

# FIS Dry Freight Weekly Report

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**Market Review:**

After some aggressive selling-off in FFAs, the larger sizes saw some turnaround by the end of last week, as better cargo volumes observed in the coal sector and growing optimism on iron ore demand. Therefore, both Cape and Pmx rates halted their losses this week whilst the smaller sizes remained under pressure.

Freight Rate \$/day	05-Jun	30-May	Changes %	Short Term	Sentiment
Capesize 5TC	9,766	13,221	-26.1%	Neutral	-
Panamax 4TC	8,098	8,475	-4.4%	Neutral	-
Supramax 10TC	8,829	10,010	-11.8%	Neutral to Bearish	↘
Handy 7TC	9,659	10,472	-7.8%		

IHS	Weekly Total Shipments		Iron Ore	Coal	Bauxite	Agribulk	Minor bulk
Capesize	238	+12	153 (+1)	64 (+8)	15 (+1)		
Panamax	387	+39		186 (+12)		85 (0)	60 (-0)
Supramax	485	-10		115 (+16)		74 (-10)	304 (+2)

**Capesize**

Cape lost ground last week with the time charter rate falling below the \$10,000 threshold. However, a floor seemed to be found by the end of week with a slightly positive demand outlook. Although Australian iron ore shipment remained subdued at around 18 million tonnes last week, Brazil shipment continued to advance to the high-level of the seasonal average. On the coal front, Capesize coal shipments jumped 27.5% last week to 9.7 million tonnes on the back of robust coal demand. In terms of fixture, Pacific rates were under pressure seeing the key route C5 discounted to the lowest point since February. Moving iron ore from West Australia to China initially fixed from \$8.15 to \$7.35 for mid-Jun loading dates. At the later part of last week, C5 fixing rate returned to \$7.50-7.55 as all majors were active in the market before the Singapore holiday. In the Atlantic, the C3 iron ore route (Tubarao to Qingdao) was fixed at \$18.50 for 1-15 July. Iron ore cargo from Saldanha Bay to Qingdao was reported at around \$14. We started to see some green shoots at the beginning of this week amid fresh cargo from Australia and a rapid increase in demand for Brazilian ore to absorb some tonnage. Elsewhere, iron ore rebounded strongly as market participants expected the Chinese government will roll out further measures to support its property market, which will boost iron ore demand and a bullish factor for Cape if it comes into force.

**Capesize 5TC Front Month Trading Range**

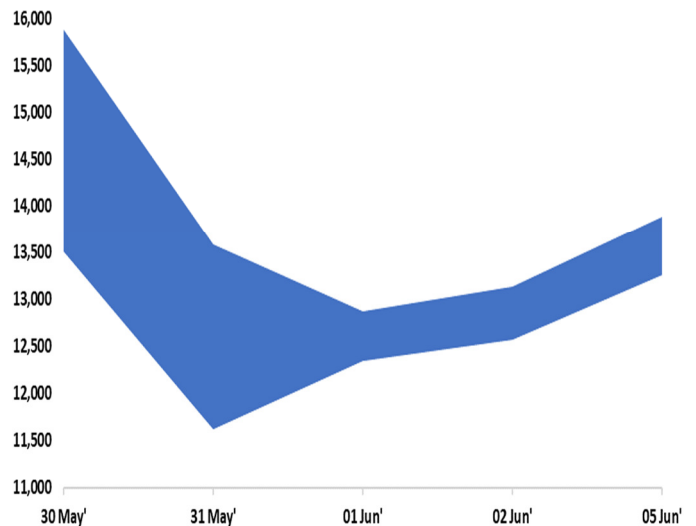


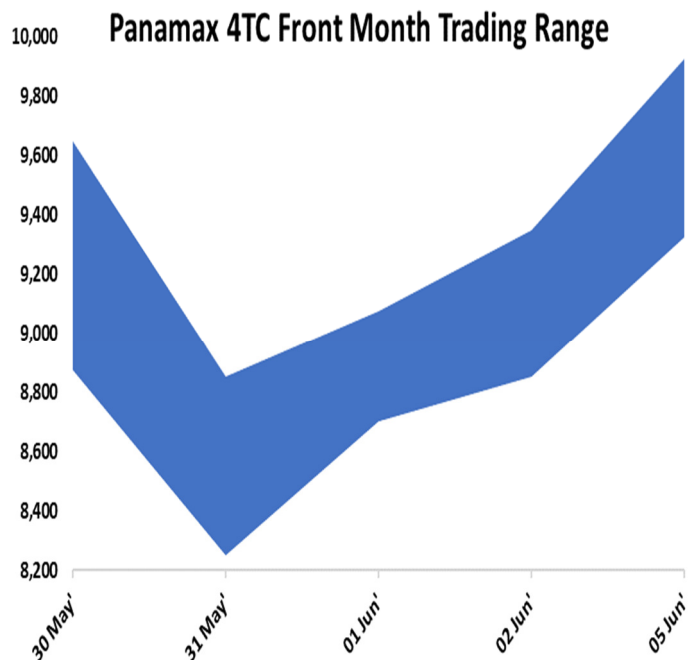
Chart source: FIS Live

As we close the month out, the June vs July, June vs Q3 and June vs Q4 spreads widened as June longs rolled the position further out. Considerable volume changed hands on both spread and flat price basis with considerable exit velocity evident. On Wednesday, June was sold in size at 13,000, July was sold 14,000. Q4 was at 16,350 and cal24 back to 14,000 level. Whilst the June and July contracts took a big hit, the back end was far quicker to return to closing levels of yesterday. Thursday proved to be a touch more civilized as we saw range bound trading between 14,500 and 15,250. The C5 stole the show with June and July trading in 750kty a piece. On Friday, Q3 and Q4 were well bid all day with the first print at 16,750 (+450). Q3 and Q4 both saw highs of 17,500 with decent volume clearing at these levels. The market remained volatile within this range throughout the day. Monday saw a day of two halves with the June and July trading up to 14,000 and 17,000 respectively before dropping off to a close of 13,400 and 16,550. Further out the Cal24 saw movement trading up to 15100.

**Short run neutral**

**Panamax**

The outlook of ample vessel supply in both basins has capped any gains in Panamax, with time charter rates drifting to just above \$8,000. However, market sentiment was lifted by firming FFAs and busy activity observed in Pacific market after the Singapore holiday. On the demand side, weekly Panamax shipments strengthened owing to sharp increases in coal cargos. Whilst grain shipments were in a downward trend to the low level in the seasonal range. In the Asia market, rates received good support from Indonesian and Australian business. Trips via EC Australia to China and Japan were fixed at low \$8,000 and \$7,250 respectively. While Indonesian coal cargos to S. China were fixed at \$6,000. A mixed bag for the Atlantic as most of the action generated from the South and tonnage list continued to build up in the North, leaving rates slide further. TA round trio redelivery Skaw-Gib were reported between \$9,500-\$10,000. Grains trip via ECSA redelivery Sing/Japan were fixed at \$16,500 at the start of last week, and for the smaller units were heard at \$14,750 then \$13,850. FFAs pushed higher in the new week, however cautiousness remained until improvements were made in the physical market.



After returning from the Monday holiday, June and July traded down to \$9,000 and \$10,000 lows respectively giving up ave \$850, Q3 traded down from \$11,500 to test \$11k support and Q4 printed at \$11,200 low while further out the Cal24 and Cal25 traded at \$10,600 and \$10,750 lows. On Wednesday, June traded between \$8,350 and \$8,500, July down to \$9,200 and Q3 to \$10,200 with capes under pressure adding to the pmx downfall. The afternoon brought a slight reverse in fortunes as July saw good size printing \$9,600-\$9,700, Q3 \$10,650-\$10,700 and Q4 reached \$11,000 again. A steady day on Panamax paper on Thursday which saw some early volatility that ultimately saw the rates gradually ticking up as the steady to firmer cape market and slowing rate of decline on the index added some much-needed support to the market. Monday opened with bid support on the Pmx continuing from Friday's momentum as prompt periods were the focus. June nudged up to \$9,650-\$9,700 level, July to \$11,500 and Q3 to \$12,600

**Short run neutral**

Chart source: FIS Live

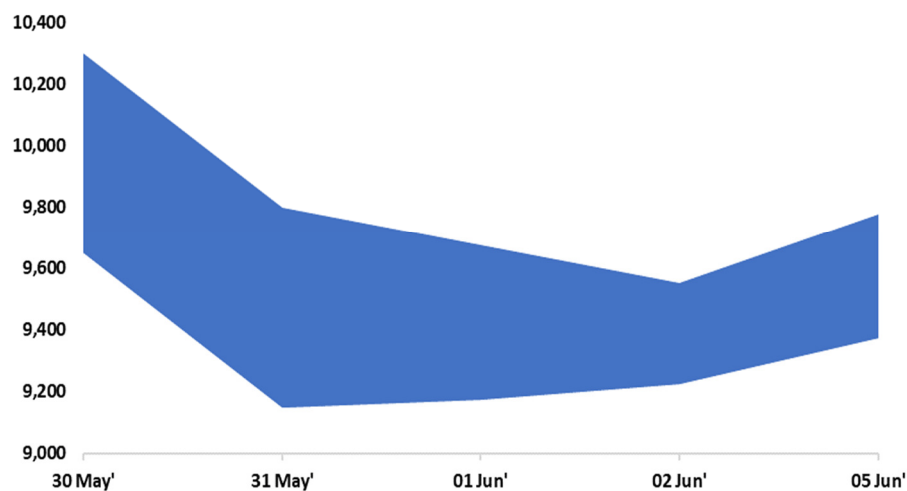
## Supramax

Supramax slumped over 10% as further losses were seen in the Atlantic basin and limited activity reported from the Asian side. Although robust Indonesian coal demand continued to lend support it couldn't offset the grain demand loss. Fixtures wise, grain cargos via US Gulf redelivery the Continent was fixed at \$16,000 and redelivery India at \$22,000; SW Pass redelivery Mediterranean with petcoke was paid at \$19,000. On the mineral run, weekly cargos volume ticked up and stayed above the seasonal level. Highlighted fixtures included trips from Oran to Nouakchott was paid at \$10,500, from Garrucha to Lagos at \$10,500. In the Asian market, trips via Indo redelivery China with coal fixing lower at \$6,000, redelivery India with alumina at \$3,000. As negative sentiment persisted in both underlying and FFAs, Supramax rates are vulnerable to drift lower.

An active start to last week with good volume trading across the curve. However, following the negative index, rates fell consistently throughout Tuesday. June and July traded to respective lows of \$9,700 and \$10,400. Wednesday was a relatively quiet day for Supramax, as Q3 traded between 10,500 and 10,650, and Q4 traded \$11,000 and then \$10,775. Despite another drop in the index, some signs of recovery for the Supramax paper before the weekend. June and Q3 traded to highs of \$9,600 and \$11,300. A positive end to the week as buyers paid respective highs of \$10,500 and \$11,750. Monday continued in the same vein as rates pushed across the curve with buyers chasing a thin offerside. July and Q3 traded to respective highs of \$11,650 and \$12,500.

**Short run neutral to bearish**

### Supramax 10TC Front Month Trading Range



## FFA Market Indexes

Freight Rate \$/day	05-Jun	30-May	Changes %	2023 YTD	2022	2021	2020	2019
Capesize5TC	9,766	13,221	<b>-26.1%</b>	11,961	16,177	33,333	13,070	18,025
Panamax4TC	8,098	8,475	<b>-4.4%</b>	10,724	8,587	25,562	8,587	11,112
Supramax10TC	8,829	10,010	<b>-11.8%</b>	10,862	8,189	26,770	8,189	9,948
Handy7TC	9,659	10,472	<b>-7.8%</b>	10,327	8,003	25,702	8,003	9,288

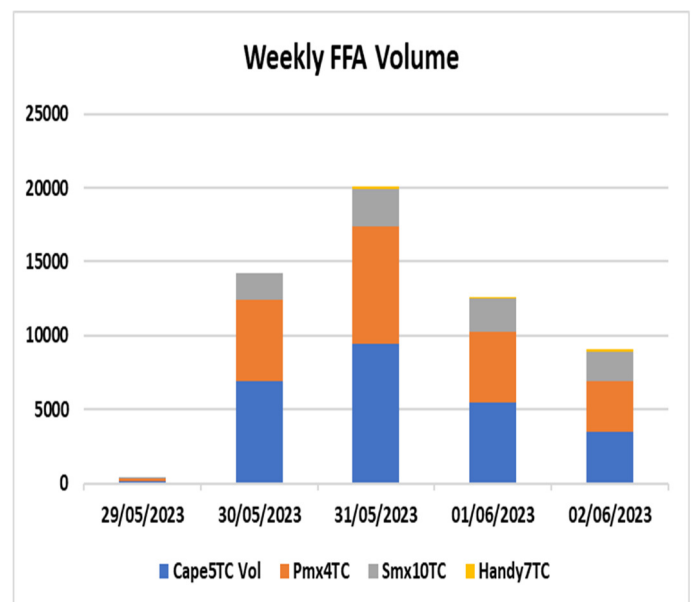
## FFA Market Forward Values

FFA \$/day	05-Jun FIS Closing	30-May FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2023 Mkt High	2023 Mkt Low
Capesize5TC Jun 23	13,425	14,375	-6.6%	16,500	11,500	23,700	11,500
Capesize5TC Q3 23	18,425	16,375	12.5%	18,800	15,000	24,500	12,400
Panamax4TC Jun 23	9,750	9,050	7.7%	9,900	8,250	19,600	8,250
Panamax4TC Q3 23	12,700	10,925	16.2%	12,750	10,100	18,100	10,100
Supramax10TC Jun 23	9,725	9,650	0.8%	10,450	9,150	17,500	9,150
Supramax10TC Q3 23	12,625	11,175	13.0%	12,750	10,500	17,350	10,500

Data Source: FIS Live, Baltic Exchange

## FFA Market

After the UK holiday on Monday, the FFAs market spurred into action, with total volumes reaching 71,200 lots in a four day week. We saw Capes and Panamaxes futures traded around 6,370 lots and 5,460 lots per day last week; Supramaxes followed behind with an average of 2,180 lots traded daily last week. Options cooled off a bit from the previous week but decent volumes changing hands on the larger sizes, in a weekly total around 4,920 lots and 7,800 lots being cleared on the Cape and Panamax respectively. The primary activity focuses on Jun, Jul, Aug, Q3-Q4'23 and Cal24 contracts; trading interest also extended to Q1'24 and Cal25. Open Interest shrunk as May contract come to expire, on 5th Jun, Cape 5TC 1739,80(-15,760 w-o-w), Panamax 4TC 193,839 (-4,830 w-o-w), Supramax 10TC 84,784(-4,000 w-o-w). In addition, large activity also saw on the voyage routes to Qingdao, we saw 125kt changing hands on C3 and 1.85 million tonnes on C5.



## Dry Bulk Trades/Iron Ore

Iron ore climbed up to \$110 a high in mid-May at early this week, in spite of no signs on increasing steel demand. The market sentiment was boosted by Chinese government plans to roll out further measures to support its property market, on top of possibly extending some rescue packages were released from last year. On Tuesday, market sources included a Chinese state-run newspaper, reported that the central bank is likely to cut the reserve-requirement ratio for banks and lower interest rates in 2H. Other than that, no significant shift on last week's steel production or inventory levels, as a Mysteel survey of over 247 Chinese steel mills data showed, average blast furnace utilisation rates stabilised at 89.66% over 26 May - 1 Jun, and their operational rate also flat at 82.4% for the third week.

Last week iron ore shipments steadied at a weekly total of 24.2 million tonnes with healthy demand for the Brazil cargos. As the charts below show, last week's shipments from Brazil to China climbed to the high end of the seasonal range into seasonal peak. On the other hand, an uninspiring week for Australia with weekly shipments flattered for the past 7 weeks. Last month, we saw a moderate monthly increase (+7%) in Australian exports, coupled with a strong rebound out of Brazil to 31.9 million tonnes, up 24% from Apr. Since production margins improved for steel mills, we saw a sharp decrease on India's exports volume due to lower demand for low grade ore.

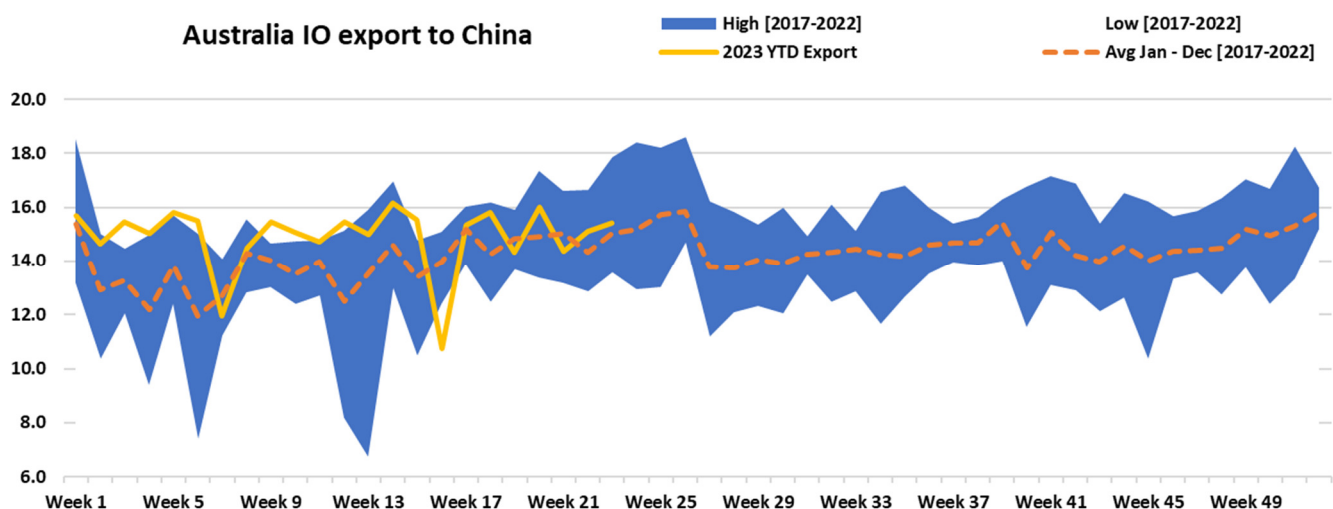
### Dry Bulk Trades/Iron Ore

Export (million tonnes)	May-23	Apr-23	Q1-23	Q4-22	Q3-22	Q2-22	2022	2021
Australia	79.5	74.1	227.8	246.6	235.0	235.0	935.7	919.8
Brazil	31.9	25.8	72.7	93.0	97.7	82.8	344.3	352.9
South Africa	4.6	5.1	15.0	11.5	15.6	15.9	57.5	60.5
India	3.1	3.9	11.7	2.7	0.9	5.4	16.1	37.6
Canada	5.7	4.0	13.2	14.4	17.7	13.5	57.3	57.2
Others	12.1	15.6	40.7	44.9	43.5	41.3	175.5	201.2
<b>Global</b>	<b>136.9</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>

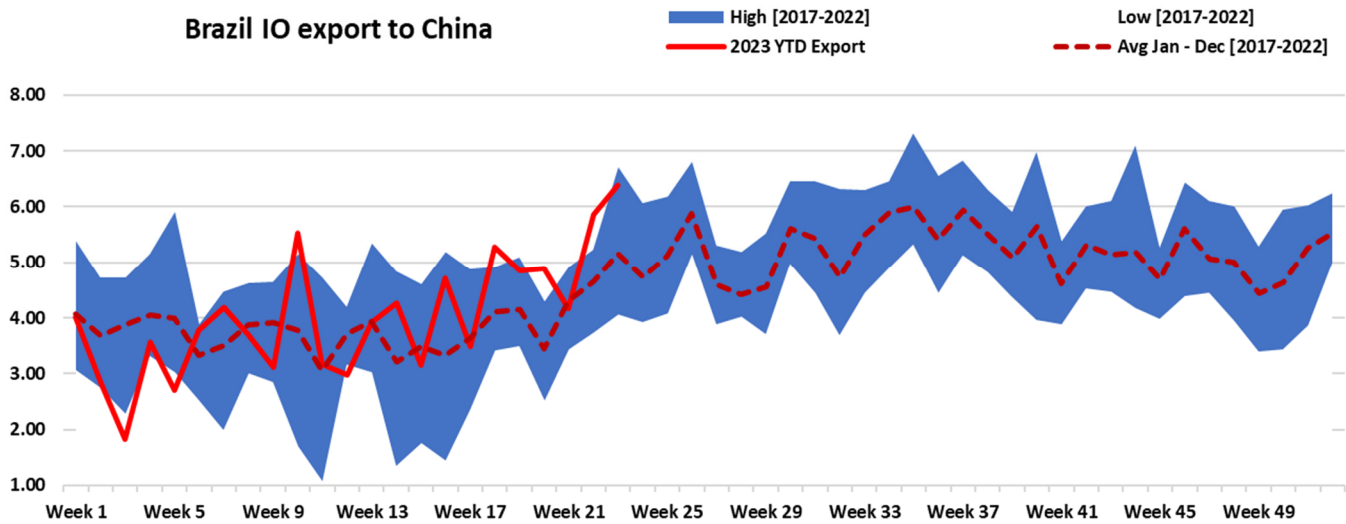
### Iron Ore Key Routes

	IO Export Million mt			Freight Rate \$/mt		
	Last Week	Prev. Week	Chg %	Last Week	Prev. Week	Chg %
Australia-China	15.4	15.1	2.0%	7.63	8.57	-11.0%
Brazil-China	6.4	5.9	9.0%	18.51	20.22	-8.4%

### Seasonality Charts



### Brazil IO export to China



### Dry Bulk Trades/Coal

Total coal shipments rebounded 9.0% due to robust exports from Australia (21.4%, 9.0), moving the weekly total volume to hit 29.3 million tonnes last week. Increasing demand from all key region for Australian coal exports apart from SE Asia, as a result weekly total rose 21.4% to 9.0 million tonnes. In breakdown, volume from JKT region soared up over 90% to 4.2 MMT, India 2.0 MMT (+44%) and to China 1.2 MMT (+18%). Last month, Asian coal imports hit a record high as buyers took advantage of falling coal price. China’s coal imports in May jumped to 34.1 MMT, up 120% YoY; while the total imports for the other top importer India reached 25.0 MMT, up 16% YoY.

### Dry Bulk Trades/Coal

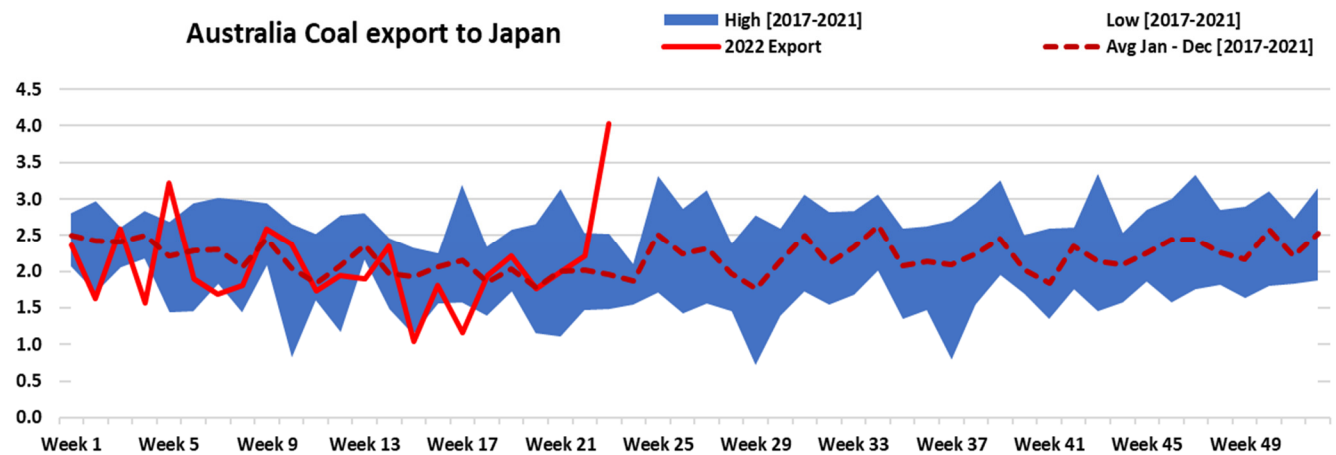
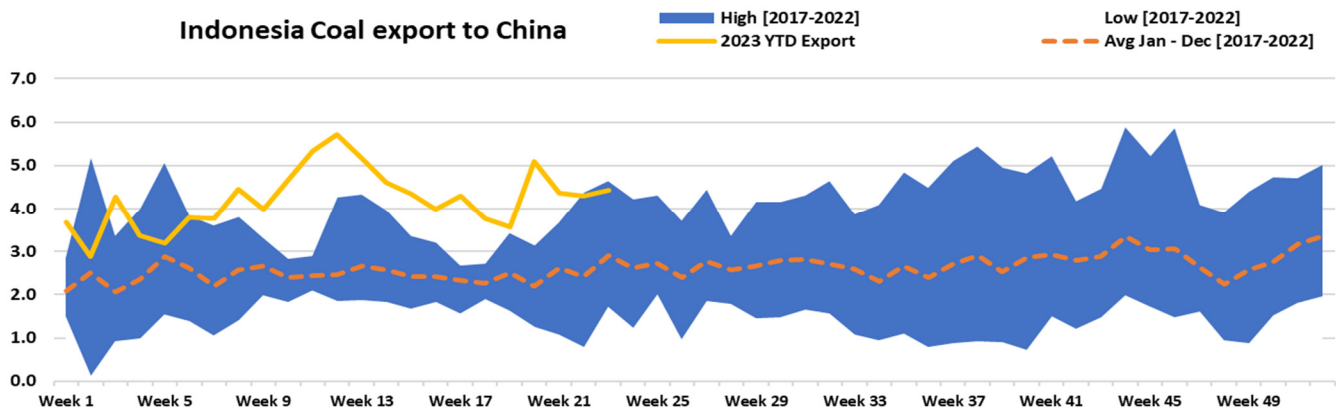
Export (million tonnes)	May-23	Apr-23	Q1-23	Q4-22	Q3-22	Q2-22	2022	2021
Indonesia	42.3	41.4	119.7	124.2	130.7	118.9	462.6	415.2
Australia	32.5	28.7	79.7	84.5	79.8	90.8	339.6	368.3
Russia	16.6	16.8	46.0	50.0	47.9	50.9	190.6	172.3
USA	7.9	7.2	20.7	17.4	17.5	18.9	71.3	69.5
Colombia	5.2	4.0	14.1	16.2	14.9	14.4	61.4	60.9
South Africa	4.6	5.6	14.5	14.3	16.0	15.2	61.0	62.1
Others	10.1	8.6	23.5	22.0	23.5	24.0	93.0	88.1
<b>Global</b>	<b>119.1</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	4.4	4.3	3.2%
Australia-Japan	4.0	2.2	82.4%

Data Source: IHS Markit Commodities at Sea Service, Bloomberg

## Seasonality Charts



Data Sources: IHS Markit Commodities at Sea Service, Bloomberg

## Dry Bulk Trades/Agri

Another negative week for grains shipments with weekly total drifting to 10.3 million tonnes, which was down 6.5% w-o-w, according to IHS Markit Commodities at Sea Service. Total shipments from Brazil followed its seasonal trend and dipped 2.6% over week to 4.0 million tonnes, although exports to China rebounded from the previous low to 2.2 MMT hence returned to the higher range of the seasonal level. On the other hand, shipments from the US stuck in the lower end of the seasonal level. In another note, US agri exports will shrink 8% this year following the tightening of monetary policy and falling global commodity prices, cited in a forecast report from USDA. Furthermore, the market also expect lower production for Australian grains production on dry weather condition. Into Jun-Aug, Brazilian corn production is forecast to have a robust harvest started, which will add further pressure on the US corn price and export. Last month, we saw noticeable increase in exports from Brazil 19.7 MMT (+12% MoM), Argentina 5.2 MMT (+20% MoM) and Australia 4.7 MMT (+11% MoM).

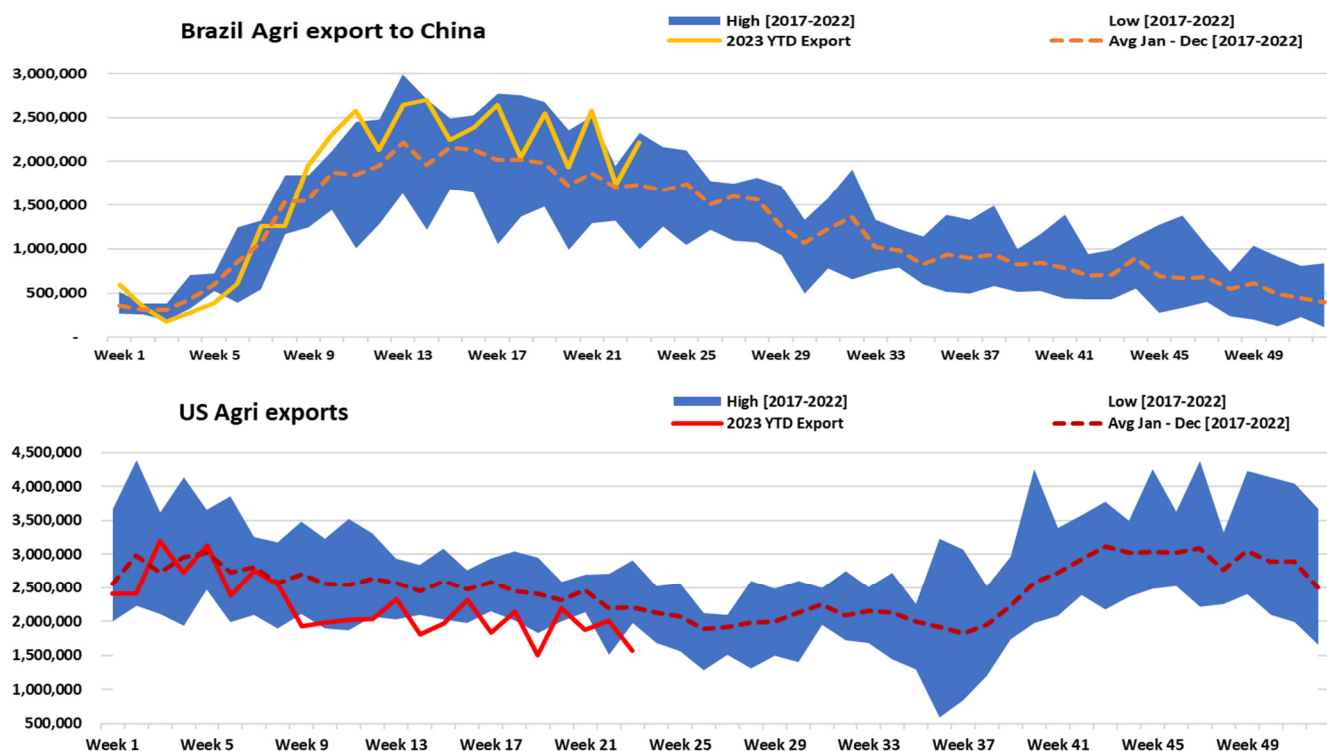
### Agri Key Routes

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	2,215.7	1,730.9	28.0%	34.7	36.6	-5.3%
US-China	NA	232.3	/	46.7	47.9	-2.6%

Data Source: IHS Markit Commodities at Sea Service, Bloomberg



## Seasonality Charts



Export (million tonnes)	May-23	Apr-23	Q1-23	Q4-22	Q3-22	Q2-22	2022	2021
Brazil	19.7	17.6	42.8	40.9	49.6	48.1	177.1	157.2
USA	8.3	8.8	30.7	36.8	24.0	30.7	128.9	140.8
Argentina	5.2	4.3	12.1	19.6	22.5	26.6	88.1	87.0
Ukraine	1.1	2.7	9.7	9.7	4.5	0.1	27.1	58.9
Canada	3.3	3.7	11.8	15.1	6.7	5.8	33.5	40.6
Russia	3.4	3.7	10.1	11.7	7.5	4.7	28.9	29.7
Australia	4.7	4.2	14.2	11.6	11.7	11.7	48.5	39.7
Others	5.6	6.2	23.1	20.1	25.7	24.3	95.5	87.4
<b>Global</b>	<b>51.1</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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