



Daily Virtual Steel Mill Report

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Verdict:

- Our view is Short-run Neutral

Macro:

- The yuan's central parity rate up 45 pips at 7.1063 against the US dollar, marking its highest level since November 6, 2024.

Iron Ore Key Indicators:

- Platts62 \$102.45, +0.5, MTD \$101.61. Iron ore prices continued their stable trajectory. End-of-the-month blast furnace maintenance for environmental production restrictions are implemented as broadly anticipated, the impact on iron ore seems to be limited. The seaborne market maintained healthy liquidity, with trading concentrated in mid-to-low grade fines. Yesterday saw fixed-price transaction for MACF, PBF, and BRBF.

SGX Iron Ore 62% Futures& Options Open Interest (Aug 27th)

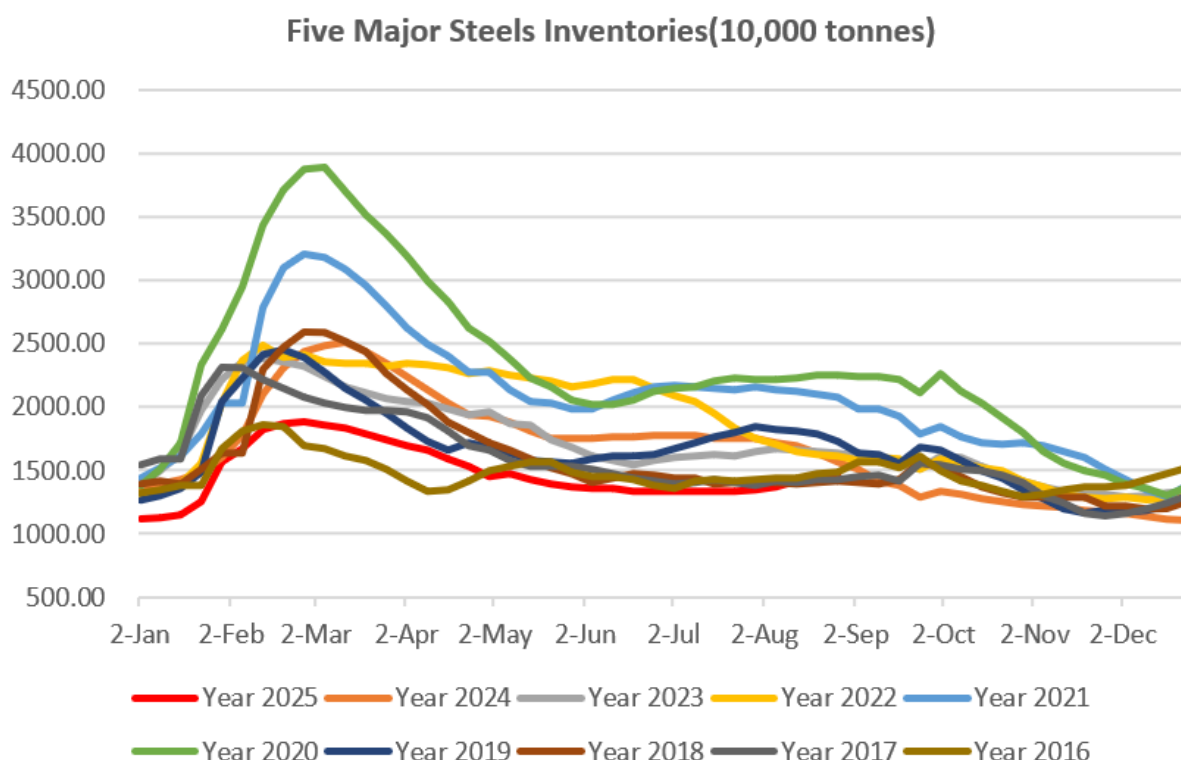
- Futures 203,078,800 tons (Increase 4,895,300 tons)
- Options 184,510,400 tons (Increase 1,423,600 tons)

Steel Key Indicators:

- The average EXW cost of billets at the mainstream sample steel mills in Tangshan is 2,963 yuan/ton. Compared with the EXW price of square billets at 3,010 yuan/ton on Aug 27th, the average profit of steel mills is 47 yuan/ton, a decrease of 51 yuan/ton on the week.
- Steel mills in Tangshan will progressively implement blast furnace maintenance shutdowns by month-end as required, with 16 additional blast furnaces scheduled for repairs. This is expected to reduce daily hot metal production by approximately 116,600 tonnes (including previously idled furnaces), driving utilization down to 78.13%—a 10.7% decline from August 27 and 6.84% lower year-on-year.

Coking Coal and Coke Indicators:

- Starting this week, most coking enterprises in Shandong have intensified production restrictions beyond previous cuts, currently implementing nearly 30% output reductions on average, while a minority of producers plan to initiate curbs by month-end.



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