



Daily Virtual Steel Mill Report

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Verdict

- Our view is Short-run Neutral

Macro

- According to reports from The Wall Street Journal, informed sources have revealed that Trump and his advisors are planning a large-scale, multi-year strategy aimed at taking control of Venezuela's oil industry. Trump has reportedly told aides he believes this move could help push oil prices down to his preferred level of around \$50 per barrel. Many in the industry consider \$50 per barrel to be the threshold for profitability in drilling operations.

Iron Ore Key Indicators:

- Platts IODEX 109.25, +2.60 MTD \$106.80. The ferrous market recorded significant gains yesterday, driven largely by the strength in coking coal and coke. Sentiment improved following news that several coal mines in Yulin, Shaanxi province, were removed from the supply guarantee list and had their production capacities officially reduced. While the direct impact appears limited, the rally was fueled more by expectations of further capacity cuts. On the demand side, inventories of raw materials at both steel mills and coking plants remain relatively low, creating genuine winter restocking demand, which continues to offer price support.

SGX Iron Ore IODEX Futures& Options Open Interest (Jan 7th)

- Futures 153,104,200 tons (Increase 1,134,600 tons)
- Options 141,044,700 tons (Increase 2,468,300 tons)

Steel Indicators:

- CISA: In late-December, the average daily output of crude steel of China key steel enterprises was 1.807 million tons, down 11.0% compared to mid-Dec. Steel inventories reached 14.14 million tons, down 11.7% compared to mid-Dec.

Coking Coal and Coke Indicators:

- According to SteelHome(an information provider in Chinese steel market), on the afternoon of January 7th, key coking enterprises held a market analysis meeting. Participants reached the following consensus: all enterprises will continue to proactively limit or reduce production to alleviate supply pressure, cut back or cease purchasing high-priced coal, optimize coal inventory structures, and effectively control costs.

