

Iron Ore Fines- Report

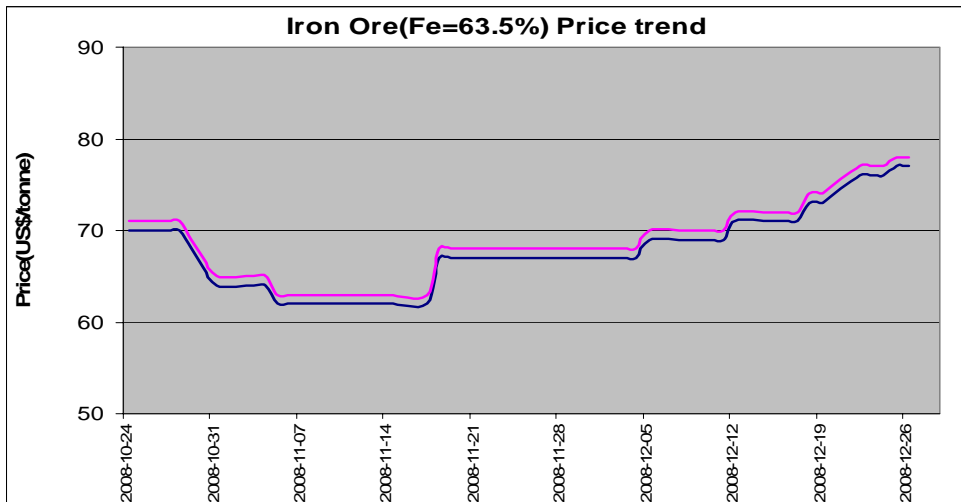
Domestic Scenario

After a downturn noticed till the third week of November, **Iron Ore** price too stabilized in the end of the month and continued to rule in a positive trend in the end of year across various grades. The export market has remained stable, conditions improved slightly with few buyers returning to the market.

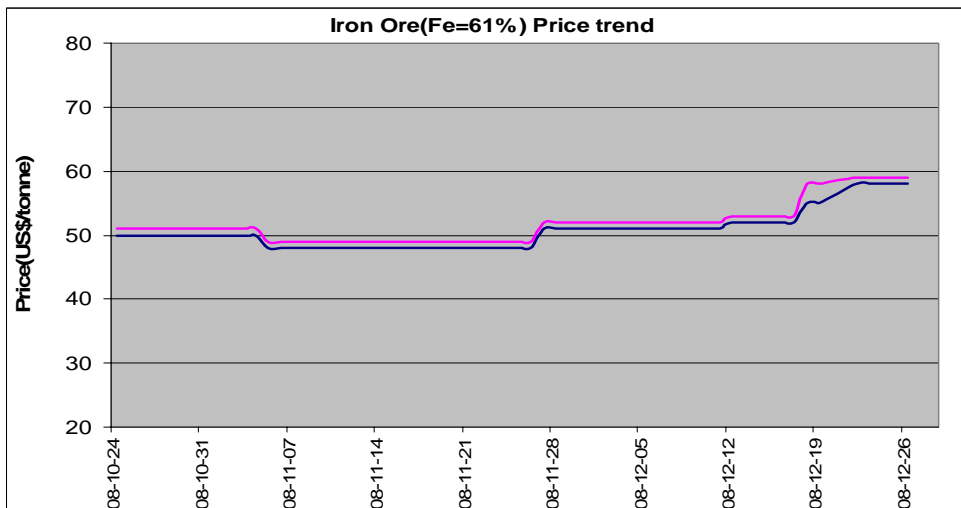
In terms of the future market, the sources predict that the iron ore fines price will remain stable. Some are expecting the situation will improve as the Indian government has abolished the export duty on iron ore fines and releasing traders' pressure from high export cost, which may stimulate the market to rebound but that, is again a possibility and the impact is still in a wait a watch mode. In the last few days the market has behaved reasonably well with prices increasing by 3 to 4 USD/tonne over a week for above 60 grades.

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

Iron Ore Fine Indian 63.5%min CNF China



Iron Ore Fine Indian 61%min CNF China



Source: Asian Metal

As seen from the above graphs, after a seeing a drop in price in the range of 5 to 12 percent till the third week of November since the end of October, prices have since then stabilized to some extent. Over a month, price of Fe=63.5% grade has seen a rise of around 14 percent, while Fe=61% grade has seen a rise of around 20 percent.

Auction Scenario (Price is basic)

IOF Fe=62% fetched a price of Rs.860/tonne by Rail on 17th Dec from a private client of Eastern region, while it achieved Rs.700/tonne one month back.

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

Outlook

According to market sources, Indian Export Iron ore market is expected to improve as some buyers return to the market, importers begin to purchase the material in small quantities seeing that the steel market becomes stable and the Indian government canceled the export duty to stimulate the export, so traders are expecting the iron ore fines market to increase.

An Indian trader said that buyers from China bid USD77/t CIF for iron ore fines 63.5%, increasing by USD7/t compared with that of last month. Some steel mills in China resume production, which will support the demand to increase. In terms of the future market, it is predicted that the iron ore fines price will go up slightly in the following month.