FIS Ferrous Weekly Report

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⇒ **Iron ore Fe62% CFR China:** short-run **Neutral to Bullish**. The pig iron output has rebounded rapidly, but the port inventory has reversed from a decline to an small increase, with both short - term supply and demand showing an upward trend. Recently, the demand from ports and seaborne both increased.

⇒ **Rebar 25mm Shanghai** short-run **Neutral to Bullish**. Some steel mills in China have started to implement production restrictions and protect EXW prices. The demand during the peak season has increased significantly. Thus, ferrous sectors are supported.

⇒ **Hard Coking Coal FOB Australia** short-run **Neutral to Bullish**. After the seaborne coking coal index at sea dropped to the buyers' psychological price level, the demand from India supported the price rebound. Although there is a short - term supply surplus, end - user enterprises are also considering making advance purchases at appropriate prices.

Prices Movement	24-Mar	17-Mar	Changes %	Sentiment	
Iron Ore Fe62% CFR China($/MT)	103.15	103.30	- 0.15%	Neutral to Bullish	↗
Rebar 25mm Shanghai (Yuan/MT)	3418.0	3446.0	- 0.81%	Neutral to Bullish	↗
Hard Coking Coal FOB Australia($/MT)	169.25	171.00	- 1.02%	Neutral to Bullish	↗

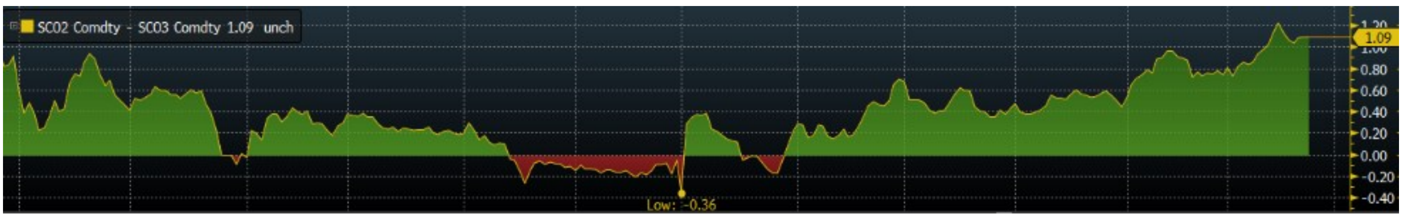
Market Review:

Ferrous Market:

Last week, the iron ore market lost ground, following a oversupply on seaborne iron ore and recovered due to increasing steel production.

From a macro perspective, several China steel mills have launched production restrictions and price maintenance measures during peak season, which supported the ferrous metals sector that has been overly sold off. On Monday, stocks of many listed steel mills in China hit the limit-up. As expected, previous rumors about crude steel production regulation in the market were false. Steel mills largely need to make production schedule based on their own production and profit levels instead of mandatory actions. Representatives of US enterprises have visited China, as the market expects that new opportunities may be materializing. The White House is narrowing the scope of tariffs starting on 2nd April and imposing reciprocal measures on some countries. These news are interpreted as positive factors, which have supported the prices of metals.

In March, the weekly average of global iron ore shipments was 30.12 million tons, an increase of 12.95% compared to February. China's blast furnace pig iron output has rebounded rapidly to 2.34 million tons/day, and it is expected to reach a three - year high for the same period in the next two weeks. The port trading volume has rebounded rapidly since the end of March, and the rebound cycle is similar to that of the same period last year. The activity of floating cargoes at sea is highly sensitive to price, and the index around $100/mt often attracts a large number of spot trades. The port inventory of iron ore rebounded slightly last week after a continuous decline. But it is expected to return to downward trend in next few weeks given high consumption. The iron ore inventory of steel enterprises is at a relatively low level in three years. From the perspective of dynamic balance, the short - term demand increment is greater than the supply increment.



Data Sources: Bloomberg, Platts, Fastmarket, FIS

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Market Review(Cont'd):

The virtual steel margin has dropped from 62 yuan/ton to 50 yuan/ton during the past report week. According to the seasonal pattern, the margin is potentially to strengthen from the second half of March to April. During the peak construction season in China, the low profit and high output of steel provide good support for iron ore. The spot margin remains poor, however the expectation is getting better. In terms of the 62% index, after standing firm at $100/ton for three weeks, it started to rebound, with both marginal demand increase and valuation rebounding. BHP narrowed the discount of NHGF from $2.28/mt to $2.16/mt, and the discount of MACF from $3.06mt/mt to $2.6/mt. The demand for PBF is still weak. The price of MACF Fe60.6% has dropped from $97.3/mt to $97.15/mt. The discount of JMBF last Monday narrowed from $5.75/mt to $5.6/mt.

The spread between MB65 and P62 has narrowed as expected. The average price in January was $14.21/mt, and the average price in March was $12.85/mt. With the current improvement of steel mills margin and the gradual increase in shipments from Australia, it is expected that the spread will be repaired to an average of over $13/mt in April. The spread of the main contract on the SGX for April/May 2025 remained at $1.10/mt to $1.15/mt from last week to the beginning of this week. The spread between May and September on the SGX is around $3.35/mt. In terms of the DCE spread, after dropping from 46 yuan/ton last week to 35 yuan/ton, the spread between May and September rebounded to 42 yuan/ton. The spread level potentially stay at current level for the current week.

Iron ore is expected to rebound as the support of high pig iron production on marginal side.

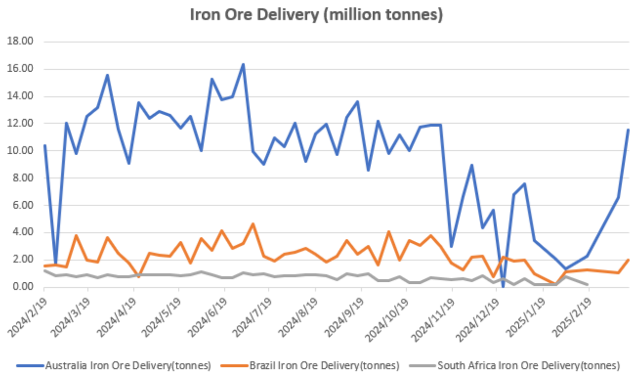
EU/US HRCs is expected to grow as the limited import origins from Asia.

Coking coal has regained support thanks to resilient Indian buyers.

Data Sources: Bloomberg, Platts, Fastmarket, FIS

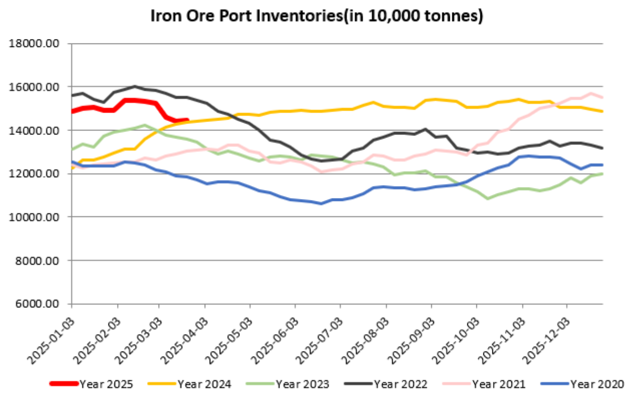
Iron Ore

	Last	Previous	% Change
Platts 62% Fe (Dollar/mt)	103.15	103.3	**-0.15%**
MB 65% Fe (Dollar/mt)	116.19	116.04	**0.13%**
Capesize 5TC Index (Dollar/day)	22311	22954	**-2.80%**
C3 Tubarao to Qingdao (Dollar/day)	25	24.371	**2.58%**
C5 West Australia to Qingdao (Dollar/day)	9.33	10.042	**-7.09%**
Billet Spot Ex-Works Tangshan (Yuan/mt)	3030	3070	**-1.30%**
SGX Front Month (Dollar/mt)	99.91	103.98	**-3.91%**
DCE Major Month (Yuan/mt)	761	787.5	**-3.37%**
China Port Inventory Unit (10,000mt)	14,462.49	14,420.85	**0.29%**
Australia Iron Ore Weekly Export (10,000mt)	1,152.95	655.74	**75.83%**
Brazil Iron Ore Weekly Export (10,000mt)	199.35	104.29	**91.15%**

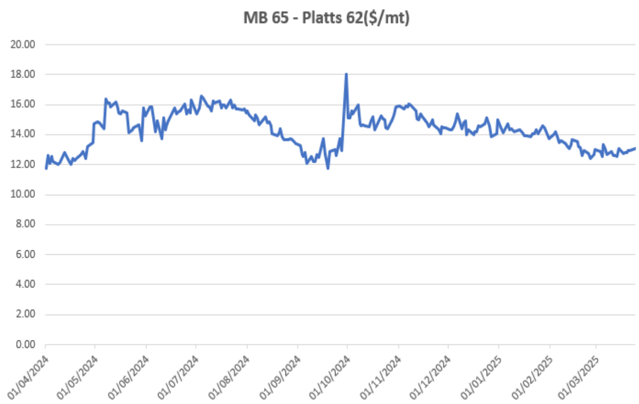


Iron Ore Key Points

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



- Chinese iron ore inventories are expected to drop in March and April.

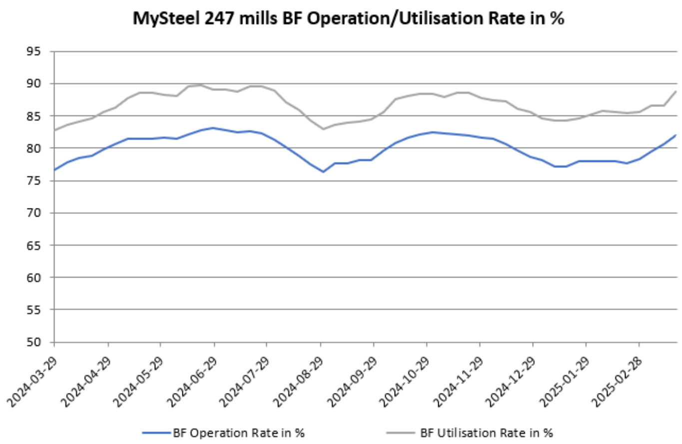


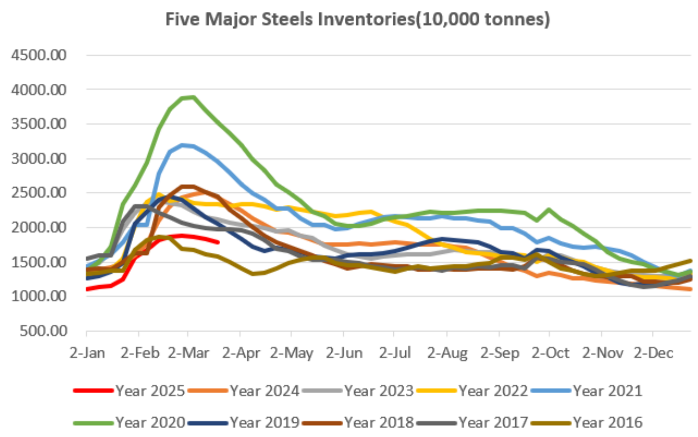
- The mid-grade iron ore become popular, as the acceleration on pig iron demand in March.

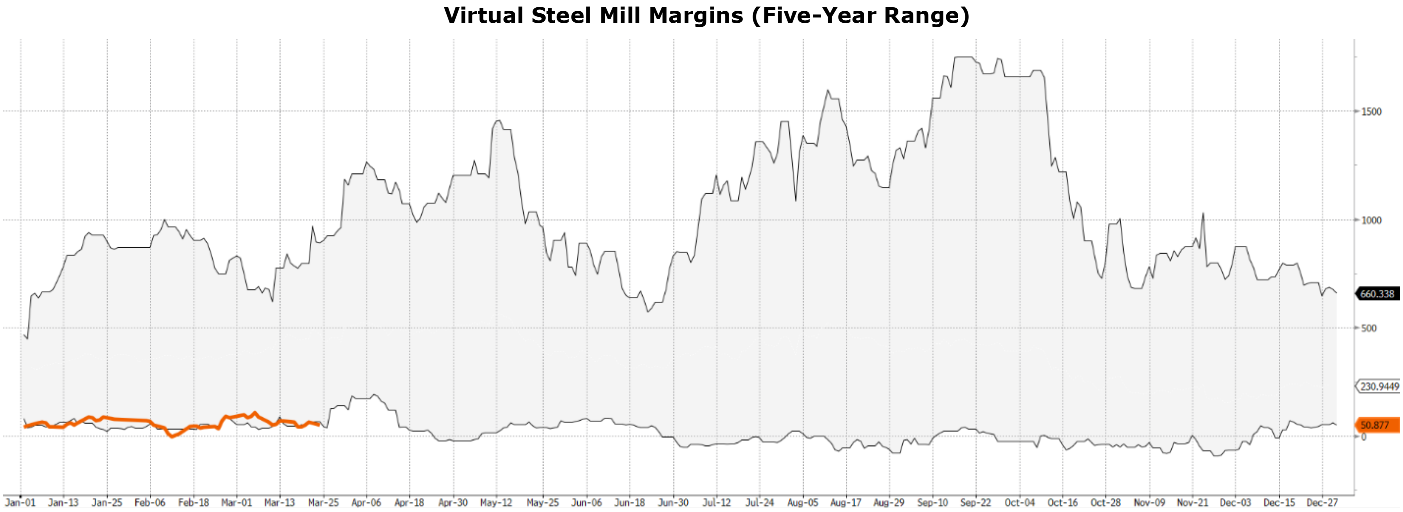
Data Sources: Platts, Fastmarkets, MySteel, Bloomberg, FIS

Steel

	Last	Previous	% Change
US HRC Front Month (Dollar/mt)	937	939	**-0.21%**
LME Rebar Front Month (Dollar/mt)	573.5	576	**-0.43%**
SHFE Rebar Major Month (Yuan/mt)	3165	3257	**-2.82%**
China Hot Rolled Coil (Yuan/mt)	3385	3419	**-0.99%**
Vitural Steel Mills Margin(Yuan/mt)	50	62	**-19.35%**
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%**







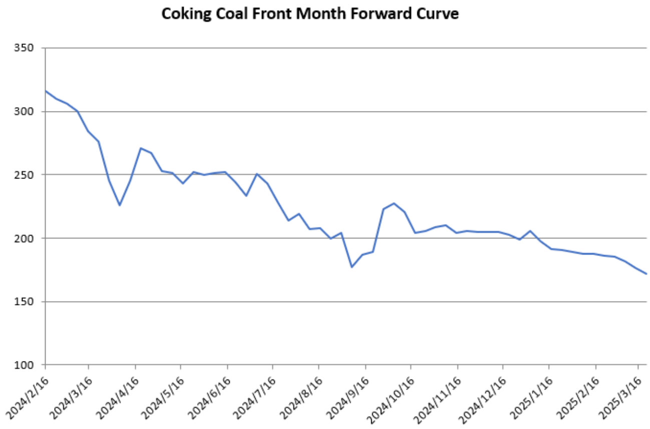
Data Sources: Bloomberg, MySteel, FIS

- The virtual steel margin dropped from 62 yuan/ton to 50 yuan/ton. The virtual steel margin expected to recovery in May along with spot margin according to seasonal rule.
- 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)	169.25	169	**0.15%**
Coking Coal Front Month (Dollar/mt)	172	176.5	**-2.55%**
DCE CC Major Month (Yuan/mt)	1018.5	1081.5	**-5.83%**
Top Six Coal Exporter Weekly Shipment(Million mt)	5.75	6.20	**-7.26%**
China Custom total CC Import Unit mt	8,846,105	9,999,359	**-11.53%**

Coal Key Points



- The 12th physical coke cut in China expected to land in the current days. 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 saw acceleration from the second half of March.

- India end-users supported Australian PMV coking coal market above $165/mt.

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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