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## Monday Market Monitor - Iron Ore (WEEK 47) - Advantage Indian miners

Monday, 23 Nov, 2009

The spot price of Indian iron ore registered impressive gain of 4% to 8% during last week.

Despite surge in sea freight, spot prices of Indian iron ore on FOB basis continue to remain strong and have gained 4% to 8% in last week.

Freight rate have climbed to almost USD 26 per tonne taking CFR China prices close to USD 108 per tonne.

Iron ore fines

FOB India

Grade	Change
Fe 63.5/63%	4%
Fe 63.5/62.5%	4%
Fe 63/62%	4%
Fe 62/61%	4%
Fe 61/60%	4%
Fe 60/59 %	5%
Fe 59/58 %	5%
Fe 58/57%	5%
Fe 57/56 %	5%
Fe 56/55%	6%
Fe 55/54 %	6%
Fe 54/ 53 %	7%
Fe 53/52 %	8%

Change is on November 20th as compared to November 13th 2009

Factors affecting the iron ore prices are

### 1. Rise in Chinese domestic steel prices

Chinese domestic steel market has been facing too many ups and downs off late. However, after the last low levels in mid October, prices have recovered by more than 5% in last 30 days

The movement of Chinese domestic prices is tabled below

Product	16-Oct	23-Oct	30-Oct	06-Nov	13-Nov	Gain	%
CLPPI	5627	5714	5779	5830	5905	278	4.9%
CFPPI	5587	5689	5775	5819	5932	345	6.2%
CHISPI	5604	5700	5777	5824	5920	316	5.6%

CLPPI – Chinese Long Product Price Index

CFPPI – Chinese Flat Product Price Index

CHISPI – Chinese Steel Price Index

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As a result, almost all Chinese steel majors have announced price increase, pushing the market sentiments further up, which in turn is supporting higher prices of iron ore.

## 2. Curtailed availability

Due to Indian iron ore mining mess, availability of spot cargoes from India is reported to be curtailed, or at least sellers are successful to some extent in propagating this feeling pushing prices up

## 3. Increased sea freight

The surge in sea freights is very clearly reflected in the movement of Baltic Dry Index, which has surged by more than 35% in last 15 days

Date	BDI
1-Oct	2185
30-Oct	3103
16-Nov	4220

As a result, sea freight from India to China has increased from about USD 16 to USD 24 per tonne, which has further pushed the CFR levels up to about USD 105 per tonne for 63%/62.5% grade.

But it is difficult to say that how long the party would as demand for steel and consequently iron ore, may begin to slow down as some of the construction projects in Northern China are starting to be suspended, due to heavy snowfall.

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](http://www.steelprices-india.com) by registering or sending a mail to [admin@steelprices-india.com](mailto: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](http://www.steelprices-india.com))

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