
China iron ore demand to boost shipping - Morgan Stanley

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Bloomberg quoted Morgan Stanley said Chinese iron ore usage will boost demand for shipping as imports of the steelmaking raw material will remain cheaper than domestic output.

Morgan Stanley said in a note to clients that “We believe Chinese iron ore demand will put incremental pressure on the seaborne market, as domestic mines are uneconomical. The bank raised price estimates for the steelmaking ingredient by 42% for Australia and 27% for Brazil.”

Mr Tian Zhiping vice president of Hebei Iron & Steel Group said Steelmakers in China, the world’s biggest producer of the alloy may trim the price cut they’re seeking for iron ore and aim to agree to annual supply contracts by the end of this month.

China’s demand for iron ore has boosted the Baltic Dry Index, a measure of dry bulk shipping costs, as much as fivefold this year and led to record queues of ships waiting to discharge consignments of the raw material.

(Sourced from Bloomberg)

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