FIS

Daily Virtual Steel Mill Report

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Verdict:

- Our view is Short-run Neutral

Macro:

- OECD released its latest Economic Outlook report on the Dec 2nd, projecting global economic growth rates of 3.2% for 2024 and 2.9% for 2025, unchanged from the forecasts made in September this year. The report raised the U.S. economic growth forecast for 2025 from 1.8% to 2.0%, while also upgrading China's 2025 growth expectation from 4.9% to 5.0%.

Iron Ore Key Indicators:

- Platts62 107.80, +0.45 MTD $107.58. Iron ore continues to trade at elevated levels. The seaborne market remained active, with one cargo of PBF traded yesterday at a premium of +$1.17/dmt, and several cargoes of MACF and NHGF were concluded at discounts ranging from $2.00–2.40/dmt. Currently, PBF remains relatively tight at ports, leading to a significant narrowing of their cost advantage. Spot inquiries are now concentrated on alternatives such as BRBF and MACF.

- During November 24-30, the total iron ore inventory at seven major ports in Australia and Brazil reached 12.139 million tons, an increase of 822,000 tons from the previous week, indicating a modest rebound. The current inventory level remains slightly below the average observed since the beginning of the fourth quarter.

- Vale: Iron ore production in 2025 is expected to be approximately 335 million tons, within the company's target range of 325–335 million tons for the year. Production for 2026 is projected to be 335–345 million tons, revised down from the previous forecast of 340–360 million tons.

- According to an official announcement from China Aluminum Corporation, on December 2 local time, a cargo carrying 200,000 tons of high-grade iron ore departed from the Morebaya Port in Guinea, marking the successful first shipment of iron ore from the Simandou project.

SGX Iron Ore IODEX Futures& Options Open Interest (Dec 2nd)

- Futures 176,168,200 tons (Decrease 84,200 tons)

- Options 157,275,200 tons (Increase 3,781,400 tons)

Steel Key Indicators:

- According to a Mysteel survey, wire rod is almost entirely out of stock among steel mills in Guizhou, while coiled rebar in the 8-mm specification is in severe shortage in Yunnan. Both mill and social inventories in Yunnan and Guizhou continue to decline, and the shortage of specific specifications is unlikely to ease in the short term.

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