
Goldman raises iron ore and coking coal price forecasts

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Bloomberg reported that Goldman Sachs JBWere Pty increased its forecast for iron ore by 9% and metallurgical coal by 16% as China's demand rises amid tighter domestic supply.

Analysts led by Mr Malcolm Southwood wrote in a report that "A key driver of our more bullish view is our belief that global crude steel production will rise by 12% in 2010 to a record 1.4 billion tonnes. Raw materials constraints will become more acute in 2010, putting suppliers in a strong position to negotiate higher prices."

According to Goldman Sachs, iron ore fines may reach USD 72 a tonne in 2010-2011, up from an earlier forecast of USD 66 a tonne. Hard coking coal may climb to USD 180 a tonne, up from an earlier forecast of USD 155 a tonne.

Goldman said in the report that "This year's record growth in Chinese imports will more than offset the collapse in demand elsewhere." It added that next year, continued strength in China coincides with a recovery in Organization for Economic Co operation & Development nations and tightening supply chains.

(Sourced from www.bloomberg.net)

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