

PELLEX Rationale

PELLEX- DAP Raipur (Delivered Price - Plantsite in Raipur)		INR 6,250/MT*
Date and Time of publication		16 August, 2019 & 18.30 (IST)
Publishing Window		Wednesday to Friday
Last Index Price (13 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"> •PELLEX continue to remain unchanged at INR 6,250 due to inactive pellet market and sudden fluctuations in steel prices •No domestic/ export deals from Raipur were concluded in this publication window •Raigarh based plant has concluded pellet deal for 10,000 MT at INR 5,800 (Ex plant); normalizing for freight to Raipur at INR 6,450 - 6,500 (DAP Raipur). Same has been excluded for the computation of PELLEX as delivery is not in Raipur 	
Firm Offers	
<ul style="list-style-type: none"> •Pellet makers has instantly reacted to the sudden hike in the steel prices by increasing their offers from Wednesday onwards •Increased offer prices' despite diminishing export realizations signals a contrast in the strong correlation that domestic offer prices' has with the export realizations •Raipur based plants' have increased their offers by INR 200 to INR 6,400/MT(Ex-plant); normalizing for freight to Raipur at INR 6,550/MT (DAP Raipur) •Indicative offers from Odisha based pellet maker are reported 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 6,300/MT(Ex-plant); normalizing for freight to Raipur at INR 6,500 (DAP Raipur) 	
Firm Bids	
<ul style="list-style-type: none"> •DRI makers continue to make negative conversion margins (from iron ore/pellet to DRI) after fall in P-DRI prices in the last few days •DRI makers had some relief in terms of conversion margins during last SteelMint PELLEX assessment (on Aug 13, 2019) due to sudden increase in steel prices •SteelMint P-DRI Assessment (Aug 16, 2019) down by INR 400/MT to INR 16,100/MT (Ex-Raipur) against P-DRI Assessment (Aug 14, 2019) at INR 16,500/MT (Ex-Raipur) •One Firm bid is reported at INR 6,150 (DAP Raipur); few bids reported at INR 5,950 MT (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"> •Pellet Export realization for standard grade pellet has come down to USD 100/DMT FoB (AI 3%); due to declining iron ore prices in China and falling bids from China •No export transactions were reported at USD 100/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 •Chinese still mills are preferring iron ore lumps over pellets 	
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 has announced a roll over in its iron prices for August 2019 deliveries •NMDC iron ore production from C.G mines fell by 31% to 1.16 MnT in July'19 as against June at 1.67 MnT 	
Statistical Exclusion for Bids and Offers (no. and normalized values)	<ul style="list-style-type: none"> 1 Offer at INR 6,200 (DAP Raipur) 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