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Argus Iron Ore Index Breakdown

Driving the new standard of transparency

Executive summary: April 2020 at a glance

- The Argus ICX 62% Fe iron index was relatively stable through April, though on average lower than in March. Firm demand from mills led to portside prices – and the Argus PCX index – performing better than its seaborne equivalent.
- Following a sharp increase in March, spot transactions were down again in April, with 20 trades being used in the ICX index through the month.
- These deals were split 50:50 between fixed and floating price transactions, with the number of fixed price trades taking place remaining steady from March.
- The use of "top tier" data (tiers 1-3 covering fixed and floating deals, as well as on-screen bid/offer), fell slightly to 45.5pc last month.
- Deals on trading screens, COREX and globalORE, accounted for 80pc of transaction inputs into ICX in April.
- 32 companies contributed data to the ICX in April, a slight increase on the previous month.
- Liquidity in the PCX portside was more or less steady in April, at an average of 24 deals a day.

For more information on iron ore prices and methodology, contact us at:

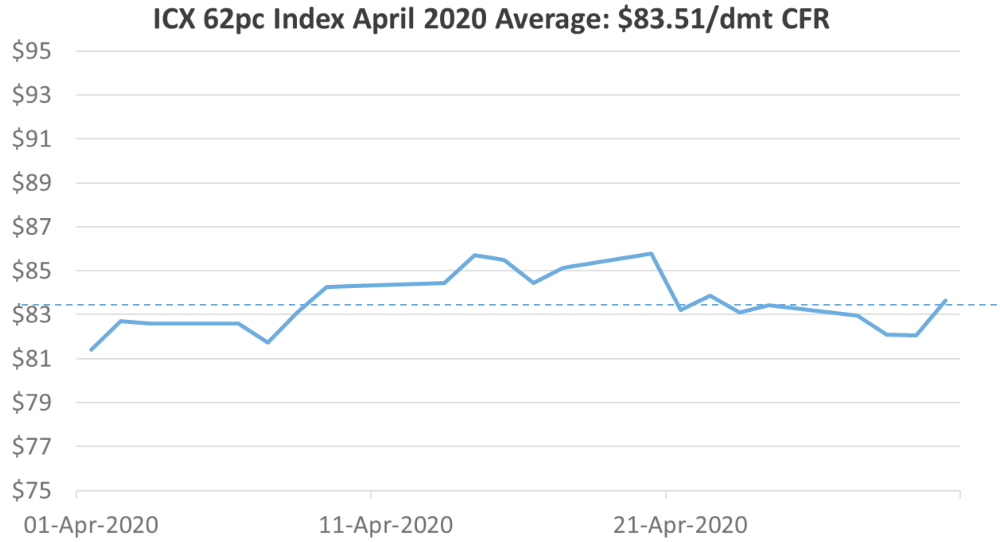
Oscar Tarneberg
oscar.tarneberg@argusmedia.com
+86 1397 1884 804

Chris Newman
chris.newman@argusmedia.com
+ 65 6496 9959

Argus ICX® 62pc Fe – The Seaborne Index

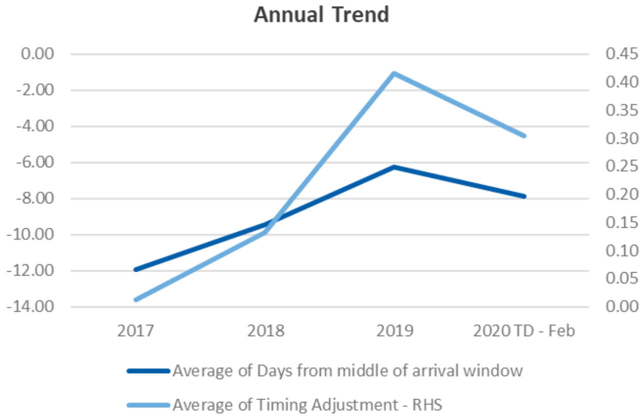
ICX movement and daily average

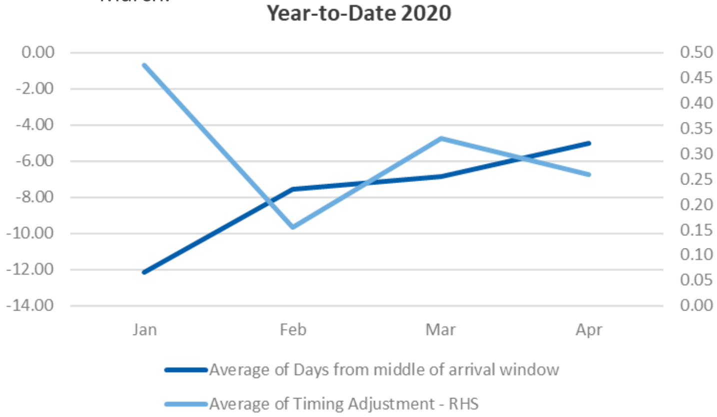
- Prices were stable through April, hovering in the low $80s.



Time structure and timing normalisations

- Argus normalizes transactions to a 5 week delivery point, using the SGX forward curve to establish a timing adjustment based on estimated arrival time of each cargo.
- The timing adjustment came lower in April, as cargoes arrived slightly closer to the five week delivery point. This was despite the average spread between M+1 and M+2 futures, used to establish the timing adjustment, ticking higher to $1.57 in April from $1.49 March.





What's in your index? This is ICX: April 2020

Submitted data

- Total number of data points received: 281 (-19% m-o-m)
- Daily average received: 13.4
- Total contributed tonnes: 42,867,460 (-17%)
- Contributing companies: 32

Submitted data composition

- Tier 1 fixed-price deals: 10 (nc)
- Tier 2 floating deals: 10 (-44%)
- Tier 3 matched screen bids/offers: 6 (nc)
- Tier 4 bilateral bids/offers: 255 (-18%)

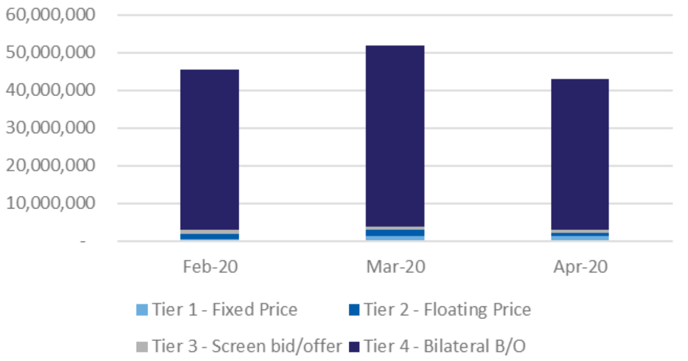
Submitted volume data

- Total volume (tonnes) received: 42,867,460
- Total volume (tonnes) employed: 2,615,888
- Tier 1-3 data employed: 1,191,135
- Overall use of Tier 1-3 data in index creation: 45.5%

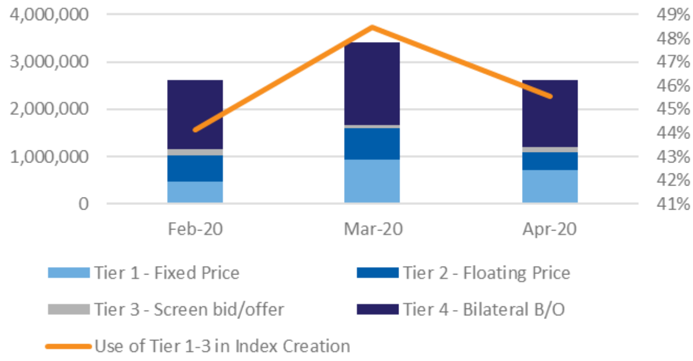
Argus ICX® 62pc Fe – The Seaborne Index

ICX Data Sources: April 2020

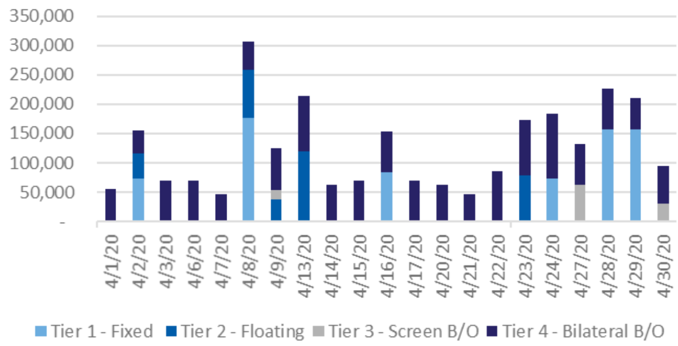
April 2020 - Actual volumes (DMT)



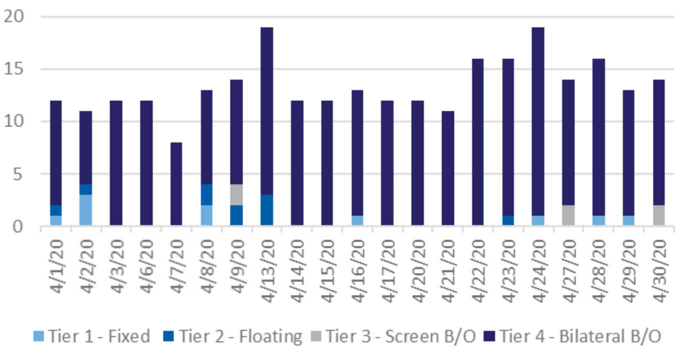
April 2020 - Weighted Volumes (DMT)



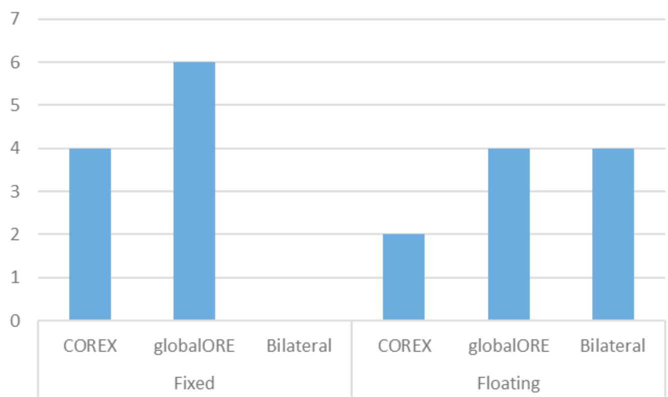
Daily Weighted Volumes (DMT)



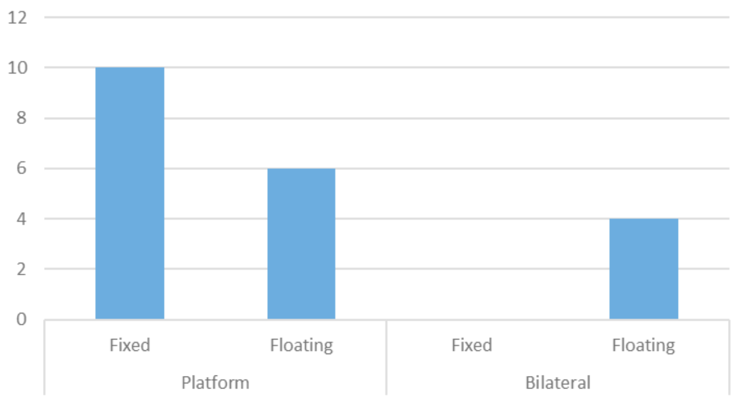
Daily Data Collection



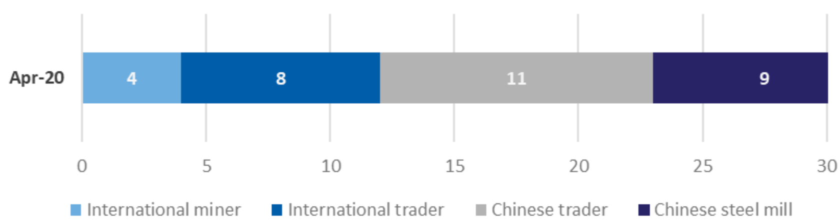
Transaction Type & Channel



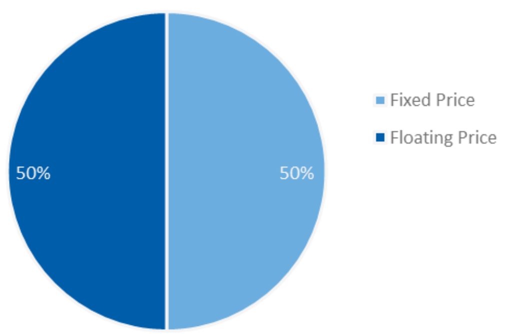
Transaction Type & Channel



ICX participant breakdown - 32 companies in total



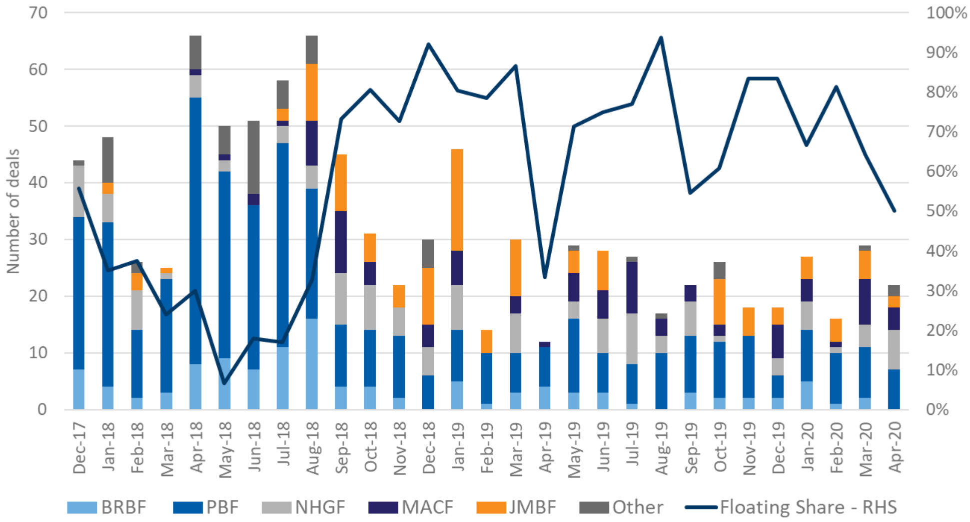
Transactions: Breakdown by Type



Index Breakdown by Brand

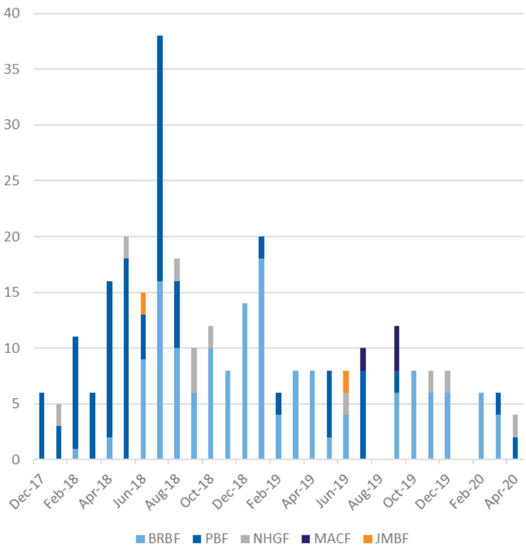
ICX Transactions by brand: April 2020

Transactions underpinning Argus ICX 62pc index

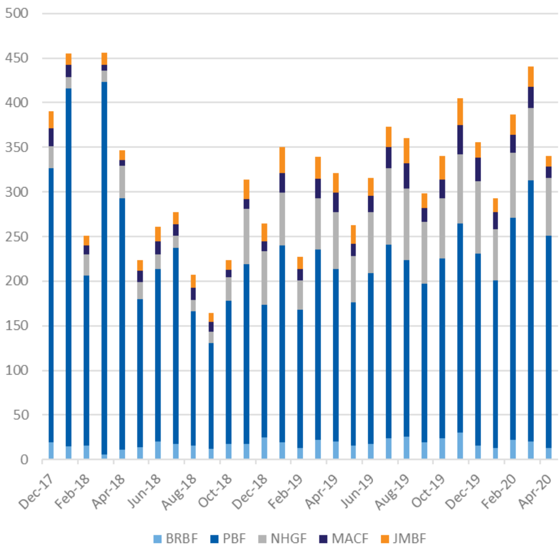


ICX Non-transaction by brand: April 2020

Tier 3 - Matched platform bid/offer

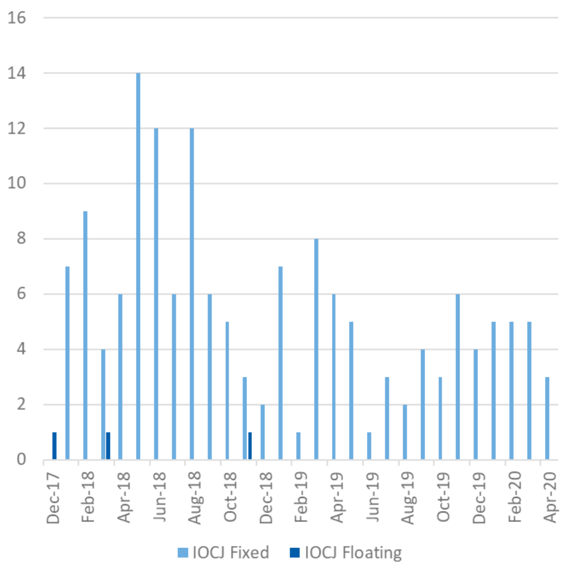


Tier 4 - Bilateral bids/offers/indicative levels

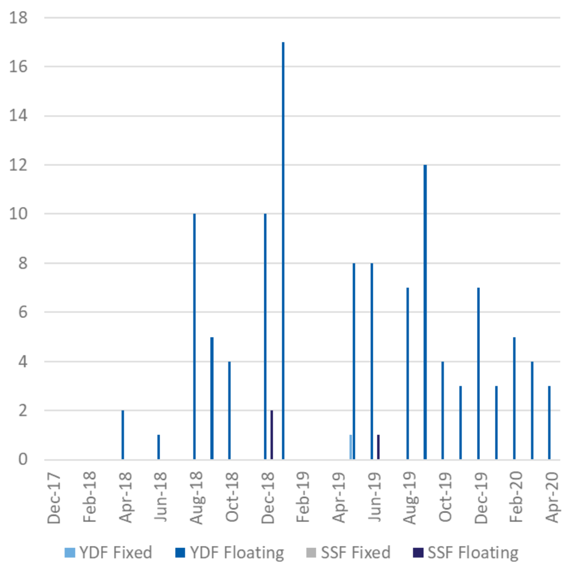


And what about the other indexes?

Recorded 65% Spot Transactions

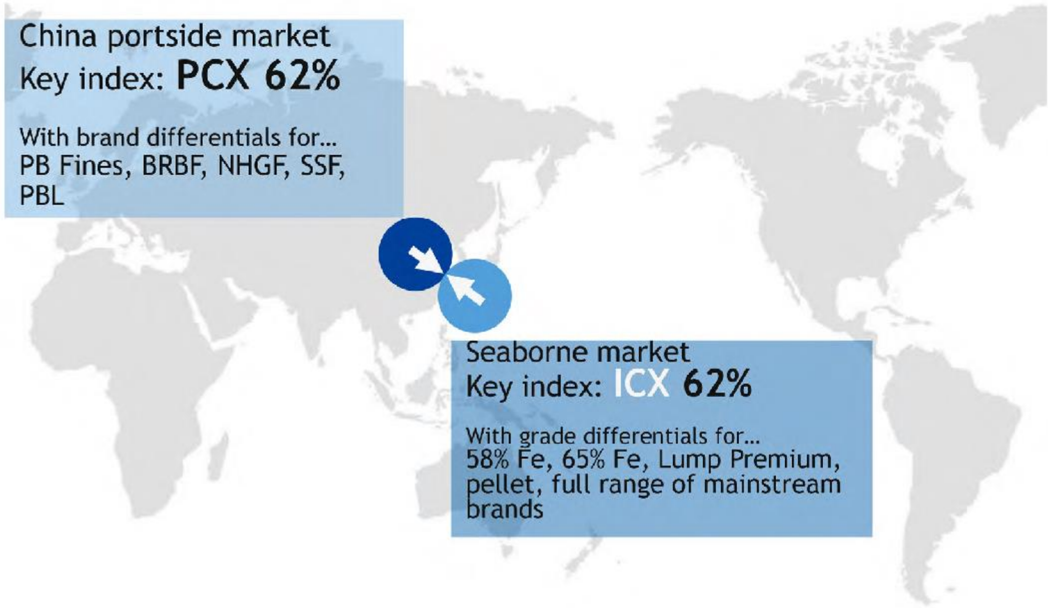


58% Fe Spot Transactions



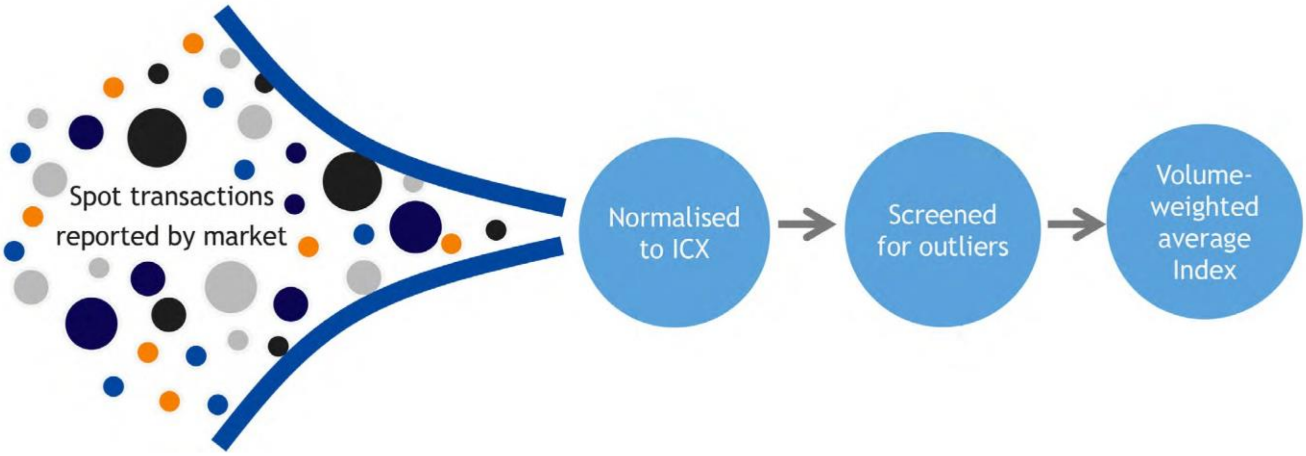
Argus ICX® 62pc Fe – Methodology Summary

Expanding coverage: seaborne and portside



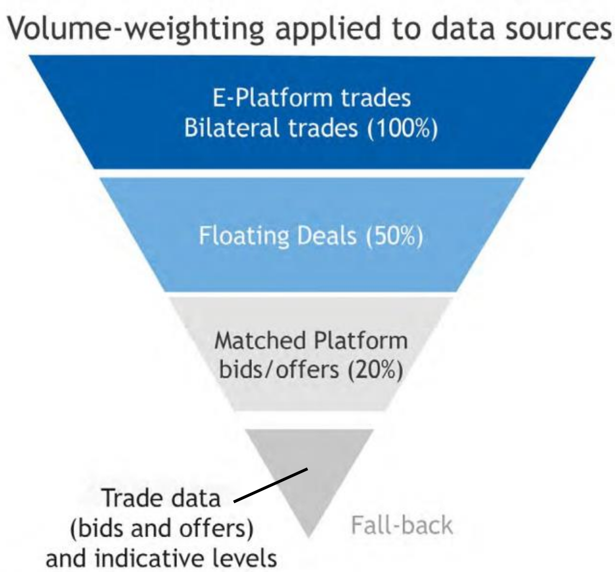
The Argus ICX® 62pc iron ore index

- From 1 December 2017, Argus updated the methodology of its headline ICX 62pc index to make it the best fit for today's iron ore market.
- The revised methodology takes advantage of the increased depth and breadth of data available in the market.
- From 1 May 2018, floating trades received increased volume weighting and the forward curve was incorporated into the normalisation process.



How are data processed?

- Under a volume-weighted average system, the increased pool of market data is accorded different volume weightings (in brackets).
- Data are sorted into four tiers. Fixed-price transactions with a full audit trail receive full weighting, followed by floating price trades. Executable bid and offer pairs on trading screens are next down.
- As a fall-back, bilateral bids and offers may be used at a low weight.



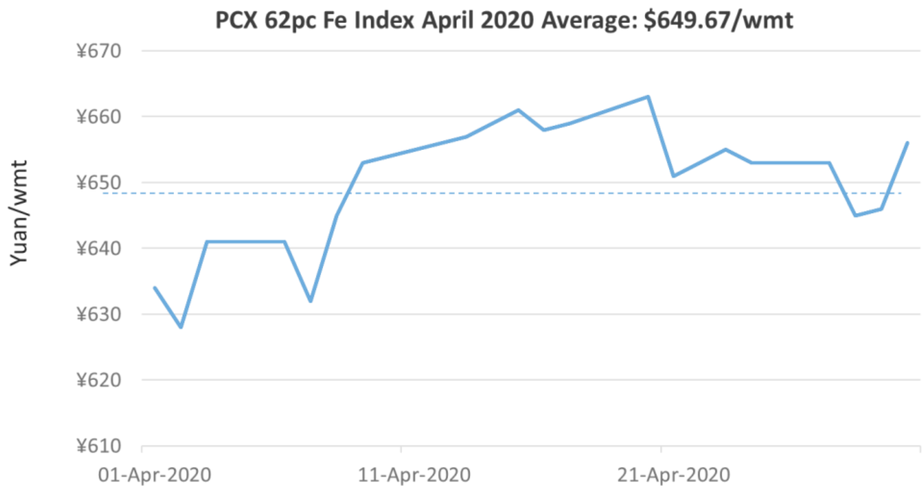
[Click for Argus Methodology]

[Click for ICX Presentation]

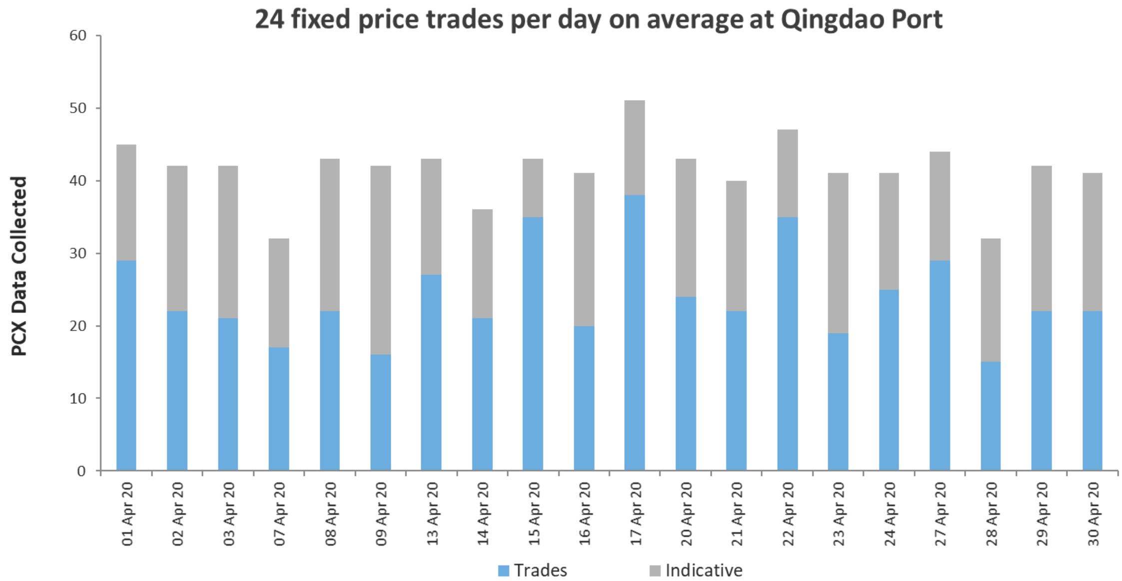
[Click for Argus White Papers]

Argus PCX™ 62pc Fe – The China Port Stock Index

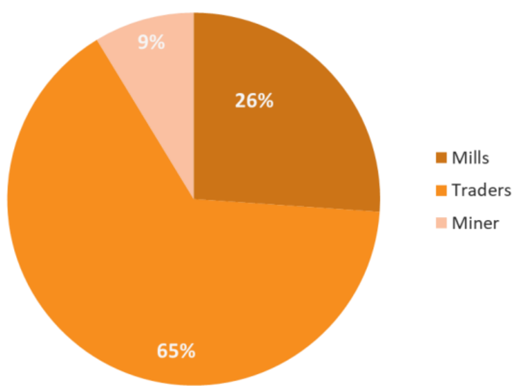
PCX Movement and average



Portside data is deep – smaller clip sizes provide increased fixed price transaction liquidity



23 companies provided data to the Argus PCX portside index in April 2020



What's in your index? This is PCX: April 2020

Submitted data

- Total number of data points in Qingdao received: 831
- Total tonnage: >4,155,000 wet tonnes
- Total number of Transaction prices: 481
- Daily average received: 41
- Contributing Companies: 23
- Total number of data points in Caofeidian received: 385

: marketingsg@argusmedia.com | : +65 6496 9966 | in: Argus Metals | : @argusmedia | : metals.argusmedia.com