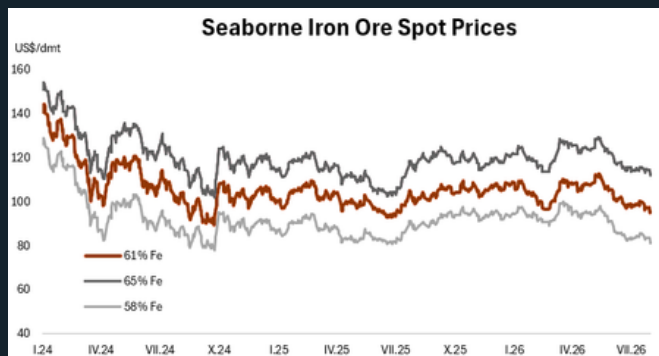


Summary

2/2026

After initially showing signs of stabilising during the first half of July iron ore prices declined to fresh lows towards month-end driven by weak downstream demand sentiment in China and thin mill margins. Fund positioning on SGX is now at its most net short in around a year. While market attention remains fixated on demand concerns, supply-side risks remain with CMRG's ban on around 90Mtpa of FMG supply since mid-July, lingering BHP strike risks at Port Hedland, continued cost pressures and signs some marginal high-cost supply is already exiting the market. Weak Chinese demand is at least in part seasonal with extreme weather including heat waves, flooding and typhoons likely causing a greater seasonal impact on downstream demand during the summer months.

Seaborne Iron Ore Spot Prices

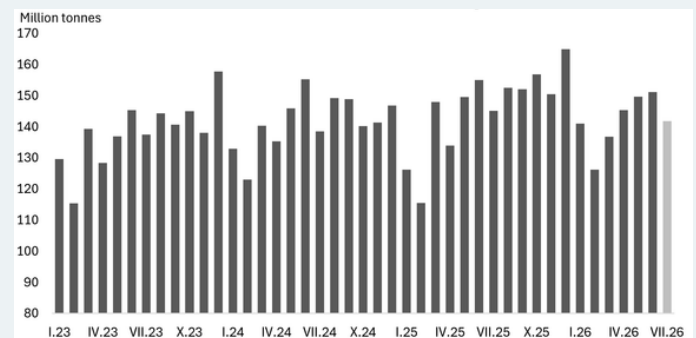


Market themes

July iron ore shipments see seasonal dip.

Seaborne iron ore supply saw a seasonal decline during the month of July. Australian shipments declined -12% versus June and were down -2% on a YoY basis. Brazilian shipments declined -2% MoM and -5% YoY. In addition to lower shipments from the majors, there are signs that some of the marginal swing supply is beginning to exit the market in response to weaker prices. Indian shipments declined -24% on the month to their lowest level since March, West African supply is being temporarily impacted by the wet season while war-related disruptions have severely curtailed Ukraine's seaborne exports.

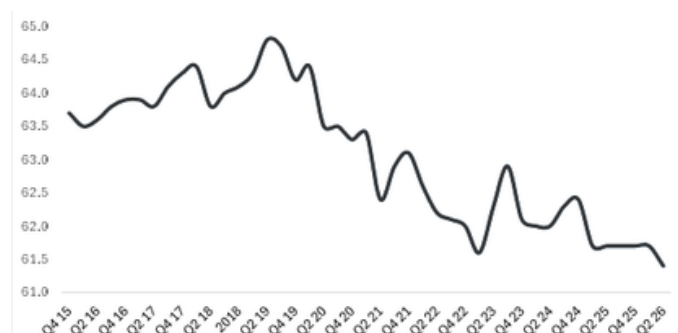
Seaborne Iron Ore Shipments



July iron ore shipments see seasonal dip.

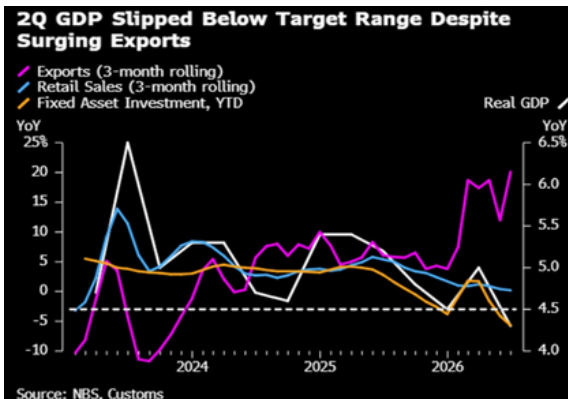
Rio Tinto reported strong Q2 2026 production at 87.1 million tonnes with SP10 volumes falling back to their lowest since Q3 2022. BHP production hit 74.8 million tonnes while price realisations barely registered much impact from previous CMRG restrictions. Vale's Q2 2026 output totalled 84.3 million tonnes while its average Fe grades fell to what looks like a record low. Fortescue recognised an impairment at its Iron Bridge project, which has been plagued by cost overruns and delays with management once again delaying the ramp-up profile, this time to beyond FY28.

Vale Average Fe Content



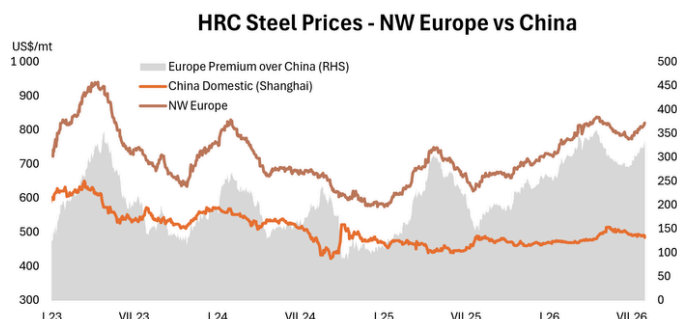
Weak economic data in China, Politburo readout underwhelms.

China's real GDP slowed sharply to 4.3% in Q2 2026 while broad fiscal spending contracted a significant 8% YoY. Some economists have described the ongoing investment contraction as unprecedented, the housing market remains weak and Chinese equities saw a sharp pullback in the second half of the month. In the face of a deepening growth slowdown, an end-July Politburo meeting readout suggested more policy support is coming but this nevertheless underwhelmed markets that were perhaps expecting greater urgency.



European steel industry praises stricter trade safeguards.

Stricter EU steel import quotas will help preserve 200,000 local jobs according to the industry's main trade group Eurofer. From the start of July the EU lowered its quota for tariff-free steel entering the bloc by 47% to 18.3 million tonnes. Trading partners will be required to pay a levy of 50% for volumes exceeding their country-specific allocations, double the 25% rate that had previously been adopted in 2018. ArcelorMittal said the combination of CBAM and tighter import curbs will boost regional production and restore profitability.



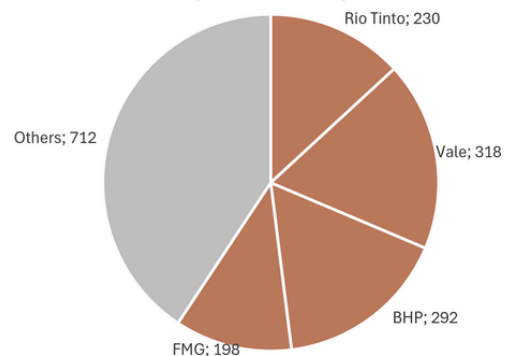
CMRG vs the iron ore majors.

China has effectively banned around 90Mtpa of FMG products since mid-July, which comes just months after similar tactics were deployed against BHP. CMRG's actions



are not isolated but part of a broader strategic playbook that has been refined across other commodities for more than a decade, transforming the country from passive market participant to active market management. That four-pillar strategy has included i) buyer consolidation, ii) a 'going out' upstream acquisition push, iii) securing role of downstream refining bottleneck and iv) financialisation/local currency benchmarking. High supply-side concentration and heavy import reliance has meant relatively slower progress in iron ore, but a clear strategy and deliberate short-term tactics are pushing market power increasingly in favour of CMRG versus the major miners.

Seaborne Iron Ore Supply, 2025 (million tonnes)



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ironore@resinvest.group