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Vale Iron Ore Export Prospects Remain Promising

As we discussed in our note on Monday, Vale's total iron ore sales in Q3 rose to 85.1 million tons. This is 14.3 million tons (20%) more than was sold in Q2 but marks a year-on-year drop of 13.1 million tons (-13%). Q3's surge in iron ore sales contributed greatly to the strength seen in the capesize market last quarter, and going forward Vale's sales are likely to climb further and capesize rates are likely to jump again. Vale last week again reiterated that its full-year iron ore sales guidance is 307 to 332 million tons and that the midpoint of the range is expected. The midpoint is 319.5 million tons. If sales are to total 319.5 million tons this year, then this means Q4 sales will total 95.9 million tons which would mark growth of 10.8 million tons (13%) from Q3's already robust volume.

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