## Stainless fundamentals intact but uncertainty growing – Outokumpu

*- 28 Apr 2008*

Finnish steel producer Outokumpu said that uncertainty resulting from the global economic turmoil has increased but has so far not had any major impact on stainless steel fundamentals, but there is an increasing risk that the uncertainty might affect both demand and price development of stainless steel going forward.

Underlying demand for stainless steel remains healthy, with end user demand, demand for special grades and projects and demand for standard grades from the distribution sector expected to continue to be at a good level.

Distributors' inventories for standard grades are currently at normal level and Outokumpu is now selling for deliveries in June 2008. In the first quarter of 2008, growth in the apparent consumption of stainless steel flat products is estimated to have been 6% in Europe and 5% globally compared with Q4 2007.

The average base price for 2 mm cold rolled 304 stainless steel sheet in Germany was EUR 1,243 per tonne in Q1 2008 up by 17% YoY from Q4 2007, while in March 2008 the base price was EUR 1,290 per tonne. Gradual base price increases have been achieved in the second quarter and the German base price for 2 mm cold rolled 304 sheet is targeted to reach a level of EUR 1,350 toward the end of June 2008.

The average alloy surcharge for the quarter decreased by 12% to EUR 1,702 per tonne, primarily as a result from the lower nickel price in December 2007. From the beginning of 2008, producers have been applying a new calculation method for raw materials in the alloy surcharge that uses a shorter reference period than that employed earlier; the period for raw material prices is closer to the delivery month, giving distributors less visibility on future prices.

In the quarter, demand for ferrochrome was 5% higher than in Q4 2007 but production was down by 1%, while the average contract price was USD 1.21 per pound, 15% up on Q4 2007.

## Recession reports - Automotive decline in US deeper than expected

*- 28 Apr 2008*

Purchasing.com reported that North American motor vehicle production dropped 9% during the first quarter due to the overall drop in consumer spending and the ongoing strike at parts supplier American Axle & Manufacturing Holdings.

Mr David Leiker analyst at Baird Research said that this explains why bookings are in disarray for makers of automotive grade plain and zinc coated steel, common alloy aluminum sheet, copper wiring harnesses and lead for batteries. He said that about 3,600 United Auto Workers union members have been on strike at American Axle's five US facilities since February 26th2 008.

The Detroit News this week reported that, the auto assembly cutback is much higher than the 5% forecast earlier by numerous automotive analysts and is pinned to weaker than expected sales. It said that automotive sales are falling harder and faster this year than anyone anticipated because of a toxic combination of factors not seen since the oil shock of the 1980s citing a weak economy, sagging consumer confidence, record-high gasoline prices and hard to get credit. The report said that automakers, consultants and financial analysts have been cutting their forecasts after the weaker than expected start to the year. But they have not arrived at a consensus about this sales slump because it defies the usual patterns.

Mr Jesse Toprak, director of market analysis at online automotive research site Edmunds.com tells the Detroit newspaper that “It's an unusual downturn. It's probably the deepest since the 1980s, but technically, this is still not a recession. Nothing like this has ever happened before.”

Economists Mr Carlos Gomes at Scotiabank.com tells Purchasing.com that “the deterioration in the auto marketplace probably will continue until summer,” when his forecast suggests stabilization and a slight pickup in assembly and sales in the fourth quarter. However, he still sees a 5% slide in US and Canadian motor vehicle sales for 2008 to 15.3 million units from 16.1 million in 2007.

Normally, in a weakening economy, demand for oil falls and prices subside. And interest rate cuts usually encourage banks to lend more generously, enabling consumers to keep spending. But this time, there's no such relief to encourage car buyers. Oil prices keep rising, pushed by strong demand in huge emerging economies such as China. In the United States, the impact of high gas prices has been magnified this time around because light trucks make up half the market.

## Scrap prices establish new baseline - Canaccord

*- 27 Apr 2008*

According to Mr Eric Glover analyst of Canaccord Adams, soaring scrap prices may never return to previous levels.

Mr Glover said that recently buoyant markets may have established a new floor for scrap pricing, which may be as high as USD 250 per short ton, as compared with an average floor of between USD 80 per short ton and USD 125 per short ton for much of the 1990s. In 2004, Mr Glover said the floor spiked to USD 200, but even that level is now obsolete.

Mr Glover said that "Scrap is an increasingly valuable global commodity and the pricing floor continues to go up. We keep establishing new, higher pricing floors. Even USD 300 may not be too high as a new floor. Think of it like gas prices. You would not see USD 2 gas anymore."

He said that robust offshore demand and tightening US supplies have driven ferrous scrap prices to record heights, with the Platts prices assessment for shredded scrap, delivered Midwest, rising USD 160 to a midpoint of USD 555 most recently.

Mr Glover said that US exports of ferrous scrap have more than tripled from 5.2 million tonnes in 2000 to 16.4 million tonnes in 2007. People are paying higher prices to pry scrap away from others.” He added that further, growth in electric arc furnace capacity will drive additional scrap demand.

## RMDAS Ferrous Scrap Pricing index for US hit through the roof

*- 27 Apr 2008*

Recycling Today reported that if mill buyers thought they were dealing with high prices in the first quarter of 2008, the second quarter started out by making those prices seem like the good old days of sub USD 500 scrap as buyers on the April spot market ran into per ton price increases of from USD 150 to USD 170 per ton, depending on the grade and region.

Regional aggregated spot market prices compiled by Management Science Associates of Pittsburgh, through its Raw Material Data Aggregation Service, show mills paid in a range of from USD 576 to USD 599 per ton for the new production scrap used to define the RMDAS Prompt Industrial Composite grade. While #1 Heavy Melting Steel and Shredded Scrap traded in a lower range, pricing for those grades also moved up by USD 150 to USD 160 per ton in April compared to March.

The report said that regionally, buyers in the North Midwest region faced the highest prices, with mills paying an average of USD 599 per ton for prompt industrial grades and USD 514 per ton for #1 HMS. Buyers in other regions may have paid a few dollars per ton less, but nonetheless faced record pricing that moved in a huge leap beyond what was being paid 30 days previously.

## Charge and HC ferrochrome contract price spread widens

*- 27 Apr 2008*

The majority of second quarter charge chrome and high carbon ferrochrome contracts have been settled, with the prices achieved showing a strong premium for the high carbon material.

The quotation for lumpy charge chrome and high carbon ferrochrome basis 6% to 8% carbon max rose to USD 1.92 to USD 2.10 per pound as compared with USD 1.20 to USD 1.22 per pound in the first quarter.

This is the first time that the spread in contract prices has exceeded 10 cents.

Second quarter prices rose from the first quarter on tight supply, caused by booming demand from the stainless steel sector and the power crisis in South Africa. Depreciation of the US dollar against the Rand and high prices for coking coal were also a factor in the higher pricing.

(Sourced from ferro-alloy.com)

## Ferrochrome prices may reach USD 4 per pound – Credit Suisse

*- 25 Apr 2008*

According to Credit Suisse, high carbon ferrochrome contract prices could climb as high as USD 4 per pound from the current USD 1.92 per pound in the next 12 months.

Credit Suisse also expects stainless steel production to grow by between 7% and 9 % in the next 3 years, resulting in an increase in demand of about 650 000 tonnes of ferrochrome. In the short term Credit Suisse believes that the third quarter settlement prices of high carbon ferrochrome could reach USD 2.50 from the current trading price of between USD 2.35 and USD 3.25 per pound.

Credit Suisse has upgraded its high carbon ferrochrome forecast price of USD 1.60 to USD 2 per pound for the year. The 2009 forecast has also been increased to USD 2 from USD 1.50 per pound. It mentioned that the South African ferrochrome projects that were set to add about 1.6 million tonnes of capacity have been delayed by the power crisis that has caused producers to operate at 85% capacity.

International Ferro Metals expansion project in Buffelsfontein could be delayed 2 years, while the Lion mining project by Xstrata faces a delay of between 2 and 3 years. IFM feels that it will be able to bring its charge chrome capacity to 665,000 tonnes per year by the end of 2009.

## Nippon Steel to seek 40% price hike – Report

*- 22 Apr 2008*

Nikkei business daily reported on that Nippon Steel Corp plans to ask automakers and other customers to accept a nearly 40% increase in prices for its mainstay steel products to offset soaring raw materials prices.

The report quoted Mr Shoji Muneoka president of Nippon as saying that “Nippon Steel will have to propose a price hike of JPY 30,000 (USD 290) for the year to March 2009.

Nippon Steel had earlier sought a hike of roughly JPY 20,000 per ton, assuming that high materials prices would result in a JPY 2 trillion increase in costs to the steel industry. But with coal and other materials becoming more expensive, the company now expects the cost increase to come to slightly more than JPY 3 trillion to the steel industry.

The report said that steel users including auto majors, machinery and electronics products are expected to resist such a large price hike. If steel prices go up JPY 30,000 per tonne, cost increases will likely reach JPY 460 billion a year in the auto industry and JPY 200 billion in shipbuilding.

The report added that other major steelmaker's will follow suit.

## MEPS forecast global steel production to rise by 5.6% in 2008

*- 22 Apr 2008*

MEPS forecast crude steel production in 2008 at 1420 million tonnes up by 5.6% YoY. It said “This rate of growth is below the year earlier figure of 7.6 percent, due in part to the weaker global economic climate and an anticipated reduction in the rate of steel output expansion in China.”

MEPS said that “Blast furnace iron making is still expected to exceed one billion tonnes this year, rising broadly in line with crude steel output. Direct reduced iron manufacturing is predicted to climb to near 70 million tonnes in 2008. The popularity of this process is growing, particularly in South America, Africa, Middle East and Asia.”

MESP added that “Global steel output in 2007 reached another all time high. Record levels of production were recorded in half the 98 countries investigated. On a regional basis, NAFTA and Africa failed to reach past peak values. The outturn in the former USSR was at a new post 1991 level. However, substantially larger figures were recorded in

| Region | 2007 | 2008(F) | Change |
|---|---|---|---|
| EU 27 | 210.2 | 215.1 | 2.3% |
| Other Europe | 30.4 | 33.5 | 10.2% |
| Former USSR | 124.0 | 131.8 | 6.3% |
| NAFTA | 132.8 | 135.3 | 1.9% |
| South Africa | 48.3 | 52.8 | 9.3% |
| Africa | 18.8 | 19.7 | 4.8% |
| Middle East | 16.5 | 19.4 | 17.6% |
| China | 489.2 | 527.4 | 7.8% |
| Japan | 120.2 | 122.5 | 1.9% |
| Other Asia | 145.1 | 153.5 | 5.8% |
| Oceania | 8.7 | 9.1 | 4.6% |
| Total | 1344.0 | 1420.0 | 5.7% |

the 1980’s, prior to the break up of the Union.”

(In millions tonnes)
Source: MEPS - World Steel Outlook

MEPS has made the following observations

1. Crude steel output in non EU Western Europe is forecast to expand by almost 10% in 2008, year on year. The main drivers for this are very strong demand and rising capacity for steel manufacturing in Turkey. High levels of investment will continue over the period to 2012. Much of the growth in output is still related to the construction sector. In the remainder of the region, Serbian output is forecast to rise this year.”

2. A substantial increase in steel manufacturing in 2008 in the former USSR. All steel producing nations are forecast to show improved results from their year earlier figures.

3. Steel production in the NAFTA region in 2008 is expected to be 2 million tonnes up on the year earlier figure. Imports from the Far East and Europe will decline because they are not competitive since the decrease in the value of the US dollar. This will enable mill activity to expand.

4. Crude steel output in South America is forecast to reach another all time high in 2008. Demand across the entire region should remain solid. Revenues from iron ore and other raw materials are expected to rise. This will provide opportunities for expansion of the economies.

5. Total African steel production in 2008 is forecast to reach an all time high. Demand across the region is quite strong. Last year's outturn was blighted by a series of blast furnace relines.

6. 8% rise in steel output in the Middle East region this year. Consumption will expand and much of the higher requirement will be supplied from increased capacity at the local mills."

7. China will lead the way with an increase of more than 38 million tonnes.

## AK Steel adds USD 405 per ton surcharge for electrical steel

*- 05 Apr 2008*

AK Steel has advised its customers that a USD 405 per ton surcharge will be added to invoices for electrical steel products shipped in May 2008.

AK Steel's surcharges are based on reported prices for raw materials and energy used to manufacture the products, with the March 2008 purchase cost used to determine the May 2008 surcharges.

## AmeriCast acquire AG Anderson

*- 05 Apr 2008*

AmeriCast Technologies announced today it has completed the purchase of AG Anderson Ltd, which is based in London and Ontario.

A G Anderson is a respected source for patterns, high integrity ferrous castings and machined components. The hallmark of Anderson's success is delivering reliable engineered components on time with superior service and exceptional value.

Mr Tom Armstrong CEO of AmeriCast said that "We are very pleased and excited that AG Anderson has joined our team. Anderson brings to AmeriCast added capability and capacity to provide finished cast components to our customers. There are very clear synergies with Anderson and our existing machining operations at London Precision Machining that will benefit our customers. This acquisition, similar to Atlas Castings and Technology last year, further strengthens and expands AmeriCast's position as one of North America's premier value-added, steel casting and machining suppliers while diversifying and expanding our market place opportunities."

Mr David Anderson president of A G Anderson Ltd said that "These are exciting times. There are a lot of synergies between our different business units, and we at Anderson's look forward to building on those and strengthening our position as leading supplier of complex, finished machined castings."

AmeriCast serves the process equipment, power generation, hydro, military, mining, ship building, transportation, construction and industrial machinery markets through its six North American production facilities.

## Steel inventories drop sharply in March in US and Canada

*- 18 Apr 2008*

According to the latest Metals Activity Report from US based Metals Service Center Institute, the slowing North American economy overwhelmed the normally positive seasonal business pattern for steel and aluminum in March. With metals service centers tightly managing inventories, US sales of steel were fell at double digit rates from those of March 2007, while Canadian steel sales also dropped sharply.

Service center inventories, which normally expand this time of year in response to market demand, instead were flat to lower from February levels and remained well below year ago levels.

Steel shipments from US metals service centers were down 11.2% from March 2007, to 4.25 million tons. First quarter shipments of nearly 13.1 million tons were 4.8% below those of the 2007 quarter. Steel inventories at the end of the month totaled nearly 12.1 million tons, 18.6% lower than at the end of March a year ago and equal, at current shipping rates, to a 2.8 month supply.

Canadian steel shipments for March of 298,500 tons were 12.7% lower than a year ago and first quarter volume of 956,300 tons was 3% below last year. Canadian steel inventories of 1.1 million tons were down 10.2% from March 2007 and, at current shipping rates, represent a 3.7 month supply.

The Metals Activity Report, based on data from metals service centers in the United States and Canada, is produced by the Metals Service Center Institute and a third party econometrics and strategy firm, McCoy, Scott & Co.

Founded in 1909, the Metals Service Center Institute has more than 420 members operating from about 1,200 locations in the US, Canada, Mexico, and elsewhere in the world. Together, MSCI members constitute the largest single group of metals purchasers in North America, amounting each year to more than 65 million tons of steel, aluminum, and other metals, with about 300,000 manufacturers and fabricators as customers.

## H1 scrap price in US on upward trend last week

*- 18 Apr 2008*

The average price of H1 scrap in Pittsburgh, Chicago and Philadelphia on April 14th 2008 was at USD 502.50 per long ton, increasing by USD 3.33 per long ton form last week.

Price of bundle scrap was at USD 454.50 per long ton as the same as last week. The price in H1 scrap in Pittsburgh was at USD 499.50 per long ton; in Chicago was at 514.50 per long ton; in Philadelphia was at 493.50 per long ton.

In Eastern coast, the average price of H1 scrap in New York, Boston and Huston was at USD 475.83 per long ton. In western coast, the average price of H1 scrap in Los Angeles, San Francisco and Seattle was at USD 192.67 per long ton, the prices remained the same as the prices last week.

(Sourced from YIEH.com)

## Volcanic blow out for global hot band spot prices

*- 17 Apr 2008*

SteelBenchmarker reported that the US hot rolled band spot price for April 14th 2008 surged by 16% to USD 1,003 per ton, FOB the mill for the eleventh consecutive rise totaling USD 426, world export HRB price rise by 8.7% to USD 946 per tonne FOB the port of export, for the ninth consecutive rise totaling USD 365, Chinese HRB ex works price surged by 4.8% to USD 657 per tonne after slipping last time and the Western European HRB surged by 8.3% to USD 1.007 per tonne ex works for the fifth consecutive time totaling USD 294.

USA
USD 1,003 per metric tonne FOB the mill
Up by USD 138 per tonne from USD 865 three weeks ago
Up by USD 443 per tonne from the recent low of USD 560 on August 13th 2007
Up by USD 373 per tonne from the recent high of USD 630 on April 9th 2007

China
USD 657 per metric tonne, ex works
Up by USD 30 per tonne from USD 627 three weeks ago
Up by USD 187 per tonne from the recent low of USD 470 on October 22nd 2007
Up by USD 170 per tonne from the previous high of USD 487 on September 10th 2007

Western Europe
USD 1,007 per metric tonne, ex works
Up by USD 77 per tonne from USD 930 three weeks ago
Up by USD 344 per tonne from the recent low of USD 663 on July 23rd 2007
Up by USD 311 per tonne from the recent high of USD 696 on June 11th 2007

World Export Price
USD 946 per metric tonne, FOB the port of export
Up by USD 76 per tonne versus USD 870 three weeks ago
Up by USD 396 per tonne from the recent low of USD 550 on July 23rd 2007
Up by USD 350 per tonne from the recent high of USD 596 on March 26th 2007

## Forgemasters nags major casting order from SMS Meer

*- 17 Apr 2008*

Sheffield Forgemasters recently announced that it has won a GBP 5 million casting contract for German press builder SMS Meer. The contract will run over a year and will see Forgemasters produce five castings for Europe's largest 12,000 tonne open die forging press at Völklingen in Germany.

The project, on behalf of Forge Saar a subsidiary company of Saarstahl AG, is on such a vast scale that the foundation table for the press will be cast in three sections weighing up to 148 tonnes each.

Forgemasters will also supply two 280 tonne castings for the upper and lower cross heads of the press, which will be used for making products for power generation.

Mr Volker Schaffer sales director of Sheffield Forgemasters Engineering said that "This project marks a milestone for us as we are seeing the new generation of ultra large presses coming on line in Europe and subsequently, the components that we manufacture for these presses are of a much larger scale. Forgemasters has a long association with the SMS group and with the Forge Saar project we will be building on the success of previous ultra large castings for presses such as SMS Eumuco's Bohler Press and the SMS Meer Kisko project. The Forge Saar press will produce critical components for the power generation industries. The demand for large forgings is increasing as global need for these components outstrips the number of engineering companies with the capacity to fulfill the orders."

Mr Graham Honeyman CEO of Forgemasters said that "Engineering across the globe is moving towards a larger scale of manufacture to economize on productivity. We are now casting the largest ingots ever produced in the UK at 300 tonnes each to supply the large steel plate rolling mills in Russia and Asia. The same can be said for our casting output as we have seen with castings for the SMS group over the past three years. To put this in a wider perspective there is no other European foundry that can realistically cast anything over 150 tonnes finish machined weight."

## IISI issues short range global steel outlook

*- 15 Apr 2008*

The International Iron and Steel Institute forecasts that 2008 will still be another strong year for the steel industry with apparent steel use rising from 1,202 million tonnes in 2007 to 1,282 million tonne in 2008 an increase of 6.7%. New projections for 2009 suggest a global growth rate of 6.3%.

The IISI Executive Committee reviewed the forecasts at its meeting in St Petersburg and has announced the following

| Regions | 2007 | Change | 2008 | Change | 2009 |
|---|---|---|---|---|---|
| EU | 192.2 | 1.6 | 195.3 | 2.3 | 199.8 |
| Other Europe | 31.2 | 6.0 | 33.1 | 6.7 | 35.3 |
| CIS | 55.5 | 8.9 | 60.5 | 9.6 | 66.3 |
| NAFTA | 141.5 | 1.9 | 144.2 | 1.0 | 145.6 |
| Central and South America | 41.0 | 8.9 | 44.6 | 7.0 | 47.7 |
| Africa | 25.3 | 5.9 | 26.8 | 5.9 | 28.4 |
| Middle East | 44.3 | 11.1 | 49.2 | 9.0 | 53.6 |
| Asia and Oceania | 670.6 | 8.6 | 728.3 | 8.0 | 786.5 |
| World | 1202.0 | 6.7 | 1282.0 | 6.3 | 1363.3 |
| BRIC | 520.9 | 11.1 | 578.5 | 10.3 | 637.8 |
| World (Excl NAFTA) | 1060.0 | 7.3 | 1138.0 | 7.0 | 1217.7 |
| World (Excl China) | 793.3 | 4.3 | 827.0 | 4.3 | 862.7 |
| World (Excl BRIC) | 680.7 | 3.4 | 703.5 | 3.1 | 725.4 |

forecast

(In million tonnes)

IISI said that “Brazil, Russia, India and China will again be leading the growth with an expected increase of 11.1% for 2008 and 10.3% for 2009. However, as steel demand growth increases in other emerging countries, the large gap in growth rate that we have come to expect in recent times between BRIC countries and the rest of the world will narrow.”

1. China- Apparent steel use is expected to grow by 11.5% in 2008 and 10.0% in 2009, accounting for 35% of the world total in 2008. This is expected to reach 36.7% of world total by 2009.
2. India- Forecasts for apparent steel use point to an increase of 8.9% in 2008 and 12.1% in 2009.
3. Russia - Growth in the Russian market is forecasted to remain strong with 10.2% for 2008 and 11.2% for 2009, led mainly by the energy and construction sectors.
4. Brazil - Apparent steel use in Brazil is expected to increase by 10.3% for 2008 and 8.9% for 2009, reflecting strong growth in the automotive, construction and engineering sectors.

Mr Ku Taek Lee chairman of IISI said that “The underlying assumption behind this forecast is that although some weakening in the US and EU economies is expected, demand for steel will remain healthy thanks in part to the emerging markets which will maintain their own dynamism.”

## Recession reports – OECD foresees global slowdown

*- 13 Apr 2008*

The Organization for Economic Cooperation and Development warned that the world's leading industrialized economies, along with emerging market powerhouses China and India are headed for slower growth in the near term.

OECD said that its overall composite index of leading indicators in the 29 countries covered by its research increased by 0.1 point in February from January but was down 2.4 points from February 2007.

OECD announced following movement of CLI in various regions in February 2008
1. US - Down by 0.1 point MoM and 2.5 points lower YoY
2. Euro Zone – Down by 0.3 points MoM and 2.8 points lower YoY
3. Japan – Up by 0.4 points MoM and 4.7 points lower YoY
4. China – Down by 0.7 points MoM and 3.5 points lower YoY
5. India - Down by 0.7 points MoM and 1.9 points lower YoY

India's CLI is for January 2008

According to the OECD, The index known as the CLI, provides early signals of turning points between upswings and downswings in economic activity and provides qualitative information on short term movements,

## Global price of scrap and pig iron continue to rise

*- 13 Apr 2008*

The global prices of scrap and pig iron have continued to rise recently. The price of H1 scrap has reached around USD 600 per ton CNF as the price for pig iron is at USD 700 per tonne CNF.

Besides, the H1 scrap price from the USA to South Korea has reached as high as USD 617 per tonne CNF. The import price of mixed H1 and H2 scrap to Turkey is around USD 600 per tonne CNF and the quotation has even reached USD 610 per tonne CNF.

South Korea's export price of H2 scrap to Japan is at USD 600 per tonne CNF and Japan to Taiwan's price of H2 scrap is around USD 620 per tonne CNF.

(Sourced from YIEH.com)

## Top steel trading countries in 2007

*- 07 Apr 2008*

According to statistics from Iron and Steel Statistics Bureau, China having jumped from 5th to largest exporter in 2006, it recorded a further 33% growth in exports in 2007 to 65.2 million tonnes. This increase came despite exports falling every month from a peak in April 2007 to 7.6 million tonnes to a 19 month low in November 2007 of 3.9 million tonnes as changes to export rebates and taxes reduced export levels.

| 2006 | 2007 | Country | 2006 | 2007 | Change |
|---|---|---|---|---|---|
| 1 | 1 | China | 49.2 | 65.2 | 33 |
| 2 | 2 | Japan | 34.2 | 35.9 | 5 |
| 3 | 3 | EU 27 | 32.3 | 32.4 | |
| 4 | 4 | Ukraine | 30.3 | 29.9 | -1 |
| 5 | 5 | Russia | 31 | 29.2 | -6 |
| 6 | 6 | South Korea | 17.3 | 18.1 | 5 |
| 7 | 7 | Turkey | 12.7 | 14 | 10 |
| 8 | 8 | Taiwan | 10.4 | 10.9 | 5 |
| 9 | 9 | Brazil | 12.5 | 10.4 | -17 |
| 10 | 10 | USA | 9 | 10.3 | 14 |
| 12 | 11 | Canada | 5.9 | 6.8 | 16 |
| 11 | 12 | India | 6.7 | 6.3 | -6 |
| | | Other | 33 | 34.7 | 5 |
| | | | | | |

Exports

(Sourced from Iron and Steel Statistics Bureau)

EU27 imports surged 25% in 2007 to over 49 million tonnes. Meanwhile US imports fell 27% to 29.5 million tonnes on the back of a slowdown in the US economy. Chinese imports continued to fall, down 9% to 16.9 million tonnes. In conjunction with their escalating exports this took the Chinese trade surplus in steel to over 48 million tonnes, an increase of 18 million tonnes in 2007 and a swing of 83 million tonnes since their peak trade deficit of 35 million tonnes in 2003. Exports to the Middle East were particularly strong in 2007 increasing 35% to 35 million tonnes, and led by shipments to Iran, up 60% to 12 million tonnes, and UAE, up 36% to 9 million tonnes. The dominant origins were China, up 200% to 8.5 million tonnes, Russia up 60% to 5.7 million tonnes and Ukraine up 21% to 5.0 million tonnes.

| 2006 | 2007 | Country | 2006 | 2007 | Change |
|---|---|---|---|---|---|
| 3 | 1 | EU 27 | 39.6 | 49.4 | 25% |
| 1 | 2 | USA | 40.4 | 29.5 | -27 |
| 4 | 3 | South Korea | 21.9 | 25.7 | 17 |
| 2 | 4 | China | 18.6 | 16.9 | -9 |
| 7 | 5 | Turkey | 12 | 13.5 | 13 |
| 9 | 6 | Iran | 7.5 | 12 | 60 |
| 5 | 7 | Thailand | 10.6 | 9.6 | -10 |
| 6 | 8 | Taiwan | 10.4 | 9.1 | -13 |
| 12 | 9 | UAE | 6.6 | 9 | 36 |
| 11 | 10 | India | 6 | 8.5 | 42 |
| | | | | | |

Imports

(Sourced from Iron and Steel Statistics Bureau)

## MEPS forecast another record SS output in 2008

*- 04 Apr 2008*

UK based MEPS said that “Global stainless steel production is still expected to reach a record level of 29 million tonnes this year.” MEPS added that “During the first quarter, most markets across the world have been quite soft. This was the result of unexpectedly large increases in steelmaking during the final trimester of 2007 in the EU and China.”

MEPS said that “These actions prompted us to make an upward revision to our estimate for 2007 global crude stainless supply, to a figure near to 27.9 million tonnes. This represents a modest one percent reduction on the outturn in the previous twelve months. The market was extremely tight in 2006 but last year it was in surplus. This is likely to be the picture throughout most of 2008.”

For EU MEPS said that “The steel mills in the EU have lost substantial volumes of export business to China over the past two years. Local market demand is fair but is not rising sufficiently quickly to make up for weaker foreign sales. Consequently, we predict total output this year rising marginally from 2007 but falling well below the 2006 outturn.”

MEPS said that “In Japan, inventory levels are excessive. The mills continue to regulate availability. A small output gain is forecast for 2008. Severe production cuts in South Korea have helped to control the oversupply situation. This is likely to continue to mid year. Rising steelmaking is anticipated in the second half. A similar picture is forecast for Taiwan.”

MEPS added that “Inventories in the US are at a low level. Demand on the mills should improve during the second half of this year pushing up total production to slightly above the 2007 figure but below the outturn in the boom year of 2006. Import volumes are likely to be reduced due to the weak dollar. We anticipate stainless steel production rising in 2008, year on year, in India, Brazil and South Africa. The gains will be limited due to relatively weak export markets.”

MEPS further added that “Despite poor demand in the early part of this year, we forecast higher output in China compared to 2007. However, the improvement will be at a much slower rate than in recent times. Substantial new capacity is available but plants will be operated at much less than maximum utilization rates”