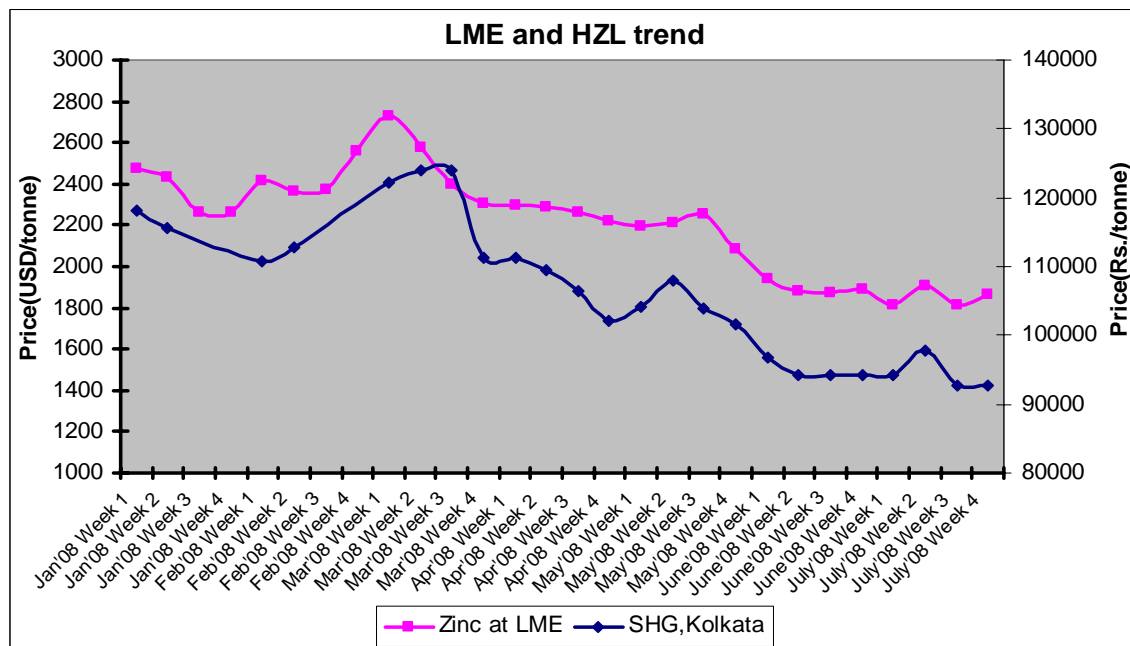


### News at a glance

**Steel prices likely to go up by Rs 1,500-3,000 per tonne:** With the three-month voluntary industry moratorium to hold steel prices ending on August 7, steel manufacturers in the country may increase prices by as much as Rs 1,500 to Rs 3,000 per tonne thereafter.

**India imposes ban on export of pig iron by PSUs :** ET reported that, in yet another move to check spiraling steel prices, the government has imposed a temporary ban on export of pig iron by public sector companies like Steel Authority of India Limited, Rashtriya Ispat Nigam Limited and MMTC controlled Neelachal Ispat Nigam Limited.

**Hindustan Zinc** prices remained stable in the first week of July; however prices were slightly lowered by 1.8% in the second week of the month. Prices were further reduced by Rs.3400/tonne and prevailed at Rs.90,500/tonne in the third week of the month. The month ended at Rs.88,700/tonne for High Grade from Chanderia.



**Base metals traded lower on London Metal Exchange:** While copper declined by nearly 4 percent, nickel hit a two-year low on the back of slowing Asian demand and uncertainty in the energy and currency markets. Zinc however ended on a positive note with a rise of 3% over a week.

**Base metals market remains weak:** Nickel sees a sharp drop in price. Nickel prices slumped below \$20,000 per tonne on the London Metal Exchange on Wednesday afternoon, succumbing to poor consumer demand and weakness across the base metals market. This latest drop in the nickel price comes after weeks of poor demand from stainless steelmakers in both Asia and Europe,

where mills are cutting production on weaker seasonal demand. Nickel touched a low of 18,140USD/tonne in the month of July.

**CRU Index Behaviour (Source: www.cruspi.com)**

Index	May'08	% Change (M-M)	June'08	% Change (M-M)	July'08	% Change (M-M)	% Change (Y-Y)
Global	267.95	13.10	281.95	5.20	291.40	3.40	72.90
North America	254.51	21.10	262.03	2.90	262.81	0.30	78.10
Europe	220.96	9.10	248.54	12.50	259.29	4.30	48.30
Asia Steel	301.85	11.00	312.15	3.40	325.97	4.40	83.80
Longs	302.91	12.60	313.72	3.60	331.58	5.70	76.90
Flats	250.59	13.30	266.17	6.20	271.44	2.00	70.60
Metallics	470.09	20.30	494.80	5.60	493.31	-0.10	115.30
Stainless	204.97	1.50	203.36	-0.80	198.09	-2.60	-15.50

**Price rise lose momentum:** After the huge increases in global steel prices so far in 2008, price inflation has slowed for most products, with US sheet prices falling for the first time this year. While demand is patchy in most markets, a late summer recovery in demand, if only temporary, is expected to allow mills to gain some further price impetus.

The **CRUspi** for steel sheet has risen again this month, but only slightly. Prices have fallen in the USA, shown mixed fortunes in Asia, but have increased once more in Europe. Though underlying demand drivers in Asia still look firm, a softening of demand has been seen here most recently. In Europe and especially the USA, demand conditions look poor.

Drop in Scrap prices have shown a negative effect in the **CRUspi** metallics index.

Stainless prices soften on weak worldwide demand and this has kept the **CRUspi** stainless index negative.



(UJJAL BHATTACHARYA)  
Senior General Manager – Steel Sales

## STEEL INDUSTRY MARKET SCENARIO

### FLAT & LONG PRODUCT

#### Domestic Scenario:

**Flat steel up to Rs 53,000 per tonne in the beginning of July**, an increase of at least Rs 4,000 a tonne within a week: Steel prices are on a high, with the rates of most of the flat products surpassing the Rs 50,000/ tonne mark in the domestic market. Since then, prices have ruled firm till the end of the month.

**Major Steel price corrections witnessed across India since June end:** Since June 30 till the first week of the month, **Melting Scrap** has dropped on an average by 5%, **TMT** has declined in the range of 3 to 4%, **Angles** have decreased in the range of 3.5 to 4.5% and **Joists** have dropped in the range of 4.10 to 6.50% across different parts of the country.

However, a balance was achieved in the second week with minor corrections at some locations, due to lag and local factors. A firm trend continued to prevail in the third week of the month; however, a sudden fall in prices was noticed in the fourth week due to falling scrap steel prices in the international market. Prices of the finished and semi finished steel items exhibited a declining trend in the last few days. The long product items in Mumbai reflected a declining trend since July 28 with the **Billet** prices dropping by 3.90%, **TMT** decreasing by 3.90% and **Melting Scrap** suffering a fall of 3.50% over the same period.

Ingot at various places across the country reflected a declining trend, varying in the range of Rs. 1,000/ tonne to Rs. 2,000/ tonne over a week on an average. Melting scrap also depicted a sharp fall of 5.00 per cent over a week.

#### **Domestic Steel Price Movement over a Year**

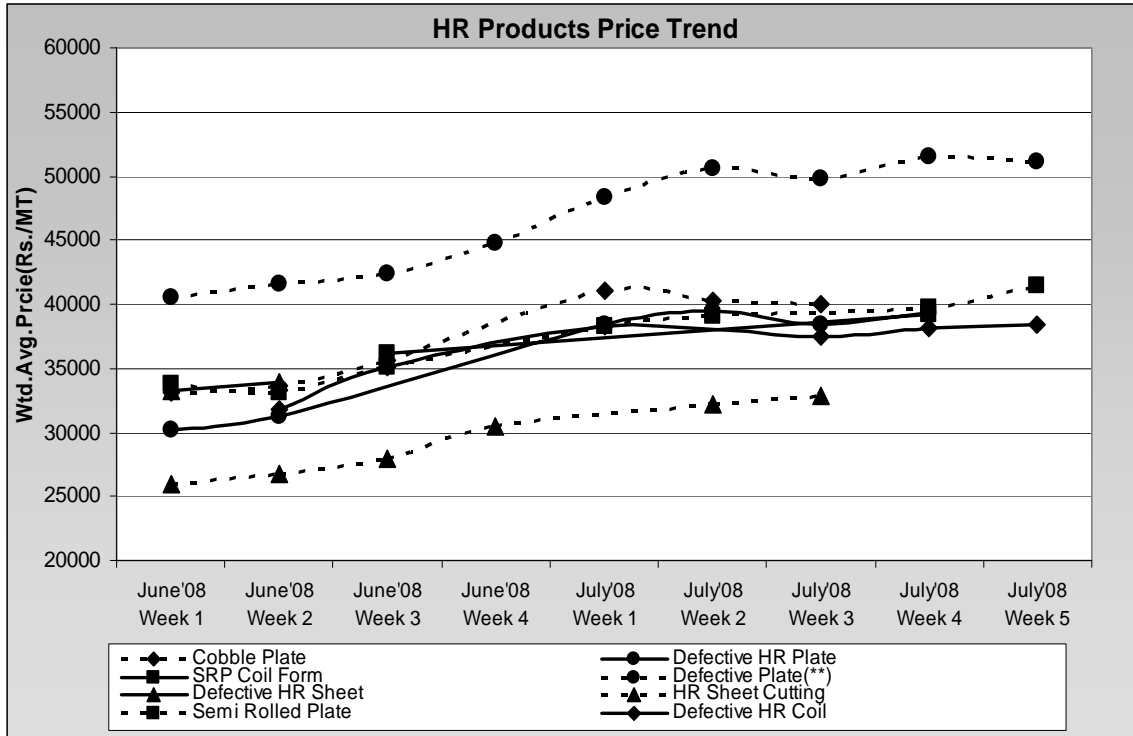
Items	July'07	July'08	% Change(Y-Y)
HR Coil	32,100	44,500	41.79
HR Sheet	31,600	44,375	40.43
CR Coil	36,400	49,275	35.37
CR Sheet	36,500	49,350	35.21
GP Coil	38,350	50,950	32.86
MS Billet (100x100 mm)	26,125	42,700	67.94
MS Rounds (22/25 mm)	27,050	44,100	58.21
MS Angles(25*6mm)	27,400	44,500	62.41
MS Channel (75*40mm)	27,700	44,875	62.00
CTD Bars(ISI) 8mm	30,975	50,275	60.62

#### **Price Movement**

	<b>Review</b>	<b>Outlook</b>
Items	July'08 over June'08	Aug'08 over July'08
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 www.metaljunction.in for the month of June 2008 & July 2008 for different HR and CR products.



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

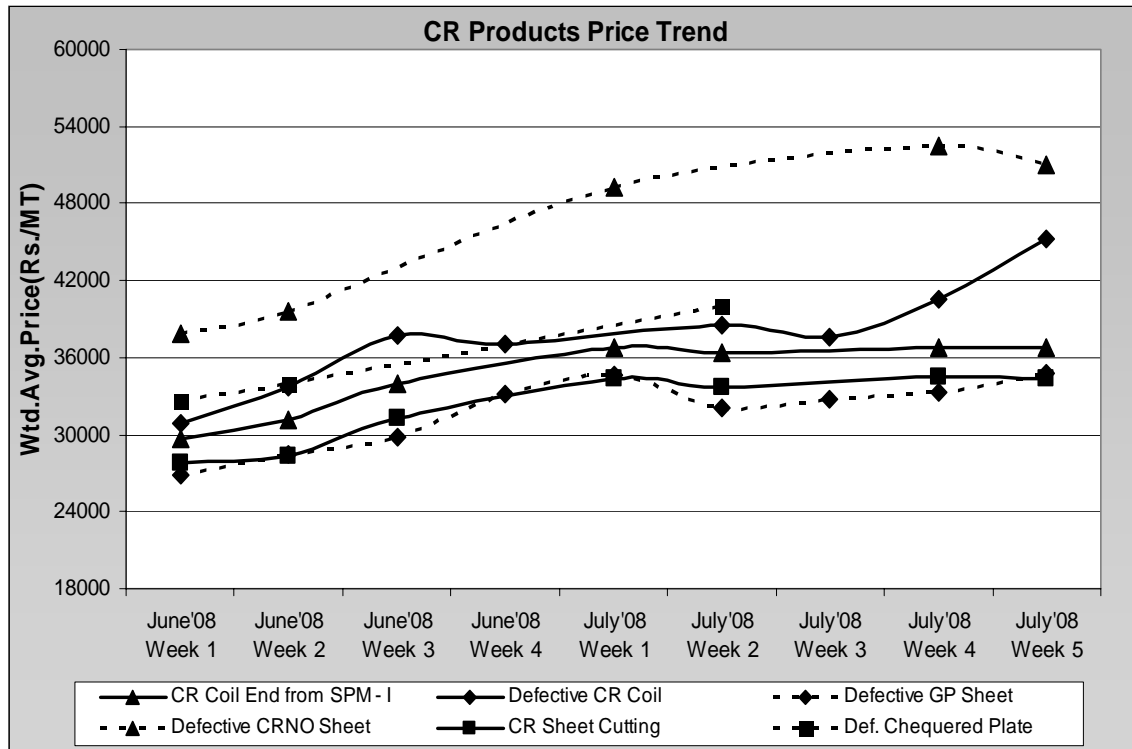
Attached below is the data table:

Week	Cobble Plate	Def.HR Plate	Semi Rolled Plate	SRP Coil Form	Def Plate	HR Sheet Ctng	Def HR Coil
Jun '08 Wk 1	33112	30177	33810	-	40567	26005	-
Jun '08 Wk 2	33693	31214	33090	-	41547	26734	31750
Jun '08 Wk 3	35642	-	35092	36184	42329	27962	35161
Jun '08 Wk 4	-	-	-	-	44753	30450	-
July'08 Wk 1	41052	38366	38280	-	48288	-	38250
July'08 Wk 2	40222	39455	39099	-	50628	32145	-
July'08 Wk 3	39954	38380	-	-	49860	32900	37468
July'08 Wk 4	-	39403	39750	39267	51585	-	38100
July'08 Wk 5	-	-	41408	-	51167	-	38450

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

Products	June'08 Price (Avg.)	July'08 Price (Avg.)	% change (July'08 over June'08)	% change (July'08 over July'07)
Cobble Plate	34149	40409	18.33	69.42
Def HR Plate	30695	38898	26.72	83.51
Def Plate	42299	50306	18.93	52.71

<b>Semi Rolled Plate</b>	33997	39634	16.58	103.10
<b>SRP Coil Form</b>	36184	39267	8.52	56.36
<b>Def HR Coil</b>	33455	38067	13.79	73.30
<b>HR Sheet Cutting</b>	27788	32523	17.04	122.71



### Price is basic

Attached below is the data table:

Week	CR Coil End From SPM-I	CR Sheet Cutting	Def CR Coil	Def CRNO Sheet	Def GP Sheet	Def CR Sheet
Jun '08 Wk 1	29672	27767	30830	37800	26888	-
Jun '08 Wk 2	31172	28375	33754	39604	28510	-
Jun '08 Wk 3	33966	31300	37700	-	29755	-
Jun '08 Wk 4	-	-	37050	-	33183	-
July'08 Wk 1	36809	34400	-	49200	34650	-
July'08 Wk 2	36437	33650	38592	-	32154	38750
July'08 Wk 3	-	-	37618	-	32702	38050
July'08 Wk 4	36725	34550	40594	52426	33275	-
July'08 Wk 5	36818	34400	45250	51050	34800	-

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

Products	June'08 Price(Avg)	July'08 Price(Avg)	% change(July'08 over June'08)	% change(July'08 over July'07)
<b>CR Coil End from SPM-I</b>	31603	36697	16.12	56.79
<b>CR Sheet Cutting</b>	29147	34250	17.51	58.49
<b>Def CR Coil</b>	34834	40513	16.31	78.54

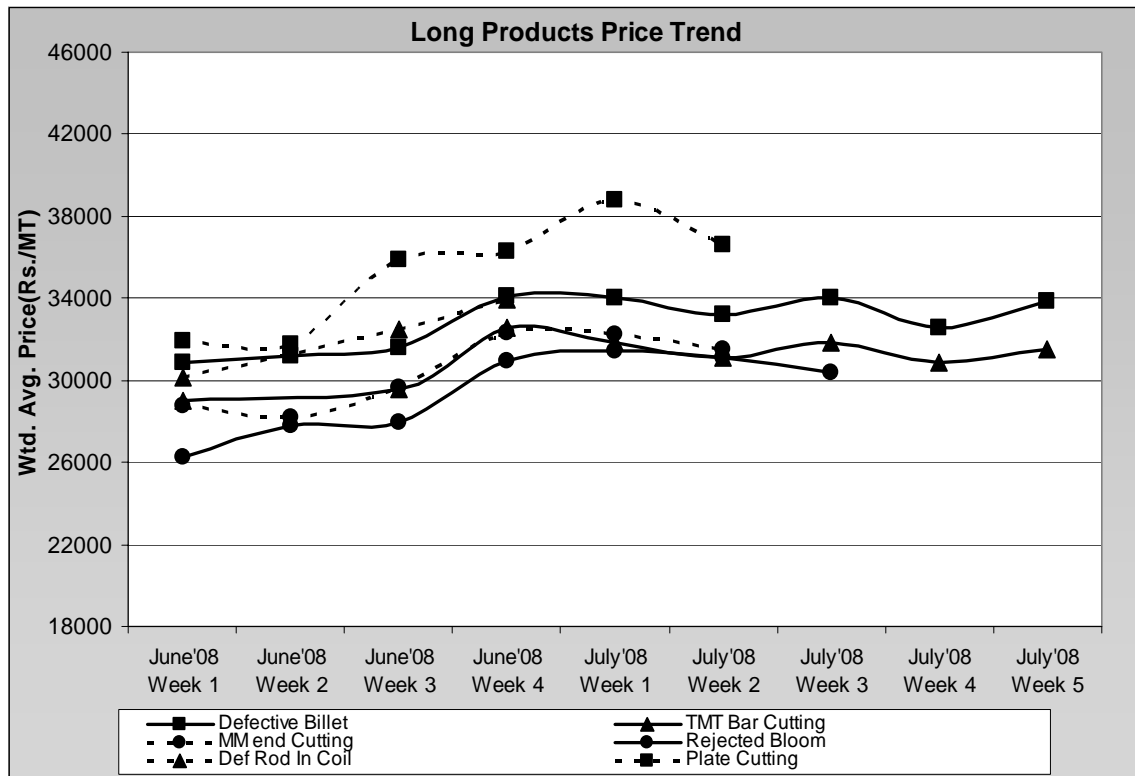
<b>Def CRNO Sheet</b>	38702	50892	31.50	59.80
<b>Def Chequered Plate</b>	33325	40050	20.18	73.50
<b>Def GP Sheet</b>	29584	33516	13.29	38.00

**Outlook:** The beginning of the month witnessed a rising trend both in the domestic market and auction platform. The Mandi Govindgarh market experienced a price increase by Rs 2000/tonne over a week and Rs. 3000/tonne over a fortnight. The auction platform also saw a significant price improvement across various flat products auctioned from RSP in the range of 4.5 – 7 per cent over a week. Over a month, prices have seen a significant rise in the range of Rs.6000-8000/tonne across various products.

Since the second week, prices have ruled stable. The auction platform has remained aligned with the domestic market and has exhibited a firm price trend with month on month change remaining positive across various items. Prices have improved in the range of Rs.400-1000/tonne across most of the items after showing a slight dip in the second week of the month. The auction platform is expected to exhibit a healthy price 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 June 2008 & July 2008 for different long products.



**Price is basic**

**Attached below is the data table:**

Week	Def Billet	TMT Bar Cutting	MM End Cutting	Rej Bloom	Def Rod In Coil	Plate Cutting
------	------------	-----------------	----------------	-----------	-----------------	---------------

June'08 Wk 1	30900	28976	28798	26260	30100	31937
June'08 Wk 2	31198	-	28225	27790	-	31776
June'08 Wk 3	31572	29550	29649	27926	32508	35919
June'08 Wk 4	34116	32550	32330	30916	33962	36301
July'08 Wk 1	33997	31850	32236	31429	-	38830
July'08 Wk 2	33223	31107	31475	31093	-	36622
July'08 Wk 3	34050	31870	-	30350	-	-
July'08 Wk 4	32550	30867	-	-	-	-
July'08 Wk 5	33850	31533	-	-	-	-

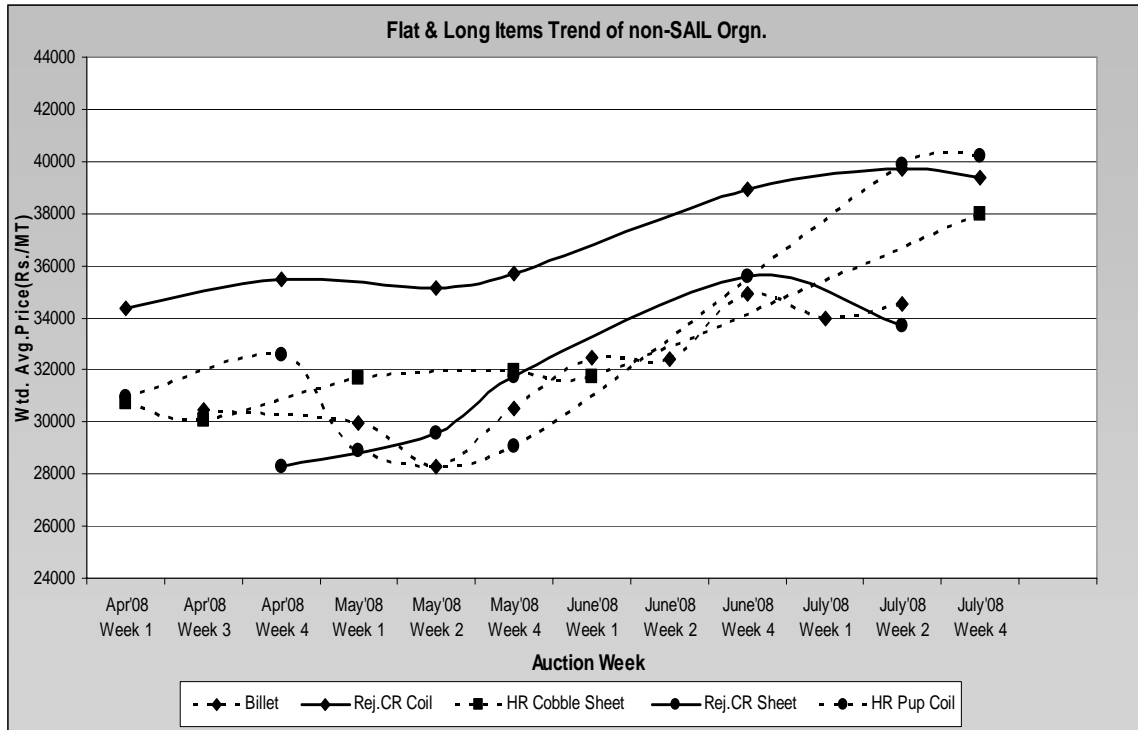
**Summary of price and % change (m-m & y-y basis):**

Products	June'08 Price(Avg.)	July'08 Price(Avg.)	% change(July'08 over June'08)	% change(July'08 over July'07)
<b>Def Billet</b>	31946	33534	4.97	76
<b>MM End Cutting</b>	29751	31855	7.07	77
<b>Plate Cutting</b>	33983	37726	11.01	66
<b>Rejected Bloom</b>	28223	30957	9.69	65
<b>TMT Bar Cutting</b>	30359	31445	3.58	70

**Outlook:** After experiencing a brisk rise in the steel prices for the last one month, the steel sector of the country has again become a bit volatile over the last one week with the steel prices dipping at various places of the country as the government is trying to rein the steel prices in order to control the sky rocketing inflation. Over a week, the long product items in Mandi Govindgarh market have seen a price fall in the range of Rs. 2,500/tonne to Rs. 3,000/tonne. Ingot at various parts of the country depicted a falling trend varying in the range of Rs. 700/tonne to Rs. 1,400/tonne since last week. Melting scrap in Mandi Govindgarh has also reflected a downward trend (a drop of 3.17% over a week).

However, the third week of the month depicted an upward price trend. Ingots at various parts of the country depicted more or less a rising trend over the week varying in the range of Rs. 500/tonne to Rs. 1,100/tonne. Melting scrap in Mandi Govindgarh also reflected a rising trend (a rise of 2.51% over a week). Pig iron over a week in Mandi Govindgarh has experienced a stable price trend. The auction platform over a week has depicted a slightly upward trend with prices surging by 1-3% across various items. A bit of volatility was noticed towards the end of the month with Ingot at various places across the country reflected a declining trend, varying in the range of Rs. 1,000/ tonne to Rs. 2,000/ tonne over a week on an average. Melting scrap also depicted a sharp fall of 5.00 per cent over a week. The coming month is expected to reflect a firm price trend both in the domestic market and the auction platform.

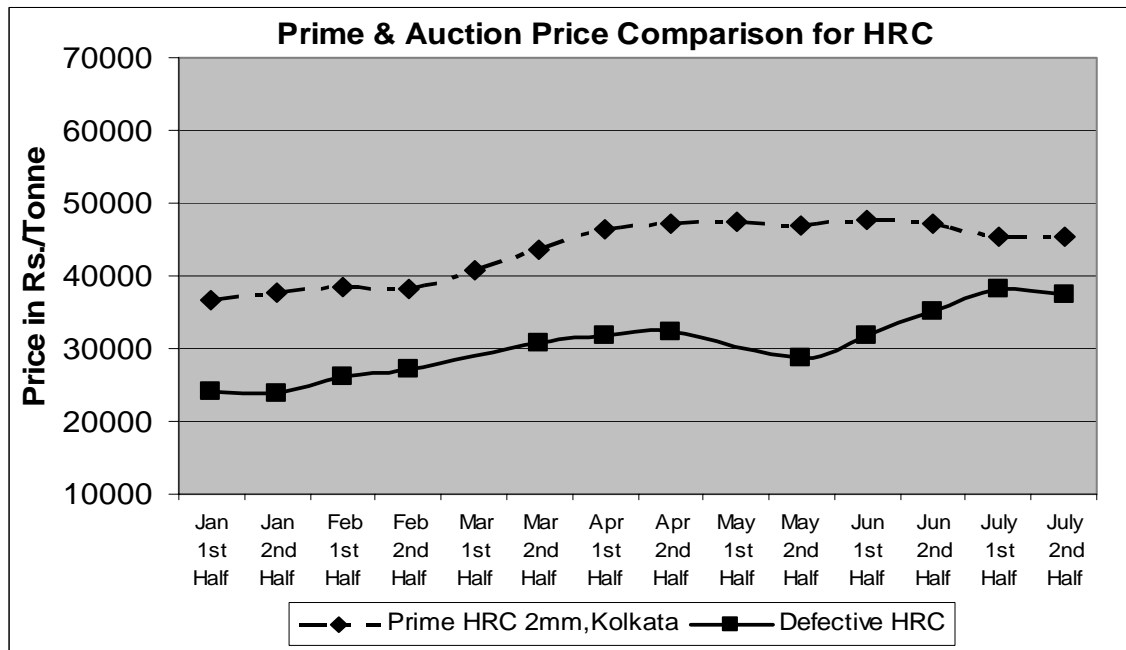
The graph below indicates the price trend of Flat & Long items auctioned from non-SAIL organizations

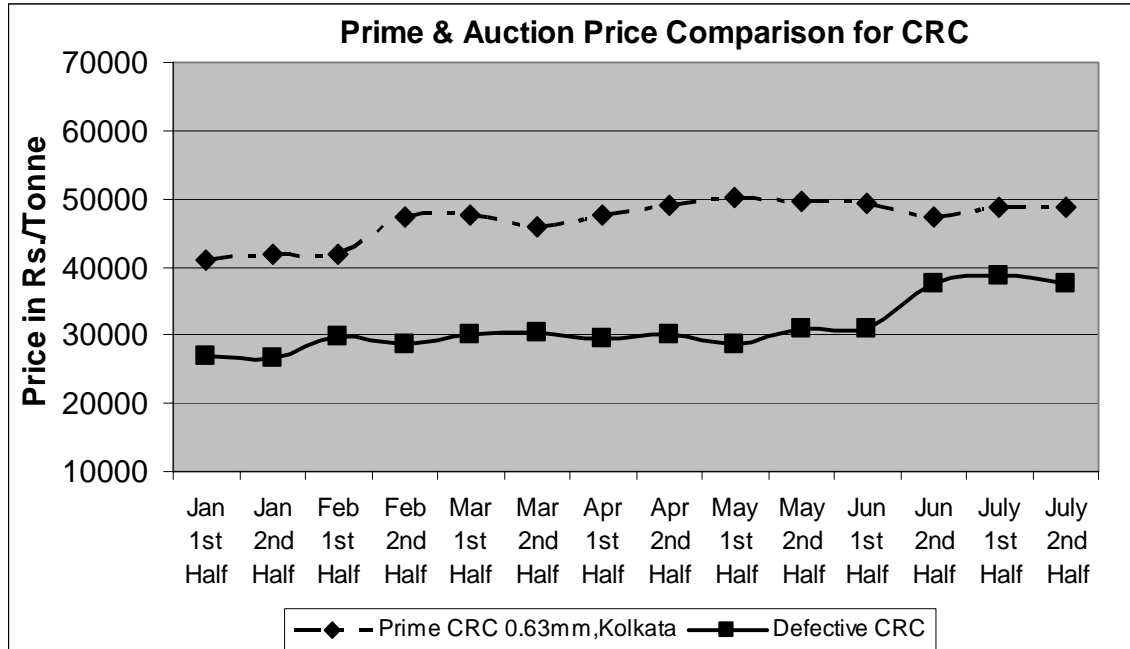


**Price is basic**

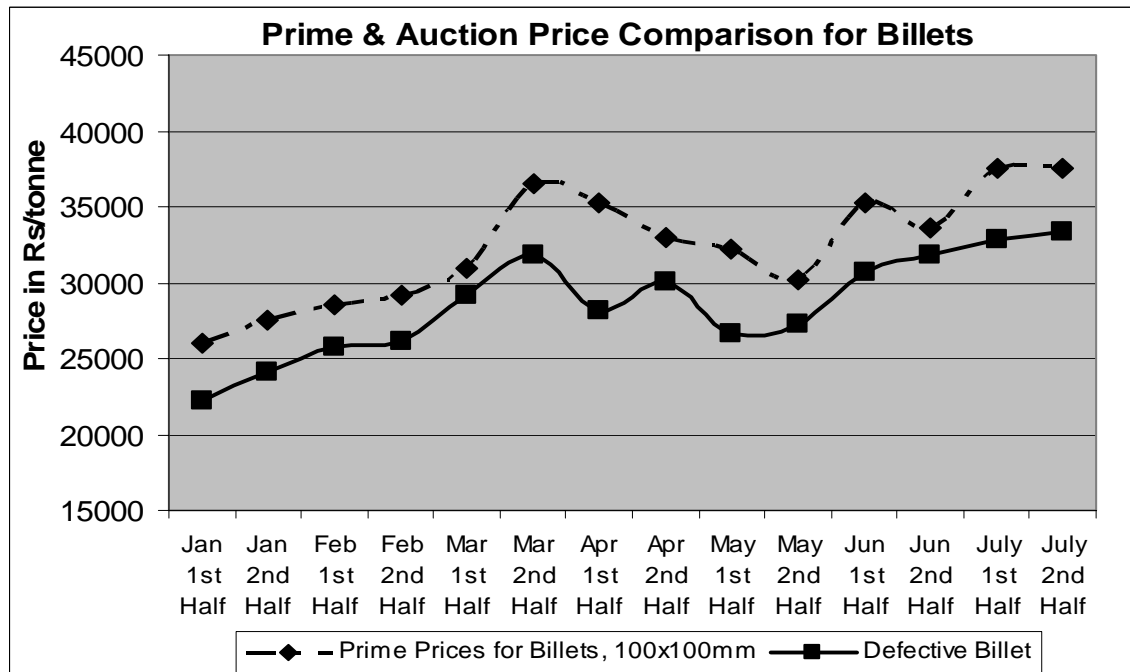
**Auction & Prime Materials Comparative Price Trend:**

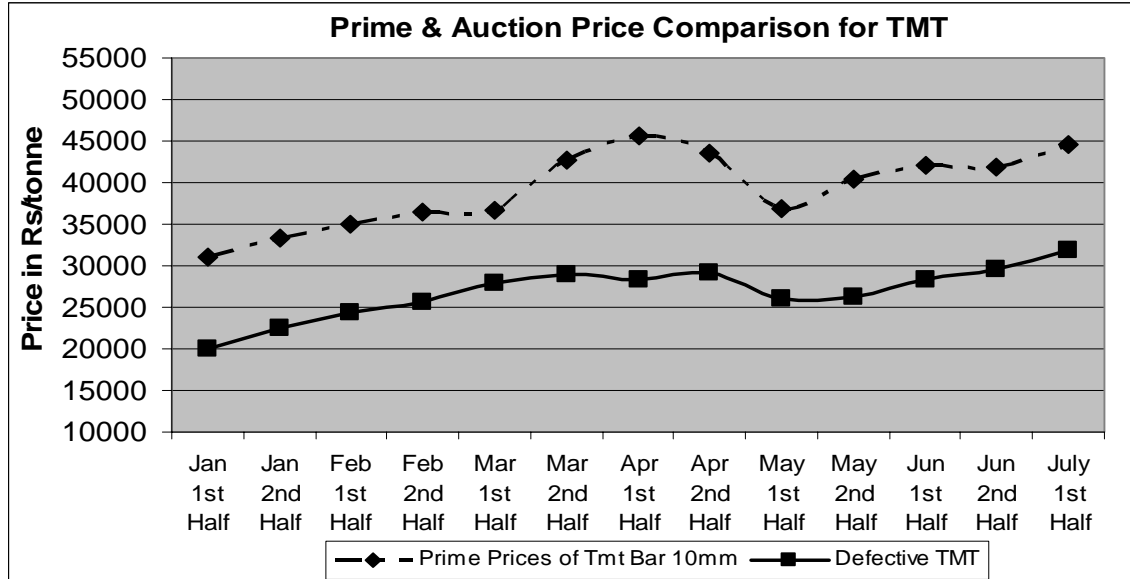
**Flat Products**





**Long Products**





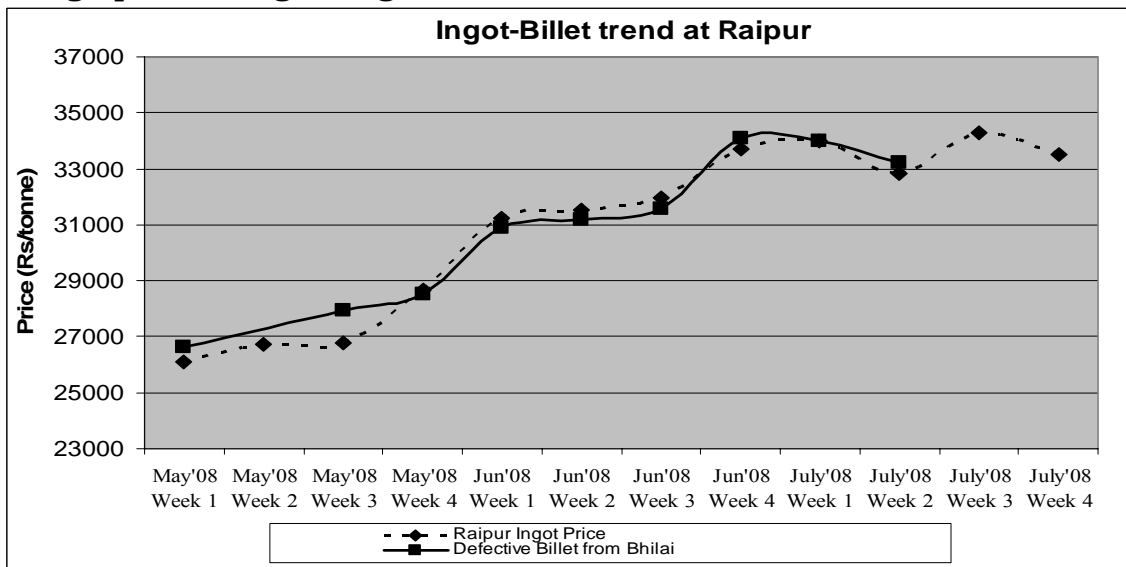
**Note: Prime Price is all inclusive, Auction Price is basic**

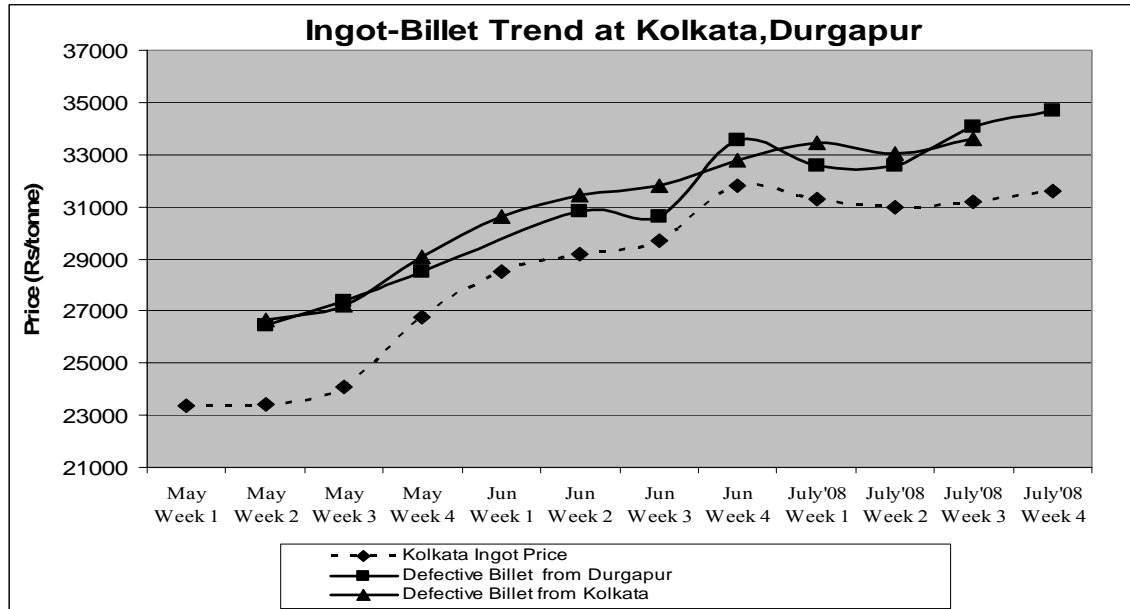
### Ingot Price Trend

Week	Kolkata	Mandi	Ghaziabad	Raipur	Mumbai
June'08 Wk 1	28499	33641	33502	31323	33018
June'08 Wk 2	29181	34159	33905	31663	32818
June'08 Wk 3	29715	34505	34254	31952	33445
June'08 Wk 4	31827	35946	36079	33695	35246
July'08 Wk 1	31289	35564	35607	33981	35177
July'08 Wk 2	31005	35103	34765	32951	34368
July'08 Wk 3	31186	35868	35473	34414	35468
July'08 Wk 4	31605	34729	34590	33466	34794

Price: (Rs. /t, basic)

### The graphs below give Ingot-Billet trend





## International Scenario

**Asia:** Hot Rolled Coil prices remained softened in South East Asia. Buyer's sentiment has remained weak. Chinese offer prices prevailed as low as \$1,030-1,040/tonne cfr for commercial quality 3mm and up coil. Low priced offers from China for cold rolled coil and hot dipped galvanized also affected the CRC and galvanized steel markets in Southeast Asia.

Rebar import prices dipped to \$1,000-1,050/t cfr in South East Asia with market correction taking place and demand scaling down. Billet imports market slumped to as low as \$1,020-1,030/t cfr levels, after peaking to \$1100-1200/tonne cfr levels. A combination of the monsoon rainy season hitting many parts of Asia, a slowdown due to the summer period in north East Asia, and concerns about chasing after higher steel prices have dampened buying sentiment.

**China:** Plate prices remained firm in the domestic market. HRC export offers dipped by USD30 per tonne in the beginning of July. Domestic HRC prices remained strong, however demand remained soft. HRC export prices remained weak in the third and fourth week of the month. CRC and HDG prices too remained softened both in the domestic and export market. Wire Rod and Merchant Bar prices remained stable.

**Europe:** Prices remain softened with demand remaining weak. In Spain, merchant bar prices have fallen by €20/tonne due to lack of demand in the third week of the month. Both Rebar and Wire Rod prices have fallen considerably with price drops of up to €70/tonne registered in Spain this month. Rebar imports slump in Southern Europe with weak demand from construction sector.

**US:** US domestic rebar market remained firm in the second week of the month. Rebar exports are also helping to tighten the market, enabling mills to sell rebar between \$970-990 per short ton fob.

**The table gives an overview of price movement in flat & long steel sector in China (Domestic) CIS (Export) US (Import) & EU (Domestic):**

Item Description	% Change over a week(July'08 Week 4 over July'08 Week 3)	% Change over a month(July'08 over June'08)	% Change in the last 6 months
Chinese Domestic HR Coil (2mm and up) Eastern China Yuan/t	0.00	0.00	23.87
Chinese Domestic HR Coil (2mm and up) Southern China Yuan/t	-1.70	-0.52	21.47
Chinese Domestic CR Coil (0.5-2mm) Eastern China Yuan/t	-1.85	-3.50	23.66
Chinese Domestic CR Coil (0.5-2mm) Southern China Yuan/t	-0.70	2.17	23.68
Chinese Domestic Wire rod (mesh quality) Eastern China Yuan/t	0.00	-2.08	26.97
Chinese Domestic Wire rod (mesh quality) Southern China Yuan/t	0.00	1.23	27.78
CIS Export Rebar Black Sea/Baltic Sea \$/t	0.00	-7.14	67.14
CIS Export Billet Black Sea/Baltic Sea \$/t	0.00	-5.17	69.23
United States Import HR coil \$ per short ton	0.00	0.00	58.57
United States Import CR coil \$ per short ton	0.00	0.00	60.00
EU Domestic Hot rolled coil Euros per tonne	0.00	0.00	0.43
EU Domestic Cold rolled coil Euro per tonne	0.00	0.00	0.44

Note: 1 RMB=0.15US\$

**Outlook:**

**Chinese domestic steel product price correction to continue in August:** It is reported that the correction in Chinese steel product prices currently underway will extend until the end of August due to reduced downstream demand and a slowing production cost growth.

Europe: Weaker demand prevails due to summer slowdown. For August it is unlikely that rebar prices will see any increases with further dips more probable, "Scrap has started to fall but will pick up again in September/October once maintenance works are over and scrap demand increases. But I'm not sure if rebar prices will do the same," says a Spanish market source. For August, imports levels are not likely to increase as consumption will continue to decline due to seasonal closures.

Analysts predict lower steel prices in the US market with the beginning of the seasonal summer slowdown in demand.

**India: Steel prices may cost more from August:** Domestic steel prices are likely to go up as the prices of raw materials have already been increased due to various reasons. The prices of steel products are likely to increase in August, said JSW Steel's Vice Chairman and Managing Director Sajjan Jindal declining to divulge further about the hike.

**Data Sources:**

- 1) www.ncdex.com
- 2) Steel Town Weekly, Mandi Govindgarh
- 3) Steel Business Briefing
- 4) Metal Bulletin
- 5) www.steelprices-india.com



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Senior General Manager – Steel Sales

## STEEL INDUSTRY MARKET SCENARIO

### SCRAP

#### Domestic Scenario

**Iron-Ore, Scrap and Pig Iron market scenario:** Indian spot iron ore market remained quiet in the beginning of July due to huge stockpiles at Chinese ports. Export market remained quiet with weak demand coming from China. The market remained stable in the fag end of the month across 60% and above grades while low demand prevailed across lower grade Iron ore fines both in the domestic market and export market. A drop of around 7% has been noticed over a week across Fe=58% CNF China in the end of the month.

After witnessing a price eruption during third and fourth weeks of June and corrections in the first week of July, India's domestic steel market achieved a balance in the second week with minor corrections at some locations, due to lag and local factors.

In the second week of July, **Scrap** prices have fallen because there were more offers of containerized scrap and the billet market has weakened. Containerized HMS scrap in India for August shipments is prevailing at \$610-620/t cfr.

After witnessing a stable trend, Melting Scrap in Mandi Govindgarh suffered a fall of Rs. 900/ tonne at the beginning of this week, Monday, July 28 as compared to the last week and since then the scrap prices are on a downward note. Mumbai market saw a drop of 3.5% for Melting scrap in a day.

**Pig Iron** prices remained firm in the month of July.

#### Pig Iron prices from different clients in the mid of July. (Price is basic)

##### **1. KIOCL:**

**Si=1.25-1.74%:** Price is prevailing at Rs.31,500/tonne in Gujarat

Price is prevailing at Rs.32,100/tonne in Coimbatore.

Price is prevailing at Rs.31,550/tonne in Rest of West.

**Si < 1.25%:** Price is prevailing at Rs.31,000/tonne in Gujarat

Price is prevailing at Rs.31,600/tonne in Coimbatore.

Price is prevailing at Rs.31,050/tonne in Rest of West

##### **2. Tata Metaliks Ltd:**

**Si=1%:** The auction platform fetched a price up to Rs.29,850/tonne in the second week of July.

**Si=1-1.5%:** The auction platform fetched a price up to Rs.30,050/tonne in the second week of July.

#### The table below gives the price trend of Indian Iron Ore Fines (63.5%) exported to Chinese market

Date	Price Base	Low price(US\$/t)	High Price(US\$/t)	Trend
23.06.08	FOB	140	145	
30.06.08	FOB	140	145	↔

07.07.08	FOB	140	145	↔
14.07.08	FOB	135	155	↑
21.07.08	FOB	135	143	↔
28.07.08	FOB	136	140	↔

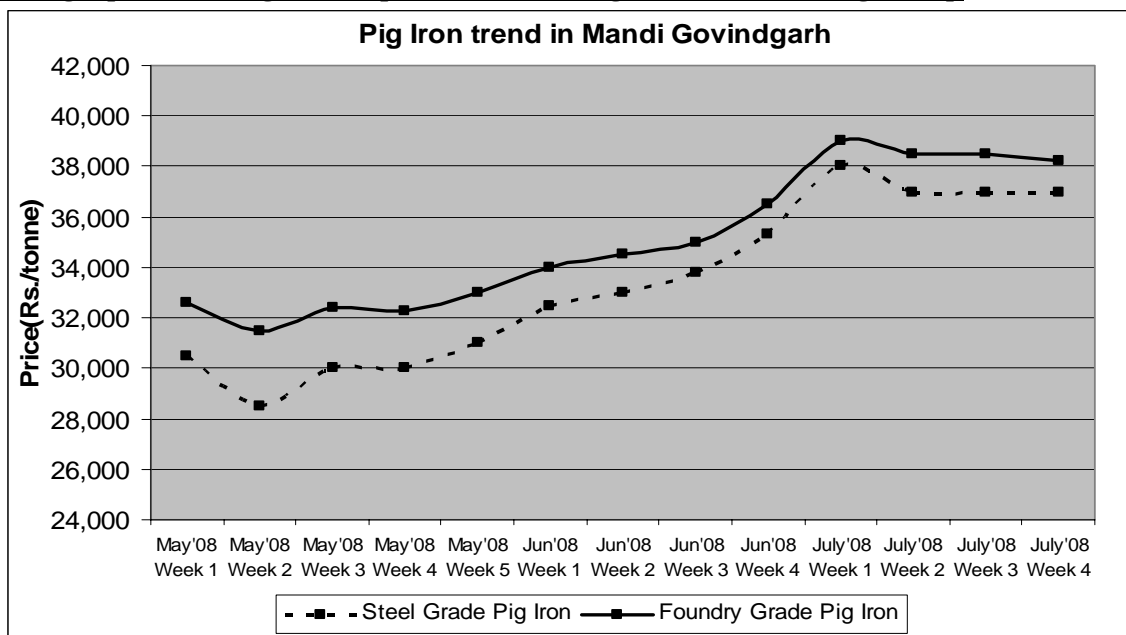
**Melting Scrap Trend (Rs. /t, Incl.Excise & Sales, Landed)**

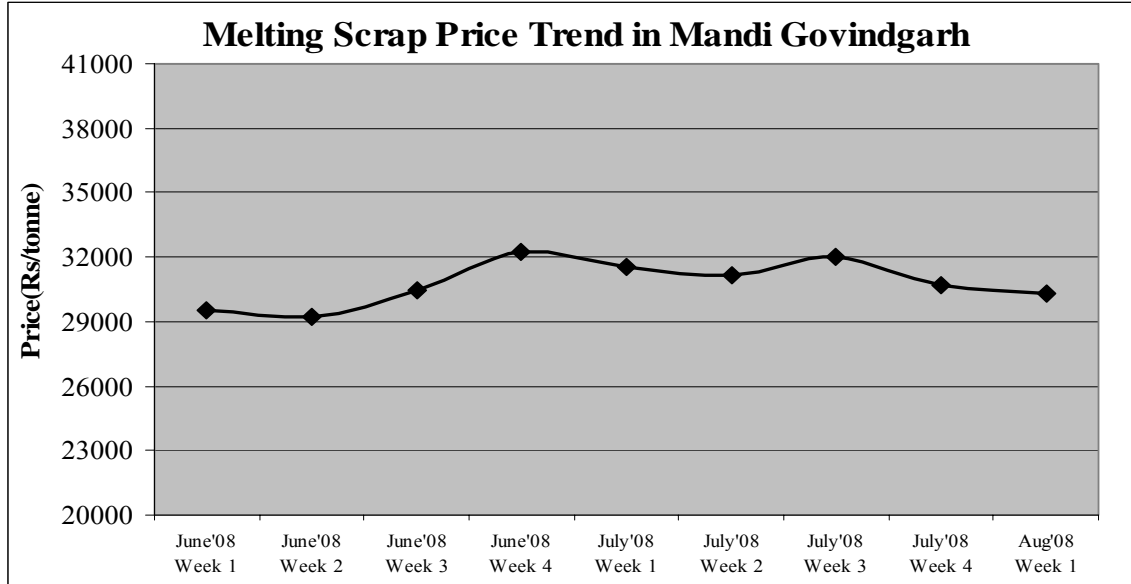
	Delhi	Kolkata	Mumbai
June'08 Week 1	29,000	25,000	28,000
June'08 Week 2	30,000	26,000	29,000
June'08 Week 3	30,500	26,500	29,500
June'08 Week 4	32,500	28,500	31,500
July'08 Week 1	32,000	27,500	31,000
July'08 Week 2	31,000	26,000	30,000
July'08 Week 3	32,000	27,000	31,000
July'08 Week 4	31,000	26,000	30,000

**Other Scrap Price Trend in Mandi Govindgarh (Rs./t,Incl.Excise, Landed)**

	Cast Iron Turning	Ingot Moulds	Sponge Iron	Melting Scrap
June'08 Week 1	19,000	27,500	27,000	29,530
June'08 Week 2	20,000	28,500	27,500	29,230
June'08 Week 3	20,000	28,500	27,500	30,460
June'08 Week 4	20,000	30,500	30,000	32,270
July'08 Week 1	19,500	32,000	30,000	31,530
July'08 Week 2	19,500	30,500	29,500	31,150
July'08 Week 3	20,500	30,500	31,000	32,000
July'08 Week 4	21,000	31,000	29,500	30,500

The graphs below give the price trend of Pig Iron and Melting Scrap



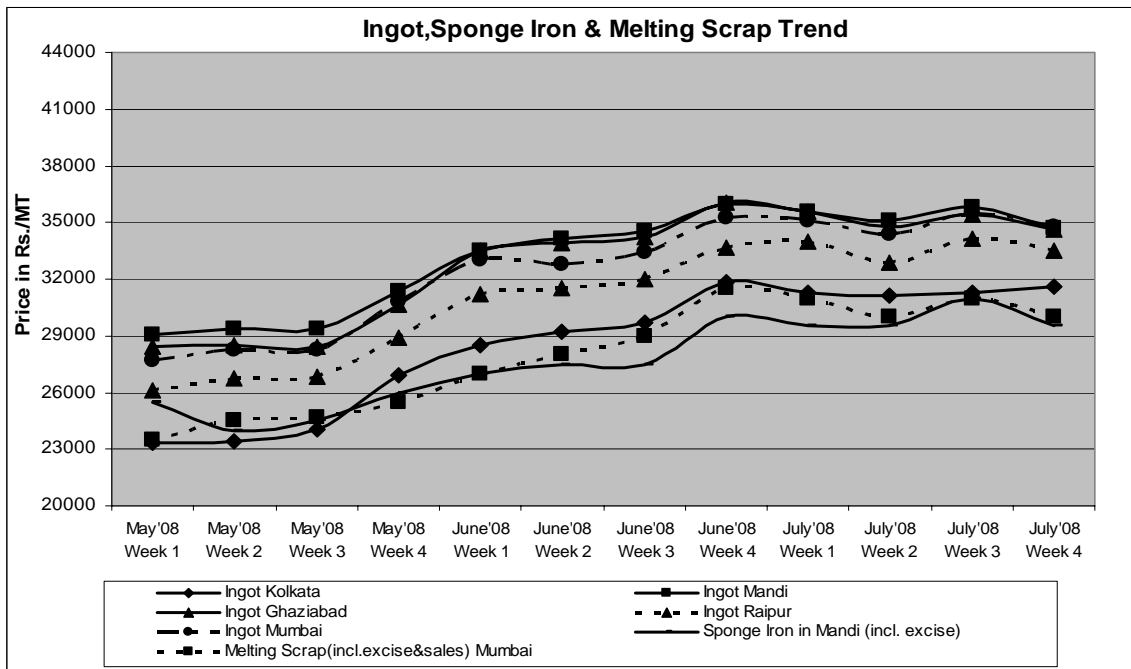


Price (Rs./t, Incl.Excise, Landed)

#### Price Movement

	Review	Outlook
Scrap	July 2008 over June 2008	Aug 2008 over July 2008
Pig Iron	↑	↔
Sponge Iron	↑	↔
Melting Scrap	↑	↔

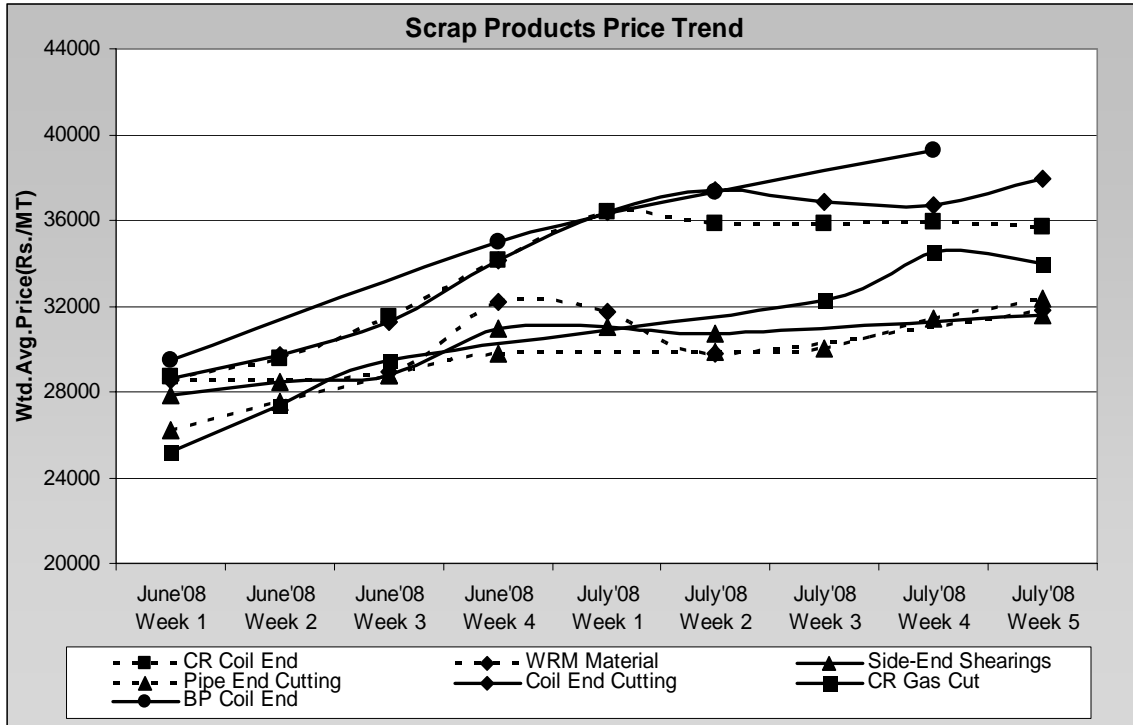
**The graph below gives price trend of Ingot, Sponge Iron and Melting Scrap across various places:**



Ingot price is basic; Price (Rs. /t)

**Price Trend as observed in the Auctions held at [www.metaljunction.in](http://www.metaljunction.in):**

Following graph shows the price trend observed in the auction services of Metal Junction for the month of June 2008 and July 2008 for different scrap products.



Price is basic

Attached below is the data table:

Week	CR Coil End	WRM Material	Side-End Shearing	Pipe End Cutting	Coil End Cutting	CR Gas Cut	BP Coil End
June'08 Wk 1	28674	28569	27811	26250	28600	25213	29492
June'08 Wk 2	29573	-	28475	27572	29700	27347	-
June'08 Wk 3	31531	28907	28751	28805	31250	29443	-
June'08 Wk 4	34143	32180	30975	29764	34100	-	35000
July'08 Wk 1	36414	31690	31022	-	36377	-	-
July'08 Wk 2	35839	29820	30729	29842	37403	-	37350
July'08 Wk 3	35852	-	-	30019	36888	32300	-
July'08 Wk 4	35944	-	-	31406	36726	34515	39252
July'08 Wk 5	35721	31768	31554	32350	37950	34000	-

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

Products	June'08 Price(Avg.)	July'08 Price(Avg.)	% change(July'08 over June'08)	% change(July'08 over July'07)
Coil End Cutting	30913	37069	19.92	93.00
CR Coil End	30980	35954	16.06	74.00
CR Gas Cut	27334	33605	22.94	93.00

<b>Pipe Cutting</b>	28098	30904	9.99	80.00
<b>Side-End Shearing</b>	29003	31102	7.24	68.00
<b>WRM Material</b>	29885	31092	4.04	72.00
<b>BP Coil End</b>	32246	38301	18.78	111.00

**Outlook:** The prices of both steel and scrap saw significant improvements in the month of June. However since the beginning of July, Melting scrap prices in Mandi Govindgarh depicted a drop in the range of Rs. 700/tonne and CI Turnings decreased by Rs. 500/tonne.

In the second week of July, Scrap prices declined further because there were more offers of containerized scrap, and the billet market too weakened. Containerized HMS scrap in India for August shipments prevailed at \$610-620/t cfr. Melting Scrap price in Mandi Govindgarh market saw a drop of 1.51% over a week. After a declining trend, prices picked have ruled stable in the beginning of August. The auction platform has also maintained a positive price movement over a month.

In the prevailing scenario, the auction platform is expected to depict a healthy price trend in the coming month.

### **International Scenario:**

**Scrap prices drop in the range of 10-40 USD/tonne across various regions over a month.**

**Pig iron prices show downward trend:** It is reported that, suffering from the dropping steel scrap prices, international pig iron prices are following along in the downward slide.

**Scrap offer prices fall in SE Asia on weak demand:** Offered prices of 80:20 HMS 1/2 in Southeast Asia have dipped and prevailed at around \$600/tonne cfr as mills slow their buying.

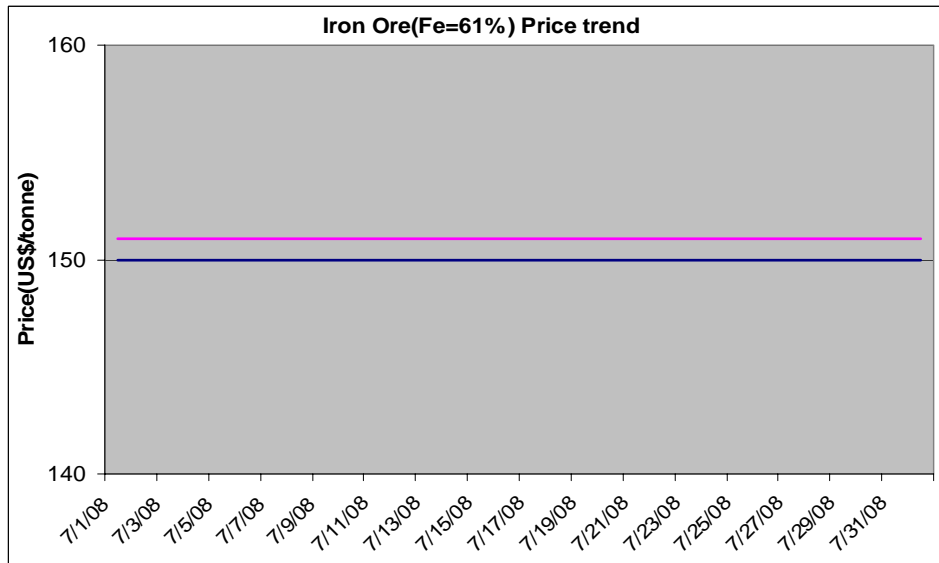
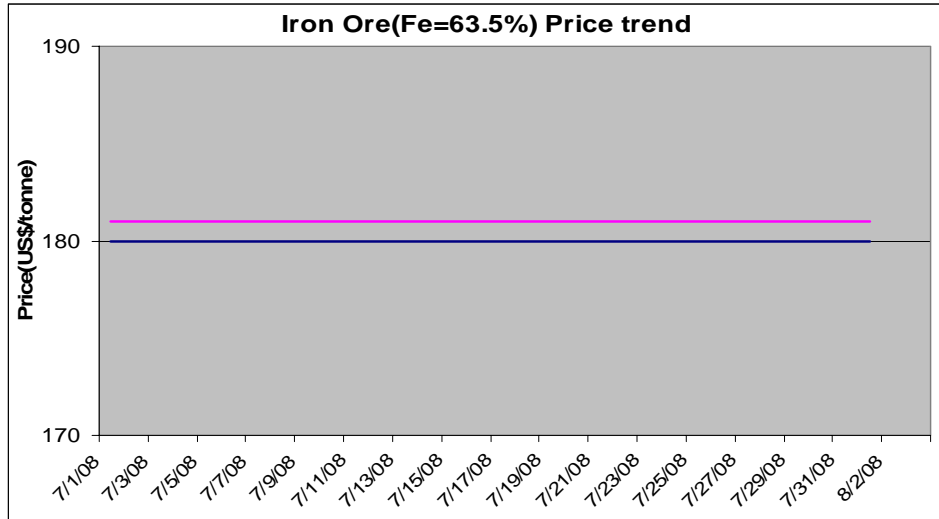
Domestic Scrap prices strengthened in **China** since the end of June. In the second week of July, the price for heavy melting scrap (over 6mm thick) in eastern China's Jiangsu province prevailed at around RMB 4,150-4,220/t (\$606-616/t) including 17% VAT, up from RMB 4,100-4,200/t at end June.

Domestic Iron Ore prices remained firm in the Chinese market supported by supply cuts and higher freights. The recent oil price rise has also pushed up truck transport fees while checks on vehicle overloading have been stepped up, especially in the Beijing area.

**EU scrap prices move sideways to down:** Pause in demand from Turkey sends European export prices modestly lower. Scrap prices have decreased due to lack of demand as mills prepare to take their summer shutdowns and therefore require less material. So mills have lowered their prices.

Scrap prices have also been falling in the **USA** and may yet fall further this month.

**The graphs below give the Iron Ore Fines trend of Indian origin CNF China port:**



Price is CNF China in US\$/t

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

Month	Average Price(\$ per long ton)	Price movement
Apr-08	536.75	
May-08	618.80	↑
June-08	637.00	↑
July-08	637.00	↔

**Steel Scrap Shredded United States fob East Coast \$ per tonne**

Month	Average Price(\$ per long ton)	Price movement
Apr-08	542.50	
May-08	623.80	↑
June-08	642.50	↑
July-08	634.00	↓

**HMS 1 & 2 (80:20 mix) Iron and Steel Scrap Rotterdam Export \$/tonne**

Month	Average Price(\$ per tonne)	Price movement
Apr-08	560.50	
May-08	630.00	↑
June-08	644.75	↑
July-08	632.00	↓

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

Month	Average Price(\$ per tonne)	Price movement
Apr-08	515.50	
May-08	580.00	↑
June-08	594.75	↑
July-08	582.00	↓

**Steel Scrap Shredded fob Rotterdam \$ per tonne**

Month	Average Price(\$ per tonne)	Price movement
Apr-08	566.25	
May-08	635.00	↑
June-08	649.75	↑
July-08	637.00	↓

**Outlook:**

Global scrap prices are further expected to move down in the international market due to summer slowdown. US players see lower scrap pricing for August. Consumers and analysts expect August to be flat to down for most grades. Subdued export activity and potential summer slowdowns at domestic mills have eased the upward pressure on ferrous scrap pricing.

The domestic market is expected to reflect a firm price trend across raw materials in the coming month.

**Data Sources:**

- 1) Steel Town Weekly, Mandi Govindgarh
- 2) Steel Business Briefing
- 3) Metal Bulletin
- 4) Asian Metal



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## STEEL INDUSTRY MARKET SCENARIO

### STAINLESS STEEL

#### Domestic Scenario:

Stainless Steel market on a downtrend with demand weakening and Nickel price showing a significant drop. Further, the onset of monsoon has kept the buying sentiment down. The domestic market has seen a drop in the range of Rs.10,000 to Rs.20,000/tonne across various grades in the beginning of July as compared to the beginning of June.

Downturn in stainless steel sector continued in the end of the month with demand remaining weak and Nickel prices sliding further. Over a month Nickel prices have dropped by around 16% in Mumbai market, while prices have dropped significantly by 11% at London Metal Exchange over a month.

#### Kolkata (Price in Rs. /tonne)

SS 304(PRIME): Jindal Price is Rs.1,90,000/tonne (basic)

SS 316(PRIME): Jindal Price is Rs.3,20,000/tonne (basic)

SS 430(SECONDARY): Jindal Price is Rs.48,000/tonne (basic)

#### Gujarat (Price in Rs. /tonne)

Grade 301-thickness-2.5-8-HRAP- - Rs 1,75,000-1,85,000/tonne (basic)  
for 2B/2D/slit arising

Grade 304-thickness-2.5-8- HRAP- Rs. 1,95,000-2,10,000/tonne (basic)  
for 2B/2D/slit arising

Grade 316-thickness-2.5-8- HRAP- Rs. 2,80,000-2,90,000/tonne (basic)  
for 2B/2D/slit arising

Grade SSLN1-thickness- 2.5-8- HRAP- Rs.95,000-1,10,000/tonne (basic)  
for 2B/2D/slit arising

#### Delhi (Price in Rs. /tonne)

SS 201 (1mm - 3mm):- Rs.1,35,000/tonne (basic)

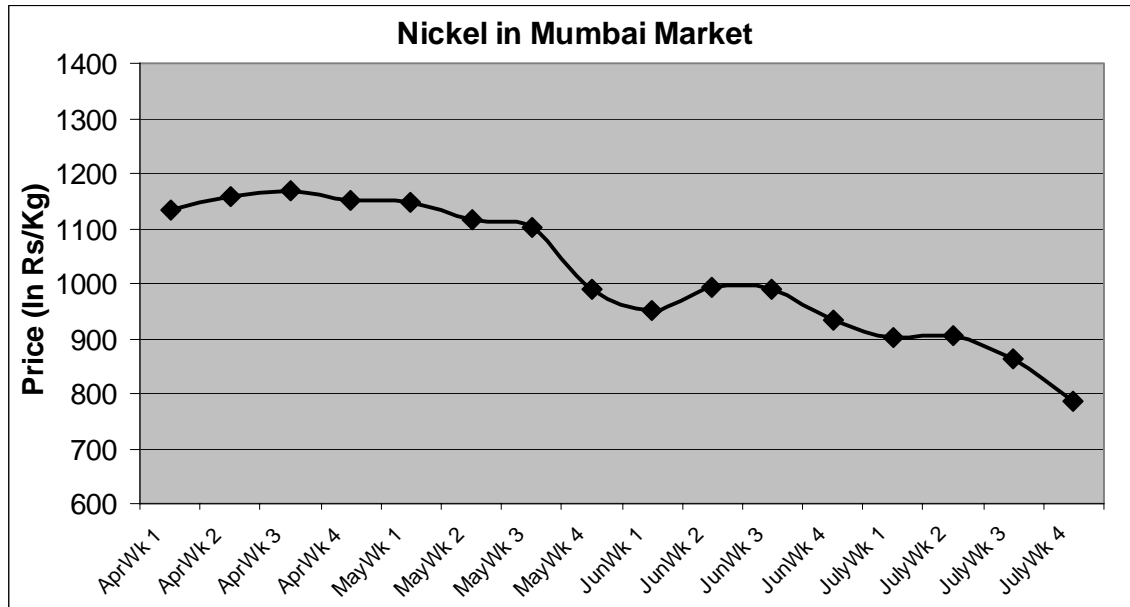
SS 301 (1mm - 3mm):- Rs.1,80,000/tonne (basic)

SS 304 (1mm - 3mm):- Rs.2,20,000/tonne (basic)

#### **Price Movement**

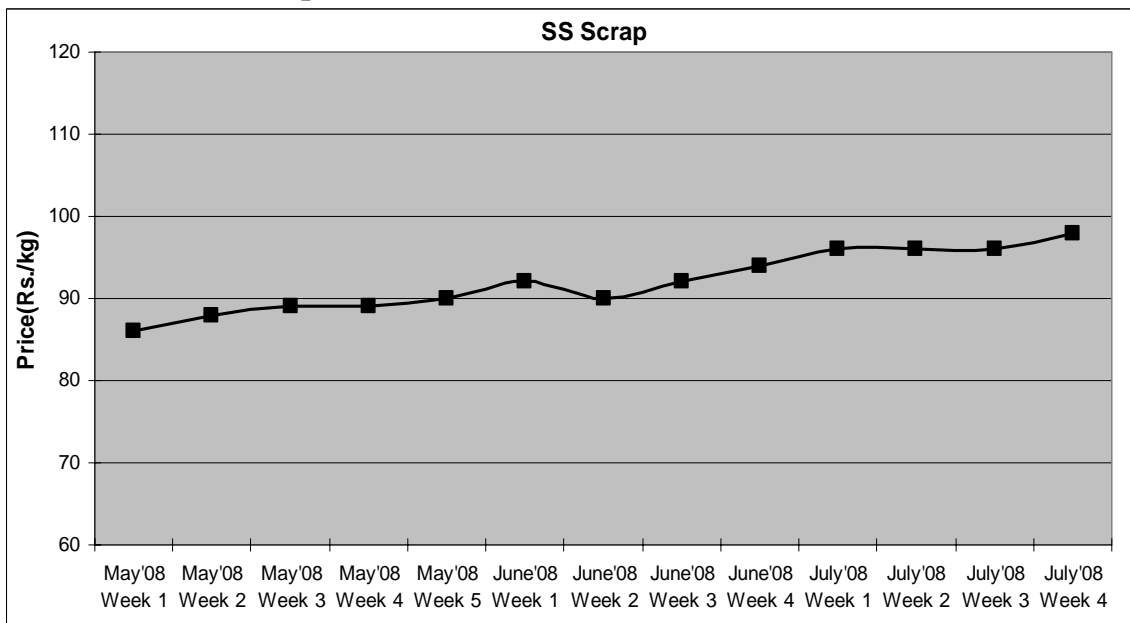
	<b>Review</b>	<b>Outlook</b>
Steel Product	July 2008 over June 2008	Aug 2008 over July 2008
Stainless Steel	↓	↓

**Nickel Price movement in domestic market:**



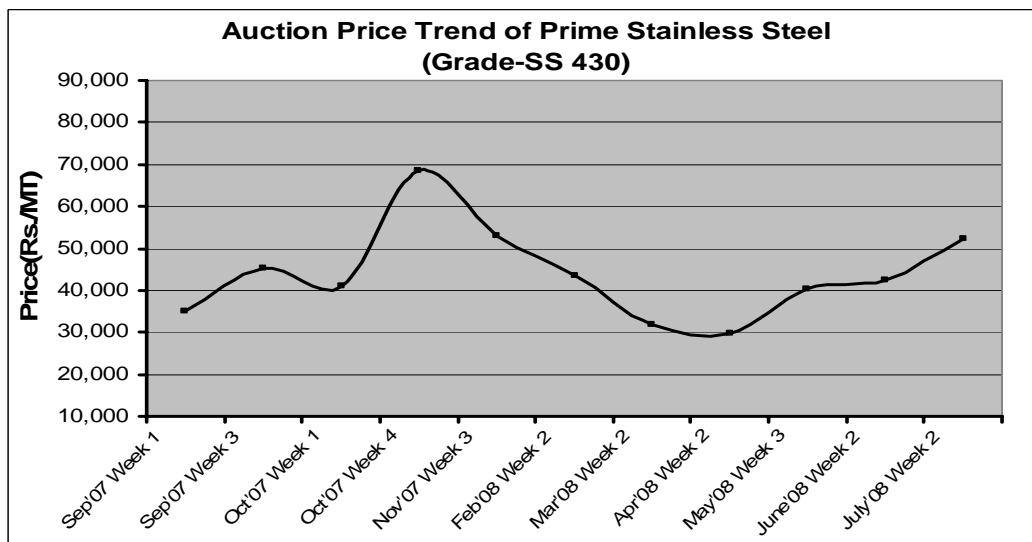
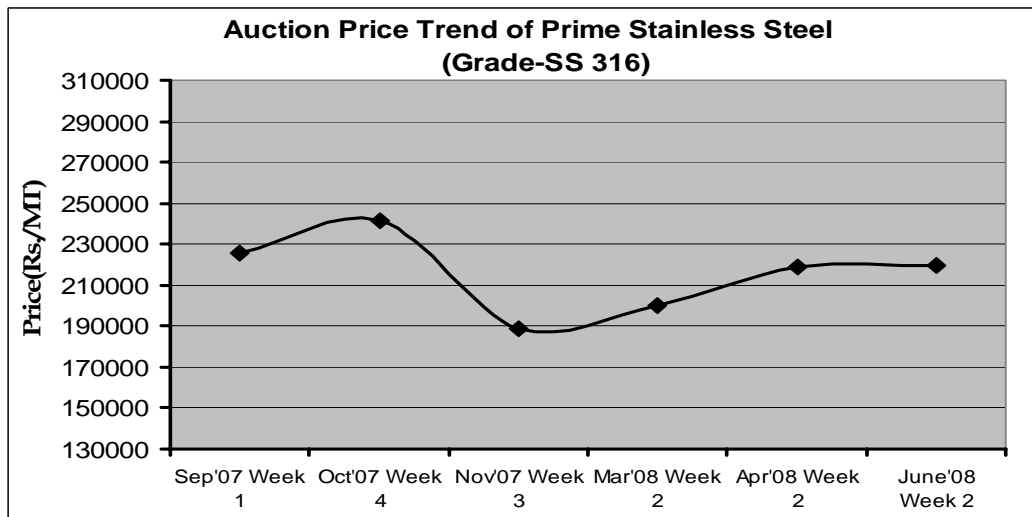
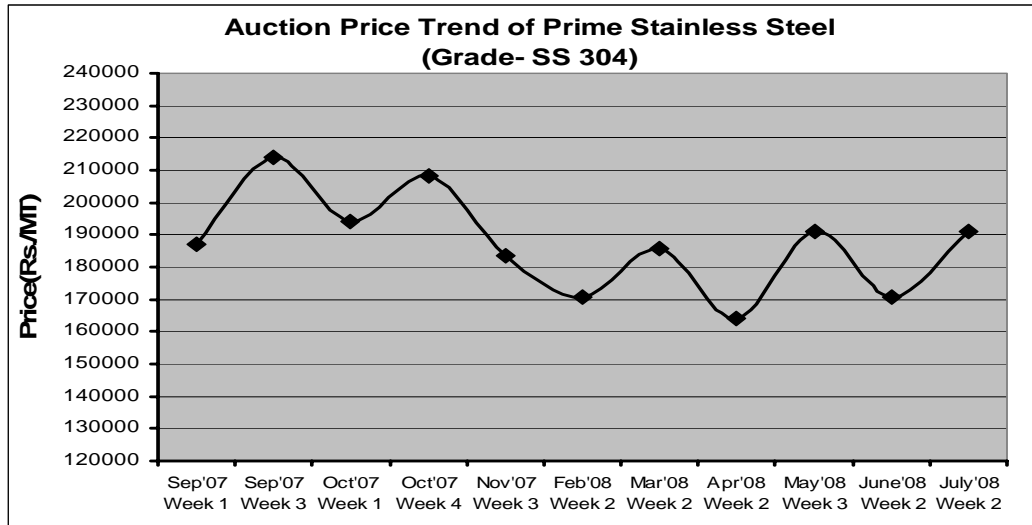
Price (Rs./kg) is basic

**Stainless Steel Scrap Price movement in domestic market:**



Price (Rs./kg) is including excise duty.

**The graph below gives the auction trend of Stainless Steel:**



Price (Rs./tonne) is basic

**Outlook:** With raw material prices especially Nickel seeing a downturn recently both in the domestic market and at LME and with slowdown in demand prevailing from the downstream stainless products, the stainless steel market is expected to see a downturn in the coming month.

**International Scenario:**

**Stainless Steel prices soften worldwide as demand falls:** Asian prices have on the whole weakened in recent weeks, although falling stocks have increased anticipation of a market recovery in the coming months. Prices have fallen further across Europe over the past month due to weak demand, not only due to the slowing economy but also because of the start of the summer slowdown. North American base prices face downward pressure. Demand has deteriorated further, imports appear to have increased, and sentiment is downbeat for the typically quiet summer.

**Asia:** Stainless steel prices have remained stable in the first two weeks of the month; however prices dipped consequently with weaker demand prevailing in the market. Prices of East Asian-origin grade 304 2mm 2B cold rolled sheet have remained unchanged at \$3,750-3,850/t cfr China in the past few weeks.

**China Stainless flats imports slump in H1:** China's stainless flat product imports slumped in the first half of the year. Imports of stainless flat products 600mm wide and above fell 32% year-on-year to 441,285 tonnes in January-June. Exports of the same products fell 43% year-on-year to 321,872 tonnes during the half. Imports of stainless flats below 600mm wide fell 4% year-on-year to 101,404 t during the six months. In the same period, exports of these products rose 24% year-on-year to 69,178 t. The weak import numbers reflect sluggish demand for stainless steel products in China.

**Prices** of 3mm thick 304 HRC in China's Foshan market have inched lower over the month to RMB 25,300-25,700/t (\$3,709-3,768/t), down from RMB 25,500-26,500/t at end-June. The prices include 17% VAT.

**US:** Stainless steel market is quiet in US with buying sentiment remaining negative. Prices for stainless steel have been softening and buyers remain "cautious". Stainless prices drop in Brazilian domestic market because of falling price of nickel and also because of increased imports from China.

**Europe:** Europe's stainless coil market has quietened with the approach of summer holiday.

**The tables below give an overview of stainless steel prices worldwide**

**Chinese Domestic Stainless Coil Prices, RMB/t FOB Foshan (incl.17% VAT)**

Type	Apr'08	May'08	June'08	July'08
HR 304	29500-29600	28800-29000	25500-26500	25000-26000
CR 304 2B	30700-31000	29200-29300	27000-27500	26500-27000
CR 202 2B	23300-23400	22600-22800	22900-23100	22900-23100
CR 430 2B	12800-12900	12400-12500	11800-12000	11800-12000

**Europe:**

CR 304 2B 2mm,Euro/t Ex-Works	May'08	June'08	July'08	Aug'08*
N.Europe	1250-1300	1200-1230	1100-1200	1070-1170
S.Europe	1200-1250	1100-1150	1050-1150	1020-1120

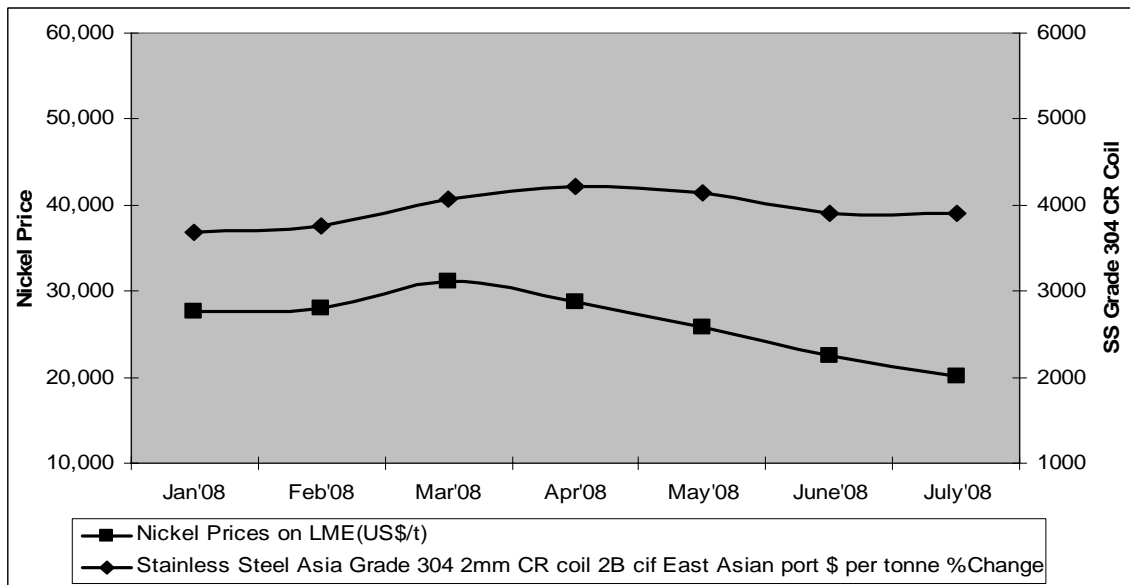
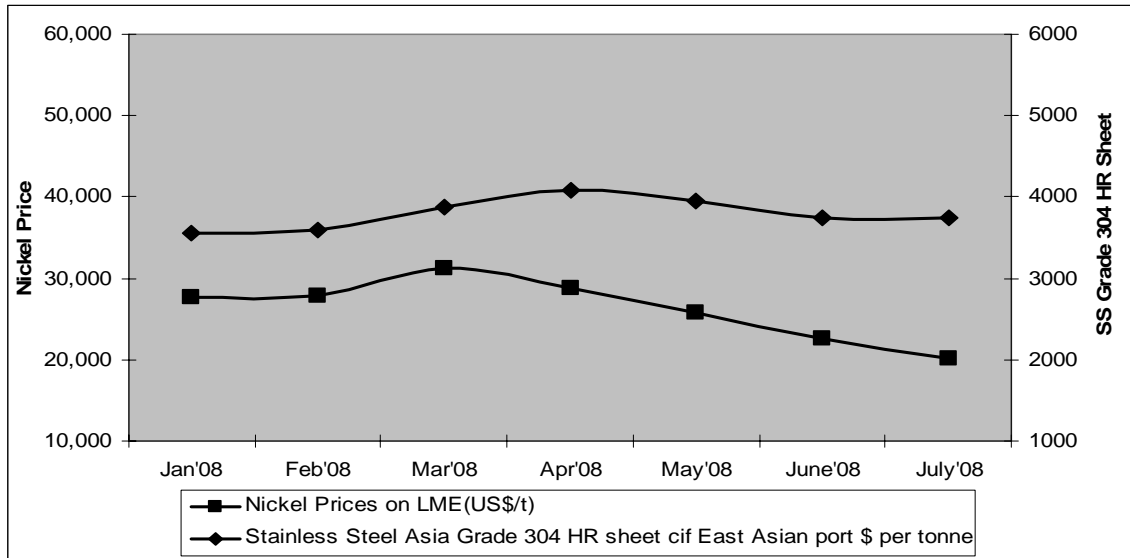
**Europe:**

CR 430 BA 2mm,Euro/t Ex-Works	May'08	June'08	July'08	Aug'08*
N.Europe	1200-1230	1200-1220	1050-1100	1000-1050
S.Europe	1180-1200	1160-1180	1020-1070	980-1040

(\*): SBB forecast

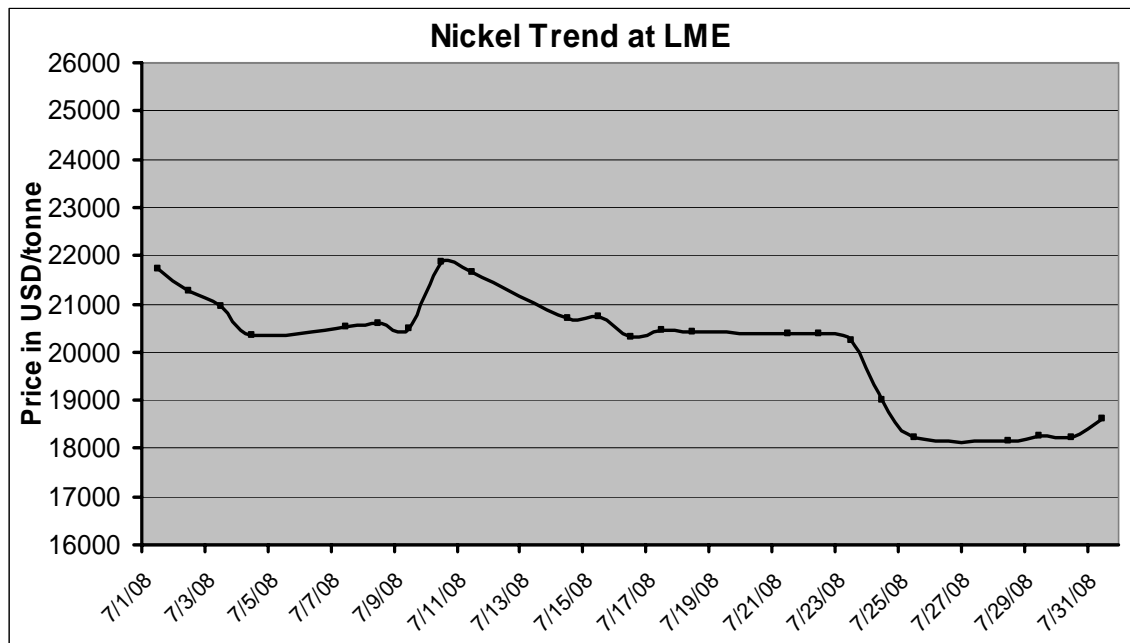
**Note:** 1US\$= Rs.42.40, 1Euro= Rs.66.04, 1 RMB=0.15US\$

**The graphs below indicate SS-Ni trend for the period Jan'08-July'08**



**Nickel Trend: Nickel hits 2 year low on LME on weaker demand from stainless steel sector:** Nickel fell below USD 20,000 a tonne on Thursday (July 24, 2008) for the first time in just over two years on weaker stainless steel demand and touched a low of 18,140 USD/tonne.

Month	Average Price of Nickel	% Change(m-m)	% Change(y-y)
Jan-08	27,670		
Feb-08	27,939	0.97	-32.12
Mar-08	31,209	11.71	-32.57
Apr-08	28,749	-7.88	-42.77
May-08	25,723	-10.52	-50.67
June-08	22,579	-12.22	-45.84
July-08	20,152	-10.75	-39.68



**Outlook:**

**Global stainless steel demand and prices in downward trends:** Stainless Steel prices see a slump with weak demand and declining Nickel price. SBB forecasts declining price trend in the coming month with a dim season prevailing for the sale of downstream stainless products.

**Chinese stainless 304 prices to sink lower on LME Nickel fall:** Market participants are expecting Chinese stainless 304 prices to sink lower after Nickel prices crashed below the \$20,000/t level on the London Metal Exchange to a 2-year low last week. Weakening nickel prices will exacerbate an already sluggish stainless steel market as buyers hesitate to buy, they say.

Chinese stainless mills were expected to keep 304 prices in August unchanged from July, as Steel Business Briefing reported previously. But traders now

believe that producers may be forced to cut prices, which could further dampen market sentiment.

A downward trend also prevails both in the domestic market with weak demand prevailing in the stainless steel sector. Further, drop in input prices have also kept the market sentiment on a downward note and the market is expected to further see a drop in the coming days with Nickel seeing a continuous fall both in the domestic and international market.

**Data Sources:**

- 1) [www.lme.co.uk](http://www.lme.co.uk)
- 2) Steel Business Briefing
- 3) Metal Bulletin
- 4) Foundry Informatics Centre, Delhi



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