FIS

Dry Freight Weekly Report

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

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Market Review:

Another negative week for the dry freight market, with only Capesize in better shape and holding onto the $10,000 threshold. However, other vessel sizes fell deeper into the negative territories due to supply-demand imbalances. As we approach the Chinese Lunar New Year, cargo demand from China expects to stay subdued.

Freight Rate $/day	16-Jan	09-Jan	Changes %	Short Term	Sentiment
Capesize 5TC	10,874	13,237	-17.9%	Bearish	↓
Panamax 4TC	8,300	9,916	-16.3%	Bearish	↓
Supramax 10TC	7,406	9,073	-18.4%	Bearish	↓
Handy 7TC	8,782	9,748	-9.9%	Neutral	-

IHS	Weekly Total Shipments		Iron Ore	Coal	Bauxite	Agribulk	Minor bulk
Capesize	188	-28	135 (-9)	38 (-11)	12 (-5)		
Panamax	309	-8		161 (-8)		77 (+1)	42 (-10)
Supramax	457	+4		102 (+15)		78 (+19)	249 (-42)

Capesize

The outlook of an ample supply of ships in both basins has capped any gains in Capes, with time charter rates losing nearly 18% of their value in a week. Despite more iron ore cargoes reported from Australia, South, and West Africa last week, lengthy tonnage count and lower coal demand on Capes put rates under further pressure. In the Pacific, the key C5 iron ore route (West Australia to China) was briefly fixed below the $7 mark for end-of-January loading dates in mid-week before returning to $7.10-$7.15 where the week started. On Monday, C5 firmed to $7.40 amid increasing activity and weather delays in Chinese ports. However, some resistance was evident from the shipowner, considering the rising bunker costs added to operating expenses. In the Atlantic, supply from Brazil stayed at the lower end due to heavy rains and moving iron ore on the C3 route from Tubarao to Qingdao fixed at $17.50 for 5-14 Feb. Other trips out of Brazil, including from Itaguai to Qingdao was fixed at $18.50 for 28-30 Jan and $17.50 for mid-Feb, showing a backwardation. And a trip from Tubarao to Djen Djen was heard at $14 for 18-27 Jan. From West and South Africa, trips from Saldanha Bay to Qingdao were fixed from $11.75 to $12.18 for early Feb, and Pointe Noire to China was heard at $25 for 1-10 Feb. It's worth noting that iron ore shipments from West Africa spiked last week with volume jumping up to 872kt from its recent weekly ranges of 300-600kt. Regarding iron ore demand, participants expected a less active week as the Lunar New Year is this weekend and preferred to wait for a clearer direction after the holiday. In addition, bunker prices rose on the optimism of China's economic recovery and a potential easing in inflation; Singapore 380 and 0.5% fuel oil were assessed at $369 and $601, respectively, on Monday.

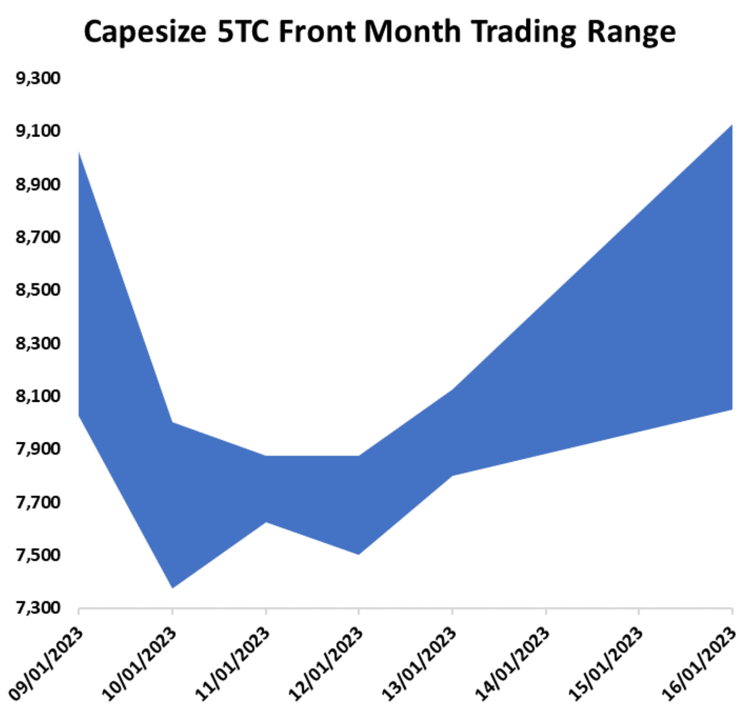


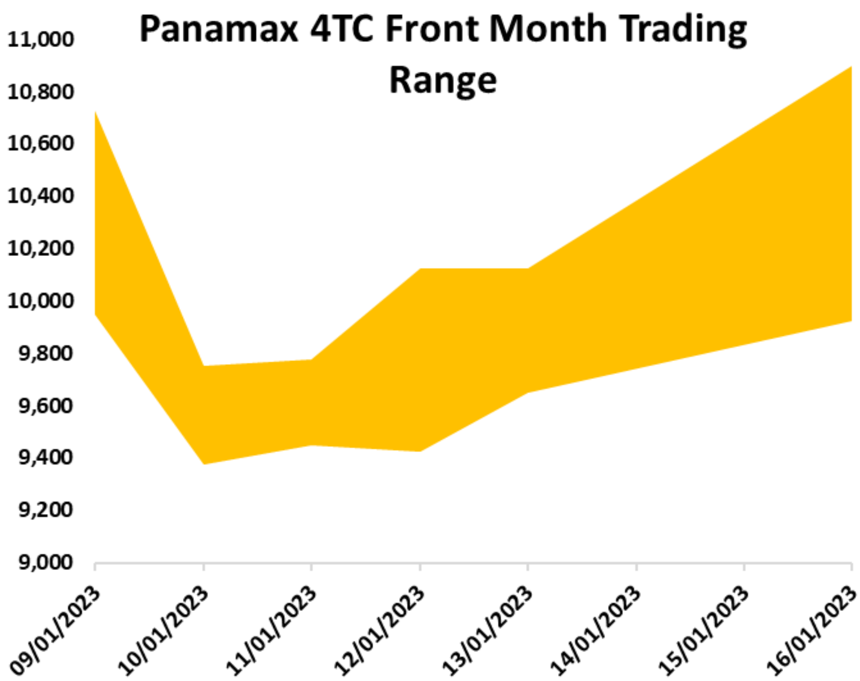
Chart source: FIS Live

The Capesize paper market last week had a mixed week across the curve. Front-month contracts Jan and Feb moved from $11,450/day and $8,125 to $11,125 and $8,950 Monday 9th to Monday 16th January, a 2.84% drop and a 10.15% increase; Cal24 from $14,825 to $15,975, a 7.76% increase. It started with a tale of two halves on Monday during a busy day in the cape market. Early bids on the front of the curve with Jan paid for size at 12000, Feb paid several times at 9000, and march paid 11500. Evidently lacking, capes were driven lower alongside the smaller sizes. The paper and physical markets came under pressure on Tuesday, with the C5 fixing down to $7.15/mt. The entire curve was discounted throughout the day. The paper market was remarkably resilient as the physical market went under further pressure throughout the week. Once again, the contango is the futures curve proving no obstacle. The physical market might be weak, but there was optimism in the future most of the week with no signs of slowing down.

Short run bearish

Panamax

Panamax 4TC was marked below $10,000 at last week's opening, and set-up fixtures in both basins remained negative overall. Demand outlook was mixed last week as mineral activity continued to drift for the fifth week, whilst better grains and coal demand lent some support, although smaller vessels competed for coverage. In the Atlantic, most of the action on the grains ran in the South; cargos via EC South America redelivery to the Sing/ Japan were fixed between $11,000-$11,500 before edging up to $12,500 as the week progressed. At the same time, NCSA's redelivery to Skaw-Passero was fixed at $18,000. On the other hand, muted activity in the North, with rates heading lower than the last done level. In the Pacific, much in the feel that charterers were on the front seat given the growing tonnage list. Coal trips from Indonesia to Japan fixed at around $7,000. A market source said NoPac round trips were conducted at a lower than index level, pushing some owners to consider ballaster for the ECSA market. Overall, the fundamentals looked weak until more cargoes surfaced to overturn the picture.



The Panamax FFA market was similar to Capes, with the underlying in the red coming under fire from the start. The Jan contract oscillated around the $8,800 - $10,250-day range, closing Monday at $9,150. Q1-23 $10,125 - $11,500, closing Monday at $11,150 and Cal 24 in a $12,225 – $13,500, closing Monday at $13,500. Throughout the middle of the week, we saw more bids at the close, nudging off lows, but support remained fragile. The physical market remains weak, but traders were reluctant to sell the contango further. There was an active end to the week for Panamax with good-size trading throughout the day, albeit quite rangebound. Overall, scale-back buying was seen in the dips.

Short run bearish

Chart source: FIS Live

Supramax

Supramaxes traded lower last week as negative sentiment persisted in most regions and a lack of fresh enquires due to the US holiday on Monday and the upcoming Chinese New Year. Like Panamax, coal and grain shipments saw some improvement last week, but demand on minor bulk declined. In the Atlantic, highlighted fixtures included cargoes via US Gulf redelivery to Italy, fixed at $12,750, to Egypt at $14,000 and to India at $17,500. In addition, a trip via SW Pass redelivery West Mediterranean was heard at $11,000. In the Asian market, rates were further eased as the support from the coal stems began to test, with a trip from Indonesia to China fixed at $8,000.

An active start to the week for Supramax paper, with suitable volume trading across the curve, before coming under pressure following the larger sizes. It softened as the index continued to fall before remaining rangebound until the end of the week. Jan ranged from $8,325 to $9,575, Q1-23 from $9,675 to $10,650, and Cal 24 from $12,150 to $13,425.

Short run bearish

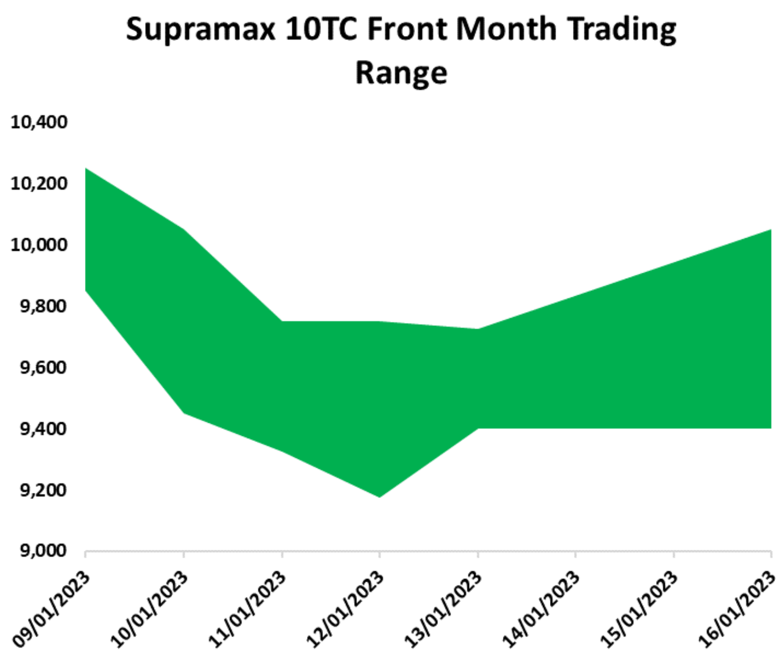


Chart sources: FIS Live

FFA Market Indexes

Freight Rate $/day	16-Jan	09-Jan	Changes %	2023 YTD	2022	2021	2020	2019
Capesize5TC	10,874	13,237	-17.9%	12,215	16,177	33,333	13,070	18,025
Panamax4TC	8,300	9,916	-16.3%	9,677	8,587	25,562	8,587	11,112
Supramax10TC	7,406	9,073	-18.4%	8,861	8,189	26,770	8,189	9,948
Handy7TC	8,782	9,748	-9.9%	9,755	8,003	25,702	8,003	9,288

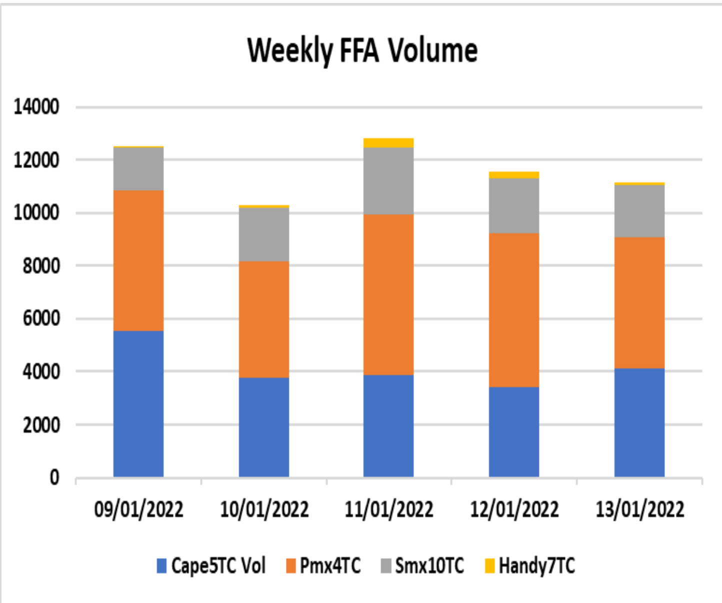
FFA Market Forward Values

FFA $/day	16-Jan FIS Closing	09-Jan FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2023 Mkt High	2023 Mkt Low
Capesize5TC Jan 23	11,150	11,325	-1.5%	12,025	10,000	15,250	9,050
Capesize5TC Q2 23	15,125	13,850	9.2%	17,000	13,200	17,000	12,000
Panamax4TC Jan 23	9,075	9,550	-5.0%	10,050	8,800	13,100	8,800
Panamax4TC Q2 23	14,750	13,975	5.5%	14,800	12,450	14,800	12,300
Supramax10TC Jan 23	8,300	9,375	-11.5%	9,650	8,300	12,700	8,300
Supramax10TC Q2 23	13,550	13,125	3.2%	14,200	12,000	14,200	12,000

Data Source: FIS Live, Baltic Exchange

FFA Market

FFAs started the new year in a busy tune, and last week's volume nearly doubled from the previous one to around 80,000 lots. On average, Capes and Panamaxes futures traded around 4,150 lots and 5,300 lots per day last week; Supramaxes followed right behind with 2,050 lots traded per day last week. On options, a large volume was seen on Cape again, with 10,350 lots being cleared in Cape5TC and 7,960 in Panamax. Primary activities focus on Jan, Feb, Q'23 and Cal23 contracts; interest was also picking up on Q3'23 and Cal24. Apart from that, decent interest saw on the voyage routes to Qingdao, with 2.4 million tonnes traded on C3 futures and 1 million tonnes on C5. Open interest increased as positions extended to further dated contracts; on 14th Jan Cape 5TC 160,179(+5,730 w-o-w), Panamax 4TC 173,028 (+10,800 w-o-w), Supramax 10TC 83,603 (+4,400 w-o-w).



Dry Bulk Trades/Iron Ore

Last week total iron ore shipments edged up 1.1% from the previous week to 27.9 million tonnes, thanks to exports from Australia recovered nearly a million tonnes to 18.5 million tonnes, up 6% from the previous week. Healthy demand was observed from South Africa last week, with weekly volume jumping up about 48% to 1.4 million tonnes. However, exports from Brazil continued to be dampened by the rainy weather, and poor shipment remained for another week at around 4.3 million tonnes, down 5.3% w-o-w. In 2022, iron ore shipments were estimated to be about 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 lower – logistic issues challenged South Africa, and exports were reduced massively from Ukraine. Looking into 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.

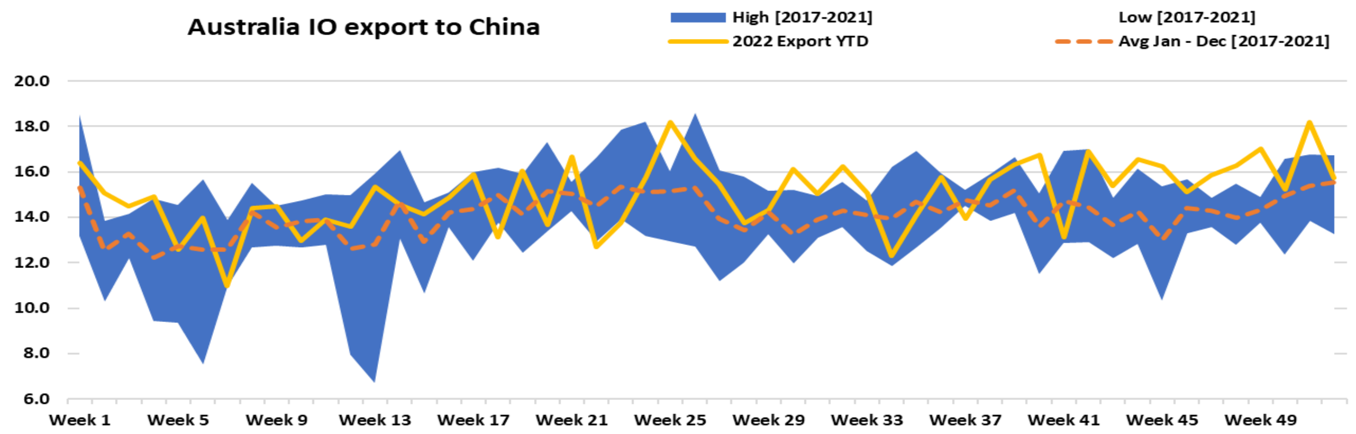
Dry Bulk Trades/Iron Ore

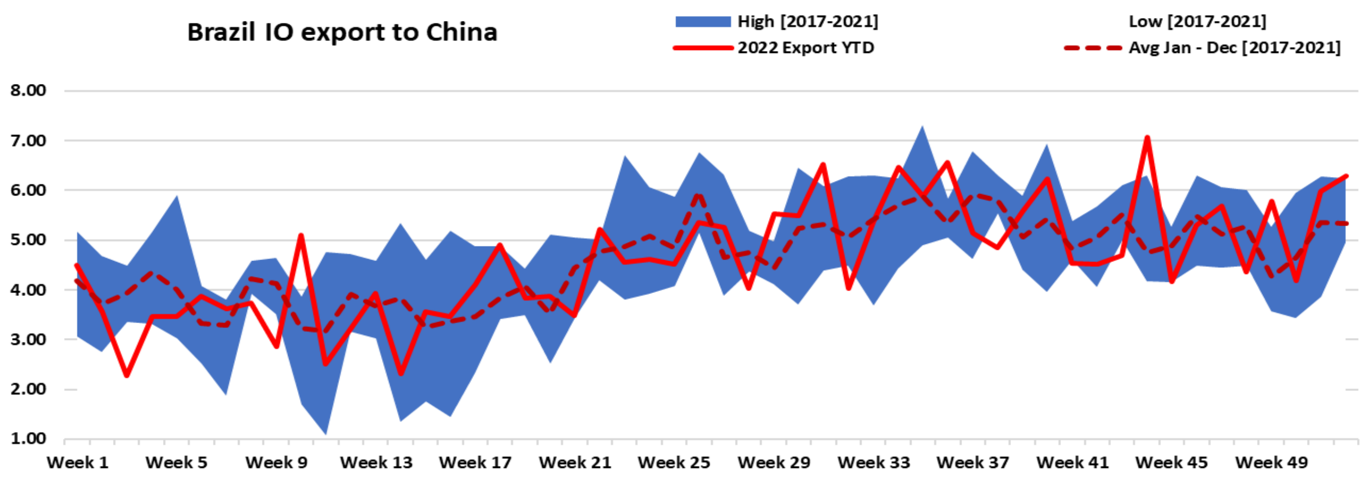
Export (million tonnes)	Dec-22	Nov-22	Q4-22	Q3-22	Q2-22	Q1-22	2022	2021
Australia	86.0	80.3	246.4	233.7	233.8	217.9	931.8	919.8
Brazil	32.2	29.4	92.7	97.8	82.8	70.5	343.8	352.9
South Africa	4.7	3.5	11.3	15.6	15.9	14.4	57.3	60.5
India	2.0	0.3	2.4	0.9	5.4	7.2	15.9	37.6
Canada	4.7	4.8	14.6	17.8	13.7	11.7	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			Freight Rate $/mt		
	Last Week	Prev. Week	Chg %	Last Week	Prev. Week	Chg %
Australia-China	15.7	14.5	8.3%	7.16	8.34	-14.2%
Brazil-China	2.4	2.8	-13.7%	18.20	19.85	-8.3%

Seasonality Charts





Dry Bulk Trades/Coal

Coal shipments recovered a touch last week as coal demand from China picked up; accordingly, weekly volume rebounded 3% to around 23.4 million tonnes last week. Imports from China rose 13% weekly to 6.1 million tonnes as increasing supply from Indonesia. As China reopens its economy and lifts the coal ban on Australia, the market expects more robust coal trade to persist this year along with stable prices. However, other main coal takers posted decreasing coal imports for a second week, including JKT (7.6 Mmt, -7%) and India (3.0 Mmt, -7.6%). NW Europe's imports steadied at around 1.4Mmt after falling for three consecutive weeks. On the suppliers' side, Indonesian coal exports halted their two-month fall last week, with the volume bouncing 21% to around 8.6 million tonnes. At the same time, exports from Australia posted another low week of 6.0 million tonnes, down 12.5% w-o-w.

Dry Bulk Trades/Coal

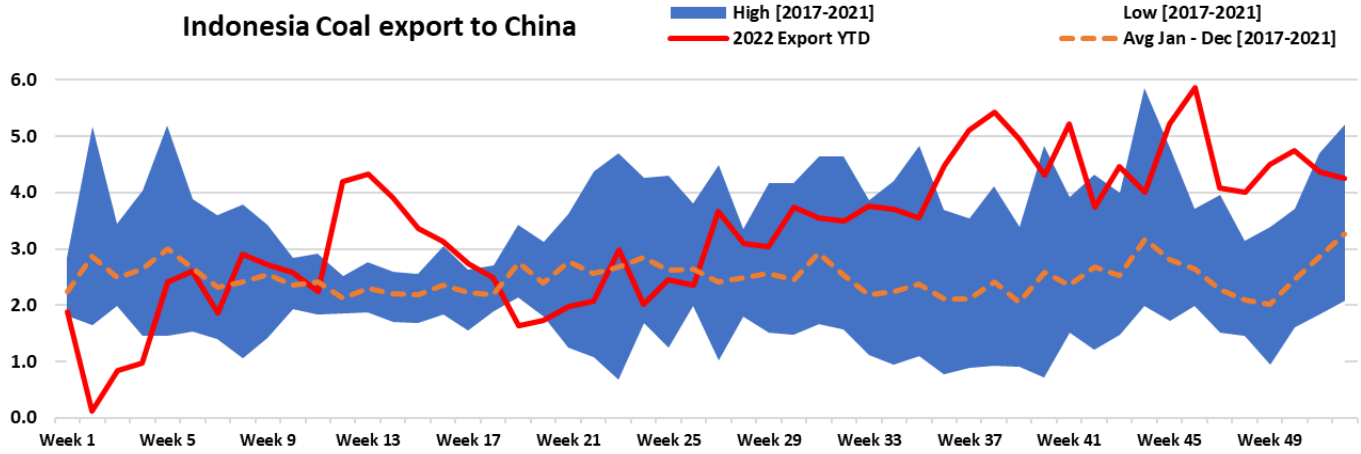
Export (million tonnes)	**Dec-22**	**Nov-22**	Q4-22	Q3-22	Q2-22	Q1-22	2022	2021
Indonesia	39.5	41.5	125.2	130.8	118.9	88.9	463.8	415.2
Australia	32.1	26.8	85.6	79.8	90.8	84.4	340.7	368.3
Russia	15.5	16.0	49.4	47.5	51.0	41.4	189.3	172.3
USA	6.6	6.4	19.7	18.5	19.1	17.6	75.0	69.5
Colombia	6.2	5.5	16.1	14.9	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**

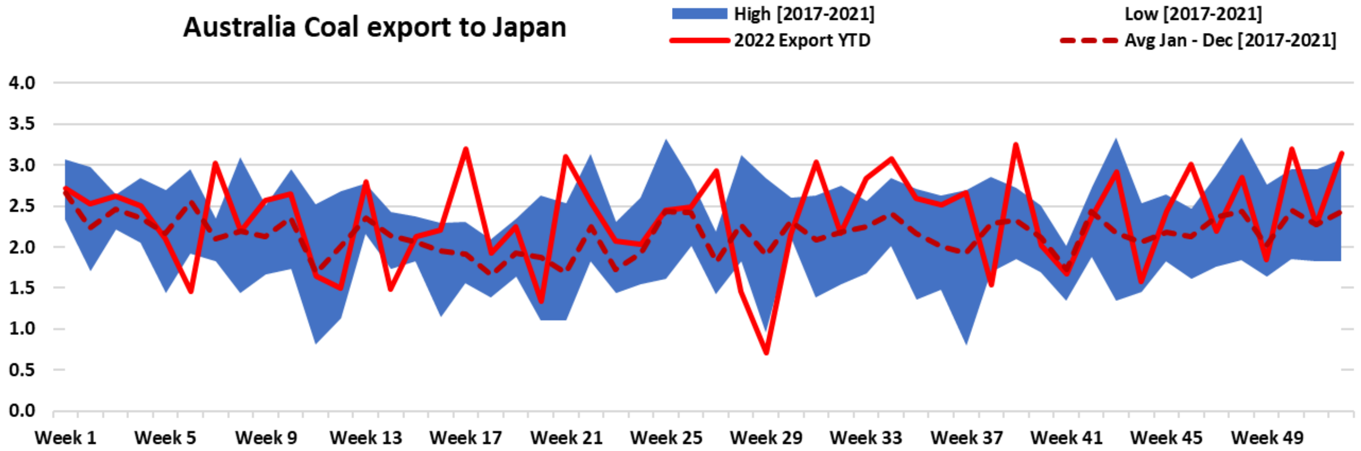
Coal Key Routes

Coal Key Routes	Coal Export Million mt		
Coal Export Million mt	Last Week	Prev. Week	Chg %
Indonesia-China	4.7	3.2	**47.9%**
Australia-Japan	3.1	3.4	**-9.4%**

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 shipment continued its downward trend, with weekly export volume hovering around 10 million tonnes. Brazil shipments were still impacted by heavy rainfall, with the weekly total reduced by 11.3% to 2.0 million tonnes. Furthermore, adverse weather delayed farmer sales, and exports from Brazil to China slumped 18% to around 267kt. However, the export loss was partially offset by strong shipments from the US; last week, about 3.2 million tonnes of grains were shipped out, which is in line with the seasonal uptrend.

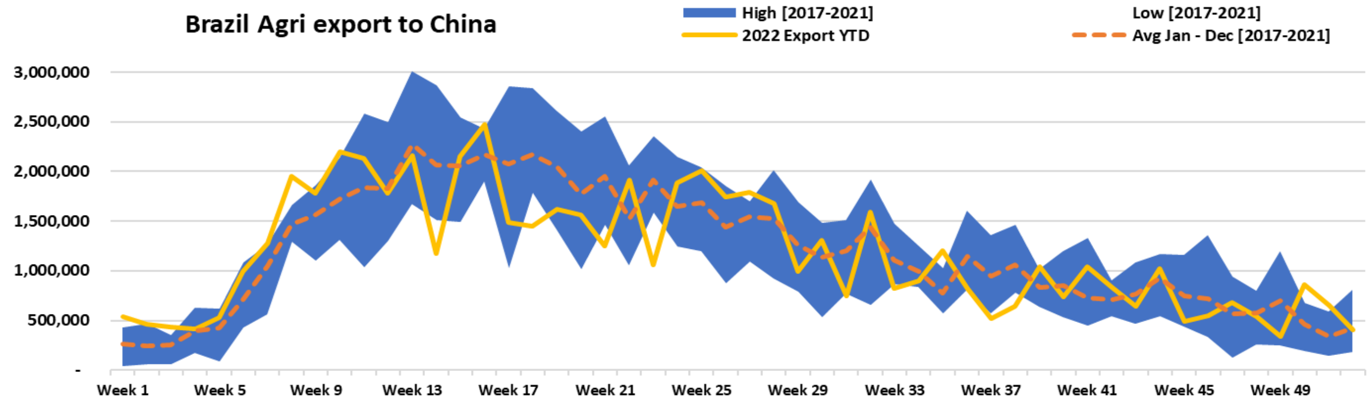
Grain shipments were estimated to be approximately 629.1 million tonnes in 2022, 2% lesser than the previous year, due to major export loss from Ukraine and draught-threatened harvest in Argentina, along with Canada exports challenged by logistic issues. Nevertheless, this was offset by higher production levels from Brazil and Australia.

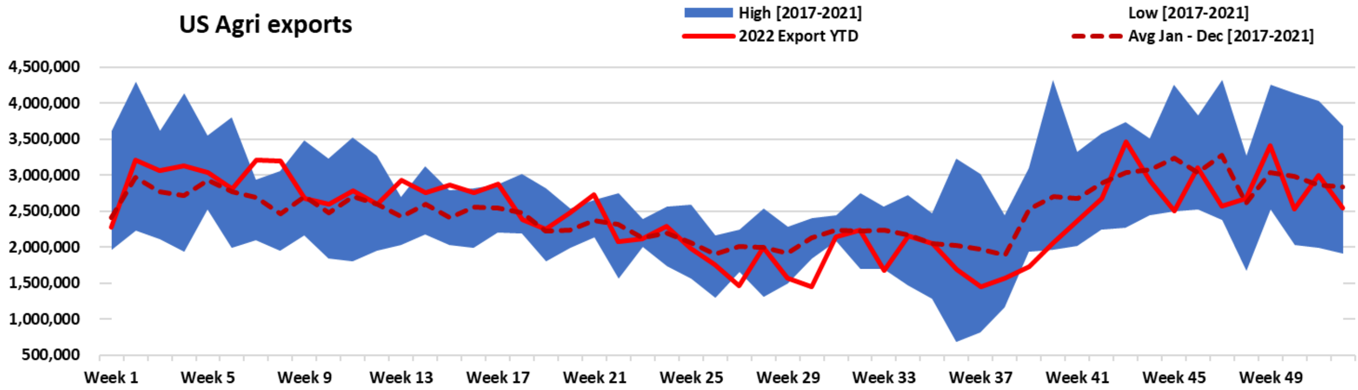
Agri Key Routes

Agri Key Routes	Agri Export mt			Freight Rate $/mt		
Agri Export (thousands tonnes)	Last Week	Prev. Week	Chg %	Last Week	Prev. Week	Chg %
Brazil-China	226.6	276.4	-18.0%	36.2	37.6	-3.7%
US-China	424.3	1,172.1	-63.8%	51.3	53.0	-3.2%

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

Written by **Emma Feng**, FIS Senior Research Analyst

Edited by **Mopani Mkandawire**, FIS Content Manager

News@freightinvestor.com, +44 207 090 1120