

# FIS Ferrous Weekly Report

info@freightinvestor.com | freightinvestorservices.com | (+65) 6535 5189

## 02/06/2026

- ⇒ **Iron ore IODEX CFR China:** Our view is short-run **Neutral**. Fundamentals are turning looser, putting downward pressure on iron ore prices, driven by shipment rushes of iron ore from Australia and Brazil, along with downstream steel entering the off-season. However, high freight costs continue to provide some support.
- ⇒ **Rebar 25mm Shanghai:** Our view is short-run **Neutral**. The pace of rebar destocking has slowed further, but due to recent tight domestic coking coal supply, steel prices have been pushed higher by cost-side factors.
- ⇒ **Hard Coking Coal FOB Australia** Our view is short-run **Neutral**. The Australian coking coal market remains illiquid. Most buyers prefer to make small spot replenishments.

Prices Movement	25-May	18-May	Changes %	Sentiment	
Platts IODEX CFR China(\$/MT)	106.80	108.45	-1.52%	Neutral	-
Rebar 25mm Shanghai (Yuan/MT)	3260	3252	+0.24%	Neutral	-
TSI FOB Premium Hard Coking Coal (\$/mt)	241.0	240.0	+0.42%	Neutral	-

### Ferrous Market:

During the reporting week, iron ore prices traded in a range-bound manner with a weakening bias, mainly weighed down by expectations of weakening fundamentals and a sharp rise in coal prices. On the supply side, Australian miners accelerated their shipment pace ahead of the end of the financial year. Meanwhile, with the impact of seasonal rainfall diminishing, Brazilian shipments also remained elevated, keeping iron ore supply relatively strong. On the demand side, downstream steel has gradually entered the traditional off-season for consumption, with demand trending lower. According to forecasts by the China Meteorological Administration, the probability of a strong El Niño event this year is increasing. Areas south of the Yangtze River may experience above-normal rainfall in summer and autumn, and temperatures are expected to be higher than average across most of the country. This could further exacerbate the adverse impact on downstream construction site activity.

At the same time, due to the accident at a coal mine in Shanxi, safety inspections at mines have tightened, and most coal mines remain suspended. According to data from the SXCOAL, as of May 29, raw coal output from sample coal mines in the Shanxi region fell by 1.18 million metric tons. As a result, coke prices have performed strongly, with coke producers initiating a fifth round of price hikes. Steel mill profit margins have consequently been squeezed, putting downward pressure on iron ore prices. Additionally, mid-last week market sources suggested that traders had released additional Jimblebar fines resources into the spot market.

On the other hand, high freight rates continue to provide some underlying support to iron ore prices. On May 28, the freight rate on the C5 route (Western Australia to Qingdao) closed at \$16.87/mt, the highest level since October 2021.

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

## Ferrous Market(Cont'd):

Rebar continued its destocking trend, though the pace of destocking slowed further, with off-season pattern gradually emerging. On the news front, the "15th Five-Year Plan" urban renewal document recently issued by the State Council provided some support to market sentiment. However, the persistent funding shortage continues to weigh on demand for construction steel. According to the National Bureau of Statistics, the new orders index for the construction sector stood at 43.5 in May, a slight increase from the previous month but still remaining in contraction territory. Based on a summary by Mysteel, as of May 31, the cumulative issuance progress of new special purpose bonds nationwide had reached 34.0% of the 2026 annual quota, which is 3.2 percentage points slower than the same period last year. The year-on-year shortfall has persisted for three consecutive weeks, with the gap gradually widening. Moreover, the portion of new special purpose bonds designated for project construction recorded a cumulative year-on-year decline of 11.8%.

On the export front, according to Kallanish, billet trade between China and ASEAN has been sluggish. Driven by cost-side disruptions that have pushed up domestic steel futures prices, Chinese mills have maintained firm offers for steel billet exports. With Asia entering the rainy season, overseas buyers have become increasingly cautious and are largely adopting a wait-and-see stance.

Last week's global iron ore shipments surveyed by Mysteel reached 33.74 million tons, down 4.28 million tons WoW. Combined shipments from Australia and Brazil reached 28.26 million tons, down 3.07 million tons WoW, with Australian shipments at 19.46 million tons, down 2.59 million tons WoW and Brazilian shipments at 8.81 million tons, down 0.48 million tons WoW. China's 45-ports iron ore arrivals up 1.44 million tons WoW to 25.66 million tons. China's iron ore port inventories at 45 major ports decreased by 0.05 million tons WoW to 163.96 million tons, while daily port evacuation volumes decreased by 24,100 tons to 3.22 million tons. Iron ore shipments from Australia and Brazil, though slightly lower, remain at elevated levels overall. Port inventories continued to edge down, but over the entire steel peak season they fell by only around 8 million tons and are still approximately 18% higher than a year earlier. Based on recent shipment volume and shipping schedules, port inventories are likely to resume growth over the coming weeks.

Due to holidays in several countries and regions last week, trading volume in the seaborne market declined compared with previous periods. Several fixed-price transactions were concluded during the week, including one cargo of PBF at \$105.15/dmt, one cargo of BRBF at \$110.60/dmt, and one cargo of MACF at \$102.80/dmt. In addition, one cargo of JMBF was transacted at a discount of -\$6.20/dmt. In the low-grade fines segment, one cargo of SSF was transacted at a discount of -15.08%, based on the July index. Although interest in low-grade fines has improved recently as steel mill profit margins have been compressed, ample spot availability of low-grade fines has led to a further widening of discounts.

Lump ore continued to perform strongly. During the week, two cargoes of PBL were transacted at premiums of \$0.63/dmt and \$0.71/dmt, respectively, both based on the July LP index. Additionally, two cargoes of NBL were transacted at a premium of \$0.1906/dmtu.

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

## Ferrous Market(Cont'd):

The Australian coking coal market was quiet overall this week. Potential buyers remain uninterested in high-priced PHCC. Current steel mill profit margins in India are modest, which weighs on demand for coking coal. Meanwhile, against the backdrop of a weaker Indian rupee, buyers continue to show very low acceptance of high-priced seaborne resources, replenishing mainly through small-lot spot purchases. The overall situation remains largely unchanged from previous weeks.

Recently, market attention has focused more on Chinese buyers. Driven by the domestic coal mine accident, coking coal prices in China have risen rapidly. However, for metallurgical coking coal, the supply gap is more likely to be filled by Mongolian coal. Since the price of Australian PHCC still shows a significant inversion, Chinese buyer interest has not rebounded. In contrast, there is some demand for LVHCC, which is more competitively priced. Mid-week, a 75,000-tonne cargo of Carborough Downs coking coal was transacted at \$185/mt FOB Australia, with a CFR China price of approximately \$206.90/mt.

Iron ore traded in a range-bound manner during the week, with the M65/P61 spread fluctuating within a narrow range. As of the time of writing this report, the M65/P61 spread closed at \$16.69/dmt, and the M65/M61 spread closed at \$16.71/dmt.

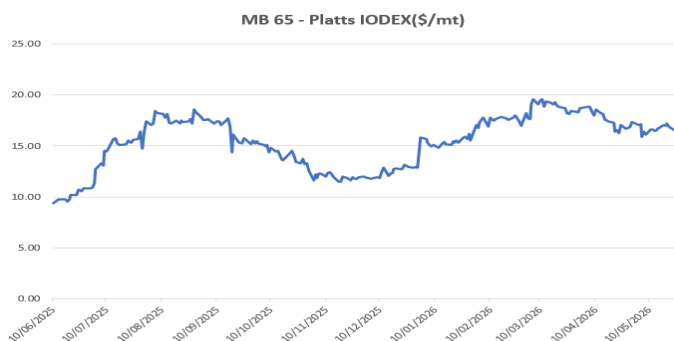
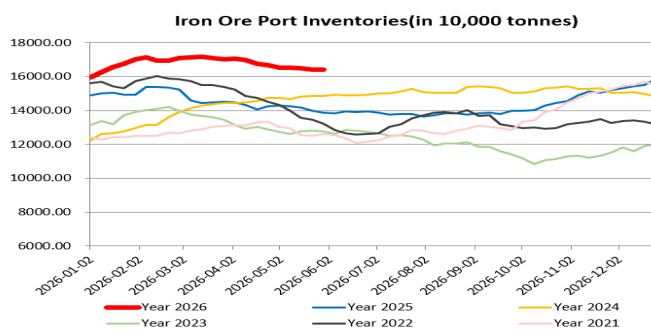
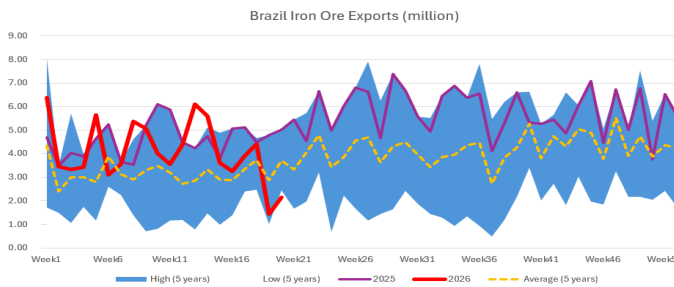
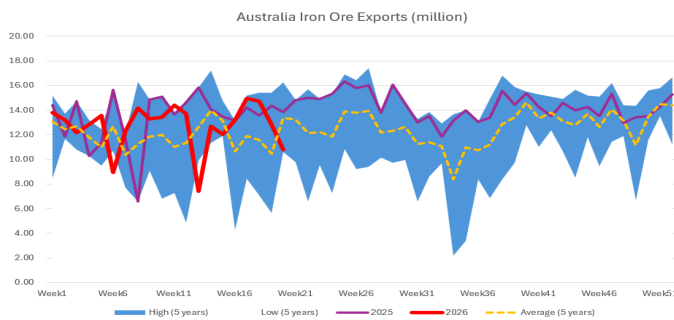
Front month contracts are under pressure, with the SGX front-month contract spread narrowing to \$0.11/dmt, while the DCE main contract September/January spread narrowed slightly to 18 yuan/dmt.

**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>	105.3	106.8	<b>-1.40%</b>
<b>MB 65% Fe (Dollar/mt)</b>	121.89	122.99	<b>-0.89%</b>
<b>Capesize 5TC Index (Dollar/day)</b>	46346	43602	<b>6.29%</b>
<b>C3 Tubarao to Qingdao (Dollar/day)</b>	37.645	36.923	<b>1.96%</b>
<b>C5 West Australia to Qingdao (Dollar/day)</b>	16.39	16.29	<b>0.61%</b>
<b>Billet Spot Ex-Works Tangshan (Yuan/mt)</b>	3010	3040	<b>-0.99%</b>
<b>SGX Front Month (Dollar/mt)</b>	108.82	109.00	<b>-0.17%</b>
<b>DCE Major Month (Yuan/mt)</b>	793.5	811.5	<b>-2.22%</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>	1,945.60	2,204.60	<b>-11.75%</b>
<b>Brazil Iron Ore Weekly Export (10,000mt)</b>	880.60	928.10	<b>-5.12%</b>



## Iron Ore Key Points

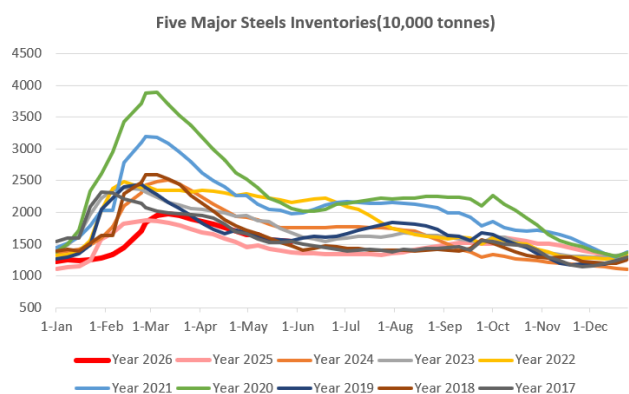
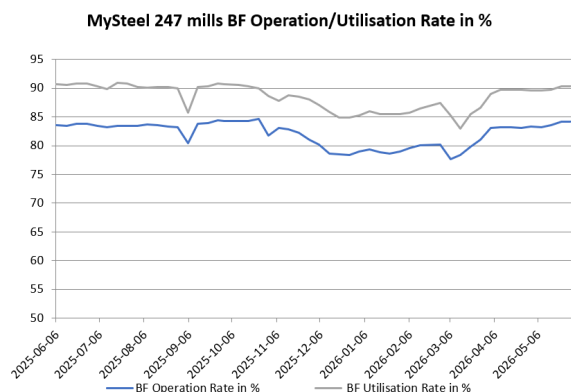
- Iron ore shipments from Australia and Brazil declined slightly. However, driven by the end-of-financial-year shipment rush from Australian mines and reduced rainfall in Brazilian mining areas, overall volumes remained elevated.
- Port inventories of iron ore continued the destocking trend, albeit with a very limited decline. Downstream steel demand is about to enter a seasonal weakening period, while current port inventories remain approximately 18% higher than the same period last year. Taking recent shipment schedules into account, port inventories are likely to resume an upward trend.
- The MB65-P61 closed at \$16.69/dmt.

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

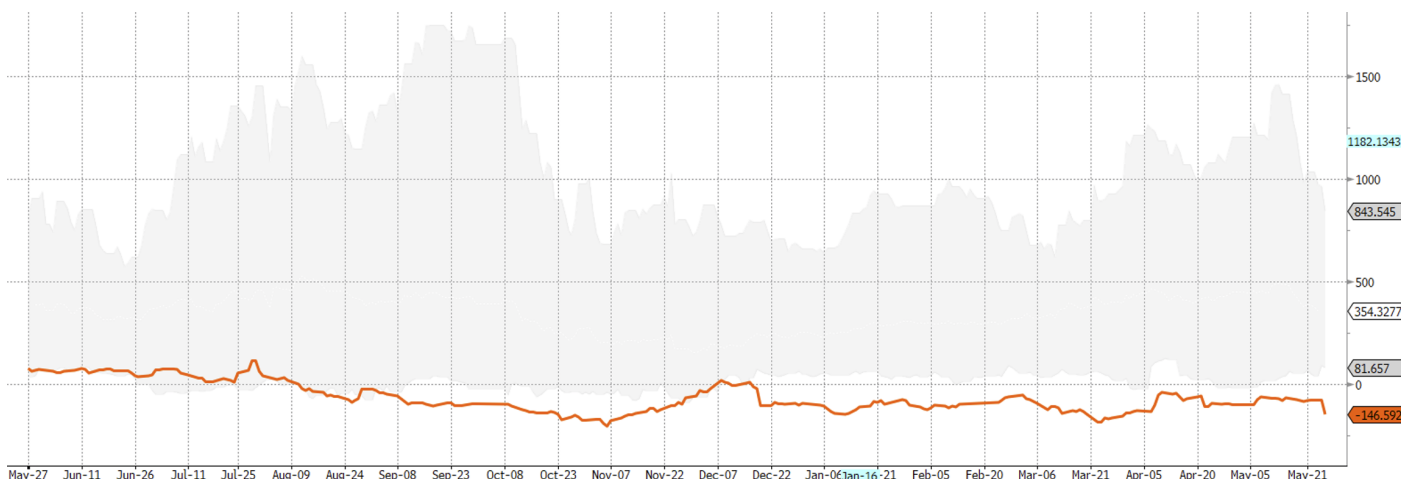
*\*Bloomberg exports data is subject to a one-week lag and may be subject to revision.*

# Steel

	Last	Previous	% Change
<b>US HRC Front Month (Dollar/mt)</b>	1123	1080	<b>3.98%</b>
<b>LME Rebar Front Month (Dollar/mt)</b>	590.66	592	<b>-0.23%</b>
<b>SHFE Rebar Major Month (Yuan/mt)</b>	3054	3146	<b>-2.92%</b>
<b>China Hot Rolled Coil (Yuan/mt)</b>	3411	3413	<b>-0.06%</b>
<b>Vital Steel Mills Margin(Yuan/mt)</b>	-147	-140	<b>-5.00%</b>
<b>China Five Major Steel Inventories Unit (10,000 mt)</b>	1544	1557	<b>-0.83%</b>
<b>Global Crude Steel Production Unit (1,000 mt)</b>	83600	87000	<b>-3.91%</b>
<b>World Steel Association Steel Production Unit(1,000 mt)</b>	153,400	159,900	<b>-4.07%</b>



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

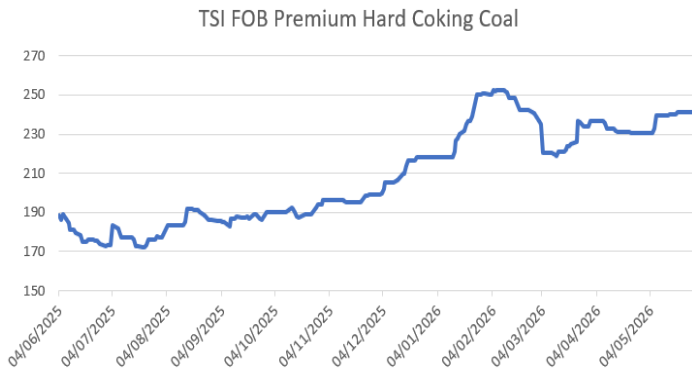


**Data Sources: Bloomberg, MySteel, FIS**

- Supply-side disruptions in the coking coal market continue to affect the market. The latest survey results from Mysteel show that 87 coal mines in Shanxi Province remain suspended, with a total capacity of 92 million metric tons. Raw material prices have been trading on the strong side, driving the virtual steel mill margin down from -140 yuan/mt to -147 yuan/mt.
- Steel mill profitability remains healthy, with average daily hot metal output from blast furnaces edging up week-on-week to 2.41 million metric tons. However, off-season patterns in the downstream steel market are gradually emerging, and rising coal prices are rapidly squeezing profit margins. As a result, hot metal output may face a decline going forward.

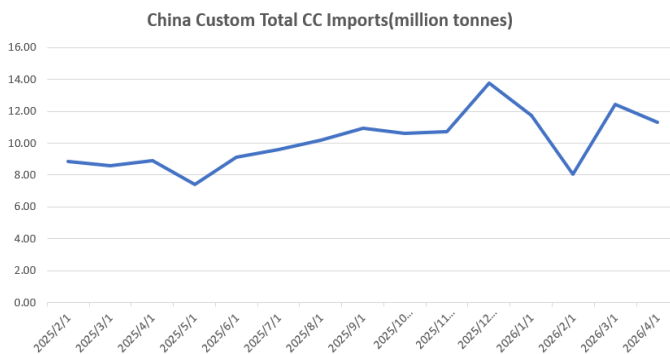
# Coking Coal

	Last	Previous	% Change
<b>TSI FOB Premium Hard Coking Coal (Dollar/mt)</b>	240	241	<b>-0.41%</b>
<b>Coking Coal Front Month (Dollar/mt)</b>	238.97	239	<b>-0.01%</b>
<b>DCE CC Major Month (Yuan/mt)</b>	1147	1050	<b>9.24%</b>
<b>Top Six Coal Exporter Weekly Shipment(Million mt)</b>	3.38	4.97	<b>-31.99%</b>
<b>China Custom total CC Import Unit mt</b>	11,300,446	12,423,581	<b>-9.04%</b>



## Coking Coal Key Points

- In the Australian coking coal market, Indian buyers remain resistant to high-priced PHCC. Against a backdrop of modest steel mill profitability, significant procurement volumes are unlikely to materialize unless coal prices or freight rates see a notable decline.
- Due to supply curtailment driven by safety inspections, domestic coking coal prices have risen. However, a significant price inversion persists between Australian PHCC and domestic coal. Meanwhile, Chinese buyers have shown some interest in discounted LVHCC.



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.

Written by **Yifan Zhuang**,  
FIS Research Analyst  
yifanz@freightinvestor.com