



五矿期货有限公司

Supply increase falls short of expectations, focus on H2 expectation realization

Iron Ore Semi-Annual Report

June 6, 2025

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01

Semi-Annual Assessment & Strategy Recommendation

- ◆ **Supply:** From January to April 2025, China's cumulative iron ore imports stood at approximately 388 million tons, down about 22.62 million tons YoY. Domestic iron concentrate output reached 90.383 million tons, down about 8.04 million tons YoY. The supply increment fell short of expectations, influenced by multiple factors including extreme weather in Q1, downward iron ore prices, and domestic safety and environmental regulations. After adjusting mine increments accordingly, the estimated increment from overseas mines (excluding India) in 2025 is revised down to around 27 million tons, with the corresponding domestic supply increment down to approximately 12 million tons. Given disturbances to domestic mine projects in 2025, domestic iron concentrate output is projected to decline by about 2 million tons for the full year.
- ◆ **Demand:** From January to April 2025, cumulative pig iron output in China totaled approximately 289 million tons based on NBS statistics, up 0.8% YoY, with a demand more resilient than previously expected. Considering the impact of "double anti" (anti-dumping and countervailing) duties on finished steel exports and the expectation of weakening terminal demand in H2 following policy front-loading, the weakening demand is expected to gradually transmit to the molten iron segment, with full-year molten iron output forecast to decline.
- ◆ **Summary:** Overall, after extreme weather and market expectations initially lifted prices, H1 overseas mine shipments saw a significant shortfall from earlier market projections. Meanwhile, resilient terminal demand led iron ore prices to oscillate lower in H1 amid the tug-of-war between "strong reality" and "weak expectations," with the deep negative feedback logic failing to materialize. Looking ahead, weak expectations will gradually start to materialize. Due to the sustained weakness in coking coal and coke continuously relinquishing profit margins, the decline in iron ore prices may be uneven. Once coking coal and coke bottom out, downstream demands for iron ore price reductions are likely to intensify. In terms of prices, we maintain our previous view that \$80, as the typical cost for certain new overseas mines and non-mainstream large mines, may serve as a key price support. The upper price limit is constrained by loose supply and weak demand, expected at around \$110, with the average price trending downward to the \$90-95 range.

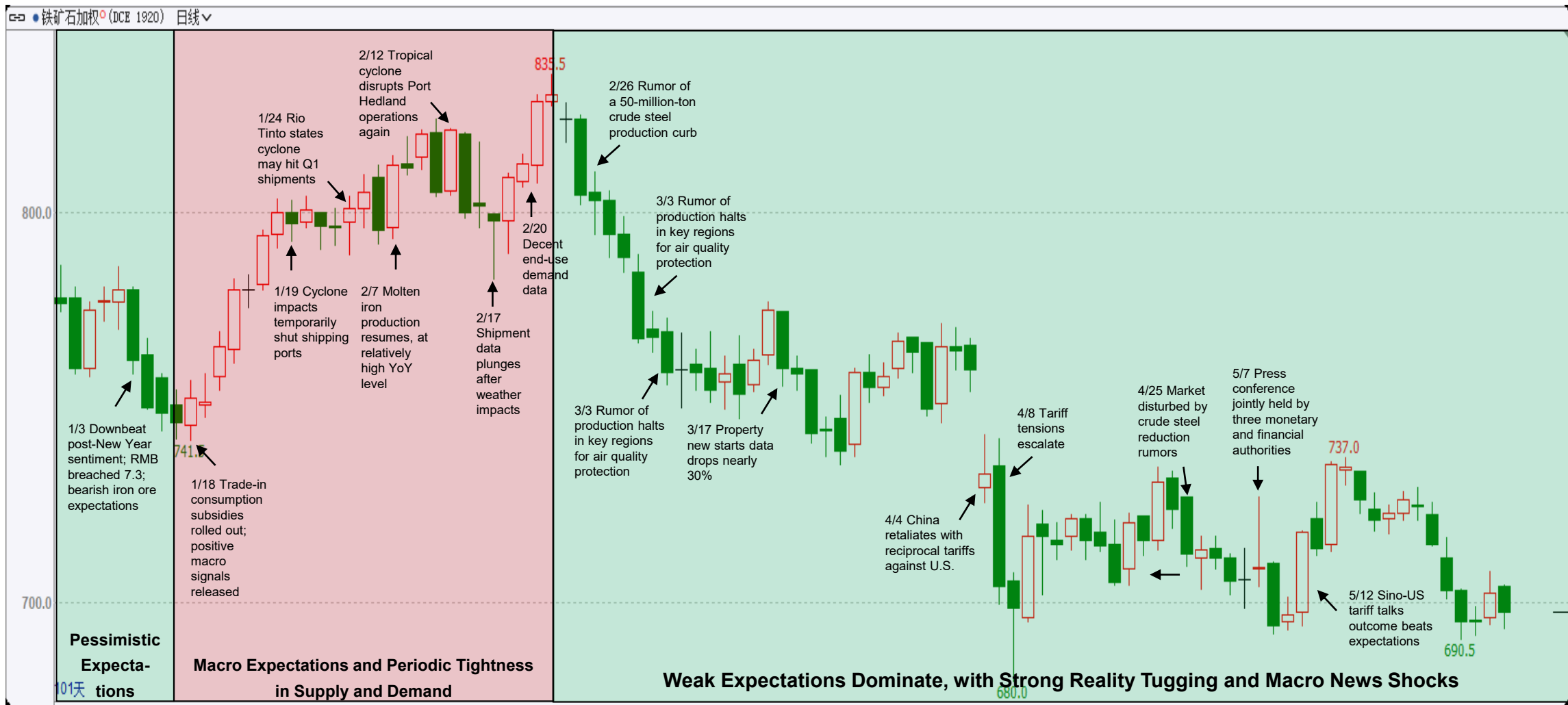
02

Market Review

Market Review

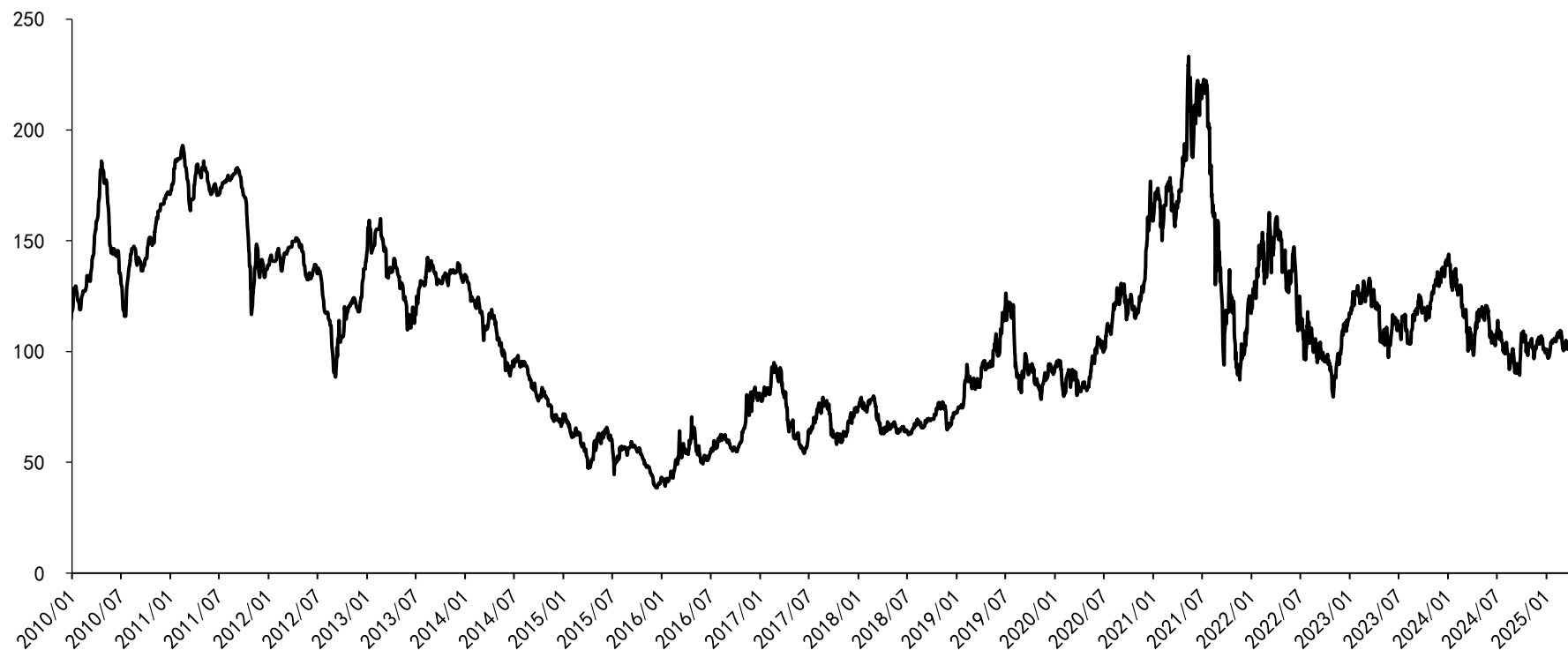
Downward Volatility Amid a Tug-of-War Between Expectations and Reality

Figure 1: Iron Ore Weighted Contract Price (yuan/ton)



62% Iron Ore Index Average Downward

Figure 2: 62% Iron Ore Index Price (yuan/ton)



Sources: WIND, Minmetals Futures

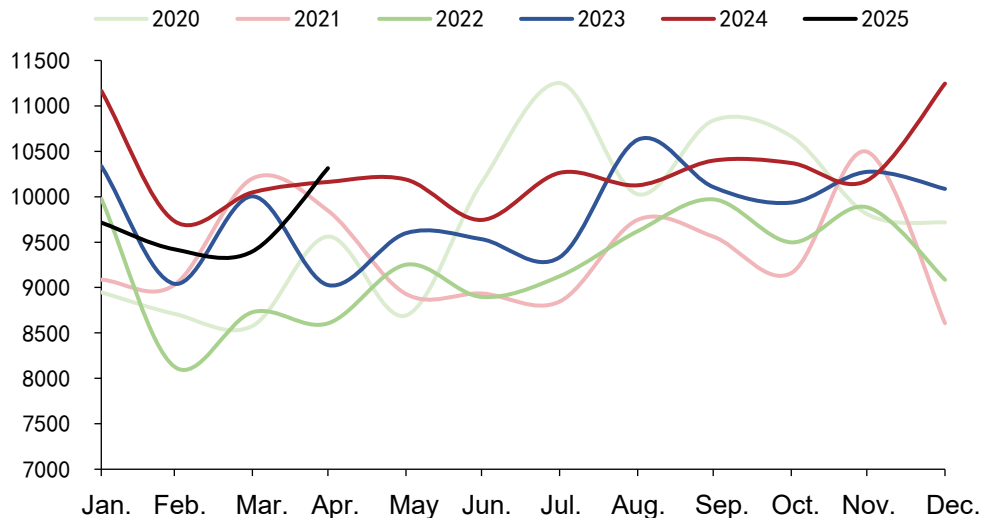
- As of May 30, the year-to-date average price of the 62% iron ore index stood at approximately \$102/ ton, compared with a five-month average of \$120 in January-May 2024 and an annual average of \$109 in 2024, indicating a downward trend in average iron ore prices.

03

Supply

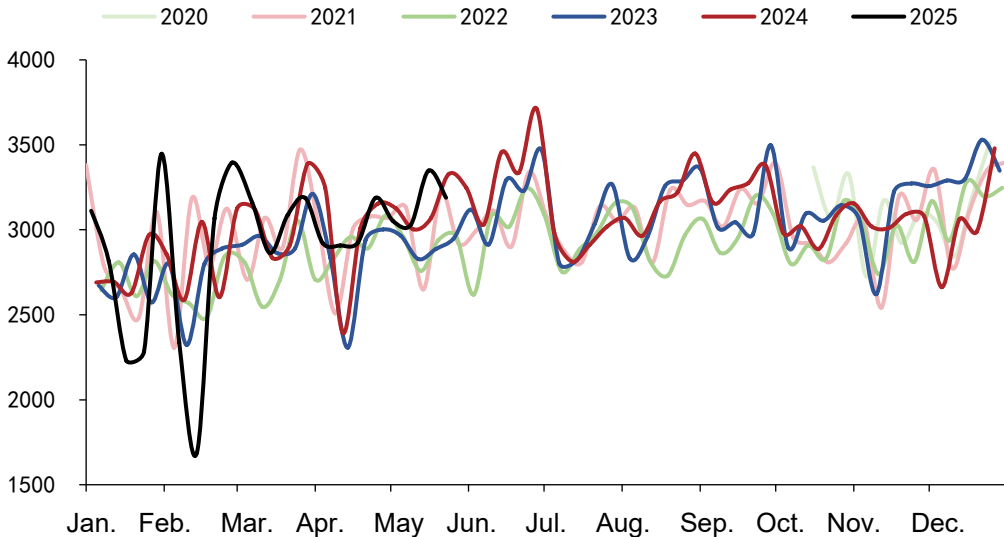
Imported Ore Supply Increment Fell Short of Expectations

Figure 3: China's Iron Ore Imports (10k tons)



Sources: Customs, Minmetals Futures

Figure 4: Overseas Mine Shipment Volume (10k tons)

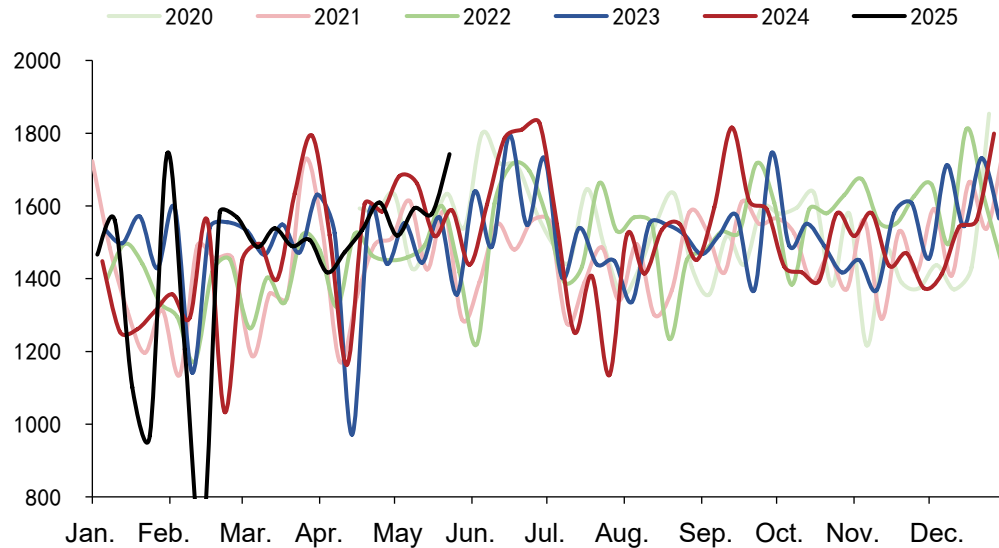


Sources: MYSTEEL, Minmetals Futures

- From January to April 2025, China's cumulative iron ore imports reached 388 million tons, down about 22.62 million tons YoY. In terms of overseas mine shipments, as of June 3, cumulative shipments from overseas mines totaled approximately 647 million tons based on Mysteel data, down about 3.75 million tons YoY, falling short of earlier supply increment expectations.

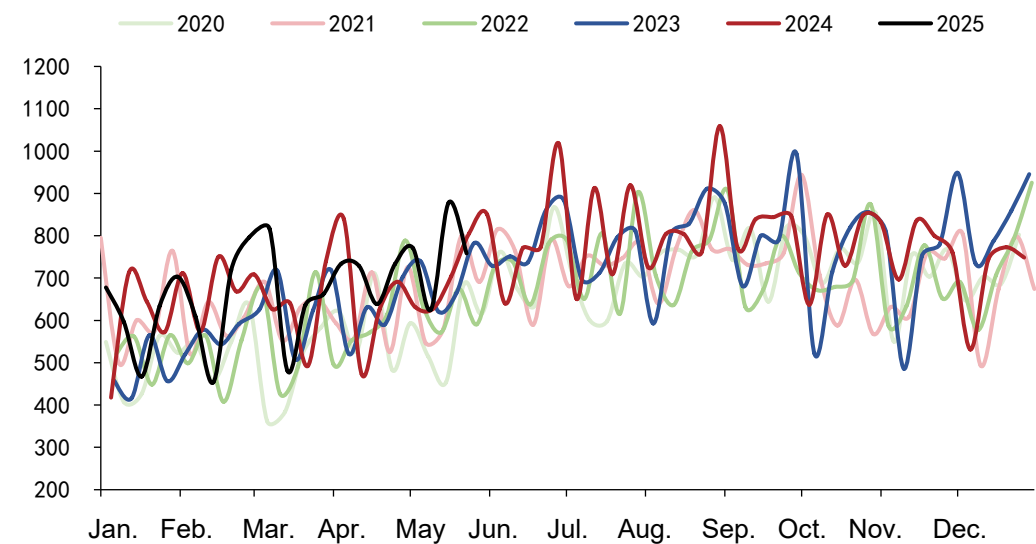
Shipments from Australia and Brazil Significantly Impacted by Weather

Figure 5: Iron Ore Shipment Volume from 19 Australian Ports (10k tons)



Sources: MYSTEEL, Minmetals Futures

Figure 6: Iron Ore Shipment Volume from 19 Brazilian Ports (10k tons)

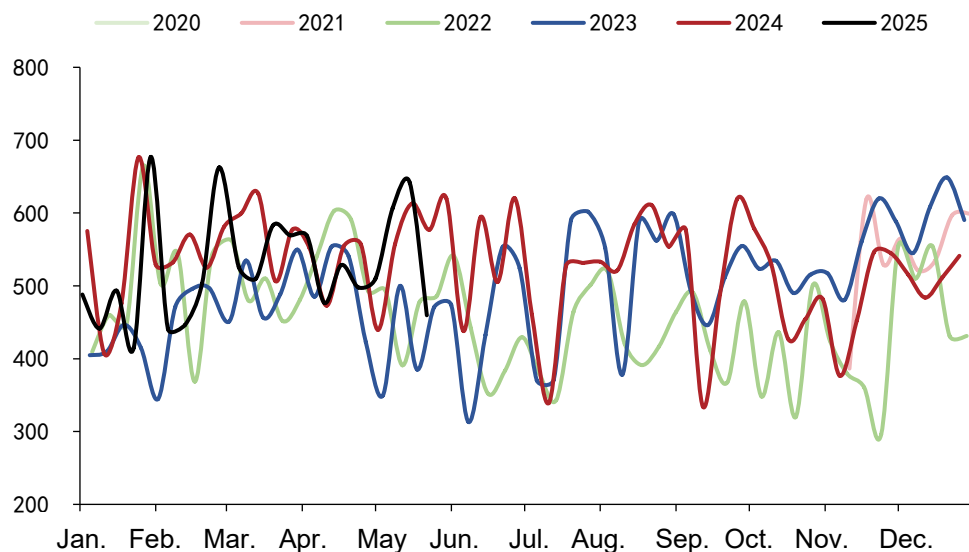


Sources: MYSTEEL, Minmetals Futures

- As of June 3, cumulative shipments from 19 ports in Australia totaled about 380 million tons, down about 4.4 million tons YoY, while Brazil's cumulative shipments reached about 150 million tons, up 5.44 million tons YoY. In Q1, cyclones caused multiple temporary closures of Port Hedland and Port Dampier in Australia, significantly impacting port shipments. Brazil's iron ore production declined due to heavy rainfall in the north. Beginning Q2, weather impacts weakened, and shipments from both Australia and Brazil began to recover, which was also reflected in the significant upward trend in China's iron ore imports in April.

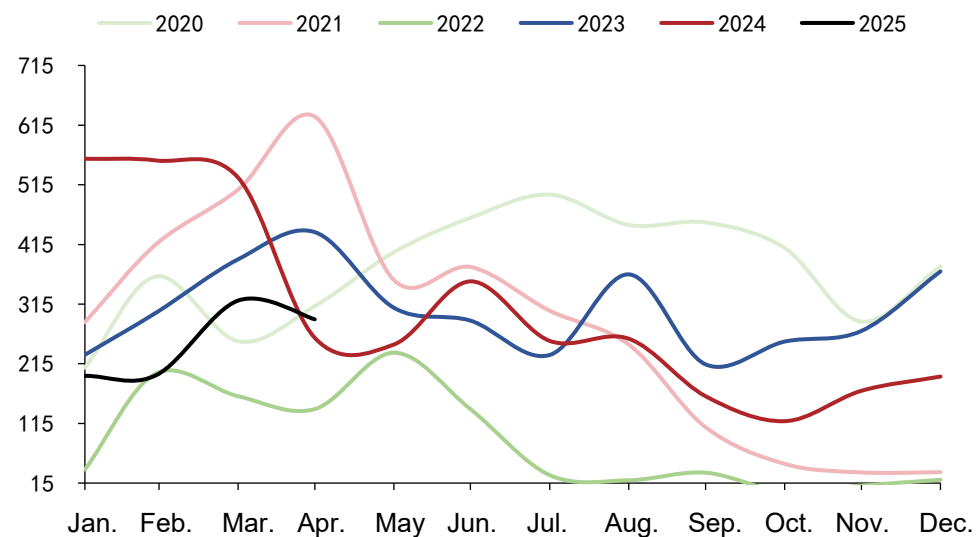
Shipments from non-major countries are impacted by prices

Figure 7: Iron Ore Shipment Volume from Non-mainstream Nations (10k tons)



Sources: MYSTEEL, Minmetals Futures

Figure 8: China's iron ore imports from India (10k tons)



Sources: MYSTEEL, Minmetals Futures

- As of June 3, cumulative shipments from non-mainstream countries totaled about 120 million tons based on Mysteel data, down about 4.79 million tons YoY. India's high-cost mines are often regarded as one of the references for iron ore floor price. From January to April, China's cumulative imports of Indian iron ore reached 10.01 million tons, down about 8.98 million tons YoY. Taken together, after the iron ore price center moved lower, it has somewhat curbed shipments from high-cost non-mainstream mines.

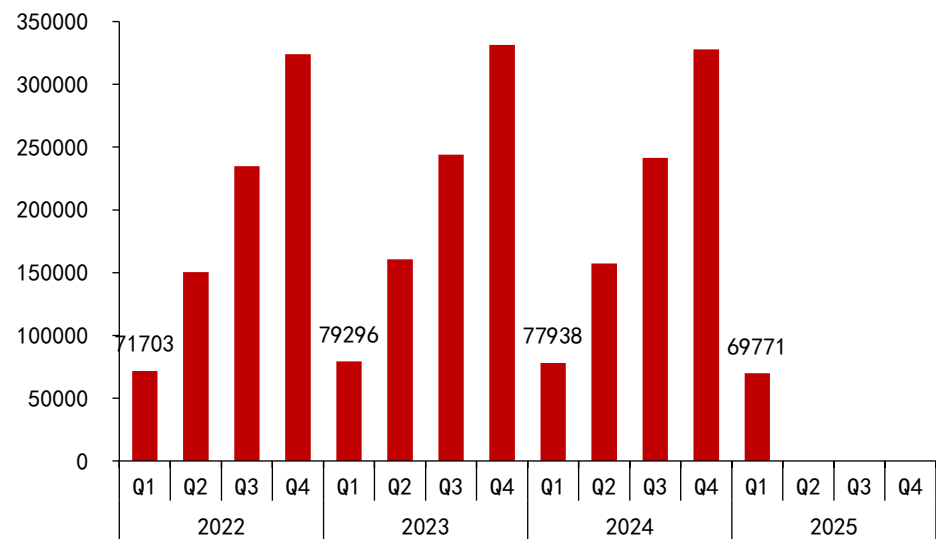
The Big Four Miners

Rio Tinto's Annual Target Remains Unchanged, but May Approach the Lower End of the Range



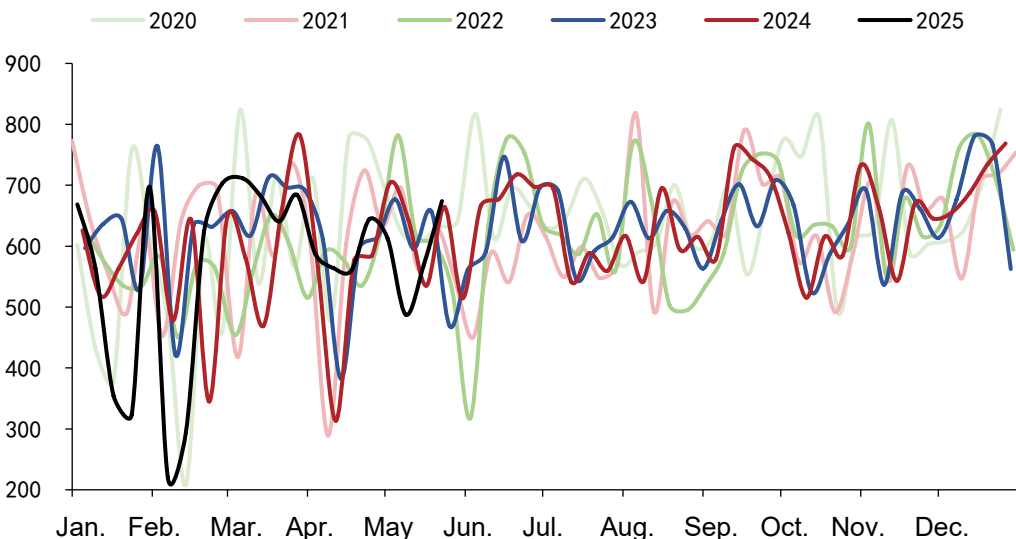
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Figure 9: Rio Tinto's Cumulative Iron Ore Production in Pilbara (k tons)



Sources: Company Website, Minmetals Futures

Figure 10: Rio Tinto's Iron Ore Shipment Volume (10k tons)



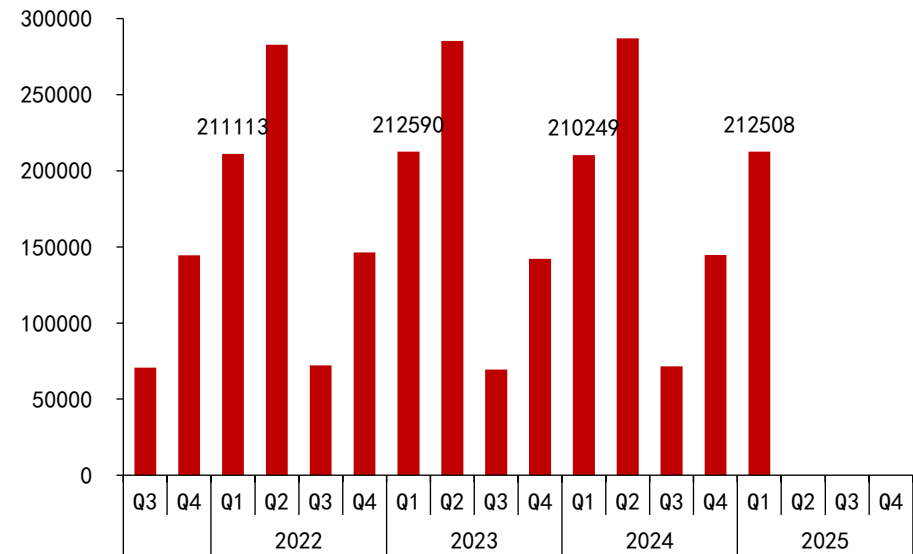
Sources: MYSTEEL, Minmetals Futures

- In Q1, affected by four cyclones, Rio Tinto's Pilbara iron ore production fell about 10% YoY, with an estimated shipment loss of 13 million tons. The main works of the West Slope iron ore project were fully completed by the end of March, though it takes time to achieve full capacity. Pilbara replacement projects are also advancing in order. Although Rio Tinto has not adjusted its annual guidance target of 323-338 million tons, we estimate that actual annual output given weather impacts may lie in the lower half of the range.

The Big Four Miners

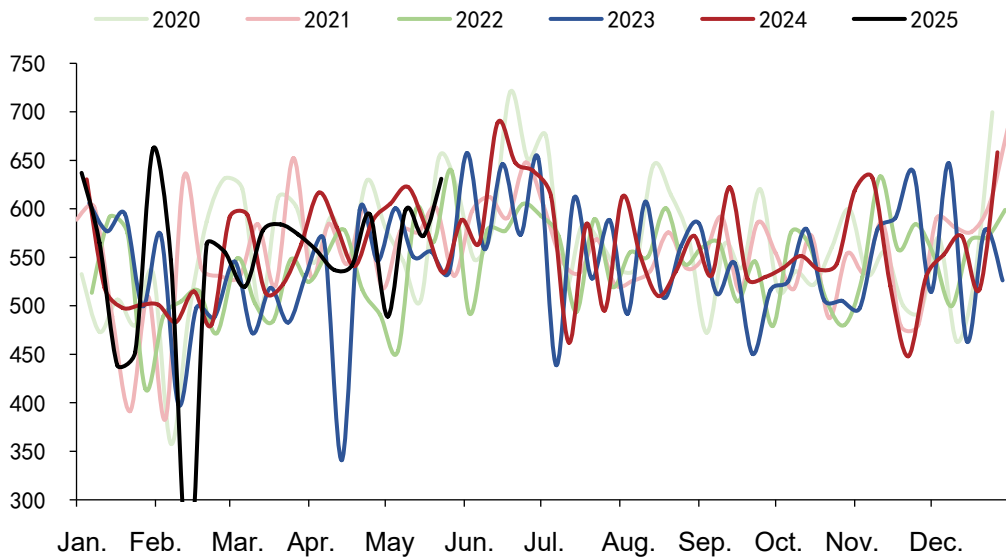
BHP's Expected Growth

Figure 11: BHP's Cumulative Iron Ore Production (k tons)



Sources: Company Website, Minmetals Futures

Figure 12: BHP's Iron Ore Shipment Volume (10k tons)



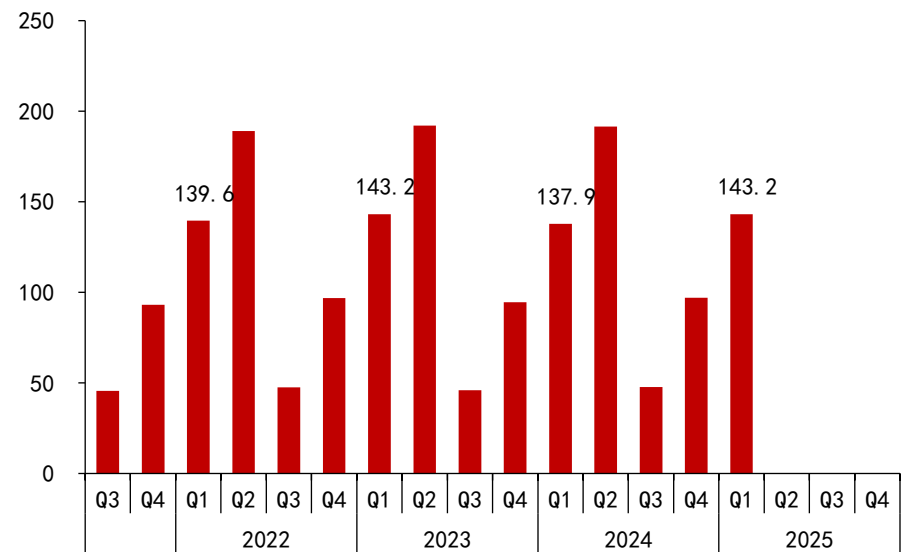
Sources: MYSTEEL, Minmetals Futures

- In Q1, BHP's iron ore production in the Pilbara region of Western Australia was basically flat YoY, with relatively stable operations despite extreme weather disturbances. Samarco's capacity ramp-up is progressing smoothly, expected to reach the upper end of its FY25 guidance target. We estimate BHP's annual output will still grow in 2025.

The Big Four Miners

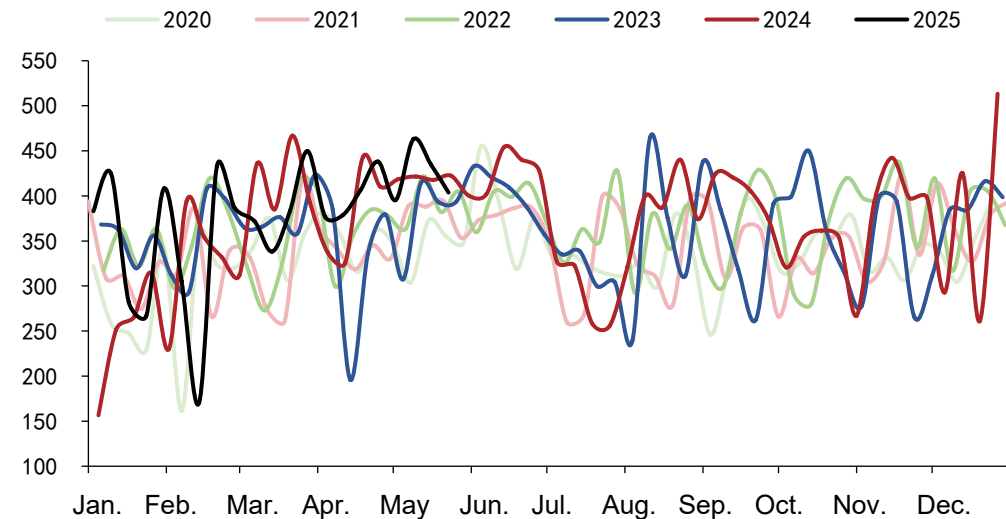
FMG's Iron Bridge Project Increment Continues to Release

Figure 13: FMG's Cumulative Iron Ore Production (million tons)



Sources: Company Website, Minmetals Futures

Figure 14: FMG's Iron Ore Shipment Volume (10k tons)



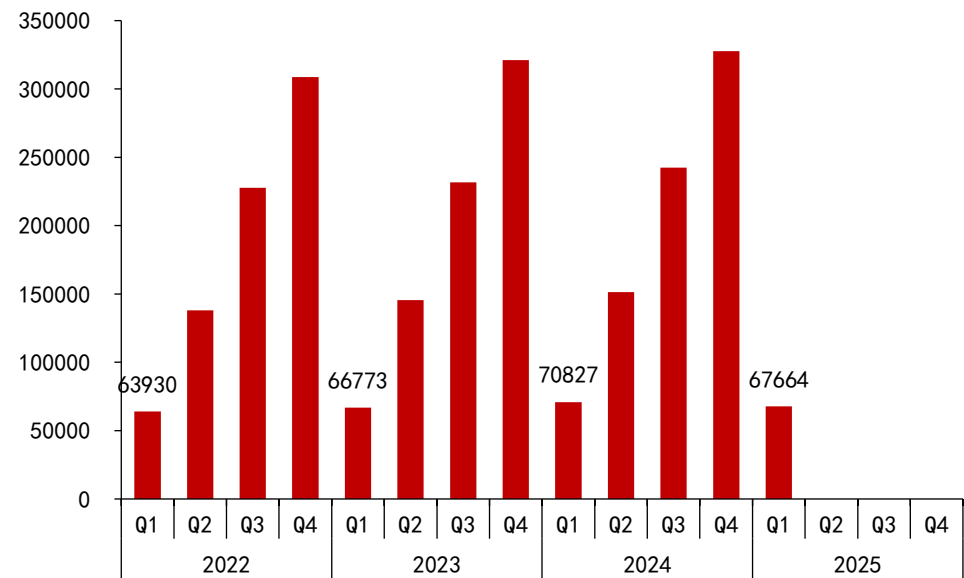
Sources: MYSTEEL, Minmetals Futures

- FMG's iron ore shipments in Q1 increased about 6% YoY. After optimizing and evaluating processing facilities for the Iron Bridge project, its FY26 shipment target was updated to 10-12 million tons, postponing the previous target of achieving full capacity in September FY25 to FY28. We estimate its annual shipment increment for 2025 will lower.

The Big Four Miners

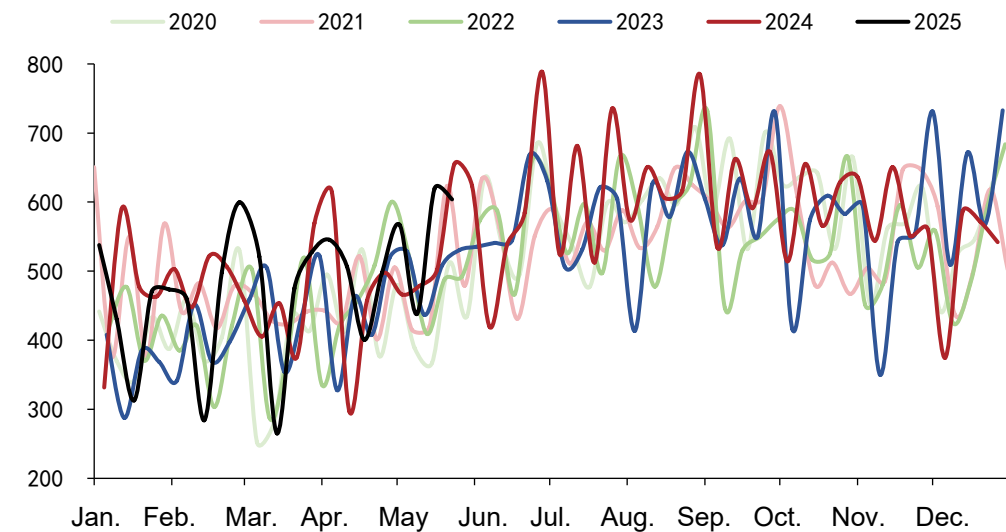
VALE's Production Increase Projects Advance Steadily

Figure 15: Vale's Cumulative Iron Ore Production (million tons)



Sources: Company Website, Minmetals Futures

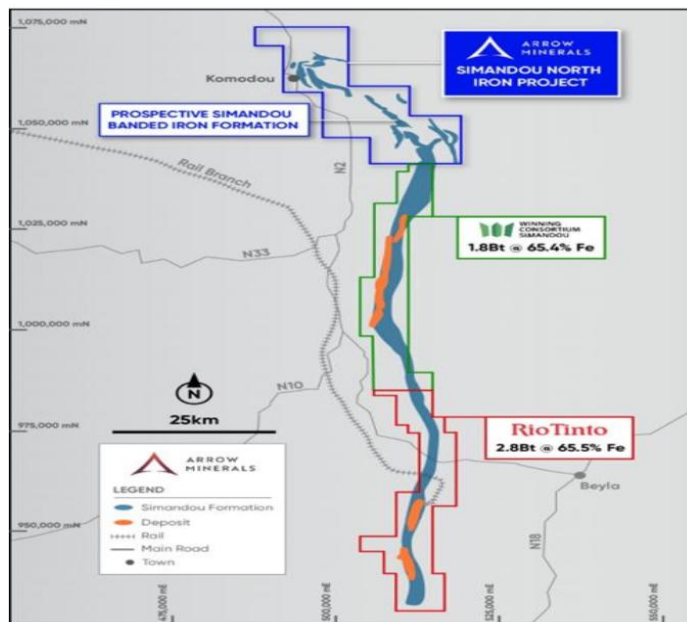
Figure 16: Vale's Iron Ore Shipment Volume (10k tons)



Sources: MYSTEEL, Minmetals Futures

- In Q1, Vale's iron ore production fell about 4.5% YoY due to rainfall. The Capanema and VGR1 projects are accelerating as planned, expected to reach full capacity in Q1 or Q2 2026. The annual guidance target remains unchanged at 325-335 million tons, and we estimate it can reach the upper half of the guidance range.

Figure 17: Schematic Diagram of Simandou Mountain Iron Ore Project



Sources: Company Website, Minmetals Futures

Figure 18: Onslow Project Update Announcement

Onslow Iron Update

Mineral Resources Limited (**ASX: MIN**) (**MinRes** or **Company**) is hosting an investor and analyst tour of Onslow Iron on 27-28 May 2025, including a visit to Ken's Bore and the project's Port of Ashburton operations.

MinRes advises Onslow Iron volume guidance has been revised to 7.8 to 8.0 million tonnes (**Mt**) (13.8-14.1Mt, 100% basis), from 8.5-8.7Mt previously.

The reduction relates to lower-than-expected availability of contractor road trains for haulage (actual 65 vs. 85-100 target) and below forecast daily cycles (actual 2.7 vs. 4.0 target), despite a steady ramp of haulage volumes and as-expected performance of MinRes jumbo road trains.

For the month of May 2025 to date, Onslow Iron has shipped 1.7Mt. Over the last seven days, an average 74kt/day loaded on to ocean going vessels, with several days during May above 80kt, and 100kt loaded on a single day. It is expected that 1.9Mt will be shipped during May (April 1.3Mt), equivalent to a run rate of 23Mt/tpa.

The significant month-on-month increase highlights the acceleration of Onslow Iron's ramp up, with the project remaining on schedule to achieve its nameplate capacity of 35Mt/tpa in Q1 FY26.

MinRes anticipates shipping circa 2.3-2.6Mt in June, equivalent to 75-87kt/day and a run rate of 28-31Mt/tpa.

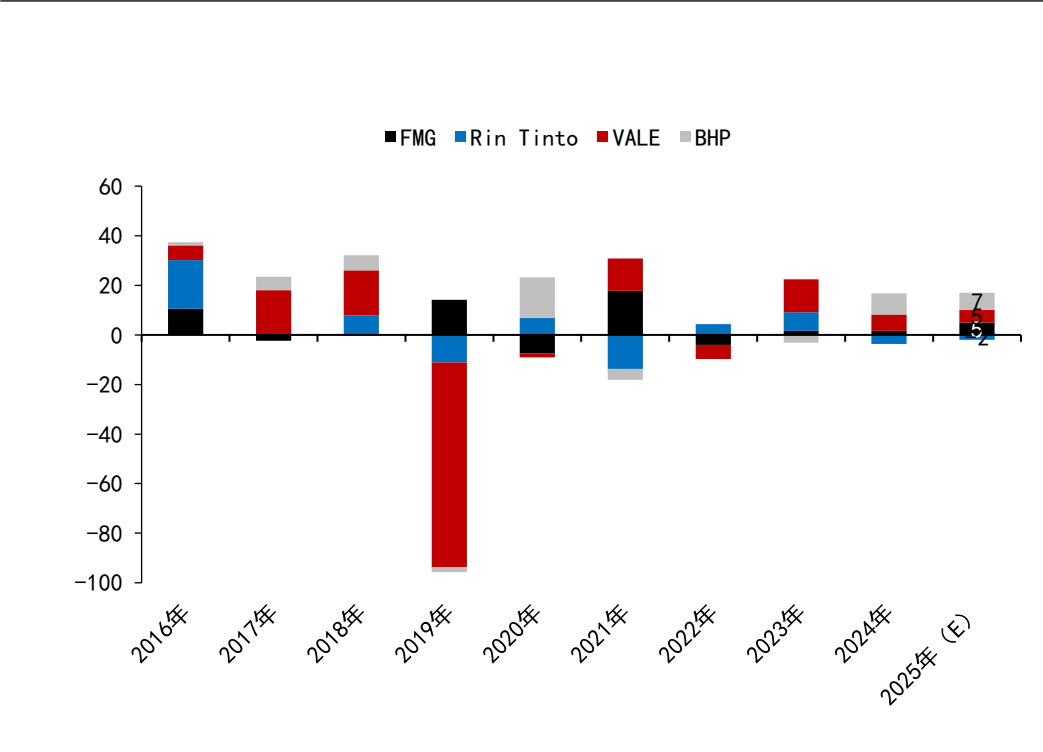
The fifth transhipper, MinRes Peak, is currently in commissioning at the Port of Ashburton, with the imminent arrival of its tug further increasing transhipping capacity.

Sources: Company Website, Minmetals Futures

- The first batch of Simandou iron ore is expected to be shipped by the end of November 2025, a timeline roughly aligning with our prior estimate, though its contribution will be more pronounced in 2026. The Onslow project's latest announcement lowered its FY guidance target from 8.5-8.7 million tons to 7.8-8.0 million tons (100% equity: 13.8-14.1 million tons), prompting us to lower our full-year 2025 increment forecast for the project.

Annual Increment Expectations Downgraded

Figure 19: Estimated Annual Increment of the Big Four Miners (million tons)



Sources: Company Websites, Minmetals Futures

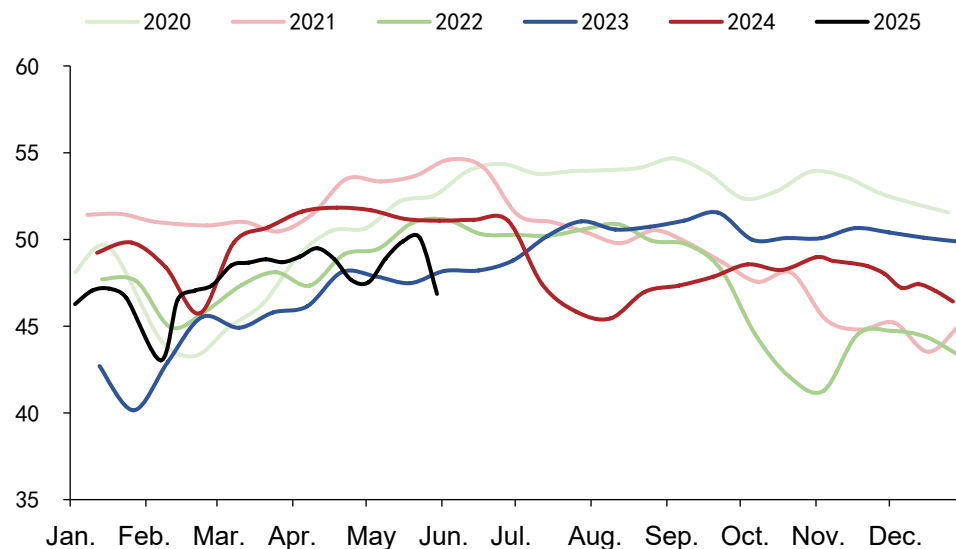
Figure 20: Estimated Increment Adjustments for Partial Mine Projects (Incomplete)

	Miner	Previous Actual	Current Guidance (100 million tons)	Estimated Increment (10k tons)	Notes
Mainstream Mines	Rio Tinto	3.28	3.23-3.38	-200	Calendar Year, Estimated Based on the Lower Half of the Guidance Target Range
	BHP	2.87	2.82-2.94	700	Fiscal Year, Estimated Close to the Upper Edge of the Guidance Target
	FMG	1.92	1.9-2.0	500	Fiscal Year, Estimated Close to the Upper Edge of the Guidance Target
	Vale	3.28	3.25-3.35	500	Calendar Year, Estimated Based on the Upper Half of the Guidance Target Range
Non-Mainstream Mines	Mineral Resource	-	0.138-0.141	1000	Fiscal Year, Estimated Close to the Median Level of the Guidance Target
	Simanudo	-	-	200	Est. shipment Nov-end 2025

Sources: Company Websites, Minmetals Futures

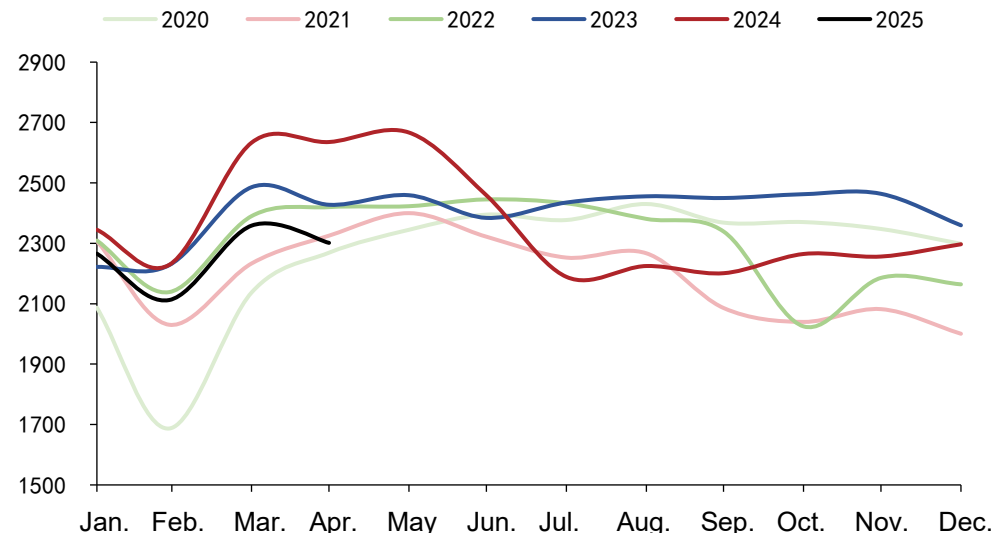
- Based on real-time changes in iron ore prices and overseas mine operations, we have revised down our 2025 supply increment expectations. The adjusted estimate puts the supply increment from the Big Four miners at around 15 million tons, with non-mainstream mines adding approximately 12 million tons, bringing the full-year supply increment down to 27 million tons.

Figure 21: Weekly Average Daily Output of Iron Concentrate from 186 Mining Enterprises (10k tons)



Sources: MYSTEEL, Minmetals Futures

Figure 22: Iron Concentrate Output from 433 Mining Enterprises (10k tons)



Sources: MYSTEEL, Minmetals Futures

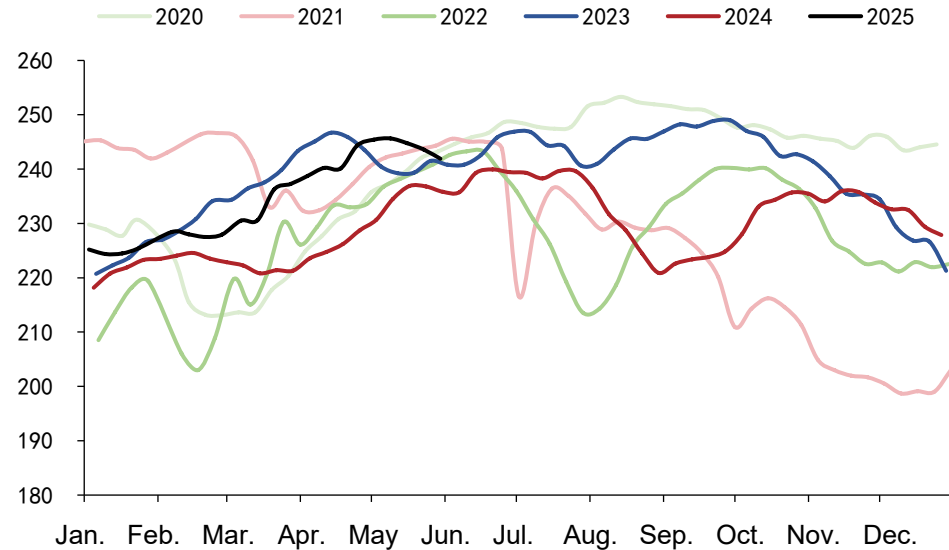
- Domestic iron concentrate output growth also underperformed, with cumulative output at 90.383 million tons from January to April 2025, down about 8.04 million tons YoY. The decline in domestic iron concentrate output was influenced by multiple factors, including safety and environmental inspections, maintenance, and weakening demand in northern regions. However, since its share of total supply is marginal, it is not the main culprit.

04

Demand

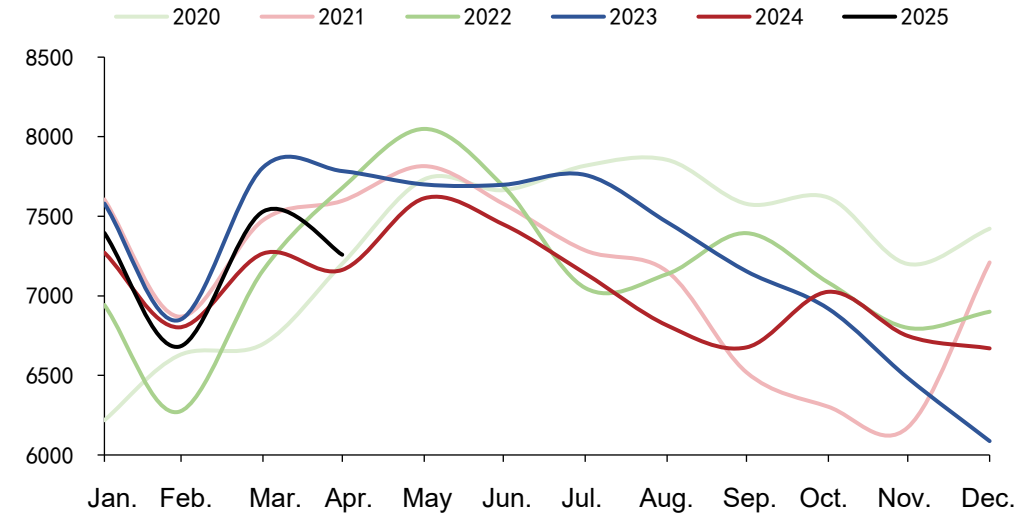
Molten Iron at high levels, pig iron output slightly up YoY

Figure 23: Average Daily Molten Iron Output (10k tons)



Sources: MYSTEEL, Minmetals Futures

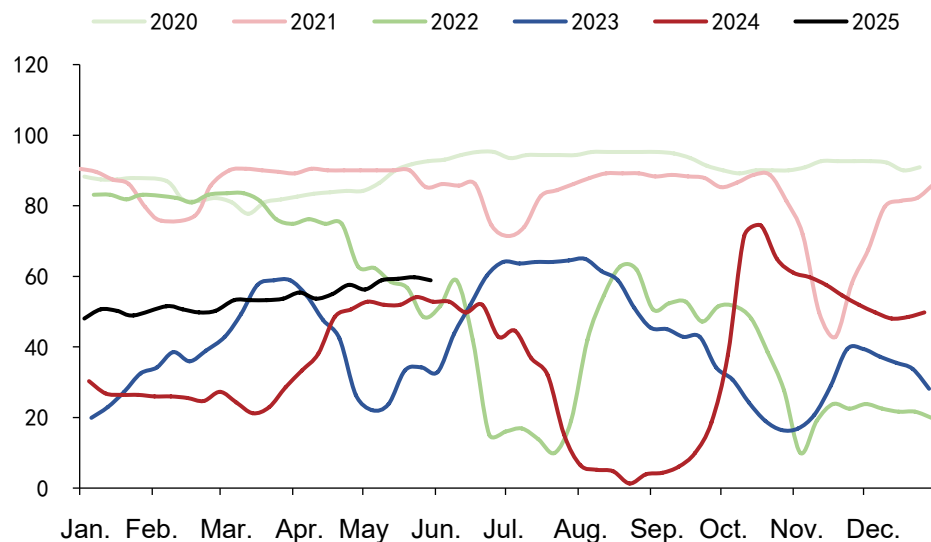
Figure 24: China's Monthly Pig Iron Output (10k tons)



Sources: MYSTEEL, Minmetals Futures

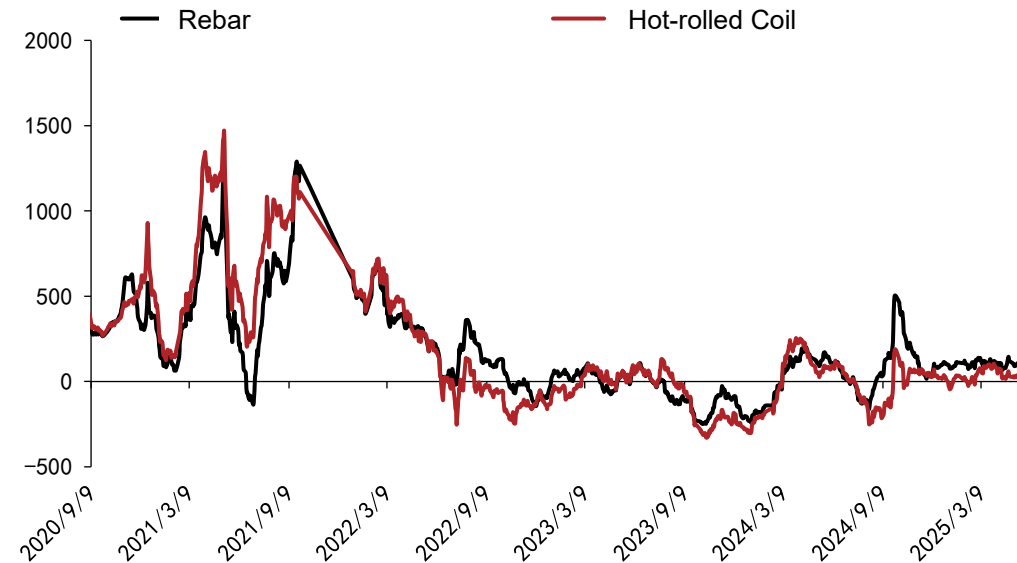
- Mysteel's daily molten iron output demonstrated a marked YoY increase, reaching a near five-year high since the end of April. The NBS reported a cumulative pig iron output of 288.85 million tons in the first four months, up 0.8% YoY. H1 domestic iron ore demand has outperformed early-year expectations, providing some support to prices.

Figure 25: Steel Mills' Profitability (%)



Sources: MYSTEEL, Minmetals Futures

Figure 26: Rebar and Hot-rolled Coil Blast Furnace Profits (yuan/ton)



Sources: MYSTEEL, Minmetals Futures

- Year-to-date steel mill profitability has outperformed the same period last year. The rebar and hot-rolled coil blast furnace profits as per Mysteel generally remained positive, helping the molten iron output stay at relatively high levels, which has lifted iron ore prices to certain extent amid weak expectations that usually drags prices down.

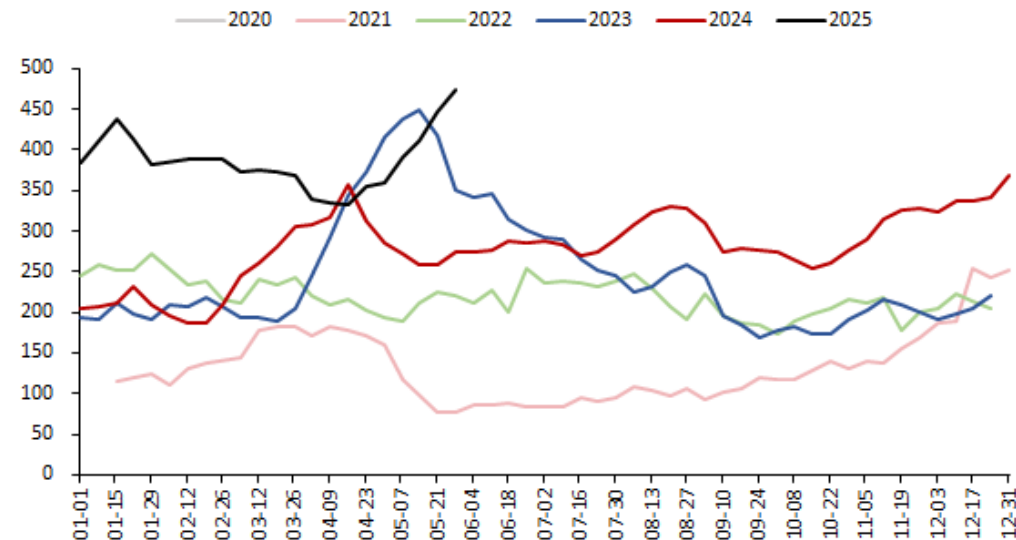
Continuous Concessions amid Weak Coal-Coke Market

Figure 27: Price Trend of Coal Sector (yuan/ton)



Sources: Wenhua, Minmetals Futures

Figure 28: Coking Coal Inventory (10k tons)

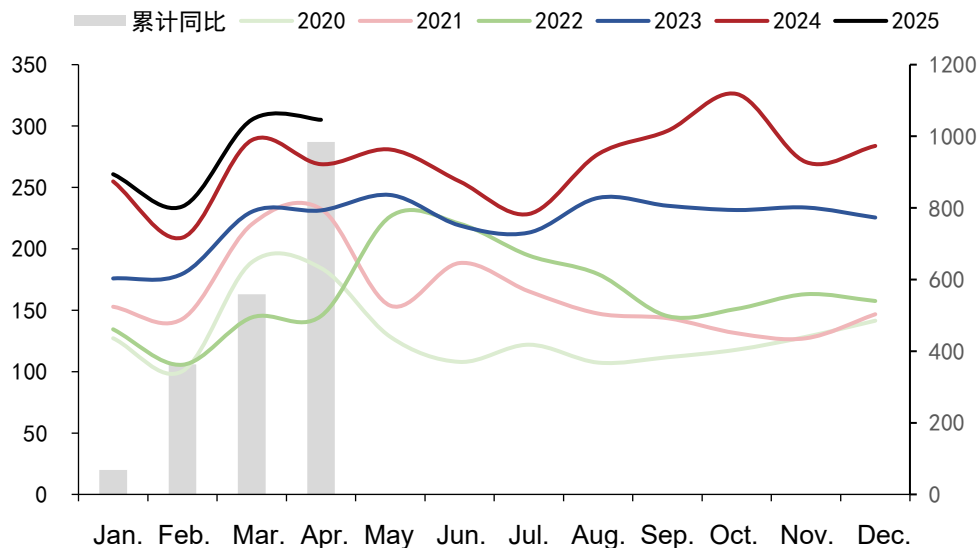


Sources: MYSTEEL, Minmetals Futures

- Besides the resilience in demand, the fundamentals of coking coal and coke this year have made them relatively vulnerable in the industrial chain, with prices declining steadily. The profit concession from coking coal and coke has given steel mills more margin, indirectly enhancing the resistance to iron ore prices fall in H1.

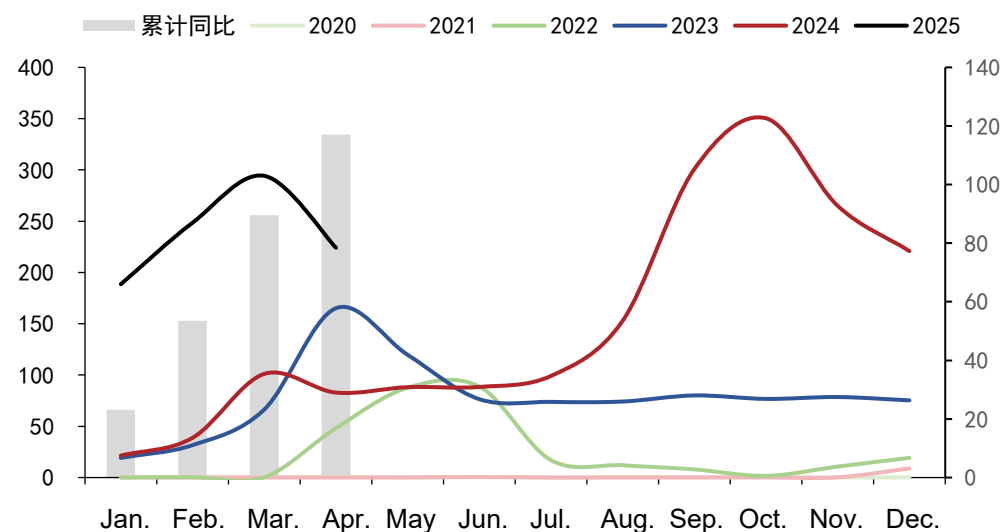
Exports Remain an Important Path to Digest Excess Capacity

Figure 29: China's Steel Exports Volume (10k tons)



Sources: Customs, Minmetals Futures

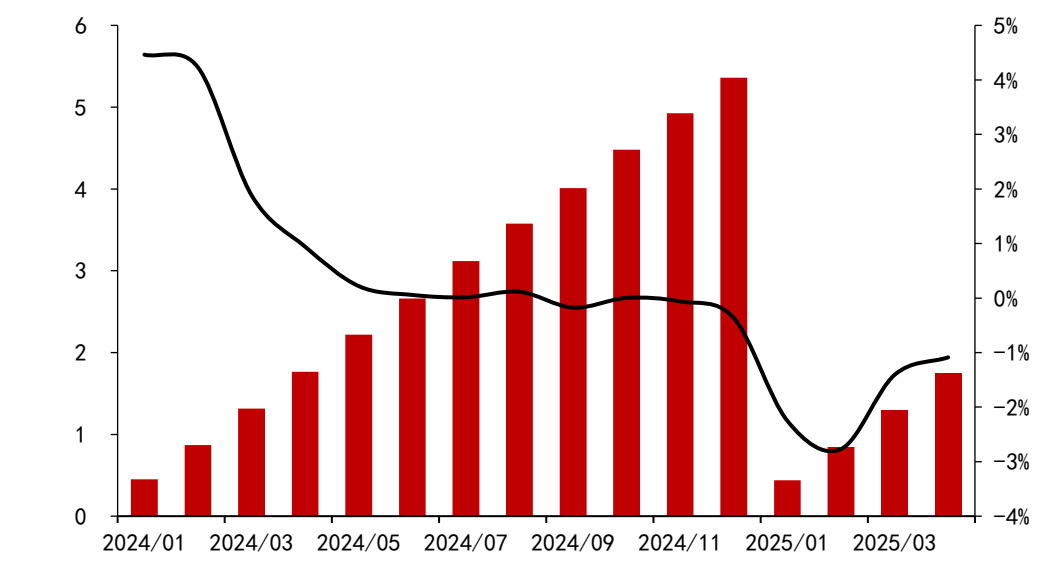
Figure 30: China's Steel Billet Exports Volume (10k tons)



Sources: Customs, Minmetals Futures

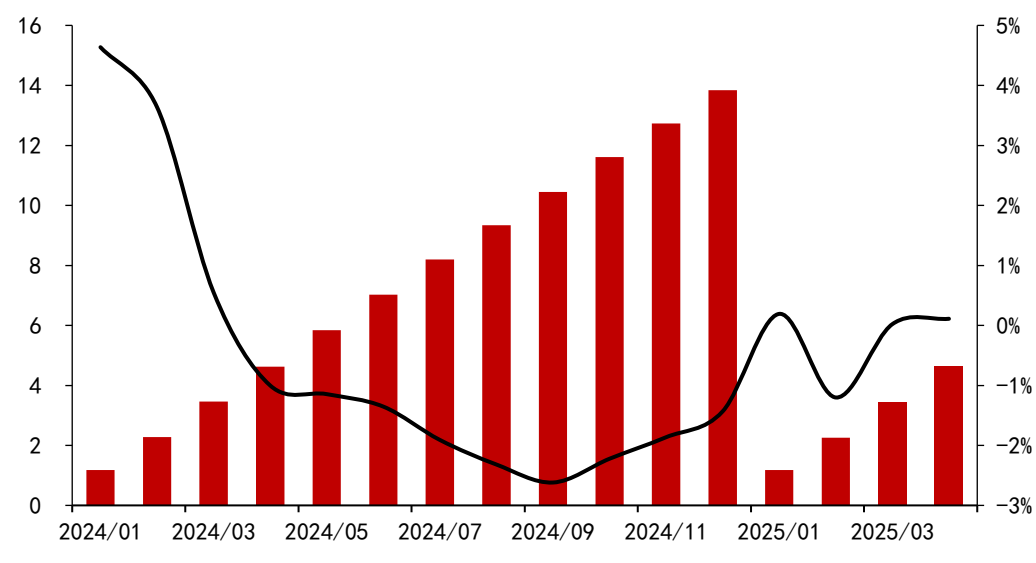
- Against the backdrop of domestic overcapacity and weak demand, exports remain a crucial channel for capacity digestion. From January to April 2025, China's steel exports reached 37.89 million tons according to customs data, up 8.2% YoY. Billet exports showed remarkable growth, accumulating 3.3442 million tons from January to April, nearly tripled YoY. In addition to the base effect, the rapid growth in billet exports is also driven by the double anti-investigations in finished steel exports and overseas infrastructure project investments.

Figure 31: Global Pig Iron Output excluding China (100 million tons)



Sources: MYSTEEL, Minmetals Futures

Figure 32: Global Pig Iron Output (100 million tons)

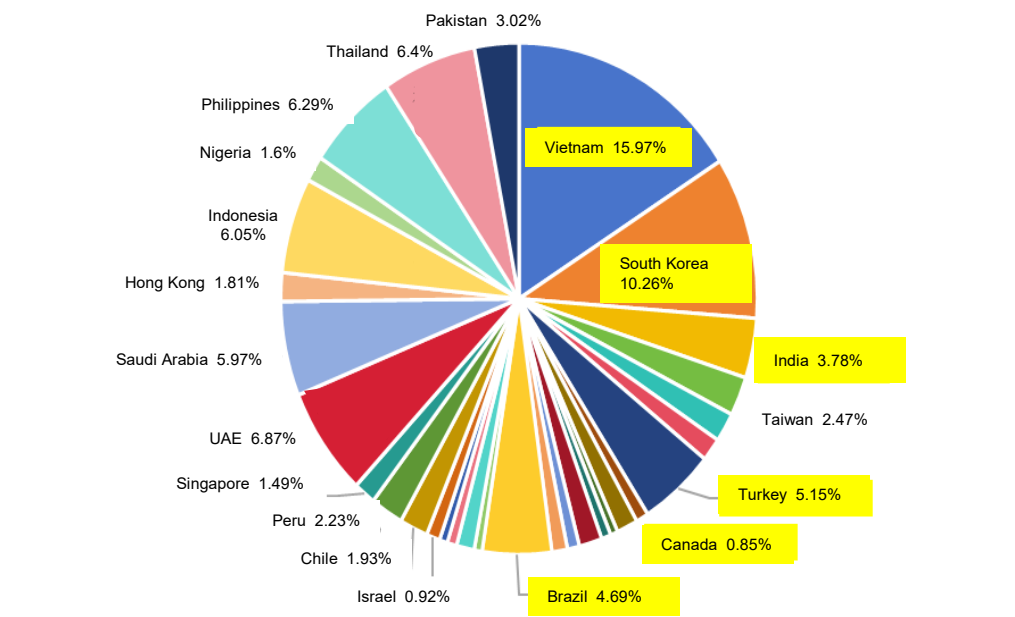


Sources: WSA, Minmetals Futures

- According to WSA statistics, in the first four months of 2025, the global blast furnace pig iron and direct reduced iron output excluding China totaled 175 million tons (-1% YoY) and 463 million tons (+0.11% YoY) when includes China, cementing the fact that China remains the most important variable in iron ore demand worldwide.

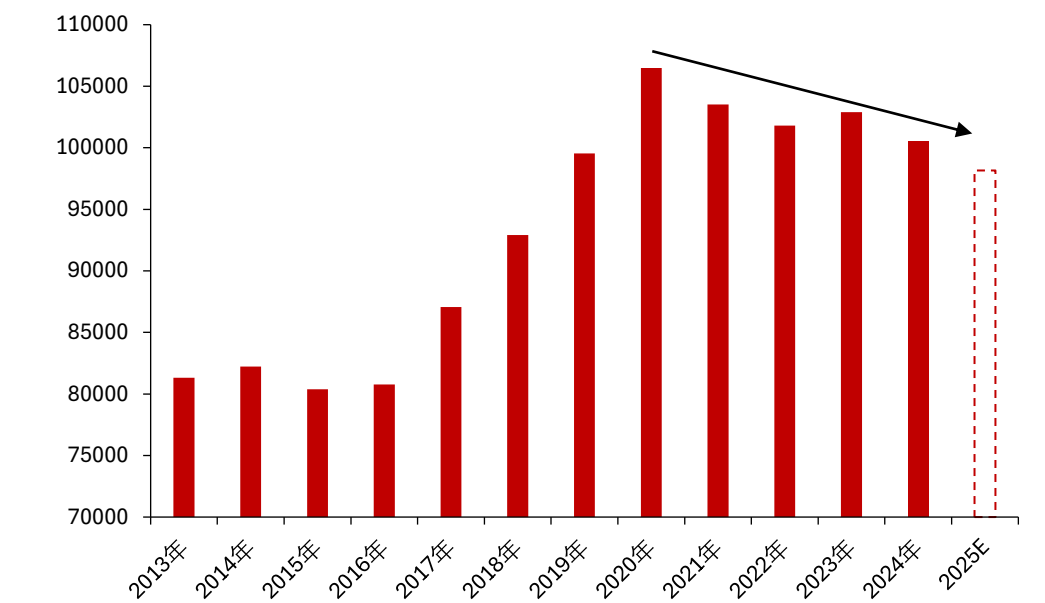
Downward Pressure on Domestic Terminal Demand Persists

Figure 33: Countries Imposing Anti-Dumping (Investigations and Duties) on China Account for Over 40% of Total Exports



Sources: WIND, Minmetals Futures

Figure 34: Crude Steel Production Forecast (10k tons)



Sources: MYSTEEL, Minmetals Futures

- In terms of exports, countries imposing anti-dumping investigations or duties on Chinese steel imports account for over 40% of China's annual exports. Considering the base effect, incremental import demand from other countries such as Pakistan and Thailand cannot fully offset the import reduction from duty-imposing countries. Therefore, after the strong export growth in H1, there may be a significant decline in the follow-up. Demand change varies among end-use segments (details explained in the half-year report of steel so no elaboration here), but overall demand is expected to weaken YoY, weighing on the crude steel output and consequently dragging molten iron output down.

05

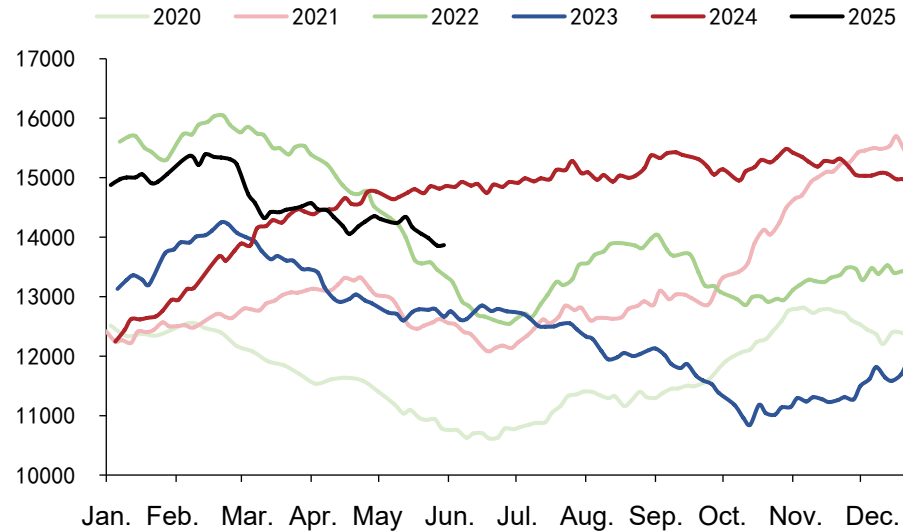
Inventory

Port Inventory Decreases at High Levels, Cargo Clearance Volume Remains High



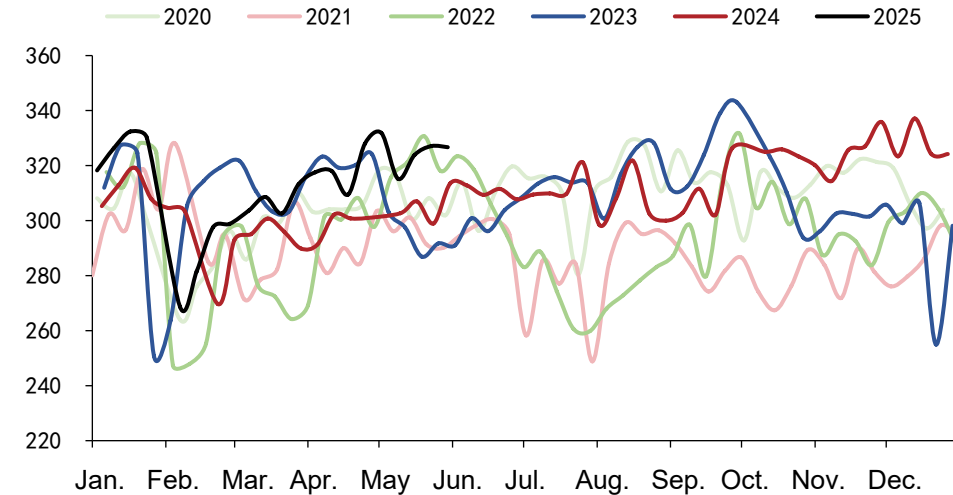
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Figure 35: Imported Ore Inventory of 45 Ports (10k tons)



Sources: MYSTEEL, Minmetals Futures

Figure 36: Cargo Clearance Volume of 45 Ports (10k tons)

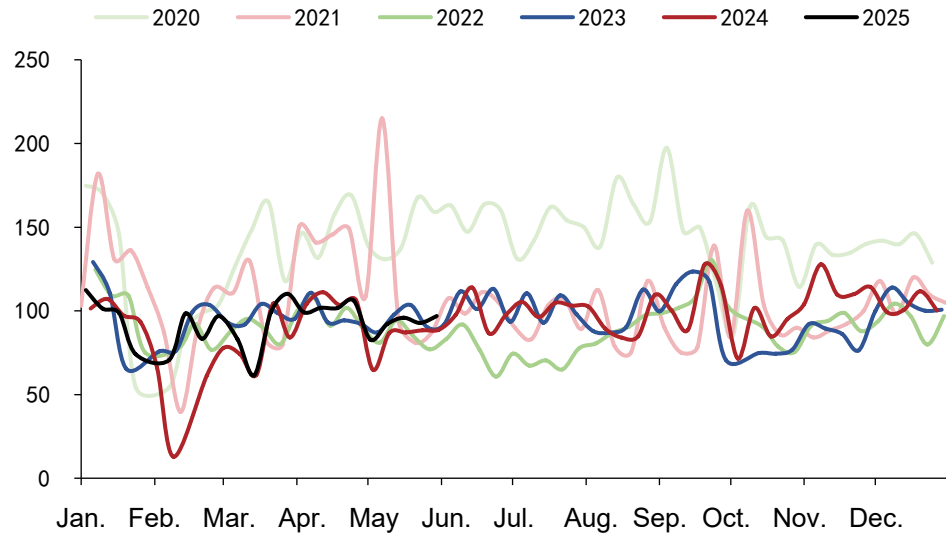


Sources: MYSTEEL, Minmetals Futures

- In the context of a below-expected supply increments and a relatively resilient demand from January to May, inventories of imported ore at ports shrank from a peak of about 154 million tons to below 139 million tons.

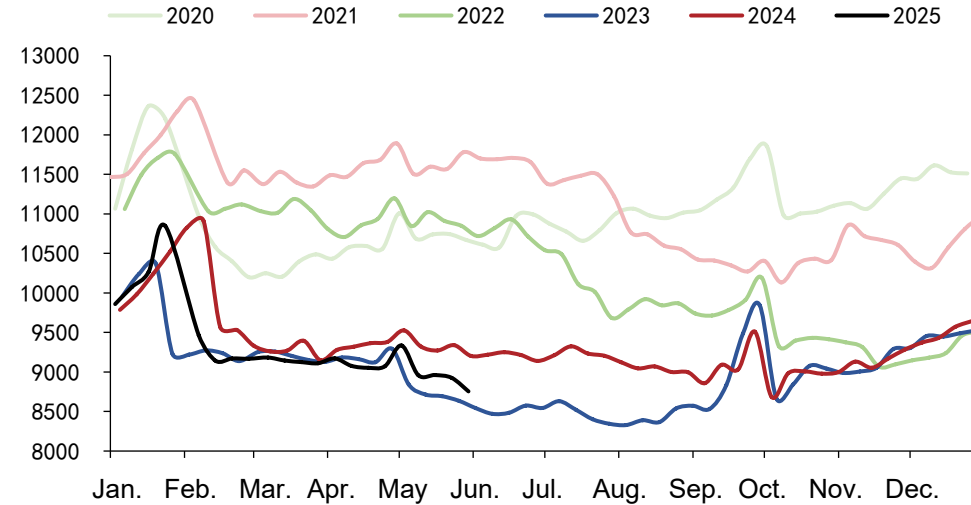
Traders and Steel Mills Show Low Willingness to Hold Goods

Figure 37: Average Daily Spot Trading Volume of Major Ports: Traders (10k tons)



Sources: MYSTEEL, Minmetals Futures

Figure 38: Steel Mills' Imported Ore Inventory (10k tons)



Sources: MYSTEEL, Minmetals Futures

- In terms of port transactions and steel mills' imported ore inventories, both merchants and mills remained cautious in inventory size due to persistent bearish market expectations. Steel mills kept inventories low and basically procured on demand, which to some extent reflects that the market's weak expectations have not significantly shifted.

06

Outlook

Figure 39: Static Estimation of Domestic Iron Ore Supply and Demand (10k tons)

	Domestic Iron Concentrate Output	Iron Ore Import	Australian Ore Import	Brazilian Ore Import	Non-Brazil/Australia Ore Import	Pig Iron Output
2022	25950	110775	72932	22730	15112	86383
2023	26902	117906	73707	24856	19343	87101
2024	26131	123623	74261	27307	22054	85174
2025E	25931	124823	75150	27529	22143	84174
2025 (1-4)	8436	38847	23341	7960	7546	
2025 (1-4) Est. Increment	-476	-2262	-314	-981	-967	
2025 Est. Increment	-200	1200	889	222	89	-1000

Sources: NBS, Customs, MYSTEEL, Minmetals Futures Note: Iron Concentrate Output: Based on 332 Mining Enterprises

- Under static estimation, we have revised the surplus downward from our early-year projections but the overall supply-demand balance of iron ore remains relaxed. Going forward, dynamic adjustments will be made along with actual changes in import data and pig iron output figures.

Please refer to international@minfutures.com for any comment or suggestion.

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