

FFA Market

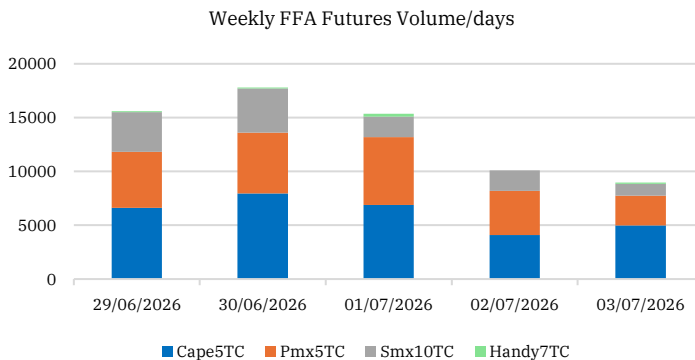
Last week, FFA trading was active, with the Capesize segment reversing its earlier pullback and rallying sharply for several consecutive days. At the start of the week, Capesize FFA remained in a consolidation phase, with the curve edging higher overall and the prompt July contract rising moderately by \$250 to \$26,750/day. However, as trading progressed, the July contract settled at \$28,000/day, an intraday gain of approximately \$1,300. Back-month contracts also performed strongly, with the Cal29 contract gaining \$2,300 on the day. Mid-week, a sharp rebound in physical market freight rates on the C3 and C5 routes further fueled market sentiment. The July contract briefly rose to \$32,400/day on Thursday; despite some profit-taking near the close, it still settled up about \$1,800 at \$31,950/day, with the curve shifting higher overall. On Friday, market activity moderated, with trading concentrated in front-month contracts, while back-month contracts remained quiet with no significant fluctuations. By contrast, the Panamax segment edged higher with relatively stable support, with prices largely consolidating in a range-bound manner over the week. Capesize and Panamax volumes stood at 30,885 lots and 21,370 lots respectively, while Supramax and Handysize volumes came in at 11,200 lots and 330 lots, respectively. Total weekly trading volume reached 63,785 lots.

During the previous week, liquidity in the options market was firm, with a total of 3,505 Capesize option contracts traded. By contract, 770 lots of prompt July contracts were traded, comprising 120 put options and 650 call options, with a P/C ratio of 0.18. Q3 2026 contracts accounted for 495 lots, including 90 put options and 405 call options, with a P/C ratio of 0.22. Q1 2027 contracts accounted for 900 lots, comprising 300 put options and 600 call options, with a P/C ratio of 0.50. In terms of trading structure, market participants' confidence in the Capesize market outlook has clearly strengthened. Panamax options also performed actively, with a total of 3,690 lots traded during the week, a significant increase from earlier periods, with trading concentrated in far-month contracts. Among them, 810 lots of Q1 2027 contracts were traded, and 1,080 lots of put options were traded on each of the Cal27 and Cal28 contracts. No trades were recorded in the Supramax market.

Iron ore routes performed actively last week. On the C5 route, trading was brisk, with a total weekly volume of 3465kt, concentrated in prompt July contracts, which accounted for 3125kt. The C3 route also registered some trading activity, all concentrated in July contracts, totalling 575kt.

Affected by the rollover, open interest declined. As of 6th July, open interest for the Capesize 5TC (180) was down to 182,398 lots (-24,598 lots w-o-w), for the Panamax 5TC to 162,532 lots (-20,155 lots w-o-w), and for the Supramax 10TC to 93,508 lots (-11,706 lots w-o-w).

Freight Rate \$/day			
	6-Jul	29-Jun	Changes %
Capesize5TC (180)	35,575	28,588	24.4%
Panamax5TC	19,943	19,117	4.3%
Supramax10TC	19,145	19,050	0.5%
Handy7TC	16,850	17,044	-1.1%



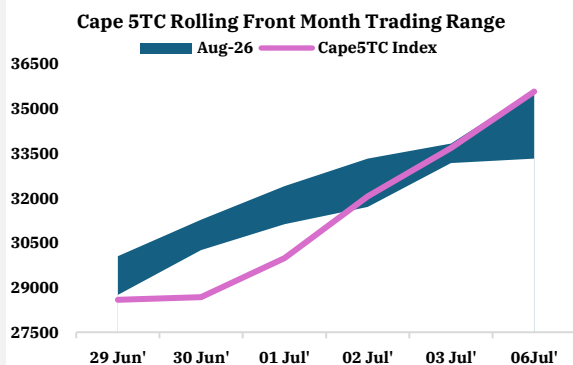
Source: FIS Live, Baltic Exchange, Kpler, Bloomberg

FFA Market Forward Values

FFA \$/day	06-Jul FIS Closing	29-Jun FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low
Capesize5TC Aug 26	35,125	30,075	16.8%	35,625	28,750
Capesize5TC Q4 26	35,050	32,575	7.6%	35,525	31,800
Panamax5TC Aug 26	19,465	18,600	4.7%	19,725	18,275
Panamax5TC Q4 26	18,650	17,875	4.3%	18,775	17,625
Supramax10TC Aug 26	18,950	18,125	4.6%	19,050	17,250
Supramax10TC Q4 26	17,600	17,200	2.3%	17,625	16,550

Capesize

This week, the Capesize market rallied strongly, driven by a sharp rebound on iron ore routes. On the demand side, overall fixture volumes on the West Australian route did not see a significant increase. As BHP and FMG's shipments had largely reached the midpoint of their fiscal year guidance levels, according to Kpler data, both miners' actual June shipments fell short of expectations. However, stable earnings on the Atlantic route attracted some ballasting vessels to the West Indian Ocean, alleviating the previously loose supply-demand balance in the Pacific region. Combined with some owners showing reluctance to offer tonnage at low rates, this further tightened the availability of market tonnage. As a result, the C5 route rallied by approximately 25% over the week, driving the 5TC time charter average up by nearly \$7,000/day over the week.



On the iron ore front, China's average daily hot metal output from blast furnaces edged back above 2.43 million tonnes last week, though the utilisation rate has already declined. Under persistent pressure on profit margins from elevated coal and coke prices, some steel mills have scheduled maintenance after slipping into losses, and hot metal output is expected to peak and then retreat. Market attention in the near term remains focused on the pricing dispute between CMRG and FMG over new contracts, with some products, including SSF, facing delivery restrictions. Drawing on the experience from the previous pricing dispute with BHP, China is expected to continue procuring FMG products during the negotiation process, so the overall impact on supply is likely to be limited.

Outlook

According to Kpler vessel-tracking data, after the rebalancing of tonnage between the two oceans, the number of ballasting Capesize vessels in the Pacific region has stabilised at levels in line with the five-year seasonal average. Looking ahead, affected by scheduled maintenance in mining areas, Australian iron ore shipments are expected to decline seasonally in July, with a projected decrease of approximately 8 million tonnes from June. Although overall market sentiment is currently positive, there remains a risk that the supply-demand balance for tonnage on the C5 route could reverse quickly. In contrast, the C3 route is expected to perform more firmly in the coming period. Brazilian iron ore exports are projected to increase further to a year-to-date high of 38 million tons in July and are set to reach seasonal peak levels in August, providing support to the Capesize market.

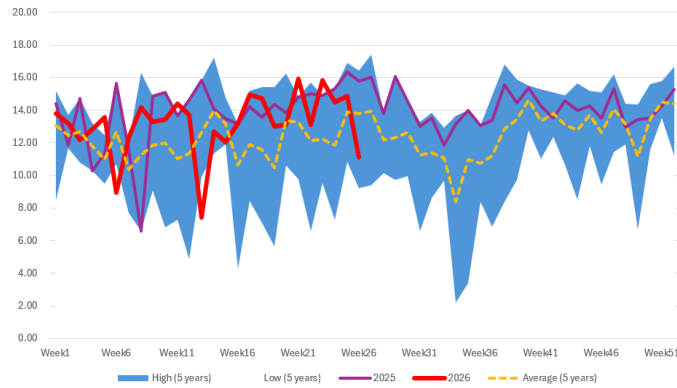
In West Africa, the seasonal increase in rainfall since the beginning of July has caused some disruption to mining operations and rail transport, leading to a decline in both Guinea's bauxite and Simandou iron ore shipments. However, as local infrastructure conditions continue to improve, a rapid production ramp-up is expected after the rainy season concludes.

Neutral

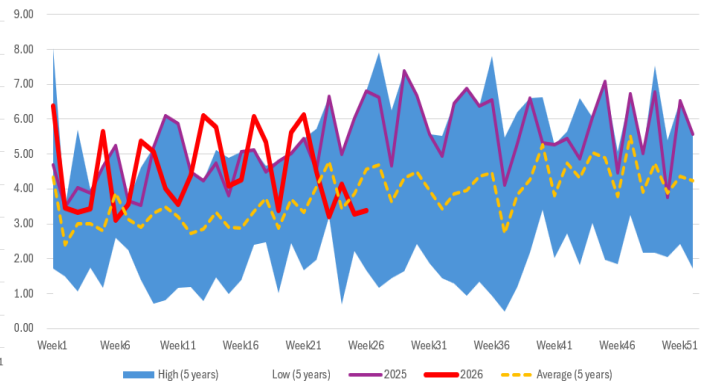
Dry Bulk Trades/Iron Ore

Export (million tonnes)	Jun-26	Jul-26(E)	Q3-25	Q3-26(E)	Q4-25	Q4-26(E)	2025	2024	2023
Australia	85.7	78.0	238.4	242.7	255.2	250.6	955.0	935.1	924.4
Brazil	35.0	39.0	111.3	116.4	110.8	107.2	403.1	381.3	369.5
South Africa	4.4	4.5	13.5	13.9	12.4	12.4	52.4	52.4	51.5
India	2.9	2.2	4.9	5.0	8.9	6.8	28.8	37.5	44.5
Canada	3.8	4.8	17.6	17.2	15.1	15.2	60.3	59.4	57.6
Global	147.6	150.1	449.9	459.9	471.1	463.1	1747.7	1695.2	1655.6

Australia Iron Ore Exports (million)



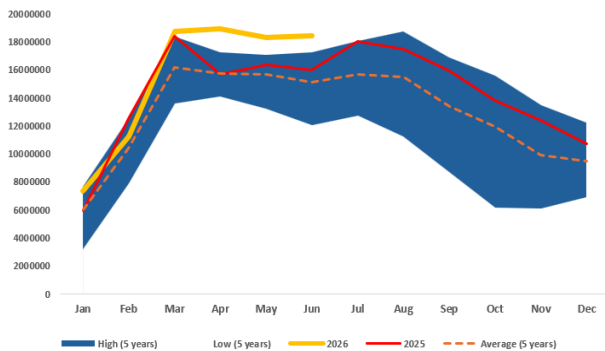
Brazil Iron Ore Exports (million)



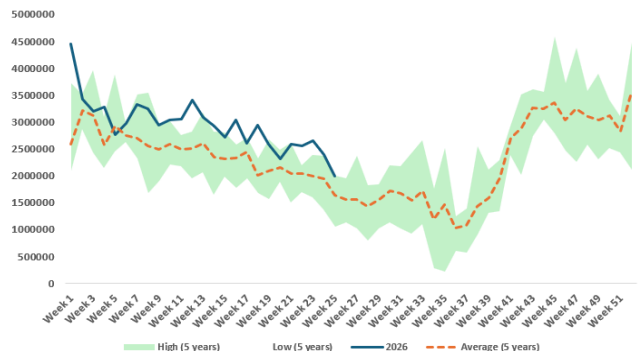
Iron Ore Key Routes

	IO Export Million mt			Freight Rate \$/mt		
	Last Week	Prev. Week	Chg %	Last Week Avg	Prev. Week Avg	Chg %
Australia-China	11.11	14.85	-25.19%	11.0	11.2	-1.1%
Brazil-China	3.39	3.27	3.67%	29.0	31.0	-6.4%

Brazil Major Agri Export to China (mt)



US Major Agri Export (mt)

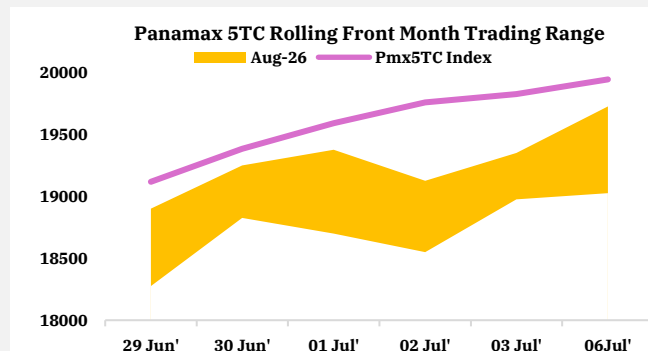


Source: FIS Live, Baltic Exchange, Kpler, Bloomberg

Panamax

Panamax FFA prices trended higher amid volatility. The July contract traded within a band of \$18,275–\$19,725/day. The PMX 5TC FFA trading range halved after narrowing sharply for two consecutive weeks, pointing to lower market volatility. Weekly trading volume stood at 24,015 lots, down 27% week-on-week, marking a two-week downtrend. The forward curve stayed in backwardation, signaling the physical freight market has bottomed out and stabilised.

In the options market, the put-call ratio (PCR) for Q4 options printed 0.4, while Q1 next year registered 0.5. In addition, outright long positions were seen in nearby contracts, reflecting a bullish shift in market sentiment last week.



Outlook

Panamax 5TC and physical freight rates rebounded last week on concurrent improvements across Pacific and Atlantic basins. In the Pacific, demand from Australia and Asia strengthened alongside tighter effective tonnage supply. Pacific shipowners preferred short-haul voyages and showed limited appetite for long-haul, supporting robust time charter earnings in the region. Restrictions on mineral export shipments from Indonesia acted as a headwind, yet heavy coal and grain cargo volumes out of the North Pacific offset the downward pressure. Corn exports from Brazil and soybean shipments out of the US surged last week.

Tonnage supply in the Atlantic basin is gradually rebalancing from a tight state. Fresh cargo demand out of South America emerged recently, keeping ship owners firm on pricing. Dry bulk vessel transits through the Strait of Hormuz, which slumped sharply at end-June, have yet to recover to pre-conflict levels, pending improved security cover and insurance terms.

Over the medium term, El Niño will extend the Northern Hemisphere heatwave, boosting summer thermal coal demand, with concentrated positive price catalysts set to materialise in July–August after the monsoon season. Brazil's soybean exports have topped market consensus for four straight months. Coupled with the US locking in 10 soybean cargoes bound for China, the market broadly expects accelerated US grain shipments to China.

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
Indonesia	36.9	44.2	123.7	140.0	141.0	134.8	492.7	520.2	494.8
Australia	29.7	32.6	92.1	92.3	94.4	95.7	349.1	359.1	349.9
Russia	13.4	15.7	46.3	47.5	44.3	44.1	168.0	156.2	180.1
USA	8.1	7.7	18.9	21.3	19.0	30.6	78.3	86.3	81.2
Colombia	2.6	4.0	10.5	9.5	10.7	8.0	41.3	50.8	47.5
South Africa	5.1	6.0	13.2	16.1	15.3	9.3	61.6	59.0	59.2
Others	10.3	8.9	28.6	29.7	24.8	32.9	111.7	120.9	126.8
Global	105.9	119.1	333.3	356.4	349.5	355.3	1302.7	1352.4	1339.5

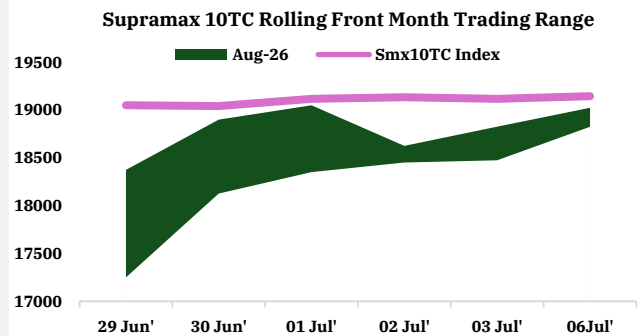
Source: FIS Live, Baltic Exchange, Kpler, Bloomberg

Following adjustments to Panama Canal draft limits, a subset of vessels may opt for alternative routing, which would further lift overall ton-mile demand.

Neutral

Supramax

\$10TC FFA diverged from the underlying index and trended higher with fluctuations. The July contract traded within a range of \$17,250–\$19,050/day, with a wider trading band observed. Weekly trading volume reached 12,710 lots, edging down week-on-week. On the forward curve, backwardation steepened, underpinning structural bullish sentiment.



Outlook

The Supramax index posted muted performance, weighed down by sluggish Asian market conditions and mounting idle tonnage, while the Atlantic basin staged a recovery. Persistent grain export demand continued to underpin tonnage demand out of the US Gulf. Following the easing of geopolitical tensions in the Middle East, trading activity picked up across the Mediterranean. Coal-for-gas switching remained highly economical in Europe, driving a notable uptick in European coal imports entering July. Aluminium shipments from the GCC region have gradually ramped up. Fertiliser carriers are reported to have transited the strait, pointing to a potential pickup in fertiliser vessel demand within the Persian Gulf going forward.

Separately, frequent tropical cyclones have disrupted vessel turnaround efficiency recently, introducing fresh supply-side uncertainties for tonnage. Bauxite export projections out of Guinea edged lower amid rainy season disruptions and export quota constraints.

Neutral

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