FIS

WEEKLY DRY FFA AND FERROUS MARKET PREVIEW

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Dry FFA Market Signals

Bull

- Escalating geopolitical tensions in the Middle East are creating dual-chokepoint risks in the Red Sea and Strait of Hormuz. The US renewed its military preparedness over the weekend, pushing marine fuel prices higher and lifting vessel operating costs. (Geo-Risk)

- Spot tonnage has become scarce on West African routes, forcing delays to scheduled loading programmes. (Capesize)

- Higher iron ore cargo volumes and rising chartering interest are supporting freight rates on key trade lanes. (Capesize)

- Tightening tonnage supply in the Pacific and firm rate sentiment among shipowners are underpinning freight levels. (Capesize)

- Stronger coal and grain demand, improved chartering activity and balanced supply-demand fundamentals are collectively driving freight indices higher. (Coal and Grains)

- Phased restocking by industrial enterprises across Europe and Asia is generating additional seaborne orders for bulk raw materials. (Dry Bulk)

- The global grain export season remains active, while energy restocking demand is emerging in certain regions, translating into a modest increase in cargo enquiries for medium-sized dry bulk carriers. (Grains)

- El Niño is weakening India’s monsoon, constraining hydropower generation and boosting coal import demand. (Coal)

Bear

- Unions at BHP’s Port Hedland terminal have threatened continuous 24-hour strike action starting on 8 August, following repeated setbacks in bargaining talks. Markets expect intermittent industrial disruptions to persist.

- Bauxite shipments from Guinea fell noticeably in July compared with June. Published data for the four weeks to 24 July showed total shipments of roughly 12.4949 million tonnes, averaging 3.1237 million tonnes per week—a 16.5% decline from June’s weekly average.

- Northern Hemisphere industrial activity is softening amid high temperatures in August. Weak minor-bulk demand, the seasonal slowdown and ample tonnage continue to dampen chartering appetite and cap freight rates.

- Profit margins for Chinese steelmakers continue to shrink. Major steel mills have received notices of production curtailments and maintenance shutdowns, prompting voluntary cuts to blast furnace operating rates and triggering a sharp pullback in iron ore purchasing demand. Meanwhile, iron ore inventories at China’s 47 major ports remain elevated for this time of year.

Ferrous Market Signals

Bull

- Intermittent negotiations and strike action between BHP and labour unions are creating uncertainty over port shipments.

- China Mineral Resources Group's suspension of domestic mills taking delivery of 7.22 million tonnes of FMG Super Special Fines and Fortune Fines remains in place.

- Markets widely expect Indian restocking demand to materialise after the monsoon season concludes in September.

- Multiple blast furnace maintenance plans have been announced by steelmakers in Shanxi, Shandong, Hebei and other regions since mid-July. Hot metal output is projected to remain low or decline further in August.

Bear

- Major steel mills implemented a second round of cuts to coke procurement prices, with wet-quenched coke down RMB 50/t and dry-quenched coke down RMB 55/t. Cumulative price reductions across the two rounds have reached RMB 100–110/t as of this week. Coke price cuts signal profit pressure spreading upstream from steelmakers to the coke and coking coal sectors, weighing on coking coal prices accordingly.

- Mysteel data show that total global iron ore shipments stood at 34.321 million tonnes, up 1.317 million tonnes week-on-week from 33.004 million tonnes. Combined shipments from 19 ports in Australia and Brazil reached 26.445 million tonnes, up 0.57 million tonnes week-on-week. Non-mainstream supplies from India, South Africa and other regions remained steady. Seasonal iron ore shipments remain at elevated levels.

- Average daily hot metal output at China's 247 sampled steel mills fell further to 2.3715 million tonnes, a week-on-week decline of 20,600 tonnes and a cumulative decline of 61,000 tonnes from the early-July peak of 2.4325 million tonnes.

- Widening losses among Chinese steelmakers and suspended purchasing during India's monsoon season have led to scarce enquiries for forward Australian coking coal cargoes. Only scattered small spot trades were heard this week amid markedly reduced market liquidity.

- The spot premium for Rio Tinto's PBF narrowed from levels seen at the end of Q1 to an implied $0.25/dmt above the benchmark by mid-June, before moving to a discount of $0.50/dmt to the July average IODEX in late June.

- BHP announced that the iron content of Newman High Grade Fines (NHGF) for August arrivals will be lowered from 61.2% to 60.7%. Four of the five major medium-grade fines now have iron grades below 61%, which may trigger a broad reassessment of pricing mechanisms and differentials against the 61% benchmark index.

Market Data Snapshot (31st Jul)						
Open Interest /lots	**Aug-26**	**Sep-26**	**Oct-26**	**Nov-26**	**Dec-26**	**Jan-27**
Cape5TC (180)	20,837	20,633	14,835	12,804	13,352	5,599
Pmx5TC	22,924	22,619	15,906	14,051	14,006	5,610
Smx10TC	14,078	11,301	7,143	7,343	6,843	3,475
Iron Ore (IODEX)	339,522	450,784	151,786	74,055	68,319	16,249
Coking Coal	3,185	2,695	1,260	1,140	1,270	1,005
US HRC	5,738	10,101	6,272	5,120	4,203	2,026
FOB China HRC	943	597	356	145	165	47

Price	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27
Cape5TC (180) $/day	35,850	37,839	38,546	37,061	35,779	25,807
Pmx5TC $/day	19,657	20,779	21,282	20,543	19,621	16,714
Smx10TC $/day	18,654	19,839	19,921	19,111	18,421	14,186
Iron Ore (IODEX) $/mt	95.75	95.88	95.89	95.69	95.51	95.35
Coking Coal $/mt	215.00	215.50	217.50	218.00	219.00	222.25
US HRC $/st	1,191	1,202	1,190	1,163	1,144	1,120
FOB China HRC $/t	477.5	478.0	484.0	486.0	489.0	492.5

OI WoW %	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27
Cape5TC (180)	3.5%	12.1%	11.7%	-0.7%	-0.6%	1.5%
Pmx5TC	-0.3%	6.4%	7.5%	0.5%	0.5%	3.7%
Smx10TC	0.5%	4.4%	3.9%	5.9%	1.2%	6.8%
Iron Ore (IODEX)	-5.6%	15.2%	14.8%	20.2%	13.4%	13.1%
Coking Coal	9.6%	6.7%	24.1%	14.6%	15.5%	-5.6%
US HRC	-2.2%	-5.5%	6.9%	9.1%	11.9%	13.9%
FOB China HRC	14.4%	22.6%	2.9%	0.0%	0.0%	0.0%

Price WoW %	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27
Cape5TC (180) $/day	9.1%	7.0%	6.7%	4.7%	4.7%	4.2%
Pmx5TC $/day	5.6%	7.6%	7.4%	7.0%	6.4%	7.3%
Smx10TC $/day	-0.3%	3.3%	4.4%	3.4%	3.2%	1.0%
Iron Ore (IODEX) $/mt	-2.4%	-2.6%	-2.7%	-2.7%	-2.7%	-2.7%
Coking Coal $/mt	-2.7%	-3.6%	-3.8%	-4.0%	-4.4%	-4.2%
US HRC $/st	-0.3%	0.2%	0.2%	0.3%	0.1%	1.0%
FOB China HRC $/t	-1.8%	-2.1%	-1.8%	-1.7%	-1.8%	-2.3%

Sources: EEX, SGX, CME

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