



## China Iron Ore Import Prices Highest in Over a Year (Update1)

[Share](#) | [Email](#) | [Print](#) | [A A A](#)

By Jesse Riseborough

Feb. 25 (Bloomberg) -- The **cash price** of iron ore delivered to China, the world's biggest buyer, rose to the highest in more than a year on demand from the nation's steelmakers.

The cost of 62 percent iron-content ore delivered to the port of Tianjin increased 1.4 percent to \$133.10 a metric ton today, the highest in at least 14 months, according to **The Steel Index**. The so-called spot price has gained 9.8 percent in the past four weeks and has more than doubled from its 2009 low on March 27.

Chinese mills increased iron ore purchases to a record last year to meet rising steel demand fueled by the nation's stimulus spending. The gains boosted expectations for a rise in annual contract prices, which would raise profits for **Vale SA**, Rio Tinto Group and **BHP Billiton Ltd.**, the three biggest exporters.

China **imported** 46.62 million tons of iron ore in January, a 43 percent increase from a year earlier, according to the general customs office. Imports were down 25 percent compared with the previous month. China's steel-product **exports** increased 51 percent from a year earlier, to 2.89 million tons, the office said.

Iron-ore suppliers hold annual talks with steelmakers to fix benchmark contract prices for the 12 months from April 1, the start of the Japanese financial year. The four-decade-old pricing system was fractured last year after Chinese mills failed to reach agreement with the three largest suppliers, boosting demand for cargoes settled on the cash market.

The cash price is the highest on record according to Steel Index data compiled by Bloomberg since December 2008.

'More Bullish'

Vale, the world's biggest exporter, this month said it expects to win a contract price for 2010 that reflects the current spot price.

Investec Securities Plc today raised its forecast for 2010 iron ore prices to a 55 percent gain, from a 20 percent rise.

"Our more bullish forecasts are driven by continued spot price increases and indications from producers that the market is very tight and large price increases are warranted," Investec analysts **Rebecca O'Dwyer** and **Kieran Daly** said in a report.

The global recession forced miners to slash prices by 33 percent in 2009. Japanese steelmakers agreed to contract prices of about \$61 a ton, excluding freight, in 2009.

To contact the reporter on this story: **Jesse Riseborough** in London at [jriseborough@bloomberg.net](mailto:jriseborough@bloomberg.net).

*Last Updated: February 25, 2010 10:04 EST*



© 2010 BLOOMBERG L.P. ALL RIGHTS RESERVED. [Terms of Service](#) | [Privacy Policy](#) | [Trademarks](#)