MetalBulletin Research

Steel Raw Materials: Weekly Market Tracker

Regular analysis of coking coal, coke, iron ore, scrap, ferro-alloys, zinc and freight markets

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MBR Steel Raw Materials Index* = 142.60 ↓

- Scrap offers from the USA to Asia have continued to decline, but we are seeing more interest in material at these prices. We think there may be a small rebound under way as Japanese mills lift their purchase prices as competition for scarce material grows; South Korean steelmakers have also been making more enquiries. ***Our view on European scrap prices has not improved as we are seeing no signs of an immediate uptrend in either steel prices or end-user demand in the region.***

- The small recovery in Chinese steel prices is reflected in Chinese spot market prices for iron ore, which have seen another week of gains. We think the uptick is due not only to stronger steel prices but also to the continued speculation over the prospects for Indian export taxes. We still maintain that future prospects of a sustained recovery are hampered by Chinese mills having ample iron ore stocks. ***New developments in the iron ore contract negotiations are still not conclusive, and there is still a strong push for a 30% increase in 2010 benchmark prices.***

- China's coke market and prices have been steady this week. Steel mills are, however, expressing more interest in buying coke after a taking a short break from purchasing. ***We think that although firming steel prices will of course increase coke transactions, high coking coal prices will prevent coke plants from widening their profit margins. Indeed, we believe that the upward trend in steel prices will not continue as the industry is still plagued by high stocks of finished steel.***

Key Raw Materials Prices

		Unit	Prices today	Prices 7 days ago	% ch wk/wk	Prices 4 weeks ago	Weekly price trend
Coking Coal (1)	Australian export	$/tonne	170	170	0.0%	160	FLAT
Coke	Chinese export fob (3)	$/tonne	390	390	0.0%	390	FLAT
Iron Ore	Chinese fines import cfr	$/tonne	94	92	2.2%	92	UP
Pig Iron	CIS export (4)	$/tonne	300	285	5.3%	305	UP
HBI	Latin American export (5)	$/tonne	198	198	0.0%	218	FLAT
Ferrous scrap	US composite domestic HMS No1	$/l.ton	236	246	-4.1%	249	DOWN
	US domestic shredded	$/l.ton	253	272	-6.7%	283	DOWN
	EU Rotterdam HMS No1 fob	$/tonne	235	235	0.0%	273	FLAT
	South Korean import HMS No1 c&f	$/tonne	295	295	0.0%	340	FLAT
	Turkish A3 import c&f (Izmir)	$/tonne	255	255	0.0%	280	FLAT
Silico-Manganese	Chinese export (65% Mn, 17% Si)	$/tonne	1,325	1,325	0.0%	1,465	FLAT

See page 2 for notes

Weekly Raw Materials Prices

		Unit	Prices today	Prices 7 days ago	% ch wk/wk	Prices 4 weeks ago	Weekly price trend
Coking Coal (1)	USA (low-vol) export	$/ton	140	140	0.0%	140	FLAT
	Chinese (domestic price - Shanxi Province)	$/tonne	183	183	0.0%	183	FLAT
Coke	Chinese domestic (2)	$/tonne	242	242	0.0%	244	FLAT
Iron Ore	Indian export fob (63.5% Fe)	$/tonne	76	74	2.7%	73	UP
	Chinese pellet import cfr	$/tonne	106	104	1.9%	107	UP
	Chinese domestic concentrate	$/tonne	99	98	1.1%	98	FLAT
	Chinese domestic pellet	$/tonne	136	134	1.0%	135	FLAT
Pig Iron	Brazilian export (Vitoria)	$/tonne	310	310	0.0%	320	FLAT
	Brazilian export (Ponta da Madeira)	$/tonne	310	310	0.0%	320	FLAT
	EU import cfr	$/tonne	225	225	0.0%	225	FLAT
Ferrous scrap	US scrap export East Coast HMS No1 fob	$/tonne	230	240	-4.2%	279	DOWN
	US composite domestic HMS No2	$/l.ton	230	238	-3.5%	238	DOWN
	EU Rotterdam HMS No1&2 fob	$/tonne	220	220	0.0%	255	FLAT
	EU Rotterdam shredded fob	$/tonne	240	240	0.0%	278	FLAT
	Japan export HMS No2 fob	¥/tonne	23,400	23,400	0.0%	26,250	FLAT
	Japan domestic delivered HMS No2 (Tokyo)	¥/tonne	22,250	22,250	0.0%	24,750	FLAT
	Japan domestic delivered HMS No2 (Osaka)	¥/tonne	24,250	24,250	0.0%	26,750	FLAT
	Black Sea A3 export fob	$/tonne	245	245	0.0%	270	FLAT
Ferro-Silicon (75%)	European free market	€/tonne	895	925	-3.2%	975	DOWN
	US import cfr	$/lb	1.05	0.79	32.9%	0.79	UP
	Japanese import cfr	$/tonne	1,190	1,190	0.0%	1,190	FLAT
	Chinese export fob	$/tonne	1,145	1,145	0.0%	1,155	FLAT
Ferro-Manganese	European high-carbon (78%)	€/tonne	895	875	2.3%	875	UP
	US high-carbon (78%)	$/l. ton	1,460	1,485	-1.7%	1,475	DOWN
	US medium-carbon (80%)	$/lb	1.05	1.05	0.0%	1.00	FLAT
	Chinese high-carbon fob (75%)	$/tonne	1,315	1,315	0.0%	1,315	FLAT
Silico-Manganese	European lumpy (65-75% Mn, 14-25% Si)	€/tonne	940	940	0.0%	900	FLAT
	US free market (65-75% Mn, 14-25% Si)	$/lb	0.67	0.73	-8.3%	0.70	DOWN
Ferro-Chrome (high-carbon)	European import (60%)	$/lb	0.90	0.95	-5.3%	0.95	DOWN
	US import (60-65%)	$/lb	0.90	0.90	0.0%	0.92	FLAT
	Chinese export (60%)	$/lb	0.88	0.95	-7.9%	0.95	DOWN
Ferro-Vanadium (70-80%)	European destinations delivered	$/kg	24.00	25.00	-4.0%	28.50	DOWN
	US free market	$/lb	11.50	11.50	0.0%	12.58	FLAT
	Vanadium pentoxide cif Europe	$/lb	7.10	7.10	0.0%	7.10	FLAT
Ferro-Molybdenum	European destinations delivered (65-70%)	$/kg	25.75	25.63	0.5%	32.05	UP
	US free market (65-70%)	$/lb	14.00	14.00	0.0%	16.75	FLAT
	Chinese FeMo in-warehouse Rotterdam (60%)	$/kg	34.00	34.00	0.0%	34.00	FLAT
Molybdic Oxide	European in-warehouse	$/lb	11.10	11.50	-3.5%	13.50	DOWN
	US in-warehouse	$/lb	12.50	12.50	0.0%	13.88	FLAT
Zinc	LME spot	$/tonne	2,259	2,152	5.0%	1,877	UP
	LME three-month	$/tonne	2,278	2,175	4.7%	1,902	UP
Aluminium	LME spot	$/tonne	1,937	1,910	1.4%	1,807	UP
	LME three-month	$/tonne	1,972	1,946	1.3%	1,843	UP
Tin	LME spot	$/tonne	15,252	14,946	2.0%	15,015	UP
	LME three-month	$/tonne	15,031	14,562	3.2%	14,465	UP
LME Index (6)		Index	313	309	1.2%	287	UP
CRB Index spot (7)		Index	389	387	0.6%	369	UP
Freight	JEHMA (8)	Index	17,438	17,938	-2.8%	17,875	DOWN
	BSI S2 Route (9)	$/day	18,271	18,167	0.6%	14,459	UP
	Baltic Supramax Index (BSI) (10)	Index	1,820	1,852	-1.7%	1,868	DOWN
Energy	Crude oil WTI (11)	$/barrel	77.00	80.05	-3.8%	70.26	DOWN
	Natural gas (Henry Hub)	$/mmBtu	4.29	4.51	-5.0%	4.98	DOWN
Exchange Rates	Dollar/Euro	$/€	0.667	0.671	-0.5%	0.681	DOWN
	Dollar/Pound	$/£	0.610	0.613	-0.6%	0.627	DOWN
	Dollar/Yen	$/¥	90.1	92.0	-2.0%	89.83	DOWN
	Dollar/Renminbi	$/Rmb	6.84	6.84	0.0%	6.84	UP
	Dollar/Rouble	$/R	29.22	28.39	2.9%	30.80	UP

Notes:
1) Hard coking coal spot price (fob) 2) Basis second grade, average of all producing provinces 3) Basis Shanxi Province, first grade, <12.5% ash 4) Basis Black Sea/Baltic Sea 5) Basis fob stowed 6) A weighted average of the six base metals, with January 1999 as the base. 7) Commodities Research Bureau is a US commodities research data firm, which has began an index tracking the price movements of 22 commodities in 1962. It currently uses 1967 as its base. 8) JE Hyde Handymax Index tracks changes in the following routes: Antwerp - Skaw Trip Far East, Canakkale Trip Far East, Japan - SK/NOPAC or Australia, Japan - SK Trip Gib - Skaw range, Antwerp - Skaw Trip US Gulf, USG Trip Skaw - Passero 9) Delivery to South Korea/Japan, range for one Australian or Transpacific round voyage, for a 35/40 day round trip, with redelivery to South Korea/Japan range 5% commission total. 10) Baltic Exchange Supramax Index tracks changes in the following routes: Antwerp/Skaw range redelivery Singapore/Japan, South Korea/Japan range for Australian or trans-Pacific round voyage, South Korea/Japan range redelivery Gibraltar/Skaw, Gibraltar/Skaw for trans-Atlantic round voyage 11) West Texas Intermediate, Nymex

** 2006=100. The MBR Raw Materials Index is a weighted measure of price movements of four of the most influential raw materials required for the steel making process, as well as of freight. The average price for 2006 was taken as the base period.*

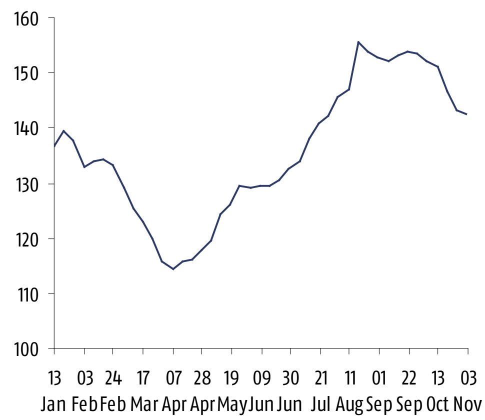
Monthly market prices and forecast

		2009								2009 Forecast		2010 Forecast					
	2008	**Mar-09**	**Apr-09**	**May-09**	**Jun-09**	**Jul-09**	**Aug-09**	**Sep-09**	**Oct-09**	**Nov-09**	**Dec-09**	**Jan-10**	**Feb-10**	**Mar-10**	**Apr-10**	**2009**	**% ch 2009/2008**
Scrap - US																	
HMS No 1																	
(1) Midwest	363	159	144	179	189	226	241	252	243	245	245	255	285	290	315	215	-41%
(2) East Coast	421	222	220	234	234	247	277	283	264	240	240	245	275	295	305	248	-41%
(2) West Coast	418	245	246	248	263	288	310	312	287	275	280	290	295	305	320	274	-34%
US shredded																	
(1) Midwest	412	188	166	203	213	249	269	282	285	255	250	260	290	300	320	238	-42%
(2) East Coast	435	226	192	224	239	253	285	288	270	250	250	255	285	300	310	248	-43%
(2) West Coast	428	250	255	257	270	295	320	322	297	280	285	295	305	312	325	284	-34%
Scrap - Asia																	
Japan (Kanto price)																	
HMS No 2 ('000 yen/tonne)	45	17	20	22	23	26	29	29	24	25	25	26	27	27	27	24	-46%
HMS No 2 export	442	195	227	230	270	290	305	309	270	275	275	286	297	297	303	267	-40%
South Korea																	
HMS No 1 ('000 won/tonne)	477	195	228	249	260	285	305	310	300	305	305	320	325	325	330	278	-42%
HMS No 1 import	487	240	246	268	290	316	348	350	325	300	305	320	330	335	335	301	-38%
Scrap - Europe																	
HMS No 1																	
(3) Belgium	306	183	175	180	170	173	182	186	178	180	175	180	185	185	190	178	-42%
France	306	182	175	180	168	173	180	184	177	179	175	181	185	185	190	177	-42%
Germany	310	182	175	180	165	170	178	185	178	180	175	180	185	185	190	177	-43%
Italy	305	173	185	190	170	178	183	188	179	181	179	182	186	187	189	181	-41%
Spain	290	170	180	185	175	180	183	190	180	180	180	182	186	187	189	180	-38%
(4) UK	199	133	135	138	118	123	140	143	142	150	150	155	155	160	160	139	-30%
(2) Export	447	218	223	232	232	245	269	275	259	240	243	243	250	260	260	243	-46%
Shredded																	
(3) Belgium	310	188	180	190	173	180	190	196	185	185	183	188	190	193	195	185	-40%
France	311	186	180	190	170	183	190	194	185	183	182	188	190	193	195	185	-41%
Germany	317	187	180	190	170	180	190	197	185	185	184	188	190	195	198	185	-42%
Italy	311	178	190	200	175	185	195	200	187	185	185	190	190	192	194	188	-40%
Spain	293	173	185	195	180	185	186	199	188	185	185	190	190	192	194	186	-36%
(4) UK	212	140	140	150	123	130	143	146	146	153	153	158	159	164	164	144	-32%
(2) Export	453	231	225	235	238	251	274	280	264	246	248	250	255	265	265	249	-45%
Pig iron																	
(2) US import	618	260	245	276	283	310	320	320	330	300	310	340	330	350	360	299	-52%
Korea import	634	260	265	285	288	335	350	350	340	340	310	320	340	340	360	313	-51%
China export	634	260								280	285	295	305	312	325	280	-
CIS export	615	236	223	250	266	287	309	317	293	276	250	260	275	300	320	270	-56%
HBI																	
(2) USA	540	230	200	205	205	215	223	228	213	210	215	235	240	250	250	216	-60%
Iron ore																	
(2) 63.5% fines cfr China	154	68	63	66	75	89	103	86	92	92	95	95	96	100	102	84	-45%
Coking coal																	
(2) Chinese domestic (Shanxi)	249	189	171	163	168	182	187	186	183	190	190	200	210	230	230	183	-27%
Coke																	
(2) Chinese fob export	555	421	385	385	388	400	400	398	390	420	420	400	400	400	400	401	-28%

Notes: (1) $/long ton (2) $/tonne (3) euro/tonne (4) £/tonne

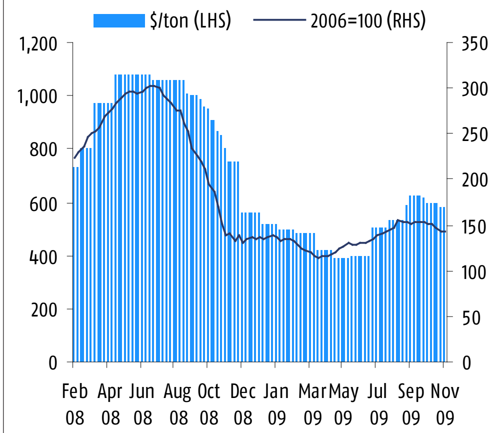
*MBR Steel Raw Materials Index**

A downward trend continues as scrap prices fall on weak demand from steelmakers



Source: Metal Bulletin Research ** average 2006 prices = 100*

MBR Steel Raw Materials Index versus US HR prices – *falling raw material prices are inhibiting any recovery in HR coil*

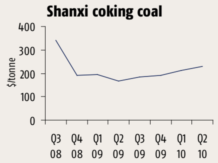


Source: Metal Bulletin Research

Coke and Coking Coal Highlights

- Coking coal prices hold
- Demand for coke remains in the doldrums
- Russian coking coal supplies look tight

Market Outlook



Source: Metal Bulletin Research

Chinese coke prices have held steady this week as they take support from higher steel prices and an increase in enquiries. However, our price forecast for coke in the next few months remains bearish as steelmakers are still running down coke stocks and steel mills remain threatened by overcapacity, and will invariably need to cut production. Shortages in coking coal will push up prices, which will in turn squeeze coke margins until there is some sign of price stability for finished products.

Chinese coking coal prices hold steady...

There has been little change in China's domestic coking coal market as prices have remained stable this week. A transaction for coking coal in the Shanxi province was completed at Rmb1,250/tonne ($183/tonne), while another delivered to Hebei province was Rmb50/tonne ($7.31/tonne) higher.

With supply of coking coal still tight we are expecting this to support higher prices as we approach the end of the year. Over the past month, Shanxi coking coal prices have been relatively stable at Rmb1,250/tonne, with a few offers slipping by Rmb50/tonne at the most. However, other steelmaking raw material prices have shown signs of more volatility since early August.

As a result of by falling steel prices over the recent months, coking coal demand has seen an obvious decrease and trading volume over this period accordingly contracted. ***Although coking coal prices have been stable, coking coal production has taken a dip as producers have cut back production in order to avoid a glut, which would act to push down prices.*** Coking coal sales of larger mines have been steady, while those of smaller mines have dipped by as much 50%.

Latest figures suggest that China produced 255m tonnes of coal in September, a year-on-year increase of 9.37%. This takes China's coal production volume from January to September to 20.77m tonnes, up by 7.43% from the corresponding period in 2008.

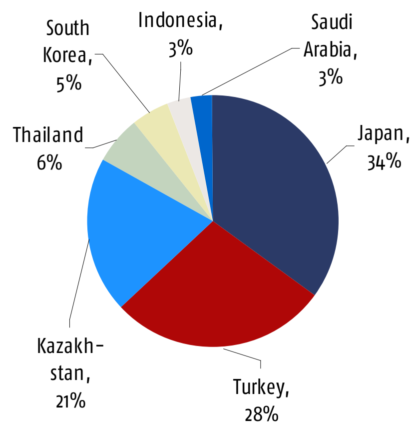
Coke prices squeezed

As steel prices have seen signs of improvement in higher prices over the past two to three weeks, this has also reflected on the domestic coke market and prices have been steady this week. Steel mills are expressing more interest in purchasing coke after a taking a short break from buying and we have heard of more transactions over this week. We think that although firming steel prices will increase coke transactions, high coking coal prices will prevent coke plants from widening their profit margins. Indeed, we believe that the upward trend in steel prices is a short-term trend.

The Chinese steel industry is still facing high stocks of finished steel, which will limit mid-term gains in steel and coke prices as steelmakers attempt to curb back production or run-down inventories. With the market

China coke exports by destination in Sept '09

Coke exports for this period were 39,000 tonnes, a year-on-year decline of 97.2%



Source: Tex Report

development for the steel prices still unclear, steel mills will continue to squeeze coke prices, and we do not expect to see a great rush in enquiries for coke.

Coke prices have remained stable over the week. First-grade coke with ash content of less than 12.5% in Shanxi was traded at around Rmb1,650/tonne delivered in the province and offers for second-grade coke (with ash content of less than 13.5%) are at around Rmb1,550/tonne. Prices for first-grade coke in one of the largest coke consuming-regions, Hebei, are averaging at Rmb1,650/tonne delivered in Hebei and second-grade material is being offered at Rmb1,550-1,600/tonne.

China produced 31.51m tonnes of coke in September, up by 24.7% or 6.24m tonnes from last September. This takes China's daily coke production in September up to 1.05m tonnes, close to a record high. The number indicates that coke production in China is growing rapidly, as in the first three quarters of 2009 China produced 253.69m tonnes of coke, up by 1.4% year-on-year. Among the total contributors to output, Shanxi and Hebei ranked as the first two largest coke producers as usual. Shanxi generated 7.15m tonnes of coke, while Hebei contributed a slightly more modest 4.14m tonnes. Output in both regions saw a 12.2% and a 44.1% increase from the corresponding period in 2008 respectively.

Coke exports reflect disquiet in global steel industry

The latest figures from China suggest that China's coke exports in September have been weak at 39,100 tonnes. Indeed coke exports in the first three quarters totalled 360,000 tonnes, down by 96.7% compared with the same period in 2008. We think this steep decline is a result of both a slowdown in the global economy and China's 40% coke export duties.

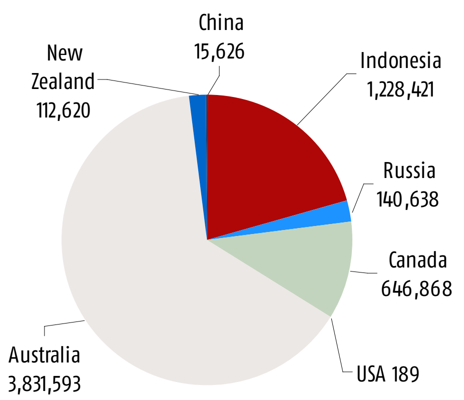
Looking at September's exports alone, around 13,000 tonnes were shipped to Japan while Turkey and Kazakhstan followed. ***We are not expecting a quick recovery in the export market as there are still few signs of a clear economic recovery over the next quarter. As we have mentioned before, the coke export tax is also keeping buyers out of the market.***

Russian material tighter on limited production

Tight coking coal supplies in Russia continue to concern both steelmakers and pig iron producers. We understand that Ukrainian pig iron producers are planning to scale back production as Russian suppliers are keeping material out of the export market and offers from the USA for coking coal are uncompetitive at $160/tonne. We think that the production cuts also reflect the general malaise in the Ukraine's demand for steel; mills in the region are operating at 62-70% capacity utilisation.

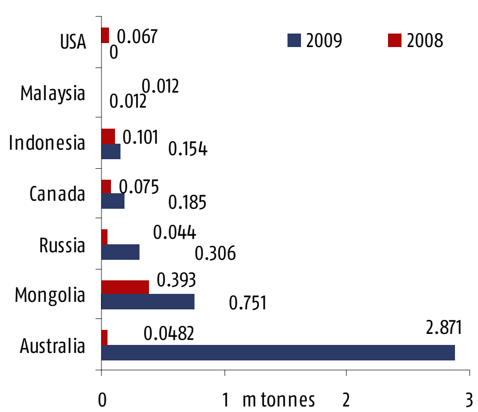
Japan's imports of coking coal in Sept '09

Australia made up 64% of 5.975m tonnes of imports, followed by Indonesia at 21%



Source: Tex Report

Chinese imports of coking coal in Sept '08 and '09 *- imports from Australia increased by 5,853% in September 2009 compared with 2008*



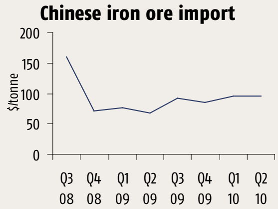
Source: Tex Report

Iron ore Highlights

- Chinese import, domestic prices rise
- Contract talks may be abandoned
- Speculation over duties continues to boost offers

Market Outlook

Chinese iron ore import



Source: Metal Bulletin Research

Chinese spot market prices for iron ore have picked up again this week on the back of an increase in Chinese steel prices, and continued speculation over the prospect of Indian export tax. Nonetheless, we maintain our view that Chinese mills have bought too much iron ore of late, despite the fact that mills have been disinclined to curb their output, we understand that some smaller mills are curbing production in order to run down finished product inventories. MBR believes that Chinese steel prices are likely to retreat again before a more sustainable rally towards the second half of 2010. Therefore, while it now seems unlikely that import prices will fall below $90/tonne before the end of the year, we do not expect transaction prices to reach the levels nearer $100/tonne that are being touted by Indian exporters at present.

Chinese import, domestic prices up...

Following from last week's unexpected increases, Chinese iron ore import prices have continued to post small gains this week. This follows from a bounce in Chinese domestic steel prices in the past week. ***Prices for 63.5% fe fines from India stand at $94/tonne cfr this week, up by $2/tonne from last week. Chinese domestic prices have also shown marginal increases, with iron ore concentrate up by Rmb7/tonne ($1/tonne) to stand at Rmb680/tonne ($100/tonne) and with pellet at Rmb927/tonne.***

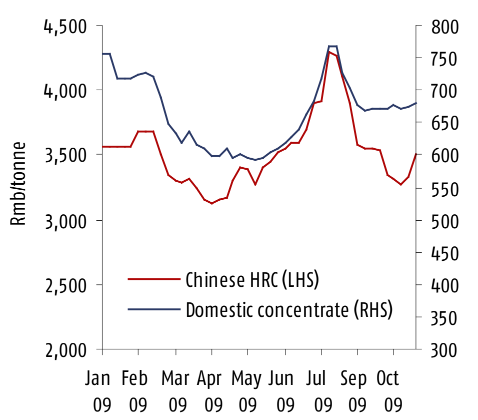
Iron ore exporters to China to raised offers significantly this week, and we understand that offers for 63.5% fe fines have been touted as high as $98-99/tonne, but we understand that this has been broadly rejected by the market. Much of this increase comes from Indian exporters trying to play on fears of the imposition of an iron ore export tax by the Indian government.

...as speculation over an Indian tariff continues...

We maintain that it is comprehensible that duties may be imposed given that Indian domestic demand for steel is holding up better than in most other countries this year and with the expectation of future demand understandably high. The pressure is growing on the Indian government to encourage higher value steel exports than simple iron ore.

Chinese HRC vs iron ore concentrate prices

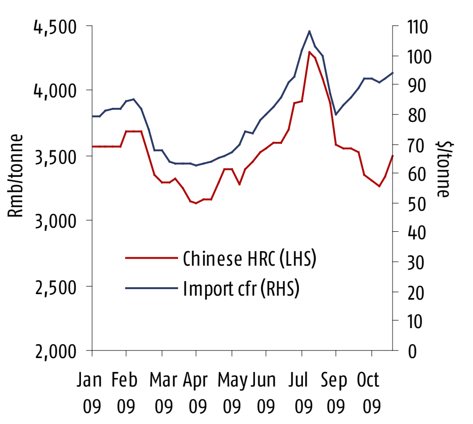
Increases in domestic steel prices have buoyed local iron ore prices



Source: Metal Bulletin Research

Chinese HRC vs iron ore import prices...

...and those of imports, but this rally will is not likely to be sustained



Source: Metal Bulletin Research

We continue to expect that China will lobby hard against a change to iron ore duties in India, and could potentially retaliate with additional duties on coking coal export to India – the result being that this makes duties far from certain at present.

...and Chinese finished steel prices rise

Chinese domestic longs prices have risen by a small margin this week. This comes with an announcement by Shangang that it would raise its prices for rebar and wire rod for the latter part of October. Both products are now on offer at between Rmb3,500-3,550/tonne.

This led other mills to follow with price increases of their own. Laiwu Steel increased prices for rebar by Rmb30/tonne to Rmb3,450/tonne. While Hebei Steel has kept its prices level in the last week with wire rod on offer at Rmb3,400/tonne and rebar at Rmb3,500/tonne.

Moreover, Chinese mills' flat-rolled product export allocations for December production are understood to have been sold out in advance. This, along with speculation that iron ore prices will increase in 2010, has helped Chinese domestic coil prices gain around Rmb150/tonne week-on-week, despite the fact that HR coil inventories are far higher than they were in 2008.

While it follows that iron ore prices would rise on the back of price increases in finished steel, MBR believes this bounce may be a little premature. Inventories remain sufficient and supply remains profuse.

Nevertheless, with Chinese mills seemingly disinclined to rein in their steel production - although we understand that some small mills are attempting to run down inventories by restricting output – it seems unlikely that iron ore demand will drop off drastically before the end of the year.

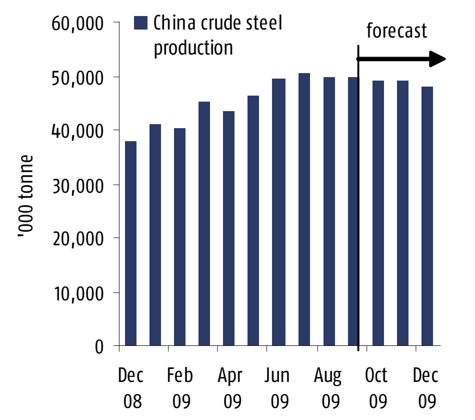
Rio Tinto castes doubt over 2009/2010 negotiations

It now seems increasingly likely that contract negotiations for 2009 will be abandoned, with both Boasteel and CISA reportedly making no moves towards miner Rio Tinto to reach a compromise over the rate of the discount to Chinese mills. Moreover, MBR understands that the negotiations for 2010 may also be jeopardised by the breakdown in relations between the parties.

As we stated last week, however, it looks likely that if the negotiation do go ahead, the big three miners will be looking for an increase in benchmark iron ore prices of around 30% for 2010. Given the inability of Chinese steel mills to engineer a reduction in monthly crude steel output – even when the price of finished steel suggests one should be made – it is hard to see why the miners should not have their way.

China's demand for iron ore may have become disconnected from steel prices in the last two months, but so long as Chinese mills and traders are willing to book new cargoes – as clearly they are today – it makes no sense to ask the miners to moderate their prices.

Chinese steel production... *continues unabated, despite an oversupplied market. This will ensure that iron ore demand remains steady for the rest of the year*



Source: Metal Bulletin Research

Indian iron ore exports to China...
...rose by 5% year-on-year in the third quarter, and should remain steady in the final quarter of the year

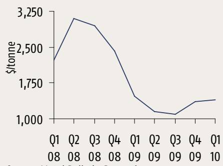
Source: Metal Bulletin Research

Ferro-alloy Highlights

- Ferro-molybdenum trends up after hitting bottom
- Ferro-vanadium sees more offers but struggling...
- ...prices may have hit the ground

Market Outlook

European FeMn Prices



Source: Metal Bulletin Research

Noble alloys have suffered another week of falling prices but ferro-molybdenum at least looks like it has reached a bottom after dipping below $25/kg. MBR has been told that low offers are now not being accepted which is supporting prices. European ferro-vanadium also looks like a bottom may have been reached with more enquiries for material being made. Transactions, however, remain thin and this combined with falling prices in China will inhibit a bounce in prices. We expect to see more movement for ferro-vanadium over the past week as offers increase but will not be surprised if prices come back down after two weeks as demand is still very weak.

Ferro-molybdenum bottoms out in Europe...

Over the last week in October it has finally looked as though ferro-molydenum has reached a bottom. Much to the surprise of those market participants we spoke to, who were expecting prices to bottom at $27/kg, prices fell below $25/kg, we were told of a couple of transactions being made at $24.85-24.95/kg. This is the lowest transaction level we heard of. It would also appear that in a market where small tonnages are required, this is also demanding a premium; we have been told that a producer sold one and a half tonnes to a consumer at $28/kg. ***As we have mentioned before traders have been accepting lower offers than producers as they typically face more pressure to liquidate positions in a climate of tight credit.***

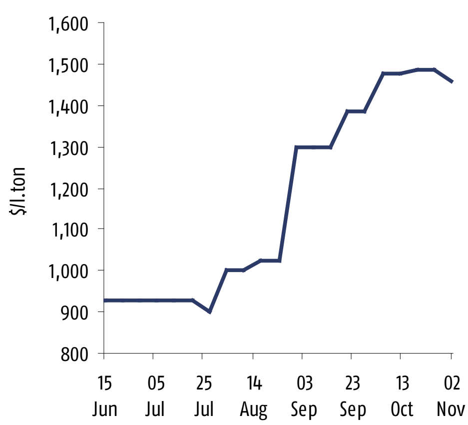
...as low offers are met with refusal

MBR was told that an offer of between 100-200 tonnes for European material was made at $24.50/tonne but was not accepted. ***We think that this signals that prices have bottomed and have been creeping up since.*** Offers have now reached $25.50-25.75/kg with more enquiries for prompt delivery. Molybdenum oxide has also bottomed out at $10.50/lb. The most recent offers that we have heard of are for between $10.50-10.75/lb with more business on the upside. However, the number of actual transactions remains thin due to a severe lack in demand.

Ferro-vanadium enquires on the up

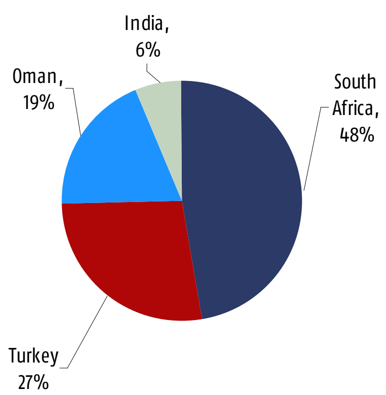
Ferro-vanadium also dipped further as expected and has now seen offers for 70-80% material at $23-24.50/tonne. Salzgitter in Germany tendered for a truckload of material and settled at $22.40/kg but this is widely regarded as below market value as other buyers have struggled to buy at $22.90/kg. ***However, enquiries have picked up which indicates that prices may have hit the bottom.***

US high-carbon ferro-manganese weekly price *- are moving down as demand from blast furnaces diminishes*



Source: Metal Bulletin Research

Chinese imports of chrome ore Sept '09
The record 944,564 tonnes was a month-on-month increase of 35%, and year-on-year increase of 20.4%



Source: Metal Bulletin Research

Zinc Highlights

- The high prices were not supported by the fundamentals…
- …but anticipation of better fundamentals is a key supporting factor
- SHFE stocks jump on the back of record high Chinese production

Market Outlook

We have noted previously that the recent zinc price rally to more than the $2,300/tonne appeared to run ahead of the fundamentals. It still seems the case that premiums, stocks, cancelled warrants and spreads are not yet showing any significant increase in tightness. In that regard, it is not surprising that prices eased back from their highs last week, though it was probably more to do with a general deterioration in sentiment across the base metals on the back of a stronger dollar and weaker equity markets. Technical selling after the recent strong rally was also a factor. Zinc now appears to be in consolidation mode below its recent highs, but above the psychologically important $2,000/tonne landmark price level.

LME stocks continue to flatline

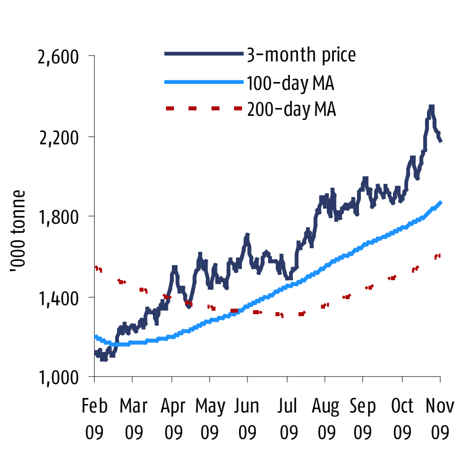
LME stocks continue their remarkable flatlining pattern, with the total staying in the 426,000–438,000 tonne range since August. The total was last at 428,075 tonnes. Indeed, if we discount the sudden jump in stocks in late July and early August, which was an anomaly due to a warehousing deal, the flat stock pattern goes back as far as June. Cynics would say it is unnatural and is being engineered. However, in the absence of evidence to support this view, the implication is that the global zinc market has been closely balanced for the last five months. ***This is in line with our forecasts, but we note that physical premiums remain soft and LME spreads are rangebound, so these indicators are not signalling any increase in physical tightness yet.***

Whether apparent balance in the market continues depends on the trade-off between two key underlying trends as they evolve over the coming months, i.e. rising zinc production (now that smelters are restarting) versus rising zinc demand (now that galvanised steel mills are stocking up to raise output and zinc usage).

SHFE stocks leap

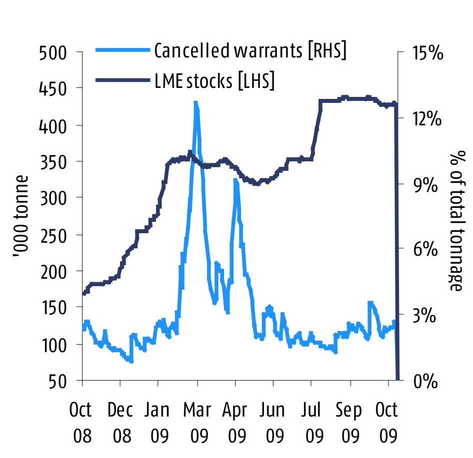
Shanghai Futures Exchange (SHFE) stocks had been on a steady downwards trend since early September, with only one up-week in the last eight up to October 23. Last week, however, witnessed the largest weekly rise in the history of the Shanghai contract, which undid all the good work of the previous two months to take the headline total to a new record high. Stocks jumped 27,830 tonnes to 145,536 tonnes.

LME three-month official zinc price 16 Feb 2009 – 03 Nov 2009 daily basis



Source: LME, Metal Bulletin Research

Total LME zinc stocks and cancelled warrants

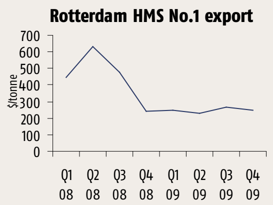


Source: LME, Metal Bulletin Research

Scrap Highlights

- Asian prices suggest a firming market...
- ...but European prices are flat
- Asian demand has supported US export market through 2009

Market Outlook



Source: Metal Bulletin Research

A tale of two different markets was apparent this week as European prices remained depressed, with further reductions in the region of $10/tonne likely on weakening Turkish finished product prices. Meanwhile, in Asia there appears to be a rebound under way, as Japanese domestic producers were forced to up their purchasing bids for domestic material in the face of increased competition from South Korean mills. Chinese finished product prices notched up this week, although MBR expects this to be short-lived if high inventories are anything to go by. Nonetheless, the Asian scrap market looks fundamentally firmer and this appears to be evidenced by US scrap export data.

Asian rebound appears to be under way...

While Asian prices have held largely steady over the last week, signs of an improvement in sentiment have been apparent. Tokyo Steel, whose purchasing prices are seen by many as a bellwether for the Japanese scrap market, has increased what it pays for material at four works by ¥1,500-2,500/tonne ($17-27/tonne). Its purchasing prices are now ¥25,000-26,000/tonne at Okayama, ¥25,000/tonne at Kyushu, ¥24,500/tonne at Takamatsu and ¥24,000 at Utsunomiya.

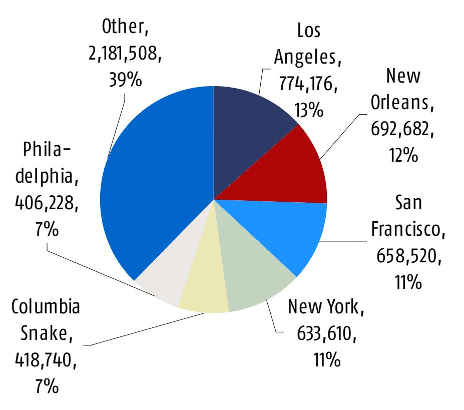
This is the first time since mid-September that Tokyo Steel has raised its purchasing prices and it would appear that it has implemented the price cut amid signs that Chinese and South Korean buyers are increasing their presence in the market.

...on firmer interest from South Korean and Chinese producers

South Korean producer Dongkuk Steel last week hiked its bidding price for HMS No.2 grade material by ¥500-700/tonne ($5-8/tonne) to ¥24,000/tonne fob. This bid is an increase of ¥1,000/tonne on recent Japanese exports of HMS No.2 to South Korea. Hyundai Steel has also indicated a bid price of $260/tonne fob from Japan, which at current exchange rates comes in at around ¥23,825/tonne.

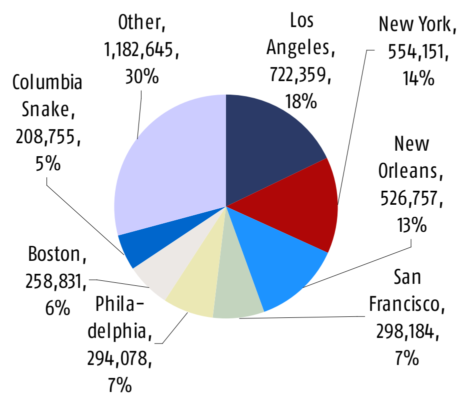
Meanwhile in China, producers have been increasingly interested in scrap imports as prices came further in line with their expectations. MBR understands that a Chinese mill has booked four shipments of US-origin scrap at $290/tonne cfr, while another mill has also booked two cargoes at $290/tonne cfr.

US shredded scrap exports by area during Jan-Aug '09 *- totalled 5.77m tonnes, down by almost 8% on the same period of 2008*



Source: Metal Bulletin Research, Customs data

US HMS No.1 scrap exports by area during Jan-Aug 09 *- totalled 4m tonnes, up by 6.4% on the same period of 2008, thanks to Asian demand*



Source: Metal Bulletin Research, Customs data

However on the whole, many US suppliers are still asking for $205-300/tonne cfr for HMS No.1, while shredded material is available at $300-305/tonne cfr. These indicate import price reductions of $20-30/tonne from mid-September.

Chinese steel prices increase

Steel prices in China have finally started to see some improvement after two months of falling prices. Domestic rebar prices have notched up by around Rmb100/tonne ($15/tonne) in the last week and this has helped to lift sentiment in the market, hence the increased interest in scrap shipments. However, this uptick may be a little premature and self-fulfilling in the sense that we regard these increases to be the result of the expectation of higher raw materials costs in 2010, specifically iron ore and coking coal prices (miners are reportedly aiming for 20% increases on 2009 levels). On top of this, inventories remain unsustainably high in the country, hence MBR does not expect this to be a sustainable demand-led boost to prices.

European prices remain under pressure

MBR understands that there has been little movement in European export prices in the last week, after the $20/tonne reductions registered in the previous week. However, MBR believes there remains a significant prospect of further price reductions given market sentiment in the region amid falling steel prices; Turkish rebar exports fell yet again in the last week, this time by $10/tonne to $460/tonne fob. ***While the present scenario remains for finished product prices, MBR expects Rotterdam prices to be forced down further in the direction of $220-225/tonne fob for HMS Nos.1&2 (80:20).***

Asian demand has supported US export market in 2009

Regardless of the cause of improving Chinese steel prices, Asian demand for scrap continues to hold up better than that of Turkish demand. As the two pie charts show, US shredded scrap exports in January-August 2009 were down by almost 8% on the corresponding period, while exports of HMS No.1 material held up much better, increasing by 6.4%. Part of the reason for this trend can be attributed to Asian demand, which has supported HMS No.1. Notably, South Korean imports of HMS No.1 in Janaury – August 2009 grew by 24%, from 683,000 tonnes in the corresponding period of 2008 to 849,000 tonnes, while its imports of shredded material dropped by 26% from 638,000 tonnes to 473,000 tonnes. As a result of more consistent Asian demand in 2009, US west coast areas on the whole held up better than their US east coast counterparts.

Asia, CIS and Africa crude steel production by process - history and forecast ('000 tonne)

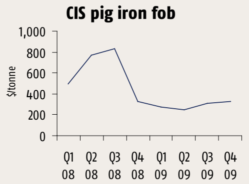
	2006	2007	2008	2009f	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	Q1 09f	Q2 09f	Q3 09f	Q4 09f	Q1 10f
Basic oxygen furnace																
Japan	85,953	89,633	89,198	73,657	23,160	22,869	22,991	20,178	13,666	-	-	12,993	16,580	20,577	23,507	17,520
y-o-y % change	*2.8%*	*4.3%*	*-0.5%*	*-17.4%*	*6.0%*	*4.7%*	*1.3%*	*-13.2%*	*-41.0%*	-	-	*-43.9%*	*-27.5%*	*-10.5%*	*16.5%*	*28.2%*
China	367,172	426,150	434,857	404,076	108,304	119,906	110,702	95,945	110,394	121,356	133,916	96,174	99,882	102,288	105,732	133,798
y-o-y % change	*21.1%*	*16.1%*	*2.0%*	*-7.1%*	*8.7%*	*11.2%*	*2.2%*	*-13.0%*	*1.9%*	*1.2%*	*21.0%*	*-11.2%*	*-16.7%*	*-7.6%*	*10.2%*	*21.2%*
South Korea	26,201	27,536	28,213	25,624	7,388	7,659	7,071	6,094	5,265	6,165	6,342	5,519	6,288	6,979	6,838	6,497
y-o-y % change	*-3.0%*	*5.1%*	*2.5%*	*-9.2%*	*11.8%*	*11.4%*	*-0.6%*	*-12.2%*	*-28.7%*	*-19.5%*	*-10.3%*	*-25.3%*	*-17.9%*	*-1.3%*	*12.2%*	*23.4%*
Taiwan	10,683	10,823	10,973	10,619	2,957	3,144	2,499	2,373	2,116	1,856	1,971	2,360	2,644	2,691	2,924	2,867
y-o-y % change	*-0.7%*	*1.3%*	*1.4%*	*-3.2%*	*10.1%*	*16.8%*	*-7.2%*	*-13.8%*	*-28.4%*	*-41.0%*	*-21.1%*	*-20.2%*	*-15.9%*	*7.7%*	*23.2%*	*35.5%*
Russia	41,664	41,288	40,518	30,531	11,042	10,810	11,072	7,594	8,453	9,150	9,791	6,371	6,767	8,614	8,779	10,752
y-o-y % change	*6.4%*	*-0.9%*	*-1.9%*	*-24.6%*	*4.6%*	*3.5%*	*13.0%*	*-27.6%*	*-23.4%*	*-15.4%*	*-11.6%*	*-42.3%*	*-37.4%*	*-22.2%*	*15.6%*	*27.2%*
India	21,967	28,876	29,954	29,886	7,779	7,017	7,568	7,592	7,294	7,556	7,660	7,351	7,164	7,613	7,759	8,198
y-o-y % change	*-1.2%*	*31.5%*	*3.7%*	*-0.2%*	*6.1%*	*2.2%*	*6.5%*	*0.3%*	*-6.2%*	*7.7%*	*1.2%*	*-5.5%*	*2.1%*	*0.6%*	*2.2%*	*12.4%*
Turkey	6,806	7,291	7,706	7,342	2,012	2,137	2,104	1,454	1,598	1,838	1,974	1,686	1,831	1,887	1,938	2,345
y-o-y % change	*1.5%*	*7.1%*	*5.7%*	*-4.7%*	*12.3%*	*12.5%*	*14.1%*	*-17.3%*	*-20.6%*	*-14.0%*	*-6.1%*	*-16.2%*	*-14.3%*	*-10.3%*	*33.3%*	*46.7%*
South Africa	5,166	4,521	4,552	4,216	1,218	1,071	1,382	882	901	976	988	812	940	1,228	1,235	1,388
y-o-y % change	*0.7%*	*-12.5%*	*0.7%*	*-7.4%*	*6.9%*	*8.2%*	*13.2%*	*-24.8%*	*-26.0%*	*-8.8%*	*-28.5%*	*-33.3%*	*-12.2%*	*-11.1%*	*40.1%*	*54.1%*
Electric arc furnace																
Japan	30,273	30,255	29,536	25,156	7,679	8,193	7,447	6,217	3,932	-	-	4,654	6,112	6,881	7,510	5,226
y-o-y % change	*4.9%*	*-0.1%*	*-2.4%*	*-14.8%*	*1.8%*	*3.1%*	*4.3%*	*-18.5%*	*-48.8%*	-	-	*-39.4%*	*-25.4%*	*-7.6%*	*20.8%*	*32.9%*
China	54,284	63,003	64,290	61,178	16,012	17,727	16,366	14,185	16,321	17,942	19,798	13,898	15,564	15,630	16,085	20,352
y-o-y % change	*21.1%*	*16.1%*	*2.0%*	*-4.8%*	*8.7%*	*11.2%*	*2.2%*	*-13.0%*	*1.9%*	*1.2%*	*21.0%*	*-13.2%*	*-12.2%*	*-4.5%*	*13.4%*	*24.7%*
South Korea	22,238	23,376	25,306	22,568	5,818	6,330	7,067	6,091	5,261	6,160	6,338	4,497	5,083	6,275	6,712	6,377
y-o-y % change	*6.9%*	*5.1%*	*8.3%*	*-10.8%*	*-4.9%*	*2.2%*	*26.2%*	*11.4%*	*-9.6%*	*-2.7%*	*-10.3%*	*-22.7%*	*-19.7%*	*-11.2%*	*10.2%*	*21.2%*
Taiwan	9,410	9,623	9,512	9,203	2,563	2,726	2,166	2,057	1,834	1,609	1,709	2,056	2,366	2,381	2,401	2,353
y-o-y % change	*11.7%*	*2.3%*	*-1.2%*	*-3.3%*	*4.6%*	*7.7%*	*-4.0%*	*-13.8%*	*-28.4%*	*-41.0%*	*-21.1%*	*-19.8%*	*-13.2%*	*9.9%*	*16.7%*	*28.3%*
Russia	15,051	19,195	20,448	16,884	5,266	5,394	5,827	3,961	4,409	4,772	5,106	3,149	3,657	4,802	5,276	6,459
y-o-y % change	*12.7%*	*27.5%*	*6.5%*	*-17.4%*	*19.2%*	*12.1%*	*16.8%*	*-20.4%*	*-16.3%*	*-11.5%*	*-12.4%*	*-40.2%*	*-32.2%*	*-17.6%*	*33.2%*	*46.5%*
India	17,556	21,179	21,970	22,124	5,705	5,146	5,550	5,568	5,350	7,429	5,618	5,460	5,162	5,661	5,841	6,174
y-o-y % change	*7.7%*	*20.6%*	*3.7%*	*0.7%*	*6.1%*	*2.2%*	*6.5%*	*0.3%*	*-6.2%*	*44.4%*	*1.2%*	*-4.3%*	*0.3%*	*2.0%*	*4.9%*	*15.4%*
Turkey	16,501	17,679	18,684	17,373	4,878	5,181	5,100	3,524	3,876	4,456	4,787	3,644	4,192	4,759	4,779	5,782
y-o-y % change	*23.2%*	*7.1%*	*5.7%*	*-7.0%*	*12.3%*	*12.5%*	*14.1%*	*-17.3%*	*-20.6%*	*-14.0%*	*-6.1%*	*-25.3%*	*-19.1%*	*-6.7%*	*35.6%*	*49.2%*
South Africa	4,445	4,524	3,926	3,584	976	1,133	1,109	707	723	1,051	723	685	882	997	1,020	1,147
y-o-y % change	*1.5%*	*1.8%*	*-13.2%*	*-8.7%*	*-16.1%*	*-7.2%*	*3.4%*	*-33.6%*	*-25.9%*	*-7.3%*	*-34.8%*	*-29.8%*	*-22.2%*	*-10.1%*	*44.2%*	*58.6%*

Sources: JISF, KOSA, TSIIA, CMN, WSA

Iron Metallics Highlights

- CIS pig iron exporters focus more on Europe
- Asian markets looks deadlocked
- Tightness of pig iron supply continues

Market Outlook



Source: Metal Bulletin Research

There has been little trade in pig iron over the last week, despite the low prices on offer. Chinese exports still dominate the Asian markets, while enquiries from steelmakers in Europe are few and far between. Additionally, falling scrap prices mean that buyers will continue holding off from purchasing relatively more expensive pig iron for the next week. However, MBR believes that scrap prices will slow down in their drops over the next few weeks as scrap exporters wait for better offers. Consequently, this may have a slight impact on the pig iron markets over the short term.

Latest figures suggest that Turkish demand for pig iron in August showed a month-on-month decline of 9% at 72,354 tonnes. We think that the decline is mainly due to high import activity in June, but also due to the growing negative sentiment in steel prices. The majority of material, 39,954 tonnes, was from Ukraine with Russia making up the rest.

Perhaps unsurprisingly Russia and the Ukraine have cut production for September to 5,960,000 tonnes from August's 6,145,000 tonnes. Tight coking coal supplies will also certainly affect Ukrainian pig iron production as well as a general lack in demand from steelmakers. ***Drops in pig iron production will probably continue this quarter as MBR believe that any improvements in the market for pig iron will not be dramatic.***

Asian pig iron markets are static as scrap prices descend

We understand that CIS pig iron exporters are offering material at $355-360/tonnes c&f for delivery to East Asia over this week. Nevertheless, there are still few deals in Asia due to the wide differences between producers and buyers regarding a fair price. A tender put out by Indian steelmaker Vizag Steel for 30,000 tonnes of steel had to be withdrawn due to a deadlock over price expectations. This impasse is due to falling scrap prices across the board. Last month, scrap prices in Europe fell by $59/tonne and $20/tonne in India, as well as languishing in China and Turkey.

Scrap prices will probably continue to descend, if not at a more leisurely pace, as scrap traders wait for a pick up in business in 2010. MBR expects scrap prices to stabilise a little over the coming weeks, lending some strength to pig iron prices, but they are unlikely to start rising again in the near term.

With competition from Chinese pig iron producers, and restocking from the summer over, buyers will either buy cheaper scrap, or wait until next year for better trading conditions.

Europe and CIS pig iron production ('000 tonne)

															% change y-o-y	
	2007	**2008**	**Q1 09**	**Q2 09**	**Q3 09**	**Jan 09**	**Feb 09**	**Mar 09**	**Apr 09**	**May 09**	**Jun 09**	**Jul 09**	**Aug 09**	**Sep 09**	**month**	**ytd**
Europe																
Austria	5,808	5,814	838	1,232	1,152	313	260	265	492	342	398	382	327	443	-8.7%	-28.8%
Belgium	6,579	7,226	886	580	805	135	464	287	224	183	173	172	312	321	-54.1%	-61.8%
Czech Rep	5,285	4,737	770	771	992	278	251	241	220	256	295	305	339	348	-14.7%	-35.0%
France	12,426	11,371	1,744	1,589	2,167	501	574	669	413	553	623	683	723	761	-24.6%	-41.1%
Germany	31,071	29,106	4,475	3,694	3,483	1,733	1,495	1,247	1,056	1,180	1,458	1,637	1,800	1,932	-29.3%	-40.6%
Italy	11,094	10,479	1,511	1,212	1,284	568	480	463	432	403	377	401	344	539	-37.3%	-51.7%
Netherlands	6,412	6,129	793	850	1,444	206	287	300	280	283	287	449	505	490	-9.1%	-37.5%
Poland	5,894	4,922	597	645	931	195	213	189	166	199	280	305	316	310	-28.4%	-49.6%
Slovakia	4,012	3,529	613	782	845	111	246	256	239	285	258	258	277	310	36.0%	-24.3%
Spain	3,669	3,985	708	556	611	215	262	231	199	164	193	189	212	210	-36.4%	-2.0%
UK	10,979	10,124	1,614	1,296	1,912	530	497	587	523	204	569	640	609	663	-25.7%	-40.8%
Total EU	112,522	106,281	15,782	14,474	18,659	5,204	5,416	5,162	4,616	4,504	5,354	5,743	6,094	6,822	-26.4%	-42.7%
Turkey	6,217	6,567	1,706	1,591	1,729	574	543	589	519	546	526	592	576	561	0.0%	-6.3%
Total Other Europe	11,685	11,174	2,228	1,977	2,348	728	708	792	647	654	676	747	813	788	-14.3%	-29.8%
CIS																
Russia	51,112	48,151	9,074	10,327	10,663	2,780	3,224	3,070	3,308	3,552	3,467	3,593	3,590	3,480	-19.3%	-24.6%
Total CIS	89,999	81,997	15,378	16,798	18,256	4,778	5,313	5,287	5,336	5,758	5,704	6,151	6,145	5,960	-17.3%	-26.6%

Source: WSA, Statcan, IBS, Metal Bulletin Research

Freight Highlights

- Baltic Dry Index edges up...
- ...thanks to a late rally in capesize rates
- Panamax rates also up on solid fixings

Market Outlook

The Baltic Dry Index last week increased by 60 points to finish at 3,103. The upward movement was due to the solid performance of the capesize and panamax markets. The capesize market started the week with a downturn and the Baltic Capesize Index (BCI) had dropped by 177 points by mid-week. However, a late rally, which saw rates on the Tubarao-Qingdao route touch $31/tonne, helped to lift the BCI by 205 points on the previous week to 5,047. The panamax market also experienced solid activity as a result of grain, ore and coal cargoes, pushing the Baltic Panamax Index up by 102 points to 3,150.

Freight Indices

	This Week	Previous Week	% change w/w	Last Month	%change m/m	Last Year	%change y/y
SSY Atlantic Capesize Index	13,947	13,487	3.4%	9,470	47%	3,738	273%
SSY Pacific Capesize Index	10,266	9,610	6.8%	6,776	52%	3,548	189%
Baltic Dry Index	3,103	3,043	2.0%	2,357	32%	829	274%
Baltic Capesize Index	5,047	4,842	4.2%	3,282	54%	1,120	351%
Baltic Panamax Index	3,150	3,048	3.3%	2,361	33%	836	277%
Baltic Supramax Index	1,820	1,852	-1.7%	1,868	-3%	530	243%

Source: SSY, The Baltic Exchange

Freight Rates

	This Week	Previous Week	% change w/w	Last Month	%change m/m	Last Year	%change y/y
SSY Capesize Pacific ($/tonne)							
Rizhao/Rotterdam	18.35	17.85	2.8%	13.65	34%	9.30	97%
Dampier/Qingdao	13.50	12.45	8.4%	9.25	46%	4.95	173%
Saldahna Bay/ Qingdao	25.35	23.80	6.5%	16.75	51%	7.75	227%
Richards Bay/Kwangyang	19.80	18.45	7.3%	13.10	51%	6.35	212%
Cape Lambert/Rotterdam	18.80	18.10	3.9%	14.30	31%	7.90	138%
NSW 15.2M/Japan	18.35	17.10	7.3%	12.55	46%	6.70	174%
Queensland/Rotterdam	24.50	23.00	6.5%	16.75	46%	13.20	86%
NSW 15.2M/South Korea	17.60	16.45	7.0%	12.05	46%	6.80	159%
T/C Trip Far East/Cont	5.17	4.86	6.4%	2.61	98%	0.80	546%
T/C Transpacific round	8.31	7.42	12.0%	4.29	94%	0.75	1008%
SSY Capesize Atlantic ($/tonne)							
Narvik/Rotterdam	8.20	7.95	3.1%	6.35	29%	2.75	198%
Tubarao/Rotterdam	21.50	20.85	3.1%	13.65	58%	6.15	250%
Richards Bay/Rotterdam	17.70	17.25	2.6%	11.75	51%	8.00	121%
Hampton Roads/Rotterdam	20.00	19.45	2.8%	13.65	47%	5.55	260%
Puerto Bolivar/Rotterdam	20.80	20.10	3.5%	14.65	42%	5.70	265%
Nouadibou/Taranto P2	13.00	12.65	2.8%	9.30	40%	3.75	247%
Tubarao/Japan	33.75	32.45	4.0%	23.75	42%	10.20	231%
Tubarao/Beilun+Baoshan	33.25	32.00	3.9%	23.95	39%	11.00	202%
T/C Trip Cont/Far East	12.90	12.55	2.8%	8.13	59%	1.99	548%
T/C Transatlantic round	11.31	10.78	4.9%	6.72	68%	0.80	1314%
JEHSUP 52k DWT Supramax ($/day)							
del Black Sea, redel Singapore-South Japan	31,000	33,500	-7.5%	33,000	-6%	8,250	276%
del US Gulf, redel Skaw-Passero	27,500	27,500	0.0%	27,000	2%	7,000	293%
del Far east, redel Atlantic	8,250	8,250	0.0%	8,000	3%	3,900	112%
del to make Australia, redel India	18,250	18,000	1.4%	16,000	14%	4,000	356%
JEHMA 45k DWT Handysize ($/day)							
Antwerp - Skaw Trip Far East	27,000	29,000	-6.9%	30,000	-10%	6,000	350%
Canakkale Trip Far East	27,500	31,000	-11.3%	30,500	-10%	6,750	307%
Japan - SK / NOPAC or Australia rv	16,750	16,500	1.5%	14,250	18%	3,050	449%
Japan - SK Trip Gib - Skaw range	7,250	7,250	0.0%	7,250	0%	3,100	134%
Antwerp - Skaw Trip US Gulf	10,750	12,000	-10.4%	12,000	-10%	3,250	231%
USG Trip Skaw - Passero	23,000	23,000	0.0%	22,500	2%	5,000	360%

Source: SSY, ICAP Hyde

Economic Indicators

- US manufacturing continues its slow but steady recovery
- Inflation seems to be under control in most of the EU countries for now
- Chinese producer prices seem to have bottomed out

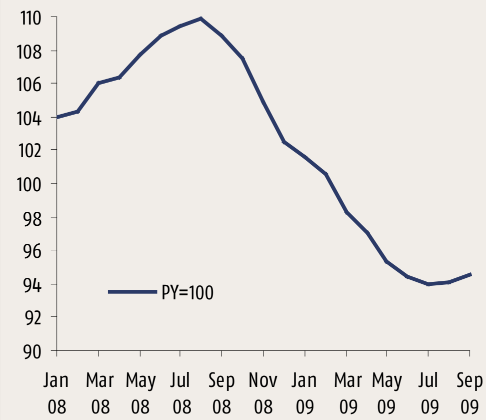
US motor vehicle assemblies, SAAR

Car inventories were drawn down by government schemes accounting for last quarter's sharp rebound in output rates

Source: CEIC data

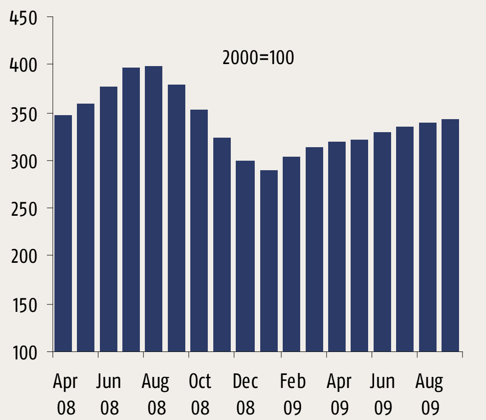
China Producer Price Index (PPI), Metal Products

PPI has remained stagnant over the last quarter



Source: CEIC data

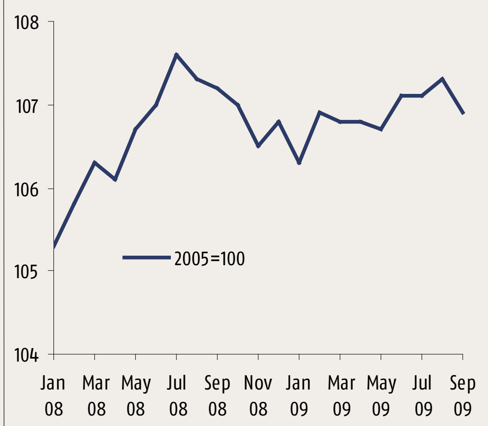
Russia Producer Price Index – *the steady rise in producer prices continued through September suggesting inflationary pressure will carry on to Q4*



Source: CEIC data

Germany Consumer Price Index (CPI)

Although inflation is still a worry, the CPI indicates it is under control for now



Source: CEIC data

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