

Mineral Industry Surveys

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IRON ORE IN JULY 2009

U.S. mine production of iron ore in July 2009, on a daily average basis, increased by 77% compared with that of the prior month and was 70% less than that of July 2008, according to the U.S. Geological Survey (USGS). Average daily production, at 47,800 metric tons (t), was 20,700 t greater than that of June 2009.

Average daily shipments in July 2009, at 99,400 t, were 22% greater than those of the prior month but only one-half that of July 2008. Mine stocks at the end of July 2009 were 1.6 million metric tons (Mt) less than the stocks held on June 30, an 18% decrease. U.S. net imports of iron ore in June 2009 were 78,000 t, with imports 27% greater than exports.

Price.—Following the rejection of a \$19.5 billion investment offer to increase its ownership of Rio Tinto plc (London, United Kingdom) by the Aluminum Corp. of China Ltd. (Beijing, China) and the subsequent decision to develop a joint venture of Australian iron ore assets by BHP-Billiton Ltd. (Melbourne, Australia) and Rio Tinto (See Iron Ore in June 2009), an Australian executive of Rio Tinto was arrested by Chinese authorities on suspicion of espionage and stealing state secrets (Ritchie, 2009). The failed offer, joint venture, and arrest of Rio Tinto's executive come amidst a failure by Vale SA (Rio de Janeiro, Brazil), BHP-Billiton, and Rio Tinto to reach annual contract price agreement with Chinese iron ore purchasers. Vale appeared to be holding back to avoid repeating the problem in 2008 of settling early for a lower price than either Rio Tinto or BHP-Billiton (Matthews, 2009).

A move to a more market-based rather than negotiated contract iron ore price became evident. At the end of the month,

of its iron ore sales for the 2009 contract year. Only 23% was set based on the annual contract price, while the other 30% was priced using quarterly, spot, and index-based prices. In 2008, when spot prices collapsed, some buyers reneged on contracts, leaving annual contract prices little more than an upside limit for producers. The arrest of a Rio Tinto executive in China gave additional incentive for producers to rely to a greater degree on independently established market prices (Denning, 2009).

Domestic Production.—Cliffs Natural Resources Inc. (Cleveland, OH) announced the decision by the owners of the Hibbing Taconite Joint Venture—ArcelorMittal USA Inc. (East Chicago, IN), Cliffs Natural Resources, and U.S. Steel Canada Inc. (Hamilton, Ontario, Canada)—to extend the plant shutdown through the first quarter of 2010. Hibbing Taconite, with a rated capacity of 8.1 million metric tons per year, had originally announced a 15-week shutdown beginning in May (Cliffs Natural Resources Inc., 2009).

References Cited

- Cliffs Natural Resources Inc., 2009, Cliffs Natural Resources Inc. provides North American business unit update: Cliffs Natural Resources Inc., July 2, 1 p. (Accessed July 2, 2009, via <http://www.cliffsnaturalresources.com/>.)
- Denning, Liam, 2009, BHP swings the hammer at the iron market: *The Wall Street Journal*, July 30, p. C10.
- Matthews, R.G., 2009, Vale—Miner to follow BHP, Rio in China ore-price deals: *The Wall Street Journal*, July 31, p. B4.
- Ritchie, Martin, 2009, Hu's arrest sends warning to suppliers to take care when doing business in China: *Metal Bulletin*, no. 9106, July 13, p. 18.

BHP-Billiton announced that it had reached agreement on 53%

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
2008:				
July	4,960	31,800	6,160	30,100
August	4,840	36,600	6,100	36,200
September	4,310	40,900	5,500	41,700
October	4,540	45,400	4,860	46,500
November	3,940	49,400	3,910	50,400
December	3,570	53,000	2,820	53,300
2009:				
January	2,990	2,990	874	874
February	2,660	5,650	440	1,310
March	2,240	7,890	663	1,980
April	1,700	9,590	1,930	3,910
May	850	10,400	2,470	6,380
June	811	11,200	2,440	8,810
July	1,480	12,700	3,080	11,900

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 JULY^{1, 2}

(Thousand metric tons)

State	Production		Shipments ³		Stocks ⁴	
	2009	2008	2009	2008	2009	2008
Michigan	623	1,160	1,300	1,360	2,370	3,120
Minnesota	858	3,800	1,780	4,800	5,040	5,050
Total	1,480	4,960	3,080	6,160	7,410	8,170

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
2008:				
June	1,580	1,380	9	2,970
July	1,820	1,370	8	3,200
August	2,270	1,200	9	3,470
September	1,310	1,050	9	2,370
October	1,760	984	8	2,750
November	1,370	687	6	2,060
December	749	618	3	1,370
Year total	18,700	12,100	76	30,800
2009:				
January	1,030	600	3	1,640
February	793	823	2	1,620
March	662	1,450	1	2,120
April	1,630	871	8	2,510
May	2,090	1,260	6	3,350
June	819	1,080	10	1,910

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	Monthly	Year to date
2008:						
June	3,020	18,800	3,450	21,400	4,930	29,600
July	3,090	21,800	3,460	24,800	5,060	34,600
August	3,290	25,100	3,680	28,500	4,990	39,600
September	2,900	28,000	3,290	31,800	4,560	44,200
October	2,770	30,800	2,330	34,100	3,990	48,200
November	2,040	32,800	1,980	36,100	2,660	50,800
December	1,690	34,500	1,390	37,500	2,220	53,100
2009:						
January	1,450	1,450	1,320	1,320	2,630	2,630
February	1,510	2,960	1,180	2,500	2,440	5,070
March	1,630	4,580	1,430	3,930	2,330	7,400
April	1,410	5,990	1,230	5,170	2,390	9,800
May	1,370	7,360	1,070	6,240	2,760	12,600
June	1,380	8,740	1,210	7,440	2,980	15,500

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	2008	2009				
		1st quarter	April	May	June	2nd quarter
Algeria	80	--	--	--	--	--
Belgium	218	(3)	19	--	--	19
Canada	9,030	425	85	287	281	653
China	91	4	2	(3)	2	3
Colombia	11	8	6	1	(3)	7
Czech Republic	83	--	--	--	--	--
France	210	(3)	74	(3)	--	74
Germany	156	--	--	--	--	--
Malaysia	25	1	--	--	--	--
Mexico	328	12	(3)	(3)	2	2
Peru	103	--	--	--	--	--
Romania	128	--	--	--	--	--
Serbia	51	--	--	--	--	--
Slovakia	505	--	--	--	--	--
Spain	102	--	--	--	--	--
Sweden	4	--	--	--	2	2
Other	14	1	3	(3)	(3)	3
Total	11,100	450	188	288	288	763
Concentrates	142	9	6	2	1	8
Coarse ores	46	(3)	--	--	1	1
Fine ores	136	10	(3)	2	3	5
Pellets	10,800	431	179	284	282	746
Briquettes	(3)	--	3	--	(3)	3
Other agglomerates	20	--	--	--	(3)	(3)
Roasted pyrites	(3)	--	--	(3)	(3)	(3)
Total	11,100	450	188	288	288	763

-- Zero.

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

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	2009					2008
	June		Year to date			January-June
	Thousand metric tons	Value ³ (thousand dollars)	Thousand metric tons	Value ³ (thousand dollars)	Value ³ (dollars per ton)	Thousand metric tons
Brazil	53	3,570	91	7,080	77.87	1,250
Canada	261	35,100	1,040	135,000	130.23	2,610
Chile	51	3,650	99	8,670	87.71	129
China	--	--	--	--	--	(4)
Finland	--	--	3	180	64.49	3
Japan	--	--	--	--	--	(4)
Mexico	(4)	17	26	2,380	90.61	25
Netherlands	--	--	--	--	--	1
Norway	--	--	1	22	18.00	--
Peru	--	--	34	1,670	49.31	37
South Africa	--	--	29	1,850	64.28	--
Sweden	--	--	4	66	18.00	44
United Kingdom	--	--	8	1,630	197.51	--
Venezuela	--	--	--	--	--	48
Total	366	42,400	1,330	159,000	119.12	4,150
Concentrates	51	3,650	152	12,800	84.37	512
Coarse ores	--	--	8	1,630	197.51	37
Fine ores	64	3,760	264	23,600	89.06	806
Pellets	251	34,900	905	121,000	133.30	2,780
Briquettes	--	--	--	--	--	--
Other agglomerates	(4)	17	2	77	40.01	--
Roasted pyrites	--	--	3	180	64.49	6
Total	366	42,400	1,330	159,000	119.12	4,150

-- 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 JUNE 2009^{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	--	--	53	--	--	--	53
Canada	--	--	11	251	--	--	261
Chile	51	--	--	--	--	--	51
Mexico	--	--	--	--	(3)	--	(3)
Total	51	--	64	251	(3)	--	366

-- 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	2009					2008
	June		Year to date			January-June
	Thousand metric tons	Value ² (thousand dollars)	Thousand metric tons	Value ² (thousand dollars)	Value ² (dollars per ton)	Thousand metric tons
Brazil	--	--	38	3,510	93.23	385
Canada	251	34,900	862	117,000	135.49	2,330
Peru	--	--	5	283	57.11	18
Venezuela	--	--	--	--	--	48
Total	251	34,900	905	121,000	133.30	2,780

-- 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.)	June	January-June	
	2009	2009	2008
Baltimore, MD (13)	--	130	1,880
Charleston, SC (16)	--	4	6
Chicago, IL (39)	53	97	345
Cleveland, OH (41)	251	718	1,180
Houston-Galveston, TX (53)	--	38	30
Mobile, AL (19)	--	5	50
New Orleans, LA (20)	51	309	646
New York, NY (10)	--	--	1
Nogales, AZ (26)	(3)	2	--
Ogdensburg, NY (07)	3	9	2
Philadelphia, PA (11)	--	3	3
Port Arthur, TX (21)	--	8	--
Seattle, WA (30)	8	12	--
Total	366	1,330	4,150

-- 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.)	June	January-June	
	2009	2009	2008
Baltimore, MD (13)	--	130	1,030
Chicago, IL (39)	--	15	123
Cleveland, OH (41)	251	717	1,180
Houston - Galveston, TX (53)	--	38	30
Mobile, AL (19)	--	5	18
New Orleans, LA (20)	--	--	403
Total	251	905	2,780

-- Zero.

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

Source: U.S. Census Bureau.