

## 22/4/2025

- ⇒ **Iron ore Fe62% CFR China:** short-run **Neutral to Bullish**. The output of hot metal remains at a high level. Both the inventories at ports and in steel mills in China have decreased. The supply and demand of iron ore in the domestic market are in a tight balance.
- ⇒ **Rebar 25mm Shanghai** short-run **Neutral to Bullish**. The downstream demand for steel products has been unleashed. In the construction steel sector, some products have been mis-priced because of the tariff news, and there is room for recovery.
- ⇒ **Hard Coking Coal FOB Australia** short-run **Neutral to Bullish**. The production cuts of major Australian mines have led to a contraction in supply, and the demand from Indian buyers has accelerated.

Prices Movement	21-Apr	14-Apr	Changes %	Sentiment	
Iron Ore Fe62% CFR China(\$/MT)	100.10	99.45	+ 0.65%	Neutral to Bullish	↗
Rebar 25mm Shanghai (Yuan/MT)	3326.0	3346.0	- 0.60%	Neutral to Bullish	↗
Hard Coking Coal FOB Australia(\$/MT)	187.60	182.00	+ 3.08%	Neutral to Bullish	↗

## Market Review:

### Ferrous Market:

During the reporting week, the ferrous market performed generally as expected, rebounding after several minor corrections since the impact of tariffs on the steel sector has fully priced-in. Moreover, the market is pinning its hopes on the possible fiscal stimulus that may occur in China in the Q2. The domestic demand for hot metal remains at a seasonal high level, and the port inventories are also at a seasonal high. The iron ore market is still in the phase of strong supply and demand.

From a macro perspective, the US dollar index has dropped from 104.7 at the end of March to 98.2 on Monday this week. Therefore, there should be improving margins in exporting iron ore, especially to ex-China countries. Similarly, coking coal exports also have this advantage. The executive meeting of the China State Council has proposed to stabilize the real estate market. In the first quarter, China's GDP increased by 5.4% on the year and 1.2% compared to last Q4. US president Donald Trump said that a trade agreement with China will be reached within one month which was once believed as a short - term bullish signal.

In Q1 2025, BHP's Pilbara iron ore output was 67.84 million tons, down 7.2% QoQ and 0.4% YoY. Its expected output stays close to the 289.5 million tons in 2024. Rio Tinto's Pilbara iron ore output was 69.8 million tons, down 19% QoQ and 10% YoY. Affected by cyclones, Rio Tinto anticipates its 2025 output to be 323 million tons, at the lower end of the guided range. Vale's iron ore output was 67.7 million tons, down 4.5% YoY and 20.7% QoQ. Despite production cuts due to heavy rains in Q1, Vale still keeps its original annual output target of 325-335 million tons.

During the past week, Mysteel's iron ore shipments from Australia and Brazil were 24.38 million tons, up 29,000 tons WoW. Australia shipped 17.99 million tons, up 929,000 tons WoW, and Brazil shipped 6.386 million tons, down 899,000 tons WoW. Global iron ore shipments last week totaled 29.26 million tons, up 178,000 tons WoW. Iron ore arrivals at 45 Chinese ports were 23.25 million tons, down 2.002 million tons WoW. Arrivals at six northern Chinese ports were 11.94 million tons, up 1.67 million tons WoW. China's iron ore port inventory was 140.56 million tons, down 2.85 million tons WoW. Steel firms' daily average molten iron output was 2.40 million tons, up 10,000 tons WoW and 139,000 tons YoY. Steel mills' imported ore inventory was 90.5292 million tons, down 242.1K tons WoW and 3.1164 million tons YoY. Both port and mill inventories plunged rapidly in mid-April, and pig iron output grew notably.

Data Sources: Bloomberg, Platts, Fastmarket, FIS

Freight Investor Services 2025

# FIS Ferrous Weekly Report

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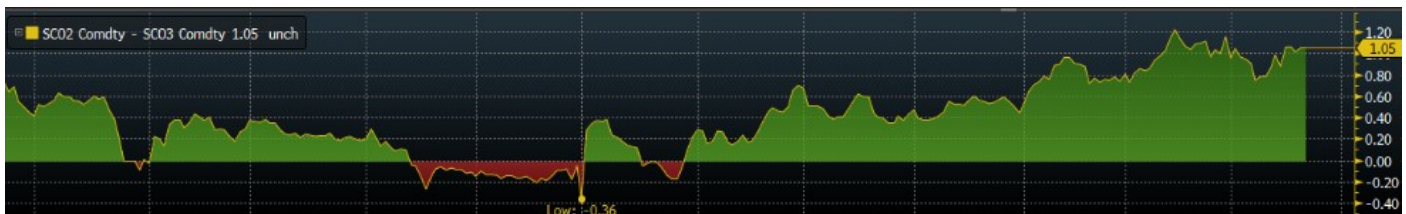
## Market Review(Cont'd):

The decline in iron ore prices has relatively stimulated the interest of spot buyers. However, due to the Easter holiday, trading turned cold in the second half of the week. The discount of JMBF was 6.24%, which expanded slightly compared with before. The Fe65% Karara concentrate was traded at a discount of \$6.89 based on the 65% index. The Fe62% Karara concentrate was traded at a discount of \$2.18. The Caofeidian concentrate with an iron grade of 66% was traded at a discount of \$5.75 based on the June index. Recently, the shipments and inventories of concentrates have both increased, which potentially lead to a structural surplus in May. In terms of fines, there are market rumors that Rio Tinto's partial product output issues have led to a decrease in iron grade and an increase in impurity levels. Due to the slowed supply continuity of some brands of Australian fines, a tight balance is expected in the future.

Since entering April, the spread between MB65 and P62 has changed little and is gradually approaching \$13/mt. In the short term, the accumulation of concentrate inventories and the diversification of Brazilian product inventories have all become factors suppressing the price spread. The main spread of the SGX May/Jun25 has rebounded slightly from \$0.95/mt to \$1.05/mt, with relatively few opportunities for trading within price ranges. The main spread of the DCE May/Sep25 is also maintained in the range of 25-30 yuan/t, which in fact lies between the range of 26.5-29 yuan/t.

The FOB Australia market was supported by the lack of supply after miner production cut as well as resilient demand. There was talks on the 2nd and 3rd round of China physical coke price increase in May.

In the short term, iron ore is neutral to slightly bullish. The Australian coking coal market is bullish.



Data Sources: Bloomberg, Platts, Fastmarket, FIS

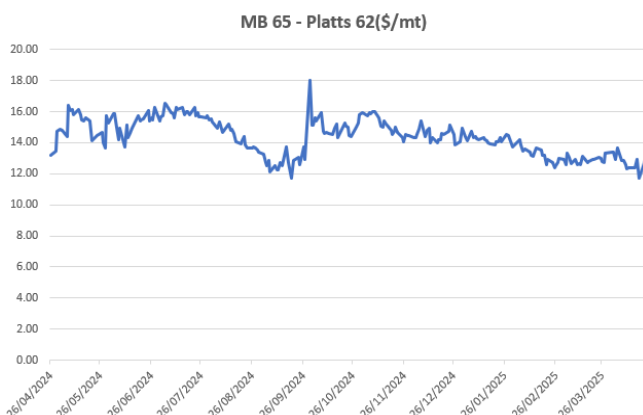
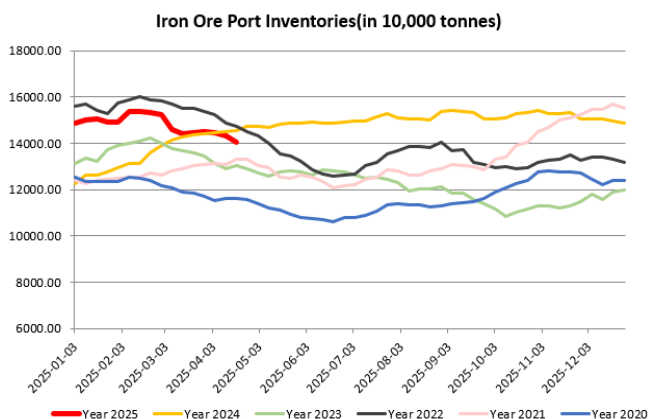
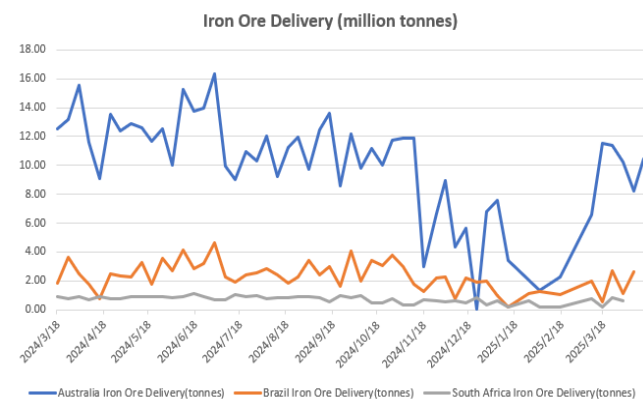
Freight Investor Services 2025

# Iron Ore

	Last	Previous	% Change
Platts 62% Fe (Dollar/mt)	100.1	99.45	0.65%
MB 65% Fe (Dollar/mt)	112.97	111.83	1.02%
Capesize 5TC Index (Dollar/day)	13913	14768	-5.79%
C3 Tubarao to Qingdao (Dollar/day)	18.825	18.915	-0.48%
C5 West Australia to Qingdao (Dollar/day)	7.14	7.59	-5.93%
Billet Spot Ex-Works Tangshan (Yuan/mt)	2940	2970	-1.01%
SGX Front Month (Dollar/mt)	97.50	97.12	0.39%
DCE Major Month (Yuan/mt)	706.5	704	0.36%
China Port Inventory Unit (10,000mt)	14,056.00	14,341.02	-1.99%
Australia Iron Ore Weekly Export (10,000mt)	1,048.54	820.99	27.72%
Brazil Iron Ore Weekly Export (10,000mt)	260.43	110.60	135.46%

## Iron Ore Key Points

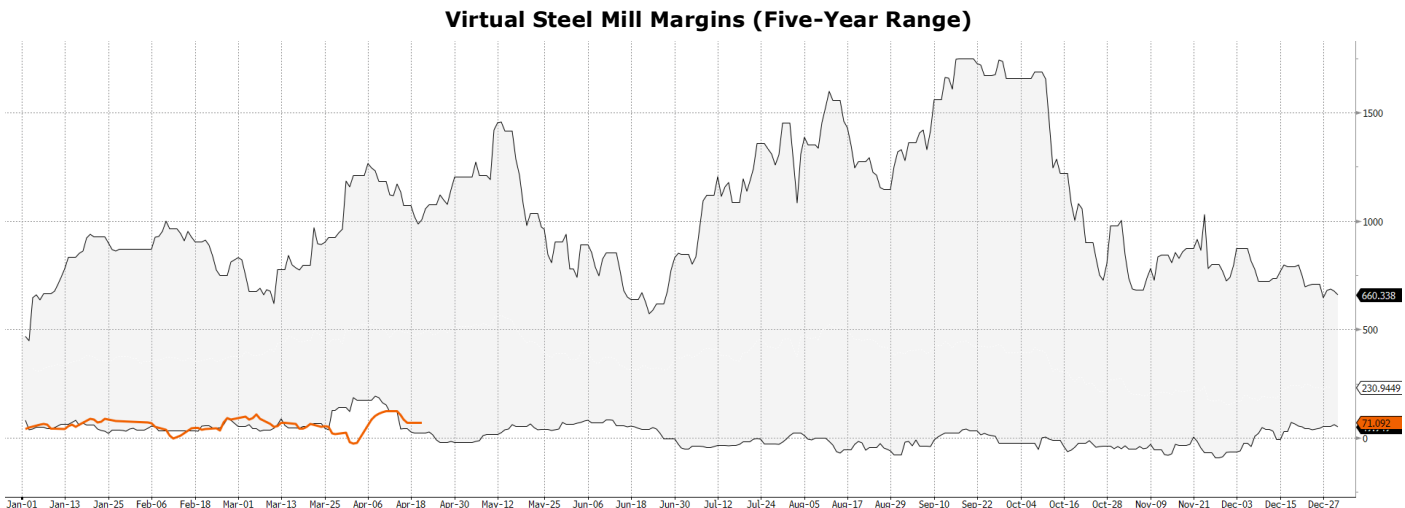
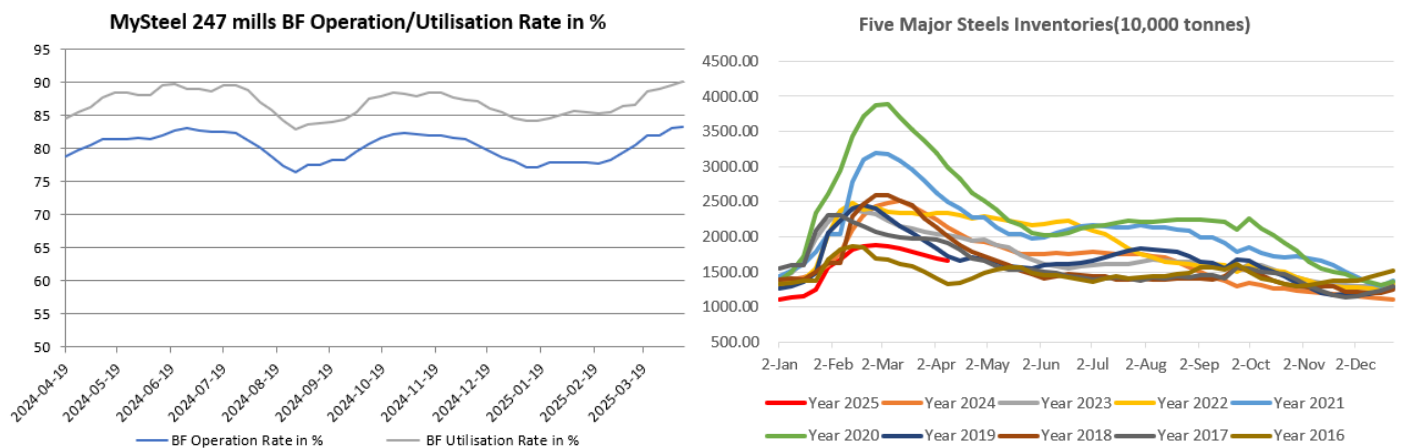
- The global shipment volume of iron ore has decreased slightly. However, due to a significant decline in the US dollar, the exchange rates of non-RMB currencies have appreciated remarkably. As a result, a favorable import window has emerged in ex-China countries.
- The port inventory of iron ore has been continuously and rapidly decreasing. The demand for pig iron remains at a relatively high level compared with the same period of last year.
- In April, the spread between MB65 and P62 was suppressed at around \$13 per ton. In the short term, it is likely to remain fluctuating around this level due to the influence of the accumulation of concentrate inventories.



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

# Steel

	Last	Previous	% Change
US HRC Front Month (Dollar/mt)	940	938	0.21%
LME Rebar Front Month (Dollar/mt)	566.5	565	0.27%
SHFE Rebar Major Month (Yuan/mt)	3088	3126	-1.22%
China Hot Rolled Coil (Yuan/mt)	3279	3303	-0.73%
Virtual Steel Mills Margin(Yuan/mt)	71	124	-42.74%
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%



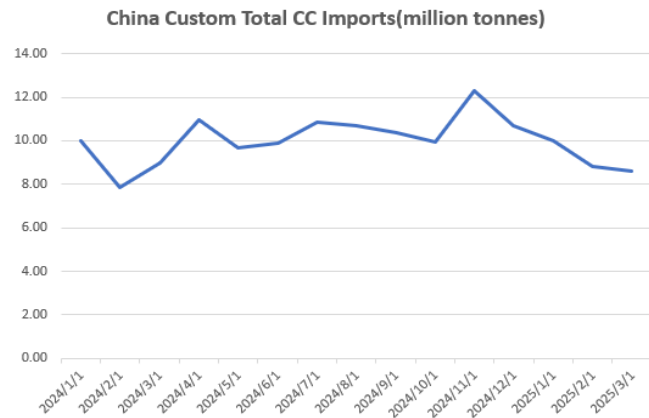
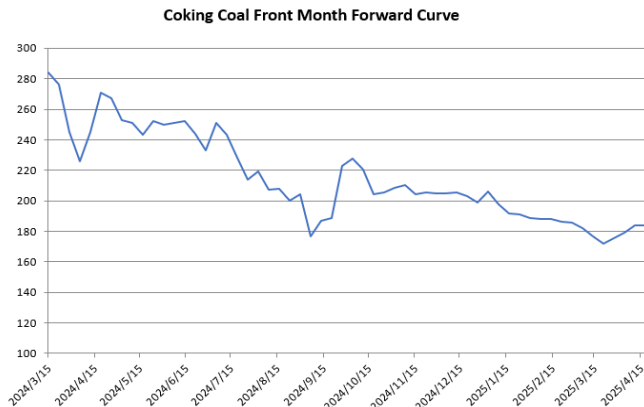
Data Sources: Bloomberg, MySteel, FIS

- The virtual steel margin recovered from negative to year-high at 124 yuan/ton during the past two weeks. The virtual steel margin expected to correct slightly as the fast climbing on raw materials.
- The inventory accumulation rate of the five major steel products is at an eight-year low, in addition to the high export on steels in March. China steels should gain support in the short-run.

# Coking Coal

	Last	Previous	% Change
<b>TSI FOB Premium Hard Coking Coal (Dollar/mt)</b>	187.6	182	3.08%
<b>Coking Coal Front Month (Dollar/mt)</b>	184	184	0.00%
<b>DCE CC Major Month (Yuan/mt)</b>	944.5	898	5.18%
<b>Top Six Coal Exporter Weekly Shipment(Million mt)</b>	5.69	6.05	-5.95%
<b>China Custom total CC Import Unit mt</b>	8,588,108	8,846,105	-2.92%

## Coal Key Points



- The domestic coke market has stabilized, and the market is anticipating the second and third rounds of price rebounds in north western China.
- The daily average output of pig iron in China is accelerating, reaching a high level during the same period, and it has rebounded consecutively on a month-on-month basis. This has supported the demand for coking coal. In addition, imports from Mongolia have slowed down.
- India end-users become resilient source of demand. On the other side, the miner production cut tightened the supply.

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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