



Daily Virtual Steel Mill Report

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11/09/2025

Verdict:

- Our view is Short-run Neutral

Macro:

- The U.S. PPI for August rose by 2.6% year-on-year, compared to an expected 3.3% increase. On a monthly basis, it declined by 0.1%, against an expected growth of 0.3%. Following the release of the PPI data, short-term U.S. interest rate futures rose, with traders increasing their bets on interest rate cuts by the Federal Reserve.

Iron Ore Key Indicators:

- Platts62 \$107.05, -0.60, MTD \$104.85. Iron ore prices edged lower yesterday, with liquidity in the seaborne market weakening after several days of gains. No transactions were recorded. However, supported by seasonal demand expectations for steel and pre-holiday restocking needs ahead of China's golden week, iron ore is expected to maintain relative resilience in the near term.
- A fire recently broke out at Vale's Ponta de Madeira terminal but has now been extinguished. The company stated that the incident did not impact its iron ore shipment schedule or alter the volume of steelmaking raw materials expected to be shipped.

SGX Iron Ore IODEX Futures& Options Open Interest (Sep 10th)

- Futures 194,856,300 tons (Increase 2,009,300 tons)
- Options 186,512,400 tons (Increase 4,570,100 tons)

Steel Key Indicators:

- The average EXW cost of billets at the mainstream sample steel mills in Tangshan is 2,991 yuan/ton. Compared with the EXW price of square billets at 2,990 yuan/ton on Sep 10th, the average profit of steel mills is -1 yuan/ton, an increase of 20 yuan/ton on the week.

Coking Coal and Coke Indicators:

- A cargo of PMV Goonyella coking coal was traded in the seaborne market yesterday at \$188/mt FOB Australia, marking a \$1/mt increase compared to a transaction earlier this month. While downstream Indian buyers have restocking demand after the monsoon season, price upside remains limited given ample supply in the seaborne market.

