

China Iron Ore Imports Surge to Near Record as Shipments Swell

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By Krystal Chia

(Bloomberg) -- Iron ore imports by China surged in December to the second-highest volume on record as mills boosted purchases ahead of the earlier Lunar New Year and Australian supply picked up.

* Inbound shipments totaled 101.3 million tons last month, just shy of the record 102.8 million tons in September 2017, according to customs data. The end-of-year surge saw full-year imports increase 0.5% to 1.07 billion tons.

Key Insights

* Steel mills typically seek to restock iron ore supplies before the Lunar New Year, which this year falls in late-January. Last year's festival was in February.

* Supply was also boosted at the end of 2019, with miners typically ramping up production ahead of seasonal supply risks in the first quarter. Exports from Australia's Port Hedland notched a full-year record after a bumper showing in December.

* Low steel inventories in China are setting iron ore up for a strong first quarter, and the earlier new year suggests a speedy lift in steel output, according to Credit Suisse Group AG. Iron ore supply remains constrained, and shipments from Australia and Brazil may fall due to the wet season, it said. China's plans to use infrastructure to support economic growth may also improve the outlook for steel demand.

* Still, most market watchers expect a pick up in supply over the course of 2020 as Vale attempts to restore more production and Australia miners ramp up, weighing on prices.

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* China's steel products exports rose to 4.7 million tons in December from 4.6 million tons a month earlier. Full-year shipments dropped 7.3% to 64.29 million tons.

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