FIS

Ferrous Weekly Report

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

27/5/2025

- ⇒ **Iron ore Fe62% CFR China:** short-run **Neutral**. The pig iron output has entered a marginal downward trend, which suppresses iron ore market. However, recent inventory consumption has been rapid, with supply and demand balancing out. The valuation remains neutral.
- ⇒ **Rebar 25mm Shanghai** short-run **Neutral**. Markets are concerned about the launch of a new round of international trade friction, leading to panic selling in ferrous metals.
- ⇒ **Hard Coking Coal FOB Australia** short-run **Neutral**. With India's monsoon season approaching, there has been inventory restock and a short-term acceleration in production.

Prices Movement	26-May	19-May	Changes %	Sentiment	
Iron Ore Fe62% CFR China($/MT)	97.65	100.35	- 2.69%	Neutral	–
Rebar 25mm Shanghai (Yuan/MT)	3338.0	3338.0	-	Neutral	–
TSI FOB Premium Hard Coking Coal ($/mt)	195.8	191.0	+ 2.51%	Neutral	–

Market Review:

Ferrous Market:

During this reporting week, the market once again saw fears of demand recession caused by a new round of tariff friction, leading to a sharp decline in the steel market. The market is also concerned that the upcoming rainy season in southern and eastern China will weaken demand.

In terms of the international steel market, the price of China's exported HRC SS400 dropped by $7/t to $472/t last week. The domestic peak-season demand is coming to an end. In addition, the exports of Asian steel-making countries all accelerated in April. Vietnam exported 1.1 million mt of steel in April, with an increase of 8.4% m-o-m. There was a rumor that Shandong Province would cut 4.456 million mt of crude steel production, accounting for 6% of the province's annual output. As the reduction share is within the expected range, the futures price has no reaction. US president Donald Trump has started discussions on tariffs against Europe again, and the market is worried that there will be new trade variables in the China - Europe trade market, which could impact steel export from China.

In the short term, the fundamental market for iron ore continues to maintain stable supply and strong demand. However, the end of peak season and the upcoming rainy season in China hit price down. China iron ore port inventories fell by 1.78 million mt to 139.88 million mt last week, 8.67 million mt lower y-o-y. Steel enterprise inventories were 89.25 million mt, down 356,800 mt m-o-m, and 4.13 million mt lower on the year. Daily pig iron output was 2.436 million mt, down 11,700 mt m-o-m and 68,000 mt higher y-o-y. Daily pig iron output has declined for three weeks from the annual high of 2.46 million mt, so the demand trend for pig iron is downward. The high level of molten iron in the same period implies that the decline rate is slow and demand resilience is strong. Last week, MySteel's global iron ore shipments were 31.887 million mt, down 1.591 million mt m-o-m. Total iron ore shipments from Australia and Brazil were 27.292 million mt, up 231,000 mt m-o-m. Last week, China's port arrivals were 10.588 million mt, up 10,000 mt m-o-m. The operating rate of EAFs was 77.18%, up 1.98% m-o-m and 3.78% y-o-y, at the highest level of the year. The high output of EAF will further squeeze the production of crude steel in blast furnaces after steel enters the off-season.

Data Sources: Bloomberg, Platts, Fastmarket, FIS

Market Review(Cont'd):

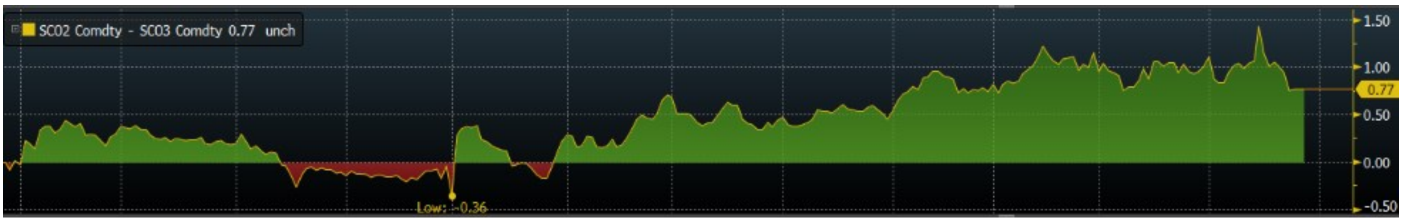
The import profit of iron ore has recovered, with the virtual steel margin maintaining a high level of 93-97 yuan/ton for two weeks. The virtual steel margin in the Q2 has increased by 70% compared with Q1, and it is at a high level on the year. The JMBF trade has a discount of $6.6/ton, which is significantly widened from $6.1/ton in mid-May. Last week, there was MACF trade everyday, maintaining the most active variety among iron ore fines. BHP has narrowed the June agreement discounts for MACF and NHGF from $2.83/mt and $2.57/mt to $2.23/mt and $2.36/mt respectively. The discount of JMBF has been widened from $6.22/mt to $6.4/mt. The active MACF trades is also related to the recent reduction of ferrous grade and increase of impurities in PBF and NHGF. At the beginning of last week, MACF equivalent to 62% was traded at $97.2/mt, and at the beginning of this week, it was traded at $94.4/mt. At the beginning of last week, domestic traders began to sell IOCJ Fines at a discount of $0.9/mt based on the MB65% index, but there was no buying in the market. Later, the discount was expanded to $2/mt.

The MB65-P62 has dropped $10.50/mt, a year-low, due to the continuous increase in Brazilian shipments, as well as the high stock on concentrates.

The main spread on the SGX for Jun/Jul25 dropped to $0.75/mt after maintaining stable around $1/mt for two weeks. The main spread on the DCE May/Sep25 was stable around 34-35 yuan/ton.

Due to the approaching monsoon season in India, there has been a certain inventory replenishment demand in the Indian market, thus boosting the demand for Australia's PMV. After the index fluctuated around $190 - 191/ton for two consecutive weeks, it was suddenly pushed up to $195.80/ton by a high - price trade last Friday. The inventory of coking coal at major ports in China was 5.35 million tons, a decrease of 99,800 tons on the week. The coke inventory was 2.77 million tons, a decrease of 47,000 tons on the week. However, with inventory accumulation at land ports and steel mills, the overall domestic supply surplus is significant, and the possibility of short - term participation in the international market is relatively small. Domestic steel enterprises have initiated the second round of coke price reduction, with a range of 50 - 55 yuan/ton.

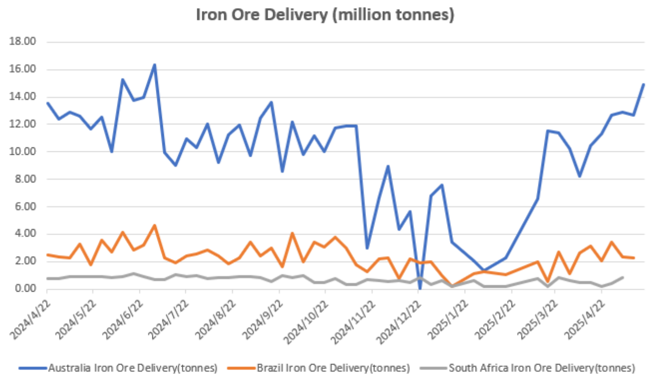
In the short term, iron ore is neutral. The Australian coking coal market is neutral.

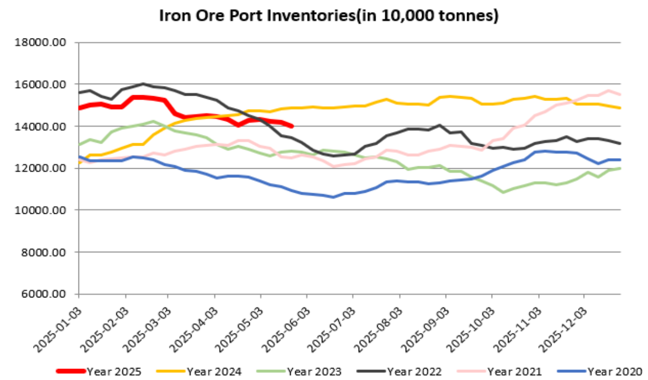


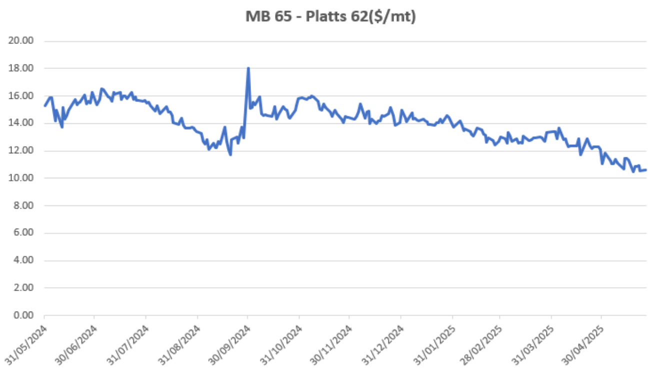
Data Sources: Bloomberg, Platts, Fastmarket, FIS

Iron Ore

	Last	Previous	% Change
Platts 62% Fe (Dollar/mt)	97.65	100.35	**-2.69%**
MB 65% Fe (Dollar/mt)	108.26	110.85	**-2.34%**
Capesize 5TC Index (Dollar/day)	15757	16736	**-5.85%**
C3 Tubarao to Qingdao (Dollar/day)	18.835	19.405	**-2.94%**
C5 West Australia to Qingdao (Dollar/day)	8.55	8.195	**4.33%**
Billet Spot Ex-Works Tangshan (Yuan/mt)	2940	2950	**-0.34%**
SGX Front Month (Dollar/mt)	98.12	100.06	**-1.94%**
DCE Major Month (Yuan/mt)	722.5	729	**-0.89%**
China Port Inventory Unit (10,000mt)	13,987.83	14,166.09	**-1.26%**
Australia Iron Ore Weekly Export (10,000mt)	1,487.82	1,265.52	**17.57%**
Brazil Iron Ore Weekly Export (10,000mt)	230.73	231.15	**-0.19%**







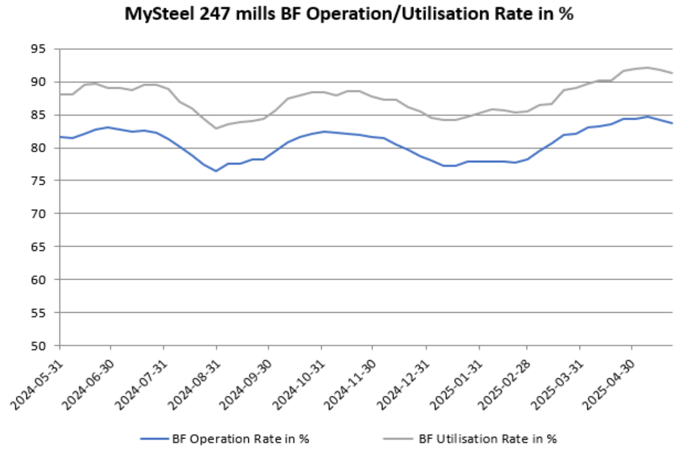
Iron Ore Key Points

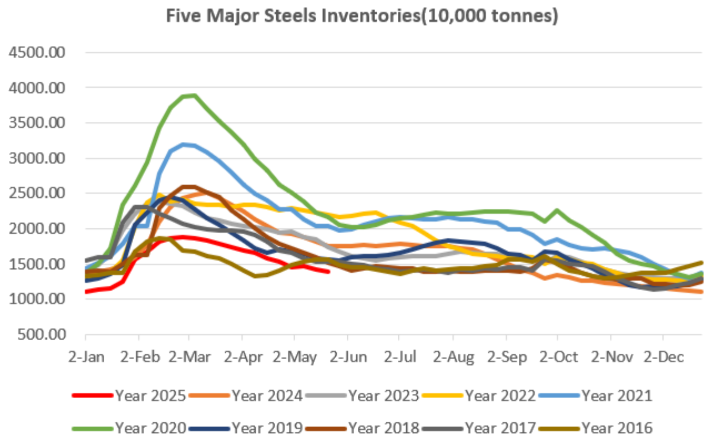
- Iron ore shipments remained stable, and both port inventories and steel mill inventories declined.
- The demand for pig iron has remained relatively high y-o-y, but the daily output of pig iron has shown a trend of decline.
- MB65-P62 has reached the lowest level of $10.50/mt of the year. The high inventory and shipment from Brazil dragging down the spread level.

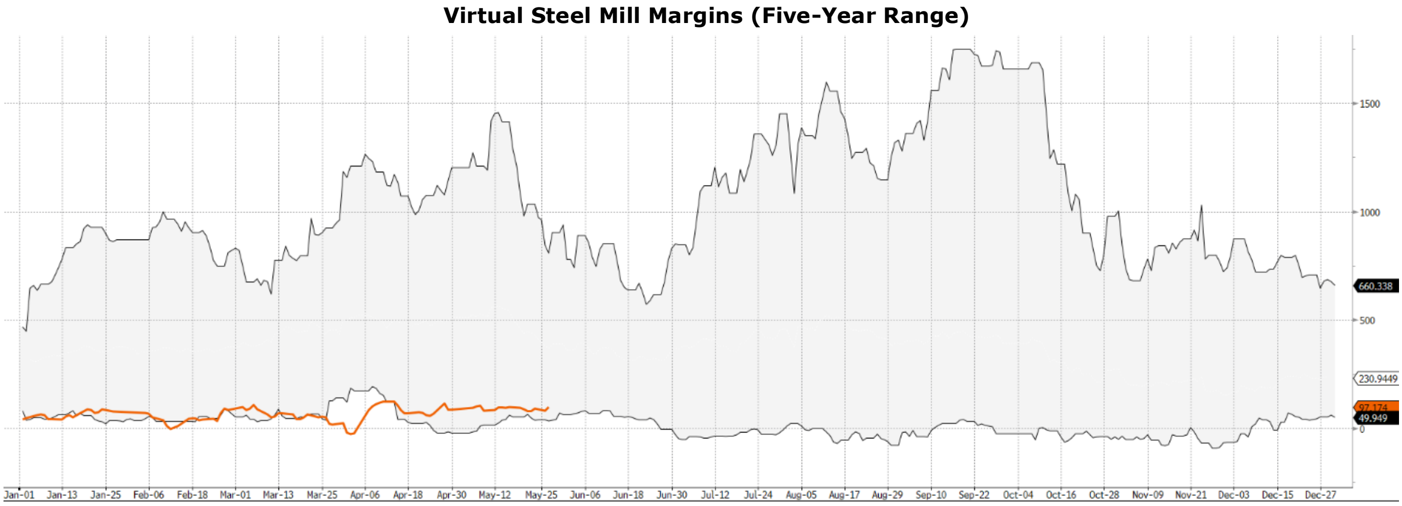
Data Sources: Platts, Fastmarkets, MySteel, Bloomberg, FIS

Steel

	Last	Previous	% Change
US HRC Front Month (Dollar/mt)	903	895	0.89%
LME Rebar Front Month (Dollar/mt)	550.5	549	0.27%
SHFE Rebar Major Month (Yuan/mt)	3055	3100	-1.45%
China Hot Rolled Coil (Yuan/mt)	3290	3321	-0.93%
Vitural Steel Mills Margin(Yuan/mt)	97	93	4.30%
China Five Major Steel Inventories Unit (10,000 mt)	2489.64	2371.33	4.99%
Global Crude Steel Production Unit (1,000 mt)	86000	92800	-7.33%
World Steel Association Steel Production Unit(1,000 mt)	155,700	166,100	-6.26%





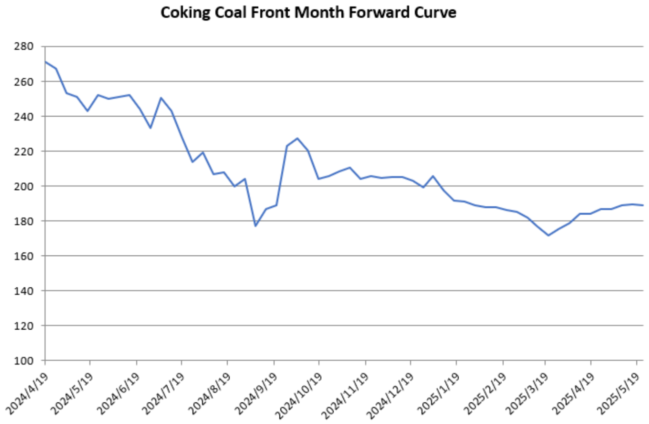


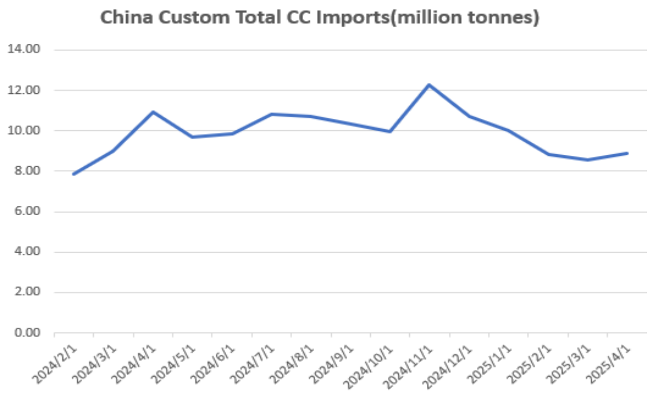
Data Sources: Bloomberg, MySteel, FIS

- The virtual steel margin was 93-97 yuan/ton during past two weeks. The level was higher than past year.
- The apparent consumption of building materials reached 8.77 million tons/week in May, which was 56,000 tons lower on the month, and 1 million tons lower on the year.

Coking Coal

	Last	Previous	% Change
TSI FOB Premium Hard Coking Coal (Dollar/mt)	195.8	191	2.51%
Coking Coal Front Month (Dollar/mt)	189	189.5	-0.26%
DCE CC Major Month (Yuan/mt)	815.5	864	-5.61%
Top Six Coal Exporter Weekly Shipment(Million mt)	5.40	5.14	5.06%
China Custom total CC Import Unit mt	8,893,399	8,588,108	3.55%





Coal Key Points

- China steel mills are initiating the second round of physical coke price cut by 50-55 yuan/ton.
- The high coal inventories in China dragged down all coal products pricing including coking coal and coke. DCE coking coal once reached eight-year low in early of this week.
- After the continuous rebound in prices, the FOB price of coking coal in Australia stabilized. The July miner maintenance and Indian miner demand provide support on the price.

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