

India's iron-ore prices gain on higher China demand



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India's export price for iron ore rose as much as 16% in the past week as customers in China replenished inventories ahead of National Day holidays, said an official of the Indian mineral industry association.

Prices rose to US\$70/t from US\$60 earlier this month, R.K. Sharma, secretary general of the Federation of Indian Mineral Industries, said today in a telephone interview.

China's steelmakers are buying more iron ore, their main raw material, as the government implements a US\$586 billion stimulus spending. The economy is forecast to expand 8.2% this year, compared with a March estimate of 7%, the Asian Development Bank said last week, easing concern that the nation may slow raw-material imports.

"Demand has gathered momentum," Sharma said. "India is benefiting as mills are stocking up ahead of the holidays."

India's exports may have fallen 15% in August and 25% in the first two weeks of this month, Siddharth Rungta, president of the Indian mineral body, said on September 16.

China, the world's biggest consumer of iron ore, may buy 20% more than forecast of the material next year, Canberra-based Australian Bureau of Agricultural and Resource Economics said on September 22. China may import 637Mt of ore in calendar 2010, compared with its June prediction of 529Mt.

Also, global steel consumption may be 1,300Mt next year, up 6.5% from this year's estimated 1,200Mt, the bureau said.

The Baltic Dry Index, the main measure of shipping costs for commodities, may surge more than 80% by the end of the year on increased demand for shipments to China, according China Ocean Shipping Group Co.

The gauge may rebound to 4,000 points as local governments encourage factory output, especially of steel, said Kong Fanhua, a senior researcher at China Ocean Shipping Group.

Iron-ore swaps for settlement this month traded at US\$79.67/t yesterday, according to SGX AsiaClear over-the-counter prices from Singapore Exchange Ltd. They indicate prices may rise to US\$81.42 in October.

China will be shut for more than week for the National Day holiday next month.

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