Monday Market Monitor - India (WEEK 45) - Pessimism grips

Monday, 09 Nov, 2009

Indian domestic steel prices continue to exhibit weakening sentiments last week. The Indian Long Product Price Index ILPPI decreased by 32 points whereas Indian Flat Products Index IFPPI dipped by a whoping 117 points. The overall price index INDSPI decreased by 73 points.

?Class	30-Oct	06-Nov	Change	%
ILPPI	5958	5926	-32	-0.5%
IFPPI	7365	7247	-117	-1.6%
INDSPI	6628	6555	-73	-1.1%

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

Long Products

?Category	30-Oct	06-Nov	Change	%
PI - TMT	5633	5588	-45	-0.8%
PI - WRC	6492	6492	0	0.0%
PI - Angle	5644	5586	-58	-1.0%
PI - Channel	5697	5634	-63	-1.1%
PI - Joist	5349	5260	-89	-1.7%

PI - Product Index

Flat products

?Category	30-Oct	06-Nov	Change	%
PI - Narrow Plates	7052	6908	-143	-2.0%
PI - Wide Plates	7168	7012	-156	-2.2%
PI - Hot Rolled	7223	7107	-116	-1.6%
PI - Cold Rolled	7872	7798	-74	-0.9%
PI - Galvanized	7809	7674	-136	-1.7%

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

1. Input material -

Input materials exhibited a negative trend across products and locations last week. As per market sources prices of pencil ingot are to face demand pressure this week and may weaken further a bit. This is being attributed to gap between increased supply and reduced demand.

Melting scrap
80:20
HMS

?Location	Change
Chennai	0%
Mumbai	-2%
Mandi	-1%
Kolkata	-1%
Kanpur	0%

Change is on November 6th as compared to October 30th 2009
Change is in INR per tonne

Alang

?Product	Size	Change
Ships	Mixed	1%
Plate cuttings	1”	1%

Change is on November 6th as compared to October 30th 2009
Change is in INR per tonne

Pencil ingot

?Location	Change
Ahmedabad	-1%
Bhiwari	-2%
Durgapur	-1%
Ghaziabad	-3%
Hyderabad	3%
Jaipur	-2%
Jamshedpur	-1%
Kanpur	0%
Kolkata	-3%
Mandi	0%
Mumbai	-1%
Muzzafarnagar	-2%

Nagpur	-1%
Raigarh	0%
Raipur	0%
Rourkela	0%
Rudrapur	-1%

Change is on November 6th as compared to October 30th 2009
Change is in INR per tonne

Pig Iron

?Location	Change
Raipur	0%
Kolkata	0%
Jallandhar	0%
Agra	2%

Change is on November 6th as compared to October 30th 2009
Change is in INR per tonne

Sponge iron

?Location	Change
Raipur	0%
Kolkata	0%
Bellary	-1%
Raigarh	-3%
Rourkela	-2%

Change is on November 6th as compared to October 30th 2009
Change is in INR per tonne

2. Long products - Disappointment writ large

Indian demand for long products, mainly for rebar, seems to have vanished off late. Market players are in highly pessimistic mood reminding of the worst periods of recession. The demand of rebar from small and medium project seems to have reduced a lot as many of them have either stopped the work or slowed down the pace. The only saving grace is from large size infrastructure projects, which are continuing to proceed at normal levels.

Indian prime producers are badly hit as despite their reduction in price levels, the gap with secondary producer's remains above INR 5,000 alluring the diminished demand to migrate to secondary sources. As per reports, secondary rebar makers are selling at INR 27,000 per tonne levels, inclusive of all taxes, as against INR 32,500 per tonne levels from main producers.

On the whole, mood is very negative and as such even secondary players, despite price cutting, are finding it difficult to keep their mills loaded with the orders.

In other words, the demand seems to have stalled a bit defying the projections from the government and Indian steel makers. Market players are not too optimistic for any improvement till the end of 2009. Thus it is anticipated that prices of long products would remain under severe pressure due to low demand in coming times.

TMT
Fe 415
12mm

?Location	Change
Ahmedabad	-1%
Chennai	0%
Delhi	-1%
Indore	-1%
Kanpur	0%
Kolkata	0%
Mandi	0%
Mumbai	-1%

Change is on November 6th as compared to October 30th 2009
Change is in INR per tonne

WRC
SWR14
5.5/6

?Location	Change
Chennai	0%
Raipur	0%
Kolkata	0%
Delhi	0%
Kanpur	0%

Change is on November 6th as compared to October 30th 2009
Change is in INR per tonne

ANGL
GRADE A
65X65X6

?Location	Change
Chennai	0%
Mumbai	-1%
Mandi	-1%

Raipur	-2%
Kolkata	0%
Delhi	-2%
Kanpur	0%
Ahmedabad	-2%
Indore	-2%
Bangalore	-2%

Change is on November 6th as compared to October 30th 2009
Change is in INR per tonne

CNHL
GRADE A
75/40

?Location	Change
Chennai	0%
Mumbai	-1%
Mandi	-1%
Raipur	-2%
Kolkata	0%
Delhi	-2%
Kanpur	-1%
Ahmedabad	-2%
Indore	-2%
Bangalore	-2%

Change is on November 6th as compared to October 30th 2009
Change is in INR per tonne

JSTI
GRADE A
250X125

?Location	Change
Chennai	0%
Mumbai	-1%
Mandi	0%
Raipur	0%

Kolkata	0%
Delhi	-2%
Kanpur	0%
Ahmedabad	-1%
Indore	-3%
Bangalore	-3%

Change is on November 6th as compared to October 30th 2009
Change is in INR per tonne

3. Flat products - Peak gloom still awaited

The long awaited price adjustment in flat products finally unraveled as the Indian mills came to terms with the near dead domestic demand and threat of import from China, Ukraine and Russia. It is learnt from market sources that HRC and CRC prices have been cut by INR 1500 per tonne whereas HDG prices have been reduced by INR 1000 per tonne from the October levels.

However, the gap between import offers and domestic levels continues to exist. The import offers from China are at USD 505 per tonne to USD 510 per tonne CNF India translate to INR 25,400 per tonne to INR 26,000 per tonne after considering import taxes and expenses as against new domestic level of about INR 29,500 per tonne landed at Mumbai net of ED and VAT (On like to like basis).

Thus the flat product market is in firm grip of pessimism which seems tightening with each passing week as buyers refuse to return .The steel majors had anticipated some flutter after reluctantly giving rebate of INR 1500 per tonne across the board in HRC and CRC and INR 1000 in HDG.

However all aspirations seems to have been contemptuously dismissed as buyers, despite depleted stock, prefer a wait and watch policy with negative signals from international market where despite Chinese let up the pressure seems to be building from Ukrainian and Russian mills who have become aggressive as the mills have ramped up production with capacity utilization touching 60% to 70% mark . However with winter on the anvil there is a slump in domestic demand compelling them to divert volumes in the international market likely to gravitate the prices further.

In India prices which remained firm till September owing to supply constraints as major mills underwent capital maintenance seems to be bulking under pressure of augmented supply as most of the mills are operating full stream whereas demand remains abysmally poor. Steel majors are resorting to desperate measures like price protection and doling out gifts against committed volumes reminiscent of peak recession in October 2008 to lure buyers.

The sentiments will remain mellowed at least till the end of winter in the absence of demand resurrection.

HRC
Tube
2.5x1250

?Location	Change
Mumbai	-1%
Ludhiana	2%
Kolkata	-3%
Delhi	-1%
Ahmedabad	-1%

Indore	-1%
Bangalore	-6%

Change is on November 6th as compared to October 30th 2009
Change is in INR per tonne

Patra

?Location	Change
Ludhiana	-1%
Mandi	-1%
Delhi	-1%

Change is on November 6th as compared to October 30th 2009
Change is in INR per tonne

Plates
GRADE A
8X1250/1500

?Location	Change
Chennai	0%
Mumbai	-1%
Kolkata	-4%
Delhi	-1%
Kanpur	-1%

Change is on November 6th as compared to October 30th 2009
Change is in INR per tonne

Plates
GRADE B
12-20X2500

?Location	Change
Chennai	0%
Mumbai	-1%
Raipur	0%
Kolkata	-5%
Delhi	-1%
Kanpur	-1%
Ahmedabad	-1%
Indore	-2%

Bangalore	-3%

Change is on November 6th as compared to October 30th 2009
Change is in INR per tonne

CR
DSK
0.63x1000

?Location	Change
Chennai	0%
Mumbai	-2%
Pune	-2%
Kolkata	-2%
Delhi	0%
Kanpur	-1%
Ahmedabad	0%

Change is on November 6th as compared to October 30th 2009
Change is in INR per tonne

GC
100Gms
0.4

?Location	Change
Chennai	0%
Mumbai	-2%
Kolkata	-1%
Delhi	-2%
Kanpur	-2%
Bangalore	0%

Change is on November 6th as compared to October 30th 2009
Change is in INR per tonne

4. Indian Export Levels - Hiatus amidst Chinese aggression

The export levels for Indian mills remained static last week despite Chinese threat for higher thicknesses in coated products. On the other hand no transactions were reported for plates as the buyers expectations are quite far away from Indian seller’s expectations due to Ukrainian and Chinese aggression.

?Item	Grade	Size	Delivery	Change
PLTS	Structural	12-40x2.5	FOB Vizag	0
HDG	100Gms	0.4	FOB Mumbai	0

PPGI	Standard RAL	0.4	FOB Mumbai	0

Change is on November 6th as compared to October 30th 2009
Change is in USD per tonne

Indian Import Levels - Ambiguity plagues

Chinese offers for HR firmed up a bit last week. HRC in SS 400 in 3mm to 12mm in 1250/1500 is being offered at USD 510 per tonne CFR levels. On the other hand CR grade HR offers are not very transparent after NLMK selling a large parcel at USD 500 CFR levels and
Current offers are at much higher levels.

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