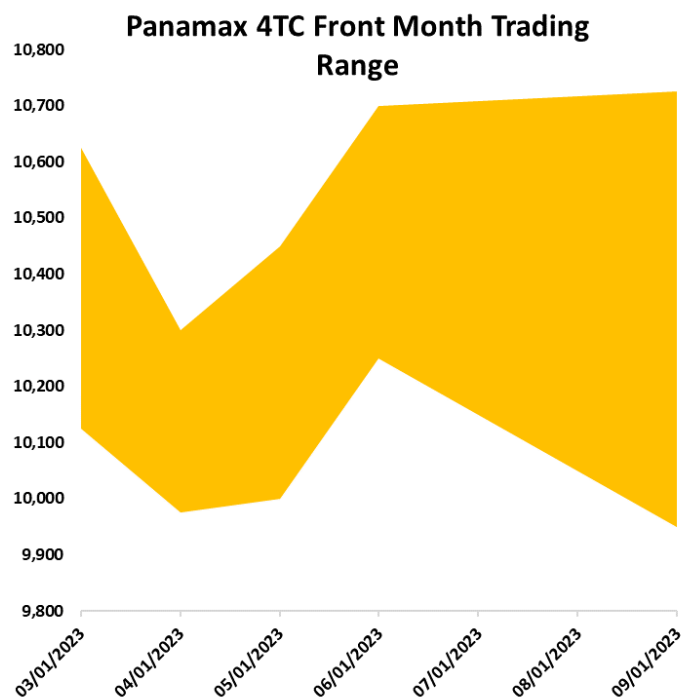


Chart source: FIS Live

Supramax

Following the bearish sentiment in bigger ships, Supramaxes rates also took a hit as thin activity, and fresh enquires were lacking in most regions.

The Supramax paper market had a quiet start to the year, with rates under pressure against a significant drop in the index. Midweek came under pressure, with heavy losses, especially with Jan and Feb trading to respective lows. However, further out the curve experienced support. Supramax paper had a positive end to the week, with rates ticking up across the curve and leading to an active start to this week with good volume trading across the curve. Jan ranged from \$9,200 to \$10,825, Q1-23 from \$10,262.5 to \$11,225, and Cal 24 from \$11,850 to \$12,650.

Short run bearish

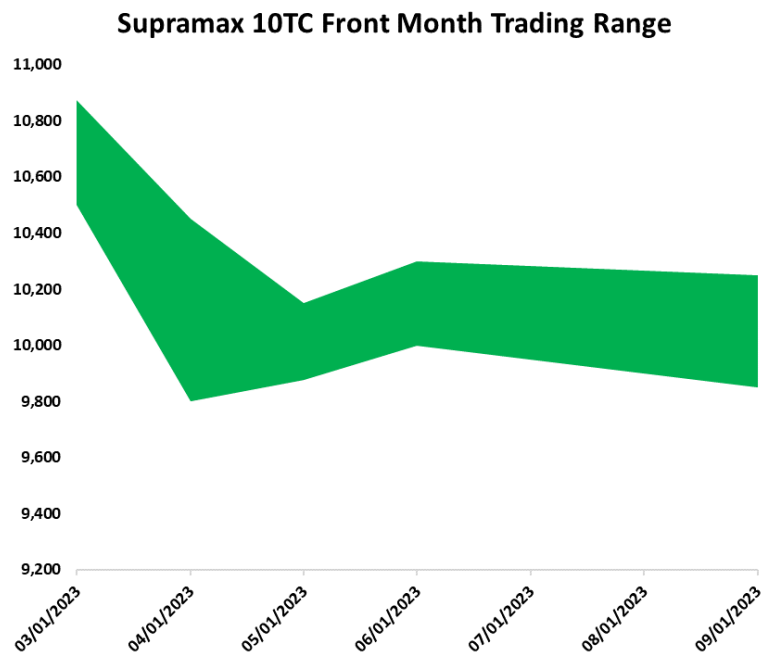


Chart sources: FIS Live

FFA Market Indexes

Freight Rate \$/day	09-Jan	3-Jan	Changes %	2023 YTD	2022	2021	2020	2019
Capesize5TC	13,237	13,561	-2.4%	12,878	16,177	33,333	13,070	18,025
Panamax4TC	9,916	11,608	-14.6%	19,400	8,587	25,562	8,587	11,112
Supramax10TC	9,073	10,646	-14.8%	22,152	8,189	26,770	8,189	9,948
Handy7TC	9,748	11,051	-11.8%	21,337	8,003	25,702	8,003	9,288

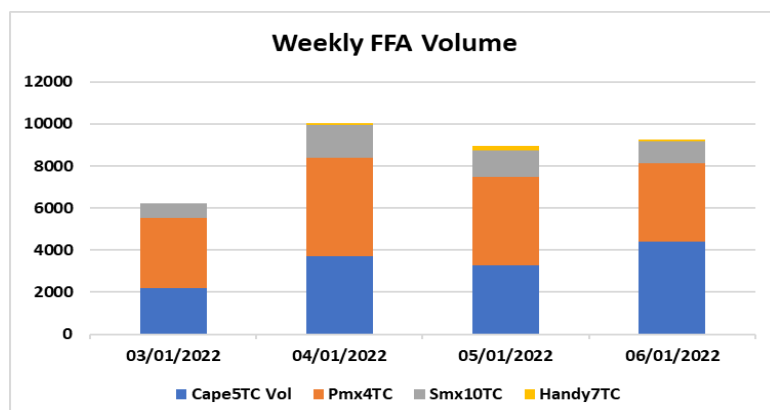
FFA Market Forward Values

FFA \$/day	09-Jan FIS Closing	3-Jan FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2023 Mkt High	2023 Mkt Low
Capesize5TC Jan 23	11,325	9,675	17.1%	15,250	9,050	15,250	9,050
Capesize5TC Q2 23	13,850	12,125	14.2%	16,900	12,000	16,900	12,000
Panamax4TC Jan 23	9,550	10,350	-7.7%	13,100	9,500	13,100	9,500
Panamax4TC Q2 23	13,975	13,500	3.5%	14,300	12,300	14,300	12,300
Supramax10TC Jan 23	9,375	10,400	-9.9%	12,700	9,200	12,700	9,200
Supramax10TC Q2 23	13,125	12,900	1.7%	13,400	12,250	13,400	12,250

Data Source: FIS Live, Baltic Exchange

FFA Market

FFAs started the new year with a positive sentiment, with a decent volume of around 36,600 lots in a four-day trading week. On average, Capes and Panamaxes futures traded around 3,400 lots and 3,990 lots per day last week; Supramaxes followed right behind with 1,150 lots traded per day last week. On options, most of the action was focused on Cape, with 2,580 lots being cleared in Cape5TC among 3,000 lots traded the previous week. Primary activities focus on Jan, Feb, Q'23 and Cal23 contracts; interest was also picking up on Cal24. Open interest increased as positions extended to further dated contracts; on 9th Jan Cape 5TC 154,447 (+6,470 w-o-w), Panamax 4TC 162,218 (+7,050 w-o-w), Supramax 10TC 79,209 (+1,230 w-o-w).



Dry Bulk Trades/Iron Ore

Iron ore spot price climbed towards the \$120 mark during the first week as investors looked beyond the weak industrial data and expected more stimulus from the Chinese government. According to the National Bureau of Statistics (NBS), the purchasing managers' index (PMI) for China's manufacturing sector fell to 47 in December, the most significant drop since Feb 2020, as covid infection swept through production lines across the country. On the demand side, steel mills were pressured by negative margins and had to cut production further for lost control. According to a Mysteel survey of over 247 Chinese steel mills, blast furnace operation rates slipped by 0.57% to 74.64%. Whilst capacity utilisation rates also fell to 81.93%, down 0.66% w-o-w over 30 Dec-5 Jan. Nevertheless, some economists see a strong recovery ahead for the Chinese economy once covid reaches its peak. Besides, banks and insurance regulators again pledged to provide financial support to businesses and prioritise consumption recovery. Furthermore, the People's Bank of China announced the extension of its mortgage rates for first-time homebuyers into 2023 to boost house demand. In addition, Beijing is considering lowering the borrowing caps for developers and extending the deadline for meeting debt targets.

Last week total iron ore shipments dropped 21% from the previous week to 27.6 million tonnes post-holiday, with exports from Australia decreasing to 17.5 million tonnes, down 11% from the last week. For the other top exporter Brazil, volumes fell to around 4.5 million tonnes after its upward trend in four three weeks, down 48% w-o-w. In 2022, iron ore shipments are estimated to be approximately 1.58 billion tonnes, 3% less than in 2021 due to weaker steel demand from China. Apart from Australia managing to export marginally higher YoY (1%), shipment out of Brazil was more impacted by poor steel margins and weather disruptions. Supplies from other key regions were also noticed to be lower – logistic issues challenged South Africa, and exports were reduced massively from Ukraine. However, in Q1 23, iron ore demand is expected to pick up from early February, considering low iron ore inventories and resumed construction activities after the Chinese New Year. In the seaborne market, decent interests were heard for Feb – March cargos as market participants were optimistic about the steel demand outlook.

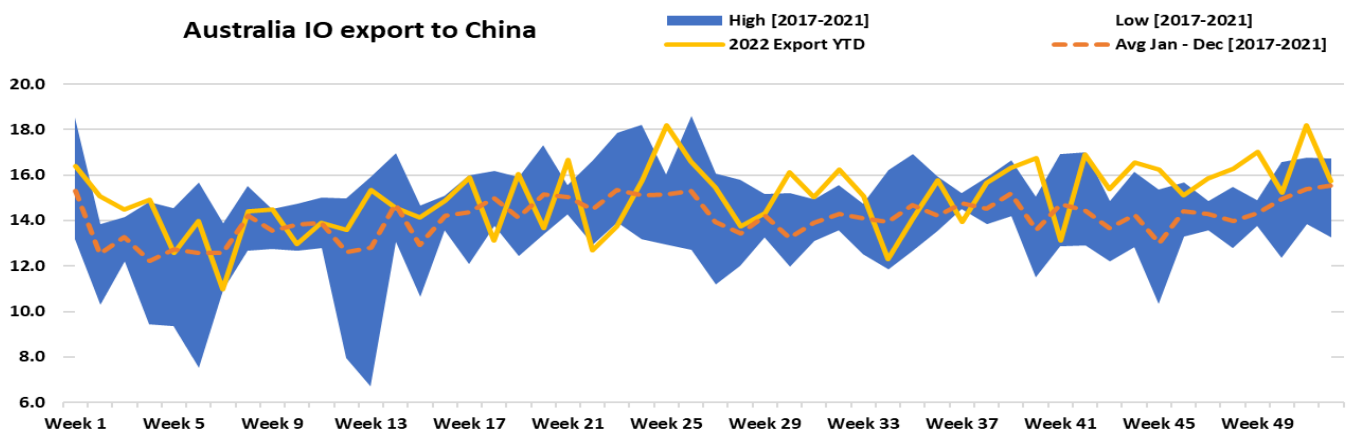
Dry Bulk Trades/Iron Ore

Export (million tonnes)	Dec-22	Nov-22	Q4-22	Q3-22	Q2-22	Q1-22	2022	2021
Australia	86.0	80.3	246.4	233.7	233.8	217.9	931.8	919.8
Brazil	32.2	29.4	92.7	97.8	82.8	70.5	343.8	352.9
South Africa	4.7	3.5	11.3	15.6	15.9	14.4	57.3	60.5
India	2.0	0.3	2.4	0.9	5.4	7.2	15.9	37.6
Canada	4.7	4.8	14.6	17.8	13.7	11.7	57.7	57.2
Others	16.7	14.9	45.6	43.9	41.2	45.6	176.3	201.2
Global	146.3	133.1	413.0	409.7	392.7	367.2	1582.6	1629.2

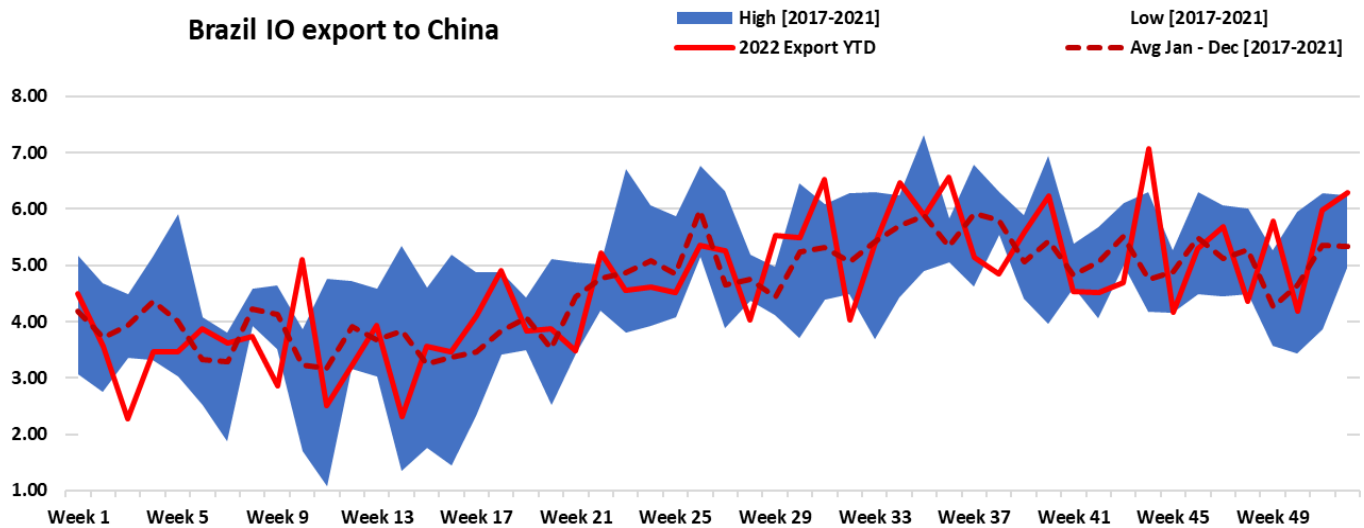
Iron Ore Key Routes

	IO Export Million mt		
	Last Week	Prev. Week	Chg %
Australia-China	14.8	15.9	-6.8%
Brazil-China	2.8	6.5	-57.3%

Seasonality Charts



Brazil IO export to China



Dry Bulk Trades/Coal

Coal shipments came off nearly 12% to around 22.3 million tonnes last week, as demand from key regions fell substantially. Imports from China continued to edge lower to 5.5 million tonnes after peaking up at the previous one. Similarly, other main coal takers posted decreasing coal imports compared with the last week, including Japan (4.7 Mmt, -9%) and India (3.1 Mmt, -12%). As for the suppliers, Indonesian coal exports fell to around 15.7 million tonnes in six consecutive weeks. While exports from Australia also had a low week of 6.9 million tonnes reported last week, down 20.8% w-o-w.

Dry Bulk Trades/Coal

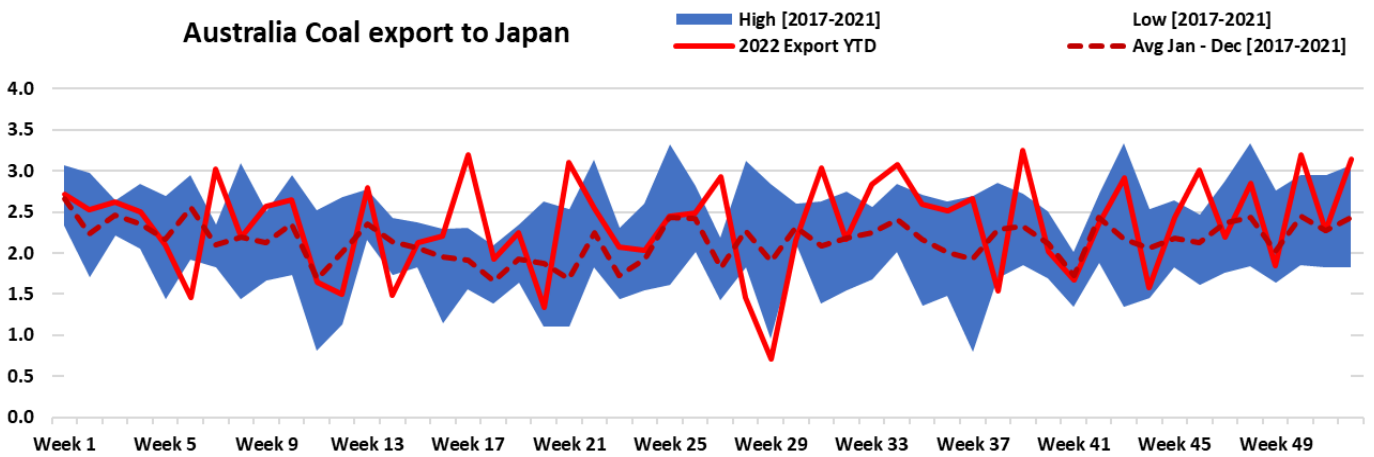
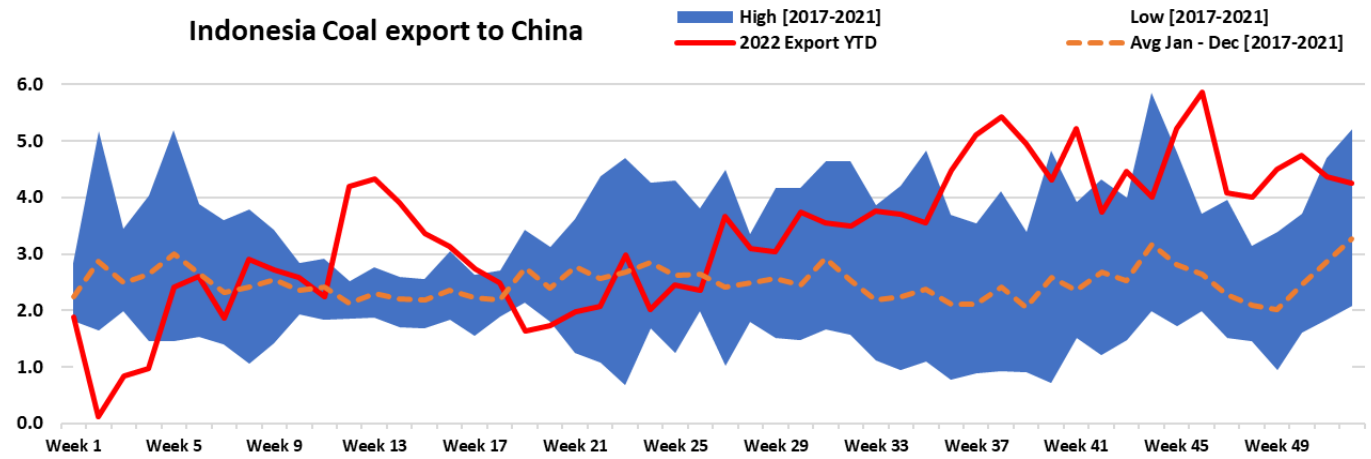
Export (million tonnes)	Dec-22	Nov-22	Q4-22	Q3-22	Q2-22	Q1-22	2022	2021
Indonesia	39.5	41.5	125.2	130.8	118.9	88.9	463.8	415.2
Australia	32.1	26.8	85.6	79.8	90.8	84.4	340.7	368.3
Russia	15.5	16.0	49.4	47.5	51.0	41.4	189.3	172.3
USA	6.6	6.4	19.7	18.5	19.1	17.6	75.0	69.5
Colombia	6.2	5.5	16.1	14.9	14.4	15.9	61.4	60.9
South Africa	4.4	4.6	14.5	16.1	15.3	15.7	61.6	62.1
Others	7.2	6.9	22.9	23.8	24.0	23.9	94.6	88.1
Global	111.6	107.7	333.3	331.5	333.6	287.9	1286.2	1236.4

Coal Key Routes

Coal Key Routes	Coal Export Million mt		
Coal Export Million mt	Last Week	Prev. Week	Chg %
Indonesia-China	3.6	3.9	-8.1%
Australia-Japan	3.7	3.4	6.6%

Data Source: IHS Markit Commodities at Sea Service, Bloomberg

Seasonality Charts



Data Sources: IHS Markit Commodities at Sea Service, Bloomberg

Dry Bulk Trades/Agri

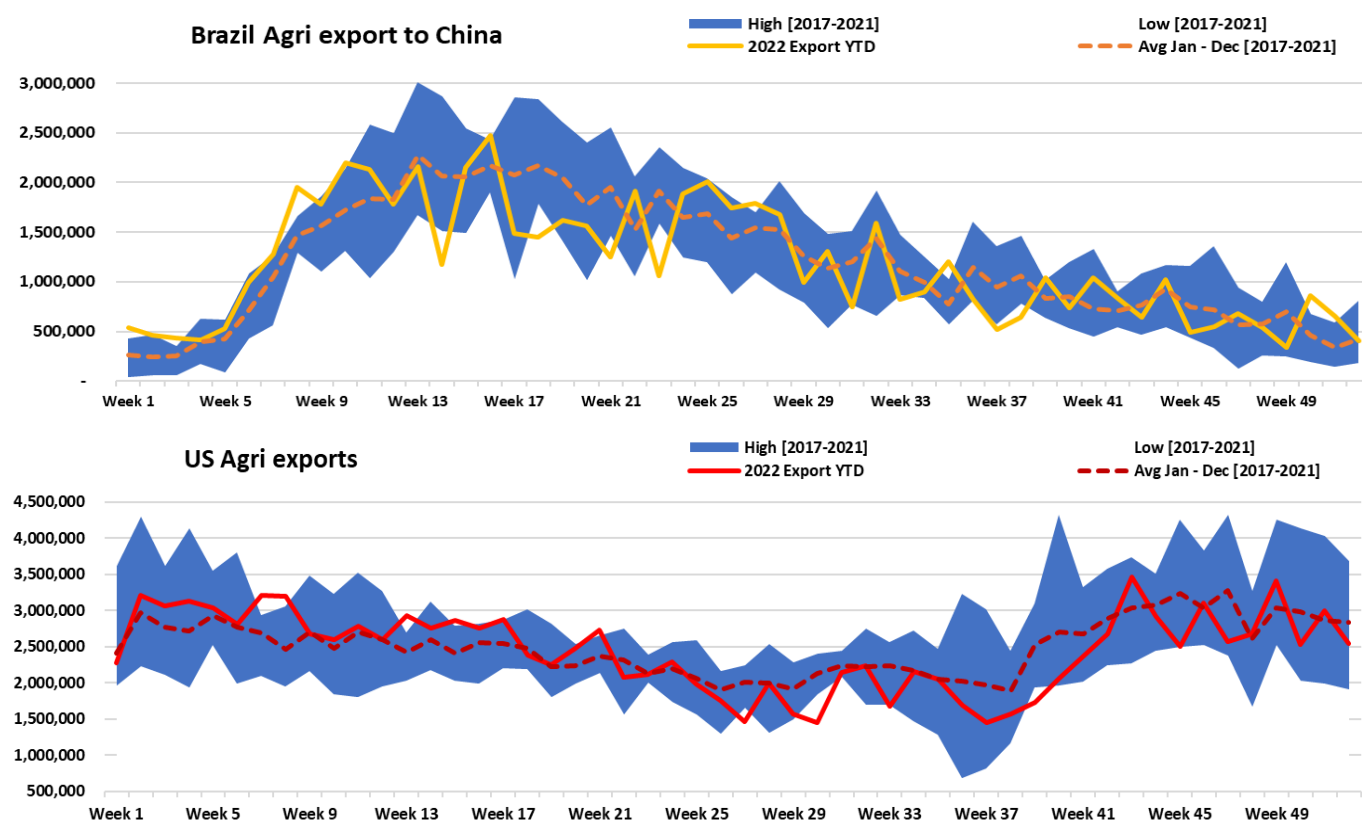
Grain shipments continued their downward trend as weekly export volume fell under 10 million tonnes, with a weekly decrease of 11.8%. Out from Brazil, shipments were in line with the season, with the weekly total reduced by 30.4% to 2.2 million tonnes. Exports from Brazil to China hovered around the 5-year average, following a downward seasonal trend. On the other hand, shipments from the US stayed flat at around 2.4 million tonnes, following the seasonal uptrend. Grain shipments were estimated to be 2% less, approximately 629.1 million tonnes (down 2% YoY) in 2022, compared to a major export loss from Ukraine that was partially offset by higher production levels from Brazil and Australia.

Agri Key Routes

Agri Key Routes	Agri Export mt		
	Last Week	Prev. Week	Chg %
Agri Export (thousands tonnes)			
Brazil-China	206.6	652.2	-68.3%
US-China	505.6	948.8	-46.7%

Data Source: IHS Markit Commodities at Sea Service, Bloomberg

Seasonality Charts



Export (million tonnes)	Dec-22	Nov-22	Q4-22	Q3-22	Q2-22	Q1-22	2022	2021
Brazil	13.4	12.6	41.9	51.5	50.4	40.8	184.6	157.2
USA	12.4	11.8	36.8	23.9	30.7	37.4	128.8	140.8
Argentina	4.9	6.1	18.1	20.6	24.8	17.1	80.6	87.0
Ukraine	3.6	2.4	9.9	4.5	0.1	12.7	27.1	58.9
Canada	4.5	5.4	15.1	6.7	5.9	5.9	33.5	40.6
Russia	3.6	4.1	11.7	7.8	4.7	5.1	29.2	29.7
Australia	4.9	3.6	11.3	11.5	11.2	12.8	46.8	39.7
Others	6.7	6.2	20.8	26.7	24.9	25.9	98.5	87.4
Global	54.1	52.2	165.7	153.1	152.6	157.7	629.1	641.4

Data Source: IHS Markit Commodities at Sea Service, Bloomberg

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