

# FIS Dry Freight Weekly Report

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

**27/02/2024**

**Market Review:**

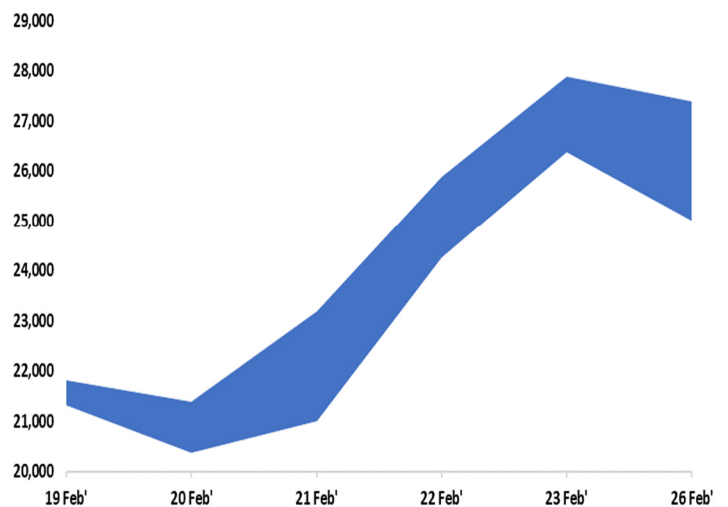
The dry freight futures market experienced its busiest trading week this year, with Capesize leading the way. Last week, Cape5TC spot rates surged by nearly 29%, accompanied by significant gains in prompt months futures. This rally was fueled by improving activity in both basins and fresh demand following the Chinese holiday.

Freight Rate \$/day	26-Feb	19-Feb	Changes %	Short Term	Sentiment
Capesize 5TC	26,233	20,378	28.7%	Neutral to Bullish	↗
Panamax 4TC	12,865	13,796	-6.7%	Neutral to Bearish	↘
Supramax 10TC	13,175	11,985	9.9%	Neutral	-
Handy 7TC	11,509	10,386	10.8%		

**Capesize**

Capesize rallied last Wednesday amid significant activity conducted in both basins, and FFA rates traded higher in large volumes. The positive sentiment persisted throughout the rest of the week. On a weekly basis, Cape iron ore shipments fell by 17.8% to 23.2 million tonnes due to a decreasing volume destined for China. Despite the weekly cargo volumes being in negative territory, some meaningful recovery was noticeable before the weekend and this Monday. Similarly, minor bulk volumes experienced a lower volume week, down 27.1% from the previous week to 3.8 million tonnes. However, coal shipments in Cape vessels jumped further to nearly 8 million tonnes, following the growing shipments in the past three weeks.

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



In terms of fixtures, all three majors were actively seeking iron ore cargoes in the Pacific. The key C5 iron ore route (West Australia to China) in the first half of the week was fixed at \$9.30-9.65 for mid-March loading dates. As the week progressed, C5 gained further traction amid a growing cargo list and was paid at \$10.35 and then \$11.50 for 8-10 March. Moreover, more vessels departed from North China since previous adverse weather conditions forced some port closures. Additionally, market participants kept a closer eye on the development of Cyclone Lincoln in Western Australia. Another iron ore cargo from TRMT to Qingdao was fixed at \$8 for 2-4 March. Sentiment in the North Atlantic also showed positivity, with tight tonnage reported in South Brazil and West Africa. Interests for C3 routes Tubarao to Qingdao were evident from mid-week, with fixtures for late March loading dates fixed higher from \$24 for 14-20 March to \$25.75 for 20-30 March. Another iron ore trip from Acu to Qingdao was heard at \$25.25 for 18-25 March laycan. Elsewhere, several coal cargoes from Indonesia to India were fixed higher at just shy of \$8 for early March. The week concluded on a positive outlook, with Cape time charter rates soaring nearly 29%.

FFA: Last Monday opened strong yet as the afternoon approached the market quietened down, leaving us back at opening levels along the curve. Meanwhile, the C5 saw good sizes traded, with 775kt in total trading. The market opened on Tuesday with March trading at \$21750 a number of times and then \$21850. Aggressive selling followed these rates, selling \$21500, \$21250 and \$21000. April sold \$24500 and Q2 \$24500. Market continued to sell after the index, with March being sold down to a low of \$20250. A bullish day on Wednesday as March and April traded up to \$23000 and \$25750 while Q2 and Q3 both reached \$26000. An extraordinary day for capes on Thursday as Q2 traded \$26000, \$16250 and \$26500 in quick succession before most of Europe woke up. March got paid up to a high \$25750, Q3 traded \$27250, Q4 \$26750-\$27000. Friday saw March trade up to \$28000 while Q2 traded up to \$29250. Capes sold off on Monday after a rally last week. March sold down to a low \$25000 (-\$2750) and Q2 down to \$27250 (-2000).

**Short run neutral to bullish**

## Panamax

The main support factor last week was the increase in coal shipments in the Pacific, spurred by the return of Asian participants, which bolstered activity in the Pacific basin. Both Australia and Indonesia recorded robust cargo volumes destined for China. However, limited activity was reported in the North Atlantic, as charterers had to lower bids to secure business due to a heavy ballast list and growing tonnage count, leading to a slightly bearish market sentiment. The market began to correct from last Wednesday after demand failed to pick up in the key regions. In terms of demand, Panamax coal shipments rose by 6.3% to 14.2 million tonnes, driven by increased shipments to China last week. Meanwhile, Panamax shipments for grains and minor bulk remained flat, hovering at 5.5 million tonnes and 3.8 million tonnes, respectively.

Regarding fixtures, trips via ECSA redelivery to China were fixed from \$18,000 to \$17,000 before the weekend approached and headed lower this week. Trips via USEC/Cape of Good Hope redelivery to India were paid at \$28,500. Apart from that, enquiries for Transatlantic routes were sparse. In the Asia-Pacific region, a NoPac round trip was fixed at \$14,000-\$14,500, with rates remaining steady. In the South, a 75kt coal cargo via Indonesia redelivery to South China was fixed at \$10,250, while rates for loading 82kt were in the low to mid \$15,000 range. Cargoes to India with 75kt were fixed at \$13,500 and 79kt at \$11,500. The week ended on a negative note due to a weaker demand outlook.

FFA: Last Monday saw March printing up to \$16350, Q2 to \$17100 and Q3 to \$15800. Post index saw March slip back down to \$16000 and Q2 to \$16700. Strong open on Tuesday with Feb and March trading \$13400 and \$16400 highs, and Q2 pushing to \$16900. Sellers added pressure in the afternoon, erasing the morning gains. March and Q2 slipped down to print \$15300 and \$16400 lows. Another firm open for panamax on Wednesday which was followed by a correction in gains in the afternoon as March and April traded down to \$14750 and \$16200. Buyers did gain momentum again in the evening, leaving us at opening levels. On Thursday, March slipped to a low of \$14850 while there was little change further out. Fast forward to Monday and rangebound activity unfolded in the market. March printed \$15350 down to \$15250 and Q2 \$16750. Cal25 traded \$13450-\$13600 and Cal27 at \$12100.

**Short run neutral to bearish**

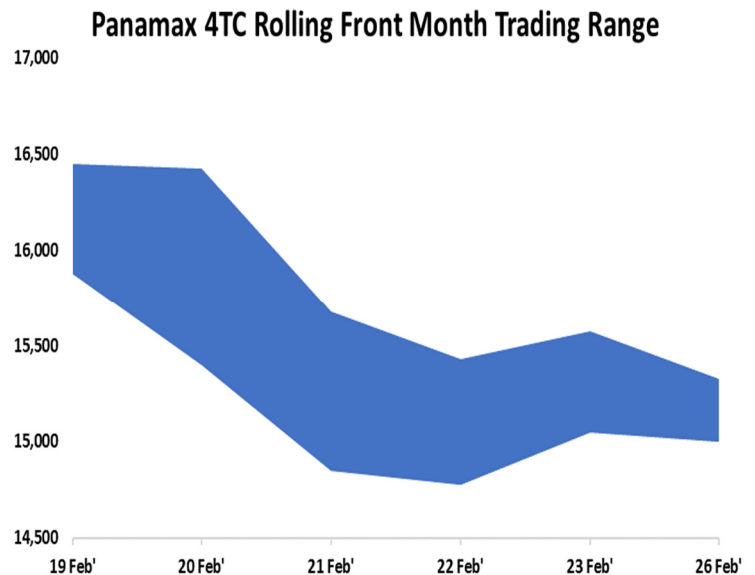
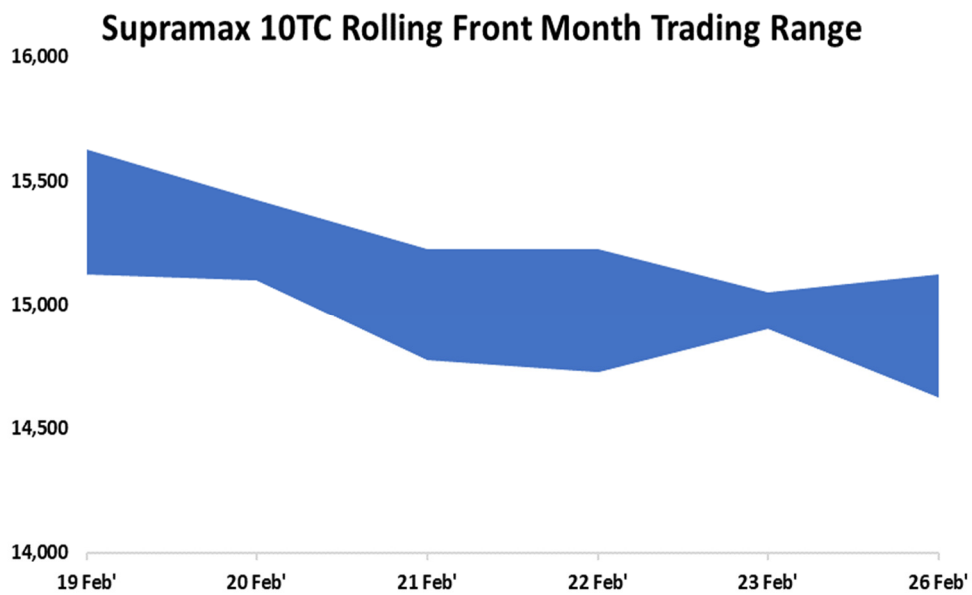


Chart source: FIS Live

## Supramax

The supramax paper started out strong last week as March and Q2 traded up to \$15600 and \$16000 respectively, while Cal25 and Cal26 traded \$13000 and \$12250. Despite a positive index, +\$202, rates drifted in the afternoon with the bid side thinning out. On Tuesday, buyers found confidence, bidding up the market with March and April trading up to \$15500 and \$16400. Further out, Cal26-28 traded at \$12000. On Wednesday, March traded in a \$350 range down to \$14700, while Q2 traded between \$15750 and \$15400. Ultimately, the market closed lower than Tuesday. Rates traded in a tight range on Thursday as March traded between \$15100 and \$14800, while April traded down to \$16100. Q2 traded down to \$15500 and Cal25 printed \$13000. Little to report on Friday and Monday as intraday trading ranges remained low, with rates slipping yesterday and leaving us bid at close.

**Short run neutral**



## FFA Market Indexes

Freight Rate \$/day	26-Feb	19-Feb	Changes %	2024 YTD	2023	2022	2021	2020
Capesize5TC	26,233	20,378	28.7%	20,438	16,389	16,177	33,333	13,070
Panamax4TC	12,865	13,796	-6.7%	12,829	11,518	8,587	25,562	8,587
Supramax10TC	13,175	11,985	9.9%	12,071	11,240	8,189	26,770	8,189
Handy7TC	11,509	10,386	10.8%	11,025	10,420	8,003	25,702	8,003

## FFA Market Forward Values

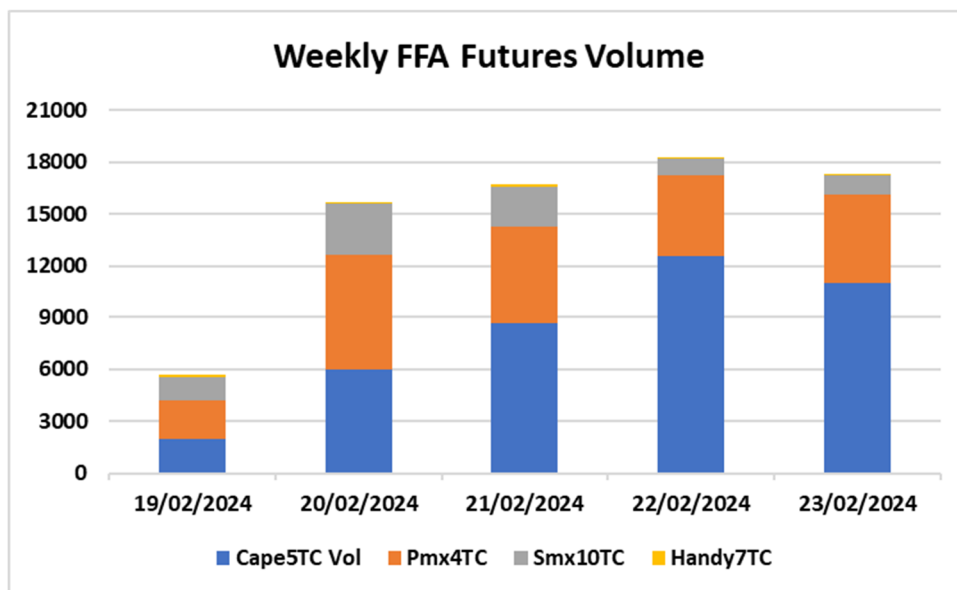
FFA \$/day	26-Feb FIS Closing	19-Feb FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2024 Mkt High	2024 Mkt Low
Capesize5TC Mar 24	25300	21375	18.4%	28,000	20,250	28,000	12,750
Capesize5TC Q2 24	27475	24575	11.8%	29,200	23,900	29,200	16,300
Panamax4TC Mar 24	15000	15975	-6.1%	16,800	14,850	16,800	12,000
Panamax4TC Q2 24	16575	16750	-1.0%	17,100	16,200	17,250	12,250
Supramax10TC Mar 24	14625	15125	-3.3%	16,250	14,750	16,250	12,150
Supramax10TC Q2 24	15700	15700	0.0%	16,200	15,800	16,200	12,300

Data Source: FIS Live, Baltic Exchange

## FFA Market

Last week marked the highest trading volumes of the year so far, with a total trading volume of over 92,800 lots reported. Among vessel sizes, Cape futures dominated most of the action, with a massive volume of over 10,000 lots traded per day last Thursday and Friday, averaging 8,200 lots changing hands daily. Panamax closely followed with approximately 4,870 lots traded daily, while Supramax saw 1,740 lots traded. Options trading volume also set a new record, with 6,630 lots cleared in Cape and 5,920 lots in Panamax.

Decent trading activity was also observed in voyage routes throughout last week, with 6.71 million tonnes of C5 and 200kt of C3 cleared, with the main interests focusing on March and Q4 contracts.



## Dry Bulk Trades/Iron Ore

After rebounding the previous week, iron ore shipments returned to a lower weekly volume of 26.2 million tonnes, down 18.8% week-on-week, due to slow demand from China. Last week, approximately 20.5 million tonnes of ores were shipped to China, marking a 22.3% decline from the previous week. Specifically, 9.9 million metric tons (down 40.3% week-on-week) from Australia, while stronger shipments of 6.5 million metric tons (up 20.1% week-on-week) from Brazil. However, the recovery of Chinese steel demand remained unclear post the Lunar New Year.

On the supply side, Australia's total shipments experienced a sharp downturn last week, with shipments hitting a low of 12.7 million tonnes, nearly 30% less compared to the previous week. In contrast, Brazilian iron ore exports witnessed steady growth so far in February, with shipping rising 8% last week to above 7.5 million tonnes. Moreover, supply from South and West Africa remained steady, with their weekly shipments picking up by 1.7% to 1.8 million tonnes.

## Dry Bulk Trades/Coal

Coal shipments exhibited positive growth indicators last week, offering reassurance to larger vessels as they increased by 14.5% week-on-week to reach a total of 30.3 million tonnes. Australia's coal volume continued to surge, reaching nearly 8.1 million tonnes for another week, driven by strong demand from the JKT region (4.8 million tonnes, a significant 33% increase) and China (1.1 million tonnes, up 29% week-on-week). Additionally, Indonesian coal strengthened by 21.0% on a weekly basis to 12.1 million tonnes, mainly attributed to robust exports to China after the Lunar New Year holiday, with weekly volume recovering by 71% to 5.9 MMT.

## Dry Bulk Trades/Agri

Grain shipments experienced an uninspired week with total volume last week flat at around 11.8 million tonnes. In the ECSA region, we saw volumes for total weekly shipments ticked up 1.2% to 4.7 million tonnes. Likewise in the U.S. region, shipments steadied at below 3 million tonnes for the past four weeks. However, on the downside, Australian shipments retreated by 23% to 652,000 tonnes.