

21/10/2025

- ⇒ **Iron ore Fe62% CFR China:** Our view is short-run **Neutral**. Daily hot metal output has declined, and steel mills have become more cautious in raw material procurement due to compressed profits. However, demand resilience remains relatively strong, limiting significant downside potential in the short term.
- ⇒ **Rebar 25mm Shanghai:** Our view is short-run **Neutral to Bearish**. Last week, rebar inventories saw a slight drawdown. Some domestic steel mills have implemented price floors to support steel prices, and downstream demand is still expected to provide some short-term support. However, as northern regions in China are gradually entering the cold season, prices are likely to face further downward pressure.
- ⇒ **Hard Coking Coal FOB Australia** Our view is short-run **Neutral**. The liquidity of Australian coal has improved compared to previous levels, but the situation of oversupply has not shown significant change. It is expected to continue fluctuating within a narrow range.

Prices Movement	21-Oct	14-Oct	Changes %	Sentiment	
Iron Ore Fe62% CFR China(\$/MT)	105.3	109.2	-3.57%	Neutral	-
Rebar 25mm Shanghai (Yuan/MT)	3207	3224	-0.53%	Neutral to Bearish	-
TSI FOB Premium Hard Coking Coal (\$/mt)	188.9	190	-0.58%	Neutral	-

Ferrous Market:

The negotiation differences between BHP and Chinese traders regarding iron ore shipments remain unresolved. However, the company's CEO, Geraldine, responded that such differences are part of the normal commercial negotiation process for iron ore. The impact on actual shipments has been very limited, and the market quickly digested the news. Iron ore has shifted back to being driven by fundamentals. The latest data show a slight decline in daily hot metal production, though it remains at a high level of over 2.4 million tons per day. However, as temperatures drop in northern China, downstream construction activity is expected to slow, which may lead to a further decline in hot metal production. On the import side, iron ore shipments from Australia, Brazil, and non-mainstream sources this year have been relatively high compared to the past five years. Rio Tinto mentioned in its third-quarter report that the commissioning progress of the Simandou project is ahead of schedule, with the first shipment of iron ore potentially completed as early as October, one month earlier than originally planned. Additionally, given the low proportion of US-controlled Capesize vessels, the impact of China-US trade tensions on shipments is limited. In the future, iron ore prices may face further downward pressure due to relatively loose fundamentals. Nevertheless, given its strong resilience throughout the year, the downside space is expected to be limited.

Last week, steel products experienced a slight inventory drawdown of 2.28%, marking the largest weekly decrease since summer, indicating some seasonal demand characteristics. This was also driven by concentrated post-holiday resumption of work. However, compared to previous Septembers and Octobers, this year's peak season performance has been generally subdued. Persistent weak demand for construction materials due to shortage of funds in real estate industry and ongoing trade tensions continue to weigh on the steel market.

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

Ferrous Market(Cont'd):

Mid-last week, steel mills in Sichuan implemented resource control measures, and mills in Guangdong introduced price floors to support steel prices. Nonetheless, from a medium- to long-term perspective, a fundamental recovery remains challenging, with demand expected to seasonally decline as winter approaches.

Recent policy developments may provide some support to the market. For instance, following recent escalations, tensions in Sino-US trade relations show signs of potential easing. On the 18th, Chinese Vice Premier He Lifeng held a video call with US Treasury Secretary Scott Bessent, with both sides agreeing to hold a new round of economic and trade consultations as soon as possible. Domestically, the Fourth Plenary Session is scheduled this week. However, given China's GDP growth of 5.2% year-on-year in the first three quarters, already exceeding the full-year target of 5%, it is unlikely that new stimulus policies targeting steel-related industries will be introduced.

While domestic performance has been below expectations, finished steel exports have also remained sluggish. According to the latest customs data, China exported 6.4 million tons of steel plate in September 2025, a year-on-year decrease of 6.1%. From January to September, the cumulative export volume reached 54.48 million metric tons, down 0.8% compared to the same period last year. Last week, the FOB price for hot-rolled coil (HRC) at Tianjin Port fell by \$20/mt, followed by a further drop of \$5/mt this week. The current price stands at \$455/mt FOB, marking a three-month low and is approaching the breakeven point for steel mills, leaving limited room for further declines. Other steel products such as rebar and medium plate have also stagnated due to weak overseas import demand, with thin trading volumes. Coupled with US-China trade tensions and elevated uncertainty, buyers have adopted a strong wait-and-see attitude.

Last week's global iron ore shipments surveyed by Mysteel reached 33.34 million tons, up 1.26 million tons WoW. Combined shipments from Australia and Brazil reached 28.25 million tons, up 0.94 million tons WoW, with Australian shipments at 19.84 million tons, up 0.68 million tons WoW and Brazilian shipments at 8.41 million tons, up 0.26 million tons WoW. China's 45-ports iron ore arrivals down 4.68 million tons WoW to 26.73 million tons. China's iron ore port inventories at 45 major ports increased by 2.54 million tons WoW to 142.78 million tons, while daily port evacuation volumes decreased by 112,800 tons to 3.16 million tons. Following the completion of post-holiday inventory replenishment by steel mills after the Golden Week, the port evacuation volumes has further declined.

Seaborne liquidity has weakened compared to previous levels. As the traditional peak demand season for steel products draws to a close, buyer purchasing willingness remains subdued amid currently low profit margins. Trading activity has been concentrated primarily in medium- and low-grade iron ore fines, settled at floating prices. The most active brand was 60.5% MAC fines with a total of 280,000 mt traded during the week at a discount of \$1.70/mt. Additionally, 170,000 mt of 61.2% Newman fines traded at a discount of \$1.50/mt, and 200,000 mt of Jimblebar fines were transacted at a discount of \$6.20/mt. In the low-grade segment, one cargo of 90,000 mt of Super Special fines traded at a discount of 5.75%. All the aforementioned transactions were based on the November index. In the lump ore segment, although market interest remains generally low, liquidity showed some improvement following a noticeable decline in premiums. One cargo of Newman lumps was concluded at a premium of \$0.1450/dmtu, with the transaction price already net of the C5 freight rate.

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

FIS Ferrous Weekly Report

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Ferrous Market(Cont'd):

As northern China gradually enters the winter and central heating is turned on, the thermal coal market has provided some support to the broader coal sector. Coupled with previously low coking coal and coke prices, both commodities saw significant rebounds over the past week. However, given the persistently poor profitability of steel mills, the upside potential remains limited. While ongoing "overproduction inspections" have somewhat constrained output, most mining areas have maintained normal production schedules. Overall, the coking coal and coke markets currently exhibit no significant supply-demand imbalances and are trading within a range-bound pattern. Mid-term performance will depend on potential changes in downstream steel demand. Following the recent rise in coal prices, coking enterprises proposed a second round of coke price increases over the weekend. If implemented, this could provide support for both coking coal and coke markets.

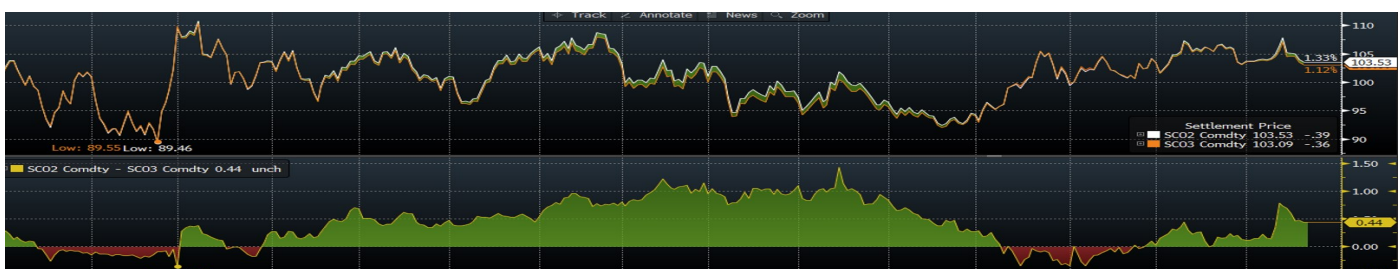
Additionally, the upcoming Fourth Plenary Session this week is expected to reinforce safety supervision, with some coal mines in Shanxi and Inner Mongolia already suspending operations, potentially tightening short-term supply.

With Indian buyers returning to the market, liquidity for seaborne Australian coking coal has improved. A 40,000-tonne cargo of PMV Goonyella coking coal was traded at \$189/mt, followed by a 75,000-tonne cargo of Goonyella coking coal traded at \$190/mt. Some Indian market traders believe the buyers of these transactions may be optimistic about India's steel performance in December, though steel mills are unlikely to accept this price level. While this price translates to some import profitability in the Chinese market, Chinese buyers' demand for Australian coal remains very limited. Although Indian end-users keep healthy demand for seaborne coking coal, the oversupplied conditions show little sign of improvement, and prices are expected to remain stable.

The MB65-P62 spread continued to narrow, declining from \$14.46/mt last week to \$13.56/mt. Given that steel mill profits are unlikely to improve significantly as temperatures drop, and based on the spread before the "anti-involution" trend observed earlier this year, further correction in the 65-62 spread remains possible.

The market has largely priced in the news related to BHP's iron ore shipments during the reporting week. Following a pullback in futures prices, the SGX front-month spread (Nov25/Dec25) contracts narrowed from \$0.73/mt last week to \$0.44/mt. Similarly, the DCE front-month spread (Jan26/May26) narrowed from 22.5 yuan/mt to 19.50 yuan/mt.

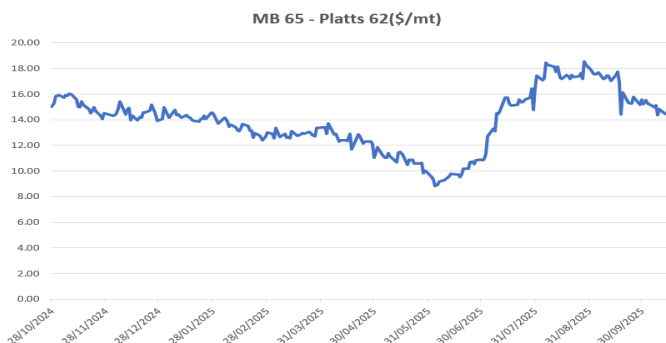
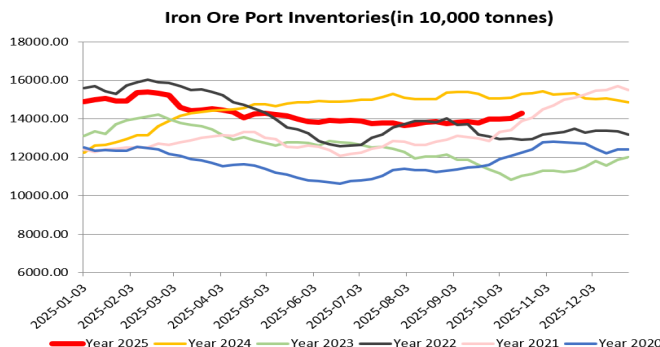
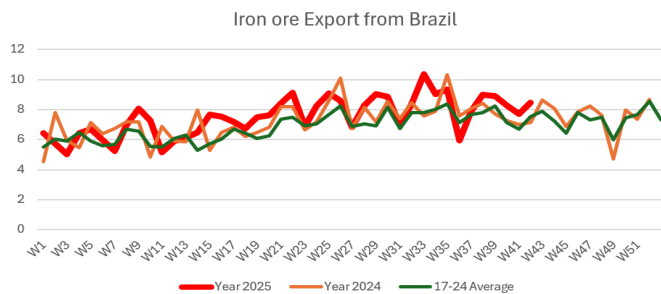
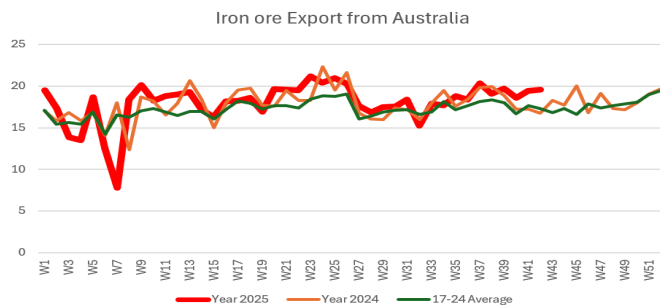
Our view for iron ore is short-run neutral. For coking coal FOB Australia is short-run neutral.



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

Iron Ore

	Last	Previous	% Change
Platts 62% Fe (Dollar/mt)	105.3	109.2	-3.57%
MB 65% Fe (Dollar/mt)	118.86	123.66	-3.88%
Capesize 5TC Index (Dollar/day)	25944	28132	-7.78%
C3 Tubarao to Qingdao (Dollar/day)	24.518	25.2	-2.71%
C5 West Australia to Qingdao (Dollar/day)	10.48	12.15	-13.74%
Billet Spot Ex-Works Tangshan (Yuan/mt)	2920	2970	-1.68%
SGX Front Month (Dollar/mt)	104.87	106.40	-1.44%
DCE Major Month (Yuan/mt)	806	816	-1.23%
China Port Inventory Unit (10,000mt)	13,657.90	13,790.38	-0.96%
Australia Iron Ore Weekly Export (10,000mt)	1,958.00	1,945.00	0.67%
Brazil Iron Ore Weekly Export (10,000mt)	847.00	773.00	9.57%



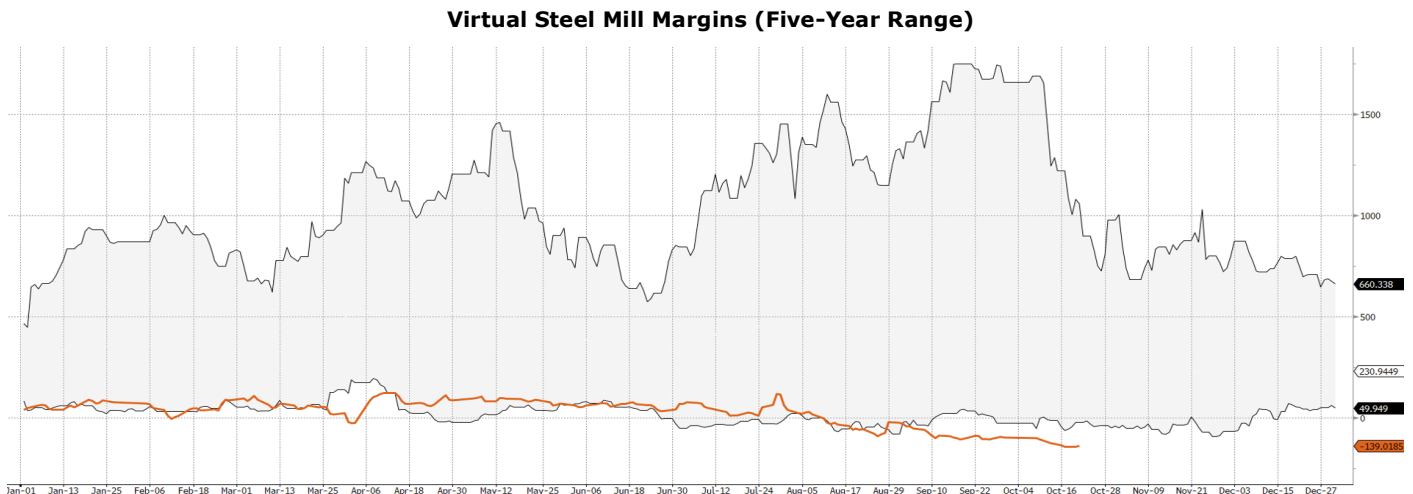
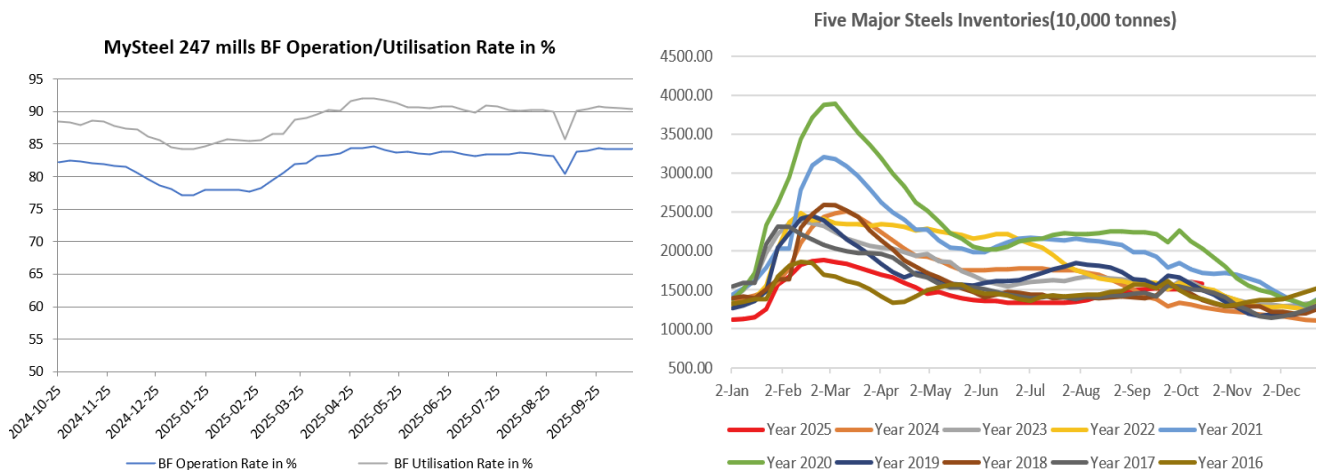
Iron Ore Key Points

- Iron ore shipments from Australia and Brazil continue to operate at high levels. However, inventories at major export ports have declined to the lowest point in the past six months, suggesting that the pace of shipments may slow down moderately.
- Restocking activities have concluded, with port evacuation volumes retreating to normal levels for the year. As iron ore arrivals remain elevated, port inventories continue to accumulate.
- The M65-P62 spread continues to weaken and still has room for further decline.

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

Steel

	Last	Previous	% Change
US HRC Front Month (Dollar/mt)	814	814	0.00%
LME Rebar Front Month (Dollar/mt)	547.5	545	0.46%
SHFE Rebar Major Month (Yuan/mt)	2985	3022	-1.22%
China Hot Rolled Coil (Yuan/mt)	3306	3382	-2.25%
Vitural Steel Mills Margin(Yuan/mt)	-139	-116	-19.83%
China Five Major Steel Inventories Unit (10,000 mt)	1582.26	1600.72	-1.15%
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

- Despite the decline in iron ore prices, coking coal and coke prices have experienced a significant rebound. Coupled with the weakness in the steel market, the virtual steel mill margin has further decreased from -116 yuan/ton to -139 yuan/ton.
- The average daily hot metal output from 247 steel mills slightly declined to 2.4095 million tonnes. While blast furnace utilization rates remain relatively high, as northern China gradually enters the heating season and downstream construction activities slow, a further decrease in output is anticipated in the near term.

Coking Coal

	Last	Previous	% Change
TSI FOB Premium Hard Coking Coal (Dollar/mt)	188.9	190	-0.58%
Coking Coal Front Month (Dollar/mt)	192.5	193	-0.26%
DCE CC Major Month (Yuan/mt)	960	968	-0.83%
Top Six Coal Exporter Weekly Shipment(Million mt)	5.53	6.55	-15.57%
China Custom total CC Import Unit mt	10,923,643	10,162,203	7.49%

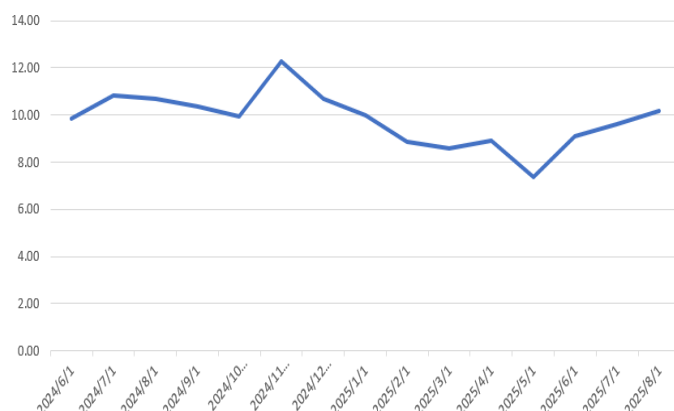
Coking Coal Front Month Forward Curve



Coal Key Points

- Chinese domestic coking coal and coke prices have shown a notable rebound recently. While overproduction inspections and safety compliance have exerted some constraints on output, overall coal mine operations have largely maintained normal level. However, given the persistent weakness in downstream steel market conditions, the upside potential for price increases remains limited.
- With rigid demand from Indian end-users, the liquidity of Australian coking coal has improved. During the reporting week, totally 115,000 mt of PVM Goonyella coking coal are concluded. However, the situation of oversupply persists.
- The volume of coal trucks crossing the border from Mongolia remains high, but currently, resources at the port are tight.

China Custom Total CC Imports(million tonnes)



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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