FIS

DRY FREIGHT WEEKLY REPORT

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FFA Market

Capesize FFAs edged down from recent highs but still traded within an elevated range, supported by physical market fundamentals. At Monday's opening, the market extended the downward trend seen in the latter half of the previous week. The front-month October contract first traded at $48,250/day, down $250/day from Friday's close. The market then weakened rapidly, with the October contract touching an intraday low of $46,000/day. Quarterly contracts also retreated sharply: the Q4 contract traded at $45,000/day and then $44,000/day, while the Q1 contract traded at $30,000/day, down about $1,000/day from the previous close. Towards the close, the market found some support at intraday lows and prices rebounded modestly. The sluggish performance on Monday carried into Tuesday morning, with thin liquidity and range-bound weakness; the October contract briefly fell to $45,500/day. However, positive physical market performance then drove a rebound in FFAs, with the September contract trading at $49,000/day, largely recovering intraday losses on decent volume. Entering mid-week, buyers and sellers were broadly balanced, with prices mainly fluctuating within a narrow range and trading remaining slow. Buying interest then gradually entered the market and pushed prices higher; Q4 contracts traded actively, with intraday gains generally exceeding $1,500/day. On Friday, the market returned to a narrow range-bound pattern. This week, Capesize and Panamax volumes stood at 28,046 lots and 35,305 lots, respectively, while Supramax and Handysize volumes came in at 15,920 lots and 810 lots, respectively. Total weekly trading volume reached 80,081 lots.

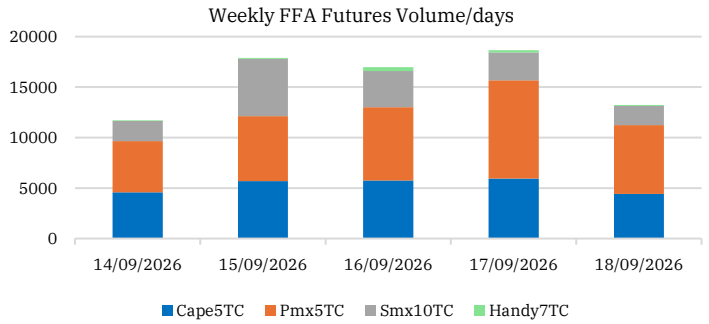
Options market liquidity improved in tandem with the FFA market. A total of 4,250 Capesize options were traded last week, with transactions occurring at both the front and back ends of the curve. Trading was active across the Q4 months, with October, November and December recording 700, 370 and 270 lots, respectively; Q4 26 contracts totalled 1,020 lots. At the back end of the curve, Q2 27 was the most active, recording 810 lots during the week, while Cal27 contracts traded 540 lots. In terms of the call/put ratio, the front-month October contract saw 600 lots of call options and 100 lots of put options traded, both concentrated early in the week following the Capesize pullback, indicating that the market remains optimistic about short-term freight rates holding at relatively high levels. The trading structure at the back end of the curve showed no clear pattern, with investors remaining relatively cautious.

Iron ore routes remained actively traded, with good volumes recorded on both the C3 and C5 routes. Q4 contracts saw consecutive transactions, including 170 kt on the C5 route and 50 kt on the C3 route. Front-month contracts were also active, with 805 kt traded in C5 September contracts and 200 kt in C3 October contracts.

As of 21 September, open interest for the Capesize 5TC (180) rose to 185,981 lots (+5,233 lots w-o-w), for the Panamax 5TC to 188,943 lots (+3,529 lots w-o-w), and for the Supramax 10TC to 103,354 lots (+3,704 lots w-o-w).

Freight Rate $/day

	21-Sep	14-Sep	Changes %
Capesize5TC (180)	49,450	50,119	**-1.3%**
Panamax5TC	20,297	21,540	**-5.8%**
Supramax10TC	20,355	19,773	**2.9%**
Handy7TC	17,876	16,959	**5.4%**



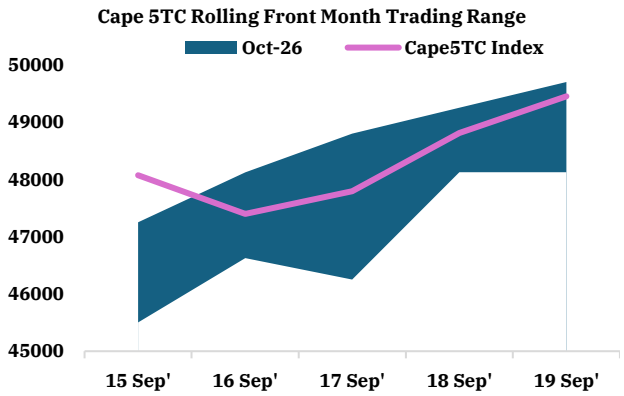
Source: FIS Live, Baltic Exchange, Kpler, Bloomberg

FFA Market Forward Values

FFA $/day	21-Sep FIS Closing	14-Sep FIS Closing	Changes %	Weekly Mkt High	Weekly Mkt Low	2026 YTD High	2026 YTD Low
Capesize5TC Oct 26	49,575	46,625	**6.3%**	49,700	45,500	51,375	33,000
Capesize5TC Q4 26	47,150	44,400	**6.2%**	47,210	43,625	47,925	24,875
Panamax5TC Oct 26	23,200	22,375	**3.7%**	23,525	21,675	25,975	18,250
Panamax5TC Q4 26	22,935	21,925	**4.6%**	22,925	21,450	24,875	14,060
Supramax10TC Oct 26	22,100	20,775	**6.4%**	21,900	20,700	23,125	17,375
Supramax10TC Q4 26	21,650	20,525	**5.5%**	21,550	20,350	22,100	12,550

Capesize

Over the past week, the Capesize market largely traded within an elevated range. As factors affecting vessel turnover gradually subsided, prompt tonnage in the Pacific market became looser, and freight rates on related routes declined, with the C5 route falling by as much as 10% from the previous week's close at one point. However, as trading progressed, rates rebounded somewhat towards the end of the week. In the Atlantic, cargo volumes from Brazil and West Africa to China remained stable. Meanwhile, the willingness of relatively smaller Capesize vessels in the Pacific to reposition to the Atlantic was somewhat constrained by high bunker fuel costs, keeping the tonnage supply-demand balance tight and continuing to support the market at elevated levels.



Outlook

Over the past week, no major changes occurred in the Capesize market, with freight rates retreating before quickly being bid back up by buyers. The key factor keeping rates elevated remains high bunker fuel prices. Amid escalating tensions in the Middle East, Singapore VLSFO prices briefly exceeded $900/mt in the middle of last week. Beyond the direct cost impact, the supply-demand balance for Capesize tonnage in the two ocean basins is also subject to some disruption. On the one hand, as noted earlier, only when freight rates are sufficiently high will vessels in the Pacific be attracted to reposition to the Atlantic. On the other hand, the Capesize/Panamax freight rate ratio has recently remained around 2.4, with the spread approaching $30,000/day. Typically, such a high ratio is unsustainable, and cargoes would be split onto Panamax vessels, reducing Capesize tonnage demand. However, under pressure from bunker fuel costs, charterers prefer to charter larger vessels.

In terms of cargo volumes, iron ore shipments have experienced some intermittent disruptions. Negotiations between Rio Tinto and CMRG remain ongoing, while BHP's wage negotiations with workers again failed to reach an agreement last week. Small and medium-sized Brazilian miners have cut production due to cost pressures. Overall, however, the impact of these factors on the shipping market has been limited.

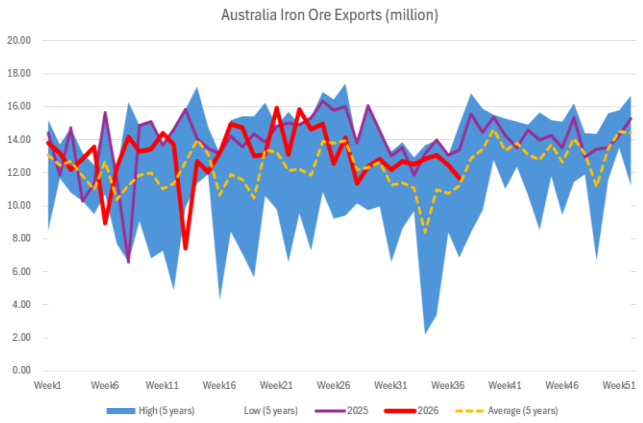
Short-term uncertainties mainly centre on whether tensions in the Middle East can ease and whether Saudi crude oil exports can recover rapidly following the closure of the East-West pipeline. Over the medium term, if iron ore and bauxite exports from West Africa proceed steadily as expected, they will provide reliable support for Capesize vessels in Q3 and Q4.

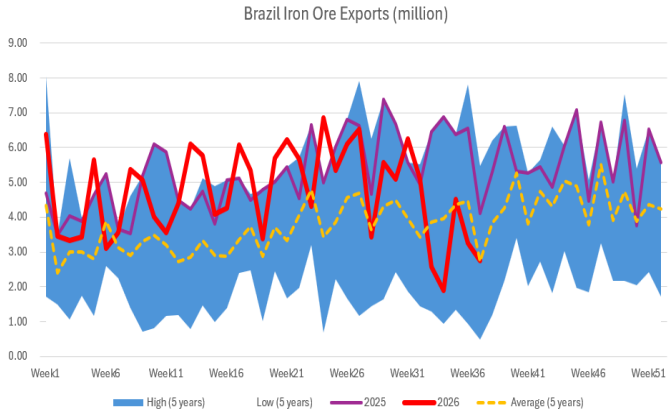
Neutral

Source: FIS Live, Baltic Exchange, Kpler, Bloomberg

Dry Bulk Trades/Iron Ore

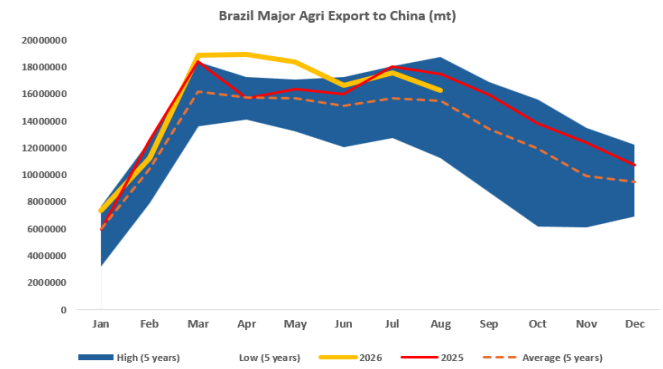
Export (million tonnes)	Aug-26	Sep-26(E)	Q3-25	Q3-26(E)	Q4-25	Q4-26(E)	2025	2024	2023
Australia	76.2	83.0	240.8	239.3	250.6	244.2	951.2	941.7	925.2
Brazil	36.1	36.2	106.6	107.8	113.9	105.3	396.7	389.6	363.1
South Africa	4.9	4.8	13.7	14.6	12.4	13.4	53.2	52.2	50.8
India	2.5	1.8	4.3	6.7	8.0	5.9	28.0	40.3	41.8
Canada	4.9	6.0	17.8	6.7	15.8	15.0	60.3	60.4	57.0
Global	140.7	148.5	443.4	439.4	464.7	447.8	1732.2	1716.5	1642.6

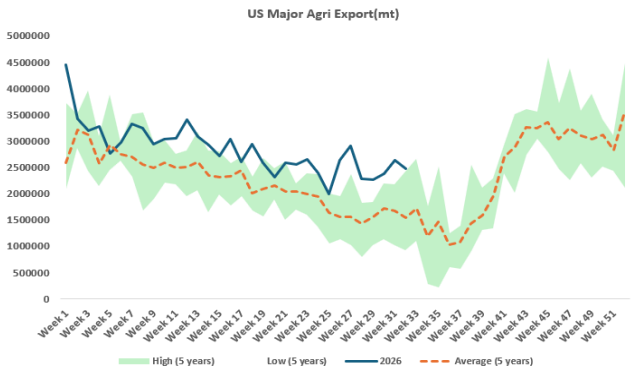




Iron Ore Key Routes

	IO Export Million mt			Freight Rate $/mt		
	Last Week	Prev. Week	Chg	Last Week Avg	Prev. Week Avg	Chg %
Australia-China	11.69	12.44	-0.75	16.5	18.2	-9.5%
Brazil-China	2.75	3.25	-0.50	42.4	41.8	1.5%

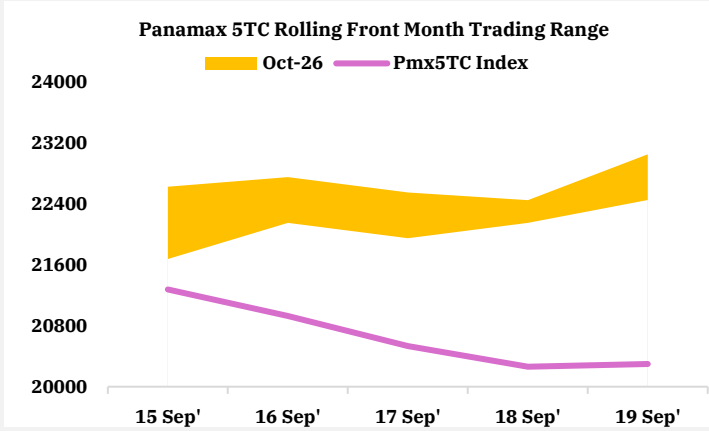




Source: FIS Live, Baltic Exchange, Kpler, Bloomberg

Panamax

Panamax FFAs rose last week, diverging from the spot index, with the move reflecting more of a corrective rebound following earlier losses. Caution at elevated levels has not yet dissipated. The front-month contract traded within $22,325–23,050/day, versus $22,325–24,200/day the previous week. The trading range contracted sharply, while volume expanded by about 50% week-on-week, indicating increased divergence between bulls and bears. The backwardated forward curve continues to flatten, suggesting market sentiment is quietly weakening. In the options market, near-month activity was dominated by puts, while far-month contracts saw call buying. Overall September flows were skewed towards puts, reflecting a relatively bearish bias in the options market.



Outlook

The Panamax index was the worst performer among the three major vessel classes last week, with both the Atlantic and Pacific basins weakening in tandem. Available tonnage rose sharply in both basins, and supply pressure continued to increase. Despite the high Capesize freight premium, some cargo owners still prefer Panamax vessels to improve operating efficiency. Meanwhile, in the Indonesian coal trade, Panamax vessels are being displaced by Supramax vessels, as the shallower draft of smaller vessels makes them more economical, while transit restrictions provide structural support to tonne-mile demand.

Entering September, temperatures in the Northern Hemisphere are gradually cooling. Major coastal power groups in China have begun reducing coal inventories, with coal consumption trending lower week by week since the start of September. Indian power plant coal inventories fell 9% week-on-week to 21 million tonnes; thermal coal consumption in Japan and South Korea also declined significantly. In terms of regional exports, Indonesia's seaborne coal exports totalled 36.1 million tonnes in August, down 23.34% year-on-year and 6.54% month-on-month, marking the third consecutive monthly decline and the lowest August level in nearly five years. The seasonal decline in thermal coal demand has clearly outweighed incremental pre-holiday restocking. In Shanxi, coal mines continue to suspend operations following safety inspections. Domestic low-sulphur metallurgical coal prices remain high, seaborne metallurgical coal demand persists, and supply tightness continues to support seaborne metallurgical coal prices.

Dry Bulk Trades/Coal

Export (million tonnes)	Aug-26	Sep-26(E)	Q3-25	Q3-26(E)	Q4-25	Q4-26(E)	2025	2024	2023
Indonesia	47.0	46.0	123.7	130.2	141.0	134.8	492.7	520.2	494.8
Australia	30.7	31.2	92.1	93.1	94.4	95.7	349.1	359.1	349.9
Russia	16.5	14.6	46.3	46.5	44.3	44.1	168.0	156.2	180.1
USA	6.7	7.2	18.9	21.6	19.0	22.0	78.3	86.3	81.2
Colombia	3.0	3.0	10.5	9.6	10.7	8.0	41.3	50.8	47.5
South Africa	5.2	5.5	13.2	15.9	15.3	17.9	61.6	59.0	59.2
Others	11.7	9.6	28.6	36.8	24.8	32.9	111.7	120.9	126.8
Global	120.8	117.0	333.3	353.7	349.5	355.3	1302.7	1352.4	1339.5

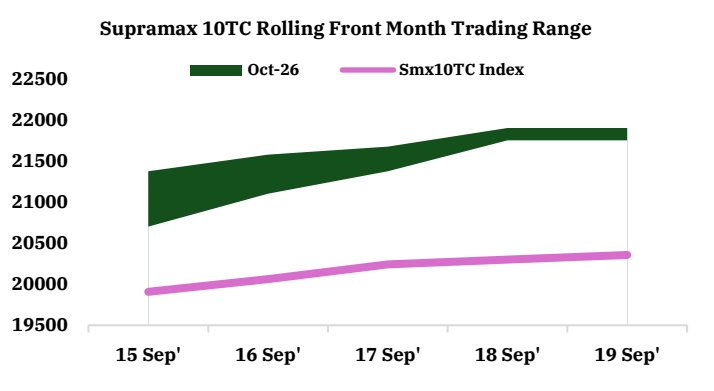
Source: FIS Live, Baltic Exchange, Kpler, Bloomberg

On grains, the Russia-Ukraine conflict continues to affect Black Sea grain shipments, but South American grain cargoes remain stable, and freight rates remain firm.

Neutral to Bearish

Supramax

The S10TC FFA posted a modest rebound this week, broadly in line with the index. The front-month contract traded within $20,875–21,900/day, narrowing from $20,875–22,500/day the previous week. Trading volume nearly doubled, indicating a notable increase in market participation. In terms of the term structure, backwardation shifted from flat to steep, suggesting FFA market sentiment has turned constructive.



Outlook

The Supramax segment has posted a counter-trend gain over the past two weeks. Steel export cargoes from North China continued to increase, coal and nickel ore cargoes remained stable, and prompt tonnage remained tight. Draft restrictions caused by drought favour smaller vessels, and Supramax is becoming increasingly competitive with Panamax in Indonesian coal shipments. The Mediterranean market underperformed, lacking fresh demand, with rates for earlier vessel positions softening.

Steel export cargoes from North China continued to rise, overall market activity remained relatively high, and daily hire rates extended their upward trend. China's steel product exports exceeded 10 million tonnes in August for the fourth consecutive month. Philippine nickel ore exports are approaching their seasonal peak, providing marginal support to Supramax rates. Indian iron ore enquiries remained stable, with regional cargo activity improving. In addition, Alba announced on 16 September that aluminium production had recovered to about 80% of pre-war levels, with exports rerouted via Jeddah and Sohar, potentially generating additional demand for regional small-vessel tonnage.

Neutral

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