
CISA sees down turn in iron ore price in 2008 due to weak demand

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China Iron & Steel Association official gave a projection, in a recent steelmaking raw materials conference held in Yinchuan, that global iron ore supply and demand looks set to move towards better equilibrium next year and prices would therefore fall back.

Mr Luo Bingshen deputy director of CISA predicted that global iron ore supply would reach 1.972 billion tonnes in 2008 while the iron ore demand is estimated at 1.958 billion tonnes. He said that “This would lead to an excessive supply of some 14 million tonnes. Meanwhile, steep iron ore price has fuelled up furious investment across the world. It is expected that global seaborne ore trade would add 80 million tonnes this year as iron ore export is to rise 35 million tonnes from Australia and 30 million tonnes from Brazil. And a host of new mines are expected to come on stream in next couple of years.”

Mr Zou added that “By contrary, global iron ore demand is weakening as a result of slowdown in worldwide steel output and demand growth. Global pig iron output growth rate is expected to slip 2% this year, which would result in slower iron ore consumption growth. He added that China's steel industry growth has been mainly driven by external demand instead of internal demand and hectic export growth would be temporary. Therefore, China's iron ore demand would take a nosedive once its steel export growth retreats.”

(Sourced from MySteel.net)

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