

28/10/2025

- ⇒ **Iron ore Fe62% CFR China:** Our view is short-run **Neutral**. Iron ore prices have rebounded driven by macroeconomic factors, but the fundamentally loose supply-demand dynamic has not shown significant improvement, continuing to face substantial pressure.
- ⇒ **Rebar 25mm Shanghai:** Our view is short-run **Neutral**. The construction peak season is gradually winding down, though accelerated project completion efforts in northern China before the onset of winter continue to provide short-term support for rebar demand.
- ⇒ **Hard Coking Coal FOB Australia** Our view is short-run **Neutral to Bullish**. China's domestic coking coal supply has tightened due to intensified safety inspections, prompting some traders to procure Australian coal based on cost advantages, thereby driving up prices.

Ferrous Market:

Prices Movement	27-Oct	21-Oct	Changes %	Sentiment	
Iron Ore Fe62% CFR China(\$/MT)	106.5	104.5	1.91%	Neutral	-
Rebar 25mm Shanghai (Yuan/MT)	3186	3207	-0.65%	Neutral	-
TSI FOB Premium Hard Coking Coal (\$/mt)	194.2	188.9	2.81%	Neutral to Bullish	-

Iron ore faces increasing fundamental pressure due to persistently high seaborne supply and continuous port inventory buildup since this month. On the demand side, weaker-than-expected steel performance and poor mill margins, compounded by environmental restrictions in Tangshan and other regions have led to a sustained decline in blast furnace hot metal output. Last week, Mysteel's survey of 247 steel mills showed average daily hot metal production dropping to 2.399 million mt, falling below the 2.4 million mt level for the first time in six months. However, compared to previous years, it remains relatively high, indicating resilience in the iron ore market. Prices consolidated narrowly during the reporting week. In the short term, iron ore has experienced a significant decline, with technical indicators showing signs of stabilization. Positive signals from the US-China trade talks may provide some sentiment-driven support. However, from a medium- to long-term perspective, seaborne ore supply from global miners remains high this year, and prices are likely to face downward pressure once steel inventories begin to accumulate.

Steel apparent consumption continued to increase last week, with construction materials inventory falling 2.53% week-on-week. Some construction sites accelerated work before winter, while sintering restrictions for blast furnaces and significant cost increases in coking coal and coke provided some support. Under these combined influences, rebar prices saw signs of stabilization. However, the generally tight funding situation at downstream construction sites seen this year has not improved, and the Fourth Plenary Session of the CPC did not propose specific stimulus policies for the real estate sector. According to a survey by 100njz(a construction industry information service platform), the national construction site fund availability rate stood at 59.62% last week, down 4.58% year-on-year, indicating limited room for further growth in construction material demand. On the hot-rolled coil front, inventory shifted from accumulation to reduction. While domestic demand showed some recovery, exports gained traction as continued price cuts by Chinese mills enhanced HRC's competitiveness, leading to a pickup in orders. Last week, HRC prices at Tianjin Port were cut by a total of \$25 to \$445/mt FOB. However, overall overseas demand remains sluggish, providing limited support to prices.

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

FIS Ferrous Weekly Report

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Ferrous Market(Cont'd):

Last week's global iron ore shipments surveyed by Mysteel reached 33.84 million tons, up 0.55 million tons WoW. Combined shipments from Australia and Brazil reached 29.26 million tons, up 1.01 million tons WoW, with Australian shipments at 19.84 million tons, down 2,000 tons WoW and Brazilian shipments at 9.41 million tons, up 1.1 million tons WoW. China's 45-ports iron ore arrivals down 4.90 million tons WoW to 20.91 million tons. China's iron ore port inventories at 45 major ports increased by 1.45 million tons WoW to 144.23 million tons, while daily port evacuation volumes decreased by 30,700 tons to 3.13 million tons. Since the golden week, iron ore inventories at ports have accumulated by nearly 4 million tons. The spot market remains well-supplied with ample resources. According to the latest Q3 production and sales reports released by major miners, shipments from Vale and Rio Tinto remained largely flat year-on-year, while BHP reported a moderate decline. Given that their annual guidance targets are slightly higher than last year's levels, Q4 shipments are expected to increase, potentially exacerbating the oversupply in the iron ore market.

Iron ore prices declined significantly two weeks ago, leading to improved liquidity in the seaborne market. Due to thin steel mill margins, buyers prioritized cost considerations when procuring iron ore, with medium-grade fines currently well-supplied and offering cost advantages over blending high- and low-grade ores in sintering. During the reporting week, a total of two cargoes of PB Fines, each weighing 170kt, were traded at fixed prices. The majority of transactions, however, were concluded on a floating-price basis, including two cargo of 170kt PB Fines, two cargoes of Newman Fines totaling 170kt, and four cargoes of MAC Fines totaling 350kt. Meanwhile, the lump ore premium continued to weaken, falling from \$0.1495/dmtu at the beginning of the month to \$0.1280/dmtu. One cargo of Newman Lump was traded during the week at \$0.1335/dmtu, with the transaction price exempted from the C5 freight route cost.

Tighter environmental and safety regulations have led to production suspensions or restrictions in multiple mining areas across Inner Mongolia and Shanxi, resulting in tight coking coal supplies in key production regions. With a new round of national safety inspections scheduled for November, further supply disruptions are expected. On the demand side, although hot metal output from downstream steel mills has declined slightly, overall production remains relatively stable, sustaining rigid demand for coke. This has driven up prices for both coking coal and coke. The second round of coke price increases has now been largely implemented, further squeezing steel mill profits. As steel demand enters its seasonal low period, the price conflict between finished steel products and raw materials is likely to intensify.

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. Regarding Mongolian coal, due to political instability in Mongolia, the number of trucks passing through the Ganqmod Port has significantly decreased compared to previous levels and has yet to recover to high operational capacity, leading to tight spot resources.

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

FIS Ferrous Weekly Report

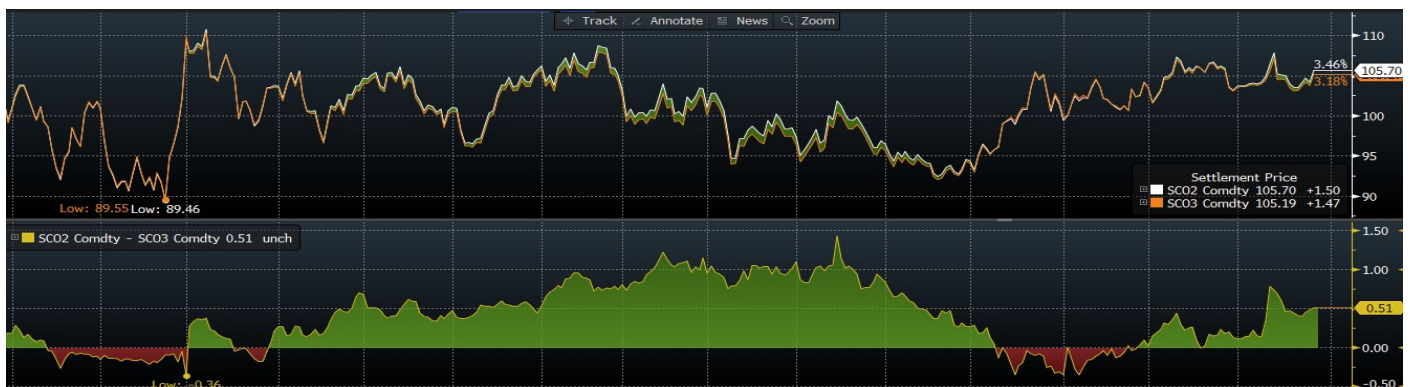
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Ferrous Market(Cont'd):

During the reporting week, the MB65-P62 spread initially rebounded but later fell back to \$13.32/mt, remaining largely unchanged from the previous week. With steel mills currently prioritizing procurement of medium- and low-grade iron ore fines, the 65-62 spread is expected to continue narrowing.

Macro influences have pushed up front month contract prices, though expectations for medium-to-long-term fundamental weakness remain unchanged. The SGX front-month spread (Nov/Dec 25) widened slightly from \$0.44/mt last week to \$0.51/mt, while the DCE front-month spread (Jan/May 26) fluctuated around 22.5 yuan/mt.

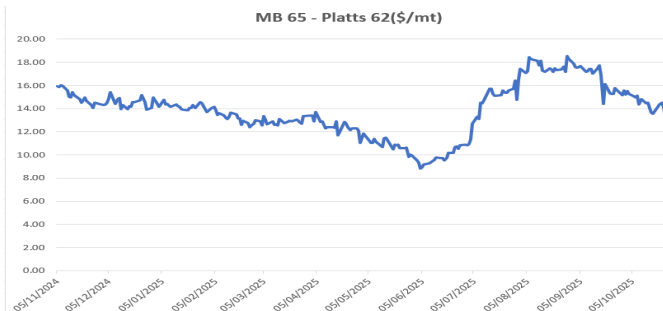
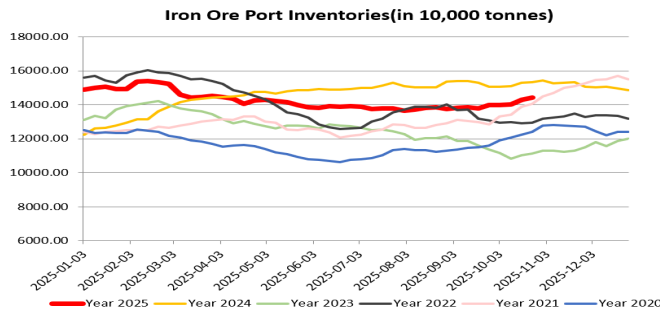
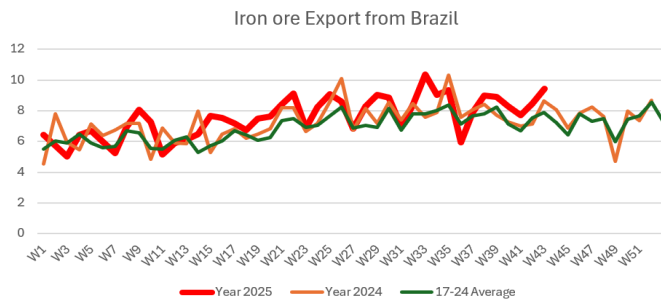
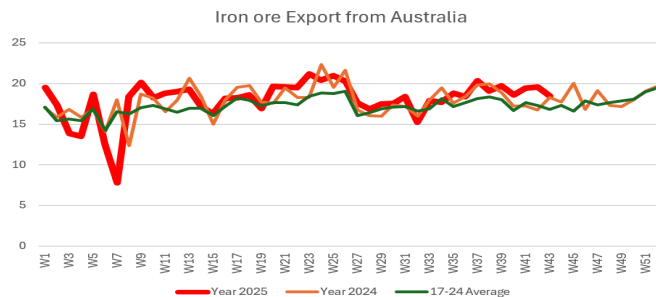
Our view for Iron ore is short-run neutral. For coking coal FOB Australia is short-run neutral to bullish.



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

Iron Ore

	Last	Previous	% Change
Platts 62% Fe (Dollar/mt)	106.5	104.5	1.91%
MB 65% Fe (Dollar/mt)	119.82	118.86	0.81%
Capesize 5TC Index (Dollar/day)	23534	25944	-9.29%
C3 Tubarao to Qingdao (Dollar/day)	22.764	24.518	-7.15%
C5 West Australia to Qingdao (Dollar/day)	9.625	10.48	-8.16%
Billet Spot Ex-Works Tangshan (Yuan/mt)	2930	2920	0.34%
SGX Front Month (Dollar/mt)	105.20	104.87	0.31%
DCE Major Month (Yuan/mt)	801	806	-0.62%
China Port Inventory Unit (10,000mt)	13,657.90	13,790.38	-0.96%
Australia Iron Ore Weekly Export (10,000mt)	1,842.00	1,958.00	-5.92%
Brazil Iron Ore Weekly Export (10,000mt)	941.00	847.00	11.10%

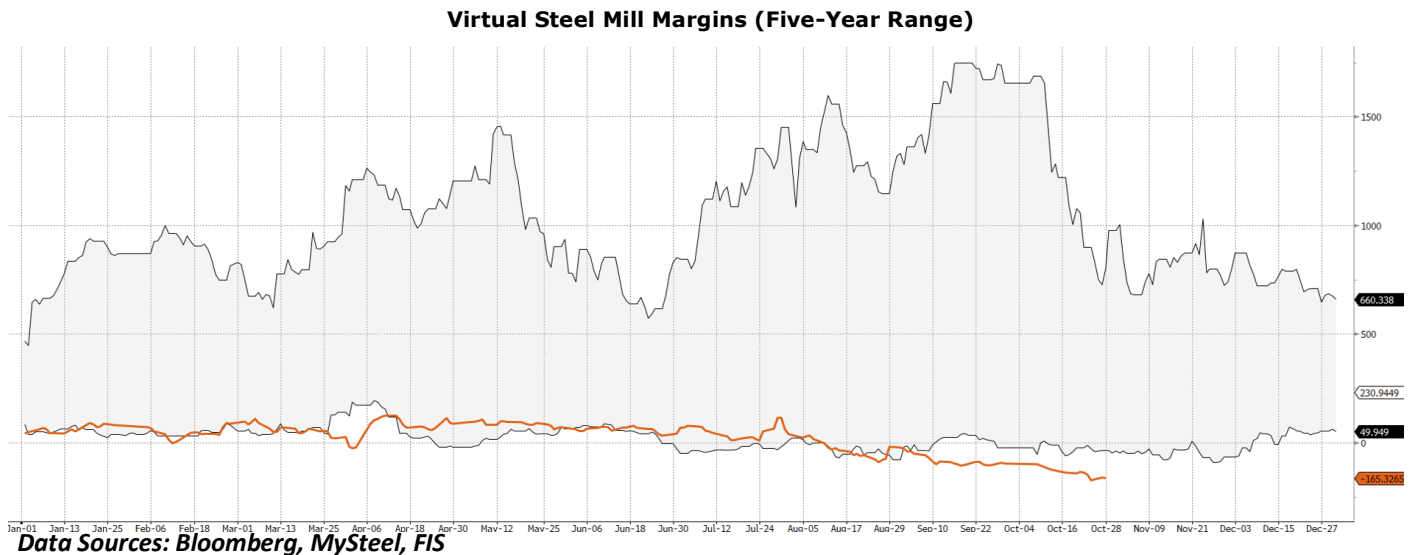
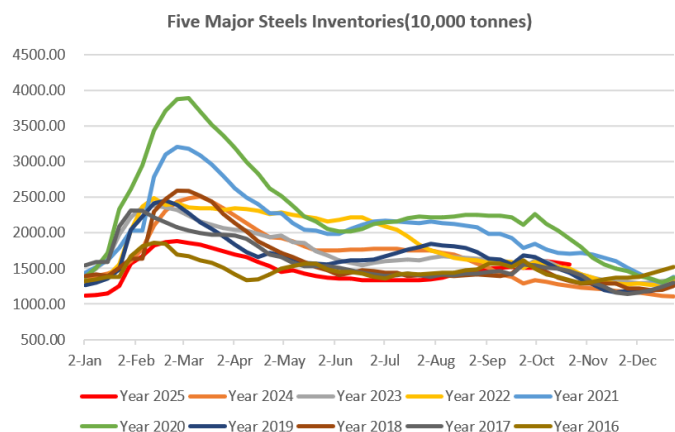
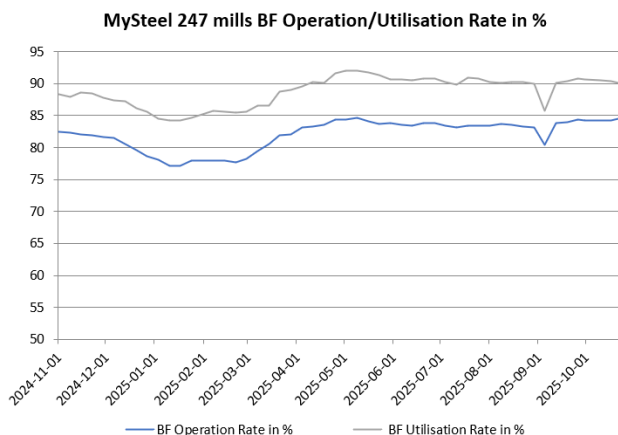


Iron Ore Key Points

- Iron ore shipments from Australia and Brazil continue to operate at high levels. According to the production and sales reports of major miners for the third quarter, shipments in the fourth quarter may see a slight increase to meet annual guidance targets.
- Iron ore arrivals have declined over the past two weeks, but port inventories have accumulated by nearly 4 million metric tons since the China National Day holidays, indicating ample spot supply.
- The M65-P62 spread has been fluctuating within a narrow range and may narrow further as steel margins continue to be squeezed.

Steel

	Last	Previous	% Change
US HRC Front Month (Dollar/mt)	813	814	-0.12%
LME Rebar Front Month (Dollar/mt)	544	548	-0.64%
SHFE Rebar Major Month (Yuan/mt)	2985	2985	0.00%
China Hot Rolled Coil (Yuan/mt)	3311	3306	0.15%
Vitural Steel Mills Margin(Yuan/mt)	-139	-116	-19.83%
China Five Major Steel Inventories Unit (10,000 mt)	1554.85	1582.26	-1.73%
Global Crude Steel Production Unit (1,000 mt)	73500	77400	-5.04%
World Steel Association Steel Production Unit(1,000 mt)	141,800	145,300	-2.41%



- The ferrous market has experienced a broad rebound driven by improved market sentiment, though the strength of the recovery has been weaker for finished products compared to raw materials. The virtual steel mill margin has further decreased from -139 yuan/ton to -165 yuan/ton.
- The average daily hot metal output of 247 steel mills has fallen below 2.4 million mt for the first time in nearly half a year. However, it remains at a relatively high level from a seasonal perspective, and is expected to decline further given the current poor profitability of steel mills.

Coking Coal

	Last	Previous	% Change
TSI FOB Premium Hard Coking Coal (Dollar/mt)	194.2	188.9	2.81%
Coking Coal Front Month (Dollar/mt)	193.5	192.5	0.52%
DCE CC Major Month (Yuan/mt)	1141.5	960	18.91%
Top Six Coal Exporter Weekly Shipment(Million mt)	4.07	5.53	-26.40%
China Custom total CC Import Unit mt	10,923,643	10,162,203	7.49%

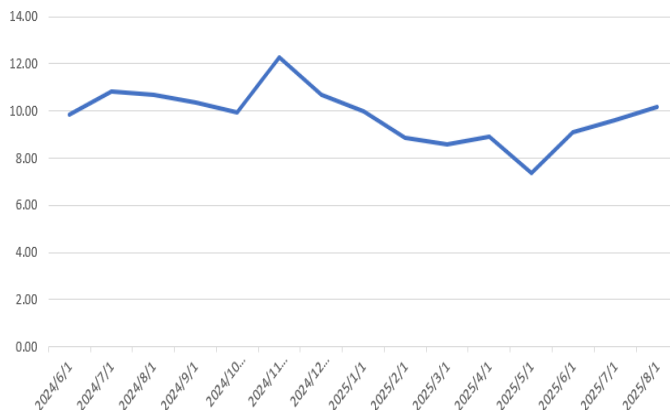
Coking Coal Key Points

- Intensified safety inspections have led to production suspensions and restrictions in some domestic coal mining regions, resulting in tightened supply. The impact on supply is expected to persist for some time.
- Following a rapid increase in domestic coking coal prices, Australian coal has become profitable for import, prompting some traders to make purchases and improving liquidity in the seaborne market.
- Due to political instability in Mongolia, the number of trucks passing through the Ganqmod Port has dropped significantly recently, leading to tight coal supply at the border.

Coking Coal Front Month Forward Curve



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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