Iron ore prices in the country have fallen to ₹5,500 per tonne, correcting by 9 per cent month-on-month (m-o-m), following a weak demand outlook because of falling domestic prices of steel and other metals and a global economic slowdown.

The price of Odisha iron ore fines (with 62 per cent Fe content) stood at ₹5,500 per tonne on May 17 as against ₹6,050 per tonne last month, sources told BusinessLine.

State-run Odisha Mineral Corporation (OMC), decreased base prices for its iron-ore fine auctions slated on Thursday by nearly ₹800 per tonne; with nearly 1.23 million tonnes being out for auctions. Iron-ore lump auctions received bids for a little over 60 per cent of the stock. Around 876,000 tonnes was put up for auction; and 538,000 tonnes received bids. Prices were lower by ₹1,500-odd per tonne compared to last month.

Meanwhile, NMDC is yet to announce any price changes. Its monthly revision on April 30 saw the company keep domestic prices unchanged (from April 1 revision) at ₹6,100 per tonne for iron ore lumps (with 65.5 per cent Fe content) and at ₹5,160 per tonne (for 10mm fines with 64 per cent Fe content). Lump prices are lower by over 20 per cent y-o-y, while fine prices are down by 21.3 per cent y-o-y.

Pellet prices
Domestic pellet prices, too, are down, primarily because of lesser than expected Chinese buying. Covid-curbs and economic slowdown continue to weigh in heavily on demand thereby impacting prices, hitting Indian exports too.

Steelmint said its domestic pellet index (for FE63 per cent) was at ₹10,400 per tonne (Raipur) on May 14, the lowest since December 2021. Prices elsewhere – Barbil (Odisha) and Durgapur (West Bengal) – saw a near ₹650 per tonne decline week-on-week, it added in a report. Domestic pellet-based sponge iron prices have also fallen.

The drop in sponge-iron prices and that of semi-finished steel have affected prices; as have subdued export sentiments in steel, with shipments (exports) falling. Weak buying sentiments continue in the domestic market, too. Higher prices have dented domestic steel consumption, while steel exports have slowed with weaker international demand.

Accordingly, steel prices in India are seen correcting and are said to be down by approximately ₹3,500 per tonne in mid-May.