

Umetal Iron Ore Daily

Providing latest updates on China's Iron Ore and Steel Markets

Published daily by email except on Sundays, Saturdays & national holidays

Iron Ore Market Data Shipping Market Overview
Iron Ore Market Summary Steel Market Data

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Foreign Quotes for Imported Iron Ore on Oct 14, 2011

(Lumps: L; Fines: F; Pellets: P; Concentrate: C)

Country	Product	Grade%	CFR (\$/T)	FOB (\$/T)	Port of Loading
Australia	PB F	61.5	158-160 ↓3	146-148 ↓3	Dampier/Hedland
Australia	Newman F	62	162-164 ↓3	150-152 ↓3	Dampier/Hedland
Australia	YANDI F	58	140-142 ↓2	128-130 ↓2	Dampier/Hedland
Australia	MAC F	62	157-159 ↓3	145-147 ↓3	Dampier/Hedland
Australia	Newman L	63	169-171 ↓4	157-159 ↓4	Dampier/Hedland
Australia	YANDI L	58	147-149 ↓5	135-137 ↓5	Dampier/Hedland
Australia	MAC L	62	164-166 ↓5	152-154 ↓5	Dampier/Hedland
Australia	PB L	62	167-169 ↓4	155-157 ↓4	Dampier/Hedland
Australia	Robe River F	56	134-136 ↓3	122-124 ↓3	Dampier/Hedland
Brazil	SFCJ	66	181-183 ↓4	153-155 ↓4	Tubarao/PDM
Brazil	SFOT	63	167-169 ↓4	139-141 ↓4	Tubarao/PDM
Brazil	L	65	185-187 ↓3	157-159 ↓3	Tubarao/PDM
Brazil	P	66	192-194 ↓3	164-166 ↓3	Tubarao/PDM
Brazil	SSFT	65	180-182 ↓3	152-154 ↓3	Tubarao/PDM
India	Iron Ore F	63.5/63	167-169 ↓4	150-152 ↓4	Chennai/Paradip
India	Iron Ore F	61/60	150-152 ↓4	133-135 ↓4	Chennai/Paradip
India	Iron Ore F	63/62	162-164 ↓4	145-147 ↓4	Chennai/Paradip
India	Iron Ore F	62/61	156-158 ↓4	139-141 ↓4	Chennai/Paradip
India	Iron Ore F	60/59	144-146 ↓4	127-129 ↓4	Chennai/Paradip
India	Iron Ore F	59/58	137-139 ↓5	118-120 ↓5	Goa/Mangalore
India	Iron Ore F	58/57	130-132 ↓5	111-117 ↓5	Goa/Mangalore
India	Iron Ore F	55/54	111-113 ↓5	92-94 ↓5	Goa
India	Iron Ore F	53/52	95-97 ↓6	76-78 ↓6	Goa
Iran	Hematites	62/61	154-156 ↓2	127-129 ↓2	BANDA ABBAS
Iran	Hematites	61/60	149-151 ↓2	122-124 ↓2	BANDA ABBAS
Iran	Hematites	60/59	143-146 ↓2	116-118 ↓2	BANDA ABBAS
Iran	Hematites	59/58	135-137 ↓2	107-109 ↓2	BANDA ABBAS
Iran	Magnetite	62/61	156-158 ↓2	129-131 ↓2	BANDA ABBAS
Iran	Magnetite	61/60	151-153 ↓2	124-126 ↓2	BANDA ABBAS
Iran	Magnetite	60/59	145-147 ↓2	118-120 ↓2	BANDA ABBAS
Iran	Magnetite	59/58	137-139 ↓2	109-111 ↓2	BANDA ABBAS
Russia	Iron Ore C	67	189-191 ↓5	-	Black Sea
Russia	Iron Ore C	65	183-185 ↓5	-	Black Sea
Russia	Iron Ore C	63.5	180-182 ↓5	-	Murmansk
Russia	Iron Ore P	63	184-186 ↓3	-	Black Sea
Russia	Iron Ore P	65	195-197 ↓3	-	Black Sea

Shipping Market

India-China

Vizag Port - Qingdao Port

Price (US\$/tonne)	Change (US\$/tonne)
15.96	+0.34

Note: Handymax (52,454 tonnes): Length ≤ 190M.

Full Loaded Sail at a Speed of 14 Knots. Fuel

Consumption 30 tonnes

Iran-China

Bandar Abbas/BIK - China

Price (US\$/tonne)

27-28

Note: Handysize (20,000 tonnes): Unloading 3,500 - 5,000 tonnes/day

Brazil-China

Tubarao,Brazil - Qingdao

Price (US\$/tonne)	Change (US\$/tonne)
28.504	+0.127

Australia-China

Western Australia - Qingdao

Price (US\$/tonne)	Change (US\$/tonne)
12.463	+0.325

Note: The freight rate on Vizag Port, India - Qingdao Port, China route (as of April 22) is calculated based on the following prerequisites:

- Handymax of 52,454 metric tonnes DWT
- No port congestion- One-port loading

Steel Prices (In RMB/t; In Shanghai)

Product	Spec.	Price (RMB/T)
Billet	150*150 195-Q235	4220-4270
Rebar	16-25mm HRB400	4750
Wire Rod	Φ8 Q235 high speed	4750
HRC	3.0*1500*C Q235B	4650
CRC	1.2*1250*C SPCC	5380
Medium Plate	20*2000*8000 Q235B	4700

Transaction Price on Oct 11, 2011

Description	Grade	Price	Quantity	Company	Delivery Place
PB fines	61.5%	CFR 163.5	160,000 t	Undisclosed	China Major Port

CCCMC Prices

Date	Indian Ores(63.5%)	High Price	Low Price	Unit
2011-09-28	FOB	168	167	\$/t
2011-09-28	CIF	185	184	\$/t

Coal Stocks at Port Guangzhou on Sep 20, 2011 (In tonne)

Total	Xinsha Branch	Xiji Branch	Xingang Branch	Huangpu Branch
2,420,000	1,360,000	340,000	64,000	656,000

FIS Iron Ore Swaps

62% Fe Non origin Grade, C&F China*, \$/mt

Spot 160.30 -2.00

MTD 167.03

YTD 176.50

Per	Bid	Offer	Close
Oct 11	156	159	157.5
Nov 11	142	145	143.5
Dec 11	137	140	138.5
Jan 12	138	139	138.5
Q4 11	145	148	146.5
Q1 12	137	138	137.5
Q2 12	133	136	134.5
Q3 12	134	137	135.5

FIS Iron Ore Swaps definition of terms

Contract Introduction: FIS IOS prices are based on fines of a 62% Fe content. The iron ore fines are non origin specific and the prices are reported C&F. Prices are quoted in USD per metric tonne. The contract is OTC and cash settled. Customers have a choice of settlement indices and the settlement price will be taken as the arithmetic average of all index days of the specified index. Minimum traded quantity is 5000 metric tonnes.

Spot: the current market price of iron ore fines

MTD: the month -to-date average price

YTD: the year-to-date average price

Per: the trading period

Bid: the price at which FIS's clients are willing to purchase

Offer: the price at which FIS's clients are willing to sell

Mid: the average of the bid and offer prices

Chg: the change between today's mid price and yesterday's mid price.

Iron Ore Stockpiles at China

Ports (In 000'000 tonnes)

Date	India	Australia	Brazil	Total
2011-09-30	13.55	39.35	22.75	99.39
2011-09-23	13.95	39.15	23.00	99.88
Change	-0.40	+0.20	-0.25	-0.49

Note:

Iron ore stockpiles slip in the week owing to better purchase from the steel mills.

Daily Report

Imported Iron Ore Market- Drops Remaining, Showing Peace Tomorrow (Oct 13)

UMETAL-CHINA, Neither spot prices nor foreign quotes could find good news in weak market so far and another decline showed today.

China's average daily crude steel output stood at 1.930 million tonnes in the last 10 days of September, up 0.6 percent from the preceding 10 days, data from the China Iron & Steel Association showed on Wednesday.

Average daily output of the medium- and large-sized steelmakers also rose 0.6 percent to 1.64 million tonnes during the same period.

The modest rise in steel output was a result of steel mills accelerating production to fulfill orders ahead of the National Day holiday between Oct 1-7.

China's Baosteel said on Wednesday it would keep its main steel product prices unchanged in November from October, despite analysts and traders believing that steel demand was unlikely to improve by the year-end.

Pessimistic atmosphere continued spreading among market players.

Sales Prices of Imported Iron Ore at Chinese Ports on Oct 13, 2011

Port	Iron Ore	Grades	RMB/WMT (17% VAT included)	Price Change
Tianjin	Indian fines	63.5%	1,290	-20
	PB fines	61.5%	1,190	-10
Qingdao	Indian fines	59%	1,050	-20
	Indian fines	62%	1,200	-10
	Robe River fines	57%	1,060	-10
	Brazilian fines	64.5%	1,300	-10
	PB fines	61.5%	1,190	-10
	Brazilian concentrates	66%	1,390	-10
Rizhao	Indian fines	61%	1,150	-10
	Indian fines	62%	1,200	-10
	Yandi fines	58%	1,090	-10
	Australian lump	62%	1,300	-10
	Iranian hematite fines	61%	1160	-10
	Iranian hematite fines	60%	1120	-
	Iranian hematite fines	59%	1070	-
	Iranian magnetite fines	61%	1170	-10
	Iranian magnetite fines	60%	1140	-
	Iranian magnetite fines	59%	1090	-

Foreign Quotes for Imported Iron Ore in China 2011-10-13

Country	Product	% Grade	CFR (\$/T)	FOB (\$/T)	Port of Loading	Remark
Australia	PB fines	61.5	161-163 ↓ 2	149-153 ↓ 2	Dampier/Hedland	Moisture: 8%; To be unloaded at Chinese major ports
Australia	Newman fines	62	165-167 ↓ 3	153-158 ↓ 3	Dampier/Hedland	Moisture: 8%; To be unloaded at Chinese major ports
Australia	YANDI fines	58	142-144 ↓ 2	130-134 ↓ 2	Dampier/Hedland	Moisture: 8%; To be unloaded at Chinese major ports
Australia	MAC fines	62	160-162 ↓ 2	148-152 ↓ 2	Dampier/Hedland	Moisture: 8%; To be unloaded at Chinese major ports
Australia	Newman lumps	63	173-175 ↓ 2	161-165 ↓ 2	Dampier/Hedland	Moisture: 3%; To be unloaded at Chinese major ports
Australia	YANDI lumps	58	152-154 ↓ 2	140-144 ↓ 2	Dampier/Hedland	Moisture: 3%; To be unloaded at Chinese major ports
Australia	MAC lumps	62	169-171 ↓ 2	157-161 ↓ 2	Dampier/Hedland	Moisture: 3%; To be unloaded at Chinese major ports
Australia	PB lumps	62	171-173 ↓ 2	159-163 ↓ 2	Dampier/Hedland	Moisture: 3%; To be unloaded at Chinese major ports
Australia	Robe River fines	56	137-139 ↓ 3	125-130 ↓ 3	Dampier/Hedland	Moisture: 8%; To be unloaded at Chinese major ports
Brazil	SFCJ	66	185-187 ↓ 2	157-159 ↓ 3	Tubarao/PDM	Moisture: 8%; To be unloaded at Chinese major ports
Brazil	SFOT	63	171-173 ↓ 1	143-145 ↓ 2	Tubarao/PDM	Moisture: 8%; To be unloaded at Chinese major ports
Brazil	Lumps	65	188-190 ↓ 1	160-162 ↓ 2	Tubarao/PDM	Moisture: 3%; To be unloaded at Chinese major ports
Brazil	Pellets	66	195-197 ↓ 1	167-169 ↓ 2	Tubarao/PDM	Moisture: 3%; To be unloaded at Chinese major ports
Brazil	SSFT	65	183-185 ↓ 2	155-157 ↓ 3	Tubarao/PDM	Moisture: 8%; To be unloaded at Chinese major ports
India	Iron Ore Fines	63.5/63	171-173 ↓ 2	154-156 ↓ 2	Chennai/Paradip	Moisture: 8%; To be loaded at one Indian port
India	Iron Ore Fines	61/60	154-156 ↓ 2	137-139 ↓ 2	Chennai/Paradip	Moisture: 8%; To be loaded at one Indian port
India	Iron Ore Fines	63/62	166-168 ↓ 2	149-151 ↓ 2	Chennai/Paradip	Moisture: 8%; To be loaded at one Indian port
India	Iron Ore Fines	62/61	160-162 ↓ 2	143-145 ↓ 2	Chennai/Paradip	Moisture: 8%; To be loaded at one Indian port
India	Iron Ore Fines	60/59	148-150 ↓ 2	131-133 ↓ 2	Chennai/Paradip	Moisture: 8%; To be loaded at one Indian port
India	Iron Ore Fines	59/58	142-144 ↓ 2	123-125 ↓ 2	Goa/Mangalore	Moisture: 8%; To be loaded at one Indian port
India	Iron Ore	58/57	135-137	116-118	Goa/Mangalore	Moisture: 8%; To be loaded at one

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	Fines		↓ 2	↓ 2		Indian port; To be unloaded at Chinese Northern ports
India	Iron Ore Fines	55/54	116-119 ↓ 3	97-99 ↓ 3	Goa	Moisture: 8%; To be loaded at one Indian port
India	Iron Ore Fines	53/52	101-103 ↓ 3	82-84 ↓ 3	Goa	Moisture: 8%; To be loaded at one Indian port
Iran	Hematites	62/61	156-158 ↓ 2	129-131 ↓ 2	BANDA ABBAS	6%Si,2%Al,0.2%P,0.2%S; By bulk
Iran	Hematites	61/60	151-153 ↓ 2	124-126 ↓ 2	BANDA ABBAS	6%Si,2%Al,0.2%P,0.2%S; By bulk
Iran	Hematites	60/59	145-147 ↓ 2	118-120 ↓ 2	BANDA ABBAS	6%Si,2%Al,0.2%P,0.2%S; By bulk
Iran	Hematites	59/58	137-139 ↓ 2	109-111 ↓ 2	BANDA ABBAS	6%Si,2%Al,0.2%P,0.2%S; By bulk
Iran	Magnetite	62/61	158-160 ↓ 2	131-133 ↓ 2	BANDA ABBAS	6%Si,2%Al,0.2%P,0.2%S; By bulk
Iran	Magnetite	61/60	153-155 ↓ 2	126-128 ↓ 2	BANDA ABBAS	6%Si,2%Al,0.2%P,0.2%S; By bulk
Iran	Magnetite	60/59	147-149 ↓ 2	120-122 ↓ 2	BANDA ABBAS	6%Si,2%Al,0.2%P,0.2%S; By bulk
Iran	Magnetite	59/58	139-141 ↓ 2	111-113 ↓ 2	BANDA ABBAS	6%Si,2%Al,0.2%P,0.2%S; By bulk
Russia	Iron Ore Concentrates	67	194-196 ↓ 2	-	Black Sea	Moisture: 8%; China Major Ports
Russia	Iron Ore Concentrates	65	188-190 ↓ 2	-	Black Sea	Moisture: 8%; China Major Ports
Russia	Iron Ore Concentrates	63.5	185-187 ↓ 2	-	Murmansk	Moisture: 8%; China Major Ports
Russia	Iron Ore Pellets	63	187-189 ↓ 1	-	Black Sea	Moisture: 8%; China Major Ports
Russia	Iron Ore Pellets	65	198-200 ↓ 1	-	Black Sea	Moisture: 8%; China Major Ports

The most-briskly traded Rebar 2012 January contract on the Shanghai Futures Exchange closed at RMB 4,318/tonne on Oct 13.

Delivery Month	Last Settlement	Open	High	Low	Close	Settlement	Change %	Change Volume	Volume	Open Interest	Change
1110	4361	4370	4370	4350	4360	4361	-1	0	540	1920	0
1111	4475	4451	4463	4451	4463	4454	-12	-21	8	102	-6
1112	4402	4417	4443	4404	4411	4422	9	20	50	314	-2
1201	4313	4347	4350	4302	4318	4319	5	6	580694	539522	27014
1202	4298	4329	4329	4298	4300	4312	2	14	24	208	2
1203	4329	4320	4349	4320	4322	4326	-7	-3	10	100	2

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1204	4378				4378	4378	0	0		240	0
1205	4312	4344	4351	4306	4322	4322	10	10	56790	156306	7692
1206	4311	4323	4323	4310	4310	4314	-1	3	20	78	0
1207	4350	4341	4350	4341	4350	4345	0	-5	8	46	4
1208	4324				4324	4324	0	0		10	0
1209	4327	4394	4394	4308	4383	4361	56	34	6	6	0
TOTAL									638150	698852	34706

Forward swaps: the Singapore Exchange's Nov contract closed at US\$ 150.00/tonne; Dec at US\$ 145.75/tonne.

Swaps curve and closing prices			
13-Oct	Market prices FIS		
Period	Bid	Offer	Close
Oct 11	\$158.00	\$161.00	\$159.50
Nov 11	\$148.00	\$152.00	\$150.00
Dec 11	\$144.00	\$147.50	\$145.75
Jan 12	\$141.00	\$143.00	\$142.00
Q4 11	\$150.00	\$153.50	\$151.75
Q1 12	\$140.00	\$143.00	\$141.50
Q2 12	\$137.00	\$139.00	\$138.00
Q3 12	\$134.00	\$137.00	\$135.50

Industry News

Imported Iron Ore Market- Drops Remaining, Showing Peace Tomorrow

ArcelorMittal, the world's largest steelmaker, sees the potential for growth in financial iron ore hedging instruments.

"Today that market is not a very deep and transparent market," said Simon Wandke, vice president and chief commercial officer of mining during the annual World Steel Conference here.

Wandke said financial instruments might not be able to be used with all types of iron ore products since there are a wide variety of iron ore products.

BHP: No Cancellation and Renegotiation Request Received

from Chinese Side

Concern had risen in markets that Chinese steel mills were seeking to postpone shipments or renegotiate fourth-quarter iron ore contracts as spot prices fell to their lowest since November 2010, traders said.

But BHP indicates so far the company hasn't received any cancellation or renegotiation request from their Chinese clients.

"We haven't had any shipment to China cancelled or renegotiated," Marcus Randolph told reporters during the annual World Steel Association conference.

Rio Tinto Third Quarter 2011

Operations Review

Chief executive Tom Albanese said "We have set new quarterly records for iron ore sales and hard coking coal production as our operations recovered from the severe weather experienced earlier in the year. Whilst we are mindful of current market volatility, the fundamentals are holding up well, particularly for bulk-traded commodities. We are operating at full capacity, selling all we produce and our growth programme is on track, supported by the strength of our balance sheet."

- Global iron ore production of 64 million tonnes (50 million tonnes attributable) was up 5% on the third quarter of 2010.

• Third quarter iron ore sales of 60 million tonnes (100% basis) from the Pilbara operations in Western Australia set a new quarterly record as the ports and rail recovered strongly from the inclement weather experienced earlier in the year.

• Mined copper continued to be impacted by lower grades at Escondida and Kennecott Utah Copper and was down 32% on the third quarter of 2010.

• Bauxite production was up 7% compared with the same quarter of 2010. Aluminium was 2% higher whilst alumina was 5% lower.

• Coal production from the Queensland and New South Wales coal mines rebounded from the severe rains in the first half of the year.

- Australian hard coking coal production set a new quarterly record and was 14% higher than third quarter of 2010 and 55% higher than the second quarter.

- Other production from the Australian coal operations favoured semi-soft coal which was 57% higher than the third quarter of 2010 with thermal coal three% lower.

• In the first nine months of 2011 Rio Tinto increased its interest in Ivanhoe Mines Ltd from 40.5% to 49.0% and participated in Ivanhoe's rights offering for a total cost of US\$1.9 billion.

• Rio Tinto completed the US\$3.7 billion Riversdale acquisition on 1 August: Benga is on track to be commissioned by year-end with

substantial growth options ahead.

• On 12 October, ERA announced it is to raise A\$500 million via an accelerated renounceable entitlement offer. Rio Tinto has committed to subscribe for its 68.4% entitlement in full and has indicated that it intends to participate in sub-underwriting any shortfall in the retail entitlement offer.

• On 10 February, Rio Tinto announced a US\$5 billion capital management programme, which was subsequently increased to US\$7 billion to be completed by the end of the first quarter of 2012. By 12 October, 69 million Rio Tinto plc shares had been bought back at a total cost of US\$4.4 billion.

Dry Bulk Carriers Still Leading the Way in Newbuilding Orders

Despite the fact that the past week was a bit slow in terms of newbuilding ordering activity, mainly as a result of the Chinese National Day, which saw the country's shipyards shutting down for the week, newbuilding business jumped to 51 fresh new orders of a total deadweight of 1,966,629 tons, with bulk carriers leading the way with about 37% of the total volume, said Golden Destiny in its latest weekly report.

According to the Piraeus-based shipbroker, "the newbuilding business is up by 4 % from similar week's closing in 2010, when 49 fresh orders had been reported with bulk carriers grasping 71.4% of the total ordering activity. In terms of invested capital, 46 orders reported at an undisclosed contract price with bulk carriers and offshore appearing the most overweight segments. In the bulk

carrier segment, there has been again eager activity reported in all sizes with Chinese shipyards being on the frontline and some business also being revealed in the Japanese shipbuilding industry. An order came to light in the very large capesize segment for two units of 205,000dwt by Ship Finance Int of Bermuda placed in Yangfan Group of China at \$60 mil each for delivery in 2013" said the report.

Similarly, "in the tanker segment, there were signs of activity this week with the MR sector making its presence again as Greek player, Consolidated Marine, has changed its order placed in Hyundai Mipo for two kamsarmax bulk carriers in two 52,000 dwt product carriers for delivery within 2012. Notable order was the placement of two shuttle tankers of 75,000dwt by Shanghai North Sea Shipping in Jiangsu Rongsheng for delivery in 2013 at an undisclosed contract price.

In the multi-purpose liner sector, there have been strong investments with the placement of two container Ro-Ro units by French Line Delmas in Hyundai Mipo Dockyard and two multipurpose Ro Ro cargo ships by Norwegian shipowners Nor Lines at a Chinese shipyard powered by natural gas" mentioned Golden Destiny.

Meanwhile, according to the shipbroker's report "in the container market, Turkish box ship operator Arkas has placed an order for two 2,900 TEU units at Chinese shipbuilder STX Dalian for delivery in 2013, which are considered to be the largest ever vessels ordered by the Turkish player. In the post panamax segment, CMA CGM is said to be in talks with Jiangnan

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Changxing and Dalian Shipbuilding Industry in China for the contracting of up to 20 boxship units of 9,000-10,000 TEUs, financed by China's Exim Bank. In the offshore sector, COSCO Nantong booked two versatile construction ships from TL Offshore, Malaysia for delivery in 2014. The owner is a subsidiary of the Sapuracrest Petroleum group and will pay \$116.75 million for the first and \$110.25 million for the second unit. Furthermore, Shinan H.I., South Korea, having recently run out of work, booked four platform supply vessels from undisclosed interests for delivery between May 2013 and June 2014"

concluded Golden Destiny.

In a separate report, Clarksons mentioned that "as expected, this week has been rather quiet to say the least with the Chinese on National Day holidays all week. Following this period of rest and reflection it will be interesting to see how the Yards will approach the strategy for the last quarter of the Year and whether the story of the Chinese State Yards driving the pricing down will continue in dry and wet. With the continued development of new more economical designs in both wet and dry it will be interesting to see if this will help the

Yards to tempt the owners to contract from the economically challenged countries in the West over the coming weeks. The joy for the Owners and the charterers of these new "eco" Vessels is that once delivered they typically can reduce bunker consumption by 10-20% against the Vessels being delivered today.

With Bunker pricing currently in excess of USD 600 a tonne and no signs of an imminent let up it will certainly help the Owners have an easier job of fixing their ships against the ships currently on the water as will certainly be much more appealing!" concluded Clarksons.

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