FIS

Ferrous Weekly Report

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⇒ **Iron ore Fe62% CFR China:** short-run **Neutral**. Iron ore prices were initially suppressed by the news of crude steel production restrictions in China and then rebounded due to the resilience of peak-season demand.

⇒ **Rebar 25mm Shanghai** short-run **Neutral**. Contrary to iron ore, steel prices first rebounded due to the news of production restrictions and then slightly corrected after the hype of the news. The downstream construction is progressing steadily. Newly launched projects, the implementation progress of local debts in China, and changes in export tariffs have become the main determinants of the steel prices.

⇒ **Hard Coking Coal FOB Australia** short-run **Neutral**. Recently, there has been an oversupply of coking coal from Australia, which has put significant pressure on the market. Moreover, the Holi festival in the Indian market has led to a short - term weakness in demand as people take holidays during this period.

Prices Movement	17-Mar	10-Mar	Changes %	Sentiment	
Iron Ore Fe62% CFR China($/MT)	103.30	101.00	+ 2.28%	Neutral	-
Rebar 25mm Shanghai (Yuan/MT)	3446.0	3463.0	- 0.49%	Neutral	-
Hard Coking Coal FOB Australia($/MT)	171.00	181.00	- 5.52%	Neutral	-

Market Review:

Iron Ore Market:

Last week, in the iron ore market, prices fluctuated in the first half of the week, mainly suppressed by the news of production restrictions. However, they gradually rebounded later as the data indicated strong peak-season demand in China. Last week, both the iron ore inventories at ports and those held by steel enterprises were steadily reduced.

From macro side, both the US stock market and the US dollar stabilized after significant corrections. However, the US CCI in March dropped to 57.9, the lowest level since November 2022, with a forecast of 63.1. The five-year inflation expectation rose to 3.9%, the highest since February 1993. Weak consumption and high inflation may further hinder interest rate cuts. US has warned the Houthis that further attacks on shipping vessels may lead to an escalation of the conflict. The international gold price exceeded $3010 per ounce, hitting a new all time high. Copper mines around the world have started to cut production, causing the copper price to rebound. The Chinese government has begun to increase support for trade-in goods and has taken multiple measures to stabilize the equity market. The Shanghai Composite Index opened at 3430 points on Monday, hitting a new high for the whole year. However, the floor area of newly started buildings decreased by 29.6%, with a significant decline of 6.6%. From a market perspective, this impact outweighed the positive effects of the narrowing decline in housing sales and the accelerating infrastructure growth.

Last week, the global shipment of iron ore reached 3.16 million tons, a decrease of 236,000 tons on the week. The main reduction came from Australia and medium-sized miners. The arrival volume of iron ore in China last week was 2.88 million tons, a week-on-week increase of 1.04 million tons. The iron ore inventory at ports was 144.21 million tons, a week-on-week decrease of 157,000 tons. The iron ore inventory at ports is only 1.35 million tons higher on the year, and it potentially go below last year in the coming two weeks. The iron ore inventories in steel mills was 9.145 million tons, a week-on-week decrease of 38,000 tons. The daily average hot metal output has remained around 2.3 million tons for two weeks, but it is expected to grow rapidly in late March after the end of environmental protection- elated production restrictions.

Data Sources: Bloomberg, Platts, Fastmarket, FIS

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Market Review(Cont'd):

Last week, the volume of seaborne iron ore trades decreased again, mainly because production activities were reduced during the China conference period. It is expected that the volume will probably recover this week. As China enters the peak construction season, the demand for iron ore is growing at a faster pace. The daily average hot metal output of iron ore in China reached 2.31 million tons, increase by 25,700 tons on the week. The utilisation rate of steel mills was 86.54%, increasing by 0.96% on the year. The iron ore inventory at ports dropped rapidly from 154 million tons to 145 million tons in five weeks. The iron ore shipment volume from Australia and Brazil generally stabilised last week, with slight decrease of 90,000 tons.

During the past two weeks, the virtual steel margin of steel has remained in the range of 62-64 yuan/ton, a low level compared to the same periods over past three five years. However, according to seasonal patterns, the virtual steel margin expected to strengthen from the second half of March. During the peak season, the relatively low profit and high output of steel products provide good support for iron ore. On the other side, poor landing profit resisted the current demand of seaborne iron ore. The sentimental bottom-hunting price for medium-grade iron ore is between $95 and $97 per ton. Therefore, it is expected to see big trades occur above the price of $95. In the past two weeks, there have been trades of SSF and BF. The low grade iron ores improved on both seaborne and portsides. In the medium-grade segment, NHGF, MACF, and JMBF still dominate. The price of MACF, converted to Fe 62%, has rebounded from $97.6/mt to $99.55/mt. The floating-price discount of JMBF has widened from $5.23 - 5.3/mt to $5.75/mt, all based on the April index. The price of NHGF has rebounded from $98.5/mt last week to $100/mt.

The average of MB65-P62 dropped from $14.21/mt in January to $12.82/mt in March. With the improvement of steel profit and the gradual increase in shipments from Australia, the spread is expected to recover to an average of over $13 in April. The spread of the SGX main contract between April and May 2025 has recovered from $0.95/mt last week to $1.15/mt this week. The spread May/Sep25 of SGX has rebounded from $3.05/mt at the beginning of March to $3.35/mt. In terms of the DCE spread, the spread between the May and September contracts has maintained a wide-range fluctuation of 35-45 yuan/mt in March. The reason for the widening of both the SGX and DCE spreads is that the supply of iron ore is expected to be larger in the second half of the year, while the demand during the peak season in the first half of the year shows strong resilience.

The price of SS400 HRC exported from Tianjin Port in China remained unchanged at $467/t during past week. The price of Turkish scrap HMS 1/2 80:20 rebounded significantly by 1.98% in past three weeks due to the rapid inventory replenishment of local steel mills. However, the demand for imported scrap from Europe and the US may gradually slow down as the pace of inventory replenishment slows down later. China demand for seaborne coking coal is weak because the customs clearance volume of imported Mongolian coal is large and the inventory level is high. In India, the demand for the PLV is low. Coupled with the large supply of coking coal from Australia recently, there is a short-term oversupply of seaborne coking coal.

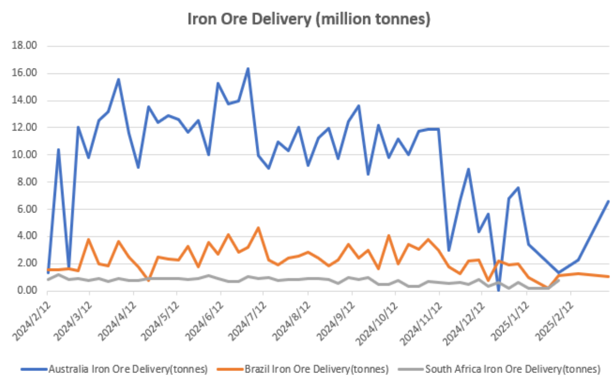
Iron ore expected to maintain neutral in short-run.

Data Sources: Bloomberg, Platts, Fastmarket, FIS

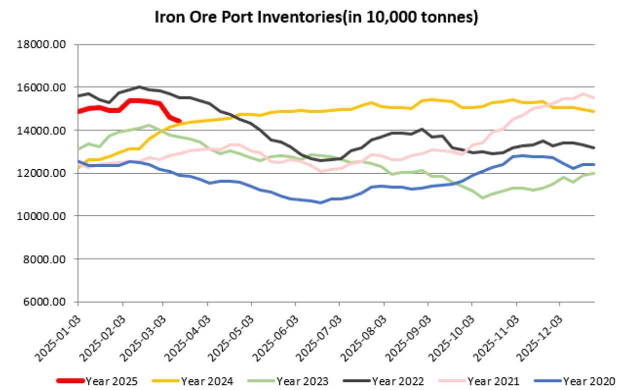
Iron Ore

	Last	Previous	% Change
Platts 62% Fe (Dollar/mt)	103.3	101	**2.28%**
MB 65% Fe (Dollar/mt)	116.04	113.89	**1.89%**
Capesize 5TC Index (Dollar/day)	22954	20554	**11.68%**
C3 Tubarao to Qingdao (Dollar/day)	24.371	22.87	**6.56%**
C5 West Australia to Qingdao (Dollar/day)	10.042	10.075	**-0.33%**
Billet Spot Ex-Works Tangshan (Yuan/mt)	3070	3040	**0.99%**
SGX Front Month (Dollar/mt)	103.98	100.45	**3.51%**
DCE Major Month (Yuan/mt)	787.5	774.5	**1.68%**
China Port Inventory Unit (10,000mt)	14,420.85	14,577.88	**-1.08%**
Australia Iron Ore Weekly Export (10,000mt)	655.74	230.83	**184.08%**
Brazil Iron Ore Weekly Export (10,000mt)	104.29	123.52	**-15.57%**

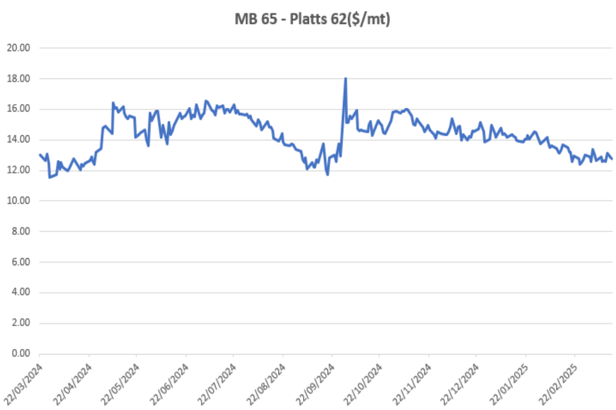
Iron Ore Key Points



- The spread of MB65-P62 has fallen below $13/mt, experiencing a short-term excessive decline. As profits of steel mills and shipments from Australia recover in the next few weeks, the spread is expected to rise back above $13/mt.



- The decline of iron ore inventory at China ports is faster than the cumulative arrivals, indicating obvious demand during the peak season.

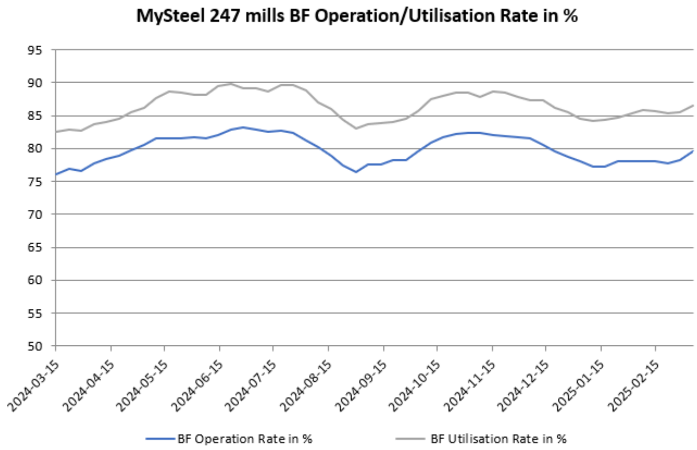


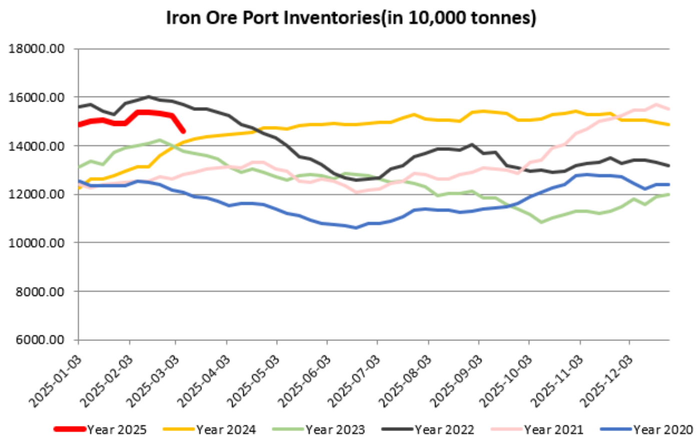
- The mid-grade iron ore is becoming popular, as the acceleration on pig iron demand in March.

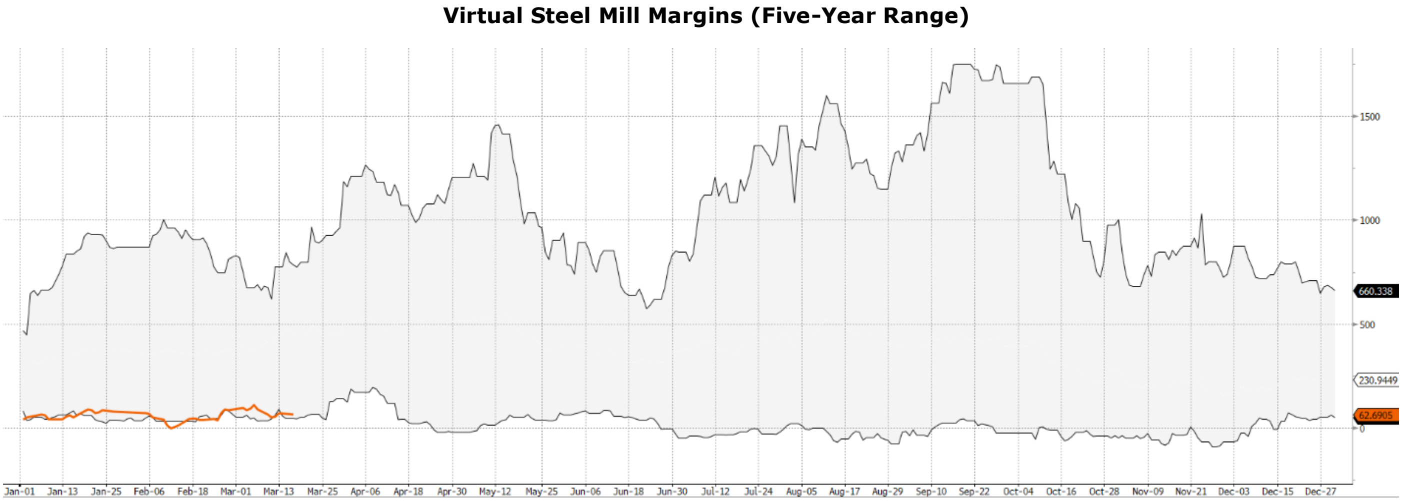
Data Sources: Platts, Fastmarkets, MySteel, Bloomberg, FIS

Steel

	Last	Previous	% Change
US HRC Front Month (Dollar/mt)	939	925	1.51%
LME Rebar Front Month (Dollar/mt)	576	573	0.61%
SHFE Rebar Major Month (Yuan/mt)	3257	3264	-0.21%
China Hot Rolled Coil (Yuan/mt)	3419	3403	0.47%
Vitural Steel Mills Margin(Yuan/mt)	63	62	1.61%
China Five Major Steel Inventories Unit (10,000 mt)	2489.64	2371.33	4.99%
Global Crude Steel Production Unit (1,000 mt)	81900	76000	7.76%
World Steel Association Steel Production Unit(1,000 mt)	151,400	144,500	4.78%





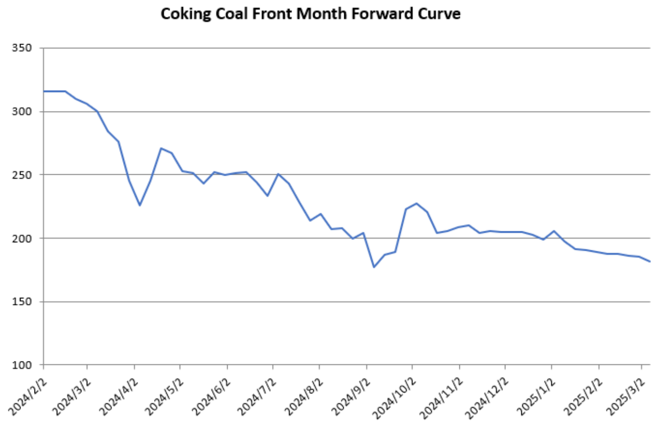


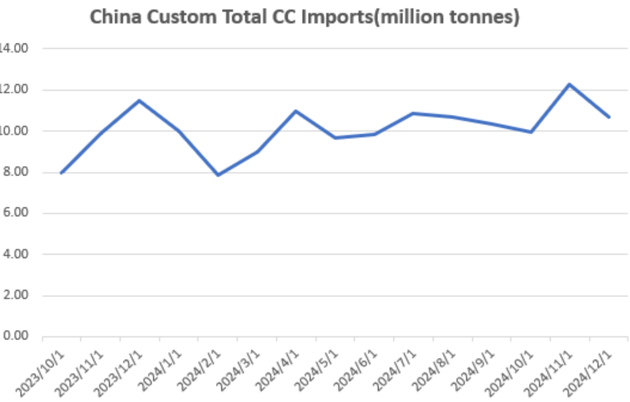
Data Sources: Bloomberg, MySteel, FIS

- The virtual steel margin maintained around 62-64 yuan/ton during past two weeks.
- The inventory accumulation rate of the five major steel products is at an eight-year low, so steel prices receive short-term support.

Coking Coal

	Last	Previous	% Change
TSI FOB Premium Hard Coking Coal (Dollar/mt)	171	179.5	**-4.74%**
Coking Coal Front Month (Dollar/mt)	175.5	182	**-3.57%**
DCE CC Major Month (Yuan/mt)	1081.5	1078	**0.32%**
Top Six Coal Exporter Weekly Shipment(Million mt)	5.43	5.80	**-6.38%**
China Custom total CC Import Unit mt	10,709,926	12,295,067	**-12.89%**





Coal Key Points

- The 11th physical coke cut in China landed. The inventories were high for both coking coal and coke in China. However the incoming construction season potentially prevent coke price from further deepening.
- The daily average pig iron output in China see acceleration from second half of March.
- India holiday resisted demand in short-run. Indian buyers were not favouring PLVs.

Data Sources: IHS Commodities at Sea Service, Bloomberg, FIS

FIS Ferrous Fact Sheet

Australia HCCLV Peak Downs: An important hard and low volatility coking coal benchmark brand in Australia with prime quality and higher price.

Backwardation Market： when futures prices are lower than the underlying physical prices or front months are higher than deferred months contracts.

Contango Market： when futures prices are higher than the underlying physical prices or front months are lower than deferred months contracts.

Cost Saving Strategy： refers to steel mills focusing on lower variable costs to maintain profit margin.

Ferrous Industry Chain: Upstream materials included iron ores concentrates/lumps/pellets, scrap/pig iron/HBI/DRI, Coking coal, semi-soft coals or other coals, Ferroalloys, and different furnace or EAF materials. Midstream commonly refers to semi-finished steels, including crude steels, or finished steels, structured steels, flat steels, HRC/CRC, rebar, etc. Downstream meant the end-users of steels, including housing, infrastructure, auto-making, energy market, shipbuilding, housing appliances, containers, and mechanics.

Flat Steel: Finished steels are categorised by wide-belt and narrow belts—normal flat steel including hot-rolled steel or cold-rolled steel. Downstream markets are auto making, electrical appliances and thin and flat steel-using industries. Flat steels are the most active international trading steel type.

Iron Ore Lump: Natural bulks iron ore. Lumps are directly added to a blast furnace, which has premiums to iron ore concentrates.

Iron Ore Pellets: Semi-processed iron ore to make concentrates into pellets after sintering. Pellets are acidic, which adjusts the acidity and alkalinity of a blast furnace. Pellets have premium to iron ore concentrates.

Long Steel: Finished steel, including wire rods and rebar, is generally related to the housing building market.

More or Less Clause: Trade Terms. In iron ore seaborne trading, the weight could differ from loading to arrival ports because of increased moisture rates. For example, some customs accept a 10% maximum moisture rate on some brands of iron ore. In steel trading by trucks or trains, there is usually a certain percentage of weight difference tolerance between quality test and contract.

Rebar 25mm Shanghai: The most volatile physical steel product traded in China and the major exported brand. SGX's rebar contract was highly correlated to this physical brand.

Steelmaking Process: The process typically included the BF-Converter process and EAF process. The U.S. and West Europe are using EAFs. Pig iron/scrap is a significant input for EAFs. China, Japan, and India are using BF-Converter majorly. The materials include iron ores, cokes, and coking coals.

SGX—DCE Difference: The SGX settlement price minus the DCE value after normalised by VAT, ferrous grade, and foreign exchange.

Virtual Steel Margin: Calculating the futures steel margins by a complex of rebar, iron ore and coking coal to represent the leading indicator of physical steel margin.

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