

# FIS Dry Freight Weekly Report

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**Market Review:**

Apart from Panamax gaining from solid coal demand and steady grains shipments, other vessels sizes drifted lower over the week. As Q1 comes to an end, BDI index marked at 1,011 for Q1'23 vs 2,041 in Q1'22, dry freight rates still have more upside journey to make compared to last year. On a brighter note, we saw strong market growth in the FFA market with volume increasing 24% so far this year. With the Easter holiday now approaching there is an expectancy that we could see lighter volumes, leaving the market to either a consolidation or a small drift. We hope to return from the holiday with new perspectives and optimism in the new quarter. Happy Easter!

Freight Rate \$/day	03-Apr	27-Mar	Changes %	Short Term	Sentiment
Capesize 5TC	14,290	14,888	-4.0%	Neutral to Bullish	↗
Panamax 4TC	13,636	12,749	7.0%	Neutral to Bullish	↗
Supramax 10TC	13,054	14,587	-10.5%	Neutral	-
Handy 7TC	12,286	12,643	-2.8%		

**Capesize**

The cape market remained subdued. Rates initially slipped before staging a small recovery. Regarding shipment volumes, we saw another steady week in the key regions. However, while flat, some momentum has been built on the Western Australia to China route with weekly volume staying at the higher range of the seasonal level for the past seven weeks. Last week, a decent rebound out of Brazil also boosted market sentiment. Furthermore, healthy coal demand continued to clear out some prompt tonnage, as S&P Global data showed an uptick in last week's coal shipments with around 28% or 8.3mn tonnes of coal (+9.9% w-o-w) being shipped by Capesize. Fixtures wise, activity in the Asian Pacific basin was reported as slow with rates weighed by excessive vessel supply, the C5 route (West Australia to China) fell \$1 from the previous week to \$7.90 and \$7.85 for mid-April loading dates. On Monday, C5 was heard at \$8.20 for 19-21 April after some prompt tonnages were cleared out. Moreover, coal cargos from Teluk to Qingdao were reported at between \$5.50-\$5.75 for 8-12 April. In the Atlantic, market sentiment rose slightly as cargoes increased out of Brazil and amid a balanced supply and demand outlook. Moving iron ore from Tubarao to Qingdao on the C3 route was fixed higher at \$21 for 21-30 Apr, with higher bids for May loading dates. Trips from Sudeste to Qingdao also ticked up to \$20.75 for mid-April. Out of West Africa, a trip from Nouadhibou to Qingdao was reported at \$21 for end of April. Elsewhere, bunker prices jumped following OPEC plans to cut production by 1 million barrels a day, adding huge pressure on energy and operation costs. On Monday, Singapore 380 and 0.5% fuel oil were assessed at \$457 and \$577 respectively. As Q1 drew to a close, Cape time charter rate settled at \$9,144, YoY down 38%. Over the same period, Cape futures volume rose nearly 40% to around 309,840 days.

**Capesize 5TC Front Month Trading Range**

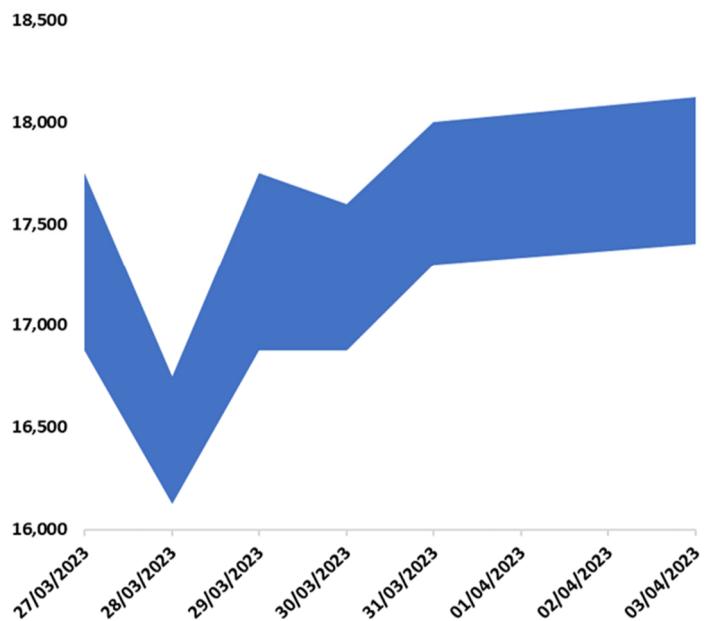


Chart source: FIS Live

The week started with a slower tempo than the week prior. The derivative started out losing \$750/day on the front of the curve and then traded sideways throughout Monday. While Tuesday saw a busy Asian session, with April selling with good liquidity, activity remained subdued. Wednesday saw an early uptick, with the April contract edging up to \$17,000, before rising to \$17,850. May, Q2 and Q34 also saw gains. Thursday opened with Q2 trading \$800/day below last done, surprising many. From there the market traded in a tight range and had a Friday feel to it, albeit a day early. The carry in the curve remained significant. Like Monday, Friday ended slowly but the paper did creep higher in the morning session, albeit in thin volume. Monday 03 April opened with early selling pressure but soon bottomed out. Light volumes persisted except for the May contract. April struggled to dip below \$17,50 but Q2 was offered sub \$21,000.

**Short run neutral to bullish**

## Panamax

Panamax closed last week with marginal gains on the back of a firmer Atlantic market. The main action was again on ECSA, coupled with decent demand in the US Gulf and NCSA. However, a market source said gains were capped due to available prompt tonnage in both basins and mixed views in the Asia Pacific. In particular, Panamax coal shipments surged further above the seasonal range last week to 14.8mn tonnes, up 3.1% w-o-w. On the grains side, total volume ticked up and was in line with the seasonal average. A bumper Brazilian harvest flowed into the exports market, in which more support on the ECSA should be seen in the coming weeks. Highlighted fixtures included cargoes via ECSA redelivery Sing/Japan with grains fixed from \$17,250 up to \$18,000. Redelivery SE Asia was reported at \$15,250. Likewise, transatlantic and fronthaul trips ex NCSA rates also firmed up amid fresh enquiries.

TA round trip ex NCSA was reported at around \$21,000 with grains. Meanwhile, fixtures reported uneven in the Pacific with good support from the grains run and bids had to be raised. Last week, we saw healthy demand from Australia with weekly shipment in grains rising by 35% to 1.1mn tonnes and in coal was up 11% to 8.4mn tonnes. NoPac round trip was fixed at \$11,000. A trip via Port Latta redelivery Sing/Japan was fixed at \$14,250 and a larger size via Australia redelivery to Taiwan was reported at \$11,250 on a 93kt. Pmx 4 time-charter rate settled at \$9,990 in Q1, YoY down 54%. With Easter and Chinese Qingming Festivals approaching, futures market likely to stay firm but in thin volumes this week. During the first quarter, Panamax futures trading volume was up 9% to around 317,320 days.

Monday opened slowly with thin liquidity. April saw some movement with Pmx printing down to \$14500 before finding support. Indeed, the curve dipped \$250 from April to Q3. The trend continued into Tuesday with early trading giving up on average \$250-300 on balance of the year contracts before settling into a tight range with limited trading. Wednesday opened downbeat before picking up. April rose to \$15,000 and later \$16,000. Q2 traded at \$16,800, up from \$15,750. Q3 and Q4 also saw upticks before sellers entered towards close. These steady gains across paper were given back as Thursday opened, slipping on average \$700 before finding a level. These levels held through Friday as little traded. Monday 03 April saw April trading up to \$15,600 and Q2 to \$16,700 before stalling. Further out Q3 hovered just over \$17,000 and Q4 at \$16,000 with Cal24 seeing buyers at the \$13,400 mark.

**Short run neutral to bullish**

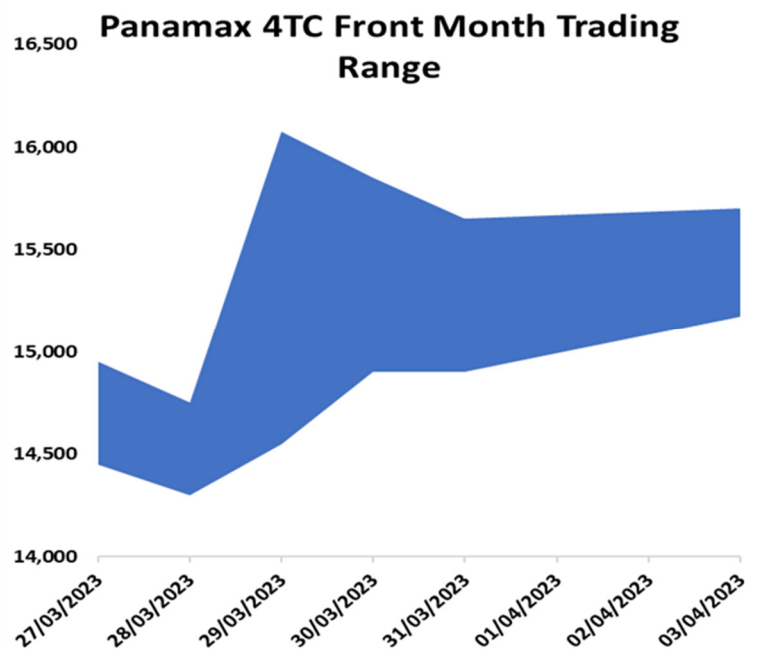


Chart source: FIS Live

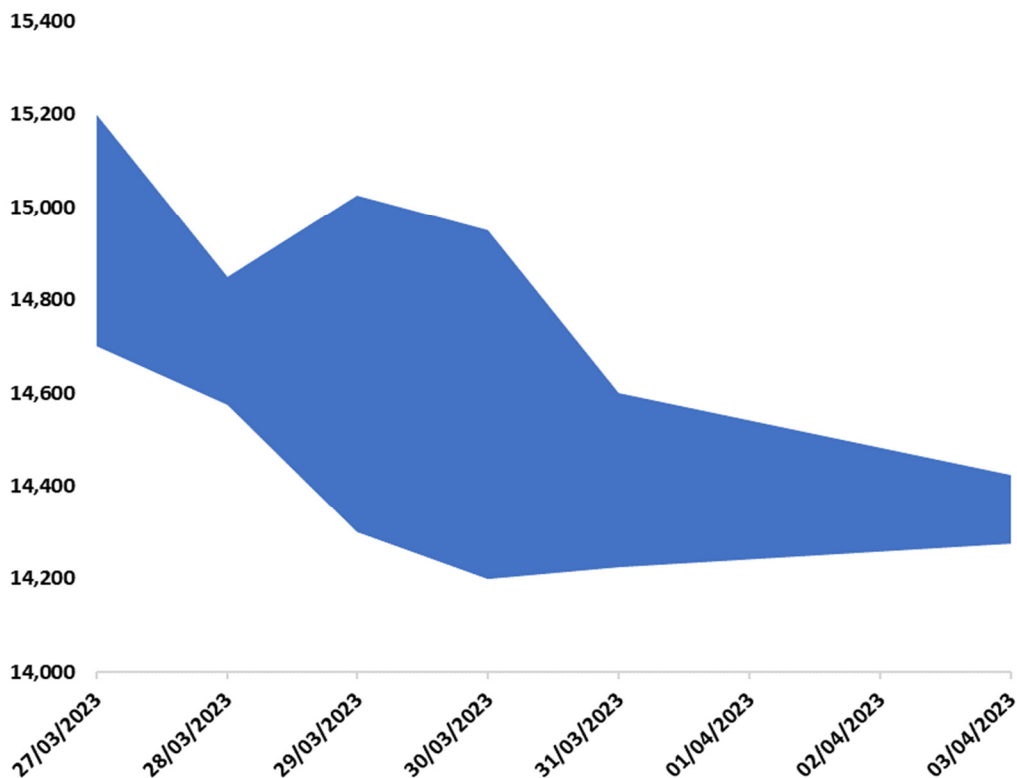
## Supramax

Supramax marked lower throughout last week. Overall sentiment turned negative as lack of cargo support from both basins. In the Asian market, robust Indonesian coal demand continued to lend support but volume took a pause. In terms of fixtures, trips via Indo redelivery WC India with 63kt coal stems were fixed lower at \$13,250. Redelivery S. Korea at between \$12,000-\$12,500. While redelivery S. China were heard at \$14,000 for an 63kt open HK. Trip with minerals via EC India to China fixed from \$13,000 down to \$10,000. Meanwhile, a confusing scene in the Atlantic with ECSA remained supported, but rates in the North came under pressure as numerous vessels failed to fix higher. With limited fresh enquires and holidays taking a toll, Smx rates are vulnerable to a small drift lower.

A quiet start to the week for Supramax paper through Monday and Tuesday. April and Q1 traded to lows of \$14,800 and \$15,550 on Monday with deferred periods remaining rangebound. On Tuesday April and Q2 dipped lower to \$14,650 and \$15,300. By midweek Smx paper picked up with rates rising across the curve. April and Q2 hit highs of \$15,000 and \$15,850, while Cal24 pushed to \$13,400. The gains April and Q2 then came under pressure through Thursday, dipping as far as \$14,300 and \$15,250. The backend of the curve held firm. These rates mostly held as the week closed, with little volume trading. This remained largely the case through Monday 03 April with the prompt trading in a tight \$250 range and even less movement seen on the backend.

### Short run neutral

**Supramax 10TC Front Month Trading Range**



## FFA Market Indexes

Freight Rate \$/day	03-Apr	27-Mar	Changes %	2023 YTD	2022	2021	2020	2019
Capesize5TC	14,290	14,888	-4.0%	9,223	16,177	33,333	13,070	18,025
Panamax4TC	13,636	12,749	7.0%	10,046	8,587	25,562	8,587	11,112
Supramax10TC	13,054	14,587	-10.5%	10,215	8,189	26,770	8,189	9,948
Handy7TC	12,286	12,643	-2.8%	9,742	8,003	25,702	8,003	9,288

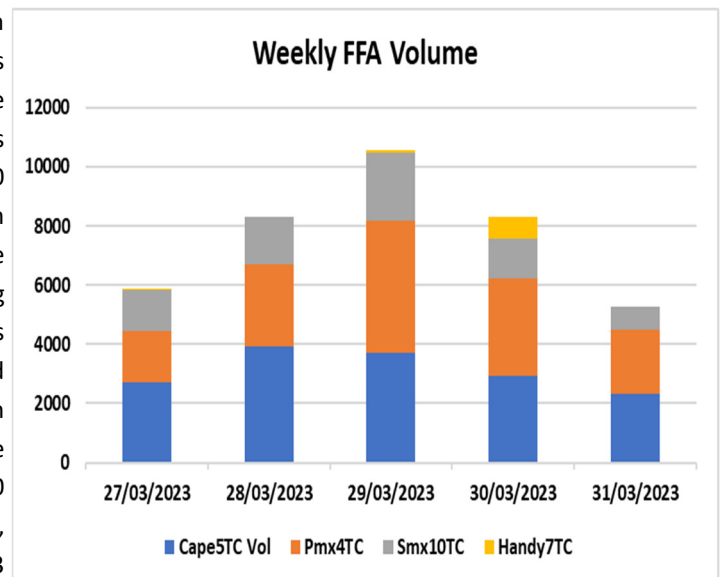
## FFA Market Forward Values

FFA \$/day	03-Apr FIS Closing	27-Mar FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2023 Mkt High	2023 Mkt Low
Capesize5TC Apr 23	17,450	16,925	3.1%	18,000	16,250	21,950	8,600
Capesize5TC Q3 23	23,900	22,550	6.0%	23,900	22,250	23,900	12,400
Panamax4TC Apr 23	15,475	14,700	5.3%	16,000	14,450	19,600	11,000
Panamax4TC Q3 23	17,050	16,700	2.1%	17,150	16,400	18,100	12,300
Supramax10TC Apr 23	14,375	14,875	-3.4%	15,000	14,250	17,750	11,200
Supramax10TC Q3 23	16,675	16,225	2.8%	16,850	16,100	17,350	12,000

Data Source: FIS Live, Baltic Exchange

## FFA Market

After weeks of high volume and volatility, FFAs calmed down last week with lighter volumes of over 43,600 lots on futures and 10,020 lots on options lots posted on exchanges. The majority of the volume were on the larger size; seeing Capes and Panamax futures traded around 3,120 lots and 2,890 lots per day last week; Supramaxes followed behind with an average of 1,480 lots traded daily last week. Cape took the main stage of the options trading, with 8,640 lots being cleared among the total of 10,020 lots. Similar to the previous week, primary activity was carried on Apr, Q2'23, Q3'23 and Cal24 contracts; good interest extending to Cal25-26. Open Interest decreased as Q1 come to an end, on 3rd Apr, Cape 5TC 185,857 (-16,550 w-o-w), Panamax 4TC 180,281 (-14,630 w-o-w), Supramax 10TC 86,096 (-1,485 w-o-w). In addition, decent interests also saw on the voyage routes, with 3.43 million tonnes changing hands on C5; and 90 days on P6 (Singapore RV).



## Dry Bulk Trades/Iron Ore

Another steady week for iron ore shipments with steady supply from the top exporter. Last week's volume edged up 2.6% w-o-w to hover around 32.1 million tonnes, with Australia shipping out 6.3% more ores than the previous week at about 19.4Mmt, due to increasing demand from China. On top of that, better demand for the high-grade ores continued to be reported from Chinese steel mills to meet the government's low carbon target. Total shipments from Brazil rebounded for a second week and jumped by 14.3% to 7.0mn tonnes last week. Its weekly exports to China also surged to the higher end of the seasonal level. Elsewhere, exports from South and West Africa slipped 5.6% weekly to 1.7 Mmt.

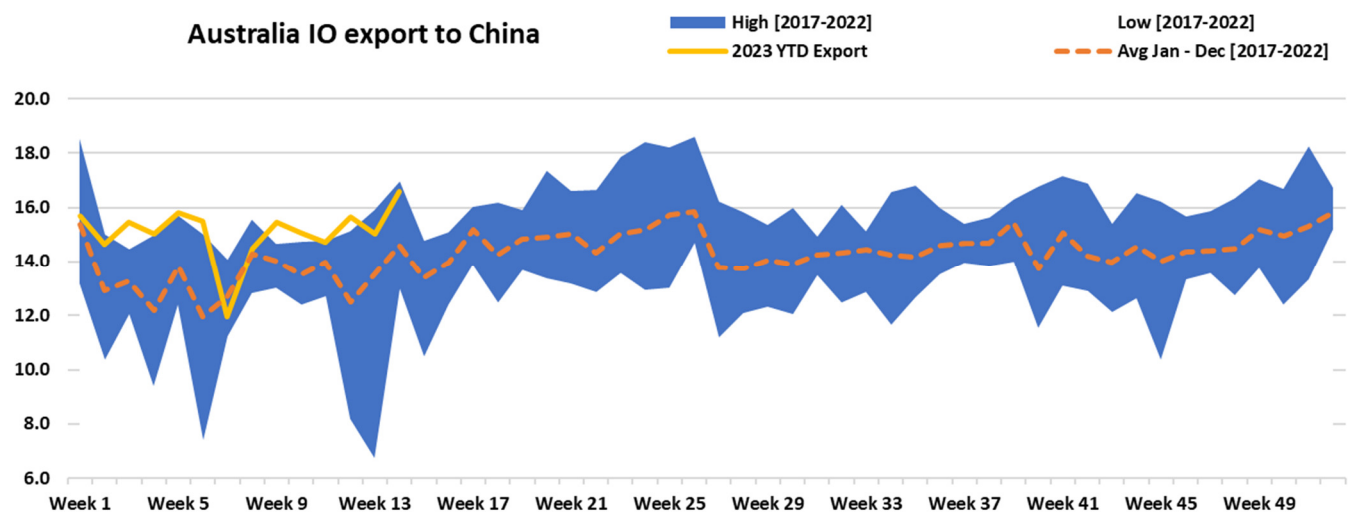
### Dry Bulk Trades/Iron Ore

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>

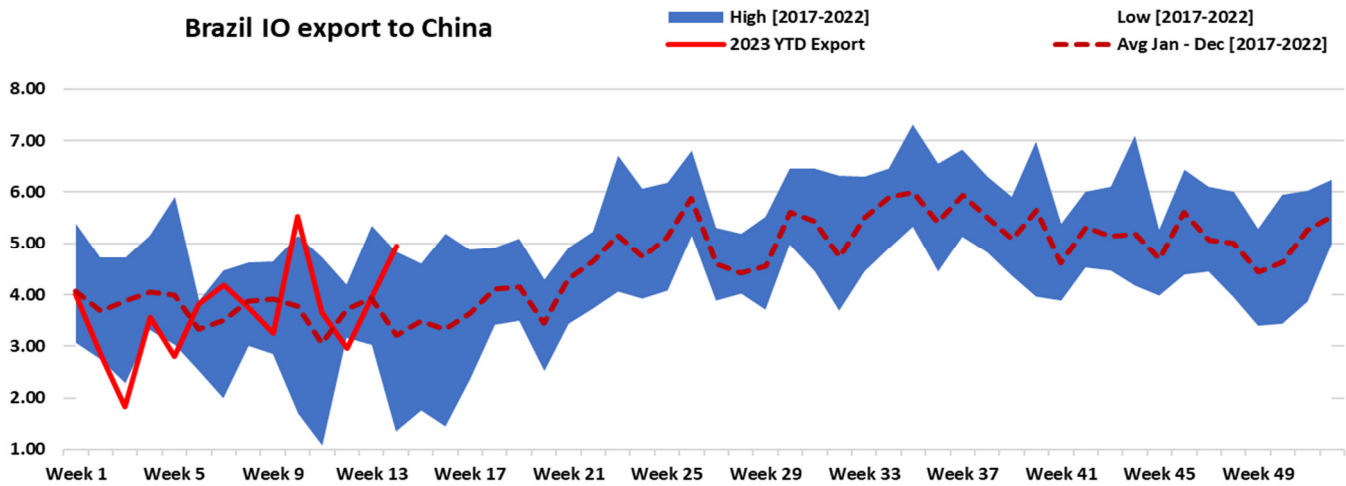
### Iron Ore Key Routes

	IO Export Million mt			Freight Rate \$/mt		
	Last Week	Prev. Week	Chg %	Last Week	Prev. Week	Chg %
Australia-China	16.6	15.0	10.3%	7.97	8.85	-10.0%
Brazil-China	4.9	3.9	25.6%	20.59	20.20	1.9%

### Seasonality Charts



### Brazil IO export to China



### Dry Bulk Trades/Coal

A flat week for global coal shipments with weekly volume maintained at its record high level of 29.1mn tonnes. In the Asian Pacific, Indonesia shipped out 10.8mn tonnes last week, with 45% of coal destined to China. As the chart below shows, exports to China have drifted from all time high but remain well beyond the seasonal level. It was firmer on the Australian side. Weekly coal shipment rose 11% to 8.4mn tonnes, due to steady increase in demand from key regions except India. Its exports to the JKT region rose 4.2 Mmt (+12%), to SE Asia rose 1.04Mmt (+34%) and another sharp increase was seen to China by 1.6 MMT (+28%). This would lend support to Cape rates if the flow continued to surge, but to India a fall of 889kmt (-22%). According to the data from S&P Global Commodities at Sea, coal exports in Q1 from Indonesia surged 35% YoY to 120.3 million mt. From US and Russia they were up to 21.2mn mt (+20%YoY) and 46.0mn mt (+10%YoY) respectively, due to surging demand from China and India. While Australian coal exports fell by 4% to 81.5mn tonnes due to weather disruptions early this year.

### Dry Bulk Trades/Coal

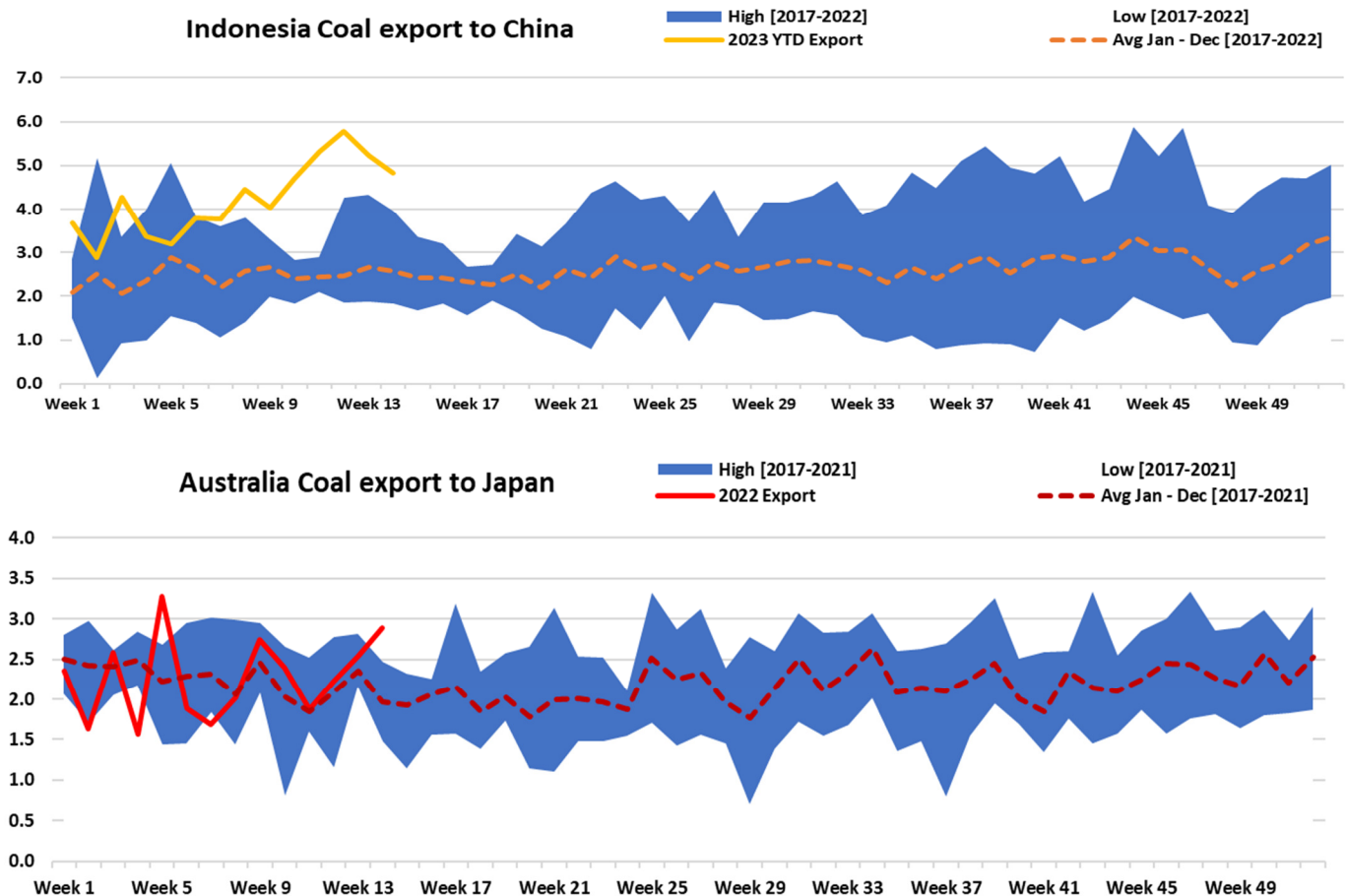
Export (million tonnes)	Feb-23	Jan-23	Q4-22	Q3-22	Q2-22	Q1-22	2022	2021
Indonesia	38.1	34.6	124.4	130.8	118.9	88.8	462.9	415.2
Australia	25.2	26.7	84.4	79.8	90.8	84.6	339.6	368.3
Russia	13.3	15.7	50.1	47.9	51.2	41.9	191.0	172.3
USA	8.3	7.2	17.7	18.0	19.1	17.6	72.4	69.5
Colombia	4.3	4.1	16.2	15.0	14.4	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		
Coal Export Million mt	Last Week	Prev. Week	Chg %
Indonesia-China	4.8	5.2	-7.3%
Australia-Japan	2.9	2.5	13.9%

Data Source: IHS Markit Commodities at Sea Service, Bloomberg

## Seasonality Charts



Data Sources: IHS Markit Commodities at Sea Service, Bloomberg

## Dry Bulk Trades/Agri

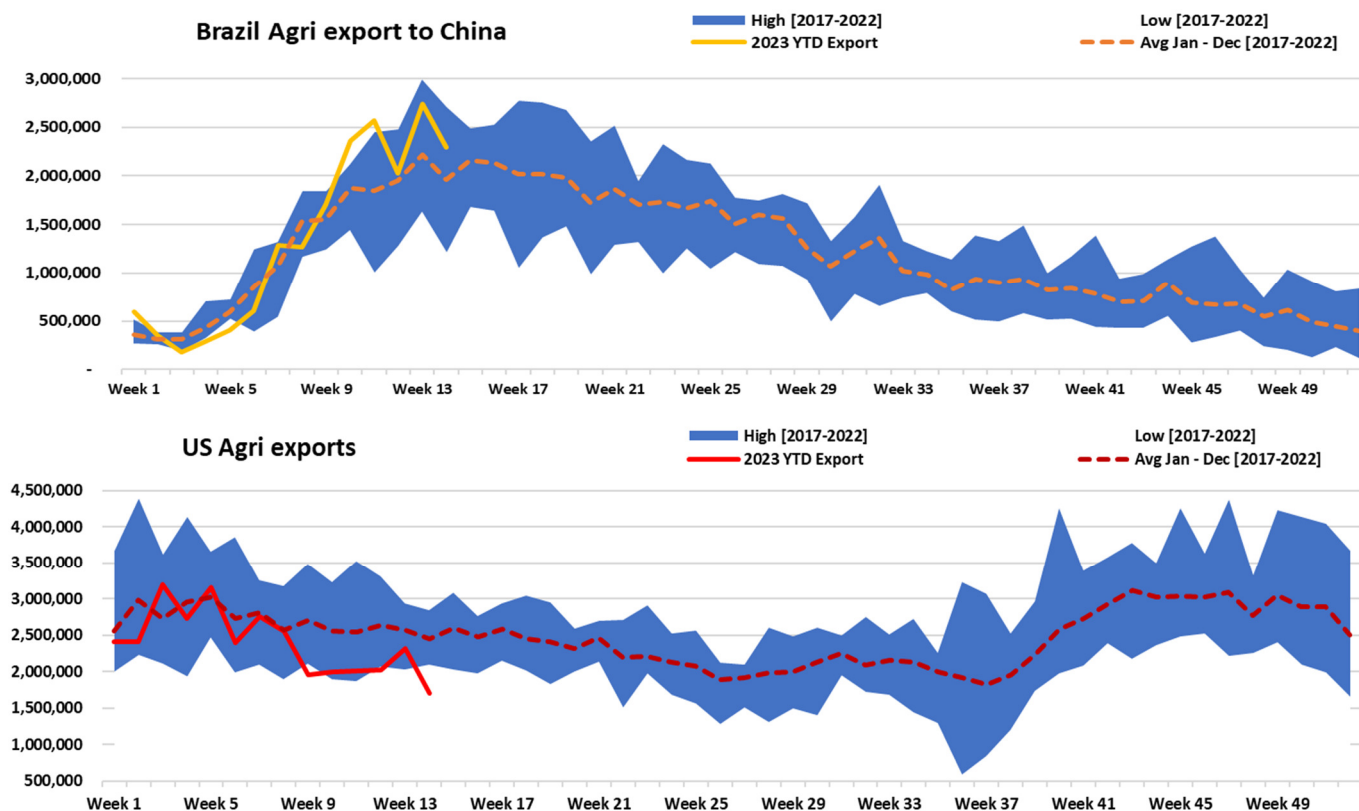
Last week Brazil shipments retreated from the previous high, with nearly 2.3mn tonnes to China among the total of 4.1mn tonnes (-18.0% w-o-w). While US shipped about 1.7mn tonnes, posting a weekly decrease of 25% and falling out of its seasonal range. On the flip side, Australia had a better week with volume rebounding to 1.1mn tonnes, up 35% on week. As a result, total shipment decreased by 16.8% to around 11.0mn tonnes. However, it was less positive for other key regions. Uncertainty remained for the Black Sea region with weekly shipment falling by 17% w-o-w to 1.1 MMT. Argentine shipments also dropped to 567kt (-22%).

### 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	2296.0	2740.5	-16.2%	42.0	41.4	1.4%
US-China	73.7	565.7	-87.0%	51.3	51.5	-0.4%

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

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