FIS

Ferrous Weekly Report

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⇒ **Iron ore IODEX CFR China:** Our view is short-run **Neutral to Bearish**. Steel mills' pre-holiday restocking is nearing completion, and this may still offer some support in the early part of the week. However, driven by the sharp decline in non-ferrous metal prices, iron ore is expected to edge lower.

⇒ **Rebar 25mm Shanghai:** Our view is short-run **Neutral**. As downstream construction sites progressively suspend operations in February, steel demand has experienced a further decline, with prices fluctuating in line with cost-side movements.

⇒ **Hard Coking Coal FOB Australia** Our view is short-run **Neutral**. The Australian coal market has calmed, with buyers and sellers now locked in a stalemate. Indian end-users show strong resistance to the current high prices and are inclined to seek lower-priced alternatives.

Prices Movement	2-Feb	26-Jan	Changes %	Sentiment	
Platts IODEX CFR China($/MT)	102.4	103.35	-0.92%	Neutral to Bearish	–
Rebar 25mm Shanghai (Yuan/MT)	3242	3252	-0.31%	Neutral	–
TSI FOB Premium Hard Coking Coal ($/mt)	252.3	250.3	+0.80%	Neutral	–

Ferrous Market:

During the reporting week, iron ore traded within a narrow range. As Chinese New Year approaches, market activity moderated, with prices primarily supported by pre-holiday restocking demand. According to Mysteel data, as of January 30, imported iron ore inventories at steel mills increased by 5.80 million mt week-on-week, while the inventory-to-consumption ratio rose to 35.48 days. Compared with the same period over the past two years, steel mills still have some room for restocking. However, current iron ore prices remain relatively high, and mill inventories have generally been maintained at low levels throughout 2025, suggesting that restocking is likely nearing completion. Meanwhile, blast furnace maintenance at steel mills has gradually expanded, and noticeable corrections in prices of non-ferrous metals, crude oil, and other commodities have exerted downward pressure on iron ore.

Steel consumption continued to weaken, partly due to the sequential halt of construction sites and partly because of the poor capital situation in the construction sector, which generally dampened restocking enthusiasm. Nevertheless, the first round of coke price hikes implemented last week provided cost-side support for steel prices. Additionally, several real estate developers disclosed that since late 2025, regulatory authorities no longer require monthly reporting of data related to the "Three Red Lines" policy, signaling some relaxation in controls for the property sector. In the short term, however, a significant easing of financing conditions is not expected.

On the export front, according to Mysteel, China's steel exports in the first quarter of 2026 are expected to decline, with an estimated decrease of 15%–20% (based on the export volume of 27.42 million mt in Q1 2025) influenced by the implementation of the steel export licensing policy. Hot-rolled coil prices at Tianjin Port fluctuated narrowly within the range of $465–470/mt FOB. From a cost perspective, these prices still maintain a certain price advantage compared to other origins. However, overall market transactions remained subdued ahead of the holiday.

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

Ferrous Market(Cont'd):

In terms of market news, the European Union has approved a new trade regime aimed at protecting its steel industry from the impact of global overcapacity. The policy caps the annual duty-free import volume at approximately 18.3 million mt, representing a reduction of about 47%. By share, steel imports from China account for about 7%–9% of the EU's total imports. Coupled with the Carbon Border Adjustment Mechanism (CBAM) implemented since 1st January, these measures impose certain constraints on China's steel exports.

Last week's global iron ore shipments surveyed by Mysteel reached 30.95 million tons, up 1.16 million tons WoW. Combined shipments from Australia and Brazil reached 25.21 million tons, up 1.27 million tons WoW, with Australian shipments at 18.20 million tons, down 0.17 million tons WoW and Brazilian shipments at 7.01 million tons, up 1.44 million tons WoW. China's 45-ports iron ore arrivals down 0.45 million tons WoW to 24.85 million tons. China's iron ore port inventories at 45 major ports increased by 2.56 million tons WoW to 170.22 million tons, while daily port evacuation volumes increased by 215,800 tons to 3.32 million tons. Port inventories of imported iron ore continued to accumulate. Driven by pre-holiday restocking from steel mills, port evacuation showed a notable increase compared to the previous week. By product, according to SMM statistics, demand for Carajas fines remained stable, continuing its earlier destocking trend, while inventories of Jimblebar fines further accumulated as they are yet allowed to enter the market, increasing by approximately 2 million tonnes since January. On the mining front, ArcelorMittal's Tokadeh mine in Liberia plans to expand its shipment capacity from the current 5 million tonnes per year to 20 million tonnes per year by 2026.

Liquidity in the primary market remained adequate this week, with trading activity concentrated primarily on MACF for March loading. Last week, the discount for MACF stabilized at -$4.2/dmt, narrowing slightly to -$4.1/dmt by Friday. BHP sold several more cargoes at this same price this Monday. Liquidity for NHGF showed some weakening, with only three transactions recorded last week at a discount of -$5.12/dmt. On Monday, a cargo of NHGF for April delivery was traded at a discount of -$5.2/dmt, based on the April index. Additionally, two cargoes of BRBF were transacted at $107.75/dmt and $107.10/dmt respectively, and one cargo of Carajas fines was sold at $119.45/dmt. Market interest in lump ore remained generally subdued, while a transaction occurred for a 170,000-tonne cargo of Newman Blend Lump Unscreened (NBLU) at a discount of -$4.48/dmt.

The Australian coal market has stabilized. Last week, a seller on the globalCOAL platform offered a cargo of Goonyella coking coal at $265/mt FOB, while the buyer's bid stood at $252/mt, with no final transaction reached. After this week commenced, a cargo of Goonyella coking coal was traded at $253.25/mt. This price represents a slight increase of approximately $3/ton compared to the level seen at the end of January. Currently, with mining operations and port shipments yet to fully resume normal levels, Australian coal prices remain supported. However, as primary buyers, Indian steel mills exhibit strong resistance to the current price levels and are actively seeking more cost-effective alternative resources, keeping the market in a state of stalemate.

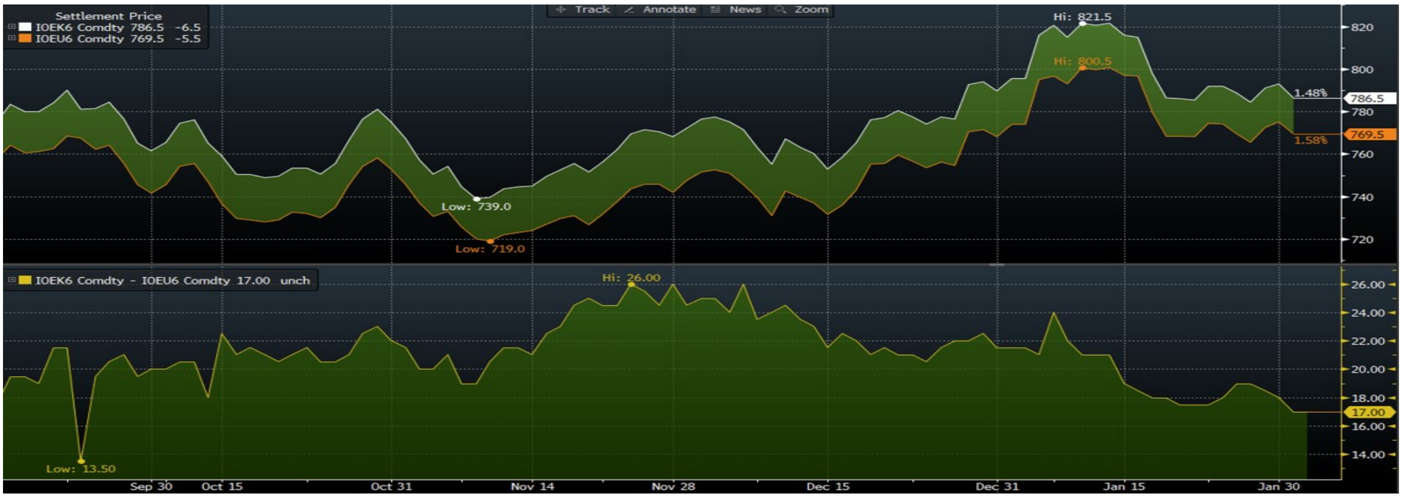
Data Sources: Bloomberg, Platts, Fastmarket, Mysteel, Kpler, SMM, FIS

Ferrous Market(Cont'd):

The MB65-P61 spread has widened from $15.85/mt to $17.05/mt, and the MB65-MB61 spread has widened from $16.21/mt to $17.94/mt. In blast furnace sintering operations, the high-low blend strategy currently shows a certain cost advantage. Concurrently, port inventories of Carajas fines continue to decline, and a recent transaction at $119.45/dmt has lifted the 65% Fe index.

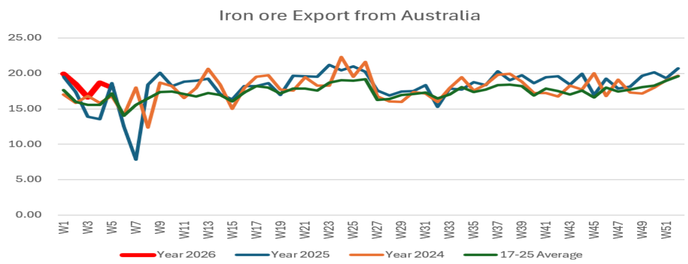
Front month contracts are under pressure. The SGX March/April spread is currently priced at -$0.1/mt, and the DCE active contract spread for May/Sep has narrowed slightly to 17 yuan/mt.

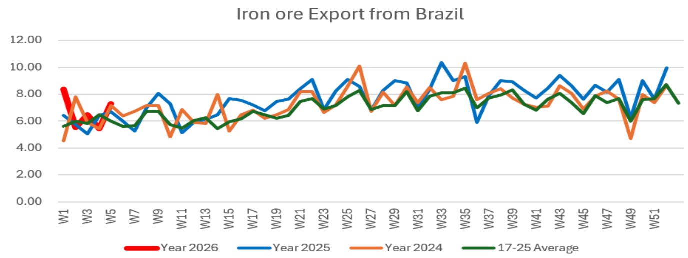
Our view for Iron ore is short-run Neutral to Bearish. For coking coal FOB Australia is short-run Neutral.

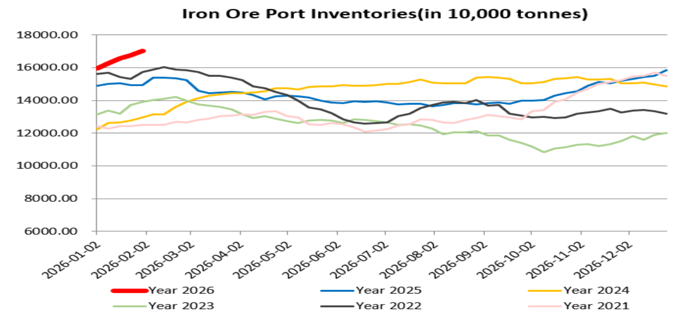


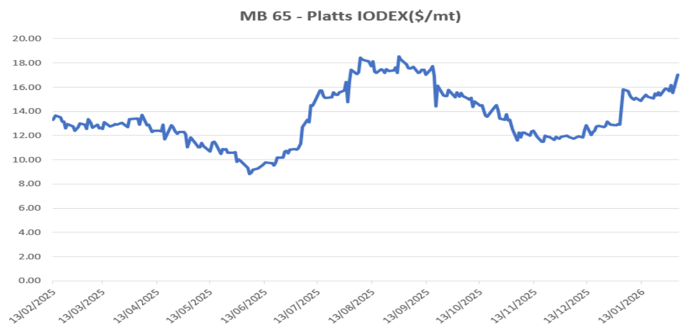
Iron Ore

	Last	Previous	% Change
Platts IODEX (Dollar/mt)	102.4	103.35	-0.92%
MB 65% Fe (Dollar/mt)	119.45	119.2	0.21%
Capesize 5TC Index (Dollar/day)	27638	20314	36.05%
C3 Tubarao to Qingdao (Dollar/day)	25.868	21.975	17.72%
C5 West Australia to Qingdao (Dollar/day)	9.345	7.975	17.18%
Billet Spot Ex-Works Tangshan (Yuan/mt)	2940	2940	0.00%
SGX Front Month (Dollar/mt)	105.62	105.87	-0.24%
DCE Major Month (Yuan/mt)	808	801.5	0.81%
China Port Inventory Unit (10,000mt)	16,275.26	15,970.89	1.91%
Australia Iron Ore Weekly Export (10,000mt)	1,797.00	1,871.00	-3.96%
Brazil Iron Ore Weekly Export (10,000mt)	729.00	546.00	33.52%









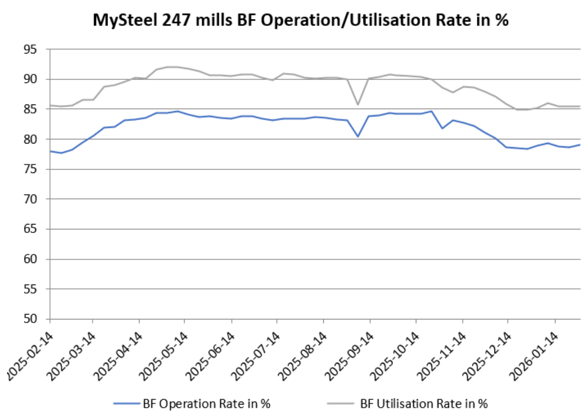
Iron Ore Key Points

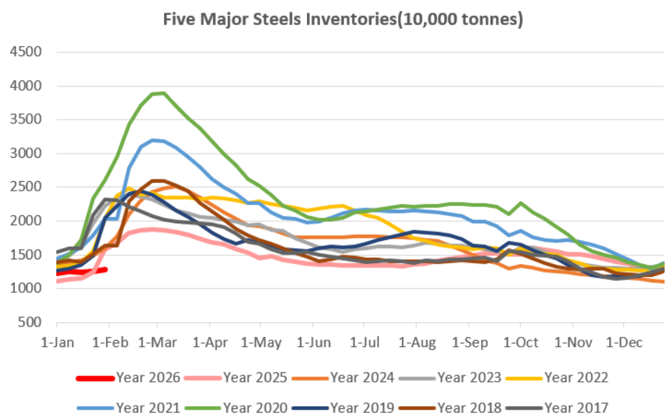
- Australian and Brazilian iron ore shipments remain a regular pace.
- Port inventories for imported iron ore have surpassed 170 million tonnes. Port evacuation increased significantly due to pre-holiday restocking by steel mills. Given that Australian and Brazilian shipments are typically in a seasonal lull during the first quarter, port inventory accumulation may potentially cease.
- A transaction for Carajas fines was concluded in the primary market at $119.45/mt, which pushed the indices higher. Consequently, the MB65-P61 price spread widened from $15.85/mt to $17.05mt.

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

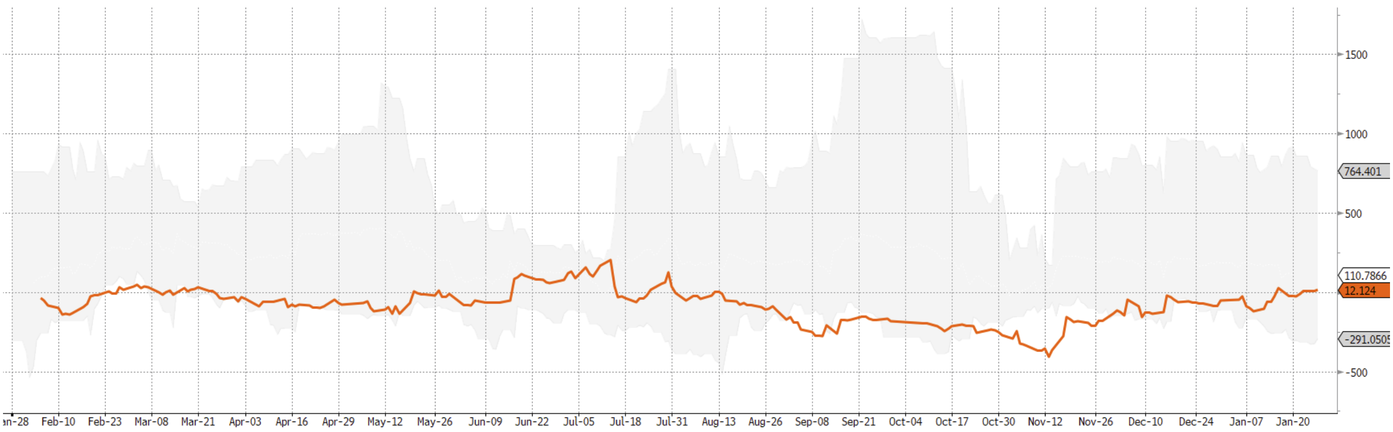
Steel

	Last	Previous	% Change
US HRC Front Month (Dollar/mt)	972	942	**3.18%**
LME Rebar Front Month (Dollar/mt)	559.33	560	**-0.12%**
SHFE Rebar Major Month (Yuan/mt)	3038	3089	**-1.65%**
China Hot Rolled Coil (Yuan/mt)	3280	3282	**-0.06%**
Vitural Steel Mills Margin(Yuan/mt)	12	-76	**115.79%**
China Five Major Steel Inventories Unit (10,000 mt)	1278.51	1257.08	**1.70%**
Global Crude Steel Production Unit (1,000 mt)	68200	69900	**-2.43%**
World Steel Association Steel Production Unit(1,000 mt)	139,600	140,100	**-0.36%**





Virtual Steel Mill Margins (Five-Year Range)



Data Sources: Bloomberg, MySteel, FIS

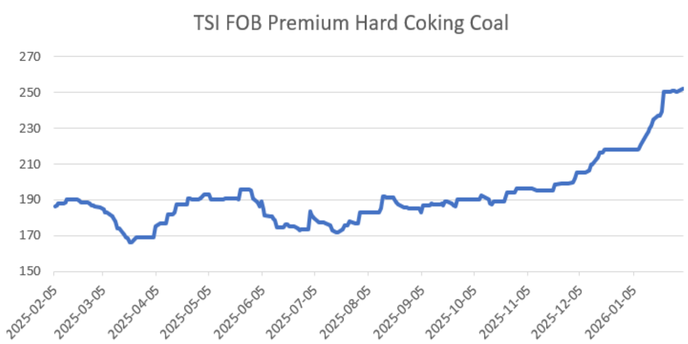
- Approaching the Chinese New Year, with relevant participants gradually leaving the market, trading activity has declined. Following a retreat in iron ore prices, the virtual steel mill margin has improved from -RMB 76/ton to RMB 12/ton.
- The average daily hot metal output of blast furnaces across 247 steel mills experienced a slight decline of 12,000 tonnes to 2.28 million tonnes, representing a year-on-year increase of 25,300 tonnes.

Coking Coal

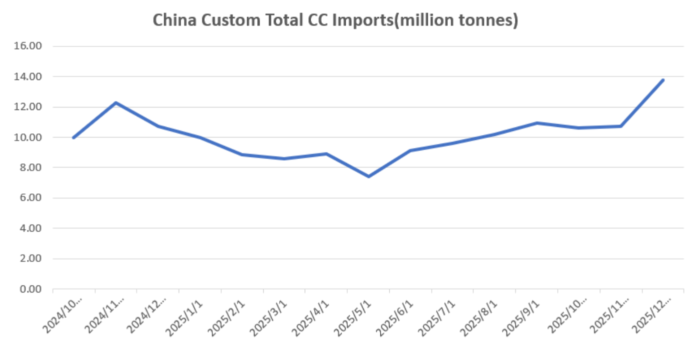
	Last	Previous	% Change
TSI FOB Premium Hard Coking Coal (Dollar/mt)	252.3	250.3	**0.80%**
Coking Coal Front Month (Dollar/mt)	234.73	233	**0.74%**
DCE CC Major Month (Yuan/mt)	1047.5	1041.5	**0.58%**
Top Six Coal Exporter Weekly Shipment(Million mt)	4.00	3.42	**16.96%**
China Custom total CC Import Unit mt			**28.31%**

Coking Coal Key Points

- The first round of coke price hikes has been implemented. Currently, restocking activities at steel enterprises and coking plants have largely concluded, leading to relatively weak demand for coking coal.



- Australian coal prices remain elevated, with Indian steel mills showing strong resistance to the current price levels and actively seeking alternatives. The market is in a stalemate between buyers and sellers.



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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