FIS

Ferrous Weekly Report

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- ⇒ **Iron ore Fe62% CFR China:** short run **Neutral**. Iron ore shipments have started to decrease, while arrivals at ports are expected decline in late July. Chinese steel enterprises have increased maintenance activities, leading to a decreasing trend in hot iron output.
- ⇒ **Rebar 25mm Shanghai** short run **Neutral**. In H1 2025, the real estate sales area in major cities in China registered a significant year-on-year increase. Nevertheless, the fund availability rate at construction sites has been chronically low.
- ⇒ **Hard Coking Coal FOB Australia** short run **Neutral**. The Chinese coke market has stabilized, yet the recent increase in maintenance activities of steel enterprises has led to a decline of demand for pig iron. Meanwhile, the short-term reduction in supply from Mongolia has offered support to coking coal prices.

Prices Movement	7-Jul	30-Jun	Changes %	Sentiment	
Iron Ore Fe62% CFR China($/MT)	94.90	94.15	+ 0.80%	Neutral	–
Rebar 25mm Shanghai (Yuan/MT)	3227.0	3223.0	+ 0.12%	Neutral	–
TSI FOB Premium Hard Coking Coal ($/mt)	179.50	173.50	+ 3.46%	Neutral	–

Ferrous Market:

Commodities have generally rebounded following the "anti-involution" market trend in China, but the direct impact on the steel sector is limited. Open positions and trade volume on futures market have dropped significantly after entering the off-season in June, indicating a weakening of speculative sentiment. As a result, volatility has been relatively low in June and July.

India plans to impose retaliatory tariffs on the US in response to the impact of American tariffs on auto parts. In China, with the rush of auto sales in June and the expiration of fiscal subsidies, there may be a decline of relevant economic data in July. In the first half of the year, real estate transaction data in first-tier cities were relatively strong. The cumulative transactions of new and second-hand houses in Shanghai rose 17% year-on-year, setting a new high compared with the same period in 2022. However, the fund availability rate for construction has remained below 60% for a long time, which is at a low level if compared to recent years. US President Donald Trump announced tariff adjustments on some countries, and the ratio was largely in line with market expectations.

The trades of SS400 HRC exported from Tianjin Port maintained the price of $450/ton, unchanged in July. Vietnam imposed anti-dumping duties of 23.01-27.83% on HRC exported from China. Domestically, the number of steel mills undergoing maintenance has increased, while inventories remain at a ten-year low. Therefore, a rebound in apparent consumption is expected to be seen.

MySteel's global iron ore shipments reached 29.95 million tons last week, a decrease of 3.43 million tons w-o-w. Shipments from Australia and Brazil stood at 24.65 million tons, a w-o-w decrease of 4.17 million tons. Arrivals in China amounted to 24.84 million tons, an increase of 1.21 million tons on the week. The reduction in arrivals is expected to happen in late July. Iron ore inventories at 45 ports in China decreased by 518,300 tons to 138.78 million tons. The daily evacuation volume was 3.19 million tons, a decrease of 66,500 tons. Iron ore port inventories remained basically unchanged in June, while the evacuation volume maintained a seasonal high level. Looking ahead, the combined impact of reduced iron ore shipments, stable port inventory outflows, and the evolving domestic steel market situation is expected to bring more volatility to the iron and steel industry in the coming weeks.

Data Sources: Bloomberg, Platts, Fastmarket, FIS

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Ferrous Market(Cont'd):

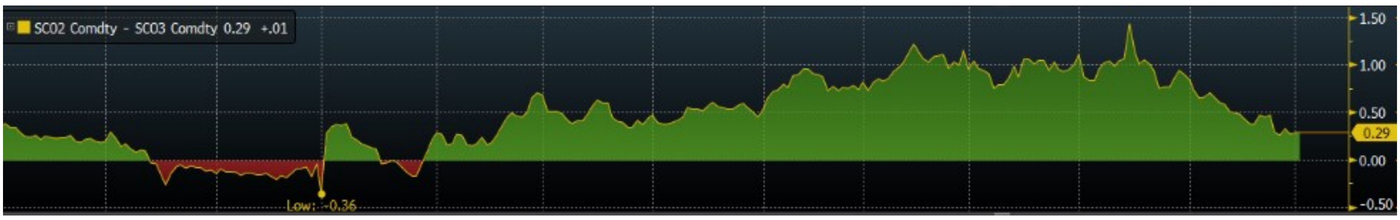
Due to production restrictions in Tangshan and maintenance activities at some steel mills, the demand for lump has rebounded. The lump premium has rebounded from $0.015dmtu to $0.1637dmtu. Benefiting from the expectation of reduced shipments, the demand for medium-grade fine has strengthened. Last week, the virtual steel margin recovered from 33 yuan/ton to 75 yuan/ton. The price of PBF rebounded from $91/mt to $92.95/mt last week. Although it pulled back to $92.2/ton this week, a large number of trades occurred. MACF rebounded from $89.6/mt to 91.7/mt last week and fell back to $90.7mt last Friday. Carajas fines raised from 808 yuan/ton to 833 yuan/ton. The massive buying interests emerged as soon as the spot price of iron ore dipped slightly, indicating that the recent demand is rigid and it is difficult for the spot price to drop significantly.

With the temporary closure of Mongolian borders, domestic coking coal sales in northwest China have picked up. However, it is expected that import volumes will recover quickly once the borders will be opened again. Chinese port inventories of coking coal and coke have been declining since the end of June. It is highly probable that Chinese coal stocks hit the annual low at the end of June. Yet, whether if the short-term market trend will continue depends on expectations of capacity elimination and demand resilience. In the short term, due to maintenance activities at steel mills in northern China, the marginal demand for pig iron has decreased. Australian FOB coking coal prices have rebounded slightly. Despite reduced trading activities, the rigid demand from India and the recovery in China have provided support. The market believes that demand is expected to further recover after the end of the monsoon season in India and when China enters September.

MB65 - P62 escalated from $10.87/mt to $13.30/mt as expected during past week. In the short term, the supply of 62% iron ore is sufficient, and the inventory has accumulated rapidly.

The main spread of SGX for Aug/Sep25 further narrowed from the range of $0.3-$0.4/mt to the range of $0.2-$0.25/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 May/Sep25 spread narrowed from the range 25–34 yuan/ton to 22-28.5 yuan/ton.

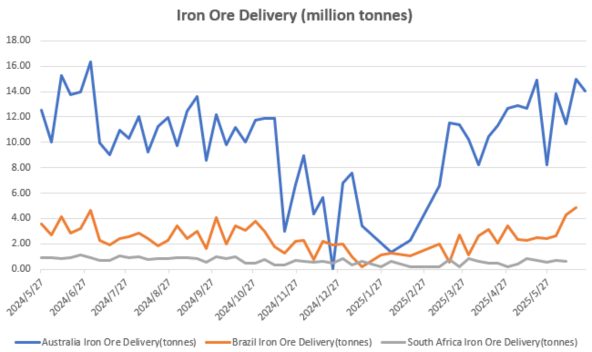
In our opinion, in the short term, iron ore is neutral. The Australian coking coal market is neutral.



Data Sources: Bloomberg, Platts, Fastmarket, FIS

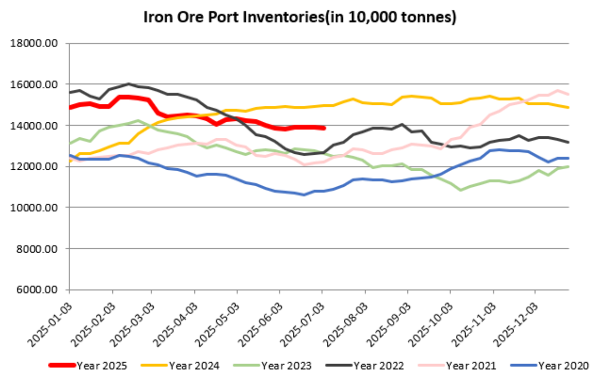
Iron Ore

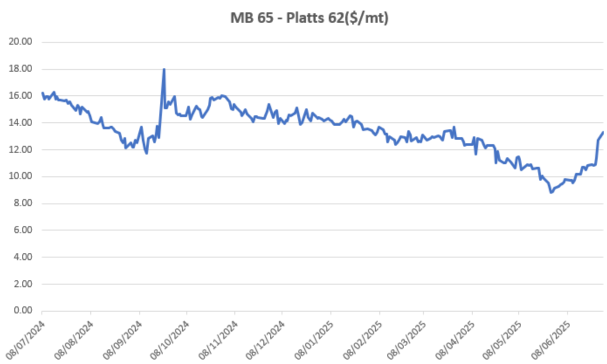
	Last	Previous	% Change
Platts 62% Fe (Dollar/mt)	94.9	94.15	0.80%
MB 65% Fe (Dollar/mt)	108.2	105.02	3.03%
Capesize 5TC Index (Dollar/day)	15132	17510	-13.58%
C3 Tubarao to Qingdao (Dollar/day)	18.605	19.985	-6.91%
C5 West Australia to Qingdao (Dollar/day)	7.565	6.905	9.56%
Billet Spot Ex-Works Tangshan (Yuan/mt)	2930	2910	0.69%
SGX Front Month (Dollar/mt)	95.85	94.55	1.37%
DCE Major Month (Yuan/mt)	736	714	3.08%
China Port Inventory Unit (10,000mt)	13,930.23	13,894.16	0.26%
Australia Iron Ore Weekly Export (10,000mt)	676.51	1,401.54	-51.73%
Brazil Iron Ore Weekly Export (10,000mt)	194.00	485.37	-60.03%



Iron Ore Key Points

- Following the end-of-financial-year shipment rush in Australia, July shipments have significantly declined.
- Both iron ore port stocks and mills stocks are slight increasing.
- MB65-P62 rebounded from $10.87/mt to $13.30/mt following the increase of shipments from Australia.

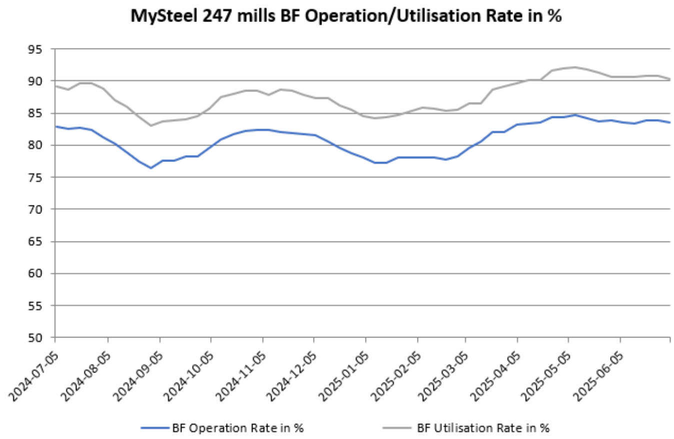


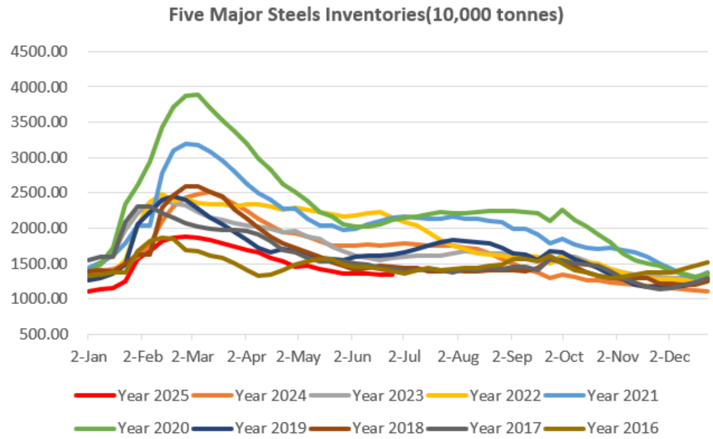


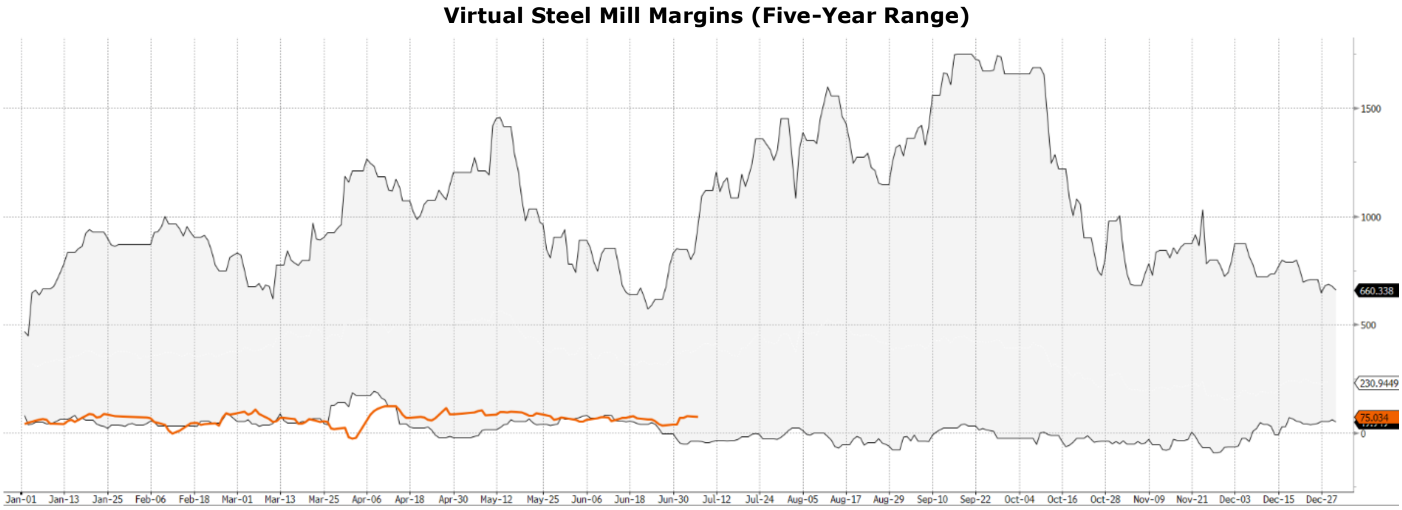
Data Sources: Platts, Fastmarkets, MySteel, Bloomberg, FIS

Steel

	Last	Previous	% Change
US HRC Front Month (Dollar/mt)	885	883	0.23%
LME Rebar Front Month (Dollar/mt)	539.5	542	-0.37%
SHFE Rebar Major Month (Yuan/mt)	3082	2990	3.08%
China Hot Rolled Coil (Yuan/mt)	3239	3198	1.28%
Vitural Steel Mills Margin(Yuan/mt)	75	33	127.27%
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%





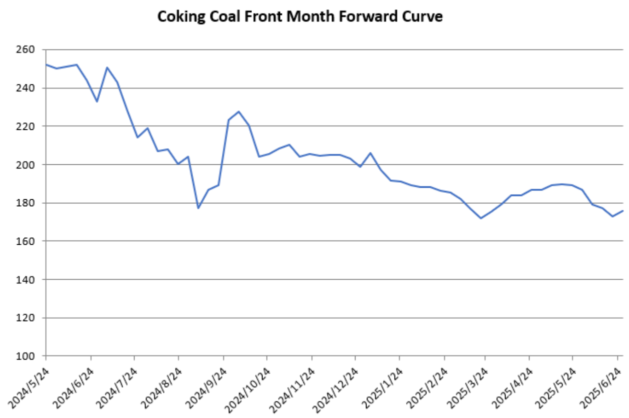


Data Sources: Bloomberg, MySteel, FIS

- The virtual steel margin retreated from 33 yuan/ton to 75 yuan/ton.
- The five major types of steels inventories in China remained 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)	178	176	**1.14%**
DCE CC Major Month (Yuan/mt)	850	834	**1.92%**
Top Six Coal Exporter Weekly Shipment(Million mt)	8.85	9.90	**-10.61%**
China Custom total CC Import Unit mt	7,386,889	8,893,399	**-16.94%**

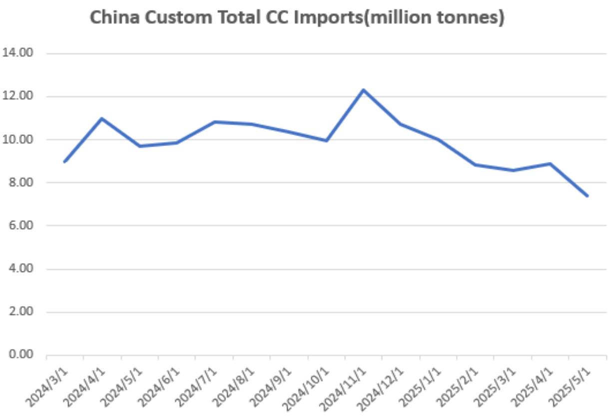


Coal Key Points

- Chinese physical coke and met coal port inventories were on downward trend.

- The FOB Australia coking coal and CFR China coking coal spread were fluctuating between the $15 -25/mt range.

- Closures in Mongolia 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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