FIS

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 :

- On October 26, the China-U.S. economic and trade teams concluded their two-day talks in Kuala Lumpur. Reuters reported that this was the fifth face-to-face meeting between the two sides since May. Following the talks, U.S. Treasury Secretary Bessent stated in an interview with American media that the two sides had reached a "substantive framework agreement" after the two-day meeting in Kuala Lumpur, and that the United States would "no longer consider" imposing 100% tariffs on China.

Iron Ore Key Indicators:

- Platts62 105.15 -0.50, MTD $105.35. China's Ministry of Industry and Information Technology, in a newly released draft guideline on the 24th, reiterated the need to accelerate capacity reduction and quality improvement in the steel industry. Coupled with the extended production restrictions in Tangshan, sentiment in the ferrous market remains weak, pulling iron ore prices slightly lower. In the seaborne market, one cargo each of PB Fines and MAC Fines were traded on a floating price.
- SGX Iron Ore IODEX Futures& Options Open Interest (Oct 26th)
- Futures 217,688,900 tons (increase 9,193,400 tons)
- Options 184,859,100 tons (Increase 1,135,500 tons)

Steel Key Indicators:

- Last week, the blast furnace operating rate of 247 steel mills was 84.71%, increasing by 0.44% week-on-week and increasing by 2.57% year-on-year. The blast furnace utilization rate was 89.94%, decreasing by 0.39% week-on-week and increasing by 1.46% year-on-year. The average daily hot metal output was 2.40 million tons, a decrease of 10,500 tons week-on-week.
- CISA: In mid-October, the average daily output of crude steel of China key steel enterprises was 2.014 million tons, down 0.9% compared to early-Oct. Steel inventories reached 16.58 million tons, up 4.4% compared to early-Oct.
- Some steel mills in the Tangshan area indicated that they had received notices to extend sintering machine production restrictions until the end of October, with blast furnaces required to reduce operation by 30% based on capacity.

Coking Coal and Coke Indicators:

- Recent trading activity for Australian coking coal in the seaborne market has picked up. Following a significant rebound in Chinese domestic coking coal prices, imported coal has gained a cost advantage, prompting traders to make selective purchases. Last Thursday, a 75,000-tonne cargo of PMV Goonyella coking coal was traded at $193.50/mt, followed by two cargoes of PLV Saraji coking coal totaling 160,000 tonnes traded at $194.20/mt on Friday.

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