

News at a Glance

Indian mills hike flat product prices for September: SAIL has hiked their prices of all flat products by Rs. 1,500/MT for the month of September. SAIL's commercial grade 2mm HRC is now selling at around Rs. 31,250-31,500/MT (excluding taxes) from their stockyard in Mumbai, which is up from around Rs. 31,000/MT ex-yard in August. On the other hand, Ispat Industries have increased its flats' prices by Rs. 1,500/MT while Tata Steel had hiked the spot prices of their flat products by 3-4 per cent this month. Jindal Steel & Power Ltd and Lloyds Steel Industries have also increased their prices by around Rs. 1,000/MT.

India's Orissa plans pellet plant and DRI expansion: OMDC is slated to invest nearly Rs 9bn (\$185m) in a 2m tonnes/year iron ore beneficiation and pelletizing plant in the Thakurani district in the eastern state of Orissa. In an additional expansion plan, OMDC also wants to increase its DRI capacity from the current 30,000 t/y.

Indian ports to face challenging year ahead: Because of the continuing slowdown being experienced by key end-user industries, especially the steel sector, a challenging phase is expected ahead although there have been some improvements of late. Consequently, ports with their cargo mix showing concentration of iron ore, coking coal and coke could see muted growth in cargo. Despite the near-term challenges, ICRA report expects the outlook to be favorable for cargo in the medium to long term for domestic ports. The key drivers for growth will be the commissioning of power projects based on imported coal, expansion of refinery capacity, setting up of steel projects, imports of raw materials and fertilizers, increase in containerization.

World Steel output rises to 11 month high: Global crude steel production rose to its highest level in almost a year in August. Crude steel production was 106.5 million tonnes in August, after rising steadily since April and up from 103.9 million tonnes in July, despite a 5.5 percent drop compared with August 2008. In August, almost all the major steel-producing countries, including China, Japan, Germany, the U.S., Brazil and Russia reached their highest monthly output this year.

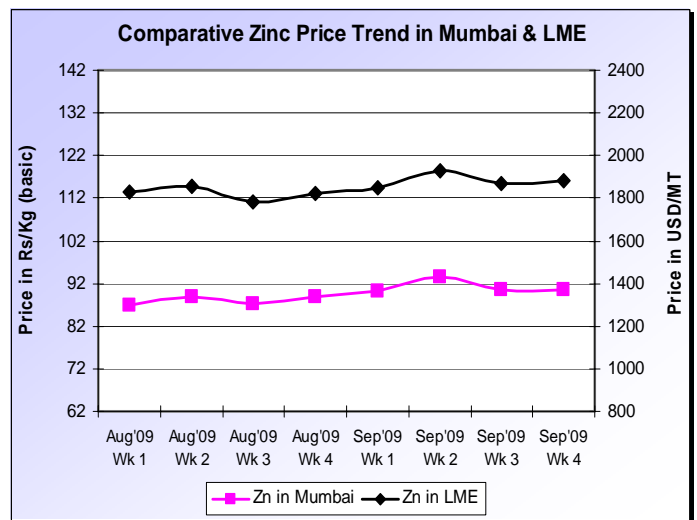
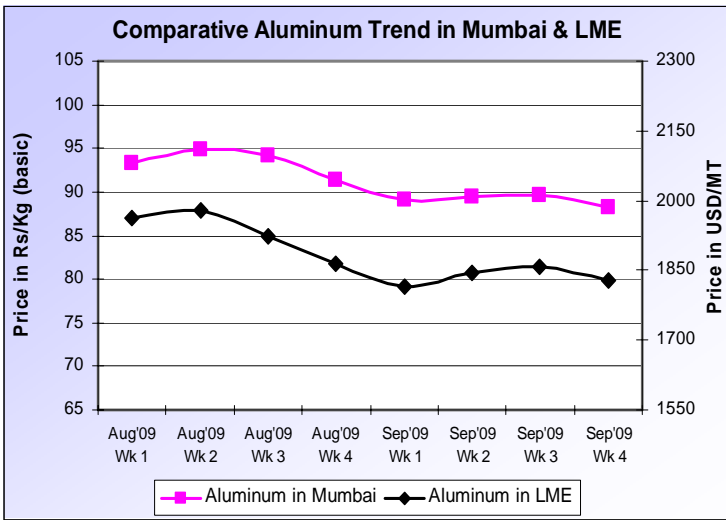
JSW Steel keeps prices unchanged in October: JSW Steel Ltd, India's No. 3 producer, expects prices of the alloy to remain stable in the Oct-Dec quarter and will not revise rates this month. "Demand has been stable and I think prices in this quarter would remain in the vicinity of where they are," said Jayant Acharya, president - sales and marketing.

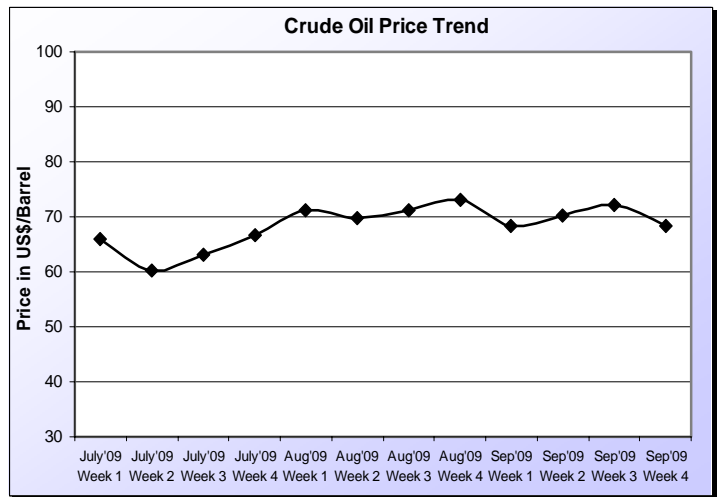
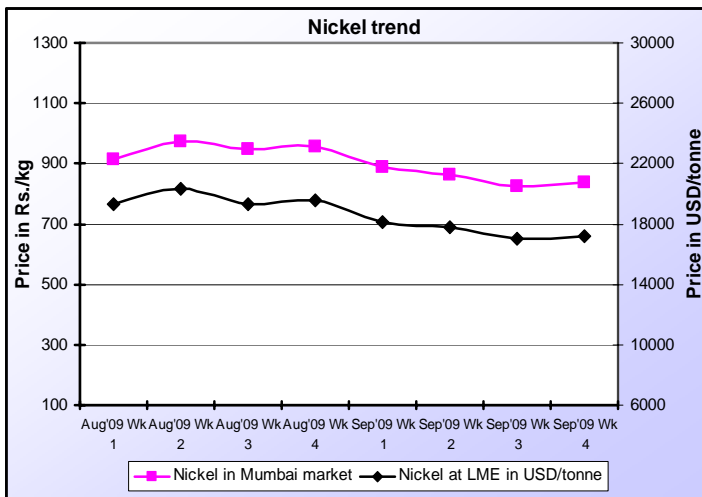
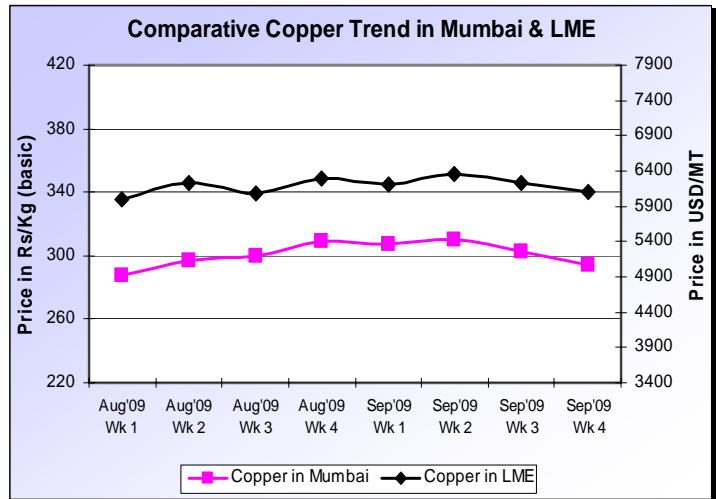
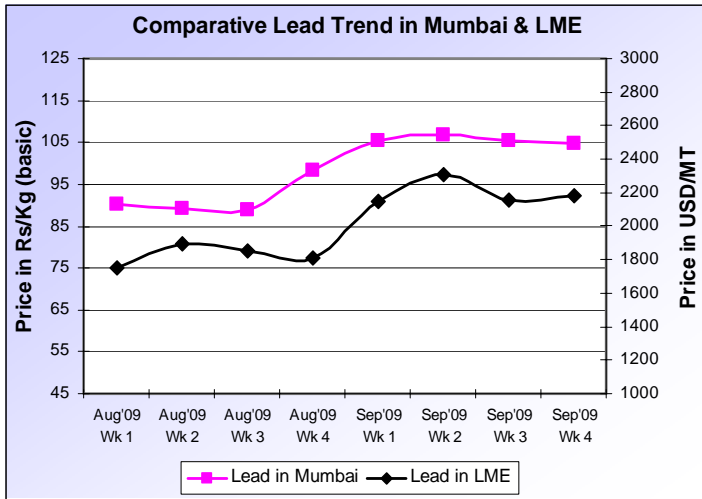
The **base metals** complex remained depressed in the first week of September. Almost all the metals took a plunge in week 01 after exhibiting jubilant mood in the month of August. Nickel at LME exhibited a fall of over 7 per cent in week 01 as compared to the week before while over the same period other important metals like aluminium and copper at LME suffered a fall of 2 per cent. However, zinc and lead somehow managed to remain at the green zone in the first week of September. Base metal prices retreated at the close of September week 02 as the complex was hammered by technical and fund liquidation. Dollar strength also weighed on prices. The deteriorating trend for the base metals remained unabated even in the penultimate week of September as trading remained increasingly choppy on the LME during the week. At the close of the week 03, nickel and lead prices at LME plunged by over 4.5 and 6 per cent respectively as compared to week 02 while over same time span other base metals like zinc and copper suffered a price declination of over 2 per cent. Base metals started off on a mixed note with beginning of the

final week of September but remained volatile as a stronger dollar exerted pressure on prices. In the absence of US economic data, trading in the base metals complex remained subdued through out the last week of September. Metals like aluminium and copper depicted a softening trend in the final week while nickel and zinc remained by and large stable.

Zinc: In the first half of September, zinc both in Mumbai and LME showed some activity. In week 01, zinc at LME witnessed a price rise of around 1.6 per cent as compared to the week before while in Mumbai market it experienced a w-o-w rise of nearly 1.8 per cent. The second week of the month too depicted a further improvement in the white metal's prices across the world with the approach of the festive season. Zinc at Mumbai shot up by more than 3.5 per cent in week 02 as compared to the opening week of the month while over the same period of time zinc at LME rose by nearly 4 per cent. However, prices started softening with the inception of the third week. Zinc prices fell by nearly 3 per cent in week 03 as compared to week 01 both at LME and Mumbai. The market remained subdued even in the final week of September as the prices didn't make any effort to move up and remained by and large stagnant and sluggish through out the globe.

Crude Oil: Crude oil remained largely depressed in the opening week of September in the international market amid the strengthening of US dollar against the euro. Crude oil witnessed a fall of around 5.5 per cent in Sep week 01 as compared to the week before and prevailed at around USD 69/barrel on an average in week 01. After witnessing a softened trend in the very first week of the month of September, the crude oil prices slowly started to creep up in the second week supported by the weakness in the US dollar. Prices rose by more than 2 per cent over a week. Though the crude prices were slow to start off at the beginning of the third week weighed by the anxiety over oil demand amid high levels of domestic refined product inventories but the oil prices were found to pick up slightly towards the latter half of week 03. Crude oil witnessed a price rise of around 1.5 per cent in Sep week 03 as compared to the week before and prevailed at around USD 71/barrel on an average. Crude oil prices weakened in the final week of September with the gradual firming up of US dollar, worries over the softer equity markets and qualms over Iran's nuclear programme following missile tests over the last weekend of the month. Crude oil suffered a drop of over 4.5 per cent over a week. In Sep week 04, the NYMEX Crude oil prevailed at around USD 68/barrel on an average.





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

Index	June'09	% Change (M-M)	July'09	% Change (M-M)	Aug'09	% Change (M-M)	Sep'09	% Change (M-M)	% Change (Y-Y)
Global	134.36	3.50	147.03	9.40	156.56	6.50	159.77	2.10	-40.70
North America	112.48	-2.00	127.65	13.50	141.89	11.20	148.67	4.80	-42.50
Europe	129.97	-0.90	135.57	4.30	138.97	2.50	145.28	4.50	-44.90
Asia Steel	149.66	8.50	164.77	10.10	174.91	6.20	174.31	-0.30	-37.50
Longs	159.53	3.60	161.86	1.50	167.56	3.50	175.75	4.90	-43.20
Flats	121.86	3.40	139.67	14.60	151.09	8.20	151.83	0.50	-39.20
Metallics	173.53	-0.60	193.94	11.80	213.45	10.10	225.81	5.80	-29.90
Stainless	113.91	2.90	121.44	6.60	129.25	6.40	135.21	4.60	-25.80

The ascent of finished steel prices has slowed over the past month as, despite rises elsewhere, Asian sheet prices have fallen and most North American long products have remained stable. This was reflected in the global CRUspi index which saw a positive change of only 2.10% over a month. The recovery in long products prices has continued. Prices in Asia and Europe have increased significantly, while North American prices have remained broadly stable. The CRUspi for steel sheet has remained broadly unchanged this month. Behind this, the price correction now taking place in

Asia contrasts with further spot price rises elsewhere. Asian scrap values weaken as steel demand cools. EU scrap benchmarks rise propelled by seasonal restocking. Driven by the mixed trend at various places, the CRUs_{pi} metallic index managed to remain positive over a month. The stainless steel sector saw a recovery in pricing and demand this month with the CRUs_{pi} index posing a month on month positive change.



(UJJAL BHATTACHARYA)
Senior General Manager – Steel Sales

STEEL INDUSTRY MARKET SCENARIO

FLAT & LONG PRODUCT

Domestic Scenario

The domestic steel market saw an improved sentiment both for Flat and Longs segment in the month of September.

Flat product market conditions witnessed an improved scenario with steel majors hiking prices across various product categories for the month of September. A steady flow of demand from the automobile and white goods sector all across further improved the market conditions. The price of HR Coil remained firm in Mumbai market, driven by the upward trend in the flat steel market. Price of IS2062 3.0mm HR Coil prevailed at around Rs. 32,500/MT (basic) in the second week, up by Rs. 500/MT over a week, and about Rs. 4,000/MT higher over a month. The third and fourth week of the month further showed an improved price trend. According to the market sources, the traders who were either reluctant to stock materials or were unwilling to go for bulk purchases are now interested in purchasing high volumes of material as the demand from various end users of flat steel items are steadily going up with each passing day. Market participants predict that the firm situation will continue in the near future amid the active market.

The import market also strengthened with hot rolled coil import prices increasing by USD 10/MT with traders favoring Chinese commercial grade material over more expensive CIS rates. Bookings of Chinese commercial grade HRC prevailed in the range of USD 560-565/MT cfr Mumbai port in the second week. On the other hand, the cold rolling grade material has also been offered by Chinese mills at USD 575-580/MT cfr, at least USD 20-25/MT below rates offered by CIS mills.

Long product market exhibited a healthy trend in the first week of the month with slight improvement in the demand conditions from the downstream customers and end users. The second week commenced with steel producers, both secondary and primary raising the prices of long product by Rs. 1,000-1,500/MT mainly to offset higher input costs.

Market conditions further improved in the third week of the month as construction demand gradually picked up with monsoon receding. Various semi-finished and finished steel items witnessed a price improvement in the range of 2.5 to 5 per cent over a week. The billet prices in the domestic market have risen by Rs 1,000/MT from two weeks ago as construction demand picked up with the monsoons across the country nearing its end. Prices have increased to Rs 22,000-22,500/MT ex-mill, from Rs 21,000-21,500/MT ex-mill at the start of the month. The price of low carbon steel wire rod prevailed in the range of Rs. 29,000-31,000/MT (basic) while TMT bar prevailed in the range of Rs. 27,500-28,500/MT (basic), in the third week. The steel ingot market across the country also exhibited by and large a steady trend over a week. The month however ended on a slightly sluggish note due to festive mood and with the buyer's community only making limited purchases. Moreover heavy showers in some parts of the country further dampened the sentiment that resulted in a price drop of 1 to 2 percent both for semi-finished and finished long steel items.

Indian billet export prices up by USD 40/MT in the beginning of September: Indian billet exporters have managed to push through price increases on their transactions in the first week. Transactions took place in the range of USD 490-495/MT fob up from USD 450-460/MT fob previously, although these are for small tonnages to neighboring countries.

Price Trend as observed in the Auctions 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	HR Sheet Cutting
Aug'09 Wk 1	24895	24082	22634	24350	21603	19150
Aug'09 Wk 2	25983	24246	23629	25282	21554	19597
Aug'09 Wk 3	26550	25005	23794	25011	22761	20304
Aug'09 Wk 4	26833	24779	24389	23194	23314	20700
Sep'09 Wk 1	27694	25879	25056	25549	22412	20110
Sep'09 Wk 2	26813	--	25428	25408	22827	--
Sep'09 Wk 3	26352	26908	24457	25948	22581	21300
Sep'09 Wk 4	--	27200	25600	26540	23268	22650

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

Products	Aug'09 Price (Avg.)	Sep'09 Price (Avg.)	% change (Sep'09 over Aug'09)	% change (Sep'09 over Sep'08)
Cobble Plate	26066	26953	3.41	-26.14
Def HR Plate	24528	26662	8.70	-26.97
Semi Rolled Plate	23612	25135	6.45	-30.26
SRP Coil Form	24459	25861	5.73	-29.84
Def HR Coil	25281	27930	10.48	-19.35
Def HR Sheet	26702	27875	4.39	-29.52
HR Sheet Cutting	19938	21353	7.10	-18.38

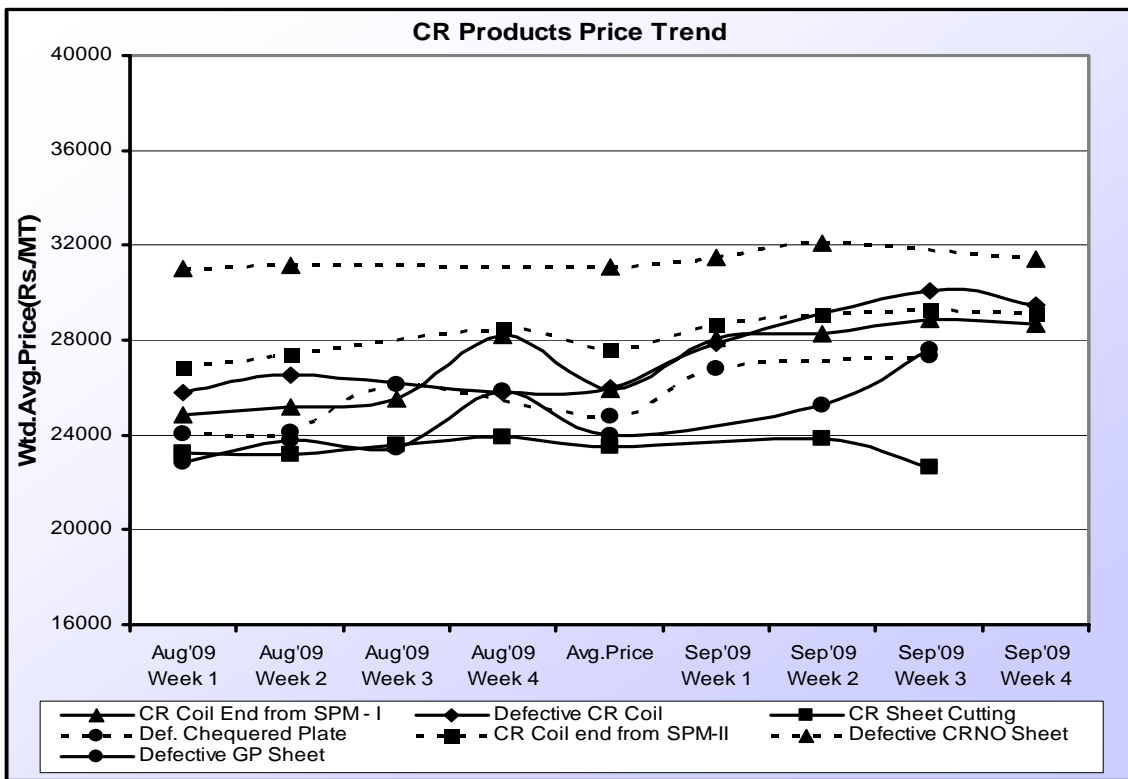
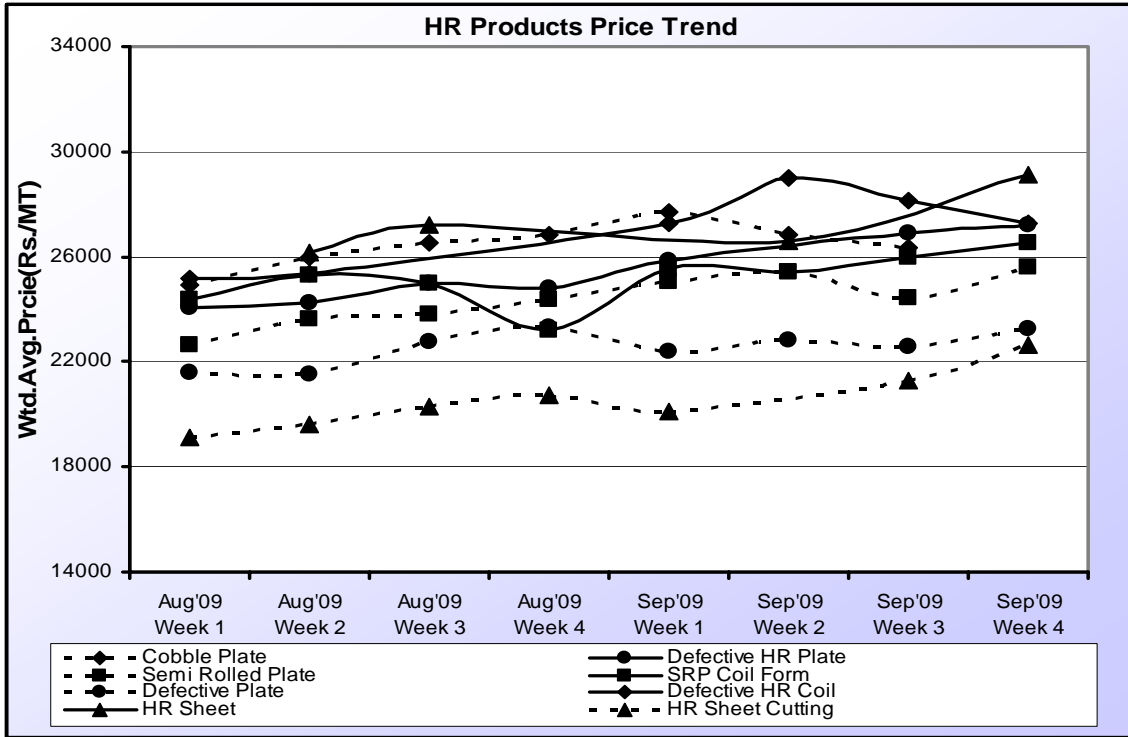
Attached below is the data table for CR items:

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	CR Sheet Cutting
Aug'09 Wk 1	24840	26850	24050	23250	25755	30984	23250
Aug'09 Wk 2	25185	27400	24100	23197	26493	31177	23197
Aug'09 Wk 3	25550	--	26150	23586	--	--	23586
Aug'09 Wk 4	28203	28450	--	23900	25784	--	23900
Sep'09 Wk 1	28044	28676	26800	--	27850	31477	--
Sep'09 Wk 2	28262	29100	--	23850	--	32075	23850
Sep'09 Wk 3	28864	29275	27350	22643	30109	--	22643
Sep'09 Wk 4	28647	29163	--	--	29475	31439	--

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

Products	Aug'09 Price(Avg.)	Sep'09 Price(Avg.)	% change(Sep'09 over Aug'09)	% change(Sep'09 over Sep'08)
CR Coil End from SPM-I	25944	28454	9.67	-20.79
CR Coil End from SPM-II	27567	29053	5.40	-20.85
Def CR Coil	26011	29145	12.05	-23.08
Def CRNO Sheet	31080	31664	1.88	-32.57
Def Chequered Plate	24767	27075	9.32	-30.40
CR Sheet Cutting	23483	23247	-1.01	-23.59

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



Price in Rs./t is basic

Outlook: The flat steel market conditions showed a healthy trend over a month with demand continuing to come up from various sectors. According to the market sources, the traders who were

either reluctant to stock materials or were unwilling to go for bulk purchases are now interested in purchasing high volumes of material as the demand from various end users of flat steel items are steadily going up with each passing day. In consonance with the improving domestic market for the flat steel items, the auction platform also exhibited by and large an upward price trend over a month with prices improving by 6 to 8 percent on an average. The month ended on a steady note with Navratri prevailing and buyers purchasing only as per their requirement. Market conditions are expected to remain strong and well as the festive season ends and various projects coming up.

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

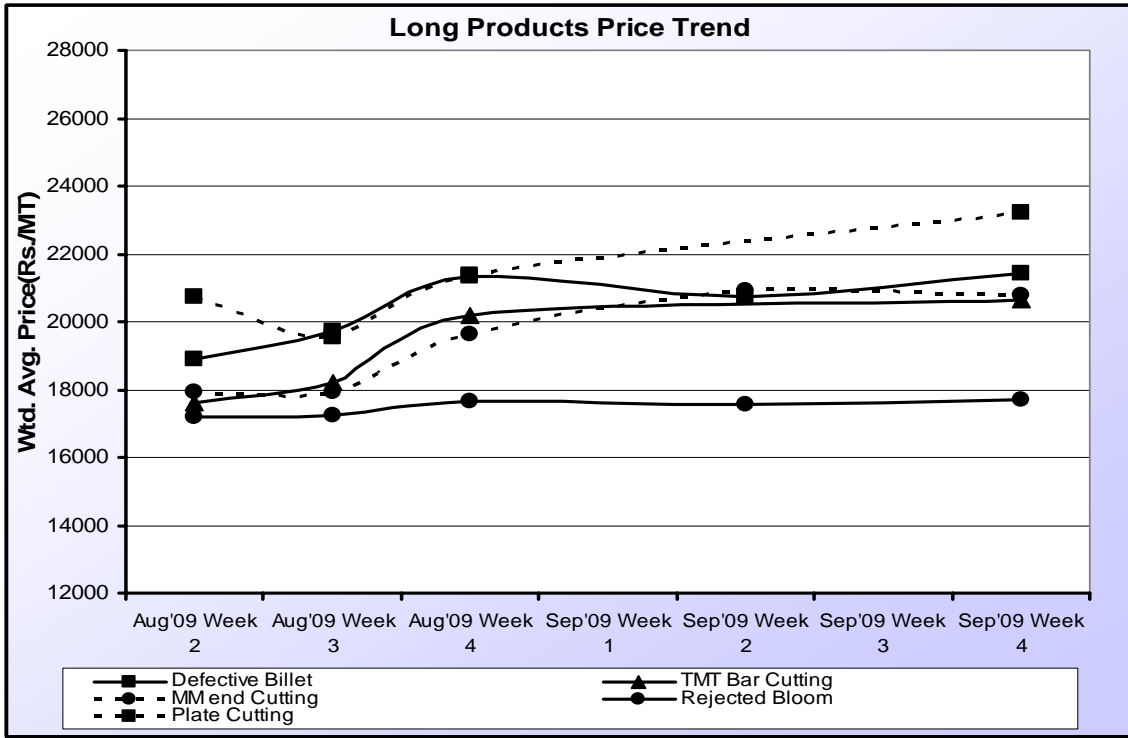
Attached below is the data table:

Week	Def Billet	TMT Bar Cutting	MM End Cutting	Rej Bloom	Plate Cutting
Aug'09 Wk 1	--	--	--	--	--
Aug'09 Wk 2	18905	17618	17927	17202	20749
Aug'09 Wk 3	19716	18208	17940	17241	19544
Aug'09 Wk 4	21355	20201	19612	17660	21388
Sep'09 Wk 1	--	--	--	--	--
Sep'09 Wk 2	20720	--	20912	17575	--
Sep'09 Wk 3	--	--	--	--	--
Sep'09 Wk 4	21445	20655	20768	17724	23230

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

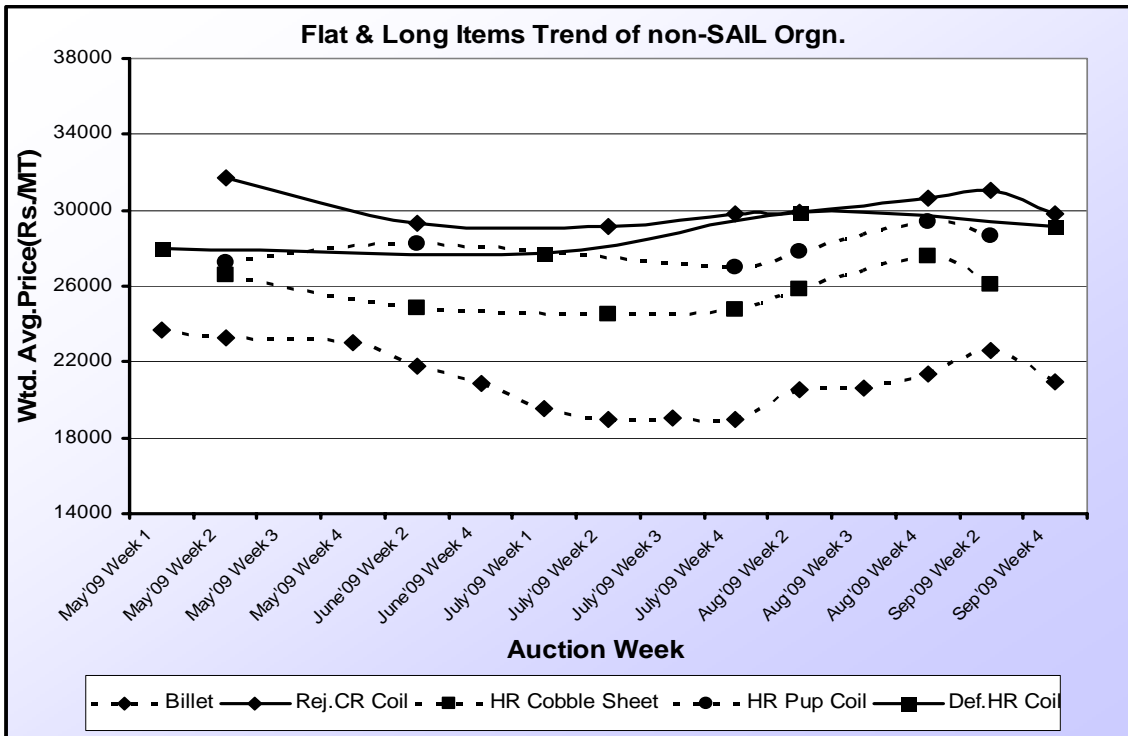
Products	Aug'09 Price(Avg.)	Sep'09 Price(Avg.)	% change(Sep'09 over Aug'09)	% change(Sep'09 over Sep'08)
Def Billet	19992	21082	5.45	-27.00
MM End Cutting	18493	20840	12.69	-23.00
Rejected Bloom	17368	17649	1.62	-33.00
TMT Bar Cutting	18675	20655	10.60	-26.00
Plate Cutting	20560	23230	12.98	-29.00

Following graph shows the price trend observed in the auction services of Metal Junction for the month of Aug 2009 & Sep 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 organization



Price in Rs./t is basic

Outlook: The first week of the month showed some amount of improvement due to demand coming up from downstream customers and end users. Prices of various items improved in the range of 2 to 4 percent over a week. Market continued to remain strong in the subsequent weeks with Billet prices in the domestic market rising by Rs.1000/tonne over a fortnight. TMT and Wire Rod prices also improved by around 4 percent over a week in the third. The auction platform also remained aligned with the domestic market and exhibited a rise of around 2 to 3 percent over a week in the third week. The month however ended on a sluggish note with festive season being round the corner and buying taking place only in limited amounts. Prices dipped by around 1 percent on an average across various items. With the end of festivals, longs market is expected to recover and buying activity is anticipated to gain its strength.

International Scenario

A falling trend in Chinese market had an impact in entire Asia; however market conditions at other places including US, Europe showed some improvement throughout the month.

Asia: Market remained weak both across Flats and Longs segment. Weaker Flat Steel markets depressed Slab prices in E.Asia. Prices prevailed at around \$500/tonne, cfr for Brazilian Slab and at above \$500/tonne, cfr for Indian Slab in the second week of the month. Billet import offer prices in South East Asia slipped by \$10-20/tonne from late-August to \$490-500/t cfr in the second week. Offers continued to prevail at same level in the end of the month. The export market also remained quiet with Billet offers taking place at \$500-520/tonne, fob in the second week. Rebar import market remained quiet with import offers taking place at \$520-530/tonne, cfr in the third week of the month. The market conditions continued to remain calm and quiet throughout the month with buyers adopting a wait and watch mode. Demand continued to remain poor, buying remained thin and importers maintained low inventories.

China: The market remained weak both across flat and longs segment with subdued demand, buying activity remaining thin and also on oversupply concerns. Rebar prices fell by RMB 10-30/t on 14 September to about RMB 3,470-3,520/t (\$508-515/t). Few sales took place in Chinese domestic plate market. Although plate production is decreasing gradually, the plate market remained lukewarm due to a lack of demand from downstream users. In Shanghai prices for Q235 14-20mm plate from Maanshan Iron & Steel prevailed at RMB 3,550-3,580/t (\$522-526/t) with 17% VAT in the third week, slightly down by RMB 20/t from earlier this month. China's depressed flat steel market has led domestic hot-dip galvanized strip prices to continue to drop. 1.0mm HDG prevailed at RMB 4,700-4,750/tonne (\$691-699/t) including 17% VAT, down by RMB 100/t from last month. Transactions of domestic CRC market took place at \$681-695/tonne in the fourth week of the month. After a seven consecutive-week's fall the Chinese domestic steel market stabilized in the last few days of the month before the approach of the National Holidays. Nevertheless, the domestic situation of supply and demand is not favorable for the rapid recovery of steel prices. Although the construction steel price presented signs of rebound, the future price may continue to decline without production cut. The export market dipped down further in the last week of the month with HRC export offers sliding by upto \$40 per tonne from two weeks ago to prevail at \$480 per tonne, fob. Rebar and wire rod export offers have eased to \$480-490 per tonne fob on declining domestic market prices.

CIS: The export market suffered with weak demand from Chinese market. The negative sentiment generated in China, as it withdrew from buying after two months of a major "shopping spree," is now sweeping across the whole of South-East Asia, as buyers there continue to wait-and-see. The

current stand-off is likely to lead to production cuts, if demand does not improve in the next couple of weeks. With weakening sentiment spreading in the wake of the recent fall in prices for flat finished products, slab prices have softened by up to \$10/tonne. From the levels of \$420-450/t fob Black Sea, prices of October-produced slab from Russia is said to be around \$435-445/t fob Black Sea. CIS wire rod export prices remained steady for October rolling despite continuing weak demand. The export prices for CIS wire rod were booked at \$480-490 per tonne fob Black Sea for October production and delivery in the third week of the month. East Asian buyers re-entered the Billet market in the third week after weeks of inactivity. Billet was booked in the range of \$440-450 per tonne fob Black Sea for October production and delivery – a price that has remained unchanged for three weeks. Despite the renewed interest from East Asia, demand for CIS billet remains subdued. Traders have been struggling to secure orders and are waiting for Persian Gulf and North African buyers to re-enter the market to replenish billet stocks. Plate export market too suffered from weak demand and poor market sentiment.

Europe: Market remained strong in the beginning of September. Coil prices improved as producers looked to increase prices on the back of low availability. The latter half of the month exhibited stability. Heavy plate prices in southern Europe have remained stable as a result of re-stocking and a pick up in end-user demand since the summer. Bookings in southern Europe remained at €420-430 (\$616-631) per tonne in the third week of the month. Merchant bar prices in northern Europe have risen by around €20-30/tonne since August. Prices for merchant bar are said to vary greatly, from €420-470/tonne on a delivered basis in September, up from €400-430/t in August. With scrap stabilizing and no sign yet of end-user demand, prices are expected to remain unchanged for the rest of 2009. Rebar market however ended stagnant in the month of September. Domestic rebar prices were raised by €30-40/tonne (\$44-59/t) at the start of September, with a good deal of purchases made. Prices in the fourth week ranged between €350-370/tonne delivered, whereas mesh quality wire rod was pitched slightly higher at €370- 390/t. For October and the coming months, further price increases are an uncertainty due to weak demand, although mills will be resistant to lowering reinforcing steel prices, regardless of scrap prices coming down. Higher quality wire rod is said to be faring slightly better than mesh quality and rebar.

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

Places	Billet 100 mm	Bloom 150x15 0 mm	Wire Rod 6 mm	Tor Steel/ TMT Bar 10 mm	Angle 50X50X 6 mm	Joist 125X70 mm	Channel 75X40 mm	HR Coil 2.00 mm	CR Coil 0.63 mm	GP Sheet 0.63 mm
Kolkata										
Sep'08	39892	40060	42262	41258	41230	43941	45118	45502	49690	52538
Dec'08	30502	30766	37808	36314	35759	37102	39676.5	39222	40464	43006
Mar'09	30914	30666	36864	34113	34309	36138	40009	34314	36356	40234
Jun'09	28136	27663	33849	34009	34214	36066	35165	33993	36130	40793
Sep'09	25686	25525	32518	32262	33676	35948	34724	34590	38067	42456
Delhi										
Sep'08	NA	NA	43795	41759	39916	42817	42985.5	45377	48792	51887
Dec'08	NA	NA	39195	37642	35985	38554	40425	39203	39557	41768
Mar'09	NA	NA	37732	34963	34103	36063	39834	34471	36488	39328
Jun'09	NA	NA	35591	35371	34488	36098	35607	34349	36728	39928
Sep'09	NA	NA	32709	32818	33998	36063	34861	35613	39694	41858

Mumbai										
Sep'08	38721	37241	45301	43956	42386	44744	44984	45133	49618	54098
Dec'08	30630	29167	39479	37884	37224	39183	41177	39453	40526	46034
Mar'09	30998	29250	37519	34950	34617	36883	40423	34526	37578	42912
Jun'09	28204	26518	35216	34862	34092	36332	35587	33903	35944	42151
Sep'09	25904	24178	33690	33735	34179	36025	34998	34591	37844	42948
Chennai										
Sep'08	38196	37165	43843	40502	40021	44083	42478	45172	50822	55242
Dec'08	30951	28208.5	36478	35757	38308	39438	38797.5	40932	45847	50426
Mar'09	31044	29352	37837	34823.5	34509	36517	39605	33796	37864	42592
Jun'09	28016	26474	34148	33866	33963	35971	34983	33621	36548	40940
Sep'09	25468	24068	33345	31944	33599	35698	33943	34061	39534	42732

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

	July-09	Aug-09	Sep-09	Oct-09
N. Europe domestic				
HRC - Ex-Works €/t	376-440	408-471	421-460	415-450
CRC - Ex-Works €/t	440-495	470-519	452-510	432-510
HDG - Ex-Works €/t	490-570	510-590	565-620	575-620
Plate - Ex-Works €/t	450-520	410-520	440-530	450-560
S. Europe domestic				
HRC - Ex-Works €/t	380-400	380-400	400-430	400-450
CRC - Ex-Works €/t	440-460	440-460	450-490	450-500
HDG - Ex-Works €/t	430-460	430-460	450-500	470-500
Plate - Ex-Works €/t	400-450	400-450	450-500	450-500
N. America domestic				
HRC - FOB US Midwest mill \$/s.ton	472-505	508-540	578-595	570-580
CRC - FOB US Midwest mill \$/s.ton	520-560	520-560	600-640	680-700
HDG - FOB US Midwest mill \$/s.ton	540-580	540-580	620-660	700-720
China domestic				
HRC - Shanghai (incl. 17% vat) RMB/t	3808-3840	3786-3830	3435-3470	3310-3330
CRC - Shanghai (incl. 17% vat) RMB/t	4838-4892	5080-5160	4680-4768	4600-4650
HDG - Shanghai (incl. 17% vat) RMB/t	4800-4850	5100-5150	4530-4600	4530-4600
China export				
HRC - FOB Shanghai \$/t	520-540	530-550	490-500	490-500
CRC - FOB Shanghai \$/t	540-550	600-610	600-610	590-600
HDG - FOB Shanghai \$/t	660-670	670-680	620-630	620-630

East Asia Import				
HRC - CFR \$/t	545-565	570-590	525-550	500-523
CRC - CFR \$/t	620-650	700-730	640-700	600-650
HDG - CFR \$/t	700-750	750-770	660-720	650-700

LONG

Europe domestic	July-09	Aug-09	Sep-09	Oct-09
Medium sections - delivered €/t	420-475	420-480	425-470	430-490
Rebar - delivered €/t	310-370	330-390	350-410	350-410
Wire Rod (mesh quality) - delivered €/t	310-350	330-370	360-390	370-390
N. America domestic				
Rebar - FOB US Midwest mill \$/s.ton	510-530	520-540	520-540	520-540
Wire Rod (mesh quality) - FOB US Midwest mill \$/s.ton	515-535	528-558	550-590	550-590
China domestic				
Rebar - Shanghai (incl. 17% vat) RMB/t	3825-3852	3952-3980	3430-3458	3380-3390
Seamless Pipe(219mm*6mm) - Shanghai (incl. 17% vat) RMB/t	4550-4612	4990-5050	4650-4700	4650-4700
China export				
Wire Rod (drawing quality) - FOB Shanghai \$/t	530-540	630-655	515-520	505-510
East Asia Import				
Rebar CFR \$/t	494-508	522-532	520-530	520-525
Wire Rod(mesh quality)-CFR \$/t	520-540	550-570	540-560	530-550
Black Sea Export				
Rebar FOB \$/t	400-450	430-460	440-460	440-460
Wire Rod(mesh quality)-CFR \$/t	400-445	440-470	450-470	450-470

Note: 1 RMB=0.15US\$

Outlook

World Steel demand to see a slow recovery for the time-being. Driven by emerging market, world steel demand will return to a three to five per cent growth trend post crisis, according to Arcelor Mittal chief. However, a slow and uncertain recovery is expected in the developed world including US and Europe.

Further strength expected, but setbacks possible: Further price rises are expected in the near term outside Asia, but the re-emergence of competitive imports and the seasonal fourth quarter slowdown in North America may cause setbacks. Long products prices may rise further as orders continue to improve, but if idled capacity is brought back on stream too quickly; this could cause a setback in prices. Flat prices are not expected to see much gain as oversupply risks remain.

A better outlook expected in Indian steel sector: Indian steel market holds significant growth potential and the recent rise in demand has been driven by stimulus plan and private investment, according to experts.

Since March, the Indian steel industry is again running at full capacity and the steel demand in the country was driven by the government's stimulus plan, private investment and demand for automotives. Revival in demand is taking place, production is increasing and consumption is improving, de-stocking has happened in the steel industry, so there are some of the positive signs and people have started buying again in the market.

According to experts, steel prices are expected to remain stable in the month of October with demand remaining fairly stable. However, prices of key raw materials - iron ore, coal and zinc - have been rising, which could put pressure on prices, said a JSW official.

Data Sources:

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



(UJJAL BHATTACHARYA)
Senior General Manager – Steel Sales

STEEL INDUSTRY MARKET SCENARIO

SCRAP

Domestic Scenario

Indian Scrap market conditions improve after a period of volatility in the Steel market: After witnessing a drop in price in the range of Rs.300-800 per tonne in the first ten days of the month due to slow pace in construction activities, the market conditions have improved off late as buyers return to the market. The import market has also become active as steel mills are expanding the output in succession. HMS I prevailed at USD 280/tonne, cif Indian West Coast.

HMS 1&2 (80:20) sold at USD 300/MTcfr, Nhava Sheva port in Mumbai. Transactions were thin however, since Indian buyers continued to adopt a wait-and-see attitude and refused to pay above \$320/t cfr. In south India, offers for containerized shredded were at over \$350/t cfr, but buyers did quote their bids at levels of around \$325/t cfr and very few transactions were heard. The month however ended on a much firmer note due to strengthening demand with Scrap import offers taking place at USD 300/tonne CIF Indian West Coast

Sponge iron market exhibits a steady trend: The demand scenario remained stable for sponge iron across the country with prices showing a marginal increase since August. Coal-based DRI with Fe content of 74-75% is currently being offered at Rs 12,900/MT ex-mill without taxes in the iron ore-rich Bellary-Hospet region of Karnataka in south India while in Chennai, the same grade is priced slightly higher at around Rs 13,300/MT ex-mill. Coal-based sponge iron originating in Raipur in the central state of Chhattisgarh and in eastern regions of the country like Orissa and West Bengal, the sponge iron price is slightly higher and is currently ruling at around Rs 13,500-14,000/MT ex-factory without taxes.

Pig iron picks up in the domestic market with rise in demand: According to the market sources, Pig iron prices picked up this month in tandem with a rise in demand. South Indian foundry grade iron is being traded at around Rs 21,500/MT ex-mill. On average it is being traded at Rs 21,000/MT ex-mill nationwide. This compares with Tata Metaliks' sales price of Rs 19,500-20,500/MT ex-works without taxes. Steelmaking grade pig iron is currently prevailing at around Rs 18,800-20,000/MT ex-mill without taxes – around Rs 500-1,000/MT higher than of the last month.

Iron Ore: Indian iron ore price reduced 36% in three weeks: As customers in China cleared inventories and cut the purchase, Indian ore price presented a significant drop within the three weeks. The beginning of September has seen a recessionary trend in Iron ore market with demand weakening from China and more competition pouring in from Australia and Brazil. A fortnightly drop of 10 to 12 percent is seen across various grades with prices of Fe 63% dropping as low as 78 USD/tonne CNF China while Fe 61% dropping to 69 USD/tonne CNF China, a drop of around 20 USD/tonne since the mid of August. Chinese domestic Iron Ore fines prices continued to fall due to weak demand and poor transaction. Mills remained cautious about placing new orders for ore. Mills remained cautious about placing new orders for ore and the approach of national holiday further subdued the market conditions.

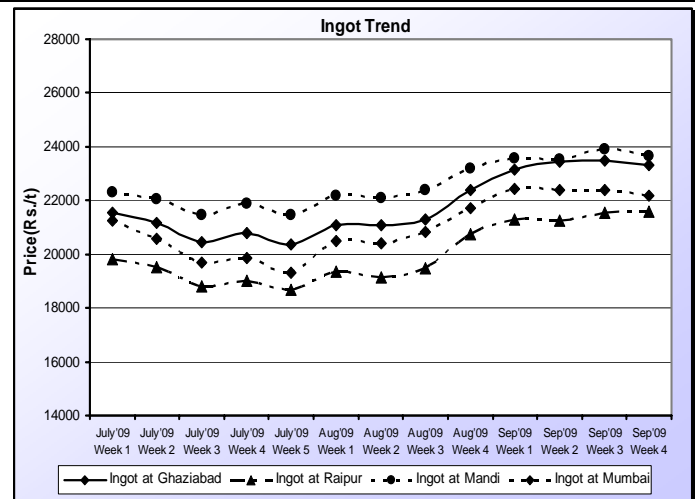
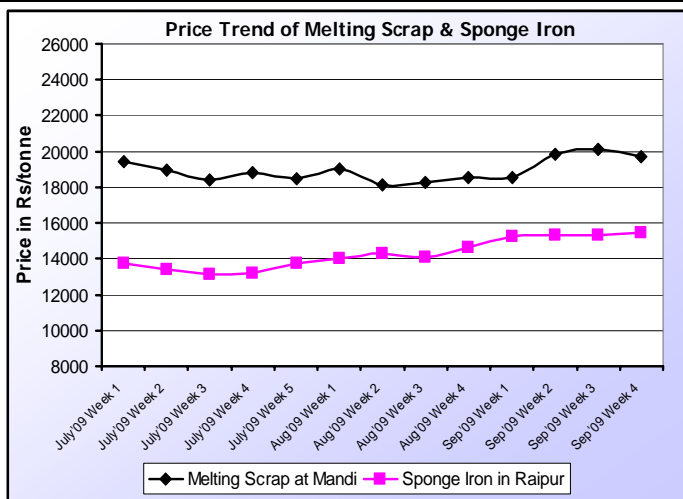
Export market conditions however improved in the third and fourth week of the month with Chinese import market expanding preparing for the consumption during the cold winter and Indian

domestic market turning stronger as more steel mills expand the output influenced by the active steel market.

Indian coke prices soar on coal costs: Rising costs of imported coking coal and tight supplies are squeezing the Indian coking industry at a time when demand is strong, sending prices higher. Low ash metallurgical (LAM) coke with a 12-12.5% ash content is currently selling for Rs 16,000-17,000/tonne (\$333-353/t) ex-works without taxes in east India, an increase of around Rs 1,000/t since August. High ash metallurgical (HAM) coke is selling at around Rs 13,000/t (\$270/t) ex-works in Dhanbad in east India, up by around Rs 2,000/t since last month. Hard coke with a higher ash content of 25-30% and over is selling at Rs 8,000/t, unchanged from August levels, however. Imports of Australian, Polish, Egyptian and Colombian LAM coke is being offered at \$350-360/t cif India. This compares with around \$265/t cif offered for the same grade in early August. Driving up prices has been the climb in prices of imported coal. Premium hard coking coal from Australia is now being offered at \$175-185/t fob to Indian buyers – a large increase from August when the same grade of coal was selling at around \$165/t fob.

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
Aug'09 Week 1	22182	21103	19356	20492	14028	19011
Aug'09 Week 2	22106	21074	19130	20420	14295	18140
Aug'09 Week 3	22384	21289	19492	20841	14124	18260
Aug'09 Week 4	23200	22378	20729	21719	14664	18556
Sep'09 Week 1	23586	23144	21301	22421	15283	18540
Sep'09 Week 2	23528	23428	21262	22400	15323	19833
Sep'09 Week 3	23893	23496	21543	22409	15342	20086
Sep'09 Week 4	23642	23322	21595	22181	15488	19700



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 Auctions held at Metal Junction for Scrap Products:

Attached below is the data table:

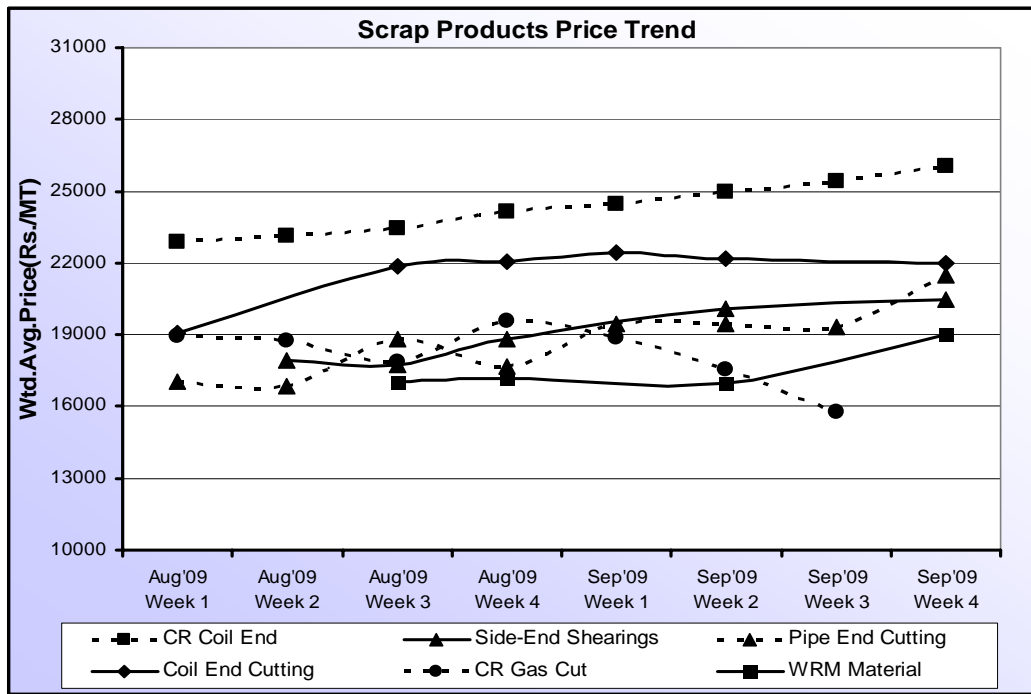
Week	CR Coil End	WRM Material	Side-End Shearings	Pipe End Cutting	Coil End Cutting	CR Gas Cut
Aug'09 Wk 1	22857	--	--	17048	19044	18932
Aug'09 Wk 2	23129	--	17945	16831	--	18754

Aug'09 Wk 3	23444	17050	17765	18847	21854	17871
Aug'09 Wk 4	24145	17150	18816	17671	22050	19571
Sep'09 Wk 1	24466	--	--	19449	22439	18897
Sep'09 Wk 2	24990	17000	20106	19442	22200	17553
Sep'09 Wk 3	25419	--	--	19302	--	15749
Sep'09 Wk 4	26070	19000	20452	21457	22000	--

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

Products	Aug'09 Price(Avg.)	Sep'09 Price(Avg.)	% change(Sep'09 over Aug'09)	% change(Sep'09 over Sep'08)
CR Coil End	23394	25236	7.88	-22.00
WRM Material	17100	18000	5.26	-33.00
Side-End Shearing	18175	20279	11.58	-25.00
Pipe End Cutting	17599	19913	13.14	-26.00
CR Gas Cut	18782	17400	-7.36	-45.00
Coil End Cutting	20983	22213	5.86	-30.00

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



Price in Rs./t is basic

Outlook: Scrap market conditions improved in the month of September with demand improving. Mating Scrap price at Mandi Govindgarh market witnessed a positive growth of around 7 percent over a week in the second week. Sponge Iron market also showed positive gains on higher semi-finished prices and made a month on month gain of around 5 percent. The month ended on a slightly sluggishness note with Scrap prices dropping by 2 percent with the festive season being round the corner. Steel Ingot market too exhibited a slowdown in Week 04 with prices dropping in the range of 0.5 to 1.5 percent over a week. The auction platform depicted an overall positive trend over a month and with the end of the festive season, the buying mood is expected to gain strength thus giving a boost to the market sentiment.

International Scenario

International Pig iron market sees a weaker price trend on slow demand: Prices in domestic Chinese market went down by around 10 to 12 percent over a month due to few orders from the mills. The pig iron market is under pressure from weakening steel prices in China and pig iron overcapacity. Prices are further expected to decrease unless and until inventory levels come back to a reasonable level.

CIS export market has also weakened as China is dead. From the levels of \$350/tonne (€239/t) fob Russian/Ukrainian ports last month, offers were in the region of \$330-340/t fob Black in the second week of September. Demand is mainly coming from the US and Europe, but it does not compare with what China delivered in terms of market dynamics a few weeks ago. There is also expectation of Middle Eastern interest once Ramadan is over. The sentiment is that, whilst there is no doubt that rising scrap prices will pull the pig iron prices through, this correction, although minor, is real.

Weakness in China points to a pause in the bull run for scrap prices. Chinese scrap prices recovered towards the end of the month on tighter supply. The latest sales were completed at 2,600-2,650 yuan (\$381-388) per tonne for heavy scrap in the fourth week, 50 yuan more than bookings two weeks ago. Enquiries are rising from a few scrap merchants who expect steel prices to fall no further.

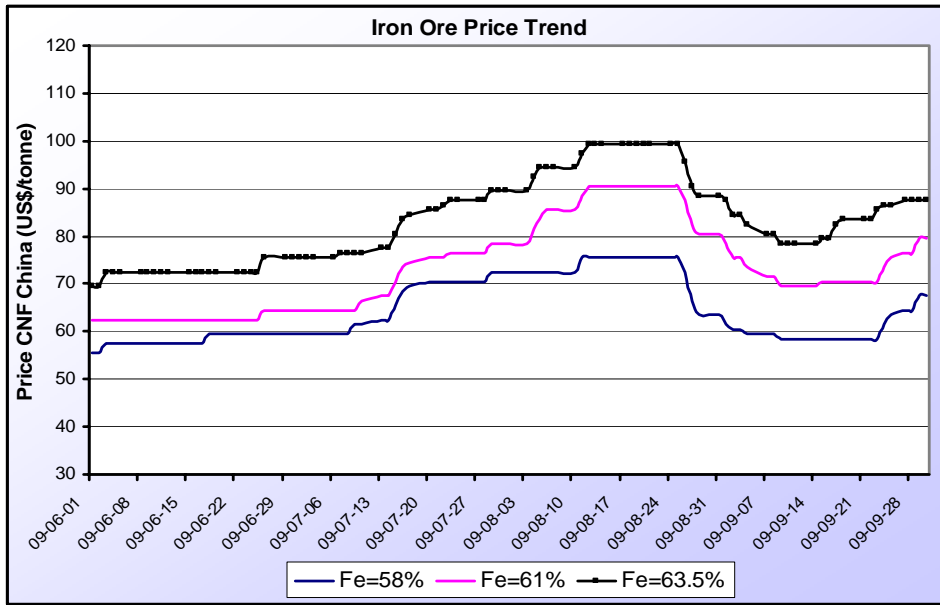
Asia's scrap import market sees lower-priced offers: Asia's scrap import market has also remained quiet with prices seeing some downward correction. In early September, bulk HMS scrap from USA was offered at \$360-370/t cfr. Containerized 80:20 HMS 1/2 scrap from Central America and West Africa were offered at \$310/t cfr and some bookings were made. The month ended on a quiet note with few offers and dull buying interest from importers in China and Korea. The import price for bulk shipment of deep-sea scrap into East Asia has fallen by around \$5/tonne since third week to \$340-345/t cfr.

UK scrap prices firm on improved demand: Prices have risen £5-20/tonne across all grades because of improved demand. Obsolete material in the UK is around £160-180/t (€181-204/t) delivered, depending on grade, while shredded is around £185-195/t delivered.

Central European scrap demand, as steel mills restart idled capacity, has also bolstered prices in the UK, according to one trader. In some places in Central Europe mills paid almost €250/t for shredded scrap, when it was available at €220/t, exports of shredded out of Antwerp, Amsterdam and Rotterdam were at around \$300/t.

European ferrous scrap export prices continued to soften, largely due to Turkish buyers holding out for lower levels. Prices were at around \$270-275 per tonne fob for HMS 1&2 (70:30); \$275-280 per tonne fob for 80:20 and \$280-285 for shredded material in the fourth week of the month. Southern European scrap markets have remained quiet.

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:

Places	Pig Iron	Melting Scrap H M S-I	Melting Scrap H M S-II	Sponge Iron (Coal Based)
Kolkata				
Sep'08	32425	28080	27040	24675
Dec'08	24508	18125	17125	16252
Mar'09	22739	19240	18200	16455
Jun'09	21837	16475	15700	15053
Sep'09	22524	17490	16660	15910
Delhi				
Sep'08	36348	28850	28650	23850
Dec'08	25250	17200	17000	15167
Mar'09	23960	16800	16600	13900
Jun'09	23000	16900	16700	13750
Sep'09	23700	17000	16800	14000
Mumbai				
Sep'08	33856	NA	NA	25250
Dec'08	22050	NA	NA	16608
Mar'09	22652	NA	NA	17970
Jun'09	20900	NA	NA	15400
Sep'09	21000	NA	NA	15150
Chennai				
Sep'08	27040	27040	27300	25480
Dec'08	19760	17940	16380	14994
Mar'09	20332	19240	18200	14300
Jun'09	20120	19400	14640	13300
Sep'09	19240	18000	17420	13300

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
June-09	186.00	
July-09	214.00	↑
Aug-09	241.00	↑
Sep-09	255.00	↑

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
June-09	216.00	
July-09	242.00	↑
Aug-09	284.00	↑
Sep-09	285.00	↑

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

Month	Average Price(\$ per long ton)	Price movement
June-09	221.00	
July-09	247.00	↑
Aug-09	289.00	↑
Sep-09	291.00	↑

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

Month	Average Price(\$ per tonne)	Price movement
June-09	228.00	
July-09	246.00	↑
Aug-09	275.00	↑
Sep-09	278.00	↑

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

Month	Average Price(\$ per tonne)	Price movement
June-09	198.00	
July-09	216.00	↑
Aug-09	245.00	↑
Sep-09	248.00	↑

Steel Scrap Shredded fob Rotterdam \$ per tonne

Month	Average Price(\$ per tonne)	Price movement
June-09	233.00	
July-09	251.00	↑
Aug-09	280.00	↑
Sep-09	283.00	↑

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

Month	Average Price(\$ per tonne)	Price movement
June-09	239.00	
July-09	278.00	↑
Aug-09	290.00	↑
Sep-09	316.00	↑

Outlook

European Scrap market to remain steady in the month of October, prices to average at around €200/tonne. There is at the moment little material around, and in October the situation of short supply will be even worse both in Italy and Spain. Moreover Italy doesn't import much scrap for bureaucratic reasons and mills tend to buy only locally. The forecasts from both mills and merchants are that scrap prices might lose or gain the usual €10-20/t in October but, although volumes are low, no large-scale price falls are expected.

Uncertainty reigns in US scrap market: US scrap dealers have mixed views of the marketplace looking ahead to October after a good performance in the month of September. A Midwest scrap player described the market as "quiet." He saw potential for an October price decrease of \$10-15/l.t, depending on exports.

With a recovery in the Indian steel industry and the market bottoming out, market sentiment is expected to recover after the festive season and remain strong thereafter. With the revival in the number of projects and steel consumption going up the metallic prices are also expected to make a Northward move.

Data Sources:

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



(UJJAL BHATTACHARYA)
Senior General Manager – Steel Sales

STEEL INDUSTRY MARKET SCENARIO

STAINLESS STEEL

Domestic Scenario

Demand for stainless steel on the rise: Stainless steel industry worldwide will achieve a growth of 3 to 4 per cent per year through 2015, reaching 1.55 billion to 1.7 billion metric tonnes annually, said Hitendra Bhalaria, Co-Chairman, Indinox - 2010, an international stainless steel fair, to be jointly organized by the Indian Stainless Development Organization and Steel Market Info at Ahmedabad in Gujarat from January 16 to 19, 2010. Demand and consumption pattern has improved in the domestic sector as already seen from Indian Government placing orders for 1,500 wagons as internal coaches. Even the architectural buildings made a major use of stainless steel for constructing high rise towers and buildings near the coastal areas, all because of the non-corrosive nature of the steel. Stainless steel is also used mostly in metro rail and nuclear projects. With rising demand across various grades and rising raw material prices, the sector cues a healthy trend ahead.

Outlook: The stainless steel market exhibited a stable price with demand coming up from various sectors. While the setback in Nickel price had to some effect impacted the stainless steel prices but the overall market sentiment had remained strong and a healthy trend is forecasted in the month of October.

International Scenario

Asian stainless prices succumb to weak demand: Asian stainless steel prices have succumbed to weak demand and declining nickel prices, falling \$150-250/tonne to \$2,750-2,850/t cif China in the week of 7 September after holding up for the past few weeks amid softening stainless prices in China. The prices of East Asian-origin stainless 304 cold rolled sheets for delivery in one-to-two months were at \$2,900-3,100/t cif China in the first week. The decline is largely due to traders and stockists cutting prices.

Chinese stainless prices sink lower: China's domestic prices for all stainless steel grades including those of 304, 430 and 201 have continued to slip, with 304 hot rolled prices dipping as much as RMB 2,100/tonne (\$308/t) in the first week due to faltering demand and nickel prices. Prices went down further in the second and third week with prices of 304, 430 and 201 stainless coils have fallen by RMB 900-1,100/tonne (\$132-161/t), RMB 500/t (\$73/t) and RMB 400-500/t (\$59-73/t). Prices of 3mm thick 304 HRC fell RMB 900/t to RMB 18,100-18,300/tonne (\$2,650-2,680/t), while those for CRC 2mm thick 304/2B dipped 1,100/t to RMB 19,200-19,400/t (\$2,812-2,841/t). Prices for 2mm thick 430/2B CRC slipped around RMB 500/t to RMB 11,700-12,000/t (\$1,714-1,758/t). Market inventory is huge and demand is still not good. The month ended on a slightly positive note with Nickel prices recovering; however the rise in stainless prices is likely to be temporary as stainless demand is still weak and the market remains in oversupply.

UK stainless scrap prices stable as tight supply offsets lower nickel price: UK stainless steel scrap prices have held steady as lower nickel prices were offset by tight supply and healthy demand conditions. 18/8 solids were booked at £1,040-1,060 per tonne, up slightly from \$1,030-1,050 per tonne in the beginning of the month. 18/8 turnings traded at £728-742 per tonne, also up slightly from £721-735 per tonne from earlier week.

The tables below give an overview of stainless steel prices worldwide

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

Type	June'09	July'09	Aug'09	Sep'09	Oct'09*
HR 304	18100-18400	18600-18900	19900-20200	20900-21200	18100-18300
CR 304 2B	19200-19500	19700-20000	21300-21600	22000-24000	19200-19400
CR 202 2B	15600-15800	16400-16600	18500-18700	18500-18700	17900-18000
CR 430 2B	9500-9700	9400-9600	11300-11500	12100-12300	11700-12000

Europe

CR 304 2B 2mm,Euro/t Ex- Works	June'09	July'09	Aug'09	Sep'09	Oct'09*
N.Europe	1000-1100	1030-1130	1180-1250	1180- 1260	1190-1290
S.Europe	980-1100	1030-1130	1180-1250	1150-1220	1170-1230

Europe

CR 430 BA 2mm,Euro/t Ex- Works	June'09*	July'09	Aug'09	Sep'09	Oct'09*
N.Europe	980-1100	1000-1100	1050-1100	1070-1210	1085-1220
S.Europe	980-1100	1000-1100	1050-1100	1050-1200	1070-1210

East Asia import

Type	June'09	July'09	Aug'09	Sep'09	Oct'09*
CR 304 2B 2mm CFR\$/t	2360-2450	2488-2600	2860-3020	2750-2838	2750-2800

(*): SBB forecast **Note:** 1US\$= Rs.47.87, 1Euro= Rs.69.98, 1 RMB=0.15US\$

Raw materials scenario:

Nickel Trend: After remaining vibrant in the month of August, nickel market across the world gradually started to slip into the shell with the commencement of the month of September. At present, the demand is weak and supply is loose for nickel. In the first week of September, Nickel at LME witnessed a drop of around 7.14 per cent as compared to the week before while over the same period nickel at Mumbai market suffered a fall of around 6 percent. Nickel prices further softened across the globe in Sep week 02 with the sluggishness in the demand. The metal at LME witnessed a drop of over 2 per cent in the second week of September as compared to week 01 while its counterpart at Mumbai dipped by over 3.5 per cent over the same period. The fall in the nickel prices remained unabated even in the third week of the month. Depressed by the US dollar appreciation, nickel prices at LME on Sep 21 dropped by around USD 600/MT as compared to the close of the last week Sep 18 and prevailed at around USD 16,700/MT as on Sep 21, 2009. At the end of Sep week 03, nickel at LME suffered a drop of over 4.5 per cent as against week 02 while over the same time span, nickel at Mumbai too experienced a drop of around 4.5 per cent. The

market for nickel remained depressed across the globe in the last few days of the month of September as the metal prices continued to soften on account of lack of demand and strengthening dollar witnessing a price fall of over 2.5 per cent as compared to the week before both at home and LME.

Nickel price trend at London Metal Exchange:

Month	Average Price of Nickel	% Change(m-m)	% Change(y-y)
Mar-09	9690	-6.82	-68.95
Apr-09	11,150	15.07	-61.22
May-09	12,623	13.21	-50.93
June-09	14,951	18.45	-33.78
July-09	15,965	6.78	-20.78
Aug-09	19,628	22.95	3.82
Sep-09	17,462	-11.03	-2.33

Ferro-alloys market exhibited a softened trend in the month of September. The domestic **Ferro-chrome market** remained depressed since the beginning of the month of September witnessing a price fall of Rs. 1,000/MT in each of the first two consecutive weeks of this month on the back of declining demand in the across the country. The prices further dwindled even in the third week of the month by another Rs. 1,000/MT and since then HC Ferro chrome (60%) is prevailing stable at around Rs. 56,500/MT (basic). The market for **Ferro-molybdenum** (60% min) across the country remained more or less stable in the first couple of weeks of the month of September after witnessing a price fall of Rs. 50/Kg at the beginning of the third week of August. However, the Ferro moly prices took a downward turn in Sep week 03 and the Ferro moly (60% min) prices dropped by around Rs. 250/Kg and since then it is prevailing at around Rs. 925/Kg (basic). The **Ferro-manganese** market remained upbeat throughout the first half of this month with the high carbon Ferro manganese (65-70%) prices shooting up to as high as Rs. 58,000/MT (basic) during Sep week 02. But this price rise was not sustained in the final two weeks of the month and prices have currently come down to the Rs. 53,000/MT (basic) mark exhibiting a fall of Rs. 5,000/MT over the last fortnight. **Ferro-vanadium** market across the country remained feeble throughout the month. With no strong demand from the steel mills, ferrovanadium 50%min grade market remained weak and is currently prevailing in the range of Rs. 750-800/kg (basic) as compared to its price of Rs. 890 – 920/Kg (basic) a fortnight ago.

Outlook

After facing a recessionary trend in the first half of the year, analysts expect a better market condition in the second half.

The reason, why stainless steel mills in the world had cut back largely their production, was due to a serious decline in the global demand for stainless steel products and, in particular, the excessive stocks of stainless steel products held by stainless steel mills, distributors and final consumers during a period of the second half of 2008 to January - March quarter of 2009. Owing to a crisis of the world economy, the automobile industry was driven to reduce their car production and therefore, the world demand for stainless steel products decreased drastically. However, the matter to reduce excessive stocks of stainless steel products has become effective and the output of stainless steel is increasing at various places. With demand recovery taking place in auto sector and buyers returning to the market, a positive growth is expected in the coming days. However, the other side of the coin gives a bleak picture where it is expected that an oversupply can halt stainless steel price rise. Despite positive trends in some economic indicators, unemployment continues to

climb in many countries and real consumption is not forecast to grow until well into next year. Restocking targets may have been achieved and greater availability of material is likely to reverse the recent upward trend in basis prices.

Russia stainless consumption set to plunge this year: Stainless steel consumption in Russia is expected to plunge by 30-40% this year, according to Samir Ilmark, head of foreign activities with Spetsstal Association, the Russian association of consumers and suppliers of special steels and alloys. The anticipated drop reflects the global economic crisis that has produced a decline in purchasing power, plus a depletion of warehouse inventories and price hikes in the domestic market. Contributing too is a lack of supply caused by Russia's restrictions on imports resulting from the increase of import duties and the setting of anti-dumping duties. Russian stainless consumption has already fallen by 48% year-on-year to 79,400 t in January-June this year, but a recovery in stainless consumption is expected next year, with Spetsstal forecasting an increase of around 21% for stainless demand in 2010.

Data Sources:

- 1) www.lme.co.uk
- 2) Steel Business Briefing
- 3) Metal Bulletin
- 4) NCDEX
- 5) Tex Report



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