
Iron ore prices to slip further - Analysts

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It is reported that global economic recession has severely dragged down the ore products prices all over the world, and the downward price adjustment would move on.

Given by an incentive of the CNY 4000 billion financial plan that China issued days ago, international prices of copper, aluminum and the other ore products rises, as China consumes a quarter of such raw materials. However, analysts still hold a negative outlook on the bulk commodity market, and how long the price adjustment would last is a bone of contention at the Expo.

Mr Zhao Wuzhuang, analyst of a famous domestic metal research institution Beijing Antaike Information Development said that, in line with principle that the adjustment cycle of real economy is always behind fictitious economy's, such cycle in non ferrous metal market this time would last for three to five years, damping world non ferrous metals prices at the same time.

He said that "major non ferrous metals are expected to be oversupplied in the future." Attacked by American financial crisis, China's metal consumption goes down, indicating a coming adjustment phase to replace rapid growth period in China.

Mr Alexander Molyneux, Metals & Mining department Manager of Asia Pacific, Citigroup, said that the current crisis would continue in 12th to 18th months. Though present spot iron ore price has slipped lower than 2008 contract price, but Mr Molyneux eyed it would pick up in the 2H of 2009, which will have a favorable impact on the 2009 contract price.

He said that 2009 contract price of iron ore is to post a modest dip of 20%, and heavy stocks should be drawn down before the end of negotiation, which will lift demand then.

Mr Zhang Mu, analyst from Ministry of Land and Resources said that in a long run, China will keep a rapid growth in economy development and maintain strong demand for base metals.

(Source from MySteel.net)

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