Aussie miners leads the pack as iron ore prices zooms

Australia's iron ore miners are leading the market higher in morning trade after the price of the steel-making ingredient hit a 10-month high.

The price of iron ore with a 62 per cent iron content rose 3.1 per cent to $64.77 a tonne, its highest level since June 12, 2015. Once prices go past $65.61, the market will be at levels last seen in January last year.

Iron ore has recovered by 69.1 per cent since hitting a record low $38.30 in December, and has risen by almost a half so far in 2016.

Fortescue Metals Group was up 5.2 per cent within the first half-hour of trade in Sydney, with BHP Billiton up 4 per cent. That was enough to put them among the top 10 performers in the S&P/ASX 200. Rio Tinto was up 2.7 per cent.

So far this year, Fortescue's share price has gained 92.5 per cent, BHP is up 17.6 per cent and Rio is up 16.6 per cent.

Overall, it was shaping up as a strong morning for Aussie commodity stocks, after metals prices gained in London overnight for a third day in a row and oil prices jumped about 4 per cent.

South32, the metals-focused BHP spin-off, was up 3.4 per cent. Among energy stocks, Santos was up 5.9 per cent, Beach Energy was 4.6 per cent higher and Woodside Petroleum gained 3.7 per cent.

Rio retained its forecast for iron ore shipments in 2016, but trimmed it for next year owing to delays with its driverless train system. BHP cut its production guidance owing to bad weather and the Samarco disaster in Brazil.

Flexibility on state aid for steel makers in Europe : Bienkowska

European Polish commissioner Elzbieta Bienkowska, who is responsible for the EU internal market, told the Frankfurter Allgemeine Zeitung that the European Union should consider allowing members to subsidize their steel industries, which are suffering from a collapse in prices and carbon regulation.

She said, "We have to discuss whether we can't be more flexible in our judgment of state aid.

Bienkowska, arguing that the cost of carbon dioxide emissions for energy-intensive industries should also be reviewed. European steelmakers were at the limits of what they could achieve through the modernization of production. We cannot push this industry any further. The burden of emissions trading must also be a topic," said Bienkowska, the Polish commissioner, who is responsible for the EU internal market.

Commission President Jean-Claude Juncker said the sector, which employs some 360,000 workers across the European Union, was a high-technology industry that needed investment and protection.

Influential EU countries including France, Britain and Germany have asked the Commission to help the steel industry, which is battling an import surge from China in particular, with 10,000 steel jobs in Britain hanging in the balance.

Brussels steel summit fails to find answer to oversupply problem

The world's largest steel-producing nations failed to make a breakthrough on the oversupply problem that has thrown the industry into crisis, at a meeting in Brussels.

Ministers from 34 countries, representing 93% of global steel production, attended Monday's talks, on the day the Chinese state news agency said it was "lame and lazy" to blame China for the problem.

UK Steel, the industry lobby group, criticised the failure to take detailed action, as the future of Britain's largest steelworks, Port Talbot, hangs in the balance.

The US deputy trade representative, Robert Holleyman, said "The talks were not an academic issue but an exercise dealing with real pain, with real people".

"We are encouraged by the start of the discussions but we fully believe more must be done urgently," he said.

Overproduction of steel is driving plants around the world out of business and has brought the UK industry to the brink of collapse.

U.S and European steel producers have accused China of flooding world markets with heavily subsidised steel that makes it impossible for rivals to compete.

But China rejected this argument, saying the US and European Union was also plagued by overcapacity to differing degrees. China's assistant trade minister, Zhang Ji, told ministers that the economic downturn since 2008 and falling demand was the fundamental reason behind excess capacity. He also highlighted geopolitical conflicts, extremism and terrorism as factors contributing to the problem.

Asked about this part of the Chinese speech, the EU trade representative, Cecilia Malmström said, "I don't really see the link to be honest."