

## Market Report on Iron Ore Fines

*The month of March has seen some mixed trend with export market seeing a stable movement in the first few days; however since then there has been a downtrend observed across various grades due to weak market demand and high inventory at Chinese ports.* Fe63.5% grade has seen a fall in price of around 2% since the close of Feb to prevail at around 136 USD/tonne, cfr China.

Weak demand has also pulled down prices of low grade ore with Fe58% grade prevailing at around USD85-86/tonne, FOB Indian port.

The export price of iron ore moved down in India due to the inactive trading. The price of iron ore fines 63.5% rejection below 62.5% was USD112/t FOB Indian major ports in Week 02, USD1-2/t lower than that of late first week. Importers from East Asia, the major market of Indian iron ore, reduced the purchase quantity because their domestic demand for imported iron ore has weakened.

The close of Week 02 and the opening week of Week 03 has seen a rising trend once again across various grades. Backed by increasing Chinese interest, export prices of Indian iron ore fines have been moving higher. Chinese buyers are already agreeing to premium prices of \$142-145/t for 63.5% fines from larger and more reliable suppliers. At present Fe63.5% is prevailing at around 142-143 USD/tonne cfr China and 114-115 USD/tonne FOB India, Fe61% is prevailing at 128-129 USD/tonne cfr China and 104-105 USD/tonne FOB India while Fe 58% grade is prevailing at around 117-118 USD/tonne, cfr China and 87-88 USD/tonne FOB India. The export market is expected to turn stronger in the coming days with the announcement in hike in freight rates.

**Indian Railways hikes railway freight rates again for export iron ore:** Indian Railways announced a hike of Rs 300/tonne (\$7/t) in iron ore freight rates on 15 March. The new distance-based rates are applicable only to iron ore meant for export, and are effective from 17-31 March. After this latest rate revision, a producer transporting iron ore 400 kms from his mine to Paradip port in the eastern state of Orissa will pay a basic freight of around Rs 1,000/t (\$22/t), an additional 75% of the basic freight (Rs 750/t), another Rs 200/t according to the August 2009 surcharge, plus the newly-imposed Rs 300/t.

Prevailing rail freight rates for Indian iron ore for exports	
	Rs/tonne
0-200 kms	125% of BFR+500
201-300 kms	90% of BFR+500
301-400 kms	75% of BFR+500
401-500 kms	45% of BFR+500
501-600 kms	25% of BFR+500
601-700 kms	10% of BFR+500
>700 kms	500
<i>Source: Indian Railways</i>	

**Market price trend of Iron Ore Fines for various grades:**

<b>Iron Ore Fine</b>	<b>Indian 63.5%min CNF China</b>		<b>USD/t</b>
	<b>Low price</b>	<b>High price</b>	<b>Avg Price</b>
2010-03-01	140	141	140.5
2010-03-02	140	141	140.5
2010-03-03	141	142	141.5
2010-03-04	141	142	141.5
2010-03-05	139	140	139.5
2010-03-08	139	140	139.5
2010-03-09	139	140	139.5
2010-03-10	139	140	139.5
2010-03-11	140	141	140.5
2010-03-12	140	141	140.5
2010-03-15	140	141	140.5
2010-03-16	140	141	140.5
2010-03-17	142	143	142.5

<b>Iron Ore Fine</b>	<b>Indian 63.5%min FOB India</b>		<b>USD/t</b>
	<b>Low price</b>	<b>High price</b>	<b>Avg Price</b>
2010-03-01	112	113	112.5
2010-03-02	112	113	112.5
2010-03-03	112	113	112.5
2010-03-04	112	113	112.5
2010-03-05	112	113	112.5
2010-03-08	112	113	112.5
2010-03-09	111	112	111.5
2010-03-10	111	112	111.5
2010-03-11	112	113	112.5
2010-03-12	112	113	112.5
2010-03-15	112	113	112.5
2010-03-16	113	114	113.5
2010-03-17	114	115	114.5

<b>Iron Ore Fine</b>	<b>Indian 61%min CNF China</b>		<b>USD/t</b>
	<b>Low price</b>	<b>High price</b>	<b>Avg Price</b>
2010-03-01	124	125	124.5
2010-03-02	124	125	124.5
2010-03-03	125	126	125.5
2010-03-04	125	126	125.5
2010-03-05	125	126	125.5
2010-03-08	125	126	125.5
2010-03-09	125	126	125.5
2010-03-10	125	126	125.5
2010-03-11	125	126	125.5
2010-03-12	125	126	125.5
2010-03-15	125	126	125.5
2010-03-16	125	126	125.5
2010-03-17	128	129	128.5

**Iron Ore Fine Indian 61%min FOB India USD/t**

	Low price	High price	Avg Price
2010-03-01	103	104	102.5
2010-03-02	103	104	102.5
2010-03-03	103	104	102.5
2010-03-04	103	104	102.5
2010-03-05	102	103	103.5
2010-03-08	102	103	103.5
2010-03-09	101	102	101.5
2010-03-10	101	102	101.5
2010-03-11	102	103	102.5
2010-03-12	102	103	102.5
2010-03-15	102	103	102.5
2010-03-16	103	104	103.5
2010-03-17	104	105	104.5

**Iron Ore Fine Indian 58%min CNF China USD/t**

	Low price	High price	Avg Price
2010-03-01	111	112	111.5
2010-03-02	111	112	111.5
2010-03-03	112	113	112.5
2010-03-04	110	111	110.5
2010-03-05	110	111	110.5
2010-03-08	110	111	110.5
2010-03-09	110	111	110.5
2010-03-10	110	111	110.5
2010-03-11	113	114	113.5
2010-03-12	114	115	114.5
2010-03-15	114	115	114.5
2010-03-16	114	115	114.5
2010-03-17	117	118	117.5

**Iron Ore Fine Indian 58%min FOB India USD/t**

	Low price	High price	Avg Price
2010-03-01	88	89	88.5
2010-03-02	88	89	88.5
2010-03-03	88	89	88.5
2010-03-04	86	87	85.5
2010-03-05	85	86	85.5
2010-03-08	85	86	85.5
2010-03-09	84	85	84.5
2010-03-10	84	85	84.5
2010-03-11	85	86	85.5
2010-03-12	85	86	85.5
2010-03-15	85	86	85.5
2010-03-16	86	87	86.5
2010-03-17	87	88	87.5

Source: Asian metal