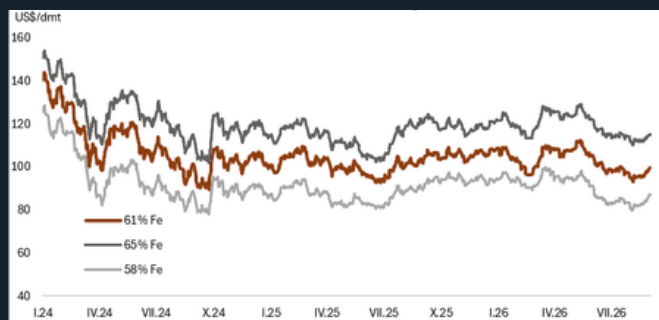


Summary

3/2026

After bottoming out in early August, iron ore prices stabilised before starting to trend higher in the latter half of the month. While downstream demand sentiment in China has remained lacklustre, restocking activities are set to pick up ahead of National Day and construction activities should also see some improvement as we exit the slower summer season and the impact of recent extreme weather fades. Supply-side risks remain with an ongoing ban on around 90Mtpa of low-cost FMG supply since mid-July and concerns those restrictions could be broadened, while stronger resource currencies and higher diesel/freight costs are lifting CFR break-even prices.

Seaborne Iron Ore Spot Prices

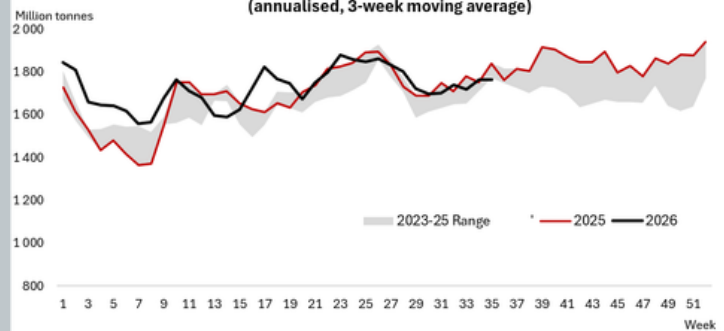


Market themes

1 Iron ore supply stayed seasonally weaker in August.

Seaborne iron ore shipments remained stable at a lower level in August. Australia saw some improvement in H2 Aug, mainly driven by Rio Tinto and BHP while Fortescue shipments began to underperform and supply from the juniors has also been declining. Brazilian shipments were weaker than expected and high freight rates have kept FOB netbacks to Brazil around a multi-year-low. Indian exports have been gradually declining as high-cost supply exits the market, with a rise in imports causing India to flip to a net importer for the first time in more than a year.

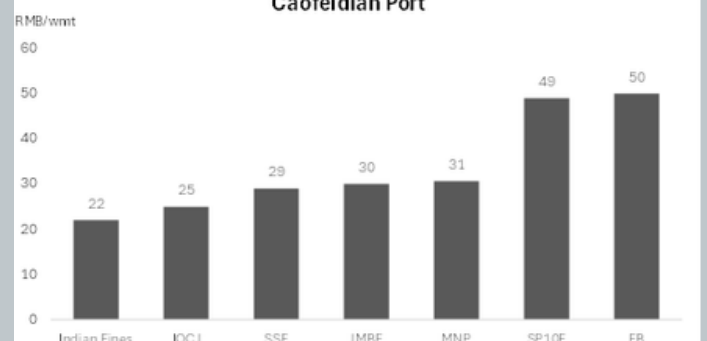
World Iron Ore Shipments (annualised, 3-week moving average)



2 Low-grade fines outperform amid ongoing SSF ban.

Low-grade fines outperformed in the Chinese portside market in August amid demand tailwinds and the impact of an ongoing ban on around 90Mtpa of low-grade FMG supply. Fortescue Blend (FB) and SP10 Fines saw strong outperformance at key Tangshan ports, reflecting not only low-grade supply tightness but also fears these products may be targeted by CMRG. FMG's total shipments have been lower than usual and more volumes are now being shipped to India, while there were reports the company has been shipping more Fortescue Blend over Super Special Fines (SSF), including signs some SSF might be being blended into FB.

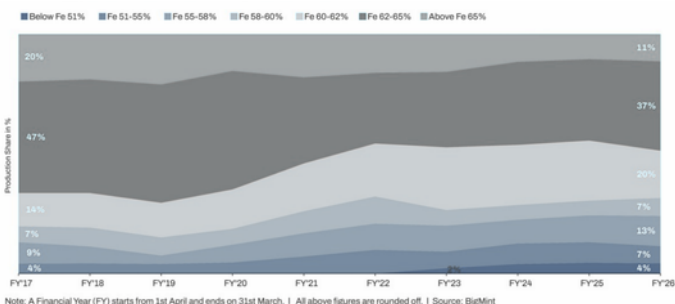
Portside Price Change - 1-31 August 2026 Caofeidian Port



India's beneficiation challenges.

While Indian iron ore production has grown rapidly over the past decade, generally keeping pace with crude steel production, there has been a shift in quality as average Fe grades reduce. A declining share of domestic high-grade ore poses a challenge to DRI producers while favouring the ongoing expansion of blast furnaces that are better suited to accept different ore grades. According to BigMint, in addition to the higher costs of beneficiating India's low-grade ores other challenges include high yield loss and handling/disposal of waste generated – mineralogy is a key factor with ores in Brazil and China generally better suited to beneficiation.

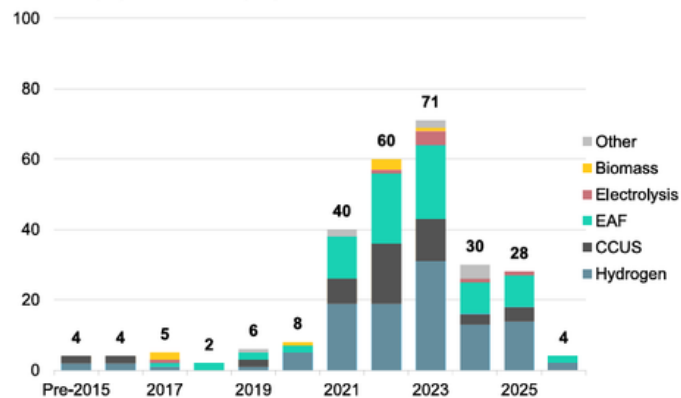
India's grade-wise iron ore production mix



New green steel project announcements have slowed sharply.

Announcements of new green steel projects have slowed sharply from their peak of 71 in 2023, although the pipeline of existing projects remains sizeable according to Bloomberg New Energy Finance (BNEF) with 262 active iron and steel decarbonisation projects totalling 122Mtpa of proposed low-emission steel capacity by 2030. Europe was the leading region for project announcements through 2023, but a large portion of those projects have yet to start construction or have funding committed, while the region's slow hydrogen infrastructure buildout and high natural gas prices cast doubt on the economics of many such projects.

Number of projects announced per year



Source: BloombergNEF. Note: Data as of April 2026. Discontinued projects are excluded. The direct reduction furnace (DR) and the electric arc furnace (EAF) in a DR-EAF project are counted as two separate projects. CCUS is carbon capture, utilization and storage.

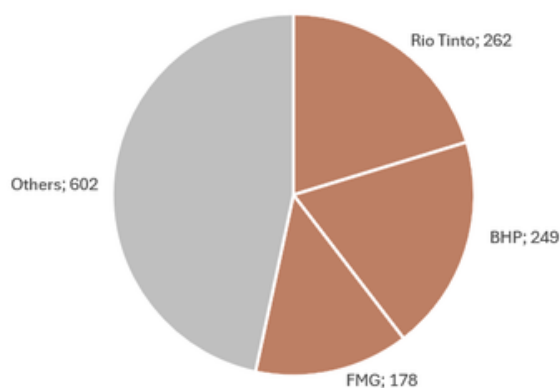
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Is CMRG pushing the Aussie majors together?

CMRG has not had any term contract in place with Fortescue since the end of June. CMRG's term contract with Rio Tinto has just expired with no imminent sign of a new deal. If the market adapts to purchasing Rio and FMG ores without the involvement of CMRG then it starts to dilute CMRG's own market power. CMRG has tended to escalate with fresh product bans, yet with 90Mtpa of low-cost FMG ores already banned for consumption in China since mid-July it isn't clear how much scope there is for more bans without creating upside price pressure and greater operational disruptions for steelmakers. While Australian miners have generally remained tight-lipped around their negotiations with CMRG, recent Australian media reports suggest CMRG's muscle-flexing may drive increased coordination and collaboration among the major miners.

China Iron Ore Imports, 2025
(million tonnes)



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