

FIS Dry Freight Weekly Report

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Market Review:

There’s nowhere to go but up. The dry freight market embraced a much needed rebound last week, with Cape leading the pack to recoup some previous losses. Market sentiment has turned more positive on the back of firmed iron ore, coal demand, and grains on the rise.

Freight Rate \$/day	28-Feb	21-Feb	Changes %	Short Term	Sentiment
Capesize 5TC	6,042	2,513	140.4%	Bullish	↑
Panamax 4TC	11,449	6,249	83.2%	Bullish	↑
Supramax 10TC	12,158	8,878	36.9%	Bullish	↑
Handy 7TC	9,641	8,325	15.8%		

Capesize

In a week, Cape time charter rates climbed from mid \$2,000 to above \$6,000, with renewed optimism carried into this week. On a brighter note, iron ore shipments were picking up from Australia and South Africa, coupled with more robust coal demand. With Cape being the lowest priced among all vessels, we saw coal volumes carried by Capesize surge for a second week to 8.6 million tonnes, up 30.3% or nearly 2Mmt w-o-w. Fixtures-wise, healthy activities were reported in both basins. The week started slowly in the Pacific, with only two majors in the market.

Moving iron ore from West Australia to China on the C5 route was fixed between \$5.90-6.10 for early March loading dates. In mid-week, owners began to lift their offers as the tonnage list was getting shorter for the prompt days and a steep contango in the FFAs. C5 was fixed at \$6.30 for 10-12 March and then quickly increased from \$6.50

to the high of \$6.80. On Monday, C5 was heard at \$7.05 for 12-15 Mar. Moreover, a trip from Teluk to Qingdao was fixed at \$4.02 for 2-4 March. A cargo with coal stem from Tarahan to Mundra was fixed at \$37 for 1-7 March. In the Atlantic, better fixtures were reported in South Africa and Canada. Trips from Saldanha Bay to Qingdao were heard at \$11.75 for 5-11 March, and from Kamsar to Yantai was at \$17.25 for 21-16 March. Out of Canada, cargoes from Seven Island to Rotterdam were fixed at \$7 for 10-19 Mar, and from Port Cartier to Gijon was heard at \$8 for 3-12 Mar. Things have brightened up, but not yet at full speed, as spot activity was still lacking from Brazil. Bunker costs came off elsewhere, adding more relief to shipowners’ daily earnings. On Monday, Singapore 380 and 0.5% fuel oil were assessed at \$406 and \$574, respectively.

Capesize 5TC Front Month Trading Range

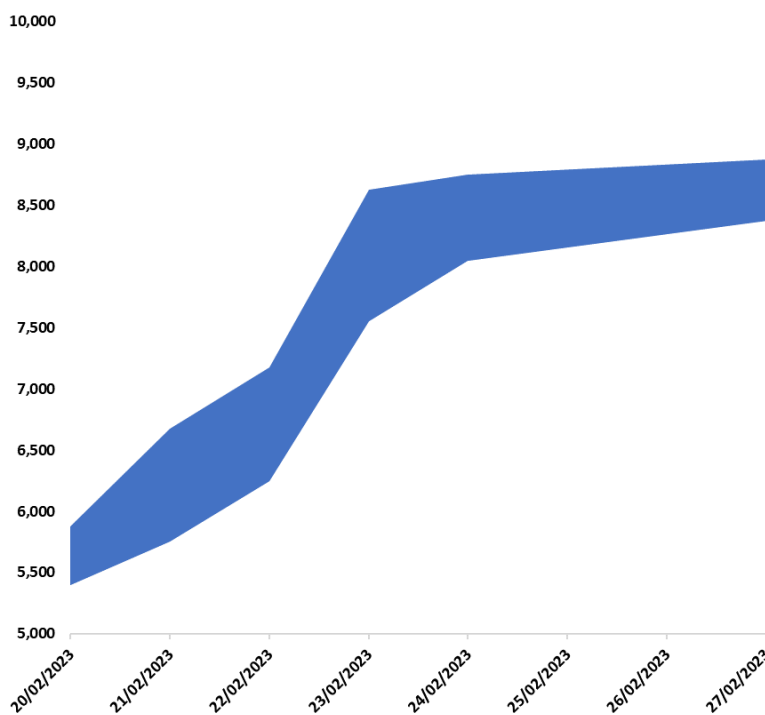


Chart source: FIS Live

It was a bearish start to the week for the Capesize derivative as the prompt contracts came under pressure from the open. The index surprised a few participants by being marked up, and this led to a few bottom pickers coming in at the lows of the day for the rest of the day. The 2nd half of the year remained stubborn and was trading flat to Friday's close, with solid support still evident. FFA's exploded into life Tuesday across all sizes with decent volume. The market closed supported on the day. The paper market drifted lower in early trading as the Asian bears showed their teeth midweek. Confidence in the paper market remained high in contrast to the spot index at \$3235/day. More days of strength later in the week that kept on giving for cape bulls. Buyers came flying out of the traps in a relentless day with significant volumes changing hands. After what could only be described as a crazy and tiring week, we closed out with a flaccid Friday. This week then started quietly in the morning with decent volumes until late in the afternoon session, where the market popped higher with \$8850, the high on March capes; Q2 was paid \$15250 before retracing to \$15000. Overall bid support was seen, and the prompt part of the curve held up after early selling pressure. The market closed with buyers, and it is evident that optimism has seeped into the FFA market once again! Front-month contracts Mar moved from \$5,650 to \$8,725 from Mon 20th Jan, to Mon27th of Feb, a massive rise of 54.4%; Q2 from \$12,600 to \$15,000, a sharp 19.05% rise.

Short run bullish

Panamax

On top of robust coal demand from Asia Pacific, more activities surfaced from the North and South Atlantic to lend support. It's worth noting that grain shipment from ECSA shot up by 21.8% last week to 4.6 million tonnes, with harvest expanding in Brazil. On an 82,000 open, ECSA redelivery in Sing/Japan increased from \$14,750 to \$15,750 as the week progressed. In the North, trips via US Gulf redelivery Far East were fixed from \$18,000 to \$23,000. While via NCSA, redelivery Far East was lifted from \$18,250 to \$19,500 and \$20,000, and redelivery Skaw-Gib was heard at \$6,500. In the Asian market, many fresh inquiries were reported from Australia and Indonesia. As a result, NoPac round trips lifted from \$9,750 to \$10,000 mid-last week. Cargoes with coal via Indonesia redelivery to China were fixed at \$6,000-6,250. A trip via Australia redelivery to India was heard at \$12,250. With steady supply and demand in both basins and Brazilian soybean season on the way, more optimism could be found in the coming weeks.

We saw a slow start to the week for the Panamax paper market with rangebound activity. It gained some traction on Tuesday after positive Asia indices led to support out of Asia. With the index turning positive and gaining some traction based on where March and spot were trading, there was an expectation for something interesting to happen—Midweek continued rangebound before things started to escalate on Thursday. Opened with buyers, and throughout the day, we saw volume changing hands on all periods with around 9000 lots traded. The week ended slowly compared to the last few days and started quietly out of Asia with early rangebound activity from Friday's close. The Mar contract oscillated around the \$9,400 - \$14,175 range, closing Monday at the high. Apr \$11,775 - \$15,251, closing Monday at the high and Q2 \$12,750 – \$15,325, closing Monday at the high also.

Short run bullish

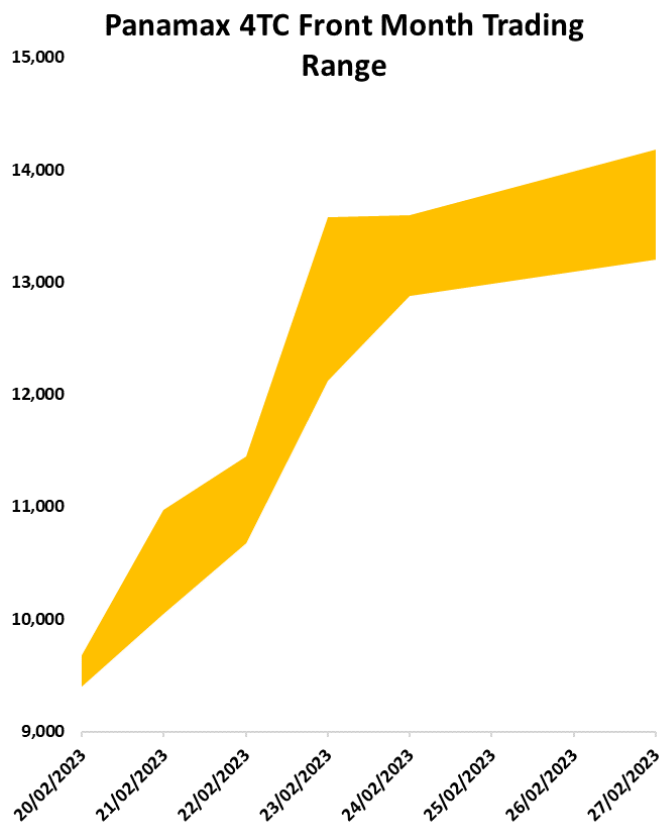


Chart source: FIS Live

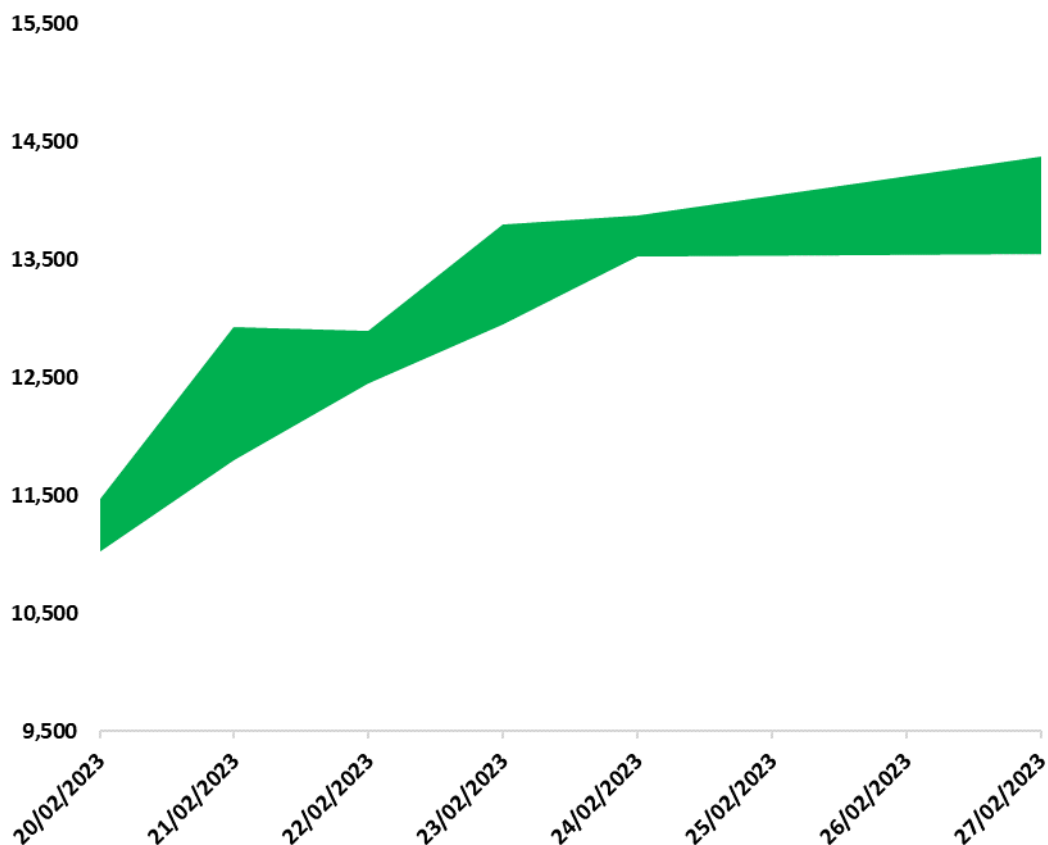
Supramax

Supramax returned to a five digits territory by the end of last week amid firmer coal demand and better sentiment seen in the bigger vessels. In the Atlantic, decent interest from ECSA and US Gulf, with rates pushing higher. In the highlighted fixtures, a cargo with pet coke via US Gulf redelivery Far East was fixed at \$20,000. On the scrap run, from the Continent redelivery E. Mediterranean was heard at around \$8000 and then \$8,500. A grain cargo from Recalada to Morocco was paid at \$12,150. It was even more upbeat in the Asian Pacific; most of the action was on Indonesian coal to China, with rates fixing from \$13,000 to \$15,000 on a 56kt, \$ and \$16,500 on a 58kt. While moving 63kt from Indo to China and SE Asia was paid at \$20,00 and \$12,800, respectively. Other than that, iron ore cargo from India redelivery to China was fixed \$500 higher at \$8,500 during the week.

An absolute roofer followed a rangebound start to the week for Supramax paper, with rates pushing across the curve as buyers were excited by an extensive Pacific index. A positive day for Supramax paper, with rates pushing across the front of the curve as we closed on highs throughout the week. Mar ranged from \$11,075 to \$14,375, Apr from \$12,450 to \$15,375, and Q2 from \$13,175 to \$15,425.

Short run bullish

Supramax 10TC Front Month Trading Range



FFA Market Indexes

Freight Rate \$/day	28-Feb	21-Feb	Changes %	2023 YTD	2022	2021	2020	2019
Capesize5TC	6,042	2,513	140.4%	6,472	16,177	33,333	13,070	18,025
Panamax4TC	11,449	6,249	83.2%	8,127	8,587	25,562	8,587	11,112
Supramax10TC	12,158	8,878	36.9%	8,129	8,189	26,770	8,189	9,948
Handy7TC	9,641	8,325	15.8%	8,498	8,003	25,702	8,003	9,288

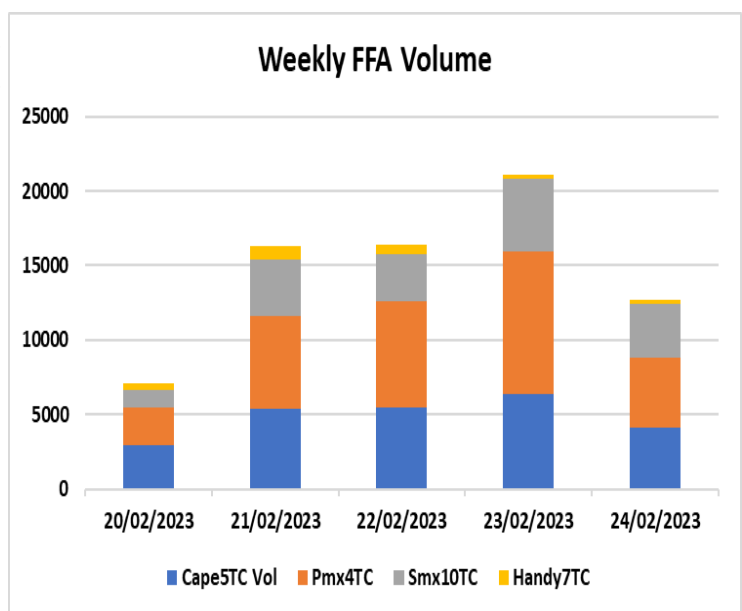
FFA Market Forward Values

FFA \$/day	27-Feb FIS Closing	20-Feb FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2023 Mkt High	2023 Mkt Low
Capesize5TC Mar 23			53.4%	8,950	5,250	11,750	5,250
Capesize5TC Q2 23	15,025	12,575	19.5%	16,375	12,350	17,950	12,000
Panamax4TC Mar 23	14,150	9,650	46.6%	14,350	9,350	14,500	9,000
Panamax4TC Q2 23	15,200	13,025	16.7%	15,250	12,650	15,250	11,750
Supramax10TC Mar 23	14,375	11,475	25.3%	14,350	11,000	14,350	9,200
Supramax10TC Q2 23	15,325	13,575	12.9%	15,450	13,150	15,450	11,750

Data Source: FIS Live, Baltic Exchange

FFA Market

FFAs had a hectic week with a high volume of over 102,400 lots posted on exchanges last week. After the US holiday on Monday, the FFAs market spurred into action, with daily volume reaching above 21,000 days on Thursday. On average, Capes and Panamax futures traded around 4,850 lots and 6,000 lots per day last week; Supramaxes followed right behind with an average of 3,350 lots traded daily last week. On options, volume achieved the highest this year, with the main focus again on Cape, in which about 28,500 lots were cleared among the total of 29,310 lots. The primary activity focuses on Mar, Apr, May and Q3'23 contracts; decent volumes were also seen on the Q2-Q4'24 and Cal24. Open Interest increased along with rising price, confirming an upward trend; on 27th Feb, Cape 5TC 191,481 (+6,750 w-o-w), Panamax 4TC 191,858 (+3,810 w-o-w), Supramax 10TC 94,413 (+1,970 w-o-w). In addition, on the voyage routes to Qingdao, we saw 1.55 million tonnes changing hands on C5 and 100kt on C3.



Dry Bulk Trades/Iron Ore

Total iron ore shipments were firmed up for a second week to 29.9 million tonnes, driven by increasing exports from key regions except for Brazil. Last week, Australia shipped out around 18.2 million tonnes of iron ore, up 9.6% w-o-w. Better demand was also observed from South and West Africa, with the combined weekly volume rising by 15% to 1.8 MMt. On the downside, Brazilian iron ore exports hovered around at a low level of 5.8 million tonnes last week.

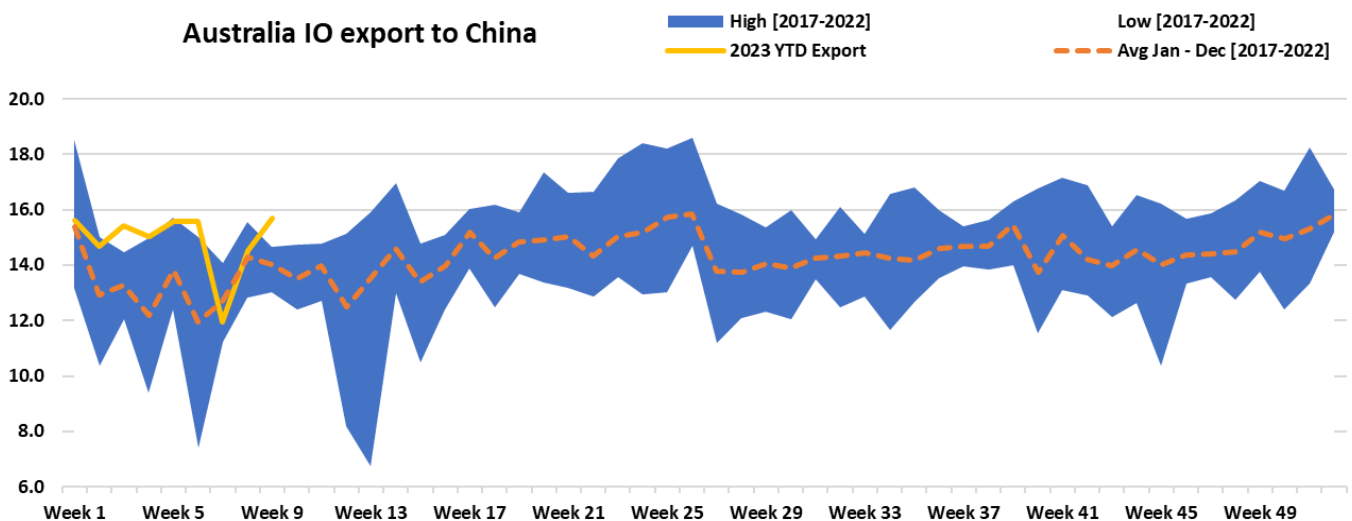
Dry Bulk Trades/Iron Ore

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

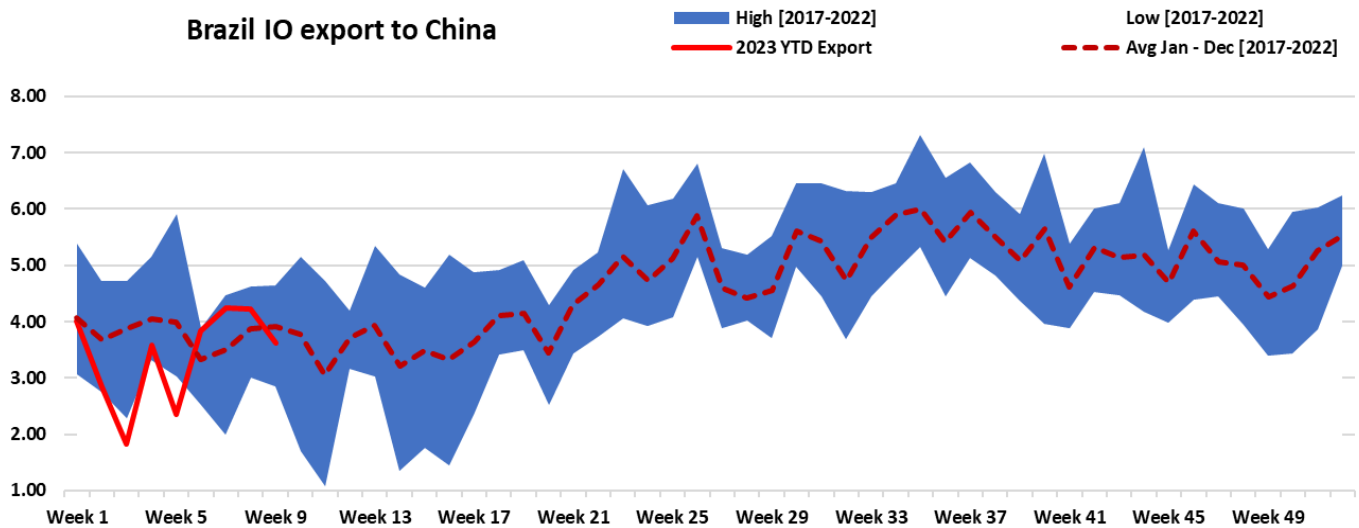
Iron Ore Key Routes

	IO Export Million mt			Freight Rate \$/mt		
	Last Week	Prev. Week	Chg %	Last Week	Prev. Week	Chg %
Australia-China	15.7	14.5	8.0%	6.43	6.19	4.0%
Brazil-China	3.6	4.2	-14.7%	16.48	16.34	0.8%

Seasonality Charts



Brazil IO export to China



Dry Bulk Trades/Coal

After a significant rebound over mid-Feb, coal shipments showed another positive week, with the total volume climbing back to 27.8 million tonnes (+8.7% w-o-w). From the top exporter, Australia exported about 9% more last week and stood at around 7.5 Mmt, recovering from the earlier supply disruption. Its exports to the JKT region surged 26% to 4.7Mmt last week, despite a strong comeback in the previous week. Exports to SE Asia reached a record week, with volume jumping from 914kt to 1.5 Mmt. Furthermore, Indonesia maintained its high exports last week, with a weekly total of 10.0 million tonnes. Elsewhere, coal shipment from the US spiked up to 2.6 Mmt, showing a weekly increase of 55.7%. Demand-wise, we saw imports from China slipping from the previous week's peak but still at a strong level, confirming a stronger Q1.

Dry Bulk Trades/Coal

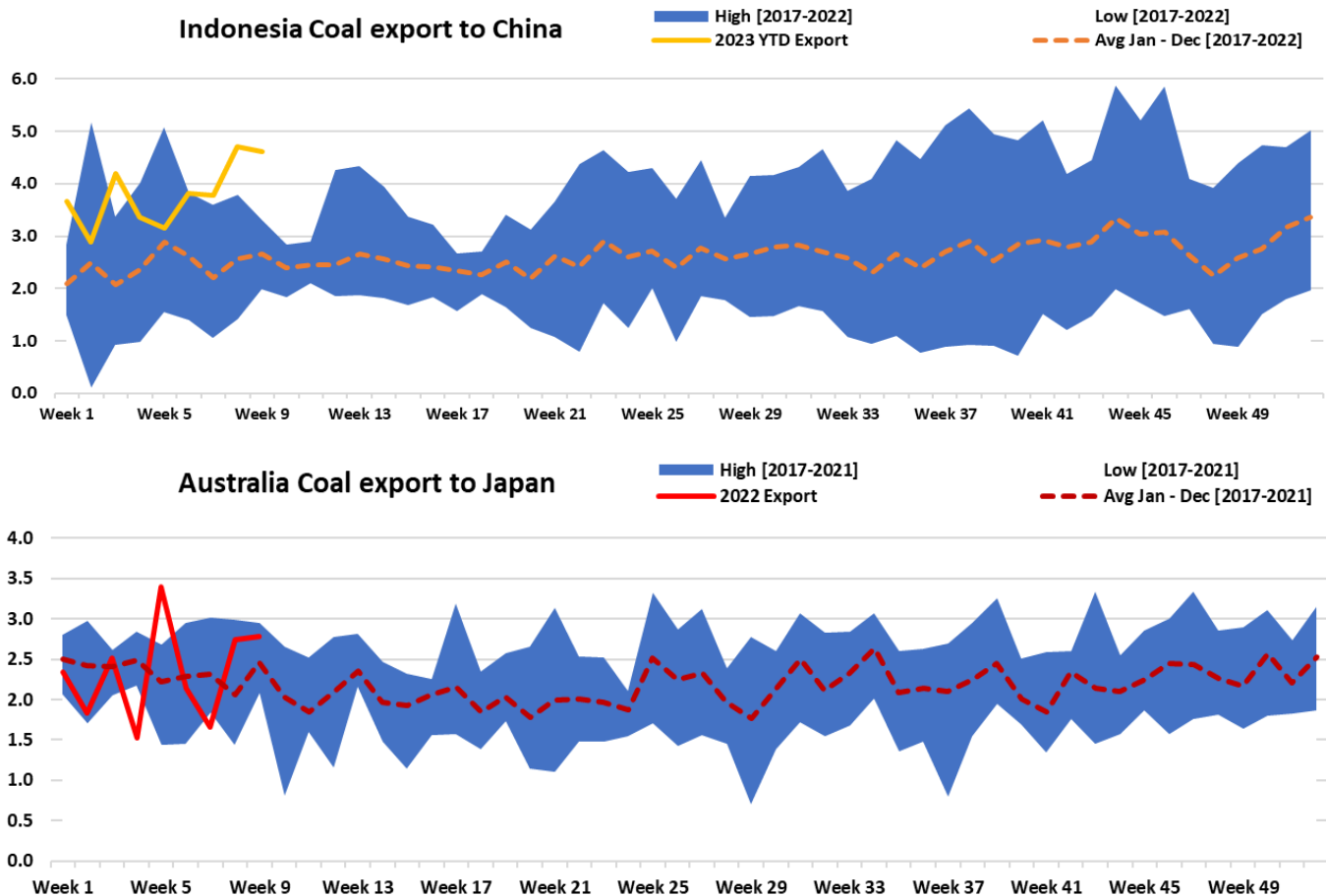
Export (million tonnes)	Dec-22	Nov-22	Q4-22	Q3-22	Q2-22	Q1-22	2022	2021
Indonesia	39.5	41.5	125.2	130.8	118.9	88.9	463.8	415.2
Australia	32.1	26.8	85.6	79.8	90.8	84.4	340.7	368.3
Russia	15.5	16.0	49.4	47.5	51.0	41.4	189.3	172.3
USA	6.6	6.4	19.7	18.5	19.1	17.6	75.0	69.5
Colombia	6.2	5.5	16.1	14.9	14.4	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	4.6	4.7	-2.0%
Australia-Japan	2.8	2.7	1.2%

Data Source: IHS Markit Commodities at Sea Service, Bloomberg

Seasonality Charts



Data Sources: IHS Markit Commodities at Sea Service, Bloomberg

Dry Bulk Trades/Agri

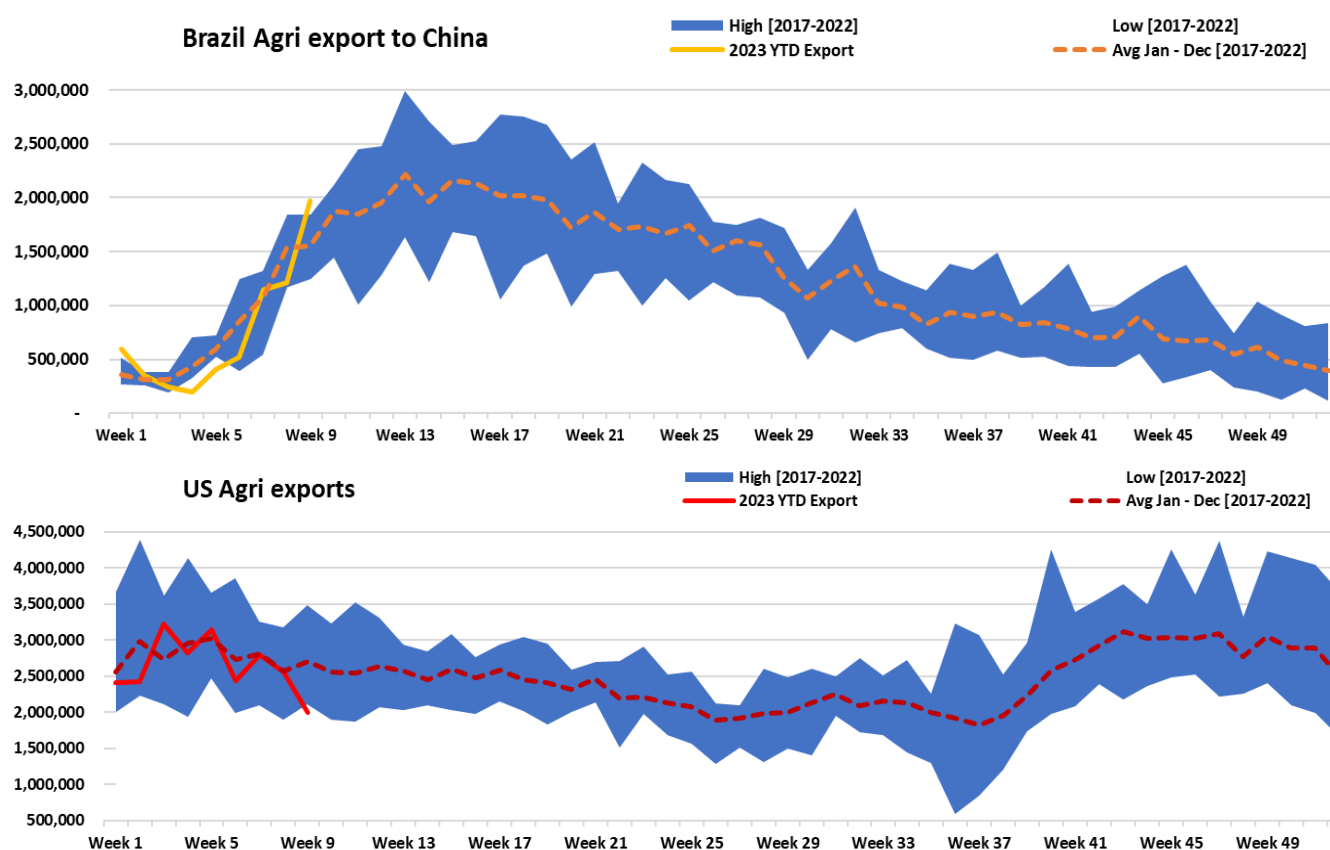
It was a flat week, with total grain shipments edging 1.6% lower to 11.5 million tonnes. Yet, a sharp increase in volumes from Brazil was offset by lower shipments out of the U.S. Out from Brazil, shipments also firmed up nicely, with the weekly total rising 23.4% to 3.7 million tonnes. In addition, exports from Brazil to China surpassed the 5-year average to follow an upward seasonal trend. However, shipments from the U.S. were down 26.8% over the week to 1.9 million tonnes. In addition, grains shipped out of Australia firmed up to 1.2 Mmt (+5.3%) last week.

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	1,974.8	1,211.1	63.1%	34.8	32.9	5.8%
US-China	237.8	891.5	-73.3%	46.1	45.3	1.8%

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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