
Monday Market Monitor - Iron Ore (WEEK 51) - Projections pull the market

Monday, 21 Dec, 2009

The iron ore spot prices in India have rebounded in last 6-7 days both in domestic market as well as for exports.

The gain in FOB prices of iron ore fines 63.5/62% is just about 4% in the last 3 days where as iron ore lumps have gained 7% to 12% and fines have increased by 4% to 6% in the domestic market during last week.

The upturn in domestic prices of long product is mainly due to surge in sponge iron and pencil ingot prices, which have gained by in last 15 days, presumably due to the negative sentiments about constrained availability of iron ore due clamp down by the government on illegal mining.

On the other hand, export price shave surged due to

1. Firming up of Chinese domestic prices

?Product	02-Nov	01-Dec	17-Dec
CLPPI	5809	5962	5984
CFPPI	5775	6095	6172
CHISPI	5790	6038	6091

CLPPI - Chinese Long Product Price Index

CFPPI - Chinese Flat Product Price Index

CHISPI - Chinese Steel Price Index

2. Anticipation of higher increase in benchmark prices for 2010 FY. JP Morgan citing higher Chinese demand in 2010 have raised their forecast to 30% while other banks have reached at least 20% mark.

3. Spurt in buying by mills in China to replenish depleted stocks as well as maintain reserve to cater over New Year and Chinese holidays

As the Chinese steel demand is expected to remain strong during January thus keeping steel prices firm, export levels are further likely to go up in coming days

Even for Indian iron ore market, situation is in favor of miners, as even if the pencil ingot and sponge price retract, buoyancy is likely prolong due to restricted availability.

Iron ore fines

FOB India

?Grade	Change
Fe 63.5/63%	5%
Fe 63.5/62.5%	5%
Fe 63/62%	5%
Fe 62/61%	4%
Fe 61/60%	4%
Fe 60/59 %	5%
Fe 59/58 %	5%

Fe 58/57%	3%
Fe 57/56 %	4%
Fe 56/55%	4%
Fe 55/54 %	4%
Fe 54/ 53 %	5%
Fe 53/52 %	5%
Fe 52/51 %	6%

Change is on December 18th as compared to December 11th 2009

Bellary

Product	Grade	Size	Change
Iron Ore Calibrate	Fe 65%	10-40	15%
Iron Ore Calibrate	Fe 64%	10-40	16%
Iron Ore Calibrate	Fe 62%	10-40	17%
Iron Ore Calibrate	Fe 60%	5-20	18%
Iron Ore Calibrate	Fe 62%	5-20	19%
Iron ore - Fines	Fe 63%	Fines	3%

Change is on December 18th as compared to December 11th 2009

Burbil

Product	Grade	Size	Change
Iron ore - BF	Fe 65%	10-40	11%
IOS-Primary	Fe 63%	5-18	12%
IOS – Secondary	BF	-	13%
Iron ore - Fines	Fe 63%	Fines	6%

Change is on December 18th as compared to December 11th 2009

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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