



Daily Virtual Steel Mill Report

info@freightinvestor.com | freightinvestorservices.com | (+44) 207 090 1120

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Verdict:

- Our view is Short-run Neutral

Macro:

- At its policy meeting on Wednesday, the Federal Reserve announced a 25-basis-point cut in the target range for the federal funds rate to 4.00%–4.25%. This marks the first rate cut of the year and the first reduction in interest rates in nine months.

Iron Ore Key Indicators:

- Platts62 \$105.60, -0.30, MTD \$105.22. Iron ore prices closed lower yesterday. Steel mills slowed their procurement pace due to production restrictions in Tangshan. One cargo of Newman fines was transacted at a fixed price. After recent supply tightness and price increases in low-grade fines, both steel mills and secondary market participants have shifted their focus back to mid-grade fines. In the lump ore segment, ample supply pushed the premium down by \$0.005/dmtu to \$0.1750/dmtu.

SGX Iron Ore IODEX Futures& Options Open Interest (Sep 17th)

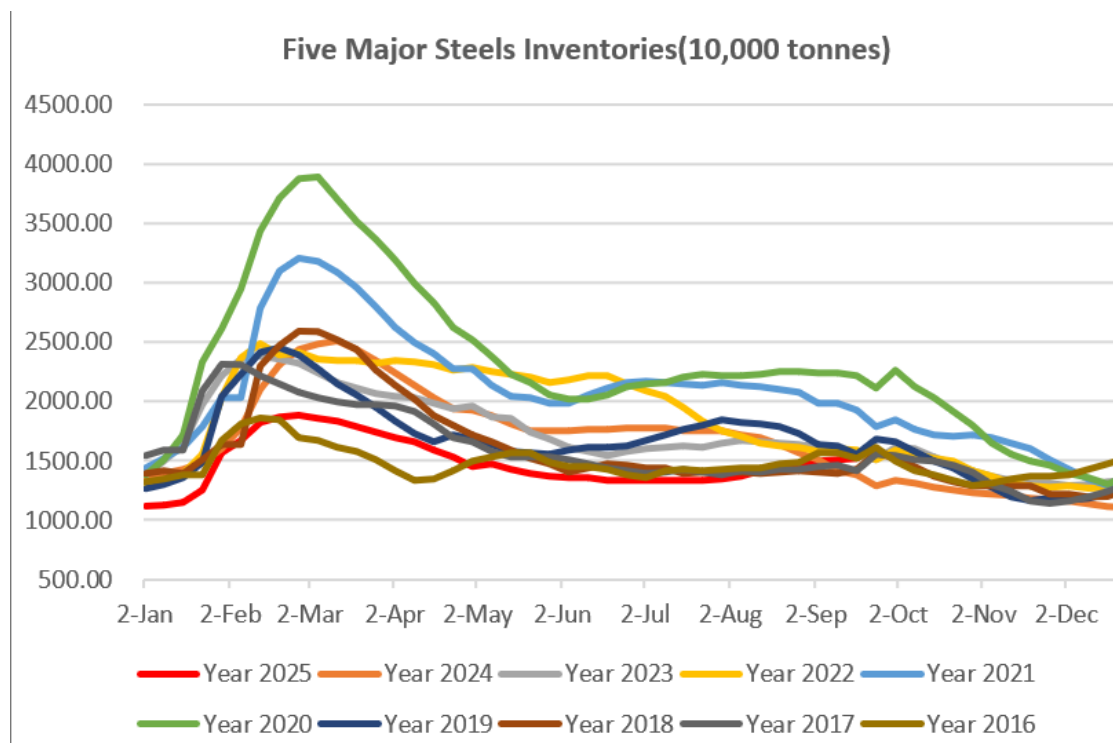
- Futures 207,578,200 tons (Increase 3,717,700 tons)
- Options 192,895,400 tons (Increase 700,000 tons)

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 3,060 yuan/ton on Sep 17th, the average profit of steel mills is 69 yuan/ton, an increase of 70 yuan/ton on the week.
- Tangshan is facing severe air quality challenges, with its environmental performance ranking among the lowest and at risk of further deterioration. In response to this situation, local enterprises have been instructed to prepare for stringent emission reduction measures, with production restrictions scheduled to be in effect from September 15 to September 30.

Coking Coal and Coke Indicators:

- According to a Mysteel survey, three coal mines in Inner Mongolia have suspended shipments due to overproduction violations. One of the mines has already halted operations for rectification. The combined production capacity of these three mines is approximately 2.7 million tons.



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