

Iron Ore Fines Report

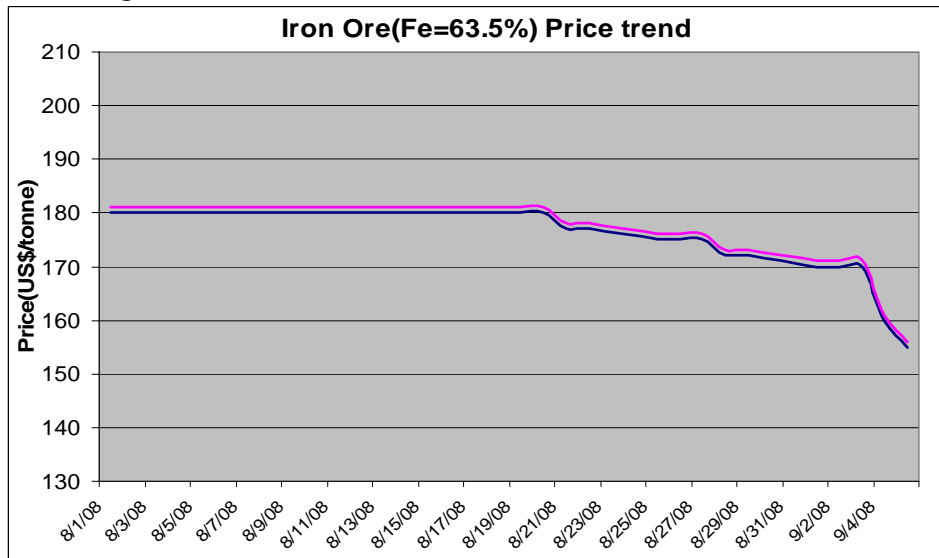
Iron Ore prices remained on a downward note throughout the month of August with export market remaining slow due to poor demand coming from China. The month ended on a downward note with poor off take taking place in the market.

The beginning of September has again reflected a slump iron-ore market. There has been a continuous drop in the Chinese market due to weak demand coming as a result of slowdown in steel sector.

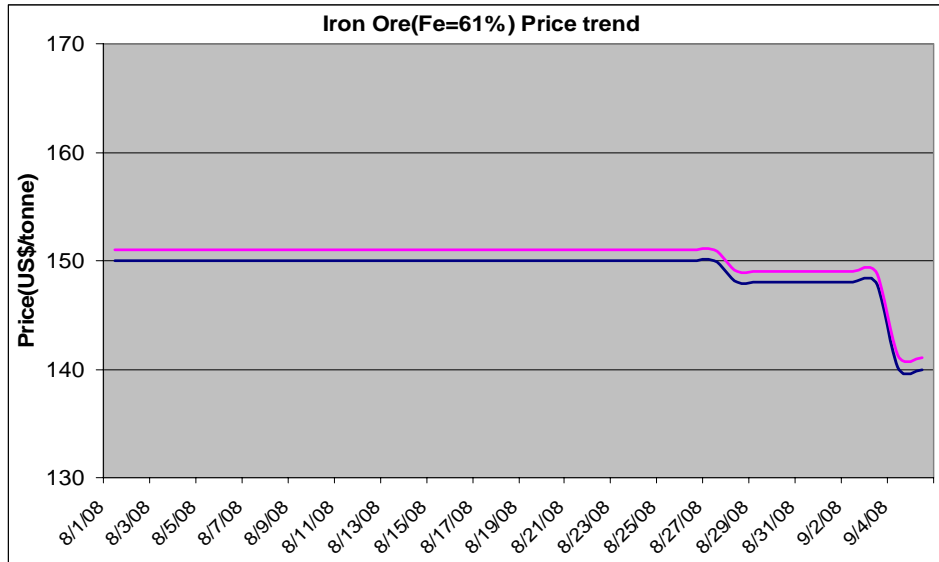
A trader reported that buyers from China bid \$160/t CIF China for iron ore fines 63.5%, about \$15/t lower than that of one month before. They are still holding a watching attitude towards the market and want to know how the market for iron ore will go , adding that the continuously price drop for Chinese domestic iron ore also brings negative influences to them and it still needs time for the iron ore market to rebound. As a major importing country for India iron ore, traders from China are all hesitating on iron ore fines purchase seeing the downward trend. Considering the still weak demand and dim steel market in China, the source predicted that it is hard for the iron ore fines market to rebound.

At the same time, the continuously decreasing ocean freight has also been leading to a lower price. "The ocean freight has decreased to about \$26/t since the end of July, and it is hard to rebound," said the source, adding that buyers in China are still looking for a lower price. (Source: Asian Metal)

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



A sharp decline has been noticed since the last auction held on Aug 07, 2008, **a drop of 14% across Fe=63.5%**



A sharp decline has been noticed since the last auction held on Aug 07, 2008, a **drop of 7% across Fe=61%**

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
28.07.08	FOB	136	140	
04.08.08	FOB	138	142	↔
11.08.08	FOB	138	145	↔
17.08.08	FOB	130	138	↓
25.08.08	FOB	125	135	↓

Source: Steel Trade Today

Outlook:

The Iron Ore Fines market has remained downward in the domestic and export market over a month. There has been a sharp fall in price across 63.5% and 61% grades. With Chinese market steel remaining slow and buyers adopting a wait and watch attitude after the end of Olympics, they are unwilling to purchase much of Iron ore Fines at the moment. Hence, the situation remains grim in the Indian market too.