

PELLEX Rationale

PELLEX- DAP Raipur (Delivered Price - Plantsite in Raipur)		INR 6,450/MT*
Date and Time of publication		6 August, 2019 & 18.30 (IST)
Publishing Window		Monday to Tuesday
Last Index Price (2 August, 2019)		INR 6,650/MT*
% change		3.01% ↓

*Rounded off to the nearest multiple of 50

*Prices on delivered basis (including freight) to a DRI maker in Raipur

Concluded Transaction Price	
<ul style="list-style-type: none"> •PELLEX dropped by INR 200 from INR 6,650 to INR 6,450; primary reason being weak export sentiments after sharp decline in global iron ore prices and transactions at lower price from neighboring states •No Export deal from Raipur was concluded in this publication window •One deal was heard in the Raipur and nearby market in this publishing window •Deal for 5,000 MT reported at INR 5,500-5,600 (Ex plant) from Odisha based plant; normalizing for quality and freight to Raipur at INR 6,250-6,350 (DAP Raipur) 	
Firm Offers	
<ul style="list-style-type: none"> •Raipur based plants' have cut their offers by INR 300 to INR 6,650/MT (DAP Raipur); primary reason being weak export sentiments and competitive offers from Odisha and Raigarh based plants •Raigarh based pellet maker is offering pellet at INR 5,800/MT(Ex-plant); normalizing for freight to Raipur at INR 6,450 (DAP Raipur) •Jamshedpur based pellet maker is offering pellet at INR 5,500/MT(Ex-plant); normalizing for freight to Raipur at INR 6,500 (DAP Raipur) •No firm offers were heard from Odisha based pellet makers 	
Firm Bids	
<ul style="list-style-type: none"> •Conversion margins from iron ore/pellet to DRI have turned negative over the last few months •DRI makers unable to pass on the increased iron ore/pellet prices amid weak domestic sentiments •Movement from NMDC has fallen due to heavy rains; buying interest for pellet heard to satisfy the urgent and immediate needs of the raw material •Limited buying interest in the range of INR 6,150-6,250/MT (DAP Raipur) 	
Export Realization	
<ul style="list-style-type: none"> •Market sentiments in the pellet export market turned very weak after sharp decline in global iron ore fines index by USD 9 yesterday •Chinese Iron ore prices drop as US extends tariff and Chinese currency falls to sensitive level •No export deal from Raipur was reported in the publishing window •Pellet Export realization for standard grade pellet has come down to USD 111-113/MT FoB (AI 3%); due to declining iron ore prices in China, falling bids from China and increased sea freight (USD 14-15/MT) 	
Substitute Parity Price	
<ul style="list-style-type: none"> •Considering land cost of Lump and other factors like yield, conversion cost etc for NMDC and Orissa; the substitute parity price for Pellet is INR 6,500 (DAP Raipur) •Serajuddin (Odisha based major miner) has reduced lump (5-18) offer by INR 300/MT last week amid increased iron ore production (4 year's high in Jul'19) •Fall in supply by NMDC to state-based units (from 37 rakes (0.14 MnT) in Jun'19 to 18 rakes (0.07 MnT) in Jul'19). NMDC yet to announce its prices for the month 	
Statistical Exclusion for Bids and Offers (no. and normalized values)	1 offer at INR 7,050 (DAP Raipur) 3 Bids at INR 6,150 and INR 6,200 (DAP Raipur)



PELLET SPECIFICATION

India Domestic Pellet specification, DAP Raipur		
S. No.	Particulars	Specifications
1	Price	INR per metric tonne
2	Fe Content	Base 63.5%, Range 63% to 64%
3	Silica	Base 3.5%, Maximum 5.0%
4	Alumina	Base 2.0%, Maximum 4.0%
5	Combined Silica / Alumina	Maximum 7.0%
8	Trade Size	Minimum 2,500 MT, Maximum 10,000 MT
9	LOI	Base 3.0%
10	Delivery Terms	DAP Raipur (Delivered to Buyers site in Raipur)
11	Delivery period	Within 2 -4 week
12	Assessment Frequency	Twice in a Week
14	Data collection	Window 1 - Monday 9.00 until Tuesday 17.30 (IST) Window 2 - Wednesday 9.00 until Friday 17.30 (IST)
15	Publication	Window 1 - Tuesday 18.30 (IST) Window 2 - Friday 18.30 (IST)
15	Payment Terms	Advance (Loaded to Truck)

Note:

- Transactions/market information not covered in the previous cycle to be considered in the next cycle
- PELLEX assesses DAP Raipur Prices. DAP is Delivered at Place, meaning prices on delivered basis (including freight) to a DRI maker in Raipur
- For more details, refer to SteelMint PELLEX Methodology document