
Iron ore price negotiations – Declining trend to help Chinese steelmakers

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It is reported that Chinese steelmakers, which are likely to embark on the benchmark ore price negotiations with leading global ore miners in late November, would be helped by declining iron ore spot prices and shipping cost, both of which have shown weakening sign in recent days.

As per report, delivery price for Fe 63.5% Indian ore fine drops to USD 185 per tonnes to USD 190 per tonnes on November 19th 2007 down by USD 5 per tonnes from USD 190 per tonnes to USD 195 per tonnes the week before. The transaction price for 63.5% Indian ore fine also falls CNY 30 per tonnes to CNY 1450 per tonnes at Tianjin port, 58% ore fine down CNY 20 per tonnes to CNY 980 per tonnes.

Iron ore freight costs from Brazil's Tubarao Port to Beilun to Baoshan ports stood at USD 96.06 per tonnes on November 19th 2007 down by USD 0.01 per tonnes while freight costs from Western Australia to Beilun to Baoshan ports reached USD 38.24 per tonnes on November 19th 2007 dipping USD 0.41 per tonnes.

Both spot price of imported iron ore and freight rates have roared up on a monthly basis, therefore, widening price gap between spot ore and contract ore has prompted big three to seek for sharp hike in the upcoming ore talks.

(Sourced from MySteel.net)

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