

Market Report

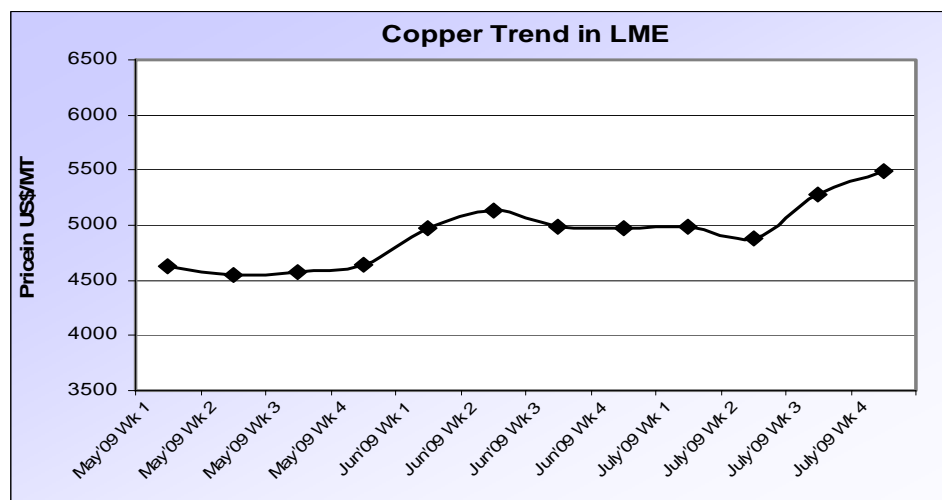
The **base metals** complex across the world started off in a quiet and calm note with the commencement of the month of July. Metals viz. nickel, aluminum, copper and zinc remained by and large dull through out the first week of July on account of worldwide economic pessimism coupled with the imminent summer slowdown. The situation worsened further in the second week as hope of economic recovery receded after a serious negative US data released in July week 02. For instance, the nickel prices suffered a drop of around 5 per cent both at home and at LME in the second week as compared to the week before while both domestic as well as the international aluminum, copper and zinc prices witnessed a slump of around 2 – 3 per cent on an average over the same period of time. The situation slightly ameliorated in the following week as the prices gradually started picking up. The base metals pack staged a strong performance in the last week of July and in the beginning of August on the back of renewed optimism that swept through financial markets and pushed the metal prices higher. However, this rally in prices also indicates that they are over bought and are racing ahead of their fundamentals so a market correction in the coming days can not be ruled out.

Copper Market Overview:

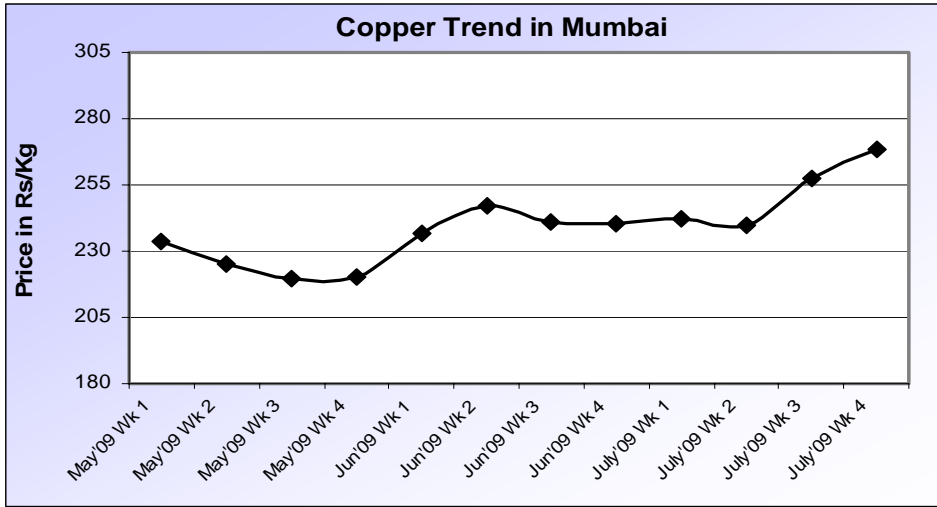
The copper market exhibited a mixed trend in the month of July as the demand kept on fluctuating throughout the month with the prevailing capricious market sentiment as a result of on going economic slowdown and market uncertainty all over the world. The metal depicted by and large stable price trend in the first week of July both at home and at LME but with the beginning of July week 02, copper prices across the world started to soften amid the growing global economic concerns and seasonal impacts hampering end users' demands which pulled the copper prices down by nearly 2 per cent both at LME and home as against July week 01. However, copper started to regain some momentum since the beginning of the third week and ended the week on a happy note as prices swelled up by more than 7 per cent as compared to the second week of July. According to the market experts this rise in the price was more due to the international trends than due to the improved off take by the end users. The price rise was sustained in the fourth week of July as well and copper prices both at home and LME rose further by another 4 per cent as compared to the week before. The month of August started on a positive note for copper both at home and abroad.

Copper Price at LME on Aug 03, 2009 – USD 5,971/MT

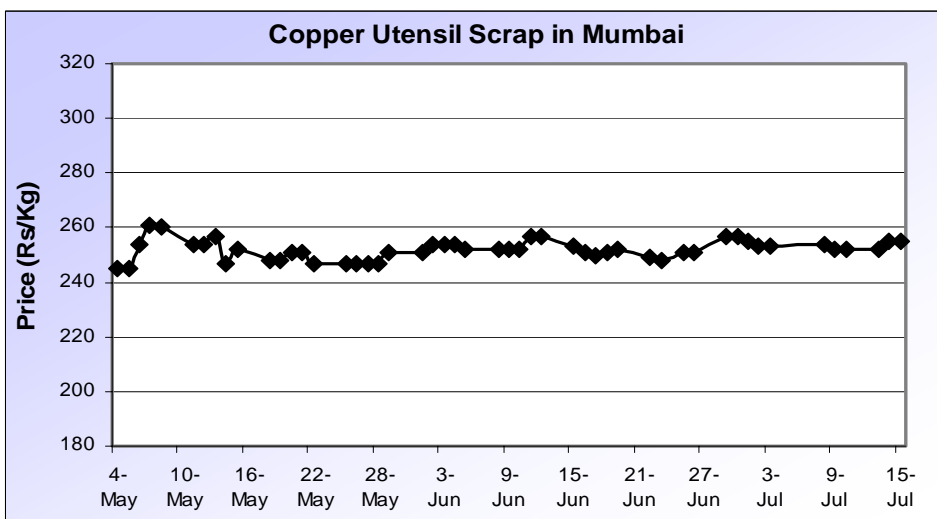
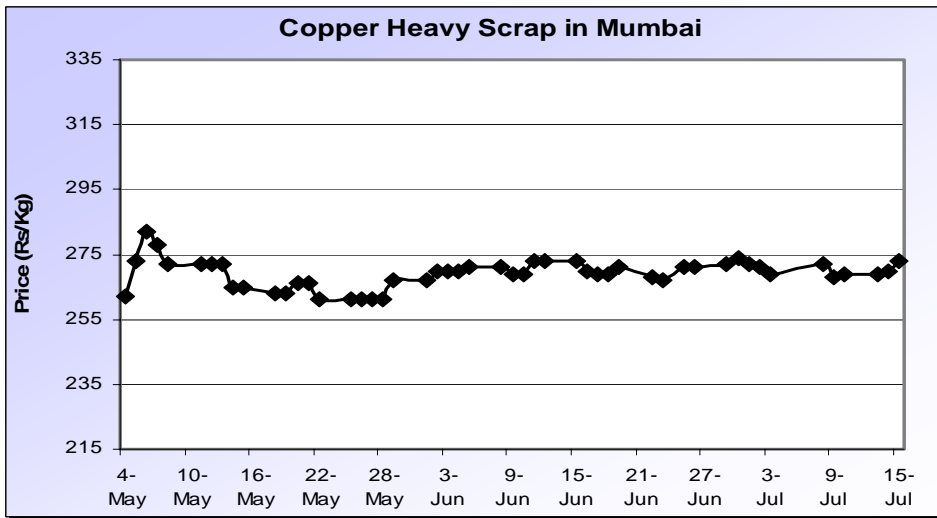
Copper Price at Mumbai on Aug 04, 2009 – Rs. 289/Kg (basic)



Source: LME



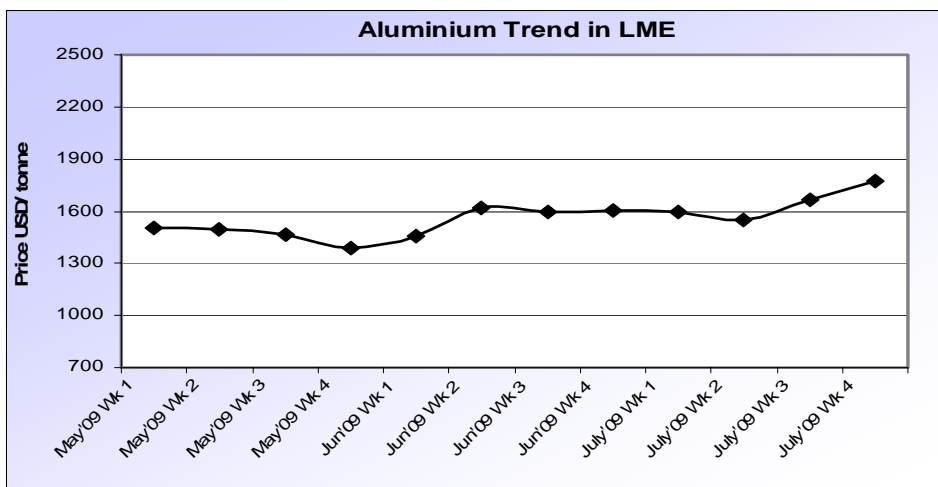
Price in Rs./kg is basic, Source: MCX



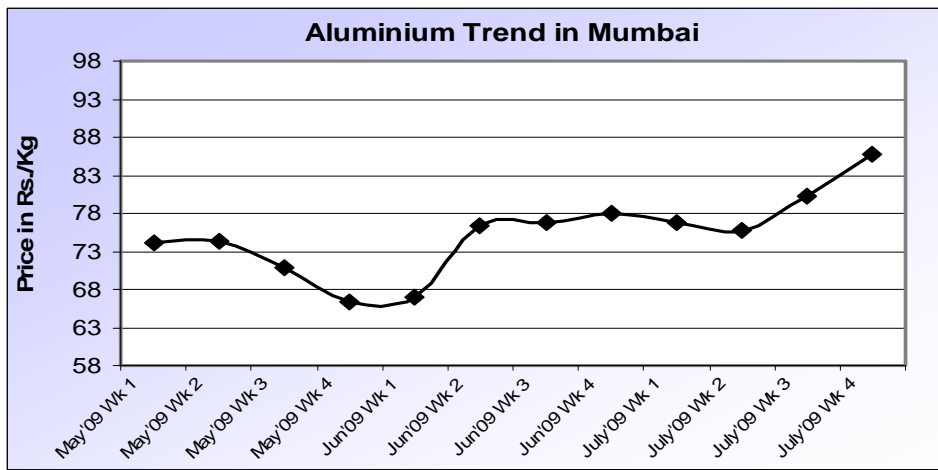
Price is in Rs/ Kg & all inclusive in Mumbai market Source: Metal Trade Intelligence

Aluminium Market Overview:

Aluminium market across the world remained depressed in the first half of the month with the aluminium prices both at home and abroad remaining low as the demand conditions remained inert all across and aluminium prices both at home and LME suffered a drop of around 1 per cent in first week of July as compared to the week before. Prices went further down in July week 02 with economic conditions appearing bleak during the period and was appropriately reflected by a nearly 3 per cent drop at LME and nearly 1.5 per cent drop at home. However, the aluminium prices started looking up since the beginning of the third week of July with a slightly improved international trend and on the back of renewed optimism that swept through financial markets though whose sustainability in the coming month is still doubted. In the third week of July, prices registered a gain of around 7.5 per cent at LME and nearly 6 per cent at home as compared to July week 02. The concluding week of July depicted an upward trend as prices both at home and LME continued its journey northwards witnessing some significant gains of around 6.5 per cent as against July week 03. Aluminium both at home and abroad kicked off on a happy note with the inception of the month of August.

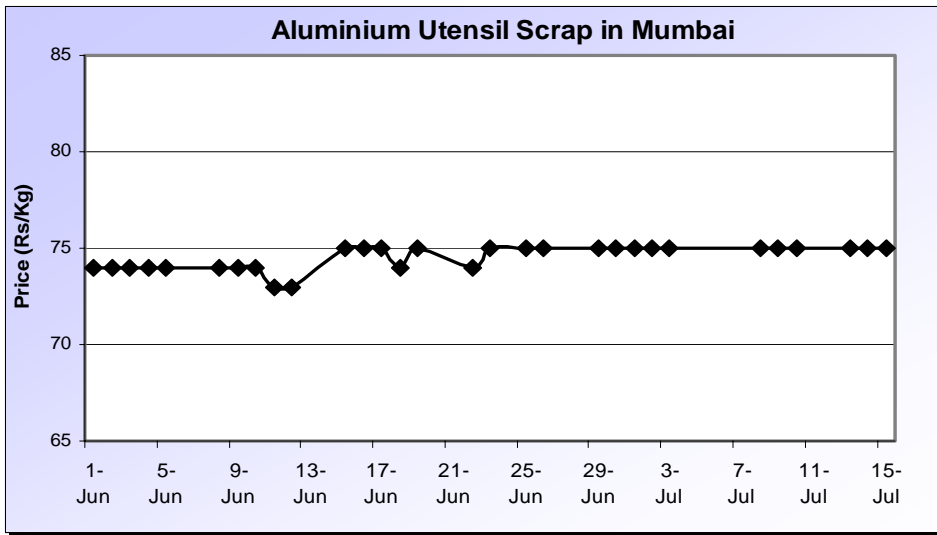
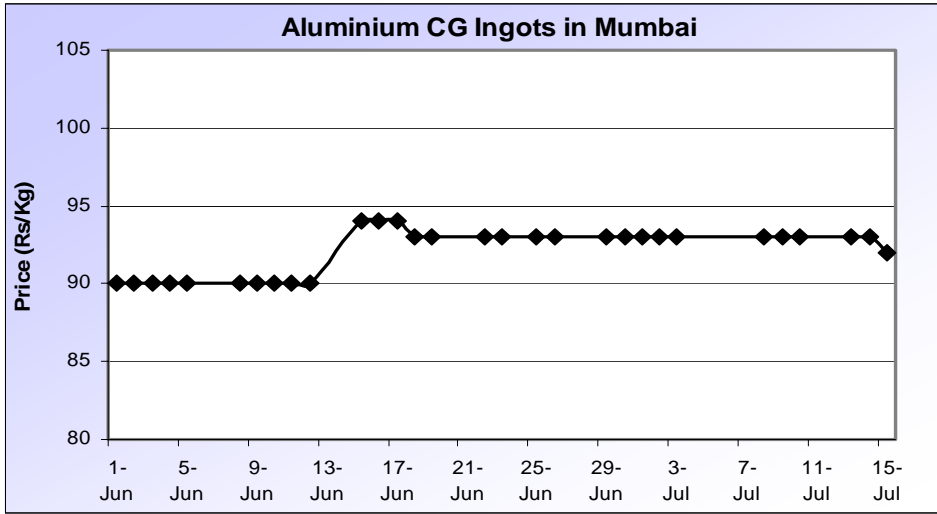


Source: LME



Price is in Rs./Kg (basic)

Source: NCDEX

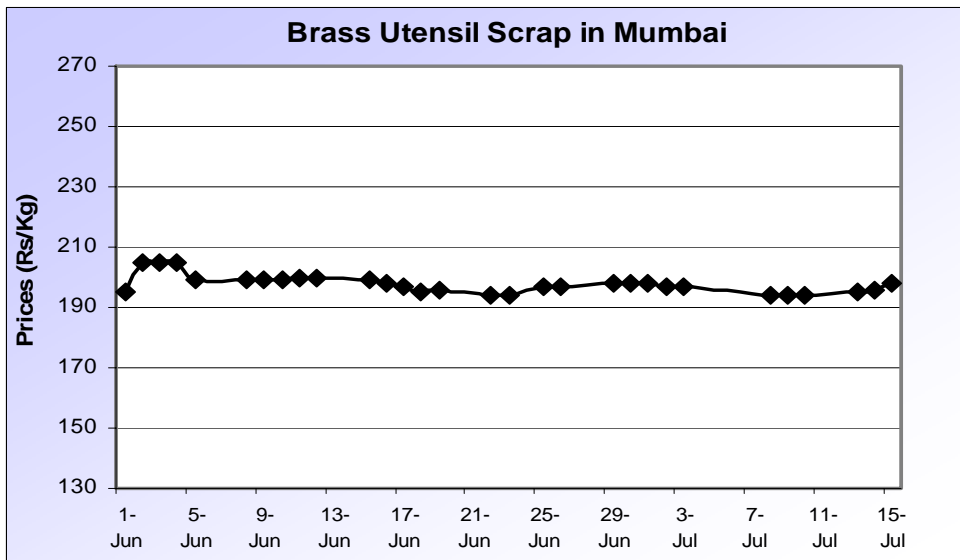
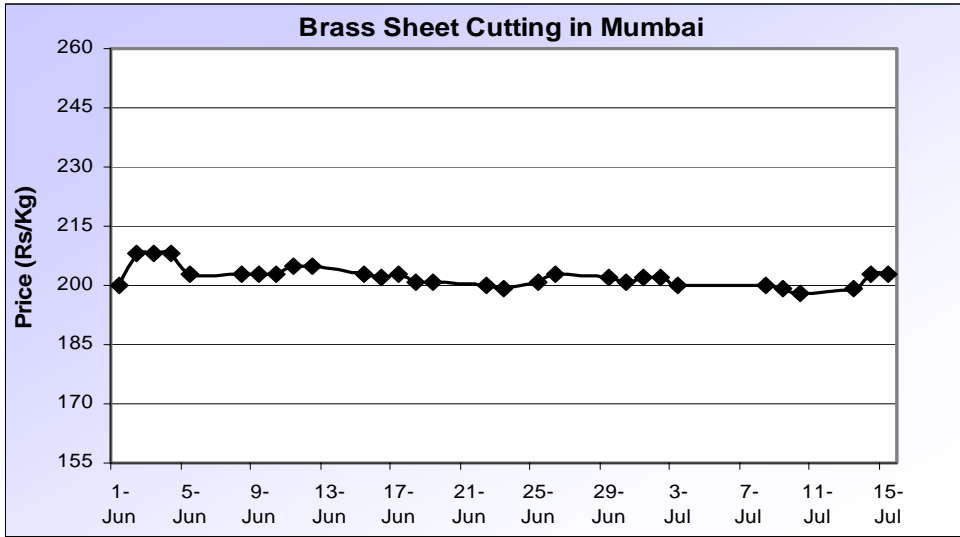


Price is in Rs/ Kg & all inclusive in Mumbai market Source: Metal Trade Intelligence

Aluminium Price at LME on Aug 03, 2009 – USD 1,930/MT
 Aluminium Price at Mumbai on Aug 03, 2009 – Rs. 92.40/Kg (basic)

Brass Market Overview:

Brass market exhibited more or less a stable trend in the month of July with meager ups and downs in the middle. With the commencement of the month of August, brass prices witnessed some improvement on the back of firming trend in global markets and relatively stronger demand of late. Brass utensils scrap moved up by Rs 4/Kg to Rs 209/Kg as compared to the day before while brass sheets cutting rose by Rs 4/Kg to Rs 214/Kg on Aug 03, 2009.



Price is in Rs/ Kg & all inclusive in Mumbai market Source: Metal Trade Intelligence

Stainless Steel Market Overview:

The stainless steel sector continued to see revival in the market as demand recovered. Mills maintained a strong activity level during the first three months of the year. This is expected to continue accompanied by a rise in raw material prices.

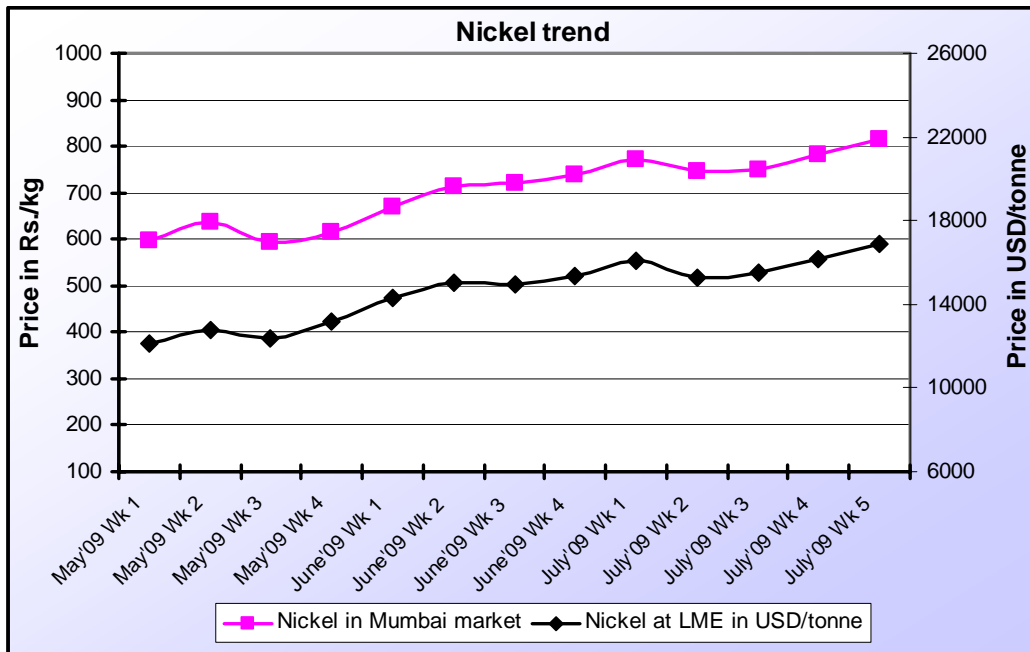
Indian stainless plant at full capacity as demand recovers: The Hisar works of India's largest stainless steelmaker, JSL (formerly Jindal Stainless), is currently operating at full capacity. This follows a 66% year-on-year increase in its stainless production in the April-June quarter.

JSL's output totalled 168,992 tonnes in April-June. The Hisar plant produced at near 95% capacity in June following a recovery in stainless demand in the January-March quarter. JSL notes that the export market remains challenging; its exports to Europe and the US have declined significantly and it has

since shifted focus to Asia and India. In the domestic market, it expects high single digit growth driven by the demand from railways, metro, architecture, and the building and construction sectors. Industry sources believe stainless prices could hover around the current range in the near-term, with the possibility of slight increases in the near-term if nickel prices rise further and stabilize at the USD 16,000/MT range.

According to the analyst, stainless steel production is due to improve 11.7% quarter on quarter and remain strong through 2010. Macquarie's growth forecasts for 2010 have also been revised to 11% y-o-y after its original estimates for global stainless steel production were for it to be down 12.9% this year and up 6.5% in 2010.

Nickel Trend in the Domestic market and at London Metal Exchange



Source: LME & NCDEX

In the auction held on July 30, 2009; stainless steel scrap from one of our Clients at Chattisgarh fetched a price of Rs. 76,300/MT (basic).

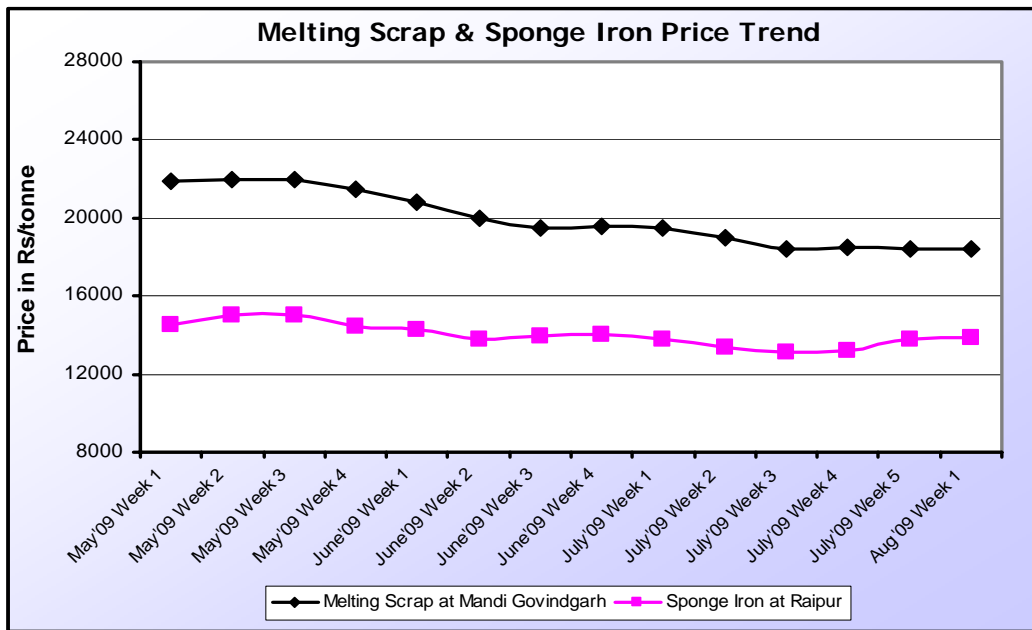
Melting Scrap Market Overview:

Indian market for imported scrap remained stable: The import price of steel scrap remained high influenced by the active steel market. The price of HMS1&2 from European countries prevailed at around USD280/t CIF Indian west coast beginning of the month. This was mainly due to the slight improvement noticed in the longs market which gained confidence in the market and demand of steel scrap. However, the situation remained calm towards the latter half of the month due to heavy rain with price of HMS1&2 prevailing in the range of USD280-285/t CIF Indian west coast. Ships are unable to arrive at ports which are further hindering the material arrival.

The international steel scrap market remained upward in the last week with the scrap prices moving further northward in the world market. In USA, the prices of shredded steel scrap FOB East Coast have

increased by USD 15/MT over a week and is currently prevailing at USD 270/MT. Steel scrap HMS 1&2 (80:20 mix) in USA also witnessed a price rise of USD 5/MT in the last week as compared to the week before and is currently prevailing at USD 265/MT. The European scrap steel market also exhibited a rising trend over a week. The shredded steel scrap FOB Rotterdam prices witnessed a rise of USD 10/MT over a week and is currently prevailing at USD 265/MT while steel scrap HMS 1&2 (80:20 mix) FOB Rotterdam also experienced a price increase of USD 10/MT as compared to the week before and is currently prevailing at USD 260/MT.

The steel ingot market also mirrored a declining trend as the ingot prices across the country exhibited a downward movement over a week declining in the range of 1.5 to 2.5 per cent. Melting scrap at Mandi Govindgarh too remained depressed in the last week and exhibited a drop of around 1.5 per cent as compared to the week before and melting scrap price at Mandi prevailed at around Rs. 18,930/MT (incl. ED) as on Aug 03, 2009. Sponge iron market at Raipur prevailed at around Rs. 13,890/MT (incl. ED) on Aug 04, 2009. On the backdrop of such a grim domestic steel market scenario, the scrap steel market across the country is expected to remain downward in the coming week.



Price in Rs/MT is incl.excise duty

Source: Steel Town Weekly, MCX