Date of Report: January 01, 2006

Steel News-At a glance

Global Steel Market is on a downward trend. Downturn in steel prices to continue in India in the New Year as China is still in a state of net exporter. This is aggravated by weak global demand. China has displayed and is displaying power to destabilize global prices by changes of its weak parameters.

- Posco to cut prices of 13 domestic steel products by up to 17 per cent in 2006.
- Decline in Sponge Iron and Iron Ore prices in India.
- Global decline in scrap and pig iron prices. Steel Ingot prices in India still behaving in a downward manner.

Stainless Steel market too showed a downward trend with nickel prices getting a setback in the month of October and November; however it did recover to some point in the month of December.

CRU Index Behaviour (Source: 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%

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%

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%

Date of Report: January 01, 2006

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%

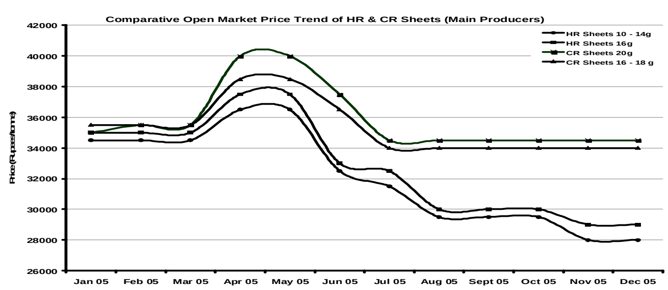
CRUspi Metallics - index values (Metallics: scrap, pig iron and DRI/HBI)

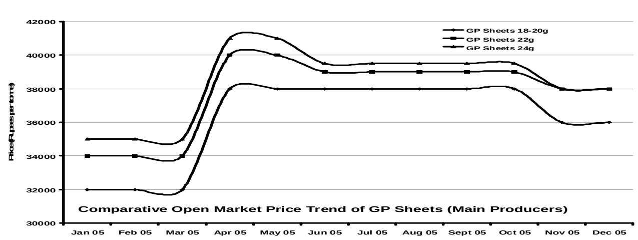
Date	Index	Year on Year
Sep-05	196.18	-0.60%
Oct-05	170.04	-25.00%
Nov-05	182.04	-18.90%
Dec-05	170.35	-15.30%

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%

The graphs below give a comparative price trend of HR, CR and GP Sheets. An overall downward trend has been maintained till the end of the year. (Source:www.steelworld.com)





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STEEL INDUSTRY MARKET SCENARIO

FLAT & LONG PRODUCT

<u>Domestic Scenario</u>:

HIGHLIGHTS:

Pakistan to import mild steel from India: With local industry being unable to fulfill the entire demand, Pakistani traders are contacting their Indian counterparts for the import of mild steel structures to construct homes and offices in the country's quake-hit areas. Pakistan may look for import of steel structures structures from India which was earlier banned due to stiff opposition from local industry. This may improve the demand.

Price trend of prime steel in Mandi Govindgarh market:

Primary Flat Products	**Aug-05**	**Sep-05**	**Oct-05**	**Nov-05**	**Dec-05**
Plate(5-10 mm)	28167	28434	28000	26500	25800
HR Coil	27667	27750	27500	27000	26700
HR Sheets	27667	27750	27500	26750	26000
CR Coil	33050	33050	33000	32500	32300
CR Sheets	32050	32200	32500	32500	32300
GP Coil	35050	35050	35000	34000	33000
GP Sheets	35050	35050	35000	33500	32800

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

Price trend of prime steel in Mandi Govindgarh market:

Primary Long Products	**Aug-05**	**Sep-05**	**Oct-05**	**Nov-05**	**Dec-05**
Billets(100*100mm)	21300	22450	20817	20000	19000
Blooms(150*150mm)	23975	25860	23470	22600	22000
MS Rounds(22/25 mm)	23025	24800	23020	22475	21400
MS Squares(22/25 mm)	22625	24434	22760	22280	21300
MS Angles(25*6mm)	23025	24860	22850	22300	21300
MS Channels(75*40mm)	23634	25267	23467	22850	21500

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

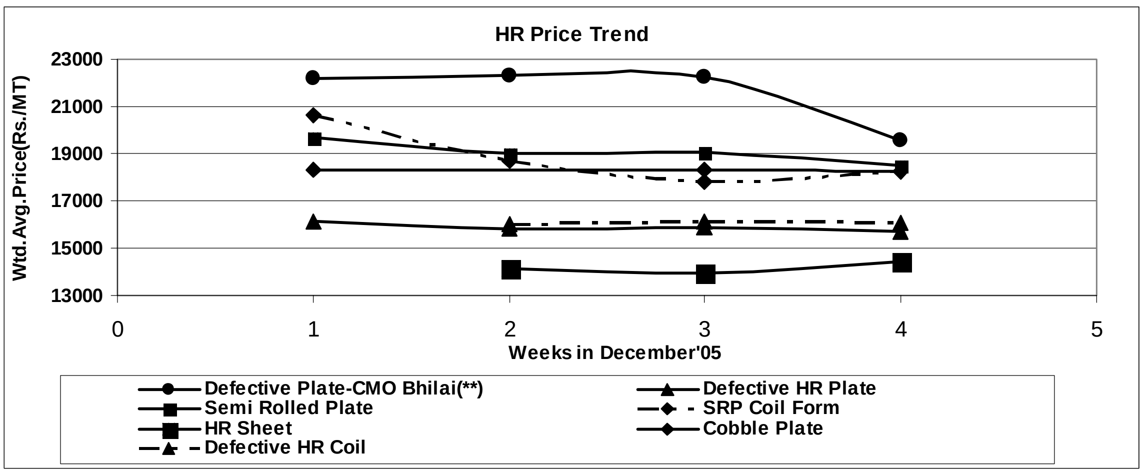
Source: Steel Trade Intelligence

Price Movement

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



Price is basic
**** implies price incl.excise duty**

Attached below is the data table:

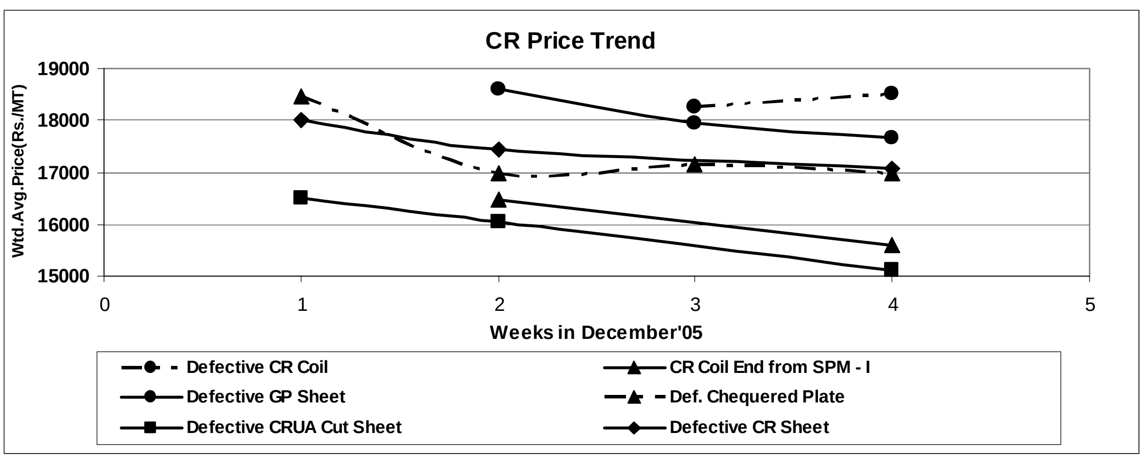
Week	**Def.Plate-CMO Bhilai**	**Def.HR Plate**	**Semi Rolled Plate**	**SRP Coil Form**	**HR Sheet**	**Cobble Plate**	**Defective HR Coil**
1	22195	16104	19697	20623		18339	
2	22337	15812	18970	18681	14150		15977
3	22263	15874	19083	17795	13935	18307	16146
4	19586	15695	18519	18279	14468	18250	16080

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

Products	Nov Price(Average)	Dec Price(Average)	% change
Def Plate-CMO Bhilai	24520	21595	-11.93
Defective HR Plate	16977	15871	-6.51
Semi Rolled Plate	19579	19067	-2.62
SRP Coil Form	21270	18844	-11.41
HR Sheet	13732	14184	3.29
Cobble Plate	20193	18299	-9.38
Def.HR Coil	17366	16068	-7.47

Summary of Price Movement in Auction Platform

Products	Price Movement(Nov'05 over Oct'05)	Price Movement(Dec'05 over Nov'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.CRUA Cut Sheet	Def. CR Sheet
1				18450	16500	18000
2		16480	18613	17000	16050	17431
3	18265		17963	17150		
4	18504	15598	17679	17000	15113	17070

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

Products	Nov Price(Average)	Dec Price(Average)	% change
Def. CR Coil	20650	18384	-10.97
CR Coil End from SPM - I	17687	16039	-9.32
Def. GP Sheet	19766	18085	-8.50
Def.Chequered Plate	18443	17400	-5.66
Def. CRUA Cut Sheet	17650	15888	-9.98
Def. CR Sheet	18220	17500	-3.95

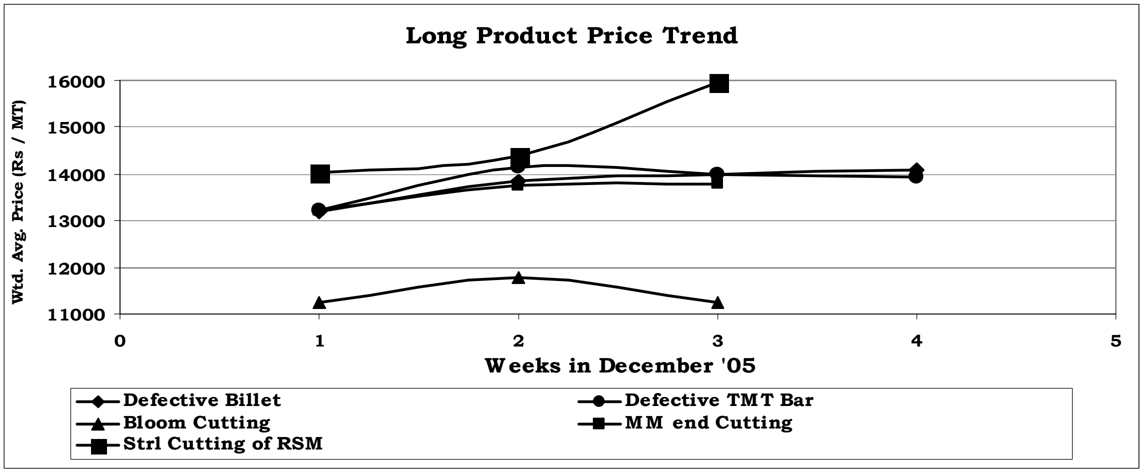
Summary of Price Movement in Auction Platform

Products	Price Movement(Nov'05 over Oct'05)	Price Movement(Dec'05 over Nov'05)
Defective CR Coil	↓	↓
CR Coil End from SPM - I	↓	↓
Defective GP Sheet	↓	↓
Def.Chequered Plate		↓
Defective CRUA Cut Sheet	↓	↓
Defective CR Sheet	↓	↓

Outlook: As compared to the month of November there has been a negative change in price for both HR and CR items in the month of December. With flat products further showing a downturn both in the domestic and international market, the auction platform is anticipated to maintain a downward movement 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 December 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	13188	13219	11239	13202	14009
2	13851	14130	11786	13755	14376
3	13986	14000	11236	13788	15975
4	14086	13942			

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

Products	Nov Price(Avg.)	Dec Price(Avg.)	% change
Defective Billet	14629	13778	-5.82
Defective TMT Bar	14409	13823	-4.07
Bloom Cutting	12722	11420	-10.23
MM end Cutting	13853	13582	-1.96
Strl Cutting of RSM	15152	14787	-2.41

Summary of Price Movement in Auction Platform

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

<u>Outlook:</u> With a volatile steel market where prices are fluctuating, it is expected that auction price trend of most of the long product items will remain softened in the coming month. All the items had a negative percentage change in price as compared to the previous month. As shown below, ingot prices are behaving in a volatile manner and this is a main driver in the falling price trend of long products in the market.

<u>Pencil Ingot Price Trend Comparison for November-December (in Mandi Govindgarh &Raipur market)</u> (Source: NCDEX)

Mandi Govindgarh (Rs. /t)

	Price(Rs./t)	**Percentage change(w to w basis)**
November Week 1	16792	
November Week 2	16846	0.32
November Week 3	16594	-1.50
November Week 4	16092	-3.03
December Week 1	16103	0.07
December Week 2	16457	2.20
December Week 3	16542	0.52
December Week 4	16302	-1.45

Raipur (Rs. /t)

	Price(Rs./t)	**Percentage change(w to w basis)**
November Week 1	14753	
November Week 2	14566	-1.27
November Week 3	14562	-0.03
November Week 4	14273	-1.98
December Week 1	13838	-3.05
December Week 2	14401	4.07
December Week 3	14692	2.02
December Week 4	14619	-0.50

Price is basic

<u>International Scenario</u>

HIGHLIGHTS:

Global: The overall price fell back slightly more than anticipated due to significant reductions in Asian values due to oversupply. EU values fell as a result of poor demand in the long products segment and weaker long product figures. North American flat product prices were stronger on the back of higher scrap costs. In Asia too, the situation did not show any improvement.

OUTLOOK:

Japanese Steel Demand may fall: Demand for Japanese steel products may fall 3.4% in the three months from January 1, 2006 due to reduction in exports and a decline in construction use. Steel exports may fall 16.9% in the next three months from the last year. Output is expected to fall by 1.6% to 27.3 million tonnes in the quarter ending March 31 2006. (Steel Trade Today, 28.12.05)

Downturn in domestic steel prices likely to continue next year: The current downturn in the domestic steel prices is expected to spill over to next year on the back of increased production in China and subdued global demand. A report by the steel ministry says the prospect of an early recovery in prices are 'remote' with further fall during the first quarter of 2006.While flat products price is further expected to decline, the prices of long products is expected to remain stable. While global steel prices are still hovering over $450 per tonne (about $400 per tonne in India), in China they are around $300-350 per tonne. (The Financial Express, 15.12.05)

Globally prices are expected to remain on a softer note: In North America, it is expected that imports will pose a significant threat to prices in the first half of 2006.In Europe prices are expected to remain on a downward note. Transaction price reductions are forecast for all product categories over the next few months from a combination of lower scrap values and weaker demand resulting from the oncoming winter conditions. In Asia too, condition is expected to remain softened in the coming year. In China, no pick up in conditions is expected until after the New Year and overcapacity will further keep cap on steel prices.

Data Sources:
1) The Financial Express
2) Steel Trade Today
3) www.ncdex.com
4) IAS software
5) Steel Trade Intelligence
6) Metal Bulletin
7) The Economic Times

(DIPANKAR CHAKRABARTI)
GM – Steel Sales

STEEL INDUSTRY MARKET SCENARIO

SCRAP

Domestic Scenario

HIGHLIGHTS:

Decline in Sponge Iron prices from Rs.10,500 to Rs.7600 per tonne in the month of December due to global downswing in the iron and steel market following fall in Chinese demand. The situation has further worsened with rising price of iron-ore which is a key input for making sponge iron.Presently, iron-ore prices from Orissa Mining Corporation are ruling at Rs.1260/t for 62% iron content and Rs.2123/t for 65% iron content.

Indian iron-ore prices move up in China and then ended with a falling note: According to a report, spot price of Indian iron ore in China rose marginally in the beginning of December. The CIF price also increased from $69 to $70 per ton. However, The FOB price for 63.5% of Indian iron ore have fallen to $51 to $52 per ton in the end of December from $55 per ton, due to falling demand from China. (Steel Trade Today, 29.12.05)

Price Movement

	Review	**Outlook**
Steel Product	December 2005 over November 2005	January 2006 over December 2005
Sponge Iron	↓	↓
Pig Iron	↓	↓

Higher supply and the likelihood of weak scrap prices in the next two to three months are expected to keep domestic and global prices of both pig iron and sponge iron subdued.

Pig Iron:

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

Month	**Price(All inclusive)**
June-05	19875
July-05	18080
August-05	17875
September-05	19000
October -05	18734
November-05	17400
December-05	16100

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

	Jun-05	July-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05
Delhi	19000	18000	19750	18500	18500	16000	15200
Mumbai	18300	17500	17000	17500	18000	17300	15300
Kolkata	17500	15500	16650	16625	15750	15500	14200

Source: IAS

Scrap:

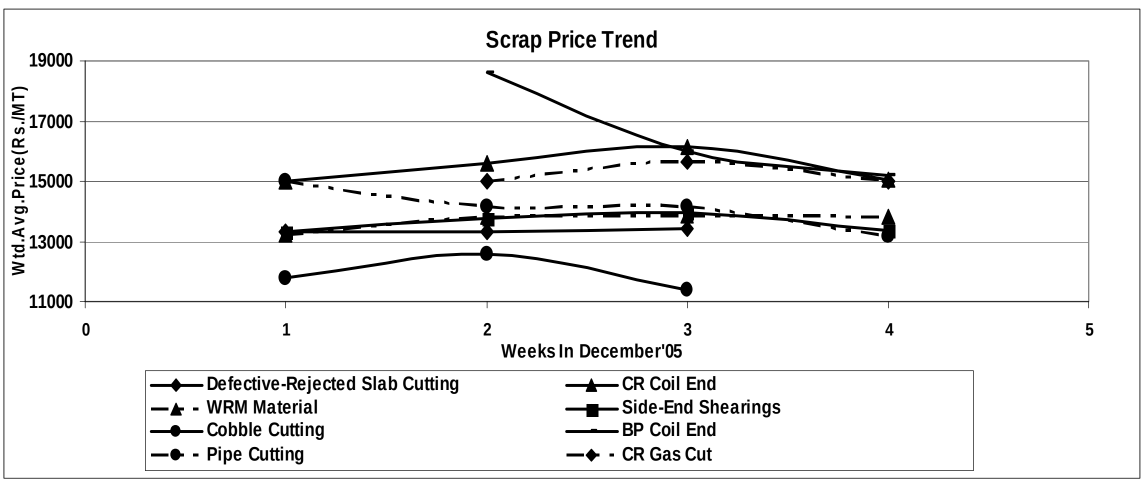
Melting Scrap Price (Rs. /t, all inclusive)

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

Source: IAS

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 December 2005 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	13300	15000	13225	13339	11771		15000	
2	13306	15598	13825	13761	12558	18600	14138	15000
3	13401	16145	13846	13969	11385	16000	14156	15651
4		15050	13828	13372		15200	13165	15000

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

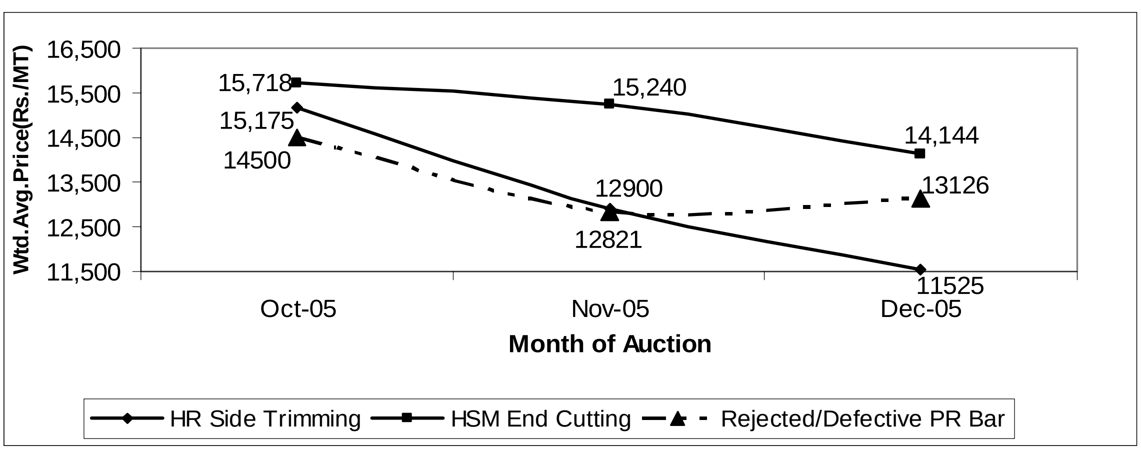
Products	Nov Price(Average)	Dec Price(Average)	% change
Def-Rej Slab Cutting	14200	13336	-6.08
CR Coil End	19486	15448	-20.72
WRM Material	14194	13681	-3.61
Side-End Shearings	14290	13610	-4.76
Cobble Cutting	12837	11905	-7.26
BP Coil End	No auction	16600	
Pipe Cutting	15680	14115	-9.98
CR Gas Cut	15398	15217	-1.18

Summary of Price Movement in Auction Platform

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

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

Auction Month	HR Side Trimming	HSM End Cutting	Rejected/Defective PR Bar
Oct-05	15,175	15,718	14500
Nov-05	12900	15,240	12821
Dec-05	11525	14,144	13126



Price is basic

Outlook: All the scrap items showed a downward price trend in the month of December and this is very much related to the domestic market trend where melting scrap prices have gone down considerably. The market is expected to remain on a softer price note in the coming month with not much improvement in auction price.

International Scenario:

HIGHLIGHTS:

U.S.: The **US ferrous scrap export market** remains in a seasonal holding pattern with little or no movement in prices and sales volumes. Activity on the US east coast has slowed down. Mexico has bought little or no scrap from the east coast in the past month and is not expected to do much until after the New Year. The biggest worry for most in the USA is the general absence of offshore demand for shredded scrap.

Decline in scrap and pig iron prices globally: There has been a general downward trend maintained in the scrap market globally due to slow movement in prices of steel items and sluggish demand still prevailing at the end of the year.

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
July	240	
August	192	↓
September	200	↑
October	200	↔
November	208	↑
December	203	↓

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	136	
August	183	↑
September	227	↑
October	202	↓
November	200	↓
December	198	↓

Steel Scrap No 2 Bundles United States Iron Age composite - d/d Pittsburgh/Philadelphia/Chicago

Month	Average Price($ per long ton)	Price movement
July	112	
August	137	↑
September	178	↑
October	155	↓
November	166	↑
December	169	↑

Steel Scrap HMS I fob Rotterdam Price

Month	Average Price($ per tonne)	Price movement
July	210	
August	228	↑
September	247	↑
October	208	↓
November	215	↑
December	204	↓

Steel Scrap HMS 1&2 fob Rotterdam Export

Month	Average Price($ per tonne)	Price movement
July	190	
August	208	↑
September	227	↑
October	188	↓
November	195	↑
December	184	↓

Source: Metal Bulletin

OUTLOOK:

Within India, prices of sponge iron will continue to remain weak over the next two to three months driven by greater supply. Scrap prices are also expected to fall slightly over the next month due to anticipated weak demand in EU and US. Continued weak scrap prices and increased supply will continue to exert pressure on pig iron prices, which is expected to decline marginally from December 2005.

Globally, iron-ore prices are expected to rise by 10-20% next year. Sea borne trade in iron ore is forecast to rise by over 7% in 2006 to 699Mt.Australian exports are expected to rise by 35Mt to 280Mt in 2006.It is forecasted that by 2010 world iron ore consumption will reach 1,760,000Mtpa, growing at a compound rate of 4.5%.

However, iron-ore prices in China are expected to fall in 2006 due to ample supplies that will exceed demand. Global iron ore shipments will increase 62 million tons next year from this year, while global demand will be up only 50 million tons, which will aggravate iron ore prices to drop.

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

<u>Domestic Scenario:</u>

HIGHLIGHTS:

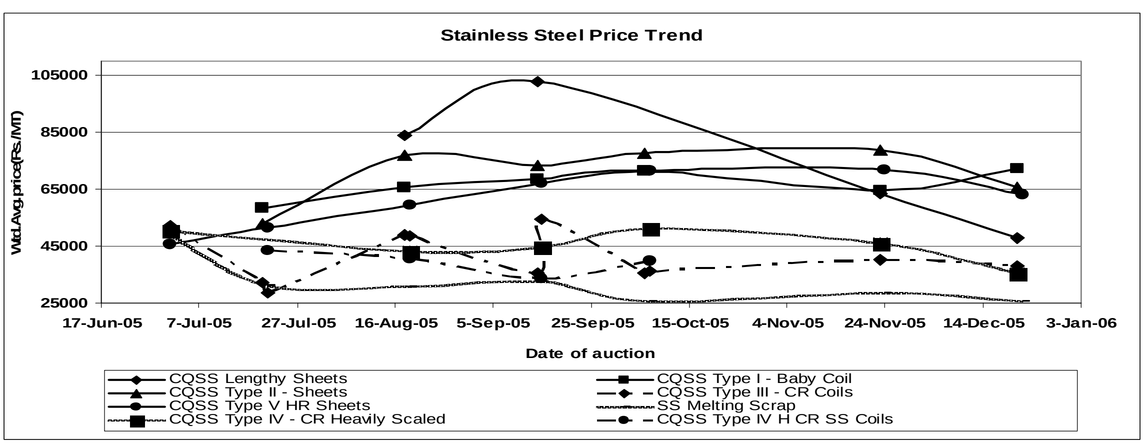
Low Prices have changed demand-supply dynamics: A continuous dip in stainless steel prices has been due to a slackening demand in the country and also in the export market. This has led to an excess supply in the market and a balance in demand-supply is yet to happen.

Anti-dumping duties at new rates to continue: Anti-dumping duties at new rates on imports of Cold rolled flat products of stainless steel of width of 600 mm or more is going to continue. The government has announced anti-dumping duties as under:

- Originating in the USA and exported from any country: US$445.69/tonne
- Originating in any country and exported by the USA: US$445.69/tonne
- Originating in Japan and exported by any country other than USA: US$305/tonne
- Originating in any country other than USA and exported by Japan: US$305/tonne

The duty is effective from 25.11.05, payable in Indian currency. (Steel Trade Intelligence)

<u>Price Trend as observed in the Auctions held at Metal Junction for Stainless Steel Products:</u>



Price is basic

Attached below is the data table:

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

Summary of Price Movement in Auction Platform

Products	**Price Movement(Nov'05 over Oct'05)**	**Price Movement(Dec'05 over Nov'05)**
CQSS Lengthy Sheets	↓	↓
CQSS Type I - Baby Coil	↓	↑
CQSS Type II - Sheets	↑	↓
CQSS Type III - CR Coils	↑	↓
CQSS Type IV -CR Heavily Scaled	↓	↓
CQSS Type V HR Sheets	↑	↓
SS Melting Scrap	↑	↓

Outlook: The auction platform had a mix of rise and fall in price for the stainless steel items. As compared to **November, December** had further fall in price in the auction platform and this clearly depicts the further dip in price in stainless steel market that has taken place both domestically and internationally. A similar downward trend is expected in the coming month with stainless steel market remaining in a softened state in the beginning of New Year.

<u>International Scenario</u>:

HIGHLIGHTS:

Overcapacity in stainless steel sector: Stainless steel oversupply has restricted the stainless steel mill profitability this year. Mills have announced output curbs amounting to more than 1.5 million tonnes in the second half of this year. On the contrary, production in China is still increasing and is expected to exceed 3.7 million tonnes by end of December, 2005. Expanding Chinese supply is forcing other producers to curb their output. Within China itself, there have been reports of some cold rolled strip producers switching away from stainless to roll carbon steel strip. It is forecasted that China will account for 70% of the global increase in stainless melting capacity between 2004 and 2009. (MEPS, 03.12.05)

Stainless steel prices fall further: Prices for **stainless hot rolled sheets** and **cold rolled coils** entering China from East Asia have fallen further on declining nickel prices, weak demand and strong domestic supply. Demand is not very good presently as the peak season is almost over and companies keep stock levels low at the end of the year.

Taiwan: Stainless steel producers in Taiwan extend output cuts and reduce prices. Yieh United Steel Corp **(Yusco)** has maintained a 30 percent cut in its 300 series output in the month of December. The company has already removed an estimated 20,000-24,000 tpm of **300-series** stainless from the market.Also, it has cut its December domestic list prices for stainless hot rolled black coils by NT$1,000 ($30) per tonne, while the price of **Grade 300** No 1/2B/2D/BA coils to fall by NT$2,000 per tonne and **Grade 400** No 1/2B/2D/BA by NT$1,500 per tonne. **Billet** prices will fall by NT$1,000 per tonne. **Tang Eng Iron Works** has also kept its production cut of about 7,000 tpm for December, 2005. (Metal Bulletin, 27.12.05)

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	2130	
August	2025	↓
September	1950	↓
October	1950	Steady
November	1950	Steady
December	1950	Steady

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

Month	Average Price($ per tonne)	Price movement
July	2320	
August	2275	↓
September	2150	↓
October	2150	Steady
November	2075	↓
December	2050	↓

Stainless Steel EU Domestic 2mm 304 CR stainless strips

Month	Average Price(Euros/tonne)	Price movement
July	1120	
August	1100	↓
September	1080	↓
October	1058	↓
November	1050	↓
December	1050	Steady

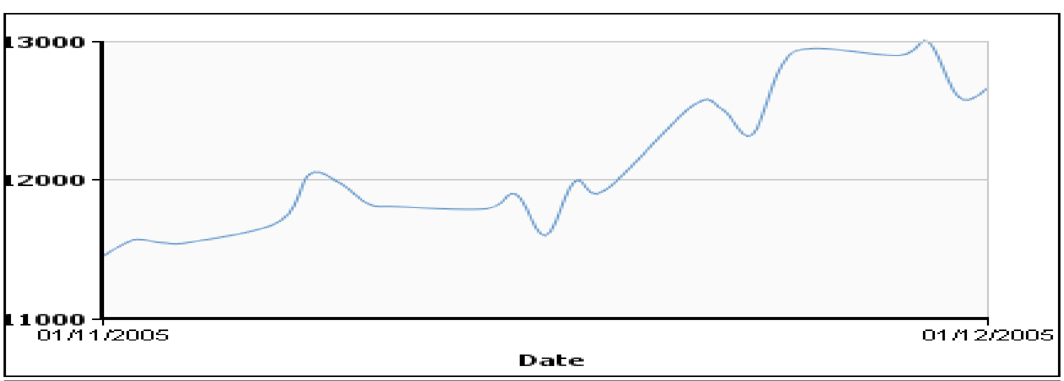
Stainless steel export Grade 304 2mm CR sheet fob North European port

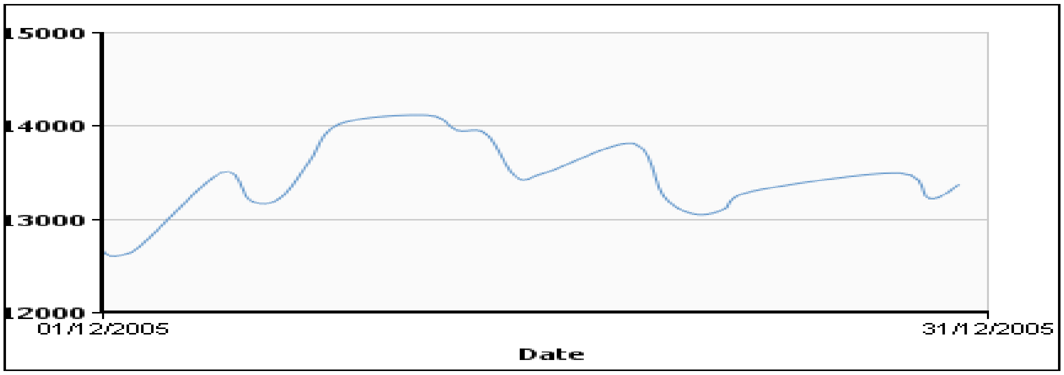
Month	Average Price($ per tonne)	Price movement
July	2250	Steady
August	2250	Steady
September	2250	Steady
October	2250	Steady
November	2250	Steady
December	2250	Steady

Source :(Metal Bulletin)

As seen from the above tables, there has been a mix of fall and stabilization in price in the market. However, globally a downward trend is further expected in the beginning of New Year with no positive movement as such.

Nickel Trend in the month of November & December:





Price of Nickel (US $/tonne) (Source: www.lme.co.uk)

The price of nickel reached to a mark of **13,375 US$/t** in the end of December, **775US$/t** higher compared to the end of earlier month when it ended at **12,600 US$/t**.

OUTLOOK:

World stainless production seen rising 6% in 2006: The International Stainless Steel Forum expects the underlying demand for stainless steel products to rise by around 5% during 2006.Also; it was told that projected 2006 North American production will show a rise of 3.1% to nearly 3 million metric tons.

Nickel 1Q Seen Brighter on Consumer Demand in 2006: After a prolonged period of rising inventories and steep price falls, the nickel market may be poised for a rebound as consumer demand returns in the first quarter of 2006, analysts and producers say. With the recent bounce in price, perception has started to change and it is expected that consumers will start buying.

Stainless Steel Price in Asia is expected to fall further in the beginning of New Year as demand becomes quieter with the peak consumption season nearing its end.

Data Sources:
1) www.lme.co.uk
2) Steel Trade Today
3) Metal Bulletin
4) Dow Jones Newswires
5) MEPS

(DIPANKAR CHAKRABARTI)
GM – Steel Sales