FIS Dry Freight Weekly Report

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Market Review:

The dry bulk market faced a significant decline last week as China's recent stimulus plan failed to restore confidence in its economic recovery and the real estate sector. This has led to increased uncertainty regarding demand for key commodities, which are critical for market support. For larger vessels, while China saw an increase in imports of iron ore and coal in September and throughout the past nine months, the country's sluggish steel production and rising port inventories suggest a potential decrease in iron ore demand for the fourth quarter. Compounding these challenges are disruptions such as the closure of Vale's Itagua port and the suspension of bauxite exports from Guinea by Emirates Global Aluminium (EGA), both of which have exerted further downward pressure on Capesize rates. In the Panamax sector, weak Brazilian grain exports and subdued coal demand have also contributed to declining rates.

Freight Rate $/day	21-Oct	14-Oct	Changes %	Short Term	Sentiment
Capesize 5TC	18,174	23,872	-23.9%	Bearish	↓
Panamax 4TC	10,166	11,347	-10.4%	Bearish	↓
Supramax 10TC	13,763	13,916	-1.1%	Neutral to Bearish	↘
Handy 7TC	13,073	12,941	1.0%		

Capesize

The sharp decline in Capesize rates continued last week, with the 5TC index dropping toward $16,000, while prompt futures shed over 20% of their value. Negative sentiment from investors regarding China's recent stimulus plan failed to restore confidence in its economic recovery, leading to expectations of lower commodity demand for the remainder of the year and further pressure on the dry freight markets.

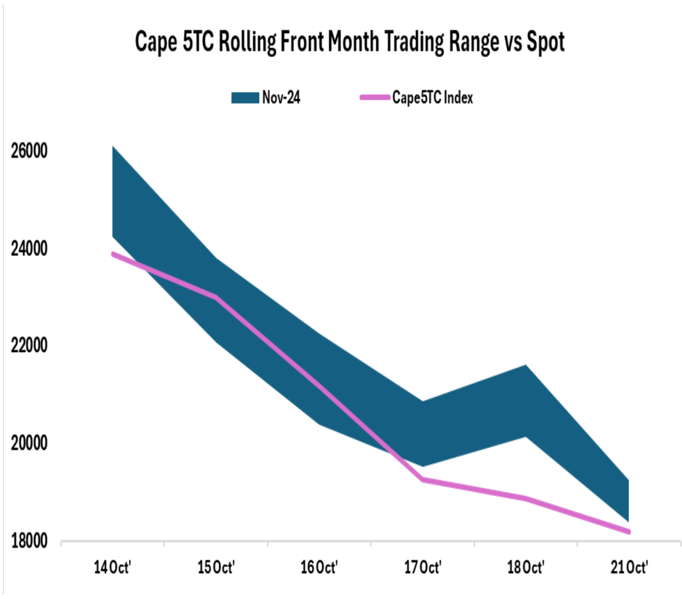


Chart source: FIS Live

On the demand front, the Capesize market saw limited support last week, with iron ore shipments inching up 1% to 27.5 million tonnes after three weeks of decline driven by weaker Chinese demand. However, this slight uptick was offset by a sharp 14.3% drop in coal shipments, which fell to 5.8 million tonnes, signaling a broader market downturn. The bauxite segment also remained under pressure, with weekly shipments decreasing 15.6% to around 3.2 million tonnes.

Regarding fixtures, the key C5 iron ore route (West Australia to China) saw rates plummet from $10.25 to $8.70 for early November loading dates, driven by an aggressive sell-off in the FFAs market and an imbalance in supply and demand. Towards the end of the week, rates appeared to stabilize as C5 recovered slightly to near $9, supported by a pickup in coal volumes headed to the JKT region.

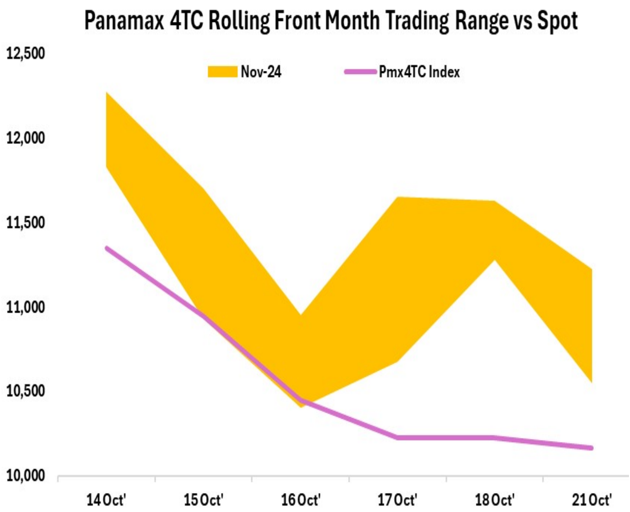
In the Atlantic, rates declined more sharply due to limited activity, especially out of Brazil. The C3 route dropped from $24.95 to $22 for November 10-20 laycan, while iron ore trips from Sudeste and Itaguai to Qingdao were fixed at $25 for mid-November loading. Meanwhile, a bauxite cargo from Boffa to Huanghua was reported at a steady rate of $22 for November 12-18.

As the new week begins, the market's attention will be on the impact of the People's Bank of China's (PBOC) recent lending rate cut on October 21st, as well as iron ore port inventory levels, which will be closely monitored.

FFA: The Capesize market experienced an overwhelmingly negative week, with Nov rates dropping nearly $6,000, most of which was observed at the start of the week. Monday began quietly with Oct trading around $24,750, but the market quickly declined. By Monday evening, Q1 25 had fallen from $17,000 to $15,750, Dec slipped from $25,500 to below $25,000, and Nov dropped from $26,100 to $24,250. The sell-off continued into Tuesday, with Oct trading down to $23,500, Dec at $24,000, and Nov falling sharply to $22,100, with most trades occurring around $22,250. Some support emerged late in the day, allowing the market to close off its lows. Wednesday saw another steep decline, with opening trades for Nov at $22,250 and Dec at $23,500. The downward trend intensified due to erratic trading and high volumes. Post-index data showed a significant drop (-$1,833 to $21,161), with low spot cargo activity across major basins pushing rates further down. By the end of the day, Oct was sold at $22,000, Nov at $20,500, and Dec at $22,500, with minimal buying support. On Thursday, the market remained under pressure, with Oct trading at $21,300 and Nov hitting lows of $19,500. Despite a post-index drop (-$1,902 to $19,259), the market rebounded as Oct and Nov climbed back to $22,000 and $21,000, respectively, closing near the day's highs. Friday began on a positive note with Nov trading up to $21,500 and Dec at $22,850, but the optimism faded as the day progressed. Sellers drove the market down, with Nov ending at $20,000 and Dec at $22,375 as traders cut long positions before the weekend. Overall, it was a volatile week marked by heavy trading and significant rate fluctuations.

Short run bearish

Panamax



The Panamax market also struggled last week due to weak Brazilian grains exports in the North Atlantic and lower coal demand with shipowners forced to repeatedly lower their offers. Both spot and prompt month futures prices extended losses of over 10%. On a weekly basis, Panamax coal volumes dropped 15.4% over the week to around 14.4 million tonnes, primarily due to falling demand and reduced shipments from both Australia and Indonesia. Coal exports to China decreased by 28.3% to 5.6 million tonnes, driven by increased imports from Russia and Mongolia. In contrast, exports to the JKT region improved by 7.6%, reaching 3.5 million tonnes last week. In addition, Panamax grain shipments fell by 13.1% to 5.4MMT. Volumes from the ECSA region dropped for the third consecutive week, falling below 3 million tonnes. However, US grain exports continued its upward trend following its seasonal patter to 1.9 MMT (+4.4%). Minor bulk shipments were not spared from the downturn, slumping 15.7% to 3.4 million tonnes. Shipments to China saw a dramatic decline of 42.6%, falling to less than 1 million tonnes. This contributed to an overall reduction of 20.6% in total minor bulk shipments, which now stand at 7.4 million tonnes, particularly impacted by the weak performance on the West Africa to China route.

The Pacific market saw a lack of fresh cargoes and an increasing tonnage supply. NoPac grains cargo were fixed from the high $14,000 to $10,000 by the end of last week. On the coal front, trips via Australia redelivery China were fixed at between $15,000-$16,000, and standard Indonesia/China routes were down to $10,000 and to India was paid at $11,500.

In the Atlantic market, rates also faced significant downward pressure on all routes. Despite that, decent activity was above seen on fronthaul routes in the North, a trip via US Gulf redelivery Sing-Japan was heard at $25,000. Later in the week, a coal cargo via US EC redelivery India was fixed at around $18,000 for 18-19 Oct. On the other hand, grains in the South fixed sharply lower with grains trips via ECSA with redelivery in Singapore-Japan for late- Oct were fixed at $16,750, then slipped to $16,000 before weekend. On the transatlantic, ECSA redelivery ARAG/Denmark was heard at $17,250. Unless the market sees a substantial increase in demand, particularly for grains and minerals, the downward trend is likely to persist in this week.

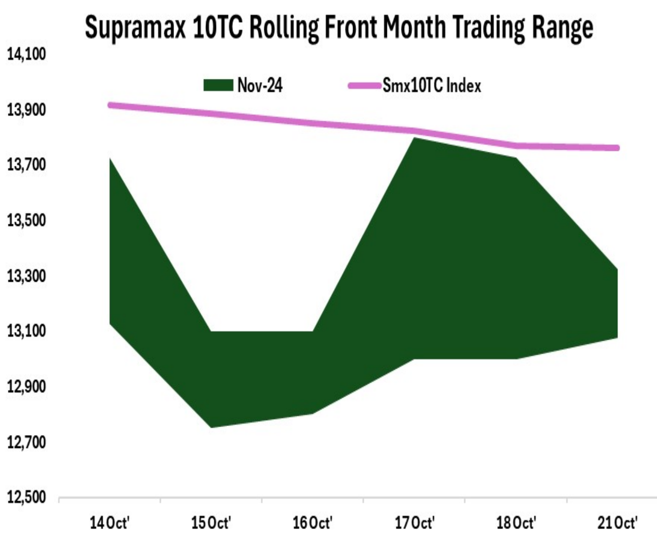
Chart source: FIS Live

Panamax FFA: The Panamax market had a generally negative week, with most losses occurring early before some recovery toward the week's end. Monday started slowly, with weak demand in the Atlantic and spillover from the Cape market weighing on sentiment. Following the index release (-$235 to $10,941), Oct and Nov fell to $11,200 and $11,750, respectively, while further-out contracts like Cal 25 dropped to $12,000. The downward trend persisted on Tuesday, with early session declines and a lower index (-$406 to $10,941). Oct reached a low of $10,800, while Nov and Dec fell to $10,950 and $11,000, respectively. Q1 25 tested the $10,000 level, which pulled Q2 25 down to $12,150, as the Q1 vs Q2 roll opened down $2,150. Wednesday began with some volume in Nov at $11,000, but heavy selling quickly pushed rates down to $10,400 for Nov and $10,650 for Dec. Following the index drop (-$492 to $10,449), size was traded at the day's lows before buyers returned to them market, with Nov and Dec bouncing back to $10,800 and $11,000, respectively. Thursday saw a stronger recovery, with Nov trading up to $11,600 and Dec to $11,750 on solid volume, closing the day supported. Friday was slower, with the prompt losing some ground, and Nov and Dec trading down to $11,300 and $11,450, respectively, as the market closed near the day's lows.

Short run bearish

Supramax

FFA: The Supramax market showed mixed results, with the largest movement on Monday (down) and Thursday (up), resulting in minimal overall change. The week started under pressure due to the larger vessel sizes, with notable front-end losses. Nov and Dec hit lows of $13,050 and $13,150, while the back end was relatively stable, with Cal 24 at $12,550. Tuesday's session opened with downward pressure, seeing Nov trading as low as $12,750. However, a better-than-expected index (-$29 to $13,849) helped recover some losses, with November closing at $13,075. Wednesday followed a similar pattern, with early declines before bouncing back, keeping November roughly flat at $13,050. The bounce largely attributed to the buying from physical players and spreads from the Handysize. Thursday's market saw upward momentum in the Atlantic, although Asia lagged. Post-index movement (-$26 to $13,823) drove Nov and Dec back up to $13,850, and Cal 25 reached $12,500. Friday was quieter, with low trading volume. November and December slipped to $13,350 and $13,500, respectively, closing off the day's lows.



Short run neutral to bearish

FFA Market Indexes

Freight Rate $/day	21-Oct	14-Oct	Changes %	2024 YTD	2023	2022	2021	2020
Capesize5TC	18,174	23,872	-23.9%	23,920	16,389	16,177	33,333	13,070
Panamax4TC	10,166	11,347	-10.4%	13,673	11,518	8,587	25,562	8,587
Supramax10TC	13,763	13,916	-1.1%	14,149	11,240	8,189	26,770	8,189
Handy7TC	13,073	12,941	1.0%	12,805	10,420	8,003	25,702	8,003

FFA Market Forward Values

FFA $/day	21-Oct FIS Closing	14-Oct FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2024 Mkt High	2024 Mkt Low
Capesize5TC Nov 24	18,800	24,325	-22.7%	26,100	18,400	29,250	18,400
Capesize5TC Q1 25	14,625	16,700	-12.4%	17,300	14,550	18,000	14,650
Panamax4TC Nov 24	10,600	11,825	-10.4%	12,750	10,375	15,800	10,375
Panamax4TC Q1 25	9,950	10,550	-5.7%	10,700	9,700	13,125	9,700
Supramax10TC Nov 24	13,100	13,125	-0.2%	13,850	12,750	15,300	12,750
Supramax10TC Q1 25	10,875	11,500	-5.4%	11,500	10,800	13,250	11,000

Data Source: FIS Live, Baltic Exchange

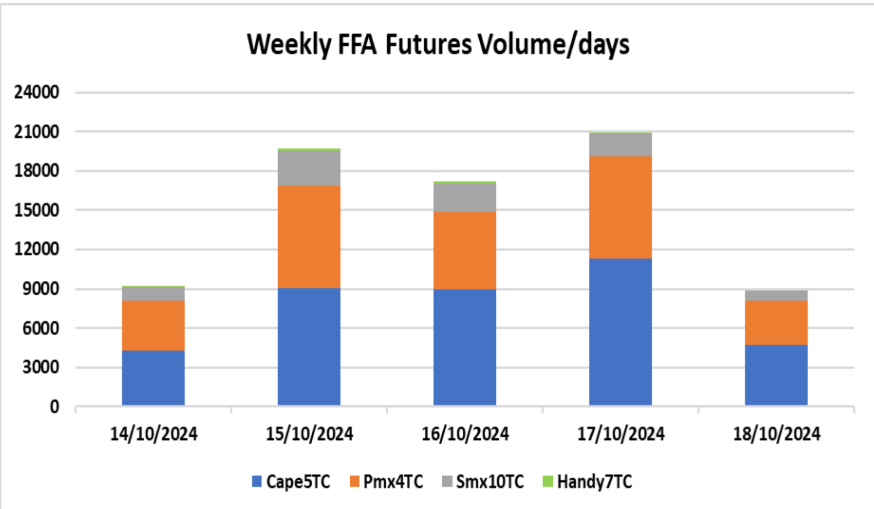
FFA Market

Last week was one of the busiest trading periods for FFA market this year, with total weekly volume soaring to 93,780 lots. The Capes led the charge, contributing a substantial 46,000 lots to the total. This spike in trading activity came on the back of sharp price declines across the larger vessels, particularly in the Capesize market, which has seen increased volatility. Capesize contracts were especially active, averaging around 7,660 lots per day. The Panamax market was not far behind, with an average of 5,730 lots traded daily. Despite the intense activity in these larger vessel classes, trading volume remained steadier for smaller vessels. Supramax contracts saw a consistent 1,700 lots traded daily, while Handy contracts averaged 100 lots per day.

The options market also experienced a flurry of activity, with Panamax options taking the lead, trading 6,140 lots over the week. Capesize options followed with 3,275 lots, reflecting traders' strategic hedging and speculative plays amid the volatile conditions. The Supramax options market was quieter by comparison, though it still managed to post a notable 780 lots traded during the week.

On the positioning front, traders continued to build up short positions on the liquid contracts, focusing on November, Q1, and Cal25. As of 22nd Oct, open interest for the Cape 5TC contract was 178,448 (+13,330 w-o-w), Panamax 4TC was 160,363 (+10,480 w-o-w), and Supramax 10TC was 69,361 (+3,840 w-o-w).

The voyage routes were equally active, with robust trading on key voyage routes. The C5 route (West Australia to China) saw particularly high liquidity, with weekly volumes reaching nearly 7.5 million tonnes. Most of the trading was concentrated in prompt-month contracts for October and November, though there was some interest in January outright positions and Q1 contracts as well. The C3 route also saw decent action, clearing 10,000 tonnes on the Nov contract.



Dry Bulk Trades/Iron Ore

Iron ore shipments have recorded declining volumes over the past two weeks, with Week 41 reporting 30.9 MMT (-3.1% w-o-w) and Week 42 showing 30.0 MMT (-2.7% w-o-w). This marks the fourth consecutive week of decline, which may be linked to China's lower steel production and higher port inventory. Last week, Australia's iron ore exports rebounded by 2.5% to 17.6 MMT, driven by increased shipments to the JKT region (+83.9% w-o-w), despite a decline in shipments to China. Brazil also saw a marginal rebound in exports, rising 1.5% to 7.4 MMT. Meanwhile, Canada's exports increased by 9.1% to 1.2 MMT, while South and West Africa's exports were disappointing, plunging by 38.4% to a weekly total of 998kT.

On the demand side, China's seaborne iron ore volume fell by 3.5% last week to 23.4 MMT, marking the third consecutive week of decline since the national Golden Week in Week 40. Imports of Australian iron ore dropped by 7.2% to 14.3 MMT, falling below the six-year seasonal average. Conversely, China's imports from Brazil rose by 2.8% to 6.3 MMT, reaching the high end of the six-year seasonal range.

In September, iron ore shipments held steady at 148.3 MMT (- 0.1% MoM). From the top exporters, Australian exports increased by 6.3% month-on-month, while Brazilian exports fell by 7.8% month-on-month. On the demand front, Chinese stimulus measures aimed at boosting the property market received a lukewarm response, the nation's iron ore imports were estimated up 4.9% MoM to 114 MMT in Sept.

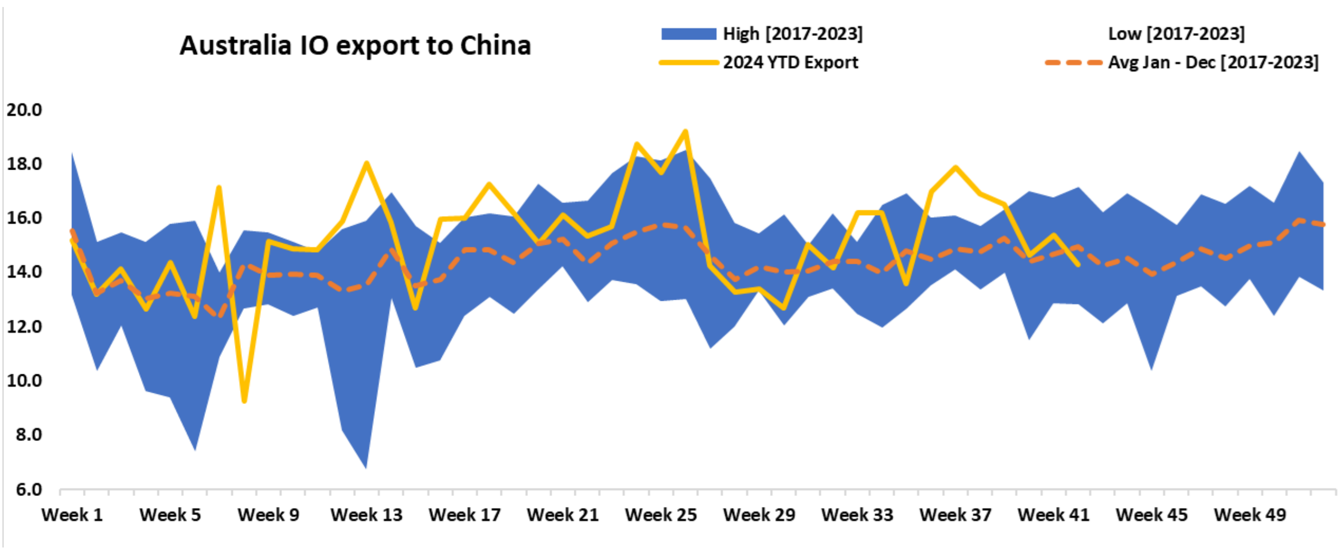
Dry Bulk Trades/Iron Ore

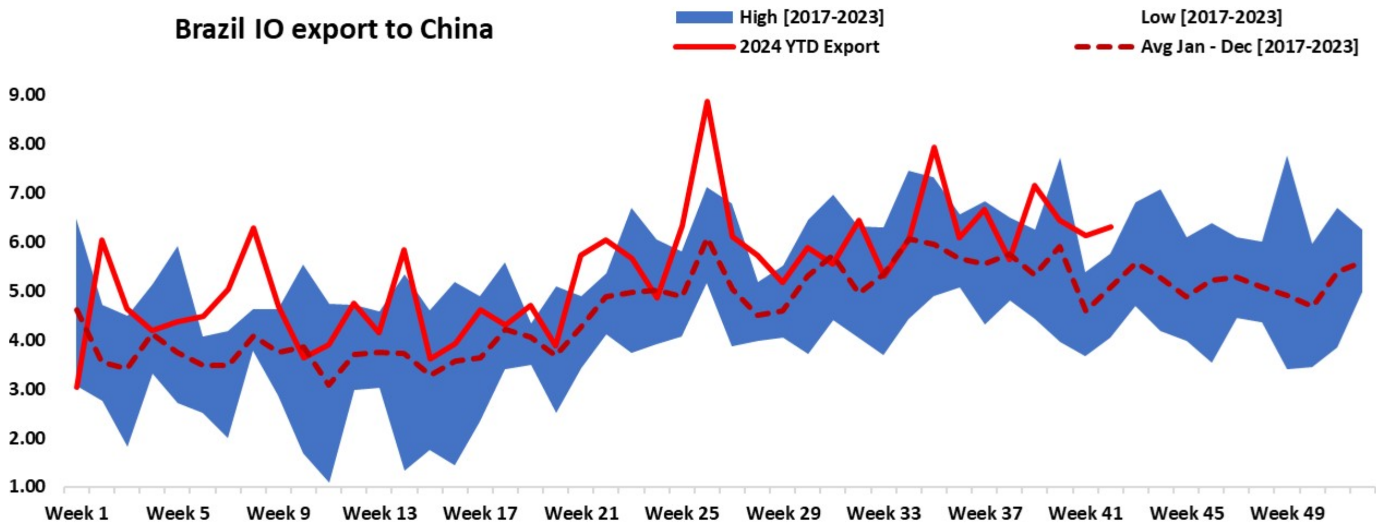
Export (million tonnes)	**Sep-24**	**Aug-24**	Q3-24	Q2-24	Q1-24	Q4-23	2023	2022	2021
Australia	83.9	78.9	238.5	249.4	223.2	244.8	947.9	935.9	923.0
Brazil	35.1	38.1	108.2	95.6	84.2	103.3	372.0	344.6	353.3
South Africa	5.2	5.0	13.6	14.2	14.0	14.2	55.4	56.5	60.0
India	1.4	1.9	6.2	10.5	15.6	13.7	45.3	15.9	36.9
Canada	6.6	7.1	18.6	14.6	13.7	16.9	61.1	57.3	57.1
Others	16.1	17.4	50.5	53.9	48.4	51.2	184.1	177.5	201.8
Global	**148.3**	**148.4**	**435.7**	**438.2**	**399.2**	**444.1**	**1667.5**	**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	14.3	15.4	**-7%**	9.43	10.02	**-6%**
Brazil-China	6.3	6.1	**3%**	23.69	26.13	**-9%**

Seasonality Charts





Dry Bulk Trades/Coal

Coal shipments plunged by 15% last week to 24.7 MMT, driven by a significant drop in demand from China. Market participants are likely adopting a cautious stance, anticipating a potential decline in coal prices before committing to new purchases, particularly following a lukewarm response to the recent Chinese government stimulus package.

Exports from Indonesia declined by 13.1% to 9.8 MMT, while its exports to China falling by 30.6% to 4.4 MMT. Despite that, this volume remains well above the six-year seasonal average. Similarly, Australia's exports retreated by 19.9% to 6.7 MMT due to a fall in demand from China. However, exports to its key market Japan, remained relatively steady at 2.7 MMT, exceeding its six-year seasonal range. On the demand side, last week coal exports to China slumped by 27.0% to 8.1 MMT, whilst to India rose for second week to 5.4 MMT(+17.2%). Conversely, exports to the JKT region plunged by 13.7% to 5.5 MMT.

In September, coal seaborne volumes edged 2% lower to around 106 million tonnes, with shipments from Australia fell by 8% to 27.8 MMT and from Indonesia saw a 5% uptick in its exports to 40.3 MMT.

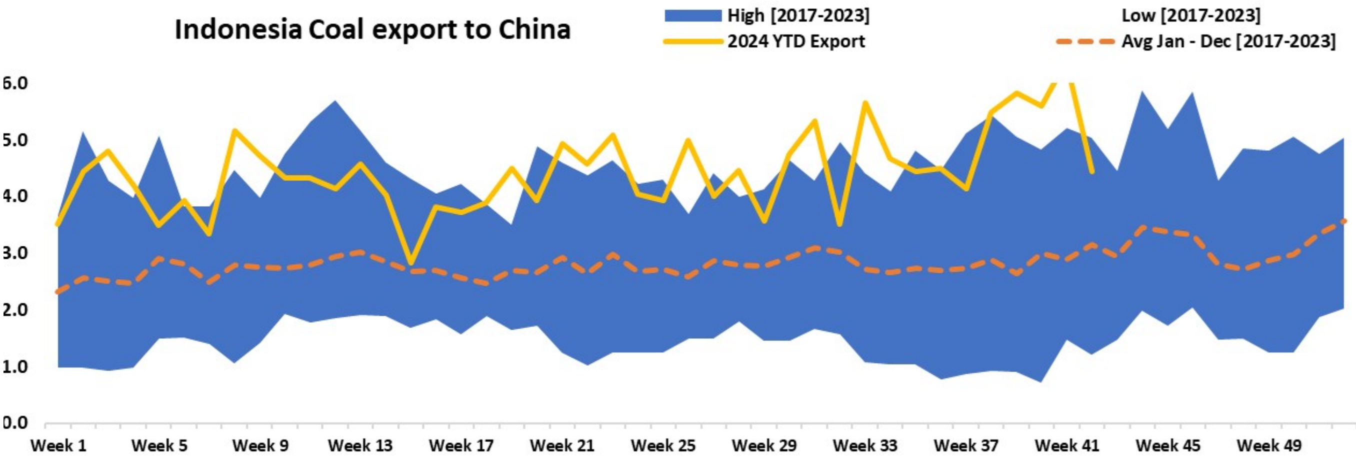
Dry Bulk Trades/Coal

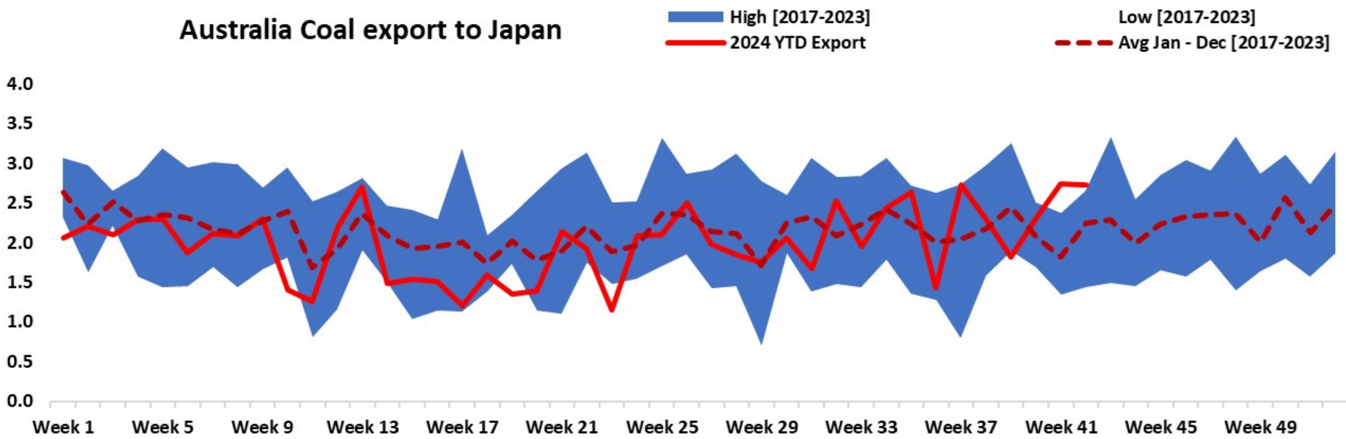
Export (million tonnes)	**Sep-24**	**Aug-24**	Q3-24	Q2-24	Q1-24	Q4-23	2023	2022	2021
Indonesia	48.1	45.9	139.7	136.3	130.6	143.5	508.7	462.2	415.2
Australia	30.9	33.6	92.4	90.7	86.5	94.9	356.0	339.2	368.4
Russia	11.4	14.8	41.8	45.0	36.8	39.6	186.9	192.5	172.1
USA	8.3	7.4	23.1	21.2	22.4	21.1	80.8	69.5	68.6
Colombia	4.7	5.7	15.1	16.8	16.7	16.3	59.2	61.0	60.7
South Africa	5.4	5.2	14.1	15.0	15.2	16.0	61.9	61.6	62.0
Others	8.9	7.7	24.9	27.2	26.0	29.3	105.7	556.0	501.3
Global	**117.6**	**120.3**	**351.2**	**352.3**	**334.2**	**360.6**	**1359.3**	**1279.8**	**1233.1**

Coal Key Routes

Coal Key Routes	Coal Export Million mt		
Coal Export Million mt	Last Week	Prev. Week	Chg %
Indonesia-China	4.4	6.4	**-31%**
Australia-Japan	2.7	2.7	**-0.3%**

Seasonality Charts



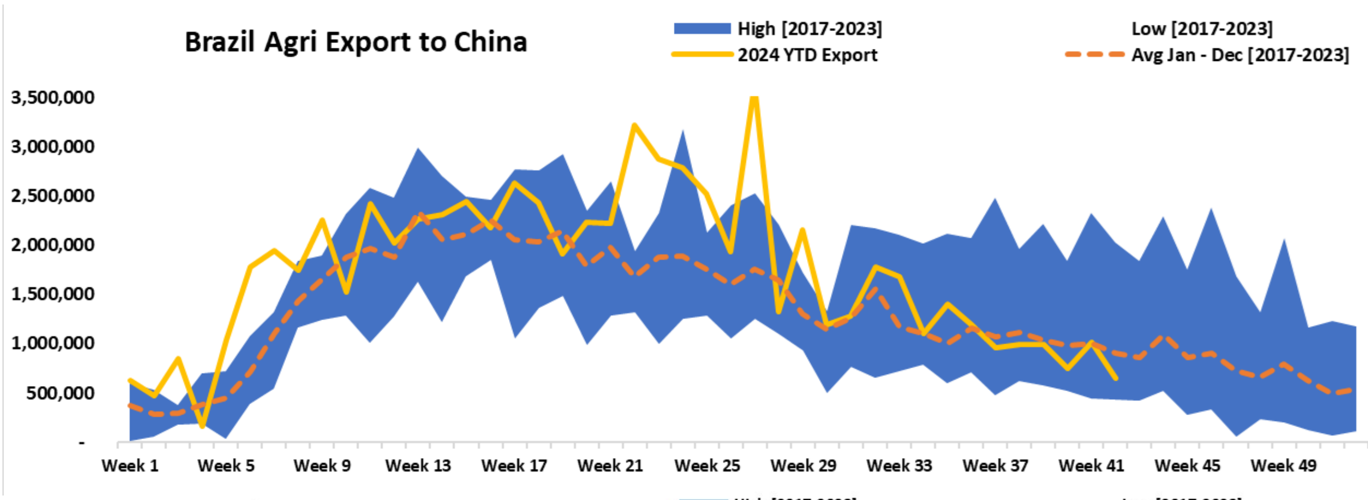


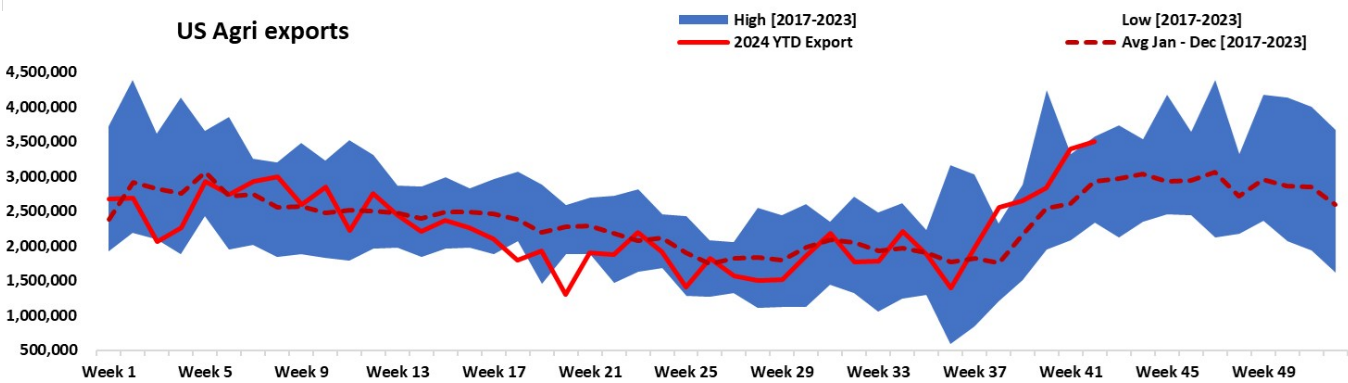
Dry Bulk Trades/Agri

Global grain shipments receded last week by 20.5% to 9.5 MMT as falling shipments from US and other smaller suppliers. According to data from IHS Markit Commodities at Sea Service, shipments from the East Coast of South America (ECSA) recovered 2.8% from the dip previous week to 4.7 MMT. Brazil, a key player in the ECSA region maintained steady shipment volumes at approx. 3.1 MMT (+0.6% w-o-w), while counterpart Argentina experienced a similar upward trend, rising by 11.0% to 1.4 MMT. On the downside, shipments from North America reported a negative week, with weekly volumes falling by 4.3% to 4.4 MMT. Although U.S. shipments increased by 3.1% to 3.5 MMT, this was not sufficient to offset a significant decline from Canada, which saw its shipments plummet by 25.4% to 893,000 tons.

In September, agricultural shipments estimated to have decreased 6.6% from August, totalling 48.2 million tonnes. This decline is likely due to lower volumes from Brazil and Argentina, which have been struggling with wildfires that have negatively impacted agricultural yields. Consequently, the ECSA region experienced a MoM export reduction of 13.2%, bringing total shipments down to 23.5 MMT. Additionally, China's efforts to achieve greater self-sufficiency in agriculture and weakness in domestic demand have led to a sharp drop in imports, its Sept imports are forecast to decline by 22.2% from August, reaching only 8.4 MMT.

Seasonality Charts





Export (million tonnes)	Sep-24	Aug-24	Q3-24	Q2-24	Q1-24	Q4-23	2023	2022
Brazil	16.5	20.3	56.4	55.9	45.3	53.4	216.7	176.8
USA	9.2	8.6	25.2	25.0	34.1	34.7	106.7	129.5
Argentina	6.8	6.0	21.5	24.8	19.5	11.7	56.1	88.2
Ukraine	2.9	3.0	8.6	10.4	12.2	5.7	21.8	27
Canada	3.0	2.6	8.2	9.7	9.1	12.4	41.4	33.4
Russia	3.3	3.4	8.9	7.5	7.7	9.1	42.9	29.2
Australia	2.1	2.3	6.7	8.4	11.2	9.7	47.3	48.4
Others	4.2	5.3	15.8	18.1	21.7	22.0	82.8	402.6
Global	**48.0**	**51.4**	**151.4**	**159.8**	**160.9**	**158.8**	**615.7**	**628.9**

Data Source: IHS Markit Commodities at Sea Service, Bloomberg

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