

FIS Dry Freight Weekly Report

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Market Review:

Cape time charter rate surged on the back of a firming Atlantic market, whilst the smaller vessels drifted lower at a slow pace as market activity was impacted by US and Chinese holidays. Into the new week, dry freight market posted losses again after more players returned and reassessed the demand outlook.

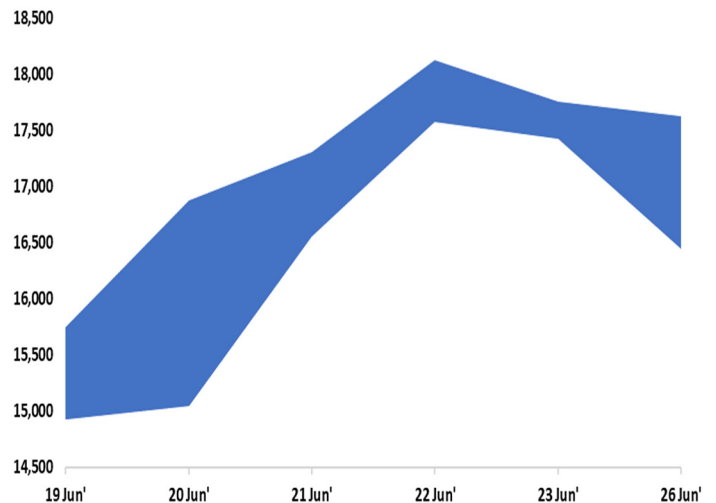
Freight Rate \$/day	26-Jun	19-Jun	Changes %	Short Term	Sentiment
Capesize 5TC	17,209	12,375	39.1%	Neutral to Bearish	↘
Panamax 4TC	8,677	9,397	-7.7%	Neutral to Bullish	↗
Supramax 10TC	8,156	8,263	-1.3%	Neutral to Bullish	↗
Handy 7TC	8,175	8,288	-1.4%		

IHS	Weekly Total Shipments		Iron Ore	Coal	Bauxite	Agribulk	Minor bulk
Capesize	226	-11	154 (-13)	56 (+7)	11 (+3)		
Panamax	346	-7		182 (-13)		68 (-3)	52 (-1)
Supramax	490	+9		96 (+5)		70 (+13)	303 (-6)

Capesize

After a slow Monday, Capes time charter rates surged from sub \$13,000 to above \$17,00 last Friday, amid more positive signs shown in the Atlantic market. Brazilian iron ore shipments jumped up 24.3% over the week to 9.3 MMT, on top of noticeable weekly volume increases from West Africa. As a result, total iron ore shipments by Capesize rose by 5.4% to 31.7 MMT. However, on the coal side, capesize coal shipments fell nearly 10% last week followed by widening spreads with the smaller vessels. In terms of fixture, only major was active in the Pacific at the start of the week with rates drifting lower amid subdued market activity. The key C5 iron ore route (West Australia to China) was fixed at \$8.10 for 2-4 Jul laycan before lifting to \$8.30-8.40 by more fixing surfaces at the latter part of the week for early July loading dates.

Capesize 5TC Front Month Trading Range



On the bright side, fresh enquires were reported from Brazil and West Africa with comparably higher pay than the Pacific. Moving iron ore on the C3 route (Tubarao to Qingdao) moved from \$20.85 to above \$21 as the week progressed. Out of Brazil, iron ore cargoes from Itaguaí to Qingdao were fixed at \$21.90 for 14 July onwards and highest at \$21.95 for 19-21 Jul. Trips from Sudeste to Qingdao were heard at mid-\$21 for 8-12 Aug. Elsewhere, cargoes from West Africa to China were fixed at between \$20.65-20.85 for early July loading, another trip from Pointe Noire to Bahrain was fixed at \$18.25 for 4-10 Jul. As market attention shifted to the Atlantic and low congestion levels in China, it's likely we will see more ships ballaster out of Pacific. Into the new week, fixing activity remained active on Monday along with the underlying iron ore market turning positive, despite that, cape market did come off again as participants reassessed the demand outlook. Market sources reported that coal buyers took a wait and see stance in response to falling coal prices, as a result demand has been slowing down.

Chart source: FIS Live

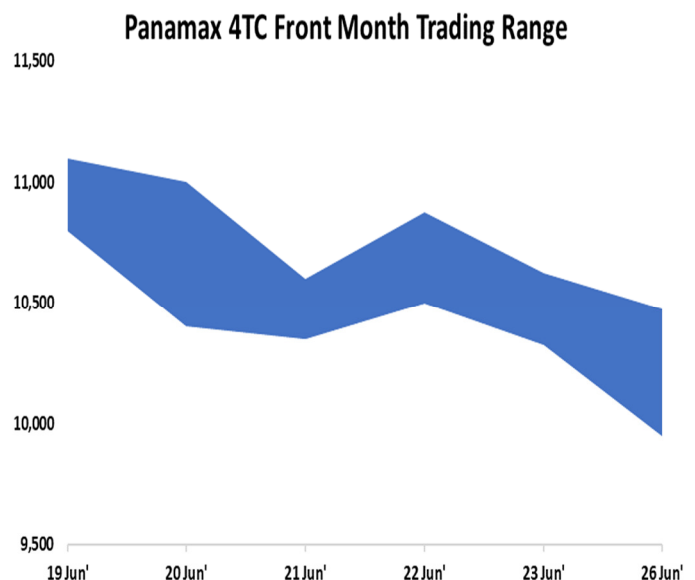
Last Tuesday FFAs started off with some indecision with range bound trading taking place. The June and July capes traded down to 12150 and 15000 respectively, before afternoon buying caused June to close 13300 bid and the July to close 16850 value. On the routes, C5 July was the solum trade at 8.25 in 150kt. Wednesday closed slightly down vs yesterday's closing levels but there was some intraday volatility throughout the day. Throughout the morning July got sold lower down to 16800 and q3 down to 17800 and 17750. The build up to index was the most active part of the day with buyers emerging: July was paid 17250, Aug 18000 and Q3 at 18000 and 18050. In contrast to Wednesday evening, Thursday was quite a subdued day for the cape market. Rangebound trading saw June trading up to 13900 from 13150 and July trading between 17750 and 18200. The market was weak on close on Friday as liquidity dried up and profit taking was evident. Despite this weakness, the market throughout the week illustrated how quickly it can all turn on a dime.

Short run neutral to bearish

Panamax

Panamaxes came slightly under pressure last week due to thin activity reported from North Atlantic and Chinese holiday impacted demands in the Asian market.

Fortunately, strong grains business in ECSA and healthy coal demand provided a floor to Pmx rates. In the highlighted fixtures, cargoes with grain via ECSA redelivery Sing/Japan were fixed from \$15,000 to \$14,800 and then \$14,000 before the weekend approach; a trip via ECSA covering 85kt redelivery SE Asia was heard at \$13,000. Rates declined further in the North, trips via NCSA redelivery Sing/Japan were fixed lower to \$15,650 from \$17,750; redelivery Cape Passero was fixed at \$11,000. In the Asia market, slow activity on the Indo-China route was largely offset by Australian grain and coal demand, although vessel supply was reported to be ample in the region. Coal cargoes from Gladstone to Gangavaram was fixed at \$21.3 for 25 Jun – 4 Jul and to Gangneung was at \$12.53 for 15- 24 Jul. Other than that, moving 75kt coal from Hay Point to Port Talbot was fixed at \$19.50 and from Newcastle to Dunkirk was at mid-high \$16s. Out of Indonesia, coal trips to India and S. China were heard at \$12,000 and \$8,500 respectively. On the grain front, a trip via Australia redelivery Arabian Gulf was heard at \$10,650. As more market participants returned this week, we will see if more support can be generated from increasing congestion and soybean demand in the ECSA.



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The futures market was under pressure throughout the morning on Tuesday with balance of the year contracts giving up an average of \$300-350 before starting to gather some support, eventually leaving us with flat levels at the end of the day. Rangebound trading on Wednesday as we saw good size trading throughout the day. Most activity was seen on the prompt, spreads trading in size again, July v August -1100 to -1000 and q3 and q4 trading flat. On Thursday, trading ranges were narrow, testing the lower end in the morning session only to rebound post index and into the close to leave us to finish the day marginally higher than we began. July was sold at 10250 on Friday early on, and as the day progressed July paid 10650 on close, Aug 11750, Sept at 12550 and q4 at 11750. and cal25 traded \$11000.

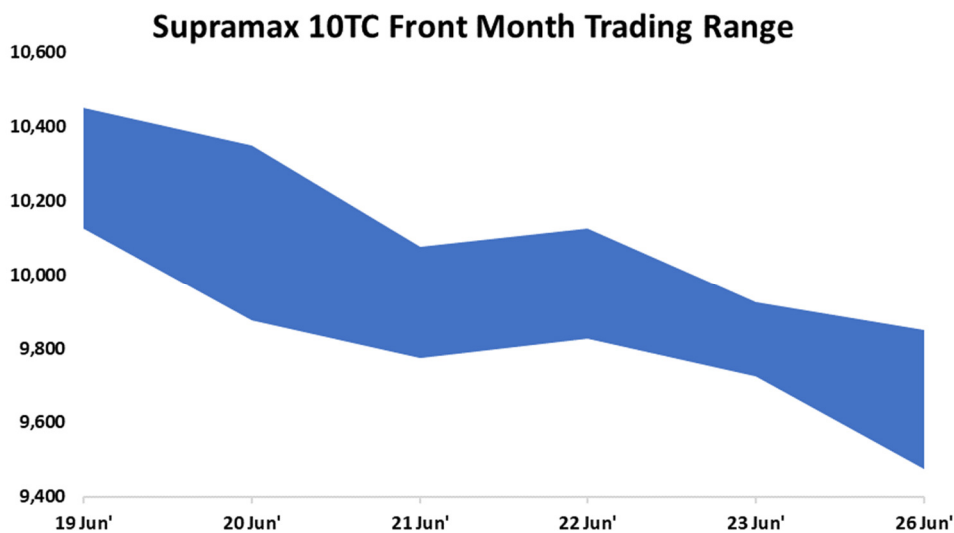
Short run neutral to bullish

Supramax

Supramaxes were largely unchanged last week with the ECSA market remaining positive and recovering coal demand supporting the time charter rates in a narrow range. In terms of fixtures, a cargo with grains via Recalada redelivery Algeria was heard at \$12,000. Apart from steady rates heard for ECSA grain runs, decent demand also reported in South Africa with coal trips from Richard Bay to China fixing at \$16,000 and from Port Elizabeth to Sing/Japan at \$16,000. Another coal run via Puerto Nuevo redelivery the Continent was fixed at \$9,000. However, in the North Atlantic, fixing activity was scant in US Gulf with open tonnage building up. In the Asian market, on the coal route Indonesia to China was fixed at low \$9,000.

Supramax paper came under pressure on Tuesday morning as July traded down to \$9,900 (-425) and Q3 traded down to \$11,150 (-550). Post index, the curve got slightly more supported, but not enough to recover Monday's close. July and Q3 traded to respective lows on Wednesday of \$9800 and \$11150. The backend of the curve remains resilient, with cal24 printing \$11400. An active day on Thursday as July traded down to \$9,850 (-125), while the gap between Q3 and Q4 widened and traded down to \$11,000 (-225) and \$11300 (-150) respectively. The week ended on a quite note as rates came under pressure in early trading following larger sizes. July and Q3 traded to respective lows of \$9700 and \$10875, with cal24 and cal25 both trading to \$11250.

Short run neutral to bullish



FFA Market Indexes

Freight Rate \$/day	26-Jun	19-Jun	Changes %	2023 YTD	2022	2021	2020	2019
Capesize5TC	17,209	12,375	39.1%	12,158	16,177	33,333	13,070	18,025
Panamax4TC	8,677	9,397	-7.7%	10,512	8,587	25,562	8,587	11,112
Supramax10TC	8,156	8,263	-1.3%	10,531	8,189	26,770	8,189	9,948
Handy7TC	8,175	8,288	-1.4%	10,112	8,003	25,702	8,003	9,288

FFA Market Forward Values

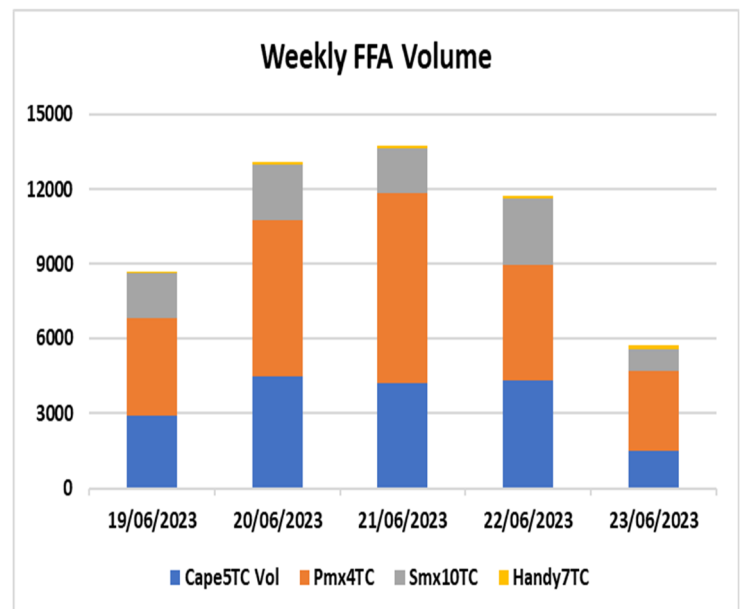
FFA \$/day	26-Jun FIS Closing	19-Jun FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2023 Mkt High	2023 Mkt Low
Capesize5TC Jul 23	16500	15150	8.9%	18,200	15,000	23,700	11,500
Capesize5TC Q3 23	17025	16675	2.1%	18,500	16,550	24,500	12,400
Panamax4TC Jul 23	10000	10900	-8.3%	11,000	10,000	19,600	8,250
Panamax4TC Q3 23	11150	11675	-4.5%	12,250	11,150	18,100	10,100
Supramax10TC Jul 23	9625	10325	-6.8%	10,600	9,750	17,500	8,750
Supramax10TC Q3 23	10700	11700	-8.5%	11,650	10,800	17,350	10,500

Data Source: FIS Live, Baltic Exchange

FFA Market

FFAs had a rather quiet week with trading volumes only 59,200 lots posted on exchanges last week due to US holiday on Monday and Chinese off for an early weekend. In average, Capes and Panamax futures traded around 3,470 lots and 5,140 lots per day last week; Supramaxes also experienced a slow week with an average of 1,890 lots traded daily last week. On the options side, activity was also subdued, with 2,190 lots being cleared in Panamax among the total 3,225 lots traded last week. The primary activity focuses on Jul, Q3 and Cal24 contracts; trading interest also extended to Q1-2'24 and Cal25. Open interest increased as positions extended to further dated contracts, on 26th Jun, Cape 5TC 188,894 (+3,670 w-o-w), Panamax 4TC 198,994 (+5,320 w-o-w), Supramax 10TC 91,075 (+1,840 w-o-w).

In addition, decent activity was seen on the voyage route last week, with 1.3 million tonnes changing hands on C5 and 750 days on P6 (Singapore round voyage via Atlantic).



Dry Bulk Trades/Iron Ore

Iron ore weekly shipments rose for another week to 35.4 MMT, up 7.8% from the previous week, owing to noticeable export growth from Brazil. Brazilian iron ore shipment surged up 24.3% w-o-w to 9.3 MMT, with around 78% of the total supply destinating to China last week. As the chart below shows, iron ore exports from Brazil to China hit the high level of the seasonal average. For the other top exporter Australia, its weekly volume holds steady on a weekly basis and stood at around 19.9 MMT. Furthermore, mixed demand outlook from Africa with weekly volume from the West region retreating 6% to 695kt, after reaching a peak the previous week. Whilst out of South Africa, exports were on decline for the third consecutive weeks.

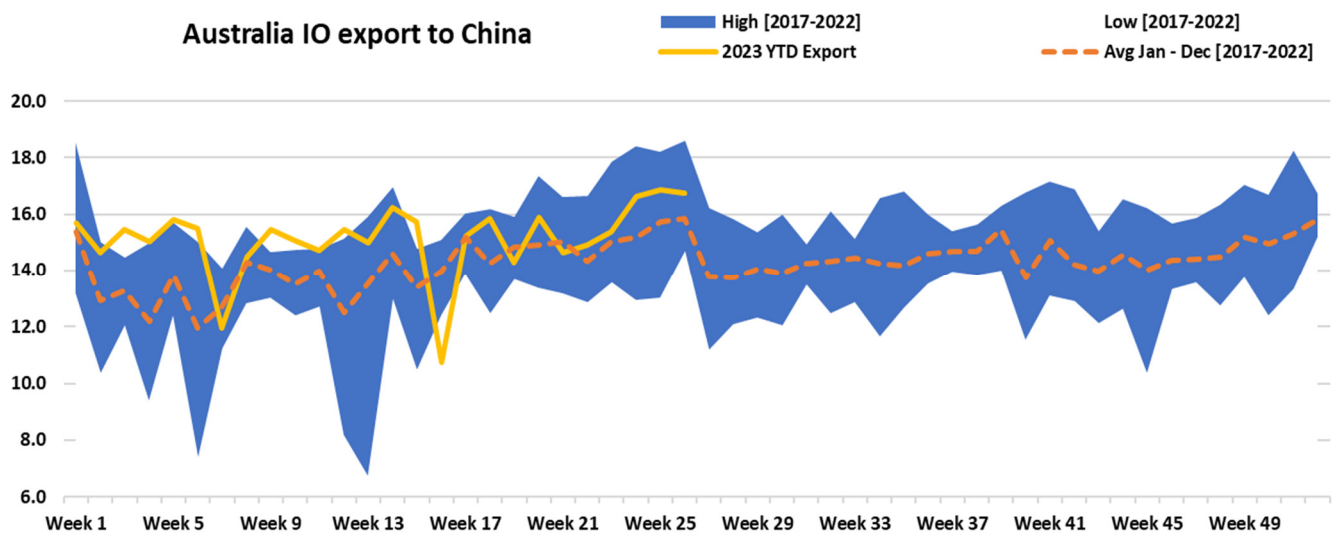
Dry Bulk Trades/Iron Ore

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
Global	136.9	128.4	381.2	413.2	410.5	393.9	1586.2	1629.2

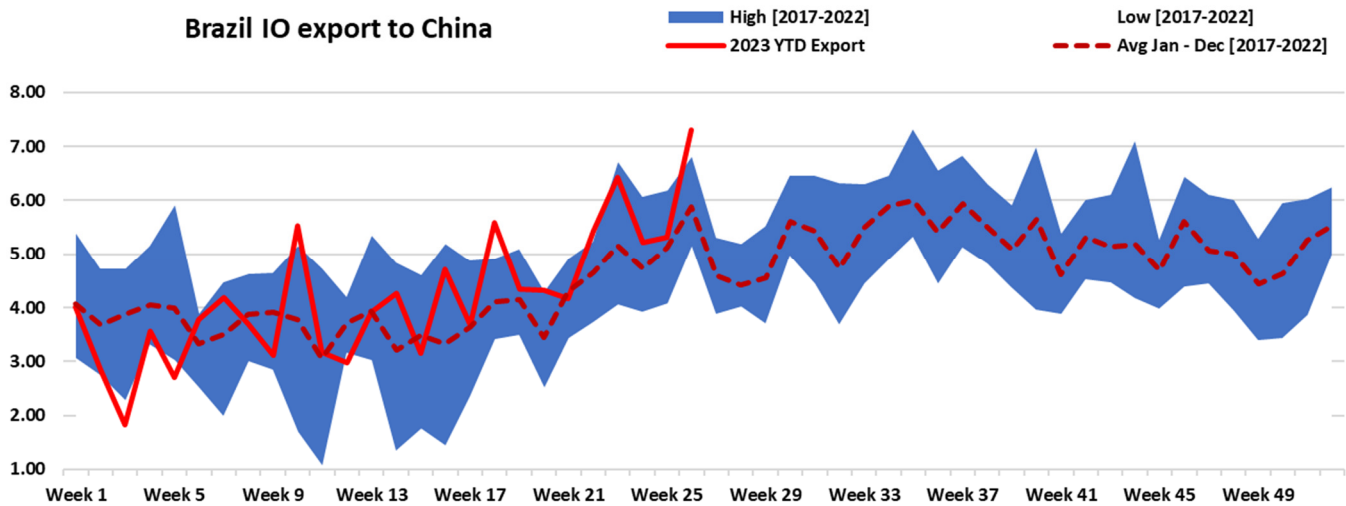
Iron Ore Key Routes

	IO Export Million mt			Freight Rate \$/mt		
	Last Week	Prev. Week	Chg %	Last Week	Prev. Week	Chg %
Australia-China	16.7	16.9	-0.7%	8.27	8.44	-2.0%
Brazil-China	7.3	5.3	37.2%	20.98	20.23	3.7%

Seasonality Charts



Brazil IO export to China



Dry Bulk Trades/Coal

Last week, total coal shipments rose by 4% to 28.4 million tonnes thanks to steady supply from the top two exporters. Indonesian coal shipments had another positive week with weekly volume increasing 7.8% to 9.9 MMT. Out of Australia, coal exports continued its upward movement with weekly shipments edging up 3.5% over the week to 8.4 MMT. In particular, demand from JKT region soared over 81% to a record high of 5.8 MMT, as the chart shows below in which exports to Japan shot up towards 4 million tonnes, staying way above the top of the 6-year seasonal average. As a result, coal supply looks more balanced from the North and South Pacific.

Dry Bulk Trades/Coal

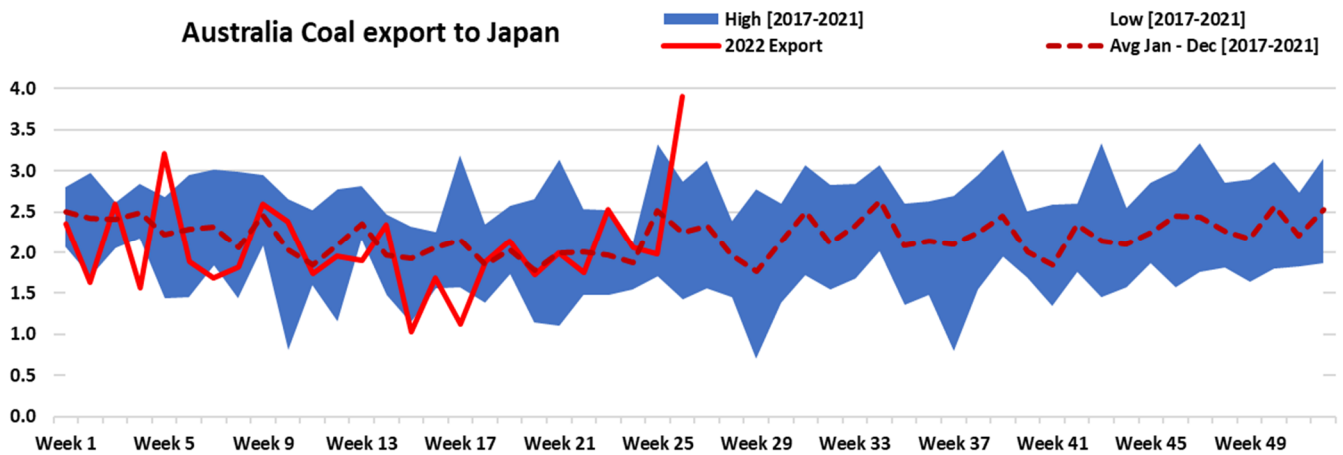
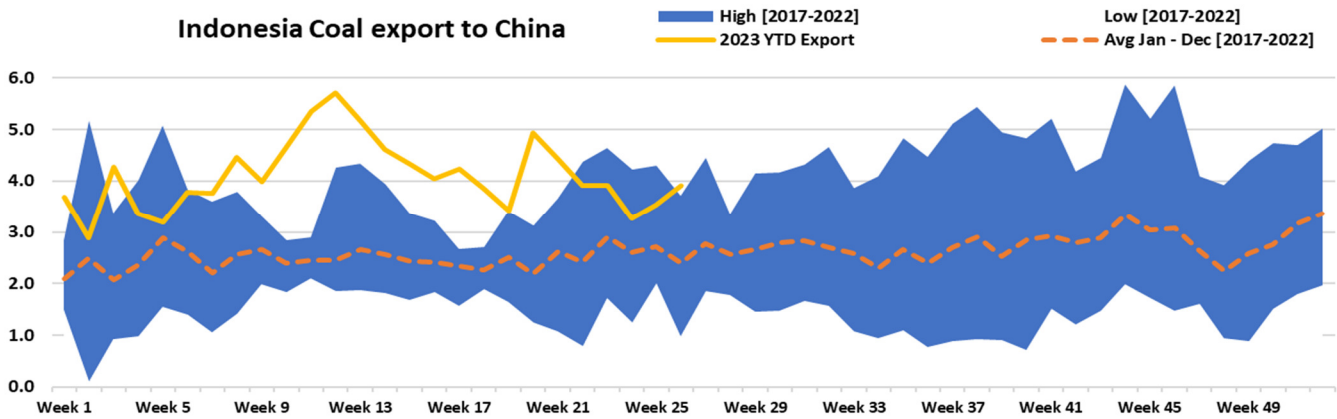
Export (million tonnes)	May-23	Apr-23	Q1-23	Q4-22	Q3-22	Q2-22	2022	2021
Indonesia	42.3	41.4	119.7	124.2	130.7	118.9	462.6	415.2
Australia	32.5	28.7	79.7	84.5	79.8	90.8	339.6	368.3
Russia	16.6	16.8	46.0	50.0	47.9	50.9	190.6	172.3
USA	7.9	7.2	20.7	17.4	17.5	18.9	71.3	69.5
Colombia	5.2	4.0	14.1	16.2	14.9	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
Global	119.1	112.2	318.2	328.6	330.3	332.9	1279.5	1236.4

Coal Key Routes

Coal Key Routes	Coal Export Million mt		
Coal Export Million mt	Last Week	Prev. Week	Chg %
Indonesia-China	3.9	3.5	10.7%
Australia-Japan	3.9	2.0	97.4%

Data Source: IHS Markit Commodities at Sea Service, Bloomberg

Seasonality Charts



Data Sources: IHS Markit Commodities at Sea Service, Bloomberg

Dry Bulk Trades/Agri

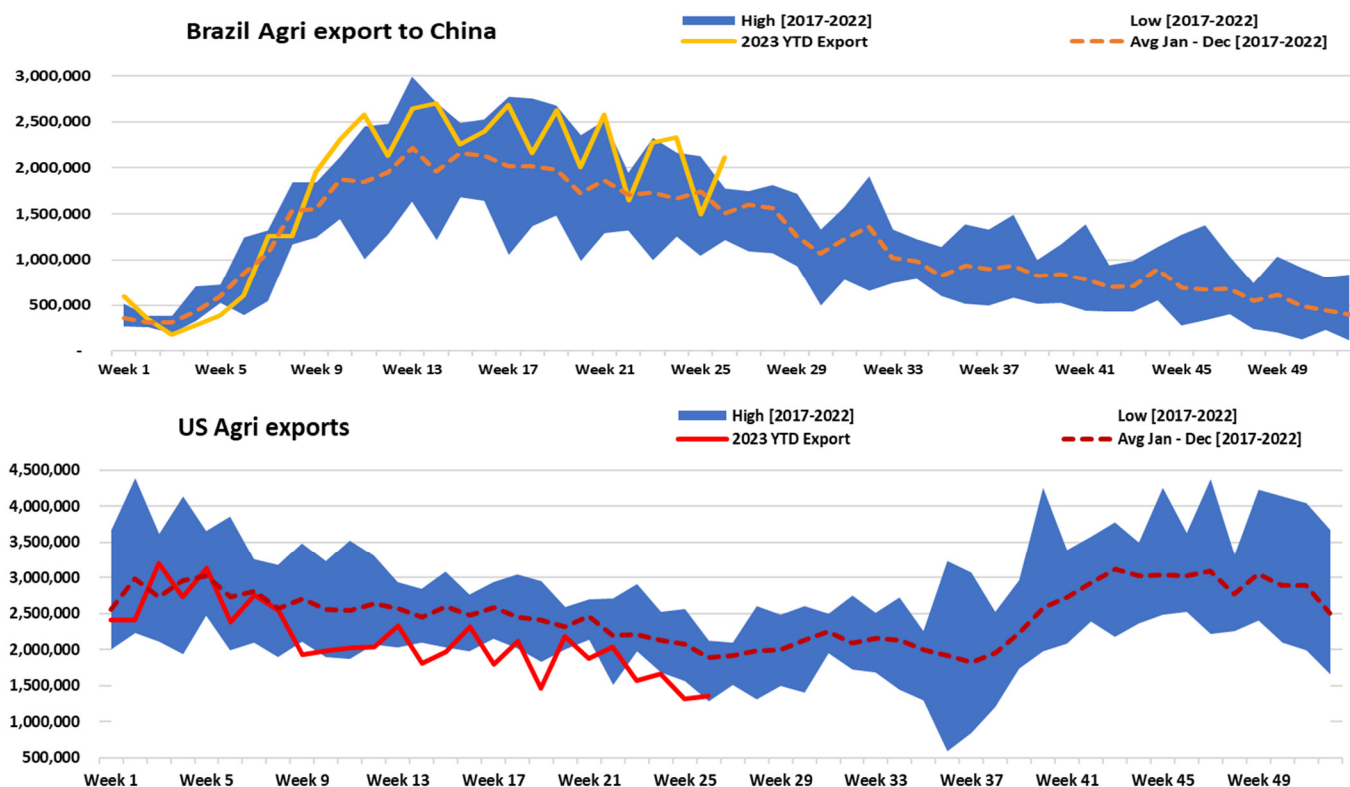
After a sharp drop the previous week, global grain shipments recovered by 18.2% to 10.3 million tonnes last week. Out of ECSA, grain shipments rebounded 18.2% last week and stood at 10.3 MMT, among that, Brazilian shipments jumped 48.3% from the previous week to 4.6 MMT. Moreover, a rebound was also seen on the Australian side with weekly shipments rising by nearly 15% to 817kt. On the downside, US grain shipments are stuck at the lowest six year seasonal low.

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	2,111.3	1,493.6	41.4%	36.2	36.0	0.5%
US-China	62.0	77.2	-19.7%	46.9	47.3	-0.9%

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
Global	51.1	51.1	154.5	165.5	152.1	152.0	627.5	641.4

Data Source: IHS Markit Commodities at Sea Service, Bloomberg

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