

Mineral Industry Surveys

For information, contact:

John D. Jorgenson, Iron Ore Commodity Specialist
U.S. Geological Survey
989 National Center
Reston, VA 20192
Telephone: (703) 648-4912, Fax: (703) 648-7757
E-mail: jjorgenson@usgs.gov

Michelle B. Blackwell (Data)
Telephone: (703) 648-7943
Fax: (703) 648-7975
E-mail: mblackwell@usgs.gov

Internet: <http://minerals.usgs.gov/minerals>

IRON ORE IN APRIL 2010

U.S. mine production of iron ore in April 2010, on a daily average basis, was 8% greater than that for the prior month and was 123% greater than that of April 2009, according to the U.S. Geological Survey (USGS). Average daily production, at 126,000 metric tons (t), was 9,100 t greater than that of March 2010.

Average daily shipments in April 2010, at 160,000 t, were 74,900 t more than those of the prior month and almost 2.5 times those of April 2009. Mine stocks at the end of April 2010 were 1.00 million metric tons less than the stocks held on March 31, a 14% decrease. U.S. net imports of iron ore in March 2010 were 191,000 t, with imports 66% greater than exports.

Prices.—April 2010 represented the end of the 40-year global benchmarking system for the sale of iron ore under an annual contract. Iron ore producers felt they had been losing out, with contract prices regularly falling below the spot market price and with some customers renegeing on contract tonnages when spot price fell below the contract price. BHP Billiton Ltd. (Melbourne, Australia) and Vale S.A. (Rio de Janeiro, Brazil) have reached agreements with several customers to move to shorter-term or quarterly contracts. Rio Tinto plc (London, United Kingdom) had not reached agreements but was looking toward annual supply agreements with quarterly price adjustments.

China reported that the change to quarterly negotiated prices would lead to continued price increases, short-run profits for iron ore suppliers, and reduced profit margins for Chinese steel mills. China also placed a ban on imports by traders of ore with less than 60% iron content—a move that should favor the big three producers (BHP Billiton, Rio Tinto, and Vale), while hampering imports of lower grade ores from India. Additionally, the China Chamber of Commerce of Metals Minerals & Chemical Importers & Exporters and the Chinese Iron and Steel Association (CISA) agreed to revoke import licenses for small traders and to restrict reselling of imported iron ore. According to Chinese sources, calls for boycotting Australian iron ore imports into China by CISA led to retaliatory export cutbacks by the big three producers. The ban on low-grade iron ore imports by China prompted a crack-down on illegal mines in India's

Orissa State, thereby limiting exports of this ore to China (Karpel, 2010; Rosenquist, 2010).

Mergers and Acquisitions.—Vale acquired a majority stake in the Simandou iron ore project in Guinea for an estimated \$2.5 billion. Vale obtained 51% of BSG Resources Ltd. (St. Peter Port, United Kingdom), which holds iron ore concessions in the Simandou Sul region. Simandou could start production at a rate of 10 million metric tons per year as early as the end of 2011, but a logistics corridor will need to be created to transport ore to the port through neighboring Liberia (Fick, 2010).

Some analysts expressed an opinion that the proposed merger of BHP Billiton and Rio Tinto (See Iron Ore in June 2009) appeared to be unlikely. Problems with competition commissions in Australia, China, and the European Union have hampered proceedings. Recent reevaluation of the equalization payment to Rio Tinto for the merger indicated that payments may be undervalued. There is a \$275 million penalty to either party if they cancel the agreement, do not recommend the transaction to shareholders, or do not uphold exclusivity provisions of the agreement (Tredway, 2010).

Transportation.—After losing a court case, Fortescue Metals Group (East Perth, Australia) agreed to pay Zodiac Maritime Agencies Ltd. (London, United Kingdom) \$78 million for suspending a charter contract for the transport of iron ore in 2008. This attempt to lock in shipping rates for its Western Australian iron ore at much lower levels than originally contracted brought Fortescue's total damage payments to shipping companies to \$151 million (Mining Journal, 2010).

References Cited

- Fick, Jeff, 2010, Vale buys iron-ore stake in Guinea: *The Wall Street Journal*, May 1-2, p. B5.
Karpel, Steve, 2010, Shock and iron ore: *Metal Bulletin*, no. 9146, April 26, p. 25, 27.
Mining Journal, 2010, Fortescue forced to make US\$78 million payment after court ruling: *Mining Journal*, April 30, p. 3.
Rosenquist, Gail, 2010, Defensive strategies shift with iron ore contract terms: *Skilling's Mining Review*, v. 99, no. 5, May, p. 4-5.
Tredway, Gareth, 2010, BHPB-Rio Tinto iron-ore joint venture in doubt: *Mining Journal*, April 16, p. 1.

TABLE 1
U.S. PRODUCTION AND SHIPMENTS OF IRON ORE^{1,2}
(Exclusive of ore containing 5% or more of manganese)

(Thousand metric tons)

Period	Production		Shipments	
	Monthly	Year to date	Monthly	Year to date
2009:				
April	1,700	9,590	1,930	3,910
May	850	10,400	2,470	6,380
June	811	11,200	2,440	8,810
July	1,480	12,700	3,080	11,900
August	1,780	14,500	3,190	15,100
September	2,560	17,100	3,120	18,200
October	3,080	20,100	3,370	21,600
November	3,140	23,300	4,380	26,000
December	3,180	26,500	3,960	29,900
2010:				
January	3,040	3,040	2,400	2,400
February	3,270	6,300	943	3,340
March	3,630	9,930	2,630	5,970
April	3,780	13,700	4,790	10,800

¹Data are rounded to no more than three significant digits.

²Excludes byproduct ores.

TABLE 2
U.S. PRODUCTION, SHIPMENTS, AND STOCKS OF IRON ORE IN APRIL^{1,2}

(Thousand metric tons)

State	Production		Shipments ³		Stocks ⁴	
	2010	2009	2010	2009	2010	2009
Michigan	1,020	680	1,050	433	1,550	3,720
Minnesota	2,760	1,020	3,740	1,500	4,490	8,530
Total	3,780	1,700	4,790	1,930	6,030	12,300

¹Data are rounded to no more than three significant digits; may not add to totals shown.

²Excludes byproduct ore.

³Includes rail and vessel.

⁴Includes usable (marketable) material at mines, concentrators, pelletizing plants, and loading docks. Excludes stocks of crude ore at mine and concentrates at agglomerating complexes.

TABLE 3
CANADA: SHIPMENTS OF IRON ORE^{1,2}

(Thousand dry metric tons)

Period	Newfoundland and Labrador	Quebec	British Columbia		Total
2009:					
March	662	1,450	1		2,120
April	1,630	871	8		2,510
May	2,090	1,260	7		3,350
June	820	1,080	10		1,910
July	1,360	1,430	10		2,800
August	1,480	1,570	8		3,060
September	1,540	1,580	8		3,130
October	2,060	1,510	7		3,580
November	2,010	1,000	8		3,020
December	1,660	1,320	(3)		2,980
Year total	17,100	14,500	73		31,700
2010:					
January	1,300	1,090	3		2,390
February	1,130	872	3 [†]		2,000
March	1,390	1,100	6		2,500

[†]Revised.

¹Data are rounded to no more than three significant digits; may not add to totals shown.

²Includes production from steel plant waste oxides.

³Less than ½ unit.

Source: Natural Resources Canada.

TABLE 4
PRODUCTION OF PIG IRON AND RAW STEEL IN THE UNITED STATES, BY TYPE OF
FURNACE¹

(Thousand metric tons)

Period	Pig iron production, blast furnace		Raw steel production			
	Monthly	Year to date	Basic oxygen furnace		Electric furnace	
			Monthly	Year to date	Monthly	Year to date
2009:						
March	1,630	4,580	1,430	3,930	2,330	7,400
April	1,410	5,990	1,230	5,170	2,390	9,800
May	1,370	7,360	1,070	6,240	2,760	12,600
June	1,380	8,740	1,210	7,440	2,980	15,500
July	1,840	10,600	1,630	9,070	3,200	18,700
August	2,090	12,700	1,810	10,900	3,460	22,200
September	1,930	14,600	2,230	13,100	3,540	25,700
October	2,510	17,100	2,080	15,200	3,480	29,200
November	2,240	19,400	2,000	17,200	3,470	32,700
December	2,410	21,800	2,120	19,300	3,450	36,100
2010:						
January	2,350	2,350	1,830	1,830	3,890	3,890
February	2,530	4,870	1,960	3,790	3,720	7,610
March	2,870	7,740	2,560	6,350	4,240	11,800

¹Data are rounded to no more than three significant digits; may not add to totals shown.

Source: American Iron and Steel Institute.

TABLE 5
U.S. EXPORTS OF IRON ORE, BY COUNTRY OF DESTINATION AND TYPE^{1,2}

(Thousand metric tons)

Country of destination and type of product	2009		2010			
	4th quarter	Total	January	February	March	1st quarter
Belgium	150	194	1	--	--	1
Canada	877	3,060	564	129	225	918
China	(3)	99	--	--	--	--
Colombia	3	19	2	1	1	4
France	(3)	179	--	--	25	25
Germany	153	234	--	--	--	--
Mexico	55	70	32	81	38	151
South Africa	25	52	--	--	--	--
Other ⁴	3	10	(3)	(3)	(3)	(3)
Total	1,270	3,910	599	211	289	1,100
Concentrates	5	123	3	1	1	6
Coarse ores	4	5	--	--	--	--
Fine ores	2	24	(3)	(3)	(3)	(3)
Pellets	1,260	3,760	596	209	287	1,090
Briquettes	--	3	(3)	--	--	(3)
Other agglomerates	(3)	(3)	--	--	--	--
Roasted pyrites	(3)	1	--	(3)	--	(3)
Total	1,270	3,910	599	211	289	1,100

-- Zero.

¹Data are rounded to no more than three significant digits; may not add to totals shown.

²Includes agglomerates.

³Less than ½ unit.

⁴Includes all countries receiving less than 5,000 metric tons in any month during the two-year period.

Source: U.S. Census Bureau.

TABLE 6
U.S. IMPORTS FOR CONSUMPTION OF IRON ORE, BY COUNTRY AND TYPE^{1,2}
(Exclusive of ore containing 20% or more manganese)

Country of origin and type of product	2010					2009
	March		Year to date			January-March Thousand metric tons
	Thousand metric tons	Value ³ (thousand dollars)	Thousand metric tons	Value ³ (thousand dollars)	Value ³ (dollars per ton)	
Brazil	--	--	37	3,780	102.16	--
Canada	331	25,300	1,030	83,500	80.92	149
Chile	--	--	--	--	--	47
Finland	--	--	--	--	--	3
Mexico	--	--	--	--	--	24
Norway	--	--	1	13	13.00	1
Peru	--	--	7	315	45.00	5
Russia	127	15,000	260	26,000	99.95	--
Spain	1	42	2	85	42.50	--
Sweden	--	--	--	--	--	4
Trinidad and Tobago	--	--	(4)	11	187.50	--
United Kingdom	--	--	--	--	--	8
Venezuela	21	1,390	21	1,390	66.29	--
Total	480	41,700	1,360	115,000	84.62	241
Concentrates	--	--	(4)	11	187.50	72
Coarse ores	--	--	--	--	--	8
Fine ores	37	2,760	151	15,300	101.30	8
Pellets	442	38,900	1,210	99,700	82.60	151
Briquettes	1	42	2	85	42.50	--
Other agglomerates	--	--	--	--	--	--
Roasted pyrites	--	--	--	--	--	3
Total	480	41,700	1,360	115,000	84.62	241

-- Zero.

¹Data, with the exception of the dollars per ton column, are rounded to no more than three significant digits; may not add to totals shown.

²Includes agglomerates.

³Customs value. Excludes international freight and insurance charges.

⁴Less than 1/2 unit.

Source: U.S. Census Bureau.

TABLE 7
U.S. IMPORTS FOR CONSUMPTION OF IRON ORE IN MARCH 2010^{1,2}
(Exclusive of ore containing 20% or more manganese)

(Thousand metric tons)

Country of origin	Type of product						Total
	Concentrates	Coarse ores	Fine ores	Pellets	Briquettes and other agglomerates	Roasted pyrites	
Canada	--	--	37	294	--	--	331
Russia	--	--	--	127	--	--	127
Spain	--	--	--	--	1	--	1
Venezuela	--	--	--	21	--	--	21
Total	--	--	37	442	1	--	480

-- Zero.

¹Data are rounded to no more than three significant digits; may not add to totals shown.

²Includes agglomerates.

Source: U.S. Census Bureau.

TABLE 8
U.S. IMPORTS FOR CONSUMPTION OF PELLETS, BY COUNTRY¹

Country of origin	2010					2009
	March		Year to date			January-March Thousand metric tons
	Thousand metric tons	Value ² (thousand dollars)	Thousand metric tons	Value ² (thousand dollars)	Value ² (dollars per ton)	
Brazil	--	--	37	3,780	102.16	--
Canada	294	22,500	889	68,500	77.09	146
Peru	--	--	--	--	--	5
Russia	127	15,000	260	26,000	99.95	--
Venezuela	21	1,390	21	1,390	66.29	--
Total	442	38,900	1,210	99,700	82.60	151

-- Zero.

¹Data, with the exception of the dollars per ton column, are rounded to no more than three significant digits; may not add to totals shown.

²Customs value. Excludes international freight and insurance charges.

Source: U.S. Census Bureau.

TABLE 9
U.S. IMPORTS FOR CONSUMPTION OF IRON ORE,
BY CUSTOMS DISTRICT^{1,2}
(Exclusive of ore containing 20% or more manganese)

(Thousand metric tons)

Customs district (code no.)	March	January-March	
	2010	2010	2009
Baltimore, MD (13)	315	1,040	130
Charleston, SC (16)	--	--	4
Chicago, IL (39)	--	--	15
Cleveland, OH (41)	52	52	1
Houston-Galveston, TX (53)	--	37	--
Mobile, AL (19)	--	--	5
New Orleans, LA (20)	112	224	72
Norfolk, VA (14)	--	1	--
Ogdensburg, NY (07)	1	2	3
Philadelphia, PA (11)	--	--	3
Port Arthur, TX (21)	--	--	8
Total	480	1,360	241

-- Zero.

¹Data are rounded to no more than three significant digits; may not add to totals shown.

²Includes agglomerates.

Source: U.S. Census Bureau.

TABLE 10
 U.S. IMPORTS FOR CONSUMPTION OF PELLETS,
 BY CUSTOMS DISTRICT¹

(Thousand metric tons)

Customs district (code no.)	March	January-March	
	2010	2010	2009
Baltimore, MD (13)	315	1,040	130
Chicago, IL (39)	--	--	15
Cleveland, OH (41)	51	51	--
Houston - Galveston, TX (53)	--	37	--
Mobile, AL (10)	--	--	5
New Orleans, LA (20)	76	76	--
Total	442	1,210	151

-- Zero.

¹Data are rounded to no more than three significant digits; may not add to totals shown.

Source: U.S. Census Bureau.