FIS

DRY FREIGHT WEEKLY REPORT

04 Aug 2026

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FFA Market

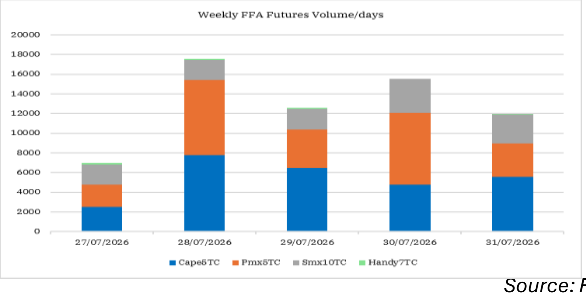
Over the past week, the Capesize FFA market broadly showed signs of recovery. At the start of the week, the market extended its relatively soft performance, with the front-month August contract edging lower and trading at $32,750/day, $32,500/day and $32,250/day in succession. After the index was released, the market came under further pressure, with the August contract falling to $31,750/day. However, support remained firm at lower levels, and intraday trading was inactive. Entering the mid-week session, buying interest gradually emerged, driving an increase in both volume and prices. Although the index still recorded a decline, the drop was smaller than market expectations, which further stimulated buying interest. At Wednesday's opening, the August contract traded around $32,750/day, with volumes picking up and buyers showing a strong willingness to chase prices, eventually closing near the intraday high. This positive momentum continued into the latter half of the week, with buying interest remaining strong at Thursday's opening. The curve shifted higher overall, with the August contract gradually rising to $34,000/day, supported by good volumes and an intraday gain of $1,750/day. Friday morning trading saw some corrective pressure, but prices were quickly bid back up. Over the week, the August contract gained approximately $4,000/day, with support at the back end of the curve remaining solid, though gains there were relatively limited. Panamax FFAs broadly followed the Capesize trend, posting modest gains over the week. With international oil prices retreating, Panamax competitiveness relative to the Capesize segment has improved, and from a fundamental perspective, there is some rebound potential. This week, Capesize and Panamax volumes stood at 28,368 lots and 26,140 lots, respectively, while Supramax and Handysize volumes came in at 11,795 lots and 350 lots, respectively. Total weekly trading volume reached 66,653 lots.

In the options market last week, Capesize options trading was active, with a total of 4,730 lots traded during the week and transactions across all contract tenors. Front-month August contracts accounted for 290 lots; September contracts for 690 lots; and October, November and December contracts for 600 lots each. Among quarterly and calendar contracts, Q4 2026 accounted for 1,590 lots and Cal27 for 360 lots. In terms of put/call ratios, most contracts recorded ratios below 1, with only the Q4 contract recording a put/call ratio of 1.95, indicating that investor sentiment was broadly optimistic. The Panamax options market was also active, with 1,230 lots traded during the week, mainly concentrated in Cal27 contracts, which accounted for 1,140 lots, comprising 540 call options and 600 put options. In the Supramax market, 600 lots of Cal27 call options were recorded.

Trading activity on iron ore routes was moderate, with weekly volumes concentrated in August contracts. On the C5 route, 1,100 kt was traded, while the C3 route recorded 385 kt. As of 3 August, open interest for the Capesize 5TC (180) fell to 175,372 lots (-18,695 WoW), for the Panamax 5TC to 171,478 lots (-18,047 WoW), and for the Supramax 10TC to 92,996 lots (-11,102 WoW).

Freight Rate $/day

	03-Aug	27-Jul	Changes %
Capesize5TC (180)	37,892	34,587	**9.6%**
Panamax5TC	19,212	17,990	**6.8%**
Supramax10TC	18,313	19,072	**-4.0%**
Handy7TC	15,906	16,255	**-2.1%**



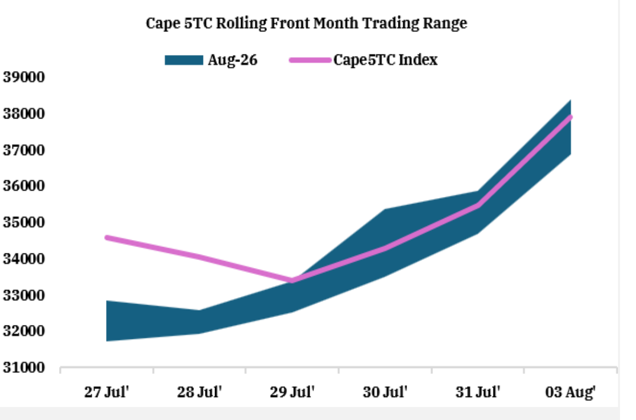
Source: FIS Live, Baltic Exchange, Kpler, Bloomberg

FFA Market Forward Values

FFA $/day	03-Aug FIS Closing	27-Jul FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low
Capesize5TC Aug 26	38,325	31,875	**20.2%**	38,375	31,700
Capesize5TC Q4 26	37,475	35,075	**6.8%**	37,875	35,025
Panamax5TC Aug 26	20,450	18,175	**12.5%**	20,800	18,150
Panamax5TC Q4 26	20,725	19,225	**7.8%**	21,000	19,025
Supramax10TC Aug 26	19,000	18,625	**2.0%**	19,225	18,050
Supramax10TC Q4 26	19,425	18,425	**5.4%**	19,575	18,175

Capesize

This week, the Capesize market was initially weighed down by weak cargo volumes, with the Atlantic region particularly affected. The C3 route fell from $34.36/mt to around $33/mt at one point, while the C5 route also fell back below $12/mt. In addition, easing tensions in the Middle East drove international oil prices lower, further weighing on freight rates. However, Brazilian shipment volumes remained broadly stable, while the shipment pace from Australian miners in the Pacific picked up, with the market gradually rebounding from mid-week onwards. Over the week, the Capesize market trended higher amid fluctuations, led by Pacific routes.



On the iron ore front, the average daily hot metal output of sample steel mills in China declined further to 2.356 million tonnes, in line with market expectations and representing a cumulative decline of 77,000 tonnes from the peak in early July. Steel mill losses continued to widen, with mills showing a strong willingness to carry out voluntary maintenance. On the macro front, elevated expectations of a US interest rate hike, coupled with the absence of stronger-than-expected stimulus signals from the Politburo meeting, weighed on market sentiment. In addition, futures prices broke below key support levels, further exacerbating bearish sentiment. In the near term, against a backdrop of generally weak fundamentals, iron ore prices could see a significant rebound.

Outlook

Brazilian iron ore is currently in its peak shipment season, while coal-related routes have shown resilience. Iron ore shipments from Australia have also picked up modestly. Overall, the Capesize market is likely to see a period of stabilisation and a potential rebound in the near term.

BHP workers have planned strike action over the weekend, which could suspend iron ore loading operations for two days. However, miners have stated that contingency plans are in place, and loading operations are highly likely to be accelerated ahead of the strike, thereby temporarily tightening tonnage availability in the Pacific. At the same time, the operational backlog caused by the strike may slow the recovery in tonnage availability after the strike, providing some support to freight rates.

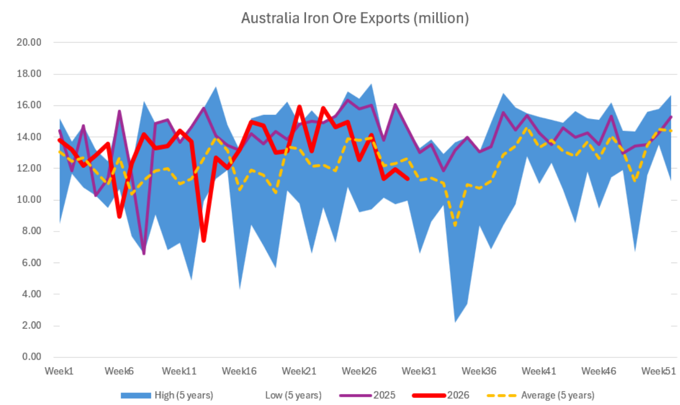
Nevertheless, the duration of this impact is expected to be relatively limited, and the Capesize market is likely to face further downward pressure thereafter. The round-voyage rate for Capesize vessels on the Atlantic route is more than twice that of Panamax vessels. Following the decline in bunker fuel prices, Panamax vessels have become more competitive. As a result, cargoes originally carried by Capesize vessels may be split into smaller parcels and transported by Panamax vessels, which may lead to a looser supply-demand balance for Capesize tonnage on the Atlantic route, weighing on the overall market.

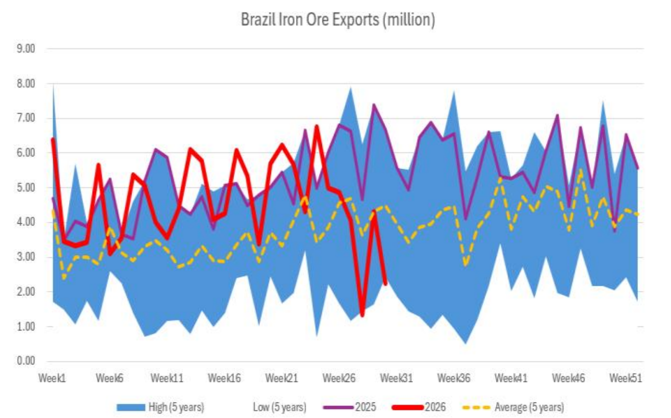
Neutral to Bullish

Source: FIS Live, Baltic Exchange, Kpler, Bloomberg

Dry Bulk Trades/Iron Ore

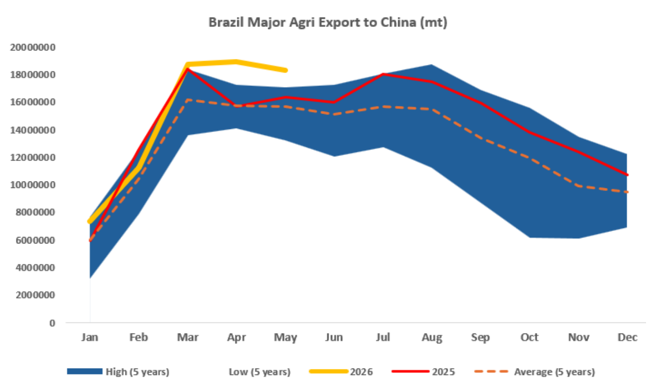
Export (million tonnes)	Jun-26	Jul-26(E)	Q3-25	Q3-26(E)	Q4-25	Q4-26(E)	2025	2024	2023
Australia	85.7	78.0	238.4	242.7	255.2	250.6	955.0	935.1	924.4
Brazil	35.0	39.0	111.3	116.4	110.8	107.2	403.1	381.3	369.5
South Africa	4.4	4.5	13.5	13.9	12.4	12.4	52.4	52.4	51.5
India	2.9	2.2	4.9	5.0	8.9	6.8	28.8	37.5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

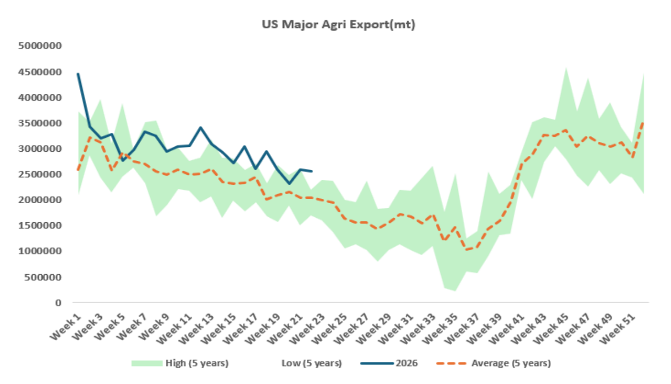




Iron Ore Key Routes

	IO Export Million mt			Freight Rate $/mt		
	Last Week	Prev. Week	Chg %	Last Week Avg	Prev. Week Avg	Chg %
Australia-China	11.35	11.95	-5.02%	13.05	12.86	+1.48%
Brazil-China	2.24	4.32	-48.15%	34.16	34.68	-1.50%

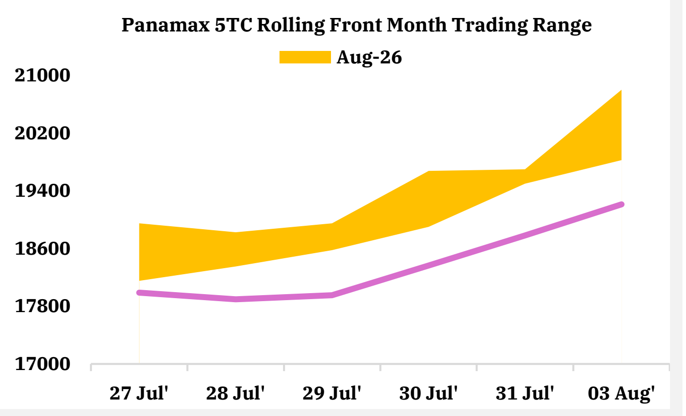




Source: FIS Live, Baltic Exchange, Kpler, Bloomberg

Panamax

Panamax FFAs rebounded over the reporting week, broadly tracking the index. The August FFA contract traded within a range of $18,150–20,800/day, with a notably wider trading range. Weekly volume for P5TC stood at 24,465 lots, edging down week-on-week. The forward curve shifted from steep contango to near-flat contango, a structural change signalling firmer market sentiment. Heavy trading was recorded in Cal27 options last week, covering both long and short positioning. This indicates intense price discovery for the 2027 calendar year, with current annual contract levels providing a signal for average 2027 rates.



Outlook

Panamax rates staged a rebound after bottoming this week. The BPI dipped to 1,988 points on 28 July, the lowest level since 29 April, before recovering for several consecutive days. The number of laden Panamax vessels fell by 4% week-on-week and 1% year-on-year, while the number of ballasting vessels rose by 4% week-on-week and 9% year-on-year. A lower laden-to-ballast ratio points to mild overall tonnage oversupply, alongside declines in cargo volumes both week-on-week and year-on-year. Tighter tonnage availability in the Atlantic drove sharp rate increases on transatlantic and ECSA routes, underpinning the broader Panamax market. In addition, tensions in the Black Sea lifted regional freight rates. Congestion at major coal and grain ports eased, implying a gradual rebalancing between cargo demand and vessel supply.

Near-term coal and grain cargo enquiries have improved alongside rising trading activity. High temperatures across southern China lifted power demand for cooling. South American grain harvests are drawing to a close, which is expected to reduce grain cargo availability going forward. Meanwhile, elevated coal inventories at southern Chinese ports are capping thermal coal import appetite. Smaller tonnage continues to siphon cargoes from larger vessels across the Atlantic basin.

Neutral to Bullish

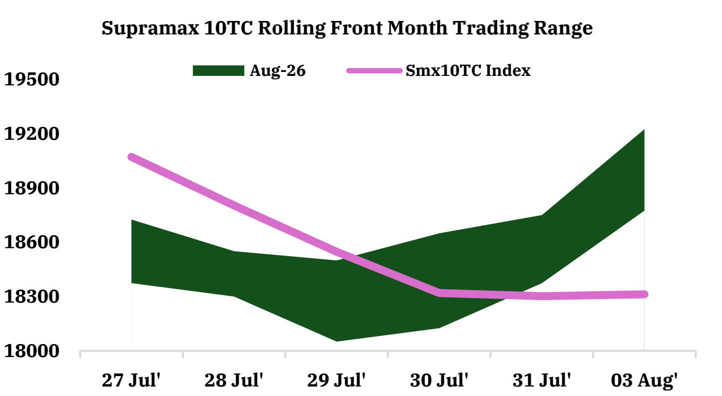
Dry Bulk Trades/Coal

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

Supramax

S10TC FFAs initially tracked the index lower this week before staging a modest rebound in the latter part of the week amid improved sentiment in larger-vessel FFAs, decoupling from the index. The August contract traded within a range of $18,050–19,225/day, with the width of the range largely unchanged from last week. Weekly volume jumped by 38% to 12,580 lots. In terms of the term structure, after flattening throughout July, the backwardation finally shifted into contango last week. The structural deterioration suggests that the rebound will be limited in magnitude. Judging from the FFA curves, the market structure for larger vessels has turned more optimistic again, while that for smaller vessels has weakened.



Outlook

Supramax spot indices continued to decline. Laden-to-ballast ratios trended meaningfully lower across the Pacific, Indian and Atlantic Oceans, pointing to clear tonnage oversupply, while cargo volumes fell by 15% week-on-week. The latest Supramax fixture to China concluded at only $15,500/day, representing a decline of nearly 30% over two weeks. Erratic nickel ore shipments out of the Philippines failed to provide consistent cargo support. Indonesian coal cargo movements remained sluggish. Rates in the US Gulf have slumped sharply over the past two weeks. That said, after successive price declines, owners have shown clear resistance to extremely low levels. Some vessels have shifted from international to domestic trades, potentially tightening the supply of smaller ocean-going tonnage.

The alumina market faces oversupply and weak demand. In addition, Indonesia’s scrutiny of critical minerals has slowed alumina export flows. Bauxite shipments remain constrained by the wet season in West Africa. Nevertheless, prolonged port congestion in West Africa has tied up available tonnage. Market participants are pinning their hopes on a potential Q4 cargo rush stemming from the transition period of Indonesia’s coal export centralisation reform.

Neutral

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