

# FIS Dry Freight Weekly Report

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**Market Review:** In Say's Law, supply will bring its own demand. It has yet to be proved correct for the Cape market for the past few weeks, as ample vessel supply still waits for demand to pick up. Iron ore volumes fell for another week during the Chinese New Year holiday and will put its recovery to the test this week. On a brighter note, China's Jan manufacturing index returned to the expansion territory first time in four months, indicating the country is making progress in restoring industrial activity. For the smaller vessels, rates steadied at their current range, supported by grain and coal demand.

Freight Rate \$/day	30-Jan	23-Jan	Changes %	Short Term	Sentiment
Capesize 5TC	4,418	6,094	-27.5%	Neutral to Bearish	↘
Panamax 4TC	8,207	8,092	1.4%	Neutral	-
Supramax 10TC	7,242	7,097	2.0%	Neutral	-
Handy 7TC	7,781	7,819	-0.5%	Neutral	-

IHS	Weekly Total Shipments		Iron Ore	Coal	Bauxite	Agribulk	Minor bulk
Capesize	194	+2	136 (-3)	43 (+3)	11 (+1)		
Panamax	335	+45		181 (+45)		72 (-2)	51 (+9)
Supramax	461	-12		94 (-11)		82 (+11)	260 (-14)

### Capesize

Cape had a terrible time last week with rates losing ground, but the light in the tunnel saw Q2 holding up nearly three times the value than the spot rate. As many hope for China's return, most of the support was generated from the Pacific, whilst activity from North Atlantic and Brazil remained at the low end with tonnage oversupply looking into 2H Feb. On the demand side, coal cargoes carried by Cape jumped nearly 70% to 6.4 Mmt last week from the previous 3.7 Mmt, which is understandable considering Cape was heavily discounted compared to Panamax. While for iron ore, despite increasing cargoes observed out of Australia, weekly volume still fell marginally as exports from Brazil dropped further below the seasonal level, putting rates under pressure. In the Pacific, all three majors were actively seeking cargoes, the key C5 iron ore route (West Australia to China) was fixed between \$6.60-6.70 for early Feb loading dates at the start of last week before slipping to \$6.45 and then \$6.25 where more resistance showed from the shipowners. On Monday, C5 ticked up to \$6.35 amid increasing activity heard in the region. Other notable fixtures, including a cargo moving 130kt coal from Australia to Vietnam, were heard at low \$10s for 15-20 Feb. In the Atlantic, sentiment remained negative, with ballaster counts continuing to grow. A cargo with iron ore from Seven Island to Oita was fixed at \$22 for 11-17 Feb. The C3 route from Tubarao to Qingdao was paid at \$16.75 from 13 Feb onwards. Trips from Itaguaí to Qingdao were heard at \$17.25 for mid-Feb and dropped to \$16.90 before the weekend. This week, market sources said more steel mills had resumed operation, and some aim to boost output. Meanwhile, the freefall on Cape seemed to halt. Elsewhere, bunker cost retreated from a two-month high; Singapore 380 and 0.5% fuel oil were assessed at \$389 and \$648 on Monday.

Capesize 5TC Front Month Trading Range

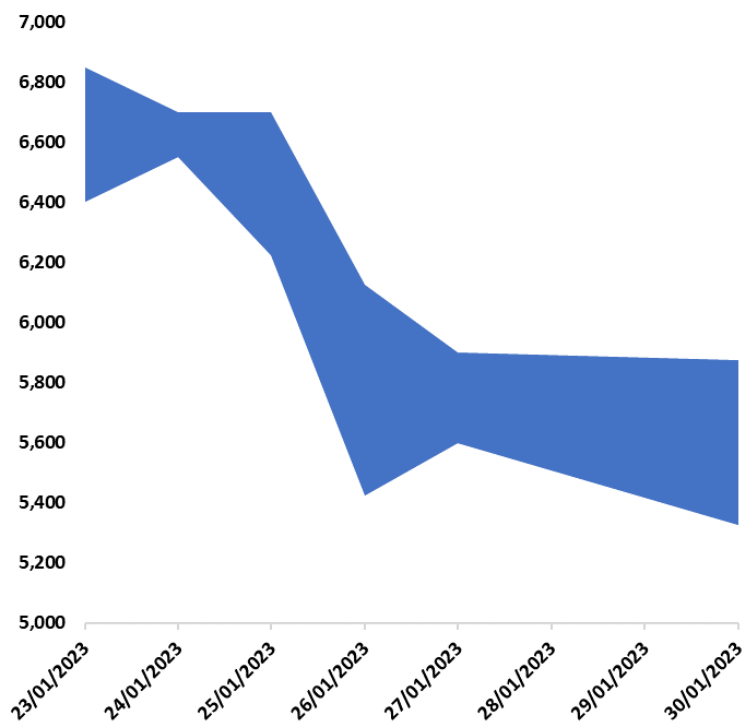


Chart source: FIS Live

The Capesize paper saw a fall in price after the Chinese New Year holiday period. Front-month contracts Feb and Mar moved from \$6,675 and \$9,700 to \$5475 and \$8,350 Monday, 23rd to Monday, 30th January, a 17.98% drop and a 13.92% decrease: Q2 from \$13,900 to \$13,150, a 5.4% drop. The Capesize paper market started quietly, as expected, after the Chinese New Year and many Asian counterparts out of the market. Front-month prices, along with Q3 and Q4, were in freefall at the start of the week, with good volumes pre-index on Monday. After a quiet Tuesday, the paper reacted to high volatility midweek, with Feb and Mar contracts trading from 6000 ad 9000 at open to 5500 and 8500 post index. Q3 and Q4 remained strong, showing the paper market believed in an H2 turnaround. Thursday brought slight hope of a shift on the front curve where the size selling interest was unable to drive the market lower, indicating a possible localised floor in the prompt months. After the weekend, the front did tick higher initially, with Mar trading at \$8800 and \$8750 and Q3 higher at \$19800 a few times. However, we finished selling pressure, and volumes increased with Feb selling back down to \$5400 and March to \$8200 on Monday.

### Short run neutral to bearish

#### Panamax

Panamax closed the week on a firmer note on the back of increasing coal and grains activity. In the Atlantic, decent coal volumes were seen from the US; this month, the US exported 37% more coal than Dec and stood at around 7.6 million tonnes. Despite the substantial volumes, the fixtures rate didn't go up as much as Cape vessels competed for coverage. Moving 82,000mt coal via US East Coast redelivery to India and Japan was fixed at around \$17,500. Positively, more activity was seen on the fronthaul grain trip along with rates firming up. In the North, an 82kt 2009 built cargo via ECSA redelivery China was heard at \$20,000. Other trips via NCSA redelivery to Sing/Japan were fixed at \$18,250, and to the Continent was heard at \$13,250. Down the South, fresh enquires extended to mid-Feb dates due to the upcoming grain season, and grain cargoes via ECSA redelivery Sing/Japan were fixed from \$14,000 to \$15,300. In the Asian Pacific, the holiday impacted the market, but fresh enquiries on the mineral and coal soon returned later in the week. It's worth noting that coal shipment out of Australia recovered strongly, with weekly volume surging up 88% to 8.0 Mmt. Cargoes via EC Australia redelivery S. Korea were paid at \$10,500. For NoPac round trips, redelivery to China was heard at \$9,000. A market source said that charters had to pay for the prompt days. Both basins found support last week, with supply demand being more balanced.

The Panamax FFA market was similar to Capes, with the underlying in the red coming under fire from the start. The Feb contract oscillated around the \$9,225 - \$10,225 range, closing Monday at \$9,575. Mar \$12,200 - \$13,100, closing Monday at \$12,200 and Q2 in a \$13,825 - \$14,600, closing Monday at \$13,925. It also started the week slow, like Capes, with the rangebound continued. Despite the volatility seen on the Capes, the markets had a steady range from Tuesday to Wednesday through the middle of the week. Resistance was tested to leave the market marginally up mid-week leaving some optimism of a turnaround. It was an active finish to the end of the week with pockets of activity and a steady increase in rates before starting again with a rangebound start to the week. Europe opened rates like Friday's close with little change across the curve.

Panamax 4TC Front Month Trading Range

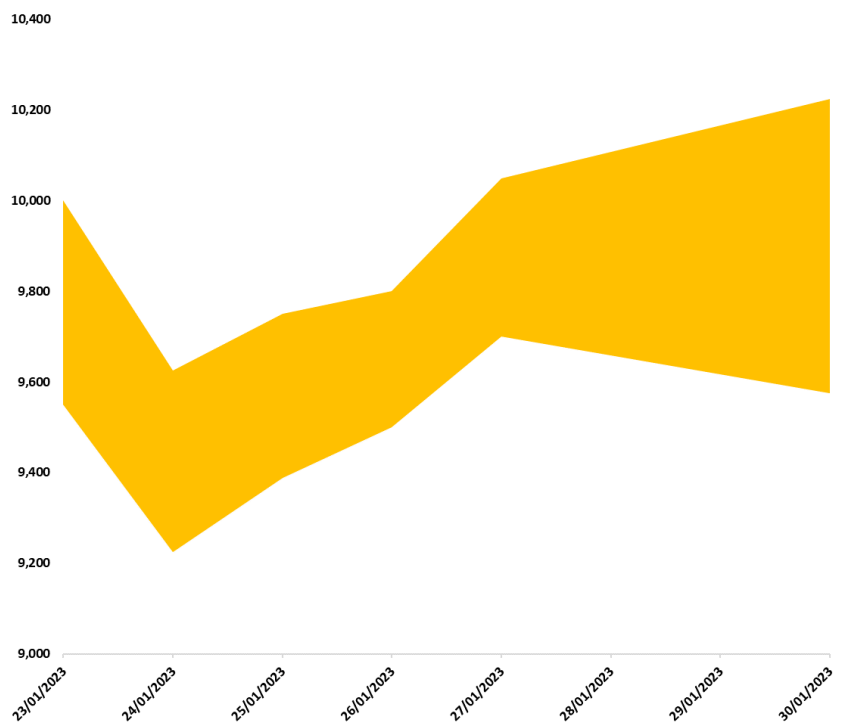


Chart source: FIS Live

## Supramax

Supramaxes were supported by grain shipments, but lacked fresh enquires in other key regions, thus trading within a tight range last week. In the Atlantic region, rates were under pressure amid a balanced ECSA market, but sluggish activity was reported from US Gulf. Highlighted fixtures included a grain cargo via Recalada redelivery. The Continent was fixed at \$11,500. In addition, a steel run delivery Praia Mole redelivery Aviles was heard at \$10,000. Moreover, more actions were heard from South and West Africa, with a 63kt open delivery W. Africa redelivery Far East was fixed at \$13,000; South Africa redelivery India was heard at \$11,500. On the flip side, market sentiment on the Asian side stayed positive on the optimism of increasing demand post-holiday. Coal trips from Indonesia to WC India were fixed at \$7,500, CJK at \$9,000 and China at \$9,100.

Unlike Capesize and Panamax, the Supramax paper market had an active start to the week, with the Chinese New Year not affecting liquidity. Rates remained relatively rangebound. Tuesday to Wednesday experienced mixed movement before coming under pressure on the front months and the backend remaining rangebound. Finished the week on a positive with rates pushing up across the curve. Feb and March traded to respective highs, gains extended into the backend and closing on support before starting the week under pressure. Feb ranged from \$9,100 to \$10,000, Mar from \$11,800 to \$12,875, and Q2 from \$13,475 to \$14,050.

### Short run neutral

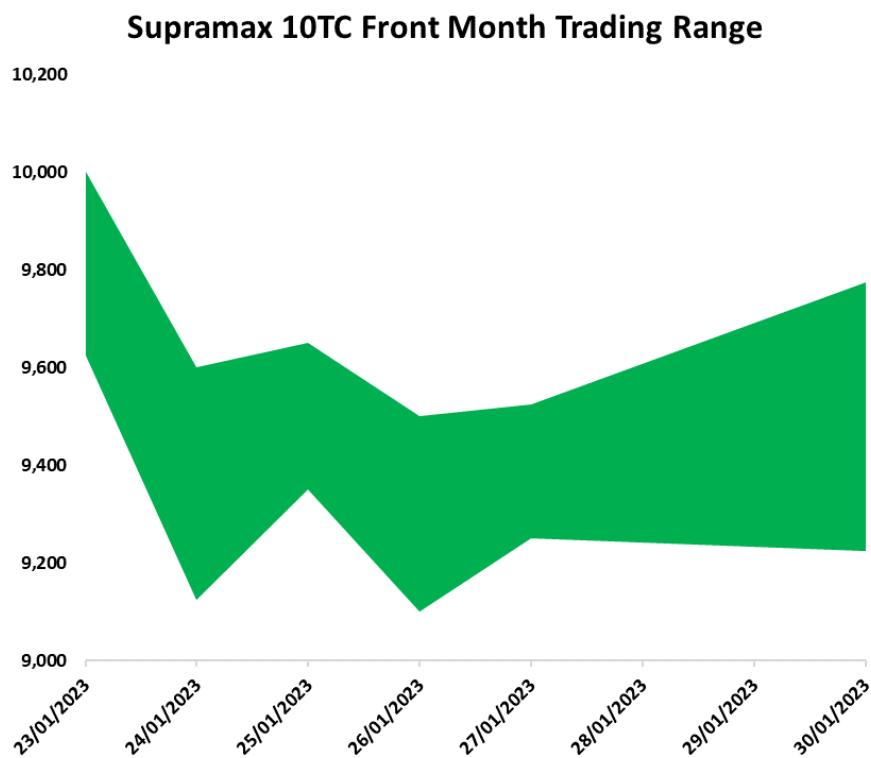


Chart sources: FIS Live

## FFA Market Indexes

Freight Rate \$/day	30-Jan	23-Jan	Changes %	2023 YTD	2022	2021	2020	2019
Capesize5TC	4,418	6,094	-27.5%	9,298	16,177	33,333	13,070	18,025
Panamax4TC	8,207	8,092	1.4%	8,923	8,587	25,562	8,587	11,112
Supramax10TC	7,242	7,097	2.0%	8,017	8,189	26,770	8,189	9,948
Handy7TC	7,781	7,819	-0.5%	8,848	8,003	25,702	8,003	9,288

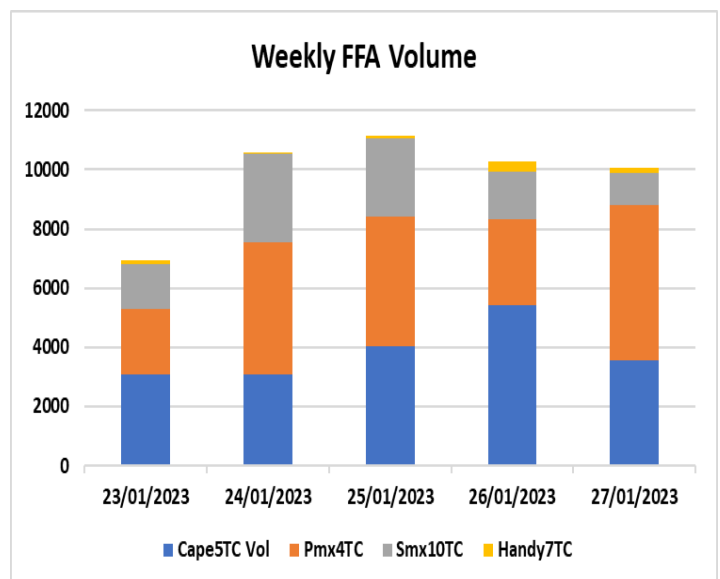
## FFA Market Forward Values

FFA \$/day	30-Jan FIS Closing	23-Jan FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2023 Mkt High	2023 Mkt Low
Capesize5TC Feb 23	5,375	6,675	-19.5%	6,900	5,350	15,250	5,350
Capesize5TC Q2 23	13,200	13,900	-5.0%	14,350	13,100	17,000	12,000
Panamax4TC Feb 23	9,600	9,650	-0.5%	10,300	9,200	10,300	8,800
Panamax4TC Q2 23	13,950	14,150	-1.4%	14,600	13,000	14,600	12,300
Supramax10TC Feb 23	9,225	9,650	-4.4%	10,200	9,100	12,700	8,300
Supramax10TC Q2 23	13,725	13,675	0.4%	14,250	13,125	14,250	12,000

Data Source: FIS Live, Baltic Exchange

## FFA Market

Since most Asian participants were away from their desk, FFAs was relatively less hectic last week, with a volume of over 60,900 lots posted on exchanges. On average, Capes and Panamaxes futures traded around 3,830 lots and 3,840 lots per day last week; Supramaxes followed right behind with 1,970 lots traded per day last week. On options, a large volume was seen on Panamax last week, with 9,400 lots being cleared among the total of 10,900 lots. Primary activities focus on Feb, Mar, Q'23 and Cal23 contracts; decent interest also extended to Q3'23 and Cal24. In addition, on the voyage route to Qingdao, we saw 1.54 million tonnes changing hands on C5. Open interest increased as positions extended to further dated contracts; on 30th Jan Cape 5TC 178,510 (+8,460 w-o-w), Panamax 4TC 183,604 (+5,770 w-o-w), Supramax 10TC 90,571 (+3,530 w-o-w).



## Dry Bulk Trades/Iron Ore

Iron ore started the first week after the Chinese Lunar New Year on a firmer note, with spot price climbing towards \$130, which was last seen in Jun 2022 when Shanghai lifted its two-month-long lockdown. Margins continued to improve, which gave steel mills more incentives to increase production. According to a Mysteel survey of over 247 Chinese steel mills over 20-27 Jan, the blast furnace capacity utilisation rate rose for the third consecutive week to 84.15%, up 1.05% as some steel mills resumed operation and ramped up output. In addition, iron ore inventories at 45 major ports reached a four-month high of 137.3 million tonnes, which jumped 4% or 5.2 million tonnes w-o-w, due to a sharp decrease in discharge volume. On the monetary policy side, the People's Bank of China reiterated the priority of boosting consumption on Sunday and said it would extend the lending tools for the target sectors. However, in January, the property sector has yet to see much recovery. Data from China Real Estate Information Corp showed that home sales in 40 major cities fell 14% compared to last year's period.

The activity was impacted by the Asian holiday last week. Total Iron ore shipments slipped 2.3% from the previous week to 28.6 million tonnes. From the top exporter, Australian iron ore exports firmed up over 9% to 19.0 million tonnes, with 15.5 million tonnes (+5.8% w-o-w) destination to China over the holiday period. The charts below show that last week's shipments from Australia to China headed towards the upper end of the seasonal average. But Brazil's exports were stuck at the lower end for the fourth week, followed by another sharp drop in volumes, with only 4.2 million tonnes reported last week. The decline was less severe for South Africa, with weekly volume falling 8% to 1.2 million tonnes.

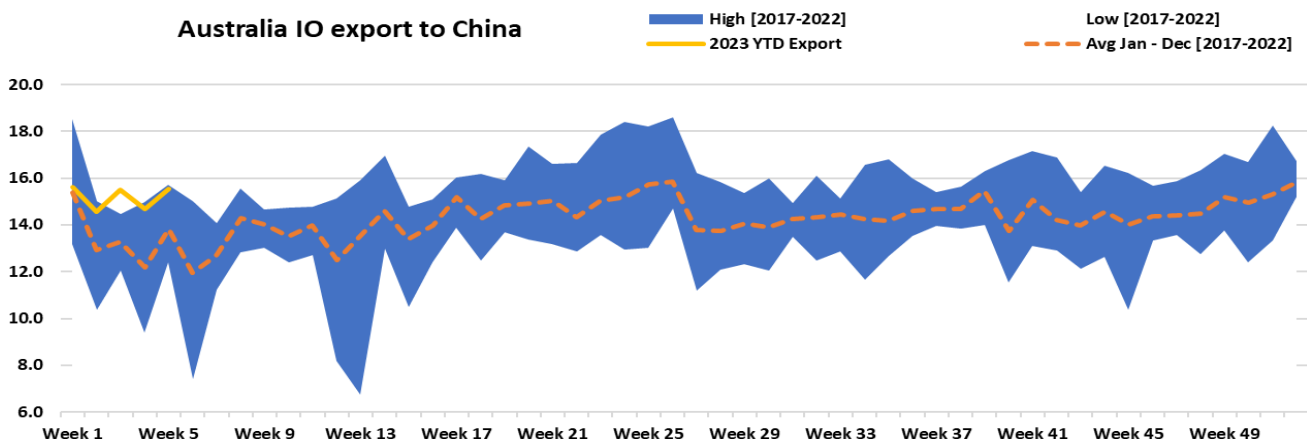
### Dry Bulk Trades/Iron Ore

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
<b>Global</b>	<b>146.3</b>	<b>133.1</b>	<b>413.0</b>	<b>409.7</b>	<b>392.7</b>	<b>367.2</b>	<b>1582.6</b>	<b>1629.2</b>

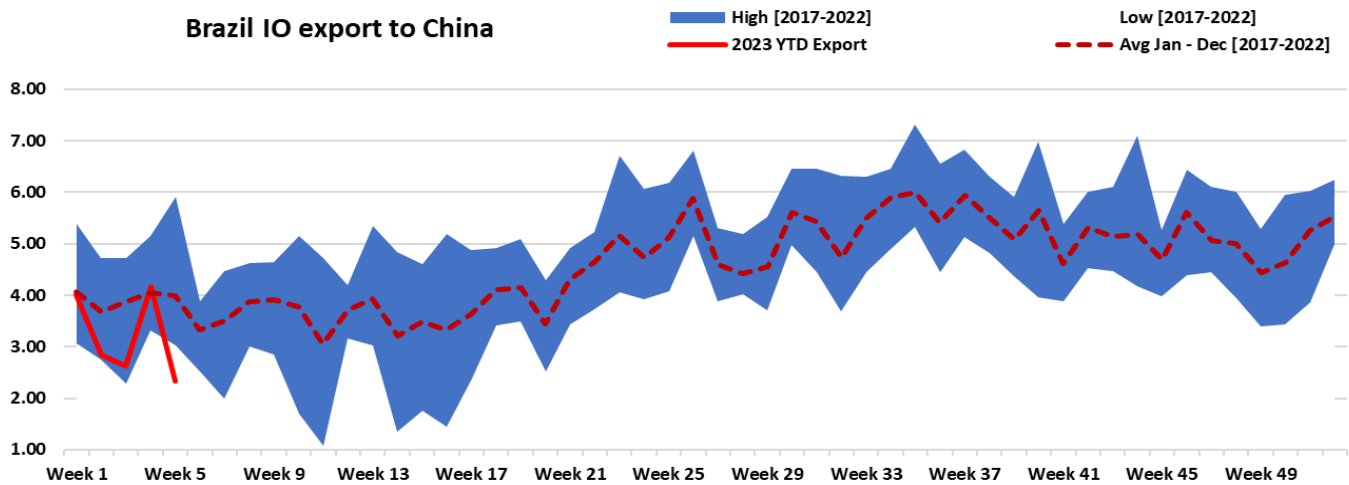
### Iron Ore Key Routes

	IO Export Million mt			Freight Rate \$/mt		
	Last Week	Prev. Week	Chg %	Last Week	Prev. Week	Chg %
Australia-China	15.5	14.7	5.8%	6.46	6.98	-7.5%
Brazil-China	2.3	4.2	-43.9%	16.78	17.56	-4.4%

### Seasonality Charts



### Brazil IO export to China



### Dry Bulk Trades/Coal

Last week, about 8 million tonnes of coal were shipped from Australia, ramping up 87% or 3.7 million tonnes from the previous week. With about 5.4 Mmt (+90% w-o-w) destined to JKT region, 880kt (+16.5%) to India and 325kt (+25%) to NW Europe. Out of Indonesia, weekly coal shipments were similar to the previous week level at around 8.2 Mmt. As a result, total coal shipments jumped over 20% in the week to about 26.2 million tonnes. Elsewhere, imports from China rose 3% from the previous week to 6.1 million tonnes as increasing supply from Indonesia.

### Dry Bulk Trades/Coal

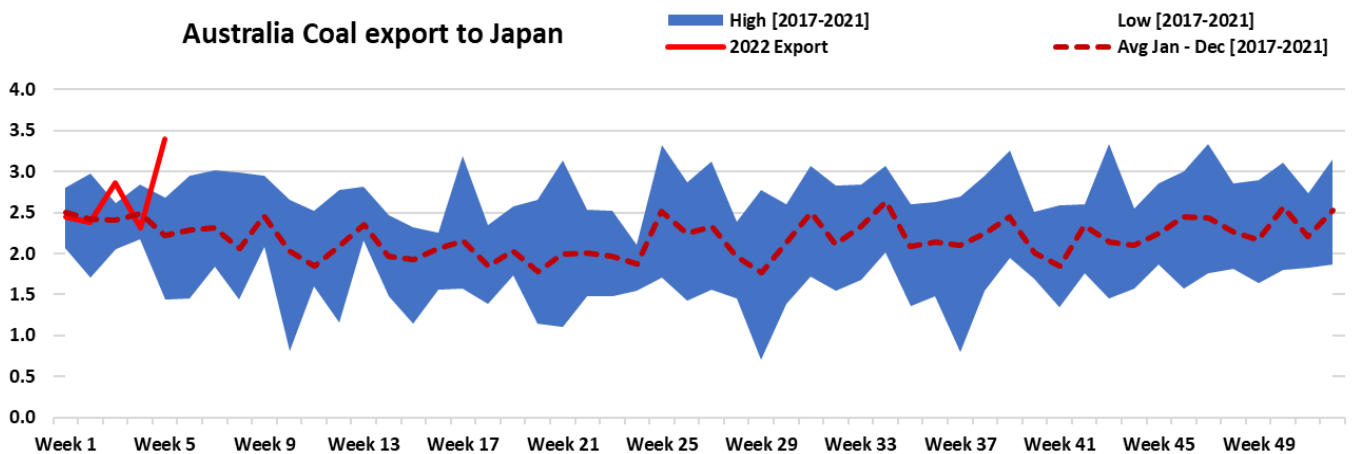
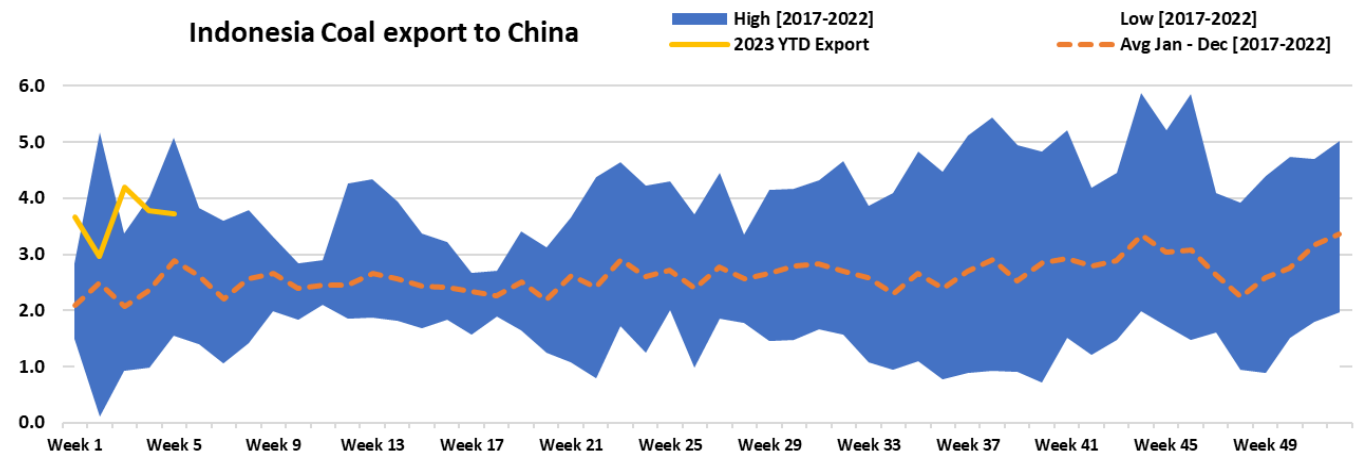
Export (million tonnes)	Dec-22	Nov-22	Q4-22	Q3-22	Q2-22	Q1-22	2022	2021
Indonesia	39.5	41.5	125.2	130.8	118.9	88.9	463.8	415.2
Australia	32.1	26.8	85.6	79.8	90.8	84.4	340.7	368.3
Russia	15.5	16.0	49.4	47.5	51.0	41.4	189.3	172.3
USA	6.6	6.4	19.7	18.5	19.1	17.6	75.0	69.5
Colombia	6.2	5.5	16.1	14.9	14.4	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
<b>Global</b>	<b>111.6</b>	<b>107.7</b>	<b>333.3</b>	<b>331.5</b>	<b>333.6</b>	<b>287.9</b>	<b>1286.2</b>	<b>1236.4</b>

### Coal Key Routes

Coal Key Routes	Coal Export Million mt		
	Last Week	Prev. Week	Chg %
Indonesia-China	3.7	3.8	-1.2%
Australia-Japan	3.4	2.3	47.3%

Data Source: IHS Markit Commodities at Sea Service, Bloomberg

## Seasonality Charts



Data Sources: IHS Markit Commodities at Sea Service, Bloomberg

## Dry Bulk Trades/Agri

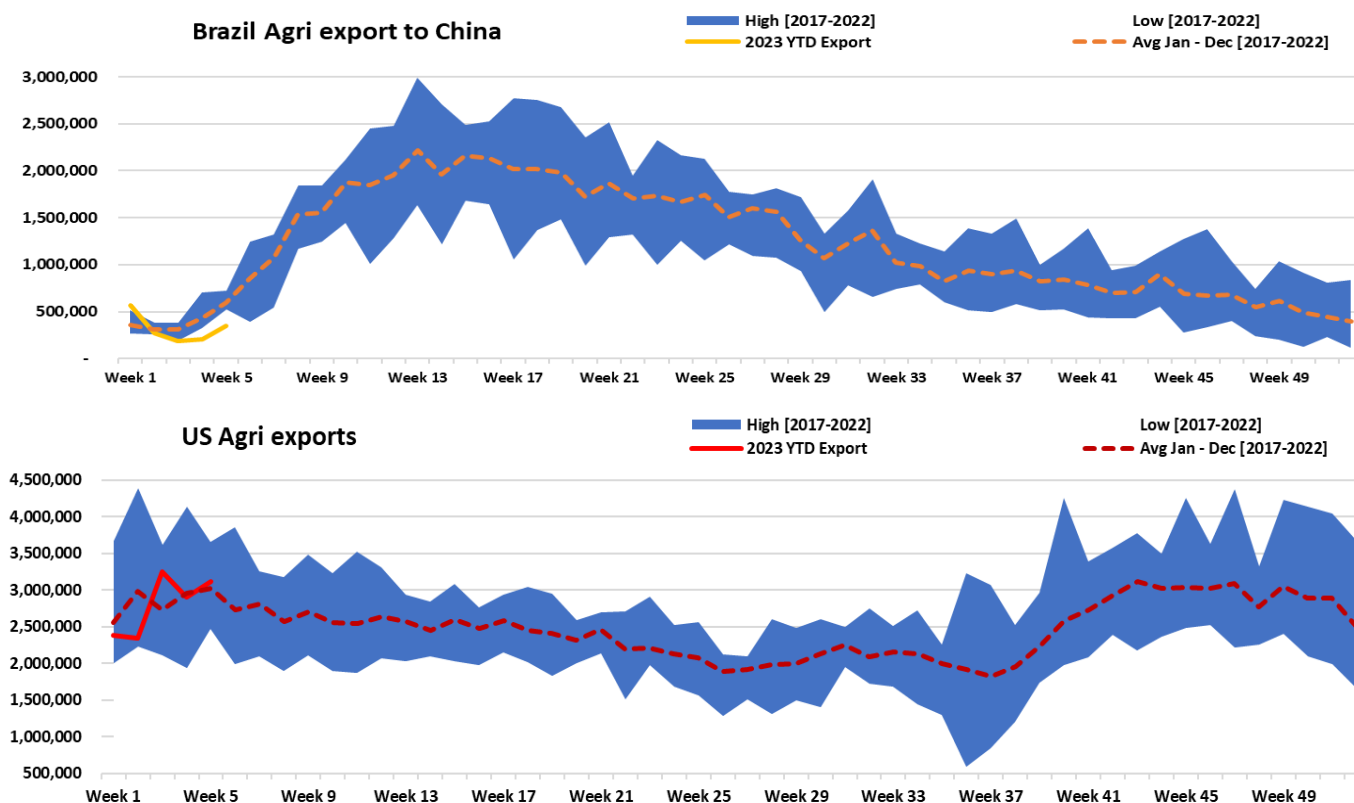
A positive week for grains shipments as total export volume surged to 12.1 million tonnes, with a noticeable increase of 12.5% that the market has been needed for a long while. Out from Brazil, shipments finally saw a meaningful recovery, with the weekly total increasing 37% to 3.1 million tonnes. Likewise, better demand was also reported from the US as weekly shipments jumped up 10.7% to around 3.2 million tonnes, which was in line with the seasonal level.

### 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	347.7	204.7	69.9%	36.9	36.6	0.9%
US-China	627.9	969.9	-35.3%	50.3	50.5	-0.4%

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
<b>Global</b>	<b>54.1</b>	<b>52.2</b>	<b>165.7</b>	<b>153.1</b>	<b>152.6</b>	<b>157.7</b>	<b>629.1</b>	<b>641.4</b>

Data Source: IHS Markit Commodities at Sea Service, Bloomberg

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