

# FIS Ferrous Weekly Report

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## 12/05/2026

- ⇒ **Iron ore IODEX CFR China:** Our view is short-run **Neutral**. The pace of destocking of iron ore at Chinese ports has slowed. Nevertheless, supported by post-holiday restocking demand and high freight rates, ore prices are expected to continue fluctuating within a narrow range at elevated levels in the near term.
- ⇒ **Rebar 25mm Shanghai:** Our view is short-run **Neutral**. Driven by low production, rebar inventories continue the downward trend. From a seasonal perspective, demand typically weakens after mid-to-late May, at which point prices may face some downward pressure.
- ⇒ **Hard Coking Coal FOB Australia** Our view is short-run **Neutral**. Prolonged shipment delays from the North Goonyella mine have led to tight market supply, supporting prices at relatively elevated levels. However, for end-users, the current price level remains too high.

Prices Movement	11-May	4-May	Changes %	Sentiment	
Platts IODEX CFR China(\$/MT)	112.35	108.55	+3.50%	Neutral	-
Rebar 25mm Shanghai (Yuan/MT)	3228	3199	+0.91%	Neutral	-
TSI FOB Premium Hard Coking Coal (\$/mt)	239.8	230.8	+3.90%	Neutral	-

### Ferrous Market:

On 6th May, Chinese participants returned to the market following the Labour Day holiday, and iron ore prices moved higher, tracking the broader financial market rally. At the same time, imported iron ore inventories at steel mills remain at relatively low levels, generating post-holiday restocking demand, which also provide some support to prices. According to Mysteel data, as of 8th May, imported iron ore stocks at steel mills stood at 87.67 million tons, a low for the year and a decrease of approximately 1.28 million tons from the previous month.

After iron ore prices climbed to a new year-to-date high mid-week, the market returned to a narrow rangebound pattern. On the supply side, following the lift of procurement restrictions on BHP’s resources, shipments of some of the miner’s mainstream fines have gradually returned to normal levels. Kpler data tracking shows that exports of Jimblebar fines accelerated in April. According to the same data source, Jimblebar fines production fell to 10.88 million tons in the first quarter of 2026, the lowest level in eight years and a 34% year-on-year decrease. In contrast, other BHP products saw a 14.6% year-on-year increase, reaching 50 million tons. Shipment patterns are expected to be gradually adjusted and optimised going forward. Moreover, with the end of the Australian fiscal year approaching at end-June, Australian miners typically accelerate shipments in May and June to meet their annual export targets.

Although the underlying fundamentals may turn looser later, high bunker fuel and freight costs provide strong downside support for iron ore prices. In the near term, ore prices are likely to remain elevated and fluctuate with macro market movements.

Affected by the holidays, apparent steel consumption declined significantly last week, with consumption of construction materials falling by approximately 500,000 metric tons month-on-month. In a context of both weak supply and weak demand, total steel inventories still saw modest destocking.

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

## Ferrous Market(Cont'd):

The traditional peak season for steel demand is now nearing its end. As China gradually enters the rainy season, demand is expected to weaken further. Given that this year's El Niño is expected to be relatively strong—potentially leading to earlier high temperatures and increased extreme precipitation—downstream construction site activity is likely to face greater challenges. Meanwhile, according to a Mysteel survey, as of May 10, the issuance of special-purpose bonds for project construction this year was down 4.7% year-on-year. This suggests that the funding support previously provided by front-loaded special bond issuance is also gradually diminishing. Although elevated raw material prices will provide some support to finished steel prices, steel prices are likely to face downward pressure as demand gradually cools.

Supported by rising domestic prices, steel mills have generally raised their export offers following the holiday. HRC offers at Tianjin Port were raised by \$8/mt to \$510/mt, while 150mm billet export offers stand at 485–490/mt, up approximately \$10/mt from pre-holiday levels. However, buyers have shown low acceptance of current price levels, and market transactions have been generally subdued.

Last week's global iron ore shipments surveyed by Mysteel reached 28.59 million tons, down 4.89 million tons WoW. Combined shipments from Australia and Brazil reached 22.92 million tons, down 4.60 million tons WoW, with Australian shipments at 18.23 million tons, down 0.43 million tons WoW and Brazilian shipments at 4.69 million tons, down 3.93 million tons WoW. China's 45-ports iron ore arrivals down 2.07 million tons WoW to 22.88 million tons. China's iron ore port inventories at 45 major ports decreased by 0.15 million tons WoW to 165.27 million tons, while daily port evacuation volumes decreased by 233,700 tons to 3.10 million tons. Australian iron ore shipments have remained broadly stable, while shipments from Brazil have fallen from recent highs. Overall shipments remain at seasonal levels. Port inventories of iron ore have continued to decline, though the pace of destocking has slowed notably. Based on vessel scheduling data, iron ore arrivals at Chinese ports are expected to increase in mid-to-late May. Combined with the seasonal weakening of downstream steel demand, port inventories may then resume their accumulation trend.

On the other hand, due to persistently high fuel and diesel prices, shipments from some small and medium sized miners have shown a clear decline. According to Kpler data, iron ore shipments from countries other than Australia and Brazil fell to 5.29 million tons in the previous week, the lowest weekly level in over a year.

Post-holiday liquidity in the seaborne market was sound, with BHP resources actively traded. During the week, four cargoes of MACF were transacted at a discount level of around \$1.40/dmt. Two cargoes of NHGF were sold at discounts of \$1.90/dmt and \$1.80/dmt respectively. Additionally, BHP sold two cargo of JMBF and one cargo of Jinbao fines. On the Vale front, one cargo of BRBF was transacted at a premium of +0.05 dmt and one cargo of IOCJ was sold at a premium of \$+0.05/dmt. After the week commenced, another cargo of BRBF was transacted at a fixed price of \$116.90/dmt. In the lump ore segment, although import margins narrowed following recent price gains, demand remained relatively stable. During the week, one cargo of NBL was transacted at a premium of +\$0.1777/dmtu.

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

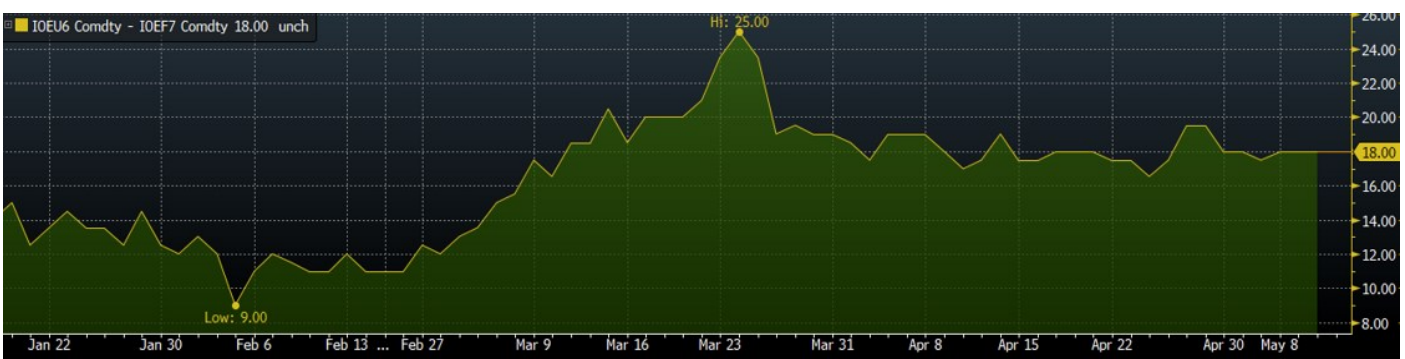
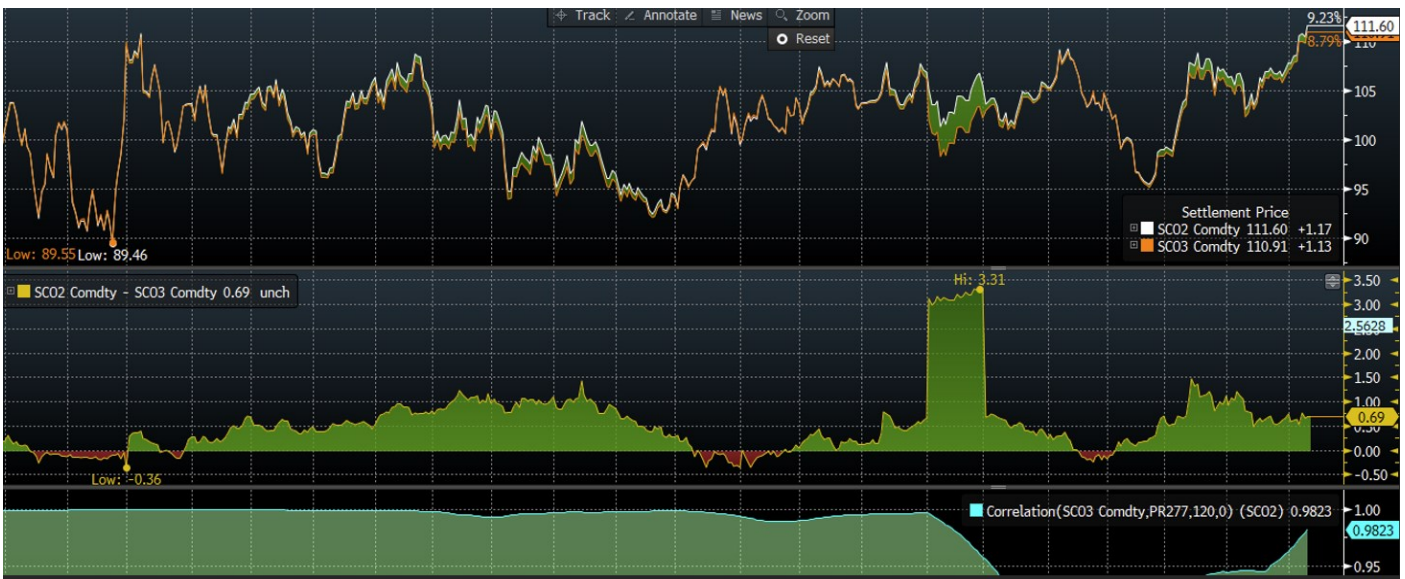
## Ferrous Market(Cont'd):

In the Australian coking coal market, a cargo of PMV Goonyella coking coal was transacted between a miner and an Asian trader at \$242.80/mt, pushing the index higher. Due to prolonged shipment delays from the North Goonyella mine, market supply remains tight, sustaining elevated price levels. Although Indian steel mills have some procurement demand ahead of the monsoon season, and the current hot weather is accelerating domestic coal consumption in India, the price of Australian coking coal remains too high for end users. At the same time, the price is equally unattractive to Chinese buyers. According to estimates by SXCOAL, the forward price of Australian coking coal, when converted to a cost-and-freight basis at domestic Chinese ports, still represents an inversion of more than 250 yuan/mt relative to domestic coking coal prices.

On May 6, the 61% Fe iron ore index rose sharply by \$3.5/dmt, causing the M65/P61 spread narrowed rapidly from about \$17/dmt to \$15.90/dmt before widening again. As of the time of writing, the M65/P61 spread closed at \$16.62/dmt, and the M65/M61 spread closed at \$17.09/dmt.

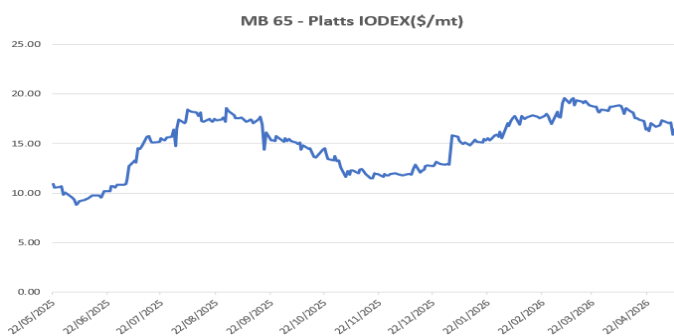
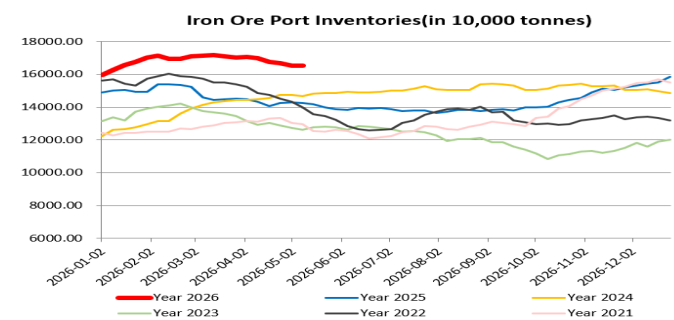
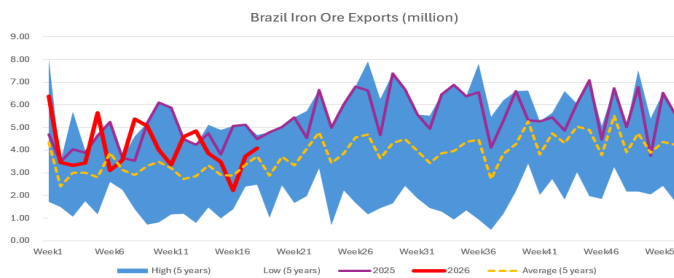
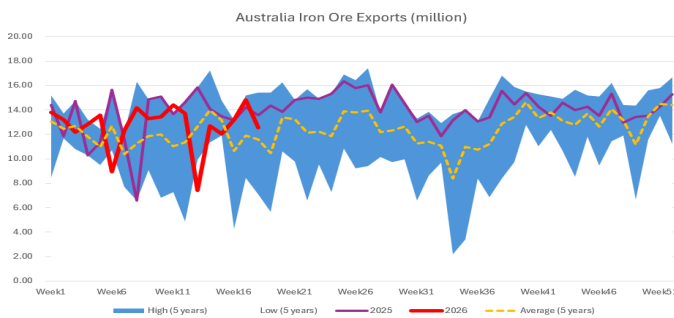
During the reporting week, the spreads traded within a narrow range. The SGX front/back month contract spread closed at \$0.69/dmt, while the DCE main contract September/January spread closed at 18.00 yuan/dmt.

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



# Iron Ore

	Last	Previous	% Change
<b>Platts IODEX (Dollar/mt)</b>	112.35	108.55	<b>3.50%</b>
<b>MB 65% Fe (Dollar/mt)</b>	128.97	125.6	<b>2.68%</b>
<b>Capesize 5TC Index (Dollar/day)</b>	41630	36828	<b>13.04%</b>
<b>C3 Tubarao to Qingdao (Dollar/day)</b>	35.614	35.05	<b>1.61%</b>
<b>C5 West Australia to Qingdao (Dollar/day)</b>	15.215	13.667	<b>11.33%</b>
<b>Billet Spot Ex-Works Tangshan (Yuan/mt)</b>	3100	3040	<b>1.97%</b>
<b>SGX Front Month (Dollar/mt)</b>	110.99	108.34	<b>2.45%</b>
<b>DCE Major Month (Yuan/mt)</b>	840.5	814.5	<b>3.19%</b>
<b>China Port Inventory Unit (10,000mt)</b>	16,526.71	16,541.80	<b>-0.09%</b>
<b>Australia Iron Ore Weekly Export (10,000mt)</b>	1,823.30	1,865.90	<b>-2.28%</b>
<b>Brazil Iron Ore Weekly Export (10,000mt)</b>	468.70	886.00	<b>-47.10%</b>



## Iron Ore Key Points

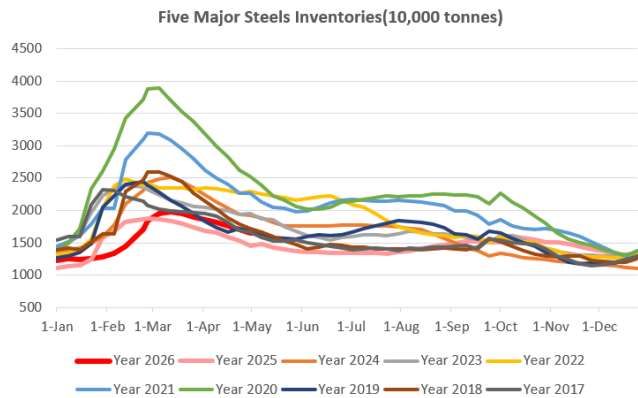
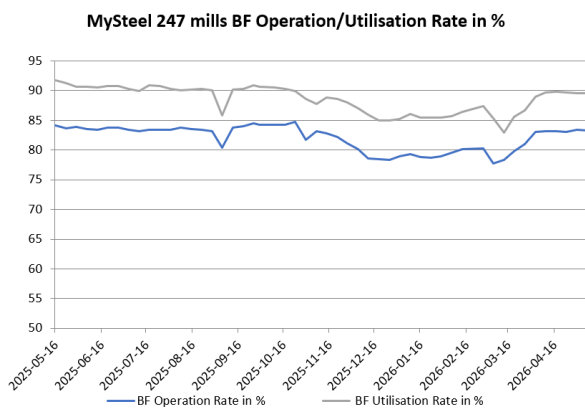
- Last week, iron ore shipments from Brazil fell back from elevated levels, though global shipment volumes remained at seasonal norms. In the seaborne market, BHP resources traded actively. As the end of Australia's financial year in June approaches, miners may ramp up shipments to meet annual targets.
- Imported iron ore inventories at Chinese ports have continued the destocking trend that began in April. However, based on vessel scheduling data, arrivals are likely to increase in mid-to-late May. Coupled with the seasonal weakening of downstream steel demand, port inventories may then resume their accumulation trend.
- The MB65-P61 spread once narrowed to \$15.90/dmt, before widening again.

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

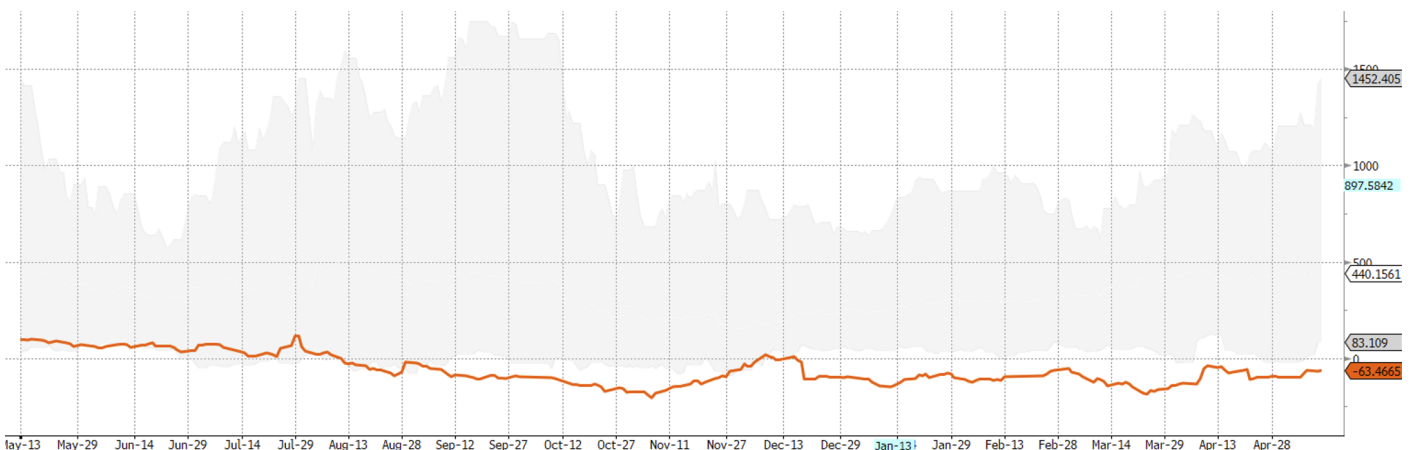
*\*Bloomberg exports data is subject to a one-week lag and may be subject to revision.*

# Steel

	Last	Previous	% Change
<b>US HRC Front Month (Dollar/mt)</b>	1078	1084	<b>-0.55%</b>
<b>LME Rebar Front Month (Dollar/mt)</b>	600	605	<b>-0.83%</b>
<b>SHFE Rebar Major Month (Yuan/mt)</b>	3170	3112	<b>1.86%</b>
<b>China Hot Rolled Coil (Yuan/mt)</b>	3487	3398	<b>2.62%</b>
<b>Vitural Steel Mills Margin(Yuan/mt)</b>	-63	-94	<b>32.98%</b>
<b>China Five Major Steel Inventories Unit (10,000 mt)</b>	1647	1648	<b>-0.06%</b>
<b>Global Crude Steel Production Unit (1,000 mt)</b>	87000	76100	<b>14.32%</b>
<b>World Steel Association Steel Production Unit(1,000 mt)</b>	159,900	141,800	<b>12.76%</b>



## Virtual Steel Mill Margins (Five-Year Range)

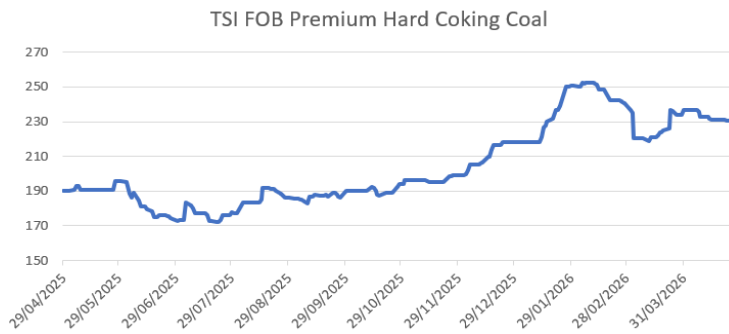


**Data Sources: Bloomberg, MySteel, FIS**

- Under the condition of both weak supply and weak demand, rebar continued its destocking trend with firm prices . The virtual steel mill margin narrowed from -93 yuan/mt to -63 yuan/mt.
- The average daily hot metal output from blast furnaces continues to stabilize at around 2.39 million metric tons. As the traditional peak season for steel demand comes to an end in mid-to-late May, blast furnace utilization rates are expected to edge down slightly.

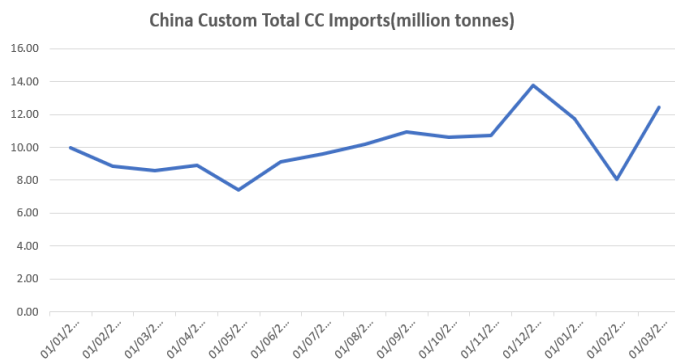
# Coking Coal

	Last	Previous	% Change
<b>TSI FOB Premium Hard Coking Coal (Dollar/mt)</b>	239.8	230.8	<b>3.90%</b>
<b>Coking Coal Front Month (Dollar/mt)</b>	238	232.66	<b>2.30%</b>
<b>DCE CC Major Month (Yuan/mt)</b>	1150	1115.5	<b>3.09%</b>
<b>Top Six Coal Exporter Weekly Shipment(Million mt)</b>	4.51	5.66	<b>-20.32%</b>
<b>China Custom total CC Import Unit mt</b>	12,423,581	8,069,727	<b>53.95%</b>



## Coking Coal Key Points

- An international trader has taken a high-priced cargo, with a shipment of PMV Goonyella coking coal transacted at \$242.80/ton, while Indian end-users still show little acceptance of the elevated price levels.
- According to estimates by SXCOAL, the current forward price of Australian coal represents an inversion of more than 250 yuan/mt relative to domestic coal prices. Against a backdrop of ample supplies from both domestic and Mongolian sources, the attractiveness of seaborne coking coal remains very limited.



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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