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## Monday Market Monitor - India (WEEK 50) - Longs on the run

Monday, 14 Dec, 2009

Indian domestic steel prices exhibited mixed sentiments last week. The Indian Long Product Price Index ILPPI increased by whooping 231 points whereas Indian Flat Products Index IFPPI dipped by 37 points, slower than WEEK 45. The overall price index INDSPI increased by 103 points.

Class	04-Dec	11-Dec	Change	%
ILPPI	5860	6091	231	3.9%
IFPPI	7085	7049	-37	-0.5%
INDSPI	6444	6547	103	1.6%

ILPPI - Indian Long Product Price Index

IFPPI - Indian Flat Product Price Index

INDSPI - Indian Steel Price Index

### Long Products

Category	04-Dec	11-Dec	Change	%
PI - TMT	5557	5872	316	5.7%
PI - WRC	6387	6552	165	2.6%
PI - Angle	5537	5771	234	4.2%
PI - Channel	5554	5767	213	3.8%
PI - Joist	5223	5358	135	2.6%

### PI - Product Index

### Flat products

Category	04-Dec	11-Dec	Change	%
PI - Narrow Plates	6757	6671	-86	-1.3%
PI - Wide Plates	6896	6821	-76	-1.1%
PI - Hot Rolled	6916	6875	-41	-0.6%
PI - Cold Rolled	7663	7669	6	0.1%
PI - Galvanized	7563	7568	5	0.1%

### PI - Product Index

To know more about these indices please visit  
[http://steelprices-india.com/spi\\_services/spi.html](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 - Iron ore mess responsible for push

Sponge iron, pencil ingot and billet prices have improved by an average of INR 1000 per tonne. The industry which was

operating at wafer thin or zero margins has heaved a sigh of relief albeit for transitory reasons of supply shortage rather than growth in demand. Sponge Iron and input material producers have been quick to pounce upon this rare opportunity to decompress the margins.

However, it is advisable to retain circumspection till the price hike sinks in and there is concrete demand generation rather than mere anticipation. Recent past is beset with examples of momentary revival fizzling out based on speculation. A parallel appreciation in international price levels will definitely catalyze this metamorphosis after the winter holidays.

#### Melting scrap

80:20

HMS

Location	Change
Chennai	3%
Kandla	2%
Kanpur	5%
Kolkata	3%
Mandi	6%
Mumbai	3%

Change is on December 11th as compared to December 4th 2009

Change is in INR per tonne

#### Alang

Product	Size	Change
Plate cuttings	1"	3%
Ships	Mixed	4%

Change is on December 11th as compared to December 4th 2009

Change is in INR per tonne

#### Pencil ingot

Location	Change
Ahmedabad	5%
Bhiwari	4%
Durgapur	7%
Ghaziabad	5%
Hyderabad	6%
Jaipur	5%
Jamshedpur	7%
Kanpur	4%
Kolkata	0%

Mandi	5%
Mumbai	7%
Muzzafarnagar	5%
Nagpur	8%
Raigarh	0%
Raipur	8%
Rourkela	6%
Rudrapur	2%

Change is on December 11th as compared to December 4th 2009

Change is in INR per tonne

#### Pig Iron

Location	Change
Agra	0%
Jalandhar	-1%
Kolkata	1%
Raipur	1%

Change is on December 11th as compared to December 4th 2009

Change is in INR per tonne

#### Sponge iron

Location	Change
Bellary	11%
Kolkata	11%
Raigarh	0%
Raipur	7%
Rourkela	-1%

Change is on December 11th as compared to December 4th 2009

Change is in INR per tonne

## 2. Long products - Golden run continues

But to the contrary, on the opening of week 50, there has been a positive momentum owing to the following reasons

1. Upward scrap prices improvement globally whitewashed hopes of downward movement of Indian scrap buyers
2. Improvement in domestic iron ore prices due to curtailed availability after clamp down on illegal mining by the Orissa, AP and Karnataka states, which led to enormous hike in sponge iron prices since November 25th 2009 till date  
Bellary - 12%  
Raipur - 11%

3. Hitherto induction furnace were operating in single shift due to lack of demand has eventually led to stock depletion pushing the supply.

4. Construction activity in the reality sector has picked up a little bit, this being one of the peak seasons, whereas demand from project remains consistent if not enhanced.

The situation of prices for pencil ingot and TMT has changed dramatically in last 7 days

TMT  
Fe 415  
12mm

?Location	Change
Ahmedabad	8%
Chennai	4%
Delhi	6%
Indore	4%
Kanpur	3%
Kolkata	6%
Mandi	3%
Mumbai	6%
Raipur	7%

Change is on December 11th as compared to December 4th 2009

Change is in INR per tonne

WRC  
SWR14  
5.5/6

?Location	Change
Chennai	0%
Delhi	3%
Kanpur	1%
Kolkata	3%
Raipur	6%

Change is on December 11th as compared to December 4th 2009

Change is in INR per tonne

ANGL  
Grade A  
65X65X6

?Location	Change

Ahmedabad	6%
Bangalore	7%
Chennai	3%
Delhi	4%
Indore	2%
Kanpur	4%
Kolkata	4%
Mandi	-1%
Mumbai	6%
Raipur	5%

Change is on December 11th as compared to December 4th 2009

Change is in INR per tonne

CNHL

Grade A

75/40

?Location	Change
Ahmedabad	5%
Bangalore	6%
Chennai	2%
Delhi	5%
Indore	4%
Kanpur	3%
Kolkata	4%
Mandi	-1%
Mumbai	5%
Raipur	5%

Change is on December 11th as compared to December 4th 2009

Change is in INR per tonne

JSTI

Grade A

250X125

?Location	Change
Ahmedabad	4%
Bangalore	2%

Chennai	2%
Delhi	5%
Indore	3%
Kanpur	3%
Kolkata	2%
Mandi	-2%
Mumbai	5%
Raipur	4%

Change is on December 11th as compared to December 4th 2009

Change is in INR per tonne

### 3. Flat products - Weakness prevails

It is reported that most of the producer's are carrying enormous levels of unmitigated inventory. This has left them with the Hobson's choice of cutting down on production or doling discounts thereby undercutting each severely eroding margins. Traders are hopeful of price reduction around 10th December as HRC movement is still slow. Traders and stockiest have taken long positions with end users awaiting further price reduction.

The gloom is further intensified with the month on month arrival of huge import volumes at much lower levels. It is reported that about 150,000 tonnes of HRC from October bookings at USD 490 per tonne to USD 510 per tonne CNF Mumbai levels is arriving in 2nd week of December setting further enfeeble sagging sentiments.

The hitherto barren land of CRC has become fertile with consistent imports touching 80,000 tonnes in October alone at price level of USD 620 per tonne CNF levels from CIS. Currently offers are prevailing at USD 650 per tonne CNF Mumbai.

The scenario looks not so auspicious in the coming days primarily owing to massive stockpiles in the system neutralizing all efforts to spruce up the sentiments. The saving grace can be appreciation in international price levels making improving the viability of domestic products. However a sustained improvement post winter holidays in international level definitely augurs well for the domestic price levels as well.

#### HRC

Tube

2.5x1250

Location	Change
Ahmedabad	0%
Bangalore	0%
Delhi	0%
Indore	0%
Kolkata	0%
Ludhiana	-1%
Mumbai	0%

Change is on December 11th as compared to December 4th 2009

Change is in INR per tonne

Patra	
?Location	Change
Delhi	4%
Ludhiana	2%
Mandi	4%

Change is on December 11th as compared to December 4th 2009  
Change is in INR per tonne

Plates  
Grade A  
8X1250/1500

?Location	Change
Chennai	-4%
Delhi	0%
Kanpur	-1%
Kolkata	-2%
Mumbai	0%

Change is on December 11th as compared to December 4th 2009  
Change is in INR per tonne

Plates  
GRADE B  
12-20X2500

?Location	Change
Ahmedabad	0%
Bangalore	0%
Chennai	-4%
Delhi	0%
Indore	0%
Kanpur	-1%
Kolkata	-1%
Mumbai	0%
Raipur	-1%

Change is on December 11th as compared to December 4th 2009  
Change is in INR per tonne

CR  
DSK

0.63x1000

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

Change is on December 11th as compared to December 4th 2009

Change is in INR per tonne

GC

100Gms

0.4

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

Change is on December 11th as compared to December 4th 2009

Change is in INR per tonne

#### 4. Indian Export Levels - Lull prevails

No change was reported in the export offers was reported last week

?HDG	100Gms	0.4	FOB Mumbai	0
HDG	100Gms	0.58	FOB Mumbai	0
HDG	275Gms	0.75	FOB Mumbai	0
PLTS	Structural	12-40x2.5	FOB Vizag	0
PPGI	Standard RAL	0.4	FOB Mumbai	0

Change is on December 11th as compared to December 4th 2009

Change is in USD per tonne

#### 5. Import Levels - Recovery continues

Currently HRC is being offered at USD 545 per tonne CFR for SS400 grade for 3mm to 12mm in 1250/1500mm width from

1. Low availability of HRC from China
2. Ukrainian mills are fully booked till January 2010 as buyers are in frenzy on the eve of New Year and Xmas holidays to cover demand during the hiatus and post holidays.
3. Strengthening of Russian rouble vis a vis USD forcing Russian mills to increase their offers
4. Spot iron ore and coke prices have firmed up in the last fortnight
5. Freight market has firmed recently.

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