FIS

Ferrous Weekly Report

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⇒ **Iron ore Fe62% CFR China:** Our view is short-run **Neutral**. The news that BHP's long-term agreement negotiations with Chinese iron ore traders have reached a stalemate has introduced volatility to the market. Based on current developments, the actual impact on shipments appears limited, and iron ore prices continue to fluctuate within a narrow range.

⇒ **Rebar 25mm Shanghai:** Our view is short-run **Neutral to Bearish.** Rebar performance during the traditional peak season has consistently fallen short of expectations, with the market currently facing weak supply and demand dynamics. While short-term support exists, upward pressure is significant.

⇒ **Hard Coking Coal FOB Australia** Our view is short-run **Neutral**. With the end of India's monsoon season, demand for Australian coal has increased. However, ample supply in the market has kept buyer enthusiasm subdued, with a tendency to wait for price declines.

Prices Movement	14-Oct	7-Oct	Changes %	Sentiment	
Iron Ore Fe62% CFR China($/MT)	109.2	104.10	4.90%	Neutral	–
Rebar 25mm Shanghai (Yuan/MT)	3224	3219	0.16%	Neutral to Bearish	–
TSI FOB Premium Hard Coking Coal ($/mt)	190	190.2	-0.11%	Neutral	–

Ferrous Market:

The iron ore market has been mostly influenced by the long-term contract negotiations between BHP and China Mineral Resources Group. Concerns over the supply of Australian ore have driven prices higher. However, it has been reported that BHP has agreed to adopt settlement in RMB for some spot iron ore trades starting in the fourth quarter and has resumed shipments. So far, the impact of this development on medium- to long-term iron ore supply appears limited. Additionally, non-mainstream iron ore shipments have increased by nearly 12 million tons compared to last year, indicating ample overall supply. Following the holiday, steel mills engaged in relatively active restocking last week. However, inventories of imported iron ore have returned to around 90 million tons, roughly matching pre-Chinese holiday levels. As a result, market activity is expected to normalize this week. From a fundamental perspective, stable hot metal output from blast furnaces continues to support iron ore demand. Given limited upside potential, prices are likely to continue fluctuating within a narrow range.

Steel performance during the traditional peak season in September has been lackluster. For the five major steel products, inventory declined only in the week before the Chinese holiday, and rose significantly again after the holiday. Rebar is expected to see a short-term rebound after the holiday due to work resumption and traders restocking. However, October demand is unlikely to show positive changes, and by mid-to-late October, rebar may face considerable pressure and begin to decline. Although The National Development and Reform Commission (NDRC) launched a 500-billion-yuan financial tool before the holiday to supplement project capital and support the market, the persistent funding constraints downstream remain difficult to resolve. Meanwhile, hot-rolled coil, which had previously shown resilience, saw an inventory buildup of nearly 8% around the Golden Week holiday, putting it under noticeable short-term pressure. In the medium to long term, however, its performance is expected to remain stronger than rebar.

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

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Ferrous Market(Cont'd):

On the policy front, the Fourth Plenum in China will be held in mid-to-late October, and the market retains some expectation of stimulus measures ahead of the meeting. Internationally, Sino-US trade tensions escalated again over the past week. On the 10th, the US announced plans to impose 100% tariffs on Chinese goods, while China responded with countermeasures against US restrictions under Section 301 investigations targeting shipbuilding and other sectors, deciding to impose special port fees on US-related vessels starting 14th October. These policies will significantly impact most asset prices, and the market awaits the next round of negotiations between the two sides. On the 12th, US Vice President Vance stated that Trump is willing to engage in rational talks with China, offering some signals of easing tensions.

China's steel exports continue to operate steadily. The offer price for hot-rolled coil (HRC) at Tianjin Port remains stable at $480/mt, which still maintains a significant cost advantage compared to other exporting countries. The mainstream transaction price for billet exports is at $435-437 per ton, also unchanged from before the holiday. The latest data from General Customs Administration shows that China exported 10.47 million tones of steel products in September 2025, an increase of 955,000 tones from the previous month, up 10.0% month-on-month. From January to September, cumulative steel exports reached 87.96 million tones, a year-on-year increase of 9.2%. However, on the other hand, the sluggish global economic recovery and escalating trade protectionism will continue to exert pressure on steel exports. Mysteel's new export order index has rebounded to 47.3, but it still remains below the 50-point mark.

Last week's global iron ore shipments surveyed by Mysteel reached 32.08 million tons, down 0.72 million tons WoW. Combined shipments from Australia and Brazil reached 27.31 million tons, down 0.95 million tons WoW, with Australian shipments at 19.16 million tons, down 0.64 million tons WoW and Brazilian shipments at 8.15 million tons, down 0.31 million tons WoW. Shipments from Australia and Brazil have begun to decline in line with seasonal patterns but remain at elevated levels. China's 45-ports iron ore arrivals up 4.37 million tons WoW to 30.46 million tons. China's iron ore port inventories at 45 major ports increased by 0.24 million tons WoW to 140.25 million tons, while daily port evacuation volumes decreased by 94,000 tons to 3.27 million tons. After the Golden week, some steel mills have inventory replenishment needs, although the port evacuation volume has slightly decreased compared to pre-holiday levels, it remains at a high level. However, post-holiday restocking isn't expected to be substantial. Given the poor profit situation, as this week progresses, purchasing may revert to a demand-driven pattern, potentially causing a further decline in port evacuation volume.

The seaborne market was quiet during the Golden week. After the holiday, trading activity concentrated on medium-grade iron ore fines, including a 170,000-tonne shipment of PBF traded at $105.50/mt. On Monday, another 170,000-tonne shipment of PBF traded at $106.45/mt, along with two 170,000-tonne PBF shipments priced at a premium of +$0.05/mt and +$0.25/mt respectively, both based on the November index. It is currently difficult to find discounted PBF resources in the secondary market due to the BHP news. However, the floating price transactions also reflect a general consensus among buyers that current prices are already at high levels.

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

Ferrous Market(Cont'd):

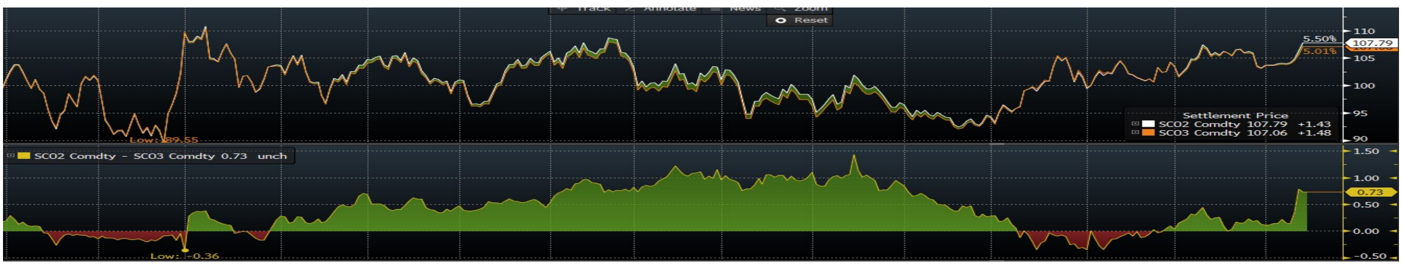
Due to downstream steel demand falling short of expectations and compressed profit margins, demand for low-grade fines has increased. Market sources reported transactions including a 90,000-tonne shipment of SP10 fines and a 170,000-tonne shipment of Jimblebar fines. In the high-grade segment, a 130,000-tonne shipment of 65% Carajás fines traded at $122/mt. In contrast, the lump premium further declined to $0.1465/dmtu. However, some transactions emerged after the premium dropped, including a 170,000-tonne shipment of PB lumps traded at $115.22/mt, and a 90,000-tonne shipment of Newman lumps traded at a premium of +$0.015/dmtu based on the November index. This transaction price already excludes the cost for the C5 route.

Coking coal and coke prices have both shown weak performance after the holiday. On the blast furnace side, stable hot metal production has created rigid demand for coke. However, steel mills and coking plants currently maintain relatively sufficient inventories of coking coal. Coupled with pre-holiday orders already fulfilled, their willingness for further procurement is low. Currently, weak downstream steel demand is significantly squeezing mill profits, and whether this pressure will transmit to the coking coal and coke markets remains to be seen.

Prices for Australian coal in the seaborne market have remained stable. Last week, a shipment of Peak Downs coking coal traded at $191.75/mt. With the end of the monsoon season in India, inquiries for Australian coal have begun to increase. However, due to currently low domestic steel prices in India, buyers have very low acceptance of the current price levels for seaborne coking coal. For Chinese buyers, the current price of Australian coal offers some profit margin, but interest remains low amid weakening domestic coking coal prices. For Mongolian coal, truck traffic at the border resumed to pre-holiday highs immediately after China's Golden week. A customs system issue on the 13th caused a temporary disruption to supply, but operations quickly recovered. Additionally, it is reported that Mongolia has preliminarily set a coal export target of 90 million tons for 2026, an increase of 7 million tons compared to the 2025 target.

Due to poor profitability at steel mills, the MB65-P62 spread has further narrowed, decreasing from $15.17/mt before the holiday to $14.46/mt. Driven by news related to BHP's iron ore shipments, the front-month iron ore contracts saw a significant increase, which rapidly widened the SGX Nov/Dec spread to $0.73/mt. However, as BHP has now reached an agreement with the trader and with no significant change in fundamentals, the spread is expected to narrow. The DCE Jan/May spread widened from 20.5 yuan/mt before the holiday to 22.5 yuan/mt.

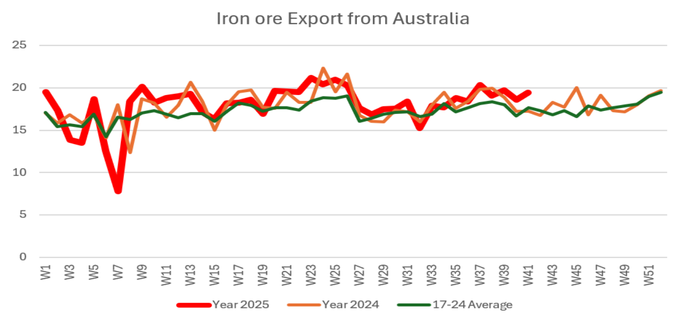
Our view for Iron ore is short-run neutral. For coking coal FOB Australia is short-run neutral.

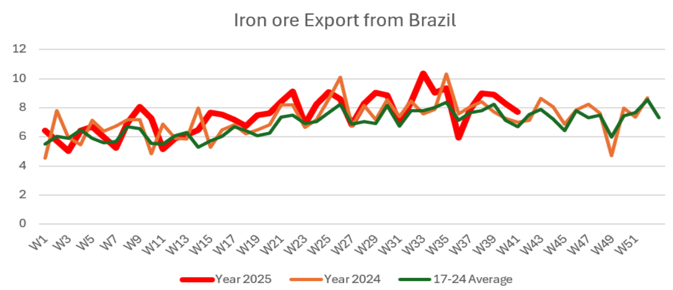


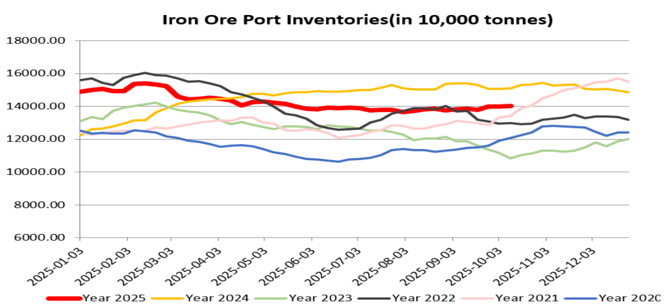
Data Sources: Bloomberg, Platts, Fastmarket, Mysteel,Kpler,FIS

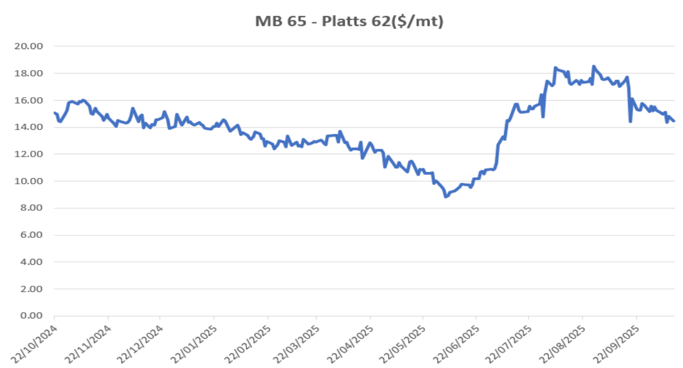
Iron Ore

	Last	Previous	% Change
Platts 62% Fe (Dollar/mt)	109.2	104.1	4.90%
MB 65% Fe (Dollar/mt)	123.66	119.18	3.76%
Capesize 5TC Index (Dollar/day)	28132	23453	19.95%
C3 Tubarao to Qingdao (Dollar/day)	25.2	23.872	5.56%
C5 West Australia to Qingdao (Dollar/day)	12.15	9.295	30.72%
Billet Spot Ex-Works Tangshan (Yuan/mt)	2990	3050	-1.97%
SGX Front Month (Dollar/mt)	105.32	105.70	-0.36%
DCE Major Month (Yuan/mt)	813.5	823.5	-1.21%
China Port Inventory Unit (10,000mt)	13,657.90	13,790.38	-0.96%
Australia Iron Ore Weekly Export (10,000mt)	1,945.00	1,860.00	4.57%
Brazil Iron Ore Weekly Export (10,000mt)	773.00	830.00	-6.87%









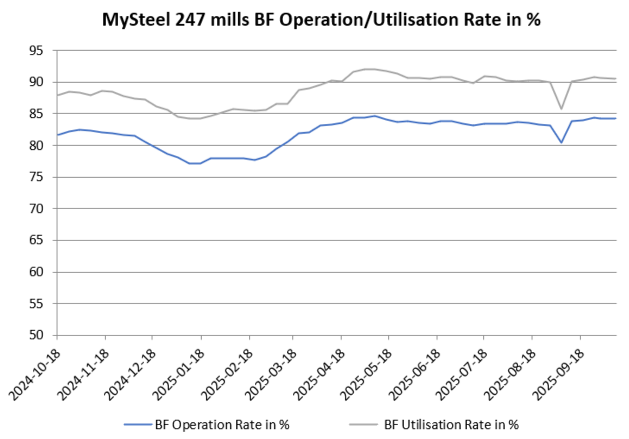
Iron Ore Key Points

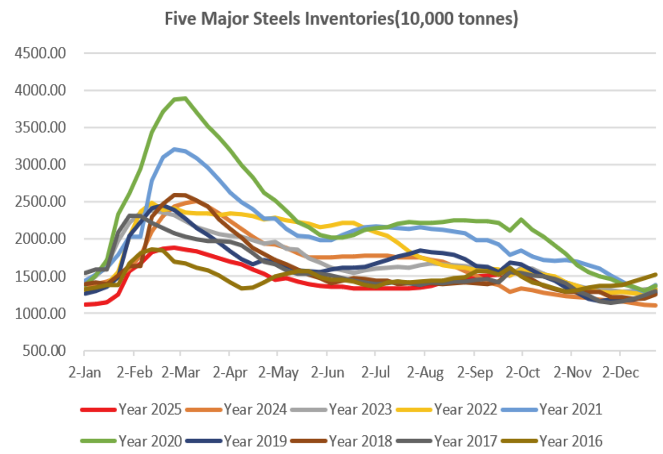
- Iron ore shipments from Australia and Brazil this week followed seasonal patterns, showing a slight decline but remaining at elevated levels compared to previous years.
- Steel mills have post-holiday inventory replenishment needs, port evacuation volumes have only declined slightly compared to pre-holiday levels.
- As steel mill profits are being squeezed, the MB65-P62 spread has narrowed further.

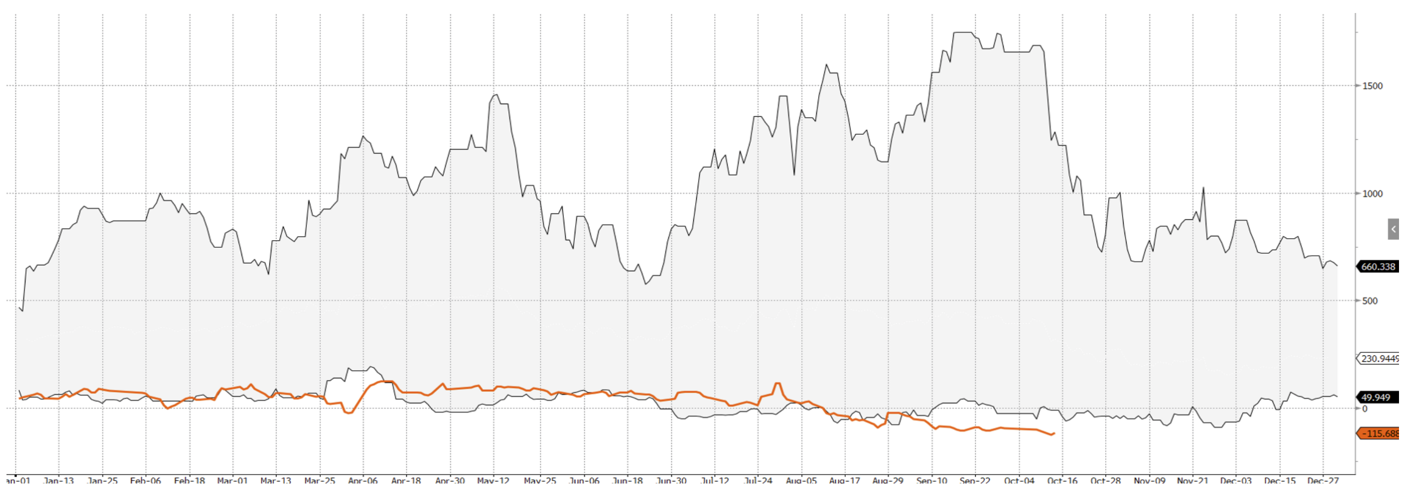
Data Sources: Bloomberg, Platts, Fastmarket, Mysteel,Kpler,FIS

Steel

	Last	Previous	% Change
US HRC Front Month (Dollar/mt)	805	812	**-0.86%**
LME Rebar Front Month (Dollar/mt)	536.5	541	**-0.74%**
SHFE Rebar Major Month (Yuan/mt)	3050	3069	**-0.62%**
China Hot Rolled Coil (Yuan/mt)	3410	3425	**-0.44%**
Vitural Steel Mills Margin(Yuan/mt)	-116	-99	**-17.17%**
China Five Major Steel Inventories Unit (10,000 mt)	1600.72	1510.61	**5.97%**
Global Crude Steel Production Unit (1,000 mt)	77400	79700	**-2.89%**
World Steel Association Steel Production Unit(1,000 mt)	145,300	150,100	**-3.20%**





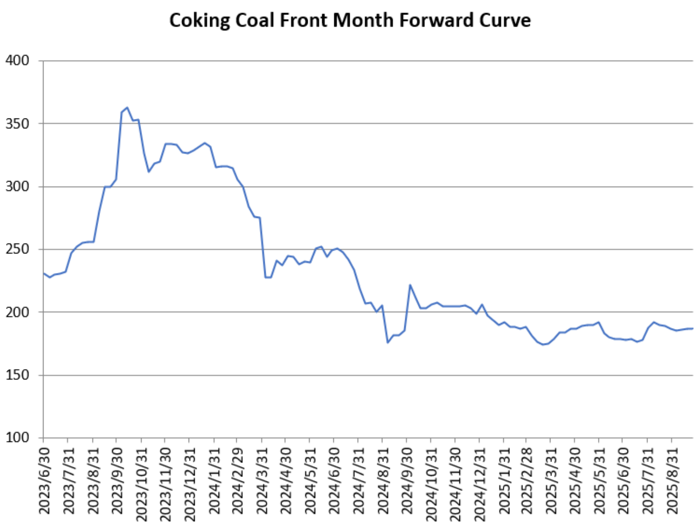


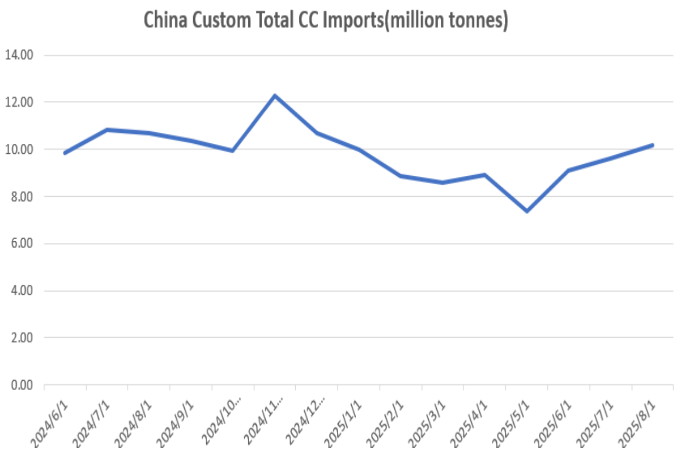
Data Sources: Bloomberg, MySteel, FIS

- Since September, the steel market has faced a weak peak season, with slow inventory draw-downs. Coupled with significant iron ore price increases driven by market news, virtual steel mill margins has fallen from -99 yuan/ton before the holiday to -116 yuan/ton.
- The daily hot metal output from 247 steel mills has remained largely stable. Although there is still room for growth compared to the year's peak, the likelihood of further increases appears limited given the current profit margins.

Coking Coal

	Last	Previous	% Change
TSI FOB Premium Hard Coking Coal (Dollar/mt)	190	190.2	**-0.11%**
Coking Coal Front Month (Dollar/mt)	187	187	**0.00%**
DCE CC Major Month (Yuan/mt)	1037	1029.5	**0.73%**
Top Six Coal Exporter Weekly Shipment(Million mt)	5.85	8.52	**-31.34%**
China Custom total CC Import Unit mt	10,162,203	9,623,045	**5.60%**





Coal Key Points

- China domestic coking coal and coke prices are trending weakly. Buyers are primarily purchasing based on needs due to relatively sufficient inventories at steel mills and coking plants.
- With the end of India's monsoon season, inquiries for Australian coal have increased. However, due to the current weak domestic steel market in India, buyer acceptance of the current price level remains low. Last week, a shipment of Peak Downs coking coal traded at $191.75/mt.
- The volume of coal trucks from Mongolia quickly rebounded after the National Day holiday. However, due to a customs system failure on the 13th, coal resources at the border have become relatively tight.

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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