

09/09/2025

- ⇒ **Iron ore Fe62% CFR China:** Our view is Short-run **Neutral to Bullish**. Iron ore prices are expected to maintain short-term bullish, bolstered by rapid production resumptions in Tangshan and other regions alongside seasonal "Golden September" demand optimism.
- ⇒ **Rebar 25mm Shanghai:** Our view is short-run **Neutral**. Rebar prices are expected to begin seasonal recovery, but the rebound potential is likely to be limited due to simultaneous increases in both supply and demand.
- ⇒ **Hard Coking Coal FOB Australia** Our view is short-run **Neutral**. Supply remains ample, but price disparities have narrowed following recent declines, with Indian buyers pushing for discounted purchases.

Ferrous Market:

Prices Movement	09-Sep	02-Sep	Changes %	Sentiment	
Iron Ore Fe62% CFR China(\$/MT)	105.7	101.85	3.78%	Neutral to Bullish	-
Rebar 25mm Shanghai (Yuan/MT)	3260	3398	-4.06%	Neutral	-
TSI FOB Premium Hard Coking Coal (\$/mt)	187	185.4	0.86%	Neutral	-

During the reporting week, concentrated environmental production restrictions in Tangshan and other regions drove daily hot metal output at sampled steel mills below 2.40 million tonnes to 2.29 million tonnes. However, with most mills rapidly resuming operations on the afternoon of September 3 or September 4, a significant rebound in production is anticipated this week. Fundamentally, iron ore conditions remain largely unchanged from previous periods, with prices primarily supported by downstream demand expectations tied to the "Golden September, Silver October" seasonal pattern.

On the rebar front, apparent demand declined only marginally week-on-week despite production and construction restrictions, with seasonal trends typically pointing to an inflection point for steel performance between early to mid-September. For hot-rolled coil, Mysteel surveys indicate a 3% month-on-month increase in automotive steel orders for September, suggesting stable underlying support for iron ore prices unless demand expectations are disproven.

Recent steel mill profitability has significantly compressed amid rising raw material costs and declining steel prices. For instance, billet at Tangshan sample mills averaged a 21 yuan/ton loss last week, compared to a 200 yuan/ton profit a month ago, with finished steel facing similar pressures, prompting mills into reductions in coke price. Meanwhile, last week's U.S. economic data shows August nonfarm payrolls at 22,000(75,000 expected, and unemployment rate rising to 4.3%, the highest since 2021. These data has further solidified expectations for a September Fed rate cut.

While a rate cut could boost market sentiment and indirectly support steel prices, a weaker U.S. dollar would simultaneously reduce iron ore import costs. Combined with potential coke price declines, market participants remain skeptical about the actual strength of the traditional peak season. Should downstream steel demand underperform expectations by mid-to-late September—evidenced by sluggish inventory drawdowns—the ferrous market risks following its raw material costs downward.

Data Sources: Bloomberg, Platts, Fastmarket, Mysteel, Kpler, FIS

FIS Ferrous Weekly Report

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Ferrous Market(Cont'd):

Steel export markets remain cautious, with Tianjin Port rebar export offers holding at \$475-485/mt FOB despite a \$5/mt downward adjustment earlier this week failing to generate deals. Overseas buyers anticipate further price declines amid falling coking coal price and persistent domestic rebar inventory builds. Billet exports face similar stagnation, with mainstream offers at \$435-440/mt, down \$5/t from last week but still \$5/mt above buyer bids of \$430/mt, resulting in minimal transactions. Meanwhile, Indonesia initiated an anti-dumping investigation on September 1 targeting Wuhan Steel's hot-rolled coil. Although China remains Indonesia's top steel supplier, the actual impact may be limited as Wuhan's HRC prices are less competitive against local Indonesian resources. Customs data shows August steel exports totaled 9.51 million tons (-3.3% MoM), with January-August cumulative exports reaching 77.49 million tons (+10% YoY).

Last week's global iron ore shipments surveyed by Mysteel reached 27.56 million tons, down 8.01 million tons WoW. Combined shipments from Australia and Brazil reached 23.30 million tons, down 5.73 million tons WoW, with Australian shipments at 18.22 million tons, down 0.72 million tons WoW and Brazilian shipments at 5.07 million tons, down 5 million tons WoW. Australian iron ore shipments remain stable at seasonal levels, while Brazilian exports have seen a significant decline. Given that Brazil's shipments had previously remained consistently high and Chinese ports currently hold ample inventories of Brazilian ore, this drop likely reflects adjustments to the mills own shipment schedules. Additionally, according to Argus, Vale is preparing to restart operations at its Minas Gerais mine, with the resumption expected to increase annual production by 15 million tons; According to a report from Shanghai Metals Market, the Guinean government has recently requested developers, including Rio Tinto and Baowu, to support the construction of local processing and smelting facilities for the Simandou project. Although large-scale processing was not initially planned for the first phase of the project (with shipments expected to begin in November), and building a smelter could cost billions of dollars, Rio Tinto stated that it is considering intermediate processing solutions with lower investment requirements. At present, the top priority remains ensuring the smooth shipment of the first batch of iron from the project. China's 45-ports iron ore arrivals down 0.78 million tons WoW to 24.48 million tons. China's iron ore port inventories at 45 major ports increased by 0.62 million tons WoW to 138.25 million tons, while daily port evacuation volumes decreased by 8,600 tons to 3.18 million tons.

Last week, the seaborne iron ore market was relatively quiet, with mainstream mid-to-low grade fines facing a import loss. For instance, PB fines at Qingdao Port showed an import loss of approximately 15 yuan/mt. Narrowing steel mill margins continued to pressure raw material costs, leading to one transaction of 190,000 tons of PBF at a discount of \$0.6/ton, based on Oct Index. However, trading activity picked up this week, with three cargos of 170,000 tons each of PBF concluded. MACF showed relative resilience, with a total of four cargo traded at fixed price. As steel mill profits compressed, demand for lower-grade fines also increased. Market sources reported deals for one cargo of 54% Indian fines and one vessel of 58.82% Jinbao fines. In the high-grade segment, one cargo of Carajás fines was traded on Monday at \$122.65/mt. Lump ore remained stable, with one cargo of 90,000 tons of PB lumps concluded at \$114.55/mt, and two cargos of Newman lumps traded at a premium of \$0.1850/dmtu.

Data Sources: Bloomberg, Platts, Fastmarket, Mysteel, Kpler, FIS

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Ferrous Market(Cont'd):

Coking coal has also been affected by environmental restrictions, but mine inventories remain sufficient and production capacity rebounded quickly. The current supply-demand balance remains relatively loose. Coke plant inventories also remain ample following earlier concentrated blast furnace restrictions, leading to largely need-based restocking in the short term. With downstream steel mill margins narrowing, coke price reduction demands have been proposed, weakening sentiment in both coking coal and coke markets. However, from a medium-term perspective, as steel demand gradually recovers, the downside room for both coking coal and coke prices is limited. More clarity on the market direction will depend on the rebound in hot metal production and the strength of the recovery in downstream steel demand.

In the seaborne coking coal market, buyers and sellers of Australian coal continue to show divergence in price expectations. Over two consecutive days, offers were reported for PMV Goonyella coking coal at \$187/ton FOB and PLV Peak Downs coking coal at \$187/ton FOB, though no deals were concluded. With ample supply in the market, Indian buyers opted to push for lower prices. One transaction was observed between a steel mill and a trader for a 25,000-tonne cargo of PMV Goonyella coking coal at CFR India \$201.25/ton, equivalent to approximately \$181/ton FOB. As India's monsoon season gradually concludes, restocking activity is expected to emerge following recent price declines. In the Mongolian coal market, border clearance volumes returned to high levels after the parade. Combined with a relatively loose supply-demand balance for domestic coking coal in the short term, the Mongolian coal also remained weak, with downstream buyers continuing to press for lower prices in procurement.

The MB65-P62 spread narrowed further to \$17.18/mt this week from \$17.87/mt last week. Given the significant decline in steel mill profitability and the implementation of the first round of coke price cuts, the 65-62 spread may face additional downward pressure if steel market performance falls short of expectations.

The SGX front-month spread (Oct25/Nov25) widened to \$0.36/mt this week from \$0.15/mt last week, with the near-term contract supported by seasonal demand expectations. Meanwhile, the DCE's active spread (Jan26/May26) showed little change from the previous week, continuing to fluctuate around 24 yuan/mt.

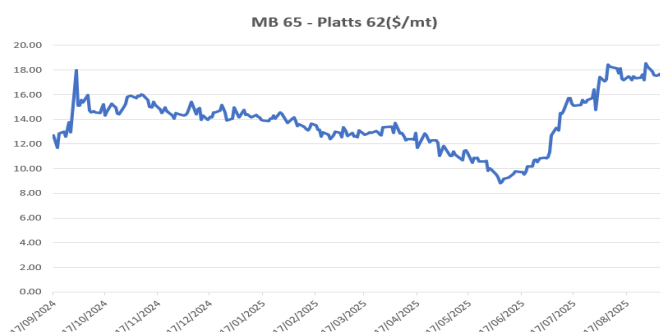
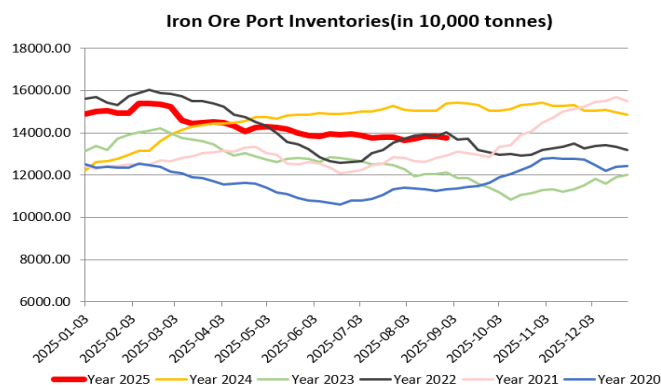
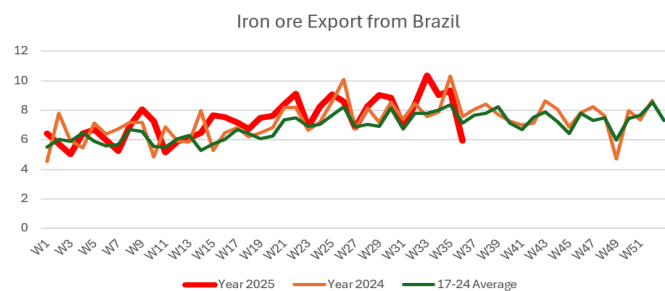
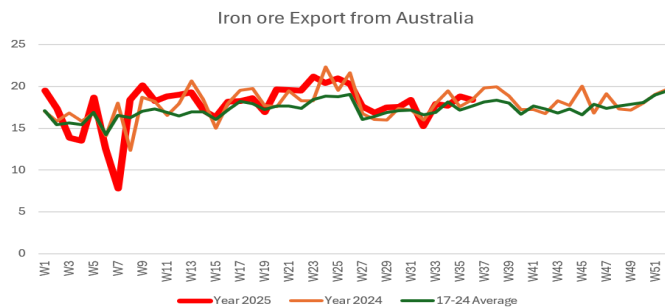
Our view for Iron ore is short-run neutral to bullish. For coking coal FOB Australia is short-run neutral .



Data Sources: Bloomberg, Platts, Fastmarket, Mysteel, Kpler, FIS

Iron Ore

	Last	Previous	% Change
Platts 62% Fe (Dollar/mt)	101.85	103	-1.12%
MB 65% Fe (Dollar/mt)	119.72	120.4	-0.56%
Capesize 5TC Index (Dollar/day)	24455	23160	5.59%
C3 Tubarao to Qingdao (Dollar/day)	24.465	23.44	4.37%
C5 West Australia to Qingdao (Dollar/day)	10.265	9.395	9.26%
Billet Spot Ex-Works Tangshan (Yuan/mt)	3000	3020	-0.66%
SGX Front Month (Dollar/mt)	101.81	101.20	0.60%
DCE Major Month (Yuan/mt)	808	789	2.41%
China Port Inventory Unit (10,000mt)	13,657.90	13,790.38	-0.96%
Australia Iron Ore Weekly Export (10,000mt)	1,879.00	1,769.00	6.22%
Brazil Iron Ore Weekly Export (10,000mt)	933.00	902.00	3.44%



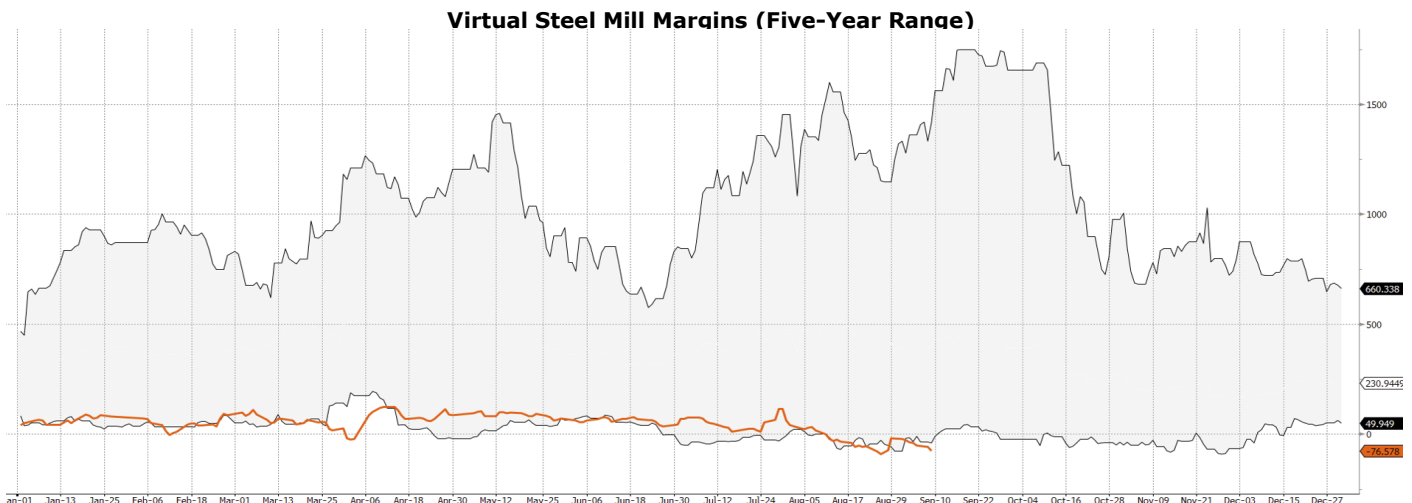
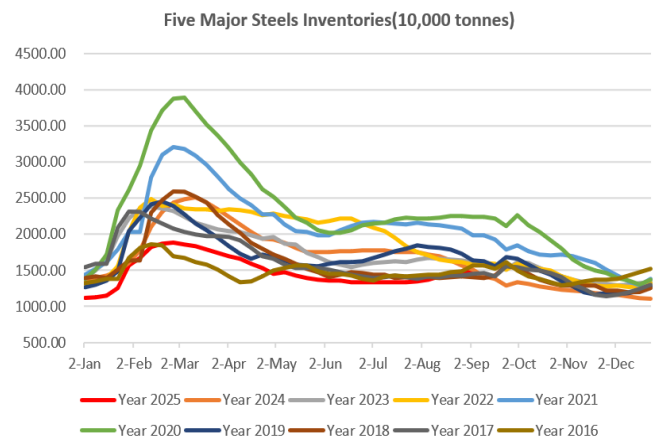
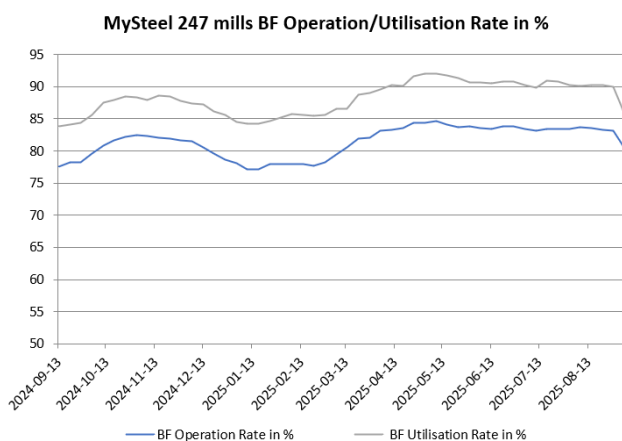
Iron Ore Key Points

- Australian iron ore shipments remained stable, while Brazilian shipments experienced a significant decline. Given that Brazilian shipments had previously remained consistently high, this week's sharp drop may reflect adjustments in mine shipment schedules.
- Port iron ore inventories showed a slight increase due to concentrated production restrictions.
- Steel mill margins have narrowed, and the first round of coke price cuts has been implemented. The MB65-P62 spread declined to \$17.18/mt from \$17.87/mt.

Data Sources: Bloomberg, Platts, Fastmarket, Mysteel, Kpler, FIS

Steel

	Last	Previous	% Change
US HRC Front Month (Dollar/mt)	799	793	0.76%
LME Rebar Front Month (Dollar/mt)	536.5	540	-0.74%
SHFE Rebar Major Month (Yuan/mt)	2967	3057	-2.94%
China Hot Rolled Coil (Yuan/mt)	3400	3443	-1.25%
Vitural Steel Mills Margin(Yuan/mt)	-77	-28	-175.00%
China Five Major Steel Inventories Unit (10,000 mt)	2489.64	2371.33	4.99%
Global Crude Steel Production Unit (1,000 mt)	79700	83200	-4.21%
World Steel Association Steel Production Unit(1,000 mt)	150,100	151,400	-0.86%



Data Sources: Bloomberg, MySteel, FIS

- Due to production and operational restrictions last week, rebar has yet to show clear signs of seasonal recovery. In contrast, iron ore prices rose on supportive expectations, driving the virtual steel mill margins down from -28 yuan/ton to -76 yuan/ton. The actual demand for steel during the peak season remains to be confirmed.
- Daily hot metal production across 247 steel mills fell to 2.28 million tonnes due to concentrated production restrictions. However, blast furnace utilization rates are expected to rebound to high levels this week.

Coking Coal

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Coal Key Points

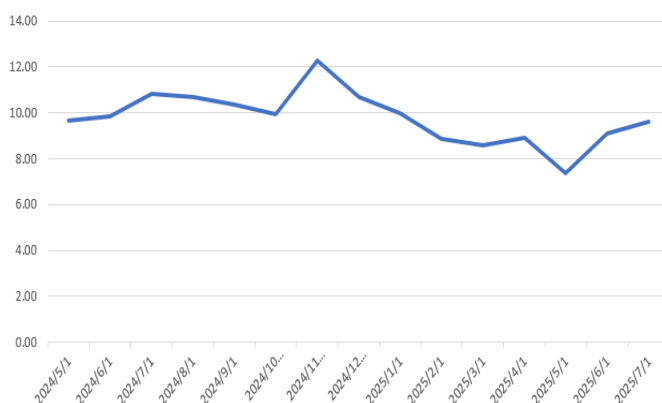
Coking Coal Front Month Forward Curve



- The first round of coke price cuts has been implemented. Coking coal supply and demand remain balanced to loose, market sentiment is weak, though the downside potential appears limited.

- As India's monsoon season gradually concludes and prices have reached relatively reasonable levels, small-volume transactions of Australian coking coal have begun to emerge.

China Custom Total CC Imports(million tonnes)



- Border clearance volumes for Mongolian coal have returned to high levels, with downstream buyers pressing for lower prices in procurement.

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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