FIS

FERROUS WEEKLY REPORT

8 Sep 2026

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Ferrous Market:

- **Iron ore IODEX CFR China**: Our view is short-run **Neutral**. Supported by higher seaborne freight costs and pre-holiday restocking demand, underlying support for iron ore prices has remained relatively solid in the near term. However, with most steel mills still in loss-making territory, any further upside in prices would depend on a recovery in finished steel prices.

- **Rebar 25mm Shanghai**: Our view is short-run **Neutral.** Steel inventories continued to decline amid weak supply and demand. The pace of demand recovery has been relatively slow, and prices have mainly seen a modest rebound. The upside potential depends on the materialisation of actual peak-season demand.

- **Hard Coking Coal FOB Australia:** Our view is short-run **Neutral to Bullish**. Chinese buyers remain active in their enquiries for Australian coking coal, continuing to push prices higher. However, recent signs of a recovery in Mongolian coal supply, coupled with a pullback in DCE coking coal futures prices, may exert some downward pressure on Australian coking coal prices.

Price Movement:

	7 Sep	31 Aug	Changes %	FIS Sentiment
Platts IODEX CFR China ($/mt)	**100.05**	**99.7**	**+0.35%**	**Neutral**
Rebar 25mm Shanghai (Yuan/mt)	**3089**	**3059**	**+0.98%**	**Neutral**
TSI FOB Premium Hard Coking Coal ($/mt)	**279.5**	**269.2**	**+3.83%**	**Neutral to Bullish**

Commentary:

During the reporting week, iron ore prices fluctuated within a narrow range, dipping slightly mid-week before rebounding. The settlement price at the start of the week returned to above $100/dmt for the first time since mid-July. The downward pressure on ore prices came from the macro side. Last week, renewed tensions in the Middle East raised market concerns over inflation, pushing iron ore prices to a weekly low of $97.70/dmt. However, the following day, Fed Governor Waller unexpectedly struck a dovish tone, improving sentiment in the commodities market and prompting a rebound in prices. Overall, the ongoing market focus on Federal Reserve rate hike expectations for September is expected to continue to create some volatility.

According to Mysteel data, the blast furnace operating rate at sampled steel mills edged up last week, with average daily hot metal output standing at 2.37 million tonnes, an increase of 2,200 tonnes week-on-week and 79,800 tonnes year-on-year. However, it is worth noting that the Tangshan area was subject to concentrated production restrictions due to environmental requirements during the same period last year. On a like-for-like basis, current daily hot metal output is still approximately 30,000 tonnes lower than in the same period last year. Most steel mills continue to face losses, while the pace of apparent steel demand recovery after entering the traditional peak season has been relatively slow, failing to drive a rebound in raw material demand. On the supply side, market sources indicate that CMRG is considering lifting its procurement restrictions on FMG Super Special Fines.

Freight remains the key factor supporting the iron ore market in the near term. According to Kpler, the share of freight in the CFR price of 62% Fe iron ore into China rose to 20.8% in August 2026, surpassing the 18.7% recorded in May, when both ore prices and freight rates were at year-to-date highs. Since the beginning of September, freight rates on the C3 and C5 iron ore routes have continued to rise sharply, with gains of approximately 8% and 13%, respectively, and the C3 route has breached $40/mt for the first time since 2021.

Bloomberg, Platts, Fastmarkets, Mysteel, Kpler, FIS

Although the upward momentum in the Capesize FFA market has moderated, reflecting that some participants believe prices have reached a temporary peak, given the typical seasonal growth in ore shipment demand from Australia and West Africa in September and the limited scope for a significant correction in bunker fuel prices, the downside potential for freight rates is expected to be limited, continuing to provide support to iron ore prices.

Last week's global iron ore shipments surveyed by Mysteel reached 33.58 million tonnes, down 2.13 million tonnes WoW. Combined shipments from Australia and Brazil reached 26.99 million tonnes, down 1.70 million tonnes WoW, with Australian shipments at 19.26 million tonnes, down 1.02 million tonnes WoW, and Brazilian shipments at 7.73 million tonnes, down 0.68 million tonnes WoW. China's iron ore arrivals at 45 ports rose by 8.32 million tonnes WoW to 26.24 million tonnes. China's iron ore port inventories at 45 major ports decreased by 2.30 million tonnes WoW to 163.15 million tonnes, while daily port evacuation volumes increased by 104,500 tonnes to 3.29 million tonnes. Kpler data show that iron ore shipments from Simandou reached 3.21 million tonnes in August, setting a new monthly record. The mine has effectively reduced the impact of the rainy season on shipments by increasing the number of railway locomotives. Kpler has revised its 2026 shipment forecast for Simandou up from 19 million tonnes to 23.1 million tonnes.

Over the past week, the seaborne market was relatively active, with transactions concentrated on mainstream medium- and low-grade fines on a floating-price basis. BHP resources remained the most actively traded products. During the week, two cargoes of MACF were recorded: one transacted at a discount of $0.09/dmt and another at a fixed price of $98.00/dmt. Recently, Jimblebar fines have been favoured by buyers due to their cost advantage, with two cargoes transacted during the week at a discount of $2.95/dmt. Liquidity for PBF picked up compared with earlier periods, with a 170,000-tonne cargo transacted at a premium of $0.15/dmt early last week, though offers later softened to a premium of $0.05/dmt without concluding a transaction. In addition, one cargo of BRBF was transacted on a floating-price basis flat to the October 62% index.

Lump ore market liquidity remained decent, with some traders looking to complete a final round of purchases before the holiday. During the week, a total of three cargoes of PBL were transacted: two cargoes at a premium of $1.50/dmt and one cargo at a premium of $0.2375/dmtu. In addition, one cargo of NBL was transacted early last week at a premium of $0.2651/dmtu. The LP index has recently continued to decline from its earlier highs.

Australian coking coal prices continued their upward trajectory. The slow pace of mine resumption in Shanxi Province remains the primary driver. Recent rapid increases in coke prices, combined with low coking coal inventories at both coke plants and steel mills, have provided strong underlying demand support, with market sentiment turning positive. Spot prices have continued to rise. On 3 September, the ex-works price of low-sulphur primary coking coal from Lishi, Lüliang, was quoted at 2,700 yuan/mt, up by 200 yuan/mt. More importantly, according to Platts, citing miners, Shanxi Coking Coal has raised its September term contract price for premium coking coal by 350 yuan/mt. This price adjustment has further secured import profit margins for seaborne coal. The current converted CFR prices of domestic premium coking coal and portside spot cargoes have exceeded $320/mt, prompting both end-users and traders to actively enquire about seaborne resources.

Australian coking coal prices have been pushed significantly higher by the Chinese market, pricing out most other buyers in Asia. An Indian trader indicated that, with only limited upside in domestic steel prices, India is considering only minimal essential procurement.

Amid the sustained price increases, certain downside risks persist in the market. Recently, DCE coking coal futures prices have declined for several consecutive sessions after peaking on 1 September, while throughput at Ganqimaodu Port has shown signs of recovery, suggesting that the Mongolian coal supply disruption caused by diesel shortages may have eased. In terms of the term structure, the market is in backwardation, reflecting that participants remain somewhat sceptical about the sustainability of this round of coking coal price increases.
Mid-week, a miner sold an 80,000-tonne cargo of PMV Goonyella C coking coal at $274.50/mt FOB Australia. On Friday, a bid was seen on the platform for an 85,000-tonne cargo of PLV Saraji coking coal at $280/mt, though no transaction was concluded.

The MB65/P61 spread narrowed slightly. At the time of writing, the MB65/P61 spread stood at $15.25/dmt, while the MB65/M61 spread stood at $15.30/dmt.

The SGX front-month September/October spread closed at $0.06/dmt. The DCE January/May spread stands at 13.5 yuan/mt.

Iron ore is Neutral in the near term. Australian coking coal is Neutral to Bullish in the near term. Australian coal still offers substantial profit margins relative to domestic prices in China. However, with DCE coking coal futures prices retreating and Mongolian coal supply gradually recovering, downward pressure on Australian coking coal prices has increased.

Bloomberg, Platts, Fastmarkets, Mysteel, Kpler, FIS

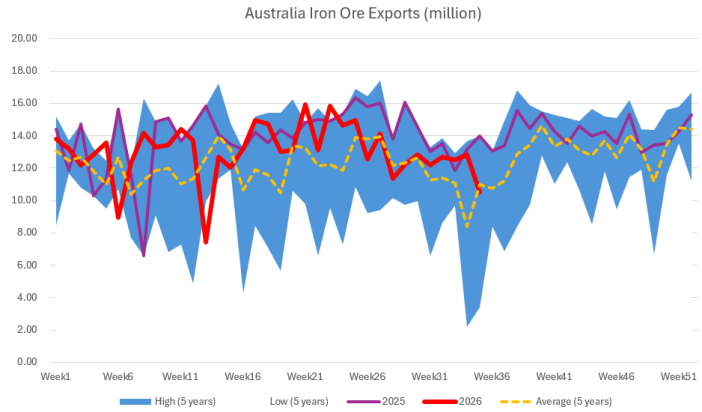
Iron Ore

	Last	Previous	% Change
Platts IODEX (Dollar/mt)	100.05	99.7	**0.35%**
MB 65% Fe (Dollar/mt)	115.3	115.6	**-0.26%**
Capesize 5TC Index (Dollar/day)	53508	44896	**19.18%**
C3 Tubarao to Qingdao (Dollar/mt)	41.55	38.364	**8.30%**
C5 West Australia to Qingdao (Dollar/mt)	18.21	16.18	**12.55%**
Billet Spot Ex-Works Tangshan (Yuan/mt)	3040	3030	**0.33%**
SGX Front Month (Dollar/mt)	99.54	98.56	**0.99%**
DCE Major Month (Yuan/mt)	726	721.5	**0.62%**
China Port Inventory (10,000mt)	16,314.66	16,544.71	**-1.39%**
Australia Iron Ore Weekly Export (10,000mt)	1,926.30	2,028.10	**-5.02%**
Brazil Iron Ore Weekly Export (10,000mt)	772.50	840.30	**-8.07%**



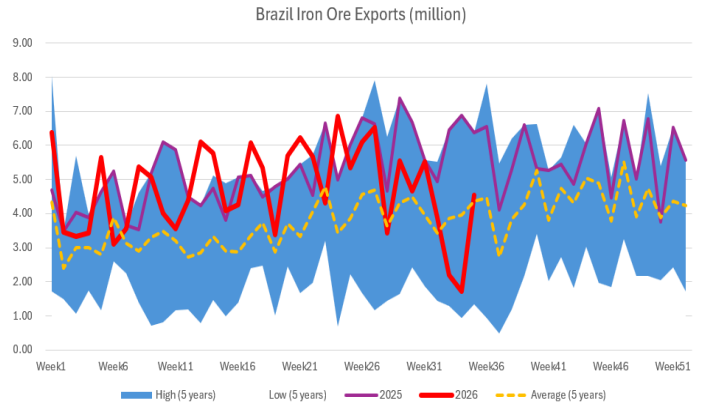
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Iron Ore Key Points:



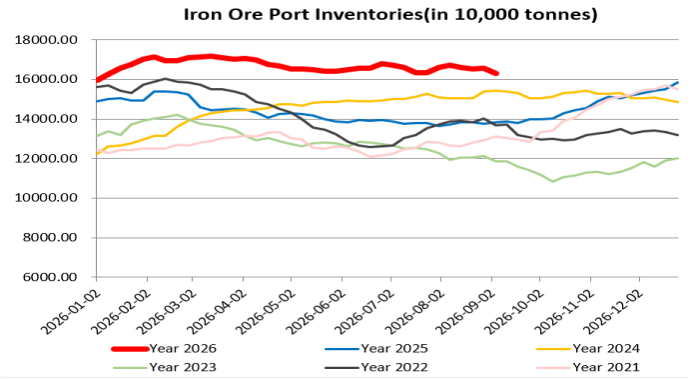
Australia Iron Ore Exports

Iron ore shipments from Australia remained broadly stable overall.



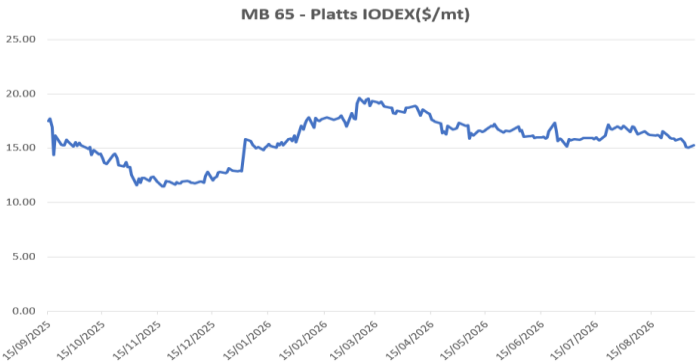
Brazil Iron Ore Exports

Owing to elevated freight costs, Brazilian miners' shipment volumes have registered a modest year-on-year decline.



Iron Ore Port Inventories

As the impact of the typhoon subsided, iron ore arrivals at ports returned to normal levels. Port inventories declined marginally, though they remained at historically elevated levels.



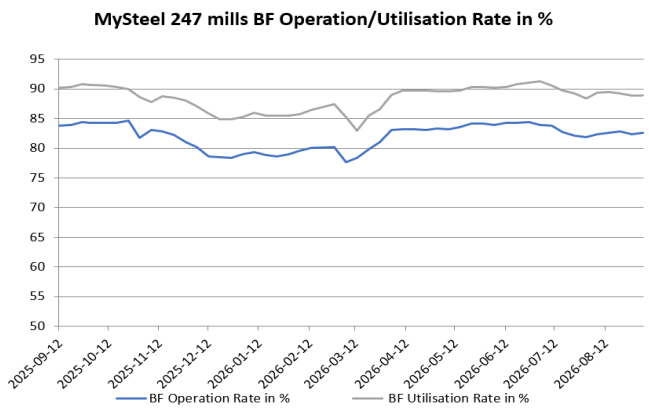
MB65/P61 Spread

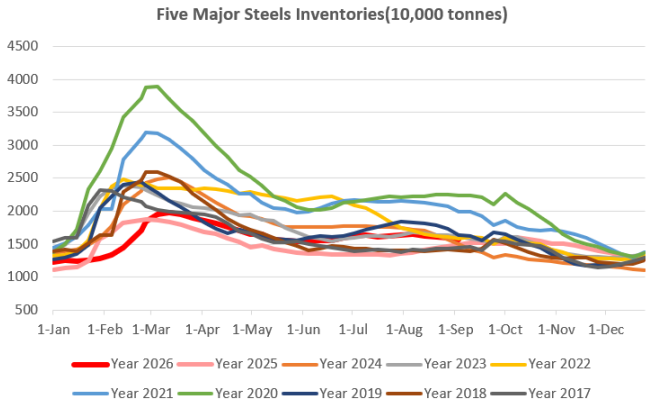
TMB65/P61 spread narrowed further this week, closing at $15.25/dmt on Monday.

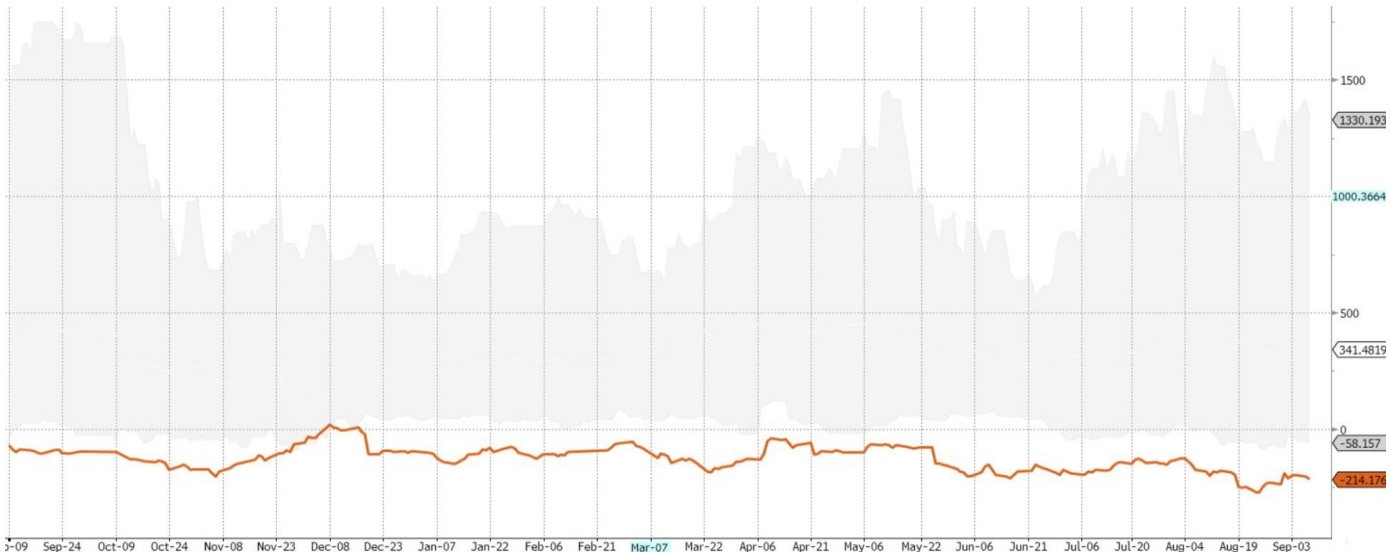
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**Bloomberg exports data is subject to a one-week lag and may be subject to revision.*

Steel

	Last	Previous	% Change
US HRC Front Month (Dollar/mt)	1226	1205	**1.74%**
LME Rebar Front Month (Dollar/mt)	595	580	**2.54%**
SHFE Rebar Major Month (Yuan/mt)	3160	3109	**1.64%**
China Hot Rolled Coil (Yuan/mt)	3359	3346	**0.39%**
Virtual Steel Mill Margin (Yuan/mt)	-214	-253	**15.42%**
China Five Major Steel Inventories (10,000 mt)	1573	1591	**-1.13%**
Global Crude Steel Production (1,000 mt)	76900	83700	**-8.12%**
World Steel Association Steel Production (1,000 mt)	149,000	155,700	**-4.30%**







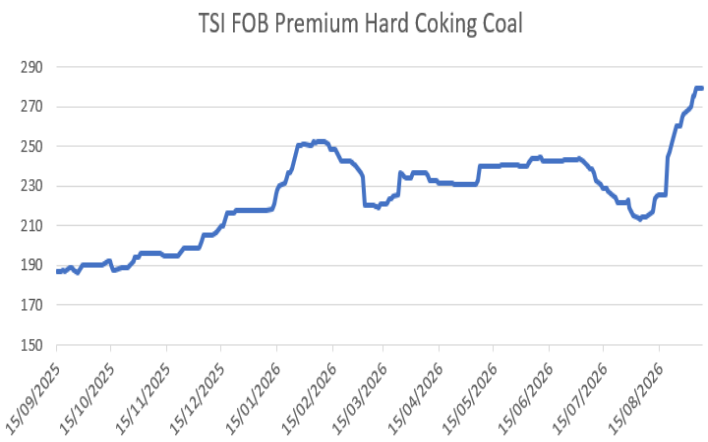
Source: Bloomberg, Mysteel, FIS

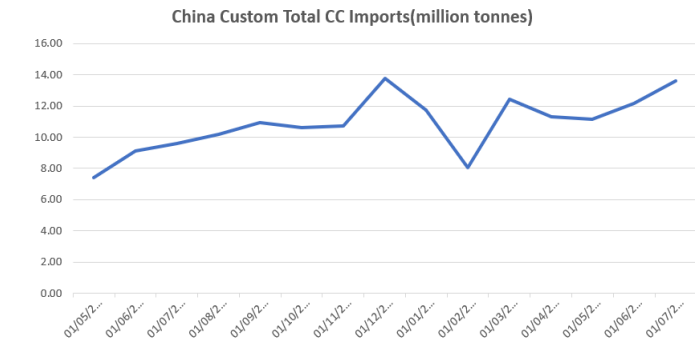
The pace of recovery in apparent steel demand has fallen short of expectations. However, amid weak supply and demand, inventories have continued to decline, and prices have shown a modest rebound. At the same time, on the raw materials front, coking coal futures prices have begun to pull back, resulting in the negative virtual steel mill margin narrowing from -253 yuan/mt to -214 yuan/mt.

Most steel mills continue to face production losses, and blast furnace utilisation rates are unlikely to see a material improvement. Going forward, attention should still be paid to the actual realisation of the traditional peak demand season in September.

Coking coal

	Last	Previous	% Change
TSI FOB Premium Hard Coking Coal (Dollar/mt)	279.5	269.2	**3.83%**
Coking Coal Front Month (Dollar/mt)	275	270	**1.85%**
DCE CC Major Month (Yuan/mt)	1670.5	1623	**2.93%**
Top Six Coal Exporter Weekly Shipment (Million mt)	6.37	6.65	**-4.21%**
China Customs Total CC Imports (mt)	13,615,932	12,182,749	**11.76%**





Coking Coal Key Points:

Persistent tight supply of premium coking coal resources in the Chinese market, coupled with the upward adjustment in September term contract prices, has kept import profit margins for seaborne coking coal stable. This has prompted both end-users and traders to actively enquire about Australian coking coal, thereby driving prices further higher.

DCE coking coal futures prices have pulled back, and the market is showing significant backwardation. At the same time, at current price levels, major buyers outside China have largely exited the market. Should buying interest from Chinese buyers moderate, Australian coking coal prices face the risk of a pullback from elevated levels.

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

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.

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