FIS

WEEKLY DRY FFA AND FERROUS MARKET PREVIEW

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info@freightinvestor.com | freightinvestorservices.com | fis-live.com
London (+44) 20 7090 1120 | Dubai (+971) 4 4493900 | Singapore (+65) 6535 5189 | Shanghai (+86) 21 6335 4002

Dry FFA Market Signals

Bull

- Guinea's bauxite exports climbed to a four-week high of 3.85 million tonnes. However, Capesize freight for the 180,000-tonne Guinea/North China route surged to $43.15/tonne on 4 September, a multi-year high. Freight costs now materially exceed the FOB value of the ore, rendering exports increasingly uneconomic. (Bauxite)

- Eramet announced on 10 September that mining operations at PT Weda Bay Nickel are gradually resuming. (Nickel)

- Crude oil prices rallied sharply again amid geopolitical risks affecting vessel transit through both the Bab el-Mandeb and Hormuz straits. Singapore VLSFO rose to a five-week high of $860/tonne. Vessel throughput through the Strait of Hormuz remained in the single-digit range last week. (Oil)

- Argentina's wheat crop is entering the critical yield-forming stage. A strong harvest this year would allow the country to capture a larger share of global wheat demand. US soybean sales for the next marketing year reached 16.3 million tonnes, including 7.8 million tonnes sold to China – the highest level for this period in four years. Remaining volumes from the South American grain season continue to provide support. (Grain)

- Coal inventories at Indian power plants fell 7% WoW to 23.22 million tonnes, with 61 plants at critical stock levels. Plant offtake exceeds incoming deliveries, which may lift import demand going forward. (Coal)

- The North Asian Supramax market remains firm, supported by rising enquiries for backhaul cargoes. A 64,000 dwt North Pacific grain vessel delivered in Japan was fixed at $21,000/day for round-trip employment. (SMX)

- Following weakness in the Capesize market, the market is pricing in cargo splitting into Panamax vessels, creating incremental cargo volumes for Panamaxes. (Cape/PMX)

- Brazilian iron ore exports, Guinean bauxite and new West African iron ore projects collectively underpin Atlantic fixture activity. (IO/Bauxite)

Bear

- The Black Sea conflict continues to disrupt trade. Handysize vessel availability is far below seasonal norms, while Panamax and Supramax tonnage is also tight. Civilian shipping in the Black Sea has nearly halted. Russia's wheat exports for September are projected at around 2 million tonnes, half the 4.9 million tonnes recorded in the same month last year. (Black Sea)

- Weak chartering activity for Indonesian coal caps earnings upside for Ultramax and Supramax bulk carriers engaged in Pacific coal trades. The Indonesian market softened amid quiet trading, with freight rates drifting lower. (SMX)

- The share of profitable domestic steel mills fell to a year-to-date low of below 10%, likely capping near-term demand. (Steel)

- A sharp rise in ballasting Panamax tonnage across the Pacific will pressure the near-term earnings outlook. (PMX)

Ferrous Market Signals

Bull

- Global shipments edged lower, driven by modest declines from Australia and Brazil alongside weaker shipments from minor suppliers.
- Inventories at China's 45 major ports fell by 2.29 million tonnes MoM to 163.15 million tonnes, though the absolute stock level of 162–163 million tonnes remains high for this time of year.
- US-Iran tensions lifted oil prices above $100/bbl. Freight rates remain elevated, providing price support for seaborne raw materials including iron ore and coking coal.
- Mongolian coal customs clearance has yet to reach the expected 900–1,000 trucks/day, remaining at 700–800 trucks/day last week. The fifth round of coke price hikes was implemented. The market expects a gradual recovery in Mongolian coal flows following the China-Mongolia leaders' meeting, though tangible improvement will take time.
- Strict safety supervision remains in place in Shanxi, with 45 mines shut. Still, production improved MoM, while failed auction rates rose amid growing price aversion. More mines are resuming operations in Shanxi, though underground safety constraints are keeping output at low levels.

Bear

- Market chatter suggests Australian miners have reached an agreement with China Mineral Resources Group (CMRG), though deal specifics remain unclear. The market is also pricing in a potential release of FMG port spot cargoes, which would add supply, though this has not yet materialised.
- Total arrivals at China's 45 major ports reached 26.24 million tonnes, up 8.33 million tonnes MoM. Port arrivals returned to normal levels after typhoon disruptions faded. Simandou continues to ramp up output, with higher September volumes delivering sustained structural supply additions.
- Steel mill profitability dropped to just 7.79% this week, down 22.51 percentage points WoW and hitting a year-to-date low, with over 90% of mills operating at marginal losses.
- A rising probability of further Fed rate hikes and a higher projected number of hikes are weighing broadly on commodity valuations.

Market Data Snapshot (11th Sep)						
Open Interest /lots	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27
Cape5TC (180)	25,908	19,349	17,796	15,734	7,116	7,116
Pmx5TC	25,024	22,065	19,299	16,519	8,965	8,859
Smx10TC	12,967	11,658	10,838	8,743	4,765	4,650
Iron Ore (IODEX)	354,524	361,585	187,329	138,604	71,028	27,877
Coking Coal	3,285	3,775	1,960	1,745	1,165	1,285
US HRC	6,117	7,179	7,742	6,197	3,474	2,661
FOB China HRC	1,409	630	200	375	85	24

Price	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27
Cape5TC (180) $/day	51,157	48,521	45,461	43,282	33,000	28,279
Pmx5TC $/day	22,100	23,579	23,057	21,982	18,700	17,907
Smx10TC $/day	19,814	21,364	21,182	20,275	16,636	15,614
Iron Ore (IODEX) $/mt	97	97	97	97	97	97
Coking Coal $/mt	268	271	266	264	258	256
US HRC $/st	1,234	1,266	1,274	1,255	1,228	1,190
FOB China HRC $/t	497	499	501	502	506	510

OI WoW %	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27
Cape5TC (180)	0.8%	1.3%	6.1%	2.0%	7.9%	7.9%
Pmx5TC	-0.7%	1.2%	0.9%	-1.0%	13.5%	13.9%
Smx10TC	-1.1%	6.2%	4.1%	3.6%	6.8%	5.0%
Iron Ore (IODEX)	2.8%	-4.8%	26.4%	20.9%	13.9%	7.6%
Coking Coal	3.8%	0.3%	9.2%	0.6%	2.2%	2.4%
US HRC	-2.4%	-10.1%	11.2%	11.7%	8.7%	3.9%
FOB China HRC	0.0%	-7.9%	0.0%	11.9%	-10.5%	26.3%

Price WoW %	Sep-26	Oct-26	Nov-26	Dec-26	Jan-27	Feb-27
Cape5TC (180) $/day	-4.3%	-3.4%	-3.4%	-2.4%	-0.2%	-4.3%
Pmx5TC $/day	-2.6%	-2.6%	-0.9%	-1.0%	0.5%	-0.4%
Smx10TC $/day	0.3%	-4.0%	-2.6%	-1.5%	-0.3%	-2.8%
Iron Ore (IODEX) $/mt	-2.3%	-3.0%	-2.7%	-2.4%	-2.2%	-2.0%
Coking Coal $/mt	-2.5%	-1.5%	-3.3%	-2.9%	-5.1%	-5.7%
US HRC $/st	0.7%	1.9%	2.9%	3.2%	2.8%	2.0%
FOB China HRC $/t	-1.7%	-2.2%	-1.9%	-2.5%	-2.7%	-2.2%

Sources: EEX, SGX, CME

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Edited by: Hao Pei, Senior Research Analyst

CONTACT

Paul Geddes
PaulG@freightinvestor.com
m: (+44) 7745644966

Federico Picciolini
FedericoP@freightinvestor.com
m: (+44) 7543223444

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