

# FIS Dry Freight Weekly Report

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**11/06/2024**

**Market Review:**

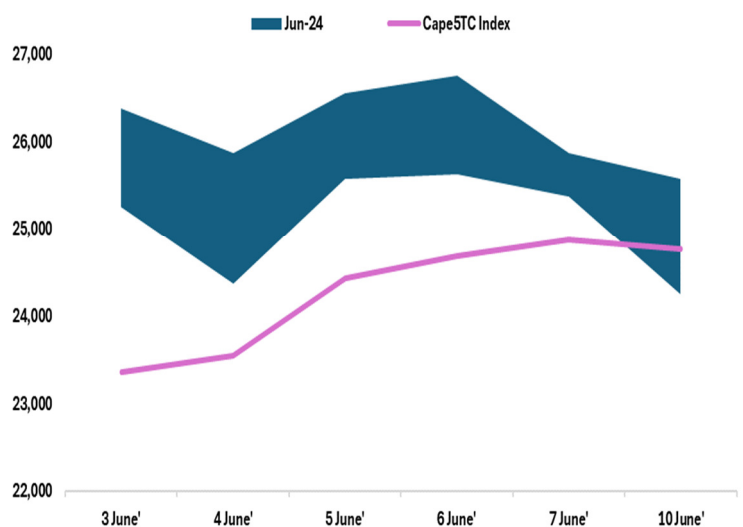
Larger vessels experienced a rise in spot rates midweek, driven by heightened activity in key regions. Despite a decrease in iron ore shipments for Capesize vessels, volumes on C3 and C5 routes still exceeded the seasonal average. Nevertheless, expectations of rising demand for Brazilian iron ore could bolster long-haul trips. In the Panamax segment, grain volumes in ECSA continued to support the market, alongside robust coal demand destined to China and the JKT regions.

Freight Rate \$/day	10-Jun	3-Jun	Changes %	Short Term	Sentiment
Capesize 5TC	24,759	23,357	6.0%	Neutral to Bearish	↘
Panamax 4TC	14,583	13,794	5.7%	Neutral to Bullish	↗
Supramax 10TC	13,826	13,994	-1.2%	Neutral to Bullish	↗
Handy 7TC	12,858	13,005	-1.1%		

**Capesize**

Capesize vessels saw modest gains midweek, driven by increased cargoes in the Pacific markets. However, in the FFA market, rates retreated to their starting point, ending the week in the red. Market sentiment turned subdued again following thin fixture activity and C5 fixed below the \$11 mark on Monday. On a weekly basis, Cape iron ore shipments slipped for a second consecutive week to below 29 million tonnes (-5.2% week-on-week), attributed to lower exports from Brazil and concerns over steel demand in China. Additionally, coal shipments in Cape vessels continued their third consecutive week of decline, reaching around 5.9 million tonnes, as more volumes shifted to Panamaxes. Meanwhile, minor bulk volumes remained steady at 3.7 million tonnes.

Capesize 5TC Rolling Front Month Trading Range vs Spot



Fixtures-wise, we saw rates firm up in both basins amidst increasing activity from major players. The key C5 iron ore route (West Australia to China) was fixing from \$11.10 to the high of \$11.40 as volume picked up, most of the fixtures were conducted at between \$11.15-\$11.30 for 22-26 Jun laycan. Asian holiday on Monday saw C5 fell to \$10.85-10.70 for 25-27 June. Fresh coal orders also came in, with a cargo from Gladstone to Xinsha was fixed at \$13.05 for 17- 21 June. In the Atlantic, C3 also moved upwards towards \$16 for early July along with decent support from S. Brazil and W. Africa to China routes. Overall, the week closed on a positive note with a view of tight prompt vessel supply in Pacific and increasing demand for July Brazilian cargoes.

FFA: Last Monday was a slow start to the week as the market nudged down and liquidity was low. June and July both opened at \$26,250 and though the day was mostly stagnated, some evening session selling saw June sold at \$25,250 and July at \$25,500. On Tuesday, the market opened fairly supported but lost ground on the prompt with Q3 trading down to \$25,000. After a positive index (+\$188 to \$23,545) some bid support was found and June and July traded back up to \$25,900 and \$26,096, respectively. Wednesday was the opposite of the previous day with an initially strong opening seeing bids chase higher. The first trades in June and July were \$26,500, and Q3 moved up to \$26,250 where size was traded. Then, despite another positive index (+\$879 to \$24,424), offers sold down in the prompts for the afternoon

Chart source: FIS Live

session, though still slightly up from the previous day's close. This continued throughout the morning with June and July trading up to \$26,700 and \$26,750, respectively. Following a third consecutive positive index (+\$265 to \$24,689) the market turned, liquidity thinned and selling commenced. June and July both traded down to \$25,500 and \$25,500, respectively. Friday was a relatively rangebound day with thin liquidity with July being sold down to \$25,000 and Q3 to \$25,500. Perhaps indicating the start of the softening of rates for the summer period.

**Short run neutral to bearish**

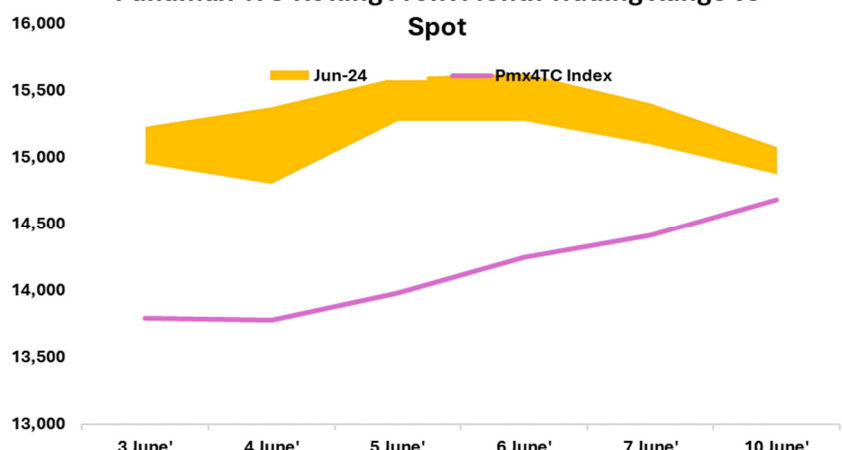
**Panamax**

Panamax time charter rates rose from mid-week due to rising demand for coal and grains entering the market. Interestingly, the paper market led the way with a small rebound seen last Tuesday, accompanied by higher trading volumes. On the demand side, coal shipments edged lower, although key route volumes remained strong. According to Platts data, coal shipments by Panamax vessels dropped 6.4% to 14.7 million tonnes. Furthermore, grain shipments ended their three-week increase, falling to 5.7 million tonnes (-16.4% week-on-week). Moreover, minor bulk shipments also turned negative, falling to 3.9 million tonnes, down 16.9% from the previous week.

Regarding fixtures, the South Atlantic played a major role in the Atlantic basin. Standard trips with 82kt of grains via ECSA with redelivery in Singapore-Japan were fixed at \$18,500, before rising to \$18,750 and then above \$20,000 this Monday. More fixtures resurfaced from the North for both grains and minerals demand, including a trip via NCSA redelivery to Skaw-Gib fixed at \$18,100 and another cargo with coal via USEC redelivery to India fixed at \$27,000. In the Asian market, rates stabilized due to healthy coal volumes from Indonesia and Australia, along with a steady NoPac market. A NoPac round trip carrying grains was fixed between \$17,000 and \$19,000, while another round trip with 85kt redelivery to Singapore-Japan was done at \$20,500. Additionally, cargoes carrying coal via EC Australia with redelivery to South China were fixed between \$17,000 and \$18,000, while trips via Indonesia with redelivery to South China and India were fixed at \$14,400 and \$16,250, respectively.

FFA: On Monday, also the first workday of the month, the market had a particularly quiet start. After a supported opening with June and July trading at \$15,100 and \$15,850, respectively. The day remained mostly unchanged with prompt months trading in the \$250 range. On Tuesday, the activity thankfully picked up though support being tested in size along the curve saw rates fall in the morning before recovering post index (-\$18 to \$13,776). In the afternoon, June pushed up to \$15,350, July to \$15,950, Q3 to \$15,800 and further out ranges remained tighter, closing out the day optimistic. This sentiment was assured on Wednesday as a busy start to the day saw bid support push July back above \$16,000 and volume was traded particularly on the front. This was due to a rise in demand for coal and grains and a similar upturn on the capes. Post-Index trading saw some resistance off the back of illiquidity and the close of play saw the market offers near day lows. On Thursday, we saw a similar pattern with early action, as buying was seen in the prompts pushing June and Q3 up to \$15,600 and \$16,150, but further down the curve remained unchanged. Then following a positive index (+\$266 to \$14,247) and in line with the cape a selloff in the prompts which saw the market left closing flat on the day. Friday was far simpler with minimal movement down the curve, with rangebound activity and June and July closing \$250 lower than opening.

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



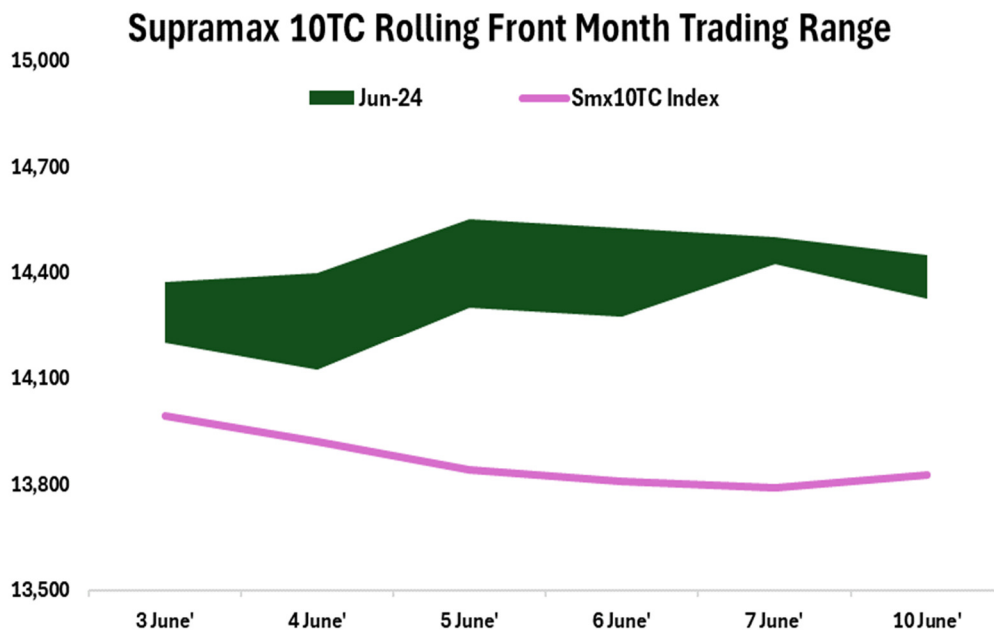
**Short run neutral to bullish**

Chart source: FIS Live

## Supramax

FFA: As with the other freight markets it was a quiet start to the week as the Posidonia event commenced. Both June and July traded within a tight range and the curve closed flat compared to Friday's levels. On Tuesday, we saw June and July reaching highs of \$14,400 and \$15,000, respectively. By Wednesday, the quiet start to the week reversed and good trading volumes were seen. The morning was particularly strong and post-index (-\$80 to \$13,840) the market remained supported but more rangebound. June reached a high of \$14,600, while Q3 and Q1 contracts traded to \$15,150 and \$11,800, respectively. Another day, another early morning of bidding support on Thursday. Rates ticked up until early afternoon where rates stabilised and the range tightened, until late in the day when the offer side started to thin. The forward curve closed only slightly higher than the previous day with July at \$15,075. Reflective of the larger vessels, Friday saw rangebound trading with the index making minimal impact. July traded around \$15,000 level and Q3 reached a high of \$15,200.

Short run neutral to bullish



## FFA Market Indexes

Freight Rate \$/day	10-Jun	3-Jun	Changes %	2024 YTD	2023	2022	2021	2020
Capesize5TC	24,759	23,357	6.0%	23,264	16,389	16,177	33,333	13,070
Panamax4TC	14,583	13,794	5.7%	14,507	11,518	8,587	25,562	8,587
Supramax10TC	13,826	13,994	-1.2%	13,846	11,240	8,189	26,770	8,189
Handy7TC	12,858	13,005	-1.1%	12,429	10,420	8,003	25,702	8,003

## FFA Market Forward Values

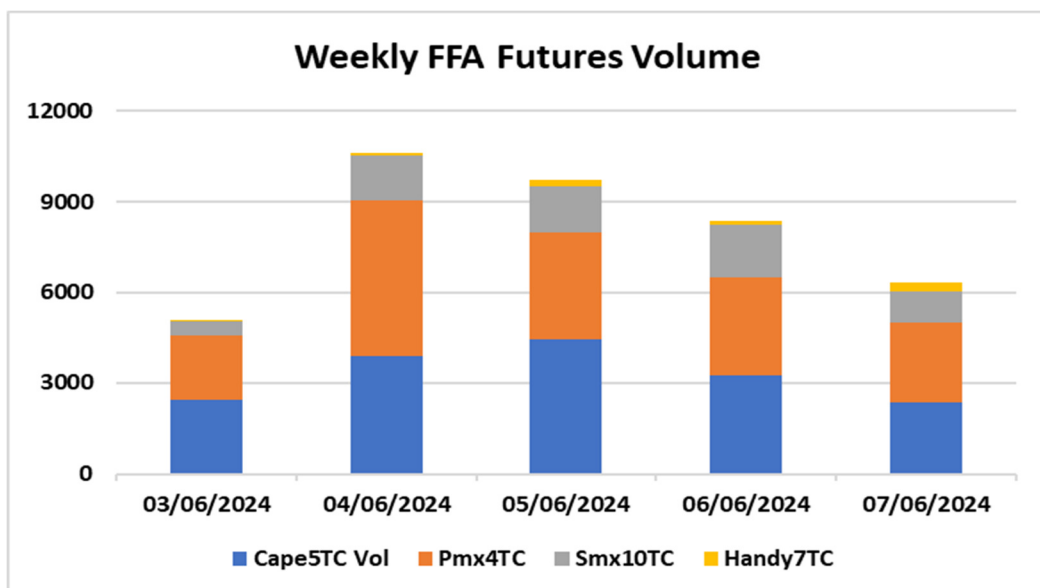
FFA \$/day	10-Jun FIS Closing	3-Jun FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2024 Mkt High	2024 Mkt Low
Capesize5TC Jun 24	24500	25375	-3.4%	26,750	24,250	35,000	16,600
Capesize5TC Q3 24	24075	25550	-5.8%	26,350	24,000	29,500	17,150
Panamax4TC Jun 24	15000	15175	-1.2%	15,550	14,850	19,600	12,250
Panamax4TC Q3 24	15500	15725	-1.4%	16,100	15,275	17,950	12,300
Supramax10TC Jun 24	14375	14225	1.1%	14,600	14,100	16,850	13,000
Supramax10TC Q3 24	15225	15075	1.0%	15,350	14,800	15,800	12,650

Data Source: FIS Live, Baltic Exchange

## FFA Market

A quiet week for the FFAs market due to Posidonia week, with activity resuming in the mid-week and last week's total trading volume reporting at 53,700 lots. Cape and Panamax futures shared most of the volume across the vessel sizes, averaging 3,270 lots changing hands per day on Cape and 3,350 lots on Panamax. Supramax followed closely with about 1,260 lots traded daily. Options trading remained active especially for Panamax 2H'24 contract, with 2,920 lots cleared in Cape and 4,980 lots in Panamax. As we moved to second week of Jun, more activity has shifted to the July contracts, along with the primary contracts Jun, Q3'24 and Cal25-26 contracts. Open Interest increased as positions extended to further months, on 10th Jun, Cape 5TC 164,657 (+3,120 w-o-w), Panamax 4TC 164,511 (+2,800 w-o-w), Supramax 10TC 74,913 (+1,640 w-o-w).

Regarding voyage routes last week, decent interest was also seen on the voyage routes C5 with 5.475 million tonnes changing hands on Jun and small size traded on July contracts.



## Dry Bulk Trades/Iron Ore

Iron ore shipments fell 7.7% in a week to 32.0 million tonnes (MMT), showing mixed signals from key suppliers. Australian iron ore shipments edged up 2.5% to 19.2 MMT, with nearly 16 MMT destined for China, up 3.2% week-on-week and above the six-year seasonal average. In contrast, Brazilian exports plunged 20.7% to 6.8 MMT, with exports to China dropping from the high levels of the six-year seasonal average. Exports from South and West Africa remained steady from the previous week, totaling 1.6 MMT. On the demand side, seaborne volumes destined for China declined for the second week amid a weakening market, falling 2.7% over the week to 25.0 million metric tonnes.

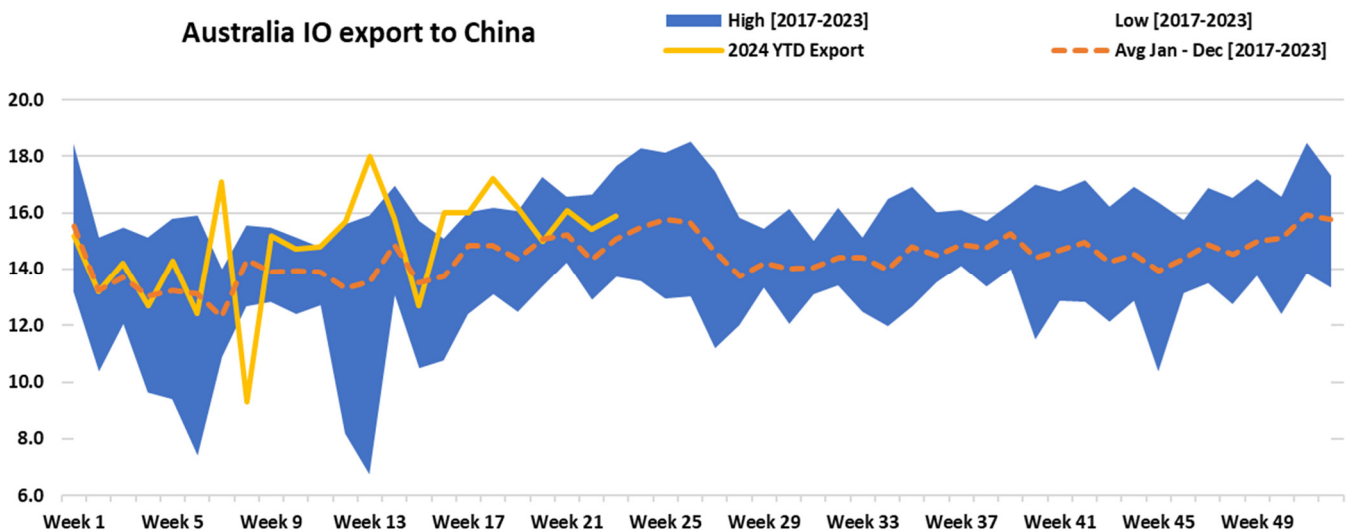
### Dry Bulk Trades/Iron Ore

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>

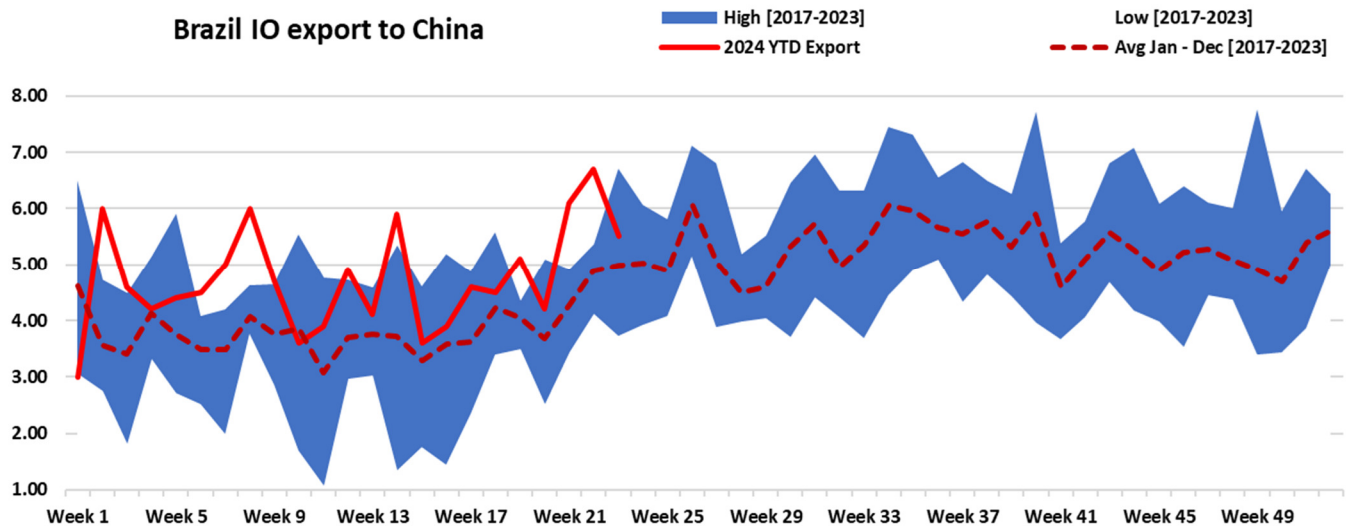
### Iron Ore Key Routes

	IO Export Million mt			Freight Rate \$/mt		
	Last Week	Prev. Week	Chg %	Last Week	Prev. Week	Chg %
Australia-China	15.9	15.4	3.2%	11.16	10.53	6.0%
Brazil-China	5.5	6.7	-17.9%	25.15	24.23	3.8%

### Seasonality Charts



### Brazil IO export to China



### Dry Bulk Trades/Coal

Last week, we saw a significant increase in volume on key coal routes, despite global coal shipments declining by 8.1%, totaling 26.5 million tonnes. Australian supply remained steady at around 7.3 million metric tonnes, while shipments from Indonesia notably declined by 13.1% from the previous week to 9.8 MMT. However, there was increased demand from key export regions, with shipments from Australia to Japan, Korea, and Taiwan rising to 3.9 MMT (+19.7% week-on-week) and from Indonesia to China reaching 5.1 MMT (+10.6% week-on-week), both exceeding the high end of their six-year seasonal averages.

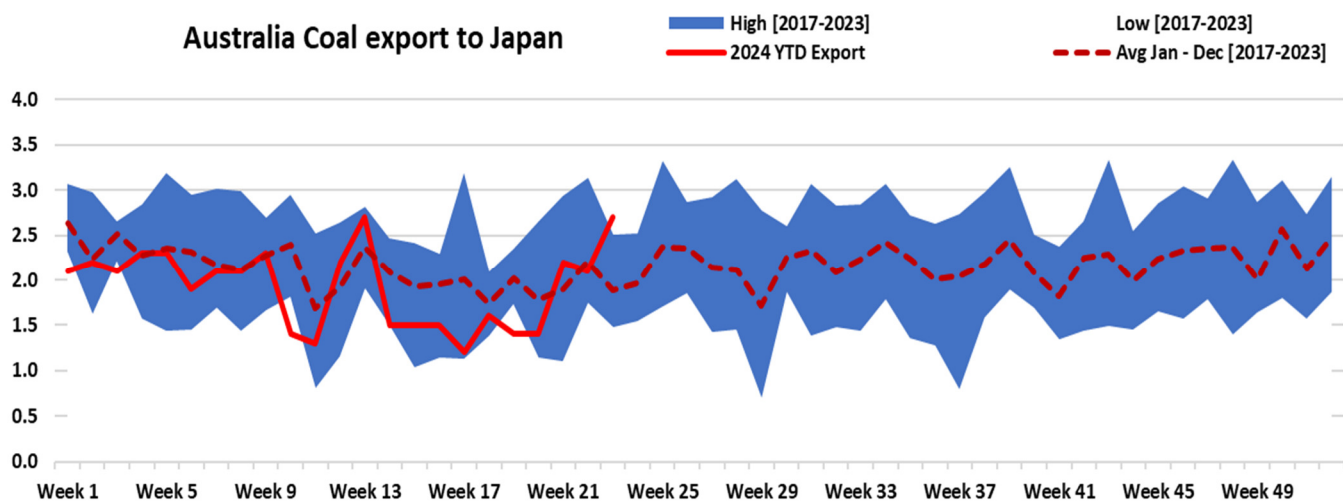
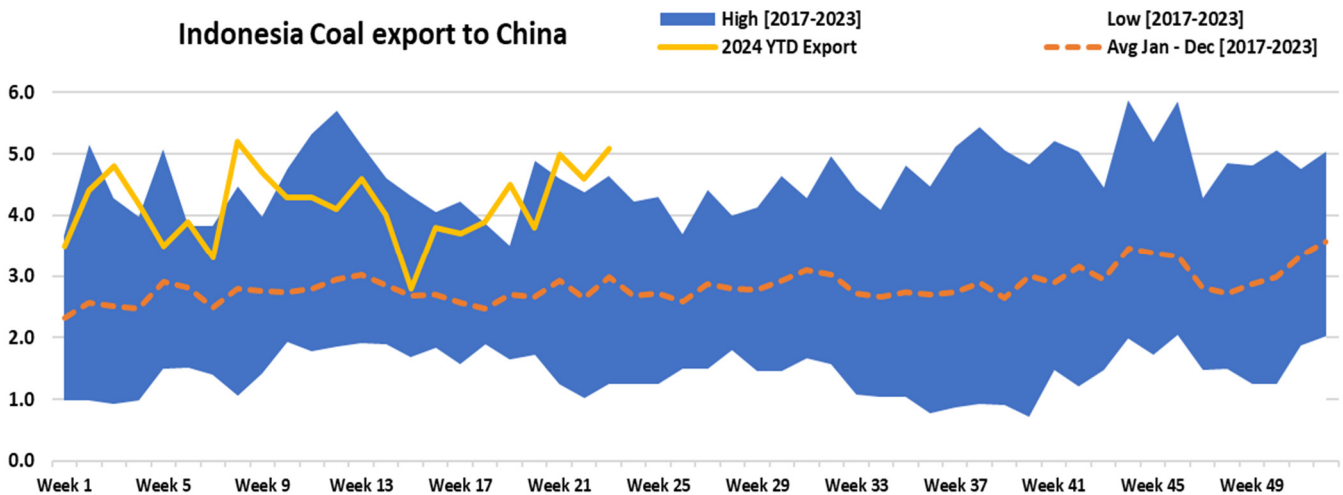
### Dry Bulk Trades/Coal

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		
Coal Export Million mt	Last Week	Prev. Week	Chg %
Indonesia-China	5.1	4.6	10.6%
Australia-Japan	2.7	2.1	28.6%

Seasonality Charts

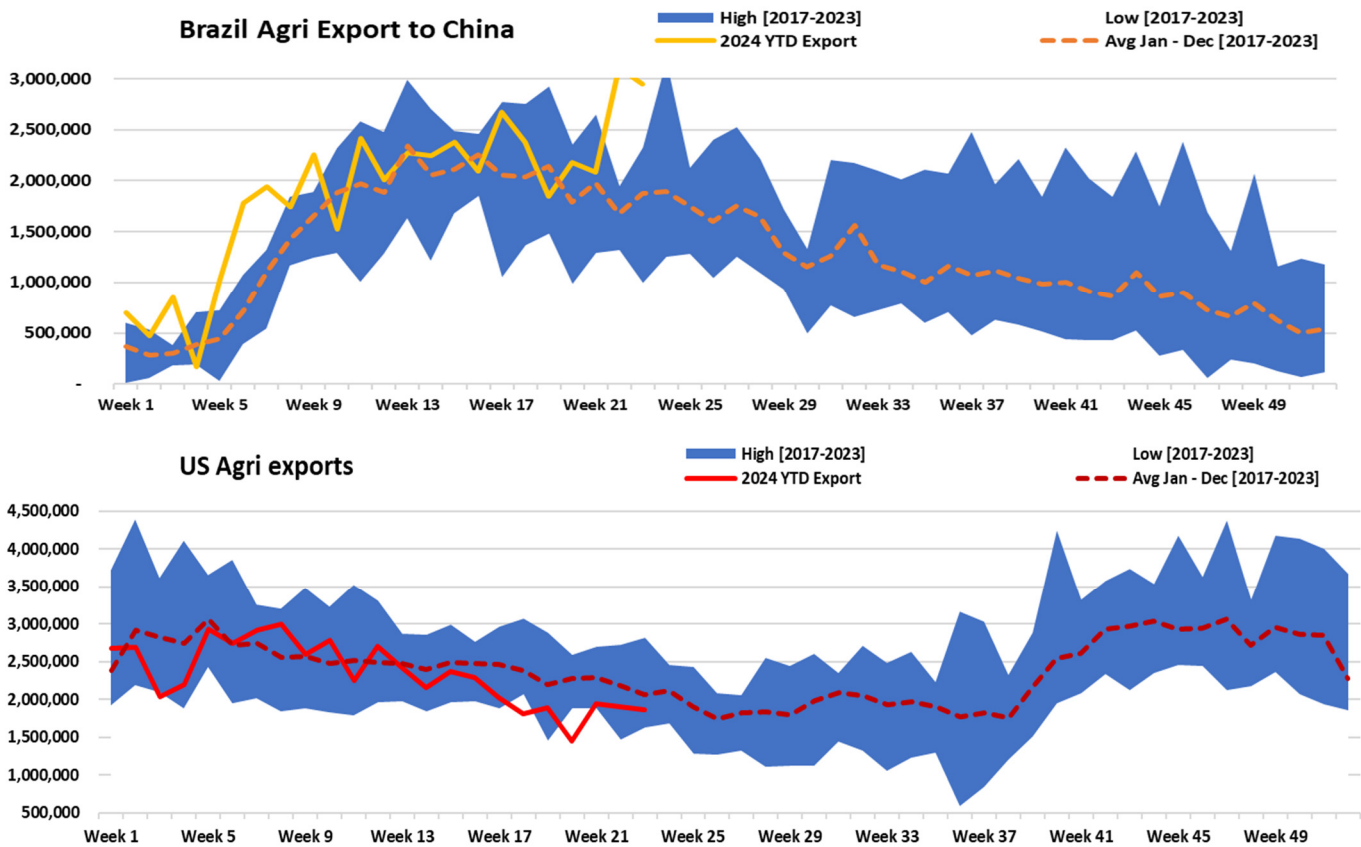


Dry Bulk Trades/Agri

Last week’s global shipments fell 12.2%, totaling to 11.4 million tonnes after two weeks of increase, according to data from IHS Markit Commodities at Sea Service. Breaking down the data, shipments from the East Coast of South America (ECSA) came off the peak of the previous week but still at a supportive weekly level of 6.5 million tonnes. Correspondingly, exports to China from ECSA also saw a decrease from the previous high, with total shipments reflecting a weekly decrease of 15%, totaling 3.3 million tonnes. Additionally, shipments from the United States steadied at its past three weeks range at 1.9 million tonnes. Out of Australia, weekly shipments recovered by over 21% to 500kt but still at a low level.



## 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
<b>Global</b>	<b>52.3</b>	<b>58.1</b>	<b>160.2</b>	<b>158.2</b>	<b>152.3</b>	<b>150.6</b>	<b>615.7</b>	<b>628.9</b>

Data Source: IHS Markit Commodities at Sea Service, Bloomberg

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