

17/10/2023

Market Review:

The dry freight market moved a touch lower last week amid slow shipments in key regions. Steady iron ore trade flows and robust coal demand have lent the market some support, although steel production cut in China remained as downside risks. On the grains side, demand reported to be firm in both Atlantic and Pacific basins.

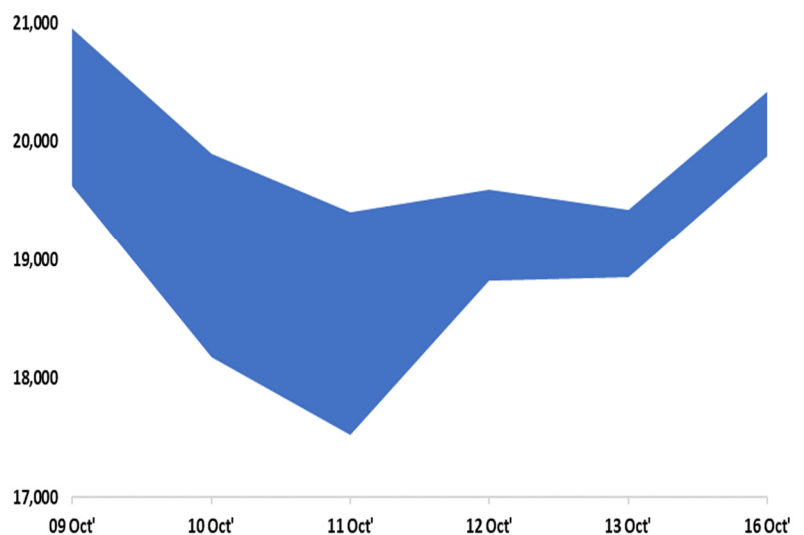
Freight Rate \$/day	16-Oct	09-Oct	Changes %	Short Term	Sentiment
Capesize 5TC	28,348	28,901	-1.9%	Neutral to Bullish	↗
Panamax 4TC	12,639	12,939	-2.3%	Neutral to Bullish	↗
Supramax 10TC	13,960	13,554	3.0%	Neutral	-
Handy 7TC	12,420	12,202	1.8%		

IHS	Weekly Total Shipments		Iron Ore	Coal	Bauxite	Agribulk	Minor bulk
Capesize	238	+2	152 (-4)	62 (+3)	13 (-1)		
Panamax	364	+19		164 (-3)		100 (+10)	52 (+1)
Supramax	496	-35		115 (+13)		77 (+6)	267 (-63)

Capesize

Cape opened on a firm note before falling the rest of the week, following the markdown in the paper market. Iron ore demand from China remained firm along with a new round of financial policy from the government, although production cut lingers in the background. Nevertheless, Australian iron ore volumes eased off by the end of the week following a standoff between owners and operators. Furthermore, Capesize coal shipments rose 7% over the week to 9.4 million tonnes with strong trade flows from Australia (4.9 MMT, +15.3% w-o-w) and Indonesia (2.0 MMT, +9.3% w-o-w), due to more Asian participants returning from holiday. On the other hand, rates in North Atlantic eased as the week progressed following slow activity and Brazilian holiday. Good support was evident at the start of this week amid active interest from the Chinese steel mills and recovering market confidence.

Capesize 5TC Rolling Front Month Trading Range



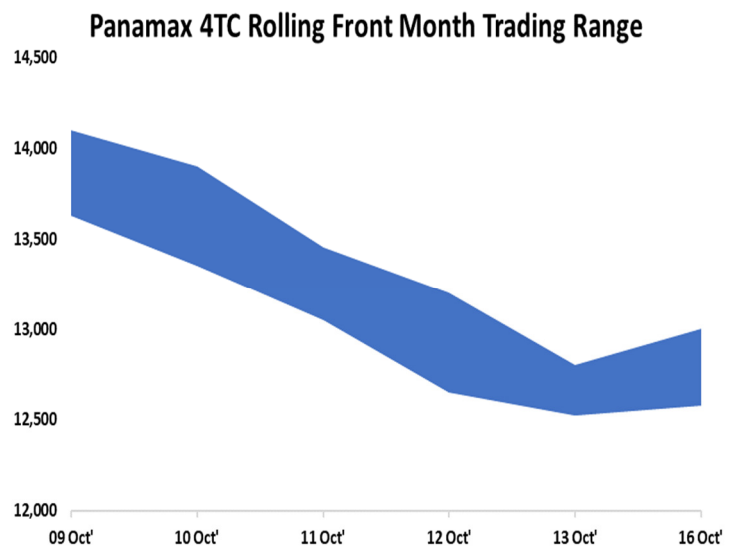
In the Pacific, the key C5 iron ore route (West Australia to China) came off the \$11 mark and fixed at \$10.45 for 28-30 Oct at the mid-week. On Monday, C5 fixtures ticked up to \$10.5-10.7 for early Nov loading dates. Meanwhile, several Australian iron ore cargoes to China were heard being fixed at time charter basis. In the Atlantic market, rates in the North initially firmed up due to tight conditions, especially Brazilian cargoes for the first half of Nov. Moving iron ore on the C3 route from Tubarao to Qingdao was heard at \$23.85 for 13-17 Nov. Out of Brazil, cargoes from Itaguaí to Qingdao was fixed at \$27.15 for 2-11 Nov and Tubarao to Misurata at \$20.30 for 25 Oct - 3 Nov. On the TA round some improvement showed by the end of the week, trips from Narvik to Rotterdam was fixed at \$7.10 for 15-24 Oct, while from Seven Island to Port Talbot was heard at mid-highs \$12s.

A day of two halves last Monday as a lot of volume initially changed hands, with Nov paying up to \$20800 and Q4 up to \$21000. However, the afternoon saw size sellers crush the market with Oct selling at \$25350, Nov at \$19750 and Cal24 at \$14650. A similar tale on Tuesday as early morning trading pushed the market up before sellers became prevalent in the afternoon. Oct and Nov traded down to \$23900 and \$18350 respectively. Q4 traded down \$750 on the day. Volatility continued into Wednesday as Oct sold down to \$23500 and Nov down to \$17500, both down around -\$500. A recovery in the paper in the afternoon then saw Nov paid \$17750 and \$18000, Oct paid \$24000 and Q4 \$19000 and \$19250. Oct and Nov traded up to \$25150 and \$19500 respectively on Thursday before trading \$500 lower by the close. Cal24 traded down to \$14450. Fast forward to Monday and it was a strong day for paper. Dec traded a few times between \$16750-\$16850 and Cal24 traded \$14700 and \$14650.

Short run neutral to bullish

Panamax

Panamax closed a touch lower last week dampened by subdued activity conducted in the Atlantic region. On the positive sides, increasing US Agri shipments followed an upward seasonal trend which should lend in good support. Moreover, congestion level at ECSA remained high with still over 200 Panamax vessels were anchored reached in the region. In the Asian market, Chinese coal demand remained robust along with strong supply from Indonesia and Australia. In a weekly basis, Panamax coal shipments surged up to a record high, as more participants in Asia returned from holidays, with weekly volume soared up by 35.7% to nearly 14 million tonnes. On the mineral side, not much improvement showed last week with weekly volumes on Panamax stayed flat at around 3.5 million tonnes. On Monday, more mineral cargoes surfaced which helped to absorbed some spot tonnage.



In terms of fixtures, gain cargoes were out of ECSA was the main support of for the Atlantic region, although a stand off between owners and operators was developed before the weekend. Cargoes via ECSA redelivery Singapore-Japan were fixing initially lower to \$16,000 before lifting to \$18,000; redelivery Iran were paid at between 17,000-17,250. In the North, activities began to slow down from mid-week on the fronthaul ex US Gulf and NCSA, trips via US East Coast redelivery India were reported at a lower rate \$26,500 and US Gulf rede Sing/Japan at \$14,500; NCSA rede Taiwan was fixed at \$21,750. On the other hand, Asian market was more vibrant with better coal and grains volumes, as a result sentiment turned slightly positive in the regions. NoPac round trip firmed up \$15,500-\$16,000. Cargoes with coal from Indonesia redelivery China was heard to fix at \$13,500 for a smaller vessel 75kt and redelivery India was at \$13,000 for a 83kt. Meanwhile, a 85kt cargo via EC Australia redelivery S. China was fixed at \$17,250.

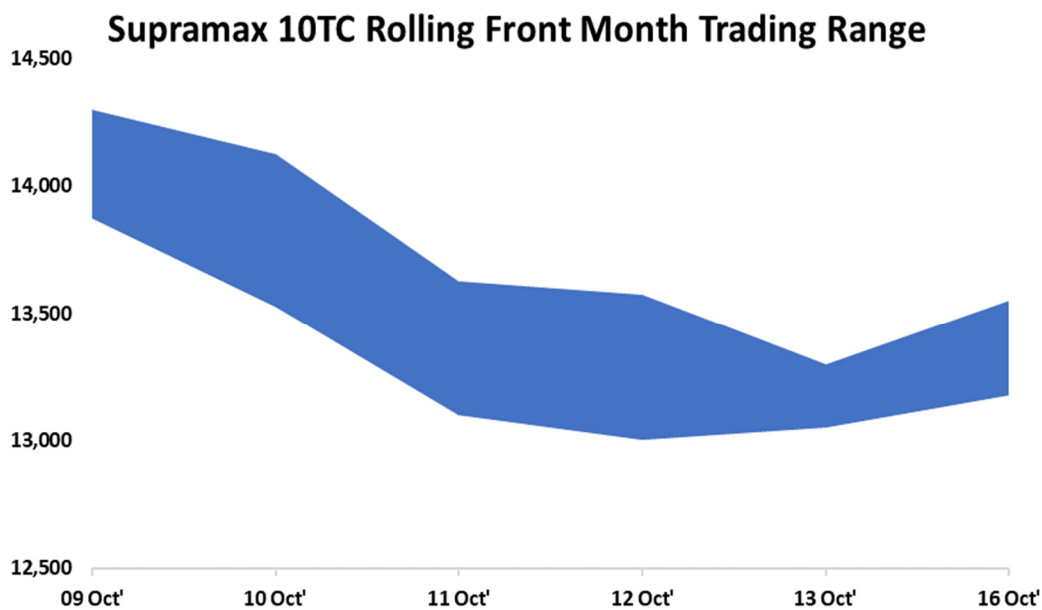
Last Monday, buyers were plentiful in the market as Oct printed \$13900 up to \$14150, and Q4 pushed up to \$13600. Sellers did soon enter the market and Oct ended up selling at \$13750, Q4 at \$13200 and Q1 at \$10000. A bearish day on Tuesday as Oct and Nov contracts were sold at \$13650 and \$13400 lows respectively. Q4 slipped to a low of \$13000 while Cal24 printed at \$11350. On Wednesday, Oct traded to \$13400, Nov to \$13100 and Q4 to \$12750. Despite coming under pressure in the morning on Thursday, pmx found support in the afternoon as Oct and Nov sold off at \$13000 and \$12650 respectively, Dec broke \$12k support to print \$11800 low and dragged Q4 down to \$12600 in some volume. The start of this week endured rangebound trading as Oct traded \$13000 to \$12750, Nov from \$13000 to \$12600 and Dec down to 411750.

Short run neutral to bullish

Supramax

A quiet start in the morning for the market last week before trading higher on the prompt unfolded following the panamax market. Oct and Nov traded up to \$14350 and \$14300 respectively. On Tuesday, Oct and Nov traded down to \$13700 and \$13550, Q1 traded between \$9800 and \$9400 and Q2 traded up to \$11650. A day of two halves on Wednesday as Nov and Q1 traded down to \$13100 and \$9150 at the start of the day before the afternoon led to Nov and Q1 settle at \$13500 and \$9350 respectively. Cal24 traded down to \$11000 while the Cal25 traded at \$10900. A quiet day on Thursday with little volume changing hands. Oct and Nov traded down to \$13750 and \$12900, while Q4 traded down to \$12750. An inactive day this Monday as most of the volume occurred on the Cal24 which traded down to \$11075.

Short run neutral



FFA Market Indexes

Freight Rate \$/day	16-Oct	09-Oct	Changes %	2023 YTD	2022	2021	2020	2019
Capesize5TC	28,348	28,901	-1.9%	13,476	16,177	33,333	13,070	18,025
Panamax4TC	12,639	12,939	-2.3%	10,632	8,587	25,562	8,587	11,112
Supramax10TC	13,960	13,554	3.0%	10,520	8,189	26,770	8,189	9,948
Handy7TC	12,420	12,202	1.8%	9,800	8,003	25,702	8,003	9,288

FFA Market Forward Values

FFA \$/day	16-Oct FIS Closing	09-Oct FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2023 Mkt High	2023 Mkt Low
Capesize5TC Nov 23	20000	19650	1.8%	21,000	17,500	22,500	12,400
Capesize5TC Q1 24	9475	9975	-5.0%	10,175	9,250	18,200	7,500
Panamax4TC Nov 23	12625	13650	-7.5%	14,200	12,050	17,500	9,350
Panamax4TC Q1 24	9350	10000	-6.5%	11,750	9,200	13,850	8,200
Supramax10TC Nov 23	13225	14050	-5.9%	14,300	12,650	16,950	9,900
Supramax10TC Q1 24	9275	9700	-4.4%	11,300	9,100	14,500	8,300

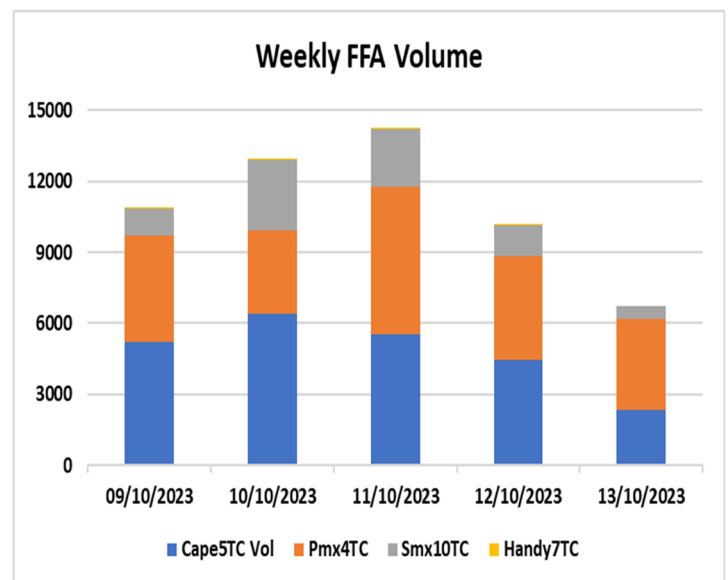
Data Source: FIS Live, Baltic Exchange

FFA Market

It was a busy start to the week with high volumes traded on the larger sizes, although industry events and golf day led to a quiet end. In a week, over 68,900 lots posted on both exchanges. By vessel size, Capes and Panamax futures traded around 4,780 lots and 4,490 lots per day last week; Supramaxes followed right behind with an average of 1,670 lots traded daily last week.

There was also strong interest seen in Cape options, with a total of 10,330 lots traded last week, among the total options volume of 10,780 lots. Main actions focus on Nov, Dec, Q1'23 and Cal24-25 contracts. Open interest continued to increase as positions extended to further out contracts, on 17th Oct Cape 5TC 169,034 (+5,470 w-o-w), Panamax 4TC 183,306 (+3,730 w-o-w), Supramax 10TC 86,361 (+850 w-o-w).

On the voyage routes last week, good action was seen on C5 with 2.15 tonnes changing hands on Oct and Nov contracts.



Dry Bulk Trades/Iron Ore

A fairly flat week for iron ore shipments, with weekly volume remaining at around 32.1 million tonnes. For the top exporters, Australia shipped out 18.4 MMt last week, down 7.2% w-o-w, despite demand from China continuing to grow for the third week. As the charts below show, last week's shipments from Australia to China has reached the top end of the seasonal range. Likewise, last week's shipments from Brazil to China also bounced back and surpassed the seasonal average with weekly volume recovering 35% to 7.34 MMt.

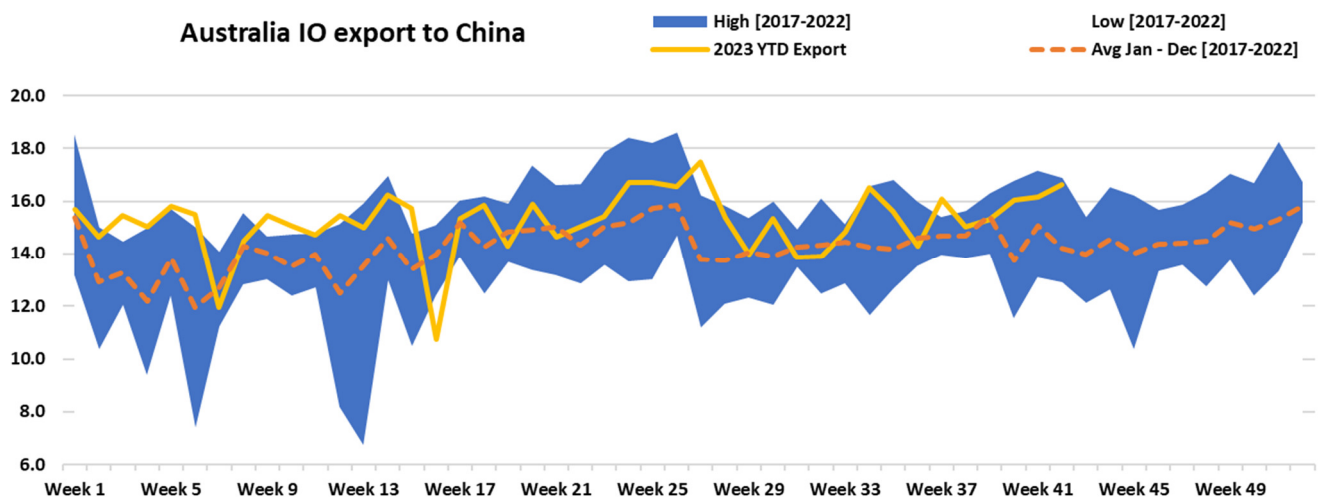
Dry Bulk Trades/Iron Ore

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
Global	144.4	137.3	412.8	381.3	412.9	410.4	1586.0	1629.2

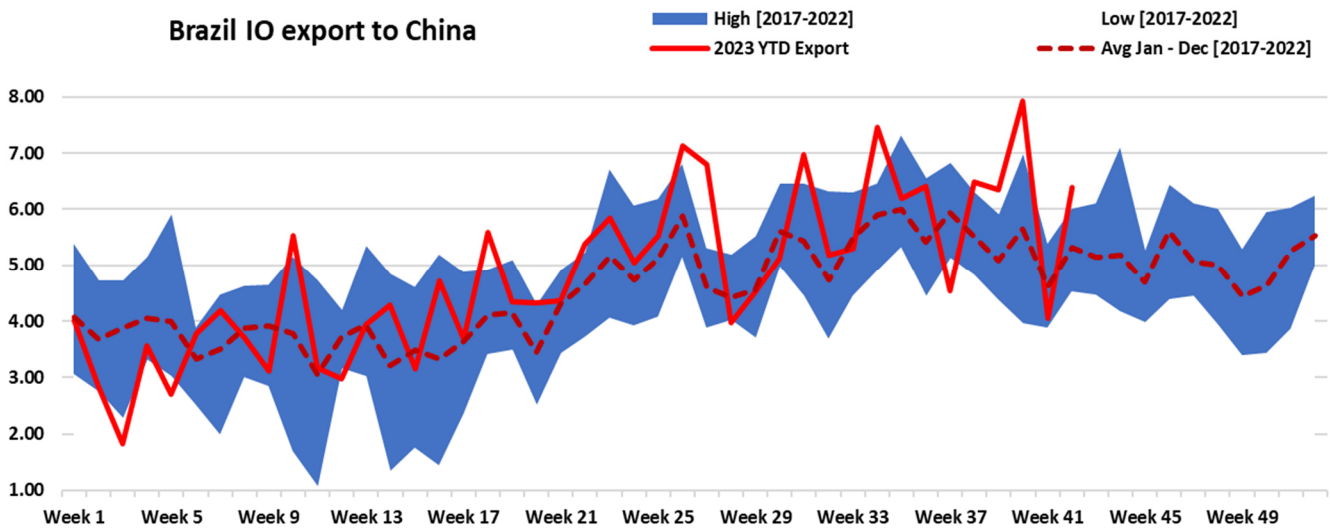
Iron Ore Key Routes

	IO Export Million mt			Freight Rate \$/mt		
	Last Week	Prev. Week	Chg %	Last Week	Prev. Week	Chg %
Australia-China	16.6	16.2	2.9%	10.73	10.71	0.2%
Brazil-China	6.4	4.0	58.1%	25.99	24.68	5.3%

Seasonality Charts



Brazil IO export to China



Dry Bulk Trades/Coal

Last week coal shipments jumped up to around 30.7 million tonnes (+25% w-o-w) as expected, with high demand from more Chinese market players returning. For China alone, imports hit 9 million tons last week which marked the highest weekly volume so far this year. Accordingly, Indonesian coal ramped up its exports to 10.2 million tonnes, up nearly 4 Mmt or 41% from the previous week. Australian coal shipments also boosted to 8.0 million tonnes, driven by robust demand from JKT with volume at around 5.1 Mmt (+14.8%) and India steadied at 1.4 Mmt.

Dry Bulk Trades/Coal

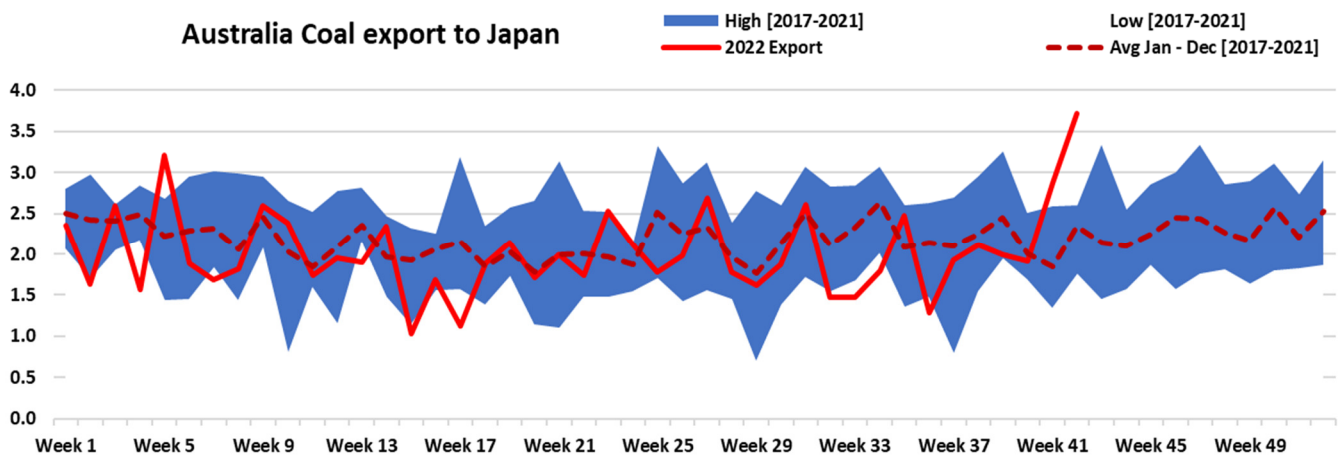
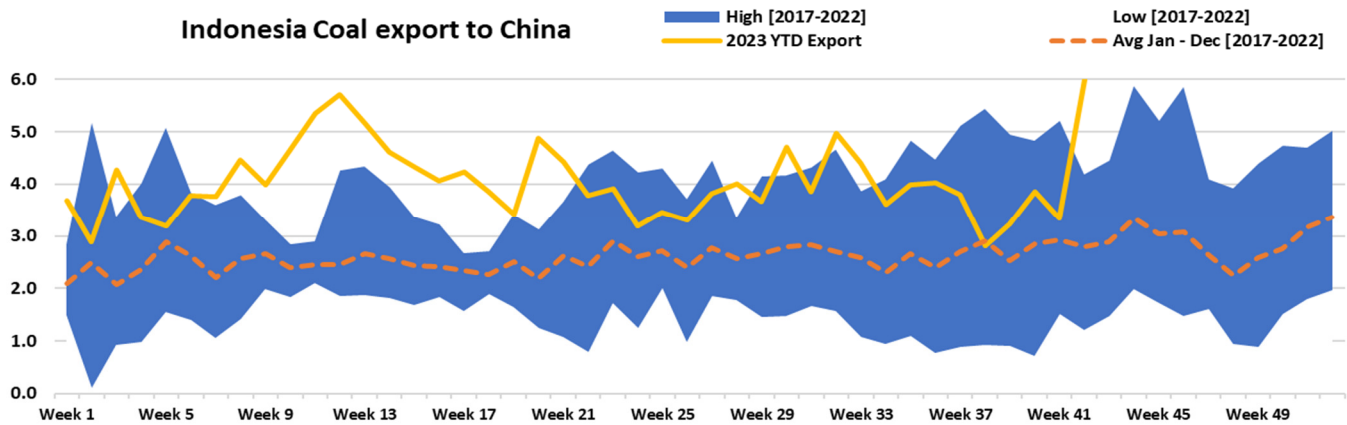
Export (million tonnes)	Aug-23	Jul-23	Q2-23	Q1-23	Q4-22	Q3-22	2022	2021
Indonesia	41.5	42.3	120.0	119.8	124.0	130.7	448.7	415.2
Australia	27.7	31.5	93.1	79.5	84.5	79.7	308.0	368.3
Russia	16.0	16.0	51.4	48.5	50.8	48.7	177.7	172.3
USA	7.5	4.9	20.1	20.4	17.4	17.4	66.3	69.5
Colombia	4.5	5.7	14.5	12.5	16.0	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
Global	111.3	113.8	342.0	319.8	329.8	331.0	1199.0	1236.4

Coal Key Routes

Coal Key Routes	Coal Export Million mt		
Coal Export Million mt	Last Week	Prev. Week	Chg %
Indonesia-China	6.0	3.3	79.9%
Australia-Japan	3.7	2.9	29.4%

Data Source: IHS Markit Commodities at Sea Service, Bloomberg

Seasonality Charts



Data Sources: IHS Markit Commodities at Sea Service, Bloomberg

Dry Bulk Trades/Agri

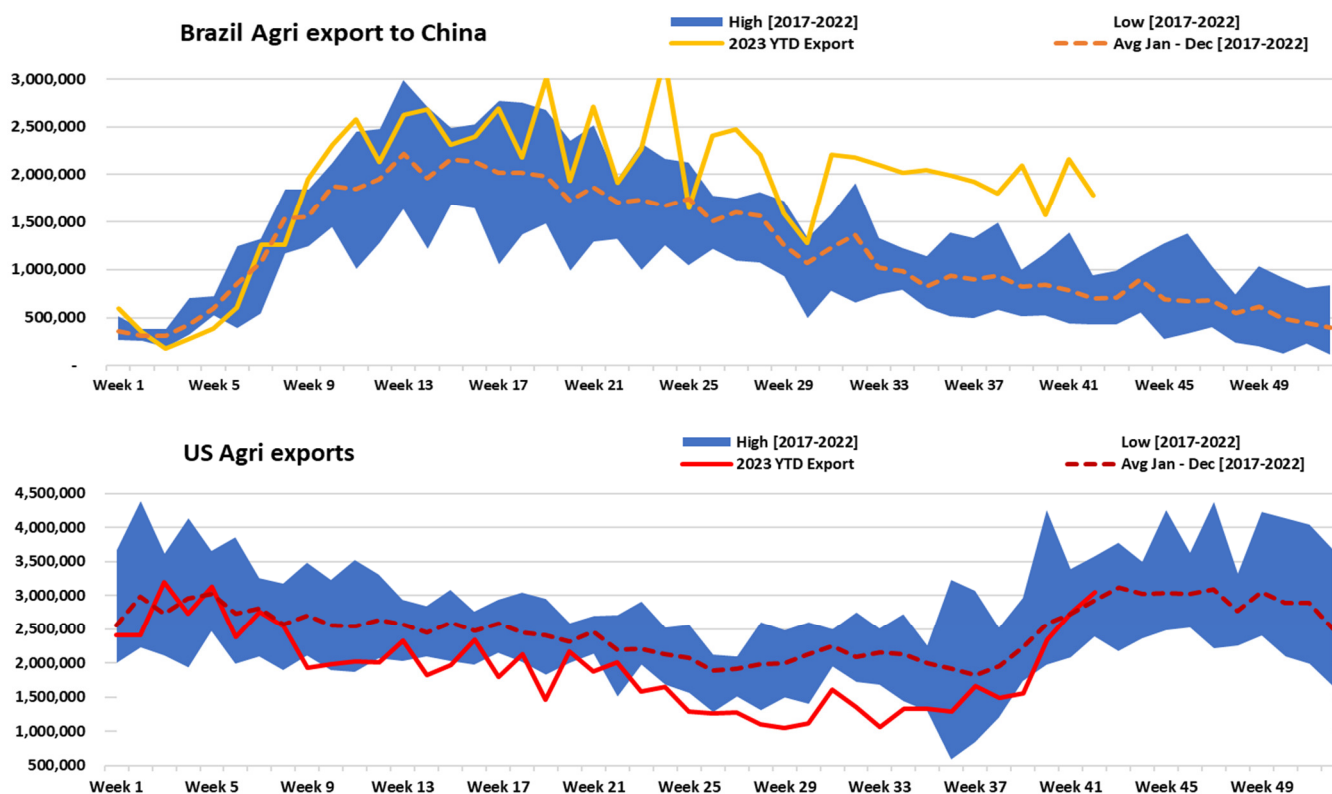
A more positive week for grain shipments as total export volumes rose to 11.8 million tonnes, with a weekly increase of 3.4% that the market has not seen for a short while. Out from Brazil, shipments were in line with the season, with the weekly total falling 12% to 3.9 million tonnes. Exports from Brazil to China remained high, above the high end of the 6-year average but following a downward seasonal trend. On the flip side, shipments from the US firmed up to 3.1 million tonnes, up 11% w-o-w, moving upwards as the peak season approached.

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	1,777.2	2,163.7	-17.9%	41.3	42.3	-2.3%
US-China	946.8	1,206.8	-21.5%	56.4	57.5	-2.0%

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
Global	50.9	48.6	150.3	154.4	165.5	152.6	627.9	641.4

Data Source: IHS Markit Commodities at Sea Service, Bloomberg

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