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WEEKLY DRY FFA AND FERROUS MARKET PREVIEW

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Dry FFA Market Signals

Bull

- Escalating US-Iran tensions have once again reduced the transit clearance rate through the Strait of Hormuz. Freight costs as a percentage of CFR iron ore prices peaked at 18%, the highest level since the 2021 Suez Canal disruption, injecting a significant logistics risk premium into seaborne commodities. (Geopolitical Freight Risk Premium)

- A pickup in iron ore cargo volumes has underpinned a rebound in Capesize freight rates, reflecting tightening vessel availability amid stronger fixture activity. (Capesize)

- Coal shipment volumes from Indonesia and Australia are recovering post-typhoon, while a renewed uptick in bunker fuel prices is providing dual support for Panamax earnings and signalling a floor in the dry bulk freight complex. (Panamax)

- Multiple regions in China have issued heatwave alerts, with forecasts pointing to a broader geographic scope and longer duration of high temperatures this summer, which is likely to boost coal consumption for power generation and tighten the domestic supply-demand balance. (Coal)

- The Government of Guinea has issued a new three-year industrial exploration permit to Australian miner Arrow Minerals for its Niagara bauxite project, covering the same mineralised area as the previously revoked tenure. This issuance represents the clearest signal to date of a policy pivot in Guinea’s mining regulatory stance, following the widespread revocation of mineral licences across the country starting in 2025. (Bauxite)

Bear

- West Africa has entered its rainy season, weighing on near-term bauxite exports. Heavy rainfall disrupts mining operations, inland haulage and port loading, triggering seasonal shipment declines. Guinea’s June bauxite shipments fell by roughly 5 million tonnes from the March peak. Historical data point to a typical 12%–17% month-on-month drop in shipments across Q3. (Minerals)

- The Southeast Asian Supramax market saw broadly balanced supply and demand this week, leading to muted hire-rate volatility, though export cargoes of Indonesian coal and steel products softened. (Supramax)

- Member mills of CISA produced an average of 2.02 million tonnes of crude steel per day in late June, down 5% YoY. (Steel)

- Industrial action at BHP’s port terminals left around one-third of the workforce idle. (Strike)

- The flood season across southern China boosted hydropower output, curbing thermal coal demand. (Weather)

- The number of ballasting Supramax vessels rose in the near term, pressuring charter rates. (Supramax)

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Ferrous Market Signals

Bull

- Prolonged FMG-CMRG negotiations heighten market concerns over potential supply restrictions on FMG products after 15 July, adding a geopolitical risk premium to iron ore pricing.

- Renewed geopolitical tensions in the Middle East are likely to keep freight rates and energy costs elevated, providing cost-push support for bulk commodities.

- Under the most optimistic scenario, Indonesia's coal export policy adjustments, even after factoring in its Domestic Market Obligation (DMO), would still translate into a 28–35% YoY decline in H2 exports, tightening seaborne thermal coal supply.

- BHP workers remain on strike as of 16 July, with no wage agreement reached between union representatives and management, posing further upside risk to coking coal and iron ore supply volatility.

- China's automobile exports reached 5.307 million units in H1 2026, up 53% YoY, underscoring strong manufacturing activity and resilient steel demand.

- By mid-July, Chinese steel inventories had begun destocking alongside an increase in blast furnace maintenance; however, the deceleration in demand remained moderate. The improving supply-demand dynamics underpinned a rebound in domestic steel prices.

- Chinese metallurgical coal inventory levels and utilisation rates are rebounding, suggesting gradual domestic mine restarts. Nonetheless, inventory coverage stands at only 11 days, materially below the healthy industry benchmark of 14 days, implying a limited buffer.

Bear

- Global equity and industrial commodity markets suffered a "Black Friday" sell-off, driven by the unwinding of the AI-fuelled tech bubble and triggering broad-based de-risking across asset classes.

- China's June iron ore imports reached 112.69 Mt, a substantial sequential increase of 14.98 Mt (+15.3% MoM). Cumulative H1 imports totalled 628.87 Mt, up 6.3% YoY, exacerbating near-term supply overhang concerns.

- H1 2026 fixed-asset investment data remains soft—infrastructure investment contracted 2.4% YoY, manufacturing investment declined 1.2% YoY, and real estate development investment plunged 18% YoY, underscoring structural demand headwinds.

- Physical liquidity for iron ore at Chinese ports has shown no meaningful improvement, indicating that end-user demand remains lacklustre despite recent price adjustments.

- The phased implementation of the EU's Carbon Border Adjustment Mechanism (CBAM) is intensifying trade protectionism, which is likely to curb H2 export volumes from major steel-exporting nations, including China.

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Market Data Snapshot (17th Jul)

Open Interest /lots	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26
Cape5TC (180)	24,216	19,896	17,030	13,134	12,969	13,043
Pmx5TC	24,106	21,839	19,648	14,356	13,611	13,536
Smx10TC	14,491	13,602	10,507	6,558	6,703	6,543
Iron Ore (IODEX)	322,070	387,129	283,586	109,929	51,315	57,865
Coking Coal	2,795	2,810	2,095	935	915	1,005
US HRC	5,649	6,778	8,936	5,667	4,362	3,676
FOB China HRC	1,198	818	482	346	140	145

Price	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26
Cape5TC (180) $/day	34,514	32,129	34,579	35,139	34,350	33,279
Pmx5TC $/day	19,950	19,582	19,814	19,907	19,379	18,568
Smx10TC $/day	19,486	19,486	19,275	18,943	18,411	17,818
Iron Ore (IODEX) $/mt	99.38	100.20	100.30	100.20	100.04	99.92
Coking Coal $/mt	232.00	227.50	230.00	231.75	232.50	233.50
US HRC $/st	1,154	1,178	1,188	1,178	1,142	1,120
FOB China HRC $/t	486.0	488.5	491.0	492.0	494.0	499.5

OI WoW %	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26
Cape5TC (180)	3.4%	12.4%	2.4%	1.3%	1.2%	1.2%
Pmx5TC	0.9%	3.8%	9.4%	12.6%	7.9%	7.4%
Smx10TC	2.1%	11.2%	8.8%	4.4%	7.2%	4.9%
Iron Ore (IODEX)	0.9%	5.4%	13.6%	11.2%	14.2%	2.6%
Coking Coal	0.0%	4.0%	17.4%	10.7%	10.9%	0.5%
US HRC	-0.1%	-12.5%	7.1%	9.1%	4.3%	1.4%
FOB China HRC	-0.9%	25.1%	-13.5%	40.7%	3.7%	-0.7%

Price WoW %	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26
Cape5TC (180) $/day	-3.3%	-6.7%	-2.9%	-2.3%	-2.4%	-2.7%
Pmx5TC $/day	0.1%	0.9%	0.2%	0.9%	0.2%	-0.5%
Smx10TC $/day	2.3%	3.7%	3.8%	3.1%	3.0%	2.5%
Iron Ore (IODEX) $/mt	0.6%	0.9%	1.0%	1.0%	1.0%	1.0%
Coking Coal $/mt	-2.1%	-2.2%	-1.5%	-1.2%	-1.2%	-1.1%
US HRC $/st	-0.3%	0.7%	1.2%	1.7%	1.3%	1.5%
FOB China HRC $/t	0.6%	0.7%	0.6%	-0.1%	-0.1%	-0.1%

Sources: EEX, SGX, CME

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