

Supply remains marginally loose.

Iron Ore Annual Report

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Annual Assessment & Strategy Recommendation

- ◆ **Supply:** We expect overseas iron ore supply to continue expanding in 2026, with the four major miners contributing approximately 20.5 million tonnes (Mt) of incremental supply and global net additions reaching 52.5 Mt. Given the ramp-up pace of the Simandou project and the commissioning timelines of Vale's capacity expansion initiatives, supply growth is expected to be weighted toward the second half of the year. Domestically, we anticipate Chinese iron concentrate output to remain broadly flat year-over-year in 2026.
- ◆ **Demand:** Our calculations suggest that China's molten iron output will increase by approximately 26.3 Mt in 2025 versus 2024, translating into an incremental iron ore demand of roughly 40.3 Mt—demonstrating notably resilient demand relative to earlier expectations. Looking ahead to 2026, we forecast domestic steel demand to stabilize, implying flat molten iron production and iron ore demand. Globally, the World Steel Association projects a modest 1.3% rebound in steel demand in 2026, which we expect will drive a corresponding increase in global molten iron output.
- ◆ **Summary:** Stronger-than-expected demand resilience in 2025 resulted in a smaller decline in average iron ore prices than initially anticipated at the start of the year. In 2026, global iron ore supply is projected to keep growing, while demand expands moderately. Overall, the market remains on a marginally loose trajectory. Against a supportive macro backdrop—with the U.S. Federal Reserve embarking on a rate-cutting cycle and China entering the first year of its “15th Five-Year Plan”—we expect policy support for the ferrous complex to remain largely defensive. Iron ore prices are likely to trade within a range of USD 85–105/tonne, with volatility staying near historically low levels.

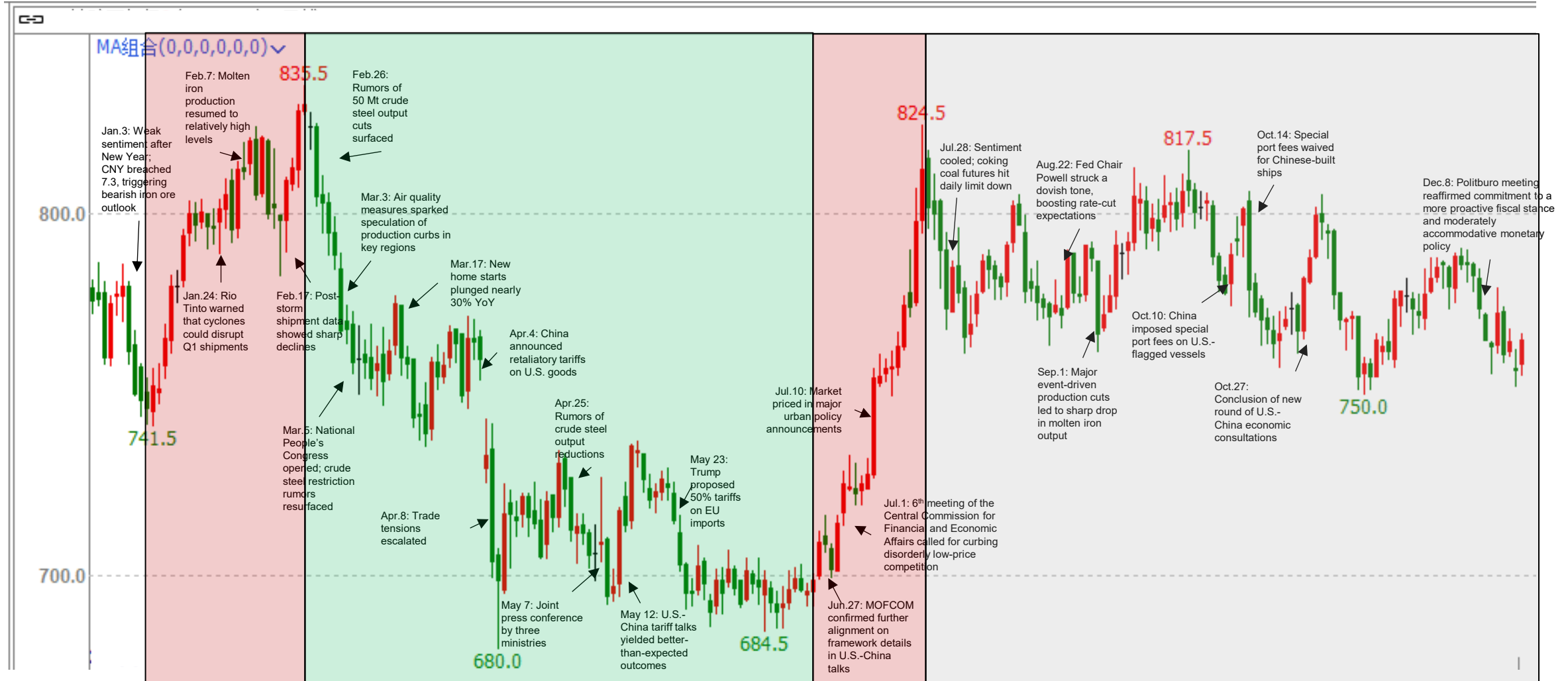
02

Market Review

Market Review

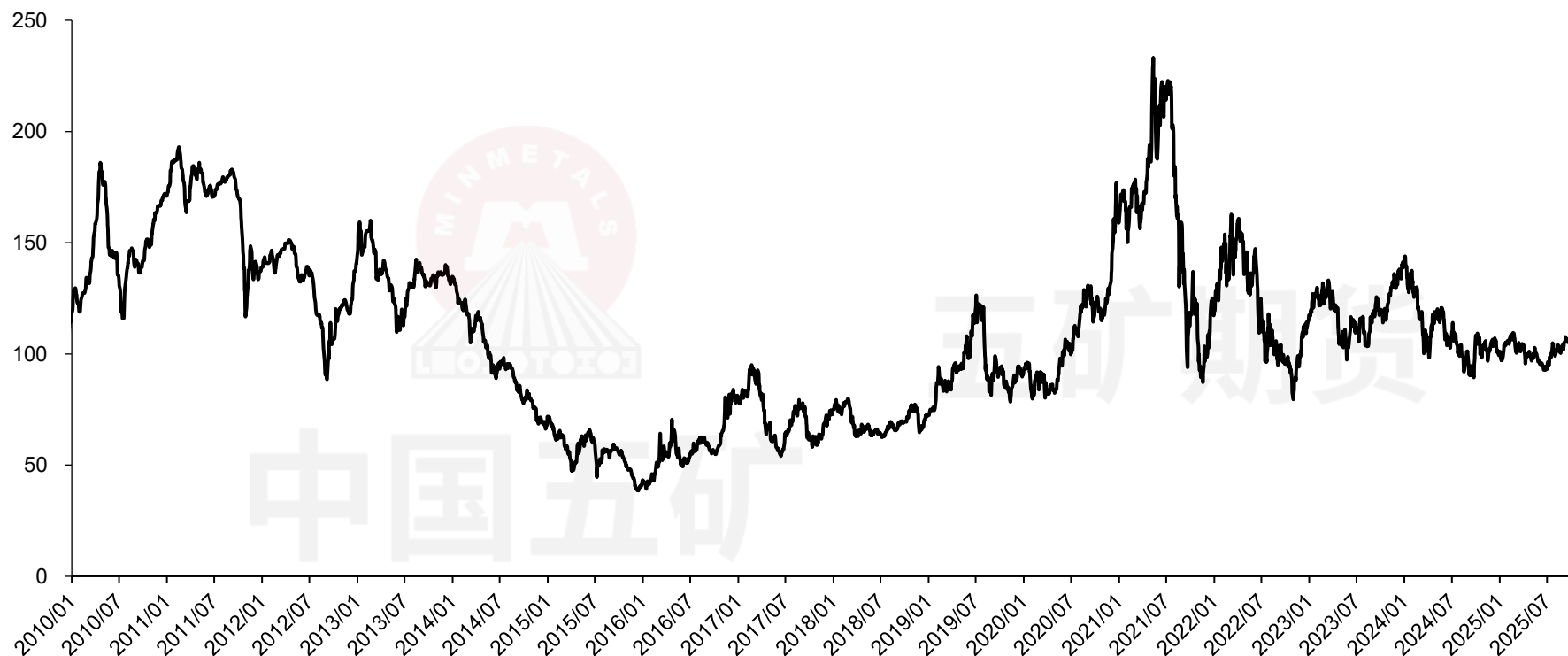
H1 Fluctuation and Sideways Trend after Mid-Year Rebound

Figure 1: Iron Ore Weighted Contract Price (RMB / tonne)



62% Fe Index Average Declined

Figure 2: 62% Iron Ore Index Price (RMB / tonne)



Sources: WIND, Minmetals Futures

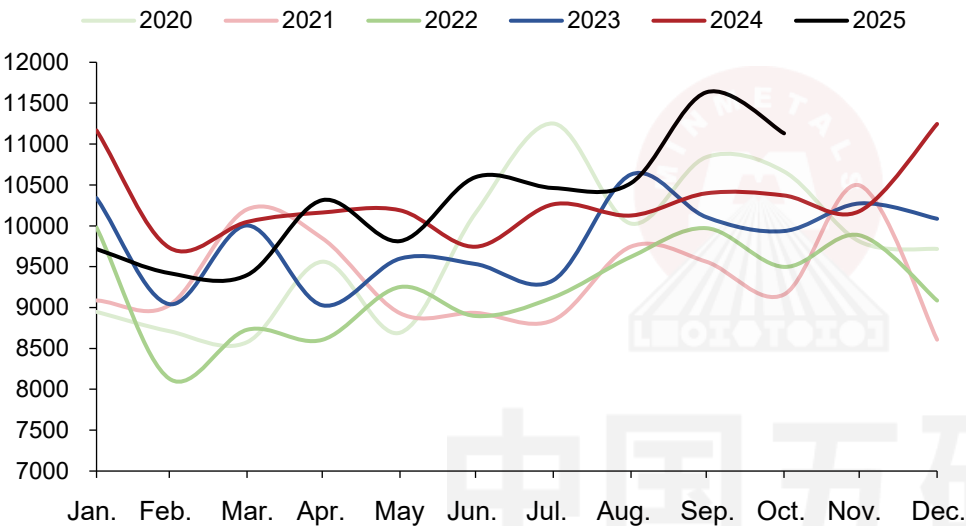
- As of December 12, the year-to-date average price of the 62% Fe index stood at USD 102.12/tonne, down from USD 109.80/tonne during the same period in 2024—a decline of USD 7.69/tonne.

03

Supply

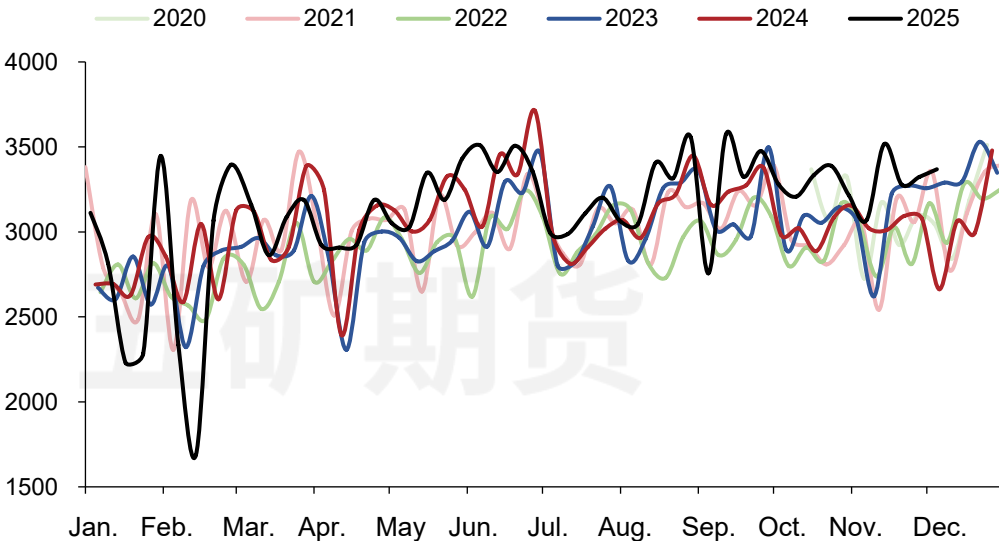
Iron Ore Balance in 2025: Tight before Loosening Marginally Later

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



Sources: Customs, Minmetals Futures

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

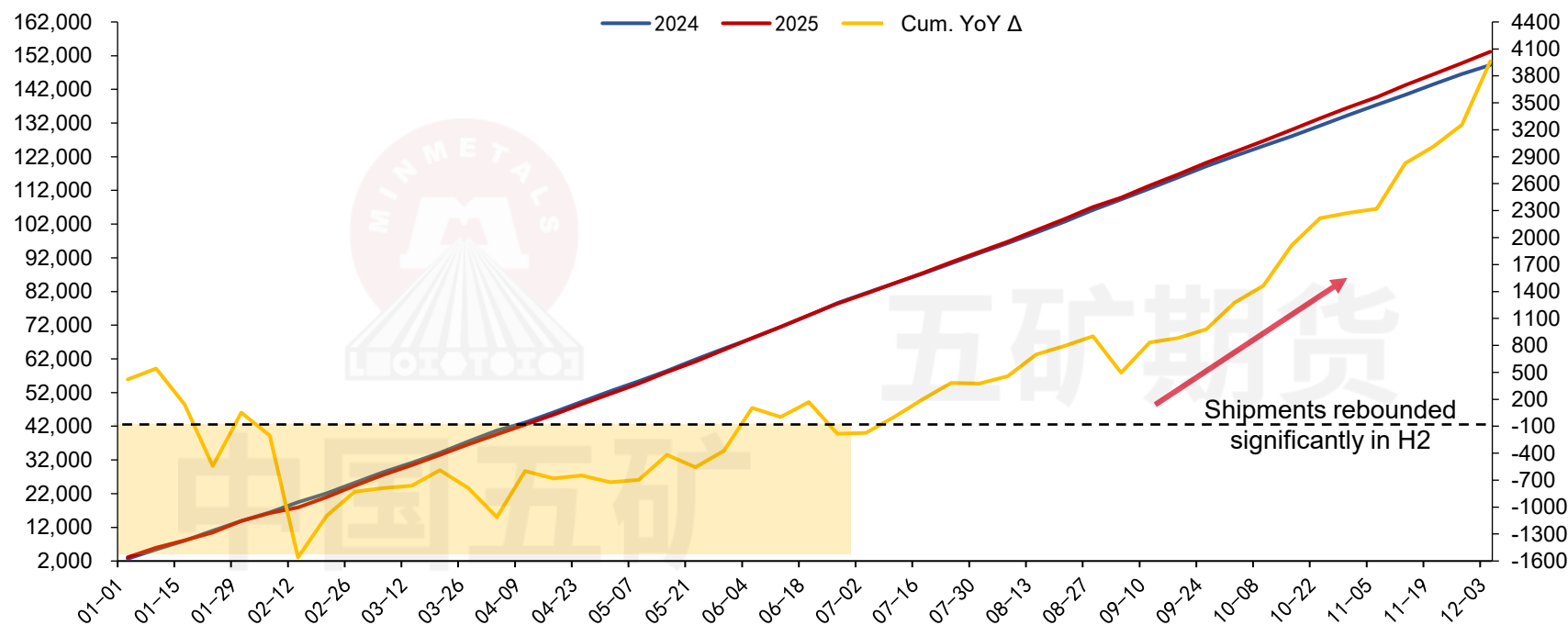


Sources: MYSTEEL, Minmetals Futures

- From January to October 2025, China imported 1.03 billion tonnes of iron ore, an increase of 8.04 Mt YoY. According to Mysteel data, cumulative overseas mine shipments reached approximately 1.532 billion tonnes as of December 5, up 39.62 Mt YoY.

Iron Ore Balance in 2025: Tight before Loosening Marginally Later

Figure 5: Global Iron Ore Shipments: Lower in H1, Higher in H2 (10k tonnes)

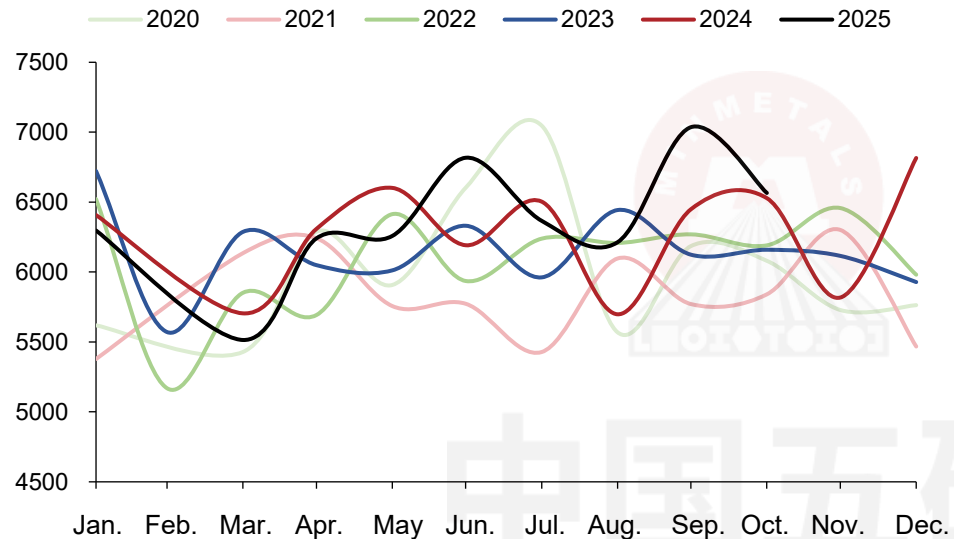


Sources: MYSTEEL, Minmetals Futures

- Global iron ore shipments in H1 2025 remained below the prior-year level (due to weather disruptions and low prices suppressing non-mainstream supply). Shipments rebounded significantly in H2.

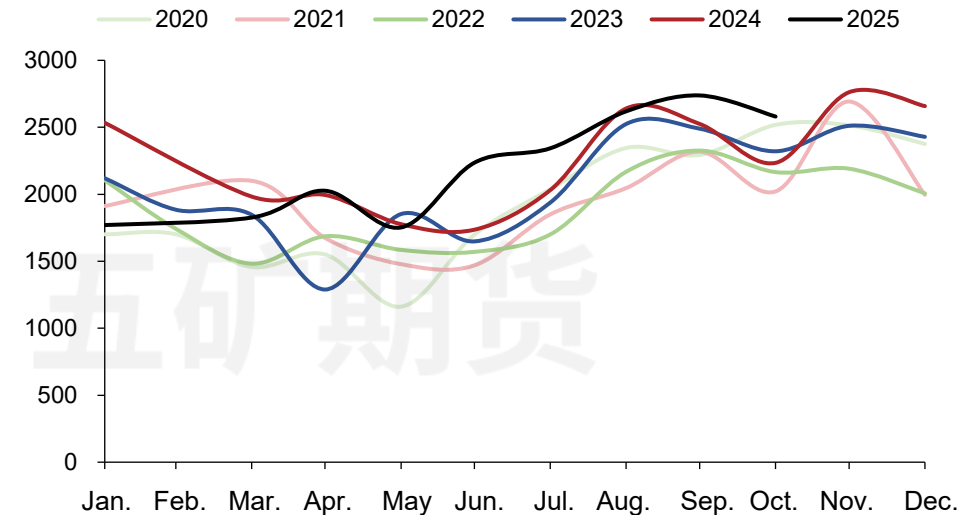
Imports from Australia and Brazil Both Rose YoY

Figure 6: Iron Ore Imported from Australia (10k tonnes)



Sources: MYSTEEL, Minmetals Futures

Figure 7: Iron Ore Imported from Brazil (10k tonnes)



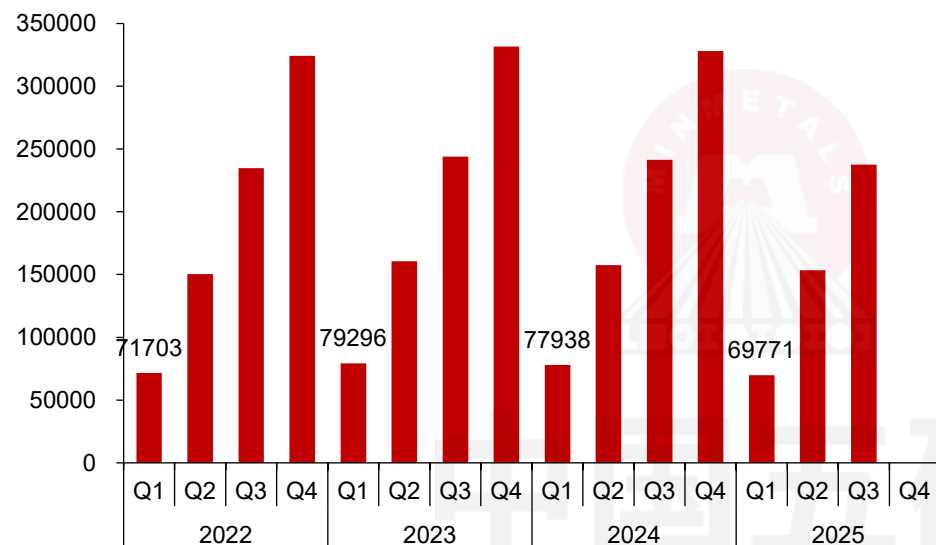
Sources: MYSTEEL, Minmetals Futures

- In Jan–Oct 2025, China imported 626 Mt of Australian iron ore (+9.7 Mt YoY) and 222 Mt from Brazil (+3.43 Mt YoY), resulting in a combined mainstream import increase of 13.13 Mt.

The Big Four Miners

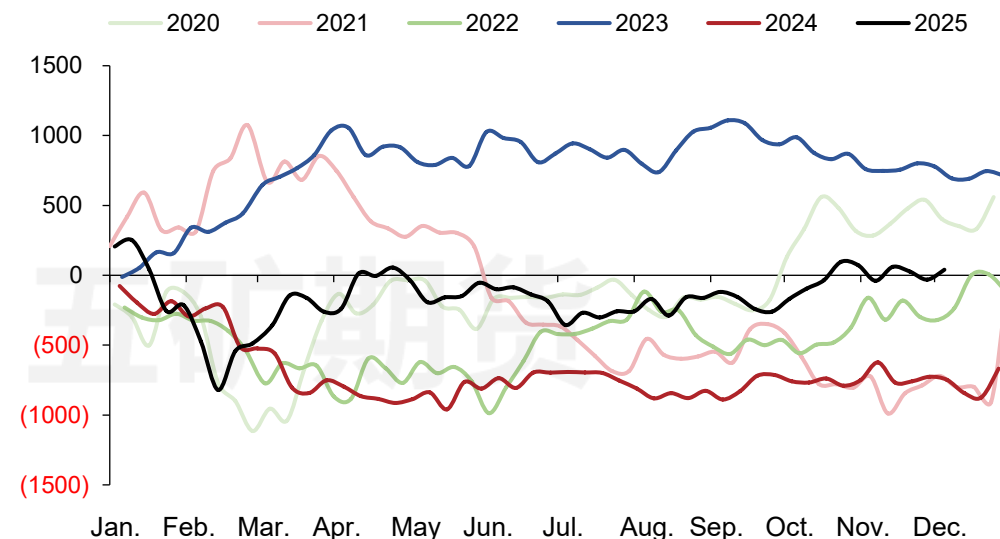
Rio Tinto Likely to Meet Lower End of 2025 Guidance

Figure 8: Cumulative Production of Rio Tinto's Pilbara Iron Ore (k tonnes)



Sources: Company Website, Minmetals Futures

Figure 9: Cumulative Year-over-Year Increase in Rio Tinto's Iron Ore Shipments (10k tonnes)



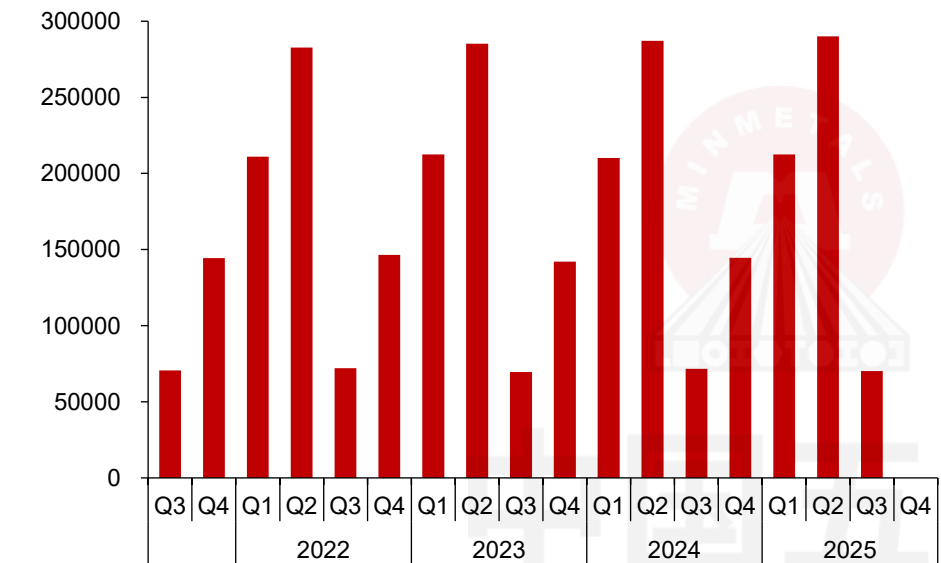
Sources: MYSTEEL, Minmetals Futures

- Q1 2025 Pilbara iron ore production fell ~10% YoY due to four cyclones, with estimated shipment losses of 13 Mt. Recovery progressed steadily thereafter, with Q3 shipments reaching 84.3 Mt—the second-highest Q3 volume since 2019. Starting in July, Rio adjusted PB fines specifications by blending SP10 with standard PB fines. SP10's share dropped sharply to 9% in Q3, reflecting ongoing efforts to optimize product mix and raise average ore grade. Year-to-date shipments turned positive YoY in Q4, leading us to believe Rio will achieve the lower end of its 2025 shipment guidance.

The Big Four Miners

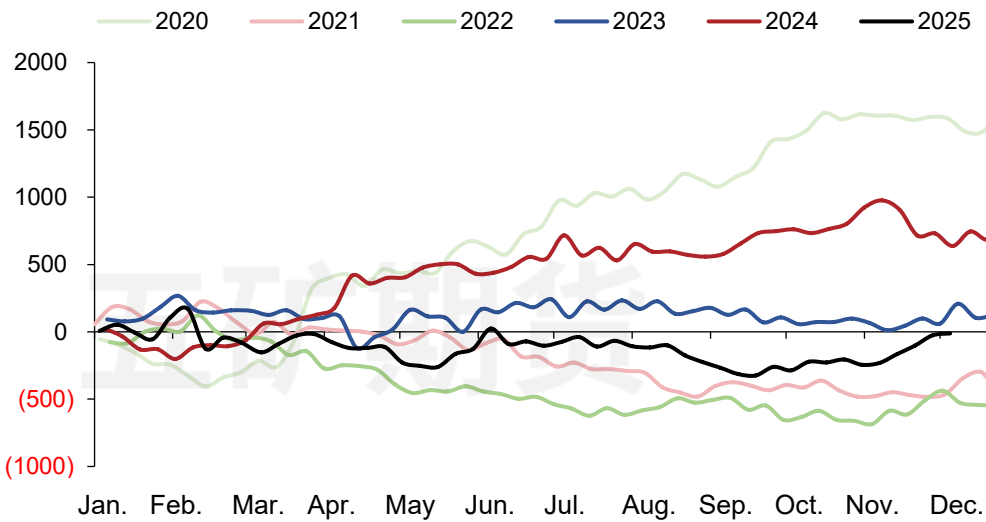
BHP On Track for FY25 Target

Figure 10: Cumulative BHP Iron Ore Production (k tonnes)



Sources: Company Website, Minmetals Futures

Figure 11: BHP Cumulative YoY Increase (10k tonnes)



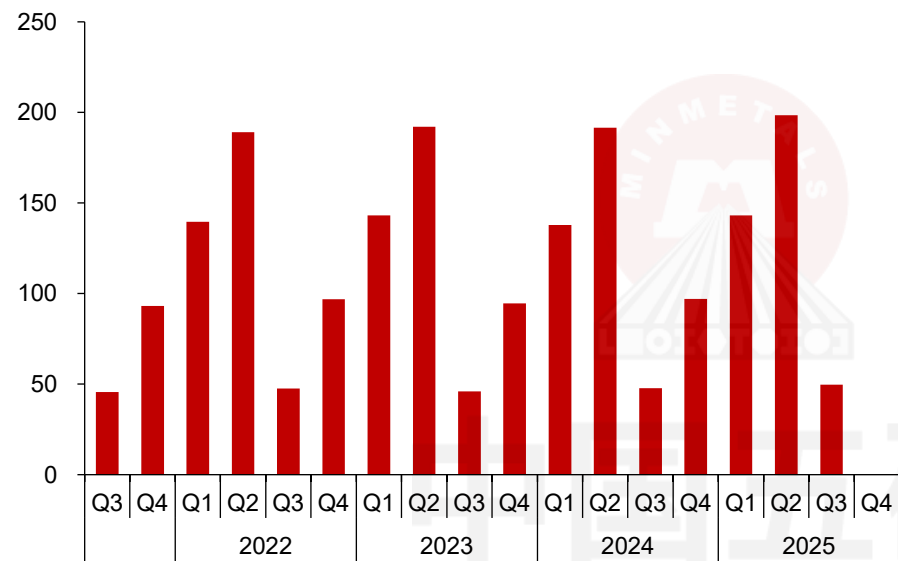
Sources: MYSTEEL, Minmetals Futures

- BHP reported FY25 iron ore production of 290 Mt (100% basis). For FY26, it raised its Western Australia production guidance to 284–296 Mt, with both bounds increased by 2 Mt. Given FY25 output already reached the midpoint of FY26’s target range, we expect BHP’s calendar 2026 production to rise modestly YoY.

The Big Four Miners

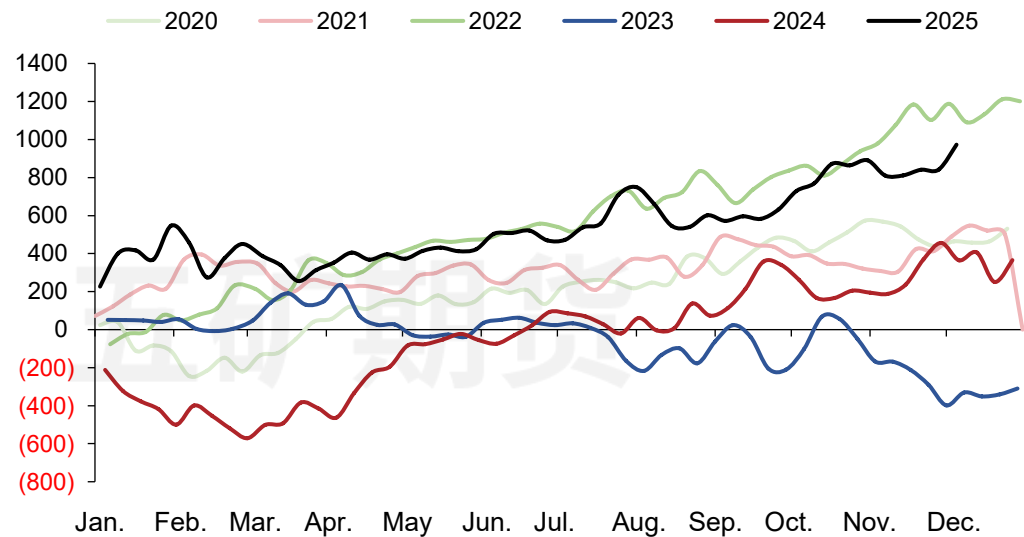
FMG's Iron Bridge Project Continues Ramp-Up

Figure 12: Cumulative FMG Iron Ore Shipments (Mt)



Sources: Company Website, Minmetals Futures

Figure 13: Cumulative Year-over-Year Increase in FMG Iron Ore Shipments (10k tonnes)



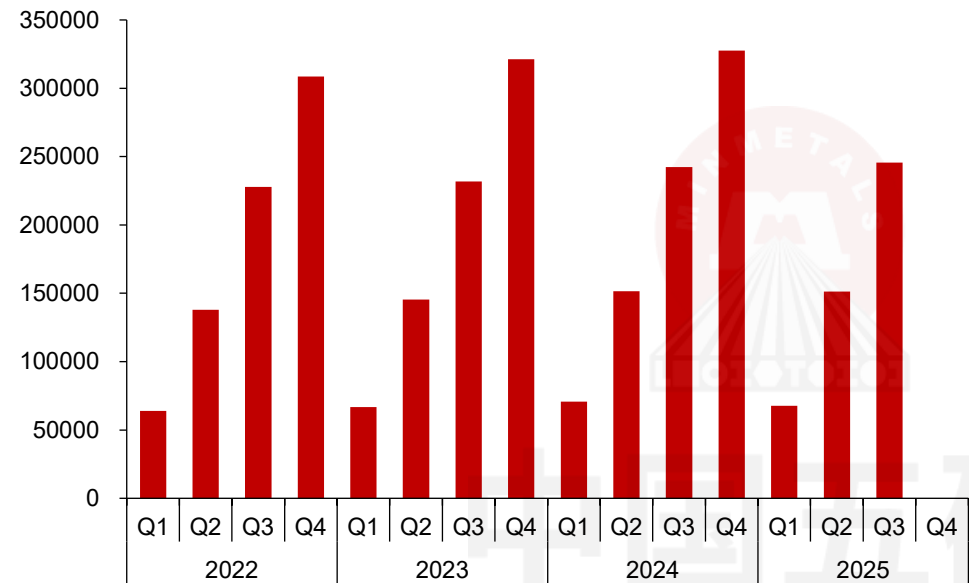
Sources: MYSTEEL, Minmetals Futures

- FMG's 2026 shipments remain robust, with Mysteel data showing YTD shipments through December up over 9.7 Mt YoY. FY25 shipments totaled 198 Mt, and FY26 guidance was revised upward to 195–205 Mt (± 5 Mt from prior range), with the Iron Bridge project expected to contribute 10–12 Mt. Given shipments have already risen by nearly 5 Mt since Q3, we believe FMG is on track to hit the upper end of its FY26 guidance, implying ~2 Mt YoY growth in calendar 2026 shipments.

The Big Four Miners

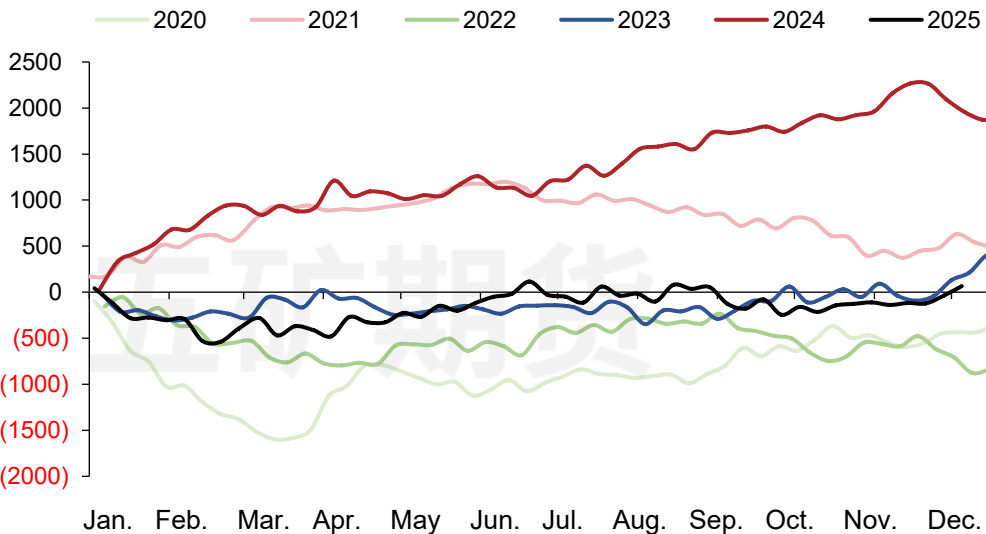
Vale's Expansion Projects Progress Steadily

Figure 14: Cumulative Vale Iron Ore Production (k tonnes)



Sources: Company Website, Minmetals Futures

Figure 15: Vale Cumulative YoY Increase (10k tonnes)



Sources: MYSTEEL, Minmetals Futures

- Vale expects 2025 iron ore production to reach 335 Mt, hitting the top of its guidance range. For 2026, Vale's output forecast is 335–345 Mt, maintaining its 2030 target of 360 Mt. Key 2026 increments will come from the Serra Sul expansion (adding 20 Mt capacity) and the Capanema mine, which began operations in 2025 and will complete ramp-up in 2026. We expect Vale to achieve the upper end of its 2026 guidance.

Simandou: First Shipment, Gradual Ramp-Up in 2026

Figure 16: Simandou Iron Ore First Shipments from Port



Sources: Company Website, Minmetals Futures

Figure 17: Onslow Project Update Announcement

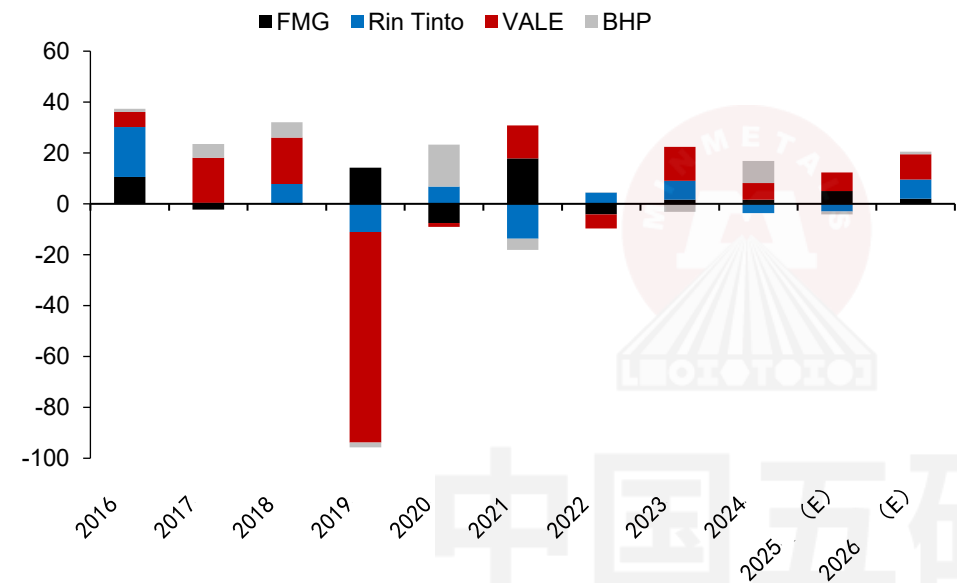
Production guidance	2025 (including updates)	2026 ⁷
Total iron ore sales guidance 100% Mt ⁸	--	343-366
Pilbara 100% Mt ⁸	323-338 (lower end)	323-338
Simandou 100% Mt ⁸	--	5-10
IOC Mt ⁸	9.0-9.5 (RT share production, updated range)	15-18 (100% sales)
Copper (consolidated) kt	860-875 (upgraded range)	800-870
Bauxite Mt	>61Mt (exceed guidance)	58-61
Alumina Mt	7.4-7.8	7.6-8.0
Aluminium Mt	3.25-3.45Mt (upper end)	3.25-3.45
Lithium LCE kt	--	61-64

Sources: Company Website, Minmetals Futures

- In December 2025, the first commercial shipment (~200,000 tonnes) from Guinea’s Simandou mine departed for China, marking its entry into commercial operation. Based on Rio Tinto’s estimates, Simandou South is expected to produce 5–10 Mt in 2026. We estimate total output from both North and South blocks to reach ~20 Mt in 2026, with ramp-up progressing at a measured pace.

Annual Increment Expectations Downgraded

Figure 18: Estimated Annual Supply Increment from the Big Four (Mt)



Sources: Company Websites, Minmetals Futures
Note: Subject to actual conditions.

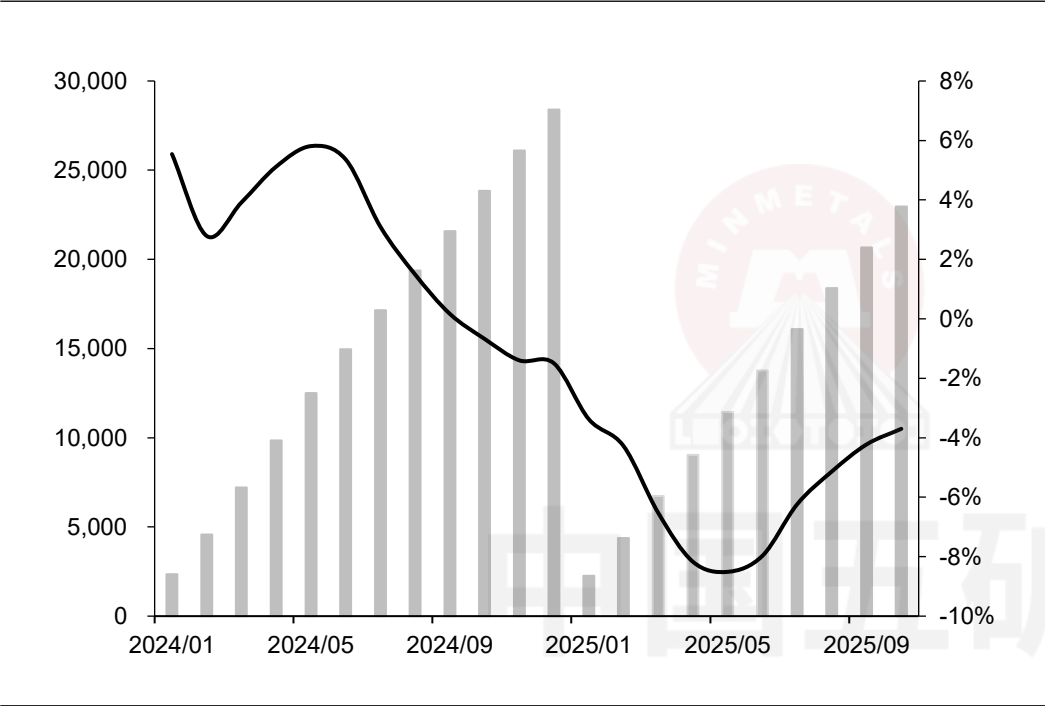
- Accounting for real-time shifts in iron ore prices and overseas mine operations, we maintain our forecast for continued supply growth in 2026: +20.5 Mt from the Big Four and +52.5 Mt globally. Given Simandou’s gradual ramp-up and Vale’s expansion timelines, supply additions are expected to be H2-weighted.

Figure 19: Estimated Increment from Select Overseas Mine Projects (10k tonnes; Incomplete)

Mainstream Mines	2026FY Target (100Mt)	Incremental Output
RIO	3.23-3.38	750
BHP	2.84-2.96	100
FMG	1.95-2.05	200
VALE	3.35-3.45	1000
Non-mainstream Mines	2026FY Target (100Mt)	
CSN		200
Samarco (VALE、BHP)		100
Simandou		2000
Onslow Iron	3000-3300	250
Arcelor Mittal Liberia		500
Weld Range		150
Total		5250

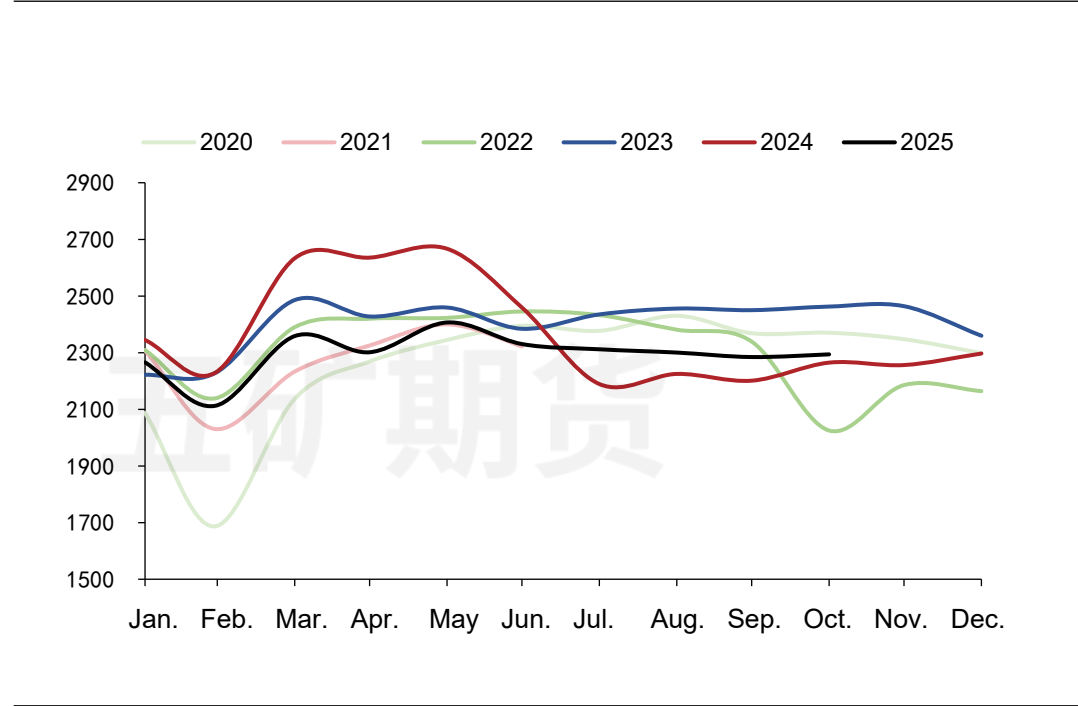
Sources: Company Websites, Minmetals Futures
Note: Subject to actual conditions.

Figure 20: Cumulative Iron Concentrate Output from 433 Mining Companies (10k tonnes)



Sources: MYSTEEL, Minmetals Futures

Figure 21: Iron Concentrate Output from 433 Mining Companies (10k tonnes)



Sources: MYSTEEL, Minmetals Futures

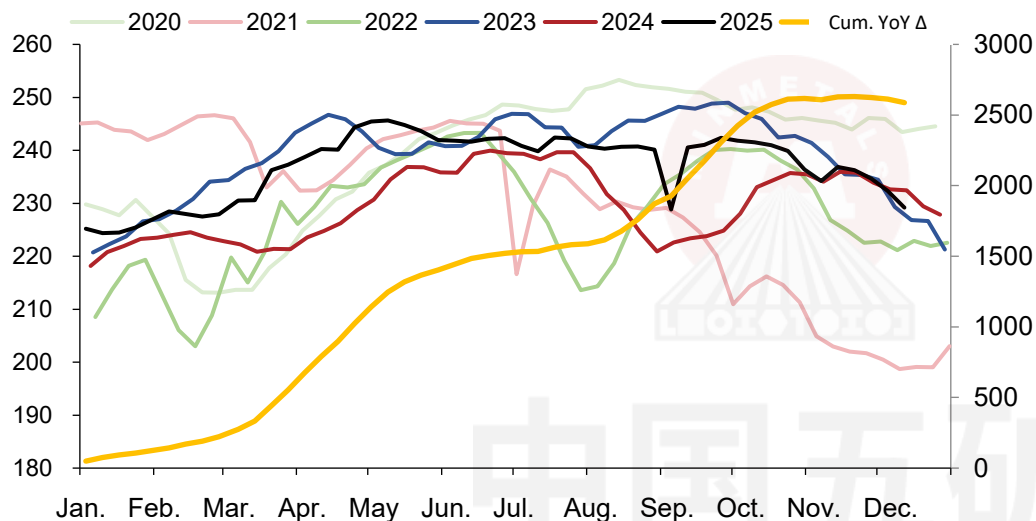
- In Jan–Oct 2025, output from 433 domestic mines totaled 230 Mt of iron concentrate, down 8.82 Mt YoY. The decline was driven by heightened safety and environmental inspections in northern China, along with scheduled maintenance. We expect domestic concentrate production to stabilize in 2026.

04

Demand

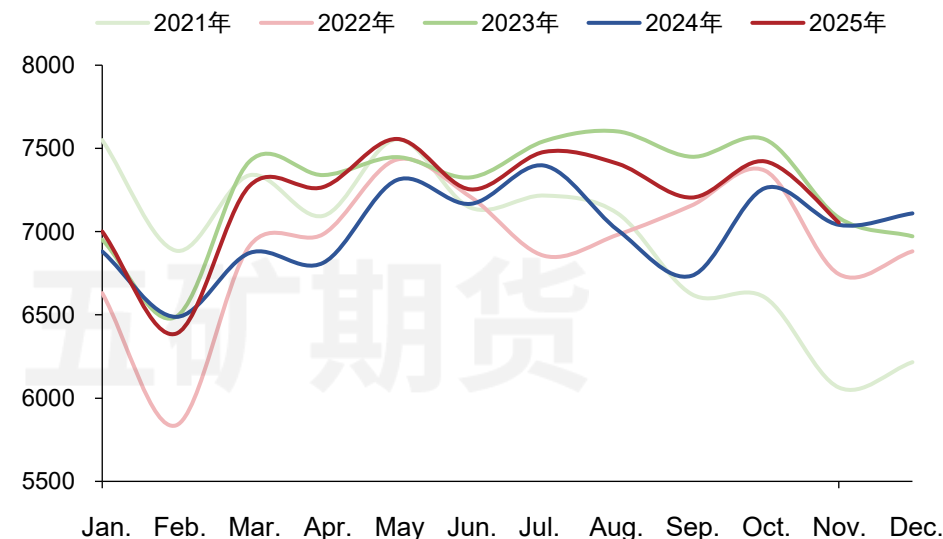
Demand Shows Resilience

Figure 22: Average Daily Molten Iron Output (10k tons)



Sources: MYSTEEL, Minmetals Futures

Figure 23: China's Monthly Molten Iron Output (10k tons)

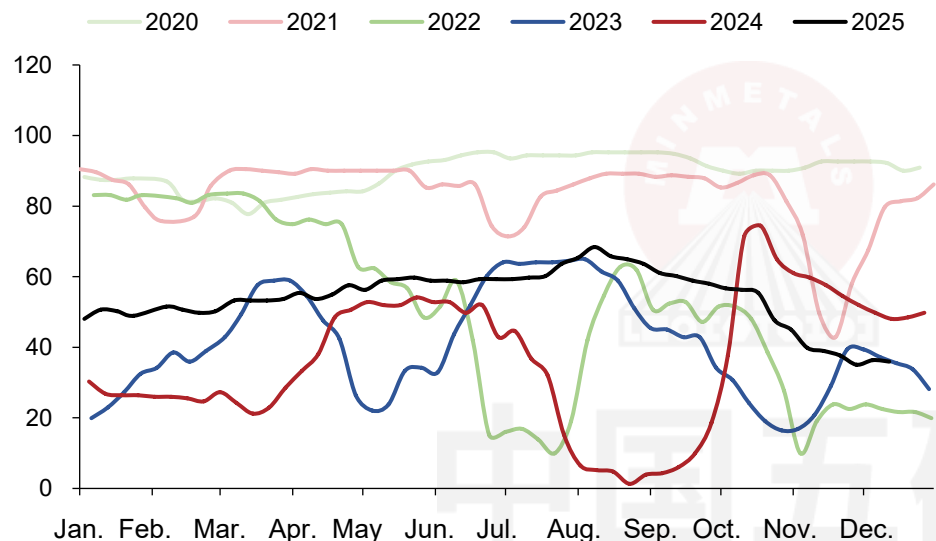


Sources: MYSTEEL, Minmetals Futures

- Mysteel's daily molten iron output data significantly outperformed 2024 levels. From Jan–Nov, output from 247 steel mills rose 3.03% YoY. We estimate full-year 2025 molten iron output increased by 26.3 Mt, demonstrating stronger-than-expected demand resilience.

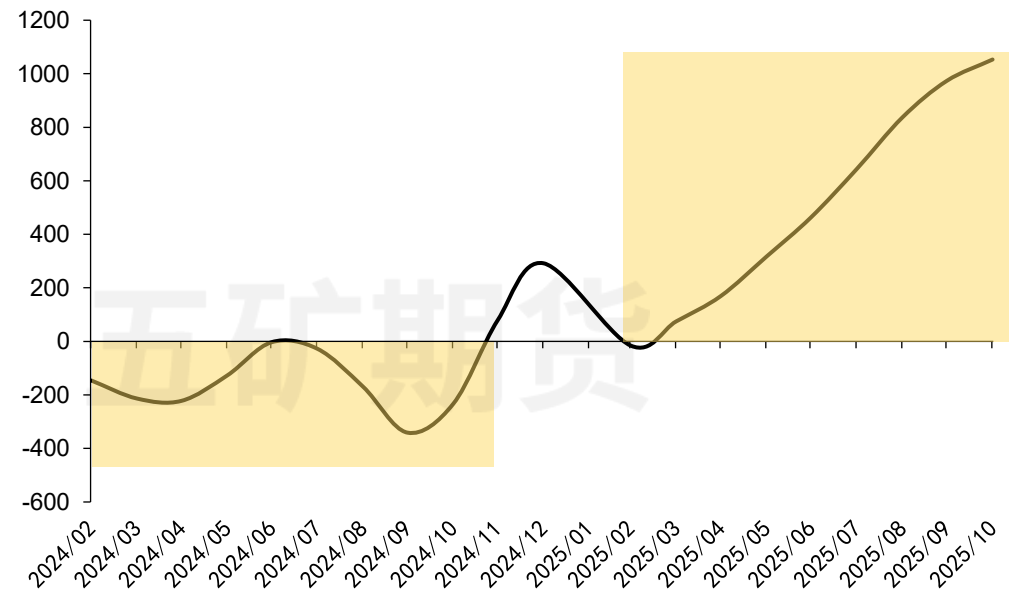
Mill Profitability Improved Markedly

Figure 24: Steel Mills' Profitability (%)



Sources: MYSTEEL, Minmetals Futures

Figure 25: Total Profits of Ferrous Metal Smelting and Rolling Industry (RMB Billion)

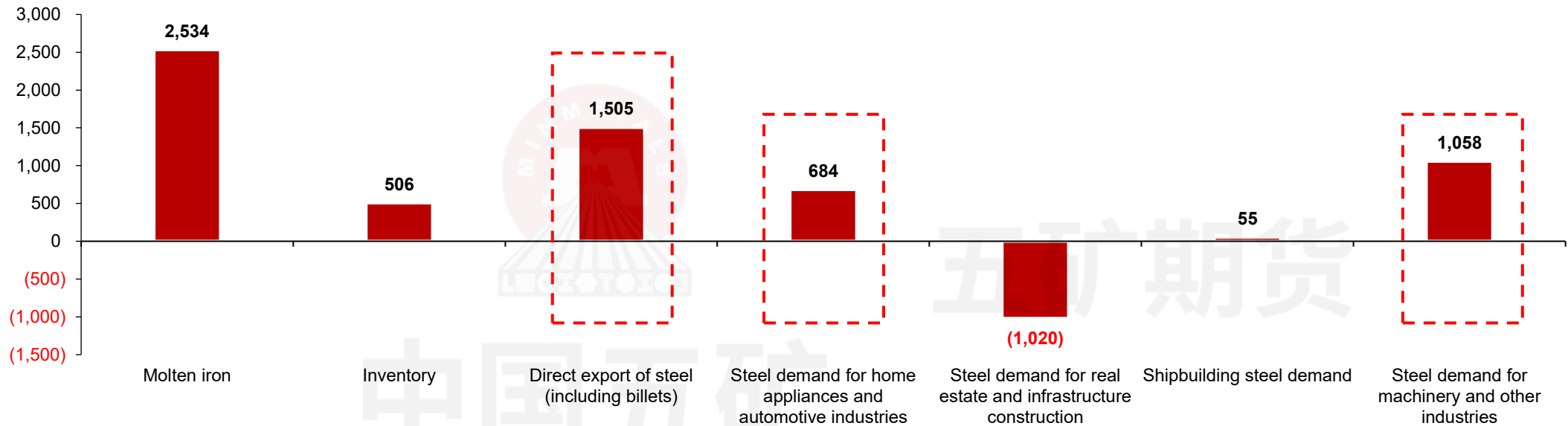


Sources: NBS, Minmetals Futures

- Steel mill profitability in 2025 improved substantially versus 2024, supporting strong blast furnace operating rates. According to NBS data, profits in China's ferrous metal smelting and rolling sector totaled RMB 105.3 billion in Jan–Oct 2025, swinging back to profit from 2024's losses—reflecting a significant operational turnaround.

Exports and “Two Priorities, Two New Areas” Absorb Domestic Supply Growth; Property & Infrastructure Continue to Drag

Figure 26: Estimated Molten Iron Increment and Downstream Consumption Breakdown (10k tonnes)

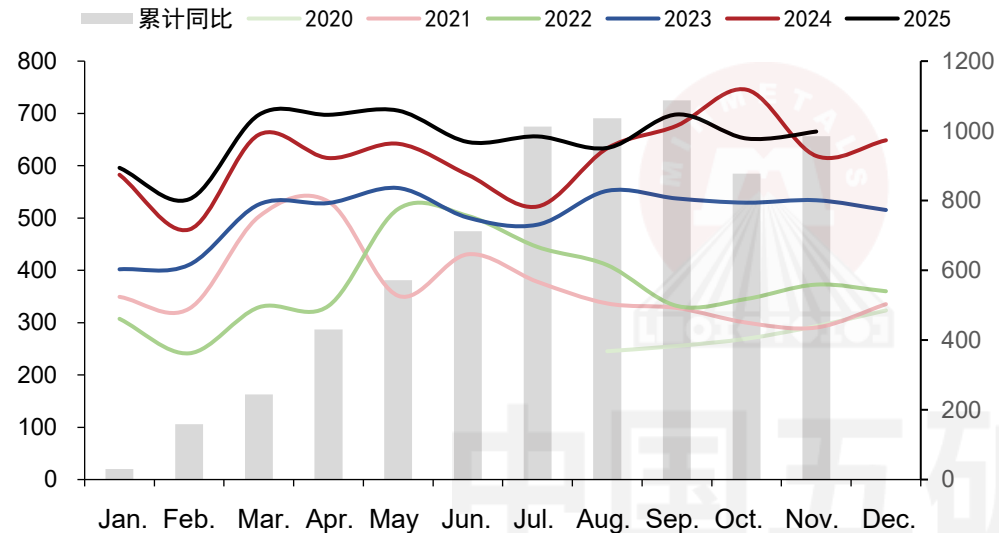


Sources: MYSTEEL, Minmetals Futures

- Of the 2025 supply increment, ~59% was absorbed by direct exports, while domestic demand—supported by the “Two Priorities, Two New Areas” policy framework—accounted for ~42%. Exports remain a critical outlet for surplus capacity, though export volumes are inversely correlated with price: higher exports stem from price competitiveness, not robust overseas demand. Thus, despite resilient demand, prices lacked upward momentum.
- *Note: Molten iron increment (Mysteel-reported) converted to crude steel supply using a 1.1 factor (assuming 10% scrap ratio). While this conversion is approximate, it effectively illustrates the underlying dynamic.*

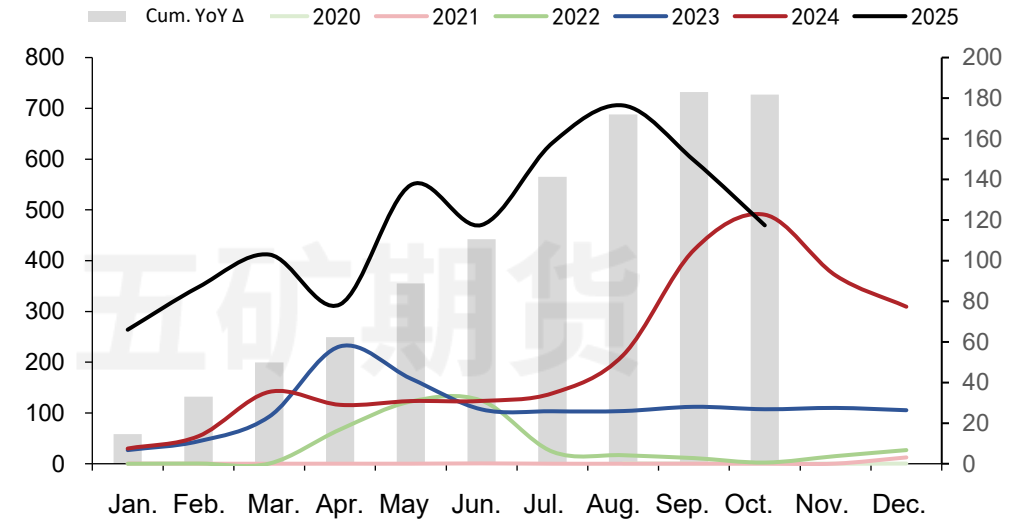
Exports Remain Key Channel for Surplus Absorption

Figure 27: China's Steel Exports Volume (10k tons)



Sources: Customs, Minmetals Futures

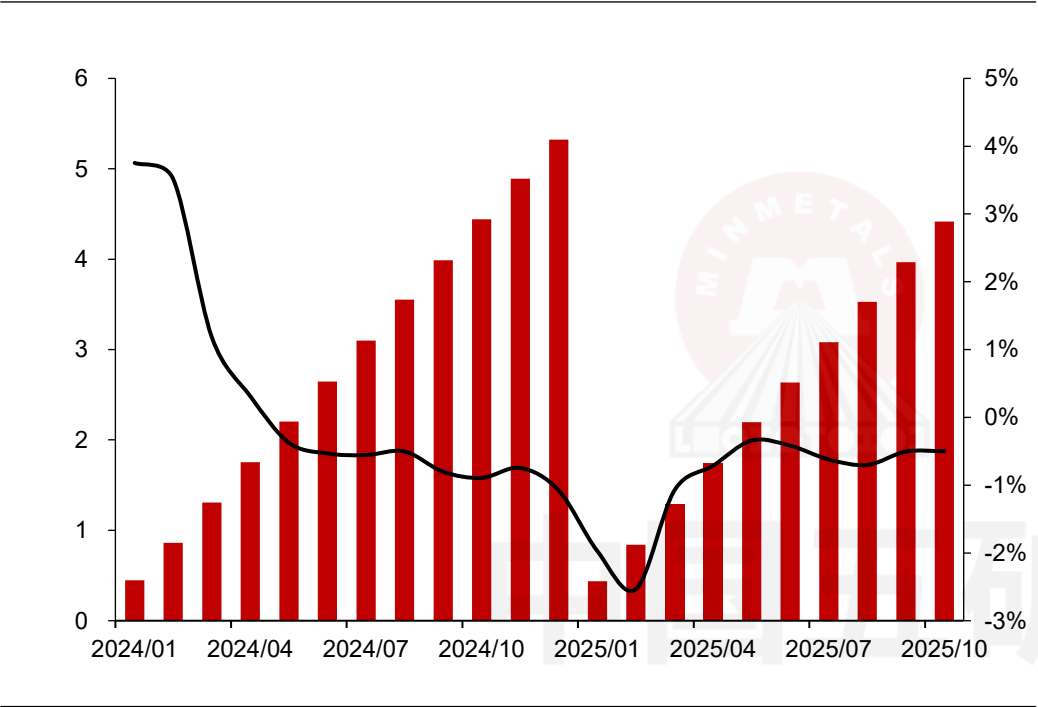
Figure 28: China's Steel Billet Exports Volume (10k tons)



Sources: Customs, Minmetals Futures

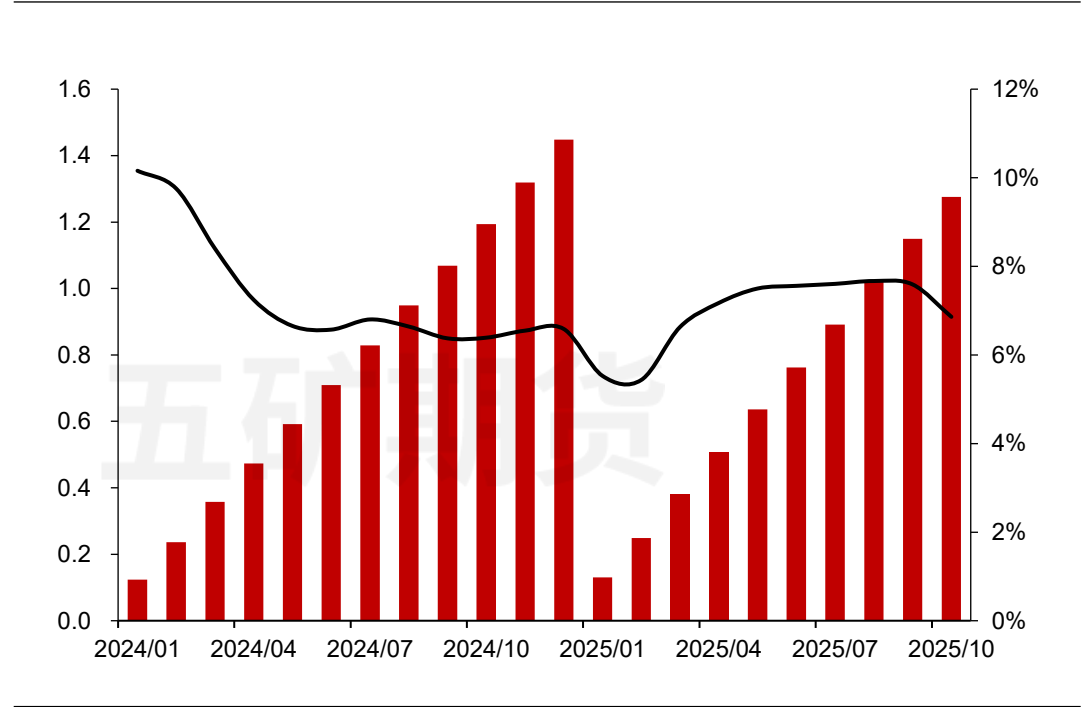
- In Jan–Nov 2025, China exported 108 Mt of steel products (+6.7% YoY). Billets exports surged, reaching 11.9 Mt in Jan–Oct (+157% YoY).

Figure 29: Ex-China Global Pig Iron Production (100 Mt)



Sources: WSA, Minmetals Futures

Figure 30: India Pig Iron Production (100 Mt)



Sources: WSA, Minmetals Futures

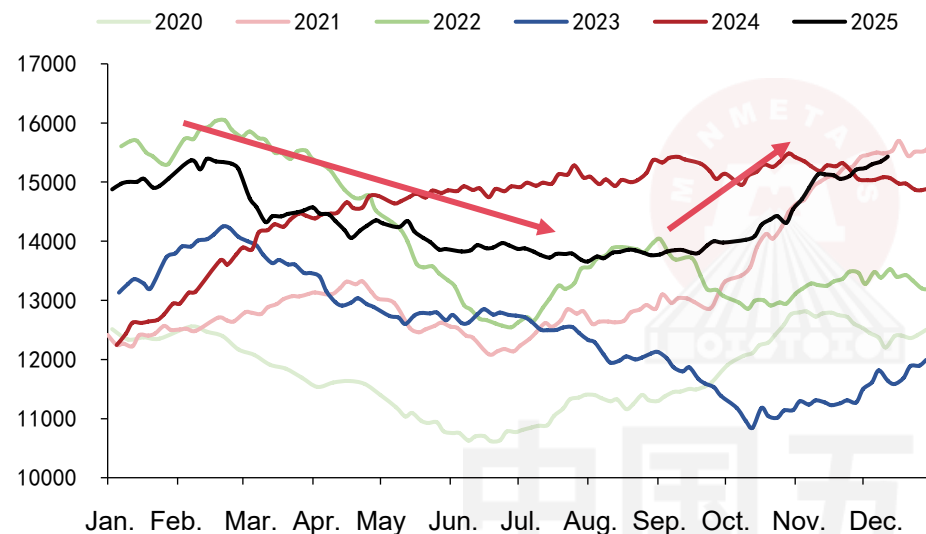
- Per WSA data, global BF pig iron and DRI output totaled 442 Mt in Jan–Oct 2025 (-0.5% YoY). India’s output reached 128 Mt, up 6.86% YoY—showing notably strong growth.

05

Inventory

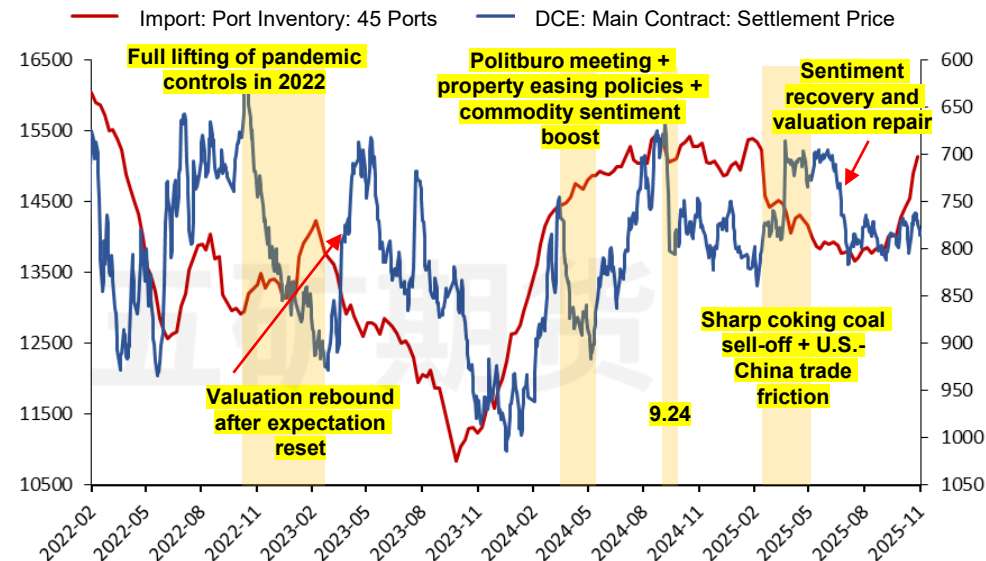
Port Inventories: Drawdown Followed by Buildup—Aligns with “Tight Early, Loose Later” Supply-Demand Balance

Figure 31: Port Inventory Dynamics: Drawdown Then Accumulation (10k tonnes)



Sources: MYSTEEL, Minmetals Futures

Figure 32: Iron Ore Prices and Port Inventory Trends (10k tonnes, RMB / tonne)

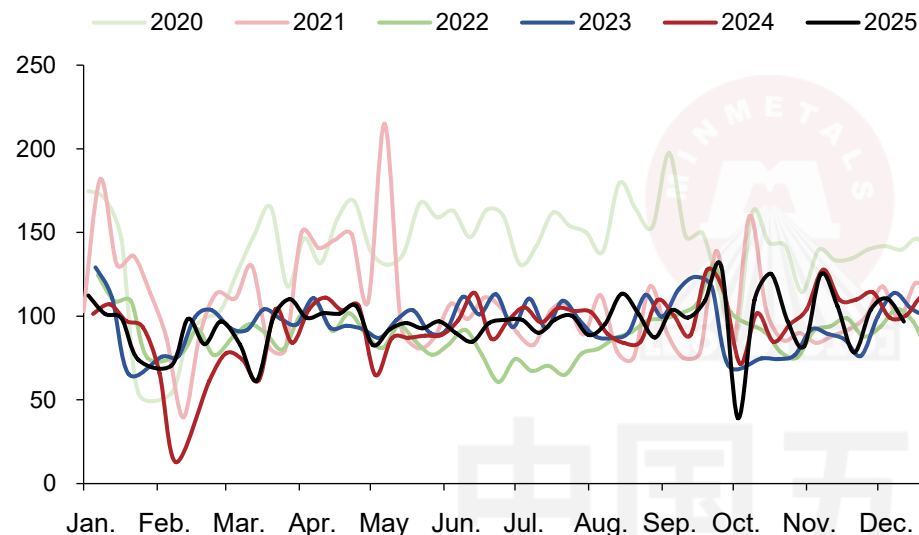


Sources: MYSTEEL, Minmetals Futures

- Iron ore port inventories mirrored supply trends: drawdown in H1, buildup in H2. Prices generally moved in tandem with inventory direction, though timing and magnitude diverged—particularly when influenced by external factors (e.g., policy expectations, macro events, or broader commodity sentiment).

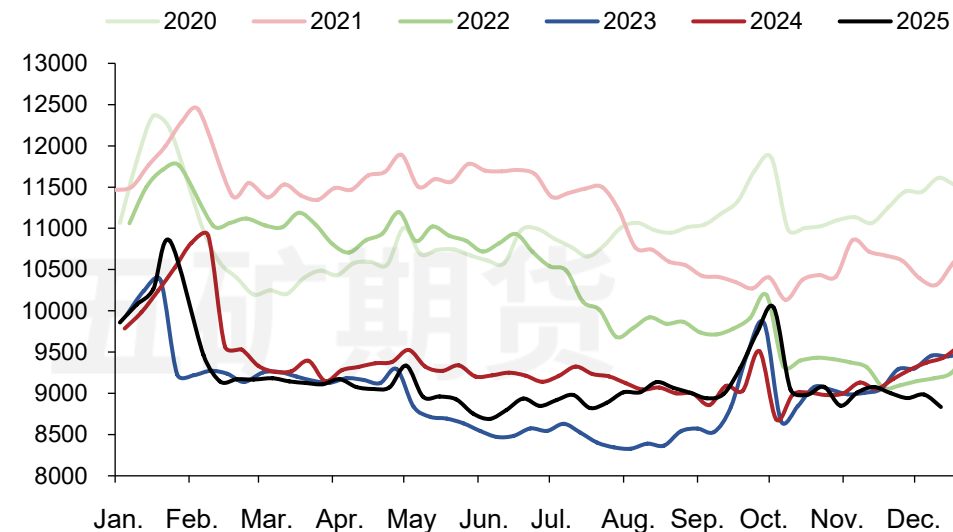
Mills Maintain Low Inventory Strategy

Figure 33: Average Daily Spot Trading Volume at Major Ports: Traders (10k tonnes)



Sources: MYSTEEL, Minmetals Futures

Figure 34: Steel Mills' Imported Iron Ore Inventory (10k tonnes)



Sources: MYSTEEL, Minmetals Futures

- Due to the late timing of Chinese New Year in 2026, year-end restocking has been shifted later in the Gregorian calendar. As of year-end, mill iron ore inventories have fallen to seasonal lows. Throughout 2025, mills consistently operated under a just-in-time procurement strategy, holding minimal stocks.

06

Outlook

Figure 35: Estimated Supply and Demand Increment for Iron Ore: Domestic and Global (10k tonnes)

Domestic Increment	2025E	Global Increment	2026E
Iron Ore Imports	2773	Iron Ore Supply	5250
Domestic Molten Iron Output	2630	Global Pig Iron Output	1872
Domestic Iron Ore Consumption	4030	Global Iron Ore Consumption	2868
Imported Ore Inventory	1064	Marginal Loose	2043

Sources: Customs, MYSTEEL, WSA, Minmetals Futures

- We estimate China’s 2025 iron ore import surplus at 27.73 Mt, with molten iron output rising by 26.3 Mt YoY, leading to an implied 10.64 Mt increase in imported port inventories. Based on WSA’s projection of +1.3% global steel demand growth in 2026, we expect global molten iron output to rise accordingly. However, given larger supply additions, the global iron ore market is projected to remain in a marginally loose state in 2026.

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

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