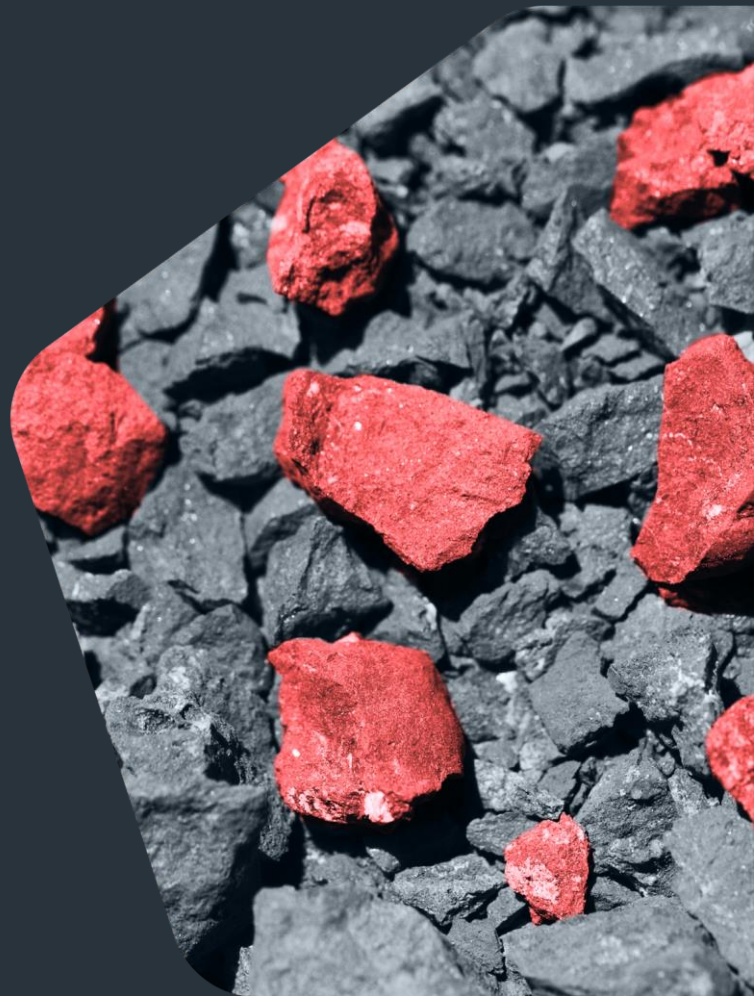




Iron ore market outlook

Alexis Ellender – Lead Major Dry Bulks Analyst

20 June 2024



Why the iron ore price has fallen and what to look out for next

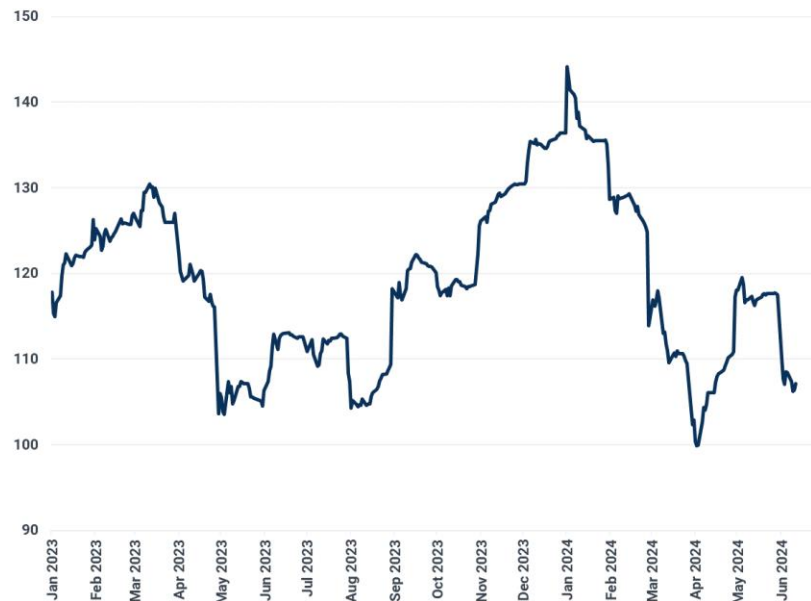


Iron ore price in retreat

Further volatility in the iron ore market as prices fall sharply at the start of June, then drifting lower in subsequent days

- Why the fall in the iron ore price was not a surprise and are there bright spots for iron ore demand amidst global steel sector weakness?
- Why seasonal strength in Chinese crude steel production does not signal a resurgence in domestic demand
- Can Chinese iron ore imports be sustained in the face of easing steel production and potentially tighter mill margins?
- The outlook for iron ore supply; Brazilian shipments started the year strongly, while Australia is building towards a seasonal peak
- Other exporters add to seaborne supply
- What does this mean for the seaborne iron ore market and pricing outlook?

Iron ore 62% Fe CFR China (\$/t)

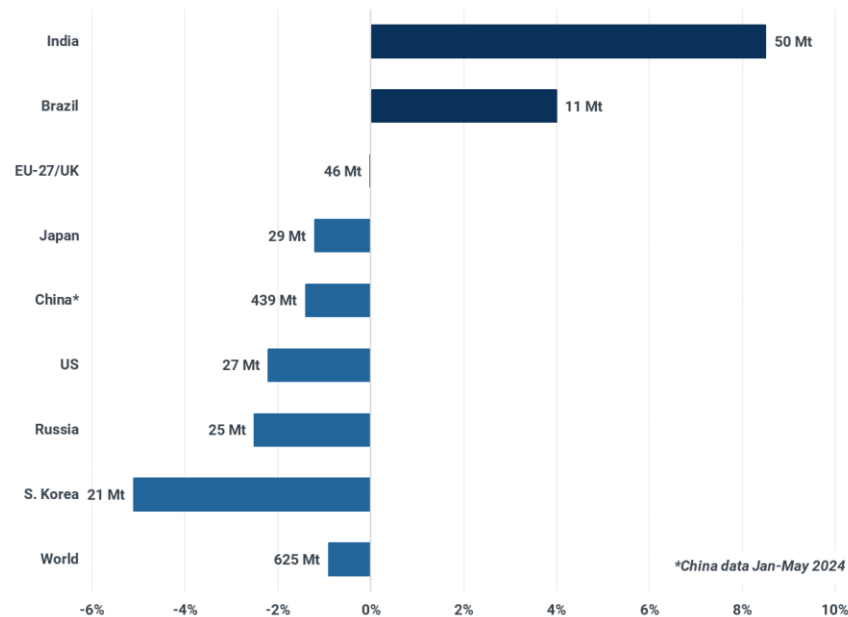


Source: MarketView/TSI

The fall in the iron ore price was not a surprise

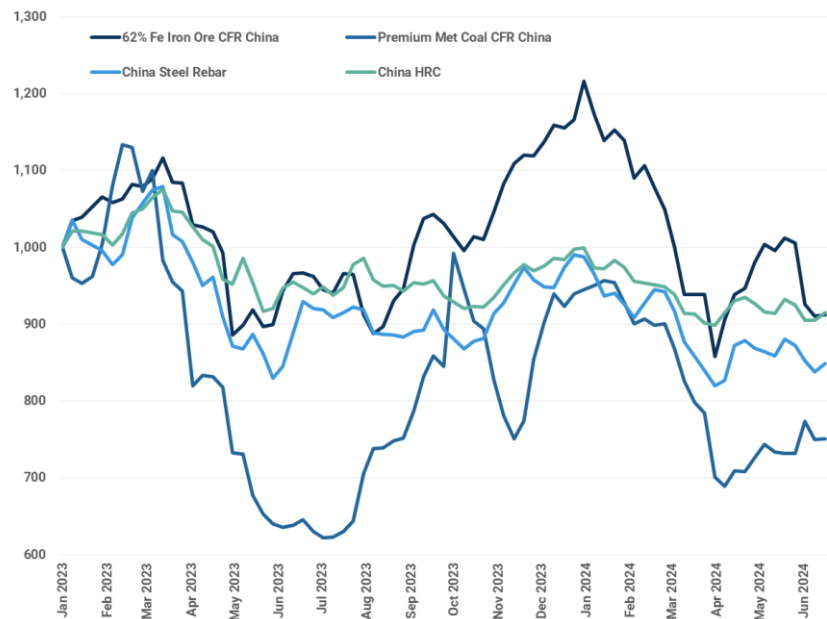
Steel sector weakness has persisted from 2023 into 1h24 and iron ore had outperformed wider steel sector pricing

Annual change in Jan-Apr crude steel output (%)



Source: World Steel Association/NBS

Chinese steel-related commodity prices indexed

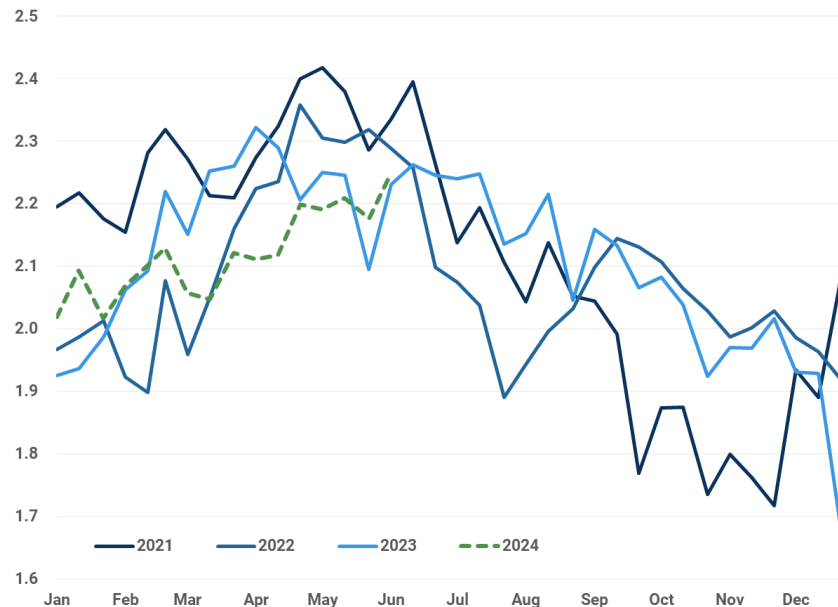


Source: MarketView/Kpler Insight

Seasonal strength in Chinese steel output

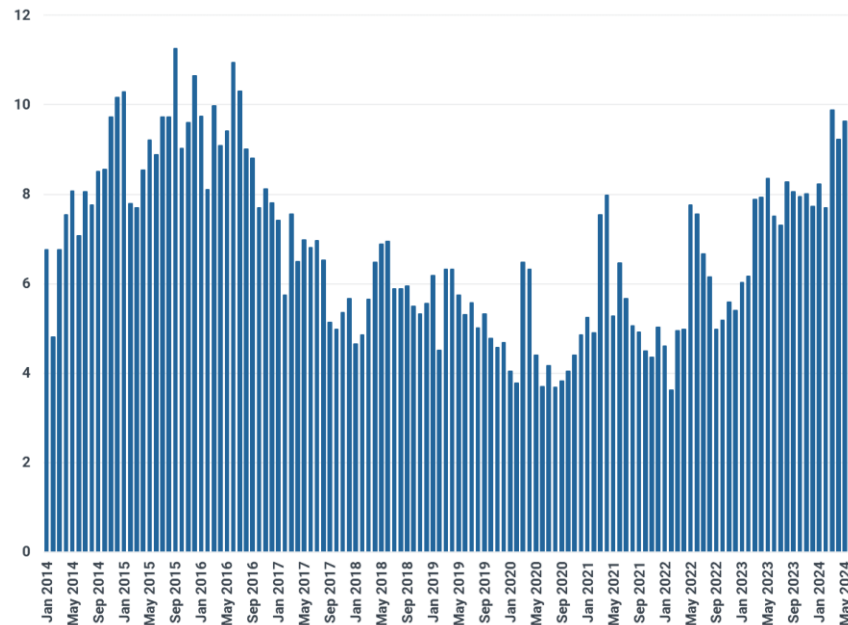
Crude steel production in China has accelerated, but domestic demand weakness has driven up steel product exports

Crude steel output at CISA member mills (Mt/day)



Source: NBS/Kpler

Chinese steel product exports surge (Mt)

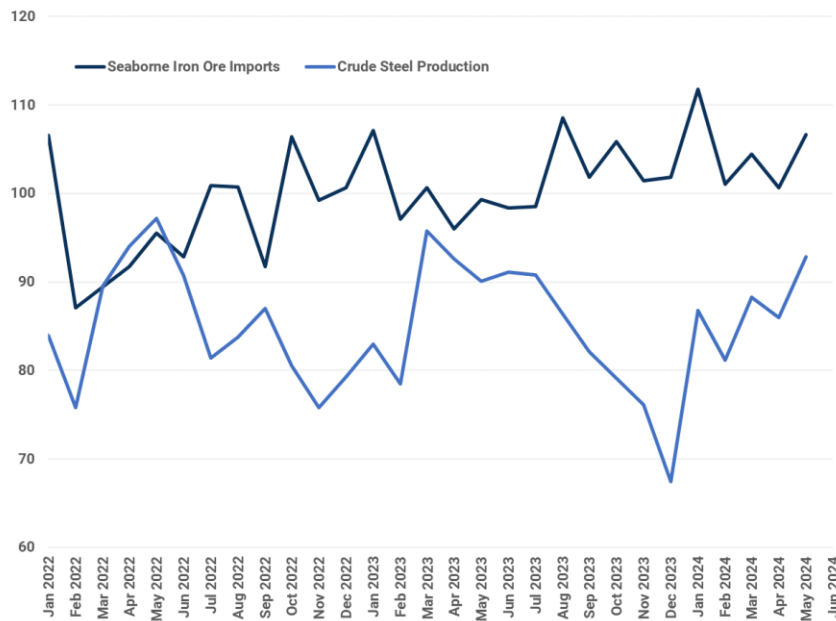


Source: China Iron and Steel Association

Chinese iron ore imports

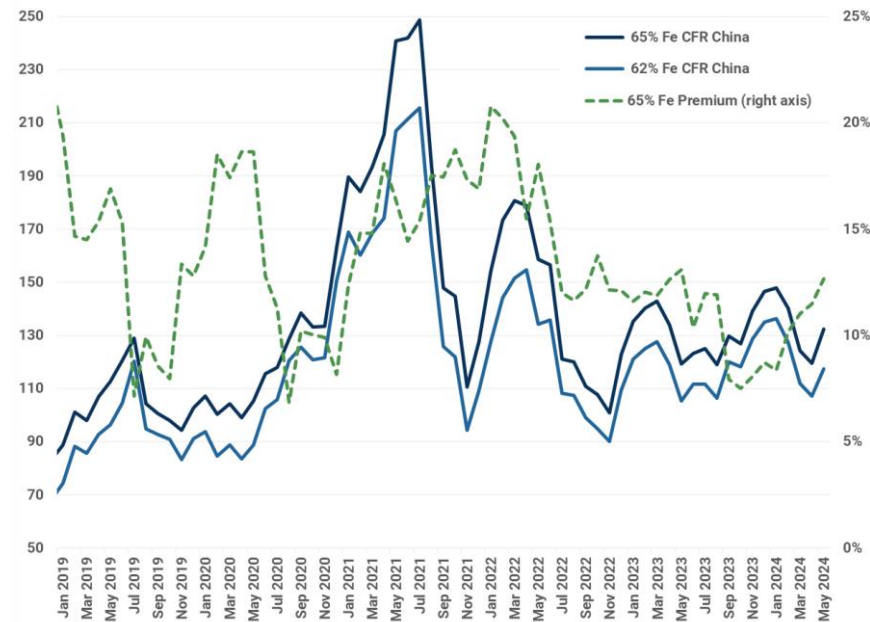
How can imports be sustained in the face of a softer steel sector outlook?

China monthly iron ore imports and crude steel output (Mt)



Source: NBS/Kpler

High grade iron ore price premium (\$/t)

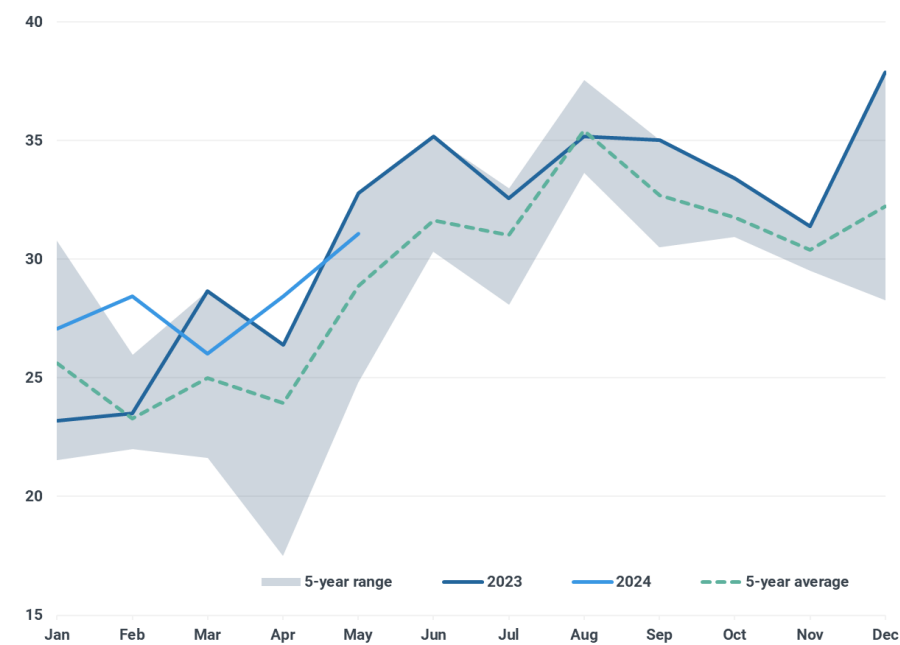


Source: MarketView/TSI/Kpler Insight

Supply-side developments

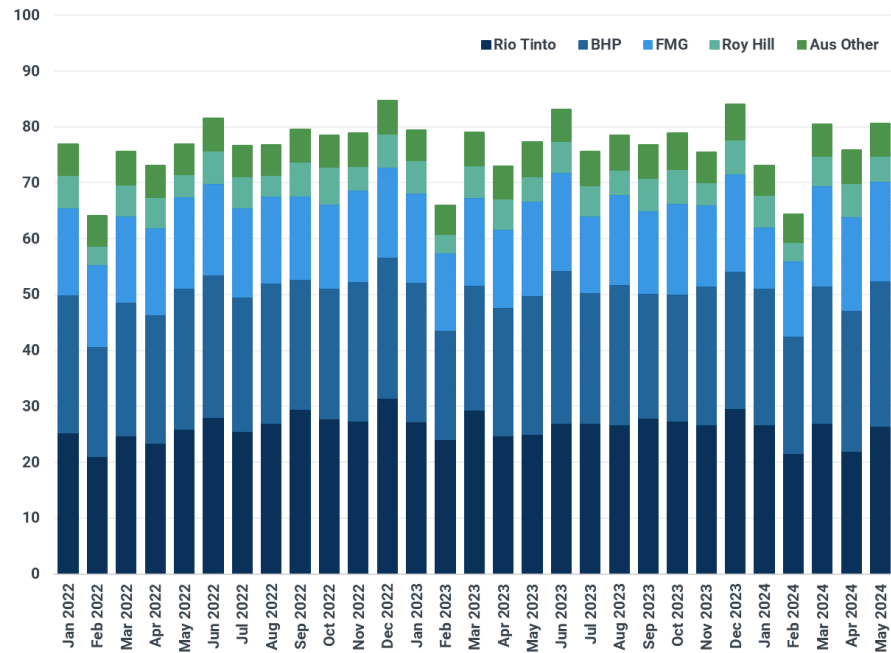
After a strong start, Brazilian exports return to normal levels, while Australian miners push to hit fiscal year guidance

Brazilian iron ore exports outperform at start of 2024 (Mt)



Source: Kpler

Australia iron ore exports hitting seasonal peak (Mt)

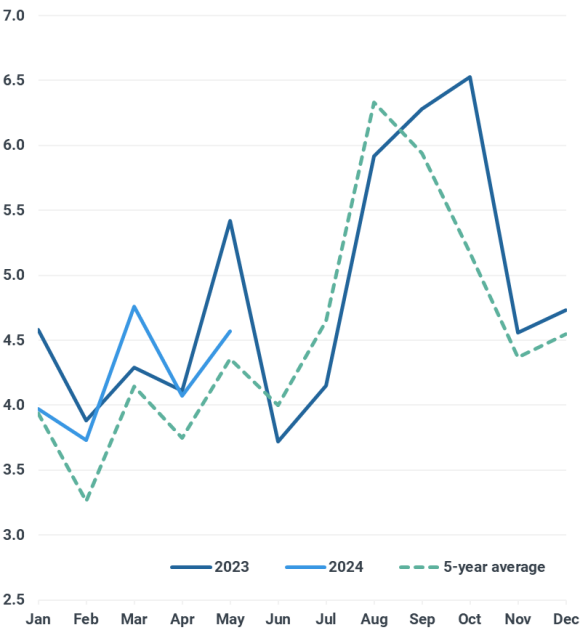


Source: Kpler

It's not just about Australia and Brazil

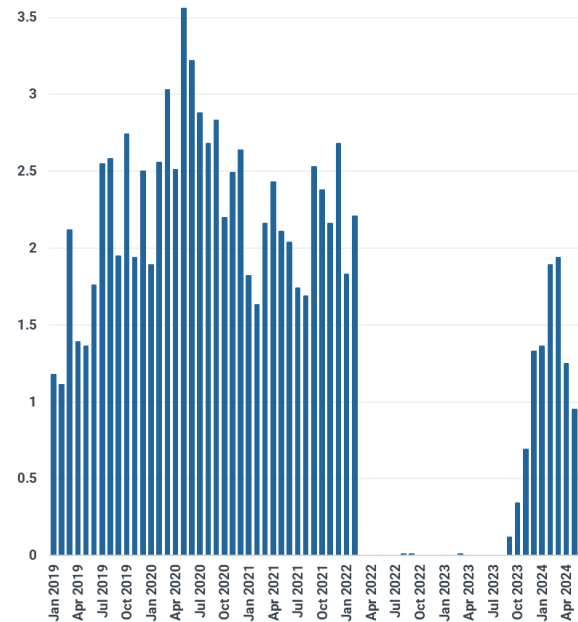
Short-term increases and seasonal trends in iron ore exports from smaller producers

Canadian iron ore exports (Mt)



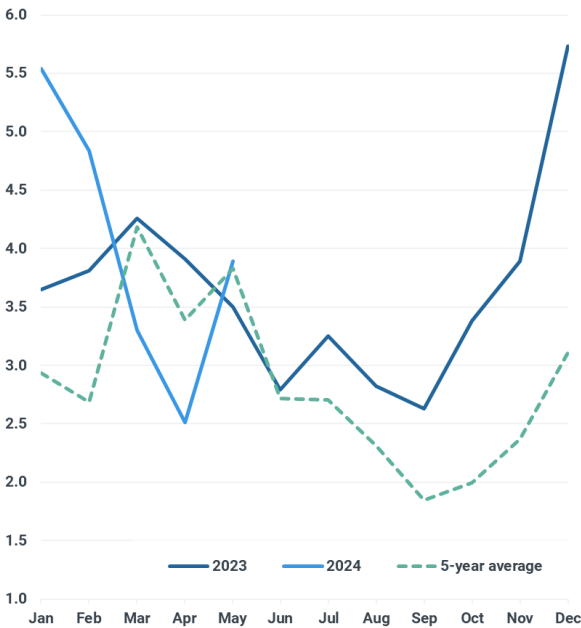
Source: Kpler

Ukrainian seaborne iron ore exports (Mt)



Source: Kpler

Indian iron ore exports (Mt)



Source: Kpler

**In the short term, keep
watching China, but don't
forget about supply-side
developments**

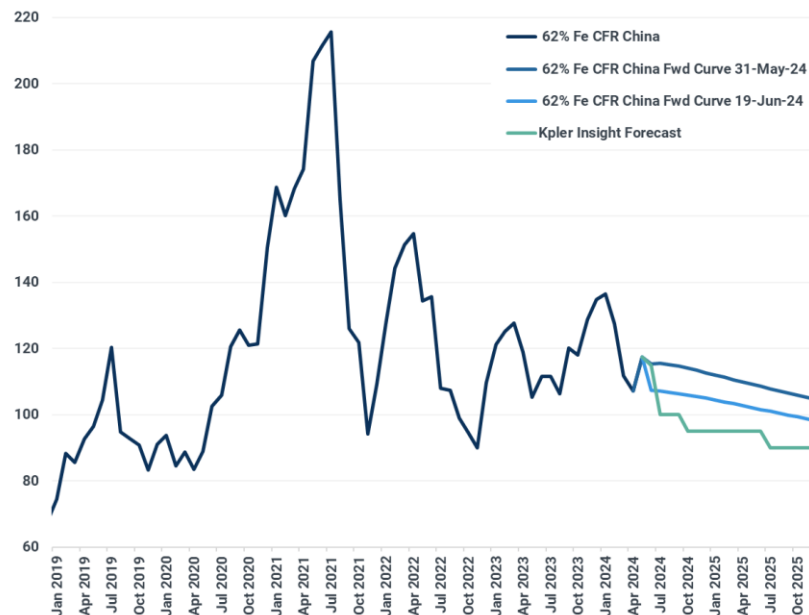


The iron ore price outlook is softer

Global steel sector weakness to persist, iron ore supply robust with seasonal supply boost expected

- The recent fall in the iron ore price was predictable; it had been outperforming the wider steel sector, a performance not justified by market fundamentals
- India is one bright spot for the global steel sector, but output is flat or contracting in most other major producers
- Chinese crude steel production is set to contract again in 2024 amid government intervention, domestic demand weakness, and a slowdown in the pace of steel product exports
- Global iron ore supply remains robust, with a seasonal upturn in export availability in the third quarter set to put downward pressure on prices
- Our expectation is for iron ore prices to trend lower through the remainder of 2024 and into 2025

Iron ore price actual, forward curves and forecast (\$/t)



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Thank you

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