
Monday Market Monitor - Iron Ore (WEEK 42) - Tight supply postpones decline

Monday, 19 Oct, 2009

It is reported that rain hit mining operations and logistics along with loading delays had tightened supply of Indian iron ore to China thus supporting prices, which otherwise may have fallen as Chinese steel market continues to be on down trend during most of the last week.

The news of Chinese iron ore imports climbing to record of 64.55 million tonnes also acted as a dampener to the trade.

There was also some anticipation in the market about the official part line on Chinese iron ore trade as CISA conference in Qingdao was to start on Friday. CISA also announced that long term contracts from now onwards will be settled on a calendar basis.

Incidentally freight rates also rose a bit during last week adding strength to CNF prices.

Overall, Chinese iron ore market was relatively quiet as bids and offers seemed to be apart by USD 3 per tonne to USD 4 per tonne.

However, as per market reports of few transactions for Indian iron ore cargos as under

1. 63.5/63% at USD 91 per tonne on CFR China basis
2. 59/58% at USD 77 per tonne on CFR China basis

However, no change in Indian FOB levels emerged due to lack of transactions. Indian domestic iron ore prices also remained unchanged.

With the impending gradual shift from benchmark pricing based long term contracts to spot cargos, it has become more vital for both sellers as well as buyers to precisely monitor the daily movements of iron ore spot prices to keep tab on trends and spot opportunities.

To know exact levels, likely scenario, domestic iron ore spot prices at Bellary and Barbil and FOB East Coast spot prices subscribe to "Iron Ore Services" of www.steelprices-india.com by registering or sending a mail to admin@steelprices-india.com along with your full contact details. Please note that this is a paid service with subscription charges of USD 600 or INR 30,000 plus ST for 12 months.

The accuracy and the speed of reporting changes is well appreciated by not only Indian miners, but by global iron ore majors as well as Chinese mills as many of them have subscribed to this service to maintain another but solid listening post as far as Indian spot market is concerned.

(Sourced from www.steelprices-india.com)

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