FIS

Ferrous Weekly Report

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⇒ **Iron ore IODEX CFR China:** Our view is short-run **Neutral**. Following the lifting of environmental production restrictions, hot metal output is expected to recover, supporting prices. Meanwhile, ongoing negotiations between CMRG and BHP are adding uncertainty to supply.

⇒ **Rebar 25mm Shanghai:** Our view is short-run **Neutral**. As construction sites gradually resume normal operations, demand for building materials has picked up. However, the market remains in an inventory accumulation phase, which continues to weigh on prices.

⇒ **Hard Coking Coal FOB Australia** Our view is short-run **Neutral**. Higher energy prices, coupled with weak buying appetite from Indian steel mills ahead of the end of their financial year in March, have led market participants in the Australian coal sector to remain on the sidelines.

Prices Movement	16-Mar	9-Mar	Changes %	Sentiment	
Platts IODEX CFR China($/MT)	108.8	104.55	+4.07%	Neutral	–
Rebar 25mm Shanghai (Yuan/MT)	3170	3168	+0.06%	Neutral	–
TSI FOB Premium Hard Coking Coal ($/mt)	221	220.5	+0.23%	Neutral	–

Ferrous Market:

Iron ore has extended its recent upward momentum, with prices primarily supported by cost-side factors and supply-side disruptions. As the situation in the Middle East continues to unfold, crude oil prices have surged, lifting commodities markets. Beyond the direct increase in bunker fuel costs, freight rates received support from rising vessel demand, as iron ore shipments from Australia and Brazil typically recover seasonally from March onwards. Meanwhile, according to Kallanish, the recent tensions in the Strait of Hormuz have prompted Brazilian miners to redirect iron ore cargoes originally destined for the Middle East toward the Asian market. Shipping analysis agencies report that at least eight vessels carrying Brazilian iron ore fines and concentrates have been affected. On the freight front, the C3 (Tubarao to Qingdao) and C5 (Western Australia to Qingdao) routes have accumulated gains of approximately 30% since late February.

Another driver of the increase in iron ore price was speculation that China Mineral Resources Group (CMRG) had added Newman fines to the procurement restriction list, instructing steel mills and traders to stop accepting deliveries from 20th March. This triggered concerns over supply availability and pushed prices notably higher. However, during after-market hours on Friday, Bloomberg reported that CMRG had temporarily eased procurement restrictions on Jimblebar fines. Reuters added that this would last approximately one week, allowing mills to take delivery of cargoes already arrived at port. Iron ore prices decreased moderately following the news. Negotiations between CMRG and BHP are still ongoing.

This week, the People's Bank of China announced a reduction in the minimum down payment ratio for commercial property purchase loans in Shanghai from 50% to 30%, with market sentiment pushing iron ore prices further upward.

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

Ferrous Market(Cont'd):

With construction sites entering the normal operating phase, consumption of construction materials recovered to 2.46 million tons last week, a week-on-week increase of approximately 0.9 million tons. The pace of rebar inventory accumulation slowed notably, with the week-on-week growth rate narrowing from 9.4% to 2.1% . As we move into the second half of March, demand should increase and the market is likely to gradually shift towards a destocking phase. However, the overall subdued demand for construction materials persists, According to data from the National Bureau of Statistics, China's real estate development investment declined by 11.1% in January-February 2026, a factor that will continue to constrain the upside potential for steel prices from a funding perspective.

On the export front, driven by rising costs, export offers for steel products generally increased last week. Hot-rolled coil offers rose to the $470–490/ton FOB, and billet offers moved up to around $455/ton FOB. However, from a supply-demand perspective, Chinese steel exports face certain pressures in the near term. On one hand, due to the conflict and shipping disruptions, demand from Middle Eastern clients has largely stalled. On the other hand, a stronger yuan is squeezing the price competitiveness of domestic resources. Looking ahead, attention should be paid to the extent to which liquidity in the steel export market may improve following the resumption of production rhythms in the Middle East and South Asia after the conclusion of Ramadan on 20th March.

Last week's global iron ore shipments surveyed by Mysteel reached 30.49 million tons, up 1.51 million tons WoW. Combined shipments from Australia and Brazil reached 24.64 million tons, up 1.22 million tons WoW, with Australian shipments at 18.75 million tons, up 1.21 million tons WoW and Brazilian shipments at 5.892 million tons, up 0.002 million tons WoW. China's 45-ports iron ore arrivals down 3.95 million tons WoW to 23.17 million tons. China's iron ore port inventories at 45 major ports increased by 0.70 million tons WoW to 171.88 million tons, while daily port evacuation volumes increased by 68,200 tons to 3.18 million tons. Iron ore shipments from Australia and Brazil are operating steadily. On the news front, according to reports from Argus and local Australian media, some BHP workers are planning to vote on a potential strike, the first in a decade. The voting is scheduled to close on 25th March. In response, a BHP spokesperson stated that the company has robust contingency plans in place.

During the reporting week, the primary market maintained decent liquidity. Trading activity was concentrated in the middle of last week, with a focus on cargoes for May loading, as floating price transactions gradually shifted to being based on the May index. By product, MACF were the most active. Influenced by CMRG's further tightening of procurement on BHP resources, discounts for this product continued to widen. On Tuesday, two cargoes of MACF were transacted at a discount of -$4.2/dmt, based on the April index. On Wednesday, three cargoes were traded at a discount of -$5.2/dmt, based on the May index, with one additional cargo transacted at a fixed price of $98.25/dmt. On Thursday, four cargoes of MACF were concluded at a discount level around -$4.5/dmt. For Newman fines, due to its inclusion on the restriction list, only one cargo was recorded during the week, on the previous Tuesday, at a discount of -$5.0/dmt. Regarding other products, a cargo of Carajas fines was transacted at $124.3/dmt, and a cargo of Super Special Fines was traded at a discount of -6.98%, based on the April index. The lump ore market stabilized after its earlier rapid rebound, with only one cargo of PBL transacted during the week.

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

Ferrous Market(Cont'd):

The Australian coking coal market continued to operate steadily this week. Lifted by higher bunker fuel prices pushing up freight costs, traders were reluctant to match buyers' bids. For Indian steel mills, approaching the end of their financial year in late March, there was no urgency to replenish raw material inventories, with participants largely adopting a wait-and-see approach. Additionally, market sources indicate that Indian buyers are making small volume purchases of US premium hard coking coal as a substitute for Australian supplies. Last Friday, two cargo transactions were recorded between miners and traders: one for Goonyella coking coal at $221/mt FOB and another for Caval Ridge coking coal at $219.5/mt, though these had a limited impact on prices. For Chinese buyers, according to calculations by sxcoal, the current price of $220/mt FOB translates to an ex-warehouse price of approximately 1,926 yuan/mt at domestic ports. This still represents a price inversion of over 250 yuan/mt compared to domestic coking coal.

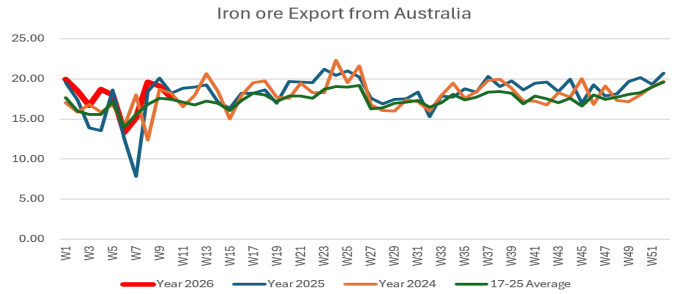
The 65/61 price spread fluctuated within a narrow range this week. The MB65-P61 spread closed at $19.21/dmt, and the MB65-MB61 spread closed at $19.61/dmt.

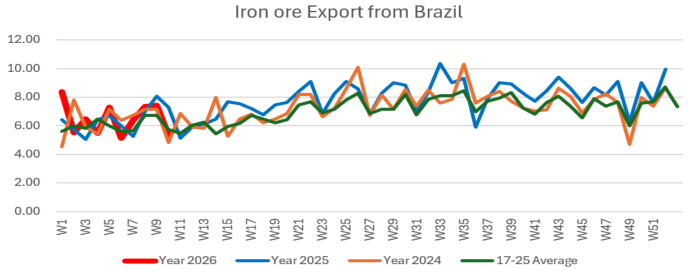
Supported by market concerns over supply disruptions for BHP's medium-grade fines, front-month contract prices firmed, driving spreads wider. The SGX front-month spread widened from $0.67/dmt to $1.32/dmt, while the DCE active contract spread for May/September widened from 22.5 yuan/dmt to 29.50 yuan/dmt, even reaching a high of 33 yuan/dmt at one point.

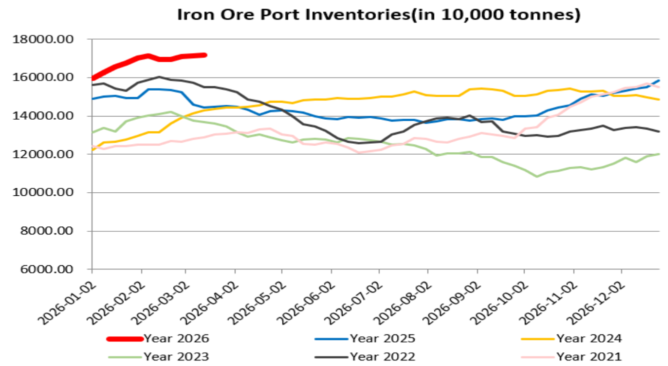
Our view for Iron ore is short-run Neutral. For coking coal FOB Australia is short-run Neutral.

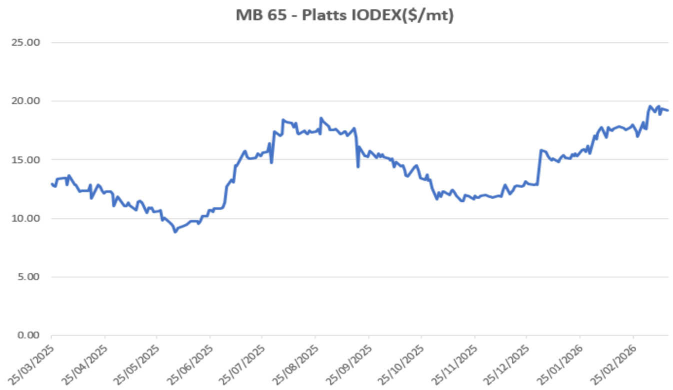
Iron Ore

	Last	Previous	% Change
Platts IODEX (Dollar/mt)	108.8	104.55	**4.07%**
MB 65% Fe (Dollar/mt)	128.01	123.67	**3.51%**
Capesize 5TC Index (Dollar/day)	23040	22207	**3.75%**
C3 Tubarao to Qingdao (Dollar/day)	29.795	27.705	**7.54%**
C5 West Australia to Qingdao (Dollar/day)	13.475	12.87	**4.70%**
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)	17,187.52	17,117.86	**0.41%**
Australia Iron Ore Weekly Export (10,000mt)	1,930.00	1,761.00	**9.60%**
Brazil Iron Ore Weekly Export (10,000mt)	465.00	535.00	**-13.08%**









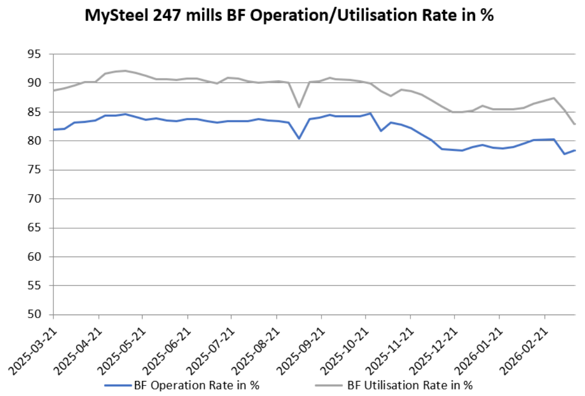
Iron Ore Key Points

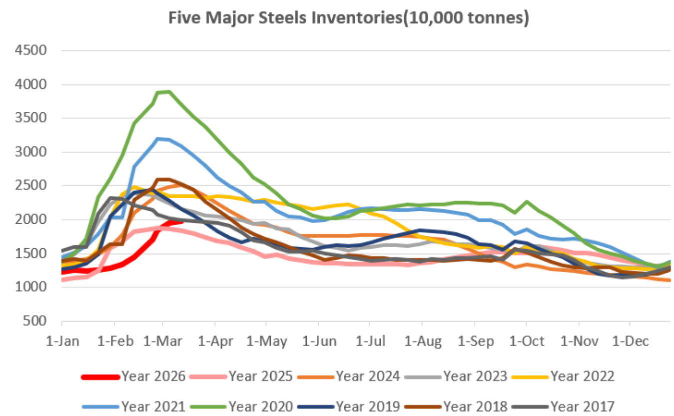
- Iron ore shipments from Australia and Brazil are continuing steadily.
- Port inventories of iron ore are continuing their upward trend. With the conclusion of voluntary production cuts at steel mills since mid-March, inventories are expected to decline.
- During the reporting week, the MB65 -P61 spread fluctuated within a narrow range around the $19/ dmt level.

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

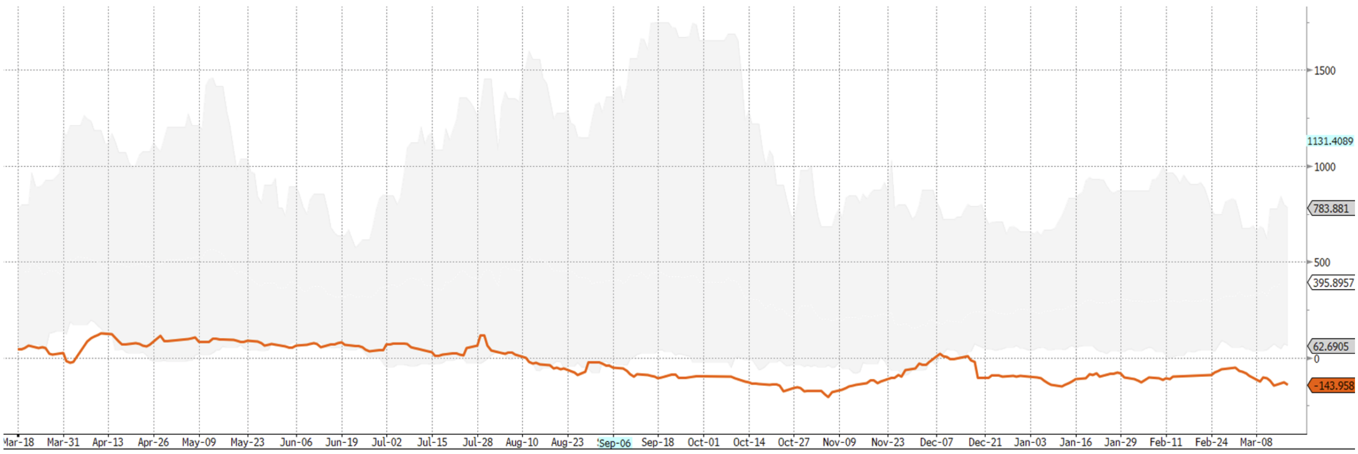
Steel

	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)	-143	-99	**-44.44%**
China Five Major Steel Inventories Unit (10,000 mt)	1975	1952	**1.18%**
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)

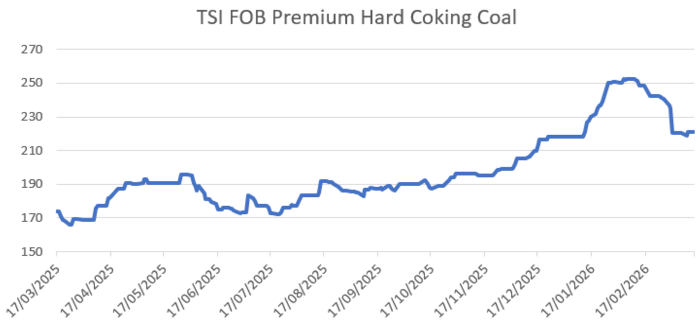


Data Sources: Bloomberg, MySteel, FIS

- As consumption of construction materials gradually recovers to peak season levels, it should provide some support to steel prices. However, the more significant increase in raw material prices has compressed finished steel profit margins. The virtual steel mill margin to decline from −99 yuan/mt to −144 yuan/mt.
- During the "Two Sessions" period last week, influenced by environmental production restrictions, the average daily output of hot metal from blast furnaces at 247 steel mills decreased by 63,900 tonnes week-on-week to 2.21 million tonnes. With the voluntary production cuts now concluded and construction sites having entered their normal operating phase, blast furnace output is expected to recover rapidly.

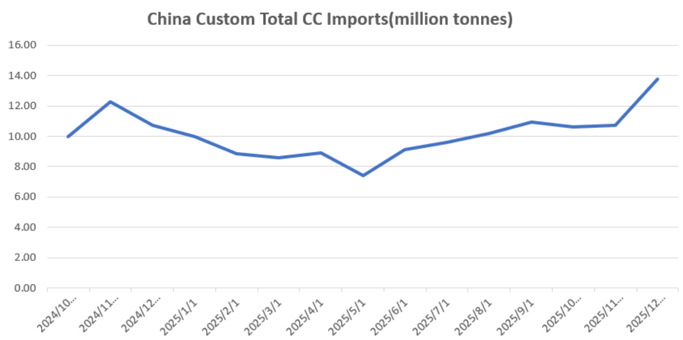
Coking Coal

	Last	Previous	% Change
TSI FOB Premium Hard Coking Coal (Dollar/mt)	221	220.5	**0.23%**
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)			**57.25%**
China Custom total CC Import Unit mt	13,769,795	10,731,481	**28.31%**



Coking Coal Key Points

- Rapidly rising energy prices, coupled with subdued buying appetite from Indian steel mills ahead of the end of their financial year in March, have kept the Australian coal market relatively stable. Both buyers and sellers are in no hurry to conclude deals, with prices continuing to fluctuate within a narrow range around the $220/mt FOB level.



- For Chinese buyers, the current significant price inversion of seaborne coking coal compared to domestic resources persists, so the overall procurement appetite remains low.

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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