

IRON ORE PORT STOCK INDEX (IOPI)

October 12 2018		FOT Qingdao (inc. 16% VAT), RMB/wet tonne							CFR Qingdao Equivalent (exc. 16% VAT), USD/dry tonne ¹						
Index	Fe Content	Price	Change	Change %	MTD	YTD ²	Low ²	High ²	Price	Change	Change %	MTD	YTD ²	Low ²	High ²
IOPI62	62% Fe Fines	548	-1	-0.2%	544	488	443	559	70.49	-0.16	-0.2%	70.05	65.64	75.83	77.89
IOPI58	58% Fe Fines	401	-4	-1.0%	400	346	304	405	50.57	-0.55	-1.1%	50.51	45.19	40.67	51.12
IOPI65	65% Fe Fines	742	-7	-0.9%	749	636	541	756	96.79	-0.98	-1.0%	97.89	86.46	96.35	98.48

IRON ORE SEABORNE INDEX (IOSI)

PLATFORM TRADES AND TENDERS

October 12 2018		CFR Qingdao, USD/dry tonne						
Index	Fe Content	Price	Change	Change %	MTD	YTD ³	Low ³	High ³
IOSI62	62% Fe Fines	71.20	0.00	0.0%	69.36	67.18	63.25	86.20
IOSI65	65% Fe Fines	98.60	0.00	0.0%	96.73	93.29	86.20	98.60

MARKET COMMENTARY

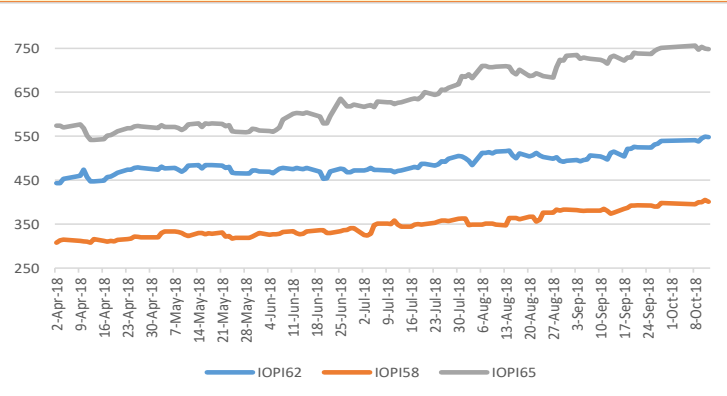
Iron ore stocks across 35 Chinese ports decreased 1.45 million mt over the week ended October 12 to 132.87 million mt, SMM data showed. Daily average deliveries departing those ports lost 22,000 mt to register at 2.64 million mt. This remained at a high level as steel mills stockpiled after the week-long National Day holiday. Steel mills in Tangshan stepped up production ahead of winter cutbacks on October 18. Daily average shipments leaving Jingtang and Caofeidian ports both exceeded 300,000 mt and this shrank port stocks. SMM does not expect inventories across ports to gain much in the short term. Stocks of several Australian products continued to fall on the week, with inventories of lump ore also dipping significantly as demand picked up. Stocks of Brazilian iron ore continued to grow. SMM believes that iron ore prices will be relatively bullish into next week,

IRON ORE DOMESTIC CONCENTRATE SPOT PRICE ASSESSMENTS AND COMPOSITE INDEX

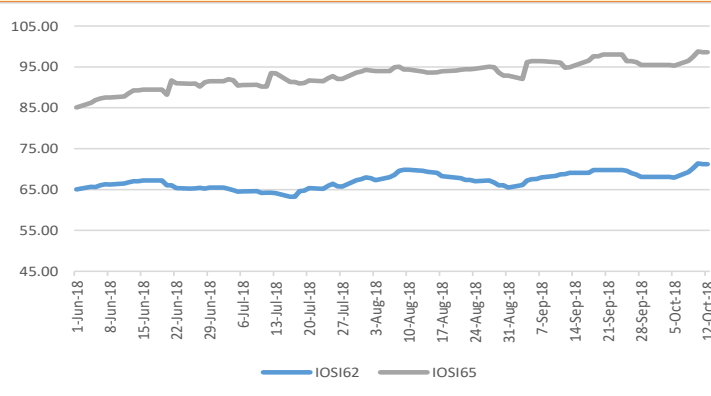
Week Ending September 28, 2018				RMB/tonne (excluding tax) ⁴				USD/tonne (excluding tax) ⁴			
Province	Region	Product	Basis	This week	Change %	Low ²	High ²	This week	Change %	Low ²	High ²
Hebei	Hanxing	66% Fe Concentrate	Dry	657	0.8%	579	682	95.76	0.6%	84.39	99.40
Hebei	Qian'an	65% Fe Concentrate	Dry	780	0.6%	630	780	113.68	0.5%	91.82	113.68
Liaoning	Anshan	65% Fe Concentrate	Wet	545	0.0%	445	550	79.43	-0.2%	64.86	80.16
Shandong	Zibo	65% Fe Concentrate	Dry	755	2.7%	620	755	110.04	2.6%	90.36	110.04
Week Ending October 12, 2018				This week	Change %	Low ⁵	High ⁵				
China Mines Concentrate Composite Index RMB/WT				642.37	0.2%	534.50	642.37				

¹ Exchange rate applied: RMB/USD = 6.9120 ² Since March 1 ³ Since June 1
⁴ Weekly exchange rate applied: RMB/USD 6.8611 ⁵ Last 12 months

IRON ORE PORT INDEX, FOT QINGDAO (RMB/WT)



IRON ORE SEABORNE INDEX, CFR QINGDAO (USD/DMT)



IRON ORE PORT STOCK INDEX MONTHLY, QUARTERLY AND YEAR-TO-DATE AVERAGES

October 12 2018		FOT Qingdao (inc. 16% VAT), RMB/wet tonne							CFR Qingdao Equivalent (exc. 16% VAT), USD/dry tonne ¹						
Index	Fe Content	June	July	August	September	MTD	QTD	YTD ²	June	July	August	September	MTD	QTD	YTD ²
IOPI62	62% Fe Fines	471	482	505	513	544	544	488	65.87	64.29	63.41	65.25	70.05	70.05	65.64
IOPI58	58% Fe Fines	332	349	363	385	400	400	346	43.75	44.14	44.86	45.84	50.51	50.51	45.19
IOPI65	65% Fe Fines	594	638	701	732	749	749	636	79.76	82.19	85.29	92.13	97.89	97.89	86.46

IRON ORE SEABORNE INDEX MONTHLY, QUARTERLY AND YEAR-TO-DATE AVERAGES

FREIGHT RATES

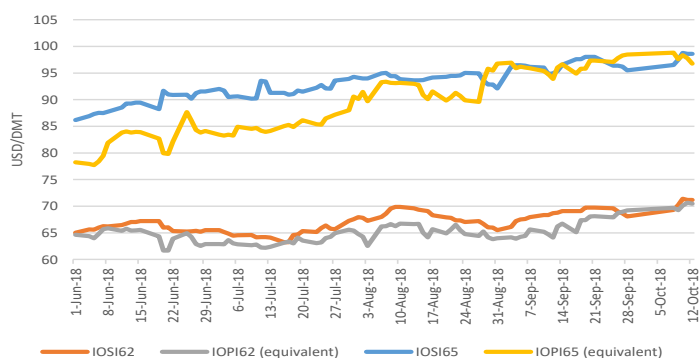
October 12 2018		CFR Qingdao, USD/dry tonne							FREIGHT RATES - DRY BULK US\$/wet tonne						
Index	Fe Content	June	July	August	September	MTD	QTD	YTD ³	Route	Designation	Change	Change %	Low ⁵	High ⁵	
IOSI62	62% Fe Fines	66.10	65.09	67.89	68.79	69.36	69.36	67.18	W. Australia - Qingdao	C5	8.61	0.50	6.16%	5.109	10.002
IOSI65	65% Fe Fines	89.32	91.90	94.04	96.48	96.73	96.73	93.29	Tubarao - Qingdao	C3	20.48	0.35	1.74%	12.705	24.76

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Daily Iron Ore Index Report

October 12, 2018

IRON ORE INDEX COMPARISONS



CHINA DOMESTIC COMPOSITE MINES INDEX (RMB/Wet Tonne, including VAT)



IRON ORE BRAND SPOT PRICE ASSESSMENTS

October 12 2018	PORT STOCK INDEX (RMB/WT)			October 12 2018	SEABORNE INDEX (USD/DMT)		
	Price	Change	Diff to IOPI62		Price	Change	Diff to IOSI62
Roy Hill	519	-1	-29	Roy Hill	69.69	0.00	-1.51
SIMEC Fines	442	-1	-106	SIMEC Fines	65.16	0.00	-6.04
PB Fines	532	-1	-16	PB Fines	70.14	0.00	-1.06
Newman Fines	540	-1	-8	Newman Fines	72.24	0.00	1.04
MAC Fines	513	-1	-35	MAC Fines	65.91	0.00	-5.29
Jimblebar Blended Fines	491	-2	-57	Jimblebar Blended Fines	68.83	0.00	-2.37
Carajas Fines	724	-16	176	Carajas Fines	97.66	0.00	26.46
Brazilian SSF	532	-1	-16	Brazilian SSF	79.64	0.00	8.44
Brazilian Blend Fines	560	-1	12	Brazilian Blend Fines	77.64	0.00	6.44
RTX Fines	464	-1	-84	RTX Fines	65.46	0.00	-5.74

October 12 2018	PORT STOCK INDEX (RMB/WT)		
	Price	Change	Diff to IOPI58
SSF	338	-4	-63
FMG Blended Fines	399	-4	-2
Robe River	358	-4	-43
Western Fines	365	-4	-36
Atlas Fines	346	-5	-55
Yandi	448	-4	47

IRON ORE INDEX NORMALISATION DIFFERENTIALS

Port Stock Index Product Differentials (RMB/wet tonne)				Seaborne Index Product Differentials (USD/dry tonne)			
	Applicable range	Value	Change		Applicable range	Value	Change
1% Fe	High Grade Fe 60 - 63%	11.00	0.00	1% Fe	High Grade Fe 60 - 63%	1.25	0.00
	High Grade Fe 63 - 64%	65.00	-3.00		High Grade Fe 63 - 64%	3.25	0.00
	High Grade Fe 64 - 65%	65.00	-3.00		High Grade Fe 64 - 65%	6.00	0.00
	High Grade Fe 65 - 65.5%	65.00	-3.00		High Grade Fe 65 - 65.5%	6.00	0.00
	Low Grade Fe	22.00	0.00				
1% Alumina	High Fe Grade Al <2.25%	50.00	0.00	1% Alumina	High Fe Grade Al <2.25%	9.75	0.00
	High Fe Grade Al 2.25-4%	30.00	0.00		High Fe Grade Al 2.25-4%	1.75	0.00
	Low Fe Grade Al <2.25%	85.00	0.00				
	Low Fe Grade Al 2.25-4%	25.00	0.00				
1% Silica	High Fe Grade Si <4%	4.00	0.00	1% Silica	High Fe Grade Si <4%	3.50	0.00
	High Fe Grade Si 4-6.5%	40.00	0.00		High Fe Grade Si <4 - 6.5%	1.50	0.00
	Low Fe Grade	11.00	0.00				
0.01% Phosphorus	High Fe Grade 0.09%<P<0.115%	4.00	0.00	0.01% Phosphorus	High Fe Grade 0.09%<P<0.115%	0.50	0.00
	High Fe Grade 0.115%<P<0.15%	15.00	0.00		High Fe Grade 0.115%<P<0.15%	0.50	0.00
	Low Fe Grade 0.09<P<0.1%	4.00	0.00				

Port Stock Differentials to Qingdao Port (RMB/wet tonne)

Port	Value	Change	Port	Value	Change	Port	Value	Change	Port	Value	Change
Bayuquan	-30.00	0.00	Fangcheng	-5.00	0.00	Lanshan	0.00	0.00	Qingdao	0.00	0.00
Beilun	5.00	0.00	Jiangyin	-30.00	0.00	Lianyungang	0.00	0.00	Rizhao	0.00	0.00
Caofeidian	-20.00	0.00	Jingtang	-20.00	0.00	Majishan	0.00	0.00	Shekou	0.00	0.00
Dalian	-20.00	0.00	Lanqiao	0.00	0.00	Nantong	-30.00	0.00	Tianjin	-30.00	0.00

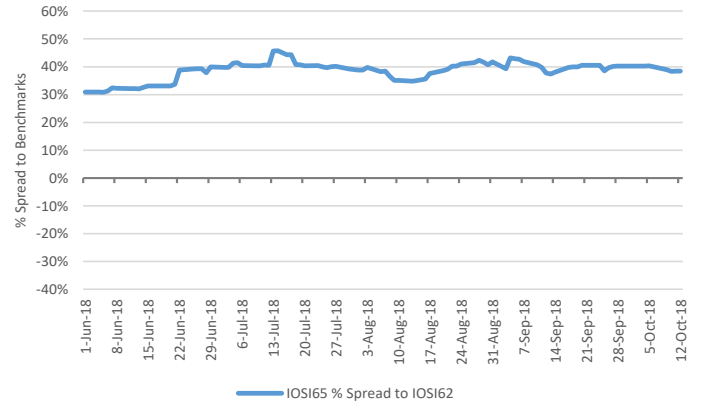
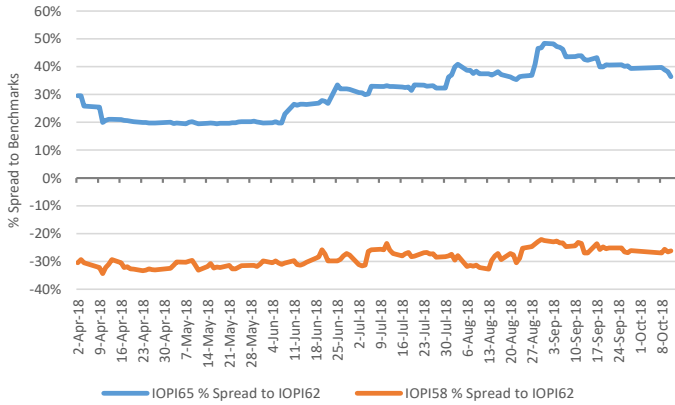
Daily Iron Ore Index Report

October 12, 2018

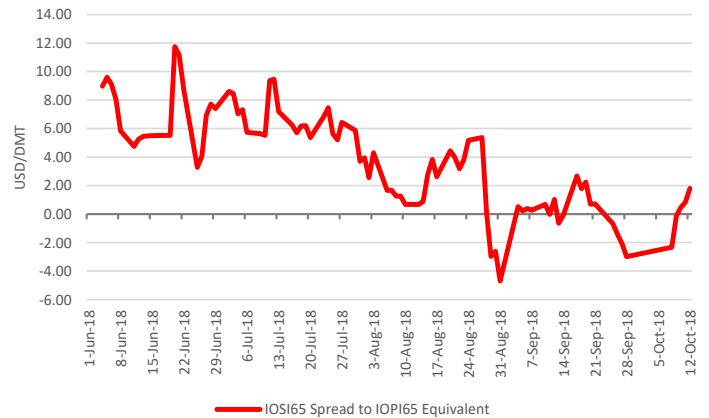
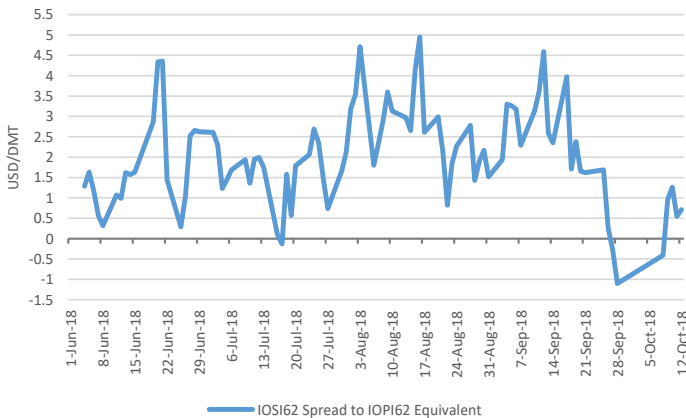
IRON ORE INDEX PREMIUMS/DISCOUNTS

October 12 2018	PORT STOCK INDEX (RMB/WT)	
Fe Content	Spread to IOPI62	% Spread to IOPI62
58% Fe Fines	-147	-26.82%
65% Fe Fines	194	35.40%

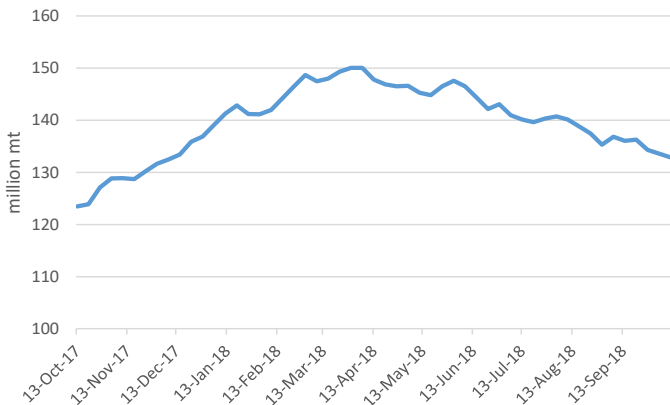
October 11 2018	SEABORNE INDEX (USD/DMT)	
Fe Content	Spread to IOSI62	% Spread to IOSI62
65% Fe Fines	27.40	38.48%



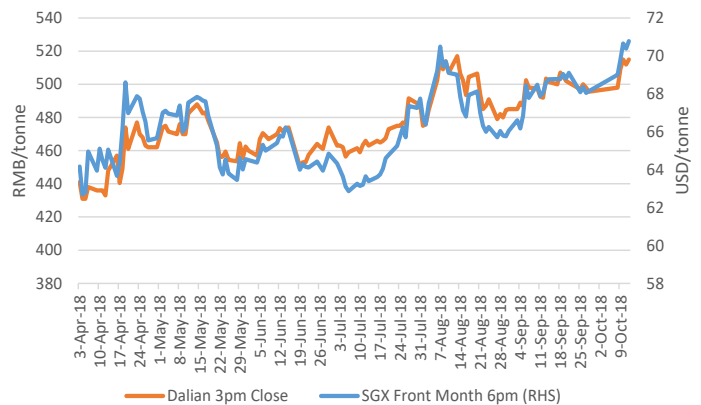
IRON ORE SEABORNE TO PORT STOCK SPREADS



TOTAL IRON ORE INVENTORIES AT CHINA PORTS



FUTURE TRADING—FRONT MONTH CLOSING PRICE



IRON ORE PORT INVENTORIES

Week Ending October 12, 2018 (million tonnes)				
Province	This week	Change %	Low ⁴	High ⁴
Jingtang	13.47	-9.60%	13.47	19.00
Qingdao	18.00	2.27%	15.60	19.97
Caofeidian	19.90	-1.00%	16.70	25.30
Tianjin	8.50	-7.61%	8.50	11.00
Rizhao	15.50	-8.28%	13.10	19.00
Total (35 Ports)	132.87	-1.06%	123.49	150.04

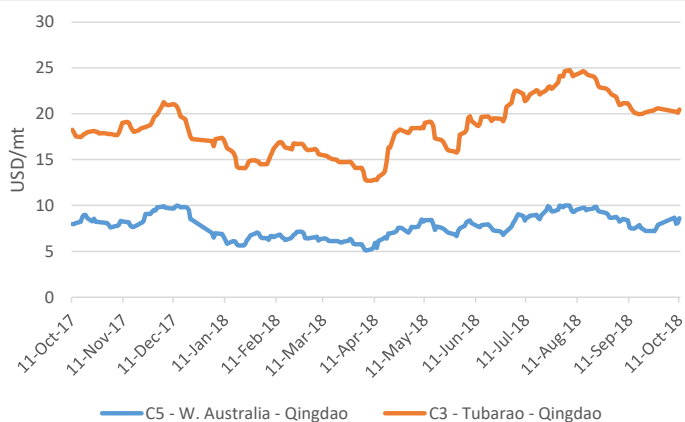
IRON ORE FUTURES CONTRACTS

Closing Date	DCE			SGX		
	12 Oct 3pm close			12 Oct 6 pm		
Contract	I1901	Change	Change %	Oct'18	Change	Change %
Closing Price	515.0	3.0	0.59%	70.78	0.39	0.55%
Vol traded ('000 lots)	66.29	-20.1	-23.23%	3.76	0.59	18.55%
Open positions ('000 lots)	67.09	4.5	7.25%	113.96	-1.34	-1.16%
Day Low	510.0	1.5	0.29%	70.40	0.66	0.95%
Day High	517.0	2.0	0.39%	70.78	0.24	0.34%

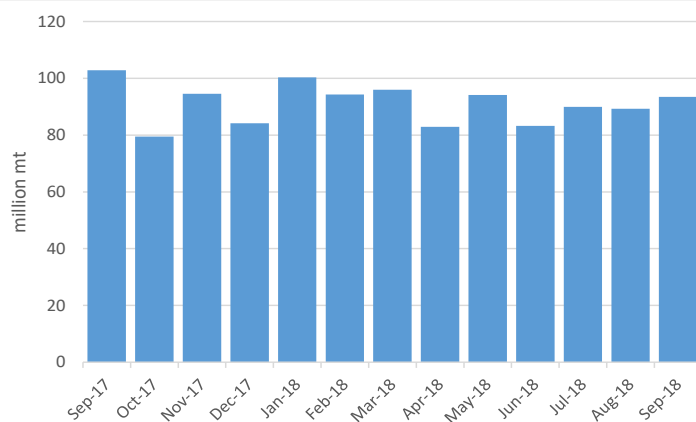
Daily Iron Ore Index Report

October 12, 2018

DRY BULK FREIGHT RATES



TOTAL CHINA IRON ORE IMPORT VOLUMES



Steel Spot Market Prices - China

Product	21/9/2018	Change	Change %
ReBar HRB400 φ18mm	4,600.0	58	1.28%
Wirerod Q300 φ6.5mm	4,836.0	209	4.52%
HRC Q235/SS400 5.5mm*1500°C	4,325.0	-6	-0.14%
CRC SPCC/ST12 1.0mm*1250*2500	4,913.0	7	0.14%
Medium & Heavy Plate Q235B 20mm	4,480.0	-10	-0.22%
GI ST02Z 1.0mm*1000°C	5,300.0	5	0.09%
Billet Q235 150*150mm	3,990.0	-30	-0.75%

Rebar and HRC spot prices



CHINESE STEEL EXPORT PRICES

Product	Specification	Export tax (+)/Vate rebate (-)	Change
21/9/2018			
Rebar	BS4449 460B 12-25mm, + chrome	-13%	575 -5
Wire Rod	SAE1008 6.5-10mm +chrome	-9%	580 0
Hot-rolled coil	SS400/Q235 4.0-10.mm	-9%	580 0
Cold-rolled coil	SPCC 1.0mm	-13%	615 0
Medium & Heavy plate	A-level Shipe plate 12-25mm	0%	610 0
Galvanised	ST02Z/SGCC 1.0mm	-13%	685 0

Note: Calculation formula for converting export prices of rebar, cold-rolled steel and galvanizing into prices in China's spot market = FOB * exchange rate * 1.16 / (1.16 - 0.13); Calculation formula for converting export prices of wire rod and hot-rolled steel into prices in China's spot market = FOB * exchange rate * 1.16 / (1.16 - 0.09); Calculation formula for converting export prices of medium-thick plate into prices in China's spot market = FOB * exchange rate

CHINESE STEEL INVENTORIES

Steel Inventories ³ (unit: 1000 tonnes)				
Product	21/9/2018	14/9/2018	Change	Change %
Rebar	4,217	4,405	-188	-4.27%
Wirerod	1,361	1,403	-42	-2.99%
Hot-rolled Coil	2,166	2,144	22	1.03%
Medium & Thick Plate	1,039	1,005	34	3.38%
Cold-rolled Coil	1,175	1,183	-8	-0.68%
Total	9,959	10,140	-181	-1.79%

³ SMM statistics cover inventories of major steel products in China's major markets: hot-rolled steel inventories in 33 major cities; rebar and wire inventories in 35 major cities; cold-rolled steel and medium-thick plate inventories in 31 major cities.

CHINESE STEEL MILL PROFITABILITY

SMM Tracking of Steel Mill P&L - Rebar and Hot-rolled Coil (RMB/tonne)

Category	Price	Change (WoW)	Note
MMI (Fe 62%), USD/mt excluding tax	68.13	3.19	MMI index for 22nd June
Coke	2,610	0	2nd grade met coke, Tangshan, incl. tax
Steel Scrap	2,320	0	steel scrap (6mm) in Zhangjiagang, excl. tax
Billet Cost	3,126	34	Q234, incl. tax
Rebar cost - Blast furnace	3,395	33	calculated based on theoretical weight, incl. tax
Rebar profit - Blast furnace	1,085	-43	based on Shanghai prices, incl. tax
Hot-rolled coil cost - Blast furnace	3,451	-10	based on actual weight, incl. tax
Hot-rolled coil profit - Blast furnace	879	-35	based on Shanghai prices, incl. tax

Note: 1. Costs in the table are calculated based on today's market prices and factor our management, sales, financial and depreciations fees.

2. The cost refers to average cost in the industry based on SMM's survey of small, medium and large mills in China

IRON ORE INDEX SPECIFICATIONS, COMPILATION RATIONALE AND DATA EXCLUSIONS

Iron Ore Index Specifications (Port and Seaborne)				Iron Ore Index Compilation Rationale and Data Exclusions			
	65% Fe Fines	62% Fe Fines	58% Fe Fines				
Fe %	65.00	62.00	58.00	MMI iron ore indices are compiled from data provided by companies that are part of the iron ore supply chain and involved in spot market transactions. The indices are calculated using detailed transaction-level data submitted to MMI by these companies. This data is normalised to the appropriate specifications and screened to remove outliers before volume-weighted average prices are calculated from the remaining core set of data. For more details on MMI's iron ore methodology please download the guide published on our website at: www.mmiprices.com * Number of price submissions for iron ore indices that were excluded from index calculations today as they were anomalous and could not be verified			
Alumina %	1.40	2.25	2.25				
Silica%	1.50	4.00	5.50				
Phosphorus %	0.06	0.09	0.05				
Sulphur %	0.01	0.02	0.02				
Moisture %	8.00	8.00	9.00				
Sizing	Granular size below 10mm for at least 90% of cargo; maximum of 40% below 150 micron						
Pricing Point	Qingdao Port (FOT and CFR respectively)						
Timing (Seaborne)	Loading within 4 weeks, Delivery within 8 weeks						
Payment Terms	L/C at sight						
				Data Exclusions*			
					62%	58%	65%
				Port Index	0	0	0
				Seaborne index	0	0	0

IRON ORE DOMESTIC CONCENTRATE INDEX CALCULATION METHODOLOGY

The compilation method for price index generally refers to the compilation method of CPI price index and other price indices, breakdown the price data and calculate the average value according to a certain method, taking the vertical axis as the regional composite index (average of different grade index) and the horizontal axis as the grade composite index (average of different regional index), a total composite index for domestic ore can be output ultimately. The process system is also adopted in the calculation i.e. each sub-index can be obtained as well.

AVERAGE IRON ORE SPECIFICATIONS APPLIED FOR BRAND PRICE ASSESSMENTS

PORT STOCK BRANDS						SEABORNE BRANDS					
October 12 2018	SPECIFICATIONS APPLIED FOR 62% BRAND ASSESSMENTS					October 12 2018	SPECIFICATIONS APPLIED FOR 62% BRAND ASSESSMENTS				
	Fe	Alumina	Silica	Phos	Moisture		Fe	Alumina	Silica	Phos	Moisture
Roy Hill	61.00%	2.20%	4.50%	0.055%	8.00%	Roy Hill	61.00%	2.20%	4.50%	0.055%	8.00%
SIMEC Fines	60.00%	2.30%	6.30%	0.060%	6.00%	SIMEC Fines	60.00%	2.30%	6.30%	0.060%	6.00%
PB Fines	61.68%	2.35%	3.59%	0.100%	9.30%	PB Fines 62%	62.00%	2.60%	4.30%	0.090%	10.00%
Newman Fines	62.36%	2.40%	4.22%	0.090%	7.73%	Newman Fines	62.80%	2.20%	4.30%	0.080%	6.40%
MAC Fines	60.96%	2.27%	4.61%	0.100%	7.33%	MAC Fines	61.00%	2.70%	5.50%	0.110%	9.30%
Jimblebar Blended Fines	61.27%	2.78%	4.32%	0.090%	6.79%	Jimblebar Blended Fines	61.79%	2.67%	4.08%	0.115%	7.16%
Carajas Fines	64.80%	1.42%	1.57%	0.070%	8.40%	Carajas Fines	65.10%	1.50%	1.70%	0.080%	8.50%
Brazilian SSF	62.00%	1.00%	6.50%	0.040%	6.00%	Brazilian SSF	62.00%	1.00%	6.50%	0.040%	6.00%
Brazilian Blend Fines	62.73%	1.46%	5.03%	0.020%	8.67%	Brazilian Blend Fines	62.50%	1.50%	5.00%	0.070%	7.00%
RTX Fines	61.00%	3.10%	4.50%	0.135%	7.50%	RTX Fines	61.00%	3.10%	4.50%	0.135%	7.50%
October 12 2018	SPECIFICATIONS APPLIED FOR 58% BRAND ASSESSMENTS										
	Fe	Alumina	Silica	Phos	Moisture						
SSF	56.49%	3.03%	6.32%	0.050%	9.25%						
FMG Blended Fines	58.36%	2.79%	5.90%	0.070%	7.13%						
Robe River	56.74%	3.14%	5.05%	0.030%	8.58%						
Western Fines	57.72%	2.86%	7.37%	0.060%	7.41%						
Atlas Fines	56.59%	2.55%	7.14%	0.080%	8.46%						
Yandi	57.12%	1.35%	6.33%	0.040%	9.11%						

BLOOMBERG TICKERS

PORT STOCK INDICES			
	FOT Qingdao (RMB/wet tonne)		CFR Qingdao Equivalent (USD/dry tonne)
IOP162	IRCNQ001		IRCNQ004
IOP158	IRCNQ002		IRCNQ005
IOP165	IRCNQ003		IRCNQ006

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