
Monday Market Monitor - Iron Ore (WEEK 04) - Stalemate

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It is reported that impacted by falling Chinese domestic steel price, piling up steel inventory and the worry of government's restriction on cash liquidity, Chinese steel market was in downward trend last week, and this sentiment was reflected in iron ore spot market as well which remained weak.

Several transactions were heard at much lower levels, but Indian sellers are resisting the slide in prices and were reluctant to reduce their prices anticipating revival in demand as the Chinese demand remains quite firm

On the other hand, Chinese buyers are also anticipating that Indian sellers would give in and prices would slide further.

Meanwhile, based on growing appetite of Chinese steel mills for iron ore, various banks have increased their forecast for hike in annual benchmark talks.

A median forecast in a Reuters survey of 13 analysts conducted in the last two weeks showed Australian iron ore prices are expected to rise by 30% in 2010/2011 annual contract talks. Below is a table of analysts' forecasts

Median - 30.0%

Mean - 27.46%

High - 40.0%

Low - 15.0%

Current forecasts

Bernstein Research - 40%

ING - 40%

GSJBW - 35%

Deutsche Bank - 34%

Macquarie Bank - 30%

Nomura - 30%

Royal Bank of Scotland - 20%

RBC Capital Markets - 20%

Societe Generale - 20%

UBS - 20%

JP Morgan - 20%

Citi - 15%

Hatch Beddows - 10%

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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