

IRON ORE PORT STOCK INDEX (IOPI)

September 4 2018		FOT Qingdao (inc. 16% VAT), RMB/wet tonne							CFR Qingdao Equivalent (exc. 16% VAT), USD/dry tonne <sup>1</sup>						
Index	Fe Content	Price	Change	Change %	MTD	YTD	Low <sup>2</sup>	High <sup>2</sup>	Price	Change	Change %	MTD	YTD	Low <sup>2</sup>	High <sup>2</sup>
IOPI62	62% Fe Fines	493	-3	-0.6%	495	483	443	559	63.90	-0.26	-0.4%	64.03	65.35	61.36	77.89
IOPI58	58% Fe Fines	381	-1	-0.3%	382	338	304	376	48.51	-0.02	0.0%	48.52	44.46	40.67	50.97
IOPI65	65% Fe Fines	726	-9	-1.2%	731	619	541	710	95.93	-1.00	-1.0%	96.43	84.76	75.83	97.10

IRON ORE DOMESTIC CONCENTRATE SPOT PRICE ASSESSMENTS AND COMPOSITE INDEX

Week Ending August 31, 2018				RMB/tonne (excluding tax)				USD/tonne (excluding tax) <sup>3</sup>			
Province	Region	Product	Basis	This week	Change %	Low <sup>2</sup>	High <sup>2</sup>	This week	Change %	Low <sup>2</sup>	High <sup>2</sup>
Hebei	Hanxing	66% Fe Concentrate	Dry	637	-1.4%	579	682	93.40	-1.0%	84.90	100.00
Hebei	Qian'an	65% Fe Concentrate	Dry	775	1.3%	630	775	113.64	1.7%	92.38	113.64
Liaoning	Anshan	65% Fe Concentrate	Wet	495	0.0%	445	550	72.58	0.4%	65.25	80.65
Shandong	Zibo	65% Fe Concentrate	Dry	725	0.0%	620	725	106.31	0.4%	90.91	106.31
Week Ending August 31, 2018				This week	Change %	Low <sup>4</sup>	High <sup>4</sup>	<sup>1</sup> Exchange rate applied: RMB/USD = 6.8183 <sup>2</sup> Since March 1 <sup>3</sup> Weekly exchange rate applied: RMB/USD 6.8198 <sup>4</sup> Last 12 months			
China Mines Concentrate Composite Index RMB/WT				614.66	4.2%	534.50	628.33				

MARKET COMMENTARY

Physical iron ore port stock quotes eased in early trades, though some recovered as the DCE contract moved higher in the afternoon. Mills purchased as needed while traders were relatively quiet. The number of concluded trades rose from yesterday.

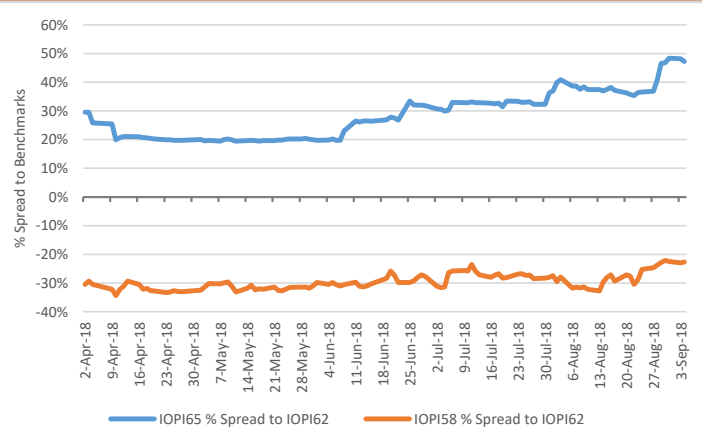
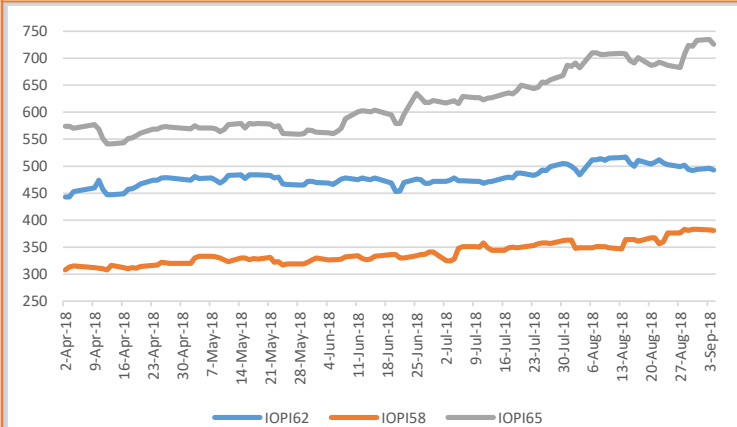
PLATFORM TRADES AND TENDERS

IRON ORE HIGH/LOW GRADE PREMIUM/DISCOUNT

September 4 2018		PORT STOCK INDEX (RMB/WT)	
Fe Content		Spread to IOPI62	% Spread to IOPI62
58% Fe Fines		-112	-22.72%
65% Fe Fines		233	47.26%

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

IRON ORE HIGH/LOW GRADE PREMIUM/DISCOUNT



IRON ORE FUTURES CONTRACTS

IRON ORE PORT INVENTORIES

Closing Date	DCE			SGX		
	04 Sept 3pm close			04 Sept 6pm		
Contract	I1901	Change	Change %	Sep'18	Change	Change %
Closing Price	489.0	4.0	0.82%	66.17	-0.43	-0.65%
Vol traded ('000 lots)	67.09	-25.5	-27.57%	4.12	-0.36	-8.12%
Open positions ('000 lots)	67.31	0.3	0.46%	100.97	-0.14	-0.14%
Day Low	482.0	3.5	0.73%	66.09	0.60	0.92%
Day High	489.0	4.0	0.82%	66.60	0.00	0.00%

Week Ending August 31, 2018 (million tonnes)				
Province	This week	Change %	Low <sup>4</sup>	High <sup>4</sup>
Jingtang	16.03	1.78%	14.11	19.00
Qingdao	19.00	0.53%	15.60	19.97
Caofeidian	16.70	-7.22%	16.62	25.30
Tianjin	9.70	-6.73%	8.60	11.00
Rizhao	17.30	3.59%	13.10	19.00
Total (35 Ports)	135.32	-1.57%	123.49	150.04

FREIGHT RATES

BLOOMBERG

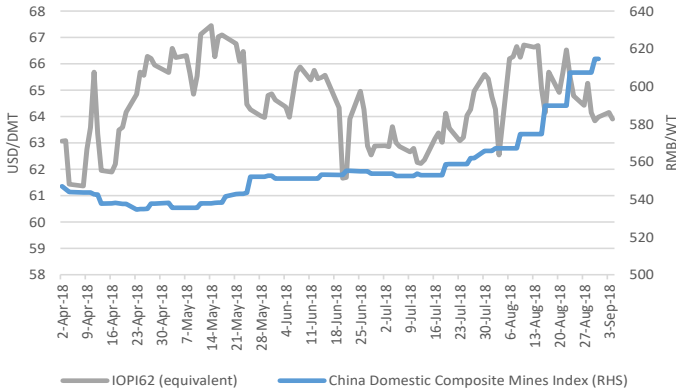
September 03, 2018		FREIGHT RATES - DRY BULK US\$/wet tonne				
Route	Designation	Change	Change %	Low <sup>4</sup>	High <sup>4</sup>	
W. Australia - Qingdao	C5	8.75	0.11	1.32%	5.109	10.002
Tubarao - Qingdao	C3	21.84	-0.30	-1.36%	12.705	24.76

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

Daily Iron Ore Index Report

September 04, 2018

MMi BENCHMARK IRON ORE PRICES



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



IRON ORE BRAND SPOT PRICE ASSESSMENTS

September 4 2018	PORT STOCK INDEX (RMB/WT)		
	Price	Change	Diff to IOPI62
Newman Fines	476	-3	-17
SIMEC Fines	449	-3	-44
PB Fines	482	-4	-11
Newman Fines	488	-10	-5
MAC Fines	476	-3	-17
Jimblebar Blended Fines	446	-3	-47
Carajas Fines	718	-23	225
Brazilian SSF	555	-3	62
Brazilian Blend Fines	551	2	58
RTX Fines	455	-3	-38

September 4 2018	PORT STOCK INDEX (RMB/WT)		
	Price	Change	Diff to IOPI58
SSF	311	9	-70
FMG Blended Fines	374	1	-7
Robe River	343	6	-38
Western Fines	321	8	-60
Atlas Fines	311	10	-70
Yandi	372	0	-9

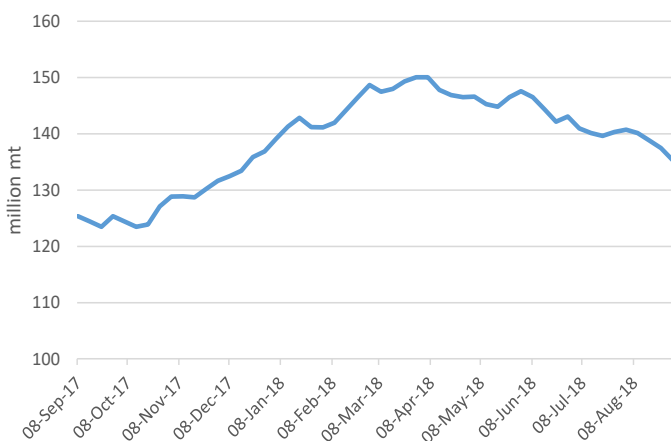
AVERAGE IRON ORE BRAND SPECIFICATIONS FOR PORT STOCK SALES

September 4 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	61.64%	2.37%	3.59%	0.100%	9.14%
Newman Fines	62.16%	2.60%	4.30%	0.090%	7.52%
MAC Fines	61.28%	2.25%	4.67%	0.090%	7.81%
Jimblebar Blended Fines	61.42%	2.87%	4.50%	0.110%	6.99%
Carajas Fines	64.90%	1.35%	1.78%	0.080%	8.18%
Brazilian SSF	62.00%	1.00%	6.50%	0.040%	6.00%
Brazilian Blend Fines	63.06%	1.40%	4.80%	0.060%	8.68%
RTX Fines	61.00%	3.10%	4.50%	0.135%	7.50%

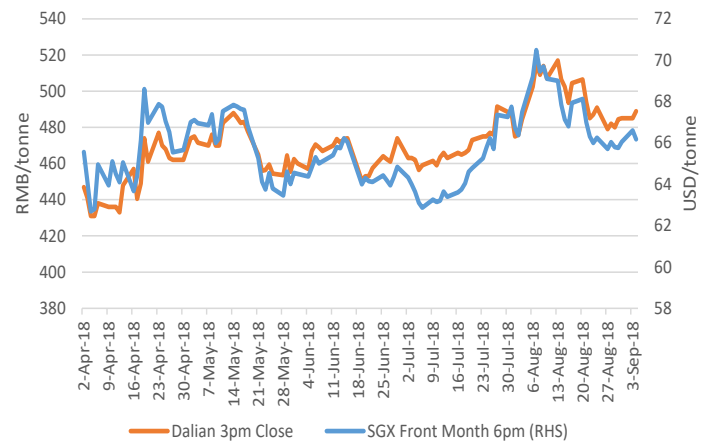
  

September 4 2018	SPECIFICATIONS APPLIED FOR 58% BRAND ASSESSMENTS				
	Fe	Alumina	Silica	Phos	Moisture
SSF	56.51%	3.06%	6.27%	0.050%	9.17%
FMG Blended Fines	58.39%	2.71%	5.84%	0.070%	7.16%
Robe River	56.74%	3.14%	5.05%	0.030%	8.75%
Western Fines	57.70%	2.81%	7.38%	0.060%	7.42%
Atlas Fines	56.59%	2.55%	7.14%	0.080%	8.46%
Yandi	57.19%	1.40%	6.39%	0.040%	8.85%

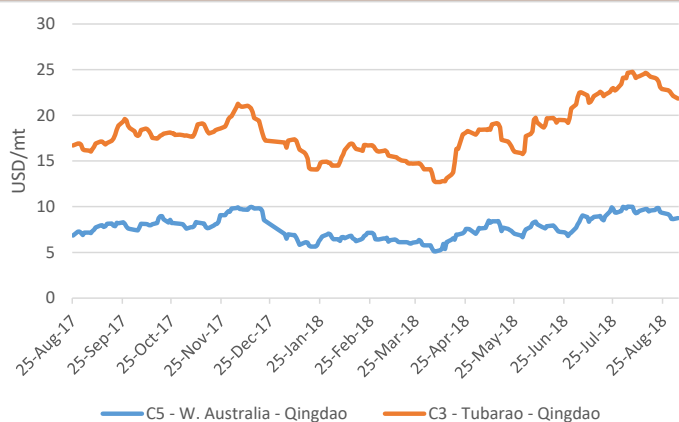
TOTAL IRON ORE INVENTORIES AT CHINA PORTS



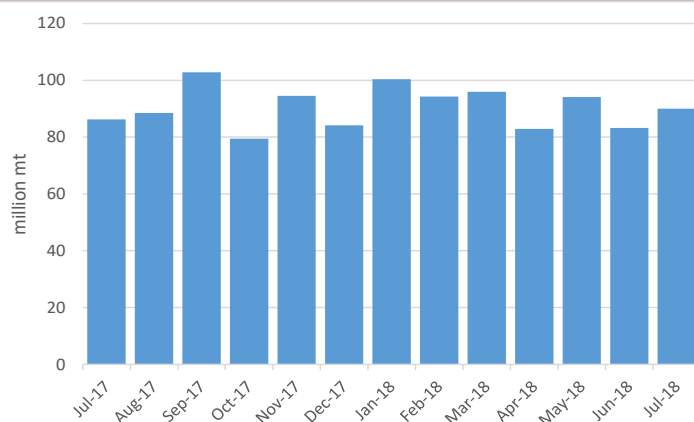
FUTURE TRADING—FRONT MONTH CLOSING PRICE



DRY BULK FREIGHT RATES



TOTAL CHINA IRON ORE IMPORT VOLUMES

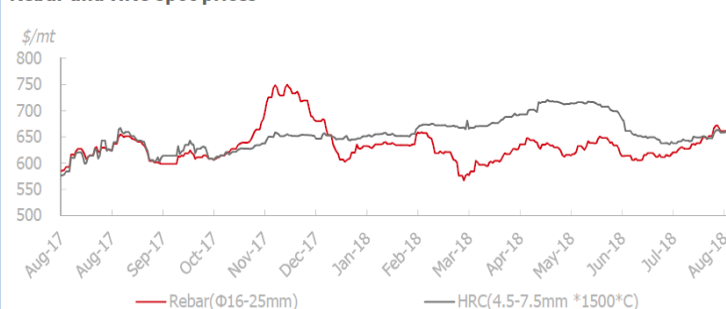


Steel Spot Market Prices - China

Steel Spot Market RMB/tonne

Product	31/8/2018	Change	Change %
ReBar HRB400 φ18mm	4,458.0	-88	-1.94%
Wirerod Q300 φ6.5mm	4,695.0	-90	-1.88%
HRC Q235/SS400 5.5mm*1500*C	4,338.0	-66	-1.50%
CRC SPCC/ST12 1.0mm*1250*2500	4,893.0	-23	-0.47%
Medium & Heavy Plate Q235B 20mm	4,500.0	-23	-0.51%
GI ST02Z 1.0mm*1000*C	5,350.0	-50	-0.93%
Billet Q235 150*150mm	3,980.0	-70	-1.73%

Rebar and HRC spot prices



Source: SMM

CHINESE STEEL EXPORT PRICES

China Export Prices USD/tonne

Product	Specification	Export tax (+)/Vate rebate (-)	Change
			31/8/2018
Rebar	BS4449 460B 12-25mm, + chrome	-13%	565 0
Wire Rod	SAE1008 6.5-10mm +chrome	-9%	580 0
Hot-rolled coil	SS400/Q235 4.0-10.mm	-9%	575 0
Cold-rolled coil	SPCC 1.0mm	-13%	615 0
Medium & Heavy plate	A-level Ship 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<sup>3</sup> (unit: 1000 tonnes)

Product	31/8/2018	24/8/2018	Change	Change %
Rebar	4,474	4,462	12	0.27%
Wirerod	1,315	1,309	6	0.46%
Hot-rolled Coil	2,183	2,221	-38	-1.71%
Medium & Thick Plate	958	964	-6	-0.62%
Cold-rolled Coil	1,177	1,171	6	0.51%
Total	10,107	10,127	-20	-0.20%

<sup>3</sup> 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	63.98	-0.80	MMI index for 22nd June
Coke	2,510	120	2nd grade met coke, Tangshan, incl. tax
Steel Scrap	2,320	-60	steel scrap (6mm) in Zhangjiagang, excl. tax
Billet Cost	3,021	21	Q234, incl. tax
Rebar cost - Blast furnace	3,293	19	calculated based on theoretical weight, incl. tax
Rebar profit - Blast furnace	1,007	-79	based on Shanghai prices, incl. tax
Hot-rolled coil cost - Blast furnace	3,345	17	based on actual weight, incl. tax
Hot-rolled coil profit - Blast furnace	985	-97	based on Shanghai prices, incl. tax

Note: 1. Costs in the table are calculated based on today's market prices and factoring our management, sales, financial and depreciation 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)				Iron Ore Index Compilation Rationale and Data Exclusions	
	65% Fe Fines	62% Fe Fines	58% Fe Fines		
Fe %	65.00	62.00	58.00	<p>MMi iron ore port stock 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.</p> <p>For more details on MMI's iron ore methodology please download the guide published on our website at: <a href="http://www.mmiprices.com">www.mmiprices.com</a></p> <p><u>Data Exclusions*</u> Port Index: 0 * Number of price submissions for iron ore indices that were excluded from index calculations today as they were anomalous and could not be verified</p>	
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%	15.00	0.00	Bayuquan	-35.00	0.00
	High Grade Fe 63 - 64%	71.00	-3.00	Beilun	5.00	0.00
	High Grade Fe 64 - 65%	71.00	-3.00	Caofeidian	-25.00	0.00
	High Grade Fe 65 - 65.5%	71.00	-3.00	Dalian	-20.00	0.00
	Low Grade Fe	18.00	-3.00	Fangcheng	-5.00	0.00
1% Alumina	High Fe Grade Al <2.25%	60.00	0.00	Jiangyin	-30.00	0.00
	High Fe Grade Al 2.25-4%	19.00	0.00	Jingtang	-25.00	0.00
	Low Fe Grade	30.00	-5.00	Lanshan	0.00	0.00
1% Silica	High Fe Grade Si <4%	10.00	0.00	Lanqiao	0.00	0.00
	High Fe Grade Si <4 - 6.5%	10.00	0.00	Lianyungang	0.00	0.00
	High Fe Grade Si <6.5 - 9%	20.00	0.00	Majishan	0.00	0.00
	Low Fe Grade	23.00	-3.00	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%	2.00	0.00	Rizhao	0.00	0.00
	Low Fe Grade 0.08 < P < 0.15%	4.00	2.00	Tianjin	-30.00	0.00

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