

# **UNCTAD**

## **Multi-Year Expert Meeting on Commodities and Development 2013**

**Recent developments and new challenges in commodity markets, and policy  
options for commodity-based inclusive growth and sustainable development**

Room XXVI  
Palais des Nations  
Geneva, Switzerland

### **Recent developments and outlook in the iron ore market**

by

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# Commodities and Development

**Recent developments and outlook in the iron ore market**

**March 20-21**

**Virgílio Gaggiato**

# Iron Ore Market

1<sup>o</sup> Characteristic: *Low level of substitution*



Mining



Iron Reduction



Scrap



Steel Production



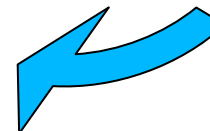
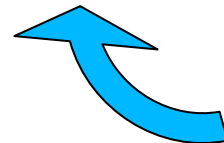
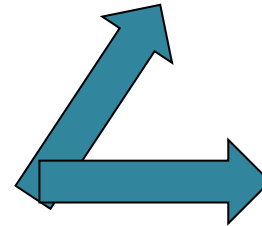
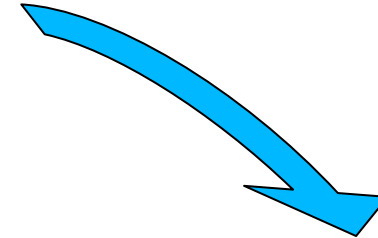
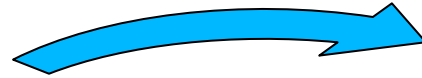
Final application



Finished products

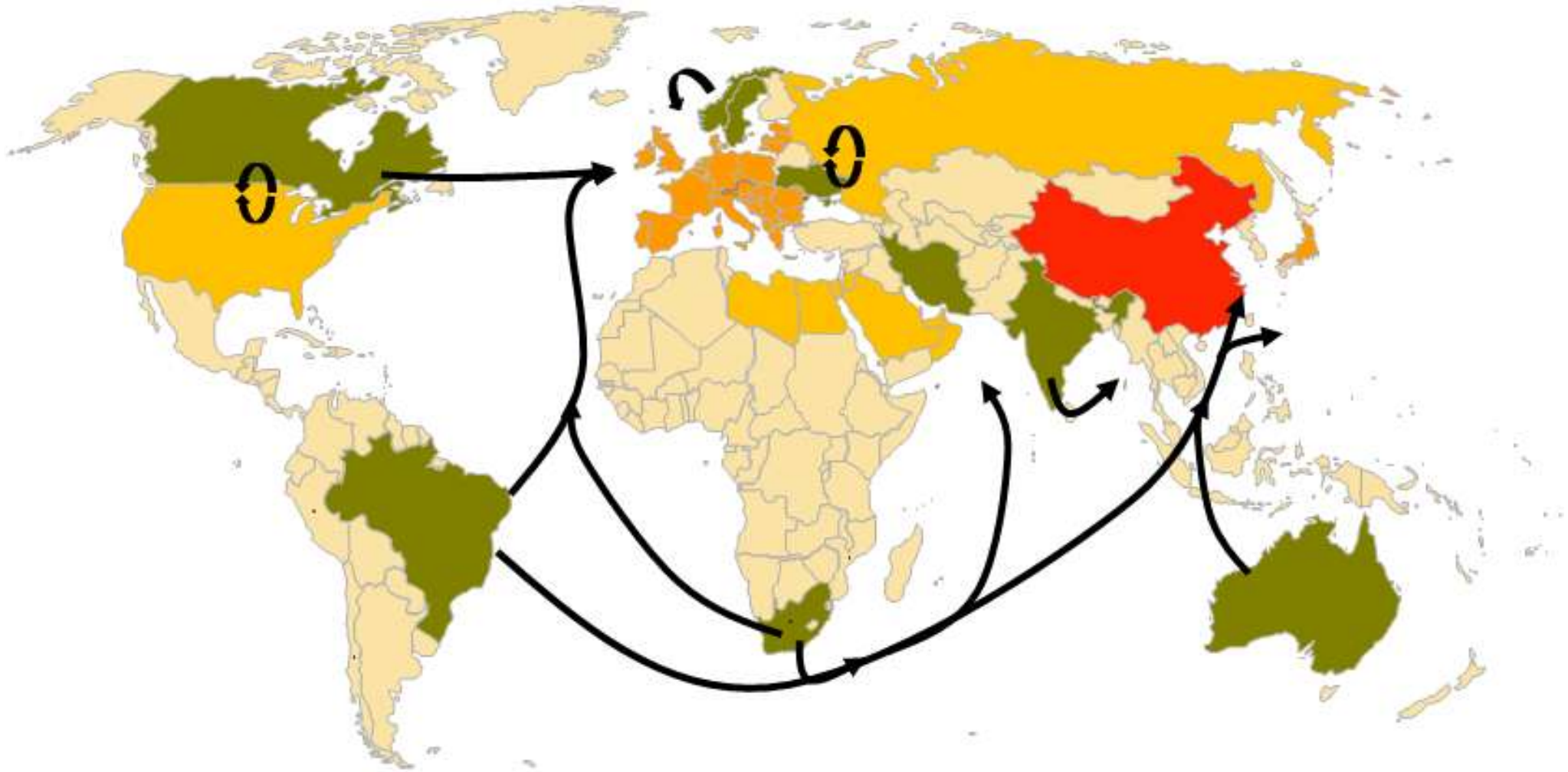


Semi-finished



# Iron Ore Market

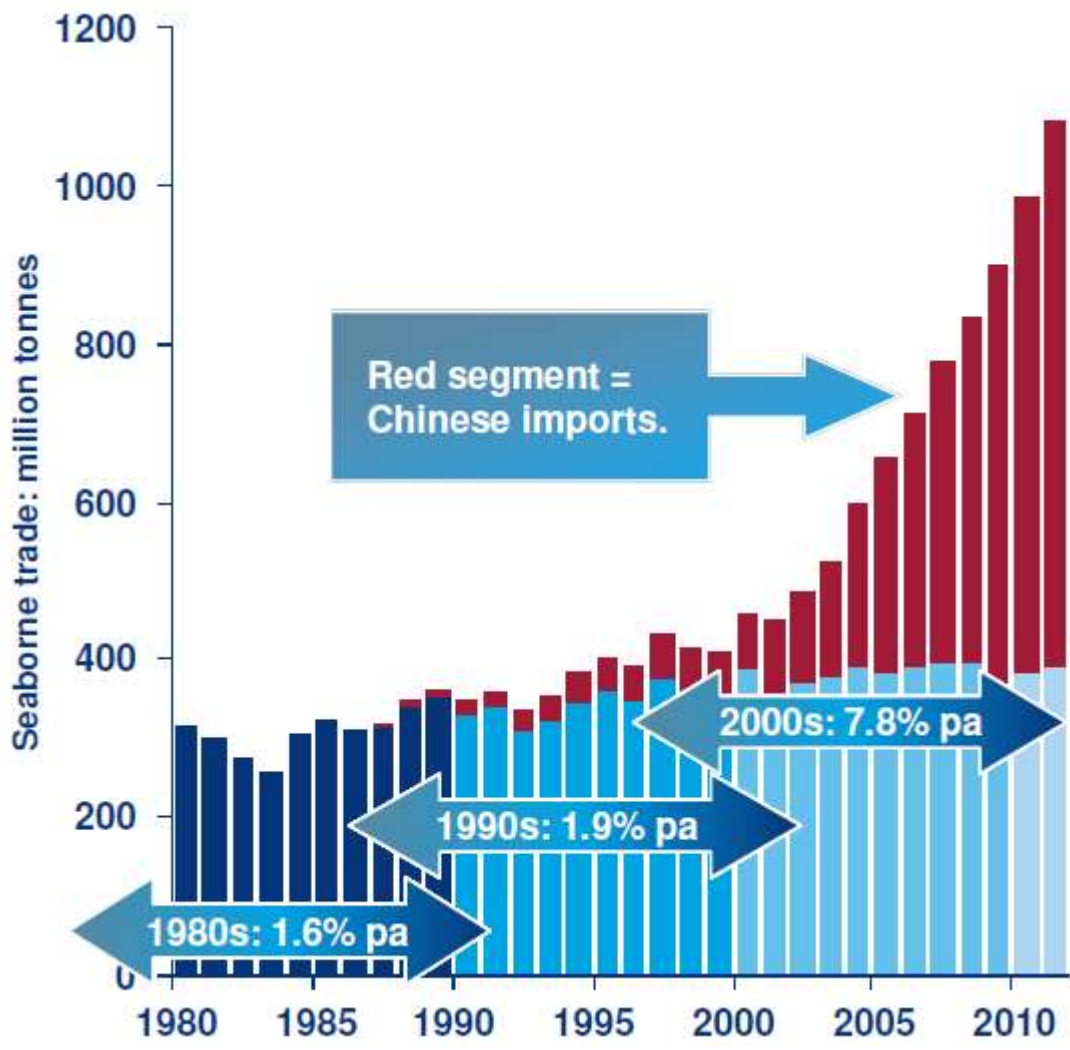
2° Characteristic: *Dependence on resource location*



➤ **Relevance of the seaborne market**

# Iron Ore Market - Past developments

## *Iron Ore consumption*

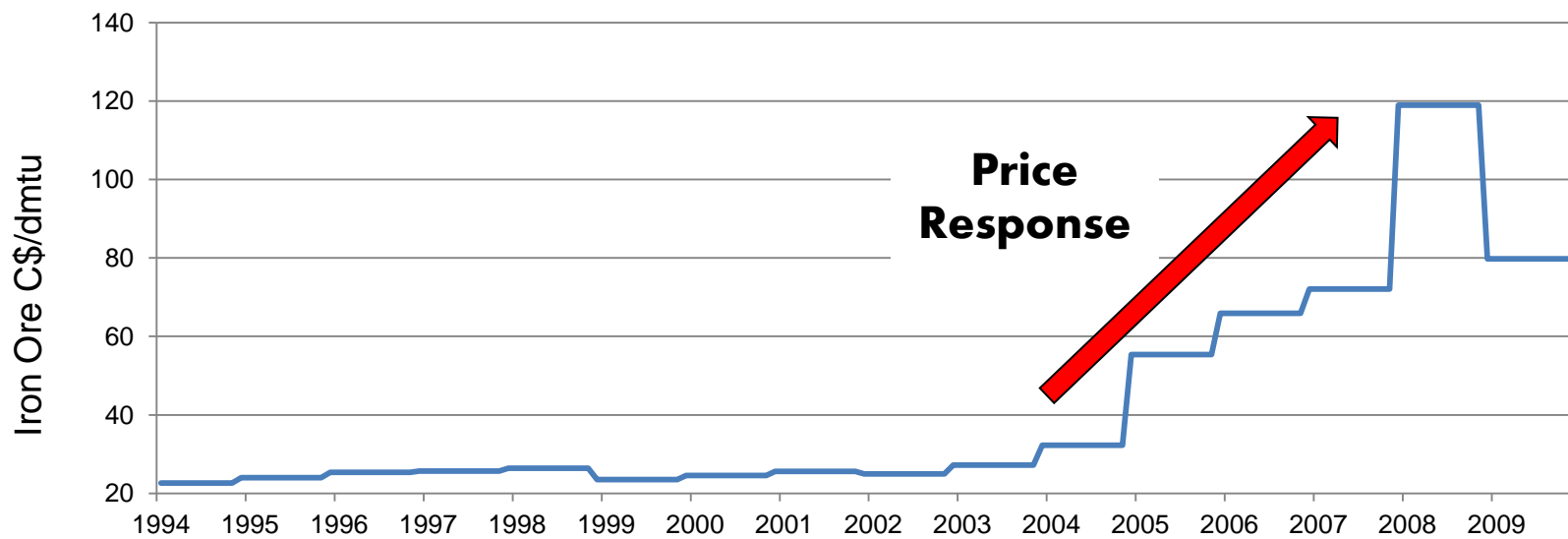
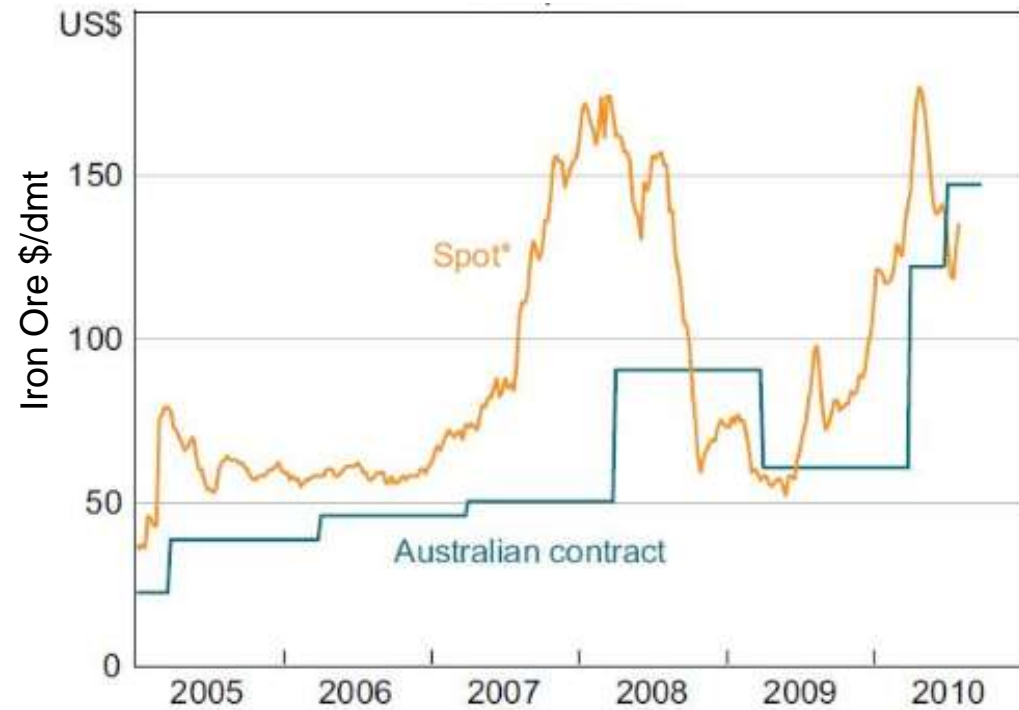


- **Crude steel production growth**
- **Push on seaborne demand**
- **Shift on market center**

# Iron Ore Market - Recent developments

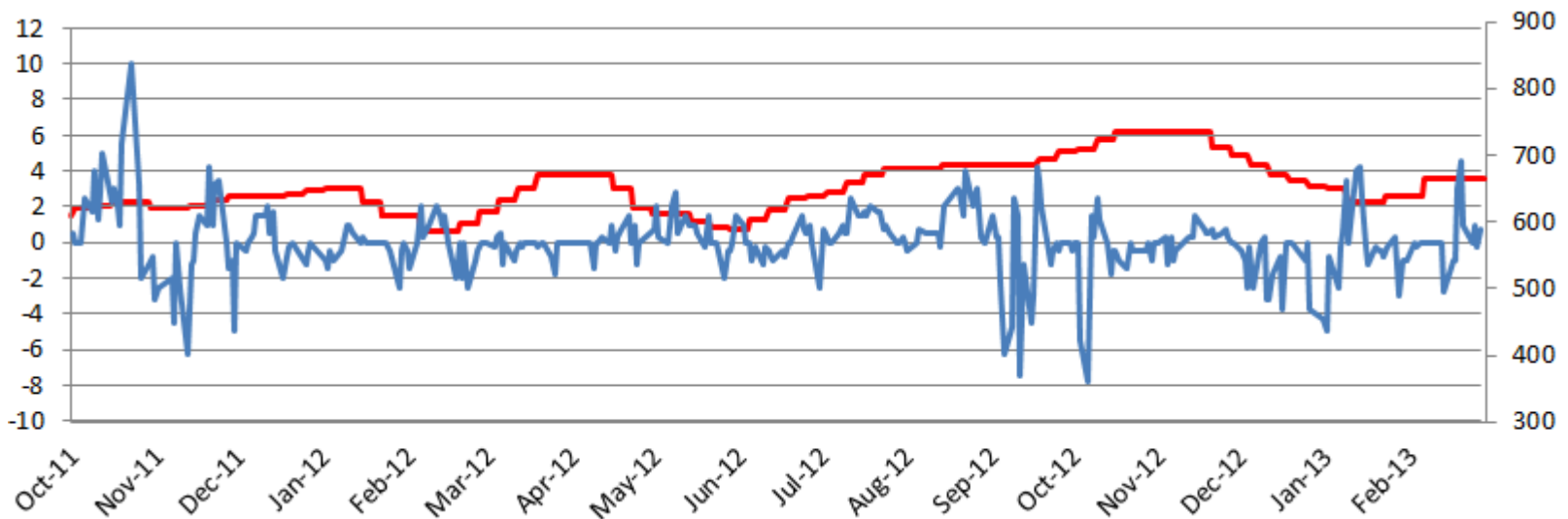
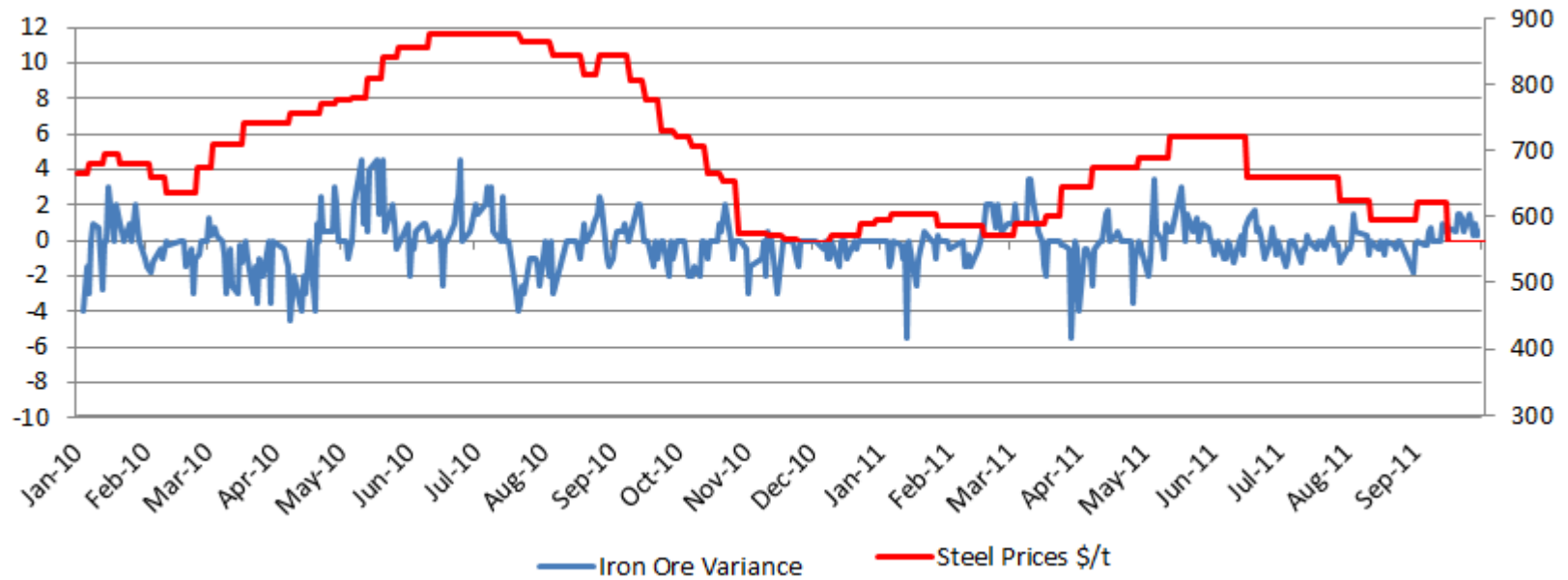
## Iron Ore Prices

- Steel and iron ore prices
- Start of spot prices (India)
- Collapse of benchmark system



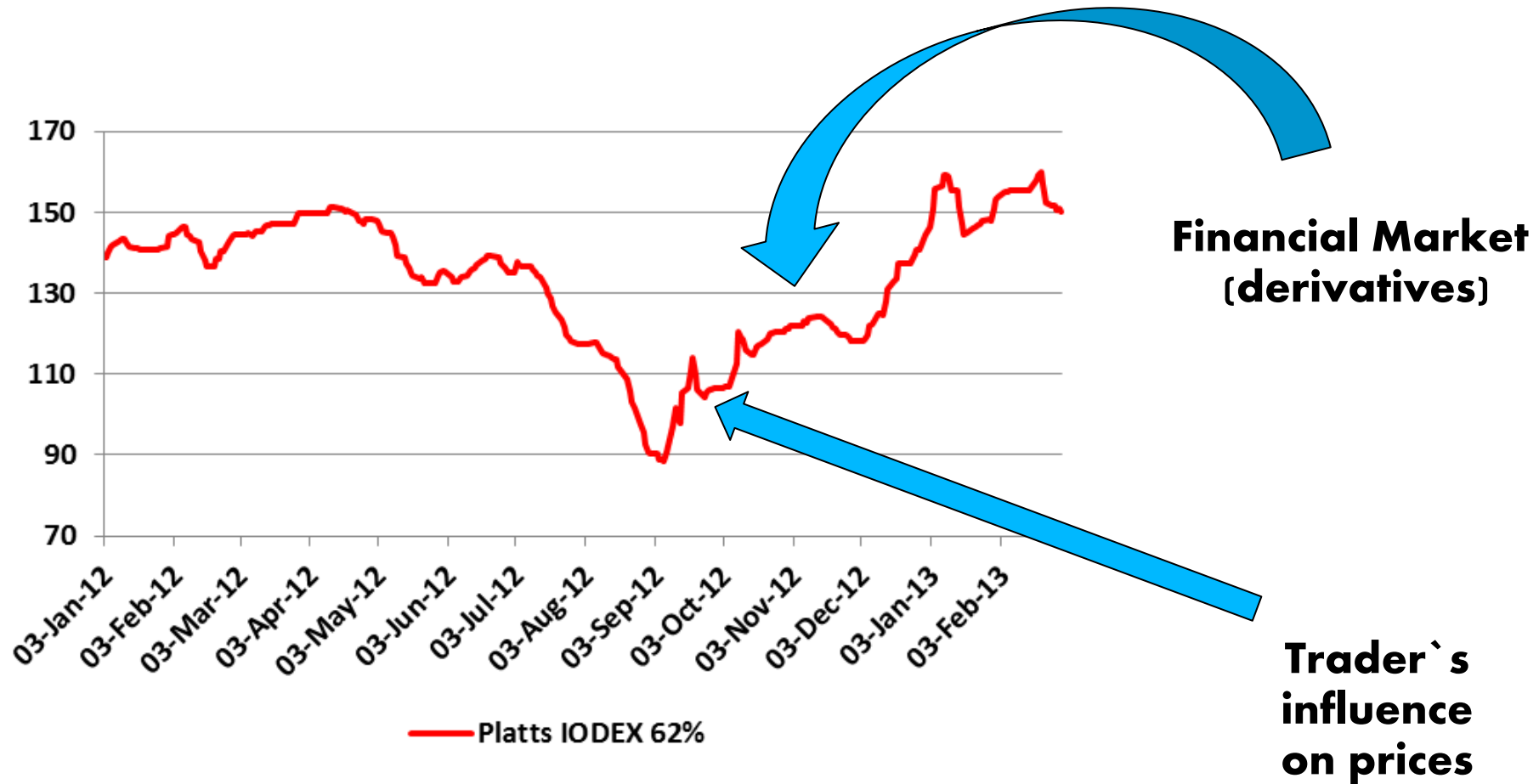
# Iron Ore Market

## 2012 Volatility and Margins



# Iron Ore Market Trends

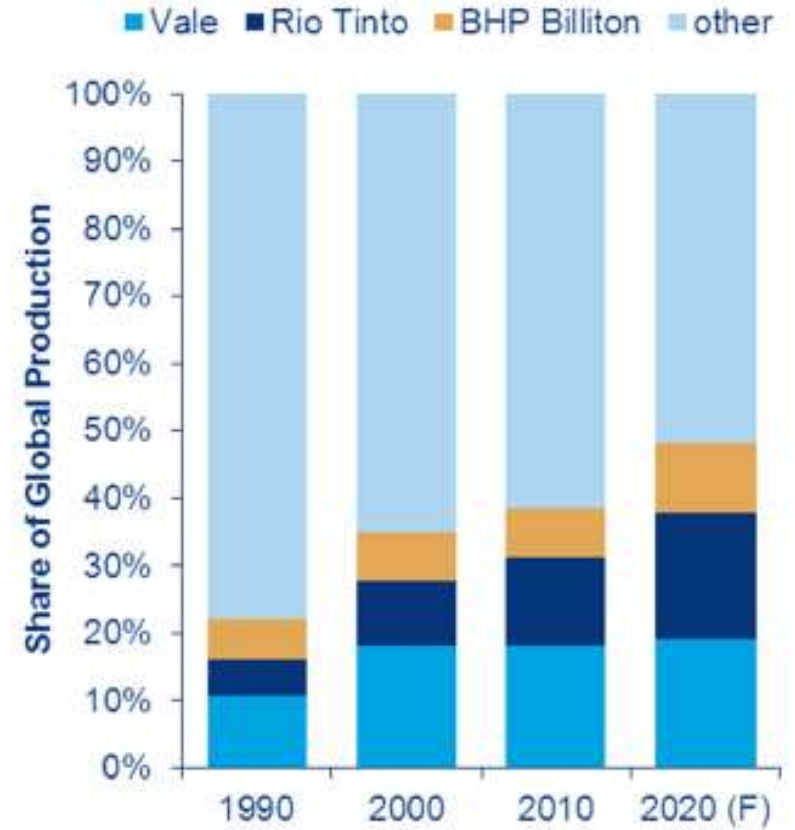
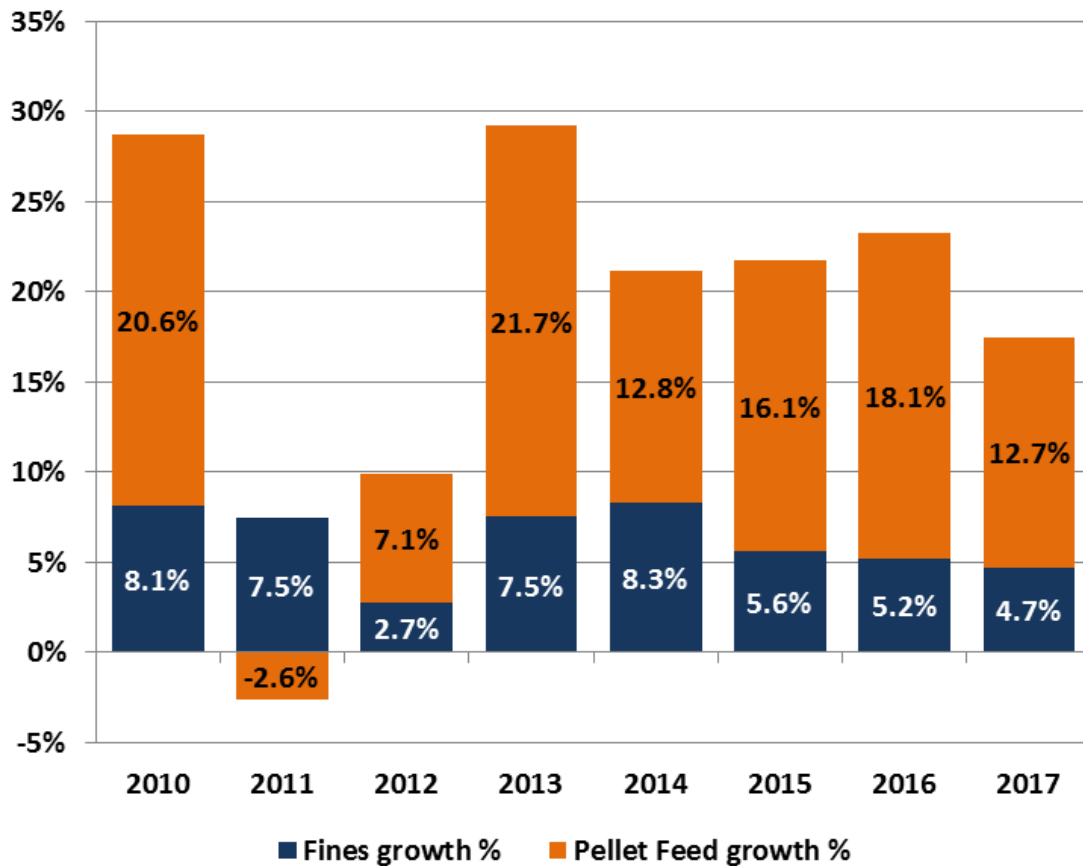
*New players over on pricing iron ore*





# Iron Ore Market Trends

*New Supply and changes on ore's characteristics*



**Prices moving downwards**

**Costs moving upwards**

# Iron Ore Market Trends

## Conclusion

*The return of the current cycle?*

