



# MINERAL INDUSTRY SURVEYS

U. S. DEPARTMENT OF THE INTERIOR  
BUREAU OF MINES  
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Iron Ore, Monthly

## IRON ORE IN MARCH 1987

U.S. mine production of iron ore in March was nearly 8% higher than that in February, according to the Bureau of Mines, U.S. Department of the Interior. Mine stocks rose from 8.1 million long tons to 10.5 million during the month. The 1987 shipping season on the Great Lakes began on March 6 with the shipment of 28,092 tons of Empire pellets from the Chicago and Northwestern Railway terminal at Escanaba, MI. Because of the favorable spring weather and early opening, March shipments from U.S. loading docks on the Great Lakes reached 615,253 tons, more than 3 times the tonnage for March 1986. Imports totaled 0.93 million tons and were more than double those of February. Almost 98% of the March tonnage entered through Gulf or mid-Atlantic ports. Stocks of ore and agglomerates at consuming plants and U.S. receiving/transfer docks decreased 24% during the month to 10.4 million tons. Consumption jumped from 3.9 million tons to 4.9 million as the result of a 27% increase in pig iron production. The sharp rise in pig iron output was attributed to 3 factors: the resumption of blast furnace operations at the USX Corp., a longer month, and the traditional spring pickup in activity by heavy industry. On March 31, 42 blast furnaces were in operation, 3 more than on February 28.

In mid-January, The Cleveland-Cliffs Iron Co. reduced the price of its Lake Superior iron ore pellets from 86.90¢/lt unit of iron, natural, to 72.45¢/lt unit. The new price, which is retroactive to December 30, 1986, applies to pellets delivered rail-of-vessel at lower lake ports. The previous price of 86.90¢ had been in effect since February 26, 1982. In February, Oglebay Norton Co. announced an identical 16½% reduction for its standard grade pellets, effective March 1. Oglebay's new Eveleth special grade is listed at 74.00¢/lt unit. Other domestic pellet producers are also expected to cut their prices in order to remain competitive in the face of declining U.S. demand.

In Japan and Western Europe, most of the 1987 prices negotiated to date for fines and lump ore have been slightly lower than those of 1986. In the past, iron ore exporters normally have completed their annual price negotiations in Europe before fixing prices in Japan. The tradition arose because European contracts are based on the calendar year, while Japanese contracts are on an April to March fiscal year. This year, in a break from tradition, The Broken Hill Pty. Co. Ltd. settled its Mount Newman contract with Japanese steelmakers on February 20, triggering a worldwide reappraisal of iron ore prices.

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Prepared in the Division of Ferrous Metal, July 10, 1987.

By May, Japanese steelmakers had settled essentially all of their contracts for fines and lump ore, winning price cuts of 3.8% to 6.8%. Prices negotiated under Japanese contracts for fiscal 1987 with various producers were reported as follows (f.o.b., in U.S. cents per dry metric ton unit of iron):

Producer	Ore type	Prices	
		FY 1987	FY 1986
Hamersley Iron Pty. Ltd.	lump ore	28.33	29.81
Robe River Iron Associates	fines	21.16	22.61
Companhia Vale do Rio Doce (CVRD)	fines	21.89	23.29
Mineracoes Brasileiras Reunidas S.A.	fines	22.40	23.83
Iron Ore Co. of Canada	Carol concentrates	20.91	22.09
Cia. de Acero del Pacifico S.A.	Romeral fines	17.03	18.11
National Mineral Development Corp. Ltd.	Bailadila fines	23.33	24.56
Iron & Steel Corp. of South Africa Ltd.	fines	19.15*	20.55*

\* After penalties for alkali impurities.

European steelmakers, who were dissatisfied with their 1986 contracts, also succeeded in winning price cuts of 6% to 11% for fines, but were being forced to pay 1% to 5% more for pellets. Several pellet contracts remain to be settled in both Europe and Japan. Nine of the prices negotiated to date under West German contacts are shown below (f.o.b., in U.S. cents per dry metric ton unit of iron):

Producer	Ore type	Prices	
		CY 1987	CY 1986
Companhia Vale do Rio Doce (CVRD)	pellets	36.70	35.60
Companhia Vale do Rio Doce (CVRD)	Itabira fines	24.50	26.26
Companhia Vale do Rio Doce (CVRD)	Carajas fines	25.30	27.50
Samarco Mineracao S.A.	pellets	35.55	34.00
Iron Ore Co. of Canada	pellets	37.15	36.50
Iron Ore Co. of Canada	fines	24.03	26.50
Quebec Cartier Mining Co.	fines	24.03	26.50
LAMCO Joint Venture	fines	22.75	24.70
Luossavaara-Kiirunavaara AB	Malmberget fines	25.93	28.60

## U.S. IRON ORE MONTHLY PRODUCTION AND SHIPMENTS

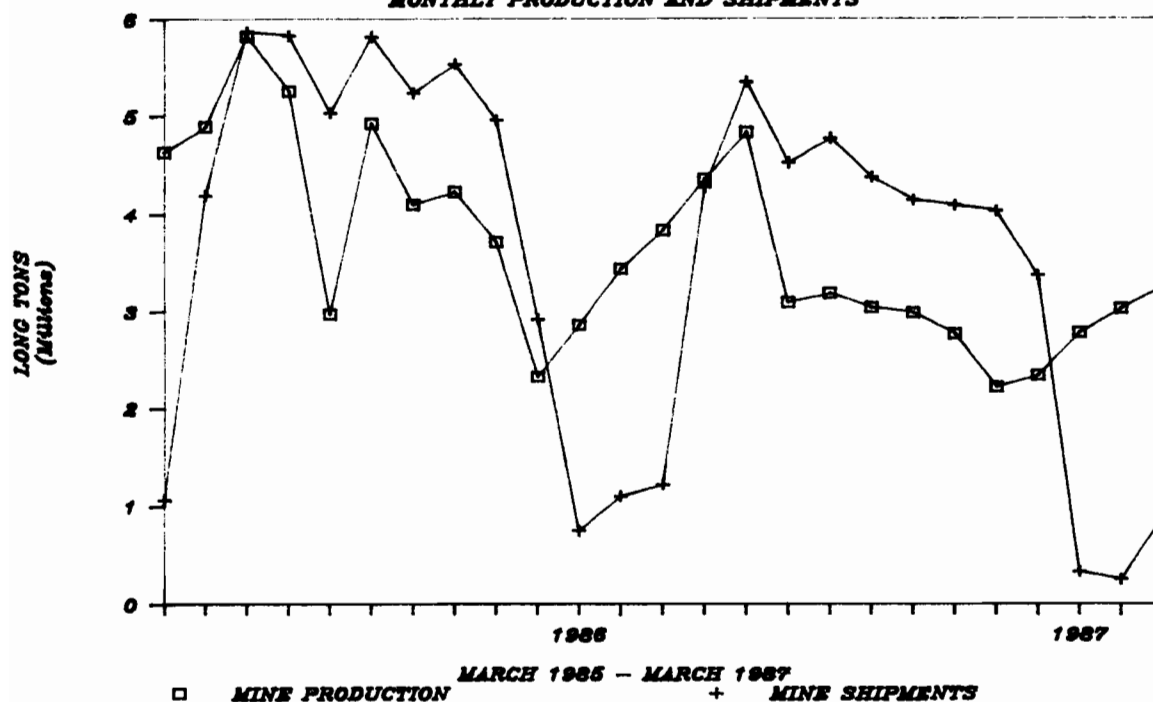


Table 1. - U.S. production and shipments of iron ore, by districts <sup>1/</sup>  
(Exclusive of ore containing 5% or more manganese)  
(Thousand long tons)

Period	Lake Superior	Other U.S.	Total <sup>2/</sup>	
			1987	1986
<b>Production:</b>				
1986 p/-----	38,179	809	--	38,988
1987:				
January-----	2,725	57	2,782	2,861
February-----	2,976	53	3,029	3,443
March-----	3,197	61	3,258	3,840
<b>Shipments:</b>				
1986 p/-----	41,225	823	--	42,048
1987:				
January-----	296	34	330	755
February-----	206	48	254	1,106
March-----	839	60	900	1,226

p/ Preliminary.

<sup>1/</sup> Excludes byproduct ore, except where noted.

<sup>2/</sup> Includes estimated data. Data may not add to totals shown because of independent rounding.

Table 2. - U.S. mine production, shipments, and stocks of iron ore 1/  
 (Exclusive of ore containing 5% or more manganese)  
 (Thousand long tons)

District	Production March		Shipments March		Mine Stocks March 31	
	1987	1986	1987	1986	1987	1986
Lake Superior:						
Michigan-----	1,044	1,041	396	179	3,513	4,134
Minnesota-----	2,152	2,714	444	993	6,695	8,563
Other U.S.-----	61	85	60	55	278	302
Total <u>2/</u> -----	3,258	<u>3/</u> 3,840	900	<u>3/</u> 1,226	10,485	<u>3/</u> 12,998

1/ Excludes byproduct ore.

2/ Data may not add to totals shown because of independent rounding.

3/ Includes estimated data.

Table 3. - U.S. exports of iron ore  
 (Thousand long tons)

Period	Canada	Other	Total <u>1/</u>	
			1987	1986
1986 <u>p/</u> -----	4,478	3	--	4,482
1987:				
January-----	71	--	71	13
February-----	( <u>2/</u> )	( <u>2/</u> )	( <u>2/</u> )	( <u>2/</u> )
March-----	21	--	21	143

p/ Preliminary.

1/ Data may not add to totals shown because of independent rounding.

2/ Less than one-half unit.

Source: U.S. Bureau of the Census.

Table 4. - Canada: Shipments of iron ore  
(Thousand dry long tons)

Period	Newfound- land	Quebec	Ontario	British Columbia	1987 Total <u>1/</u>	1986 Total <u>1/</u>
1986 p/-----	20,086	13,285	3,329	26	--	36,724
1987:						
January-----	1,215	956	299	2	2,472	2,044
February-----	424	1,117	258	2	1,801	1,898
March-----	610	904	291	2	1,808	1,706

p/ Preliminary.

1/ Data may not add to totals shown because of independent rounding.

Source: Energy, Mines, and Resources Canada.

Table 5. - U.S. imports for consumption of iron ore, by country  
(Exclusive of ore containing 10% or more manganese)

Country of origin	March 1987		Year to date 1987			Year to date 1986 (thousand long tons)
	Thousand long tons	Value <u>1/</u> (thousand dollars)	Thousand long tons	Value <u>1/</u> (thousand dollars)	Value <u>1/</u> (dollars per ton)	
Brazil-----	400	7,385	972	18,694	19.24	1,069
Canada-----	--	--	371	14,454	39.01	1,132
Chile-----	147	3,123	329	5,709	17.33	--
Liberia-----	159	2,219	286	4,014	14.02	<u>r/389</u>
Mauritania-----	--	--	66	1,049	15.95	--
Peru-----	21	420	41	823	20.27	18
Spain-----	--	--	1	27	51.76	--
Venezuela <u>2/</u> -----	204	3,970	204	3,970	19.43	<u>r/1,015</u>
Other-----	--	--	58	1,576	27.10	--
<b>Total <u>3/</u>-----</b>	<b>931</b>	<b>17,117</b>	<b>2,327</b>	<b>50,317</b>	<b>21.62</b>	<b><u>r/3,622</u></b>

r/ Revised.

1/ Customs value. Excludes international freight, insurance, and other c.i.f. charges.

2/ Data for Venezuela in 1986 include some shipments of direct-reduced iron reported as iron ore. Verification has been requested.

3/ Data may not add to totals shown because of independent rounding.

Source: U.S. Bureau of the Census data reported under item 601.24 of the Tariff Schedules of the United States.

Table 6. - U.S. consumption and stocks of iron ore and agglomerates  
at consuming plants and production of pig iron  
(Thousand long tons)

State or Region	Consumption			Stocks March 31	
	March 1987	Year to date		1987	1986
		1987	1986		
Alabama, Kentucky, Tennessee, Texas, and Missouri-----	326	927	1,454	964	658
California, Colorado, and Utah-	--	--	468	--	189
Delaware, Maryland, and West Virginia-----	581	1,955	1,550	1,331	1,529
Illinois and Indiana-----	1,983	4,910	6,105	3,747	3,945
Michigan and Minnesota-----	494	1,436	1,335	1,121	1,220
New York, Ohio, Pennsylvania, New Jersey, and Rhode Island-	1,506	3,833	5,294	2,359	3,561
<b>Total 1/-----</b>	<b>4,890</b>	<b>13,060</b>	<b>16,206</b>	<b>9,522</b>	<b>11,102</b>
<b>Stocks at U.S. receiving/transfer docks-----</b>				<b>903</b>	<b>1,040</b>

Consuming Sector	Consumption by process			Pig iron produced		
	March 1987	Year to date		March 1987	Year to date	
		1987	1986		1987	1986
Blast furnaces-----	4,375	11,248	14,121	3,474	9,083	11,331
Steel furnaces-----	8	15	65	--	--	--
Agglomerating plants 2/--	504	1,784	2,006	--	--	--
Miscellaneous 3/-----	3	13	15	--	--	--
<b>Total 1/-----</b>	<b>4,890</b>	<b>13,060</b>	<b>16,206</b>	<b>3,474</b>	<b>9,083</b>	<b>11,331</b>

1/ Data may not add to totals shown because of independent rounding.

2/ Iron ore and iron ore concentrates consumed in agglomerating plants not located at the mine site.

3/ Sold to nonreporting companies or used for purposes not listed.

Source: American Iron Ore Association (consumption of iron ore).  
American Iron and Steel Institute (production of pig iron).

Table 7. - U.S. imports for consumption of iron ore, by customs district  
 (Exclusive of ore containing 10% or more manganese)  
 (Thousand long tons)

Customs district	March 1987	Year to date	
		1987	1986
Baltimore-----	419	912	<u>r/948</u>
Buffalo-----	--	( <u>1/</u> )	--
Charleston-----	21	88	67
Chicago-----	23	156	( <u>1/</u> )
Cleveland-----	--	--	179
Detroit-----	--	--	23
Houston-----	--	( <u>1/</u> )	7
Mobile-----	120	302	827
New Orleans-----	144	382	<u>r/478</u>
New York-----	--	( <u>1/</u> )	--
Philadelphia-----	204	486	1,095
San Juan, PR-----	--	1	--
<b>Total <u>2/</u>-----</b>	<b>931</b>	<b>2,327</b>	<b><u>r/3,622</u></b>

r/ Revised.

1/ Less than one-half unit.

2/ Data may not add to totals shown because of independent rounding.