

12/01/2026

Verdict:

- Our view is Short-run Neutral

Macro:

- Due to escalating tensions in Iran, Brent crude futures surged by nearly 6% cumulatively last Thursday and Friday and continued to open higher on the 12th. As the fourth-largest oil producer in OPEC, Iran exports approximately 2 million barrels of crude oil per day.
- On the 12th, the central parity rate of the renminbi against the U.S. dollar set at 7.0108, appreciating to the highest level since September 30, 2024.

Iron Ore Key Indicators:

- Platts IODEX 108.50, +0.30 MTD \$107.32. On Friday, the iron ore market remained stable. In the seaborne market, Mac fines and Newman fines continued to demonstrate healthy liquidity. At ports, however, steel mills slowed their procurement due to high inventory levels and consecutive price increases, with purchasing primarily on a need-to basis.

SGX Iron Ore IODEX Futures& Options Open Interest (Jan 9th)

- Futures 155,426,300 tons (Decrease 905,400 tons)
- Options 148,001,300 tons (Increase 622,500 tons)

Steel Indicators:

- Last week, the blast furnace operating rate of 247 steel mills is 79.31%, increasing by 0.37% week-on-week and increasing by 2.13% year-on-year. The blast furnace utilization rate is 86.04%, increasing by 0.78% week-on-week and increasing by 1.80% year-on-year. The average daily hot metal output was 2.30 million tons, an increase of 20,700 tons week-on-week and an increase of 51,300 tons year-on-year.
- With the formal implementation of the EU Carbon Border Adjustment Mechanism in 2026, the cost of steel exports to the EU is expected to rise significantly. According to Mysteel estimates, Indonesia will face the highest additional carbon cost. Based on a certificate price of €80/tCO₂, its carbon cost per ton of steel could reach €604.9. For China, the corresponding carbon cost is estimated at €161.14 per ton.

Coking Coal and Coke Indicators:

- Australian coal supply continues to be impacted by persistent rainfall. Additionally, Australian miner GM3 has declared force majeure on Illawarra coal deliveries due to operational issues at some mining areas. This has further intensified short-term supply pressure, driving prices higher.

