

HD **FED:Miners gain from iron ore price rise**

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IRON MELBOURNE, Oct 14 AAP - Shares in smaller **iron ore** miners have shot up after a jump in the price of Australia's largest export.

The **iron ore** spot price rose more than four per cent to \$US83.10 a tonne on Tuesday, following a steep decline in September.

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The bump convinced investors to buy back into small and large cap miners again after having dumped them in recent weeks.

The commodity still has plenty of ground to make up after a 40 per cent fall in price this year - as do miners' share prices - but there are suggestions a bigger recovery could be about to occur as **Chinese** demand recovers.

"The reason for this kick are the rumours coming off 'The Street' that several **Chinese iron ore** mines have not reopened following the Golden Week **Chinese** national holidays," IG market strategist Evan Lucas said.

"This will see the oversupply easing and price rises, if confirmed."

Australian miners have long predicted high cost **Chinese iron ore** mines could not keep operating profitably at the low prices, but that has not transpired as expected.

Leading Tuesday's share price charge was the Pilbara's Mt Gibson **Iron**, who said it was on track to meet sales guidance of 6.6 to 7.0 **million** tonnes.

Its shares gained 18 per cent to 52.5 cents.

Mt Gibson's profitability is threatened by an **iron ore** price below \$US80 a tonne.

However the **company** was partially buffered against that by a comparatively high grade and quality of its product mix, said chief executive Jim Beyer, who is predicting a price rise as **Chinese** mills restock ahead of the northern winter.

Atlas **Iron** shares advanced 15 per cent to 42.5 cents and BC **Iron** increased 13 per cent to \$1.60.

Arrium improved six per cent to 35 cents despite overnight news that retail investors had mostly snubbed an offer to take part in its \$754 **million equity** raising.

The big players also rose strongly, with BHP Billiton up 2.6 per cent to \$33.45, Rio Tinto lifting 4.1 per cent to \$60.74 and Fortescue Metals clawing back 5.5 per cent to \$3.65.

AAP gr/dmc

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