FIS

FERROUS WEEKLY REPORT

04 Aug 2026

info@freightinvestor.com | freightinvestorservices.com | fis-live.com
London (+44) 20 7090 1120 | Dubai (+971) 4 4493900 | Singapore (+65) 6535 5189 | Shanghai (+86) 21 6335 4002

Ferrous Market:

- **Iron ore IODEX CFR China**: Our view is short-run **Neutral to Bearish.** Macro factors, combined with blast furnace production cuts driven by widening losses at steel mills, have weakened fundamental support for raw material demand. As a result, iron ore prices have dropped notably and are expected to remain under pressure in the near term.

- **Rebar 25mm Shanghai**: Our view is short-run **Neutral to Bearish**. The active rebar futures contract declined as OI increased, hitting a new low since March, with overall market sentiment remaining depressed. Although voluntary production cuts by steel mills may help slow the pace of inventory accumulation, current fundamentals remain insufficient to provide effective support to prices.

- **Hard Coking Coal FOB Australia:** Our view is short-run **Neutral to Bearish.** Although some speculative buying interest has emerged in the market, the overall oversupply situation is unlikely to improve. Some sellers have actively lowered offers to compete for sales, and prices may have further room to decline in the near term.

Prices Movement:

	04 Aug	27 Jul	Changes %	FIS Sentiment	
Platts IODEX CFR China($/MT)	93.70	97.10	-3.50%	Neutral to Bearish	-
Rebar 25mm Shanghai (Yuan/MT)	3090	3113	-0.73%	Neutral to Bearish	-
TSI FOB Premium Hard Coking Coal ($/mt)	214.0	221.5	-3.39%	Neutral to Bearish	-

Commentary:

Iron ore prices declined notably during the reporting week. Although pressure from loose fundamentals persisted, prices continued to fluctuate within a narrow range earlier in the week. However, prices fell by more than $2/dmt in a single day on Thursday, hitting a more-than-one-year low. In terms of drivers, no significant changes occurred in the fundamentals; the decline was largely driven by macroeconomic headwinds weighing on the ferrous complex.

The Federal Reserve's July FOMC meeting kept interest rates unchanged, but market expectations of a September rate hike remained strong. According to the CME FedWatch Tool, market participants priced in approximately a 70% probability of a cumulative 25bp rate hike by the Federal Reserve in September, dampening sentiment in the broader commodities market. At the same time, the domestic Politburo meeting did not release any stimulus policy signals beyond market expectations, further affecting market confidence.

From a fundamental perspective, the average daily hot metal output of sample steel mills declined further by 21,500 tonnes week-on-week to 2.356 million tonnes last week, according to Mysteel data. The decline in production was largely in line with market expectations, as the Tangshan area faced production restrictions during the meeting period. A modest rebound in output is expected this week. However, with more than 60% of steel mills currently in loss-making territory and steel demand unlikely to show significant improvement in the first half of August, mills' willingness to cut production voluntarily remains relatively strong.

On balance, as bearish macroeconomic sentiment is gradually digested, iron ore prices may see opportunities for a modest rebound. However, against a backdrop of weak supply-demand fundamentals, resistance to the upside remains significant, and the room for any near-term increase is very limited.
Freight rates on the major iron ore routes, C3 and C5, have remained relatively stable. After a significant correction earlier, current freight rates remain elevated compared with the same period in previous years.

Bloomberg, Platts, Fastmarket, Mysteel,Kpler,FIS

Last week's global iron ore shipments surveyed by Mysteel reached 33.40 million tonnes, up 2.55 million tonnes WoW. Combined shipments from Australia and Brazil reached 27.37 million tonnes, up 2.57 million tonnes WoW, with Australian shipments at 17.35 million tonnes, up 1.43 million tonnes WoW, and Brazilian shipments at 9.82 million tonnes, up 1.81 million tonnes WoW. China's iron ore arrivals at 45 ports rose by 7.06 million tonnes WoW to 31.00 million tonnes. China's iron ore port inventories at 45 major ports increased by 2.67 million tonnes WoW to 165.90 million tonnes, while daily port evacuation volumes decreased by 4,900 tonnes to 3.23 million tonnes. Australian and Brazilian iron ore shipments continued to follow seasonal patterns. On the news front, BHP workers have scheduled a new round of strikes for 8–9 August, during which loading operations at the port will be suspended. This is expected to cause intermittent disruption to the pace of Australian iron ore shipments.

Over the past week, liquidity in the seaborne market was moderate, with transactions concentrated in fixed-price mainstream medium-grade fines. On Tuesday, the market recorded one cargo of NHGF and one cargo of BRBF, transacted at $97.05/dmt and $103.40/dmt, respectively. On Wednesday, one cargo of MACF was transacted at $96.60/dmt. On Thursday, iron ore prices declined and primary market trading was active. One cargo of MACF was transacted at $95.20/dmt, and two cargoes of PBF were transacted at $94.70/dmt and $95.00/dmt, respectively. Subsequently, a cargo of PBF was offered at $95.30/dmt, but no matching transaction was concluded. On Friday, the market turned quiet, with only one cargo of JMBF transacted at a discount of $4.10/dmt. Entering this week, as the market declined further, trading activity in the seaborne market picked up. Rio Tinto concluded two cargoes of PBF, while BHP sold one cargo of MACF and one cargo of NHGF.

In the lump ore segment, prices remained firm, supported by continued declines in port inventories. In the middle of the week, one cargo of PBL was transacted at a premium of $2.36/dmt, while one cargo of NBL was concluded at a premium of $0.2411/dmtu, driving lump ore premiums higher. Subsequently, another cargo of NBL was transacted at a premium of $0.2388/dmtu.

Australian PHCC prices declined by nearly $7/mt over the week. Although speculative enquiries increased following the previous successive pullbacks, available supply remains ample. With end-user demand from both China and India remaining persistently weak, the supply-demand imbalance has yet to improve effectively.

In the Chinese market, steel mill losses have widened further and hot metal output has declined for consecutive weeks, weakening fundamental support for raw material demand. At the same time, the second round of domestic coke price cuts has been initiated, and the price advantage of seaborne coal over domestic coking coal is expected to narrow gradually. According to Mysteel data, imported coking coal inventories at major Chinese ports increased significantly by approximately 550,000 tonnes week-on-week to 7.25 million tonnes last week, further dampening Chinese buyers' willingness to procure seaborne resources.

In India, the monsoon season continues to weigh on demand, with some steel mills still undergoing maintenance, while post-monsoon restocking demand will take time to materialise. According to a Platts report, traders indicated that, apart from term contracts, India's spot demand for Australian coking coal amounts to at most around two Panamax-sized cargoes, which can be met through spot purchases. Two Indian steel mills have already stated that they have sufficient PHCC supply for the next two months and have no additional procurement plans at present. On the supply side, production from PMV mines such as Centurion and Moranbah North in Australia is likely to recover as scheduled, which will further exacerbate the oversupply situation. On balance, the loose supply-demand balance in the Australian coking coal market is unlikely to improve significantly in the near term, and prices still have further downside potential.

In terms of specific transactions, early last week a miner sold a 75,000-tonne cargo of PMV Goonyella coking coal at $221.50/mt FOB Australia, equivalent to approximately $236.70/mt CFR China. In addition, a trader concluded a transaction with a Chinese end-user for a cargo of PLV coking coal at $224/mt, representing a discount to the Platts settlement price; the corresponding implied Platts PLV price was approximately $238.30/mt CFR China. However, as available supply in the market remains ample, buyers' target prices subsequently moved lower. An offer for a 75,000-tonne cargo of PMV coking coal was heard at $219/mt FOB Australia, while buyer indications were only in the $210–215/mt range, with no transaction concluded.

The M65/P61 spread traded within a narrow range this week. At the time of writing, the M65/P61 spread stood at $16.52/dmt, while the M65/M61 spread stood at $17.02/dmt.

After the contract rollover was completed, the SGX near-month contract spread narrowed from -$0.26/dmt to -$0.04/dmt. The DCE active contract is about to roll from September to January, with the September–January spread narrowing to 8 yuan/dmt.

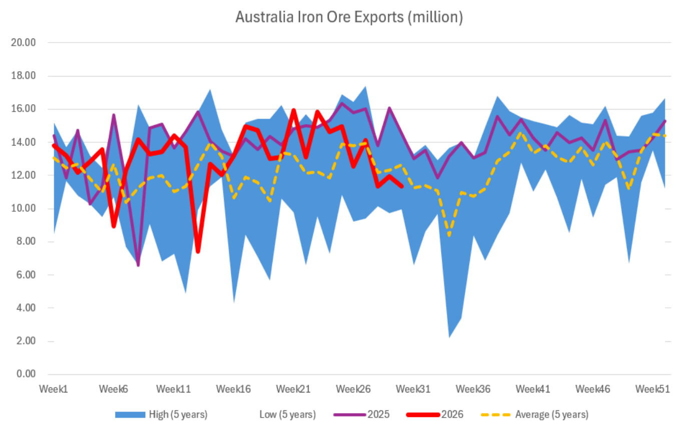
Our view on iron ore is short-run Neutral to Bearish. Our view on coking coal FOB Australia is short-run Neutral to Bearish.

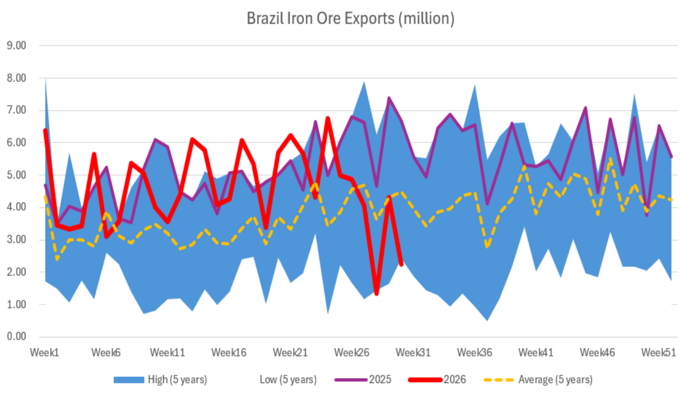
Bloomberg, Platts, Fastmarket, Mysteel,Kpler,FIS

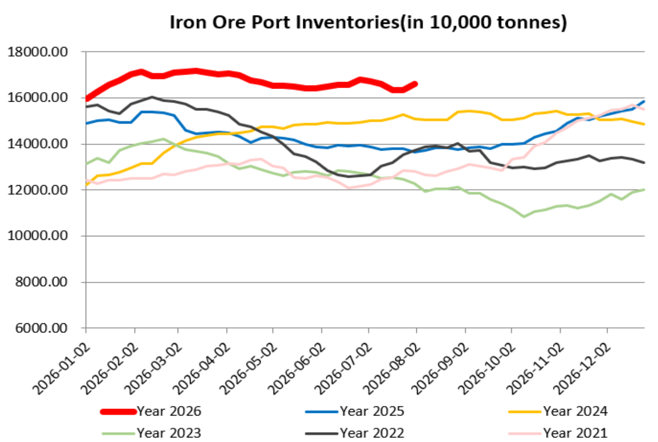
Iron Ore

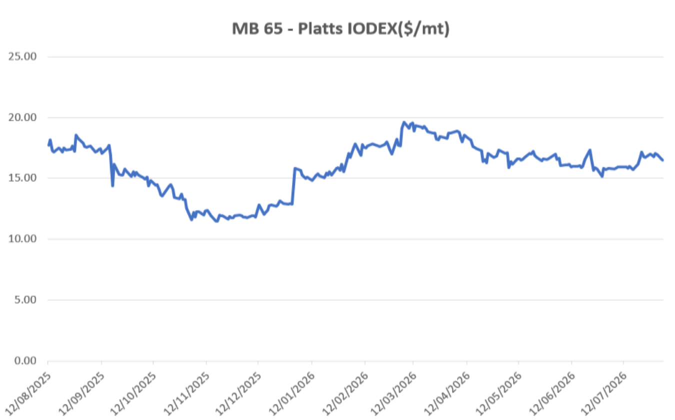
	Last	Previous	% Change
Platts IODEX (Dollar/mt)	93.7	97.1	-3.50%
MB 65% Fe (Dollar/mt)	110.22	114.12	-3.42%
Capesize 5TC Index (Dollar/day)	37892	34587	9.56%
C3 Tubarao to Qingdao (Dollar/day)	34.81	34.36	1.31%
C5 West Australia to Qingdao (Dollar/day)	14.445	12.625	14.42%
Billet Spot Ex-Works Tangshan (Yuan/mt)	2920	2960	-1.35%
SGX Front Month (Dollar/mt)	95.88	98.15	-2.31%
DCE Major Month (Yuan/mt)	718.5	743	-3.30%
China Port Inventory Unit (10,000mt)	16,590.34	16,323.43	1.64%
Australia Iron Ore Weekly Export (10,000mt)	1,735.20	1,672.10	3.77%
Brazil Iron Ore Weekly Export (10,000mt)	1,001.80	807.90	24.00%

Bloomberg, Platts, Fastmarket, Mysteel,Kpler,FIS









Iron Ore Key Points

Last week, iron ore shipments from Australia and Brazil were broadly in line with seasonal patterns. This weekend, BHP workers are planning to hold a strike, during which port loading operations will be suspended. This is expected to cause intermittent disruption to the pace of Australian iron ore shipments.

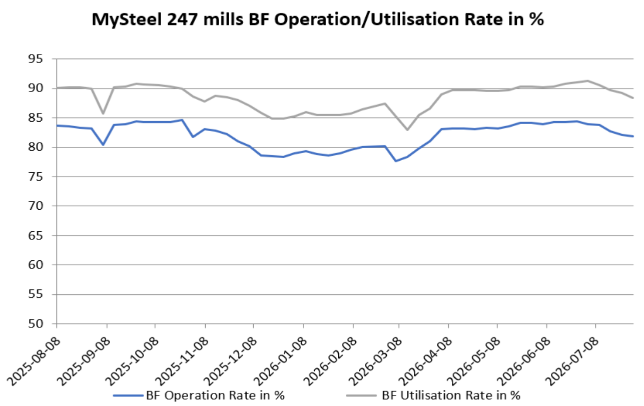
Iron ore port inventories have returned to an accumulation trend, and total volumes remain at historically high levels, which will continue to exert downward pressure on iron ore prices.

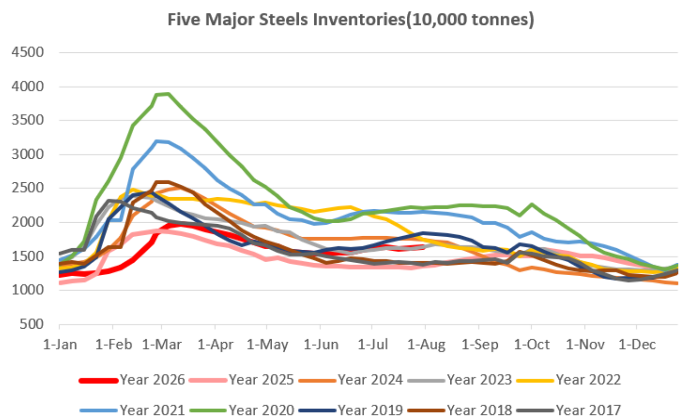
This week, the MB65-P61 spread fluctuated slightly and closed at $16.52/dmt.

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)	1191	1156	3.03%
LME Rebar Front Month (Dollar/mt)	573.8	577	-0.47%
SHFE Rebar Major Month (Yuan/mt)	3013	3073	-1.95%
China Hot Rolled Coil (Yuan/mt)	3259	3285	-0.79%
Vitural Steel Mills Margin(Yuan/mt)	-129	-144	10.42%
China Five Major Steel Inventories Unit (10,000 mt)	1636	1629	0.43%
Global Crude Steel Production Unit (1,000 mt)	83700	84400	-0.83%
World Steel Association Steel Production Unit(1,000 mt)	155,700	157,900	-1.39%





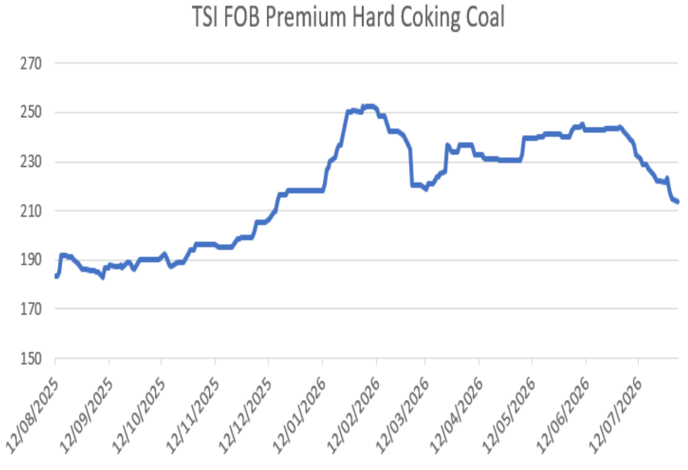
Source: Bloomberg, Mysteel, FIS

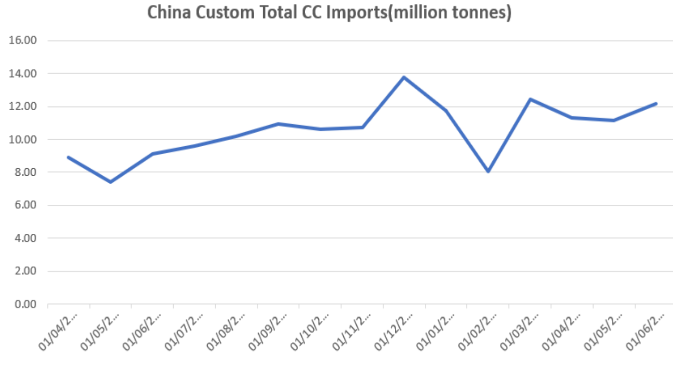
This week, the ferrous complex came under overall pressure, with raw material prices correcting more noticeably. The negative virtual steel mill margin narrowed from -144 yuan/mt to -129 yuan/mt.

Steel mill production losses have widened further. Last week, the average daily hot metal output of sample steel mills declined by 21,500 tonnes week-on-week to 2.356 million tonnes, representing a cumulative decline of 77,000 tonnes from the peak in early July. However, last week's decline in output was largely affected by production restrictions in the Tangshan area, and a modest rebound in hot metal output is expected this week. Nevertheless, before a seasonal recovery in end-user steel demand and an improvement in steel mill profitability materialise, the room for a rebound is expected to remain limited.

Coking coal

	Last	Previous	% Change
TSI FOB Premium Hard Coking Coal (Dollar/mt)	214	221.5	-3.39%
Coking Coal Front Month (Dollar/mt)	215	221	-2.71%
DCE CC Major Month (Yuan/mt)	1196.5	1284	-6.81%
Top Six Coal Exporter Weekly Shipment(Million mt)	5.42	4.88	11.07%
China Custom total CC Import Unit mt	12,182,749	11,145,020	9.31%





Data Sources: IHS Commodities at Sea Service, Bloomberg, FIS

Coking Coal Key Points

Although some speculative buying interest has emerged in the Australian coking coal market, it is not yet sufficient to reverse the overall loose supply-demand balance. At the same time, production at some PMV mines is expected to recover as scheduled in the coming period, further adding to the ample supply of available resources. Consequently, prices still have further downside potential.

Port inventories of imported coking coal in China continue to accumulate rapidly, while blast furnace hot metal output at steel mills remains on a declining trend, further weakening fundamental demand support for raw materials. Although Australian coking coal still holds a certain cost advantage over domestic coking coal, end-users' willingness to procure seaborne resources remains very limited.

Fact Sheet

Australia HCCLV Peak Downs: An important Australian hard, low-volatility coking coal benchmark with prime quality and a higher price.

Backwardation Market: A market in which futures prices are lower than the underlying physical prices or front-month contracts are priced higher than deferred-month contracts.

Contango Market: A market in which futures prices are higher than the underlying physical prices or front-month contracts are priced lower than deferred-month contracts.

Cost-Saving Strategy: A strategy in which steel mills focus on lowering variable costs to maintain profit margins.

Ferrous Supply Chain: Upstream materials include iron ore concentrates, lumps and pellets; scrap, pig iron, HBI and DRI; coking coal, semi-soft coking coal and other coals; ferroalloys; and other blast furnace or EAF materials. Midstream commonly refers to semi-finished and finished steel products, including crude steel, structural steel, flat steel, HRC, CRC and rebar. Downstream refers to steel end-users, including housing, infrastructure, automobile manufacturing, energy, shipbuilding, household appliances, containers and machinery.

Flat Steel: Finished steel is categorised into wide and narrow strip products. Common flat steel products include hot-rolled and cold-rolled steel. Downstream markets include automobile manufacturing, electrical appliances and other industries using thin and flat steel products. Flat steel is one of the most actively traded steel product categories internationally.

Iron Ore Lump: Naturally occurring lump iron ore. Lump ore can be charged directly into a blast furnace and normally trades at a premium to iron ore fines.

Iron Ore Pellets: A semi-processed iron ore product made by forming iron ore concentrate into pellets. Pellets can be charged into a blast furnace and used to adjust the burden's acidity and alkalinity. Pellets normally trade at a premium to iron ore fines.

Long Steel: Finished steel products, including wire rod and rebar, that are generally associated with the construction market.

More or Less Clause: A trade term allowing a specified tolerance in cargo weight. In seaborne iron ore trading, weight may differ between the loading and discharge ports due to changes in moisture content. For example, some customs authorities accept a maximum moisture content of 10% for certain iron ore brands. In steel transported by truck or rail, contracts also commonly permit a specified tolerance between the measured and contracted weight.

Rebar 25mm Shanghai: One of the most volatile physical steel products traded in China and a major exported product. SGX's rebar contract was highly correlated with this physical product.

Steelmaking Process: The principal steelmaking routes are the blast furnace-converter process and the electric arc furnace process. The US and Western Europe make extensive use of EAFs, for which scrap and pig iron are important inputs. China, Japan and India predominantly use the blast furnace-converter process, with key raw materials including iron ore, coke and coking coal.

SGX–DCE Difference: The SGX settlement price minus the DCE price after adjustments for VAT, iron content and foreign exchange.

Virtual Steel Margin: A calculated futures steel margin based on a basket of rebar, iron ore and coking coal prices, used as a leading indicator of physical steel margins.

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