

## Iron ore Fines Report

**News Flash:** The surcharge on iron ore transported to ports for export has been abolished but in place of that with effect from May 22,2008 railways have increased the freight classification of iron ore exports to a new class called 200X from earlier 180.This has increased the freight rates for Iron Ore meant for exports.

The surcharge on iron ore meant for domestic use has been reduced to 30% from 60% with effect from May 1st 2008 and freight classification has remained in the class of 170.

Over a month, Iron Ore prices have declined by 10 percent because of poor off take from China. Steel facilities have been closed for three months and Chinese ports are clogged with ships awaiting unloading. (Source: Business Standard)

### In the first week of May, the spot price of imported iron ore in China prevailed as follows:

Fe63.5% Indian fine prevailed at about CNY 1450 per tonne to CNY 1500 per tonne.

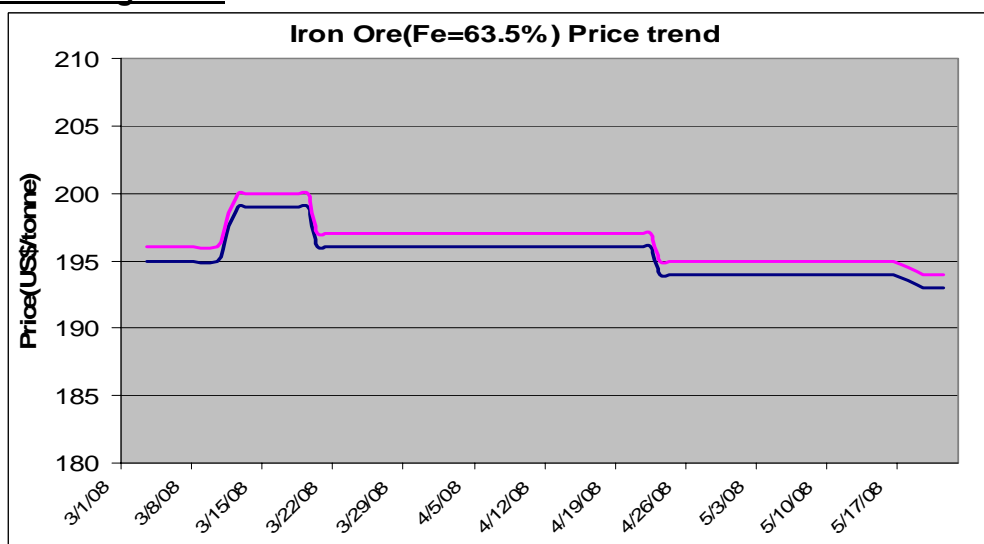
Fe62% Indian fine was priced at about CNY 1350 per tonne to CNY 1390 per tonne.

Fe61% Indian fine was concluded at about CNY 1290 per tonne to CNY 1330 per tonne. (1CNY=6.22INR), Source: Mysteel.net

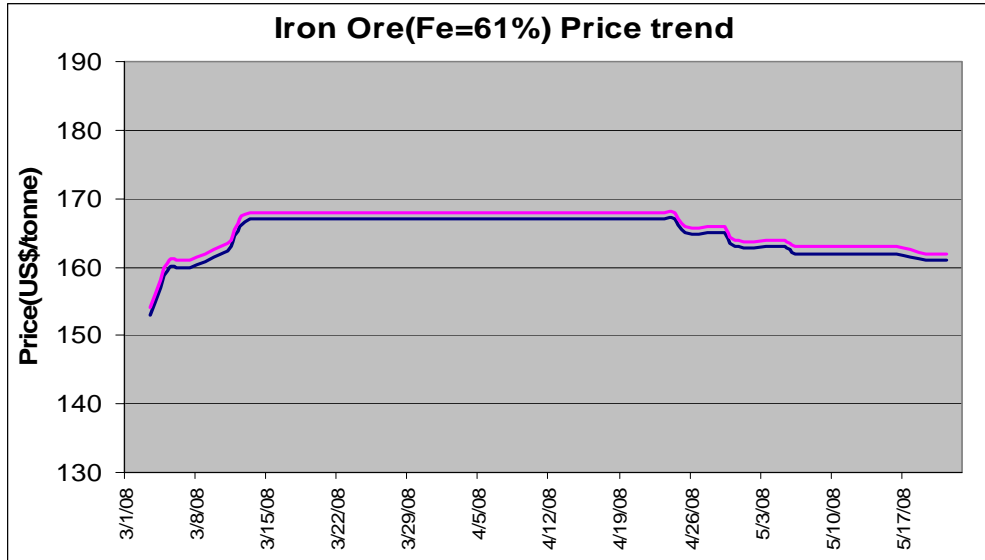
Iron ore fines market has remained stable in China in the last few days with stock supply remaining enough to match demand. Material offered from Indian market has seen a moderate demand over a fortnight and prices have dropped by USD1/tonne CNF China port for 61% grade and by USD2/tonne for Fe=63.5% grade on May,21,2008.

With demand of steel products remaining weak in domestic Chinese market and prices of steel products remaining on a downward trend in the last few days, the steel mills are reluctant to raise the bid price of iron ore fines. The iron mines have enough stock to meet the orders at present and not much enough demand is expected from the Indian market.

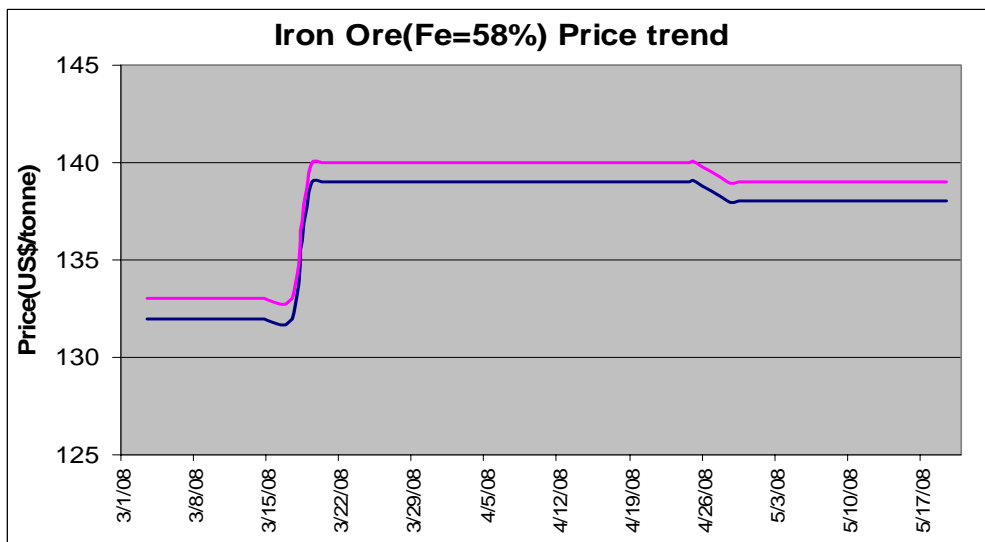
### The graphs below give the CNF China price trend of Iron Ore fines across various grades.



A drop 1.53% over a month



A fall of 3.58% over a month.



A drop of 0.72% over a month.

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	↔

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.3600/tonne on Apr,25,2008 as compared to the price of Rs.3560/tonne fetched on Apr,16,2008.

**Outlook:** A softened trend prevails in the export market and with purchases from customers remaining less active; the market is not expected to show much movement in the near future. The auction platform is expected to fetch prices on a lower note as compared to the last auction.