Date of Report: Oct 01, 2008

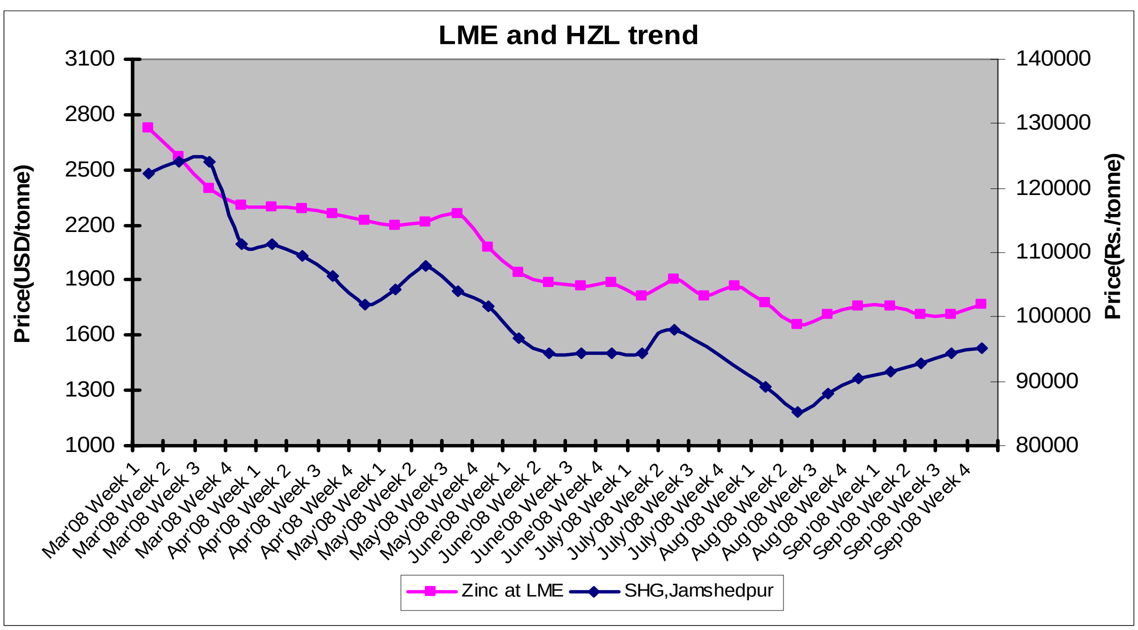
News at a glance

Steelmakers slash prices by up to Rs 2,000/t in spot market: In the wake of slump in steel prices globally, primary and secondary steelmakers, including Ispat, Essar, JSW and Uttam Galva, are learnt to have slashed metal prices by up to Rs 2,000/tonne in the spot market with effect from September 1. This works out to a 4-4.5% cut in prices across different grades of steel, taking prices to the lowest level since March this year.

Ispat Industries, Essar Steel and several other large privately-owned Indian steelmakers have **cut their domestic spot HR coil prices by as much as Rs 3,000/tonne** ($67/t), with effect from 1 September. The cuts chiefly reflect softening international market prices. **JSW Steel cuts prices by up to Rs 2,000/tonne.**

India's SESA GOA plans pig iron expansion: Sesa Goa, India's largest privately-held iron ore producer, now owned by Vedanta Resources, is planning to lift pig iron production to 1m tonnes/year.

Hindustan Zinc Limited has increased the zinc prices by Rs. 1,400/tonne on Sep 22, 2008. Prices were further increased by Rs.900/tonne on Sep27,2008. Impacted by the America's financial crisis, the international commodity market still kept soft in the last week. Few deals were concluded in Chinese zinc market, as the demand from buyers remained weak.



Base metals traded lower on London Metal Exchange and remained down. The metals are expected to trend lower during the week, as focus is on weakening demand amid deteriorating global growth prospects.

Date of Report: Oct 01, 2008

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

Index	July'08	% Change (M-M)	Aug'08	% Change (M-M)	Sep'08	% Change (M-M)	% Change (Y-Y)
Global	293.44	4.10	284.79	-2.90	269.55	-5.40	58.20
North America	262.81	0.30	269.14	2.40	258.68	-3.90	75.20
Europe	267.19	7.50	264.14	-1.10	263.81	-0.10	55.00
Asia Steel	325.97	4.40	305.42	-6.30	279.11	-8.60	51.80
Longs	331.58	5.70	327.57	-1.20	309.25	-5.60	58.00
Flats	274.50	3.10	263.55	-4.00	249.83	-5.20	58.40
Metallics	497.76	0.80	425.55	-14.50	322.32	-24.30	34.60
Stainless	193.41	-4.90	186.66	-3.50	186.49	-0.10	-7.10

Asian prices have fallen significantly, while North American prices have also weakened, particularly for sheet products. European prices have remained broadly stable. The CRUspi global index has remained negative.

Continuing weak demand and lower scrap prices have meant that long products prices have fallen further this month, with prices even coming off in the USA. The CRUspi longs index has seen a negative change this month.

The CRUspi for steel sheet fell last month, and has fallen further and faster in September. There have been large price drops in the USA and Asia, though for now, not in Europe.

Sharp drop in scrap prices this month across various regions has seen a sharp fall in CRUspi metallics index.

(UJJAL BHATTACHARYA)
Senior General Manager – Steel Sales

STEEL INDUSTRY MARKET SCENARIO

FLAT & LONG PRODUCT

Domestic Scenario:

After experiencing a fall in prices in the later half of August the **flat steel product prices** recovered to some extent and have been ruling stable since the beginning of September. HR Coil (2mm) and Plate (10 mm) in Mumbai prevailed at Rs. 45,118/tonne and Rs. 45,269/tonne respectively, (all inclusive) since the beginning of September-a stable trend, while in Kolkata HR Coil (2mm) and Plate (10mm) prevailed at Rs. 45,484/tonne and Rs. 42,278/tonne respectively (all inclusive) since 1st September-a stable trend.
The latter half of the month didn't see much buying activity in the market with buyers keeping a wait and watch attitude accompanied with depreciating currency .Weak demand prevailed in the market. Price of HR Coil in Mumbai market continued to prevail at Rs.45,000/tonne towards the end of the month with less purchases taking place as buyers still hoped for lower prices.

After experiencing a consistent softening in the prices, the domestic **long products market** exhibited more or less a stable price trend in the first week of September. Over a week, prices of various finished and semi finished steel items haven't reflected any major change in prices as compared to the previous week. Ingot prices across the country have reflected more or less a stable price trend over a week. However, with steelmakers announcing a cut in both flat and long product items in the beginning of September, the market remained a bit quiet. Stability persisted in the latter half of the month; however demand conditions remained low with less purchase taking place.

Domestic Steel Price Movement over a Year

Items	Sep'07	Sep'08	% Change(Y-Y)
HR Coil	32,850	44,000	33.94
HR Sheet	32,550	43,500	33.64
CR Coil	37,350	48,400	29.58
CR Sheet	37,450	48,500	29.50
GP Coil	39,250	49,000	24.84
MS Billet (100x100 mm)	26,363	42,875	62.63
MS Rounds (22/25 mm)	28,475	39,400	38.36
MS Angles(25*6mm)	28,275	39,000	37.93
MS Channel (75*40mm)	28,450	39,475	38.75
CTD Bars(ISI) 8mm	31,950	43,825	37.16

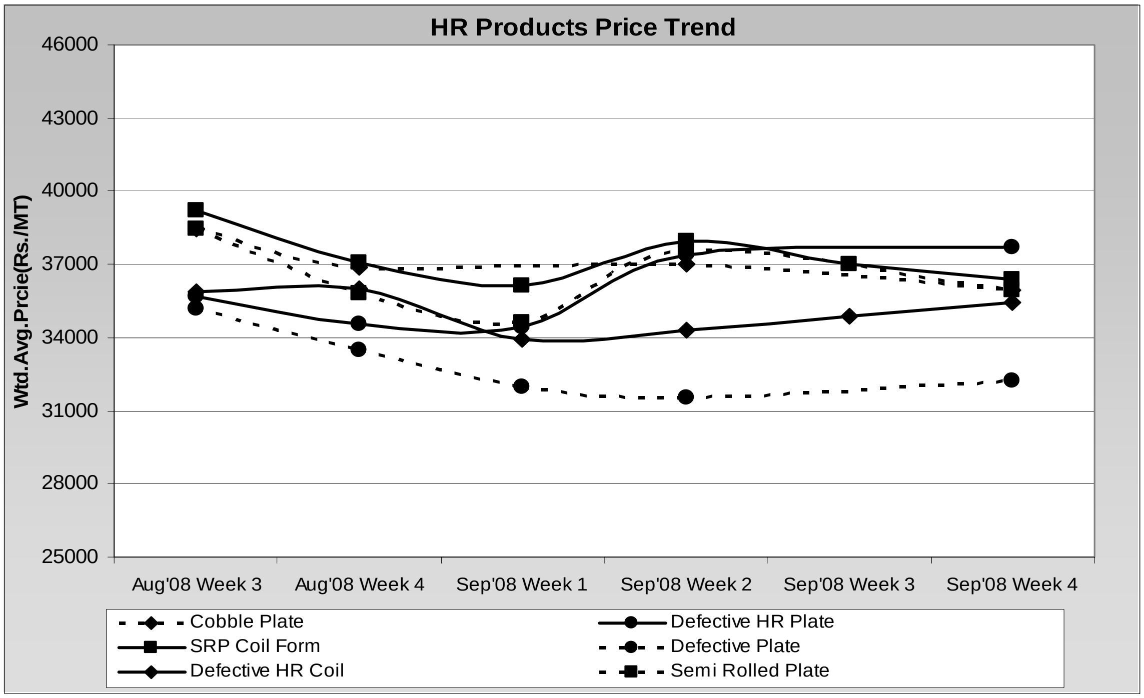
Price Movement

	Review	Outlook
Items	Sep'08 over Aug'08	Oct'08 over Sep'08
HR Coils	↔	↔
CR Coils	↔	↔
GP/GC Coils	↔	↔
Long Products	↔	↔

Date of Report: Oct 01, 2008

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

Following graphs show the price trend observed in the auction services of www.metaljunction.in for the month of Aug 2008 & Sep 2008 for different HR and CR products.

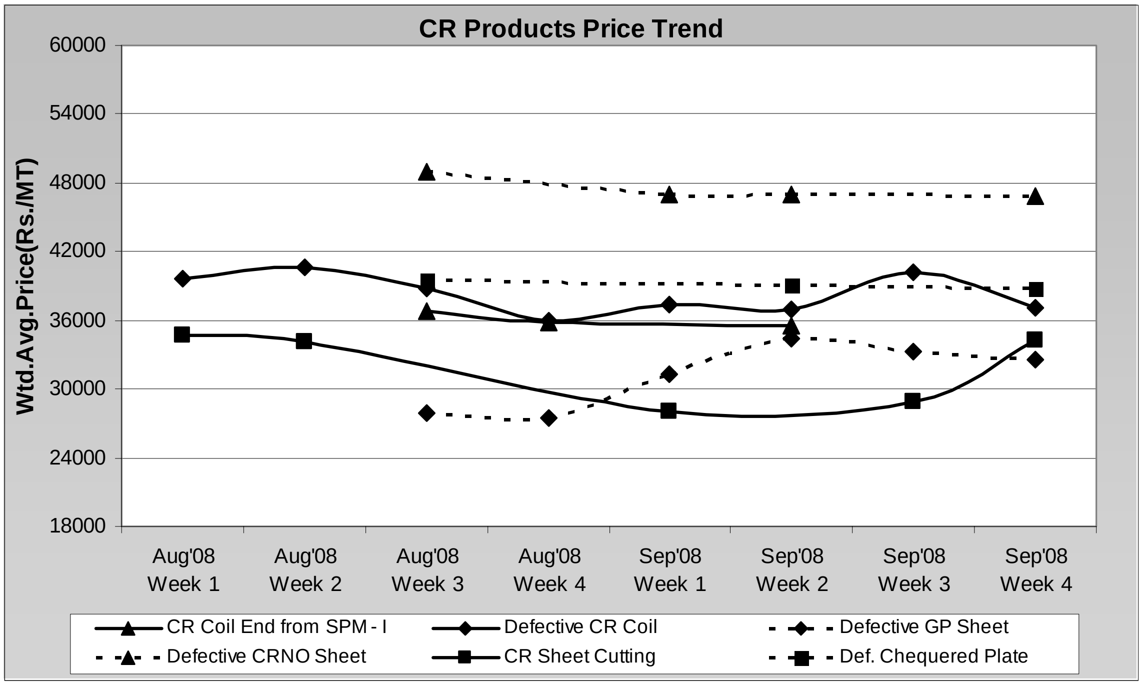


Attached below is the data table:

Week	Cobble Plate	Def.HR Plate	Semi Rolled Plate	SRP Coil Form	Def Plate	Def HR Coil	HR Sheet Cutting
Aug'08 Wk 1	-	-	-	-	-	-	-
Aug'08 Wk 2	-	-	-	-	-	-	-
Aug'08 Wk 3	38464	35686	38445	39231	35174	35887	-
Aug'08 Wk 4	36902	34534	35817	37094	33505	36000	-
Sep'08 Wk 1	-	34400	34591	36114	31969	33900	24850
Sep'08 Wk 2	37035	37400	37590	37926	31569	34280	29853
Sep'08 Wk 3	-	-	-	37032	-	34900	25100
Sep'08 Wk 4	35950	37719	35942	36379	32201	35450	24850

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

Products	Aug'08 Price (Avg.)	Sep'08 Price (Avg.)	% change (Sep'08 over Aug'08)	% change (Sep'08 over Sep'07)
Cobble Plate	37683	36492	-3.16	40.76
Def HR Plate	35110	36506	3.98	57.31
Semi Rolled Plate	37131	36041	-2.94	50.69
SRP Coil Form	38162	36863	-3.41	40.71
Def HR Coil	35943	34633	-3.65	41.34
Def HR Sheet	39165	39550	0.98	60.21



Price is basic

Attached below is the data table:

Week	CR Coil End From SPM-I	CR Sheet Cutting	Def CR Coil	Def CRNO Sheet	Def GP Sheet
Aug'08 Wk 1	-	34700	39650	-	-
Aug'08 Wk 2	-	34100	40660	-	-
Aug'08 Wk 3	36778	-	38750	48919	27948
Aug'08 Wk 4	35802	-	35900	-	27500
Sep'08 Wk 1	-	28086	37373	47025	31249
Sep'08 Wk 2	35596	-	36938	47050	34400
Sep'08 Wk 3	-	28879	40176	-	33219
Sep'08 Wk 4	36250	34300	37073	46802	32556

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

Products	Aug'08 Price(Avg)	Sep'08 Price(Avg)	% change(Sep'08 over Aug'08)	% change(Sep'08 over Sep'07)
CR Coil End from SPM-I	36290	35923	-1.01	42.51
CR Sheet Cutting	-	30422	-	-
Def CR Coil	38740	37890	-2.19	40.10
Def CRNO Sheet	48919	46959	-4.01	55.18
Def Chequered Plate	39518	38900	-1.56	-

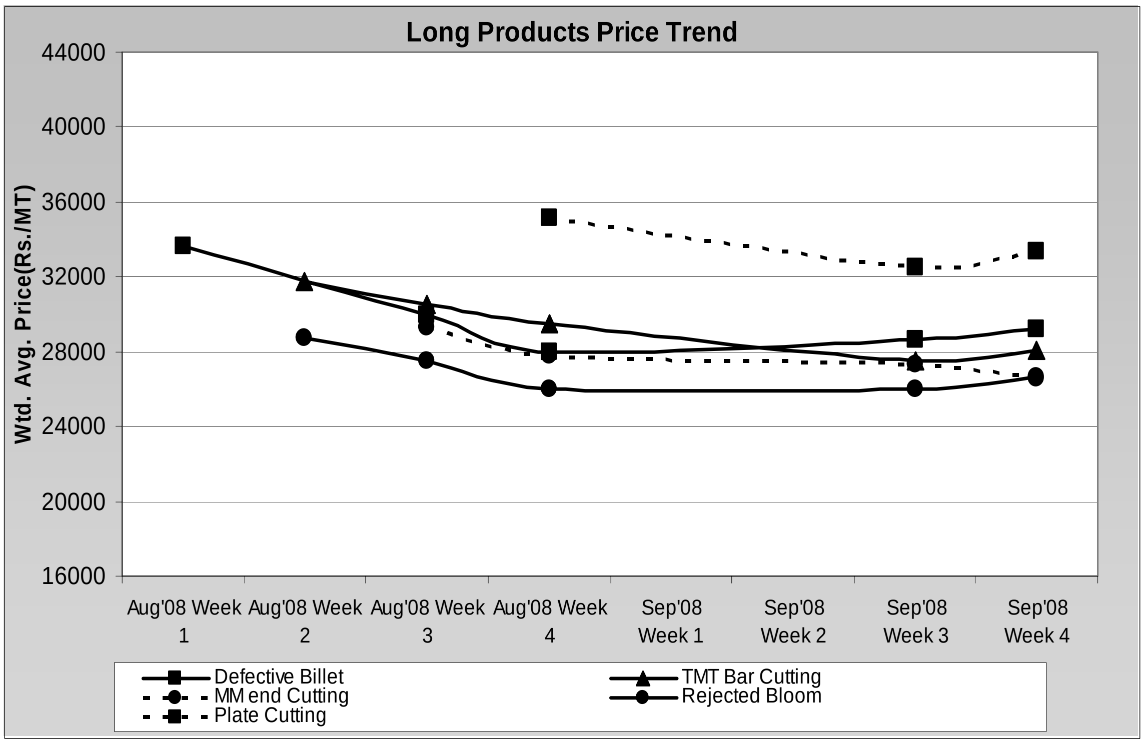
<u>Outlook:</u> In the beginning of the month, the domestic flat product market remained dull with weak demand prevailing in the market and with steelmakers announcing a cut in prices in both flat and long product items in the beginning of September. The later half of the month saw some stability in spite of international market remaining dull. However, market demand has remained dull as the buyers are bit skeptic about the current market behavior and have adopted a wait and watch attitude which resulted in reduction of the buying activity in the domestic market.

The flat steel items like HR Coil (2mm) and CR Coil (0.63 mm) in Mumbai are prevailed at Rs. 45,148/tonne and Rs. 49,637/tonne respectively (all inclusive) since mid of September-a stable trend, while in Kolkata the flat products like HR Coil (2mm) and CR Coil (0.63 mm) prevailed at Rs. 45,520/tonne and Rs. 49,627/tonne respectively (all inclusive) since Sep 15 - a stable trend.

The auction platform also depicted stability in the third and fourth week and a stable scenario is expected in the coming days.

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

Following graph shows the price trend observed in the auction services of Metal Junction for the month of Aug 2008 & Sep 2008 for different long products.



Price is basic

Attached below is the data table:

Week	Def Billet	TMT Bar Cutting	MM End Cutting	Rej Bloom	Plate Cutting
Aug'08 Wk 1	33650	-	-	-	-
Aug'08 Wk 2	-	31750	-	28750	-
Aug'08 Wk 3	29950	30500	29268	27513	33524
Aug'08 Wk 4	28006	29500	27781	25950	35168
Sep'08 Wk 1	-	-	-	-	-
Sep'08 Wk 2	-	-	-	-	-
Sep'08 Wk 3	28670	27489	27291	26000	32503
Sep'08 Wk 4	29171	28066	26566	26680	33315

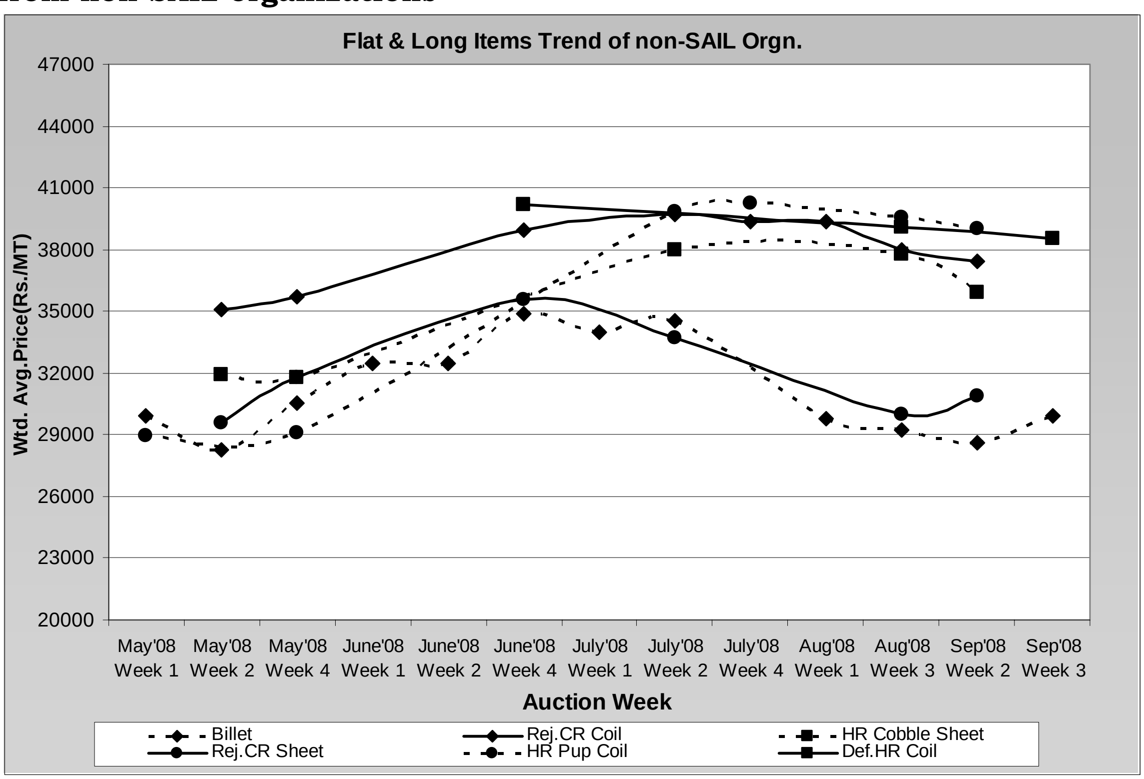
Date of Report: Oct 01, 2008

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

Products	Aug'08 Price(Avg.)	Sep'08 Price(Avg.)	% change(Sep'08 over Aug'08)	% change(Sep'08 over Sep'07)
Def Billet	30535	28920	-5.29	42
Def Rod In Coil	33008	32918	-0.27	47
MM End Cutting	28524	26929	-5.59	44
Plate Cutting	35168	32909	-6.42	48
Rejected Bloom	27404	26340	-3.88	36
TMT Bar Cutting	30583	27778	-9.17	47

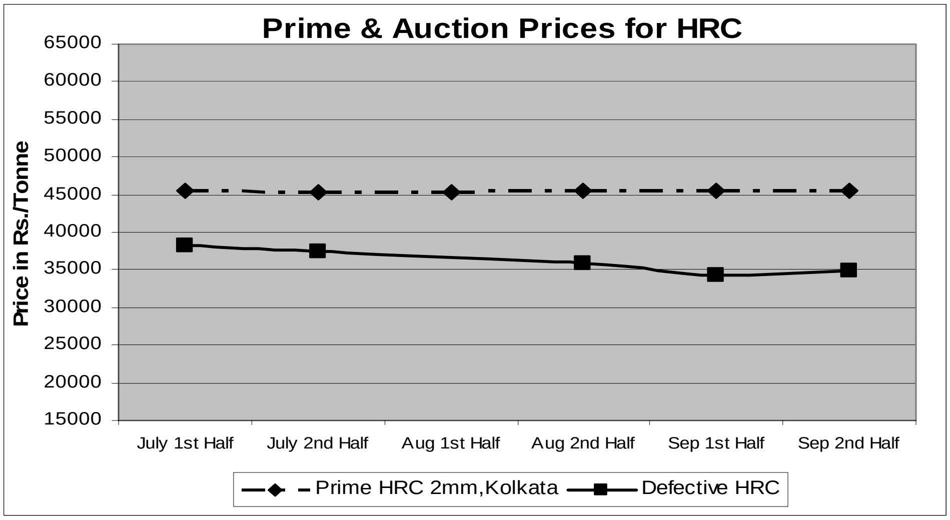
Outlook: The domestic long products market exhibited more or less a stable price trend in the first week of September. Over a week, prices of various finished and semi finished steel items haven't reflected any major change as compared to the previous week. However, with steelmakers announcing a price cut in both flat and long product items in the beginning of September, the market remained quiet. Market picked up since the mid of September and raw material prices have ruled firm since then. There has not been any major price fluctuation and both semi-finished and finished steel prices have ruled stable.
The auction platform witnessed more or less a stable price trend across various long product items in the third and fourth week. With raw material prices stabilizing, the domestic steel sector is expected to witness stability in the coming days.

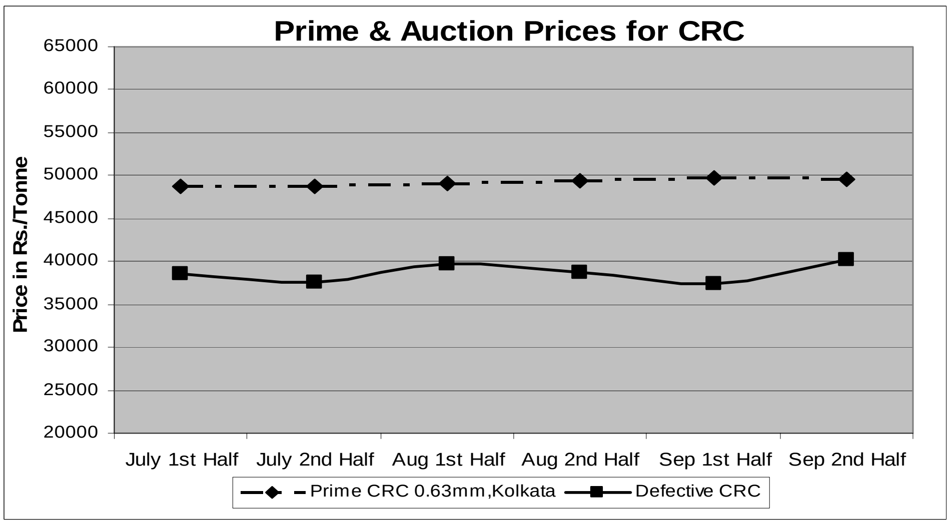
The graph below indicates the price trend of Flat & Long items auctioned from non-SAIL organizations



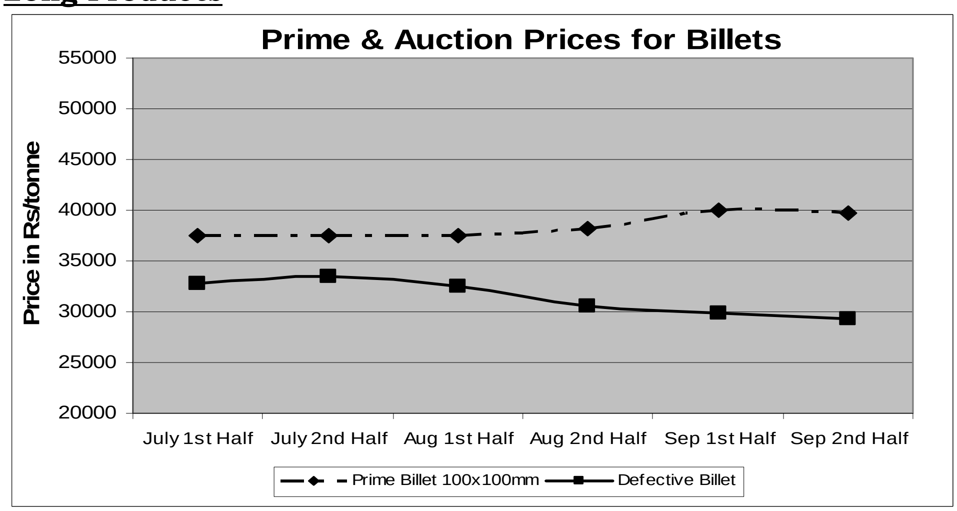
Price is basic

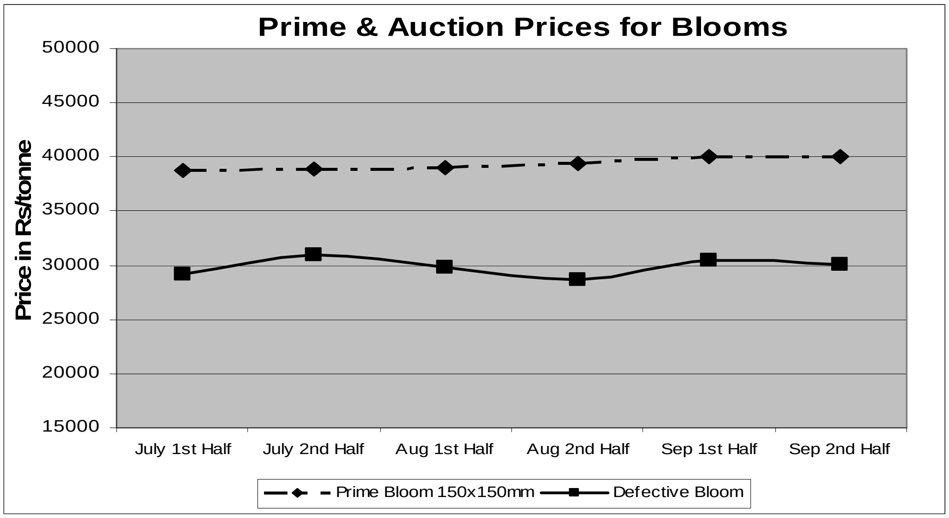
Auction & Prime Materials Comparative Price Trend:
Flat Products

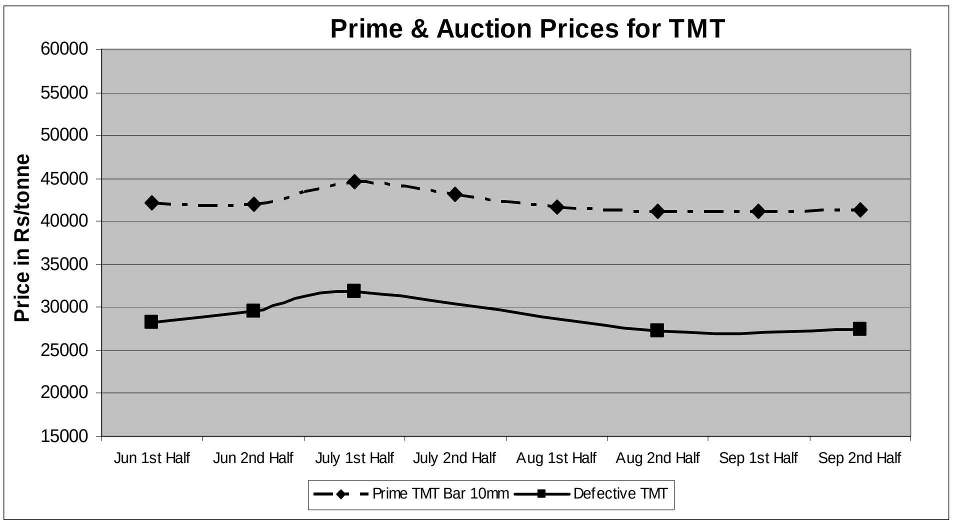




Long Products







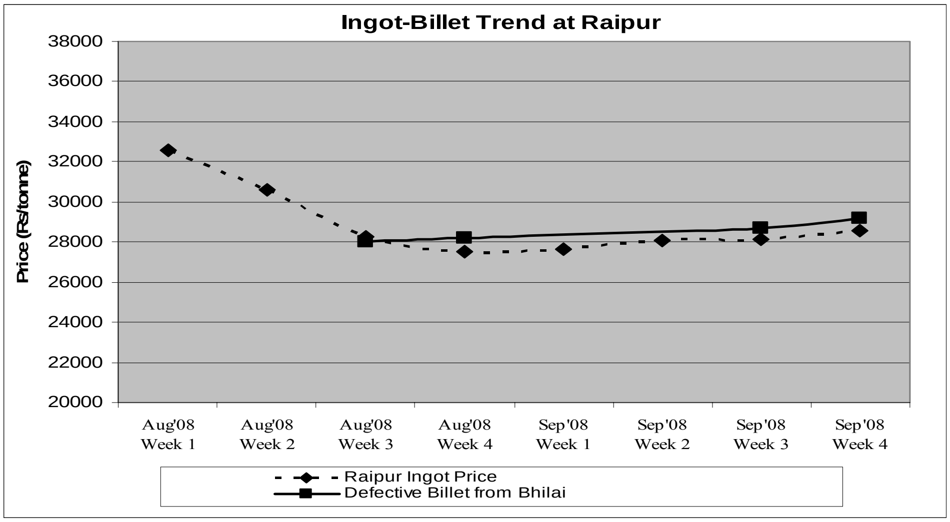
Note: Prime Price is all inclusive, Auction Price is basic

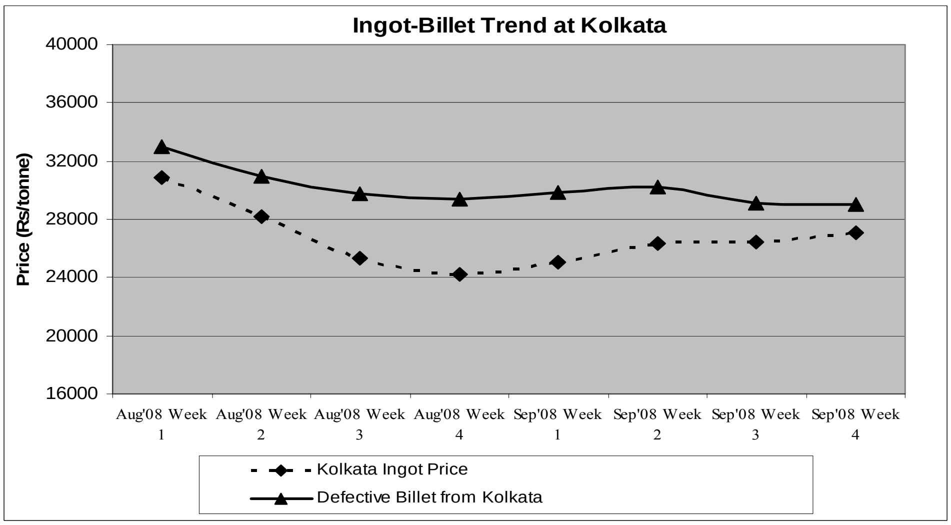
Ingot Price Trend

Week	Kolkata	Mandi	Ghaziabad	Raipur	Mumbai
Aug'08 Wk 1	30899	33822	33521	32546	33205
Aug'08 Wk 2	28188	32063	31347	30848	30891
Aug'08 Wk 3	25870	31289	30060	28662	30394
Aug'08 Wk 4	24394	30445	29309	27633	29650
Sep'08 Wk 1	25023	30369	29241	27636	29631
Sep'08 Wk 2	26350	30965	30170	28102	29831
Sep'08 Wk 3	26440	30728	30145	28125	29868
Sep'08 Wk 4	27100	31231	30871	28544	30250

Price: (Rs. /t, basic)

The graph below gives Prime Ingot & Billet-auctioned trend at Raipur, Kolkata





International Scenario

Asia: Downtrend prevailed both in flat and long steel sector. In the second week, Chinese mills offered their commercial quality HRC at $800-830/tonne fob. Chinese origin re-rolling HRC prevailed at around $850-870/t fob. Market sentiment remained bearish. HRC prices prevailed at $800-820/t cfr SE Asia towards the end of the month.
Offer prices of Turkish-origin rebar declined to $800/t cfr Singapore in the second week. Billet prices also remained sluggish. There were limited billet export offers from the mills in the Southeast Asian region at around $750/t fob.
China: Both the domestic and export market remained on a downward note in the month of September with demand remaining weak. HRC export prices prevailed at 850USD/tonne fob in the second week. CRC export prices prevailed at 900USD/tonne fob in the second week. HDG export prices prevailed at 980USD/tonne fob in the second week. Chinese rebar prices continued dropping and traders expect buying activity to be subdued until the end of the

year. The month ended on a negative note across both flat and long product items with market unexpected to rebound in the coming days.

Europe: Flat product prices have remained weak with demand remaining low. Czech producer ArcelorMittal Ostrava and Hungarian Dunaferr have decreased their ex-works price for hot rolled coil for October deliveries by €40-60/tonne.Moreover, with slowing economy the market has further remained bleak. Medium sections and merchant bar prices in southern Europe have declined with drops of €30-€50/tonne ($44-73/t). Prices are falling due to declining scrap prices as well as diminishing demand levels.

CIS: Both the domestic and export market suffered a setback with demand remaining poor. The export market is predicted to pick up in the month of October.

US: The US market has remained weak with construction activities softening. Sources say all the economic uncertainties surrounding the financial crisis on Wall Street are not helping the construction sector and making it even less clear as to when these sectors will rebound.

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

Item Description	% Change over a week(Sep'08 Week 4 over Sep'08 Week 3)	% Change over a month(Sep'08 over Aug'08)	% Change in the last 6 months
Chinese Domestic HR Coil (2mm and up) Eastern China Yuan/t	-7.30	-10.10	-14.92
Chinese Domestic HR Coil (2mm and up) Southern China Yuan/t	-7.07	-9.45	-13.21
Chinese Domestic CR Coil (0.5-2mm) Eastern China Yuan/t	-4.24	-7.38	-11.72
Chinese Domestic CR Coil (0.5-2mm) Southern China Yuan/t	-6.20	-6.67	-11.81
Chinese Domestic Wire rod (mesh quality) Eastern China Yuan/t	-2.77	-8.05	-8.60
Chinese Domestic Wire rod (mesh quality) Southern China Yuan/t	-2.00	-5.77	-2.00
CIS Export Billet Black Sea/Baltic Sea $/t	-20.00	-37.60	-44.83
CIS Export Rebar Black Sea/Baltic Sea $/t	-13.80	-36.40	-39.13
United States Import HR coil $ per short ton	0.00	-12.26	9.41
United States Import CR coil $ per short ton	0.00	-15.83	13.48

United States Import Wire Rod(low carbon) $ per short ton	-10.11	-13.98	0.00
EU Domestic Hot rolled coil Euros per tonne	-3.95	-2.67	0.42
EU Domestic Cold rolled coil Euro per tonne	-4.94	-3.75	0.44
EU Domestic Hot-dip Galvanized coil Euro per tonne	-9.30	-9.30	0.44

Note: 1 RMB=0.15US$

Outlook:

Global: Asian prices have fallen significantly, while North American prices have also weakened, particularly for sheet products. European prices have remained broadly stable. Demand is forecast to weaken further, partly due to the worsening economic outlook, and is expected to result in more downward pressure on prices in the near term. Further, with coke and scrap prices still falling, the market is not expected to bound in the near future.

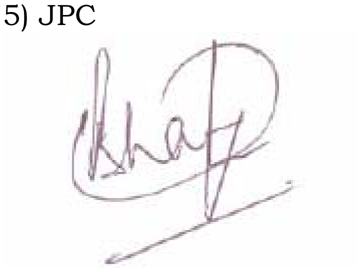
Europe's economy seen slowing down; outlook 'bleak': Economic growth in the European Union will slow to only 1.4% this year, around 0.5 percentage point less than had been expected in April, according to the EU Commission's economic and financial affairs department. It paints a gloomy picture of the economic prospects that support demand for steel.

In its latest report obtained by Steel Business Briefing, the Commission says financial turmoil, soaring energy and commodity prices, and declining housing markets have combined to worsen the outlook.

India: Despite the dim global steel market not much changes is expected to be seen in the domestic market in the coming month. Prices are expected to remain stable with buying activity slightly picking up after the festive season.

Data Sources:

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



(UJJAL BHATTACHARYA)
Senior General Manager – Steel Sales

STEEL INDUSTRY MARKET SCENARIO

SCRAP

Domestic Scenario

The falling scrap prices in the international market have affected the domestic scrap market also. The scrap prices in the domestic market witnessed a softened price trend; however prices stabilized towards the end of the month with ingot and finished steel market reaching some point of stability. Sponge Iron prevailed at Rs.18,000/tonne, basic on an average.

The beginning of September has again reflected a slump Indian iron-ore market. There has been a continuous drop in the Chinese market due to weak demand coming as a result of slowdown in steel sector. The end of the month saw a sharp drop in Iron ore price across various grades **(a drop in the range of 20-25%).**

Pig Iron Price Information

Pig Iron from **RSP** (Steel Grade) prevailed at Rs.25,000/tonne (basic) but at present there is no production of pig iron from RSP.
Pig Iron from **RINL** (Steel Grade) prevailed at Rs.25,000/tonne (basic).
Pig Iron (Steel Grade) from **Kolkata** prevailed at Rs.25,600/tonne (basic).
Pig Iron (Steel Grade) from **Ahmedabad** prevailed at Rs.25,500/tonne (basic).
Pig Iron (Steel Grade) auctioned from **SAIL VISL** fetched a price of Rs.25,000/tonne (basic) for the auction held on Sep18,2008.

The table below gives the price trend of Indian Iron Ore Fines (63.5%) exported to Chinese market

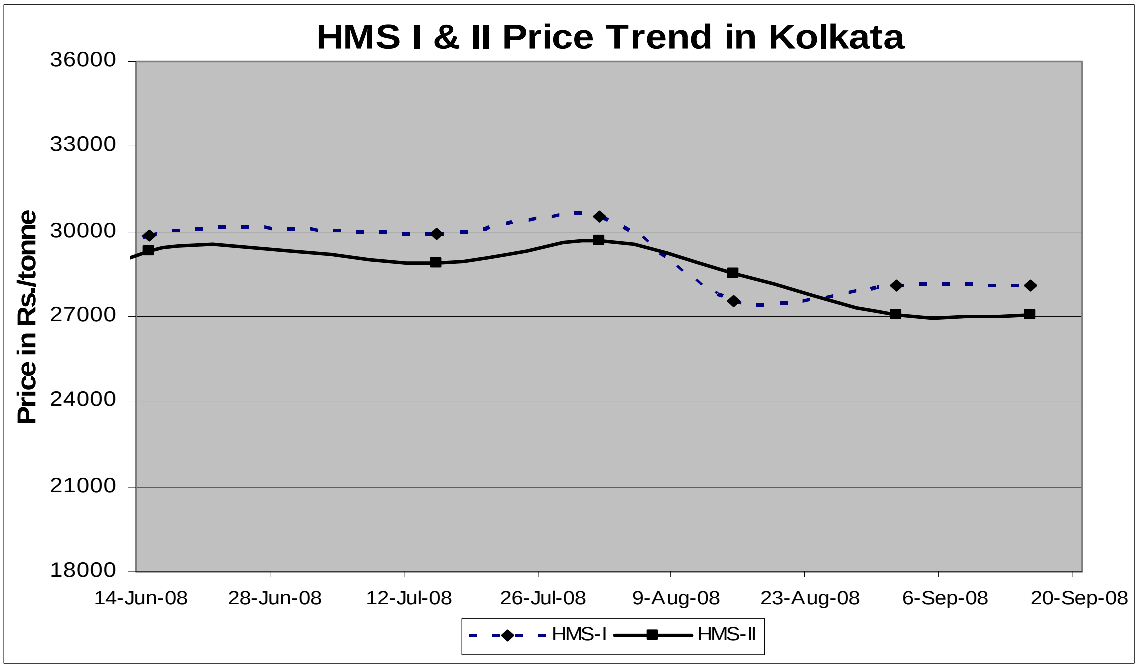
Date	Price Base	Low price(US$/t)	High Price(US$/t)	Trend
25.08.08	FOB	125	135	
01.09.08	FOB	116	125	↓
08.09.08	FOB	118	125	↓
15.09.08	FOB	110	120	↓
22.09.08	FOB	100	105	↓

Melting Scrap Price Trend

	Delhi	Mumbai
Aug'08 Week 1	30,500	29,500
Aug'08 Week 2	30,000	29,000
Aug'08 Week 3	29,800	28,000
Aug'08 Week 4	28,500	27,000
Sep'08 Week 1	28,000	27,000
Sep'08 Week 2	28,800	27,500
Sep'08 Week 3	27,000	26,000
Sep'08 Week 4	28,200	27,100

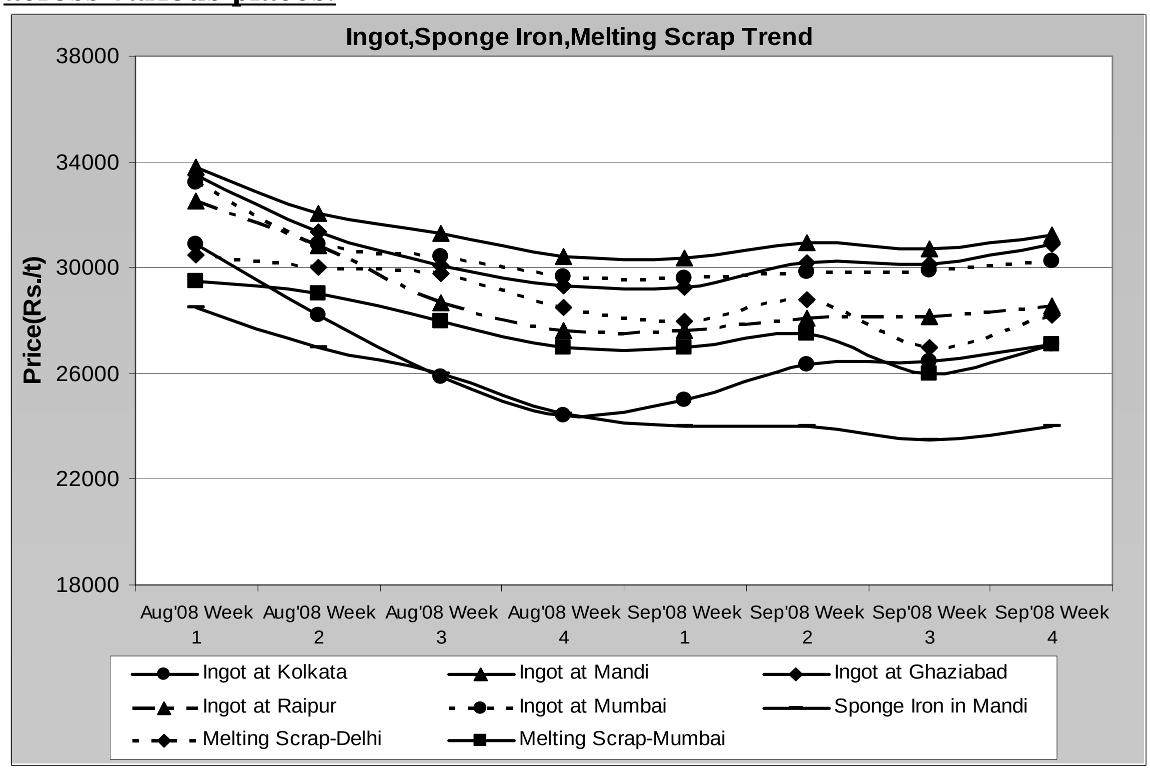
Price in Rs. /t is Incl.Excise & Sales, Landed.

HMS I & II Trend in Kolkata:



Prices are all inclusive

The graph below gives price trend of Ingot, Sponge Iron and Melting Scrap across various places:



Ingot price is basic; Price (Rs. /t), All other prices in Rs./tonne are all inclusive

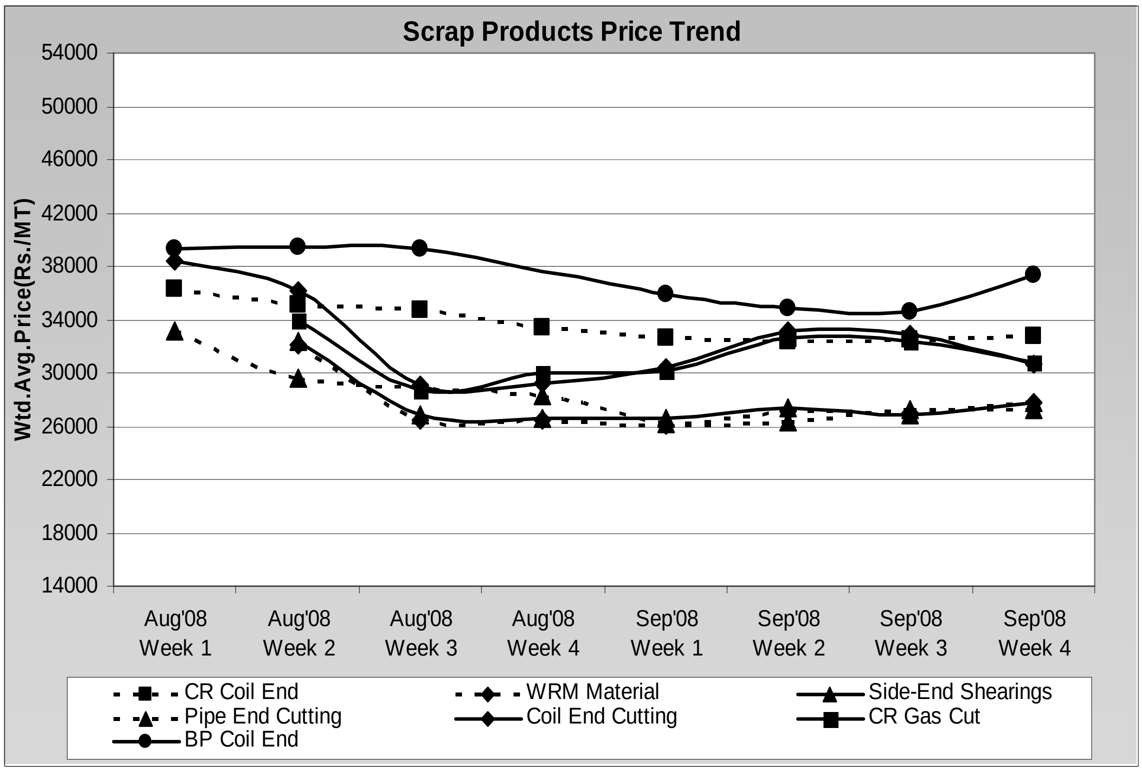
Date of Report: Oct 01, 2008

Price Movement

	Review	**Outlook**
Scrap	Sep 2008 over Aug 2008	Oct 2008 over Sep 2008
Pig Iron	↓	↔
Sponge Iron	↓	↔
Melting Scrap	↓	↔

Price Trend as observed in the Auctions held at www.metaljunction.in:

Following graph shows the price trend observed in the auction services of Metal Junction for the month of Aug 2008 and Sep 2008 for different scrap products.



Price is basic

Attached below is the data table:

Week	**CR Coil End**	**WRM Material**	**Side-End Shearing**	**Pipe End Cutting**	**Coil End Cutting**	**CR Gas Cut**	**BP Coil End**
Aug'08 Wk 1	36293	-	-	33176	38443	-	39350
Aug'08 Wk 2	35121	32100	32324	29625	36100	33950	39400
Aug'08 Wk 3	34673	26462	26893	-	29089	28650	39350
Aug'08 Wk 4	33475	26500	26644	28350	29200	30050	-
Sep'08 Wk 1	32586	26088	26542	26148	30450	30150	35950
Sep'08 Wk 2	32383	27167	27373	26288	33100	32650	34900
Sep'08 Wk 3	32539	26981	26832	27239	32843	32350	34600
Sep'08 Wk 4	32705	27767	27762	27278	30650	30850	37350

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

Products	Aug’08 Price(Avg.)	Sep’08 Price(Avg.)	% change(Sep ’08 over Aug’08)	% change(Sep ’08 over Sep’07)
Coil End Cutting	33208	31761	-4.36	49
CR Coil End	34891	32553	-6.70	35
CR Gas Cut	30883	31550	1.99	37
Pipe Cutting	30383	26738	-11.99	46
Side-End Shearing	28620	27127	-5.22	46
WRM Material	28354	27001	-4.77	47
BP Coil End	39367	35700	-9.31	51

Outlook: The recessionary price trend continued in the long products market with the declining prices on the international front. With the market remaining unpredictable, the buying sentiment remained on a lower side with less off take of material. In the first half of the month; Ingot, Melting Scrap reflected a declining price trend. Pig iron at Mandi Govindgarh also suffered a fall over a week by Rs. 2,000/tonne on an average.
However, stability was witnessed across the domestic long product market in the latter half. Over a week, prices of various finished and semi finished steel items haven’t reflected any significant change in the prices as compared to that of the previous week. The ingot prices throughout the country have exhibited a firm price trend in the last few days. Melting scrap has also exhibited a stable price trend. The auction platform also witnessed stability in the end of the month and a stable trend is expected in the coming days.

International Scenario:

Scrap prices have seen a sharp decline in the international market. An uncertain outlook and lacklustre demand for finished steel products has driven down ferrous scrap prices in key markets. The benchmark shredded scrap prices have collapsed by USD 170 per tonne this month to USD 400 per tonne.
Iron ore prices down sharply.
Spot prices for coking coal are holding up. Coke prices see modest decline.

HMS scrap falls below $400/t cfr East Asia: Weakening steel market curtails Asian scrap demand.
East Asian scrap import prices are still falling as the market is not moving. Offer prices of containerized 80:20 HMS 1/2 scrap shipped to Southeast Asia prevailed at $360-370/t cfr Southeast Asia in the third week, unchanged from a week ago.

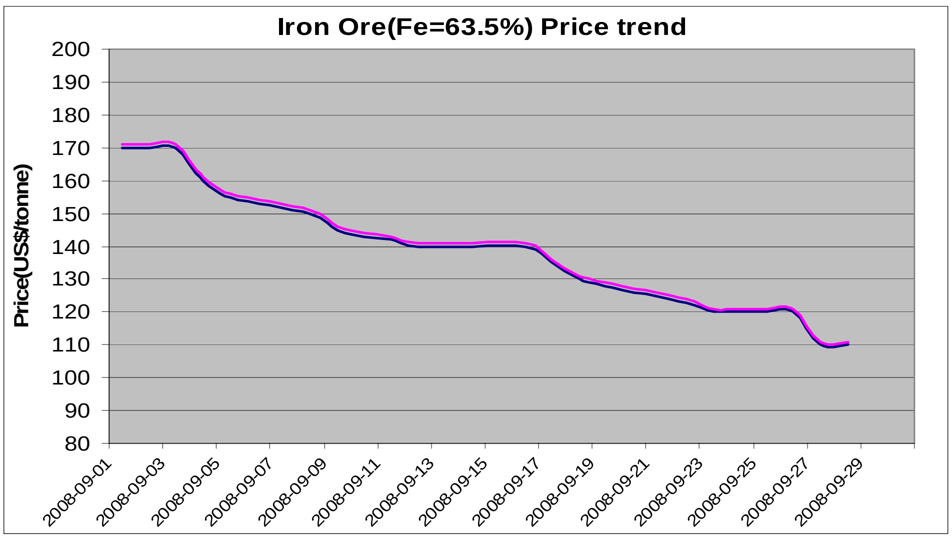
China scrap prices continue to drop: Domestic ferrous scrap prices have continued to drop because of weakening demand. The price for heavy scrap (over 6mm thickness) in eastern China’s Jiangsu province prevailed at RMB3200-3300/t ($468-482/t) including 17% VAT, about a RMB100/t decrease from the second week. Dim steel scrap market continued to prevail in the end of the month.

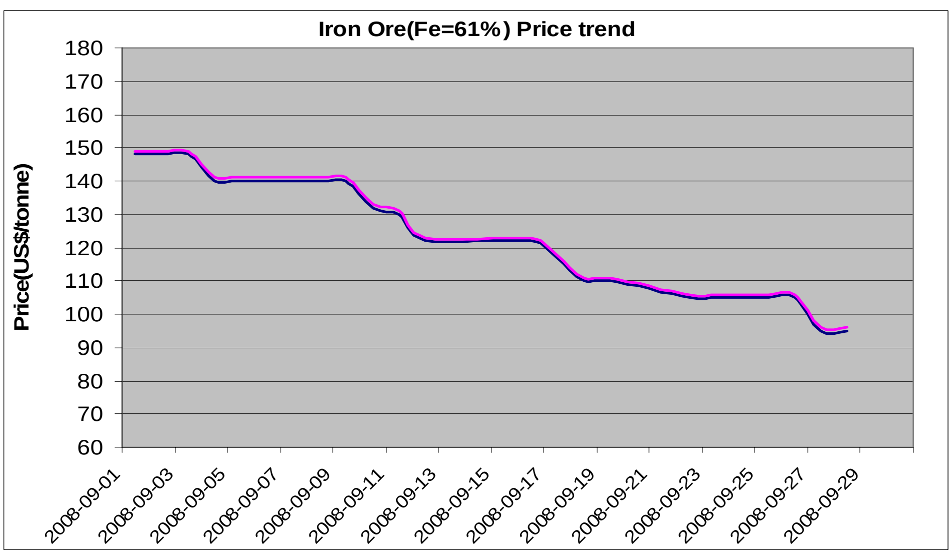
Scrap market also remained down in US and UK market in the month of September: Prime grade prices tumble by $300/l.ton as US buyers stay away. In Western Europe, domestic prices have fallen by around €200 per tonne in most markets since prices peaked in July, driven down mainly by tanking export prices.

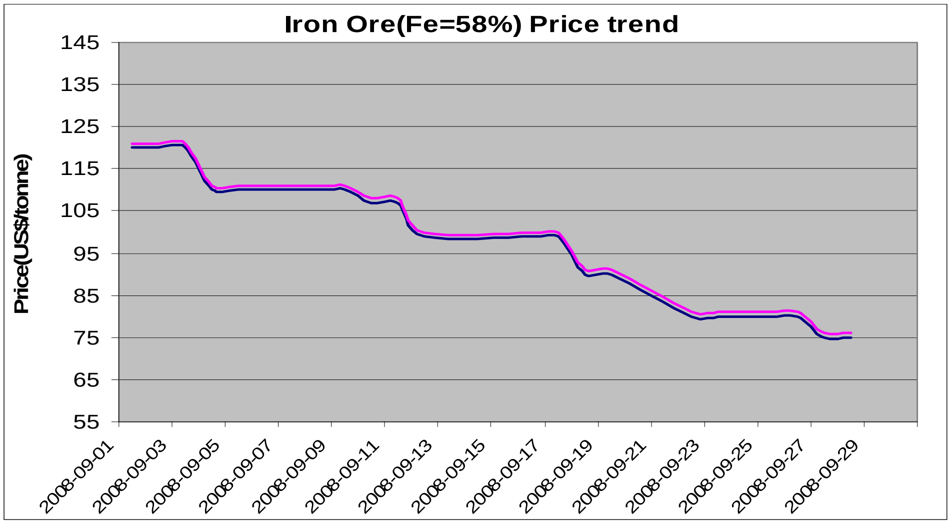
The international market for Iron Ore Fines is on a declining note. China is believed to have cut down heavily on ore imports due to several reasons such as huge accumulation of ore, an estimated 70 million tonnes at various Chinese ports and closure of a large number of small and medium steel producing units due to environment and other reasons.

Both domestic and import prices of Iron Ore Fines have shown a downward trend in China throughout the month of September.

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







Price is CNF China in US$/t

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

Month	Average Price($ per long ton)	Price movement
June-08	637.00	
July-08	637.00	↔
Aug-08	530.00	↓
Sep-08	364.00	↓

Steel Scrap Shredded United States fob East Coast $ per tonne

Month	Average Price($ per long ton)	Price movement
June-08	642.50	
July-08	634.00	↓
Aug-08	533.00	↓
Sep-08	369.00	↓

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

Month	Average Price($ per tonne)	Price movement
June-08	644.75	
July-08	632.00	↓
Aug-08	500.00	↓
Sep-08	348.00	↓

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

Month	Average Price($ per tonne)	Price movement
June-08	594.75	
July-08	582.00	↓
Aug-08	448.00	↓
Sep-08	298.00	↓

Steel Scrap Shredded fob Rotterdam $ per tonne

Month	Average Price($ per tonne)	Price movement
June-08	649.75	

July-08	637.00	↓
Aug-08	504.00	↓
Sep-08	353.00	↓

Outlook:

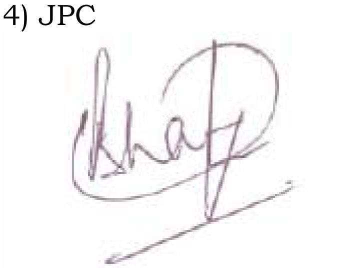
International scrap market is expected to remain softened in the short-term.

US scrap prices will drop again in October: While the US scrap market is showing signs of recovery, the efforts have not been successful enough to prevent prices from falling even lower in October, which will mark the third consecutive month that the market is forced to give back part of its huge price gains made earlier this year.
October's prices are still unsettled but it appears that shredded scrap will fall $25 a long ton to $375/l.t and prime scrap will fall $50-75/l.t to around $500/l.t, sources tell Steel Business Briefing.

China: As the steel market still shows no sign to rebound, it is hard for the steel scrap market to have any improvements. At the same time, steel mills all face a bad sales situation and have to control the production, which leads to a weak demand for steel scrap. And for the future market, there is so sign for the steel scrap market to have progress.

India: The domestic market for scrap items is expected to remain more or less stable in the coming days accompanied by stability in the semi-finished and finished steel sector.

Data Sources:
1) Steel Town Weekly, Mandi Govindgarh
2) Steel Business Briefing
3) Metal Bulletin
4) JPC



(UJJAL BHATTACHARYA)
Senior General Manager – Steel Sales

STEEL INDUSTRY MARKET SCENARIO

STAINLESS STEEL

Domestic Scenario:

The domestic stainless steel market exhibited a stable price trend across various stainless steel grades over the last ten days or so. . The Nickel prices in Mumbai market exhibited a drop of 2.28 per cent over a week. On the other hand, Nickel in the London Metal Exchange also depicted a softened price trend as the nickel prices in LME dipped by around 3.00 percent as compared to the previous week.

Market feedback of Prime SS

Kolkata (Price in Rs. /tonne)

SS 304(PRIME): Jindal Price is Rs.2,25,000/tonne (basic)
SS 316(PRIME): Jindal Price is Rs.3,20,000/tonne (basic
SS 430(SECONDARY): Jindal Price is Rs.48,000/tonne (basic)

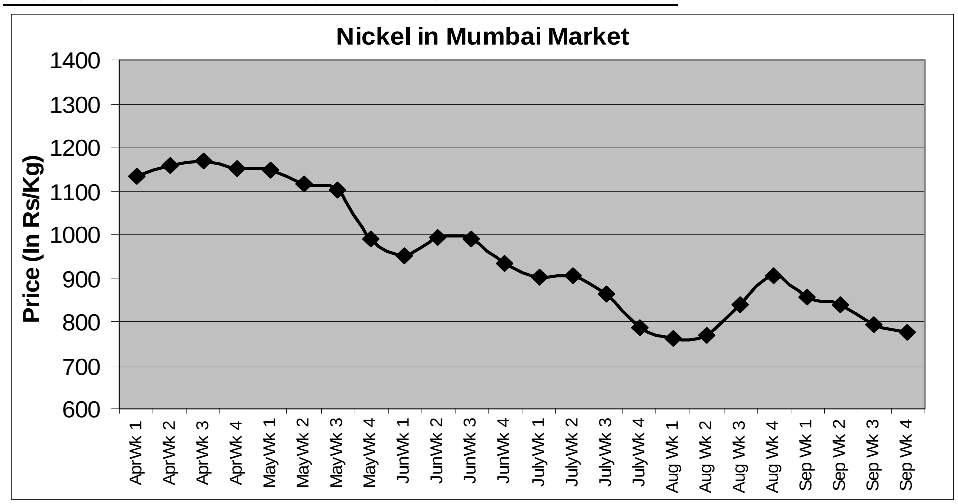
Gujarat (Price in Rs. /tonne)

Grade 301-thickness-2.5-8-HRAP- - Rs.1,80,000 to Rs.185,000/tonne (basic) for 2B/2D/slit arising
Grade 304-thickness-2.5-8- HRAP- Rs.1,90,000/tonne (basic) for 2B/2D/slit arising
Grade 316-thickness-2.5-8- HRAP- Rs.2,70,000/tonne (basic) for 2B/2D/slit arising
Grade SSLN1-thickness- 2.5-8- HRAP- Rs.1,10,000/tonne (basic) for 2B/2D/slit arising

Delhi (Price in Rs. /tonne)

SS 201 (1mm - 3mm):- Rs. 90,000 – 95,000/tonne (basic)
SS 301 (1mm - 3mm):- Rs. 1,10,000 – 1,15,000 /tonne (basic)
SS 304 (1mm - 3mm):- Rs. 1,40,000/tonne (basic)

Nickel Price movement in domestic market:

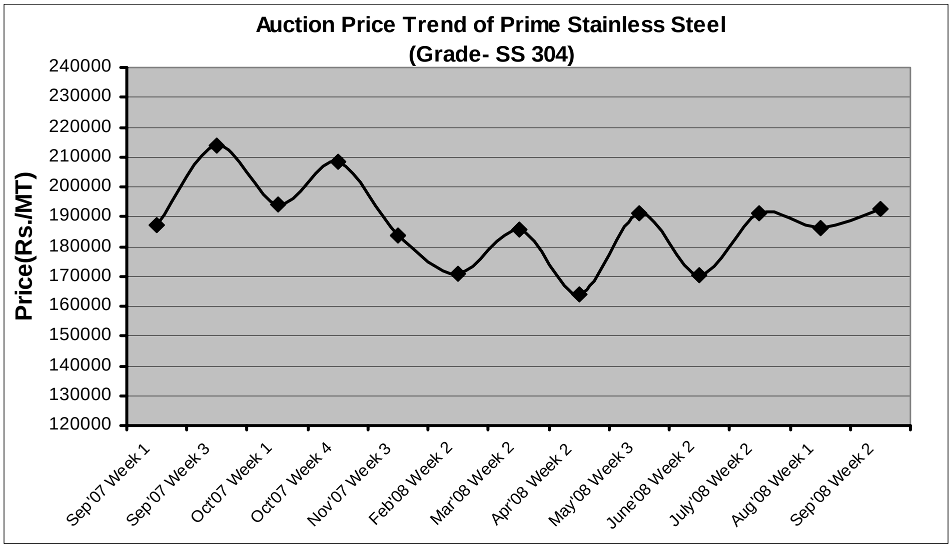


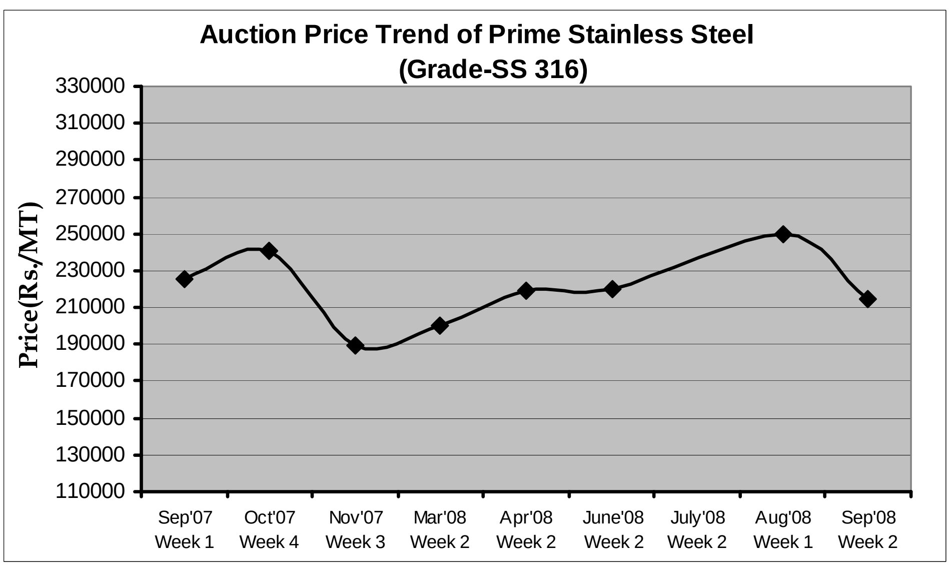
Price (Rs./kg) is basic

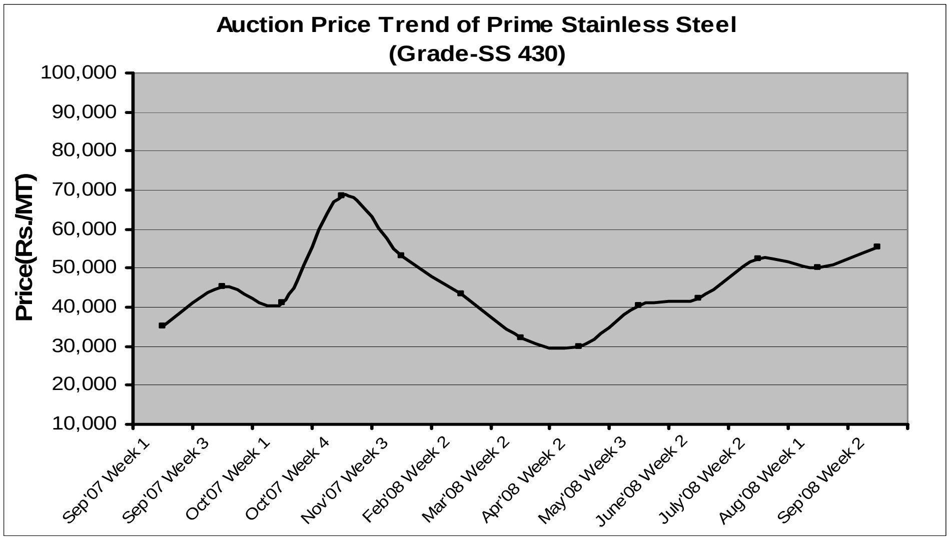
Price Movement

	Review	Outlook
Steel Product	Sep 2008 over Aug 2008	Oct 2008 over Sep 2008
Stainless Steel	↔	↓

The graph below gives the auction trend of Stainless Steel:







Price (Rs./tonne) is basic

Outlook: Downturn was noticed in the market with demand remaining poor and Nickel prices again seeing a slash. The international market appears to remain gloomy in the coming month. Not much buying activity is expected to be seen in the domestic market and with Nickel prices receiving a setback the market is expected to remain on a downward note in the coming days.

International Scenario:

Stainless Steel prices see a slump in most of the regions with sluggish demand and declining Nickel prices in the week ended Sep12.

Asia: Austenitic stainless cold rolled coil prices slumped another $100/tonne in the 1 September week as buyers pushed producers for lower prices in the wake of soft demand. Persisting sluggish demand led cold rolled coil prices to slip another $100/t in the 8 September week. Prices of 304 2mm 2B CR sheet for one-to-two-month delivery traded at $3,400-3,500/t tonne cfr in the 8 September week, down from $3,500-3,600/t a week ago.

China: Stainless 400 series market remained quiet in East China while 300 series saw a sharp fall. Demand remained weak. Chinese stainless grade 202 prices continued to slip, falling by RMB 200-400/t ($29-58/t) in the fourth week of September on sluggish demand. With the softening market of iron ore, most customers have little confidence in the stainless steel market, so they refuse to purchase a large quantity of raw materials. Therefore, the price is hard to increase in following days.
The export price of stainless steel moves down in China due to the weak demand of global market. Grade 304/2B 1.0mm coil from major steel mills prevailed at USD3,950-4,000/t FOB China, down by USD50-70/t from that one month ago.

US: Stainless consumption drops in US market.

Europe: The quiet stainless steel market is coming to an end as work resumes after summer holiday.

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'08	Aug'08	Sep'08	Oct'08*
HR 304	25300-25700	24500-25000	23500-24000	23000-23500
CR 304 2B	27000-27500	26200-26700	25500-26000	25000-25500
CR 202 2B	22900-23100	22600-23000	22400-22600	22200-22400
CR 430 2B	11800-12000	11900-12200	11600-11800	11600-11800

Europe:

CR 304 2B 2mm,Euro/t Ex-Works	July'08	Aug'08	Sep'08	Oct'08*
N.Europe	1100-1200	1050-1100	1050-1100	1000-1050
S.Europe	1050-1150	1000-1050	1000-1050	950-1000

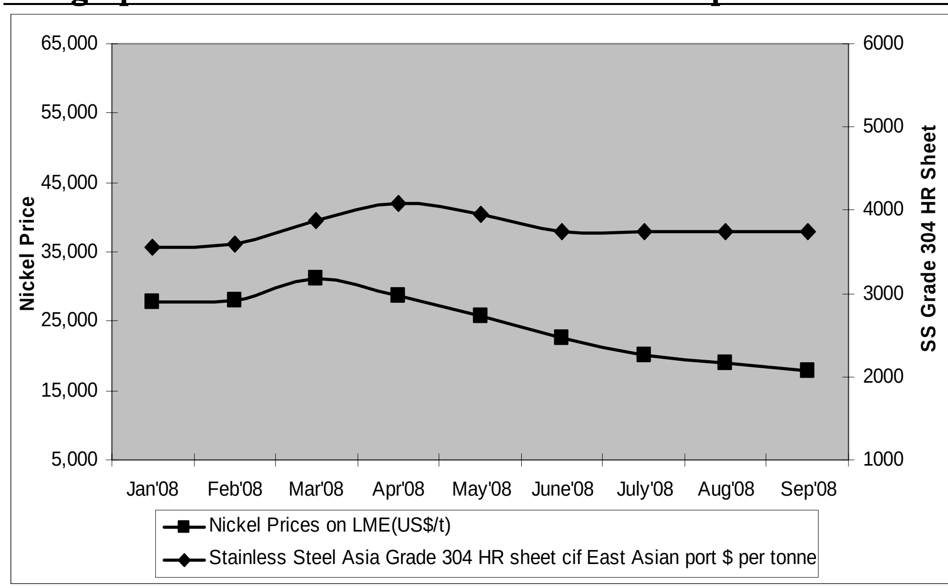
Europe:

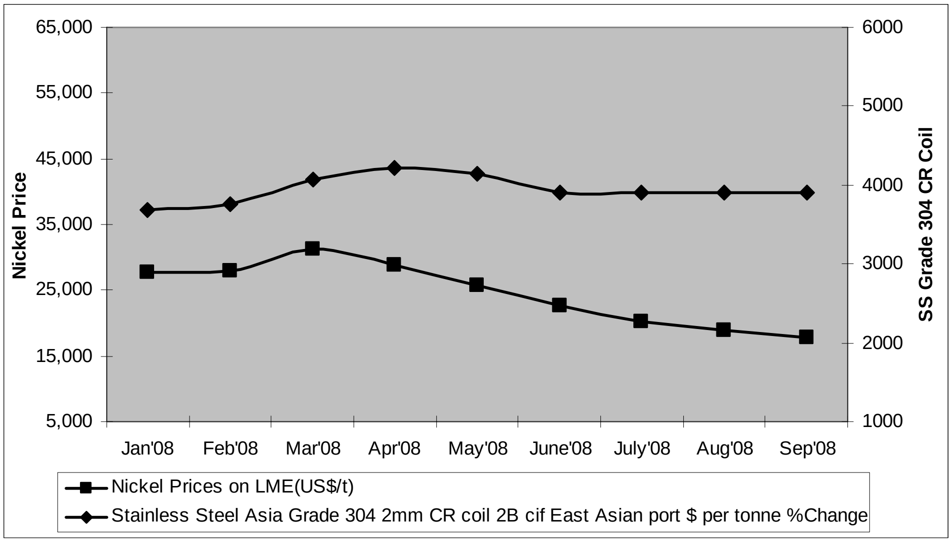
CR 430 BA 2mm,Euro/t Ex-Works	July'08	Aug'08	Sep'08	Oct'08*
N.Europe	1050-1100	1030-1080	1050-1130	1050-1130
S.Europe	1020-1070	1000-1050	1050-1100	1050-1100

(*): SBB forecast

Note: 1US$= Rs.47.22, 1Euro= Rs.67.72, 1 RMB=0.15US$

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

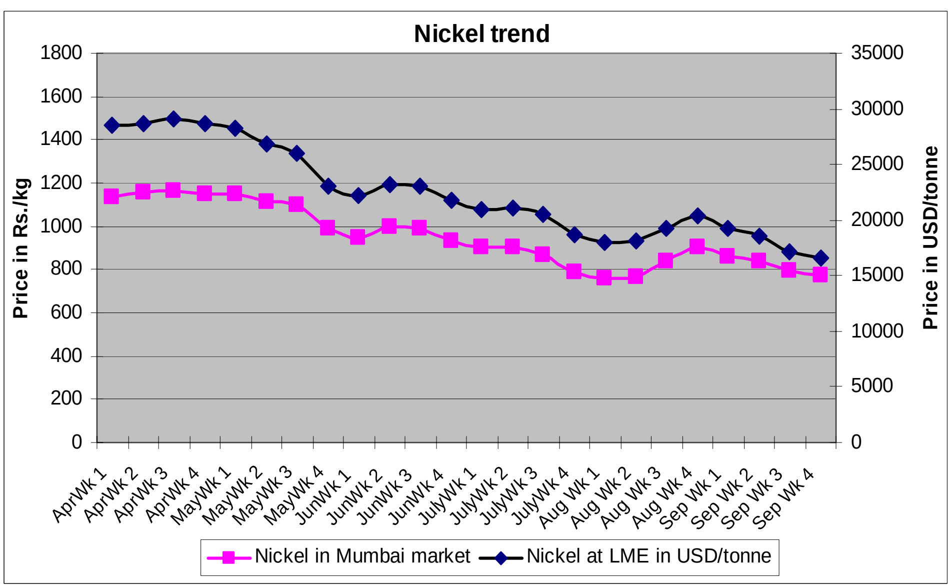




Nickel Trend: Nickel prices have seen a sharp fall throughout the month of September with prices touching a low of 16,210USD/tonne.The month ended on a negative note with a drop of around 5.5% seen over a month.

Month	Average Price of Nickel	% Change(m-m)	% Change(y-y)
Apr-08	28,749		
May-08	25,723	-10.52	-50.67
June-08	22,579	-12.22	-45.84
July-08	20,152	-10.75	-39.68
Aug-08	18,906	-6.18	-31.73
Sep-08	17,879	-5.43	-39.42

The graph below gives a comparative price trend of Nickel in the global and domestic market.



Outlook:

Further downturn is expected both in the domestic and international stainless steel sector.
Chinese traders are expecting stainless prices to continue falling in the near-term on weak demand, with the global economic slowdown threatening to dampen stainless consumption further. The 304 market is in a standstill. Prices will most likely go down further. The plunging nickel price is adding further downward pressure on stainless 304 prices. Nickel fell around \$1,600/t over the week in official LME trading to settle at \$16,800/50/t on 18 September, following news of the worsening credit crisis in the US. Grade 202 prices are likely to slip further on weak stainless steel demand and fears over possible global economic slowdown.
With few orders at present, the Chinese export market price may keep moving down gradually in following weeks.

Data Sources:

1) www.lme.co.uk
2) Steel Business Briefing
3) Metal Bulletin
4) www.ncdex.com

(UJJAL BHATTACHARYA)
Senior General Manager – Steel Sales