

# Mineral Industry Surveys

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## IRON ORE IN SEPTEMBER 2014

U.S. mine production and shipments of iron ore in September 2014 were 4.86 million metric tons (Mt) and 5.78 Mt, respectively. Average daily production in September was 162,000 metric tons (t), 5% greater than that of August 2014 and slightly higher than that of September 2013. Average daily shipments in September were 193,000 t, 6% less than those of August and 7% more than those of September 2013. Mine stocks at the end of September 2014 were 11% less than those held in August and more than double those in September 2013.

U.S. imports of iron ore were 671,000 t in September 2014, 44% greater than those in August 2014 and 31% greater than those of September 2013. U.S. exports of iron ore were 1.18 Mt in September 2014, 27% less than those in August 2014 and 21% greater than those of September 2013.

### Industry News

Following a change in leadership in August, Cliffs Natural Resources Inc. planned to focus on domestic iron ore operations while potentially selling foreign mining assets and domestic coal projects. In addition to its U.S. iron ore operations, Cliffs has iron ore mines in Australia and Canada, and seven coal operations in the United States. Mineral Resources Ltd. and Mount Gibson Iron Ltd. were among those reportedly considering whether to bid on Cliffs' iron ore assets in Australia. Prices for iron ore operations in the United States are largely buffered from global pricing owing to long-term contracts and vertically integrated company structures (Foley, 2014).

Gogebic Taconite LLC has considered restructuring their proposed iron ore mine to avoid operating in Ashland County, WI, following recent approval of a zoning ordinance requiring a special-use permit. The permit would require the company to pay \$100,000 to Ashland County to defray expenses caused by the mine. The restructure would only reduce the area of the mine by 162 hectares, with about 1,300 hectares remaining in Iron County, and the mine life from 35 to 30 years. No mining application was expected to be submitted until fall 2015, allowing for additional time to gather environmental data to

assess the mine's potential effects on groundwater (Bergquist, 2014).

International iron and steel companies expected 125 Mt of iron ore global production capacity to be eliminated by yearend 2014. Almost 85 Mt were already eliminated so far this year in Australia, China, Indonesia, Iran, and South Africa. Consolidation may have influenced mine closures in small Provinces in China, such as Chaoyang, where two-thirds of mines were thought to have stopped production. Analysts estimate capacity utilization rates at some iron ore mines in China fell to approximately 33% in 2014, and use of imported ore rose to 88% of consumption in September 2014 from 75% of consumption in January. Mine closures and capacity reductions were attributed to sustained low prices driven by increased seaborne trade and weak iron ore demand.

Some mines in China, notably those owned by steel mills or central Government enterprises, were expected to maintain operations despite price forecasts ranging from \$70 to \$90 per ton, a significant price decrease from 1 year ago. A study by the China Iron and Steel Association indicated that more than 20 major iron ore mines in China, that were owned by major steel mills, maintained consistent production rates throughout 2013. Producers in China's larger Provinces, such as Anhui, Guangdong, Hubei, and Sichuan, increased production in 2014 (Stanway, 2014).

Although some operations were closed in Australia and China, other operations in those countries and other regions were expanding. The Mary River Mine, in Nunavut Territory, Canada, began shipping iron ore to its port site for stockpiling in preparation for exporting in the summer of 2015, when the weather is favorable (CBC News, 2014). Vale increased exports to 194 Mt in the first 8 months of 2014, compared with 180 Mt during the same period in 2013 (Barbosa, 2014). The Steel Authority of India Limited announced a \$1.4 billion investment in 2015 for expanding operations, specifically at the Rowghat Mine and Chiria Mine. The mines were expected to increase capacity to 15 million metric tons per year (Mt/yr) and 14 Mt/yr, respectively, after completion (Das, 2014).

The average spot price for iron ore fines at 62% iron content (cost and freight Tianjin port) fell to \$92.63 per dry metric ton in August 2014, 3.5 % lower than in July 2014 and 32% lower than in August 2013 (Index Mundi, undated).

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TABLE 1  
U.S. PRODUCTION, SHIPMENTS, AND STOCKS OF IRON ORE<sup>1,2</sup>  
(Exclusive of ore containing 5% or more of manganese)

(Thousand metric tons)

Period	Production		Shipments <sup>3</sup>		Stocks <sup>4</sup>
	Monthly	Year to date	Monthly	Year to date	End of Month
2013:					
September	4,780	38,000	5,400	37,700	2,770
October	4,460	42,500	5,120	42,900	2,110
November	4,650	47,100	4,280	47,100	2,470
December	3,870	51,000	4,660	51,800	3,690
2014:					
January	3,900	3,900	2,390	2,390	5,200
February	5,460	9,370	1,900	4,290	8,820
March	4,440	13,800	1,310	5,600	11,900
April	3,930	17,700	2,690	8,290	13,200
May	4,740	22,500	5,880	14,200	12,000
June	4,690	27,200	5,940	20,100	10,900
July	4,930	32,100	6,490	26,600	9,350
August	4,790	36,900	6,370	33,000	7,770
September	4,860	41,700	5,780	38,800	6,890

<sup>1</sup>Data are rounded to no more than three significant digits.

<sup>2</sup>Excludes byproduct ores.

<sup>3</sup>Includes rail and vessel.

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

TABLE 2  
CANADA: SHIPMENTS OF IRON ORE<sup>1,2</sup>

(Thousand dry metric tons)

Period	Newfoundland and Labrador	Quebec	Total
2013:			
September	1,640	2,000	3,640
October	1,710	2,300	4,010
November	1,640	1,690	3,330
December	1,390	2,440	3,830
January–December	18,900	22,900	41,800
2014:			
January	1,010	1,570	2,580
February	919	2,380	3,300
March	821	1,680	2,510
April	1,250 <sup>r</sup>	2,560	3,810 <sup>r</sup>
May	1,250 <sup>r</sup>	2,680	3,930 <sup>r</sup>
June	1,250 <sup>r</sup>	2,550	3,800 <sup>r</sup>
July <sup>r</sup>	1,400	2,780	4,180
August	1,400	2,330	3,720
September	1,400	2,430	3,830

<sup>r</sup>Revised.

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

<sup>2</sup>Includes production from steel plant waste oxides.

Source: Natural Resources Canada.

TABLE 3  
U.S. PRODUCTION OF PIG IRON AND RAW STEEL, BY TYPE OF FURNACE<sup>1</sup>

(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
2013:						
September	2,880	25,800	2,460	23,000	4,400	39,500
October	2,870	28,700	2,510	25,500	4,490	44,000
November	2,760	31,500	2,430	27,900	4,340	48,300
December	2,780	34,200	2,380	30,300	4,340	52,600
2014:						
January	2,430	2,430	2,680	2,680	4,650	4,650
February	2,450	4,880	2,580	5,250	4,230	8,880
March	2,820	7,700	2,490	7,740	4,690	13,600
April	2,580	10,300	2,120	9,860	4,580	18,100
May	2,710	13,000	2,380	12,200	4,740	22,900
June	2,760	15,800	2,500	14,700	4,590	27,500
July	2,930	18,700	2,630	17,400	4,760	32,200
August	2,920	21,600	2,600	20,000	4,840	37,100
September	2,740	24,300	2,550	22,500	4,560	41,600

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

Source: American Iron and Steel Institute.

TABLE 4  
U.S. EXPORTS OF IRON ORE, BY COUNTRY AND TYPE<sup>1, 2</sup>  
(Exclusive of ore containing 20% or more manganese)

Country of origin and type of product	2013	2014				
	January–September	September		January–September		
	Thousand metric tons	Thousand metric tons	Value <sup>3</sup> (thousand dollars)	Thousand metric tons	Value <sup>3</sup> (thousand dollars)	Value <sup>3, 4</sup> (dollars per ton)
Canada	4,290	893	\$105,000	6,170	\$744,000	\$120.54
China	1,570	145	10,100	1,660	147,000	88.25
Mexico	853	137	9,720	1,350	106,000	78.36
Other	1,050	(5)	41	172	17,500	101.52
Total	7,760	1,180	125,000	9,360	1,010,000	108.36
Concentrates	1,770	159	11,300	1,410	131,000	92.77
Fine ores	332	1	25	95	10,700	112.85
Pellets	5,180	974	110,000	7,120	812,000	114.09
Other	479	43	2,990	731	60,000	82.09
Total	7,760	1,180	125,000	9,360	1,010,000	108.36

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

<sup>2</sup>All countries with less than 5,000 metric tons of exports per month of report included in "Other."

<sup>3</sup>Customs value. Excludes international freight and insurance charges.

<sup>4</sup>Values are calculated and may not reflect actual price per ton.

<sup>5</sup>Less than ½ unit.

Source: U.S. Census Bureau.

TABLE 5  
U.S. IMPORTS OF IRON ORE, BY COUNTRY AND TYPE<sup>1, 2</sup>  
(Exclusive of ore containing 20% or more manganese)

Country of origin and type of product	2013	September		2014	January–September	
	January–September	Thousand metric tons	Value <sup>3</sup> (thousand dollars)	Thousand metric tons	Value <sup>3</sup> (thousand dollars)	Value <sup>3, 4</sup> (dollars per ton)
	Thousand metric tons					
Brazil	364	248	\$28,500	1,370	\$187,000	\$136.70
Canada	1,620	317	41,200	2,310	332,000	144.20
Sweden	18	74	9,380	114	14,300	125.07
Other	263	33	3,700	189	25,100	133.03
Total	2,260	671	82,800	3,980	559,000	140.61
Concentrates	213	86	7,560	394	36,600	92.95
Fine ores	482	74	8,520	346	45,000	130.07
Pellets	1,550	512	66,700	3,200	474,000	148.22
Other	20	(5)	5	36	3,000	83.19
Total	2,260	671	82,800	3,980	559,000	140.61

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

<sup>2</sup>All countries with less than 5,000 metric tons of imports per month of report included in "Other."

<sup>3</sup>Customs value. Excludes international freight and insurance charges.

<sup>4</sup>Values are calculated and may not reflect actual price per ton.

<sup>5</sup>Less than ½ unit.

Source: U.S. Census Bureau.

TABLE 6  
U.S. IMPORTS FOR CONSUMPTION OF IRON ORE,  
BY CUSTOMS DISTRICT<sup>1, 2</sup>  
(Exclusive of ore containing 20% or more manganese)

(Thousand metric tons)

Customs district (code no.)	Pellets			Total, all products		
	January–September		September	January–September		September
	2013	2014	2014	2013	2014	2014
Chicago, IL (39)	--	80	31	254	534	190
Cleveland, OH (41)	1,080	674	56	1,090	674	56
Houston-Galveston, TX (53)	--	44	44	(3)	44	44
Mobile, AL (19)	--	149	77	18	154	77
New Orleans, LA (20)	463	1,970	304	902	2,270	304
Other	(3)	282	--	7	304	1
Total	1,550	3,200	512	2,260	3,980	671

-- Zero.

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

<sup>2</sup>Customs Districts with less than 5,000 metric tons total per month of report included in "Other."

<sup>3</sup>Less than ½ unit.

Source: U.S. Census Bureau.