FIS

Ferrous Weekly Report

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⇒ **Iron ore IODEX CFR China:** Our view is short-run **Neutral to Bullish**. Driven by the situation in the Middle East, crude oil prices have risen significantly, pushing up shipping costs for seaborne iron ore. A recovery in hot metal output is expected in the second half of March, bolstering ore prices.

⇒ **Rebar 25mm Shanghai:** Our view is short-run **Neutral**. Recovering demand for construction materials, coupled with rising production costs, has provided underlying support for steel prices. However, with inventories remaining at elevated levels, prices are expected to continue trading in a range-bound pattern in the near term.

⇒ **Hard Coking Coal FOB Australia** Our view is short-run **Neutral**. Due to heavy rainfall, port loadings of Australian coal have been delayed. Additionally, with both buyers and sellers displaying weak trading interest, the market has generally turned quiet.

Prices Movement	9-Mar	2-Mar	Changes %	Sentiment	
Platts IODEX CFR China($/MT)	104.55	100.35	+4.19%	Neutral to Bullish	–
Rebar 25mm Shanghai (Yuan/MT)	3168	3175	-0.22%	Neutral	–
TSI FOB Premium Hard Coking Coal ($/mt)	220.5	220.5	+0%	Neutral	–

Ferrous Market:

Affected by the conflict in the Middle East, Iraq, Qatar, and Kuwait have reduced oil production. During the reporting week, crude oil prices surged, pushing up freight costs. Consequently, the landed cost of iron ore increased, providing some support to prices. Concurrently, China's 2026 Government Work Report set the tone for stabilizing the real estate market, which has somewhat boosted sentiment in the ferrous market.

On the supply-demand fundamentals, according to sources interviewed by Reuters, China Mineral Resources Group (CMRG) has further expanded its procurement restrictions on seaborne iron ore cargoes from BHP, instructing traders to reduce purchases of varieties such as Mac fines and Newman fines. Previously, CMRG had already suspended procurement of Jimblebar fines and Yangdi fines. On the demand side, blast furnace operating rates and hot metal output declined week-on-week last week due to voluntary environmental production cuts by steel mills. However, output is expected to gradually recover after mid-March, with the downstream steel sector enters its traditional peak demand season. In general, while high imported iron ore inventories continue to exert persistent pressure on prices, numerous supportive factors are present in the short term, including a rebound in macro sentiment, cost-side disruptions, and marginal demand improvements. As such, prices are expected to trade with a firm tone in the near term.

On the steel export front, some Chinese exporters have suspended making offers to Middle Eastern clients due to shipping disruptions in the Strait of Hormuz. Analysts at Horizon Insights indicate that the conflict could impede exports of up to 1 million tonnes of steel products per month. Florence Sun, a commodity strategist at Macquarie Group, suggested that finding alternative markets to absorb this volume would be difficult.

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

Ferrous Market(Cont'd):

Meanwhile, Iranian steel exports have come to a near standstill. According to data from the Iranian Steel Producers Association (ISPA), Iran's billet exports increased by 37.7% year-on-year to 4.58 million tons during the first nine months of the Iranian calendar year (March 21, 2025, to December 21, 2025), with approximately half of these volumes destined for Southeast Asia. Mysteel's survey indicates that Southeast Asian buyers are gradually pivoting towards Chinese resources amid the current situation. Last week, billet transactions were concluded at $446–447/mt FOB, enhancing the competitiveness of Chinese billets in the regional market.

Last week's global iron ore shipments surveyed by Mysteel reached 28.98 million tons, down 4.43 million tons WoW. Combined shipments from Australia and Brazil reached 23.42 million tons, down 3.49 million tons WoW, with Australian shipments at 17.53 million tons, down 1.95 million tons WoW and Brazilian shipments at 5.89 million tons, down 1.53 million tons WoW. China's 45-ports iron ore arrivals up 4.63 million tons WoW to 26.10 million tons. China's iron ore port inventories at 45 major ports increased by 0.26 million tons WoW to 171.18 million tons, while daily port evacuation volumes increased by 126,000 tons to 3.11 million tons. Affected by weather conditions, iron ore shipments from Australia and Brazil have declined week-on-week, though the overall impact is limited. Vale has been granted permission to resume operations at two mines in the city of Congonhas, which were halted in late January due to a water overflow incident.

During the reporting week, trading activity in the primary market remained robust. Mainstream PBF showed relative strength, with premiums edging up slightly from +$2.25/dmt in the middle of last week to $2.33/dmt. Due to CMRG's expanded procurement restrictions on BHP products, discounts for Newman fines and Mac fines widened. Last week, the discount for MACF widened from -$2.6/dmt to -$3/dmt, and further declined to -$3.5/dmt after the week commenced, with one cargo also traded at a fixed price of $97/dmt. The discount for NHGF fell to -$4.3/dmt. For other products, a cargo of IOC6 was transacted at a discount of -$6.09/dmt, a cargo of SSCJ at -$3.47/dmt, and a cargo of FBF at a discount of -3.3%, all based on the April index. Additionally, a cargo of Carajas fines was traded at $120.45/dmt. The lump ore segment sustained its recent positive momentum, with multiple cargoes of NBL traded during the week, with premiums concentrated around +$0.1620/dmtu. Another cargo of PBL was transacted at +$0.1820/dmtu, driving lump premiums further upward.

Following a transaction for Goonyella coking coal last week at $219/mt, which pulled prices down, market participants have adopted a wait-and-see stance. Indian steel mills are currently exhibiting weak buying interest. Amid relatively ample supply, buyers generally find it difficult to accept prices higher than the previous transaction level. For the Chinese market, according to Sxcoal's calculations, the current price of around $220/mt FOB for Australian PHCC still represents an inverse price relationship of over 200 yuan/mt compared to domestic coking coal prices, leading to very low buying interest from Chinese buyers. Meanwhile, heavy rainfall in Queensland has caused shipment delays at the Dalrymple Bay Coal Terminal (DBCT). Coupled with the sharp rise in energy prices, sellers are inclined to stay on the sidelines. With both buyers and sellers in no hurry to conclude deals, the Australian coal market has generally turned quiet.

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

Ferrous Market(Cont'd):

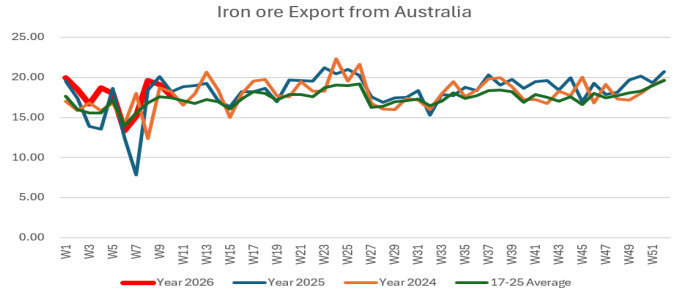
During the reporting week, a cargo of Carajas fines was transacted at $120.45/dmt, lifting the 65% Fe index and driving a modest widening in the 65-61 spread. The MB65-P61 spread widened from $18.25/dmt to $19.12/dmt, and the MB65-MB61 spread widened from $18.28/dmt to $19.63/dmt.

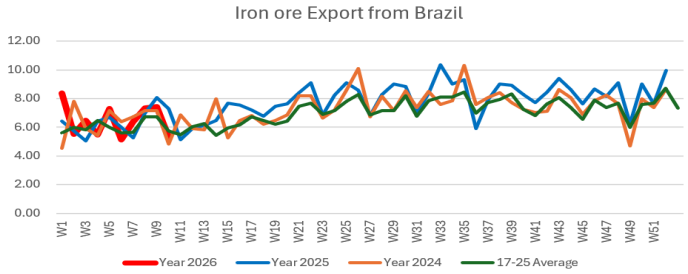
Driven by a surge in crude oil prices pushing up freight costs, front-month iron ore prices moved higher. The SGX front-month spread widened from $0.56/dmt to $0.67/dmt, and the DCE active contract spread for May/September widened from 19 yuan/dmt to 25.50 yuan/dmt.

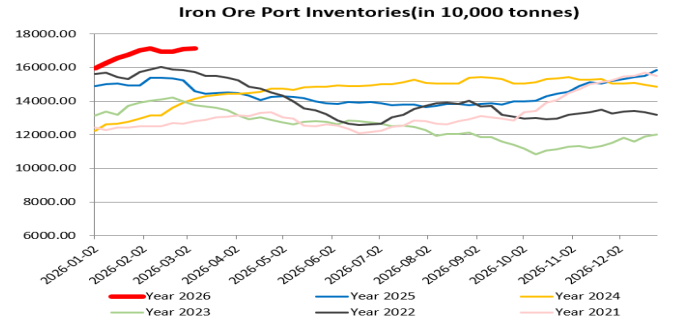
Our view for Iron ore is short-run Neutral to Bullish. For coking coal FOB Australia is short-run Neutral.

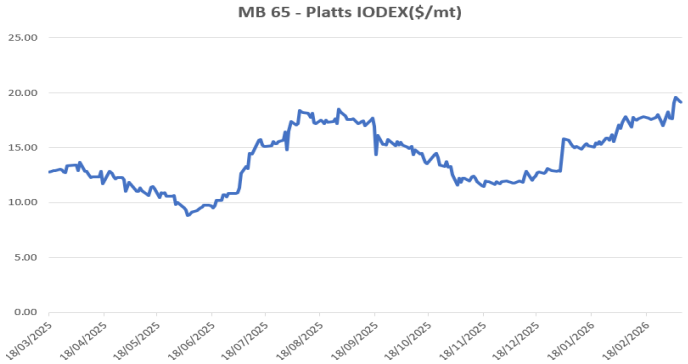
Iron Ore

	Last	Previous	% Change
Platts IODEX (Dollar/mt)	104.55	100.35	**4.19%**
MB 65% Fe (Dollar/mt)	123.67	118.6	**4.27%**
Capesize 5TC Index (Dollar/day)	22207	24910	**-10.85%**
C3 Tubarao to Qingdao (Dollar/day)	27.705	23.975	**15.56%**
C5 West Australia to Qingdao (Dollar/day)	12.87	10.489	**22.70%**
Billet Spot Ex-Works Tangshan (Yuan/mt)	2920	2910	**0.34%**
SGX Front Month (Dollar/mt)	102.20	99.06	**3.17%**
DCE Major Month (Yuan/mt)	810.5	772.5	**4.92%**
China Port Inventory Unit (10,000mt)	17,091.96	16,946.32	**0.86%**
Australia Iron Ore Weekly Export (10,000mt)	1,761.00	1,911.00	**-7.85%**
Brazil Iron Ore Weekly Export (10,000mt)	535.00	743.00	**-27.99%**









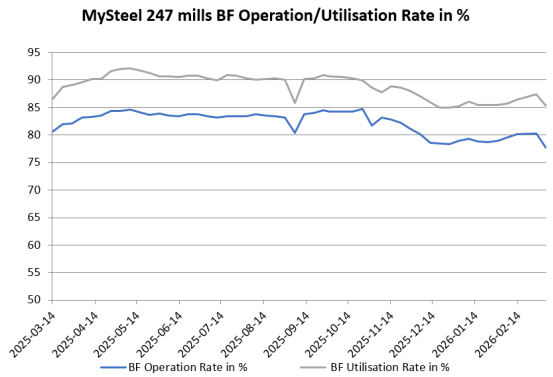
Iron Ore Key Points

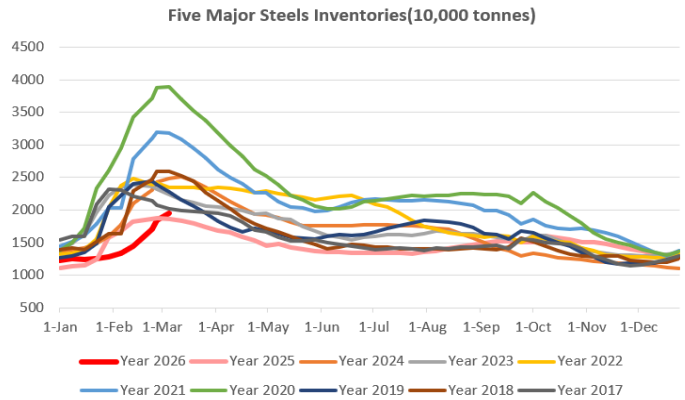
- Affected by weather conditions, shipments from Australia and Brazil edged down this week, which aligns with seasonal patterns.
- Port iron ore inventories continued their accumulation trend. With voluntary production cuts at blast furnaces concluding after mid-March, hot metal output is expected to gradually recover. Coupled with the seasonal lull in shipments during the first quarter, a modest decline may be seen in port inventories.
- The MB65-P61 spread widened further. A cargo of Carajas fines transacted at $120.45/dmt last week lifted the 65% Fe index.

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

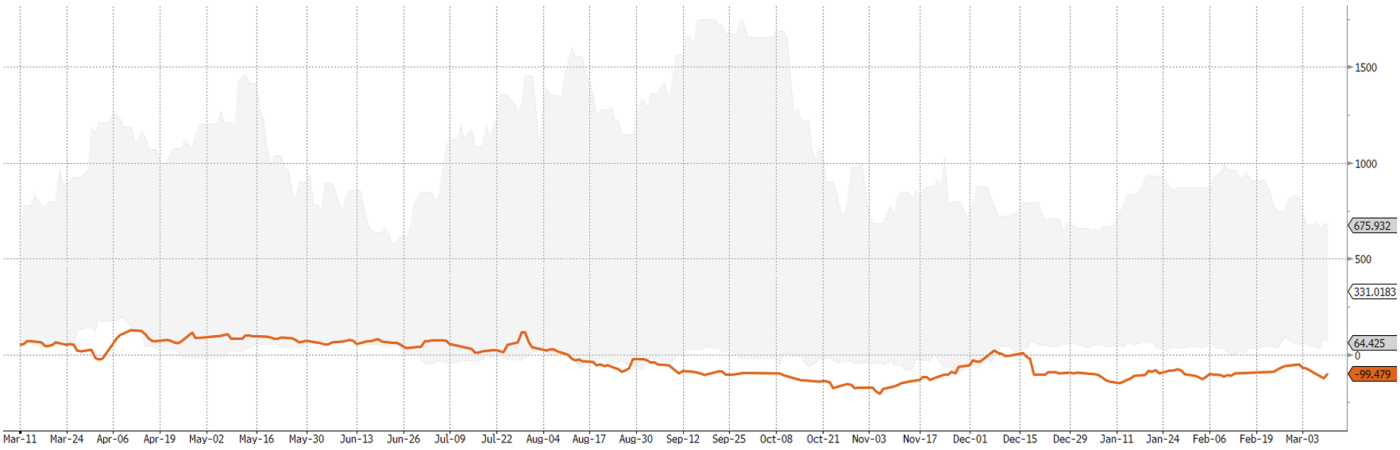
Steel

	Last	Previous	% Change
US HRC Front Month (Dollar/mt)	1018	1017	**0.10%**
LME Rebar Front Month (Dollar/mt)	557	554	**0.47%**
SHFE Rebar Major Month (Yuan/mt)	3090	3073	**0.55%**
China Hot Rolled Coil (Yuan/mt)	3239	3244	**-0.15%**
Vitural Steel Mills Margin(Yuan/mt)	-99	-70	**-41.43%**
China Five Major Steel Inventories Unit (10,000 mt)	1952	1846.11	**5.74%**
Global Crude Steel Production Unit (1,000 mt)	75300	68200	**10.41%**
World Steel Association Steel Production Unit(1,000 mt)	147,300	139,600	**5.52%**





Virtual Steel Mill Margins (Five-Year Range)

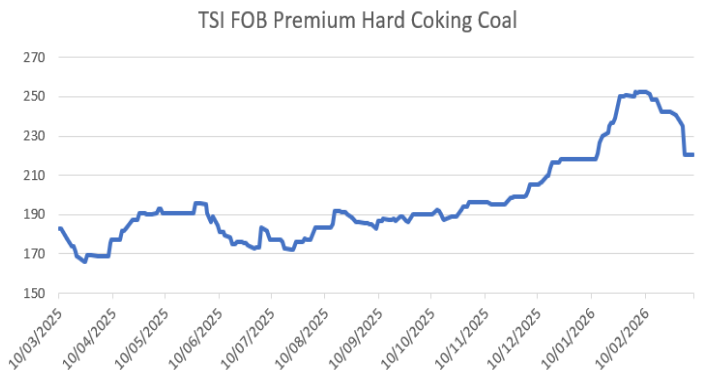


Data Sources: Bloomberg, MySteel, FIS

- After the Lantern Festival, the resumption of work at construction sites accelerated, and the steel market gradually entered the traditional peak demand season. However, against the backdrop of elevated inventory levels, rebar prices continue to face pressure. Concurrently, rising costs pushed up raw material prices, causing the virtual steel mill margin to decline from -70 yuan/mt to –99 yuan/mt.
- Due to voluntary production cuts by steel mills, the average daily output from blast furnaces at 247 steel mills decreased by 56,900 tons week-on-week to 2.28 million tons last week. The blast furnace operating rate is expected to rebound after the conclusion of the "Two Sessions" (The annual plenary sessions of the National People's Congress and of the National Committee of the Chinese People's Political Consultative Conference).

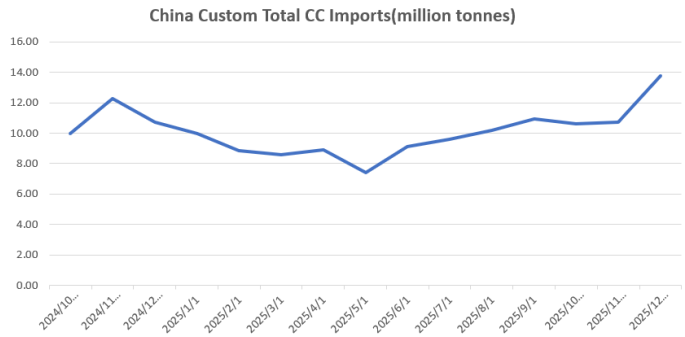
Coking Coal

	Last	Previous	% Change
TSI FOB Premium Hard Coking Coal (Dollar/mt)	220.5	220.5	**0.00%**
Coking Coal Front Month (Dollar/mt)	219.5	246.01	**-10.78%**
DCE CC Major Month (Yuan/mt)	959.5	987.5	**-2.84%**
Top Six Coal Exporter Weekly Shipment(Million mt)	3.74	4.58	**-18.34%**
China Custom total CC Import Unit mt	13,769,795	10,731,481	**28.31%**



Coking Coal Key Points

- Trading activity in the Australian coal market has calmed, with both buyers and sellers adopting a wait-and-see approach. Prices are fluctuating narrowly around the $220/mt FOB level.



- The first round of coke price cuts has been implemented. Combined with the impact of blast furnace production restrictions during the "Two Sessions," domestic coal prices are trading with a weak bias.

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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