
Monday Market Monitor - Iron Ore (WEEK 07) - Lull before the storm

Monday, 22 Feb, 2010

Chinese iron ore market, in all likelihood, would open on a positive note today, after week long Lunar New Year holidays, as there are strong signals of buyers would return to the spot market to secure volumes quickly in anticipation of prices climbing up in coming days.

During previous years, it was seen that Chinese buyers stay away from buying and the market remained dead but we have heard of some transactions of iron ore from India during the holiday period this time.

It is learnt that some trading houses have taken positions to take advantage of likely increase in prices. This is pointing to a positive scenario for Indian iron ore miners, as the expectation is that spot prices of Indian iron ore would remain firm.

The factors attributing to positive scenario include

1. Chinese steel mills would have to continue to import high volumes of iron ore on spot to match their increased crude steel production levels
2. All kind of numbers are being dropped in by the Big 3 regarding the on going iron ore benchmark talks. As against the previous forecasts in the range of 35% to 50% by analyst, now miners are saying that current spot levels point to 100% increase.
3. There is strong move by Indian steel majors to get the export tax hiked.

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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