

Iron ore spot price reaches 2009 record

Publishing Date: 21 Dec 2009
Author: Mining Journal

The Steel Index's daily spot iron-ore price reached a 12-month high on December 18, reaching US\$107.40/t for 62% Fe fines CFRFO China port. The price represents a 82% increase since March, the group said.

Volatility and rising spot prices create a difficult backdrop to the forthcoming benchmark price negotiations between mining companies and Chinese steel mills next year, the Steel Index said.

At current rates, the spot price represents up to a 50% premium on fixed contract prices negotiated between Rio Tinto and Japanese steel mills earlier this year.

"In this environment miners, traders and steel mills are increasingly looking to index-based iron ore pricing arrangements, often in parallel with financial swaps to manage their price risk," Steven Randall, managing director of the Steel Index said.

(December 21)