Office D-49377 Vechta
Contact: Peter Weber
Executive Director

Tel: +49 4441 / 9517 902
Mobil: +49 172 /9370107
E-Mail: peter.weber@arpz.com

ARPZ GmbH

Iron Ore
Coal
Energy
Raw Materials
Petro Fuels

since 1872

Langenstücken 20
22393 Hamburg
GERMANY
Telefon +49 (0)40 60 01 18 – 0
Telefax +49 (0)40 60 01 18 – 18
E-Mail info@arpz.com
UST ID-Nr. DE287877051

April 2021
Chart analysis for raw materials, iron ore, steel, copper, freight

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Dear Sir or Madam,

Prices for iron ore cargoes with an iron content of 63.5% for delivery to Tianjin were above 170 USD / ton, as record steel prices encouraged investors to make preliminary bets. Nevertheless, iron ore prices remain below a near 10-year high of US$178 reached in early March as production in China's leading steelmaking city of Tangshan is set to fall due to environmental restrictions and the Caixin survey showed that Chinese manufacturing activity has unexpectedly increased. In addition, production at Brazilian miner Vale, the world's leading producer, is expected to recover to normal levels by the end of 2021.

The Ministry of Infrastructure has issued a single tender at B3's headquarters in São Paulo.
You may also be interested in an interesting news item from our business environment in Brazil:

Bahia Mineração SA (Bamin) has acquired the concession for the West-East Integration Railway (Fiol 1) between the Bahian municipalities of Ilhéus and Caetité in a single bidding contest. The purchase entitles the concession for 35 years of the construction. According to the National Land Transport Agency (ANTT), the company will allow the creation of 55 thousand jobs during the concession period of Bamin.

With a length of 537 kilometers, Fiol 1 is scheduled to begin operations in 2025, with an initial capacity of 18 million tons of cargo, mainly iron ore. The federal government expects this capacity to double within a decade and exceed 50 million tons by 2035. A power corridor with a total of 1,527 kilometers of tracks will connect the port of Ilhéus on the coast of Bahia with the municipality of Figueirópolis (TO), where Fiol provides a link with the North-South Railway and the rest of the country.

An impending further shortage of copper supplies is driving up the price of the industrial metal. Due to rising coronavirus case numbers, the important exporting country Chile has temporarily closed its borders. This is a further problem for the already tight market.

The Standard & Poors commodity index shows an overall upward trend.
However, we can only speak of a sustained price upswing after the previous high from 2019 has been overcome. Nevertheless, the chart already shows that new buyers are immediately on the market in the event of small setbacks.

According to insiders, the major crude oil exporting countries have agreed on a gradual easing of the production brake. In May and June, production by the Opec+ group of nations is to be raised by 350,000 barrels per day in each case, people familiar with the matter said on Thursday. An increase of about 400,000 barrels would follow in July, they added. However, it is still unclear whether Saudi Arabia will stick to its previous voluntary additional cuts, they said.

The agreement was preceded by an appeal from the U.S. government to Saudi Arabia to keep energy prices affordable. The predecessor of the current U.S. President Joe Biden, Donald Trump, had spoken on the phone several times during his term of office with leaders of the Opec countries on the subject of oil policy.

Against the backdrop of the Opec+ decision, the oil price narrowed its gains. Last week, Brent crude from the North Sea was still trading 0.7 percent higher at 63.19 dollars per barrel (159 liters) and the U.S. grade WTI one percent firmer at 59.74 dollars.

Analysts had assumed that the Opec+ group, which includes members of the export cartel as well as other producing countries such as Russia, would agree to extend current production restrictions. They pointed to the uncertain outlook for demand amid rising coronavirus case rates in Europe and some emerging markets such as India and Brazil.

If you need more charts, please do not hesitate to contact us.

Peter Weber