

**"CIS Steel and Raw Materials in the World Markets  
2011"**

**CIS iron ore market:  
current situation and outlook  
for export**

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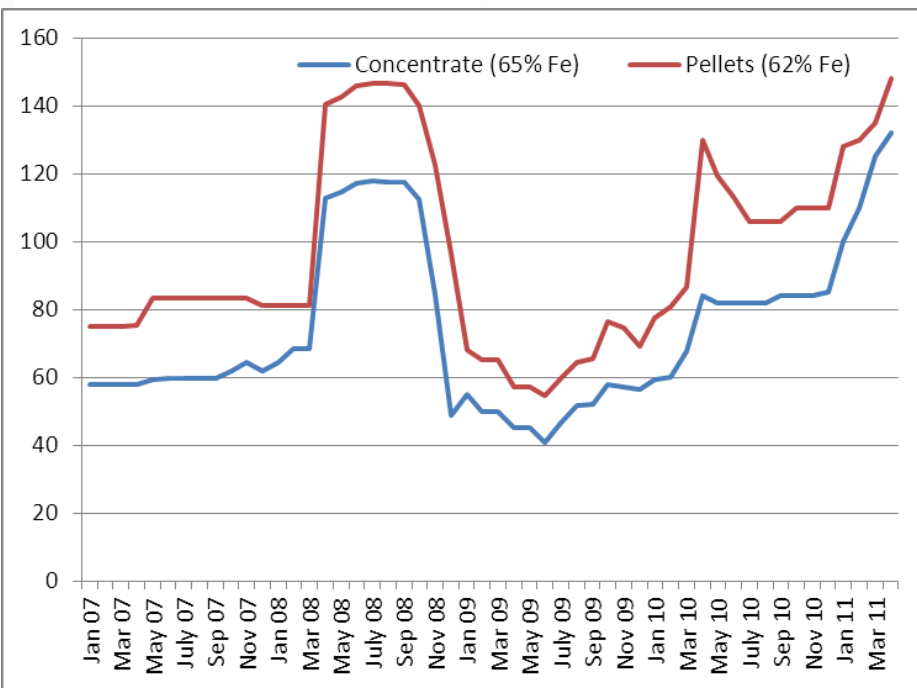
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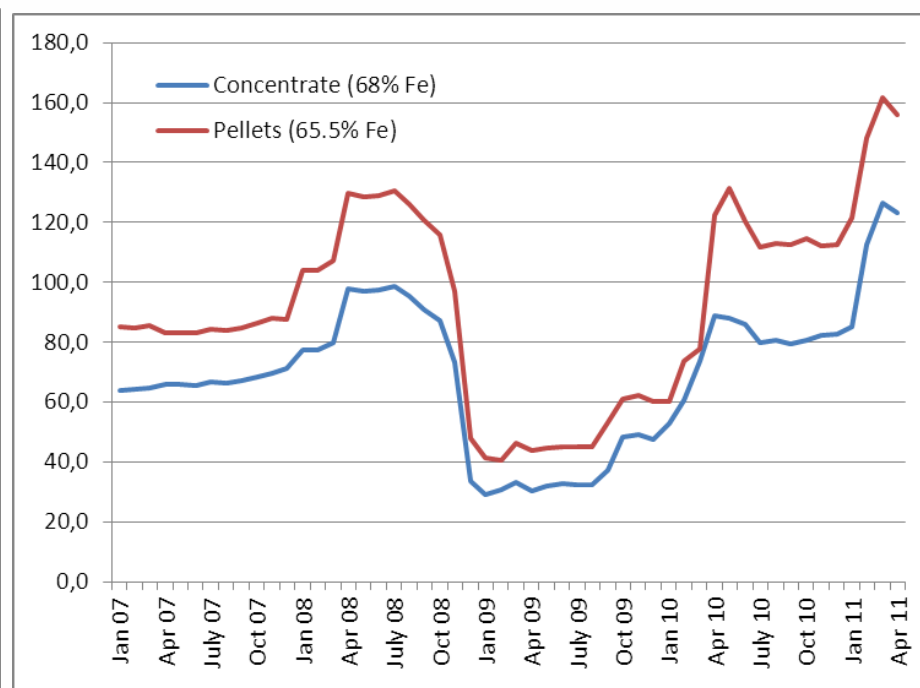
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Russian and Ukrainian iron ore prices have exceeded the record level of 2008:

**Ukraine, \$/tonne EXW**



**Russia, \$/tonne EXW**

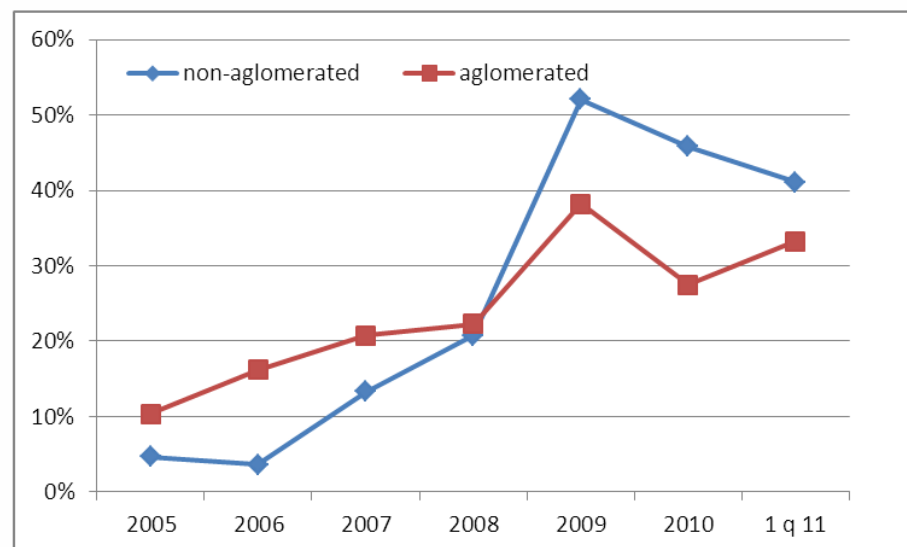
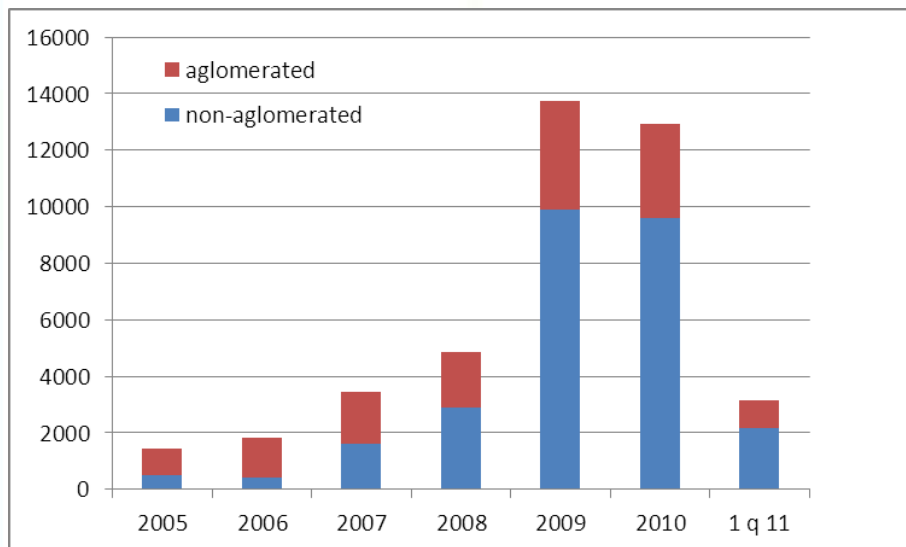


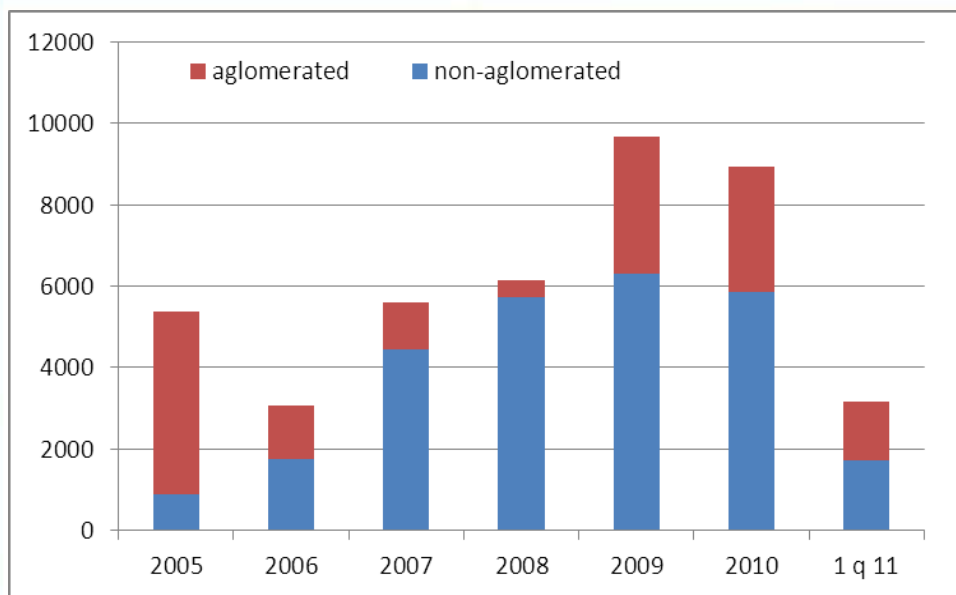
China is largest export market for CIS producers of iron ore! It has decisive influence on the Ukrainian and Russian markets.

### Ukrainian Export to China

1000 tonnes

China share

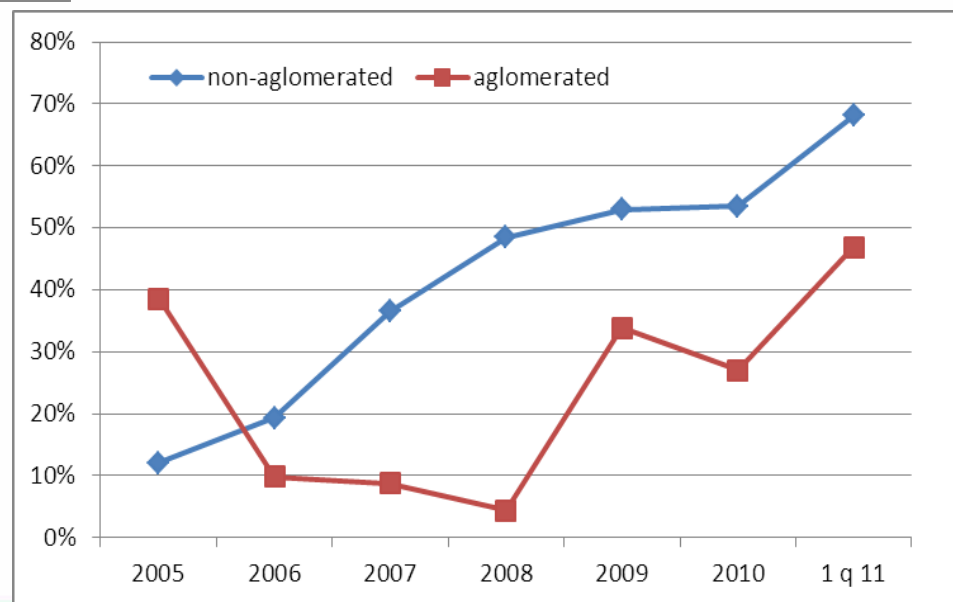




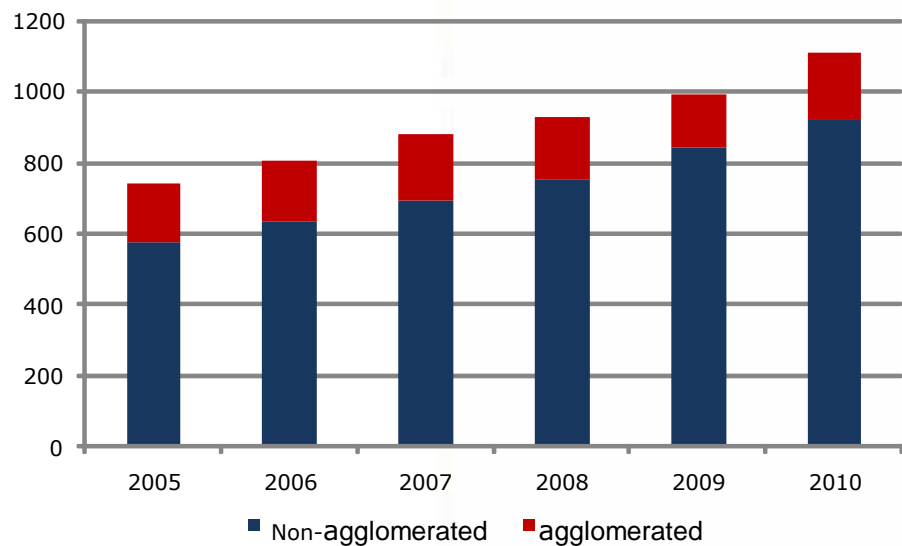
1000 tonnes

## Russian Export to China

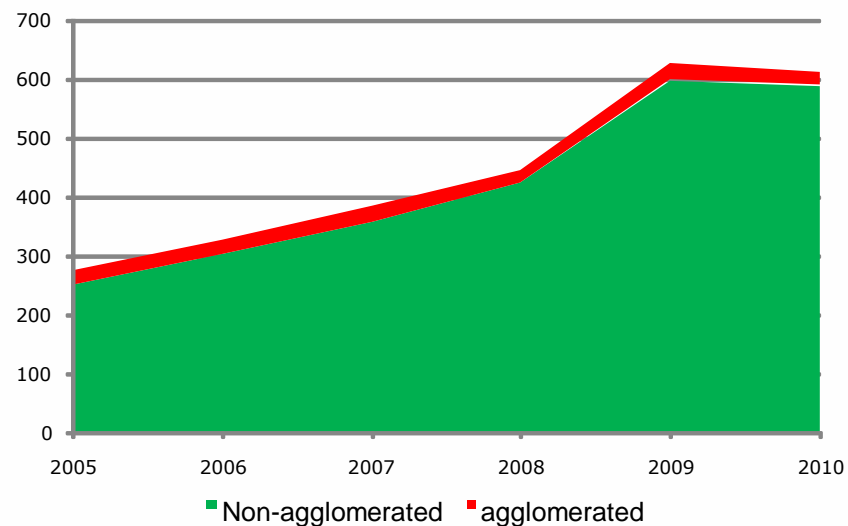
### China share



## World Trade, mln. tonnes



## China import, mln. tonnes



## *Outlook for 2011:*

- \* slow recovery of the world economy
- \* decrease growth of Chinese economic and pig iron production
- \* steel: production capacities exceed the demand
- \* growth of the demand and production for steel in the CIS

## ***Russian market:***

***Demand*** – 4-6% growth in 2011

***Capacities*** – implementation of the most projects of iron ore capacities expansion is suspended or postponed

## ***Market balance:***

- balance in iron ore concentrate market
- possible short-term shortage in pellets market

## *Ukrainian market:*

*Demand:* 10% annual growth in 2011

## *Capacities*

- launch of new processing equipment in Ingulets Mining Company and Severny Mining Company in late 2011 will affect production volumes in 2012.

## *Export*

increase of exports due to growth of supplies both to China and to the Eastern Europe

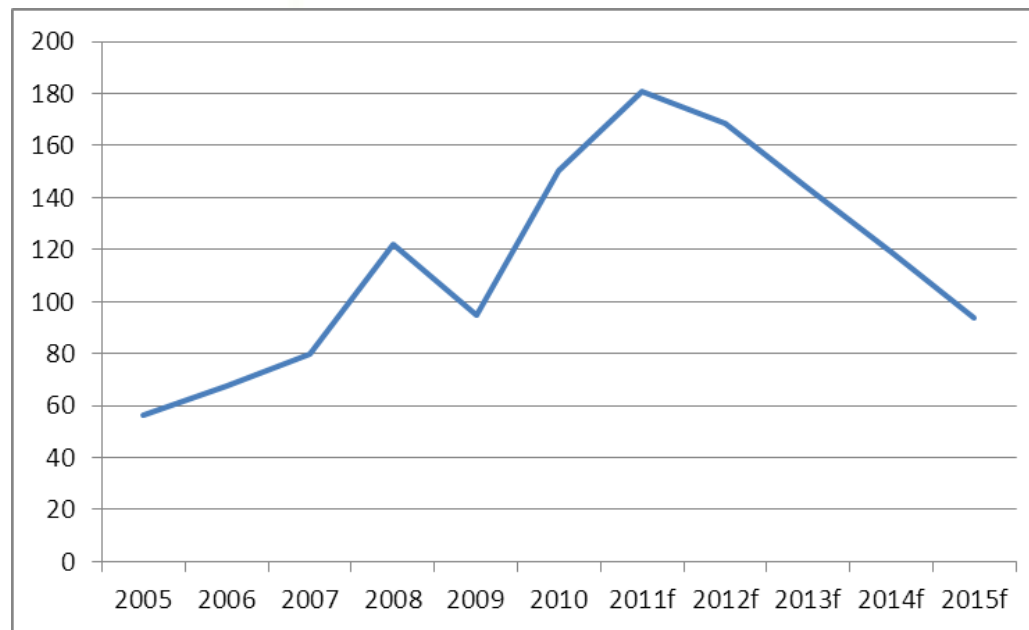


## Medium-term outlook

*Many factors will influence on the market. But China will remain the determining factor!*

High prices for raw materials have already driven growth of investments in iron ore capacities expansion, all over the world.

Growth of iron ore supply will cause lower prices for the next year



**Australian Iron Ore  
Export to China, \$/tonne  
FOB**

## **Investments in CIS**

*At the same time, mining industry of the CIS is still underinvested.*

We can see a great potential for the growth of investments in the CIS iron ore mining, oriented both to the domestic market and to exports

Expected shortage in steel scrap market is the guarantee of the demand for pig iron and DRI/HBI.

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**Thank you for your attention.**