

Vale and Rio Tinto Continue to Battle Falling Iron Ore Prices - China Steel Companies See a 96% Drop in Profits

03.08.2012 | [Marketwired](#)

The Paragon Report Provides Stock Research on Vale and Rio Tinto

NEW YORK, NY -- (Marketwire) -- 08/03/12 -- The recent economic slowdown in China, the world's largest steel producer, have seen prices for iron ore hit two and a half year lows. Prices for the commodity are approximately \$50 - \$60 per ton cheaper when compared to the same period last year. "Iron ore prices could go into free-fall until end-user demand for steel picks up in the autumn," said Rafael Halpin, China analyst with the UK consultancy MEPS. The Paragon Report examines investing opportunities in the Iron Ore Industry and provides equity research on [Vale SA](#) (NYSE: VALE) and [Rio Tinto plc](#) (NYSE: RIO).

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The China Iron and Steel Association recently reported that the countries steel companies saw profits plummet 95.8 percent year-over-year during the first half of 2012. Aggregate profit for steel companies totaled 2.39 billion Yuan (\$376 million), while companies who were in the red saw a total loss of 14.25 billion Yuan.

"The profitability of the industry is on the verge of becoming a deficit," said Zhang Changfu, association vice-chairman. "Production capacities are increasing in the current oversupply market while investment is growing, which will make the glut worse."

The Paragon Report releases regular market updates on the Iron Ore Industry so investors can stay ahead of the crowd and make the best investment decisions to maximize their returns. Take a few minutes to register with us free at www.ParagonReport.com and get exclusive access to our numerous stock reports and industry newsletters.

Vale SA is a Brazil-based metals and mining company. The company reported iron ore output reached 80.5 million metric tons in the second quarter of 2012, a record for a second quarter. Total production increased 15.1 percent against first quarter 2012 and 0.4 percent against second quarter 2011.

Rio Tinto's iron ore business is the second largest supplier to the iron ore market which makes steel for industrial and infrastructure use. The company recently acquired 133,571,192 common shares of Ivanhoe Mines under Ivanhoe's rights offering at a total cost of US\$934,998,344 or \$7.00 per share. Shares of Rio have fallen over 18 percent in the last three months.

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