FIS

Ferrous Weekly Report

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

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⇒ **Iron ore Fe62% CFR China:** short-run **Neutral to Bullish**. There was a decline in volume from Australian mines recently. This element combined with the weakening impact of widespread geopolitical crises has supported the rebound of iron ore and steel prices.

⇒ **Rebar 25mm Shanghai** short-run **Neutral**. Prices in the Asian steel market remain weak. The Chinese market is currently in the off-season for demand, while major steel products inventories remain at low levels.

⇒ **Hard Coking Coal FOB Australia** short-run **Neutral**. Australian coking coal prices have stabilized as expected. Future maintenance happening at some Australian mines should reduce supply, limiting the downside potential. Domestic coking coal prices have stabilized too.

Prices Movement	23-Jun	16-Jun	Changes %	Sentiment	
Iron Ore Fe62% CFR China($/MT)	94.15	94.25	- 0.11%	Neutral to Bullish	↗
Rebar 25mm Shanghai (Yuan/MT)	3235.0	3259.0	- 0.74%	Neutral	–
TSI FOB Premium Hard Coking Coal ($/mt)	174.40	174.75	- 0.2%	Neutral	–

Market Review:

Ferrous Market:

In this reporting week, iron ore prices rebounded amid muted trading sentiment over geopolitical risks and reduced shipments from some Australian mines.

Chinese steel mills and consulting agencies expect a slight decline in the steel production in June to from May. Short-term demand and exports have shown strong resilience, and the inventories of the five major steel products in June are 22% lower than the seasonal average. In the international market, the FOB price of HRC SS400 in Tianjin rebounded by $5/ton to $450/ton, while the import price of HRC in Southeast Asia fell by $9/ton to $463/ton. Japan's JSW produced 2.273 million tons of crude steel in May, an 8% year-on-year increase, and India's crude steel output in May was 13.51 million tons, up 9.5% year on year. Although steel production in the Asian market remained high in the second quarter, anti-dumping investigations and other external factors continue to affect trade liquidity, causing steel prices to remain sluggish.

The US Dollar Index staged a robust rebound last week, while VIX, gold, and crude oil all retracted. Highly liquid commodities such as iron ore saw no amplified volatility, indicating that investors have primarily focused on trading fundamentals. Although the rainy season in East and South China has dented steel demand, low inventories and constrained logistics have averted price drops. With both blast furnace and EAFs capacity utilization rates trending downward, the domestic steel market is currently caught in a short-term pattern of concurrent supply-demand contraction.

Despite the seasonal weakening in iron ore demand, the current pig iron output of 2.42 million tons is up by 1% on the year, highlighting demand resilience. Iron ore arrivals at China's 45 major ports totaled 25.63 million tons, up 1.78 million tons week on week. Global iron ore shipments reached 35.07 million tons, a weekly increase of 1.54 million tons, with Australia and Brazil contributing 30.61 million tons. Domestic iron concentrate production rose 4.6% week-on-week in May to 24.07 million tons. Iron ore oversupply is expected to persist through July.

Data Sources: Bloomberg, Platts, Fastmarket, FIS

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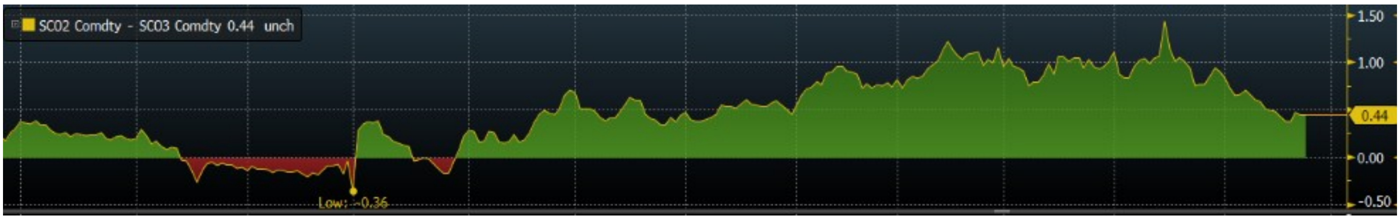
Market Review(Cont'd):

During past week, Fe61% PBF trades hovered around $90.9/mt, with MACF trading at $89.7–$90.1/mt. Persistent MACF oversupply is expected to keep prices subdued, as the July discount widened from $2.23/mt to $2.43/mt. NHGF prices have trended firmer recently, supported by tight supply and superior quality. The July discount narrowed from $2.36/mt to $2.17/mt, while JMBF discount shrank from $6.4/mt to $5.86/mt, exceeding market expectations. Concurrently, robust trading of medium-grade Brazilian iron ores was observed. Virtual steel margin remained stable at 61–71 yuan/ton, though at seasonal lows. This has spurred increased demand for discounted iron ores, while dampening appetite for high-grade and premium products.

The MB65-P62 spread recovered from a two-year low of $8.85/mt to $10.19/mt. The high-grade demand remained limited as the market entered the off-season. As Australian mines stepped up shipments in June, they could potentially lift inventories. Combined with the relatively crowded resources of 60-61% iron grade at ports, the valuation of 62% iron ore may be suppressed, which will help widen the MB65-P62 spread. We maintain last week's bullish view on the spread.

The major iron ore spread of SGX for Jul/Aug25 dropped from $1.1/mt in mid-May to $0.4/mt during mid-June and stayed around $0.4-0.45/mt. The main trading range of DCE May-Sep25 spread fluctuated between 24-31 yuan/ton. We maintain a bullish view on this spread level.

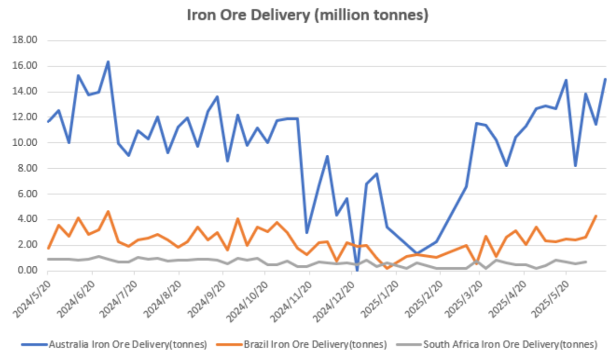
In the short-term, iron ore is neutral to bullish. The Australian coking coal market is neutral.

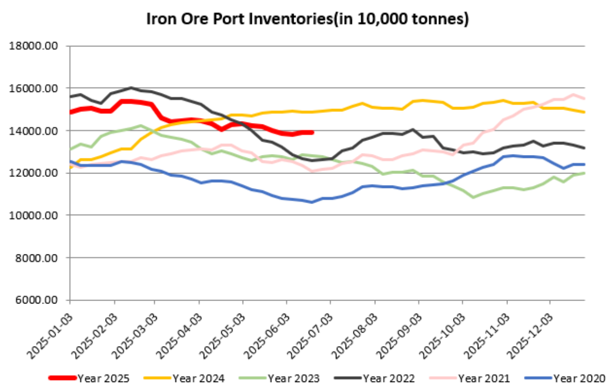


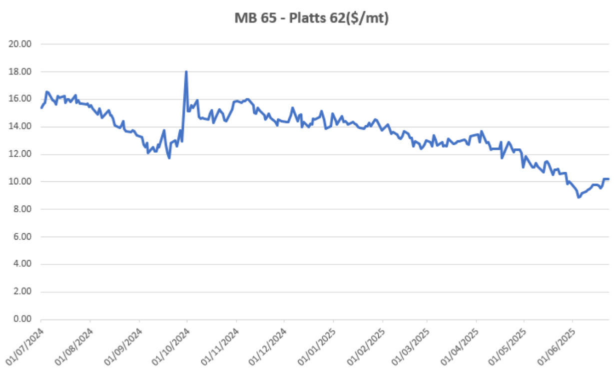
Data Sources: Bloomberg, Platts, Fastmarket, FIS

Iron Ore

	Last	Previous	% Change
Platts 62% Fe (Dollar/mt)	94.15	94.25	-0.11%
MB 65% Fe (Dollar/mt)	104.34	104	0.33%
Capesize 5TC Index (Dollar/day)	23367	30944	-24.49%
C3 Tubarao to Qingdao (Dollar/day)	22.47	26.6	-15.53%
C5 West Australia to Qingdao (Dollar/day)	9.175	10.99	-16.52%
Billet Spot Ex-Works Tangshan (Yuan/mt)	2920	2900	0.69%
SGX Front Month (Dollar/mt)	93.51	94.16	-0.69%
DCE Major Month (Yuan/mt)	702.5	703	-0.07%
China Port Inventory Unit (10,000mt)	13,894.16	13,933.14	-0.28%
Australia Iron Ore Weekly Export (10,000mt)	1,497.51	1,145.12	30.77%
Brazil Iron Ore Weekly Export (10,000mt)	428.25	264.16	62.12%







Iron Ore Key Points

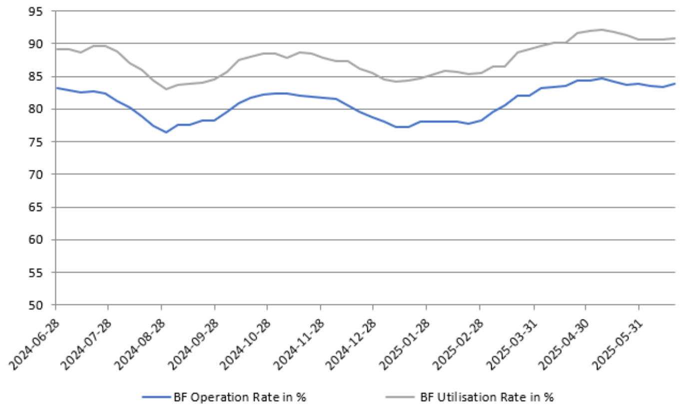
- Iron ore shipments remained high as the end of the financial year in Australia boosted sales. The shipments are expected to decrease in July.
- Iron ore at port inventories and mill stocks are at the yearly low level, however they started to climb up on a weekly basis.
- MB65-P62 has reached the three-year low of $8.85/mt. Then spread recovered to $10.19/mt as shipments from Australia increased.

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

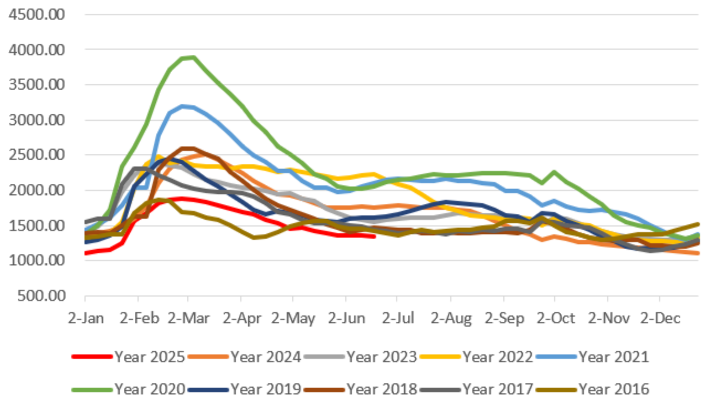
Steel

	Last	Previous	% Change
US HRC Front Month (Dollar/mt)	872	862	1.16%
LME Rebar Front Month (Dollar/mt)	540.5	542	-0.18%
SHFE Rebar Major Month (Yuan/mt)	2994	2961	1.11%
China Hot Rolled Coil (Yuan/mt)	3205	3194	0.34%
Vitural Steel Mills Margin(Yuan/mt)	64	71	-9.86%
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%

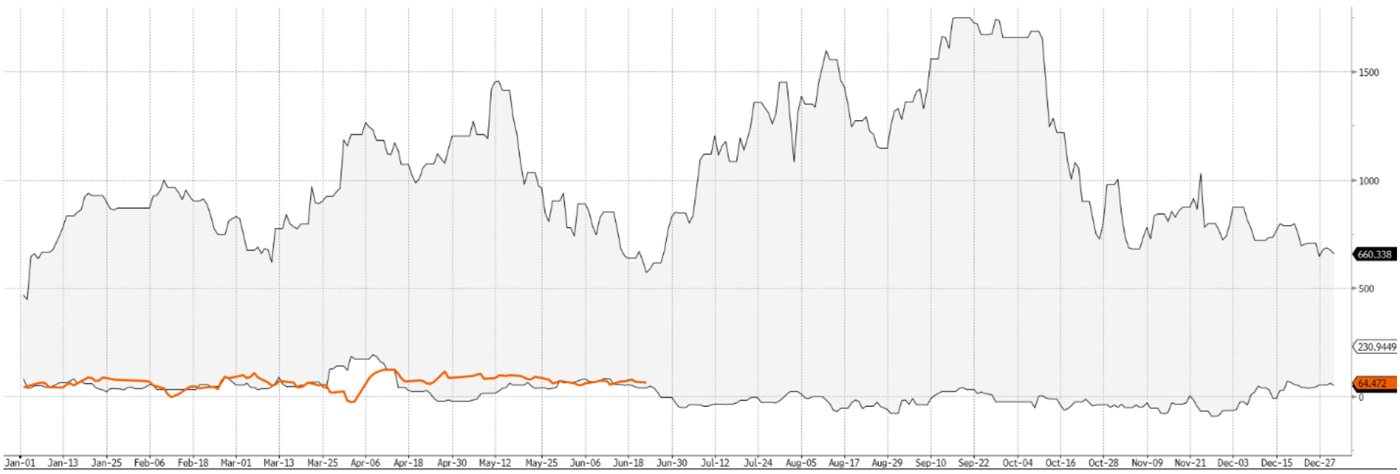
MySteel 247 mills BF Operation/Utilisation Rate in %



Five Major Steels Inventories(10,000 tonnes)



Virtual Steel Mill Margins (Five-Year Range)



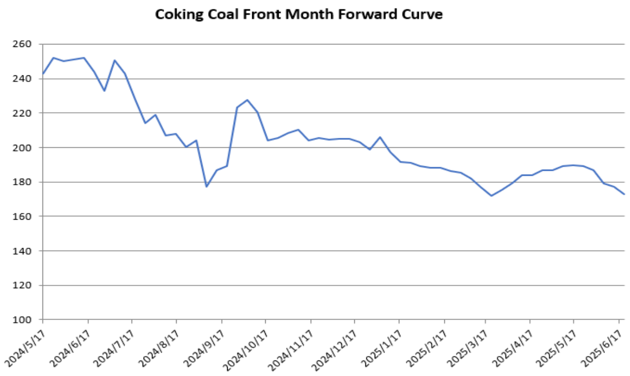
Data Sources: Bloomberg, MySteel, FIS

- The virtual steel margin decreased from 71 yuan/ton to 64 yuan/ton, with limited change during the season.
- The five major types of steels inventories in China fell to a ten-year seasonal low.

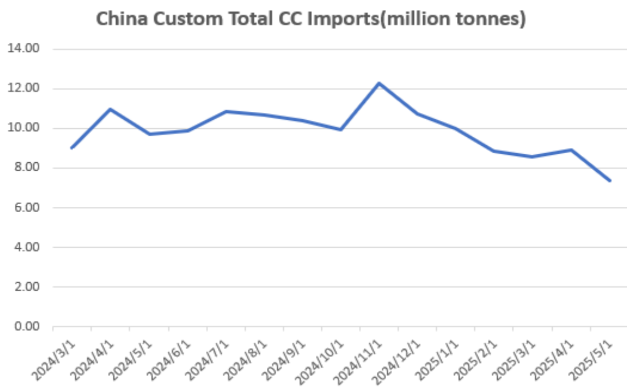
Coking Coal

	Last	Previous	% Change
TSI FOB Premium Hard Coking Coal (Dollar/mt)	175.4	174.75	0.37%
Coking Coal Front Month (Dollar/mt)	173	177	-2.26%
DCE CC Major Month (Yuan/mt)	797	773.5	3.04%
Top Six Coal Exporter Weekly Shipment(Million mt)	7.76	6.34	22.40%
China Custom total CC Import Unit mt	7,386,889	8,893,399	-16.94%

Coal Key Points



- The fourth rounds of physical coke cut by 50–55 yuan/ton landed in China. DCE coking coal futures maintained strong.



- The FOB Australia and CFR China coking coal spread narrowed from $30/mt to $15/mt fast. Australia FOB coking coal has stablised.

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