FIS

Ferrous Weekly Report

info@freightinvestor.asia | freightinvestorservices.com | (+65) 6535 5189

4/3/2025

⇒ **Iron ore Fe62% CFR China:** short-run **Neutral**. After the iron ore market recovered from part of its valuation decline, the daily average output of hot metal supported the demand. China Two Sessions and the implementation of tariff policies become major macro factors of the week.

⇒ **Rebar 25mm Shanghai** short-run **Neutral**. The construction progress at domestic construction sites and among downstream enterprises has accelerated rapidly, leading to a quicker pace of steel consumption.

⇒ **Hard Coking Coal FOB Australia** short-run **Neutral**. After the supply of Australian coking coal increased in the near term, initial signs of pressure have emerged. In the future, more actual transactions are needed to provide support.

Prices Movement	3-Mar	24-Feb	Changes %	Sentiment	
Iron Ore Fe62% CFR China($/MT)	101.05	109.10	- 7.38%	Neutral	-
Rebar 25mm Shanghai (Yuan/MT)	3481.0	3489.0	- 0.23%	Neutral	-
Hard Coking Coal FOB Australia($/MT)	185.50	188.50	- 1.59%	Neutral	-

Market Review:

Iron Ore Market:

The iron ore market pulled back from its high level as expected during last week. The high open interest triggered the flight of profit-taking positions, causing the price to decline. In the short term, the iron ore market has been frequently affected by macro-level disturbances. However, fundamentally, it is supported by the recovery of the daily average hot metal output. The market started to trade with a downward shift in risk appetite last week.

The overall trend of the US dollar index has disappeared, so its marginal impact on commodities has weakened. Last week, US stocks tumbled, and the market's risk-taking appetite declined, which contributed to the correction of metal commodities. Due to air pollution last week and the upcoming China Two Sessions, hot-rolling enterprises in Tangshan have suspended production for a week recently. The market has been abuzz with the news that large steel enterprises have received production-restriction tasks for 2025, which at one point triggered a sharp decline in iron ore prices. On March 4th, US imposed an additional 10% tariff on Chinese goods, and Vietnam imposed a 19.38% tariff on Chinese HRC. US imposed additional tariffs on agricultural products on April 2nd, and US agricultural products would be sold in the domestic market. Traders are keeping an eye on possible counter - measures from major US exporters.

As expected, the spread of MB65-P62 has narrowed because of the increased shipments from Brazil and the monthly decline in shipments from Australia. In the future, if the impact of weather conditions subsides and the profits of steel enterprises increase, the spread is expected to stabilize. The average price in February was $13.24/mt, while that in January was $14.21/mt. The active spread April/May 2025 has dropped from $0.95/mt in mid - February to $0.7/mt. Currently, the price spread is at a neutral level, offering few opportunities for trend trading.

Data Sources: Bloomberg, Platts, Fastmarket, FIS

info@freightinvestor.asia | freightinvestorservices.com | (+65) 6535 5189

Market Review(Cont’d)：

Last week, virtual steel margin doubled from 43 to 97 yuan/t as iron ore prices fell faster than finished-steel prices. Physical demand rose last week before dipped on Friday, and rebounded on Monday. In the mid-run, China's market is in peak season, with demand growth a key price reference. During this week, multiple macro-events potentially cause high futures-market volatility and trading volume. Landing margin’s recovery is limited, and port inventory stays at a seasonal high of 153 million tons. Australia and Brazil's shipment increase of 15 million tons during past two weeks, plus Vale's planned 2-5 million ton annual output rise, has largely nullified the cyclone's impact on annual supply. The rumor of a 50 million ton production cut this year is likely false as no national policy has been seen in three years, especially in Q1. Steel firms expect lower but longer-lasting peak -season demand.

Increased Brazilian shipments have weakened demand for premium products like BRBF and IOCJ, while the market favors discounted products such as IOC6. In Australia, PBF traded at March's index price plus a $1/ton premium after two quiet weeks. Most deals were on BHP's discounted products like MACF, whose price dropped from $101/ton last Tuesday to $95.9/ton on Monday.

In general, iron ore could have reached a periodic high and is in risk of correction.

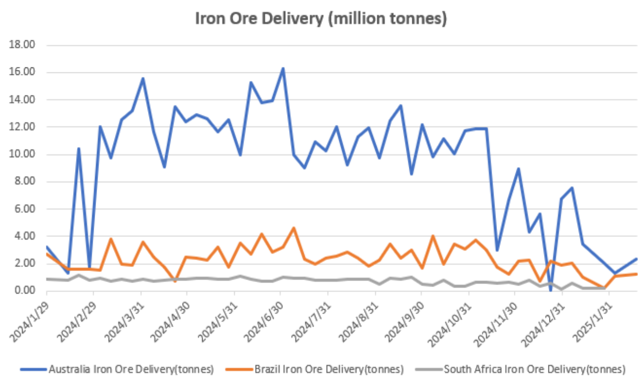
Data Sources: Bloomberg, Platts, Fastmarket, FIS

Iron Ore

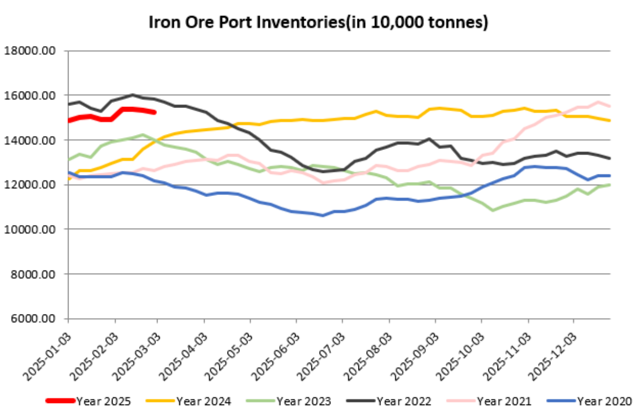
	Last	Previous	% Change
Platts 62% Fe (Dollar/mt)	101.05	109.1	**-7.38%**
MB 65% Fe (Dollar/mt)	113.94	121.84	**-6.48%**
Capesize 5TC Index (Dollar/day)	16424	8620	**90.53%**
C3 Tubarao to Qingdao (Dollar/day)	20.067	18.31	**9.60%**
C5 West Australia to Qingdao (Dollar/day)	10.535	6.65	**58.42%**
Billet Spot Ex-Works Tangshan (Yuan/mt)	3090	3120	**-0.96%**
SGX Front Month (Dollar/mt)	102.44	108.49	**-5.58%**
DCE Major Month (Yuan/mt)	802	839	**-4.41%**
China Port Inventory Unit (10,000mt)	15,221.40	15,339.54	**-0.77%**
Australia Iron Ore Weekly Export (10,000mt)	230.83	134.92	**71.08%**
Brazil Iron Ore Weekly Export (10,000mt)	123.52	109.80	**12.50%**

Iron Ore Key Points

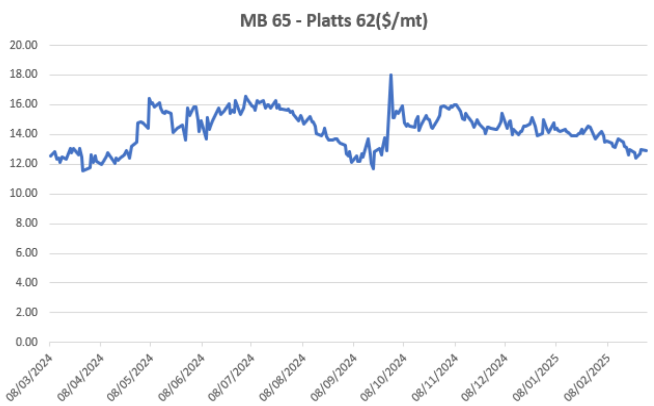
- The average value of MB65-P62 is short-term suppressed by the low profits as well as high Brazil shipments. Thus, the spread potentially remain in the range of \$13-\$14 in the first quarter.



- The iron ore inventory at ports remains at a seasonal high of around 153-154 million tons during February. However, the loss of shipment in Australia and upcoming China construction season may accelerate the pace of inventory drawdown at domestic ports.



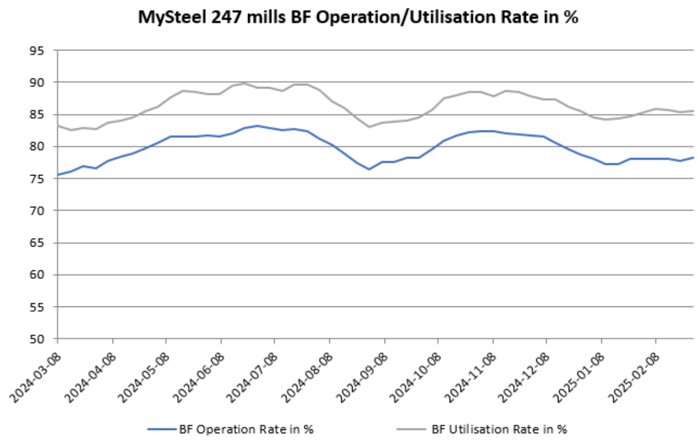
- The discount iron ore demand on Australia and Brazil become popular.

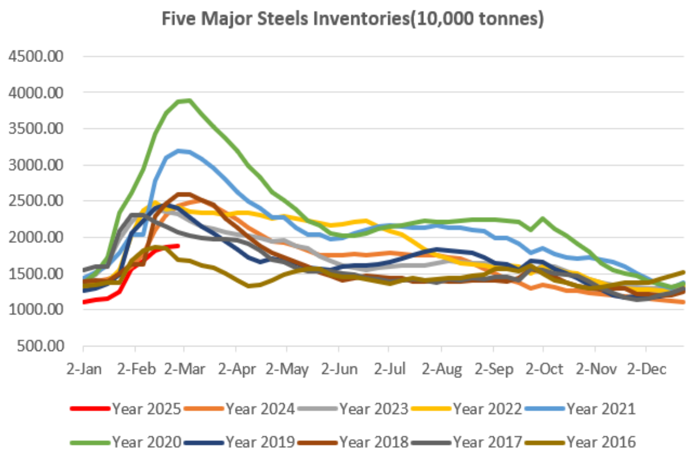


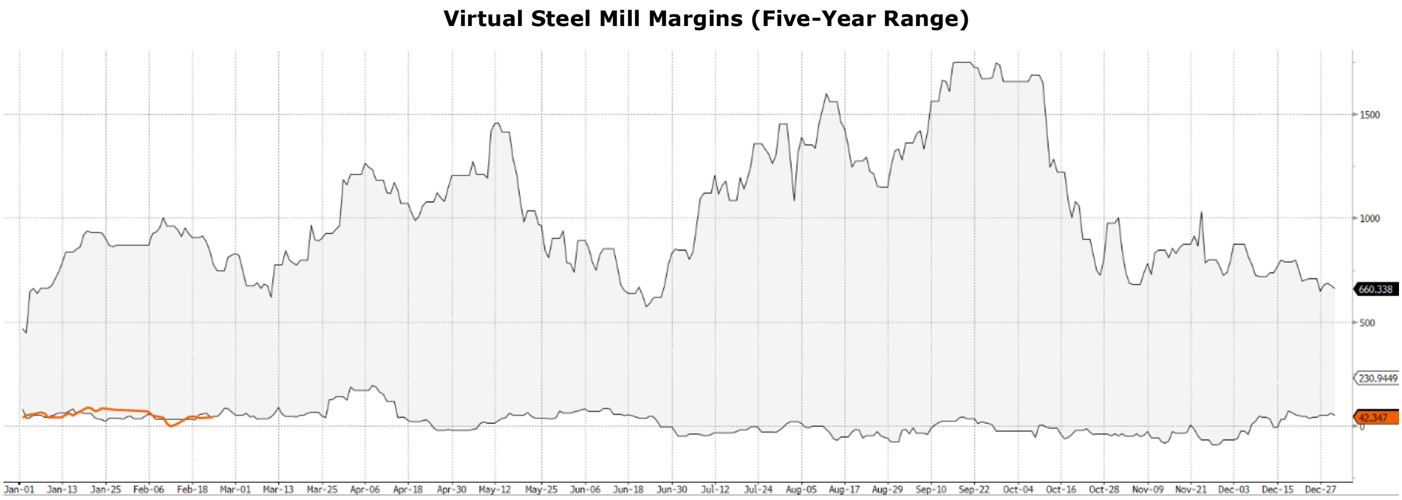
Data Sources: Platts, Fastmarkets, MySteel, Bloomberg, FIS

Steel

	Last	Previous	% Change
US HRC Front Month (Dollar/mt)	912	778	17.22%
LME Rebar Front Month (Dollar/mt)	561.63	569	-1.21%
SHFE Rebar Major Month (Yuan/mt)	3318	3366	-1.43%
China Hot Rolled Coil (Yuan/mt)	3417	3461	-1.27%
Vitural Steel Mills Margin(Yuan/mt)	97	43	125.58%
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%





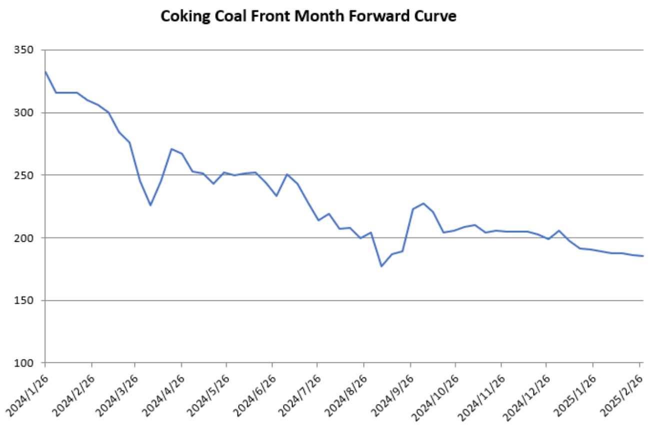


Data Sources: Bloomberg, MySteel, FIS

- The virtual steel margin consolidated from 42-43 yuan/ton.
- The five major steel types in China start to restock from mid-February. However the pace was slower than the same time during past two years.

Coking Coal

	Last	Previous	% Change
TSI FOB Premium Hard Coking Coal (Dollar/mt)	185.5	188	**-1.33%**
Coking Coal Front Month (Dollar/mt)	185.5	186.5	**-0.54%**
DCE CC Major Month (Yuan/mt)	1093.5	1130.5	**-3.27%**
Top Six Coal Exporter Weekly Shipment(Million mt)	3.21	2.59	**23.94%**
China Custom total CC Import Unit mt	10,709,926	12,295,067	**-12.89%**



Coal Key Points

- China domestic coke price reduction of 50–55 yuan/ton landed. The market participants believed that the market should regain support after 1-2 rounds of cut.
- The daily average pig iron output in China expected to see acceleration from late February.
- Australia coking coal corrected after the front laycans became crowded. The market should see support after the happening of real trades.

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.

Written by **Hao Pei**,
FIS Senior Research Analyst
haop@freightinvestor.com