

Dry Bulk Shipping

Bi-Weekly Industry Report

July 22, 2025

- Panamaxes Steal the Spotlight as Dry Bulk Rallies** – Over the past two weeks, Panamax spot rates have demonstrated an **impressive** and largely **unexpected** performance, with the Index reaching its highest levels in over a year and currently hovering around the 16,000 mark. This represents a notably **strong performance** for an asset class that has experienced subdued activity over the past year. While many market participants attribute the rally to **positional imbalances**, it is also important to note that this outperformance has occurred amidst a backdrop of weak coal volumes and steady grain cargo flows. This scenario suggests a **potential tightening of the overall supply-demand balance** in the dry bulk market, coupled with higher-than-anticipated vessel utilization rates. Such dynamics could lead to significantly improved performance during the seasonally robust fourth quarter. Additionally, **Capesize** rates have also **increased**, albeit not to the same extent as Panamax. Looking ahead to the coming months, we anticipate stability throughout August but consider the **probability** of further **bullish momentum** into September to be quite **high**. The futures curve remains backwardated, indicating market anticipation of a correction. Yet, this correction is likely to be **shallower than expected**, potentially allowing for additional gains as we move beyond the relatively quiet summer period and into an existing fourth quarter when new high quality iron ore from West Africa is expected to hit the water.

- Iron Ore Rallies, once Again defying a Broadly Bearish Outlook** – Periodically, the fundamentals of the global steel market diverge from actual prices, and iron ore has recently exemplified such a trend. Despite **subdued steel demand** in China, ample iron ore supply, and limited signs of fundamental improvement, **iron ore prices have now solidified above the \$100** per ton level. Globally, the metals and mining sector has experienced bullish conditions, and it is likely that this environment has contributed to the recent strength in iron ore prices. From a supply-demand perspective, we **see little evidence** to suggest a **fundamental shift**. While expectations of a recovery in Chinese steel demand are often cited as a catalyst for price increases, recent news from China regarding steel consumption remains firmly bearish. Nonetheless, **market sentiment** can be influenced by price movements, and currently, the likelihood of iron ore prices reaching higher levels appears quite plausible. Similarly, **coal**, a commodity that has faced weak demand throughout much of this year, has managed to **rally once again**, surpassing the \$100-per-ton mark once again. Overall, higher commodity prices, regardless of the underlying reasons, tend to support shipping demand. We therefore **anticipate an improvement in trade flows** over the coming months, driven by the recent revival in bulk commodities prices.

- Our Long-term View** – The last few years have been characterized by increased geopolitical uncertainty. Going forward, we expect such events to continue to affect global trade and have a meaningful impact on effective vessel supply. Combined with the potential for a multi-year cyclical rebound in China's economic activity following the recent economic turmoil, dry bulk shipping should experience higher volatility on top of a secular tightness driven by stable bulk commodity demand and a slower fleet growth owing to a relatively low orderbook.

Short-term Indicators

Momentum: **Positive**

Sentiment: **Neutral**

Fundamentals: **Neutral**

Breakwave Dry Futures Index: 1855

30D: 25.0% **↑**

YTD: 82.9% **↑**

YOY: -10.5% **↓**

Baltic Dry Index (spot): 2052

30D: 21.5% **↑**

YTD: 105.8% **↑**

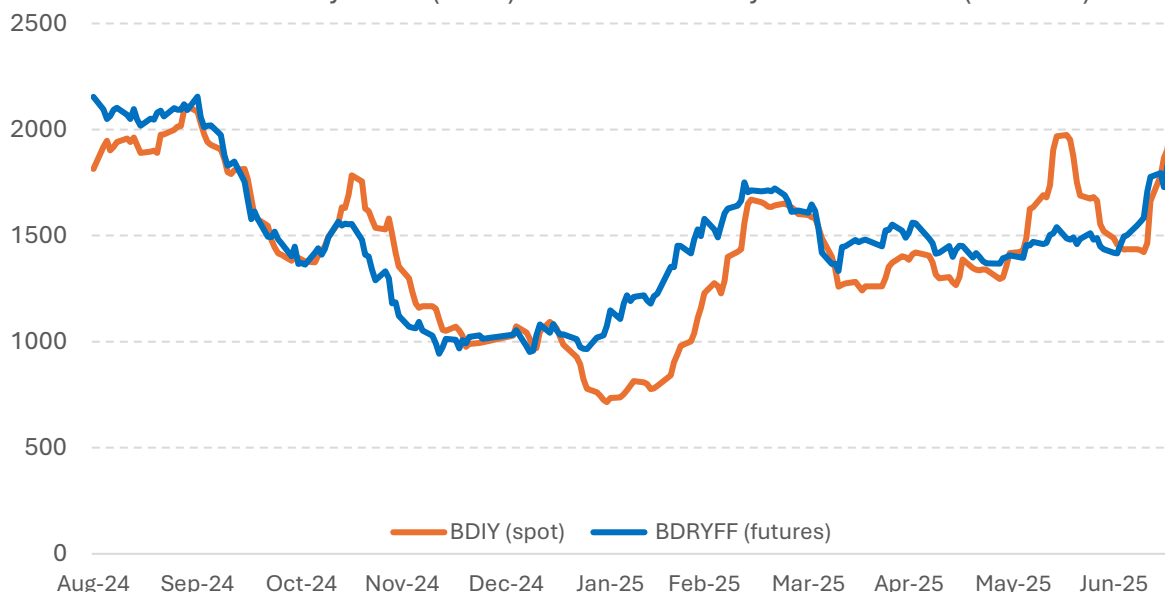
YOY: 7.9% **↑**

Reuters:
Bloomberg:
Exchange:

BDRY.K
BDRY US
NYSE

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Baltic Dry Index (BDIY) vs Breakwave Dry Futures Index (BDRYFF)



The Baltic Dry Index (BDI) measures the average spot rates for dry bulk freight with a sector weighting of 40% Capesize, 30% Panamax and 30% Supramax. The Breakwave Dry Futures Index (BDRYFF) is designed to track freight futures contracts with a sector weighting of 50% Capesize, 40% Panamax and 10% Supramax and a weighted average maturity of approximately 50-70 days.

Dry Bulk Fundamentals

Demand	YTD	YOY
China Steel Production	515mt	-2.97%
China Steel Inventories	3.7mt	-37.19%
China Iron Ore Inventories	131mt	-12.85%
China Iron Ore Imports	593mt	-3.12%
China Coal Imports	222mt	-11.14%
China Soybean Imports	49mt	1.83%
Brazil Iron Ore Exports	186mt	3.74%
Australia Iron Ore Exports	363mt	-2.08%
Supply		
Dry Bulk Fleet	1050 mdwt	2.9%
Freight Rates		
Baltic Dry Index, Average	1,325	-28.5%
Capesize Spot Rates, Average	16,079	-32.7%
Panamax Spot rates, Average	9,850	-31.8%

Note: All numbers as of latest available; Imports/Exports/Production are YTD sums as of latest reported; Inventories/Fleet are weekly totals

Sources: Bloomberg, IEA, Clarksons and Breakwave Advisors

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