

# FIS Dry Freight Weekly Report

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

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**Market Review:**

There was a more positive tone found in the dry bulk market as strong restocking demand from the Chinese steel mills, along with robust coal shipments pushed freight rates higher. Moreover, the broader market sentiment was boosted by better economic indicators and steel production from China. On the flip side, weather conditions have capped the premiums in the grain export market.

Freight Rate \$/day	18-Sep	11-Sep	Changes %	Short Term	Sentiment
Capesize 5TC	14,503	10,982	32.1%	Bullish	↑
Panamax 4TC	13,659	12,234	11.6%	Neutral to Bullish	↗
Supramax 10TC	13,641	12,092	12.8%	Neutral to Bullish	↗
Handy 7TC	11,615	10,354	12.2%		

IHS	Weekly Total Shipments		Iron Ore	Coal	Bauxite	Agribulk	Minor bulk
Capesize	214	+8	158 (+9)	39 (0)	13 (0)		
Panamax	345	-6		182 (+15)		71 (-20)	54 (+5)
Supramax	492	-43		111 (-11)		79 (-6)	276 (-30)

**Capesize**

Cape started the week on a firm note owing to a restocking demand from the Chinese steel mills ahead of weeklong holiday at the end of this month. As the week progressed, all three majors were active in the market seeking for cargoes, as a result iron ore shipments towards China rose nearly 3% over the week to around 25 million tonnes. Furthermore, more owners preferred to stay in the Pacific region as better rates were paid due to robust coal demand also absorbing the tonnage in the Pacific for end of Sept dates. On a weekly basis, Capesize coal shipments increased for a second week to a two-month high of 6.7 million tonnes. On top of that, good support also seen in the Atlantic as increasing activity reported from West Africa after monsoon season ended. Overall, a better demand/supply outlook was presented by the end of last week.

In terms of fixtures, C5 firmed up from \$8 to \$8.30-8.40 for end of Sept loading dates. A cargo with coal from Port Hedland to Japan was fixed at \$8.30 for 1-6

Oct. In the Atlantic market, notable iron ore volumes were shipped out of Brazil with a weekly total of 8.2 MMT, up 17% w-o-w. C3 were fixing up to \$9.90 for early Oct. Out of Brazil, trips from Sudeste to Qingdao was heard at \$20.75 and from Itaguaí to Rotterdam was at mid-\$8 for 6-15 Oct. Elsewhere, a cargo from Kamsar to Yantai was fixed at \$20.75 for 6-11 Oct. On Monday, market sentiment remained positive with a number of C3 fixing for 9-13 Oct and more coal cargoes to China surfaced.

**Capesize 5TC Rolling Front Month Trading Range**

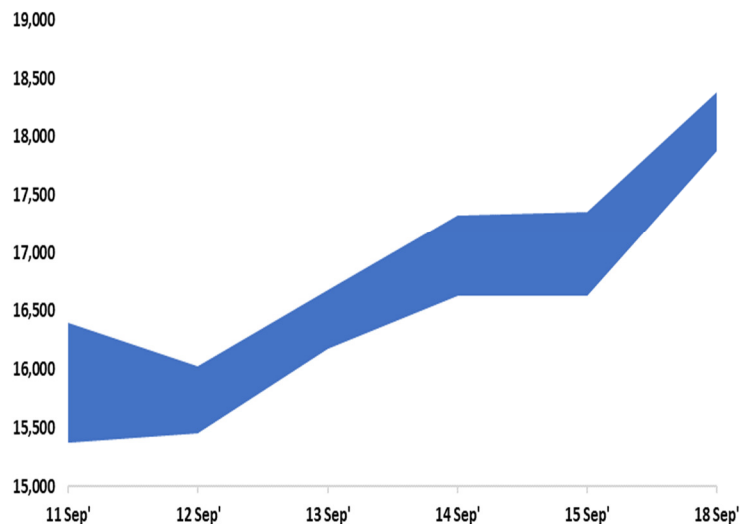


Chart source: FIS Live

Monday started off quiet as sellers on the front of the curve pushed Sept down from \$12650 to \$11750 before recovering to \$12000 in the evening session. Q1 traded in a range of \$8550-8700 and Cal24 traded \$14000. Tuesday saw Sept remaining rangebound trading in a \$200 range while October traded up to 16000 as a high. Q4 capes followed suit trading up to \$16200 on the close. Capes were relatively strong on Wednesday despite some late profit taking. First trade on Oct was \$16000, and this was eventually pushed on to trade \$16250 and then \$16500 in size. Q4 achieved a high print of \$12400 before retracting later on to \$16500. Q1 traded several times at \$9000. On Thursday, Oct traded up to \$17400, Nov and Q4 traded up to \$17700 and \$17300. Derived from strong physical fixtures on C3 and C5, C5 Sept and Oct proceeded to trade \$8.30 and \$8.90 respectively. Friday morning opened better offered with Oct getting sold down to \$16500. Nov was paid \$17400, and Dec was paid \$16400. Q4 vs Q1 spreads were trading in decent volume from \$7900-8000. This week has experienced a quiet start with little activity. Oct did trade up to \$18300 and Q4 traded up to \$17750 while further out cal24 traded up to 14600.

### Short run bullish

## Panamax

With healthy cargo flows in both basins and over 10% gains posted across all the time charter routes, Panamax firmed up throughout last week. In terms of demand, we continued to see coal shipments build up again to record levels last week, however, gains in iron ore shipments slipped a touch on weekly basis. Panamax coal shipment surged 63.1% to 2.57 million tonnes last week, fueled by rising prices in the underlying market and strong demand from key regions - China, India and Japan. While on the grains and the mineral front, Panamax agri shipments slumped over 20% or 1 million tonnes last week to about 4.1MMt, along with an inactive mineral market last week. Overall, the week closed on a positive note with expectation of further gains in both Atlantic and Asian markets for the coming week.

Fixtures wise, decent number of cargoes with grains via ECSA redelivery Singapore-Japan were heard fixing from \$16,000 to \$16,750 and a number of smaller sizes at around \$13,000-\$13,250. In the North, busy activities were reported on the fronthaul ex US Gulf and NCSA, trips via US East Coast redelivery Japan were reported at \$29,000; via US Gulf redelivery Sing/Japan was fixed at \$24,750 at the start of the week before lifting to \$26,500; NCSA rede Sing/Japan was at \$18,000. In the Asian market, sentiment was boosted by strong coal and grain demands, with owners showing more resistance. NoPac firmed up a touch with rates pushing from \$14,000 to \$14,500 in decent volumes. Cargoes with coal from Indonesia redelivery S China and India were paid higher at \$11,750 and \$13,000, respectively for end of Sept. Out of Australia, a trip via EC Australia rede Japan was heard at \$14,500 and another cargo moving 84kt coal from Newcastle to Japan was fixed \$16,000.

Early trading on Monday saw Oct printing down to \$13850, Q4 to \$13550 and Q1 to \$10000, with the rest of the day remaining rangebound trading just off the day's lows into the close. Wednesday saw strong gains across the panamax paper with good volume trading hands. Sept and Oct reached \$13500 and \$14800 highs respectively. Q4 nudged up to \$14100 and further out Cal24 tested \$12000 resistance. An after-hours push saw the market test the days highs once again and left the market well up on the day. Any early gains made in the morning on Wednesday were quickly erased as sellers begun to show their hands mid-morning. Oct traded down to \$14250, Q4 to \$13700 and cal24 down to \$11850. Thursday saw Oct and Q4 test resistance at \$14600 and \$13800 while cal24 held steady at a \$11500-11700 range. Rates gradually bid up throughout the day on Friday as the firming capes and steady underlying leant some much-needed directional support. CT and Q4 pushed up to \$14950 and \$14100 highs respectively while Cal24 traded up to \$11850. Good size traded this Monday with Q4 between \$14150-\$14350 and Oct \$15300. Cal24 remained within the \$11700-11850 range with little change further out.

### Short run neutral to bullish

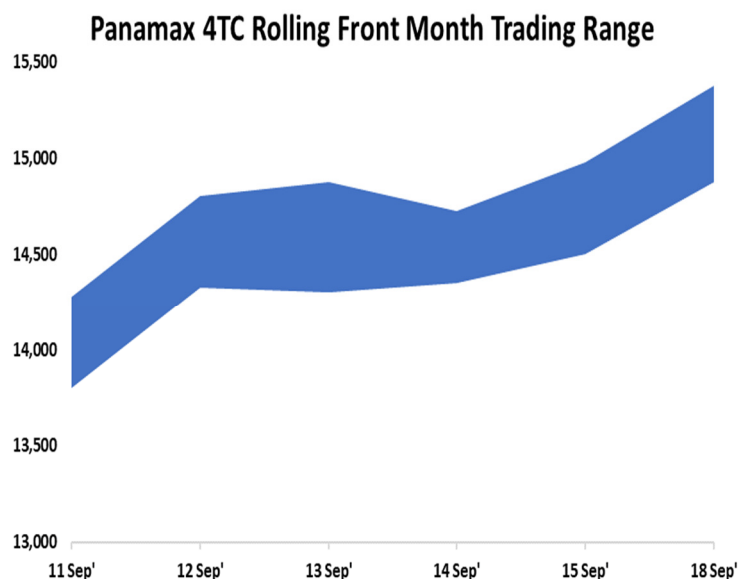


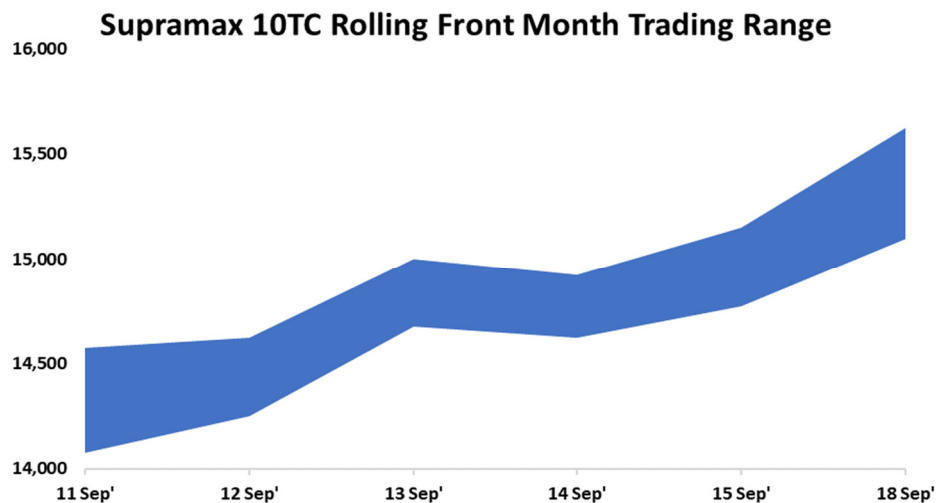
Chart source: FIS Live

## Supramax

Similar to Panamax, Supramaxes gradually moved higher last week owing to increasing activities reported from Indonesia and US Gulf/ECSA regions. Moreover, grain demand in the Continent and Baltic Sea also showed some signs of improvement. In terms of fixtures, healthy cargo flows were out of Indonesia to S. China and India with rates fixing higher at \$13,000 and \$14,000 respectively, while redelivery to Bangladesh was fixed at \$16,000. In Asia, several cargoes with 56kt iron ore from EC India re China were fixed at mid-high \$8,000 and \$10,000 for covering 58kt. Another trip via Mina Saqr redelivery Bangladesh was heard at \$15,000. In the Atlantic, fronthaul cargos via US Gulf was fixed at around \$26,000 and via USEC redelivery China was heard at \$20,000. In the South, a 61,000 via ECSA/Recalada rede Chittagong was heard at \$16,500.

Last Monday experienced a rangebound day as there was no major direction in the market. Sept and Oct traded up to \$12750 and \$14600 before rates slipped in the evening. The market picked up on Tuesday as Oct and Q4 traded up to \$14,700 and \$13,750 respectively. Q1 and Q2 traded up to \$10,000 and \$12,300, while Cal24 traded up to \$11,750. However, the prices found a more balanced level in the evening, and as a result Tuesday turned out to be a rather rangebound day. Wednesday saw Oct trade up to \$15000 while Q4 traded up to \$14000. The deferred remained quiet with Cal24 being the only traded at \$11550. Despite a positive index (+436), levels started to come off during the afternoon on Thursday as the bid side thinned out. Oct and Nov traded up to \$14950 and \$14000 respectively, while Q4 traded up to \$14000. On Friday, Oct and Nov traded up to \$15150 and \$14150 respectively, Q4 traded up to \$14000. The curve closed flat, slightly higher compared to yesterday's closing levels. The supramax paper pushed up throughout Monday morning before stabilising in the afternoon. Oct and Nov traded up to \$15600 and \$14475, while Q1 traded up to \$10200. The curve closed at higher levels than prior to the weekend, especially for front end of the curve.

**Short run neutral to bullish**



## FFA Market Indexes

Freight Rate \$/day	18-Sep	11-Sep	Changes %	2023 YTD	2022	2021	2020	2019
Capesize5TC	14,503	10,982	<b>32.1%</b>	12,344	16,177	33,333	13,070	18,025
Panamax4TC	13,659	12,234	<b>11.6%</b>	10,302	8,587	25,562	8,587	11,112
Supramax10TC	13,641	12,092	<b>12.8%</b>	10,099	8,189	26,770	8,189	9,948
Handy7TC	11,615	10,354	<b>12.2%</b>	9,520	8,003	25,702	8,003	9,288

## FFA Market Forward Values

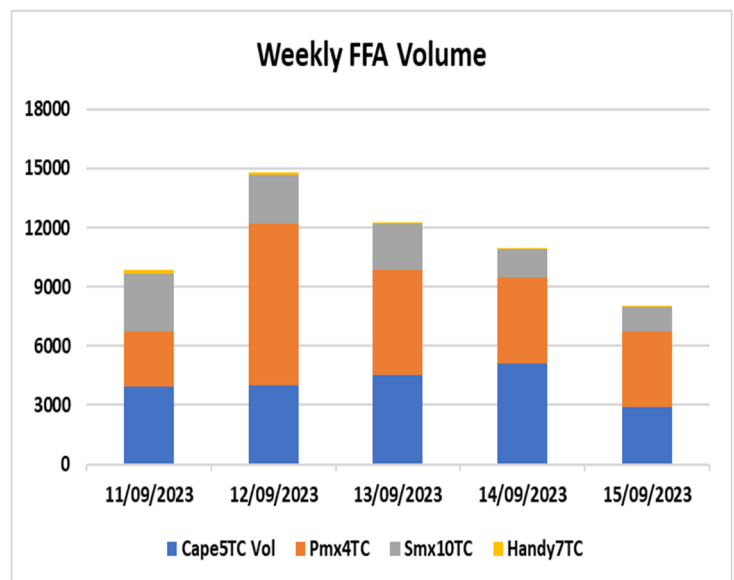
FFA \$/day	18-Sep FIS Closing	11-Sep FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2023 Mkt High	2023 Mkt Low
Capesize5TC Oct 23	18125	15375	17.9%	18,350	15,300	24,500	10,800
Capesize5TC Q4 23	17525	15875	10.4%	17,750	15,700	22,500	12,400
Panamax4TC Oct 23	15025	14000	7.3%	15,350	13,350	18,100	8,300
Panamax4TC Q4 23	14150	13550	4.4%	14,500	13,100	17,500	9,350
Supramax10TC Oct 23	15625	14200	10.0%	15,650	12,650	17,350	8,800
Supramax10TC Q4 23	14250	13400	6.3%	14,750	13,300	16,950	9,900

Data Source: FIS Live, Baltic Exchange

## FFA Market

Some busy trading was observed from the start of last week, but it ended on a quiet note due to the F1 in Singapore. FFAs had another volatile week with total volume of over 61,800 lots posted on exchanges. In average, Capes and Panamax futures traded around 4,100 lots and 4,900 lots per day last week; Supramaxes followed right behind with an average of 2,080 lots traded daily last week. Decent activity was seen in options last week, with 3,200 lots being cleared in Panamax among 5,015 lots traded last week. Main actions focus on Oct, Nov, Q4'22, Q1'23 and Cal23 contracts. Open interest increased along with rising prices, indicating an upward trend, on 18th Sept Cape 5TC 169,102 (+3,590 w-o-w), Panamax 4TC 192,751 (+6,530 w-o-w), Supramax 10TC 92,144 (+2,340 w-o-w).

On the voyage routes last week, good trading interest was seen on C5 with 1.5 tonnes changing hands on Sept, Oct, and Nov.



## Dry Bulk Trades/Iron Ore

In the underlying market, iron ore had a bullish run last week amid positive economic and industrial data released from China. After lowering the lenders reserve requirement ratio (RRR) by 25 basis points, the People’s Bank of China stepped up efforts to boost its economic growth and inject fresh liquidity into the financial markets by adding a net 191 billion yuan (\$26.3 billion) via a one-year loan. In addition, sentiment was also supported by rising steel production and expectations of further growth in Sept. China’s crude steel output in Aug rose 3.2% Y-o-Y to 86.41 million tonnes, and the total output during Jan-Aug increased 2.6% YoY to 712.93 million tonnes, data from the National Bureau of Statistics (NBS) showed.

Last week total iron ore shipments fell by 7% to 31.1 million tonnes, with exports generated from Australia dropping 13% to 17.2 million tonnes after a previous rise. However, exports from Brazil were significantly higher, with volumes jumping up to 8.2 million tonnes, up 17% w-o-w. The charts below show that last week’s shipments from Brazil to China rebounded strongly and broke the higher end of the seasonal average. On the other side, exports from Australia to China remained above the seasonal average and stood at around 15.5 million tonnes.

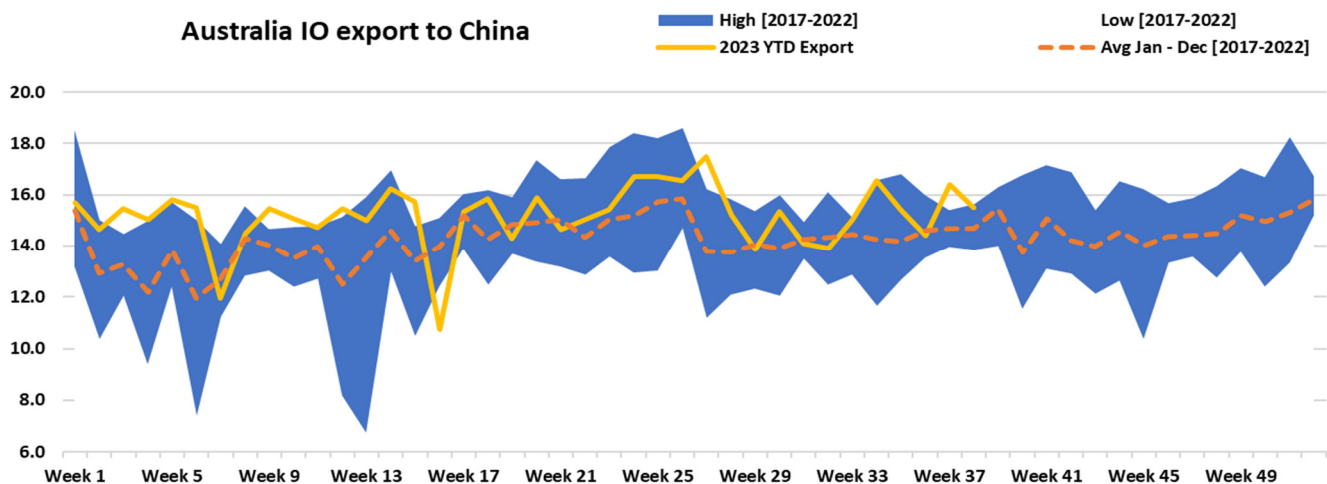
### Dry Bulk Trades/Iron Ore

Export (million tonnes)	Aug-23	Jul-23	Q2-23	Q1-23	Q4-22	Q3-22	2022	2021
Australia	80.5	77.1	239.0	227.8	246.8	235.1	935.9	919.8
Brazil	35.3	32.5	92.0	72.8	93.0	97.7	344.2	352.9
South Africa	4.3	4.9	13.6	14.4	11.0	15.4	56.5	60.5
India	3.1	3.2	10.2	12.2	2.7	0.9	16.0	37.6
Canada	6.1	4.4	13.6	13.2	14.4	17.7	57.3	57.2
Others	15.1	15.3	44.4	40.8	34.7	32.8	133.3	201.2
<b>Global</b>	<b>144.4</b>	<b>137.3</b>	<b>412.8</b>	<b>381.3</b>	<b>412.9</b>	<b>410.4</b>	<b>1586.0</b>	<b>1629.2</b>

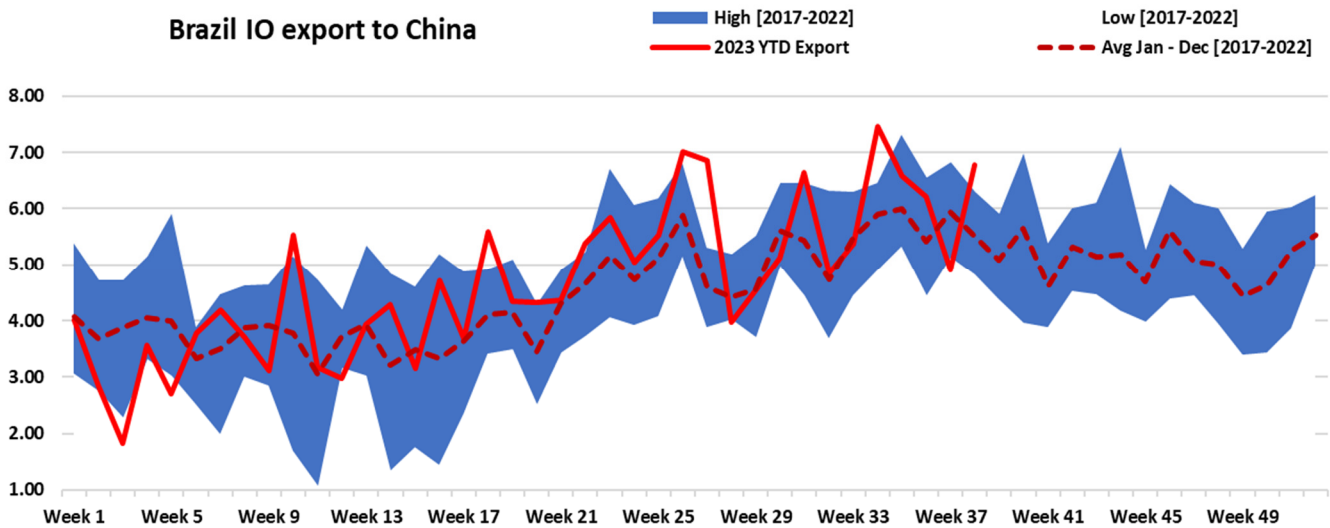
### Iron Ore Key Routes

	IO Export Million mt			Freight Rate \$/mt		
	Last Week	Prev. Week	Chg %	Last Week	Prev. Week	Chg %
Australia-China	15.5	16.4	-5.6%	8.47	8.03	5.4%
Brazil-China	6.8	4.9	38.0%	20.05	19.00	5.5%

### Seasonality Charts



### Brazil IO export to China



### Dry Bulk Trades/Coal

Coal shipments last week were at the steady range of around 26 million tonnes after peaking the previous week. Similar to iron ore, increasing coal demand was seen from the Chinese buyers with weekly volumes rebounding 13.5% to 7.5 million tonnes last week. Coal supply from Indonesia continued to rise for the fourth consecutive week with weekly shipments reaching 10.8 million tonnes, the highest weekly volume since March this year. The increase was driven by firm demand from the main importers, with shipments toward China at 4.7 MMT (+18.0% w-o-w) and India at 3.5 MMT (+27% w-o-w). As the chart of Indonesia exports to China shows below, weekly volume has been surging since mid-Aug. Out of Australia, weekly shipments slipped 3.2% over the week to 6.7 million tonnes with demand from Japan remaining robust as the chart below shows.

### Dry Bulk Trades/Coal

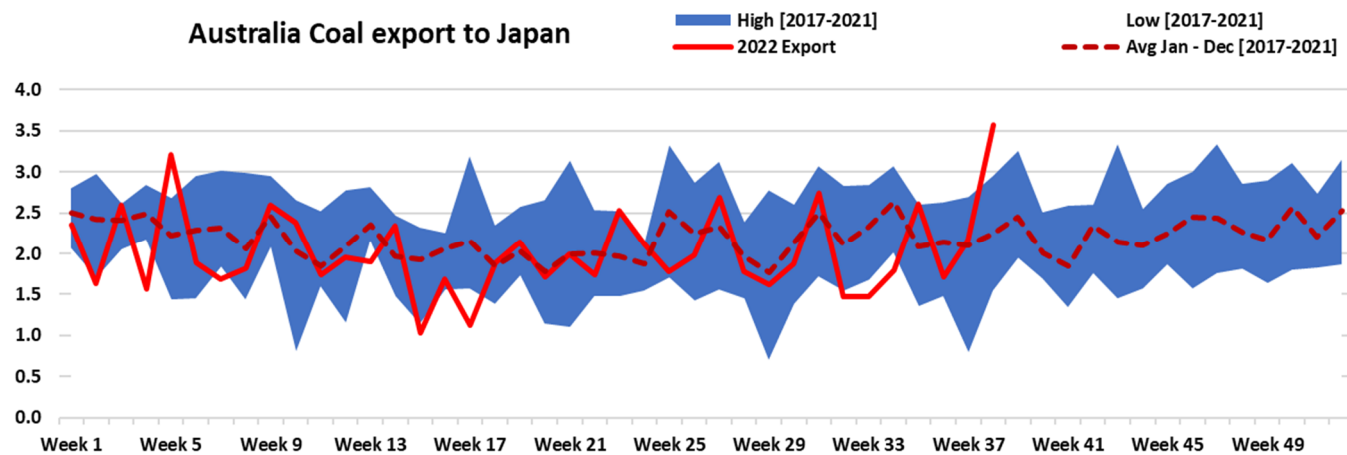
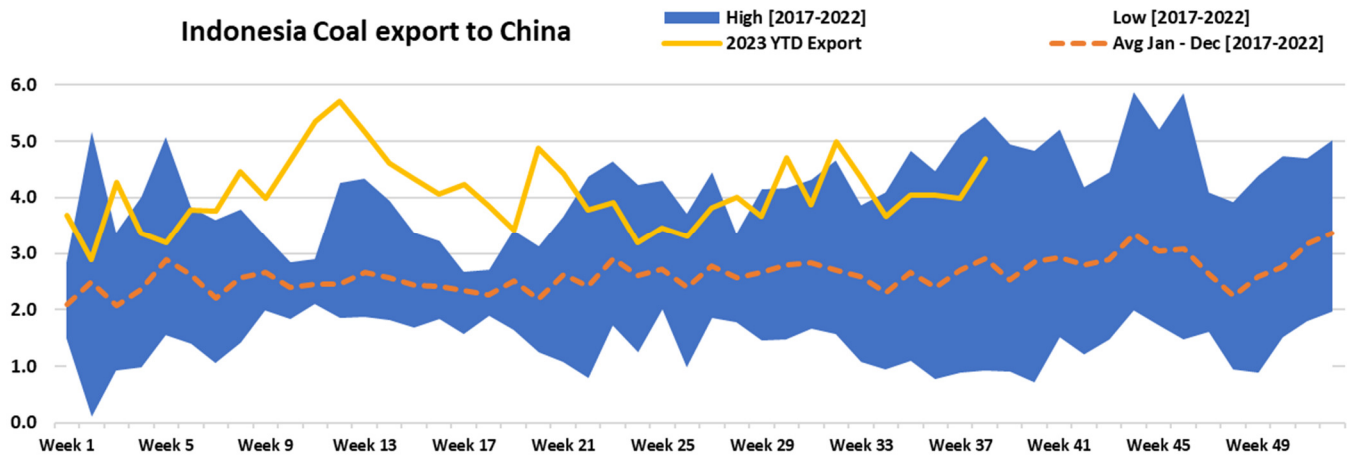
Export (million tonnes)	Aug-23	Jul-23	Q2-23	Q1-23	Q4-22	Q3-22	2022	2021
Indonesia	41.5	42.3	120.0	119.8	124.0	130.7	448.7	415.2
Australia	27.7	31.5	93.1	79.5	84.5	79.7	308.0	368.3
Russia	16.0	16.0	51.4	48.5	50.8	48.7	177.7	172.3
USA	7.5	4.9	20.1	20.4	17.4	17.4	66.3	69.5
Colombia	4.5	5.7	14.5	12.5	16.0	14.9	55.7	60.9
South Africa	5.2	4.8	15.7	15.2	14.9	16.1	56.5	62.1
Others	8.9	8.6	27.1	23.8	22.2	23.6	86.2	88.1
<b>Global</b>	<b>111.3</b>	<b>113.8</b>	<b>342.0</b>	<b>319.8</b>	<b>329.8</b>	<b>331.0</b>	<b>1199.0</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	4.7	4.0	18.0%
Australia-Japan	3.6	2.2	65.2%

Data Source: IHS Markit Commodities at Sea Service, Bloomberg

## Seasonality Charts



Data Sources: IHS Markit Commodities at Sea Service, Bloomberg

## Dry Bulk Trades/Agri

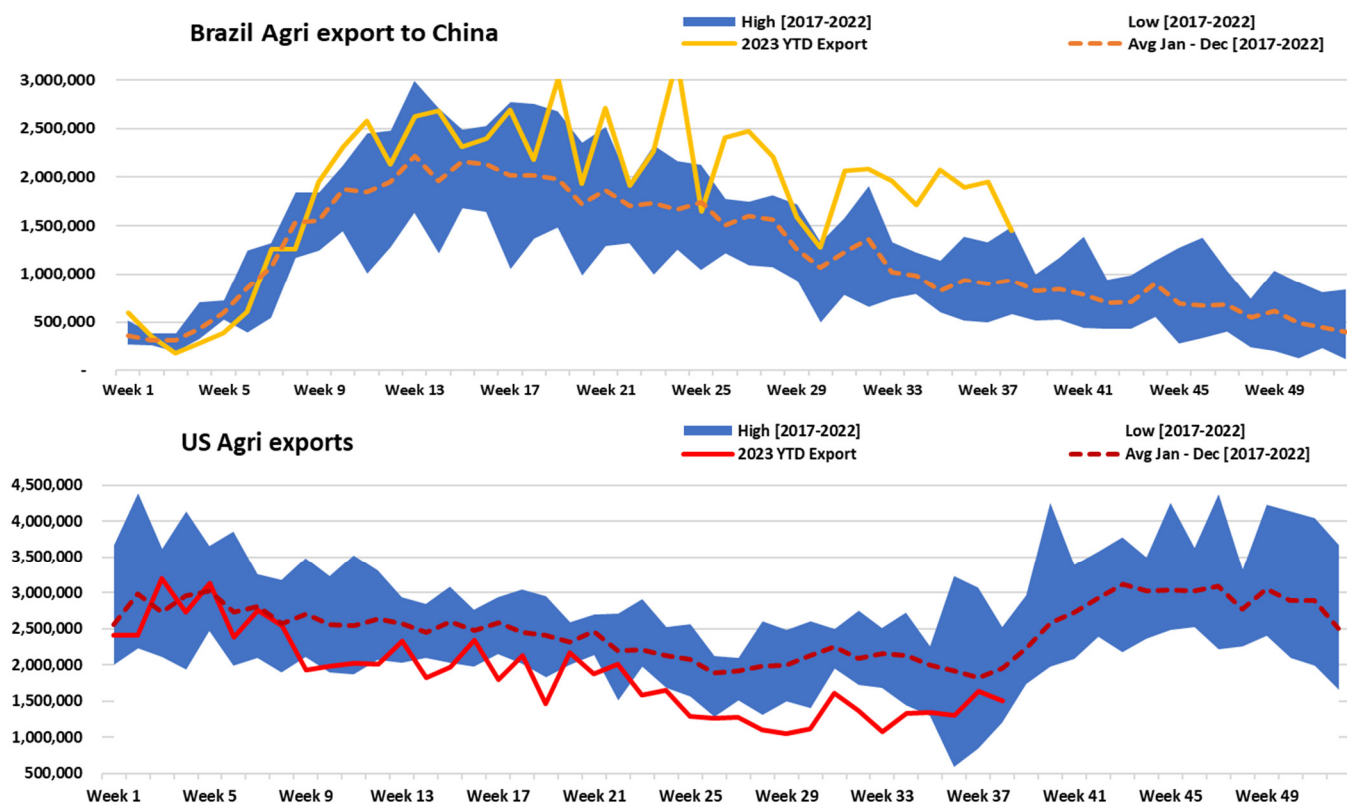
A less positive week for grain shipments as total export volumes dropped to 10.1 million tonnes, with a noticeable decrease of 10.5% that the market has been expecting from the weather challenge. Brazil shipments were in line with the season, with the weekly total falling 11% to 4.0 million tonnes. Exports from Brazil to China came off the recent highs but remained above the low high of the 6-year average, but still following a downward seasonal trend. On the other hand, shipments from the US still looks positive and above the recent weeks average, despite its weekly volume falling off 8% last week.

### 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	1,444.4	1,947.1	-25.8%	42.0	40.5	3.6%
US-China	294.3	303.9	-3.1%	56.4	53.8	4.9%

Data Source: IHS Markit Commodities at Sea Service, Bloomberg

## Seasonality Charts



Export (million tonnes)	Aug-23	Jul-23	Q2-23	Q1-23	Q4-22	Q3-22	2022	2021
Brazil	21.8	20.0	58.1	42.7	41.0	49.8	177.2	157.2
USA	5.8	5.5	22.9	30.7	36.8	23.9	128.7	140.8
Argentina	6.2	6.1	14.6	12.1	19.5	22.5	88.0	87.0
Ukraine	0.1	0.3	6.0	9.7	9.7	4.5	27.0	58.9
Canada	2.2	2.8	9.2	11.8	15.0	6.6	33.4	40.6
Russia	4.3	3.4	9.9	10.0	11.6	7.7	29.0	29.7
Australia	3.3	3.9	12.8	14.3	11.6	11.7	48.6	39.7
Others	7.2	6.6	16.7	23.1	20.3	25.9	96.0	87.4
<b>Global</b>	<b>50.9</b>	<b>48.6</b>	<b>150.3</b>	<b>154.4</b>	<b>165.5</b>	<b>152.6</b>	<b>627.9</b>	<b>641.4</b>

Data Source: IHS Markit Commodities at Sea Service, Bloomberg

Written by **Emma Feng**, FIS Senior Research Analyst

Edited by **Luke Hanley**, FIS Content Manager

News@freightinvestor.com, +44 207 090 1120

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