
Monday Market Monitor - Iron Ore (WEEK 02) - Hazy signals

Monday, 18 Jan, 2010

The Chinese imported iron ore market exhibited confusing tendencies last week.

It showed signs of weakening on the announcement of china raising their reserve ratio in the early part of the week. On that day, some unconfirmed reports said that a 63.5/63%Fe parcel was finalized at USD 130 per tonne CFR China which was substantially cheaper than USD 135 per tonne levels heard last week.

China report “Chinese banks sold one year bill at a higher yield for the first time in 20 weeks, an attempt to curb lending, causing Chinese commodity futures markets to open lower.”

But in the later part of week, when news filtered about Baosteel increasing February steel prices by CNY 200 per tonne to CNY 300 per tonne, market regained some steam. Some trades were reported at USD 133 per tonne CFR again.

To add to the confusion, news on the weekend indicated that BaoSteel is not going for price hike in February. People Daily said the decision of leading Chinese steel maker Baosteel to delay price increases for February was made in order to protect China national interest. The newspaper said recent fluctuations in steel prices, unceasing media speculation and pressure from the public had also forced the company hand.

But some Chinese experts said that BaoSteel was forced by the Chinese government to abort the planned hikes in order to take the air out of a raw material bubble and help China position itself for the latest round of iron ore price talks with foreign miners.

But some China based traders said that despite surge in production of crude steel in China, iron ore demand seems to be fading.

We have to wait to see how the scenario unfolds in this week.

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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