

PELLEX Rationale

PELLEX- DAP Raipur (Delivered Price - Plantsite in Raipur)		INR 6,250/MT*
Date and Time of publication		13 August, 2019 & 18.30 (IST)
Publishing Window		Monday to Tuesday
Last Index Price (6 August, 2019)		INR 6,250/MT*
% change		No change

*Rounded off to the nearest multiple of 50

*Prices on delivered basis (including freight) to a DRI maker in Raipur

Concluded Transaction Price	
<ul style="list-style-type: none"> •Two deals (with traded quantity of 26,500 MT) in Raipur market were reported in this publication window •One deal for 10,000 MT reported at INR 6,200 (Ex plant) from Raipur based plant; normalizing for quality and freight to Raipur at INR 6,350 (DAP Raipur) •Another deal for 16,500 MT reported at INR 6,100 (Ex plant) from Raipur based plant; normalizing for quality and freight to Raipur at INR 6,250 (DAP Raipur) •No Export deal from Raipur was concluded in this publication window •Jharsuguda based plant has concluded pellet deal for 4,000- 5,000 MT at INR 5,500/MT (Ex-plant) for delivery to Chandrapur; same has been excluded for the computation of PELLEX 	
Firm Offers	
<ul style="list-style-type: none"> •Pellet makers doesn't seem to be further lowering their domestic offers in contrast with diminishing export realization and inactive export market •Raipur based plants' have kept their offers unchanged at INR 6,200/MT(Ex-plant); normalizing for freight to Raipur at INR 6,350/MT (DAP Raipur) •Jharsuguda (Odisha) based pellet maker is offering pellet at INR 5,500/MT(Ex-plant); normalizing for freight to Raipur at INR 6,200 - 6,250 (DAP Raipur) •Durg based pellet maker is offering pellet at INR 6,200/MT(Ex-plant); normalizing for freight to Raipur at INR 6,400 (DAP Raipur) 	
Firm Bids	
<ul style="list-style-type: none"> •A sense of relief for DRI makers in terms improved conversion margins from iron ore/pellet to DRI; the same may turn positive in case the domestic market continue to pick up as seen in the last few days •Recent upward trend in the steel market has sharply increased P-DRI offer prices' today by INR 800/MT to INR 16,500/MT (Ex-Raipur) against yesterday offers at INR 15,700/MT (Ex-Raipur). •Movement from NMDC has fallen due to heavy rains; buying interest for pellet likely to pick up going forward •No Firms bids were received; few bids reported at INR 5,650 MT and INR 5,950 (DAP Raipur) and the same have been excluded from the assessment •Buyers are waiting for further fall in pellet price for substantial buying interest 	
Export Realization	
<ul style="list-style-type: none"> •Market sentiments in the pellet export market turned very weak after sharp decline in SteelMint 62% Fe Fine Assessment to USD 95/DMT CFR China (down by USD 13/DMT W-O-W) •Chinese Iron ore prices drop as US extends tariff and Chinese currency falls to sensitive level •Pellet Export realization for standard grade pellet has come down to USD 100-105/DMT FoB (AI 3%); due to declining iron ore prices in China, falling bids from China and increased sea freight (USD 14-15/MT) •No export transactions were reported at USD 100-105/DMT FoB (AI 3%) and the same is an indicative price considering very low buying interest from China and falling domestic pellet prices in China •Few Pellet export offers from Odisha based pellet maker were reported at USD 115-120/DMT, CFR China (AI 3%) 	
Substitute Parity Price	
<ul style="list-style-type: none"> •Considering land cost of Lump and other factors like yield, conversion cost etc for NMDC and Orissa; the substitute parity price for Pellet is INR 6,450 (DAP Raipur) •NMDC yet to announce its prices for the month 	
Statistical Exclusion for Bids and Offers (no. and normalized values)	3 Bids at INR 5150, 5,650 and INR 5,950 (DAP Raipur)



PELLET SPECIFICATION

India Domestic Pellet specification, DAP Raipur		
S. No.	Particulars	Specifications
1	Price	INR per metric tonne
2	Fe Content	Base 63.5%, Range 63% to 64%
3	Silica	Base 3.5%, Maximum 5.0%
4	Alumina	Base 2.0%, Maximum 4.0%
5	Combined Silica / Alumina	Maximum 7.0%
8	Trade Size	Minimum 2,500 MT, Maximum 10,000 MT
9	LOI	Base 3.0%
10	Delivery Terms	DAP Raipur (Delivered to Buyers site in Raipur)
11	Delivery period	Within 2 -4 week
12	Assessment Frequency	Twice in a Week
14	Data collection	Window 1 - Monday 9.00 until Tuesday 17.30 (IST) Window 2 - Wednesday 9.00 until Friday 17.30 (IST)
15	Publication	Window 1 - Tuesday 18.30 (IST) Window 2 - Friday 18.30 (IST)
15	Payment Terms	Advance (Loaded to Truck)

Note:

- Transactions/market information not covered in the previous cycle to be considered in the next cycle
- PELLEX assesses DAP Raipur Prices. DAP is Delivered at Place, meaning prices on delivered basis (including freight) to a DRI maker in Raipur
- For more details, refer to SteelMint PELLEX Methodology document