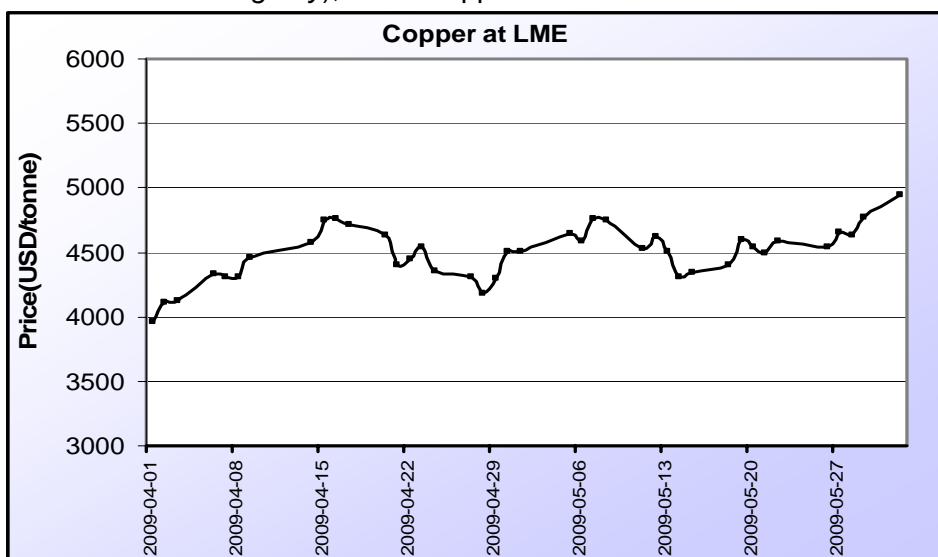


Market Report

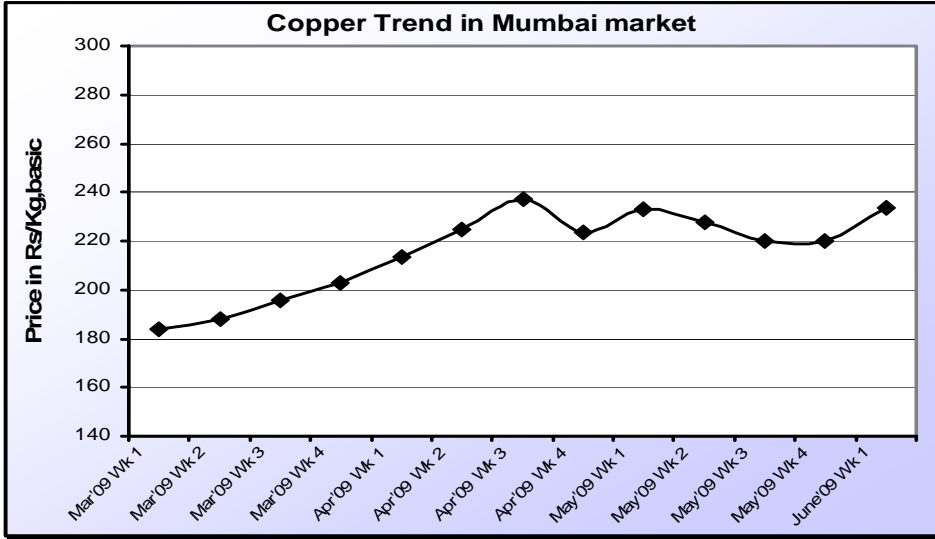
The basket of **base metals** tended to fare better in the first half of May on the basis of good fundamentals and improved demand from the investors and industries. Moreover, the production cut backs by various producers have further contributed to the rally in the metal prices in the first week of May. Base metals in LME viz. Nickel and zinc prices shot up by a whopping 8 per cent in the first week of May while Aluminum and copper prices increased by over 5 per cent and lead prices swung up by more than 2.3 per cent over the same period. In Mumbai; copper, nickel, zinc, etc. registered handsome gains as well in the beginning of the month. However in the middle of the month, the sentiments changed as volatility once again began to creep in and markets started trading on a mixed note. Base metal prices were also hit on the back with widespread investment liquidation and finally ended up in exhibiting a weakening price trend in the second week of May. The base metals pack ended in the negative territory on the close of May week 03 as economic pessimism affected market sentiments. Despite a weaker dollar, prices could not get support as speculative selling came in; leading to further dip in the metal prices in the penultimate week of May. The market remained choppy even in the concluding week as mixed economic data dampened the market and investor sentiments all across the world. Almost all the metals irrespective of home and abroad depicted a declining trend in the last week of May. The beginning of June saw a positive beginning for most of the metals.

Copper Market Overview:

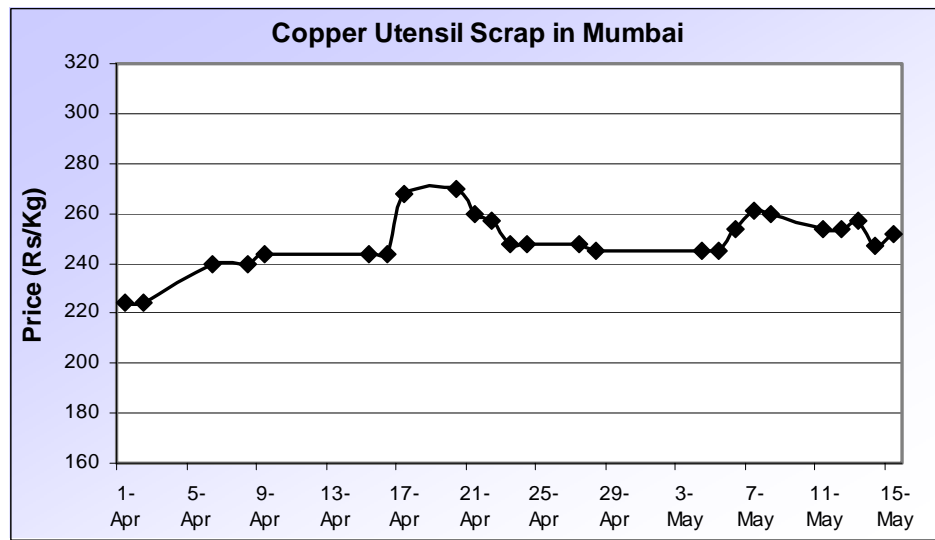
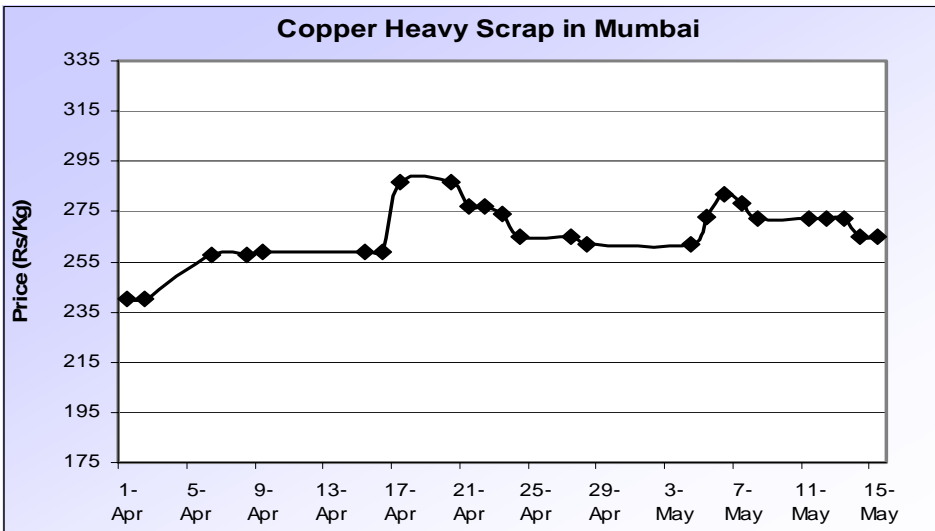
Copper: After ending on a negative note in the end of May, Copper prices picked up in the beginning of June both in the domestic market and at London Metal Exchange. Copper prices continued to rise by Rs 2 per kg in the national capital on June 03 largely on firming global trend. Pick up in demand from consuming industries also supported the uptrend. Trading sentiment in copper remained firm on reports that the copper for three-month delivery on the London Metal Exchange reached 5,145 dollar a metric ton on expectations of pick up in demand after positive economic data from the US and China. In the national capital, copper wire scrap, copper super D rod, copper wire bar and copper mixed scrap were maintaining its upward trend and gained another Rs 2 each to Rs 277, Rs 299, Rs 300 and Rs 255 per kg respectively. On June 01, Copper at LME prevailed at 4947 USD/tonne (*a rise of 4 percent since the last trading day*), while Copper in Mumbai market made a rise of 4.2 percent over a day.



Source: LME



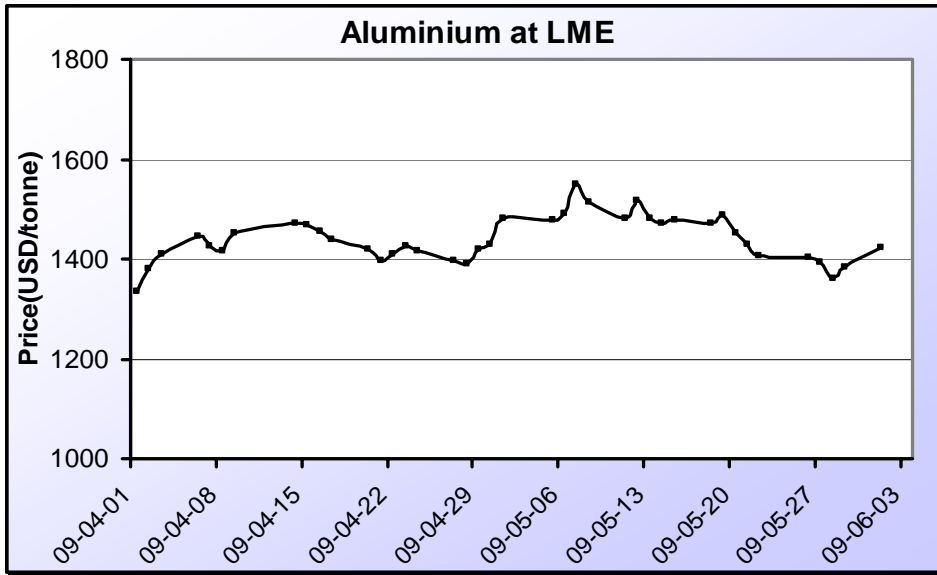
Price in Rs./kg is basic, Source: MCX



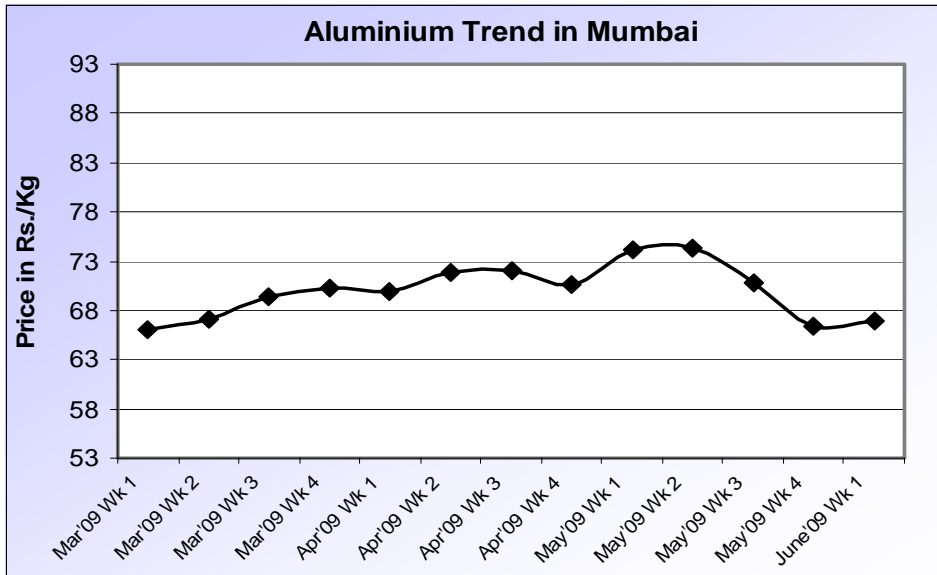
Price is in Rs/ Kg & all inclusive in Mumbai market Source: Metal Trade Intelligence

Aluminum Market Overview:

Aluminum: Like all other metals, aluminum also depicted a mixed trend in the month of May on lack of demand from industrial users. The beginning of June depicted a slight positive trend both in the domestic market and at London Metal Exchange; showing a rise of almost 3 percent over a day at LME backed by falling inventories in almost six weeks. However the outlook for the over-supplied aluminium market remains dire, ahead of a potential series of production restarts in China and as economic turmoil continues to punish the auto sector.

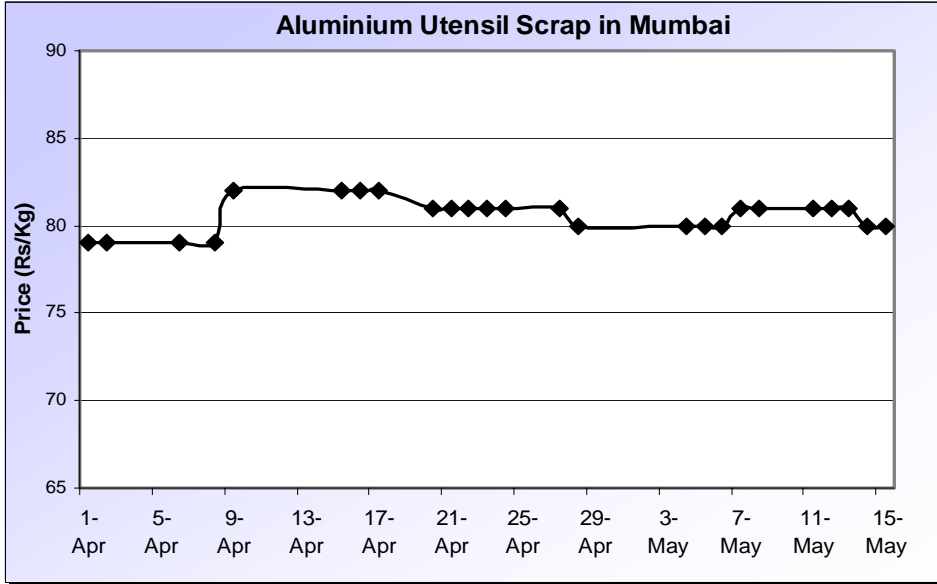


Source: LME



Price is in Rs./Kg (basic)

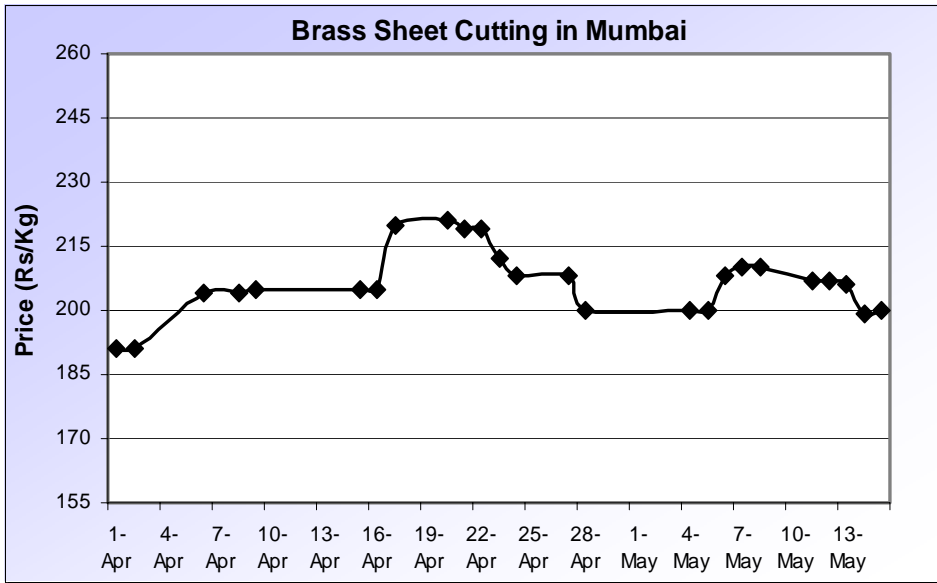
Source: NCDEX

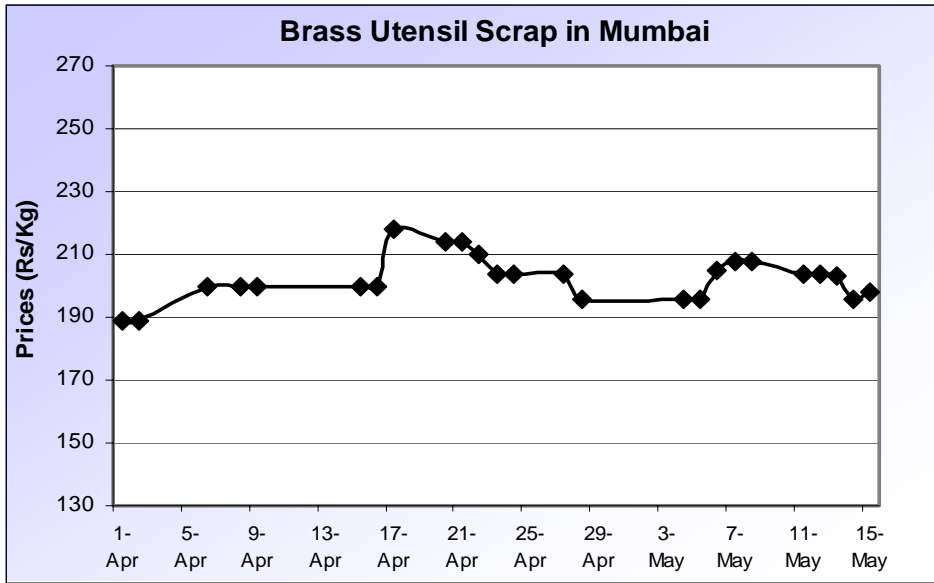


Price is in Rs/ Kg & all inclusive in Mumbai market Source: Metal Trade Intelligence

Brass Market Overview:

After depicting a mixed price trend in the month of May, Brass market ruled firm beginning of June following sustained industrial demand coupled with firm global advices.





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

Stainless Steel Overview:

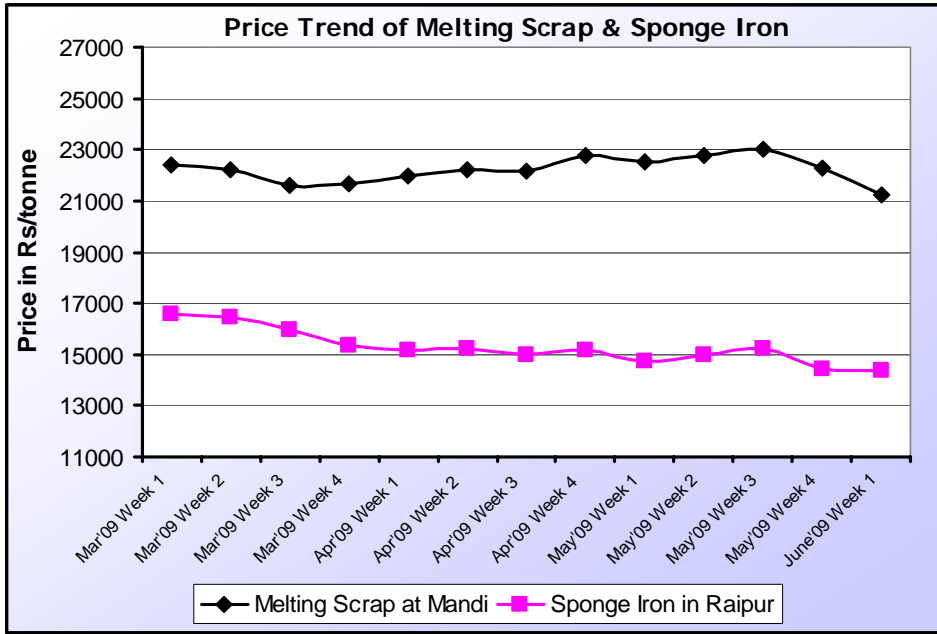
The stainless steel sector saw revival in demand in the domestic market with prices improving in the range of Rs.5000 to Rs.10,000 per tonne as compared to the earlier month.

The beginning of May has seen a rise in Nickel price by around 5 to 6 percent both in the domestic market and at LME. However, since the mid of this month; nickel gradually started to loose its ground and prices started faltering in the third week both in the domestic market as well as on the international front. Nickel prices picked up marginally at the end of May as compared to the third week mainly due to the weakening of US dollar in the world market but the demand in the market still continues to remain inert. The domestic market however sees an improved condition with Nickel prices ending on a positive note and this is mainly attributed to the gain in consumer confidence in the stainless steel segment. According to market sources, purchasing is taking place in good quantity and conditions are expected to stabilize in the coming days. Stainless Steel Scrap e-auctioned from one of the client fetched a price of Rs.52,000/tonne (basic) in the fourth week of May. The international market is also expected to exhibit some positive momentum in the month of June.

Melting Scrap Market Overview:

The steel market across the country remained more or less stable beginning of the month. Ingot prices depicted a stable trend at various places of the country and Melting scrap and Sponge iron also depicted more or less a stable trend in the domestic market. Demand in the market hasn't witnessed any major change over a week and has remained by and large stable. The mid of the month saw some improvement in the market with an improvement in demand coming up from the construction sector. However, the improvement was only short-lived as the Election period had a major impact amongst the buyers' sentiment. There was a wait and watch attitude in the market as everybody awaited the formation of a stable government in the country. Prices of various metallic items dipped in the range of 1 to 4 percent over a week. Post Election result did not either create much hype in the market as the earlier two days made a rise in prices of most of the items in the range of Rs.500 to Rs.1000 per tonne

boosted by the sharp surge in Sensex. However, there was once again a market correction and prices dipped by Rs.500 to 800 per tonne across various items influenced by the global financial crisis. The month ended on a downward note for the scrap segment as demand remained low. There was not much buying in the market and buyers did not make any huge volumes of purchase accompanied by slow movement of material. Real demand still lacks in the market and the approach of monsoon has further aggravated the situation. Sponge Iron market has too witnessed a drop in price since the fourth week in the range of Rs.200 to Rs.400 per tonne as there was not much demand existing in the market. The beginning of June has seen a further slide in the Scrap and Sponge Iron market with prices dropping by almost 4 percent in the last three days.



Price in Rs/MT is incl.excise duty

Source: Steel Town Weekly, MCX