



Daily Virtual Steel Mill Report

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19/12/2024

Verdict:

- Short-run Neutral.

Macro:

- The US Federal cut interest rates by 25 bps as expected, lowering the target range of the federal funds rate from 4.5% to 4.75% to 4.25% to 4.5%. The median of the Federal Reserve's December dot plot shows two rates cut in 2025, by 25 basis points each time. In September, the expectation was for four interest rate cuts, by 25 basis points each time.

Iron Ore Key Indicators:

- Platts62 \$103.40, -1.95, MTD \$105.37. As the year-end approaches, the restocking of iron ore slow down obviously. The shipments in December were relatively low. The market has entered a negative feedback loop. BHP sold NHGF at \$101/mt, and a MACF at \$100.2/mt.

SGX Iron Ore 62% Futures& Options Open Interest (Dec 18th)

- Futures 130,392,700 tons(Increase 1,175,000 tons)
- Options 154,136,900 tons(Increase 1,551,500 tons)

Steel Key Indicators:

- MySteel researched winter stock price at 3100- 3200 yuan/ton, which was 100-150 yuan/ton lower than last research in late November.

Coking Coal and Coke Indicators:

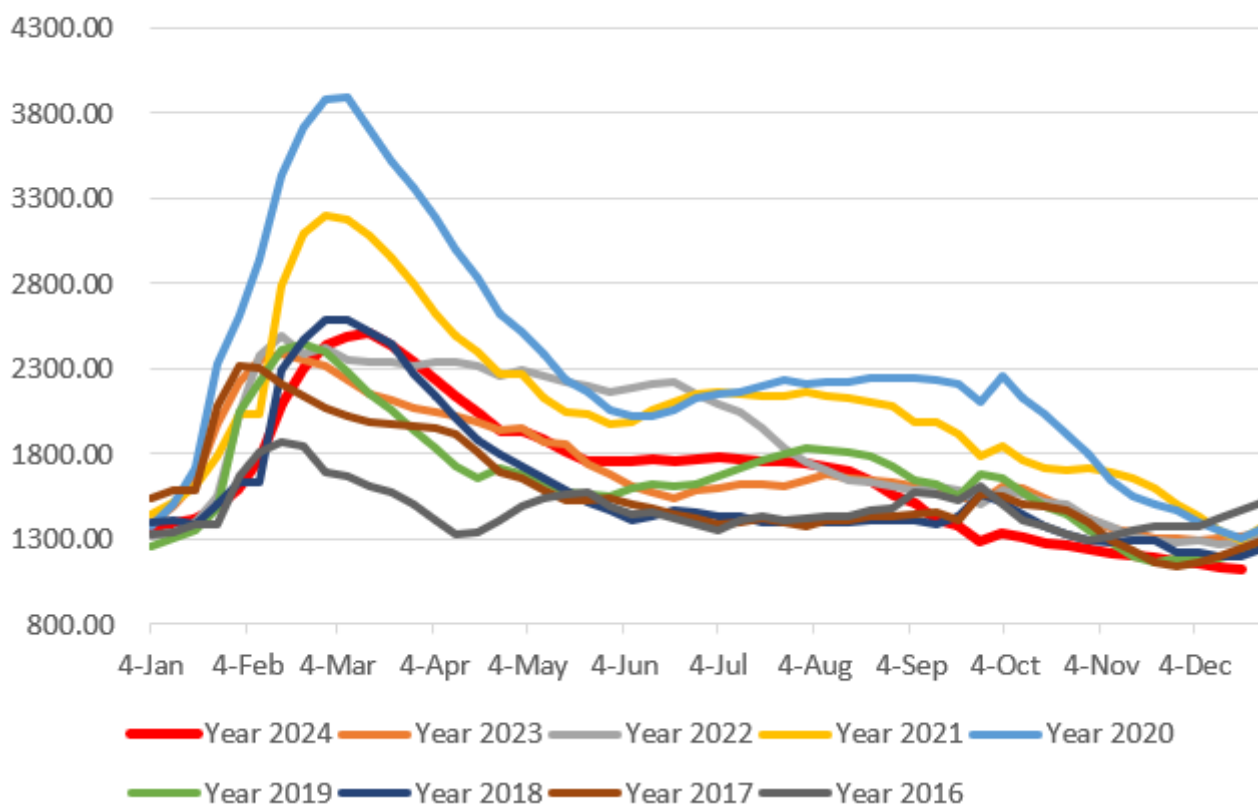
- In the Australian FOB coking coal has remained weak continuously. However, due to the relatively low levels of both supply and demand as well as the small amount of demand in the Indian market, its price has not dropped significantly. Meanwhile, the main coking coal contract on the DCE has been declining continuously and is approaching the five-year low seen in 2020. The open interest has hit a new high since September 2021, indicating that there is an obvious confliction between long and short camps.



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Five Major Steels Inventories(10,000 tonnes)



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