

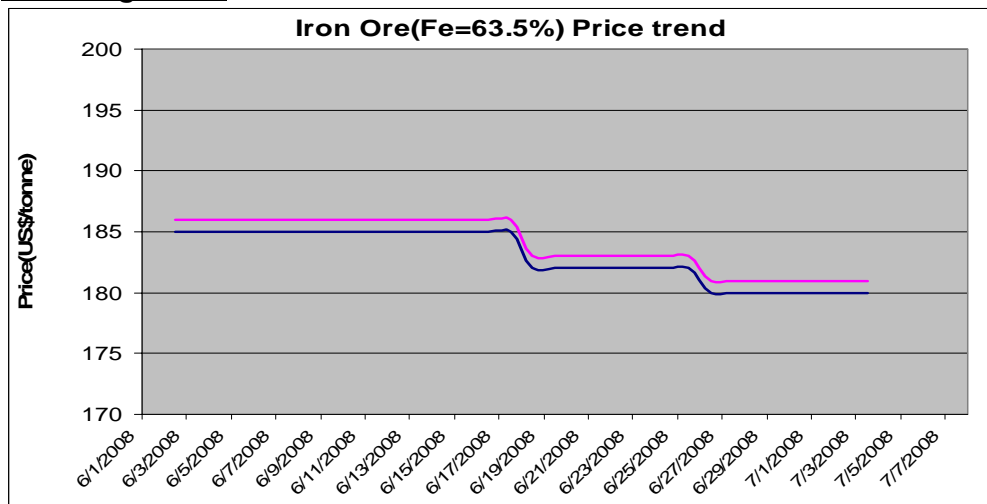
## Iron Ore Fines Report

**Indian iron ore exports to China :** Indian spot iron ore market is reported to be quiet due to huge stockpiles at Chinese ports and Chinese buyers have slowed down their buying from India especially for low grade ore.

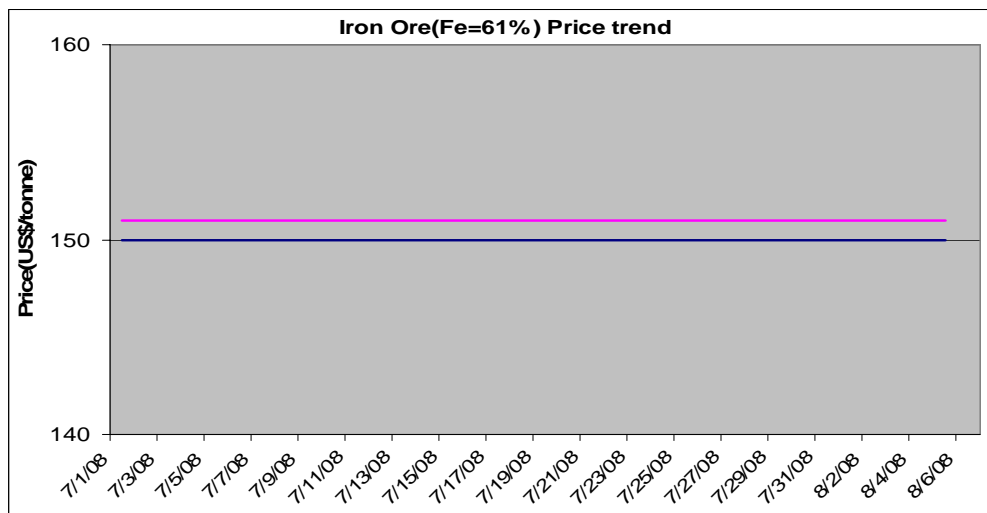
At present, the price of India iron ore fines 63.5% runs at about RMB1,400/t(1RMB=0.15USD) in main ports of China, stable for nearly one month. (Source:www.steelprices-china.com)

**The Chinese domestic iron ore fines 65%min price** stays at about RMB1,650/t in North China, and also keeps a downward trend due to bad steel market. Steel mills are all cautious on the iron ore fines purchase, and the iron ore market will be hard to rebound before Olympic Games. (Source: Asian metal)

The graphs below give the CNF China price trend of Iron Ore fines across various grades.



A stable trend since the last auction held on June 27, 2008



A stable trend since the last auction held on June 27, 2008

Source: Asian Metal

**The table below gives the price trend of Indian Iron Ore Fines (63.5%) exported to Chinese market**

Date	Price Base	Low price(US\$/t)	High Price(US\$/t)	Trend
09.06.08	FOB	133	140	↓
16.06.08	FOB	135	140	↔
23.06.08	FOB	140	145	↑
30.06.08	FOB	140	145	↔

Source: Steel Trade Today

**Outlook:**

Government of India has imposed a standard ad-voleram export duty of 15% on all grades of Iron Ore Fines replacing earlier export duty of Rs300.00 for Fe 62% and above and Rs.50.00 for below Fe 62% Iron Ore.

Further Indian Railways has increased the Iron Ore freight rates for exports to Classification 200X while retaining Classification170 for domestic supplies.

Also with the increase in the Petrol/Diesel prices, the road freight charges are also expected to shoot up, thereby increasing the freight costs of moving the materials to the port sidings.

These moves are expected to discourage the exports of Iron Ore from India and thereby increase the availability of Iron Ore in the domestic market and ultimately may lead to softening of the Iron Ore prices in India.