

## Snapshot over a Fortnight

### News Flash

**Steel prices hiked beginning of the month:** SAIL has increased the prices of flat and long products by Rs 1,500/tonne, while Tata Steel has raised its prices for flats sold on spot by around Rs 1,500-2,000/tonne (\$32-43/t) and longs by Rs 1,500/t. Bhushan Steel raised prices of its long and flat products by up to Rs 2,000 a tonne. Essar Steel had hiked prices of flat products by up to 4 per cent while JSW has increased the prices of its long and flat products by 3 to 5 per cent. Uttam Galva raised prices by 3,000 rupees a tonne. Ispat Industries also increased its flat steel prices by Rs 1,500-2,000/t.

**JSW Steel posts 88% rise in crude steel production in Q3 FY 2010:** Its quarterly production for rolled flat grew 51% from 6.22 lakh tones to 9.41 lakh tones and rolled long production grew 199% from 0.79 lakh tones to 2.37 lakh tones in Q3 FY 2010. The company's crude steel production for 9 months period was 4.39 million tones showing a growth of 59% over corresponding period of last year.

**India emerges as fourth largest steel producer in world:** With production of 46.77 million tonnes of crude steel during the period January-October, 2009, India emerged as the fourth largest steel producer in the world. India also maintained its lead position as the world's largest producer of direct reduced iron (DRI) or sponge iron.

*Production* for sale of total finished steel (alloy + non-alloy) was at 38.961 million tonnes during April-November, 2009 as against 38.024 million tonnes in corresponding period of 2007-08, a growth of 2.5%.

*Exports* of total finished steel (alloy + non-alloy) were at 1.81 million tonnes during April- November 2009 as against 2.952 million tonnes in corresponding period of 2007-08, a decline of 39%.

*Imports* of total finished steel (alloy + non-alloy) were at 4.59 million tonnes during April-November, 2009 as against 4.134 million tonnes in corresponding period of 2007-08, a growth of 11%.

*Consumption* of total finished steel (alloy + non-alloy) was at 34.304 million tonnes during April-November, 2009 as against 33.995 million tonnes in corresponding period of 2007-08, a growth of 6.8%.

**India is 10th largest in stainless steel production in the world:** India produces 18 to 20 lakh ton per annum and with some import, the consumption of stainless steel in India stands at 22 lakh tons. This also includes exports worth 2.50 lakh ton per annum. Ahmedabad is considered No. 1 for production of raw materials. Mumbai is the biggest stainless steel trading centre in Asia for raw materials and finished products.

**KIOCL sells pellet to China at \$118 fob:** KIOCL Ltd, India's leading producer-exporter of iron ore pellet, has sold 50,000 tonnes of pellet to China at \$118 per tonne fob New Mangalore Port. This compares to its last sale of \$108.

### Steel Sector

**The domestic flat steel market** remained bullish over a fortnight with prices rising by Rs. 800 to Rs.1000/MT across HR and CR grades. The market sentiment gained as demand remained strong. Flat steel prices were raised by major steel makers beginning of January on account of bullish market sentiment and rising raw material costs. HRC exports offered shot up with commercial grades being booked at USD 540-550/MT fob towards the end of first week. Galvanized market went strong to prevail in the range of Rs. 38,500-39,500 per tonne ex mill on rising Zinc prices and hot rolled coil prices. The export market also went up.

The second week of the month exhibited a firm trend with demand scenario remaining favorable; the market participants hold a positive attitude towards the market trend. IS2062 3.0mm HRC concluded at

around INR28,500/t, basic (USD613/t) on Jan 12, INR500/t (11/t) higher than that in late December. CRC market has calmed down for the time being after continuous increases in the past one month. IS513 0.5mm concluded at around INR36,000/t, basic (USD774/t) on Jan 13. According to market sources, a market correction is expected in the coming days as steel prices have soared up above expectation over the last one month.

**The domestic long steel market** exhibited a rising phenomenon in the first week of the month with prices rising by as much as Rs.800-Rs.1000/Mt for various products. With steelmakers both primary and secondary inching up prices effective January, 2010 the market sentiment remained strong, however prices retreated once again which was considered to be a market correction after the whopping rise of around Rs.4000/tonne on an average over a month. The second week of the month saw a fall in prices in the range of Rs.500-Rs.800/tonne over a week for Steel Ingot at various places. Billet prices dipped by Rs. 500/MT over a week, Indian domestic rebar prices have also fallen by Rs. 500/MT over the week mainly due to lower billet prices and heavy selling by traders fearing further price falls. The benchmark 12mm rebar was selling at Rs. 33,000-Rs 33,500/MT, basic delivered while 16-25mm rebar was being booked at Rs. 33,100-33,400/MT, basic in Jan Week 02. A slightly softened trend is expected in the next two weeks as demand in the domestic market and bullish sentiments are likely to ease.

Prices achieved through **e-auction** have remained aligned with the domestic market. The overall flat market conditions remained firm supported by a favorable demand scenario both at home and abroad. HR Plate auctioned from BSL and RSP in the first week exhibited a rise in the range of 2 to 4.5 per cent as compared to the week before. CR Coil from RSP witnessed a rise of around 3.5 per cent over a week. CR Coil End from BSL witnessed a rise of nearly 4 per cent over a week. The second week of the month saw drop in prices in the range of Rs.800 to Rs.1000/tonne, basic across various items. While Defective plate witnessed a drop of around Rs.1100/tonne over a week at the close of week 02, a fortnightly drop of 3 to 5 percent was noticed for various HR and CR items.

**The overall long market conditions** exhibited a similar phenomenon as the domestic prime market, where in a whopping rise was noticed in the beginning of the month; but some correction with prices being arrested was noticed in week 02. A price rise in the range of Rs. 2,000 to Rs. 3,000/tonne was noticed across various long steel items auctioned from different clients in the first week.

The domestic longs market however exhibited a slowdown in the last seven to eight days after depicting a whopping rise in the long steel prices fuelled by the tight supply of raw materials viz. iron ore and low availability of scrap in the market. This is considered to be a market correction as demand in the domestic market and bullish sentiments are likely to ease. The metallic sector too bore the brunt of weakening prices all across the country. Over a week the ingot prices have seen a drop in the range of 3 to 7 per cent at various places of the country. Melting scrap prices at Mandi Govindgarh also witnessed a drop of nearly 4 per cent over a week while Sponge iron exhibited a drop of over 5 per cent. The auction platform exhibited too exhibited a slowdown in the last week with defective TMT seeing a drop of Rs.500/tonne, defective structural saw a drop of Rs.1000/tonne while billet saw a drop of Rs.1200/tonne in the last ten days.

The **international flat steel market** across the world exhibited a firm trend in the first half of January. The latest reference prices released by The Steel Index have shown that the northern European plate prices are broadly unchanged since last week. Northern European plate ex works price is prevailing steady at USD 690/MT. On the other hand, the latest reference prices from Steel Index showed that HR and CR coil prices in US are again higher compared with a week ago, while European coil prices are broadly steady. The US HR coil reference price FOB Midwest mill rose slightly from the previous week to USD 612/MT, which is 7% above the level over a month. CRC rose strongly and is also around 7% higher than a month ago, as is the HD Galvanized coil reference price. On the other hand, the Chinese domestic commercial plate prices have edged up slightly since the beginning of this month. Traders believe that prices have little room to strengthen as transaction levels shrink quickly whenever they try to lever up prices further. In Shanghai, Q235 14-20mm plate from Maanshan Iron &Steel (Magang) is offered at USD 588-596/MT with 17% VAT, up by USD 15/MT from late December.

***The international long steel market*** across the world depicted more or less a steady price trend.

UK sections prices remained stable in weak market. Bookings were made at £365-370 (€600-608) per tonne delivered beginning of January, the same level paid by UK buyers since November. Demand is poor and trading volumes are half the levels seen since the start of 2008. EU medium sections market remained quiet as New Year began. EU sections transaction prices remained at €450-500 (\$650-721) per tonne delivered since the start of December, although few transactions have taken place. The CIS market returned from winter holidays and prices are expected to go up in the future. Billet prices moved up from \$420-430/tonne on a fob Black Sea basis in December to \$440/t at the beginning of last week. Demand is said to be coming mainly from the Far East and Middle East. The main reason for billet prices rising is scrap moving up, people are buying now because they expect demand for finished steel to improve. Scrap is not expected to fall in January or February, and the revival of seasonal demand should support higher finished steel prices going forward.

Billet import market improved in SE Asia as offers crossed \$ 500/tonne, cfr in the second week of the month on higher scrap prices that traded at \$350-380 per tonne cfr, up from \$330-380 cfr in December.

Chinese market improved on rising raw material costs. Billet prices moved up by RMB 50/tonne in the first week of the month. Wire Rod prices remained firm, 6.5mm Q235 wire rod prices in Shanghai have increased by about RMB 200/tonne (\$29/t) to RMB 4,040-4,050/t (\$592-593/t), with 17% VAT; 8mm Q235 rod was offered at about RMB 3,920-3,950/t (\$574-578/t) at the close of Week 01. The market saw further improvement in the second week of the month with Wire Rod and Rebar export offers going up by \$30/tonne due to rising domestic prices. Prevailing offers were \$565-580 per tonne fob for rebar, and \$560-585 per tonne fob for wire rod, reflecting a three-week increase in the domestic market. However, a slight slowdown was noticed towards the end of Week 02 due to slowing global construction activity that led to fewer transactions.

The market is expected to improve in the coming days; because of higher raw material costs and tight supplies of coal and coke, domestic and export prices are expected to increase further.

## Ferrous Scrap Sector

**Scrap import prices rise rapidly in India in the first week of January but softened in the second week:**

Indian prices of imported scrap have risen from December levels. Although prices are described as not "real", a spurt in domestic scrap demand is clear and this has led to increased buying.

On average, booking prices of imported containerized HMS 1&2 (80:20) of various origins took place at around \$360-370/tonne cfr, while containerized shredded scrap was at \$380-390/t cfr to the end user in the first week of the month. HMS offers from the Middle East to Indian end-users prevailed at around \$370-375/t cfr, at \$375-380/t from Puerto Rico, at \$315-325/t cfr from Liberia, \$335-340/t cfr from Senegal and other African countries, and \$370-385/t cfr from Europe and USA.

*The rapid escalation in Indian import prices for scrap seen from December through early January has ended, with prices over the past week registering a drop of over \$10/tonne. Fresh bookings have also slowed, with traders and end-users waiting for a further decline in prices.*

On average, containerized heavy melting scrap 1&2 (80:20) was being sold at around \$350-355/t cfr to end-users, representing a steep drop from levels of \$360-370/t cfr ten days ago. Containerized shredded scrap prices prevailed at \$365-370/t cfr – down from more than \$380/t cfr at end-December. US-origin containerized shredded was booked on 12 January at \$367/t cfr by an end-user for import through the port of Chennai in south India.

The cold wave in north India over the past two weeks has disrupted construction activity and thus scrap buying has slowed markedly, a Delhi-based trader said, explaining the lower prices. This week too began on a lower note with steel ingot prices across the country found to suffer a drop in the range of 5 to 7 per cent on an average. Melting scrap prices at Mandi Govindgarh also witnessed a drop of more than 5 per cent over a week. Sponge iron at Raipur depicted a sluggish trend over a week.

***The international Scrap steel market exhibited a firm trend at various parts of the world.***

**Bulk scrap offer prices remain firm in East Asia:** Scrap suppliers remain more bullish than buyers but East Asian mills will resist paying higher because finished steel prices are not rising as quickly as that of the scrap prices. The cold winter in the northern hemisphere has slowed scrap generation and collection and this will restrict supply. Hyundai Steel and Dongkuk Steel booked bulk US-origin HMS 1 this week at USD 379/tonne cfr. Chinese importers are bidding at around USD 370-380/MT cfr for bulk shredded. Shredded was booked last week at USD 375/MT cfr China. Offers of US 80:20 are at USD 390/MT cfr Vietnam and USD 400/t cfr Vietnam for shredded.

**UK scrap prices firm on demand and supply constraints:** Scrap prices in the UK have increased this month on improved demand and constrained supply exacerbated by the recent poor weather. Steel producers are paying £10-20/tonne more for their scrap taking prices to around £170-195/t (€191-219/t) depending on grade and quality, with shredded pegged at around £180-190/t. The market is firming on better demand, with India and Turkey both back in the market. Export prices are also relatively firm because of the uptick in demand; one Turkish mill bought a HMS 1+2 80:20 cargo for around \$340-345/t cfr, a trader said, while one UK merchant puts shredded prices at \$326-342/t delivered into Turkey. The UK merchant also says a HMS1+2 70:30 cargo was delivered into Turkey at \$332/t towards the end of week 01.

**European scrap expected to keep rising in January:** As ferrous scrap and iron ore are going up, semis, long and flat products prices will continue to rise, even if corrections in the scrap price occur in the near future. Sentiment in both the steel and scrap markets is relatively positive for the short term. China and India are paying decent prices for their scrap imports. In Italy, December and the first ten days of January were impacted by long seasonal stoppages. In January, inventories are a little bit higher, but the generally negative weather conditions are slowing scrap collection everywhere in Europe. In January, prices will continue to rise as a consequence. This low local scrap availability together with firm export demand is also likely to bring further price rises.

## Iron Ore Sector

The month of January, 2010 witnessed a positive trend with demand shooting up from Chinese market. Indian grade prices increased by 10% in the first week itself since the close of December with Fe 63.5% grade trading at \$133-135 per tonne cfr main China port. Offers for 58% grade fines have jumped to \$107-110 per tonne cfr China. The second week of the month made a whopping rise in price with Chinese demand further gaining strength. Fe 63.5% grade soared above \$135/tonne cfr China. One 60,000-tonne parcel of prime Fe 63.5%/63% fines, from miner Rungta Mines was booked by a trader on 6 January at \$110/t fob at Paradip port in the eastern state of Orissa. With the current prevailing freight of \$25/t on a single loading basis in a Panamax vessel and a demurrage of \$2/t for the current six-day waiting period at the port, the cfr price of the ore amounts to \$137/t cfr main port China. Added to that is the trader's \$2/t commission, which brings the final selling price of the ore to the end user to \$139/t cfr. One 40,000t cargo of Fe 57%/56% ore was booked at \$70/t fob on 8 January to be shipped from Kakinada port on the east Indian coast to North China at \$26-28/t freight cost. On that same day, another 45,000t lot of Fe 58% fines was booked from the western port of Goa, at \$110/t cfr China. Prices for the same grade of ore are currently being negotiated at levels of \$113/t cfr (including \$27-28/t freight).

Apart from the shortage of ore from Orissa and Karnataka, reasons for the soaring prices include dwindling ore stockpiles of around 66m t at Chinese ports (from the 2009 average of 70m t), hungry buying by steel mills before the Lunar New Year holidays in February, and the 5% export duty recently levied by the Indian government.

Prices however retreated towards the end of second week as buyers get jitters after the rapid escalation. Spot prices for 63.5% Fe content fines fell to \$133-135 per tonne cfr China, down from \$133-137. Transactions remained scarce, high-grade Indian iron ore prices faced strong resistance as Chinese

steel prices slid. Chinese steel mills have noticeably been slowing down their buying of Indian ore in a bid to cool escalating prices. A 25,000-tonne parcel of Fe 62%/61% ore was booked early second week at \$121/t cfr to be shipped from Kolkata port with a freight cost of around \$25/t cfr.

Although the price of iron ore fines in China, the major buyer of Indian iron ore, is much higher than the quotation Indian exporters offer, Indian exporters still keep the price stable this week. The current price of iron ore fines 63.5% rejection below 62.5% is around USD93/t FOB Indian major ports.

Adding the average ocean freight of USD25/t, the offer on CNF China basis is just USD118/t, much lower than the price of USD135/t in Chinese major ports.

Another exporter in Goa confirmed that Indian sellers keep the price stable while the price of same materials rises sharply in the target market, China. Now the source quotes USD73/t FOB Goa for iron ore fines 58% rejection below 57%, the same as that of last week.

The Indian Fob prices are expected to remain stable in order to prevent buyers from retreating the market.

## Coke Sector

International Coke market is on a rising note.

The price of grade II metallurgical coke in northern China has reached 1,850-2,100 yuan (\$271-307) per tonne ex works with tax in the second week, on the back of tight supply and higher coking coal prices. The highest coke prices are seen in Shandong province, after the Shandong Coking Industry Assn hiked its January reference price by another 150 yuan on January 11 to 2,100 yuan per tonne.

Shandong's coke reference price was previously raised by 100 yuan to 1,950 yuan per tonne on January. "Coke supply in Shandong is tight, as steel mills are still in the process of replenishing stock before the Chinese New Year," a local trader said. "Due to the shutdown of smaller coal mines, and the recent snow storms, coking coal prices have gained 200 yuan from the beginning of the month to 1,450-1,600 yuan per tonne," he said.

However, it will be hard for coke prices to make any further substantial rises as steel mills have slowed their stockpiling due to the high prices and limited supply.

**China's coke export price increases, but demand still weak:** Despite short supplies in China's domestic coke market, demand in the export market is still weak because of high export taxes. In Shanxi province, Chinese export coke with 10.5-12.5% ash content is selling for \$465-480/tonne FOB including export duty, up about \$15/t from last month due the increase in the price of Chinese domestic coke during the first week of this year.

## Base Metals Sector

Economic growth worldwide may be slow and uneven in the year 2010, according to market analysts, but the recovery will increase demand for key nonferrous metals and push transaction prices somewhat higher. Consensus forecasts peg the increase at 19% this year as compared to that of the last year. However, since the beginning the year 2010, the base metals complex depicted a mixed price trend so far as the metals depicted a fluctuating trend over a span of last two weeks.

**Nickel:** Nickel market remained subdued from the very beginning of this year. The prices in the nickel world market in January'10 slumped after witnessing a significant increase in prices in the month of December, 2009. According to experts, the lack of real demand and increase of stocks are two factors that push the nickel prices downward. In the first week of the month, nickel witnessed a fall in the range of 1 to 2 per cent both at LME and home. The prices went further down in the second week on account of low demand as nickel at LME suffered a fall of nearly 4 per cent while its counterpart in Mumbai market witnessed a drop of over 4.5 per cent.

**Aluminium:** Aluminium started off more or less on a steady note with the inception of the month of January with the demand conditions remaining somewhat stable. In week 01, aluminium witnessed a

price rise of 1 per cent on an average across the globe. In the second week of the month, the metal depicted by and large a stable trend with the prices not making any significant movement.

**Copper:** Copper kicked off on a rising note with the commencement of the year 2010 as the demand conditions witnessed some improvement. Copper prices both at LME & home witnessed a rise of around 3 per cent in the first week of 2010 as compared to the last week of 2009. However, the copper market witnessed a slight slump in the second week of the month with copper at both LME and home failing to make any positive impression.

**Lead:** Lead market remained vibrant in the opening week of the month of January with the demand scenario remaining favorable. In the first week, lead at LME witnessed a price rise of more than 5.5 per cent while its counterpart at Mumbai experienced an increase of nearly 4 per cent as compared to the week before. However, the second week exhibited a subdued scenario across the lead market of the world evident from its w-o-w price fall of more than 3 per cent at home and nearly 2 per cent fall over a week at LME.

**Zinc:** Zinc remained by and large steady in the opening week of the month of January with the demand conditions remaining stable. Zinc at LME witnessed a rise of 1.4 per cent in week 01 as compared to the week before while over the same period, zinc at Mumbai also seen a rise of around 1 per cent. In the second week like almost all the metals the white metal also suffered a depressing trend on account of faltering demand. Zinc at LME dropped by 2.5 per cent in the second week as compared to the previous week while its counterpart at Mumbai dipped by 3.5 percent over a week.

## Ferro Alloys Sector

**The Ferro-Alloys sector showed a recovery beginning of New Year both in the domestic and international market.**

The Ferro alloys pack depicted a firm trend since the beginning of the year 2010. Almost all the metals signaled a northwardly movement fuelled by the improved demand scenario across the globe of late. The **Ferro-chrome** market depicted a rising trend with the inception of the month of January. The supply of Ferro-chrome in the spot market is slightly tight at the moment and the demand from the stainless steel mills is better than before, so many suppliers are optimistic towards the future ferrochrome market. High carbon Ferro chrome (60% min) has witnessed a rise of Rs. 2,000/MT in the second week of the month to prevail at around Rs. 57,500/MT (basic).

Market however witnessed a slight drop towards the close of Week 02 due to weak demand from consumers. Offers took place at Rs.56,000/t (USD1,233/t) ex works for high carbon ferrochrome 60%, Si 4%max on Jan 15. Market is unlikely to go down further in the coming days on high production costs.

The market for **Ferro-molybdenum** remained vibrant since the beginning of the year 2010 as the end-user demand is described as good by the market participants and the market remained active. Ferro moly (60% min) prices witnessed a rise of Rs. 50/Kg in the first week followed by a rise of around Rs. 40/Kg in the second week to prevail at around Rs. 994/kg (basic) at present.

The domestic market for **Ferro-manganese** also remained jubilant in the first half of the month. Ferro manganese (65-70%) witnessed a price rise of Rs. 1,000/MT in Jan week 01 while the price further rose up by Rs. 6,000/MT in the second week on account of high demand and is currently ruling at around Rs. 61,000/MT (basic).

The **Ferro-silicon** market depicted more or less a stable trend in the month of January so far with the demand condition for the alloy remaining slim at the moment. Ferro-silicon (70% min) is currently prevailing steady at Rs. 61,500/MT (basic).

## Price Trend of Base Metals, Steel & Scrap

### International Base metal Prices:

| Price at LME in USD/tonne | Jan'10<br>Week 02 | Dec'09<br>Week 04 | Dec'09<br>Week 2 | Nov'09<br>Week 4 | Nov'09<br>Week 2 |
|---------------------------|-------------------|-------------------|------------------|------------------|------------------|
| Nickel                    | 18081             | 18256             | 16175            | 16624            | 16760            |
| Zinc                      | 2495              | 2478              | 2289             | 2231             | 2146             |
| Aluminum                  | 2281              | 2218              | 2147             | 1999             | 1914             |
| Copper                    | 7470              | 7080              | 6897             | 6865             | 6520             |
| Lead                      | 2462              | 2338              | 2275             | 2335             | 2267             |

Source: LME

### Indian Base metal Prices:

| Price at India in Rs/kg (basic) | Jan'10<br>Week 02 | Dec'09<br>Week 04 | Dec'09<br>Week 2 | Nov'09<br>Week 4 | Nov'09<br>Week 2 |
|---------------------------------|-------------------|-------------------|------------------|------------------|------------------|
| Nickel                          | 821               | 854               | 756              | 771              | 780              |
| Zinc                            | 114               | 115               | 107              | 104              | 100              |
| Aluminum                        | 104               | 104               | 100              | 93               | 89               |
| Copper                          | 342               | 335               | 324              | 321              | 304              |
| Lead                            | 113               | 108               | 106              | 109              | 105              |

Source: NCDEX, MCX

### International Steel & Scrap Prices:

| Items  | Jan'10<br>Week 02 | Dec'09<br>Week 04 | Dec'09<br>Week 2 | Nov'09<br>Week 4 | Nov'09<br>Week 2 |
|--|-------------------|-------------------|------------------|------------------|------------------|
| China Domestic HRC Yuan/tonne                            | 3830              | 3700              | 3660             | 3730             | 3620             |
| China Domestic CRC Yuan/tonne                            | 5280              | 5100              | 4980             | 4950             | 4720             |
| China Domestic Rebar Yuan/tonne                          | 3700              | 3500              | 3480             | 3540             | 3540             |
| Europe Domestic HRC Ex-Works €/t                         | 360               | 360               | 360              | 360              | 390              |
| Europe Domestic CRC Ex-Works €/t                         | 450               | 450               | 450              | 450              | 450              |
| US Domestic HRC FOB \$/tonne                             | 610               | 570               | 500              | 500              | 500              |
| US Domestic CRC FOB \$/tonne                             | 710               | 670               | 600              | 600              | 600              |
| CIS Export HR Coil \$/tonne                              | 510               | 500               | 500              | 500              | 480              |
| CIS Export Slab Black Sea/Baltic Sea \$/tonne            | 400               | 400               | 400              | 400              | 400              |
| CIS Export Billet Black Sea/Baltic Sea \$/tonne          | 420               | 410               | 410              | 410              | 380              |
| CIS Export Rebar Black Sea/Baltic Sea \$/tonne           | 450               | 430               | 430              | 430              | 440              |
| Shredded Scrap US fob East Coast \$/tonne                | 320               | 285               | 285              | 255              | 255              |
| HMS I & II (80:20) United States fob East Coast \$/tonne | 315               | 280               | 280              | 250              | 250              |
| HMS I&II(70:30) fob Rotterdam Export \$/tonne            | 312               | 275               | 275              | 245              | 235              |
| HMS I\$II(80:20mix) Rotterdam Export \$/tonne            | 315               | 283               | 283              | 255              | 248              |
| IOF Fe=63.5% CNF China USD/tonne                         | 131               | 110               | 106              | 106              | 103              |

Source: Metal Bulletin

**Indian Steel & Scrap Prices:**

| Items                              | Jan'10<br>Week 02 | Dec'09<br>Week 04 | Dec'09<br>Week 2 | Nov'09<br>Week 4 | Nov'09<br>Week 2 |
|------------------------------------|-------------------|-------------------|------------------|------------------|------------------|
| Pig Iron at Kolkata                | 21850             | 21350             | 21350            | 20990            | 21744            |
| Pig Iron at Delhi                  | 26500             | 22500             | 22800            | 23500            | 24000            |
| Sponge Iron(Coal Based) at Kolkata | 16510             | 15590             | 15330            | 15690            | 15650            |
| Melting Scrap(HMS I) at Kolkata    | 21320             | 17680             | 16700            | 15600            | 16640            |
| Billet(100mm) at Kolkata           | 28410             | 28100             | 27680            | 26870            | 27576            |
| Billet(100mm) at Mumbai            | 28630             | 27130             | 27130            | 27190            | 27188            |
| Bloom(150*150mm) at Kolkata        | 27290             | 26660             | 26350            | 25600            | 26456            |
| Wire Rod(6mm) at Kolkata           | 33560             | 31830             | 31510            | 31690            | 31831            |
| TMT Bar(10mm) at Kolkata           | 33570             | 32090             | 31670            | 31590            | 31761            |
| TMT Bar(10mm) at Delhi             | 34250             | 32220             | 31940            | 31940            | 32258            |
| Angles(50*50*6mm) at Kolkata       | 34680             | 33320             | 33020            | 33010            | 33140            |
| Angles(50*50*6mm) at Delhi         | 35290             | 33260             | 32950            | 32950            | 33046            |
| Plate(6mm) at Kolkata              | 35860             | 35910             | 35830            | 35810            | 35677            |
| Plate(6mm) at Delhi                | 37160             | 36810             | 36810            | 36810            | 36580            |
| HR Coil(2mm) at Kolkata            | 34660             | 34640             | 34640            | 34640            | 34701            |
| HR Coil(2mm) at Delhi              | 35690             | 35260             | 35260            | 35290            | 35343            |
| CR Coil(0.63mm) at Kolkata         | 39070             | 38570             | 38510            | 37910            | 38056            |
| CR Coil(0.63mm) at Delhi           | 40250             | 38690             | 38690            | 38690            | 39014            |
| GP Sheet(0.63mm) at Kolkata        | 42820             | 42400             | 42320            | 42400            | 42854            |
| GP Sheet(0.63mm) at Delhi          | 43270             | 41170             | 41170            | 41170            | 41648            |

Price quoted above in Rs. /tonne is all inclusive. Source: JPC

**Ferro-Alloy prices:**

| Ferro Alloys- Raipur market<br>(Basic price in Rs./kg) | 01.01.10 | 04.01.10 | 07.01.10 | 08.01.10 | 12.01.10 | 14.01.10 | 15.01.10 |
|--|----------|----------|----------|----------|----------|----------|----------|
| Ferro Silicon 70/75                                    | 53       | 57       | 56       | 54       | 58       | 54       | 58       |
| Ferro Manganese 70/75                                  | 51       | 61       | 52       | 52       | 56       | 57       | 56       |
| High Carbon Ferro Chrome                               | 60       | 64       | 59       | 61       | 62       | 62       | 62       |
| Ferro Titanium 30/35%                                  | 89       | 93       | 91       | 90       | 92       | 91       | 91       |

Source: MMR

| Ferro Alloys- Mumbai market<br>(Basic price in Rs./kg) | 01.01.10 | 08.01.10 | 15.01.10 |
|--|----------|----------|----------|
| Ferro Molybdenum                                       | 850      | 900      | 900      |
| Molybdenum Oxide                                       | 830      | 890      | 890      |
| Ferro Manganese HC                                     | 60       | 65       | 65       |
| Ferro Manganese MC                                     | 75       | 75       | 75       |
| Ferro Chromium LC                                      | 135      | 138      | 138      |
| Ferro Vanadium   | 625      | 750      | 750      |

Source: MMR

## Producer's Prices:

### Zinc

| Hindustan Zinc Ltd.<br>(Prices are in Rs/MT,<br>Excl. ED & ST,VAT) | 14-Jan-10 | 11-Jan-10 | 07-Jan-10 | 31-Dec-09 | 26-Dec-09 | 22-Dec-09 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Ex-smelter: Debari / Chanderia</b>                              |           |           |           |           |           |           |
| Prime Western  | 136,800   | 138,300   | 138,300   | 137,700   | 132,900   | 131,900   |
| High Grade   | 138,300   | 139,800   | 139,800   | 139,200   | 134,400   | 133,400   |
| Special High Grade   | 139,300   | 140,800   | 140,800   | 140,200   | 135,400   | 134,400   |
| <b>Ex-Bangalore</b>  |           |           |           |           |           |           |
| Prime Western  | 139,000   | 140,500   | 140,500   | 139,900   | 135,100   | 134,100   |
| High Grade   | 140,500   | 142,000   | 142,000   | 141,400   | 136,600   | 135,600   |
| Special High Grade   | 141,500   | 143,000   | 143,000   | 142,400   | 137,600   | 136,600   |

| Binani Zinc (Prices<br>are in Rs/MT,inc. ED) | 13-Jan-10 | 11-Jan-10 | 09-Jan-10 | 07-Jan-10 | 01-Jan-10 | 31-Dec-09 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Ex Godown: Bhiwandi</b>                   |           |           |           |           |           |           |
| High Grade                                   | 138,000   | 143,000   | 141,000   | 145,000   | 144,000   | 143,000   |
| Special High Grade                           | 138,500   | 143,500   | 141,500   | 145,500   | 144,500   | 143,500   |
| Super Special High<br>Grade                  | 139,000   | 144,000   | 142,000   | 146,000   | 145,000   | 144,000   |

Source: MMR

### Copper

| Hindustan Copper Ltd. (Prices are in<br>Rs/MT, Excl. ED & ST,VAT) | 01-Jan-10 | 01-Dec-09 | 01-Nov-09 | 01-Oct-09 |
|---|-----------|-----------|-----------|-----------|
| Copper Cathode (Full)   | 358,755   | 343,083   | 324,768   | 333,218   |
| Continuous Cast Copper Rods (8mm)                                 | 364,729   | 349,049   | 330,752   | 339,428   |

| Sterlite Industries (India) Ltd. (Prices<br>are in Rs/MT, Excl ED) | 01-Jan-10 | 16-Dec-09 | 01-Dec-09 | 01-Nov-09 |
|--|-----------|-----------|-----------|-----------|
| Copper Cathode (Full)  | 373,071   | 432,000   | 352,893   | 337,759   |
| CC Copper Wire Rods (8mm)  | 376,700   | 436,000   | 359,198   | 334,065   |

Source: MMR

### Lead

| Hindusthan Zinc Ltd. (Prices<br>are in Rs/MT, Excl. ED &<br>ST,VAT) | 11-Jan-10 | 07-Jan-10 | 17-Dec-09 | 12-Dec-09 | 05-Dec-09 |
|---|-----------|-----------|-----------|-----------|-----------|
| Purity 99.99%(Ex-smelter<br>Chanderiya)                             | 133,200   | 128,900   | 125,600   | 123,000   | 127,800   |
| Purity 99.99%(Ex<br>Bangalore)                                      | 136,200   | 131,900   | 128,600   | 126,000   | 130,800   |

Source: MMR

## Outlook

**World steel market expected to remain strong on rising demand from infrastructure sector.**

**Indian flat and long prices seen firm through February:** Indian market sources believe that, amid strengthening demand, steel mills will not lower their prices next month.

All major Indian integrated steelmakers – including state-owned Steel Authority of India Ltd (Sail) and Rashtriya Ispat Nigam Ltd, as well as privately-owned mills such as Tata Steel, JSW Steel, Essar Steel and Ispat Industries – recently increased their prices of flat and long products by Rs 1,500-2,000/tonne (\$32-43/t), effective from 1 January.

“Overall sales of most companies were very good in December, the market sentiment is upbeat, stocks are low for even big companies such as Sail and Tata Steel, and prices of raw materials like coking coal, iron ore and scrap are increasing rapidly. All these have enabled the price hike,” a Delhi-based industry observer said. He adds that the January-March quarter is expected to be positive for the steel industry. “Demand is also strong now, especially from the rural areas where winter harvests have been completed and money has been earned.”

The general market view is that prices will stabilize at current levels, with only small fluctuations upwards in February.

*Source: Asian Metal, SBB, Metal Bulletin, MMR, Reuters, NCDEX, MCX, JPC, LME, The Economic Times.*