
Ore prices not so iron clad - Fat Prophets

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According to a long time industry watcher, a bonanza in new iron ore mining projects may herald lower prices in coming years as capacity begins to catch up with rising Asian demand.

Mr Nick Raffan resource analyst at Fat Prophets said that he sees parallels between the current flurry of investment in new and expanded mines aimed at satisfying China's iron ore hunger and the rush to meet Japanese coal orders in the late 1970s from new mines in Queensland, the Hunter Valley in NSW and elsewhere. He added that "Traditionally, miners have never been able to stop themselves eventually from over-producing. It's in their nature."

While Mr Raffan acknowledges the strength of the current up swing in iron ore as Asian economies, particularly China's, rebound from last year's slump, he says there is a risk miners in Australia and elsewhere are increasing production too quickly.

Meanwhile China, which is producing about half the world's steel, is investing in mining capacity of its own. Projects include mines in Australia, Africa and South America.

(Sourced from www.smh.com.au)

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