MMi Iron Ore Review

August 2020

Metals Market Index

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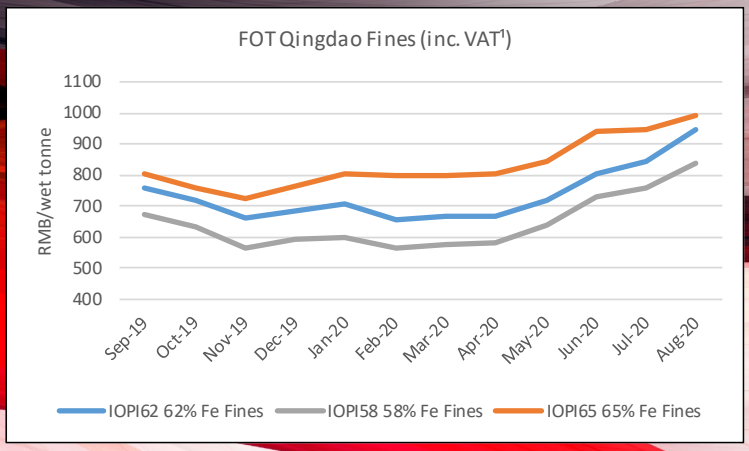
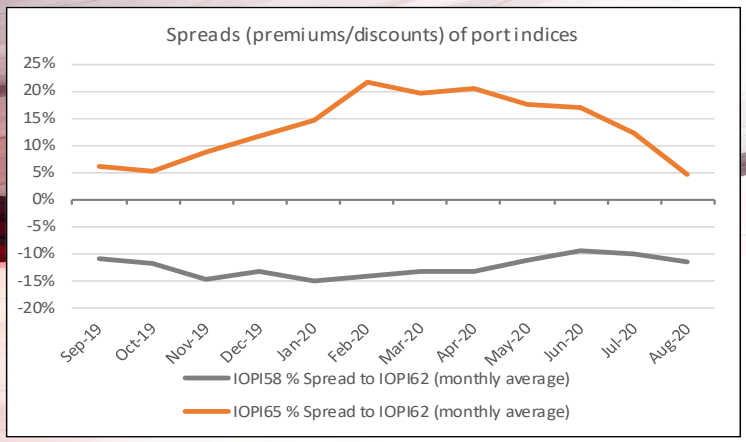
Iron Ore Review—August Update

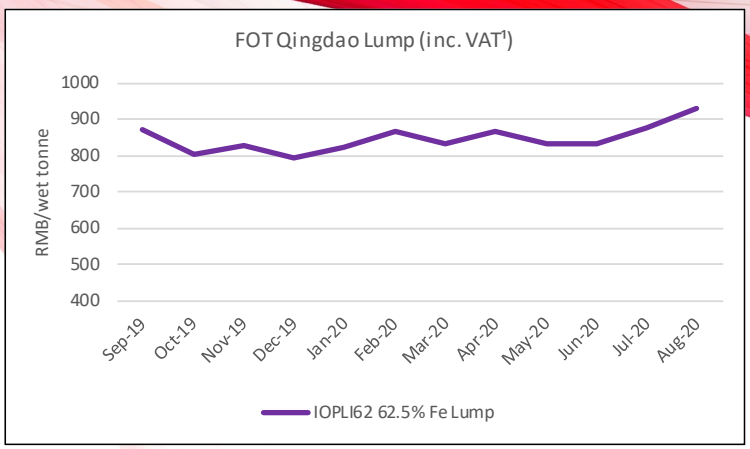
IRON ORE PORT PRICE INDEX MONTHLY AVERAGES

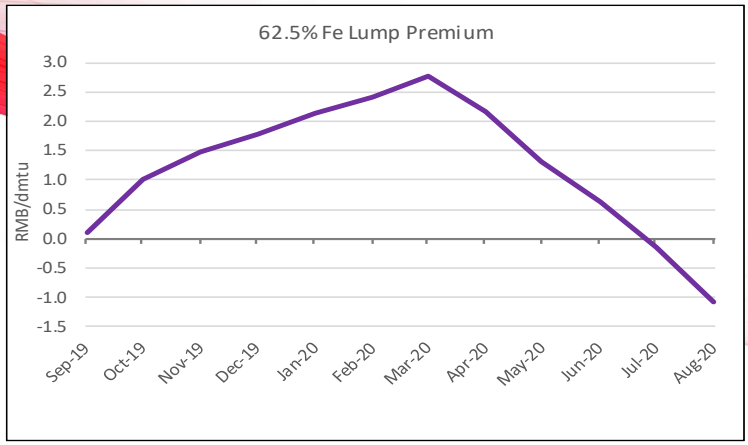
FOT Qingdao (inc. VAT [1]), RMB/wet tonne														
Index	Fe Content	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	YTD 2020
IOPI62	62% Fe Fines	758	721	665	683	706	655	667	668	720	807	844	948	**755**
IOPI58	58% Fe Fines	674	636	567	592	600	563	577	580	638	730	758	838	**664**
IOPI65	65% Fe Fines	803	758	723	764	808	797	798	804	847	943	948	992	**870**
CFR Qingdao Equivalent (exc. VAT[1]), USD/dry tonne														
IOPI62	62% Fe Fines	100.18	99.15	94.29	87.30	89.84	94.23	86.23	87.61	87.15	93.74	112.05	127.65	**99.68**
IOPI58	58% Fe Fines	91.86	88.77	83.57	74.67	78.18	80.46	74.33	76.20	75.96	83.6	101.29	113.63	**88.16**
IOPI65	65% Fe Fines	108.92	105.38	99.32	95.29	100.90	108.54	105.84	105.60	105.61	110.98	126.22	133.70	**115.45**

FOT Qingdao (inc. VAT [1]), RMB/wet tonne														
Index	Fe Content	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	YTD 2020
IOPLI62	62.5% Fe Lump	870	804	829	794	825	868	834	868	832	832	875	932	**865**
CFR Qingdao Equivalent (exc. VAT[1]), USD/dry tonne														
		Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	YTD 2020
IOPLI62	62.5% Fe Lump	108.08	98.44	101.74	97.89	102.01	108.99	106.19	110.46	104.89	104.46	111.35	120.08	**109.69**







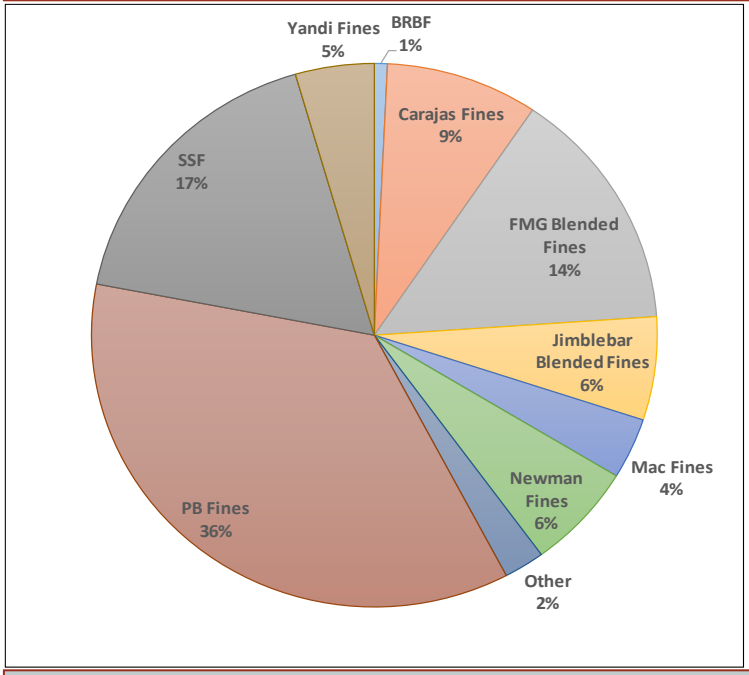


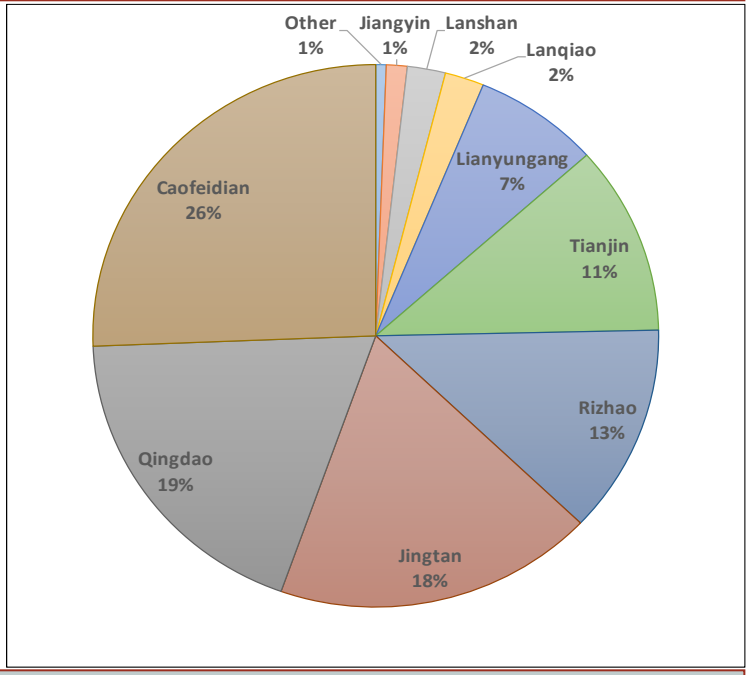
PORT PRICE DIFFERENTIALS TO QINGDAO PORT FOR PB FINES

Port Stock Price Differentials to Qingdao Port for PB Fines (RMB/wet tonne) - August 2020 Average values							
Port		Port		Port		Port	
Bayuquan	-15.24	Fangcheng	-5.00	Lanshan	0.00	Rizhao	0.00
Beilun	1.67	Jiangyin	-15.24	Lianyungang	3.33	Shekou	0.00
Caofeidian	6.43	Jingtang	6.43	Majishan	0.00	Taicang	-10.00
Dalian	-16.90	Lanqiao	0.00	Qingdao	0.00	Tianjin	-3.57

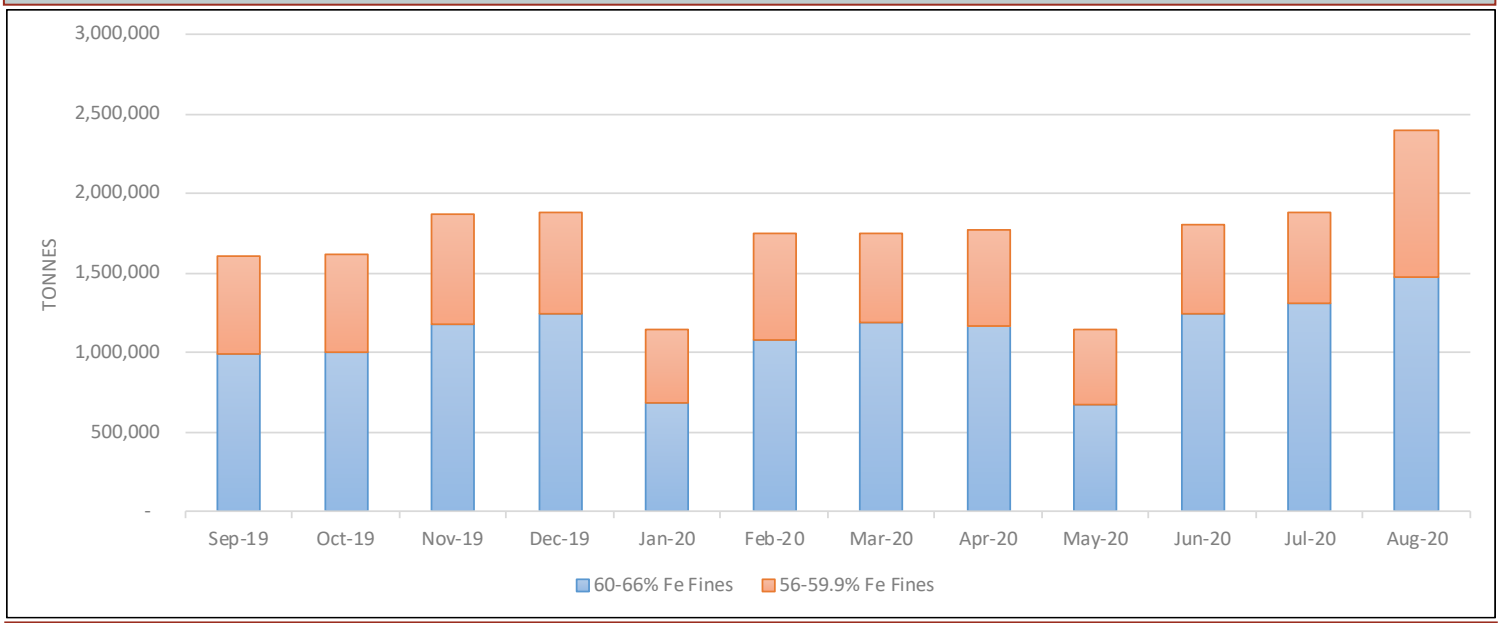
[1]VAT=13%

IRON ORE PORT PRICE INDEX BRAND AND PORT MAKEUP—LAST 12 MONTHS

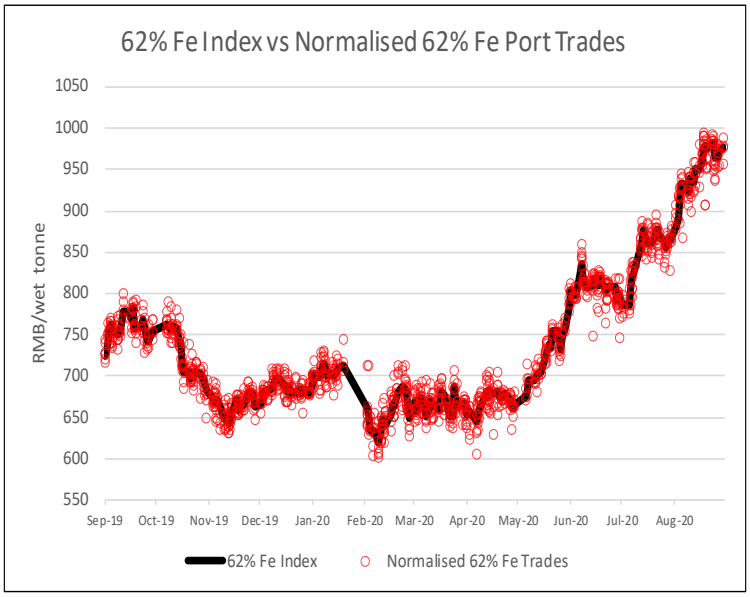


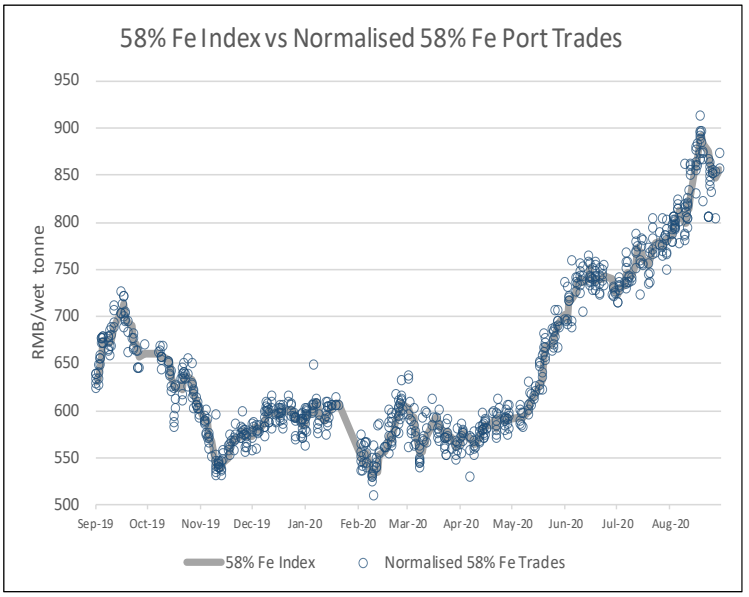


IRON ORE PORT PRICE INDEX COMPILATION VOLUME

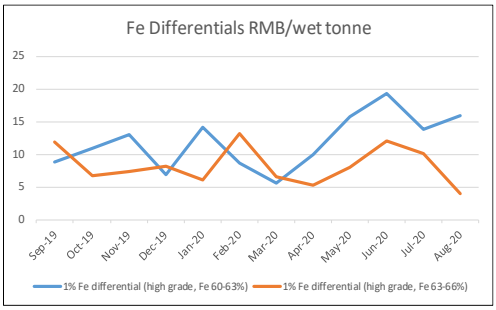


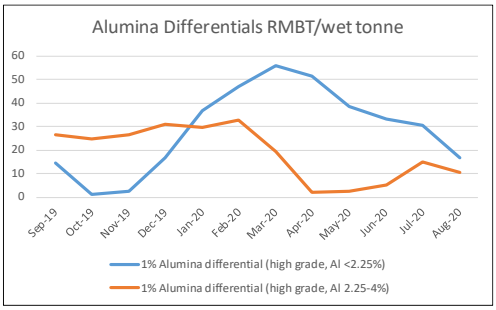
IRON ORE PORT PRICE INDEX COMPILATION

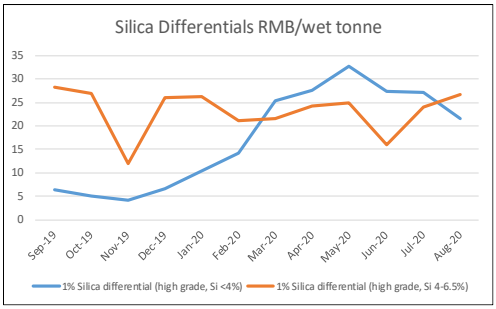


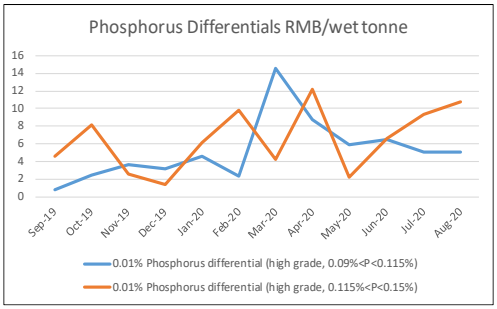


62% FE AND 65% FE PORT PRICE INDEX NORMALISATION DIFFERENTIALS (MONTHLY AVERAGES)









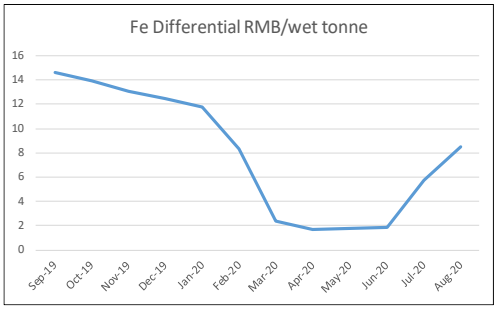
Profits at steel mills rose slightly in August as raw material prices rose at a slower rate than the prices of finished steel products.

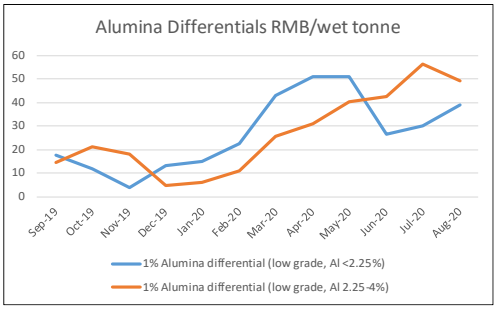
High Fe (63%+ fe) product differentials suffered in August, narrowing the spread between mid-grade and high-grade brands. Much of this was due to the low inventory levels of brands such as PB fines, JMBF, Newmans and MAC at the port, driving the mid-grade prices higher.

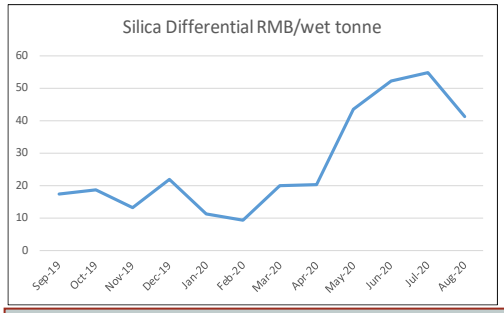
Steel mills were still nonetheless careful of increasing their gangue loads, with rising penalties for phos and silica.

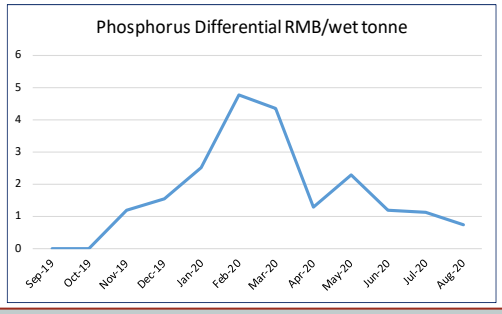
Newman's fines were the greatest beneficiaries in August, pricing at a premium to index for the first time since March, whilst high fe and low alumina products contract, with the 62—65% premium falling below 5% for the first time in 12 months.

58% FE PORT PRICE INDEX NORMALISATION DIFFERENTIALS (MONTHLY AVERAGES)









SSF and FMG blended fines products continued their recovery in August, rising demand for iron units contributing to their improving performance against the 58% indices.

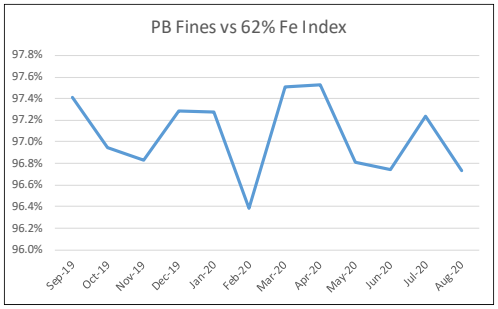
Low alumina products such as Yandi also showed marked improvement, as steel mills looked to better narrow profit margins by blending in some lower cost products.

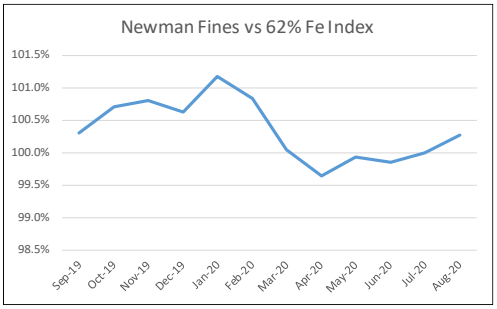
High silica penalties, peaking in July, have now eased, helping improve the relative price performance of high silica, low-fe products.

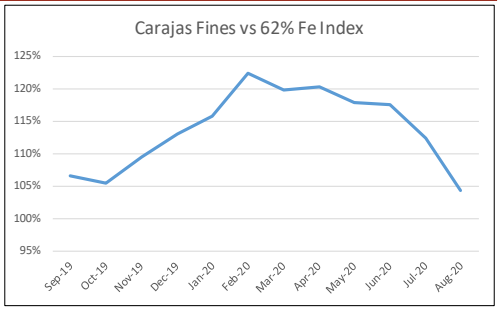
58—62% price spread has widened however as mid-grade products had demand outstrip supply at port.

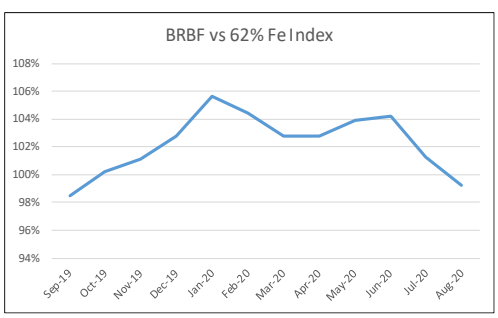
Likely winter pollution controls may drive gangue penalties higher in the coming months, however low profit margins remain a concern for steel mills and winter stockpiling may offset some of the price pressure for low fe grades.

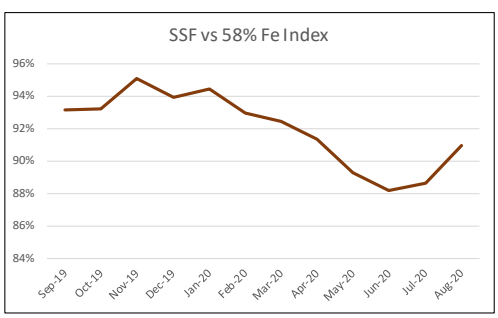
KEY PORT BRAND PRICE ASSESSMENTS VERSUS INDEX (MONTHLY AVERAGES)

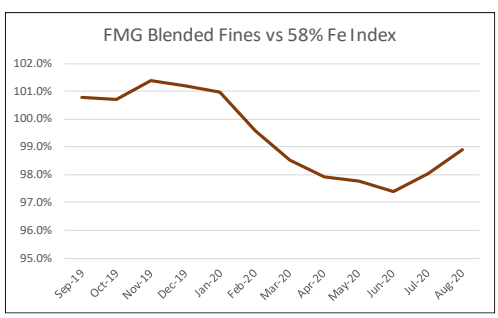








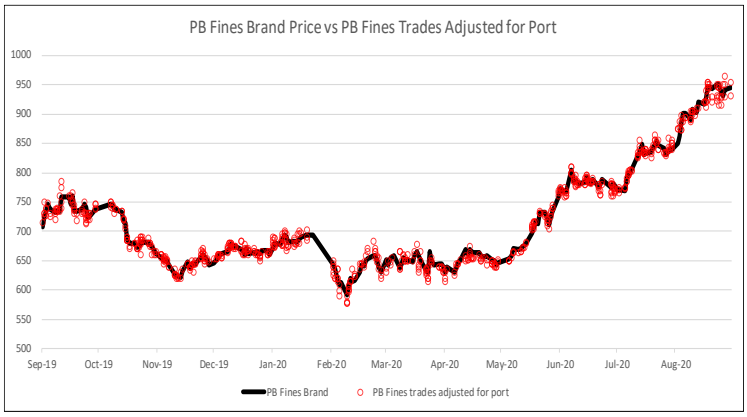


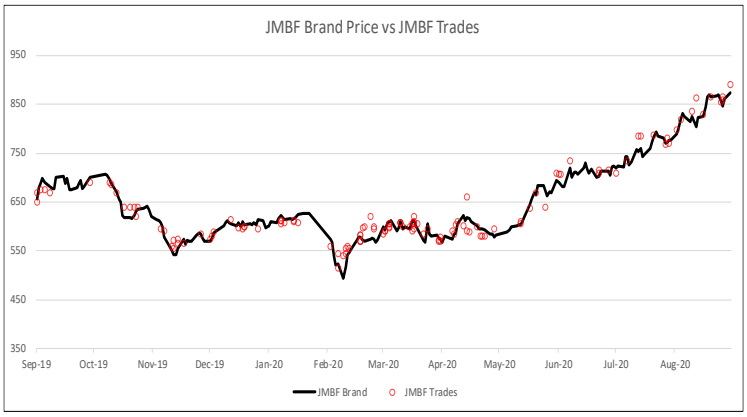


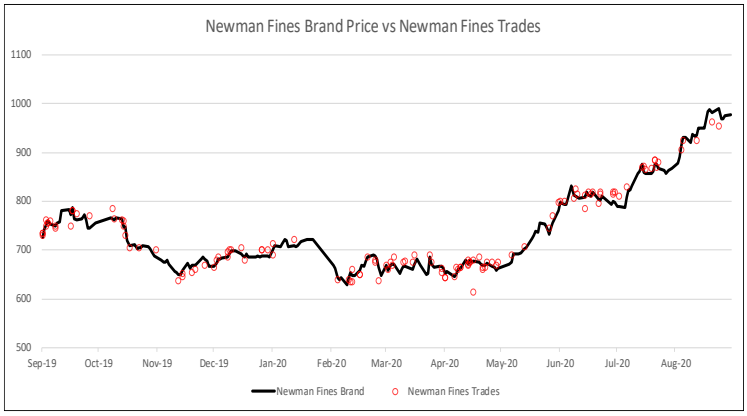
IRON ORE PORT BRAND PRICE ASSESSMENTS MONTHLY AVERAGES

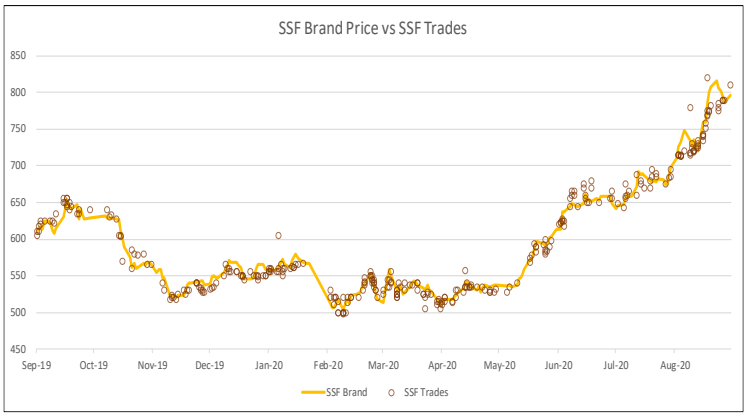
FOT Qingdao (inc VAT[1]), RMB/wet tonne													
Brand	**Sep-19**	**Oct-19**	**Nov-19**	**Dec-19**	**Jan-20**	**Feb-20**	**Mar-20**	**Apr-20**	**May-20**	**Jun-20**	**Jul-20**	**Aug-20**	**YTD 2020**
PB Fines	743	738	699	644	664	686	631	650	652	697	821	917	**732**
Newman Fines	761	760	726	670	687	714	660	667	666	719	844	951	**756**
MAC Fines	742	735	705	633	657	671	628	645	639	688	808	905	**722**
Jimblebar Blended Fines	676	689	631	571	606	618	555	596	593	639	755	838	**665**
Carajas Fines	832	807	760	728	772	816	802	798	804	848	948	988	**872**
Brazilian Blend Fines	754	746	722	672	702	745	684	685	687	748	855	941	**775**
SSF	660	628	593	539	556	567	523	534	530	570	672	763	**603**
FMG Blended Fines	699	679	640	575	599	606	560	569	568	624	743	829	**654**
Yandi Fines	688	658	612	553	570	596	576	593	594	610	722	803	**652**

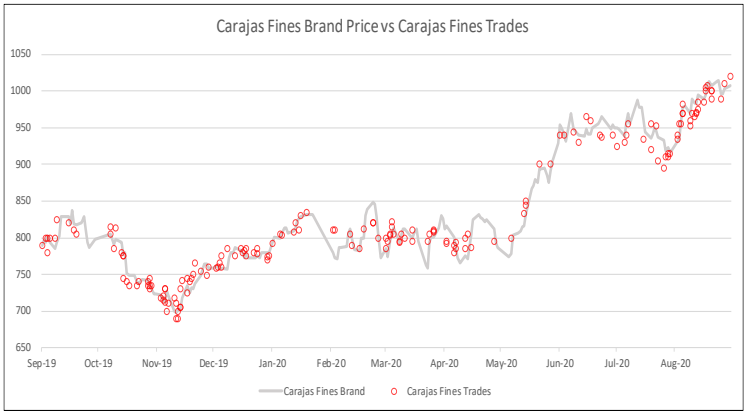
KEY PORT BRAND PRICE ASSESSMENTS AND TRADED PRICES

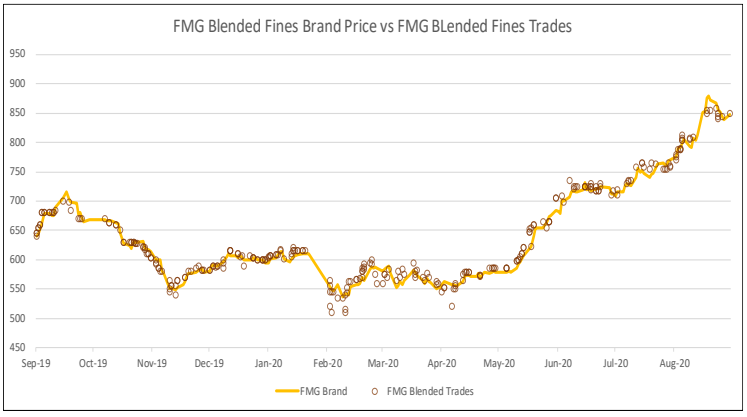








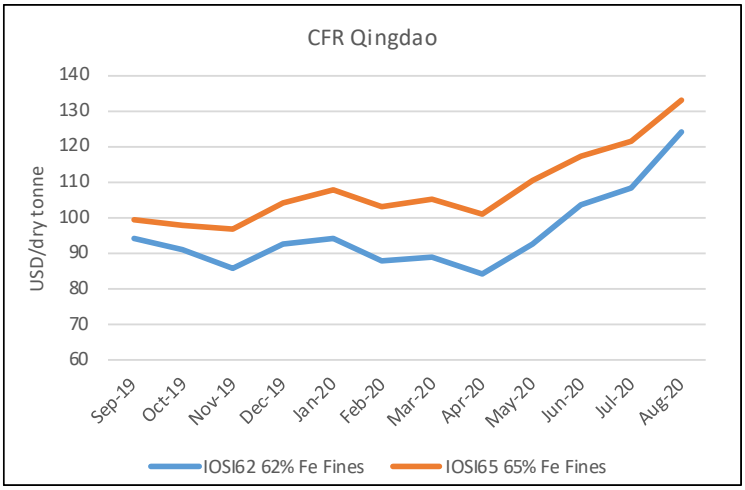


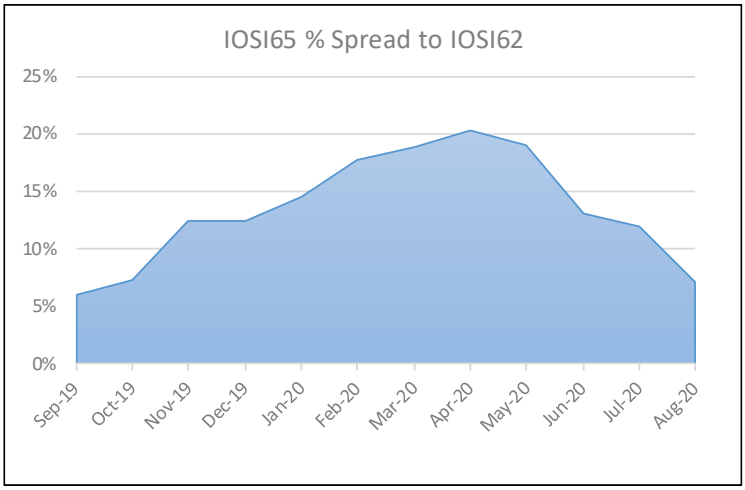


[1]VAT=13%

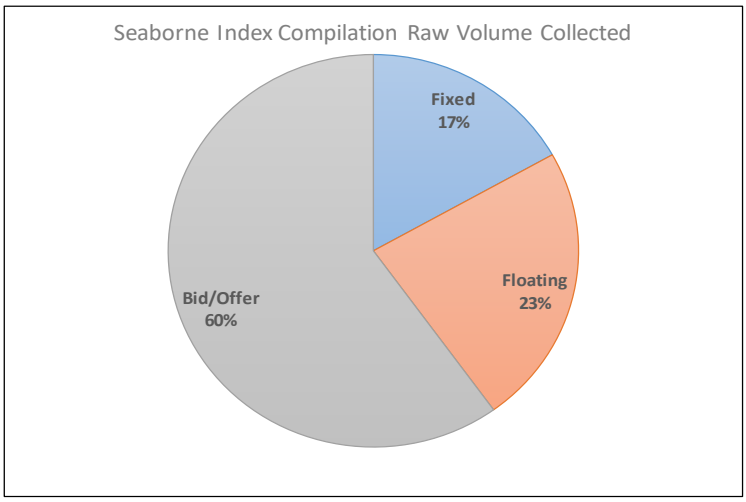
IRON ORE SEABORNE PRICE INDEX MONTHLY AVERAGES

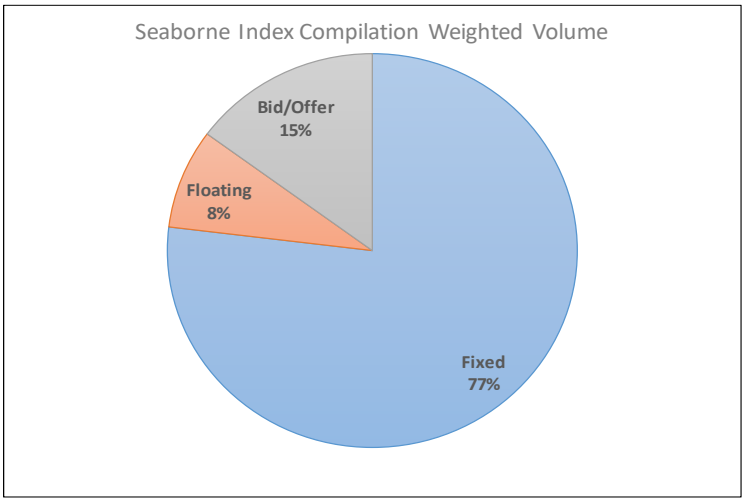
CFR Qingdao, USD/dry tonne														
Index	Fe Content	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	YTD 2020
IOSI62	62% Fe Fines	93.76	90.81	85.83	92.64	93.85	87.46	88.60	83.89	92.47	103.49	108.23	124.02	**97.72**
IOSI65	65% Fe Fines	99.42	97.45	96.49	104.14	107.56	102.94	105.31	100.97	110.12	117.06	121.21	132.95	**112.22**



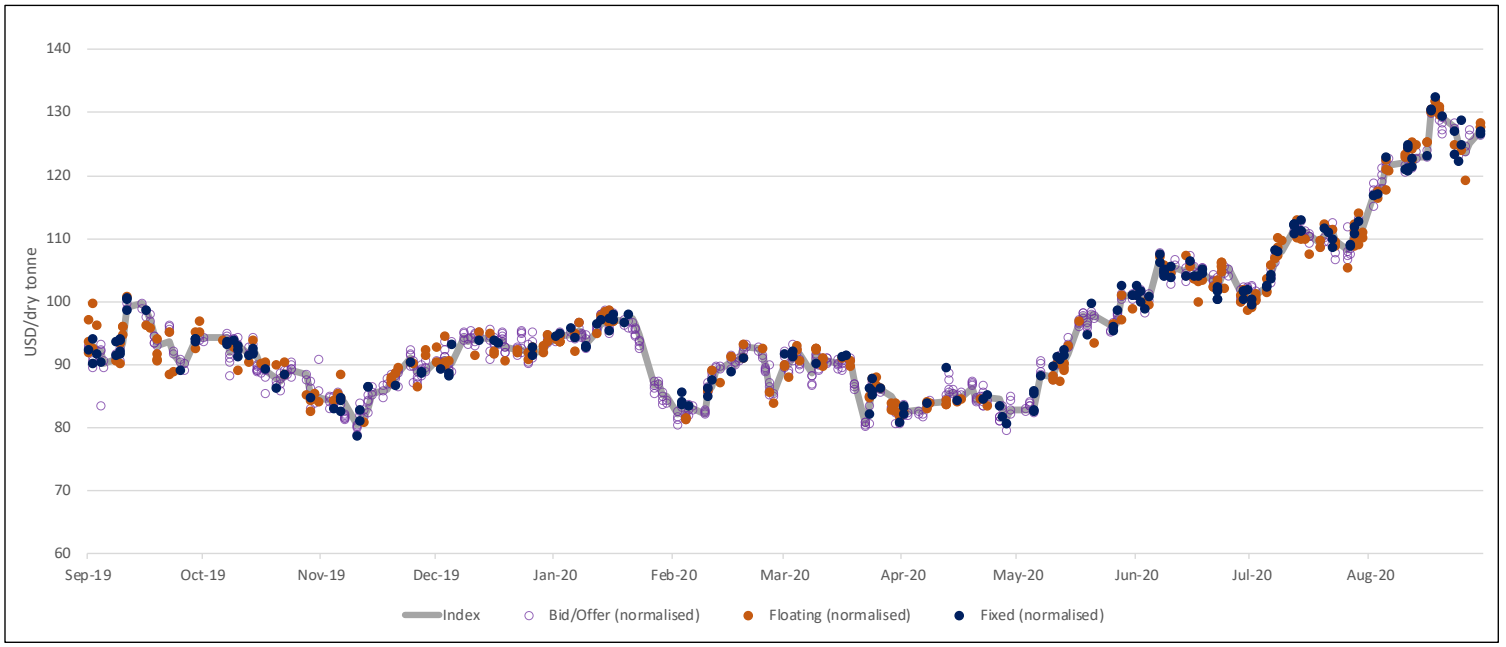


IRON ORE SEABORNE PRICE INDEX COMPILATION—LAST 12 MONTHS

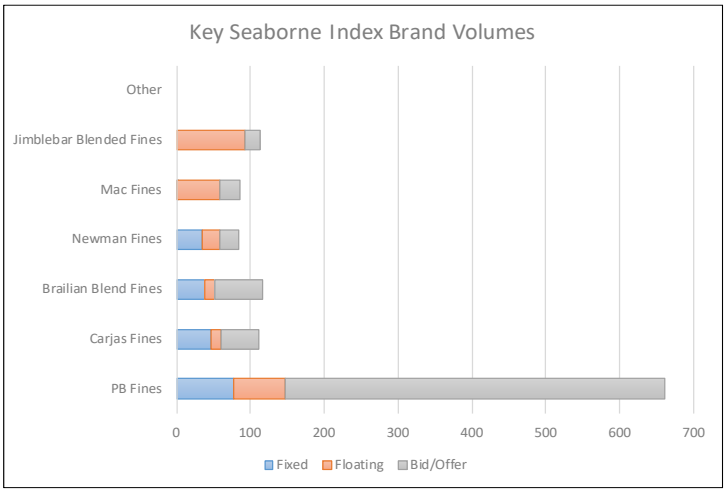


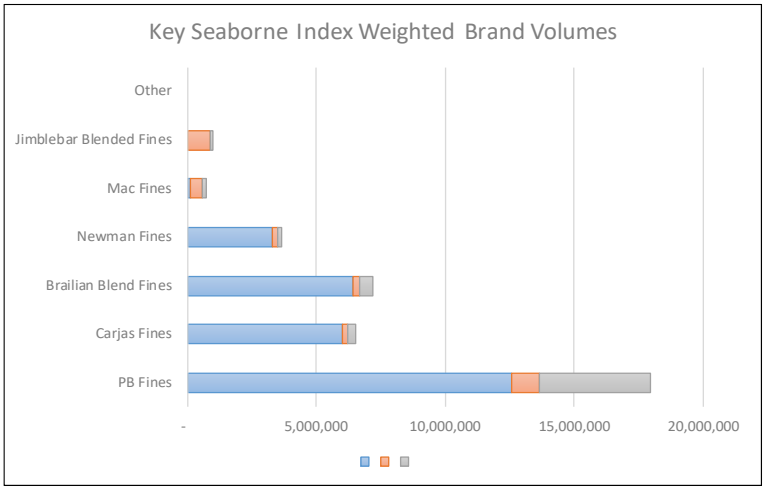


IRON ORE SEABORNE PRICE INDEX COMPILATION

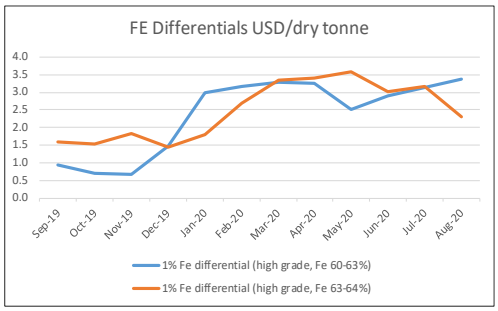


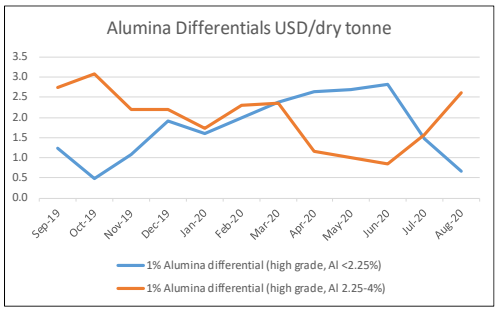
IRON ORE SEABORNE PRICE INDEX COMPILATION—LAST 12 MONTHS

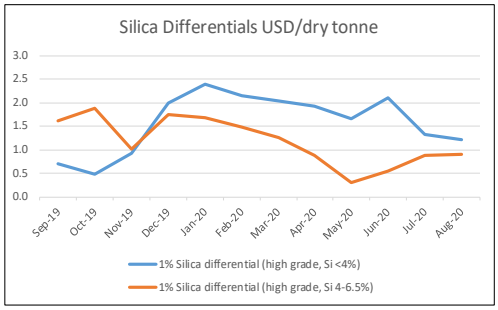


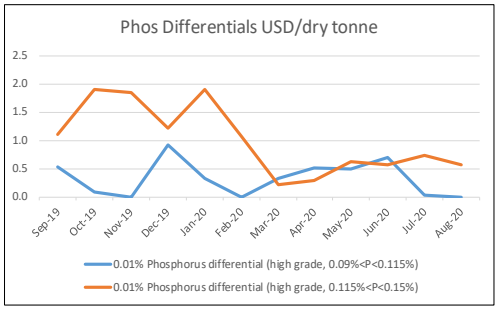


SEABORNE PRICE INDEX NORMALISATION DIFFERENTIALS (MONTHLY AVERAGES)









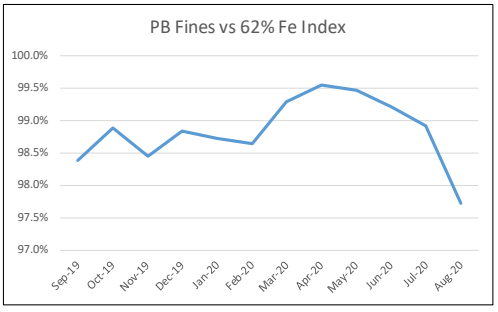
Alumina penalties (<2.25%) for high grade products fall, dropping Carajas fines performance against the 62% index. The 62-65% index spread has thus narrowed down to 12 month lows. Falling Fe premiums and <2.25% alumina penalties the main drivers for this occurrence.

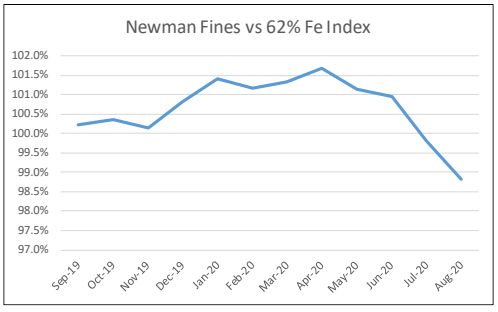
Most mainstream product performance worsened versus the mid-grade indices, though JMBF has maintained its strong levels.

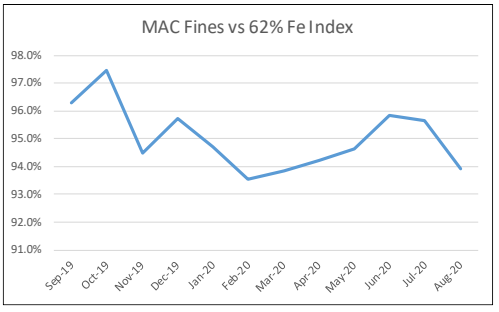
Prices are likely to remain at elevated levels in September due to restocking for the Mid-Autumn festival in October, aided by lower than expected inventories.

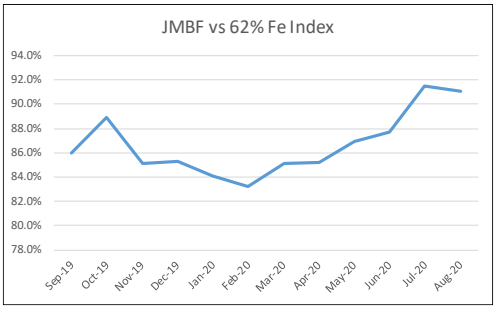
Much of this may be offset by weakening fundamentals as finished steel product inventories remain high and are unlikely to see much downward pressure as we move into the winter months.

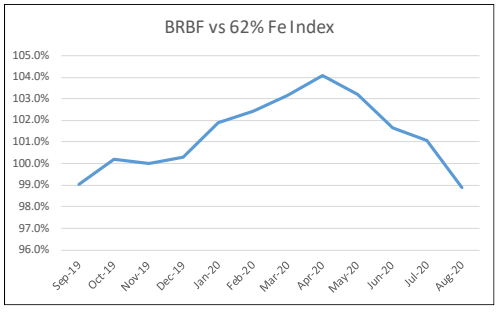
KEY SEABORNE BRAND PRICE ASSESSMENTS VERSUS 62% FE or 65% FE PRICE INDEX

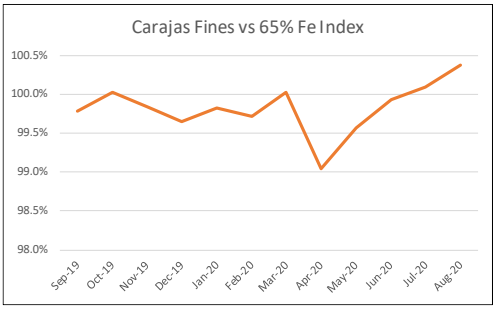










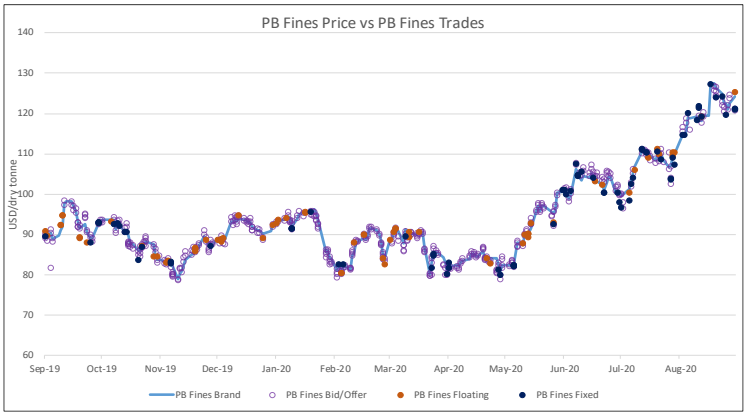


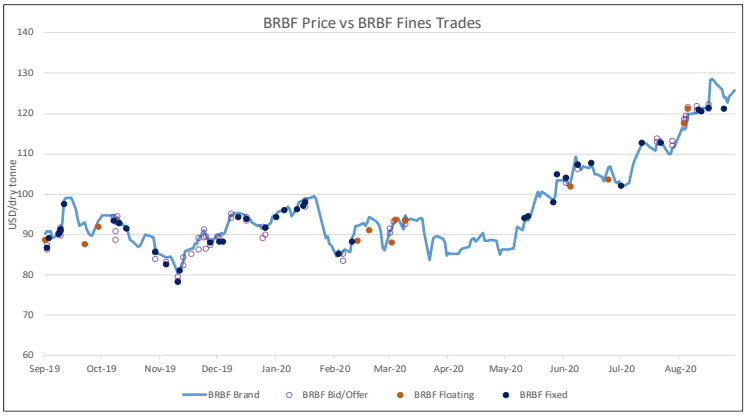
IRON ORE SEABORNE BRAND PRICE ASSESSMENTS

Selected Iron Ore Seaborne Brand Averages, USD/dry tonne

Brand	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	YTD 2020
PB Fines	120.41	91.13	92.25	89.79	84.49	91.56	82.25	88.65	87.98	83.40	107.05	121.19	**96.63**
Newman Fines	122.30	93.78	93.97	91.13	85.95	93.38	95.19	88.47	89.79	85.18	108.02	122.56	**98.39**
MAC Fines	117.18	87.14	90.29	88.50	81.11	88.68	88.90	81.82	83.14	78.92	103.55	116.50	**92.44**
Jimblebar Blended Fines	113.27	77.01	80.58	80.72	73.07	79.01	78.90	72.80	75.42	71.36	98.98	112.93	**85.16**
Carajas Fines	129.18	101.34	99.21	97.48	96.34	103.78	107.36	102.65	105.33	100.01	121.32	133.46	**112.06**
Brazilian Blend Fines	122.24	92.89	92.87	91.01	85.85	92.92	95.65	89.60	91.40	87.19	109.38	122.64	**99.54**

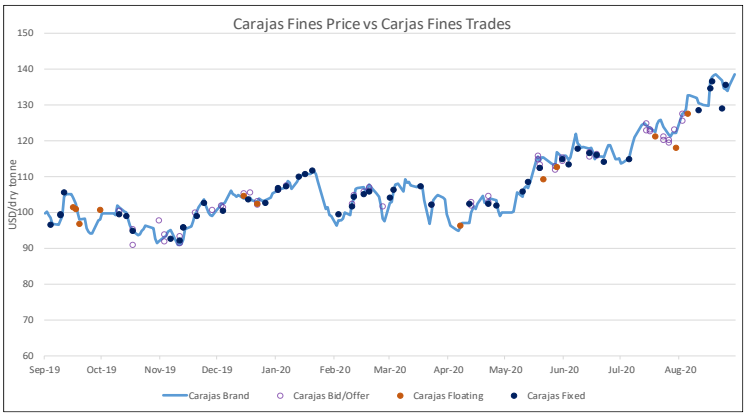
KEY SEABORNE BRAND PRICE ASSESSMENTS AND TRADED PRICES

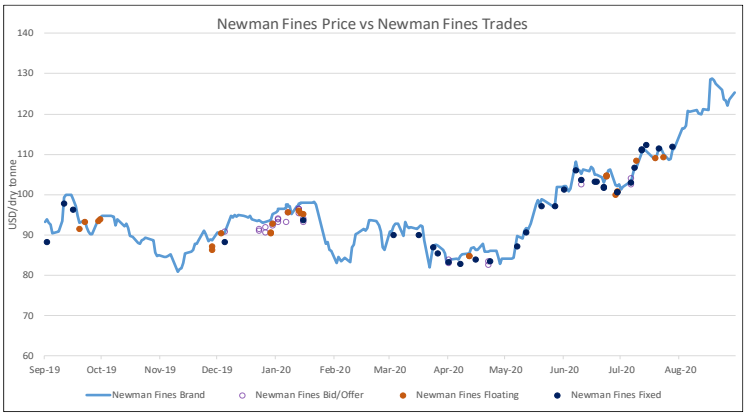




Correlations to PB Fines Brand Assessment	
PB Fines Bid/Offer	99.05%
PB Fines Floating trades	97.88%
PB Fines Fixed trades	98.88%

Correlations to BRBF Brand Assessment	
BRBF Bid/Offer	99.21%
BRBF Floating trades	98.64%
BRBF Fixed trades	99.43%

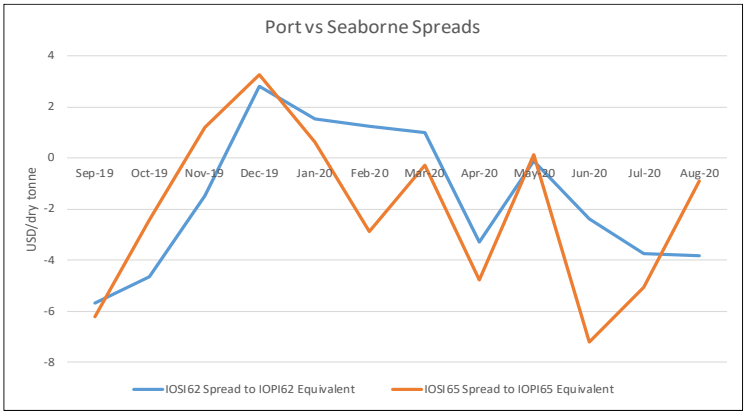


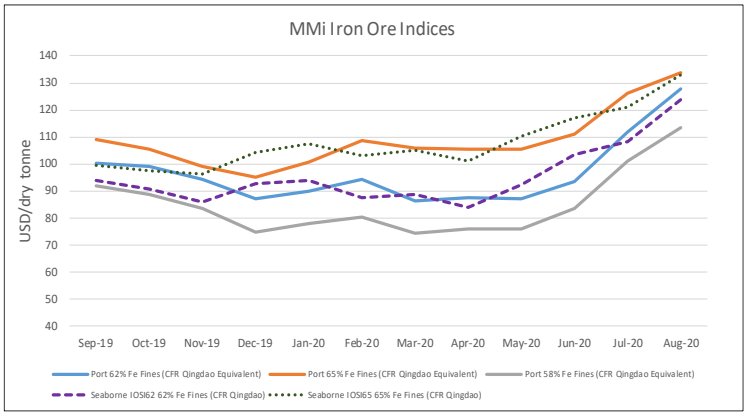


Correlations to Carajas Fines Brand Assessment	
Carajas Fines Bid/Offer	97.23%
Carajas Fines Floating trades	98.41%
Carajas Fines Fixed trades	98.21%

Correlations to Newman Fines Brand Assessment	
Newman Fines Bid/Offer	99.50%
Newman Fines Floating trades	99.35%
Newman Fines Fixed trades	98.86%

IRON ORE PORT AND SEABORNE PRICE INDEX COMPARISONS





IRON ORE INDEX SPECIFICATIONS AND COMPILATION RATIONALE

Iron Ore Index Specifications (Port and Seaborne)

	65% Fe Fines	62% Fe Fines	58% Fe Fines	62.5% Fe Lump
Fe %	65.00	62.00	58.00	62.50
Alumina %	1.40	2.25	2.25	1.50
Silica%	1.50	4.00	5.50	3.50
Phosphorus %	0.06	0.09	0.05	0.08
Sulphur %	0.01	0.02	0.02	0.02
Moisture %	8.00	8.00	9.00	4.00
Sizing	Granular size below 10mm for at least 90% of cargo; maximum of 40% below 150 micron			Size below 6.3mm max 15% Size above 31.15mm max 25%
Pricing Point	Qingdao Port (FOT and CFR respectively)			FOT Qingdao Port
Timing (Seaborne)	Loading within 4 weeks, Delivery within 8 weeks			Delivery within 2 weeks
Payment Terms	L/C at sight			L/C at sight or CAD

Index Compilation Rationale

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

BLOOMBERG TICKERS

	PORT STOCK INDICES	
	FOT Qingdao (RMB/wet tonne)	CFR Qingdao Equivalent (USD/dry tonne)
IOPI62	IRCNQ001	IRCNQ004
IOPI58	IRCNQ002	IRCNQ005
IOPI65	IRCNQ003	IRCNQ006
IOPLI62	IRCN0036	IRCN0037

	SEABORNE INDICES
	CFR Qingdao (USD/DMT)
IOSI62	IRCN0034
IOSI65	IRCN0035

AVERAGE IRON ORE BRAND SPECIFICATIONS FOR AUGUST 2020

PORT STOCK BRANDS

	62% Fe average brand specifications for Aug-20				
	Fe	Alumina	Silica	Phos	Moisture
Roy Hill	60.83%	2.31%	4.67%	0.056%	9.15%
SIMEC Fines	60.00%	2.30%	6.30%	0.060%	6.00%
PB Fines	61.56%	2.33%	3.92%	0.100%	9.50%
Newman Fines	62.48%	2.34%	3.94%	0.085%	8.19%
MAC Fines	60.71%	2.32%	4.57%	0.080%	7.94%
Jimblebar Blended Fine	60.45%	3.13%	4.81%	0.115%	7.68%
Carajas Fines	65.13%	1.20%	1.81%	0.068%	8.17%
Brazilian SSF	62.00%	1.00%	6.50%	0.040%	6.00%
Brazilian Blend Fines	63.19%	1.17%	4.78%	0.082%	7.65%
RTX Fines	61.00%	3.10%	4.50%	0.135%	7.50%
West Pilbara Fines	60.10%	2.30%	4.70%	0.075%	8.50%

	58% Fe average brand specifications for Aug-20				
	Fe	Alumina	Silica	Phos	Moisture
SSF	56.55%	3.11%	6.21%	0.058%	9.00%
FMG Blended Fines	58.16%	2.55%	5.62%	0.054%	8.32%
Robe River	56.36%	3.17%	5.70%	0.039%	8.82%
Western Fines	57.88%	2.87%	7.50%	0.062%	7.45%
Atlas Fines	58.00%	1.85%	5.50%	0.090%	9.00%
Yandi	57.15%	1.67%	6.43%	0.042%	9.29%

SEABORNE BRANDS

	Specifications applied for 62% brand assessments				
	Fe	Alumina	Silica	Phos	Moisture
Roy Hill	60.70%	2.30%	4.90%	0.055%	8.00%
SIMEC Fines	60.00%	2.30%	6.30%	0.060%	6.00%
PB Fines 62%	62.00%	2.60%	4.30%	0.090%	10.00%
Newman Fines	62.30%	2.40%	4.40%	0.090%	8.00%
MAC Fines	60.80%	2.35%	4.70%	0.080%	7.80%
Jimblebar Blended Fines	60.50%	3.00%	4.50%	0.120%	8.00%
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 Blend Fines	63.00%	1.50%	5.00%	0.070%	7.00%
RTX Fines	61.00%	3.10%	4.50%	0.135%	7.50%
West Pilbara Fines	60.10%	2.30%	4.70%	0.075%	8.50%

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