



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:

- According to the IEA monthly report, as a large number of crude oil tankers head toward the world's major oil trading and storage hubs, global oil inventories are set to rebound, and the oil market faces a more severe supply surplus than previously expected. The IEA's latest forecast projects global oil supply to grow by 3 million barrels per day this year and 2.4 million barrels per day next year, both revised upward from previous estimates of 2.7 million and 2.1 million barrels per day, respectively. In contrast, global oil demand is expected to grow by only 710,000 barrels per day this year and 699,000 barrels per day next year.

Iron Ore Key Indicators:

- Platts62 \$106.20, +0, MTD \$105.40. News regarding iron ore shipments has been largely digested by the market. On the macro front, recent Sino-US trade frictions continue to impact market sentiment. The seaborne market was relatively quiet yesterday, with only a 110,000 mt cargo of 60.5% MAC fines traded at a discount of \$1.70/dmt.
- According to Mysteel data, during the period from October 6 to October 12, the total iron ore inventory at seven major ports in Australia and Brazil reached 12.897 million tonnes, an increase of 510,000 tonnes compared to the previous period, continuing the upward trend. The current inventory level is slightly above the average since the second half of the year.

SGX Iron Ore IODEX Futures& Options Open Interest (Oct 15th)

- Futures 200,636,100 tons (Increase 1,953,700 tons)
- Options 173,035,300 tons (Increase 894,000 tons)

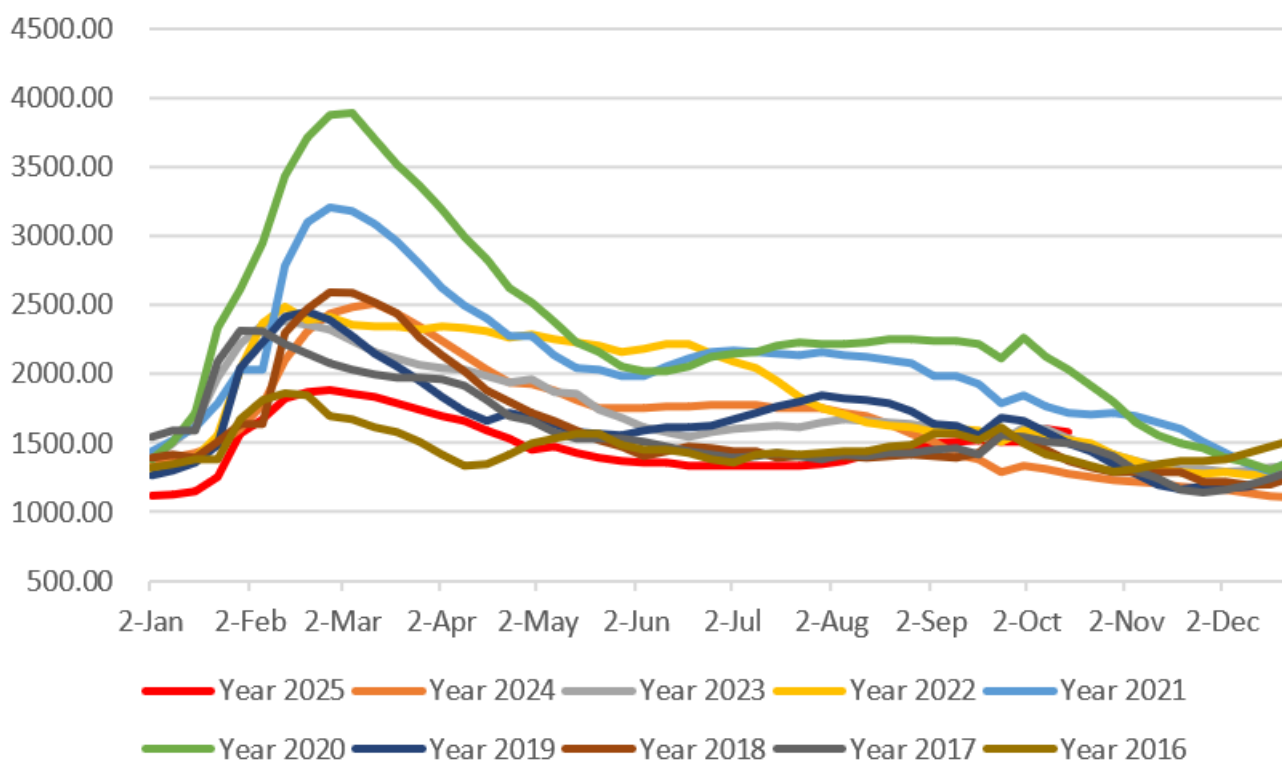
Steel Key Indicators:

- The average EXW cost of billets at the mainstream sample steel mills in Tangshan is 3,006 yuan/ton. Compared with the EXW price of square billets at 2,920 yuan/ton on Oct 15th, the average loss of steel mills is - 86 yuan/ton.

Coking Coal and Coke Indicators:

- A 40,000 mt shipment of PVM Goonyella coking coal for late-November loading was concluded yesterday at \$189/mt. An Indian market trader suggested this transaction might reflect buyer optimism about India's steel performance in December, though steel mills are unlikely to accept this price level.

Five Major Steels Inventories(10,000 tonnes)



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