

FIS Dry Freight Weekly Report

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21/05/2024

Market Review:

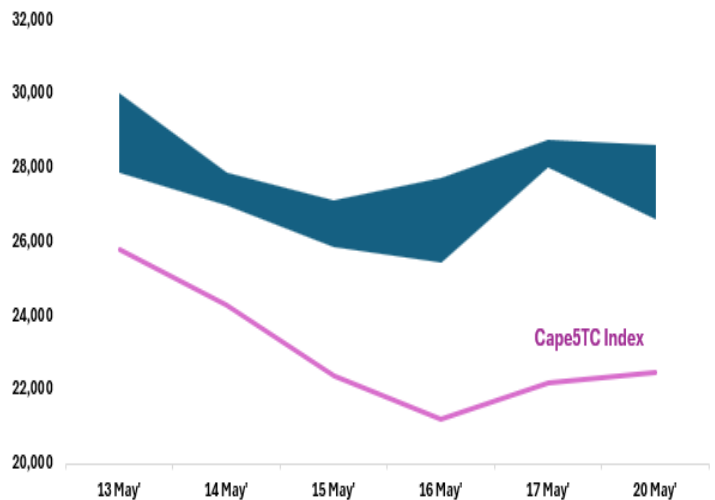
Last week all vessel sizes ended on a weaker note, with indices significantly correcting and prompt futures extending losses before a minor recovery at the end of the week. Despite iron ore and coal cargo volumes appearing healthy in key regions, the upcoming holidays this week are likely to impact activity, putting further pressure on rates. This is due to the increasing number of prompt vessel supply outweighing demand.

| Freight Rate \$/day | 20-May | 13-May | Changes % | Short Term | Sentiment |
|---------------------|--------|--------|-----------|--------------------|-----------|
| Capesize 5TC | 22,460 | 25,773 | -12.9% | Neutral to Bearish | ⬇️ |
| Panamax 4TC | 14,964 | 16,821 | -11.0% | Neutral to Bearish | ⬇️ |
| Supramax 10TC | 15,308 | 16,333 | -6.3% | Neutral to Bearish | ⬇️ |
| Handy 7TC | 12,434 | 12,609 | -1.4% | | |

Capesize

Capesize vessels recouped some losses towards the end of the week due to increasing demand and better bids seen in both basins. Additionally, fresh fixtures were observed on the transatlantic route for Brazilian iron ore to Europe. On a weekly basis, Cape iron ore shipments continued to slip for the second week to 28 million tonnes, down 2.2% from the previous strong week. Moreover, a more significant downturn was seen in minor bulk shipments, with weekly Cape volume falling 16.3% to 3.4 million tonnes. On the bright side, coal shipments via Capesize vessels saw a 1.8% weekly increase to 7.4 million tonnes, thanks to healthy shipments from Australia and a strong week for South Africa, whose weekly volume jumped 37% to reach 1.4 million tonnes.

Capesize 5TC Rolling Front Month Trading Range



In terms of fixtures, the Asian holiday weighed on market activity, but two major players were still actively seeking cargoes in the Asia-Pacific region. The key C5 iron ore route (from West Australia to China) was fixed 10-15 cents lower at \$11.10 for the end of May and at the low \$10s for early June laycan. As the new week began, C5 fixed higher at between \$10.45-\$10.60 due to increasing iron ore volumes in the region and firm improvement in the Atlantic from last week. Furthermore, several Australian coal fixtures were reported, from Newcastle to Taiwan at \$15.10 for June 5-14 and to South Korea at \$14.75 for June 3-10.

In the Atlantic market, the week started on a negative note due to increasing ballaster numbers and a lack of fresh inquiries. However, sentiment improved towards the latter part of the week as more cargoes were covered for mid-June loading. The C3 route was marked down significantly, fixing nearly \$2 lower compared with the previous week at \$25.85 for June 1-4 and \$25 for June 18 onwards. Other trips out of Brazil included Itaguaí to Qingdao at \$26.75 for June 12-14; on the TA front, an iron ore cargo from Tubarao to Taranto and Rotterdam was fixed at \$14.65 for June 5-14. In the north, an iron ore cargo from Seven Islands to Qingdao was heard at \$30 for June 1-7, and another trip from Bolivar to Rotterdam was fixed at \$13.50 for early June. More iron ore and coal orders resurfaced elsewhere, including Saldanha Bay to Rotterdam at high \$6s for June 11-17 and routes from West Africa to China at around the \$26 level.

Chart source: FIS Live

FFA: This week saw Capes steadily decline, starting weak from the outset. On Monday, selling continued at a sustained pace throughout the day and persisted post-index which was worse than expected at \$25,733 (-\$1,528). May was sold down to \$25,000 and June to \$28,000, leading to significantly reduced liquidity till the day's close. On Tuesday, despite healthy volumes, the market remained vulnerable on the front. May and June traded down to \$24,000 and \$27,000 (-\$750 on the day), while Q3 stayed barely moved. Wednesday saw continued pressure, with contracts flat to Tuesday's close initially but selling lower throughout the day. The market continued selling lower throughout the day, despite the occasional bounce. June vs July and June vs Q3 spreads both went negative for the first time in a while. Thursday opened above the previous night's closing levels but quickly slipped before the index (-\$1,165 to \$21,218) acted as a reverse indicator. Post-index, the market gaped up in \$250 intervals, with June and July trading up to \$28,000 and \$27,500, respectively, and Cal25 to \$21,400. Thursday closed evenly weighted, just off the day's highs. Friday started very differently, with active buyers early on, leading to a strong start to the day. Though the physical market did show signs of improving, the entire curve increased at a higher rate, with June trading up to \$28,750 and Q3 to \$27,250, then closing roughly at the day's open.

Short run neutral to bearish

Panamax

Panamax time charter rates underwent a correction due to an increasing number of available prompt vessels. Despite this, a small rebound was seen in the FFAs, driven by the Cape paper market. On a positive note, coal demand remained robust, with Platts data showing that coal shipments by Panamax vessels jumped 14.5% to 14.7 million tonnes. Additionally, grain shipments ended their three-week decline, recovering to 5.1 million tonnes (+4.1% w-o-w), while minor bulk shipments fell by 6.8% to 3.8 million tonnes.

Regarding fixtures, fresh demand was again lacking in the Atlantic region, resulting in fixtures in the North and short trips being conducted at discounted rates. A trip via the US East Coast with redelivery to China was heard at \$26,000. In contrast, several grain cargoes via East Coast South America redelivery Singapore/Japan were fixed at \$19,500-\$21,500, and on the TA route, a 79dwt ECSA redelivery Skaw-Gib was done at \$20,000. In the Asian market, sufficient coal orders were reported from Australia and Indonesia lent in support, including trips via Australia with redelivery to South China and India, fixed at \$17,750 and \$17,250 respectively. Other coal cargo via Indonesia redelivery Japan was fixed at \$22,000.

FFA: The week began poorly for the Panamaxes, with thin liquidity in the morning, and post index, both June and July slid down to \$16,500. Further out, Cal25 held strong, trading at \$13,750. Tuesday, saw patchy trading and rangebound activity with some selling pressure on prompt contracts. Following another negative index, the market pressure continued, and May and June sold off to \$15,800 and \$16,000, respectively. The evening brought some fresh support, closing just off the day's lows. Wednesday witnessed a less rangebound day, with more liquidity seen in the front contracts. June, July, and Q3 closed off their lows at \$15,575, \$16,100, and \$15,875. Interestingly, the May vs June spread went negative for the first time in a long while. By Thursday a much different day unfolded; the morning began directionless but turned around as the poor index (-\$539 to \$15,266) acted as a reverse indicator. June and July traded up to \$16,350 and \$16,400, respectively and Q3 traded up to \$16,300. By Friday, the Panamax rates steadied. Fueled by a firmer Capes sentiment and an easing index decline. Early trading saw June and July trade up to \$16,400 and \$16,600 highs, respectively. However, by the afternoon liquidity had dried up, finishing the week flat.

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Short run neutral to bearish

Panamax 4TC Rolling Front Month Trading Range

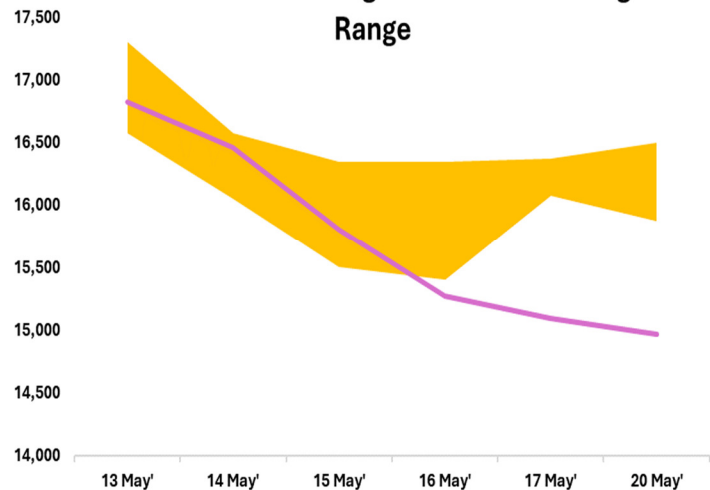
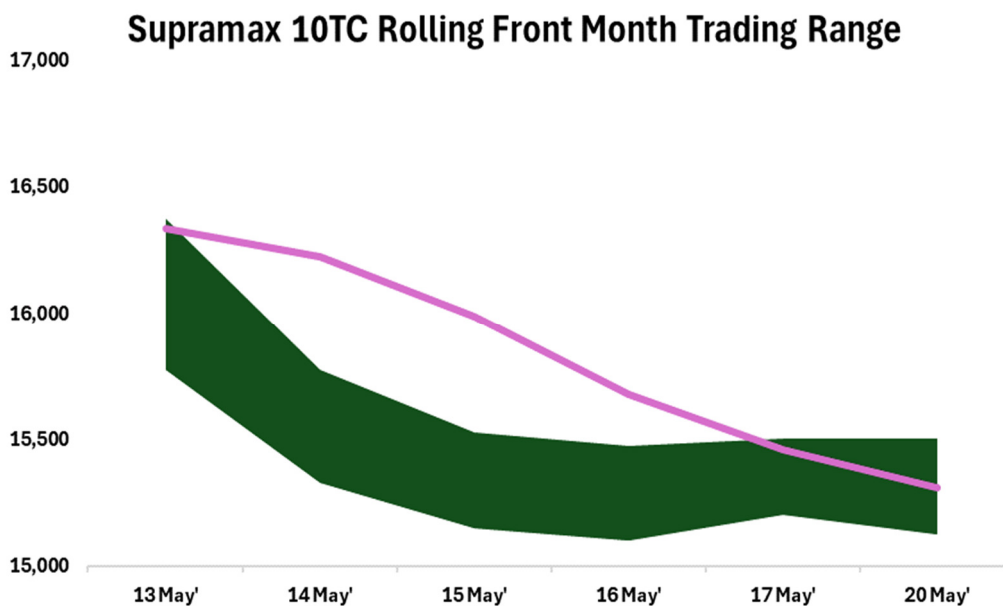


Chart source: FIS Live

Supramax

FFA: Much like the trend for larger vessels, Supermax rates opened on Monday under pressure, with the weight on the offers throughout the morning. Following a flat index, rates stabilised with June trading within the \$250 range, hitting a low of \$15,800, while Q3 traded at \$15,350. Although the market closed considerably lower than Friday, bid support remained. Tuesday started bearishly but saw some support in the afternoon, particularly in May. Despite the change in sentiment towards the afternoon, the market still closed lower than Monday, with June and Q3 trading to lows of \$15,300 and \$15,200, respectively. Wednesday mirrored the previous day, with offers pushing rates down across the curve and a negative index (-\$240 to \$15,984) applying further pressure. However, bidding activity resurged later in the day, concluding slightly off Tuesday’s closing levels, with May and Q3 at \$15,700 and \$15,150. On Thursday, there was good volume exchanging hands despite another negative index (-\$308 to \$15,676). This notable increase in support saw rates pushed above the previous day’s closing levels, with June reaching a high of \$15,500 and Q3 up to £15,350. On Friday, we saw rangebound activity across the curve, with May closing at its opening value of \$15,700 and Q3 closed at \$15,450.

Short run neutral to bearish



FFA Market Indexes

| Freight Rate \$/day | 20-May | 13-May | Changes % | 2024 YTD | 2023 | 2022 | 2021 | 2020 |
|---------------------|--------|--------|---------------|----------|--------|--------|--------|--------|
| Capesize5TC | 22,460 | 25,773 | -12.9% | 23,301 | 16,389 | 16,177 | 33,333 | 13,070 |
| Panamax4TC | 14,964 | 16,821 | -11.0% | 14,507 | 11,518 | 8,587 | 25,562 | 8,587 |
| Supramax10TC | 15,308 | 16,333 | -6.3% | 13,784 | 11,240 | 8,189 | 26,770 | 8,189 |
| Handy7TC | 12,434 | 12,609 | -1.4% | 12,381 | 10,420 | 8,003 | 25,702 | 8,003 |

FFA Market Forward Values

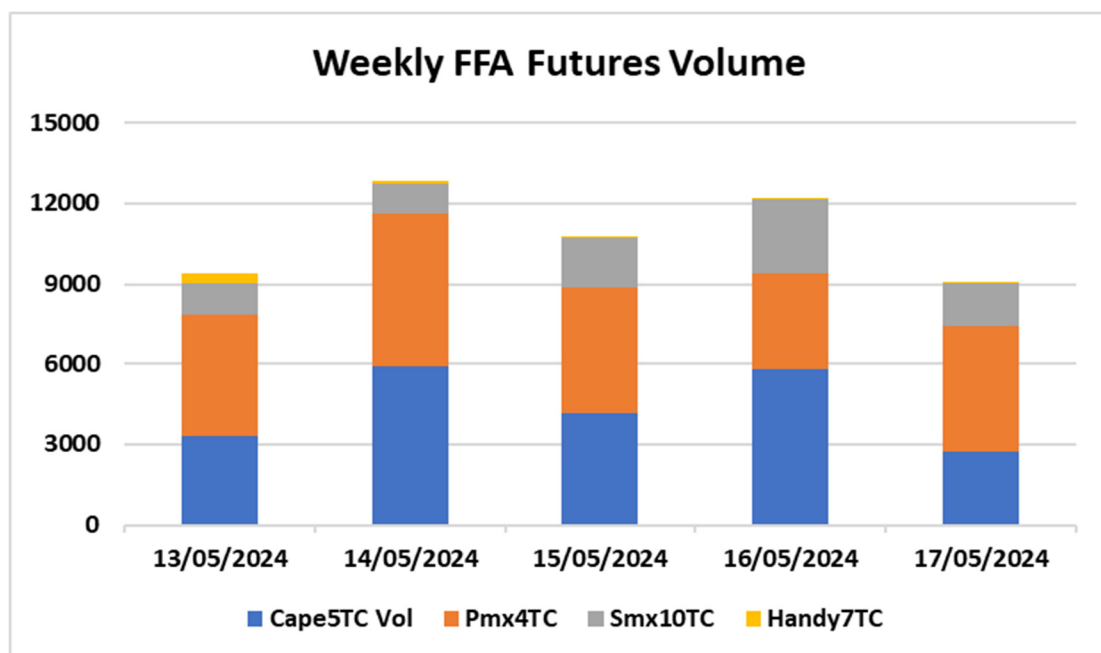
| FFA \$/day | 13-May FIS Closing | 13-May FIS Closing | Changes % | Weekly Mkt High | Weekly Mkt Low | 2024 Mkt High | 2024 Mkt Low |
|---------------------|--------------------|--------------------|-----------|-----------------|----------------|---------------|--------------|
| Capesize5TC Jun 24 | 26650 | 28000 | -4.8% | 29,750 | 24,500 | 35,000 | 16,600 |
| Capesize5TC Q3 24 | 26875 | 26850 | 0.1% | 28,500 | 25,900 | 29,500 | 18,000 |
| Panamax4TC Jun 24 | 16450 | 16650 | -1.2% | 17,150 | 15,350 | 19,500 | 12,800 |
| Panamax4TC Q3 24 | 16450 | 16475 | -0.2% | 16,775 | 15,650 | 17,100 | 12,300 |
| Supramax10TC Jun 24 | 15350 | 15800 | -2.8% | 16,200 | 15,000 | 16,850 | 13,000 |
| Supramax10TC Q3 24 | 15450 | 15125 | 2.1% | 15,500 | 15,100 | 15,800 | 12,650 |

Data Source: FIS Live, Baltic Exchange

FFA Market

Last week, activity in the FFAs market increased with total volumes reaching approximately 60,570 lots across all exchanges. On average, Capes and Panamaxes futures traded around 4,380 lots and 4,670 lots per day, respectively. Supramaxes also saw significant interest, with 1,680 lots traded daily. The primary focus was on June, Q3, and Cal25 tenors. Options trading volume was notable, with 3,360 lots for Capes and 2,640 lots for Panamaxes. Open interest continued to rise, driven by high volatility in larger vessel sizes. On May 20th, Cape 5TC open interest reached 173,179 lots (+5,600 w-o-w), Panamax 4TC OI was 173,182 lots (+4,240 w-o-w), and Supramax 10TC OI was 79,653 lots (+930 w-o-w).

On the voyage routes, there was consistent interest in the key Capesize routes. A total of 2.57 million tonnes changed hands on C5, primarily for May and June, with smaller volumes traded for Q3 2024. Additionally, 100kt were traded on C3 for May and 75kt on C7 for the June contract. There were also 60 days of P6 traded for May/June.



Dry Bulk Trades/Iron Ore

Last week, global iron ore shipments slipped 1.1%, totaling 31.0 million tonnes (MMT). Despite the overall decline, key suppliers showed positive trends in their export volumes. Australian iron ore shipments saw an increase of 1.7%, reaching 18.3 MMT, rebounding after a significant drop in the previous week. South and West Africa reported a robust performance with shipments surging by 36.4% to 2.0 MMT. Brazilian iron ore exports remained stable at 6.8 MMT, showing negligible change from the previous week. In contrast, Canada faced a challenging week with shipments declining by 35.7% to 847kt.

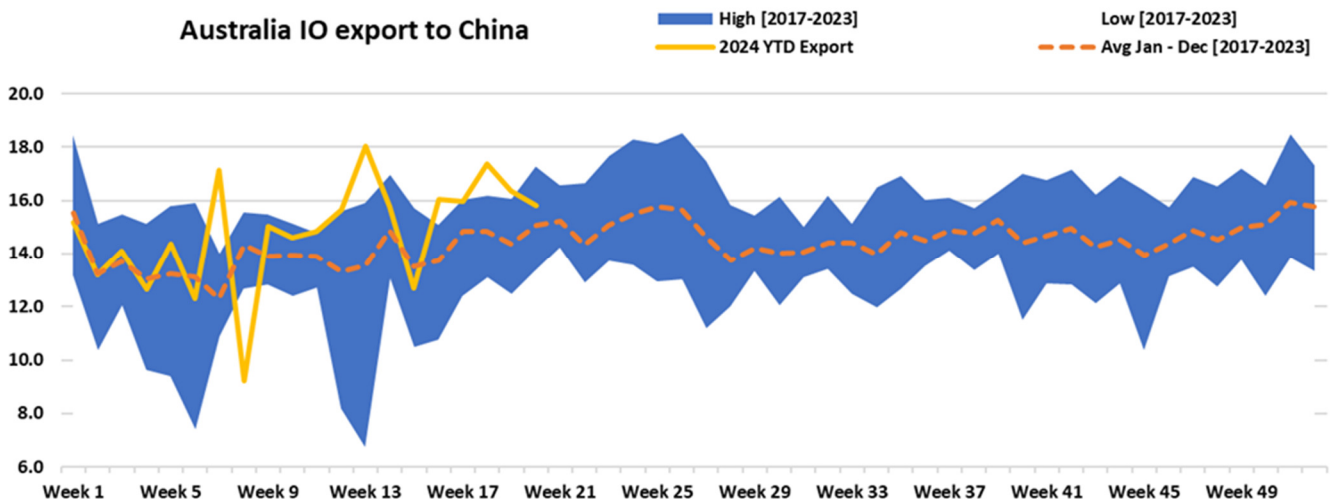
Dry Bulk Trades/Iron Ore

| 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 |
| Global | 136.4 | 140.8 | 397.7 | 442.9 | 425.8 | 413.4 | 1664.6 | 1587.8 | 1632.0 |

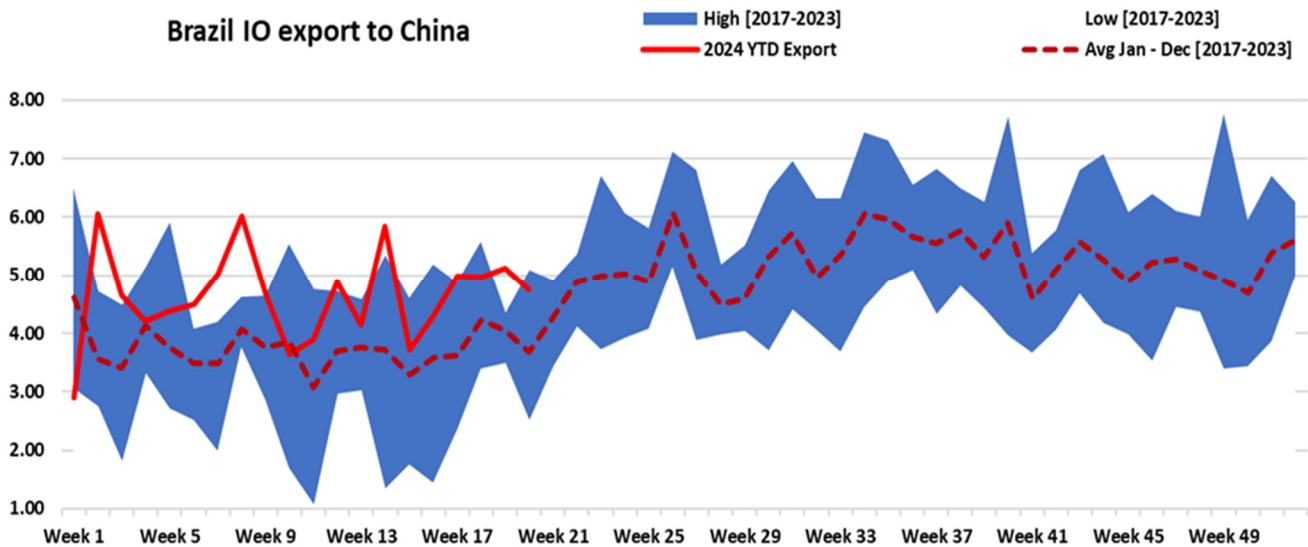
Iron Ore Key Routes

| | IO Export Million mt | | | Freight Rate \$/mt | | |
|-----------------|----------------------|------------|-------|--------------------|------------|-------|
| | Last Week | Prev. Week | Chg % | Last Week | Prev. Week | Chg % |
| Australia-China | 15.8 | 16.3 | -3.1% | 10.75 | 11.76 | -8.6% |
| Brazil-China | 4.7 | 5.1 | -7.8% | 25.22 | 27.41 | -8.0% |

Seasonality Charts



Brazil IO export to China



Dry Bulk Trades/Coal

Last week saw coal shipments climbed 10.0% to 29.1 million tonnes (MMT), driven by robust demand from India and Japan. Australia, as the top supplier, saw a 4.2% weekly increase in shipments to 7.1 million tonnes. This increase was attributed to soaring exports to the JKT region, which totalled 3.9MMT (+37.1% w-o-w), which leads to less exports to China at 1.2 MMT (-32.2% w-o-w), and Southeast Asia at 210kt (-77.8% w-o-w). On the other hand, it was a steady week for Indonesian coal, with the total volume flattened at 11.1 million tonnes due to sluggish Chinese demand. Among this total, around 4.1 MMT was destined for China, reflecting a weekly decrease of 10.5%. While more of the shipments were destined India with weekly volumes surged 41% to 3.3 million tonnes.

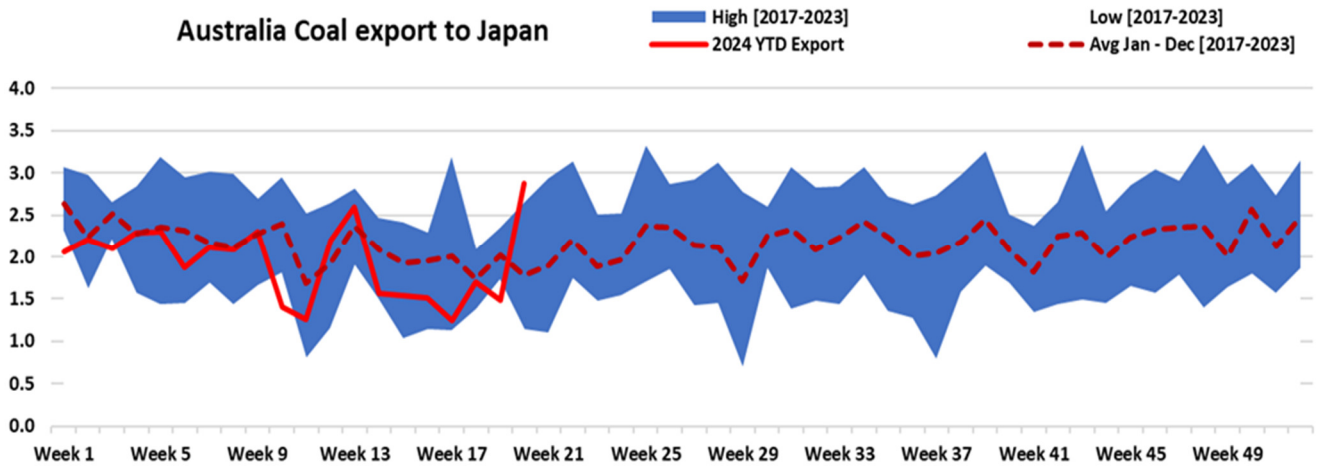
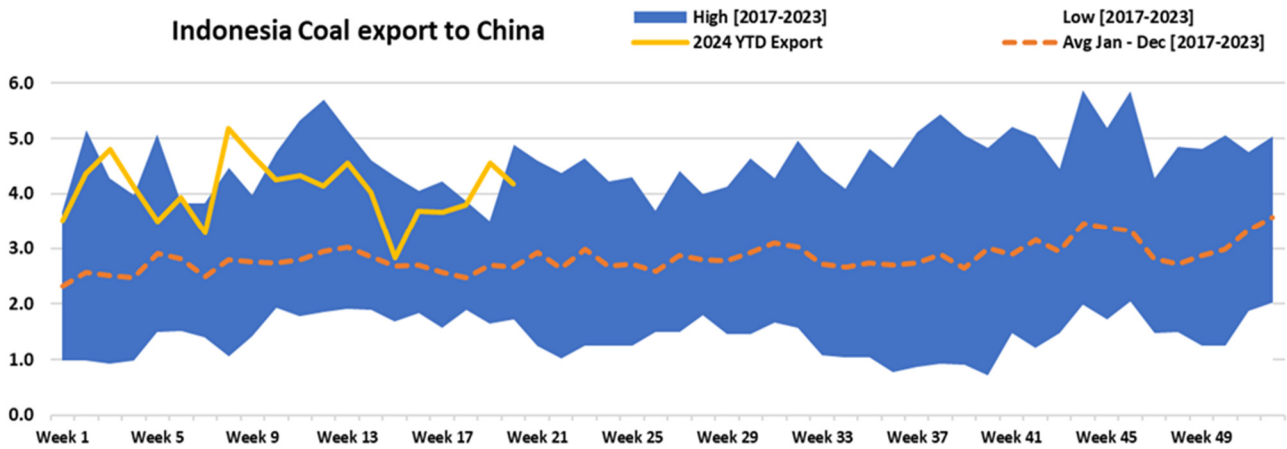
Dry Bulk Trades/Coal

| 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 |
| Global | 112.8 | 118.4 | 332.3 | 360.2 | 334.0 | 343.0 | 1356.8 | 1279.8 | 1233.1 |

Coal Key Routes

| Coal Key Routes | Coal Export Million mt | | |
|-----------------|------------------------|------------|-------|
| | Last Week | Prev. Week | Chg % |
| Indonesia-China | 4.2 | 4.6 | -8.7% |
| Australia-Japan | 2.9 | 1.5 | 93.3% |

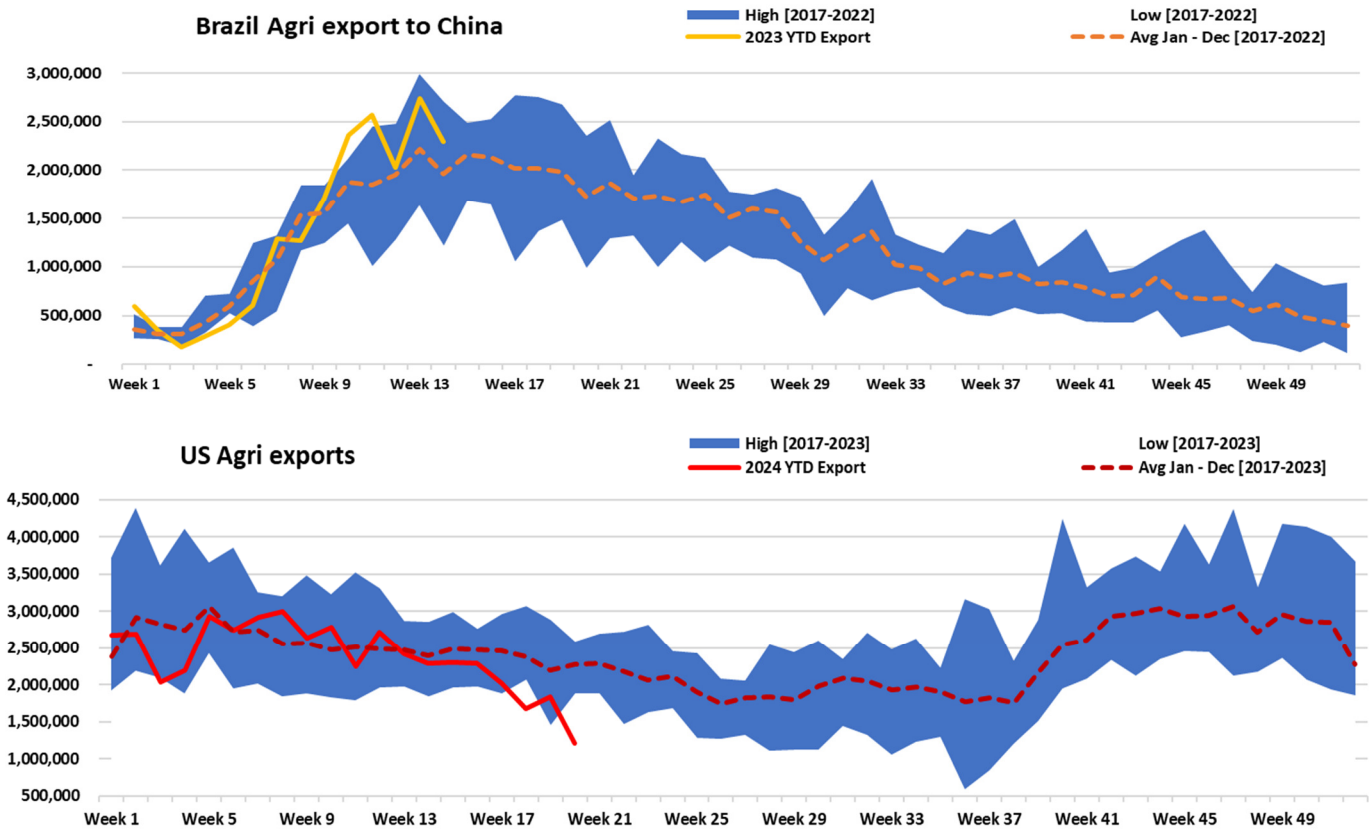
Seasonality Charts



Dry Bulk Trades/Agri

After three consecutive weeks of decline, ECSA grains exports finally steadied at 5.6 million tonnes. This however this was partly offset by the low supply from the US, pushing the global grain shipments 4.8% lower to 10.6 million tonnes. As the Platts data showed the US weekly total volume plunged near 32% to 1.3 MMT. On the other hand, in the Asia-Pacific region, Australian weekly shipments improved by 32% over the week to 723kt.

Seasonality Charts



| Export (million tonnes) | Apr-24 | Mar-24 | Q1-24 | Q4-23 | Q3-23 | Q2-23 | 2023 | 2022 |
|-------------------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Brazil | 16.9 | 18.9 | 45.0 | 53.2 | 62.7 | 58.2 | 216.7 | 176.8 |
| USA | 9.5 | 11.4 | 34.0 | 34.6 | 18.3 | 23.0 | 106.7 | 129.5 |
| Argentina | 7.9 | 7.7 | 19.5 | 11.7 | 17.8 | 14.6 | 56.1 | 88.2 |
| Ukraine | 3.8 | 4.2 | 12.5 | 5.7 | 0.4 | 6.0 | 21.8 | 27.0 |
| Canada | 3.2 | 3.0 | 9.0 | 12.4 | 8.1 | 9.1 | 41.4 | 33.4 |
| Russia | 2.8 | 2.1 | 8.4 | 9.4 | 13.1 | 10.3 | 42.9 | 29.2 |
| Australia | 2.9 | 3.8 | 11.1 | 9.6 | 10.5 | 12.8 | 47.3 | 48.4 |
| Others | 5.4 | 7.0 | 20.7 | 21.5 | 21.3 | 16.7 | 82.8 | 402.6 |
| Global | 52.3 | 58.1 | 160.2 | 158.2 | 152.3 | 150.6 | 615.7 | 628.9 |

Data Source: IHS Markit Commodities at Sea Service, Bloomberg

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