



Daily Virtual Steel Mill Report

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Verdict:

- Short-run Neutral

Macro:

- The Federal Reserve announced it would keep the target range at 4.25%-4.50%, in line with market expectations. Fed Chair Powell stated that U.S. President Trump's calls for rate cuts would not influence the Fed's work.
- According to The New York Times, three informed sources revealed that President Trump is expected to announce a U.S.-UK trade deal on Thursday. This would mark the first agreement reached since his administration imposed high tariffs on multiple countries.

Iron Ore Key Indicators:

- Platts62 \$99.95, +0.80, MTD \$98.54. The seaborne market remained active due to post-holiday restocking demand, with several trades of mid-low grade fines concluded, including one PBF cargo at a fixed price of \$98.05 and another PBF cargo at a premium of +\$1.30. On the lump front, recent demand has shown improvement, with two cargoes of lump traded yesterday.

SGX Iron Ore 62% Futures& Options Open Interest (May 7th)

- Futures 129,395,400 tons (Increase 2,241,900 tons)
- Options 120,634,100 tons (Increase 545,000 tons)

Steel Key Indicators:

- The average EXW cost of billets at the mainstream sample steel mills in Tangshan is 2,906 yuan/ton. Compared with the EXW price of square billets at 2,980 yuan/ton on May 7th, the average profit of steel mills is 74 yuan/ton, an increase of 32 yuan/ton on the week.
- China 76 sample EAFs average cost at 3341 yuan/ton, average loss at 91 yuan/ton on May 7th.

Coking Coal and Coke Indicators:

- Mysteel surveyed 110 coal washery plants nationwide and found that the operating rate was 62.42%, a decrease of 0.55% on the week. The daily average output was 531,000 tons, a decrease of 4,800 tons on the week. The coal inventory was 2.8985 million tons, an increase of 38,100 tons on the week. The washed coal inventory was 1.9728 million tons, an increase of 33,900 tons on the week.
- Seaborne coal continues to fluctuate within a range, with a persistent bid-ask gap between buyers and sellers, neither side showing urgency to trade. China's gradual entry into the traditional steel demand off-season may put downward pressure on coke prices.

Five Major Steels Inventories(10,000 tonnes)

