
Chinese domestic steelmakers turn to imported ore

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It is reported that Chinese spot ore market is going to stability following recent uptrend of domestic steel market.

China Industrial Economy News quoted a steel analyst as saying that "As most steel makers haven't recovered capacity yet, the purchasing activity by a small part of makers can hardly push up the market prices, but fuel up some traders' sentiment to stockpile. This prevents steel makers from buying domestic ore to some extent and forces them to turn to cheaper imported resource."

In fact, ore traders have showed great passion for iron ore purchase due to the alive market. Offers in north area stand strong and some traders in the east have made a fortune by large sales volume with small profits. Besides, the lower concentrate prices by some small producers are attracting buyers around, leading to an active market.

Steel makers are now mainly choosing imported resource or stockpiles to feed production. It is partly because the available resource in domestic market is not quite abundant owing to some still idling producers in Hebei and Shanxi provinces, and moreover, imported ore has advantage in prices opposed to domestic resource. It is learned that most domestic steel makers have put off contract ore purchase and turned to spot market due to the price consideration.

In addition, freight market doesn't show any sign of rebound. Up to November 24th Australia-China freight for iron ore shipment shrank 88% from August USD 34.2 to USD 4.036 and Brazil-China freight lost 91% to USD 8.317 from USD 87.733 in July.

(Source: China Industrial Economy News)

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