FIS

DRY FREIGHT WEEKLY REPORT

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FFA Market

In the FFA market, Capesize continued its overall upward trend, driven by iron ore routes in the Pacific market. At the start of the week, sustained buying interest pushed prices steadily higher. The prompt July contract first traded at $33,500/day and subsequently touched an intraday high of $36,250/day, with the forward curve shifting higher overall. Following several consecutive days of strong gains, some profit-taking emerged, and all contracts pulled back on Tuesday last week, with front-month contracts seeing the most significant declines—the August contract fell by $1,250/day intraday. However, positive market sentiment was not significantly dampened. As the physical market strengthened, the market regained upward momentum in the latter half of the week, with solid trading volumes. Panamax FFA, meanwhile, continued its narrow range-bound pattern, supported by stable buying interest throughout the week, with limited overall volatility and subdued trading activity. This week, Capesize and Panamax volumes stood at 22,795 lots and 18,705 lots respectively, while Supramax and Handysize contracts came in at 12,298 lots and 290 lots, respectively. Total weekly trading volume reached 54,088 lots.

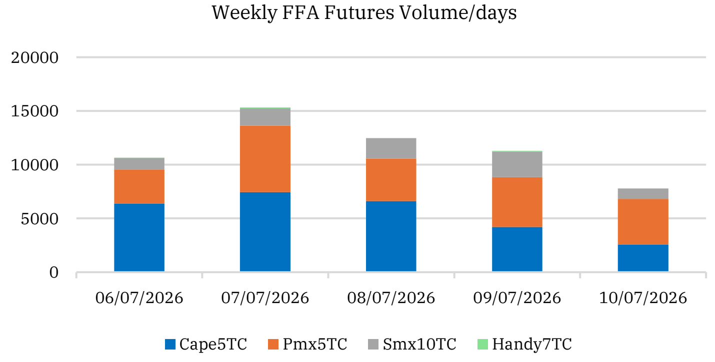
Last week, overall liquidity in the options market was moderate. Capesize options recorded a total of 2,840 lots traded, with transactions concentrated in back-month contracts. Among these, Q4 2026 contracts accounted for 945 lots, comprising 315 put options and 630 call options, with a put/call ratio of 0.50. Cal27 contracts accounted for 1,440 lots, of which 180 lots were put options and 1,260 lots were call options, with a put/call ratio of 0.14. With the physical and FFA markets recently showing relatively strong performance, bullish sentiment is pronounced. In Panamax options, overall liquidity remained subdued, influenced by quiet FFA market trading, with only 540 lots of Cal27 put options traded during the week. No trades were recorded in the Supramax market.

Iron ore routes remained active last week, with both the C5 and C3 routes showing good liquidity and trading concentrated in prompt contracts. Specifically, a total of 960 kt was traded in July contracts on the C5 route, and 1,200 kt was traded in July contracts on the C3 route. Additionally, 50 kt was traded in September contracts on the C5 route.

As of 13 July, open interest for the Capesize 5TC (180) was up to 186,205 lots (+3,807 lots w-o-w), for the Panamax 5TC to 170,584 lots (+8,052 lots w-o-w), and for the Supramax 10TC to 95,547 lots (+2,039 lots w-o-w).

Freight Rate $/day

	13-Jul	6-Jul	Changes %
Capesize5TC (180)	39,138	35,575	**10.0%**
Panamax5TC	20,254	19,943	**1.6%**
Supramax10TC	19,539	19,145	**2.1%**
Handy7TC	16,445	16,850	**-2.4%**



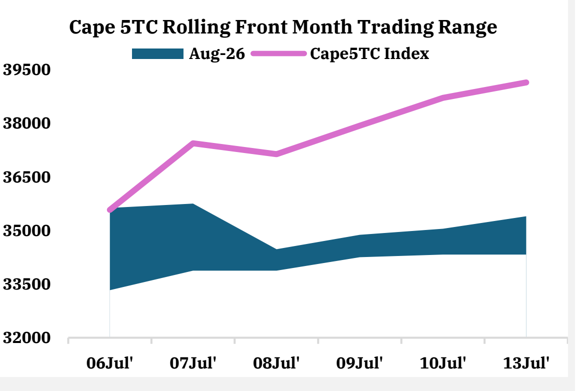
Source: FIS Live, Baltic Exchange, Kpler, Bloomberg

FFA Market Forward Values

FFA $/day	13-Jul FIS Closing	06-Jun FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low
Capesize5TC Aug 26	35,400	35,125	**0.8%**	35,750	33,325
Capesize5TC Q4 26	35,725	35,050	**1.9%**	35,715	34,325
Panamax5TC Aug 26	19,800	19,465	**1.7%**	20,000	19,000
Panamax5TC Q4 26	19,625	18,650	**5.2%**	19,825	18,300
Supramax10TC Aug 26	19,125	18,950	**0.9%**	19,225	18,400
Supramax10TC Q4 26	18,075	17,600	**2.7%**	18,150	17,400

Capesize

Last week, the Capesize market extended its upward momentum. Iron ore volumes from Western Australia remained stable. Meanwhile, the renewed escalation of tensions in the Middle East kept coal demand from eastern Australia at elevated levels, while frequent extreme weather events in the Pacific region recently tightened tonnage supply. As a result, the supply-demand balance in the region remained tight. Supported by these factors, the Pacific round-voyage C10 route rose by approximately 10% over the week.



On the Atlantic side, demand for tonnage on the Brazil-China route remained strong, with the C3 route rising by nearly 5% over the week. Overall, both markets recorded steady gains last week.

On the iron ore front, as steel mill profit margins remained under pressure, some mills initiated voluntary production cuts. Last week, China's average daily hot metal output from blast furnaces declined by approximately 20,000 tons week-on-week to 2.41 million tons. Nevertheless, this level remains relatively elevated for the year and is still higher than in the same period last year. Unless hot metal output sees a further significant decline, it will continue to provide some support to iron ore demand. However, with downstream steel consumption still in the off-season and end-user demand remaining weak, iron ore prices lack the impetus for any significant rebound.

Outlook:

The recent sustained rebound in the Capesize market has been largely driven by demand in the Pacific region. However, entering July, iron ore shipments from major Australian mines are expected to decline seasonally, which could reverse the current tightness in tonnage supply in the region. In contrast, Brazilian mines typically maintain elevated shipment levels in July and August, which may attract ballasting vessels from the Pacific to the Atlantic, helping to keep the overall supply-demand balance relatively stable across both oceans. On the news front, BHP workers have planned a strike for 16 July, though its market impact is expected to be limited should it fail to develop into prolonged action. On the macro front, renewed geopolitical tensions in the Middle East have pushed international crude oil prices to a near one-month high. Should this persist, it would further raise bunker fuel costs and provide some support to seaborne coal demand.

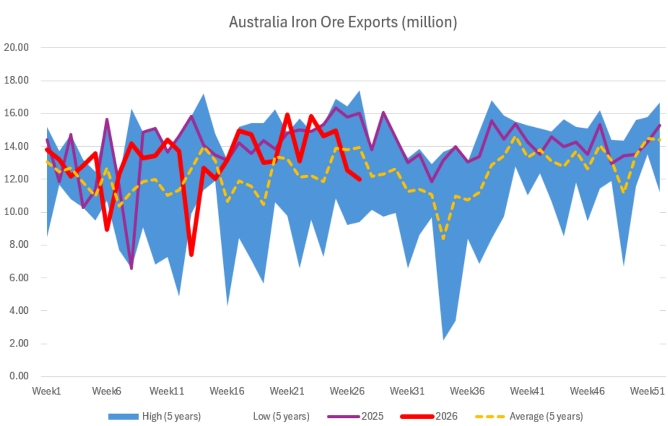
On the bauxite front, according to Kpler data, Guinea's bauxite exports fell to a multi-month low of 2.39 million tons in the week beginning 29 June, and further declines in shipments are expected as the rainy season progresses.

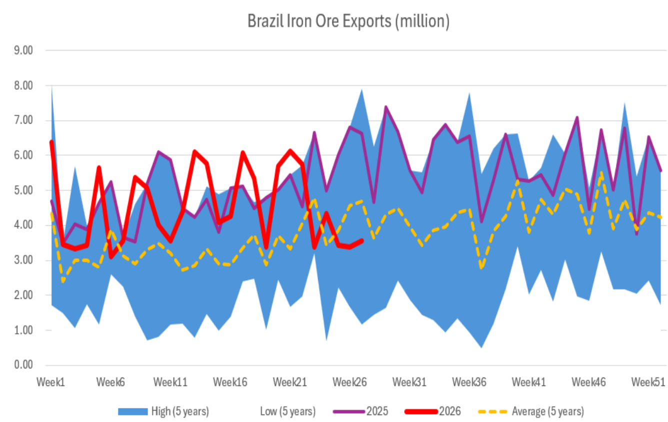
Neutral

Source: FIS Live, Baltic Exchange, Kpler, Bloomberg

Dry Bulk Trades/Iron Ore

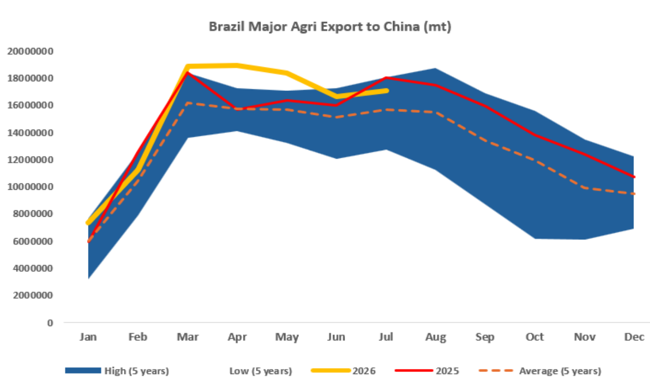
Export (million tonnes)	Jun-26	Jul-26(E)	Q3-25	Q3-26(E)	Q4-25	Q4-26(E)	2025	2024	2023
Australia	85.7	78.0	238.4	242.7	255.2	250.6	955.0	935.1	924.4
Brazil	35.0	39.0	111.3	116.4	110.8	107.2	403.1	381.3	369.5
South Africa	4.4	4.5	13.5	13.9	12.4	12.4	52.4	52.4	51.5
India	2.9	2.2	4.9	5.0	8.9	6.8	28.8	37.5	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

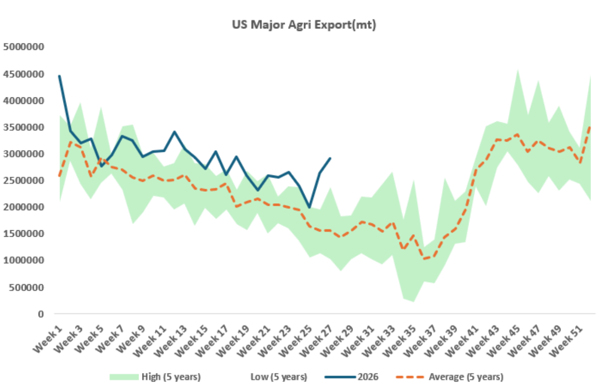




Iron Ore Key Routes

	IO Export Million mt			Freight Rate $/mt		
	Last Week	Prev. Week	Chg %	Last Week Avg	Prev. Week Avg	Chg %
Australia-China	12.01	12.54	-4.23%	13.1	11.0	18.9%
Brazil-China	3.56	3.39	5.01%	32.2	29.0	11.1%

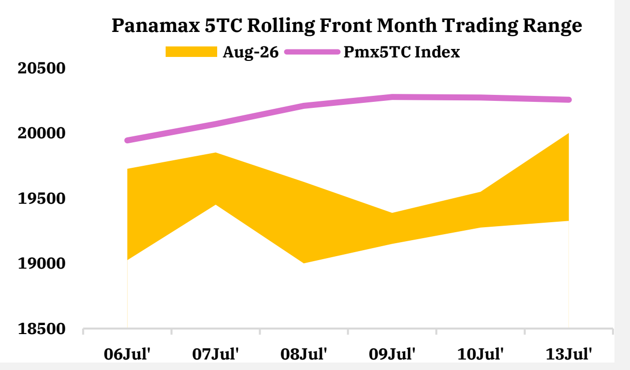




Source: FIS Live, Baltic Exchange, Kpler, Bloomberg

Panamax

Panamax FFAs trended sideways to higher, with the August contract trading within a $19,000–20,000/day range. The Panamax 5TC trading range narrowed for two consecutive weeks, while average fixing levels declined for three weeks running. Weekly Panamax 5TC turnover hit 22,210 lots, down 7% week-on-week and marking three consecutive weeks of falling volumes. These two softening indicators signal shrinking market volatility. The forward curve's backwardation flattened visibly, pointing to limited upside potential and mild rebound momentum for freight rates. The options market saw thin trading activity, with little fresh capital inflow.



Outlook:
Panamax spot TC rates edged slightly higher this week on muted fundamental support, delivering modest gains amid offsetting bullish and bearish factors. The thermal coal segment softened as persistent rainfall across southern China boosted hydropower output and curbed thermal coal consumption. Chinese power plants hold ample coal stockpiles, suppressing restocking appetite and slowing thermal coal cargo flows out of Indonesia. Nevertheless, renewed US-Iran geopolitical tensions lifted bunker fuel prices, while insurers raised coverage premiums for Middle East routes, increasing shipping costs and providing a floor for seaborne coal freight rates. China's coking coal output remains far from a full recovery, maintaining market expectations for Australian coking coal imports. Grain trade provided support, with Argentina ramping up exports of soybean meal and corn. The Atlantic basin saw a sharp drop in ballasting tonnage, tightening vessel availability and supporting freight rates on Atlantic grain routes.

El Niño-driven extreme heat will fully affect Asia from late July, lifting cooling-related power demand while dampening hydropower generation, which is set to boost global coal import requirements. Planned Chinese purchases of US soybeans, alongside anticipated progress in upcoming Sino-US trade talks, will create incremental tonnage demand for seaborne grain trade, providing medium-term support to Panamax freight rates.

Neutral

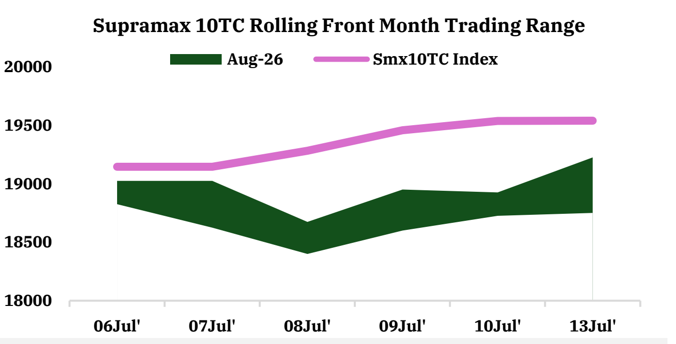
Dry Bulk Trades/Coal

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

Supramax

S10TC FFAs diverged from the physical index and trended sideways to higher. The August contract's trading range narrowed sharply to $18,400–19,225/day, with fixing ranges tightening for three consecutive weeks. Weekly turnover totalled 12,710 lots, plunging 37% week-on-week. The forward curve's backwardation flattened notably, signalling limited upside potential for freight rates.



Outlook

Supramax freight rates traded sideways with minimal movement this week. Earlier Pacific typhoons reduced effective tonnage, while temporary Yangtze waterway controls hampered vessel turnover efficiency. Both disruptions faded this week. Weak steel exports out of northern China acted as a bearish counterweight, yet nickel ore shipments are poised for sustained sequential growth rather than short-lived one-off surges. Rigid demand for nickel feedstock from the stainless steel and new-energy supply chains is accelerating end-user purchasing. Meanwhile, the receding rainy season in key exporting countries is improving port loading efficiency and underpinning steady growth in ore shipments. Although near-term shipment patterns remain vulnerable to weather and policy interruptions, the overall month-on-month improvement trend remains intact, with moderate growth in inbound nickel ore volumes anticipated.

Renewed geopolitical tensions are gripping the Gulf. If the Gulf waterway remains closed, vessels carrying fertiliser, bauxite and sulphur cargoes will be trapped within the Persian Gulf. Guinea's seasonal bauxite exports are projected to reach a trough in August, with tonnage demand for bauxite shipping set to rebound from September.

Neutral

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