

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

**CR** AAP

**WC** 370 words

**PD** 14 October 2014

**ET** 16:27

**SN** news.com.au

**SC** NLNEWW

**LA** English

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SHARES in Australia's iron ore miners jumped on the latest bump in road for the country's largest export commodity.

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.

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**AN** Document NLNEWW0020141014eaae0005q