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## Monday Market Monitor - Iron Ore (WEEK 06) - On the high

Monday, 15 Feb, 2010

The tightness in the spot market of Indian iron ore fines reported last week has resulted in higher transaction levels on week opening.

Although credit squeeze news from Chinese banks is keeping domestic steel prices in negative motion, Chinese steel mills with such high production levels are under pressure to secure their iron ore supplies. Hiking of forecast for benchmark settlement as well as Big 3 negotiation tactics are further buoying the spot market.

Spot prices of Indian iron ore improved by 3% to 6% for various grades on week opening giving rise to speculation that further gains are likely as some Chinese buyers may like to secure tonnages before they close for Lunar Holidays.

Indian miners, on the back of tightness in the spot market of Indian iron ore fines, are hiking their offers in last few days. As per market reports, the asking levels have touched USD 135 CFR again but Chinese buyers are still bidding low close to USD 131 CFR.

However some transactions have been reported in the mid range.

It is reported that global mining companies are pushing steelmakers to accept a record price for iron ore for the 2010-11 annual contracts, risking a repetition of last year's stand off with China. If the miners get their way, prices could be settled at, or even above, USD 90 a tonne, the record level at which the 2008-09 annual contracts were settled, sharply higher than the USD 60 agreed for 2009-10. The report added that 50% increase to USD 90 will be well above the market consensus for a 30% to 40% rise but some senior mining executives have suggested that the increase could be far larger, with talk of a 70% to 90% rise.

The miners are betting that spot prices will remain high throughout the year, supported by strong demand from China, the reactivation of blast furnaces elsewhere, and new ore export taxes in India, the world's third largest exporter.

Iron ore fines

FOB India

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

Fe 53/52 %	4%
Fe 52/51 %	3%

Change is on February 12th 2010 as compared to February 5th 2010

Change is in USD per tonne

Iron ore  
Bellary  
Ex Mines

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	11%

Change is on February 12th 2010 as compared to February 5th 2010

Iron ore  
Barbil  
Ex Mines

Product	Grade	Size	Change
Iron ore - BF	Fe 65%	10-40	0%
IOS-Primary	Fe 63%	5-18	0%
IOS Secondary	BF	-	0%
Iron ore - Fines	Fe 63%	Fines	0%

Change is on February 12th 2010 as compared to February 5th 2010

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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