FIS

DRY FREIGHT WEEKLY REPORT

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info@freightinvestor.com | freightinvestorservices.com | fis-live.com
London (+44) 20 7090 1120 | Dubai (+971) 4 4493900 | Singapore (+65) 6535 5189 | Shanghai (+86) 21 6335 4002

FFA Market

Over the past week, FFA market volatility remained concentrated in the Capesize market. At the start of the week, Capesize FFA extended its previous upward momentum, with firm buying interest in front-month contracts. July and August contracts both gained around $1,000/day intraday. Market liquidity was unevenly distributed, with buyers showing less interest in back-month contracts and the Cal27 contract gaining only $150/day. At Tuesday's open, buying interest remained active, with the prompt July contract briefly touching $37,150/day, up about $400 on the day. However, as trading progressed, freight rates on iron ore routes moved lower and selling pressure gradually emerged, weighing on the FFA market overall. Although support appeared near the close, the market finished lower. By midweek, the front-month contracts had pulled back. By Thursday's close, the July contract had fallen by nearly $2,000/day over two days, while the August contract had declined by close to $2,800/day. Under sustained selling pressure, liquidity in the Capesize FFA market weakened. Although the index continued to decline, the market closed on Friday amid relatively thin trading activity. Similarly, the Panamax market largely followed the Capesize trend this week, with prices fluctuating within a narrow range. Capesize and Panamax volumes stood at 20,474 lots and 24,105 lots respectively, while Supramax and Handysize volumes came in at 11,540 lots and 400 lots, respectively. Total weekly trading volume reached 56,519 lots.

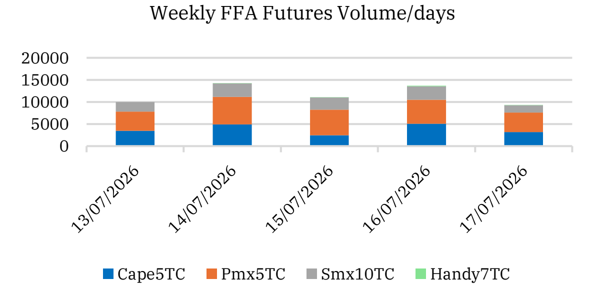
In the options market, Capesize options liquidity softened week-on-week, with 1,040 lots traded, of which 585 were Q426 contracts (270 calls, 315 puts, put/call 1.17), as the reversal in the physical and forward markets pushed participants into a more defensive stance. By contrast, Panamax options saw 5,400 lots change hands, almost entirely in Cal27 calls (5,160 lots), reflecting buyers' willingness to capitalise on low realised volatility and cheap premiums to position for a potential volatility rebound in the second half or to hedge 2027 seaborne costs at a relatively low entry cost. Supramax recorded no trades, leaving a clear divergence between cautious Capesize sentiment and active Panamax long-volatility interest.

Iron ore routes saw moderate liquidity last week. On the C5 route, front-month contracts were actively traded, with July contracts accounting for 1600kt and August contracts for 750kt. No trades were recorded in back-month contracts. The C3 route was comparatively quiet, with only 175kt traded in July contracts.

As of 20th July, open interest for the Capesize 5TC (180) was up to 191,124 lots (+4,919 lots w-o-w), for the Panamax 5TC to 180,832 lots (+10,248 lots w-o-w), and for the Supramax 10TC to 100,479 lots (+4,932 lots w-o-w).

Freight Rate $/day

	20-Jul	13-Jul	Changes %
Capesize5TC (180)	31,768	39,138	-18.8%
Panamax5TC	20,045	20,254	-1.0%
Supramax10TC	19,931	19,539	2.0%
Handy7TC	16,224	16,445	-1.3%



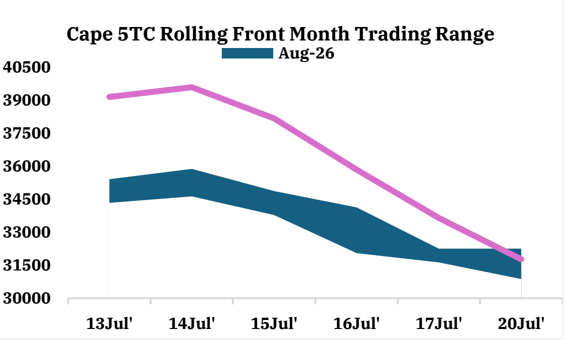
Source: FIS Live, Baltic Exchange, Kpler, Bloomberg

FFA Market Forward Values

FFA $/day	20-Jul FIS Closing	13-Jul FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low
Capesize5TC Aug 26	30,800	35,400	**-13.0%**	35,875	30,875
Capesize5TC Q4 26	34,250	35,725	**-4.1%**	35,715	34,000
Panamax5TC Aug 26	18,850	19,800	**-4.8%**	20,000	18,800
Panamax5TC Q4 26	18,925	19,625	**-3.6%**	19,850	18,825
Supramax10TC Aug 26	19,025	19,125	**-0.5%**	19,500	18,750
Supramax10TC Q4 26	18,100	18,075	**0.1%**	18,475	17,800

Capesize

Australian iron ore shipments have entered a seasonal slowdown period, and market expectations of insufficient cargo volumes in the Pacific region are gradually being realised. At the same time, congestion at Chinese ports has eased somewhat, releasing additional tonnage into the Pacific market. Under the combined effect of these factors, freight rates on the C5 route fell sharply from $13.485/mt the previous week to $11.045/mt, a week-on-week decline of approximately 18.09%, driving the C5TC index down by over 18% during the same period.



Outlook

On the Atlantic side, Brazilian iron ore volumes remain elevated but are not yet sufficient to provide strong support. In West Africa, bauxite and Simandou iron ore shipments remain weak due to the rainy season. On the iron ore front, as steel mill production losses widened, the number of blast furnaces undergoing maintenance increased. Last week, average daily hot metal output declined by 20,600 tons week-on-week, falling back below 2.4 million tons for the first time in approximately two months. Based on the announced maintenance schedules, hot metal output is expected to decline further, weakening fundamental demand support for raw materials such as iron ore. Chinese port inventories of iron ore continued their recent destocking trend, though the absolute level remained elevated and medium-grade fines resources remained ample. On balance, the upside pressure on iron ore prices remains significant.

Over the past week, the Capesize market declined rapidly, dragged down by insufficient Australian iron ore cargo volumes in the Pacific market. This seasonal pattern is unlikely to reverse in the near term. However, several potential stabilising and rebound drivers remain in place. First, the previously high Capesize freight rates had led to some Australian east coast coal exports shifting to other vessel types, meaning that Capesize tonnage absorption became more reliant on iron ore cargoes. As freight rates have retreated significantly, some coal cargoes may shift back to Capesize vessels for shipment. Second, the release of tonnage into the Pacific market due to easing congestion at Chinese ports is more of a short-term marginal effect and is unlikely to be sustained. At the same time, Brazilian iron ore shipments are gradually entering their seasonal peak period, which is likely to attract tonnage from the Pacific to the Atlantic, facilitating a rebalancing of tonnage between the two oceans.

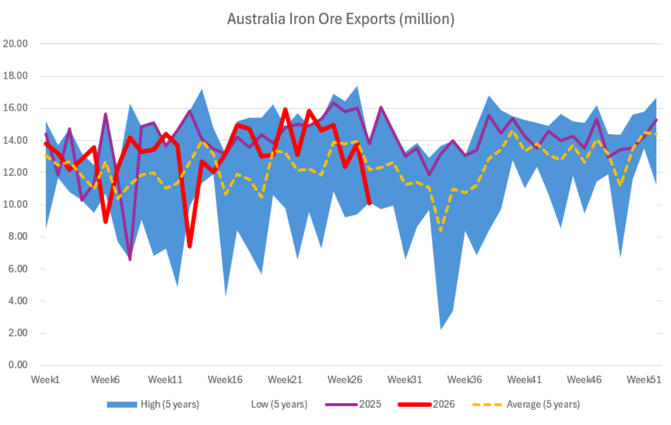
Over the medium to longer term, the delivery schedule for new Capesize vessels this year has lagged behind expectations. According to Kpler data, an average of only three Capesize vessels have been delivered per month since the beginning of the year, making the previously high delivery forecasts almost unattainable. Kpler has revised down its full-year delivery projection to 8.36 million DWT, a reduction of nearly 2 million tons from earlier estimates. The limited supply-side additions may provide some support to the forward market.

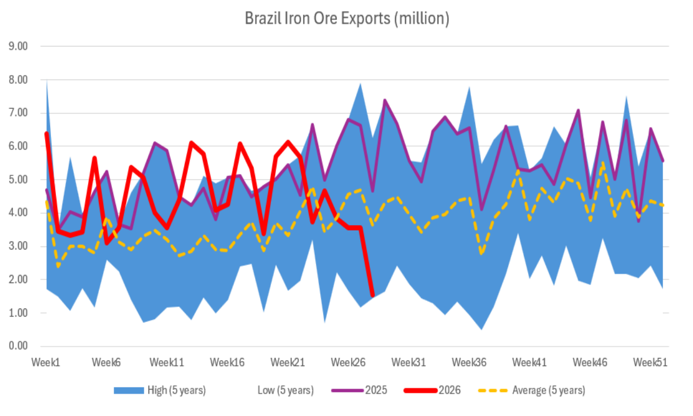
Neutral

Source: FIS Live, Baltic Exchange, Kpler, Bloomberg

Dry Bulk Trades/Iron Ore

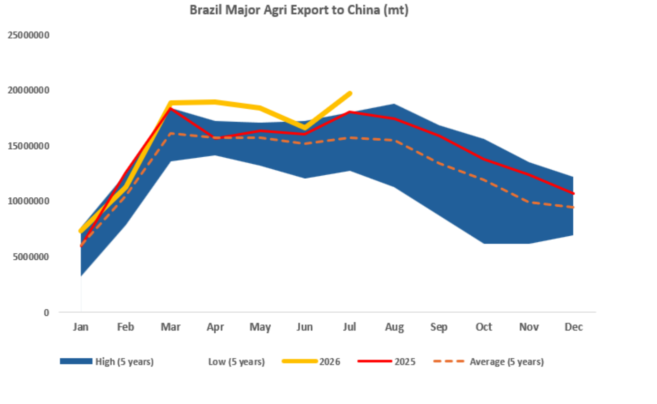
Export (million tonnes)	Jun-26	Jul-26(E)	Q3-25	Q3-26(E)	Q4-25	Q4-26(E)	2025	2024	2023
Australia	85.7	78.0	238.4	242.7	255.2	250.6	955.0	935.1	924.4
Brazil	35.0	39.0	111.3	116.4	110.8	107.2	403.1	381.3	369.5
South Africa	4.4	4.5	13.5	13.9	12.4	12.4	52.4	52.4	51.5
India	2.9	2.2	4.9	5.0	8.9	6.8	28.8	37.5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

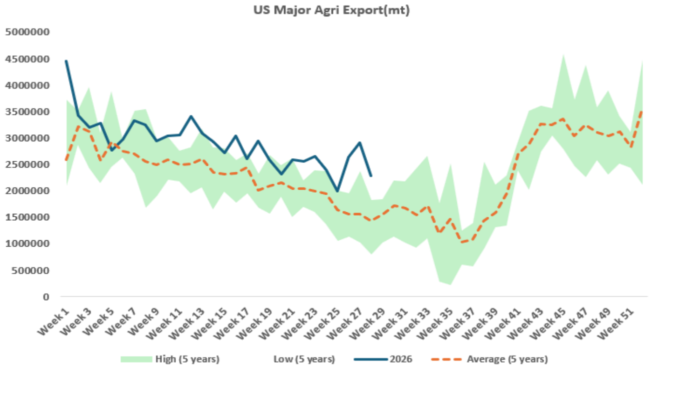




Iron Ore Key Routes

	IO Export Million mt			Freight Rate $/mt		
	Last Week	Prev. Week	Chg %	Last Week Avg	Prev. Week Avg	Chg %
Australia-China	10.11	13.80	-26.74%	12.9	13.1	-1.9%
Brazil-China	1.55	3.56	-56.46%	33.6	32.2	4.3%

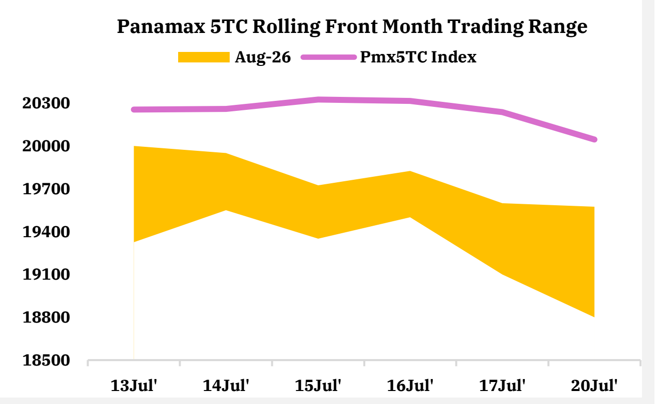




Source: FIS Live, Baltic Exchange, Kpler, Bloomberg

Panamax

Panamax FFA edged lower with muted volatility over the past two weeks. The August contract traded within a range of USD 18,800–20,000 per day amid a slightly widened trading band. The trading range of front-month FFA contracts has narrowed for three consecutive weeks. Weekly trading volume of P5TC stood at 26,193 lots, rising 17.93% on the week. The forward curve shifted from backwardation to contango, consistent with forecasts in our previous reports; this structural shift signals that the near-term rebound has come to an end. Options trading remained thin amid a lack of incremental capital inflows. Heavy trading in 2027 call options emerged again, indicating market confidence in current forward pricing.



Outlook

Escalating geopolitical tensions in the Middle East boosted global coal purchasing demand last week. Coupled with Asia's traditional peak summer power-consumption season, robust cargo demand for Indonesian and Australian coal delivered solid support to Panamax freight rates. Driven by El Niño, the heatwave cycle in the Northern Hemisphere is expected to extend this year. Persistent high temperatures and regional droughts across China, alongside declining port coal inventories, may drive a marginal uptick in future thermal coal imports. Stringent safety-led production curtailments in Shanxi have hit coking coal output harder than anticipated, potentially lifting seaborne import demand further. Japan also experienced record-high temperatures, spurring surging power demand for cooling. In Indonesia, coal stockpiles have drawn down rapidly to multi-month lows. In Europe, coal retains its economic edge over natural gas, with utility companies actively locking in thermal coal supply for the fourth quarter. Severe port congestion was reported at major coal terminals last week, further tightening available tonnage supply.

Grain export schedules out of South and North America remained steady, with consistent cargo flows keeping supply and demand balanced on grain routes. However, renewed Russia–Ukraine hostilities have disrupted grain shipments from both nations, trimming marginal global supply. The USDA lifted its forecast for EU corn imports in the 2026/2027 marketing year by 3 million tons to 22.5 million tons, reflecting resilient European demand. Spring crop conditions in the US are well above average for this time of year, pointing to ample future supply.

Dry Bulk Trades/Coal

Export (million tonnes)	Jun-26	Jul-26(E)	Q3-25	Q3-26(E)	Q4-25	Q4-26(E)	2025	2024	2023
Indonesia	44.2	47.0	123.7	140.0	141.0	134.8	492.7	520.2	494.8
Australia	32.6	30.4	92.1	92.3	94.4	95.7	349.1	359.1	349.9
Russia	15.7	17.2	46.3	47.5	44.3	44.1	168.0	156.2	180.1
USA	7.7	7.0	18.9	21.3	19.0	30.6	78.3	86.3	81.2
Colombia	4.0	3.5	10.5	9.5	10.7	8.0	41.3	50.8	47.5
South Africa	6.0	5.5	13.2	16.1	15.3	9.3	61.6	59.0	59.2
Others	9.0	9.6	28.6	29.7	24.8	32.9	111.7	120.9	126.8
Global	119.2	120.2	333.3	356.4	349.5	355.3	1302.7	1352.4	1339.5

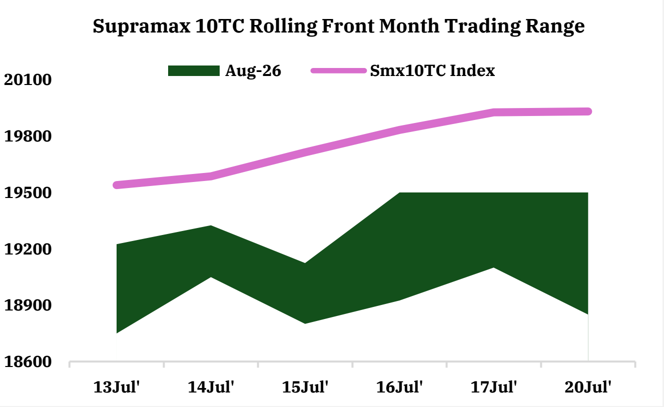
Source: FIS Live, Baltic Exchange, Kpler, Bloomberg

Citing an official notice from the Panama Canal Authority, shipping firm Norton Lilly reported temporary restrictions to the booking system for certain vessel types effective July 25, 2026, cutting daily transits by two vessels as a precaution against potential water shortages. The move will directly reduce canal throughput, lengthen vessel waiting times and boost ton-mile demand through diversionary voyages. Nonetheless, the actual freight upside generated by rerouted tonnage is hard to quantify. Many operators pre-emptively adjusted shipping schedules to account for summer canal bottlenecks, softening the real-world impact.

Neutral

Supramax

S10TC FFA posted a mild rebound this week, with the August contract trading between USD 18,750 and 19,500 per day, a range broadly unchanged from last week. Weekly trading volume stood at 12,610 lots, edging down week-on-week. In terms of structure, backwardation has flattened for two consecutive weeks, pointing to marginally weakening upward momentum. Nevertheless, compared with the steeper Panamax FFA curve, the market shows notably greater confidence in the sustainability of Supramax gains, indicating that fundamental divergences across vessel segments are being priced in.



Outlook

Supramax rates across the Atlantic complex trended lower last week, while robust coal shipping demand in the Pacific, paired with the number of ballasting vessels at a year-on-year low, delivered solid support to Supramax rates, driving an overall mild uptick. Amid Middle Eastern tensions, vessels previously deployed on Mediterranean and European routes are shifting towards the Pacific Basin as regional tonnage continues to be reallocated. Geopolitical uncertainty has lifted demand for diversionary voyages, increasing overall ton-mile demand and providing tailwinds to small- and mid-sized vessel freight rates. Notably, the Mediterranean market shows structural divergence: tighter tonnage supply is offset by freight demand being constrained to some extent by geopolitical risks, creating choppy price action in the region. Demand for small vessels carrying mineral cargoes in Southeast Asia remains soft, yet Indian imports of Indonesian thermal coal continue to provide mild floor support.

Guinea issued new operating licences for alumina mines*1, lifting market expectations for incremental bauxite shipments from the country in the second half of the year. However, China's port-side bauxite inventories have hit a four-year high, weighing persistently on spot prices and leaving limited room for near-term restocking. Overseas, Emirates Global Aluminium announced the restart of its Al Taweelah alumina refinery, unlocking marginal incremental global alumina supply that may have a structural impact on regional bauxite import demand.

Neutral

Written by **Hao Pei**,
FIS Senior Research Analyst
haop@freightinvestor.com