

# COMMODORE RESEARCH

## Ongoing Weakness Outside of China

Global crude steel production outside of China totaled approximately 66.3 million tons in February. This is 600,000 tons (-1%) less than was reported last year for February 2018's production and now marks three straight months where a year-on-year contraction has occurred. Remaining very significant is that prior to this current contractionary period, global crude steel production outside of China had not contracted on a year-on-year basis since September 2016. Overall, the ongoing weakness in the steel market outside of China remains concerning for global iron ore trade prospects. Going forward, we remain bearish for global iron ore trade prospects and continue to anticipate that a year-on-year contraction will occur this year. This view is entirely unrelated to the Vale disruption, which on its own continues to present a significant headwind as well.

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