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WEEKLY DRY FFA AND FERROUS MARKET PREVIEW

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Dry FFA Market Signals

Bull

- Australian and Brazilian iron ore shipments remain robust, with miner-led chartering activity remaining healthy. Iron ore export schedules from Australia and Brazil have been the core driver behind the BCI rebound, supported by healthy miner-led cargo volumes and continued improvement in chartering activity. (Capesize)

- BHP Port Hedland strike-related uncertainty continues to provide freight-rate support from potential supply-side disruptions. The risk of further strike action at BHP's Port Hedland is raising market concerns that operations at the world's largest iron ore export port could be disrupted. Should strike action extend into working days, it would materially disrupt near-term iron ore shipments, adding upside support to freight rates. (Miners)

- A typhoon affected the East China coast, causing extended port stays for some vessels and tightening effective vessel supply. Downstream end-users brought forward restocking, triggering a concentrated release of transport demand and tightening prompt vessel availability, providing a temporary boost to both large- and small-vessel freight rates. (Weather)

- Sustained coal shipments in the Pacific market have been the key support for Panamax strength. Amid high temperatures, daily coal consumption at power plants has risen to elevated levels. (Coal)

- Stable grain exports from the Atlantic market continue to underpin chartering activity. Strengthening demand and tightening vessel supply in the North Atlantic are providing stable support. Demand on transatlantic and fronthaul routes remains steady, giving shipowners greater negotiating leverage. (Grains)

- Ongoing transit restrictions in the Strait of Hormuz and Red Sea are forcing some vessels onto longer routes via the Cape of Good Hope, increasing sailing days and fuel consumption and absorbing an estimated 5–8% of global effective vessel capacity, providing systemic support to the overall freight-rate floor. (Shipments)

Dry FFA Market Signals

Bear

- Demand for minor bulk commodities such as steel products and fertilisers remains soft, with ample tonnage availability continuing to cap improvements in freight rates. Tonnage is abundant in Southeast Asia and the North Pacific, while cargo volumes remain limited, with the supply-demand imbalance showing no signs of improvement. (Supramax)

- Iron ore prices have dropped to a recent low, weighed down by weak Chinese steel demand and high port stockpiles. (Iron Ore)

- Brazilian grain exports are entering their traditional off-season, and grain cargo volumes are expected to decline going forward. Scarce Atlantic cargoes may limit further upside for Panamax vessels, while the forward curve suggests relatively weak market confidence in Q4 Panamax freight rates. (Panamax)

- Although the Port Hedland strike risk would normally support freight rates, tonnage supply in the Pacific remains elevated, with a severe oversupply of ballasting vessels effectively neutralising the upward impetus from strike expectations and resulting in a smaller-than-expected boost to freight rates. (Strikes)

- Indonesian coal cargo flows have shown no meaningful improvement, failing to provide effective support for Supramax vessels. Philippine nickel ore shipments remain sporadic and have not provided stable cargo support, leaving cargo availability for smaller vessels persistently tight. (Supramax)

- Global trade-war concerns are weighing on demand expectations. The ongoing US-China trade war, with China being the world's largest importer of coal and iron ore, is suppressing overall market confidence amid trade policy uncertainty and creating uncertainty over medium- and long-term trade flows. (Macro)

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Ferrous Market Signals

Bull

- On 7 August, Mysteel data showed that the average daily hot metal output of 247 steel mills reached 2,380,300 tonnes, up 24,800 tonnes month-on-month, indicating a temporary bottom.

- On 8–9 August, workers at BHP's Port Hedland launched two-day strike action, comprising a 24-hour vessel loading ban followed by a 24-hour full shutdown and involving around 150 workers. The port is the sole export gateway for all of BHP's Western Australian iron ore, with daily exports valued at approximately $80 million. Industry estimates put the revenue loss from the strike at around A$100 million.

- In the Lvliang area of Shanxi, more mines halted production due to safety inspections; weekly raw coal output from sample mines fell by 35,400 tonnes, while capacity utilisation dropped to 68.33%. The China National Mine Safety Administration has issued a rectification notice, with the regulatory impact expected to extend through H2.

- After the third round of price cuts, most coking plants have fallen into significant losses, with capacity utilisation continuing to decline to 72.24%. Coke producers are responding with output cuts, and the supply-side contraction will limit further downside for coke prices.

- The ferrous complex saw short-covering and a rebound, with pessimism over policy disappointment partly priced in. Iron ore, having touched marginal cost levels, prompted some shorts to take profit.

- This week, the PBOC conducted CNY 500 billion in outright reverse repos, boosting overall commodity market sentiment.

- Domestic Chinese coking coal prices remain firm, providing cost support for coke.

- The easing of environmental restrictions in Hebei has driven a rebound in blast furnace hot metal output; the blast furnace operating rate stood at 82.32%, up 0.47 percentage points month-on-month.

- Rumours of trade restrictions have circulated, adding to price volatility. China's national iron ore purchaser has reportedly instructed some steel mills to halt negotiations with Rio Tinto for September shipments.

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Ferrous Market Signals

Bear

- Iron ore inventories at 45 ports reached 166.99 million tonnes, up 1.09 million tonnes month-on-month. Inventories at 47 ports totalled 175.01 million tonnes. Record-high port stockpiles will continue to cap any rebound.

- The steel mill profit margin stands at only 32.03%, down 1.74 percentage points month-on-month and 36.37 percentage points year-on-year. Nearly 70% of steel mills are loss-making.

- The market remains in the traditional off-season, with hot and rainy weather continuing to disrupt construction activity. Total inventories of the five major steel products stood at 16.53 million tonnes, up 173,700 tonnes month-on-month, extending the inventory build-up trend.

- On 7 August, the third round of coke price cuts was fully implemented, with wet-quenched coke down by RMB 50/t and dry-quenched coke down by RMB 55/t, bringing cumulative reductions across the three rounds to RMB 150–165/t. The “negative feedback” loop continues to deepen.

- In the week of 3–9 August, global iron ore shipments totalled 32.01 million tonnes, down 1.38 million tonnes week-on-week but still at a high absolute level. The contraction in non-mainstream supply remains limited.

- Based on Chinese steel mills’ maintenance schedules, output is expected to fall by 7,000 tonnes in the second week of August. Expectations of downstream production cuts during the off-season remain strong.

- The iron ore market’s strong-supply and weak-demand dynamics remain intact, with limited fundamental improvement.

- Mongolian coal customs clearance has rebounded to high levels, effectively filling the supply gap, while port inventories of seaborne coking coal remain elevated.

- This week, the decline in output of the five major steel products outpaced consumption, and inventories continued to increase. Off-season demand has not yet bottomed out; with steel mills resuming production in August, inventories may build further.

- New capacity from Simandou is about to enter the market. Institutions expect overseas import volumes to increase by 20 million tonnes year-on-year in H2. The downward trend in crude steel demand is not over.

Market Data Snapshot (7th Aug)

Open Interest /lots	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27
Cape5TC (180)	22,525	23,480	16,754	13,257	13,320	5,706
Pmx5TC	24,029	23,111	17,261	14,831	14,561	5,993
Smx10TC	13,860	12,594	8,443	7,952	6,953	3,490
Iron Ore (IODEX)	327,205	478,810	184,981	90,868	72,113	23,327
Coking Coal	3,360	2,670	1,360	1,245	1,530	1,005
US HRC	5,682	9,626	6,495	5,439	4,382	2,113
FOB China HRC	763	631	216	145	155	44

Price	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27
Cape5TC (180) $/day	39,096	37,471	38,021	36,925	35,714	26,154
Pmx5TC $/day	20,732	21,018	21,543	20,732	19,686	16,436
Smx10TC $/day	18,625	20,043	20,289	19,318	18,164	14,318
Iron Ore (IODEX) $/mt	94.70	95.05	95.13	95.00	94.87	94.77
Coking Coal $/mt	215.50	219.00	221.00	222.25	223.50	225.50
US HRC $/st	1,195	1,211	1,200	1,173	1,154	1,125
FOB China HRC $/t	479.5	483.0	487.5	489.0	489.5	491.5

OI WoW %	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27
Cape5TC (180)	8.1%	13.8%	12.9%	3.5%	-0.2%	1.9%
Pmx5TC	4.8%	2.2%	8.5%	5.6%	4.0%	6.8%
Smx10TC	-1.5%	11.4%	18.2%	8.3%	1.6%	0.4%
Iron Ore (IODEX)	-3.6%	6.2%	21.9%	22.7%	5.6%	43.6%
Coking Coal	5.5%	-0.9%	7.9%	9.2%	20.5%	0.0%
US HRC	-1.0%	-4.7%	3.6%	6.2%	4.3%	4.3%
FOB China HRC	-19.1%	5.7%	-39.3%	0.0%	-6.1%	-6.4%

Price WoW %	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27
Cape5TC (180) $/day	9.1%	-1.0%	-1.4%	-0.4%	-0.2%	1.3%
Pmx5TC $/day	5.5%	1.2%	1.2%	0.9%	0.3%	-1.7%
Smx10TC $/day	-0.2%	1.0%	1.8%	1.1%	-1.4%	0.9%
Iron Ore (IODEX) $/mt	-1.1%	-0.9%	-0.8%	-0.7%	-0.7%	-0.6%
Coking Coal $/mt	0.2%	1.6%	1.6%	1.9%	2.1%	1.5%
US HRC $/st	0.3%	0.7%	0.8%	0.9%	0.9%	0.4%
FOB China HRC $/t	0.4%	1.0%	0.7%	0.6%	0.1%	-0.2%

Sources: EEX, SGX, CME

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