

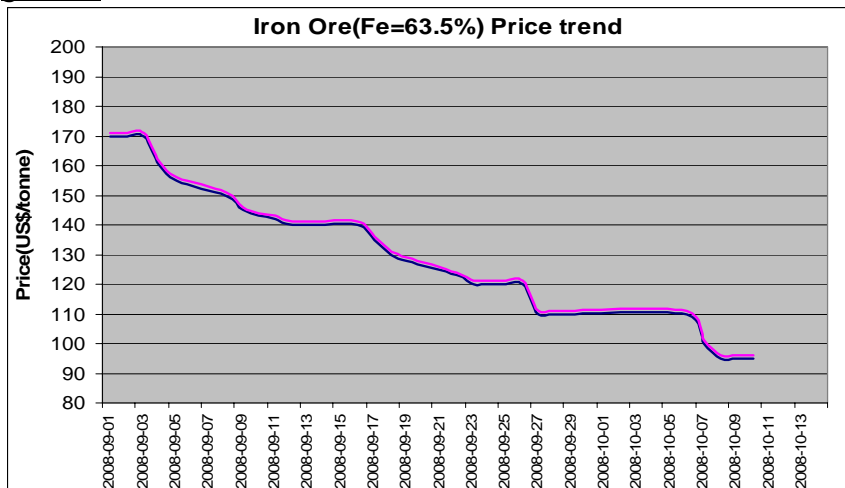
## Iron Ore Fines Report

The month of September reflected a slump Indian 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. The end of the month saw a sharp drop in Iron ore price across various grades (**a drop in the range of 20-25%**).

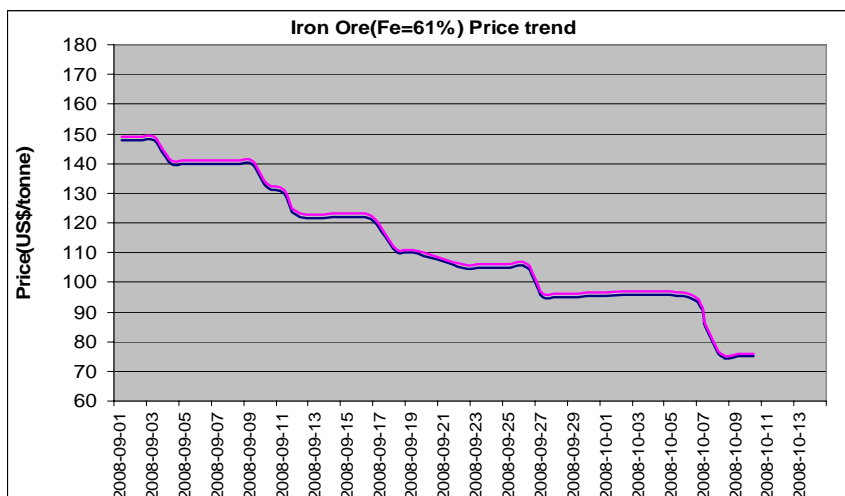
**Indian iron ore spot prices drop by USD 30/tonne over a fortnight:** Dim market continued to prevail beginning October. The export market condition has further deteriorated with continuous slowdown in Chinese steel market.

Import Iron ore market has remained quiet in China as demand from consumers runs so weak, and it is hard to conclude any deals at present along with a sharp price decrease.

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 Sep 09, 2008, **a drop of 34.5%** across Fe=63.5%



A sharp decline has been noticed since the last auction held on Sep 09, 2008, **a drop of 46.3%** 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
25.08.08	FOB	125	135	
01.09.08	FOB	116	125	↓
08.09.08	FOB	118	125	↓
15.09.08	FOB	110	120	↓
22.09.08	FOB	100	105	↓
06.10.08	FOB	75	85	↓

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 steel market further receiving a setback due to US economy recession, the raw materials sector has been badly hit. Buyers are very reluctant to make any new purchase and are holding their liquidities with less stock of material.

**The iron ore market is hard to rebound.** There are still about 70 million tons of import iron ore in main ports of China, while consumers are all holding a watching attitude towards the future market and unwilling to purchase any iron ore under the flexible iron ore market. "The problem is not the price but there is no real demand from buyers," said the source, adding that steel mills are experiencing bad situation and the iron ore market is also hard to warm up from the slack season.(Source: Asian Metal)