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## Japanese ferroalloys import scenario

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Price of charge chrome for shipments in Q4 of 2008 is turning to reduce, price of silicomanganese is softening. The market tendency by item on imports of ferroalloys into Japan at September 30th 2008 is as follows

### General View

From the middle of September, when the bankruptcy of Lehman Brothers has emerged as the first case and an uncertainty of reliance on monetary organizations in the USA has broken out, market prices of metals have been painted all in a weakness and producers, based on their markets in Europe and the USA, have surged a feeling of their caution to an extraordinary extent. South African producers have maintained their bullish attitude towards sales of ferrochrome in the course of 2008 but some of them are now turning to suggest reducing price of ferrochrome. Therefore, the aspect of price for ferrochrome has entirely changed. In addition, the output of crude steel in China has stopped a further expansion, causing to fall market prices of manganese ferroalloys. On the other hand, owing to an unprofitable production of manganese ferroalloys, some of Chinese producers have decreased their output and, when this basic tone continues for a long period, the supply situation of ferroalloys in China will be improved to some extent.

### Ferrosilicon

Inner Mongolia and Ningxia Hui Region are main bases in China to produce ferrosilicon but it is marked to see further movements, which these districts are going to reduce their production of ferrosilicon. Particularly, it is interested in knowing how extent does the government of Inner Mongolia permeate the policy to put the brake on production of ferrosilicon into the market and, in view of the fact that a substitutive material for ferrosilicon does not exist, it is marked to see a further development of this question.

### Silicomanganese

The cost to produce silicomanganese in China is more hard to be payable to be a loss than that for production of ferrosilicon and the circumstances surrounding silicomanganese have deteriorated. In order to cope with a fall of price for silicomanganese, Chinese producers have been implementing to decrease their production of silicomanganese. Main provinces in China to produce silicomanganese have seen a phenomenon to reduce successively production of silicomanganese like a snow slide.

### Charge chrome

The negotiations with stainless steel mills in Europe on price of South African charge chrome for shipments in October to December quarter of 2008 have taken time. The European market has seriously felt this uncertainty of monetary organizations and the negotiations on charge chrome have to be freshly taken place again. A tendency on price of charge chrome has largely changed and turned from a basic tone to roll over to that to be reduced.

### Manganese metal

The domestic production of 200 series stainless steel in China is strengthening a tendency to reduce and Lianzhong Stainless Steel, a major stainless steel company of China, decreased their production of 200 series stainless steel in September by 30% compared to that in the previous month of August. Owing to a decrease of the demand for stainless steel products from domestic market and a depression of its exports, price of Chinese electrolytic manganese metal has straightly fallen to a considerable extent.

### Ferro vanadium

Dealers are offering ferrovanadium at USD 62 to USD 3.50 per kilogram of vanadium CIF Japan, indicating a basic tone to fall further and gradually price of ferrovanadium. Reflecting an occurrence of financial crisis, the market price of ferrovanadium in Europe has been painted all in a weakness and dealers are withdrawing from offers at higher prices. For a reference, the consumption of ferrovanadium in Japan has trended to increase and, as a matter of fact, Japan consumed 4,458 tonnes in material of ferrovanadium in January to August of 2008, having increased by 23% compared with 3,625 tonnes in the same period of 2007.

### Molybdenum

In the same case as that of ferrovanadium, price of ferromolybdenum has fallen and dealers are currently offering ferromolybdenum at USD 74 to USD 76 per kilogram of molybdenum CIF Japan, which has fallen by USD 4 to USD 5 per kilogram of molybdenum from that prevailed in the middle of September. Accordingly, price of molybdenum oxide is now being offered at USD 33 per pound of molybdenum CIF Japan, having weakened further.

