COMMODITY UPDATE

23RD OCTOBER, 2024

ACE Insights



INSIGHTS Highlights

- Market Overview Q1-Q3
- Price Trends
- Impact of China on global markets
- Forecast of Q4

Founder's Note

Welcome to the second edition of ACE Insights! This issue brings a deep dive into the latest trends in the commodity markets, with a specific focus on iron ore and a brief look at the maritime industry, particularly in the Asian markets.

Iron ore continues to experience fluctuations amid shifting global demand and changing economic policies, especially with China's industrial recovery pacing unevenly. Supply concerns and price volatility remain key factors to monitor as the commodity moves through the last quarter of the year.

We hope this edition equips you with valuable insights to stay ahead in these dynamic markets.

Ashish C.





Market Overview

From January to September 2024, iron ore production increased slightly, marking a 2% growth compared to the same period last year.

Q1 to Q3 2024

Key statistics

- Global Production
  Total Iron Ore Production (Q3 2024): 65 million tones, a 2% increase from Q1 2024.
- Major Producers:
  Western Australia Iron Ore (WAIO): 63.4 million tones
  Samarco: 1.3 million tons (+4%).
- Key Drivers:
  Operational Upgrades: South Flank project ramp-up and improved port logistics boosted production.
  Pellet Production at Samarco: Early resumption of operations added capacity.
- Pricing Trends
  Q1-Q3 Average Price: USD $80.10 per wet metric ton (wmt).
  Decline: Prices dropped by 18% from Q1's USD $98.04 due to weaker demand from China.

IRON ORE PRICES 2024



· Iron Ore Production (Q1-Q3 2024):
The production saw a steady rise, reaching 65 million tons by Q3, indicating stable operations and increased efficiency in supply chains.

· Iron Ore Prices (Q1-Q3 2024):
Prices exhibited a downward trend, declining from $98.04 per wmt in Q1 to $80.10 per wmt by Q3, reflecting weaker global demand, especially from China.



Impact of China on Global Market

China remains the largest global importer of iron ore, with its demand shaping global price trends, however, 2024 saw fluctuating demand.

IRON ORE
Importers & Market Share

Country	Iron Ore Imports (Million Tons)	Change (YoY)
China	691.4	-3.3%
Japan	56.7	-2.9%
South Korea	42.5	-5.5%
India	98.5	+6.5%
European Union	87.2	+1.5%

China was a dominant importer of iron ore, accounting for over 70% of global seaborne imports. However, China's reduced steel production, which fell 3% YoY through August 2024, and its property sector slump have suppressed demand, impacting global prices.

Global Demand

The anticipated recovery in Q4 hinges on:

- Property Market Stabilization: Planned fiscal stimulus aimed at reviving the housing sector.
- Economic Policy Support: Easing of restrictions to restore business confidence.

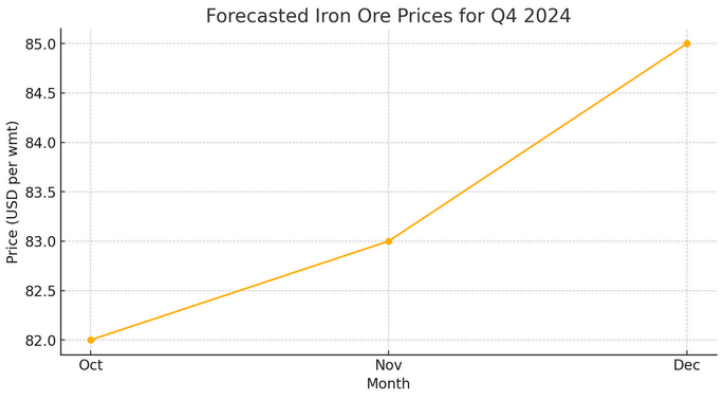
Chinese Demand and Economic Stimulus

- Property Market Recovery: China's real estate sector, which consumes significant steel, is targeted for government stimulus. If effective, this will increase demand for steel and iron ore.
- Infrastructure Investments: Ongoing infrastructure projects supported by fiscal policies will drive demand for iron ore.
- Manufacturing Recovery: A rebound in China's manufacturing activities, if achieved, could boost raw material imports

Asian Market Update

- **Japan:**
  Steel Production: Declined 2.9% YoY through August 2024 due to weaker domestic demand.
  Infrastructure Investments: Japan has increased investment in construction projects to stimulate growth, which may drive iron ore imports in Q4.
- **South Korea:**
  Iron Ore Imports: Fell by 5.5% YoY in 2024, reflecting a slowdown in industrial production.
  Focus on Efficiency: South Korea's steelmakers are adopting technologies to optimize raw material use, including higher-grade ores, aligning with environmental goals.

Forecast Q4



The graph above illustrates the forecasted iron ore prices for Q4 2024.

October: USD $82 per wmt
November: USD $83 per wmt
December: USD $85 per wmt

These forecasts reflect potential recovery in demand due to infrastructure investments and fiscal measures in China. However, disruptions in supply chains or unfavorable weather conditions could introduce volatility.

Conclusion

The iron ore market is showing signs of stabilization as China introduces stimulus measures. Infrastructure investments in Japan and South Korea also hint at improving demand. Prices are expected to recover modestly towards the end of Q4 2024, with the potential for further growth in early 2025 if China's property sector stabilizes.
Maintaining efficient logistics, tracking developments in trade routes, and preparing for weather disruptions will be crucial for dry bulk operators and iron ore traders in the maritime industry.

Thank you for reading!

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