

Mineral Industry Surveys

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IRON ORE IN MAY 2008

U.S. mine production of iron ore in May 2008, on a daily average basis, was 14% greater than that for the prior month, according to the U.S. Geological Survey (USGS). Average daily production, at 157,000 metric tons (t), was 19,000 t greater than that of April 2008.

Average daily shipments in May 2008, at 201,000 t, were 27,000 t greater than those of April. Mine stocks at the end of May 2008 were 1.4 million metric tons (Mt) less than stocks held on April 30, a 12% decrease. U.S. net imports of iron ore in April 2008 were 74,000 t, with imports 8% greater than exports.

Prices.—Amidst rising stockpiles of iron ore, Chinese steelmakers continued negotiations with the two major Australian iron ore producers—BHP Billiton Ltd. and Rio Tinto plc. The chairman of the China Metallurgical Mining Association indicated that China was considering a freight differential, but wanted the freight premium to be limited to a percentage of the spot market price for iron ore. An official with the China Iron & Steel Association indicated that BHP Billiton and Rio Tinto may invoke a contract clause which would base ore prices on spot market values, if the contract price negotiations were not settled by June 30 (Skillings Mining Review, 2008a, b, c).

Mergers and Acquisitions Update.—BHP Billiton reported that it was confident it would receive approval from European Union regulators for the \$160 billion takeover of Rio Tinto (Hinde, 2008). However, in late November, BHP Billiton announced that with the recent drop in commodity prices and a worsening world economic situation, it would no longer pursue

its 18-month takeover attempt of Rio Tinto. Thus, a merger that would have linked the world's leading and third-leading mining companies and would have placed more than 70% of the world's seaborne iron ore trade in control of only two companies, came to an abrupt end (BHP Billiton Ltd., 2008; Matthews, Cimilluca, and Barta, 2008).

World Production.—Fortescue Metals Group Ltd. (FMG) loaded the first shipment from its Pilbara iron ore project through new port facilities in Western Australia. FMG plans to ship 55 million tons per year from its iron ore project to Chinese steel mills. The project reportedly has estimated reserves of 1,000 Mt of iron ore (Dixon, 2008).

References Cited

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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
2007:				
May	4,740	20,500	5,450	16,100
June	4,610	25,100	5,120	21,200
July	4,690	29,800	5,210	26,400
August	4,450	34,200	5,090	31,500
September	4,350	38,600	5,100	36,600
October	4,820	43,400	5,130	41,700
November	4,280	47,700	4,830	46,600
December	4,320	52,000	4,960	51,500
2008:				
January	4,170	4,170	3,730	3,730
February	3,990	8,160	1,090	4,830
March	4,780	12,900	2,190	7,020
April	4,130	17,100	5,220	12,200
May	4,860	21,900	6,230	18,500

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 MAY^{1,2}

(Thousand metric tons)

State	Production		Shipments ³		Stocks ⁴	
	2008	2007	2008	2007	2008	2007
Michigan	1,280	1,200	1,310	1,110	3,110	2,790
Minnesota	3,590	3,540	4,920	4,340	6,850	7,490
Total	4,860	4,740	6,230	5,450	9,950	10,300

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
2007:				
April	1,210	1,450	5	2,660
May	1,720	1,650	8	3,380
June	1,650	1,310	7	2,960
July	2,070	1,340	7	3,420
August	2,150	1,150	6	3,310
September	1,410	1,400	6	2,820
October	1,860	1,600	6	3,460
November	2,110	1,470	7	3,590
December	1,180	1,450	5	2,640
Year total	17,900	14,900	75	32,800
2008:				
January	1,210	816	6	2,030
February	1,120	833	4	1,950
March	1,140	855	4	2,000
April	1,680	984	4	2,670

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

²Includes production from steel plant waste oxides.

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 ²		Electric furnace	
			Monthly	Year to date	Monthly	Year to date
2007:						
April	3,010	11,500	3,370	12,900	4,840	18,900
May	3,130	14,600	3,530	16,400	5,000	23,900
June	3,120	17,800	3,470	19,900	4,770	28,600
July	3,080	20,800	3,420	23,300	4,860	33,500
August	3,010	23,800	3,370	26,600	4,970	38,400
September	3,010	26,900	3,370	30,000	4,600	43,000
October	3,200	30,100	3,540	33,500	4,940	48,000
November	2,940	33,000	3,280	36,800	4,920	52,900
December	3,160	36,200	3,550	40,400	4,900	57,800
2008:						
January	2,900	2,900	3,550	3,550	5,100	5,100
February	3,110	6,010	3,470	7,020	4,750	9,850
March	3,280	9,290	3,700	10,700	4,900	14,800
April	3,250	12,500	3,560	14,300	4,820	19,600

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

²Raw steel production figures for the basic oxygen process are usually greater than the corresponding pig iron production figures because scrap is routinely melted in the basic oxygen furnace together with the molten pig iron.

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	2007		2008			
	4th quarter	Total	February	March	1st quarter	April
Algeria	25	570	--	--	--	--
Belgium	--	--	--	56	57	30
Canada	2,190	7,340	138	206	1,460	702
China	81	1,130	12	4	23	7
Colombia	(3)	7	(3)	--	1	--
Germany	--	--	--	--	--	49
Japan	7	7	--	--	--	--
Malaysia	--	--	--	24	24	--
Mexico	82	148	28	(3)	67	55
Peru	(3)	5	--	--	--	--
Romania	--	87	--	--	--	--
Spain	--	--	--	--	--	77
Sweden	--	2	1	--	1	--
Other	1	8	3	3	6	1
Total	2,390	9,310	182	293	1,630	921
Pellets	2,340	9,170	174	238	1,570	910
Concentrates	9	51	5	12	21	10
Briquettes	1	1	--	16	16	--
Sinter	21	22	(3)	--	(3)	--
Direct shipping ores - coarse	2	6	1	1	3	1
Direct shipping ores - fines	5	51	2	26	28	--
Roasted pyrites	10	11	--	--	--	--
Total	2,390	9,310	182	293	1,630	921

-- 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	2008					2007
	April		Year to date			January-April Thousand metric tons
	Thousand metric tons	Value ³ (thousand dollars)	Thousand metric tons	Value ³ (thousand dollars)	Value ³ (dollars per ton)	
Brazil	195	11,700	688	40,900	59.54	900
Canada	758	55,000	1,180	85,400	72.71	718
Chile	40	2,360	129	7,710	59.95	133
China	(4)	16	(4)	16	48.00	--
Finland	--	--	3	106	39.26	2
Mexico	--	--	25	1,650	65.94	25
Netherlands	1	22	1	22	18.00	--
Norway	--	--	--	--	--	8
Peru	1	30	19	805	42.48	36
Sweden	--	--	2	28	18.00	57
United Kingdom	--	--	--	--	--	(4)
Venezuela	--	--	25.00	1,630	65.00	--
Total	995	69,100	2,070	138,000	66.96	1,880
Concentrates	248	15,100	361	22,100	61.30	195
Coarse ores	--	--	--	--	--	82
Fine ores	122	7,850	402	22,300	55.46	393
Pellets	624	46,100	1,300	93,700	72.17	1,200
Briquettes	--	--	--	--	--	--
Other agglomerates	--	--	--	--	--	4
Roasted pyrites	1	46	4	191	42.72	4
Total	995	69,100	2,070	138,000	66.96	1,880

-- 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 April 2008^{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	
Brazil	74	--	121	--	--	--	195
Canada	134	--	(3)	624	--	--	758
Chile	40	--	--	--	--	--	40
China	--	--	--	--	--	(3)	(3)
Netherlands	--	--	1	--	--	--	1
Peru	--	--	--	--	--	1	1
Total	248	--	122	624	--	1	995

-- 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 PELLETS, BY COUNTRY¹

Country of origin	2008					2007
	April		Year to date			January-April Thousand metric tons
	Thousand metric tons	Value ² (thousand dollars)	Thousand metric tons	Value ² (thousand dollars)	Value ² (dollars per ton)	
Brazil	--	--	215	14,800	68.83	549
Canada	624	46,100	1,040	76,600	73.54	607
Mexico	--	--	--	--	--	19
Peru	--	--	18	736	42.03	--
Sweden	--	--	--	--	--	24
Venezuela	--	--	25	1,630	65.00	--
Total	624	46,100	1,300	93,700	72.17	1,200

-- 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.)	April	January-April	
	2008	2008	2007
Baltimore, MD (13)	483	1,080	631
Charleston, SC (16)	1	2	2
Chicago, IL (39)	103	148	109
Cleveland, OH (41)	293	345	328
Houston-Galveston, TX (53)	--	--	38
Mobile, AL (19)	--	18	33
New Orleans, LA (20)	114	467	697
New York City, NY (10)	--	1	--
Nogales, AZ (26)	--	--	6
Ogdensburg, NY (07)	(3)	(3)	--
Philadelphia, PA (11)	(3)	3	2
Port Arthur, TX (21)	--	--	24
Providence, RI (05)	--	--	8
Total	995	2,070	1,880

-- 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 PELLETS,
 BY CUSTOMS DISTRICT¹

(Thousand metric tons)

Customs district (code no.)	April	January-April	
	2008	2008	2007
Baltimore, MD (13)	307	628	251
Chicago, IL (39)	25	69	28
Cleveland, OH (41)	292	344	328
Houston-Galveston, TX (53)	--	--	38
Mobile, AL (19)	--	18	--
New Orleans, LA (20)	--	240	530
Port Arthur, TX (21)	--	--	24
Total	624	1,300	1,200

-- Zero.

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

Source: U.S. Census Bureau.