

## IRON ORE PORT STOCK INDEX (IOPI)

August 06 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	512	28	5.8%	498	479	443	559	66.20	3.66	5.9%	64.44	65.36	61.36	77.89
IOPI58	58% Fe Fines	349	0	0.0%	352	333	304	376	43.90	-0.12	-0.3%	44.51	44.07	40.67	50.97
IOPI65	65% Fe Fines	710	28	4.1%	692	603	541	690	93.28	3.58	4.0%	91.14	83.27	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) <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	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 <sup>4</sup>	High <sup>4</sup>	<sup>1</sup> Exchange rate applied: RMB/USD = 6.8513 <sup>2</sup> Since March 1 <sup>3</sup> Weekly exchange rate applied: RMB/USD 6.8171 <sup>4</sup> Last 12 months			
China Mines Concentrate Composite Index RMB/WT				567.06	0.9%	534.50	628.33				

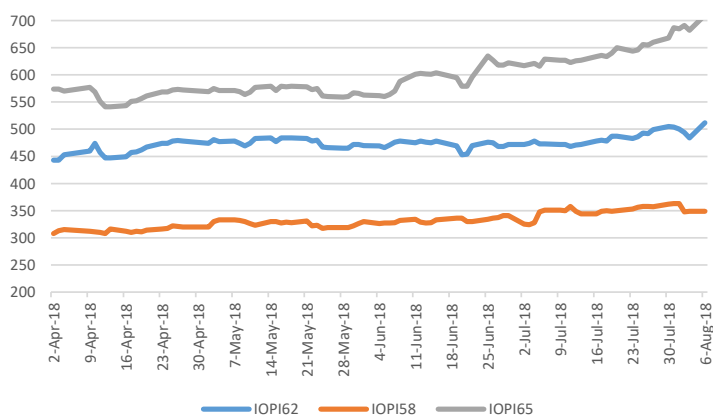
## MARKET COMMENTARY

News of Rio Tinto's railway maintenance and China's central bank stepping in to halt the yuan's decline drove up the iron ore DCE Futures market to 516 yuan/mt last Friday night. Iron ore ports stock quotes this morning rose by 15-25 yuan/mt, with transactions of PB Fines concluded at 490-495 yuan/wt. Transactions at Tangshan rose as high as 500 yuan/wt. Traders sold actively, but held some inventory back in hopes of higher selling prices. Mills remained cautious as the price hike exceeded their expectations and only purchased when required.

## PLATFORM TRADES AND TENDERS

COREX trades BRBF at US\$75.05/mt for 170,000t for Aug 25—Sept 4 Delivery

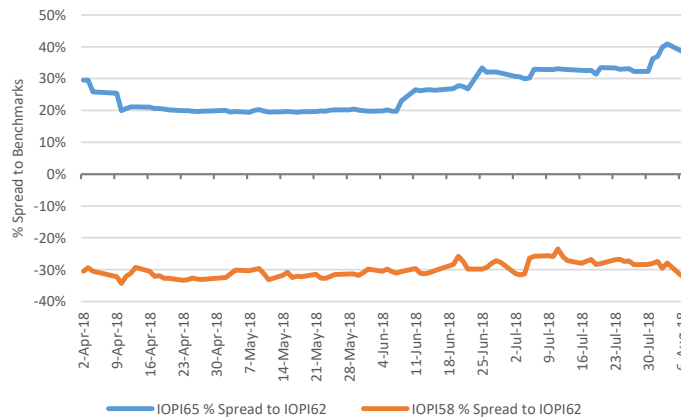
## IRON ORE PORT INDEX, FOT QINGDAO (RMB/WT)



## IRON ORE HIGH/LOW GRADE PREMIUM/DISCOUNT

August 06 2018	PORT STOCK INDEX (RMB/WT)	
Fe Content	Spread to IOPI62	% Spread to IOPI62
58% Fe Fines	-163	-31.84%
65% Fe Fines	198	38.67%

## IRON ORE HIGH/LOW GRADE PREMIUM/DISCOUNT



## IRON ORE FUTURES CONTRACTS

Closing Date	DCE			SGX		
	06 Aug 3pm close	Change	Change %	Aug'18	Change	Change %
Contract	I1809	18.0	3.72%	69.20	1.70	2.52%
Closing Price	502.5	18.0	3.72%	69.20	1.70	2.52%
Vol traded ('000 lots)	142.79	42.0	41.68%	8.13	2.97	57.49%
Open positions ('000 lots)	61.68	-2.9	-4.46%	101.78	-0.92	-0.90%
Day Low	498.5	20.5	4.29%	68.18	1.80	2.71%
Day High	504.0	16.5	3.38%	69.20	1.70	2.52%

## FREIGHT RATES

August 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	10.00	0.19	1.97%	5.109	10.002
Tubarao - Qingdao	C3	24.66	0.58	2.40%	12.705	24.655

## IRON ORE PORT INVENTORIES

Week Ending August 03, 2018 (million tonnes)				
Province	This week	Change %	Low <sup>4</sup>	High <sup>4</sup>
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

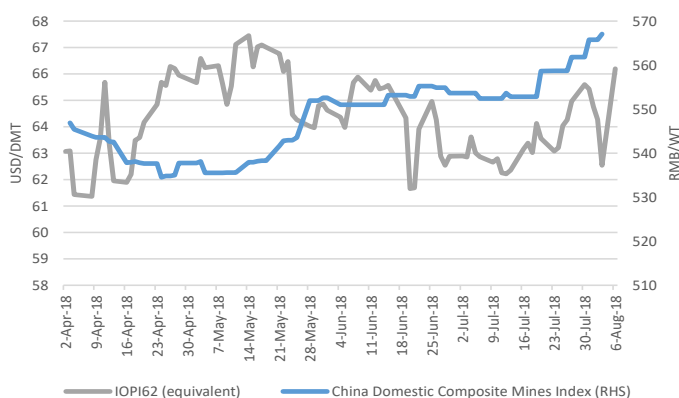
## BLOOMBERG

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

August 06, 2018

### MMi BENCHMARK IRON ORE PRICES



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



### IRON ORE BRAND SPOT PRICE ASSESSMENTS

August 06 2018	PORT STOCK INDEX (RMB/WT)		
	Price	Change	Diff to IOPI62
Roy Hill	495	28	-17
SIMEC Fines	475	28	-37
PB Fines	494	27	-18
Newman Fines	521	27	9
MAC Fines	503	28	-9
Jimblebar Blended Fines	457	11	-55
Carajas Fines	762	28	250
Brazilian SSF	547	28	35
Brazilian Blend Fines	543	28	31
RTX Fines	470	20	-42

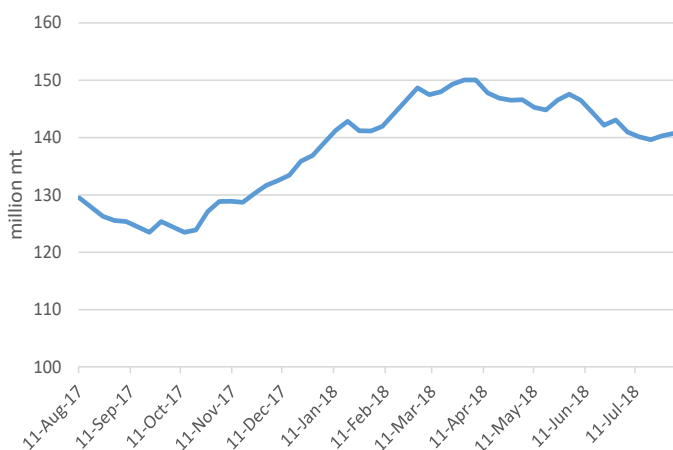
### AVERAGE IRON ORE BRAND SPECIFICATIONS FOR PORT STOCK SALES

August 06 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	61.07%	2.13%	4.59%	0.090%	6.94%
Jimblebar Blended Fines	61.02%	2.87%	4.66%	0.090%	6.86%
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%

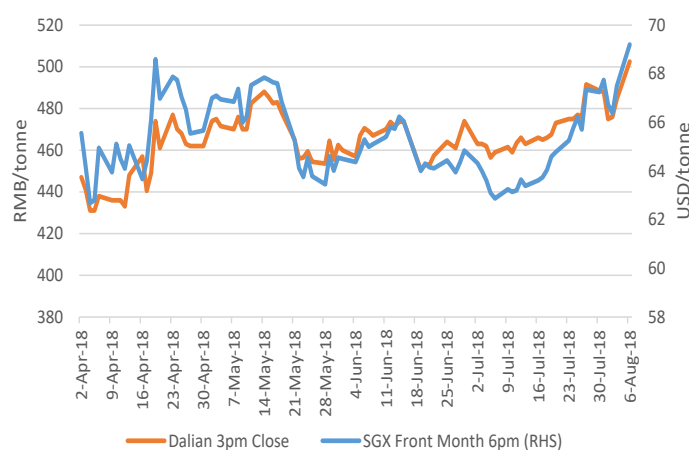
August 06 2018	PORT STOCK INDEX (RMB/WT)		
	Price	Change	Diff to IOPI58
SSF	303	0	-46
FMG Blended Fines	348	0	-1
Robe River	336	0	-13
Western Fines	306	0	-43
Atlas Fines	288	0	-61
Yandi	325	0	-24

August 06 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%

### TOTAL IRON ORE INVENTORIES AT CHINA PORTS



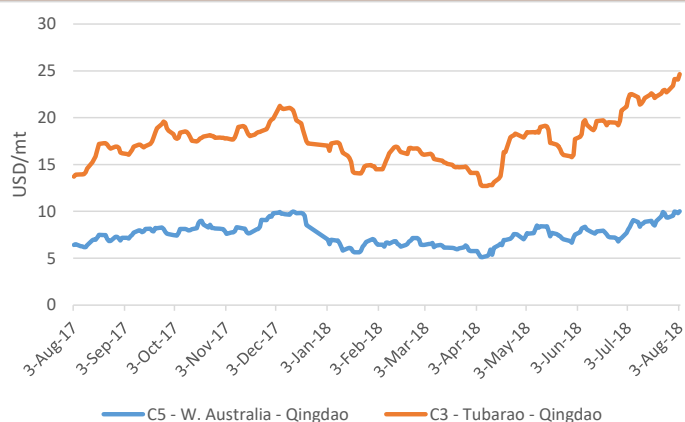
### FUTURE TRADING—FRONT MONTH CLOSING PRICE



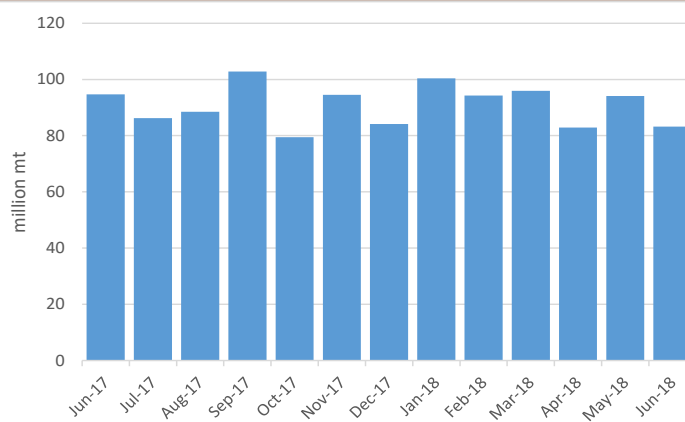
## Daily Iron Ore Index Report

August 06, 2018

### DRY BULK FREIGHT RATES



### TOTAL CHINA IRON ORE IMPORT VOLUMES

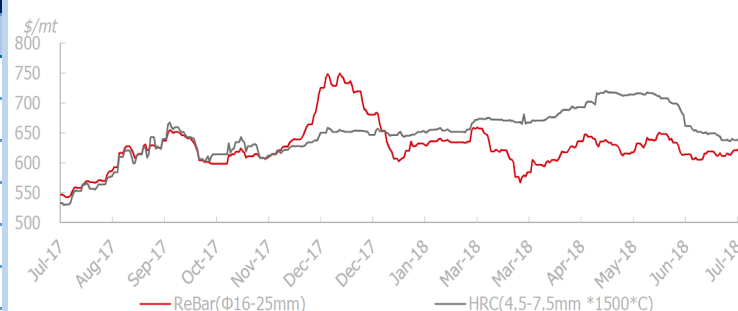


### Steel Spot Market Prices - China

#### Steel Spot Market RMB/tonne

Product	3/8/2018	Change	Change %
ReBar HRB400 φ18mm	4,287.0	70.0	1.66%
Wirerod Q300 φ6.5mm	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 Shipe 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 Inventories<sup>3</sup> (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%

<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	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 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:</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%	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	10.00	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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