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WEEKLY DRY FFA AND FERROUS MARKET PREVIEW

08 Jun 2026

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Dry FFA Market Signals

Bull

- The underlying supply-demand balance for Capesize vessels remains tight, with global fleet utilisation having grown over the past two years, providing a structural floor amid short-term weakness. (Capesize Vessels)

- Australian miners' cargo programmes continued to provide support for Pacific Capesize rates even as Atlantic activity softened, demonstrating that major miner participation remains a stabilizing force. (Capesize)

- Chinese coking coal prices rallied to hit a 19-month high on the back of provincial-level mine safety meetings in Shanxi and production halts following a deadly accident, indirectly supporting coal shipping demand for larger vessels. (Coking Coal)

- The US Gulf remained the primary source of Supramax support, with brokers reporting a steady flow of fresh cargo and better transatlantic demand, helping to keep sentiment positive even as larger vessels softened. (Supramax)

- India-China minor bulk routes showed improved activity, with steady demand for steel-making raw materials and industrial minerals supporting Supramax utilization. (Supramax)

- With repairs to US Midwest waterways scheduled for summer 2026, some vessels could be delayed for extended periods during peak demand season, potentially tightening small vessel availability and supporting Panamax rates on alternative routes. (Logistics & Ports)

Bear

- Chinese port inventories of coal remained at comfortable levels at over 200 million tonnes and average turnover times exceeding 30 days, limiting urgent coal restocking demand. (Coals)

- Despite BSI's strong performance, the sustainability of the three-year high was questioned by some market participants, as nickel ore demand may moderate if Philippine weather conditions become less favorable in late June and the impact of the recent earthquake. (Supramax)

- Supramax rates on the Indonesia-India coal route remained under pressure, with limited fixing activity and selective chartering interest keeping rates rangebound despite broader segment strength. (Supramax)

- Both HRC and Rebar apparent consumption fell in China in June following the rainy season, indicating weakened demand. (Steel)

- Global iron ore shipments surged week-on-week to 31 million tonnes from Australia and Brazil, with the significant increase in supply weighing on freight rates as vessel availability increased relative to cargo demand. (Iron Ore)

- Charterers increasingly preferred using more competitively priced Ultramax vessels to cover cargo requirements, bypassing Panamax on certain routes and putting added pressure on Panamax rates during the correction. (Panamax and Ultramax)

Ferrous Market Signals

Bull

- Freight costs remain elevated, with freight accounting for nearly 15% of iron ore prices - the highest proportion in 5 years - providing a strong cost floor.

- Elevated steel export volumes continue to absorb domestic steel supply, maintaining high steel production levels.

- PB fines' landed losses in China have narrowed, indicating improving profitability for imported ore.

- India's steel production remains strong, creating incremental demand for seaborne iron ore.

- As of June 3, 75 coking coal mines (capacity 76.05 Mt) remain offline following the May 22 accident, with the hardest-hit areas showing minimal resumption.

- Mainstream coke producers announced a sixth round of price hikes on June 5, raising wet-quenching coke by 50 yuan/t and dry-quenching by 55 yuan/t, effective June 8, with strong market expectations for acceptance.

- Safety inspections in Qinyuan, the epicenter of the accident, are scheduled to continue through the end of July, suggesting supply constraints will persist for weeks.

- Low-sulfur main coking coal and fat coal resources remain severely tight, with high-quality grades seeing the strongest price increases.

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Ferrous Market Signals

Bear

- China 247 steel mills' daily hot metal output fell to 2.4072 million tonnes (down 2,800 tonnes WoW), with blast furnace capacity utilisation also down 0.11 percentage points, suggesting a peak in current demand levels.

- China 45-port iron ore inventories stood at approximately 163.96 million tonnes, destocking has nearly stalled as high arrivals offset port offtake.

- After a temporary decline last week, Australian iron ore shipments are expected to surge again in early June as miners enter fiscal year-end shipping campaigns.

- June marks the fiscal year-end shipping peak for Australian and Brazilian miners, with supply-side pressure expected to increase both month-on-month and year-on-year. Spot liquidity remained thin with mills adopting a wait-and-see approach, reluctant to chase higher prices.

- As southern China enters the rainy season and summer temperatures rise, construction activity slows, reducing demand for rebar and wire rod.

- Simandou iron ore shipments from Guinea's Morebaya port reached 2.2 million tonnes in May, up from 1.3 million in April. Ramp-up continues toward full capacity of 120 Mt/year.

- Ganqimaodu port truck traffic remains high, with strong shipments of low-sulfur main coking coal continuing to supplement Chinese supply.

- With construction activity slowing, steel production is expected to moderate, reducing demand for coke and coking coal.

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Market Data Snapshot (5th Jun)						
Open Interest /lots	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26
Cape5TC (180)	25,568	17,474	14,463	14,263	11,818	11,818
Pmx5TC	23,465	19,156	16,434	14,704	9,796	9,746
Smx10TC	14,417	9,991	8,650	7,563	5,678	5,648
Iron Ore (IODEX)	430,480	481,468	183,545	107,638	42,649	33,672
Coking Coal	3,314	2,660	2,105	1,600	660	660
US HRC	7,937	7,722	5,326	5,329	4,386	3,387
FOB China HRC	1,029	986	185	65	17	30

Price	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26
Cape5TC (180) $/day	39,021	32,821	31,300	32,150	32,131	31,686
Pmx5TC $/day	21,236	21,646	21,054	20,329	19,829	19,793
Smx10TC $/day	18,543	19,146	18,925	18,500	17,818	17,514
Iron Ore (IODEX) $/mt	101.91	101.73	101.73	101.62	101.42	101.21
Coking Coal $/mt	249.00	254.50	255.50	257.50	259.00	260.00
US HRC $/st	1,126	1,170	1,196	1,195	1,171	1,132
FOB China HRC $/t	498.0	495.5	495.5	497.5	505.5	508.0

OI WoW %	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26
Cape5TC (180)	4.6%	6.1%	5.6%	3.7%	2.3%	2.3%
Pmx5TC	-0.6%	4.3%	2.7%	1.3%	1.7%	1.7%
Smx10TC	0.6%	8.3%	8.1%	2.6%	3.9%	3.9%
Iron Ore (IODEX)	1.4%	-1.4%	31.6%	20.4%	22.2%	9.3%
Coking Coal	-6.0%	-2.7%	2.7%	2.9%	3.1%	8.2%
US HRC	-1.6%	1.0%	12.0%	11.2%	15.3%	8.9%
FOB China HRC	-8.5%	3.1%	11.4%	-66.1%	0.0%	0.0%

Price WoW %	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26
Cape5TC (180) $/day	-3.0%	-3.4%	-0.2%	0.7%	-0.1%	0.3%
Pmx5TC $/day	-0.9%	0.3%	0.9%	1.5%	2.4%	3.6%
Smx10TC $/day	2.1%	4.1%	5.1%	4.8%	4.3%	3.5%
Iron Ore (IODEX) $/mt	-3.3%	-3.3%	-3.2%	-2.9%	-2.8%	-2.7%
Coking Coal $/mt	2.5%	4.3%	4.5%	4.9%	5.1%	5.1%
US HRC $/st	0.3%	0.7%	0.5%	0.8%	1.2%	2.3%
FOB China HRC $/t	-0.3%	-0.8%	-1.3%	-1.3%	-0.6%	-0.7%

Sources: EEX, SGX, CME

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