

Iron ore trade and prices update

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Indian iron ore imports tumbled 90%, while exports surged 140%

Iron ore imports tumbled 90% Y-o-Y from April to October 2019, after seeing a sharp escalation of 172% in comparable period last year. This is the lowest level of imports recorded in past seven years. Elevated global iron ore prices during the period prompted domestic steel players to opt for locally produced iron ore instead of importing the mineral at inflated prices. Out of the total imports of 0.9 mn tonnes in 7M-FY20, South Africa accounted for 37% share, followed by Brazil with 33% share, Australia with 19% share, Iran and Philippines with about 6% shares each.

On the other hand, iron ore exports surged 140% from April to November 2019, after witnessing a fall of 35% in similar period last year. This is the highest recorded in past eight years. In FY19, China continued to remain the principal iron ore importer from India with 83% share, followed by Japan, South Korea, Oman, Turkey and others.

Chart 1: Imports of iron ore and concentrates ('000 tonnes)

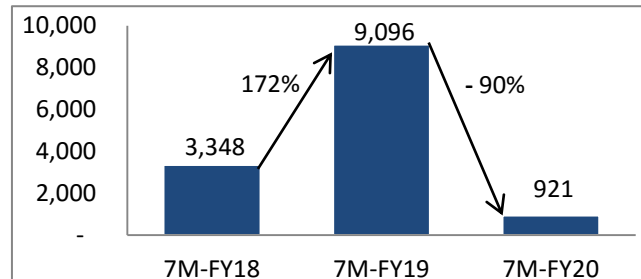
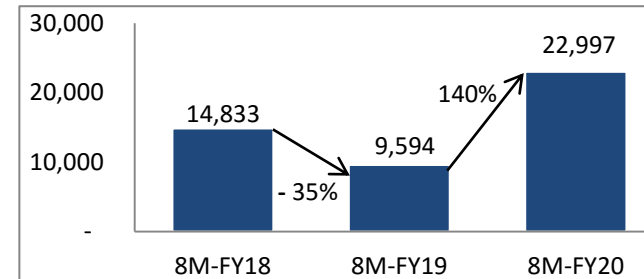


Chart 2: Exports of iron ore and concentrates ('000 tonnes)



Source: CMIE

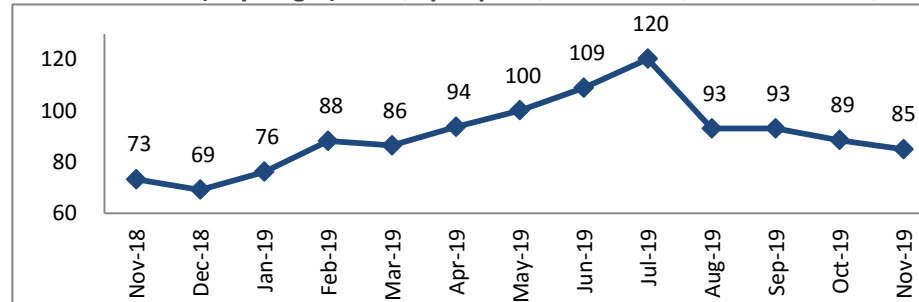
Exports of iron ore pellet grew 58% Y-o-Y to 7.6 mn tonnes from April to October 2019, with about 3/4th of our exports shipped to China. China showed a healthy demand for Indian iron ore pellets during the period, growing 72% Y-o-Y during the period to 5.7 mn tonnes. Other countries to which India exported iron ore pellets include Turkey, Korea, Malaysia, Oman and UK, etc.

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Global iron ore prices soften

Iron ore prices zoomed 58% between January and July 2019, however, it gradually declined August 2019 onwards. Between August and November 2019, prices declined by nearly 30%. The Vale dam collapse in Brazil led to the surge in global iron ore prices in initial seven months of the year, however, a slow steel demand globally did not help keep the prices upbeat and they gradually declined to reach USD 85/dmtu in November 2019.

Chart 3: Iron ore (any origin) fines, spot price, c.f.r. China, 62% Fe in USD/dmtu*



* dry metric ton unit (dmtu) is the internationally agreed-upon unit of measure for iron ore pricing. dmtu has the same mass value as a metric tonne, but the material has been dried to decrease the moisture level. All prices are monthly averages
Source: World Bank

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