

News at a Glance

Steel majors hike Flat prices and slash Long prices wef August: SAIL has reduced Long Steel prices in the range of Rs. 500-2000 per tonne while it has increased Flat Steel prices in the range of Rs.800-1000 per tonne. Tata Steel has increased Flat Steel prices in the range of Rs.500-1000 per tonne while it has slashed Long Steel prices in the range of Rs.1000-1500 per tonne. JSW Steel has also increased Flat steel prices by 2 to 3 percent while it has reduced long product prices by up to 4 percent.

Galvanized prices increased twice in a month on account of sharp rise in Zinc prices and strong demand from automobile and white goods sector: Uttam Galva will increase CR and Galvanized prices by Rs.2000 per tonne, effective Aug 15; second increase after a hike of Rs.2000 per tonne in the beginning of this month.

Tata Steel records highest ever crude steel production in July: The Company's crude steel production for July 2009 increased 27 % year-on-year to 553,000 compared to 436,000 tonnes in the corresponding period last year. Hot metal production during the month rose 24% to 597,000 tonnes compared to 482,000 tonnes in the same month last year. Saleable steel production also rose 24% to 539,000 tonnes from 435,000 tonnes in July last year. Sales during the month were reported at 478,000 tonnes, up 18% from last year.

India steel demand in July up on auto and engineering demand rise: India's steel consumption in July 2009 grew at its fastest pace in over six months, as demand picked up from the automobile and engineering industries on faint signs of an economic recovery. As per report India's finished steel production in July rose 5.9% on year to 4.79 million tonnes. Imports during the month were up 3.2% at 581,000 tonnes while exports fell by 48% to 283,000 tonnes.

World steel output hit '09 high in July: World crude steel output reached its highest level so far this year at 103.8 million tonnes in July, the World Steel Assn (Worldsteel) said. This was 11.1% lower than the 116.7 million tonnes produced in July last year, but still 4.2% higher than the 99.8 million tonnes produced in June this year.

China's finished steel exports up 26.5% in July: Total finished steel exports for the month reached 1.81 million tonnes in July. Chinese imports of finished products rose 6.75% month-on-month to 1.74 million tonnes, or about one fifth higher than a year ago. Chinese crude steel output and iron ore imports reached new all-time highs in July. Crude steel production rose 2.6% to 50.67 million tonnes, while iron ore imports for the whole month totalled 58.08 million tonnes, up 5% from June.

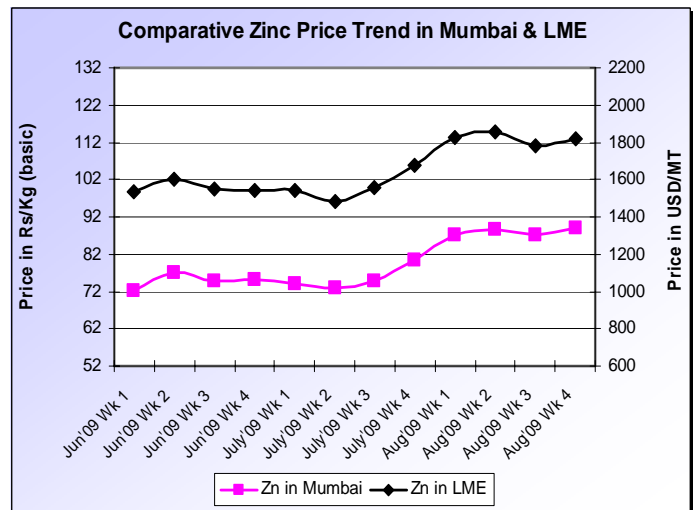
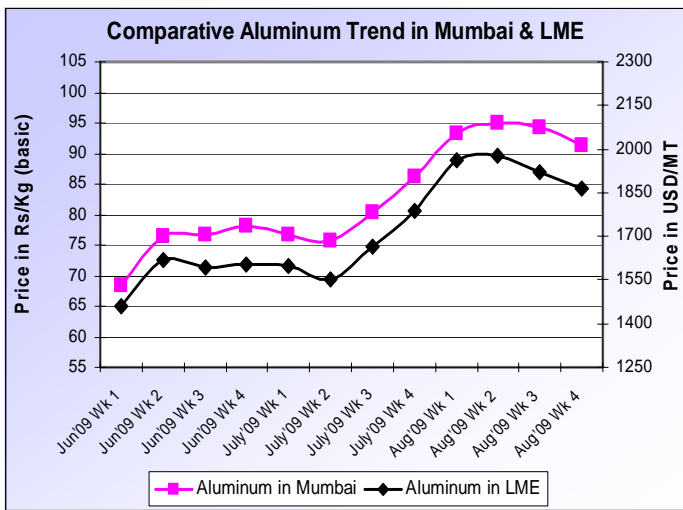
Indian pig iron tender attracts higher priced bids: In the tender that opened on 7 August, Stemcor posted the highest-priced bid of \$331.03/tonne fob. The others were Ferromet at \$327.27, Steel Base \$325.25 and Visa Comtrade, \$316.60. The pig iron is due for end-August, early-September shipment.

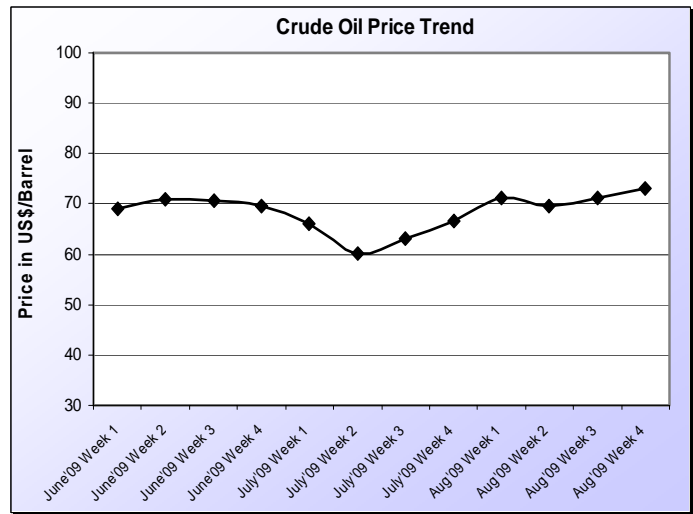
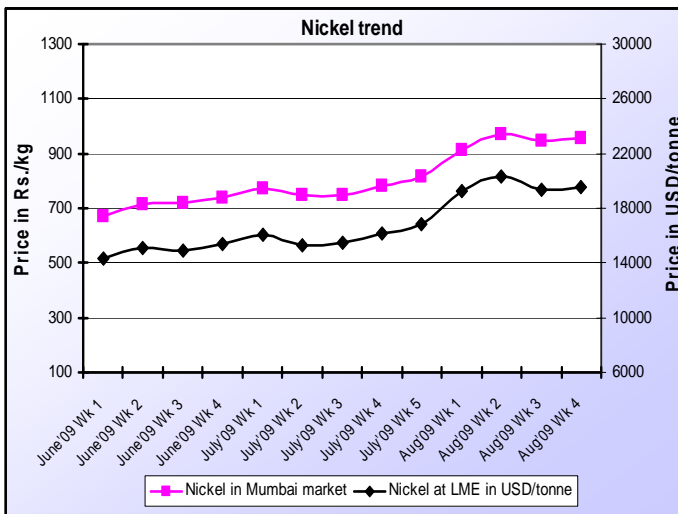
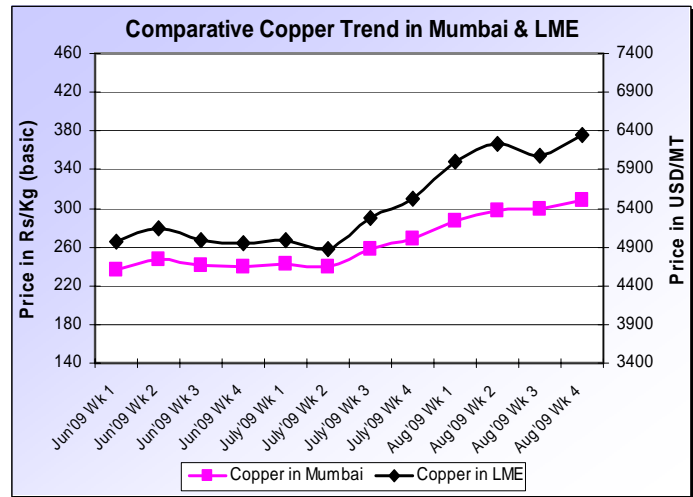
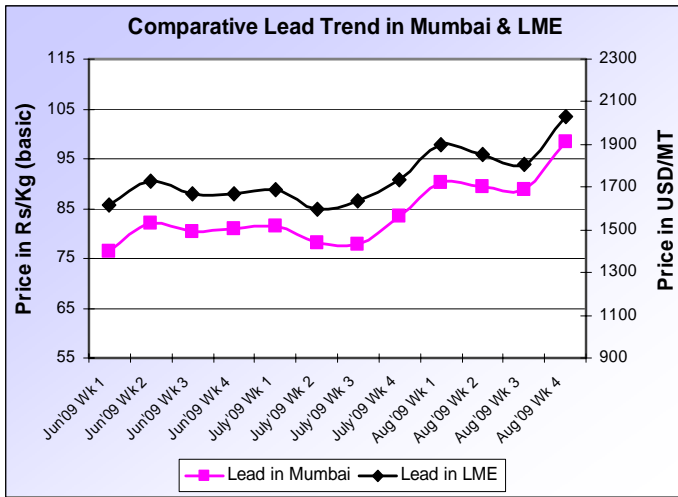
With the commencement of the month of August, the **base metals** pack staged an extraordinary performance both at home and abroad and the metal prices skyrocketed all across the globe fueled by the buoyancy of the hint of recovery of US housing market coupled with the optimism about resumption of growth in China. In the opening week itself, nickel witnessed a w-o-w rise of around

15 per cent on average across the world, while other base metals like zinc, aluminum, copper and lead shot up in the range of 8 to 10 per cent. The base metals continued its upward journey in the second week as well. However, since the beginning of week 03, the scenario changed and the market turned a bit cautious for most of the commodities and equities as dollar strengthened during this week. Nickel, aluminium, zinc, copper and lead all suffered a fall of 2.5 per cent to 4.5 per cent in week 03 as compared to week 02. But the situation eased once again in the concluding week as prices started picking up on the back of reviving global economic scenario buoyed by improving economic and demand expectations all over the world. However, Aluminium remained in the negative zone with prices falling further by 3 percent in the last week.

Zinc market remained vibrant for most of August as the investor demand remained ebullient buoyed by the economic recovery all over the world. Prices shot up in the very first week of August both in India and LME by nearly 9 per cent as compared to the week before on account of renewed buying interest seen among the speculators on firm demand in the spot markets. The bull-run continued in week 02 ; however, the market across the world remained bearish in Aug week 03 and prices both at home and abroad dwindled by around 2 per cent and 3 per cent respectively. With the inception of the final and concluding week of August, zinc prices gradually started to pick up once again on the back of improving global scenario. According to the analysts, trading sentiment in zinc in the domestic futures market remains firm at present.

Crude Oil: Crude oil prices began on a rising note with the improvement in the oil demand all over the world. In the international market, the oil prices surpassed USD 70/barrel mark in the very first week of the month amidst positive manufacturing data from China, a weaker US dollar and rise in the global equity markets. However; crude lost its ground during the second week of the month amidst weaker US equity markets despite an unexpected fall in US crude stocks and a larger than forecast decline in gasoline stocks. Crude oil started off Aug week 03 on a lower note as the crude values were undermined by weak US economic data and a stronger US dollar; however, the market picked up slightly in the later part of the week supported by the build up of the first hurricane of the season in the Atlantic which threatened the oil and gas operations in the Gulf of Mexico. The international market remained buoyant in the concluding week of August with US NYMEX Light Sweet Crude Futures (WTI) closing to a 10 month high amidst upbeat economic news from the US and a weaker US dollar during the week. Prices improved by nearly 2.5 per cent over a week to close at USD73/barrel.





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

Index	May'09	% Change (M-M)	June'09	% Change (M-M)	July'09	% Change (M-M)	Aug'09	% Change (M-M)	% Change (Y-Y)
Global	129.85	-0.30	134.36	3.50	147.03	9.40	156.56	6.50	-45.00
North America	114.83	-7.40	112.48	-2.00	127.65	13.50	141.89	11.20	-47.30
Europe	131.15	4.30	129.97	-0.90	135.57	4.30	138.97	2.50	-47.40
Asia Steel	137.97	1.20	149.66	8.50	164.77	10.10	174.91	6.20	-42.70
Longs	154.01	1.20	159.53	3.60	161.86	1.50	167.56	3.50	-48.80
Flats	117.85	-1.30	121.86	3.40	139.67	14.60	151.09	8.20	-42.70
Metallics	174.63	15.90	173.53	-0.60	193.94	11.80	213.45	10.10	-49.80
Stainless	110.71	8.40	113.91	2.90	121.44	6.60	131.23	8.10	-29.70

Finished steel prices have continued their recovery, with sheet prices particularly strong across the three major regions, while long products have been less buoyant.

Long products prices have climbed further with rises seen in North America and Asia, although European prices have remained stable due to the quiet summer holiday period. This has been reflected in the positive gain in CRUspi index over a month across various segments.

Outside China, late production restarts have supported further price rises, and with some demand improvement to boot, the CRUspi for steel sheet has gained 8.2% this month.

Strong demand for scrap yields further price gains which has been reflected in the CRUspi metallic index that has exhibited a gain of more than 10% over a month.

The CRUspi stainless index continues to exhibit a positive trend with prices expected to move in line with Nickel in the near term.



(UJJAL BHATTACHARYA)
Senior General Manager – Steel Sales

STEEL INDUSTRY MARKET SCENARIO

FLAT & LONG PRODUCT

Domestic Scenario

The domestic steel market saw an improved price trend and favorable demand conditions in the Flats sector since the beginning of the month; while the Longs segment exhibited an improved market sentiment towards the end of the month after a long period of lull.

Flat product market conditions witnessed an improved scenario with steel majors hiking prices across various product categories. A steady flow of demand from the automobile and white goods sector all across further improved the market conditions. The domestic market for flat steel items continued its healthy trend even in the third week of August as the demand in the market continued to remain strong. Moreover, the prevailing supply constraint of HR Coils in the country has further provided an upward impetus to flat steel prices of late. The month ended on a positive note with further improvement in demand being noticed of late. Steel plate prices in Mumbai market prevailed at Rs.31,000/tonne, ex-works in the concluding week.

Import -Export market pose a healthy trend: Hot rolled coil import prices to India have increased by as much as USD 35/MT on tight supply due to import restrictions, with further rises expected in the coming days. Offers took place in the range of USD 580-585/MT cfr in the third week of August, up from USD 545-550/MT cfr since mid July. Hot rolled coil Import restrictions have seen Indian domestic cold rolled coil prices gain as much as Rs. 1,000/MT since last month. According to the market sources, sales were completed at Rs. 32,000-33,500/MT ex-works in the second week; up from Rs. 31,500-32,500/MT last month. Indian galvanized steel producers raised their export offers in the concluding week on the back of improved demand and higher domestic prices. Offers took place in the range of USD 840-850/MT fob, up from USD 820-830/MT fob previously. According to the market sources, the European markets are showing signs of revival with a number of enquiries for galvanized material from India.

Long product market remained depressed in the first two weeks of the month. Conditions however started showing some signs of improvement from the fag end of second week with Billet offers taking place at around Rs.20,500-21,000 per tonne, ex-stock in the third week, up from Rs.19,300-19,500 per tonne in the earlier week. Wire Rod prices went up by Rs.500/tonne to prevail at around Rs.27,500/tonne, ex-works in the second week. Market sentiment showed signs of improvement with traders stocking material and more sales taking place that resulted in offset of volatility.

The month ended on a positive note with finished steel items making a positive movement in the range of 2 to 3 percent. The increase in raw material prices further gave a boost to the improved trend towards the end of the month. Steel Ingot prices made a whopping rise of around Rs.600-800/tonne in last few days of the month with sentiment heading in the northward direction. Domestic billet prices improved further by Rs.500/tonne to Rs.21,000-Rs.21,500 per tonne, ex-mill on improved demand and higher scrap costs. Conditions are expected to get better in the coming month with demand coming up from the construction sector.

The export market for Long items too strengthened with Indian exporters pushing billet prices higher by \$15 per tonne in the second week on demand from Middle East, SE Asia. Offers to overseas buyers were quoted at USD 440-450/MTfob, up from USD 425-435/MT in the beginning of August.

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
July'09 Wk 1	25633	23183	23260	23678	21350	17050
July'09 Wk 2	24788	22431	22616	23560	--	15050
July'09 Wk 3	24818	21997	23464	23591	21032	19150
July'09 Wk 4	24337	23120	23455	24026	21324	18171
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

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

Products	July'09 Price (Avg.)	Aug'09 Price (Avg.)	% change (Aug'09 over July'09)	% change (Aug'09 over Aug'08)
Cobble Plate	24894	26066	4.71	-30.81
Def HR Plate	22683	24528	8.14	-30.14
Semi Rolled Plate	23199	23612	1.80	-36.41
SRP Coil Form	23714	24459	3.14	-35.91
Def HR Coil	24075	25281	5.01	-29.67

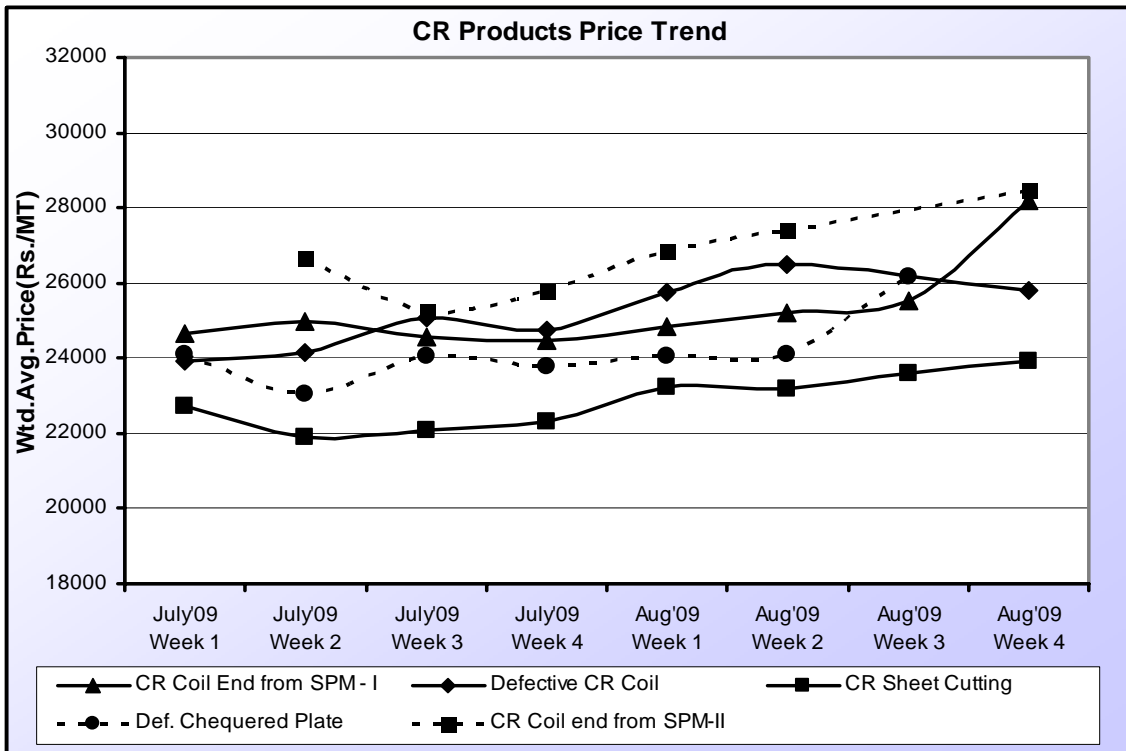
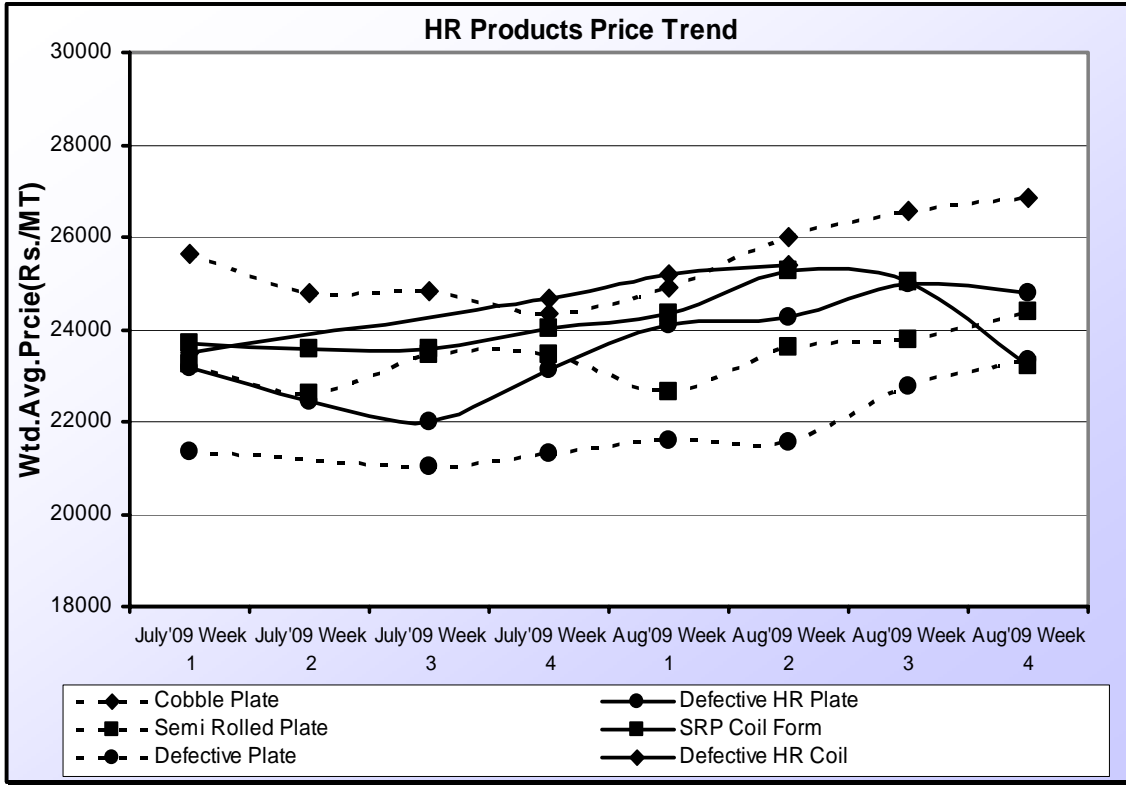
Attached below is the data table for CR items:

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	Def CR Sheet
July'09 Wk 1	24634	--	24082	22750	23941	31118	--
July'09 Wk 2	24979	26667	23050	21900	24160	--	26850
July'09 Wk 3	24552	25250	24050	22078	25053	31351	26100
July'09 Wk 4	24456	25788	23800	22300	24736	31855	27450
Aug'09 Wk 1	24840	26850	24050	23250	25755	30984	--
Aug'09 Wk 2	25185	27400	24100	23197	26493	31177	--
Aug'09 Wk 3	25550	--	26150	23586	--	--	26650
Aug'09 Wk 4	28203	28450	--	23900	25784	--	28100

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

Products	July'09 Price(Avg.)	Aug'09 Price(Avg.)	% change(Aug'09 over July'09)	% change(Aug'09 over Aug'08)
CR Coil End from SPM-I	24655	25944	5.23	-28.51
CR Coil End from SPM-II	25902	27567	6.43	--
Def CR Coil	24473	26011	6.29	-32.86
Def Chequered Plate	23746	24767	4.30	-37.33
CR Sheet Cutting	22257	23483	5.51	-31.74

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



Price in Rs./t is basic

Outlook: The flat steel market conditions witnessed an improved condition beginning of the month with demand coming up from various sectors. A steady flow of demand from the automobile and white goods sector all across had further improved the market conditions. Almost all the steel majors have hiked their flat steel prices for the month of August which further allowed prices to move up across various categories. The low availability of HR Coils in the market and increasing Zinc price had further fuelled up the prices across the CR and galvanized segments respectively. The auction platform also exhibited a healthy price momentum with prices of both HR and CR items moving up in the range of 3 to 6 percent on an average over a month. The month ended on a positive note with demand further coming up and number of end users resuming to operate in their full capacities sensing a revival in the global market scenario. With market conditions remaining favorable, a positive price trend is expected in the coming month.

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

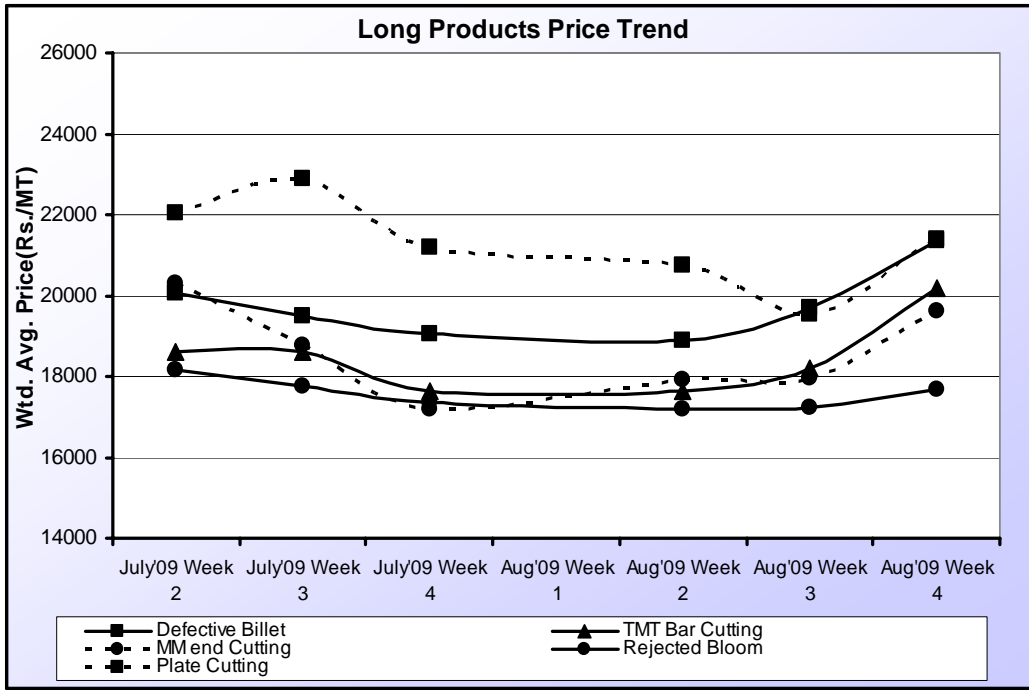
Attached below is the data table:

Week	Def Billet	TMT Bar Cutting	MM End Cutting	Rej Bloom	Plate Cutting
July'09 Wk 1	--	--	--	--	--
July'09 Wk 2	20059	18621	20311	18162	22036
July'09 Wk 3	19506	18589	18770	17777	22881
July'09 Wk 4	19053	17616	17203	17354	21199
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

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

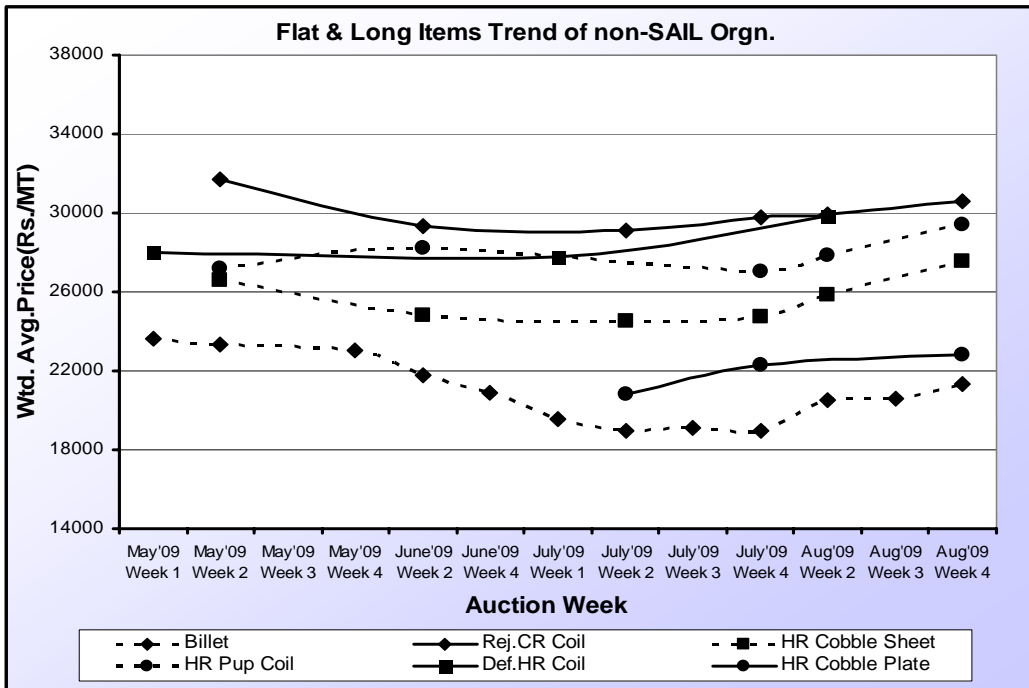
Products	July'09 Price(Avg.)	Aug'09 Price(Avg.)	% change(Aug'09 over July'09)	% change(Aug'09 over Aug'08)
Def Billet	19539	19992	2.32	-35.00
MM End Cutting	18761	18493	-1.43	-35.00
Rejected Bloom	17765	17368	-2.23	-37.00
TMT Bar Cutting	18275	18675	2.19	-39.00

Following graph shows the price trend observed in the auction services of Metal Junction for the month of July 2009 & Aug 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 exhibited some amount of stability, however this was not sustained for long as prices once again dwindled across various segments beginning of second week. TMT market remained dull with prices prevailing at around Rs.24,000/tonne, basic. Steel

Ingot prices also dropped by Rs.500 to Rs.700/tonne over a week. Market conditions however showed some improvement since the third week that was backed by a slight improvement in demand in the domestic market. The metallic segment exhibited a rise of around 2 percent in a week. The auction platform also remained aligned with the domestic market as prices started improving since the third week of the month. The concluding week saw further improvement both in the domestic market and auction platform as prices for various items moved up in the range of 3 to 5 percent over a week. Billet prices improved by Rs.500/tonne to prevail at Rs.21,000-21,500/tonne, ex-works on better demand and higher scrap costs. Wire Rod prices too improved by 2% to prevail at Rs.27,500-29,500/tonne, basic. Construction activities are gradually picking up across the country and buyers are slowly recovering from the market volatility panic and also from the demand slump phobia which dominated the market for a long time. The coming month is expected to exhibit an improved market sentiment and price trend.

International Scenario

International steel prices firmed up at various places mainly on higher raw material costs and booming market.

Asia: Prices firmed up across various categories in the month of August accompanied by booming demand in Chinese domestic market. Offer prices for HRC to South East Asia prevailed at \$600 per tonne, cfr for 2mm coil in the third week of August. CRC and HDG market too fared well in SE Asia with better demand for galvanized steel coming up from construction sector. Chinese-origin 1mm HDG was being offered at \$720-740/t fob and Japanese-origin base material at \$800/t fob in the third week. Billet import prices prevailed at \$470-480 per tonne, cfr South East Asia in the beginning of the month. Prices moved up further in the remaining weeks with Rebar export offers moving up by \$20 per tonne to around \$480/tonne fob Black Sea in the second week for September rolling. Billet import price reached \$500 per tonne, cfr in the third week of the month with rise in scrap prices. However, market calmed down a bit towards the end of the month on fears of oversupply. The rebar import market remained quiet and sluggish because of sufficient stocks and buying activity remaining low. Also, the downtrend in China's domestic long products market caused regional buyers to delay their purchasing.

China: Both the domestic and import-export market witnessed an improved scenario in the beginning of the month. Billet import offers surged by \$30-40 per tonne over a week to prevail at \$500/tonne, cfr China in the first week. Plate export offers exceeded \$600/tonne, fob in the first week as domestic market prices also surged. CRC market also remained strong on the back of strong HRC market. However, prices started dwindling since the mid of August with HRC prices dropping by RMB100/tonne over a week. Billet prices headed southward as Rebar market remained weak. 150x150mm Q235 billet in the domestic market went down by more than RMB200/tonne to prevail at \$480/tonne in the third week. Domestic HRC prices ruled at \$546/tonne, including 17% VAT while CRC prices ruled at \$713-728/tonne with 17% VAT. The month ended on a softened note both for Flat and Longs segment, however according to sources prices cannot drop much further as they are close to mill's' production costs.

CIS: Export market recovered both in the Flats and Longs segment. Plate export market remained healthy as there is improved domestic demand from Russia. Prices prevailed in the region of \$520-560 per tonne; fob Black Sea in the third week of the month. Billet export market too remained strong with prices increasing by \$30 per tonne in the beginning of the month as buyers returned in the market. Prices prevailed in the region of \$420-435/tonne, fob Black Sea in the first week. Prices

further firmed up at \$440-460 per tonne fob Black Sea in the fourth week. Rebar and Wire Rod prices also increased due to surge in Billet price. Demand remained active coming predominantly from Far East and North Africa. CIS export prices for wire rod and rebar prevailed at around \$440-465/t fob Black/Baltic Sea in the third week of the month. The sentiment remains that the rebar and rod markets will keep strengthening into the autumn.

Europe: European market strengthened as prices made a Northward dive. Coil prices in northern Europe continued to gradually strengthen as mills attempt to make up their losses sustained from months of low prices and diminished order intake. Although end-user demand remained weak, having only noticeably improved from the automotive and electro-domestic sectors, mills are trying to force prices upwards in order to get out of the red. The latest reference prices released by The Steel Index showed that the southern European plate ex-works reference price has increased to €451/tonne (\$642/t) in the third week of the month. The northern European rebar reference price has increased by €6/t to €331/t (\$471/t). Offer prices for imported coils have maintained high price levels during the dormant month of August, specifically hot rolled coil from China. Prices for imported HRC hovered at €400-450/tonne cif towards the end of the month, while hot-dip galvanized and cold rolled coil remained at the same price as last month – €430-450/t and €390-430/t respectively. Import prices are likely to continue rising into September since all coils are due to see price increases domestically in Europe during this month.

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

Month	Billet 100 mm	Bloom 150x 150m m	Wire Rod 6 mm	TMT Bar 10 mm	Angle 50X5 0X6 mm	Joist 125X 70 mm	Chann el75X 40 mm	HR Coil 2.00 mm	CR Coil 0.63 mm	GP Sheet 0.63 mm	GC Sheet 0.40 mm
Kolkata											
Aug'09	25930	25857	32786	32541	33150	35638	34155	34246	36842	41227	42836
May'09	27980	27652	34329	34256	33934	36215	35985	33994	36796	40539	42354
Feb'09	29727	29131	36021	32975	34329	34538	37735	33667	35966	39160	41358
Nov'08	33737	37378	39369	38258	37541	39991	40664	43439	45442	46617	48656
Aug'08	37872	39208	44002	41495	41076	43975	44159	45381	49254	52496	52828
Delhi											
Aug'09	--	--	33099	32941	33508	35486	34365	35006	37511	40038	43006
May'09	--	--	34981	35421	34523	36448	36348	34329	36408	40138	42532
Feb'09	--	--	37168	33818	34398	35609	38399	33773	35539	38527	42458
Nov'08	37859	36976	40893	38595	37148	39314	41359	43284	44186	46097	48604
Aug'08	38715	37913	44444	42955	41320	43982	44681	45378	48341	51810	56919
Mumbai											
Aug'09	26294	24558	34816	34156	34696	36078	35439	34172	36629	42372	44624
May'09	28014	26298	34842	34666	34687	36244	36187	33873	35424	40726	43220
Feb'09	30200	28398	36841	33697	34881	35690	38236	33901	36750	41877	43376
Nov'08	33471	32530	42050	40137	39127	41681	42104	43271	45374	49089	50922
Aug'08	38330	37982	45395	44171	44123	45418	45667	45349	50010	56485	59173
Chennai											
Aug'09	25540	24468	33735	31916	32871	34970	33202	33530	37080	41356	44645
May'09	28120	26148	34080	34405	34236	36517	35594	33431	36748	40160	42584
Feb'09	29811	27599	36647	33357	34207	35823	37773	33256	36775	41791	43437
Nov'08	33051	31442	42133	37312	36609	40216	39401	43030	46096	49840	53218
Aug'08	39504	38275	42878	43210	41931	44183	44053	45299	50394	52280	52837

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

	June-09	July-09	Aug-09	Sep-09*
N. Europe domestic				
HRC - Ex-Works €/t	355-420	376-440	408-471	420-475
CRC - Ex-Works €/t	420-480	440-495	470-519	480-520
HDG - Ex-Works €/t	480-555	490-570	510-590	na
Plate - Ex-Works €/t	450-550	450-520	410-520	440-530
S. Europe domestic				
HRC - Ex-Works €/t	335-355	380-400	380-400	400-430
CRC - Ex-Works €/t	395-420	440-460	440-460	450-470
HDG - Ex-Works €/t	398-450	430-460	430-460	440-470
Plate - Ex-Works €/t	450-500	400-450	400-450	na
N. America domestic				
HRC - FOB US Midwest mill \$/s.ton	372-404	472-505	508-540	na
CRC - FOB US Midwest mill \$/s.ton	440-480	520-560	520-560	na
HDG - FOB US Midwest mill \$/s.ton	500-540	540-580	540-580	na
China domestic				
HRC - Shanghai (incl. 17% vat) RMB/t	3562-3580	3808-3840	3786-3830	na
CRC - Shanghai (incl. 17% vat) RMB/t	4448-4500	4838-4892	5080-5160	na
HDG - Shanghai (incl. 17% vat) RMB/t	4550-4600	4800-4850	5100-5150	4850-4950
China export				
HRC - FOB Shanghai \$/t	490-500	520-540	530-550	530-550
CRC - FOB Shanghai \$/t	520-530	540-550	600-610	600-610
HDG - FOB Shanghai \$/t	530-540	660-670	670-680	620-630
East Asia Import				
HRC - CFR \$/t	488-502	545-565	570-590	550-580
CRC - CFR \$/t	580-600	620-650	700-730	700-730
HDG - CFR \$/t	650-700	700-750	750-770	770-800

LONG

	June-09	July-09	Aug-09	Sep-09*
Europe domestic				
Medium sections - delivered €/t	432-495	420-475	420-480	430-490
Rebar - delivered €/t	330-380	310-370	330-390	350-390
Wire Rod (mesh quality) - delivered €/t	330-370	310-350	330-370	340-380
N. America domestic				
Rebar - FOB US Midwest mill \$/s.ton	480-500	510-530	520-540	na
Wire Rod (mesh quality) - FOB US Midwest mill \$/s.ton	515-535	515-535	528-558	na

China domestic				
Rebar - Shanghai (incl. 17% vat) RMB/t	3552-3576	3825-3852	3952-3980	na
Seamless Pipe(219mm*6mm) - Shanghai (incl. 17% vat) RMB/t	4360-4410	4550-4612	4990-5050	na
China export				
Wire Rod (drawing quality) - FOB Shanghai \$/t	510-520	530-540	630-655	na
East Asia Import				
Rebar CFR \$/t	468-481	494-508	522-532	530-540
Wire Rod(mesh quality)-CFR \$/t	480-520	520-540	550-570	560-570
Black Sea Export				
Rebar FOB \$/t	385-440	400-450	430-460	440-470
Wire Rod(mesh quality)-CFR \$/t	390-430	400-445	440-470	450-480

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

Outlook

A cautious outlook on international steel sector. As economic conditions slowly improve, further price rises can be expected before the end of the year, provided mills do not exceed their cautious production targets. Long products prices are expected to continue to strengthen, albeit slowly, as construction demand picks up with economic conditions starting the long recovery from their low point.

India steel to tread higher on demand hopes: India steel futures may tread higher in coming weeks on hopes of a global economic recovery, which may spur demand for the alloy, according to analysts. The outlook for India's steel sector has brightened as the worst of the global economic slowdown has passed, and demand is expected to show annual growth of 10 percent soon, Steel Secretary P.R. Rastogi said.

Data Sources:

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



(UJJAL BHATTACHARYA)
Senior General Manager – Steel Sales

STEEL INDUSTRY MARKET SCENARIO

SCRAP

Domestic Scenario

Steel Scrap: Indian scrap market firms: The Indian scrap import market, which was subdued through July, saw an improvement this month, although market players predict that it will be September before there is any visible upward movement in demand and prices. Until the first week of August imported containerized HMS 1&2 was being sold at levels of around \$250-260/tonne cfr. HMS originating from Europe and USA is very high priced, and Indian importers have been sourcing smaller amounts of scrap from other sources like the Middle East and South Africa. Increase in Ingot prices have also led to a rise in Scrap prices by around Rs.1000-2000/tonne at various places. Local HMS 1&2 was sold at around Rs 14,000/t (\$292/t) in south India and around Rs 15,500/t in the north in the mid of August.

Indian domestic metallics prices show upward trend: Indian domestic demand for metallics has remained stable over the past few months, while prices have strengthened from the beginning of August. In south India, coal-based sponge iron with Fe content of 75-80% is selling at levels of around Rs 11,000/tonne (\$228/t) ex-works without taxes. This is an increase of around Rs 500/t since the first week of August and around Rs 800-1000/t above July levels. In the same region higher grade coal-based sponge (85% Fe) is now selling at around Rs 12,200/t, up by Rs 800/t in the past two weeks. Meanwhile, steady exports of pig iron have created a shortage of domestic market supply. Foundry grade material is selling at Rs 20,000-21,000/t ex-works, whereas steel grade pig iron is selling at around Rs 19,000-19,500/t (\$393-404/t) ex-works – some Rs 1000/t higher than July levels. The main reason for the increase in prices is better domestic demand and higher input prices of iron ore and coke. Pig iron demand is fairly stable now, with major producers such as Tata Metaliks keeping offer prices for foundry grade constant at last month's levels of Rs 19,500/t ex-works.

Iron Ore: The beginning of August has seen a surge in Iron Ore prices with export market moving in a positive direction. Seeing the expanded demand of iron ore fines from China, the major Indian iron ore market, and the relatively tight supply from other countries, like Australia, to China, Indian iron ore exporters moved the price up. In recent weeks, the price of Indian iron ore fines has kept increasing in China and some Chinese import offers have taken place at USD 85/t, fob Indian East coast for the iron ore fines 63.5% rejection below 62.5% to Chinese buyers in the third week, some 10% higher than early this month. However, since then the market has slowed down a bit and this is mainly attributed to the high inventories in Chinese market and falling steel prices that is dampening the market sentiment. "In this downward trend, steel mills have no intention of building up or replenishing stocks," an iron ore trader in Beijing said. Customers are typically unwilling to purchase, believing prices will drop further.

Drop in prices since third week: CFR rates for Fe 63% grade has gone down below 100USD/tonne in recent days a, drop of 10% noticed in a week. Prices prevailed at \$93 per tonne, cfr China in the concluding week. Under the pressure of low price in the international market, the export price of iron ore decreased in India. The prevailing price of iron ore fines 63.5% rejection below 62.5% moves down to USD80-81/t FOB Indian east coast as on Aug21 and further down to

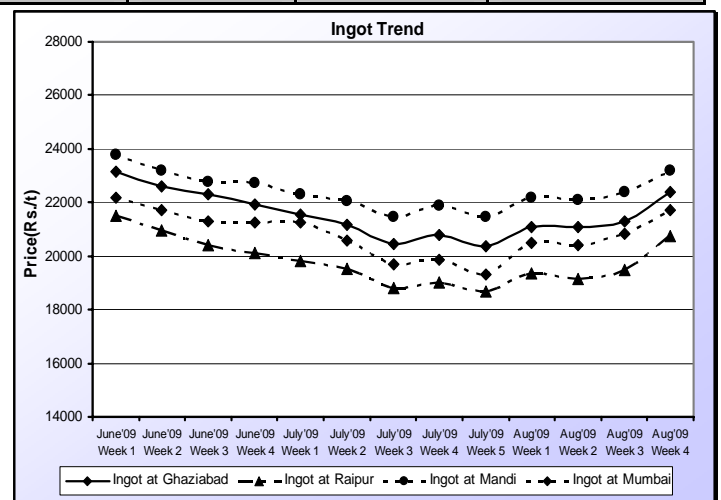
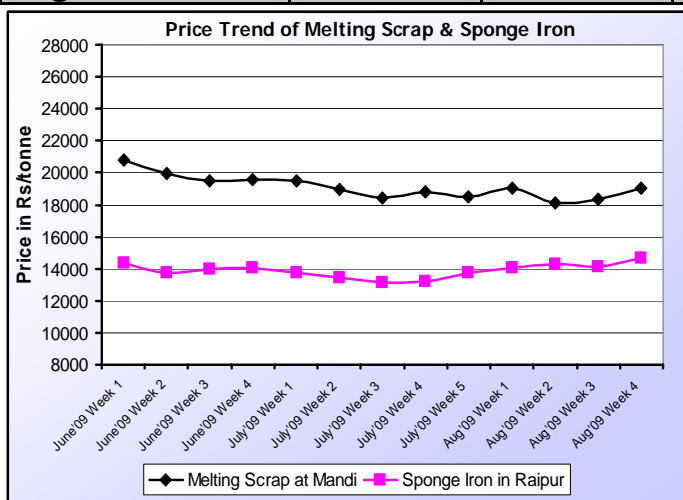
USD72 -73/t FOB Indian east coast on Aug26. The price for 62% Fe content iron ore fell back sharply over a week. Prices were at \$94.70/dry metric tonne CFR Tianjin port, China in the third week. This was a \$10.30/dry metric tonne, or 9.8%, decrease from a week earlier, although it was noted that the volume of transactions was low as buyers and sellers waited for the market to settle. Within these delivered prices, rates for shipments from both the west and east coasts of India to China rose slightly from a week earlier.

Indian met coke market on the rise: The domestic Indian market for both low and high ash metallurgical coke has been strong over the past month showing a distinct rise in prices amid an increase in demand in August. Low Ash Metallurgical (LAM) coke with an ash content of 10-12% sold at a base price of Rs 15,000-16,000/tonne (\$306-437/t) ex-mill excluding taxes in east India in the third week of the month. This is up by Rs 500-1,000/t since last month. Similarly, High Ash Metallurgical coke (HAM) that previously was being sold at around Rs 8,000/t ex mill was sold at for an average price of Rs 9,500/t in the third week of August. HAM coke, which normally has an ash content of 22-35%, was being offered at Rs 8,000-11,000/t ex-mill excluding taxes in the coal- and coke-rich city of Dhanbad in the eastern state of Jharkhand.

India's coking coke import prices increase \$10/tonne beginning of the month: India's metallurgical coke import prices have increased \$10 from end-June on higher demand and freight rates. Import prices have risen to \$270-280 per tonne cfr from \$260-270 at end-June and \$240-250 in April-May. Most domestic coke producers are expanding so supply is plentiful. Meanwhile, domestic producers of metallurgical coke are importing coking coal at \$130 per tonne fob Australia, said trade sources.

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
July'09 Week 1	22320	21538	19819	21243	13755	19457
July'09 Week 2	22046	21152	19526	20585	13429	18963
July'09 Week 3	21458	20443	18815	19700	13128	18437
July'09 Week 4	21875	20776	18998	19859	13225	18821
July'09 Week 5	21484	20332	18688	19310	13752	18462
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	18320
Aug'09 Week 4	23200	22378	20729	21719	14634	19000



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:

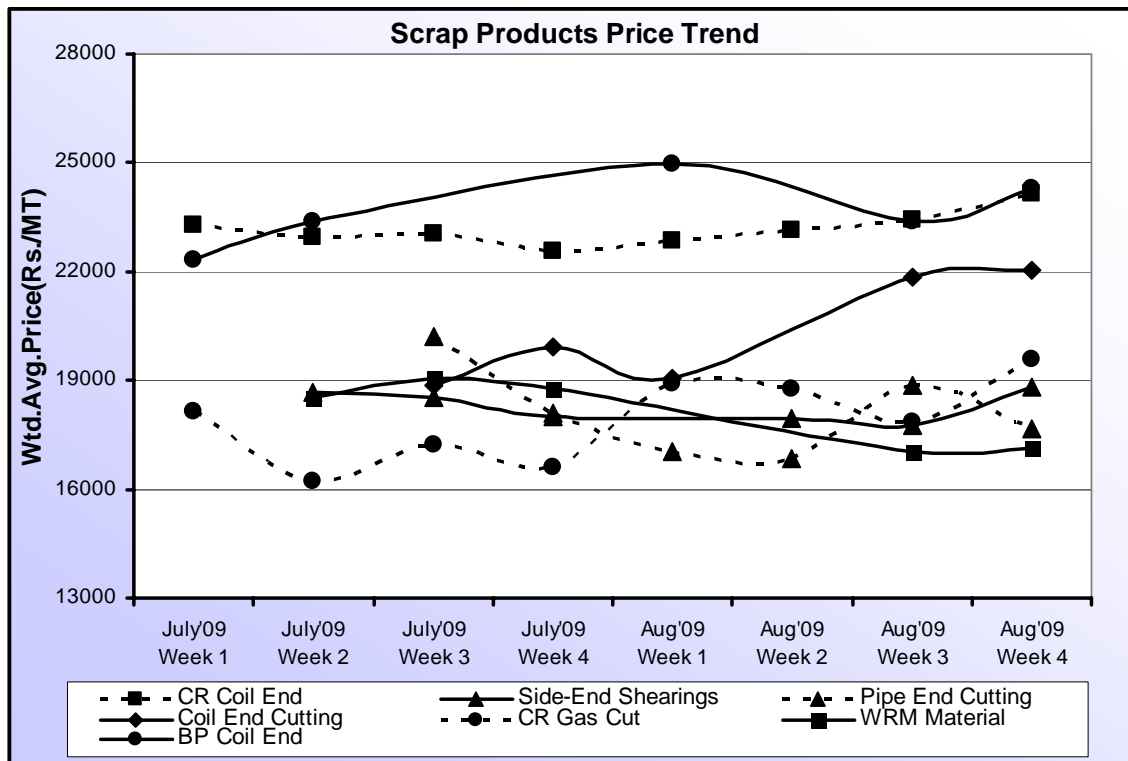
Attached below is the data table:

Week	CR Coil End	WRM Material	Side-End Shearings	BP Coil End	Pipe End Cutting	Coil End Cutting	CR Gas Cut
July'09 Wk 1	23287	--	--	22350	15360	--	18150
July'09 Wk 2	22943	18550	18664	23400	--	--	16207
July'09 Wk 3	23029	19050	18550	--	20192	18860	17221
July'09 Wk 4	22545	18750	18018	--	18074	19902	16622
Aug'09 Wk 1	22857	--	--	24950	17048	19044	18932
Aug'09 Wk 2	23129	--	17945	--	16831	--	18754
Aug'09 Wk 3	23444	17050	17765	23400	18847	21854	17871
Aug'09 Wk 4	24145	17150	18816	24300	17671	22050	19571

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

Products	July'09 Price(Avg.)	Aug'09 Price(Avg.)	% change(Aug'09 over July'09)	% change(Aug'09 over Aug'08)
CR Coil End	22951	23394	1.93	-33.00
Side-End Shearing	18410	18175	-1.28	-36.00
Pipe End Cutting	17875	17599	-1.54	-42.00
BP Coil End	22875	24217	5.87	-38.00
CR Gas Cut	17050	18782	10.16	-39.00
Coil End Cutting	19381	20983	8.26	-37.00

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



Price in Rs./t is basic

Outlook: Scrap market conditions improved in the month of August with demand improving. Miting Scrap price at Mandi Govindgarh market witnessed a positive growth of around 4 percent over a week in the second week. Sponge Iron market also showed positive gains on higher semi-finished prices. The beginning of third week however saw some sluggishness in the market with prices dropping by Rs.200/tonne for various metallic segments. However, this was offset with improved steel market conditions that gave a boost to the raw material segment. Prices once again moved in the positive zone with the month concluding at around Rs.19,000/tonne (incl. excise) for Miting Scrap at Mandi Govindgarh. Prices saw an improvement in the range of 3 to 5% over a week in the final week for Sponge iron, Scrap and Ingot market. The auction platform depicted an overall positive trend with conditions further expected to improve in the coming month and volatility fading away.

International Scenario

International Scrap market further firms up.

Firm Scrap Market in US: Market conditions for ferrous scrap imports continue firm on the whole in East Asia. US ferrous scrap exporters are bullish in what they sell and they show no moves to reduce offer prices. On the US West Coast, ex yard prices of ferrous scrap stand at a level of US\$240/LT for No1 HMS in and around Los Angeles. The actual ex yard prices, though, are viewed as US\$270-280/LT including an incentive. In the USA, arisings of local ferrous scrap are slow to recover due to seasonal factors in summer, while both export and domestic demand for material is on the increase. Besides, signs remain of tight supply-demand conditions for local ferrous scrap. As a result, US ferrous scrap exporters show no intent to reduce offer prices.

What attests rising export demand is continued strong prices in US ferrous scrap shipments out of the East Coast to Turkey.

Asian Scrap import prices continue to rise as supply tightens: Imported scrap prices to East Asia rose during the week ending 7 August. The Chinese booked an estimated 30,000 tonnes of Japanese origin HS (plate & structural) at \$365-370/t cfr during the same week, up from \$350/t cfr previously. Chinese trading sources say that new offer prices for US bulk scrap have since risen to \$365/t cfr China for 80:20 HMS 1/2 and at \$370/t cfr for shredded. Containerized 80:20 is being offered by smaller trading firms at around \$325/t cfr Singapore-Malaysia but traders say they have not received firm offers of bulk scrap in the SE Asian market. Containerized shredded was booked at \$330/t cfr Taiwan. Offer prices prevailed at \$335-340/t cfr in the third week of the month.

Meanwhile, pig iron import prices have also risen by around \$10/t in the region. Recently concluded deals in China include Russian-origin pig iron at \$370/t cfr and \$375-378/t cfr for Japanese material.

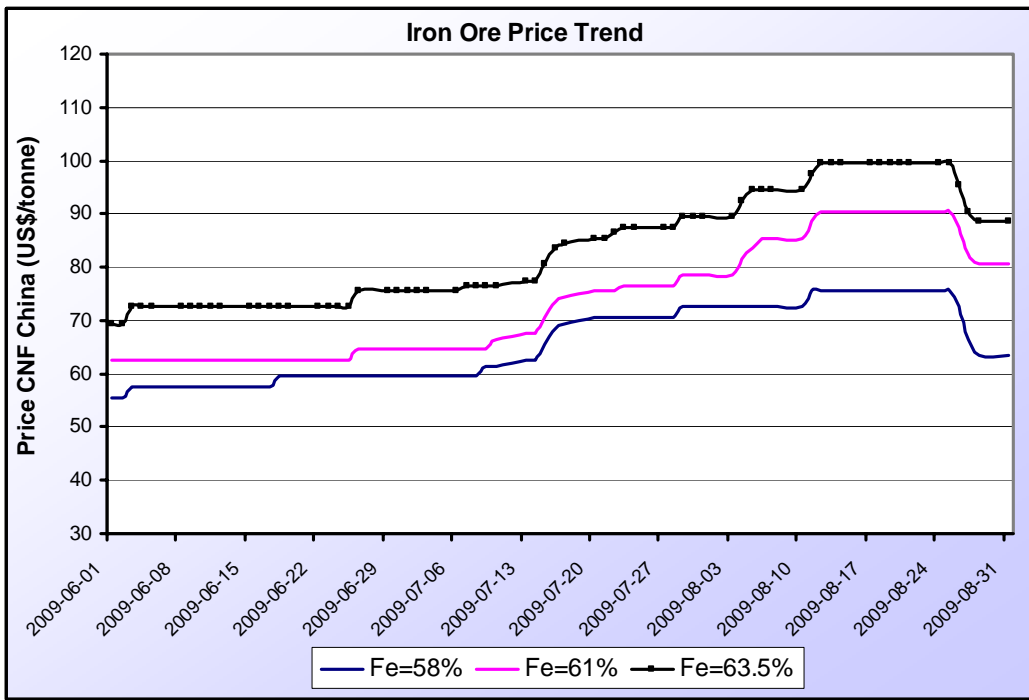
N. European scrap prices firm for second consecutive month: Northern European scrap prices have climbed for the second consecutive month in the main consuming markets. In Germany, despite some August negotiations having yet to be settled, prices for all grades have climbed €25-35/tonne on stronger export demand, low availability and restocking by domestic mills ahead of the summer shutdown.

In France prices have moved up by around €20/t for all grades as a result of export demand, although some material has been ordered by integrated producers. "It is especially the export market which is driving the price forward, as a lot of mills are closed down for the vacation for at least half of August, and some for all the month," one merchant says.

“As mills are closed down there is no rush to order material, but once they return from holiday, and especially if the deep-sea export market remains so strong, prices could firm further on less readily available scrap,” another French merchant suggests. E3 in France is now pegged at €195-200/t, sources concur. Swedish prices for HMS1+2 have moved up by SEK280/t (€27/t) after remaining stagnant in July, while negotiations have yet to be concluded in Switzerland.

International Pig iron market notes slight improvement in demand: Pig iron market participants have noted a slight increase in demand over the past few months. "Mills have been destocking since the beginning of the year but this is coming to an end now and there has been a slight improvement in demand," said a trader. Pig iron prices collapsed from \$1,000 per tonne fob Black Sea last year to lows of \$200 at the beginning of 2009. The latest bookings were completed at \$300-310 per tonne. Temporary shutdowns have helped to stimulate the market.

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



Price is CNF China in US\$/t

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

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

Month	Average Price(\$ per long ton)	Price movement
May-09	168.00	
June-09	186.00	↑
July-09	214.00	↑
Aug-09	241.00	↑

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
May-09	228.00	
June-09	216.00	↓
July-09	242.00	↑
Aug-09	284.00	↑

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

Month	Average Price(\$ per long ton)	Price movement
May-09	234.00	
June-09	221.00	↓
July-09	247.00	↑
Aug-09	289.00	↑

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

Month	Average Price(\$ per tonne)	Price movement
May-09	233.00	
June-09	228.00	↓
July-09	246.00	↑
Aug-09	275.00	↑

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

Month	Average Price(\$ per tonne)	Price movement
May-09	203.00	
June-09	198.00	↓
July-09	216.00	↑
Aug-09	245.00	↑

Steel Scrap Shredded fob Rotterdam \$ per tonne

Month	Average Price(\$ per tonne)	Price movement
May-09	238.00	
June-09	233.00	↓
July-09	251.00	↑
Aug-09	280.00	↑

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

Month	Average Price(\$ per tonne)	Price movement
May-09	260.00	
June-09	239.00	↓
July-09	278.00	↑
Aug-09	290.00	↑

Outlook

International Ferrous scrap showing signs of growth for September: The ferrous scrap market is showing significant signs of strength as mills boost prices and increase production, according to scrap sources, who agree that next month will see improved demand and higher tags. "September will be busier because most of the big mills are raising prices on their finished products. The general consensus is that mills are running at 70 percent (of capacity) but are trying to keep it quiet," a scrap trader said.

September prices are expected to be better than early August levels. "We are finishing up August orders before considering new ones due to the upward momentum of the market", said a trader.

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

Indian stainless steel sector continues to firm up; boosted by increase in raw material prices and improved demand from various sectors.

India needs imports of stainless steel for infrastructure creation: Mr. Yatinder Pal Singh Suri Country Head of Outokumpu India during an interview has outlined the importance of stainless steel in building infrastructure in India, the current supply demand scenario and Outokumpu plans for India

Currently the overall demand level for cold rolled stainless steel products is over 1.3 million tonnes. While utensils and kitchen wares add up to nearly 0.9 million tonnes, the balance demand is from the industrial segment around 400,000 tonnes. The demand for Industrial grades is set to grow 4 times in the next 8 to 10 years. In the absence of domestic capability to manufacture high end products for hostile Industrial applications, imports will continue to play a big role.

Domestic demand for the low end applications currently generates a demand for nearly 1 million tonnes which will double in next 8 years. Domestic players have a limited range of product grades available in smaller width only as compared to the wide coils and a big range of grades being offered by global mills which helps the domestic end users to gain big competitive edge in export markets. Therefore India needs to import stainless steel flat products which cannot be made in India.

Outlook: The stainless steel market witnessed a rising price trend in the month of August with demand coming up from various sectors including the utensil sector where about 60% consumption takes place. Rising raw material prices further pushed up the prices across various grades. The international market also did shine up with increase in raw material prices and surcharges. Increase in demand and stainless steel output is further expected to push up prices both at home and abroad.

International Scenario

Stainless Steel sector shines with rising Nickel and Ferro-chrome prices.

Chinese mills lift prices by \$337/tonne beginning of the month. Top stainless mill Shanxi Taigang Stainless Steel has raised its list price for Grade 304 2B 2mm cold rolled coil by 2,300 yuan to reach 24,220 yuan per tonne. The mill also raised Grade 430 cold rolled coil by 1,000 yuan to reach 12,620 yuan per tonne. Rising prices of stainless raw materials like nickel and Ferro-chrome are forcing stainless producers to raise prices.

Asian stainless surges \$150/t on nickel push: Prices of East Asian-origin stainless 304 cold rolled sheets for delivery in one-to-two months surged \$150/tonne to \$2,700-2,850/t cif China in the first week as producers and traders raise offer prices on limited supply and after the sharp rise in nickel prices. Most market participants are optimistic that stainless prices could increase further in the near-term on economic recovery and as commodity prices remains strong. Three-month nickel prices on the London Metal Exchange ended at \$19,795/800/t on 5 August, up close to

\$3,000/t a week ago. Prices of East Asian-origin stainless 304 cold rolled sheets for delivery in one-to-two months rose to \$2,900-3,100/t cif China beginning of fourth week, up from \$2,800-2,950/cif China a week earlier. But market sources have not ruled out corrections to Asia stainless prices in the near-term. This is because trading slowed down a bit as buyers turn cautious due to the recent decline in steel and commodity prices.

China: Various grades have seen a rising price trend in the month of August; however prices plunged towards the fag end. Chinese prices for grade 430 and 201 stainless coils have risen by RMB 1,000/tonne (\$146/t) and RMB 500/t (\$73/t) respectively in the third week from three weeks ago on strengthening raw materials prices. Prices for 2mm thick 430/2B CRC in Foshan traded at RMB 12,300-12,500/t (\$1,800-1,829/t) up from RMB 11,300-11,500/t at end-July. Prices of 1-2mm thick 201/2B cold rolled coil prevailed at RMB 14,200-14,400/t (\$2,078-2,107/t) in Foshan, from RMB 13,700-13,900/t at the end of last month. The increase in import and Chinese FeCr prices provided impetus for 400-series producers to raise prices. Moreover, as FeCr prices stabilize and show no signs of declining, grade 430 prices are likely to hold steady, if not increase further. Prices of grade 201 have increased over the past few weeks after nickel and 300-series prices surged. Chinese prices of stainless grade 304 hot rolled and cold rolled coil have surged RMB 1,900-2,200/tonne (\$278-322/t) in the third week over a period of three weeks after nickel prices rose around \$4,000/t during the period. In southern China's Foshan market, prices of 3mm thick 304 HRC prevailed at RMB 21,800-22,100/t (\$3,190-3,234/t) in the third week, up RMB 1,900/t from RMB 19,900-20,200/t two weeks earlier. CRC 2mm thick 304/2B was at around RMB 23,500-23,800/t (\$3,439-3,482/t), RMB 2,200/t higher than RMB 21,300-21,600/t two weeks earlier. Prices include 17% VAT. The fourth week of the month however saw a fall in price in the range of \$130-\$220 per tonne across various grades.

Better mood as European stainless coil prices continue up: Despite the quieter summer market in Europe in recent weeks there is a more positive mood in the flat-rolled stainless steel supply sector, but it is due to rising prices more than improved underlying demand. The month-on-month increases in both mill base prices and alloy surcharges have pushed up effective prices to give a lift to supply-side balance sheets and sentiment. For the fourth month running alloy surcharges levied on 2mm cold rolled stainless steel strip in Europe rose, gaining €122 to €849-939 per tonne for August deliveries.

End-use demand for stainless however remains relatively weak but steady, with some sector-specific upticks (like automotive). Rising effective prices do not appear to have weakened demand any further. Stockists are operating with low inventories, though some are engaged in modest restocking, possibly encouraged by the upward price movement and tight availability. Prices for October production stand at €1,300 -1,350 for grade 304 cold rolled strip up €140 since the end of June.

Sentiment more positive in UK stainless coil market: The improved mood of the UK flat-rolled stainless steel supply sector continues against recognition that underlying demand, though steady, is still at low levels and is unlikely to change very much. But end-user demand, though weak, shows flickers of improvement. According to sources, UK automotive needs have strengthened, and there has been some buying related to seasonal refurbishment work. Also, some other end-use sectors, like energy and the food industry, have remained relatively steady through much of the downturn. If nickel remains strong and mills exercise discipline in matching capacity to market needs, the relatively steady buying activity could continue through to year end.

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'09	June'09	July'09	Aug'09	Sep'09*
HR 304	15000-15300	18100-18400	18600-18900	19900-20200	20900-21200
CR 304 2B	16000-16500	19200-19500	19700-20000	21300-21600	22000-24000
CR 202 2B	14200-14400	15600-15800	16400-16600	18500-18700	18500-18700
CR 430 2B	9200-9400	9500-9700	9400-9600	11300-11500	12100-12300

Europe

CR 304 2B 2mm,Euro/t Ex- Works	May'09	June'09	July'09	Aug'09	Sep'09*
N.Europe	930-1060	1000-1100	1030-1130	1180-1250	1230-1280
S.Europe	940-1030	980-1100	1030-1130	1180-1250	1230-1280

Europe

CR 430 BA 2mm,Euro/t Ex- Works	May'09	June'09*	July'09	Aug'09	Sep'09*
N.Europe	950-1050	980-1100	1000-1100	1050-1100	1100-1150
S.Europe	940-1020	980-1100	1000-1100	1050-1100	1100-1150

East Asia import

Type	May'09	June'09	July'09	Aug'09	Sep'09*
CR 304 2B 2mm CFR\$/t	2025-2112	2360-2450	2488-2600	2860-3020	3000-3100

(*): SBB forecast **Note:** 1US\$= Rs.48.91, 1Euro= Rs.69.82, 1 RMB=0.15US\$

Raw materials scenario:

Nickel Trend: Nickel kicked off on a jubilant note with the commencement of the month of August. Prices zoomed both at home and LME in the first week itself registering a week-on-week rise of over 13.5 per cent and 15.5 per cent respectively. Nickel continued its upward march even in the week 02 of August; however, with the beginning of the third week Nickel market experienced a slight calmness in the metal's demand across the world and prices witnessed a slight downward pull mainly due to the strengthening of US dollar and weak global economic cues during that week. Nickel market started to regain its lost momentum once again in the concluding week of August with the world economic scenario started signaling some healthy signs. Currently apart from the economic recovery sentiment and a weak US dollar, nickel market across the world is also being favored by its supply constraint, which in turn is propelling up the prices everywhere. Nickel mines at Wales and Sudbury have seen some operational problems and have been shut for the last few days now adding up to the supply crisis woes. Besides, though the Chinese nickel imports have declined for the month of July, they still are up on a year-on-year basis. It is mainly used by the stainless steel mills and thus it is expected that a bit of support is coming in from that area as well.

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	19,538	22.38	3.34

Ferro-alloys market exhibited a mixed trend in the month of August. The domestic ferrochrome market started off on a stable note with the inception of the month but lost its way in the mid of second week as the high carbon Ferro chrome (60% min) prices dwindled by Rs. 1,000/MT and continued to prevail at around Rs. 60,500/MT ex-works. The market remained stable since then before the Ferro chrome prices dropped further by Rs. 1,000/MT to prevail at around Rs. 59,500/MT (basic) right at the close of the month on back of slow market. On the other hand, the Chinese chrome ore market is currently on the decrease due to the weak demand. The market for Ferro molybdenum across the country remained more or less stable in the first couple of weeks of the month but with the commencement of Aug week 03 the Ferro-moly prices across the country started to slip down a bit mainly due to poor demand from the steel mills. Currently Ferro molybdenum (65%) is prevailing at around Rs. 1,125/Kg, down by Rs. 50/Kg since last week. The Chinese market also remains unclear at the moment as the Chinese suppliers have reduced their prices of ferromolybdenum 60% from around USD 45.14/kg Mo to USD36.60-39.04/kg Mo since the middle of August. On the other hand, India's manganese alloy market experienced a rising trend throughout the month of August, as the prices seemed to be increasing due to improved export market and the high carbon Ferro manganese (65-70%) is currently prevailing at around Rs. 45,000/MT (basic).

Outlook

NA stainless prices rising - surcharges up for September: Stainless prices in North America will be increasing in September, as surcharges are increasing again and producers have also already announced base price increases of 6-9% for flat rolled products. The surcharge on austenitic type 304/304L stainless flats will rise by about \$0.08/lb (\$160/short ton) from August to just over \$0.66/lb for September. The austenitic 316/316L surcharge is rising by about \$0.15/lb to just about \$1.01/lb from \$0.86/lb the month prior. The austenitic surcharges have just about doubled from where they were in May.

The surcharge on ferritic type 430 stainless is again creeping up slightly, SBB observes. The September surcharge will be about \$0.155/lb – up about \$0.04/lb from August. The 430 surcharge has increased by 50% from May.

Chinese stainless market could however face further downside pressure in the coming month as real demand still remains weak and prices are driven up by speculative buying. But many believe that the decline is only short-term; it may only be a matter of days before prices rise again as steelmakers continue to produce at full capacity.

While stainless spot prices in China will likely to remain volatile in the near-term due to heavy speculation in the market, prices in Asia outside China will be relatively better supported.

Indian Stainless steel consumption may rise 10%: India's stainless steel consumption is likely to rise 10 per cent this year on increased demand from automotive, railway and transport sectors. Demand from utensil sector, which consumes about 60 per cent of the country's total production, is also expected to rise because of fragmented family concept and innovative use in kitchens.

Railway, automotive and transport are expected to remain three major consumption sectors. The Ministry of Railways has decided to upgrade 50 major stations across the country to world class level, where a lot of stainless steel is likely to be utilized. Apparently, the Ministry has also ordered 18,000 coaches to be made purely of stainless steel, and looking at the features of light weight and glossy look, the order size is likely to be expanded further.

Stainless steel is corrosion and contamination-free. Therefore, ISSDA is also in talks with real estate developers to use stainless steel tanks and furnitures in houses which would not only increase attractions towards the property, but also fetch them better realization compared to normal houses. Stainless steel can also be used in concealed piping and tanks for potable water storage.

India is estimated to outperform with 9-10 per cent as compared to 2-3 per cent average global consumption growth.

Data Sources:

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



(UJJAL BHATTACHARYA)
Senior General Manager – Steel Sales