

## **Steel News-At a glance**

**Stainless Steel demand** is strengthening globally due to rise in nickel prices since the beginning of New Year.

**China to release policy to ease steel overcapacity:** The National Development and Reform Commission (NDRC) is expected to release a new policy to curb steel overcapacity and give China more negotiating power over iron ore contract prices. By this policy China's pig iron output is expected to decrease by over 40 million tons this year, and accordingly the demand for iron ore is set to drop by over 60 million tons.

**Bullish forecast for zinc in 2006:** Macquarie's London-based commodity analysts have increased sharply the world **zinc price forecast** for 2006 to \$1.18/lb based on projections of a supply deficit caused by strong demand and declining inventories at the commodity exchanges.

**Galvanized steel producers hike prices:** Uttam Galva Steel raise prices across all varieties by Rs.2500/tonne.  
Ispat Industries to raise prices effective from March 1, 2006.

**Indian ship-breaking industry losing out to neighbours:** Hit by hefty custom and excise duties and other taxes, Alang and Sosiya ship breaking yards are losing out business to Bangladesh, Pakistan and China which are emerging as major ship breaking and recycling yards. A number of steel rolling mills, foundries, scrap shops and many other industries that survive on ship scrap as raw material are suffering.

### **Budget Highlights:**

- Import duty on ores, concentrates cut to 2% from 5%
- Duty on steel melting scrap raised to 5 per cent and brought on par with primary steel;
- Duty on mineral products reduced to 5%
- Duties on refractories down to 7.5%
- 20 bn tn coal to be deblocked for captive power projects till 2012
- GDP growth likely to be 8.1% in 2006-07
- Higher spend on e-governance initiatives
- Import duty on non-ferrous and ferro-alloys cut to 7.5% from 10%
- Customs duty on ferrous alloy reduced from 10% to 7.5%

- Customs duty peak rate reduced from 15% to 12.5%
- Customs duty cut on zinc

**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%
Feb-06	132.11	-17.30%

**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%
Feb-06	119.79	-24.50%

**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%
Feb-06	132.8	-3.80%

**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%
Feb-06	131.76	-22.70%

**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%
Feb-06	174.4	-7.80%

**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%
Feb-06	108.85	-18.70%

As seen from the above tables, steel index values across various categories have improved on a month to month basis. This clearly indicates that steel prices are stabilizing. However; the year-on-year basis index still shows a quite high negative figure.

(DIPANKAR CHAKRABARTI)  
GM – Steel Sales

## STEEL INDUSTRY MARKET SCENARIO

### FLAT & LONG PRODUCT

#### Domestic Scenario:

#### **HIGHLIGHTS:**

**Galvanized steel prices hiked:** Anticipating huge demand from the construction industry, galvanized steel producers have raised their basic selling prices with effect from February 22, 2006. Uttam Galva Steel has raised the selling prices of its products by Rs. 2,500 a tonne across all varieties. With this hike, the standard Ispat Industries, another galvanized steel producer, too has decided to increase its prices in the range of Rs 1,500-1,800 a tonne across all categories effective from March 1. The price hike has been mainly due to the rise in production costs which has been governed by sharp rise in fuel and zinc prices. (Business Standard, 24.02.06)

**India should explore Northern Pakistan steel market:** Indian entrepreneurs of the steel industry have called for exploring the Pakistan market as Indian steel products are cheaper than the Pakistani range. According to experts, there is a good potential to export products like pencil ingots, long products and hot and cold rolled coils to Pakistan. A considerable demand is also there for steel pipes and tubes in Pakistan.

**Induction Furnaces & Steel re-rolling mills of Punjab** are eyeing the markets in Pakistan & West Asia. The steel units in Pakistan do not have the technology to produce engineering tools. There is a big market for engineering tools in Pakistan. Specialised products like engineering equipment, sponge iron-based casting and ingot moulds can be exported from Mandi Govindgarh in large volumes.

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

<b>Primary Flat Products</b>	<b>Oct-05</b>	<b>Nov-05</b>	<b>Dec-05</b>	<b>Jan-06</b>	<b>Feb-06</b>
<b>Plate(5-10 mm)</b>	28000	26500	25800	25600	25700
<b>HR Coil</b>	27500	27000	26700	26600	26700
<b>HR Sheets</b>	27500	26750	26000	26000	26200
<b>CR Coil</b>	33000	32500	32300	32200	33000
<b>CR Sheets</b>	32500	32500	32300	32200	33200
<b>GP Coil</b>	35000	34000	33000	33000	35200
<b>GP Sheets</b>	35000	33500	32800	32800	35200

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

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

Primary Long Products	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06
<b>Billets(100*100mm)</b>	20817	20000	19000	19600	20500
<b>MS Rounds(22/25 mm)</b>	23020	22475	21400	22000	22600
<b>MS Squares(22/25 mm)</b>	22760	22280	21300	21800	22700
<b>MS Angles(25*6mm)</b>	22850	22300	21300	21700	22600
<b>MS Angles(100*6mm)</b>	23950	23075	22650	22900	23750
<b>MS Channels(75*40mm)</b>	23467	22850	21500	22000	23000
<b>MS Channels(125*65mm)</b>	24600	23634	23000	23100	23600

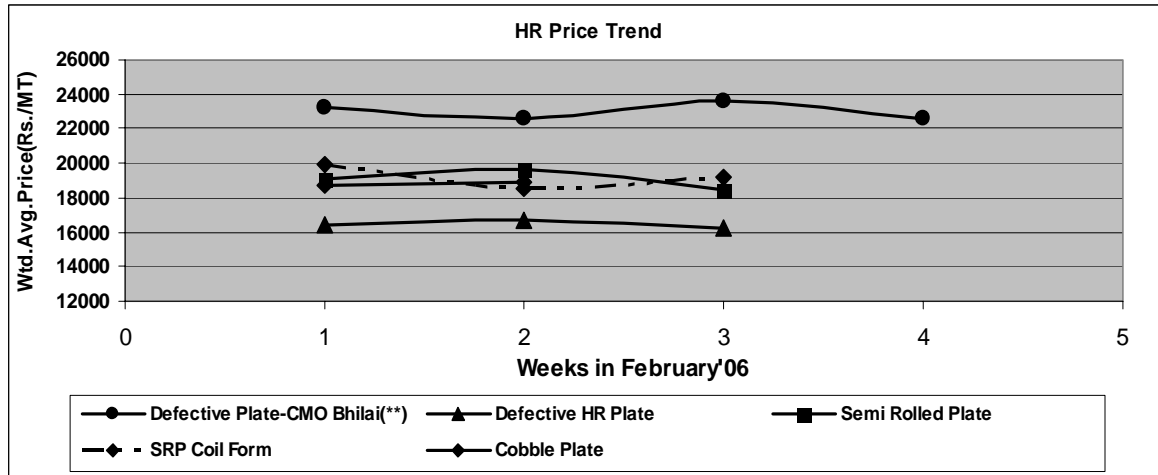
**Note: Price (Rs. /MT, incl.excise duty)**

**Price Movement**

	Review	Outlook
Steel Product	Feb' 06 over Jan' 06	Mar'06 over Feb' 06
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 February 2006 for different HR and CR products.



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

Attached below is the data table:

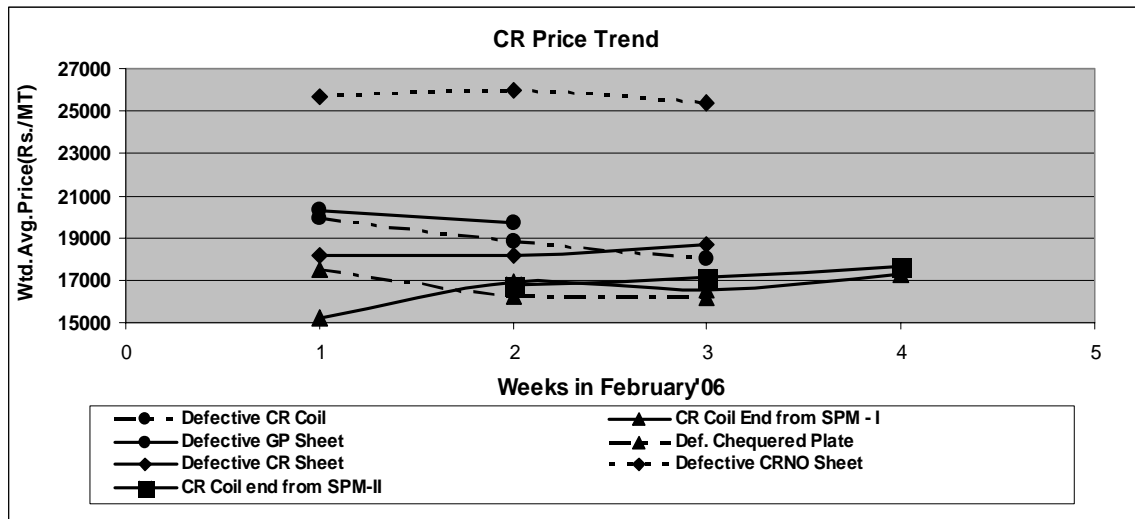
Week	Def. Plate- CMO Bhilai	Def. HR Plate	Semi Rolled Plate	SRP Coil Form	Cobble Plate
1	23192	16436	19124	19882	18686
2	22580	16714	19689	18510	18887
3	23650	16240	18461	19183	
4	22581				

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

Products	Jan Price(Avg.)	Feb Price(Avg.)	% change
Def Plate-CMO Bhilai	21865	23001	5.20
Defective HR Plate	16006	16463	2.86
Semi Rolled Plate	18522	19092	3.08
SRP Coil Form	18165	19192	5.65
Cobble Plate	18523	18786	1.42

**Summary of Price Movement in Auction Platform**

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



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	19952	15250	20333	17500	18137	25654	
2	18800	16886	19701	16274	18176	26000	16748
3	18044	16570		16171	18699	25353	17107
4		17285					17644

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

Products	Jan Price(Avg.)	Feb Price(Avg.)	% change
Def. CR Coil	18068	18932	4.78
CR Coil End from SPM - I	15801	16498	4.41

<b>Def. GP Sheet</b>	17747	20017	12.79
<b>Def.Chequered Plate</b>	16585	16648	0.38
<b>Def. CR Sheet</b>	17899	18337	2.45
<b>Def. CRNO Sheet</b>	25213	25669	1.81
<b>CR Coil End from SPM-II</b>	16325	17166	5.15

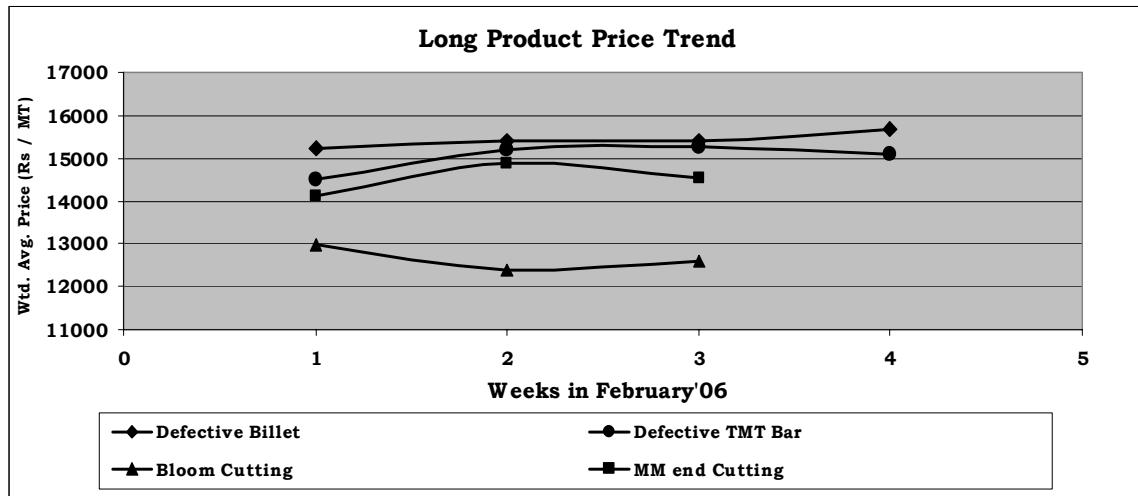
**Summary of Price Movement in Auction Platform**

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

**Outlook:** The auction platform has shown a steady movement in prices of HR and CR items in the month of February and has shown an overall increase in price as compared to the month of January. With the beginning of February, 2006 the domestic steel market has witnessed a stable trend in prices of flat products. Both the HR and CR market has recovered from it's downward trend and is expected to maintain a stabilized trend in the short-term. The auction platform is likely to follow the domestic steel trend and is anticipated to achieve a steady movement in prices 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 February 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
1	15224	14500	12962	14131
2	15412	15190	12384	14893
3	15420	15250	12595	14548
4	15688	15100		

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

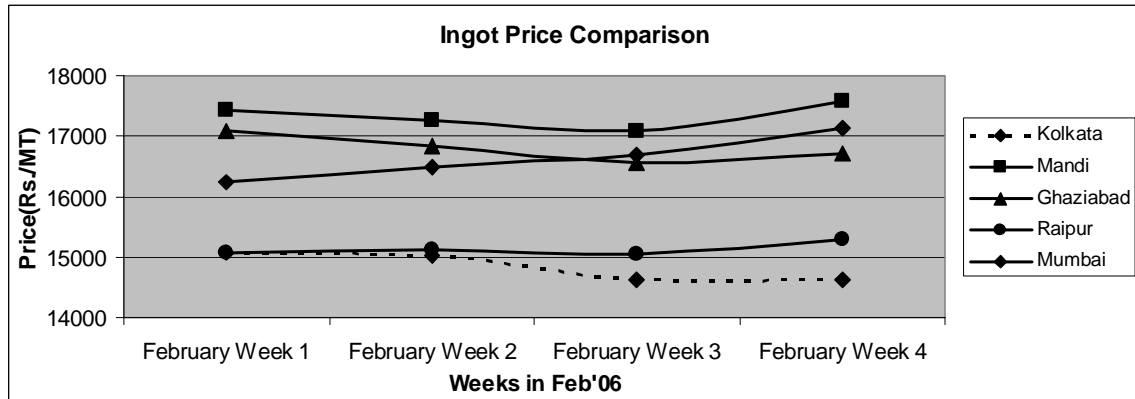
Products	Jan Price(Avg.)	Feb Price(Avg.)	% change
Defective Billet	14412	15436	7.11
Defective TMT Bar	14105	15010	6.42
Bloom Cutting	12083	12647	4.67
MM end Cutting	13714	14524	5.91

Summary of Price Movement in Auction Platform

Products	Price Movement(Jan'06 over Dec'05)	Price Movement(Feb'06 over Jan'06)
Defective Billet	↑	↑
Defective TMT Bar	↑	↑
Bloom Cutting	↑	↑
MM end Cutting	↑	↑

**Outlook:** The long product prices have stabilized to some extent in the beginning of New Year and ingot has shown it's steady rise across all the places recently. The auction platform has also given a positive picture with most of the items showing a major improvement in price as compared to the last month. Following the domestic trend, the auction platform is expected to achieve further stability in price movement without any further drop in prices in the coming month.

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



**Price is basic**

## **International Scenario**

### **HIGHLIGHTS:**

**More Chinese steelmakers raise flat product prices:** The steelmakers raised flat product prices because of recovery in domestic steel demand. Anshan Steel's listed company, Angang New Steel would increase its March prices for HR pickled and oiled coil by 420 yuan per tonne, CRC by 310-430 yuan per tonne, galvanized steel by 280-360 yuan and colour coated products by 430 yuan. Fellow Chinese steelmakers Wuhan Iron & Steel and Maanshan Iron & Steel also recently raised HRC and CRC prices by 100-300 yuan (\$12-37) per tonne.

**Chinese CRC market improves further:** In the domestic market, CRC prices have increased by around RMB 300/t compared with before the New Year holiday. The current "workable" level is said to be around RMB 4,200/t, including VAT (\$420/t import equivalent).

Encouraged by the improved domestic market, some Chinese mills are trying to raise their CRC export price. Currently, full hard CRC is being offered to China at around \$490/t cfr, from India, Taiwan, and other countries.

Chinese CRC prices- Shanghai fob					©SBB 2006
Nov-Mar, inc VAT					
	Nov 05	Dec 05	Jan 06	Feb 06	Mar 06*
RMB/t	4000 - 4600	3850 - 4400	3900 - 4350	3900 - 4400	4000 - 4500

\* SBB Forecast

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

Products	Nov'05	Dec'05	Jan'06	Feb'06
Steel Chinese Domestic Hot rolled coil(2mm and up) Eastern China(Yuan/tonne)	3164	2942	2988	3055
Steel Chinese Domestic Hot rolled coil(2mm and up) Southern China(Yuan/tonne)	3185	3144	3238	3365
Steel Chinese Domestic Prices Cold rolled coil(0.5-2mm) Eastern China(Yuan/tonne)	4330	3884	4038	4363
Steel Chinese Domestic Prices Cold rolled coil (0.5-2mm) Southern China(Yuan/tonne)	4482	4000	4212	4412
Steel EU Domestic Hot rolled coil (Euros/tonne)	366	375	375	375
Steel EU Domestic Hot-dip galvanized coil(Euros/tonne)	480	490	490	503
Steel EU Domestic Cold rolled coil(Euros/tonne)	466	475	475	479

**OUTLOOK:**

Chinese steel mills set to raise prices by 10% after experiencing a nine-month deflationary spiral. Some steelmakers are expected to raise prices from March 1, 2006. The global economy is expected to do better in 2006. The US economy will remain strong. Investment in industrial capacity will gain momentum.

Steel prices in Europe and North America have been firming up since early January, 2006 and are further expected to improve.

The domestic steel market is also following in line with the global market and prices are expected to remain stronger in the short-term. With the finance minister announcing a satisfactory budget for the year 2006-2007 and import duties on ferrous alloy, non-ferrous and ferro-alloy being reduced to 7.5%, the domestic steel market is expected to remain bullish.

**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)
- 6) Steel Business Briefing
- 7) Business Standard

(DIPANKAR CHAKRABARTI)  
GM – Steel Sales

## STEEL INDUSTRY MARKET SCENARIO

### SCRAP

#### Domestic Scenario

#### HIGHLIGHTS:

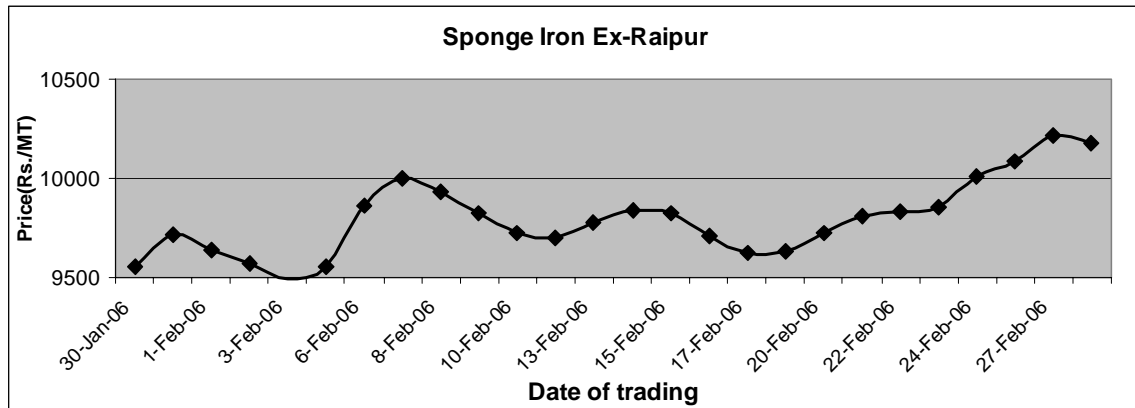
**Explosive shells found in imported scrap:** Large amounts of dead explosive shells were found in the scrap imported at Tughlaqabad Inland Container Depot, reviving the ghost of October 2004 when explosion in Ghaziabad led to loss of human lives. The shells are part of segregated scrap consignments imported from 'war zones' which are most probably in Africa. The dead shells were found in scrap that was destined for Bhavani Steel in Rajasthan.

**Health-hazard causing a concern in ship-breaking profession:** The Supreme Courts order not to allow the French warship Clemenceau to enter Indian waters till it acquired the necessary clearance from the Customs has focused new attention on the human and environmental dangers inherent in the ship breaking profession. While the breaking of ships and the selling of scrap and hardware from retired vessels provides work and income for tens of thousands of persons in India, Bangladesh, Pakistan and China, the work is dangerous and can cause death due to work-related accidents, besides serious acute and chronic health problems.

#### Price Movement

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

#### Sponge Iron Price Ex-Raipur:



Price is basic

**Pig Iron:**

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

Month	Price(All inclusive)	Price Movement
Aug-05	17875	
Sep-05	19000	↑
Oct -05	18734	↓
Nov-05	17400	↓
Dec-05	16100	↓
Jan-06	15600	↓
Feb-06	16500	↑

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

	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06
Delhi	19750	18500	18500	16000	15200	14,600	14,800
Mumbai	17000	17500	18000	17300	15300	14,500	14,840
Kolkata	16650	16625	15750	15500	14200	13,750	13,900

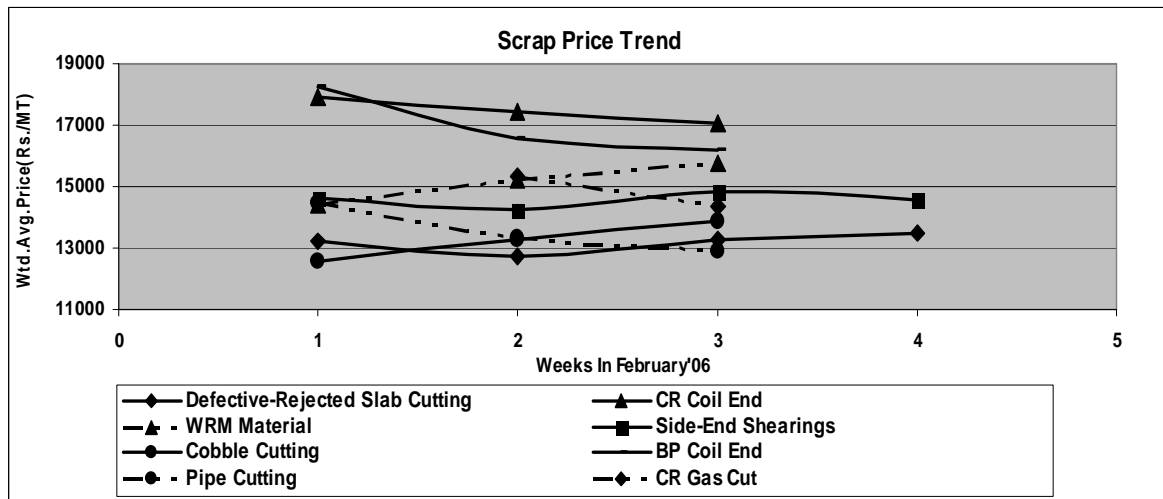
**Scrap:**

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

Place	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06
Delhi	15600	15,000	14,800	14,000	13,500	14,250	14,350
Chennai	14000	14,000	13,500	14,000	13,500	14,150	14,300
Mumbai	12000	13,500	12,500	14,000	13,600	14,300	14,500
Kolkata	14075	14,300	13,150	13,800	12,000	12,800	12,900

**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 February 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	13208	17914	14392	14602	12587	18237	14462	
2	12752	17427	15231	14229	13255	16550	13365	15318
3	13267	17033	15771	14820	13886	16200	12894	14344
4	13500			14580				

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

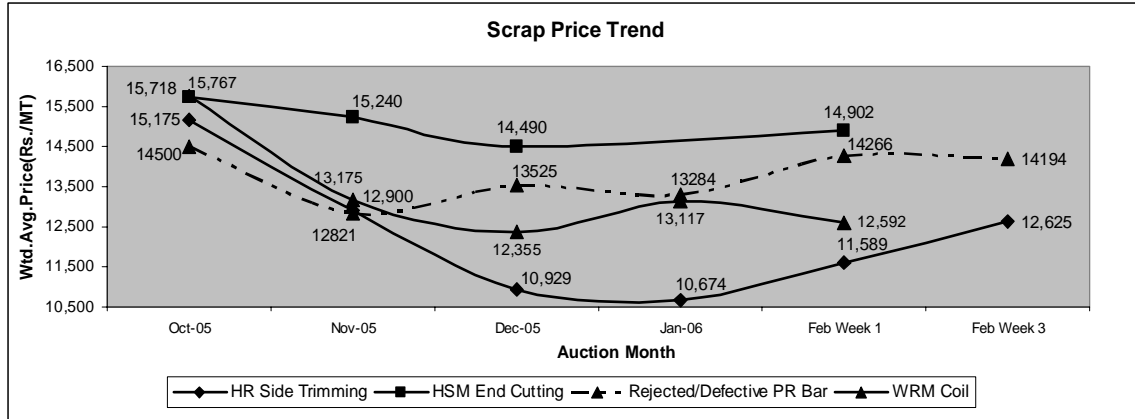
Products	Jan Price(Avg.)	Feb Price (Avg.)	% change
Def-Rej Slab Cutting	12959	13182	1.72
CR Coil End	16021	17458	8.97
WRM Material	14095	15131	7.35
Side-End Shearings	13458	14558	8.17
Cobble Cutting	11613	13243	14.04
BP Coil End	15176	16996	11.99
Pipe Cutting	13394	13564	1.27
CR Gas Cut	14279	14831	3.87

Summary of Price Movement in Auction Platform

Products	Price Movement(Jan'06 over Dec'05)	Price Movement(Feb'06 over Jan'06)
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	Rej./Def. 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
Feb Wk 1	11,589	14,902	14,266	12,592
Feb Wk 3	12,625		14,194	



### Price is basic

**Outlook:** Scrap items auctioned have shown a steady improvement in price throughout the month of February. With metallic prices stabilizing both in the domestic and international arena, a further improvement in prices is anticipated in the coming auction.

### International Scenario:

#### HIGHLIGHTS:

**Georgian ferrous scrap crackdown hits Turkish buyers:** According to Turkish scrap buyers, the Georgian government has banned all overland exports of ferrous scrap in an effort to curb illegal shipments. The ban coincides with a three week closure at the Black Sea port of Poti, Georgia's main sea outlet for scrap cargoes, which is being modernized. Georgia exports about 100,000 tonnes of ferrous scrap each year, mainly to Turkey. Ferrous scrap is Georgia's biggest export product which represented 10 percent of exports in 2005, according to government statistics.

**Global scrap prices to stay high as EAF steelmaking grows:** According to experts, by **2010**, world EAF steel production will reach **495m tonnes**, requiring some **425m tonnes** of scrap, up significantly from last year when EAFs produced 361m tonnes and used 323m tonnes of scrap. EAF's will find it's future role in steelmaking because of lower capital costs, less energy consumption, proximity to customers and not having to rely on a port for iron ore shipments.

**China:** China's **iron ore import price** has risen 5 percent to **\$66-68 per tonne cfr** after New Year holidays. Import prices for iron ore fines with **63.5 percent Fe content** have risen \$3 from the \$63-65 per tonne cfr in the end of January. According to Ministry of Commerce, China being the largest iron ore importer should have a bigger say in iron ore global price, and Chinese companies should play a more important role in the 2006 benchmark price negotiations.

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
Aug-05	192	
Sep-05	200	↑
Oct-05	200	↔
Nov-05	208	↑
Dec-05	203	↓
Jan-06	200	↓
Feb-06	200	↔

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

Month	Average Price(\$ per long ton)	Price movement
Aug-05	183	
Sep-05	227	↑
Oct-05	202	↓
Nov-05	200	↓
Dec-05	198	↓
Jan-06	208	↑
Feb-06	220	↑

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

Month	Average Price(\$ per long ton)	Price movement
Nov-05	200	
Dec-05	188	↓
Jan-06	185	↑
Feb-06	205	↑

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

Month	Average Price(\$ per tonne)	Price movement
Aug-05	208	
Sep-05	227	↑
Oct-05	188	↓
Nov-05	195	↑
Dec-05	184	↓
Jan-06	182	↓
Feb-06	200	↑

Source: Metal Bulletin

**OUTLOOK:**

According to Merrill Lynch & Co Iron ore prices are expected to rise 18 percent in the current year due to a shortfall in supply. Further production shortfall is expected in the next two years.

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.

**Data Sources:**

- 1) Metal Bulletin
- 2) Steel Trade Today
- 3) IAS software
- 4) [www.ferret.com](http://www.ferret.com)

(DIPANKAR CHAKRABARTI)  
GM – Steel Sales

## STEEL INDUSTRY MARKET SCENARIO

### STAINLESS STEEL

#### Domestic Scenario:

#### HIGHLIGHTS:

#### Price Movement

	<b>Review</b>	<b>Outlook</b>
Steel Product	February 2006 over January 2006	March 2006 over February 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.

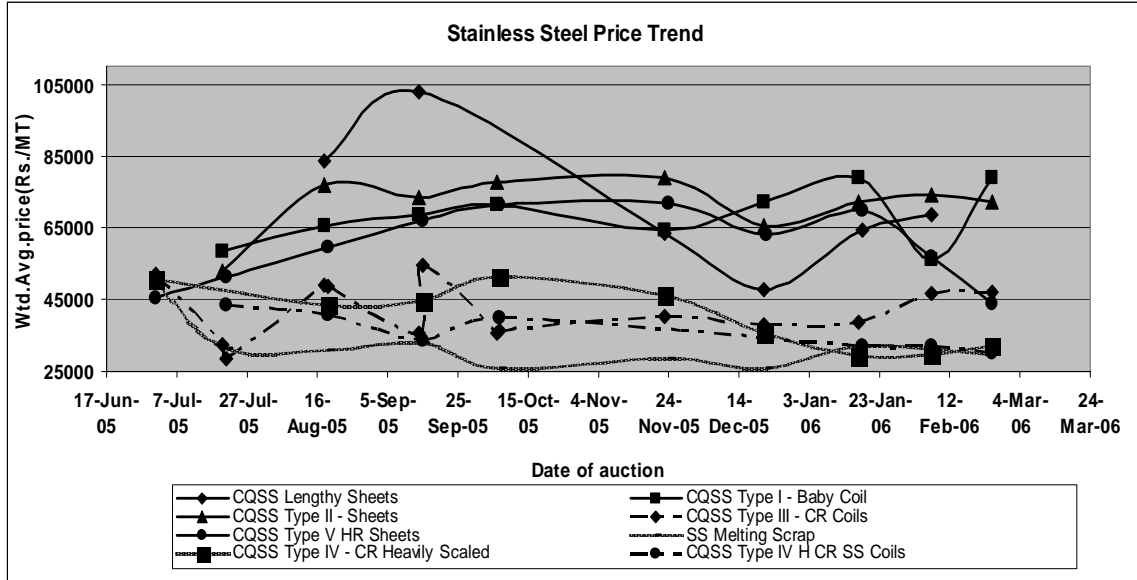
#### Region: Mumbai&Delhi

<b>CATEGORY/GRADES</b>	<b>200</b>	<b>304</b>	<b>400</b>
<b>TYPE-1====&gt;</b>	62000-Mumbai	98300- Mumbai	36800-Mumbai
<b>TYPE-2====&gt;</b>	44000(A-SHEET)- Mumbai	85700(A-SHEET)- Mumbai	31600(A-SHEET)- Mumbai
<b>TYPE-3====&gt;</b>	32000(COIL)-Mumbai	73000(COIL)- Mumbai	23000(COIL)-Delhi
	27500(A-SHEET)- Delhi	64500(A-SHT)-Delhi	22000(A-SHEET)-Delhi
<b>TYPE-4====&gt;</b>	34800(COIL)-Delhi	70000(COIL)-Delhi	20000(COIL)-Delhi
<b>TYPE-5====&gt;</b>	41200(COIL)-Delhi	74000(COIL)- Mumbai	28500(COIL)-Delhi
	36800(A-SHEET)- Delhi	72500(A-SHEET)- Mumbai	27600(A-SHEET)- Mumbai
<b>MELT SCRAP==&gt;</b>	21000 Delhi(BALES)	58000(Delhi)BALES)	18000 Delhi(BALES)

**Region: Chennai**

	<b>Grades</b>					
<b>Types</b>	<b>301</b>	<b>316</b>	<b>304</b>	<b>200</b>	<b>400</b>	<b>Mix-grades</b>
<b>I</b>	91500-Chennai-coil	140000-Chennai-coil	10100-Chennai-coil		34000-Chennai-coil	
.4 MM THICK				54000-Chennai-coil	21200-Chennai-coil	
HIGHER THICK				61000-Chennai-coil	18200-Chennai-coil	
<b>II</b>	76200-Chennai-A-sheet	130500-Chennai-A-sheet	81000-Chennai-A-sheet	45000-Chennai-A-sheet		
<b>III</b>			62000-62600-Chennai-sheet	28000-Chennai-A-sheet		
<b>IV</b>			65800-Chennai-coil	27000-Chennai-coil		
<b>V</b>		139200-Chennai		33000-Chennai-A-sheet	27000-Chennai-coil	
<b>LENGTHY SHEET</b>			75700-Chennai			
<b>CUT SHEET</b>			68500-Chennai			
<b>200/300/400-WELD JOINTS</b>						34300-Chennai
<b>CROP END</b>				21000-Chennai		
<b>SIDE TRIM BALES</b>			58000-Chennai	20500-Chennai	17500-Chennai	
<b>COBBLE</b>			57200-Chennai			
<b>LENGTHY SHEET</b>			69100-Chennai			

**Price Trend as observed in the Auctions held at Metal Junction for Stainless Steel Products:**



**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
17-Jan-06		78843	72268	38969	29327			
18-Jan-06	64507					32000	69998	31966
7-Feb-06	68485		74241	46595	29532	32000	57005	
24-Feb-06		79046	72149	47070	31989	30100	44081	29811

**Summary of Price Movement in Auction Platform**

<b>Products</b>	<b>Price Movement(Jan'06 over Dec'05)</b>	<b>Price Movement(Feb'06 over Jan'06)</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. Prices have further improved in the month of February and a positive movement is anticipated in the coming month.

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

**Chinese stainless producers raise CR prices:** With the recent surge in nickel prices, the Chinese cold rolled stainless producers have raised prices of 300 series CR by an average 1,000 yuan (\$124) per tonne and 400 series by 100 yuan per tonne. China's stainless market has showed signs of strengthening since the beginning of the year and the price increase follows a move by South Korea's Posco to raise its list price for exports of stainless CR coil by 15 percent for February shipment.

**Asian stainless prices rise further on good demand:** Prices of East Asian-origin stainless hot rolled sheet and cold rolled coil are rising because of continued increase in demand from China. **Grade 304 hot rolled sheet** is trading at \$2,100-2,250 per tonne cif China, up from \$2,000-2,100 per tonne in mid January. The price of **Grade 304 2mm CR coil 2B** has also increased to \$2,250-2,400 per tonne cif from \$2,200-2,300 per tonne before the new year holidays. Though Asian stainless prices have risen more than 10 percent since the beginning of the year, however market participants remain concerned that the increase could be temporary given China's huge stainless rolling capacity.

**Stainless CRC prices stay firm in Japan:** With higher nickel prices, stainless CRC prices could further strengthen in Japan. Prices of **304 grade CRC** in both Tokyo and Osaka are firm at around ¥300,000/tonne (\$2,540/t).

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	1984	↑
Feb-06	2050	↑

**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	2084	↑
Feb-06	2175	↑

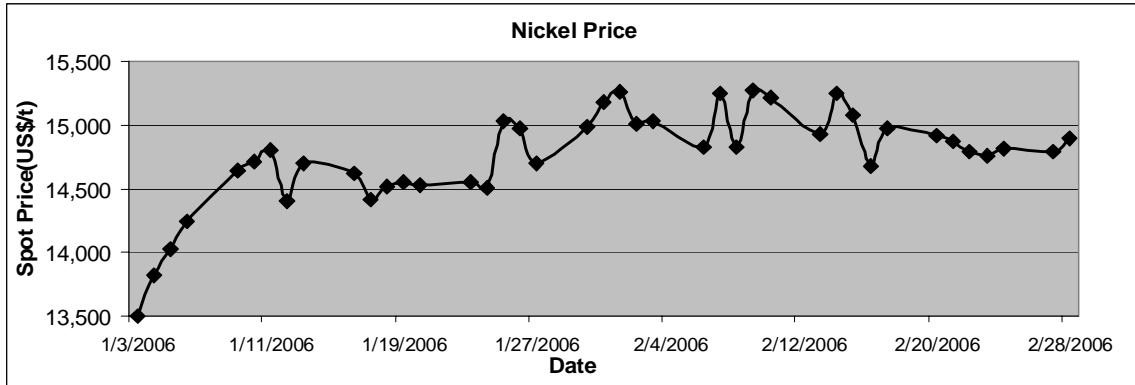
**Stainless Steel EU Domestic 2mm 304 CR stainless strips**

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	Steady
Jan-06	1050	Steady
Feb-06	1050	Steady

Source :( Metal Bulletin)

As seen from the above tables, stainless steel prices have stabilized and have shown a continuous positive movement in the Asian region.

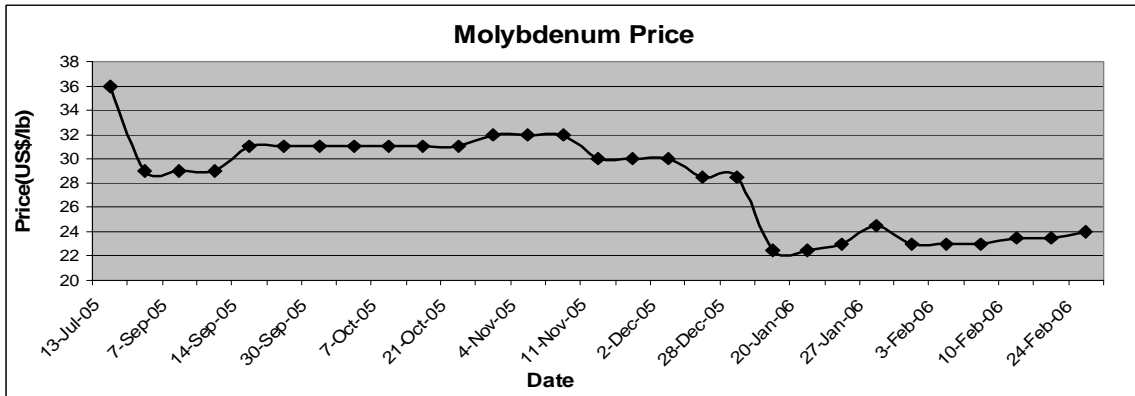
**Nickel Trend (Jan'06- Feb'06):**



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

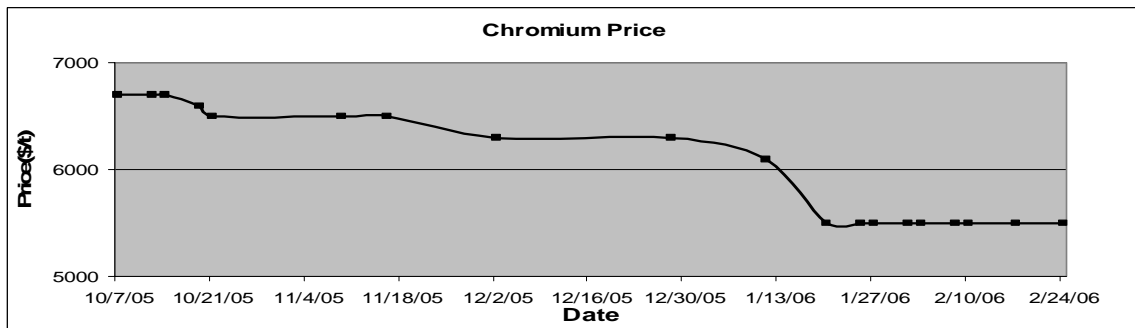
Nickel touched it's peak on 09.02.06 in the New Year and reached a mark of 15,275US\$/tonne.

**Molybdenum Canned molybdic oxide United States Free market \$ per lb Mo in warehouse**



While nickel had a significant rise in price, Molybdenum had a major dip in price in the month of January, 2006 and then reached to some point of stability in the month of February and is currently ruling at 24US\$/lb.

**Chromium World MB free market alumino-thermic min 99% \$/tonne in warehouse**



Chromium prices have also touched its all-time low in the beginning of 2006 since 2005 and has then onwards maintain a steady trend at 5500\$/t.

**OUTLOOK:**

**Chinese stainless mills lift March prices nearly 10%:** Key stainless steel makers decide to further raise prices by 10% month-on-month with the present strong demand and uptrend in prices. New ex-works prices for **304/2B cold rolled coil** will be set at roughly RMB 22,200-22,300/t (\$2,737-2,750/t) for **2mm** thick material, a jump of RMB 1,800/t (8%) compared to February. Prices for thinner gauges will be pulled up by as much as RMB 2,000-3,000/t.

Stainless Steel prices are expected to remain on a positive front both domestically and globally.

**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

(DIPANKAR CHAKRABARTI)  
GM – Steel Sales