Rio Tinto Plans to Sell more Ore to China in 2015

Australian mining giant Rio Tinto expects to deliver 240 million tonnes of iron ore to China this year, up from 200 million tonnes in 2014, the company's China managing director said.

The miner has driven down its production costs to $16.20 a tonne this year, $2 lower than a year ago, enabling it to cope with falling prices of the steelmaking raw material, Ren Binyan said at a press briefing.

Global iron ore prices have collapsed as a result of slowing demand growth in top consumer China and a concerted output expansion by giant miners, including Rio Tinto, its Australian rival BHP Billiton and Brazil's Vale.

Spot iron ore prices have lost more than 20 percent in 2015 as an economic slowdown in China curtailed the country's use of steel. The outlook for the raw material remains grim for the rest of the year as well.

China's steel consumption is expected to fall further this year, after it dropped 3.4 percent in 2014 - the first decline since 1981. Also, the top global miners aim to further bring down costs and expand production to back their battle to maintain market share in China.

The efforts have enabled the big three to drive out higher cost producers in China and elsewhere and expand their market share. Australia and Brazil accounted for 84.6 percent of China's total imports in July, data shows.

Rio is aiming to raise full-year output by 15 percent to 340 million tonnes from 2014, but it has reset its capital spending reduction target to $1 billion this year from $750 million earlier to cope with weak conditions.

This section is a compilation from various company press releases, business dailies & trade publications.

Chinese Steel Prices will Fluctuate within Limited Range

While steel demand in China is expected to improve towards the end of the year, the current position is that steel prices are falling because of a weaker macro economy and a 'deeper supply glut', according to China Metals.

Mass infrastructure construction projects are set to kick off later this year and projects surrounding urbanization, environmental protection and so-called 'belt and road' initiatives are making steady progress. With these factors in mind, steel demand is expected to improve as the year continues.

That said, increased trade frictions will make steel exports from China more difficult and lead to a greater supply glut and crude steel production is likely to shrink further during August and September after a 7.58% decline in July's daily production.

The Complex Steel Price Index (CSPI) compiled is expected to drop to 62.73 by end July, down 5.94% month-on-month, a decline bigger by 0.78 percentage points than in end-June and 31.96% lower on a year-on-year basis.

Price declines in all eight steel products monitored by the China Iron and Steel Association are expected for end-July figures including big losses for hot-rolled coil, cold-rolled thin sheet and galvanised sheet.

Steel demand has been curbed by a deflated macro economy fixed asset and real estate investment down and China's iron and steel output has continued to decline when examined on a year-on-year basis.

Pig iron output was down 4.8%, crude steel down 4.6% and finished steel down 1.9% according to the National Bureau of Statistics and China's daily crude steel output was down 7.6% at 2.1Mt.

China exported 9.73Mt of steel in July and imported 1.05Mt. Apparent consumption of crude steel was down 6.7% from June (to 56.83Mt) but was 3.1 percentage points higher than crude steel output.

Imported iron ore prices were up 7.6% in July when compared with June figures, but other raw materials prices slipped. Homegrown iron ores were down 8.83%, coke prices were down 4.7% and scrap steel dropped 9%. A significant rebound in steel prices later in the year is unlikely, it is claimed. A limited range of fluctuations should be expected, says China Metals.

Chinese Crude Steel Production Down 4.6%: NBS

Chinese crude steel production for July was 65.84Mt, down 4.6% year-on-year, according to data from the National Bureau of Statistics.

Between January and July, China's crude steel output totalled 476Mt, down 2.8% when compared with the same period in 2014.

Pig iron production in July totalled 57.3Mt, down 4.8% on the year. The figure for January to July was 414Mt, down 2.8%.

Steel output declined 1.9% to 92.3mt, but during the first seven months of the year rose 1.5% to 651Mt.

During the first six months of 2015, China's crude steel output declined 1.3% year-on-year, the first decline for 20 years, according to the National Development and Reform Commission (NDRC).

Between January and June 2015, China produced 409Mt of crude steel, 357Mt of pig iron and 559Mt of steel output, up 2%. Chinese exports increased sharply during H1 2015 with a like-for-like increase of 27.8% to 52.4Mt.