
Ferrexpo returns to pre crisis sales markets

Tuesday, 29 Sep, 2009

It is reported that Swiss headquartered company Ferrexpo is reorienting its sales to its traditional European markets, where most of the company's long-term customers are based and is gradually decreasing its deliveries to the Asian spot market.

According to media reports, Ferrexpo's main iron ore production asset located in Ukraine, Ferrexpo Poltava Mining is to increase its pellet deliveries to Europe by 2% in September this year. The company total iron ore exports to its traditional East European markets is expected to amount to 750,000 tonnes in September while its deliveries to China will decrease by more than 45%. The company intends to revert to selling 90% of its production under long term framework agreements and to reduce its exposure to the seaborne spot market.

Industry experts hold the view that the return of Ferrexpo to its traditional sales markets is due to the worsening of the situation in the Asian market and to the improvements registered in the European market. The warehouse reserves of the European traders decreased in the H1 of the year, forcing them start purchase activities in order to replenish their stocks.

Ferrexpo has six long term framework contracts in China and is an established seller there. The group supplied 54% of its sales volume to China in H1 2009 as compared to 16% in the H1 of the prior year. Ferrexpo total pellet sales in January to June 2009 amounted to 4.2 million tonnes. Among the other destinations, 7.7% of the company sales went to Austria, 4.5% to Turkey, 13.6% to Slovakia, 4.2% to Serbia and 11.8% were sold domestically in Ukraine.

(Sourced from SteelOrbis)

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