DRY FREIGHT WEEKLY REPORT

28 Jul 2026

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FFA Market

Over the past week, the Capesize FFA market traded in a range-bound manner overall, finding some support at lower levels after the previous pullback. At the opening on Monday last week, market sentiment was weak following the earlier drop, with liquidity subdued and the forward curve shifting slightly lower. The front-month July and August contracts fell by $250/day and $700/day, respectively. As trading progressed, the market weakened further, with the August contract closing at $30,800/day, an intraday decline of nearly $1,400/day. However, against the backdrop of lower prices and escalating tensions in the Middle East, some market participants anticipated an improvement in market liquidity, and buying interest emerged near the close. After Tuesday’s opening, buyers gradually entered the market, pushing prices higher. Buying interest increased further after the index was released. Although some long positions were closed out during the overnight session, leading to a modest pullback, the curve shifted notably higher overall, with the front-month August contract rising by approximately $1,500/day intraday. Trading in the Capesize market was limited mid-week. Entering the latter half of the week, liquidity in front-month contracts improved, with the August contract briefly rising to a high of $34,250/day before retreating slightly. In contrast, the Panamax FFA market remained under pressure this week, weighed down by improving tonnage supply in the physical market, with prices seeing a more pronounced decline. This week, Capesize and Panamax volumes stood at 26,899 lots and 25,583 lots, respectively, while Supramax and Handysize volumes came in at 11,805 lots and 365 lots, respectively. Total weekly trading volume reached 64,652 lots.

In the options market, as the FFA market gradually stabilised and rebounded, Capesize options trading was relatively active, with a total of 3,305 lots traded during the week and a balanced distribution across contracts. Front-month August contracts accounted for 1,000 lots, of which 985 lots were call options; September contracts accounted for 820 lots, with 785 lots being call options. At the back of the curve, Q4 contracts accounted for 1,125 lots, of which 1,110 lots were call options; Cal27 contracts accounted for 360 lots, all of which were call options. Overall, there was notable call option trading across all tenors of the Capesize curve, reflecting generally positive sentiment among market participants towards the near-term Capesize market. By contrast, the Panamax options market was quiet, with only 710 lots traded during the week, of which 680 lots were August put options.

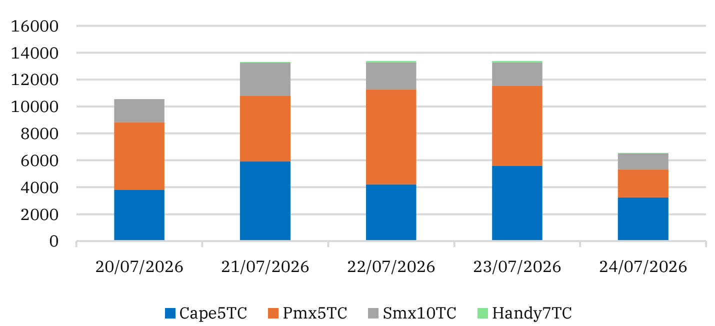
On iron ore routes, the C5 route saw active trading, with transactions concentrated in front-month contracts. During the week, a total of 3,080 kt was traded in August contracts and 700 kt in September contracts, while no transactions were recorded on the C3 route.

As of 27 July, open interest for the Capesize 5TC (180) rose to 194,067 lots (+2,943 lots w-o-w), for the Panamax 5TC to 189,525 lots (+8,693 lots w-o-w), and for the Supramax 10TC to 104,098 lots (+3,619 lots w-o-w).

Freight Rate $/day

	27-Jul	20-Jul	Changes %
Capesize5TC (180)	34,587	31,768	**8.9%**
Panamax5TC	17,990	20,045	**-10.3%**
Supramax10TC	19,072	19,931	**-4.3%**
Handy7TC	16,255	16,224	**0.2%**

Weekly FFA Futures Volume/days

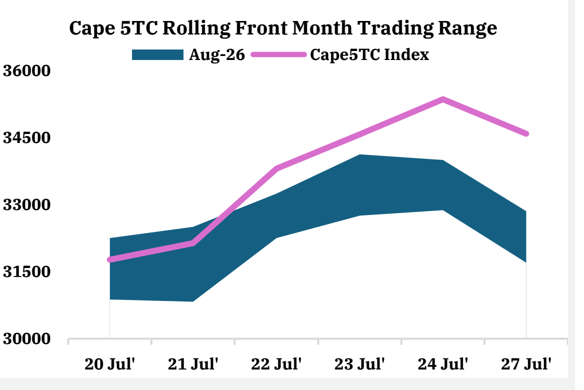


Source: FIS Live, Baltic Exchange, Kpler, Bloomberg

FFA Market Forward Values

FFA $/day	27-Jul FIS Closing	20-Jul FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low
Capesize5TC Aug 26	31,875	30,800	**3.5%**	34,125	30,825
Capesize5TC Q4 26	35,075	34,250	**2.4%**	35,750	34,150
Panamax5TC Aug 26	18,175	18,850	**-3.6%**	19,575	18,150
Panamax5TC Q4 26	19,225	18,925	**1.6%**	19,300	18,775
Supramax10TC Aug 26	18,625	19,025	**-2.1%**	19,500	18,375
Supramax10TC Q4 26	18,425	18,100	**1.8%**	18,525	18,050

Capesize



In the previous week's report, it was noted that the release of Capesize tonnage into the Pacific market following the easing of congestion at Chinese ports was more of a short-term marginal effect. This week, after a soft start, the market gradually found support at lower levels. On the C5 route, although new cargo volumes remained constrained by seasonal weakness in iron ore shipments, miner enquiry activity picked up during the week. At the same time, heightened tensions in the Middle East pushed energy prices higher, boosting coal export demand from Queensland ports. With these factors combined, freight rates on the C5 route rose by nearly 9% over the week. The C3 route continued to benefit from stable support from Brazilian iron ore shipments, with charterers actively locking in tonnage for August cargoes, pushing freight rates on the route up by approximately 6% over the week.

On the iron ore front, production losses at Chinese steel mills remain significant. Last week, the average daily hot metal output of sample steel mills declined further to 2.38 million metric tonnes, a year-on-year decrease of 45,300 metric tonnes. Affected by production restrictions in the Tangshan area ahead of the end-of-month Politburo meeting, hot metal output is expected to have further room to decline. However, as these restrictions are of limited duration and broadly in line with market expectations, their actual impact on the overall supply-demand balance is relatively limited.

Outlook

As iron ore shipments from Australia and Brazil largely follow seasonal patterns, the main driver of the near-term Capesize market has shifted to the spillover effects of the situation in the Middle East. In the Pacific region, incremental coal shipments provide some support to freight rates. However, as Panamax rates decline and Capesize rates rebound, some coal export volumes may again be carried by other vessel classes, undermining the sustainability of that support.

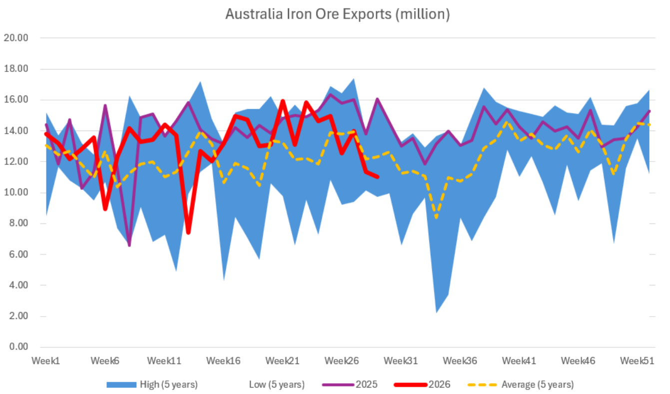
There is also new uncertainty in the tonnage balance. If bunker fuel prices remain elevated, the cost of ballasting vessels from the Pacific region to the Atlantic will rise significantly. According to Kpler vessel-tracking data, the number of ballasting vessels in the Pacific region remains high. If earnings in the Atlantic are insufficient to attract tonnage to that region, the Pacific market may face oversupply pressure during the seasonal weakness in iron ore shipments, dragging down related routes and affecting the Capesize market. However, in the near term, with Brazilian shipments remaining stable, the likelihood of the above scenario materialising is relatively low.

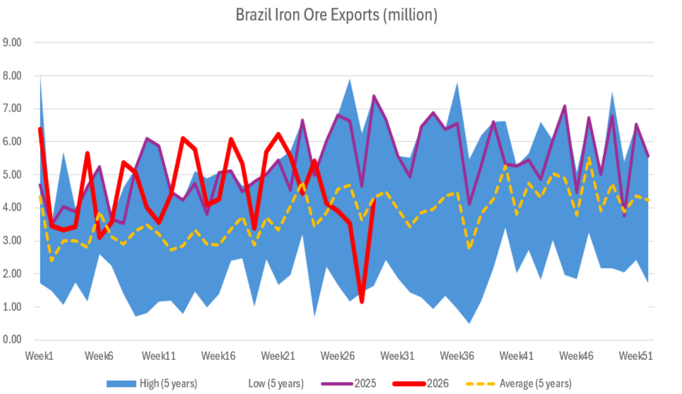
Neutral to Bullish

Source: FIS Live, Baltic Exchange, Kpler, Bloomberg

Dry Bulk Trades/Iron Ore

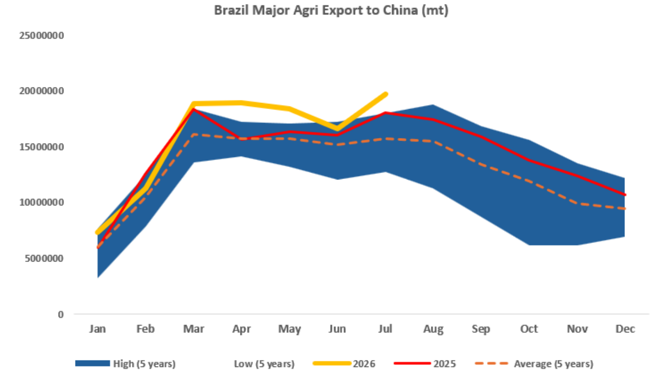
Export (million tonnes)	Jun-26	Jul-26(E)	Q3-25	Q3-26(E)	Q4-25	Q4-26(E)	2025	2024	2023
Australia	85.7	78.0	238.4	242.7	255.2	250.6	955.0	935.1	924.4
Brazil	35.0	39.0	111.3	116.4	110.8	107.2	403.1	381.3	369.5
South Africa	4.4	4.5	13.5	13.9	12.4	12.4	52.4	52.4	51.5
India	2.9	2.2	4.9	5.0	8.9	6.8	28.8	37.5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

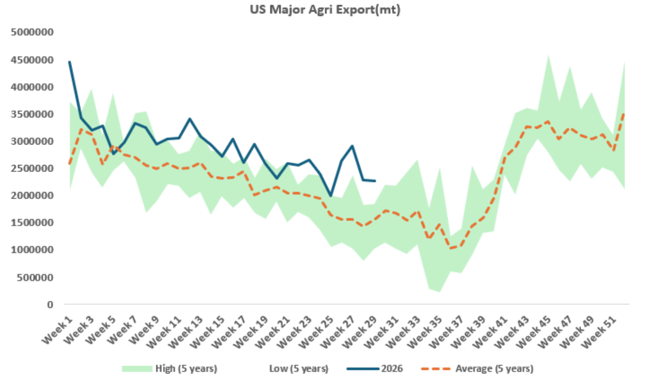




Iron Ore Key Routes

	IO Export Million mt			Freight Rate $/mt		
	Last Week	Prev. Week	Chg %	Last Week Avg	Prev. Week Avg	Chg %
Australia-China	11.04	11.35	-2.73%	12.86	11.81	+8.89%
Brazil-China	4.20	1.16	262.07%	34.68	32.72	+5.99%

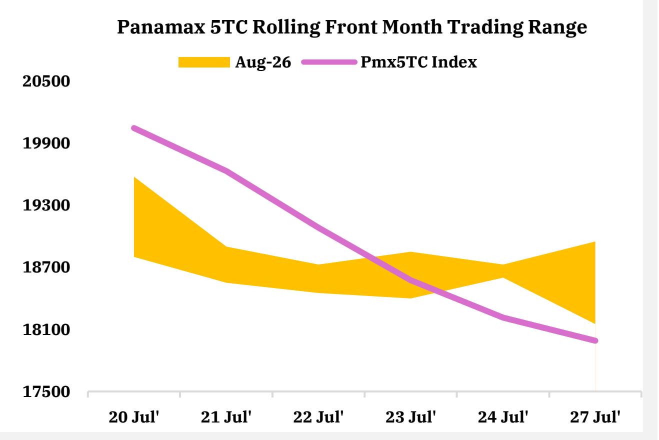




Source: FIS Live, Baltic Exchange, Kpler, Bloomberg

Panamax

Panamax FFAs edged lower, with losses shallower than those in the underlying index. The August FFA contract traded within a range of $18,150–$19,575/day, alongside a modest widening of the trading range. The P5TC contract dipped early in the week before stabilising in the latter half. Weekly trading volume for P5TC reached 24,995 lots, down 4.57% week-on-week. Over the past two weeks, the forward curve shifted from backwardation to a flat structure before slipping into contango, a structural shift signalling a phase of market softness. Heavy volumes of options were traded in near-month contracts last week, though the options market had previously seen substantial long call activity across calendar strips. The large volume of long-calendar call positions accumulated earlier remains outstanding, implying market expectations of a forward valuation recovery; the market is pricing in coexisting narratives of near-term weakness and long-term rebound potential.



Outlook

The Panamax market remained under bearish pressure this week, with pessimism prevailing across both the Atlantic and Pacific. Pacific fundamentals softened notably: easing congestion at South China ports released coal and soybean carriers back into the spot time-charter pool, increasing available tonnage. Dwindling Indonesian coal export volumes and tepid cargo demand across the North Pacific and eastern Australia forced shipowners to cut rates to secure fixtures. Offsetting this bearish backdrop, escalating Black Sea geopolitical tensions created regional tonnage tightness. All shipping operations in the Sea of Azov have halted; Ukrainian terminals, including Chernomorsk, were hit by strikes that suspended loadings. Vessels originally scheduled for Ukrainian loadings are now anchored off the Danube Delta, while Russia's Port of Taman also came under attack. Heightened Russia-Ukraine hostilities have sidelined regional bulk tonnage and pushed marine insurance risk premiums higher. The Atlantic saw its own set of drags: transatlantic trading activity remained muted, while South America's soybean export season is drawing to a close, removing a key cargo pillar.

Coal inventories at southern Chinese ports remain above year-ago levels, yet daily power plant coal burn has rebounded to seasonal averages following the rainy season. This summer's extended heatwave, paired with constrained output capacity in Shanxi, means domestic supply will fail to keep pace with recovering demand, paving the way for sustained upside in import requirements over the medium term.

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

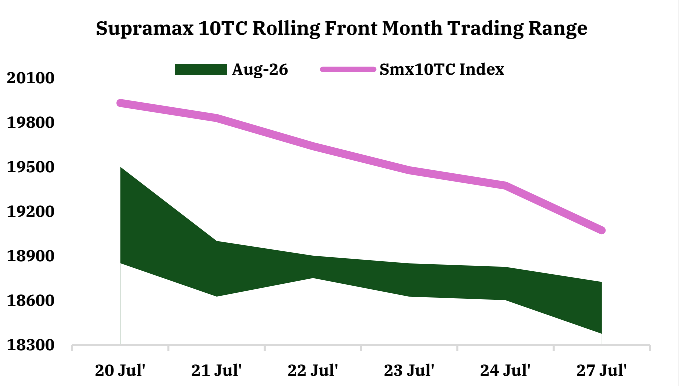
Source: FIS Live, Baltic Exchange, Kpler, Bloomberg

Indonesia's coal export centralisation reform has entered its transition phase, which risks triggering a pre-year-end cargo rush in Q4 and providing a forward bullish catalyst. For grains, Russia-Ukraine hostilities have drastically curbed seaborne wheat shipments. US agricultural exporters are still awaiting fresh import orders for soybeans from Chinese buyers.

Neutral

Supramax

S10TC FFAs declined across the board this week, with the August contract trading within a widened band of $18,375–$19,500/day versus last week. Weekly turnover slumped sharply by 27.8% to merely 9,105 lots, pointing to a marked cooling in market participation. On the term structure front, the backwardated curve has flattened for three consecutive weeks and is nearly flat, further validating a marginal fade in bullish momentum. The Supramax forward curve holds a relatively constructive shape compared to the contango structure seen in Panamax FFAs, illustrating persistent market pricing of fundamental divergences across vessel segments.



Outlook

S10TC FFAs declined across the board this week, with the August contract trading within a wider range of $18,375–$19,500/day than last week. Weekly turnover slumped sharply by 27.8% to just 9,105 lots, pointing to a marked cooling in market participation. In terms of the term structure, the backwardated curve has flattened for three consecutive weeks and is now nearly flat, further indicating a marginal loss of bullish momentum. The Supramax forward curve retains a relatively constructive shape compared with the contango structure seen in Panamax FFAs, illustrating the market's persistent pricing of fundamental divergences across vessel segments. Supramax saw broad declines last week. Having surged by a cumulative 55% from its February lows, current rate levels look overextended, leaving scope for further near-term corrections. Atlantic losses fully wiped out Pacific gains. Atlantic headwinds stemmed from falling US Gulf corn exports, which weighed on Supramax freight. The South Atlantic lacked cargo momentum; a single ECSA-Southeast Asia fixture concluded at $15,000/day plus a $500,000 ballast bonus. European routes held up relatively well, backed by steady scrap steel import demand. The Pacific opened the week on a soft note amid Asian holidays and rising spot tonnage supply, while the Indian Ocean posted robust activity: a 63,000 DWT vessel locked in strong rates on the Kandla-South Africa-China loop. North American trades bore the brunt of the downturn, with route rates sliding by more than $2,000/day week-on-week.

Indonesia's July nickel ore shipments are set to reach an all-time high, easing nickel ore supply tightness in importing countries. China continues to ramp up imports of Philippine nickel ore to diversify its supply sources. Kpler data show that global primary aluminium output reached 5.98 Mt in June, down 1.47% YoY, dragged down by a sharp 34.5% contraction in output across GCC producers. GCC annual primary aluminium exports stand at 5.5 Mt, nearly all shipped through the Strait of Hormuz (SOH). Guinea's rainy season is capping bauxite export volumes. Arrow Minerals obtained a new exploration permit for its Niagara bauxite project from the Government of Guinea, marking the first regulatory easing since widespread permit cancellations in 2025. Red Sea bulk fertiliser shipments hit a three-year peak in July, lifting tonne-mile demand for small vessels amid geopolitical rerouting. Dry bulk transits through the SOH collapsed to a weekly average of just two vessels as of 22 July, down 50% WoW and consisting almost entirely of ballasting vessels, with no near-term rebound expected. Widespread cargo diversion and route lengthening are creating persistent structural tonne-mile support for smaller dry bulk segments.

Neutral

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