



# Ferrous Weekly Report

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## 23/09/2025

- ⇒ **Iron ore Fe62% CFR China:** Our view is Short-run **Neutral**. Iron ore prices are expected to continue fluctuating within a narrow range in the short term. While pre-holiday restocking demand remains stable, the current high price level suggests a possibility of minor adjustments.
- ⇒ **Rebar 25mm Shanghai:** Our view is short-run **Neutral to bullish**. Rebar inventories shifted from accumulation to decline last week, indicating initial signs of seasonal demand momentum. Although the strength may be limited, a cautiously optimistic view is suggested.
- ⇒ **Hard Coking Coal FOB Australia** Our view is short-run **Neutral**. Seaborne Australian coking coal continues to face a relatively loose supply situation, yet sellers show no intention of lowering prices. Significant changes in the near term appear unlikely.

Prices Movement	23-Sep	16-Sep	Changes %	Sentiment	
Iron Ore Fe62% CFR China(\$/MT)	106.75	105.5	1.18%	Neutral	-
Rebar 25mm Shanghai (Yuan/MT)	3225	3232	-0.21%	Neutral to bullish	-
TSI FOB Premium Hard Coking Coal (\$/mt)	188	187.30	0.37%	Neutral	-

### Ferrous Market:

During the reporting week, iron ore prices continued to fluctuate within a narrow range. On one hand, as the Chinese National Day holiday approaches, steel mills have gradually commenced restocking, providing strong support for iron ore demand. Blast furnace operations remained stable, with daily hot metal output sustaining above 2.4 million tons. While there is theoretical room for further growth compared to this year's peak levels, current high iron ore prices and squeezed steel mill profit margins have limited incentives for additional production increases. On the inventory front, imported iron ore stocks at sampled steel mills rose by 3.16 million tons to 93.09 million tons week-on-week, up 2.77 million tons year-on-year, reaching the highest level since the Spring Festival. The intensity of restocking in the coming week remains uncertain. On the other hand, Tangshan's recent air quality deterioration has triggered production restrictions scheduled from September 15 to 30, requiring blast furnaces to idle 40% of capacity and coking plants to extend coking time by 30%. Overall, fundamental factors for iron ore remain balanced between supportive and restrictive forces, and prices are expected to continue trading within a range-bound pattern.

The latest weekly data shows that total construction steel inventories shifted from accumulation to decline for the first time since late July, indicating early signs of seasonal demand momentum as construction site activity accelerates. This shift coincided with renewed market discussions on curbing "involution" measures. On 22nd September, multiple departments including the Ministry of Industry and Information Technology of China jointly issued the Steel Industry Growth Stabilization Work Plan (2025–2026), setting an average annual growth target of around 4% for the industry's value-added output over the next two years. The plan explicitly prohibits new capacity additions and emphasizes output control through production cuts, which has bolstered market confidence to some extent.

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

**Ferrous Market(Cont'd):**

Nevertheless, the inflection point for steels arrived significantly later than in previous years, and the decline was primarily driven by reduced production rather than demand improvement. Weekly rebar apparent demand remains at around 2.1 million tons, well below levels seen during the spring peak and the same period last year. Current indicators suggest that steel performance in September and October is unlikely to meet earlier expectations. While pre-holiday restocking needs and production restrictions may provide short-term support, risks of a downward adjustment persist post-October if demand fails to pick up meaningfully. In the hot-rolled coil (HRC) segment, despite a minor inventory buildup last week, medium-to-long-term resilience remains stronger compared to rebar. Fundamental conditions show no significant imbalances, with stable downstream demand supporting expectations of continued range-bound trading.

Domestic steel price increases have driven export quotations higher, with billet offers rising by \$5/mt week-on-week to stabilize at \$440/mt FOB. HRC offers at Tianjin Port initially climbed to \$485/mt FOB early in the week before moderating slightly. Overall, buyer caution prevails at current price levels, resulting in muted transaction activity. The US Federal Reserve's 25-basis-point rate cut last week, coupled with expectations of further easing within the year, typically weakens the US dollar and supports broader commodity prices. For dollar-denominated seaborne iron ore, this could eventually translate into higher domestic steel costs. Meanwhile, a simultaneous appreciation of yuan against the dollar may reduce the competitiveness of export prices. These dynamics suggest growing headwinds for China's steel exports in the coming months. However, data from the General Administration of Customs shows that China's steel billet exports reached 1.76 million tons in August, up 11.7% month-on-month. From January to August, cumulative exports totaled 9.24 million tons, a year-on-year increase of 236%, indicating stable demand for primary processed products in overseas markets.

Last week's global iron ore shipments surveyed by Mysteel reached 33.25 million tons, down 2.48 million tons WoW. Combined shipments from Australia and Brazil reached 27.73 million tons, down 2.05 million tons WoW, with Australian shipments at 19.19 million tons, down 1.66 million tons WoW and Brazilian shipments at 8.54 million tons, down 0.39 million tons WoW. Shipments from both Australia and Brazil have maintained seasonally high levels. China's 45-ports iron ore arrivals up 3.13 million tons WoW to 26.75 million tons. China's iron ore port inventories at 45 major ports decreased by 0.48 million tons WoW to 138.01 million tons, while daily port evacuation volumes increased by 78,900 tons to 3.39 million tons. Amid rising blast furnace hot metal output and pre-holiday restocking demand ahead of the Chinese National Day holiday, port evacuation volume has reached a year-to-date high. It is expected to remain at elevated levels throughout this week.

Recent tightness in the supply of low-grade iron ore fines has shifted the focus of steel mills and the secondary market back to mid-grade fines. Among these, MACF showed the most active trading, with one 90k mt cargo of 62% MACF traded at \$104.60/mt early in the reporting week, followed by three additional cargoes totaling 280k mt of 62% MAC fines, all transacted at \$105.95/mt. Trading activity for PB fines remained moderate, with three 170k mt cargoes of 62% PBF concluded during the week, all at a discount of \$0.45/mt based on the November index.

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

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## Ferrous Market(Cont'd):

Amid growing market skepticism toward the strength of the peak steel demand season, interest in high-grade fines and lump ore has noticeably weakened. No high-grade fine transactions were recorded during the week, while the lump ore premium index declined from \$0.1850/dmtu to \$0.1750/dmtu. Two 90k mt cargoes of Newman lumps were traded at premiums of +\$0.1675/dmtu and +\$0.1625/dmtu, respectively. According to Platts reports, these transaction prices excluded freight costs for the C5 route.

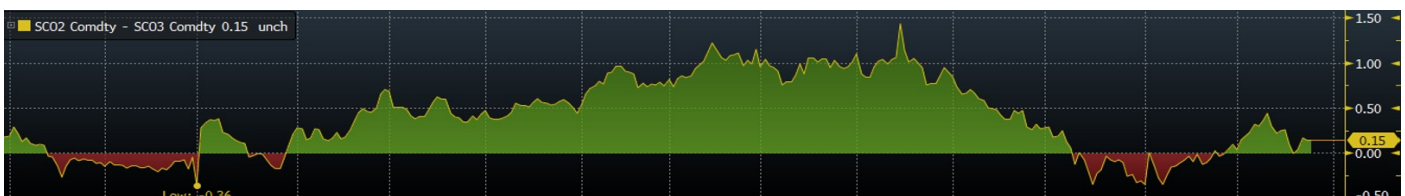
Amid efforts to curb "involution" and pre-holiday restocking demand, coupled with previously relatively low prices, coking coal and coke prices have rebounded significantly in recent sessions. Concurrently, intensified safety inspections targeting overproduction continue to constrain supply. For instance, three coal mines in Inner Mongolia with a combined capacity of 2.4 million tons were suspended for rectification last week, providing further support to the coking coal market. Most coking plants retain profit margins despite rising raw material costs, and active production continues amid emerging seasonal demand signals in the downstream steel sector. However, given ample inventory levels at steel mills, pre-holiday restocking momentum is expected to remain moderate, likely limiting further upside in prices.

As domestic coking coal prices rebounded, Chinese buyers have shown increased interest in seaborne cargoes. Traders are targeting prices for hard low-volatile coking coal (LVHCC) in the range of \$173–175/mt CFR, though limited availability and seller reluctance to offer have constrained actual transactions. Last Thursday, one cargo of PMV Goonyella coking coal was traded in the seaborne market at \$189.50/mt, reflecting a \$1.50/mt increase compared to a deal reached a week earlier. However, overall demand for Australian coking coal remains weak from both Chinese and Indian buyers, and market activity has been largely subdued. In contrast, Mongolian coal prices have gained support from the stronger trend in domestic coking coal markets.

The MB65-P62 spread narrowed significantly this week, down to \$15.33/mt from \$17.50/mt during the report week. The contraction was driven by a combination of factors: recent tightness in low-grade fines supply has made mid-grade fines more cost-effective than blending high- and low-grade ores in blast furnace sintering. At the same time, weaker-than-expected seasonal steel demand in September has compressed steel mill profit margins, reducing appetite for high brand raw materials. As a result, while 62% Fe iron ore prices remained range-bound, 65% iron prices declined, leading to the convergence in the spread.

Market expectations for October steel demand have softened, reflected in the narrowing of key iron ore futures spreads. The SGX front-month spread (Oct25/Nov25) narrowed further to \$0.15/mt from \$0.26/mt last week. Meanwhile, the DCE's active spread (Jan26/May26) showed little change, holding steady at 22.5 yuan/mt.

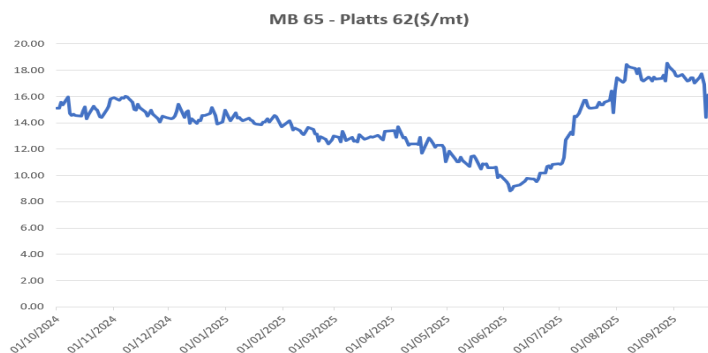
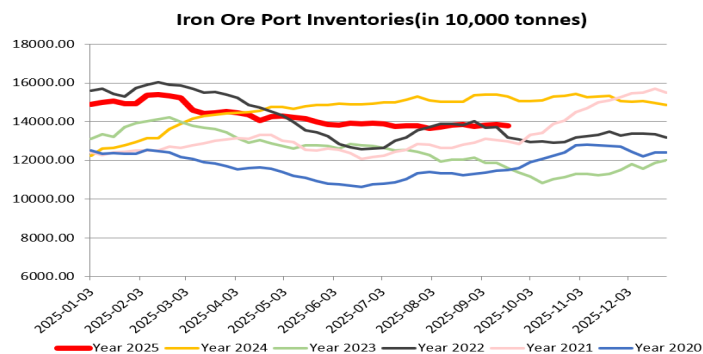
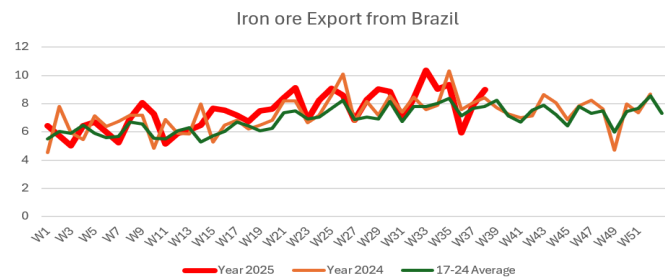
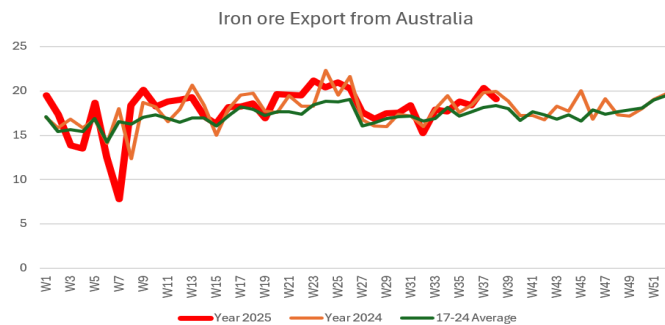
**Our view for Iron ore is short-run neutral. For coking coal FOB Australia is short-run neutral.**



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

# Iron Ore

	Last	Previous	% Change
<b>Platts 62% Fe (Dollar/mt)</b>	106.75	105.5	<b>1.18%</b>
<b>MB 65% Fe (Dollar/mt)</b>	122.08	123	<b>-0.75%</b>
<b>Capesize 5TC Index (Dollar/day)</b>	27903	26156	<b>6.68%</b>
<b>C3 Tubarao to Qingdao (Dollar/day)</b>	24.845	23.78	<b>4.48%</b>
<b>C5 West Australia to Qingdao (Dollar/day)</b>	10.775	10.62	<b>1.46%</b>
<b>Billet Spot Ex-Works Tangshan (Yuan/mt)</b>	3050	3010	<b>1.33%</b>
<b>SGX Front Month (Dollar/mt)</b>	105.70	105.70	<b>0.00%</b>
<b>DCE Major Month (Yuan/mt)</b>	823.5	806	<b>2.17%</b>
<b>China Port Inventory Unit (10,000mt)</b>	13,657.90	13,790.38	<b>-0.96%</b>
<b>Australia Iron Ore Weekly Export (10,000mt)</b>	1,905.00	2,032.00	<b>-6.25%</b>
<b>Brazil Iron Ore Weekly Export (10,000mt)</b>	900.00	790.00	<b>13.92%</b>



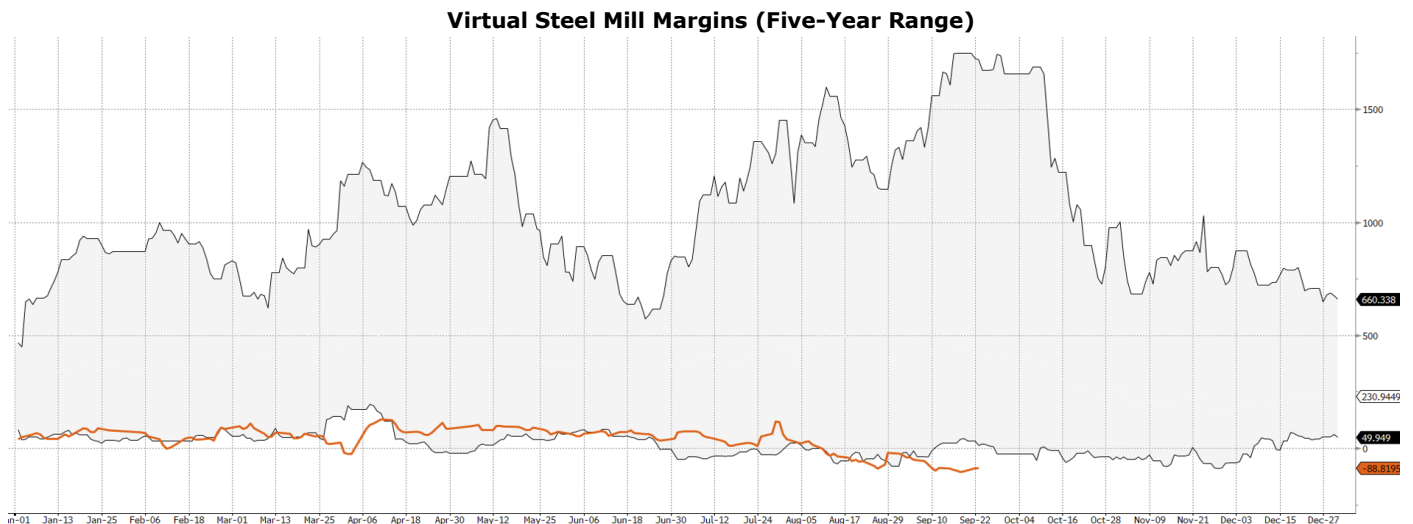
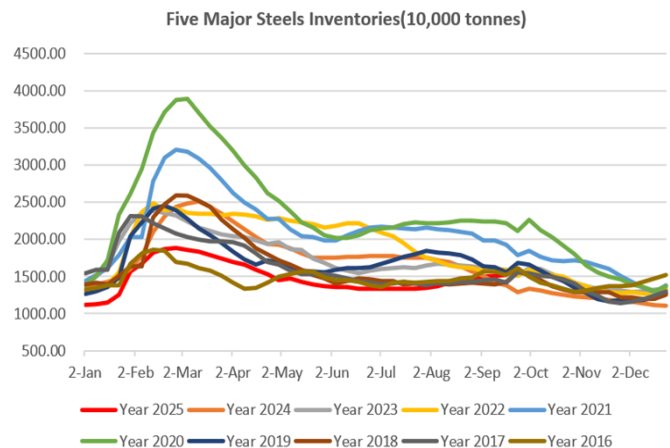
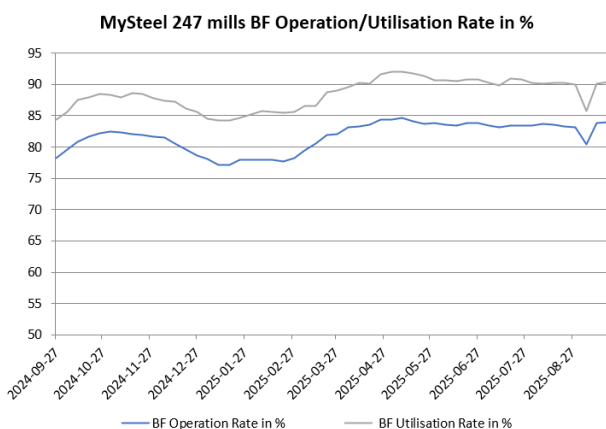
## Iron Ore Key Points

- Shipments of iron ore from Australia and Brazil have stayed at seasonally high levels.
- Amid peak seasonal demand and pre-holiday restocking activities, iron ore port evacuation volumes have reached a yearly high and are expected to remain elevated throughout this week.
- Steel mills and secondary market participants have shifted their focus back to mid-grade iron ore fines and demand for high-grade fines weakens. The MB65-P62 spread has narrowed to \$15.33/dmt, down from \$17.50/dmt.

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

# Steel

	Last	Previous	% Change
<b>US HRC Front Month (Dollar/mt)</b>	812	808	<b>0.50%</b>
<b>LME Rebar Front Month (Dollar/mt)</b>	540.5	537	<b>0.75%</b>
<b>SHFE Rebar Major Month (Yuan/mt)</b>	3069	2941	<b>4.35%</b>
<b>China Hot Rolled Coil (Yuan/mt)</b>	3425	3420	<b>0.15%</b>
<b>Vitural Steel Mills Margin(Yuan/mt)</b>	-88	-96	<b>8.33%</b>
<b>China Five Major Steel Inventories Unit (10,000 mt)</b>	2489.64	2371.33	<b>4.99%</b>
<b>Global Crude Steel Production Unit (1,000 mt)</b>	79700	83200	<b>-4.21%</b>
<b>World Steel Association Steel Production Unit(1,000 mt)</b>	150,100	151,400	<b>-0.86%</b>



**Data Sources: Bloomberg, MySteel, FIS**

- Rebar inventories shifted from accumulation to contraction last week. Although the magnitude of the decline is expected to be limited, it shows the emergence of seasonal demand patterns. Concurrently, raw material prices saw a modest increase, resulting in minimal change in the virtual steel mill margins, which narrowed from -96 yuan/ton to -88 yuan/ton.
- Daily hot metal production across 247 steel mills continues to operate at high levels. While there remains room for growth compared to the year's peak, current steel mill profitability is moderate, limiting motivation for further production increases.

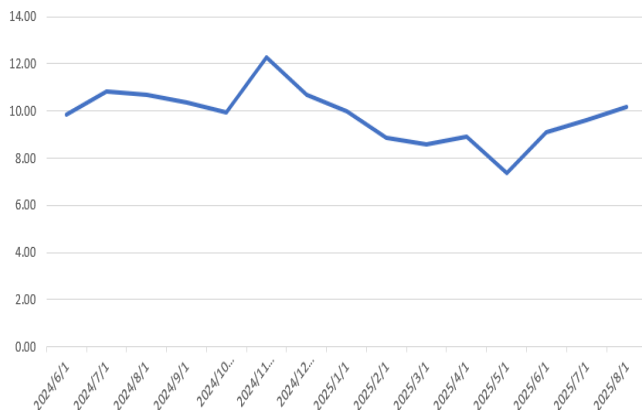
# Coking Coal

	Last	Previous	% Change
<b>TSI FOB Premium Hard Coking Coal (Dollar/mt)</b>	188	187.3	<b>0.37%</b>
<b>Coking Coal Front Month (Dollar/mt)</b>	187	186.25	<b>0.40%</b>
<b>DCE CC Major Month (Yuan/mt)</b>	1029.5	958	<b>7.46%</b>
<b>Top Six Coal Exporter Weekly Shipment(Million mt)</b>	5.56	6.58	<b>-15.50%</b>
<b>China Custom total CC Import Unit mt</b>	10,162,203	9,623,045	<b>5.60%</b>

Coking Coal Front Month Forward Curve



China Custom Total CC Imports(million tonnes)



## Coal Key Points

- Domestic coking coal prices have rebounded driven by renewed anti-involution measures, production overcapacity inspections, and downstream demand. However, with pre-holiday restocking largely completed, further upside room appears limited.
- A cargo of PMV Goonyella coking coal was traded in the Australian FOB market at \$189.50/mt, reflecting a \$1.50/mt. Overall, buyer acceptance of current price levels remains low, with thin market liquidity.
- Mongolian coking coal prices have followed the rebound in domestic coking coal markets, moving higher in tandem.

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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