

# FIS Dry Freight Weekly Report

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**14/05/2024**

**Market Review:**

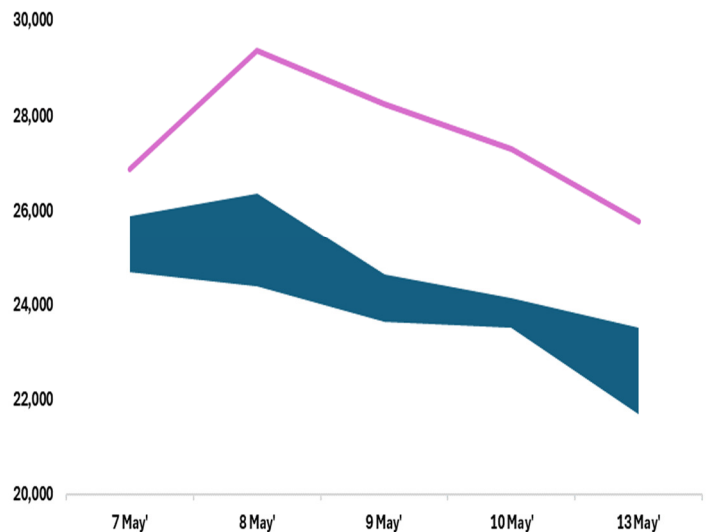
Last week’s strong gains on larger vessels were put to the test this week, followed by falling fixture rates and supply outweighed demand in some key regions. We observed a decline in the weekly cargo volumes of iron ore, coal, and grains. As a result, Cape and Panamax prices corrected further today, with market sentiment turning softer.

| Freight Rate \$/day | 13-May | 06-May | Changes % | Short Term         | Sentiment |
|---------------------|--------|--------|-----------|--------------------|-----------|
| Capesize 5TC        | 25,773 | 26,864 | -4.1%     | Neutral to Bearish | ⬇️        |
| Panamax 4TC         | 16,821 | 16,209 | 3.8%      | Neutral to Bearish | ⬇️        |
| Supramax 10TC       | 16,333 | 16,074 | 1.6%      | Neutral to Bearish | ⬇️        |
| Handy 7TC           | 12,609 | 12,990 | -2.9%     |                    |           |

**Capesize**

Capesize posted significant gains on the return from the Monday Bank holiday with 5TC index marking over 20% higher in a day and prompt contracts marching up to \$30,000. This upward momentum was bolstered by robust activity in the Pacific region. However, on the demand side, Cape iron ore shipments saw a slight decrease to 28.8 million tonnes (-0.7% week-on-week), as some market participants had just returned from the Asian holiday, coupled with lower volumes from key suppliers destined for China. The total weekly iron ore shipments to China also declined by 5.4% compared to the previous week, totaling around 25.1 million metric tons. On a positive note, market sentiment improved with signs of recovering demand from China. Customs data showed that the nation's imports grew by 8.4% in April, surpassing the expected figure of 4.8%.

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



Fixtures-wise, optimism prevailed at the beginning of the week, with all three major players actively seeking cargoes in the Asian Pacific. The key C5 iron ore route (from West Australia to China) showed positive signs and was fixed at \$11.65 before rising towards \$12 for end-of-May loading dates. This optimism continued throughout the week, with more fixtures done at around the \$12 level. However, the market began to lose momentum following news of a train derailment on Rio Tinto's main iron ore line. As the new week began, C5 fixing drifted to \$11.20-\$11.25 for 28th to 30th May, despite decent cargo volume in iron ore. The lack of coal activity in the key routes led to some caution in the market, raising questions about whether we can hold on to last week’s gains. Similarly, in the Atlantic market, the week started on a positive note, particularly in South Brazil and West Africa to the Far East routes, with the C3 route initially fixed at \$27.50 for 1st to 5th June. Additionally, in the Northern Atlantic, a cargo from Seven Islands to Luoyu was fixed at \$33.45 for 24th to 28th May. However, as the week progressed, there was a steady but slight easing in market conditions. Towards the end of the week, fixtures among Brazil trips experienced a further dip, with C5 falling to \$27.25 and then to \$25.85 for early June. Other trips, including Itaguai to Qingdao, were heard at \$28.50 for 7th to 9th June, and Acu to Qingdao at \$27.75 for 15th to 30th June. Elsewhere, trips from Pointe Noire to Qingdao were fixed at between \$32.75 and \$33.00.

FFA: Following the UK Bank holiday, Tuesday had a strong start to the week from open till close. The market saw Cape May trade up to \$30,500 (an incredible +\$4,000 on the day) and June traded up to \$32,500. Healthy cargo volumes, particularly in the Pacific, saw the C5 May traded up to \$11.80 on the routes. This trend continued into Wednesday morning, but post index (-\$2501 to \$29,365) trading saw Capes gap down for the remainder of the day. May and June both traded down over \$3,000 on the close while further out the Cal25 traded down \$600 to \$21,900. As Thursday rolled in, rates started to slip, May and June were down by \$500-\$1000 each throughout the day to \$27,128 and \$29,680, respectively. By Friday bid support led to rangebound trading and the index experienced a slight decrease of \$937 to \$27,301.

**Short run neutral to bearish**

## Panamax

Panamax vessels received strong support from the onset amid firm demand in both basins, particularly in the Pacific where fundamentals favoured owners. In the weekly cargo volumes, coal shipments by Panamax vessels rose 7.2% over week to 13.3 million tonnes, while minor bulk shipments by Panamax vessels improved 4% from the previous week to around 4 million tonnes, while coal shipments remained flat at 13.2 million tonnes. On the downside, grain shipments declined for a third week, with the total weekly volume falling nearly 15% to below 5 million tonnes, as lower shipments from Argentina continued to be a negative factor.

In terms of fixtures, strong mineral demand from the USEC, coupled with healthy grains demand and a tight vessel supply, drove rates higher. Grain cargos via EC South America redelivery Singapore/Japan fixing at between \$18,000-18,500 and another 78dwt for the same trip at \$21,000. In the North, trips via NC South America redelivery Singapore-Japan were heard at \$31,000. More significant gains were seen on the Asian side, standard NoPac round trips redelivery Singapore-Japan was at \$15,500 and redelivery Taiwan at \$17,250. A larger vessel of 95dwt carrying coal was heard at \$19,000. Out of Indonesia, trips with redelivery Taiwan and South China were fixed at \$16,000 and \$18,500, respectively. On Monday, the market received good support with fresh inquiries for coal shipments to China.

FFA: The Panamax market started the week with rates pushing higher, due to support from a strong physical market and a flying Cape market. We saw June trade up to \$18,000, meanwhile size was also seen on the back end with Cal25 trading in 85dpm between \$13,900 and \$14,000, though liquidity did thin out post index. In a similar pattern to the day before, Wednesday saw strong early morning bid support with May and June trading up to \$17,500 and \$18,500, respectively. Following the Index, we saw rates come off their highs and July was the largest loser trading down \$1,500 to \$17,000. By Thursday the momentum had completely slowed. May and June saw minimal movement as both traded within the \$200 range and the day closed at the same levels as the day before had. Some early morning gains were seen on Friday before settling into a steady range for most of the day. Following a late push on Capes, rates began to test the morning's highs on prompts and the week closed off marginally higher on the day.

**Short run neutral to bearish**

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

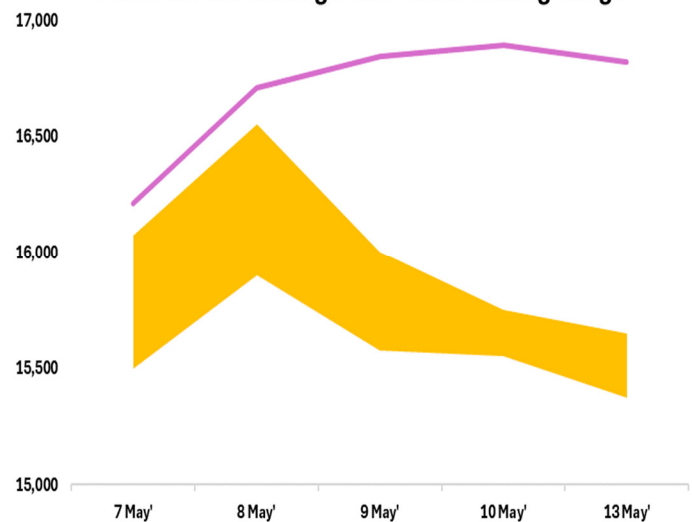
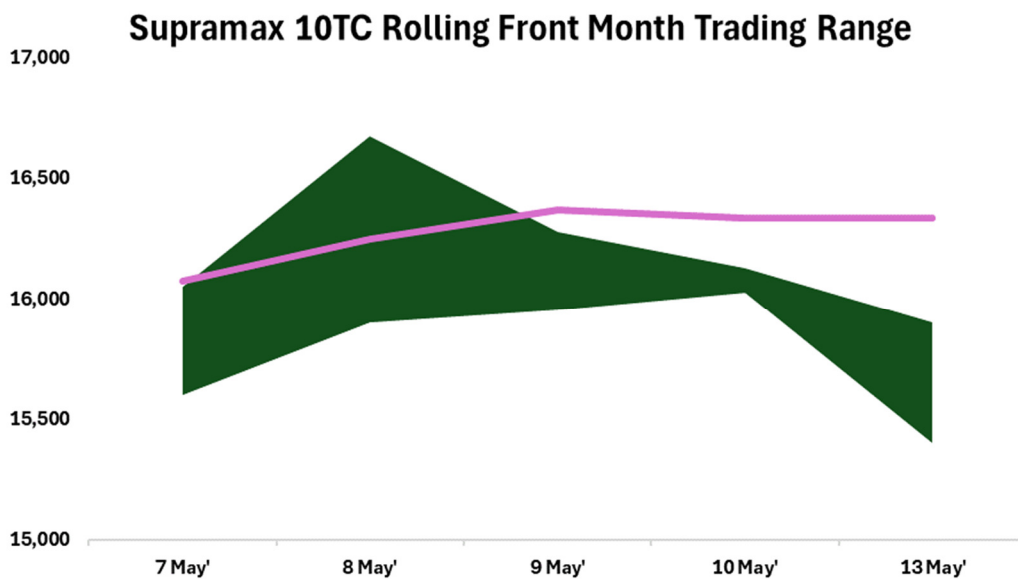


Chart source: FIS Live

## Supramax

FFA: Returning from the long weekend we saw the Supermax market gap up, with May and June trading to respective highs of \$16,400 and \$16,550. Gains extended through to the back of the curve with Cal25 reaching \$13,300. However, following a lethargic index we saw the market close slightly off the day's highs. On Wednesday, the strong sentiment from the larger vessels and strong demand from Asia drove prices up in the morning before bid support eroded. May and June each slipped by around \$200 while Q3 traded \$300 down on the day but closing levels did see the market well offered. Comparatively, Thursday was a slow day with liquidity impacted by the European public holiday. Prompt months softened with May and June trading to respective lows of \$16,000 and \$16,100. Once again, Friday was a rangebound day for the market with June and July trading within a \$200 band, while Cal25 traded up to \$13,150.

Short run neutral to bearish



## FFA Market Indexes

| Freight Rate \$/day | 13-May | 06-May | Changes % | 2024 YTD | 2023   | 2022   | 2021   | 2020   |
|---------------------|--------|--------|-----------|----------|--------|--------|--------|--------|
| Capesize5TC         | 25,773 | 26,864 | -4.1%     | 23,344   | 16,389 | 16,177 | 33,333 | 13,070 |
| Panamax4TC          | 16,821 | 16,209 | 3.8%      | 14,452   | 11,518 | 8,587  | 25,562 | 8,587  |
| Supramax10TC        | 16,333 | 16,074 | 1.6%      | 13,678   | 11,240 | 8,189  | 26,770 | 8,189  |
| Handy7TC            | 12,609 | 12,990 | -2.9%     | 12,376   | 10,420 | 8,003  | 25,702 | 8,003  |

## FFA Market Forward Values

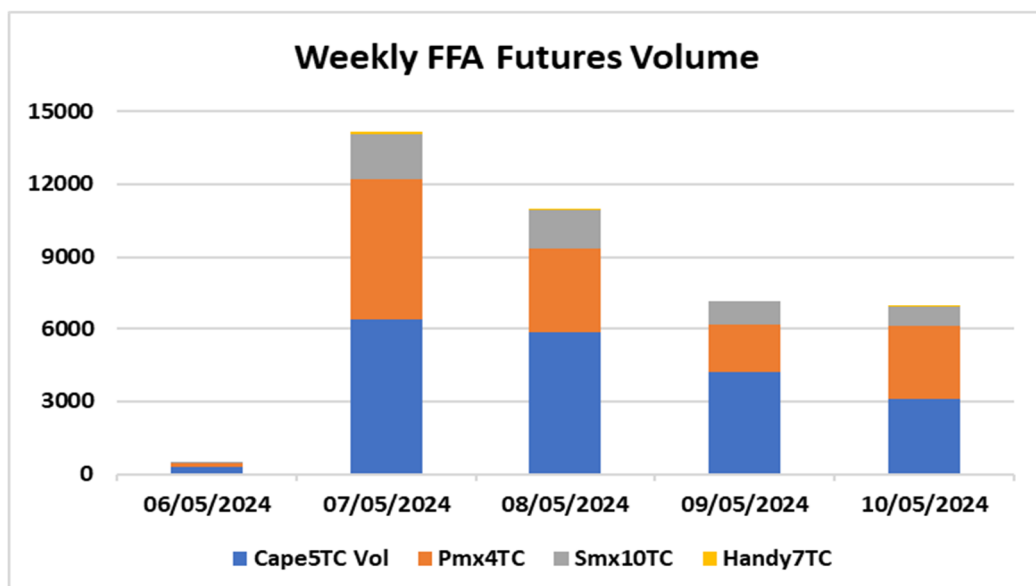
| FFA \$/day          | 13-May FIS Closing | 07-May FIS Closing | Changes % | Weekly Mkt High | Weekly Mkt Low | 2024 Mkt High | 2024 Mkt Low |
|---------------------|--------------------|--------------------|-----------|-----------------|----------------|---------------|--------------|
| Capesize5TC May 24  | 25000              | 30750              | -18.7%    | 31,750          | 25,000         | 35,650        | 16,550       |
| Capesize5TC Q3 24   | 26850              | 28575              | -6.0%     | 29,000          | 26,500         | 29,500        | 18,000       |
| Panamax4TC May 24   | 16350              | 17375              | -5.9%     | 17,700          | 16,500         | 20,150        | 14,300       |
| Panamax4TC Q3 24    | 16475              | 16900              | -2.5%     | 17,000          | 16,500         | 17,100        | 12,700       |
| Supramax10TC May 24 | 15825              | 16275              | -2.8%     | 16,750          | 16,000         | 17,050        | 13,850       |
| Supramax10TC Q3 24  | 15125              | 15700              | -3.7%     | 15,800          | 15,250         | 15,800        | 12,600       |

Data Source: FIS Live, Baltic Exchange

## FFA Market

The FFAs market resumed after the UK Bank holiday, and total volumes reached over 46,500 lots across all exchanges during the four-day trading week. As a weekly average, Capes and Panamax futures traded around 3,980 lots and 2,890 lots per day last week, respectively. Meanwhile, good trading interest was also seen in Supramaxes, with 1,060 lots traded daily. In contrast, a much quieter week for the options as only 900 lots cleared in Cape and 300 lots in Panamax. In terms of tenors, active contracts shifted to Jun from May, along with large sizes trading on Cal 25. Moreover, some interest was shown on Cape Cal26-28, with 5 lots per month. Open interest increase with more positions being opened on deferred periods and high volatility in the larger vessel sizes. Unlike the index, Cape futures fell throughout last week with increasing open interest, indicating the building up of short positions. On 13th May, Cape 5TC open interest reached 167,587 lots (+3,660 w-o-w), Panamax 4TC OI 168,938 lots (+5,290 w-o-w), and Supramax 10TC OI 78,727 lots (+2,620 w-o-w).

On the voyage route, decent interest persisted on the Capesize key routes, with a total of 4.9 million tonnes changing hands on C5, with most activity occurring in May and June, and some small clips traded on Q3 24. Another 205kt on C3 and 325kt on C7 for the Jun and Q3 contracts.



## Dry Bulk Trades/Iron Ore

Last week, iron ore shipments fell by 7.8% to 31.7 million tonnes (MMT) amid slower demand from the key regions after the week-long holiday in China. From the top supplier, Australia shipped out around 18.1 MMT last week, down 14.2% w-o-w. Despite that, its exports to China stayed well above the 6-year seasonal high. Likewise, lower shipments, also reported from South and West Africa, were down another 10% w-o-w to 1.4 MMT due to lack of fresh demand. On the flip side, some improvement saw on the Brazilian iron ore shipments, with total volume recovering 4.9% w-o-w to around 6.8 MMT for the week, after two consecutive weeks.

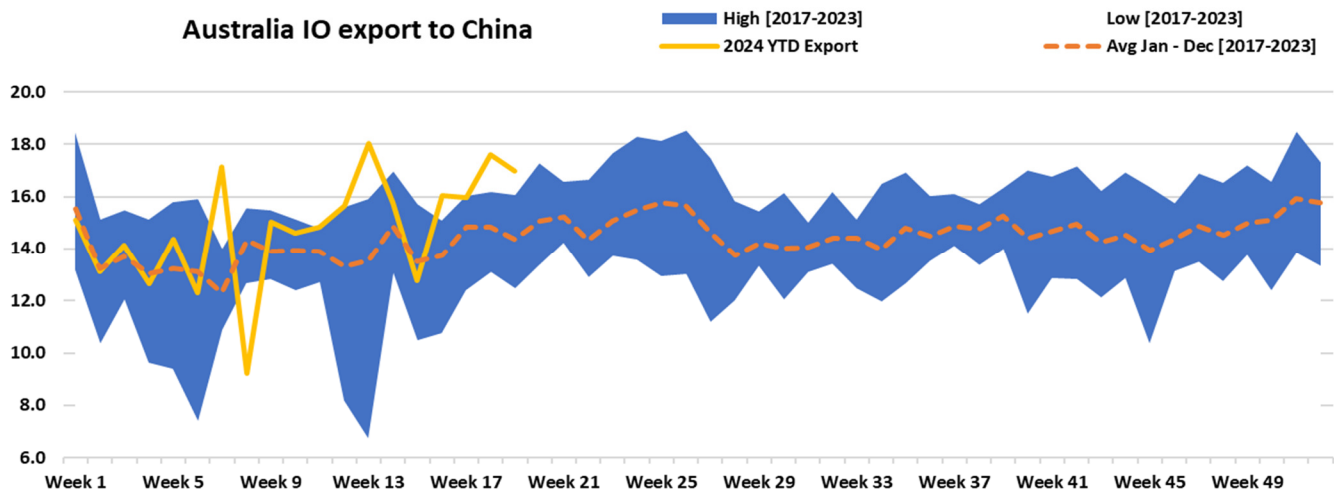
### Dry Bulk Trades/Iron Ore

| Export (million tonnes) | Apr-24       | Mar-24       | Q1-24        | Q4-23        | Q3-23        | Q2-23        | 2023          | 2022          | 2021          |
|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|
| Australia               | 78.0         | 82.5         | 222.4        | 244.3        | 235.5        | 238.9        | 946.6         | 935.9         | 923.0         |
| Brazil                  | 29.4         | 27.7         | 84.5         | 103.2        | 103.6        | 92.1         | 371.9         | 344.6         | 353.3         |
| South Africa            | 4.5          | 4.6          | 13.9         | 14.2         | 13.2         | 13.6         | 55.4          | 56.5          | 60.0          |
| India                   | 2.5          | 3.5          | 15.6         | 13.7         | 9.1          | 10.2         | 45.3          | 15.9          | 36.9          |
| Canada                  | 4.5          | 5.3          | 13.8         | 16.9         | 17.4         | 13.8         | 61.3          | 57.3          | 57.1          |
| Others                  | 17.4         | 17.3         | 47.5         | 50.6         | 46.9         | 44.7         | 184.1         | 177.5         | 201.8         |
| <b>Global</b>           | <b>136.4</b> | <b>140.8</b> | <b>397.7</b> | <b>442.9</b> | <b>425.8</b> | <b>413.4</b> | <b>1664.6</b> | <b>1587.8</b> | <b>1632.0</b> |

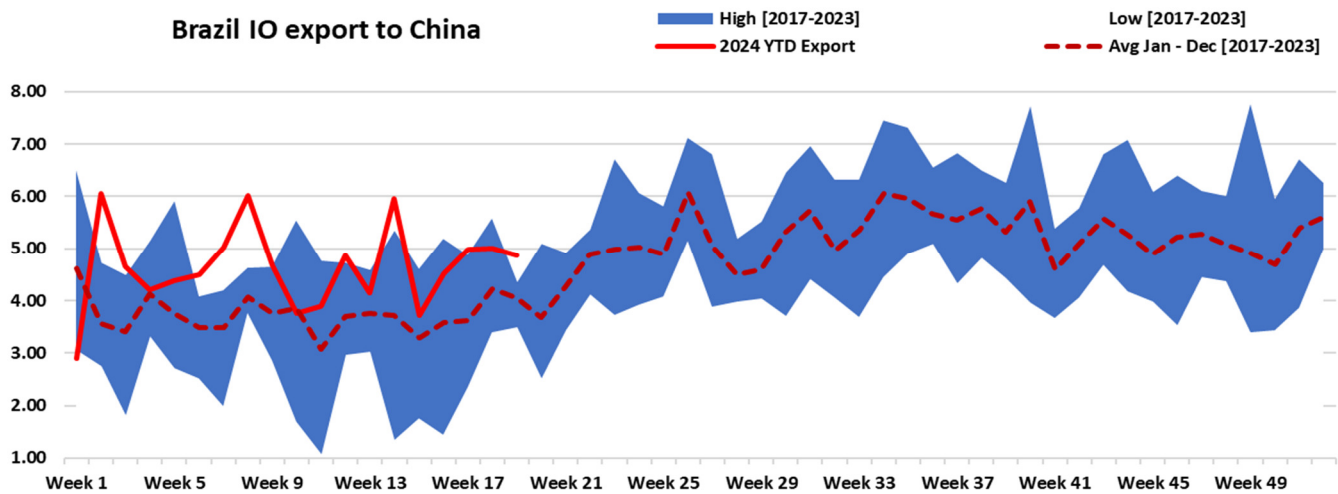
### Iron Ore Key Routes

|                 | IO Export Million mt |            |       | Freight Rate \$/mt |            |       |
|-----------------|----------------------|------------|-------|--------------------|------------|-------|
|                 | Last Week            | Prev. Week | Chg % | Last Week          | Prev. Week | Chg % |
| Australia-China | 17.0                 | 17.6       | -3.6% | 11.76              | 10.14      | 15.9% |
| Brazil-China    | 4.9                  | 5.0        | -2.7% | 27.41              | 25.54      | 7.3%  |

### Seasonality Charts



### Brazil IO export to China



### Dry Bulk Trades/Coal

Last week saw coal shipments increase by 8.2% to 27.0 million tonnes (MMT), driven by robust demand from China and Japan. Australia, as the top supplier, saw a 9% weekly increase in shipments to 6.9 million tonnes. This increase was attributed to growing exports to the JKT region, which totaled 4.1MMT (+21.8% w-o-w), as well as significant exports to China at 1.4 MMT (+43.3% w-o-w), and Southeast Asia at 817kt (+85.0% w-o-w). Similarly, it was a positive week for Indonesian coal, with the total volume surging 14.1% to 11.3 million tonnes. Among this total, around 4.8 MMT was destined for China, reflecting a weekly increase of 25.4%.

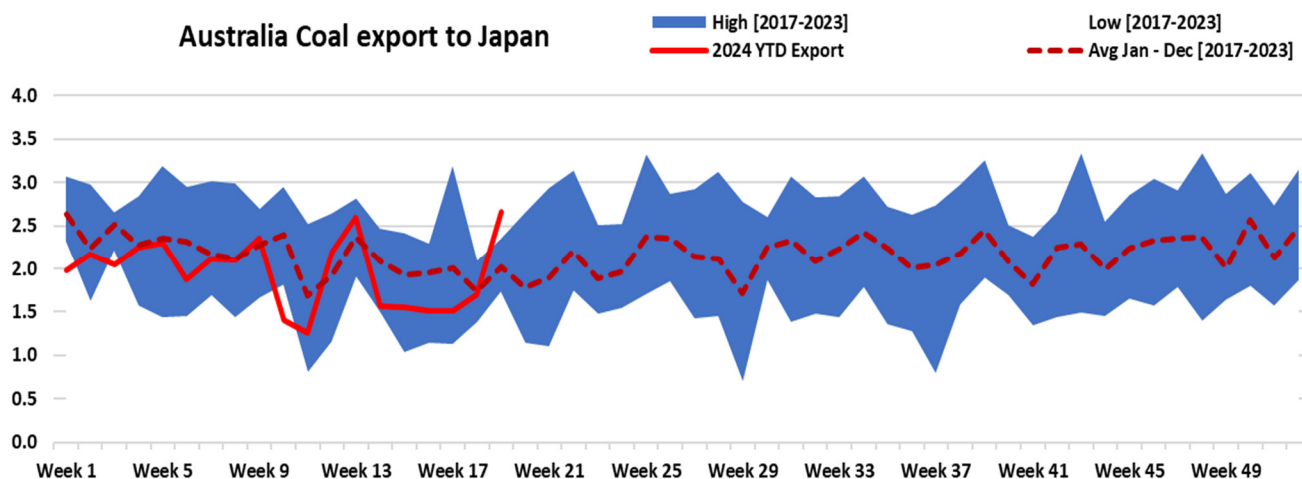
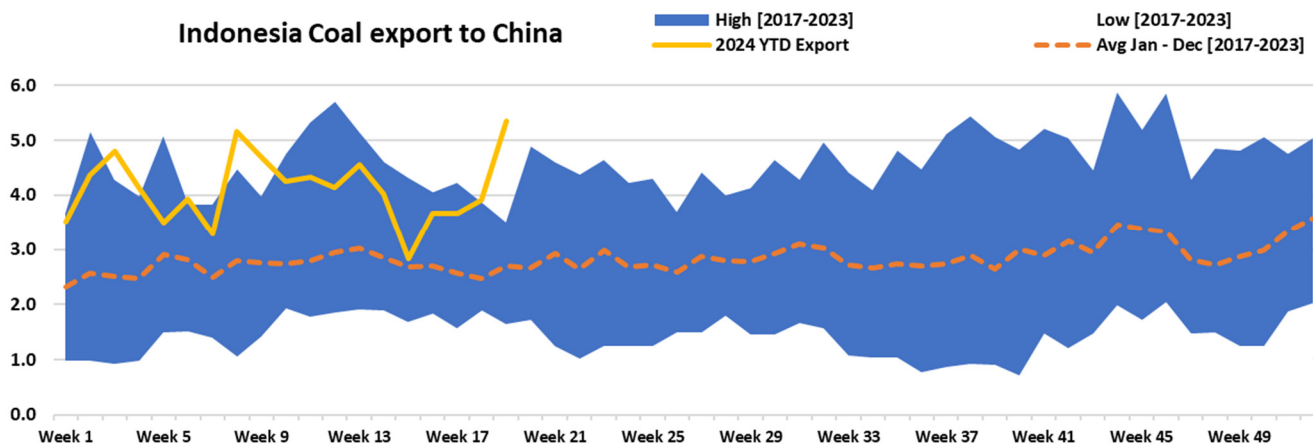
### Dry Bulk Trades/Coal

| Export (million tonnes) | Apr-24       | Mar-24       | Q1-24        | Q4-23        | Q3-23        | Q2-23        | 2023          | 2022          | 2021          |
|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|
| Indonesia               | 44.2         | 46.3         | 130.2        | 143.5        | 123.2        | 121.0        | 508.0         | 462.2         | 415.2         |
| Australia               | 28.4         | 29.5         | 86.0         | 94.6         | 88.1         | 93.1         | 355.3         | 339.2         | 368.4         |
| Russia                  | 14.7         | 12.2         | 35.8         | 39.1         | 46.7         | 51.3         | 185.4         | 192.5         | 172.1         |
| USA                     | 6.1          | 8.3          | 22.2         | 21.2         | 19.5         | 20.2         | 80.9          | 69.5          | 68.6          |
| Colombia                | 5.0          | 7.0          | 16.7         | 16.3         | 15.7         | 14.6         | 59.2          | 61.0          | 60.7          |
| South Africa            | 5.4          | 5.2          | 15.2         | 16.0         | 14.9         | 15.8         | 62.0          | 61.6          | 62.0          |
| Others                  | 9.0          | 9.8          | 26.2         | 29.4         | 25.9         | 27.0         | 105.9         | 556.0         | 501.3         |
| <b>Global</b>           | <b>112.8</b> | <b>118.4</b> | <b>332.3</b> | <b>360.2</b> | <b>334.0</b> | <b>343.0</b> | <b>1356.8</b> | <b>1279.8</b> | <b>1233.1</b> |

### Coal Key Routes

| Coal Key Routes | Coal Export Million mt |            |       |
|-----------------|------------------------|------------|-------|
|                 | Last Week              | Prev. Week | Chg % |
| Indonesia-China | 5.3                    | 3.9        | 36.7% |
| Australia-Japan | 2.7                    | 1.7        | 56.5% |

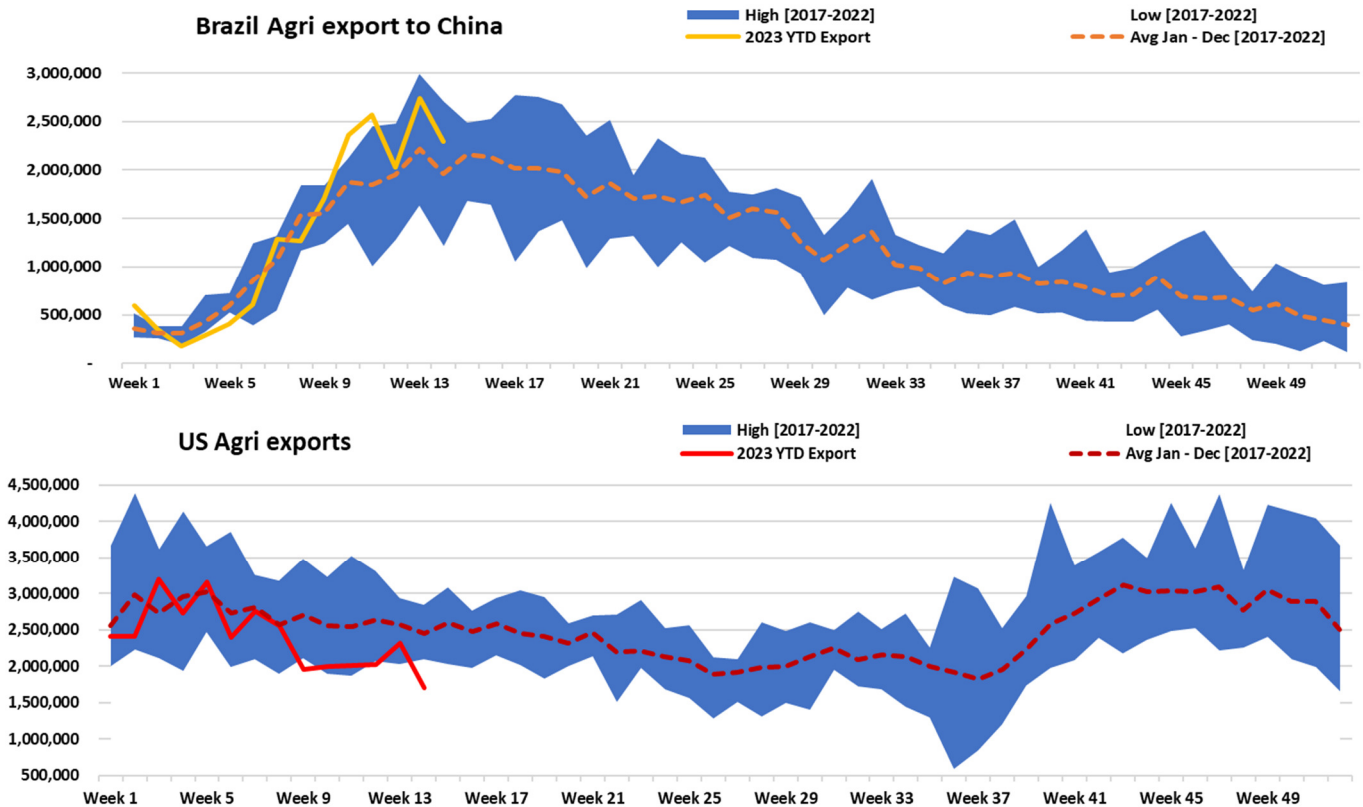
## Seasonality Charts



## Dry Bulk Trades/Agri

Lower supply from ECSA continued to negatively impact global grain shipments, with less than 5.5 million tonnes of grains being shipped out from the region. Moreover, in the Asia-Pacific region, Australian weekly shipments slumped by 41% over the week to 493kt. From other key regions, the US weekly total improved by 8.2% over the week to 1.8 MMT. In total, global grain shipments came off 6.8% to 10.7 million tonnes last week.

## Seasonality Charts



| Export (million tonnes) | Feb-23      | Jan-23      | Q4-22        | Q3-22        | Q2-22        | Q1-22        | 2022         | 2021         |
|-------------------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Brazil                  | 12.9        | 10.5        | 41.2         | 49.9         | 48.2         | 38.3         | 177.7        | 157.2        |
| USA                     | 10.1        | 12.0        | 36.8         | 23.9         | 30.7         | 37.4         | 128.7        | 140.8        |
| Argentina               | 3.4         | 3.2         | 18.4         | 20.7         | 24.8         | 17.1         | 81.0         | 87.0         |
| Ukraine                 | 2.9         | 3.0         | 9.8          | 4.5          | 0.1          | 12.6         | 27.0         | 58.9         |
| Canada                  | 3.5         | 4.3         | 15.1         | 6.6          | 5.9          | 5.9          | 33.5         | 40.6         |
| Russia                  | 2.5         | 3.6         | 11.7         | 7.4          | 4.7          | 5.1          | 28.9         | 29.7         |
| Australia               | 4.6         | 4.1         | 11.3         | 11.4         | 11.2         | 12.8         | 46.8         | 39.7         |
| Others                  | 8.1         | 7.0         | 21.1         | 26.6         | 24.9         | 25.9         | 98.5         | 87.4         |
| <b>Global</b>           | <b>48.0</b> | <b>47.6</b> | <b>165.4</b> | <b>151.1</b> | <b>150.4</b> | <b>155.2</b> | <b>622.1</b> | <b>641.4</b> |

Data Source: IHS Markit Commodities at Sea Service, Bloomberg

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