FIS

FERROUS WEEKLY REPORT

15 Sep 2026

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Ferrous Market:

- **Iron ore IODEX CFR China**: Our view is short-run **Neutral**. Squeezed by rapidly rising coal prices, steel mills' production losses have widened further. The recovery in hot metal output lacks momentum, market sentiment has weakened, and prices continue to decline.
- **Rebar 25mm Shanghai**: Our view is short-run **Neutral.** Despite continued destocking against a backdrop of low output, rebar demand in early September still showed no clear improvement, with recovery momentum falling short of expectations and prices posting only a modest rebound. Meanwhile, declining raw material prices weighed on steel prices.
- **Hard Coking Coal FOB Australia:** Our view is short-run **Neutral**. Australian premium coking coal continues to hold a cost advantage over domestic Chinese coking coal. However, as prices have risen rapidly, buyer resistance to high-priced resources has increased, and market liquidity has moderated.

Price Movement:

	14 Sep	7 Sep	Changes %	FIS Sentiment
Platts IODEX CFR China ($/mt)	**94.95**	**100.05**	**-5.10%**	**Neutral**
Rebar 25mm Shanghai (Yuan/mt)	**3122**	**3089**	**+1.07%**	**Neutral**
TSI FOB Premium Hard Coking Coal ($/mt)	**282.8**	**279.5**	**+1.18%**	**Neutral**

Commentary:

During the reporting week, iron ore prices fluctuated within a narrow range early in the week before declining consecutively from mid-week, recording a cumulative decline of nearly $5/dmt over the week. This decline was primarily driven by fundamental factors.

On the demand side, coke prices have risen rapidly in recent weeks, with five rounds of increases implemented within less than a month, accumulating gains of 450–495 yuan/mt. This has further squeezed profit margins at steel mills that were already facing losses. According to Mysteel, the profitability ratio of 247 sampled steel mills was only 7.79% last week, down 22.51 percentage points week-on-week. Against the backdrop of widespread losses, steel mills' willingness to resume production remains low, with average daily hot metal output standing at 2.36 million tonnes, down about 40,000 tonnes from the same period last year. As a result, demand for raw materials is unlikely to recover effectively.

On the supply side, market rumours suggest that negotiations between CMRG and Rio Tinto have made progress, with procurement restrictions on the miner's resources suspended. Although the actual impact on Rio Tinto's iron ore exports is expected to be limited, the earlier news of procurement restrictions had provided some support to market sentiment. In addition, the impact of the rainy season on iron ore exports from the Simandou project has been limited, while related infrastructure continues to improve, which is expected to bring additional supply to an already loose iron ore supply-demand balance. On 9 September, SimFer, the joint venture for the Simandou project, commenced commissioning of key infrastructure at Morebaya Port. Port construction is currently 85% complete, with overall commissioning expected to be completed in Q1 2027. Once fully operational, the port will support annual iron ore exports of 120 million tonnes from the Simandou mine.

Bloomberg, Platts, Fastmarkets, Mysteel, Kpler, FIS

On the freight side, after a sustained rally earlier, upward momentum in the Capesize market has moderated, and prices have likely reached a temporary peak. Nevertheless, cargo volumes in this market have remained ample recently, while escalating tensions in the Middle East have driven bunker fuel prices continuously higher. Freight rates are therefore likely to remain range-bound at elevated levels, with limited downside potential. As a result, imported iron ore prices will continue to receive cost-side support.

Last week's global iron ore shipments surveyed by Mysteel reached 35.17 million tonnes, up 1.59 million tonnes WoW. Combined shipments from Australia and Brazil reached 28.42 million tonnes, up 1.43 million tonnes WoW, with Australian shipments at 19.998 million tonnes, up 0.74 million tonnes WoW, and Brazilian shipments at 8.42 million tonnes, up 0.70 million tonnes WoW. China's iron ore arrivals at 45 ports rose by 1.13 million tonnes WoW to 27.37 million tonnes. China's iron ore port inventories at 45 major ports decreased by 0.82 million tonnes WoW to 162.33 million tonnes, while daily port evacuation volumes increased by 159,700 tonnes to 3.45 million tonnes. In recent weeks, Brazilian iron ore shipments have stabilised at 7.5–8.5 million tonnes per week. Overall, shipment volumes have declined year-on-year, with elevated costs affecting miners' shipment pace.

Liquidity in the seaborne market weakened compared with earlier periods, with transactions largely concentrated on BHP's mainstream resources. MACF remained actively traded, with three cargoes transacted during the week. Transaction prices gradually declined in line with the market, at $99.70/dmt, $99.51/dmt and $97.80/dmt, respectively. Buyers continued to show relatively good interest in JMBF, with two cargoes transacted during the week at discounts of $3.55/dmt and $3.60/dmt, respectively. In addition, one cargo of NHGF was transacted last Friday at $95.50/dmt. Liquidity for PBF showed no improvement. Although sell-side offers for September-loading cargoes continued to be posted on the platform, with offers revised down to a discount of $0.20/dmt based on the October index, no transactions were concluded.

Recently, demand for lump ore has been relatively weak. Mid-week, one cargo of NBL was transacted at a premium of $0.2575/dmtu. Lump ore premiums, after retreating, have mainly fluctuated within a narrow range.

Australian coking coal prices remained range-bound at elevated levels, though the market cooled somewhat. Early in the week, the ex-works price of PLV coal from Shanxi coal washing plants rose by 70 yuan/mt to 2,620 yuan/mt, providing support for seaborne coal transactions. However, an industry survey showed that the capacity utilisation rate of domestic coal mines had recovered to its highest level since the Shanxi mine accident in late May, while the NDRC convened a special meeting emphasising the need to increase domestic coal supply.

Meanwhile, although Mongolian coking coal supply has not yet returned to previous highs, with customs clearance at Ganqimaodu Port still around 600–700 vehicles per day, the market believes that the worst-case scenario of a Mongolian coal supply disruption has been avoided and that supply will gradually recover. This weighed on DCE coking coal futures. Some Shanxi coal prices also began to show signs of weakness. With downstream players wary of high prices and elevated coal costs severely squeezing steel mill production margins, buyer sentiment turned cautious. An increasing number of domestic coal auctions failed to attract successful bids, dragging spot prices lower. Similarly, affected by a weaker-than-expected recovery in steel consumption, buyers showed resistance to high-priced seaborne coal. According to Platts, Chinese buyers are unwilling to pay high prices for coking coal for forward delivery, and some end-users have even refused to negotiate for cargoes that have not yet arrived at port, preferring to procure portside spot cargoes on an as-needed basis.

For Indian buyers, although local steel mills have procurement demand after the monsoon season, they find it difficult to accept prices above $300/mt CFR India. As a result, most steel mills have chosen to postpone procurement or scale back purchase volumes. Under these circumstances, the market widely believes that without sustained buying from Chinese buyers, Indian demand alone cannot support current seaborne coking coal prices.
In terms of transactions, early last week in the seaborne market, a Chinese trader bought an 85,000-tonne cargo of PMV Moranbah North coking coal at $280.50/mt FOB Australia, which drove the index further higher. Mid-week, miners sold one cargo of unbranded PMV coking coal and one cargo of PMV Goonyella C coking coal at $280/mt and $283/mt, respectively. Overall, Chinese buyers' procurement of forward Australian coal resources has become cautious, and market liquidity has slowed compared with earlier periods, dragging the index slightly lower last Friday.

Demand for high-grade iron ore fines remained persistently weak, and the MB65/P61 spread continued to narrow slightly this week. At the time of writing, the MB65/P61 spread stood at $14.88/dmt, while the MB65/M61 spread stood at $14.97/dmt.

SGX iron ore has moved into contango, with the front-month September/October spread falling from $0.06/dmt to -$0.21/dmt. The DCE January/May spread stands at 11.5 yuan/mt.

Iron ore is Neutral in the near term. Australian coking coal is Neutral in the near term. For Chinese buyers, premium Australian coking coal continues to offer a cost advantage; however, a significant divergence exists between spot and forward price expectations, and the risk of a price pullback is increasing.

Bloomberg, Platts, Fastmarkets, Mysteel, Kpler, FIS

Iron Ore

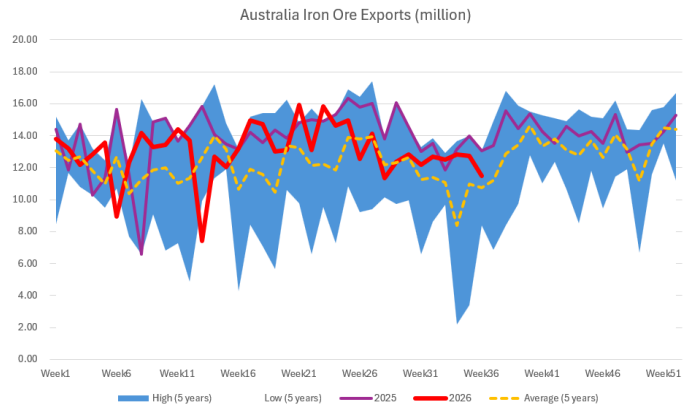
	Last	Previous	% Change
Platts IODEX (Dollar/mt)	94.95	100.05	**-5.10%**
MB 65% Fe (Dollar/mt)	109.83	115.3	**-4.74%**
Capesize 5TC Index (Dollar/day)	50119	53508	**-6.33%**
C3 Tubarao to Qingdao (Dollar/mt)	42.118	41.55	**1.37%**
C5 West Australia to Qingdao (Dollar/mt)	17.255	18.21	**-5.24%**
Billet Spot Ex-Works Tangshan (Yuan/mt)	3000	3040	**-1.32%**
SGX Front Month (Dollar/mt)	97.35	99.65	**-2.31%**
DCE Major Month (Yuan/mt)	730.5	733.5	**-0.41%**
China Port Inventory (10,000mt)	16,232.90	16,314.66	**-0.50%**
Australia Iron Ore Weekly Export (10,000mt)	1,999.80	1,926.30	**3.82%**
Brazil Iron Ore Weekly Export (10,000mt)	842.30	772.50	**9.04%**





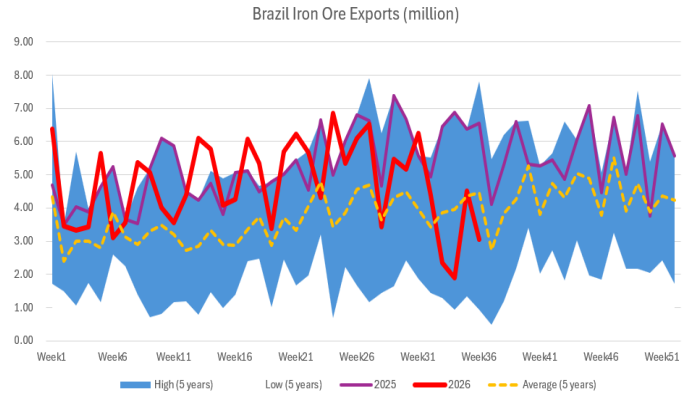
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Iron Ore Key Points:



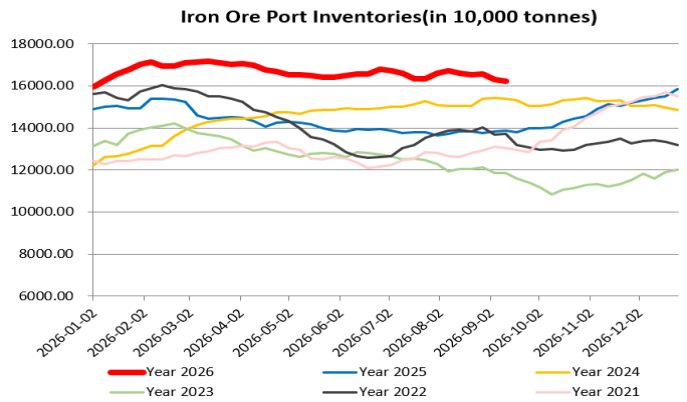
Australia Iron Ore Exports

Iron ore shipments from Australia remained broadly stable overall.



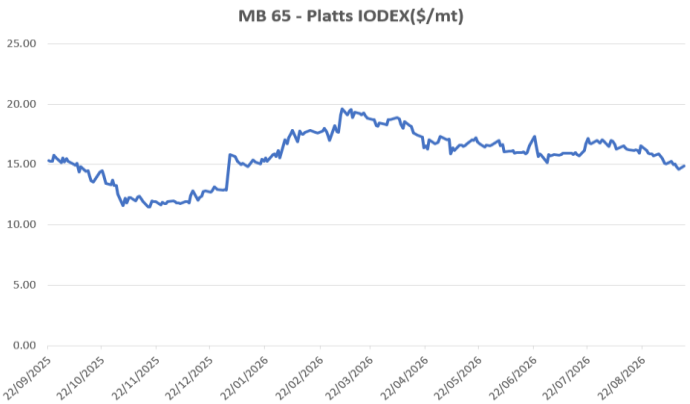
Brazil Iron Ore Exports

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



Iron Ore Port Inventories

Iron ore arrivals at ports remained at normal levels. Port inventories have continued to decline recently, but this has been driven mainly by pre-holiday restocking by steel mills, with mill inventories rising in tandem. The overall loose supply-demand balance has not improved.



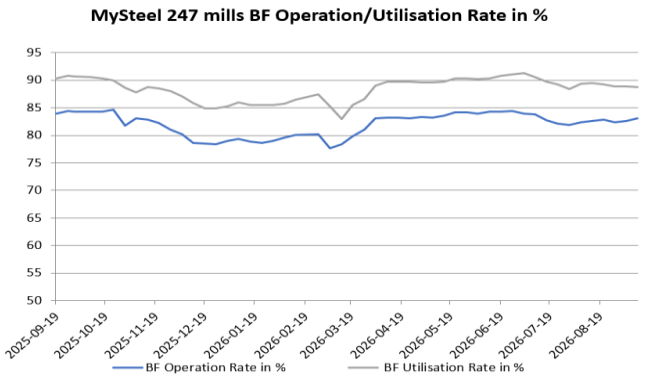
MB65/P61 Spread

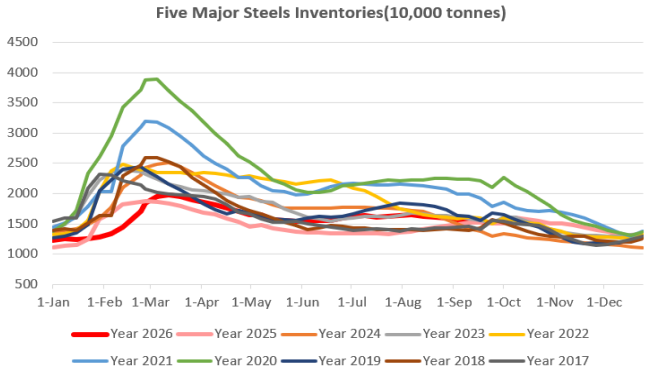
Demand for high-grade iron ore fines remained persistently weak, and the MB65/P61 spread narrowed slightly further this week, closing at $14.88/dmt on Monday.

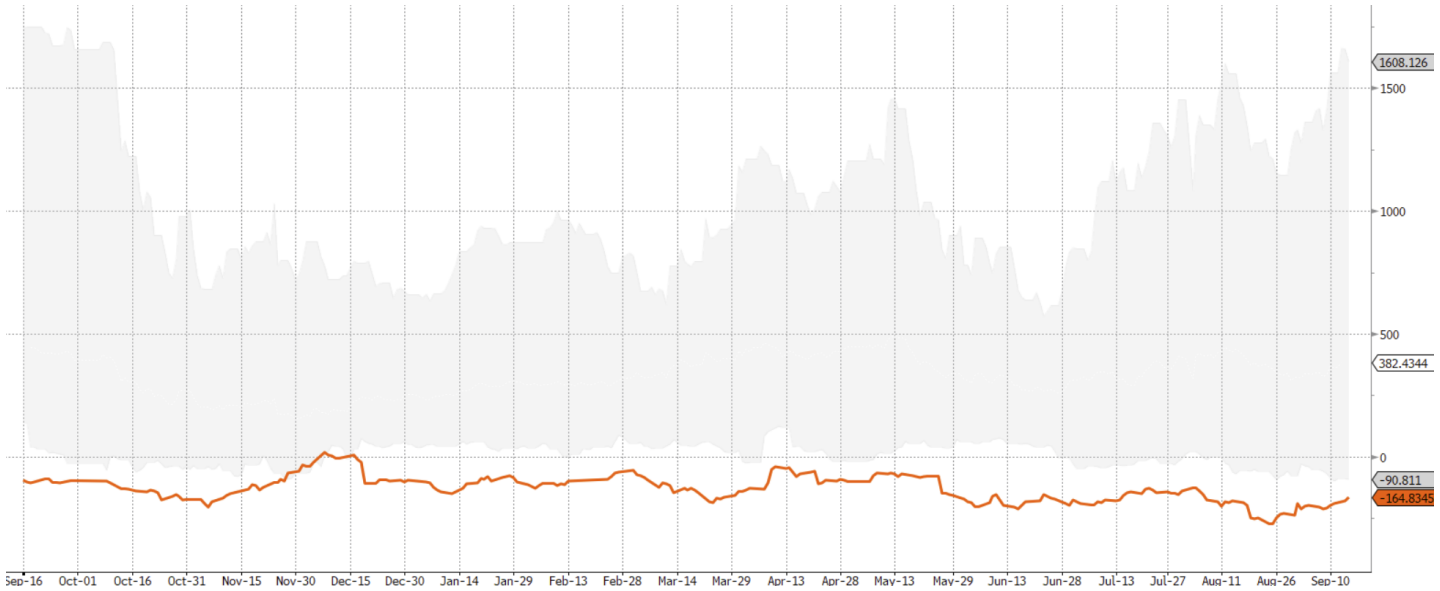
Bloomberg, Platts, Fastmarkets, Mysteel, Kpler, FIS
**Bloomberg exports data is subject to a one-week lag and may be subject to revision.*

Steel

	Last	Previous	% Change
US HRC Front Month (Dollar/mt)	1234	1226	**0.65%**
LME Rebar Front Month (Dollar/mt)	597	595	**0.34%**
SHFE Rebar Major Month (Yuan/mt)	3004	3068	**-2.09%**
China Hot Rolled Coil (Yuan/mt)	3344	3359	**-0.45%**
Virtual Steel Mill Margin (Yuan/mt)	-165	-214	**22.90%**
China Five Major Steel Inventories (10,000 mt)	1555	1573	**-1.14%**
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%**







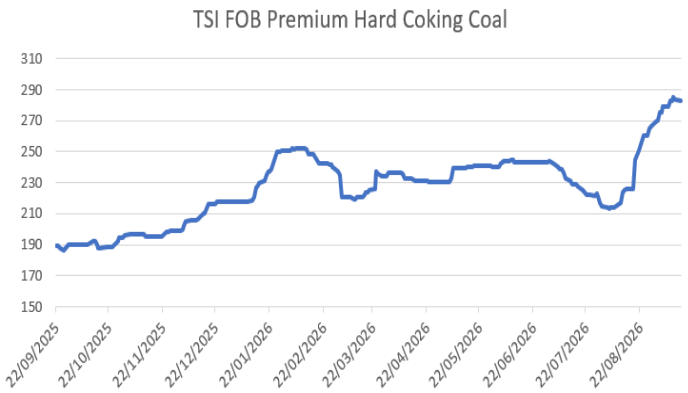
Source: Bloomberg, Mysteel, FIS

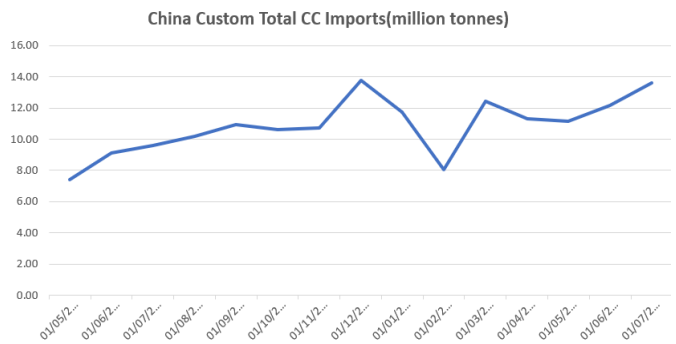
Steel prices continued to rise moderately, while coking coal and iron ore futures prices on the raw material side both retreated. The negative virtual steel mill margin narrowed from -214 yuan/mt to -165 yuan/mt.

Driven by rapid coke price hikes, which have accumulated gains of 450–495 yuan/mt within less than a month, steel mill losses have further intensified. According to Mysteel data, only 7% of steel mills are currently profitable, making a rebound in hot metal output difficult and providing limited support for raw material demand.

Coking coal

	Last	Previous	% Change
TSI FOB Premium Hard Coking Coal (Dollar/mt)	282.8	279.5	**1.18%**
Coking Coal Front Month (Dollar/mt)	268	275	**-2.55%**
DCE CC Major Month (Yuan/mt)	1614	1665.5	**-3.09%**
Top Six Coal Exporter Weekly Shipment (Million mt)	5.88	6.98	**-15.76%**
China Customs Total CC Imports (mt)	13,615,932	12,182,749	**11.76%**





Coking Coal Key Points:

Australian premium coking coal continues to hold a price advantage over domestic Chinese resources, and buyers retain some purchasing interest. However, the market broadly believes that the supply situation has improved and, coupled with a weaker-than-expected recovery in downstream steel demand, buyers' acceptance of high-priced resources has declined. Their procurement stance has become more cautious, and the risk of a temporary peak and pullback in Australian coking coal prices is rising.

Indian steel mills have procurement demand for Australian coking coal after the monsoon season, but they find it difficult to accept current high prices, with most opting to scale back purchase volumes or postpone procurement.

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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