

Media Release

Ports Remain Firmly Upbeat on Iron Ore and Coal Exports

(7 May 2014 – Australia) Port operators up and down the East and West seaboard predict higher iron ore and coal export growth throughout 2014, surpassing record shipment volumes over the last two quarters.

The latest projections are compiled as part of East & Partners Iron Ore and Coal (IOC) index, aggregating data from exporting ports in addition to official government statistics. Major exporting ports are interviewed each quarter to determine forward dated shipment volume and revenue forecasts based upon global demand and capacity indicators.

Australian ports upbeat export outlook contrasts starkly against largely negative market sentiment, particularly among commodity analysts predicting an extended period of downward price and revenue pressure.

Adverse price movements are expected to be exacerbated by rising geo-political tension in the Ukraine and East China Sea, in addition to growing Chinese raw materials stockpiles and questionable demand indicators. The return of Indian iron ore to global markets following the lifting of mining bans in Goa also places further downward pressure on iron ore prices in the long term.

East's Q42013 forecasts demonstrated the increasingly accurate predictive ability of the IOC Index, now in its tenth iteration. The iron ore forecast of 161.0 million tonnes was a narrow 0.12 percent greater than actual shipments of 160.8 million tonnes.

Thermal Coal shipments of 51.0 million exceeded IOC Index forecasts of 50.1 million tonnes by 1.8 percent, while exceptionally strong quarterly coking coal shipments of 47.0 million tonnes easily surpassed cumulative predictions of 44.1 million tonnes.

Iron Ore & Coal Export Volume and Revenue Forecasts

	Q4 2013 Forecast	Q4 2013 Actual	Forecast Accuracy
Iron Ore Shipped (Million Tonnes)	161.0	160.8	0.12%
Thermal Coal Shipped (Million Tonnes)	50.1	51.0	(1.8%)
Coking Coal Shipped (Million Tonnes)	44.1	47.0	(6.2%)
Forecast Accuracy			(2.7%)

Source: East & Partners IOC Index

East & Partners Senior Markets Analyst Martin Smith states confident feedback from Australian port operators provides an excellent indication of their ability to meet challenging upcoming market conditions.

“Global steel output remains close to three percent annualised, yet markets will be adversely affected by developments in Ukraine and simmering territorial dispute between China and Japan. Iron ore and coal demand volatility will be tested”

“On the supply side, ports remain committed to exceeding production targets and overcoming downward revenue pressure from potentially lower iron ore and coal prices in the next six to twelve months”

About the East & Partners IOC Index

Historical and forecast volumes of iron ore and coal exports represent a vital influence on the broader Australian economy. East & Partners IOC Index provides an accurate, aggregated analysis of iron ore, thermal coal and coking coal exports both in terms of recent shipments, but also – and more importantly – forecasted future volumes for the following quarter. The data is calculated from the direct, active participation of several key ports in addition to the latest official government data releases.

For more information or for further interview based insights from East & Partners on the IOC Index, please contact:

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