
Monday Market Monitor - India (WEEK 33) - Gradual correction

Monday, 17 Aug, 2009

Market continued gradual improvement both for long and flat products during last week. The Indian Long Product Price Index ILPPI improved by 11 points whereas Indian Flat Products Index IFPPI improved by 63 points. The overall price index INDSPI improved by 36 points.

Class	07-Aug	14-Aug	Change
ILPPI	6096	6107	11
IFPPI	7025	7088	63
INDSPI	6539	6574	36

ILPPI - Indian Long Product Price Index

IFPPI - Indian Flat Product Price Index

INDSPI - Indian Steel Price Index

Long Products

Category	07-Aug	14-Aug	Change
PI - TMT	5732	5738	6
PI - WRC	6745	6756	11
PI - Angle	5653	5672	19
PI - Channel	5700	5718	18
PI - Joist	5315	5338	23

PI - Product Index

Flat products

Category	07-Aug	14-Aug	Change
PI - Narrow Plates	6630	6740	110
PI - Wide Plates	6842	6900	58
PI - Hot Rolled	6875	6954	80
PI - Cold Rolled	7638	7638	0
PI - Galvanized	7383	7423	39

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>

The steel sector has exhibited resilience during the April to July period this year, as Indian steel output grew by 3.8% YoY to 18.77 million tonne. Indian steel consumption during the four month period was up by 5.8% YoY at 17.31 million tonne. As per the latest data of steel ministry, India's steel production in July alone stood at 4.8 million tonne up by 6% over the

corresponding month last year.

It is noteworthy that Indian steelmakers had earlier cut production by up to 40% in the October-December 2008 quarter, due to poor demand in the domestic market. But the economic stimulus packages announced by the government had positive impact on demand.

However with a below average monsoon the agricultural sector will be severely affected with a major dent in purchasing power leading to slump in demand.

However recent indications by the government of about renewed focus in rural sector in by proponing massive investments in employment generation programs viz., NREGA will lead to demand generation.

1. Input Material - Mixed movement

The input material prices continued to reel under the impact of a depressed long product market. Recently with some simmering of activity commencing in long product market prices of raw materials like sponge iron and pig iron looked up although downstream scrap remained untouched. At Alang ship breaking and plate cutting scrap saw major dip owing to the same reason and abundant supply of about 1 million tonne.

The scrap market definitely seems set for some activity in the ensuing week after the European holidays and long product prices expected to improve after bottoming out.

Sponge iron

?Location	Change
Raipur	2.4%
Kolkata	0.0%

Change is on August 14th 2009 as compared to August 7th 2009

Change is in INR per tonne

Pig Iron

?Location	Change
Raipur	3.5%
Kolkata	0.0%

Change is on August 14th 2009 as compared to August 7th 2009

Change is in INR per tonne

Melting scrap

80:20

HMS

?Location	Change
Chennai	0.0%
Kandla	0.0%
Mumbai	0.0%
Mandi	0.0%
Kolkata	0.0%
Kanpur	0.0%

Change is on August 14th 2009 as compared to August 7th 2009

Change is in INR per tonne

Alang

Product	Size	Change
Ships	Mixed	-6.2%
Plate cuttings	1"	-3.2%

Change is on August 14th 2009 as compared to August 7th 2009

Change is in INR per tonne

Pencil ingot

Location	Change
Mumbai	-1.9%
Mandi	-0.4%
Raipur	2.4%
Kanpur	0.0%
Kolkata	2.4%
Ghaziabad	-1.4%
Muzzafarnagar	0.8%
Ahmedabad	0.0%

Change is on August 14th 2009 as compared to August 7th 2009

Change is in INR per tonne

2. Long products - Pause in decline

Market was quite as the bottom seems imminent. Although there was hardly any demand propelling factors during the monsoon, but it seems the prices have hit the floor.

Steel majors like TATA Steel has announced price cut by INR 1500 per tonne, whereas secondary manufacturers have resorted to production cuts to control the damage on other hand. There was minor correction in TMT and WRC prices in North and expected spread its halo in the ensuing week.

TMT

Fe 415

12mm

Location	Change
Chennai	0.0%
Mumbai	0.0%
Mandi	-0.7%
Kolkata	0.0%
Delhi	0.9%

Kanpur	0.4%
Ahmedabad	-0.4%
Indore	-1.1%

Change is on August 14th 2009 as compared to August 7th 2009

Change is in INR per tonne

WRC

SWR14

5.5/6

?Location	Change
Chennai	0.0%
Raipur	0.7%
Kolkata	0.0%
Delhi	0.0%
Kanpur	0.0%

Change is on August 14th 2009 as compared to August 7th 2009

Change is in INR per tonne

?Product	ANGL	CHNL	JSTI
Grade	GR A	GR A	GR A
Size	65x6	75/100	250x125
Mumbai	0	0	0
Chennai	0	0	0
Kolkata	208	208	208
Delhi	0	0	312
Mandi	0	0	0
Raipur	0	0	0
Kanpur	0	300	300
Ahmedabad	0	0	-208
Indore	0	-300	-300
Bangalore	500	300	500

Change is on August 14th 2009 as compared to August 7th 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 in rural sector is anticipated to throw demand in the 3rd quarter.

3. Flat products - Steady performance

Flat product market remained firm although devoid of the customary buoyancy over the last quarter. The blazing performance has been fuelled by a resilient automobile and consumer durable sector propelled by softer interest rates and better availability. The tempo set by INR 1000 per tonne (3%) price hike announced by the steel majors is expected to maintain its momentum during August.

In the downstream products due to a lower availability of hot rolled coil and hike in prices of zinc most major Indian galvanizers including the integrated steel mills have hiked domestic HDG for August by INR 500-2000 per tonne.

HRC

Tube

2.5x1250

?Location	Change
Mumbai	0.0%
Ludhiana	0.6%
Kolkata	0.0%
Delhi	2.4%
Ahmedabad	2.4%
Indore	0.0%
Bangalore	1.5%

Change is on August 14th 2009 as compared to August 7th 2009

Change is in INR per tonne

Patra

?Location	Change
Ludhiana	1.7%
Mandi	-1.7%
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	0.0%
Mumbai	0.0%
Kolkata	1.2%
Delhi	4.5%

Kanpur	2.9%
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Change is on August 14th 2009 as compared to August 7th 2009

Change is in INR per tonne

PLTS

GRB

12-20x2.5

?Location	Change
Chennai	0.0%
Mumbai	0.0%
Raipur	0.0%
Kolkata	0.9%
Delhi	3.0%
Kanpur	3.2%
Ahmedabad	-0.6%
Indore	0.0%
Bangalore	0.0%

Change is on August 14th 2009 as compared to August 7th 2009

Change is in INR per tonne

CR

DSK

0.63x1000

?Location	Change
Chennai	0.0%
Mumbai	0.0%
Pune	0.0%
Kolkata	0.0%
Delhi	0.0%
Kanpur	0.0%
Ahmedabad	0.0%

Change is on August 14th 2009 as compared to August 7th 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	2.2%
Bangalore	0.0%

Change is on August 14th 2009 as compared to August 7th 2009

Change is in INR per tonne

Indian Export Levels- On a crest

Indian mills feasting backed by strengthening international demand, Indian export prices of hot dipped galvanized and cold rolled have been steadily rising since last month. Most of the mills are booked till October throwing fantastic demo offers for November.

HDG coils with thicknesses between 0.4mm to 0.8mm with around 120gm of zinc coating are currently selling at prices ranging from USD 840 per tonne to USD 870 per tonne CFR Europe.

PPGI offers are prevailing at USD 860 per tonne to USD 870 per tonne FOB Mumbai in 0.4 mm thickness.

The export levels improved with positive sentiments and HRC cost push.

?Item	Grade	Size	Delivery	Change
PLTS	Structural	12-40x2.5	FOB Vizag	10
HDG	100Gms	0.4	FOB Mumbai	10
PPGI	Standard RAL	0.4	FOB Mumbai	10

Change is on August 14th 2009 as compared to August 7th 2009

Change is in USD per tonne

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