
Monday Market Monitor - EU (WEEK 14) - No respite seen

Monday, 06 Apr, 2009

The price war triggered by the sales of Shougang plates at EUR 365 per tonne to EUR 370 per tonne FOT levels earlier has not provided any breathing space to the manufacturers. Simultaneously priority is given to ready material including stocks and prime over rolling etc as nobody wants to engage in a 4 months to 5 months delivery, in such an unpredictable and quite worrying environment.

However, during the last 15 days, some signs of sources drying up is starting to have some impact, although, for the time being, only at psychological level. Russians and Ukrainians mills, that have been major market players during this 1st quarter, are saying to be fully booked till May and June as a result of their massive sales of HRC to China. On the other hand this is possible mainly because of production cuts that are generally 30% to 50%. Therefore, it is to be seen who wins this tug of war.

HRC

S 235 / S275JR

5-20x2000

Domestic

| Country | Change |
|---------|--------|
| Germany | -10 |
| Spain | -10 |
| Italy | -10 |

Change is on April 3rd 2009 as compared to March 27th 2009

In EUR per tonne

HRC

S235JR

2-12x1000-1500

Domestic

| Country | Change |
|---------|--------|
| Germany | 0 |
| Spain | -10 |
| Italy | -20 |

Change is on April 3rd 2009 as compared to March 27th 2009

In EUR per tonne

HRC

S235JR

2-12x1000-1500

Imports

| Country | Change |
|---------|--------|
| Germany | -10 |

| | |
|-------|----|
| Spain | NA |
| Italy | 0 |

Change is on April 3rd 2009 as compared to March 27th 2009
In EUR per tonne

CRC
DC 01
0.60 Avx1250
Domestic

| Country | Change |
|---------|--------|
| Germany | 0 |
| Spain | 0 |
| Italy | 0 |

Change is on April 3rd 2009 as compared to March 27th 2009
In EUR per tonne

CRC
DC 01
0.60 Avx1250
Imports

| Country | Change |
|---------|--------|
| Germany | -20 |
| Spain | 0 |
| Italy | 0 |

Change is on April 3rd 2009 as compared to March 27th 2009
In EUR per tonne

HDG
DX 51 D / Z100-120 / AS
0.55 - 0.57x AW
Domestic

| Country | Change |
|---------|--------|
| Germany | -10 |
| Spain | 0 |
| Italy | -20 |

Change is on April 3rd 2009 as compared to March 27th 2009

In EUR per tonne

HDG

MA-C / Z180 / Cr Free

0.60 Avx1250

Imports

| Country | Change |
|---------|--------|
| Germany | -20 |
| Spain | 0 |
| Italy | -10 |

Change is on April 3rd 2009 as compared to March 27th 2009

In EUR per tonne

All prices are net to the final customer with following payment terms

A. Italy & Spain

1. Domestic prices are EXW or DDP with payment 90 days from delivery
2. Import prices are CIF FO with LC at 90 days from B/L date

B. Germany

1. Domestic prices are EXW or DDP with payment on the 15th of the following month
2. Import prices are CFR FO with open term payment at 30 days from date of arrival

Import Levels CFR Antwerp

| Product | Grade | Thick mm | Change |
|---------|--------------------|--------------|--------|
| HRP | S235JR | 10-60x2500 | 0 |
| HRP | S355J2+N | 10-60x2500 | 0 |
| HRC | S235JR | 2-12x1250 | 0 |
| CRC | DC 01 | 0.60 Avx1250 | 0 |
| HDG | DX 51 D/Z 180/NA-C | 0.60 Avx1250 | -10 |

Change is on April 3rd 2009 as compared to March 27th 2009

CFR Antwerp

In EUR per tonne

Then, financing is the next issue as banks and insurances are more and more reducing credit availability. So preference is given to those suppliers able to secure long-term payment of 90 to 150 days, possibly without LC.

Whatever the case, our opinion is that nothing will go back to 2004 - 2008 period when consumes and productions were scoring records at any given time. If it's true that car industry has to deeply change strategies, structure and more than the rest "philosophy", this is going to be even "more true" for the steel industry that, so far, is till directly affected by the 4 wheels destiny.(Ref: STT: Analysis of plate market in EU in Q1 of 2009 dated 31/03/09)

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