FIS

Ferrous Weekly Report

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10/02/2026

- ⇒ **Iron ore IODEX CFR China:** Our view is short-run **Neutral**. Approaching the Chinese New Year, iron ore prices have stabilized after falling to a six-month low. The market lacks momentum and is expected to trade within a narrow range this week.
- ⇒ **Rebar 25mm Shanghai:** Our view is short-run **Neutral**. Construction enterprises are progressively suspending operations, leading to rebar inventories accumulating at an accelerated pace. This is in line with seasonal patterns. Prices are fluctuating at low levels.
- ⇒ **Hard Coking Coal FOB Australia** Our view is short-run **Neutral**. The Australian coal market remained relatively stable this week. Constrained by tight spot availability and low acceptance of current price levels from buyers, trading activity turned thin.

Prices Movement	10-Feb	2-Feb	Changes %	Sentiment	
Platts IODEX CFR China($/MT)	**100.2**	**102.4**	-2.15%	**Neutral**	–
Rebar 25mm Shanghai (Yuan/MT)	**3221**	**3242**	-0.65%	**Neutral**	–
TSI FOB Premium Hard Coking Coal ($/mt)	**252.0**	**252.3**	-0.12%	**Neutral**	–

Ferrous Market:

Iron ore prices declined significantly this week, with the Platts index falling to a near six-month low at one point. As pre-holiday restocking by steel mills is largely complete, market activity has weakened, and port inventories continue to accumulate. This, coupled with the correction in precious metals prices, has exerted downward pressure on iron ore. On the supply side, ports in Western Australia, including Port Hedland and Port Dampier, were cleared and shipments were temporarily suspended last week due to a tropical cyclone. However, according to the Pilbara Ports Authority, Port Hedland resumed operations on the 8th. Kpler data indicates that a vessel carrying approximately 170,000 tonnes of iron ore is scheduled to depart the loading port. Overall, the supply disruption due to weather appears to have been limited. As the new week progresses, some steel mills may consider limited purchases of low-priced iron ore from the ports. We do not anticipate new significant market drivers.

Regarding steel products, last week, over 80% of construction enterprises had suspended operations. Weakening apparent demand led to an accelerated accumulation of inventories. Specifically, total rebar inventories increased by approximately 9% week-on-week, while inventories of the five major steel products rose by 4.63% week-on-week. According to Mysteel's research, the post-holiday resumption of work is expected to follow a pace similar to previous years, with demand not likely to formally pick up until early March. Until then, the market is anticipated to trade with a weak bias.

In the international market, as reported by S&P Global, the Indian government plans to invest a record ₹12.2 trillion (approximately $134 billion) in infrastructure construction for the fiscal year 2027, representing an 11.4% year-on-year increase. Concurrently, it announced an allocation of ₹100 billion (approximately $1.1 billion) over the next five years for the container manufacturing industry, a positive factor for steel demand.

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

Ferrous Market(Cont’d):

Last week's global iron ore shipments surveyed by Mysteel reached 25.35 million tons, down 5.59 million tons WoW. Combined shipments from Australia and Brazil reached 19.49 million tons, down 5.72 million tons WoW, with Australian shipments at 12.80 million tons, down 5.41 million tons WoW and Brazilian shipments at 6.69 million tons, down 0.32 million tons WoW. China's 45-ports iron ore arrivals down 1.23 million tons WoW to 23.61 million tons. China's iron ore port inventories at 45 major ports increased by 1.18 million tons WoW to 171.41 million tons, while daily port evacuation volumes increased by 87,700 tons to 3.41 million tons. Australian iron ore shipments notably retreated due to impact from a tropical cyclone. However, with port inventories remaining elevated, the short-term disruption failed to provide support to prices. port evacuation saw a slight increase last week, but it is expected to decline this week as pre-holiday restocking by steel mills concludes.

Liquidity in the seaborne market has slowed. Previously, negotiations between CMRC and BHP/Rio Tinto have made some progress. As the Chinese New Year approaches, buyers have turned cautious in their purchasing pace to avoid further changes in the negotiations. In the primary market mid-last week, BHP concluded several cargoes of MACF for late March loading, as well as one cargo of NHGF, all based on the April index. No other major brands transactions followed. After the week commenced, market activity showed some improvement following the price decline. A cargo of MACF was transacted at -$3.30/dmt and a cargo of NHGF at -$4.20/dmt, and a cargo of PBF was traded at $101.35/dmt. In the lump ore segment, a cargo of NBL was traded last week at +$0.020/dmtu, continuing its low-level performance. However, on Monday 9th February, another cargo of NBL was transacted at +$0.040/dmtu, indicating a notable price rebound.

The coal market was primarily influenced last week by news regarding adjustments to Indonesia's coal production quotas. While, according to reports by Bloomberg and other media outlets, Indonesia's Ministry of Energy and Mineral Resources (MEMR) has exempted major coal producers from the mandatory output reduction policy for 2026, with nearly all quota applications from large producers like Bumi Resources approved. The actual policy impact remains to be seen. Notably, towards the end of last year, Indonesian authorities indicated that coal production quotas for 2026 would be reduced to around 600 million tonnes. Based on Mysteel's calculations using 2025 import data, the maximum potential reduction in China's coal imports from Indonesia in 2026 could be approximately 50 million tonnes. Meanwhile, the China National Coal Association revised down its 2026 import forecast on Monday to 465 million tonnes, from 480 million tonnes three weeks prior. In terms of market transmission, since China's coal imports from Indonesia are predominantly thermal coal, the expected supply gap is likely to be filled by increased domestic production or higher imports from sources such as Russia and Mongolia. This shift could potentially encroach on some of the import quotas allocated for coking coal, thereby providing some support to the seaborne coking coal market. However, for the time being, the actual impact on the coking coal market remains limited.

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

Ferrous Market(Cont'd):

Overall, the Australian coal market remained stable this week. With tight spot availability, buyers and sellers remained locked in a stalemate. In other news, Indian Commerce Minister Piyush Goyal recently stated that, with expanding steel capacity, India may need to import approximately $30 billion worth of coking coal annually. Customs data shows that over the past three years, India has imported about 9.6 million tonnes of coking coal from the United States, with an increasing market share.

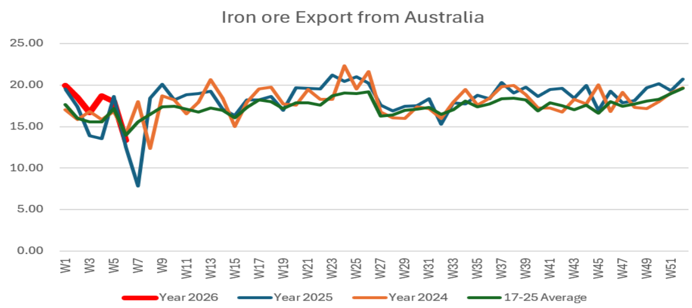
The 65/61 spread continued to trade at elevated levels. The MB65-P61 spread fluctuated within a narrow range around $17/mt, and the MB65-MB61 spread remained stable at the $18/mt level.

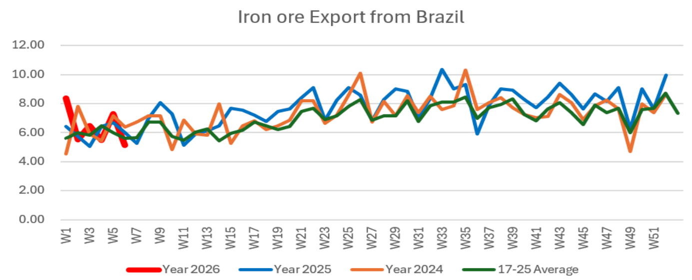
The SGX March/April spread rebounded from -$0.1/mt to $0.2/mt, and the DCE active contract spread for May/Sep widened from 17 yuan/mt to 18 yuan/mt.

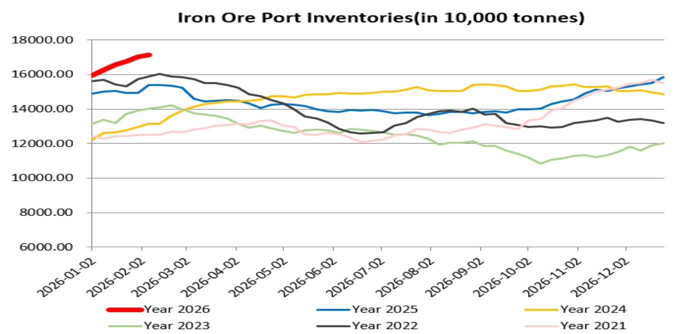
Our view for Iron ore is short-run neutral. For coking coal FOB Australia is short-run neutral.

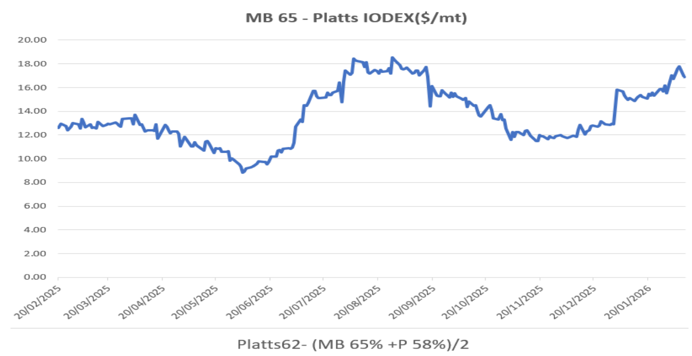
Iron Ore

	Last	Previous	% Change
Platts IODEX (Dollar/mt)	100.2	102.4	**-2.15%**
MB 65% Fe (Dollar/mt)	117.09	119.45	**-1.98%**
Capesize 5TC Index (Dollar/day)	22189	27638	**-19.72%**
C3 Tubarao to Qingdao (Dollar/day)	22.986	25.868	**-11.14%**
C5 West Australia to Qingdao (Dollar/day)	8.067	9.345	**-13.68%**
Billet Spot Ex-Works Tangshan (Yuan/mt)	2910	2940	**-1.02%**
SGX Front Month (Dollar/mt)	99.58	105.62	**-5.72%**
DCE Major Month (Yuan/mt)	808	808	**0.00%**
China Port Inventory Unit (10,000mt)	16,275.26	15,970.89	**1.91%**
Australia Iron Ore Weekly Export (10,000mt)	1,331.00	1,797.00	**-25.93%**
Brazil Iron Ore Weekly Export (10,000mt)	513.00	729.00	**-29.63%**









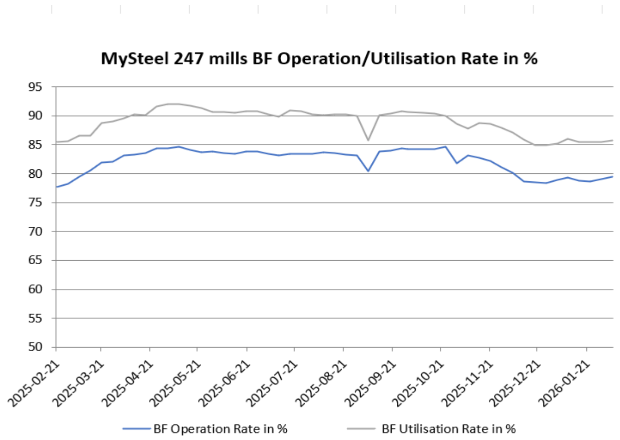
Iron Ore Key Points

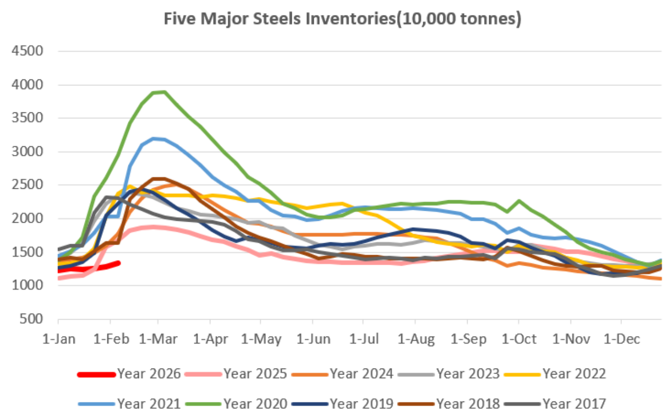
- Affected by a tropical cyclone, Australia saw almost no iron ore shipments over the past weekend, leading to a significant decline in weekly shipment volumes. However, a short-lived disruption is unlikely to provide support to prices.
- Port evacuation were maintained at high levels driven by pre-holiday restocking demand. Coupled with the seasonal lull in Australian and Brazilian shipments typically observed in January, the pace of port inventory accumulation has slowed. However, a continued increase in port stocks is anticipated, following the Chinese New Year.
- The MB65-P61 spread fluctuated at elevated levels.

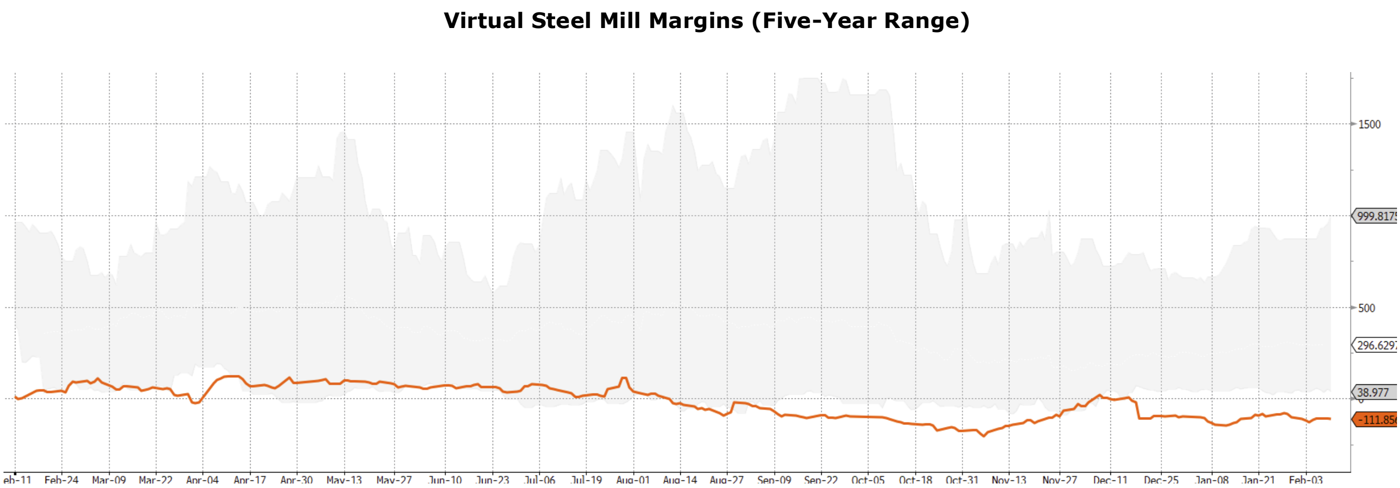
Data Sources: Bloomberg, Platts, Fastmarket, Mysteel,Kpler,FIS

Steel

	Last	Previous	% Change
US HRC Front Month (Dollar/mt)	977	972	**0.51%**
LME Rebar Front Month (Dollar/mt)	560	559	**0.12%**
SHFE Rebar Major Month (Yuan/mt)	3007	3038	**-1.02%**
China Hot Rolled Coil (Yuan/mt)	3264	3280	**-0.49%**
Vitural Steel Mills Margin(Yuan/mt)	-111	-112	**0.89%**
China Five Major Steel Inventories Unit (10,000 mt)	1337.75	1278.51	**4.63%**
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%**





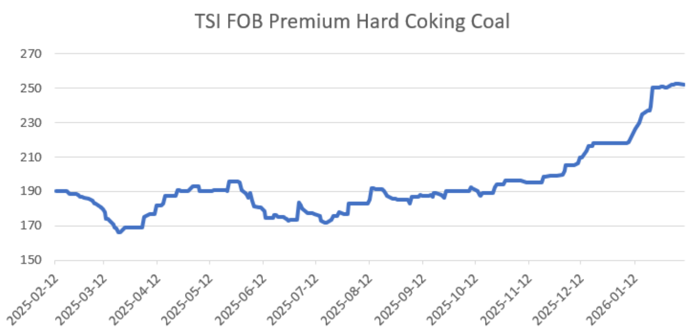


Data Sources: Bloomberg, MySteel, FIS

- During the week before the Chinese New Year, construction at work sites has largely come to a complete halt. Trading activity across the ferrous market remained thin, with the virtual steel mill margin at −111 yuan/mt.
- The average daily hot metal output of blast furnaces across 247 steel mills increased by 6,000 tonnes to 2.29 million tonnes, representing a year-on-year increase of 1,400 tonnes.

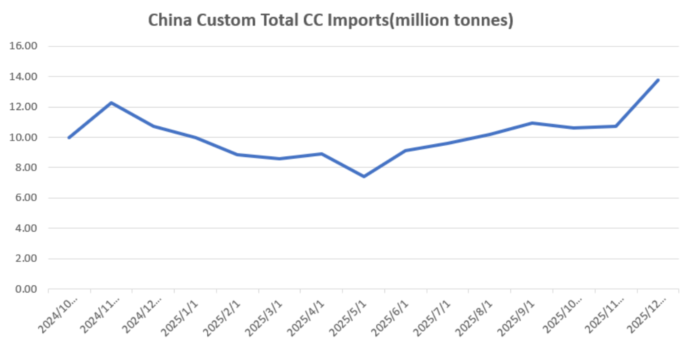
Coking Coal

	Last	Previous	% Change
TSI FOB Premium Hard Coking Coal (Dollar/mt)	252	252.3	**-0.12%**
Coking Coal Front Month (Dollar/mt)	247	234.73	**5.23%**
DCE CC Major Month (Yuan/mt)	1049.5	1047.5	**0.19%**
Top Six Coal Exporter Weekly Shipment(Million mt)			**10.05%**
China Custom total CC Import Unit mt	13,769,795	10,731,481	**28.31%**



Coking Coal Key Points

- The news regarding Indonesia's reduction of coal production quotas provided some stimulus to the market. However, with nearly all quota applications from major producers approved, the actual impact remains to be seen.



- The Australian coal market was steady during the reporting week, with the standoff between buyers and sellers persisting.

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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