

# FIS Dry Freight Weekly Report

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**Market Review:**

As pessimism set in at the beginning of last week, the Cape market faced aggressive sell-offs throughout the week, coupled with less support from slower fixing activity in both basins. Panamax followed suit, marking a 17% decrease in a week, despite the fundamental market remaining largely stable. The supporting factors to watch out for were the congestion in mainland China and potential further stimulus from Beijing boosting the iron ore market.

The weekly dry report will resume in the new year. Wishing you and your family a Merry Christmas and a Happy New Year.

Freight Rate \$/day	11-Dec	04-Dec	Changes %	Short Term	Sentiment
Capesize 5TC	36,475	54,584	-33.2%	Neutral	-
Panamax 4TC	17,102	20,630	-17.1%	Neutral	-
Supramax 10TC	16,564	16,788	-1.3%	Neutral to Bullish	↗
Handy 7TC	15,908	14,393	10.5%		

**Capesize**

The capesize market faced a tough week, witnessing more than a 30% drop in time charter rates. This decline was attributed to reduced activity in both basins, coupled with aggressive selloffs in the FFAs. In the Pacific, only one iron ore major was seeking cargo for most of the week, leading to an increased tonnage list. Conversely, cargo volumes from Brazil and South Africa declined, widening the gap between bid and offer and further pressuring Atlantic rates. However, adverse weather conditions in North China resulted in more port closures, slightly boosting Pacific rates from the end of last week.

On a weekly basis, Cape iron ore shipments fell by 10% to 29.0 million tonnes due to a sharp volume decline from Brazil. Coal volumes remained steady at a high level of 7.4 million tonnes, supported by consistent robust demand. However, minor bulk volumes experienced a significant weekly drop of 17%, reaching 2.8 million tonnes. The Cape rate started to rally at the beginning of the new week, driven by potential increases in iron ore demand from China, anticipated government stimulus, and ongoing weather disruptions. It is likely that rates will firm up to some extent this week.

In terms of fixtures, the key C5 iron ore route (West Australia to China) was initially fixed at \$13.90 for 16 Dec onwards but fell to \$10.40 for 23-25 Dec by the end of the week. A coal cargo from Newcastle to Yantai was still fixed at a decent rate of \$18.5 for 13-20 Dec. In the Atlantic, fewer iron ore cargos were fixed on the C3 route from Tubarao to Qingdao. Additionally, a cargo from Saldanha Bay to Qingdao was fixed at \$21.50 for 26-31 Dec.

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

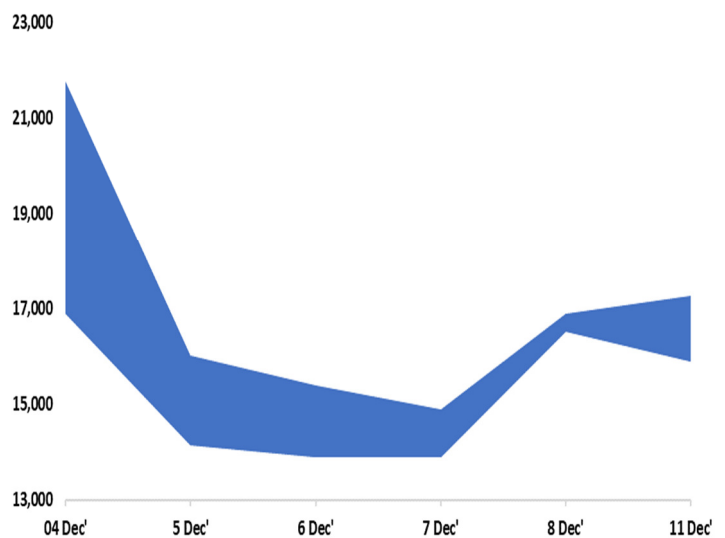


Chart source: FIS Live

A day of two halves last Monday as the morning session saw Dec and Jan trade to new highs of \$40800 and \$22000 respectively. However, the afternoon brought with it aggressive selling, driving down prices and leaving many physical analysts scratching their heads. A day for the bears on Tuesday as Dec sold down to a low of \$31500 (-\$5500 from closing levels and -\$9000 from yesterday's highs), and Jan sold down to \$14000 (-\$3000). Some respite in the evening session, with Dec retracing to \$32750 and Jan to \$15750. Another downside for the market on Wednesday as Dec sold down to \$30500, and Jan down to \$14250. After a -6510 index, the market remained stable for the most part. On Thursday, Dec sold lower once again down to \$29500 and Jan down to \$14000. Despite a mini revival pre index which saw Dec and Jan being paid back up slightly, after the post index which came in at -\$7946, selling continued and Dec and Jan got paid back down to \$29500 and \$14000 respectively. Evening session pushed prices back up, Dec at \$30500, Jan to \$14750. Morning buyers entered the market on Friday, pushing Dec up to \$33750, Cal24 and Cal25 gapped up to \$17000 and \$16400 respectively. This week started off with Dec getting paid in quick succession \$33000, \$33500, and \$34000. Jan traded up to \$17250 and Q1 \$13500. Sellers took over in the afternoon, with Jan pushed down to \$16000 (-\$1250 from the highs).

**Short run neutral**

## Panamax

Despite the fundamentals remaining consistently stable, Panamax had a highly volatile week and came under pressure from a bearish Cape market. In the Asian market, strong coal demand persisted from China, Japan, and India, resulting in high shipments reported from Indonesia and Australia. Additionally, market sources reported an increasing number of vessels waiting around North China due to weather disruptions. Nevertheless, the negative tone in the FFAs took charge, leading to slower fixing activity and a standoff between owners and charterers. In the Atlantic, both Fronthaul and Trans-Atlantic rates corrected notably. On the flip side, high congestion at ECSA and vessels taking a longer route to Suez to avoid delays at the Panama Canal continued to lend support. Demand-wise, Panamax coal shipments

had a steady week with volumes firming at a record high of 14.5 million tonnes. Besides, increasing volumes were also observed on the minor bulk side, improving by 8.7% to 3.8 million tonnes. However, there was a more significant decline in grains, experiencing a 23% decrease on the week to 4.3 million tonnes. In terms of fixtures, scant activity was reported from N. Atlantic, mineral cargoes via USEC redelivery to Gib/Skaw and India were fixed lower at \$30,000 and \$26,500, respectively. On the fronthaul, trips via ECSA redelivery Sing/Japan were fixing at between \$17,250-17,550, and via US Gulf redelivery Far East was heard at around \$18,250. In the Asian Pacific, a new round of coal interest surfaced in the latter part of the week, with a decent number of Indonesian coal cargoes fixed for JKT and S. China. Out of Indonesia, a trip redelivery to Japan was heard at \$19,000, and smaller cargoes covering 75kt redelivery to S. China were fixed at \$17,300 mid-week, and redelivery to S. Korea at \$16,000.

Initial buying last Monday saw Dec print up to \$21500 and Q1 up to \$15250 before stalling and running into resistance. This resistance turned into pressure as the day progressed, with Dec trading down to \$19250, Jan to \$14600 and Q1 to \$13250. A gloomy day on Tuesday for the Pmx paper as Dec and Jan traded down to \$17500 and \$12500 respectively, while Q1 slipped to \$11750. Post index saw the curve correct itself, with Dec pushing north of \$18k, Jan to \$13250 and Q1 up to \$12650. Fast forward to this week, and the market is starting to slow down with Xmas around the corner. Q1 was hovering around \$12400-\$12500 and Jan being paid at \$13250. More interest was seen further out, with Cal24 reaching \$12900, and Cal 25 paid at \$11900. The afternoon saw sellers return, and the market dipped \$300 from the day's highs before stalling at the close. **Short run neutral**

**Panamax 4TC Rolling Front Month Trading Range**

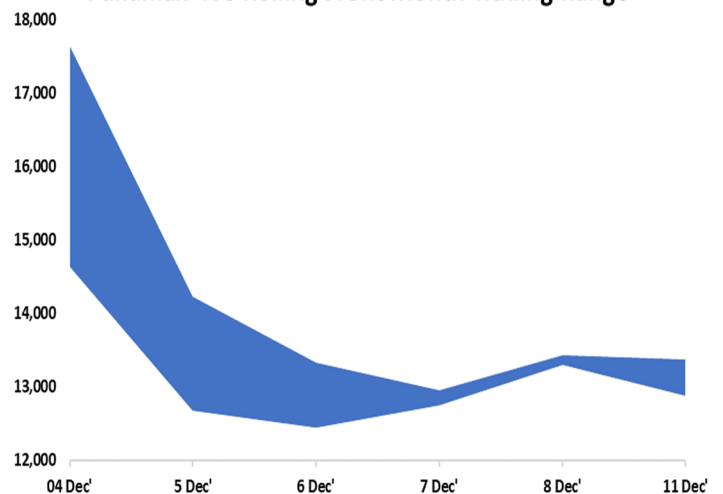
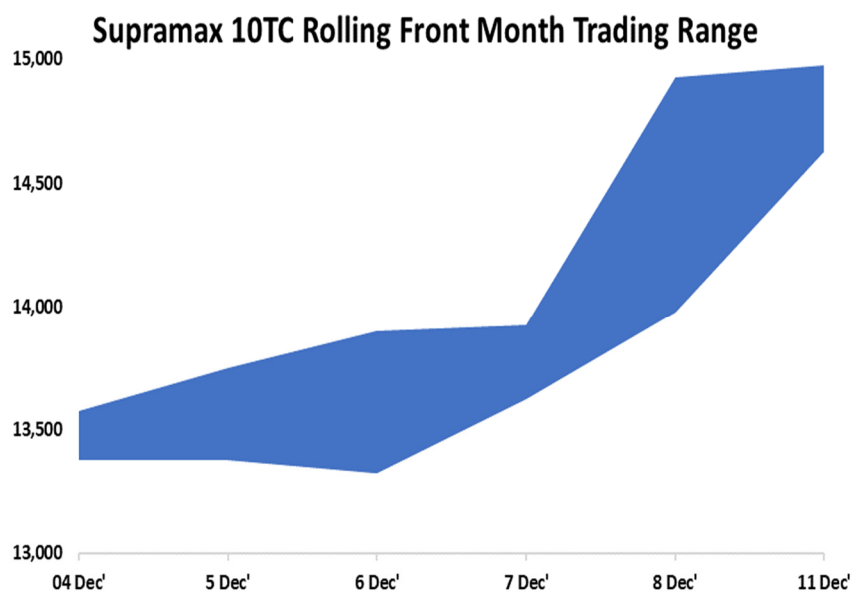


Chart source: FIS Live

## Supramax

Early rallying last Monday was quickly overturned in the afternoon as Dec and Jan traded up to \$19500 and \$17500 respectively before trading down over \$2000. Tuesday opened on a softer note, with the entire curve mostly offered. Jan and Q1 traded down to \$12750 and \$11650 respectively. Further out, Cal24 and Cal25 traded down to \$11850 and \$11100 respectively. On Wednesday, Dec and Jan traded up to \$16500 and \$13250, while Q1 traded up to \$12200. Q2 printed up to \$12250, while Cal24 reached \$12050. Rangebound trading occurred post index, with the curve closing in lower levels than yesterdays close. A very quiet day on Thursday with little to write home about. Jan and Q1 traded down \$12600 and \$11650. Rangebound trading was the theme for the afternoon. Rates pushed up throughout Friday and continued to see support during the day. Notably, Cal24 traded up to \$12400. Dec and Jan printed up to \$16500 and \$13500, while Q1 and Q2 traded up to \$12400 and \$12600 respectively. This week started off with Jan trading up to \$13700 on the prompt. A lack of liquidity saw sellers offering into a void, leading to the entire curve coming off throughout the day.

Short run neutral to bullish



## FFA Market Indexes

Freight Rate \$/day	11-Dec	04-Dec	Changes %	2023 YTD	2022	2021	2020	2019
Capesize5TC	36,475	54,584	-33.2%	15,784	16,177	33,333	13,070	18,025
Panamax4TC	17,102	20,630	-17.1%	11,349	8,587	25,562	8,587	11,112
Supramax10TC	16,564	16,788	-1.3%	11,075	8,189	26,770	8,189	9,948
Handy7TC	15,908	14,393	10.5%	10,203	8,003	25,702	8,003	9,288

## FFA Market Forward Values

FFA \$/day	11-Dec FIS Closing	4-Dec FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2023 Mkt High	2023 Mkt Low
Capesize5TC Jan 24	16125	16875	-4.4%	22,000	11,250	22,875	7,500
Capesize5TC Q1 24	12625	13175	-4.2%	17,900	11,250	18,200	7,500
Panamax4TC Jan 24	13000	14700	-11.6%	17,500	11,600	17,500	8,200
Panamax4TC Q1 24	12325	13250	-7.0%	15,400	11,650	15,400	8,100
Supramax10TC Jan 24	13100	15000	-12.7%	17,500	11,600	17,500	8,400
Supramax10TC Q1 24	12125	12800	-5.3%	15,250	11,600	15,250	8,300

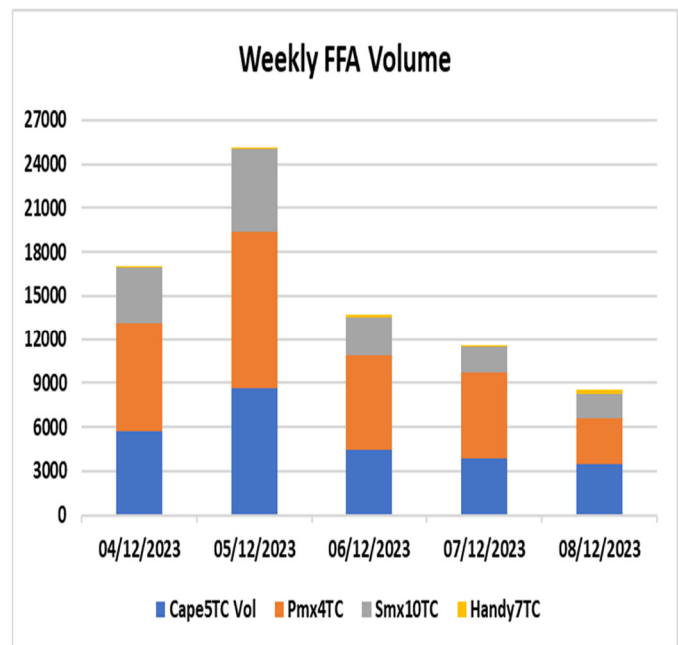
Data Source: FIS Live, Baltic Exchange

## FFA Market

Another week of heavy volume in the FFAs market preceded the holiday season, with the total trading volume reaching nearly 108,000 lots last week. Among vessel sizes, Panamax futures saw the largest volume traded, averaging 6,725 lots changing hands per day. Cape followed closely with about 5,230 lots traded daily, and Supramaxes also experienced higher volume, averaging 3,070 lots traded daily. Options trading remained active, with 2,580 lots cleared in Cape and 13,850 lots in Panamax.

In terms of contract periods, the primary focus of interest was on Dec, Jan, Q1, Q2 and Cal24-25 contracts. Open interest increased slightly as positions extended to further dated contracts. As of 11th Dec, Cape 5TC open interest reached 170,520 lots (+2,840 w-o-w), Panamax 4TC 180,466 lots (+2,220 w-o-w), and Supramax 10TC 88,176 lots (+1,330 w-o-w).

Regarding voyage routes last week, 2.225 million tonnes of C5 and 39.5kt of C3 were cleared, with the main interests focusing on Dec and Q1 contracts, along with smaller sizes on Jan 24.



## Dry Bulk Trades/Iron Ore

Iron ore shipments witnessed an 8.6% decrease last week, amounting to 31.9 million tonnes, mainly due to decreased volumes from Brazil. Australia's total shipments remained steady at 18.8 million tonnes compared to the previous week, while Brazilian iron ore exports saw a significant decrease, dropping to 7.2 million tonnes, marking a substantial 25% decline from the high volume of the previous week. Additionally, subdued supply emerged from South and West Africa, with their weekly shipments falling by 17.8% to 1.6 million tonnes.

In the underlying market, iron ore futures moved towards the \$140 mark, driven by market expectations of further stimulus in response to the deflation figures in November and ongoing restocking demand. On the demand side, China imported around 25.9 million tonnes in a week, representing a 6% decrease from the previous week. Australia to China recorded 17.1 MMT, reflecting an 8.5% increase. As illustrated in the chart below, seaborne volumes for China remained at the upper end of the seasonal range from both Australia and Brazil, despite a sharp retreat from the Brazilian side last week.

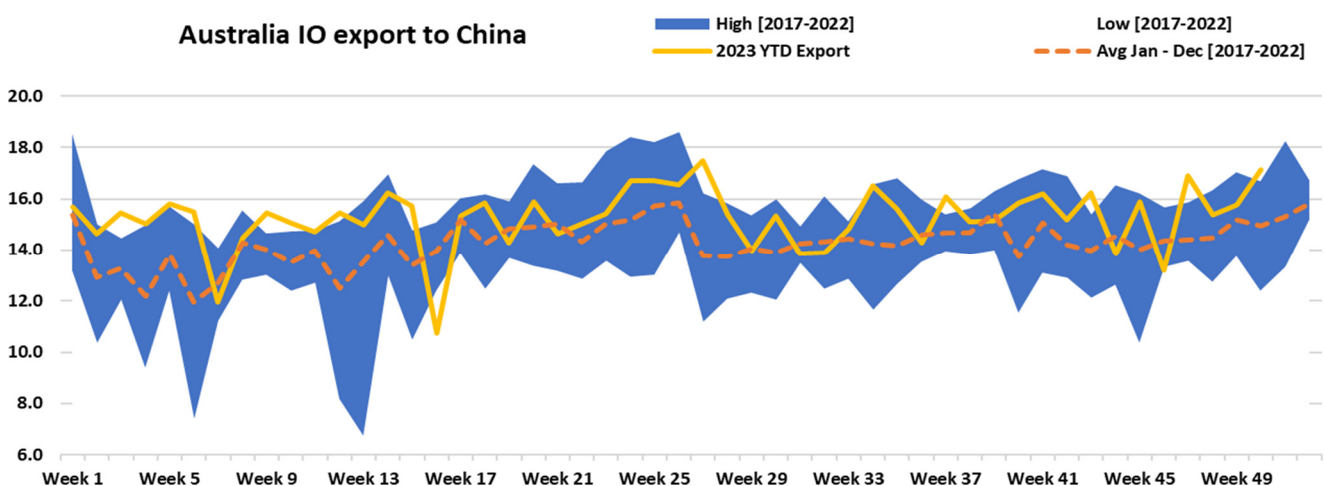
### Dry Bulk Trades/Iron Ore

Export (million tonnes)	Oct-23	Sep-23	Q3-23	Q2-23	Q1-23	Q4-22	2022	2021
Australia	80.7	78.5	235.6	239.0	227.8	235.1	935.9	919.8
Brazil	33.4	35.2	103.5	92.2	72.9	97.7	344.2	352.9
South Africa	3.5	3.9	13.2	13.6	14.4	15.4	56.5	60.5
India	3.3	2.7	9.1	10.2	12.3	0.9	16.0	37.6
Canada	6.9	6.8	17.4	13.8	13.2	17.7	57.3	57.2
Others	16.7	15.7	46.9	44.6	41.7	32.8	133.3	201.2
<b>Global</b>	<b>144.6</b>	<b>142.7</b>	<b>425.7</b>	<b>413.3</b>	<b>382.3</b>	<b>410.4</b>	<b>1586.0</b>	<b>1629.2</b>

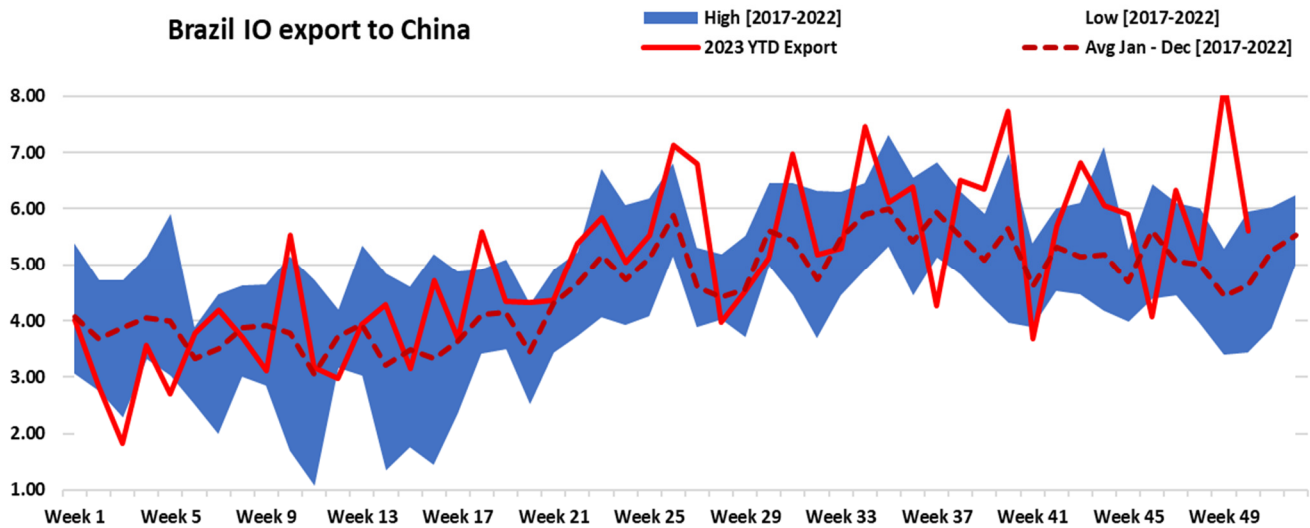
### Iron Ore Key Routes

	IO Export Million mt			Freight Rate \$/mt		
	Last Week	Prev. Week	Chg %	Last Week	Prev. Week	Chg %
Australia-China	17.1	15.8	8.5%	12.03	12.28	-2.1%
Brazil-China	5.6	8.2	-31.9%	30.51	29.81	2.3%

### Seasonality Charts



### Brazil IO export to China



### Dry Bulk Trades/Coal

Continuing the upward trend from the previous weeks, coal shipments witnessed another week of increased volumes, totalling approximately 30.2 million tonnes (+4.3% w-o-w). Australia's supply showed a second consecutive week of growth, reaching a peak of 8.2 million tonnes (+2.5% w-o-w), primarily driven by increased demand from JKT (5.5 million tonnes, a substantial 41% surge). Moreover, volumes destined for India surged to 2.1 million tonnes (+72% w-o-w). Meanwhile, Indonesian coal saw a 5.1% uptick in a weekly basis to 11.5 million tonnes, with rising demand from China and India. Additionally, coal demand from North America stayed at the upper end of the recent weeks' range, stabilising at 3.1 million tonnes last week.

### Dry Bulk Trades/Coal

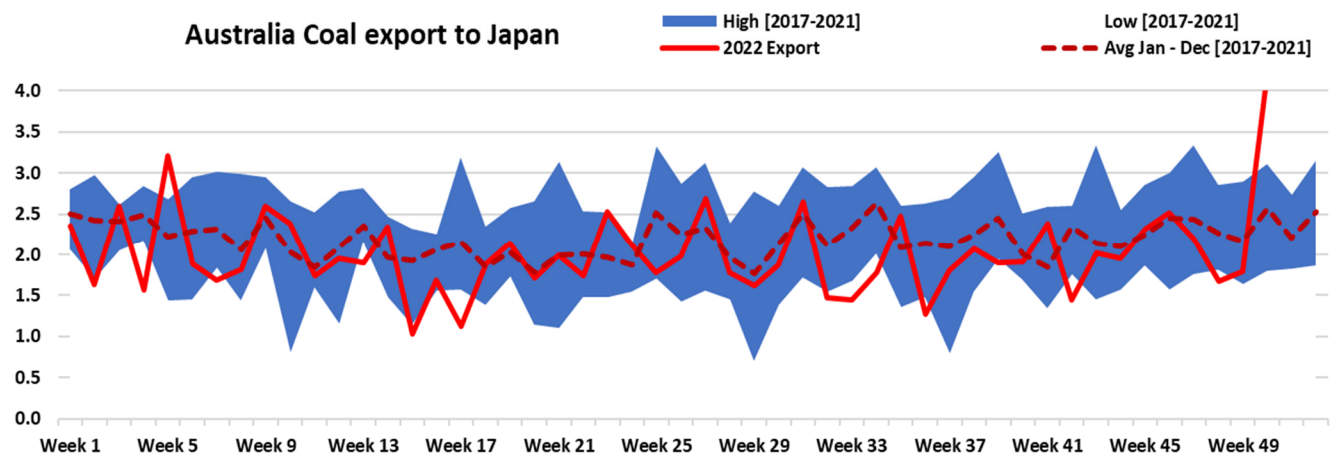
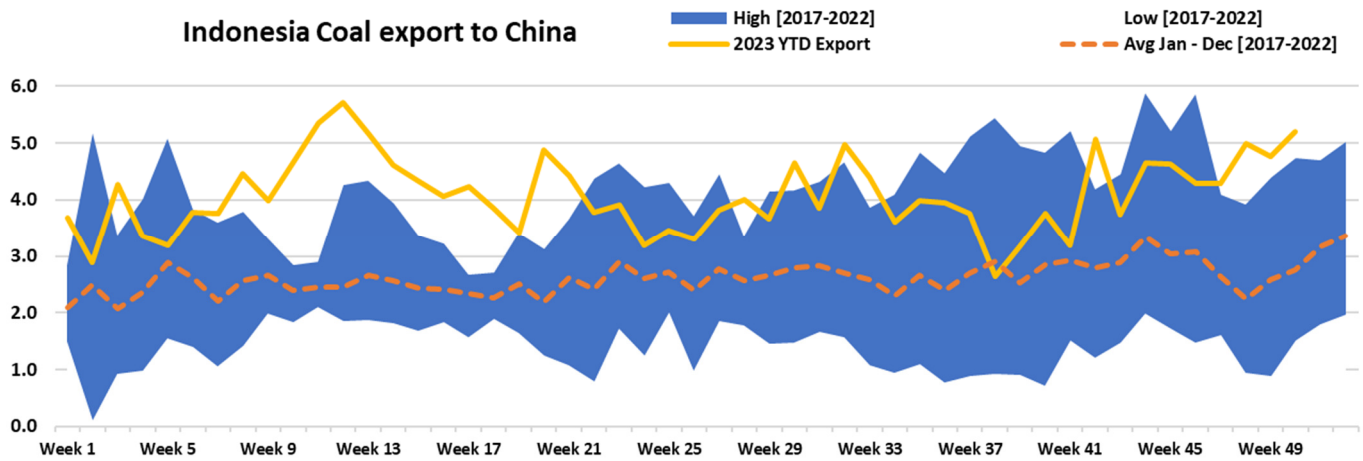
Export (million tonnes)	Oct-23	Sep-23	Q3-23	Q2-23	Q1-23	Q4-22	2022	2021
Indonesia	48.6	39.5	123.1	120.9	120.4	130.7	448.7	415.2
Australia	30.2	29.0	88.2	93.1	79.4	79.7	308.0	368.3
Russia	13.0	14.7	46.5	51.4	48.4	48.7	177.7	172.3
USA	7.3	7.2	19.7	20.2	20.3	17.4	66.3	69.5
Colombia	6.1	5.8	15.9	14.6	12.5	14.9	55.7	60.9
South Africa	4.5	4.9	14.9	15.8	15.3	16.1	56.5	62.1
Others	9.7	9.4	26.7	27.3	23.7	23.6	86.2	88.1
<b>Global</b>	<b>119.3</b>	<b>110.6</b>	<b>335.0</b>	<b>343.3</b>	<b>320.0</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	5.2	4.8	9.2%
Australia-Japan	4.2	1.8	137.2%

Data Source: IHS Markit Commodities at Sea Service, Bloomberg

## Seasonality Charts



Data Sources: IHS Markit Commodities at Sea Service, Bloomberg

## Dry Bulk Trades/Agri

Grain shipments witnessed a 9.7% decline in volume last week, totalling 9.8 million tonnes. From ECSA, total weekly shipments plunged by 21% to 3.8 million tonnes due to weather disruptions in China and a seasonal downtrend from Brazil. In the U.S. region, shipments showed positive signs for a second week, with weekly totals rising by 4.8% to 2.6 million tonnes. However, on the downside, Australian shipments took a sharp dip last week, with weekly volumes plummeting by 32% to 659,000 tonnes.

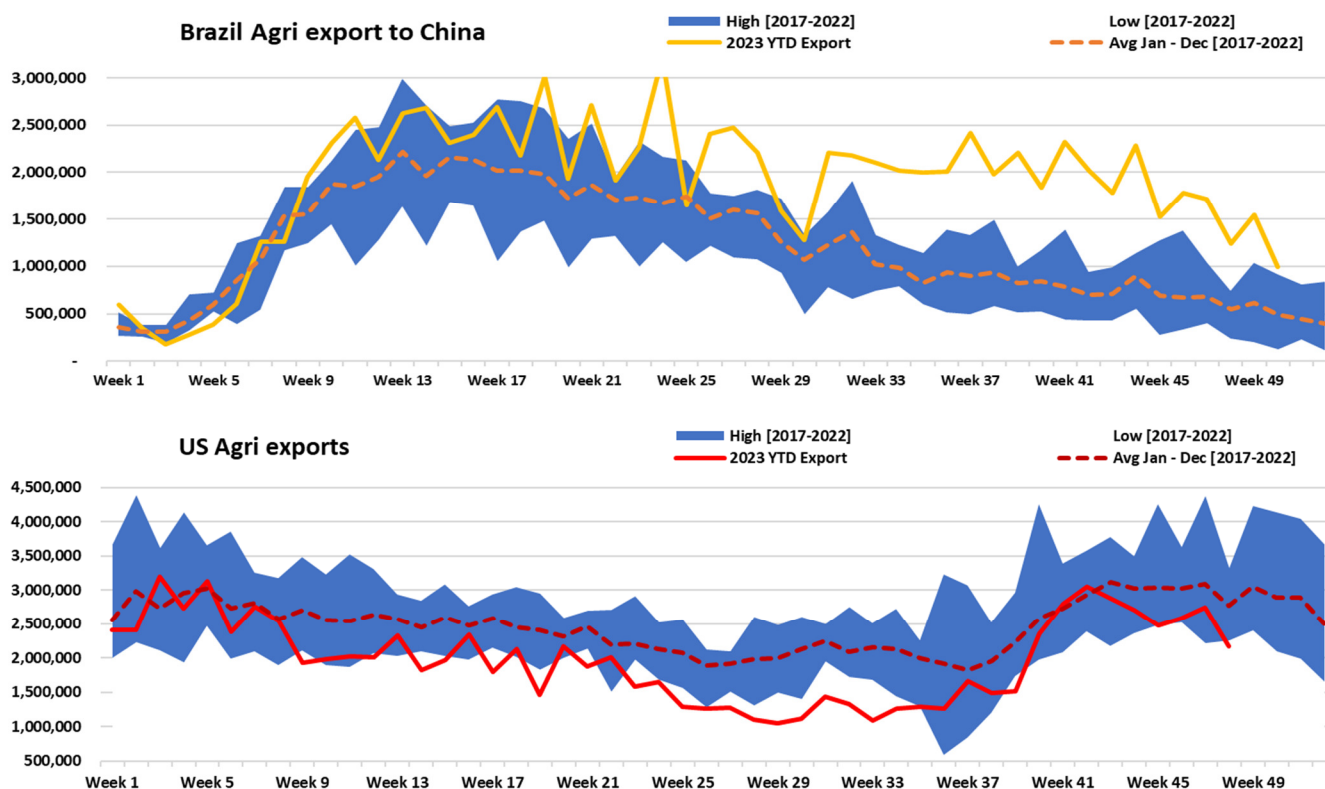
### Agri Key Routes

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	998.4	1,543.7	-35.3%	45.1	45.0	0.2%
US-China	601.6	829.5	-27.5%	62.5	61.6	1.5%

Data Source: IHS Markit Commodities at Sea Service, Bloomberg



## Seasonality Charts



Export (million tonnes)	Oct-23	Sep-23	Q3-23	Q2-23	Q1-23	Q4-22	2022	2021
Brazil	18.5	20.6	62.6	58.1	42.6	49.8	177.2	157.2
USA	12.6	7.2	18.2	23.1	30.9	23.9	128.7	140.8
Argentina	3.9	5.5	17.9	14.5	12.0	22.5	88.0	87.0
Ukraine	0.5	0.1	0.4	6.0	9.7	4.5	27.0	58.9
Canada	4.4	3.2	8.1	9.1	11.8	6.6	33.4	40.6
Russia	2.9	3.7	11.2	9.9	10.0	7.7	29.0	29.7
Australia	3.0	3.1	10.3	12.8	14.4	11.7	48.6	39.7
Others	7.8	5.3	18.3	16.9	23.3	25.9	96.0	87.4
<b>Global</b>	<b>53.7</b>	<b>48.7</b>	<b>146.9</b>	<b>150.4</b>	<b>154.7</b>	<b>152.6</b>	<b>627.9</b>	<b>641.4</b>

Data Source: IHS Markit Commodities at Sea Service, Bloomberg

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