FIS

Ferrous Weekly Report

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16/09/2025

⇒ **Iron ore Fe62% CFR China:** Our view is Short-run **Neutral**. Daily hot metal output has quickly rebounded to high levels, coupled with pre and post-National Day holiday restocking demand, iron ore prices are expected to continue fluctuating within a range.

⇒ **Rebar 25mm Shanghai:** Our view is short-run **Neutral**. Rebar market sentiment remains divided, with no clear signs of peak-season performance yet. Downstream demand conditions still require monitoring.

⇒ **Hard Coking Coal FOB Australia** Our view is short-run **Neutral**. The fundamentals of Australian seaborne coal remain largely unchanged. While Indian buyers have shown increased interest, abundant supply continues to create a buyer's market, with procurement primarily focused on negotiating lower prices.

Prices Movement	16-Sep	09-Sep	Changes %	Sentiment	
Iron Ore Fe62% CFR China($/MT)	105.5	105.7	-0.19%	Neutral	–
Rebar 25mm Shanghai (Yuan/MT)	3232	3260	-0.85%	Neutral	–
TSI FOB Premium Hard Coking Coal ($/mt)	187.30	187	0.16%	Neutral	–

Ferrous Market:

Iron ore prices remained range-bound with limited volatility during the reporting week. Last week, the Platts 62% Fe index briefly climbed to $107.65/mt, nearing the year-to-date high seen in February, before gradually retreating. On the news front, reports emerged mid-last week that the Guinean government had requested developers of the Simandou project to build local processing and smelting facilities, which provided some upward momentum to prices, but on September 12, Rio Tinto held a press conference in Guinea to provide the latest updates on this project. The company confirmed that the first shipment from the project is scheduled for November 2025, with production expected to ramp up to the full design capacity of 60 million tons over a period of 30 months. Additionally, rumors circulated about a fire at Vale’s Ponta de Madeira shipping terminal, though the company later confirmed that the fire had been extinguished and would not affect planned shipment volumes. The Chinese State Council approved a two-year market-oriented reform pilot program covering 10 regions, including the Beijing Sub-Center. While this is expected to provide long-term momentum for the steel and iron ore markets, its short-term impact is primarily sentiment-driven. Although seasonal demand expectations offer some support, the fundamental picture has not changed significantly compared to previous periods. Steel mill profit margins have narrowed noticeably, limiting upside potential. Iron ore prices are expected to continue fluctuating within a narrow range this week.

In the steel market, expectations for the peak season remain divided. On the rebar side, although multiple regions have recently introduced stimulus policies for the property market and transactions in the secondary market have been active, the primary new housing market has yet to show clear improvement. The latest data released by the National Bureau of Statistics show that from January to August, national real estate development investment fell by 12.9% year-on-year, while residential investment dropped by 11.9%. In addition, the capital availability rate at construction sites tracked by 100njz.com also saw a week-on-week decline last week. Funding conditions continue to constrain demand for raw materials. Since the end of July, rebar inventories have continued to accumulate, and the delayed inflection point has led some participants to have low overall expectations for the downstream construction peak season.

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

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Ferrous Market(Cont'd):

On the other hand, rebar futures prices rebounded last Friday. While spot prices have remained weak, current rebar prices are relatively low and could rebound at any time. If the Federal Reserve follows widespread market expectations and implements rate cuts, funding conditions may also see some improvement.

Hot-rolled coil, meanwhile, has shown stronger resilience. Although its price has moved in line with the overall weak performance of steel products, apparent demand rebounded by 200,000 tons last week to 3.26 million tons, reaching a new high since July. Moreover, inventories declined for the first time since July, indicating that demand has already begun to recover. On the policy front, eight departments including the Chinese Ministry of Industry and Information Technology issued the "Automobile Industry Growth Stabilization Plan (2025–2026)", which aims to achieve 3% year-on-year growth in automobile sales in 2025.

Last week's global iron ore shipments surveyed by Mysteel reached 35.73 million tons, up 8.17 million tons WoW. Combined shipments from Australia and Brazil reached 29.78 million tons, up 6.48 million tons WoW, with Australian shipments at 20.84 million tons, up 2.62 million tons WoW and Brazilian shipments at 8.93 million tons, up 3.05 million tons WoW. Brazilian iron ore shipments returned to normal levels this week, following a significant decline in the previous week. China's 45-ports iron ore arrivals down 0.86 million tons WoW to 23.62 million tons. China's iron ore port inventories at 45 major ports increased by 0.24 million tons WoW to 138.49 million tons, while daily port evacuation volumes increased by 135,000 tons to 3.31 million tons. As daily hot metal output from downstream blast furnaces rapidly rebounds to high levels, port evacuation volume has increased correspondingly.

As the seaborne iron ore price approaches its yearly high and with no clear signs of recovery in steel demand, the market generally believes there is limited room for further gains. Consequently, this week in the seaborne market, mainstream mid- to low-grade iron ore fines were primarily traded at floating prices. This included two 170k mt cargoes of PB fines transacted at discounts of $1.3/mt and $1.6/mt respectively, based on the October index. Additionally, two cargoes of 60.3% Jimblebar fines were traded at discounts of $3.0/mt and $2.7/mt, and one cargo of 58.2% Fortescue blend fines was concluded at a 4% discount, all based on the October index. A further 170k mt PB fines cargo traded at a $0.5/mt discount based on the November index. In fixed-price transactions, one cargo of 62% Newman fines was concluded at $107.15/mt, and three 170k mt cargoes of 62% Brazilian blend fines traded at $107.75/mt, $108.25/mt, and $108.20/mt respectively. The lump ore premium remained steady at $0.1840/dmtu, though no transactions were recorded during the reporting week.

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

Ferrous Market(Cont'd):

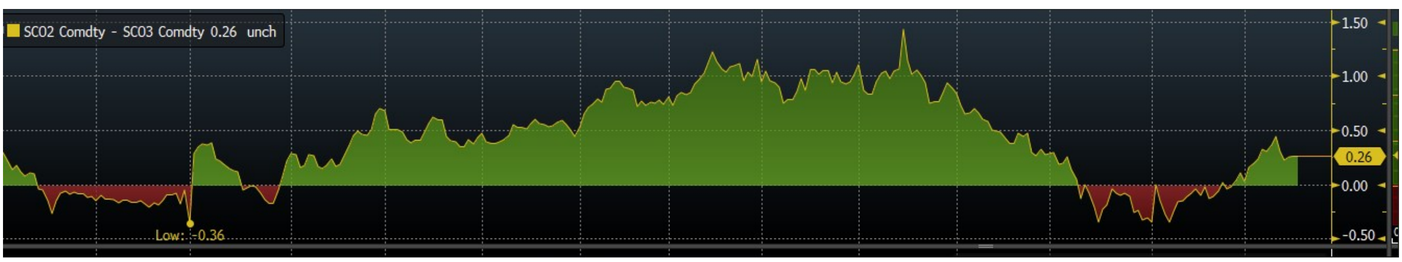
This week, steel mills have implemented the second round of coke price reduction, and both coking coal and coke prices continue to reflect the previously weak sentiment. Fundamentally, the market has largely stabilized. With downstream blast furnace output recovering to high levels, there is rigid demand for coke, limiting further downside room. However, as steel profit margins remain compressed, mills show limited enthusiasm for raw materials whit mill inventories at healthy levels, and procurement is primarily based on immediate needs. It is expected that both coking coal and coke prices will fluctuate with limited volatility ahead of the Chinese National Day holiday. A small-scale concentrated restocking activity may emerge before the holiday, potentially driving a modest rebound in prices.

A mid-week transaction involved a 75,000-ton cargo of Australian PMV Goonyella coking coal traded at $188/mt, down $1/mt compared to a deal reached in early September. Recently, Indian steel mills have shown increasing demand for Australian coal, but given ample market supply, buyers are pushing for lower prices. Sellers, however, believe current prices are reasonable and anticipate post-monsoon restocking demand from India, making them unlikely to accept further price cuts. At present, Australian coal prices appear to be stabilizing. Market dynamics will largely depend on follow-up demand from end-users in India. Meanwhile, Mongolian coal prices face continued pressure due to consistently high truck crossing volumes and weak domestic coking coal market sentiment, which has dampened downstream purchasing enthusiasm.

The MB65-P62 spread rebounded to $17.50/mt this week from $17.18/mt last week. The moderate widening of the 65-62 spread was primarily driven by ample availability of mainstream mid-grade iron ore fines in the market. For steel mills, blending high-grade and low-grade ores currently offers greater cost efficiency compared to using mid-grade fines. Overall, the fundamental picture for iron ore remains largely unchanged. The spread is expected to continue trading within a narrow range around current levels in the near term.

Iron ore prices exhibited limited volatility this week, as market expectations for peak seasonal demand softened. The SGX front-month spread (Oct25/Nov25) narrowed slightly to $0.26/mt from $0.36/mt last week. Similarly, the DCE's active spread (Jan26/May26) narrowed to 22.5 yuan/mt from 24 yuan/mt.

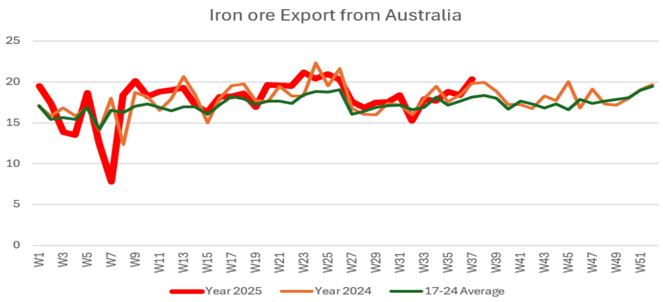
Our view for Iron ore is short-run neutral. For coking coal FOB Australia is short-run neutral.

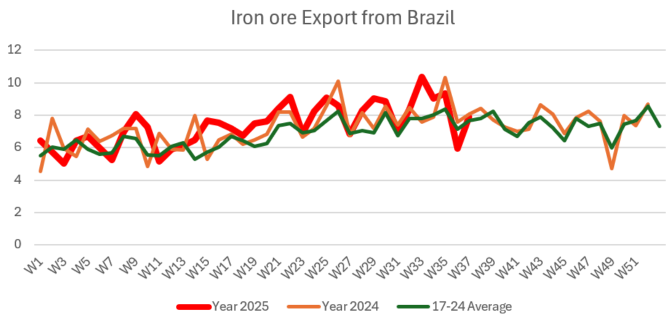


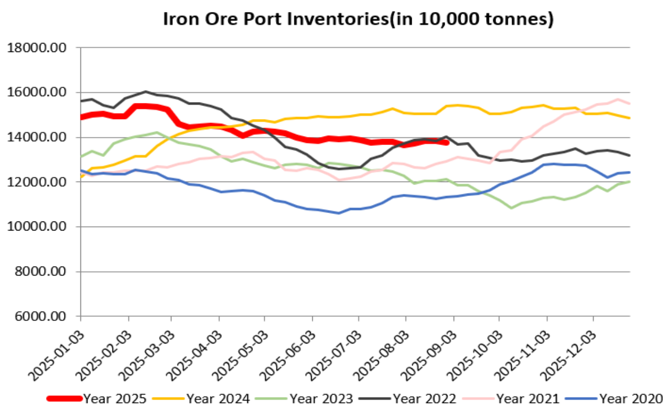
Data Sources: Bloomberg, Platts, Fastmarket, Mysteel,Kpler,FIS

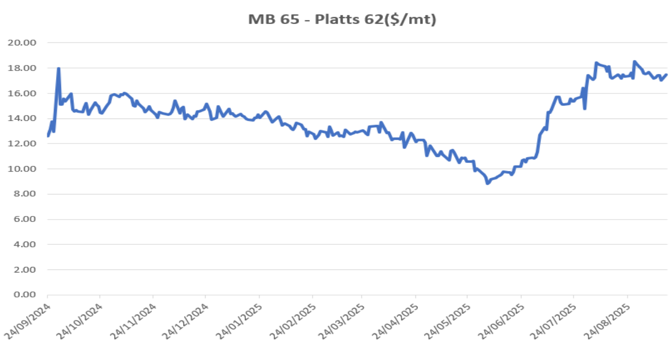
Iron Ore

	Last	Previous	% Change
Platts 62% Fe (Dollar/mt)	105.5	105.7	-0.19%
MB 65% Fe (Dollar/mt)	123	122.88	0.10%
Capesize 5TC Index (Dollar/day)	26156	24150	8.31%
C3 Tubarao to Qingdao (Dollar/day)	23.78	23.675	0.44%
C5 West Australia to Qingdao (Dollar/day)	10.62	10.36	2.51%
Billet Spot Ex-Works Tangshan (Yuan/mt)	3010	2990	0.67%
SGX Front Month (Dollar/mt)	105.70	104.75	0.91%
DCE Major Month (Yuan/mt)	806	834	-3.36%
China Port Inventory Unit (10,000mt)	13,657.90	13,790.38	-0.96%
Australia Iron Ore Weekly Export (10,000mt)	2,032.00	1,835.00	10.74%
Brazil Iron Ore Weekly Export (10,000mt)	790.00	593.00	33.22%









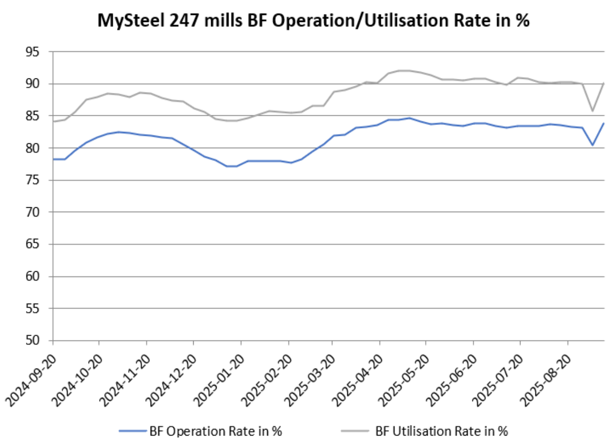
Iron Ore Key Points

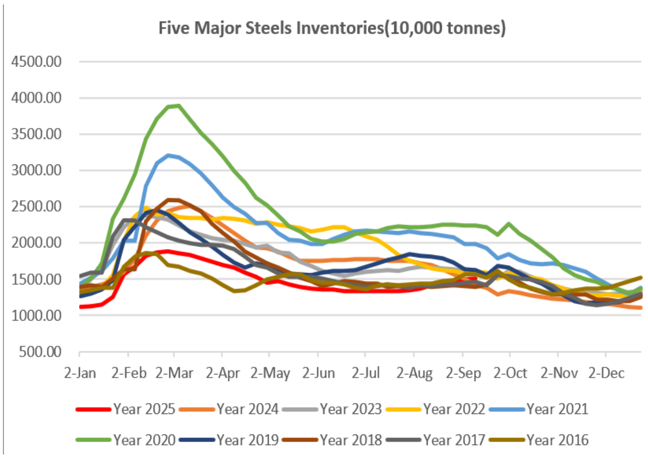
- Following a significant decline in Brazilian shipments in the past week, both Australian and Brazilian iron ore shipments returned to seasonal levels.
- Port iron ore inventory levels remained largely unchanged, while port evacuation volume increased as blast furnace hot metal output rebounded sharply.
- Mid-grade iron ore fines remain relatively abundant in the market and lack cost competitiveness. The MB65-P62 spread saw a modest rebound to $17.50/dmt, though overall volatility remains limited.

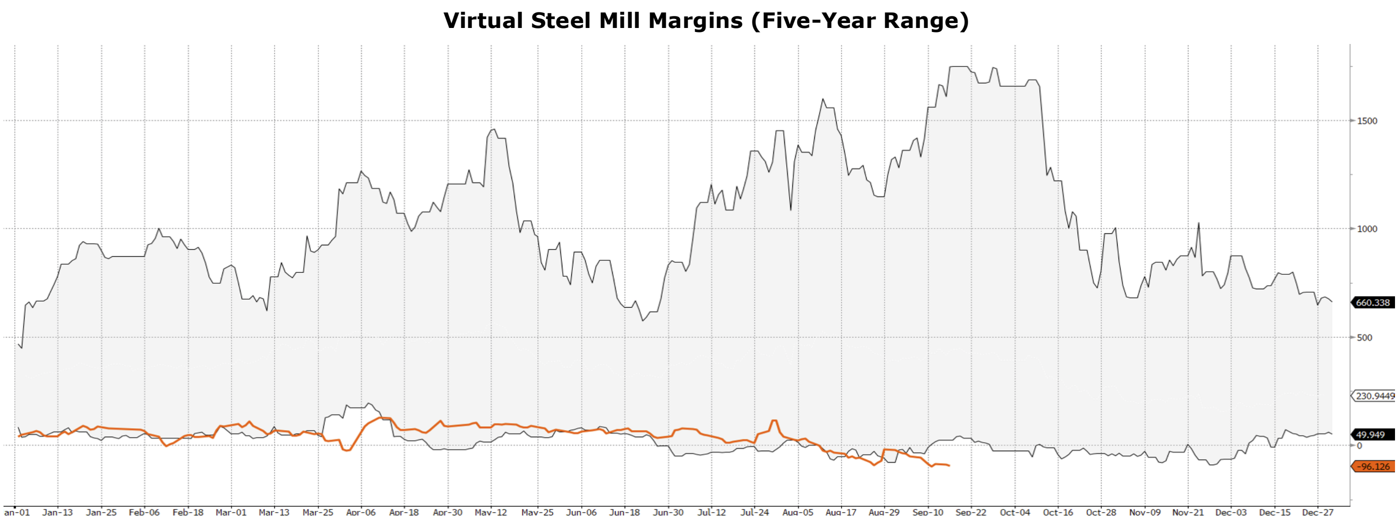
Data Sources: Bloomberg, Platts, Fastmarket, Mysteel,Kpler,FIS

Steel

	Last	Previous	% Change
US HRC Front Month (Dollar/mt)	808	799	**1.13%**
LME Rebar Front Month (Dollar/mt)	536.5	537	**0.00%**
SHFE Rebar Major Month (Yuan/mt)	2941	2967	**-0.88%**
China Hot Rolled Coil (Yuan/mt)	3420	3400	**0.59%**
Vitural Steel Mills Margin(Yuan/mt)	-96	-77	**-24.68%**
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%**





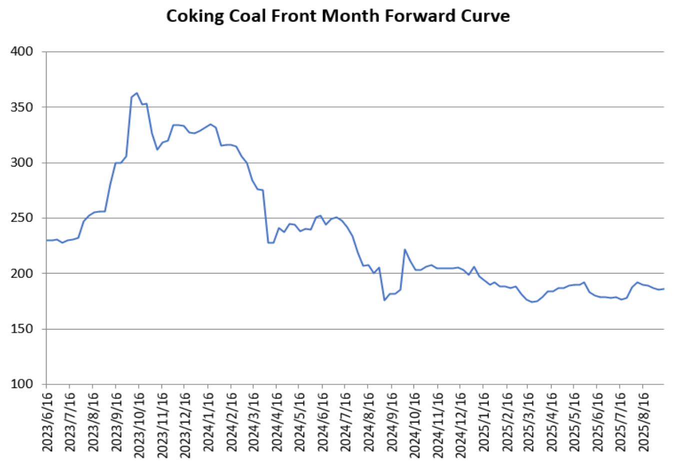


Data Sources: Bloomberg, MySteel, FIS

- Rebar has yet to show its peak-season performance, with inventories rising further last week. The virtual steel mill margins went down from -76 yuan/ton to -96 yuan/ton.
- Daily hot metal production across 247 steel mills rebounded to over 2.4 million tons.

Coking Coal

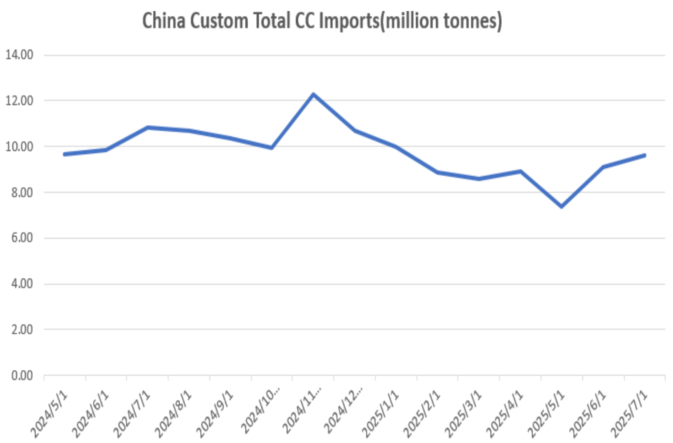
	Last	Previous	% Change
TSI FOB Premium Hard Coking Coal (Dollar/mt)	187.3	187	**0.16%**
Coking Coal Front Month (Dollar/mt)	186.25	185.5	**0.40%**
DCE CC Major Month (Yuan/mt)	958	956.5	**0.16%**
Top Six Coal Exporter Weekly Shipment(Million mt)			**-6.55%**
China Custom total CC Import Unit mt			**5.65%**



Coal Key Points

- The second round of coke price cuts has started, and market sentiment remains weak. However, concentrated pre-holiday restocking demand ahead of the Chinese National Day holiday may provide support, limiting further downside room for coking coal prices.

- In the Australian seaborne coking coal market, buyers and sellers still maintain certain differences in price expectations, but market liquidity has gradually improved.



- The daily clearance volume of Mongolian coal has remained at high levels, while its prices continue to face pressure in line with the domestic coking coal market.

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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