FIS

Daily Virtual Steel Mill Report

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Verdict:

- Our view is Short-run Neutral

Macro:

- Iran has stated that an agreement with Oman regarding the passage of commercial vessels through the Strait of Hormuz is nearing finalization. At present, both the southern route through Omani territorial waters and the northern route within Iran's territorial waters are closed. Under the newly designated shipping lane, commercial vessels will navigate through Iranian territorial waters for part of their transit into and out of the Strait of Hormuz. However, this new lane is also a temporary measure and is expected to remain in use for approximately two to four months.

Iron Ore Key Indicators:

- Platts IODEX 93.75 +0.55, MTD $93.55. The negative sentiment stemming from macro factors in the iron ore market has gradually been digested, and prices rebounded modestly yesterday. As prices recovered, speculative buying interest in the seaborne market decreased, and liquidity for fines slowed. Lump ore continued to receive support from relatively tight portside supply, with one cargo of NBL transacted yesterday at a premium of $0.2495/dmtu.

SGX Iron Ore IODEX Futures& Options Open Interest (Aug 5th)

- Futures 129,329,800 tons (Increase 1,780,700 tons)
- Options 158,454,000 tons (Increase 2,762,200 tons)

Steel Indicators:

- Mysteel: This week, the average hot metal cost and the average billet cost at mainstream sample steel mills in Tangshan declined slightly, as raw material prices softened and costs edged down. Compared with the TS billet price of 2,930 yuan/ton, steel mills still experience losses at elevated levels.

Coking Coal and Coke Indicators:

- Following the recent consecutive pullback, liquidity in the Australian coking coal market has improved. Yesterday, a miner sold a 75,000tonne cargo of PLV Peak Downs coking coal at $216.58/mt FOB Australia. Separately, market sources indicate that a Chinese trader has purchased a 75,000tonne cargo of PMV Moranbah North coking coal at $207/mt FOB Australia.

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