

## Steel News-At a glance

Strong demand for galvanized steel in the construction, auto and infrastructure sector in China has boosted demand for zinc and prices are expected to grow by 38% in 2006.

Currently zinc is ruling at 2,169 US\$/t, a rise of 13.45% from the beginning of New Year when it was hovering around the 1912 US\$/t mark.

China will cut annual production capacity by 100 million tonnes (mt) of iron and 55 mt of steel in the coming five years, in a bid to cool down the overheated steel industry.

Nickel shine after a global downturn for a long time. The metal touched the 15,175US\$/t mark on LME in the end of January, 2006 after hitting it's lowest in the year 2005.

This has boosted the price of certain grades of stainless steel.

However; the downward price movement of other precious metals required in stainless steel production kept the price movement of stainless steel still down in the New Year.

### **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)

#### **CRUspi Global - index values**

Date	Index	Year on Year
Sep-05	136.66	-17.20%
Oct-05	138.97	-14.20%
Nov-05	135.27	-15.70%
Dec-05	131.94	-18.60%
Jan-06	130.38	-20.90%

#### **CRUspi Asia - index values**

Date	Index	Year on Year
Sep-05	138.64	-11.60%
Oct-05	134.72	-12.20%
Nov-05	127.49	-19.40%
Dec-05	120.13	-23.60%
Jan-06	117.25	-28.30%

**CRUspi Longs - index values**

Date	Index	Year on Year
Sep-05	138.35	-10.20%
Oct-05	142.41	-3.40%
Nov-05	136.53	-4.70%
Dec-05	131.83	-7.20%
Jan-06	131.15	-4.20%

**CRUspi Flats - index values**

Date	Index	Year on Year
Sep-05	135.83	-20.30%
Oct-05	137.26	-18.90%
Nov-05	134.64	-20.30%
Dec-05	132	-23.30%
Jan-06	129.99	-27.30%

**CRUspi Metallics-index values**

Date	Index	Year on Year
Sep-05	196.18	-0.60%
Oct-05	170.04	-25.00%
Nov-05	182.04	-18.90%
Dec-05	170.35	-15.30%
Jan-06	165.35	-14.60%

**CRUspi Stainless - index values**

Date	Index	Year on Year
Sep-05	122.78	-9.30%
Oct-05	121.18	-11.00%
Nov-05	119.71	-13.10%
Dec-05	115.53	-16.50%
Jan-06	111.14	-19.50%

As seen from the above tables, steel index values across various categories are still indicating a downward trend and the longs index value has shown some point of stability as compared to the earlier months of year 2005.

(DIPANKAR CHAKRABARTI)  
GM – Steel Sales

## STEEL INDUSTRY MARKET SCENARIO

### FLAT & LONG PRODUCT

#### Domestic Scenario:

#### HIGHLIGHTS:

**Import Duty on finished steel items to be raised:** India's steel ministry is considering raising duties on all finished steel imports to 15% from 5%, to fend off the threat from Chinese imports. Steel Industry is worried over the possibility of Chinese steel invading the Indian market. There are fears that steel prices may drop further.

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

Primary Flat Products	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06
Plate(5-10 mm)	28434	28000	26500	25800	25600
HR Coil	27750	27500	27000	26700	26600
HR Sheets	27750	27500	26750	26000	26000
CR Coil	33050	33000	32500	32300	32200
CR Sheets	32200	32500	32500	32300	32200
GP Coil	35050	35000	34000	33000	33000
GP Sheets	35050	35000	33500	32800	32800

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

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

Primary Long Products	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06
Billets(100*100mm)	22450	20817	20000	19000	19600
MS Rounds(22/25 mm)	24800	23020	22475	21400	22000
MS Squares(22/25 mm)	24434	22760	22280	21300	21800
MS Angles(25*6mm)	24860	22850	22300	21300	21700
MS Angles(100*6mm)	25200	23950	23075	22650	22900
MS Channels(75*40mm)	25267	23467	22850	21500	22000
MS Channels(125*65mm)	25850	24600	23634	23000	23100

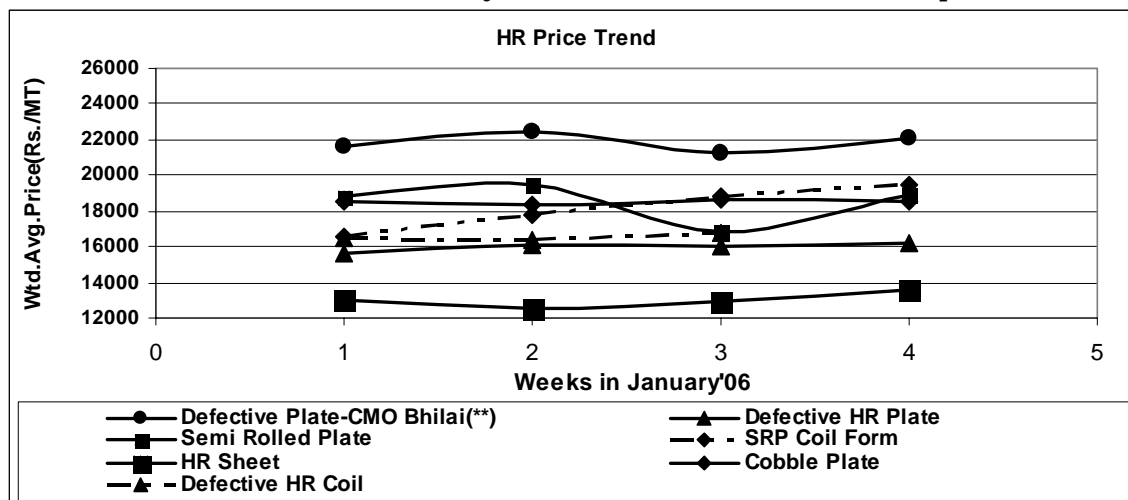
Note: Price (Rs. /MT, incl.excise duty)

#### Price Movement

	Review	Outlook
Steel Product	January 2006 over December 2005	February 2006 over January 2006
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 January 2006 for different HR and CR products.



**Price is basic**

**\*\* implies price incl.excise duty**

**Attached below is the data table:**

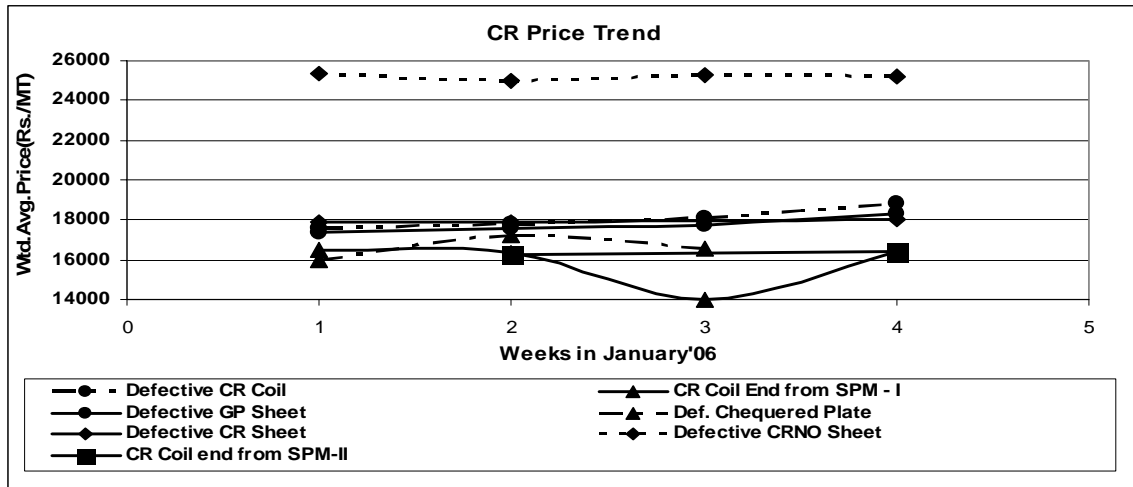
Week	Def.Plata-CMO Bhilai	Def.HR Plate	Semi Rolled Plate	SRP Coil Form	HR Sheet	Cobble Plate	Defective HR Coil
1	21581	15669	18850	16565	13067	18544	16500
2	22495	16133	19459	17807	12565	18381	16416
3	21260	16016	16873	18806	12966	18635	16800
4	22125	16207	18904	19481	13556	18533	

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

Products	Dec Price(Average)	Jan Price(Average)	% change
<b>Def Plate-CMO Bhilai</b>	21595	21865	1.25
<b>Defective HR Plate</b>	15871	16006	0.85
<b>Semi Rolled Plate</b>	19067	18522	-2.86
<b>SRP Coil Form</b>	18844	18165	-3.60
<b>HR Sheet</b>	14184	13038	-8.08
<b>Cobble Plate</b>	18299	18523	1.22
<b>Def.HR Coil</b>	16068	16572	3.14

**Summary of Price Movement in Auction Platform**

Products	Price Movement(Dec'05 over Nov'05)	Price Movement(Jan'06 over Dec'05)
Defective Plate-CMO Bhilai	↓	↑
Defective HR Plate	↓	↑
Semi Rolled Plate	↓	↓
SRP Coil Form	↓	↓
HR Sheet	↑	↓
Cobble Plate	↓	↑
Def.HR Coil	↓	↑



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
1	17590	16456	17367	16004	17850	25356	
2	17817	16368	17552	17200	17848	25000	16250
3	18071	14000	17725	16550		25304	
4	18795	16380	18344		18000	25192	16400

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

Products	Dec Price(Average)	Jan Price(Average)	% change
Def. CR Coil	18384	18068	-1.72
CR Coil End from SPM - I	16039	15801	-1.48
Def. GP Sheet	18085	17747	-1.87
Def. Chequered Plate	17400	16585	-4.68
Def. CR Sheet	17500	17899	2.28
Def. CRNO Sheet		25213	
CR Coil End from SPM-II	16148	16325	1.10

**Summary of Price Movement in Auction Platform**

Products	Price Movement(Dec'05 over Nov'05)	Price Movement(Jan'06 over Dec'05)
Defective CR Coil	↓	↓
CR Coil End from SPM - I	↓	↓
Defective GP Sheet	↓	↓
Def.Chequered Plate	↓	↓
Defective CR Sheet	↓	↑
CR Coil End from SPM-II	↓	↑

Given below is the data table for flat product items auctioned from plants other than SAIL

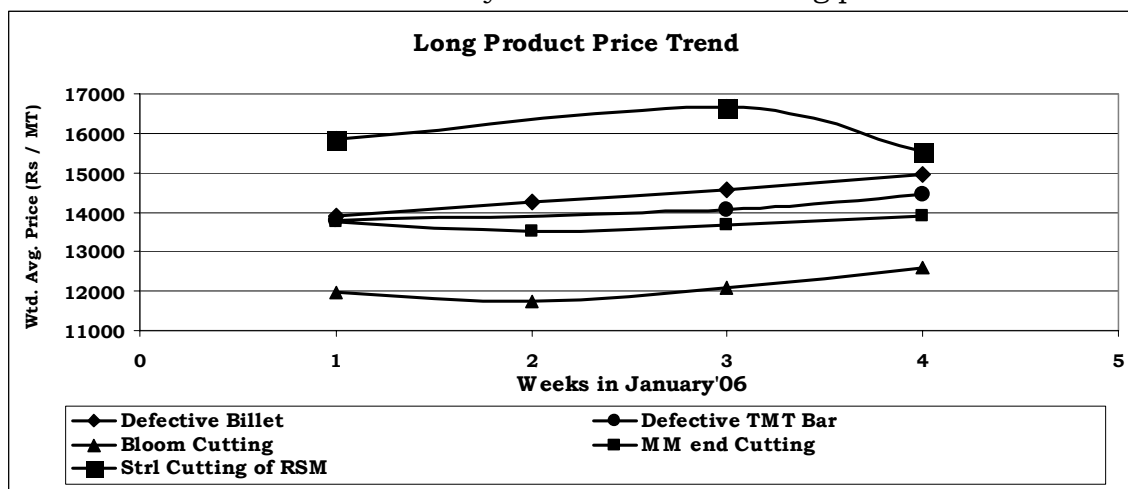
Auction Month	Def.HR Sheet	Def.Trans-fer Bar	Def.HR Coil	Def. LC Slab	CR Coil	CR Sheet	GP Seconds
Oct-05	18,492		18,710				24,567
Nov-05	18,415	18,986	17,727	15,855	21,727	19,682	24,276
Dec-05		19,864	18,515	12,936	19,355	17,286	23,470
Jan-06	17,918	20,010	17,900				23,396

Price is basic

**Outlook:** The flat product items are still maintaining a downward trend and there hasn't been much improvement in price as compared to last month. A similar downward trend is expected in the coming month as flat products will maintain a softened trend in the domestic market without much improvement in price in the short term.

**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 January 2006 for different long products.



Price is basic

Attached below is the data table:

Week	Defective Billet	Defective TMT Bar	Bloom Cutting	MM end Cutting	Strl.cutting of RSM
1	13895	13788	11952	13761	15837
2	14254		11717	13532	
3	14562	14071	12088	13667	16641
4	14938	14456	12577	13897	15543

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

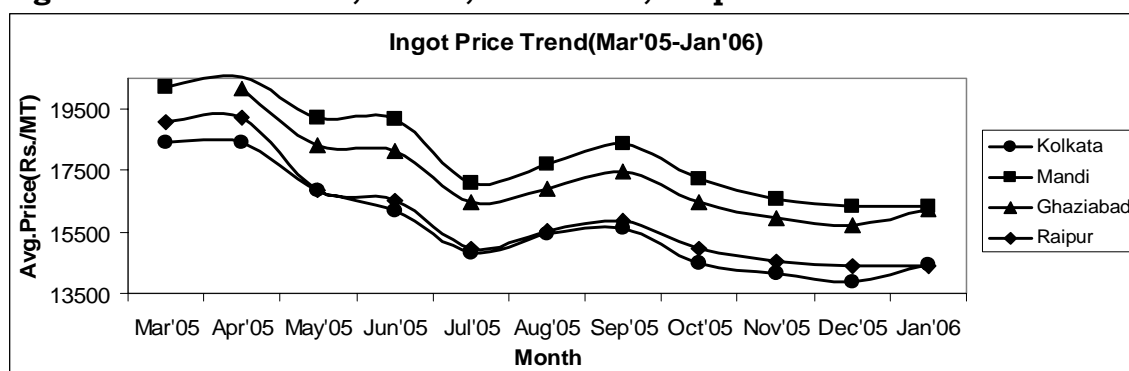
Products	Dec Price(Avg.)	Jan Price(Avg.)	% change
Defective Billet	13778	14412	4.60
Defective TMT Bar	13823	14105	2.04
Bloom Cutting	11420	12083	5.81
MM end Cutting	13582	13714	0.97
Strl Cutting of RSM	14787	16006	8.24

Summary of Price Movement in Auction Platform

Products	Price Movement(Dec'05 over Nov'05)	Price Movement(Jan'06 over Dec'05)
Defective Billet	↓	↑
Defective TMT Bar	↓	↑
Bloom Cutting	↓	↑
MM end Cutting	↓	↑
Strl Cutting of RSM	↓	↑

**Outlook:** The long product items have shown an improvement in price movement as compared to the earlier month and have reached some point of stability. With ingot prices making a slow positive movement in the end of January, it is expected that the auction platform will show a steady trend in the coming month.

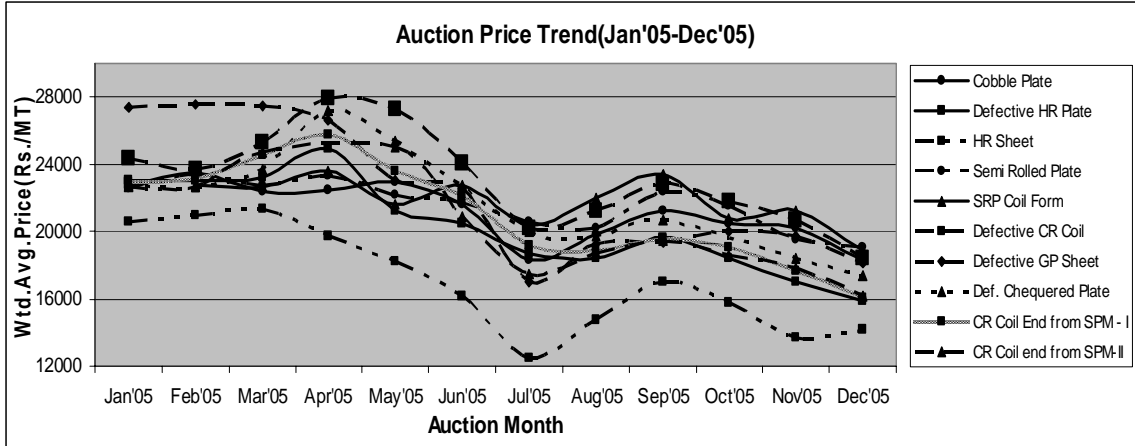
**Ingot Trend at Kolkata, Mandi, Ghaziabad, Raipur**



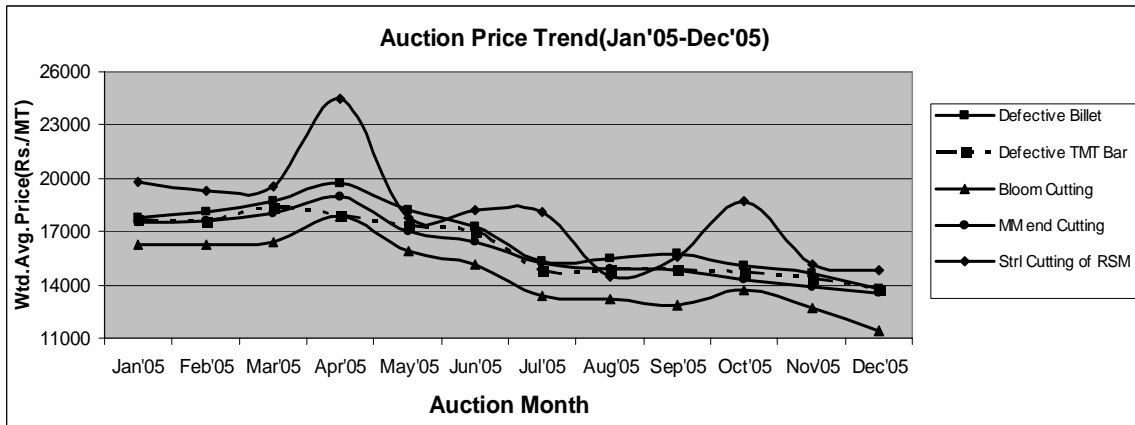
**Price is basic**

## An Overview of Auction Performance of Flat & Long Products in the Year 2005

### Flat Products



### Long Products



All the flat and long product items ended with a downward trend in the end of the year, 2005.

## **International Scenario**

### **HIGHLIGHTS:**

**Chinese cold rolled coil prices stabilize:** Cold rolled coil prices in China's domestic market have risen about 100 Yuan (\$12) per tonne with many traders predicting prices will stabilize in 2006 as following sharp falls in the second half of last year. Demand for cold-rolled coil especially below 1mm thickness still persists. In the export market, cold rolled coil is offered at \$450-480 per tonne for high quality grades.

**The tables below indicate the steel price across China and EU from Nov'05-Jan'06.**

<b>Products</b>	<b>Nov'05</b>	<b>Dec'05</b>	<b>Jan'06</b>
Steel Chinese Domestic Hot rolled coil(2mm and up) Eastern China(Yuan/tonne)	3164	2942	2988
Steel Chinese Domestic Hot rolled coil(2mm and up) Southern China(Yuan/tonne)	3185	3144	3238
Steel Chinese Domestic Prices Cold rolled coil(0.5-2mm) Eastern China(Yuan/tonne)	4330	3884	4038
Steel Chinese Domestic Prices Cold rolled coil (0.5-2mm) Southern China(Yuan/tonne)	4482	4000	4212
Steel EU Domestic Hot rolled coil (Euros/tonne)	366	375	375
Steel EU Domestic Hot-dip galvanized coil(Euros/tonne)	480	490	490
Steel EU Domestic Cold rolled coil(Euros/tonne)	466	475	475

### **OUTLOOK:**

The global economy is expected to do a little better in 2006. The US economy will remain strong. Investment in industrial capacity will gain momentum. Infrastructure build up in Asia will continue to generate significant steel demand which will generally remain confined to China and hence will not do any good to the rest of the world.

In **US market**, coil prices are expected to drop slightly in the first quarter of 2006 as imports arrive, but strong demand and low stocks will mean only a slight adjustment. Long products demand is expected to remain strong.

In **EU market**, possibility of increased pricing for coil is seen in the first quarter of 2006. Long product pricing will be relatively static in the short term, although could pick up later in the quarter on improved seasonal demand.

**In Asia**, long products, plate and thicker HR coil prices will remain low, although there is further price depreciation possible given current raw material pricing. A major change is expected only after the Chinese New Year in mid-February.

Overall, the steel prices are expected to remain stable with minor seasonal variations without any volatility or turbulence.

**Data Sources:**

- 1) Steel Trade Today
- 2) [www.ncdex.com](http://www.ncdex.com)
- 3) Steel Trade Intelligence
- 4) Metal Bulletin
- 5) [www.forbes.com](http://www.forbes.com)

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## STEEL INDUSTRY MARKET SCENARIO

### SCRAP

#### Domestic Scenario

#### HIGHLIGHTS:

**Weakening Iron-ore price:** The New Year has ushered in some sobering notes for Indian iron ore exporters. Amidst weakening Indian iron ore prices China is driving a hard bargain at much lower prices, while negotiating for iron ore supplies for 2006. Chinese import prices is generally the benchmark price for Indian ore exports. Indian iron ore export price has weakened to \$51-52 per tonne (f.o.b) from levels of \$55 per tonne (f.o.b).

**Increase in Sponge Iron Price over a month:** Prices of sponge iron increased by about 6 per cent in the last one month and are currently quoting in the range of Rs. 9,000-9,500 a tonne and is selling at Rs 12,700 a tonne, inclusive of all taxes, for ready delivery. Demand for steel has increased substantially with increase in construction activities. Sponge iron has become price-competitive and is abundantly available in the market because it's substitute melting scrap import has slowed down and supply has tightened. Prices are further expected to move up with demand moving up.

#### Price Movement

	Review	Outlook
Steel Product	January 2006 over December 2005	February 2006 over January 2006
Sponge Iron	↑	↑
Pig Iron	↓	↓

#### Scrap Projections

Total demand for scrap (in million tonnes)	
Year	Melting
2006-07	18.041
2011-12	20.596

#### Pig Iron:

##### Price trend of foundry grade pig iron in Mandi Gobindgarh (Rs. /t)

Month	Price(All inclusive)	Price Movement
July-05	18080	
August-05	17875	↓
September-05	19000	↑
October -05	18734	↓
November-05	17400	↓
December-05	16100	↓
January-06	15600	↓

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

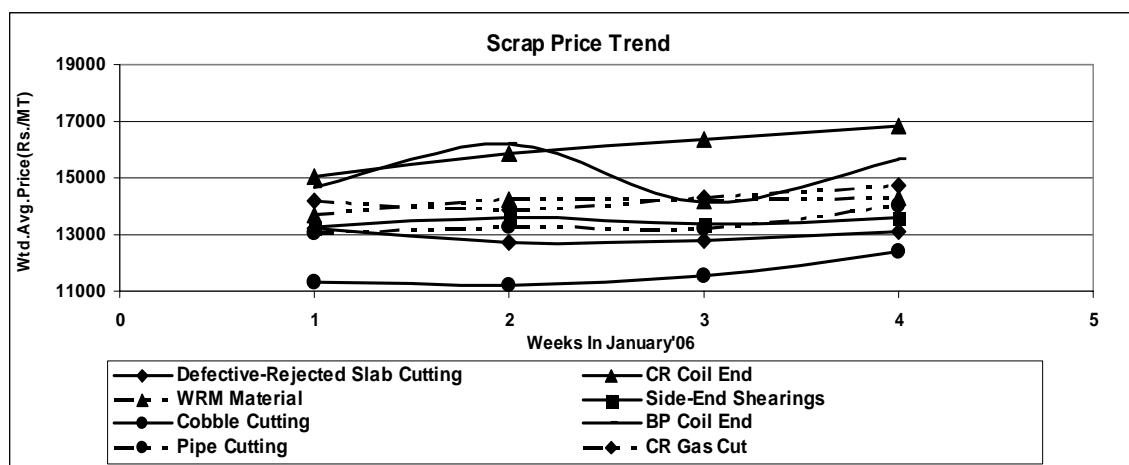
	July-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06
<b>Delhi</b>	18000	19750	18500	18500	16000	15200	14,600
<b>Mumbai</b>	17500	17000	17500	18000	17300	15300	14,500
<b>Kolkata</b>	15500	16650	16625	15750	15500	14200	13,750

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

Place	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06
<b>Delhi</b>	15000	15600	15,000	14,800	14,000	13,500	14,250
<b>Chennai</b>	15000	14000	14,000	13,500	14,000	13,500	14,150
<b>Mumbai</b>	14000	12000	13,500	12,500	14,000	13,600	14,300
<b>Kolkata</b>	15500	14075	14,300	13,150	13,800	12,000	12,800

**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 January 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 Shearings	Cobble Cutting	BP Coil End	Pipe Cutting	CR Gas Cut
1	13221	15030	13684	13287	11321	14700	13048	14176
2	12750	15847	14250	13608	11208	16186	13294	13886
3	12773	16357	14175	13360	11517	14154	13217	14298
4	13093	16850	14271	13575	12404	15664	14016	14755

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

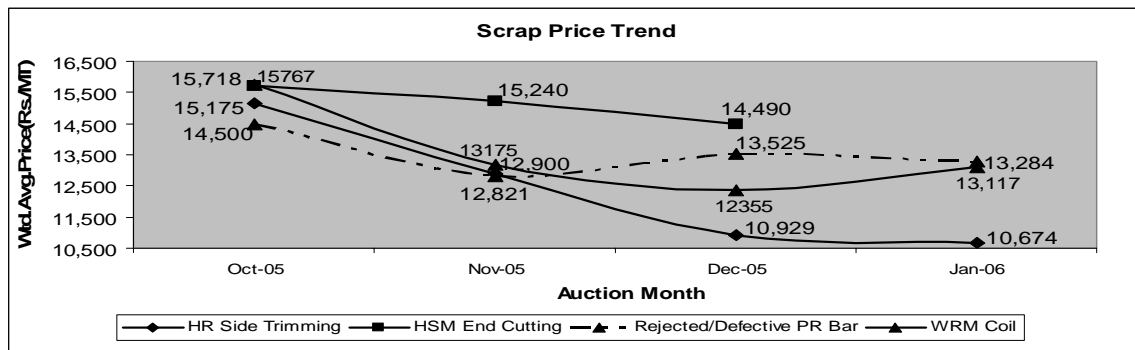
Products	Dec Price (Avg.)	Jan Price(Avg.)	% change
Def-Rej Slab Cutting	13336	12959	-2.83
CR Coil End	15448	16021	3.71
WRM Material	13681	14095	3.03
Side-End Shearings	13610	13458	-1.12
Cobble Cutting	11905	11613	-2.45
BP Coil End	16600	15176	-8.58
Pipe Cutting	14115	13394	-5.11
CR Gas Cut	15217	14279	-6.16

**Summary of Price Movement in Auction Platform**

Products	Price Movement(Dec'05 over Nov'05)	Price Movement(Jan'06 over Dec'05)
Defective-Rejected Slab Cutting	↓	↓
CR Coil End	↓	↑
WRM Material	↑	↑
Side-End Shearings	↑	↓
Cobble Cutting	↓	↓
CR Gas Cut	↓	↓

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

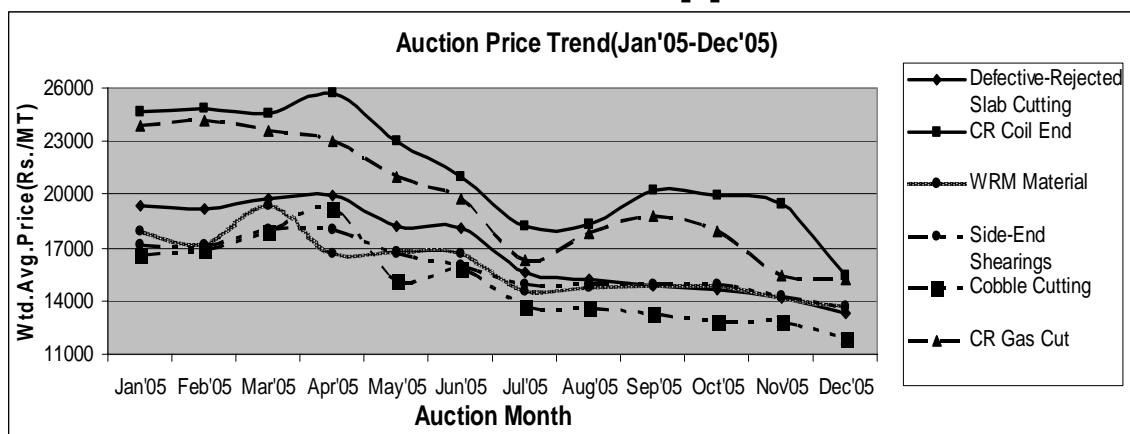
Auction Month	HR Side Trimming	HSM End Cutting	Rejected/Defective PR Bar	WRM Coil
Oct-05	15,175	15,718	14,500	15,767
Nov-05	12,900	15,240	12,821	13,175
Dec-05	10,929	14,490	13,525	12,355
Jan-06	10,674		13,284	13,117



**Price is basic**

**Outlook:** Scrap items price have more or less stabilized as compared to the earlier month and this has been in line with domestic market where melting scrap prices have improved in the month of January'06. However, not much of improvement is predicted in the coming month and a similar stabilized situation without much of further drop in prices is anticipated.

## An Overview of Auction Performance of Scrap products in the Year 2005



### International Scenario:

#### **HIGHLIGHTS:**

**India, Mexico pick up China's shredded slack:** U.S. exports of shredded scrap jumped sharply in November, with higher exports to India and Mexico more than offsetting weakened Chinese demand. Prices have been tumbling along with China's decline in volume. With the Chinese pushing away from the table, two other scrap-hungry nations pushed their bowls forward and got more in November. India still has a strong appetite for the fragmented scrap doubling its imports in October'05.

**Softer Iron-Ore market is expected in China:** The decrease in imports of iron ore due to government's macroeconomic control policy has resulted in an oversupply of steel due to increasing supply and weakening domestic demand. While there has been a growth of 44% of iron ore imports in the year 2005, the growth in 2006 is expected to be only 32.2 %. (Steel Trade Today, 10.01.06)

**Falling scrap prices in Turkey market** to further put downward pressure on billet prices in the year 2006. Prices of both HMS I & II grade were down below \$200/t cif and a similar downward trend is further expected in order to overcome the oversupply scenario.

**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
<b>July-05</b>	<b>240</b>	
<b>Aug-05</b>	<b>192</b>	↓
<b>Sep-05</b>	<b>200</b>	↑
<b>Oct-05</b>	<b>200</b>	↔
<b>Nov-05</b>	<b>208</b>	↑
<b>Dec-05</b>	<b>203</b>	↓
<b>Jan-06</b>	<b>200</b>	↓

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

Month	Average Price(\$ per long ton)	Price movement
July-05	136	
Aug-05	183	↑
Sep-05	227	↑
Oct-05	202	↓
Nov-05	200	↓
Dec-05	198	↓
Jan-06	208	↑

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

Month	Average Price(\$ per tonne)	Price movement
July-05	190	
Aug-05	208	↑
Sep-05	227	↑
Oct-05	188	↓
Nov-05	195	↑
Dec-05	184	↓
Jan-06	182	↓

**Source: Metal Bulletin****OUTLOOK:**

The steel scenario for the year 2006 is expected to be much stable as compared to the earlier year which faced a global recession. The second half of the year is stated to be more stable with scrap getting stronger. Ferrous scrap prices have stabilized in domestic and international market and hopes are there that the market will get stronger in the second half of the year. However, the present scenario might be momentary and the trend could retreat once again.

**Data Sources:**

- 1) Metal Bulletin
- 2) Steel Trade Today
- 3) IAS software
- 4) www.ferret.com

(DIPANKAR CHAKRABARTI)  
GM – Steel Sales

## STEEL INDUSTRY MARKET SCENARIO

### STAINLESS STEEL

#### Domestic Scenario:

#### HIGHLIGHTS:

**Salem Steel plant has stopped its exports for the time-being:** Following a steep fall in the global steel prices, including stainless steel, Salem Steel has stopped exporting its products for the time being. The plant is also hit by poor raw material supplies. Salem Steel is heavily dependent on others supplies of stainless steel slabs. (Business Line, 20.01.06)

#### Price Movement

	Review	Outlook
Steel Product	January 2006 over December 2005	February 2006 over January 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.

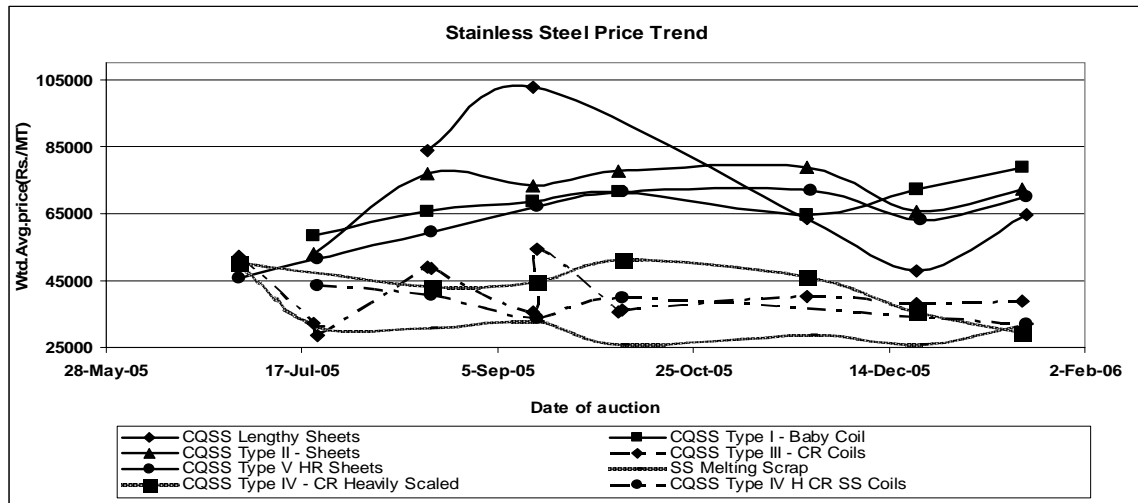
#### Region: Mumbai&Delhi

Category/ Grades	200	Region	304	Region	400	Region
<b>TYPE-1</b>	60500	Mumbai	96800	Mumbai	37500-	Mumbai
<b>TYPE-2</b>	43200(A-SHEET)	Mumbai	84000(A-SHEET)	Mumbai	32600(A-SHEET)	Mumbai
<b>TYPE-3</b>	30000(COIL)	Mumbai	72800(COIL)	Mumbai	23000(COIL)	Delhi
	28500(A-SHEET)	Delhi	63800(A-SHT)	Delhi	22600(A-SHEET)	Delhi
<b>TYPE-4</b>	34000(COIL)	Delhi	69000(COIL)	Delhi	20800(COIL)	Delhi
<b>TYPE-5</b>	40800(COIL)	Delhi	73400(COIL)	Mumbai	29100(COIL)	Delhi
	36200(A-SHEET)	Delhi	71800(A-SHEET)	Mumbai	28400(A-SHEET)	Mumbai
<b>Melting Scrap</b>	20800 (BALES)	Delhi	57700BALES)	Delhi	18200 (BALES)	Delhi

**Region: Chennai**

	Grades					
Types	301	316	304	200	400	Mix-grades
<b>I</b>	90000-coil	135000-coil	95000-coil		34500- coil	
.4 MM THICK				54000-coil	21500- coil	
HIGHER THICKNESS				61000-coil	18000- coil	
<b>II</b>	75000-A-sheet	128000-A-sheet	78000-A-sheet	45000-A-sheet		
<b>III</b>			60000-62000-sheet	28000-A-sheet		
<b>IV</b>			65000-coil	27000-coil		
<b>V</b>		138000		33000-A-sheet	27000- coil	
<b>LENGTHY SHEET</b>			75000			
<b>CUT SHEET</b>			68000			
<b>200/300/400-WELD JOINTS</b>						34000
<b>CROP END SIDE TRIM BALES</b>			56000	20500	17500	
<b>COBBLE</b>			55000			
<b>LENGTHY SHEET</b>			68000			

**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 - CR Heavily Scaled</b>	<b>CQSS Type IV H CR SS Coils</b>	<b>CQSS Type V HR Sheets</b>	<b>SS Melting Scrap</b>
<b>1-Jul-05</b>				52349	50514		45559	49264
<b>20-Jul-05</b>		58317	52984	32285				
<b>21-Jul-05</b>				28551		43672	51483	31170
<b>18-Aug-05</b>	83697	65665	76798	49044				
<b>19-Aug-05</b>				48500	43343	40691	59598	30863
<b>14-Sep-05</b>	102900	68737	73323	35663				
<b>15-Sep-05</b>				54428	44723	33766	66972	32680
<b>6-Oct-05</b>		71321	77535	35506				
<b>7-Oct-05</b>				36234	51333	39826	71573	25633
<b>23-Nov-05</b>	63680	64507	78733	40211	46233	No auction		
<b>24-Nov-05</b>						No auction	71815	28552
<b>21-Dec-05</b>	47846	72298	65646	37983	35684	No auction		
<b>22-Dec-05</b>						No auction	63279	25757
<b>17-Jan-06</b>		78843	72268	38969	29327			
<b>18-Jan-06</b>	64507					32000	69998	31966

**Summary of Price Movement in Auction Platform**

<b>Products</b>	<b>Price Movement(Dec'05 over Nov'05)</b>	<b>Price Movement(Jan'06 over Dec'05)</b>
<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 -CR Heavily Scaled</b>	↓	↓
<b>CQSS Type V HR Sheets</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. However; no major improvement in price is expected right now as both domestic and international stainless steel trend has achieved to some extent the point of stability.

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

**Stainless surcharges show mixed moves for February:** February marks a mixed bag for stainless steel flat-product surcharges, with two key ingredients, **nickel and molybdenum** on diverging pricing paths. Rising nickel prices have boosted the price of **Grade 304** while falling molybdenum prices have scaled back the price of **Grade 316**. Molybdenum prices reached a high of **\$40 a pound** last summer and is **currently** standing at **\$25** a pound. A rise in nickel price after a long downturn has boosted the price of **Grade 304 and 321** which had registered declines during the past several months.

**Nickel pushes US prices for 18-8 scrap up \$100/T:** Primary nickel is driving the prices paid by major stainless scrap processors and brokers even higher. Currently 18-8 bundles and solids are being offered between \$1,350 and \$1,375 a ton. The higher nickel prices also pushed up stainless scrap prices in several European markets by \$40 per tonne.

**Asia:** Improving demand lifted **Asian CR** stainless prices in almost two months. Prices of **304 2mm 2B cold rolled coil** have risen to \$2,050-2,200 per tonne after holding at \$2,050-2,150 per tonne since mid-November, traders said. Prices of East Asian-origin hot rolled 304 sheet remain at \$1,950-2,050 per tonne, despite reports of an increase in demand.

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

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

Month	Average Price(\$ per tonne)	Price movement
July-05	2130	
Aug-05	2025	↓
Sep-05	1950	↓
Oct-05	1950	Steady
Nov-05	1950	Steady
Dec-05	1950	Steady
Jan-06	1983	↑

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

Month	Average Price(\$ per tonne)	Price movement
July-05	2320	
Aug-05	2275	↓
Sep-05	2150	↓
Oct-05	2150	Steady
Nov-05	2075	↓
Dec-05	2050	↓
Jan-06	2083	↑

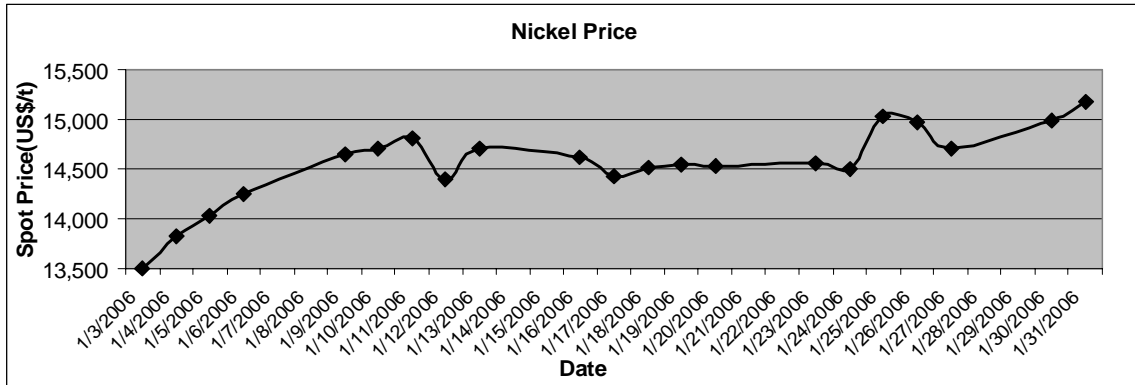
**Stainless Steel EU Domestic 2mm 304 CR stainless strips**

Month	Average Price(Euros/tonne)	Price movement
July-05	1120	
Aug-05	1100	↓
Sep-05	1080	↓
Oct-05	1058	↓
Nov-05	1050	↓
Dec-05	1050	<b>Steady</b>
Jan-06	1050	<b>Steady</b>

Source :( Metal Bulletin)

As seen from the above tables, stainless steel prices have stabilized to certain extent and have also shown a positive trend in the month of January '06. However, there is no significant rise in price seen right now and import prices of stainless steel in China are expected to show an upward movement only after Chinese New Year holidays.

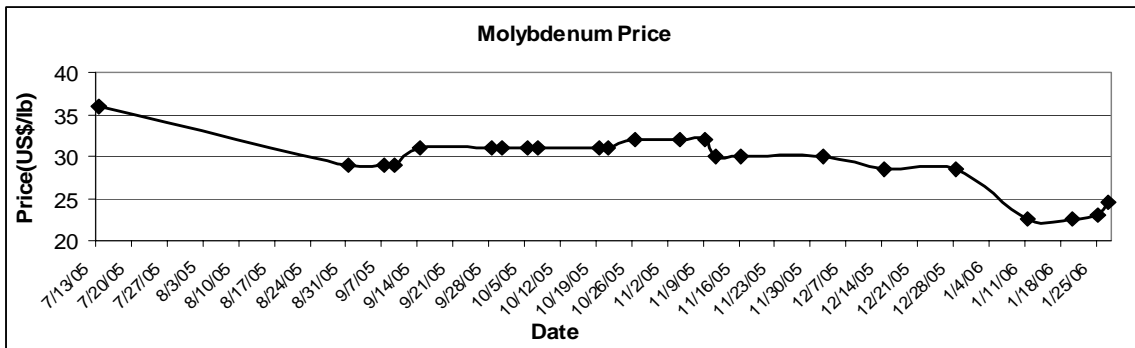
**Nickel Trend in the month of Jan'06:**



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

Nickel Price reached it's highest in the end of the month and touched a remarkable high of 15,175 US\$/t. This has been an impressive recovery, rebounding from a low of 11,500 US\$/t in mid-November, 2005. A return to higher stainless steel production and restocking by stainless mills could see nickel prices make further gains in New Year.

**Molybdenum Price Trend (July'05-Jan'06)**

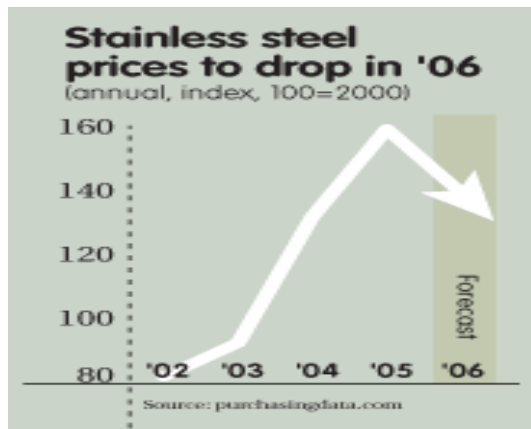


While nickel had a significant rise in price, molybdenum had a fall throughout the year 2005.

**OUTLOOK:**

**Short term Indian Nickel Demand Outlook seen positive:** Demand for nickel is likely to be high in India and worldwide and this is clearly reflected from the rising nickel prices recently where LME has witnessed a high of 15,175 US\$/t on 31.01.06. This indicates prices are emerging from a five-month trough when they fell 30% from 17-year highs of \$16,687/t in May 2005 to \$11,500/t in November. The global outlook for nickel demand is also expected to be robust and average prices are expected to end with a 9% increase in 2006. China is going to be a major driving force in pushing up nickel prices as there is a rising demand for nickel in China.

**Stainless Steel Price Forecast:**



**Source: [www.purchasing.com](http://www.purchasing.com)**

The overall trend is forecasted to be on downward note in the year 2006.

**Data Sources:**

- 1) [www.lme.co.uk](http://www.lme.co.uk)
- 2) Steel Trade Today
- 3) Metal Bulletin
- 4) [www.purchasing.com](http://www.purchasing.com)
- 5) MEPS
- 6) Business Line

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GM – Steel Sales