

Iron Ore Fines Report

Domestic Scenario

Iron ore price to remain under pressure in the coming days: Iron ore prices are unlikely to move up in the coming days due to the global surplus and falling demand from the major countries, including China, Japan and the European Union. Indian iron ore miners, therefore, are seeing little improvement in realization from exports. Prices of iron ore have fallen by 60 per cent in the last six months, as China, the major importer of Indian ore, cut steel production by 12 per cent in the fourth quarter of 2008. India exports 90 per cent of its iron ore to China, mainly of low ferrous content but the offtake from China at present is very low which is likely to continue in the coming days. (Source: Business Standard, March 31, 2009)

Export price of iron ore fines keeps low in India: The export price of iron ore fines keeps low at present in India because of the weak demand across the world. Exporters reported that the price of iron ore fines 63.5% rejection to 62.5% is USD53-54/t FOB Indian main ports, down by USD1/t from that of last Wednesday. A New Delhi-based iron ore fines trader reported that the price moves down slightly at present because of the weak demand. Now the sales official quotes USD32/tonne FOB India for iron ore fines 58%, USD1/t lower than that of last Wednesday, March 25, 2009. (Source: Asian Metal, March 31, 2009)

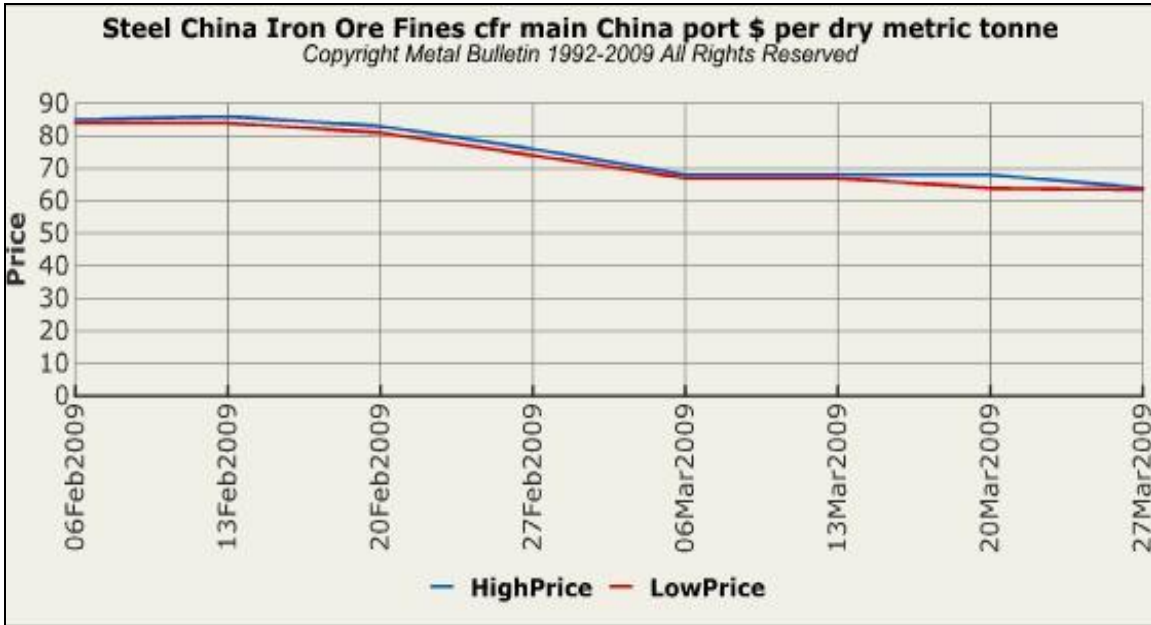
Steel China Iron Ore Fines cfr main China port \$ per tonne for Fe=63%

Price Date	Low Price	High Price
02-Jan-09	78	80
09-Jan-09	77	78
16-Jan-09	81	81
23-Jan-09	79	82
30-Jan-09	79	82
06-Feb-09	84	85
13-Feb-09	84	86
20-Feb-09	81	83
27-Feb-09	74	76
06-Mar-09	67	68
13-Mar-09	67	68
20-Mar-09	64	68
28-Mar-09	63.5	64

Source: Metal Bulletin

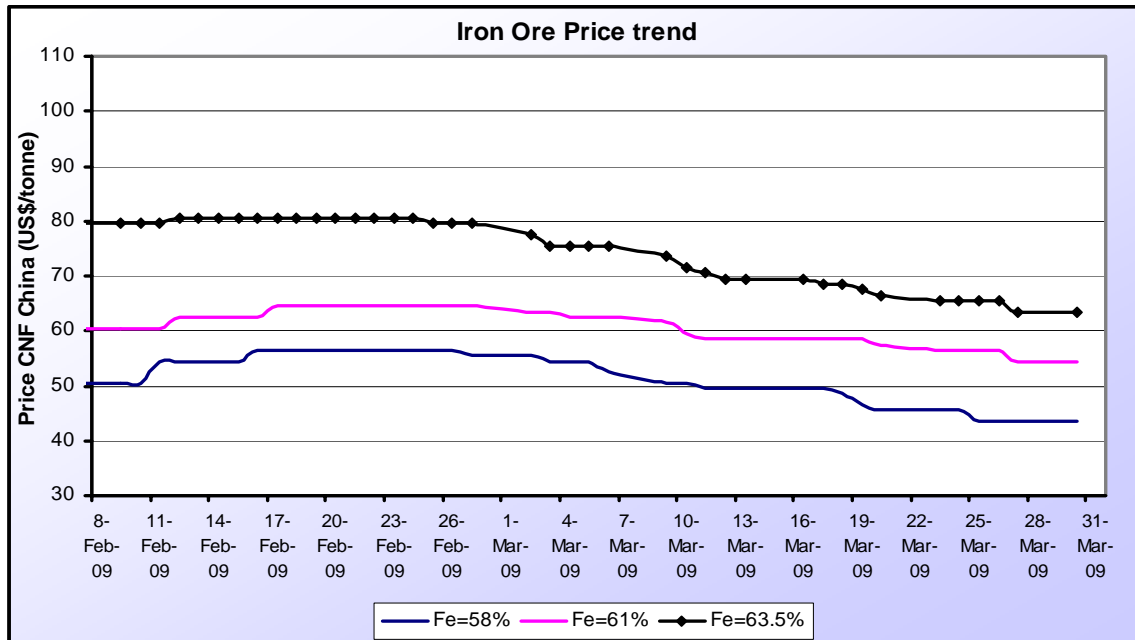
As seen from the above table, prices have seen a drop of more than 14 percent over a month.

The graph below shows the price trend of Iron Ore fines on CFR China basis in USD/tonne for Fe=63%.



Source: Metal Bulletin

The graph below shows the price trends of Indian Iron Ore fines on CNF China basis in USD/tonne for Fe=58%, Fe=61% & Fe=63.5%



Source: Asian Metal

Over a fortnight, the Indian IOF, Fe= 63.5% min CNF China witnessed a drop of 8.63 per cent while over a month, Indian IOF, Fe= 63.5% min CNF China experienced a drop of more than 20 per cent mainly because of declining demand from the countries like China, Japan & European Union. **With the above factors stated, Iron ore Fines of Fe=63%**

grade to be auctioned can fetch a price in the range of Rs.800 to Rs.1100/tonne, basic.

Auction Scenario

IOF Fe=62% fetched a price of Rs.650/tonne by Road on 26th Mar, 2009 from a private client of Eastern region.

SAIL VISL fetched a price of Rs.1200/tonne in the auction held on 12th Mar, 2009 for Fe=63%, while the earlier price fetched was Rs.1460/tonne on 30th Jan, 2009.

SAIL ISP fetched a price of Rs. 400/tonne in the auction held on 20th Feb, 2009 for Fe=59% & below.

Price is basic

Outlook

Pessimism in the iron ore market continues as the prices of various grades iron ore are currently on the downhill. According to the market sources, in the last one week; most of the buyers were content to wait and watch the market rather than making any purchase decision as the steel market still remains sluggish in most of the target countries, such as China, Japan, etc. At present the steel mills there do not need large quantities of raw materials. With the prediction of an inactive trading in the coming few days of this week the price is expected to keep at a low level. The Indian export market is also witnessing poor transactions as most exporters in India are not receiving orders from China due to the slow steel market and weak demand from consumers. In the prevailing scenario, the iron ore market across the country is expected to remain downward in the coming days.