

### FFA Market

This week, the FFA market was driven by the physical market, with Capesize and Panamax trends diverging significantly. Supported by a sharp rebound on the C5 route, Capesize FFA showed signs of stabilization, while Panamax weakened considerably due to sluggish demand in the Pacific. Early last week, Capesize extended its previous downtrend, with selling pressure intensifying after European traders entered the market, and the prompt July contract fell by approximately \$1,000/day at one point. The weakness persisted until Thursday's close. Entering the latter part of last week, the Capesize market stabilized, with buyers quickly returning and pushing prices higher. A sharp rebound in the TC average and C5 route prices boosted overall sentiment, and the prompt July contract largely recouped all of its weekly losses. In terms of trading volume, Capesize and Panamax volume stood at 33,847 lots and 39,683 lots respectively, while Supramax and Handysize contracts came in 16,130 lots and 540 lots, respectively. Total weekly trading volume reached 90,200 lots.

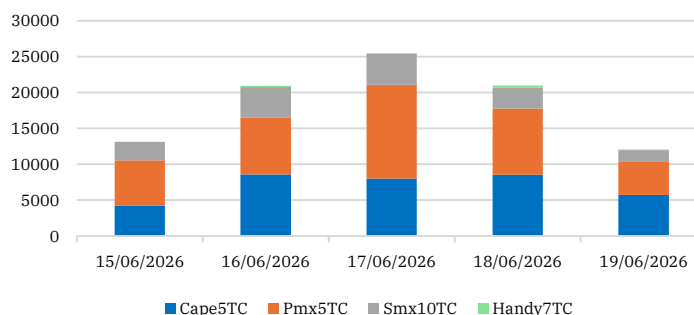
In the options market, after the active trading activity of the previous week, liquidity moderated last week. A total of 3,260 Capesize option contracts were traded, with activity concentrated on the 17th, when 2,300 lots changed hands, covering both front- and far-month contracts. Specifically, trades included 500 lots of August call options, 405 lots of Q3 call options, 585 lots of Q4 call options, 270 lots of Q1 call options, and 360 lots of Cal27 call options. Additionally, 180 lots of put options were traded on Q4 contracts. Following the FFA market rebound on the 19th, 250 lots of put options were traded on the prompt July contract, while 105 lots each of call and put options were transacted on Q1 contracts. In terms of trading structure, after the significant pullback in the Capesize market, some investors believe prices have approached the bottom, though they remain cautious about the momentum for a rebound, seeing limited upside potential. Panamax options trading was moderate, with a total of 1,290 lots traded during the week, with both call and put options seeing some activity. Supramax options saw a total of 90 lots traded.

As of 15<sup>th</sup> June, open interest for the Capesize 5TC (180) up to 200,131 lots (+ 7,111 lots w-o-w), for the Panamax 5TC to 177,593 lots (+ 4,730 lots w-o-w), and for the Supramax 10TC to 103,725 lots (+ 2,102 lots w-o-w).

### Freight Rate \$/day

	22-Jun	15-Jun	Changes %
<b>Capesize5TC (180)</b>	33,444	33,253	<b>0.6%</b>
<b>Panamax5TC</b>	18,532	20,617	<b>-10.1%</b>
<b>Supramax10TC</b>	19,640	19,005	<b>3.3%</b>
<b>Handy7TC</b>	16,839	16,289	<b>3.4%</b>

Weekly FFA Futures Volume/days



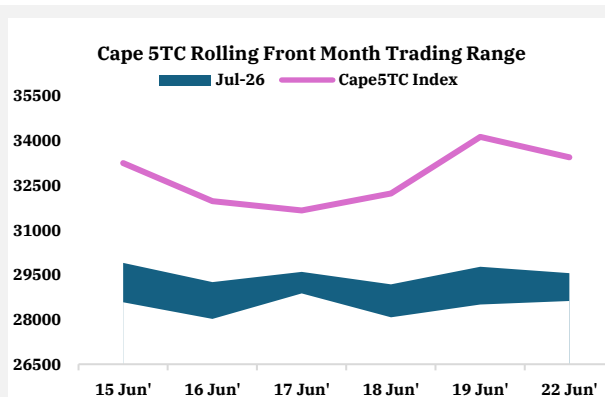
Source: FIS Live, Baltic Exchange, Kpler, Bloomberg

## FFA Market Forward Values

FFA \$/day	22-Jun FIS Closing	15-Jun FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low
<b>Capesize5TC Jul 26</b>	28,875	28,750	<b>0.4%</b>	29,900	28,025
<b>Capesize5TC Q3 26</b>	30,650	30,250	<b>1.3%</b>	31,475	29,665
<b>Panamax5TC Jul 26</b>	18,150	20,475	<b>-11.4%</b>	21,500	18,150
<b>Panamax5TC Q3 26</b>	18,442	20,279	<b>-9.1%</b>	21,025	18,350
<b>Supramax10TC Jul 26</b>	18,100	19,600	<b>-7.7%</b>	19,925	18,150
<b>Supramax10TC Q3 26</b>	17,775	19,213	<b>-7.5%</b>	19,600	17,750

## Capesize

Early last week, the premium of the C8 route over the C10 route widened to approximately \$20,000/day. As trading progressed, the earnings levels between the Atlantic and Pacific regions gradually rebalanced. By Monday this week, the spread between the two ocean's round-voyage routes had narrowed significantly to around \$6,000/day, returning to a relatively reasonable range. Meanwhile, due to stronger iron ore shipment demand, the C5 route rebounded after its earlier sharp correction, rising by more than 10% over the week and lifting overall sentiment in the Capesize market.



On the iron ore front, against a loose fundamental backdrop, prices fell below \$100/dmt for the first time since February. Squeezed by consecutive coke price hikes, steel mill production is approaching the breakeven level, placing significant downward pressure on iron ore. Although the latest blast furnace data show that average daily hot metal output edged up week-on-week to 2.42 million tons, remaining at a year-to-date high and indicating some demand resilience, the support for ore prices is relatively limited given ample portside supply. At the same time, as southern China has entered its rainy season, downstream steel demand is expected to weaken further, and iron ore prices are likely to remain under pressure going forward.

## Outlook

The Capesize market is currently driven primarily by demand on iron ore routes. From a seasonal perspective, as the end-of-financial-year shipment rush from Australia winds down, subsequent scheduled maintenance will lead to a moderation in shipment pace. Meanwhile, Brazilian iron ore shipments have approached year-to-date highs, leaving limited room for further increases. Therefore, the impetus for further upside in Capesize earnings is expected to be relatively limited. Nevertheless, overall cargo volumes on core routes remain adequate, and tonnage demand stays stable.

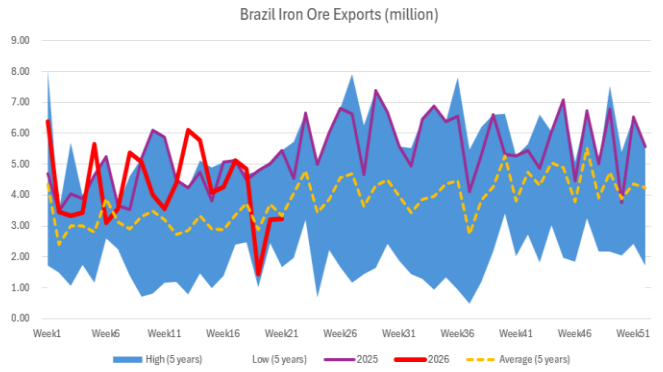
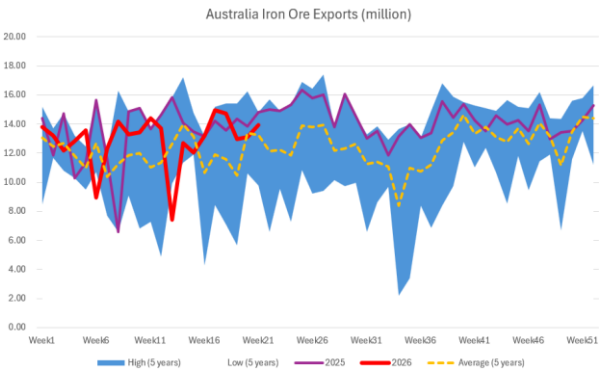
On the macro front, the United States and Iran have signed a preliminary agreement, paving the way for a gradual recovery in trade in the Gulf region. However, near-term uncertainties over navigation through the Strait of Hormuz remain elevated, and shipowners are largely adopting a cautious wait-and-see stance. Moreover, the backlog of vessels must first be cleared before the waterway can resume normal operations, leaving the actual pace of recovery in shipping volumes to be further assessed.

**Neutral**

## Dry Bulk Trades/Iron Ore

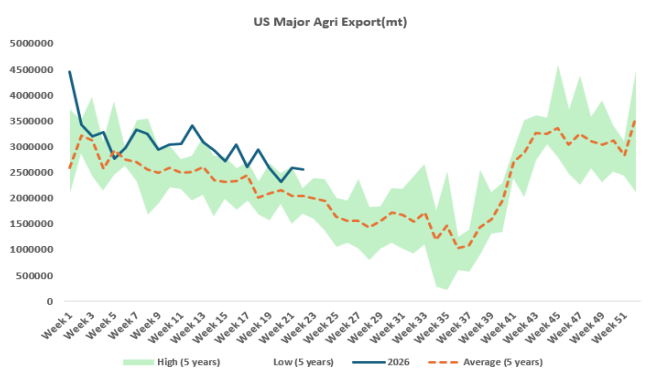
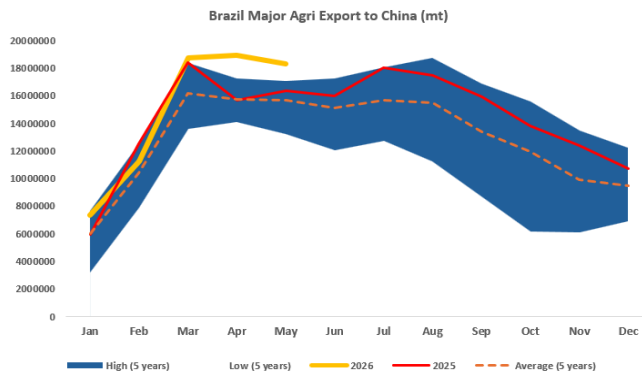
Export (million tonnes)	May-26	Jun-26(E)	Q3-25	Q3-26(E)	Q4-25	Q4-26(E)	2025	2024	2023
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<b>Australia</b>	<b>84.4</b>	<b>89.4</b>	<b>238.4</b>	<b>242.7</b>	<b>255.2</b>	<b>250.6</b>	<b>955.0</b>	<b>935.1</b>	<b>924.4</b>
<b>Brazil</b>	<b>32.8</b>	<b>36.6</b>	<b>111.3</b>	<b>116.4</b>	<b>110.8</b>	<b>107.2</b>	<b>403.1</b>	<b>381.3</b>	<b>369.5</b>
<b>South Africa</b>	<b>3.2</b>	<b>4.2</b>	<b>13.5</b>	<b>13.9</b>	<b>12.4</b>	<b>12.4</b>	<b>52.4</b>	<b>52.4</b>	<b>51.5</b>
<b>India</b>	<b>3.2</b>	<b>2.4</b>	<b>4.9</b>	<b>5.0</b>	<b>8.9</b>	<b>6.8</b>	<b>28.8</b>	<b>37.5</b>	<b>44.5</b>
<b>Canada</b>	<b>4.5</b>	<b>4.4</b>	<b>17.6</b>	<b>17.2</b>	<b>15.1</b>	<b>15.2</b>	<b>60.3</b>	<b>59.4</b>	<b>57.6</b>
<b>Global</b>	<b>146.3</b>	<b>158.1</b>	<b>449.9</b>	<b>459.8</b>	<b>471.1</b>	<b>462.8</b>	<b>1747.7</b>	<b>1695.2</b>	<b>1655.6</b>



## Iron Ore Key Routes

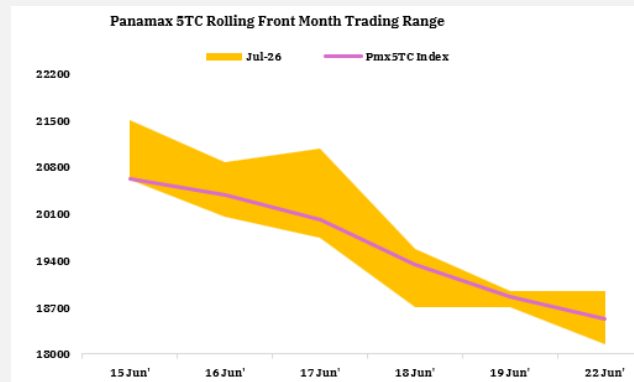
	IO Export Million mt			Freight Rate \$/mt		
	Last Week	Prev. Week	Chg %	Last Week Avg	Prev. Week Avg	Chg %
<b>Australia-China</b>	<b>12.92</b>	<b>15.06</b>	<b>-14.21%</b>	<b>11.2</b>	<b>11.8</b>	<b>-5.1%</b>
<b>Brazil-China</b>	<b>3.67</b>	<b>3.12</b>	<b>17.63%</b>	<b>32.4</b>	<b>35.7</b>	<b>-9.4%</b>



Source: FIS Live, Baltic Exchange, Kpler, Bloomberg

## Panamax

Panamax FFA prices tumbled, tracking spot freight indices. The July contract traded between \$18,150/day and \$21,500/day, with a trading range 2.5 times wider than last week. Volume of the 5TC contract hit 41,184 lots over the week, rising 38% week-on-week. Sustained Panamax freight corrections flipped the curve from mild backwardation to contango with frequent switches, flattening the overall term structure. On the options front, June contract liquidity remained robust; outright call buying dominated activity in prior weeks, while fresh put positions emerged last week alongside growing put open interest on Cal28 contracts, signaling downward repricing of long-term freight valuations amid expected near-term softness.



### Outlook

Roles reversed between Panamax and Capesize markets this week: Panamax rates slumped sharply while Capes edged higher. Limited Pacific cargoes plus muted demand out of Australia and the North Pacific sent Panamax ballast tonnage to a multi-year peak, with negative ballast differentials for three straight weeks. The Atlantic, by contrast, faces tighter available tonnage and sustained positive ballast spreads, backed by active grain fixtures and coal shipments from the US East Coast to India and East Asia that underpin firm regional freight rates.

Market optimism grows over additional Chinese purchases of US soybeans for Q4 2026–Q1 2027. State-owned importers are reportedly the main buyers, with supplementary orders likely next week for new-crop US soybeans deliverable post-September. Since the China-US agricultural purchasing pact signed in May, China has secured around 850,000–900,000 tonnes of soybeans in total.

Atlantic and Pacific thermal coal prices have plunged recently, triggered by news of the US-Iran peace deal. Heavy rains across southern China boosted hydropower output and curbed cooling power demand, leaving major power plants with coal stockpiles covering over 32 days of consumption. Thermal coal burn is set to rise in the coming months amid peak power season.

### Dry Bulk Trades/Coal

Export (mil mt)	May-26	Jun-26(E)	Q3-25	Q3-26(E)	Q4-25	Q4-26(E)	2025	2024	2023
<b>Indonesia</b>	<b>36.9</b>	<b>44.2</b>	<b>123.7</b>	<b>140.0</b>	<b>141.0</b>	<b>134.8</b>	<b>492.7</b>	<b>520.2</b>	<b>494.8</b>
<b>Australia</b>	<b>29.7</b>	<b>32.6</b>	<b>92.1</b>	<b>92.3</b>	<b>94.4</b>	<b>95.7</b>	<b>349.1</b>	<b>359.1</b>	<b>349.9</b>
<b>Russia</b>	<b>13.4</b>	<b>15.7</b>	<b>46.3</b>	<b>47.5</b>	<b>44.3</b>	<b>44.1</b>	<b>168.0</b>	<b>156.2</b>	<b>180.1</b>
<b>USA</b>	<b>8.1</b>	<b>7.7</b>	<b>18.9</b>	<b>21.3</b>	<b>19.0</b>	<b>30.6</b>	<b>78.3</b>	<b>86.3</b>	<b>81.2</b>
<b>Colombia</b>	<b>2.6</b>	<b>4.0</b>	<b>10.5</b>	<b>9.5</b>	<b>10.7</b>	<b>8.0</b>	<b>41.3</b>	<b>50.8</b>	<b>47.5</b>
<b>South Africa</b>	<b>5.1</b>	<b>6.0</b>	<b>13.2</b>	<b>16.1</b>	<b>15.3</b>	<b>9.3</b>	<b>61.6</b>	<b>59.0</b>	<b>59.2</b>
<b>Others</b>	<b>10.3</b>	<b>8.9</b>	<b>28.6</b>	<b>29.7</b>	<b>24.8</b>	<b>32.9</b>	<b>111.7</b>	<b>120.9</b>	<b>126.8</b>
<b>Global</b>	<b>105.9</b>	<b>119.1</b>	<b>333.3</b>	<b>356.4</b>	<b>349.5</b>	<b>355.3</b>	<b>1302.7</b>	<b>1352.4</b>	<b>1339.5</b>

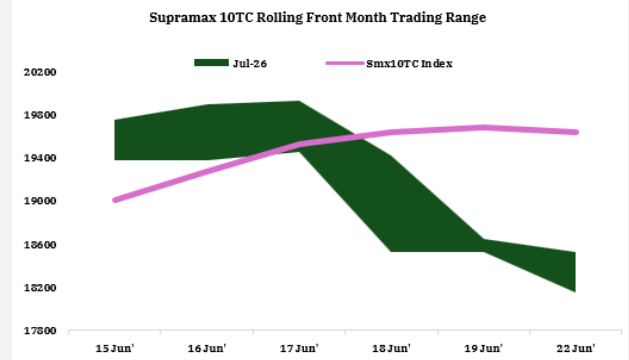
Source: FIS Live, Baltic Exchange, Kpler, Bloomberg

Yet Shanxi mines restarted post-safety inspections operate at less than half normal capacity; joint official summer supply guarantee policies and sustained high Mongolian coal shipments have prevented speculative pricing on supply deficits. Overall, coal prices face near-term headwinds, balanced by medium-to-long-term demand support and lingering supply uncertainties.

Neutral

## Supramax

S10TC failed to match the strength of spot indices last week, sliding alongside the broader derivatives sell-off. The July contract traded within USD 18,150–19,425/day with a drastically widened range; weekly volume fell 9.5% to 15,740 lots. Volatility patterns indicate the recent sell-off lacked liquidity backing, leaving room for partial FFA recovery if spot freight stabilizes. The term structure remains in backwardation with a curve curvature comparable to last week, retaining a structurally bullish bias. Minor put positions for distant Q4 tenors have appeared in the options market.



## Outlook

Supramax freight rates maintain an upward trend, outperforming larger vessel segments notably, with particularly brisk activity across North America. Rising corn cargoes partially offset the temporary drop in soybean fixtures near term.

Although the US-Iran ceasefire is signed, vessel transit through the strait has recovered far below expectations. As of last weekend, daily throughput stood at merely 15%–20% of pre-conflict levels, well short of the prior market forecast of 150–160 vessels per day. Weak war-risk insurance appetite and divergent stances among allied nations may create lasting headwinds. The rapid pullback in energy prices mainly reflects front-loaded pricing of full-year outlooks rather than an immediate shift in spot supply-demand balances.

Fundamentals supporting small-vessel freight remain intact: steady grain exports out of the US Gulf and consistent tonnage demand for steel and nickel ore bound for Asia underpin Supramax rates. Should strait shipping normalize gradually, cargoes including fertilizers, sulphur, bauxite, grain and alumina will further bolster small-vessel demand, and surplus tonnage from the Pacific is likely to reposition toward European trade lanes. A private Guinean miner cut shipments over the past two months amid elevated ocean freight rates starting April, prioritizing long-term supply contracts for alumina refineries. This pushed port inventories up to 8–9 million tonnes, prompting mine output curbs and maintenance to align loading capacity with port throughput. The miner plans 9 vessel loadings in June, with shipments set to rebound to 10–11 vessels in July as freight costs ease.

Neutral

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