

NEWS AT A GLANCE

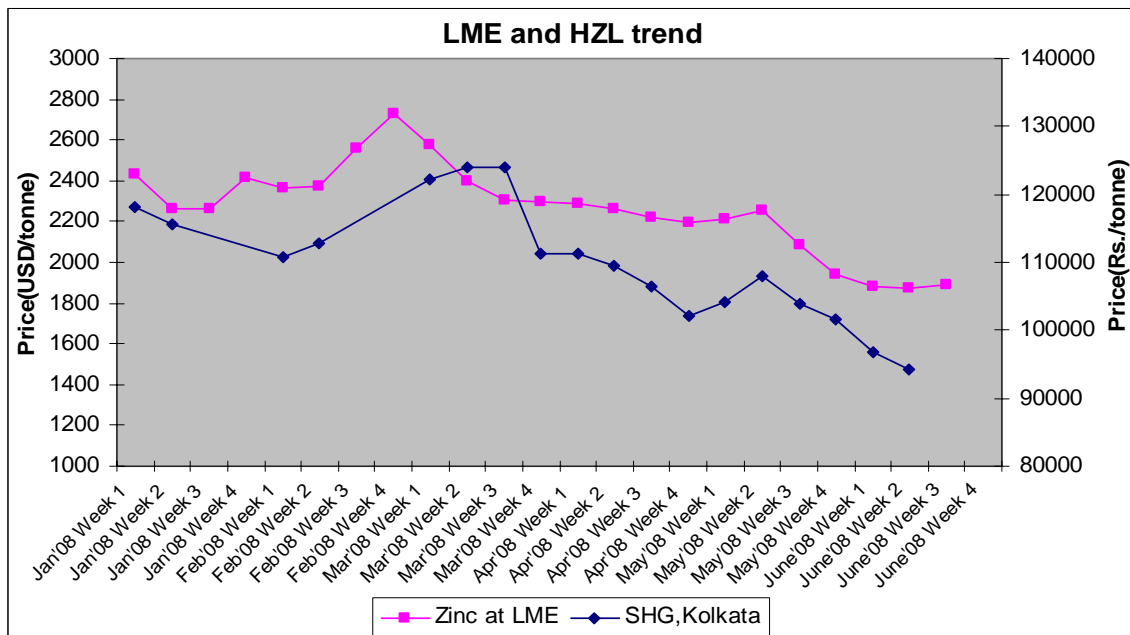
India changes export tax structure for steel: Flat rolled products of iron and steel, including galvanized products and pipes and tubes that attracted export duty ranging from 5% to 15% ad valorem, have been fully exempted from export duty by the government on 13th June. The duty on long products like bars and rods and wires has been increased from 10 per cent to 15 per cent to improve their availability in the domestic market.

Indian pig iron tender attracts only one bid: Visa Comtrade submitted the sole bid in Vizag's latest tender for the supply of 25,000 tonnes of basic pig iron for July shipment at \$826/tonne fob. Sentiment has slowed down in East Asia. There are concerns that there is some price correction for the longs and billet. The bid price is above the prevailing domestic Indian price, which is the equivalent of \$790-800/t fob inclusive of the 15% export duty.

Iron ore prices surge by Rs.500/tonne in the beginning of July: Prices in Orissa region prevailed at Rs.5500/tonne for Iron Ore (Blast Furnace grade) and at Rs.6600/tonne for Iron Ore (Sponge grade).

Indian chrome ore prices soar further: The price rise is meant to catch up with soaring global chrome ore prices. The export price of chromium ore has been increased by USD 200 per tonne from June 1st to July 30th 2008. India is experiencing a severe shortage of chromium ore.

Hindustan Zinc cut Zinc prices by Rs.5000/tonne to Rs.92,700/tonne in the beginning of June. Prices were further cut to Rs.90,300/tonne in the third week of the month.



LME base metal prices show a mixed trend: Zinc had a drop Of 9.25% over a month. Nickel had a drop of 12.22% over a month. Copper had a rise of 8.28% over a month; Aluminium had a rise of 6.62% over a month. Tin had a rise of 10.32% over a month, while Lead had a sharp drop of 10.52% over a month.

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

Index	Apr'08	% Change (M-M)	May'08	% Change (M-M)	June'08	% Change (M-M)	% Change (Y-Y)
Global	237.01	6.80	267.95	13.10	281.95	5.20	63.20
North America	210.21	7.80	254.51	21.10	262.03	2.90	74.90
Europe	202.53	1.70	220.96	9.10	248.54	12.50	40.10
Asia Steel	271.85	8.60	301.85	11.00	312.15	3.40	69.80
Longs	268.93	7.20	302.91	12.60	313.72	3.60	61.40
Flats	221.16	6.50	250.59	13.30	266.17	6.20	64.20
Metallics	390.77	22.90	470.09	20.30	494.80	5.60	115.50
Stainless	201.86	4.20	204.97	1.50	196.20	-4.30	-23.00

Global steel prices have continued to rise over the last month, but the momentum has slowed in most products, suggesting they may be approaching a peak. The CRUspi for Global steel index has remained positive.

The CRUspi for steel sheet has continued to rise this month, but despite a big increase in Europe, total growth in the global index has slowed.

As into early May, long products prices have risen most rapidly in West European markets during the past month, though upward changes have also been apparent elsewhere.

Though price rises have been least prevalent in Asia, recent billet-price hikes and anticipated long products outages in the near term could lead to tighter market fundamentals. The CRUspi longs index has remained positive.

Scrap prices up again but momentum has cooled. The metallics index has remained positive.



(UJJAL BHATTACHARYA)
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STEEL INDUSTRY MARKET SCENARIO

FLAT & LONG PRODUCT

Domestic Scenario:

Steel plate price firm: The price of steel plate stands firm in India due to the low stock. In the third week, price of SS400 16mm prevailed at around Rs54,000/t (USD1,260/t), increasing by Rs7,000-8,000/t (USD163-187/t) in the recent week.

HRC prices remained firm across various regions: Acute shortage of HRC pushes prices up.

Price movement in Mumbai market

Product	% Change in last 10days	27-Jun	23-Jun	16-Jun	9-Jun	1-Jun
HRC(2mm)	7.1%	55,120	54,600	51,480	44,750	44,500

Prices are in INR per tonne inclusive of ED and VAT

Long Steel and scraps strengthen in the beginning of the month: Steel and scrap prices rose by Rs 1000 per tonne in the Mandi market in the first week of the month due to restricted supplies and pick up in demand from re-rolling steel units. Ingot prices at various places across the country exhibited healthy trends (an increase in the range of Rs. 400 - 1200/tonne over a week across various places). Both Melting scrap (an increase of Rs 300/tonne over a week) & Pig iron (an increase in the range of Rs 1400-1500/tonne for both foundry and steel grades over a week) experienced increasing price trend. On the other hand, the sponge iron saw an increase of Rs 1000/tonne over a week.

Prices continued to strengthen and ended on a positive note towards the end of the month: Various long product items over a week in Mandi Govindgarh have depicted increased price trends in the range of Rs 800-2000/tonne. The Ingot prices at various places across the country have exhibited an upward trend in the last week varying in the range of Rs 1300 - 2500/tonne (an increase of 4.5 - 9%) and the Melting Scrap at Mandi Govindgarh market has also reflected an upward trend depicting an increase of more than 7 per cent over a week. Pig iron prices have seen an average increase of 4.3% over a week towards the end of the month.

Price movement in Mumbai market

Product	% Change in last 10days	27-Jun	21-Jun	16-Jun
Melting scrap (HMS)	4.60%	32724	31534	31296
Pencil Ingot	8.50%	42601	41054	39269
Billet (Td, 125x125)	8.10%	45219	44029	41827
TMT (Fe 415, 12mm)	4.30%	46647	45219	44743
Angles (GR A, 65x6)	2.60%	47837	47123	46647
Channels (GR A, 75/100)	2.60%	47837	47361	46647
Joists (GR A, 250x125)	10.70%	55334	50455	49979

Prices are in INR per tonne inclusive of ED and VAT

Domestic Steel Price Movement over a Year

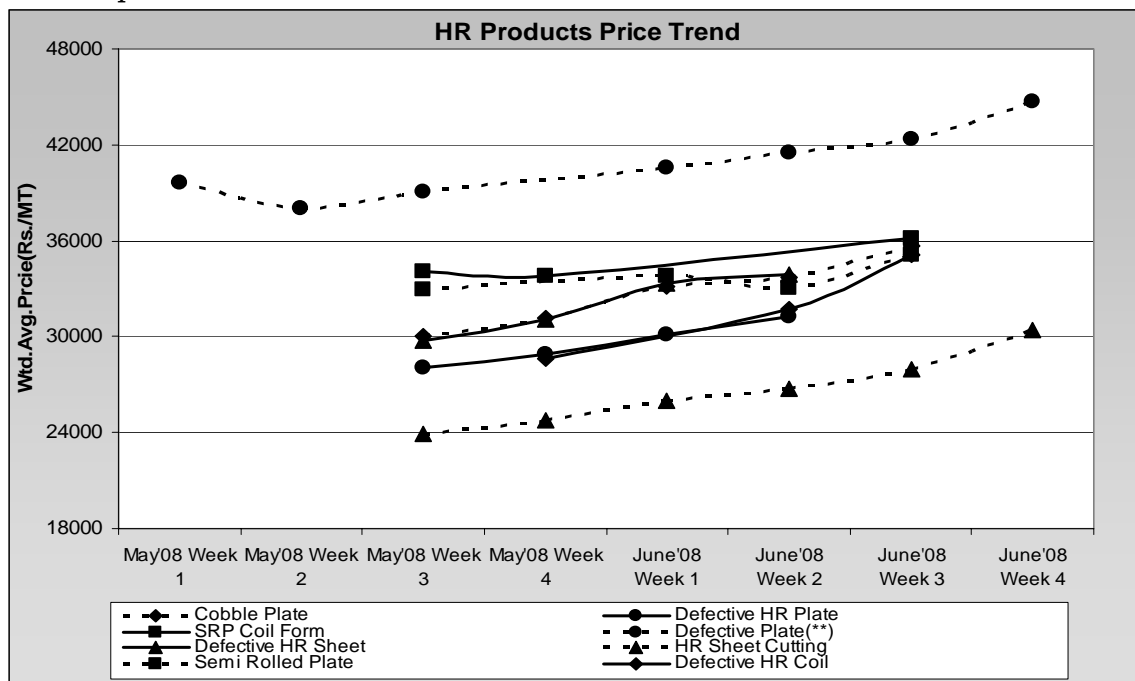
Items	June'07	June'08	% Change(Y-Y)
HR Coil	32,100	42,750	33.17
HR Sheet	31,900	42,250	32.44
CR Coil	36,500	47,150	29.17
CR Sheet	36,700	47,150	28.47
GP Coil	38,500	49,050	27.40
MS Billet (100x100 mm)	25,425	40,228	58.22
MS Rounds (22/25 mm)	27,775	43,025	54.34
MS Angles(25*6mm)	28,150	43,425	53.58
MS Channel (75*40mm)	28,350	43,900	54.03
CTD Bars(ISI) 8mm	31,500	49,300	57.50

Price Movement

Items	Review	Outlook
	June'08 over May'08	July'08 over June'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 May 2008 & June 2008 for different HR and CR products.



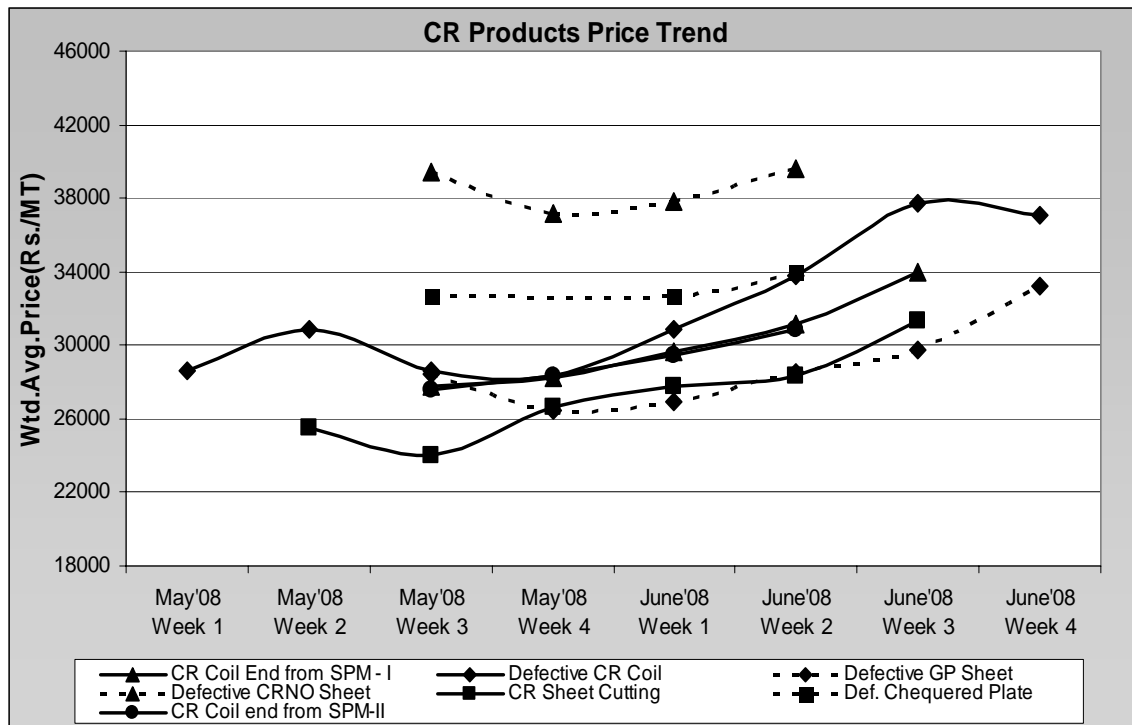
Note: Price is basic, ** implies price incl.excise duty

Attached below is the data table:

Week	Cobble Plate	Def.HR Plate	Semi Rolled Plate	SRP Coil Form	Def Plate	HR Sheet Ctnng	HR Sheet
May'08 Wk 1	-	-	-	-	39661	-	-
May'08 Wk 2	-	-	-	-	38000	-	-
May'08 Wk 3	30012	28032	32995	34056	39054	23968	29737
May'08 Wk 4	31195	28900	-	33830	-	24766	31048
Jun '08 Wk 1	33112	30177	33810	-	40567	26005	33306
Jun '08 Wk 2	33693	31214	33090	-	41547	26734	33869
Jun '08 Wk 3	35642	-	35092	36184	42329	27962	-
Jun '08 Wk 4	-	-	-	-	44753	30450	-

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

Products	May'08 Price (Avg.)	June'08 Price (Avg.)	% change (June'08 over May'08)	% change (June'08 over June'07)
Cobble Plate	30604	34149	11.58	38.13
Def HR Plate	28466	30695	7.83	38.49
Def Plate	38905	42299	8.72	27.42
SRP Coil Form	33943	36184	6.60	31.07
Def HR Sheet	30393	33588	10.51	43.48
Def HR Coil	28650	33455	16.77	42.36
HR Sheet Cutting	24367	27788	14.03	69.32



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
May'08 Wk 1	-	-	-	28649	-	-
May'08 Wk 2	-	-	25529	30870	-	-
May'08 Wk 3	27805	27575	24050	28574	39410	28395
May'08 Wk 4	28204	28371	26678	28306	37200	26470
Jun '08 Wk 1	29672	29463	27767	30830	37800	26888
Jun '08 Wk 2	31172	30885	28375	33754	39604	28510
Jun '08 Wk 3	33966	-	31300	37700	-	29755
Jun '08 Wk 4	-	-	-	37050	-	33183

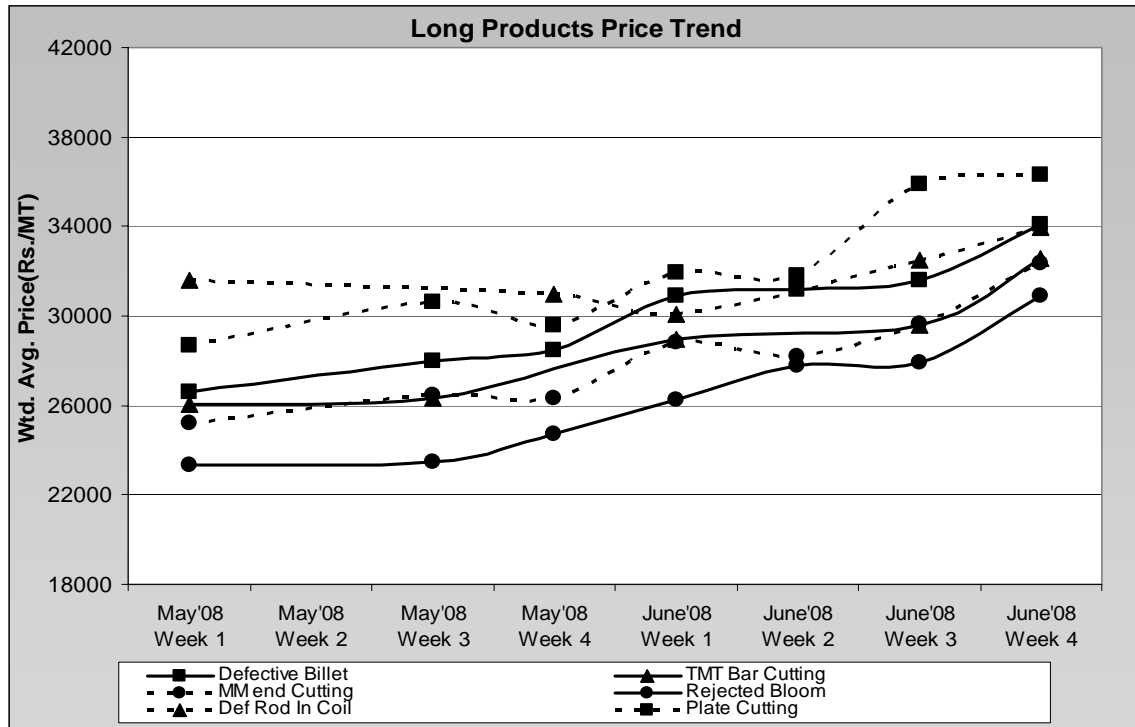
Summary of price and % change (m-m & y-y basis):

Products	May'08 Price(Avg)	June'08 Price(Avg)	% change(June'08 over May'08)	% change(June'08 over June'07)
CR Coil End from SPM-I	28005	31603	12.84	19.18
CR Coil End from SPM-II	27973	30174	7.86	19.58
CR Sheet Cutting	25419	29147	15.89	19.96
Def CR Coil	29100	34834	19.70	20.05
Def CRNO Sheet	38305	38702	1.03	19.79
Def GP Sheet	27433	29584	7.84	7.21

Outlook: The domestic market depicted a strong buying sentiment with prices across various items remaining on an upward note since the beginning of the month. The price of steel plate stands firm in India due to the low stock. In the third week, Price of SS400 16mm plate prevailed at around Rs 54,000/tonne, increasing by Rs7,000-8,000/tonne in the recent week. HRC prices too showed a jump of 7% over a fortnight. The month ended on a positive note with prices moving up across various flat product items. The auction platform has shown a positive price movement across various HR and CR items over a month. With demand still holding good in the domestic market, the market is predicted to remain positive in the coming month and the auction platform is expected to fetch good prices 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 May 2008 & June 2008 for different long products.



Price is basic

Attached below is the data table:

Week	Def Billet	TMT Bar Cutting	MM End Cutting	Rej Bloom	Def Rod In Coil	Plate Cutting
May'08 Wk 1	26611	26050	25226	23358	31595	28660
May'08 Wk 2	-	-	-	-	-	-
May'08 Wk 3	27955	26334	26434	23448	-	30652
May'08 Wk 4	28504	-	26321	24734	30956	29570
June'08 Wk 1	30900	28976	28798	26260	30100	31937
June'08 Wk 2	31198	-	28225	27790	-	31776
June'08 Wk 3	31572	29550	29649	27926	32508	35919
June'08 Wk 4	34116	32550	32330	30916	33962	36301

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

Products	May'08 Price(Avg.)	June'08 Price(Avg.)	% change(June'08 over May'08)	% change(June'08 over June'07)
Def Billet	27690	31946	15.37	66.25
MM End Cutting	25994	29751	14.45	59.77
Plate Cutting	29627	33983	14.70	40.80
Rejected Bloom	23847	28223	18.35	52.30
TMT Bar Cutting	26192	30359	15.90	60.45

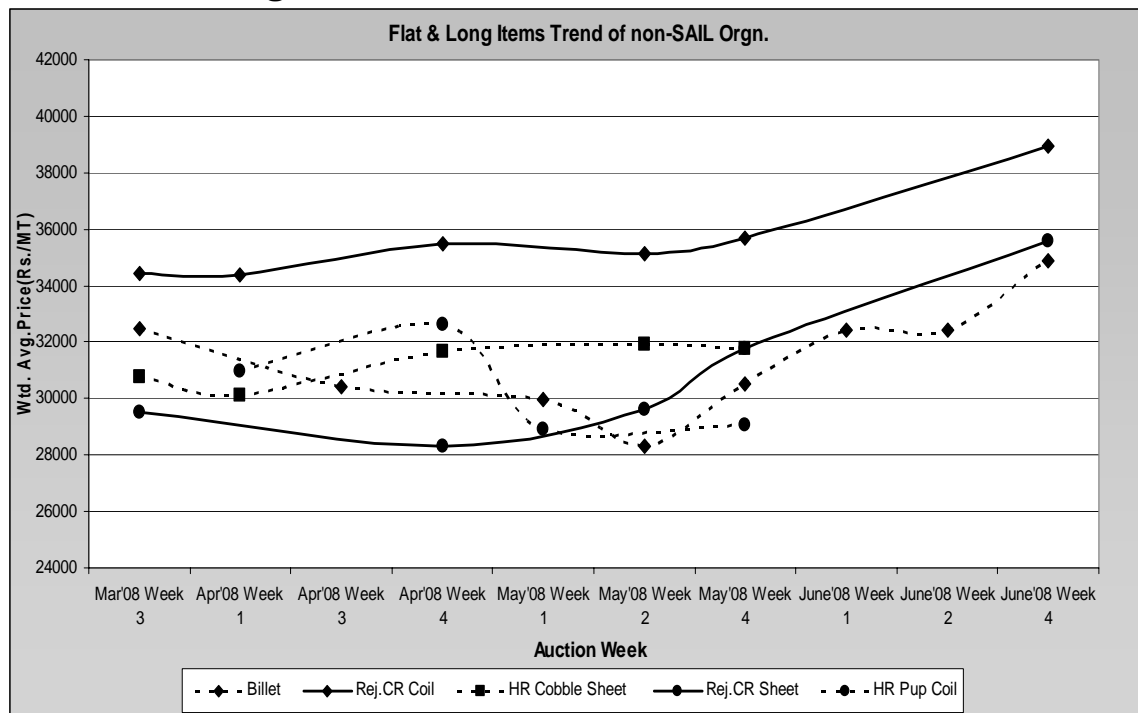
Outlook: The beginning of the month saw a strong buying sentiment with prices across various items on an upward note over a fortnight. The positive buying sentiment prevailing in the market is pushing up the prices of the steel items across the country. Ingot prices at various places across the country exhibited healthy trends (an increase in the range of Rs. 400 - 1200/tonne over

a week across various places). Both Melting scrap (an increase of Rs 300/tonne over a week) & Pig iron (an increase in the range of Rs 1400-1500/tonne for both foundry and steel grades over a week) experienced increased price trend.

Prices continued to rise further in the second and third week of the month. The beginning of the fourth week saw a further rise of 5% in semis price and long product prices went up by Rs.500-800/tonne over a week. The month ended with a further surge in price and prices varied in the range of 4-8% over a fortnight across various items. The Ingot price varied in the range of Rs 1300 to 2500/tonne (an increase of 4.5 - 9%). Pig iron prices have seen an average increase of 4.3% over a week.

With surge in prices in the domestic market, the auction platform has also depicted an increased price trend across various long product items and an average increase of 14% has been noticed over a month. With surge in input costs and buoyant domestic market, the auction platform is expected to fetch prices on a higher note in the short-term.

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



Price is basic

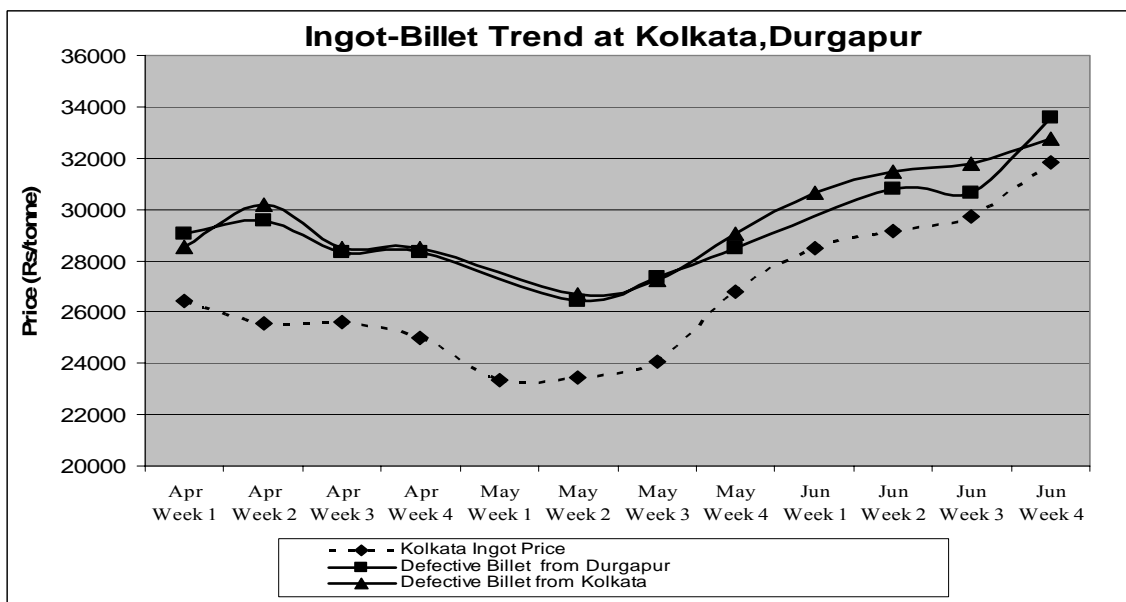
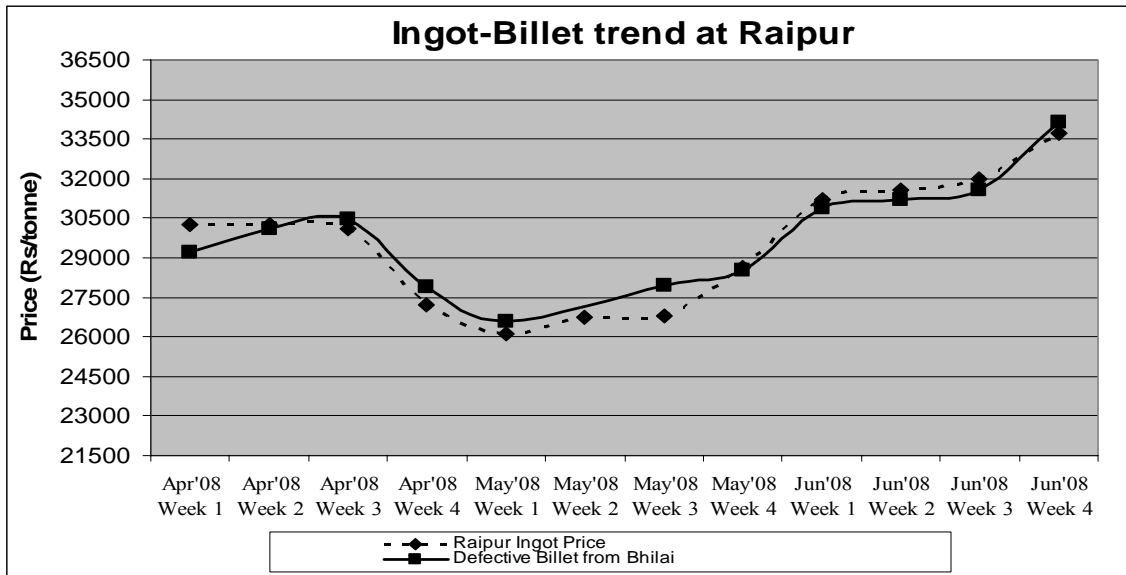
Ingot Price Trend

Week	Kolkata	Mandi	Ghaziabad	Raipur	Mumbai
May'08 Week 1	23348	29039	28429	26122	27733
May'08 Week 2	23427	29342	28516	26721	28282
May'08 Week 3	24066	29371	28434	26822	28272
May'08 Week 4	26943	31378	30664	28870	30828
June'08 Wk 1	28499	33641	33502	31323	33018
June'08 Wk 2	29181	34159	33905	31663	32818

June'08 Wk 3	29715	34505	34254	31952	33445
June'08 Wk 4	31827	35946	36079	33695	35246

Price: (Rs. /t, basic)

The graphs below give Ingot-Billet trend



International Scenario

Asia: Hot rolled coil market remained sluggish with demand remaining weak in the rainy season. CRC import market has also remained quiet. Import buying of Billet has remained sluggish. Offer prices are around \$1,100/t fob for Chinese material. Sentiment for Rebar has also remained weak on the slowdown of construction activity due to the approach of rainy season.

China: Prices saw a rise in the beginning of the month. Rebar prices increased by \$14 /tonne in the first week amid strong demand and lower inventory levels. Billet prices weakened in the second week of the month because of sluggish demand from downstream users such as strips and pipes. Export market also remained quiet. Wire rod prices too declined because of sluggish demand from the market.

Flat product prices remained firm in the export market with robust overseas demand. However, the domestic market remained dull with HRC prices lowering by about \$14/tonne since June, 10.

Europe: Flat product prices are rising, while long products see smaller increases. The southern European coils prices have risen strongly, while northern European prices are also firmer. In southern Europe, the CRC ex-works price was up by €13/t to €826/t (\$1,267/t). The northern Europe HRC ex-works reference price is just higher at €705/tonne (\$1081/t), while the HDG price rose strongly to €840/t (\$1,288/t) in the second week. Strip product prices saw further increase and prices are said to have increased by around €50/tonne in Italy over the last two weeks.

Medium sections and merchant bar have slightly stabilized with smaller increases. Current medium sections prices are between €880-950/t delivered, with some prices in Spain reaching the €1,000/t mark, while merchant bars are at €860-900/t. Demand levels are said to be normal to low in Italy and lower in Spain.

US: North American rod prices went up by \$60/tonne in the first week of the month.

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

Item Description	% Change over a week(June'08 Week 4 over June'08 Week 3)	% Change over a month(June'08 over May'08)	% Change in the last 6 months
Chinese Domestic HR Coil (2mm and up) Eastern China Yuan/t	1.05	0.17	20.00
Chinese Domestic HR Coil (2mm and up) Southern China Yuan/t	0.00	0.00	18.36
Chinese Domestic CR Coil (0.5-2mm) Eastern China Yuan/t	-0.69	5.14	32.40
Chinese Domestic CR Coil (0.5-2mm) Southern China Yuan/t	-2.12	3.29	28.97
Chinese Domestic Wire rod (mesh quality) Eastern China Yuan/t	-2.07	-5.04	24.17
Chinese Domestic Wire rod (mesh quality) Southern China Yuan/t	0.00	-0.35	22.15

CIS Export Rebar Black Sea/Baltic Sea \$/t	0.00	9.56	117.24
CIS Export Billet Black Sea/Baltic Sea \$/t	0.00	10.47	112.84
United States Import HR coil \$ per short ton	0.00	4.71	113.46
United States Import CR coil \$ per short ton	0.00	4.34	96.72
EU Domestic Hot rolled coil Euros per tonne	0.00	11.11	0.47
EU Domestic Cold rolled coil Euro per tonne	0.00	9.74	0.47

Note: 1 RMB=0.15US\$

OUTLOOK:

Global: China: Prices to drop because of weak demand and high inventories. Further, the impending rainy season and summer usually mark a decrease in demand for construction steel, which is also denting trader optimism about the markets.

Europe: For July no decrease in price is expected, as scrap and transport costs remain at high levels. According to sources, Sections from Arcelor Mittal are definitely seeing increases of up to €40/t and other producers will follow suit with perhaps increases of €30/t.

Demand looks set to stay firm in Asia, but is weak in Europe and the North America. In these developed regions, imports are likely to stay away for now, but particularly in the USA, prices may come under pressure in the coming months through a downturn in domestic demand.

India: Steel prices to remain on an upward note in the coming month with rising input material costs.

Data Sources:

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



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Senior General Manager – Steel Sales

STEEL INDUSTRY MARKET SCENARIO

SCRAP

Domestic Scenario

Iron-Ore and Scrap market scenario: Iron ore export market has remained dim in India since the last week of May affected by the weak demand from China. FOB price of 63% grade prevailed at around \$136/tonne (about \$3/t lower than that in the middle of May). Over a fortnight prices have dipped by around 2% fob and by around 1-4% cfr across various grades. Since then prices have been ruling stable and ended on a flat note towards the end of the month. Spot market remained quiet in China since the beginning of June. An influx of imported ore coupled with soaring domestic ore production has crippled the fundamental market balance in China and depressed the spot ore imports. Further, India imposed uniform 15% export tax in the mid of June on iron ore across various grades in order to ensure availability in the domestic market at a reasonable price. Prices however surged by Rs.500/tonne beginning of July in the domestic market.

Melting Scrap prices saw a continuous surge in the domestic market with a 5% rise seen over a week in the fourth week amid tight supply position. Pig iron prices have seen an average increase of 5% over a week in the fourth week of the month. Sponge iron price saw an increase of Rs. 2000/tonne and prevailed at Rs. 27,500/tonne in the second week of the month.

Sponge iron prices in Chattisgarh surge by 9% in the fourth week of the month: Prices prevailed at around Rs.25272/tonne (incl. ED and VAT) in the fourth week, a change of Rs.2184/tonne as compared to the third week of the month.

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
02.06.08	FOB	135	143	
09.06.08	FOB	133	140	↓
16.06.08	FOB	135	140	↔
23.06.08	FOB	140	145	↑
30.06.08	FOB	140	145	↔

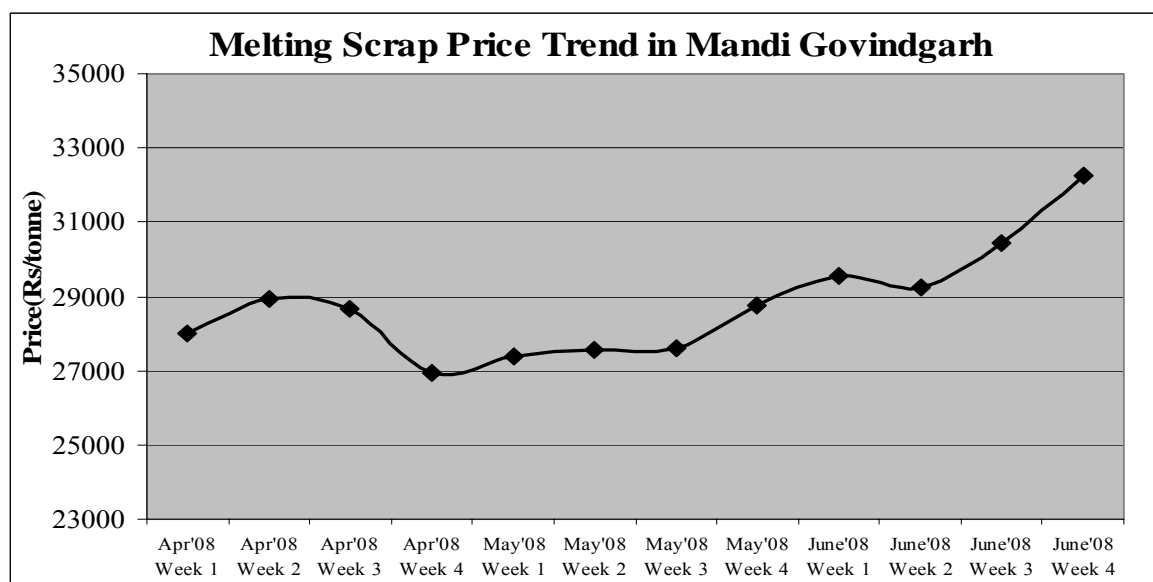
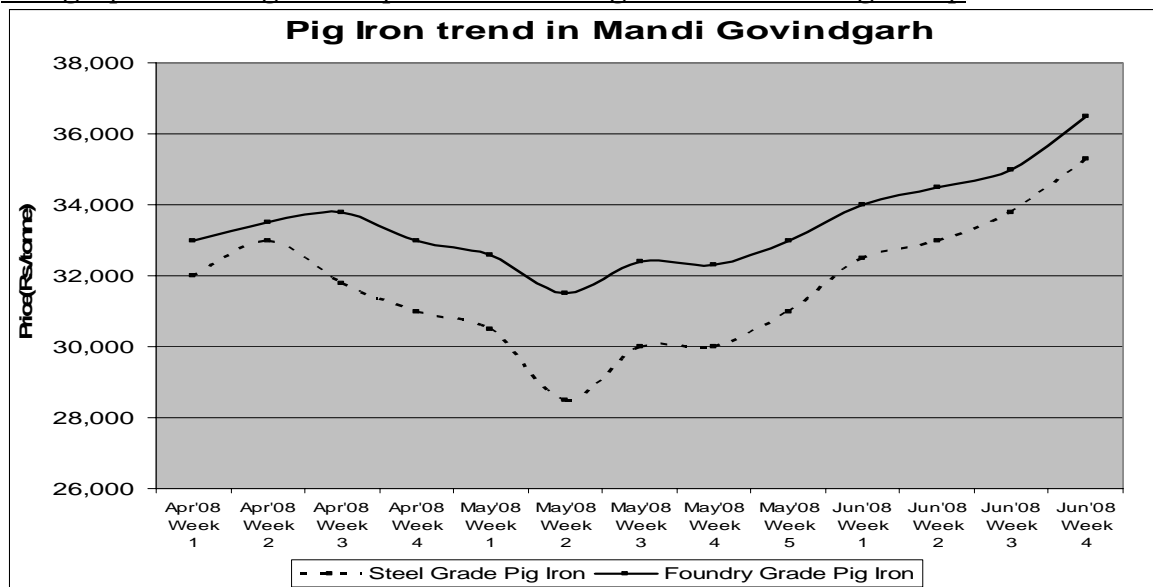
Melting Scrap Trend (Rs. /t, Incl.Excise & Sales, Landed)

	Delhi	Kolkata	Mumbai
May'08 Week 1	24,500	21,000	23,500
May'08 Week 2	25,500	22,000	24,500
May'08 Week 3	25,700	22,200	24,700
May'08 Week 4	27,500	22,800	25,500
June'08 Week 1	29,000	25,000	28,000
June'08 Week 2	30,000	26,000	29,000
June'08 Week 3	30,500	26,500	29,500
June'08 Week 4	32,500	28,500	31,500

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

	Cast Iron Turning	Ingot Moulds	Sponge Iron	Melting Scrap
May'08 Week 1	18,000	27,000	25,000	27,380
May'08 Week 2	17,000	26,000	25,500	27,570
May'08 Week 3	18,000	26,500	24,000	27,600
May'08 Week 4	18,000	26,500	24,500	28,400
June'08 Week 1	19,000	27,500	27,000	29,530
June'08 Week 2	20,000	28,500	27,500	29,230
June'08 Week 3	20,000	28,500	27,500	30,460
June'08 Week 4	20,000	30,500	30,000	32,270

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

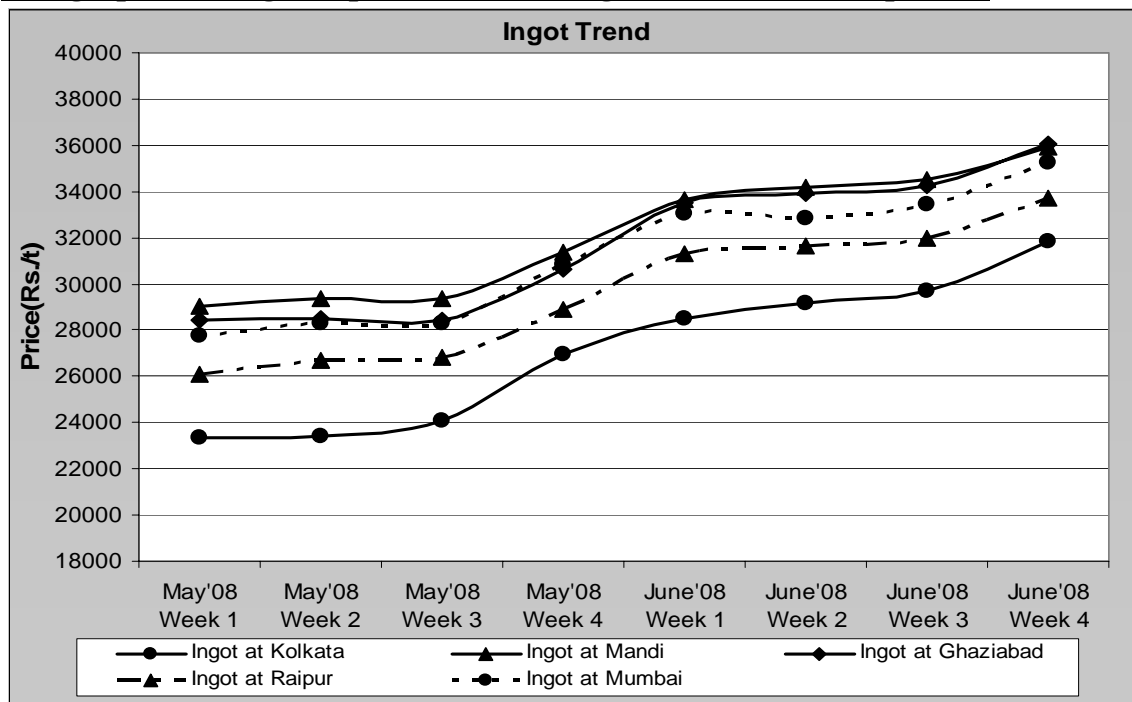


Price (Rs./t, Incl.Excise, Landed)

Price Movement

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

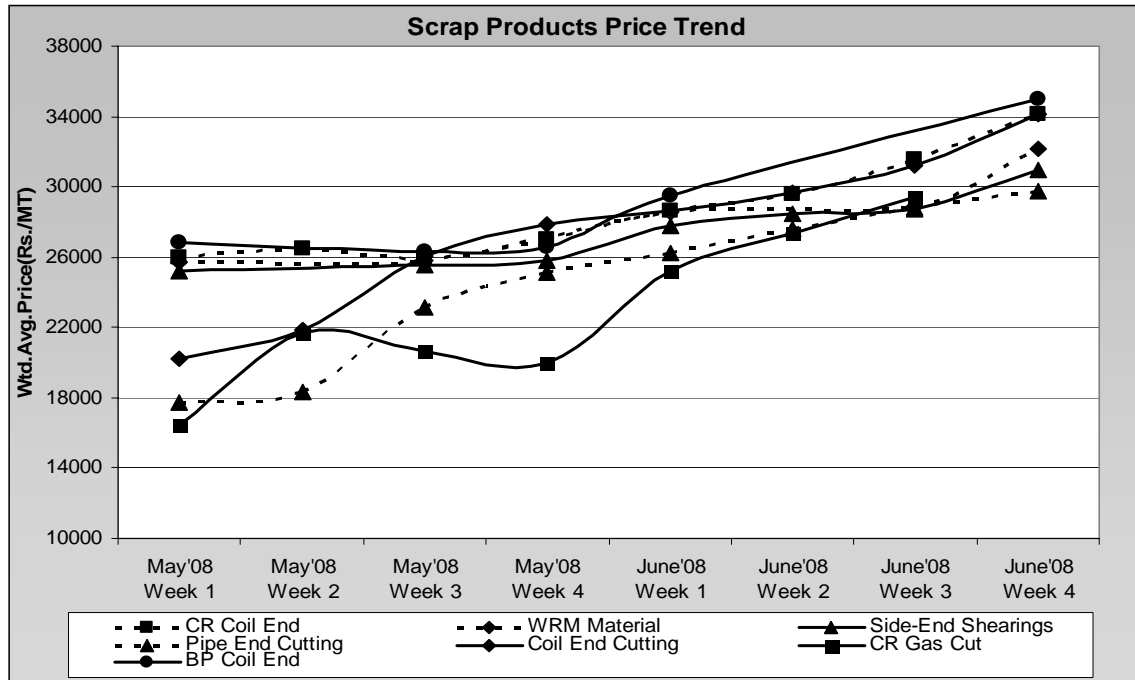
The graph below gives price trend of Ingot across various places:



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

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 May 2008 and June 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
May'08 Wk 1	25937	25733	25177	-	20199	-
May'08 Wk 2	26514	-	-	-	21864	21700
May'08 Wk 3	25910	25834	25507	23116	26096	20663
May'08 Wk 4	27028	-	25782	25091	27906	19964
June'08 Wk 1	28674	28569	27811	26250	28600	25213
June'08 Wk 2	29573	-	28475	27572	29700	27347
June'08 Wk 3	31531	28907	28751	28805	31250	29443
June'08 Wk 4	34143	32180	30975	29764	34100	-

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

Products	May'08 Price(Avg.)	June'08 Price(Avg.)	% change(June'08 over May'08)	% change(June'08 over June'07)
Coil End Cutting	24016	30913	28.71	50.00
CR Coil End	26347	30980	17.58	40.00
CR Gas Cut	19699	27334	38.75	46.00
Pipe Cutting	21074	28098	33.33	57.00
Side-End Shearing	25488	29003	13.79	54.00
WRM Material	25784	29885	15.90	59.00
BP Coil End	26563	32246	21.39	66.00

Outlook: Scrap prices have seen a rising phenomenon in the month of June. Prices have seen a jump of Rs.800/tonne in the beginning of the month, further increased by Rs.2000/tonne in the mid of the month and ended with a further

rise of 7% to touch at Rs.33,500/tonne (all incl) in Mandi Govindgarh market towards the end of the month. The auction platform has also remained aligned with the domestic market and prices have shown a major change over a month. With rising input material costs and steel prices, the auction platform is expected to fetch prices on a higher note in the coming month.

International Scenario:

Iron ore prices are edging downwards. Coke prices are still soaring.

After a surge seen in scrap prices in the last month, prices have remained firm in the month of June.

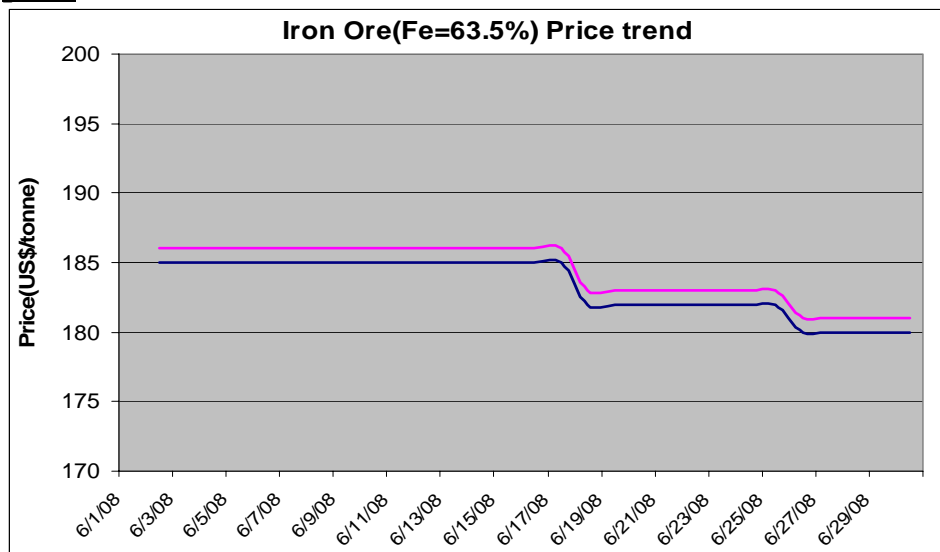
Scrap import prices remain firm in South East Asia: Offers of bulk scrap of 80:20 HMS 1/2 to Southeast Asia remained at \$755-760/t cfr. For shipments of No. 1 HMS to Korea, offers remained at around \$740-745/t cfr in the third week of June.

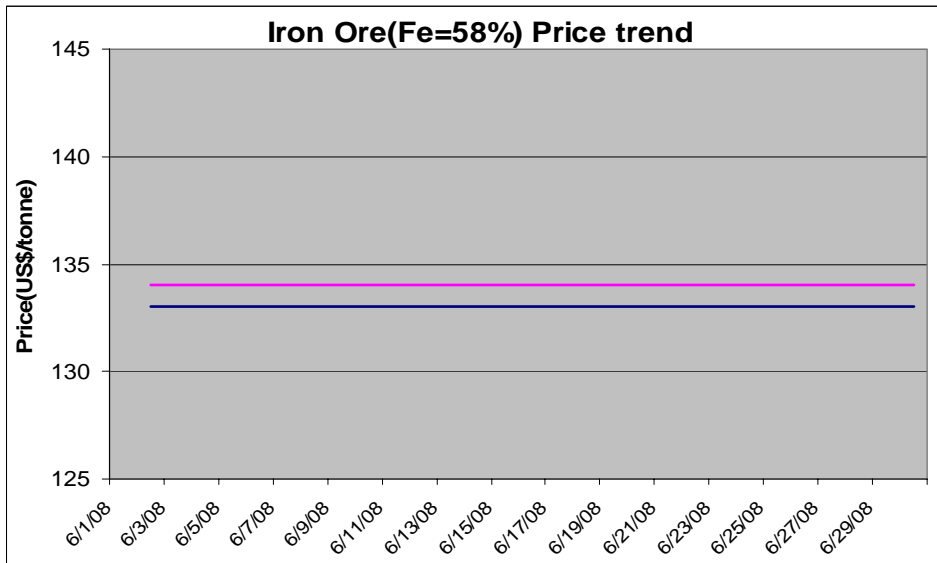
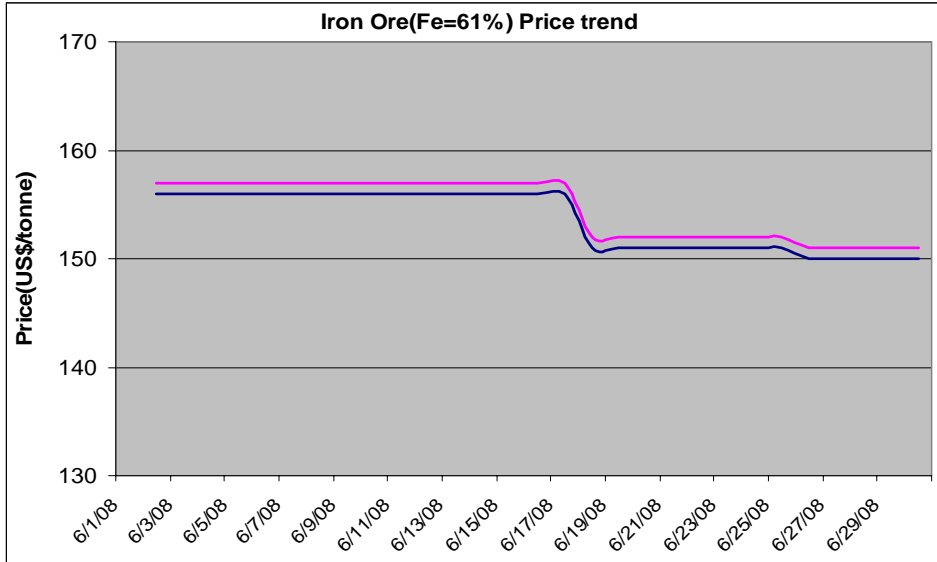
Scrap prices remained stable in China.

Pig Iron prices remained higher in Chinese domestic market on rising raw coke prices:

UK scrap prices stay unchanged for June: After a dizzy ascent in recent months, UK scrap prices for June are unchanged from May settlements. Scrap supply and demand are in balance across all grades.

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





Price is CNF China in US\$/t

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

Month	Average Price(\$ per long ton)	Price movement
Mar-08	455.55	
Apr-08	536.75	↑
May-08	618.80	↑
June-08	637.50	↑

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

Month	Average Price(\$ per long ton)	Price movement
Mar-08	463.75	
Apr-08	542.50	↑
May-08	623.80	↑
June-08	642.50	↑

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

Month	Average Price(\$ per tonne)	Price movement
Mar-08	460.75	↑
Apr-08	560.50	↑
May-08	630.00	↑
June-08	644.75	↑

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

Month	Average Price(\$ per tonne)	Price movement
Mar-08	437.50	↑
Apr-08	515.50	↑
May-08	580.00	↑
June-08	594.75	↑

Steel Scrap Shredded fob Rotterdam \$ per tonne

Month	Average Price(\$ per tonne)	Price movement
Mar-08	476.25	↑
Apr-08	566.25	↑
May-08	635.00	↑
June-08	649.75	↑

OUTLOOK:

Global market is expected to remain firm in the short-term.

US scrap prices will head up again next month as shredded material recovers what it lost in June and bundles continue their uptrend.

Shredded looks poised to move up at least by \$25 a long ton and as much as \$65/l.t.

Prices to remain firm in the short-term with steel prices expected to rule stable in the domestic market for the next three months.

Data Sources:

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



(UJJAL BHATTACHARYA)
Senior General Manager – Steel Sales

STEEL INDUSTRY MARKET SCENARIO

STAINLESS STEEL

Domestic Scenario:

Stainless steel prices are expected to soften in the next two to three months due to slackening construction work on the onset of monsoon and also because prices of nickel, a high-priced input of finished steel, are likely to remain stable to downward in the short-term.

Kolkata (Price in Rs. /tonne)

SS 304(PRIME): Jindal Price is Rs.2,25,000/tonne (basic)

SS 316(PRIME): Jindal Price is Rs.3,40,000/tonne (basic)

SS 430(SECONDARY): Jindal Price is Rs.60,000/tonne (basic)

Gujarat (Price in Rs. /tonne)

Grade 301-thickness-2.5-8-HRAP- - Rs 1,85,000-1,95,000/tonne (basic) for 2B/2D/slit arising

Grade 304-thickness-2.5-8- HRAP- Rs. 1,95,000-2,05,000/tonne (basic) for 2B/2D/slit arising

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

Grade SSLN1-thickness- 2.5-8- HRAP- Rs.85,000-95,000/tonne (basic) for 2B/2D/slit arising

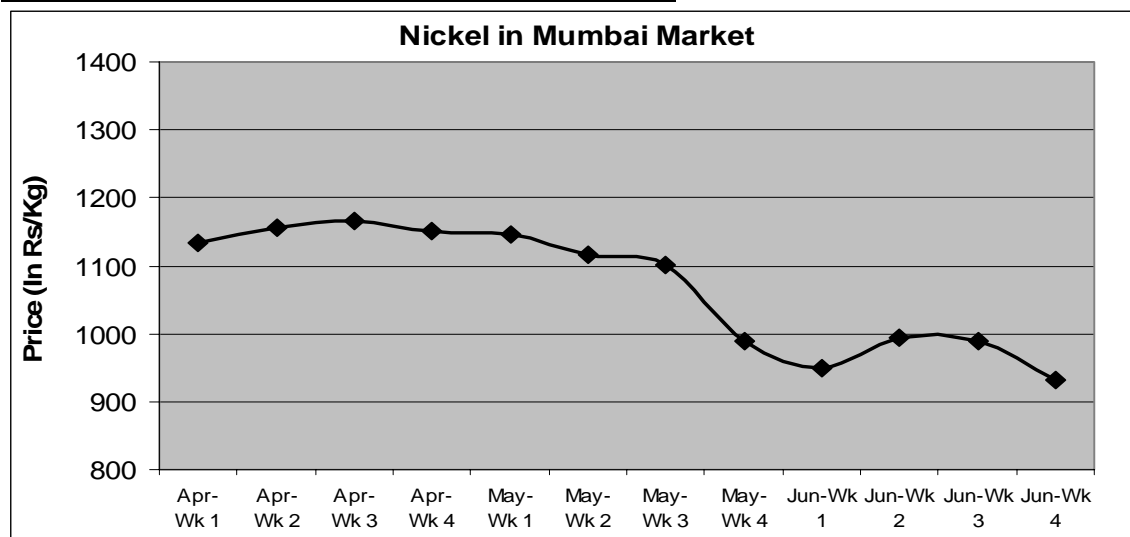
Delhi (Price in Rs. /tonne)

SS 201 (1mm - 3mm):- Rs.1,25,000/tonne (basic)

SS 301 (1mm - 3mm):- Rs.2,00,000/tonne (basic)

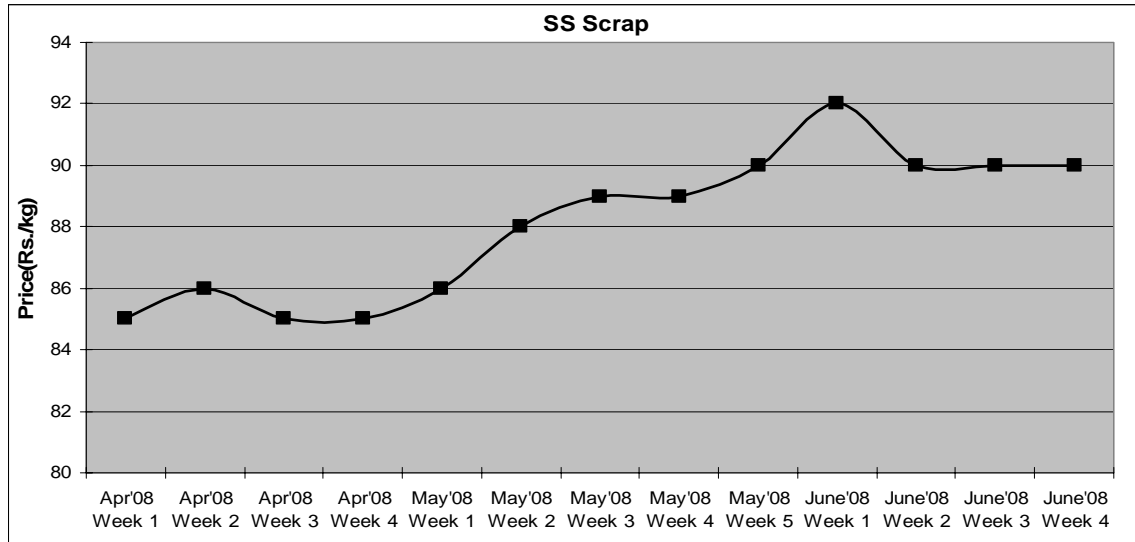
SS 304 (1mm - 3mm):- Rs.2,25,000/tonne (basic)

Nickel Price movement in domestic market:



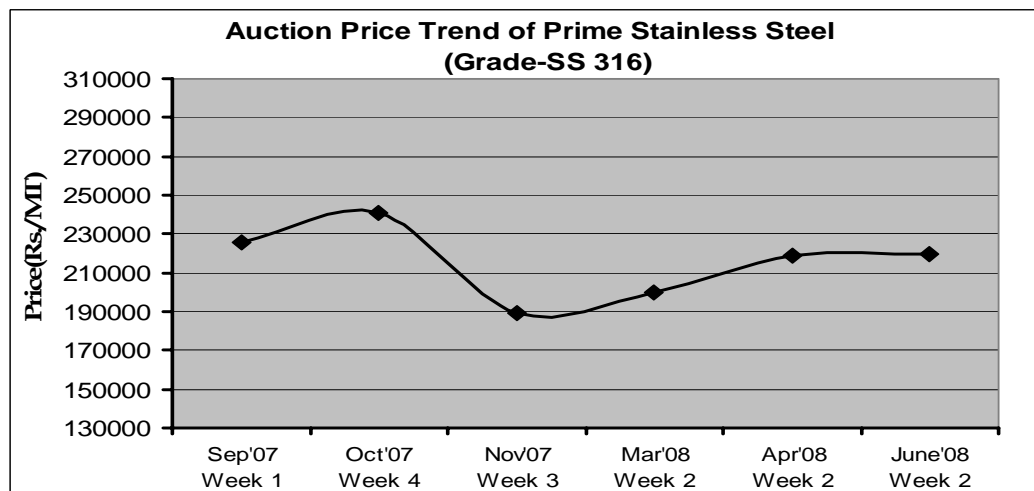
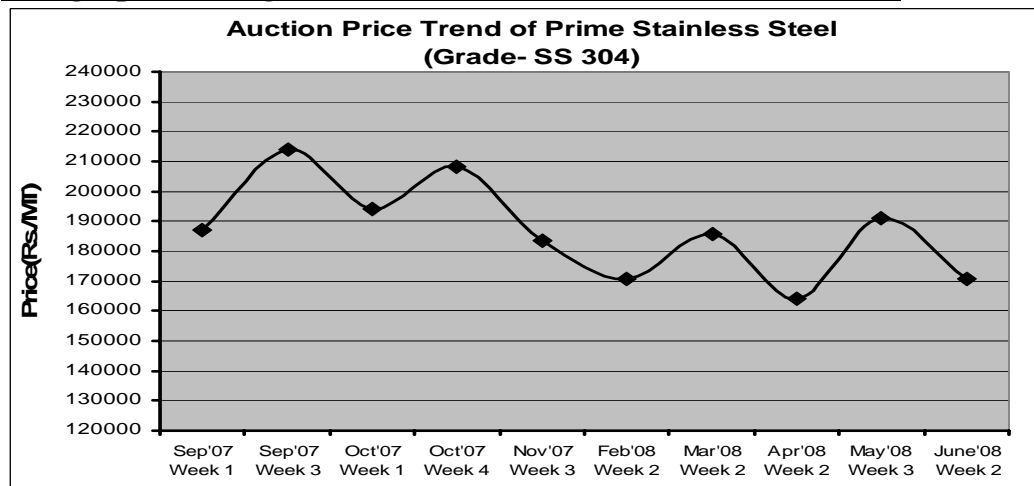
Price (Rs./kg) is basic

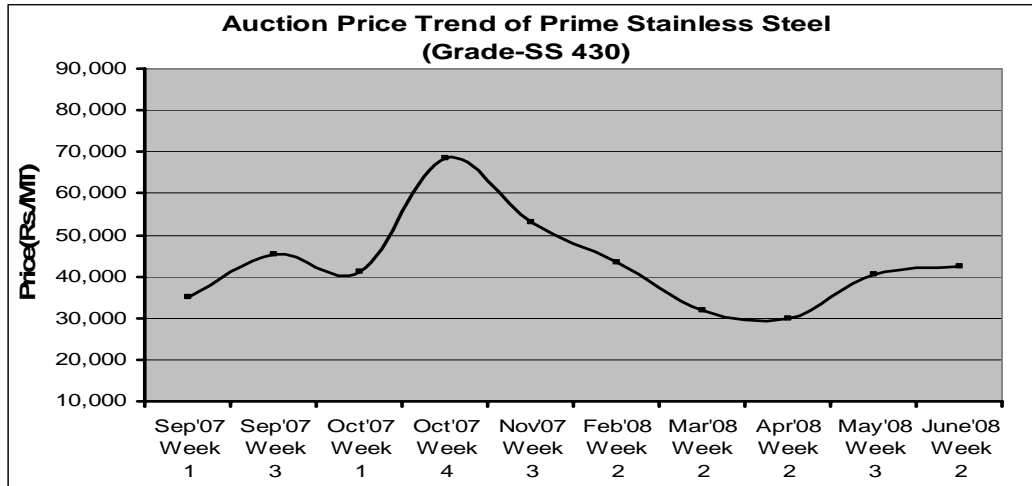
Stainless Steel Scrap Price movement in domestic market:



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

The graph below gives the auction trend of Stainless Steel:





Price Movement

	Review	Outlook
Steel Product	June 2008 over May 2008	July 2008 over June 2008
Stainless Steel	↔	↓

Outlook: With raw material prices especially Nickel seeing a downturn recently both in the domestic market and at LME and with demand coming less from stainless steel mills with the onset of monsoon, the stainless steel market is expected to see a downturn in the coming month.

International Scenario:

Stainless Steel prices see a slump with weak demand and declining Nickel price.

Europe: European demand for flat rolled stainless is weakening with base prices on 300 series coil looking likely to decline this month right across the region after remaining more or less unchanged in May. Market has been poor with construction-related demand down and the appliance sector remaining weaker.

Mills in **North America** have boosted output as stocks at both service centres and mill depots have continued to fall. However, base prices are unchanged as demand is sluggish.

Asia: Stainless scrap prices continue to dip. Asian stainless prices have slipped by \$200/tonne in the second week of the month as demand remains sluggish and market sentiment stays weak on declining nickel prices. Prices of grade 304 2mm 2B cold rolled sheet slipped by \$50-150/tonne in the third week to \$3,750-3,950/t cfr China on persisting weak demand. Prices slipped by another \$100/tonne in the fourth week to \$3,750-3,850/t cfr China, as oversupply and weak demand continue to take their toll on the market.

China: China Manganese metal, Ferro manganese export prices dip: Export prices of Chinese electrolytic manganese and ferro-manganese have eased by \$100/tonne and \$50/t respectively on weak demand from the stainless steel sector. Asian stainless mills, which use manganese metal mostly for 200-series production, have cut production due to weak demand for stainless and the consequent oversupply of the steel.

Nickel market continued to go down in China in the third week and the demand from consumers keeps weakening. Stainless steel prices remained flat in the third week with demand remaining weak throughout the country.

The tables below give an overview of stainless steel prices worldwide

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

Type	Mar'08	Apr'08	May'08	June'08
HR 304	31400-31600	29500-29600	28800-29000	28300-28500
CR 304 2B	32500-32700	30700-31000	29200-29300	28700-28800
CR 202 2B	23800-24000	23300-23400	22600-22800	22100-22300
CR 430 2B	12400-12500	12800-12900	12400-12500	12200-12400

Europe:

CR 304 2B 2mm,Euro/t Ex-Works	Apr'08	May'08	June'08	July'08*
N.Europe	1250-1300	1250-1300	1200-1230	1150-1200
S.Europe	1200-1250	1200-1250	1200-1220	1180-1200

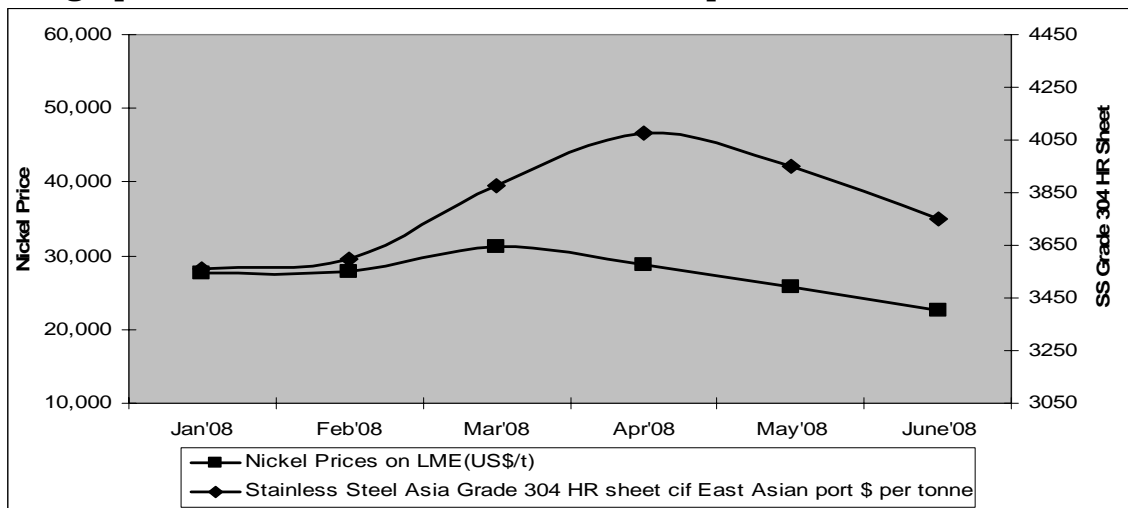
Europe:

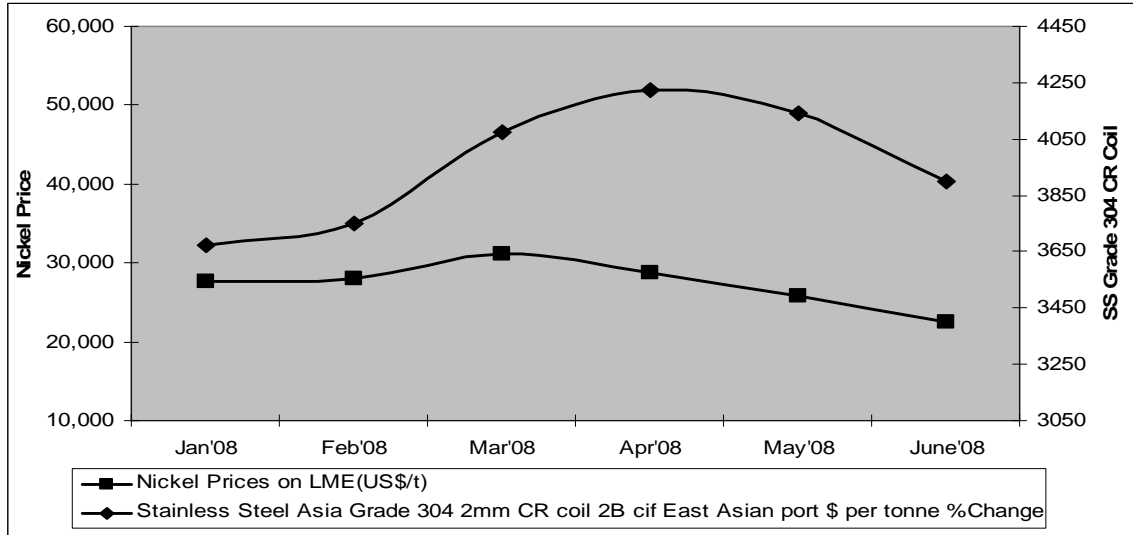
CR 430 BA 2mm,Euro/t Ex-Works	Apr'08	May'08	June'08	July'08*
N.Europe	1200-1250	1200-1230	1200-1220	1180-1200
S.Europe	1180-1200	1180-1200	1160-1180	1140-1160

(*): SBB forecast

Note: 1US\$= Rs.43.15, 1Euro= Rs.68.00, 1 RMB=0.15US\$

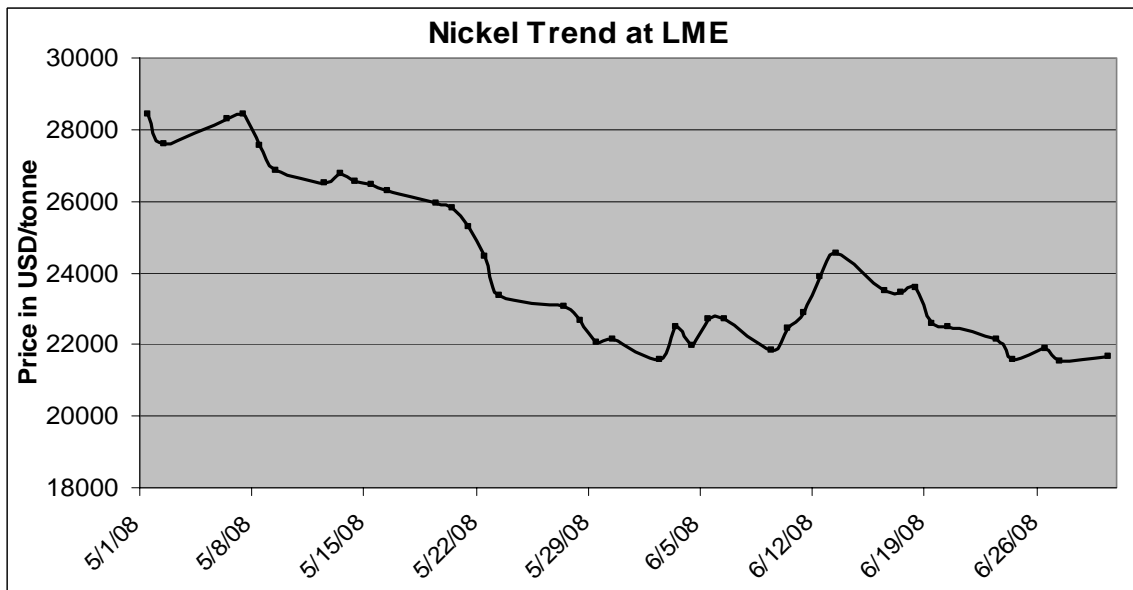
The graphs below indicate SS-Ni trend for the period Jan'08-June'08





Nickel Trend: Downward trend prevails in Nickel market and is expected to continue with decreasing Nickel demand coming from stainless steel mills.

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



OUTLOOK:

A downward trend prevails both in the domestic and global market with demand weakening due to onset of monsoon. Further, drop in input prices have also kept the market sentiment on a downward note and the market is expected to further see a drop in the coming days.

Chinese stainless mills keep July prices unchanged: China's stainless steel mills will keep prices of 300 and 400 series stainless unchanged. While producers are keeping prices unchanged in hopes of stabilizing prices, traders say that transacted prices will only plummet further.

Data Sources:

- 1) www.lme.co.uk
- 2) Steel Business Briefing
- 3) Metal Bulletin
- 4) Foundry Informatics Centre, Delhi



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