FIS

Ferrous Weekly Report

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⇒ **Iron ore Fe62% CFR China:** short-run **Neutral**. The output of hot metal has rebounded rapidly, but the port inventory has rebounded continuously in the short term. Both supply and demand have increased.

⇒ **Rebar 25mm Shanghai** short-run **Neutral**. The downstream demand for steel products is gradually being unleashed in China. Steel enterprises are reluctant to sell their products at low prices.

⇒ **Hard Coking Coal FOB Australia** short-run **Neutral**. After several rounds of purchases by Indian buyers, the demand has weakened. However, further correction on the current level potentially attract some traders' interests again.

Prices Movement	28-Mar	24-Mar	Changes %	Sentiment	
Iron Ore Fe62% CFR China($/MT)	103.85	103.15	+ 0.68%	Neutral	–
Rebar 25mm Shanghai (Yuan/MT)	3405.0	3418.0	- 0.38%	Neutral	–
Hard Coking Coal FOB Australia($/MT)	169.00	169.25	- 0.15%	Neutral	–

Market Review:

Ferrous Market:

As expected, in the iron ore market, there was a relatively large rigid demand for iron ore with the increase in the demand for hot metal. Both supply and demand were strong, and the market entered a positive feedback cycle in a short period. However, in terms of coking coal, the huge inventory dragged down the entire ferrous metals sector. It is expected little change in the marginal market this week, and the port inventory expected to reduce in April.

From a macro perspective, there were mentions of interest rate cuts in China. The earthquake in Myanmar and the subsequent aftershocks in Southeast Asia resulted in casualties. Coupled with the upcoming date of 2nd April, when Trump is set to announce the implementation of a new round of tariffs, the risk aversion sentiment in the financial market soared. Gold once again broke through the mark of $3,090/OZ, while most of metals declined. On 26th March, President Trump announced the imposition of a 25% tariff on imported automobiles. He also mentioned other possible categories of tariff items. Currently, there is a high probability that there will be position shifting for iron ore on the DCE, with the main contract month switching from May25 to September25.

Last week, Mysteel total iron ore shipments from Australia and Brazil reached 26.478 million tons, up 1.326 million tons on the week. Australia shipped 19.864 million tons, up 1.078 million tons. Brazil shipped 6.614 million tons, up 0.249 million tons on the week. Global iron ore shipments totaled 31.878 million tons, up 1.031 million tons. The arrival volume at 45 Chinese ports was 22.436 million tons, down 2.67 million tons on the week, among which, six northern Chinese ports was 10.495 million tons, down 1.912 million tons on the week. Iron ore inventory has risen slightly for two consecutive weeks. Given hot metal demand and expected future shipments, inventory reduction potentially accelerate in April. The daily average hot metal output was 2.37 million tons, up 0.42% on the week and 7.2% on the year. The upward trend of hot metal output and its high year-on-year level strongly support the fundamentals of ferrous market.

Data Sources: Bloomberg, Platts, Fastmarket, FIS

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Market Review(Cont'd):

The virtual steel margin dropped from 50 yuan/ton last week to 1 yuan/ton, and the finished products futures market has obviously experienced an excessive decline. With the sharp fall in the raw material market this week, there is room for the restoration of both the profit on the futures market and the spot market profit. Following seasonal rules, profit on the futures market is expected to strengthen in April. During the peak season cycle, the relatively low profit and high output of steel products provide good support for iron ore price.

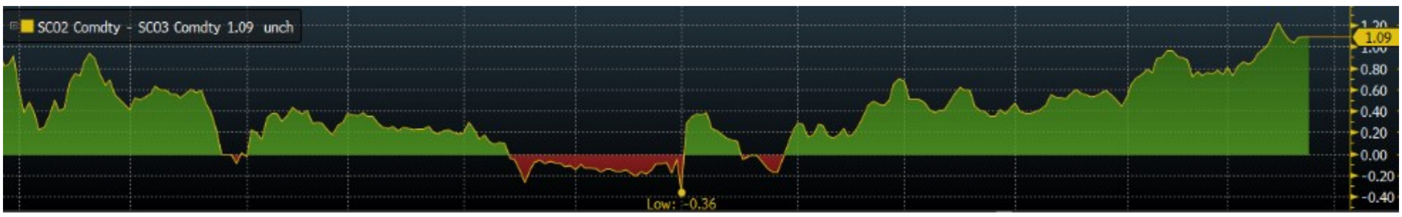
Due to the holiday in Southeast Asia and China this week, the trade was mute in the physical market. In general, steel enterprises make purchases according to their needs, and more demand has shifted to the ports. JMBF has widened from $5.6/mt in mid-May to $6/mt, and the prices of MACF and NHGF are relatively strong.

The price spread of MB65-P62 narrowed from the average price of $14.21/mt in January to the average price of $12.87/mt in March. With the current improvement of the profit of steel enterprises and the gradual increase of shipments from Australia, the price spread is expected to recover to the range of $13-$14/mt in April in terms of the average price. The price spread of the main contract on the SGX for May/June 2025 remained at $0.90-$0.95/mt from last week to the beginning of this week, and there is no opportunity for price fluctuations. In terms of the price spread on the DCE, the price spread between May and September was mainly traded at around 37-43 yuan/ton. Considering the extreme small trading volumes at both ends, the effective price range should be 38-42 yuan/ton.

The price of SS400 hot-rolled coils exported from Tianjin Port in China has remained unchanged at $467/ton for the past three weeks. Generally speaking, after reflecting the possible impact of tariffs, due to the support of the basic demand during the peak season in Asia, there has been no further price reduction. The main contract price of HMS 1/2 80:20 scrap steel in the Turkish market has remained at $374.5 - $376.5/ton for two weeks. Since the replenishment of local steel enterprises is approaching the end, the price rebound is suppressed. The spot price range of scrap steel between the US and the Baltic region is between $378 - $382.5/ton. In the short term, there is an oversupply situation, and the price is likely to soften further.

The import volume of coking coal increased by 20% in China in 2024. The total import volume from January to February this year increased by 5.9% year-on-year. Although the import volume has slowed down in March, the total supply is relatively large in particular from Mongolia. As a result, China has basically been absent from the seaborne market. The demand from India alone cannot support Australia's coking coal exports. After the centralized procurement by Indian steel mills in mid -March ended, there was an oversupply situation again in the market of prime coking coal at the end of March. However, the relatively low valuation level potentially arouse the interest of traders.

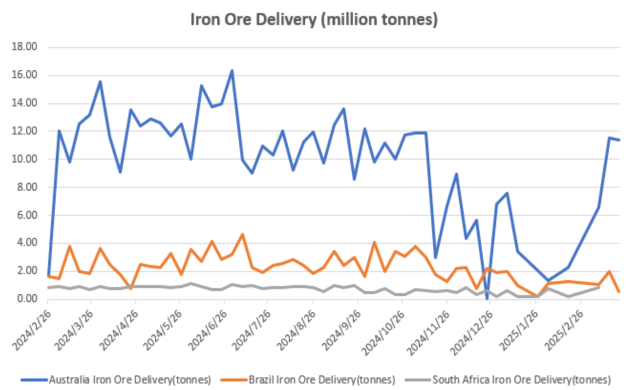
The short-term outlook for iron ore is neutral. After the tariffs are implemented, the speculation in the imported HRC in Europe is likely to end. The Australian coking coal market is expected to stabilize in the short term.

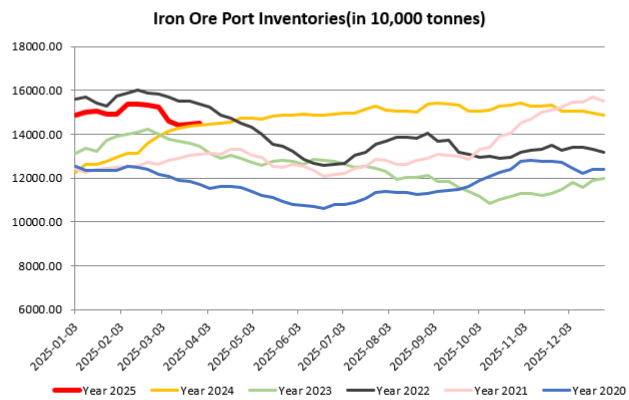


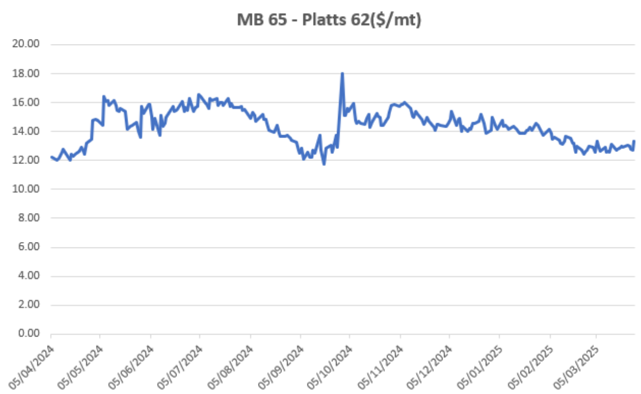
Data Sources: Bloomberg, Platts, Fastmarket, FIS

Iron Ore

	Last	Previous	% Change
Platts 62% Fe (Dollar/mt)	103.85	103.15	0.68%
MB 65% Fe (Dollar/mt)	117.19	113.97	2.83%
Capesize 5TC Index (Dollar/day)	20442	22311	-8.38%
C3 Tubarao to Qingdao (Dollar/day)	23	25	-8.00%
C5 West Australia to Qingdao (Dollar/day)	8.675	9.33	-7.02%
Billet Spot Ex-Works Tangshan (Yuan/mt)	3060	3030	0.99%
SGX Front Month (Dollar/mt)	102.23	99.91	2.32%
DCE Major Month (Yuan/mt)	784.5	761	3.09%
China Port Inventory Unit (10,000mt)	14,462.49	14,420.85	0.29%
Australia Iron Ore Weekly Export (10,000mt)	1,141.95	1,152.95	-0.95%
Brazil Iron Ore Weekly Export (10,000mt)	54.39	199.35	-72.72%







Iron Ore Key Points

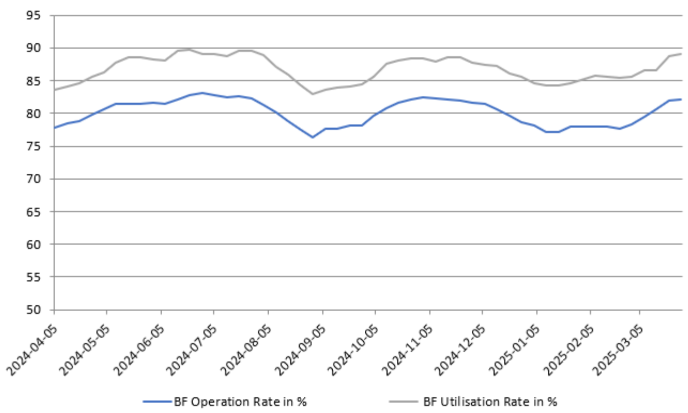
- The spread of MB65 - P62 was below $12.87/mt, experiencing a short-term excessive decline. As the profits of steel mills and the shipments from Australia recover in the next few weeks, the spread is expected to rise back above $13/mt.
- Chinese iron ore inventories are expected to drop in April given a two weeks of increase in late March.
- The mid-grade iron ore is become popular, thanks to the acceleration on pig iron demand in April.

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

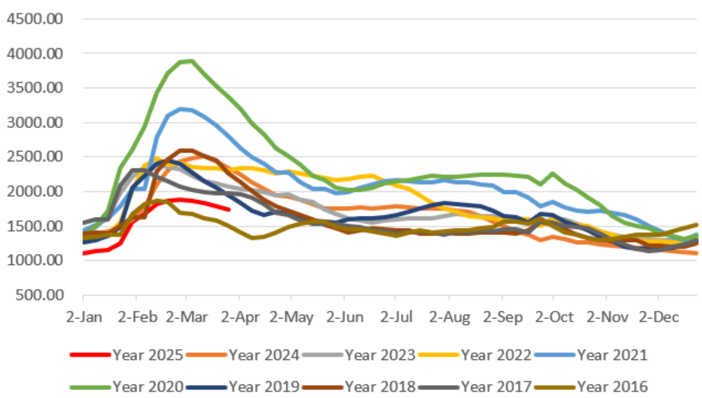
Steel

	Last	Previous	% Change
US HRC Front Month (Dollar/mt)	890	937	**-5.02%**
LME Rebar Front Month (Dollar/mt)	573	574	**-0.09%**
SHFE Rebar Major Month (Yuan/mt)	3192	3165	**0.85%**
China Hot Rolled Coil (Yuan/mt)	3384	3385	**-0.03%**
Vitural Steel Mills Margin(Yuan/mt)	1	50	**-98.00%**
China Five Major Steel Inventories Unit (10,000 mt)	2489.64	2371.33	**4.99%**
Global Crude Steel Production Unit (1,000 mt)	78900	81900	**-3.66%**
World Steel Association Steel Production Unit(1,000 mt)	144,700	151,400	**-4.43%**

MySteel 247 mills BF Operation/Utilisation Rate in %



Five Major Steels Inventories(10,000 tonnes)



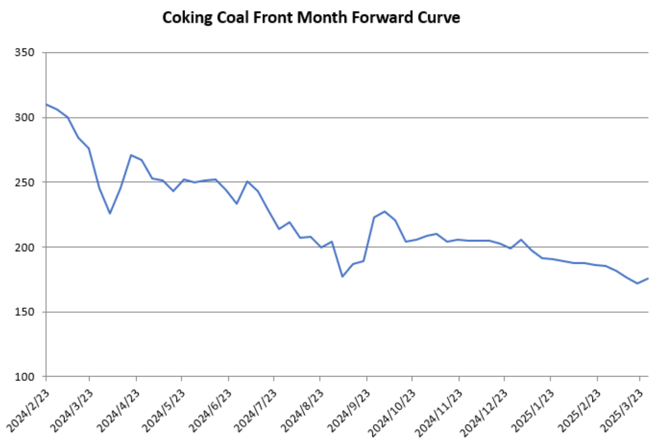
Virtual Steel Mill Margins (Five-Year Range)

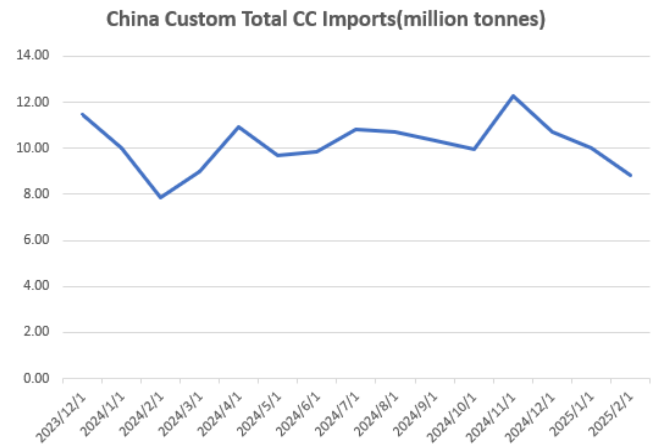
Data Sources: Bloomberg, MySteel, FIS

- The virtual steel margin dropped from 50 yuan/ton to 1 yuan/ton. The virtual steel margin expected to recovery this week after a faster correction on coking coal and iron ore.
- 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 failed to land. The coal plants tend to lock price instead of selling at low.
- The daily average pig iron output in China was 9% higher compared to the same period over last year.
- India end-users start to enter wait and see mode after concentratedly buying coking coal during mid and late March. Seaborne market saw a glut again.

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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