

FIS Dry Freight Weekly Report

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Market Review:

Cape and Panamax continued to plunge last week due to seasonally low demand and ample supply of vessels in the Atlantic basin. However, on the demand side, some recovery was noticed from the Asian side, with iron ore and coal being relatively stable. Hopefully rising Brazilian harvest will lend some support and pull freight rates out of the bottom.

Freight Rate \$/day	06-Feb	30-Jan	Changes %	Short Term	Sentiment
Capesize 5TC	3,475	4,418	-21.3%	Neutral to Bearish	↘
Panamax 4TC	6,823	8,207	-16.9%	Neutral to Bearish	↘
Supramax 10TC	7,480	7,242	3.3%	Neutral	-
Handy 7TC	7,852	7,781	0.9%	Neutral	-

IHS	Weekly Total Shipments		Iron Ore	Coal	Bauxite	Agribulk	Minor bulk
Capesize	215	+21	146 (+10)	53 (+11)	12 (+1)		
Panamax	333	-2		162 (-14)		93 (+19)	50 (-4)
Supramax	480	0		99 (+2)		92 (+7)	263 (-10)

Capesize

With no positive signs from the physical market and the sold-off in the futures market weighing on market sentiment, Capesize extended its losses last week with time charter rates slumping below \$3,500. Like the previous week, most of the support was generated from the Pacific; however, subdued activity from Brazil and ample balusters put the rate under further pressure. In the Pacific, rates stayed sideways throughout the week; the key C5 iron ore route (West Australia to China) was primarily fixed between \$6.30-6.35 for mid-Feb loading dates. A cargo with coal steam from West Australia to S. China was heard at a similar rate. In the Atlantic, rates eased further, with the key C3 route from Tubarao to Qingdao falling from \$16.75 to \$16.19 by the end of last week. Trips from Itaguai to Qingdao were also reduced from \$17.75 to \$17.25 for 20-22 March. In other key iron ore loading regions, trips from Freetown to Qingdao were fixed at \$16.30 for 6-10 March, and from Kamsar to Yantai were heard at \$16.85 for 19-25 Feb. Elsewhere, noticeable numbers of coal cargoes carried by Cape last week considered the discounted rates. A coal cargo from Richard Bay to Qingdao was heard at low to mid \$11 for 14-19 Feb. Given freight rates at depressing levels, it's hard to turn around when the demand side is facing a challenge. At least, decreasing bunker prices have helped the operation cost; on Monday, Singapore 380 and 0.5% fuel oil were assessed at \$355 and \$604 respectively.

Capesize 5TC Front Month Trading Range

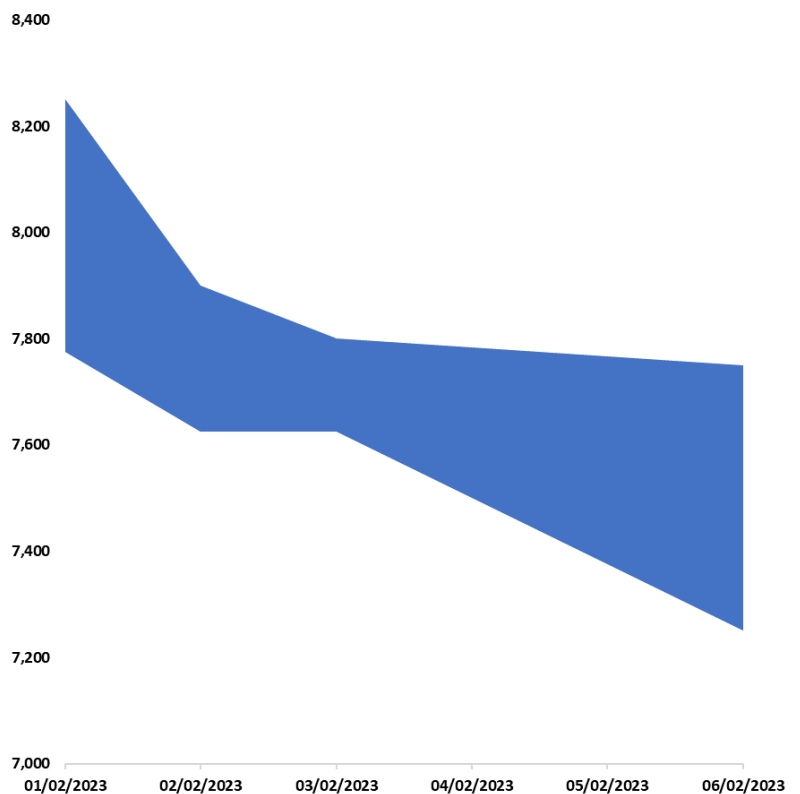


Chart source: FIS Live

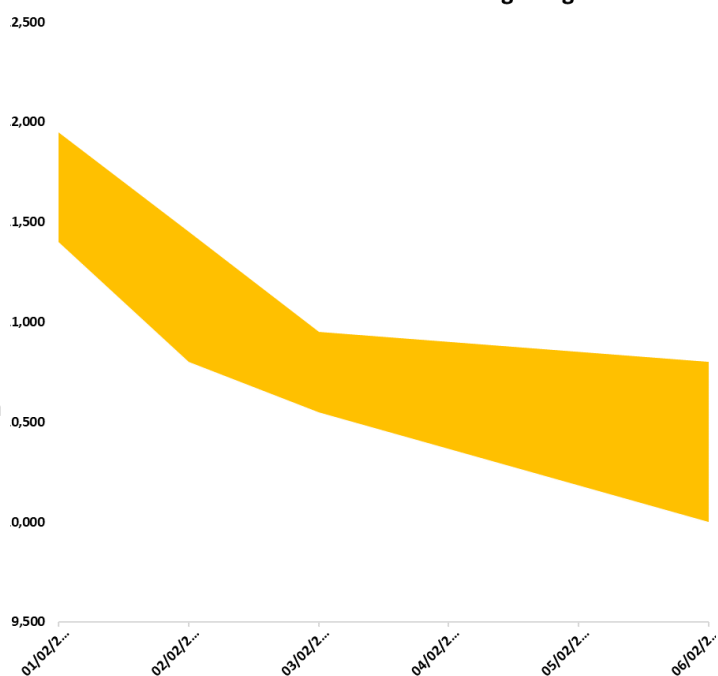
The Cape paper market started the week with the front of the curve experiencing mixed price and volume movement. Tuesday brought about a change of tone as the back end of the curve came under pressure. Q3 and Q4 had minus 700+ changes on the day. A correction on the back end of the curve after weeks/months of bear spread selling from multiple counterparts over time. As the week progressed, we saw some support on the front and middle of the curve and pressure on the back end of the curve. The paper finished the week unfazed, with the physical in a dire state. Volumes were healthy, but volatility was limited before starting this week under further pressure with the physical market melting. Front-month contracts Feb and Mar moved from \$5,375 and \$8,325 to \$4,300 and \$7,450 Monday, 30th to Monday, 6th of Feb, Q2 from \$13,200 to \$12,625.

Short run neutral to bearish

Panamax

The gains from the previous week on Panamax quickly evaporated due to the high tonnage count in the Atlantic. Volume-wise, we saw lower grain shipments reported from Brazil and US last week, while decent coal flow continued to be seen from the US. Moreover, the market concern over the Brazilian soybean harvest pace is still behind the average, and political tension between the US and China could impact sales. In highlight, cargoes with grain via US Gulf redelivery East Mediterranean were fixed at \$10,000; via ECSA redelivery Spain at \$10,000 on a 75kt was fixed, and redelivery Sing/Japan at \$12,250 on an 82kt. On the coal run, a trip from US East Coast to China was heard at \$30.25. On the other side, rates were slightly better in the Pacific region, supported by increasing coal and grain demand in NoPac and Australia. For NoPac round trips, redelivery to China was fixed at \$250 higher at \$9,250. Cargoes via WC Australia redelivery to China and India were fixed at \$8,000 and \$7,000, respectively.

Panamax 4TC Front Month Trading Range



Panamax paper market had a rangebound start to the week on PMX as Europe opened with rates similar to Friday’s close and little change across the curve. The physical market’s momentum slowdown on Tuesday and further long liquidations fuelled selling pressure across the curve before an active midweek with early size trading and prompt being sold again after the initial bid support. Apart from the front month, the curve remained rangebound. The curve continued under pressure later in the week, with the longer-dated contracts testing current support levels and continuing rangebound to finish the week. A similar theme continued at the start of this week, with prompt sold down at various stages while the backend of the curve remained relatively well supported. The Feb contract oscillated around the \$6,775 - \$9,175 range, closing Monday at \$6,850. Mar \$8,950 - \$11,950, closing Monday at \$10,050 and Q2 in a \$10,025 – \$13,875, closing Monday at \$12,100.

Short run neutral to bearish

Chart source: FIS Live

Supramax

In contrast to the bigger size, Supramaxes closed the week with marginal gains. In the Asian Pacific, rates stayed firm on the back of healthy coal and grain demand. Coal cargo from Indonesia to China was fixed at a low \$9,000, a similar level as the previous week. A trip from Muara Berau to Putian was paid at \$7.90 for 10-15 Feb. Iron ore activity was also active from EC India to China.

A mixed bag in the Atlantic as ECSA remained balanced, but activity was lacking from US Gulf. Highlighted fixtures included a fronthaul trip to the Far East with grains fixed between \$14,500-\$15,000. Other cargoes with grains via SW Pass redelivery Japan were fixed at mid \$12,000. In the South, trip delivery Santos redelivery Lagos was fixed between \$10,500 and \$ 11,000. On the minerals, moving 56kt petcoke from US Gulf to the Far East was heard at \$12,000. A scrap run from the Continent to the Mediterranean was fixed at mid \$7,000, but enquiries were limited.

Supramax paper rates came under pressure across the curve at the start of last week despite a slight uptick in the index before prompt rates softened at the end of the week. However, the backend of the curve remained resilient before continuing the same trend to start this week. Feb ranged from \$7,550 to \$9,050, Mar from \$9,000 to \$11,900, and Q2 from \$9,675 to \$13,500.

Short run neutral

Supramax 10TC Front Month Trading Range

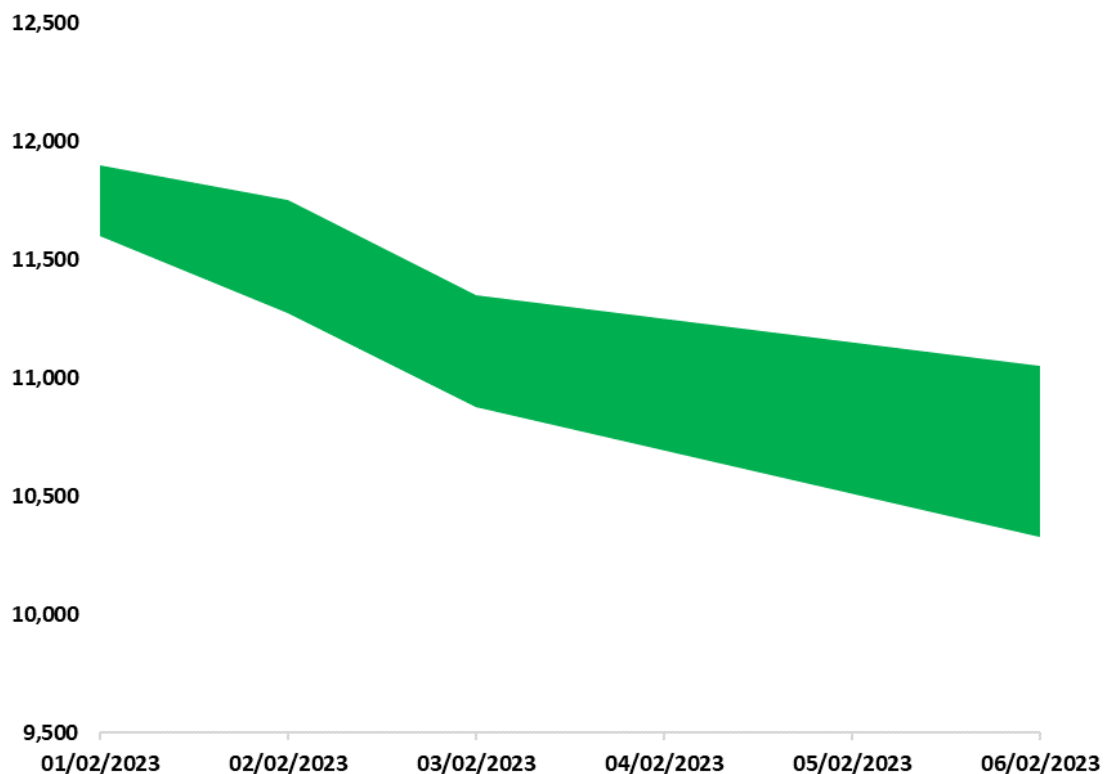


Chart sources: FIS Live

FFA Market Indexes

Freight Rate \$/day	06-Feb	30-Jan	Changes %	2023 YTD	2022	2021	2020	2019
Capesize5TC	3,475	4,418	-21.3%	8,209	16,177	33,333	13,070	18,025
Panamax4TC	6,823	8,207	-16.9%	8,641	8,587	25,562	8,587	11,112
Supramax10TC	7,480	7,242	3.3%	7,908	8,189	26,770	8,189	9,948
Handy7TC	7,852	7,781	0.9%	8,646	8,003	25,702	8,003	9,288

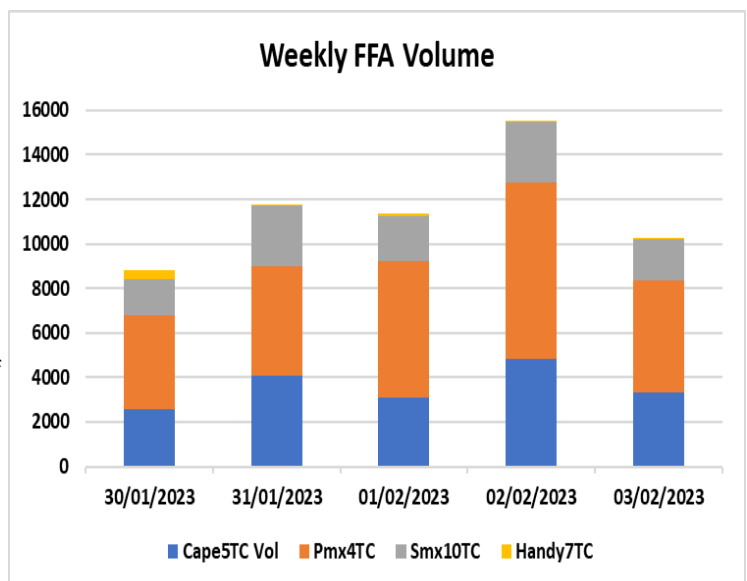
FFA Market Forward Values

FFA \$/day	06-Feb FIS Closing	30-Jan FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2023 Mkt High	2023 Mkt Low
Capesize5TC Feb 23			-20.0%	6,000	4,300	15,250	4,300
Capesize5TC Q2 23	12,625	13,200	-4.4%	16,650	12,500	17,000	12,000
Panamax4TC Feb 23	6,775	9,600	-29.4%	10,250	7,300	10,300	7,300
Panamax4TC Q2 23	12,150	13,950	-12.9%	14,600	12,100	14,600	12,100
Supramax10TC Feb 23	7,875	9,225	-14.6%	10,250	6,000	12,700	6,000
Supramax10TC Q2 23	12,175	13,725	-11.3%	14,200	12,600	14,250	12,000

Data Source: FIS Live, Baltic Exchange

FFA Market

FFAs picked up speed as Asian market players returned from holiday with a volume of over 68,400 lots posted on exchanges last week. As the selling in Cape cooled off a bit, while a sizable premium remained on Panamax, volume wise more action saw on Pmx last week. On average, Capes and Panamaxes futures traded around 3,580 lots and 5,640 lots per day last week; Supramaxes followed right behind with 2,190 lots traded per day last week. On options, volume was focused on Cape last week, with 6,860 lots being cleared among the total of 8,120 lots. Primary activities focus on Mar, Q2'23, Q3'23 and Cal24 contracts; decent interest also extended to Q4'23. Open interest declined since Jan, Q1, Cal23 contracts come to expire; on 6th Feb Cape 5TC 169,709(-8,810 w-o-w), Panamax 4TC 176,362 (-7,240 w-o-w), Supramax 10TC 86,230(-4,340 w-o-w). Apart from that, on the voyage route to Qingdao, we saw 1.43 million tonnes changing hands on C5.



Dry Bulk Trades/Iron Ore

As Chinese market participants fully returned to work, last week's iron ore shipments increased by 2.1% from the previous week to 28.9 million tonnes. From the top exporter, Australian iron ore exports stabilised at 15.6 million tonnes. The charts below show that last week's shipments from Australia to China stayed above the seasonal average. Out of Brazil, exports were kept at the lower end due to the monsoon season, but volumes recovered by 19% or nearly a million tonnes to 5.1 million tonnes last week. Better demand was also observed from West Africa, with weekly volume rising from 651kt to 773kt, up 18% w-o-w.

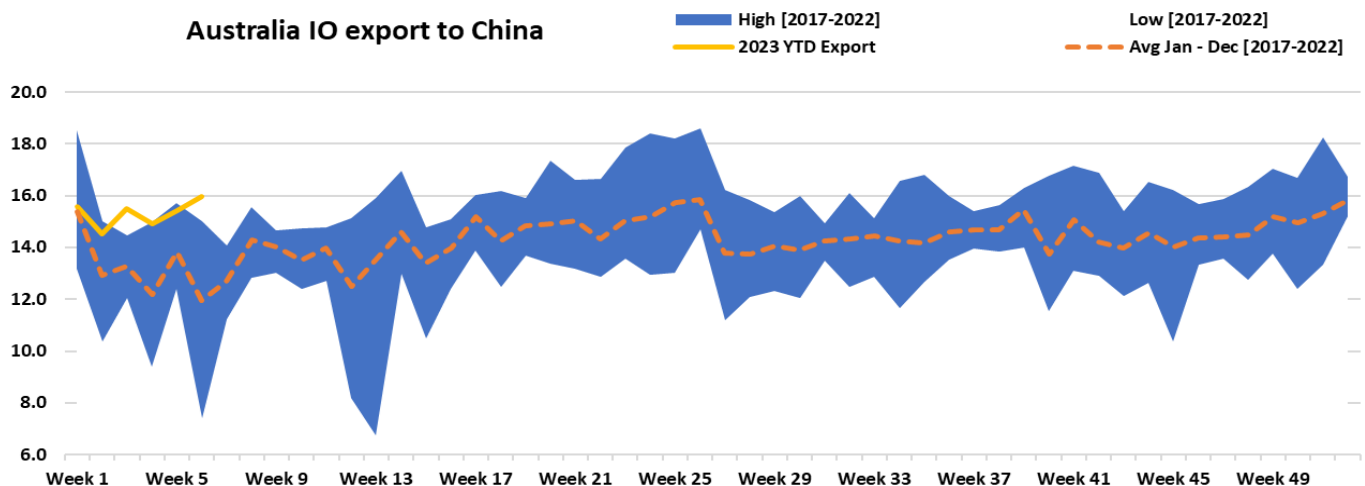
Dry Bulk Trades/Iron Ore

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

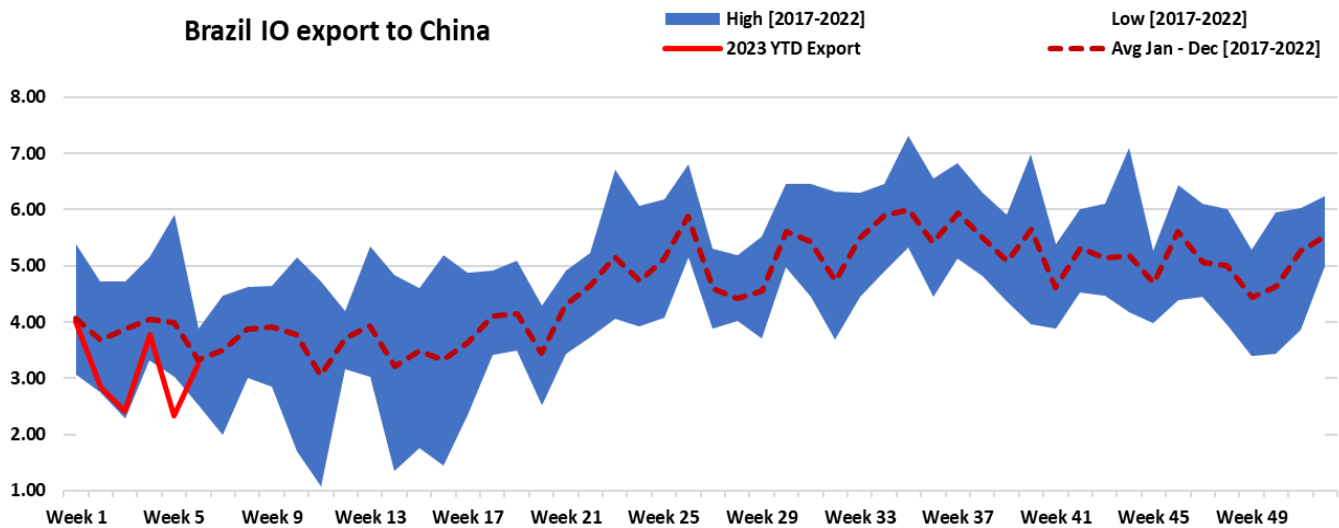
Iron Ore Key Routes

	IO Export Million mt			Freight Rate \$/mt		
	Last Week	Prev. Week	Chg %	Last Week	Prev. Week	Chg %
Australia-China	15.9	15.4	3.5%	6.36	6.46	-1.5%
Brazil-China	3.2	2.3	38.9%	16.49	16.78	-1.7%

Seasonality Charts



Brazil IO export to China



Dry Bulk Trades/Coal

Coal shipments last week drifted away from recent highs to around 24.4 million tonnes (-4.6% w-o-w). The reduced volume last week was mainly due to Australian coal exports coming off its high to 3.5 million tonnes, down 6.5% w-o-w. Its exports to the JKT region came off the peak to 2Mmt (-13.8%) but are still at a healthy level. On the brighter side, Indonesian coal ramped up to 4.8 million tonnes, with demand from China jumping up 31.5% weekly to 2.3 million tonnes. From the US, coal shipment also rose to a similar level, with a weekly increase of 21.6%. On the demand side, imports from China climbed up for another week to 3.3 Mmt, up 12.2% from the previous. In addition, Indian coal imports surged up last week to 1.8 million tonnes (+61.7%), with a spiking supply from Indonesia.

Dry Bulk Trades/Coal

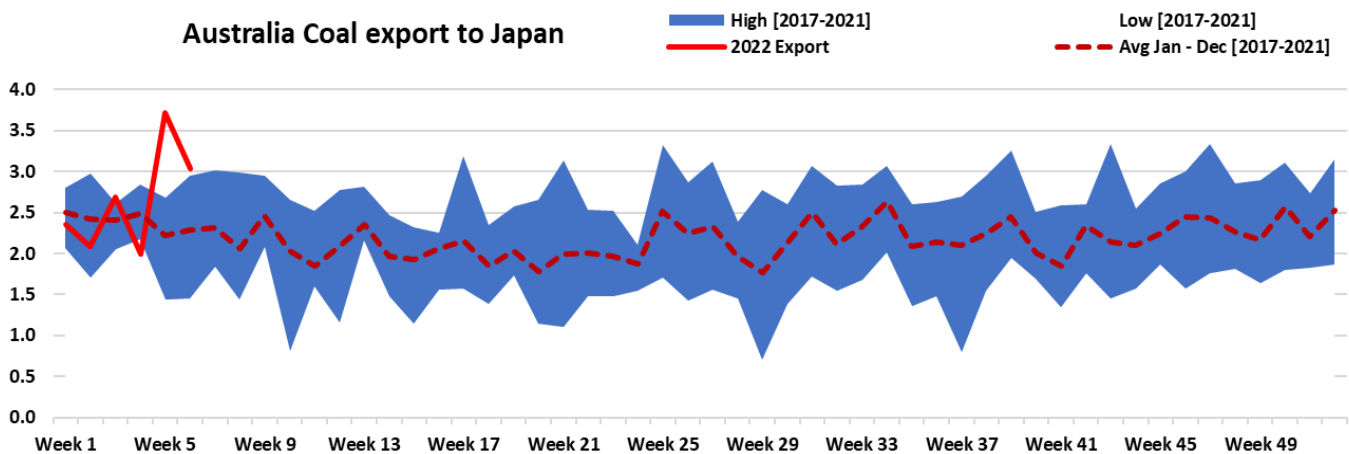
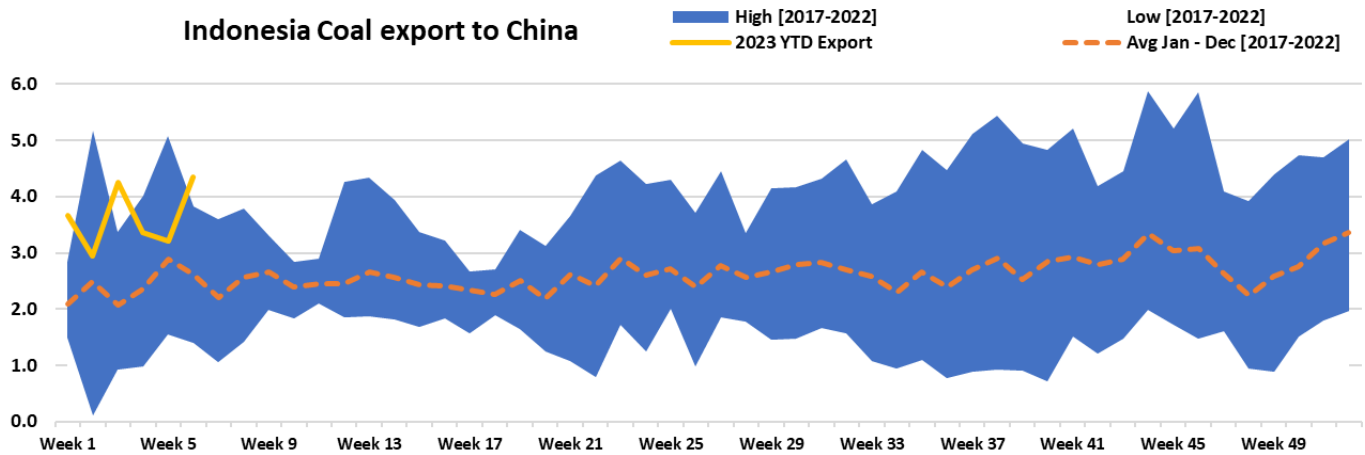
Export (million tonnes)	Dec-22	Nov-22	Q4-22	Q3-22	Q2-22	Q1-22	2022	2021
Indonesia	39.5	41.5	125.2	130.8	118.9	88.9	463.8	415.2
Australia	32.1	26.8	85.6	79.8	90.8	84.4	340.7	368.3
Russia	15.5	16.0	49.4	47.5	51.0	41.4	189.3	172.3
USA	6.6	6.4	19.7	18.5	19.1	17.6	75.0	69.5
Colombia	6.2	5.5	16.1	14.9	14.4	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
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	4.3	3.2	35.5%
Australia-Japan	3.0	3.7	-18.5%

Data Source: IHS Markit Commodities at Sea Service, Bloomberg

Seasonality Charts



Data Sources: IHS Markit Commodities at Sea Service, Bloomberg

Dry Bulk Trades/Agri

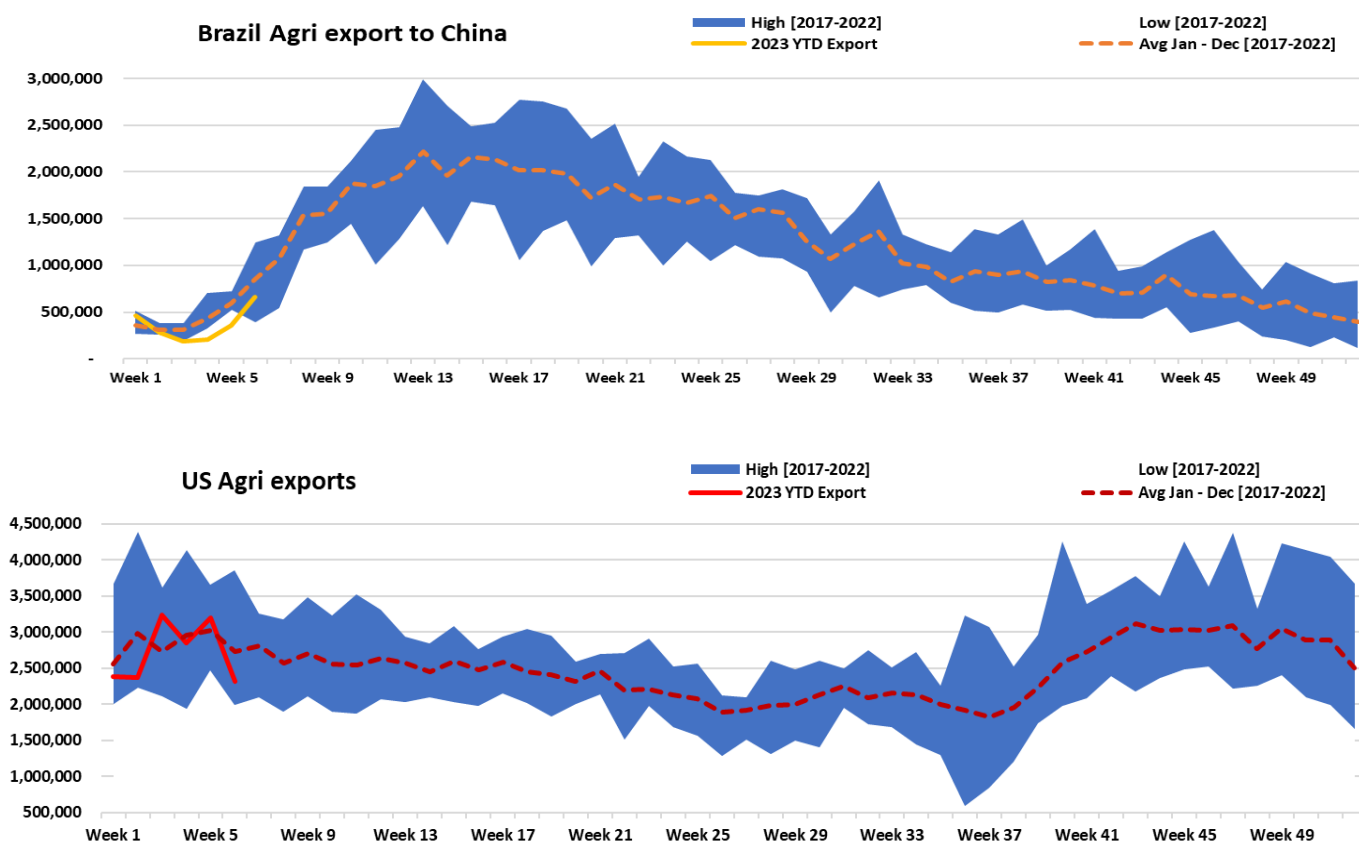
A mixed week for grains shipments as total export volume dipped 5.4% to 11.8 million tonnes. Exports from both US and Brazil retreated every week, out of Brazil shipments came off to January's levels after a brief surge last week, with the weekly total dropping 28% to 2.3 million tonnes. Despite the downturn in the total, its exports to China continued the upward trend, and in line with seasonality, last week, about 591kt of grains were shipped from Brazil to China. Similarly, exports from the US fell 27.7% to around 2.3 million tonnes, with the market concerned over demand loss from China due to political tension. On the flip side, better volumes were reported from Australia, with weekly shipments reaching 1.2 million tonnes, up 27.2% w-o-w.

Agri Key Routes

Agri Key Routes	Agri Export mt			Freight Rate \$/mt		
	Last Week	Prev. Week	Chg %	Last Week	Avg Prev. Week	Chg %
Agri Export (thousands tonnes)						
Brazil-China	590.9	353.8	67.0%	36.1	36.9	-2.2%
US-China	67.7	1,403.5	-95.2%	49.3	50.3	-2.0%

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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