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QUANTITATIVE INSIGHTS · COMMODITY RESEARCH

Steel & Raw Materials Report

IRON ORE · HRC STEEL

08 June 2026

SENTIMENT · FAIR VALUE

WEEKLY RESEARCH NOTE

EXECUTIVE SUMMARY — STEEL & RAW MATERIALS

Iron Ore sentiment is on the threshold of entering negative territory; high volatility and a price decline are expected in the short term. Spot prices, Chinese demand and Brazilian supply are all **worsening rapidly**, steel prices are slightly negative and logistics are neutral. Fair value sits at **$113**, with the spread suggesting iron ore is slightly cheap versus the current price. **HRC Steel** sentiment is fluctuating between neutral and negative — no clear direction, uncertainty prevails — as spot, producers, Chinese iron ore, scrap and currency subfactors stay range-bound. Fair value is **$495** with a near-zero spread (fairly priced), yet the 1-month forecast model is in a **high-conviction bearish** zone: a 61.0% probability of a price decrease and a –0.8% expected average return.

SENTIMENT SIGNAL

IRON ORE — TURNING NEGATIVE

Entering negative

High volatility and a price decrease expected in the short term.

NEGATIVE · NEUTRAL · POSITIVE

HRC STEEL — UNCERTAIN

Neutral ↔ negative

No clear directional signal; market in an uncertain state.

NEGATIVE · NEUTRAL · POSITIVE

SUBFACTOR DRIVERS

IRON ORE

WORSENING RAPIDLY

- Iron ore spot prices
- Chinese demand
- Brazilian supply

SLIGHTLY NEGATIVE / NEUTRAL

- Steel prices — slightly negative
- Logistics — neutral

HRC STEEL

RANGE-BOUND · NO TREND

- HRC spot price
- Producers
- China iron ore
- Scrap metal
- Currency subfactors

FAIR VALUE & FORECAST

IRON ORE · FAIR VALUE **$113**

HRC STEEL · FAIR VALUE **$495**

SPREAD

Slightly cheap

Spread indicates iron ore is slightly cheap versus the current price.

SPREAD · 1M FORECAST

Fairly priced — bearish 1M

Near-zero spread. 1M model: high-conviction bearish — 61.0% probability of a price decrease, –0.8% avg return.

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