

## News at a Glance

**India's finished steel imports fall 18%, exports down 26% for the year ended March 31:** Steel imports fell to 5.7 million tonnes due to slackening demand and restrictive measures, while exports fell to 3.7 million tonnes. Major producers are arguing for exports to be curbed further through an anti-dumping duty on cheap exports which they claim are hurting the profitability of Indian steel units.

**Gag on steel imports in India:** The government has slapped anti-dumping duties on some stainless steel products imported from the US, China, Japan and other countries after it realized that the items were grossly under priced. The anti-dumping duties vary between \$12.74 and \$2,011 per tonne depending on the type of steel, the country of manufacture, the origin of import and the producer. They are effective till October 21.

**India's MMTC cuts chrome ore and concentrate export prices:** MMTC has reduced the base prices for chrome ore exports to \$200 per tonne fob, and for concentrate to \$195 per tonne fob, for 46/48% Cr<sub>2</sub>O<sub>3</sub> material this quarter. These prices are down from \$260/t FOB.

**Inflation falls:** Inflation eased to 0.18 per cent, a new low in over 30 years. Inflation fell by 0.08 percentage points during the week ended April 4 against 0.26 per cent in the previous week.

**World steel production drops 23% in the first quarter:** Global crude steel production fell 22.8% to 264 million metric tons in the first three months of this year, according to data from the World Steel Association. Crude steel output in March was down 23.5% year-on-year at 92 million tonnes. China posted a slight increase of 1.4% in the first quarter while all other major steel producing countries showed decreases in the same period. Global recession slashed consumption in key steel consuming industries such as autos and construction, while steelmakers had to axe output, cut jobs and shelve investment plans.

**Pig iron output down 17% so far this year:** World production of pig iron fell to 198m tonnes in the first quarter of this year, down by 17% from the 238m tonnes produced in the first quarter of 2008. China's January-March pig iron production of 121m tonnes was 3.7% higher than the 117m tonnes it produced in the first quarter of last year. Other Asian countries saw large falls in production, with Japan down 34% and Korea down 25%. Pig iron production in the European Union was down 44% in the first quarter, North American Q1 production dropped 56%, with the USA falling more than 60%. South American blast furnaces produced 44% less.

**India's steel demand to beat global trend; grow 2 percent in 2009:** According to World Steel Association, India's steel consumption is likely to rise by nearly 2 per cent to 53.5 million tonnes in 2009. It however, did not ascertain the reasons for the growth though experts said it would be mainly on account of improved demand from automobile and construction sectors. Globally, WSA has forecast steel consumption declining by 14.9 per cent to 1,018.6 MT as against 1,197 MT a year-ago.

**World stainless steel output to fall by 20 percent this year:** MEPS forecasts global stainless steel production at 20.8 million tonnes in 2009. First quarter global output is expected to fall to just

above 4.6 million tonnes. Chinese domestic demand is forecast to hold up reasonably well despite quite high inventories through the supply chain. EU output is expected to reach almost 6 million tonnes this year, despite an extremely poor first quarter. Japanese stainless production is forecast to drop below 2 million tonnes - the first time for thirty one years.

**India's ship breaking industry thrives during recession:** The global economic slowdown has hit industries ranging from Information technology to investment banks, but not India's ship breaking industry. In fact, the recession has been one of the best times for the industry as a slowdown in global trade and lower freight rate means ships are being scrapped faster. Alang city in western Gujarat is the world's largest ship breaking centre employing around 250,000 people.

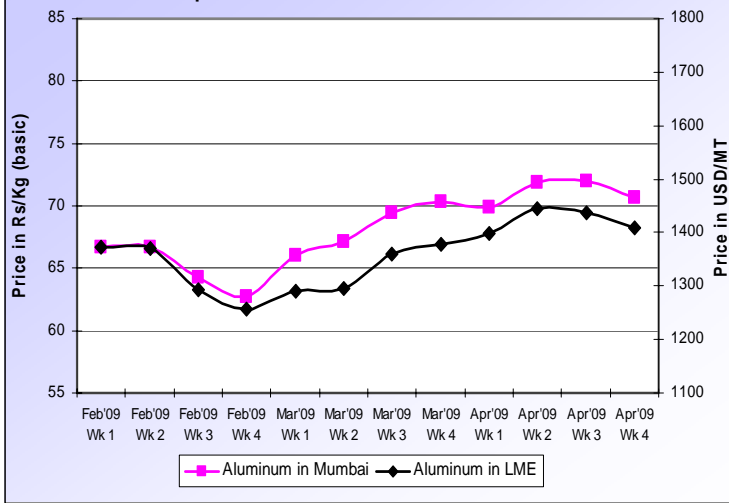
Freight is down 70 per cent due to the recession, so owners want to dispose their old ships, especially those that are 15-20 years old. They had wanted to operate those ships in coastal areas. Now that it is not possible, instead of keeping the ships docked in the yards, they are selling them off for scrapping. About 80 per cent of a ship's steel is reusable, mostly in construction. According to an ILO report, selling recycled steel can generate more revenue than primary steel as falling property rates have prompted builders to keep prices low.

There was a positive change in **base metals** markets all over the world in the month of April. Metal prices which had been languishing for quite some weeks, found a sound reason to rebound as the Group – 20 nations in the meeting on April 02, 2009 agreed on a USD 1.1 trillion economic package for the sagging world economy. A massive chunk of that money is to be spent on the infrastructure development, while some would be available to bolster the weak banking system. The equity market responded splendidly to the news and commodities were not far behind as infrastructure development means a sharp increase in the consumption of metals. No wonder the metal prices flared up on the London Metal exchange and the buoyancy was also reflected in the Indian metal markets too. However, the month of April ended on a slightly softened note for the base metals after witnessing a brisk upward movement for most of the month.

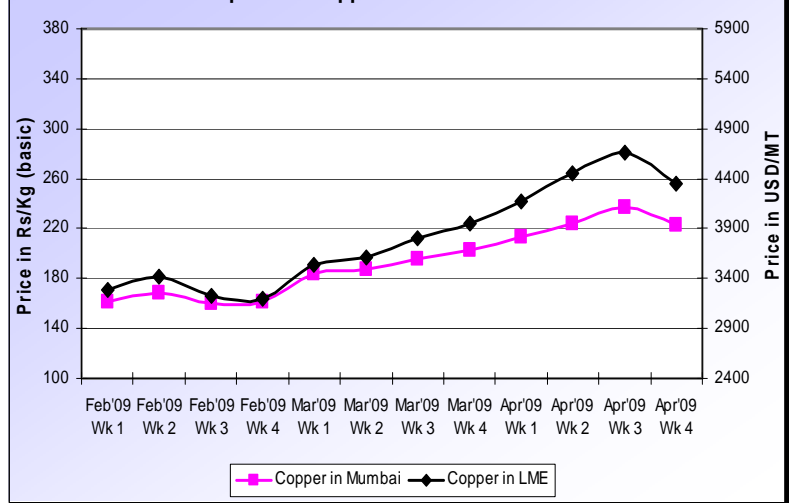
**Zinc** depicted more or less a steady price trend throughout the month both in the domestic as well as in the international market due to the sustained demand from buyers and stockists. Over the last one month, the consumption demand from the galvanizers and alloy makers are found to be strong enough which propelled up the zinc prices all across the globe. In the first half of April, zinc at LME rose by more than 6.6 per cent as compared to March end while over the same period zinc at Mumbai market rose by nearly 4 per cent. Prices however slowed down in the second half of the month with the month making a gain of around 8 percent as compared to the earlier month.

**Crude Oil** in the international market started recovering gradually from the beginning of April up till the mid-April with the oil prices consistently ticking at USD 50/barrel mark mainly due to tight supply in the market and on the reports of further supply cut by OPEC. Moreover, the economic stimulus of USD 1.1 trillion that is planned for the sagging world economy in the G-20 summit held in London in the beginning of April also impacted the oil market positively. Situation back in India was slowly improving and the Reliance Industries raised its crude oil production capacity in the D6 block of the Krishna-Godavari basin, the largest find in the country, to a maximum level of 40,000 barrels per day from the earlier 18,000 barrels per day. The production from the field is estimated to save India an annual foreign exchange outflow of around USD 20 billion. However, the rate of growth of crude oil prices was found to be slowing down a bit in the second half of the month as the global recession sapped demand for fuels and OPEC slowing the rate of cut to its production. The slowed rate of growth of crude oil prices is evident from its 1.5 per cent fall in the international market over a fortnight.

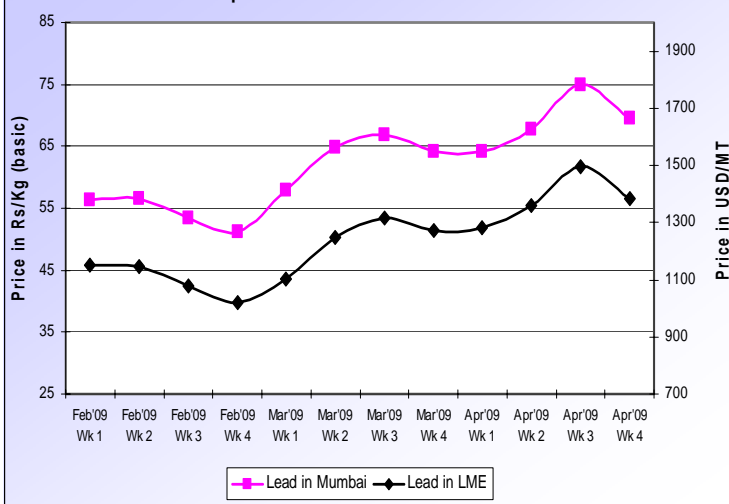
**Comparative Aluminum Trend in Mumbai & LME**



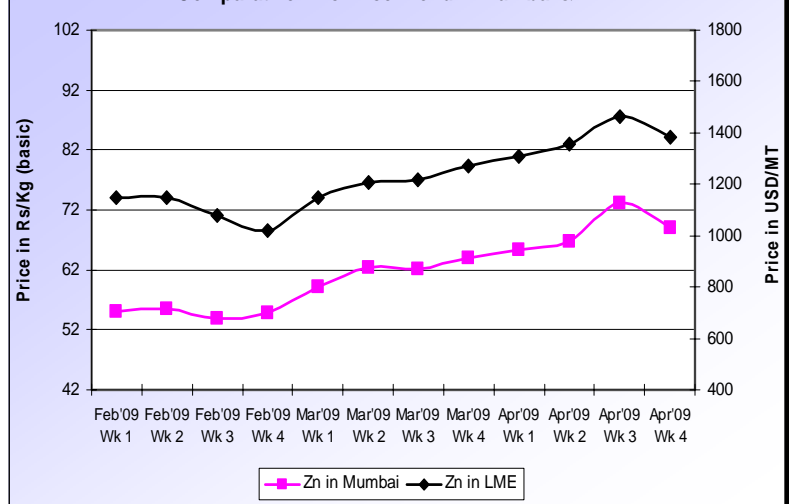
**Comparative Copper Trend in Mumbai & LME**



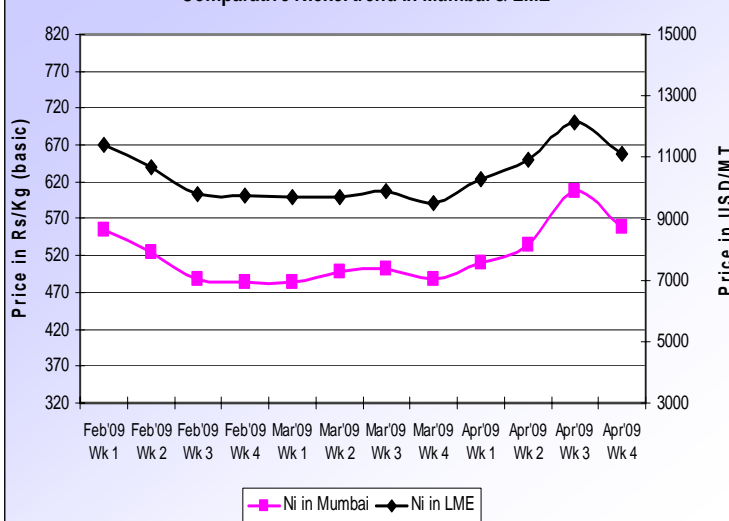
**Comparative Lead Trend in Mumbai & LME**



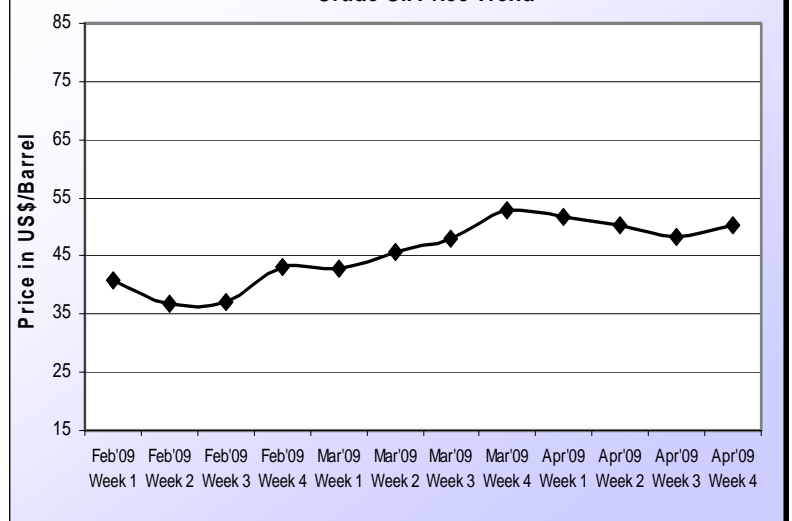
**Comparative Zinc Price Trend in Mumbai & LME**



**Comparative Nickel trend in Mumbai & LME**



**Crude Oil Price Trend**



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

Index	Jan'09	% Change (M-M)	Feb'09	% Change (M-M)	Mar'09	% Change (M-M)	Apr'09	% Change (M-M)	% Change (Y-Y)
Global	158.69	2.30	152.55	-3.90	141.24	-7.40	130.24	-7.80	-45.00
North America	156.69	-0.80	148.75	-5.10	139.53	-6.20	124.05	-11.10	-41.00
Europe	152.87	-4.70	146.79	-4.00	134.82	-8.20	125.71	-6.80	-37.90
Asia Steel	163.09	8.30	157.97	-3.10	145.80	-7.70	136.39	-6.50	-49.80
Longs	192.77	10.50	179.16	-7.10	167.06	-6.80	152.18	-8.90	-43.40
Flats	141.77	-2.60	139.34	-1.70	128.42	-7.80	119.35	-7.10	-46.00
Metallics	198.96	5.90	181.90	-8.60	157.74	-13.30	150.67	-4.50	-61.40
Stainless	119.23	-9.20	105.85	-11.20	103.71	-2.00	116.22	12.10	-42.40

Finished steel prices have fallen further over the past month as demand has continued to weaken, and high stock levels have also weighed down on the market. The CRUspi Global index month on month change has depicted a negative figure.

The global economic downturn has kept demand for long products weak worldwide, and this has resulted in further price weakness, with another fall in the CRUspi long products index.

Amid fresh price falls, the CRUspi for steel sheet has declined once more, losing a further 7% of its value this month. An improvement in Metallic market worldwide reduced the negative change in CRUspi metallic index.



(UJJAL BHATTACHARYA)  
Senior General Manager – Steel Sales

## STEEL INDUSTRY MARKET SCENARIO

### FLAT & LONG PRODUCT

#### Domestic Scenario

Steel in the domestic market regained its lost momentum with the beginning of April as most of the steel manufacturers registered a significant sale mainly because of the increased demand from the end users of late. The steel industry at present is witnessing a demand growth from auto sector, rural housing, infrastructure sector and new projects. The seasonality of demand as well the psychosis of price hike prompted the traders to replenish their inventory to some extent. While the flat products depicted certain amount of stability, the long products market showed some significant improvement with prices rising in the range of 1 to 4 percent for semi-finished steel items and prices rising in the range of 3 to 5 percent for finished steel items.

**Flat product market** conditions remained stable throughout the month. The prices firmed to some extent across various product categories. The price of HR Coil and steel plate remained stable in Mumbai market with price of HRC concluding at around Rs. 28,000/tonne (basic) in the second week, on the same level as that of earlier week while IS2062 16mm steel plate concluded stable at around Rs. 28,000/tonne (basic) since first week. The price of CRC remained stable with SPCC 0.5mm concluding at around Rs. 33,000/tonne (basic), in the third week, on the same level as that of earlier week. According to market sources, the production orders had witnessed an increase of 10-20% since the beginning of this month, but most of them are just small and temporal ones. So the market participants do not speculate that the consumption will expand much in a short time, and traders are also not expected to lift the prices either. A stabilized condition is expected in the coming days.

**Long product market** experienced an improved price trend in the beginning of the month. The price of angle steel went up by about 2% in the second week with prices prevailing at around Rs. 27,500/tonne (basic) in India in the mid of the month. The price of TMT bar increased by 2-5% in nearly one week due to stronger demand from end users coupled with traders' positive sentiment at the beginning of the new fiscal year. Price of TMT bar prevailed in the range of Rs. 27,000-29,000/tonne (basic) in India in the second week. According to market sources, the prices have picked up since beginning of the month with the slight improvement of demand from the end users. The steel Ingot market too witnessed an improved price trend depicting a rise of around 3 percent over a fortnight.

The second half of the month witnessed a firm trend with TMT Bar prices prevailing in the range of Rs. 27,500-29,000/tonne (basic) in India. According to market sources, the manufacturers are keeping their rebar ex-works prices firm due to the relatively high prices of raw materials such as billet and scrap. Melting Scrap and Sponge Iron market too depicted a firm price trend. The end of the month saw an improved price trend with Wire Rod prices increasing by 5 percent over a week and prevailed in the range of Rs.29,000 to Rs.31,000/tonne, basic. TMT Bar prices prevailed in the range of Rs.28,500 to Rs.30,000/tonne, basic. According to market sources, with the weather becoming suitable for the construction activities, the demand from the urban infrastructure sector and rural housing sector turns stronger and stronger which in turn is pushing up the construction steel prices in the domestic steel market. The Steel ingot prices made a positive gain of 3 to 5

percent over a week at various places. The month ended on a positive note indicating an inclination towards positive direction in the coming month.

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

Attached below is the data table:

Week	Cobble Plate	Def.HR Plate	Semi Rolled Plate	SRP Coil Form	Def Plate	HR Sheet Cutting
Mar'09 Wk 1	24546	22691	23608	24765	21527	20245
Mar'09 Wk 2	26171	21231	22993	23459	21413	16415
Mar'09 Wk 3	25790	22474	22694	23432	21569	15450
Mar'09 Wk 4	25812	22233	22362	23874	22109	16850
Apr'09 Wk 1	25579	22390	23103	23710	21563	19472
Apr'09 Wk 2	25347	22670	23893	25114	22235	19073
Apr'09 Wk 3	23813	22620	23545	25315	22454	--
Apr'09 Wk 4	24821	22808	24217	25794	22838	14600

Percent change (m-m & y-y basis):

Products	Mar'09 Price (Avg.)	Apr'09 Price (Avg.)	% change (Apr'09 over Mar'09)	% change (Apr'09 over Apr'08)
Cobble Plate	25580	24890	-2.70	-22.70
Def HR Plate	22157	22622	2.10	-22.01
Semi Rolled Plate	22914	23689	3.38	-25.06
SRP Coil Form	23883	24983	4.61	-24.36
HR Sheet Cutting	17240	17715	2.75	-29.40

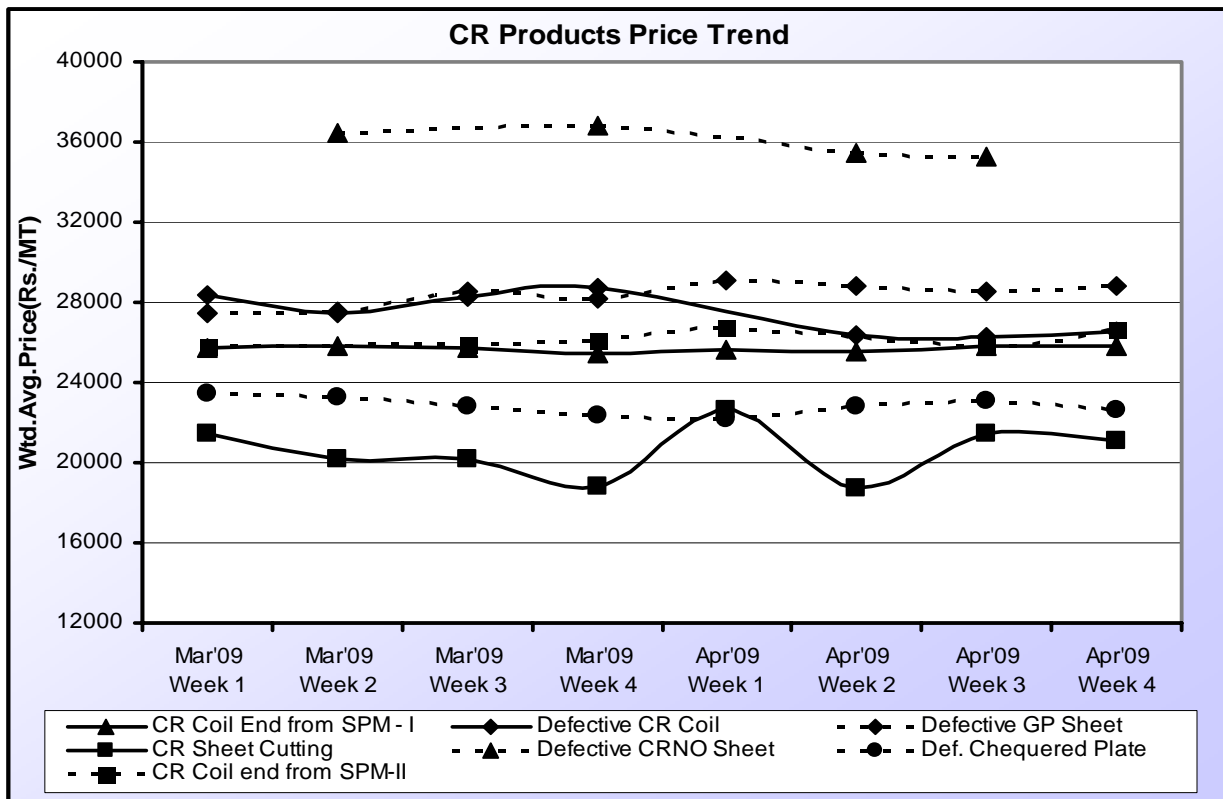
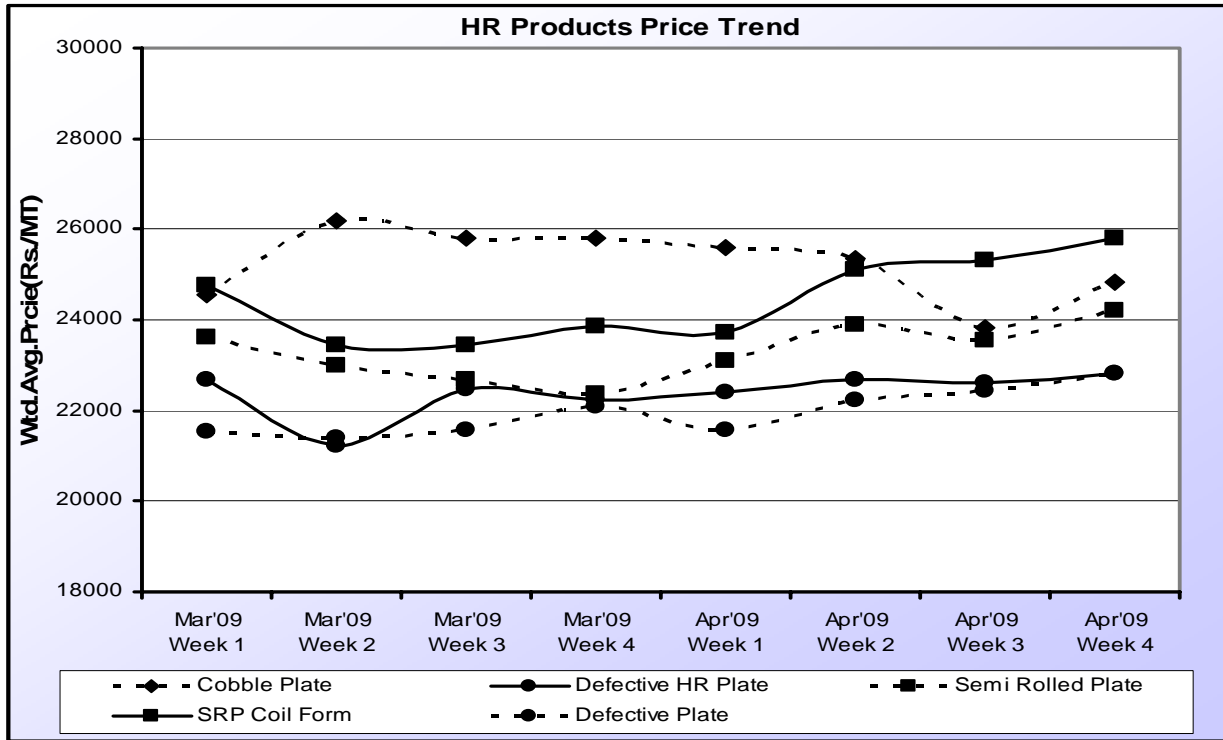
Attached below is the data table:

Week	CR Coil End From SPM-I	CR Coil End From SPM-II	Def Chequered Plate	CR Sheet Cutting	Def CR Coil	Def CRNO Sheet	Def GP Sheet
Mar'09 Wk 1	25734	25852	23497	21457	28319	--	27444
Mar'09 Wk 2	25820	--	23250	20144	27500	36476	27527
Mar'09 Wk 3	25726	25884	22843	20140	28316	--	28550
Mar'09 Wk 4	25453	26050	22327	18850	28729	36825	28178
Apr'09 Wk 1	25677	26750	22178	22675	--	--	29050
Apr'09 Wk 2	25505	--	22818	18745	26398	35499	28847
Apr'09 Wk 3	25824	25850	23077	21437	26255	35250	28584
Apr'09 Wk 4	25825	26600	22597	21100	26550	--	28825

Percent change (m-m & y-y basis):

Products	Mar'09 Price(Avg)	Apr'09 Price(Avg)	% change(Apr'09 over Mar'09)	% change(Apr'09 over Apr'08)
CR Coil End from SPM-I	25683	25708	0.10	-18.96
CR Coil End from SPM-II	25929	26400	1.82	-15.76
Def CR Coil	28216	26401	-6.43	-11.90
Def GP Sheet	27925	28826	3.23	-3.12
CR Sheet Cutting	20148	20989	4.18	-25.10
Def CRNO Sheet	36651	35374	-3.48	-11.89

Following graphs show the price trend observed in the auction services of [www.metaljunction.in](http://www.metaljunction.in) for the month of Mar 2009 & Apr 2009 for different HR and CR products.



Price in Rs./t is basic

**Outlook:** The flat steel market conditions remained stable throughout the month. The market sentiment improved with the commencement of the new Financial Year. Buyers are found to have some what regained their lost confidence over the market which is evident from the slight

improvement in the demand condition in the market. Various flat steel items in Mumbai market exhibited a stable price trend viz. HR Coil that ruled stable at Rs. 28,000/MT (basic), CR Coil ruled stable at Rs. 30,500/MT (basic). The latter half of the month continued to remain stable and similar trend was also noticed in the e-auction prices. HRC, CRC and steel plate prices depicted a stable trend over a week as the demand in the market continued to remain sluggish. According to the market sources, the market participants are not interested to hold any extra stock at present and are keener in dealing with some order business in order to avoid potential risks. To the future market, the market sources predicted that not much progress is expected before the end of the election, which will finish in the middle of May. In Mumbai market CR Coil and steel plate ruled at Rs. 31,000/MT (basic) and Rs. 28,000/MT (basic) respectively. A calm market condition with stable price trend is expected in the coming days.

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

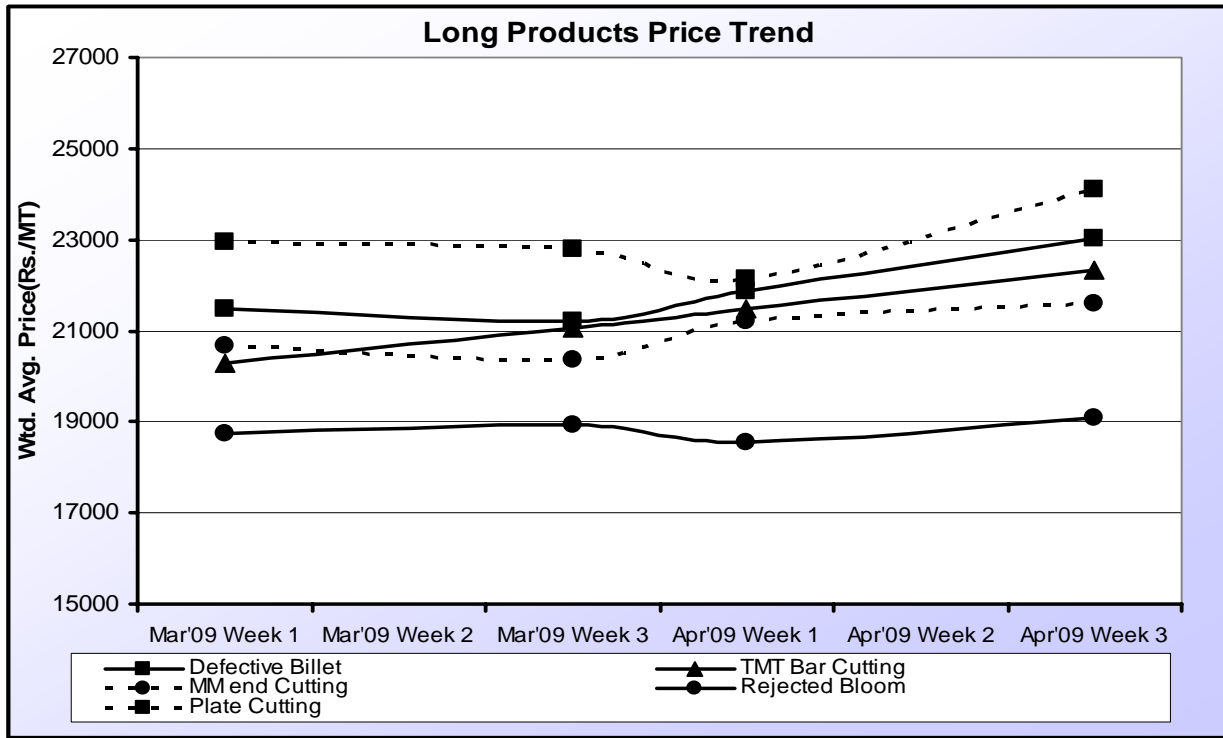
Attached below is the data table:

Week	Def Billet	TMT Bar Cutting	MM End Cutting	Rej Bloom	Plate Cutting
Mar'09 Wk 1	21496	20281	20679	18746	22955
Mar'09 Wk 2	--	--	--	--	--
Mar'09 Wk 3	21196	21075	20374	18936	22813
Mar'09 Wk 4	--	--	--	--	--
Apr'09 Wk 1	21872	21500	21231	18533	22137
Apr'09 Wk 2	--	--	--	--	--
Apr'09 Wk 3	23007	22350	21616	19089	24112
Apr'09 Wk 4	--	--	--	--	--

Percent change (m-m & y-y basis):

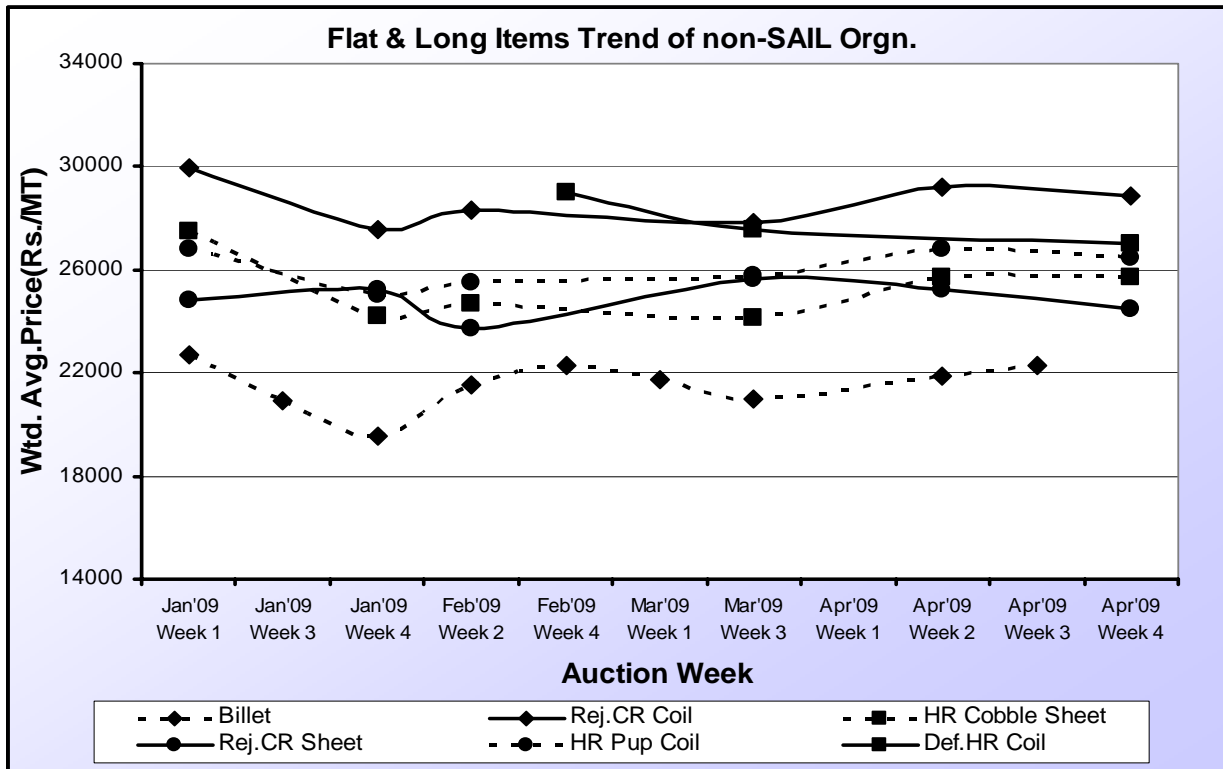
Products	Mar'09 Price(Avg.)	Apr'09 Price(Avg.)	% change(Apr'09 over Mar'09)	% change(Apr'09 over Apr'08)
Def Billet	21346	22440	5.12	-22.00
MM End Cutting	20526	21424	4.37	-24.00
Plate Cutting	22884	23124	1.05	-27.00
Rejected Bloom	18841	18811	-0.16	-25.00
TMT Bar Cutting	20678	21925	6.03	-22.00

Following graph shows the price trend observed in the auction services of Metal Junction for the month of Mar 2009 & Apr 2009 for different long products.



Price in Rs./t is basic

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



Price in Rs./t is basic

**Outlook:** The long product market remained stable in the first week of the month. However, prices improved slightly in the second week with demand improving from construction and infrastructure sectors accompanied by return of consumer confidence in the market. Various finished steel items depicted a rise in price in the range of 2 to 5 percent over a week. Melting Scrap, Steel Ingot prices also made a surge in price in the range of 1 to 3 percent in a week. The e-auction prices of several semi-finished and finished steel items have remained aligned with the ongoing domestic pattern and showed a month on month percentage change in the positive range of 2 to 6 percent. The latter half of the month showed no buoyancy in the market with market sentiment remaining largely stable due to Elections being round the corner and Government taking no step during the period. The month ended on a positive note with Steel Ingot prices varying in the range of 3 to 5 percent over a week, Melting Scrap price rising by almost 3 percent, Sponge Iron price increasing by almost 2.5 percent and finished steel items making a significant price improvement in the range of 4 to 6 percent over a week. With demand remaining relatively strong from end users market conditions are expected to remain firm under the season of construction. The coming days are expected to see a stable to firm trend in the long product market segment.

### Vizag Steel Plant Prices:

Items	Dimension (in mm)	Grades	w.e.f. 09.04.09	w.e.f. 09.03.09	w.e.f. 23.02.09
Billet	125x125	IS 2830	26000	26000	25750
Billet	65x65	IS 2831	26150	26150	25900
Bloom	320x250	WT	25800	25800	25550
Channel	150x75	IS 2062 Grd A	34500	34150	34150
Rebar	16	IS 1786 Fe 500	33850	31800	31050
Rebar	8	IS 1786 Fe 500	33550	31500	30750
Round	40	IS 2062 Grd A	31200	29450	29450
Wire Rod	7	PC 115	31950	32450	32450
Wire Rod	8	IS 7887	30800	31150	30150

N.B. Vizag Steel Prices (Post discount), Price in Rs/MT, incl. ED & excl. VAT

### International Scenario

**Asia:** HRC import prices moved up to \$400-420/tonne cfr East Asia with market sentiment improving slightly. Demand for plate remained weak because of bearish sentiment. Commercial plate from the region, including Indonesia and Thailand, is being offered at around \$480/t cfr and that for ship plate at \$500-510/t cfr Singapore. There is very little buying. The markets for both commercial and ship plate are bad. Weak Chinese demand and falling domestic steel prices in China are also affecting sentiment in the region.

The price of hot rolled cut sheet has also fallen. CIS-origin cut sheet is reportedly offered at \$420-430/t cfr in the region. Chinese-origin boron-added cut sheet was recently offered at \$455-465/t cfr which traders tell SBB is not price-competitive. Traders report to SBB that there have not been bookings heard recently. Prices of imported full hard cold rolled coil are holding at around \$480-500/t cfr Southeast Asia, unchanged since end-March. These offers are for material from Russia, Korea and Taiwan. Hot dipped galvanized from Korea and Taiwan is being offered at a base price of \$580-600/t cfr.

**China:** Chinese domestic and export market remained weak. Commercial Plate prices remained weak because of soft demand. Export prices prevailed at around \$440/tonne fob while domestic prices prevailed in the range of \$471-481/tonne in Shanghai. There have been very few orders as there was not much real demand. Traders said they saw little chance of the situation improving until China's domestic steel prices have bottomed out. Domestic HRC market remained weak in the end of the month after a slight improvement noticed in the mid of the month. Prices prevailed in the range of \$468-471/tonne with 17% VAT down by around 8USD/tonne in a week.

**CIS:** Market remained stable with export market of Billet almost running stable. Having reached the bottom, at \$280/tonne fob Black Sea early last month, the price of billet offered from Russia and Ukraine was \$340-350/t fob Black Sea in the second week of the month. Prices further strengthened in the third week. According to the sources, prices of billet sold last week from Russia were \$360/tonne fob Black Sea and \$340/t fob Black Sea for Belarusian billet. Meanwhile, rebar sales appear to have followed the same trend, with prices rising and availability shrinking too. European and Turkish producers are said to be selling at \$500/t cfr North Africa and Middle East, and there are apparently no offers from Russia at the moment. "Russians withdrew, supposedly in anticipation of higher prices, and the prices look likely to increase. Slab prices continued to remain stable. Prices of slab exported from Russia and Ukraine remain at last month's levels of \$300-330/tonne fob Black Sea. Unlike the long product market, the flat market situation is much weaker, and the recovery is not expected for a while.

**US:** US sheet buyers believe prices may have hit bottom - or are close. Several say some domestic mills are making hot rolled coils available at under \$400 per short ton, fob. With credit still tight, market sources are having a hard time being optimistic about the near-term outlook and many don't see a real turnaround until next year's first quarter. Some believe prices can't go much lower, but doubts remain. The US HRC reference price FOB Midwest mill fell to \$410/short ton (\$452/tonne), while CRC and HDG coil reference prices were effectively unchanged. US rebar prices, which have been sliding since last year's third quarter, are now about \$470 per short ton. An anticipated improvement in scrap prices, and not demand, will drive the price higher, according to sources adding that rebar destocking appears to be winding down.

**Europe:** Prices continued to remain soften and are expected to further move down before the market finally stabilizes. According to sources, demand for hot rolled, cold rolled and hot dip galvanized coil is not expected to improve in the second quarter. "Steel traders' stocks are full and stock reduction is slow. There is little movement because demand is marginal. Some regional traders point out that there has been a slight increase in the volume of business, but whether this is sustainable is another question. "The lead time for bigger orders has grown because production has been reduced...but most people are only ordering what they need anyway. Domestic HRC prices in north-western Europe were quoted at €350-400/t ex-works and CRC was at €410-460/t ex-works in the third week. Demand is still keeping prices from recovering any further, but mills are said to be "rigid" in not wanting to move prices down any further. "Real demand is not there, but apparent demand is going to grow. We do not feel that 'we are back' yet. We have had around 40% less business in the first four months of 2009 compared to 2008," says an Italian trader. Further price dips are not expected; however, not much upward movement is forecast either, especially for CRC and HDG.

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

**FLAT**

	<b>Feb-09</b>	<b>Mar-09</b>	<b>Apr-09</b>	<b>May-09*</b>
<b>N.Europe domestic</b>				
HRC - Ex-Works €/t	438-506	386-453	318-399	310-395
CRC - Ex-Works €/t	510-559	454-512	406-459	405-460
HDG - Ex-Works €/t	540-610	495-545	445-505	455-530
<b>S.Europe domestic</b>				
HRC - Ex-Works €/t	350-400	340-400	350-400	350-400
CRC - Ex-Works €/t	420-500	390-450	390-450	390-450
HDG - Ex-Works €/t	480-520	470-520	470-520	470-520
<b>N.America domestic</b>				
HRC - FOB US Midwest mill \$/s.ton	500-520	440-484	403-435	na
CRC - FOB US Midwest mill \$/s.ton	560-600	560-580	500-540	470-510
HDG - FOB US Midwest mill \$/s.ton	660-700	600-660	585-620	560-600
<b>China domestic</b>				
HRC - Shanghai (incl. 17% vat) RMB/t	3630-3650	3276-3312	3145-3183	na
CRC - Shanghai (incl. 17% vat) RMB/t	4378-4438	4054-4088	3968-4013	na
HDG - Shanghai (incl. 17% vat) RMB/t	4450-4500	4050-4100	4050-4060	4050-4060
<b>China export</b>				
HRC - FOB Shanghai \$/t	550-560	490-500	490-500	470-480
CRC - FOB Shanghai \$/t	590-600	520-530	520-530	520-530
HDG - FOB Shanghai \$/t	600-610	530-540	530-540	530-540
<b>East Asia Import</b>				
HRC - CFR \$/t	468-484	394-422	405-425	410-430
CRC - CFR \$/t	540-560	480-530	480-500	480-500
HDG - CFR \$/t	680-710	600-650	580-600	580-600

**LONG**

	<b>Feb-09</b>	<b>Mar-09</b>	<b>Apr-09</b>	<b>May-09*</b>
<b>Europe domestic</b>				
Medium sections - delivered €/t	400-615	400-558	380-520	380-500
Rebar - delivered €/t	330-420	310-350	320-390	360-400
Wire Rod (mesh quality) - delivered €/t	340-400	300-350	320-350	330-360
<b>N.America domestic</b>				
Rebar - FOB US Midwest mill \$/s.ton	500-530	504-514	465-491	na
Wire Rod (mesh quality) - FOB US Midwest mill \$/s.ton	620-640	590-610	490-500	na

<b>China domestic</b>				
Rebar - Shanghai (incl. 17% vat) RMB/t	3575-3600	3172-3192	3173-3195	na
Seamless Pipe(219mm*6mm) - Shanghai (incl. 17% vat) RMB/t	5088-5163	4520-4600	4225-4288	na
<b>China export</b>				
Wire Rod (drawing quality) - FOB Shanghai \$/t	560-590	500-590	455-485	na
<b>East Asia Import</b>				
Rebar CFR \$/t	473-485	412-426	443-453	450-460
Wire Rod(mesh quality)-CFR \$/t	480-490	430-470	440-470	460-480
<b>Black Sea Export</b>				
Rebar FOB \$/t	390-480	370-430	350-380	400-425
Wire Rod(mesh quality)-CFR \$/t	400-480	350-420	350-400	400-430

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

## Outlook

Experts expect the demand to stabilize in latter part of 2009, leading to a mild recovery in 2010. The improvement in steel consumption for the second half of 2009 will depend on the effects of government packages, the continued stabilization of financial systems and a return of consumer confidence.

**International:** With weak demand, excess capacity for finished steel products and a substantial stock overhang, global steel prices are not expected to rebound significantly in the near future. With continued economic weakness, full stocks compared to reduced shipments and increased import competition in most regions, price weakness is expected to continue.

Steel service center executives see further slippage in steel prices: Service center executives say steel market prices will continue to fall in the second quarter in the face of continued weak demand from manufacturing and construction firms. So says the latest survey by UBS Securities in New York, which finds distribution executives planning to continue destocking inventory even though leadtimes from the mills are expected to fall in the April-June quarter.

Analysts believe that real demand in the steel market is down around 40% while production is down nearly 50%. The outlook for direct iron making in 2009 is also quite bleak. Significant cut backs are anticipated in South America, the NAFTA region, Africa and the Middle East.

There are no positive signals in the US flat products market. Demand remains in a trough with raw steel output now running at well under 50 percent of capacity - down at 42 percent in early April. Distributors are not buying. They are refusing to reorder until they can see some sign of a pick-up in consumption.

The negative price trend persists in China as downstream consumption remains soft. However, the oversupply pressure has started to ease because the major mills have scaled back production in the last month.

**India:** The market in India is picking up and production stabilizing. The media in India speak of Indian automakers reporting sales growth in February and March, signaling a recovery in the sector and a potential rise in demand for steel. Analysts expect that steel's downside would be limited due to signs of recovering demand. JSW Steel, India's No. 3 producer of the alloy, earlier this month reported an 11 percent increase in crude steel output in the Jan-March quarter. The steel industry is witnessing a demand growth from auto sector, rural housing, infrastructure sector and new projects, said Sajjan Jindal its managing director.

Overall, the domestic steel market is expected to remain stable in the short-term. No significant price movement is expected till June'09.

According to experts, local banks have more room to cut their lending rates, which should boost economic activity, though the central bank appeared to be nearing a monetary easing cycle. The Reserve Bank of India cut its key lending rate by 425 basis points since mid-October 2008, as part of its measures to insulate the economy from a deepening global financial crisis. It is expected that the domestic economy will start recovering from mid-year, but sees political uncertainty over the outcome of an ongoing federal election as a concern.

**Data Sources:**

- 1) NCDEX
- 2) Steel Town Weekly, Mandi Govindgarh
- 3) Steel Business Briefing
- 4) Metal Bulletin
- 5) MEPS
- 6) Asian Metal
- 7) Steel Trade Intelligence
- 8) Reuters



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## STEEL INDUSTRY MARKET SCENARIO

### SCRAP

#### Domestic Scenario

**Steel Scrap:** The beginning of the new financial year saw some improvement in market conditions with melting scrap prices making an improvement in the range of Rs.400 to Rs.500 per tonne over a fortnight. Buyers are found to have somewhat regained their lost confidence over the market which is evident from the improvement in the demand condition in the market in the last few days. Various finished steel items across the country viz. TMT, angles, channels etc. have witnessed a price rise in the range of 2 to 5 percent over a week in the second week mainly due to the improvement of demand from the end users. The increased demand in fact gave a boost to the scrap and metallic market which lost its momentum for a long time.

Sponge Iron market also exhibited a stable price trend after much of volatility in the earlier months. With the elections taking the centre stage across the country, the domestic long steel market depicted more or less a stable trend in the third week of April. Melting scrap in Mandi Govindgarh also experienced a stable trend over a week. The month ended on a stable note without much of demand seen in the market. Hence, steel mills are not expected to expand the output and purchase volume of raw materials in a short time.

**Scrap import prices remained stable in India:** Scrap import prices into India have been stable over the past month, in contrast to the swings in international prices.

Industrial HMS1&2 80:20 of Brazilian origin was concluded at a net price of \$250/tonne cfr Nhava Sheva port on India's west coast.

South African 80:20 has been sold at \$270-275/t cfr Nhava Sheva. But the general price range has been stable this month at \$250-260/t cfr west India, with fluctuations of only around \$10/t. Russian HMS 80:20 and cast iron scrap was being offered at \$245/t cfr and \$275-280/t cfr west India. HMS 80:20 from the US was being transacted at levels of \$245/t cfr west India.

**India's coke import prices down to \$240/tonne cfr:** India's metallurgical coke import prices have fallen steeply to \$240-250 per tonne cfr India on sparse transactions, with material coming mainly from Russia and Japan, according to a prominent coke importer. Coking coal prices were Rs 350-400 per tonne cfr India three months ago and most of the imports were from China.

Prices of coking coke from China have also fallen but are higher than most material at \$270-280 per tonne cfr India mainly due to China's export duty, said a second coke importer.

Business was generally dull as most pig iron and Ferro-alloy producers had reduced production and hence demand for coke.

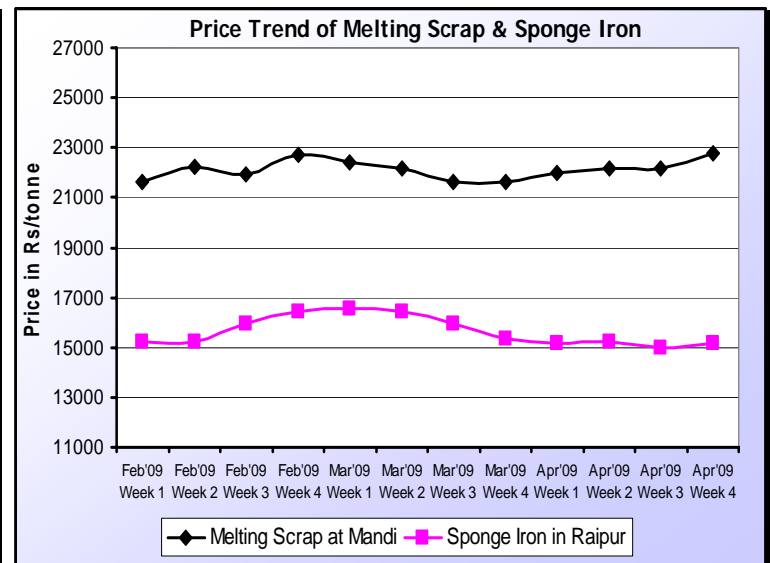
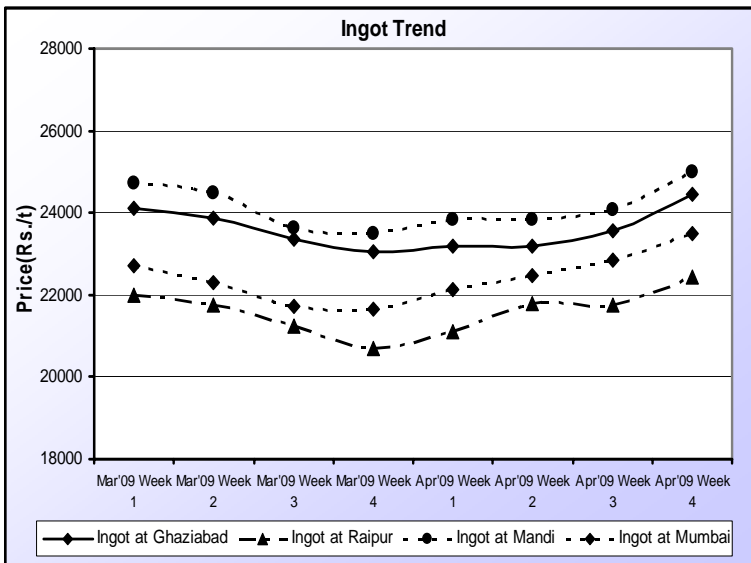
**Iron Ore: The beginning of new FY saw a sluggish market in Iron ore Fines.** The export market of iron ore fines in India remains sluggish at present. The trading of iron ore fines keeps inactive at present in India as major buyers; Chinese importers refuse to place orders. At the same time, the price runs at a low level of USD52-53/t FOB Indian main ports for iron ore fines 63.5%. A Goa-based iron ore exporter reported that no deals have been concluded these weeks. In addition, the trading is likely to keep inactive in the following week. Now the sales official quotes USD35/t FOB India for iron ore fines 58%, the same as that of beginning of the month. The export market however saw a rise of 2 USD/tonne across various grades in the end of the month supported by high

purchase cost. Fe=63.5% grade concluded at 64USD/tonne, cnf China, Fe=61% grade concluded at 58USD/tonne, cnf China while Fe=58% grade concluded at 49USD/tonne, cnf China.

It is reported that the inventory of iron ore fines increased to 68 million tons from 67 million tons late last month in China, the major export target of Indian iron ore fines. In addition, Chinese steel mills still do not purchase the material actively due to the sluggish steel market. Therefore, the source predicted that the demand is unlikely to turn strong in the following week. The market of iron ore fines runs sluggish for the time being in Southwest China due to the unfavorable market situation of steel products. Consumers of iron ore including steel mills and iron plants are running with sharply reduced demand now, so the price also runs low. It is anticipated that the slide would continue as steel prices have nosedived in China during last 4 to 7 days and Chinese mills are reluctant to make any purchase putting immense pressure on Indian miners and sellers. The demand indeed keeps weak, says a trader, adding that he did not receive any orders this week. However, he refuses to move the price down again in following days because the purchase cost remains stable.

**Price Trend of Ingot, Sponge Iron, Melting Scrap**

	Ingot at Mandi	Ingot at Ghaziabad	Ingot at Raipur	Ingot at Mumbai	Sponge Iron at Raipur	Melting Scrap at Mandi
<b>Mar'09 Week 1</b>	<b>24725</b>	<b>24097</b>	<b>21984</b>	<b>22695</b>	<b>16563</b>	<b>22410</b>
Mar'09 Week 2	24480	23871	21739	22300	16455	22200
<b>Mar'09 Week 3</b>	<b>23642</b>	<b>23359</b>	<b>21255</b>	<b>21727</b>	<b>15946</b>	<b>21600</b>
Mar'09 Week 4	23484	23039	20704	21653	15328	21650
<b>Apr'09 Week 1</b>	<b>23822</b>	<b>23178</b>	<b>21104</b>	<b>22122</b>	<b>15138</b>	<b>22000</b>
Apr'09 Week 2	23844	23183	21777	22464	15210	22200
<b>Apr'09 Week 3</b>	<b>24060</b>	<b>23563</b>	<b>21760</b>	<b>22850</b>	<b>14998</b>	<b>22180</b>
Apr'09 Week 4	24984	24453	22423	23485	15238	22780



Price of Ingot in Rs./t is basic; Price of Melting Scrap & Sponge Iron in Rs./t is incl. excise duty

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

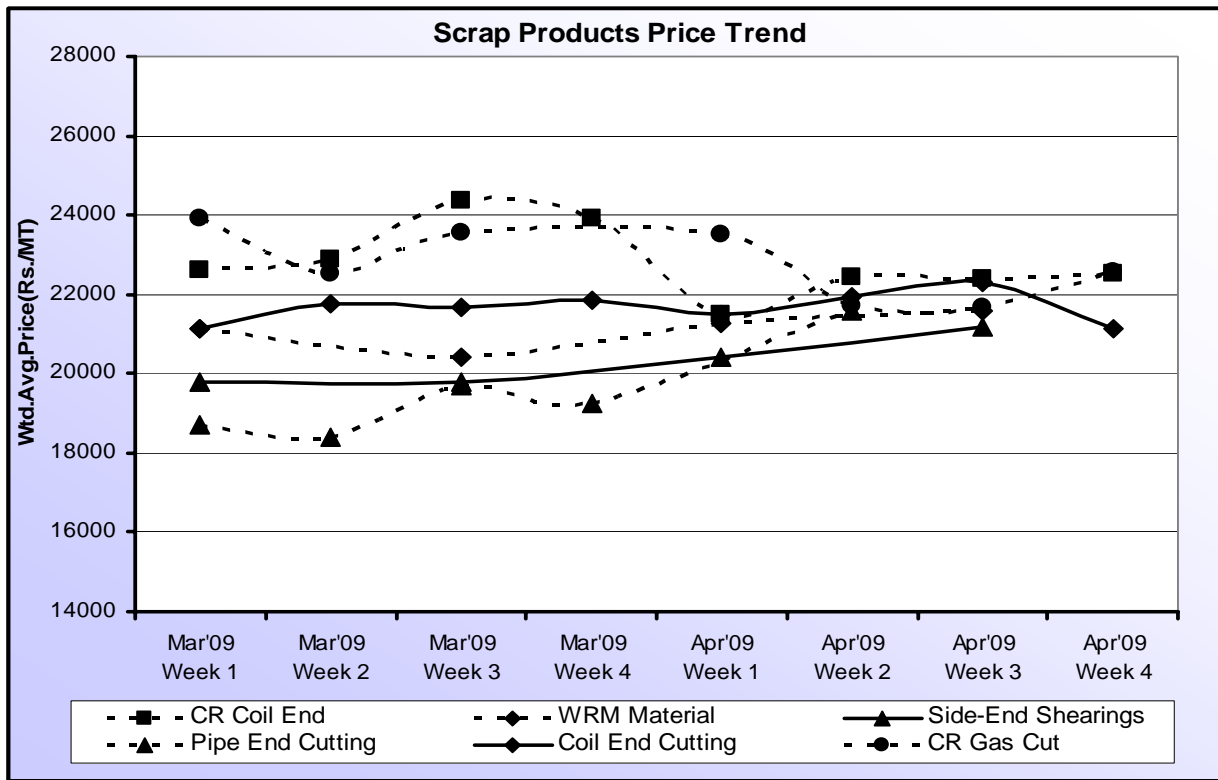
Attached below is the data table:

Week	CR Coil End	WRM Material	Side-End Shearing	Pipe End Cutting	Coil End Cutting	CR Gas Cut	BP Coil End
Mar'09 Wk 1	22594	21150	19770	18729	21121	23916	27550
Mar'09 Wk 2	22877	--	--	18393	21765	22519	--
Mar'09 Wk 3	24364	20415	19772	19697	21673	23546	27800
Mar'09 Wk 4	23933	--	--	19250	21837	--	--
Apr'09 Wk 1	21511	21275	20400	--	21500	23500	--
Apr'09 Wk 2	22437	--	--	21577	21954	21707	23200
Apr'09 Wk 3	22411	21596	21165	--	22300	21654	26850
Apr'09 Wk 4	22543	--	--	--	21134	22558	--

Percent change (m-m & y-y basis):

Products	Mar'09 Price(Avg.)	Apr'09 Price(Avg.)	% change(Apr'09 over Mar'09)	% change(Apr'09 over Apr'08)
CR Coil End	23442	22226	-5.19	-18.00
Side-End Shearing	19771	20783	5.12	-21.00
WRM Material	20783	21436	3.14	-25.00
CR Gas Cut	23327	22355	-4.17	-7.00
Coil End Cutting	21599	21722	0.57	-19.00

Following graph shows the price trend observed in the auction services of Metal Junction for the month of Mar 2009 and Apr 2009 for different scrap products.



Price in Rs./t is basic

**Outlook:** The beginning of the new FY saw a firm trend in the domestic market. Buyers were found to have somewhat regained their lost confidence over the market which was evident from the improvement in the demand conditions. Various finished steel items across the country viz. TMT, angles, channels etc. witnessed a price rise in the range of 2 to 5 percent over a week in the second week mainly due to an improvement of demand from the end users. Ingot prices at various places saw a price rise in the range of 1.5 to 3.5 per cent over a week on an average. Melting scrap in Mandi Govindgarh also experienced an improved price trend over a week (a price increase of nearly 1.2 per cent over a week) and prevailed at around Rs. 21,480/MT (basic) on Apr 13. Sponge iron in Raipur market too exhibited an upward movement in prices and prevailed at around Rs. 15,190/MT (incl. ED) on Apr 13. With the elections ruling strong across the country, the domestic long steel market depicted more or less a stable trend in the third week of April. Steel ingots across the country too exhibited a stable price trend with change in the ingot prices varying in the range of +/- 0.5 per cent over a week on an average. Melting scrap in Mandi Govindgarh also experienced a stable price trend over a week and prevailed at around Rs. 21,920/MT (incl. ED) on Apr 20. Sponge iron in Raipur also depicted more or less a stable trend over a week and prevailed at Rs. 14,920/MT (incl. ED) on Apr 20. The last week of the month witnessed an improved price trend as conditions remained favorable from infrastructure and construction sectors. Over a week, the steel ingots across the country exhibited a rising price trend with the increase varying in the range of 2.8 to 5 per cent over a week on an average. Melting scrap in Mandi Govindgarh also experienced an upward price trend over a week (increasing by more than 3 per cent) and prevailed at around Rs. 22,470/MT (incl. ED) on Apr 27. Sponge iron in Raipur too depicted an upward trend over a week (over 2.3 per cent increase in price) and prevailed at Rs. 15,025/MT (incl. ED) on Apr 27. Finished steel items made a significant improvement in price in the range of 4 to 6 percent over a week. The coming month is expected to exhibit a firm price trend with market conditions remaining stable.

## International Scenario

**The International Ferrous Scrap market saw an improved price trend at various places with demand coming up from several sectors and the recession factor sliding slowly.**

After witnessing a stable trend till second week, prices improved in the third week.

The Shredded Steel Scrap of United States FOB East Coast rose up to USD 230/MT in April Week 03 from USD 205/MT, the week before. HMS Scrap 1 & 2 (80:20 mix) United States export FOB East Coast also depicted a rising trend over a week with the prices prevailing at USD 220/MT as compared to USD 200/MT as on April Week 02. A similar situation was noticed in the European markets as well; the Shredded Steel Scrap FOB Rotterdam experienced an upward price trend over a week and prevailed at USD 230/MT in April Week 03 from USD 210/Mt in second week of April while HMS 1 & 2 (80:20 mix) Iron and Steel Scrap Rotterdam Export increased to USD 225/MT in third week of April from USD 205/MT on April Week 02.

**Scrap import prices ascend slightly in East Asia:** According to market sources, the East Asian scrap import market has strengthened to \$245-250/tonne cfr East Asia for heavy melting scrap (HMS), up from \$230-235/t cfr for bulk scrap bookings in middle-March. Offers of containerized HMS 1&2 80:20 prevailed at \$245-250/t cfr Singapore and at \$255-260/t cfr Vietnam.

**Scrap prices continue to rise in Asia in the third week; Korean mills active:** The price of bulk heavy melting scrap 1&2 80:20 in East Asia prevailed at \$255-260/tonne cfr. One 30,000t cargo of

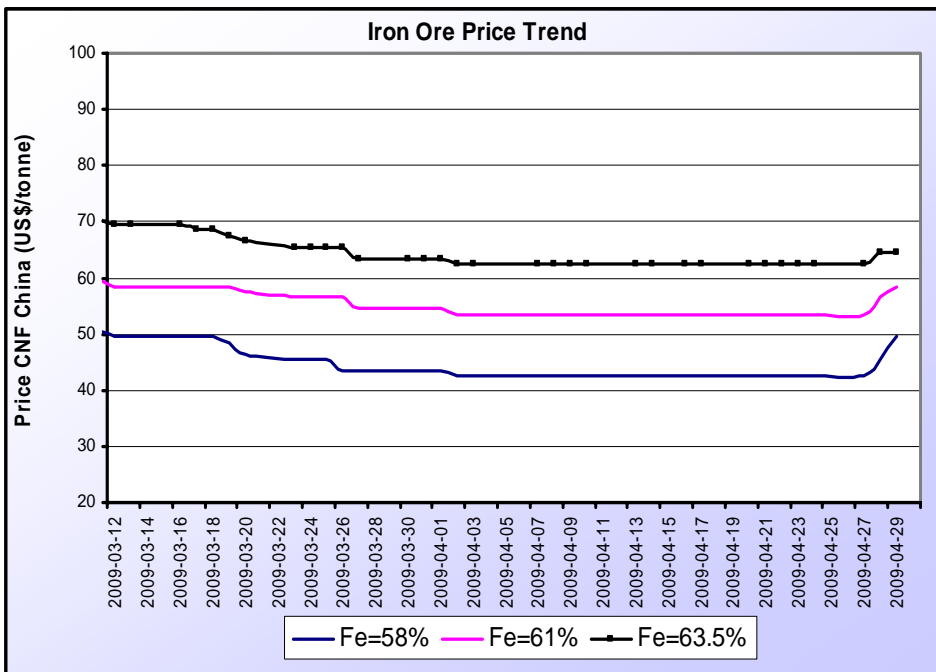
US-origin shredded (70%) and 80:20 (30%) was booked for May shipment at slightly below \$270/t cfr South Vietnam. Containerized 80:20 was being offered at \$255-260/t cfr Singapore. Offers of containerized 80:20 from UAE and USA to Vietnam were higher-priced at around \$270/t cfr. A Vietnamese trader says that scrap buyers will soon switch to billet importing if scrap prices continue to rise.

**China scrap market weakens as mills use more pig iron:** The price for heavy melting steel scrap (over 6mm thick) in eastern China has decreased to around RMB 2,280-2,350/tonne (\$334-344/t) from March's RMB 2,300-2,400/t. The ability of mills to improve their pig iron self-efficiency has resulted in a lack of pig iron trading, and softening of prices. Currently the price of steelmaking pig iron in northern China's Hebei province is around RMB 2,300-2,400/t, down from RMB 2,400-2,500/t in March. A large scrap trader reports that demand for imported steel scrap in China is weakening, after rebounding in late 2008, because imported prices are rising, making them less attractive to Chinese buyers.

**Europe: Scrap prices move up in Southern Europe.** The average scrap prices in southern European have gained around €20/tonne in April as a consequence of the better prices paid by some Turkish, Chinese and Indian buyers. However EAF mills are still working at 50% of their capacity, Italian and Greek scrap prices are more or less at the same level, while prices in Spain are €5/t lower.

**N. European scrap prices stable, firmer in some areas.** There has been up to a €20/tonne (£17/t) improvement in domestic German prices because of tightened supply. German market sources foresee further price increases next month as a result of stronger export demand. French domestic prices have also increased by an average of €10-15/t this month, despite lower than usual domestic requirements. "The situation is firmer in terms of Turkish exports which are supporting prices," one local merchant comments. Shredded prices are now in the range of €150-160/t delivered depending on the mill and yard, while E3 (heavy melting scrap) is priced at around €150-155/t.

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



Price is CNF China in US\$/t

**The tables below give the Scrap & Pig Iron price trend across various regions:**

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

Month	Average Price(\$ per long ton)	Price movement
Jan-09	202.00	↑
Feb-09	187.00	↓
Mar-09	178.00	↓
Apr-09	146.00	↓

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

Month	Average Price(\$ per long ton)	Price movement
Jan-09	260.00	↑
Feb-09	248.00	↓
Mar-09	210.00	↓
Apr-09	212.00	↑

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

Month	Average Price(\$ per long ton)	Price movement
Jan-09	269.00	↑
Feb-09	258.00	↓
Mar-09	215.00	↓
Apr-09	218.00	↑

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

Month	Average Price(\$ per tonne)	Price movement
Jan-09	261.00	↑
Feb-09	241.00	↓
Mar-09	198.00	↓
Apr-09	216.00	↑

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

Month	Average Price(\$ per tonne)	Price movement
Jan-09	231.00	↑
Feb-09	211.00	↓
Mar-09	168.00	↓
Apr-09	186.00	↑

**Steel Scrap Shredded fob Rotterdam \$ per tonne**

Month	Average Price(\$ per tonne)	Price movement
Jan-09	270.00	↑
Feb-09	250.00	↓
Mar-09	204.00	↓
Apr-09	222.00	↑

**Steel CIS Export Pig Iron \$ per tonne Black Sea/Baltic Sea**

Month	Average Price(\$ per tonne)	Price movement
Jan-09	280.00	↑
Feb-09	260.00	↓
Mar-09	220.00	↓
Apr-09	210.00	↓

**Steel EU Imports Pig Iron (basic steelmaking) cfr Western Europe Euro per tonne**

Month	Average Price(\$ per tonne)	Price movement
Jan-09	203.00	↑
Feb-09	214.00	↑
Mar-09	186.00	↓
Apr-09	170.00	↓

**Outlook**

**Scrap trade gets a boost but outlook is gloomy.** A surge in Turkish imports has only a marginal impact on scrap prices. Bleak outlook for coke as trade collapses.

European section mills raise scrap surcharges for May: European sections producers Arcelor Mittal and Gallardo are both increasing their scrap surcharges for May. Arcelor Mittal Commercial Sections will charge €68/t for scrap in May, up from €48/t in April. Gallardo's scrap surcharge rises from €34/t to €66/t. Gallardo says the increase reflects a €17/tonne scrap price increase in April, as well as the 10% yield loss in the steelmaking process. Gallardo is also raising prices for all sections by €30/t from 1 May.

Indian scrap market to remain stable in the coming days. With demand improving in construction and infrastructure sectors, the demand for long steel products has improved of late. This has given a spurt to rising demand in steel scrap market and with import market largely ruling stable the domestic market consumption has also remained good. With stability forecast in the short-term, the scrap market is expected to remain steady.

**Data Sources:**

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



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## STEEL INDUSTRY MARKET SCENARIO

### STAINLESS STEEL

#### Domestic Scenario

The stainless steel sector remained stable in the beginning of the month. Nickel price saw some improvement both in the domestic market and at London metal Exchange witnessing a rise of around 6 percent over a week.

The second week of the month saw some improvement in the stainless steel market with the commencement of the new financial year as the nickel prices also exhibited an upward movement. However according to the market sources, the sustainability of the stainless steel price improvement is not guaranteed as there is an outside possibility that market might again take a plunge in the coming days as the overall demand in the market is still volatile. Nickel in both LME and abroad has depicted a significant improvement with the inception of FY 2009-10. Over a fortnight Nickel rose by nearly 13 per cent and prevailed at USD 11,400/tonne as on 14<sup>th</sup> April, 2009. A similar situation was observed in the domestic market as well as the Nickel price increased by nearly 10 per cent and prevailed at Rs. 536.8/Kg (basic) as on April 11, 2009.

The end of the month saw stability in the market with demand conditions remaining quite stable and prices of 300 series showed an increase in the range of Rs.9000 to Rs.11,000/tonne while 400 series grade almost remained stable. With Election being round the corner no significant change in price is expected; demand is expected to pick up after the Lok Sabha Election is over.

#### **Prevailing Price of Prime Stainless Steel:**

##### **Kolkata**

Grade 304: Rs.1,34,000/tonne (basic)  
Grade 316: Rs.2,09,000/tonne (basic)  
Grade 430 seconds: Rs.70,000/tonne (basic)

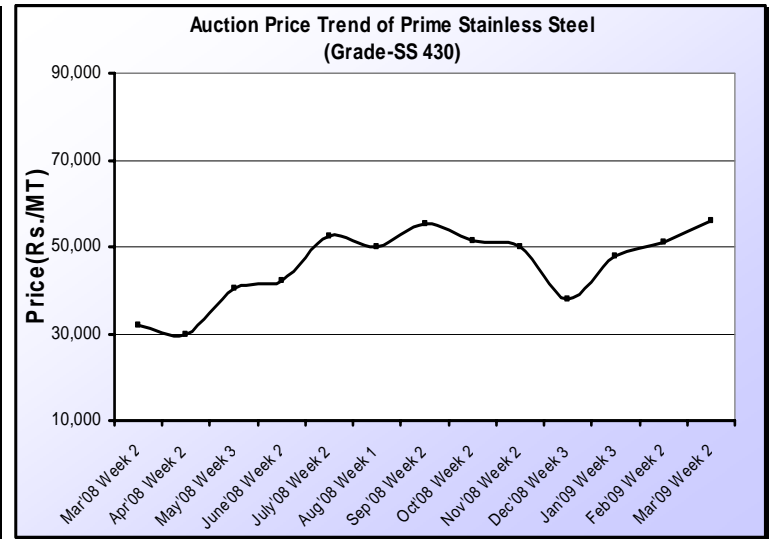
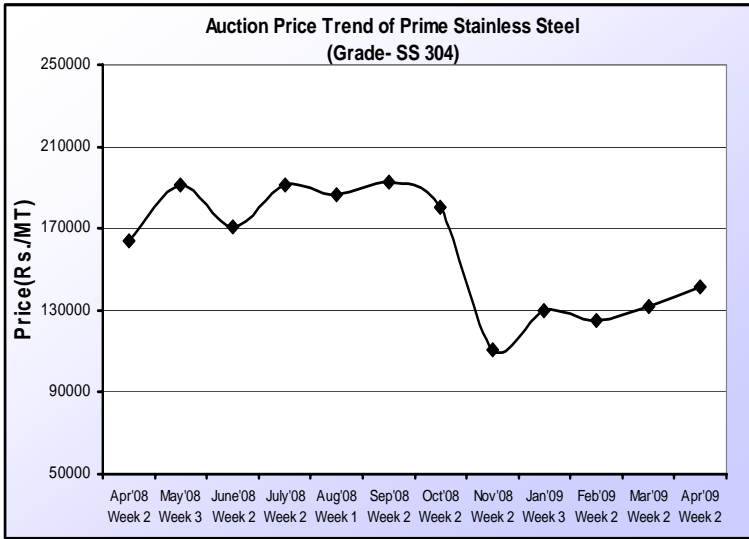
##### **Gujarat**

Grade301-thickness-2.5-8-HRAP-for2B/2D/slitarising:Rs.1,02,000- 1,12,000/tonne (basic)  
Grade304-thickness-2.5-8-HRAP-for2B/2D/slitarising:Rs.1,20,000-1,30,000/tonne (basic).  
Grade316-thickness-2.5-8-HRAPfor2B/2D/slitarising:Rs.1,82,000- 1,95,000/tonne (basic).  
Grade SSLN1-thickness- 2.5-8- HRAP-for 2B/2D/slit arising: Rs. 75,000 – 85,000/tonne (basic)

##### **Delhi**

Grade 201 (1mm - 3mm): Rs.97,000/tonne (basic)  
Grade 301 (1mm - 3mm): Rs.1,10,000/tonne (basic)  
Grade 304 (1mm - 3mm): Rs.1,40,000/tonne (basic)

**The graph below gives the auction trend of Stainless Steel:**



Price (Rs./tonne) is basic

As seen from the above graphs, stainless steel price has picked up in the month of April accompanied by a slight rise in Nickel price.

**Outlook:** The domestic market witnessed some amount of stability with stable demand prevailing in the market. With Nickel prices improving both in the domestic and international market the stainless steel market too made some amount of recovery as demand improved to some extent. The international market also exhibited a stable trend with rate of decline slowing down. The auction platform made some gains across 300 series especially and this was mainly due to a slight recovery in demand. The beginning of the financial year depicted overall a stable trend and grade 300 series saw a rise in price in the range of Rs.9000 to Rs.11,000/ tonne at various places. With market sentiment stabilizing, the scenario is expected to remain steady in the short-term.

**International Scenario**

**Chinese** stainless steel market remained calm with export demand also remaining weak throughout the month of April. Prices of 3mm thick 304 HRC prevailed at RMB 13,300-13,800/t (\$1,946-2,019/t) in southern China's Foshan market in the first week, down by RMB 400/t from RMB 13,700-14,200/t in mid-March. Also in Foshan, the price of 2mm thick 304/2B CRC was at RMB 14,400-14,900/t (\$2,107-2,180/t), down RMB 500/t from RMB 14,900-15,400/t two weeks ago. Prices include 17% VAT. Prices of 304 grade further declined by 200-400 RMB/tonne in the 20 April week due to falling Nickel prices and users holding back purchases. Price of 200 series also retreated and prevailed at \$2,075-2,102/tonne due to falling raw material prices. Prices for 2mm thick 430/2B CRC in Foshan prevailed at RMB 9,200-9,400/t (\$1,347-1,372/t) after VAT, unchanged from mid-April. Though the overall market sentiment improved a bit in the mid of the month; however market once again traded thin towards the end of the month due to lack of real demand. Many market participants had predicted a short-lived recovery for 200- and 300-series prices, which had surged earlier due to rising nickel prices. Industry observers believe that in the near-term the prices may still inch lower before holding steady.

**Asian stainless prices stable as rate of decline slows:** The rate of decline in Asian stainless steel prices appears to be slowing as prices held stable. The third week witnessed a rise in price driven by the rise in Nickel price. Asian stainless 300-series prices have rebounded by \$50-100/tonne after East Asian producers pushed through higher offer prices in the wake of rising nickel prices. East Asian-origin grade 304 cold rolled sheets for delivery in one-to-two months traded at \$1,900-2,000/t cfr China in the 20 April week, up from \$1,850-1,900/t a week ago. The higher offers come mostly from Taiwanese suppliers: few offers are from Korea and Japan. Traders believe increases are in the offing following the rebound in Chinese domestic prices and offer prices from China and Taiwan.

**UK stainless demand 'steady at a low level':** Participants in the UK flat rolled stainless market are currently seeing relatively steady market conditions, though much lower transaction volumes are at this time than last year. Whether underlying demand has stabilized remains unclear. Automotive continues to be the weakest market, along with some parts of the construction sector. Energy related sales are holding up better. The overall picture is of buyers only sourcing exactly what they need, no sooner than they need it.

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

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

Type	Jan'09	Feb'09	Mar'09	Apr'09	May'09*
HR 304	15000-15500	14300-14800	14300-14800	13300-13800	13000-13500
<b>CR 304 2B</b>	<b>16500-17000</b>	<b>15700-16200</b>	<b>15700-16200</b>	<b>14400-14900</b>	<b>14100-14600</b>
CR 202 2B	15000-15200	15000-15200	13900-14100	13000-13200	12800-13000
<b>CR 430 2B</b>	<b>9500-9700</b>	<b>9500-9700</b>	<b>9000-9200</b>	<b>8900-9100</b>	<b>8900-9100</b>

**Europe**

CR 304 2B 2mm,Euro/t Ex- Works	Jan'09	Feb'09	Mar'09	Apr'09	May'09*
N.Europe	870-920	820-900	870-950	930-980	960-1020
<b>S.Europe</b>	<b>850-900</b>	<b>850-880</b>	<b>900-940</b>	<b>900-940</b>	<b>940-960</b>

**Europe**

CR 430 BA 2mm,Euro/t Ex- Works	Jan'09	Feb'09	Mar'09	Apr'09*	May'09*
N.Europe	920-970	880-930	910-950	950-980	970-1000
<b>S.Europe</b>	<b>900-940</b>	<b>870-910</b>	<b>900-960</b>	<b>920-960</b>	<b>950-980</b>

**East Asia import**

Type	Jan'09	Feb'09	Mar'09	Apr'09	May'09*
<b>CR 304 2B 2mm CFR\$/t</b>	<b>2000-2150</b>	<b>2000-2138</b>	<b>1870-1950</b>	<b>1850-1900</b>	<b>1850-1900</b>

(\*): SBB forecast

**Note:** 1US\$= Rs.49.80, 1Euro= Rs.66.25, 1 RMB=0.15US\$

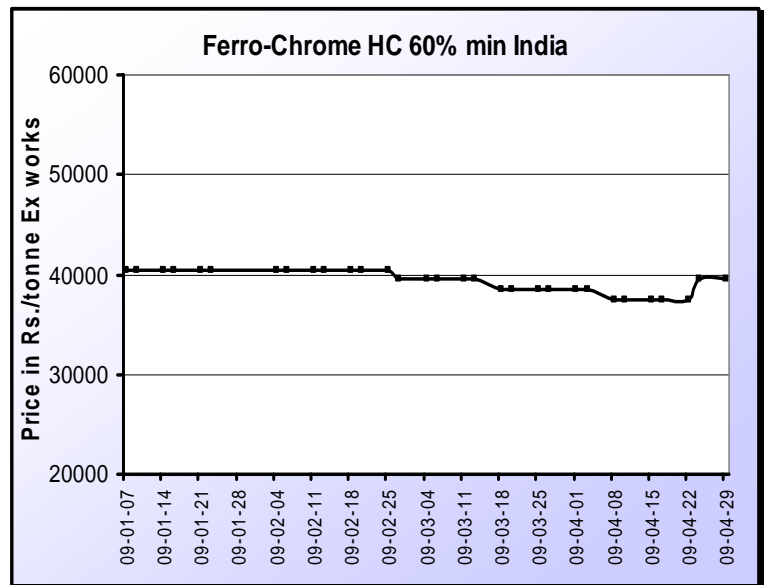
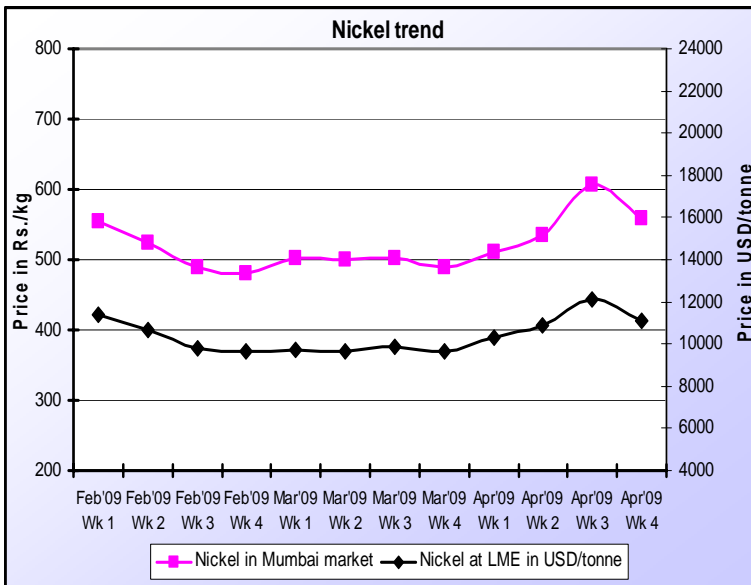
**Raw materials scenario:**

**Nickel Trend:** Nickel started off strong with the kick off the new FY 2009-10 after depicting a volatile trend in the month of March. This consistency in the growth of nickel prices may be

attributed to the production cuts and investment buying all across the world. The first couple of weeks of April, 2009 saw a conspicuous jump in the nickel prices both in the domestic as well as in the international market exhibiting a rise of nearly 10 per cent in the domestic market over the previous 15 days while over the same period nickel prices in LME saw a whopping rise of more than 14 per cent. Prices made a jump till the third week, however the end of the month witnessed a drop in price both in the domestic market and at LME by around 8.5 percent.

Month	Average Price of Nickel	% Change(m-m)	% Change(y-y)
Jan-09	11,298	16.64	-59.17
Feb-09	10,399	-7.96	-62.78
Mar-09	9690	-6.82	-68.95
Apr-09	11,110	14.67	-61.35

**Ferro Alloy market remained quiet with demand remaining low:** The Ferro-alloys sector remained stable without much price changes being noticed. Demand for ferrochrome remained very slow, and most suppliers concluded few deals with consumers. Due to little demand, Ferro vanadium prices dipped further and are expected to remain so due to sluggish demand from steel mills. Indian Ferro molybdenum price moved downward because of the decreasing moly oxide price. Prices prevailed at Rs.670-720/kg for Ferro molybdenum 60%. The domestic Ferro-manganese prices remained sluggish since the beginning of the month with demand being on the lower side. The beginning of April witnessed a price drop of around Rs. 2,000/tonne and is still prevailing at Rs 41,000/tonne ex-works on an average since first week of April.



## Outlook

**International:** With the improvement in the nickel prices, the international stainless steel market has recovered to some extent which is evident from the rising stainless steel prices all over but that was a temporary phenomenon as market once again retreated in the end of April with over all demand situations in the market still remaining gloomy.

**US market expects stainless surcharge increase for June:** Industry sources anticipate a slight increase in 304 CR stainless surcharges for the month of June.

Service center sources are expecting June's surcharge to be between \$0.35 per pound (\$700/short ton) and \$0.36/lb (\$720/s.t.) - an increase of about one to two cents per pound from the month of May.

**International: Stainless market recovery in second half:** There will be a turnaround in declining stainless steel "order intakes" this quarter and mill output will pick up in Q3 and Q4 to move back towards "typical production levels," believes Gerhard Pariser of commodities analyst Heinz Pariser Alloy Metals & Steel Market Research. Supply chain destocking, which started in Q3 last year, continues, but should start to slow down this quarter and end by Q4 2009. World stainless stock levels are projected to decline by 1.1m tonnes of crude steel equivalent in Q3, roughly half the destocking rate of Q1, Pariser said. Though Chinese stainless output is very difficult to gauge, this year Pariser expects it to be down 12% year-on-year at about 6.4m t, though "5m-7m t is the range we see", he told BSSA members. Elsewhere, EU output will fall this year to 6.2m t (-21%), the US to 1.5m t (-22%), Japan to 2.6m t (-26%), and Korea/India/Taiwan to 4.1m t (-8%).

**India:** The domestic stainless steel market exhibited slight improvement of late mainly due to the improvement in the nickel prices all across. But according to the market sources, the higher prices are difficult to be sustained in the coming days as the prices are not supported by similar improvement in demand.

**Data Sources:**

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



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