FIS

Ferrous Weekly Report

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⇒ **Iron ore Fe62% CFR China:** short-run **Neutral**. Iron ore is in the off-season, but demand remains resilient.

⇒ **Rebar 25mm Shanghai** short-run **Neutral**. The impact of the upcoming US tariffs still has to be seen, but Chinese steel exports maintain price competitiveness. Meanwhile, high temperatures have slowed down real estate construction activities.

⇒ **Hard Coking Coal FOB Australia** short-run **Neutral**. The Chinese coke market has stabilized. The reduction in Mongolia's supply has supported the coal market.

Prices Movement	30-Jun	23-Jun	Changes %	Sentiment	
Iron Ore Fe62% CFR China($/MT)	94.15	94.15	-	Neutral	–
Rebar 25mm Shanghai (Yuan/MT)	3223.0	3235.0	- 0.37%	Neutral	–
TSI FOB Premium Hard Coking Coal ($/mt)	173.50	175.40	- 1.08%	Neutral	–

Ferrous Market:

In Q2, iron ore diverged from most commodities by trading purely on fundamentals throughout the period. As a result, it avoided amplified volatility during the broader commodity sell-off and subsequent rebound. Currently, iron ore is defying seasonal weakness.

On June 24th, the US imposed additional tariffs on various steel-made home appliances, affecting both indirect exports of domestic home appliances and direct exports to international markets. Additionally, China's production plan for air conditioners, refrigerators and washing machines in July is 29.6 million units, down 16% m-o-m. The automotive and machinery sectors have also entered the off-season. Geopolitical conflicts have had a weak impact on steel products. In July, it is necessary to pay attention to whether the US will further impose taxes on other steel products, and whether domestic policy meetings will introduce incremental stimulus for housing replacement and home appliances. There is an expectation that special bonds will be implemented in July to accelerate construction projects in China. However, construction has slowed down due to high temperatures in July.

Chinese flat steel exports to Vietnam have continued to maintain a price advantage in 2025. Specifically, the average annual price of Chinese HRCs exported to Vietnam is $44/ton lower than domestic Vietnamese prices, with the spread reaching $55/ton last week. Based on the export trend in the first five months, China's annual steel exports are likely to remain at the same scale as last year. Last week, inventories of the five major steel products in China stood at 13.40 million tons, 23% lower than the average price over the past decade.

Last week, MySteel's global iron ore shipments totaled 33.58 million tons globally, down 1.49 million tons w-o-w. Following the end-June shipment surge, seasonal declines in shipments are expected in July, with arrivals likely to drop in August. Port and mill inventories expected to further decline as a result. Daily hot metal output at steel mills reached 2.42 million tons last week, up 0.11 million tons w-o-w and 2.85 million tons y-o-y. Blast furnace utilization rose while EAF utilization fell, weakening scrap demand and supporting iron ore consumption. Imported iron ore inventories at 45 ports stood at 139.30 million tons, little changed w-o-w but 6.67% lower y-o-y.

Physical trades during last week primarily focused on cost-effective NHGF and MACF as steel mills prepared for further profit compression. Fe60.6% MACF traded at $88.3/mt last week, edging up to $89.6/mt on Monday. PBF trades dropped significantly. The SSF discount narrowed from $11.75/mt to $11/mt, while FBF discounts tightened from 9.25% to 8%. WPF discounts remained steady at 4%.

Data Sources: Bloomberg, Platts, Fastmarket, FIS

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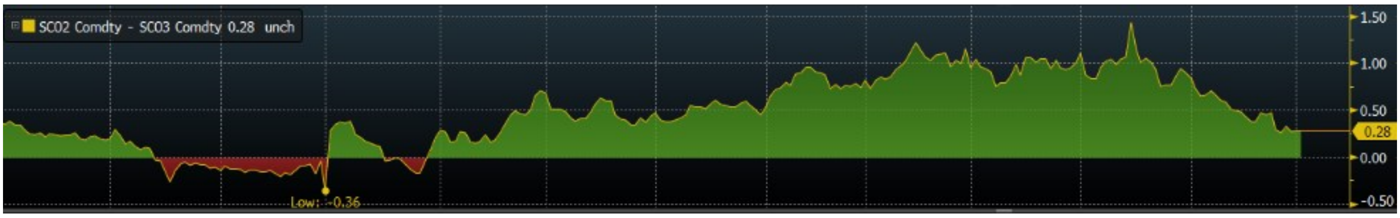
Ferrous Market(Cont'd):

Chinese traders have increased purchases of Mongolian coal, mainly due to the expectation of supply contraction caused by the 5-day port closure during Mongolia's mid-July meeting. Traders may sell other types of coal as a form of arbitrage. Recently, port inventories of coke and coking coal in China have declined, and inventories at steel mills and coking plants have also started to fall, indicating signs of marginal supply contraction. In Q3, supply pressure is still expected to be significant. For Australian coking coal, the CFR-FOB price spread has remained stable at $15/ton. As expected, the halt in spread narrowing is one of the signals that prices may have bottomed out. With growing bottom-fishing sentiment among Indian buyers and increasing demand, a slight rebound after stabilization may occur in the coming weeks.

In the past three weeks, MB65 - P62 has rebounded as expected. Last week, it continued to rise from $10.2/mt to $10.87/mt. In the short term, the supply of 62% iron ore is sufficient, and the inventory has accumulated rapidly. The price-spread structure is expected to be further repaired. On the other side, due to the contraction of steel mills margin and the overall high supply, the upward space is limited, and it is difficult to break through $12/mt in the short - term.

The main spread of SGX for July/August 2025 further narrowed from the range of $0.4-$0.5/mt to the range of $0.2-$0.3/mt last week. The SGX spread is undervalued in the short-term, and if it further drops below $0.2/mt, the cost-effectiveness will increase. The DCE spread last week was similar to that before, remaining in the range of 24-31 yuan/ton.

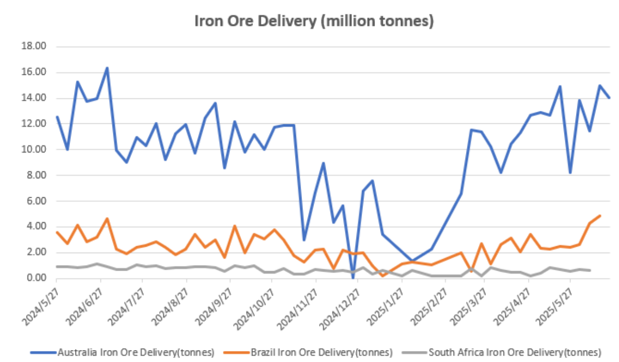
In the short term, iron ore is neutral. The Australian coking coal market is neutral to bullish.

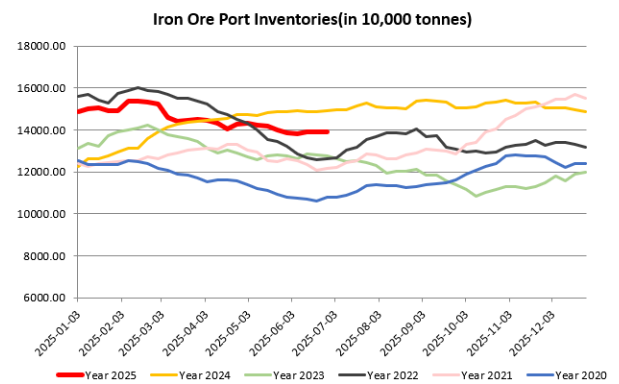


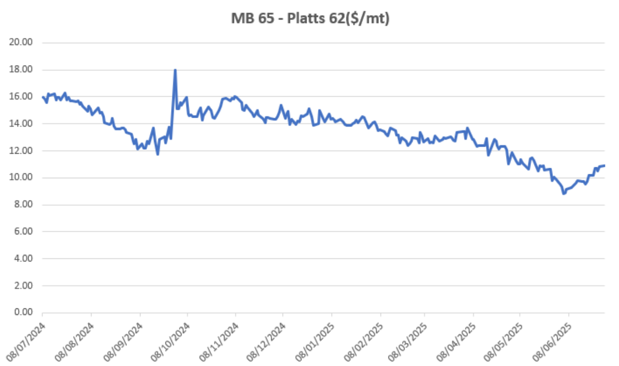
Data Sources: Bloomberg, Platts, Fastmarket, FIS

Iron Ore

	Last	Previous	% Change
Platts 62% Fe (Dollar/mt)	94.15	94.15	**0.00%**
MB 65% Fe (Dollar/mt)	105.02	104.34	**0.65%**
Capesize 5TC Index (Dollar/day)	17510	23367	**-25.07%**
C3 Tubarao to Qingdao (Dollar/day)	19.985	22.47	**-11.06%**
C5 West Australia to Qingdao (Dollar/day)	6.905	9.175	**-24.74%**
Billet Spot Ex-Works Tangshan (Yuan/mt)	2910	2920	**-0.34%**
SGX Front Month (Dollar/mt)	94.55	93.51	**1.11%**
DCE Major Month (Yuan/mt)	714	702.5	**1.64%**
China Port Inventory Unit (10,000mt)	13,930.23	13,894.16	**0.26%**
Australia Iron Ore Weekly Export (10,000mt)	1,401.54	1,497.51	**-6.41%**
Brazil Iron Ore Weekly Export (10,000mt)	485.37	428.25	**13.34%**







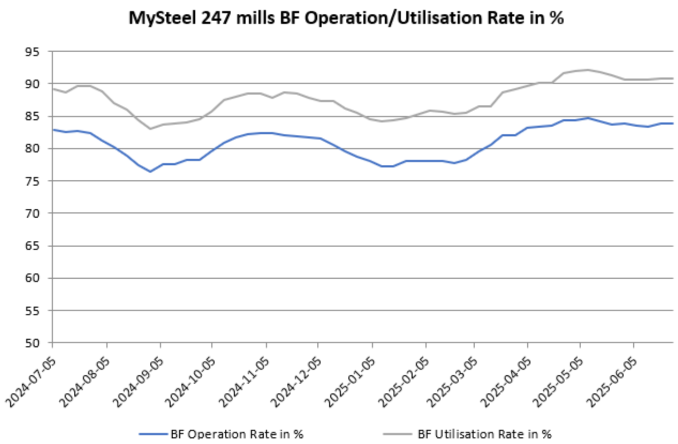
Iron Ore Key Points

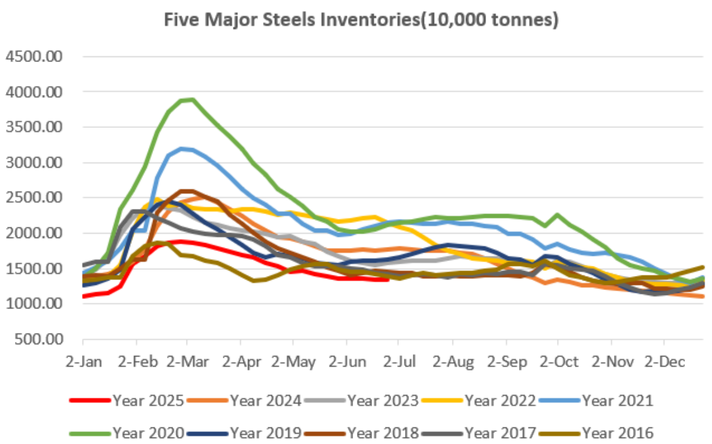
- Following the end-of-financial-year shipment rush in Australia, July shipments have significantly declined.
- Both iron ore port and mills stocks are in yearly low level, however the destock pace is slower down.
- MB65-P62 rebounded from $10.19/mt to $10.87/mt as the shipment from Australia increased. However, low margin is limiting the upside room of spread.

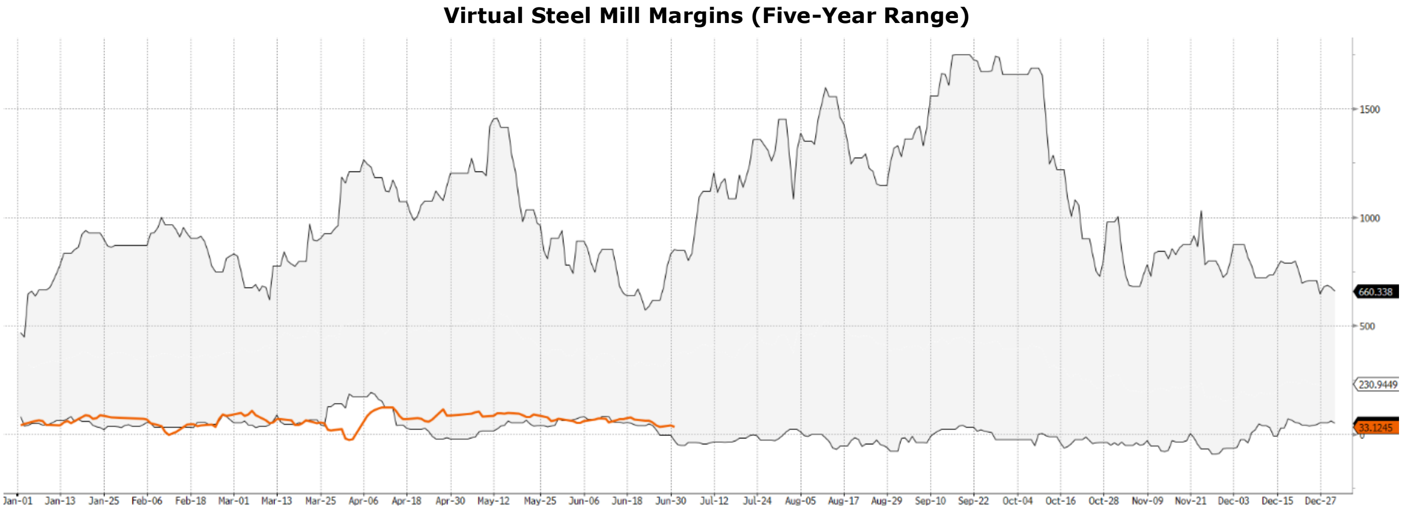
Data Sources: Platts, Fastmarkets, MySteel, Bloomberg, FIS

Steel

	Last	Previous	% Change
US HRC Front Month (Dollar/mt)	883	872	1.26%
LME Rebar Front Month (Dollar/mt)	541.5	541	0.19%
SHFE Rebar Major Month (Yuan/mt)	2990	2994	-0.13%
China Hot Rolled Coil (Yuan/mt)	3198	3205	-0.22%
Vitural Steel Mills Margin(Yuan/mt)	33	64	-48.44%
China Five Major Steel Inventories Unit (10,000 mt)	2489.64	2371.33	4.99%
Global Crude Steel Production Unit (1,000 mt)	86600	86000	0.70%
World Steel Association Steel Production Unit(1,000 mt)	158,800	155,700	1.99%





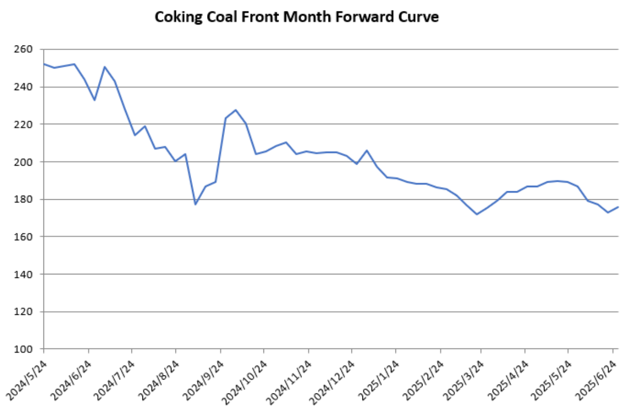


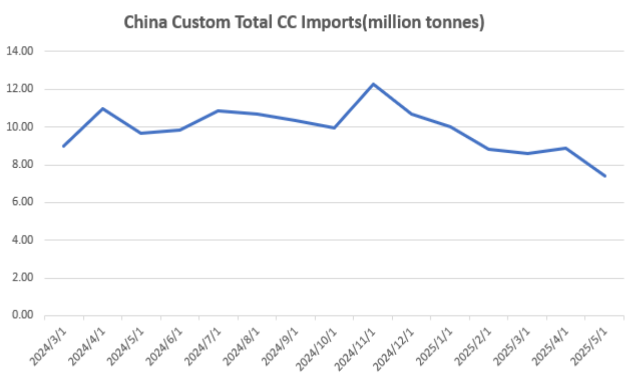
Data Sources: Bloomberg, MySteel, FIS

- The virtual steel margin retreated from 64 yuan/ton to 33 yuan/ton, with limited change during light season.
- The five major types of steels inventories in China maintained at ten-year seasonal low through Q2.

Coking Coal

	Last	Previous	% Change
TSI FOB Premium Hard Coking Coal (Dollar/mt)	173.5	174.4	-0.52%
Coking Coal Front Month (Dollar/mt)	176	173	1.73%
DCE CC Major Month (Yuan/mt)	834	797	4.64%
Top Six Coal Exporter Weekly Shipment(Million mt)	8.01	8.28	-3.26%
China Custom total CC Import Unit mt	7,386,889	8,893,399	-16.94%





Coal Key Points

- China traders saw no expectation on physical coke price cut in July.
- After the FOB Australia coking coal and CFR China coking coal spread narrowed from $30/mt to $15/mt fast, Australia FOB coking coal stablised.
- Port closures in early July tightened supply of coals temporally.

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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