

Mineral Industry Surveys

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IRON ORE IN JUNE 2012

U.S. mine production of iron ore in June 2012 was 4.20 million metric tons (Mt), a 5% decrease from that of May. Production was 140,000 metric tons (t) on a daily average basis, slightly less than that of May and 7% less than that of June 2011. Average daily production in June 2012 was 3,000 t less than that of May.

U.S. iron ore shipments were 5.27 Mt in June 2012, 8% less than in May. Shipments were 176,000 t on a daily average basis, 5% less than those of May and essentially the same as those of June 2011. Mine stocks at the end of June 2012 were 1.07 Mt less than those held in May, a 17% decrease. U.S. exports of iron ore were 1.33 Mt, and U.S. imports were 253,000 t.

World Production Update

Consumption from Chinese steel producers declined slightly as economic growth slowed from 8.2% in second quarter of 2011 to 7.6% during the second quarter of 2012. To improve relations with China, Vale S.A. invited Chinese investors to help build 35 400,000-t capacity vessels for direct ore shipping. This was met with a ban from the Ministry of Transportation (Grant, 2012b) because any vessel with more than 350,000 t capacity was barred from Chinese ports to prevent affecting domestic shipping companies.

Mining operations in Australia were inhibited by a severe cyclone season potentially setting back the growth of Atlas Iron Ltd., which was increasing capacity to meet target exports of 46 Mt by 2015. Although falling short of the 6 Mt expected in the June 2012 quarter, Atlas still showed a growth of 21% as compared with previous year exports. Average prices for Australian exports dropped to approximately \$130 per metric ton from \$180 per metric ton during 2011 (Ker, 2012).

BHP Billiton Ltd. reported a production increase of 8% as compared with the first quarter of 2012 and a 15% increase compared with the second quarter of 2011. The Ore Handling Plant 3 at Yandi has shown strong production increases to contribute to the twelfth consecutive annual production record in iron ore. By the end of the second quarter, BHP Billiton invested more than \$7.5 billion to move eight projects into execution and six major projects delivered first production (BHP Billiton Ltd., 2012).

Regulatory constraints and caps on production reduced production for India's largest producer, Sesa Goa Ltd., by nearly 24% to between 16 Mt and 17 Mt. Production caps were recommended by India's Central Empowered Committee to lessen the effects of mining on the environment in Karnataka, a site which was investigated for allegations of illegal mining. Restrictions allowed for only 2.9 Mt to be mined from Karnataka, which resulted in a 76% fall in annual profits for Sesa Goa. Overall, these changes have analysts estimating a decline in production for Sesa Goa to 39 Mt from 55.2 Mt in the fiscal year of 2013 (Kumar, 2012).

The Steel Index Ltd. reported a small drop in price for iron ore to \$188.60 per t for benchmark 62% iron content in Tianjin imports. Bloomberg News expects Steel Index's profit to drop to \$16.5 billion this year from \$22.9 billion.

Exploration and Development

Leading producer Vale increased capacity by 6.5% from 417.1 million metric tons per year (Mt/yr) in 2011 to 446 Mt/yr (Spinetto, 2012). Chinese consumption accounted for approximately one-third of Vale sales in 2011, down from 43% of sales in 2010, and grew at 7.6% from January through June of 2012.

Centrex Metals Ltd. reported iron reserves in the Bungalow Hill site on the Eyre Peninsula of South Australia to be approximately 4 billion tons, three times larger than previously reported. The increasing attraction from Asian steel mill investors has prompted the partnership between Centrex Metals and Baotou Iron and Steel Group (Grant, 2012a).

Anglo-American plc increased iron ore output 12% during the first half of 2012 through production developments in the 9-Mt/yr South African Kolomela Mine (MacDonald, 2012). Rio Tinto plc has invested to expand the Pilbara Mine in Australia to 353 Mt/yr (Rio Tinto plc, 2012, p. 2).

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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
2011:				
June	4,520	26,100	5,280	21,300
July	4,700	30,800	5,860	27,100
August	4,780	35,600	5,460	32,600
September	4,400	40,000	5,630	38,200
October	4,440	44,400	4,910	43,100
November	4,600	49,000	5,010	48,100
December	4,630	53,600	6,040	54,200
2012:				
January	4,170	4,170	3,840	3,840
February	4,270	8,450	725	4,560
March	4,290	12,700	2,130	6,690
April	3,980	16,700	5,150	11,800
May	4,430	21,100	5,750	17,600
June	4,200	25,300	5,270	22,900

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 JUNE^{1,2}

(Thousand metric tons)

State	Production		Shipments ³		Stocks ⁴	
	2011	2012	2011	2012	2011	2012
Michigan	1,070	836	1,100	908	3,160	1,640
Minnesota	3,440	3,360	4,180	4,360	5,040	3,690
Total	4,520	4,200	5,280	5,270	8,200	5,340

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
2011:				
May	1,450	1,940	7	3,400
June	1,160	1,650	8	2,820
July	1,290	1,930	4	3,230
August	2,040	1,730	6	3,770
September	1,650	1,610	6	3,260
October	1,390	1,460	6	2,850
November	1,210	2,340	5	3,550
December	1,340	2,200	1	3,540
January–December	15,800	19,800	59	35,700
2012:				
January	1,240	1,420	1	2,650
February	1,400	1,150	1	2,550
March	1,030	1,880	(3)	2,910
April	1,460	1,450	4	2,900
May	1,230	1,780	3	3,010

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
2011:						
May	2,870	13,100	2,490	12,100	4,270	22,000
June	2,820	15,900	2,520	14,700	4,420	26,500
July	2,520	18,400	2,750	17,400	4,620	31,100
August	2,610	21,100	3,060	20,500	4,370	35,500
September	2,540	23,600	3,080	23,600	4,150	39,600
October	3,010	26,600	2,630	26,200	4,140	43,800
November	2,990	29,600	2,680	28,900	4,040	47,800
December	3,190	32,800	2,840	31,700	4,290	52,100
2012:						
January	3,080	3,080	2,780	2,780	4,630	4,630
February	3,050	6,130	2,660	5,440	4,490	9,120
March	3,430	9,560	3,060	8,500	4,530	13,700
April	2,920	12,500	3,190	11,700	4,640	18,300
May	2,900	15,400	3,320	15,000	4,590	22,900

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	2011	2012				
		1st quarter	April	May	June	2nd quarter
Canada	7,050	1,290	568	658	623	1,850
China	3,190	814	368	789	661	1,820
Colombia	16	1	--	--	--	--
France	430	--	--	--	--	--
Germany	81	--	--	--	--	--
Mexico	51	48	33	22	43	98
Spain	187	--	--	--	--	--
Switzerland	46	--	--	--	--	--
Other	8	5	1	(3)	--	1
Total	11,100	2,160	969	1,470	1,330	3,770
Concentrates	628	148	95	181	172	449
Coarse ores	1,740	554	71	249	179	499
Fine ores	208	114	9	(3)	(3)	10
Pellets	8,470	1,340	793	1,040	976	2,810
Briquettes	(3)	(3)	--	--	(3)	(3)
Other agglomerates	1	(3)	--	(3)	(3)	1
Roasted pyrites	3	1	(3)	(3)	(3)	1
Total	11,100	2,160	969	1,470	1,330	3,770

-- Zero.

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

²Includes agglomerates.

³Less than ½ unit.

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	2011	2012		2012		
	January–June	June		January–June		
	Thousand metric tons	Thousand metric tons	Value ³ (thousand dollars)	Thousand metric tons	Value ³ (thousand dollars)	Value ³ (dollars per ton)
Argentina	34	--	--	40	5,940	148.48
Brazil	13	55	6,040	459	61,500	134.01
Canada	1,800	172	25,800	2,030	332,000	163.11
Chile	88	--	--	49	7,350	150.00
China	(4)	--	--	(4)	55	5,470.00
Finland	4	--	--	--	--	--
Germany	--	(4)	2	(4)	9	120.40
Mexico	27	--	--	47	5,630	119.74
Norway	(4)	(4)	3	(4)	30	299.36
Peru	5	--	--	8	956	119.50
Russia	(4)	--	--	--	--	--
South Africa	--	--	--	39	6,360	163.00
Sweden	--	26	3,880	53	4,510	85.08
Ukraine	--	--	--	(4)	15	54.17
United Kingdom	--	--	--	76	10,100	132.87
Venezuela	95	--	--	33	4,280	129.67
Total	2,070	253	35,800	2,840	439,000	154.68
Concentrates	228	85	9,570	344	43,000	124.96
Coarse ores	(4)	--	--	(4)	15	54.17
Fine ores	314	26	3,900	218	27,700	127.28
Pellets	1,520	142	22,300	2,270	368,000	161.77
Briquettes	(4)	--	--	--	--	--
Other agglomerates	--	--	--	(4)	55	5,470.00
Roasted pyrites	4	--	--	--	--	--
Total	2,070	253	35,800	2,840	439,000	154.68

-- 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 ½ unit.

Source: U.S. Census Bureau.

TABLE 7
U.S. IMPORTS FOR CONSUMPTION OF IRON ORE IN MAY AND JUNE 2012^{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	
2012:							
May:							
Brazil	52	--	--	71	--	--	124
Canada	9	--	(3)	383	--	--	392
Germany	(3)	--	--	--	--	--	(3)
Sweden	--	--	27	--	--	--	27
United Kingdom	--	--	--	76	--	--	76
Total	61	--	27	530	--	--	618
June:							
Brazil	55	--	--	--	--	--	55
Canada	30	--	(3)	142	--	--	172
Germany	--	--	(3)	--	--	--	(3)
Norway	--	--	(3)	--	--	--	(3)
Sweden	--	--	26	--	--	--	26
Total	85	--	26	142	--	--	253

-- Zero.

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

²Includes agglomerates.

³Less than ½ unit.

Source: U.S. Census Bureau.

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

Country of origin	2011	2012				
	January–June	June		January–June		
	Thousand metric tons	Thousand metric tons	Value ² (thousand dollars)	Thousand metric tons	Value ² (thousand dollars)	Value ² (dollars per ton)
Brazil	--	--	--	284	40,700	143.27
Canada	1,520	142	22,300	1,910	317,000	165.66
United Kingdom	--	--	--	76	10,100	132.87
Total	1,520	142	22,300	2,270	368,000	161.77

-- 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.)	January–June		June
	2011	2012	2012
Baltimore, MD (13)	539	1,440	4
Buffalo, NY (09)	(3)	--	--
Charleston, SC (16)	--	(3)	--
Chicago, IL (39)	108	196	85
Cleveland, OH (41)	911	637	142
Detroit, MI (38)	(3)	--	(3)
El Paso, TX (24)	18	--	--
Houston-Galveston, TX (53)	(3)	--	--
Laredo, TX (23)	1	--	--
Los Angeles, CA (27)	(3)	(3)	(3)
Mobile, AL (19)	--	22	22
New Orleans, LA (20)	479	513	(3)
New York, NY (10)	--	(3)	--
Ogdensburg, NY (07)	1	(3)	(3)
Philadelphia, PA (11)	4	(3)	--
Port Arthur, TX (21)	--	27	--
San Francisco, CA (28)	5	--	--
St. Albans, VT (02)	1	--	--
Total	2,070	2,840	253

-- Zero.

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

²Includes agglomerates.

³Less than ½ unit.

Source: U.S. Census Bureau.

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

(Thousand metric tons)

Customs district (code no.)	January–June		June
	2011	2012	2012
Baltimore, MD (13)	539	1,260	--
Buffalo, NY (09)	(2)	--	--
Chicago, IL (39)	--	28	--
Cleveland, OH (41)	910	637	142
New Orleans, LA (20)	70	345	--
Total	1,520	2,270	142

-- Zero.

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

²Less than ½ unit.

Source: U.S. Census Bureau.