News Release

21 April 2021

SGX launches new handysize and capesize FFA and futures contracts

Singapore Exchange (SGX), the largest clearing venue for dry bulk freight globally with over 60% market share, has added four new forward freight agreement (FFA) and futures contracts in the capesize and handysize segments, offering participants more precise hedging tools as a recovery in global industrial production and robust steel demand in China continue to drive demand for both iron ore and minor bulks.

The new SGX Baltic Handysize Time Charter (7 Routes) Futures/FFA and SGX Baltic Capesize Voyage C3 Futures/FFA reference the Baltic Exchange's 38,000-dwt handysize and Brazil-China C3 capesize benchmarks, respectively, and commenced trading on 19 April 2021.

Twenty contracts of the SGX Baltic Handysize Time Charter (7 Routes) FFA have been traded since. The inaugural trades were brokered by SSY Futures Ltd, the world's largest independent shipbroker.

Handysize vessels ship a diverse range of cargoes and are widely seen as a barometer for the dry bulk cargo market. The Brazil to China route reflects demand for Brazilian iron ore from China, the world's largest importer of iron ore. The new contracts provide an additional hedging tool for clients looking to manage their freight risk from the second largest iron ore producing country, complementing SGX's high grade 65% iron ore contracts which have seen robust activity.

William Chin, Head of Commodities at SGX, said, "This is an opportune time to be expanding our FFA product suite offering. Against a backdrop of ongoing COVID-related disruptions and a recovery of industry activity that is set to continue, we are seeing strong interest from market participants for more precise shipping risk management tools. Together with the Baltic Exchange, we have been deliberate in building FFA liquidity blocks that benefit the maritime community and better meet the needs of our shipping, iron ore and commodity clients."

Mark Jackson, CEO of the Baltic Exchange, said, "The handysize market is an important, active dry bulk segment with a wide variety of active owners and charterers. We have seen significant interest from market participants in trading a smaller vessel type and will continue to support the development of this market with independent, regulated, daily assessments."

Nearly half a million SGX FFA contracts changed hands in the first quarter of 2021, up 50% from the same period last year — a record pace as the dry bulk market rebounded, buoyed by an economic resurgence in China since the start of the year.

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About Singapore Exchange

Singapore Exchange is Asia's leading and trusted market infrastructure, operating equity, fixed income and derivatives markets to the highest regulatory standards. It also operates Asia's only multi-partner, multi-asset exchange-led sustainability platform (sgx.com/first).

As Asia's most international, multi-asset exchange, SGX provides listing, trading, clearing, settlement, depository and data services, with about 40% of listed companies and over 80% of listed bonds originating outside of Singapore. SGX is the world's most liquid international market for the benchmark equity indices of China, India, Japan and ASEAN and offers commodities and currency derivatives products. Headquartered in AAA-rated Singapore, SGX is globally recognised for its risk management and clearing capabilities. For more information, please visit www.sgx.com.

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