

Iron Ore Fines- Report

Domestic Scenario

Dim market prevailed in the entire month of October accompanied by global economic recession. 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 export market condition deteriorated with continuous slowdown in Chinese steel market and continued to remain stagnant beginning of November with buyers not interested in making imports of Iron Ore.

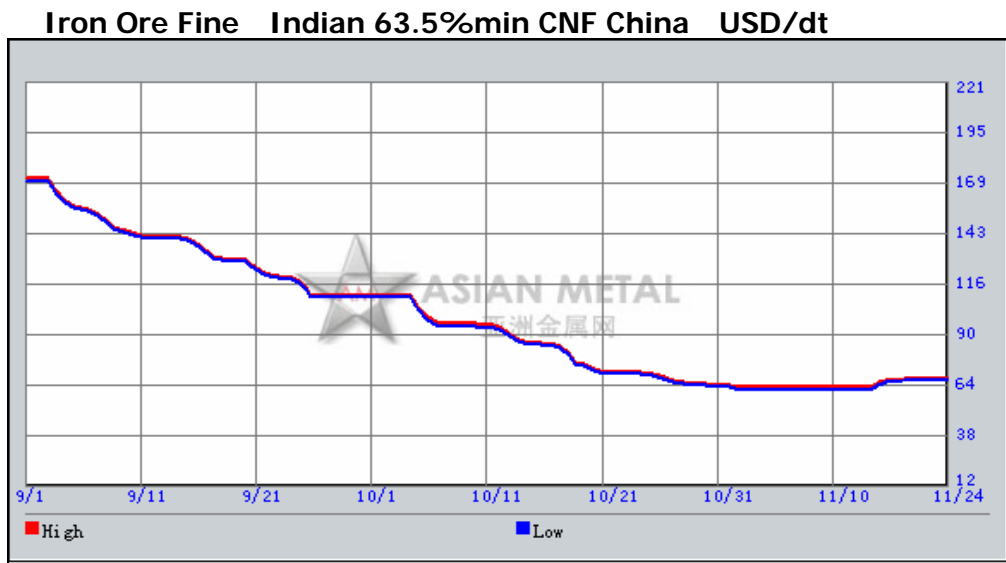
According to sources, Chinese steel mills have suspended or limited production due to decreasing prices of finished steel products and stagnant sales situation, so the consumption volume for iron ore declines significantly. An Indian trader reported that he has not received any orders since August as gloomy steel market has kept so many buyers away from the iron ore market.

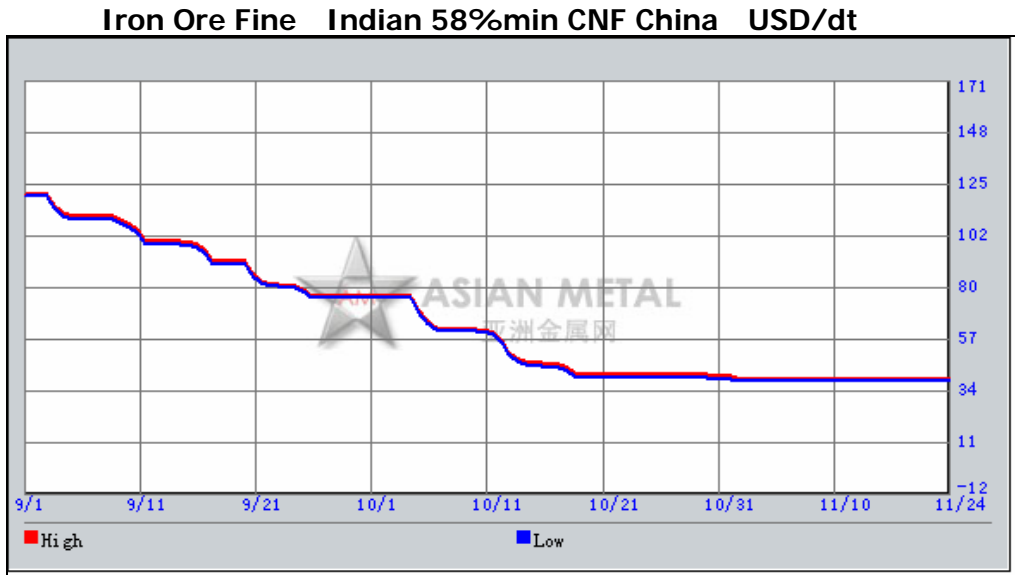
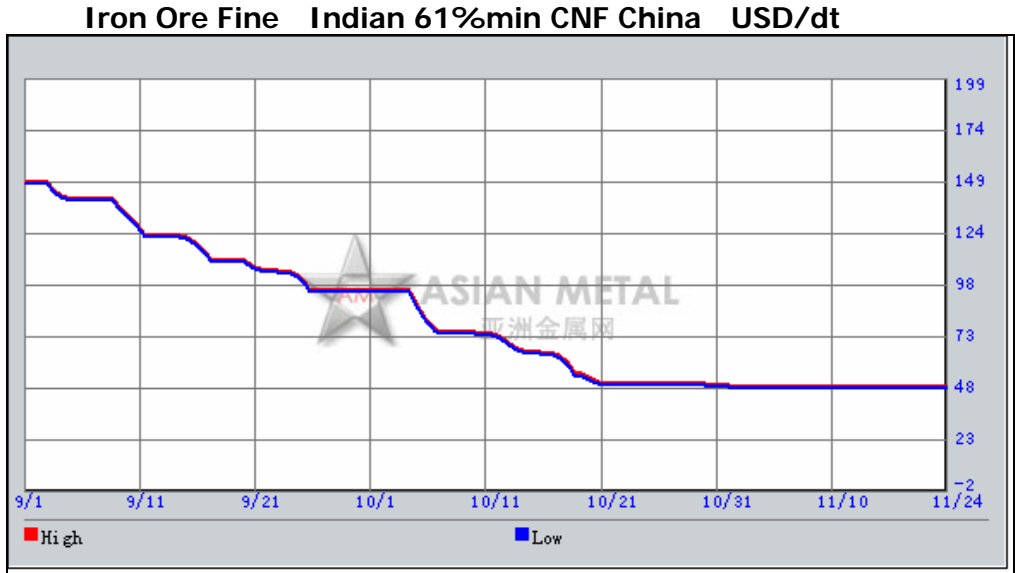
A slight stability has been noticed in the last few days across various grades: The Iron Ore market has remained stable in the last four to five days; however the sustainability is still to be seen as the market still remains unpredictable.

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
06.10.08	FOB	75	85	
13.10.08	FOB	75	80	↓
20.10.08	FOB	65	70	↓
27.10.08	FOB	60	75	↓
04.11.08	FOB	60	65	↔

The graph below shows the trend of Iron Ore fines on CNF China basis in USD/tonne.





Source: Asian Metal

As seen from the above graphs, after a seeing a major drop in the range of 40 to 48 percent over a month, prices have stabilized in the last few days. IOF Fe=63.5% is currently prevailing at 67-68 USD/tonne CNF china, IOF Fe=61% is prevailing at 48-49 USD/tonne CNF China and IOF Fe=58% is prevailing at 38-39 USD/tonne CNF China.

Auction Scenario (Price is basic)

IOF Fe=62% fetched a price of Rs.750/tonne by Rail on 24th Oct from a private client of Eastern region and similar price was achieved on 7th Nov. IOF Fe=62%+ fetched a price of Rs.600/tonne by Road on 24th Oct. IOF Fe=62% fetched a price of Rs.450/tonne on 7th Nov by Road.

SAIL VISL fetched a price of Rs.500/tonne for the auction held on 15th Oct for Fe=63%.

Outlook: A dull situation still exists in the market with no fresh demand coming up. It seems that prices have bottomed out but the near future still remains unpredictable and if at all there is any improvement in the market it's expected to remain sluggish.