Americans support Buy American concept - AAM Poll

- 09 Feb 2009

According to a random survey of 1,001 US adults conducted on January 29th 2009 to February 1st 2009 by Harris Interactive on behalf of the Alliance for American Manufacturing, Americans overwhelmingly support federal requirements for American made materials in all federally funded infrastructure investment in the 2009 economic recovery bill.

The national poll found 84% favor Buy American requirements. Only 4% strongly oppose the requirement and 7% somewhat oppose it. The overwhelming support was consistent regardless of gender, age, income level, education, or region.

Mr Scott Paul executive director of AAM said that "Buy American is a good deal for taxpayers and workers. US taxpayers understand the issue at hand. Buy American is longstanding US policy and consistent with our international trade obligations. The Senate should pass economic recovery legislation as soon as possible with Buy American requirements intact and reflect the will of the overwhelming majority of Americans."

Mr Paul said that "We know that Buy American enables us to create 33% more manufacturing jobs. That's why we are confident that at the end of the legislative process, the Obama Administration and Congress will agree to strong Buy American provisions."

The Alliance for American Manufacturing is a unique non partisan, non profit partnership of several leading U.S. manufacturers and the United Steelworkers.

Update on Buy American stimulus package

- 09 Feb 2009

It is reported that Buy American violates the North American free trade agreement, but US President Mr Obama has vowed to renegotiate or, failing that, rip up NAFTA, so has little stake in coming to its defense. He said that the time has come to make difficult decisions. This is one of them.

Mr Brad DeLong, who worked on trade issues in the Clinton administration and teaches economics at University of California, said that "It looks like a very bad thing in the bill. Pressure from the Canadian government saying, do you really want to do this is important."

The White House could try to convince the Democratic leadership to strip the anti trade measures from the bill, both before it is voted on by the Senate and during the conference to reconcile the House and Senate versions of the bill.

If that fails, then Mr Obama could issue what is called a signing statement saying the Buy American provisions of the bill violate treaty obligations. That might effectively veto the measures

(Sourced from wallstreetblips.dailyradar.com)

US SMA upbeat on Buy American

- 08 Feb 2009

Platts reported that Mr Barack Obama president of US named members to an advisory board to help oversee his economic stimulus package, including Mr Jeff Immelt CEO of General Electric and Mr Jim Owens CEO of Caterpillar.

Both GE and Caterpillar are member companies of the US Chamber of Commerce, which has come out strongly opposing any more Buy American provisions in economic stimulus legislation. In a letter sent to the president, the coalition of US Chamber companies expressed support for a robust economic stimulus package but also urged Mr Obama to ensure that stimulus legislation not include the unnecessary and trade restrictive Buy American expansions currently being considered.

The US Chamber of Commerce in its letter to the White House said that "At this critical juncture, the United States must lead the world out of protectionism, not into it. The proposed House and Senate expansions of already robust Buy American laws send the wrong message at the worst possible time to our trading partners around the world and to markets nervous about rising trade barriers."

On the other hand US steel industry backers may not be thrilled with such appointments, they are not worried about Buy American provisions in the legislation being threatened. Earlier this week, steel industry leaders in the US and steel union officials told Washington lawmakers that the Buy American clause in the economic stimulus package which requires infrastructure-rebuilding to use only US-made iron and steel is the quickest route to creating thousands of new jobs to jump-start the sputtering US economy.

Mr Thomas Danjczek president of the Steel Manufacturers Association told Platts that "This Buy American is a message that sells well in the heartland of the country."

Mr Danjczek said that "Cat, regrettably has a multinational optimizing philosophy which does not always benefit US enterprises and workers. I may be wrong, but I do not believe Buy American is specifically in trouble since it passed both houses and the joint conference is likely not to alter it too much. Actually, I suggest the Buy American dialog has been helpful in flushing out the Chamber and National Association of Manufacturers for what they are for not always supporting American enterprises by locating plants offshore, and the politicians saw through that."

The SMA consists of 36 North American companies that operate 130 steel plants and employ approximately 40,000 people. The SMA claims its members account for more than 70% of US steel production, as it is the primary trade association for scrap-based electric arc furnace steelmakers and re rollers.

(Sourced from platts.com)

Nickel rises on LME on speculation surplus is being curbed

- 06 Feb 2009

Bloomberg reported that nickel rose for a third day in London on speculation production cuts are starting to curb a surplus of the metal used mostly in stainless steel. Aluminum climbed to the highest in two weeks.

As per report, supplies of nickel in warehouses monitored by the London Metal Exchange fell by 114 tonnes to 83,964 tonnes, narrowing this year's climb to 7.1%. Stockpiles are up by 47% for copper and 22% for aluminum over the same period. BHP Billiton Limited closed an Australian nickel mine last month after prices plunged.

Mr Daniel Smith analyst at Standard Chartered Plc in London said that "Inventories of nickel are not rising as sharply as the other metals, suggesting the supply demand balance for nickel has stabilized a bit. We are not looking for a huge surplus this year because supply has been cut back so sharply."

Nickel for delivery in three months gained USD 145 or 1.3% to USD 11,750 a tonne, paring a climb of as much as 3.8%. The contract has added 4.9% this week. Reductions in output are greater for nickel than any other metal, equal to almost 14% of last year's production. Nickel supply will exceed demand by 50,000 tonnes in 2009.

Mr Michael Widmer analyst at BNP Paribas SA in London said that "Deliveries into LME inventories are set to subside. There is no need for those producers who cut to deliver any longer into warehouses."

(Sourced from www.bloomberg.net)

US December flat products market prices on downward trend

- 26 Jan 2009

According to a survey by Japan Iron & Steel Federation, domestic market prices of steel products in the USA trended downward for flat products in the Middle West as of December 31st 2008. As a result, there is a view that local market prices will take still more time to bottom out for sheet products.

Summing up the findings of its survey, the JISF gives the following report:

As of December 31st 2008, Midwest market prices of flat products fell by USD 120 from a month ago to USD 566 per tonne for HR sheets, by USD 115 to USD 667 per tonne for CR sheets, by USD 59 to USD 757 per tonne for hot dip galvanized sheets and by USD 52 to USD 972 per tonne for heavy plates. A continued decline in sheet prices ensued from slack domestic demand from consuming industries such as autos.

As of December 31st 2008, Midwest market prices of long products fell by USD 37 from a month ago to USD 875 per tonne for structural shapes and by USD 171 to USD 727 per tonne for wire rods. But they rose by USD 48 from a month ago to USD 620 per tonne for rebars, a rebound for the first time in four months.

Some items such as rebars came under a rebound in prices, albeit a small one, as production cutbacks and inventory adjustments had brought effects amid a continued slump in domestic demand.

(Sourced from Tex Reports)

Global crude steel production details for 2008

- 26 Jan 2009

World crude steel production reached 1,329.7 million tons for the year of 2008. This is a decrease of -1.2% compared to 2007. 2008 is the second consecutive year that world steel production has been over 1,300 million tons.

Region wise

Region	Dec'07	Dec'08	Change	2007	2008	Change
EU	17,051	9,875	-42.1%	210093	198,550	-5.5%
CIS	10,584	5,798	-45.2%	124002	113,986	-8.1%
North America	10,441	5,859	-43.9%	132184	125,365	-5.2%
South America	4,290	2,489	-42.0%	48187	47,586	-1.2%
Asia	62,177	56,106	-9.8%	729255	749,496	2.8%
Africa	1,484	962	-35.2%	18588	17,009	-8.5%
Middle East	1,437	1,221	-15.0%	15800	16,036	1.5%
Oceania	702	502	-28.5%	8745	8,424	-3.7%

(In '000 tonne)

Top 20 nations

Rank		Dec'08	Ded'07	Change	2008	2007	Change
1	China	39,040	41,000	-4.8%	502,010	487314	3.0%
2	Japan	7,483	10,382	-27.9%	118,738	120199	-1.2%
3	India	4,500	4,724	-4.7%	55,050	49873	10.4%
4	Unites State	4,057	7,477	-45.7%	91,490	97213	-5.9%
5	South Korea	3,684	4,351	-15.3%	53,488	51312	4.2%
6	Russia	3,310	6,133	-46.0%	68,510	72412	-5.4%
7	Germany	2,447	3,749	-34.7%	45,833	48550	-5.6%
8	Ukraine	2,031	3,716	-45.3%	37,107	42830	-13.4%
9	Brazil	1,646	3,011	-45.3%	33,713	33787	-0.2%
10	Italy	1,624	2,845	-42.9%	30,477	31939	-4.6%
11	Taiwan	1,400	1,720	-18.6%	20,210	20556	-1.7%
12	Turkey	1,350	2,128	-36.6%	26,410	25447	3.8%
13	Spain	1,191	1,520	-21.6%	19,048	19010	0.2%
14	Mexico	1,050	1,450	-27.6%	17,615	17215	2.3%
15	Iran	909	892	1.9%	9,964	10050	-0.9%
16	Canada	680	1,395	-51.3%	15,130	16081	-5.9%
17	France	638	1,325	-51.8%	17,874	19252	-7.2%

18	UK	583	1,204	-51.6%	13,538	14468	-6.4%
19	South Africa	470	691	-32.0%	8,550	9100	-6.0%
20	Austria	440	622	-29.3%	7,630	7578	0.7%

(In `000 tonne)

(Source – worldsteel)

Morgan forecast molybdenum prices to remain low in 2009

- 26 Jan 2009

Platts cited Morgan Stanley as saying this week in its Global Metals Playbook for the first quarter of 2009 that molybdenum prices are set to remain low in 2009, but the market's supply surplus should shrink from 2008 levels.

The report from Morgan Stanley said that "We forecast prices to remain at a low of USD 12 per pound in 2009 as the industry remains in surplus for most of the year. Given that the end market for moly is steel and related sectors, with the steel market contracting, our demand forecast looks for a contraction in line with our steel demand forecast of 5% in 2009."

Morgan is forecasting global consumption in 2009 at 431.9 million pound, down 5.7% from 458.2 million pound in 2008. A bullish catalyst for molybdenum demand and pricing could be the initiation of a strategic reserve by the Chinese government and potentially other governments given the strategic importance of the metal. It added that "Such a reserve build could improve demand in 2009-10 and drive prices to our bull case of USD 30 per pound in 2010."

The report also noted that on the supply side, lack of demand from end markets has resulted in announced production cutbacks, with Freeport McMoRan cutting molybdenum output by 12.5% and delaying the reopening of its Climax mine, Thompson Creek delaying the expansion of its Endako mine and General Moly postponing its Mt. Hope project, and output from major mines at the end of 2008 was 5% lower YoY.

Morgan Stanley said that "We forecast global production to decline by 6.7% in 2009 and demand to closely track that of steel, declining 5.7% this year. We estimate a surplus of only 14.2 million pound in 2009 and 9.9 million pound in 2010, compared to 19.8 million pound in 2008."

(Sourced from www.platts.com)

Downsizing deals - Queensland steel foundry cut jobs

- 26 Jan 2009

ABC.net reported that the downturn in the Australia's mining industry is beginning to felt by companies which supply the sector that had been booming. A foundry in Queensland's Wide Bay region has cut 30 jobs.

The CQMS Castings foundry at Mary borough makes steel castings used to manufacture mining equipment. As per report, 30 of its 200 workers were made redundant.

Mr Max Voigt GM of CQMS said that the workers who have been laid off had been with the company for less than 2 years. He noted while the year ahead is uncertain, it believes the mining industry has a positive medium to long term future and there should eventually be jobs growth at the foundry.

Mr Voigt further said that the foundry's workforce is still four times larger than it was 6 years ago.

(Sourced from www.abc.net)

Recession reports - Global mining industry continue to faces woes

- 26 Jan 2009

AP reported that withering cost cuts across the mining industry have left tens of thousands of people without jobs from the Arizona desert to the Andes and there is a litany of evidence that the situation is growing worse. International mining companies also have postponed or canceled projects and padlocked the gates to mines as consumers have cut spending on cars, jewelry and housing.

Rio Tinto announced last week that iron ore production, used to make steel, tumbled 18% in the fourth quarter and said that its aluminum subsidiary would double previously announced production cuts.

BHP Billiton also would slash its global work force by 6%, about 6,000 jobs as it rushes to cope with plummeting demand. BHP fourth quarter production of aluminum, copper, lead, silver and uranium oxide concentrate fell on a year over year basis.

However, zinc tonnage rose 35%, in part because of better grades, and iron ore production was up 5%, in part due to expansion projects, the company said. Unwanted copper, gold, bauxite and iron ore is piling up or being left underground as the worst recession in at least a generation saps demand.

Mr Andrew Martyn, a portfolio manager who specializes in mining for Davis Rea Limited suggested that "Expect inventories to get bigger and expect this continuing process of cutbacks. It's going to go for quite some time here."

The effect on many communities worldwide that rely on mining has been immediate. Workers are protesting job cuts and others are expected to begin migrating in large numbers in search of work, some across international borders.

The bulk of the layoffs in the US are in base metals such as copper and zinc, although major companies also are scaling back production of metallurgical coal for use in steel manufacturing. Coal companies have slowed production from Wyoming to Australia.

(Sourced from AP)

GE and Caterpillar oppose Buy American concept

- 25 Jan 2009

Bloomberg reported that General Electric Co and Caterpillar Inc are among US exporters that oppose 'Buy American' provisions in the USD 825 billion stimulus legislation, saying it might spark a trade war.

They said that proposals pushed by companies such as US Steel Corporation and Nucor Corporation to limit spending in the stimulus plan to American-made iron and steel risk igniting retaliation from other countries.

Mr Karan Bhatia senior counsel for international law at GE said that "You would be creating an ample basis for countries to close their markets to US products."

GE gets half its sales from outside the US. The fight presents a dilemma for President Mr Barack Obama, who must balance demands from unions and Democrats to protect American jobs against the threat that the Buy American measure would spark protectionist measures by other countries that might deepen a global recession.

It may be noted that US Chamber of Commerce, the Emergency Committee for American Trade in Washington and other business groups warned of that possibility in a letter to congressional leaders such as House Speaker Ms Nancy Pelosi. They said that the measures would undermine American leadership by violating a pledge the US and other governments made at a summit meeting in Washington in November 2008 not to enact new trade barriers for the next year.

(Sourced from www.bloomberg.net)

Global nickel demand in 2009 to fall by 30% YoY - Antam

- 23 Jan 2009

Bloomberg reported that Indonesia's second largest nickel producer PT Aneka Tambang expects global nickel consumption to fall by 30% YoY in 2009.

Mr Alwin Syah Loebis president director of Antam said that stainless steelmakers are running at about 50% capacity.

Mr Loebis said that "In Europe, stainless steel mills have reduced capacity use since the fourth quarter of last year to only about 40%."

Mr Loebis added that "Because of the current China condition, our exports to China dropped. China may see a little increase in demand this year on its infrastructure focus, but they may fill this need domestically."

China, the world's biggest metals buyer, purchases about 26% of Antam's nickel ore exports while Europe accounts for 50%.

Indian ship breaking industry defies rational expectations

- 21 Jan 2009

The consistent drop in the demand for vessels owing to downtrend in the global seaborne trading activity, in the aftermath of unprecedented economic recession, has left the shipping industry in a quandary. Freight rates have plummeted by an unprecedented 93% from the peak level of 11,793 this May 2008.

The downslide of BDI during last 7 months is given below

Month	BDI
July'08	9379
Aug'08	8280
Sept'08	6691
Oct'08	3025
Nov'08	839
Dec'08	700
Jan'09	868

Gigantic fall in the freight market led to increased availability of vessels for dismantling at all the major ship breaking locations in the world. The resultant selling and purchase frenzy of vessels has led to availability of volumes nearing record levels. At the forefront of this recycling game is India followed in milder contempt by Bangladesh, China & Pakistan.

As per the latest analytical weekly report for GMS Shipping, the market sentiment is positive in India and Pakistan and the prices are quite stable

Country	Market Sentiment	General Cargo Prices	Tanker Prices
India	Positive	USD 263/lt ldt	USD 285/lt ldt
Pakistan	Positive	USD 257/lt ldt	USD 285/lt ldt
Bangladesh	Neutral	USD 255/lt ldt	USD 280/lt ldt
China	Neutral	USD 220lt ldt	USD 230lt ldt

(Source: GMS Weekly 16th Jan'09)

On January 19th 2009, about 95 to 100 vessels are available at Alang in various categories totaling 600,000 LDT (Light Displacement Tonnage). Out of which two vessels are in above 20,000 LDT category and 16 of them are between 10,000 LDT to 20,000 LDT, with balance being of lesser LDTs. Most of these vessels are pre 1980 manufactured.

As per market information, the average daily dispatch of plate cuttings from Alang is about 7,000 tonne per day and at the current rate it would take about 3 months to dispose of the steel coming out of ships already beached at Alang. The source added that considering the weakness in global shipping market, more ships would arrive although Bangladesh is likely to emerge as their favorite destination in short term.

The increased availability of plate cuttings, which are cheaper input material for rolling by small mills, is likely to give scope to small mills to reduce rebar prices to fight aggressive pricing policies being adopted by Indian steel majors.

To know more details on steel prices subscribe to services of www.steelprices-india.com by registering or send a mail to admin@steelprices-india.com. Kindly note that this is a paid service

(Sourced from www.steelprices-india.com)

Nucor lowers scrap surcharge for February shipment

- 19 Jan 2009

Platts reported that Nucor has set its February 2009 raw material surcharge for all fixed term sheet products in the US market at USD 85 per short ton, down by USD 5 per short ton from the January surcharge of USD 90 per short ton.

The lower ferrous scrap surcharge on flat rolled material will apply to all contract orders scheduled for delivery the week ending February 7th 2009 and will remain in effect through February 28th 2009.

Nucor subtracts a surcharge baseline of USD 170 per short ton against the Chicago No 1 busheling price as published by AMM, which Nucor reported is now USD 255 per short ton. The USD 85 difference represents its February surcharge per ton.

It may be noted that Nucor had removed the surcharge for November and December 2008 shipments, when ferrous scrap prices fell below its baseline price of USD 162 per short ton. Since then, Nucor's reference price of shredded auto scrap has risen to USD 240 per short ton.

(Sourced form www.platts.com)

US to put more pressure on China over export incentives

- 19 Jan 2009

US President elect Mr Barack Obama has vowed to put more pressure on China over export incentives and managed currency and upbraided Beijing over human rights abuses and failure to enforce labor, environment and product safety standards.

Analysts said that a more aggressive US stance, particularly on trade, risks testing delicate relations amid rapidly rising unemployment and a gloomy economic outlook in both countries. China's leadership may be facing one of its biggest challenges since the Communists won the civil war in 1949. Struggling with unemployment amid the global economic crisis, short cuts to help Chinese products compete abroad, like subsidies and tax reductions, look increasingly attractive.

Mr Clark Randt US Ambassador to China said that in the United States, protectionist calls are mounting as house prices tumble and pension savings collapse, but officially Washington trusts that mutual self interest will keep either side from lashing out. He added that "The Chinese have understood clearly that they are our biggest creditor. They are rooting for us, they hold a lot of dollars and they understand that we are in the same boat. If our economy is in trouble, they are in trouble."

(Sourced from www.reuters.com)

House Representatives urged to strengthen US steel law

- 19 Jan 2009

It is reported that Mr Pete Visclosky US Representative is co sponsoring legislation which would strengthen the Buy America law to ensure that only American made steel is used in construction projects undertaken by the departments of Defense, Homeland Security and Transportation.

Mr Visclosky said that "As we work to revitalize our economy by modernizing and expanding our infrastructure, we can take the effort a step further by using only American construction materials, especially steel. My American Steel First Act will help ensure that American steelmakers are an important part of our economic stimulus so that Northwest Indiana's mills stay running."

Mr Jim Robinson director of the United Steelworkers District 7 said that "If the government wants to stimulate the economy by building infrastructure, then we need to make sure American steel goes into those projects and steelworkers are a part of the recovery. Mr Pete's bill is a commonsense way to get America working again and will benefit steelworkers in Northwest Indiana and across the country."

Mr Visclosky further added that "Now more than ever, the US government should lead by example, reject unfair imports from countries like China, and uphold American manufacturing. The American Steel First Act will make the government start buying American as it ought to be, and help Northwest Indiana and the nation pull through these terribly trying times."

Slowdown signs - Global container shipping industry in dire straits

- 19 Jan 2009

According to Drewry Shipping Consultants, 2009 will be the toughest test yet for the global container shipping industry and further casualties among operators are a real possibility. It added that long held industry rules have changed or become skewed because the downturn happened so dramatically that the existing supply demand mechanics in all trades have faltered at the same time, leaving no bright spots for the industry.

Drewry said that four container operators, including China's SYMS and SA Independent Liner Services of South Africa, failed in late 2008. Although carriers have been reducing capacity through suspension of a number of high-profile east west services, the gap between supply and demand is still too big.

Drewry has revised its estimate for 2008 global container traffic growth to 152.8 million TEUs, up 7.2% YoY, down from growth of 8.6% in its September report. It projects meager expansion of 2.8% for 2009, which it said is backed by the year on year throughput decline currently in evidence at the southern China Port of Shenzhen.

Mr Neil Dekker editor of the Container Forecaster said that "Shipping lines and ship owners are in a precarious position since they can do almost nothing to determine freight rates, charter rates and asset values for their ships. Even at such low prices, it is not a buyer's market for potential charterers or ship purchasers because demand and credit lines have dried up."

Mr Dekker said that "Even with some tonnage taken out of the market in 2010-12 through cancellations and increased annual slippage factors playing a part, this is not helping the global supply demand balance to any significant extent. Our supply demand index forecasts for the next four years are now very pessimistic, indeed, and it is expected to fall by 7% this year and by a further 3.6% in 2010."

(Sourced from Journal of Commerce)

US high carbon ferrochrome prices on upward trend

- 19 Jan 2009

It is reported that the market price of high carbon ferrochrome in the USA is moving from the beginning of 2009. The most remarkable phenomenon is a scarcity of its actual cargoes. In view of a crisis in financial markets arisen from October of 2008, dealers have shrunk their purchases of ferrochrome to an extreme extent in anticipation of a further fall of prices for ferrochrome and, consequently, the pipeline stocks itself have tightened in addition to a shortage of their own stocks.

US demand for ferrochrome has been restricted but, reflecting the reduced purchases of ferrochrome by dealers, the supply situation of ferrochrome in the USA has tightened. Actual contract of high carbon ferrochrome has been recently concluded at 85 U -Cents per pound of Cr FOB Pittsburgh but, in view of an offer made at 80 US Cents, it is hard to express that market price of high carbon ferro-chrome has certainly bottomed out.

Having made a beginning with Samancor Chrome which has entered into the structure to reduce their production of ferrochrome from October of 2008, ferrochrome producers in South Africa, India, Kazakhstan, Turkey, Sweden and China have been driven to reduce their production, and it has passed 3 to 4 months since this cutback of ferrochrome production has been implemented.

Samancor Chrome estimates that the quantity of ferrochrome to be demanded in 2009 is anticipated to be decreased by 1.0 million tonnes at least. For a reference, on the assumption that the world output of crude stainless steel in 2009 will come to 27.26 million tons with a decline of 4.5% from that in 2007.

(Sourced form www.texreport.co.jp)

US steel industry supports the American Steel First Act

- 18 Jan 2009

The Buy America Coalition, consisting of the American Iron & Steel Institute, Committee on Pipe & Tube Imports, National Steel Bridge Alliance and Steel Manufacturers Association, expressed its support today of new legislation introduced by Representative Mr Pete Visclosky and Mr Tim Murphy. The legislation, entitled 'The American Steel First Act', which the Buy America Coalition was instrumental in helping to develop, would require federally funded construction projects under the Department of Transportation, the Department of Defense and the Department of Homeland Security to use 100% American made steel products.

This expands the successful Buy America Act requirements, currently applying to Federal Transportation Administration projects, to also include other projects initiated by the DOT, DOD and DHS. An important part of 'The American Steel First Act' is that it requires a public comment period for all projects that seek an exemption to these requirements. This important provision would allow the domestic steel industry to verify there is no domestic steel available for the project.

The Buy America Coalition is a partnership between AISI, CPTI, NSBA, and SMA. The coalition was formed in 2006 to represent all of the domestic steel industry in order to work with Congress and the Administration to improve compliance with Buy America laws and to improve those laws.

(Sourced from www.steelnet.org)

Hyundai Steel likely to cut HRC price by USD 86 a tonne

- 18 Jan 2009

It is reported that Hyundai Steel is going to reduce its price of hot rolled coil by about USD 86 to USD 108 per tonne. Also, it will increase its price of H beam by USD 50 per tonne to around USD 700 per tonne FOB.

So far, it is reported that the difference between ex work price and market price of HRC from Hyundai Steel is dramatic due to soft demand and steel products imported from China. As a result, Hyundai Steel attempts to adjust its price after market research before next month.

(Sourced from YIEH.corp)

US steel industry achieved milestone in energy efficiency - AISA

- 18 Jan 2009

American Iron & Steel Institute has reported that the US steel industry achieved a new milestone in energy efficiency by reducing its energy intensity per ton of steel shipped by about 33% since 1990.

AISI said that the measure demonstrates that the industry has surpassed the target reduction in greenhouse emissions called for in the Kyoto Protocol. The protocol called for a 7% average reduction in the emissions between 1990 and 2012. The 33% reduction in the industry's greenhouse gas emissions shows even greater improvement than the 29% reduction the institute announced in 2006.

It added that the industry's aggregate carbon dioxide emissions per ton of steel shipped also have been substantially reduced. On average, 1.14 tons of carbon dioxide was emitted in 2007 for every ton of steel produced in the United States.

Mr Thomas J Gibson president & CEO of AISI said that "This improvement in energy efficiency is evidence of the steel industry's long standing commitment to sustainability."

(Sourced from www.steel.org)

Recession reports - IEA predicts oil demand to shrink in 2009

- 18 Jan 2009

The International Energy Agency said in its latest report that the world oil demand will contract sharply in 2009 as the global economic slowdown further erodes consumption.

IEA in the report released on January 16th 2009 revised its previous 2009 estimate down by 940,000 barrels per day to 85.3 million barrels per day, a decrease of 500,000 barrels per day YoY. It said that "Forecast global oil demand has been sharply revised down for 2009, following a reassessment of global economic prospects."

Mr David Fyfe, head for oil industry & markets division of IEA said that the 940,000 barrels per day revision to its 2009 estimate is the biggest single month's revision in recent times.

The agency forecasted that Chinese oil demand growth at just 90,000 barrels per day in 2009, as its GDP growth is seen slowing to 6.5%. In light the slowdown in world economies, the IEA has taken the step of pre empting further revisions to global economic growth projections from the IMF and other agencies on which it bases its assumptions.

Mr Fyfe added that 'It's really become obvious since our last report that the major institutions have been flagging a downgrade to economic growth forecasts for 2009. We've taken a robust approach this month, but you can never say never in terms of the risks."

As demand drops amid the current economic slowdown, oil inventories in the Organization for Economic Co operation and Development have remained at high levels. Stocks at the end of November 2008 equaled 56.4 days of cover, compared with 56.8 days at the end of October 2008.

The IEA also noted that the production cuts by the OPEC members which total 4.2 million barrels per day since September 2008, could reduce stockpiles as the producer group's current output targets are lower than projected demand for its crude oil.

The IEA sees the demand for OPEC crude at between 29.5 and 30 million barrels per day in 2009. If the producer group succeeds in hitting its reduced production targets, output from all 13 OPEC members should total 28.2 million barrels per day. However it added that the estimated 50 to 80 million barrels of oil which is in floating storage due to the slowdown in demand could hamper OPEC's ability to reduce the stock overhang.

(Sourced from Reuters)

Global hot band spot prices eruption slows down

- 17 Jan 2009

SteelBenchmarker reported that the US hot rolled band spot price for January 12th 2009 surged by 1.7% to USD 582 per ton, FOB the mill for the eleventh consecutive time, world export HRB price rose by 0.2% to USD 503 per tonne FOB the port of export, for the tenth consecutive times, Chinese HRB ex works price surged by 8% to USD 472 per tonne for the fourth consecutive rise.

USA
USD 582 per metric tonne FOB the mill
Down by USD 10 per tonne from USD 592 three weeks ago
Down by USD 621 per tonne from the peak of USD 1,203 on July 28th 2008
Down by USD 48 per tonne from the recent high of USD 630 on April 9th 2007
Up by USD 22 per ton from recent low of USD 560 per ton on August 13th 2007

China
USD 472 per metric tonne, ex works
Up by USD 35 per tonne from USD 437 three weeks ago
Down by USD 261 per tonne from the peak of USD 733 on July 14th 2008
Down by USD 15 per tonne from the previous high of USD 487 on September 10th 2007
Up by USD 2 per tonne from the recent low of USD 470 on October 22nd 2007

Western Europe
USD 549 per metric tonne, ex works
Down by USD 27 per tonne from USD 576 three weeks ago

Down by USD 655 per tonne from the peak of USD 1,204 on July 14th 2008
Down by USD 147 per tonne from the previous high of USD 696 on June 11th 2007
Down by USD 114 per tonne from the recent low of USD 663 on July 23rd 2007

World Export Price
USD 503 per metric tonne, FOB the port of export
Up by USD 1 per tonne versus USD 502 three weeks ago
Down by USD 610 per tonne from the peak of USD 1,113 on July 28th 2008
Down by USD 93 per tonne from the previous high of USD 596 on March 26th 2007
Down by USD 47 per tonne from the recent low of USD 550 on July 23rd 2007

SteelBenchmarker publishes steel benchmark prices for HRB, CR coil, rebar and standard plate in the US, Western Europe, mainland China, and the world export market every fortnight.

(Sourced from SteelBenchmarker)

US steel plate market in downward trend

- 14 Jan 2009

Platts reported that the slowdown in US manufacturing and construction activity continues to put downward pressure on all grades of steel plate. The Platts reference price of standard grade A36 carbon plate moved down USD 60 per short tonne and settled at USD 900 per short tonne ex works US Southeast. Transaction prices have steadily lost traction since September, even as mills have reduced rolling schedules to try and balance supply with falling demand.

The current Platts reference price for plate shipped into the Gulf Coast is USD 740 per short tonne CIF Houston, although some Brazilian plate is being offered as low as USD 715 per short tonne for late March 2009 or early April 2009 delivery at Houston. No deals could be confirmed for the Brazilian material at the lower price, but one source speculated that a major plate distributor with a dock facility in Houston may be preparing to take a position.

Plate prices rose rapidly through the summer of 2008, fueled by a boom in demand from the energy sector, commercial construction and general manufacturing. But demand in all sectors has weakened considerably. Even the wind farm market has stalled.

Many steel traders and distributors see little chance of increased order activity until Washington passes an infrastructure stimulus package. In the interim, contractors and steel fabricators are holding off from restocking depleted inventories.

President elect Mr Obama said that he wants to save or create as many as 4 million US jobs through a series of tax incentives and spending on public infrastructure projects. He specifically said his plan would create 500,000 jobs by investing in improved energy efficiency and doubling the amount of alternative energy, including wind and solar, in the next 3 years. Budget estimates of Obama's plan range from USD 700 billion to USD 800 billion in total.

(Sourced d from platts.com)

Global shipping market seeks balance between demand and supply

- 13 Jan 2009

It is reported that, with new building orders literally vanishing during December 2008, market analysts are turning their hands towards the future balance between tonnage supply and cargoes demand, in order to reassess asset values.

George Moundreas' & Co latest new building market report had no orders to show for during December. Instead, the shipbroker is focusing on orders cancellations, or other actions that could end up in ships not reaching the water. But, the task is quite difficult, according to the analysis, mainly due to the lack of substantial data available. Until today, it is estimated that contract or any other new building cancellations don't surpass the global order book by more than 5 percent. But, it is noted that there are procedures at hand that will increase this percentage significantly.

G Moundreas claims that a bulk carrier could even prove a real and valuable asset, provided that its scheduled delivery is set between 2010 and 2012. Of course, a cancellation can derive from a number of actions or circumstances, such as cancellations from the part of the shipbuilders, bankruptcies of shipyards, cancellations at the stage of letter of intent prior to the signing of the final and binding agreement, lack of financing, unilateral cancellation with loss of deposits, or even cancellations as a result of serious violations of contract terms, such as technical standards.

(Sourced from Hellenic Shipping News

Global economy crisis hits nickel demand market - Report

- 12 Jan 2009

It is reported that nickel has been hit hard, with a long list of miners shutting down production in 2008 as prices probe record lows. In its commodities outlook for 2009, Goldman Sachs said that it expected the nickel market to be in surplus throughout its forecast period.

Mr Malcolm Southwood analyst at Goldman Sachs said that "Despite a brutal de stocking in the second half of 2007 and throughout 2008, the prospects for nickel demand remain sluggish."

London Metal Exchange nickel fell to a low of USD 11,100 a tonne. The metal had rallied as much as 16 per cent since the start of 2009 and hit a two month high of USD 13,550 this week, but it closed at USD 11,545 a tonne, down from USD 12,300. Nickel prices dropped more than 50% in 2008 and LME warehouse stocks fell 108 tonnes to 78,804 tonnes, but are still close to their highest level since July 1995.

An analyst said that despite a small rally in the past week, there had not been any turnaround from stainless steel manufacturers. He added that "Any rally is premature and we are forecasting the first quarter to be very weak across the base metal sectors. Nickel is the most leveraged to economic activity. When the stainless steel industry is doing well, the economic prospects are good, but it is equally bad when the outlook is poor."

It may be noted that Mincor Resources has shut its Miitel mine. Mining giant Xstrata has cut its nickel production, Consolidated Minerals has axed staff at its Kambalda nickel mine and Minara Resources laid off 200 workers at its Murrin Murrin mine in July, shelving a USD 300 million expansion. Norilsk Nickel has put its Waterloo and Silver Swan nickel mines in Western Australia into care and maintenance. Its Cawse nickel laterite operation in the same region was suspended indefinitely in October after being shut in June 2008.

(Sourced from www.theaustralian.news.com.au)

Recession reports - Metals prices to be lower in 2009 - Goldman Sachs

- 10 Jan 2009

According to Goldman Sachs JBWere Pty, metal and coal prices are expected to average "considerably lower" in 2009 as demand plunges in a global recession and producers can't cut supply fast enough.

Analysts led by Mr Malcolm Southwood in a note to clients said that prices of coking coal may plummet by 60%, copper by 40% and aluminum by 28%.

Commodity prices dropped 36% last year as a global credit crisis curbed demand and pushed the world economy into a recession. Mining companies including Rio Tinto Group, Alcoa Inc. and Aluminum Corp. of China Ltd. have slashed production.

The analyst said that "With gold the most plausible exception, we expect 2009 annual average commodity prices to be considerably lower versus 2008, with negative implications for resources sector earnings. We expect global off take of most metals and minerals to contract this year."

The brokerage said that there will be oversupply of aluminum, copper, nickel and zinc and bulk commodities will also move into annual surplus in 2009.

Goldman said that China, the world's largest consumer of metals will hold the key to sentiment on commodities this year. Demand from China is expected to be very weak in the first half, improving in the second half driven by stimulus spending and as de stocking runs its course.

China plans to spend CNY 4 trillion (USD 586 billion) to support sagging growth by investing in metal-intensive projects including railways and homes.

Details of US steel imports in 2008

- 09 Jan 2009

China was the largest finished steel import permit applications with 488,000 tonnes in December 2008, followed by India with 132,000 tonnes, South Korea with 102,000 tonnes and Japan with 94,000 tonnes.

Major finished steel import products that registered large increases in December vs the November preliminary include heavy structural shapes, up by 52% and cold finished Bars, up by 16%. Import products with significant increases for full year 2008 vs 2007 include oil country goods, up by 103% and HR bars, up by 12%.

Mr Thomas J Gibson president & CEO of AISI said that "While overall imports have been fairly stable, imports from China surged in the second half. Of particular concern is that the China import surge in the fourth quarter took place at a time when US endues market demand and domestic steel production were both down significantly. We are therefore very alert to the possibility that, in 2009, there could be further surges of direct and indirect steel imports from China and whose own economy is slowing dramatically. This is why we urge the next Administration to insist that China play by the rules, comply with all of its WTO obligations and not try to export its way out of the current crisis through surging exports of dumped and subsidized steel and other manufactured goods."

Country wise details are given below:

Country	Q1 '08	Q2 '08	Change
China	751	838	11.6%
South Korea	542	581	7.2%
Japan	356	411	15.4%
Germany	263	344	30.8%
India	301	256	-15.0%
Turkey	172	198	15.1%
Australia	155	162	4.5%
Brazil	153	103	-32.7%
Netherlands	70	111	58.6%
Russia	45	57	26.7%
All Other	3,437	3,337	-2.9%
Total	6,245	6,398	2.4%

(In '000 tonnes)
(Sourced from www.steel.org)

Country	Q3 '08	Q4 '08	Change
China	1,416	1,800	79.7%
South Korea	670	502	-16.0%
Japan	450	374	-7.8%
Germany	271	237	-19.0%
India	292	245	-13.4%
Turkey	158	213	21.0%
Australia	192	119	-29.9%
Brazil	78	187	68.0%
Netherlands	109	171	76.9%
Russia	116	200	175.2%
All Other	2,999	2,297	-29.5%
Total	6,751	6,345	-1.9%

(In '000 tonnes)
(Sourced from www.steel.org)

Country	H1 '08	H2 '08	Change
China	1,589	3,217	102.5%
South Korea	1,123	1,172	4.4%
Japan	767	824	7.4%
Germany	607	508	-16.3%
India	557	537	-3.6%
Turkey	370	370	0.0%

Australia	317	311	-1.9%
Brazil	256	265	3.5%
Netherlands	180	280	55.6%
Russia	102	316	209.8%
All Other	6,775	5,296	-21.8%
Total	12,643	13,096	3.6%

(In '000 tonnes)
(Sourced from www.steel.org)

Country	FY 2008	FY 2007	Change
China	4,806	4,597	4.5%
South Korea	2,294	2,004	14.5%
Japan	1,591	1,481	7.4%
Germany	1,115	1,083	3.0%
India	1,095	784	39.7%
Turkey	740	569	30.1%
Australia	628	515	21.9%
Brazil	521	1,203	-56.7%
Netherlands	460	538	-14.5%
Russia	418	370	13.0%
All Other	12,071	13,443	-10.2%
Total	25,739	26,587	-3.2%

(In '000 tonnes)
(Sourced from www.steel.org)

Macroeconomic indicators - US factory orders in November dip

- 09 Jan 2009

Bloomberg reported that orders placed with US factories in November 2008 fell twice as much as forecast, signaling businesses are cutting back on investments as the recession deepens. Commerce Department said that demand fell by 4.6% after a revised 6% decrease in October that was larger than previously estimated. The back to back decline was the biggest since records began in 1992.

Mr Douglas Smith chief economist for the Americas at Standard Chartered Bank said that "Consumer durable spending is way down as credit is more difficult to get. With weakness overseas, you are also seeing fewer orders for US manufactured goods."

Factory orders were forecast to fall by 2.3%, after a previously reported 5.1% drop the prior month. Projections ranged from declines of 0.4% to 6.5%. Factory sales plunged by 5.3% in November 2008, the biggest drop on record. Orders for durable goods, which are those meant to last at least 3 years and make up just less than half of total factory demand, dropped by 1.5%. Commerce estimated the decline at 1% in a December 24th 2008 report.

Hopes dashed for recovery in US ferroalloys at start of 2009

- 09 Jan 2009

Platts reported that hopes that the start of a new year would bring about a recovery in bulk ferroalloy prices in the US market were quickly dashed, as a consumer purchase of high carbon ferrochrome this week for first quarter delivery quickly helped knock more than 10 cents per pound off the spot market.

A specialty steel mill reportedly bought around 500 short ton of high carbon ferrochrome for first quarter at around 85 to 84 cents per pound FOB Pittsburgh, although some sources put the purchase price as low as 80 cents. However, it was unclear whether the material to be supplied fully met ASTM specs or not.

But producers and traders of high-carbon ferrochrome reported small quantity, spot market sales in a narrow range either side of 85 cents per pound FOB Pittsburgh, while consumers agreed that prices in the mid-80 cents per pound range were in line with offers and price quotations they had seen.

The Platts assessment for free market, high-carbon ferrochrome, 60-65% Cr fell to 84 to 86 cents per pound, FOB Pittsburgh, Wednesday, from 95 to 99 cents per pound last week. However, despite the lower prices, several market participants said they were seeing signs that things maybe leveling out, although there was no sign of any imminent recovery.

Traders and producers have been saying for several weeks that shortages of raw materials could occur because of this.

The Platts assessment for high carbon 76% to 78% Mn ferromanganese was unchanged at USD 1,375 to USD 1,400 per long ton FOB Pittsburgh. The Platts assessment for 75% Si ferrosilicon eased slightly to 70 to 75 cents per pound from 72 to 75 cents per pound as also FOB Pittsburgh, while the Platts price for 2% carbon silicomanganese was unchanged a 45 to 47 cents per pound FOB Pittsburgh.

(Sourced from platts.com)

Production pruning - US weekly raw steel production dips by 54% YoY

- 08 Jan 2009

American Iron & Steel Industries reported that in the week ending January 3rd 2009, US's raw steel production was 0.866 million tons while the capability utilization rate was 36.3%. Production was 2.128 million tons in the week ending January 3rd 2009, while the capability utilization then was 88.7%. The current week production represents a 59.3% YoY decrease from the same period in 2007.

Production for the week ending January 3rd 2009 is up by 8.3% WoW from the previous week ending December 27th 2008 when production was 0.8 million tons and the rate of capability utilization was 33.5%.

Fitch sees base metals demand picking up in H2

- 08 Jan 2009

Ratings agency Fitch Ratings said that improvement in credit availability and implementation of fiscal stimulus programs could result in stronger demand in the second half of 2009 although growth in the global base metals sector was expected to slow over the next 12 months.

In its newly released base metals outlook report, Fitch stated that earnings were expected to decline in 2009 from the robust 2008 levels, however, runoff of working capital and active management of capital budgets should partially offset the impact on free cash flow.

Mr Monica Bonar director of Fitch Ratings said that demand from China and developing nations had previously driven strong growth in base metals consumptions, but that growth would slow for at least the next 12 months. However, the recently announced Chinese stimulus should improve metals demand, as the country accounted for 20% to 35% of the world's consumption of base metals.

Fitch noted in particular the USD 586 billion infrastructure spend announced by the Chinese government in November, aimed particularly at reconstruction in the Sichuan province. The province was rocked by a devastating earthquake measuring 7.9 on the Richter scale in May.

Fitch noted that severe demand declines for most metals in the second half of 2008 have resulted in rising stocks and falling prices.

Ms Bonar said that "The credit markets have tightened significantly, inducing a consumer recession." She noted that metal prices have fallen sharply and that production and capital expenditure cutbacks were being considered or announced.

(Sourced from miningweekly.com)

Dry bulk shippers accelerated on stable steel price

- 06 Jan 2009

AP reported that shares of dry bulk shippers accelerated as activity for the sector's largest vessels rose slightly and prices for steel stabilized. As per report, rates for capsize vessels rose by 1.2% to USD 8,997 per day.

Other vessel classes lost ground. All dry bulk vessel rates have plunged in recent months as commodity demand fell off, prices of iron ore, coal and grain sank and tight credit froze shipping markets. Just one year ago, the daily rate for a capsize vessel was USD 153,295.

Mr Omar Notka analyst at Dahlman Rose said that although rates remain very low and a surplus of idle ships threatens to keep rates low for some time, stability in steel prices has managed somewhat to buoy the market.

(Sourced from Associated Press)

Nickel shot up to USD 13,000 per tonne at LME

- 06 Jan 2009

It is reported that the New Year started with a big bang, with nickel surging above USD 13,000 per tonne at LME Friday closing.

That constituted a 50% hike of the nickel price in just 2 and half days. Zinc also moved in sync, gaining USD 1,275 to USD 1,285 per tonne. Even the oil price recovered somewhat to USD 47 per barrel, fueled by the conflict in the Middle East between Israel and Gaza.

The price index did signal that the prices for base metals and raw materials have bottomed out. And the Chinese government seized the right timing to announce their intention to go on a buying spree for raw materials. The economy is cyclical just as business goes in upward and downward curves.

Recovery takes time and restoring confidence takes even more time. Raw materials jumping back to such high levels does help to stop stainless prices from falling further.

Recession reports - Moody sees 2009 as a bleak year

- 05 Jan 2009

Moody's said that 2009 will be a bleak one for the world economy. Recessions in recent years have tended to be brief and mild. This time, the unparalleled magnitude and systemic cast of the financial crisis increases the likelihood of a longer, more severe and broader downturn, not just in the US, but in other major developed countries. Compared with previous downturns, this one is more tightly synchronized because of the global spread and depth of the financial shock.

It added that "As a result, recession's tentacles are now gripping Japan and most major European economies, including Germany, the UK, France, Italy, Spain and Ireland. Recognizing the threat to the world economy and financial markets, policymakers in the major economic powers have taken extraordinary measures that will eventually cost trillions of dollars to try to contain the crisis. These measures include taking an internationally coordinated, system-wide approach, providing liquidity and lending guarantees, recapitalizing banks, and nationalizing institutions whose insolvency threatened the integrity of the global financial system."

The International Monetary Fund and other multilateral institutions have cooperated to put together multibillion dollar lending packages to help countries hit by sudden reversals in capital flows. Monetary easing is now more aggressive, and country after country has announced increasingly ambitious fiscal stimulus measures.

Moody's said that deeper and more extensive and complex financial linkages worldwide in recent decades have speeded the integration of the world economy. The rapid diffusion of new financial products helped to cement interdependence among markets around the world. The recession in the US has spread to nearly every industry, occupation, demographic group and region, with the latest indicators pointing to an estimated 4.5% decline in real GDP during the final quarter of 2008. Job losses continue to mount. Employment in November fell by 533,000, the largest one month drop since December 1974, hurting both service and goods producing industries and boosting the unemployment rate to 6.7%. The most recent report on jobless benefit claims suggest that the dedine in December non farm payrolls may exceed November's decline, for a cumulative loss of 1.9 million jobs since the beginning of 2008.

The much weakened world economy is worsening the recession in Japan more rapidly than expected. As a result of falling external demand, especially the steep plunge in auto demand worldwide, the November seasonally adjusted index of industrial production fell by 8.1% from the prior month for a 16.2% y/y drop. Based on survey findings, a further monthly drop of 8% is officially projected for December. Japanese motor vehicle and automotive equipment production has taken the biggest hit.

The other East Asian countries also have been badly hurt by falling external demand. Moreover, the reduction in trade flows is compounded by the credit crunch, which disrupted trade finance in China and other Asian countries. Credit to private exporters dried up, banks refused to honor letters of credit, and shipments were held up. China, South Korea, Taiwan, Hong Kong and Singapore have suffered sharply decelerating or contracting export growth, falling industrial output, and widespread layoffs. In China alone, an estimated 670,000 firms shut down in 2008, putting over 10 million people out of work.

It further added that "Next year will be a bleak one, marked by rising unemployment and stressed financial markets. Global real GDP is estimated to grow on a market value basis by about 2% in 2008 and may slow to 0.2% in 2009 because of sharply decelerating trade flows, plummeting private fixed investment spending, and near dormant consumption spending. The weak state of the world economy gives rise to numerous downside risks, among them escalating protectionism and greater social unrest as the global slowdown consumes millions of jobs."

(Sourced from Moody's Asia Pacific Limited)

Recession reports - 2008 worst year ever for Wall Street

- 05 Jan 2009

Reuters reported that as the US stock market heads into the last week of the year, what was inconceivable just 12 months ago is now a stark possibility that 2008 could be the worst year ever for Wall Street.

The US market's most tracked benchmark, the S&P 500, is down by 40.6% since 2007's close with only three trading days left in 2008. Given the market's hair trigger volatility this year, it is just one bad day away from surpassing 1931's drop of 47.1%, the biggest yearly decline ever.

As it is, the market's swoon this year will cement 2008's place in history by at least one measure: eviscerated wealth. A record USD 7.3 trillion of stock market value has been obliterated this year, according to the Dow Jones Wilshire 5000 index, the broadest measure of US equity performance.

Investors ran for the exits in 2008 as a collapse originally thought to be contained to the US home mortgage sector morphed into a full blown global credit crisis that now threatens global recession. The fallout from frozen credit markets permeated all sectors from banks to autos to resources, while unemployment climbed, house prices plummeted and cash strapped consumers curtailed their spending.

Mr Jocelynn Drake market analyst at Schaeffer's Investment Research in Cincinnati said that "How to sum up a year that has been plagued with financial crisis in every form and fashion that you could see and, at the same time, we have an economy that's just imploding on itself. If 2008 proved to be anything, I think it was a reality check for a lot of people."

Market watchers said that it was a year unlike any they have ever seen. Among the casualties, the restructuring, acquisition or disappearance of such heavy hitters as Bear Stearns, AIG, Washington Mutual, Merrill Lynch and Lehman Brothers.

(Sourced from Reuters)

Macroeconomic indicators - US manufacturing index lowest in 28 years

- 05 Jan 2009

It is reported that US manufacturing activity fell more than expected in December 2008, hitting the lowest reading in 28 years as new orders and employment continue to decline.

The Institute for Supply Management said that its manufacturing index fell to 32.4 in December from 36.2 in November. Wall Street economists surveyed by Thomson Reuters had expected the reading to fall to 35.5.

New orders fell to their lowest level on records going back to 1948. Prices fell as the number of respondents saying they had paid more in December than in November sank to its lowest monthly reading since 1949. Any reading for the overall index above 50 signals growth, while a reading below 50 indicates contraction.

The index is based on based on a survey of the institute's members, has fallen steadily for the last five months as the economy deteriorated.

(Sourced from www.chron.com)