

Metal Bulletin Research

Coated Steels Monthly

Market analysis and intelligence covering the global coated steels and tinsplate markets

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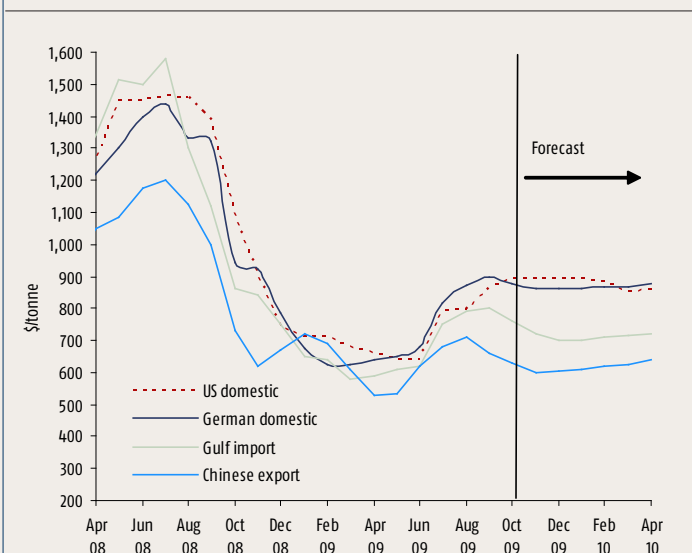
● This quarter looks set to be a struggle for most markets after a pretty buoyant third quarter. With overcapacity and softening demand still prevalent in China, exports from this region remain the biggest threat to price stability in both the USA and Europe. Indeed Europe and the USA have both seen a flurry of offers being made from Chinese mills, but we understand that they have been slow to take advantage of these offers. ***We think that although the prices are looking attractive there is little interest in buying import material that will arrive late into the fourth quarter and maybe even the first quarter of quarter 2010.*** One strong factor hindering purchasing is the growing expectations of prices coming down more.

● ***We forecast stability in the remainder of this quarter, particularly as it looks likely that Chinese export prices will not be overly aggressive.*** Signs of a pick-up in domestic demand are emerging that should act to buffer much of the excess material in China.

● ***We expect to see some downward movement in the USA and Europe as the positive effects on pricing from restocking and the vehicle scrapping schemes wear off, but we expect to see prices moving upwards in the second or third month of next year.*** Mills will however need to discipline production in order to safeguard against a glut that might depress prices into 2010.

Global hot-dipped galvanised strip prices

MBR believes that fourth quarter pricing will remain relatively flat



Source: Metal Bulletin Research

Coated steel and substrate price analysis

Selected coated steel prices ⁽¹⁾ for October 2009

	Local Currency	HDG Oct.		ELG Oct.		Pre-painted coil Oct.		Tinplate Oct. ⁽⁶⁾	
		Local	\$/tonne	Local	\$/tonne	Local	\$/tonne	Local	\$/tonne
USA domestic	\$/ton	807	890	807	890	889	980	1,089	1,200
USA import ⁽²⁾	\$/ton	-	750	-	-	-	-	-	-
Latin America export		-	780	-	-	-	-	-	1,030
Europe import/export ⁽⁴⁾		-	760	-	840	-	890	-	1,180
Germany domestic	euro/tonne	595	886	645	960	658	980	846	1,260
France domestic	euro/tonne	585	871	618	920	662	985	833	1,240
Italy domestic	euro/tonne	570	848	598	890	645	960	786	1,170
UK domestic	£/tonne	550	878	-	-	595	950	768	1,225
Turkey export		-	830	-	-	-	-	-	-
CIS export ⁽⁵⁾		-	730	-	-	-	-	-	980
Gulf region import c&f		-	770	-	-	-	890	-	1,025
Japan domestic ⁽⁶⁾	yen/tonne	91,200	1,020	98,324	1,100	107,263	1,200	-	-
Japan export		-	760	-	830	-	-	-	1,050
South Korea domestic	won/tonne	890,000	766	940,766	810	998,838	860	1,242,741	1,070
South Korea export		-	700	-	730	-	-	-	1,000
Taiwan domestic	NT\$/tonne	23,000	712	24,871	770	-	-	35,046	1,085
China domestic	Rmb/tonne	4,640	679	4,921	720	5,468	800	7,245	1,060
China export		-	630	-	700	-	860	-	980
Iran import		-	750	-	-	-	-	-	-
Indian domestic	Rs/tonne	37,900	820	-	-	-	-	-	-
Indian export		-	750	-	-	-	-	-	-

Notes ⁽¹⁾ Job or ex-mill except where stated ⁽²⁾ thin gauge cif Gulf Port ⁽³⁾ basis 0.21mm basis ⁽⁴⁾ HDG/ELG are import, tinplate is export ⁽⁵⁾ CIS export material from the Black Sea.

⁽⁶⁾ Ex-warehouse Tokyo. Import prices are cif delivered; '-' denotes products that are either not produced/exported or n/a not enough business has taken place to accurately gauge prices.

We have taken a price, which we feel most accurately represents a median transaction price. However, usually business takes place within a range of the value allocated. Prices are based on most common grade, excl. extras.

Historical and forecast coated steel market prices

	HDG prices (\$/tonne)								Tinplate prices (\$/tonne)																	
	USA		L. America		Europe		Turkey		CIS		Persian Gulf		Japan		USA		Latin America		Europe		CIS		Japan		South Korea	
	Domestic	Import	Export	Domestic	Export	Export	Import c&f	Export	Domestic	Export	Export	Export	Export	Export	Domestic	Export	Export	Export	Export	Export	Export	Export	Export	Export	Export	Export
May 09	640	600	570	652	530	590	610	660	1,600	1,020	1,580	950	990	950												
Jun 09	640	615	580	678	580	590	620	610	1,320	1,100	1,280	1,000	1,020	990												
Jul 09	792	780	550	817	660	660	750	650	1,257	1,100	1,230	1,020	1,050	1,030												
Aug 09	795	800	750	871	770	740	790	660	1,250	1,100	1,200	1,030	1,070	1,030												
Sep 09	860	800	760	900	850	760	800	700	1,220	1,050	1,200	1,010	1,050	1,030												
Oct 09	890	750	780	886	830	730	770	760	1,200	1,030	1,180	980	1,050	1,000												
Nov 09	890	750	780	860	810	710	720	700	1,150	1,000	1,150	950	1,020	1,000												
Dec 09	890	740	800	860	810	710	700	660	1,100	980	1,100	920	1,020	1,000												
Jan 10	890	730	780	860	820	710	700	680	1,000	950	1,050	920	1,000	980												
Feb 10	880	730	750	865	830	700	710	700	1,000	925	1,050	920	1,000	980												
Mar 10	850	740	720	865	830	710	715	740	1,025	925	1,050	950	1,030	980												
Apr 10	855	748	720	875	840	715	720	748	1,050	950	1,050	950	1,031	981												

Source: Metal Bulletin Research

Notes ⁽¹⁾ Job or ex-mill except where stated ⁽²⁾ thin gauge cif Gulf Port ⁽³⁾ basis 0.21mm basis ⁽⁴⁾ Exports are fob Antwerp ⁽⁵⁾ CIS Export material from the Black Sea. Import prices are cif delivered.

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MBR's global raw material prices

	Tin prices		Zinc prices		Hot rolled coil prices			Cold rolled coil prices		
	LME cash	LME 3-m	LME cash	LME 3-m	US domestic	EU avg domestic	Japan export	US domestic	EU avg domestic	Japan export
	\$/t	\$/t	\$/t	\$/t	\$/t	€/t	\$/t	\$/t	€/t	\$/t
Oct 08	14,397	14,285	1,302	1,334	850	660	1,040	970	720	1,130
Nov 08	13,663	13,403	1,153	1,167	700	530	990	800	610	1,080
Dec 08	11,334	11,148	1,102	1,120	615	505	900	715	590	1,020
Jan 09	11,373	11,290	1,187	1,212	575	475	750	685	540	950
Feb 09	11,039	10,864	1,112	1,136	570	420	600	659	465	700
Mar 09	10,676	10,491	1,217	1,244	496	370	550	595	420	630
Apr 09	11,744	11,538	1,379	1,406	474	360	500	562	414	600
May 09	13,793	13,568	1,479	1,507	440	378	450	525	430	550
Jun 09	14,986	14,889	1,557	1,584	452	380	450	540	430	530
Jul 09	14,039	13,857	1,579	1,603	539	405	500	639	465	600
Aug 09	14,879	14,486	1,822	1,851	550	430	550	695	500	700
Sep 09	14,869	14,401	1,884	1,908	615	440	560	745	510	740
Oct 09	14,935	14,487	1,956	1,982	594	425	560	725	495	750
% change comparisons:										
Oct 09/Oct 08	4%	1%	50%	49%	-30%	-36%	-46%	-25%	-31%	-34%
Sep 09/Oct 09	0.4%	0.6%	3.8%	3.8%	-3.4%	-3.4%	0.0%	-2.7%	-2.9%	1.4%

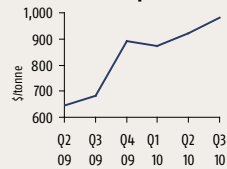
Source: LME, Metal Bulletin Research

American Market Highlights

- Prices rise again...
- ...but growth will not continue through the fourth quarter
- Threat of import competition is heightened

Market Outlook

US domestic HDG prices



Source: Metal Bulletin Research

Prices have continued to strengthen in the latter part of September and hold their ground in early October. This comes as positive signs continue to emit from the US automotive sector and tight inventories contribute to restocking activity. It now seems unlikely that this momentum will be maintained through November and

we would expect price growth to stagnate in the fourth quarter of this year, as the improvement in the overall demand situation has already been built in to current prices. Moreover, there is potential that prices could weaken into the opening quarter of 2010 as increased import competition becomes an increasing issue.

Prices rise into the final quarter...

The closing stages of the third quarter saw domestic prices for HDG in a continuation of the upward trend that began in July, with further price gains of \$30/tonne month-on-month. MBR understands that average mill prices for HDG 0.5-1mm, 275Z coating stand at \$890/tonne fob, with West Coast producer CSI's announcement that it is increasing HDG by \$30/ton (\$33/tonne), effective with November 1 shipments.

...but not through it

It now seems, however, that mills are looking to consolidate these gains rather than build on them in the remainder of the fourth quarter, as they look to step away from further price increases in favour of stabilising the market.

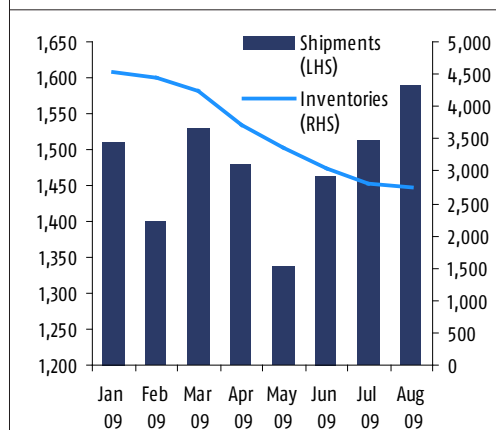
Taking US Steel as an example, after applying a \$60/ton (\$66/tonne) increase across flat products for November, the mill indicated that prices would be held at this level for December. US Steel announced in September that it was increasing prices for HDG to \$780/ton (\$860/tonne) for November shipments.

Restocking may be losing momentum

There appear to be two factors at play behind this straightening pricing policy on the behalf of mills. Firstly, the protracted price improvement in the last five months, is reflective of the fact that buying has been improving over that period and that this momentum may now be slowing.

US service centre inventories: coils

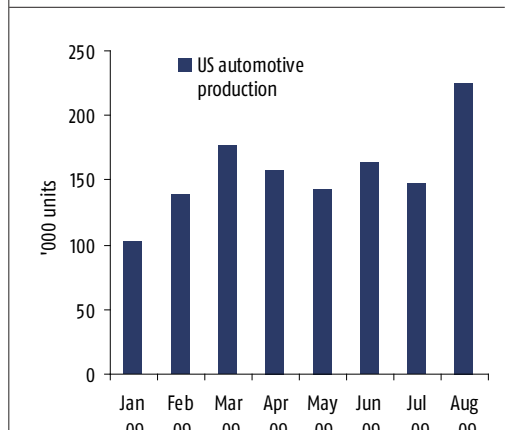
The uptick in shipments and restocking of recent months has already been built into prices



Source: Metal Bulletin Research

US automotive production...

...has risen sharply as inventories have been drawn down, this may not translate into a sustained revival however



Source: Metal Bulletin Research

As we can see from the first chart US service centre shipments of flat-rolled steel products climbed in August to their highest level this year, spurred by restocking through the supply chain. Outgoing shipments from service centres, however, outpaced steel purchasing by service centres, with flat product inventories sliding again in August, taking the number of month's shipments on hand to just 1.7 months' supply.

We expect to see inventory levels rise in upcoming data releases, reflecting restocking by service centres in recent months. MBR believes, however, that stocks will remain extremely low for the rest of the year and into early 2010, as service centres will be discouraged from holding large inventory given the potential for prices to fall in the early part of next year. This low stock position will paradoxically prevent prices from collapsing in the near term in the face of downward pressure from a number of areas including falling scrap prices, rising domestic and import supply, and a lack of end-user demand. Service centres will need to continue buying steel to supply even modest demand and this persistent buying will help to support prices even in the face of emerging downside pressure.

Import competition looks more viable

The second factor at play is the heightened threat of import competition following the fall in domestic prices in China over last month. Chinese export prices for HDG have fallen by \$90/tonne since their August high to stand at \$630/tonne fob, equivalent to approximately \$710/tonne cfr US port. At this margin between domestic and import prices, we believe some domestic steel buyers will be tempted to make import purchases, despite the risks inherent in buying material with a potential lead time of a month. Import competition from Indian sources is unlikely to trouble domestic producers at present. Prices on offer from Indian exporters for HDG coil stand at \$840–860/tonne, which is unlikely to attract the attention of too many US buyers.

US auto sector shows a marked improvement: will it continue?

The one area of the US economy that has continued to show a marked pickup in end-use demand is the automotive market and as we have stated this has already contributed to the uptick in HDG prices over the last several months. At present it looks as though the improvement in US automotive production will continue until the end of the year.

We remain sceptical, however, about the chances of a prolonged uptick in automotive demand once US manufacturers have reestablished inventories, given the fact that demand remains weak. We expect that US automotive production could slow down again in the first quarter of 2010.

North American trends in production and apparent consumption of coated steels ('000 tonne)										
	2007	2008	Q3 08	Q4 08	Feb 09	Mar 09	Apr 09	May 09	Jun 09	Jul 09
USA										
HDG production	13,865	12,299	3,179	2,041	480	490	488	454	579	612
year-on-year change	-6.3%	-11.3%	-8.5%	-39.6%	-60.6%	-58.4%	-59.7%	-61.2%	-50.8%	-43.7%
Apparent consumption	14,720	12,949	3,369	2,195	516	545	541	472	572	608
year-on-year change	-14.3%	-12.0%	-7.5%	-36.1%	-58.3%	-56.5%	-55.7%	-63.1%	-52.7%	-46.9%
ELG production	2,323	1,657	399	286	66	74	77	62	63	70
year-on-year change	-2.0%	-28.7%	-27.3%	-47.7%	-60.4%	-52.5%	-55.1%	-60.2%	-57.9%	-46.1%
Apparent consumption	2,237	1,538	364	263	48	59	63	49	46	56
year-on-year change	0.2%	-31.3%	-31.7%	-49.8%	-68.5%	-58.7%	-60.3%	-66.9%	-67.6%	-55.0%
Other production	1,562	1,206	310	213	28	34	43	39	48	57
year-on-year change	-17.1%	-22.8%	-29.1%	-42.7%	-75.8%	-72.4%	-66.6%	-63.1%	-55.0%	-47.4%
Apparent consumption	1,881	1,366	395	261	44	42	49	47	43	59
year-on-year change	-20.3%	-27.4%	-26.8%	-32.5%	-64.5%	-67.8%	-63.3%	-48.6%	-58.3%	-47.8%
Canada										
Galvanised production*	2,443	2,357	598	494	121	138	121	-	-	-
year-on-year change	-2.4%	-3.5%	4.9%	-21.2%	-40.9%	-31.0%	-45.4%	-	-	-
Exports**	568	544	121	112	32	36	29	-	-	-
year-on-year change	-1.8%	-4.2%	-13.3%	-29.8%	-36.6%	-23.6%	-52.0%	-	-	-
Imports***	808	702	173	139	33	38	44	-	-	-
year-on-year change	-4.2%	-13.1%	-20.8%	-38.9%	-49.6%	-38.0%	-36.9%	-	-	-
Apparent consumption	2,684	2,515	638	522	122	140	136	-	-	-
year-on-year change	-3.0%	-6.3%	-1.7%	-21.1%	-44.5%	-34.6%	-41.1%	-	-	-

*Domestic sales plus exports **exports by steel producers only ***permits

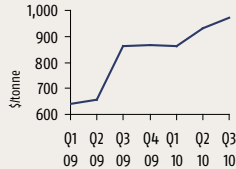
Source: AISI, StatsCanada, CSPA, MBR. Numbers in italics are estimated

European Market Highlights

- Purchasing volumes contract...
- ...as prices and demand continue to slide
- Chinese exports threaten European mills

Market Outlook

German domestic HDG



Source: Metal Bulletin Research

Chinese exports have already started to damage any signs of a mid-term price recovery in the European coated markets. Although we have yet to see material, the mere talk of enquires has exerted downward pressure particularly when confidence in the end-user market is faltering. We expect to see prices fall next month and think it unlikely that domestic

prices will see a recovery until February or March next year. That is not to say that we think that prices in Europe will plunge, exports prices out of China are not showing signs of falling dramatically as China's domestic market improves. European mills will however have to discipline production in order to avoid a glut in material, which will negatively affect prices.

Base price increases fail to impress

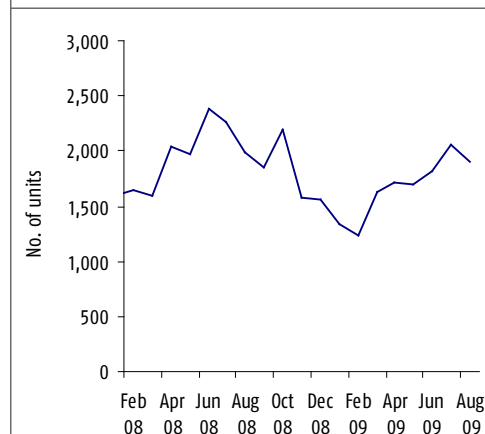
Galvanised coil producers have had another month of disappointment as price increases have fallen short of expectations. We understand that base prices of HDG from mills in North Europe have moved up to €500–510/tonne (\$745–759/tonne) from €470–500/tonne ex works. This small increase is around €30–40/tonne (\$45–60/tonne) less than anticipated price rises. Indeed we were being told that expectations were as high as €530–540/tonne (\$789–804/tonne). At the beginning of the month we were being told that although domestic producers were offering around €520/tonne, transactions were being settled closer to €500/tonne (\$745/tonne).

With little demand being seen from end users, we think that the expectations of higher prices in the last quarter have been optimistic. The sudden upturn in orders during the third quarter of this year was in no way a result of a revival of real demand. With mills running on severely restricted capacity over the majority of 2009, inventories at mills and end users were low as we approached the second half of this year. Less material in the market tightened supply, which in turn benefited prices. Buying volumes shot up in August and September as end users rushed to restock depleted stocks while mills raised output. This activity created a growth in only apparent demand.

Restocking surge phases out

Purchasing volumes have been getting smaller during October and buyers are also watching prices, particularly as international prices have been falling over the past six weeks. **We think that while enquiries are being made there is a definite wait-and-see attitude in the market. North European end users are reluctant to place any orders while prices are falling.** With

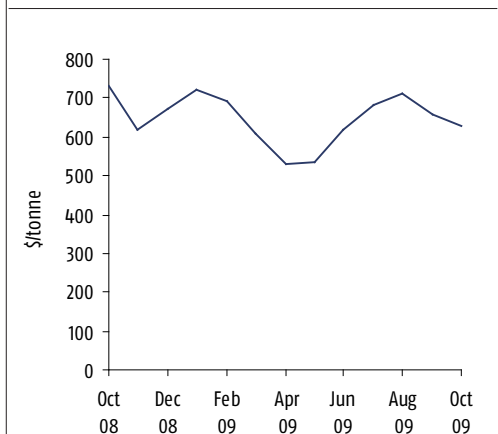
New building construction starts in Germany – we think that quarter four will be less buoyant, which will exert pressure on coated prices



Source: Metal Bulletin Research

Chinese HDG export prices

We think that prices are unlikely to move down drastically giving relief to European producers



Source: Metal Bulletin Research

European statistics for the galvanised coated steel sectors ('000 tonne)														
		2006	2007	Q1 08	Q2 08	Q3 08	Q4 08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09
Germany														
Production	HDG	6,619	6,543	1,630	1,662	1,599	1,178	233	256	303	311	296	319	354
	% y-o-y change	8.5%	-1.1%	-5.8%	-1.5%	-1.2%	-21.9%	-52.2%	-52.5%	-40.7%	-46.4%	-46.0%	-41.4%	-37.8%
	ELG	1,727	1,672	417	425	408	301	60	65	78	79	75	82	91
	% y-o-y change	10.8%	-3.2%	-5.8%	-1.5%	-1.2%	-21.9%	-52.2%	-52.5%	-40.7%	-46.4%	-46.0%	-41.4%	-37.8%
Apparent Consumption	Organic	1,059	1,023	224	256	261	167	24	25	43	43	41	43	42
	% y-o-y change	7.3%	-3.4%	-11.1%	-9.9%	-6.5%	-19.7%	-54.7%	-65.8%	-42.7%	-43.4%	-51.2%	-50.0%	-51.2%
	Galvanised	8,023	8,384	2,112	2,090	2,162	1,663	406	380	389	498	408	-	-
	% y-o-y change	8.6%	4.5%	-6.0%	-5.8%	6.3%	-11.9%	-29.5%	-43.9%	-41.7%	-35.1%	-35.7%	-	-
	Organic	1,067	1,058	248	269	300	197	30	31	53	47	48	-	-
	% y-o-y change	10.8%	-0.8%	-4.8%	-7.3%	3.3%	-8.9%	-38.9%	-65.8%	-28.3%	-45.3%	-46.1%	-	-
France														
Production	Galvanised	4,581	4,620	1,226	1,314	1,048	695	108	230	207	206	196	232	301
	% y-o-y change	7.5%	8.4%	1.0%	4.1%	0.9%	-37.1%	-65.9%	-42.4%	-48.0%	-52.0%	-55.3%	-48.3%	-29.5%
	Organic	1,158	1,116	288	333	272	172	31	77	77	67	70	68	96
	% y-o-y change	9.9%	-3.6%	-0.3%	12.1%	-3.9%	-30.4%	-44.6%	-7.2%	-23.8%	-35.6%	-36.4%	-40.4%	-11.9%
Apparent Consumption	Galvanised	4,621	4,677	1,191	1,319	1,047	828	114	237	250	256	236	264	-
	% y-o-y change	7.2%	1.2%	-5.6%	1.3%	-0.1%	-22.3%	-61.4%	-35.3%	-36.1%	-40.9%	-47.9%	-42.4%	-
	Organic	1,164	872	143	203	152	102	16	55	49	40	46	45	-
	% y-o-y change	8.8%	-25.1%	-50.6%	-21.3%	-13.1%	-32.1%	-54.3%	-1.0%	-18.6%	-40.3%	-27.4%	-37.2%	-
UK														
Galvanised steel	Production	1,315	1,212	309	314	313	124	9	17	44	65	78	-	-
	% y-o-y change	5.0%	-7.8%	-4.9%	-11.3%	3.0%	-45.9%	-83.0%	-82.1%	-58.9%	-39.3%	-22.8%	-	-
	Net exports	-1,311	-1,470	-325	-396	-383	-260	-55	-58	-48	-47	-39	-40	-
	% y-o-y change	25.2%	12.1%	-21.2%	2.2%	25.8%	-28.8%	-43.3%	-47.1%	-58.8%	-52.1%	-73.0%	-66.8%	-
	Consumption	2,626	2,682	634	710	696	384	64	75	92	112	117	-	-
	% y-o-y change	14.2%	2.1%	-14.0%	-4.3%	14.4%	-35.4%	-57.3%	-63.3%	-58.8%	-45.4%	-52.4%	-	-
Organic-coated steel	Production	448	430	114	130	116	115	13	16	19	26	28	-	-
	% y-o-y change	12.8%	-4.0%	3.6%	0.0%	5.5%	43.8%	18.2%	-57.9%	-42.4%	-39.5%	-33.3%	-	-
	Net exports	101	78	18	34	22	12	1	5	1	7	5	8	-
	% y-o-y change	-8.9%	-22.2%	0.0%	82.2%	-35.7%	53.2%	-76.1%	-23.1%	-80.5%	3.5%	-53.0%	-19.7%	-
	Consumption	347	352	96	96	87	49	12	11	18	19	23	-8	-
	% y-o-y change	21.2%	1.2%	4.4%	-13.6%	14.5%	-31.7%	113.2%	-65.8%	-36.8%	-48.1%	-26.7%	-123.0%	-
Italy														
Galvanised steel	Production	3,984	3,717	931	988	872	658	114	11	14	14	9	11	-
	% y-o-y change	21.6%	-6.7%	-8.5%	-2.9%	5.2%	-23.0%	-55.6%	-96.4%	-95.7%	-95.4%	-97.0%	-96.9%	-
	Net exports	-301	-633	-63	-52	8	-32	-13	11	29	-2	13	-	-
	% y-o-y change	28.6%	110.5%	-27.0%	-69.2%	-103.6%	-80.8%	-86.0%	-389.4%	-190.8%	-94.2%	-186.6%	-	-
	Consumption	4,285	4,350	994	1,040	864	690	127	0	-15	16	-4	-	-
	% y-o-y change	22.0%	1.5%	-9.9%	-12.2%	-17.0%	-32.4%	-63.8%	-100.1%	-104.3%	-95.3%	-101.3%	-	-
Organic-coated steel	Production	1,525	1,644	360	368	348	285	30	30	37	36	28	36	-
	% y-o-y change	23.1%	7.8%	-21.1%	-27.7%	-25.2%	-34.8%	0.0%	-26.8%	-24.5%	-28.0%	-46.2%	-29.4%	-
	Net exports	-18	-28	-12	-9	-13	-30	-1	-18	-6	0	-3	-	-
	% y-o-y change	-173.0%	52.5%	-22.7%	-239.2%	-9.9%	613.7%	-63.4%	67.9%	104.3%	-102.6%	-53.4%	-	-
	Consumption	1,543	1,672	371	377	362	315	31	48	43	36	31	-	-
	% y-o-y change	27.1%	8.4%	-21.2%	-25.1%	-24.7%	-28.7%	-5.6%	-7.2%	-17.4%	-25.1%	-47.0%	-	-
Spain														
Galvanised steel	Production	2,514	2,479	704	716	514	405	85	94	100	103	82	102	104
	% y-o-y change	21.9%	-1.4%	15.2%	8.2%	-6.9%	-38.1%	-56.4%	-57.8%	-58.2%	-57.4%	-66.4%	-58.4%	-54.2%
	Net exports	-1,084	-1,221	-370	-280	-228	-123	-7	-15	-38	-45	-54	-48	-
	% y-o-y change	-6.6%	12.7%	19.9%	-10.3%	-27.2%	-57.4%	-90.4%	-88.2%	-75.3%	-52.3%	-54.3%	-43.1%	-
	Consumption	3,598	3,700	1,074	996	742	528	92	109	138	148	136	150	-
	% y-o-y change	11.6%	2.8%	16.8%	2.2%	-14.2%	-44.0%	-65.9%	-68.7%	-64.8%	-56.0%	-62.5%	-54.4%	-
Organic-coated steel	Production	272	268	68	78	109	61	7	3	5	4	3	8	1
	% y-o-y change	40.9%	-1.5%	6.3%	-1.3%	73.0%	-1.6%	-50.0%	-81.3%	-81.5%	-84.0%	-88.0%	-69.2%	-96.3%
	Net Exports	-227	-274	-82	-57	-49	-14	1	-4	-7	-13	-6	-5	-
	% y-o-y change	60.2%	20.4%	28.6%	19.9%	-26.6%	-85.8%	-102.9%	-89.3%	-68.7%	-51.0%	-72.6%	-74.9%	-
	Consumption	499	542	150	135	158	75	6	7	12	17	9	13	-
	% y-o-y change	49.1%	8.5%	17.4%	6.7%	21.7%	-52.7%	-90.3%	-86.7%	-75.8%	-67.2%	-81.1%	-71.7%	-

Source: Statistisches Bundesamt, Customs statistics, Metal Bulletin Research

this in mind, purchases have been made for small volumes on a back-to-back basis.

Purchasing from end users remains weak

With slack demand to blame, local prices in Turkey have also moved downwards. We understand that 0.5mm thick HDG which was being sold for \$940–960/tonne in September is barely seeing transactions at \$900–920/tonne. It would also perhaps be prudent to also mention that demand and prices generally fall at this time of the year as construction slows down in Turkey, but none the less the effect on prices from sluggish demand created by the continuing pressure from a global economic slowdown can not be understated. The pick up in demand from the Middle East that was anticipated at the end of Ramadan has failed to materialise adding further woes to steelmakers looking to shift material. With demand for finished products also looking lacklustre, end users are keen to sell stocks before ordering more material.

Imported material threatens prices

Latest trade statistics suggest that Turkey imported considerably more material in August compared with July; around 15% more. We understand that total coated coil imports reached 66,000 tonnes in August, which is a slight increase of about 1.5% from 65,000 tonnes in August 2008. As expected, the main imports were from Asia with South Korean material making up the bulk of coated imports into Turkey. Both HR flat and CR flat material saw year-on-year declines in August 2009 of 27% and 21% respectively. **MBR believes this additional material, in a market where demand is waning, will add further downward pressure on prices. With China facing a slump in domestic demand we may see more material being offered to Europe in the near term.**

We are being told that aggressive HDG offers are already emerging from regions such as China and Brazil for December–January delivery. These offers have already exerted pressure on northern European mills' prices as we understand import offer prices have been made at €40–50/tonne (\$60–74/tonne) less than domestic prices. 1mm HDG has been offered at \$620–630/tonne fob compared with \$650–670 in late September primarily as a result of slipping domestic market prices and demand in a glut market. **We understand that exporters are certainly gaining business from end users in Europe with much of the cargoes from China being sent to Europe.**

We have been told by an east China-based steel mill that it has sold more than 10,000 tonnes of hot-dipped galvanised coil and other coated products to Europe, and enquiries are being made.

However, the extent of damage may not be too bad

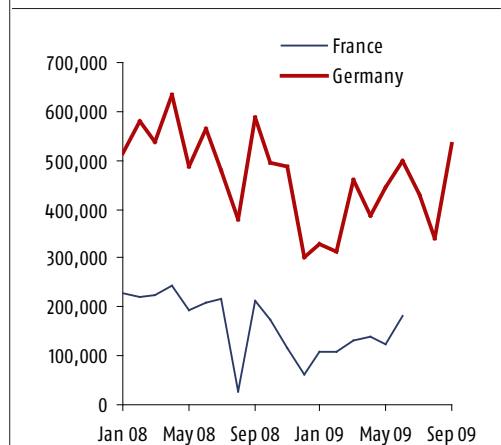
However MBR has been told that there is not much purchasing of foreign material taking place despite competitive prices. This is mainly due to two reasons:

- Demand is low in Europe and buyers are reluctant to commit to material that is arriving months later, with aggressive pricing from China material may have already lost its value by the time it reaches Europe. Buyers are not willing to take this risk.
- There is a growing speculation in Europe that domestic prices are going to move down. The prices increases we saw over August and the beginning of September did not reflect demand and are being viewed as inflationary. Buyers are waiting on the sidelines for prices to fall and **MBR was told by one trader that market participants were waiting until the first quarter of next year before committing to orders.**

Perhaps a consolation to European producers of coated steel is that end users and stockists alike at the moment still appear to be largely unwilling to commit to long lead times and large tonnages. There is still a strong preference to purchase material closer to home to replenish their stocks on a need-only basis, given still relatively uncertain end-user demand. However on a mid-term outlook material that has been purchased

Automotive production trends in Europe

Scrappage schemes benefitted HDG producers, but we expect a future decline unless schemes are extended



Source: Metal Bulletin Research

Asian Market Highlights

- Chinese export prices languish over the last month...
- ... but demand from outside the region buoys export levels
- Indian export prices fall in response to Chinese exports

Market Outlook

Chinese HDG export prices



Source: Metal Bulletin Research

Chinese exports have continued to dominate the market, threatening price stability in the rest of the world, as non-Chinese mills compete against the low HDG export prices and the sheer volume of product available. There is speculation in the marketplace that prices may have reached a bottom now as we understand

the offer prices, particularly export prices, are close to production costs. We think that HDG prices will start to level off now through this last quarter. Mills in southeast Asia and Taiwan are managing to hold their own by focusing on their domestic markets as well as export deals to Europe and to a lesser extent the USA.

Chinese domestic markets see little change

In the eastern China market transactions for 1mm HDG are being made at Rmb4550/tonne (\$665/tonne), down by Rmb30/tonne (\$4.39/tonne) compared with the end of last month. Transactions for 0.5mm HDG have remained static at Rmb4820/tonne from the beginning of October, following the end of the week long Chinese national holiday. **We think these prices show that the Chinese HDG market is still weak as high inventories continue to worry Chinese mills.**

Although near-term domestic demand looks to be flagging, mills can find consolation in stronger long-term demand fundamentals. If we take for example the automotive industry in China, this has shown considerable resilience to the economic downturn. Total automotive sales in September have exceeded year-on-year figures by 77.88% at a record 1.33m.

This combined with the Chinese government's moderately loose monetary policy and the slight upturn in domestic demand, traders and mills should receive a confidence boost for better domestic HDG prices. Better Chinese domestic demand will also be a relief to European and other Asian mills. The increasing threat of exports has led European mills to blame the downturn in Chinese demand for the slower than expected rise in the European galvanised steel markets.

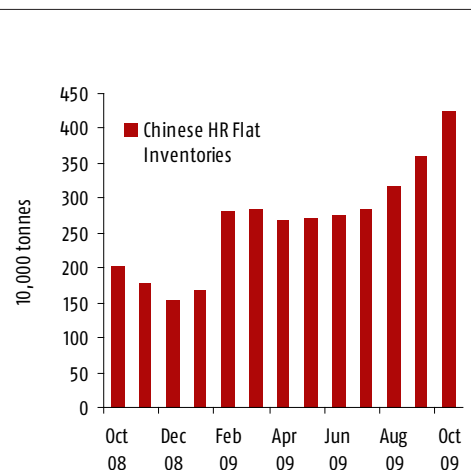
Demand for HDG goods diversify

We think that the growing long term market confidence for Chinese domestic markets should certainly go some way to solving inventory surpluses for mills until the end of the year. As we mentioned last month, major mills are increasing their HDG lines in response to changing domestic needs for different grades of products. Shougang Jingtang Iron & Steel launched production at its 637,000 tpy hot-dipped galvanising line and a 170,000 tpy colour-coating line. Output will be 0.25-2.5mm thick and 75-158cm wide, to be used in the construction, auto and household appliances sectors. **MBR thinks this is a result of the growing demand in China and southeast Asia for higher quality grades of HDG steel. We think this diversification of demand will continue in the near future.**

In the short term, we do not think domestic demand is enough to deter the high levels of exports, as traders and steel makers report volumes of exports have continued to rise since late August, with cargoes largely going to Europe. The relative weakness of HRC prices to HDG means that exporting HDG is still reasonable for mills. The overall weak domestic market means that export prices being offered are declining, falling

China HR Flat Inventories

Inventories are showing no sign of depleting



Source: MySteel

from late September's \$650–670/tonne fob to \$620–630/tonne fob. **MBR, however, does not see export price levels falling in the near term, but Chinese mills cannot realistically expect prices to rise. Indeed we think that a downturn in demand should be expected in the next couple of months as orders are completed.** Traders in the UAE comment that the long lead times in such an uncertain market makes even the low Chinese export prices not necessarily attractive.

Despite doom and gloom expectations due to Chinese overcapacity, regional traders have not had to lower their export prices as dramatically as expected. As we discussed last month, Chinese traders are importing higher grades of HDG than available domestically from other mills in the region. We think this will help to maintain HDG prices over the near term.

Asian exports go further afield

The Indian market is already feeling a squeeze following Chinese export efforts. We understand that traders and mills have had to adjust their HDG prices from Rs38,200/tonne ex-works cfr (\$827/tonne) in September to Rs36,933/tonne ex-works cfr (\$800/tonne). Indian galvanised export prices have fallen to \$760–765/tonne fob with a fall of \$15/tonne as the Chinese market came back from the week long holiday. Offers for thinner material, which is generally sent to Africa, have also fallen this month. Transaction for 0.18mm has reduced significantly to \$975–980/tonne fob from \$1,020–1,025/tonne in late August. Additionally, with the falling HR coil prices, pressure on HDG to move down accordingly is growing.

Both India and Taiwan have, however been looking more at export markets and have been targeting the US market. Latest trade figures suggest that the USA has experienced a large jump in applications from Indian and Taiwanese HDG export licenses from August to September by 683% and 182% respectively. **We think that this points to the ability and confidence of other regional traders to compete internationally when the Chinese have been largely absent from the market of late. MBR thinks that the continuation of exports from Taiwan and India will depend on firstly whether demand in the USA and of course Europe will hold up over the next two months and how competitive Chinese material becomes.**

Asian trends in production and apparent consumption of coated carbon steels ('000 tonne)

		2006	2007	Q3 08	Q4 08	Oct 08	Nov 08	Dec 08	Jan 09	Feb 09	Mar 08	Apr 09	May 09	Jun 09	Jul 09
Japan															
HDG	Production	10,718	11,600	2,870	2,599	1,005	889	705	552	390	443	419	515	618	715
	% y-o-y change	1.8%	8.2%	-2.1%	-11.7%	0.8%	-8.4%	-27.7%	-45.8%	-59.9%	-57.8%	-56.9%	-45.8%	-36.5%	-28.5%
	Apparent consumption	8,400	9,151	2,187	1,955	773	705	477	424	304	341	312	408	475	0
	% y-o-y change	-0.5%	8.9%	-5.4%	-13.9%	1.5%	-8.4%	-35.5%	-48.7%	-60.4%	-57.0%	-58.2%	-42.2%	-36.8%	-100.0%
ELG	Production	3,453	3,501	899	731	305	243	183	107	83	88	80	109	157	179
	% y-o-y change	0.2%	1.4%	0.9%	-11.1%	7.9%	-10.4%	-31.8%	-65.4%	-70.5%	-71.0%	-71.8%	-60.7%	-43.4%	-42.4%
	Apparent consumption	1,373	1,282	379	235	126	73	35	21	13	16	7	109	80	-
	% y-o-y change	-6.9%	-6.7%	17.8%	-20.6%	48.7%	-37.1%	-62.5%	-86.1%	-89.2%	-85.1%	-92.9%	-19.4%	-28.4%	-
Other Coated	Production	2,249	2,288	520	509	193	165	151	121	96	98	94	107	-	-
	% y-o-y change	-4.7%	1.7%	-9.1%	-6.4%	-4.7%	-2.0%	-12.6%	-30.5%	-40.7%	-47.8%	-46.8%	-41.5%	-	-
South Korea															
HDG	Production	4,666	5,621	1,346	1,138	444	380	313	188	239	266	305	324	-	-
	% y-o-y change	20.0%	20.5%	-7.8%	-16.9%	-13.2%	-2.6%	-33.0%	-61.2%	-44.7%	-43.0%	-34.2%	-33.9%	-	-
	Apparent consumption	3,747	4,364	931	808	320	276	212	122	173	176	210	232	-	-
	% y-o-y change	8.0%	16.5%	-15.7%	-24.0%	-22.8%	-6.5%	-40.1%	-66.1%	-45.8%	-49.4%	-39.2%	-38.1%	-	-
ELG	Production	1,854	2,063	481	337	136	110	91	71	93	99	119	131	-	-
	% y-o-y change	9.3%	11.3%	-6.0%	-34.0%	-20.3%	-31.7%	-49.1%	-61.8%	-40.5%	-39.2%	-31.0%	-22.8%	-	-
	Apparent consumption	1,300	1,248	254	193	69	72	52	41	60	55	70	81	-	-
	% y-o-y change	1.9%	-4.0%	-13.8%	-38.7%	-36.2%	-27.5%	-51.7%	-61.4%	-23.1%	-36.2%	-19.3%	0.2%	-	-
Other*	Production	1,895	1,876	498	-	154	110	103	99	112	132	149	153	-	-
	% y-o-y change	7.7%	-1.0%	9.7%	-	-1.3%	-27.1%	-29.5%	-35.1%	-10.9%	-20.9%	-11.3%	-7.7%	-	-
	Apparent consumption	1,164	955	226	-	71	44	31	29	46	47	65	69	-	-
	% y-o-y change	0.9%	-17.9%	-0.7%	-	-6.1%	-43.3%	-51.2%	-58.5%	-4.0%	-36.8%	-20.1%	-1.6%	-	-
Taiwan															
HDG	Production	2,117	2,087	520	333	152	91	90	76	-	-	-	-	-	-
	% y-o-y change	-2.4%	-1.4%	-0.5%	-37.0%	-15.0%	-47.4%	-49.2%	-58.4%	-	-	-	-	-	-
	Apparent consumption	1,166	1,249	274	-	88	29	-	-	-	-	-	-	-	-
	% y-o-y change	-15.1%	7.2%	-15.4%	-	-11.0%	-75.2%	-	-	-	-	-	-	-	-
ELG	Production	440	428	109	109	36	16	16	14	-	-	-	-	-	-
	% y-o-y change	9.5%	-2.7%	-0.8%	1.2%	-0.2%	-55.6%	-55.6%	-61.0%	-	-	-	-	-	-
	Apparent consumption	325	349	104	-	20	17	-	-	-	-	-	-	-	-
	% y-o-y change	57.0%	7.3%	25.7%	-	-42.7%	-24.1%	-	-	-	-	-	-	-	-
China															
Galv. coil, sheet	Production	-	-	4,799	3,671	1,304	1,080	1,288	1,160	1,158	1,327	1,329	1,513	1,750	1,770
	% y-o-y change	-	-	-	-	-15.5%	-26.6%	-20.2%	-16.8%	-7.6%	-14.4%	-14.1%	-3.9%	12.2%	6.5%
	Apparent consumption	-	-	4,661	3,797	1,276	1,162	1,360	1,266	1,244	1,417	1,458	1,631	1,886	-
	% y-o-y change	-	-	-	-	-	-	-	-14.9%	-11.3%	-15.4%	-9.8%	3.9%	19.9%	
Organic coated	Production	-	-	912	748	266	214	268	254	285	343	300	394	443	432
	% y-o-y change	-	-	-	-	-1.1%	-18.0%	-1.1%	6.8%	39.7%	28.4%	6.3%	28.7%	33.5%	31.7%
	Apparent consumption	-	-	107	120	22.7	70.2	27.4	163.8	186.3	276.9	256.5	361.4	419.6	-
	% y-o-y change	-	-	-	-	-	-	-	11.4%	39.8%	73.5%	107.9%	297.1%	235.7%	

Source: IJF, TIG, TSHA, KOSA, MBR

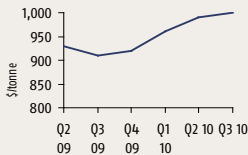
Notes: * Pre-painted Zinc. Italicised numbers are MBR estimates.

Global Tinplate Market Highlights

- Substrate prices weaken
- Easy supply remains a factor
- Outlook darkens for the first quarter 2010

Market Outlook

Chinese tinplate fob prices



Source: Metal Bulletin Research

In Asia, weakening substrate prices are undermining attempts to push prices higher. In the short term, there has been little price reduction in quarter four sales, but as spot offers are expected to decline, the outlook for quarter one is more pessimistic against the background of weaker strip prices. In Europe and North America, the end of the

packaging season has resulted in rising availability of tinplate from inventory that is now being sold off, with a knock-on negative impact on pricing. Aligned with the failure of price hikes in strip products, the outlook going into the negotiating season is poor. As a result, we retain our bearish view on prices in the sector going forward.

Chinese mills try to hold prices at elevated levels

As CR substrate prices tumble in the domestic Chinese market, second-tier Chinese tinplate mills that source CR coil locally are cutting prices, leaving top-tier producers that source Japanese blackplate or are integrated somewhat exposed and trying to hold pricing at elevated levels. Spot market prices for tinplate from these second-tier mills have in fact dropped to below Rmb7,000/tonne (\$880/tonne), opening a gap between them and top-tier mills that are quoting Rmb7,800/tonne (\$980/tonne). **We expect that mills will have to cut prices to compete, meaning the Japanese-affiliated mills will be reluctant to pay any rise in blackplate prices proposed for Q1.**

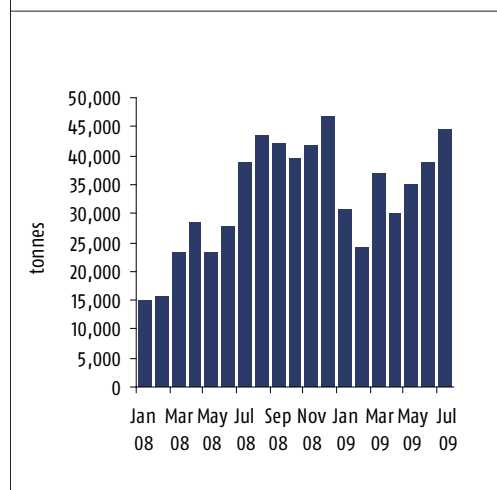
As for exports, we noted a few months ago that Chinese exports had been somewhat higher priced than other regional suppliers, and as a result we expected volumes to head down in the second half. However, data until July highlights that volumes remained at elevated levels through the second quarter and into July, as regional buyers looked to secure material. While some producers are still holding out for levels of \$1,050/tonne fob and are getting this price if they can deliver in the near term, some exporters are now cutting prices to below \$1,000/tonne fob for delivery in Q1 of next year. **We doubt therefore whether the Japanese or other regional mills will be able to get their planned \$50/tonne Q1 hikes through, and will probably seek to hold prices at best.**

European prices under pressure

With EU prices from first-tier producers still at around €850/tonne ex-works (\$1,260/tonne), imports can now be landed at prices below this level. With the euro continuing to strengthen, this will add to downward pressure on prices for the remainder of this and into next year, but weaker sterling on the other hand is helping keep local prices stable in the UK. Moreover, mills had hoped that rising

Chinese tinmill product exports

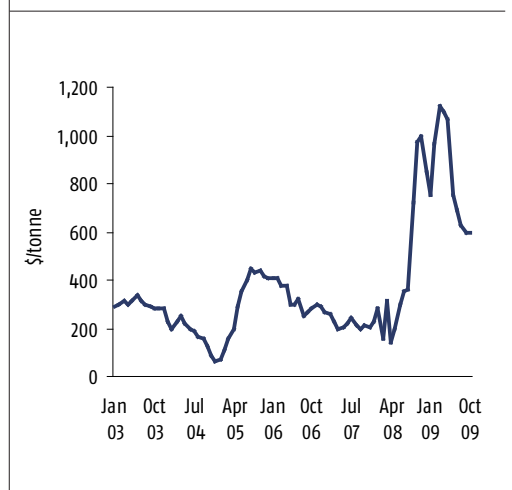
Export volumes pushed higher through until July



Source: Metal Bulletin Research, Customs data

EU spot tinplate over HR coil margins

Margins remain elevated and will be brought down next year



Source: Metal Bulletin Research

HR coil prices going through Q4 and into Q1 would provide price support for tinmill prices through the remainder of this year and into next year contract negotiations. With EU HR coil prices struggling to maintain their marginal Q4 rise, there is a major gap between HR coil and quoted tinmill products, so prices will fall again. With the packaging season largely complete in Europe, there are plentiful supplies available, with some stock being released back into the market for re-sale at prices well below the spot price now; further compounding the short-term supply pressure.

Contracts will fall sharply in 2010

The chart highlights that the spread between European spot HR coil prices and tinplate prices remain in the region of €400/tonne (\$595/tonne), which is well above historic levels of \$300-400/tonne. Even while noting that the current strength of the euro will push the dollar level up to the top end of the trading range and the supply discipline that has been put in place by producers over the last 2-3 years as they try to get a decent margin, we cannot believe that they will be able to hold prices at the current elevated levels going into contract negotiations in 2010. The 2009 prices were hugely elevated as a result of the timing of the negotiations last year. **As MBR expects that EU HR coil prices for the remainder of this year will fluctuate in the €400-450/tonne range, we believe that tinplate producers will do well to settle base prices at €300/tonne over HR coil or €700-750/tonne.**

In North America, the failure of HR coil prices to broach the \$600/ton level is a blow for producers that hoped to go into 2010 on a strongly upward trend. With HR contract prices likely to come in at \$550/ton in our view, we would expect that tinmill should settle at or below \$950/ton (\$1,050/tonne).

Major nations' tin mill statistics ('000 tonne)

			2006	2007	Q3 08	Q4 08	Jan 09	Feb 09	Mar 09	Apr 09	May 09	Jun 09	Jul 09	
US	Tinplate	Production	1,839	1,770	420	386	103	94	107	122	120	127	123	
		% y-o-y change	-0.9%	-3.8%	-4.2%	-18.6%	-26.8%	-34.9%	-38.6%	-33.3%	-19.6%	-29.9%	-19.7%	
		Consumption	2,135	2,050	438	427	106	89	108	123	126	131	137	
	Tin-free	% y-o-y change	9.3%	-4.0%	-13.8%	-19.3%	-29.2%	-39.2%	-38.3%	-28.3%	-9.6%	-27.2%	-11.2%	
		Production	544	507	138	113	29	38	40	42	39	41	41	
		% y-o-y change	10.5%	-6.9%	13.9%	-18.3%	-26.7%	-15.4%	-17.5%	-25.8%	-9.8%	-19.2%	-17.9%	
Canada	Tinmill	Consumption	633	596	154	129	34	42	45	48	42	47	47	
		% y-o-y change	14.9%	-5.8%	9.1%	-17.7%	-22.8%	-19.4%	-15.4%	-29.3%	-16.2%	-21.1%	-18.7%	
		Production	340	286	60	61	16	18	18	21	22	25	-	
South Korea	Tinplate	% y-o-y change	-1.0%	-15.7%	-20.0%	-6.9%	-37.3%	7.2%	-11.9%	-23.8%	14.9%	33.4%	-	
		Consumption	234	121	28	13	8	5	5	9	9	-	-	
		% y-o-y change	-21.2%	-48.2%	-29.4%	-33.5%	-82.5%	-89.7%	-90.6%	-87.0%	-81.8%	-	-	
Taiwan	Tinplate	Production	788	643	163	133	37	42	52	54	52	41	-	
		% y-o-y change	3.6%	-18.4%	14.8%	-13.3%	-32.8%	-24.0%	-5.0%	-7.4%	-10.4%	-19.9%	-	
		Consumption	259	38	12	13	7	9	14	7	13	-	-	
Japan	Tin-free	% y-o-y change	-25.3%	-85.3%	1.4%	-43.2%	110.7%	-49.4%	10.0%	-49.0%	10.6%	-	-	
		Production	197	205	57	53	11	-	-	-	-	-	-	
		% y-o-y change	35.8%	3.8%	14.4%	-8.4%	-28.9%	-	-	-	-	-	-	
France	Tin mill	Consumption	139	124	38	53	-	-	-	-	-	-	-	
		% y-o-y change	-5.6%	-10.8%	44.3%	68.9%	-	-	-	-	-	-	-	
		Production	47	46	11	11	3	-	-	-	-	-	-	
Germany	Tin mill	% y-o-y change	24.8%	-2.3%	14.4%	-8.4%	-31.9%	-	-	-	-	-	-	
		Consumption	14	12	4	11	-	-	-	-	-	-	-	
		% y-o-y change	9.1%	-15.1%	10.3%	735.9%	-	-	-	-	-	-	-	
UK	Tinplate	Production	956	995	284	275	63	61	66	65	71	67	75	
		% y-o-y change	-5.5%	4.0%	13.1%	6.4%	-36.4%	-32.8%	-20.6%	-31.8%	-25.1%	-27.6%	-18.9%	
		Consumption	509	506	117	115	16	31	25	36	37	16	39	
	Tin-free	% y-o-y change	-13.9%	-0.6%	0.2%	-5.4%	-67.8%	-19.7%	-25.6%	-21.0%	-21.3%	-64.5%	1.6%	
		Production	747	791	201	221	58	57	57	48	55	53	-	
		% y-o-y change	-7.0%	6.0%	3.4%	6.5%	-22.2%	-13.3%	-15.6%	-31.8%	-26.7%	-22.1%	-	
Italy	Tin mill	Consumption	580	579	149	167	40	45	39	34	39	33	-	
		% y-o-y change	-3.0%	-0.2%	6.8%	5.8%	-32.4%	-3.2%	-26.0%	-36.7%	-30.9%	-37.8%	-	
		Production	864	839	223	173	61	67	64	52	31	39	-	
	Germany	Tin mill	% y-o-y change	-11.7%	-2.9%	3.7%	-10.4%	-9.0%	4.7%	-17.9%	-29.7%	-56.9%	-45.1%	-
			Exports	577	599	161	135	33	44	37	31	33	27	-
			% y-o-y change	-11.8%	3.8%	-1.8%	-2.7%	3.0%	4.6%	-15.0%	-34.1%	-28.8%	-51.9%	-
UK	Tin mill	Imports	289	319	69	72	17	27	30	22	24	22	-	
		% y-o-y change	11.6%	10.2%	-8.5%	1.8%	-5.9%	11.3%	39.8%	-5.0%	19.5%	-34.1%	-	
		Production	1,358	1,443	320	316	99	105	103	94	85	-	-	
Spain	Tin mill	% y-o-y change	19.1%	6.3%	-11.4%	-10.2%	-14.7%	-11.8%	-14.9%	-21.7%	-24.8%	-	-	
		Exports	1,017	1,067	223	173	91	78	81	68	72	73	-	
		% y-o-y change	21.4%	4.9%	-8.6%	-5.0%	-9.7%	-19.3%	-10.0%	-29.9%	-18.6%	-20.4%	-	
	Netherlands	Tin mill	Imports	179	237	68	69	13	13	15	12	11	-	
			% y-o-y change	-17.5%	32.1%	1.1%	5.7%	-17.3%	-35.0%	-35.1%	-52.1%	-54.0%	-58.8%	-
			Production	422	441	116	117	32	38	33	31	-	-	-
Italy	Tin mill	% y-o-y change	-10.4%	4.5%	-7.2%	12.5%	-5.9%	0.0%	-5.7%	-20.5%	-	-	-	
		Exports	221	266	61	58	18	14	13	12	13	15	-	
		% y-o-y change	-21.9%	20.2%	-7.7%	-14.6%	28.1%	-18.3%	-31.3%	-50.0%	-40.9%	-51.2%	-	
	UK	Tin mill	Imports	245	130	35	33	15	16	7	7	9	-	
			% y-o-y change	8.2%	-47.0%	49.7%	6.1%	-11.7%	1.8%	-8.7%	-54.5%	-42.6%	-19.9%	-
			Exports	75	87	18	21	4	3	4	-	-	-	-
France	Tin mill	% y-o-y change	9.9%	16.6%	-1.1%	97.4%	23.4%	1.2%	-5.5%	-	-	-	-	
		Imports	561	620	184	146	30	58	55	57	51	65	-	
		% y-o-y change	-7.6%	10.5%	3.5%	-0.2%	-38.1%	-2.5%	45.6%	-20.7%	-18.2%	15.6%	-	
Spain	Tin mill	Production	741	770	204	194	66	47	47	45	45	37	-	
		% y-o-y change	-	3.9%	3.6%	11.5%	-4.3%	-17.5%	-11.3%	-28.8%	-32.8%	-43.1%	-	
		Net exports	-	-	-	-	20	12	16	8	25	20	-	
		% y-o-y change	-	-	-	-	-14.9%	-67.9%	-21.4%	-49.7%	-11.3%	-11.4%	-	
Germany	Tin mill	Production	581	544	124	145	53	47	57	52	38	33	-	
		% y-o-y change	-	-6.4%	-17.9%	23.9%	15.2%	-2.1%	23.9%	15.6%	2.7%	-31.3%	-	
		Net imports	-	-	-	-	7.5	7.5	10.0	15.3	5.3	4.8	-	
		% y-o-y change	-	-	-	-	-52.6%	291.1%	-21.3%	82.1%	-43.3%	-53.8%	-	

Sources: AISI, StatsCanada, JISF, KOSA, TSIHA, ISSB, IBS. Italicised numbers are Metal Bulletin Research estimates

Key global economic indicators

	Historical											% change y-o-y			
	2007	2008	Q4 2008	Q1 2009	Q2 2009	Feb 09	Mar 09	Apr 09	May 09	Jun 09	Jul 09	Aug 09	Q4 2008	Q1 2009	Q2 2009
EU															
GDP (EU 13) €bn	8,926	9,176	2,275	2,221	2,217	-	2,221	-	-	2,217	-	-	0.6%	-3.2%	-3.8%
IPI: sa: EU 15: Manufacturing (Mfg) (EU)	108	105	98	92	89	91.93	90.71	89.60	88.95	88.13	87.28	-	-10.0%	-16.7%	-17.4%
IPI: sa: EU 27: Manufacturing (Mfg) (EU)	109	107	100	92	90	91.61	90.86	90.48	90.63	90.38	90.40	-	-9.5%	-18.5%	-17.6%
Interest rate %	3.85	3.85	3.2	1.8	1.1	2.00	1.50	1.25	1.00	1.00	1.00	1.00	-	-	-
Consumer Price Index (2005 = 100)	104	108	108	107	108	107	108	108	108	108	108	108	2.3%	1.0%	0.2%
Construction Production Index BC (EU 13) (2000 = 100)	108	105	98	92	89	91.93	90.71	89.60	88.95	88.13	87.28	-	-10.0%	-16.7%	-17.4%
Construction Production Index (EU 27)	105	102	98	95	94	94.65	94.64	95.14	93.32	92.54	91.71	-	-7.6%	-10.3%	-9.1%
Motor vehicle production (EAMA)	19,716,685	18,424,038	3,708,025	3,414,577	-	-	-	-	-	-	-	-	-26.1%	-34.8%	-
USA															
GDP \$bn	13,808	14,265	3,550	3,524	-	-	14,097	-	-	-	-	-	-74.7%	-75.1%	-
Industrial Production Index (2002=100)	111	109	104	99	96	99	98	95	95	98	97	100	-6.7%	-11.5%	-13.5%
Interest rate: federal funds rate (monthly average) %	5.02	1.93	0.5	0.2	0.2	0.22	0.18	0.15	0.18	0.21	0.16	0.16	-88.7%	-94.2%	-91.4%
Consumer Price Index	207	215	213	212	214	212	213	213	214	216	215	216	1.6%	0.0%	-1.2%
Automobile: domestic production ('000 unit)	3,924	3,777	820	418	465	139	177	158	144	164	148	226	-14.8%	-58.7%	-51.6%
Housing starts (m units)	16.10	10.80	2	2	2	0.57	0.52	0.48	0.55	0.59	0.59	0.60	-43.6%	-50.2%	-46.9%
Energy production (BTU tn)	71,504	73,714	18,546	18,442	18,265	5,760	6,309	6,005	6,133	6,128	-	-	2.8%	0.8%	-0.6%
Canada															
GDP (real) C\$bn	5,264	5,285	1,313	1,295	-	-	-	-	-	-	-	-	-1.0%	-2.1%	-
Industrial Production (2000=100) seasonally adjusted	105	106	105	103	103	103.5	103.1	103.0	102.5	102.6	-	-	-0.8%	-2.6%	-3.5%
Mexico															
GDP Mex\$bn	44,824	48,442	12,122	11,163	11,401	-	11,163	-	-	11,401	-	-	2.8%	-3.6%	-7.6%
Industrial Production Index (2003=100)	116	115	111	103	105	99	106	103	105	105	109	108	-4.2%	-9.8%	-11.5%
Motor vehicle production	2,096,970	2,163,717	523,106	300,657	320,339	109,961	105,947	103,846	111,025	105,468	113,569	-	-0.8%	-41.0%	-44.3%
Construction output: total	207,507	228,252	63,296	50,418	54,062	16,579	16,772	-	18,093	18,232	18,225	-	9.8%	3.2%	-4.6%
Brazil															
GDP R\$m	2,597,612	2,889,719	747,152	684,609	762,094	224,093	224,092	242,330	256,211	263,553	265,214	260,485	8.8%	2.8%	4.5%
Industrial Production Index (2002=100)	122	126	120	101	112	95	111	106	114	115	123	125	-6.3%	-14.6%	-12.3%
Motor vehicles production: total	2,974,040	3,220,475	591,374	664,361	807,017	204,401	274,911	253,731	268,933	284,353	281,956	295,009	-25.1%	-16.2%	-10.9%
Russia															
GDP Rm	32,199	41,849	11,709	8,229	9,386	2,759	2,961	3,085	3,150	3,151	3,480	3,440	23.7%	-0.4%	-6.2%
Industrial production (2002=100)	141	144	143	122	123	120	133	123	120	125	131	127	-5.8%	-14.2%	-15.3%
Ukraine															
GDP H\$m	4,137,933	4,958,810	1,675,372	-	-	-	-	-	-	-	-	-	-12.0%	-	-
Industrial production (2001=100)	166	160	134	-	-	-	-	-	-	-	-	-	-25.2%	-	-
Construction price	102	102	100.1	100.4	99.9	101.3	100.4	99.8	99.7	100.2	100.4	100.9	-2.5%	-2.4%	-3.6%
China															
GDP Index (PY=100)	113	110	109	106	107	-	106	-	-	107	-	-	-3.5%	-4.1%	-3.0%
Industrial production: motor vehicles ('000 unit)	767	804	2,130	2,696	3,533	853	1,169	1,181	1,148	1,204	1,137	1,167	159.1%	213.3%	283.6%
Floor Space under Construction: Sqm Thn	32,875,396	39,843,867	13,357,944	6,662,323	10,614,004	2,001,767	2,658,789	3,081,936	3,496,160	4,035,908	4,292,178	4,722,813	17.0%	15.0%	16.1%
Japan															
GDP JPYbn	2,062,001	2,029,594	481,391	481,391	478,832	-	481,391	-	-	478,832	-	-	-6.5%	-7.4%	-6.9%
IPI: manufacturing (Mfg) (2005=100)	107	104	72	74	76	67	77	72	72	83	86	78	-35.7%	-32.5%	-27.9%
Motor vehicle production (JAMA)	11,596,327	11,563,629	1,518,872	1,579,758	1,711,645	481,396	552,071	485,405	542,282	683,958	742,284	571,787	-51.5%	-50.3%	-40.5%
Building construction starts sq m '000	160,991	157,411	29,217	28,245	28,499	9,795	9,992	9,431	8,823	10,246	10,105	8,965	-21.8%	-22.2%	-31.7%
South Korea															
GDP Wbn	901,189	702,334	336	308	352	-	-	-	-	-	-	-	-99.9%	-99.9%	-99.9%
Industrial Production Index (IPI) 2005 = 100	116	119	112	103	117	100	114	116	115	122	124	117	-11.3%	-15.5%	-6.2%
Taiwan															
GDP NT\$m	12,635,768	12,340,923	2,981,665	3,034,398	2,862,396	-	3,034,398	-	-	2,862,396	-	-	-9.9%	-6.1%	-4.5%
Industrial Production Index (2006 = 100)	108	106	82	90	96	71	85	91	95	100	106	103	-28.9%	-17.1%	-16.6%
India															
GDP R\$m	41,666,870	48,381,390	12,896,190	12,896,190	12,386,920	-	12,896,190	-	-	12,386,920	0	0	12.4%	8.0%	7.1%
Industrial production (93/94 = 100)	263	275	284	285	280	277	306	269	280	291	291	292	5.4%	-0.9%	3.8%
Motor vehicle production	10,878,262	11,137,622	2,940,199	3,053,158	3,069,884	931,125	1,020,009	989,065	1,044,084	1,036,735	1,130,163	1,133,839	3.3%	9.6%	9.5%
Turkey															
GDP TL '000	843,178,421	950,098,199	209,433,394	209,433,394	228,817,251	-	-	-	-	-	-	-	-4.7%	-2.8%	-4.4%
Industrial Production Index	48	57	-	-	-	-	-	-	-	-	-	-	-	-	-
South Africa															
GDP Zm	1,999,086	2,283,778	574,850	574,850	579,701	-	574,850	-	-	579,701	-	-	7.8%	6.5%	2.3%
Industrial production: manufacturing (2000=100)	124	126	-	-	-	-	-	-	-	-	-	-	-	-	-
FX															
\$/€	1.37	1.47	1.30	1.33	1.36	1.28	1.31	1.32	1.36	1.40	1.41	1.43	-10.2%	-11.4%	-12.8%
\$/Rmb	7.61	6.95	6.83	6.83	6.83	6.84	6.84	6.83	6.82	6.83	6.83	6.83	-8.0%	-4.6%	-1.8%
\$/Y	117.76	103.38	96.56	97.81	97.39	92.92	97.86	98.92	96.64	96.61	94.37	94.90	-14.6%	-7.0%	-6.9%

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Head of Research: Brian Levich
Metal Bulletin Research
Nestor House, Playhouse Yard
London EC4V 5EX
Tel: +44 20 7827 6488
Fax: +44 20 7827 6430

Subscription enquiries:
Tel: +44 20 7779 7999
Email: marketing@
metalbulletinresearch.com

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