

# FIS Dry Freight Weekly Report

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

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**Market Review:** The dry freight rates soften a touch in last week’s trading, with larger sizes under more pressure. However, until fresh supporting factors appear, rates are likely to drift. On the bright side, a Brazilian bumper harvest should allow the market to find a floor. Some momentum was also gathered over iron ore demand ahead of construction peak season, with signs of falling stockpiles in Chinese ports and higher new home sales in the major cities.

Freight Rate \$/day	27-Mar	20-Mar	Changes %	Short Term	Sentiment
Capesize 5TC	14,888	16,134	-7.7%	Neutral to Bearish	↘
Panamax 4TC	12,749	13,934	-8.5%	Neutral	-
Supramax 10TC	14,587	14,619	-0.2%	Neutral	-
Handy 7TC	12,643	12,646	0.0%		

IHS	Weekly Total Shipments		Iron Ore	Coal	Bauxite	Agribulk	Minor bulk
Capesize	223	-1	153 (+6)	47 (-14)	19 (+6)		
Panamax	375	+10		194 (+25)		100 (+4)	55 (-3)
Supramax	485	-32		124 (+3)		70 (-3)	267 (-33)

## Capesize

Another volatile week for Cape, with rates pulling up at the latter part of the week, closing the week a touch lower than the previous. As the market looked for a clear direction, 30Day volatility on the 5TC rate remained above 200% since the end of February. Regarding shipment volumes last week, steady iron ore flow was reported from Australia, coupled with better demand from Brazil after the force majeure was lifted. On top of that, healthy coal shipments continued to lend support. Cape slipped lower on a quiet Monday this week with limited activity and lower fixtures. In the Asian Pacific, the C5 route (West Australia to China) was fixed at \$8.80-\$8.95 for early Apr loading dates, then fell to \$8.50 for 6-8 Apr at mid-week when only one major was active in the market. C5 rebounded to sub \$9 before the weekend, but it failed to hold on to this level as a wider bid-offer led to a slower fixing on Monday. On the coal run, robust coal demand from Indonesia has kept some optimism, although decreased coal shipments on Cape due to Panamax rates falling behind. Cargoes with coal stem from SE Kalimantan to Mundra were fixed from \$6.45 to \$6.95 for early Apr loading dates. A trip from Abbot Point to Vietnam was heard at \$14 for 6-15 Apr. In the Atlantic, the downward pressure was slightly lifted, followed by more fixtures for 2H Apr and higher rates were discussed for May laycans. Moving iron ore from Tubarao to Qingdao on the C3 route was fixed lower at \$19.75 for 21-30 Apr before retuning above \$20s. Out of Brazil, an iron ore cargo from Acu to Qingdao was heard at \$19.35 for 14-19 Apr. Trips from Sudeste to Qingdao were fixed at \$20 for mid-Apr and \$20.50 for 22-28 Apr. Elsewhere, iron ore trips from Seven Island to Oita and Rotterdam were heard at \$23.50 for 7-13 Apr and \$8 for 1-10 Apr, respectively. Overall, limited upside movement if vessel supply continues to exceed demand. In addition, bunker prices have recovered since the banking turmoil seemed to ease; on Monday, Singapore 380 and 0.5% fuel oil were assessed at \$398 and \$536, respectively.

**Capesize 5TC Front Month Trading Range**

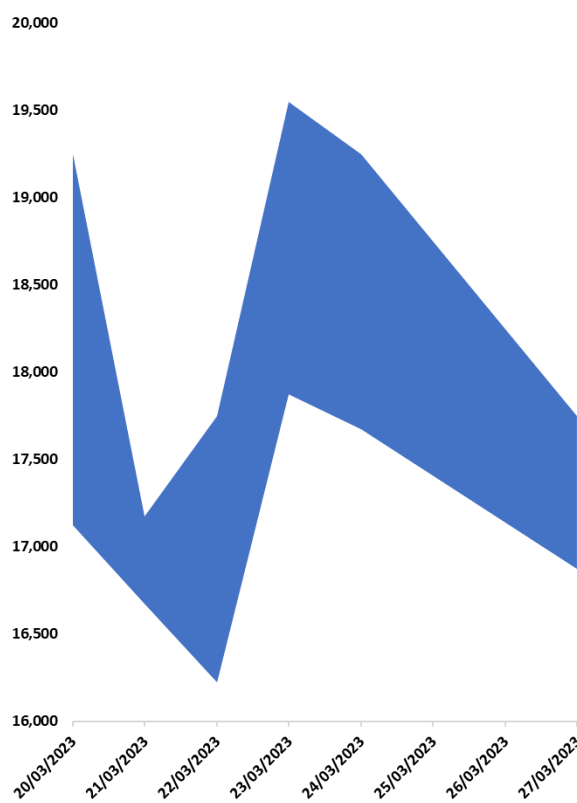


Chart source: FIS Live

The week started with buyers available to buy the dip. Tuesday, the day's trading ranges were very narrow, with bulk of the activity concentrated on the balance of year contracts. Midweek progressed, volatility and volume increased due to wildly ranging fixtures from both basins with multiple calculations/TCEs doing the rounds, leading to the balance of year contracts gapping up sharply before ending with weakness after a highly volatile week. Volumes were slightly lighter on the deferred, with the prompts taking centre stage before closing supported at the lows. A lacklustre start this week for the capes, with owners and charterers continuing to feel each other out after last week's roller coaster of a market.

### Short run neutral to Bearish

## Panamax

Panamax rates passed a week of correlation mixed with constant ups and downs in the FFAs. By the end of last week, fundamentals still looked firm; however, confidence was lacking in the futures market. Due to strong coal demand and cape rates catching up, Panamax weekly coal shipments surged further above the seasonal range to 14.4 million tonnes, posting a sharp increase of 22.6% w-o-w. On the grains side, total volume ticked up and was in line with the seasonal average. A Brazilian bumper harvest was flowing onto the exports market, in which more support on the ECSA should be seen in the coming weeks. Fixtures-wise, weaker sentiment and easing bunker cost weighed on Atlantic rates. Highlighted fixtures, including cargoes via US East Coast redelivery Sing/Japan with grains, were fixed from \$19,500 down to \$17,000 at later last week. ECSA redelivery Skaw was heard at \$22,000, while a 74,000 opening to UK/Cont was \$18,000. Limited fixing activity was reported from the North. In the Asian market, fixtures were reported to be uneven, with good support from the coal and grains shipments, although

some sources said charterers seemed not in a hurry for their mid-Apr cargoes. On the coal run, Indonesian redelivery S. China ticked up \$500 from last week to \$15,000 on a 76kt. On an 82,000mt open, Indo round trip was fixed at \$12,000. Whilst mixed views for the grains side with higher shipment volumes but in lower rates, NoPac round trip with 82kt was fixed over \$1000 lower from the previous week to \$17,000. Trips via Australia redelivery Arabian Gulf were fixed at \$13,250, then \$12,000; redelivery Far East was heard at \$15,000.

Quiet and steady start for Panamax FFAs before a jumpy day on Tuesday with some intraday volatility that saw the balance of the year contracts sold off early on before recovering pre-index only to come back under pressure. Midweek saw what some described as a yoyo day with sellers in the morning and buyers in the afternoon before closing flat. Later in the week, we saw gains across the curve with good volume changing hands before starting with a non-eventful Monday.

### Short run neutral

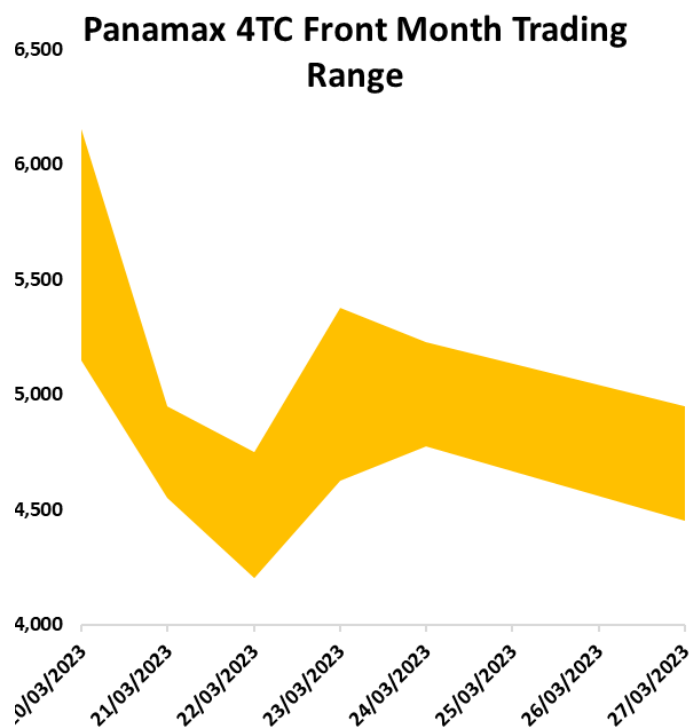


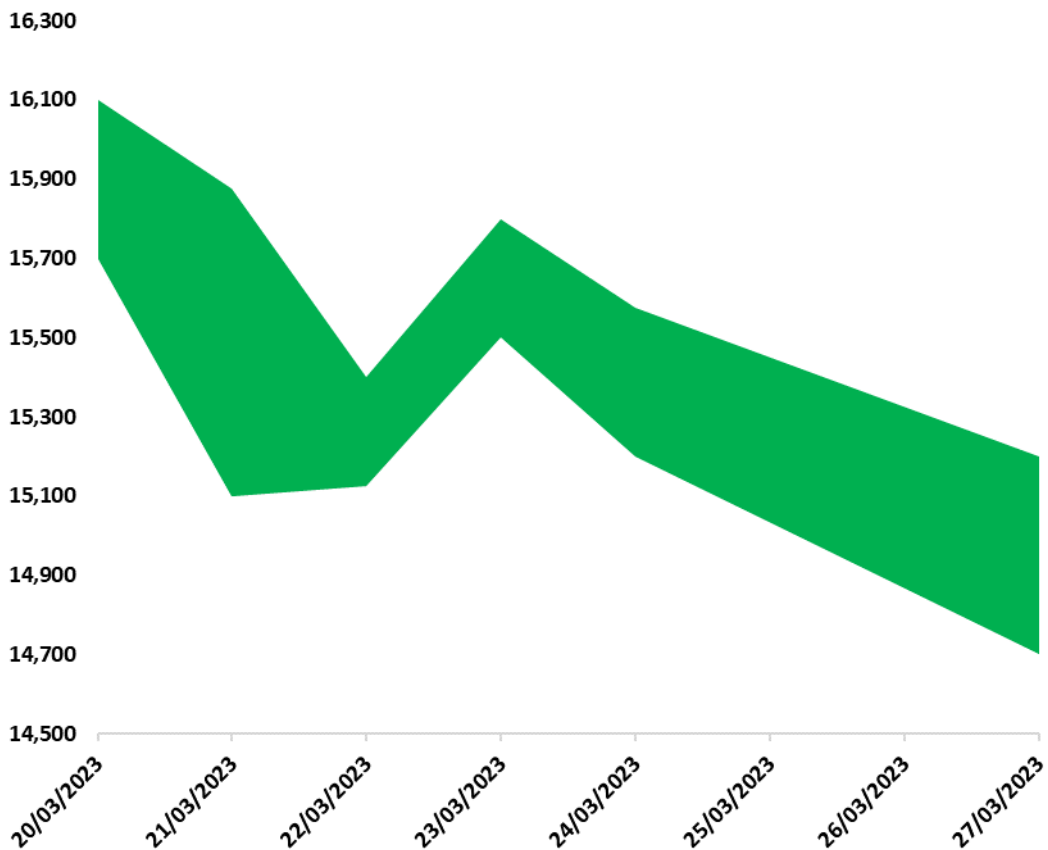
Chart source: FIS Live

## Supramax

Supramax moved sideways despite downward pressure from the larger size vessels. Coal support has been the main theme for Supramax. Nevertheless, a market source said the tonnage list began to grow in the Pacific; hence charterers bidding lower. Trips via Indo redelivery WC India were fixed at \$19,000, while redelivery China were heard at \$12,000 for 57kt and \$17,000 for 61kt. A trip with minerals via EC India to China was fixed at \$13,000 before lifting to \$14,250. More action was also generated on the Indian Ocean; cargos via S. Africa to Pakistan with coal was fixed at \$18,000 and to Vietnam with grains at \$16,000; another trip via W. Africa redelivery EC India was paid at \$17,000. In the Atlantic, fresh enquiry was lacking from US Gulf but offset by increasing gains shipment from ECSA to absorb the prompt tonnage. We saw Supramax grains shipments from ECSA jump up 25% last week in volumes. Overall, firmer demand in both basins and steady supply should support rates in the short run.

### Short run neutral

### Supramax 10TC Front Month Trading Range



## FFA Market Indexes

Freight Rate \$/day	27-Mar	20-Mar	Changes %	2023 YTD	2022	2021	2020	2019
Capesize5TC	14,888	16,134	-7.7%	8,834	16,177	33,333	13,070	18,025
Panamax4TC	12,749	13,934	-8.5%	9,782	8,587	25,562	8,587	11,112
Supramax10TC	14,587	14,619	-0.2%	9,926	8,189	26,770	8,189	9,948
Handy7TC	12,643	12,646	0.0%	9,517	8,003	25,702	8,003	9,288

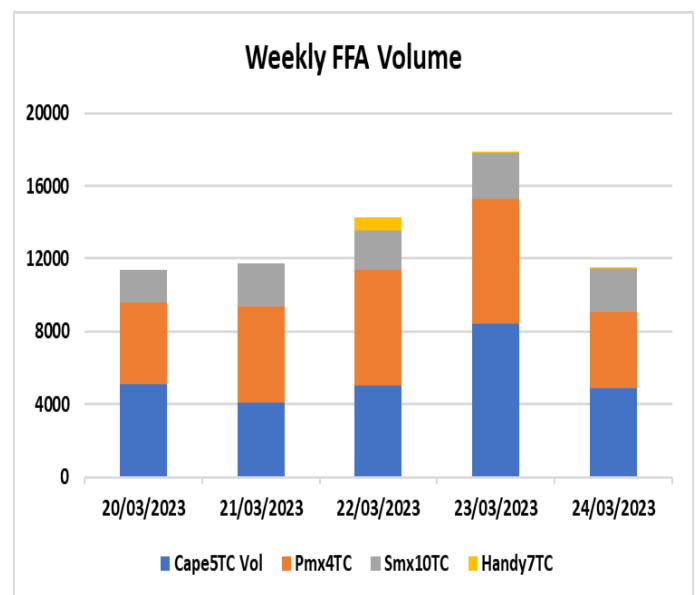
## FFA Market Forward Values

FFA \$/day	27-Mar FIS Closing	20-Mar FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2023 Mkt High	2023 Mkt Low
Capesize5TC Apr 23			-2.3%	19,550	16,250	21,950	8,600
Capesize5TC Q2 23	22,550	22,150	1.8%	23,850	20,900	23,850	12,400
Panamax4TC Apr 23	14,700	15,175	-3.1%	16,250	14,250	19,600	11,000
Panamax4TC Q2 23	16,700	16,375	2.0%	17,000	15,600	18,100	12,300
Supramax10TC Apr 23	14,875	15,975	-6.9%	16,100	14,800	17,750	11,200
Supramax10TC Q2 23	16,225	16,300	-0.5%	16,000	15,700	17,350	12,000

Data Source: FIS Live, Baltic Exchange

## FFA Market

FFAs had an active and volatile week with high trading volumes of over 67,000 lots on futures and 5,450 lots on options last week. The majority of the volume were on the larger size; seeing Capes and Panamaxes futures traded around 5,490 lots and 5,440 lots per day last week; Supramaxes followed behind with an average of 2,250 lots traded daily last week. Panamax gained most of the interest on options, with 3,615 lots being cleared among the total of 5,445 lots. As expected, high volatility persisted throughout the week, with primary activity focusing on Apr, Q2'23, Q3'23 and Cal24 contracts; good interest extending to Cal25-26. Open Interest increased along with falling prices, indicating a downward trend. On 27th Mar, Cape 5TC 202,406 (+6,830 w-o-w), Panamax 4TC 194,911 (+4,520 w-o-w), Supramax 10TC 93,308 (+2,330 w-o-w). In addition, some good action also saw on the voyage routes, with 1.23 million tonnes changing hands on C5 and 270 days on P6 (Singapore RV).



## Dry Bulk Trades/Iron Ore

Another balanced week for iron ore shipments due to steady supply from the top exporter. Last week's volume edged up 3.3% w-o-w to staying around 30.9 million tonnes, with Australia shipping out about 18.4Mmt, similar to the previous week. Furthermore, better demand for high-grade ore was seen from Chinese steel mills to meet the government's low carbon target. Shipments from Brazil reversed their downward trend and rebounded 28.1% to 6.1 million tonnes last week. Its weekly exports to China also recovered to the seasonal level. Elsewhere, exports from South and West Africa slipped 5.7% weekly to 1.8 Mmt.

Iron ore fell over 8% in the underlying market in a week but eventually found support at the \$120 level. The market chattered about a 2.5% cut on crude steel production in 2023, information remained unconfirmed, but some argued that the production cut has already priced in. On the other hand, steel production continued to rise last week, given the recovering steel margins. According to Mysteel's industry survey of over 247 Chinese steel mills throughout 17-23 March, the blast furnace utilisation rate increased for the eleventh week to 89.28%, up 0.83% w-o-w. Meanwhile, imported iron ore inventories at 45 Chinese steel mills dropped to a two-month low of 136 million tons, down 782,200 tonnes or 0.6% on the week and 12% lower than last year.

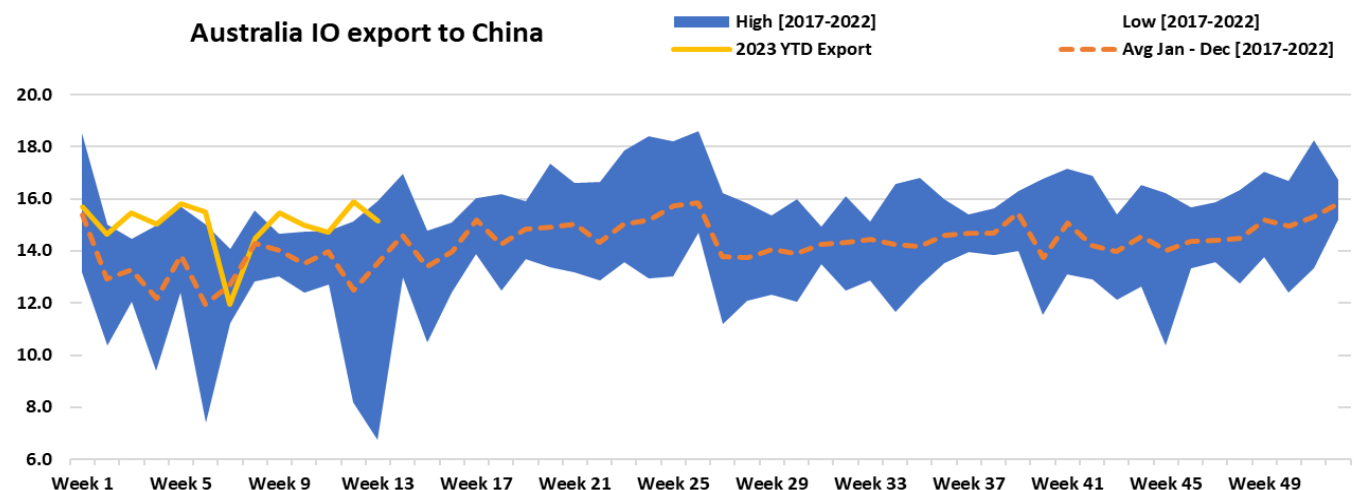
### Dry Bulk Trades/Iron Ore

Export (million tonnes)	Feb-23	Jan-23	Q4-22	Q3-22	Q2-22	Q1-22	2022	2021
Australia	67.0	80.7	246.5	235.0	234.9	219.0	935.4	919.8
Brazil	23.1	22.3	93.0	97.7	82.8	70.6	344.1	352.9
South Africa	4.6	5.4	11.4	15.6	15.9	14.4	57.4	60.5
India	3.8	3.5	2.9	0.9	5.4	7.2	16.4	37.6
Canada	3.7	4.8	14.5	17.7	13.5	11.7	57.4	57.2
Others	11.3	12.6	45.0	43.7	41.4	45.7	175.8	201.2
<b>Global</b>	<b>113.5</b>	<b>129.3</b>	<b>413.4</b>	<b>410.6</b>	<b>393.9</b>	<b>368.6</b>	<b>1586.5</b>	<b>1629.2</b>

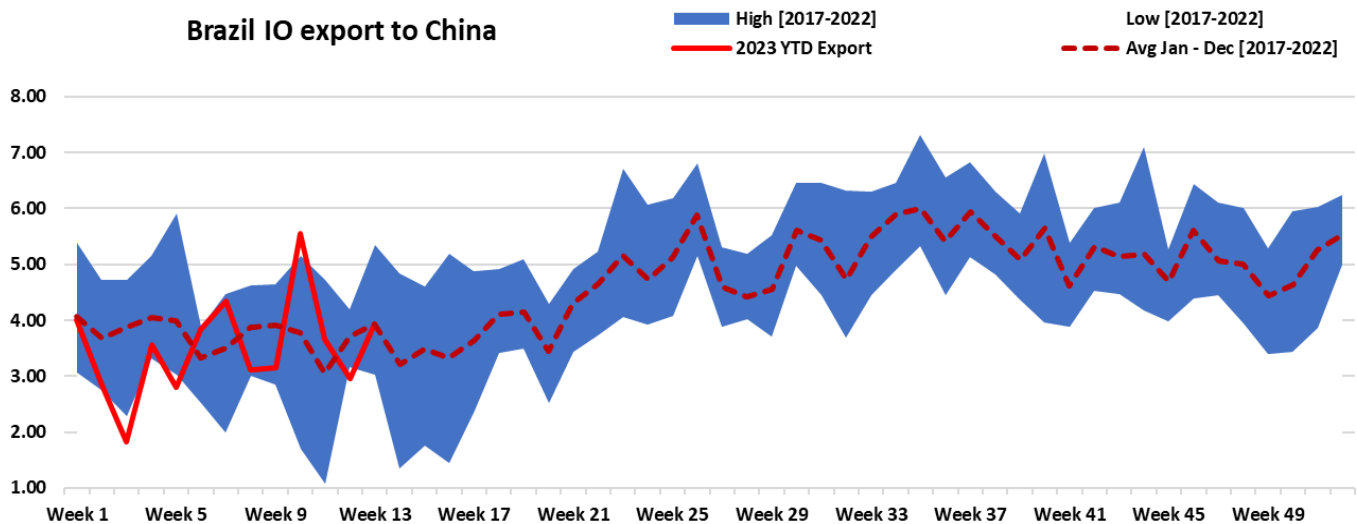
### Iron Ore Key Routes

	IO Export Million mt			Freight Rate \$/mt		
	Last Week	Prev. Week	Chg %	Last Week	Prev. Week	Chg %
Australia-China	15.1	15.9	-4.8%	8.85	8.83	0.3%
Brazil-China	3.9	3.0	33.4%	20.20	20.85	-3.1%

### Seasonality Charts



### Brazil IO export to China



### Dry Bulk Trades/Coal

In the first two months of this year, China’s coal imports surged by 70.8% YoY to 60.64 million tonnes, data from China’s National Bureau of Statistics showed. The sharp drop in global coal prices drove the surge. Last week global coal shipments rose by 7.3% and stood at around 29.3 million tonnes, with 32% or 9.3 mmt (-2.2% w-o-w) destination to China. In the Asian Pacific, Indonesia maintained its record high exports, with weekly volume drifting from the previous peak to 11.6 million tonnes, down 3.1% w-o-w. As the chart below shows, its exports to China also fell from an all-time high but well beyond the seasonal level. Moreover, a positive week for Australian coal shipments, with weekly volume jumping over 12% to 7.5 million tonnes, thanks to steady demand from key regions. Its exports to the JKT region are 3.7 Mmt (-4%), India at 1.2 Mmt (+0.6%), SE Asia at 898kt (+41%) and a rapid increase to China at 1.2 MMT (+140%).

### Dry Bulk Trades/Coal

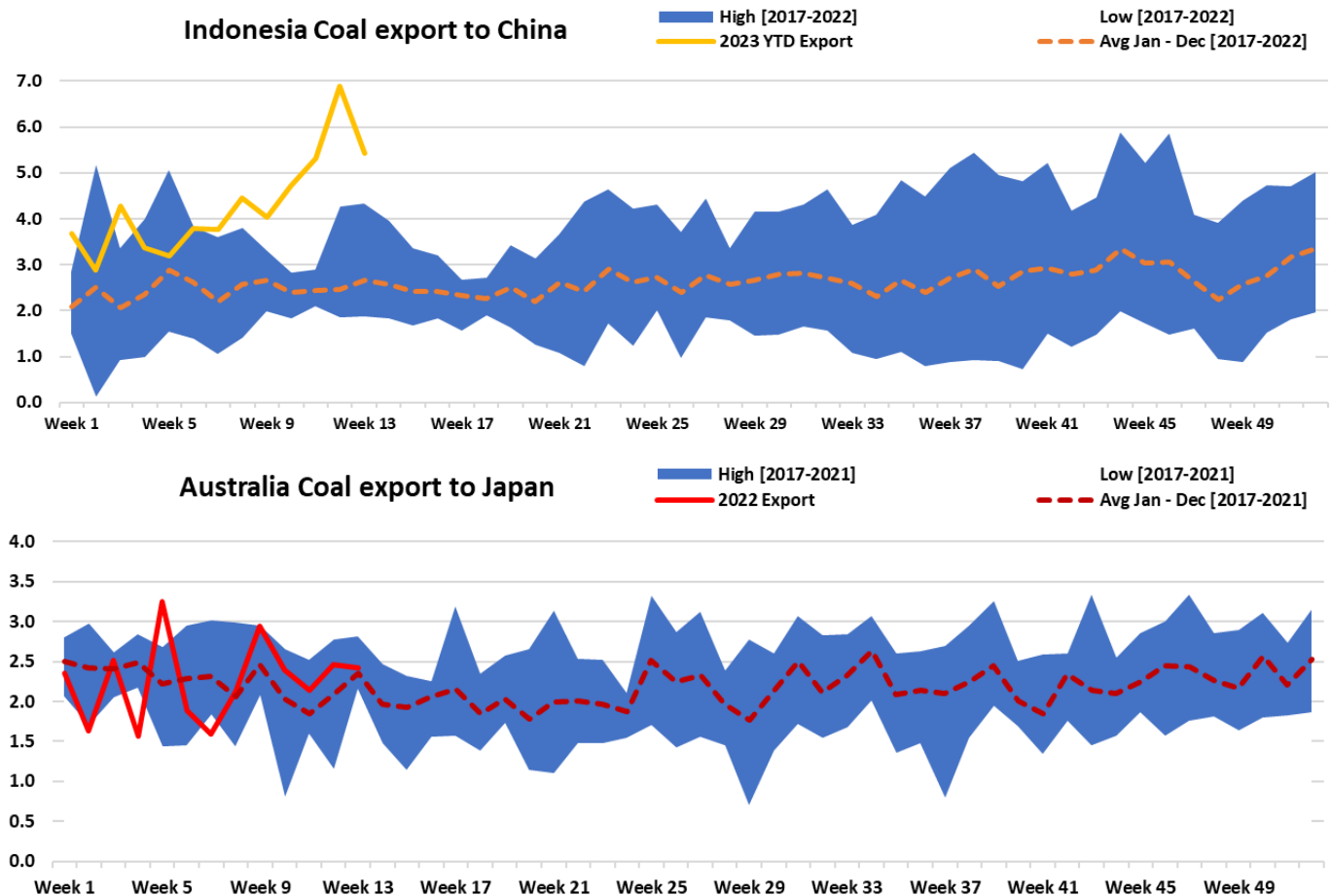
Export (million tonnes)	Feb-23	Jan-23	Q4-22	Q3-22	Q2-22	Q1-22	2022	2021
Indonesia	38.1	34.6	124.4	130.8	118.9	88.8	462.9	415.2
Australia	25.2	26.7	84.4	79.8	90.8	84.6	339.6	368.3
Russia	13.3	15.7	50.1	47.9	51.2	41.9	191.0	172.3
USA	8.3	7.2	17.7	18.0	19.1	17.6	72.4	69.5
Colombia	4.3	4.1	16.2	15.0	14.4	15.9	61.4	60.9
South Africa	3.6	4.9	14.4	16.2	15.3	15.7	61.6	62.1
Others	6.9	7.8	22.8	24.1	24.3	23.9	95.0	88.1
<b>Global</b>	<b>99.6</b>	<b>101.1</b>	<b>330.0</b>	<b>331.7</b>	<b>334.0</b>	<b>288.4</b>	<b>1284.1</b>	<b>1236.4</b>

### Coal Key Routes

Coal Key Routes	Coal Export Million mt		
	Last Week	Prev. Week	Chg %
Indonesia-China	5.4	6.9	<b>-21.3%</b>
Australia-Japan	2.4	2.5	<b>-1.5%</b>

Data Source: IHS Markit Commodities at Sea Service, Bloomberg

## Seasonality Charts



Data Sources: IHS Markit Commodities at Sea Service, Bloomberg

## Dry Bulk Trades/Agri

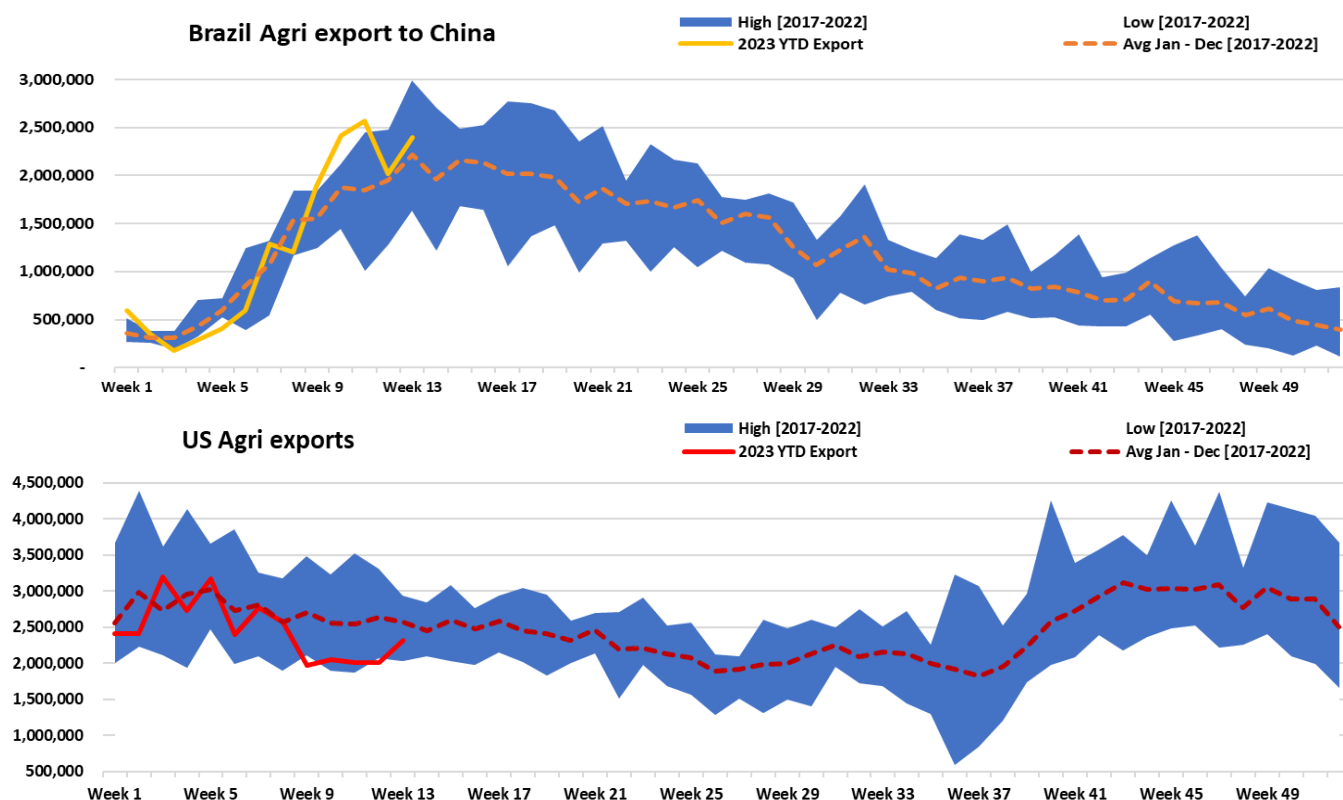
A mixed week for grains, with total shipment decreasing by 7.4% to around 12.5 million tonnes. On the bright side, strong grains shipment was reported from Brazil last week; the nation shipped out about 4.7 million tonnes in a week as harvest reached 70%, posting a sharp weekly increase of 13.7%. On top of that, weekly shipments from the US also lifted to 2.3 million tonnes (+14.6%). However, less positive for other key regions, uncertainty remained for the Black Sea region, with weekly shipment falling by 23%w-o-w to 1.2 MMT; Argentina and Australia shipments also dropped to 734kt (-39%) and 816kt (-37%), respectively.

### 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	2,397.6	2,022.9	18.5%	41.4	43.0	-3.7%
US-China	70.7	460.9	-84.6%	51.5	52.6	-2.1%

Data Source: IHS Markit Commodities at Sea Service, Bloomberg

## Seasonality Charts



Export (million tonnes)	Feb-23	Jan-23	Q4-22	Q3-22	Q2-22	Q1-22	2022	2021
Brazil	12.9	10.5	41.2	49.9	48.2	38.3	177.7	157.2
USA	10.1	12.0	36.8	23.9	30.7	37.4	128.7	140.8
Argentina	3.4	3.2	18.4	20.7	24.8	17.1	81.0	87.0
Ukraine	2.9	3.0	9.8	4.5	0.1	12.6	27.0	58.9
Canada	3.5	4.3	15.1	6.6	5.9	5.9	33.5	40.6
Russia	2.5	3.6	11.7	7.4	4.7	5.1	28.9	29.7
Australia	4.6	4.1	11.3	11.4	11.2	12.8	46.8	39.7
Others	8.1	7.0	21.1	26.6	24.9	25.9	98.5	87.4
<b>Global</b>	<b>48.0</b>	<b>47.6</b>	<b>165.4</b>	<b>151.1</b>	<b>150.4</b>	<b>155.2</b>	<b>622.1</b>	<b>641.4</b>

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

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