FIS

Daily Virtual Steel Mill Report

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Verdict:

- Our view is Short-run Neutral

Macro:

- On September 22, the U.S. Treasury Department announced in a statement its decision to impose sanctions on two of Russia's largest oil companies, Rosneft and Lukoil. This move marks a sharp turn in the policy toward Russia and triggered an immediate surge in international oil prices.

Iron Ore Key Indicators:

- Platts62 105.10 +0.60, MTD $105.35. The recent ferrous market sentiment remains subdued. Although downstream steel prices show signs of stabilizing and rebounding, participants generally hold a pessimistic outlook on medium- to long-term demand. Steel mills' low willingness to restock has led to a lack of liquidity in the secondary market, while seaborne liquidity remains relatively healthy. Yesterday, one cargo each of PB Fines and Carajás Fines were traded at fixed prices.

- Australian mining company Fortescue Metals Group (FMG) has released its operational report for the third quarter of 2025. The report shows that FMG's iron ore production reached 50.8 million tonnes in Q3, a year-on-year increase of 6%. The shipment guidance for fiscal year 2026 remains unchanged at 195-205 million tonnes.

- On October 20, the first heavy-haul ore train of the Simandou project officially commenced operations. The train, consisting of 50 gondola cars, carried a total of 3,333 tonnes of iron ore.

SGX Iron Ore IODEX Futures& Options Open Interest (Oct 22nd)

- Futures 209,029,400 tons (increase 2,102,800 tons)

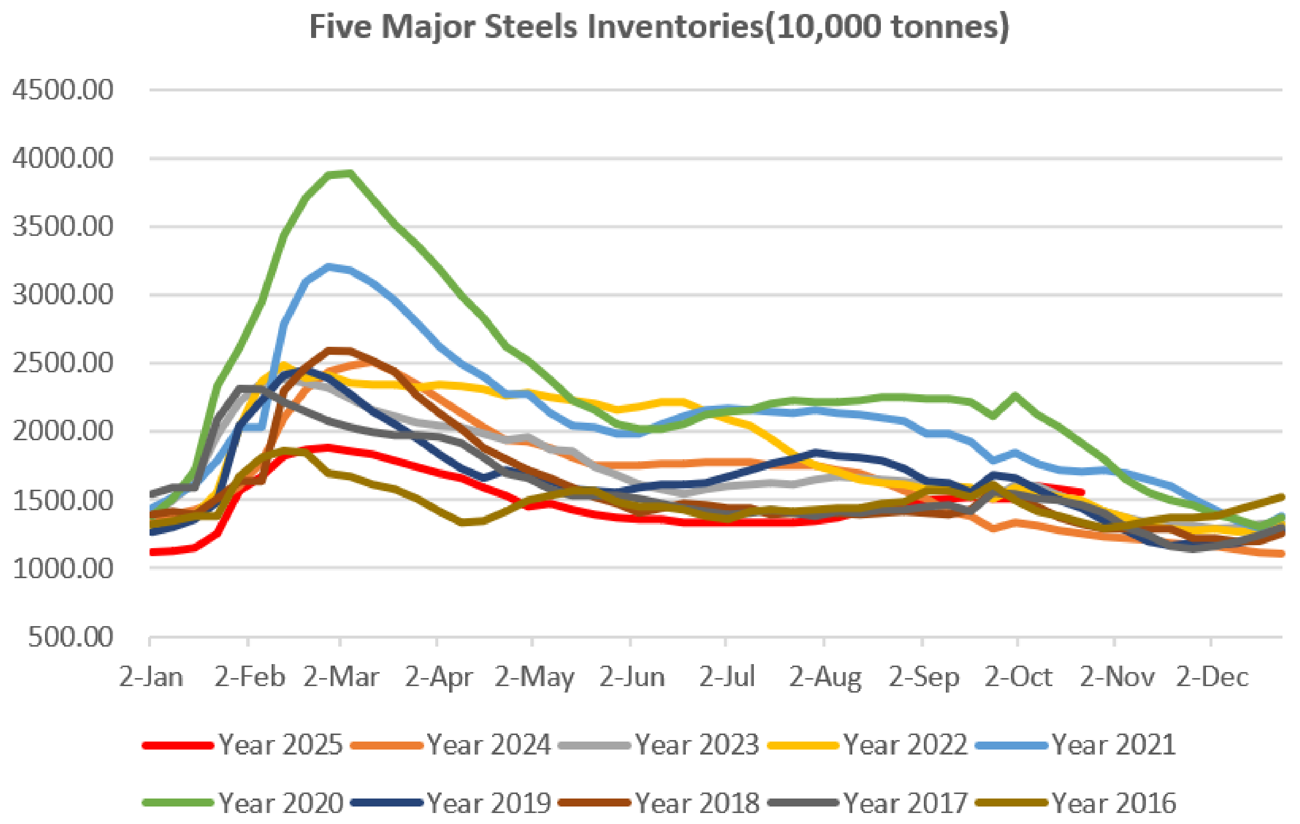
- Options 180,245,100 tons (Increase 1,882,500 tons)

Steel Key Indicators:

- The average EXW cost of billets at the mainstream sample steel mills in Tangshan is 3,003 yuan/ton. Compared with the EXW price of square billets at 2,940 yuan/ton on Oct 22nd, the average loss of steel mills is -63 yuan/ton.

Coking Coal and Coke Indicators:

- China's domestic environmental and safety inspections have recently been tightened, leading to production suspensions and restrictions in multiple mining areas across Inner Mongolia and Shanxi. The resulting supply-demand imbalance has driven continuous price increases.


Five Major Steels Inventories(10,000 tonnes)
4500.00
4000.00
3500.00
3000.00
2500.00
2000.00
1500.00
1000.00
500.00
2-Jan
2-Feb
2-Mar
2-Apr
2-May
2-Jun
2-Jul
2-Aug
2-Sep
2-Oct
2-Nov
2-Dec
Year 2025
Year 2024
Year 2023
Year 2022
Year 2021
Year 2020
Year 2019
Year 2018
Year 2017
Year 2016