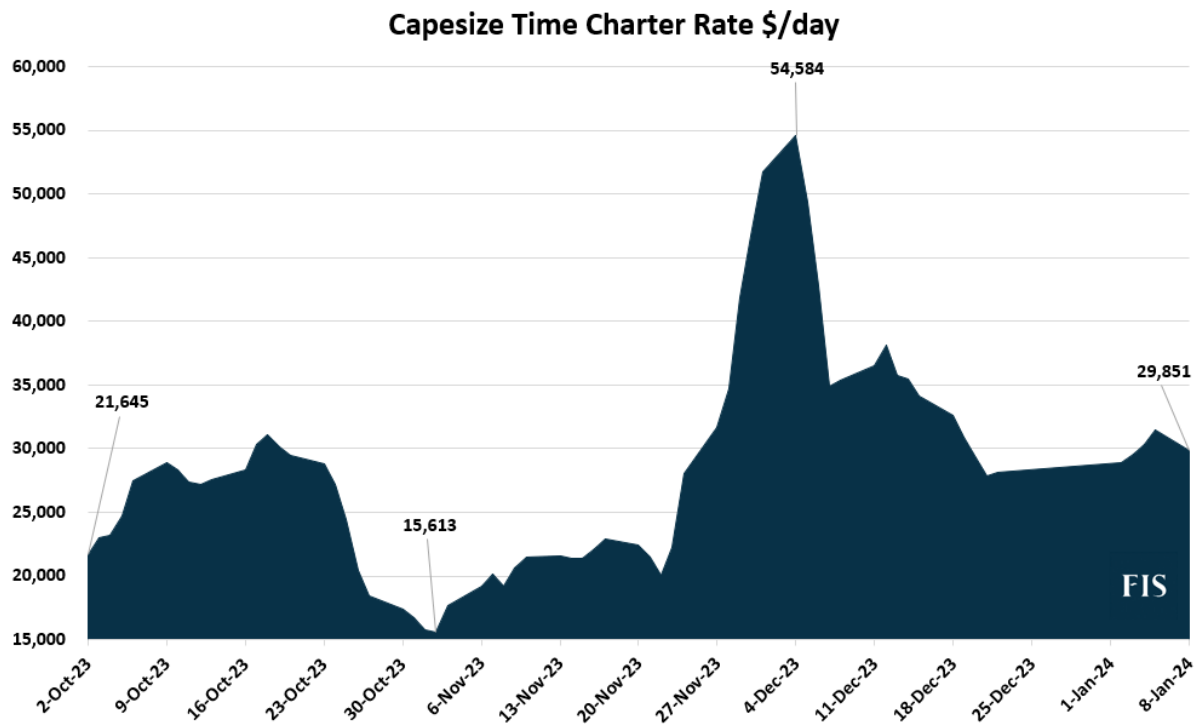




## FIS trades first 2030 Capesize FFA Calendar contract

Capesize FFA market volumes rocketed in 2023, almost doubling versus 2022 and surpassing Panamax volumes for the first time since 2016.



Source: FIS

Market volumes are often used as proxy of broader market interest, and in keeping with the positive sentiment, the beginning of 2024 brought excitement with the first Capesize calendar 2030 FFA trade as part of a 2028 – 2030 strip. Such contracts give traders the possibility to either hedge or speculate along the curve six years out.

FIS have identified three additional factors that support the growing popularity of this exciting derivatives market: 1. Capesize daily hire (C5TC) futures volumes have increased to 1,247,638 days, hitting a record 44% on 2023 (compared to 1,247,403 days for Panamax); 2. Capesize routes have also recorded a sizable growth, totalling over 104,000 lots, with West Australia to China (C5) as the largest route with 94,170 lots; 3. Taken together, the two figures represent the equivalent of 4.4 billion tonnes of seaborne trade, which is about twice the size of the physical Capesize market.

The above supports the view that Dry FFA markets are further establishing themselves as an attractive trading and investing opportunity, with increased market depth and term. Further, as Dry FFAs are financially settled and cleared through exchanges, players can gain exposure to the freight markets while minimizing counterparty credit risks. Non-shipping, financial players can take positions in products that capture long terms shipping exposure without owning a ship or buying shipping equity, which is often influenced by small cap volatility.

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