

# FIS Dry Freight Weekly Report

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**Market Review:**

Growing tonnage lists continued to pressure the freight rates, Cape5TC was the hardest hit losing over 22% of their value in last week's trading. Negative sentiment also appeared in the Panamax and Supramax markets with spots marking 10% lower. Sellers applied more pressure in the FFAs at the start of this week.

Freight Rate \$/day	30-May	23-May	Changes %	Short Term	Sentiment
Capesize 5TC	13,221	16,922	-21.9%	Bearish	↓
Panamax 4TC	8,475	9,575	-11.5%	Bearish	↓
Supramax 10TC	10,010	11,473	-12.8%	Bearish	↓
Handy 7TC	10,472	10,880	-3.8%		

IHS	Weekly Total Shipments		Iron Ore	Coal	Bauxite	Agribulk	Minor bulk
Capesize	234	+9	153 (+10)	56 (-3)	14 (-3)		
Panamax	343	+7		175 (+15)		76 (-14)	61 (+8)
Supramax	476	-49		101 (-3)		74 (+3)	279 (-51)

**Capesize**

The cape time charter rate slumped over 20% last week with sentiment remaining bearish. Demand wise, iron ore shipments recovered slightly from all key regions along with steady volumes reported on coal and bauxite shipments. As the data from S&P Global Commodities at the Sea showed, Australia shipped around 18.7 million tonnes of iron ore last week. Despite being up 11% w-o-w, it only returned to the mid-level of the seasonal average. On a bright note, the Brazil shipment was up 11% from the previous week to a total of 7.9 Mmt, coupled with a 29% weekly volume jump from south and west Africa at 1.5 Mmt. Besides, the Capesize coal shipment rose for a third week thanks to steady volume increase on the Australia to China route. In terms of fixtures, rates continued to be under pressure given healthy vessel supply in the Pacific region as owners were reluctant to ballast out towards Brazil. The key C5 iron ore route (west Australia to China) moved from the rangebound to straight fall last week, fixed from \$8.80 to \$8.60 and then \$8.35 for the 3rd week of Jun loading dates. Other than that, coal cargoes from Newcastle to Zhoushan retreated from \$13 to high \$12s. In the Atlantic, spreads were heard to be wide due to lacklustre activity. Moving iron ore from Tubarao to Qingdao on the C3 route was fixed at low \$20s for 20-26 Jun at the end of the week. Another trip from Itaguaí to Qingdao was reported at \$20.50 for 11-13 Jun. As more participants returned to market from Singapore Iron Ore Week and public holidays this week, hopefully activity will pick up in both basins to halt further plunge in capsize.

**Capesize 5TC Front Month Trading Range**

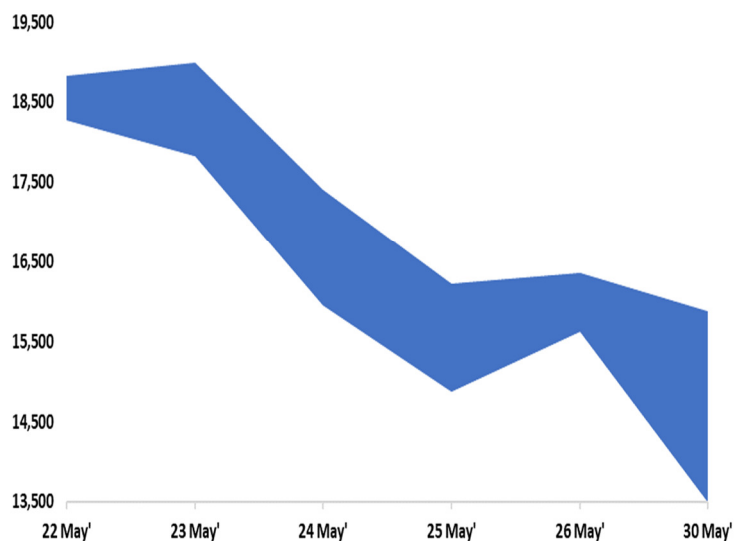


Chart source: FIS Live

As some market players were away for Singapore iron ore week, it was a very subdued start last week on capes. Early on we drifted slowly on small volume with \$18250 trading June July cape. Q3 drifted from \$19150 to \$18750, and the Cal 24 traded at \$14800. With physical rumours all over the place on Tuesday and the subsequent scaling back of physical players buying, we saw 18500 down to 17750 on the June, 18500-18000 July, and 14850-14450 on the cal 24. Wednesday saw bid support give way on capes and the curve was sold aggressively throughout the morning session with size trading on the way down. 2023 contracts closed -\$1500 average, Cal24 & Cal25 printed at lows of \$13850 & \$14700 (-\$350 & \$250) respectively. On Thursday, another waves of aggressively sell off with from Europe, as a result rates drop further before finding a floor and in the last couple of hours trading rates pushed back up off the lows erasing the majority of the day's losses. This week started on a negative note as June traded down to 13250, July to 14750 while Q3 was paid numerous times at 16500.

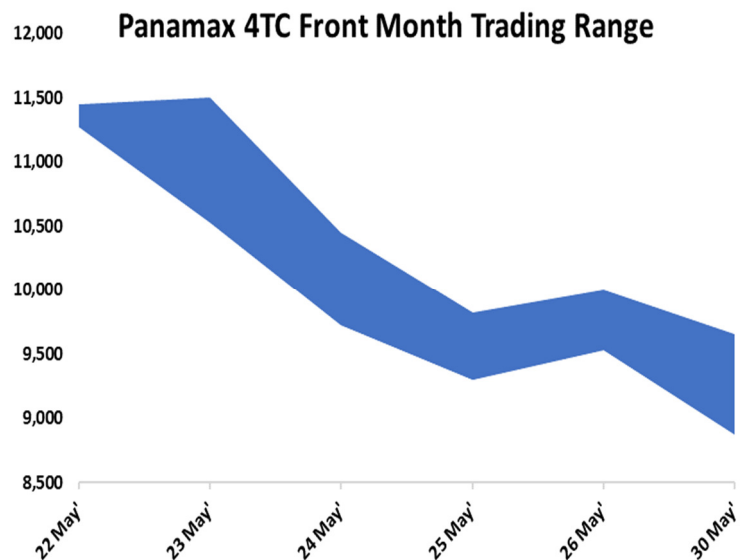
**Short run bearish**

**Panamax**

As ballaster list continued to grow in both basins underpinned the market and week long event took a toll, Panamax were dragged down across last week. On the demand side, weekly coal shipments reported to be steady and in line with their four weeks moving averages. However, for gains, its Panamax shipments moved further south from their 4 weeks average and broke the lower end of the seasonal level. In the Atlantic, both fronthaul and transatlantic were fixed at sub index levels, cargoes via NCSA redelivery Far East was heard at the \$2k lower at \$16,600. More fixing activity surfaced from the South last week, cargoes via ECSA redelivery Sing/Japan with grains were fixed at various rates at between \$15,100-\$16,250 and redelivery Arabian Gulf was fixed at \$14,750. Overall, both owners and charterers were happy to wait till next week after the holiday.

On the other side, fresh cargo slowly come into the Asia market with most of the action focused on Indonesia coal business. Trips from Indonesia to S. China were fixed from \$6,000 down to \$5,250; and to S. Korea was fixed up to \$8,500. Other than that, coal cargoes via Australia redelivery India got fixed at \$9,250 vs last \$10,750 and redelivery Vietnam at \$8,750. The new week starts in a busy manner, but it's hard to tell a floor has been found.

Pmx started last week with June trading \$11500 then slipped to \$11250 mid-morning with good size trading at this level before finding support. Further out Q3 hovered between \$13000-13200 for much of the day and cal24 between \$11700-11775. However, market tone turned bearish on Tuesday, seeing June and July slipping to \$10550 and \$11600 lows respectively. Similar story on Wednesday as the curve saw a gradual decline throughout the day. Q3 witnessed the most size printing in around 850dpm today and q3 v q4 dipped into negative territory printing down to -\$150. June and July sold off to \$9300 and \$10100 lows respectively. Some of these losses were erased as the day went on, with June and July pushing back to \$9750 and \$10500, Q3 and Q4 trading up to \$11500. On Friday, June traded in good size from \$9800-\$9900 and Q3 up to \$11800. We then witnessed rangebound trading into the close just off the days highs. Into the new week, sellers tested support levels with prompt months giving up \$750-800.



**Short run bearish**

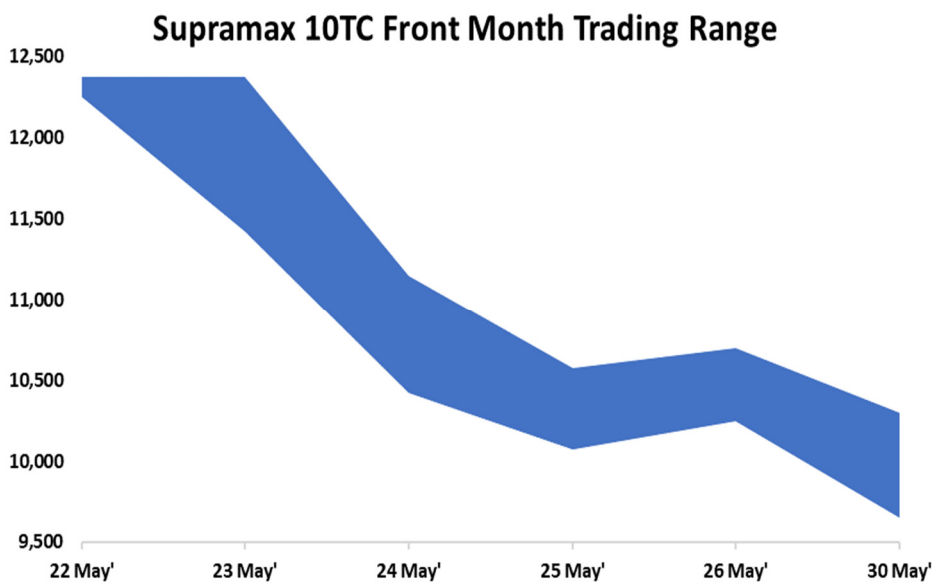
Chart source: FIS Live

## Supramax

Supramax marked lower across week. Nevertheless, the supply and demand outlook remained steady in both basins, let's see what the new week brings.

Last Monday, Supramax June v July trading -500 with the Q3 trading to a low of 13300. Another tough day on Tuesday as the index came out negative again at -223. Activity was mainly on front end Jun/July together with Q3/Q4. A large downturn was generally observed across the curve following the larger vessel sizes. The same trend continued into Wednesday as prices were trading down throughout the day following the Pmx and Cape, being hit hard on prices and aggressive selling observed. With the week coming to a close, Smx saw selling interest from the onset with Smx June and Q3 trading down to 10000 and 10900 respectively. A late and unexpected market rally pushed the entire curve back to near enough Wed's levels. On Friday, June traded between 10700 and 10400 and the Q3 traded between 11000 and 11800. Further out the Cal 24 traded 1100 and 11000 and the Cal25 trading 11000 and 11200. The sell off picked up again after the Monday bank holiday, seeing \$670 lower on Jun and Q3, and \$300-400 lower on the deferred periods.

### Short run bearish



## FFA Market Indexes

Freight Rate \$/day	30-May	23-May	Changes %	2023 YTD	2022	2021	2020	2019
Capesize5TC	13,221	16,922	<b>-21.9%</b>	12,053	16,177	33,333	13,070	18,025
Panamax4TC	8,475	9,575	<b>-11.5%</b>	10,832	8,587	25,562	8,587	11,112
Supramax10TC	10,010	11,473	<b>-12.8%</b>	10,928	8,189	26,770	8,189	9,948
Handy7TC	10,472	10,880	<b>-3.8%</b>	10,342	8,003	25,702	8,003	9,288

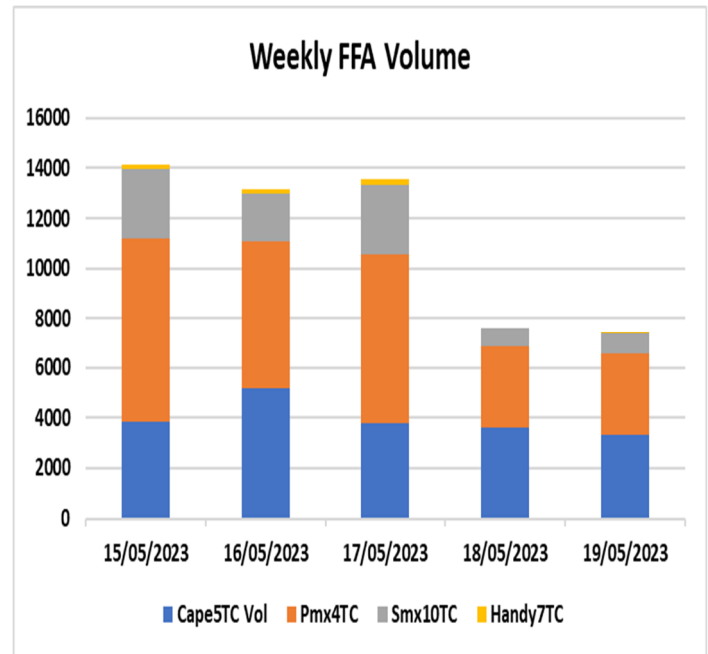
## FFA Market Forward Values

FFA \$/day	30-May FIS Closing	23-May FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2023 Mkt High	2023 Mkt Low
Capesize5TC May 23	14,375	17,875	-19.6%	19,000	13,750	23,700	12,000
Capesize5TC Q3 23	16,375	18,625	-12.1%	19,550	16,350	24,500	12,400
Panamax4TC May 23	9,050	10,550	-14.2%	11,150	9,000	19,600	9,000
Panamax4TC Q3 23	10,925	12,500	-12.6%	13,300	11,000	18,100	11,000
Supramax10TC May 23	9,650	11,425	-15.5%	12,300	9,600	17,500	9,600
Supramax10TC Q3 23	11,175	12,625	-11.5%	13,350	10,900	17,350	10,350

Data Source: FIS Live, Baltic Exchange

## FFA Market

FFAs resumed its busy activities with trading volumes of over 100,000 lots posted on exchanges and larger sizes being the main focus. We saw Capes and Panamaxes futures traded around 4,940 lots and 6,290 lots per day last week; Supramaxes followed behind with an average of 2,860 lots traded daily last week. A very hectic week for options with large volumes changing hands on Panamax, in a weekly total around 24,840 lots being cleared on the Panamax among the total options volume of 28,400 lots. Open Interest increased noticeably along with falling prices showing a downward trend, on 29th May, Cape 5TC 189,746(+7,860 w-o-w), Panamax 4TC 198,673(+6,100 w-o-w), Supramax 10TC 88,790 (+3,040 w-o-w). In addition, some interests also saw on the voyage routes, with 50kt changing hands on C3 and 590kt on C5.



## Dry Bulk Trades/Iron Ore

Last week, total iron ore shipments firmed up 14.9% to 33.0 million tonnes due to increasing buying activity from Chinese steel mills. However, Australian ore shipments to China have flattened for the past six weeks at around 15 mnt, which did not help lift market sentiment. In other regions, total exports generated from Brazilian producers recovered over 10% to 7.3 mnt. As the charts below show, shipments from Brazil to China climbed strongly last week, surpassing the seasonal level to reach 6.1 mnt, up 23% from the previous week. Moreover, better shipments were also reported from south and west Africa with a weekly total of 1.9 million tonnes, up 29% over week.

In the underlying market, iron ore prices reversed their course of last Friday after a week-long slump, as the market showed murmurs of Chinese government injections of fresh liquidity into the financial markets. On the industrial side, steel mills maintained their output despite demand worries. As a Mysteel survey of over 247 Chinese steel mills data showed, average blast furnace utilisation rates edged up 0.8% w-o-w to 89.93%, as some steel mills in the north finished regular maintenance. Whilst iron ore inventories at 45 major Chinese ports steadied at last week's level of 127.9 million tonnes, imported ore arrivals balanced with their discharging volumes.

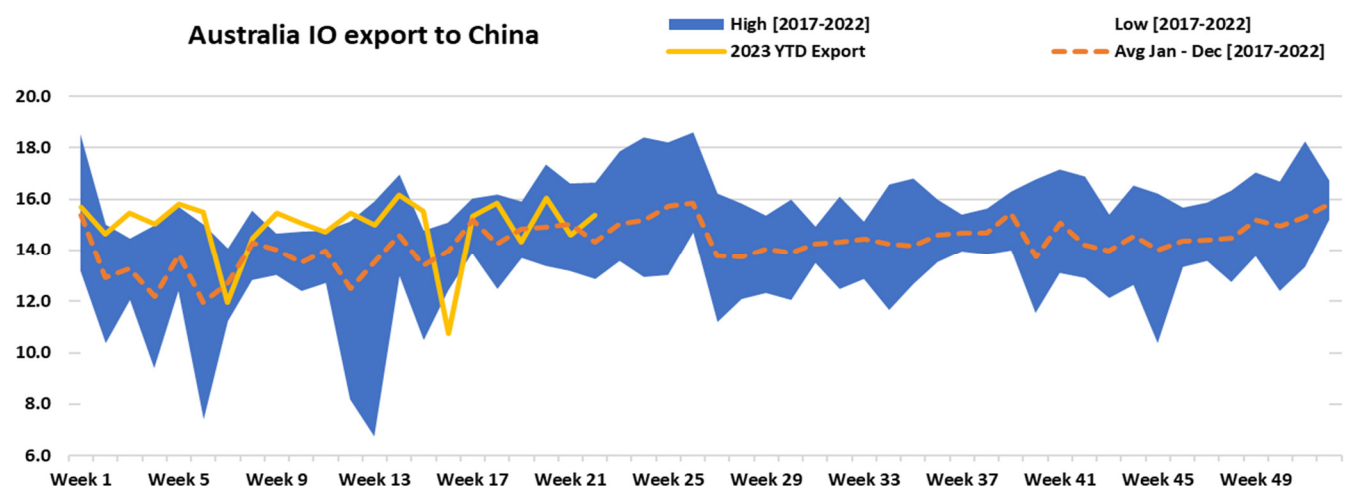
### Dry Bulk Trades/Iron Ore

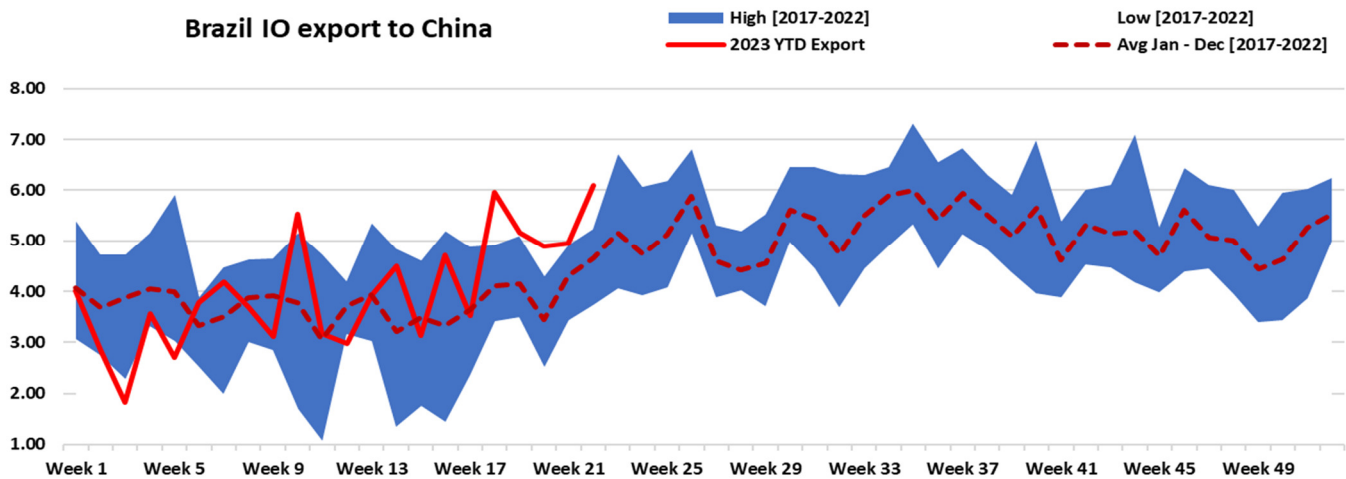
Export (million tonnes)	May MTD	Apr-23	Q1-23	Q4-22	Q3-22	Q2-22	2022	2021
Australia	55.0	74.1	227.8	246.6	235.0	235.0	935.7	919.8
Brazil	19.1	25.8	72.7	93.0	97.7	82.8	344.3	352.9
South Africa	3.0	5.1	15.0	11.5	15.6	15.9	57.5	60.5
India	1.6	3.9	11.7	2.7	0.9	5.4	16.1	37.6
Canada	3.7	4.0	13.2	14.4	17.7	13.5	57.3	57.2
Others	6.8	15.6	40.7	44.9	43.5	41.3	175.5	201.2
<b>Global</b>	<b>89.1</b>	<b>128.4</b>	<b>381.2</b>	<b>413.2</b>	<b>410.5</b>	<b>393.9</b>	<b>1586.2</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	15.4	14.6	5.3%	8.57	8.81	-2.6%
Brazil-China	6.1	4.9	23.2%	20.22	21.25	-4.9%

### Seasonality Charts





## Dry Bulk Trades/Coal

Last week, total coal shipment steadied at the previous level around 27.0 million tonnes, as both top supplier Indonesia and Australia tried to maintain their high exports. In the Asian Pacific, shipments from Indonesia dipped for another week to 9.4 million tonnes last week. However, as the chart at below showed, its exports to China remained at all time high and well beyond the seasonal level and a small increase noted last week. On the Australian side, its weekly coal shipment slipped 3% to 7.5 million tonnes, due to lower demand from India and SE Asia but firm exports to JKT, in specific JKT region 5.1 mnt (+19%), India 64kt (-62%) and SE Asia 391kt (-61%).

## Dry Bulk Trades/Coal

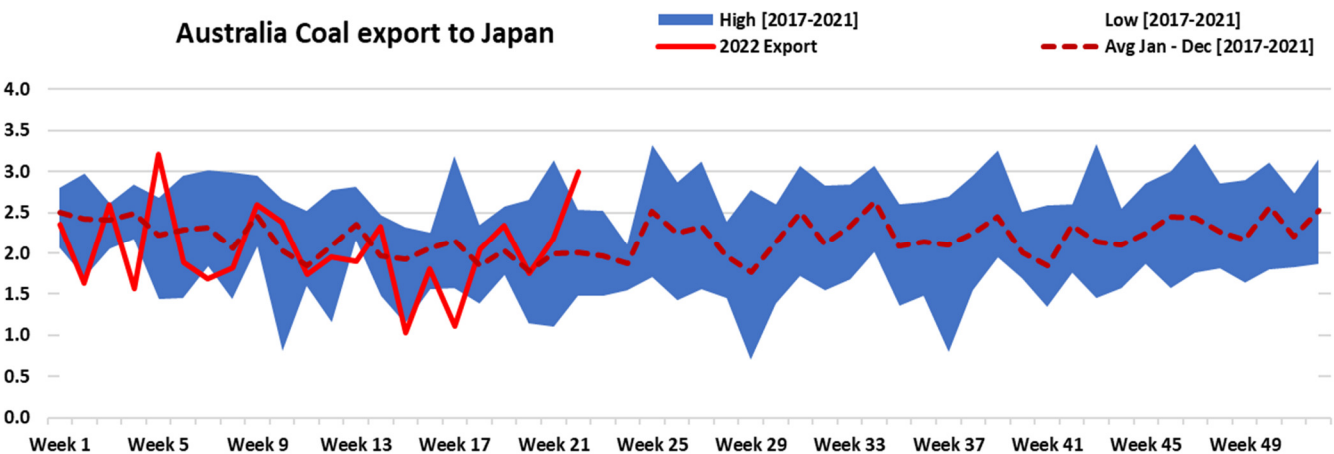
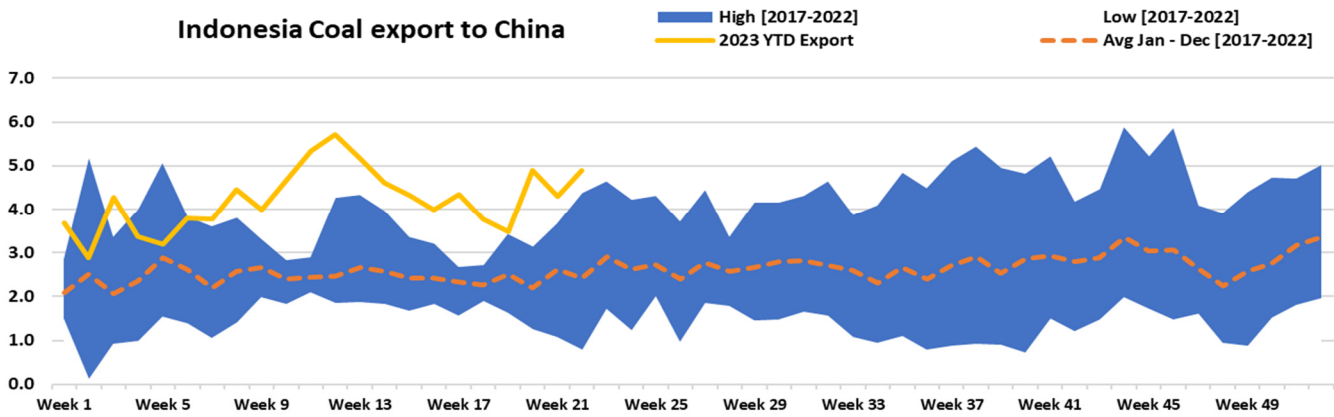
Export (million tonnes)	May MTD	Apr-23	Q1-23	Q4-22	Q3-22	Q2-22	2022	2021
Indonesia	28.0	41.4	119.7	124.2	130.7	118.9	462.6	415.2
Australia	21.9	28.7	79.7	84.5	79.8	90.8	339.6	368.3
Russia	11.3	16.8	46.0	50.0	47.9	50.9	190.6	172.3
USA	5.6	7.2	20.7	17.4	17.5	18.9	71.3	69.5
Colombia	3.0	4.0	14.1	16.2	14.9	14.4	61.4	60.9
South Africa	2.7	5.6	14.5	14.3	16.0	15.2	61.0	62.1
Others	6.5	8.6	23.5	22.0	23.5	24.0	93.0	88.1
<b>Global</b>	<b>79.0</b>	<b>112.2</b>	<b>318.2</b>	<b>328.6</b>	<b>330.3</b>	<b>332.9</b>	<b>1279.5</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	4.9	4.3	14.0%
Australia-Japan	3.0	2.2	38.0%

Data Source: IHS Markit Commodities at Sea Service, Bloomberg

## Seasonality Charts



Data Sources: IHS Markit Commodities at Sea Service, Bloomberg

## Dry Bulk Trades/Agri

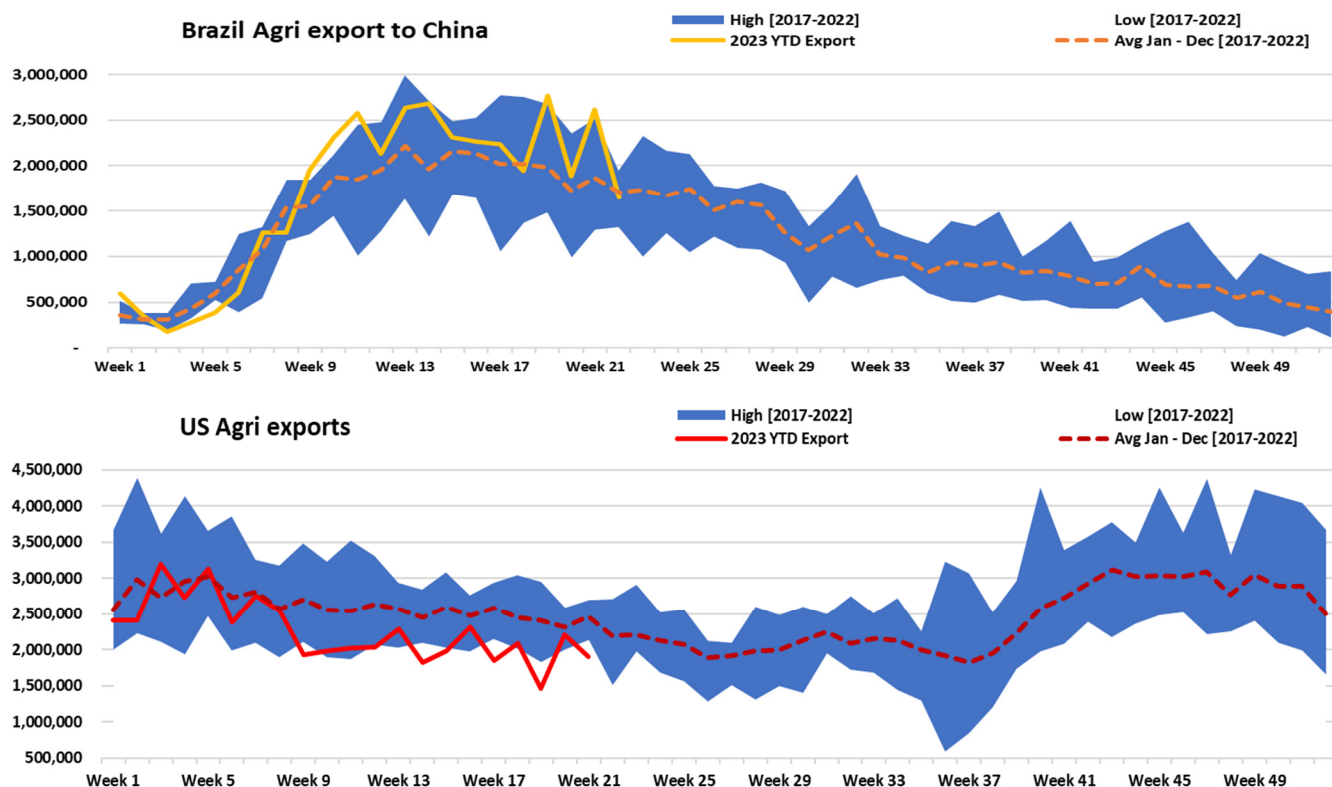
Last week shipments from Brazil dropped 19.2% to 3.8 million tonnes, with around 1.6 million tonnes destined to China (-37.2% w-o-w) in line with its seasonal trend. At least, a slightly better week for US grains shipment, posting a weekly increase of 8% to 2.0mnt but still staying below its seasonal average. As a result, total shipment fell by 11.8% to around 10.5 million tonnes.

### 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	1,644.0	2,616.1	<b>-37.2%</b>	36.6	37.1	<b>-1.5%</b>
US-China	131.6	313.7	<b>-58.1%</b>	47.9	49.1	<b>-2.3%</b>

Data Source: IHS Markit Commodities at Sea Service, Bloomberg

## Seasonality Charts



Export (million tonnes)	May MTD	Apr-23	Q1-23	Q4-22	Q3-22	Q2-22	2022	2021
Brazil	12.6	17.6	42.8	40.9	49.6	48.1	177.1	157.2
USA	5.7	8.8	30.7	36.8	24.0	30.7	128.9	140.8
Argentina	3.6	4.3	12.1	19.6	22.5	26.6	88.1	87.0
Ukraine	0.9	2.7	9.7	9.7	4.5	0.1	27.1	58.9
Canada	2.3	3.7	11.8	15.1	6.7	5.8	33.5	40.6
Russia	2.5	3.7	10.1	11.7	7.5	4.7	28.9	29.7
Australia	2.9	4.2	14.2	11.6	11.7	11.7	48.5	39.7
Others	3.8	6.2	23.1	20.1	25.7	24.3	95.5	87.4
<b>Global</b>	<b>34.4</b>	<b>51.1</b>	<b>154.5</b>	<b>165.5</b>	<b>152.1</b>	<b>152.0</b>	<b>627.5</b>	<b>641.4</b>

Data Source: IHS Markit Commodities at Sea Service, Bloomberg

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