Monday Market Monitor - India (WEEK 32) - Chips up

Monday, 10 Aug, 2009

Indian steel market improved for a change during last week with the long product prices bottoming out on one hand and flat products maintaining a rock steady performance.

The Indian Long Product Price Index ILPPI improved by 61 points whereas Indian Flat Products Index IFPPI improved by 33 points. The overall price index INDSPI improved by 48 points.

Class	31-Jul	07-Aug	Change
ILPPI	6035	6096	61
IFPPI	6992	7025	33
INDSPI	6491	6539	48

ILPPI - Indian Long Product Price Index
IFPPI - Indian Flat Product Price Index
INDSPI - Indian Steel Price Index

Long Products

Category	31-Jul	07-Aug	Change
PI - TMT	5644	5732	88
PI - WRC	6682	6745	63
PI - Angle	5660	5653	-7
PI - Channel	5700	5700	0
PI - Joist	5287	5315	28

PI - Product Index

Flat products

Category	31-Jul	07-Aug	Change
PI - Narrow Plates	6593	6630	38
PI - Wide Plates	6817	6842	25
PI - Hot Rolled	6829	6875	46
PI - Cold Rolled	7626	7638	13
PI - Galvanized	7377	7383	6

PI - Product Index

To know more about these indices please visit
http://steelprices-india.com/spi_services/spi.html

You can now get ILPPI, IFPPI and INDSPI as SMS alert on mobile by submitting your details at http://steelprices-india.com/smsalert

There was customary stability in the prices of input material post long product prices bottomed out as furnace operators and re rollers hit the floor faced with the peril of shut down .

Sponge iron

Location	Change
Raipur	9.8%
Kolkata	3.2%

Change is on August 7th 2009 as compared to July 31st 2009
Change is in INR per tonne

Pig Iron

Location	Change
Raipur	7.5%
Kolkata	0.0%

Change is on August 7th 2009 as compared to July 31st 2009
Change is in INR per tonne

Melting scrap
80:20
HMS

Location	Change
Chennai	0.0%
Kandla	0.5%
Mumbai	2.0%
Mandi	0.0%
Kolkata	0.0%
Kanpur	3.0%

Change is on August 7th 2009 as compared to July 31st 2009
Change is in INR per tonne

Alang

Product	Size	Change
Ships	Mixed	8.1%
Plate cuttings	1"	12.0%

Change is on August 7th 2009 as compared to July 31st 2009
Change is in INR per tonne

Pencil ingot

Location	Change
Mumbai	9.4%

Mandi	5.6%
Raipur	5.0%
Kanpur	2.2%
Kolkata	-1.4%
Ghaziabad	3.9%
Muzzafarnagar	4.4%
Ahmedabad	3.0%

Change is on August 7th 2009 as compared to July 31st 2009
Change is in INR per tonne

2. Long products - End of dry spell

Indian long product prices seemed to peeking out of the abyss after an unbroken slide of 13 weeks. Week on week the prices of long products prices had rapidly plummeted regardless of divergent movements in the international market. The rot was so deep rooted that all the efforts by the government and steel majors to arrest the slope proved futile.

The miserable plight of re rollers, sponge iron and pig iron manufactures was aggravated with shut down staring in their face as they were unable to mitigate even fixed costs. With ever increasing desperation, bottoming out seemed imminent as the mills were left with the Hobson’s choice to sell at cost or perish as piquantly demand continues to elude the market.

Prices of ingot and rebar have made an august opening this month with growth of up to INR 2000 per tonne within week in the commercial hubs of Mumbai and Delhi. However due to regional imbalances negative trend also prevailed at some location during the last week.

TMT
Fe 415
12mm

Location	Change
Chennai	-0.7%
Mumbai	4.2%
Mandi	-0.7%
Kolkata	0.0%
Delhi	7.0%
Kanpur	2.6%
Ahmedabad	4.8%
Indore	5.9%

Change is on August 7th 2009 as compared to July 31st 2009
Change is in INR per tonne

WRC
SWR14
5.5/6

Location	Change

Chennai	0.0%
Raipur	1.8%
Kolkata	-1.1%
Delhi	1.6%
Kanpur	2.6%

Change is on August 7th 2009 as compared to July 31st 2009
Change is in INR per tonne

ANGL
GR A
65x6

Location	Change
Chennai	-1.7%
Mumbai	3.2%
Mandi	1.0%
Raipur	0.8%
Kolkata	-1.9%
Delhi	1.1%
Kanpur	0.7%
Ahmedabad	4.2%
Indore	4.7%
Bangalore	-3.4%

Change is on August 7th 2009 as compared to July 31st 2009
Change is in INR per tonne

CHNL
GR A
75/100

?Location	Change
Chennai	-1.7%
Mumbai	3.2%
Mandi	1.0%
Raipur	0.8%
Kolkata	-1.9%
Delhi	1.1%
Kanpur	-0.4%

Ahmedabad	5.1%
Indore	4.7%
Bangalore	-2.4%

Change is on August 7th 2009 as compared to July 31st 2009
Change is in INR per tonne

JSTI
GR A
250x125

?Location	Change
Chennai	0.0%
Mumbai	3.1%
Mandi	-0.7%
Raipur	1.5%
Kolkata	3.7%
Delhi	1.3%
Kanpur	-0.7%
Ahmedabad	2.2%
Indore	4.4%
Bangalore	-4.4%

Change is on August 7th 2009 as compared to July 31st 2009
Change is in INR per tonne

It is advised not to throw caution to the wind as demand fundamentals are feeble with no perceptible pick up in construction sector as the existing projects have reached culmination.

However every cloud has silver lining .The culmination of monsoon and the massive budgetary allocation for housing and infrastructure segment, including in rural sector, is anticipated to throw demand in the 3rd quarter.

3. Flat products - Availability constraints continue

Indian steel majors, encouraged by an undersupplied market craving for material, increased HRC and CRC prices by about INR 1000 per tonne in August beginning.

Although there is absence of solid demand, the sentiments remained vibrant for the third consecutive month owing to supply constraint. Earlier it was the shutdown of SAIL and Ispat and now it is the turn of Essar scheduled to go for maintenance from 8th August likely to curtail availability by 100,000 tonne.

Auto Industry has demonstrated modicum of recovery MoM rekindling demand in an otherwise morose market.

On the other hand imports have significantly reduced due lack of parity at USD 537 per tonne whereas offers seem feasible only at USD 560 per tonne to 580 per tonne as the domestic prices continue to reel much below the international price levels having shown resilience blown by the Chinese hurricane.

HRC market will continue to be buoyant in the coming months unless there is radical change in supply dynamics internationally.

Many major integrated mills have also raised their galvanized steel prices but are not making any price hike announcements apprehending backlash due to off season.

However the optimism seems slightly diluted with order bookings coming down to a month from the previous levels of 2 months.

HRC
Tube
2.5x1250

?Location	Change
Mumbai	0.0%
Ludhiana	1.8%
Kolkata	1.5%
Delhi	1.5%
Ahmedabad	0.6%
Indore	2.0%
Bangalore	-2.9%

Change is on August 7th 2009 as compared to July 31st 2009
Change is in INR per tonne

Patra

?Location	Change
Ludhiana	0.0%
Mandi	3.6%
Delhi	0.0%

Change is on August 7th 2009 as compared to July 31st 2009
Change is in INR per tonne

PLTS
GRA
8x1.5

?Location	Change
Chennai	3.6%
Mumbai	0.0%
Kolkata	0.0%
Delhi	1.5%
Kanpur	0.9%

Change is on August 7th 2009 as compared to July 31st 2009
Change is in INR per tonne

PLTS
GRB
12-20x2.5

?Location	Change
Chennai	0.0%
Mumbai	0.0%
Raipur	3.0%
Kolkata	0.0%
Delhi	2.1%
Kanpur	1.5%
Ahmedabad	0.6%
Indore	2.0%
Bangalore	-1.7%

Change is on August 7th 2009 as compared to July 31st 2009
Change is in INR per tonne

CR
DSK
0.63x1000

?Location	Change
Chennai	0.0%
Mumbai	1.4%
Pune	1.3%
Kolkata	-2.4%
Delhi	2.7%
Kanpur	1.3%
Ahmedabad	0.7%

Change is on August 7th 2009 as compared to July 31st 2009
Change is in INR per tonne

GC
100Gms
0.4

?Location	Change
Chennai	0.0%
Mumbai	0.0%
Kolkata	0.0%

Delhi	0.0%
Kanpur	1.8%
Bangalore	-1.2%

Change is on August 7th 2009 as compared to July 31st 2009
Change is in INR per tonne

Indian Export Levels - Mild improvement continues

The export levels improved with mediocre demand revival in Europe.

?Item	Size	Delivery	Change
PLTS	12-40x2.5	FOB Vizag	10
HDG	0.4	FOB Mumbai	30
PPGI	0.4	FOB Mumbai	40

Change is on August 7th 2009 as compared to July 31st 2009
Change is in USD per tonne

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