

### Steel News-At a glance

**China curbs Iron-Ore Imports:** China has restricted iron ore imports because price increases by foreign suppliers are damaging "long-term co-operation" between exporters and the world's biggest buyer of the steel making ingredient. It has imposed a ceiling on iron ore prices at about \$54 a tonne for imports from Australia and \$70 for those from Brazil, including freight charges.

**Steel majors hike prices in India by Rs.1,500-2,000 a tonne after Budget:** Prices have been raised with recovery of steel demand in Asia and with international prices strengthening. The price increase has been after a long time when it was last increased in September, 2005.

**Hindustan Zinc raises prices for the second consecutive time in a month:** Buoyed by the increasing demand of zinc from China, HZL raised prices of the metal by 1.3%.

Products	Purity	Ex-Debari /Chandneria	Ex-Vizag /Hyderabad	Ex-Bangalore /Silvasa	Ex-Calcutta/ Jamshedpur /Tarapur/ Nagpur	Ex-Ghaziabad/ Faridabad/ Jalandhar
SHG Zinc	Min 99.99%	127300	128050	128800	129300	129100
HG Zinc	Min 99.95%	127100	127850	128600	129100	128900
PW Zinc	Min 98.5%	125300	126050	126800	127300	127100

Note: Price is in Rs. /MT. The above prices are exclusive of excise duty, sales tax and other statutory levies as applicable.

**Increase in Steel & Metal prices also reflected in Stock Market:** As on **28.03.06**, share price of JSW Steel went up by 9.97 per cent to Rs 291.20, Essar Steel went up by 8.6 per cent to Rs 45.45, Tata Steel went up by 5.01 per cent to Rs 518 and SAIL share price went up by 4.39 per cent to Rs 84.4. Sensex crossed the 11,000 mark.

Aluminium major Hindalco surged 6.5% to Rs 169.80. Nalco, Madras Aluminium, JSW Steel, Hindustan Zinc, Essar Steel, Tata Sponge, Jindal Stainless and Jindal Steel also ended on a higher note.

**Strong Indian economy will give a boost to Indian steel sector:** India's GDP is growing at the rate of 8% p.a. This has given a boost to infrastructure and industrial manufacturing activity and steel consumption has increased with both demand and supply scenario improving presently.

**Further hike in steel prices in the month of April'06:** With demand recovering, **Tata Steel** is raising prices of hot-rolled coils by Rs.2000/t to about Rs.24,000/t in the month of April.

**Uttam Galva Steels Ltd.** has increased prices across all its product categories comprising cold rolled steel, galvanised steel and steel by-products by Rs 3,000 -Rs 4,500 per tonne with effect from April 3.

**JSW Steel** has hiked hot rolled coil prices in the range of Rs 2,000 to Rs 2,500 per tonne, while for Galvanized steel the hike has been Rs 3,500 per tonne.

Other producers including **SAIL** are also likely to make price hike announcements soon.

**CRU Index Behaviour (Source: [www.cruspi.com](http://www.cruspi.com))**

Steel prices - CRUspi indices are compiled from a weighted basket of steel prices. In total, there are eight weighted indices:

Carbon Steel: six indices (CRUspi global, CRUspi flats, CRUspi longs, CRUspi North America, CRUspi Europe and CRUspi Asia)

Stainless Steel & Metallics (scrap, pig iron and DRI/HBI)

	Jan'06	% Change(Y-Y)	Feb'06	% Change(Y-Y)	Mar'06	% Change(Y-Y)
Global Index	130.38	-20.90	132.11	-17.30	138.24	-13.00
Asia Index	117.25	-28.30	119.79	-24.50	128.79	-19.00
Longs Index	131.15	-4.20	132.8	-3.80	138.07	-0.20
Flats Index	129.99	-27.30	131.76	-22.70	138.32	-18.20
Metallics Index	162.73	-16.00	173.64	-8.20	183.64	-2.40
Stainless Index	115.64	-16.20	121.52	-9.30	120.72	-9.40

As seen from the above table, steel index values across various categories have improved on a month to month basis. This clearly indicates that steel prices are stabilizing. However; the year-on-year basis index still shows a negative figure.

(DIPANKAR CHAKRABARTI)

GM – Steel Sales

## STEEL INDUSTRY MARKET SCENARIO

### FLAT & LONG PRODUCT

#### Domestic Scenario:

#### HIGHLIGHTS:

**Imposition of 5 percent duty on steel scrap impacts housing sector:** Steel makers increased their prices following which the realtors have affected an increase in house prices. Prices of long steel products such as structural, TMT bars and wire rods, the three main items used in building houses have, on an average increased from the range of Rs 23,300-Rs 23,500 per tonne to Rs 24,200-Rs 24,500 per tonne, which is more or less at par with the additional 5 per cent duty imposed on scrap steel. This increase has prompted the housing industry to increase house prices by 2 to 2.5 percent.

**Uttam Galva Steels Ltd. increased prices across all products:** Uttam Galva Steels Ltd, the country's second largest galvanized steel manufacturer increased prices in the mid of March across all its product categories due to increase in input and logistic costs. The company again increased prices with effect from April 3 across all its product categories comprising cold rolled steel, galvanized steel and steel by-products by Rs 3,000 -Rs 4,500 per tonne.

#### **Price trend of prime steel in Mandi Govindgarh market:**

<b>Primary Flat Products</b>	<b>Nov-05</b>	<b>Dec-05</b>	<b>Jan-06</b>	<b>Feb-06</b>	<b>Mar-06</b>
<b>Plate(5-10 mm)</b>	26500	25800	25600	25700	27000
<b>HR Coil</b>	27000	26700	26600	26700	27500
<b>HR Sheets</b>	26750	26000	26000	26200	27500
<b>CR Coil</b>	32500	32300	32200	33000	33000
<b>CR Sheets</b>	32500	32300	32200	33200	33000
<b>GP Coil</b>	34000	33000	33000	35200	35300
<b>GP Sheets</b>	33500	32800	32800	35200	35500

**Note: Price (Rs. /MT, incl.excise duty)**

#### **Price trend of prime steel in Mandi Govindgarh market:**

<b>Primary Long Products</b>	<b>Nov-05</b>	<b>Dec-05</b>	<b>Jan-06</b>	<b>Feb-06</b>	<b>Mar-06</b>
<b>Billets(100*100mm)</b>	20000	19000	19600	20500	21900
<b>MS Rounds(22/25 mm)</b>	22475	21400	22000	22600	23600
<b>MS Squares(22/25 mm)</b>	22280	21300	21800	22700	22500
<b>MS Angles(25*6mm)</b>	22300	21300	21700	22600	23600
<b>MS Angles(100*6mm)</b>	23075	22650	22900	23750	24700
<b>MS Channels(75*40mm)</b>	22850	21500	22000	23000	24000
<b>MS Channels(125*65mm)</b>	23634	23000	23100	23600	24700

**Note: Price (Rs. /MT, incl.excise duty)**

**CIF Indian Ports Based on Arrivals in Jan'06**

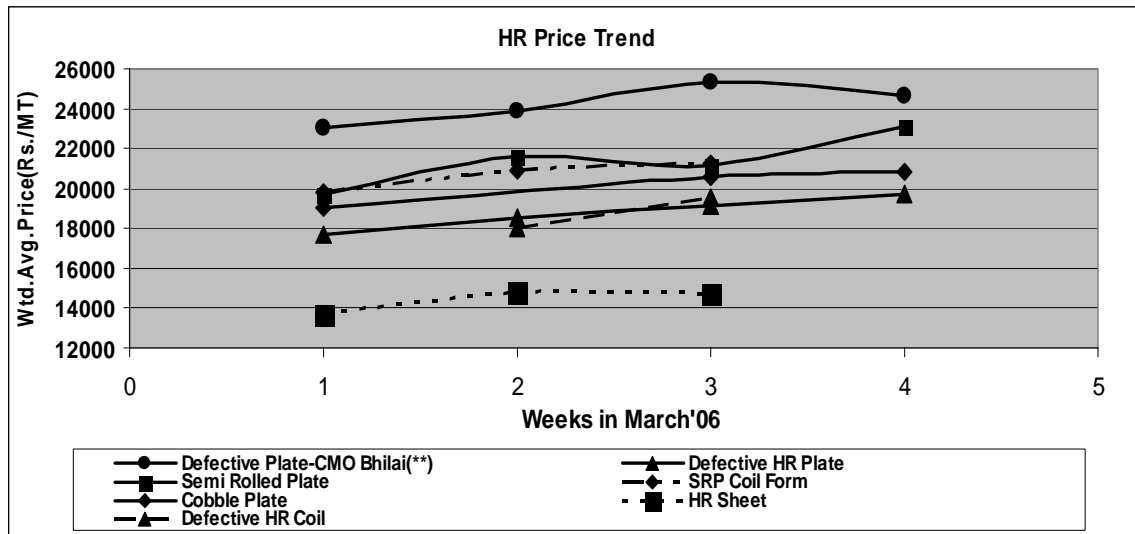
Products	Landed At	Origin	Rs./t
HR Steel Coils/Sheets Prime Quality	Bombay	S.Africa	\$467
CR Steel Coils	Bombay	Korea	\$ 784
CRCA Steel Coils/Strips	Bombay	Korea	\$ 607
HDG Steel Coils	Tughlaqabad	Japan	\$ 960

**Price Movement**

	Review	Outlook
Steel Product	Mar'06 over Feb' 06	Apr'06 over Mar'06
HR Coils	↑	↑
CR Coils	↑	↑
GP/GC Coils	↑	↑
Long Products	↑	↑

**Price Trend as observed in the Auctions held at Metal Junction for Flat Products:**

Following graphs show the price trend observed in the auction services of Metal Junction for the month of March 2006 for different HR and CR products.



**Note:** Price is basic, \*\* implies price incl.excise duty

Attached below is the data table:

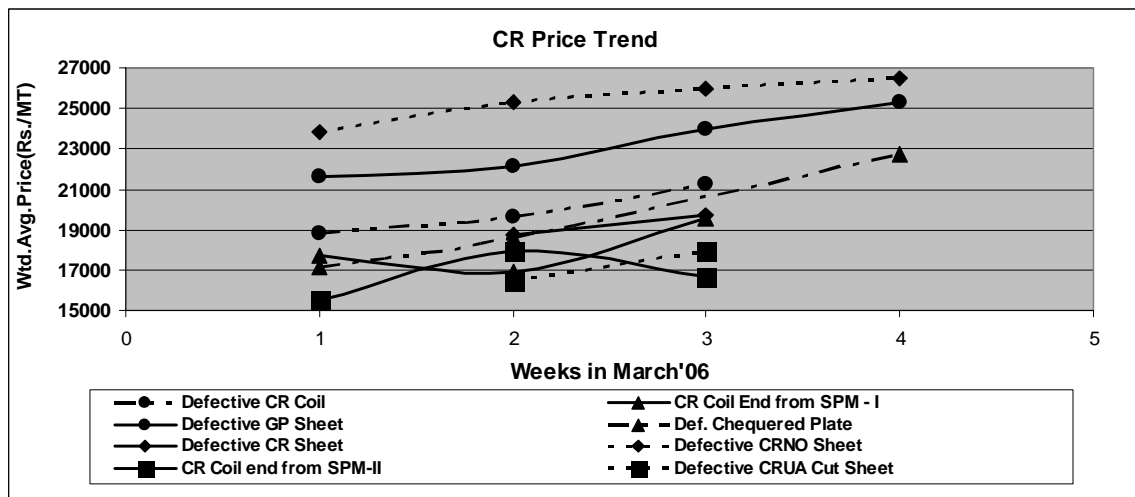
Week	Def. Plate- CMO Bhilai	Def. HR Plate	Semi Rolled Plate	SRP Coil Form	Cobble Plate	HR Sheet	Def. HR Coil
1	22989	17725	19724	19808	19046	13689	
2	23884	18550	21550	20874		14822	18056
3	25326	19112	21200	21260	20552	14750	19575
4					20863		

**Summary of price and % change (m-m basis):**

Products	Feb Price(Avg.)	Mar Price(Avg.)	% change
Def Plate-CMO Bhilai	23001	24207	5.24
Defective HR Plate	16463	18779	14.07
Semi Rolled Plate	19092	21389	12.03
SRP Coil Form	19192	20647	7.58
Cobble Plate	18786	20154	7.28

**Summary of Price Movement in Auction Platform**

Products	Price Movement(Feb'06 over Jan'06)	Price Movement(Mar'06 over Feb'06)
Defective Plate-CMO Bhilai	↑	↑
Defective HR Plate	↑	↑
Semi Rolled Plate	↑	↑
SRP Coil Form	↑	↑
Cobble Plate	↑	↑



Price is basic

Attached below is the data table:

Week	Def. CR Coil	CR Coil End from SPM - I	Def. GP Sheet	Def. Chequered Plate	Def. CR Sheet	Def. CRNO Sheet	CR Coil End from SPM-II	Def. CRUA Cut Sheet
1	18794	17728	21634	17100		23834	15500	
2	19640	16912	22125	18600	18750	25319	17972	16500
3	21260	19544	23992		19710	26000	16700	17953
4			25300	22750		26516		

**Summary of price and % change (m-m basis):**

Products	Feb Price(Avg.)	Mar Price(Avg.)	% change
Def. CR Coil	18932	19898	5.10
CR Coil End from SPM - I	16498	18061	9.47
Def. GP Sheet	20017	23263	16.22
Def.Chequered Plate	16648	19483	17.03
Def. CR Sheet	18337	19230	4.87
Def. CRNO Sheet	25669	25417	-0.98
CR Coil End from SPM-II	17166	16724	-2.57
Def.CRUA Cut Sheet	17167	17227	0.35

**Summary of Price Movement in Auction Platform**

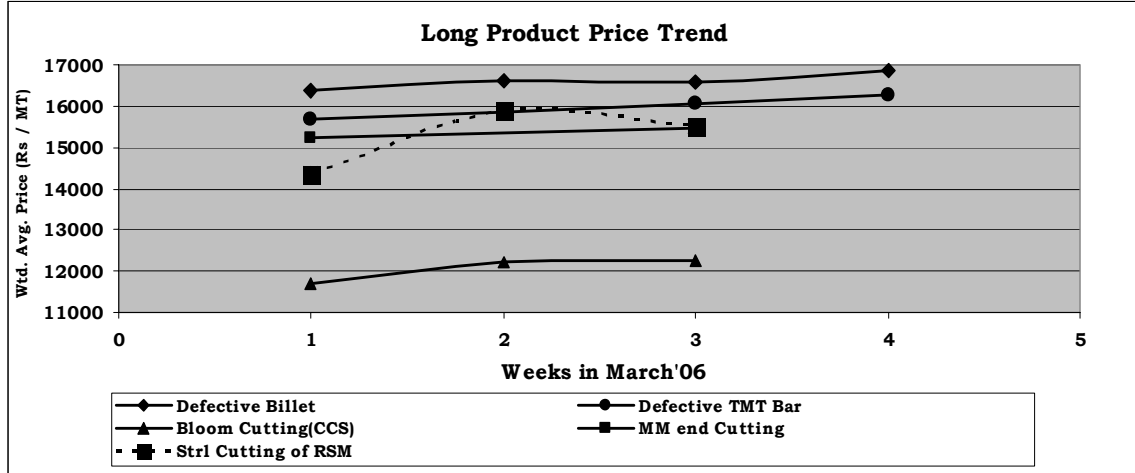
Products	Price Movement(Feb'06 over Jan'06)	Price Movement(Mar'06 over Feb'06)
Defective CR Coil	↑	↑
CR Coil End from SPM - I	↑	↑
Defective GP Sheet	↑	↑
Def.Chequered Plate	↑	↑
Defective CR Sheet	↑	↑
Def. CRNO Sheet	↑	↓
CR Coil End from SPM-II	↑	↓
Def.CRUA Cut Sheet		↑

**Outlook:** The auction platform has shown a steady movement in prices of HR and CR items in the month of March. After all the steel majors announced a price hike in flat and long steel products, the market sentiment has been quiet strong and this was clearly reflected in the auction platform where most of the items saw a positive movement in price. Both the international and domestic scenario saw an improved trend and the auction trend did closely follow in line with this.

Further, with international prices making strong movement across all the countries, the domestic market is further expected to improve in order to bridge the gap of price difference between domestic and the international market. With demand booming up it is expected that HR and CR items will have steady trend in the coming month.

### **Price Trend as observed in the Auctions held at Metal Junction for Long Products:**

Following graph shows the price trend observed in the auction services of Metal Junction for the month of March 2006 for different long products.



Price is basic

Attached below is the data table:

Week	Defective Billet	Defective TMT Bar	Bloom Cutting(CCS)	MM End Cutting	Strl. Cutting of RSM
1	16370	15670	11707	15239	14366
2	16632	15871	12226		15900
3	16570	16050	12258	15457	15525
4	16850	16278			

Summary of price and % change (m-m basis):

Products	Feb Price(Avg.)	Mar Price(Avg.)	% change
Defective Billet	15436	16606	7.58
Defective TMT Bar	15010	15968	6.38
Bloom Cutting(CCS)	11522	12064	4.70
MM end Cutting	14524	15348	5.67
Strl. Cutting of RSM	15082	15264	1.21

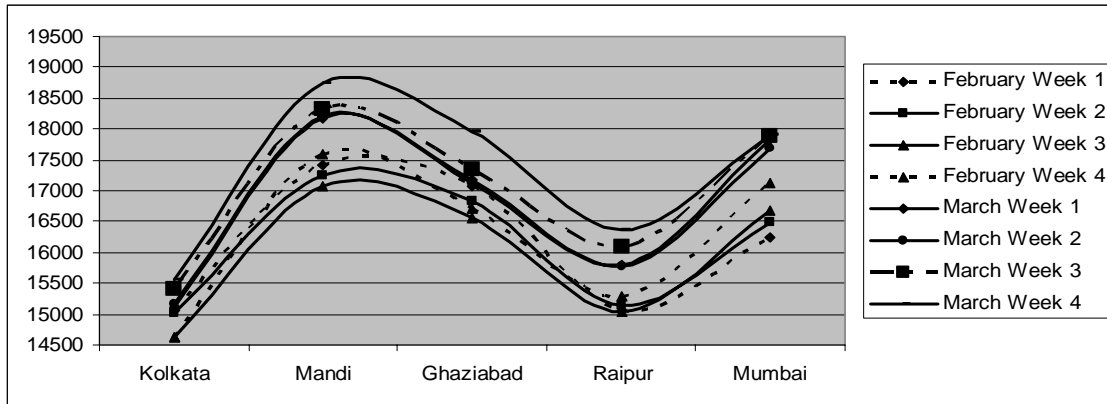
Summary of Price Movement in Auction Platform

Products	Price Movement(Feb'06 over Jan'06)	Price Movement(Mar'06 over Feb'06)
Defective Billet	↑	↑
Defective TMT Bar	↑	↑
Bloom Cutting(CCS)	↑	↑
MM end Cutting	↑	↑
Strl. Cutting of RSM	↑	↑

**Outlook:** The long product prices achieved a stable trend in the beginning of New Fiscal Year and ingot has shown its steady rise across all the places. Further, with all the steel majors announcing a price hike in the long product items after the Budget there has been a strong positive sentiment prevailing in the market. The auction platform has closely followed inline with the domestic price trend and has shown a major improvement in price as compared to the last month.

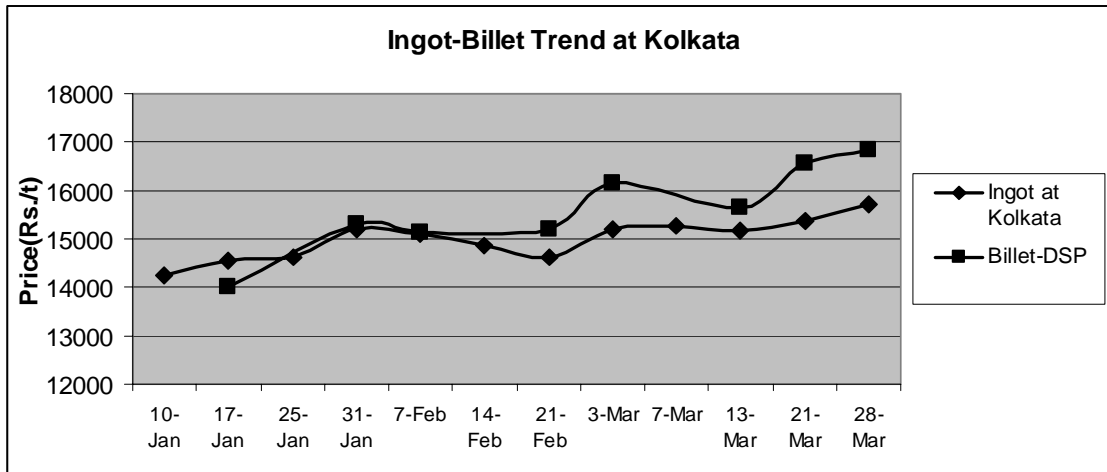
With a boost in the infrastructure and development sector, and with Indian government announcing a 5% duty on imports of ferrous scrap, long product prices are further expected to rise in the domestic market. Following the domestic trend, the auction platform is expected to achieve further stability in price movement in the coming month.

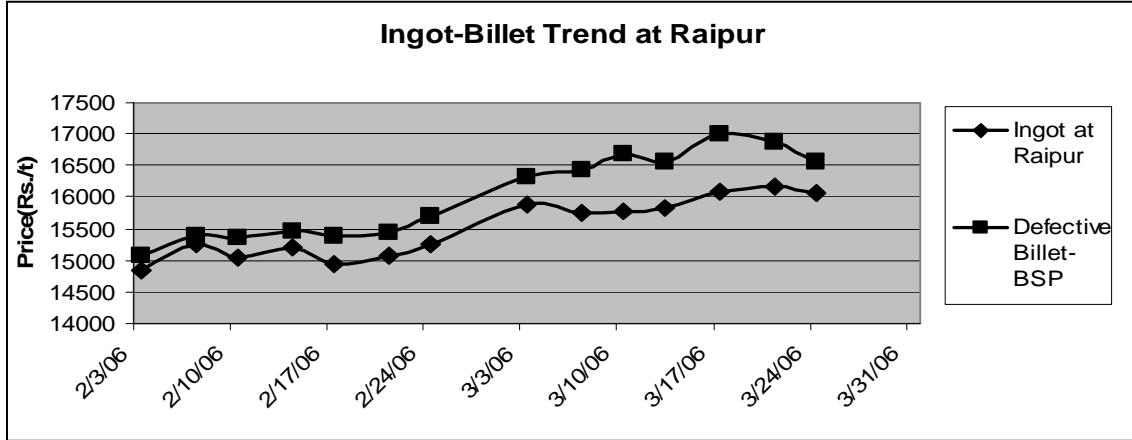
**Ingot Trend Before and After Budget:**



As seen from the above graph, there has been a steady improvement in ingot price across all the places in all the respective weeks starting from the month of February, 2006.

**Ingot-Billet Trend at Kolkata & Raipur**





As seen from the above graphs, billet auctioned from both BSP and DSP has closely followed in line with the ingot trend.

**International Scenario**

**HIGHLIGHTS:**

**Global Steel prices have shown a strong movement in the month of March:**

The world export price (fob) is currently in the range of \$435-520 per tonne, up from \$330-420 in July last year.

HR prices are quoting at \$519 (Europe), \$550 (Russia) and between \$550-570 (US). A number of factors have contributed to the increase in prices including rising scrap prices, healthy demand from consumers etc.

**North America:** Steel prices have shown upward movement in the month of March after slipping back to around \$540-550/t in late January and early February. HR prices moved to around \$550-560/t, CR Prices moved to around \$660/t from \$630/t, while HDG prices are marching towards \$700/t, up from \$660/t previously.

**Europe:** Improved demand conditions have revived business confidence and steel prices have improved. Second-quarter price increase looks likely in Europe.

**Asia:** The market is picking up led by China. All the markets are on a rising trend.

**The tables below give steel price trend in China and forecast for the month of April:**

Chinese Galvanized Prices - fob Shanghai					©SBB 2006
Dec-Apr, inc 17% VAT					
	Dec 05	Jan 06	Feb 06	Mar 06	Apr 06*
RMB/t	3900 - 4400	3900 - 4200	4100 - 4600	4600 - 5100	4700 - 5250

<b>Chinese Billet Prices</b>					©SBB 2006
China domestic FOB Shanghai (incl. 17% vat)					
	Dec 05	Jan 06	Feb 06	Mar 06	Apr 06*
RMB/t	2680 - 2850	2580 - 2670	2600 - 2650	2700 - 2750	2750 - 2800

<b>Chinese Rebar Prices</b>					©SBB 2006
FOB Shanghai (incl. 17% vat)					
	Dec 05	Jan 06	Feb 06	Mar 06	Apr 06*
RMB/t	2830 - 2910	2770 - 2830	2790 - 2860	2790 - 3000	3000 - 3200

<b>Chinese Construction Prices fob Shanghai</b>					©SBB 2006
RMB/t Dec-Apr					
	Dec 05	Jan 06	Feb 06	Mar 06	Apr 06*
Rebar	2830 - 2910	2770 - 2830	2790 - 2860	2790 - 2950	3000 - 3200
Wire Rod (mesh quality)	3030 - 3070	2930 - 3030	2930 - 2970	2930 - 3070	3100 - 3200

\* SBB Forecast

**The table below indicates the domestic steel price in China from Dec'05-Mar'06.**

Products	Dec'05	Jan'06	Feb'06	Mar'06
Steel Chinese Domestic Hot rolled coil(2mm and up) Eastern China(Yuan/tonne)	2942	2988	3055	3850
Steel Chinese Domestic Hot rolled coil(2mm and up) Southern China(Yuan/tonne)	3144	3238	3365	3756
Steel Chinese Domestic Prices Cold rolled coil(0.5-2mm) Eastern China(Yuan/tonne)	3884	4038	4363	4990
Steel Chinese Domestic Prices Cold rolled coil (0.5-2mm) Southern China(Yuan/tonne)	4000	4212	4412	4946
Steel Chinese Domestic Rebar Eastern China (Yuan/tonne)	2906	2802	2818	2902
Steel Chinese Domestic Rebar Southern China (Yuan/tonne)	3320	3200	3205	3224
Steel Chinese Domestic Wire Rod(mesh quality) Eastern China(Yuan/tonne)	3054	2933	2920	2932
Steel Chinese Domestic Wire Rod(mesh quality) Southern China(Yuan/tonne)	3106	3050	3018	3082

Note: 1 US Dollar = 8.11 Yuan

## **OUTLOOK:**

**Asian steel industry set for stability in 2006:** Analysts predict the Asian steel sector is set to remain stable in 2006 as overcapacity in China is offset by strong economic growth. Further slowdown in steel demand in China is not expected as GDP is predicted to grow by 8-9 percent in 2006 and 2007.

**Global steel outlook looking healthier:** At present global outlook of steel prices is better and improvement of prices is forecasted in some markets. In **Europe**, both flat and long product prices are likely to move higher in the coming months with an increase in demand. In **North America** too prices are expected to move higher. Steel consumption is expected to remain healthy in the first half of the year. Long product prices will continue to track scrap prices and will be supported by strong demand from construction sector. In **Asia**, the market is expected to remain stable with demand picking up and supply-demand gap narrowing down.

**In India**, further increase in prices is anticipated in order to bring closer inline with the international market as much as possible.

Higher scrap prices and a potential settlement of higher iron-ore prices in the coming months are expected to support the long products market. The overall sentiment has improved in Asia and further upward movement in prices is expected in the coming months with China continuing to play a pivotal role in determining the magnitude of the increases.

With demand and supply gap been narrowed down steel prices are expected to remain firm. In China itself, steel production has increased by 80 million tonnes in 2005, in USA steel production increased by 94 million tonnes and in India, steel production reached 39 million tonnes in 2005, up by 7 million tonnes from previous year. So, there is a big increase in steel production worldwide. Demand in steel market is also forecasted to be strong as GDP is predicted to be quite high. A word of caution though, if the price is increased by major steel producers very fast, a lull may appear again in the market.

## **Data Sources:**

- 1) Steel Trade Today
- 2) [www.ncdex.com](http://www.ncdex.com)
- 3) Steel Trade Intelligence
- 4) Metal Bulletin
- 5) [MEPS](#)
- 6) Steel Business Briefing

(DIPANKAR CHAKRABARTI)  
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## STEEL INDUSTRY MARKET SCENARIO

### SCRAP

#### Domestic Scenario

#### HIGHLIGHTS:

**Pig and Sponge Iron manufacturers smile as scrap is taxed:** Imposition of 5 percent customs duty on scrap in Budget 2006-07 has benefited both the sponge iron and pig iron manufacturers. Apart from finished steel prices firming up, the imposition of 5% duty on scrap has led to an increase in price of Sponge Iron and Pig Iron. Sponge iron prices have increased from Rs 8,800 per tonne to Rs 9,600/9,700 per tonne immediately after the Budget. Pig iron prices went up from around Rs 11,400- Rs 12,000 per tonne.

**FM's move to restore customs duty revives Alang's ship-breaking yard:** With the customs duty being restored from zero to 5% on import of melting scrap in the Union Budget, ship breakers in Alang are a happy lot. The FM's move has eased out the stiff competition they faced from importers of melting scrap and there are 10 ships that have reached in the beginning of March and 25 more are expected to reach by mid-April.

Ship breakers are in a better and competitive position against traders who were till now importing melting scrap at zero duty and traded them at competitive rates. According to sources, ship breaking would provide cheaper scrap for re-rolling industry.

**Export of High-grade Iron Ore fines is stagnant:** Indian iron ore exports of **63.5 percent Fe fines** are stagnant at present. The table below gives the current Indian Iron-Ore export price at China:

Grade	FOB Price	Freight Cost	CFR China Price
63.5 percent Fe fines	\$53-\$55/t	\$22 /t	\$75-77/t
61-62 percent Fe fines	\$43 /t		\$61/t
60-61 percent Fe fines	\$40 /t		
58 percent Fe fines	\$31-\$32 /t	\$18 to \$ 20 /t	

#### Price Movement

	Review	Outlook
Steel Product	March 2006 over February 2006	April 2006 over March 2006
Sponge Iron	↑	↑
Pig Iron	↑	↑
Melting Scrap	↑	↑

**Pig Iron:****Price trend of foundry grade pig iron in Mandi Gobindgarh (Rs. /t)**

Month	Price(All inclusive)	Price Movement
Jan-06	15,600	
Feb-06	16,500	↑
Mar-06	17,200	↑

**Price trend of steel grade pig iron: (Rs. /t, all inclusive)**

	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06
Delhi	18,500	18,500	16,000	15,200	14,600	14,800	15,200
Mumbai	17,500	18,000	17,300	15,300	14,500	14,840	15,000
Kolkata	16,625	15,750	15,500	14,200	13,750	13,900	15,200

**Sponge Iron:****Price trend of Sponge Iron Ex-Raipur: (Rs. /t, basic)**

Month	Price(All inclusive)	Price Movement
Jan-06	9637	
Feb-06	9809	↑
Mar-06	10,676	↑

**Scrap:****Melting Scrap Price (Rs. /t, all inclusive)**

Place	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06
Delhi	14,800	14,000	13,500	14,250	14,350	15,100
Chennai	13,500	14,000	13,500	14,150	14,300	15,100
Mumbai	12,500	14,000	13,600	14,300	14,500	15,200
Kolkata	13,150	13,800	12,000	12,800	12,900	14,900

**CIF Indian Ports Based on Arrivals in Jan'06**

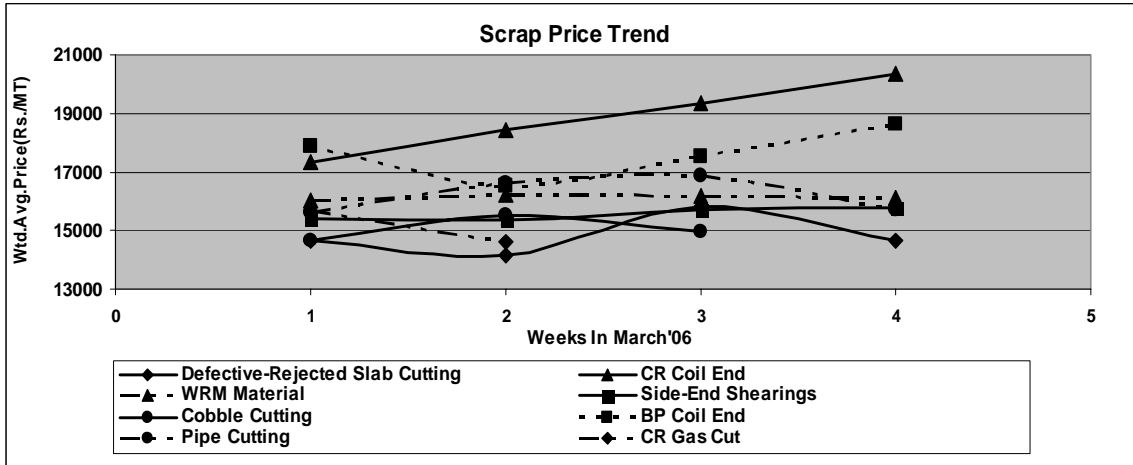
Products	Landed At	Origin	Rs./t
Basic Pig Iron	Madras	Luxembo urg	\$ 366
MS Rerollable Scrap	Madras	Germany	\$ 312

**FOB Indian Ports Based On Dispatches in Jan'06**

Products	Loaded At	Destination	Rs./t
Pig Iron	Calcutta	Indonesia	\$ 304
Pig Iron	Calcutta	Thailand	\$ 353

**Price Trend as observed in the Auctions held at Metal Junction:**

Following graph shows the price trend observed in the auction services of Metal Junction for the month of March 2006 for different scrap products.



Price is basic

Attached below is the data table:

Week	Def.Rej. Slab Cutting	CR Coil End	WRM Material	Side-End Shearing	Cobble Cutting	BP Coil End	Pipe Cutting	CR Gas Cut
1	14668	17302	16012	15402	14681	17896	15612	15656
2	14181	18425	16200	15340	15495	16500	16622	14608
3	15800	19361	16174	15713	14950	17533	16850	17050
4	14656	20349	16125	15773		18647	15734	16345

Summary of price and % change (m-m basis):

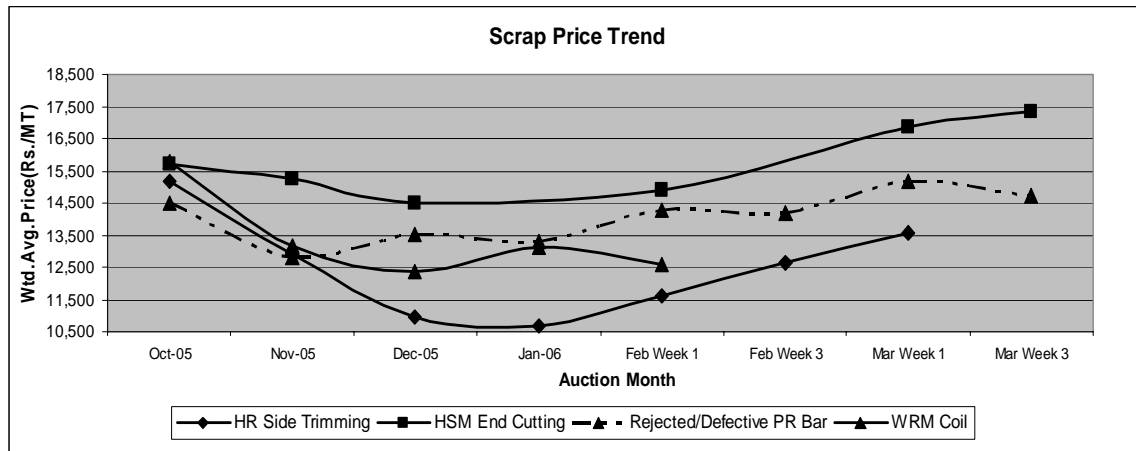
Products	Feb Price (Avg.)	Mar Price(Avg.)	% change
Def-Rej Slab Cutting	13182	14826	12.69
CR Coil End	17458	18859	8.74
WRM Material	15131	16128	7.07
Side-End Shearings	14558	15557	7.42
Cobble Cutting	13243	15042	15.49
BP Coil End	16996	17644	4.27
Pipe Cutting	13564	16205	19.72
CR Gas Cut	14831	15915	7.59

Summary of Price Movement in Auction Platform

Products	Price Movement(Feb'06 over Jan'06)	Price Movement(Mar'06 over Feb'06)
Defective-Rejected Slab Cutting	↑	↑
CR Coil End	↑	↑
WRM Material	↑	↑
Side-End Shearings	↑	↑
Cobble Cutting	↑	↑
BP Coil End	↑	↑
Pipe Cutting	↑	↑
CR Gas Cut	↑	↑

Given below is the data table and graph for scrap items auctioned from plants other than SAIL

Auction Month	HR Side Trimming	HSM End Cutting	Rej./Def. PR Bar	WRM Coil
Nov-05	12,900	15,240	12,821	13,175
Dec-05	10,929	14,490	13,525	12,355
Jan-06	10,674		13,284	13,117
Feb Wk 1	11,589	14,902	14,266	12,592
Feb Wk 3	12,625		14,194	
Mar Wk 1	13,550	16,863	15,173	
Mar Wk 3		17,350	14,722	



### Price is basic

**Outlook:** Scrap items auctioned have shown a steady improvement in price throughout the month of March. With metallic prices improving both in the domestic and international market, a further improvement in prices is anticipated in the coming auction.

### International Scenario:

#### HIGHLIGHTS:

**European ferrous scrap sales keep upward trend:** European ferrous scrap export prices didn't falter further. Two cargoes of HMS1&2 (60:40) materials were sold from Benelux countries at \$235 per tonne. Most deep sea merchants were confident of achieving higher prices, with offers being made at \$250 per tonne cfr Turkey for HMS 1&2 (80:20) and \$245 per tonne cfr Turkey for HMS 1&2 (60:40). Presently the market is firm and various factors like strong order books from steelworks, low collection rates in a longer cold winter in Russia and apparent renewed Asian demand has kept prices going upwards.

**Scrap and iron metallic prices** increased globally on rising demand. Scrap prices in Asia increased on robust crude steel production in China. Pig Iron prices also showed an upward trend.

The tables below indicate global price trend of Pig Iron and Scrap:

**Steel EU Imports Pig Iron (basic steelmaking) cfr Western Europe**

Month	Average Price(Euro per tonne)	Price movement
Aug-05	192	
Sep-05	200	↑
Oct-05	200	↔
Nov-05	208	↑
Dec-05	203	↓
Jan-06	200	↓
Feb-06	200	↔
Mar-06	200	↔

**Steel United States Import Pig Iron \$ per short ton**

Date	Price	Price movement
16-Mar-06	235	
23-Mar-06	235	↔
30-Mar-06	260	↑

**Steel Scrap No 1 Heavy melting United States Iron Age composite - d/d Pittsburgh/Philadelphia/Chicago**

Month	Average Price(\$ per long ton)	Price movement
Aug-05	183	
Sep-05	227	↑
Oct-05	202	↓
Nov-05	200	↓
Dec-05	198	↓
Jan-06	208	↑
Feb-06	220	↑
Mar-06	228	↑

**Steel Scrap No 1 heavy melting United States fob East Coast \$ per tonne**

Month	Average Price(\$ per long ton)	Price movement
Nov-05	200	
Dec-05	188	↓
Jan-06	185	↓
Feb-06	205	↑
Mar-06	220	↑

**Steel Scrap HMS 1&2 fob Rotterdam Export (50:50 mix)**

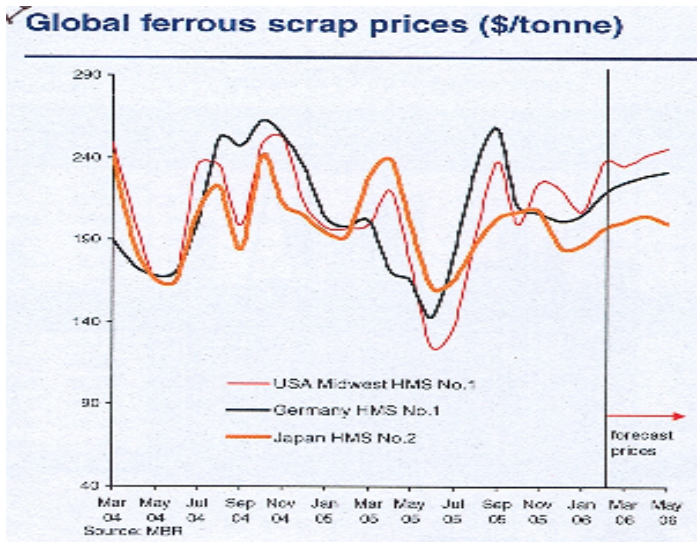
Month	Average Price(\$ per tonne)	Price movement
Aug-05	208	
Sep-05	227	↑
Oct-05	188	↓
Nov-05	195	↑
Dec-05	184	↓
Jan-06	182	↓

<b>Feb-06</b>	<b>200</b>	↑
<b>Mar-06</b>	<b>212</b>	↑

**Source: Metal Bulletin**

**OUTLOOK:**

Scrap prices have shown a positive trend both domestically and internationally. Further price movement is expected in the coming month with demand improving, however the availability of scrap alternatives may keep a check on too much of rise in scrap prices. Also, scrap price increases will be moderated by movements in steel product prices.



The graph above indicates a strong forecast in the short term.

**Data Sources:**

- 1) Metal Bulletin
- 2) Steel Trade Today
- 3) IAS software
- 4) Steel Trade Intelligence

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## STEEL INDUSTRY MARKET SCENARIO

### STAINLESS STEEL

#### Domestic Scenario:

#### HIGHLIGHTS:

**Jindal Stainless may hike prices in April:** With an increase in input prices, Jindal is likely to raise prices by 2%-5%. Ferro-Chrome prices have increased by Rs.4/kg in the last one month and nickel, which is another key input in stainless steel production, has stabilized around \$15,000 per tonne. The company is expecting exports to pick up further.

#### Price Movement

	Review	Outlook
Steel Product	March 2006 over February 2006	April 2006 over March 2006
Stainless Steel	↑	↑

The tables below indicate the price trend of Commercial Quality Stainless Steel (CQSS) category wise and grade wise in Rs. /MT in Mumbai, Delhi & Chennai region.

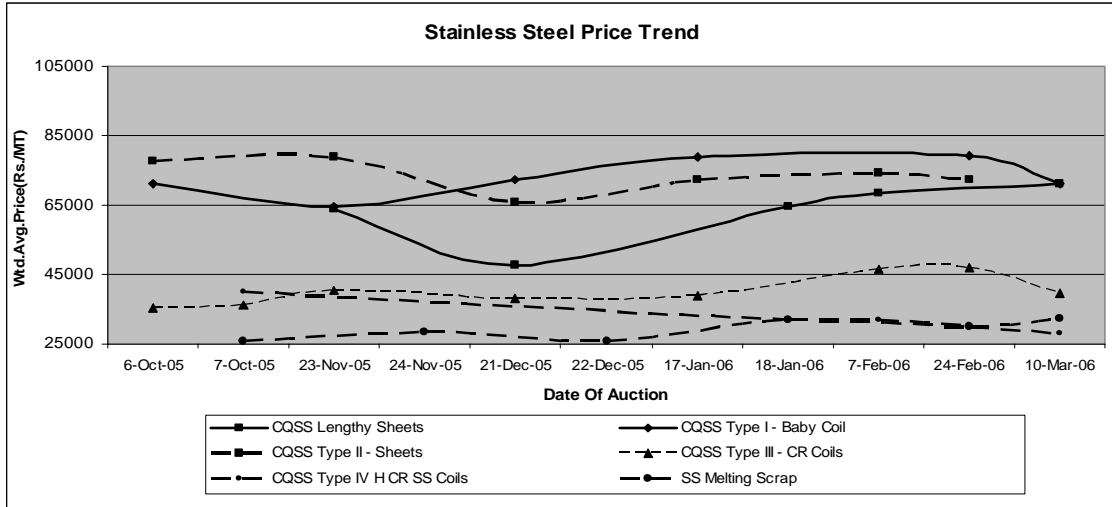
#### Region: Mumbai&Delhi

CATEGORY/GRADES	200	304	400
<b>TYPE-1====&gt;</b>	65200-Mumbai	102000- Mumbai	37800-Mumbai
<b>TYPE-2====&gt;</b>	44800(A-SHEET)-Mumbai	100000(A-SHEET)-Mumbai	30600(A-SHEET)-Mumbai
<b>TYPE-3====&gt;</b>	32200(COIL)-Mumbai	71800(COIL)-Mumbai	23700(COIL)-Delhi
	27500(A-SHEET)-Delhi	64000(A-SHT)-Delhi	21200(A-SHEET)-Delhi
<b>TYPE-4====&gt;</b>	34000(COIL)-Delhi	72200(COIL)-Delhi	21000(COIL)-Delhi
<b>TYPE-5====&gt;</b>	40100(COIL)-Delhi	74600(COIL)-Mumbai	29000(COIL)-Delhi
	36700(A-SHEET)-Delhi	72000(A-SHEET)-Mumbai	28700(A-SHEET)-Mumbai
<b>MELT SCRAP==&gt;</b>	22000 Delhi(BALES)	59000(Delhi)BALES)	19400 Delhi(BALES)

**Region: Chennai**

	<b>Grades</b>					
<b>Types</b>	<b>301</b>	<b>316</b>	<b>304</b>	<b>200</b>	<b>400</b>	<b>Mix-grades</b>
<b>I</b>	91000- Chennai -coil	140000- Chennai- coil	106500- Chennai-coil		31500- Chennai- coil	
.4 MM THICK				55500- Chennai -coil	21700- Chennai- coil	
HIGHER THICK				62500- Chennai -coil	18600- Chennai- coil	
<b>II</b>	76500- Chennai -A-sheet	137000- Chennai- A-sheet	83000- Chennai-A- sheet	45200- Chennai -A-sheet		
<b>III</b>			61000-64500- Chennai-sheet	28000- Chennai -A-sheet		
<b>IV</b>			64000- Chennai-coil	27000- Chennai -coil		
<b>V</b>		136000- Chennai		32500- Chennai -A-sheet	26000- Chennai- coil	
<b>LENGTHY SHEET</b>			75000-Chennai			
<b>CUT SHEET</b>			67500-Chennai			
<b>200/300/ 400-WELD JOINTS</b>						34400- Chennai
<b>CROP END SIDE TRIM BALES</b>			57500-Chennai	21400- Chennai	18000- Chennai	
<b>COBBLE</b>			58000-Chennai			
<b>LENGTHY SHEET</b>			71000-Chennai			

**Price Trend as observed in the Auctions held at Metal Junction for Stainless Steel Products:**



**Price is basic**

**Attached below is the data table:**

	<b>CQSS Lengthy Sheets</b>	<b>CQSS Type I – Baby Coil</b>	<b>CQSS Type II – Sheets</b>	<b>CQSS Type III – CR Coils</b>	<b>CQSS Type IV H CR SS Coils</b>	<b>SS Melting Scrap</b>
<b>6-Oct-05</b>		71321	77535	35506		
<b>7-Oct-05</b>				36234	39826	25633
<b>23-Nov-05</b>	63680	64507	78733	40211	No auction	
<b>24-Nov-05</b>					No auction	28552
<b>21-Dec-05</b>	47846	72298	65646	37983	No auction	
<b>22-Dec-05</b>					No auction	25757
<b>17-Jan-06</b>		78843	72268	38969		
<b>18-Jan-06</b>	64507				32000	31966
<b>7-Feb-06</b>	68485		74241	46595	32000	
<b>24-Feb-06</b>		79046	72149	47070	30100	29811
<b>10-Mar-06</b>	70982	70993		39533	27997	32145

**Summary of Price Movement in Auction Platform**

<b>Products</b>	<b>Price Movement(Feb'06 over Jan'06)</b>	<b>Price Movement(Mar'06 over Feb'06)</b>
<b>CQSS Lengthy Sheets</b>	↑	↑
<b>CQSS Type III - CR Coils</b>	↑	↓
<b>CQSS Type IV – H CR SS Coils</b>	↑	↓
<b>SS Melting Scrap</b>	↓	↑

**Outlook:**

As compared to the end of December, the New Year has shown improvement in auction price trend and has stabilized to certain extent. Prices have further improved in the month of March and a positive movement is anticipated in the coming month.

**International Scenario:****HIGHLIGHTS:**

**Stainless Steel prices** have shown a positive movement in the month of March. Prices of 304 grades have risen significantly in Asia.

**Stainless Steel prices rise in EU:** With demand strengthening, stainless steel base prices for 304 2mm cold rolled strip have moved up further within Europe. Currently the base price is ruling at \$1,313-1,470 per tonne. The market is good and market participants expect the good run to continue.

**Demand for molybdenum is expected to remain robust:** With rising steel demand there has been a rising steel production capacity in China and rest of the world. Approximately 33% of molybdenum is used in steel industry and as such it's demand is expected to remain strong in the year 2006.

The tables below give an overview of stainless steel prices worldwide. A positive movement has been noticed throughout the month of March.

**Stainless Steel Asia Grade 304 HR sheet cif East Asian port**

Month	Average Price(\$ per tonne)	Price movement
Aug-05	2025	
Sep-05	1950	↓
Oct-05	1950	Steady
Nov-05	1950	Steady
Dec-05	1950	Steady
Jan-06	1984	↑
Feb-06	2050	↑
Mar-06	2250	↑

**Stainless Steel Asia Grade 304 2mm CR coil 2B cif East Asian port**

Month	Average Price(\$ per tonne)	Price movement
Aug-05	2275	
Sep-05	2150	↓
Oct-05	2150	Steady
Nov-05	2075	↓
Dec-05	2050	↓
Jan-06	2084	↑
Feb-06	2175	↑
Mar-06	2400	↑

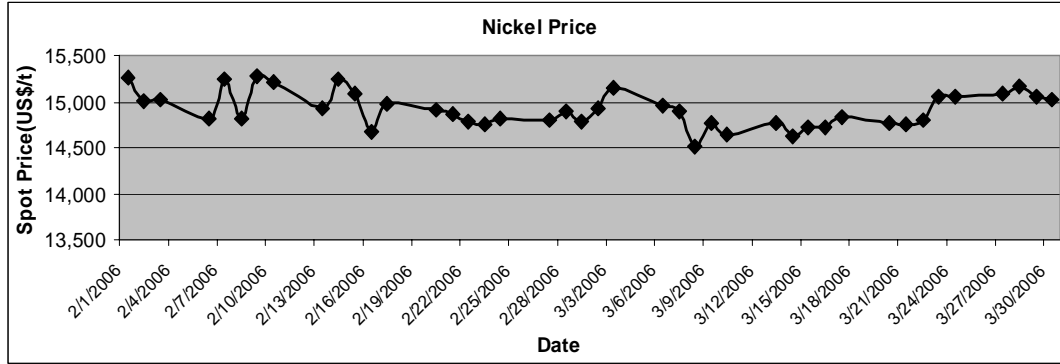
**Stainless Steel EU Domestic 2mm 304 CR stainless strips**

Month	Average Price(Euros/tonne)	Price movement
Aug-05	1100	
Sep-05	1080	↓
Oct-05	1058	↓
Nov-05	1050	↓

<b>Dec-05</b>	<b>1050</b>	<b>Steady</b>
<b>Jan-06</b>	<b>1050</b>	<b>Steady</b>
<b>Feb-06</b>	<b>1050</b>	<b>Steady</b>
<b>Mar-06</b>	<b>1070</b>	↑

Source : ( Metal Bulletin)

**Nickel Trend (Feb'06- Mar'06):**

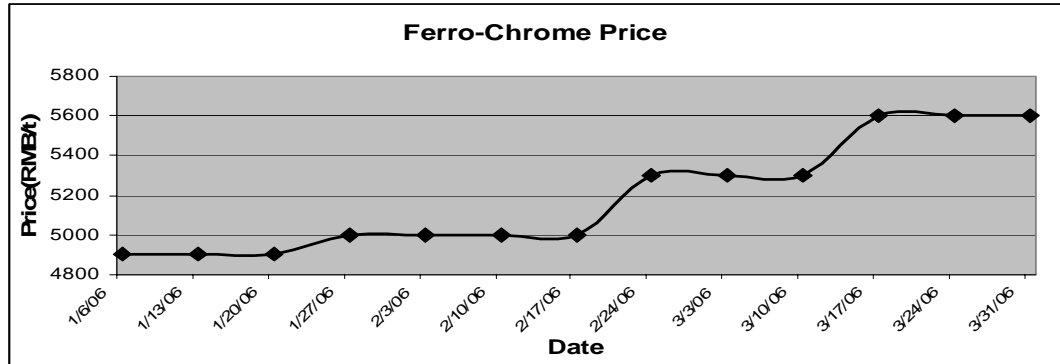


Source: [www.lme.co.uk](http://www.lme.co.uk)

**Highest price achieved by Nickel in the respective months:**

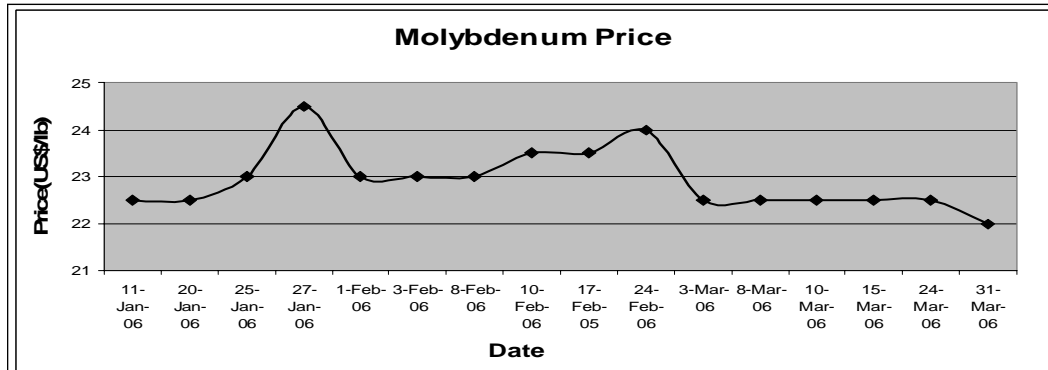
Jan'06	Feb'06	Mar'06
15,175	15,275	15,160

**Ferro-Chrome:**



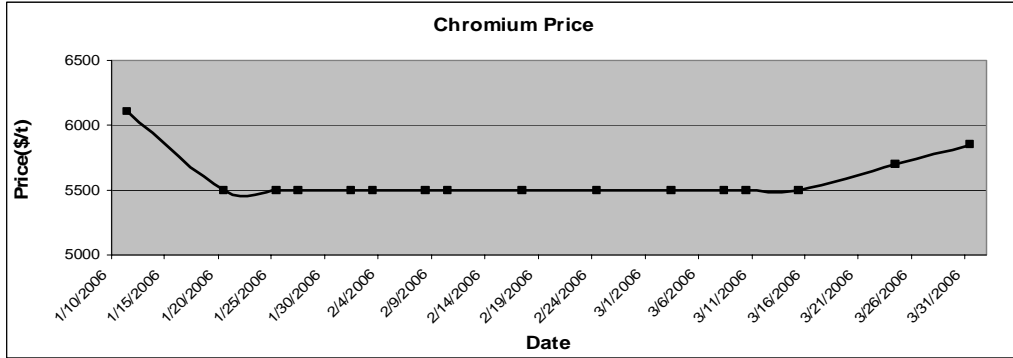
Since January 2006, Ferro-Chrome achieved it's highest in the month of March and ended at 5600 RMB/t.

**Molybdenum Canned molybdic oxide United States Free market \$ per lb Mo in warehouse**



Molybdenum maintained its stability throughout the month of March and then ended on a slight declining note on 31<sup>st</sup> Mar'06 at 22 \$/lb.

**Chromium World MB free market alumino-thermic min 99% \$/tonne in warehouse**



Chromium stabilized in the month of February and March, 2006 and ended on a higher note at 5850 \$/t.

**OUTLOOK:**

Sentiment in the stainless steel market for 2006 is optimistic after demand picked up at the end of 2005. Long-term annual growth for stainless steel is expected to continue at a rate of 5%-7% after global demand fell slightly during 2005.

However, the increasing capacity in China will hinder the export of standard grades from Europe to Asia. With **Nickel and Ferro-chrome**, the two main elements in stainless steel production making a strong movement in price, The outlook for stainless steel seems to be positive in the first half of 2006.

**Data Sources:**

- 1) www.lme.co.uk
- 2) Steel Trade Today
- 3) Metal Bulletin
- 4) www.purchasing.com
- 5) MEPS

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