FIS

WEEKLY DRY FFA AND FERROUS MARKET PREVIEW

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Dry FFA Market Signals

Bull

- **Iron Ore Key Routes**: The Cape market extended gains last week, underpinned by solid iron ore demand and firmer fixing levels from both Brazil and Australia. On the C5, rates pushed nearly $2 higher, with fixtures reaching $10 for early August loadings amid strong momentum and increased activity. The C3 also saw notable gains, fixing progressively from $20.30 to $23 for mid-August laycans, supported by steady flows ex-Southern Brazil and West Africa to China. While Australian shipments are forecast to ease slightly to 19.6 MMT for early August—down from the recent peak of 22.8 MMT—they remain above the 4-week moving average of 17.8 MMT. Brazilian exports, meanwhile, are holding strong with estimated volumes of 9.6–10.9 MMT/week through mid-August. Overall, Cape iron ore shipments are expected to pull back from peak levels but remain at the higher end of the recent range, which may lead to a short-term correction in the Cape FFA. (Cape)

- **ECSA Grains Market**: ECSA grain exports surged to 8.8 MMT (+2.5 MMT or +39% w-o-w) for the week ending 20 July, marking the highest weekly total so far this year. While volumes are expected to ease slightly to 6.7 MMT for late July–early August laycans, they remain well above the 4-week moving average of 5.8 MMT. The P6 index responded accordingly, peaking at a 12-month high of $17,427 on Tuesday (15 July) before retreating to the $16,000 handle later in the week. (Pmx & Smx)

Bear

- **Coal Shipments**: After seven consecutive weeks of elevated coal flows, demand appears set to slow into early August. Weekly shipments are projected to decline to 20.2 MMT, down from the 4-week moving average of 24.5 MMT. The Panamax segment is expected to bear the brunt of this drop, with vessel tracking data indicating a 30% week-on-week fall in Panamax coal volumes for the week commencing 28 July. In contrast, Cape coal volumes are holding relatively firm. (Pmx)

- **TA Market**: After reaching YTD highs mid-week at $21,350 (P1A) and $26,875 (P2A), the North Atlantic market saw sentiment weaken amid thinning activity and a modest correction in rates. By week's end, both indices eased around $400, following the pullback in P6 and a growing number of ballasters. While fundamentals remain relatively solid, the pace of fresh inquiry will be key to sustaining current levels. (Pmx)

- **Minor Bulk Demand**: Chinese demand for minerals and minor bulks remains sluggish into early August, dampening cargo flows out of Southeast Asia and putting pressure on regional rates. Meanwhile, the Supramax open tonnage list rose from 1,540 to 1,563 as of Monday (21 July), reflecting a growing imbalance and softening supply-demand dynamics. (Smx)

Ferrous Market Signals

Bull

- The anti-involution drive in China raised expectations of capacity cuts in coal production. DCE coking coal rose by 42% from the low in early June, which spurred sentiment across the overall ferrous sector. Several back-month contracts hit limit-up on Monday.

- As some previous mill maintenance in China has been successively completed, the average daily output of hot metal has rebounded significantly by 26,000 tons to 2,424,400 tons, with the growth rate exceeding expectations.

- China's plan for a mega dam in Tibet has bolstered the outlook for steel demand.

- Chinese coking enterprises are actively replenishing stocks amid low inventory levels, and the spread between futures and spot markets has strengthened, pushing up spot coal prices. Inventory at Ganqimaodu Port in China has dropped below 3 million tons, intensifying near-term supply tightness, with spot prices accelerating their upward trend.

- Physical trades remained active in July for both mid-grade and high-grade ores.

- Both iron ore deliveries and arrivals to China decreased during the past week.

Bear

- BHP's Q2 iron ore production was 70.3 million tons, up 2% year-on-year. FY2025 total iron ore production reached 263 million tons, up 1% year-on-year, marking a new historical high.

- BHP's metallurgical coal production for Q2 was 5.1 million tons, up 4% year-on-year, driven by improved truck efficiency.

- US President Donald Trump announced a 50% tariff on imports of Brazilian pig iron, effective August 1st, which has hindered Brazil's coking coal exports and may potentially lead to a shift toward the Asian market.

Market Data Snapshot (18th Jul)

Open Interest /lots	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Cape5TC	23,110	19,207	13,357	10,481	10,126	10,391
Pmx4TC	31,159	29,060	20,696	11,595	10,949	11,174
Smx10TC	12,455	12,108	10,156	6,825	6,540	6,542
Iron Ore 62%	415,865	461,893	415,993	148,362	139,156	101,916
Coking Coal	3,392	3,817	2,642	2,129	2,074	2,004
US HRC	5,581	5,057	4,824	2,920	2,049	2,696
FOB China HRC	907	1,821	989	395	357	189

Price	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Cape5TC $/day	21,175	23,817	24,142	24,342	23,308	21,717
Pmx4TC $/day	14,671	14,530	13,634	12,621	11,828	10,874
Smx10TC $/day	14,021	14,388	14,088	13,283	12,642	11,375
Iron Ore 62% $/mt	98.37	100.77	100.81	100.51	100.17	99.75
Coking Coal $/mt	176.25	180.50	183.00	185.00	187.00	189.00
US HRC $/st	875	846	850	851	850	859
FOB China HRC	449.0	461.0	465.0	465.5	462.5	461.5

OI WoW %	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Cape5TC	-0.7%	2.6%	-0.5%	-0.1%	-1.0%	-0.8%
Pmx4TC	2.6%	1.0%	8.3%	1.6%	1.5%	1.5%
Smx10TC	1.2%	4.1%	3.9%	5.2%	4.1%	4.3%
Iron Ore 62%	-0.1%	5.5%	26.0%	10.4%	6.8%	10.1%
Coking Coal	0.0%	-2.4%	6.2%	0.5%	0.5%	0.5%
US HRC	0.4%	3.9%	-2.8%	4.6%	10.1%	7.5%
FOB China HRC	1.1%	16.2%	81.1%	17.9%	6.6%	2.2%

Price WoW %	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Cape5TC $/day	16.2%	11.4%	6.0%	3.8%	4.0%	4.2%
Pmx4TC $/day	-4.7%	-3.9%	-1.7%	-0.6%	-2.7%	-3.1%
Smx10TC $/day	1.5%	-0.7%	-1.2%	-0.6%	-0.9%	-2.5%
Iron Ore 62% $/mt	0.6%	1.5%	1.5%	1.2%	1.2%	1.1%
Coking Coal $/mt	-1.3%	0.8%	1.4%	1.1%	1.1%	1.1%
US HRC $/st	-0.2%	0.2%	0.7%	1.2%	1.0%	1.8%
FOB China HRC $/t	0.1%	0.2%	0.5%	0.2%	-1.4%	-1.9%

Sources: EEX, SGX, CME

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