

## News at a Glance

**Steel prices remained unchanged in the month of October:** Steel Authority of India Ltd (SAIL) chose not to change the listed ex-works prices for any of its products. RINL also kept its prices unchanged. Other steelmakers including Tata Steel also did not make any change in its prices for the month of October.

**However, prices were slashed in the following month of November.** Steel Authority of India Ltd (SAIL) has reduced prices of flat products by Rs 750-1,500 a tonne across categories, on account of weak global trends. Others are likely to follow.

**India moves up; turns world's third-largest steel producer:** The country has consolidated its position as the third-largest steelmaker in the world behind Asian rivals China and Japan, jumping three spots in the pecking order for steel producers in the first nine months of this year.

**India's steel consumption up by 5.7% in April-Sep period** on account of improved demand from sectors like automobile and consumer durables: India's steel consumption rose by 5.7 per cent to 26.49 million tonnes in the first six months of the current fiscal over the same period a year ago on account of improved demand from sectors like automobile and consumer durables.

However, the domestic steel production rose only by two per cent to 28.49 million tonnes in the reporting period as against 27.93 million tonnes in the year-ago period.

The deficit was met by one per cent increase in steel imports to 3.22 million tonnes and 43 per cent decline in exports to 1.34 million tonnes, Steel Secretary P K Rastogi said.

**China's Sep steel output sees a drop:** China's crude steel output fell 3% from August's record high to 50.7 million tonnes in September, although the daily production rate of 1.69 million tonnes was unchanged. Output fell back month-on-month across long and flat products save for hot rolled coil, which rose just 1%, although levels generally remained very much higher year-on-year, according to China's national statistics bureau.

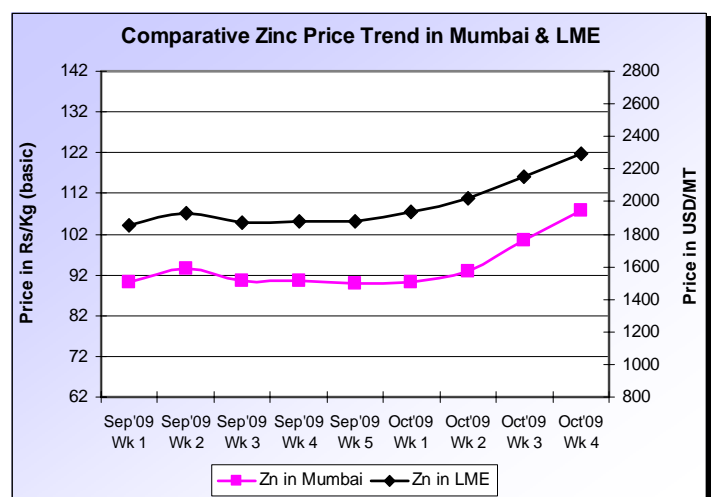
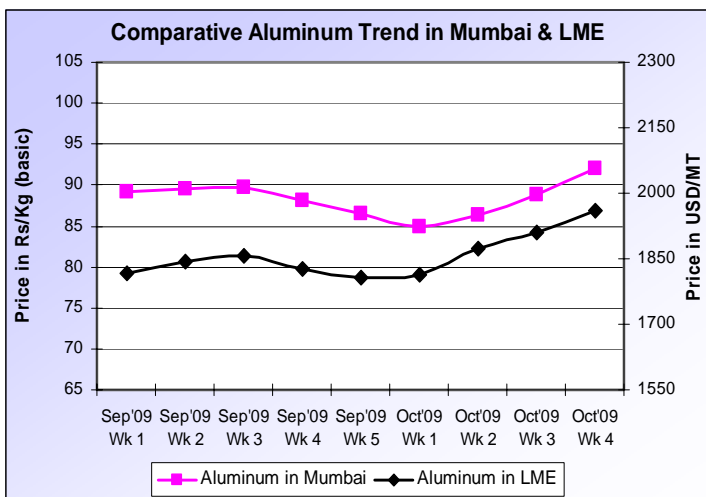
Items	September Output(million tonnes)	% change (m-m)	% change (y-y)
Crude Steel	50.7	-3.00	+29.00
Iron ore	85.4	+11.00	+26.00
HR Coil	11.4	+1.00	NA
CR Coil	3.37	-3.00	NA
Plate	4.93	-0.6	NA
Rebar	10.8	-1.00	+39.00
Wire Rod	8.39	-0.8	+36.00
Bar Products	4.86	-4.00	+44.00
Seamless Pipe	1.77	-3.00	-8.00
Welded Pipe	2.76	-3.00	+25.00
Galvanized Strip	1.74	-9.00	+20.5
Coated Strip	442,000	-8.00	+20.00
Electrical Steel	427,000	-2.00	+22.00

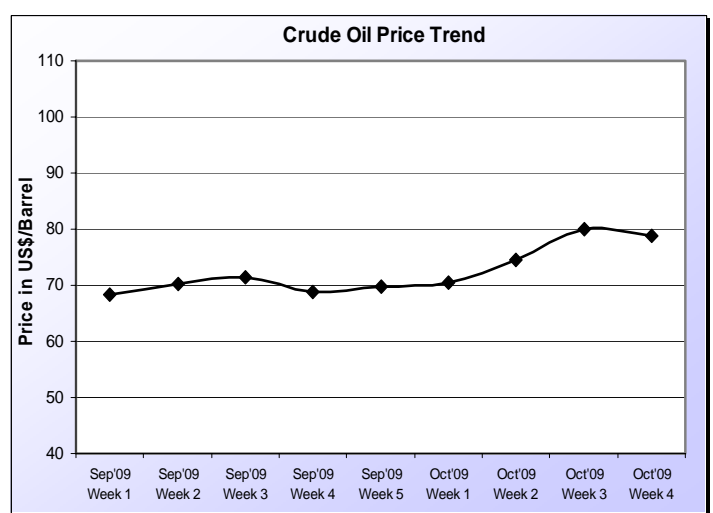
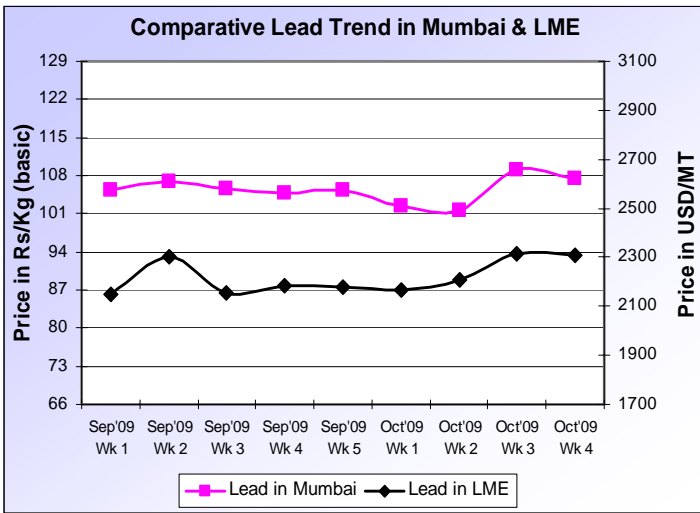
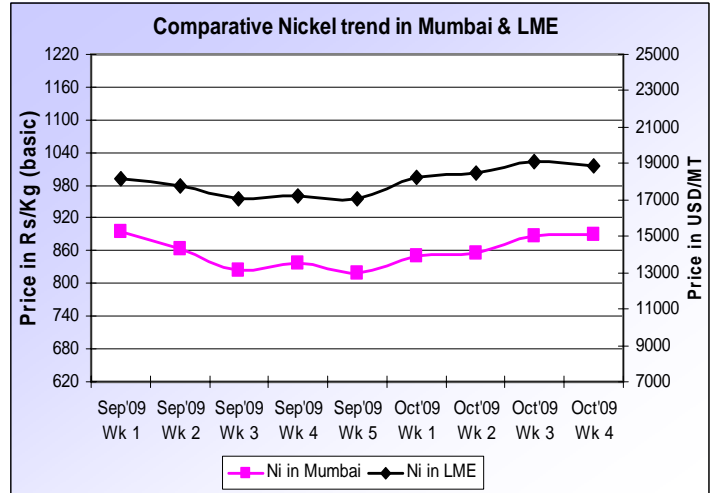
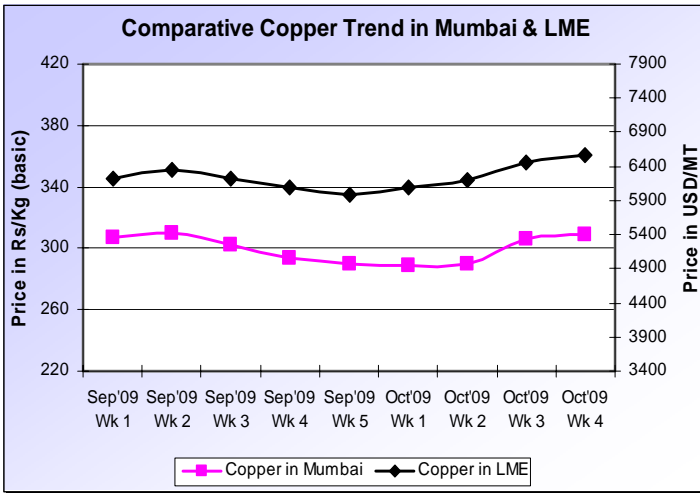
Source: National Statistics Bureau

The **base metals** pack reflected a steady upward trend with the commencement of the month of October. Some improvement in the demand conditions was noticed across the globe which was further supported by the dwindling dollar value during that period. The metals like nickel and zinc exhibited a significant w-o-w price gains in the first week both at LME and at home while the other

metals like aluminium, copper and lead reflected more or less a steady trend as compared to the week before. The metals continued their positive momentum in the second week as well. The third week once again exhibited accelerating movement by various metals; nickel, aluminium, copper prices spurred up by around 4 per cent as compared to the week before both at home and LME while zinc shot up by more than 6 per cent within the same period of time. The sentiment remained by and large steady in the final week of the month across most metals which was evident from their stable trend that was discerned in week 04 as against week 03 leaving the nickel market aside, which witnessed a drop of more than 1 per cent both at home and LME as the nickel market remained slightly pessimistic with the market participants holding wait-and-see attitude. Even Lead made a falling note in the falling week. **Zinc:** Zinc maintained a low profile in the opening week of the month of October with the prices remaining by and large sticky as that of week before as most participants held pessimistic attitude about the market and the deals kept thin during the period. However, the zinc market across the globe picked up its momentum from the second week onwards and ended in the positive territory as the dollar tumbled to new 2009 lows, sparking fresh waves of investment across the sector, with investors looking to hedge against further dollar weakness and profit from an economic revival. Zinc witnessed a price gain of around 4 per cent in week 02 as compared to week 01 both at home and at LME. The metal continued its rising trend in the latter half of the month with the consistent weakening of dollar during the period. Zinc price at LME witnessed a price rise of more than 6.5 per cent in week 04 as compared to week 03 while its counterpart rose by over 7 per cent over the same period.

**Crude Oil:** Crude oil exhibited rising trend with the inception of the month of October. Crude futures strengthened in the first week itself and oil prices shot up after US inventory data revealed a large decline in the distillate stocks. The market remained buoyant in October week 02 on the back of a weaker US dollar and amid optimism over global economic rebound during the week. Crude prices surged past the one year high of USD 78/barrel in the second week of October which was indeed supported by a favorable US industry data and a surprise decline in crude and gasoline stocks during the said week. Over a week, crude oil prices experienced a rise of more than 5 per cent. In week 03, crude oil witnessed a rise of around 7 per cent as compared to the week before and prevailed at around USD 80/barrel. After remaining jubilant, Crude oil depicted a slight dip in its prices in the final week of the month undermined by the worries over the strength of the global economic recovery and its impact on demand for oil. Crude oil witnessed a drop around 1 per cent in week 04 as compared to the week before and NYMEX crude oil ruled at around USD 79/barrel on an average.





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

Index	July'09	% Change (M-M)	Aug'09	% Change (M-M)	Sep'09	% Change (M-M)	Oct'09	% Change (M-M)	% Change (Y-Y)
<b>Global</b>	<b>147.03</b>	<b>9.40</b>	<b>156.56</b>	<b>6.50</b>	<b>159.77</b>	<b>2.10</b>	<b>154.83</b>	<b>-2.80</b>	<b>-35.60</b>
North America	127.65	13.50	141.89	11.20	148.67	4.80	152.08	2.30	-35.60
<b>Europe</b>	<b>135.57</b>	<b>4.30</b>	<b>138.97</b>	<b>2.50</b>	<b>143.63</b>	<b>4.60</b>	<b>143.63</b>	<b>0.00</b>	<b>-34.90</b>
Asia Steel	164.77	10.10	174.91	6.20	174.31	-0.30	162.63	-6.70	-35.90
<b>Longs</b>	<b>161.86</b>	<b>1.50</b>	<b>167.56</b>	<b>3.50</b>	<b>175.75</b>	<b>4.90</b>	<b>170.47</b>	<b>-3.00</b>	<b>-38.40</b>
Flats	139.67	14.60	151.09	8.20	151.83	0.50	147.06	-2.70	-33.80
<b>Metallics</b>	<b>193.94</b>	<b>11.80</b>	<b>213.45</b>	<b>10.10</b>	<b>225.81</b>	<b>5.80</b>	<b>206.34</b>	<b>-8.60</b>	<b>-18.30</b>
Stainless	121.44	6.60	129.25	6.40	137.57	6.40	138.95	1.00	-17.50

Finished steel prices weaken as oversupply returns: The moderate recovery in finished steel markets has ended, with prices falling for all products in Asia and for some long products in the USA, while other prices seem to have peaked. The *Global CRUspi index* reflected a negative fall over a month.

Reflecting further falls in Asian sheet prices and with recent gains in Europe and the USA having stalled, the *CRUSpi for steel sheet* has lost around 3% of its value in the last month.

Lack in real demand and swelling supply has brought in price rally to an end thus keeping the metallic segment on a downtrend. The *CRUSpi* month on month metallics index value indicated a fall of 8.6% accompanied by fall in scrap prices everywhere.

A slow recovery in the stainless steel sector kept prices stable but weakening in consumer sentiment and fall in purchasing activity could again take its effect on prices.



(UJJAL BHATTACHARYA)  
Vice President

## STEEL INDUSTRY MARKET SCENARIO

### FLAT & LONG PRODUCT

#### Domestic Scenario

The domestic steel market remained subdued throughout the month of October with prices moving in a southward direction.

**Flat product market** witnessed a sluggish trend in the first week as buyers limited their purchasing activity due to the festive season. The imports market also slowed down as Chinese export rates kept on falling due to high inventory levels. The subsequent weeks of the month further portrayed a gloomy picture with CRC rates in Mumbai market falling by as much as Rs.500/tonne over a week to prevail at Rs.34,500/tonne, basic in the third week of the month. The month ended with a negative sentiment as prices kept on falling in the international market and cheaper imports led to a further fall in domestic prices. IS2062 16mm steel plate concluded at around Rs.32,000/tonne, basic. The weak Chinese market has further provoked in slowing down the activities across the country. With cheaper imports flooding the Indian market, there is a pressure on the domestic prices that are further expected to go down in the coming days.

**Indian Import price continues to plunge (3% drop over a fortnight) with rupee gaining strength over dollar (5% gain in a month):** Indian hot rolled coil import prices have fallen by \$15 in the last two weeks, due to defensive Chinese offers and a stronger rupee.

Prices have fallen to \$480-\$485 per tonne cfr in the third week, from \$495-500 two weeks back, even as importers were expecting price falls of \$20-25 per tonne.

A trader said the strong rupee was making imports cheaper for Indian traders. The Indian rupee has gained at least 5% against the dollar in a month.

"Hot rolled coil prices have come down but what is encouraging is the high volumes of material being imported," said a trader. Several Mumbai traders have booked commercial grade hot rolled coil from China at volumes of 10,000-30,000 tonnes each.

Cold rolling grade coil were being booked at \$525-530 per tonne cfr, down from last month's \$595-600 per tonne cfr.

**Long product market** remained depressed throughout the month with prices dropping across various products in the range of 4 to 5 percent over a month. Poor demand coupled with cheaper imports further aggravated the domestic market sentiment. The first half of the month was mainly affected by the festive season and limited material stocking took place. The prices of 12mm rebar remained at Rs 31,000-31,400/MT delivered in the second week, after falling from Rs 31,500-31,600/MT in the first week of October on lower billet prices. The latter half of the month too depicted a gloomy scenario with prices dropping by as much as 1 to 2 percent in a week. 12mm Fe 415 TMT rebars prevailed in the range of Rs.26,000 to Rs.28,000/tonne, all incl. in the final week. With raw material prices further going down, construction sector remaining subdued, there is little hope of recovery in November.

#### Price Trend as observed in the auction held at Metal Junction for Flat Products:

Attached below is the data table for HR items:

Week	Cobble Plate	Def.HR Plate	Semi Rolled Plate	SRP Coil Form	Def Plate	Def HR Sheet	De Chequered Plate
Sep'09 Wk 1	27694	25879	25056	25549	22412	--	26800

Sep'09 Wk 2	26813	--	25428	25408	22827	26600	--
Sep'09 Wk 3	26352	26908	24457	25948	22581	--	27350
Sep'09 Wk 4	--	27200	25600	26540	23268	29150	--
Oct'09 Wk 1	26177	26022	23683	25106	20446	29553	--
Oct'09 Wk 2	25450	26600	23838	23138	20227	--	26050
Oct'09 Wk 3	25154	25293	23387	24213	20326	--	--
Oct'09 Wk 4	24607	24370	24149	24189	20184	27021	25850

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

Products	Sep'09 Price (Avg.)	Oct'09 Price (Avg.)	% change (Oct'09 over Sep'09)	% change (Oct'09 over Oct'08)
Cobble Plate	26953	25247	-5.96	-13.13
Def HR Plate	26662	25571	-4.09	-10.66
Semi Rolled Plate	25135	23764	-5.45	-21.63
SRP Coil Form	25861	24161	-6.57	-13.86
Def HR Sheet	27875	28287	1.48	0.92
HR Sheet Cutting	21353	20479	-4.10	-10.66

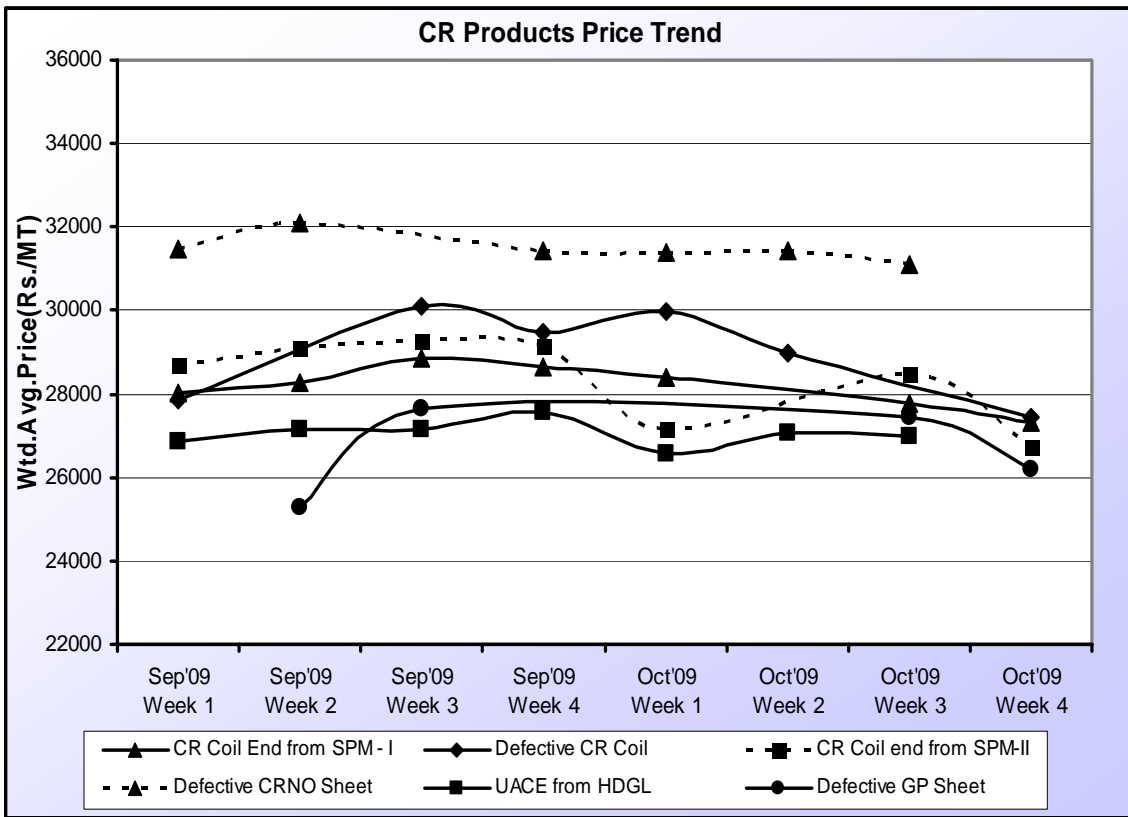
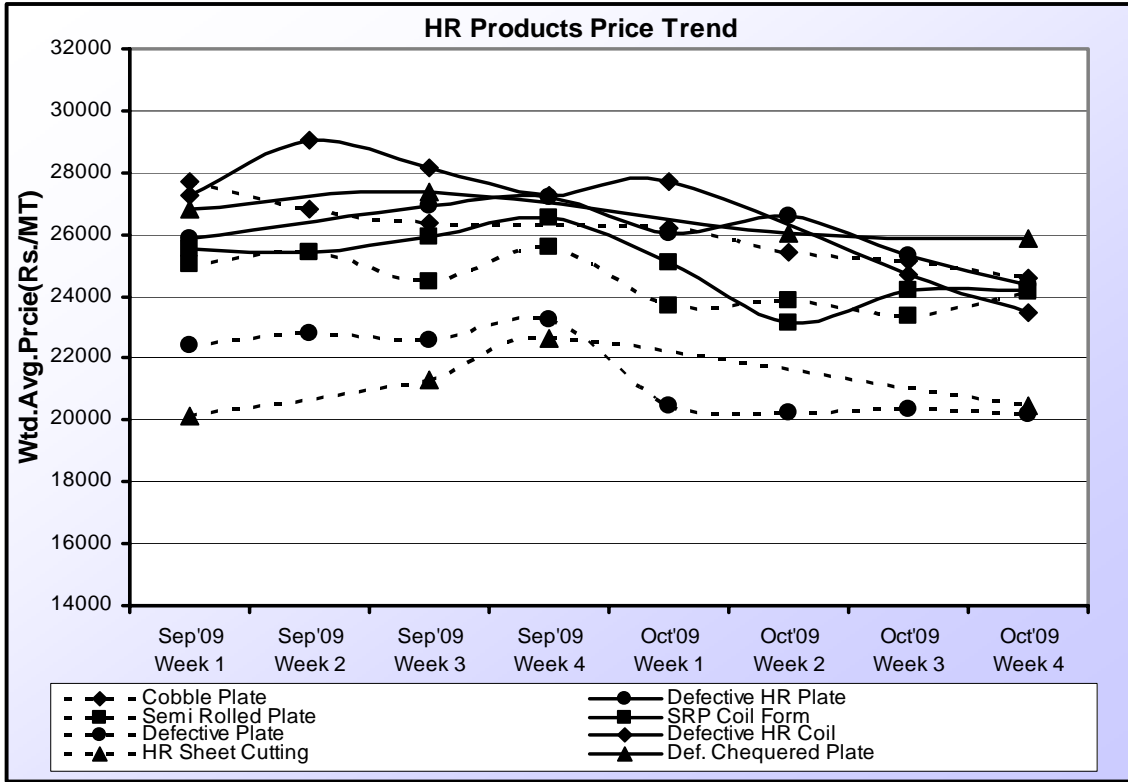
**Attached below is the data table for CR items:**

Week	CR Coil End From SPM-I	CR Coil End From SPM-II	CR Sheet Cutting	Def CR Coil	Def CRNO Sheet	CR Sheet Cutting	UACE from HDGL
Sep'09 Wk 1	28044	28676	--	27850	31477	--	26851
Sep'09 Wk 2	28262	29100	23850	--	32075	23850	27139
Sep'09 Wk 3	28864	29275	22643	30109	--	22643	27151
Sep'09 Wk 4	28647	29163	--	29475	31439	--	27550
Oct'09 Wk 1	28407	27166	22606	29961	31397	22606	26550
Oct'09 Wk 2	--	--	18914	29000	31425	18914	27050
Oct'09 Wk 3	27779	28500	20585	--	31083	20585	27000
Oct'09 Wk 4	27326	26750	20233	27422	34350	20233	--

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

Products	Sep'09 Price(Avg.)	Oct'09 Price(Avg.)	% change(Oct'09 over Sep'09)	% change(Oct'09 over Oct'08)
CR Coil End from SPM-I	28454	27837	-2.17	-5.42
CR Coil End from SPM-II	29053	27472	-5.44	-0.92
Def GP Sheet	26452	26833	1.44	-6.44
Def CRNO Sheet	31664	31302	-1.14	-28.05
CR Sheet Cutting	23247	20584	-11.45	-0.55

Following graphs show the price trend observed in the auction services of www.metaljunction.in for the month of Sep2009 & Oct 2009 for different HR and CR products.



Price in Rs./t is basic

**Outlook:** The flat steel market conditions showed a deteriorating price trend over a month. Due to the festive season, the demand conditions remained latent in the initial weeks of October; however conditions deteriorated further towards the latter half of the month as real demand actually did not exist. The market for steel plate and CR Coil remained inactive due to the consistent fall in demand from the end users. The market sentiment is currently on a lower note as the buyers are not interested to go for fresh purchases at the moment and are more interested to hold a wait-and-see attitude. According to the market sources, the Indian producers are expected to hold their domestic offers stable for the month of November production though many customers have already stopped booking orders almost expecting that the mills will reduce prices for November production. The auction platform too depicted a negative trend over a month both across HR and CR items. A softened market sentiment with prices heading in a Southward direction is expected in the month of November.

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

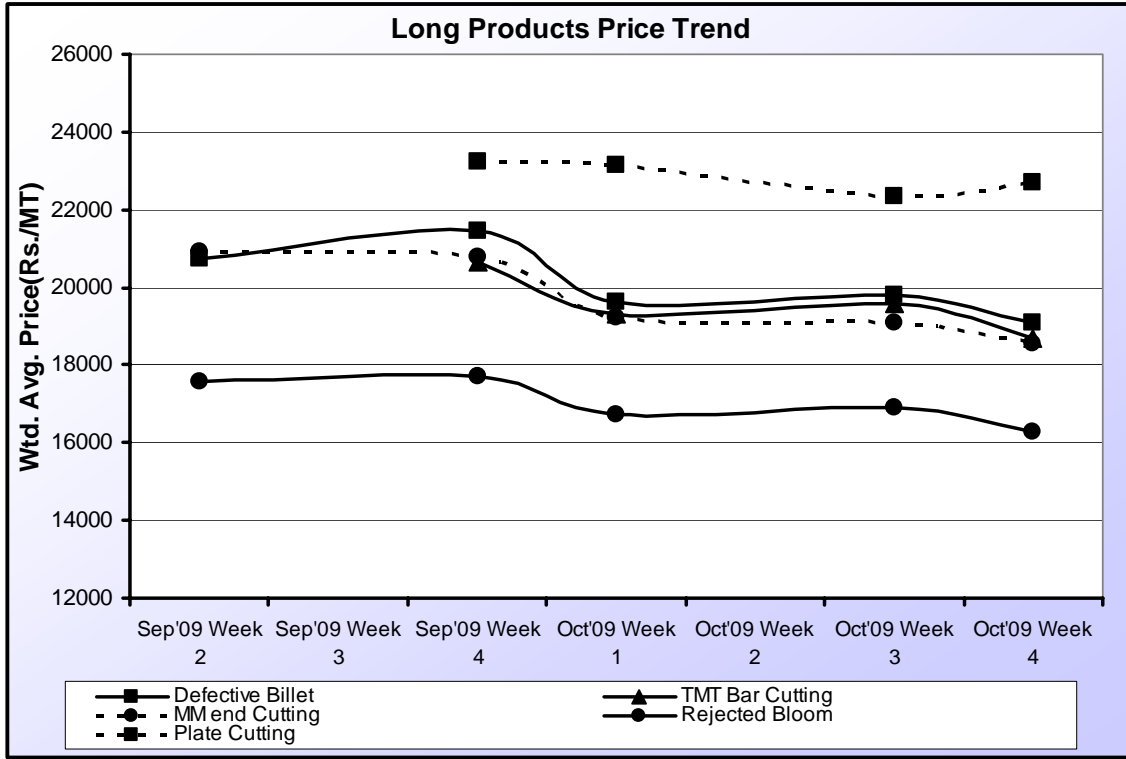
**Attached below is the data table:**

Week	Def Billet	TMT Bar Cutting	MM End Cutting	Rej Bloom	Plate Cutting
Sep'09 Wk 1	--	--	--	--	--
Sep'09 Wk 2	20720	--	20912	17575	--
Sep'09 Wk 3	--	--	--	--	--
Sep'09 Wk 4	21445	20655	20768	17724	23230
Oct'09 Wk 1	19636	19313	19238	16736	23163
Oct'09 Wk 2	--	--	--	--	--
Oct'09 Wk 3	19782	19563	19094	16925	22350
Oct'09 Wk 4	19077	18666	18537	16285	22706

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

Products	Sep'09 Price(Avg.)	Oct'09 Price(Avg.)	% change(Oct'09 over Sep'09)	% change(Oct'09 over Oct'08)
<b>Def Billet</b>	21082	19498	-7.51	-12.00
<b>MM End Cutting</b>	20840	18956	-9.04	-23.00
<b>Rejected Bloom</b>	17649	16649	-5.67	-16.00
<b>TMT Bar Cutting</b>	20655	19181	-7.14	-12.00
<b>Plate Cutting</b>	23230	22740	-2.11	-16.00

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



Price in Rs./t is basic

**Outlook:** The long product market witnessed a downward trend in the opening week due to the festive season, low demand from construction sector and also ongoing sluggish international market. Prices witnessed a further drop in the latter half with various items showing a price fall of 2 to 3 percent in a week. The auction platform too made a falling price trend with prices dropping by as much as 9 percent over a month. The market sentiment in the domestic market has remained depressed with the market participants remaining still on the back foot with respect to their purchasing decisions and are keener to hold a wait and watch attitude at the moment. With the weak global trend followed by poor Chinese sentiment and cheaper inflow of scrap into the country, the long steel items are expected to remain on a downward note in the month of November.

### International Scenario

**Asia:** SE Asian Billet import market remained in a lull; waiting for the recovery of Chinese market. Offer prices for billet prevailed at around \$495-505/tonne cfr for CIS and Turkish billet in the beginning of the month with buying interest remaining thin. Offer went down further on bearish sentiment with imports taking place at around \$470-480/tonne, cfr SE Asia in the middle of the month and at around \$450-460/tonne cfr SE Asia in the end of the month. The fall in Chinese steel prices is the main reason for billet prices coming down," said a trader. Lower scrap prices and the continued decline in Chinese hot rolled coil export prices are contributing factors.

Sluggish demand caused Rebar prices to fall in SE Asia. Offers from Turkey were at around \$510/tonne cfr Singapore in the latter half of the month, down from the \$520/t cfr levels in late-September. Prices went down further to \$500/tonne cfr in the fourth week.

The Flats segment also remained down. Chinese-origin CRC offer prices were down to \$560-570/t cfr Vietnam in the third week while 2mm HRC offers from Russia took place at around \$490-495/t

cfr Vietnam. Market conditions are expected to remain down in the coming month as demand is slow everywhere.

**China:** The market remained down after the National holidays with Chinese producers expected to cut output in the next two months as prices continue to decline because of oversupply. Billet prices went down by around \$9/t over a week to prevail at around \$4546/tonne in the second week. The Wire Rod export market also went down as compared to the month of September, with offers taking place at around \$480/tonne, fob in the third week. The rebar market also remained weak with exports taking place at around \$500-510/tonne, fob down from September levels of \$520-530/tonne, fob.

The fag end of third week saw some improvement in prices with domestic plate prices recovering slightly due to strengthening hot rolled coil price improvement. In the third week in Shanghai, Q235 14-20mm plate from Maanshan Iron & Steel was being offered at RMB 3,400-3,420/tonne (\$500-503/t) with 17% VAT, a slight RMB 50/t rise from late last week. Fueled by the rising hot rolled coil prices, Chinese domestic annealed cold rolled coil prices have been on an upward track. In Shanghai, 1.0mm thick CRC from Maanshan Iron & Steel was offered at RMB 4,650/tonne (\$684/t) with 17% VAT, up by RMB 100/t from last week. Traders are however not sure about the market trend and they remain quite cautious on both selling and purchasing of CRC in the market. The domestic hot rolled coil prices have quickly increased by almost RMB 200-250/t (\$29-37/t) from mid-October, while rebar prices have also risen by RMB 150/t since 15 October. As a result, Q235 5.5mm HRC prices in Shanghai have reached RMB 3,500/t (\$515/t) with VAT, while HRB335 rebar prices have climbed to around RMB 3,400/t with VAT.

Although the rapid rise in prices was partly triggered by market speculation, some traders say that end user demand has also improved lately. Some fabricators tell that they believe the spot market prices are quite low currently and their purchases have improved slightly compared with a few months ago. They believe that as end users are coming back, the market inventories will stop rising. However, they also say that the prices can not increase too much either as China still has the problem of overcapacity.

**CIS:** The CIS market too remained depressed as falling Chinese market spoilt the market worldwide. Slab export prices from Russia and Ukraine have weakened somewhat, and by general admission the market is "in a mess". Offers prevailed at around \$400/tonne; fob Black Sea in the beginning of the month. CIS Billet export market also went down as demand is not picking up for finished long products. Offers prevailed at around \$390-400/tonne fob Black/Baltic Sea in the second week of the month. Offers further went down in the latter half of the month to \$380/tonne, fob Black sea. As the market is going down, buyers continue to stay away in expectation of further price decreases, the Ukrainian source says. "Winter is almost upon us, so Russia's domestic market is also bound to shrink," one source notes. Unless demand in Asia and the Middle East finally picks up, there will be no point in producing at current levels. The CIS long products export market remained uneven, with rebar exports being practically non-existent while some amount of Wire Rod got sold. Wire Rod offers took place at around \$450-460/tonne, fob Black Sea in the third week of the month.

With demand for longs still close to zero and no expectations of improvement as the seasonal lull comes into play, many expect producers to cut output.

**Europe:** The entire month of October remained quiet and almost dead in the European market both for flat and long products and a similar grim situation is expected in the short-term. Sentiment on N-European Coil market weakened further caused by low buying levels. End-user demand remains low – with the yellow goods sector worst affected – and although very few buyers have taken up

Chinese import offers so far, domestic prices could be forced downwards if buyers were to pluck up the courage to order from China. It is a wait and watch mode at the moment as prices are further expected to fall. Merchant Bar prices slipped on falling scrap prices and continuing weak demand and prices have seen a drop of around \$29-39/tonne over a month. There is no real demand at the moment and conditions are expected to worsen further in the coming month. The long import offers also remained unattractive.

Prices of plate slid further with grade S235 moving down to around €420/t (\$630/t). Customers are reluctant to buy despite gaps in inventories that could need filling, because of insecurity that prices could fall further.

The strip market also saw bad market conditions as most end-use sectors such as heavy industries and construction are in bad shape, with the automotive sector holding most of the market consumption in both Italy and Spain. Prices for hot rolled coil have dipped by around €20/tonne to an average of €380-400/t, with cold rolled coil falling by the same amount to €450-480/t. Meanwhile HDG remains more or less unchanged at €470-500/t.

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

	<b>Billet 100 mm</b>	<b>Bloom 150x 150 mm</b>	<b>Wire Rod 6 mm</b>	<b>TMT Bar 10 mm</b>	<b>Angle 50X50X 6 mm</b>	<b>Joist 125X 70 mm</b>	<b>Channel 75X40 mm</b>	<b>HR Coil 2.00 mm</b>	<b>CR Coil 0.63 mm</b>	<b>GP Sheet 0.63 mm</b>
<b>Kolkata</b>										
Oct'08	40060	40238	41736	41135	40738	43076	43447	45375	49411	52072
Jan'09	30664	30838	37078	35549	34911	36274	39164	34795	38867	39952
Apr'09	28136	28016	32702	33398	33910	36120	36239	34319	35424	39720
July'09	27302	26970	33801	33400	33948	35932	34583	33999	36098	40919
Oct'09	25662	25425	32437	32359	33774	36114	34858	34726	38131	42572
<b>Delhi</b>										
Oct'08	38686	36976	42989	41304	39234	42082	42199	45111	47992	51231
Jan'09	NA	NA	38172	36553	35272	37385	40448	34825	38103	38972
Apr'09	NA	NA	33704	34122	34190.5	36063	36472	34491	35828	38878
July'09	NA	NA	33734	33642	33526	35468	34464	34454	36768	40588
Oct'09	NA	NA	32569	32573	33893	36028	34861	35533	39614	41888
<b>Mumbai</b>										
Oct'08	38743	37364	43820	42756	41703	44744	44029	44966	48606	52883
Jan'09	30462	28901	38091	36515	35982	37594	40820	34982	39389	40870
Apr'09	28410	26689	33828	33860	34686.5	36157	36507.5	34403	35588	40782
July'09	27554	25748	35573	34979	34775	36533	35529	33905	36044	42226
Oct'09	25364	23758	33734	33306	34617	36235	34902	34534	37724	44243
<b>Chennai</b>										
Oct'08	38096	35238	45629	40359	39475	43173	41787	44971	50900	55610
Jan'09	29979	27623	38256	35734	35195	37106	39557	34294	39204	40813
Apr'09	28482	26504	33157	34216	34327	36426	35848	33755	36564	40280
July'09	26996	25733	34307	33326	33326	35607	33972	33283	36124	44378
Oct'09	25208	24078	32981	31798	33599	35607	33943	34062	39492	42936

All prices quoted above are in Rs./t, all inclusive.

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

**FLAT**

	<b>Aug-09</b>	<b>Sep-09</b>	<b>Oct-09</b>	<b>Nov-09</b>
<b>N. Europe domestic</b>				
HRC - Ex-Works €/t	408-471	421-460	399-440	390-450
CRC - Ex-Works €/t	470-519	452-510	440-498	460-485
HDG - Ex-Works €/t	510-590	565-620	575-620	NA
Plate - Ex-Works €/t	410-520	440-530	420-520	420-520
<b>S. Europe domestic</b>				
HRC - Ex-Works €/t	380-400	400-430	380-400	370-390
CRC - Ex-Works €/t	440-460	450-490	450-480	450-480
HDG - Ex-Works €/t	430-460	450-500	470-500	470-500
Plate - Ex-Works €/t	400-450	450-500	450-470	440-470
<b>N. America domestic</b>				
HRC - FOB US Midwest mill \$/s.ton	508-540	578-595	558-572	530-540
CRC - FOB US Midwest mill \$/s.ton	520-560	600-640	680-700	650-670
HDG - FOB US Midwest mill \$/s.ton	540-580	620-660	700-720	680-700
<b>China domestic</b>				
HRC - Shanghai (incl. 17% vat) RMB/t	3786-3830	3435-3470	3372-3398	3500-3550
CRC - Shanghai (incl. 17% vat) RMB/t	5080-5160	4680-4768	4550-4638	4550-4650
HDG - Shanghai (incl. 17% vat) RMB/t	5100-5150	4530-4600	4530-4600	4650-4750
<b>China export</b>				
HRC - FOB Shanghai \$/t	530-550	490-500	470-480	490-500
CRC - FOB Shanghai \$/t	600-610	600-610	590-600	590-600
HDG - FOB Shanghai \$/t	670-680	620-630	620-630	620-630
<b>East Asia Import</b>				
HRC - CFR \$/t	570-590	525-550	482-518	480-507
CRC - CFR \$/t	700-730	640-700	560-630	560-600
HDG - CFR \$/t	750-770	660-720	650-700	630-650

**LONG**

	<b>Aug-09</b>	<b>Sep-09</b>	<b>Oct-09</b>	<b>Nov-09</b>
<b>Europe domestic</b>				
Medium sections - delivered €/t	420-480	425-470	400-490	400-490
Rebar - delivered €/t	330-390	350-410	320-360	320-350
Wire Rod (mesh quality) - delivered €/t	330-370	360-390	325-360	325-350
<b>N. America domestic</b>				
Rebar - FOB US Midwest mill \$/s.ton	520-540	520-540	520-540	520-540

Wire Rod (mesh quality) - FOB US Midwest mill \$/s.ton	528-558	550-590	550-590	555-595
<b>China domestic</b>				
Rebar - Shanghai (incl. 17% vat) RMB/t	3952-3980	3430-3458	3345-3368	3480-3490
Wire Rod (mesh quality)- Shanghai (incl. 17% vat) RMB/t	4470-4500	3440-3470	3300-3330	3400-3430
<b>China export</b>				
Wire Rod (drawing quality) - FOB Shanghai \$/t	630-655	515-520	480-485	480-485
<b>East Asia Import</b>				
Rebar CFR \$/t	522-532	520-530	496-509	480-490
Wire Rod(mesh quality)-CFR \$/t	550-570	540-560	500-540	500-530
<b>Black Sea Export</b>				
Rebar FOB \$/t	430-460	440-460	440-460	430-450
Wire Rod(mesh quality)-CFR \$/t	440-470	450-470	450-470	440-470

Note: 1 RMB=0.15US\$

## Outlook

**Further weakness likely as recovery falters:** With the recovery in demand now faltering, and with supply pressures building up, it seems likely that most markets will see a fall in finished steel prices in the near-term. Global market to remain depressed on account of weakness in the construction market and falling scrap prices that may continue till the end of the year. Given that the demand recovery is currently faltering and that production pressures remain, spot sheet prices are expected to decline in most markets in the near-term.

**Service centers forecast gloomy outlook for European market:** Excess supply of steel in the European market could endanger the recovery of prices, as mills expand production capacities and demand in the Far East remains unchanged in the fourth quarter.

Almost half of the respondents expect stock levels to remain unchanged this quarter from the third quarter. The majority of survey respondents do not see their customers' business activity increasing significantly in the next six months, and the general consensus is that third country imports will have a rather low influence on the European market in the fourth quarter.

**Downtrend seen continuing till February in Europe:** The European steel market is expected to continue its downward trend until February 2010, experts say.

From February there should be more activity due to the usual business cycle of the various industry sectors in Europe. In Italy and Spain the larger distributors – who are closer to the downstream part of the chain – are experiencing the problems of liquidity of their customers and see their payments delayed.

**Indian Steel prices unlikely to go up in November:** Speaking on the sidelines of a FICCI conference on Diversifying and Enhancing India's Steel Consumption, Mr. S.K. Roongta, Chairman, SAIL, said, "Let's wait and see what happens in November, but it is unlikely that steel prices would

go up.” Mr. Roongta, while delivering his address at the conference, said that the domestic steel consumption in 2009 is likely to grow by 9 per cent.

**Data Sources:**

- 1) NCDEX
- 2) Steel Business Briefing
- 3) Metal Bulletin
- 4) JPC
- 5) Reuters



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## STEEL INDUSTRY MARKET SCENARIO

### SCRAP

#### Domestic Scenario

**Indian domestic scrap market exhibited a depressed trend throughout the month of October** amidst the festive season and with limited material stocking taking place. Lowering demand of finished long steel items further reduced the purchasing activity of scrap materials and with cheaper imports flooding the market, the domestic prices further went down. Melting scrap at Mandi Govindgarh witnessed a price fall of around 4 per cent since the end of September till the second week while sponge iron witnessed a w-o-w fall of over 3.5 per cent in the second week of the month. The month ended on a sluggish note with a month on month fall of around 5 percent thus indicating a poor market sentiment with low demand and purchasing activity.

**Indian buyers booked more scrap on lower international prices:** Indian buyers have bought more ferrous scrap from overseas to take advantage of sliding international prices, market participants said. Shredded material in containers sold for \$295-300 per tonne cfr Nhava Sheva in the second week, down from \$310-315 the earlier week. But some were concerned that poor demand for finished products and availability of cheaper HBI would have a negative impact on scrap prices.

**However, buyers postponed restocking, hoping for further lowering of prices.** According to the market sources, the cargoes of shredded material sold for USD 290-295/MT cfr Nhava Sheva in the third week, down from USD 295-305/MT last week. Shredded material further traded at USD 275-280/MT cfr Indian ports in the fourth week. Prices are further expected to fall in November and buyers continue to wait and watch for lower prices.

**Iron Ore: Indian Export market revived to some extent:** The end of Chinese National holidays signaled a quiet market with offers for 63.5% Fe content material remaining steady at \$90-93 per tonne cfr main Chinese port in the second week. Prices however improved to some extent in the third and fourth week of the month as demand gradually improved with Chinese steelmakers returning to work and restocking the raw materials. 63.5% Fe content prevailed at around \$93-95 per tonne cfr in the third week of the month. Also, the weakening US dollar, the tight supply and low stock at the ports further kept the Indian export prices firm. The month ended on an active note with export business seeing a good turnaround. The price of iron ore fines 63.5% was USD76-77/t FOB Indian east coast in the fifth week, an increase of USD3-4/t since the earlier week.

**Indian domestic iron ore prices holding:** Indian domestic iron ore prices and demand remain subdued on decreased pig iron and DRI sales. In Karnataka state, 60% Fe iron ore lumps are selling at Rs 2,200-2,500/t (\$47-54/t) ex-mine. The same grade and size of ore in Orissa is currently selling at September levels of Rs 2,800/t ex-mine without taxes. Larger-sized lump ore (62% Fe) is selling at around Rs 2,350/t ex-mine, slightly down from Rs 2,400-2,600/t ex-mine in September.

Chinese buyers predict that the price may move up again in following days considering that the increase rate of the capacity of crude steel is higher than that of iron ore output and that the demand of iron ore will turn stronger. At present, the Indian steel market runs better than that in the middle of this year and the steel mills expand the purchase volume of iron mines. Therefore, the supply to exporters becomes tighter. Considering the current situation, experts predict that the export price may move up in the coming days.

**India's coke import prices rise to \$350 cfr in the beginning of the month:** India's low-ash metallurgical coke import prices have shot up to \$350 per tonne cfr amid short supply, from around \$300 in early September. "Coke is difficult to obtain. China has stopped exporting and supplies from other sources like Russia, Poland and Columbia are also becoming difficult," a coke importer said. Domestic low-ash coke prices have risen to Rs 16,500-17,000 (\$358-369) per tonne, more than Rs 1,000 per tonne higher due to demand from the Ferro-alloys sector, said market participants. However, Ferro-alloy prices are falling back on weak domestic and export demand, and coke prices could fall in the next few weeks, according to experts.

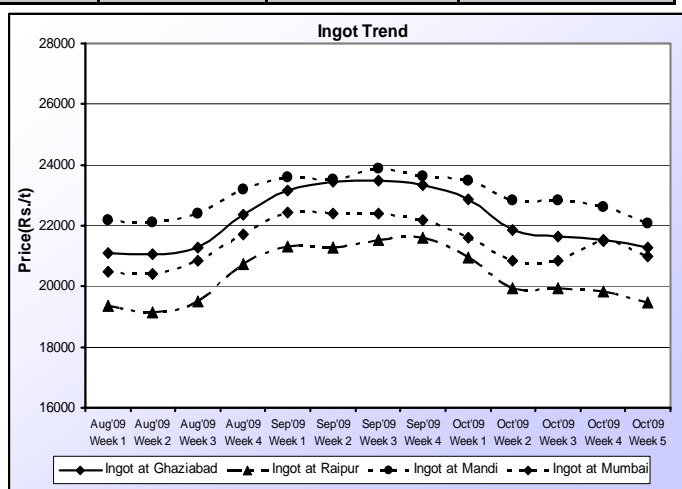
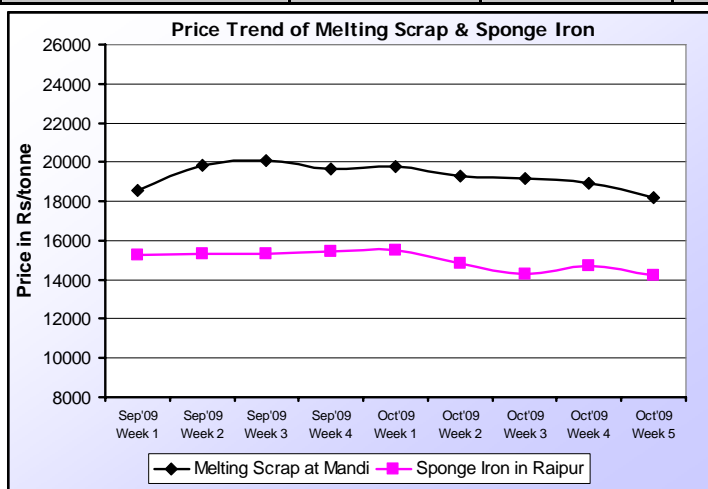
**Indian metallic demand flat, prices stable:** Indian pig iron and sponge iron prices have remained stable since the month of September with demand remaining persistently low. The subdued domestic construction market is given as the major reason since DRI and pig iron – blended with scrap – are key feeds for the country's long product mills.

Coal-based DRI with an Fe content of 83-85% from raw materials-rich states such as Chhattisgarh, Orissa and West Bengal is currently priced at Rs 13,600/t ex-mill, up from around Rs 12,750/t early last month. In south India, 75% Fe DRI is being offered at Rs 11,500/t ex-mill, with a few transactions only taking place.

Steelmaking grade pig iron in mid- and east-India is currently priced at Rs 18,200/t ex-mill without taxes, while foundry iron is around Rs1,000-1,500/t higher.

### 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>Sep'09 Week 1</b>	<b>23586</b>	<b>23144</b>	<b>21301</b>	<b>22421</b>	<b>15283</b>	<b>18540</b>
Sep'09 Week 2	23528	23428	21262	22400	15323	19833
<b>Sep'09 Week 3</b>	<b>23893</b>	<b>23496</b>	<b>21543</b>	<b>22409</b>	<b>15342</b>	<b>20086</b>
Sep'09 Week 4	23642	23322	21595	22181	15461	19638
<b>Oct'09 Week 1</b>	<b>23467</b>	<b>22877</b>	<b>20962</b>	<b>21600</b>	<b>15525</b>	<b>19750</b>
Oct'09 Week 2	22835	21873	19950	20855	14810	19270
<b>Oct'09 Week 3</b>	<b>22844</b>	<b>21628</b>	<b>19948</b>	<b>20838</b>	<b>14265</b>	<b>19150</b>
Oct'09 Week 4	22602	21522	19830	21477	14698	18910
<b>Oct'09 Week 5</b>	<b>22056</b>	<b>21265</b>	<b>19484</b>	<b>20973</b>	<b>14228</b>	<b>18200</b>



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

**Price Trend as observed in the auction held at Metal Junction for Scrap Products:**

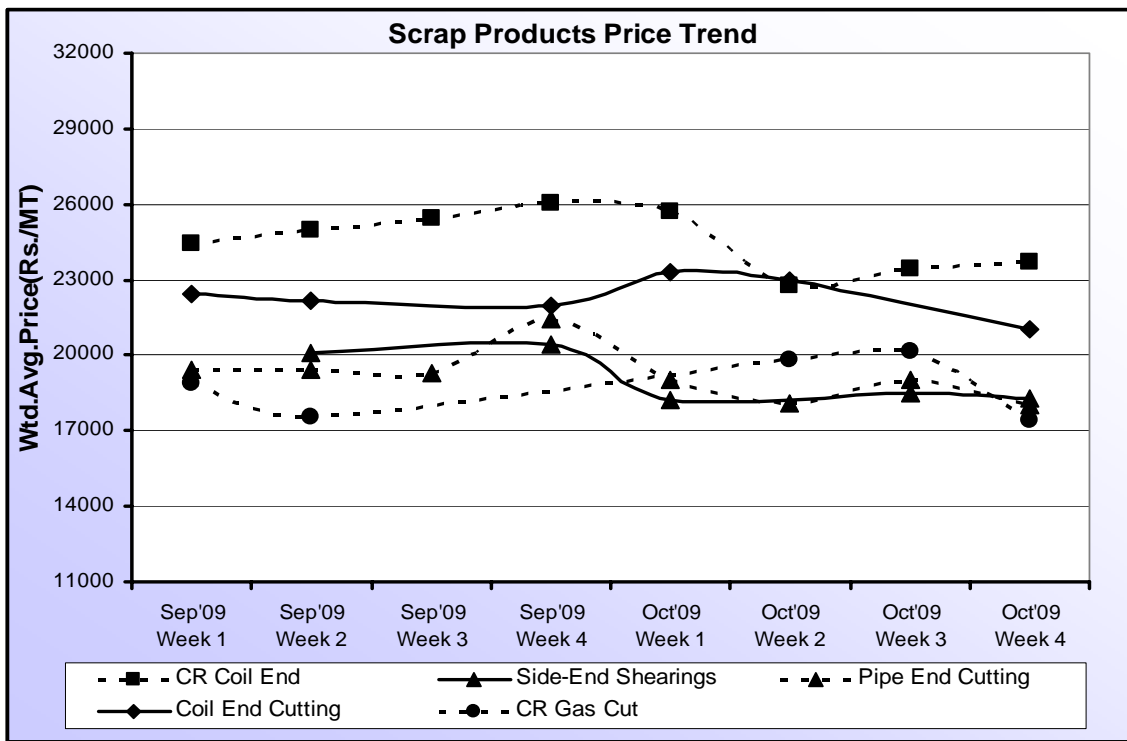
Attached below is the data table:

Week	CR Coil End	WRM Material	Side-End Shearings	Pipe End Cutting	Coil End Cutting	CR Gas Cut
Sep'09 Wk 1	24466	--	--	19449	22439	18897
Sep'09 Wk 2	24990	17000	20106	19442	22200	17553
Sep'09 Wk 3	25419	--	--	19302	--	--
Sep'09 Wk 4	26070	19000	20452	21457	22000	--
Oct'09 Wk 1	25716	18713	18191	19050	23300	--
Oct'09 Wk 2	22789	--	--	18094	23000	19798
Oct'09 Wk 3	23468	18138	18483	19032	--	20172
Oct'09 Wk 4	23711	18433	18303	18000	21000	17406

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

Products	Sep'09 Price(Avg.)	Oct'09 Price(Avg.)	% change(Oct'09 over Sep'09)	% change(Oct'09 over Oct'08)
CR Coil End	25236	23921	-5.21	9.00
WRM Material	18000	18428	2.38	-15.00
Side-End Shearing	20279	18322	-9.65	-15.00
Pipe End Cutting	19913	18544	-6.87	17.00
Coil End Cutting	22213	22433	0.99	-14.00

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



Price in Rs./t is basic

**Outlook:** Scrap market conditions did not show any improvement in the month of October as demand remained subdued. Miting Scrap price at Mandi Govindgarh market witnessed a month on month drop of around 7 percent while Sponge Iron at Raipur market witnessed a drop of around 8

percent over a month. As no demand was seen from the construction segment, so buying activity for finished steel items was also reduced considerably and thus the impact was felt in the raw materials segment as well. The auction platform too depicted a sluggish trend over a month and prices fell in the range of Rs.1000 to Rs.2000/tonne across various items. Poor demand, low market sentiment, cheaper imports and falling international prices were the major reasons behind the southwardly movement of prices. With market conditions not expected to improve in the month of November and negative pressure to build up on finished steel prices, the metallic prices are anticipated to remain down.

## International Scenario

**Lower demand and falling scrap prices push down CIS pig iron export prices:** A lack of demand and falling scrap prices have brought down transacted levels for CIS pig iron exports by up to \$45 per tonne. Previous sales by CIS producers in mid-September were at \$305-340 per tonne fob while offers in the first week of October were at \$300-310 per tonne fob. The month ended on a lower note with prices going down below \$300 per tonne fob Black Sea.

**The US Scrap market remained weak with prices heading downward:** Shredded scrap prices prevailed at around \$275-285/ long tonne while No 1 Busheling scrap prevailed at around \$330-335/long tonne in the first week of the month.

**European Scrap market remained quiet:** There is no real demand from domestic producers and surplus scrap is also suppressing the market. In the first week, HMS 1&2 (80:20 mix) sold for \$258-263 per tonne fob Rotterdam, down from \$265-270 in the earlier week, while cargoes of shredded material traded at \$262-267 per tonne fob Rotterdam, down from \$270-275.

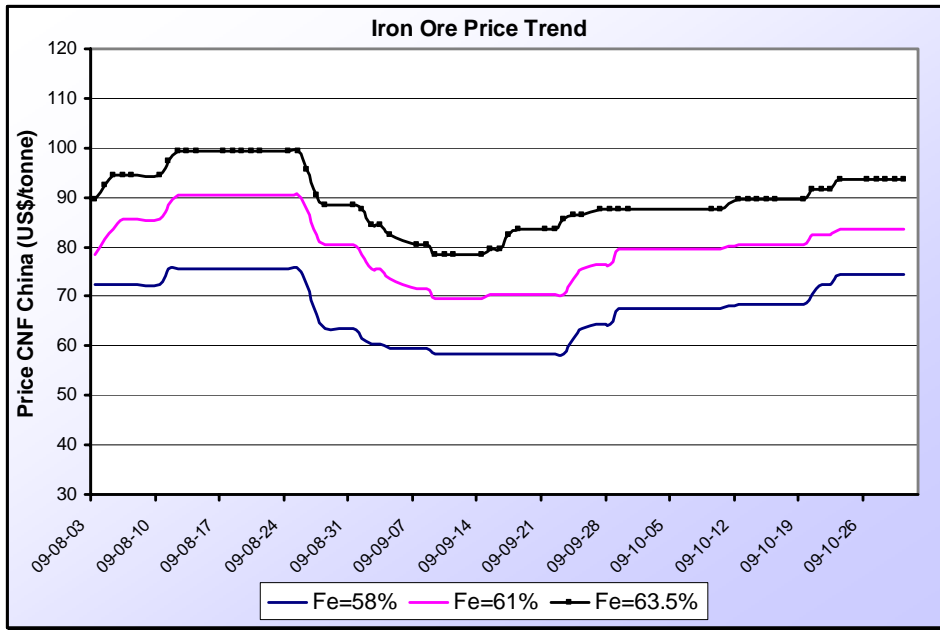
Cargoes of HMS 1&2 (70:30 mix) were booked at \$252-257 fob Rotterdam. Few transactions were only made as demand for finished steel products is thin, and has discouraged mills from booking more raw materials. The Southern European scrap market also remained quiet with prices losing by around €10-20/tonne from the levels of the second half of September. Prices of long steel products are decreasing in Southern Europe due to the low level of domestic and export orders, and both in Italy and Spain the construction sector is not giving any signal of recovery.

**Scrap offer prices fell in SE Asia:** Weak sentiment and sluggish demand for finished steel products depressed the scrap import market in Southeast Asia. Offers of containerized scrap from West Africa and the Middle East prevailed at around \$300-310/t cfr in the second week, compared with transactions at \$315-320/t in late-September. Offers of containerized HMS 80:20 from USA hovered at around \$315/t cfr and for shredded at \$325/t cfr.

Offers of bulk 80:20 HMS 1&2 scrap have dipped to around \$300/t cfr Northeast Asia and \$310/t cfr Southeast Asia in the end of the month.

**Asian pig iron market depressed by falling scrap prices:** Sentiment for pig iron remained weak in East Asia because scrap import prices softened in the region. Uncertainties in the Chinese steel market also caused many buyers to adopt a wait-and-see attitude.

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



Price is CNF China in US\$/t

**The table gives the Domestic Scrap, Sponge Iron & Pig Iron price trend at various places:**

	<b>Pig Iron</b>	<b>Melting Scrap H M S-I</b>	<b>Melting Scrap H M S-II</b>	<b>Sponge Iron (Coal Based)</b>
<b>Kolkata</b>				
Oct'08	32732	28080	27040	24870
Jan'09	23404	18716	17676	17201
Apr'09	21852	17940	16900	16217
July'09	22228	17108	16406	15125
Oct'09	22586	17200	16918	16220
<b>Delhi</b>				
Oct'08	35826	26100	25900	21100
Jan'09	23461	16947	16747	15177
Apr'09	22650	17000	16900	14650
July'09	23200	15500	15300	13800
Oct'09	24350	16300	16100	14000
<b>Mumbai</b>				
Oct'08	33758	NA	NA	24950
Jan'09	21105	NA	NA	16804
Apr'09	20600	NA	NA	16350
July'09	20350	NA	NA	15100
Oct'09	21000	NA	NA	15450
<b>Chennai</b>				
Oct'08	22540	20020	20800	17160
Jan'09	18511	16897	15857	14311
Apr'09	18720	22360	17420	13260
July'09	20950	19760	15340	13500
Oct'09	19150	19650	17160	13780

All prices quoted above are in Rs./t, all inclusive.

**The tables below gives the International 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
<b>July-09</b>	<b>214.00</b>	
Aug-09	241.00	↑
<b>Sep-09</b>	<b>255.00</b>	↑
Oct-09	244.00	↓

**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
<b>July-09</b>	<b>242.00</b>	
Aug-09	284.00	↑
<b>Sep-09</b>	<b>285.00</b>	↑
Oct-09	246.00	↓

**Steel Scrap No 2 Bundles United States Iron Age composite - d/d  
Pittsburgh/Philadelphia/Chicago \$ per long ton:**

Month	Average Price(\$ per long ton)	Price movement
<b>July-09</b>	<b>166.00</b>	
Aug-09	193.00	↑
<b>Sep-09</b>	<b>210.00</b>	↑
Oct-09	204.00	↓

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

Month	Average Price(\$ per long ton)	Price movement
<b>July-09</b>	<b>247.00</b>	
Aug-09	289.00	↑
<b>Sep-09</b>	<b>291.00</b>	↑
Oct-09	251.00	↓

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

Month	Average Price(\$ per tonne)	Price movement
<b>July-09</b>	<b>246.00</b>	
Aug-09	275.00	↑
<b>Sep-09</b>	<b>278.00</b>	↑
Oct-09	245.00	↓

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

Month	Average Price(\$ per tonne)	Price movement
<b>July-09</b>	<b>251.00</b>	
Aug-09	280.00	↑
<b>Sep-09</b>	<b>283.00</b>	↑
Oct-09	251.00	↓

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

Month	Average Price(\$ per tonne)	Price movement
<b>July-09</b>	<b>278.00</b>	
Aug-09	290.00	↑
<b>Sep-09</b>	<b>316.00</b>	↑
Oct-09	293.00	↓

**Outlook**

**International scrap prices likely to remain volatile:** Experts comment that scrap prices are likely to remain volatile. Idled excess capacity remains an “overriding issue” in the steel industry and so, despite consolidation, the sector’s product prices “are unlikely to increase to sustainable levels any time soon. Scrap prices are likely to continue easing downwards until demand and supply return to balance - possibly by late December buying, but more likely not until January.

**Italian scrap outlook uncertain for November:** Italian scrap demand for November is very uncertain. The end of the restocking phase, tight credit and “cuts in the [trade credit] insurance policies of steelworks’ customers may force mills to reject potential orders, and this might cause the situation to get worse. September and October were months of strong steel demand for Italy, with good scrap demand and reasonably high prices. Demand for flat products improved, while demand for longs has been weaker.

Scrap collection has also been better than expected due to a slight improvement in manufacturing activities and demolition. However, uncertainty prevails in the coming month.

**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

**Recovery in stainless steel demand bolsters Nickel prices:** On rising demand from stainless steel makers, who used over 67 per cent of global output, nickel prices drifted higher to a maximum high of Rs.910/kg in the month of October in Mumbai market. Industrial demand is especially demand coming from railways sector is estimated to continue to bolster nickel in future as well.

**JSL, India's top stainless steel maker,** sees sales volumes rising 20-30 percent in 2009/10, with domestic demand expanding from new applications such as railway wagons and coaches. Stainless steel demand growth across the world was largely sluggish in 2008 and early 2009, with the global economic slowdown hitting usage of the rustproof steel. In 2009, India's consumption is likely to rise 9-10 percent from the previous year's figure of 1.3 million tonnes, a pace faster than the rest of the world, industry officials have said.

**Raw materials movement depicted an improved trend over a month;** Nickel kicked off on a positive note with the beginning of the month of October with slight improvement in the demand conditions across the globe and was further supported by the weakening dollar value. The rally in the nickel prices in the first week was evident from its more than 6 per cent rise at LME as compared to the week before while nickel at Mumbai witnessed an increase of nearly 4 per cent over same time span. The subsequent weeks too exhibited a healthy trend and the month ended on a positive note both at home and abroad. The other input materials including Ferro-manganese and Ferro chrome also showed a slow but steady recovery as compared to the earlier month.

**Outlook:** Stainless Steel market is expected to see recovery in the short term and with demand reviving at various places, prices are expected to stabilize that will be further boosted by the raw material prices.

#### International Scenario

**Chinese stainless price rebound heartens market:** Prices of Grade 304 stainless steel in China have rebounded by RMB 100-400/tonne (\$15-59/t) since the Chinese National holidays earlier this month following the rise in nickel prices. Prices for Grade 201 and 430 held steady during the period. Some positive sentiments have returned to China's stainless steel market after stainless 304 prices rebounded. According to traders, stainless prices will still be subject to nickel price fluctuations but any downside to stainless is likely to be limited.

**China's stainless scrap imports down on inventory draw-downs:** China's imports of stainless steel scrap have declined as consumers run down inventory built up earlier this year. Stainless scrap supply in Asia is still scarce and prices are high. Volumes are down by 50% compared with the peaks reached last year and the scarcity of supply is mainly due to manufacturing and demolition showing only small signs of recovery.

**Asian CR stainless prices firm despite high stocks:** Prices of East Asian-origin 304 stainless cold rolled sheets for delivery in one-to-two months held steady at \$2,650-2,800/tonne cfr China in the second and the third week of the month as stainless producers – bolstered by nickel price increases – kept offers firm. Since the Chinese holidays, traders have become slightly more positive about the market, following the rebound in both nickel and Chinese domestic stainless prices. Several traders predict that stainless prices have limited downside. But at the same time it will be hard for prices to rise significantly too, given that stocks are huge.

**US stainless coil prices to slump in November:** US stainless coil base prices may take a dip in November according to the market sources. Currently, the benchmark grade austenitic type 304 stainless coils are priced at USD1.49 per pound, which takes into account surcharge and common discounts. “There’s no true demand,” said one bulk purchaser of stainless coil. “It’s mostly replacing inventories that have worked themselves down, and everyday sales.”

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

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

Type	July'09	Aug'09	Sep'09	Oct'09	Nov'09*
HR 304	18600-18900	19900-20200	20900-21200	17800-18000	18100-18400
<b>CR 304 2B</b>	<b>19700-20000</b>	<b>21300-21600</b>	<b>22000-24000</b>	<b>19400-19800</b>	<b>20000-20300</b>
CR 202 2B	16400-16600	18500-18700	18500-18700	17200-17400	17200-17400
<b>CR 430 2B</b>	<b>9400-9600</b>	<b>11300-11500</b>	<b>12100-12300</b>	<b>11700-11900</b>	<b>11700-11900</b>

**Europe**

CR 304 2B 2mm,Euro/t Ex- Works	July'09	Aug'09	Sep'09	Oct'09	Nov'09*
N.Europe	1030-1130	1180-1250	1180- 1260	1180-1350	1180-1350
<b>S.Europe</b>	<b>1030-1130</b>	<b>1180-1250</b>	<b>1150-1220</b>	<b>1050-1210</b>	<b>1050-1210</b>

**Europe**

CR 430 BA 2mm,Euro/t Ex- Works	July'09	Aug'09	Sep'09	Oct'09	Nov'09*
N.Europe	1000-1100	1050-1100	1070-1210	1130-1270	1130-1270
<b>S.Europe</b>	<b>1000-1100</b>	<b>1050-1100</b>	<b>1050-1200</b>	<b>1030-1180</b>	<b>1030-1180</b>

**East Asia import**

Type	July'09	Aug'09	Sep'09	Oct'09	Nov'09*
<b>CR 304 2B 2mm CFR\$/t</b>	<b>2488-2600</b>	<b>2860-3020</b>	<b>2750-2838</b>	<b>2650-2788</b>	<b>2650-2800</b>

(\*): SBB forecast **Note:** 1US\$= Rs.47.12, 1Euro= Rs.69.92, 1 RMB=0.15US\$

**Raw materials scenario:**

**Nickel Trend:** Nickel kicked off on a positive note with the beginning of the month of October with slight improvement in the demand conditions across the globe and was further supported by the weakening dollar value. The rally in the nickel prices in the first week was evident from its more than 6 per cent rise at LME as compared to the week before while nickel at Mumbai witnessed an increase of nearly 4 per cent over same time span. The metal exhibited a steady upward trend even

in the second week of the month both at LME and at home. Nickel sustained its positive momentum even in the third week as prices further shot up by nearly 4 percent over a week all across owing to a weaker dollar. However, after remaining vibrant through out the month of October, Nickel ended the month on a slightly weaker note both at home and at LME witnessing a drop of around 1 per cent.

#### **Nickel price trend at London Metal Exchange:**

Month	Average Price of Nickel	% Change(m-m)	% Change(y-y)
<b>June-09</b>	<b>14,951</b>	<b>18.45</b>	<b>-33.78</b>
July-09	15,965	6.78	-20.78
<b>Aug-09</b>	<b>19,628</b>	<b>22.95</b>	<b>3.82</b>
Sep-09	17,462	-11.03	-2.33
<b>Oct-09</b>	<b>18,514</b>	<b>6.02</b>	<b>52.10</b>

**Ferro-alloys** market exhibited a stable trend for most of the products.

The **Ferro-chrome market** across the country remained by and large steady throughout the month of October with the demand remaining more or less stable. The high carbon Ferro Chrome (60% min) is currently prevailing at around Rs. 56,500/MT ex-works in the domestic market. The domestic market for **Ferro-molybdenum** started off on a steady note since the beginning of the month of October with the end-users' demand remaining sluggish and the dealers were cautious to take positions. However, around mid of this month on account of strong Rupee against the US dollar the Ferro moly (60% min) prices witnessed a price drop of around Rs. 30/Kg and prevailed at around Rs. 895/Kg. The Ferro-moly prices declined further on October week 04 by Rs. 40/kg and is currently prevailing at around Rs. 855/Kg. On the other hand in China, the ferromolybdenum market remained more or less steady in the final week, with no sharp declines and the mainstream prices prevailed in the range USD 31.72-32.94/kg Mo for ferromolybdenum 60% in spot market.

**Ferro-manganese** kicked off a stable note with the commencement of the month of October but in mid-October it was found to loose its momentum and the prices slipped by Rs. 4,000/MT ; HC Ferro-manganese (HC 65-70%) prevailed at Rs. 49,000/MT ex-works. The Ferro-manganese market remained mostly stable since then. With the demand conditions remaining utterly miserable, the domestic **Ferro-vanadium** market remained extremely depressed throughout the month of October. Prices kept on falling at regular intervals since the mid of this month and over a fortnight the Ferro-vanadium (50% min) witnessed a drop of around Rs. 200/Kg and is currently prevailing at around Rs. 655/Kg. Suffering from the slow demand from steel mills, the Chinese ferrovanadium 50% prices have decreased further, with the mainstream prices moving down from USD28.40-28.70/kg to USD27.53-27.82/kg.

#### **Outlook**

**EU stainless market outlook unclear:** European stainless steel mills and distributors have got used to the fact that it is going to be a long haul back to anything like previous market conditions. But although traded volumes are relatively subdued, they are reasonably steady, and some end-use sectors seem to be improving.

Although most say the market outlook is far from clear, as far as applications go automotive is now cited by several sources as showing more strength – although there remain questions about durability. Consumer goods have improved slightly, but capital goods remain a weak area, as does building/construction. There are signs that special finishes such as bright annealed sheet are enjoying something of an upturn, which some put down to the end of destocking by the white goods

industry.

**Asian stainless market outlook remains unclear:** Market participants are predicting that prices could remain unchanged in the near-term as producers are unwilling to cut prices as their production costs remain high while at the same time, buyers are in no hurry to buy. The stainless market is likely to remain slow and unmoving for a month at least, says a trader.

**Data Sources:**

- 1) [www.lme.co.uk](http://www.lme.co.uk)
- 2) Steel Business Briefing
- 3) Metal Bulletin
- 4) NCDEX



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