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Spot Indian iron ore prices have fallen to \$51/ton FOB, a decrease of \$5 (-9%) from last week

Chinese mills produced 45.1mt of crude steel in March, 4.6mt (11%) more than February

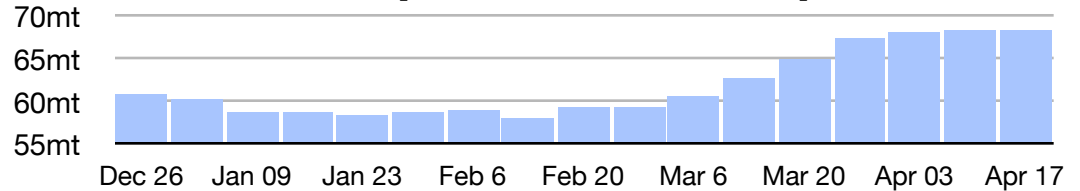
After taking into account additional calendar days in March compared to February, daily crude steel production actually maintained the same level in March and February (1.45mt/day)

Domestic steel prices up w-o-w

Iron Ore Port Stockpiles Decline Slightly

Chinese iron ore port stockpiles now total 68.51 million tons, a decrease of 60,000 tons (-0.08%) from last week. Stockpiles had previously risen for six straight weeks.

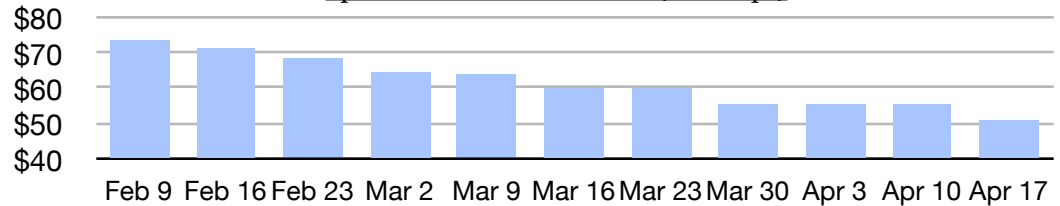
Iron Ore Stockpiles at Chinese Ports (Dec '08 - Apr '09)



Indian Iron Ore Prices Down From Last Week

Indian iron ore export prices, steady during the last three weeks, have fallen. Spot iron ore from India is currently trading at an average of \$51/ton FOB, a decrease of \$5 (-9%) from a week ago. Prices peaked this year at \$74/ton FOB in early February.

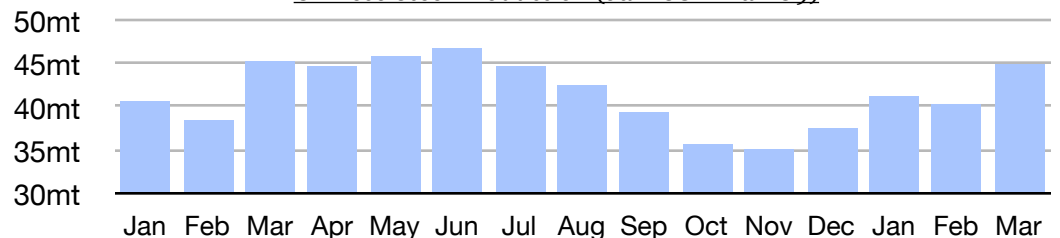
Spot Indian Iron Ore Prices (Feb - Apr)



March Steel Production Estimate Revised Up

While earlier reports from the Chinese government estimated 42.9mt of crude steel was produced in March, recently released data now concludes 45.1mt was produced (revisions to international trade data are not entirely uncommon). Compared to February, Chinese crude steel production increased by 4.6mt (11%). After taking into account three additional calendar days in March (31 days) compared to February (28 days), crude steel production actually maintained the same 1.45mt/day level in both March and February. Crude steel production peaked last June at 46.96mt (1.57mt/day).

Chinese Steel Production (Jan '08 - Mar '09)



Domestic Steel Prices Up From Last Week

Domestic hot-rolled coil is currently trading for around 3,620 yuan/ton (\$478), up 6% from last week. With demand questionable, some analysts suggest speculation is behind the rise.

Construction of five new nuclear power plants set to begin along China's east coast

By 2020, China plans on increasing its nuclear power capacity to 40-70 gigawatts (4-7% of total power capacity), up from 9 gigawatts today

Russia's East Siberia-Pacific Ocean (ESPO) oil pipeline expected to reach China within a few weeks

Early rice futures launched on the Zhengzhou Commodity Exchange

IMAREX

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Additional Nuclear Power Plants to be Built

Construction is expected to begin on five new nuclear power plants, all of which will be built along China's east coast. The nuclear power plants will be located in the cities of Sanmen (Zhejiang province), Rongcheng and Haiyang (Shandong province), Taishan (Guangdong province), and Changjiang (Hainan province). These new plants will add to the eleven Chinese nuclear power plants currently in operation and over thirty additional plants either planned or already under construction. By 2020, China plans on increasing its nuclear power capacity to 40 - 70 gigawatts (4 - 7% of China's total power capacity). Existing Chinese nuclear power plants are able to produce around 9 gigawatts.

EPSO Oil Pipeline to Reach China Soon

Russia's 4,700 kilometer (2,900 miles) East Siberia-Pacific Ocean (EPSO) oil pipeline is expected to reach China within a few weeks. Once construction of the EPSO oil pipeline is completed, China will be supplied with 15 million tons of Russian oil each year for the next twenty years.

Rice Futures Launched on Chinese Exchange

Earlier this week, the Zhengzhou Commodity Exchange launched early rice futures which will allow traders and industry players to speculate on fluctuating rice prices and manage risk. Additional grain futures including wheat, soybeans, and grain are also tradeable on the Zhengzhou and Dalian Commodity Exchanges.

Various industry sources are used when compiling data for this report including public disclosures by the Chinese government, local newspapers, and colleagues in and working with China.