

FERROALLOYNET DAILY REPORT

IRON ORE PRICES

International iron ore market price on March 11, 2015

International iron ore market price:

Product	Grade %	Origin	FOB (USD/MT)	CFR (USD/MT)	Change (USD/MT)	Port of Loading
Iron Ore Fines	63.5/63	India	46-48	58-60	-1	Chennai/Paradip
Iron Ore Fines	63/62	India	45-47	57-59	-1	Chennai/Paradip
Iron Ore Fines	62/61	India	43-45	55-57	-1	Chennai/Paradip
Iron Ore Fines	61/60	India	40-42	52-54	-1	Chennai/Paradip
Iron Ore Fines	60/59	India	36-38	48-50	-1	Chennai/Paradip
Iron Ore Fines	59/58	India	32-34	44-46	-1	Goa/Mangalore
Iron Ore Fines	57/56	India	27-29	39-41	-1	Goa/Mangalore
Iron Ore Fines	55/54	India	20-22	32-34	-1	Goa
Iron Ore Fines	53/52	India	18-20	30-32	-1	Goa
PB fines	61.5	Australia	51-53	56-58	-1	Dampier
PB lumpy	62	Australia	63-65	68-70	-2	Dampier
Yandi fines	58	Australia	44-46	50-52	-1	Dampier
Newman fines	63	Australia	54-56	59-61	-1	Hedland
MAC lumpy	62	Australia	62-64	67-69	-2	Hedland
MAC fines	61.5	Australia	50-52	55-57	-1	Hedland
Robe River fines	56	Australia	39-41	44-46	-1	Dampier
SFCJ	65%	Brazil	54-56	64-66	--	Tubarao
SSFT	64.5	Brazil	49-51	60-62	--	Tubarao
SFOT	63.5	Brazil	47-49	57-59	--	Tubarao

Iron ore(Magnetite)	62/61	Iran	36-38	48-50	-1	BANDA ABBAS
Iron ore(Magnetite)	61/60	Iran	33-35	45-47	-1	BANDA ABBAS
Iron ore(Magnetite)	60/59	Iran	30-32	42-44	-1	BANDA ABBAS
Iron ore(Hematite)	62/61	Iran	34-36	46-48	-1	BANDA ABBAS
Iron ore(Hematite)	61/60	Iran	31-33	42-44	-1	BANDA ABBAS
Iron ore(Hematite)	60/59	Iran	28-30	40-42	-1	BANDA ABBAS
Iron ore fines	58	Malaysia	26-28	41-43	-1	PENANG/KUANTAN
Iron ore fines	56	Malaysia	22-24	37-39	-1	PENANG/KUANTAN
Iron ore fines	54	Malaysia	18-20	33-35	-1	PENANG/KUANTAN
Iron ore fines	52	Malaysia	15-17	29-31	-1	PENANG/KUANTAN
Iron ore fines	50	Malaysia	10-12	25-27	-1	PENANG/KUANTAN
Iron ore fines	48	Malaysia	6-8	21-23	-1	PENANG/KUANTAN
Iron ore fines	65	S.Africa	52-54	59-61	-1	Durban/Elizabeth
Iron ore lumpy	65	S.Africa	68-70	75-77	-2	Durban/Elizabeth
Iron ore(Magnetite)	54	S.Africa	32-34	39-41	-1	Durban/Elizabeth

Iron ore Platts Index on March 11, 2015

Date	Platts Index 65%(US\$/ton)	Platts Index 63.5%(US\$/ton)	Platts Index 62%(US\$/ton)	Platts Index 58% AI:4.0%(US\$/ton)	Platts Index 58% AI:3.5%(US\$/ton)	Platts Index 52%(US\$/ton)
Mar 10	64.25	58.75	57.25	45	48.25	29.25
Mar 9	65.25	59.5	58	47.75	50	30
Mar 6	65.75	60	58.5	46.25	50.5	30
Mar 5	67	61.25	59.75	47.5	50.75	31.25
Mar 4	68.5	63.25	61.75	49.5	52.75	33.25
Mar 3	69.75	64.5	63	50.75	54	34.5
Mar 2	69.75	64.5	63	50.75	54	34.5

Iron ore 62% Index on March 11, 2015

Date	CSI (USD/T)	Platts Index(USD/T)	TSI (USD/T)	MB (USD/T)
Mar 10	61.1	57.25	58.5	58.15
Mar 9	62	58	58	58.58
Mar 6	62.1	58.5	58.2	59.49
Mar 5	62.1	59.75	59.3	59.73
Mar 4	64.1	61.75	62.1	61.94
Mar 3	64.1	63	62.3	62.24
Mar 2	64.1	63	62.8	62.83

Iron Ore Platform Trading Data in China on March 11, 2015

2015-3-10 China Iron Ore Platform Trading Data (Deals)

Board	Products	Origin	Shipping/Arriving Date	Highest Inquiry price(CFR\$/MT)	Lowest Quotation price(CFR\$/MT)	Deal price (CFR \$/MT)	Amount (TONS)
CBMX	NBL	Australia	2015/03.21-03.30	--	--	70.1	90,000
CBMX	PBF	Australia	2015/03.09-03.18	--	--	Platts62%+0.2	170,000

Report of Imported Iron Ore Transaction in China on March 11, 2015

Date	Fe (%)	Product	Origin	Price	Port
Mar 10	62.5	PB lumps	Australia	RMB610/WMT	Spot Cargo(Tangshan port)
Mar 10	61.5	PB fines	Australia	RMB450/WMT	Spot Cargo(Tianjin port)
Mar 10	58	FB fines	Australia	RMB390/WMT	Spot Cargo(Tangshan port)
Mar 10	57.5	Yandi fines	Australia	RMB385/WMT	Spot Cargo(Tangshan port)
Mar 10	57	SSF	Australia	RMB365/WMT	Spot Cargo(Shandong port)

International average ocean freight rate on March 11, 2015

International average ocean freight rate

Loading Port	Destination Port	Price on Mar 10 (US\$/ton)	Price on Mar 9 (US\$/ton)	Change(US\$/ton)
Western Australia	Qingdao	4.527	4.555	-0.028
Tubarao Brazil	Qingdao	10.535	10.53	+0.005

India Vizag	Qingdao	9.2	9.2	--
-------------	---------	-----	-----	----

Baltic index information on March 11, 2015

Baltic index information:

Date	BDI	BCI		BPI		BSI	
	Baltic Dry Index	Baltic Index	Capesize	Baltic Index	Panamax	Baltic Index	Supramax
Mar 10	568	457		591		580	
Mar 9	568	468		590		573	
Mar 6	365	470		587		566	
Mar 5	561	464		583		560	
Mar 4	559	478		576		550	
Mar 3	553	490		564		541	
Mar 2	548	516		551		528	

● IRON ORE NEWS

China Steel, Iron Ore Futures Hit Contract Lows on Weak

Demand

Chinese rebar futures fell for the fourth straight session on Monday to hit a contract low on tepid demand in the world's top steel consumer, also pushing raw material [iron ore](#) to a record low.

Construction activity in China is not expected to pick up until the end of March, hitting demand for steel and forcing Chinese steel mills to have scheduled maintenance to curb output and inventories.

"About 40 percent of steel inventories at major markets is owned by steel mills apart from those at their own plants, suggesting mills are facing unprecedented pressure," said Xu Huimin, an analyst at Huatai Great Wall Futures in Shanghai.

The most-traded October rebar contract on the Shanghai Futures Exchange fell to a low of 2,462 yuan (\$393), its weakest since the contract was launched in 2009. It was trading 1.2 percent lower at 2,479 yuan by midday and has lost 8.2 percent so far this year.

Steel demand is expected to pick up when the weather gets warmer, but given high ore stockpiles at major ports in China, weak fundamentals will continue to weigh on iron ore prices, the China Iron and Steel Association said in a report on Friday.

Iron ore futures for September delivery on the Dalian Commodity Exchange hit a low of 449 yuan a tonne, their lowest since the contract was launched in 2013. They were then trading unchanged at 451 yuan, and have fallen 11.2 percent so far this year.

The closure of some steel mills in China's eastern Shandong province last week after failing to meet stricter environmental standards has raised fears of a wider crackdown.

"The crackdown on steel mills in Linyi signals the government's determination on curbing heavy smog, but I don't think the government will take out a 'one-size-fits-all' policy now," Xu said.

China's iron ore imports declined for the second straight month in February, down 13.5 percent to 67.94 million tonnes from January, but rose 11 percent from a year ago, customs data showed.

Benchmark 62 percent grade iron ore for immediate delivery to China .IO62-CNI=SI declined 1.9 percent to \$58.20 a tonne on Friday, its lowest since the index was published, according to the Steel Index. It has fallen 18.3 percent so far this year.

Strong Chinese Demand for Brazil Iron Ore to Last Just 5 More Years

Brazil's iron-ore exports to China will remain stable for five years but then a sharp slowdown in the Asian giant's housing market will trigger a reduction in demand for steel, the managing director of the Beijing-based GaveKal Dragonomics consulting firm said.

Arthur Kroeber, a U.S. economist, said in a speech here Tuesday that China's real-estate sector has already reached its peak and therefore Brazil "must find other growth mechanisms."

Kroeber added that Brazil must be aware that the recent sharp rise in raw-material exports to China will come to an end and cannot pin its growth prospects on a boom period.

Driven over the past two decades by rural dwellers' large-scale migration to the cities and urban residents' desire to upgrade to more modern homes, China's housing market may remain strong for some time but is eventually headed for a fall, the expert said.

He predicted that Chinese President Xi Jinping's government will take steps to slow the pace of the downturn and maintain China's construction industry afloat over the next five years, saying those policy actions also will keep demand for Brazilian steel stable.

China is the biggest market for iron-ore exports by mining giant Vale, Brazil's second-largest company and the world's biggest producer of that base metal, the main ingredient in steel-making.

"You have to be realistic. The demand for raw materials will never be the same," Kroeber said, adding that "Brazil must seek out new opportunities and see where it can gain an advantage because the game is going to change completely."

Brazil posted a \$2.84 billion trade deficit in February, 33 percent wider than the same month of last year, due mainly to a sharp decline in exports to China, the Brazilian government said Monday.

Imports of Brazilian goods by that Asian country, a major market for Brazilian [iron ore](#), soy and other raw materials, plunged 40.2 percent last month relative to February 2014.

As a result, the United States was Brazil's top trading partner for the second straight month, a position that ?C prior to January ?C it had not occupied since 2009.

Citi Says Iron Prices to Fall to Around \$50 In Short Term

Citi on Tuesday forecast [iron ore](#) prices would drop to around \$50 a tonne in the short term as demand from Chinese steel mills wanes and oversupply grips the international seaborne markets.

"Chances are with the steel margins where they are, there will be a fall in iron ore prices to around \$50 a tonne," Citi iron ore and steel trading head Mark Lyons told an industry conference.

But the bank is sticking with its prediction that ore prices will average \$58 a tonne in 2015.

Imported iron ore stockpiles at major Chinese ports rose for the second week in a row last week, up 1.3 percent at 100.5 million tonnes as of March 6, according to data provider Steelhome.

Benchmark 62 percent grade iron ore for immediate delivery to China declined 1.9 percent to \$58.20 a tonne on Friday, its lowest since the index was published, according to the Steel Index. It has fallen around 18.3 percent so far this year.

"Steel markets in China are looking in pretty bad shape," Lyons said.

Compounding China's weakening steel market is a forecast fall in exports of steel this year, according to Lyons.

Steel exports in 2015 should drop to around 70 million tonnes from 90 million last year, leaving the domestic market to lap up an additional 20 million tonnes, Lyons said.

Rio Tinto, BHP Billiton eye lifting spot sales in line with capacity expansions

Iron ore heads at BHP Billiton and Rio Tinto said Tuesday, March 10, they wanted to sell at least 15-25% of their iron ore on a spot basis as production capacity increases at their operations in Western Australia over the next two years.

Speaking at the AJM Global Iron Ore & Steel Conference in Perth, Rio Tinto chief executive Andrew Harding would not say if the company had achieved the 2014 spot target of 15% he outlined at last year's event, but said the "intention was to push higher than 15%."

"We're definitely on track to achieve that," he said.

BHP Billiton iron ore president Jimmy Wilson said the miner was currently selling around 15-25% of its iron ore on spot with the balance done on contract.

"To be honest we'd like to see a lot more done on spot because at the end of the day we believe in free markets and that's the best example of a free market in play," he told media after his presentation in Perth.

Both miners said they were committed to their expansion targets and had expected iron ore prices to fall as supply started to outstrip demand.

Wilson said this was why BHP Billiton had made its last major investment in iron ore in 2011 with a view to the company maintaining its "share of supply through the commodity cycle."

"We don't react to short term price fluctuations in the market; we make our business decisions based on our views on the long-term price and I think in iron ore we've been very accurate in our anticipation of when supply growth would exceed demand growth," he said.

BHP Billiton is targeting production of 245 million mt from the Pilbara in the 12 months to June 30, and 290 million mt/year by 2017.

Rio Tinto plans to produce 330 million mt in calendar 2015 before expanding to 360 million mt/year by 2017.

Despite Chinese steel authorities and analysts tipping Chinese crude steel production to peak well below 900 million mt within the next two years, both Anglo-Australian miners believe it will plateau around 1 million-1.2 billion mt by mid-next decade.

BHP Billiton's Wilson said the company revisited its target for Chinese steel growth every year when it did its planning and was "sticking to that number," while accepting there would be some volatility along the way.

Rio Tinto's Harding said it only required annual crude steel production growth of 1% for China to reach 1 billion mt by 2030.

A central China-based steel customer of Rio Tinto said the oversupply of iron ore meant the Australian miners would have to rely more on the spot market to secure buyers for their additional output this year.

"It is unlikely that Chinese buyers will reduce their contract tonnages with the miners this year. It is also equally challenging to convince them to accept additional tonnage when times are bad so the miners will have to sell more in the spot market to find buyers for their products," he said.

He said buyers were skeptical about accepting additional contract tonnages as the iron ore market had not exhibited any signs of recovery amid an ongoing supply glut and weak steel demand.

Platts assessed the 62%-Fe Iron Ore Index at \$58/dmt CFR Qingdao Monday, a near six-year low.

Bulacan to host Philippines biggest steel plant

Steel Asia, the country's largest steel manufacturer, is investing PHP 6 billion to put up the biggest steel plant in the country.

Steel Asia said the plant in Plaridel would be among the most modern in the world. It will be using the latest available technology that allows production efficiency and environmental protection at the same time.

The Plaridel plant will have a production capacity of 1.2 million tonnes more than double the capacity of its recently inaugurated PHP 3 billion Davao plant which is at 500,000 tonnes.

Steel Asia said that the Davao plant generated around 2,000 direct and indirect jobs while the Plaridel plant is expected to create nearly 3,000 direct and indirect jobs.

Mr Roberto Cola VP of Steel Asia said that the Plaridel plant would feature an array of environmental measures that will allow the company to fully comply with existing laws. Despite various groups who are against the project, Steel Asia said majority of the residents of Plaridel are now supporting the rolling mill project in the area.”

Steel Asia said that an independent survey conducted by Greenboroughs Tech Inc. Showed 82% of the sampling from the direct impact area support the project. It has been conducting continuing efforts to explain the technical and environmental aspects of the plant, and its benefits to the community and its environment.

Mr Cola said that “Being open and transparent with the community was key to the support we are getting for our project. We even brought some members of the Plaridel community to our newly opened Davao plant for them to see and appreciate that we are real partners in progress and we care for the environment as we go about our business.”

Chinese banks to speed up Iranian steel projects

Mr Pang Sen the Chinese ambassador to Iran as saying that Chinese banks will expedite the implementation of Iranian steel projects.

Mr Sen said while meeting with Mr Mehdi Karbasian, the head of Iranian Mines and Mining Industries Development and Renovation Organization that the problems faced by the Central Bank of the Republic of China China, Export & Credit Insurance Corporation (Sinasure) and China Development Bank in funding Iranian steel projects would be resolved at the earliest. Given Iran's favorable position in the region, he said that his country highly welcomes development of Tehran ties.

He said that China is particularly keen on expanding mining cooperation with Iran. The Chinese ambassador underlined that his country has fresh plans and proposal for Iran's steel sector. China has opened credit lines for implementing steel projects in Iranian provinces but its commitments in this respect have not yet been fulfilled.

Mr Karbasian said that "In the past few months, Iran has fulfilled all pledges towards China Metallurgical Group Corporation, the Chinese contractor of the projects, and has followed up the commitments. However, the company is progressing slowly."

He said that a three member delegation headed by Mohammad Khandadash, the managing director of the National Iranian Steel Company, will soon visit China to follow up the issue. In the year to March 20th 2014, a number of European companies expressed interest in investing in the Iranian mining sector. This is while, Chinese firms has not yet taken up the opportunity provided by Iran's improved international status.

● IRON ORE MARKET ANALYSIS

The spot price of iron ore still went down

Today, the iron ore spot market was not active. There was a little inquiry while iron ore offer presented uptrend. Iron ore spot market still depressed. And the spot price of iron ore continually dropped by 5-15 CNY/MT.

Iron ore price slumped on the whole in Chinese some major ports. In Qingdao port, Australia PB Fines 61.5% spot price was 435-445 CNY/MT, which is tax inclusive warehouse price. The price of India iron ore fines 63.5% was 440-450 CNY/MT. Brazil iron ore fines 63.5% also decreased by 5 CNY/MT.

Currently, steel mills still held low inventory. And they did not purchase the imported iron ore for large-scale. Iron ore Platts index also broke the historical record and reached new low. The trading volume was hard to increase. Pessimistic atmosphere was still stronger. As a result, the imported iron ore market will be difficult to change weak situation.

The imported iron ore port stock continually sustained downtrend

So far, the imported iron ore market was still stagnant. And iron ore price also continued to decline. In the terms of the latest data, the imported iron ore port stock has reached 95.73 million tons on March 6, decreased by 230 thousand tons than February 27.

Entering March, the iron ore market did not rebound and still maintain weak situation. Chinese some steel mills gradually started operation. However, iron ore demand was sluggish. Merchants were careful to deal with iron ore business due to lower price. In addition, the iron ore shipments also did not rebound sharply. In a word, the iron ore port cargo still remained high level though the stock reduced.

Date	Australia	Brazil	India	S.Africa	other	Total
27-Feb	41,990,000	18,230,000	2,320,000	4,650,000	28,770,000	95,960,000
6-Mar	42,030,000	17,920,000	2,310,000	4,640,000	28,830,000	95,730,000
Change	↑ 40, 000	↓ 310, 000	↓ 10, 000	↓ 10, 000	↑ 60, 000	↓ 230, 000

