

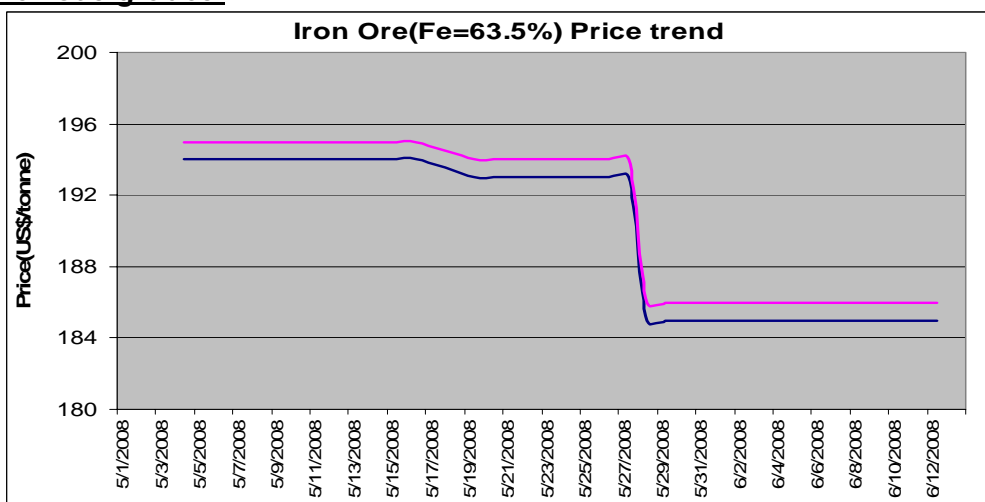
## Iron ore Fines Report

Iron ore export market has remained dim in India since the last week of May affected by the weak demand from China. FOB price of 63% grade prevailed at around \$136/tonne (about \$3/t lower than that in the middle of May). Over a fortnight prices have dipped by around 2% fob and by around 1-4% cfr across various grades. Since then prices have been ruling stable.

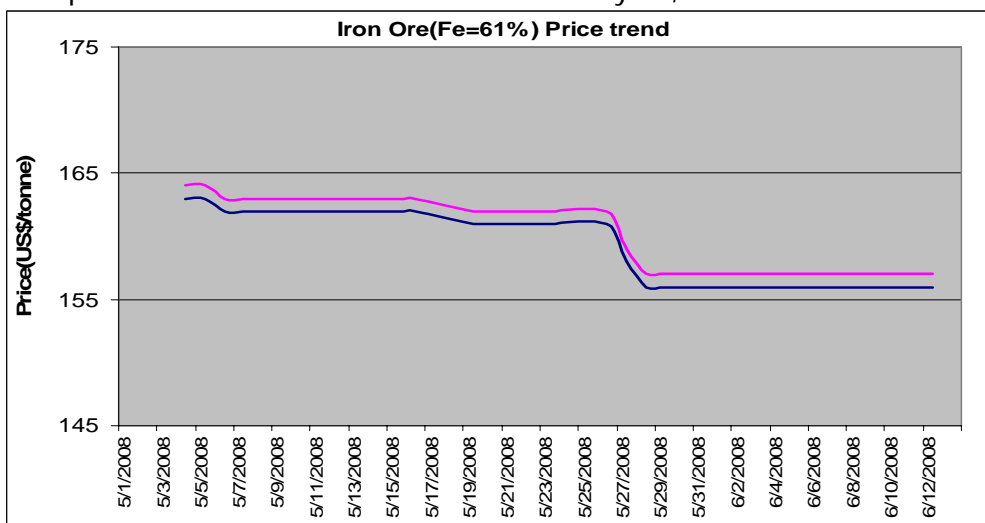
Spot market remained quiet in China since the beginning of June. An influx of imported ore coupled with soaring domestic ore production has crippled the fundamental market balance in China and depressed the spot ore imports.

**News Flash:** The Indian Railways have reduced freight charges on iron ore despite the hike in diesel prices. The railways have put the iron ore charges in the 170 classification from 180, which will bring down the freight rates by about 10 per cent. (Source: The Telegraph)

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



A drop 4.14% since the last auction held on May 26, 2008



A drop 1.26% since the last auction held on May 26, 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 |
|----------|------------|-------------------|--------------------|-------|
| 02.04.08 | FOB        | 142               | 147                |       |
| 21.04.08 | FOB        | 135               | 145                | ↓     |
| 28.04.08 | FOB        | 140               | 143                | ↑     |
| 07.05.08 | FOB        | 140               | 143                | ↔     |
| 14.05.08 | FOB        | 140               | 143                | ↔     |
| 21.05.08 | FOB        | 140               | 143                | ↔     |
| 26.05.08 | FOB        | 135               | 143                | ↓     |
| 09.06.08 | FOB        | 133               | 140                | ↓     |

Source: Steel Trade Today

**Auction Trend: (Price quoted is basic)**

Eastern Region: **IOF (Fe=62%,0-10mm)** fetched a price of Rs.2580/tonne on Apr,15,2008 as compared to the price of Rs.2570/tonne fetched on Apr,01,2008. **IOF (Fe=60%, 0-10mm)** fetched a price of Rs.1270/tonne on Apr,04, 2008.

Southern Region: **IOF (Fe=60%)** fetched a price of Rs.1510/tonne on Mar,04,2008 as compared to the price of Rs.1490/tonne fetched on Feb,22,2008. **IOF (Fe=63%)** fetched a price of Rs.3740/tonne on May,26,2008 as compared to the price of Rs.3600/tonne fetched on Apr,25,2008.

**Outlook:**

Indian export market is predicted to remain on a downward note as there are much stock in main ports of China. Steel mills are all holding a watching attitude towards the market, expecting a lower price.

The market is not expected to show much movement in the near future taking into consideration the impending export tax that is going to be implemented. The auction platform is expected to fetch prices on a lower note as compared to the last auction.