

Daily Iron Ore Index Report

August 07, 2018

IRON ORE PORT STOCK INDEX (IOPI)

August 07 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	Low ²	High ²	Price	Change	Change %	MTD	YTD	Low ²	High ²
IOPI62	62% Fe Fines	512	0	0.0%	500	479	443	559	66.27	0.07	0.1%	64.81	65.37	61.36	77.89
IOPI58	58% Fe Fines	351	2	0.6%	352	333	304	376	44.23	0.33	0.8%	44.45	44.07	40.67	50.97
IOPI65	65% Fe Fines	710	0	0.0%	696	604	541	710	93.39	0.11	0.1%	91.59	83.36	75.83	97.10

IRON ORE DOMESTIC CONCENTRATE SPOT PRICE ASSESSMENTS AND COMPOSITE INDEX

Week Ending August 03, 2018				RMB/tonne (excluding tax)				USD/tonne (excluding tax) ³			
Province	Region	Product	Basis	This week	Change %	Low ²	High ²	This week	Change %	Low ²	High ²
Hebei	Hanxing	66% Fe Concentrate	Dry	627	2.8%	579	682	91.97	2.3%	84.93	100.04
Hebei	Qian'an	65% Fe Concentrate	Dry	690	0.0%	630	710	101.22	-0.5%	92.41	104.15
Liaoning	Anshan	65% Fe Concentrate	Wet	465	0.0%	445	550	68.21	-0.5%	65.28	80.68
Shandong	Zibo	65% Fe Concentrate	Dry	680	3.0%	620	690	99.75	2.5%	90.95	101.22
Week Ending August 03, 2018				This week	Change %	Low ⁴	High ⁴				
China Mines Concentrate Composite Index RMB/WT				567.06	0.9%	534.50	628.33				

¹ Exchange rate applied: RMB/USD = 6.8431

² Since March 1

³ Weekly exchange rate applied: RMB/USD 6.8171 ⁴ Last 12 months

MARKET COMMENTARY

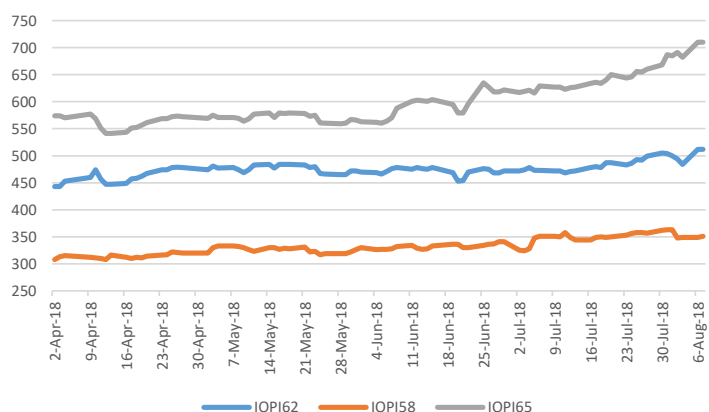
The physical iron ore spot market continued to see much activity today, with a significant number of spot trades concluded as mills were keen to grow iron ore inventories. According to SMM, the majority of traders are relatively confident of the current iron ore market. Some market participants remain cautious, with the second round environmental supervision 'Huitoukan' and current inventories of mainstream resources.

PLATFORM TRADES AND TENDERS

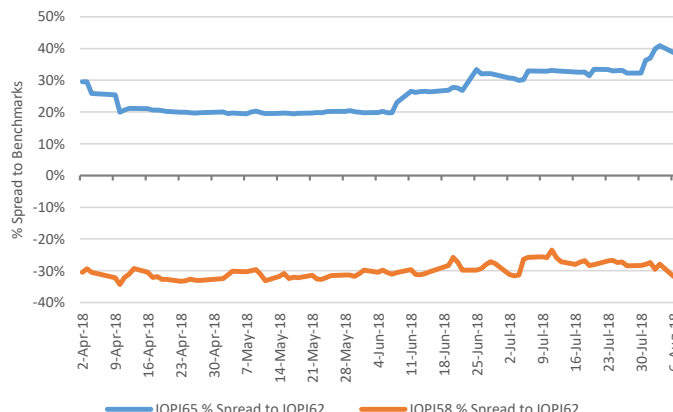
IRON ORE HIGH/LOW GRADE PREMIUM/DISCOUNT

August 07 2018		PORT STOCK INDEX (RMB/WT)	
Fe Content		Spread to IOPI62	% Spread to IOPI62
58% Fe Fines		-161	-31.45%
65% Fe Fines		198	38.67%

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



IRON ORE HIGH/LOW GRADE PREMIUM/DISCOUNT



IRON ORE FUTURES CONTRACTS

Closing Date	DCE			SGX		
	07 Aug 3pm close			07 Aug 6pm		
Contract	I1901	Change	Change %	Sep'18	Change	Change %
Closing Price	515.0	8.5	1.68%	70.49	0.92	1.32%
Vol traded ('000 lots)	118.22	7.9	7.13%	14.22	-2.50	-14.95%
Open positions ('000 lots)	73.84	8.9	13.77%	110.19	0.86	0.78%
Day Low	508.5	5.5	1.09%	69.45	0.91	1.33%
Day High	516.0	7.5	1.47%	70.60	0.95	1.36%

IRON ORE PORT INVENTORIES

Week Ending August 03, 2018 (million tonnes)				
Province	This week	Change %	Low ⁴	High ⁴
Jingtang	16.50	-3.51%	14.11	19.00
Qingdao	18.90	-0.53%	15.60	19.97
Caofeidian	18.72	0.65%	16.62	25.30
Tianjin	10.48	6.94%	8.35	11.00
Rizhao	17.45	-0.46%	13.10	19.00
Total (35 Ports)	140.74	0.29%	123.49	150.04

FREIGHT RATES

August 06, 2018		FREIGHT RATES - DRY BULK US\$/wet tonne				
Route	Designation	Change	Change %	Low ⁴	High ⁴	
W. Australia - Qingdao	C5	9.98	-0.02	-0.20%	5.109	10.002
Tubarao - Qingdao	C3	24.76	0.11	0.43%	12.705	24.76

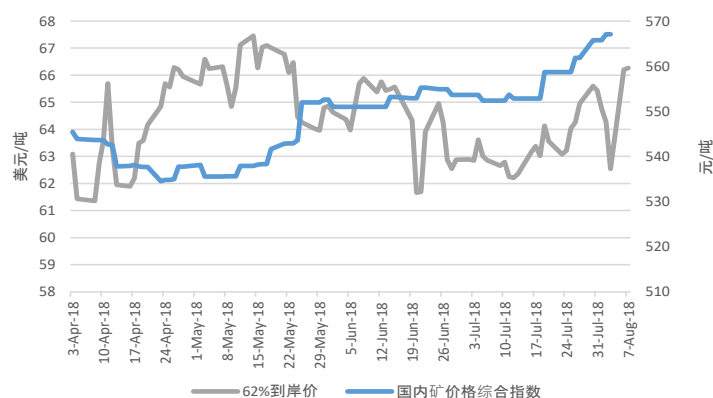
BLOOMBERG

BLOOMBERG TICKERS		
	FOT Qingdao (RMB/wet tonne)	CFR Qingdao Equivalent (USD/dry tonne)
IOPI62	IRCNQ001	IRCNQ004
IOPI58	IRCNQ002	IRCNQ005
IOPI65	IRCNQ003	IRCNQ006

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MMi BENCHMARK IRON ORE PRICES



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

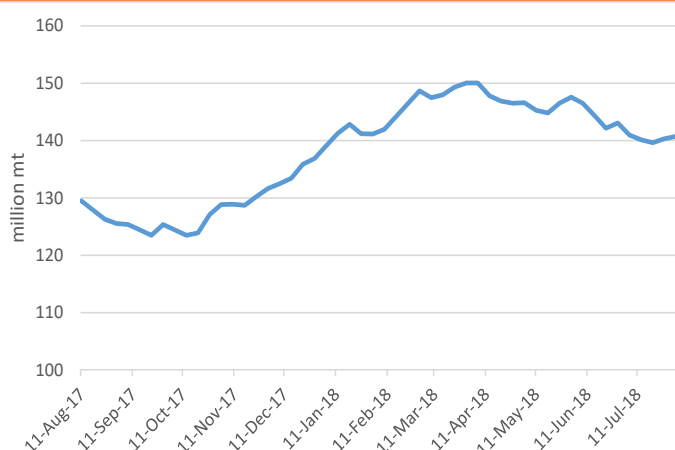


IRON ORE BRAND SPOT PRICE ASSESSMENTS

August 07 2018	PORT STOCK INDEX (RMB/WT)		
	Price	Change	Diff to IOPI62
Roy Hill	495	0	-17
SIMEC Fines	475	0	-37
PB Fines	494	0	-18
Newman Fines	521	0	9
MAC Fines	500	-3	-12
Jimblebar Blended Fines	458	1	-54
Carajas Fines	762	0	250
Brazilian SSF	547	0	35
Brazilian Blend Fines	543	0	31
RTX Fines	470	0	-42

August 07 2018	PORT STOCK INDEX (RMB/WT)		
	Price	Change	Diff to IOPI58
SSF	305	2	-46
FMG Blended Fines	350	2	-1
Robe River	338	2	-13
Western Fines	308	2	-43
Atlas Fines	290	2	-61
Yandi	327	2	-24

TOTAL IRON ORE INVENTORIES AT CHINA PORTS

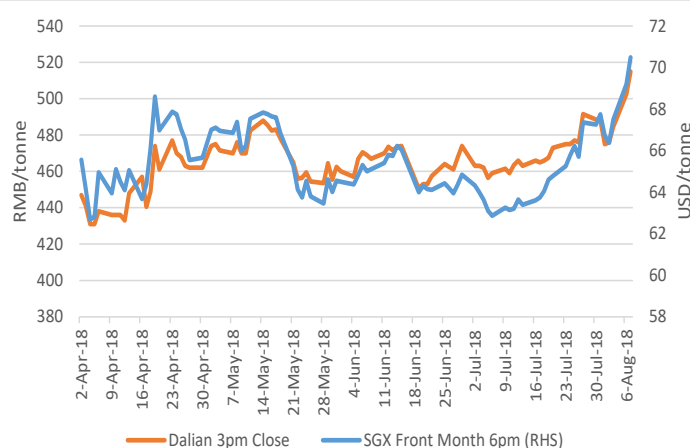


AVERAGE IRON ORE BRAND SPECIFICATIONS FOR PORT STOCK SALES

August 07 2018	SPECIFICATIONS APPLIED FOR 62% BRAND ASSESSMENTS				
	Fe	Alumina	Silica	Phos	Moisture
Roy Hill	61.00%	2.20%	4.50%	0.055%	8.00%
SIMEC Fines	60.00%	2.30%	6.30%	0.060%	6.00%
PB Fines	61.57%	2.41%	3.68%	0.100%	9.04%
Newman Fines	62.59%	2.34%	3.99%	0.100%	7.46%
MAC Fines	61.18%	2.19%	4.63%	0.090%	7.38%
Jimblebar Blended Fines	61.04%	2.86%	4.67%	0.100%	6.85%
Carajas Fines	65.61%	0.99%	1.87%	0.060%	8.50%
Brazilian SSF	62.00%	1.00%	6.50%	0.040%	6.00%
Brazilian Blend Fines	62.84%	1.39%	4.87%	0.070%	8.70%
RTX Fines	61.00%	3.10%	4.50%	0.135%	7.50%

August 07 2018	SPECIFICATIONS APPLIED FOR 58% BRAND ASSESSMENTS				
	Fe	Alumina	Silica	Phos	Moisture
SSF	56.51%	3.03%	6.26%	0.050%	9.14%
FMG Blended Fines	58.33%	2.68%	5.80%	0.070%	7.17%
Robe River	56.71%	3.11%	5.11%	0.030%	8.69%
Western Fines	57.61%	2.94%	6.88%	0.070%	7.56%
Atlas Fines	56.59%	2.55%	7.14%	0.080%	8.46%
Yandi	57.19%	1.40%	6.39%	0.040%	8.85%

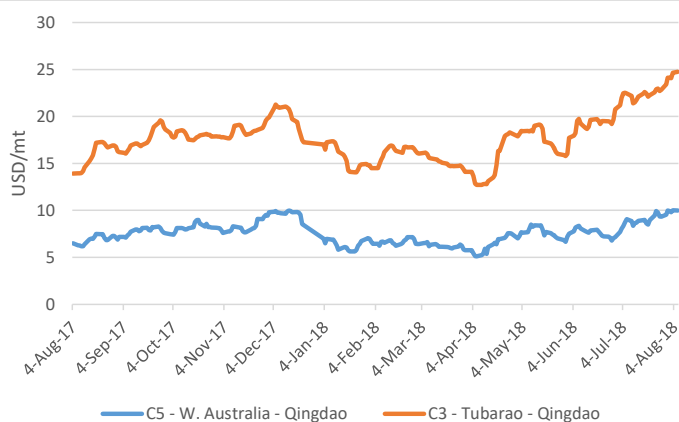
FUTURE TRADING—FRONT MONTH CLOSING PRICE



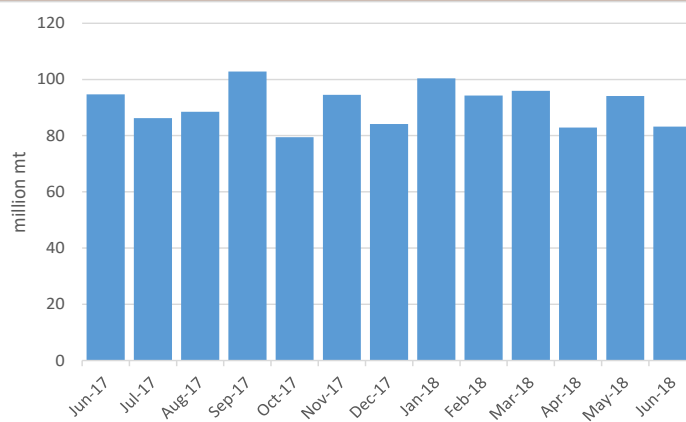
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DRY BULK FREIGHT RATES



TOTAL CHINA IRON ORE IMPORT VOLUMES

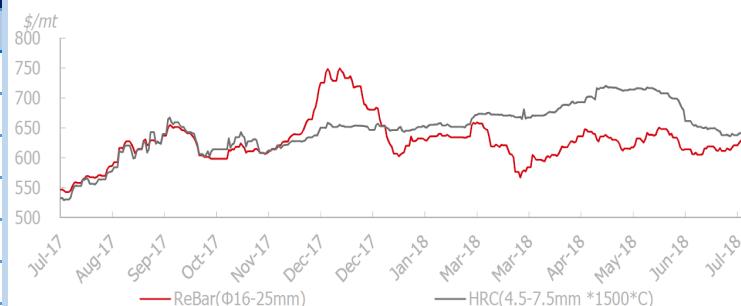


Steel Spot Market Prices - China

Steel Spot Market RMB/tonne

Product	3/8/2018	Change	Change %
ReBar HRB400 ϕ 18mm	4,287.0	70.0	1.66%
Wirerod Q300 ϕ 6.5mm	4,551.0	64.0	1.43%
HRC Q235/SS400 5.5mm*1500*C	4,296.0	13.0	0.30%
CRC SPCC/ST12 1.0mm*1250*2500	4,753.0	47.0	1.00%
Medium & Heavy Plate Q235B 20mm	4,393.0	60.0	1.38%
GI ST02Z 1.0mm*1000*C	5,345.0	45.0	0.85%
Billet Q235 150*150mm	3,850.0	60.0	1.58%

Rebar and HRC spot prices



Source: SMM

CHINESE STEEL EXPORT PRICES

China Export Prices USD/tonne

Product	Specification	Export tax (+)/Vate rebate (-)	Change
		3/8/2018	
Rebar	BS4449 460B 12-25mm, + chrome	-13%	570 0
Wire Rod	SAE1008 6.5-10mm +chrome	-9%	575 0
Hot-rolled coil	SS400/Q235 4.0-10.0mm	-9%	575 -5
Cold-rolled coil	SPCC 1.0mm	-13%	620 0
Medium & Heavy plate	A-level Ship plate 12-25mm	0%	610 0
Galvanised	ST02Z/SGCC 1.0mm	-13%	690 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 Inventories³ (unit: 1000 tonnes)

Product	3/8/2018	27/7/2018	Change	Change %
Rebar	4,593	4,550	43	0.95%
Wirerod	1,195	1,179	16	1.36%
Hot-rolled Coil	2,174	2,145	29	1.35%
Medium & Thick Plate	948	954	-6	-0.63%
Cold-rolled Coil	1,173	1,180	-7	-0.59%
Total	10,084	10,008	76	0.76%

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	62.54	-2.42	MMI index for 22nd June
Coke	1,970	0	2nd grade met coke, Tangshan, incl. tax
Steel Scrap	2,190	120	steel scrap (6mm) in Zhangjiagang, excl. tax
Billet Cost	2,715	-9	Q234, incl. tax
Rebar cost - Blast furnace	2,979	-9	calculated based on theoretical weight, incl. tax
Rebar profit - Blast furnace	1,131	109	based on Shanghai prices, incl. tax
Hot-rolled coil cost - Blast furnace	3,042	-9	based on actual weight, incl. tax
Hot-rolled coil profit - Blast furnace	1,248	9	based on Shanghai prices, incl. tax

Note: 1. Costs in the table are calculated based on today's market prices and factored 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

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IRON ORE INDEX SPECIFICATIONS, COMPILATION RATIONALE AND DATA EXCLUSIONS

Iron Ore Index Specifications (Port)				Iron Ore Index Compilation Rationale and Data Exclusions
	65% Fe Fines	62% Fe Fines	58% Fe Fines	
Fe %	65.00	62.00	58.00	
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			
Timing (Seaborne)	Loading within 4 weeks, Delivery within 8 weeks			
Payment Terms	L/C at sight			

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.

IRON ORE PORT INDEX NORMALISATION DIFFERENTIALS

Product Differentials (RMB/wet tonne)				Differentials to Qingdao Port (RMB/wet tonne)		
	Applicable range	Value	Change	Port	Value	Change
1% Fe	High Grade Fe 60 - 63%	16.00	0.00	Bayuquan	-10.00	0.00
	High Grade Fe 63 - 64%	70.00	0.00	Beilun	5.00	0.00
	High Grade Fe 64 - 65%	80.00	0.00	Caofeidian	-10.00	0.00
	High Grade Fe 65 - 65.5%	80.00	0.00	Dalian	0.00	0.00
	Low Grade Fe	12.00	0.00	Fangcheng	0.00	0.00
1% Alumina	High Fe Grade Al <2.25%	31.00	0.00	Jiangyin	-30.00	0.00
	High Fe Grade Al 2.25-4%	25.00	0.00	Jingtang	-10.00	0.00
	Low Fe Grade	10.00	0.00	Lanshan	0.00	0.00
1% Silica	High Fe Grade Si <4%	0.00	0.00	Lanqiao	0.00	0.00
	High Fe Grade Si <4 - 6.5%	6.00	0.00	Lianyungang	0.00	0.00
	High Fe Grade Si <6.5 - 9%	14.00	0.00	Majishan	0.00	0.00
	Low Fe Grade	26.00	0.00	Nantong	-30.00	0.00
0.01% Phosphorus	High Fe Grade 0.08%<P<0.115%	1.00	0.00	Qingdao	0.00	0.00
	High Fe grade 0.115%<P<0.15%	8.00	0.00	Rizhao	0.00	0.00
	Low Fe Grade 0.08 < P < 0.15%	4.00	0.00	Tianjin	-25.00	0.00

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