



London Iron Ore Market Report

London +44 (0) 20 7090 1120 - info@freightinvestor.com | Singapore +65 6535 5189 - info@freightinvestor.asia

18 May 2021

Iron ore futures remained well-supported amid robust Chinese demand while a weaker dollar also supported the dollar-denominated iron ore prices. Mills in China continued to churn out steel at record pace despite government attempts to rein in output from last year's record of over 1 billion tonnes. According to the latest figures released by China's statistics bureau, crude steel production in April rose 13.4% year-on-year to 97.85 million tonnes. At the same time, rebar and iron ore stockpiles continued to dwindle, indicating strength in demand. Iron ore had endured a rollercoaster week last week, with authorities in China stepping up efforts to tame the surging commodities prices, which saw prices pummelled from the historical high of \$233 to around \$195 in a matter of day. The government intervention led to an exodus of speculative funds from some of the mainstream industrial products. To put it into perspective, Chinese industrial commodities' open interest fell by 8.4% from 27 April. Meanwhile, Beijing is looking to alleviate its reliance on Australian iron ores as trade tensions between the world's largest iron ore consumer and producer are once again in the spotlight. Chinese firms should boost domestic exploration for the steel-making input, widen their sources of imports, and explore overseas ore resources, the National Development and Reform Commission said at its monthly briefing. This came after China "indefinitely" suspended all activity under a China-Australia Strategic Economic Dialogue less than two weeks ago. "While an outright ban would be almost unimaginable, various forms of restrictions, delays or increased administrative burdens on Australian iron ore imports could yet happen," Wood Mackenzie said in a recent note.

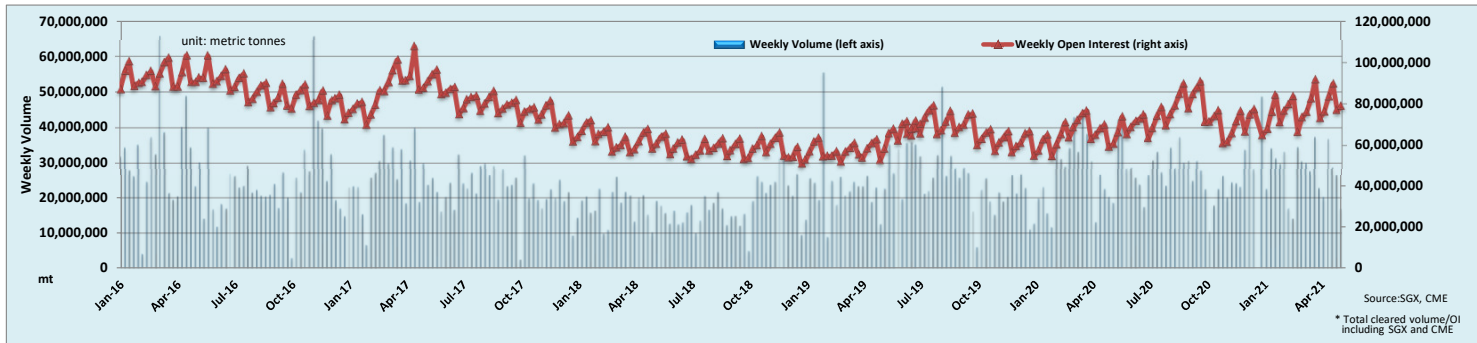
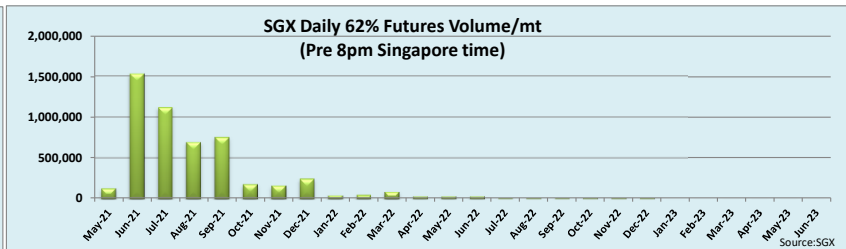
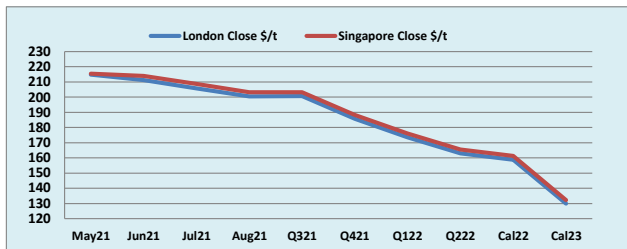
Dollar-denominated commodities, such as iron ore and copper, also appears more attractive to holders of other currencies as the US Dollar Index (DXY) fell below a critical support level of 90.00. The greenback was under pressure as treasury yields stalled due to expectation that the US interest rates will remain low for an extended period following comments made by Dallas Federal Reserve President Robert Kaplan. There is also expectation among some market participants that fresh and harsher production curbs may be in place in the summer.

INDEX	Price	Change	MTD
Platts IO 62%	\$223.75	\$6.75	\$211.44

INDEX	Price	Change	MTD
MB IO 65%	\$258.70	\$9.40	\$244.67

INDEX	Price	Change	MTD
Platts Lump Prem	\$0.5200	-\$0.0035	\$0.5352

Iron Ore 62% Futures	May 21	Jun 21	Jul 21	Aug 21	Q3 21	Q4 21	Q1 22	Q2 22	Cal 22	Cal 23
London Close \$/t	214.70	211.20	205.80	200.55	200.60	185.75	173.50	163.05	158.75	129.85
Singapore Close \$/t	215.50	214.00	208.60	203.30	203.30	188.35	176.00	165.55	161.25	132.25
Change	-0.37%	-1.31%	-1.34%	-1.35%	-1.33%	-1.38%	-1.42%	-1.51%	-1.55%	-1.81%



Disclaimer: The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ("FIS PTE") is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ("FIS DMCC") is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at www.freightinvestorservices.com