Weekly Macro Wrap Up

September 15, 2025

IRON ORE

Brazilian miner Vale said it has received an operating license for activities related to the so-called Serra Sul +20 Mtpy project, which it expects to "significantly increase" its iron ore production capacity once completed. In a securities filing, the company said that the project is in line with its planned schedule, adding that commissioning is expected to begin in the second half of 2026. The operating license was issued by Brazilian environmental agency Ibama. The project involves expanding the annual capacity of the S11D mine-plant by 20 million metric tons, and has investments estimated at $2.8 billion, Vale said. (Mining.com)

STEEL

Iron ore's rally is clashing with sluggish Chinese steel demand, leaving mills squeezed even as the nation's construction season traditionally picks up at this time of year. The ratio of China's steel rebar futures in Shanghai to Dalian iron ore contracts dropped to the lowest level since 2020 this week, according to Bloomberg data, which implies mill margins are narrow. The ratio is a widely watched gauge of the steel market. The ratio weakness underscores how China's steel sector remains tied to its struggling property market and slowing construction activity, both of which are major consumers of rebar. Steel mill margins did better than expected earlier this year as cheaper raw materials helped push down costs. Dalian iron ore futures reached the highest since July this week as supply worries from the Simandou mine in Guinea and the upcoming restocking season in China boosted market sentiment. Singapore iron ore futures followed suit, reaching highs last seen in February.

COAL

China churned out less coal and steel in August as the government tightened controls on production. Coal output dropped year-on-year for a second consecutive month and steel for a fourth. Other construction materials, such as cement, also declined as the impact of China's years-long property crisis continues to reverberate. Factory deflation in August eased for the first time in six months, offering an early indication that Beijing could be making headway with its anti-inflation drive. Curtailments of heavy industry around Beijing to clear the skies for a military parade in early September also affected commodities like steel. The 3.2% decline in coal output to 391 million tons came after heavy rains and government curbs on overmining. Firms were under less pressure to produce as power needs rose only modestly due to a slowing economy and milder August weather, while renewables continue to make an increasing contribution to electricity generation. (CNBC)

GRAIN

A record U.S. corn harvest projected at 16.8 billion bushels, the largest since 1933, with soybean output also higher on expanded acreage but facing weak exports to China. U.S. wheat stocks were trimmed due to strong demand, though global wheat supplies remain ample with higher production from the EU, Russia, Ukraine, Canada, and Australia. Grain futures rose modestly, supported by tighter U.S. wheat supplies and strong demand, while Brazil raised its corn forecast to nearly 140 million tons on favorable conditions. (Reuters, Farmprogress)

Oil Macro

The Russia-Ukraine war is back on the agenda as ICE Brent futures jumped up to $67 per barrel after Ukrainian drones attacked Russia's Primorsk port, a key Baltic Sea loading terminal for its crude and product flows. With the Trump administration strengthening its pressure on the EU and others to implement secondary sanctions on India and China, geopolitics became the main bullish factor for prices. IEA Sees Supply Surge on OPEC+ Boost. The International Energy Agency lifted its 2025 global demand growth forecast by 60,000 b/d to 740,000 b/d, however, this was more than offset by its supply outlook rising from 2.5 million b/d to 2.7 million b/d after this week's 137,000 b/d hike from OPEC+. (Oilpro)

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