

14/11/2023

Market Review:

Last week saw a more optimistic sentiment prevailing amongst larger vessel sizes, driven by expectations of rising iron ore demand and supportive rates for grain shipments owing to logistic issues. This positive trend was reflected in the futures market, where Capesize led the way, with its time charter rate surpassing \$21,000, accompanied by moderate gains in both the Panamax and Supramax segments.

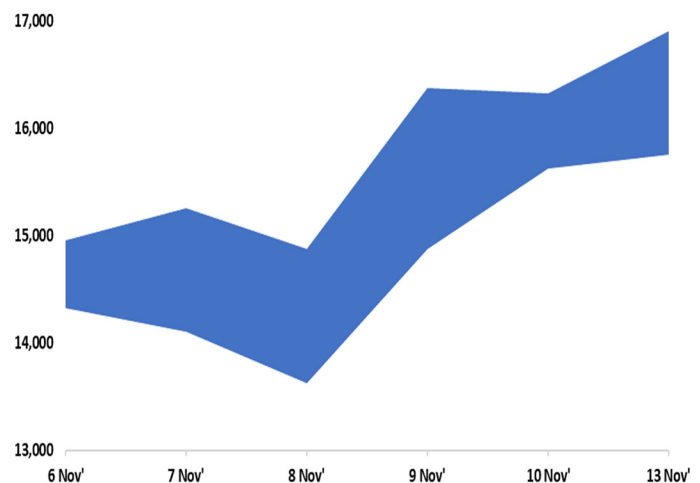
Freight Rate \$/day	13-Nov	6-Nov	Changes %	Short Term	Sentiment
Capesize 5TC	21,619	19,234	12.4%	Neutral	-
Panamax 4TC	12,598	11,693	7.7%	Neutral to Bullish	↗
Supramax 10TC	12,396	12,080	2.6%	Neutral to Bullish	↗
Handy 7TC	10,581	11,284	-6.2%		

IHS	Weekly Total Shipments		Iron Ore	Coal	Bauxite	Agribulk	Minor bulk
Capesize	218	+0	147 (+1)	54 (+4)	13 (+0)		
Panamax	353	-39		161 (-27)		102 (+6)	54 (-21)
Supramax	490	-33		119 (-10)		63 (-2)	276 (-20)

Capesize

Capes concluded the week on a notably positive note, buoyed by increased fixing rates in both regions and a confident outlook on short-term Chinese iron ore demand. The market saw active participation from all three major iron ore players at the week's outset, along with robust fixtures reported in the North Atlantic. Towards the week's end, activity in South Brazil and West Africa contributed also to the positive momentum. Although Cape iron ore shipments experienced a relatively subdued week in terms of volume, a notable buildup of vessels awaiting loading in Australia and increased cargo reports from South Africa suggest a potential strengthening of volumes in the upcoming week. It's important to note that the underlying iron ore market remained optimistic, supported by positive production rates and steel margins. Additionally, coal shipments via Capesize vessels saw a 4.7% dip to 7.1 million tonnes, while minor bulk volumes fell 6.7% to just shy of 3 million tonnes.

Regarding fixtures, the crucial C5 iron ore route (West Australia to China) was initially fixed at \$9.40 for 17-18 Nov laycan but rose to \$9.80-9.88 last Tuesday following the clearance of more vessels. On 14th Nov, the C5 spot was assessed at \$9.95. In the Atlantic, tonnage lists tightened in the North, particularly in the latter half of the week, with more Brazilian cargos emerging. Moving iron ore on the C3 route from Tubarao to Qingdao for late Nov to early Dec dates was reported between \$21 and sub \$22 as the week progressed. Another voyage from Sudeste to Qingdao was fixed at \$21.5 for 10 Dec. Firm fixtures were also reported elsewhere in the Atlantic, with cargos from Port Cartier to Qingdao at \$31.25 for 18-27 Nov and from Yuzhny to Qingdao at \$34 for 1-10 Dec. Overall, a balance appeared to have been struck in both regions, anticipating strong iron ore shipments out of Australia to align with forecasted exports.

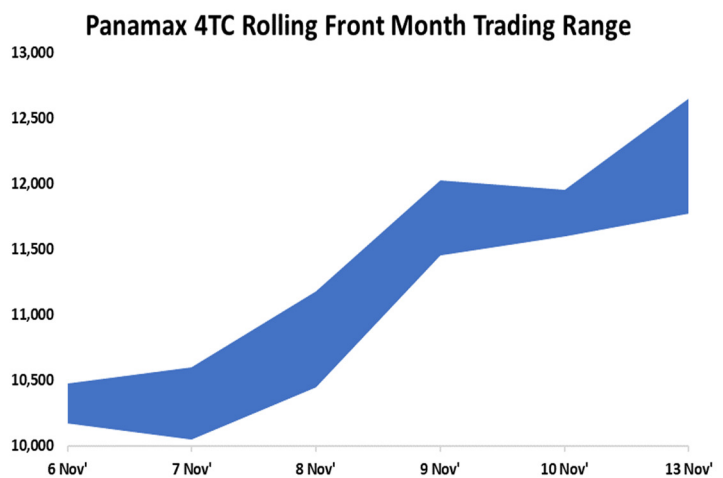
Capesize 5TC Rolling Front Month Trading Range

A positive day for the Capes last Monday as November traded up to 417900 (+\$1900 on the day) while December traded up to \$14900 (+\$900 on the day). However, post index (\$+1544) the market stalled for the remainder of the day. Further out, Cal24 capes traded \$14200. Another active morning on Tuesday as first trades saw Dec printing at \$14750 before following this up with a high of \$15250, and Nov printed at \$17950, \$18000 and \$18250. This was soon followed by a lot of selling, which saw the Nov contract gapping down to \$17600 and then \$17250, the low of the day at close with \$17600 trading. A quiet morning on Wednesday, with the Q2 trading up to \$8.70 and the Q1 trading up to \$7.79. Post index (-904) saw Nov and Dec trading back up to \$17650 and \$15000. A very strong day on Thursday as Nov was paid \$17750, and Dec paid \$15150. The afternoon was the same as relentless buying saw Nov paid at \$18000 before rallying to a high of \$19200, and Dec at \$16250. Friday saw Nov and Dec trade up to \$19300 and \$16350 respectively. Cal24 traded up to \$14250, Cal25 up to \$14550. A day of two halves this Monday as thin liquidity in the morning session soon turned into strong buying in the afternoon. Nov paid up to a high of \$19900 where size traded and Dec was paid \$16750 and \$16800 in size.

Short run neutral

Panamax

Panamax rates experienced a gradual strengthening last week, propelled by a recovering grain shipments market and an upswing in the Cape market. Positive market sentiment in the Atlantic persisted throughout the week due to tightening prompt vessel supply, discussions of higher rates on both fronthaul and transatlantic routes. Congestion in the ECSA and lower water levels in the Mississippi River redirecting volumes to a longer route also contributed to supporting freight rates. Conversely, the Asian market, particularly in the North, lacked excitement, although robust coal demand from Australia and Indonesia helped absorb the heavy tonnage. In terms of fixtures, fresh coal cargoes were reported in the US and



Canada regions. Trips via Puerto Drummond with redelivery in Japan were fixed at \$24,000, and EC US rede India at \$27,000. Grain shipments witnessed a recovery last week with improving volumes from the US and Brazil. Cargoes via US Gulf redelivery Far East were transacted at \$15,250. On the Transatlantic routes, a trip via US Gulf redelivery Amsterdam was fixed at \$15,000, and another mineral round trip was reported at around \$17,000. In the South, there was active fixing out of ECSA for the end of November to early December, with rates for redelivery in Sing/Japan confirming at \$17,500. In the Asia market, rates entered a correction stage due to limited activity reported over the week, and a Singapore holiday further impacted liquidity on Monday. Despite this, it was a strong week for coal shipments, with surging Australian coal shipments to the JKT region. Trips via Australia redelivery Sing/Japan and India were fixed at \$13,500 and \$9,750, respectively. Out of Indonesia, with redelivery in West India, a fixture was agreed upon at \$12,000, covering 74,000 tonnes.

Good bid support to open last week for Pmx, as Nov printed up to \$11400 and Dec to \$10500 before stalling. Q1 nudged over \$9000 and Cal24 printed in good size between \$10950 and \$11000 pre index. Sellers returned in the afternoon, pushing the curve back down \$200 off the day's high. On Tuesday, Nov and Dec pushed up to \$11500 and \$10600 highs respectively, Q1 pushed up to \$9150 while further out Cal24 traded inside \$10800-\$10900. Good size trading on Wednesday as Nov started the day at \$11250 and Dec at \$10400 before closing up at \$12350 on Nov and \$11050 on Dec. Q1 gained some traction as well printing up at a day's high of \$9400 before stalling at this level. Another positive day on Thursday as Nov and Dec traded up to \$12850 and \$12000 respectively, Q1 pushed up to \$9725 and Cal24 traded in some volume inside \$11100-\$11200 range while Cal25 saw similar size trading inside \$10900-\$11000. The week closed with some good bid support. Slow start to the week with the Singapore holidays affecting liquidity in the market. Dec traded in good size from \$12400-\$12550 and the Q1 printed up at \$10150 before seeing selling interest again.

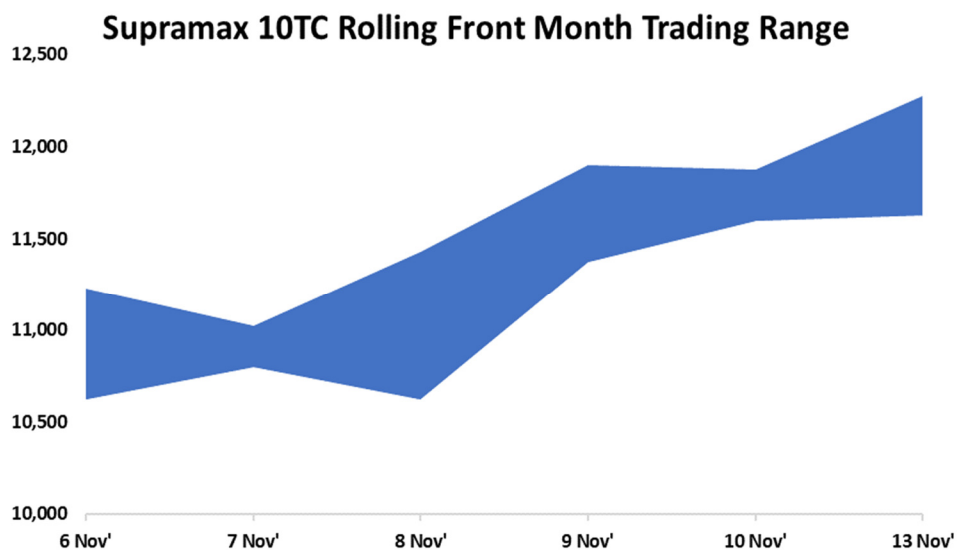
Short run neutral to bullish

Chart source: FIS Live

Supramax

Prices ticked up throughout the morning session last Monday with good bidding activity pushing Nov and Dec to a high of \$12200 and \$11250. However, post a rather flat index, down \$31, rates stalled and saw little movement thereafter. Rangebound trading throughout the day on Tuesday. An index of (-14) brought little life into the market. Notably, Cal24 traded \$10900 while Cal25 traded \$10800. Early selling pushed the prompt down on Wednesday morning, however, post index (+73) the market became bullish pushing Nov and Dec up to \$12350 and \$11350 respectively. On Thursday, Pmx v Smx spreads triggered buying on the prompt with Nov and Dec trading up \$600 before post index (+140) led to rangebound trading for the rest of the day. Rangebound trading again on Friday, Nov and Dec traded up to \$12650 and \$11850. The paper experienced momentum post index this Monday as Dec and Q1 pushed up to \$12150 and \$9750. Further out, Cal24 and Cal25 traded up to \$11125 and \$11000.

Short run neutral to bullish



FFA Market Indexes

Freight Rate \$/day	13-Nov	6-Nov	Changes %	2023 YTD	2022	2021	2020	2019
Capesize5TC	21,619	19,234	12.4%	14,236	16,177	33,333	13,070	18,025
Panamax4TC	12,598	11,693	7.7%	10,817	8,587	25,562	8,587	11,112
Supramax10TC	12,396	12,080	2.6%	10,738	8,189	26,770	8,189	9,948
Handy7TC	10,581	11,284	-6.2%	9,967	8,003	25,702	8,003	9,288

FFA Market Forward Values

FFA \$/day	13-Nov FIS Closing	6-Nov FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2023 Mkt High	2023 Mkt Low
Capesize5TC Dec 23	16850	14575	15.6%	17,500	13,500	22,500	11,700
Capesize5TC Q1 24	9625	8700	10.6%	14,450	8,400	18,200	7,500
Panamax4TC Dec 23	12550	10250	22.4%	12,650	10,050	17,500	9,100
Panamax4TC Q1 24	10050	8925	12.6%	11,350	8,850	13,850	8,100
Supramax10TC Dec 23	12150	11075	9.7%	12,250	10,750	16,950	9,300
Supramax10TC Q1 24	9700	9000	7.8%	11,250	8,875	14,500	8,300

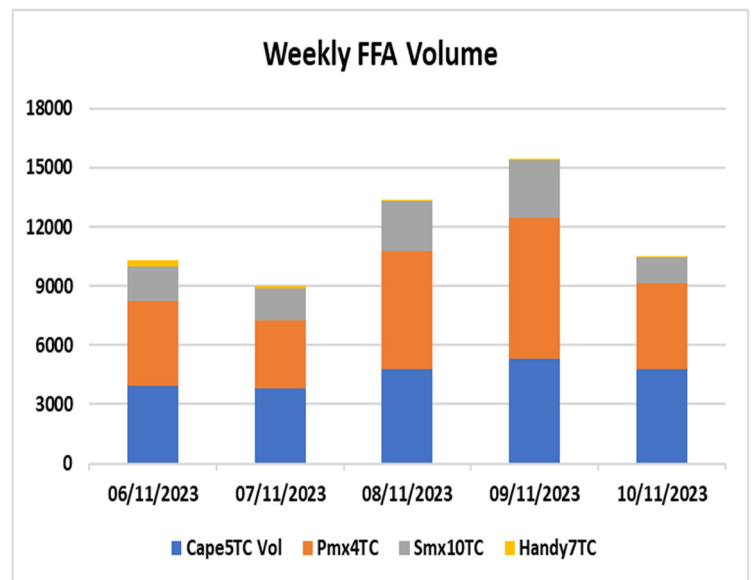
Data Source: FIS Live, Baltic Exchange

FFA Market

Another busy week unfolded for FFAs, with total trading volumes reaching 68,780 lots on exchanges. Regarding vessel size, Capes and Panamax futures averaged around 4,530 lots and 5,050 lots per day, respectively, last week. Supramaxes also experienced increased trading activity, with an average of 2,020 lots changing hands daily. Additionally, there was significant activity in Cape options, totalling 4,940 lots traded during the week. The majority of trading was concentrated on Dec, Q1, and Cal24 contracts.

Open interest increased on a daily basis, correlating with rising FFA prices. On November 13th, Cape 5TC reached 161,483 lots (a weekly increase of 3,900), Panamax 4TC reached 175,273 lots (a weekly increase of 3,960), and Supramax 10TC reached 82,555 lots (a weekly increase of 2,170).

Regarding voyage routes last week, 3.22 million tonnes of C5 were cleared, with main interests focusing on Nov-Dec contracts and smaller sizes on Q1-Q2 24. In other areas, 315kt were traded on the C3 routes for prompt months.



Dry Bulk Trades/Iron Ore

Iron ore shipments experienced a significant drop of 19.2% last week, reaching 27.1 million tonnes, primarily attributed to reduced volumes from key regions. Australia's total shipments declined by 17.1% to 15.8 million tonnes, while Brazilian iron ore exports plummeted even further, with only 4.9 million tonnes shipped, marking a substantial 40% decrease. On a positive note, robust supply emerged from South and West Africa, with their weekly shipments rising by 21.8% to 1.7 million tonnes.

On the demand side, seaborne volumes for China decreased during the week due to uncertainties surrounding high iron ore prices. Consequently, shipments from both Australia and Brazil declined to 13.8 million tonnes (a 13.2% decrease week-on-week) and 7.0 million tonnes (a 3.4% decrease week-on-week), respectively. China's overall iron ore imports for the week decreased by 15.9% to approximately 21.8 million tonnes. However, market sentiment remained firm, supported by positive operation rates at Chinese steel mills and government stimulus measures.

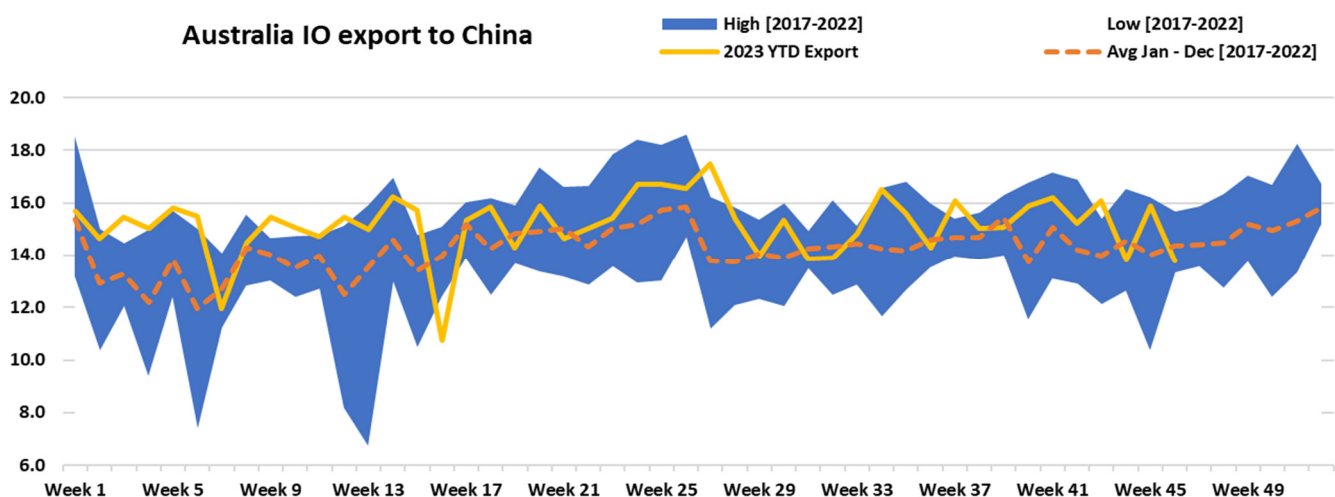
Dry Bulk Trades/Iron Ore

Export (million tonnes)	Sep-23	Aug-23	Q3-23	Q2-23	Q1-23	Q4-22	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

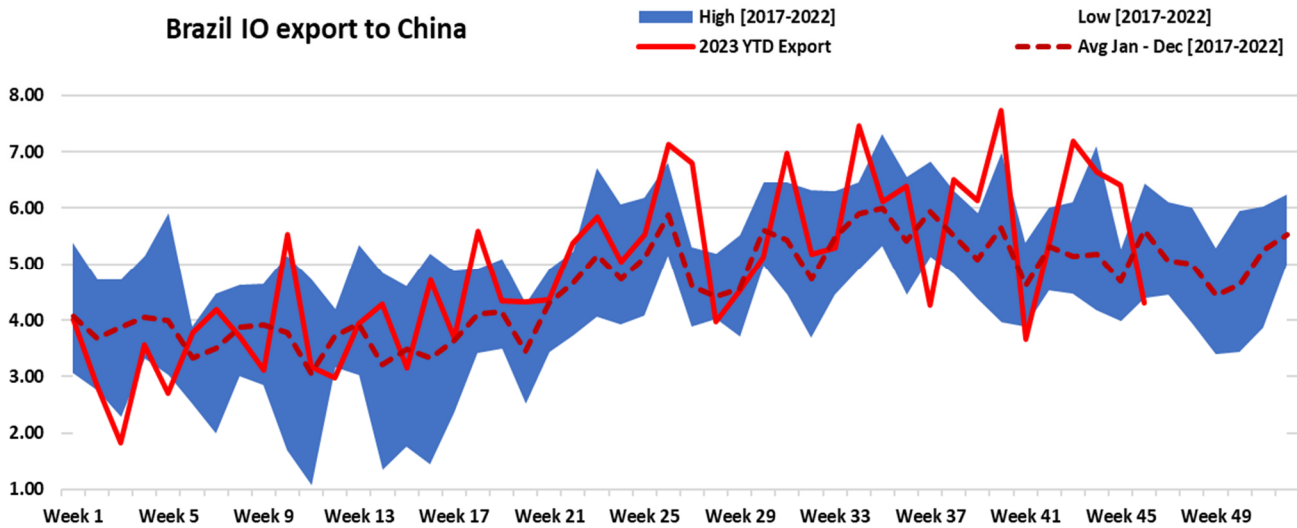
Iron Ore Key Routes

	IO Export Million mt			Freight Rate \$/mt		
	Last Week	Prev. Week	Chg %	Last Week	Prev. Week	Chg %
Australia-China	13.8	15.9	-13.1%	9.73	8.35	16.5%
Brazil-China	4.3	6.4	-32.9%	21.45	20.63	4.0%

Seasonality Charts



Brazil IO export to China



Dry Bulk Trades/Coal

Following the previous week's peak volume, coal shipments experienced a relatively uneventful week, with total export volumes stabilizing at approximately 27.6 million tonnes. Australia's supply surged for the second consecutive week, reaching 8.4 million tonnes (+11.6% w-o-w), primarily propelled by heightened demand from JKM (5.5 million tonnes, a substantial 71% surge). However, volumes destined for India decreased to 1.3 million tonnes (-14% w-o-w), and for China dropped to 1.0 million tonnes (-56% w-o-w). Meanwhile, Indonesian coal saw a slight dip to 11.0 million tonnes, with demand from China remaining unchanged. Additionally, coal demand from North America strengthened, reaching 2.7 million tonnes, reflecting a 6.3% increase week-on-week.

Dry Bulk Trades/Coal

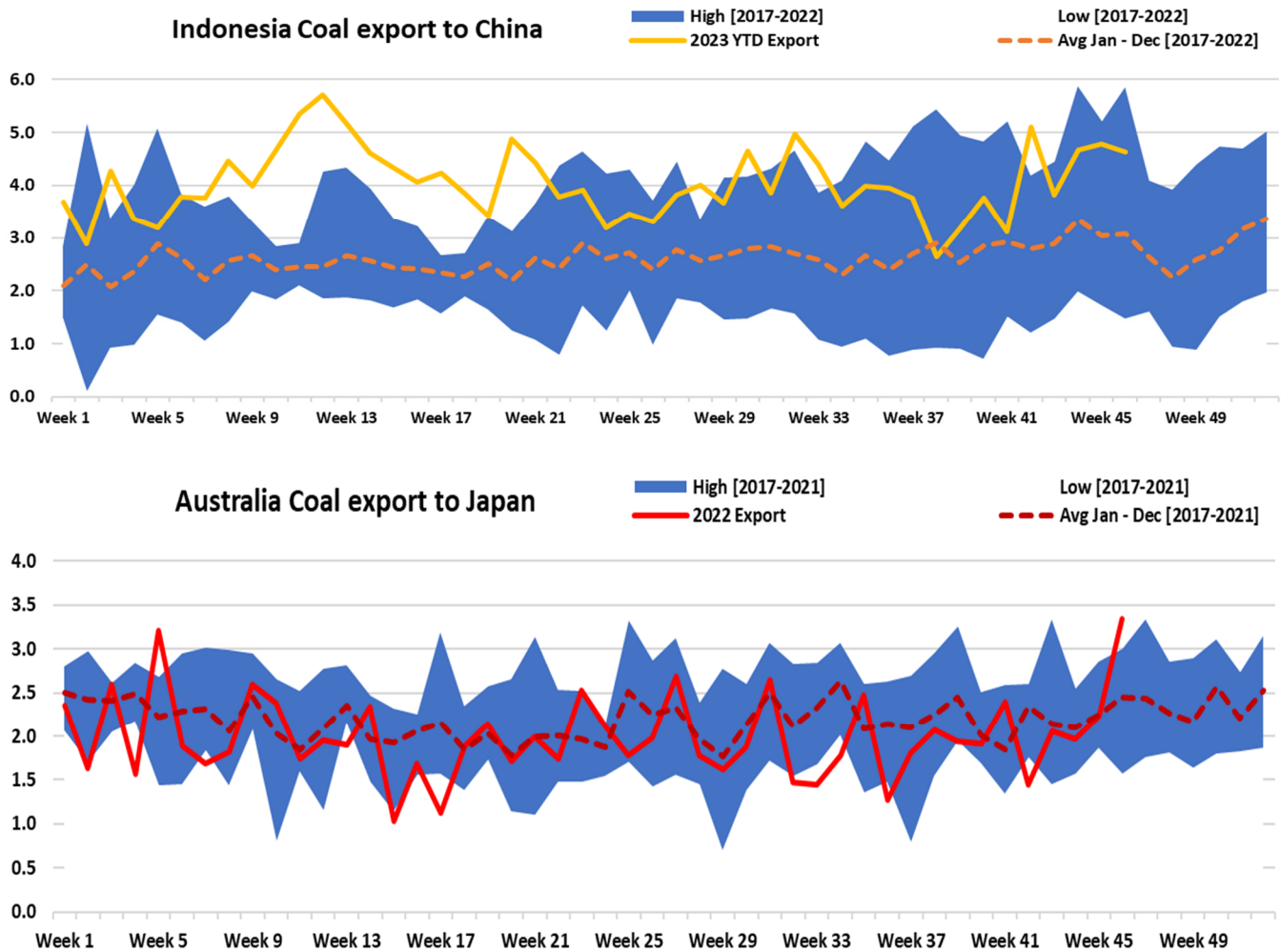
Export (million tonnes)	Sep-23	Aug-23	Q3-23	Q2-23	Q1-23	Q4-22	2022	2021
Indonesia	41.5	42.3	120.0	119.8	124.0	130.7	448.7	415.2
Australia	27.7	31.5	93.1	79.5	84.5	79.7	308.0	368.3
Russia	16.0	16.0	51.4	48.5	50.8	48.7	177.7	172.3
USA	7.5	4.9	20.1	20.4	17.4	17.4	66.3	69.5
Colombia	4.5	5.7	14.5	12.5	16.0	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	4.6	4.8	-3.1%
Australia-Japan	3.3	2.2	49.4%

Data Source: IHS Markit Commodities at Sea Service, Bloomberg

Seasonality Charts



Data Sources: IHS Markit Commodities at Sea Service, Bloomberg

Dry Bulk Trades/Agri

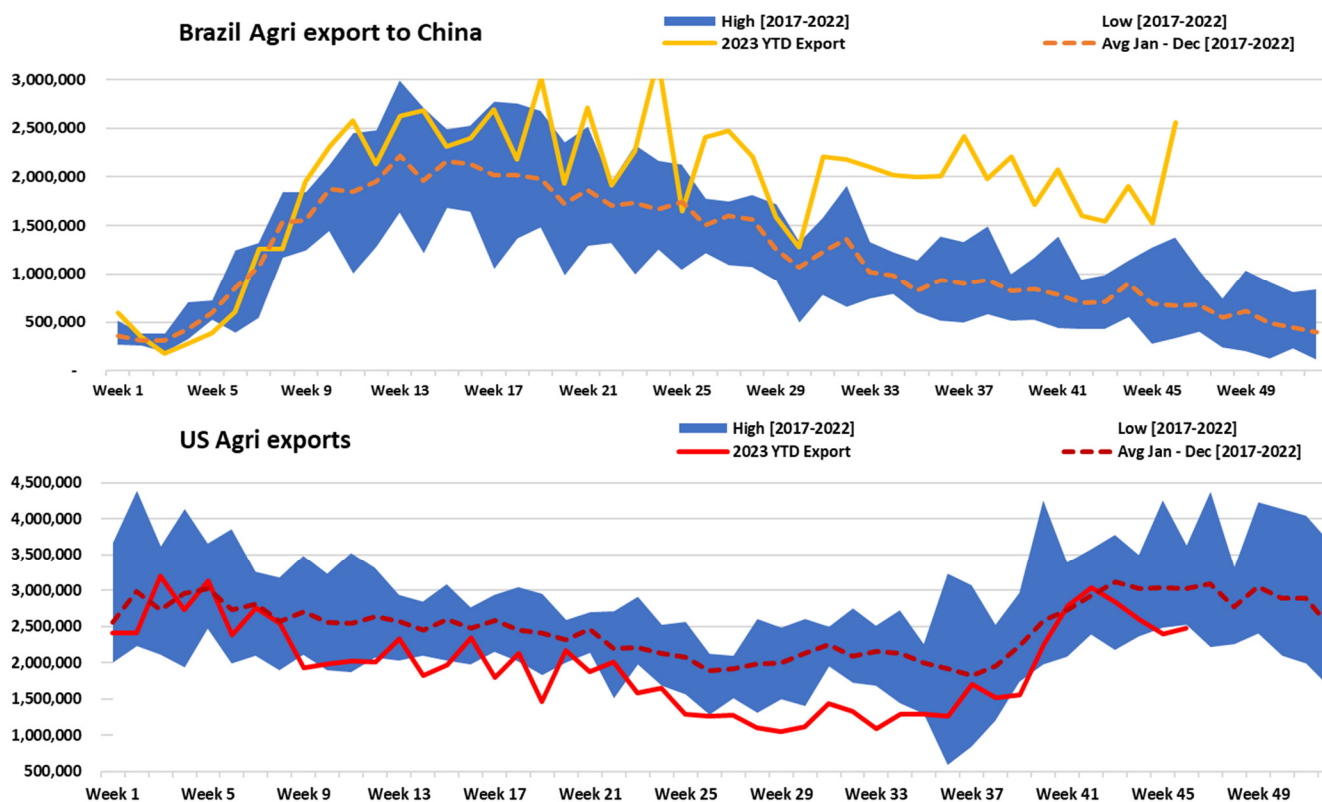
Grain shipments witnessed a recovery of 4.4% last week, reaching 10.8 million tonnes, following a sharp decline in early November. From Brazil, total weekly shipments rebounded by 9.4% to 4.4 million tonnes, driven by exports to China reaching a peak volume of approximately 2.56 million tonnes in a week. In the U.S. region, shipments showed signs of improvement, breaking a three-week decline streak, with weekly totals rising by 3.3% to 2.5 million tonnes. However, on the downside, Australian shipments took a sharp dip last week, with weekly volumes plummeting by over 33% to 407,000 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	2,556.1	1,521.6	68.0%	39.7	40.3	-1.5%
US-China	2,442.7	1,521.6	60.5%	55.0	55.1	-0.2%

Data Source: IHS Markit Commodities at Sea Service, Bloomberg

Seasonality Charts



Export (million tonnes)	Sep-23	Aug-23	Q3-23	Q2-23	Q1-23	Q4-22	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

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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