

## Iron ore price hike likely

Monday, January 10, 2005

**IRON ore sellers and buyers go into their third round of price talks this week with indications that a settlement will be in the range of a 25% increase.**

Tips from market observers range from a price hike of 18% to 35% with the consensus falling at the 25% mark, a substantial boost coming on top of last year's 19% increase.

Optimism that demand for iron ore remains stronger than supply was reinforced late last week with comments from a senior executive of the world's biggest exporter, Brazil's CVRD group.

Jose Carlos Martin told *Reuters* that Chinese demand remained strong with demand growth in that market expected to exceed 20%, a forecast which dispels fears of a Chinese slowdown.

Martin said demand growth in China could be as high as 23%, easily eclipsing last year's 15% growth.

"I don't see that in the next two to three years we are going to have any kind of relief in Chinese pressure for raw materials," he said.

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