

# COMMODORE RESEARCH

## **Chinese Iron Ore Import Prospects Remain Promising**

As was widely reported last week, iron ore imports totaled 94.9 million tons in August. This is up month-on-month by 3.8 million tons (4%), year-on-year by 5.5 million tons (6%), and marks the largest volume seen in nineteen months. The last two months have now seen imports average 92.9 million tons. In comparison, the previous five months (February through June) saw iron ore imports average only 81.8 million tons. As we have continued to discuss in our Weekly China Reports in recent months, we have been bullish for China's iron ore imports for the second half of this year and we remain bullish. Iron ore production from the major miners in Australia and Brazil is very seasonal, and more supply remains likely to continue surfacing in the export market through the end of this year (Australian and Brazilian iron ore production also faced abnormal issues earlier this year that have since come to an end). Also encouraging for import prospects is that iron ore port stockpiles in China remain relatively low, steel output remains strong, and steel prices have fared very well in recent weeks compared to global iron ore prices. These are bullish factors that we have continued to highlight, and all of these factors remain in place.

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