

DEVELOPING MARKETS' STEEL REVIEW

INCORPORATING BRIC COUNTRY DATA

COMPARISON OF TRANSACTION PRICES (US\$/metric ton)

		HR Coil	HR Plate	CR Coil	HD Galv	W Rod	M Sect	Rebar	Merc Bar
Brazil	Low	480	504	652	745	699	726	682	717
Russia	Low	398	476	495	612	341	576	336	415
India	Low	440	431	507	603	420	459	409	415
China	Low	277	260	350	434	282	295	268	319
BRIC Average	Low	399	418	501	599	436	514	424	467
Ukraine	Low	471	497	666	762	500	695	439	489
Turkey	Low	395	500	510	620	430	500	400	455
UAE*	Low	350	380	435	560	400	540	415	445
South Africa	Low	528	512	636	743	546	739	538	589
Mexico	Low	523	684	570	640	603	694	577	618
D Markets' Avg	Low	448	497	559	661	492	616	475	518

MONTH on MONTH % CHANGE

Brazil	Low	1.3	1.4	1.4	1.4	-1.0	-2.9	1.3	-0.8
Russia	Low	-3.9	-3.8	-3.9	-2.9	-0.6	-5.4	-0.3	-3.9
India	Low	-3.3	-3.4	-1.2	-4.9	-7.9	-0.4	-8.3	-6.1
China	Low	-12.3	-11.6	-12.9	-5.0	-8.4	-8.7	-10.7	-5.9
BRIC Average	Low	-3.9	-3.5	-3.3	-2.4	-3.8	-3.9	-3.4	-3.5
Ukraine	Low	-2.5	-7.4	0.2	-8.1	-7.4	-0.3	-9.5	-3.7
Turkey	Low	-1.3	0.0	0.0	0.0	-6.5	-2.9	-8.0	-9.0
UAE	Low	-5.4	-2.6	-2.2	-0.9	-2.4	-5.3	-5.7	-5.3
South Africa	Low	0.2	0.2	0.2	0.0	0.2	0.0	0.2	0.0
Mexico	Low	-1.9	-2.0	-2.1	-2.0	-2.0	-2.0	-1.9	-1.9
D Markets' Avg	Low	-2.0	-2.7	-0.9	-2.2	-3.3	-2.4	-3.7	-3.5

* Import prices

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MARKET HIGHLIGHTS

LONG PRODUCT PRICES IN BRIC COUNTRIES SOFTEN ON AVERAGE BY 3.7 PERCENT

The MEPS BRIC average transaction price, measured in US dollars, declined in July for all eight finished steel product types published in this report.

The outlook for the Brazilian steel industry is unchanged. Domestic steelmakers have begun to lower production targets for finished steel long products, citing overcapacity and cuts to state-funded investment projects. The Instituto Aço Brasil (IABr) has reported that finished steel sales in the home market during June totalled 1.5 million tonnes – down 2.8 percent compared with the previous month's figure. Sales of flat steel products totalled 773,000 tonnes – a fall of 13.4 percent.

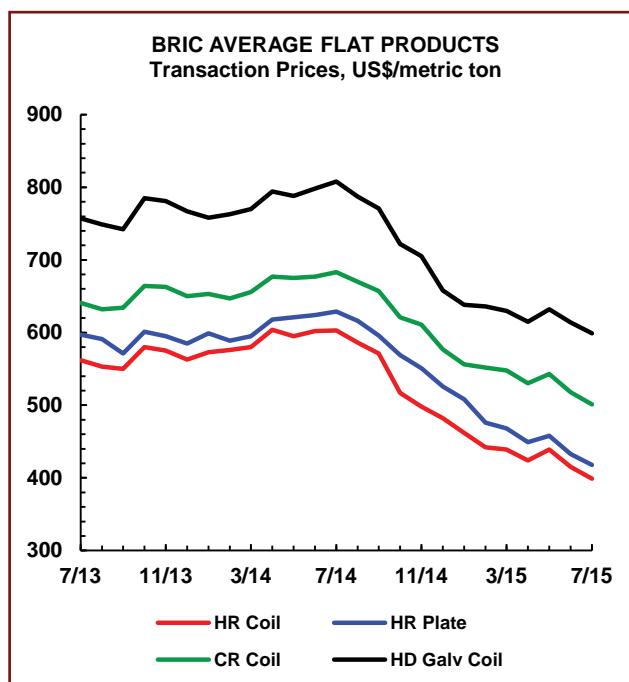
The business climate in the Russian steel market is unchanged. Local trading houses are extremely reluctant to purchase material in, what they deem as, tricky trading conditions. The Federal State Statistics Service (Russtat) has reported that production of finished steel, in June, totalled 4.9 million tonnes – unchanged, month-on-month.

Indian steelmakers are under pressure to slowdown the pace of their expansion programmes. Underlying demand for finished steel products has been weaker than projected, fuelling fears of overcapacity and a deteriorating pricing environment. The Joint Planning Committee (JPC) has announced that crude steel consumption totalled 7.175 million tonnes in June – down 3.3 percent, month-on-month.

Arduous trading conditions persist in the Chinese steel market. Buying sentiment has been weighed down by the slowdown in construction activity and weak economic fundamentals. The China Iron & Steel Association (CISA) has reported that the daily output of crude steel by the leading mills, in the first ten days of July, totalled 1.705 million tonnes – a decline of 2.0 percent compared with the corresponding period last month.

Ukrainian trading houses remain hesitant about placing orders, in the backdrop of tight credit conditions and low end-user demand. The local association of metal producers, Metallurgprom, has forecast that crude steel production in August will total 2.2 million tonnes – up 9.8 percent compared with June's output figure.

Business activity has been slow in the Turkish market. Price-cutting undertaken by tier-one steelmakers has only exacerbated the situation. The Turkish Iron and Steel Producers' Association (TCUD) has announced



that crude steel production, in June, stood at 2.84 million tonnes – down 4.5 percent compared with last year's outturn. Electric arc furnaces accounted for 1.89 million tonnes.

Traders operating in the United Arab Emirates are divided over whether the market will pick up in August. Buyers have refrained from purchasing finished steel products, expecting additional concessions. Price competition from Chinese, Indian and CIS suppliers has intensified over the period surveyed.

The South African government has confirmed that it will support an application by domestic steel companies for across-the-board tariff protection of 10 percent. Meanwhile, the South African Iron & Steel Institute (SAISI) has stated that imports of finished carbon and alloy steel products totalled 108,188 tonnes in May – up 6.9 percent, month-on-month. Finished flat products accounted for 71,100 tonnes.

Mexican steelmakers are under growing pressure to downgrade their production capacity, as a result of stagnant domestic sales volumes. Meanwhile, the National Chamber of Iron and Steel Industry (CANACERO) has reported that imports of finished steel, in the January-May 2015 period, stood at 5.62 million tonnes – up 11.3 percent, compared with the same period a year ago.

FLAT PRODUCTS

HOT ROLLED COIL

Brazilian stockists are now predicting that domestic suppliers will reduce their transaction values in the next trading period. The majority expect Companhia Siderúrgica Nacional (CSN) to be the first to announce a price cut, citing the steelmaker's large inventory of unsold steel products. Meanwhile, MDIC has reported that imports of hot rolled coil totalled 22,687 tonnes in June (down 28.1 percent, month-on-month). In week 28, Asian import offers for August-September shipments stood at US\$370/380 per tonne CFR São Francisco do Sul (excluding import duty).

Russian trading houses are forecasting that the demand scenario will remain weak in the second half of 2015. Additionally, CherMK's Volga customers have been informed that their regional concession, for July delivery, was unchanged at 3.0 percent.

Negative price sentiment persists in the Indian market. Offers from Asian suppliers of commercial grade coil for August shipment stood at US\$340/350 per tonne CFR (excluding import duty and port handling expenses) – down 10.5 percent, month-on-month.

China's Baosteel has elected to reduce its Q235 grade coil basis selling figure for August deliveries to RMB3,192 per tonne. The MEPS BRIC average hot rolled coil transaction value was US\$399 per tonne (down 3.9 percent, month-on-month).

In Turkey, both domestic and overseas demand is lacklustre. In week 29, CIS import offers stood at US\$360/370 per tonne CFR (excluding 9.0 percent import duty). Buying sentiment is also subdued in the United Arab Emirates. Bearish stockists are predicting sales volumes to remain lacklustre after Eid al-Fitr (end of Ramadan).

FLAT ROLLED PRODUCTS - TRANSACTION PRICES

price/metric ton		Brazil (R\$)	Russia (RUB)	India (Rs)	Ukraine (UAH)	Turkey (US\$)	UAE* (US\$)	S Africa (R)	Mexico (MEX\$)
Hot Rolled Coil	High	1720	23770	28300	10225	410	365	6911	8750
	Low	1500	22130	27950	9900	395	350	6464	8250
Hot Rolled Plate	High	2072	27500	29550	11360	530	395	6629	11000
	Low	1575	26448	27400	10450	500	380	6270	10800
Cold Rolled Coil	High	2100	29147	33500	14295	520	445	8148	9400
	Low	2037	27520	32210	14000	510	435	7788	9000
Hot Dipped Galvanised Coil	High	2540	35116	41250	16710	640	575	9465	10400
	Low	2328	34000	38340	16000	620	560	9105	10100

MONTH on MONTH % CHANGE

Hot Rolled Coil	Low	0.0	0.0	-3.5	-2.7	-1.3	-5.4	0.0	0.0
Hot Rolled Plate	Low	0.0	0.0	-3.5	-7.5	0.0	-2.6	0.0	0.0
Cold Rolled Coil	Low	0.0	0.0	-1.4	0.0	0.0	-2.2	0.0	0.0
HD Galv Coil	Low	0.0	1.0	-5.0	-8.3	0.0	-0.9	0.0	0.0

PRODUCT DEFINITIONS

Hot Rolled Coil - 2-3mm thickness, width over 1.1 metres.

Hot Rolled Plate - 15-40mm thickness, width over 2.0 metres - expect China width less than 2.0 metres.

Cold Rolled Coil - 1mm thickness, width over 1.3 metres - except India 0.8mm thickness.

Hot Dipped Galvanised Coil - 1mm thickness, width over 1.1 metres, standard coating - except India 0.63-0.8mm, Russia 1.0-1.4mm and Ukraine 1.0-1.5mm thickness.

ArcelorMittal South Africa (AMSA) has continued to lobby the government to designate that steel, as an input, should be procured locally for public infrastructure programmes. In addition, free stock sold by the steelmaker's Saldanha Steel unit was traded at R6,105/6,163 per tonne – unchanged, month-on-month.

Mexican stockists have been highly critical of the latest pricing positions adopted by their domestic suppliers - claiming that they are unrealistic. Offers from Asian exporting firms for July-August shipment stood at US\$435/445 per tonne CFR Gulf of Mexico (excluding import duty) – unchanged, month-on-month.

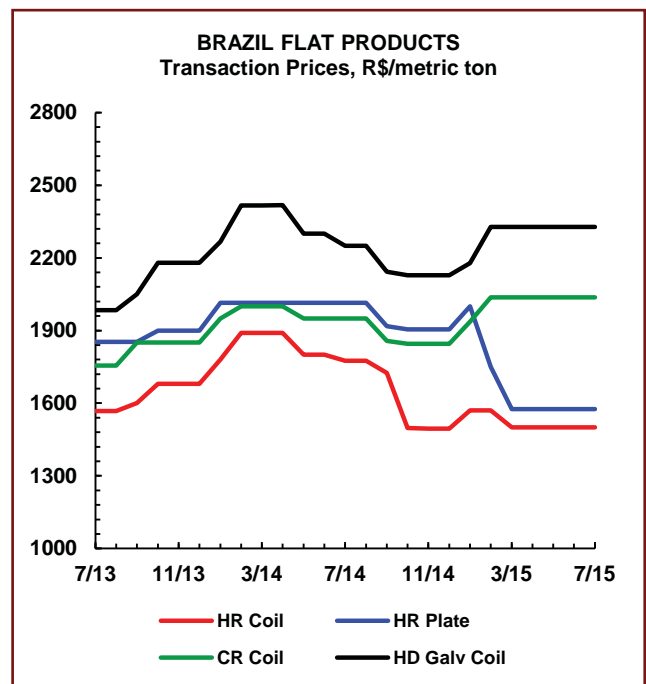
HOT ROLLED PLATE

Brazil's Usiminas has begun operating a four day working week. Meanwhile, local stockists are predicting that the steelmaker will announce additional production cuts. In week 30, plate quotations from Asia for August-September delivery stood at US\$370/380 per tonne CFR Santos (excluding import duty).

Russian mills are actively looking for an opportunity to boost their hot rolled plate selling values. Moreover, Severstal has resumed circulating basis quotations for 16.1mm-32mm and 32.1mm-50mm products.

Indian stockists intend to tightly control inventory levels due to limited buying activity. Meanwhile, JSW Steel has announced that it will focus on brownfield expansion projects, citing the current weak business environment. Quotations from Asian hot rolled plate suppliers for August-September shipment are US\$340/350 per tonne CFR (excluding import duty) – down 10.5 percent, month-on-month.

China's Wuhan Iron & Steel (WISCO) has reduced its Q235 14-20mm plate basis quotation by RMB200 per tonne. This is the steelmaker's fourth price cut in five months. Meanwhile, exporters remain very aggressive in overseas markets. The MEPS BRIC average hot



rolled plate transaction value for July stands at US\$418 per tonne (down 3.5 percent, month-on-month).

Price sentiment has turned negative in Turkey. Cautious stockists are expected to pursue conservative procurement programmes after the country's three day holiday (Eid ul-Fitr). Business activity has remained slow in the United Arab Emirates

South African stockists report that very little business was conducted over the period surveyed. Free stock 16-40mm CQ grade plate sold by AMSA's Saldanha Steel unit was traded at Rs5,702/5,777 per tonne (unchanged, month-on-month). Import quotations stood at US\$360/375 per tonne CFR Durban (excluding import duty and port handling expenses).

COLD ROLLED COIL

Arduous business conditions persist in Brazil. MDIC

FLAT PRODUCTS TRANSACTION PRICE FORECASTS - INDIA (Rs/metric ton)

Based on low values	Actual			Forecast			
	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16
Hot Rolled Coil	27950	27200	27200	27200	26700	26700	27300
Hot Rolled Plate	27400	27000	27000	27000	26800	26800	27500
Cold Rolled Coil	32210	31700	31700	31700	31400	31400	32100
HD Galv Coil	38340	37700	37700	37700	37400	37400	37900

CURRENCY EXCHANGE RATES

		US dollars (US\$)	
		1-Jun	1-Jul
Brazil	R\$	3.167	3.126
Russia	RUB	53.41	55.59
India	Rs	63.61	63.59
Ukraine	UAH	21.05	21.01
Turkey	TL	2.679	2.693
UAE	AED	3.673	3.673
South Africa	R	12.26	12.25
Mexico	MEX\$	15.47	15.78
China	RMB	6.199	6.202
Eurozone	€	0.916	0.902

has reported that imports of cold rolled coil totalled 14,177 tonnes in June (down 37.9 percent, compared with the previous month). Offers from Asian mills for August-September shipment were US\$430/445 per tonne CFR São Francisco do Sul (excluding import duty) – down 5.7 percent, month-on-month.

The trading environment in the Russian market is unchanged. CherMK's Volga customers have been informed that their regional concession has been maintained at 3.0 percent. In week 29, export offers for July-August shipment stood at US\$430/445 per tonne FOB Black Sea – down 4.4 percent, month-on-month.

India's Uttam Galva Steel plans to persevere with developing its overseas client base, citing the weak domestic trading environment. Quotations from Asian steel suppliers, for August delivery, were US\$410/420 per tonne CFR (excluding 7.5 percent import duty and port handling expenses) – down 7.9 percent, month-on-month.

In China, Baosteel has lowered its basis figure, by RM80 per tonne, for CQ grade soft steel and non-automotive steel products to RMB3,886 per tonne (August delivery). Regarding overseas trade, steelmakers have been boosting their exports to compensate for weak domestic demand. The MEPS BRIC average selling value for cold rolled material, in July, stood at US\$501 per tonne (down 3.3 percent).

Turkey's TUIK has reported that imports of cold rolled flat products totalled 55,980 tonnes in May – down 14.0 percent, month-on-month. The majority of this

material was sourced from Russia and Ukraine, and is subject to a 10 percent import duty. Offers from CIS suppliers stood at US\$440/450 per tonne CFR. Effective transaction values in the United Arab Emirates have continued to slip since our June report, due to weak demand and oversupply.

Mexico's Ministry of Economy has extended the countervailing duties on imports of cold rolled coil from Russia and Kazakhstan for an additional five years. The tariffs were set at 15 percent and 22 percent, respectively. The review was called for by Altos Hornos de México (AHMSA) and Ternium México. Offers from Asian import quotations, for August shipment, stood at US\$430/440 per tonne CFR Gulf of Mexico – down 6.5 percent, month-on-month. An import duty of 3.0 percent is levied on all foreign material.

HOT DIPPED GALVANISED COIL

In Brazil, ArcelorMittal Vega plans to enhance its market presence in the domestic hot dipped galvanised market. However, shipments to automotive suppliers have underperformed projections. MDIC has reported that imports of galvanised products totalled 22,687 tonnes in June – up 45.9 percent, month-on-month. Offers from Asian mills for August-September shipment stood at US\$500/515 per tonne CFR Santos (excluding import duty) – down 3.7 percent, month-on-month.

In Russia, preliminary basis quotations from CherMK for hot dipped galvanised coil, Z275, stood at RUB35,116 per tonne (excluding regional discounts) – up 1.6 percent compared with the June figure. Moreover, the steelmaker has maintained its volume rebate at 1.0 percent for orders in excess of 1,000 tonnes.

Indian stockists have expressed concerns that rising inventories would depress hot dipped galvanised coil prices further. Meanwhile, the JPC has reported that imports of hot dipped galvanised flat products totalled nearly 40,000 tonnes in May – up 8.1 percent, month-on-month.

In China, Baosteel and Meishan Steel have lowered their basis figures by RMB80 per tonne, for August deliveries. In week 30, export quotations for June-July shipment stood at US\$450/465 per tonne FOB North China (down 4.1 percent, month-on-month). The MEPS BRIC average hot dipped galvanised coil value is US\$599 per tonne (down 2.4 percent), this month.

South African stockists have continued to purchase material cautiously. Free stock sold by AMSA's Saldanha Steel unit was traded at R8,455/8,539

per tonne (unchanged, month-on-month). Import quotations for August-September shipment stood at US\$490/500 per tonne CFR Durban (excluding import duty and port handling expenses).

The Mexican automotive industry association (AMIA), has expressed concerns that the application of punitive tariffs and/or duties, on steel imports, will have a negative impact on the Mexican automotive industry.

LONG PRODUCTS

WIRE ROD

Brazilian distributors, with no affiliation to a local steelmaker, plan to persevere with cautious procurement strategies, predicting price cuts of up to 5 percent (late July). Additionally, ArcelorMittal Piracicaba plans to temporarily shut down one of its two wire rod rolling mills next month. The steelmaker is also expected to downgrade the production targets at ArcelorMittal Monlevade. In week 30, offers from Chinese suppliers for August-September shipment were US\$370/385 per tonne CFR Santos (excluding import duty) – down 7.3 percent, month-on-month.

In Russia, CherMK's preliminary July basis selling

figure stood at RUB20,292 per tonne (excluding volume and regional discounts) – unchanged, month-on-month. Moreover, MMK resumed circulating basis quotations for 6.5mm-8.0mm wire rod products.

Indian stockists have purchased material only on a requirement basis, in anticipation of further price concessions from domestic suppliers. Import quotations for August-September shipment are US\$370/380 per tonne CFR Mumbai (excluding 7.5 percent import duty and other taxes).

Buying sentiment in China was unsettled by the crash in domestic stock exchanges. Local wire rod mill quotations, in US dollar terms, this month, stood

LONG PRODUCTS - TRANSACTION PRICES

price/metric ton		Brazil	Russia	India	Ukraine	Turkey	UAE*	S Africa	Mexico
		(R\$)	(RUB)	(Rs)	(UAH)	(US\$)	(US\$)	(R)	(MEX\$)
Wire Rod	High	2400	20045	27400	11370	445	415	6837	9750
	Low	2185	18955	26700	10500	430	400	6687	9510
Medium Sections	High	2600	33990	30600	14812	515	560	9285	11200
	Low	2270	32040	29200	14592	500	540	9055	10950
Reinforcing Bar	High	2380	19305	27900	9750	420	430	6988	9500
	Low	2132	18685	26000	9217	400	415	6588	9100
Merchant Bar	High	2550	23800	30000	10904	465	460	7238	9850
	Low	2240	23054	26400	10275	455	445	7218	9750

MONTH on MONTH % CHANGE

Wire Rod	Low	-2.2	3.4	-7.9	-7.7	-6.5	-2.4	0.0	0.0
M Sect	Low	-4.2	-1.4	-0.3	-0.6	-2.9	-5.3	0.0	0.0
Reinforcing Bar	Low	0.0	3.8	-8.5	-9.6	-8.0	-5.7	0.0	0.0
Merchant Bar	Low	-2.2	0.0	-6.0	-3.8	-9.0	-5.3	0.0	0.0

PRODUCT DEFINITIONS

Wire Rod (Mesh Quality) - 8-12mm diameter - except China 6.5mm (high speed).

Medium Sections and Beams - 240 x 240mm H-beam - expect China 300 x 300mm and Turkey IPE-NPI (220-250mm).

Reinforcing Bar (Deformed) - 16-20mm diameter.

Merchant Bar - 50 x 50 x 6mm equal angle - except Ukraine 50 x 50 x 3-5mm and Turkey 50 x 50 x 5mm.

at US\$282 per tonne – down 8.4 percent, compared with the figure in the last four weeks. The MEPS BRIC average wire rod transaction value for July stood at US\$436 per tonne (down 3.8 percent relative to the June outturn).

Ukrainian traders have found it difficult to liquidate warehouse inventory. Export offers for wire rod stood at US\$380/390 per tonne FOB Black Sea (down 5.0 percent compared with the June figure).

Turkish buyers still preferred to delay bookings, in anticipation of further price concessions from domestic suppliers. Procurement activity in the United Arab Emirates remains lethargic.

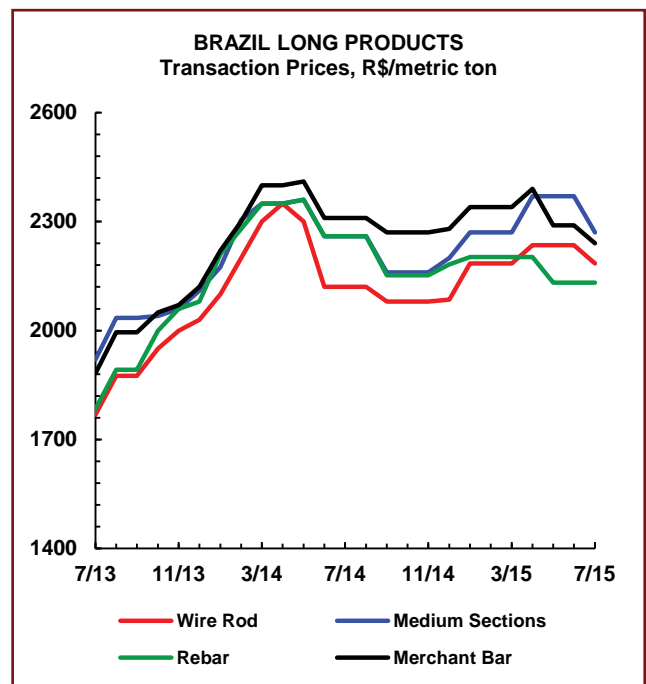
Mexico's Deacero has closed down one of its melting shops at its Saltillo steelworks. In week 29, Turkish wire rod quotations for August-September shipment were reported at US\$475/485 per tonne CFR Gulf of Mexico – unchanged compared with last month's figure.

MEDIUM SECTIONS AND BEAMS

Brazilian distributors state that sales tonnages to construction firms in the period January-May were down, on average, by 10 percent, year-on-year. July offers from Chinese traders stood at US\$425/435 per tonne CFR Santos (excluding import duty) – down 0.6 percent compared with last month's reported figure.

Russia's Evraz Nizhny Tagil Metallurgical Plant (Evraz NTMK) has opted to, marginally, lower its domestic prices for structural sections. Indian traders have purchased material only on a requirement basis, in anticipation of further price concessions from domestic suppliers.

Chinese local selling values have declined by 8.7 percent since our last report. In contrast, exporters' offers were reduced by US\$5/10 per tonne FOB North



China. The MEPS BRIC average structural shapes benchmark value for July is US\$514 per tonne (down 3.9 percent).

The trading environment in Ukraine is unchanged. Local stockists report that very little business was conducted over the period surveyed. Underlying demand has also stalled in Turkey. Discounting failed to stimulate buying interest. Exporters have fared no better.

REINFORCING BAR

Brazil's MDIC has reported that supply of foreign reinforcing bar totalled 39,198 tonnes in June – up 51.8 percent, year-on-year. The majority of this material was imported from Turkey. Offers from Asian producers for July-August shipment stood at US\$380/395 per tonne CFR Santos (excluding import

LONG PRODUCTS TRANSACTION PRICE FORECASTS - INDIA (Rs/metric ton)

Based on low values	Actual		Forecast				
	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16
Wire Rod	26700	26200	26200	26200	25900	25900	26600
Medium Sections	29200	28200	27700	27700	27200	27200	27700
Reinforcing Bar	26000	25500	25500	25500	25200	25200	25900
Merchant Bar	26400	25900	25900	25900	25600	25600	26300

duty) – down 5.4 percent compared with last month's settlement figure.

Russian trading houses have had mixed success in liquidating inventory. Indications are that domestic steelmakers will cut their reinforcing bar quotations next month. Meanwhile, Severstal's Balakovo mini-mill has resumed limited production of reinforcing bar and structural steel. Exporters have also benefited from the weakness of the rouble.

Procurement activity in India remains lethargic. Local traders are increasingly bearish, predicting that primary steelmakers will issue lower quotations next month, citing limited buying interest, rising inventories and the downward price trend in the secondary market.

Chinese steelmakers have struggled to adapt to July's unpredictable business environment. In week 29, the benchmark price for Australian iron ore delivered to China (with an iron content of 62.5 percent), stood at US\$50.06 per tonne CFR – down 17.7 percent on the June settlement figure. The MEPS BRIC average reinforcing bar transaction value for July is US\$424 per tonne – down 3.4 percent, month-on-month.

In Ukraine, both domestic and overseas demand is lacklustre. Export quotations for August-September shipment stood at US\$350/360 per tonne FOB Black Sea (down 10.3 percent, month-on-month).

Turkish quotations have continued to decline since late June, shadowing the fall in the cost of key steel making raw materials – particularly, ferrous scrap and imported billet. End-users have begun to press for lower prices, in view of the downward movement being witnessed in other global steel markets. Buying sentiment has also remained cautious in the United Arab Emirates. Distributors are divided over whether sales volumes will improve in the post-Ramadan period (July 18 onwards). Non-GCC steel products that do not need any further processing are subject to a 5 percent import duty.

Arduous business conditions persist in South Africa.

Evraz Highveld's structural mill has been operating at 20 percent of installed capacity. Mexican traders report that underlying demand for reinforcing bar and other long products had underperformed industry projections. In week 29, quotations for Turkish material for July-August shipment stood at US\$435/450 per tonne CFR Gulf of Mexico – down 5.4 percent, month-on-month.

MERCHANT BAR

Buying sentiment has failed to improve in Brazil. Meanwhile, ArcelorMittal Cariacica is now only operating one working shift (previously three). In week 30, offers from Asian suppliers for August-September shipment stood at US\$405/415 per tonne CFR Santos (excluding import duty) – down 1.2 percent, month-on-month.

Russian trading houses have continued to purchase material cautiously. For July, CherMK's preliminary basis figure for merchant bar was reduced by 3.0 percent, to RUB24,040 per tonne (excluding volume and regional discounts).

The Indian market has continued to endure challenging trading conditions. Dealers in Mumbai and Raipur suggested that merchant bar prices were unlikely to rebound this month, but a sharp decline was not expected given the already low levels.

Bearish Chinese steel traders remained pessimistic about future price trends. The majority prefer to wait and see, as there are no signs of a market recovery yet. The MEPS BRIC average price for merchant bar in July is US\$467 per tonne (down 3.5 percent this month).

Negative price expectations have gained momentum in Turkey. Local end-users have deferred bookings, in anticipation that no price trend reversal will happen in the near term. Traders operating in the United Arab Emirates are divided over whether buying volumes will improve in the post-Ramadan period. In South Africa, AMSA has lobbied the government to impose a 10 percent import duty on foreign finished steel products.

MARKET AND INDUSTRY SCENE

India's National Mineral Development Ltd (NMDC) has confirmed it will construct a new steelworks in Karnataka state. The facility will have an installed production capacity of 3 million tonnes per year.

In Turkey, Erdemir plans to install a second hot dipped galvanised line at its Ereğli steelworks. The new unit

will more than double the steelmaker's production capacity to 680,000 tonnes per annum.

China's Wuhan Iron & Steel (WISCO) has commenced cold rolled coil production at its Fangchenggang rolling unit in Guangxi province. The facility has a design capacity of 2.1 million tonnes per year.

REGIONAL AVERAGE TRANSACTION PRICES (US\$/metric ton)

		BRIC		Latin America		CIS		Middle East	
		Last Month	This Month	Last Month	This Month	Last Month	This Month	Last Month	This Month
Hot Rolled Coil	High	462	428	584	552	486	458	380	365
	Low	415	399	504	502	449	435	370	350
Hot Rolled Plate	High	486	473	683	680	544	518	405	395
	Low	433	418	598	594	516	487	390	380
Cold Rolled Coil	High	550	522	650	634	630	602	460	445
	Low	518	501	613	611	590	581	445	435
Hot Dipped Galvanised Coil	High	650	636	737	736	761	714	590	575
	Low	614	599	694	693	730	687	565	560
Wire Rod	High	482	463	702	693	493	451	435	415
	Low	453	436	661	651	442	421	410	400
Medium Sections and Beams	High	579	558	789	771	683	658	585	560
	Low	535	514	728	710	653	636	570	540
Reinforcing Bar	High	476	457	678	682	441	406	450	430
	Low	439	424	631	630	411	388	440	415
Merchant Bar	High	532	512	729	720	498	474	485	460
	Low	484	467	677	668	470	452	470	445

BRIC average prices are derived from an arithmetic average of the transaction values identified in Brazil, Russia, India and China. Latin America average prices are derived from an arithmetic average of the transaction values identified in Brazil and Mexico. CIS average prices are derived from an arithmetic average of the transaction values identified in Russia and Ukraine. Middle East average prices are derived from the transaction values identified in UAE. All prices are collected in national currencies and converted into US dollars using currency exchange rates effective at the start of each month to provide a basis for comparison.

REGIONAL AVERAGE TRANSACTION PRICE INDICES

	BRIC		Latin America		CIS		Middle East	
	Last Month	This Month	Last Month	This Month	Last Month	This Month	Last Month	This Month
Hot Rolled Coil	70.7	68.0	68.3	68.0	117.2	113.6	86.7	82.0
Hot Rolled Plate	62.7	60.5	60.4	60.0	101.8	96.1	65.3	63.7
Cold Rolled Coil	77.9	75.3	75.1	74.9	116.1	114.4	89.3	87.4
HD Galv Coil	73.4	71.7	67.6	67.5	97.5	91.7	93.0	92.2
Wire Rod	91.0	87.6	103.6	102.0	133.9	127.6	85.4	83.3
Medium Sections	80.2	77.1	96.2	93.8	97.8	95.2	95.0	90.0
Reinforcing Bar	87.8	84.8	112.3	112.1	121.6	114.8	94.6	89.2
Merchant Bar	91.8	88.6	97.6	96.3	137.0	131.8	90.4	85.5

Price indices are calculated using the low figures in the above table - January 2009=100.

WORLD/REGIONAL AVERAGE TRANSACTION PRICES (US\$/metric ton)

		World		EU		North America		Asia	
		Last Month	This Month	Last Month	This Month	Last Month	This Month	Last Month	This Month
Hot Rolled Coil	High	515	509	488	479	597	602	460	447
	Low	469	463	448	438	538	542	422	409
Hot Rolled Plate	High	590	581	568	568	702	689	500	486
	Low	541	533	521	521	643	630	460	447
Cold Rolled Coil	High	600	598	578	580	694	703	527	510
	Low	550	548	531	532	626	635	494	477
Hot Dipped Galvanised Coil	High	698	697	643	646	794	794	657	651
	Low	646	645	595	599	735	735	607	601
Wire Rod	High	546	554	504	513	640	665	494	485
	Low	503	512	478	487	570	595	462	453
Medium Sections and Beams	High	676	676	662	671	809	809	557	547
	Low	629	630	611	621	746	746	531	522
Reinforcing Bar	High	528	527	486	482	665	663	432	435
	Low	498	497	466	462	623	621	406	408
Merchant Bar	High	627	627	596	602	761	761	523	519
	Low	596	597	560	567	732	732	497	492

World prices are computed from an arithmetic average of the low transaction values identified in three regions (EU, Asia and North America). EU prices are computed from a weighted average (based on consumption) of the low transaction values identified in Germany, France, Italy, UK and Spain. North America prices are computed from a weighted average of the low transaction values identified in USA and Canada. Asia prices are computed from an arithmetic average of the low transaction values identified in Japan, Taiwan, South Korea and China. All prices are collected in national currencies and converted into US dollars using currency exchange rates effective at the start of each month to provide a basis for comparison. Individual product price forecasts are available. Please visit <http://www.meps.co.uk/world-price.htm>.

WORLD/REGIONAL AVERAGE TRANSACTION PRICE INDICES

	World		EU		North America		Asia	
	Last Month	This Month	Last Month	This Month	Last Month	This Month	Last Month	This Month
Hot Rolled Coil	133.2	131.5	138.3	135.2	134.5	135.5	127.5	123.6
Hot Rolled Plate	137.7	135.6	145.9	145.9	141.3	138.5	125.3	121.8
Cold Rolled Coil	115.8	115.4	117.5	117.7	121.6	123.3	107.6	103.9
HD Galv Coil	111.4	111.2	104.0	104.7	123.1	123.1	106.3	105.3
Wire Rod	162.3	165.2	162.6	165.6	183.9	191.9	141.3	138.5
Medium Sections	146.6	146.9	141.1	143.4	169.5	169.5	128.6	126.4
Reinforcing Bar	163.3	163.0	165.2	163.8	188.8	188.2	134.0	134.7
Merchant Bar	177.9	178.2	175.0	177.2	228.8	228.8	136.2	134.8

Price indices are calculated using the low figures in the above table - January 1997=100. Please note, EU price indices in this table are calculated using US dollar values and will differ from the euro figures listed on our website.

TRANSACTION PRICE INDICES (based on local currency per metric ton values)

	Brazil	Russia	India	China	Ukraine	Turkey	UAE	S Africa	Mexico
Hot Rolled Coil	76.9	166.0	99.5	58.3	329.5	144.8	82.0	109.3	99.4
Hot Rolled Plate	62.3	158.7	83.6	57.5	245.9	112.4	63.7	78.8	90.0
Cold Rolled Coil	94.7	158.6	105.9	67.0	343.5	171.8	87.4	115.4	97.7
HD Galv Coil	80.3	126.6	121.7	80.2	283.2	160.9	92.2	121.7	96.8
Wire Rod	156.1	197.4	87.7	65.0	335.6	174.7	83.3	108.1	106.2
Medium Sections	126.1	143.3	90.7	61.3	265.3	128.8	90.0	129.4	112.4
Reinforcing Bar	152.3	198.1	87.8	57.3	277.6	159.1	89.2	111.6	132.6
Merchant Bar	144.5	204.0	90.3	70.4	357.4	152.7	85.5	117.4	101.9

Price indices are calculated using the low figures in the transaction price tables - January 2009=100.

**The August issue of MEPS Developing Markets' Steel Review will be dispatched on:
25 August, 2015.**

TRANSACTION PRICE DEFINITIONS

Transaction values relate to those agreed by steelmakers and service centres for prime material in the specified steel products. Prices are for regular business between customers and their local steel mills, negotiated during the current month for delivery in the future. *The exception is United Arab Emirates where figures relate to import prices cfr, local port.

Transaction prices include extras for size and coating, where applicable, for the lowest priced grade of steel - sold ex-works/ex-mill. Additional extras for processing, packaging, testing and inspection are excluded. Delivery charges and local taxes are not included in the quoted prices. Contract deals arranged in the domestic market, or deals for lots of imported steel, are specifically excluded from our price evaluation.

All price and market data is researched by MEPS staff and its local correspondents. High and low values are provided to reflect the range of prices in the market between major and minor customers. Research is conducted during the early weeks of each month. Changes in the latter part of the month would be incorporated in the next issue.

Please note the transaction references in the different geographic areas:-

Russia - Flat Products - Volga region

Russia - Long Products - Volga & North Caucasus

Ukraine - Long Products - Dnepropetrovsk

India - Flat Products - Delhi

India - Long Products - Mumbai

China - Spot transactions between the mills and first tier distributors across the main consuming regions.

The data contained in this newsletter has been obtained from respondents who we consider provide accurate intelligence on the steel market. We make our best endeavours to be assured that the information is correct and that our analysis is reliable. MEPS (International) Ltd cannot be made liable for any loss resulting from the use of our published data, however it may arise.

MEPS PUBLICATIONS

EUROPEAN STEEL REVIEW (monthly)

This is our flagship publication. The first report was produced in 1984. Each monthly issue incorporates high and low market prices for eleven steel product forms in the EU - Germany, France, Italy, Spain, UK and Belgium. Data for flat and long products is supplied in each edition. Prices are displayed in Euros for easy comparison. Details of EU Average Steel Transaction Prices are incorporated together with regular forecasts.

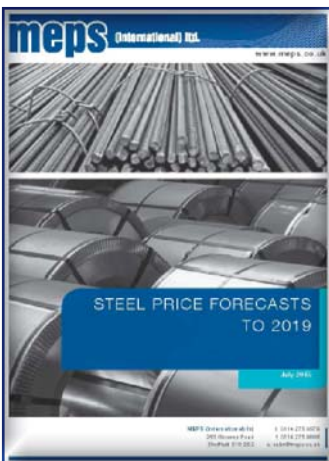


INTERNATIONAL STEEL REVIEW (monthly)

Each edition carries domestic steel pricing data in eleven countries across the globe, including - United States, Canada, China, Japan, South Korea, Taiwan, Poland, Czech/Slovak Republics and the main five EU member states - covering 70 percent of world consumption. Details of World and Regional Average Steel Prices are incorporated together with regular forecasts.



MEPS STEEL PRICE FORECASTS TO 2019 - FIVE YEAR FORECAST - NOW AVAILABLE



The predictions in this report have been prepared using the key factors which MEPS have found to be statistically significant in affecting steel prices. They have been extensively researched and developed through rigorous formal analysis of the global market.

The research commenced with an evaluation of economic forecasts from a number of authoritative institutions. This was followed by an examination of the likely long term demand for steel. We then had discussions with a wide range of steel buyers to obtain their opinion of short and medium term market requirements. The final part of the research program involved an assessment of raw material supply, demand and costs to meet the anticipated consumption of steel products.

The data was drawn together for analysis by our experienced staff in the UK. It was incorporated in the unique model developed by MEPS for the preparation of steel price forecasts for clients over the past ten years. The final report was prepared giving the reasoning behind our predictions, together with charts and tables.

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