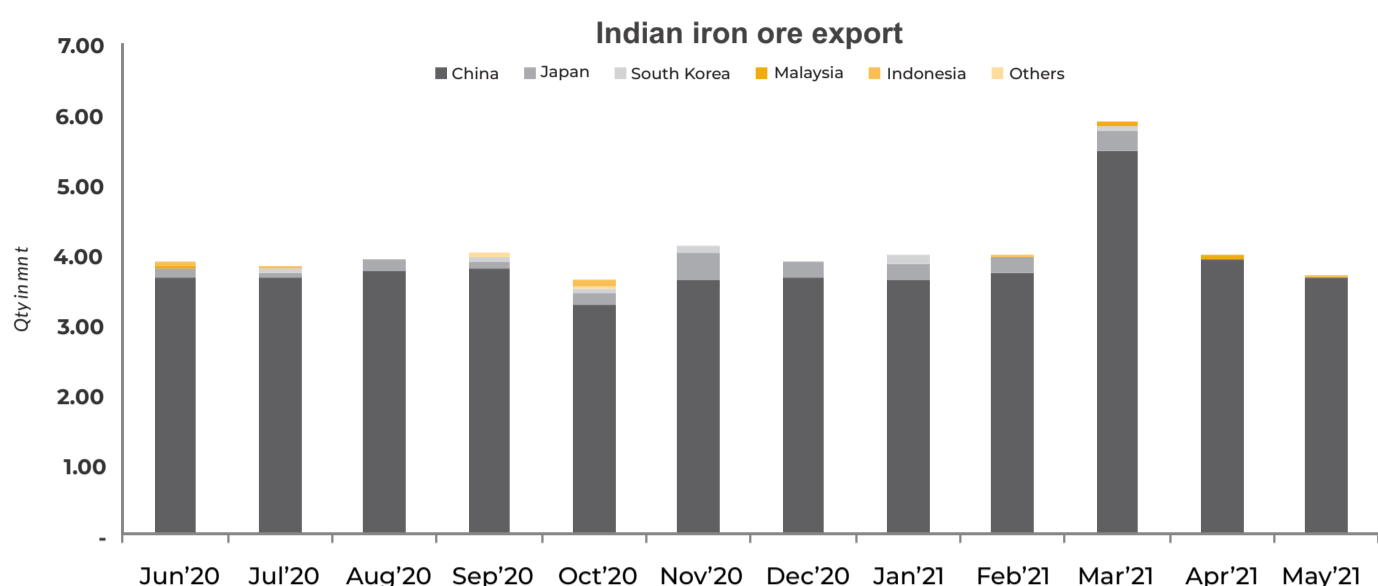


SteelMint[®]

IRON ORE^X

Monthly Iron Ore Insight

India's iron ore export shipments down 7% in May'21 on lower Chinese buying



Source: SteelMint Research

Indian iron ore export shipments were recorded at 3.69 million tonnes (mnt) in May'21, a 7% month-on-month (m-o-m) decline as compared to 3.99 mn t in Apr'21, according to vessel line-up data maintained with SteelMint. Apart from uncertainty prevailing amidst quarantine measures in China for Indian cargoes and port delays, subdued interest for low-grade ore in China resulted in a fall in exports.

China's top steel-making city, Tangshan, had imposed mild-to-medium air pollution curbs from 18-22 May'21. Sintering machines, rotary kilns of cement plants and foundry (except for EAFs), brick/tile furnaces were ordered to suspend operations from midnight to 10 a.m. This resulted in preference for high-grade ores.

Low-grade ore prices fall sharply: A major Australian miner also significantly increased the discount on low-grade ore for May'21 shipments. SteelMint learned from market participants that the miner increased the discount of SSF low-grade fines (Fe 56.7%) from 10.5% in Apr'21 to 18% for May'21 deliveries.

As per SteelMint's assessment, Fe 57% Indian iron ore fines prices fell from \$102/tonne FoB east coast of India around mid-May'21 to \$87/t towards the end of the month. Indian iron ore export prices declined in the second half of May after global iron ore prices plunged from 10-year high levels following a steep decline in futures.

Indian iron ore exports to China down

China continued to remain the largest importer of Indian iron ore in May'21 with 3.65 mn t, down 7% as against 3.93 mn t seen in Apr'21. Kenya was the second-largest importer at 0.05 mn t.

Exports to Japan and Korea remained nil as NMDC's long-term export contract is yet to be renewed. NMDC's long-term iron ore export contracts with Japanese steel mills (JSMs) and South Korea's POSCO, which were to be renewed on 31 Mar'21, have been delayed. As a result, its exports rake movements from Chhattisgarh mines, collated on a monthly basis, show nil since Apr'21.

Rungta largest exporter

Rungta Mines was the largest iron ore exporter at 0.66 mn t, in May'21, down 39% as against 1.08 mn t seen in Apr'21. Fomento was the second-largest exporter at 0.42 mn t, followed by SM Niryat at 0.30 mn t and Animesh Ispat at 0.22 mn t.

Key Prices

Prices	Currency	Prices as on 10th Jun'21	May'21 Avg	Apr'21 Avg	% Change
Odisha Index, 5-18 mm, Fe 63%	INR	14,000	11925	10425	↑ 14%
Odisha Index, 10-30 mm, Fe 63%	INR	13,750	11650	10013	↑ 16%
Odisha Index Fines, Fe 63%	INR	9,450	9175	7750	↑ 18%
Karnataka, Lumps Fe 63%	INR	6770	6770	6180	↑ 10%
Karnataka, Fines Fe 60%	INR	4270	4270	3650	↑ 17%
NMDC C.G, DRCL0, 10-40mm, Fe 67%	INR	8,880	8880	7430	↑ 20%
NMDC C.G, 6-40mm, Fe 65.5%	INR	7650	7650	6400	↑ 20%
NMDC C.G, Fines Fe 64%	INR	6560	6560	4810	↑ 36%
India Low-grade fines Fe 58/57 (FOB, East coast) \$					
Pellet Index (DAP, Raipur)	INR	16,300	16,150	13,575	↑ 19%
India Pellet FOB (East coast)	\$	229	221	200	↑ 11%
Spot iron ore Index fines Fe 62% (CNF China)	\$	214	207	179	↑ 15%

Prices	Currency	Prices as on 10 Jun'21	May'21 Avg	Apr'21 Avg	% Change
Pig iron (Steel grade, Ex-Durgapur)	INR	39,700	38,715	38,612	↑ 0%
HMS Scrap (Ex-Mumbai)	INR	34,400	35,654	32,842	↑ 9%
Sponge iron (C-DRI, 80 FeM) Exw Raipur	INR	32,000	29,790	30,538	↓ 2%
Billet index, Exw Raipur	INR	43,100	42,198	41,392	↑ 2%
HRC (Exy Mumbai)	INR	67,500	66,300	63,400	↑ 5%

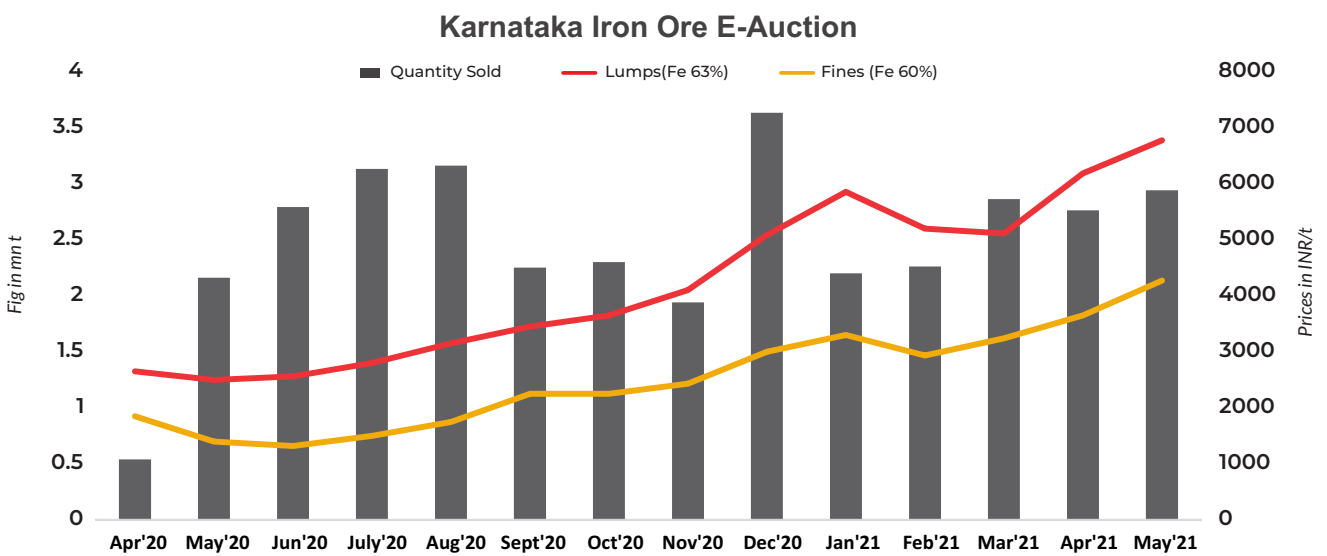
NMDC rolls over iron ore prices for June'21 deliveries

India's largest merchant and govt-owned iron ore miner, NMDC has kept prices unchanged for June'21 deliveries, SteelMint learned from credible sources. The price announcement may give some relief to Indian steel mills and sponge players who were worried about the sharp hike in Odisha iron ore prices which rose by upto INR 2,000/t w-o-w.

The Chhattisgarh government is ready with a shortlist of 16 limestone and iron ore blocks that it hopes to auction in 2-4 months. These are largely virgin areas, some of which had been explored in the past by private companies whose claim may have lapsed after recent amendment to the mining laws.

Karnataka iron ore e-auction sales up 7% m-o-m in May'21

Karnataka registered a 7% rise in its monthly e-auction sales volumes in May'21. The total allotted iron ore quantity in May'21 was recorded at 2.94 million tonnes (mn t) compared to 2.76 mn t in Apr'21. JSW Steel, India's major private steel mill and the largest buyer of Karnataka's auctioned iron ore, increased its purchases by 10% in May '21.



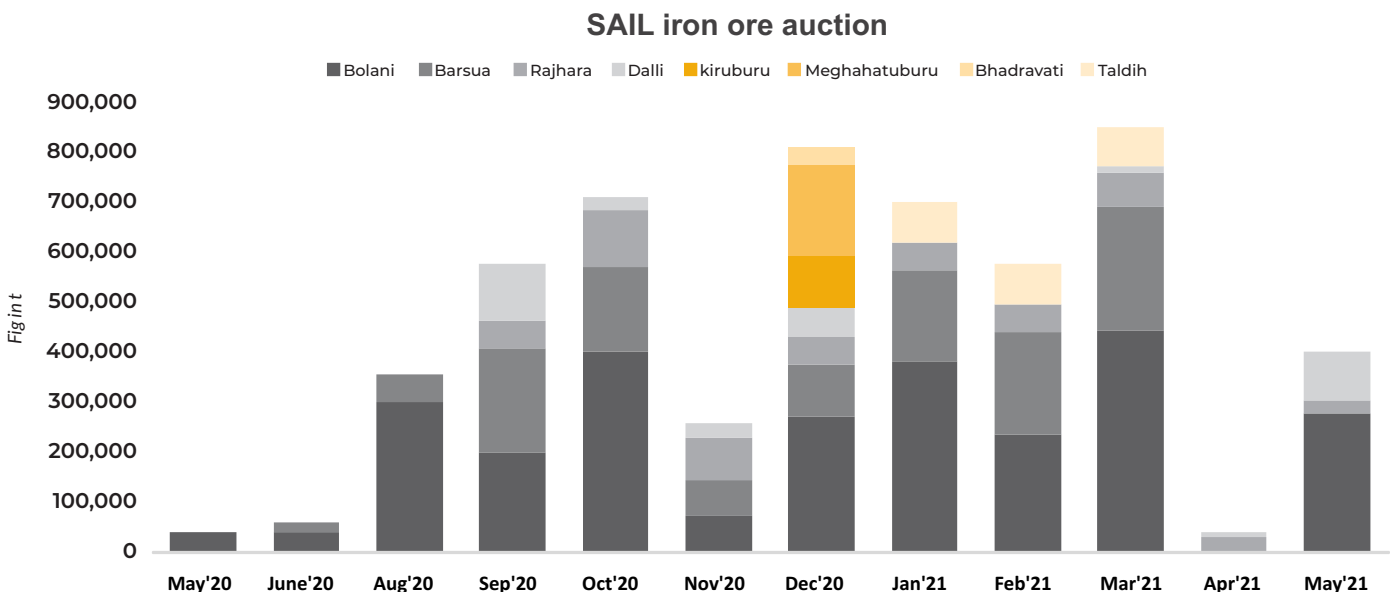
Over 0.5 mn t of iron ore sold at SAIL auctions in May'21

PSU steel major Steel Authority of India Ltd (SAIL) sold over 530,000 t of iron ore at auctions in May'21 from mines under the company's Raw Materials Division in Odisha and those under the Bhilai Steel Plant in Chhattisgarh, as per data available with SteelMint.

May'21 iron ore sales rose manifold compared to just 40,000 t in Apr but edged lower vis-a-vis more than 850,000 t in Mar.

In mid-May, the Odisha government issued directions to SAIL to halt all merchant dispatches of iron ore owing to discrepancies in mining operations of dump fines, while allowing the state-owned steelmaker to continue ore dispatches for captive consumption.

However, the MoM later issued a clarification reconfirming the permission granted to SAIL for sale of 25% of total mineral production recorded in the previous year under MMDR Act, 1957. Also, the company was allowed to sell 50% of its current year's iron ore production, as per the provisions of the newly-introduced section 8A (7A) of MMDR Act. For mineral sales taking place after 28 Mar'21, however, SAIL was asked to pay the applicable additional charge, as per the Sixth Schedule of the MMDR Amendment Act. Following this order, the steel major resumed iron ore auctions from its Odisha mines on 25 May.



Iron ore lump prices hit record high in OMC's auction

State-owned Odisha Mining Corporation's (OMC) e-auction for 619,000 t of iron ore lump was concluded at an average of 42.8% over the set base price and entire quantity offered got booked. The state-owned miner had increased the quantity to be put under the hammer to 619,000t against 522,000 t declared on 25 May'21, as per SteelMint reports. Few of the key buyers in today's auction were - Tata Steel, JSPL etc.

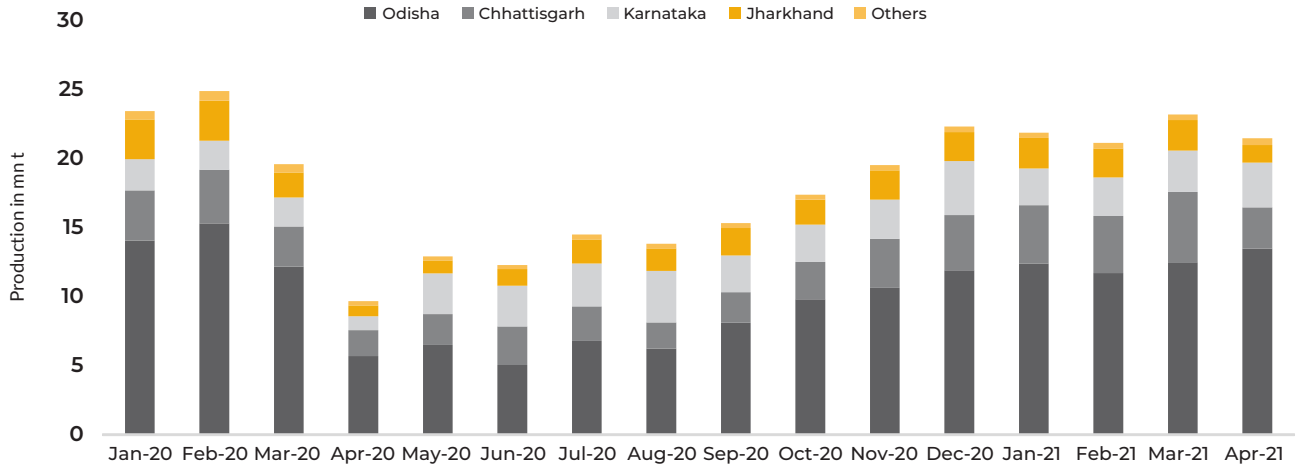
OMC Iron ore auction

Mines	Size (mm)	Fe (%)	Base Price as on 02nd Jun'21 (INR/t)	Bid Price as on 02nd Jun'21 (INR/t)	Quantity (t)
Gandhamardan	10-40	62%	7,500	10,600-11,350	420,000
	10-180	65%	7,300	10,550	5,000
Koira	10-40	62%	8,400	11,600	10,000
Daitari	10-40	62%	7,800	11,550	50,000
Tiring Pahar	10-40	62%	9,000	12,900	17,000
Guali	5-18	62%	9,100	12,700	55,000
	18-40	62%	8,400	12,050	10,000
Jilling	5-18	62%	9,600	13,000	12,000
	18-40	62%	8,400	12,000	40,000
Total					619,000

Crude steel output up 3% m-o-m

During May '21, crude steel output was 8.52 mn t, marginally up by 3% from 8.30 mn t in Apr '21. However, Indian crude steel production edged up by 36% y-o-y against 6.26 mn t in May '20. The domestic steel output has been driven by increased exports and higher capacity utilisation levels than last year.

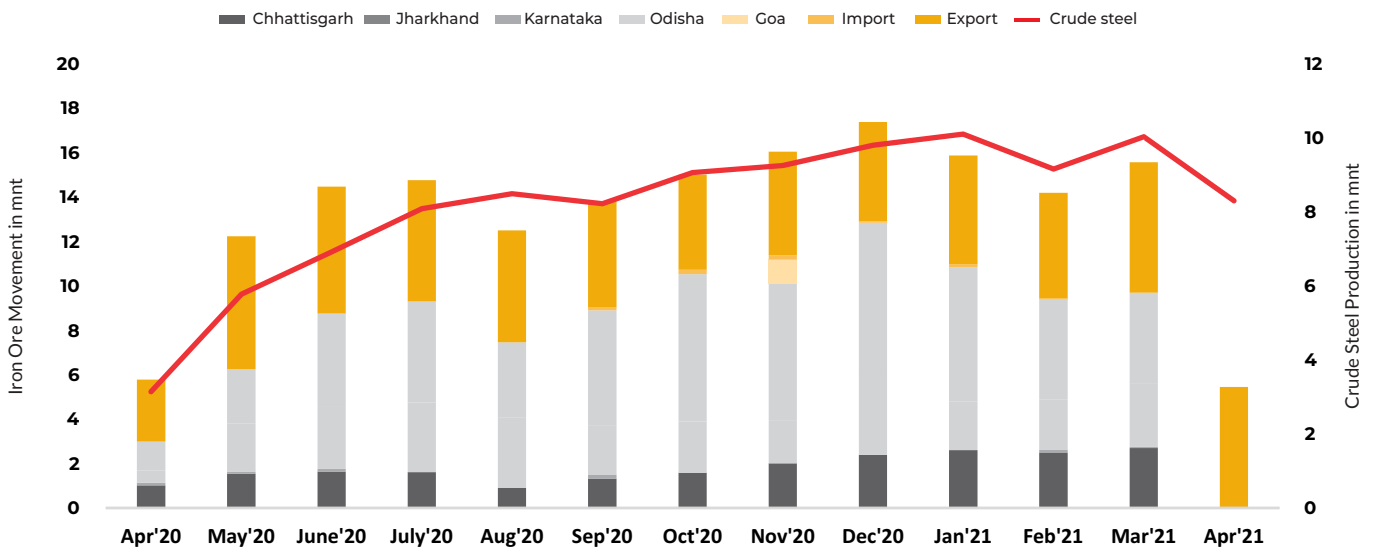
India Iron Ore Production-State wise



Source: SteelMint

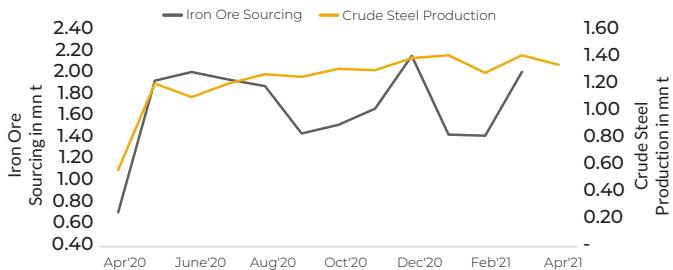
Iron ore movement increases as Crude steel production improves

Indian Iron Ore Movement vs Crude Steel Prod.



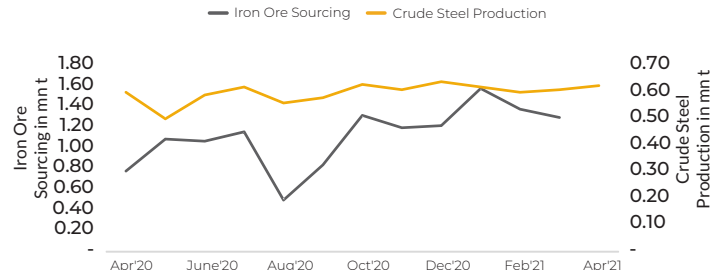
Iron ore sourcing pattern of India major mills

JSW Iron ore Sourcing Vs Crude Steel Production



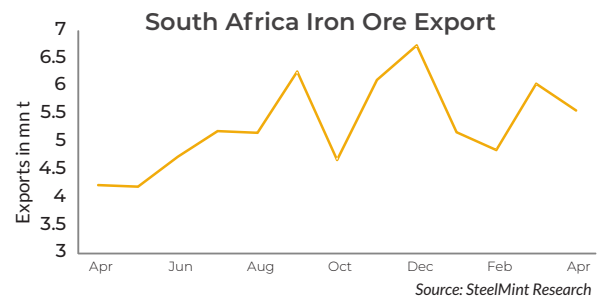
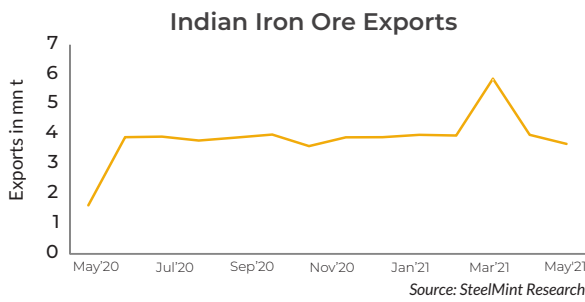
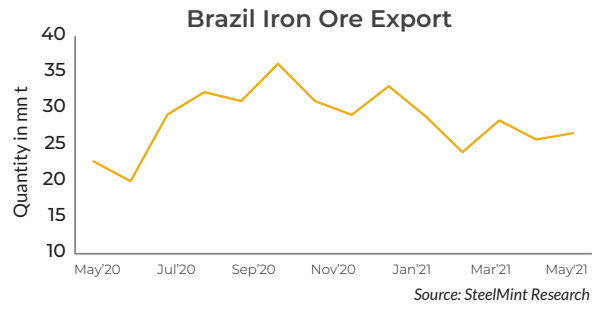
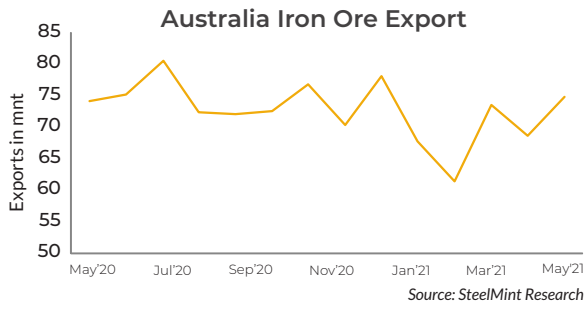
Source: SteelMint Research

AM/NS : Iron Ore Sourcing v/s Crude Steel Production



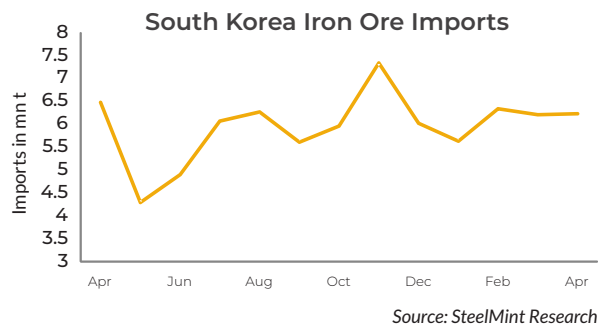
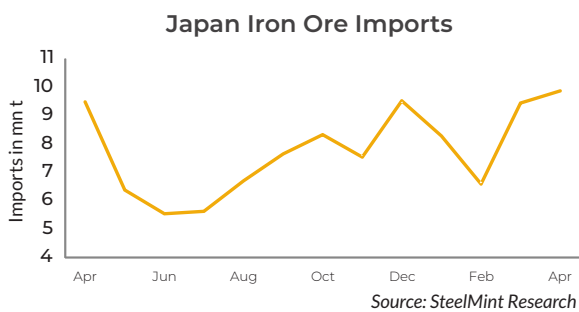
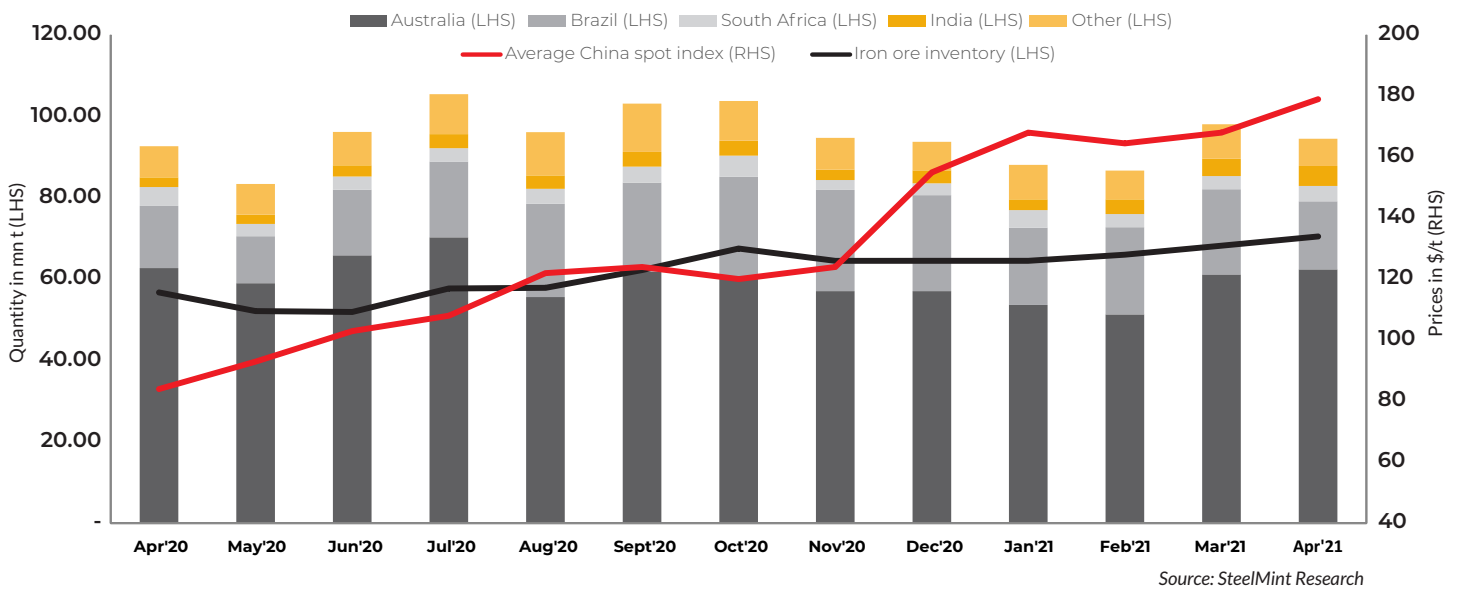
Source: SteelMint Research, Customs, Odisha govt

World's major countries export data



World's major countries import data

China iron ore prices vs Imports vs inventories



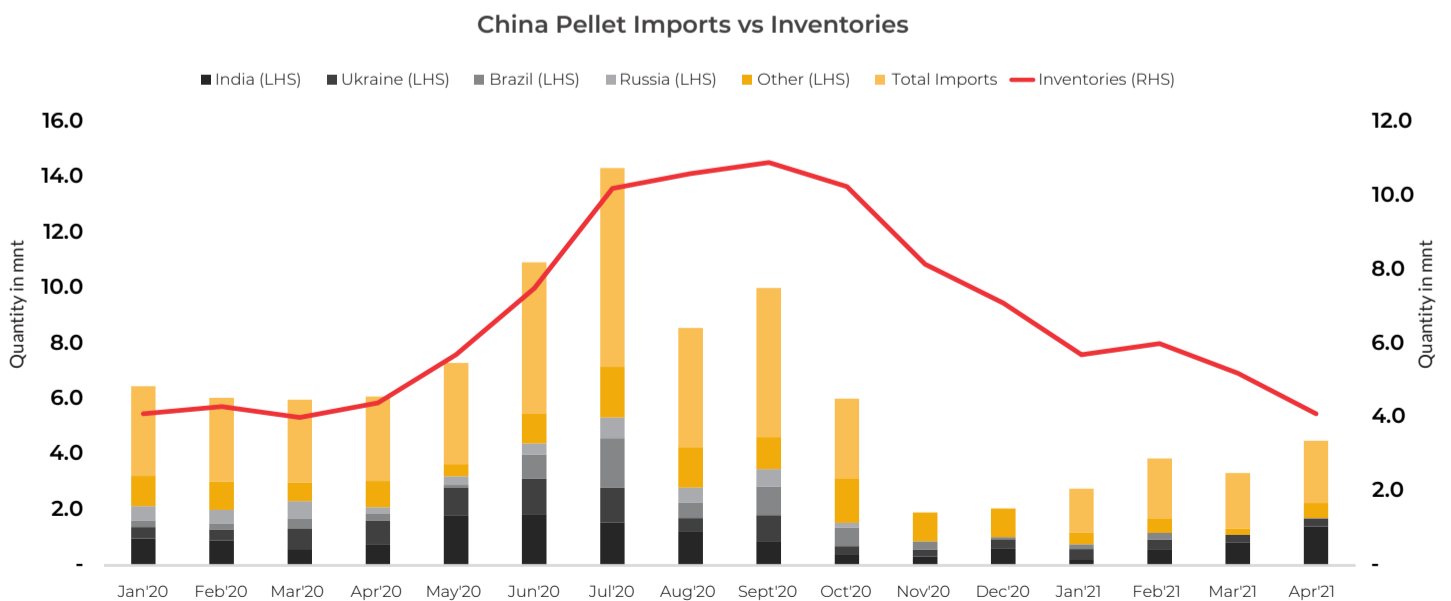
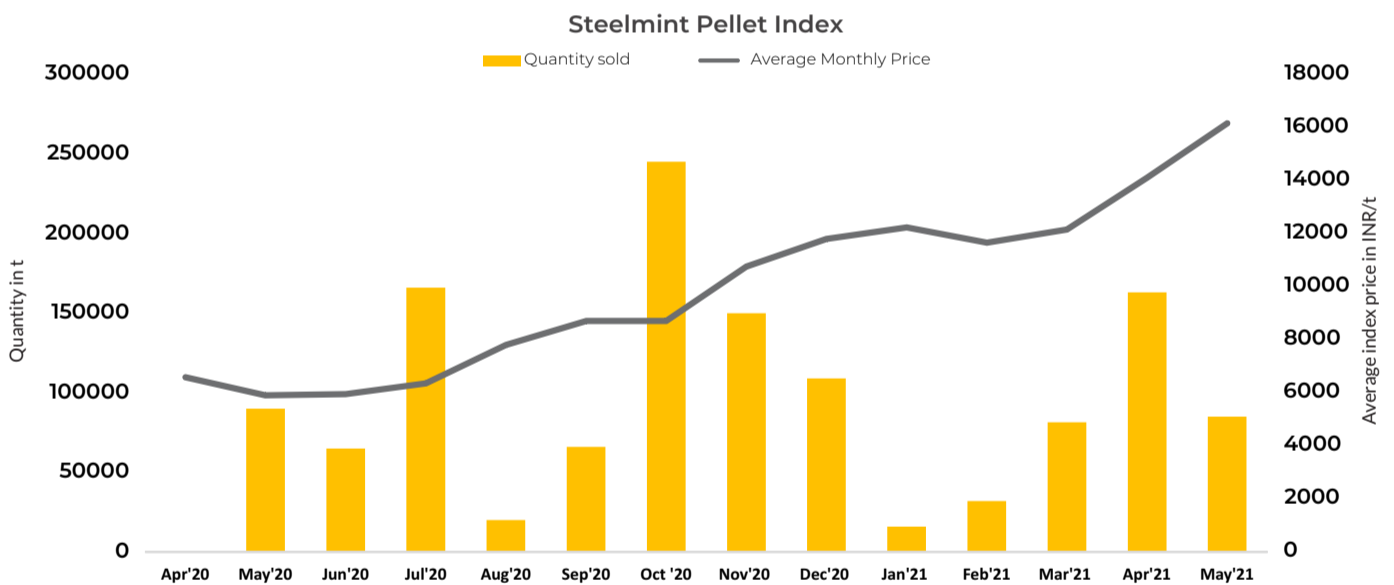
SteelMint's pellet index records sales at 85,000 t in May'21

SteelMint's bi-weekly domestic iron ore pellet index, PELLEX, recorded total sales of 85,000 t of pellets (Fe 63%) in the Raipur market in May'21 against 163,000 t in Apr – a drop of over 47% on month. High domestic pellet prices and falling semi-finished steel prices dampened buying interest, especially since mid-May, SteelMint notes. As per PELLEX assessments throughout the month, the weighted average price for Fe 62.5-63% material stands at INR 16,150/t in May –over 14% higher compared to INR 14,106/t in Apr.

Indian Pellet Prices

	Trade terms	Prices as on 10th Jun	May Avg	Apr Avg	% Change
PELLEX	DAP Raipur	16,300	16,150	14,106	14%
Barbil	FOR	15,650	14,390	12,875	12%
Bellary	EXW	14,000	13,185	12,500	5%
Durgapur	EXW	15,500	14,590	12,775	14%
Jamshedpur	EXW	15,500	14,631	12,700	15%
Jharsugda	EXW	15,700	15,265	12,925	18%
Kandla	DAP	16,200	16,100	14,750	9%
India Pellet exports	FOB	229	221	199.6	11%

Note:- India domestic prices in INR/t



Source: SteelMint Resresearch

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