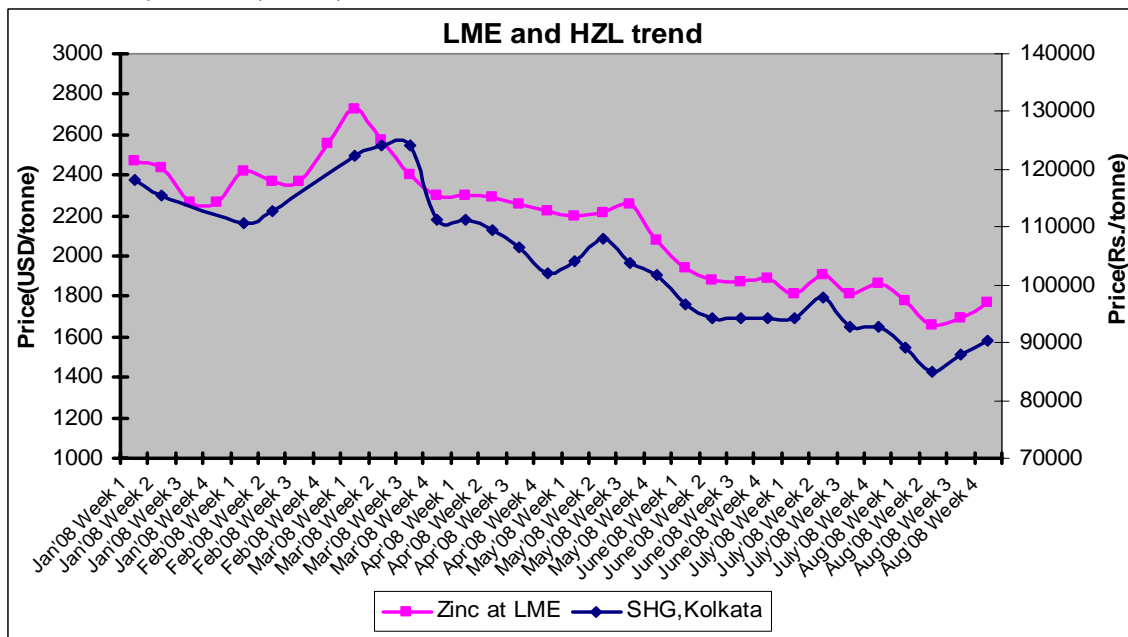


News at a glance

Domestic steel prices are likely to fall in September, following the slide in hot-rolled coil prices in international markets to \$950 per tonne.

25 Sponge iron companies shut down units: As raw material ran out of stock, sponge iron units decided to stop production. As against the demand of 12 million tonnes per annum, these units get only 2.5 million tonnes of iron ore.

Hindustan Zinc cut Zinc prices by Rs.3500/tonne in the beginning of the month. Prices were further cut by Rs.2400/tonne in the second week and prevailed at Rs.81,000/tonne. Market improved in the third week when prices were hiked by Rs.2900/tonne. Special High Grade at Kolkata ended at Rs.90,400/tonne (basic).



Base metals traded lower on London Metal Exchange in the beginning of the month; however prices showed as light recovery since the third week: Copper, nickel and other base metals surged at LME. Zinc prices also ruled strong accompanied with inventory crunch, dollar weakness and crude oil price rise.

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

Index	June'08	% Change (M-M)	July'08	% Change (M-M)	Aug'08	% Change (M-M)	% Change (Y-Y)
Global	281.95	5.20	293.44	4.10	284.79	-2.90	69.80
North America	262.03	2.90	262.81	0.30	269.14	2.40	85.20
Europe	248.54	12.50	267.19	7.50	264.14	-1.10	52.60
Asia Steel	312.15	3.40	325.97	4.40	305.42	-6.30	71.60

Longs	313.72	3.60	331.58	5.70	327.57	-1.20	73.90
Flats	266.17	6.20	274.50	3.10	263.55	-4.00	67.30
Metallics	494.80	5.60	497.76	0.80	425.55	-14.50	83.90
Stainless	203.36	-0.80	193.41	-4.90	194.32	0.50	-10.90

Although prices have increased further in North America, these rises have been outweighed by falls in Asia as well as in European long products. Further demand-side weakness in Asia, Europe, and now even emerging markets such as Turkey are affecting long products prices; only the US market has remained immune. The CRUspi global and Longs index has remained negative.

After eleven consecutive monthly increases, the CRUspi for steel sheet has finally fallen. With European prices flat, small rises in the USA could not compensate for drops in Asia.

A sudden slide in scrap prices everywhere. Asian prices in sharp correction: price falls of up to \$200/t in Asia. This has been reflected in a sharp drop in CRUspi metallics index.

The prevailing sentiment in the stainless sector, and the raw material industries which feed it, has been disappointment. The CRUspi stainless index has seen a very little change over a month.



(UJJAL BHATTACHARYA)
Senior General Manager – Steel Sales

STEEL INDUSTRY MARKET SCENARIO

FLAT & LONG PRODUCT

Domestic Scenario:

The domestic market has reflected a stable price trend across various **flat product items** till the mid of the month with Steelmakers deciding to hold back prices for the next one month taking into consideration global softening in prices. However, market witnessed a declining trend since the third week of the month with prices in Mandi market seeing a drop of Rs.1000/tonne across various items over a week.

Aug Week 4: HRC price calms down in Mumbai. The price of HRC calms down gradually in Mumbai, after the continuous decrease in past weeks, but the demand remains inactive. Current price of SS400 5.5mm is around Rs45,000/t (USD1,029/t), on the same level as that at the beginning of this week.

The month of August also begun on a stable note across various semi-finished and finished **long steel items**. However, volatility gripped the market since then and prices have seen a downward trend with buying sentiment remaining weak. The finished steel items in Mandi Govindgarh too exhibited a downward price trend over a week, with a drop of Rs.800/tonne to Rs. 1,200/tonne seen in the third week. The month ended on a negative note seeing a further drop of around Rs.3000/tonne across various long product items in Mandi Govindgarh market.

Domestic Steel Price Movement over a Year

Items	Aug'07	Aug'08	% Change(Y-Y)
HR Coil	32,150	44,500	38.41
HR Sheet	31,900	44,000	37.93
CR Coil	36,600	48,900	33.60
CR Sheet	36,750	49,000	33.33
GP Coil	38,550	50,000	29.70
MS Billet (100x100 mm)	26,250	43,000	63.80
MS Rounds (22/25 mm)	27,500	40,850	48.54
MS Angles(25*6mm)	27,850	41,375	48.56
MS Channel (75*40mm)	28,000	41,550	48.39
CTD Bars(ISI) 8mm	31,325	46,900	49.72

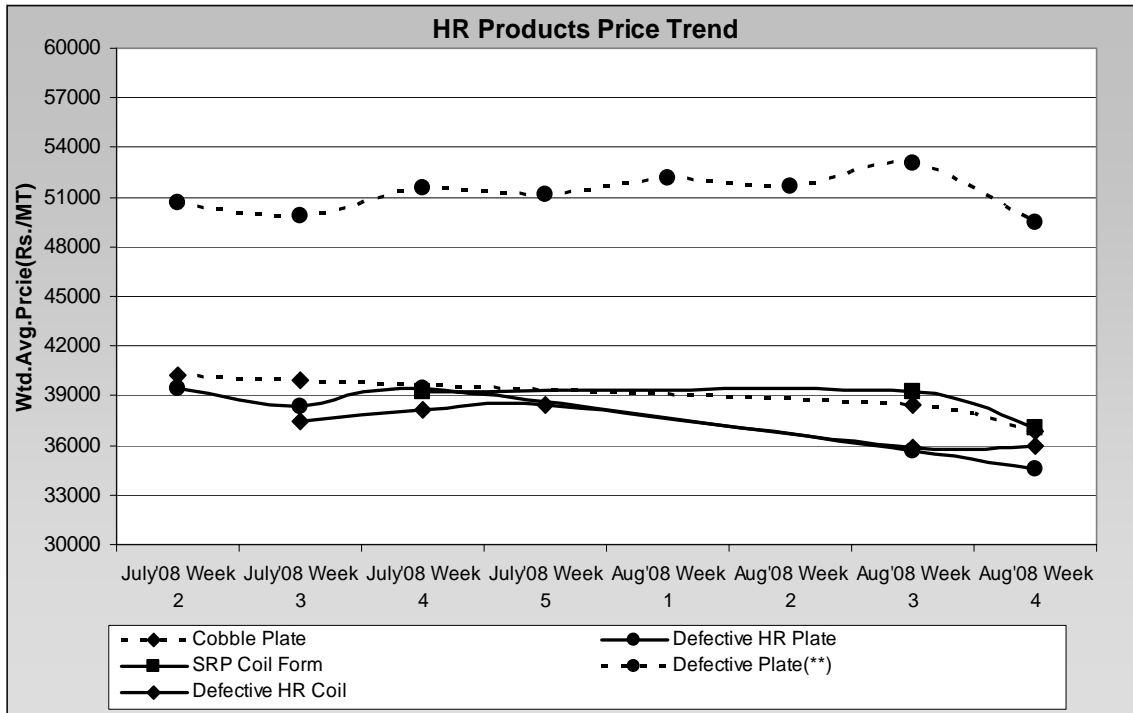
Price Movement

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

Note: Volatility grips the steel market. A wait and watch scenario prevails.

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 July 2008 & Aug 2008 for different HR and CR products.



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

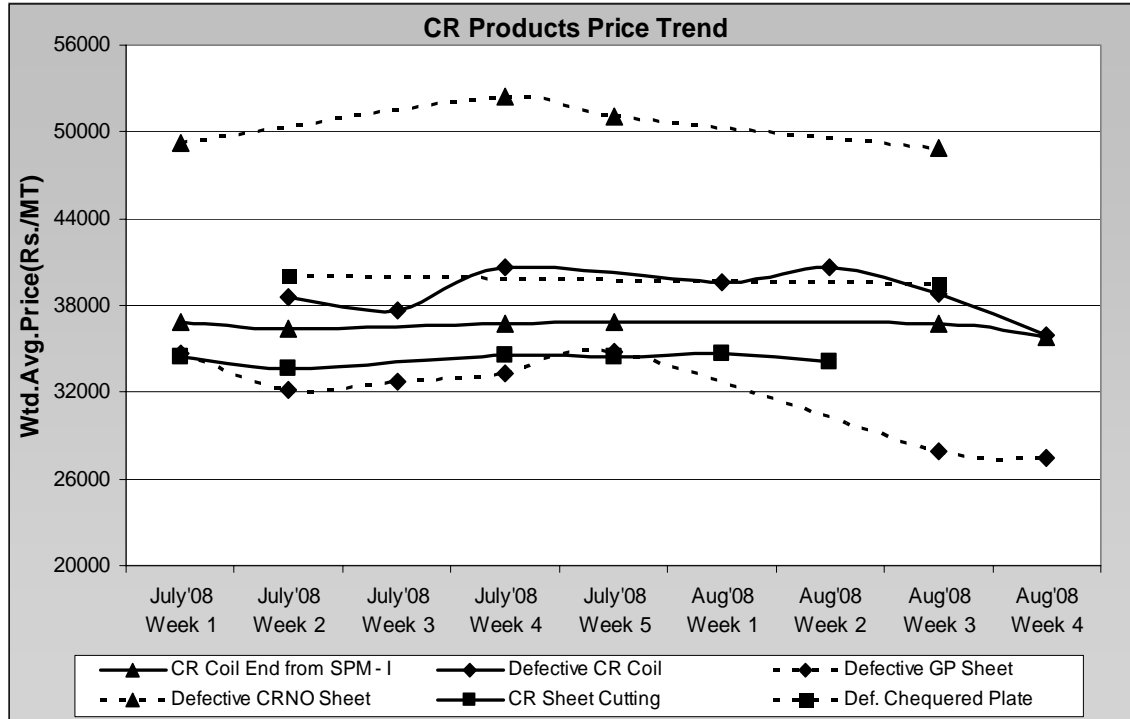
Attached below is the data table:

Week	Cobble Plate	Def. HR Plate	Semi Rolled Plate	SRP Coil Form	Def Plate	Def HR Coil
July'08 Wk 1	41052	38366	38280	-	48288	38250
July'08 Wk 2	40222	39455	39099	-	50628	-
July'08 Wk 3	39954	38380	-	-	49860	37468
July'08 Wk 4	-	39403	39750	39267	51585	38100
July'08 Wk 5	-	-	41408	-	51167	38450
Aug'08 Wk 1	-	-	-	-	52140	-
Aug'08 Wk 2	-	-	-	-	51671	-
Aug'08 Wk 3	38464	35686	38445	39231	53044	35887
Aug'08 Wk 4	36902	34534	35817	37094	49435	36000

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

Products	July'08 Price (Avg.)	Aug'08 Price (Avg.)	% change (Aug'08 over July'08)	% change (Aug'08 over Aug'07)
Cobble Plate	40409	37683	-6.75	53.74
Def HR Plate	38898	35110	-9.74	59.87
Def Plate	50306	51572	2.52	59.18
Semi Rolled Plate	39634	37131	-6.32	72.56

SRP Coil Form	39267	38162	-2.82	45.77
Def HR Coil	38067	35943	-5.58	53.78



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	Def CR Sheet
July'08 Wk 1	36809	34400	-	49200	34650	-
July'08 Wk 2	36437	33650	38592	-	32154	38750
July'08 Wk 3	-	-	37618	-	32702	38050
July'08 Wk 4	36725	34550	40594	52426	33275	-
July'08 Wk 5	36818	34400	45250	51050	34800	-
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	-

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

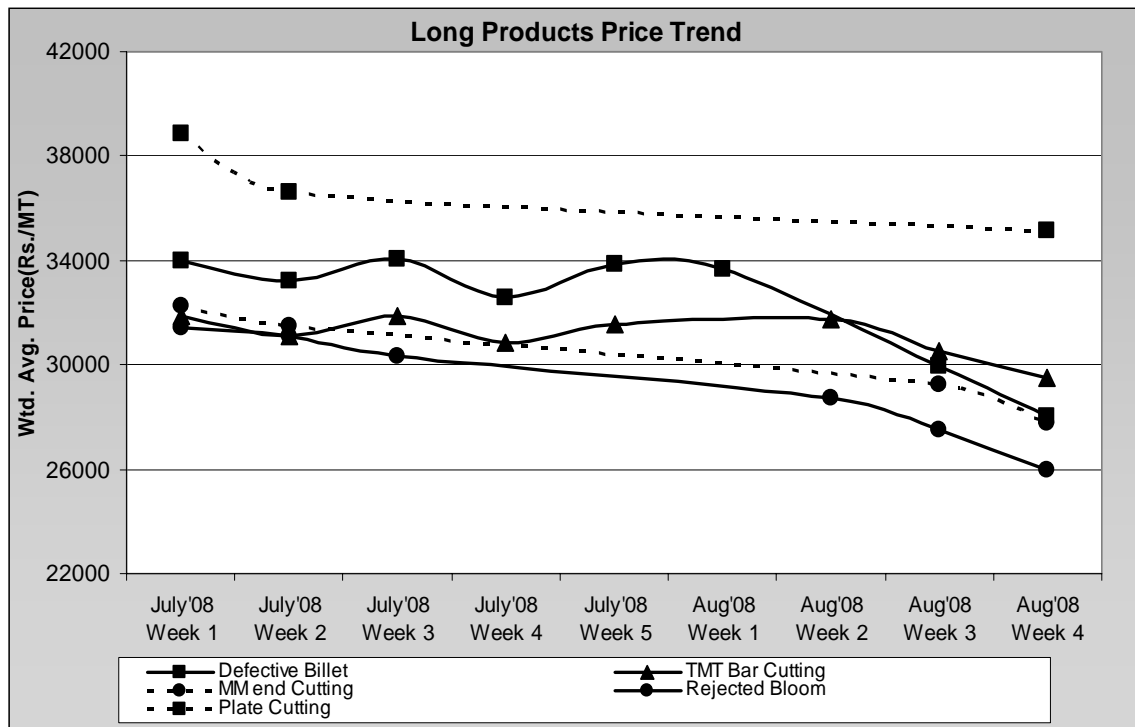
Products	July'08 Price(Avg)	Aug'08 Price(Avg)	% change(Aug'08 over July'08)	% change(Aug'08 over Aug'07)
CR Coil End from SPM-I	36697	36290	-1.11	48.42
CR Sheet Cutting	34250	-	-	-
Def CR Coil	40513	38740	-4.38	62.20
Def CRNO Sheet	50892	48919	-3.88	61.91
Def Chequered Plate	40050	39518	-1.33	-

Outlook: The beginning of the month witnessed a stable price trend both in the domestic market and auction platform. The flat steel items in Mumbai also depicted a stable trend over a month with HR Coil (2mm), CR Coil (0.63 mm) & GP Sheet (0.63 mm) prevailing at Rs.45,248/tonne, Rs.49,807/tonne and Rs. 56,334/tonne respectively (all inclusive) since the beginning of August. Kolkata market for the flat product items also witnessed a stable price trend with HR Coil (2mm), CR Coil (0.63 mm) & GP Sheet (0.63 mm) prevailing at Rs.45,280/tonne, Rs.49,054/tonne and Rs.52,335/tonne respectively (all inclusive) since the beginning of August.

The market saw some drop since the third week of the month with demand remaining on a lower side. The auction platform reflected a softened price trend across the flat steel items exhibiting a drop in the range of Rs.1,000/tonne to Rs.2,000/tonne in the fourth week of the month. With market seeing further signs of softening, the coming month is expected to reflect a downward price movement.

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 July 2008 & Aug 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
July'08 Wk 1	33997	31850	32236	31429	38830
July'08 Wk 2	33223	31107	31475	31093	36622
July'08 Wk 3	34050	31870	-	30350	-

July'08 Wk 4	32550	30867	-	-	-
July'08 Wk 5	33850	31533	-	-	-
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

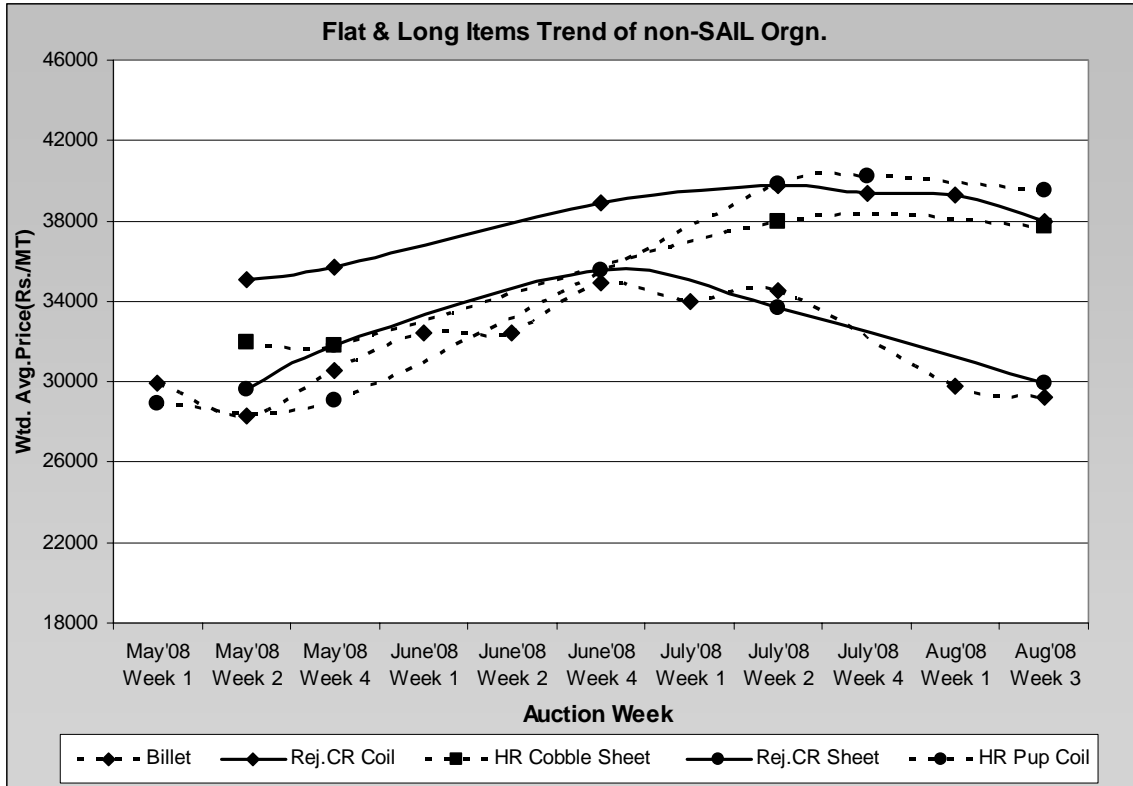
Summary of price and % change (m-m & y-y basis):

Products	July'08 Price(Avg.)	Aug'08 Price(Avg.)	% change(Aug'08 over July'08)	% change(Aug'08 over Aug'07)
Def Billet	33534	30535	-8.94	57.00
MM End Cutting	31855	28524	-10.46	54.00
Plate Cutting	37726	35168	-6.78	55.00
Rejected Bloom	30957	27404	-11.48	45.00
TMT Bar Cutting	31445	30583	-2.74	65.00

Outlook: Prices reflected stability since the beginning of August both across semi-finished and finished steel items.

However, sharp drop in Ingot prices in the range of Rs. 1500-3400/tonne was seen over a week in the second week of the month. Volatility and uncertainty gripped the country's long product market with poor off-take of material taking place. Melting scrap saw a drop of Rs.1300/tonne in the third week of the month in Mandi Govindgarh market. The finished steel items in Mandi Govindgarh too exhibited a downward price trend over a week, seeing a drop in the range of Rs.800/tonne to Rs. 1,200/tonne. The month ended on a downward note with further drop in Ingot, Scrap and Pig Iron prices putting a downward pressure on finished steel prices (a drop in the range of Rs.2500-3500/tonne). The auction platform too remained aligned with the domestic market movement seeing a significant drop in prices across various items and in the prevailing scenario the coming month is expected to see a downward price trend.

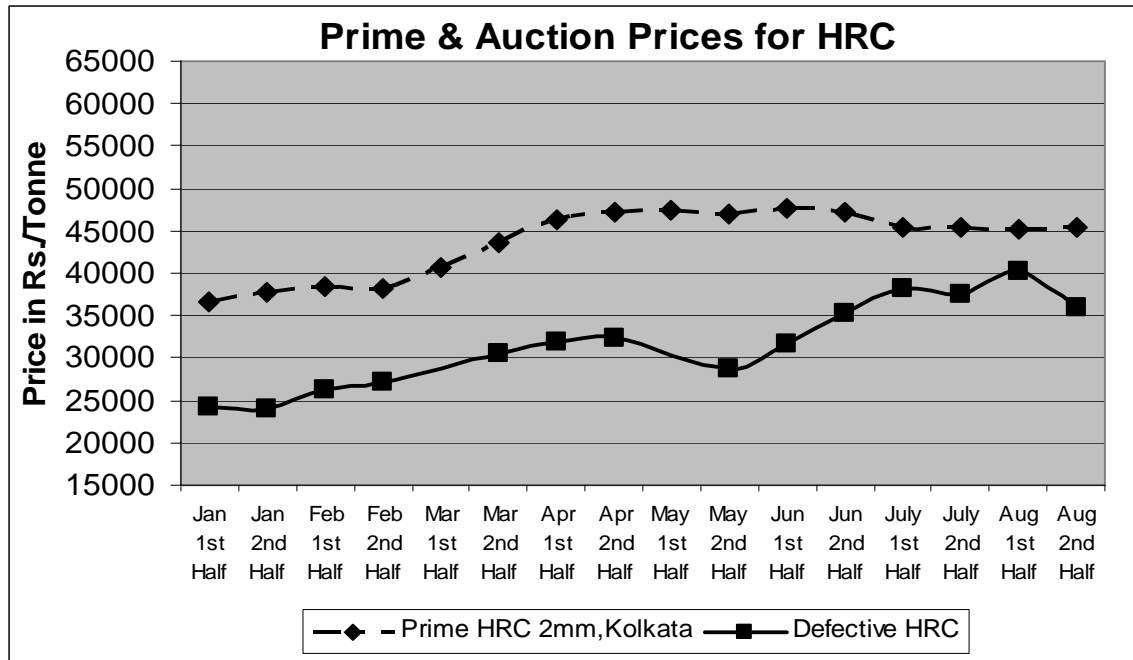
The graph below indicates the price trend of Flat & Long items auctioned from non-SAIL organizations

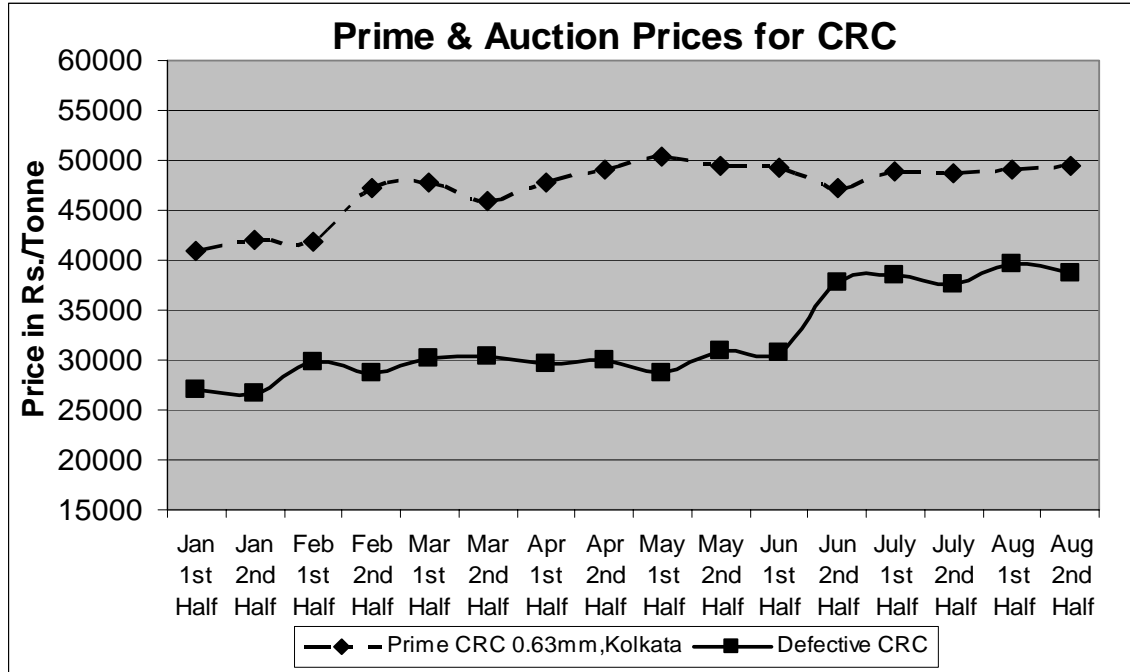


Price is basic

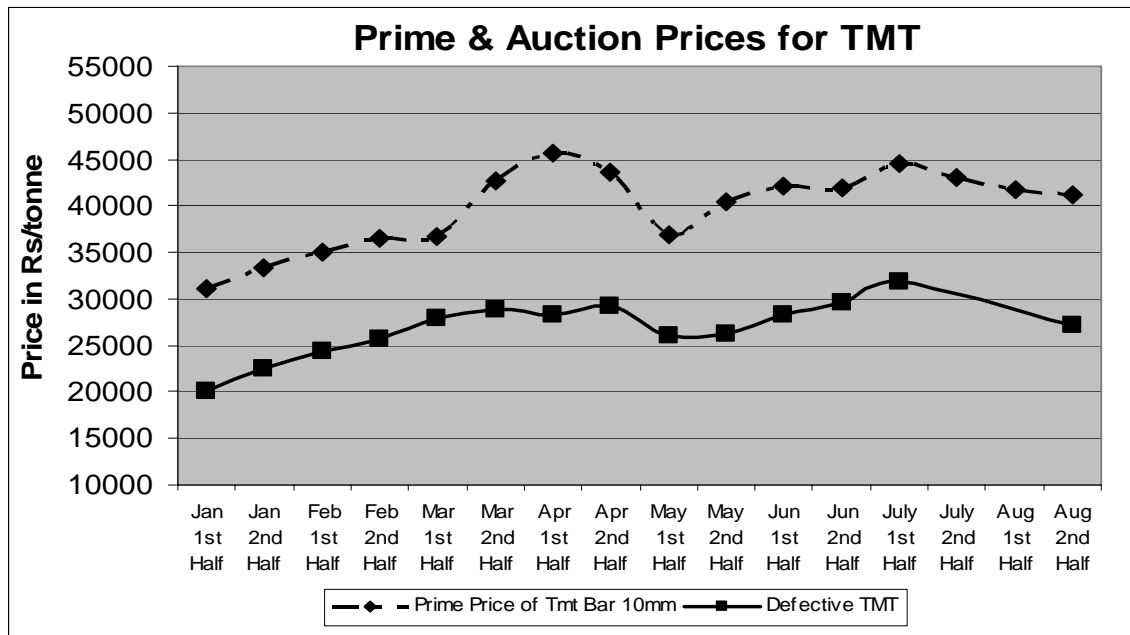
Auction & Prime Materials Comparative Price Trend:

Flat Products





Long Products



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

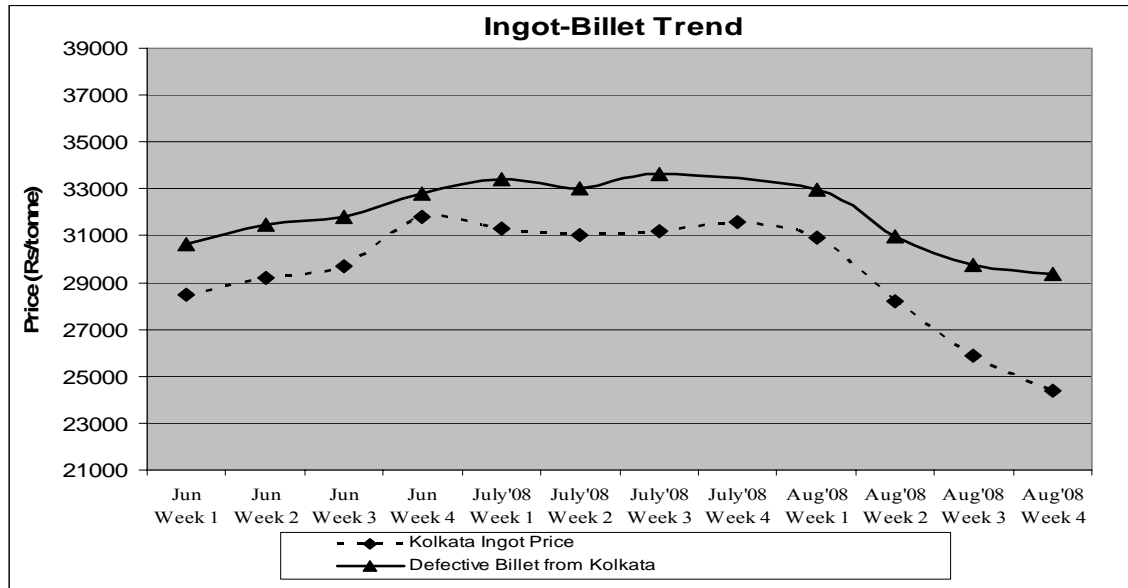
Ingot Price Trend

Week	Kolkata	Mandi	Ghaziabad	Raipur	Mumbai
July'08 Wk 1	31289	35564	35607	33981	35177
July'08 Wk 2	31005	35103	34765	32951	34368
July'08 Wk 3	31186	35868	35473	34414	35468
July'08 Wk 4	31605	34729	34590	33466	34794
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

Price: (Rs. /t, basic)

The graph below gives Ingot & Billet (auctioned) trend at Kolkata



International Scenario

Asia: The month of August witnessed a weak market sentiment with prices remaining depressed in the South East Asian import market. HRC prices remained bearish with offers prevailing at around \$1,050/tonne cfr South East Asia. Falling scrap prices put pressure on rebar market. Billet prices remained softened with rainy season causing weak demand from construction sector.

China: The month of August witnessed a sluggish market with low demand prevailing across various areas and mills cutting production due to the Olympic games. China domestic HRC prices close to \$700/t: Because of negative sentiment among traders and sluggish buying activity, domestic HRC prices in Shanghai have finally dropped below RMB 5,000/t (\$725/t) with 17% VAT in the third week of the month. HDG prices continued to fall with buyers adopting a wait and watch scenario. CRC prices too showed a declining trend with sluggish demand triggered by a weak HDG market. Chinese domestic slab prices continue to fall steeply due to weakening coil and plate prices. Merchant Bar prices continued to drop with diminished demand. The domestic and export market for Wire Rod has also seen a dropping phenomenon. Billet and Rebar prices also continued to show a dropping trend in the domestic market.

Europe: The market witnessed sluggish movement with both flat and long prices falling. Cheaper rebar and billet imports coupled with sluggish demand during the holiday period dragged the prices further down.

CIS: The market remained weak with prices seeing a downward movement. According to sources, prices are expected to slip further with no turnaround before October.

US: A seasonal slowdown in demand has pulled fob mill hot rolled coil pricing back by \$50-100 to about \$1,000-1,050 per short ton, however, bar, beam and plate prices "appear to be holding up much better. Strong global supply and demand, stable inventory levels, few imports, and high input costs are helping to keep prices strong in general.

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(Aug'08 Week 4 over Aug'08 Week 3)	% Change over a month(Aug'08 over July'08)	% Change in the last 6 months
Chinese Domestic HR Coil (2mm and up) Eastern China Yuan/t	3.13	-14.06	-3.88
Chinese Domestic HR Coil (2mm and up) Southern China Yuan/t	-2.30	-11.96	-4.15
Chinese Domestic CR Coil (0.5-2mm) Eastern China Yuan/t	0.82	-9.62	-4.68
Chinese Domestic CR Coil (0.5-2mm) Southern China Yuan/t	-2.44	-14.89	-6.25
Chinese Domestic Wire rod (mesh quality) Eastern China Yuan/t	0.00	12.04	0.40
Chinese Domestic Wire rod (mesh quality) Southern China Yuan/t	-3.65	-12.88	0.20
CIS Export Rebar Black Sea/Baltic Sea \$/t	-24.80	-24.80	22.22
CIS Export Billet Black Sea/Baltic Sea \$/t	-12.50	-30.00	13.24
United States Import HR coil \$ per short ton	0.00	-4.50	51.42
United States Import CR coil \$ per short ton	0.00	0.00	53.85
United States Import Wire Rod(low carbon) \$ per short ton	0.00	-2.10	25.68
EU Domestic Hot rolled coil Euros per tonne	0.00	-6.25	0.42
EU Domestic Cold rolled coil Euro per tonne	0.00	-6.98	0.44
EU Domestic Hot-dip Galvanized coil Euro per tonne	0.00	-2.27	0.44

Note: 1 RMB=0.15US\$

Outlook:

Global: Prices may fall further: The current combination of weakening demand and lower prices is likely to continue during the next few weeks. As not all market participants expect stronger demand will shortly materialize in the currently, seasonally-depressed markets, a recovery in prices is far from guaranteed.

Most spot finished product prices are expected to continue to fall in the coming weeks on the back of softer sentiment. Though producers claim underlying demand is firm, weaker scrap prices suggest otherwise. The gloomy economic news has further added to the negative sentiment with prices expected to soften further across various regions in the coming month.

India: With demand remaining on a lower side and poor off-take of material taking place, with raw material prices seeing a significant drop accompanied by drop in international scrap prices, the finished steel items are expected to see a downward price trend in the coming month.

Data Sources:

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



(UJJAL BHATTACHARYA)
Senior General Manager – Steel Sales

STEEL INDUSTRY MARKET SCENARIO

SCRAP

Domestic Scenario

The **beginning of August** witnessed a stable trend; however prices of raw materials started showing a declining trend since the second week of the month. Iron Ore prices remained on a downward note throughout the month with export market remaining slow due to poor demand coming from China. The month ended on a downward note with poor off take taking place in the market.

Aug Week 2: Sharp drop in Ingot prices in the range of Rs.2000-3000/tonne was noticed over a week: Volatility and uncertainty have gripped the country's steel market for the last couple of weeks. Prices across various semi-finished and finished items have deteriorated even further in the last week. Both **ingot and melting scrap** across the country have depicted a declining price trend over the last week. Over a week, **CI Turning** has declined by 2.63 per cent while **Sponge Iron** over the same period has witnessed a drop of 5.26 per cent.

Aug Week 3: Price volatility and uncertainty still continued to exist in the long product markets across the country. Over a week, ingot at various places across India has exhibited a declining price trend, showing a drop in the range of Rs. 1,700/tonne to Rs. 2,900/tonne. Melting Scrap at Mandi Govindgarh also reflected a downward trend in the last week exhibiting a drop of Rs. 600/tonne. Pig Iron prices have dropped in the range of Rs.600-700/tonne over a week. Sponge Iron prices have also been on a declining note and prices have dropped by around Rs.1500/tonne over a week.

Aug Week 4: Input materials continue to show downtrend in the domestic market: The international scrap market has witnessed significant price deterioration over a week and prices have dropped in the range of 100-150USD/tonne. The reduction in the international price of scrap has consequently led to decline in the prices of semis in Mandi, Kolkata and Mumbai, which has led to a pressure on long steel items. The scraps and ingot segment depicted a weak trend in the local market at the beginning of the week on reduced off take by re-rolling steel units. In a day, melting scrap price has dropped by 3% in Mandi Govindgarh and by around 2% in Kolkata. Melting scrap in Mandi Govindgarh also depicted a deteriorating price trend over a week (a drop of 2.53% over the week).

Pig Iron price with effect from August at KIOCL. Poor off take continues to prevail. (Price is basic)

Si=1.25-1.74%: Price is prevailing at Rs.31,850/tonne in Gujarat

Price is prevailing at Rs.32,350/tonne in Coimbatore.

Price is prevailing at Rs.31,750/tonne in Rest of West.

Si < 1.25%: Price is prevailing at Rs.31,450/tonne in Gujarat

Price is prevailing at Rs.31,950/tonne in Coimbatore.

Price is prevailing at Rs.31,350/tonne in Rest of West

Indian scrap import prices on the decline: Indian scrap import prices have been following the general worldwide downward trend of scrap prices and have fallen to almost US\$ 500/tonne for HMS this month from US\$ 600/tonne in July.

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
28.07.08	FOB	136	140	
04.08.08	FOB	138	142	↔
11.08.08	FOB	138	145	↔
17.08.08	FOB	130	138	↓
25.08.08	FOB	125	135	↓

Melting Scrap Price Trend

	Delhi	Mandi Govindgarh(*)	Mumbai
July'08 Week 1	32,000	33,230	31,000
July'08 Week 2	31,000	33,240	30,000
July'08 Week 3	32,000	34,430	31,000
July'08 Week 4	31,000	32,170	30,000
Aug'08 Week 1	30,500	32,000	29,500
Aug'08 Week 2	30,000	31,800	29,000
Aug'08 Week 3	29,800	30,670	28,000
Aug'08 Week 4	28,500	30,840	27,000

(*): Price in Rs. /t, Incl. Excise, Landed. Other regions Price in Rs. /t is Incl.Excise & Sales, Landed.

Price Trend of other items in Mandi Govindgarh (Rs./t, Incl.Excise, Landed)

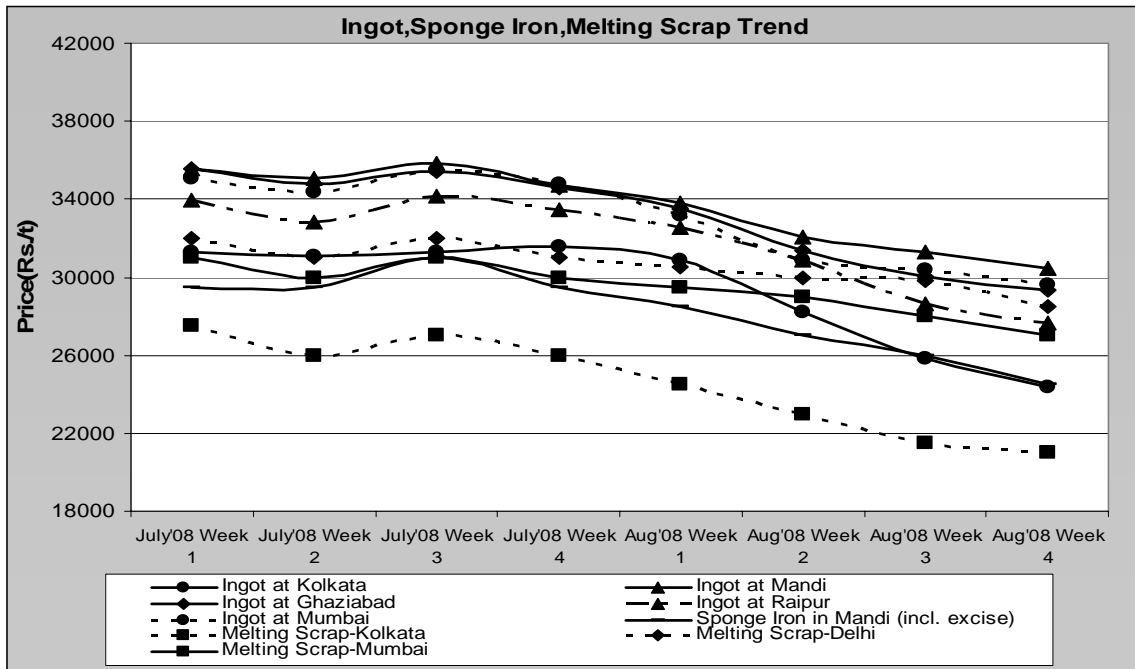
Weeks	Cast Iron Turning	Ingot Moulds	Sponge Iron	Steel Grade Pig Iron	Foundry Grade Pig Iron
July'08 Week 1	19,500	32,000	30,000	38,000	39,000
July'08 Week 2	19,500	30,500	29,500	37,000	38,500
July'08 Week 3	20,500	30,500	31,000	37,000	38,500
July'08 Week 4	21,000	31,000	29,500	37,000	38,200
Aug'08 Week 1	19,500	30,500	28,500	36,200	37,800
Aug'08 Week 2	19,000	30,200	27,000	35,500	37,200
Aug'08 Week 3	19,000	30,200	26,000	35,000	37,000
Aug'08 Week 4	19,000	30,200	24,500	35,000	37,000

Price Movement

	Review	Outlook
Scrap	Aug 2008 over July 2008	Sep 2008 over Aug 2008
Pig Iron	↓	↓
Sponge Iron	↓	↓
Melting Scrap	↓	↓

Note: Volatility grips the steel market. A wait and watch scenario prevails.

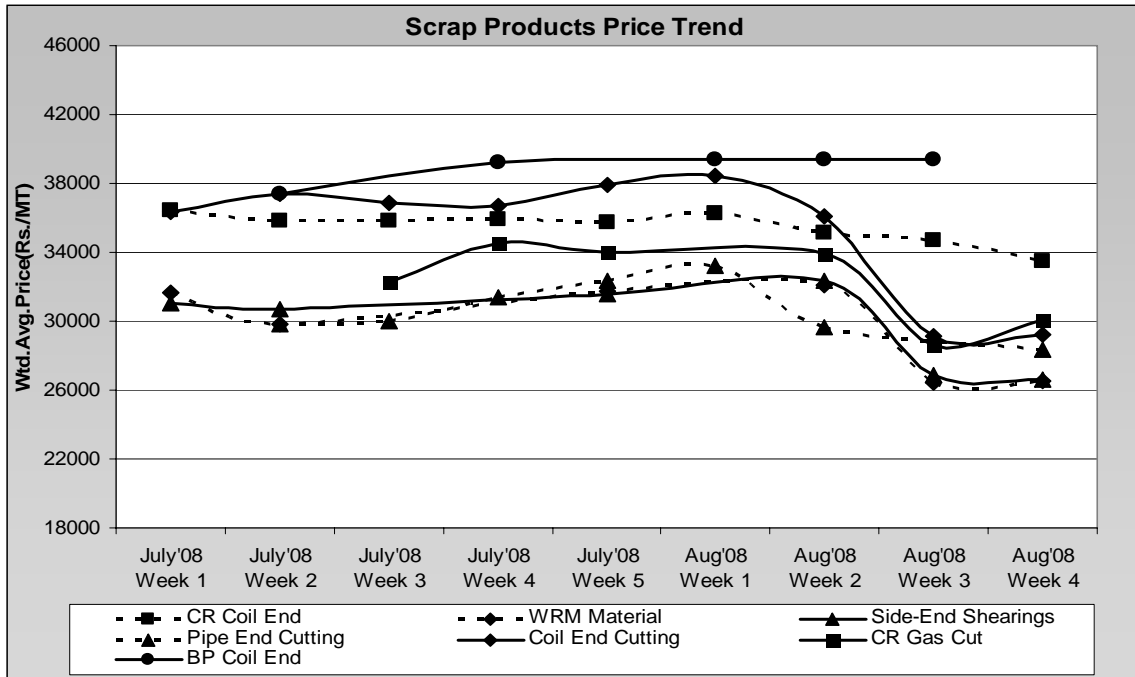
The graph below gives price trend of Ingot, Sponge Iron and Melting Scrap across various places:



Ingot price is basic; Price (Rs. /t)

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 July 2008 and Aug 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
July'08 Wk 1	36414	31690	31022	-	36377	-	-
July'08 Wk 2	35839	29820	30729	29842	37403	-	37350
July'08 Wk 3	35852	-	-	30019	36888	32300	-
July'08 Wk 4	35944	-	-	31406	36726	34515	39252
July'08 Wk 5	35721	31768	31554	32350	37950	34000	-
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	-

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

Products	July'08 Price(Avg.)	Aug'08 Price(Avg.)	% change(Aug '08 over July'08)	% change(Aug '08 over Aug'07)
Coil End Cutting	37069	33208	-10.42	74.00
CR Coil End	35954	34891	-2.96	52.00
CR Gas Cut	33605	30883	-8.10	58.00
Pipe Cutting	30904	30383	-1.68	68.00
Side-End Shearing	31102	28620	-7.98	53.00
WRM Material	31092	28354	-8.81	57.00
BP Coil End	38301	39367	2.78	76.00

Outlook: The steel market across the country witnessed price volatility and unexpected price fluctuations across several long steel and scrap items in the mid of August. Demand for steel as well as scrap items in the domestic market have also been on the weaker side accompanied by seasonal downturn. Uncertainty in the steel market has affected the buying sentiment of the buyers who have now adopted a wait and watch attitude thus putting a downward pressure on the steel prices. This infact has seen a downward thrust on scrap prices throughout the month. Volatility continues to grip the steel market and with global market seeing a sharp fall in scrap prices (a drop in the range of 100-150USD/tonne), the situation remains grim in the domestic market. The coming month is expected to witness a downfall in scrap prices.

International Scenario:

Scrap prices see a slide in the international market. Indian **Iron Ore prices** see a continuous **drop** in the Chinese market due to weak demand coming as a result of slowdown in steel sector.

Scrap prices drop in Asian market: Offers of bulk 80:20 HMS 1/2 from USA and South Africa prevailed at \$500-530/tonne cfr East Asia and for containerized 80:20 at \$450-460/t cfr in the fourth week of the month. The market is quiet and there is hardly any buying.

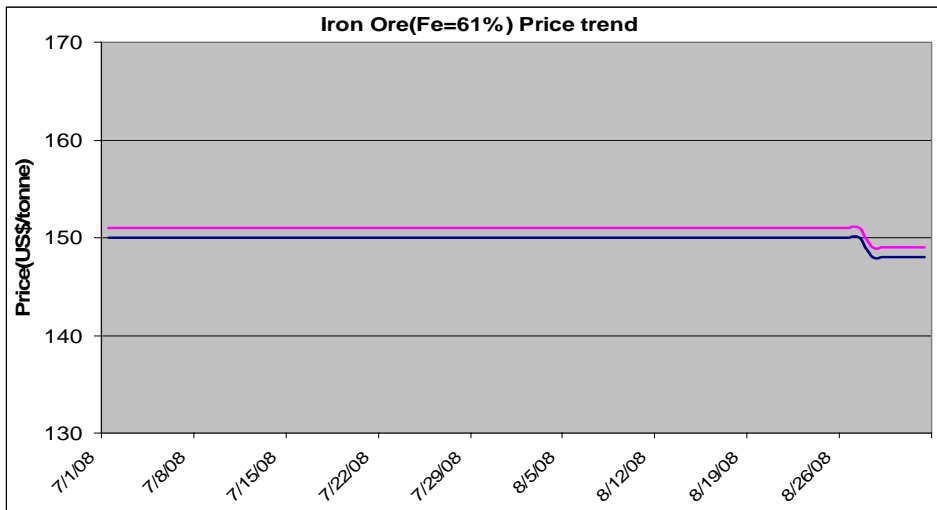
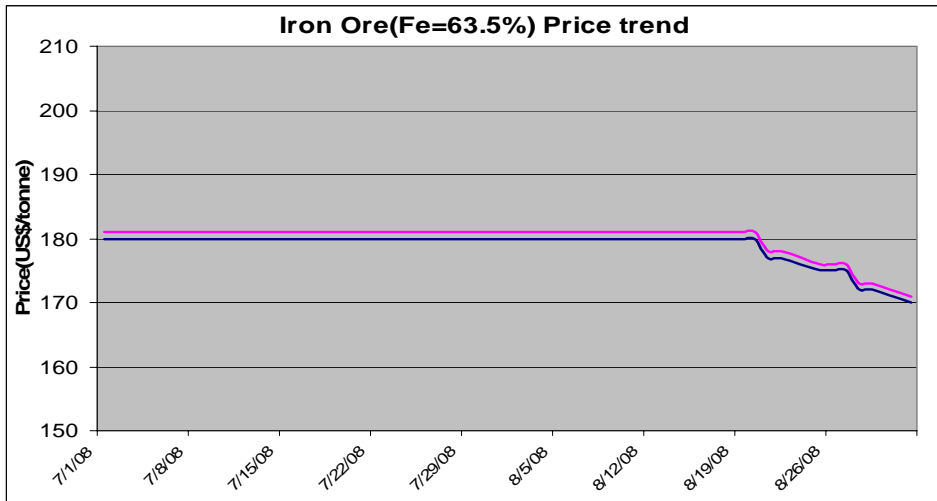
Japanese scrap prices are also weakening. South Korea's domestic scrap prices continue to fall and consumers expect the trend to continue for at least the next two months because steelworks have enough stock at hand.

Scrap prices have also declined in US and UK market: US prime scrap is down by \$100/l.ton. The price for US prime scrap is declining but is still holding up better than the obsolete grades. Whereas the US shredded scrap price has fallen by \$150 a long ton and is selling at \$450/l.t as of early this week, prime scrap has dropped \$100/l.t, putting the new price at \$770/l.t.

Pig iron prices show downward trend: It is reported that, suffering from the dropping steel scrap prices, international pig iron prices are following along in the downward slide.

CIS pig iron export prices slip in quiet market: There is little activity in the export market for CIS basic pig iron, as the European summer holiday season continues. According to a European distributor, CIS pig iron prices for steelmaking grades are now at or below \$900/t fob Black Sea and Baltic Sea ports, compared to a peak price of around \$970/t fob in July. In his opinion, prices could stabilize at \$880-900/t fob at the end of August.

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



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
May-08	618.80	
June-08	637.00	↑
July-08	637.00	↔
Aug-08	530.00	↓

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

Month	Average Price(\$ per long ton)	Price movement
May-08	623.80	
June-08	642.50	↑
July-08	634.00	↓
Aug-08	533.00	↓

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

Month	Average Price(\$ per tonne)	Price movement
May-08	630.00	
June-08	644.75	↑
July-08	632.00	↓
Aug-08	500.00	↓

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

Month	Average Price(\$ per tonne)	Price movement
May-08	580.00	
June-08	594.75	↑
July-08	582.00	↓
Aug-08	448.00	↓

Steel Scrap Shredded fob Rotterdam \$ per tonne

Month	Average Price(\$ per tonne)	Price movement
May-08	635.00	
June-08	649.75	↑
July-08	637.00	↓
Aug-08	504.00	↓

Outlook:

International scrap market is expected to remain softened in the short-term. The domestic scrap market is also expected to witness a downward trend in the short-term with import prices declining and both Flats and Longs market expected to further move southward.

Data Sources:

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



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STEEL INDUSTRY MARKET SCENARIO

STAINLESS STEEL

Domestic Scenario:

Downturn in stainless steel sector continued with demand remaining weak and Nickel prices showing a continuous fall until prices picked up in the third week both in the domestic and international market. Stainless Steel prices have seen a fall in the range of Rs.10,000-20,000/tonne over a month. Nickel price picked up by 8% in the domestic market and by 6% in the London Metal Exchange in the last week as compared to the earlier week.

Kolkata (Price in Rs. /tonne)

SS 304(PRIME): Jindal Price is Rs.2,15,000/tonne (basic)

SS 316(PRIME): Jindal Price is Rs.3,10,000/tonne (basic)

SS 430(SECONDARY): Jindal Price is Rs.52,000/tonne (basic)

Gujarat (Price in Rs. /tonne)

Grade 301-thickness-2.5-8-HRAP- - Rs 1,65,000-1,75,000/tonne (basic)
for 2B/2D/slit arising

Grade 304-thickness-2.5-8- HRAP- Rs. 1,75,000/tonne (basic)
for 2B/2D/slit arising

Grade 316-thickness-2.5-8- HRAP- Rs. 2,65,000/tonne (basic)
for 2B/2D/slit arising

Grade SSLN1-thickness- 2.5-8- HRAP- Rs.1,05,000/tonne (basic)
for 2B/2D/slit arising

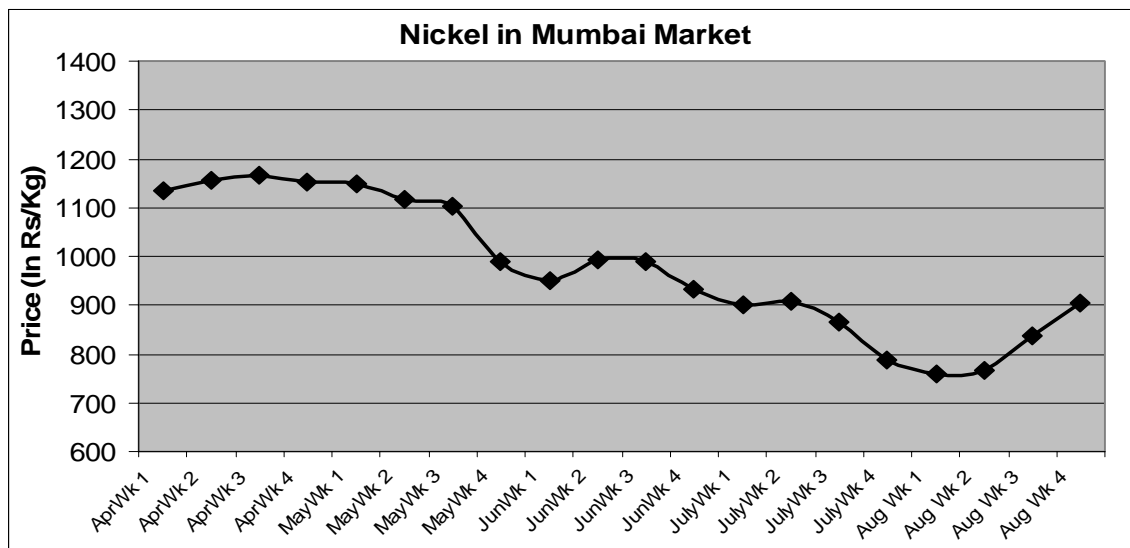
Delhi (Price in Rs. /tonne)

SS 201 (1mm - 3mm):- Rs.90,000-1,00,000/tonne (basic)

SS 301 (1mm - 3mm):- Rs.1,40,000/tonne (basic)

SS 304 (1mm - 3mm):- Rs.1,65,000/tonne (basic)

Nickel Price movement in domestic market:

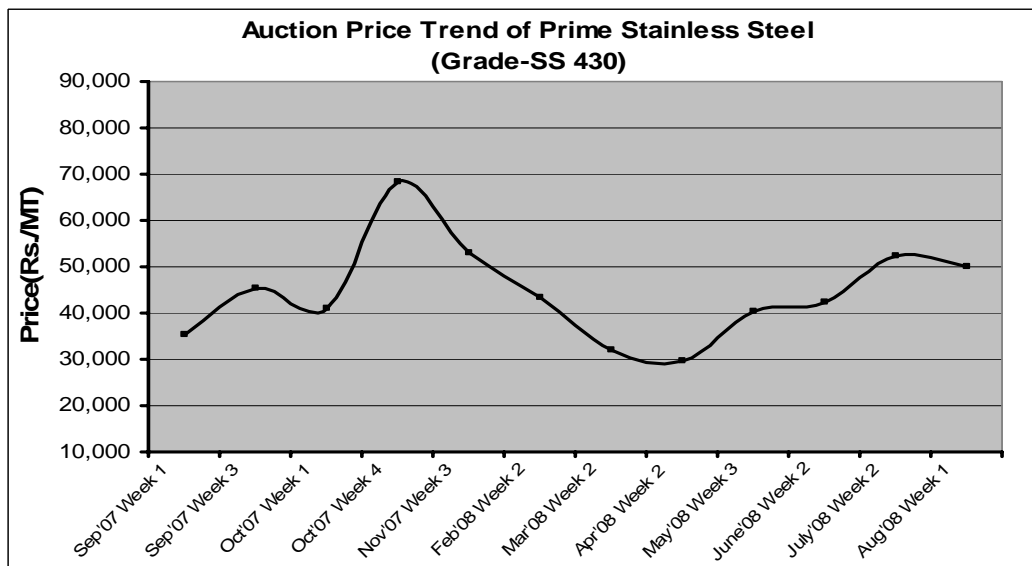
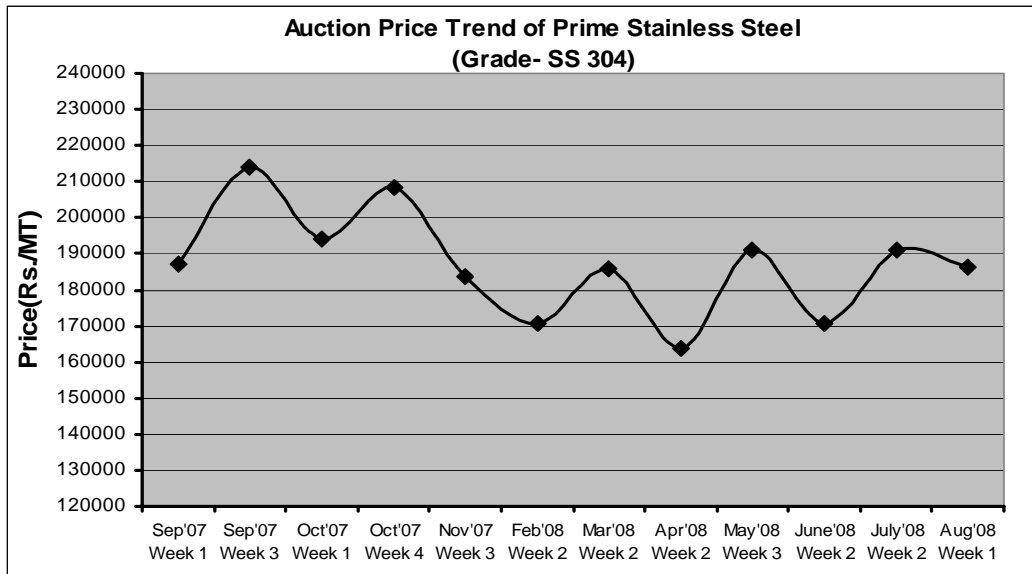


Price (Rs./kg) is basic

Price Movement

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

The graph below gives the auction trend of Stainless Steel:



Price (Rs./tonne) is basic

Outlook: After a weak market sentiment prevailing in the stainless steel sector for quite sometime now, stability is expected in the short-term. With Nickel showing a slight revival in price since the third week of the month, prices are expected to rebound from its downward trend in the short-term. However according to sources much changes are not expected. The auction platform is expected to fetch prices on a stable note as compared to the auction held in the month of August.

International Scenario:

Stainless Steel prices see a slump with weak demand and declining Nickel price.

Asia: 304 Stainless price slip on nickel's weakness in the beginning of the month.

China: Chinese mill lowers 300 series stainless prices for August by RMB 1,500/tonne (\$218/t). Chinese 430 stainless cold rolled coil prices have inched higher by RMB 100-200/tonne (\$15-29/t) this month, but market participants say any future increase is likely to be slight due to weak demand and oversupply. However, Chinese domestic stainless 304 prices fell by RMB 700-800/tonne (\$102-117/t) in August as the market continues to reel from weak demand and oversupply. Demand and prices of 200-series materials are relatively stable compared with those of 300-series due to the former's lower nickel content.

US: Stainless consumption drops in US market. US stainless steel consumption dropped in the first five months of 2008 compared to the same period last year. SSINA's data reveals that total consumption of stainless sheet, strip, plate, bar, rod and wire products dropped nearly 9% in the January through May period to 914,850 short tons.

Europe: The quiet stainless steel market is coming to an end as work resumes after summer holiday. The European stainless coil market, though quiet, is beginning to come to life as northern countries return to work after the summer holiday season.

The tables below give an overview of stainless steel prices worldwide

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

Type	May'08	June'08	July'08	Aug'08
HR 304	28800-29000	25500-26500	25300-25700	24800-25200
CR 304 2B	29200-29300	27000-27500	27000-27500	26500-27000
CR 202 2B	22600-22800	22900-23100	22900-23100	22900-23100
CR 430 2B	12400-12500	11800-12000	11800-12000	11800-12000

Europe:

CR 304 2B 2mm,Euro/t Ex-Works	June'08	July'08	Aug'08	Sep'08*
N.Europe	1200-1230	1100-1200	1050-1100	1050-1100
S.Europe	1100-1150	1050-1150	1000-1050	1000-1050

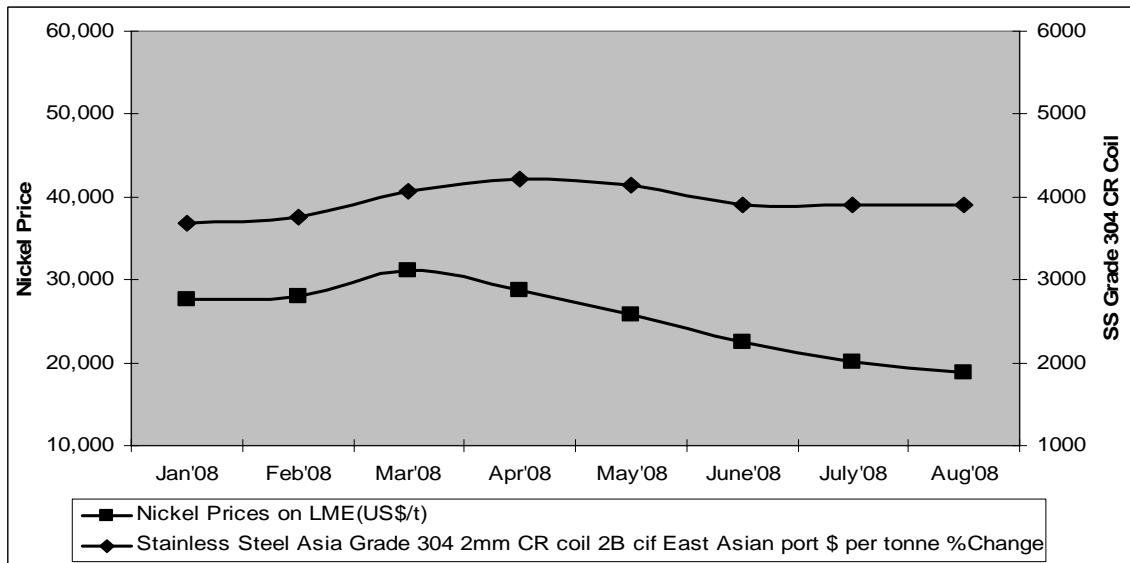
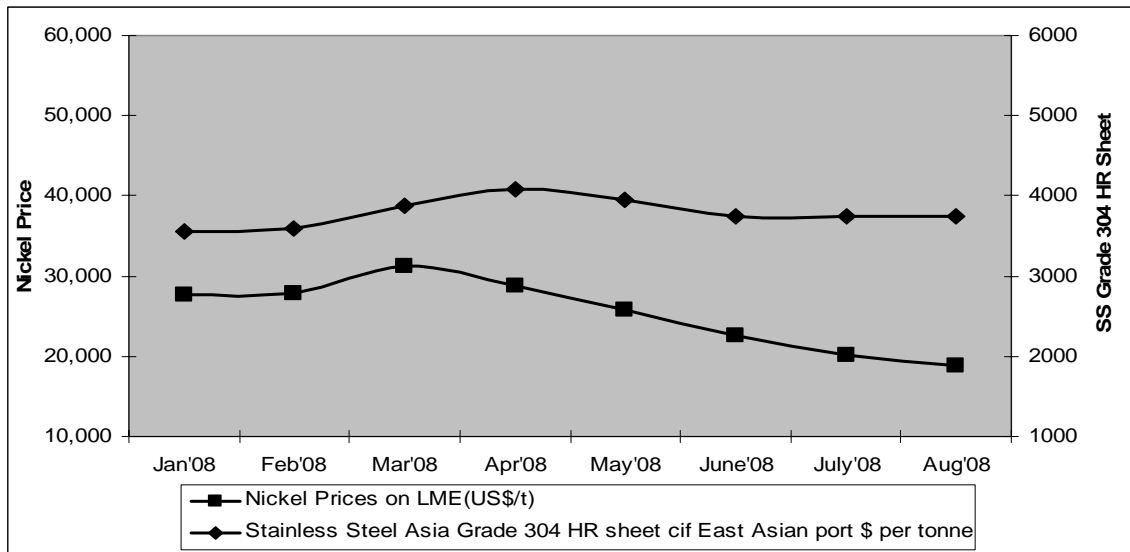
Europe:

CR 430 BA 2mm,Euro/t Ex-Works	June'08	July'08	Aug'08	Sep'08*
N.Europe	1200-1220	1050-1100	1030-1080	1030-1080
S.Europe	1160-1180	1020-1070	1000-1050	1000-1050

(*): SBB forecast

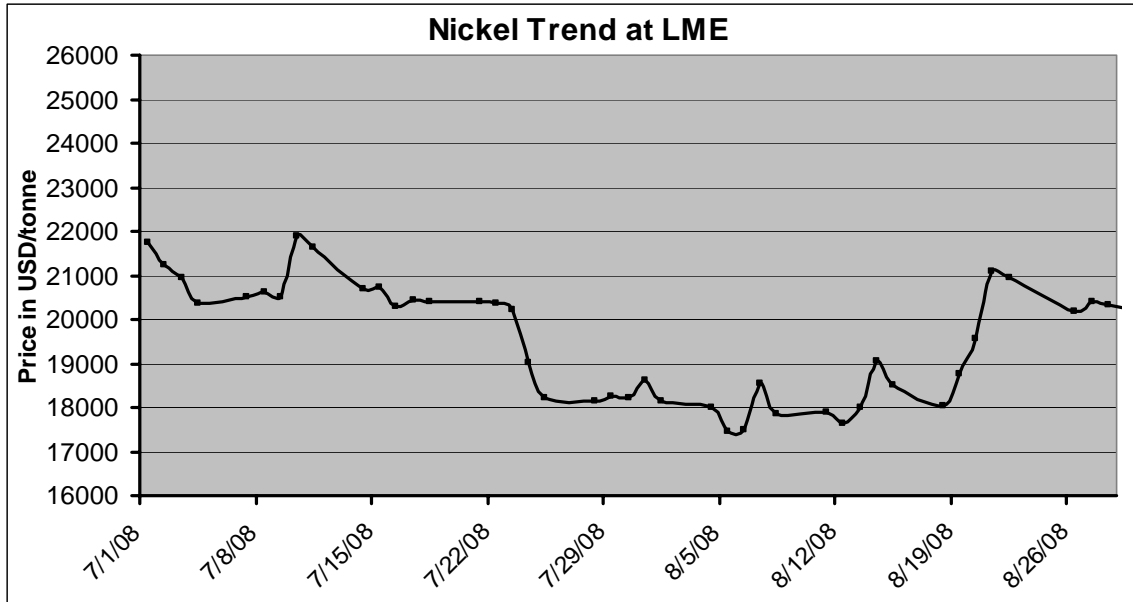
Note: 1US\$= Rs.44.19, 1Euro= Rs.64.72, 1 RMB=0.15US\$

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



Nickel Trend: Nickel prices started recovering since the third week of the month and since then prices have stabilized at LME and closed at 20250USD/tonne in the month of August.

Month	Average Price of Nickel	% Change(m-m)	% Change(y-y)
Mar-08	31,209		
Apr-08	28,749	-7.88	-42.77
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



Outlook:

According to China’s major stainless steel firms, stainless steel demand in China will stay weak in September 2008 amid concerns of an economic slowdown. If nickel prices do not flounder this week, stainless producers may keep September list prices unchanged from August, observers say. “If nickel prices remain stable, mills may keep prices unchanged but they won’t be able to raise prices because demand is still not good,” says a trader in southern China. Nickel prices on the LME had rebounded by some \$2,000/t over the last week on supply concerns.

India: After a weak market sentiment prevailing in the stainless steel sector for quite sometime now, stability is expected in the short-term. With Nickel showing a slight revival in price in the third week of the month, prices are expected to rebound from its downward trend in the short-term.

Data Sources:

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



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