FIS Ferrous Weekly Report

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

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⇒ **Iron ore Fe62% CFR China:** Our view is short-run **Neutral**. Hot metal production registered a modest week-on-week decline but showed resilience, continuing to provide fundamental support for iron ore prices.

⇒ **Rebar 25mm Shanghai:** Our view is short-run **Neutral**. Steel prices have risen across the board amid the "anti-involution" policy boost, but persistent heatwaves this week are expected to further decelerate construction site activity.

⇒ **Hard Coking Coal FOB Australia:** Our view is short-run **Neutral**. Domestic production is gradually resuming, but the overall recovery remains slow. In the seaborne market, supply remains relatively ample, with buyers holding out for further price declines.

Prices Movement	14-Jul	7-Jul	Changes %	Sentiment	
Iron Ore Fe62% CFR China($/MT)	98.60	94.9	+ 3.89%	Neutral	–
Rebar 25mm Shanghai (Yuan/MT)	3239.0	3227.0	+ 0.37%	Neutral	–
TSI FOB Premium Hard Coking Coal ($/mt)	176.0	177.5	- 0.85%	Neutral	–

Ferrous Market:

Iron ore prices rose significantly from the previous reporting week, with most gains concentrated on 10th July as market sentiment improved due to policy announcements on "anti-involution" measures and urban renewal initiatives across multiple sector. These news drove a broad rally in ferrous markets while other trading days saw mostly range-bound movements. Hot metal output has declined slightly for two consecutive weeks, signaling the gradual emergence of seasonal softness. As another heatwave is approaching, steel demand will be impacted by slower construction activity at downstream projects, while blast furnace utilization rates, hot metal production, and overall steel mill profitability may still show resilience, continuing to support prices amid improved market sentiment. Meanwhile, at Mysteel's mid-year conference, a CISA vice chairman stressed that steel companies must strictly control output, strengthen self-discipline, and enhance profitability to safeguard margins. Market sources reported last week that Shaanxi steel mills received verbal notices to cut annual crude steel production by nearly 6 million tons, representing a 10-13% output reduction. National Bureau of Statistics data showed that June crude steel output fell 9.2% year-on-year, and H1 production was down 3% overall.

According to the latest General Administration of Customs data, Chinese steel exports fell 8.5% month-on-month in June while increasing year-on-year. Cumulative exports for the first half rose 9.2% annually. The export surge partly stems from uncertainties surrounding the Trump administration's tariff policies, which prompted domestic mills to accelerate shipments during favorable windows. With the US imposing new tariffs on steel-made appliances since late June and the recently announced tariffs on products from EU, Mexico and other countries, H2 export prospects remain uncertain. Europe, now in its seasonal lull, shows weak hot-rolled coil demand, with mill offers at €560-570/mt.

Data Sources: Bloomberg, Platts, Fastmarket, FIS

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Ferrous Market(Cont'd):

Last week's Mysteel data showed global iron ore shipments at 29.87 million tons, down 78,000 tons week-on-week. Australia and Brazil shipped 25.59 million tons, up 938,000 tons w-o-w. China's arrivals reached 28.83 million tons, a weekly increase of 3.48 million tons. The recent rise in arrivals reflects end-of-financial-year volume pushes by miners in June, but has also caused port congestion due to concentrated vessel arrivals. Iron ore inventories at China's 45 major ports stood at 137.66 million tons, down 1.13 million tons w-o-w, with daily throughput at 3.20 million tons (+2,200 tons w-o-w). Port stocks have steadily declined since July began, primarily due to previously low arrival volumes. However, with June's seaborne cargoes now reaching ports, a short-term inventory rebound may materialize.

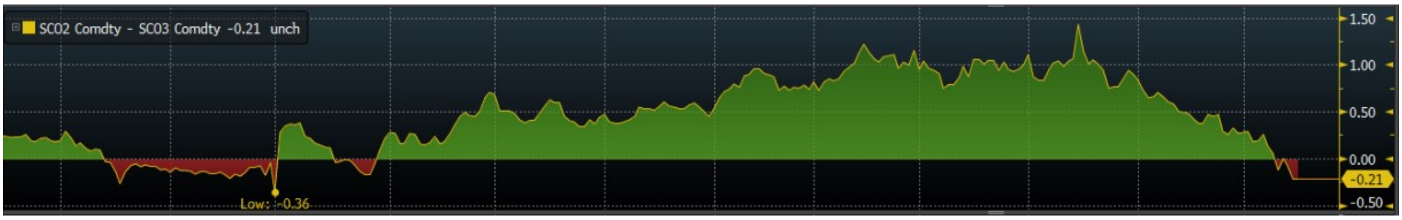
Virtual steel margins declined again last week, dropping from 75 yuan/ton to around 28 yuan/ton due to rising raw material costs, but lump ore premiums remained largely stable amid improved market sentiment, with the index rising from $0.1660/dmtu to $0.1680/dmtu during the reporting week. Two August-laycan cargoes traded at premiums of +$0.175/dmtu for PB lump and +$0.175/dmtu for Newman lump. Meanwhile, high-grade Carajas fines (65% Fe) traded at $114.30, compared to $104 in late June, the last trade, meanwhile mainstream PBF saw their latest transaction at $96.16, up nearly $4 from last week, and 62% MACF rose from $93.6 to $97.40. Despite last week's sharp index rebound, spot market liquidity remained robust, indicating healthy buyer acceptance of current price levels.

All three major Mongolian coal ports are currently closed, with port inventories dropping to 3.28 million tons. Off the back of improved sentiment in the ferrous market, coking coal prices are trending stronger with volatility. Domestic production has gradually resumed since July, but some regions still face supply tightness due to lingering output restrictions. Last Friday, major coking plants in Hebei and Shandong proposed price hikes, further pushing up coal prices, though steel mills have yet to respond. Australian FOB coking coal remained stable during the reporting week. India, currently in its monsoon season, sees weak steel demand and views seaborne coking coal supply as ample, leading to reluctance in accepting current offers while awaiting potential price adjustments. For Chinese buyers, Australian PLV CFR prices remain steady at $161/mt, still at a premium to domestic prices which is 1,220 yuan/mt, around $146/mt. However, as demand recovers, some low-grade (Tier 2) Australian coal has begun to see trading opportunities.

The MB65-P62 spread further widened from $13.30/mt to $15.70/mt over the past week. While demand for high-grade iron ore fines has shown signs of recovery, current market movements appear to be more driven by optimistic expectations than fundamental improvements, warranting continued observation of actual performance.

The SGX front-month spread (Aug25/Sep25) has entered contango, dropping from $0.29/mt last week to -$0.21/mt, reflecting bullish market expectations. However, given fundamental constraints, further widening appears limited. Meanwhile, the DCE spread has risen in tandem with the broader market, currently fluctuating between 25.5-29 yuan/mt.

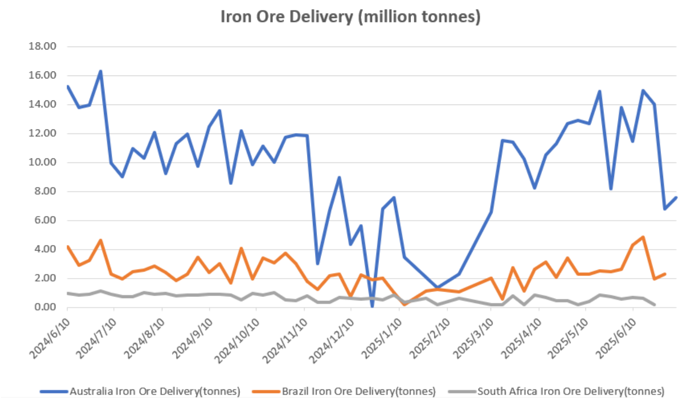
Our view for Iron ore is short-run neutral, for coking coal FOB Australia is short-run neutral.

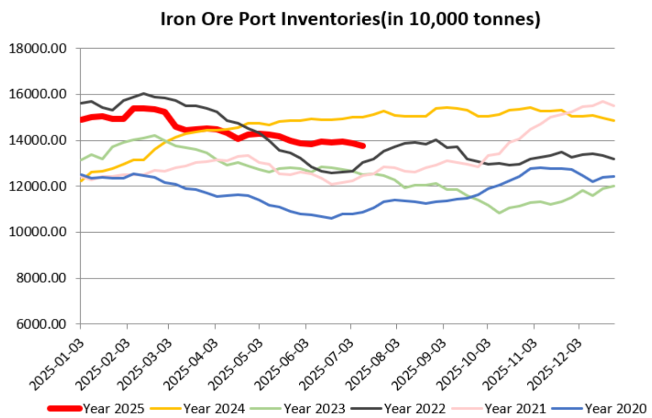


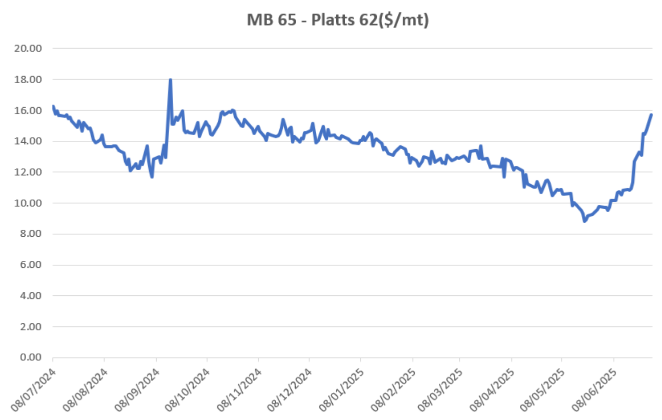
Data Sources: Bloomberg, Platts, Fastmarket, FIS

Iron Ore

	Last	Previous	% Change
Platts 62% Fe (Dollar/mt)	98.6	94.9	**3.90%**
MB 65% Fe (Dollar/mt)	114.3	108.2	**5.64%**
Capesize 5TC Index (Dollar/day)	19633	15132	**29.74%**
C3 Tubarao to Qingdao (Dollar/day)	20.4	18.605	**9.65%**
C5 West Australia to Qingdao (Dollar/day)	8.138	7.565	**7.57%**
Billet Spot Ex-Works Tangshan (Yuan/mt)	2950	2930	**0.68%**
SGX Front Month (Dollar/mt)	99.28	95.85	**3.58%**
DCE Major Month (Yuan/mt)	764.5	736	**3.87%**
China Port Inventory Unit (10,000mt)	13,930.23	13,894.16	**0.26%**
Australia Iron Ore Weekly Export (10,000mt)	755.60	676.51	**11.69%**
Brazil Iron Ore Weekly Export (10,000mt)	229.36	194.00	**18.23%**







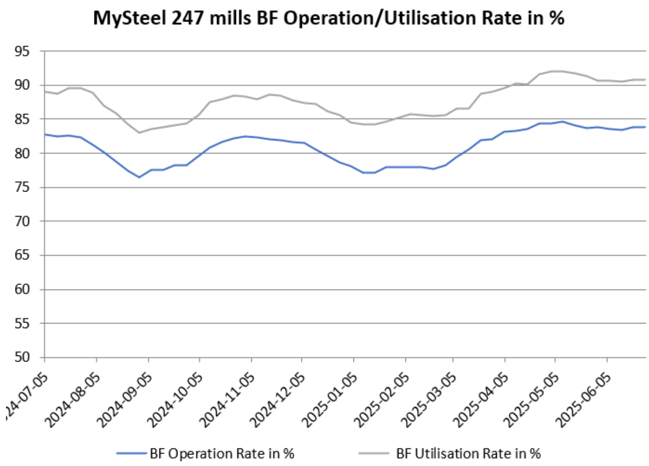
Iron Ore Key Points

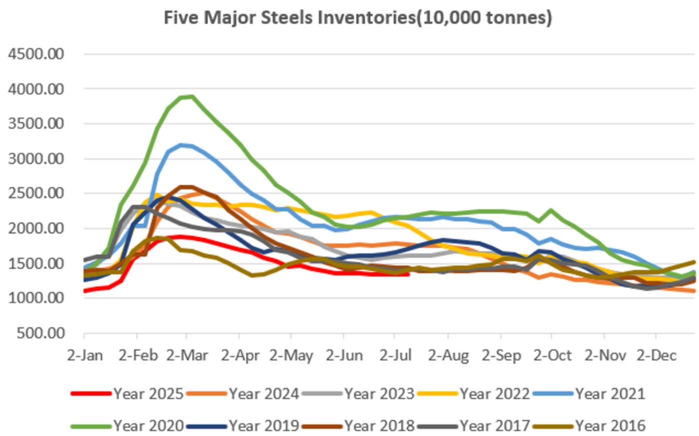
- Iron ore shipments from Australia and Brazil remained stable during the second week of July.
- Port inventories have recorded slight decreases for two consecutive weeks. Mill inventories remain largely unchanged.
- The MB 65-Platts 62 spread has further widened to $15.7/ton, consistent with earlier forecasts of increased steel mills demand for high -grade iron ore fines. However, the potential for additional price appreciation remains limited.

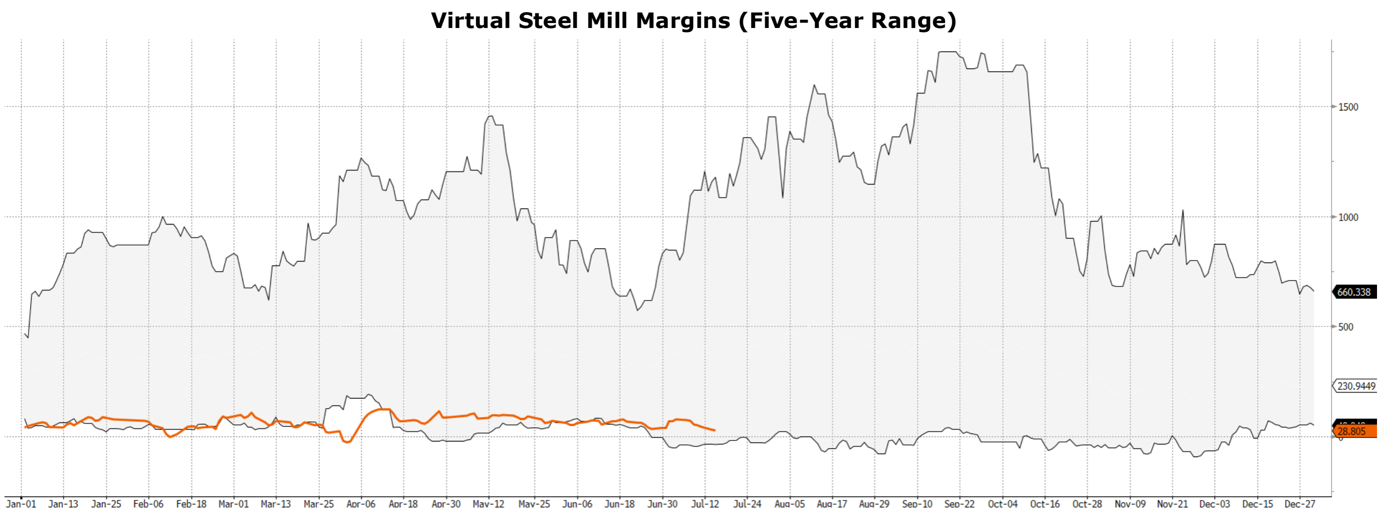
Data Sources: Platts, Fastmarkets, MySteel, Bloomberg, FIS

Steel

	Last	Previous	% Change
US HRC Front Month (Dollar/mt)	877	885	**-0.90%**
LME Rebar Front Month (Dollar/mt)	536	540	**-0.65%**
SHFE Rebar Major Month (Yuan/mt)	3133	3082	**1.65%**
China Hot Rolled Coil (Yuan/mt)	3293	3239	**1.67%**
Vitural Steel Mills Margin(Yuan/mt)	29	-23	**226.09%**
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)			**6.04%**





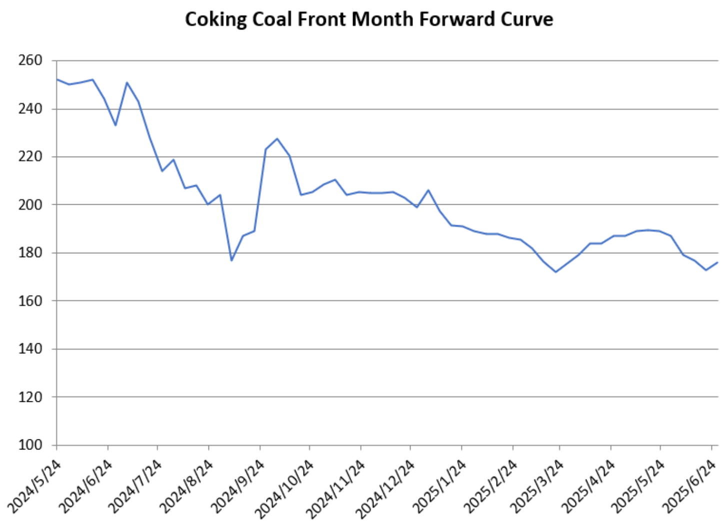


Data Sources: Bloomberg, MySteel, FIS

- The virtual steel margin dropped to 28 yuan/ton as raw material prices rebounded sharply.
- The five major types of steels inventories in China maintained at ten-year seasonal low through Q2.

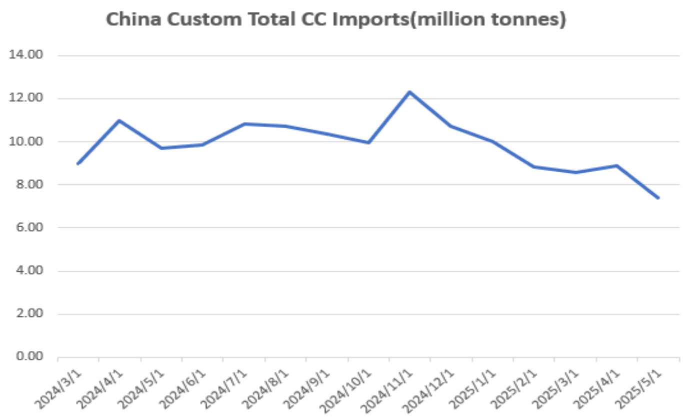
Coking Coal

	Last	Previous	% Change
TSI FOB Premium Hard Coking Coal (Dollar/mt)	176	177.5	**-0.85%**
Coking Coal Front Month (Dollar/mt)	179	178	**0.56%**
DCE CC Major Month (Yuan/mt)	909.5	850	**7.00%**
Top Six Coal Exporter Weekly Shipment(Million mt)	12.37	17.70	**-30.11%**
China Custom total CC Import Unit mt	7,386,889	8,893,399	**-16.94%**



Coal Key Points

- Recent proactive inventory replenishment by downstream users has accelerated the drawdown of domestic coal mine stockpiles.
- Seaborne coking coal prices remained stable over the past week, with the spread between Australian FOB and CFR prices holding steady at $15/ton.
- All Mongolian all border crossings are still closed, severely limiting available portside coal inventories for sale.



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 **Yifan Zhuang**,

FIS Research Analyst

yifanz@freightinvestor.com