

News at a glance

Global crude steel production in October dip by 20% off peak: It is reported that October global steel production declined 6.9% to 100.5 million tonnes from September's 107.9 million tonnes. The large drop is a result of the decelerating Chinese economy, falling steel prices and global credit squeeze. Chinese production fell 16.3% from year ago and came in at the lowest level since May 2006. US production came in at 7.1 million tonnes in October, down 12.9% from 261,400 tones per day in September as mills continue to cut production in an attempt to match supply with reduced demand.

Slowdown hits Indian steel sector with steelmakers cutting production: Global financial turmoil worries steel sector. The nation's major steel producer Steel Authority of India (SAIL), has started taking several severity measures as the demand for steel has been considerably reduced in the world market. Rourkela Steel Plant (RSP), a giant unit and the first steel plant in the country has been forced to reduce its normal production. 1,40,000 tons per month.

Meanwhile, the private sector steel producers such as Essar, Jindal Steel and Bhusan Steel in Orissa have already reduced about 30% of their normal production due to fall of demand of steel in global market.

Induction furnaces too slash production because of falling prices and higher input costs. Indian producers of sponge iron have also cut production and some have closed down completely in the last two weeks because the market is facing a very slow period.

In line with the softening global trend, **Indian firms have also reduced steel prices** to about Rs. 32,000-36,000 a tonne from the high of Rs. 55,000 a tonne earlier this year. State-run RINL had cut steel prices by a maximum margin of up to Rs. 8,500 a tonne. SAIL, JSW Steel, Ispat Industries, Essar Steel also slashed rates in the range of Rs. 4,000-6,000 a tonne to ward off the threat of cheaper shipments from China and Ukraine.

India's steel imports fall 11% in April-Oct y/y: India's steel imports between April and October fell 10.7 percent from a year earlier to 5.25 million tonnes.

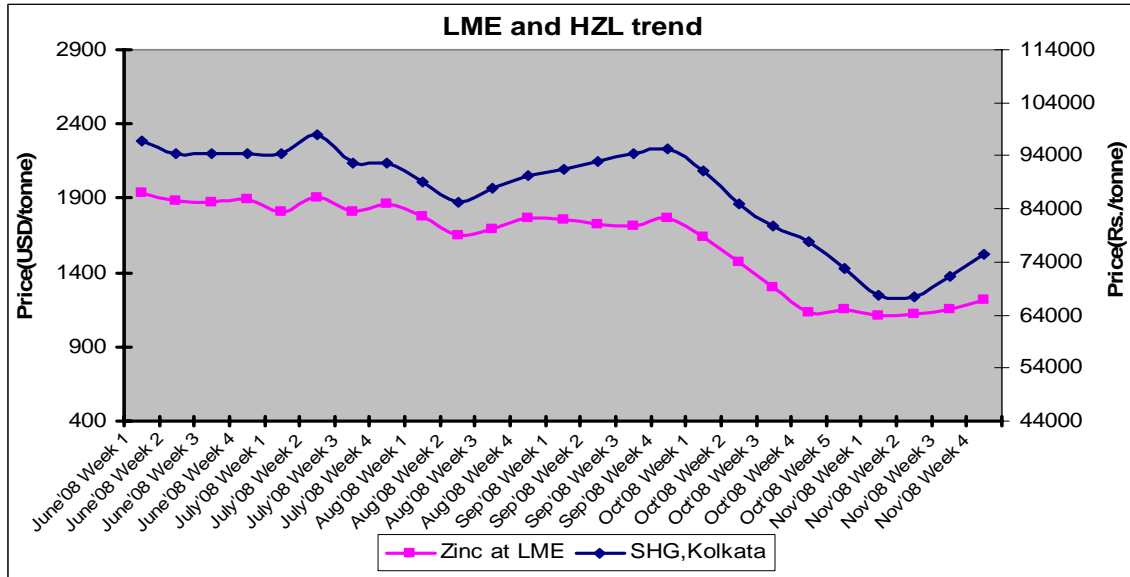
BHP decision adds to base metal weakness: The outlook for commodity markets darkened after the mining sector's biggest potential takeover collapsed as BHP Billiton abandoned its bid for Rio Tinto, citing steep falls in metals prices and a continuing deterioration in global economic conditions.

Fall in base metal prices seen: Base metals continued their decline with Nickel showing a drop of 12% over a month and touching a low of USD9650/tonne this month. Zinc saw a drop of 9% over a month.

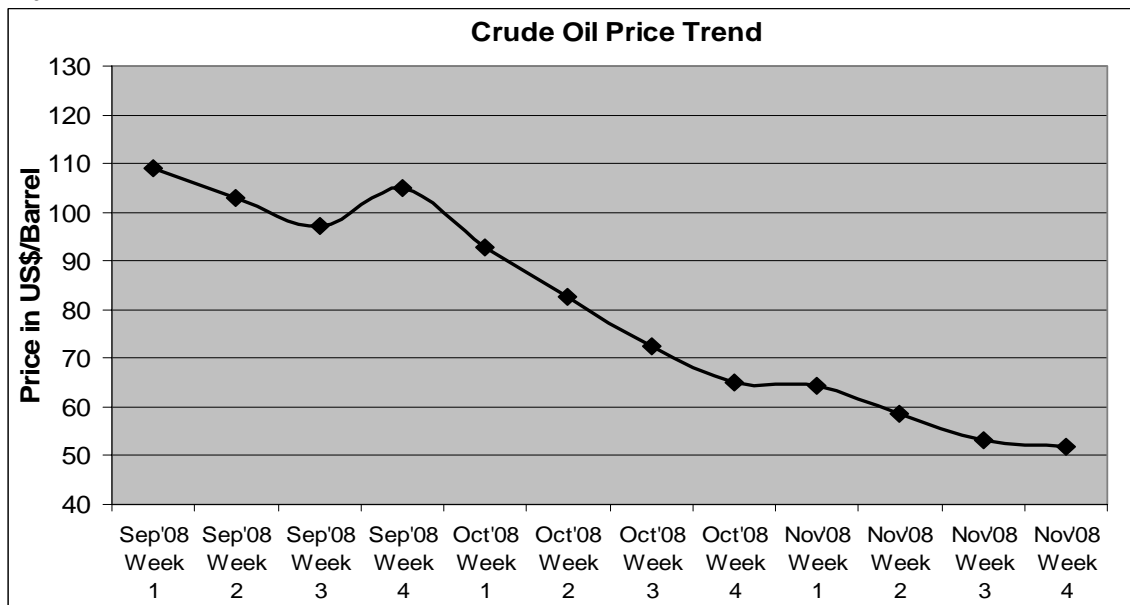
Aluminum falls to 3 year low as weak demand bolsters stockpiles: Bloomberg reported that aluminum declined for a third consecutive day in London, trading at the lowest in three years, as demand weakness spurred a

jump in inventories. A slump in North American car sales has undermined usage of metals from aluminum to steel.

After witnessing a downward trend up till the middle of November, zinc prices exhibited a slight improvement both in the domestic market and in the international market in the last ten to twelve days. **Hindustan Zinc Limited** has raised the zinc prices by Rs. 4,200/tonne in the fourth week of November. HG Zinc at Kolkata prevailed at Rs. 74,400/tonne (excl. Sales Tax & Excise Duty) on 29th Nov as compared to Rs. 70,200/tonne (excl. Sales Tax & Excise Duty) on Nov 22 (indicating an increase of more than 5.5 per cent over a week).



Recession in Crude Oil sector continues: Sharp drop in Crude oil prices continues touching a low of 50USD/barrel this month. In two months, prices have dropped by 45% and the market is expected to remain grim in the coming days.



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

Index	Sep'08	% Change (M-M)	Oct'08	% Change (M-M)	Nov'08	% Change (M-M)	% Change (Y-Y)
Global	269.55	-5.40	240.29	-10.90	182.95	-23.90	6.10
North America	258.68	-3.90	236.19	-8.70	187.11	-20.80	26.80
Europe	263.81	-0.10	220.64	-16.40	174.96	-20.70	3.60
Asia Steel	279.11	-8.60	253.57	-9.20	184.93	-27.10	-2.10
Longs	309.25	-5.60	276.83	-10.50	216.81	-21.70	9.90
Flats	249.83	-5.20	222.14	-11.10	166.14	-25.20	3.90
Metallics	322.32	-24.30	246.46	-23.50	141.31	-42.70	-39.80
Stainless	182.17	-2.40	168.40	-7.60	173.75	3.20	-7.60

Economic weakness leads to record price falls: Prices have fallen rapidly in all regions as weakening economic conditions have fed through into lower demand, and the CRUspi index for finished steel products has seen a record fall.

The CRUspi for steel sheet has seen its largest ever decline, and now stands some 25% lower than just one month ago. Chronically weak demand is the clear culprit in almost all regions.

Deteriorating steel demand and economic uncertainty dries up scrap trade. Aggressive steel output cuts world-wide sends scrap prices tumbling. The CRUspi metallics index sees a sharp drop over a month.

Stainless Steel demand and prices have been falling across Asia, causing producers to cut back production. The CRUspi index has seen a negative change over a month.



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STEEL INDUSTRY MARKET SCENARIO

FLAT & LONG PRODUCT

Domestic Scenario:

The First Half of November:

Steel plate market remains dim in Mumbai: The market of steel plate remains dim in Mumbai, with the reduced demand and still low price. Price of IS2062 16-20mm prevailed at around INR34,000/t, basic (USD717/t), in the second week, INR1,000/t (USD21/t) lower than that of one week ago.

CRC price further goes down in Mumbai: – The price of CRC further goes down in Mumbai due to the weak demand.

Billet market remains slow in India: Billet market runs slow in India as both traders and consumers are holding a watching attitude towards the billet purchase. The price for billet stays at about INR19,000/t (USD390/t) Ex works, the same as that of last week.

TMT bar market remains inactive in India: The market of TMT bar remained stagnant after the Diwali festival due to the weak demand from end users. Prices of TMT bar prevailed in the range of INR 23,000-24,000/tonne, basic (USD483-504/t) in India.

Angle steel market dim in India: The market of angle steel continues inactive for the time being due to the declining demand from end users. The market price of angle steel Q235 25-100mm was in the range of INR24,600-25,000/t, basic (USD520-530/t) in the first week. Market observers predicted the price is very hard to rebound influenced by the world economy recession.

The Second Half of November:

Flats market continued to remain weak. The HRC market still runs calm in Mumbai at present, with weak demand and watching attitude from participants. Price of IS2062 2.0mm HRC prevailed at around INR34,000/t, (USD696/t)tax included in the fourth week, INR1,000/t (USD20/t) lower than that one week ago. The demand of CRC remains weak in Mumbai, with the downward price trend and watching attitude from buyers. Price of SPCC 1.0mm prevailed at around INR35,000/t (USD734/t) basic in the fourth week, INR1,000/t (USD41/t) lower than that of one week ago. As the price keeps going down, manufacturers intend to watch the market for a while before building the stock.

Steel plate market still slow in Mumbai: The steel plate market still runs slow in Mumbai at present, and the price keeps the downward trend. Price of IS2062 16-20mm prevailed at around INR 32,000/t, (basic) in the fourth week, INR1,000/t lower than that of last week.

After a continuous downfall, slight respite was noticed in the second half in the Longs market: An average rise of 8-10% was noticed across various semi-finished and finished items in the third week as compared to the first week due to marginal increase in demand. The market price of steel angle Q235 25-100mm was in the range of INR29,500-30,000/t, basic (USD590-600/t) in the third week. According to sources, price of billet went up from about INR20,000/t to around INR22,000/t, which pushed angle price increasing accordingly after several months' decline.

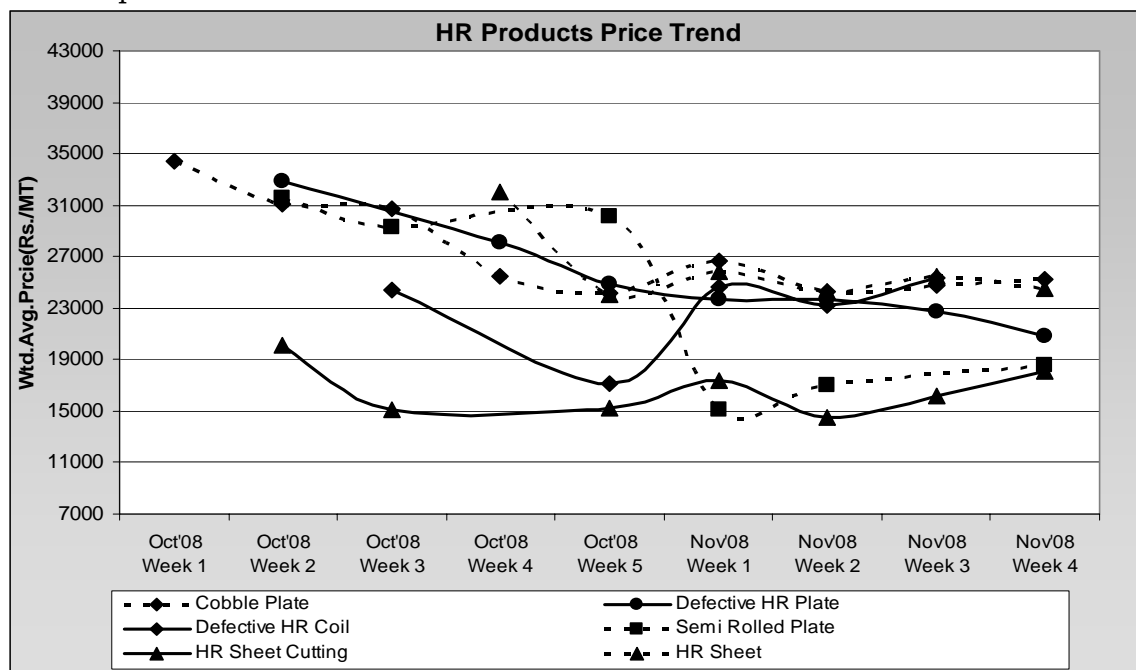
However, the fourth week witnessed a softened trend with TMT Bar prices seeing a drop of Rs.3000/t over a week to prevail at Rs. 25,000-26,000/tonne, basic. Buyers are unwilling to purchase a lot of materials and are keeping a close eye both on the domestic market and overseas market. Angle steel too witnessed a drop of around 3% over a week to prevail at Rs.28,500/tonne, basic.

Price Movement

	Review	Outlook
Items	Nov'08 over Oct'08	Dec'08 over Nov'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 Oct 2008 & Nov 2008 for different HR and CR products.



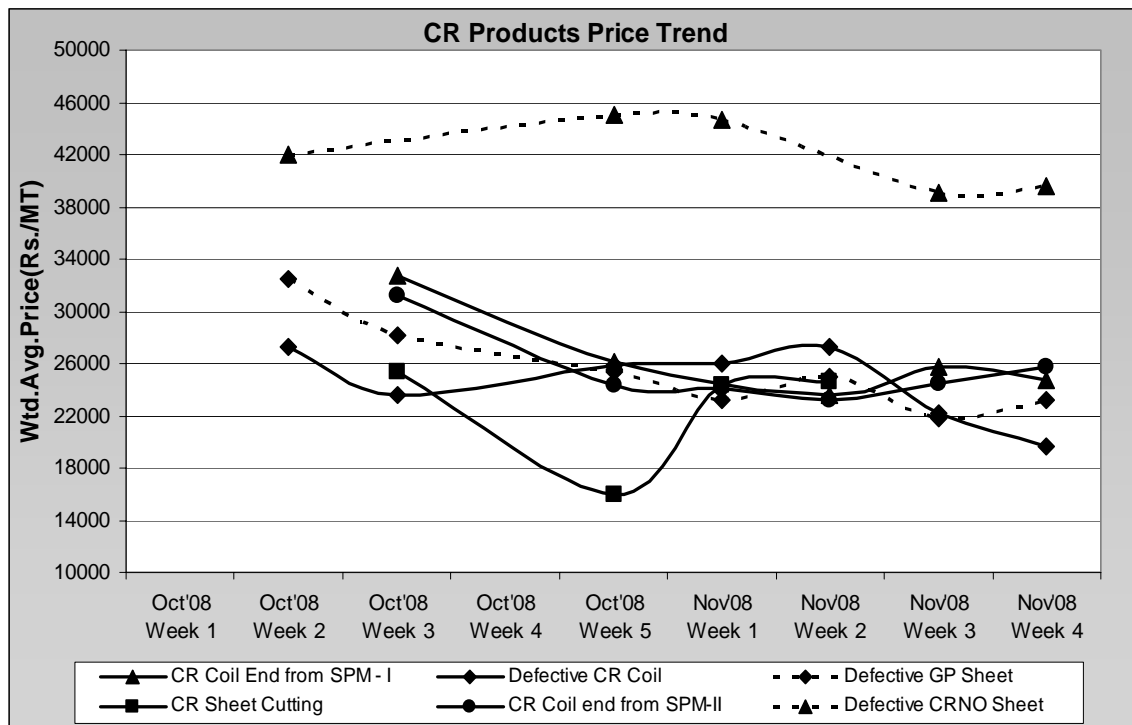
Price is basic

Attached below is the data table:

Week	Cobble Plate	Def.HR Plate	Semi Rolled Plate	SRP Coil Form	Def Plate	Def HR Coil	HR Sheet Cutting
Oct'08 Wk 1	34470	-	-	-	-	-	-
Oct'08 Wk 2	31065	32850	31554	-	21426	-	20150
Oct'08 Wk 3	30721	-	29252	24035	21414	24414	15100
Oct'08 Wk 4	25476	28119	-	-	-	-	-
Oct'08 Wk 5	24158	24894	30165	32060	29471	17117	15217
Nov'08 Wk 1	26638	23745	15050	24450	18518	24674	17418
Nov'08 Wk 2	24336	23732	17064	25800	15562	23237	14501
Nov'08 Wk 3	24795	22706	-	27750	20785	25339	16202
Nov'08 Wk 4	25289	20804	18603	23957	17770	-	18040

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

Products	Oct'08 Price (Avg.)	Nov'08 Price (Avg.)	% change (Nov'08 over Oct'08)	% change (Nov'08 over Nov'07)
Cobble Plate	29178	25265	-13.41	0.95
Def HR Plate	28621	22747	-20.52	-6.03
Semi Rolled Plate	30324	16906	-44.25	-26.16
SRP Coil Form	28047	25489	-9.12	4.35
Def HR Sheet	28028	25052	-10.62	-0.03
HR Sheet Cutting	16822	16540	-1.68	-18.09



Price is basic

Attached below is the data table:

Week	CR Coil End From SPM-I	CR Coil End From SPM-II	CR Sheet Cutting	Def CR Coil	Def CRNO Sheet	Def GP Sheet
Oct'08 Wk 1	-	-	-	-	-	-
Oct'08 Wk 2	-	-	-	27284	41966	32511
Oct'08 Wk 3	32784	31155	25409	23593	-	28111
Oct'08 Wk 4	-	-	-	-	-	-
Oct'08 Wk 5	26080	24301	15987	25857	45050	25420
Nov'08 Wk 1	-	24149	24294	26022	44650	23148
Nov'08 Wk 2	23566	23266	24625	27243	-	24935
Nov'08 Wk 3	25704	24465	-	22187	39041	21786
Nov'08 Wk 4	24775	25726	-	19623	39600	23225

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

Products	Oct'08 Price(Avg)	Nov'08 Price(Avg)	% change(Nov '08 over Oct'08)	% change(Nov'08 over Nov'07)
CR Coil End from SPM-I	29432	24682	-16.14	-2.83
CR Coil End from SPM-II	27728	24401	-12.00	-1.54
Def CR Coil	25578	23769	-7.07	-8.71
Def CRNO Sheet	43508	41097	-5.54	30.49
Def GP Sheet	28681	23273	-18.85	-8.91

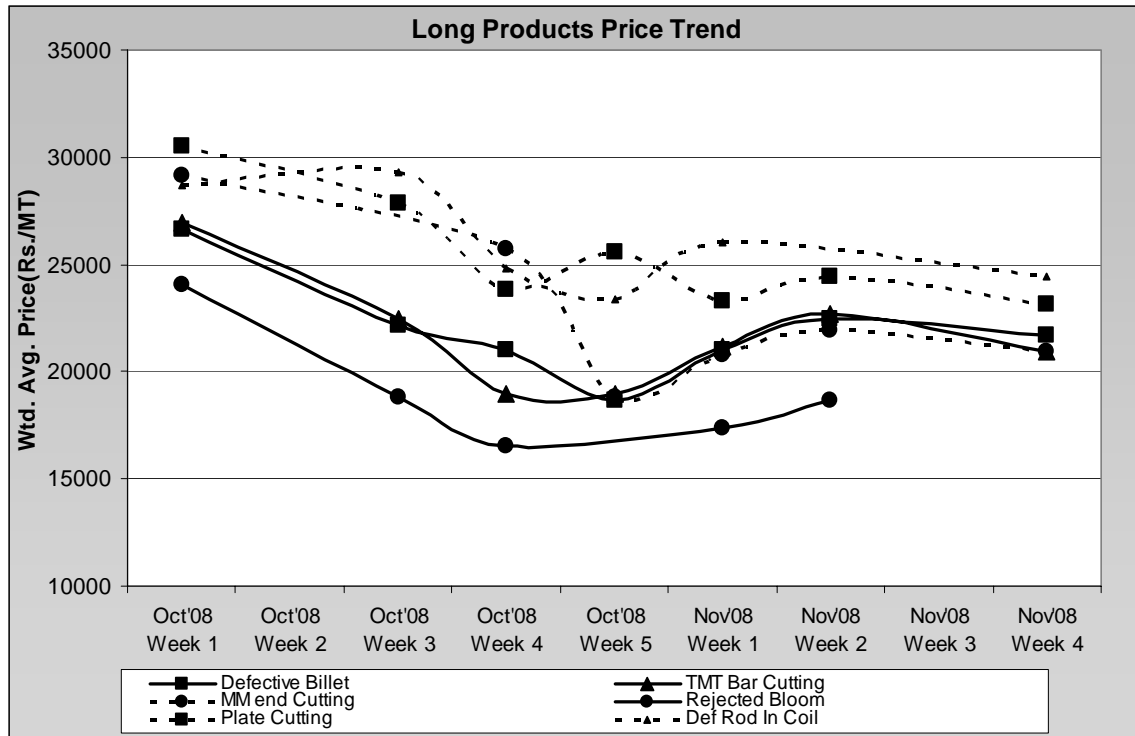
Outlook: The first half of the month remained quiet in flats market with not much activity taking place as demand from various sectors remained very dull. Both HR Coil and CR coil depicted a weakening trend in the third week across the country. HR Coil in Mumbai market witnessed a drop of around Rs. 1000/MT over a week while over the same period CR Coil experienced a drop of more than Rs. 2000/MT. The flats market continued to remain calm for the remaining part of the month. Both HR Coil and CR Coil in Mumbai market suffered a further drop of around Rs. 1000/MT over a week. Further, the Mumbai blast aggravated the economic condition with the steel market not left unturned.

In the prevailing scenario, domestic steel manufacturers like JSW, Ispat and Essar are planning to slash their steel prices in the spot market by 5-6% (Rs 2,000/tonne) to remain at par with the international market which is continuing to suffer.

The auction platform has remained more or less aligned with the domestic steel market. In the prevailing scenario, with the market sentiment remaining depressed and inventory building taking place, the steel market is expected to fetch prices on a downward note 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 Oct 2008 & Nov 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	Plate Cutting	Def Rod in Coil
Oct'08 Wk 1	26659	26932	29173	24091	30552	28655
Oct'08 Wk 2	-	-	-	-	-	-
Oct'08 Wk 3	22129	22482	-	18827	27859	29300
Oct'08 Wk 4	21007	18964	25736	16504	23843	24818
Oct'08 Wk 5	18693	18953	18812	-	25605	23342
Nov'08 Wk 1	21002	21201	20763	17392	23266	26017
Nov'08 Wk 2	22447	22682	21943	18679	24463	-
Nov'08 Wk 3	-	-	-	-	-	-
Nov'08 Wk 4	21737	20959	20980	-	23123	24416

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

Products	Oct'08 Price(Avg.)	Nov'08 Price(Avg.)	% change(Nov'08 over Oct'08)	% change(Nov'08 over Nov'07)
Def Billet	22122	21729	-1.78	7.00
Def Rod In Coil	26529	25217	-4.95	13.00
MM End Cutting	24574	21229	-13.61	9.00
Plate Cutting	26965	23617	-12.41	4.00
Rejected Bloom	19807	18035	-8.95	-7.00
TMT Bar Cutting	21833	21614	-1.00	11.00

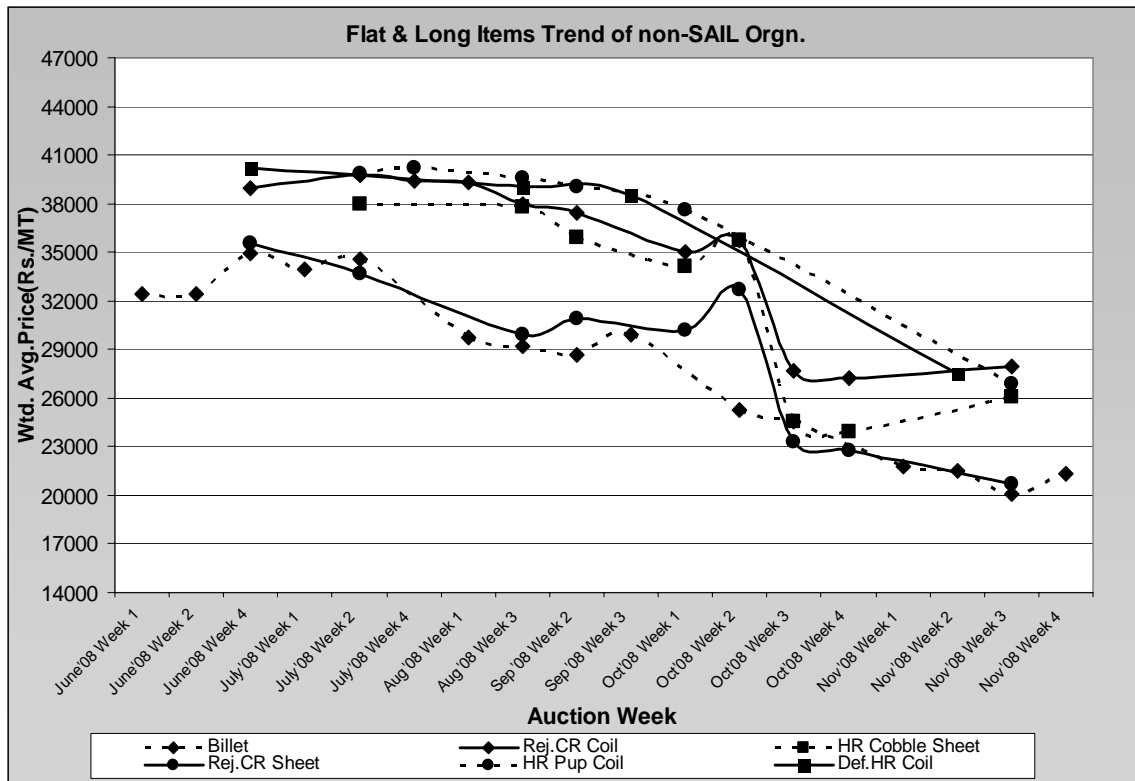
Outlook: The domestic market experienced a slight improvement in the steel prices in the range of 3-4% in the first week with the ingot prices across the

country improving slightly after remaining in the abysmal low in the month of October.

However, volatility again gripped the steel sector with prices again receiving a setback as buyers adopted a wait and watch attitude. The volatility of the market was also reflected in the movement of both Ingot and Melting Scrap prices. In the last week, Ingot prices across the country depicted a downward trend with the prices falling in the range of Rs. 1,000/tonne to Rs. 1,500/tonne at various places. Melting scrap across the country too reflected a weakening trend in the last week (a drop of more than 5.5% over a week in Mandi Govindgarh). The auction platform has remained more or less aligned with the domestic steel market. Billets, blooms, TMT auctioned from various clients exhibited a falling trend over a week

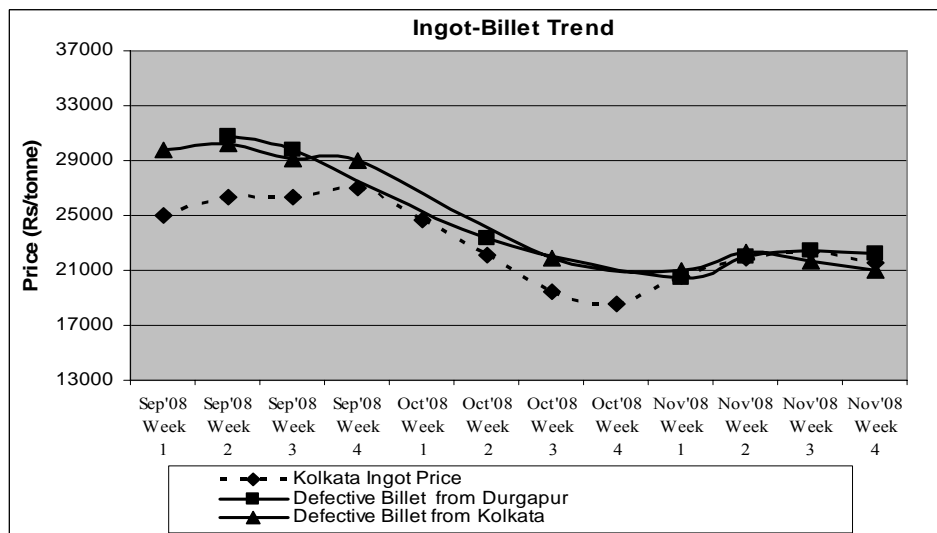
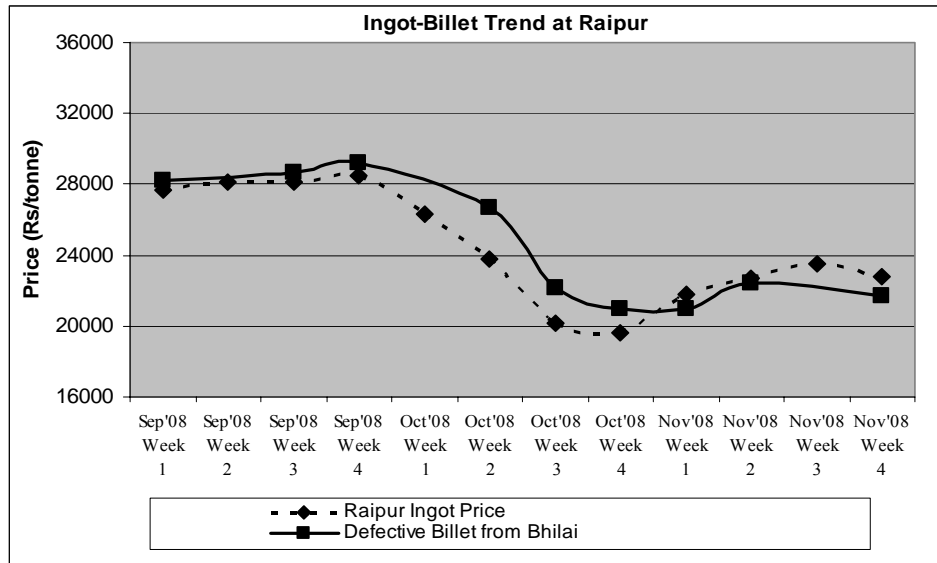
In the prevailing scenario, with the market sentiment remaining depressed and sufficient stocks building up, prices are expected to remain on a downward note.

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



Price is basic

The graph below gives Prime Ingot & Billet-auctioned trend at Raipur, Kolkata, Durgapur



Price is basic

Ingot Price Trend

Week	Kolkata	Mandi	Ghaziabad	Raipur	Mumbai
Oct'08 Wk 1	26443	30502	30014	28325	29911
Oct'08 Wk 2	24720	28512	27961	26305	28356
Oct'08 Wk 3	22072	26495	25674	23755	24909
Oct'08 Wk 4	19292	22485	22292	19969	20918
Oct'08 Wk 5	18081	21982	21592	--	19700
Nov'08 Wk 1	20510	24572	24562	21517	23995
Nov'08 Wk 2	21854	24687	25186	22667	24367
Nov'08 Wk 3	22363	25616	26231	23613	25325
Nov'08 Wk 4	21404	24635	24790	22556	24300

Price: (Rs./t, basic). In Oct Week 5 there was no trading in Raipur

International Scenario

Chinese domestic steel price posts six year biggest drop in October: It is reported that Chinese steel price has plunged sharply within October, the biggest drop in six years, as the meltdown in domestic steel demand has fanned fears of further market crisis domestic composite steel price index lost 24.56% or 35.35 points from September to 108.59 at the end of October, the steepest decline within a single month since 2001.

Long products price index fell 23.11% to 110.47, flat products price index slid 37.24% to 106.74. As per report contracting domestic economy, battered market confidence have resulted in slower production growth in steel consuming sectors and plummeting steel export.

Asia: Prices faltered in the beginning of November. Export offers of cold rolled coil in Southeast Asia declined to around \$600-650/tonne fob with buying interest remaining weak. Hot-dip galvanized export prices prevailed at around \$800-830/t cfr for base grade material, seen as coming from the small downstream coating units in China. The hot rolled coil market in Southeast Asia has quietened down and buyers adopted a wait-and-see approach towards the latter half of the month. The waiver of the Chinese 5% export duty on HRC effective 1 December may have dampened sentiment. Overall, the flats market remained grim towards the end of the month.

Long product prices did rebound in the third week with scrap offers taking place at \$290-300/tonne cfr East Asia. Billet prices have risen significantly in Southeast Asia after transaction prices touched lows of \$300/t cfr in early November. However, traders are still not convinced that the recent run-up in billet prices is a sign that a strong recovery will take place soon as demand is still not good.

China: Chinese hot rolled coil export prices dipped to \$510-520/t fob in the first week, down by \$150/t from early last month. Domestic slab prices dipped with weakening Plate and hot rolled coil prices. Galvanized prices remained weak with inventory levels remaining at high levels. However, since the beginning of third week, some confidence returned to the market with HRC prices increasing by \$44/tonne. But other items continued to show a downtrend with weak demand coming from downstream users. Billet prices dropped by \$15/tonne beginning November 23. China's export market has become quite sluggish with hot rolled coil (HRC) export prices stabilizing recently at around \$460/t fob.

Europe: Though some revival was seen in the longs sector in the beginning of the month, the flats market continued to drop further. No demand exists and stocks continue to run high. Northern European medium sections prices fell in November as a result of weak demand and falling scrap prices. Prices ruled in the range of €730-800/tonne delivered in the fourth week. Prices dropped by around €50/t (\$64/t) in November due to lower scrap surcharges, and further falls are likely in December, according to market participants.

CIS: After a severe downturn, the rebar and rod export market showed a little more confidence in the third week of the month. Following a sudden and largely

unexpected rise of scrap prices and subsequent rise in billet prices in the second week, the nominal price of CIS-produced rebar and wire rod has also increased.

US: HRC was sold at around \$680-700/s.t from several mills in the second week of the month. Rebar prices remained down on weak demand and falling scrap prices. The market is hoping for a first quarter 2009 rebound, especially taking into account an ongoing decline in inventories, but no one is confident of this outcome.

**The table gives an overview of price movement in flat & long steel sector:
FLAT**

	Sep 08	Oct 08	Nov 08	Dec 08 *
N.Europe domestic				
HRC - Ex-Works €/t	720 - 780	680 - 775	590-710	545-700
CRC - Ex-Works €/t	790-845	745-820	730-790	700-750
HDG - Ex-Works €/t	820 - 880	800 - 850	790 - 845	735-805
S.Europe domestic				
HRC - Ex-Works €/t	700 - 730	530 - 580	400-450	400-450
CRC - Ex-Works €/t	770 - 800	600 - 660	480-550	480-550
HDG - Ex-Works €/t	800 - 820	650 - 680	500-550	500-550
N.America domestic				
HRC - FOB US Midwest mill \$/s.ton	980 - 1020	760 - 820	620-680	na
CRC - FOB US Midwest mill \$/s.ton	1030 - 1060	860 - 900	720-780	na
HDG - FOB US Midwest mill \$/s.ton	1140 - 1180	960-1020	780-840	na
China domestic				
HRC - Shanghai (incl. 17% vat) RMB/t	4450 - 4500	3150 - 3200	3370-3400	3300-3350
CRC - Shanghai (incl. 17% vat) RMB/t	5450 - 5500	4000 - 4070	3900-4100	3900-4100
HDG - Shanghai (incl. 17% vat) RMB/t	5980 - 6000	4450 - 4500	4150-4170	4150-4170
China export				
HRC - FOB Shanghai \$/t	760 - 780	620 - 630	460-470	460-470
CRC - FOB Shanghai \$/t	850 - 900	750 - 800	550-560	550-560

LONG

	Sep 08	Oct 08	Nov 08	Dec 08 *
Europe domestic				
Medium sections - delivered €/t	770 - 900	630 - 780	640-800	640-800
Rebar - delivered €/t	480 - 620	410 - 480	415-460	415-460
Wire Rod (mesh quality) - delivered €/t	520 - 670	420 - 450	430-460	430-460

Black Sea export				
Rebar - FOB \$/t	650 - 1000	450 - 650	400-550	500-580
Wire Rod (mesh quality) - FOB \$/t	680 - 1000	500 - 680	450-550	500-600
N.America domestic				
Rebar - FOB US Midwest mill \$/s.ton	1005 - 1035	935 - 965	610 - 625	610-625
Wire Rod (mesh quality) - FOB US Midwest mill \$/s.ton	1130 - 1170	1130 - 1170	1130 - 1170	1080-1120
China domestic				
Rebar - Shanghai (incl. 17% vat) RMB/t	4600 - 4650	3430 - 3480	3450 - 3550	na
China export				
Wire Rod (drawing quality) - FOB Shanghai \$/t	850 - 880	600 - 640	480 - 500	na

Note: 1 RMB=0.15US\$, * represents SBB Forecast

Outlook:

Global: Business is expected to slow down because of the holidays in December and January.

India: Dim market will continue in following days. Flat products prices to see further crash with no demand coming from automobiles sector which has gone for production cut. The long products market is still fluctuating and a downward momentum is expected. Sources predict that it is likely for the price to go down again because there is no actual demand in the market with very few buying taking place as buyers remain apprehensive of further price fall. After the financial crisis breaks out, more and more construction plans are postponed and the demand from end users is becoming weaker and weaker. Both suppliers and buyers are unwilling to purchase a lot of materials for the time being in fear of another price decline in the near future.

Data Sources:

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



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STEEL INDUSTRY MARKET SCENARIO

SCRAP

Domestic Scenario

The First Half of November:

Global meltdown hits the pig iron, sponge iron and scrap sector everywhere with prices taking a record nosedive. Slackening demand, non-availability of credit has further worsened the situation. Mills are idling production and laying off workers due to a lack of orders as service centers refrain from making purchases.

Pig iron market remains slow in India: Market participants reported that the pig iron market runs sluggish in India as both buyers and sellers are holding a watching attitude and expecting a stable market.

Sponge iron market remains dim in India: Affected by the gloomy steel market and weak demand, the sponge iron price decreased sharply in India with few transactions concluded. Price of sponge iron prevailed at about INR12,000/t, basic (USD245/t), INR7,000/t lower than that at the end of last month.

Steel scrap price down to USD190/t in India: Market participants reported that the steel scrap market runs dim in India in the beginning of November and the price for steel scrap H1&H2 (80:20) decreases to about USD190/t fob; USD10/t lower than that of last week.

The Second Half of November:

Steel scrap market continued to remain gloomy accompanied with the global financial crisis. The dim steel market keeps many steel mills away from scrap purchase to avoid potential risks. Although the price has decreased to such a low level, the demand remains weak and traders are not confident in the future market.

OMC cuts iron-ore prices by 40-50 per cent: The Orissa government's largest PSU, Orissa Mining Corporation (OMC) has decided to reduce iron ore prices by 40 to 50 per cent following lack of demand.

While the first week of the month witnessed a price drop, however some improvement in prices of raw materials, semi-finished and finished long items was noticed in the second week. This was mainly attributable to the supply crunch with mills slashing production and some buyers returning to the market.

Melting Scrap price saw a rise of around 10-12% in three weeks since the fatal fall in October. Some of the finished long steel items saw a price rise of 10-12% in two weeks.

However, the rise has not been phenomenal as again prices started since the end of third week in the range of Rs.600-1000./tonne. The market is still passing through a volatile phase with wait and watch sentiment holding thick. Prices are further expected to go down.

Prevailing prices of pig Iron in the latter half of the month:

Pig Iron (Steel Grade) from SAIL-**DSP** is currently prevailing at Rs.18,500/tonne (basic), a drop of Rs.1500/tonne from the earlier price.

Pig Iron (Steel Grade) from SAIL-**BSP** is currently prevailing at Rs.20,500/tonne (basic), a drop of Rs.1500/tonne from the earlier price.

Pig Iron (Steel Grade) from **RINL** is currently prevailing at Rs.20,000/tonne (basic), a drop of Rs.5000/tonne from the earlier price.

Pig Iron (Steel Grade) from **NICCO** is currently prevailing at Rs 20,000/tonne (basic) in Raipur market.

The **Iron Ore** export market condition deteriorated with continuous slowdown in Chinese steel market and continued to remain stagnant beginning of November with buyers not interested in making imports of Iron Ore.

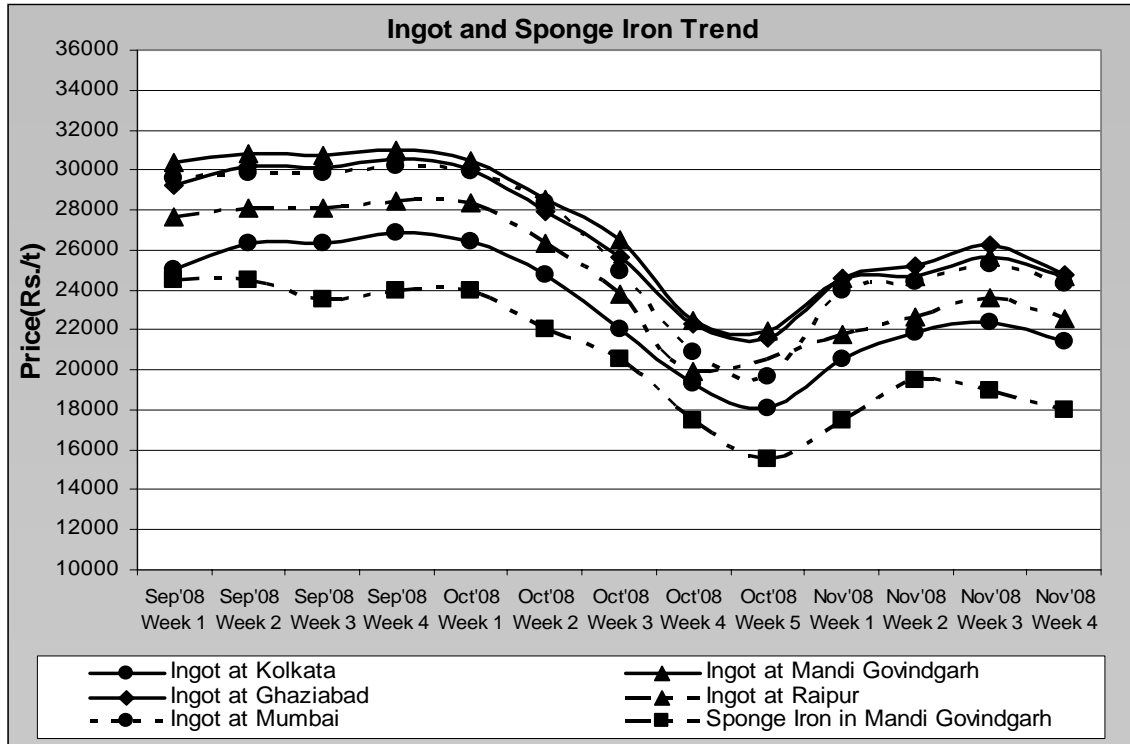
According to sources, Chinese steel mills have suspended or limited production due to decreasing prices of finished steel products and stagnant sales situation, so the consumption volume for iron ore declines significantly. An Indian trader reported that he has not received any orders since August as gloomy steel market has kept so many buyers away from the iron ore market.

A slight stability was noticed in the latter half of the month across various grades. However, as Chinese buyers are still away from the market and import Indian iron ore fines inactively, sources said that the price of the material is hard to increase in a short time.

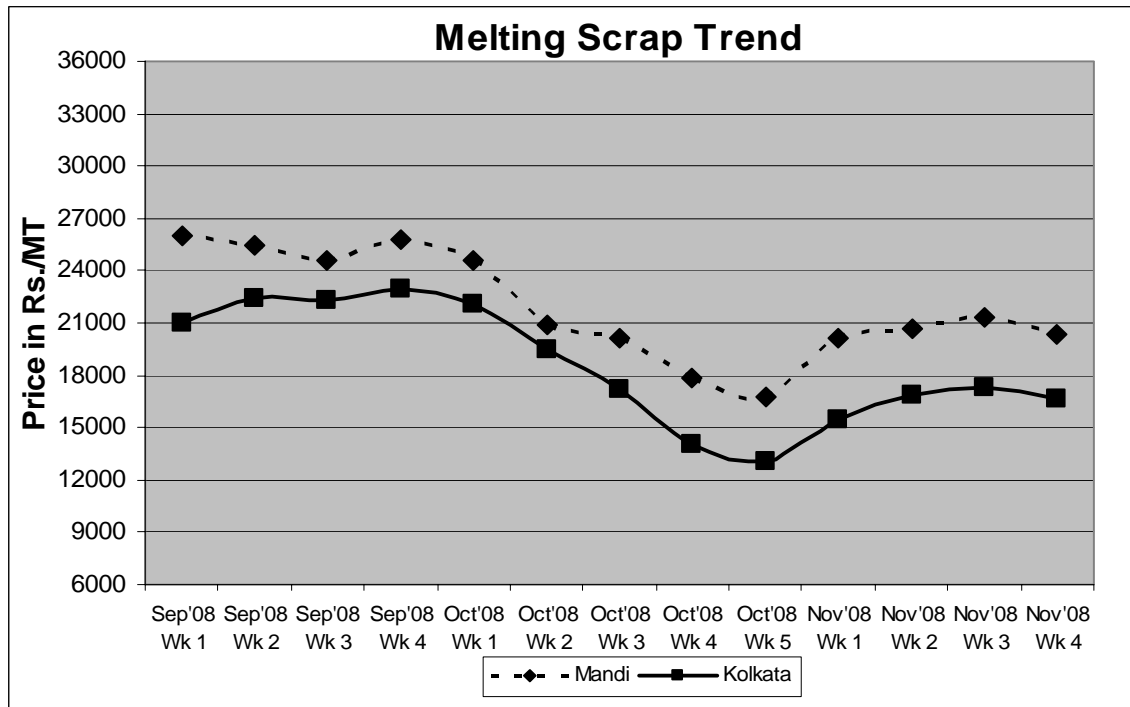
The table below gives the price trend of Indian Iron Ore Fines (63.5%) exported to Chinese market

Date	Price Base	Low price(US\$/t)	High Price(US\$/t)	Trend
06.10.08	FOB	75	85	
13.10.08	FOB	75	80	↓
20.10.08	FOB	65	70	↓
27.10.08	FOB	60	75	↓
04.11.08	FOB	60	65	↔
11.11.08	FOB	58	62	↓
18.11.08	FOB	58	62	↔
25.11.08	FOB	58	62	↔

The graphs below give price trend of Ingot, Sponge Iron & Melting Scrap across various places:



Ingot price is basic; Price (Rs. /t), Sponge Iron price in Rs./tonne is including excise



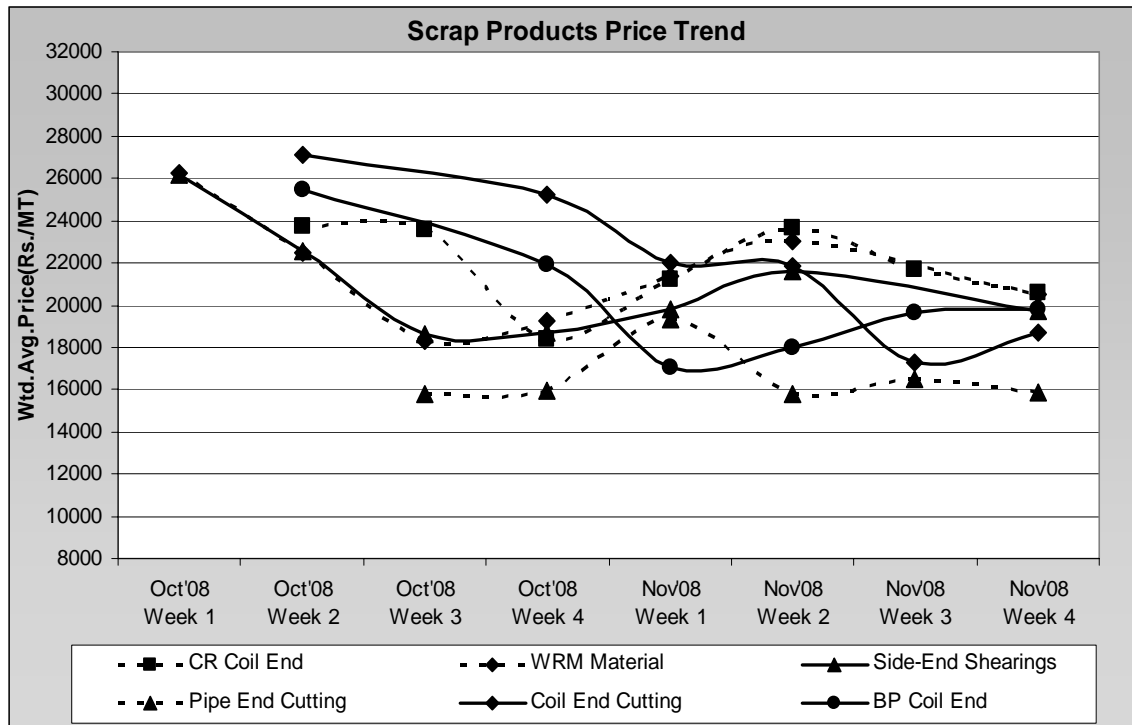
Price in Rs./tonne is basic

Price Movement

	Review	Outlook
Scrap	Nov 2008 over Oct 2008	Dec 2008 over Nov 2008
Pig Iron	↓	↓
Sponge Iron	↓	↓
Melting Scrap	↓	↓

Price Trend as observed in the Auctions held at www.metaljunction.in:

Following graph shows the price trend observed in the auction services of Metal Junction for the month of Oct 2008 and Nov 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
Oct'08 Wk 1	--	26269	26192	--	--	--	--
Oct'08 Wk 2	23739	22440	22538	--	27100	--	25487
Oct'08 Wk 3	23590	18332	18636	15776	--	16442	15000
Oct'08 Wk 4	18394	19264	18728	15956	25231	12175	21920
Nov'08 Wk 1	21232	21368	19839	19340	22016	10626	17011
Nov'08 Wk 2	23673	23050	21620	15783	21833	15716	18000
Nov'08 Wk 3	21679	--	--	16520	17278	17407	19620
Nov'08 Wk 4	20566	20500	19734	15883	18690	18000	19835

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

Products	Oct'08 Price(Avg.)	Nov'08 Price(Avg.)	% change(Nov '08 over Oct'08)	% change(Nov '08 over Nov'07)
Coil End Cutting	26165	19954	-23.74	-10.00
CR Coil End	21908	21788	-0.55	-7.00
Pipe Cutting	15866	16882	6.40	-8.00
Side-End Shearing	21523	20398	-5.23	9.00
WRM Material	21576	21639	0.29	14.00
BP Coil End	23703	18616	-21.46	--

Outlook: After experiencing a drastic downward price trend in the month of October, the domestic steel market improved slightly since the beginning of November with the steel market showing some signs of recovery as against the month old poor market condition. Semi finished items in Mandi Govindgarh have also experienced a slightly improving price trend while Melting scrap and Ingot also witnessed a slightly improved trend.

Melting Scrap and Ingot prices continue to rule stable in the second week of November with prices rising by nearly 3.5 per cent on an average in the third week. However, market again witnessed sluggishness towards the end of the month with prices receiving a setback. Ingot prices across the country depicted a downward trend with prices falling in the range of Rs. 1,000/tonne to Rs. 1,500/tonne at various places. Melting scrap across the country too reflected a weakening trend (a drop of more than 5.5% over a week in Mandi Govindgarh. The auction platform remained aligned with the domestic market.

The domestic steel market is still gripped by price volatility and uncertainty. The demand in the market has almost dried up with the buyers becoming skeptic about their purchasing decisions and most of them prefer to hold a wait and watch attitude for the time being.

A downward price trend is expected in the coming month.

International Scenario:

Global meltdown continues to hit the scrap sector everywhere with prices taking a record nosedive.

The First Half:

UK scrap prices down again as demand evaporate: There is no good news concerning the UK scrap market as far as merchants and traders are concerned – except perhaps that the bottom of the market must be close.

European scrap prices continue headlong plunge: Relatively low volumes of ferrous scrap are being traded in Europe, and even less is likely to be sought next month. But where November contracts have been concluded, then prices have again moved down significantly. Depending on location, continental European prices have fallen by €60-130/tonne. In the UK, where the main buyer is out of the market, obsolete scrap has dropped by around £80/t (€100/t) for November.

Asian scrap steel buyers cancel purchases as prices tumble: Bloomberg reported that scrap steel buyers in Asia are canceling purchases after prices tumbled more than 80% in the past 4 months as demand slumps

Japanese scrap prices fall further: The decline in Japanese scrap prices continues, with Tokyo Steel Manufacturing slashing its scrap purchase prices by ¥2,000/tonne (US\$20.3/tonne) for all grades and all works effective from 31 October arrivals. In fact, prices in all three areas had decreased over four consecutive weeks to take the average H2 price to the second lowest point in the recent past after ¥13,957/t recorded in July 2003.

Korean scrap prices dip further: Scrap buying prices in Korea have fallen by KRW 30-60,000/tonne (US\$ 23-46/ tonne) yet the response from scrap dealers has been muted. This is largely because despite the low price the country's steelmakers continue to observe the policy they adopted over summer of strictly limiting the volume of scrap they accept from dealers.

The Second Half:

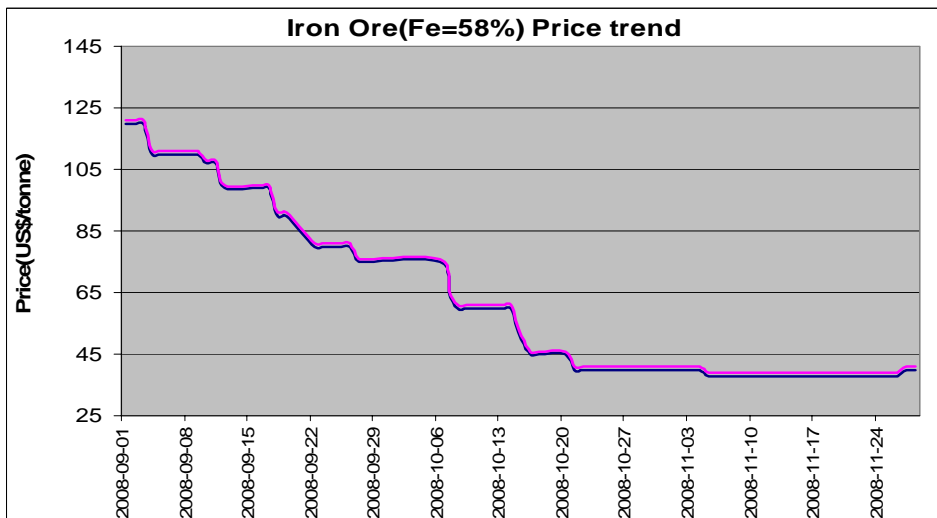
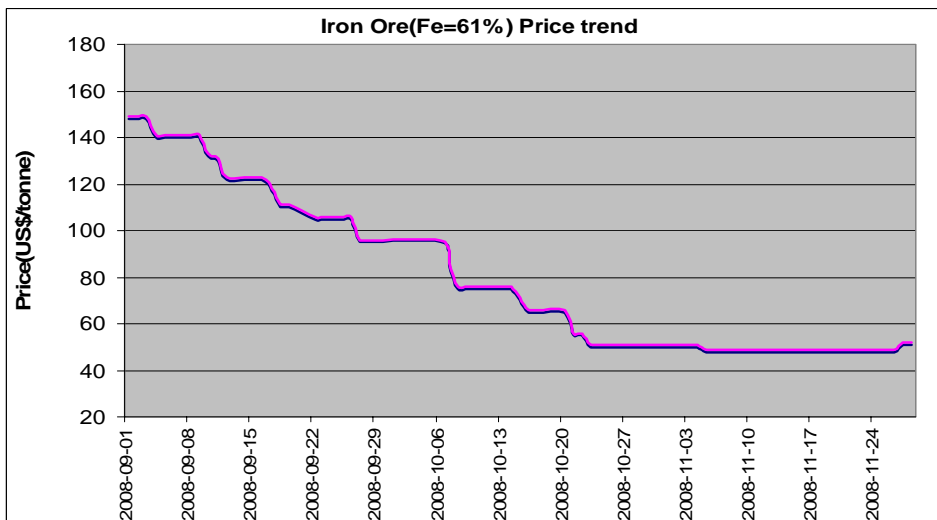
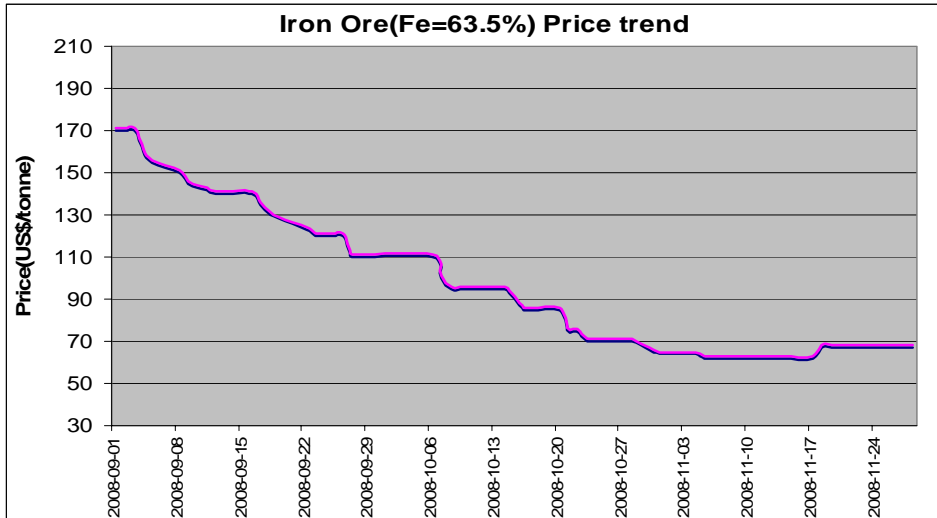
US scrap prices up, but sustainability uncertain: US scrap prices are on the rise, but sources close to the market are divided regarding whether they'll continue to ascend. Deals cut in the second week included shredded at \$170-\$180/l.t, up from \$125/l.t last week and busheling has sold for \$200/l.t, up from \$135/l.t.

Scrap import markets soften in East Asia: Recent bookings of HMS/shredded scrap prevailed at \$260/t cfr. In Taiwan, demand has not improved so scrap prices cannot rise. In India, recent bookings of containerized 80:20 HMS 1/2 were at \$250-260/t cfr India and for shredded \$280/t cfr.

Asian pig iron import markets still quiet: Demand for pig iron in Asia is weak because of the depressed steel markets and because scrap is more competitively priced.

The international market for **Iron Ore Fines** has been badly hit by the global recession. Both domestic and import prices of Iron Ore Fines have shown a downward trend in China, though some stability was restored towards the end of the month.

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



Price is CNF China in US\$/t

The tables below give the Scrap price trend across various regions:

Steel Scrap No 1 Heavy melting United States Iron Age composite - d/d Pittsburgh/Philadelphia/Chicago \$ per long ton

Month	Average Price(\$ per long ton)	Price movement
Aug-08	457.00	
Sep-08	317.00	↓
Oct-08	215.00	↓
Nov-08	101.00	↓

Steel Scrap No HMS I &II (80:20 mix) United States Export fob East Coast \$ per tonne

Month	Average Price(\$ per long ton)	Price movement
Aug-08	530.00	
Sep-08	364.00	↓
Oct-08	215.00	↓
Nov-08	194.00	↓

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

Month	Average Price(\$ per long ton)	Price movement
Aug-08	533.00	
Sep-08	369.00	↓
Oct-08	220.00	↓
Nov-08	202.00	↓

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

Month	Average Price(\$ per tonne)	Price movement
Aug-08	500.00	
Sep-08	348.00	↓
Oct-08	245.00	↓
Nov-08	188.00	↓

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

Month	Average Price(\$ per tonne)	Price movement
Aug-08	448.00	
Sep-08	298.00	↓
Oct-08	188.00	↓
Nov-08	165.00	↓

Steel Scrap Shredded fob Rotterdam \$ per tonne

Month	Average Price(\$ per tonne)	Price movement
Aug-08	504.00	
Sep-08	353.00	↓
Oct-08	243.00	↓
Nov-08	196.00	↓

Outlook:

Recession still continues. Though prices have seen a slight stability in the domestic and international market in the mid of the month, but a pessimistic outlook remains. Prices tumbled down again and are further expected to go down as there is no demand in the market and the market continues to run sluggish.

Data Sources:

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



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Senior General Manager – Steel Sales

STEEL INDUSTRY MARKET SCENARIO

STAINLESS STEEL

Domestic Scenario:

After experiencing a downward price trend over in the month of October in both LME and in the domestic market, the nickel prices have started showing some signs of recovery since the beginning of this month. Nickel in the Mumbai market prevailed at Rs. 544.7/ Kg (basic) on Nov 07, 2008 whereas on 20th October Nickel in Mumbai market prevailed at Rs. 495.85/Kg (basic) (over a fortnight Nickel in Mumbai market increased by more than 5.5 per cent). Nickel in LME prevailed at US\$ 11,450/ MT on Nov 06, 2008 (over a fortnight, Nickel in LME saw a rise of over 4 per cent).

The domestic stainless steel market has exhibited a declining price trend across various stainless steel grades as the price of Nickel has once again witnessed a softened trend both in the domestic as well as in the international market in the second week of November as compared to the first week, when the nickel prices improved after remaining at a low in the month of October. In Mumbai, Nickel prevailed at Rs. 514.65/ Kg (basic) on Nov 14, 2008 as compared to Rs. 544.7/ Kg (basic) on 7th Nov. Over a week, Nickel in Mumbai experienced a drop of more than 3.5 per cent. In LME, Nickel prevailed at US\$ 10400/tonne on Nov 13 and exhibited a drop of more than 5.5 per cent over a week. In Mumbai, Nickel experienced a drop of around 5.90% over a fortnight and currently prevailed at Rs. 508.70/ Kg (basic) on Nov 26, 2008. In LME, Nickel prevailed at US\$ 10200/tonne on Nov 26 and exhibited a drop of more than 7.75 per cent over a fortnight.

Market feedback of Prime SS

Gujarat

SS 301: Rs.1,60,000 to Rs.1,70,000/tonne) basic)

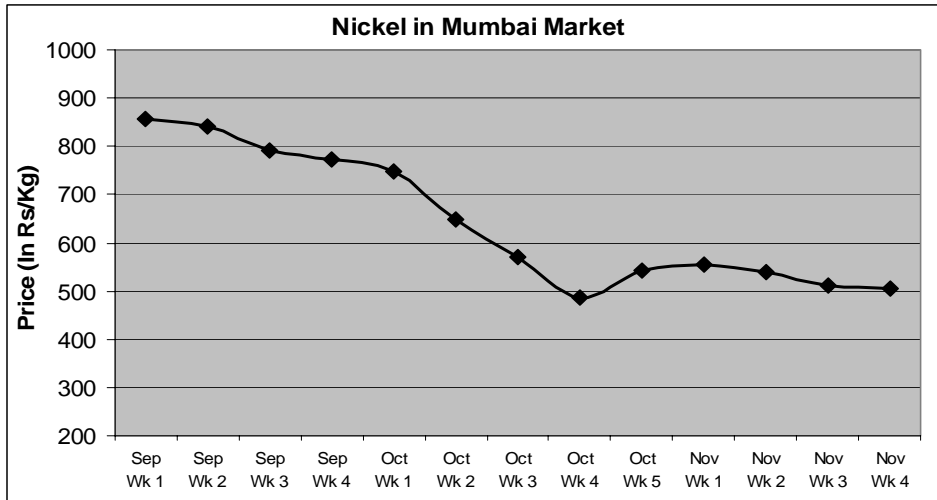
SS 304: Rs.1,85,000 to Rs.1,95,000/tonne (basic)

SS 316:- Rs.2,60,000 to Rs.2,75,000/tonne (basic)

Price Movement

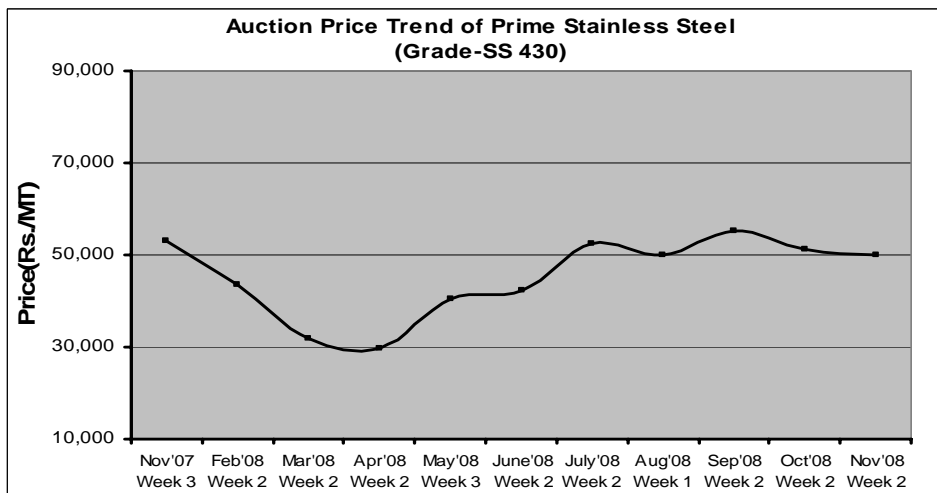
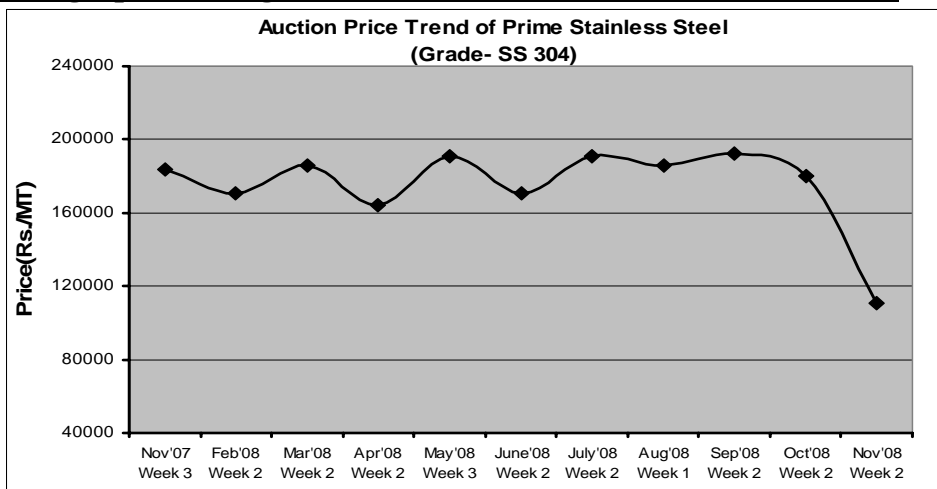
	Review	Outlook
Steel Product	Nov 2008 over Oct 2008	Dec 2008 over Nov 2008
Stainless Steel	↓	↓

Nickel Price movement in domestic market:



Price (Rs./kg) is basic

The graph below gives the auction trend of Stainless Steel:



Price (Rs./tonne) is basic

Outlook: A declining trend was noticed in the stainless steel market in the month of October with demand remaining poor and Nickel seeing a drastic fall in prices both in the international & domestic markets following the global financial crisis. However since the beginning of November, the nickel prices have started to improve slightly both in the international market and in the domestic market but the end of the month once again witnessed a softening trend owing to lack of demand from stainless steel mills. With consumption remaining poor, the stainless steel sector is expected to witness a downward trend in the coming month.

International Scenario:

Global stainless steel prices falling on weak demand. Nickel prices were significantly down. Chrome prices have also been declining, and molybdenum has had a steep price fall in recent weeks.

Global SS plants cut demand as FeCr price plunges: It is reported that, as stainless steel industry has sharply cut purchase across the global, ferrochrome price plunges dramatically. Spreading economic recession has dragged down the demand for stainless steel all over the world. European producers have demanded lower FeCr tonnages than minimal contract purchase quantity from South Africa, which has declined the request. In Asia, demand in Japan has dropped greatly and sales in S. Korea and Taiwan plummet as well in the last quarter. In China, large-sized stainless steel makers have also slashed production with Taiyuan Stainless Steel cutting by 60% to 80%, Baosteel 50% and Zhanpu Stainless Steel ceasing production entirely. India shares the same depressing market and even 40% cut on FeCr price takes little effect on the sales.

Asia: Asian stainless 304 prices slipped by \$100-200/tonne on November 03 as Taiwanese and Korean mills lowered prices due to poor demand. Prices ruled stable in the second week. Stainless 304 prices slipped further by \$100-200/tonne in the week of 17 November, as suppliers lowered prices due to persistently weak demand. Prices of 304 2mm 2B CR sheet for one-to-two-month delivery were at \$2,200-2,400/tonne cfr China in the 17 November week, down from \$2,400-2,500/t cfr China a week earlier. Prices continued their descent, sliding by \$100/tonne in the week of 24 November.

Demand remains sluggish in the Asian market, with more users opting to buy in the spot market rather than through long-term contracts.

China: Given the bleak economic outlook users continue to curtail purchases and keep inventories low, traders say. It may take another few months to see if production stoppages and cuts by the stainless mills help the market, as producers like Baosteel and Taiyuan Iron & Steel had only recently deepened their cuts.

Prices of 3mm thick 304 HRC in southern China's Foshan market traded at RMB 17,000-17,500/t (\$2,490-2,564/t) in the second week, down from RMB 18,300-18,800/t at mid-October.

Chinese 202 and 430 stainless cold rolled coil prices have fallen by RMB 3,500/t (\$513/t) and RMB 800/t (\$117/t) respectively on persisting weak demand. But demand generally for all stainless grades remains weak now as users are holding back purchases to keep stock levels low.

US: Stainless steel consumption drops in US market, import penetration rises.

Europe: The European stainless steel coil market is virtually lifeless. Stainless steel prices are falling sharply on low demand. Type 304 CRC, 2mm thick stainless sheet delivered prices from European mills are at about US\$ 3,400/tonne cfr, which is US\$ 500/tonne lower than last month.

The tables below give an overview of stainless steel prices worldwide

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

Type	Sep'08	Oct'08	Nov'08	Dec'08*
HR 304	23500-24000	18300-18800	17000-17500	16000-16500
CR 304 2B	25500-26000	19000-19500	17700-18200	16500-17000
CR 202 2B	22400-22600	18000-18200	14500-14700	13000-13200
CR 430 2B	11600-11800	10800-11000	10000-10200	9300-9500

Europe:

CR 304 2B 2mm,Euro/t Ex-Works	Sep'08	Oct'08	Nov'08	Dec'08*
N.Europe	1050-1100	1000-1070	950-1050	850-950
S.Europe	1000-1050	980-1050	900-950	750-850

Europe:

CR 430 BA 2mm,Euro/t Ex-Works	Sep'08	Oct'08	Nov'08	Dec'08*
N.Europe	1050-1130	1000-1100	950-980	900-920
S.Europe	1050-1100	1020-1050	970-1000	920-950

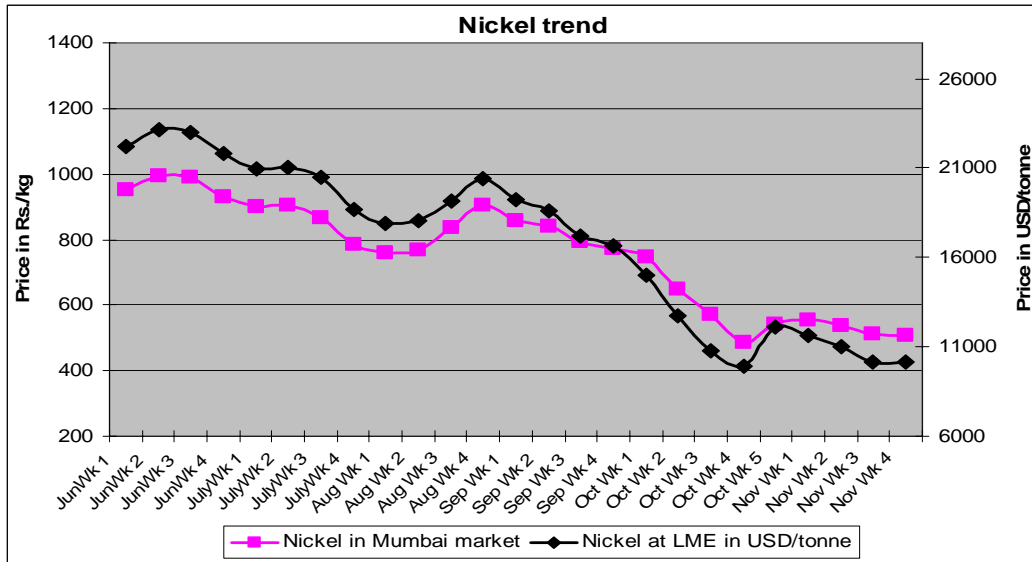
(*): SBB forecast

Note: 1US\$= Rs.50.06, 1Euro= Rs.63.46, 1 RMB=0.15US\$

Nickel Trend: Nickel prices have seen a falling trend throughout the month of November on account of global economic recession with prices touching a low of 9650USD/tonne. The month ended on a declining note with a sharp drop 12 percent seen over a month.

Month	Average Price of Nickel	% Change(m-m)	% Change(y-y)
June-08	22,579	-12.22	-45.84
July-08	20,152	-10.75	-39.68
Aug-08	18,906	-6.18	-31.73
Sep-08	17,879	-5.43	-39.42
Oct-08	12,357	-30.89	-60.18
Nov-08	10,694	-12.14	-65.04

The graph below gives a comparative price trend of Nickel in the global and domestic market.



Outlook:

Demand and prices have been falling across Asia, causing producers to cut back production. Further outages are expected before the end of the year. Prices are expected to fall further with no demand in the market.

Orders on the stainless mills continue to fall despite massive production cuts. Suppliers of raw materials - nickel, chromium, molybdenum and scrap - have all reduced their selling prices in an effort to stimulate the market but to no avail. This input price deflation is depressing short term demand for stainless steel. Customers are using existing stocks or purchases from distributors to cover immediate requirements as they wait for lower mill prices in the future.

Consumption in the stainless sector is, currently, substantially down on the boom conditions earlier this year. It will take several months for the excess material in the supply chain to become fully utilized and for inventory rebuilding to recommence.

Data Sources:

- 1) www.lme.co.uk
- 2) Steel Business Briefing
- 3) Metal Bulletin
- 4) NCDEX



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