

IRON ORE PORT STOCK INDEX (IOPI)

September 28 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	536	3	0.6%	513	487	443	559	69.20	0.26	0.4%	66.33	65.49	96.35	77.89
IOPI58	58% Fe Fines	398	8	2.1%	385	344	304	398	50.40	0.98	2.0%	48.91	45.00	40.67	50.97
IOPI65	65% Fe Fines	751	3	0.4%	732	632	541	751	98.48	0.19	0.2%	96.35	86.07	75.83	98.48

IRON ORE DOMESTIC CONCENTRATE SPOT PRICE ASSESSMENTS AND COMPOSITE INDEX

Week Ending September 21, 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	652	1.9%	579	682	95.18	1.8%	84.52	99.56
Hebei	Qian'an	65% Fe Concentrate	Dry	775	0.0%	630	775	113.13	-0.1%	91.97	113.13
Liaoning	Anshan	65% Fe Concentrate	Wet	545	0.0%	445	550	79.56	-0.1%	64.96	80.29
Shandong	Zibo	65% Fe Concentrate	Dry	735	0.0%	620	735	107.29	-0.1%	90.51	107.29
Week Ending September 21, 2018				This week	Change %	Low ⁴	High ⁴				
China Mines Concentrate Composite Index RMB/WT				634.71	0.3%	534.50	634.71				

¹ Exchange rate applied: RMB/USD = 6.8792 ² Since March 1
³ Weekly exchange rate applied: RMB/USD 6.8504 ⁴ Last 12 months

MARKET COMMENTARY

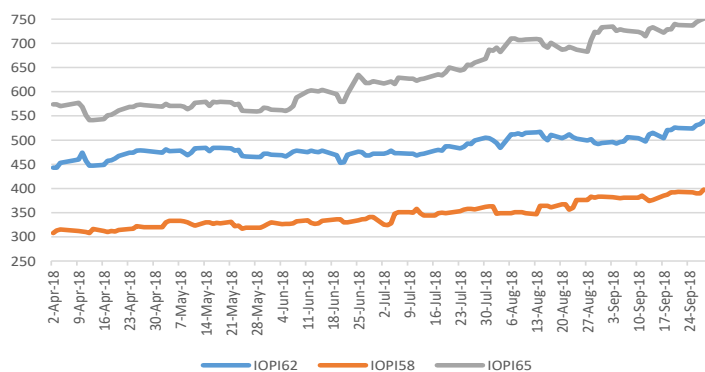
Iron ore stocks across 35 Chinese ports decreased 1.98 million mt over the week ended September 28 to 134.33 million mt, SMM data showed. Meanwhile, daily average deliveries departing those ports grew 86,000 mt to 2.666 million mt as mills stockpiled before the week-long National Day holiday. Fewer arrivals weighed on iron ore stocks at Jingtang port in Tangshan, which shrank 1.2 million mt on the week. At Caofeidian port, another major port in Tangshan, more arrivals grew inventories by nearly 1 million mt from a week ago, despite an increase of 30,000 mt in daily average deliveries leaving the port. Stocks at Qingdao port fell sharply on the week as limited cargoes arrived and daily average deliveries departing the port increased some 40,000 mt.

PLATFORM TRADES AND TENDERS

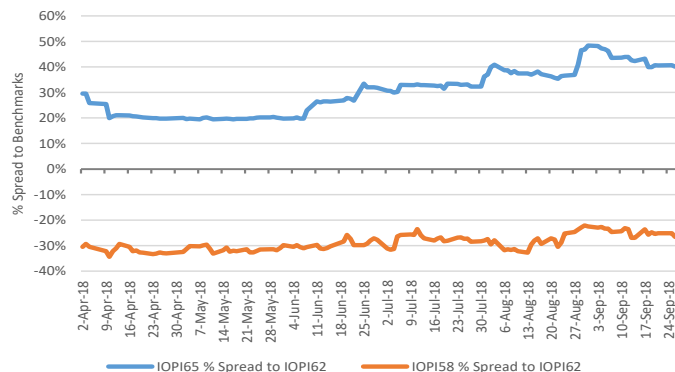
IRON ORE HIGH/LOW GRADE PREMIUM/DISCOUNT

September 28 2018	PORT STOCK INDEX (RMB/WT)	
Fe Content	Spread to IOPI62	% Spread to IOPI62
58% Fe Fines	-138	-25.75%
65% Fe Fines	215	40.11%

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



IRON ORE HIGH/LOW GRADE PREMIUM/DISCOUNT



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

September 28 2018		FOT Qingdao (inc. 16% VAT), RMB/wet tonne							CFR Qingdao Equivalent (exc. 16% VAT), USD/dry tonne ¹						
Index	Fe Content	May	June	July	August	September	QTD	YTD ²	May	June	July	August	September	QTD	YTD ²
IOPI62	62% Fe Fines	476	471	482	505	513	499	487	65.87	64.29	63.41	65.25	66.33	64.94	65.49
IOPI58	58% Fe Fines	326	332	349	363	385	365	344	43.75	44.14	44.86	45.84	48.91	46.41	45.00
IOPI65	65% Fe Fines	571	594	638	701	732	689	632	79.76	82.19	85.29	92.13	96.35	91.03	86.07

IRON ORE FUTURES CONTRACTS

Closing Date	DCE			SGX		
	28 Sept 3pm close			28 Sept 6 pm		
Contract	I1901	Change	Change %	Oct'18	Change	Change %
Closing Price	495.5	-2.5	-0.50%	68.13	0.08	0.12%
Vol traded ('000 lots)	122.53	51.4	72.30%	16.99	3.27	23.85%
Open positions ('000 lots)	51.17	-8.5	-14.28%	122.90	0.16	0.13%
Day Low	492.0	-4.0	-0.81%	68.89	0.97	1.43%
Day High	496.5	-7.0	-1.39%	68.18	-0.27	-0.39%

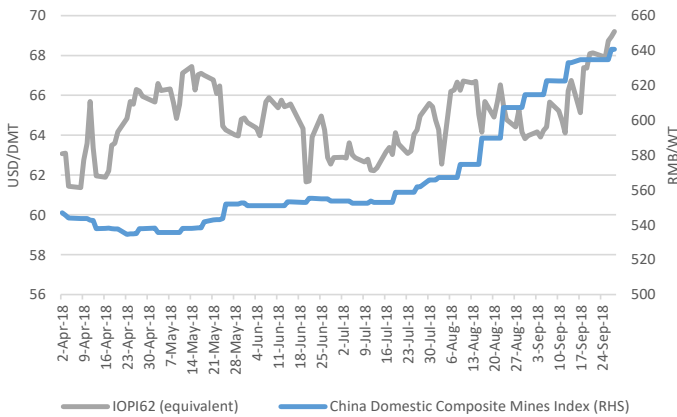
IRON ORE PORT INVENTORIES

Week Ending September 28, 2018 (million tonnes)				
Province	This week	Change %	Low ⁴	High ⁴
Jingtang	14.90	-7.32%	14.12	19.00
Qingdao	17.60	-4.86%	15.60	19.97
Caofeidian	20.10	11.67%	16.70	25.30
Tianjin	9.20	-4.17%	8.60	11.00
Rizhao	16.90	1.20%	13.10	19.00
Total (35 Ports)	134.30	-1.30%	123.49	150.04

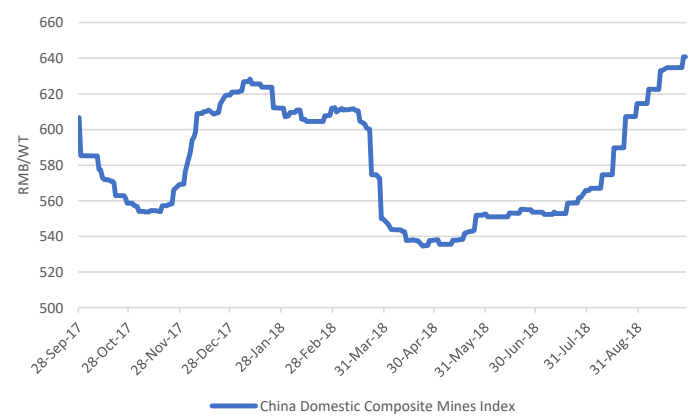
Daily Iron Ore Index Report

September 28, 2018

MMi BENCHMARK IRON ORE PRICES



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



IRON ORE BRAND SPOT PRICE ASSESSMENTS

September 28 2018	PORT STOCK INDEX (RMB/WT)		
	Price	Change	Diff to IOPI62
Newman Fines	507	3	-29
SIMEC Fines	441	3	-95
PB Fines	520	3	-16
Newman Fines	534	3	-2
MAC Fines	502	3	-34
Jimblebar Blended Fines	476	6	-60
Carajas Fines	744	3	208
Brazilian SSF	540	3	4
Brazilian Blend Fines	557	3	21
RTX Fines	468	3	-68

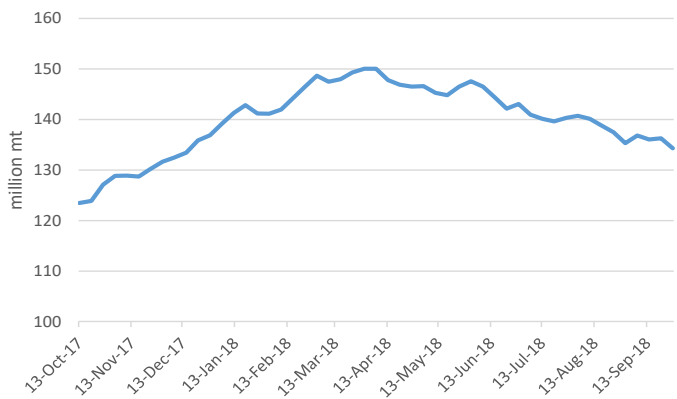
September 28 2018	PORT STOCK INDEX (RMB/WT)		
	Price	Change	Diff to IOPI58
SSF	325	8	-73
FMG Blended Fines	388	8	-10
Robe River	350	8	-48
Western Fines	345	8	-53
Atlas Fines	332	8	-66
Yandi	440	35	42

AVERAGE IRON ORE BRAND SPECIFICATIONS FOR PORT STOCK SALES

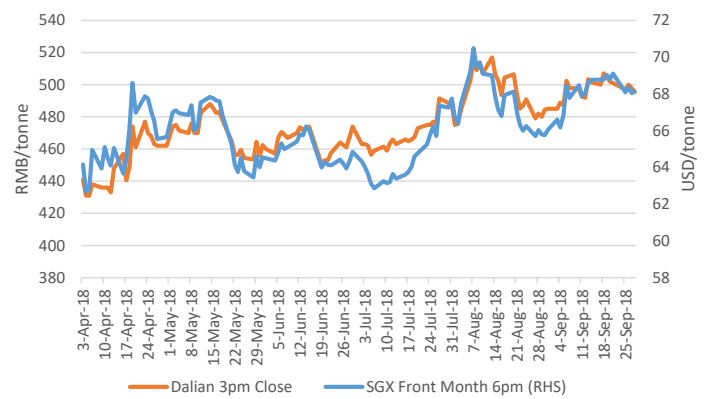
September 28 2018	SPECIFICATIONS APPLIED FOR 62% BRAND ASSESSMENTS				
	Fe	Alumina	Silica	Phos	Moisture
Roy Hill	61.00%	2.20%	4.50%	0.055%	8.00%
SIMEC Fines	60.00%	2.30%	6.30%	0.060%	6.00%
PB Fines	61.71%	2.34%	3.55%	0.100%	9.32%
Newman Fines	62.29%	2.39%	4.11%	0.090%	7.87%
MAC Fines	60.96%	2.27%	4.61%	0.100%	7.33%
Jimblebar Blended Fines	61.23%	2.81%	4.37%	0.080%	6.80%
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	62.71%	1.47%	4.96%	0.030%	8.71%
RTX Fines	61.00%	3.10%	4.50%	0.135%	7.50%

September 28 2018	SPECIFICATIONS APPLIED FOR 58% BRAND ASSESSMENTS				
	Fe	Alumina	Silica	Phos	Moisture
SSF	56.52%	3.06%	6.29%	0.050%	9.09%
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	57.07%	1.42%	6.30%	0.040%	9.46%

TOTAL IRON ORE INVENTORIES AT CHINA PORTS



FUTURE TRADING—FRONT MONTH CLOSING PRICE



FREIGHT RATES

September 27, 2018		FREIGHT RATES - DRY BULK US\$/wet tonne				
Route	Designation	Change	Change %	Low ⁴	High ⁴	
W. Australia - Qingdao	C5	7.50	0.30	4.09%	5.109	10.002
Tubarao - Qingdao	C3	20.56	0.13	0.66%	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

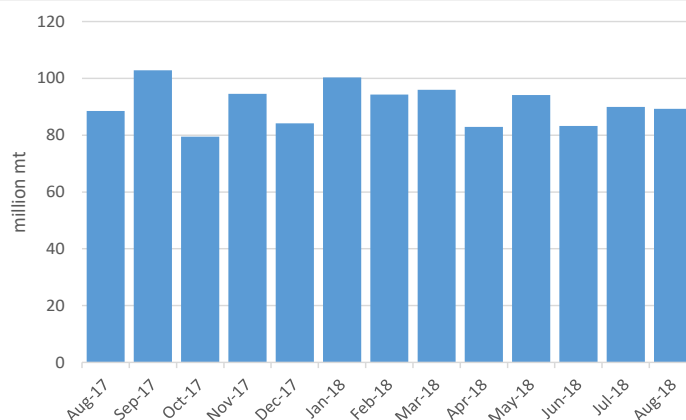
Daily Iron Ore Index Report

September 28, 2018

DRY BULK FREIGHT RATES



TOTAL CHINA IRON ORE IMPORT VOLUMES



Steel Spot Market Prices - China

Steel Spot Market RMB/tonne			
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

China Export Prices USD/tonne			
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)				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: www.mmiprices.com</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%	17.00	0.00	Bayuquan	-40.00	0.00
	High Grade Fe 63 - 64%	71.00	0.00	Beilun	5.00	0.00
	High Grade Fe 64 - 65%	71.00	0.00	Caofeidian	-20.00	0.00
	High Grade Fe 65 - 65.5%	71.00	0.00	Dalian	-20.00	0.00
	Low Grade Fe	21.00	0.00	Fangcheng	-5.00	0.00
1% Alumina	High Fe Grade Al <2.25%	54.00	0.00	Jiangyin	-30.00	0.00
	High Fe Grade Al 2.25-4%	30.00	0.00	Jingtang	-20.00	0.00
	Low Fe Grade Al <2.25%	85.00	25.00	Lanqiao	0.00	0.00
	Low Fe Grade Al 2.25-4%	35.00	0.00	Lanshan	0.00	0.00
1% Silica	High Fe Grade Si <4%	4.00	0.00	Lianyungang	0.00	0.00
	High Fe Grade Si 4-6.5%	30.00	0.00	Majishan	0.00	0.00
	High Fe Grade Si 6.5 - 9%	20.00	0.00	Nantong	-30.00	0.00
	Low Fe Grade	17.00	0.00	Qingdao	0.00	0.00
0.01% Phosphorus	High Fe Grade 0.09%<P<0.115%	3.00	0.00	Rizhao	0.00	0.00
	High Fe Grade 0.115%<P<0.15%	15.00	2.00	Shekou	0.00	0.00
	Low Fe Grade 0.09<P<0.1%	7.00	-3.00	Tianjin	-30.00	0.00

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