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五矿期货有限公司

Molten iron demand support persists.
Production restriction expectations to be monitored.

Iron Ore Monthly Report

August 8, 2025

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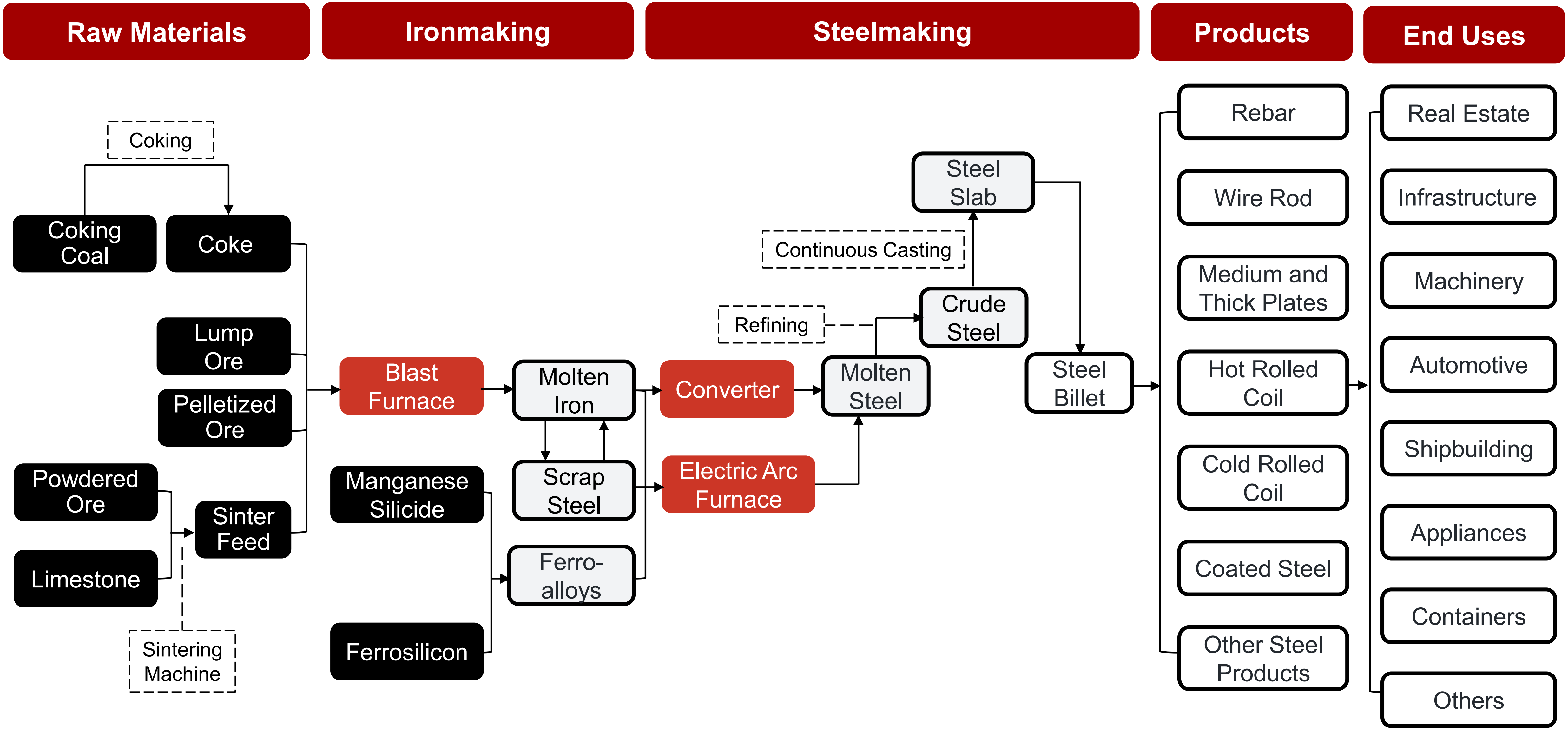
01

Monthly Review & Strategy Recommendation

Schematic Diagram of the Ferrous Metal Industry Chain



Monthly Review

- **Supply:** In July, it is estimated that global iron ore shipments averaged 30.73 million mt/week (-3.5885 million mt m/m). Australian shipments to China averaged 14.1845 million mt/week (-3.3958 million mt m/m). Brazilian shipments averaged 8.1408 million mt/week (-204,700 mt m/m). Arrivals at China's 45 ports averaged 24.3943 million mt/week (-404,500 mt m/m).
- **Demand:** In July, China's daily molten iron output averaged 2.4126 million mt/day (-5,400 mt m/m).
- **Inventory:** End-July iron ore inventories at 45 ports was 136.8623 million mt (-2.44 million mt). Daily port withdrawals averaged 3.1917 million mt/day (+ 54,900 mt m/m). Imported iron ore inventories at steel mills was 88.8522 million mt (+377,500 mt m/m).
- **Summary**: July's "anti-involution" sentiment lifted overall commodity prices. Iron ore fundamentals remained relatively strong, driving initial price gains before volatility emerged post-sentiment correction. Outlook in August: 1) Supply - Seasonal declines pushed July shipments to shrink m/m but still exceeded historical averages. Shipments are expected to rebound moderately post-August and near-term arrivals may rise. 2) Demand - Mysteel-reported molten iron output fluctuates above 2.4 million mt/day. Mill profitability remains healthy with a slight upward trend, supporting sustained high production. But apparent consumption of five major steel products weakened recently, with inventories rising slightly. Whether contradictions between high output and softening demand will accumulate needs to be monitored. 3) Inventory - Port stocks show no accumulation trend. Given current molten iron output, a slight pile-up is projected. Overall, coking coal dominates market focus in ferrous sector and no acute fundamental contradictions has emerged for iron ore, leaving the price to move within a certain range. In addition, potential production restrictions in Beijing-Tianjin-Hebei ahead of the "September 3rd Military Parade" may impact the market but actual implementation details remain uncertain.

Valuation & Driving Forces

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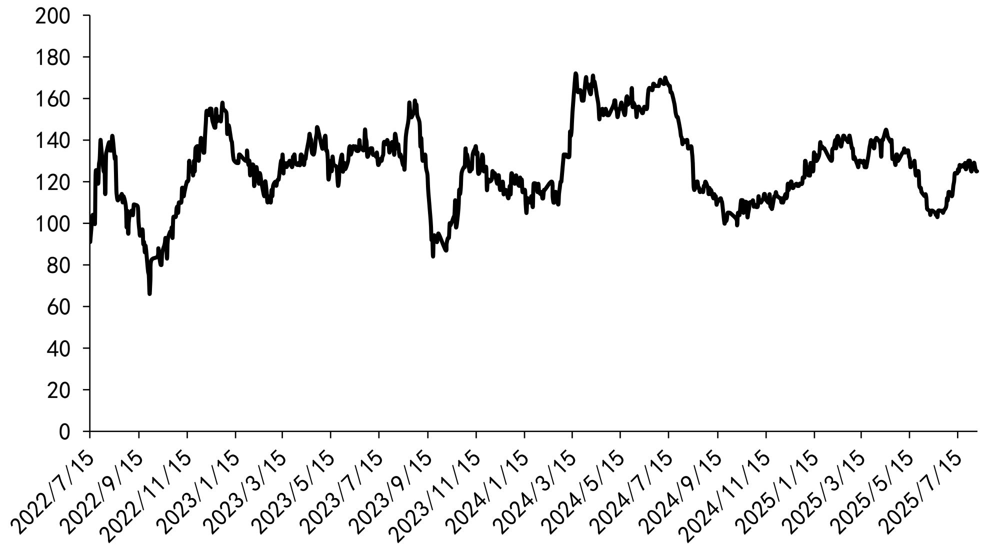
Fundamentals	Valuation		Driving Forces				
	Basis	Import Profit	Shipment	High-Low Grade Spread	Steel Mills Profitability	Molten Iron Output	45 Ports Inventory
Score	0	0	0	0	0	-0.5	0.5
Comment	Fluctuating	-	Decline from high levels	Fluctuating	High-level profit	slight fall	Depletion
Summary	July's "anti-involution" sentiment lifted overall commodity prices. Iron ore fundamentals remained relatively strong, driving initial price gains before volatility emerged post-sentiment correction. Outlook in August: 1) Supply - Seasonal declines pushed July shipments to shrink m/m but still exceeded historical averages. Shipments are expected to rebound moderately post-August and near-term arrivals may rise. 2) Demand - Mysteel-reported molten iron output fluctuates above 2.4 million mt/day. Mill profitability remains healthy with a slight upward trend, supporting sustained high production. But apparent consumption of five major steel products weakened recently, with inventories rising slightly. Whether contradictions between high output and softening demand will accumulate needs to be monitored. 3) Inventory - Port stocks show no accumulation trend. Given current molten iron output, a slight pile-up is projected. Overall, coking coal dominates market focus in ferrous sector and no acute fundamental contradictions has emerged for iron ore, leaving the price to move within a certain range. In addition, potential production restrictions in Beijing-Tianjin-Hebei ahead of the "September 3rd Military Parade" may impact the market but actual implementation details remain uncertain.							

02

Futures Market & Spot Market

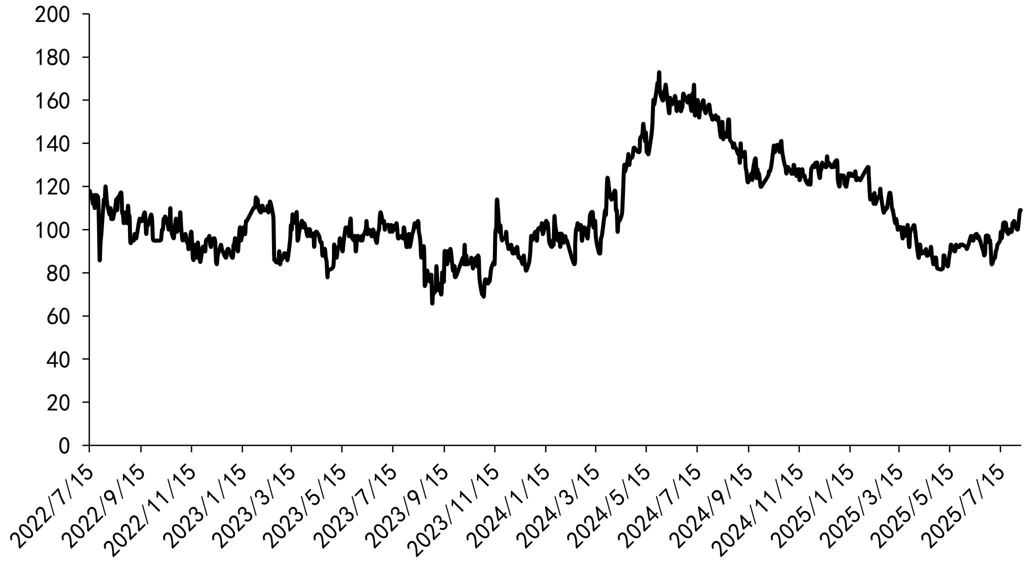
Price Spread

Figure 1: PB Fines-Super Special Fines Spread (yuan/mt)



Sources: MYSTEEL, Minmetals Futures

Figure 2: Carajas Fines-PB Fines Spread (yuan/mt)



Sources: MYSTEEL, Minmetals Futures

- At end-July, PB-Super Special spread: 126 yuan/mt (+18 yuan/mt m/m). Carajas-PB spread: 104 yuan/mt (+7 yuan/mt m/m).

Price Spread

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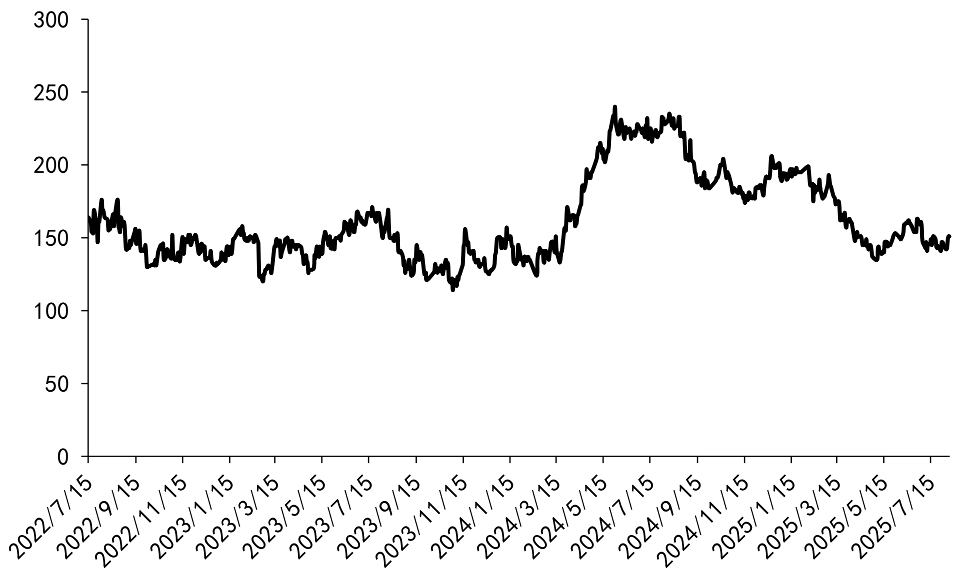
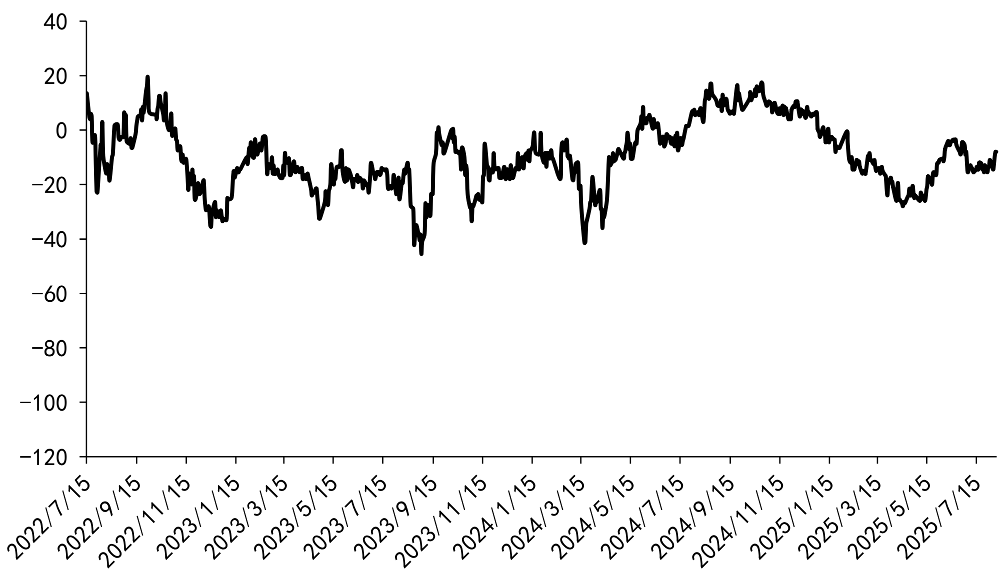
Figure 3: Carajas Fines-Jimblebar Fines Spread (yuan/mt)



Sources: MYSTEEL, Minmetals Futures

Figure 4: (Carajas + Super Special)/2-PB Fines Spread (yuan/mt)

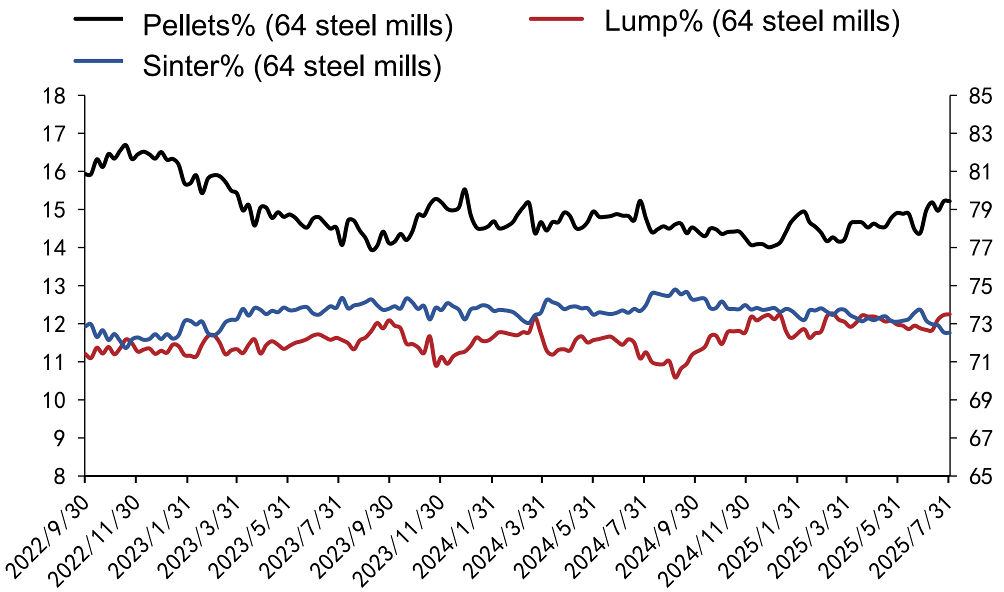


Sources: MYSTEEL, Minmetals Futures

- At end-July, Carajas-Kimbaba spread: 146 yuan/mt (-14 yuan/mt m/m). [(Carajas + Super Special)/2]-PB spread: -11 yuan/mt (-5.5 yuan/mt m/m).

Furnace Input Ratios, Scrap Steel

Figure 5: Feed Mix Ratio (%)



Sources: MYSTEEL, Minmetals Futures

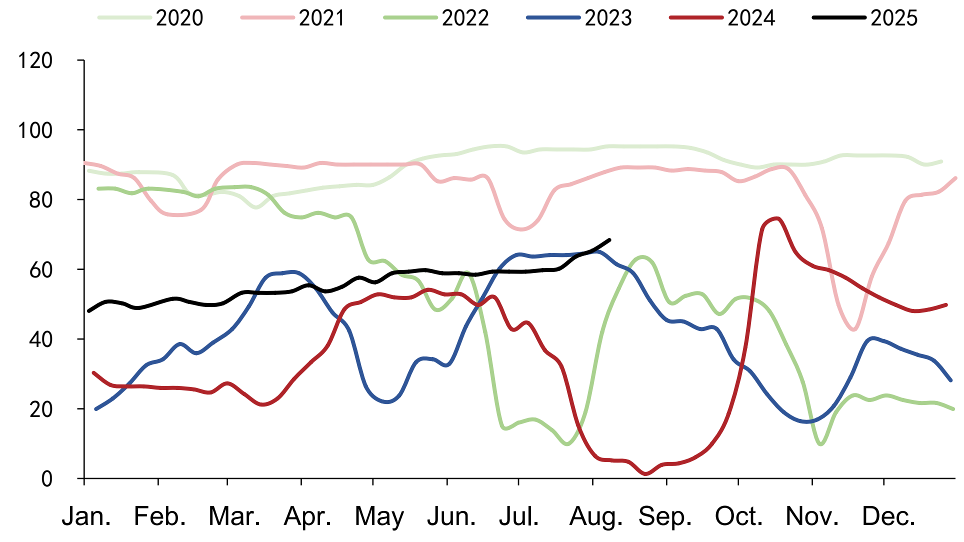
Figure 6: Scrap Price (yuan/mt)

Sources: MYSTEEL, Minmetals Futures

- At end-July, pellet ratio was 15.22% (+0.83pp m/m), lump ore was 12.23% (+0.35pp m/m) and sinter was 72.55% (-1.18 pp m/m).
- At end-July, Tangshan scrap was 2,265 yuan/mt (+40 yuan/mt m/m) and Zhangjiagang scrap was 2,150 yuan/mt (+50 yuan/mt m/m).

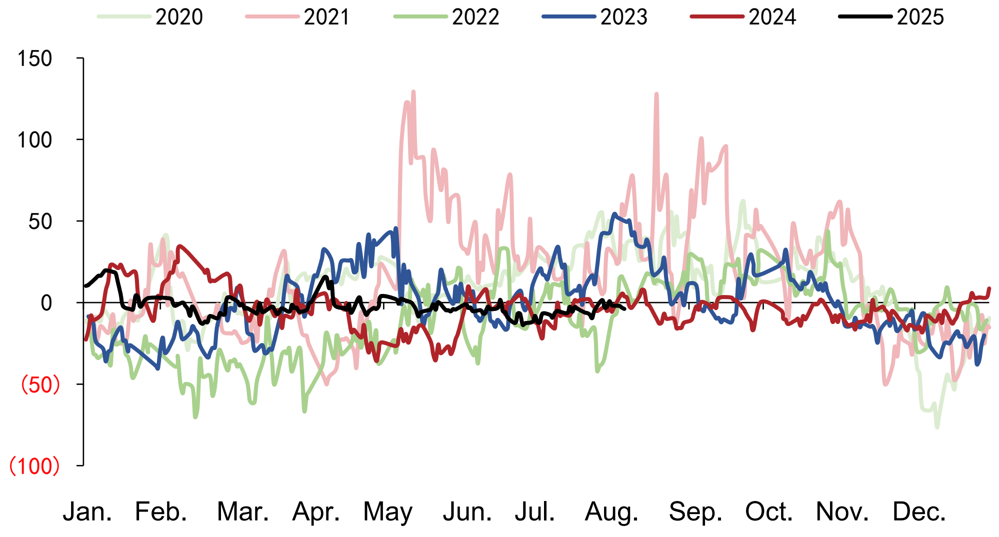
Profits

Figure 7: Steel Mills Profitability (%)



Sources: MYSTEEL, Minmetals Futures

Figure 8: PB Import Profits (yuan/wet ton)

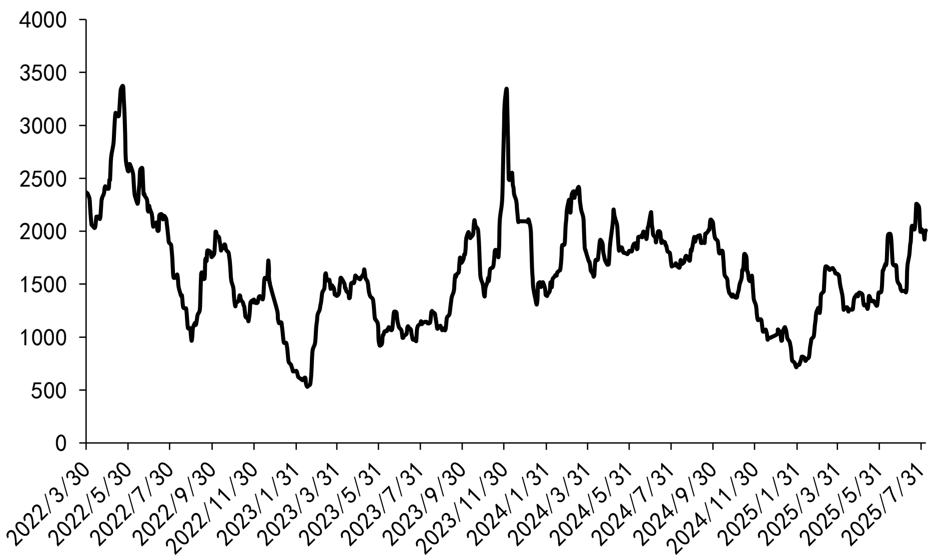


Sources: MYSTEEL, Minmetals Futures

- At end-July, mill profitability rate was 63.64% (+4.33pp m/m).

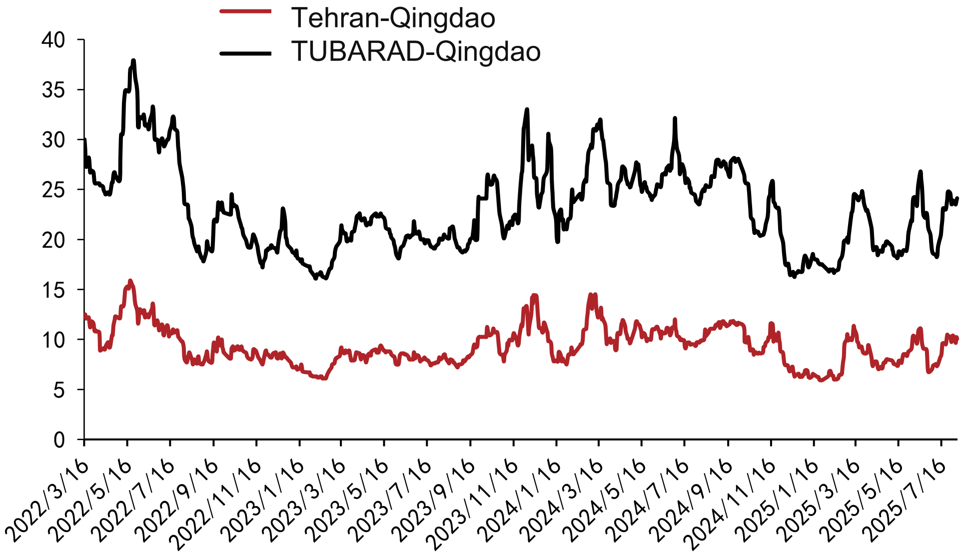
Sea Freight Rates

Figure 9: BDI (point)



Sources: MYSTEEL, Minmetals Futures

Figure 10: Freight Rates by Origins (US$/mt)



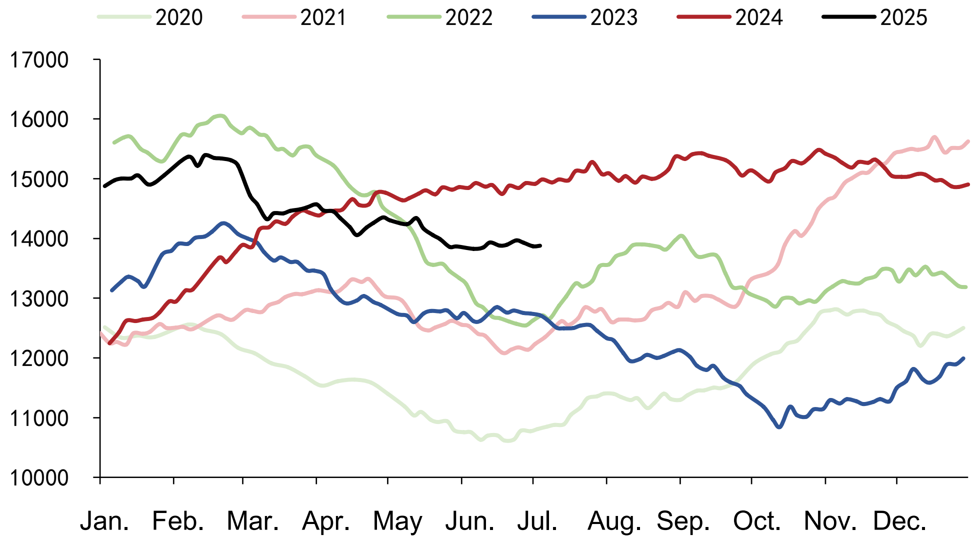
Sources: MYSTEEL, Minmetals Futures

03

Inventory

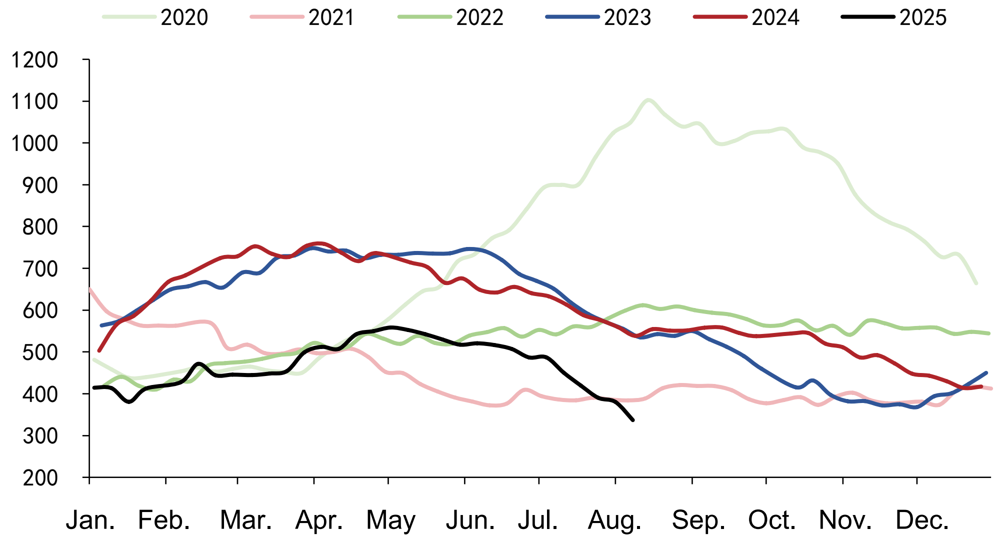
Inventory

Figure 11: Domestic port inventory (10k mt)



Sources: MYSTEEL, Minmetals Futures

Figure 12: Port inventory: pellets (10k mt)

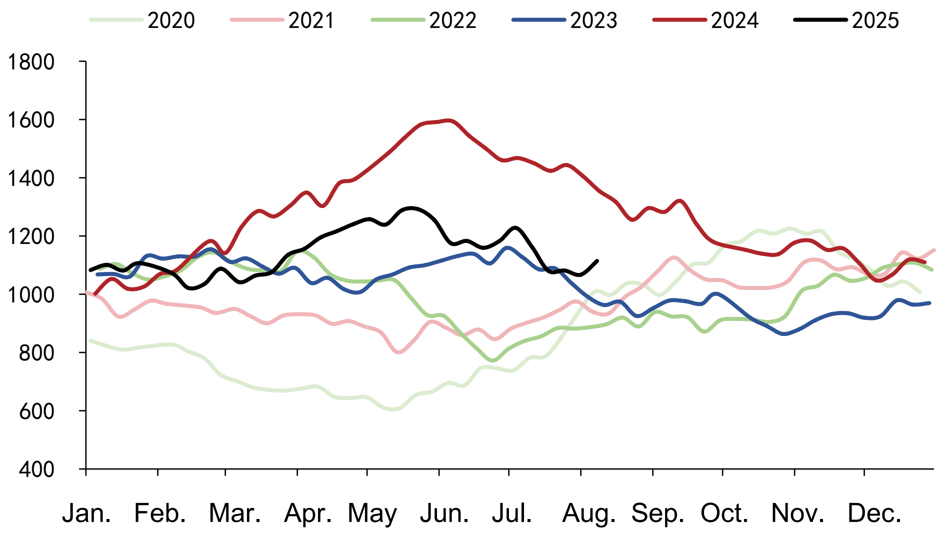


Sources: MYSTEEL, Minmetals Futures

- At end-July, imported iron ore inventories at 45 national ports stood at 136.8623 million mt (-2.44 million mt m/m). Pellet inventory was 3.9029 million mt (-965,300 mt m/m).

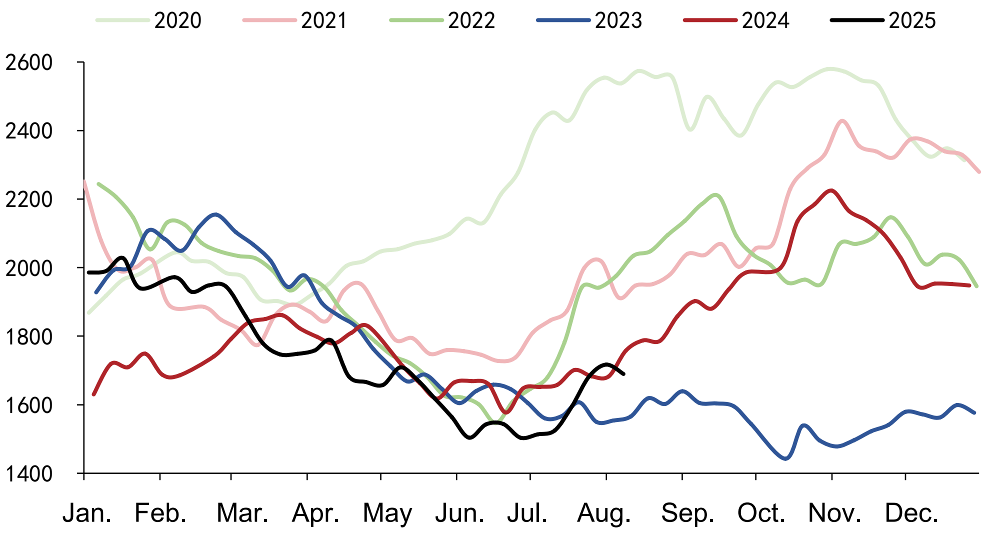
Inventory

Figure 13: Port inventory: iron concentrate fines (10k mt))



Sources: MYSTEEL, Minmetals Futures

Figure 14: Port inventory: lumps (10k mt)

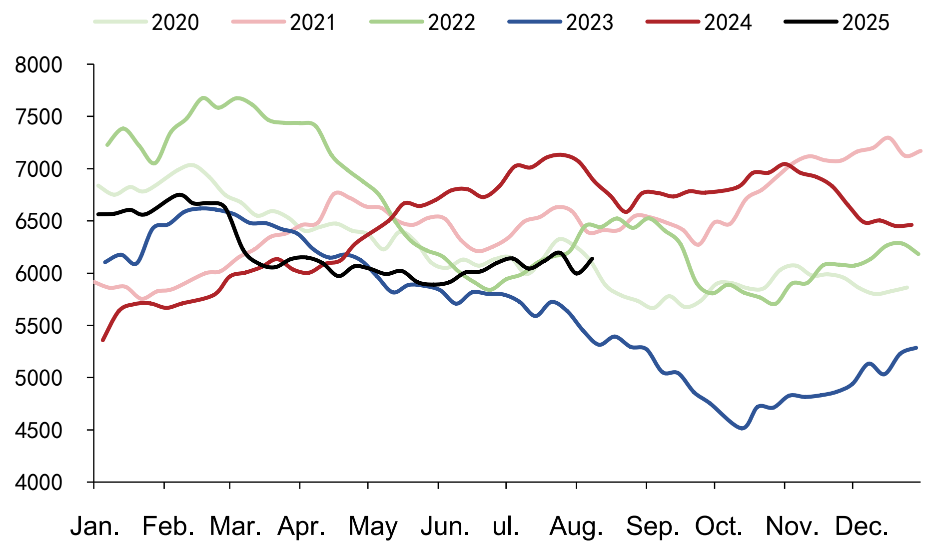


Sources: MYSTEEL, Minmetals Futures

- At end-July, port inventory of iron concentrate was 10.815 million mt (-1.0125 million mt m/m). Port inventory of lump ore was 16.825 million mt +1.7881 million mt m/m).

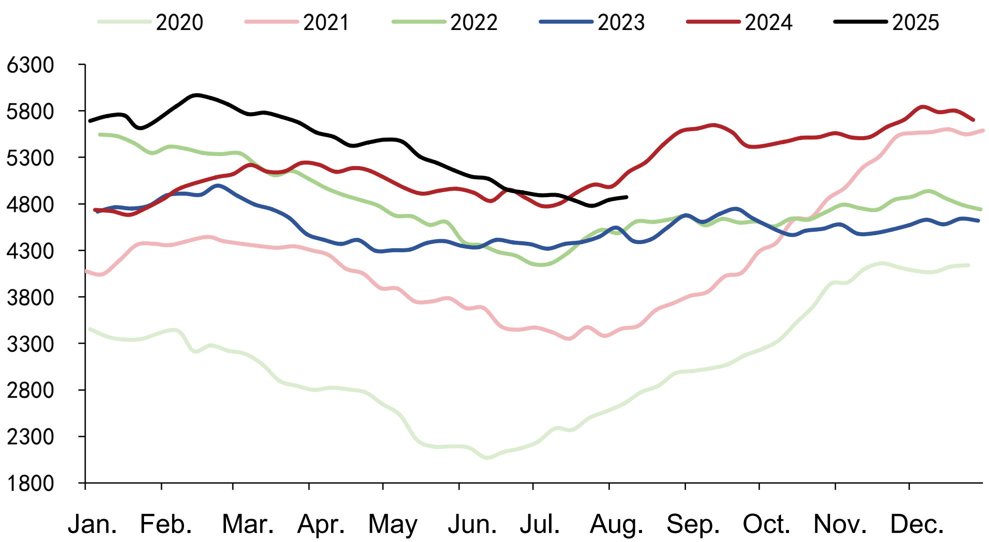
Inventory

Figure 15: Port inventory of Australian ores (10k mt)



Sources: MYSTEEL, Minmetals Futures

Figure 16: Port inventory of Brazilian ores (10k mt)



Sources: MYSTEEL, Minmetals Futures

- At end-July, port inventory of Australian ore was 61.9325 million mt +951,700 mt m/m). Port inventory of Brazilian ore was 47.786 million mt (-1.442 million mt m/m).

Inventory

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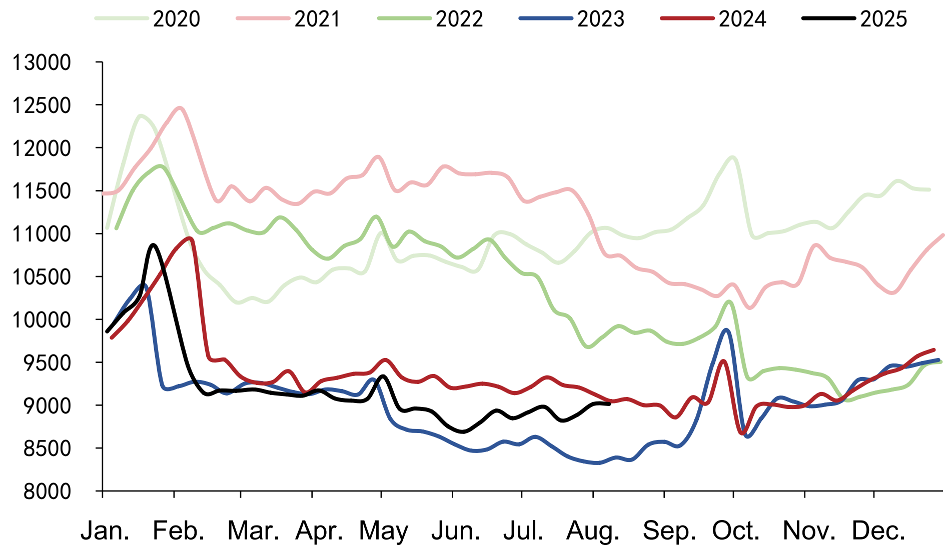
Figure 17: Imported inventory of 247 steel mills (10k mt)



Sources: MYSTEEL, Minmetals Futures

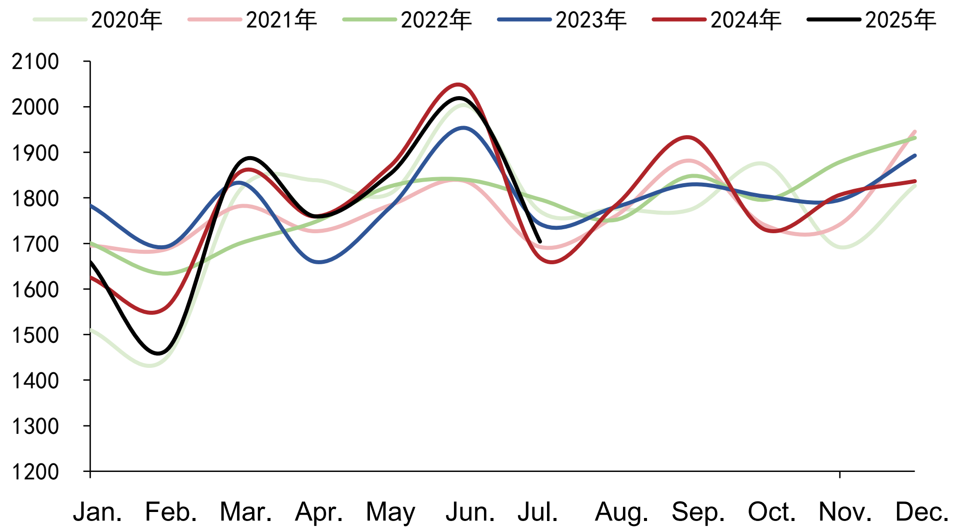
- As of end-July, imported iron ore inventory at steel mills was 88.8522 million mt (+377,500 mt m/m).

04

Supply

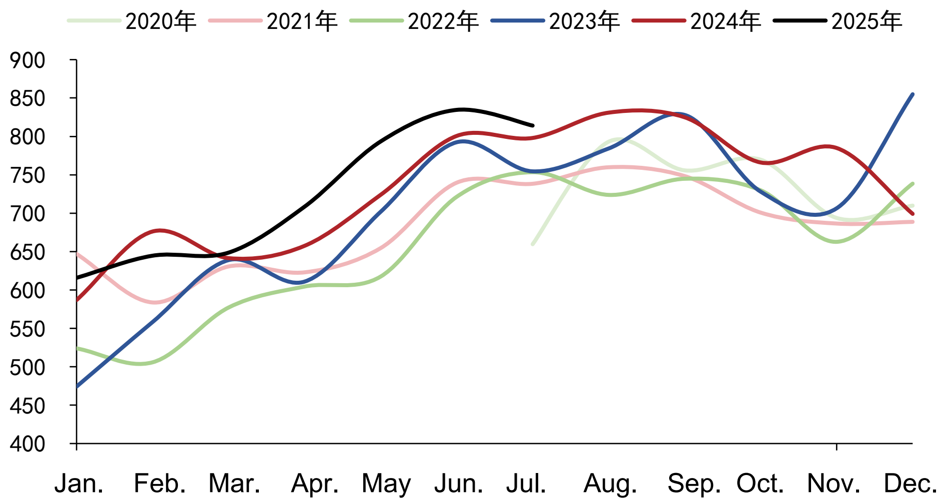
Supply

Figure 18: From Australia to China: 19 ports (10k mt)



Sources: MYSTEEL, Minmetals Futures

Figure 19: From Brazil to China: 19 ports (10k mt)

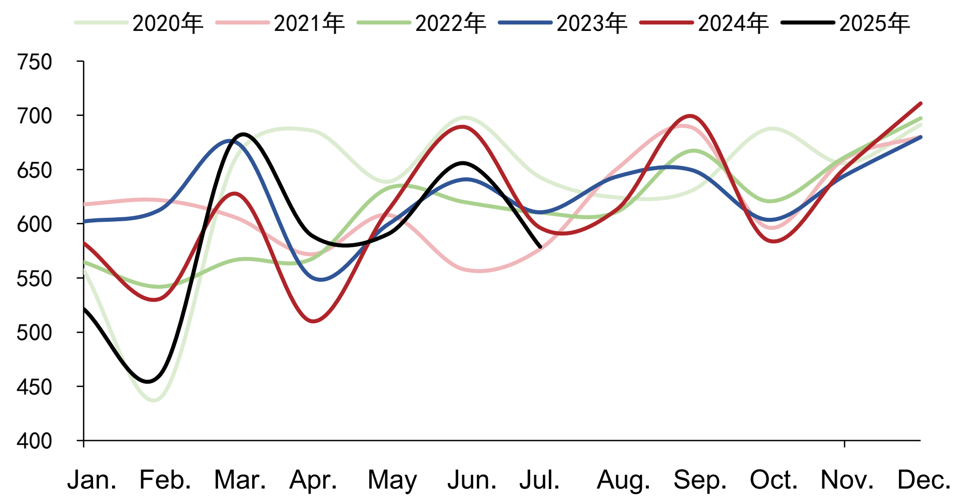


Sources: MYSTEEL, Minmetals Futures

- In July, weekly average of Australian shipment to China was 14.1845 million mt (-3.3958 million mt m/m). The weekly average from Brazil was 8.1408 million mt (-204,700 mt m/m).

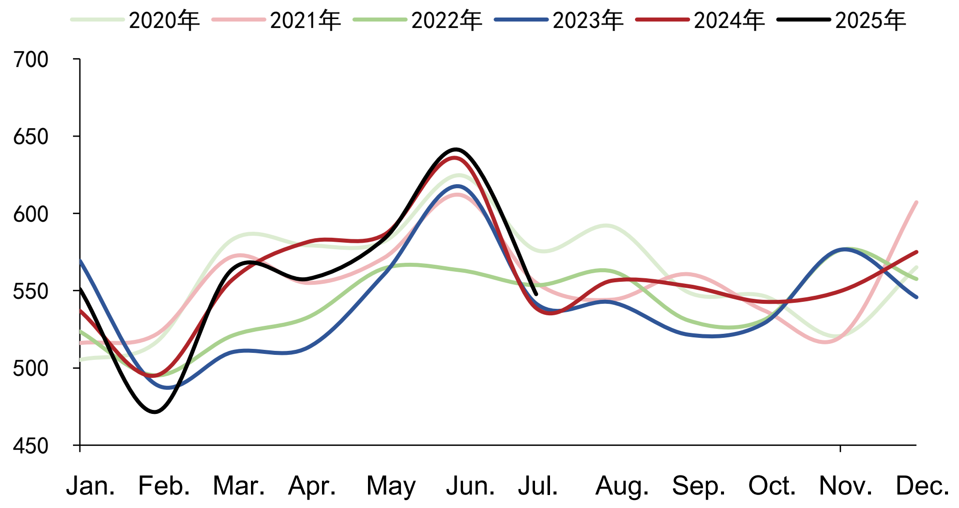
Supply

Figure 20: From Rio Tinto to China (10k mt)



Sources: MYSTEEL, Minmetals Futures

Figure 21: From BHP Billiton to China (10k mt)

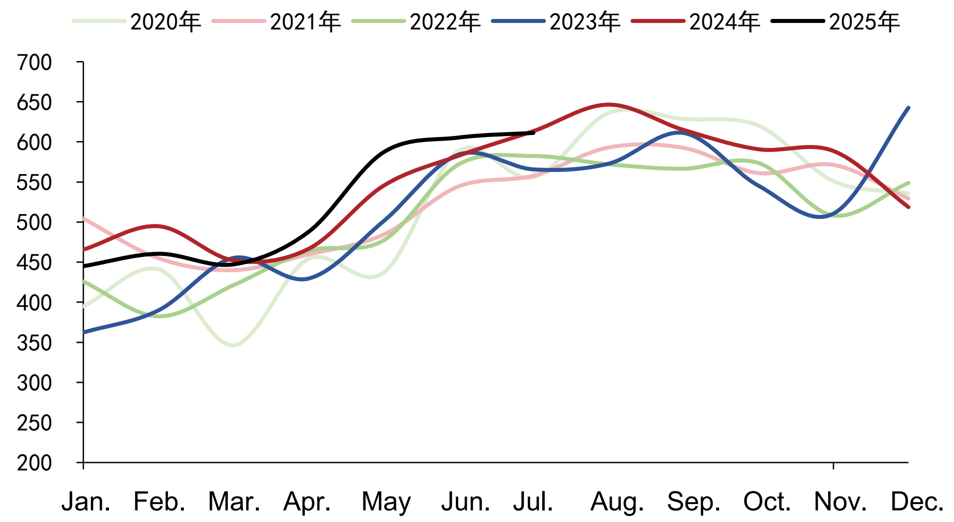


Sources: MYSTEEL, Minmetals Futures

- In July, weekly average shipment from Rio Tinto was 5.788 million mt (-771k mt m/m). The weekly average from BHP was 5.4773 million mt (-931,500 mt m/m).

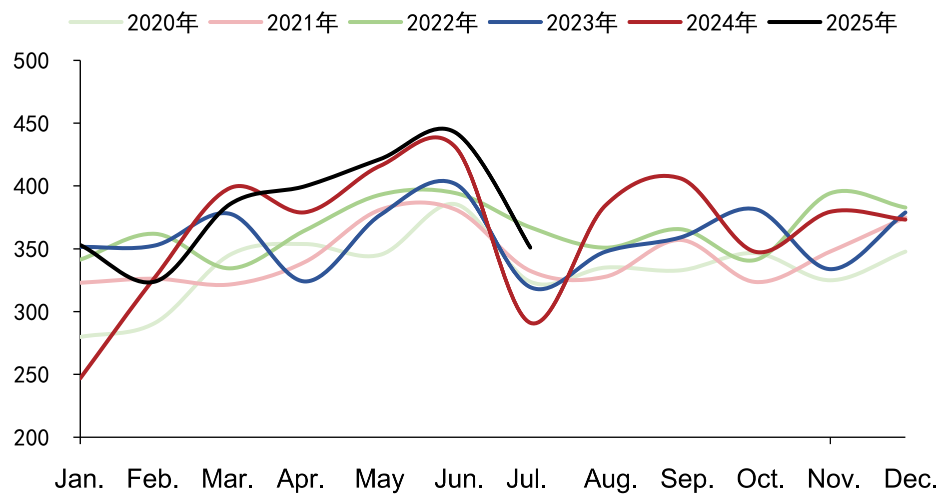
Supply

Figure 22: From Vale to China (10k mt)



Sources: MYSTEEL, Minmetals Futures

Figure 23: From FMG to China (10k mt)

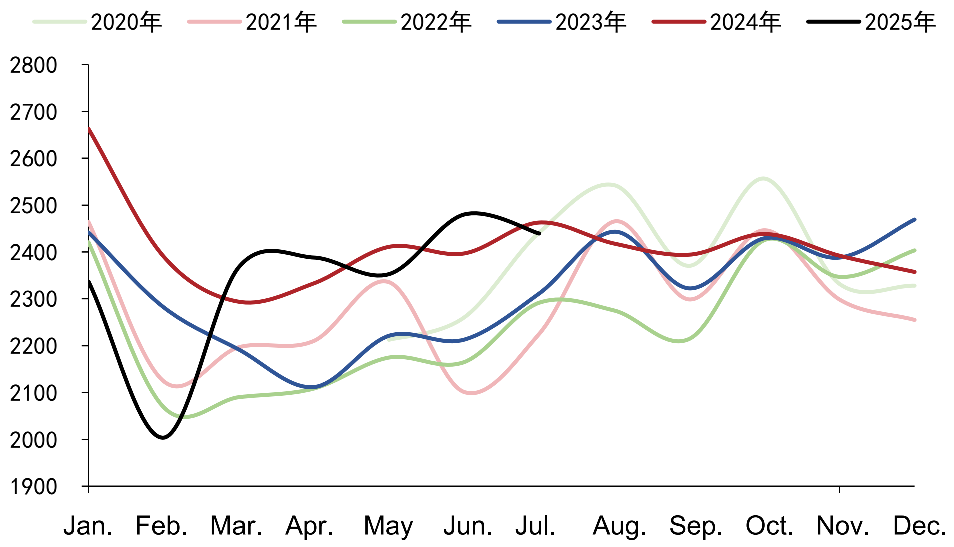


Sources: MYSTEEL, Minmetals Futures

- In July, the weekly average shipment from Vale was 6.1115 million mt (+57,500 mt m/m). The weekly average from FMG was 3.5103 million mt (-916,300 mt m/m).

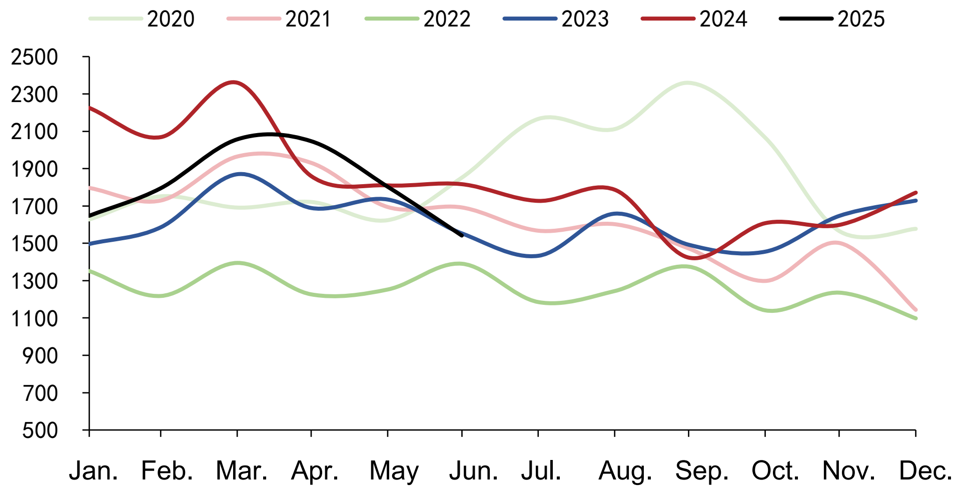
Supply

Figure 24: Arrival volume to China ports (10k mt)



Sources: MYSTEEL, Minmetals Futures

Figure 25: From non-mainstream mines to China (10k mt)

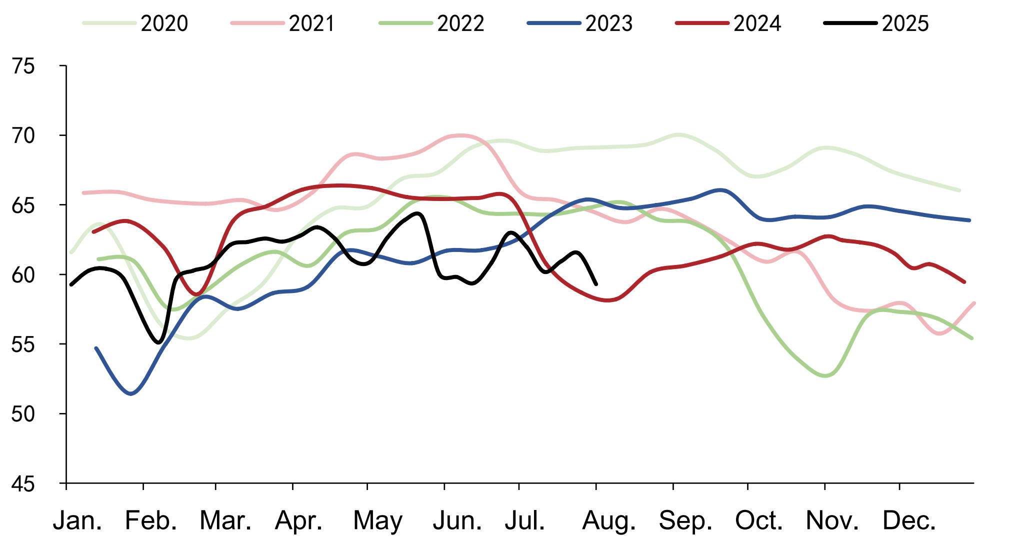


Sources: MYSTEEL, Minmetals Futures

- In July, the weekly average arrival at 45 ports was 24.3943 million mt (-404,500 mt m/m). China’s non-Australia/Brazil iron ore imports in June were 15.4151 million mt (-2.6103 million mt m/m).

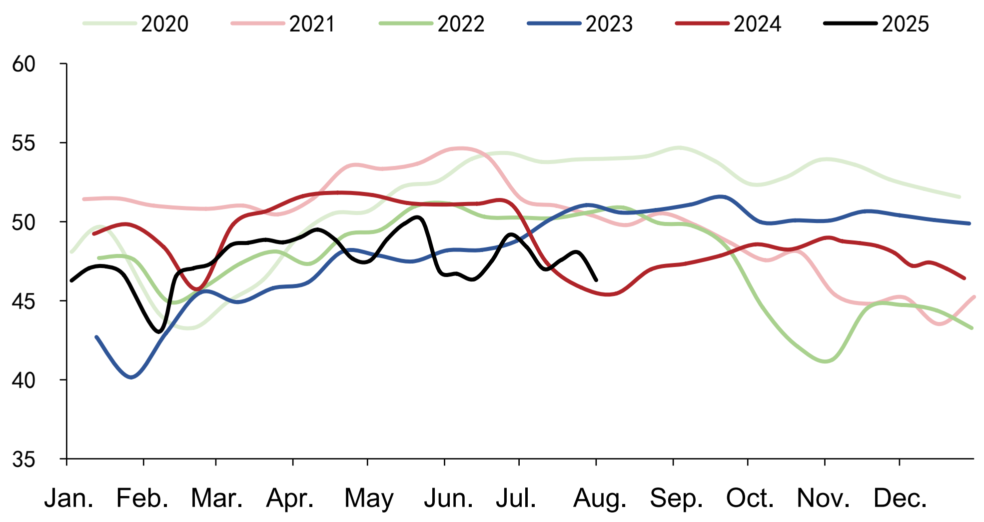
Supply

Figure 26: Domestic Mines Operating Rate (%)



Sources: MYSTEEL, Minmetals Futures

Figure 27: Daily Average Output of Iron Concentrate Fines in 186 Miners (10k mt)



Sources: MYSTEEL, Minmetals Futures

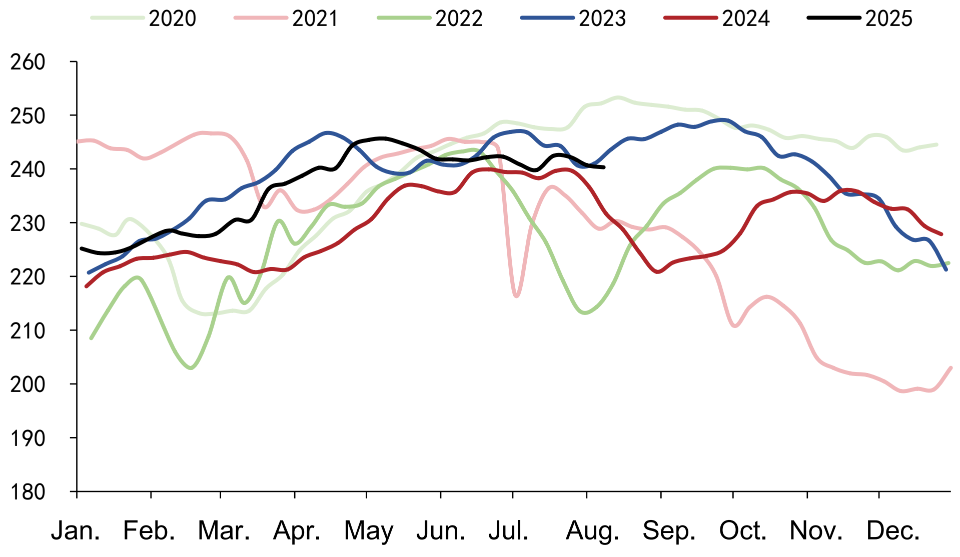
- At end-July, domestic mine capacity utilization was 61.51% (-1.45pp m/m). Daily average output of domestic iron concentrate was 480,300 mt (-11,300 mt m/m).

05

Demand

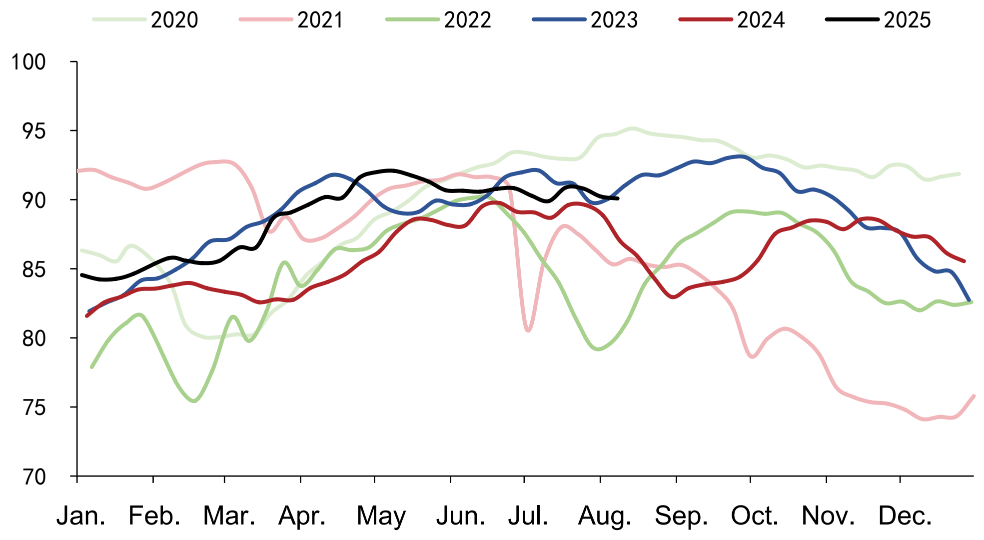
Demand

Figure 28: Daily Average Domestic Molten Iron Output (10k mt)



Sources: MYSTEEL, Minmetals Futures

Figure 29: Blast Furnace Utilization Rate (%)

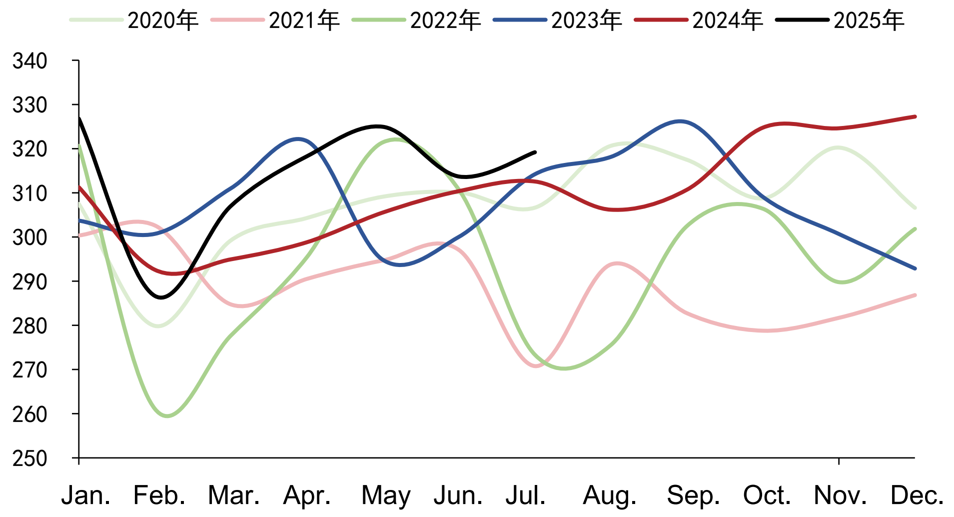


Sources: MYSTEEL, Minmetals Futures

- Estimated domestic molten iron output in July was 74.79 million mt, with daily average output at 2.4126 million mt (-5,400 mt m/m). At end-July, blast furnace capacity utilization was 90.81% (-0.02 pp m/m).

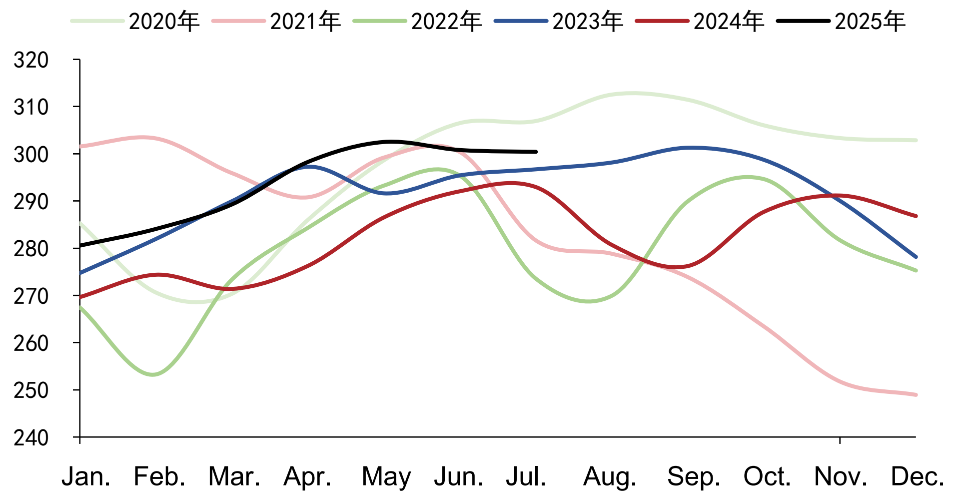
Demand

Figure 30: Average Daily Withdrawals (10k mt)



Sources: MYSTEEL, Minmetals Futures

Figure 31: Daily Consumption of Imported Iron Ore of 247 Steel Mills (10k mt)



Sources: MYSTEEL, Minmetals Futures

- In July, weekly average daily port withdrawal of iron ore at 45 ports was 3.1917 million mt (+54,900 mt m/m). The weekly average of imported iron ore daily consumption by steel mills was 3.0041 million tons (-3,800 mt m/m).

06

Basis

Basis & Month Spread

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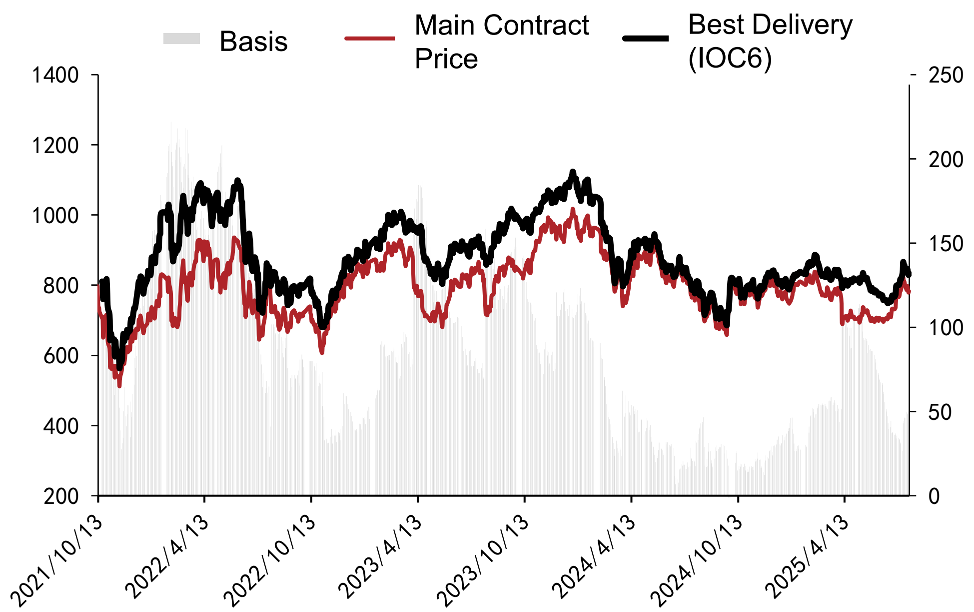
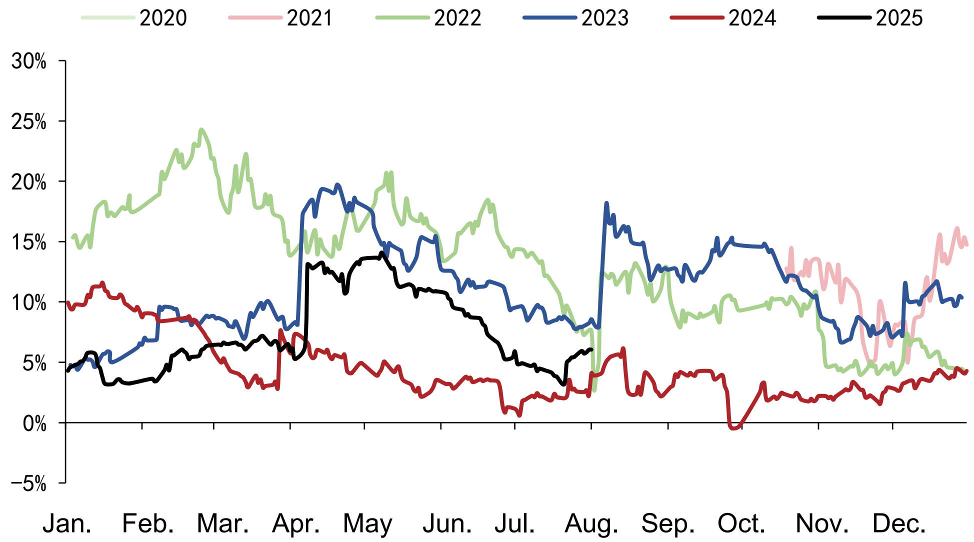
Figure 32: Iron Ore Basis (yuan/mt)



Sources: MYSTEEL, Minmetals Futures

Figure 33: Basis Rrate (%)



Sources: MYSTEEL, Minmetals Futures

- As of July 31, the basis for the main IOC6 iron ore contract was 50.07 yuan/mt, with a basis rate of 6.04%.

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