
Monday Market Monitor - Iron Ore (WEEK 53) - Frenzied buying

Monday, 04 Jan, 2010

2010 opened with a big bang for Indian iron ore miners as spot prices for export of Indian iron ore fines surged by 7% to 16% for various grades last week. Domestic prices also exhibited major gains at both Barbil and Bellary

It is reported that prices of 63.5/63% grade iron ore fines have already breached USD 120 per tonne CFR China mark and are closing on USD 125 per tonne mark. Some market players have opined that we should not be surprised if the CFR prices reach USD 130 per tonne mark in coming times.

The factors behind tight markets include

1. Restricted supply due to Indian iron ore mess
2. Increased demand of iron ore from Chinese mills due to increased production levels supported by improving domestic steel prices
3. Indian government has further compounded the situation by raising the export duty on iron ore lumps to 10% from 5% and on iron ore fines to 5% from nil equating to about USD 3 per tonne to USD 4 per tonne.
4. Raising of forecast of hike in benchmark price settlement by some of banks and market players is supporting higher prices.

Iron ore fines

FOB India

Grade	Change
Fe 63.5/63%	7%
Fe 63.5/62.5%	7%
Fe 63/62%	8%
Fe 62/61%	9%
Fe 61/60%	11%
Fe 60/59 %	11%
Fe 59/58 %	12%
Fe 58/57%	11%
Fe 57/56 %	14%
Fe 56/55%	15%
Fe 55/54 %	16%
Fe 54/ 53 %	13%
Fe 53/52 %	14%
Fe 52/51 %	16%

Change is on December 31st as compared to December 25th 2009

Iron ore

EX Mine Bellary

Product	Grade	Size	Change
Iron Ore Calibrate	Fe 65%	10-40	7%
Iron Ore Calibrate	Fe 64%	10-40	7%
Iron Ore Calibrate	Fe 62%	10-40	8%
Iron Ore Calibrate	Fe 60%	5-20	7%
Iron Ore Calibrate	Fe 62%	5-20	0%
Iron ore - Fines	Fe 63%	Fines	13%

Change is on December 31st as compared to December 25th 2009

Iron ore

EX Mine Barbil

Product	Grade	Size	Change
Iron ore - BF	Fe 65%	10-40	9%
IOS-Primary	Fe 63%	5-18	9%
IOS – Secondary	BF	-	10%
Iron ore - Fines	Fe 63%	Fines	0%

FOB prices have gained 15% to 26% for various grades in last 22 days since the last low on December 11th 2009.

Grade	Change
Fe 63.5/63%	15.0%
Fe 63.5/62.5%	15.2%
Fe 63/62%	16.9%
Fe 62/61%	16.2%
Fe 61/60%	17.1%
Fe 60/59%	18.2%
Fe 59/58%	19.4%
Fe 58/57%	18.6%
Fe 57/56 %	20.0%
Fe 56/55%	21.6%
Fe 55/54 %	23.4%
Fe 54/ 53 %	23.3%
Fe 53/52 %	23.1%

Fe 52/51 %	26.5%
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Change is on January 1st 2010 as compared to December 11th 2009

On the other hand, yearly comparison reflects 40% to 63% increase in FOB prices for Indian iron ore fines.

?Grade	Change
Fe 63.5/62.5%	40.0%
Fe 61/60%	51.9%
Fe 59/58%	57.4%
Fe 58/57%	62.8%

Change is on January 1st 2010 as compared to January 1st 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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