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## Monday Market Monitor - India (WEEK 04) - Weak sentiments

Monday, 01 Feb, 2010

Indian domestic steel prices continued to exhibit down ward sentiments last week. Although the fall in long products can be attributed as mere correction to abnormal surge during December, the fall in flat products reflects weakness in demand.

Long products gained by as much as 28% in December 2009 and so far the loss is Marley 10%. The long product market remains subdued and as a result, prices of input materials have been falling every day. Pencil ingot lost grounds at most of the locations in India last week and its effect on rebar prices was visible, but the situation could get worse as Indian steel majors may have to reduce their prices for longs this month.

On the other hand, flat products, contrary to hike in global levels, have been coming down in India, thus putting a question mark on real overall demand despite support from booming auto sector. Indian steel majors who are already facing difficulties may face further pressure due to lower HR offers from China which were reported last week.

The Indian Long Product Price Index ILPPI last week decreased by 155 points whereas Indian Flat Products Index IFPPI decreased by 49 points. The overall price index INDSPI decreased by 105 points.

Class	22-Jan	29-Jan	Change	%
ILPPI	6872	6716	-155	-2.3%
IFPPI	7457	7409	-49	-0.7%
INDSPI	7151	7046	-105	-1.5%

ILPPI - Indian Long Product Price Index

IFPPI - Indian Flat Product Price Index

INDSPI - Indian Steel Price Index

### Long Products

Category	22-Jan	29-Jan	Change	%
PI - TMT	6652	6361	-291	-4.4%
PI - WRC	7376	7332	-44	-0.6%
PI - Angle	6505	6320	-185	-2.8%
PI - Channel	6528	6410	-118	-1.8%
PI - Joist	5967	5937	-30	-0.5%

PI - Product Index

### Flat products

Category	22-Jan	29-Jan	Change	%
PI - Narrow Plates	7150	7100	-49	-0.7%
PI - Wide Plates	7251	7168	-83	-1.1%
PI - Hot Rolled	7253	7193	-60	-0.8%
PI - Cold Rolled	8098	8048	-51	-0.6%
PI - Galvanized	8009	8080	71	0.9%

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

Melting scrap

80:20

HMS

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

Change is on January 29th 2010 as compared to January 22nd 2009

Alang

Product	Size	Change
Plate cuttings	1"	-2%
Ships	Mixed	-4%

Change is on January 29th 2010 as compared to January 22nd 2009

Pencil ingot

Location	Change
Ahmedabad	-3%
Bhiwari	-6%
Durgapur	-5%
Ghaziabad	-6%
Hyderabad	0%
Jaipur	-5%
Jamshedpur	-12%
Kanpur	-3%
Kolkata	-5%

Mandi	-4%
Mumbai	-4%
Muzzafarnagar	-5%
Nagpur	-5%
Raigarh	-4%
Raipur	0%
Rourkela	-7%
Rudrapur	-3%

Change is on January 29th 2010 as compared to January 22nd 2009

#### Pig Iron

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

Change is on January 29th 2010 as compared to January 22nd 2009

#### Sponge iron

Location	Change
Bellary	-8%
Kolkata	-3%
Raigarh	-4%
Raipur	-15%
Rourkela	-5%

Change is on January 29th 2010 as compared to January 22nd 2009

## 2. Long products

### TMT

Fe 415

12mm

Location	Change
Ahmedabad	-7%
Chennai	-3%
Delhi	-3%

Indore	-3%
Kanpur	-1%
Kolkata	-4%
Mandi	-3%
Mumbai	-3%
Raipur	-1%

Change is on January 29th 2010 as compared to January 22nd 2009

WRC  
SWR14  
5.5/6

?Location	Change
Chennai	0%
Delhi	0%
Kanpur	-2%
Kolkata	-3%
Raipur	1%

Change is on January 29th 2010 as compared to January 22nd 2009

ANGL  
Grade A  
65X65X6

?Location	Change
Ahmedabad	-5%
Bangalore	-4%
Chennai	-3%
Delhi	0%
Indore	-1%
Kanpur	-3%
Kolkata	-3%
Mandi	0%
Mumbai	-3%
Raipur	-1%

Change is on January 29th 2010 as compared to January 22nd 2009

CNHL

Grade A

75/40

?Location	Change
Ahmedabad	-6%
Bangalore	-2%
Chennai	-3%
Delhi	3%
Indore	-1%
Kanpur	-2%
Kolkata	0%
Mandi	-3%
Mumbai	-3%
Raipur	-1%

Change is on January 29th 2010 as compared to January 22nd 2009

JSTI

Grade A

250X125

?Location	Change
Ahmedabad	-3%
Bangalore	5%
Chennai	-3%
Delhi	3%
Indore	0%
Kanpur	-3%
Kolkata	0%
Mandi	-3%
Mumbai	-3%
Raipur	-1%

Change is on January 29th 2010 as compared to January 22nd 2009

### 3. Flat products

HRC

Tube

2.5x1250

?Location	Change
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Ahmedabad	0%
Bangalore	0%
Chennai	-2%
Delhi	-3%
Kolkata	0%
Ludhiana	1%
Mumbai	0%

Change is on January 29th 2010 as compared to January 22nd 2009

Patra

?Location	Change
Delhi	0%
Ludhiana	2%
Mandi	1%

Change is on January 29th 2010 as compared to January 22nd 2009

Plates

Grade A

8X1250/1500

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

Change is on January 29th 2010 as compared to January 22nd 2009

Plates

GRADE B

12-20X2500

?Location	Change
Ahmedabad	-1%
Bangalore	-2%
Chennai	0%
Delhi	-6%
Indore	-1%

Kanpur	-1%
Kolkata	0%
Mumbai	0%
Raipur	-1%

Change is on January 29th 2010 as compared to January 22nd 2009

CR  
DSK  
0.63x1000

?Location	Change
Ahmedabad	-1%
Chennai	0%
Delhi	8%
Kanpur	0%
Kolkata	-2%
Mumbai	-1%
Pune	-1%

Change is on January 29th 2010 as compared to January 22nd 2009

GC  
100Gms  
0.4

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

Change is on January 29th 2010 as compared to January 22nd 2009

#### 4. Indian Import Levels

It is reported that impacted by falling Chinese domestic steel price, piling up steel inventory and the worry of government's restriction on cash liquidity, Chinese mills are decreasing their HRC export quotations.

As per market reports, most of the offers from Chinese sellers for HRC in SS400 grade for 3mm to 12mm thickness in standard widths of 1250mm & 1500mm are in the range of USD 570 per tonne to USD 575 per tonne CNF basis.

But some of the aggressive sellers, who have sold large volumes of Chinese HRC into India in last 6 months, are reported to

have offered USD 565 per tonne CFR India also. Market sources expect that Chinese mills may agree for lower prices if firm bid is presented to them

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The offers for this spec were in the range of USD 580 per tonne to USD 590 per tonne in the first week of January.

Considering the current USD:INR exchange rate of 46.07, USD 565 per tonne on CFR basis translates to less than INR 28,000 per tonne EX port plus CVD and 4% SCD as against about INR 31000 plus per tonne from Indian domestic producers on like to like basis thus improving import viability.

Unconfirmed reports also pointed out of a recent transaction of import of Chinese HRC in cold rolling grade at USD 580 per tonne on CFR basis.

But Indian buyers are adopting cautious approach as the Indian domestic prices of HR may weaken on global pressures by the time cargos arrive. Moreover, Chinese mills may reduce prices further before they break for New Year vacations in mid February.

On the other hand, CIS HR producers are looking to increase levels on cost pressures and restricted availability and we need to wait to see their reaction to Chinese aggression.

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