

12/08/2025

- ⇒ **Iron ore Fe62% CFR China:** Our view is short-run **Neutral**. Iron ore prices continue to trade in a narrow range. While both hot metal production and steel mill profitability have seen modest declines, they remain at healthy levels. However, potential production restrictions in mid-to-late August may exert downward pressure on iron ore demand.
- ⇒ **Rebar 25mm Shanghai:** Our view is short-run **Neutral**. Rebar prices edged higher this week, primarily driven by rising costs, especially coking coal. Seasonal demand weakness persists, leading to continued inventory accumulation.
- ⇒ **Hard Coking Coal FOB Australia** Our view is short-run **Neutral**. The recent rise in seaborne coking coal prices has fostered a wait-and-see attitude in the market, with buyers showing no urgency to enter at current levels.

Prices Movement	12-Aug	5-Aug	Changes %	Sentiment	
Iron Ore Fe62% CFR China(\$/MT)	102.9	100.6	2.29%	Neutral	-
Rebar 25mm Shanghai (Yuan/MT)	3427	3385	1.24%	Neutral	-
TSI FOB Premium Hard Coking Coal (\$/mt)	183.20	183.20	0%	Neutral	-

Ferrous Market:

Iron ore markets remained stable during the reporting week, with prices edging higher in choppy trade amid support from the coking coal rally. Daily hot metal production declined marginally to 2.40 million tonnes, though still up 86,200 tonnes year-on-year and maintaining elevated levels. Steel mill profitability continues to underpin resilient iron ore demand. The China Passenger Car Association revised its 2025 forecasts upward, now projecting 6% growth in vehicle sales and 14% export growth, which should support H2 demand for hot-rolled and cold-rolled steel products. However, while construction steel consumption rebounded slightly post-typhoon and extreme rainfall, persistent heatwaves continue hampering downstream worksite activity. With Beijing's military parade approaching in early September, production restrictions in the Jing-Jin-Ji region appear increasingly likely. Tangshan has already issued notices to some section-steel rolling mills: from August 16-25, independent steel rolling enterprises in Tangshan will implement flexible production suspensions based on meteorological conditions, with mandatory shutdowns required from 25th August to 3rd September, while, production cuts have also prompted steel mills to raise finished steel prices, providing corresponding support to raw material costs.

According to China Customs data, steel exports reached 9.836 million tonnes in July, up 1.6% MoM. While domestic steel prices have risen recently due to cost pressures, China maintains international price competitiveness with Tianjin Port's hot-rolled coil FOB prices holding steady at \$475/tonne, compared to India and Turkey's HRC export prices of \$525/tonne as per Lange Steel data. However, persistent export challenges exist due to globally weakening manufacturing activity-China's July new export orders PMI fell 0.6% to 47.1% and the global manufacturing PMI declined 0.2% to 49.3% according to CFLP data. coincides with escalating trade protectionism, including frequent steel anti-dumping investigations and newly implemented US tariffs that have pushed America's trade-weighted average tariff on global products to 20.11% as of last Thursday, up from 2.44% at the start of the year, based on the WTO's tariff tracking tool.

Data Sources: Bloomberg, Platts, Fastmarket, FIS

Ferrous Market(Cont'd):

Last week's global iron ore shipments surveyed by Mysteel reached 30.45 million tons, down 0.15 million tons WoW, and combined shipments from Australia and Brazil reached 25.30 million tons, down 0.02 million tons WoW, with Australian shipments at 16.63 million tonnes, down 1.18 million tons WoW. China's 45-ports iron ore arrivals down 1.26 million tons WoW to 23.82 million tons. China's iron ore port inventories at 45 major ports increased by 0.54 million tons WoW to 137.12 million tons, while daily port evacuation volumes increased by 191,400 tons to 3.22 million tons, back to normalized logistics after typhoon-related disruptions that had temporarily boosted stockpiles. Seaborne supply from Australia and Brazil has maintained seasonal levels since July, with Brazil hitting a record 41.11 million tons in July, up 4.7% YoY. China's July iron ore imports reached 104.62 million tons, down 1.3% MoM, still ranking among the year's highest monthly volumes.

Mainstream PBF import margins declined over the past week, with Qingdao Port's spot price of 770 yuan/ton resulting in approximately -10 yuan/ton breakeven for immediate deliveries. However, supported by healthy steel mill profitability, seaborne market liquidity largely continued, with trading still concentrated in mainstream mid-grade fines including two 170,000-tonne PBF cargoes transacted at \$99.08/mt and \$99.17/mt, showing little change from prices a week earlier. Additionally, amid high domestic coke prices, a 190,000-tonne cargo of high-grade Carajás fines traded at \$119.30/mt, nearly \$3/mt higher than the previous transaction. Lump saw active trading during the reporting week, with two PBL cargoes settled at fixed prices of \$113.25/mt and \$113.80/mt respectively, while two other shipments traded at premiums of +\$0.1820/dmtu and +\$0.1830/dmtu, reflecting a slight widening from previous premium levels, indicating market acceptance of current lump ore premiums.

Following the recent correction, coking coal prices staged a sustained rebound during the reporting week, supported by fundamental factors. The Coal Mine Safety Regulations announced on August 4, coupled with renewed discussions on reinstating the "276-workday policy" (limiting annual operational days for coal mines to 276 days), reignited market speculation about supply discipline. On the supply side, persistent rainfall in northern regions disrupted mining and transportation, while overproduction inspections in Shanxi and Inner Mongolia gradually progressed. Although preliminary findings show limited overproduction issues, suggesting minimal long-term impact, the short-term resumption of operations has slowed. Mysteel data indicates the capacity utilization rate at 523 sampled coking coal mines declined 2.4% week-on-week.

FIS Ferrous Weekly Report

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Ferrous Market(Cont'd):

For coke, plants' losses narrowed after five successive price hikes, with some mills returning to marginal profitability, bolstering production enthusiasm. However, steel mills' restocking demand may weaken as inventory replenishment progresses. On 8th August, multiple coke enterprises proposed a sixth round of price increases, though implementation remains pending.

Australian coking coal remained subdued this week with premium hard coking coal FOB prices holding steady around \$183/mt, as market caution prevailed following a single transaction earlier, with Indian buyers currently showing limited acceptance at this price level. Meanwhile, rapidly rising domestic Chinese coking coal prices have created a marginal cost advantage for Australian coal, which could attract trader purchases if Chinese prices continue climbing. Mongolian coal shipments maintained high border crossing volumes. Meanwhile, China Coal Resource Network reports that Mongolia's Tavan Tolgoi mine recently imposed transport quotas on trader shipments at mining pits.

The MB65-P62 spread continued to widen, driven by strength in coking coal and coke prices, expanding from \$17.06/mt to \$18.16/mt. While premiums for high-grade iron ore fines have reached elevated levels, market acceptance remains firm. Recent price increases in coking coal and coke have outpaced iron ore's follow-through gains, which should continue supporting high-grade fines.

Iron ore futures rose with the broader ferrous market during the reporting week, with no significant fundamental or news-driven catalysts. The SGX front-month spread for Sep/Oct contracts stands at -\$0.15/t, reverting to last week's level after fluctuation. The DCE front-month September/January spread remains narrowed from 25yuan/mt to 16yuan/mt as contract rollover approached.

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



Data Sources: Bloomberg, Platts, Fastmarket, FIS

Freight Investor Services 2025

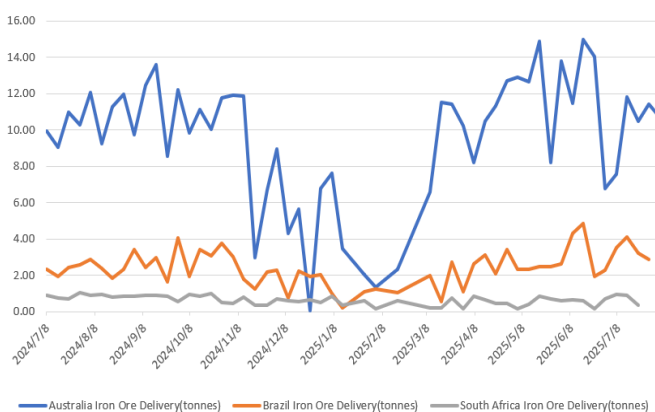
Iron Ore

	Last	Previous	% Change
Platts 62% Fe (Dollar/mt)	102.9	100.6	2.29%
MB 65% Fe (Dollar/mt)	121.06	117.66	2.89%
Capesize 5TC Index (Dollar/day)	27506	26187	5.04%
C3 Tubarao to Qingdao (Dollar/day)	25.035	23.915	4.68%
C5 West Australia to Qingdao (Dollar/day)	10.475	9.915	5.65%
Billet Spot Ex-Works Tangshan (Yuan/mt)	3070	3060	0.33%
SGX Front Month (Dollar/mt)	102.10	100.00	2.10%
DCE Major Month (Yuan/mt)	790	784.5	0.70%
China Port Inventory Unit (10,000mt)	13,657.90	13,790.38	-0.96%
Australia Iron Ore Weekly Export (10,000mt)	1,068.20	1,141.05	-6.38%
Brazil Iron Ore Weekly Export (10,000mt)	284.60	323.70	-12.08%

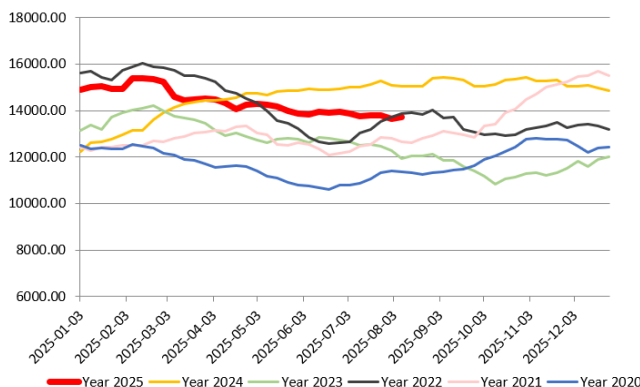
Iron Ore Key Points

- Australia and Brazil's iron ore shipments continue to maintain stable at seasonal levels.
- Port evacuation have returned to normal levels following the typhoon, while concentrated vessel arrivals led to a slight accumulation of port inventories.
- Coking coal and coke prices surged again during the reporting week, driving increased demand for high-grade iron ore fines and pushing the MB65-P62 spread wider to above \$18/mt.

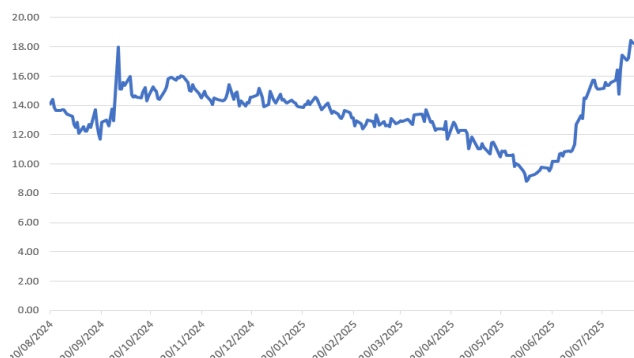
Iron Ore Delivery (million tonnes)



Iron Ore Port Inventories(in 10,000 tonnes)



MB 65 - Platts 62(\$/mt)

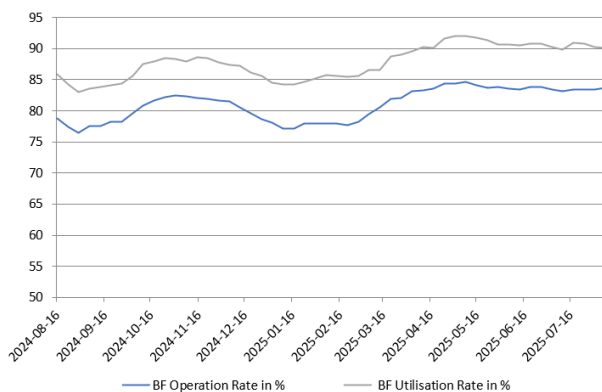


Data Sources: Platts, Fastmarkets, MySteel, Bloomberg, FIS

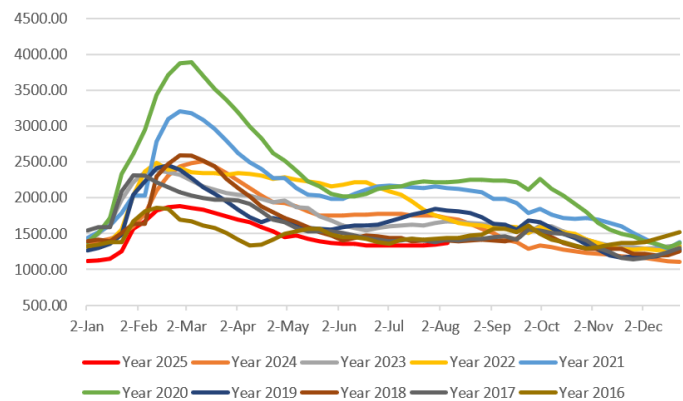
Steel

	Last	Previous	% Change
US HRC Front Month (Dollar/mt)	835	847	-1.42%
LME Rebar Front Month (Dollar/mt)	542	545	-0.55%
SHFE Rebar Major Month (Yuan/mt)	3215	3213	0.06%
China Hot Rolled Coil (Yuan/mt)	3469	3469	0.00%
Vitural Steel Mills Margin(Yuan/mt)	-15	23	-165.22%
China Five Major Steel Inventories Unit (10,000 mt)	2489.64	2371.33	4.99%
Global Crude Steel Production Unit (1,000 mt)	83200	86600	-3.93%
World Steel Association Steel Production Unit(1,000 mt)	151,400	158,800	-4.66%

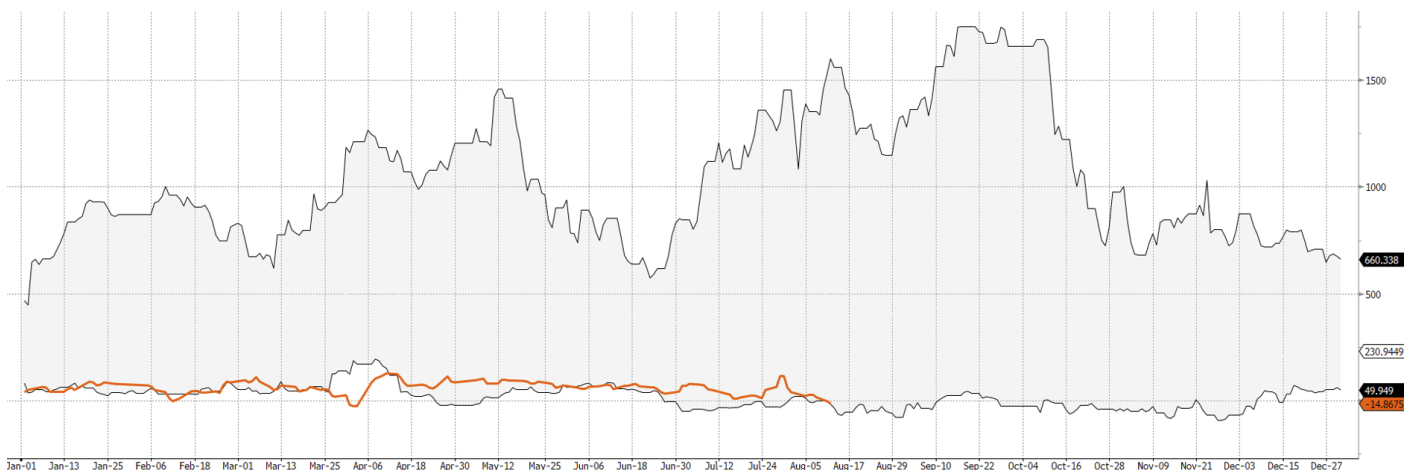
MySteel 247 mills BF Operation/Utilisation Rate in %



Five Major Steels Inventories(10,000 tonnes)



Virtual Steel Mill Margins (Five-Year Range)



Data Sources: Bloomberg, MySteel, FIS

- Rapidly rising coking coal prices have squeezed margins, Virtual steel mill margins down to -15 yuan/mt.
- Daily hot metal production across 247 steel mills remained elevated at above 2.40 million tonnes/day, with strong operational willingness persisting amid profitable conditions.

Coking Coal

	Last	Previous	% Change
TSI FOB Premium Hard Coking Coal (Dollar/mt)	183.2	183.2	0.00%
Coking Coal Front Month (Dollar/mt)	192	187.5	2.40%
DCE CC Major Month (Yuan/mt)	1219.5	1115	9.37%
Top Six Coal Exporter Weekly Shipment(Million mt)	2.11	6.76	-68.79%
China Custom total CC Import Unit mt			23.31%

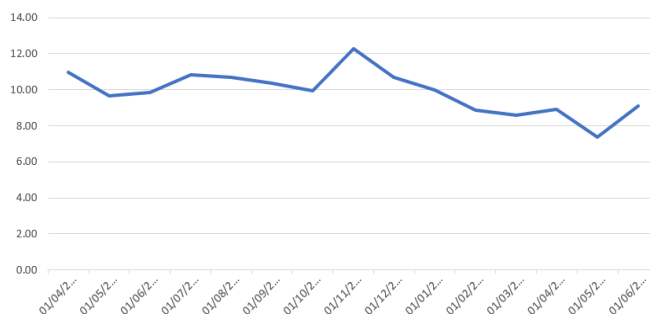
Coking Coal Front Month Forward Curve



Coal Key Points

- Domestic coking coal prices surged as self-inspections for overproduction and anticipated production restrictions regained market focus.
- Australian FOB coking coal prices remained stable over the past week at \$183/mt. Indian buyers showed limited acceptance at this level. If China domestic coking coal prices continue to rise, the price disparity may attract some trader procurement activity.
- Mongolian coal border crossings continue to operate at high throughput levels. Market sources reported trader transportation volumes are facing restrictions.

China Custom Total CC Imports(million tonnes)



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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