



Daily Virtual Steel Mill Report

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Verdict:

- Our view is Short-run Neutral

Macro:

- Executives from Morgan Stanley and Goldman Sachs expressed concerns over current U.S. stock valuations at the Global Financial Leaders Investment Summit, warning that the market could face a significant correction. U.S. stocks experienced a sharp decline on Tuesday, with other regional markets following the downward trend.
- On November 4 local time, the U.S. Senate once again failed to pass a stopgap funding bill for the federal government. This means the ongoing federal government shutdown, which began on October 1, is poised to break the historical record of 35 days.

Iron Ore Key Indicators:

- Platts62 104.60, -1.25 MTD \$105.23. Recent heavy pollution in northern China, coupled with squeezed steel mill profits following the third round of coke price hikes, is likely to lead to a further decline in hot metal output, weighing on iron ore demand. The seaborne market was quiet with no transactions reported yesterday.
- During the period from October 27 to November 2, the total iron ore inventory at seven major ports in Australia and Brazil reached 12.168 million mt, an increase of 585,000 mt compared to the previous period, indicating a trend of moderate accumulation. However, the current inventory level remains below the second-half average.

SGX Iron Ore IODEX Futures& Options Open Interest (Nov 4th)

- Futures 194,559,900 tons (Increase 528,200 tons)
- Options 155,332,600 tons (Increase 956,500 tons)

Steel Key Indicators:

- CISA: In late October, social inventories of the five major steel products in 21 cities stood at 9.05 million mt, a decrease of 310,000 mt or 3.3% compared to the previous period, indicating a continued moderate decline. However, inventories were up 2.46 million mt or 37.3% from the beginning of the year and increased by 2.05 million mt or 29.3% compared to the same period last year.

Coking Coal and Coke Indicators:

- DCE plans to adjust the quality standards for coking coal delivery, which will be implemented in newly listed contracts after the rules are officially released. The adjustments include modifying the standard and deliverable grades for strength indicators along with their premium/discount schedules, as well as revising the premium/discount ranges for sulfur content in deliverable grades.

Five Major Steels Inventories(10,000 tonnes)

