
Monday Market Monitor - Iron Ore (WEEK 48) - Inching towards USD 110 pmt mark

Monday, 30 Nov, 2009

The iron ore spot prices of Fe 63.5/63% inched towards USD 110 CNF mark riding piggy bank on curtailed supply from Indian sources due clamp down on illegal activities of miners by the government and a vibrant freight market.

It is also noticeable that the movements are interspersed with traces of speculation as traders having booked vessels at lower freights chip in with aggressive offers to secure cargo thereby artificially bloating FOB levels touching almost to the tune of USD 84 per tonne in few cases. However this should not be taken as the prevailing price level as it takes some time for the hike to get absorbed.

It is reported that there has been slump in steel production in China during November averaging 1.62 million tonne per day against an average of 1.67 million tonne per day for October.

Moreover CISA and major Iron ore miners from Australia and Brazil are gearing up for a more pragmatic pricing mechanism.

The CISA is now suggesting a new accounting period that is from January 1st to the end of the same year.

United prices means that fixed prices should be determined for each kind of iron ore with different content and different quality from different regions and suppliers and that there would be no differences between negotiated prices and spot prices. Both steel producers and iron ore traders should follow the unified prices.

On the other hand majors Rio Tinto, BHP and Vale coming together to negotiate a new pricing mechanism will definitely lead more clarity and strength in negotiation for the 2010 annual contract.

The recent moves coupled with taming of Chinese mills to curtail production and rationalize capacities will definitely deflate the prices in the coming weeks.

Iron ore fines

FOB India

| Product | Grade | Size | Change |
|----------------|---------------|-------|--------|
| Iron ore fines | Fe 63.5/63% | Fines | 1% |
| Iron Ore Fines | Fe 63.5/62.5% | Fines | 1% |
| Iron ore Fines | Fe 63/62% | Fines | 1% |
| Iron Ore Fines | Fe 62/61% | Fines | 1% |
| Iron Ore Fines | Fe 61/60% | Fines | 1% |
| Iron Ore Fines | Fe 60/59 % | Fines | 1% |
| Iron Ore Fines | Fe 59/58 % | Fines | -2% |
| Iron Ore Fines | Fe 58/57% | Fines | -2% |
| Iron Ore Fines | Fe 57/56 % | Fines | -2% |
| Iron Ore Fines | Fe 56/55% | Fines | -2% |
| Iron Ore Fines | Fe 55/54 % | Fines | -2% |
| Iron Ore Fines | Fe 54/ 53 % | Fines | -4% |

| | | | |
|----------------|------------|-------|-----|
| Iron Ore Fines | Fe 53/52 % | Fines | -5% |
|----------------|------------|-------|-----|

Change is on November 27th as compared to November 20th 2009

Domestic - Fine prices improve on curtailed supply

The domestic market is quiet with some small correction in Iron ore fine prices owing to curtailed supply as the mining activities in Orissa, Andhra Pradesh and Karnataka have been impeded by severe clamp down by respective governments on illegal mining activity.

Bellary domestic

| Product | Grade | Size | Change |
|--------------------|--------|-------|--------|
| Iron Ore Calibrate | Fe 65% | 10-40 | 0% |
| Iron Ore Calibrate | Fe 64% | 10-40 | 0% |
| Iron Ore Calibrate | Fe 62% | 10-40 | 0% |
| Iron Ore Calibrate | Fe 60% | 5-20 | 0% |
| Iron Ore Calibrate | Fe 62% | 5-20 | 0% |
| Iron ore - Fines | Fe 63% | Fines | 4% |

Change is on November 27th as compared to November 20th 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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