

IRON ORE PORT STOCK INDEX (IOPI)

May 23, 2018		FOT Qingdao (inc. 16% VAT), RMB/wet tonne						CFR Qingdao Equivalent (exc. 16% VAT), USD/dry tonne ¹							
Index	Fe Content	Change	Change %	MTD	YTD	Low ²	High ²	Change	Change %	MTD	YTD	Low ²	High ²		
IOPI62	62% Fe Fines	480	2	0.4%	479	480	443	559	66.41	0.32	0.5%	66.39	66.60	61.36	77.89
IOPI58	58% Fe Fines	323	1	0.3%	328	326	304	376	43.35	0.17	0.4%	44.08	43.81	40.67	50.97
IOPI65	65% Fe Fines	575	2	0.3%	574	591	541	690	80.37	0.32	0.4%	80.30	82.87	75.83	97.10

IRON ORE DOMESTIC CONCENTRATE SPOT PRICE ASSESSMENTS AND COMPOSITE INDEX

Week Ending May 18, 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	607	0.7%	579	682	95.43	0.7%	91.03	107.23
Hebei	Qian'an	65% Fe Concentrate	Dry	635	0.0%	630	710	99.84	0.1%	99.05	111.63
Liaoning	Anshan	65% Fe Concentrate	Wet	455	0.0%	450	550	71.54	0.1%	70.75	86.47
Shandong	Zibo	65% Fe Concentrate	Dry	655	0.0%	620	690	102.98	0.1%	97.48	108.48
Week Ending May 18, 2018				This week	Change %	Low ²	High ²				
China Mines Composite Index Price, May 2007 = 100				77.44	1.1%	76.01	89.12				

¹ Exchange rate applied: RMB/USD = 6.3773
² Since March 1
³ Weekly exchange rate applied: RMB/USD 6.3604

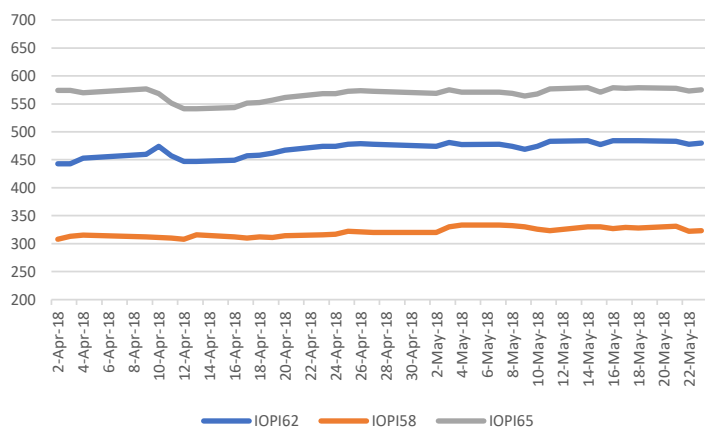
MARKET COMMENTARY

The morning trading period saw both futures and physical trading weaken with traders looking to shift some tonnage and happy to offer steeper discounts to their offers. Mills continue to put pressure on sellers to further lower their prices, but they were stymied with the market strengthening in the afternoon, with physical transactions picking up steam and sellers managing to increase their offers above the mornings levels.

PLATFORM TRADES AND TENDERS

61% Fe Fines sold at 62.25 USD/dry tonne for 170,000t 7 – 16 June laycan

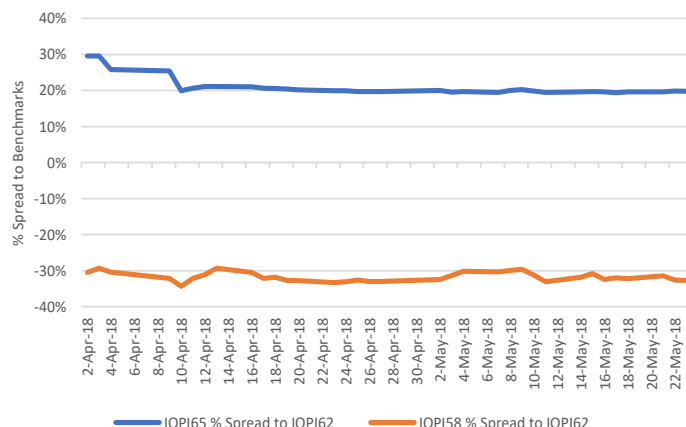
IRON ORE PORT INDEX, FOT QINGDAO (RMB/WT)



IRON ORE HIGH/LOW GRADE PREMIUM/DISCOUNT

May 23, 2018	PORT STOCK INDEX (RMB/WT)	
Fe Content	Spread to IOPI62	% Spread to IOPI62
58% Fe Fines	-157	-32.71%
65% Fe Fines	95	19.79%

IRON ORE HIGH/LOW GRADE PREMIUM/DISCOUNT



IRON ORE FUTURES CONTRACTS

Closing Date	DCE			SGX		
	23 May 3pm close			23 May 5.30pm		
Contract	I1809	Change	Change %	June'18	Change	Change %
Closing Price	456.5	0.5	0.11%	63.75	-0.37	-0.58%
Vol traded ('000 lots)	2,242.8	207.0	10.17%	13.34	2.38	21.68%
Open positions ('000 lots)	1,829.5	-0.5	-0.03%	108.31	-1.12	-1.03%
Day Low	449.5	-4.0	-0.88%	63.66	-0.44	-0.69%
Day High	457.0	-7.0	-1.51%	64.41	-1.00	-1.53%

FREIGHT RATES

May 22, 2018		FREIGHT RATES - DRY BULK US\$/wet tonne				
Route	Designation	Change	Change %	Low ²	High ²	
W. Australia - Qingdao	C5	7.45	-0.12	-1.62%	4.383	9.98
Tubarao - Qingdao	C3	16.93	-0.21	-1.20%	10.796	21.273

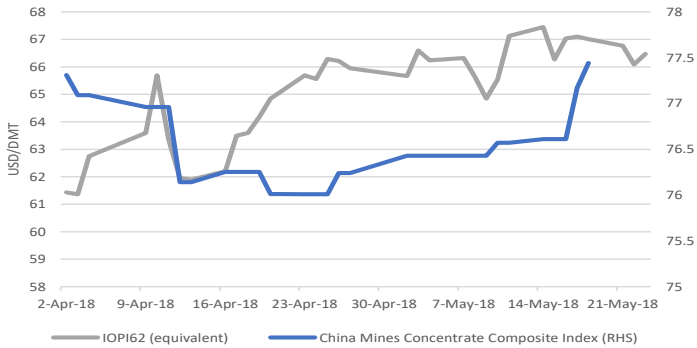
IRON ORE PORT INVENTORIES

Week Ending May 18, 2018 (million tonnes)				
Province	This week	Change %	Low ²	High ²
Jingtang	17.1	-2.29%	12.3	19.9
Qingdao	18.5	-1.07%	15.6	20.0
Caofeidian	21.1	-6.64%	16.6	25.3
Tianjin	9.7	5.43%	8.0	11.3
Rizhao	18.8	-1.05%	13.1	19.0
Total (35 Ports)	144.8	-0.34%	124	150

Daily Iron Ore Index Report

May 23, 2018

MMi BENCHMARK IRON ORE PRICES



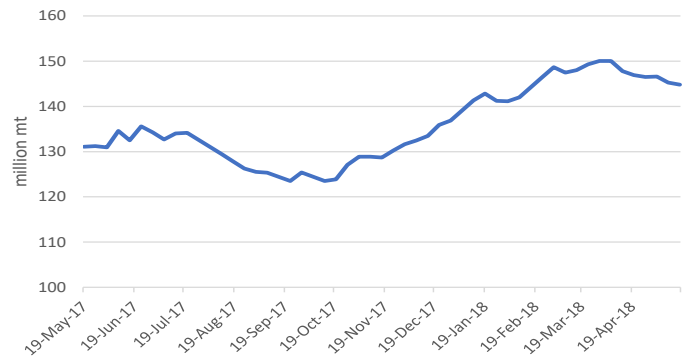
CHINA MINES CONCENTRATE COMPOSITE INDEX, BASIS 2007 = 100



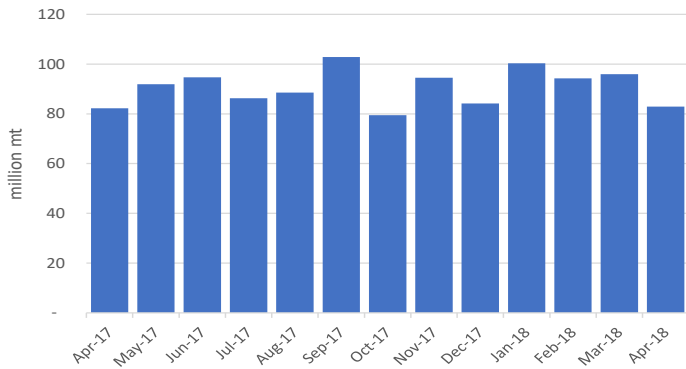
IRON ORE BRAND SPOT PRICE ASSESSMENTS

May 23, 2018	PORT STOCK INDEX (RMB/WT)		
	Price	Diff to IOPI62	Change
Roy Hill	466	-14	2
PB Fines	480	0	2
Newman Fines	493	13	2
MAC Fines	473	-7	2
Jimblebar Blended Fines	461	-19	2
Carajas Fines	594	114	2
Brazilian SSF	478	-2	2
Brazilian Blend Fines	495	15	2

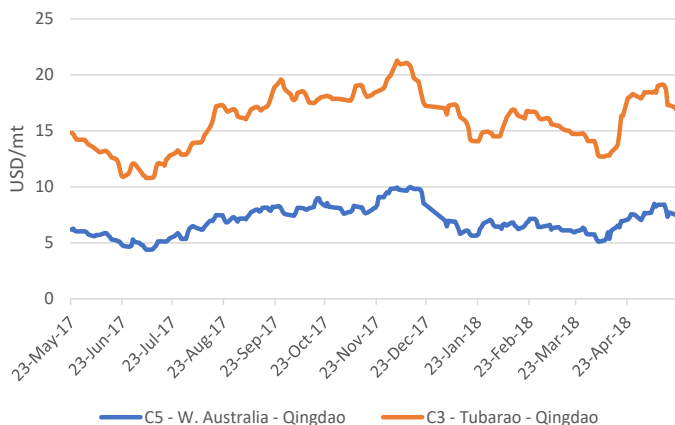
TOTAL IRON ORE INVENTORIES AT CHINA PORTS



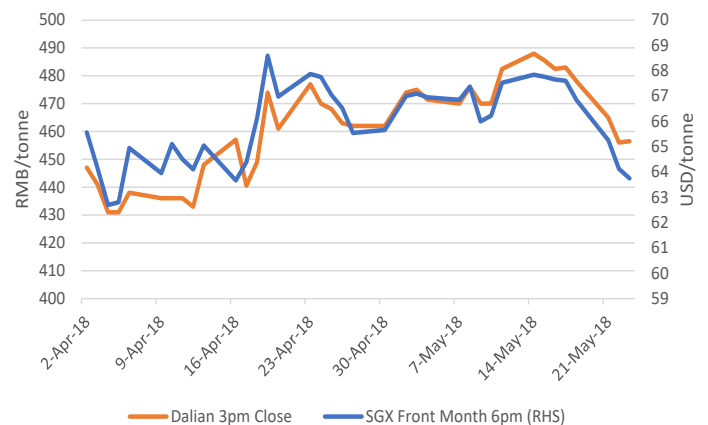
TOTAL CHINA IRON ORE IMPORT VOLUMES



DRY BULK FREIGHT RATES



FUTURE TRADING—FRONT MONTH CLOSING PRICE



Daily Iron Ore Index Report

May 23, 2018

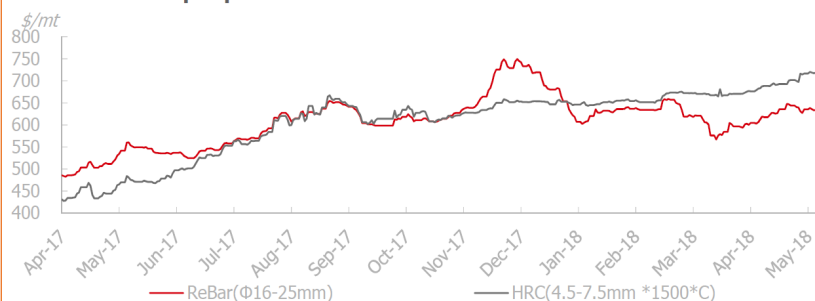
STEEL SPOT MARKET—CHINA

Steel Spot Market RMB/tonne

Product	5/18/2018	Change	Change %	5/11/2018	Change	Change %
ReBar HRB400 φ18mm	4,018	-18.7	-0.46%	4,036	-54	-1.31%
Wirerod Q300 φ6.5mm	4,297	-3.4	-0.08%	4,300	-100	-2.27%
HRC Q235/SS400 5.5mm*1500*C	4,251	55	1.32%	4,196	3	0.06%
CRC SPCC/ST12 1.0mm*1250*2500	4,616	10	0.22%	4,606	-14	-0.30%
Medium & Heavy Plate Q235B 20mm	4,573	20	0.44%	4,553	93	2.09%
GI ST02Z 1.0mm*1000*C	5,315	10	0.19%	5,305	-20	-0.38%
Billet Q235 150*150mm	3,610	30	0.84%	3,580	-80	-2.19%

CHINESE STEEL SPOT MARKET—REBAR & HRC IN USD/TONNE

Rebar and HRC spot prices



CHINESE STEEL INVENTORIES

Steel Inventories ³ (unit: 1000 tonnes)				
Product	5/18/2018	5/11/2018	Change	Change %
Rebar	5,890	6,317	-427	-6.76%
Wirerod	1,902	1,971	-69	-3.50%
Hot-rolled Coil	2,178	2,232	-54	-2.42%
Medium & Thick Plate	842	845	-3	-0.36%
Cold-rolled Coil	1,109	1,113	-4	-0.36%
Total	11,920	12,478	-558	-4.47%

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
Iron ore Port Index FOT Qingdao (inc. 17% VAT), I	484	1	MMI index for 18th May 2018
Coke	1,950	180	2nd grade met coke, Tangshan, incl. tax
Steel Scrap	2,140	-30	steel scrap (6mm) in Zhangjiagang, excl. tax
Billet Cost	2,700	104	Q234, incl. tax
Rebar cost - Blast furnace	2,952	102	calculated based on theoretical weight, incl. tax
Rebar profit - Blast furnace	958	-152	based on Shanghai prices, incl. tax
Hot-rolled coil cost - Blast furnace	3,028	104	based on actual weight, incl. tax
Hot-rolled coil profit - Blast furnace	1,222	-84	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

CHINESE STEEL EXPORT PRICES

China Export Prices USD/tonne

Product	Specification	Export tax (+)/Vate rebate (-)	Latest transaction prices		Change
			5/18/2018	5/11/2018	
Rebar	BS4449 460B 12-25mm, + chrome	-13%	605	605	0
Wire Rod	SAE1008 6.5-10mm +chrome	-9%	570	575	-5
Hot-rolled coil	SS400/Q235 4.0-10.mm	-9%	600	605	-5
Cold-rolled coil	SPCC 1.0mm	-13%	630	625	5
Medium & Heavy plate	A-level Ship plate 12-25mm	0%	620	620	0
Galvanised	ST02Z/SGCC 1.0mm	-13%	690	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

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				
Location	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

Content Differentials (RMB/wet tonne)				Port Differentials to Qingdao Port RMB/wet tonne		
	Applicable range		Change	Port		Change
1% Fe	High Grade Fe 60 - 63%	8.00	0.00	Bayuquan	-10.00	0.00
	High Grade Fe 63 - 64%	32.00	0.00	Beilun	2.00	0.00
	High Grade Fe 64 - 65%	35.00	0.00	Caofeidian	-5.00	0.00
	High Grade Fe 65 - 65.5%	55.00	0.00	Dalian	0.00	0.00
	Low Grade Fe	6.00	0.00	Fangcheng	0.00	0.00
1% Alumina	High Fe Grade Al <2.25%	12.00	0.00	Jiangyin	-30.00	0.00
	High Fe Grade Al 2.25-4%	12.50	0.00	Jingtang	-5.00	0.00
	Low Fe Grade	12.50	0.00	Lanshan	0.00	0.00
1% Silica	High Fe Grade Si <4%	1.00	0.00	Lanqiao	0.00	0.00
	High Fe Grade Si <4 - 6.5%	10.50	0.00	Lianyungang	0.00	0.00
	High Fe Grade Si <6.5 - 9%	25.00	0.00	Majishan	0.00	0.00
	Low Fe Grade	24.00	0.00	Nantong	-30.00	0.00
0.01% Phosphorus	High Fe Grade 0.08%<P<0.115%	0.00	0.00	Qingdao	0.00	0.00
	High Fe grade 0.115%<P<0.15%	12.50	0.00	Rizhao	0.00	0.00
	Low Fe Grade 0.08 < P < 0.15%	0.00	0.00	Tianjin	-20.00	0.00

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