

## 13/5/2025

- ⇒ **Iron ore Fe62% CFR China:** short-run **Neutral to Bullish**. The daily output of pig iron in China has reached its peak. However, the macroeconomic situation exceeding expectations, coupled with the low valuation, is supporting a rebound.
- ⇒ **Rebar 25mm Shanghai** short-run **Neutral to Bullish**. The tariffs on steel have not changed. Therefore, the market is more anticipating the bullishness brought about by the expected tariff cut in the future.
- ⇒ **Hard Coking Coal FOB Australia** short-run **Neutral to Bullish**. The coking coal market was dragged by macro - market tank last week and is expected to recover with the sustainable in demand from India.

Prices Movement	12-May	5-May	Changes %	Sentiment	
Iron Ore Fe62% CFR China(\$/MT)	98.60	98.15	+ 0.46%	Neutral to Bullish	↗
Rebar 25mm Shanghai (Yuan/MT)	3319.0	3316.0	+ 0.09%	Neutral to Bullish	↗
Hard Coking Coal FOB Australia(\$/MT)	190.50	193.00	- 1.30 %	Neutral to Bullish	↗

## Market Review:

### Ferrous Market:

The market experienced a correction during the past week, which was caused by the expected peak of pig iron production and the rapidly declining demand for building materials. However, the recovery of macroeconomic sentiment and low valuation lift iron ore price up from early this week.

Last week, China implemented an interest rate and RRR cut. Coupled with the significant reduction in China and US tariffs, it drove a significant rebound in most bulk commodities and the stock market on Monday. Investors expect that industrial products potentially rebound in May after a sharp decline in April.

The apparent demand for building materials plummeted by 23% during past week, reaching the largest single - week decline in the past two years, which led to a significant correction in the steel sector. In terms of exports, there is a price difference of more than \$7/ton between China and South Korea. Due to the further reduction in tariffs, the long - term export market is expected to recover. The global iron ore shipments were 30.29 million tons, a decrease of 215,000 tons w-o-w. The shipments from Australia and Brazil were 24.23 million tons, a decrease of 1.18 million tons w-o-w. The total inventory of iron ore in 45 ports across the country was 142.39 million tons, a decrease of 637,700 tons w-o-w. The daily port clearance volume was 3.15 million tons, a decrease of 166,300 million tons w-o-w. The average daily pig output of steel mills was 2.46 million tons, an increase of 2,200 tons compared w-o-w and 115,000 tons higher y-o-y. The current maintenance data indicated that the pig iron output potentially reached its annual peak this week, when it should enter a two - month downward trend starting from next week. The iron ore inventory of steel enterprises was 89.59 million tons, a decrease of 3.76 million tons w-o-w and 1.18 million tons lower y-o-y. The low inventory still indicates a strong demand for iron ore. Therefore, it can be inferred that the pig iron output potentially decline at a slower rate, especially in May and early June.

At the beginning of last week, PBF was transacted at \$97.85/mt. Due to the holidays, there were no trades at the beginning of this week. However, the tradable price range was around \$97.50 - \$98.55 /mt, showing a slight recovery. Last week, some low-grade resources denominated in seaborne market, including Indian fine SESA and SSF. JMBF increased slightly, recovering from a discount \$6 to a discount of \$5.9 based on June Index.

# FIS Ferrous Weekly Report

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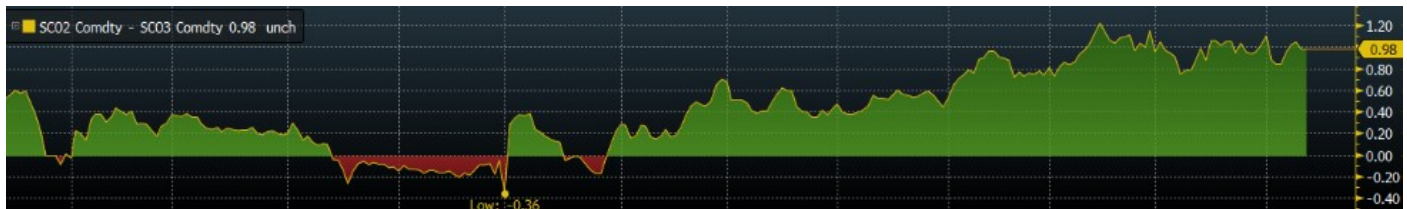
## Market Review(Cont'd):

The MB65-P62 has further dropped from the April average of \$12.55/mt to the May average of \$11.11/mt, mainly due to the continuous increase in Brazilian shipments, while the shipments of Australian fine ore have decreased. If the shipments from the two countries stabilize in the future, the price spread is expected to be restored.

The main spread on the SGX for Jun/Jul25 has rebounded from \$0.9/mt to \$1/mt. The main spread on the DCE May/Sep25 has broken through the range of 25-28 yuan/t and once exceeded 34 yuan/t before falling back.

Physical coke in China has gradually stabilized, but the domestic coking coal market continues to decline under the suppression of high Mongolia supply and high inventory on land ports and mills. The coking coal market on the FOB in Australia has slightly declined, but the demand in the Indian market is relatively stable.

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

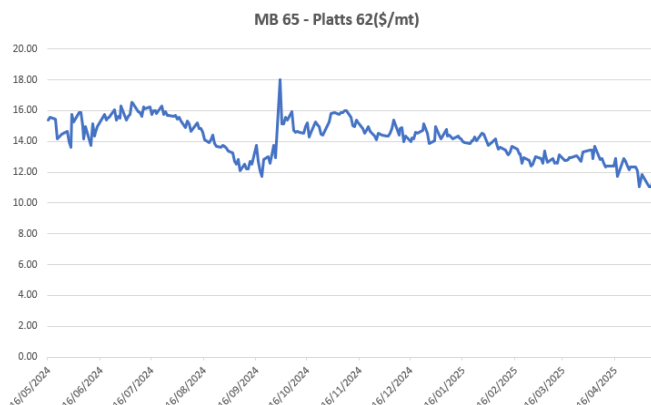
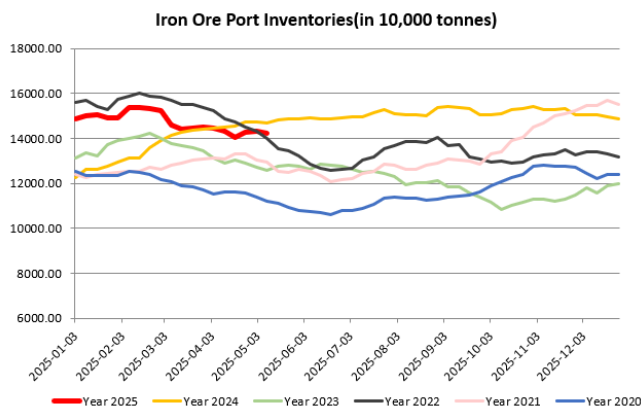
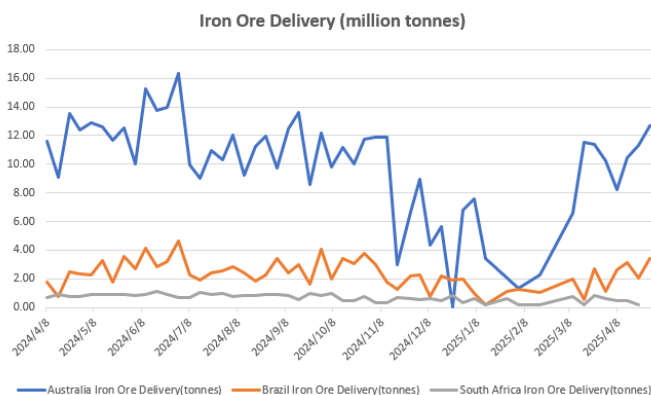


# Iron Ore

	Last	Previous	% Change
Platts 62% Fe (Dollar/mt)	98.6	96.9	1.75%
MB 65% Fe (Dollar/mt)	109.72	108.75	0.89%
Capesize 5TC Index (Dollar/day)	14354	17241	-16.74%
C3 Tubarao to Qingdao (Dollar/day)	18.36	19.345	-5.09%
C5 West Australia to Qingdao (Dollar/day)	7.56	8.005	-5.56%
Billet Spot Ex-Works Tangshan (Yuan/mt)	2910	2940	-1.02%
SGX Front Month (Dollar/mt)	96.93	95.73	1.25%
DCE Major Month (Yuan/mt)	696.5	704.5	-1.14%
China Port Inventory Unit (10,000mt)	14,261.00	14,056.00	1.46%
Australia Iron Ore Weekly Export (10,000mt)	1,289.13	1,269.78	1.52%
Brazil Iron Ore Weekly Export (10,000mt)	339.30	208.60	62.66%

## Iron Ore Key Points

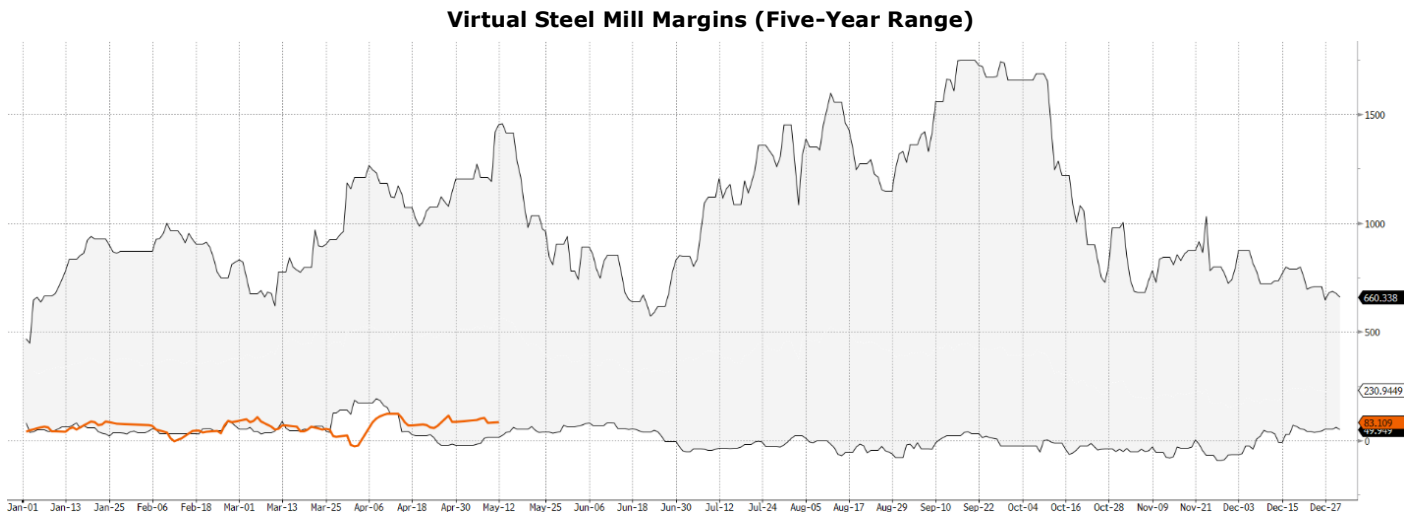
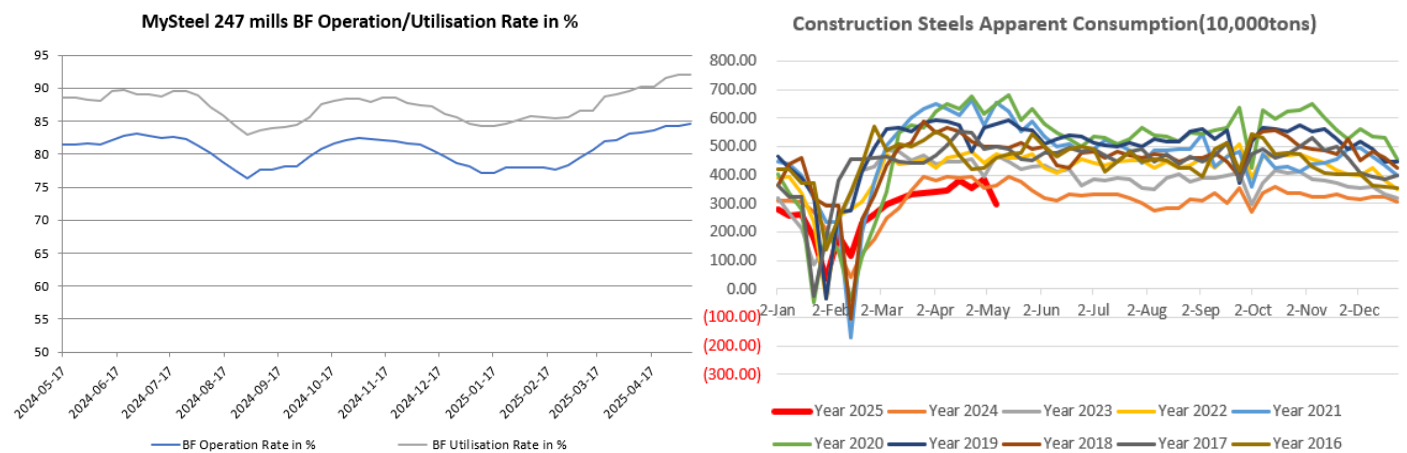
- The shipment volume of iron ore and China ports inventory are largely stable. However, the mills inventory went down fast.
- The pig iron demand remained at high level from seasonal perspective. Market is expect to enter a downward trend in the coming two months.
- MB65-P62 has reached the lowest level of \$11.11/mt in May. The high inventory and shipment from Brazil dragging down the spread level.



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

# Steel

	Last	Previous	% Change
US HRC Front Month (Dollar/mt)	890	874	1.83%
LME Rebar Front Month (Dollar/mt)	539	540	-0.09%
SHFE Rebar Major Month (Yuan/mt)	3036	3096	-1.94%
China Hot Rolled Coil (Yuan/mt)	3284	3297	-0.39%
Vitural Steel Mills Margin(Yuan/mt)	83	85	-2.35%
China Five Major Steel Inventories Unit (10,000 mt)	2489.64	2371.33	4.99%
Global Crude Steel Production Unit (1,000 mt)	92800	78900	17.62%
World Steel Association Steel Production Unit(1,000 mt)	166,100	144,700	14.79%



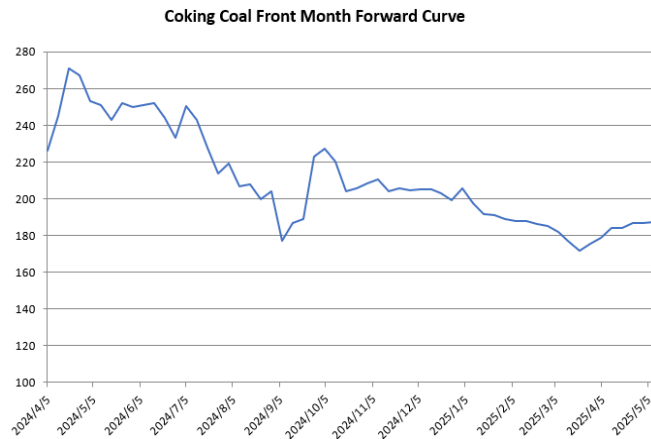
Data Sources: Bloomberg, MySteel, FIS

- The virtual steel margin has been relatively stable at 75 - 85 yuan/mt in the past three weeks, which is conducive to raw material procurement.
- The apparent consumption of building materials has dropped sharply by 23%, triggering a market decline at one point, but then it has gradually recovered.

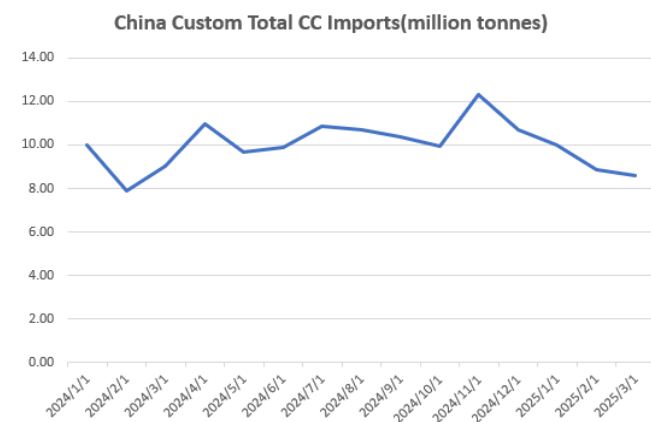
# Coking Coal

	Last	Previous	% Change
<b>TSI FOB Premium Hard Coking Coal (Dollar/mt)</b>	190.5	193	<b>-1.30%</b>
<b>Coking Coal Front Month (Dollar/mt)</b>	187.25	187	<b>0.13%</b>
<b>DCE CC Major Month (Yuan/mt)</b>	883.5	927.5	<b>-4.74%</b>
<b>Top Six Coal Exporter Weekly Shipment(Million mt)</b>	4.35	6.81	<b>-36.12%</b>
<b>China Custom total CC Import Unit mt</b>	8,588,108	8,846,105	<b>-2.92%</b>

## Coal Key Points



- Chinese domestic coke market has stabilized, but the inventory of the coking coal market is on the high side.



- The daily average pig iron output in China is expected to enter a moderate decline cycle from May to July.
- After the continuous rebound in prices, the FOB price of coking coal in Australia has slightly decreased. If the price further corrects, it may once again attract the interest of many buyers.

**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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