

## Iron Ore Imports Collapse as China's Great Cleanup Kicks In (4)

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(Bloomberg) -- Iron ore imports by China slumped last month to the lowest in more than a year, sinking from a record of above 100 million tons, as mills prepared for unprecedented state-ordered curbs on steel output over winter.

Purchases dropped to 79.49 million tons in October, according to customs data on Wednesday. That's down from September's 102.8 million tons, and is the lowest amount since February 2016. Over the first 10 months, imports by the world's top buyer still expanded 6.3 percent to 896 million tons.

Iron ore users and investors have been tracking China's bid to rein in pollution this winter by imposing restrictions on mills' production, in addition to curbs on other industrial activity. The drive has buttressed prices of higher-quality ores that are more efficient, while spurring speculation about a demand roller-coaster, with weaker consumption seen near term before a possible snapback in spring. At the same time, miners in Brazil and Australia have added supply.

The decline in China's iron imports was the standout item amid a broader weakening of purchases, Daniel Hynes, a senior commodity strategist at Australia & New Zealand Banking Group Ltd., said in a note. "The closures of steel mills due to environmental concerns were behind the fall," he said. Demand for raw materials imports is likely to rebound, according to the bank.

Benchmark spot ore with 62 percent content in Qingdao lost

0.6 percent to \$62.26 a dry ton on Wednesday, according to Metal Bulletin Ltd. Prices have dropped 21 percent this year. Futures were mixed, with the SGX AsiaClear contract up 0.6 percent in Singapore and prices in Dalian 0.6 percent lower.

Miners' shares retreated. Fortescue Metals Group Ltd., the world's fourth-largest iron ore exporter, declined 2.6 percent to A\$4.90 in Sydney, as fellow suppliers BHP Billiton Ltd. fell

0.9 percent and Rio Tinto Group slipped 0.7 percent. The trio are Australia's top exporters.

As China curbs steel output to fight pollution, mills have been keeping more of their products at home. Steel exports fell to 4.98 million tons last month, down from September's 5.14 million tons, and the lowest since 2014.

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