

Dry FFA Market Signals

Bull

- **ECSA Grains Market:** After four weeks of slow flows and weekly grains shipments below their 4-week MA, ECSA grain exports are projected to rebound this week starting 15 Dec to 5.8 MMT, up 1.0 MMT from the previous week, which should absorb the rising number of ballasters. On the other hand, reported US soybean sales to China remain well below expectations, and exports are expected to face strong competition from Ukraine and Argentina in early 2026. (Pmx & Smx)
- **Bauxite Exports:** Capesize bauxite shipments from Guinea to China are within the lifted forecast of 1.5 MMT per week in Dec. In the coming week, vessel data suggests steady flows for early-Jan laycans. (Cape)
- **Increase Australia Supply:** Australia's Fenix Resources announced plans to raise its iron ore production from 2.4 MMT in 2025 to 6.0 MMT per year by 2028, with approximately 15 MMT of iron ore produced over the three-year period. (Cape)

Bear

- **Iron Ore Key Routes:** Steady high iron ore shipments from Australia continued to support tonnage demand in the Pacific; however, freight rates drifted lower amid weak sentiment and low enquiries in the Atlantic market. Towards the weekend, some renewed iron ore demand emerged in the North Atlantic, supporting early gains into the coming week. Last week, C5 rates fell from the low-\$12s to the mid-\$11s for late Dec due to reduced coal activity in the Pacific. As interest thinned and fewer majors were active, C5 fell further to the low-\$10s for 27–30 Dec. In the Atlantic, C3 declined from sub-\$23 to \$22.50 for 1–4 Jan, although cargo volumes improved and fresh demand surfaced late in the week.
- For this week, vessel data suggests Australian shipments for late Dec and early Jan will rebound above their recent range to 22.0 MMT (+1.4 MMT, +6.5% w-o-w). Combined with improved flows from Brazil, total iron ore shipments are expected to recover towards their 4-week MA, though freight rates may remain weighed down by increased vessel supply. (Cape)
- **Chinese Demand:** A raft of disappointing economic data was released last week, including property investment falling by 15.9% YoY and home sales declining by 7.8% YoY for the first eleven months of the year. Previous optimism around stimulus measures has faded, as policymakers may delay implementation while export strength helps sustain growth. The iron ore spot market remains bearish, with high inventories and more steel mills increasing maintenance due to soft demand, indicating a tepid buying appetite from Chinese buyers. (Cape)
- **Coal Shipments:** Global coal exports showed a notable increase last week to 27.8 MMT (+1.7 MMT, +6% w-o-w), driven by robust supply from Australia, despite falling volumes from Indonesia and the US. However, demand continued to soften as China showed lower imports following aggressive recent restocking; similar declines were also seen from other key buyers such as Japan and South Korea. Panamax Pacific rates faced a sharp correction last week as vessel supply outweighed demand. (Cape & Pmx)

Ferrous Market Signals

Bull

- As defined by the National Development and Reform Commission (NDRC), high-energy-consuming products include coke, some coal chemical products, glass, cement, steel and alloys. The market expects supply contraction for these commodities driven by energy consumption policies and the phase-out of low-qualified capacity.
- Last week, China's construction steels saw both supply and demand contraction, mainly due to shorter working hours and construction restrictions caused by cold weather in northern regions. Rebar, undervalued, drew active buying after price declines; coupled with supply contraction and inventory destocking, its price showed strong resilience against further drops.
- The Central Economic Work Conference (Beijing, Dec 10–11): prioritize stabilizing the real estate market through controlling supply, encourage converting existing commercial housing to affordable housing, deepen housing provident fund reform and advance "quality housing" construction, and accelerate market-oriented and social security housing instead of high leverage.
- In the Asian market, supplies of Australian medium-volatile coking coal are tight, with robust demand from India and Turkey.
- The Platts Premium HMS 1/2 (80:20) CFR Turkey price has dropped by \$2/ton to \$368/ton. Weak demand for rebar has led steel mills to adopt a cautious procurement approach, yet rising collection costs in Europe (up to €270 per ton) and tight supply have underpinned the price floor.

Bear

- On December 12, China's Ministry of Commerce and the General Administration of Customs issued Announcement No. 79 of 2025: export licenses will be required for some steel products from Jan 1, 2026. Low-quality recycled steels are banned from export. The market expects short-term domestic supply growth and price pressure, but long-term support for the export quality bottom line of steels.
- Market liquidity remained sluggish last week. Steel mills have moderately restocked amid price declines, yet lump ore imports are suffering severe losses, prompting traders to prefer selling profitable varieties. Trades are dominated by medium-grade ore, while demand for low-grade ore remains weak. The overall pattern of loose supply and demand remains unchanged.
- In China, the continuous sharp decline in DCE coking coal futures, coupled with increased arrivals of Mongolian coal at ports, has led to a steep drop in spot prices of both coking coal and coke, resulting in limited import demand.
- Fenix Resources of Australia intends to raise its iron ore production capacity from 2.4 million tons in 2025 to 6.0 million tons by 2028, with a target aggregate output of 15 million tons over the next three years.
- BHP widened the MACF discount from \$2.55/mt to \$3/mt for cargoes delivered from January. The company also widened the JMBF discount from \$3.1/mt to \$5/mt.

Market Data Snapshot (12th Dec)

Open Interest /lots	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Cape5TC	25,992	15,432	10,228	9,761	7,394	7,394
Pmx4TC	24,785	19,120	15,791	14,371	8,797	8,797
Smx10TC	12,570	10,807	8,315	7,420	4,115	4,115
Iron Ore (IODEX)	519,894	601,130	201,831	143,192	58,994	48,432
Coking Coal	4,584	2,332	1,593	1,410	602	660
US HRC	4,982	6,074	5,521	4,774	2,705	1,466
FOB China HRC	1,601	1,796	727	273	148	70

Price	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Cape5TC \$/day	33,271	20,111	16,121	20,171	22,650	24,286
Pmx4TC \$/day	14,316	11,248	11,002	12,698	13,656	13,634
Smx10TC \$/day	15,200	11,193	10,850	12,393	13,282	13,461
Iron Ore (IODEX) \$/mt	106.05	101.98	101.53	101.04	100.23	99.72
Coking Coal \$/mt	207.00	210.00	210.50	211.00	211.50	212.00
US HRC \$/st	907	930	944	932	908	897
FOB China HRC \$/t	447.0	450.5	457.0	461.0	462.0	462.5

OI WoW %	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Cape5TC	0.4%	11.8%	8.2%	1.7%	2.8%	2.8%
Pmx4TC	4.0%	11.6%	3.1%	0.9%	5.1%	5.1%
Smx10TC	-1.2%	4.5%	3.2%	0.9%	3.1%	3.1%
Iron Ore (IODEX)	-1.4%	-5.6%	20.5%	10.5%	4.3%	-2.6%
Coking Coal	-6.5%	7.9%	10.8%	17.0%	0.0%	1.5%
US HRC	0.5%	-1.2%	35.6%	11.0%	9.2%	2.3%
FOB China HRC	4.0%	20.1%	52.7%	56.0%	17.5%	29.6%

Price WoW %	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Cape5TC \$/day	1.9%	-0.4%	3.2%	3.1%	3.4%	1.5%
Pmx4TC \$/day	-4.0%	-12.8%	-12.3%	-8.6%	-5.0%	-3.0%
Smx10TC \$/day	-2.2%	-13.3%	-9.7%	-7.8%	-2.5%	-2.1%
Iron Ore (IODEX) \$/mt	-1.0%	-1.4%	-1.2%	-1.1%	-1.1%	-1.0%
Coking Coal \$/mt	1.0%	0.7%	0.1%	-0.6%	-1.3%	-2.1%
US HRC \$/st	-0.1%	-0.3%	2.1%	2.3%	1.7%	0.4%
FOB China HRC \$/t	-0.7%	-0.7%	-0.3%	-0.2%	0.4%	0.3%

Sources: EEX, SGX, CME

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