

PELLEX Rationale

PELLEX- DAP Raipur (Delivered Price - Plantsite in Raipur)		INR 6,250/MT*
Date and Time of publication		9 August, 2019 & 18.30 (IST)
Publishing Window		Wednesday to Friday
Last Index Price (6 August, 2019)	INR 6,450/MT*	
% change	3.1% ↓	

*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 250 from INR 6,450 to INR 6,250; primary reason being weak export sentiments after sharp decline in global iron ore fines index by USD 13/DMT W-O-W •No domestic and export deal from Raipur was concluded in this publication window 	
Firm Offers	
<ul style="list-style-type: none"> •Strong correlation of the domestic offer price and export realization continue to exert pressure on pellet makers to further reduce offer prices' in the domestic market •Raipur based plants' have further cut their offers by INR 300 to INR 6,350/MT (DAP Raipur); PELLEX last assessment (6 August, 2019) reported Raipur based offers at INR 6,650 (DAP Raipur) •Jharsuguda (Odisha) based pellet maker is offering pellet at INR 5,500/MT(Ex-plant); normalizing for freight to Raipur at INR 6,200 - 6,250 (DAP Raipur) •Durg based pellet maker is offering pellet at INR 6,200/MT(Ex-plant); normalizing for freight to Raipur at INR 6,400 (DAP Raipur) 	
Firm Bids	
<ul style="list-style-type: none"> •DRI makers continue to hit hard by the negative conversion margins from iron ore/pellet to DRI and continuous downward trend in steel market •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 reported around INR 6,150 MT (DAP Raipur); few bids reported at INR 5,650 MT (DAP Raipur) and the same have been excluded from the assessment •Buyers are waiting for further fall in pellet price for substantial buying interest 	
Export Realization	
<ul style="list-style-type: none"> •Market sentiments in the pellet export market turned very weak after sharp decline in SteelMint 62% Fe Fine Assessment to USD 95/DMT CFR China (down by USD 13/DMT W-O-W) •Chinese Iron ore prices drop as US extends tariff and Chinese currency falls to sensitive level •Pellet Export realization for standard grade pellet has come down to USD 100-105/DMT FoB (AI 3%); due to declining iron ore prices in China, falling bids from China and increased sea freight (USD 14-15/MT) •No export transactions were reported at USD 100-105/DMT FoB (AI 3%) and the same is an indicative price considering very low buying interest from China and falling domestic pellet prices in China 	
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 6,450 (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) •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 5,650 and 1 Bid at INR 5,150 (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