

Mineral Industry Surveys

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IRON ORE IN JUNE 2008

U.S. mine production of iron ore in June 2008, on a daily average basis, was 3% greater than that for the prior month, according to the U.S. Geological Survey (USGS). Average daily production, at 162,000 metric tons (t), was 5,000 t greater than that of May 2008.

Average daily shipments in June 2008, at 182,000 t, were 19,000 t less than those of May. Mine stocks at the end of June 2008 were 586,000 t less than stocks held on May 31, a 6% decrease. U.S. net imports of iron ore in May 2008 were 81,000 t, with imports 7% greater than exports.

Prices.—Australian miners BHP Billiton Ltd. (BHPB) and Rio Tinto plc negotiated an average 85% increase in iron ore price with Chinese steelmakers in June. This represented a transportation premium when compared with Brazilian ores, which received a 65% to 71% increase in iron ore price earlier in 2008. Some analysts indicate this may end the benchmark system of iron ore pricing and lead to a system of indexed iron ore prices (Matthews, 2008; Ritchie and others, 2008).

Domestic Production.—Cleveland-Cliffs Inc (Cleveland, OH) announced production for the second quarter of 2008 for its North American operations. Mine production was as follows (United States, unless otherwise specified): Empire, 1.4 million metric tons (Mt); Hibbing Taconite, 2.0 Mt; Northshore, 1.5 Mt; Tilden, 2.2 Mt; United Taconite, 1.5 Mt; and Wabush (Canada), 1.1 Mt. Cliffs' share of the total production of 9.9 Mt was 6.4 Mt. The Tilden Mine increased production by sending additional iron ore to the Empire processing plant, and Hibbing Taconite's production increase resulted from restart of an additional furnace line at the end of the first quarter (Cleveland-Cliffs Inc, 2008, p. 2, 3).

World Production.—Rio Tinto plc announced second quarter production for 2008. Rio Tinto's share of saleable iron ore plus pellets worldwide for the quarter ending June 30 was 41.9 Mt—a 13% increase compared with that of the same period in 2007. Rio Tinto's Hope Downs Mine produced 3.5 Mt in the quarter and continued to ramp up toward a planned capacity of

(59%-owned) Iron Ore Company of Canada increased production compared with that of the second quarter of 2007 by 39% owing to debottlenecking efforts at the plant and the absence of labor stoppages (Rio Tinto plc, 2008, p. 3, 12).

BHPB announced that its share of second quarter iron ore (wet) worldwide production for 2008 was 29.7 Mt—a 15% increase compared with that of the corresponding period in 2007 (BHP Billiton Limited, 2008, p. 4).

In the second quarter of 2008, Companhia Vale do Rio Doce (Vale) reported iron ore production of 78.1 Mt (including Vale's Samarco joint venture)—an increase of over 3% compared with that of the same period in 2007. Vale pellet production for the second quarter was 11.2 Mt—an 8% increase compared with that of the first quarter of 2008. Vale entered a leasing agreement that increased its attributable production from the Kobrasco and Nibrasco pelletizing operations from slightly over 50% to 100% (Companhia Vale do Rio Doce, 2008, p. 1, 2).

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30 million metric tons per year (Mt/yr) in 2009. Rio Tinto's