Drewry forecasts higher dry bulk rates in 2025 despite lower FFAs

Trade growth and shipping demand growth to slow this year on geopolitics and global recession threat, analyst says.

Gary Howard, Middle East correspondent

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Image: Imabari Shipbuilding

Drewry Maritime Research has forecast an increase in dry bulk charter rates across vessel sizes in 2025, despite Baltic Exchange forward freight agreements (FFAs) pointing lower across the board.

The outlook was outlined in a webinar on May 14 as a sample of the analyst's latest Dry Bulk Forecaster report.

Rahul Sharan, director, bulk research at Drewry, said the firm expects utilisation in the dry bulk market to rise in 2025 and 2026 based on the current supply and demand situation, driving charter rates higher this year across capesize, panamax, supramax, and handysize market segments.

Demand growth for dry bulk shipping is expected to slow, said Sharan, to 2.4% this year from 3.6% in 2024 as geopolitical events threaten a global recession. Global steel production is expected to grow however, accelerating iron ore demand, while thermal coal inches up on Asia demand, and grain trades growth slows.

On the supply side, tonne mile demand growth is expected to outstrip fleet growth in 2025 as newbuilding activity remains subdued following historically low levels in the first quarter of the year. Deliveries are expected to increase after 2025, but not extensively, and demolitions are expected to rise, but not surge.

Further supporting charter markets, Drewry noted falling speeds for much of the dry bulk fleet, likely to be an ongoing trend as operators lower vessel speeds to improve compliance with CII regulations as they tighten year-on-year. Capesizes are the only segment expected see any increase in speed over 2024, with average speeds rising by 0.2 knots for ballast voyages.

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Drewry's forecasts proved a more accurate indicator of rates in the first quarter than Baltic FFAs across the four dry bulk vessel sizes, including a 0% deviation between its Q1 panamax timecharter rate forecast and the actual figure of $13,000 per day.

Research analyst Deepanshi Puggalok, explained the impact on the dry bulk fleet of proposed USTR fees on Chinese vessels calling US ports. In their initial form, the proposal would have potentially affected 80% of the dry bulk fleet as 20% would have been covered by various exemptions. The revised proposal brought exemptions covering 61% of the total fleet, including exemptions for ships arriving empty or in ballast, and those carrying less than 80,000 dwt of cargo.

Analysing AIS data, Drewry found that only 17% of the fleet affected by the current policy had called US ports in 2024 and Q1 2025. Puggalok concluded that the impact from the revised policy would not be substantial, and that the panamax segment would be the most affected.

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Drewry had seen an impact on secondhand vessel purchasing from the USTR proposals, as Chinese vessels fell to 29% of vessel transactions in March 2025 compared to 49% in March 2024, the first month of data since the policy was announced.