
Iron ore prices likely to fall - Merrill Lynch

Monday, 11 Jun, 2007

Reuters reported that Merrill Lynch World Mining Fund forecast that that iron ore prices are likely to fall but companies mining gold, platinum and uranium offer good value.

Reuters quoted Mr Evgeniy Hambro manager of Merrill Lynch World Mining Fund as saying that the demand for most metals was strong and expected to see more production delays and disruptions underpinning prices.

He added that "The fact that China is continuing to grow ahead of peoples expectations has got to be a positive. One of the strongest streams in our fund over the last few years has been our exposure to iron ore."

Mr Hambro thinks metals prices do not reflect their long term value and that analyst price forecasts are too conservative and dramatic changes in the world economy have completely changed the commodity landscape. He also said that iron ore had yielded excellent returns for the past several years but that could change and rising supplies of iron ore could depress prices of the raw material used in the production of steel.

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