FIS Ferrous Weekly Report

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⇒ **Iron ore IODEX CFR China:** Our view is short-run **Neutral**. Iron ore prices are consolidating at elevated levels, with near-term movements largely influenced by supply-side disruptions; additionally, market participants have adopted a cautious stance.

⇒ **Rebar 25mm Shanghai:** Our view is short-run **Neutral**. As the market enters the traditional peak demand season, rebar inventories have begun to decline at an accelerated pace as expected. Supported by cost-side factors, prices are expected to continue trading with an upward bias in the coming period.

⇒ **Hard Coking Coal FOB Australia** Our view is short-run **Neutral**. A transaction for a PHCC cargo last week pushed the index above $230/mt FOB. The market has then turned quiet, with Indian buyers leaning toward waiting for prices to ease.

Prices Movement	31-Mar	24-Mar	Changes %	Sentiment	
Platts IODEX CFR China($/MT)	**108.50**	**109.45**	-0.87%	**Neutral**	–
Rebar 25mm Shanghai (Yuan/MT)	**3184**	**3180**	+0.13%	**Neutral**	–
TSI FOB Premium Hard Coking Coal ($/mt)	**234**	**226**	+3.54%	**Neutral**	–

Ferrous Market:

During the reporting week, iron ore prices generally held within a narrow range at elevated levels. In the middle of last week, prices fell by nearly $2/dmt from recent highs, influenced by a pullback in crude oil prices and market speculation that CMRG and BHP had reached a provisional agreement. As the negotiations have yet to be finalized, the market is expected to remain sensitive to developments on this front. Following the mid-week pullback, iron ore prices rebounded amid concerns over short-term supply disruptions in Australia. Tropical Cyclone Narelle swept through Western Australia, prompting the temporary closure of major iron ore loading ports in the Pilbara region. The cyclone has since weakened and moved away from Western Australia. Rio Tinto reported that loading operations at its three terminals resumed on 28th March.

On the supply side, high diesel prices and elevated freight costs continue to place significant pressure on mining operations. In the absence of a near-term resolution to the crisis in Iran, iron ore supply could be impacted over the medium to longer term. Last week, Australian miner Fenix began scaling back its operations. Meanwhile, Kpler data showed that iron ore exports from regions excluding Australia, Brazil, Gulf countries, Iran, and Malaysia fell 26% week-on-week to 5.35 million tonnes for the week ending 22nd March, suggesting that some price-sensitive marginal producers may be reducing exports due to cost pressures.

As downstream steel markets gradually enter the traditional peak demand season, the destocking pace of rebar inventories has accelerated. According to Mysteel data, total inventory of the five major steel products stood at 18.98 million tonnes last week, a week-on-week decrease of 2.49%, while apparent consumption rebounded to 8.88 million tonnes, with consumption of construction materials increasing by 8.4% week-on-week. Meanwhile, raw material prices remained elevated, providing cost support to steel products.

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

Ferrous Market(Cont'd):

However, persistent headwinds remain. Continued weakness in the real estate sector, coupled with disrupted exports due to the conflict in the Middle East, continues to cap steel price upside. Should steel volumes originally destined for the Middle East ultimately be diverted back to their domestic markets, supply-side pressure could intensify further.

India, the world's second-largest crude steel producer, is also facing disruptions linked to the crisis in the Middle East. Citing sources familiar with the matter, Reuters reported that India's federal steel ministry has sought assistance from the petroleum ministry, requesting priority natural gas supply to key industries to help sustain steel production.

In addition, Iran's Khouzestan Steel Plant and Mobarakeh Steel Plant in Isfahan were hit by airstrikes on 27th March. According to a Mysteel survey, the attacks are expected to create a rigid supply gap of approximately 5 to 5.5 million tons per annum in the steel export market, with the most significant shortages concentrated in flat products, billet, and long products. The gap is expected to be filled by producers in China, India, and Russia.

Last week's global iron ore shipments surveyed by Mysteel reached 24.72 million tons, down 6.72 million tons WoW. Combined shipments from Australia and Brazil reached 18.75 million tons, down 6.84 million tons WoW, with Australian shipments at 10.34 million tons, down 9.62 million tons WoW and Brazilian shipments at 8.41 million tons, up 2.78 million tons WoW. China's 45-ports iron ore arrivals up 1.55 million tons WoW to 24.26 million tons. China's iron ore port inventories at 45 major ports decreased by 0.98 million tons WoW to 170.00 million tons, while daily port evacuation volumes decreased by 78,700 tons to 3.13 million tons. Last week, iron ore shipments from Australia declined significantly due to the impact of a tropical cyclone. Rio Tinto stated that the weather event reduced shipments by approximately 8 million tons, with about half of this loss expected to be recoverable. The company's 2026 shipment guidance remains unchanged. However, some reports also noted that certain port infrastructure sustained severe damage from high winds and rough seas, with the Dampier Cargo Wharf and its adjacent floating deck remaining inoperable. Regarding port inventories, CMRG had temporarily relaxed restrictions on mills' port pick-up of Jimblebar fines, leading to some drawdown in stocks. Nevertheless, inventories remain at historically high levels.

Amid ongoing geopolitical tensions in the Middle East and frequent market speculation over negotiations between CMRG and BHP, liquidity in the primary market remained relatively weak last week. Last mid-week, an 110,000-tonne cargo of MACF was transacted at a discount of -$5.55/dmt, based on the May index. This marked the first transaction for MACF in the primary market since 12th March, with the discount widening from the previous level of -$4.5/dmt to -$5.55/dmt. On Friday, a 170,000-tonne cargo of PB fines was traded at $2.61/dmt. In the lump ore segment, demand eased following the conclusion of the "Two Sessions" in China and the lifting of environmental production restrictions. During the week, a cargo of NBL was transacted at a premium of +$0.1158/dmtu, representing a notable decline compared to previous transaction levels. Entering this week, activity in the seaborne market has picked up. BHP sold four cargoes of MACF at a discount of -$5.50/dmt. Additionally, a cargo of NBL was traded at a premium of +$0.080/dmtu, with lump premiums narrowing further from last week. Meanwhile, a 190,000-tonne cargo of PBF was transacted at a premium of +$2.65/dmt.

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

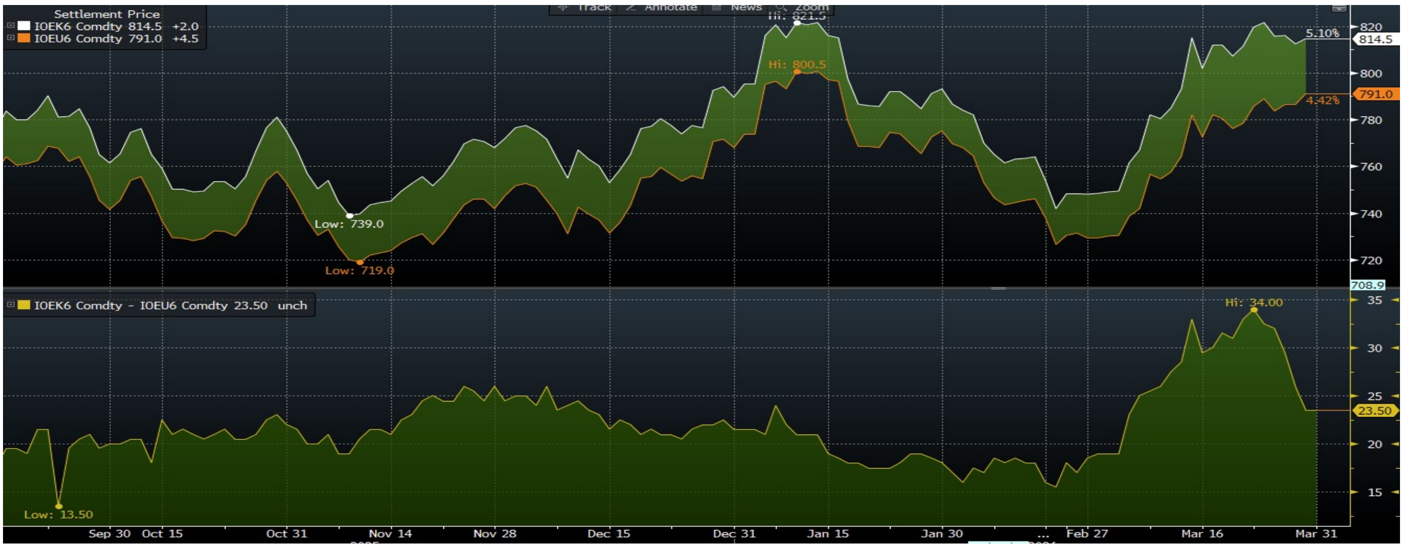
Ferrous Market(Cont'd):

A 40,000-tonne cargo of Australian PMV Illawarra coking coal was transacted mid-last week at $238/mt FOB, pushing the price index notably higher. Recently, demand from Southeast Asian steel mills has improved, and seaborne coking coal from the Americas—with its longer shipping routes—has been more significantly affected by rising freight costs. As a result, Australian coal has shown stronger competitiveness in the market. However, inquiries have decreased following this high-priced transaction. For Indian buyers, amid persistently high freight costs, acceptance of elevated prices remains very low. Most are adopting a wait-and-see stance, preferring to wait for prices to correct. Meanwhile, according to calculations by SXCOAL, the current Australian coal price, converted to a cost-and-freight basis at Chinese ports, represents a price inversion of nearly RMB 300/mt compared to domestic Chinese coking coal.

The 65-61 price spreads traded steadily this week with limited fluctuations. As of Monday, the MB65-P61 spread closed at $18.34/dmt, and the MB65-MB61 spread closed at $18.81/dmt.

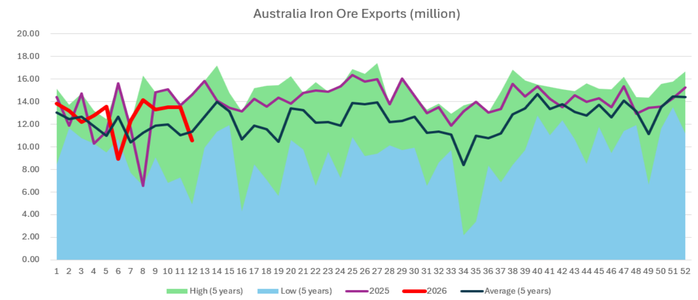
Towards the end of the month, the front-month/back-month spread narrowed slightly, affected by the rollover of the active contract positions. The SGX front-month spread narrowed modestly from $1.21/dmt to $0.93/dmt, while the DCE active contract spread for May/September narrowed from 34 yuan/dmt to 23.50 yuan/dmt.

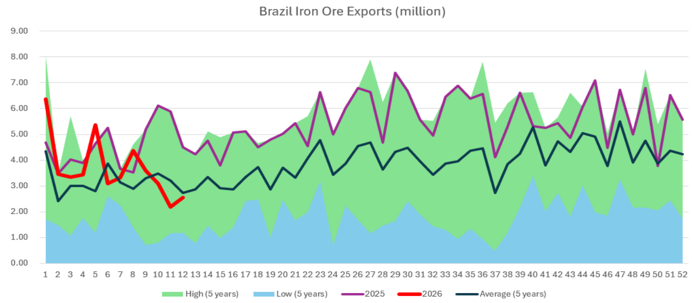
Our view for Iron ore is short-run Neutral. For coking coal FOB Australia is short-run Neutral.

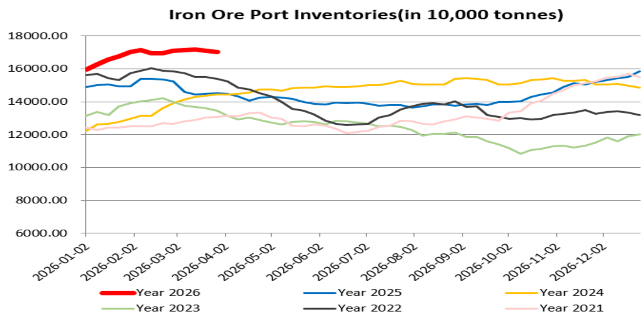


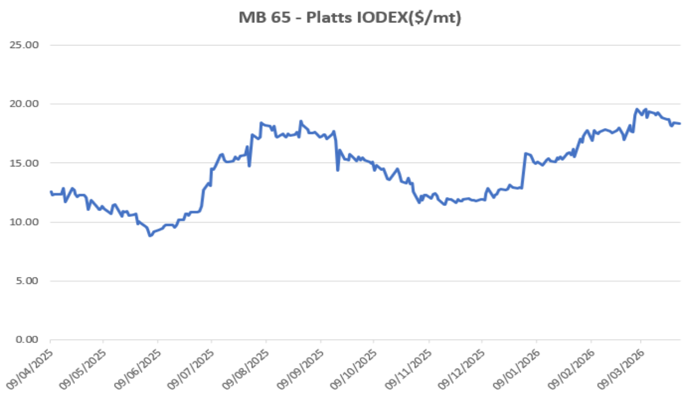
Iron Ore

	Last	Previous	% Change
Platts IODEX (Dollar/mt)	108.5	109.45	**-0.87%**
MB 65% Fe (Dollar/mt)	126.84	128.15	**-1.02%**
Capesize 5TC Index (Dollar/day)	23745	23131	**2.65%**
C3 Tubarao to Qingdao (Dollar/day)	30.205	30.545	**-1.11%**
C5 West Australia to Qingdao (Dollar/day)	10.98	11.65	**-5.75%**
Billet Spot Ex-Works Tangshan (Yuan/mt)	2960	2960	**0.00%**
SGX Front Month (Dollar/mt)	106.35	106.74	**-0.37%**
DCE Major Month (Yuan/mt)	820	836.5	**-1.97%**
China Port Inventory Unit (10,000mt)	17,187.52	17,117.86	**0.41%**
Australia Iron Ore Weekly Export (10,000mt)	1,034.00	1,909.00	**-45.84%**
Brazil Iron Ore Weekly Export (10,000mt)	829.00	549.00	**51.00%**









Iron Ore Key Points

- Due to the impact of the tropical cyclone Narelle, Australian iron ore shipments fell by more than 8 million tons last week. Although ports have resumed operations, some cargo wharves may remain inoperable due to damage to certain infrastructure.

- Previously, CMRG temporarily allowed steel mills to pick up Jimblebar fines from port stocks. As a result, total port inventories continued to edge down modestly. However, current port stocks remain at historically high levels and are expected to resume their accumulation trend in the future.

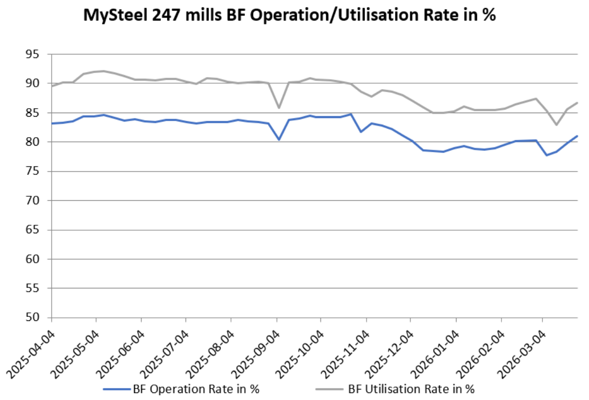
- The MB65-P61 spread traded steadily this week.

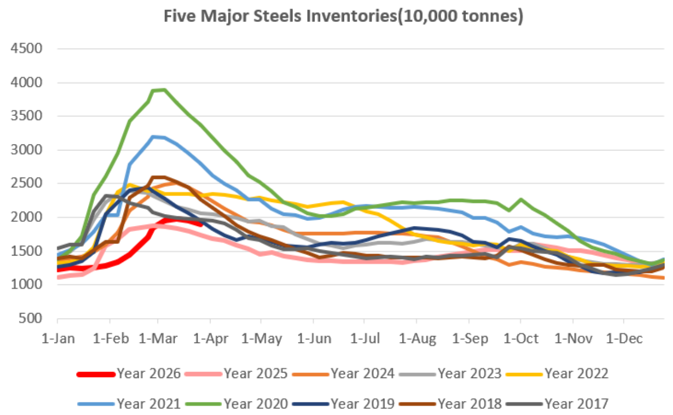
Data Sources: Bloomberg, Platts, Fastmarket, Mysteel,Kpler,FIS

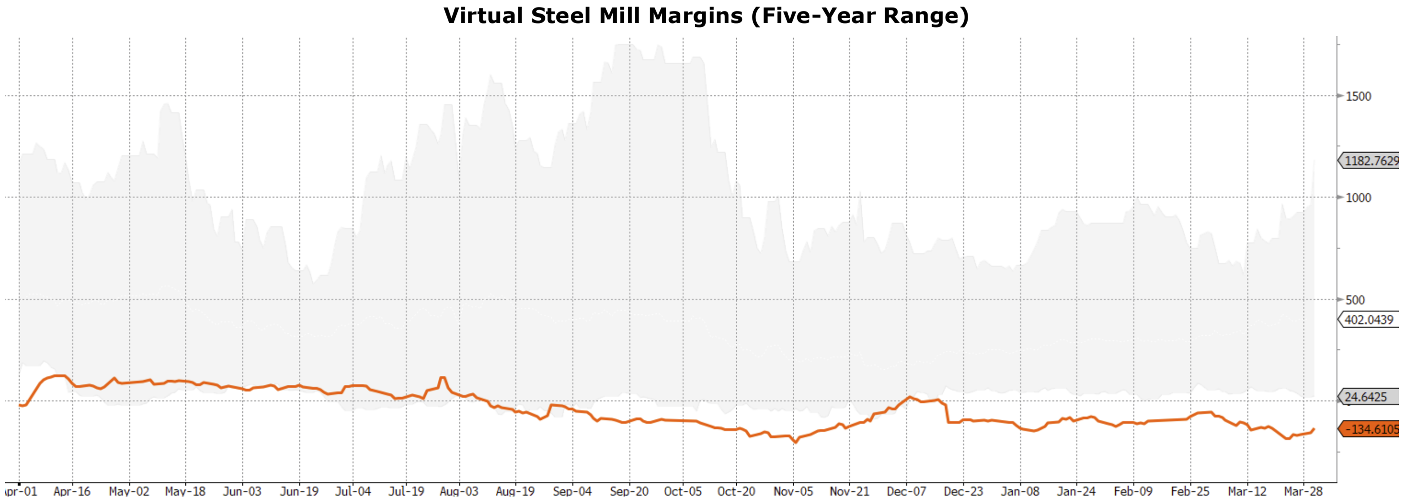
****Bloomberg exports data is subject to a one-week lag and may be subject to revision.***

Steel

	Last	Previous	% Change
US HRC Front Month (Dollar/mt)	1041	1012	2.87%
LME Rebar Front Month (Dollar/mt)	565	562	0.53%
SHFE Rebar Major Month (Yuan/mt)	3105	3123	-0.58%
China Hot Rolled Coil (Yuan/mt)	3298	3288	0.30%
Vitural Steel Mills Margin(Yuan/mt)	-135	-188	28.19%
China Five Major Steel Inventories Unit (10,000 mt)	1946	1975	-1.47%
Global Crude Steel Production Unit (1,000 mt)	76100	75300	1.06%
World Steel Association Steel Production Unit(1,000 mt)	141,800	147,300	-3.73%





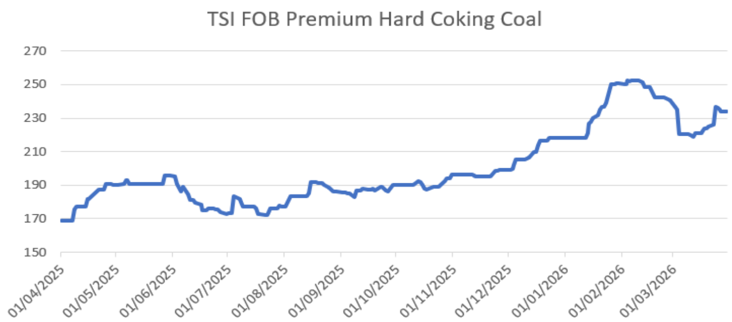


Data Sources: Bloomberg, MySteel, FIS

- Driven by cooling sentiment and falling prices in the coking coal market, the virtual steel mill margin has narrowing from -188 yuan/mt to -134 yuan/mt. However, given the persistent downturn in the real estate sector and disruptions to exports in the Middle East, steel prices continue to face headwinds.
- Blast furnace hot metal output increased as expected. According to Mysteel data, the average daily hot metal output stood at 2.31 million tonnes last week, an increase of 29,400 tonnes week-on-week. Compared to the same period last year, there is some room for further growth.

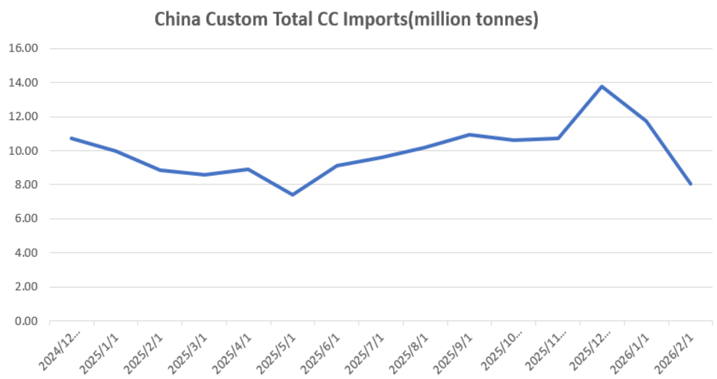
Coking Coal

	Last	Previous	% Change
TSI FOB Premium Hard Coking Coal (Dollar/mt)	234	226	**3.54%**
Coking Coal Front Month (Dollar/mt)	223.5	222	**0.68%**
DCE CC Major Month (Yuan/mt)	1129	1078.5	**4.68%**
Top Six Coal Exporter Weekly Shipment(Million mt)	1.34	3.72	**-63.98%**
China Custom total CC Import Unit mt	8,069,727	11,757,142	**-31.36%**



Coking Coal Key Points

- Due to the relatively shorter freight distance, Australian coal has a stronger market competitiveness compared to American coking coal. A cargo of PMV coking coal was transacted at $238/mt FOB last week, but the market has since turned quiet, with buyers generally showing low acceptance of high-priced resources.



- According to estimates by SXCOAL, the current price of Australian coal represents an inversion of approximately 300 yuan/mt compared to domestic Chinese coking coal prices.

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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