

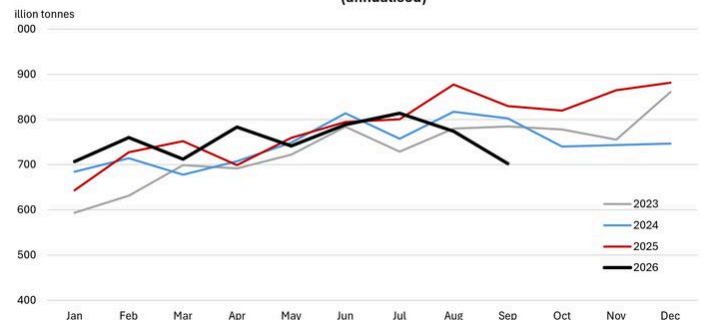
IRON ORE INSIDER

Market themes

High-cost iron ore suppliers are curtailing production.

Seaborne iron ore shipments have held stable in recent weeks, although this masks some diverging trends. Australian shipments have continued to perform well and the ramp-up at Simandou has clearly exceeded expectations, although this masks declining supply from several other regions. If excluding Australia and Guinea, seaborne iron ore shipments from elsewhere declined -15% YoY in September to their lowest level in well over a year, which follows a -12% YoY decline in August, with the weakness being led by lower supply from Brazil and India.

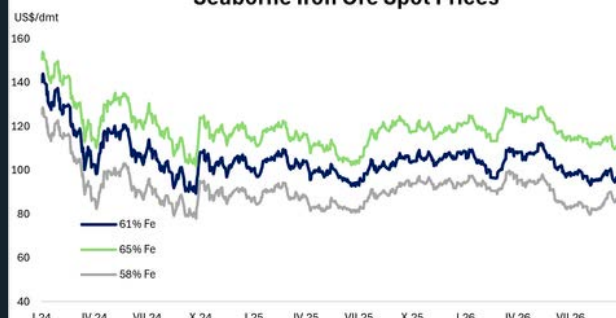
Ex-Australia & Guinea Seaborne Iron Ore Shipments
(annualised)



Summary

After briefly breaking above \$100 early in the month iron ore then slid lower to close September at its lowest level in over a year. An anticipated seasonal downstream demand pick-up in China underwhelmed and higher coke prices pushed most of China's integrated steelmakers into the red. While iron ore prices continue to decline on weak demand, prices have been cutting into the cost-curve – strong dry bulk freight rates and high energy costs have lifted marginal costs on the supply side – and several producers have begun to curtail production in response, with many others assumed to now be operating at a cash loss.

Seaborne Iron Ore Spot Prices



India became a bigger net importer in September.

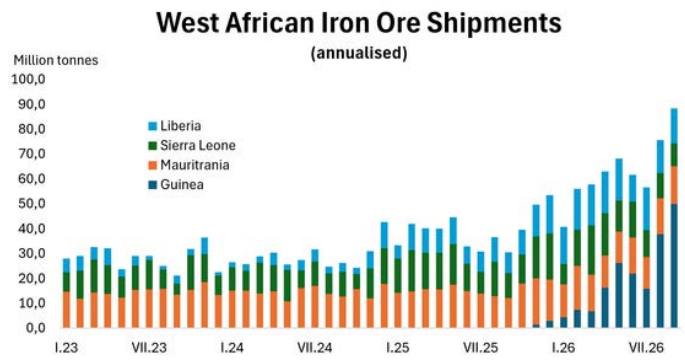
India was a net importer of iron ore for a second consecutive month in September. Imports continued to rise reaching an annualised run-rate of 30Mtpa, while export volumes pulled back sharply as high-cost swing suppliers exit the market. As a result India's net imports hit an annualised run-rate of 18Mtpa in the month. Brazil continues to account for the largest share of India's iron ore imports, with other key suppliers in the month including Australia, Sweden and Canada.

India Monthly Net Iron Ore Exports
(annualised)



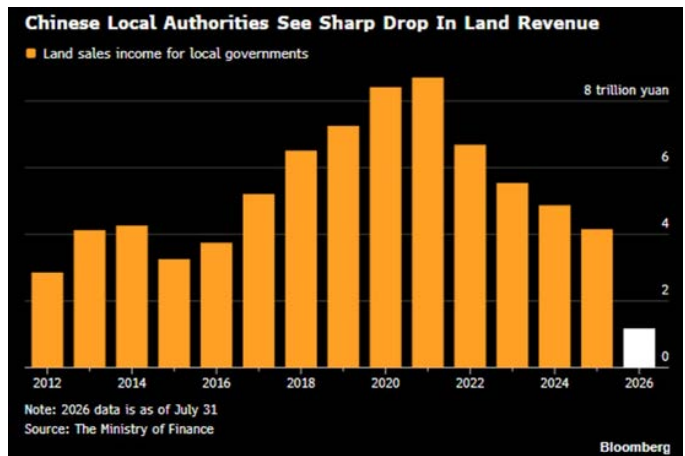
West African iron ore shipments hit another record high.

West African iron ore shipments hit a fresh record high in September with volumes annualising at just below 90 million tonnes. Shipments from Guinea's Simandou have rebounded sharply in recent weeks with exports hitting an annualised run-rate of 50Mtpa in September and year-to-date shipments already exceeding 15 million tonnes. When stripping out the impact of Simandou, total shipments from the rest of West Africa have declined to their lowest level since January, which has primarily been driven by a steady decline in shipments out of Sierra Leone.



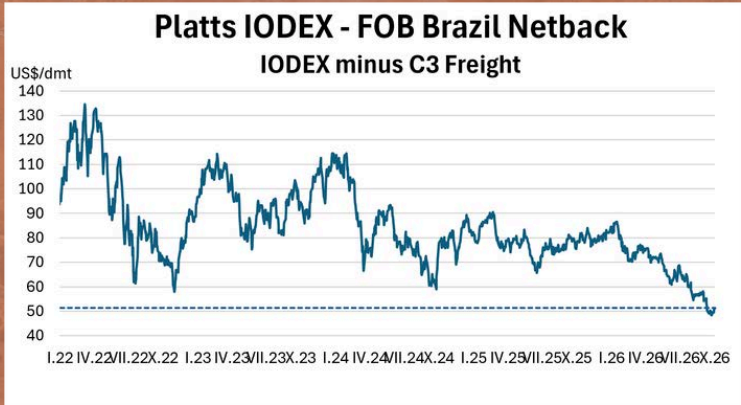
China property overhaul to further strain developer and local government finances.

China has initiated a structural overhaul of its decades-old housing sales system aiming to phase out reliance on the high-leverage presale model in favour of completed-home sales, while tightening access to and use of presale escrow funds. There are already signs the new rules are reducing developer appetite for new land. While full details of regional policies are not yet clear, the new policy push that essentially bans developers from withdrawing sales proceeds until projects are completed is seen as a further downside shock, lengthening the working capital cycle for developers and likely hitting steel demand from the construction sector even further as developers become more selective around new projects.



Strong freight and diesel costs weigh on producers.

Strong dry bulk freight rates and higher energy costs have weighed heavily on higher-cost iron ore producers in recent weeks, with several Brazilian suppliers already starting to curtail output in response to weak market conditions and with Indian exports declining to a multi-year-low. Headline iron ore spot prices closed September at their lowest level since mid-2025, but when factoring in freight rates FOB Brazil netbacks have declined to around \$50/dmt, their lowest level since late 2018. A modest pullback in freight rates and weaker resource currencies late in the month offered small respite, but nowhere near enough to move the needle.



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