FIS Dry Freight Weekly Report

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

14/02/2023

Market Review:

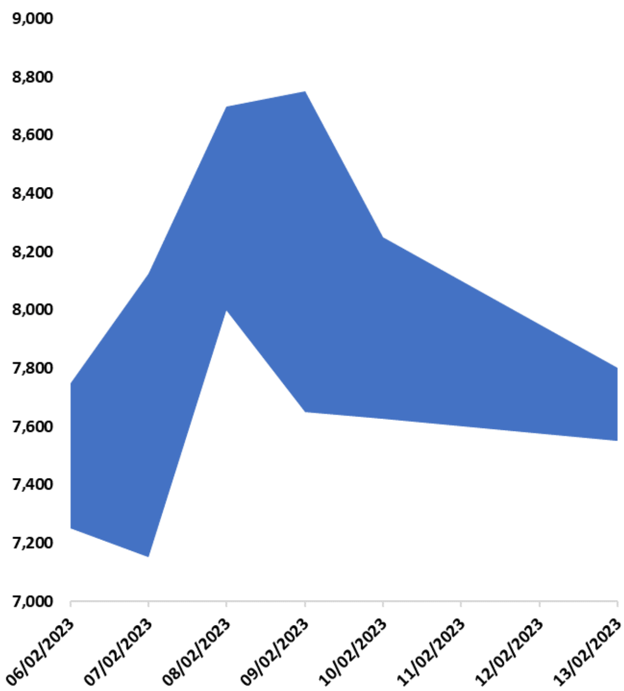
Up, down, and sideways was the summary for the Cape market last week, as inadequate demand recovery to support a rebound in the short term. Rates were less miserable for Panamax and Supramax, but the downward trend persisted from last to this week.

(No dry freight report on the following Tuesday, the report will resume on 28th February)

Freight Rate $/day	13-Feb	06-Feb	Changes %	Short Term	Sentiment
Capesize 5TC	4,432	3,475	27.5%	Neutral to Bearish	↘
Panamax 4TC	6,428	6,823	-5.8%	Neutral to Bearish	↘
Supramax 10TC	6,874	7,480	-8.1%	Neutral	-
Handy 7TC	7,837	7,852	-0.2%	Neutral	-

Capesize

Capes were off to a good start last week with more activity heard from Brazil and West Africa, but as the Pacific region failed to progress, which was the primary support for the past weeks, sending rates lower. Regarding demand, fewer iron ore shipments were out from Australia last week as majors were inactive most of the week. Moving iron ore from West Australia to China on the C5 route was fixed between $6.20-6.25 for late Feb loading dates, as owners showed resistance to rates below $6. On Monday, C5 was heard to fix slightly higher at $6.30 for 26-28 Feb and $6.35 for 27 Feb – 1 Mar. Apart from that, a trip from Teluk to Qingdao was fixed at $4.55 for 17-18 Feb. In the Atlantic, better fixtures were reported in key regions; however, with plenty of prompt tonnages available, fundamental still looked weak. Out of Brazil, the key C3 route from Tubarao to Qingdao was lifted to $16.50 for 15-25 Feb, and from Itaguai to Qingdao was fixed at mid-$16 for early Mar. Other trips from Freetown to Qingdao were fixed marginally higher at $16.80 for 15-19 March, and from Kamsar to Yantai were heard at $16.50 for late Feb to early Mar. As things stand, downside risk remains for Cape from the demand outlook in both basins. Elsewhere, bunker prices jumped after Russia announced to cut production in March; on Monday, Singapore 380 and 0.5% fuel oil were assessed at $401 and $632, respectively.



In the Cape paper market, our brokers described the start to last week as a diabolical day as the curve came under further pressure with the physical market melting. They then described Tuesday as a tale of two halves, with the morning lacklustre and weak and the afternoon exploding into life with buyers bidding the market in size across all tenors. This caught many off guard, with little volume clearing on the way up. Mid-week, some suspected whether it was time to party with two positive indices in a row. However, it was said to be tongue in cheek as rates were still dismal and well below operating costs. Nevertheless, derivatives were positive with the balance of the year contracts. Thursday, the party ended as the Capes came under pressure reversing gains in recent sessions, with Feb23, Mar23, and Apr23 moving down by 875, 1050, and 975, with little changing from Friday to the start of this week. Front-month contracts Feb and Mar moved from $4,300 and $7,450 to $4,650 and $7,650 Monday, 6th to Monday, 13th of January: Q2 from $12,700 to $13,325.

Short run neutral to bearish

Chart source: FIS Live

Panamax

Panamax drifted away last week without solid support from the physical market, with the time charter rate heading below $7,000. We hoped grain activity would be picked up from both US and Brazil in the face of a long tonnage list, but that was drawn back by grain export loss from the Black Sea. On the coal front, mixed pictures showed in the Asia Pacific with robust coal demand from Indonesia but a much lower volume from Australia. In the highlight of fixtures, ECSA continued to firm up with grain trips redelivery in Sing/Japan, fixing between $13,000-13,500, while NCSA redelivery the Far East at $14,000. Moving grain on the P8 route from Santos to Qingdao was heard at $31.75 for 1H March loading dates. In the Asian market, NoPac round trips lifted up to $11,000 early last week before falling to $10,000 on an 82kt. While on a 76,000 open, cargoes with coal via Indonesia redelivery to China and S. Korea were fixed at $6,000 and $7,500, respectively. With Cape struggling to find a floor and other downside factors, it seemed challenging to overturn the downward trend in Panamax.

The Panamax paper market had a similar start to the Cape paper market after being sold down at various stages of the day whilst the backend remained supported. Tuesday brought another tale of two halves, with the morning session experiencing sustained pressure and a sharp rally across the curve into the close. Underlying support was seen midweek and relative rangebound levels later into Thursday with a slight dip. Despite holding a tight range, we saw good volume changing hands at these levels before a quiet end to the week. We opened this week with scale-back buying witnessed.

The Feb contract oscillated around the $6,475 - $7,600 range, closing Monday at $6,850. Mar $9,625 - $11,125, closing Monday at $9,725 and Q2 in an $11,800 – $13,350, closing Monday at $12,750.

Short run neutral to bearish

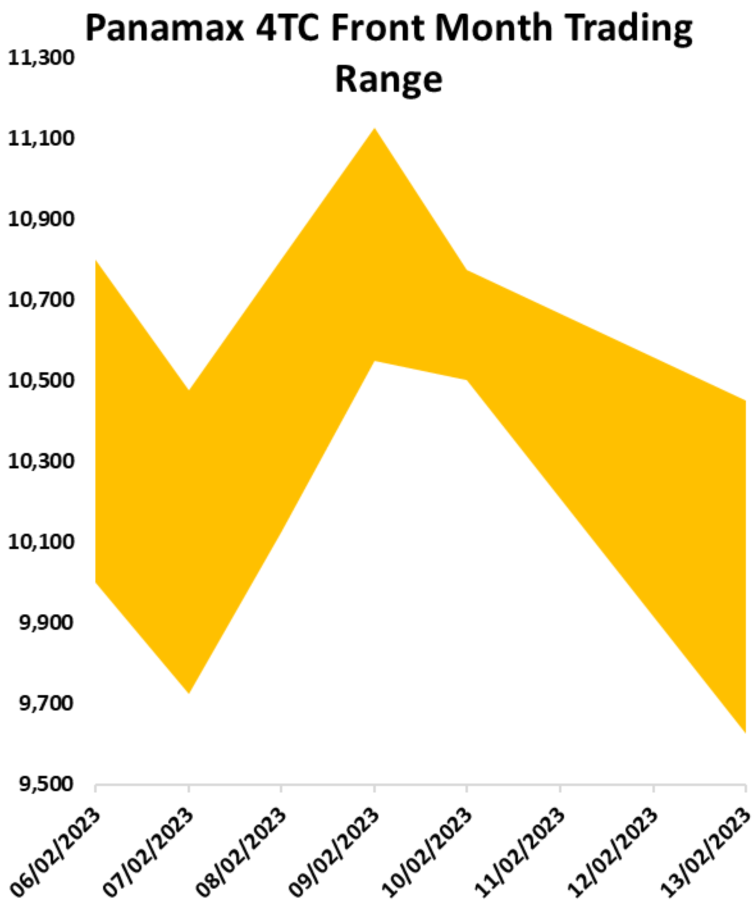


Chart source: FIS Live

Supramax

Supramaxes declined throughout last week as both basins were under pressure. Aside from some fixtures heard from ECSA, fresh enquiries were generally lacking from other areas in the Atlantic. Grain trips included via ECSA redelivery to Algeria were heard at $8,500, redelivery S. Africa at $9,000 and to the Continent at $11,000. Another grain cargo from Santos to Chittagong was paid $11,000. Whilst only a little heard from US Gulf, a trip via SW Pass redelivery to Japan was fixed at the same level at $12,500. For minerals redelivery, Mediterranean was set at $5,000. In the Asian Pacific, most of the action was seen in Indonesia to China, with rates fixed at around $9,000. Other than that, trips from Arabian Gulf to Bangladesh were fixed at mid $10,000, and to the same destination from Fujairah was at $16,000 on 63,000 tonnes.

The Supramax paper market started the week coming under pressure across the curve, with the backend of the curve remaining rangebound. Before a similar tale of two halves but smaller to larger sizes. Midweek pushed the curve, despite the drop in the index, all the way into the backend of the curve. We finished the week with relatively rangebound activity before starting the week under pressure. Feb ranged from $7,300 to $8,200, Mar from $9,775 to $11,050, and Q2 from $11,900 to $12,850.

Short run neutral

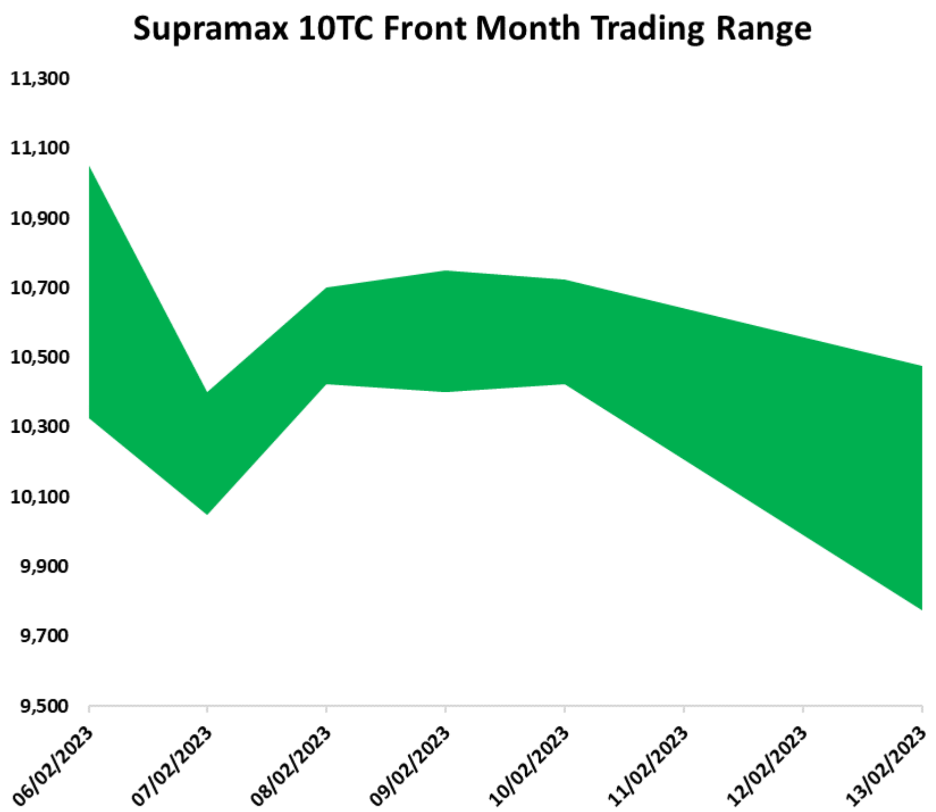


Chart sources: FIS Live

FFA Market Indexes

Freight Rate $/day	13-Feb	06-Feb	Changes %	2023 YTD	2022	2021	2020	2019
Capesize5TC	4,432	3,475	27.5%	7,502	16,177	33,333	13,070	18,025
Panamax4TC	6,428	6,823	-5.8%	8,271	8,587	25,562	8,587	11,112
Supramax10TC	6,874	7,480	-8.1%	7,766	8,189	26,770	8,189	9,948
Handy7TC	7,837	7,852	-0.2%	8,513	8,003	25,702	8,003	9,288

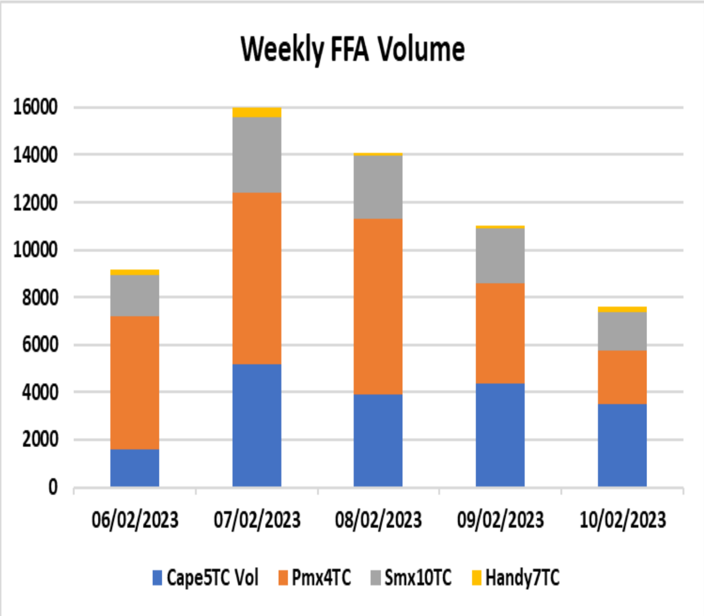
FFA Market Forward Values

FFA $/day	13-Feb FIS Closing	06-Feb FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2023 Mkt High	2023 Mkt Low
Capesize5TC Mar 23	7,650	7,450	2.7%	8,800	7,000	11,750	6,800
Capesize5TC Q2 23	13,325	12,625	5.5%	13,850	12,500	17,950	12,000
Panamax4TC Mar 23	9,675	10,050	-3.7%	11,150	9,600	14,500	9,000
Panamax4TC Q2 23	12,675	12,150	4.3%	13,600	11,750	14,800	11,750
Supramax10TC Mar 23	9,800	10,325	-5.1%	11,000	9,750	13,500	9,200
Supramax10TC Q2 23	12,300	12,175	1.0%	13,550	11,750	14,250	11,750

Data Source: FIS Live, Baltic Exchange

FFA Market

FFAs had an active week with a volume of over 64,000 lots posted on exchanges last week. On average, Capes and Panamaxes futures traded around 3,700 lots and 5,340 lots per day last week; Supramaxes followed right behind with average 2,300 lots traded daily last week. On options, volume come off slightly with the main focus again on Cape, in which about 2,280 lots being cleared among the total of 3,380 lots. Primary activity focus on Mar, Q2'23, Q3'23 and Cal24 contracts; decent interest also extended to Q4'23. Open Interest increased a touch with price decreased confirmed an downward trend; on 13th Feb Cape 5TC 176,510 (+6,800 w-o-w), Panamax 4TC 184,083 (+7,720 w-o-w), Supramax 10TC 90,150 (+3,920 w-o-w). Apart from that, on the voyage routes to Qingdao, we saw 2.28 million tonnes changing hands on C5 and 175kt on C3.



Dry Bulk Trades/Iron Ore

Last week total iron ore shipments fell noticeably by 16.2% from the previous week to 24.6 million tonnes due to reducing exports from Australia which stood at around 13.7 million tonnes, down 27.3% or nearly 5Mmt w-o-w. The charts below show that last week's shipments from Australia to China came from the high end of the seasonal average to the mid-point. Out of Brazil, exports were kept at the lower end due to the monsoon season, but volumes recovered for the second week by 12% to 5.8 million tonnes last week. Subdued demand was also observed from South and West Africa, with combined weekly volume down from 1.9 MMt to 1.5 MMt.

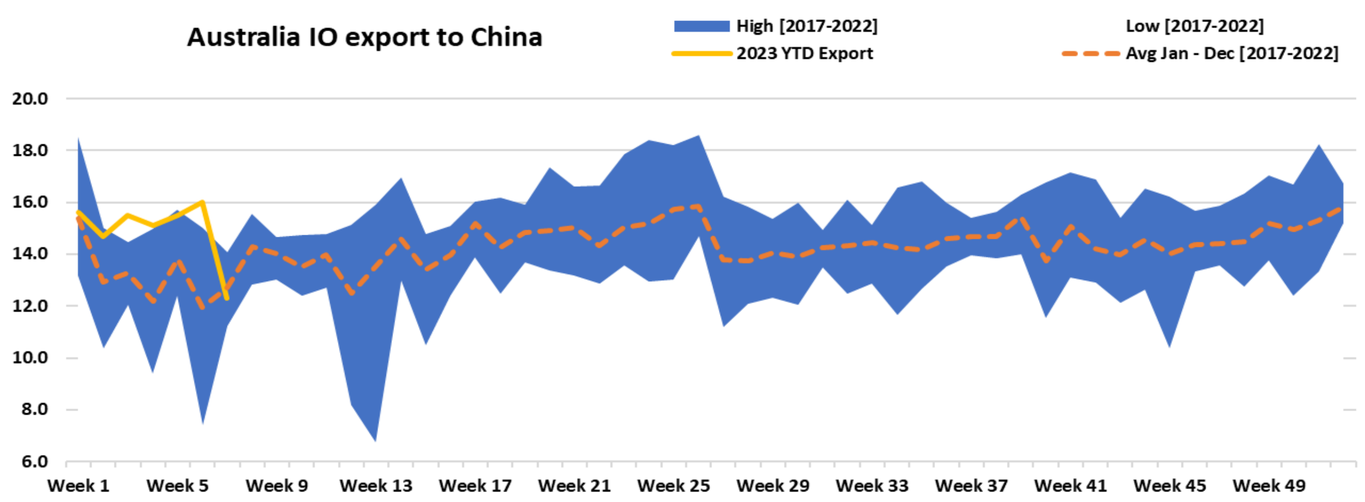
Dry Bulk Trades/Iron Ore

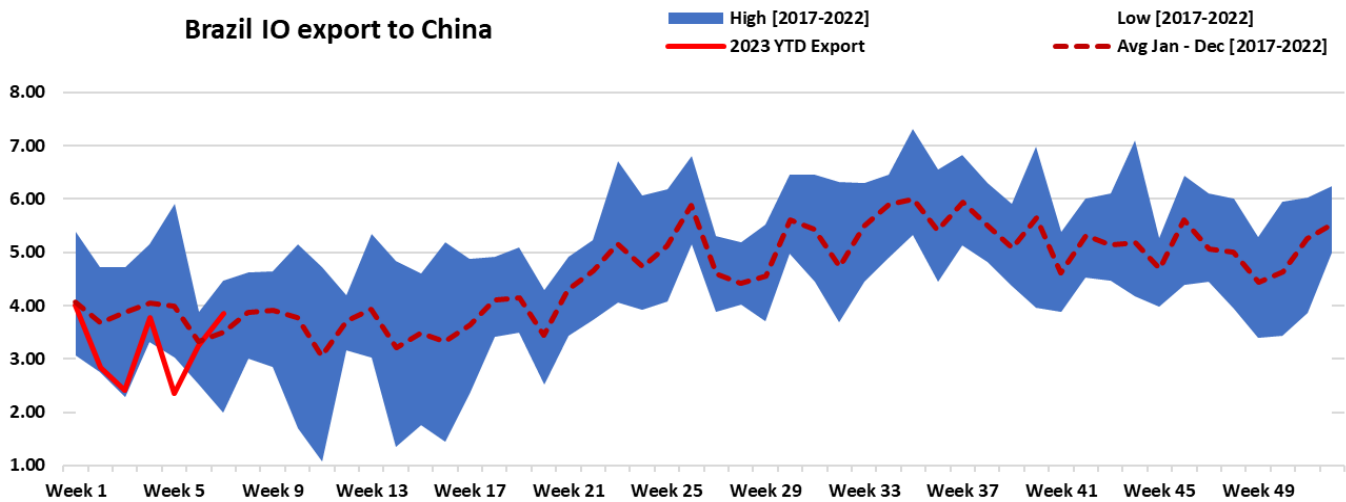
Export (million tonnes)	Dec-22	Nov-22	Q4-22	Q3-22	Q2-22	Q1-22	2022	2021
Australia	86.0	80.3	246.4	233.7	233.8	217.9	931.8	919.8
Brazil	32.2	29.4	92.7	97.8	82.8	70.5	343.8	352.9
South Africa	4.7	3.5	11.3	15.6	15.9	14.4	57.3	60.5
India	2.0	0.3	2.4	0.9	5.4	7.2	15.9	37.6
Canada	4.7	4.8	14.6	17.8	13.7	11.7	57.7	57.2
Others	16.7	14.9	45.6	43.9	41.2	45.6	176.3	201.2
Global	**146.3**	**133.1**	**413.0**	**409.7**	**392.7**	**367.2**	**1582.6**	**1629.2**

Iron Ore Key Routes

	IO Export Million mt			Freight Rate $/mt		
	Last Week	Prev. Week	Chg %	Last Week	Prev. Week	Chg %
Australia-China	12.3	16.0	**-23.2%**	6.36	6.46	**-1.5%**
Brazil-China	3.9	3.2	**18.7%**	16.49	16.78	**-1.7%**

Seasonality Charts





Dry Bulk Trades/Coal

Coal shipments continued to drift for the third consecutive week to around 22.7 million tonnes (-7.8% w-o-w) due to supply from Australia still facing logistic issues. From the top exporter, its weekly coal exports fell to 4.8 million tonnes last week, from the previous 6.7 Mmt. Its exports to the JKT region shrunk to 2.9Mmt, down 34.4% from last week of 4.4 Mmt, and to India at another weekly low of 900kt. On the brighter side, Indonesian coal continued to rise and stood at around 9.7 million tonnes, with demand from China jumping up to a weekly record high of 4.8 million tonnes (+16.5% w-o-w). In other regions, coal shipment from the US stayed healthy at around 2.2 Mmt. with a weekly increase of 21.6%. Demand-wise, we saw imports from China surge for the past four weeks, leading to a stronger Q1.

Dry Bulk Trades/Coal

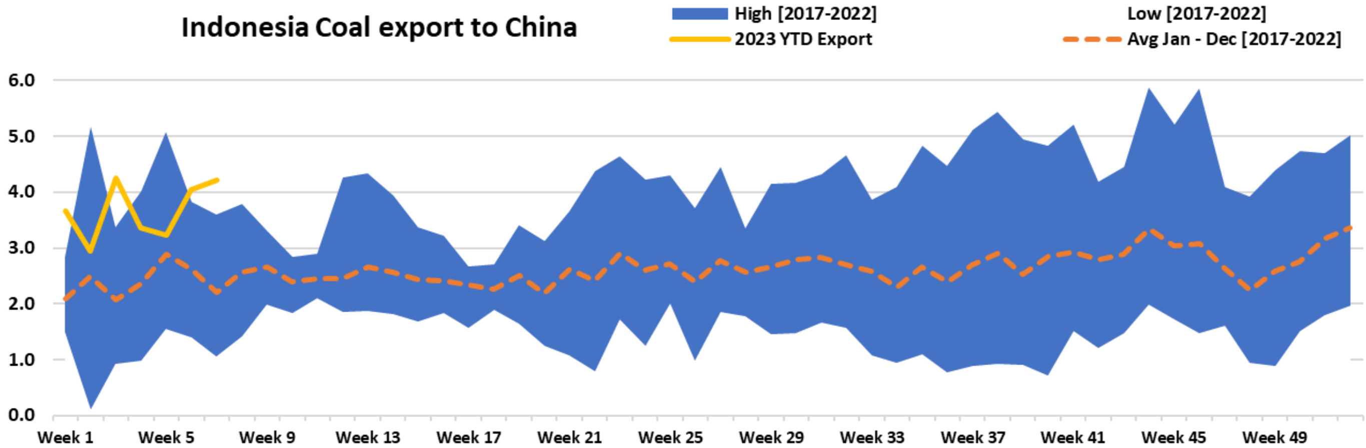
Export (million tonnes)	**Dec-22**	**Nov-22**	Q4-22	Q3-22	Q2-22	Q1-22	2022	2021
Indonesia	39.5	41.5	125.2	130.8	118.9	88.9	463.8	415.2
Australia	32.1	26.8	85.6	79.8	90.8	84.4	340.7	368.3
Russia	15.5	16.0	49.4	47.5	51.0	41.4	189.3	172.3
USA	6.6	6.4	19.7	18.5	19.1	17.6	75.0	69.5
Colombia	6.2	5.5	16.1	14.9	14.4	15.9	61.4	60.9
South Africa	4.4	4.6	14.5	16.1	15.3	15.7	61.6	62.1
Others	7.2	6.9	22.9	23.8	24.0	23.9	94.6	88.1
Global	**111.6**	**107.7**	**333.3**	**331.5**	**333.6**	**287.9**	**1286.2**	**1236.4**

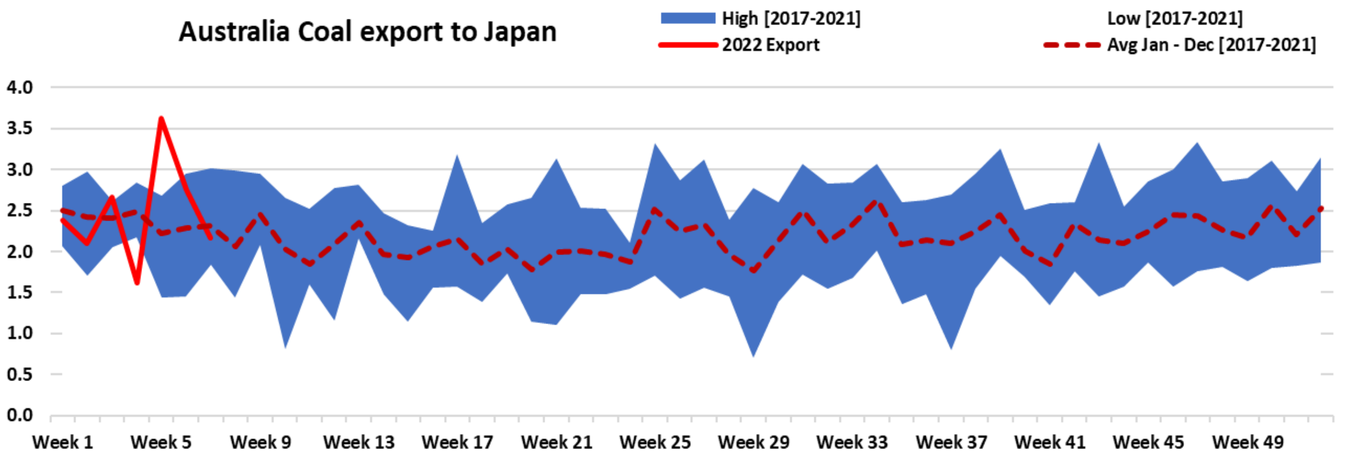
Coal Key Routes

Coal Key Routes	Coal Export Million mt		
Coal Export Million mt	Last Week	Prev. Week	Chg %
Indonesia-China	4.8	4.0	**19.2%**
Australia-Japan	2.2	2.8	**-21.4%**

Data Source: IHS Markit Commodities at Sea Service, Bloomberg

Seasonality Charts





Data Sources: IHS Markit Commodities at Sea Service, Bloomberg

Dry Bulk Trades/Agri

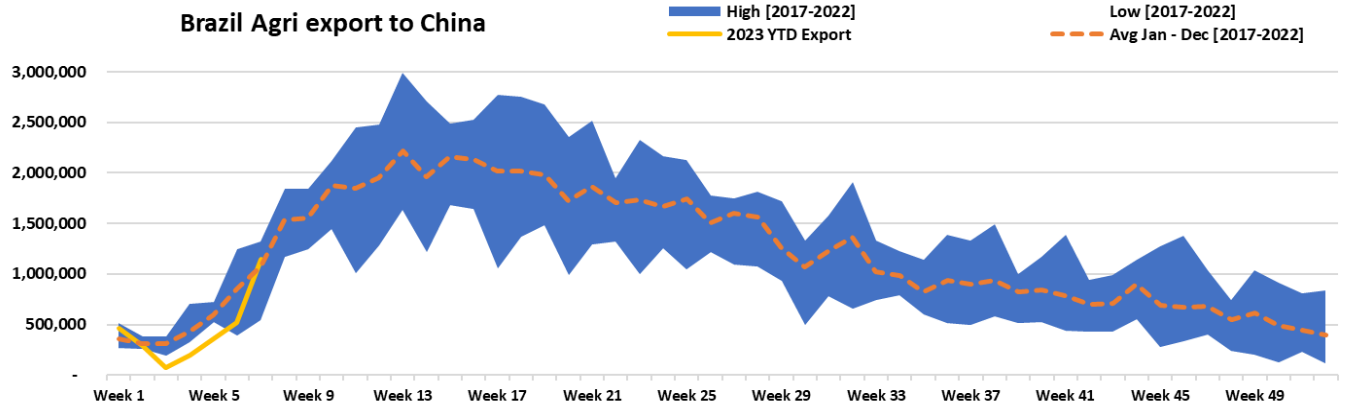
Grain futures rallied last week amid growing concern over grain flows in the Black Sea and supply loss from Argentina. Although shipments from both US and Brazil rebounded from the previous week, sizable losses from the Black Sea and Argentina lowered the total weekly volume by 9.7% to 10.8 million tonnes. Out from Brazil, shipments increased were and in line with seasonality, reaching 2.8 million tonnes, up 23.6% w-o-w. An uptick was also observed from the US side, with weekly volume rising 13.9% to 2.7 Mmt; its exports to China fell sharply in the past weeks.

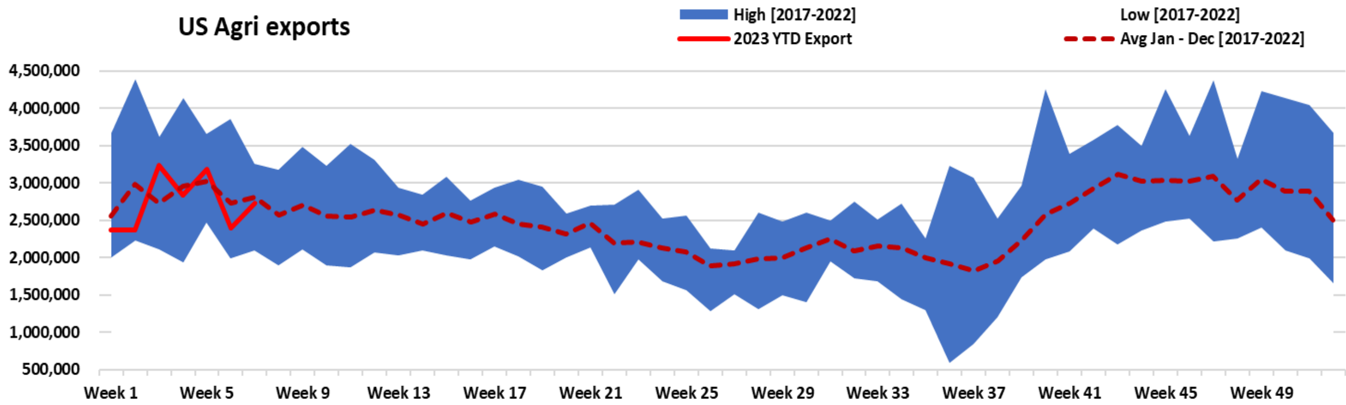
Agri Key Routes

Agri Key Routes	Agri Export mt			Freight Rate $/mt		
Agri Export (thousands tonnes)	Last Week	Prev. Week	Chg %	Last Week Avg	Prev. Week	Chg %
Brazil-China	1,150.0	519.8	121.2%	33.3	36.1	-7.8%
US-China	212.7	662.5	-67.9%	46.4	49.3	-5.8%

Data Source: IHS Markit Commodities at Sea Service, Bloomberg

Seasonality Charts





Export (million tonnes)	Dec-22	Nov-22	Q4-22	Q3-22	Q2-22	Q1-22	2022	2021
Brazil	13.4	12.6	41.9	51.5	50.4	40.8	184.6	157.2
USA	12.4	11.8	36.8	23.9	30.7	37.4	128.8	140.8
Argentina	4.9	6.1	18.1	20.6	24.8	17.1	80.6	87.0
Ukraine	3.6	2.4	9.9	4.5	0.1	12.7	27.1	58.9
Canada	4.5	5.4	15.1	6.7	5.9	5.9	33.5	40.6
Russia	3.6	4.1	11.7	7.8	4.7	5.1	29.2	29.7
Australia	4.9	3.6	11.3	11.5	11.2	12.8	46.8	39.7
Others	6.7	6.2	20.8	26.7	24.9	25.9	98.5	87.4
Global	**54.1**	**52.2**	**165.7**	**153.1**	**152.6**	**157.7**	**629.1**	**641.4**

Data Source: IHS Markit Commodities at Sea Service, Bloomberg

Written by **Emma Feng**, FIS Senior Research Analyst

Edited by **Mopani Mkandawire**, FIS Content Manager

News@freightinvestor.com, +44 207 090 1120