



五矿期货有限公司

# Limited upside and downside – range-bound trading to dominate.

## Iron Ore Monthly Report

January 4, 2026

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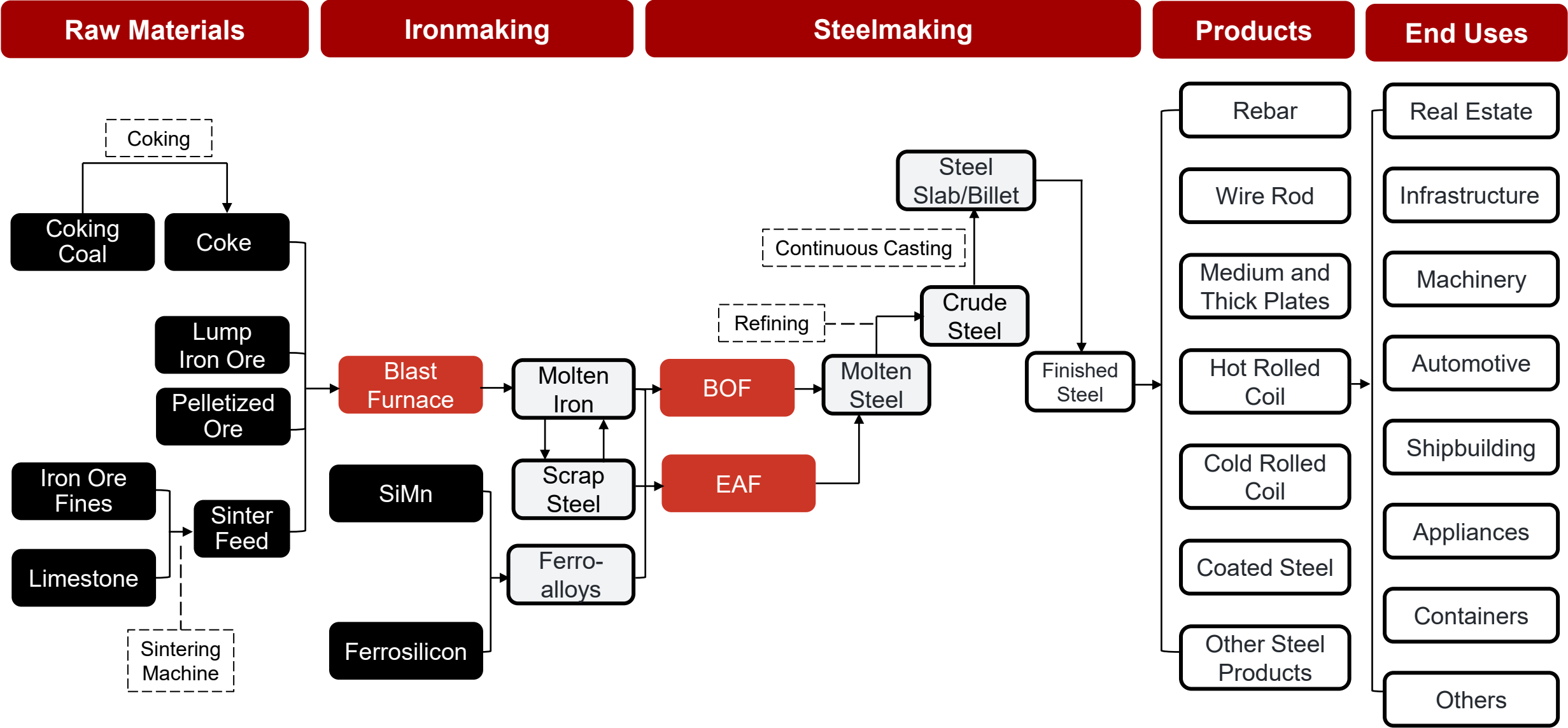
Basis

01

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# Monthly Review & Strategy Recommendation

# Schematic Diagram of the Ferrous Metal Industry Chain



- ◆ **Supply:** December's global weekly average iron ore shipments totaled 35.26 Mt (+2.29 Mt MoM). Australian shipments to China (19-port basis) averaged 16.45 Mt/week (+700kt MoM), while Brazilian shipments averaged 8.44 Mt/week (+200kt MoM). Weekly arrivals at China's 45 ports averaged 26.13 Mt (−190kt MoM).
- ◆ **Demand:** Domestic daily molten iron output in December averaged 2.28 Mt (−69.5kt MoM).
- ◆ **Inventory:** As of end-December, imported iron ore inventories at China's 45 ports stood at 159.29 Mt (+7.19 Mt from end-November). Weekly average port clearance was 3.17 Mt (−110kt MoM), and steel mills' weekly average imported ore consumption was 2.82 Mt (−83.8kt MoM).
- ◆ **Outlook for January:** Heading into January, supply remains elevated due to year-end shipment surges from overseas miners—December volumes exceeded seasonal norms, and port arrivals are expected to rise further with shipping lags. However, January typically marks the start of the seasonal low for mine shipments, suggesting a MoM decline ahead. On the demand side, molten iron output stepped down further from November levels as mills conducted scheduled year-end maintenance. Profitability has modestly improved, and some blast furnaces are set to resume post-maintenance, potentially lifting output slightly. Port inventories continue to build and sit at multi-year highs for this time of year, yet structural tightness persists as mill-side imported ore stocks remain low, leaving room for restocking. On macro level, iron ore prices trended higher amid volatility in late December, though external shocks could introduce new volatility. Overall, high inventories and ample supply cap upside potential, while restocking expectations provide downside support. With limited directional drivers, the market is likely to trade range-bound, with near-term focus on mill restocking behavior and molten iron production trends.

## Valuation & Driving Forces

Fundamentals	Valuation		Driving Forces				
	Basis	Import Profit	Shipment	High-Low Grade Spread	Steel Mills Profitability	Molten Iron Output	45 Ports Inventory
Score	0	0	(-1)	0	0.5	(-0.5)	(-0.5)
Comment	-	-	Shipments grow	-	Recovering	Sliding	Piling up
Summary	Heading into January, supply remains elevated due to year-end shipment surges from overseas miners—December volumes exceeded seasonal norms, and port arrivals are expected to rise further with shipping lags. However, January typically marks the start of the seasonal low for mine shipments, suggesting a MoM decline ahead. On the demand side, molten iron output stepped down further from November levels as mills conducted scheduled year-end maintenance. Profitability has modestly improved, and some blast furnaces are set to resume post-maintenance, potentially lifting output slightly. Port inventories continue to build and sit at multi-year highs for this time of year, yet structural tightness persists as mill-side imported ore stocks remain low, leaving room for restocking. On macro level, iron ore prices trended higher amid volatility in late December, though external shocks could introduce new volatility. Overall, high inventories and ample supply cap upside potential, while restocking expectations provide downside support. With limited directional drivers, the market is likely to trade range-bound, with near-term focus on mill restocking behavior and molten iron production trends.						

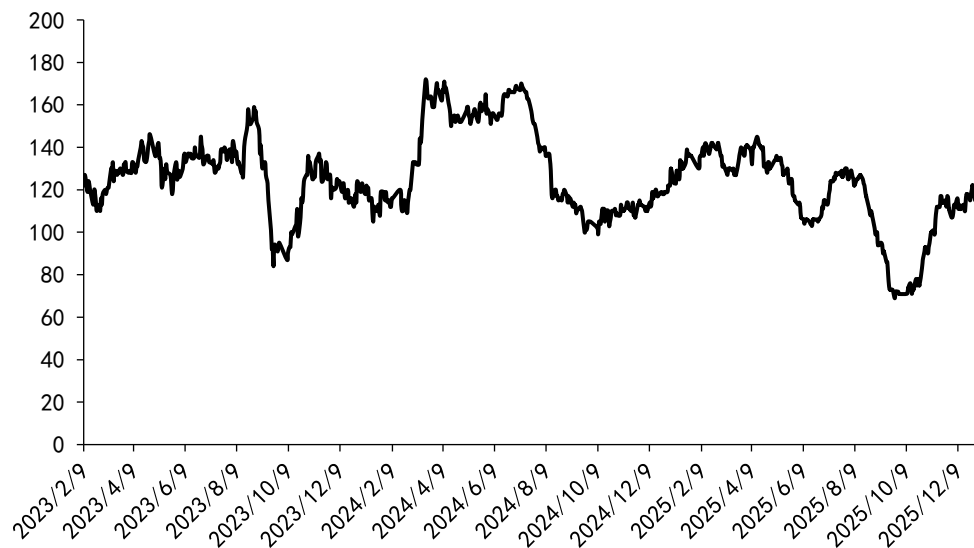
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## Futures Market & Spot Market

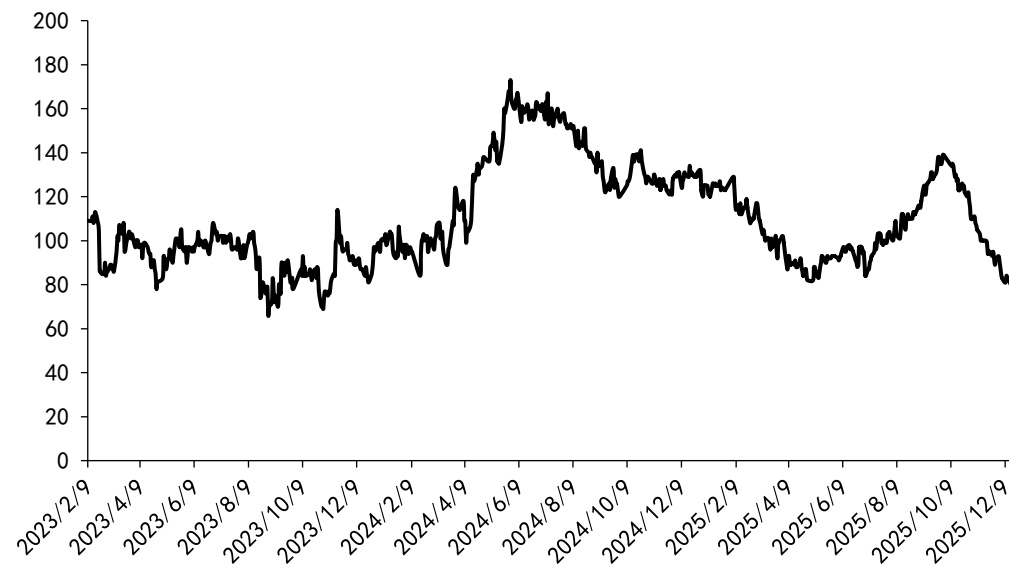


Figure 1: PB Fines-Super Special Fines Spread (RMB/ton)



Sources: MYSTEEL, Minmetals Futures

Figure 2: Carajas Fines-PB Fines Spread (RMB/ton)



Sources: MYSTEEL, Minmetals Futures

- As of end-December:

PB–Super Special fines spread: RMB 117/ton (+6.0 MoM)

Carajás–PB fines spread: RMB 82/ton (–9.0 MoM)

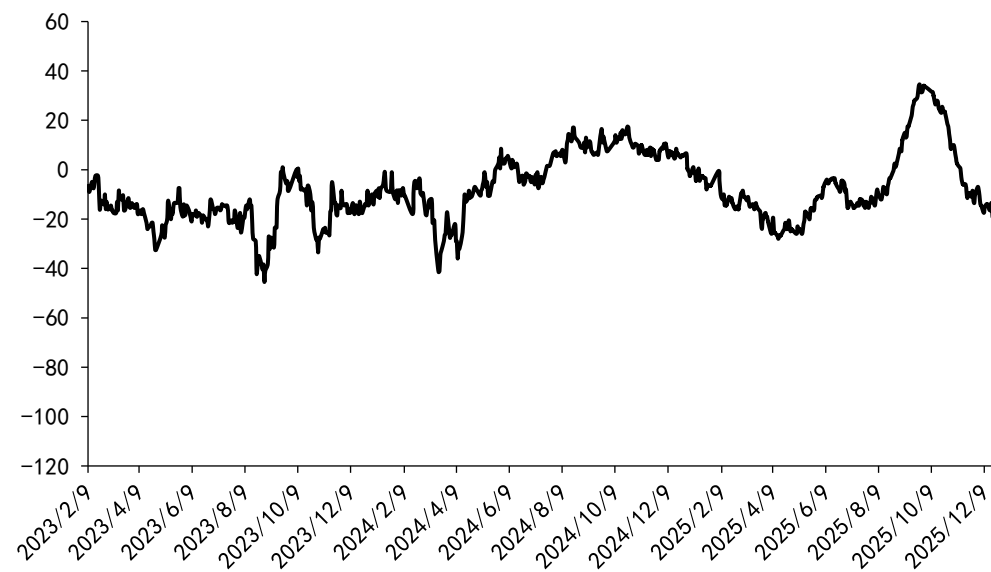


Figure 3: Carajas Fines-Jimblebar Fines Spread (RMB/ton)



Sources: MYSTEEL, Minmetals Futures

Figure 4: (Carajas + Super Special)/2-PB Fines Spread (RMB/ton)



Sources: MYSTEEL, Minmetals Futures

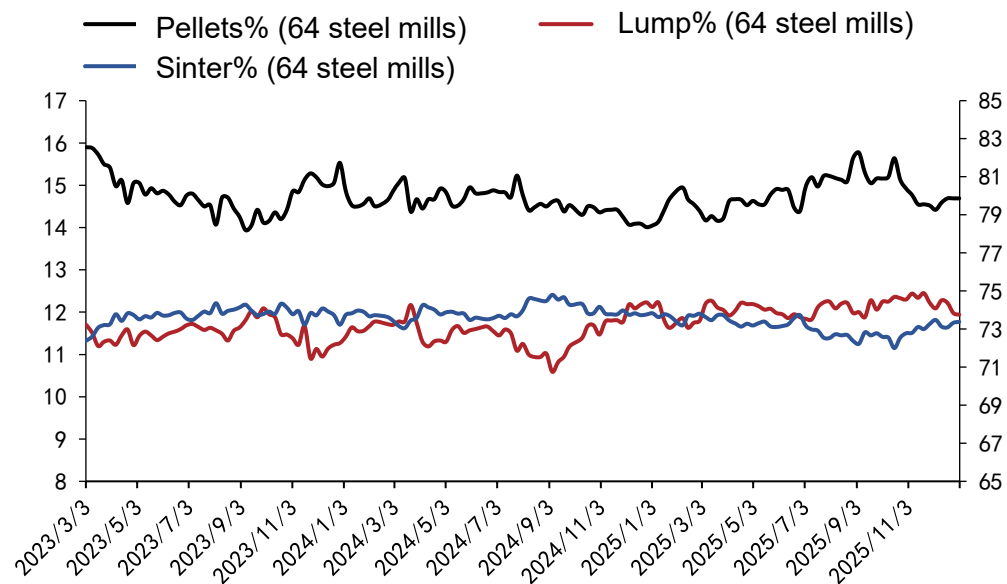
- As of end-December:

Carajás–Jimblebar fines spread: RMB 137/ton (−10.0 MoM)

[(Carajás + Super Special fines)/2 – PB fines] spread: RMB −17.5/ton (−7.5 MoM)

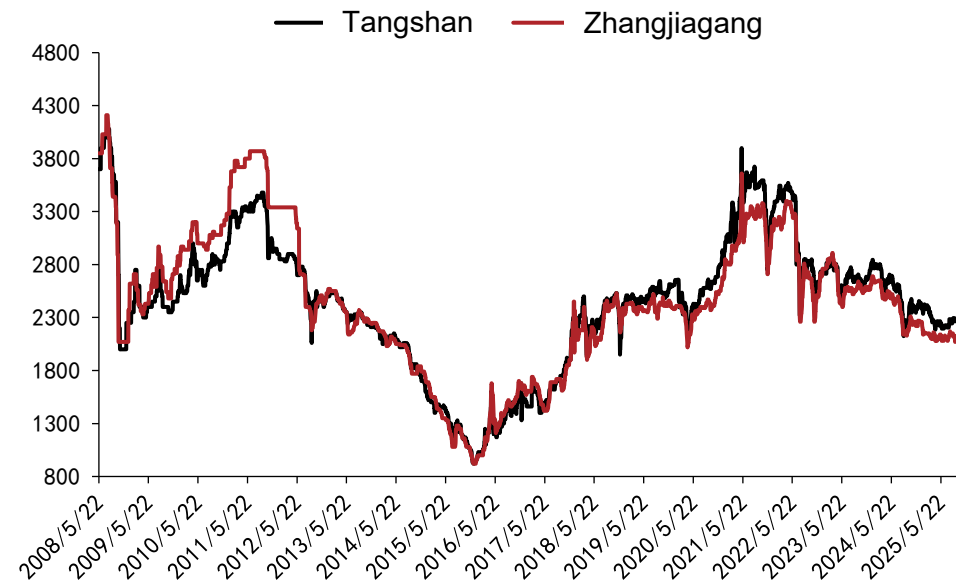
# Furnace Input Ratios, Scrap Steel

Figure 5: Feed Mix Ratio (%)



Sources: MYSTEEL, Minmetals Futures

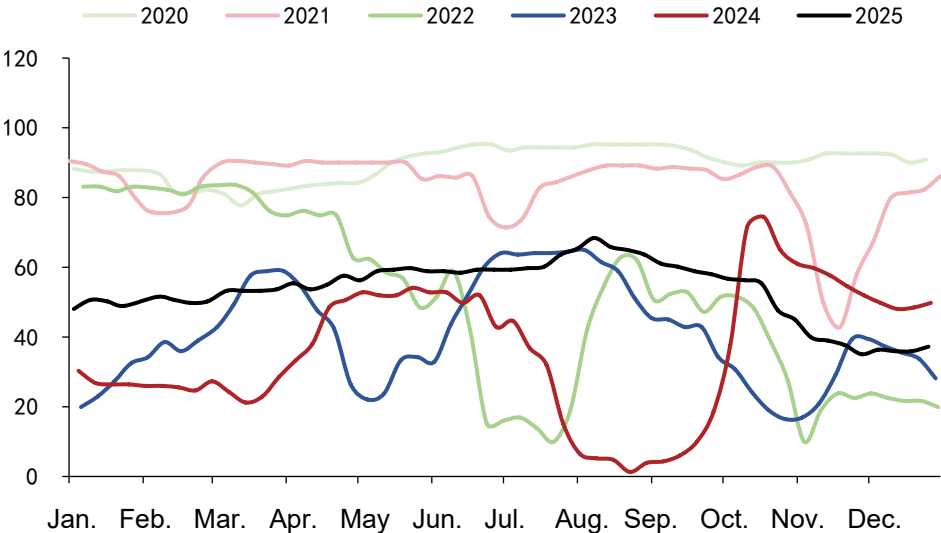
Figure 6: Scrap Price (RMB/ton)



Sources: MYSTEEL, Minmetals Futures

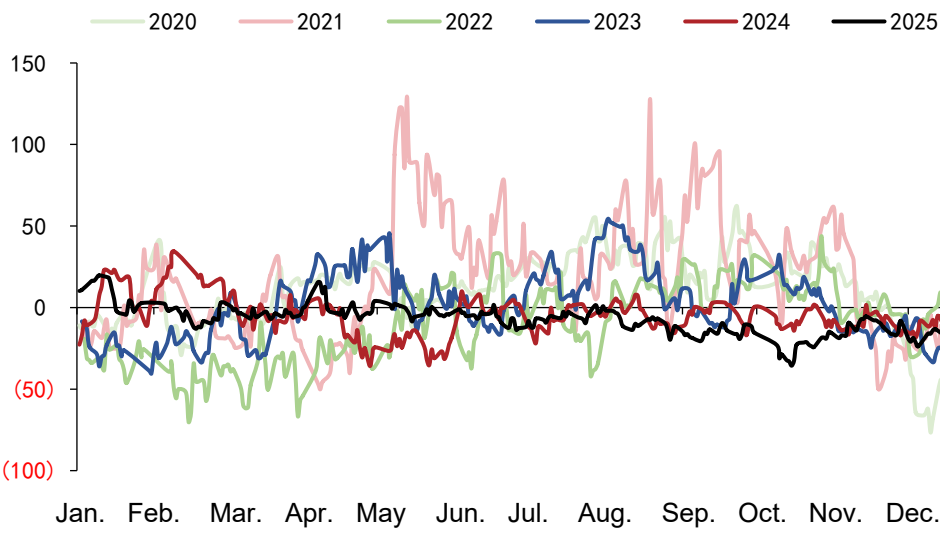
- As of end-December, pellet burden ratio was 14.69% (+0.17 pct MoM), lump ore burden ratio was 11.98% (−0.24 pct MoM), and sinter burden ratio was 73.33% (+0.06 pct MoM).
- As of end-December: Tangshan scrap price: RMB 2,155/ton (+10 MoM), Zhangjiagang scrap price: RMB 2,080/ton (0 MoM)

Figure 7: Steel Mills Profitability (%)



Sources: MYSTEEL, Minmetals Futures

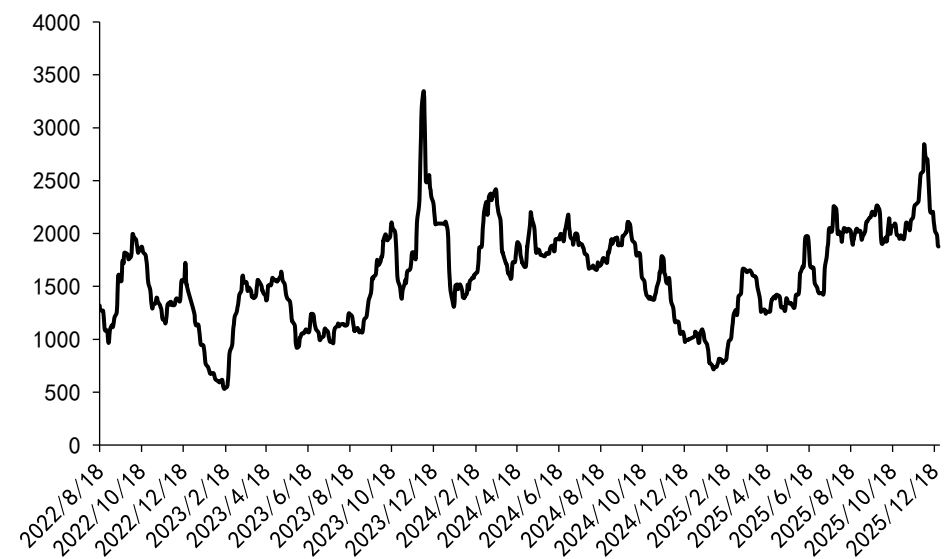
Figure 8: PB Import Profits (RMB/wet ton)



Sources: MYSTEEL, Minmetals Futures

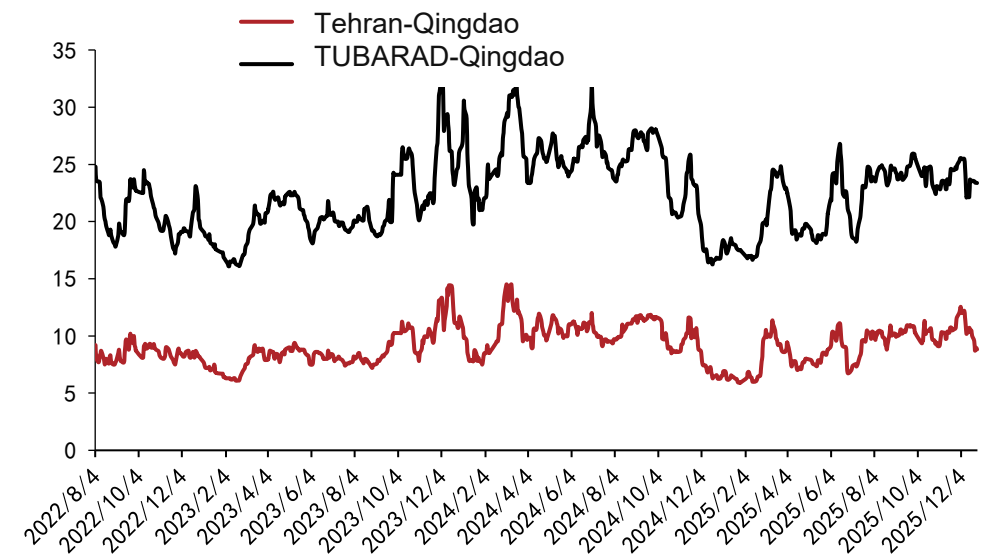
- As of end-December, steel mill profitability stood at 37.23% (+2.17 pct MoM).

Figure 9: BDI (point)



Sources: MYSTEEL, Minmetals Futures

Figure 10: Freight Rates by Origins (USD/ton)



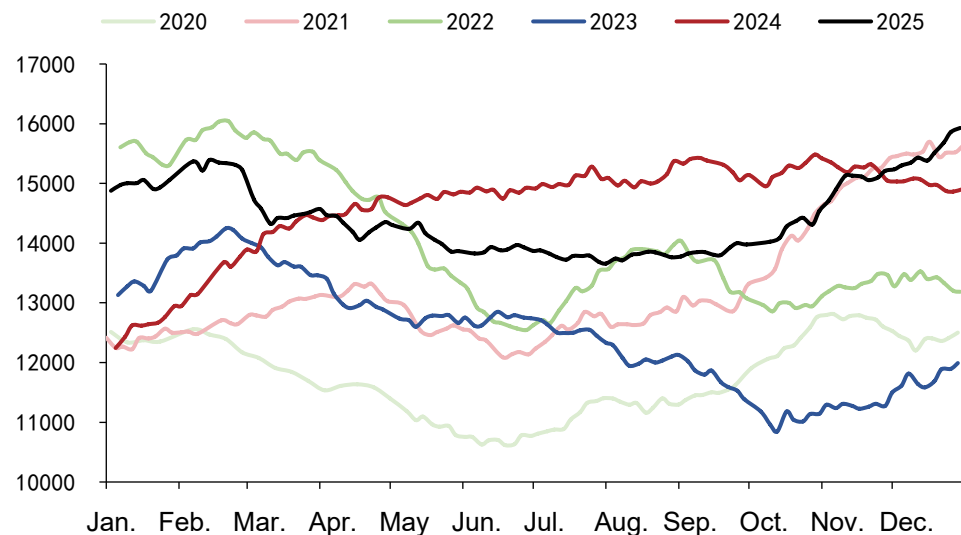
Sources: MYSTEEL, Minmetals Futures

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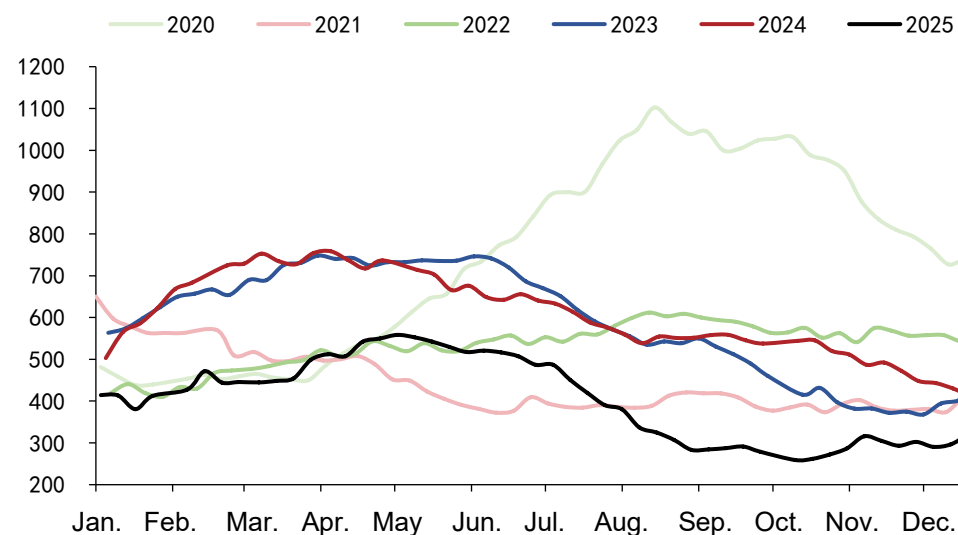
# Inventory

Figure 11: Domestic port inventory (10kt)



Sources: MYSTEEL, Minmetals Futures

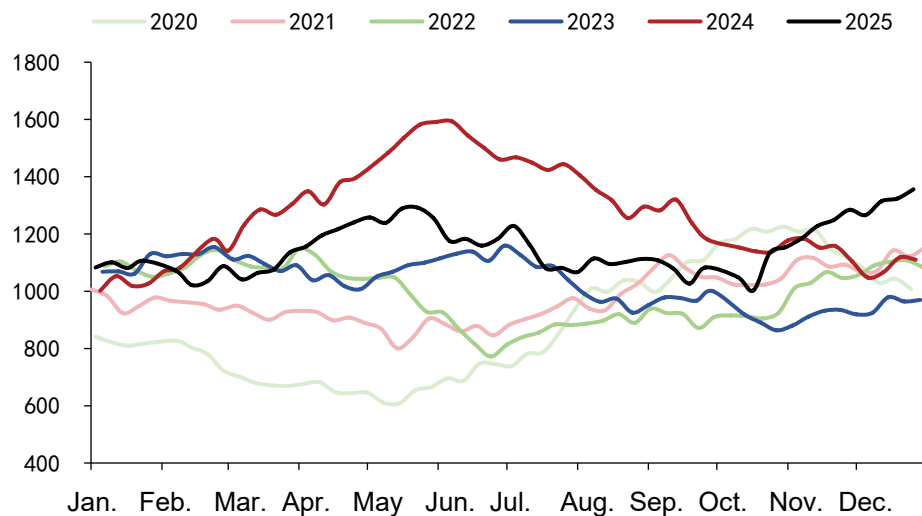
Figure 12: Port inventory: pellets (10kt)



Sources: MYSTEEL, Minmetals Futures

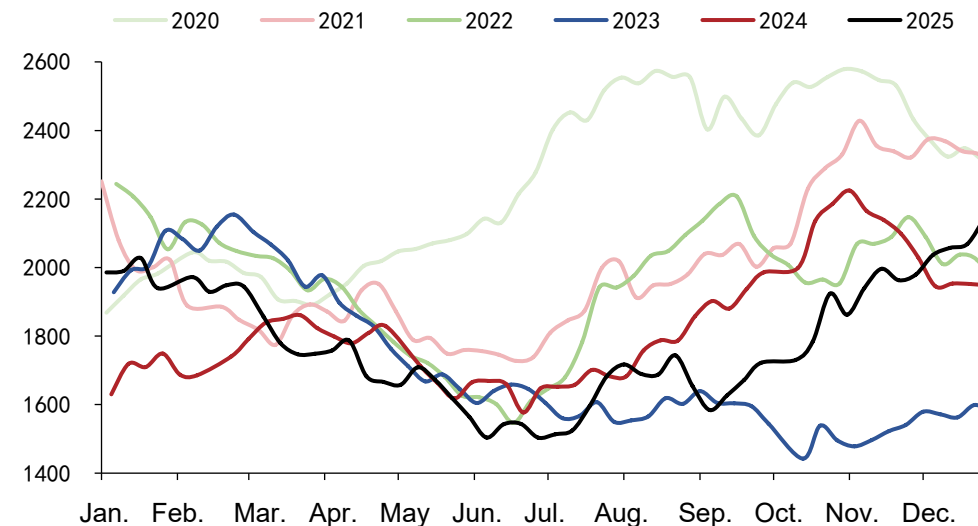
- As of end-December, imported iron ore inventory at 45 ports nationwide totaled 159.29 Mt (+7.19 Mt MoM), including 3.52 Mt of pellets (+490kt MoM).

Figure 13: Port inventory: iron concentrate fines (10kt)



Sources: MYSTEEL, Minmetals Futures

Figure 14: Port inventory: lumps (10kt)

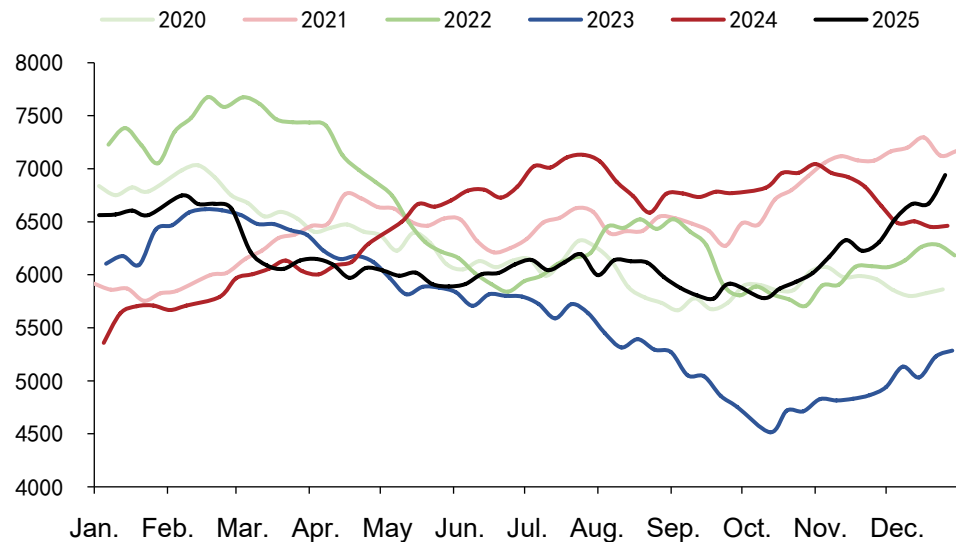


Sources: MYSTEEL, Minmetals Futures

- As of end-December, port inventory of iron concentrate was 13.56 Mt (+720kt MoM); lump ore inventory was 21.45 Mt (+1.65 Mt MoM).

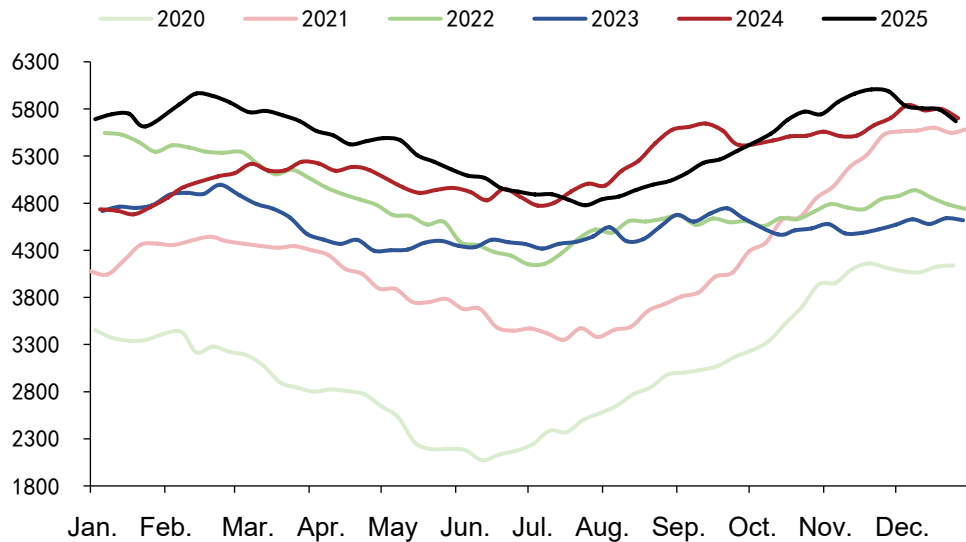


Figure 15: Port inventory of Australian ores (10kt)



Sources: MYSTEEL, Minmetals Futures

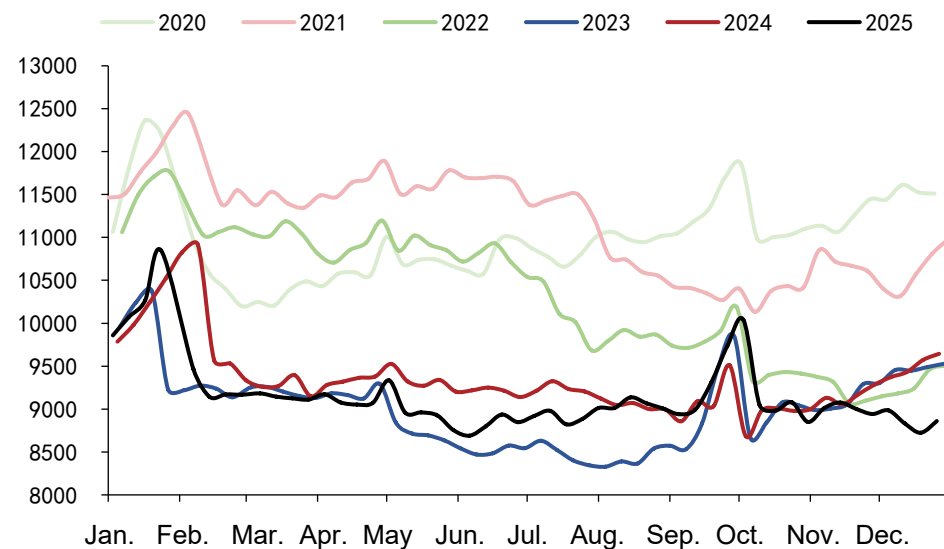
Figure 16: Port inventory of Brazilian ores (10kt)



Sources: MYSTEEL, Minmetals Futures

- As of end-December, Australian ore inventory at ports reached 69.41 Mt (+6.34 Mt MoM); Brazilian ore inventory stood at 56.7 Mt (-3.17 Mt MoM).

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



- As of end-December, imported iron ore inventory held by steel mills was 88.6 Mt (-820kt MoM).

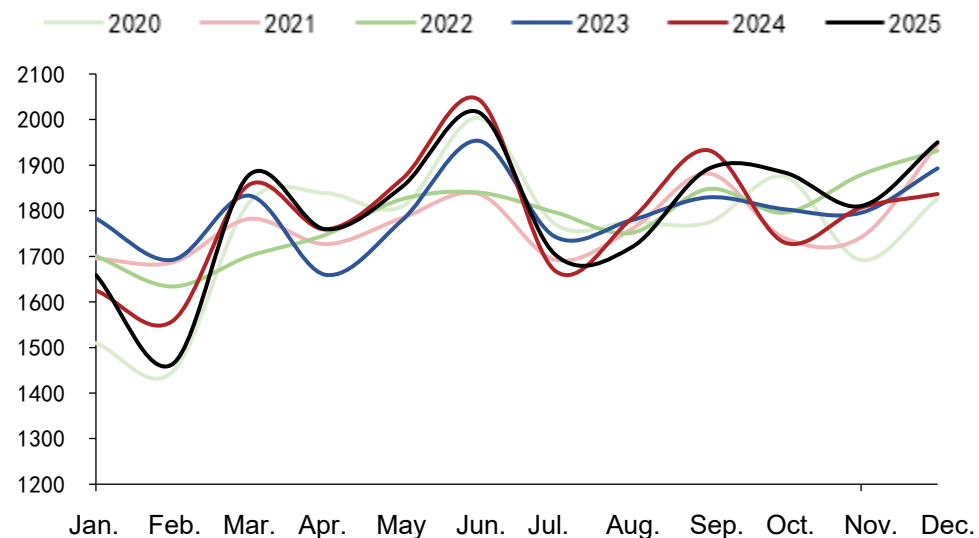
Sources: MYSTEEL, Minmetals Futures

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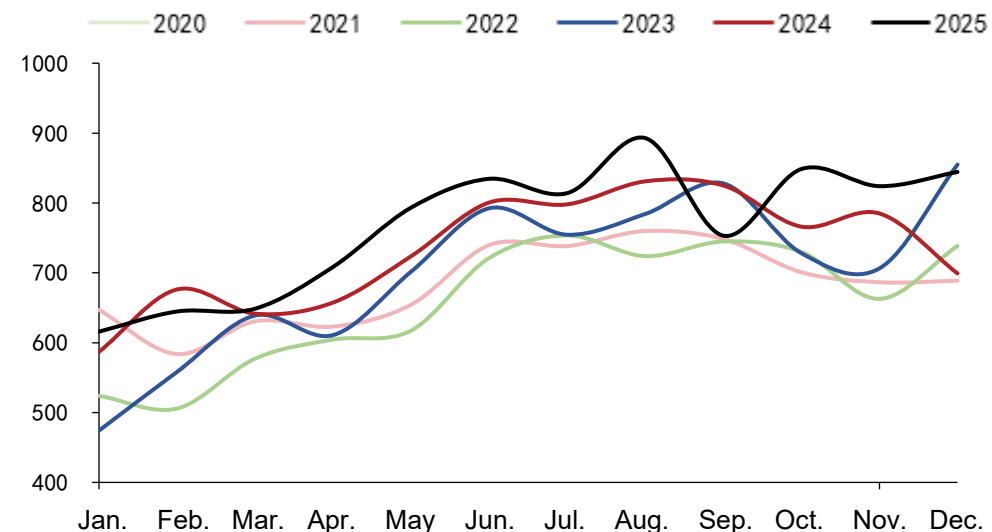
**Supply**

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



Sources: MYSTEEL, Minmetals Futures

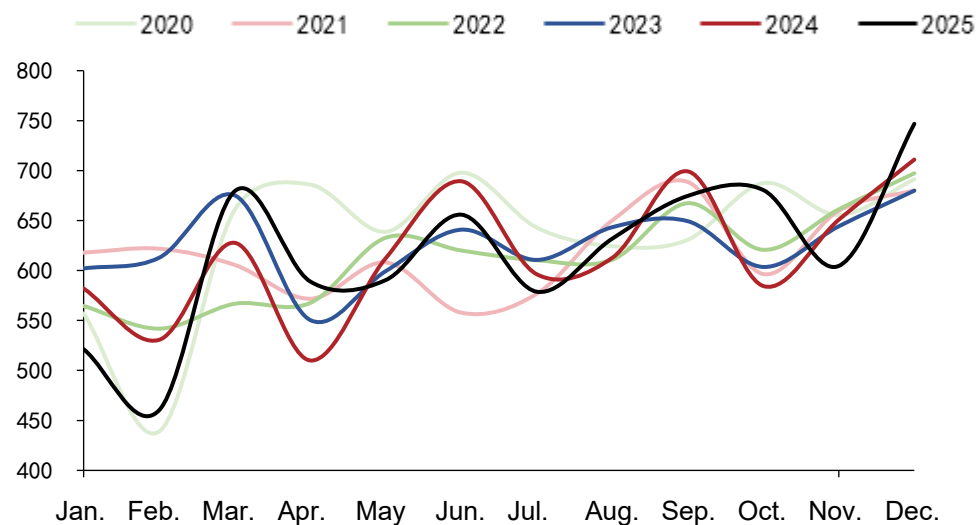
Figure 19: From Brazil to China: 19 ports (10kt)



Sources: MYSTEEL, Minmetals Futures

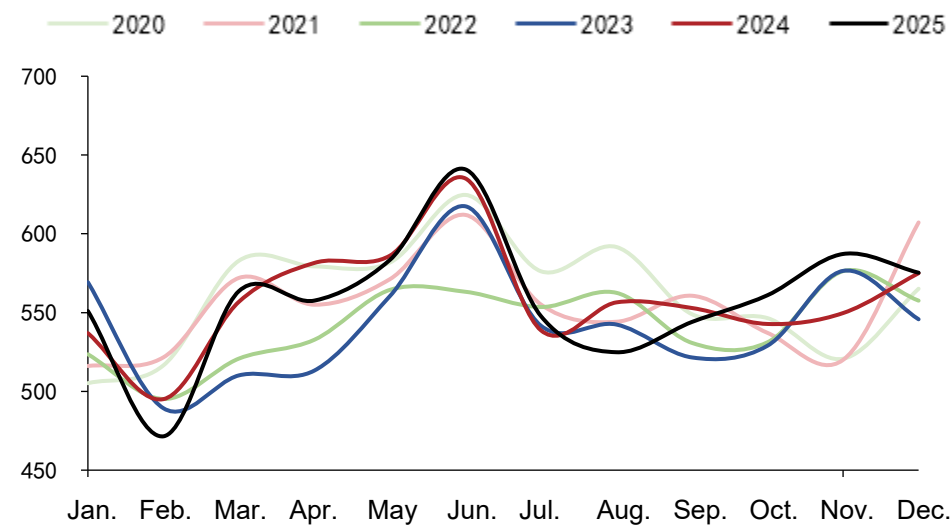
- In December, the average weekly shipment from Australia to China via 19 ports was 16.45 Mt (+700kt MoM); average weekly shipments from Brazil were 8.44 Mt (+200kt MoM).

Figure 20: From Rio Tinto to China (10kt)



Sources: MYSTEEL, Minmetals Futures

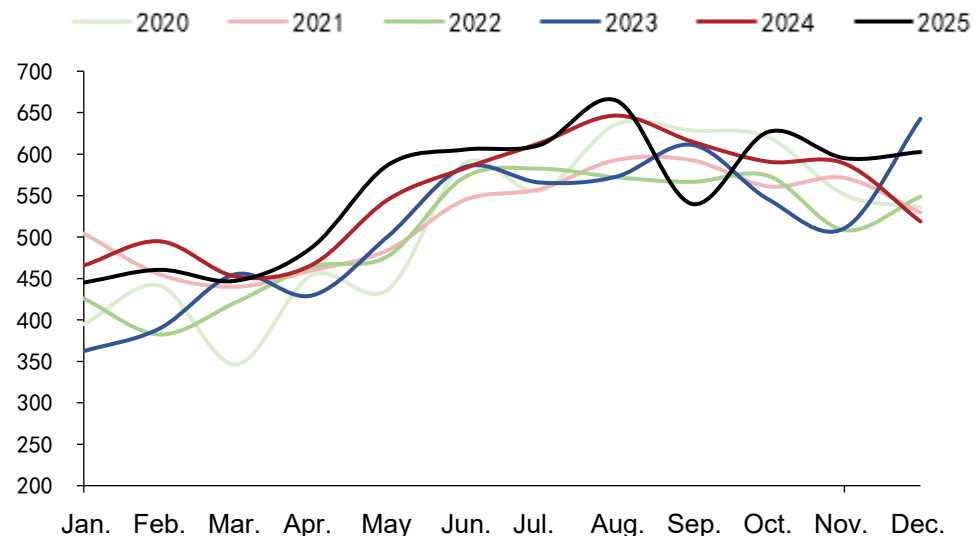
Figure 21: From BHP Billiton to China (10kt)



Sources: MYSTEEL, Minmetals Futures

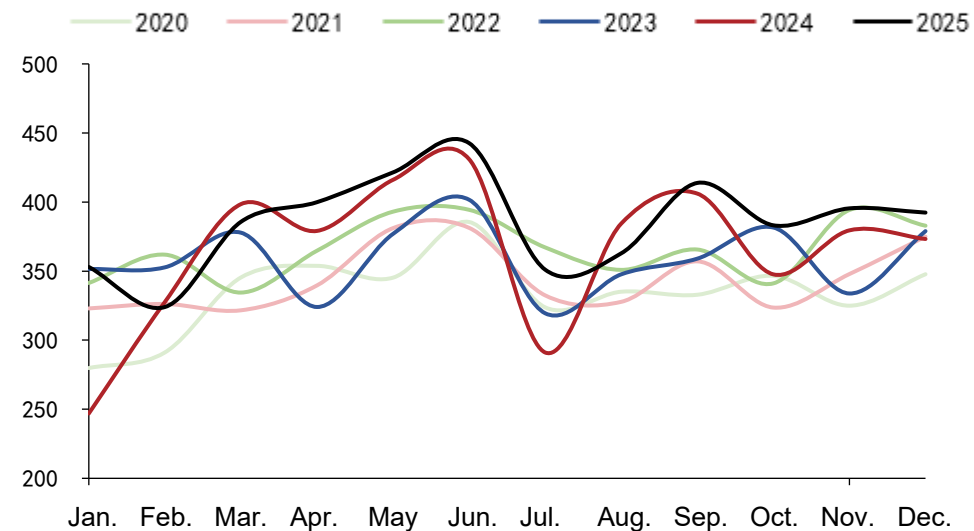
- In December, Rio Tinto's average weekly shipment volume was 7.47 Mt (+1.42 Mt MoM); BHP's average weekly shipment volume was 5.75 Mt (-120kt MoM).

Figure 22: From Vale to China (10kt)



Sources: MYSTEEL, Minmetals Futures

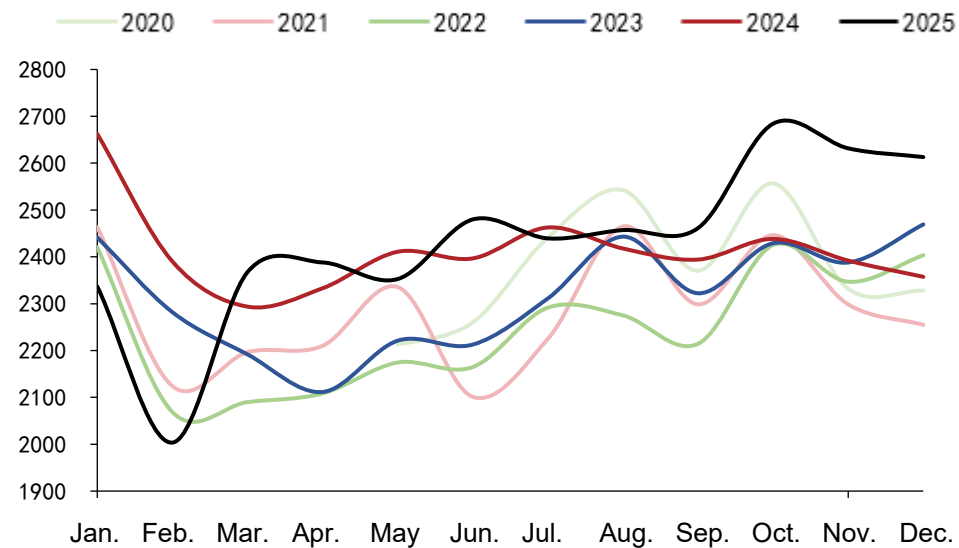
Figure 23: From FMG to China (10kt)



Sources: MYSTEEL, Minmetals Futures

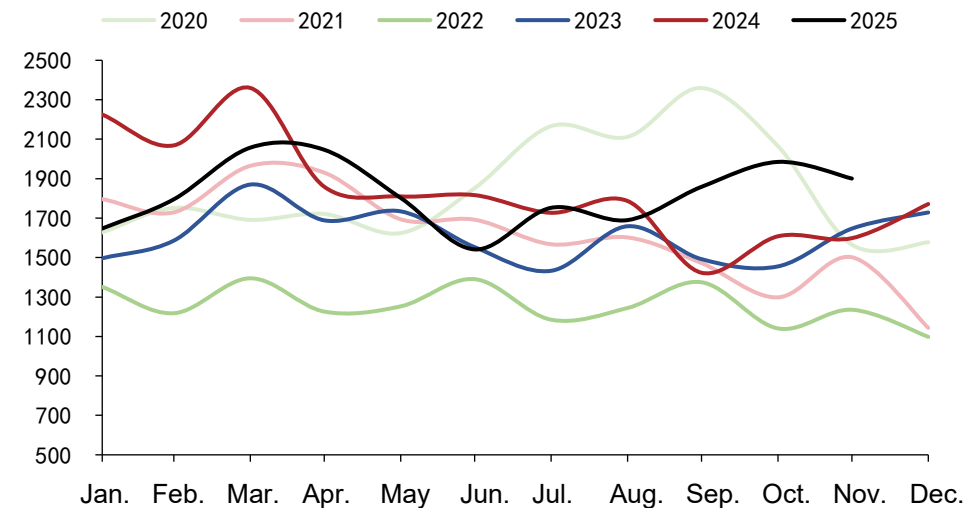
- In December, Vale's average weekly shipment volume was 6.03 Mt (+74kt MoM); FMG's average weekly shipment volume was 3.92 Mt (-30.7kt MoM).

Figure 24: Arrival volume to China ports (10kt)



Sources: MYSTEEL, Minmetals Futures

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

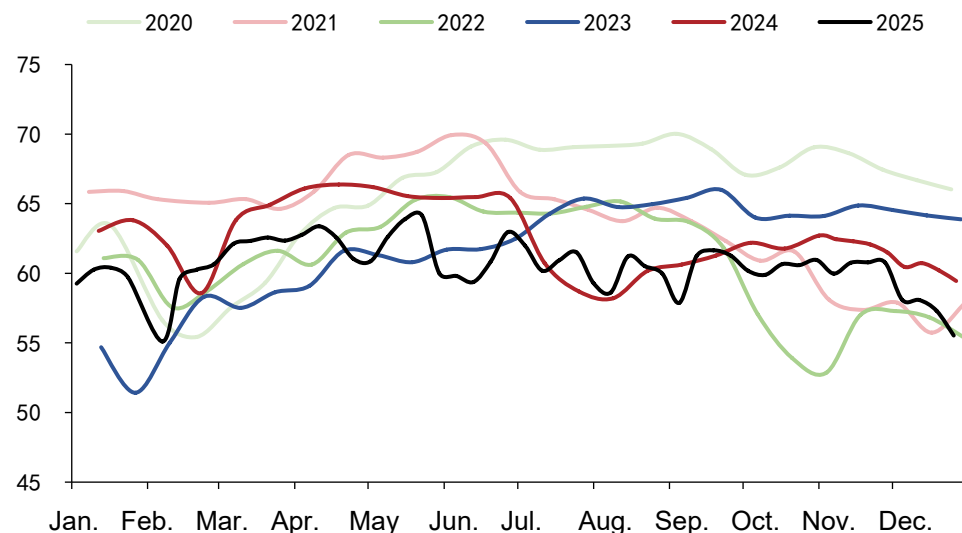


Sources: MYSTEEL, Minmetals Futures

- In December, the average weekly arrival volume at 45 ports was 26.13 Mt (-190kt MoM). In November, China's imports of non-Australian/Brazilian iron ore totaled 19 Mt (-850kt MoM).

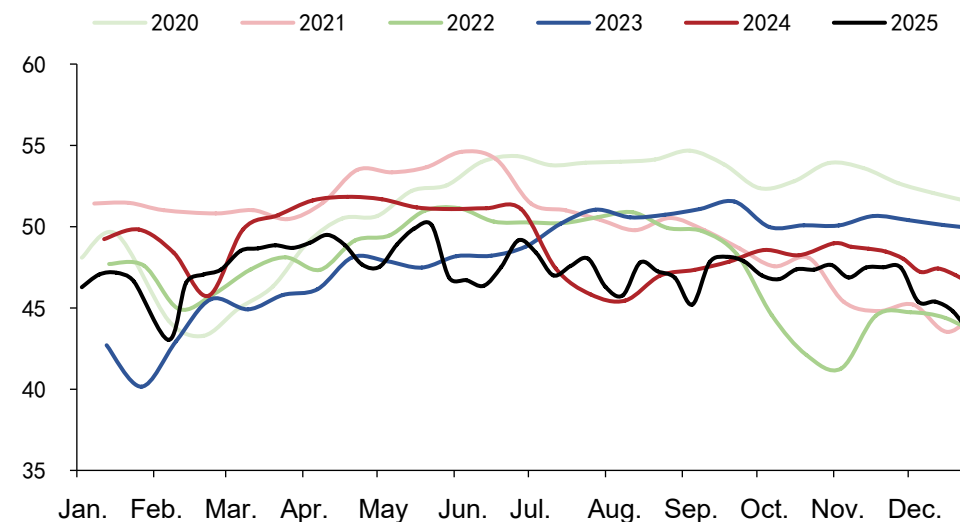


Figure 26: Domestic Mines Operating Rate (%)



Sources: MYSTEEL, Minmetals Futures

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



Sources: MYSTEEL, Minmetals Futures

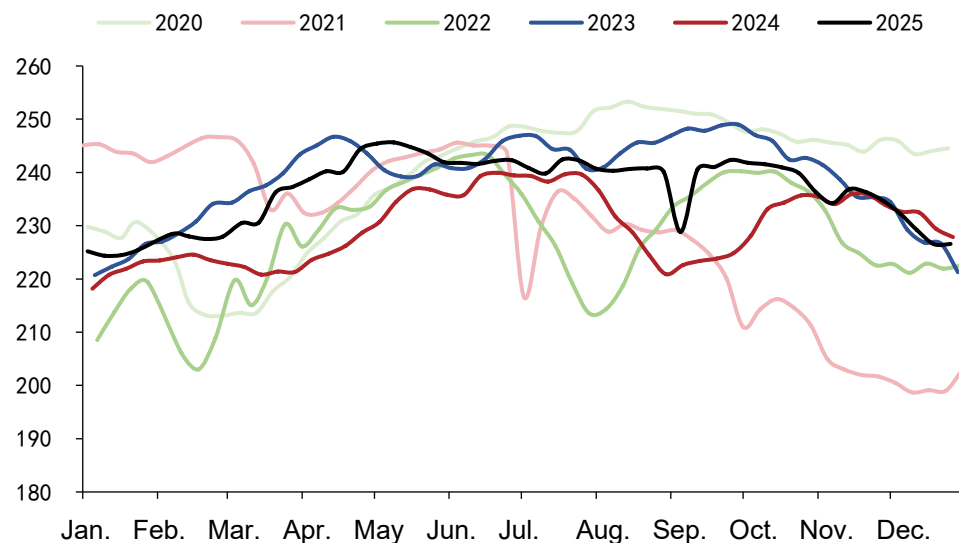
- As of end-December, domestic mine capacity utilization stood at 55.53% (-5.24 pct MoM). Daily average output of domestic iron concentrate was 433.9k tons (-40.9kt MoM).

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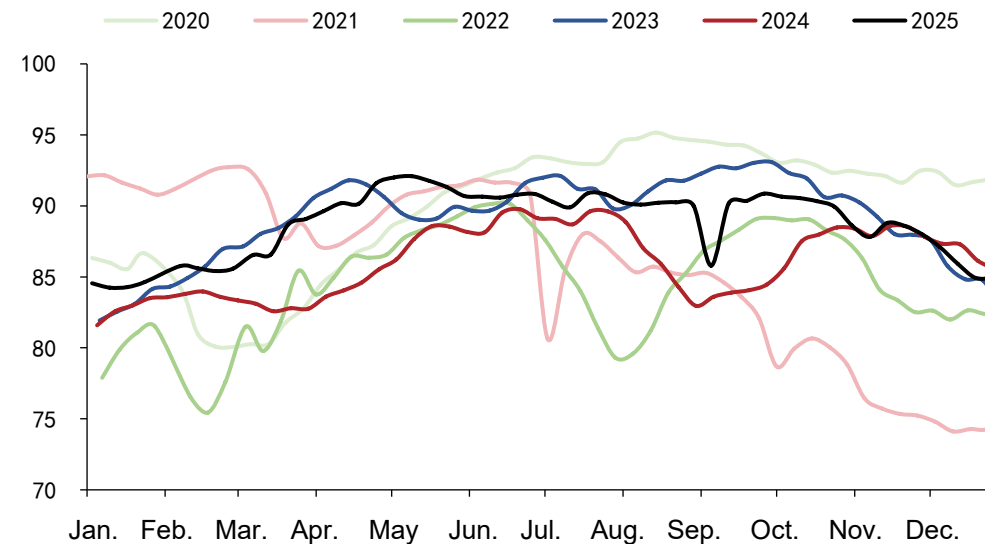
**Demand**

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



Sources: MYSTEEL, Minmetals Futures

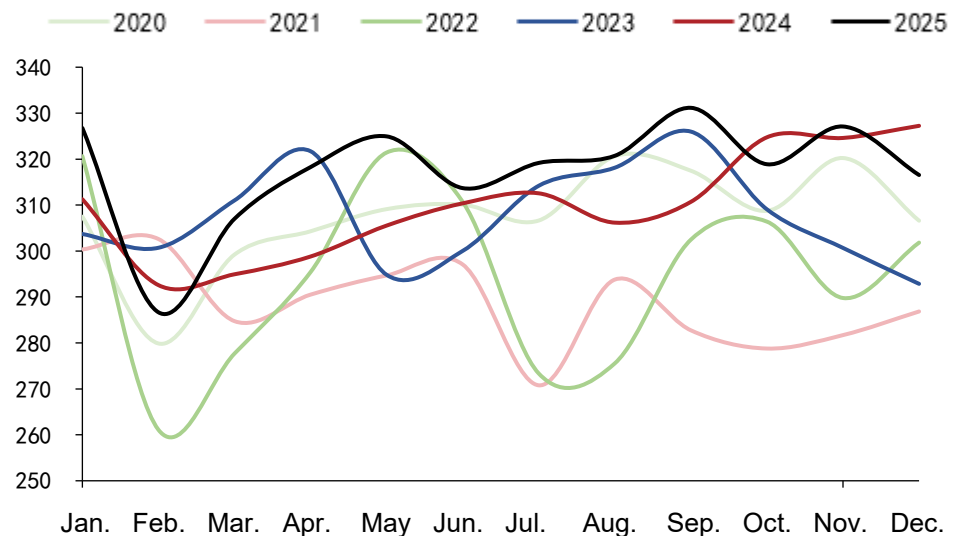
Figure 29: Blast Furnace Utilization Rate (%)



Sources: MYSTEEL, Minmetals Futures

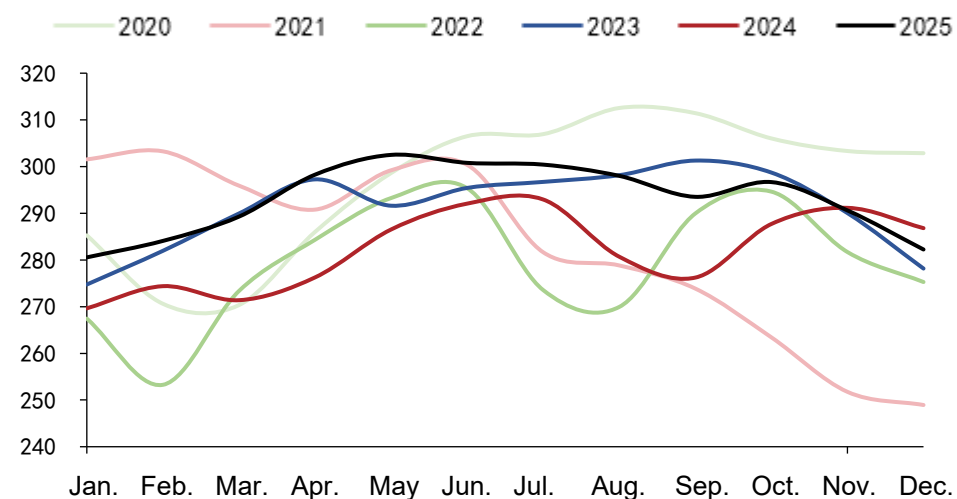
- December domestic molten iron output is estimated at 70.75 Mt, with a daily average of 2.28 Mt (-69.5kt MoM). As of end-December, blast furnace capacity utilization was 84.94% (-3.04 pct MoM).

Figure 30: Average Daily Withdrawals (10kt)



Sources: MYSTEEL, Minmetals Futures

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



Sources: MYSTEEL, Minmetals Futures

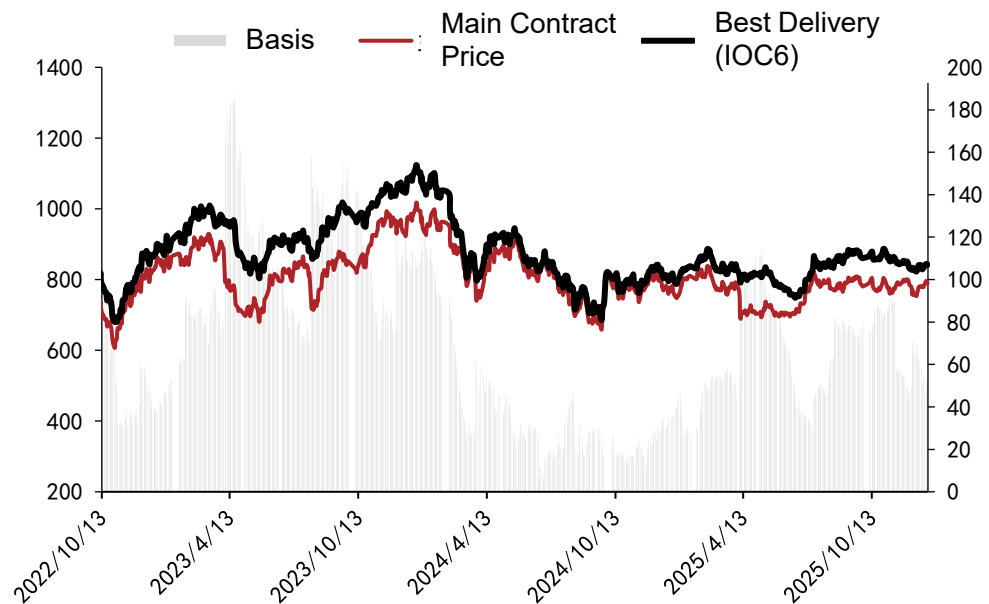
- In December, the average weekly port discharge volume at 45 ports was 3.17 Mt (-110kt MoM). The average weekly daily consumption of imported iron ore by steel mills was 2.82 Mt (-83.8kt MoM).

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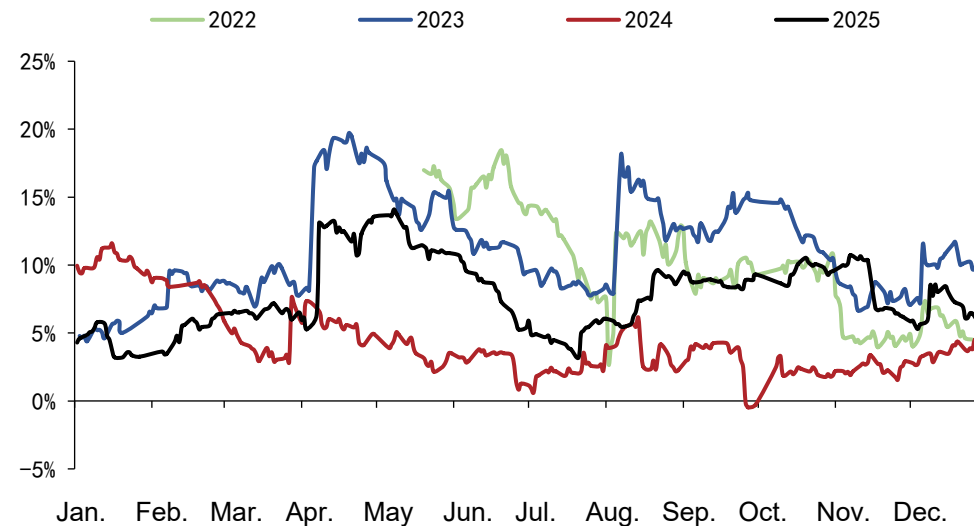
# Basis

Figure 32: Iron Ore Basis (RMB/ton)



Sources: MYSTEEL, Minmetals Futures

Figure 33: Basis Rate (%)



Sources: MYSTEEL, Minmetals Futures

- As of December 31<sup>st</sup>, the basis for the IOC6 front-month iron ore futures contract was RMB 52.61/ton, equivalent to a basis ratio of 6.25%.

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