

EUROPEAN STEEL REVIEW

KEYNOTE

JULY 2015

EU STEEL PRICES REMAIN UNDER NEGATIVE PRESSURE IN JULY

Aggressive offers from third country suppliers are driving down flat product domestic selling values in all EU nations. Iran has entered the market of late, as their export duties have recently been lowered. Hot rolled coil basis numbers have decreased by an average of €15 per tonne, from local steelmakers, in July. In general, market activity is reasonable, despite the slowdown ahead of the European summer holidays and reduced export sales volumes during Ramadan. However, little improvement is anticipated in the short term. Buyers anticipate further price reductions during the third quarter.

Basis figures in Germany have reduced for the second consecutive month. Imported Asian material is arriving into northern Europe and

putting pressure on domestic producers to lower their selling values. The Greek crisis has added to the uncertainty in the market. Nevertheless, demand in the first half of the year was good, particularly from the automotive and construction sectors.

Prices have come under negative pressure in France this month. There is fierce competition from imports and between local distributors. Consequently, resale values remain low. Some buyers are cautiously re-ordering for their summer requirements. Nonetheless, end-user activity is subdued with many customers keeping inventories to a minimum.

In Italy, the situation at Ilva is still uncertain,

FLAT ROLLED PRODUCTS - NEGOTIATED DOMESTIC BASIS PRICES - GERMANY

| price/metric ton | | 2015 | | | | | |
|----------------------------|------|------|------|------|------|------|------|
| | | FEB | MAR | APR | MAY | JUN | JUL |
| Hot Rolled Coil | High | 440 | 440 | 440 | 440 | 435 | 420 |
| | Low | 400 | 400 | 400 | 400 | 395 | 380 |
| Hot Rolled Plate | High | 530 | 530 | 520 | 520 | 520 | 510 |
| | Low | 490 | 490 | 480 | 480 | 480 | 470 |
| Cold Rolled Coil | High | 520 | 520 | 520 | 520 | 515 | 515 |
| | Low | 480 | 480 | 480 | 480 | 475 | 475 |
| Hot Dipped Galvanised Coil | High | 520 | 520 | 520 | 520 | 515 | 515 |
| | Low | 480 | 480 | 480 | 480 | 475 | 475 |
| Electro-Zinc Coated Coil | High | 530 | 530 | 530 | 530 | 525 | 525 |
| | Low | 480 | 480 | 480 | 480 | 475 | 475 |
| Stainless CR Coil Type 304 | High | 1120 | 1120 | 1120 | 1120 | 1130 | 1130 |
| | Low | 1020 | 1020 | 1020 | 1020 | 1030 | 1030 |
| Stainless CR Coil Type 430 | High | 1070 | 1070 | 1070 | 1070 | 1070 | 1070 |
| | Low | 1020 | 1020 | 1020 | 1020 | 1020 | 1020 |

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despite the two blast furnaces remaining in operation. Third country suppliers continue to take advantage of this. Import pressure is very strong from all over the world, not just China and Russia. Nevertheless, market activity is generally good.

Prices in the UK have softened as a result of the stronger pound against the euro. Customers are continuing to use Chinese offers as a means of negotiating with local suppliers. Demand remains patchy but distributors are fairly busy and they are reporting reasonable returns.

In Belgium, domestic selling values have been eroded. Distributors are finding it difficult to make a profit as they are holding stock previously bought at higher prices. Purchasing activity is, on the whole, quiet but is better from the building and machine industries.

Spanish prices weakened in July, despite stable domestic sales volumes. The general election, due to take place towards the end of 2015, is likely to result in restricted government spending after the summer holidays. This could temper the growth in steel demand that has been recorded so far this year.

FLAT PRODUCTS

HOT ROLLED COIL

Basis prices in Germany have fallen to €380/420 per tonne, in July. We have reports of some deals as low as €360 per tonne being concluded for large tonnages. Suppliers are fighting for orders. There is a lot of competition between EU mills in addition to cheap import offers. Domestic selling numbers in France have dropped by €10 per tonne since our last report. Third country quotations are being reported at €350 per tonne, CIF. This has made it extremely difficult for local mills to hold onto their prices, this month. Imports into Italy from a variety of sources are exerting negative pressure on prices in the home market. Turkish material is reportedly being offered at €365 per tonne, CIF, for September shipments. Chinese coil is available at €360 per tonne. Italian suppliers have been forced to align their domestic selling values with import offers. Buyers expect prices to deteriorate, in the short term.

Our tabled numbers, in the UK, have decreased

by £5 per tonne for August / September deliveries. Market sources expect selling values to continue to weaken during the summer months. Belgian mills have conceded a €10 per tonne reduction, in July. Imported material is available at €350/360 per tonne, CIF Antwerp, for November delivery. Consequently, buyers foresee additional discounts being offered in the short term. Spanish mills have come under significant pressure to drop their prices this month. As a result, domestic values have fallen to €370/390 per tonne, in July. Selling numbers were driven down by strong competition from imports, with figures of €355 per tonne, CIF, being quoted from China, Turkey and India.

HOT ROLLED PLATE

Domestic producers in Germany were forced to reduce commodity grade plate prices for third quarter deliveries. Inventories continued to climb and sales reduced, year-on-year. Rising volumes of imports are adding to oversupply in an already saturated market.

LONG PRODUCTS - NEGOTIATED DOMESTIC BASIS PRICES - GERMANY

| price/metric ton | | 2015 | | | | | |
|---------------------------|------|------|-----|-----|-----|-----|-----|
| | | FEB | MAR | APR | MAY | JUN | JUL |
| Wire Rod | High | 520 | 510 | 505 | 515 | 515 | 510 |
| | Low | 500 | 490 | 485 | 495 | 495 | 490 |
| Medium Sections and Beams | High | 550 | 550 | 550 | 550 | 550 | 550 |
| | Low | 510 | 510 | 510 | 510 | 510 | 510 |
| Reinforcing Bar | High | 210 | 200 | 200 | 210 | 210 | 215 |
| | Low | 190 | 180 | 180 | 190 | 190 | 195 |
| Merchant Bar | High | 140 | 140 | 140 | 140 | 140 | 135 |
| | Low | 100 | 100 | 100 | 100 | 100 | 95 |

**MEPS - API LINEPIPE STEEL PRICE INDEX
X60/65 COMPOSITE**

| | Hot Rolled Plate | | Hot Rolled Coil | |
|-------------------|------------------|--------|-----------------|--------|
| | Q1/15 | Q2/15p | Q1/15 | Q2/15p |
| EU Average | | | | |
| Non Sour | 105.1 | 98.3 | 128.9 | 118.4 |
| Sour | 111.2 | 104.8 | 127.6 | 118.1 |

* Q4/06 = 100 - based on euro values
** p = Provisional

Stockholders, who purchased foreign material a few months ago, are now struggling to offload large quantities ahead of the summer vacation. The slabs for the revival of part of the South Stream project have now been ordered. This has provided some relief for the higher specifications. However, few other new linepipe schemes have developed. The French market has deteriorated since our last report. Prices decreased by €10 per tonne in July, and are now lower than those recorded at the end of 2009. There are reports of plate inventories mounting up at the ports. This material will probably be offered at close to the current selling price for slab, in the near future. Deals for plate in Italy have been concluded at lower values in July than in June. Our tabled prices have fallen by €10 per tonne. Italian re-rollers are benefitting from cheap slabs imported from Russia and Ukraine. Traders hope that mill closures over the summer holiday period will help to alleviate the oversupply that has built up of late.

UK commodity plate figures are unchanged this month. Nevertheless, demand remains poor and prices are still under negative pressure. There are reports of special deals being offered by Tata. The high chrome content is making Chinese material, currently sitting at the docks, difficult to sell. Prices remain stable in Belgium. Local basis numbers in Spain are steady, in July. Plate from third country suppliers continues to flood the domestic market. Demand for the higher grades is improving. Several, previously cancelled, projects have now started to come back on stream.

COLD ROLLED COIL

Prices in Germany have been stable since June. However, they could weaken in the near future. Domestic figures in northern countries are expected to be negatively affected by the downturn in southern Europe. Sales, particularly to the automotive industry, seem to be holding up quite well. French selling values have lost €10 per tonne, in July. Import offers are being quoted at €440/450 per tonne, CIF. If the anti-dumping investigation is concluded quickly for

**MEPS - STEELPPI - AUTOMOTIVE
Auto Body Parts Composite Index**

| | May-15 | Jun-15 | Jul-15 |
|---------------------------|--------|--------|--------|
| EU Average | 72.5 | 72.2 | 71.5 |
| Year-on-year % +/- | -3.7 | -3.5 | -3.6 |

* Jan 07 = 100 - based on transaction prices
** STEELPPI - Steel Purchasing Price Index

cold rolled material, then market sources believe that local prices could stabilise or even move upwards, towards €500 per tonne. Basis numbers in Italy have declined by €15 per tonne, in July. A lot of third country material has arrived in the last few months. The anti-dumping investigation is now restricting the quantities of cold rolled coil arriving from China. However, buyers are attempting to negotiate around this by asking suppliers to pay for all, or part, of any potential import duties which may be applied. Demand remains low, except from the automotive sector.

Selling values, in the UK, have reduced by £5 per tonne. This was mainly due to a strengthening of the pound against the euro. Chinese quotations for some products are unattractive at present, with only small discounts being offered, compared with EU figures. Prices in Belgium have decreased by €10 per tonne, in July. Chinese and Russian material is arriving in the country through Italy. In Spain, domestic figures have declined by €15 per tonne. Import offers are around €415/420 per tonne, CIF, from China. However, few orders are being placed due to the risk associated with the impending anti-dumping investigation. Quotations from India are higher than those from China, at

**COMPARISON OF LOW MARKET
DOMESTIC BASIS PRICES - COLD ROLLED COIL**

| price/ metric ton | Local currency | | US dollars | |
|----------------------|----------------|------------|------------|------------|
| | Last Month | This Month | Last Month | This Month |
| Germany | 475 | 475 | 519 | 527 |
| France | 490 | 480 | 535 | 532 |
| Italy | 450 | 435 | 491 | 482 |
| UK | 335 | 330 | 508 | 516 |
| Belgium | 485 | 475 | 529 | 527 |
| Spain | 470 | 460 | 513 | 510 |

Note: Exchange rates used for conversion are based on the figures given in our currency exchange rate table.

FLAT ROLLED PRODUCTS - NEGOTIATED DOMESTIC BASIS PRICES

| price/metric ton | | Germany (€) | France (€) | Italy (€) | UK (£) | UK (€) | Belgium (€) | Spain (€) |
|-----------------------------------|------|----------------|---------------|--------------|-----------|-----------|----------------|--------------|
| Hot Rolled Coil | High | 420 | 420 | 400 | 305 | 430 | 430 | 390 |
| | Low | 380 | 380 | 360 | 280 | 394 | 390 | 370 |
| Hot Rolled Plate | High | 510 | 470 | 470 | 380 | 535 | 510 | 480 |
| | Low | 470 | 420 | 430 | 350 | 493 | 470 | 430 |
| Cold Rolled Coil | High | 515 | 520 | 485 | 365 | 514 | 525 | 500 |
| | Low | 475 | 480 | 435 | 330 | 465 | 475 | 460 |
| Hot Dipped Galvanised Coil | High | 515 | 515 | 465 | 380 | 535 | 530 | 500 |
| | Low | 475 | 475 | 415 | 340 | 479 | 480 | 460 |
| Electro-Zinc Coated Coil | High | 525 | 520 | 510 | 405 | 570 | 520 | 500 |
| | Low | 475 | 490 | 470 | 365 | 514 | 470 | 460 |
| Stainless CR Coil Type 304 (a) | High | 1130 | 1100 | 1030 | 850 | 1197 | 1070 | 1060 |
| | Low | 1030 | 1050 | 980 | 780 | 1099 | 1020 | 1010 |
| Stainless CR Coil Type 430 (a) | High | 1070 | 1050 | 955 | 835 | 1176 | — | 987 |
| | Low | 1020 | 1000 | 905 | 810 | 1141 | — | 957 |

MONTH on MONTH % CHANGE

| | | | | | | | | |
|------------------|-----|------|------|------|------|------|------|------|
| Hot Rolled Coil | Low | -3.8 | -2.6 | -4.0 | -1.8 | -0.5 | -2.5 | -8.6 |
| Hot Rolled Plate | Low | -2.1 | -2.3 | -2.3 | 0.0 | 1.2 | 0.0 | 0.0 |
| Cold Rolled Coil | Low | 0.0 | -2.0 | -3.3 | -1.5 | -0.2 | -2.1 | -2.1 |
| HD Galv Coil | Low | 0.0 | -2.1 | -3.5 | -1.4 | -0.2 | -2.0 | -3.2 |
| EZ Coated Coil | Low | 0.0 | 0.0 | -2.1 | 1.4 | 2.6 | -2.1 | -3.2 |
| SS CR Coil 304 | Low | 0.0 | 0.0 | 0.0 | -3.1 | -1.9 | -1.0 | 0.0 |
| SS CR Coil 430 | Low | 0.0 | 0.0 | 0.0 | -3.0 | -1.7 | — | 0.0 |

BASIS PRICE AND PRODUCT DEFINITIONS

Negotiated basis prices pertain to new purchases for mainstream business negotiated with regional mills during the current month for delivery in the future. They relate to prime material ex basing point net of all rebates and discounts for the lowest quality product in the producers' price lists.

Extras for size, cutting, testing, transport etc. are excluded except where specified.

Notes: (a) Basis - 1.5mm thickness.

Prices in this table may relate to deliveries in different time periods. It is important that this table is read in conjunction with the text in the newsletter.

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.

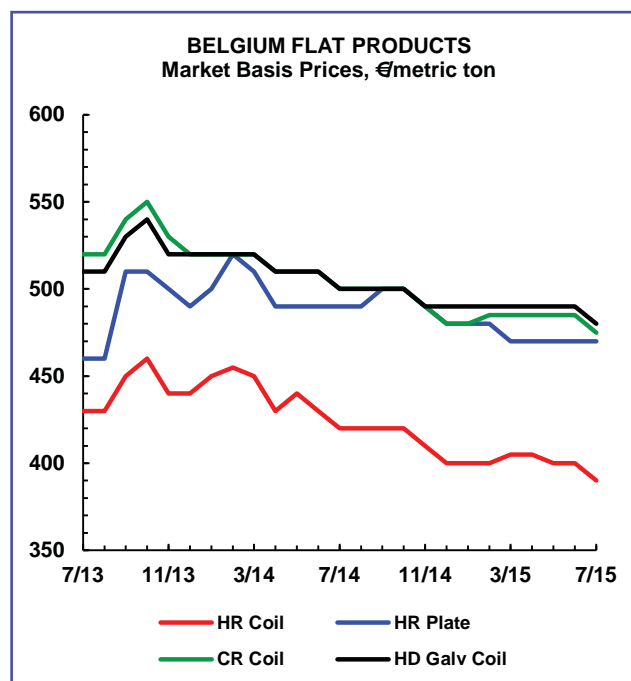
approximately €430 per tonne, CIF. Demand from the automotive sector continues to grow.

COATED COIL

Coated coil basis numbers in Germany are stable, in July. Growing competition from imports could force local suppliers to offer discounts in the coming months. The auto sector continues to perform well but the carmakers will still try to negotiate price cuts for second half, 2015 contracts, citing the mills' lower outlay on raw materials. Stockists continue to purchase only for their immediate needs. Spot values in France have fallen by €10 per tonne, for hot dipped galvanised coil. Second half price negotiations are expected to be down by €10/15 per tonne, compared with the first half of 2015. Demand from the automotive industry remains healthy. Coated coil selling figures in Italy have lost €15 per tonne, this month. Negotiations, between car manufacturers and EU mills, for the second half of 2015, are currently underway. Automakers are asking for price decreases of up to €40 per tonne. However, some mills have healthy order books and are reluctant, at present, to accept this, instead hoping for much smaller reductions or even a small increase.

A stronger pound against the euro has resulted in domestic coated coil prices in the UK falling by £5 per tonne, in July. Russian material is reportedly available at £350 per tonne, effective delivered, for September arrival. The vehicle sector is healthy and distributors are busy with sales to the building industry. Belgian domestic prices have reduced by €10 per tonne, in July. Buyers are expecting considerable quantities of third country material to arrive in Antwerp, during the summer holiday period. After several months of stability, prices in Spain have finally succumbed to the strong competition from imported material. Our tabled numbers have decreased to €460/500 per tonne. Sales to automakers are recovering.

Electro-zinc coated coil prices are unchanged in Germany, in July. French steelmakers have, again, rolled over the previous month's figures. Domestic



mills in Italy reduced their prices by €10 per tonne in order to compete with cheap import offers. In the UK, a stronger pound against the euro has resulted in price increases from mainland European suppliers. However, buyers expect selling values to fall, in September, due to strong competition from China and South Korea. Decreases of €10 per tonne were recorded in the Belgian market. Spanish figures have fallen €15 per tonne, this month.

STAINLESS STEEL

In June, cold rolled austenitic basis numbers were unchanged in Germany, France, Italy and Spain. Domestic mills attempted to implement increases. However, buyers resisted these moves. Steelmakers are seeking higher figures for September deliveries. Demand has been subdued in Germany for the last few months. Anti-dumping action is limiting import volumes, in Italy. Sales activity has slowed ahead of the summer holidays. Price reductions were noted in the UK and Belgium. The market remains quiet in these nations.

LONG PRODUCTS

WIRE ROD

Drawing quality wire rod prices have softened in Germany since early June. Our tabled numbers are €5 per tonne below those recorded last month. A small advance was noted in recoil figures due to a corresponding rise in

scrap costs. Selling values for drawing quality wire rod are unchanged in France. Recoil values are stable this month. Market conditions remain challenging. Italian low carbon wire rod prices decreased by €10 per tonne, in July. Selling values for mesh quality reduced to €430/450 per tonne. Demand remains muted.

In the UK, prices are static for low carbon wire rod, this month. Mesh grade selling values are unchanged. Sales to the building sector are healthy. Drawing quality prices have not altered from June's figure, in Belgium. Recoil values are stable. Demand remains subdued. Spanish producers have managed to hold on to last month's prices during negotiations for supplies of low carbon wire rod. Selling values for mesh quality are also unchanged, in July.

MEDIUM SECTIONS AND BEAMS

Prices are stable in Germany, this month. Reduced output at Stahlwerk Thüringen, due to repair work, is

doing little to boost the German market. Buying activity remains weak and the upcoming summer holidays are likely to result in reduced sales volumes. French prices are unchanged, this month. Local producers are seeking a €20 per tonne increase after the summer. However, buyers are unconvinced by this move. Recent decreases in scrap costs will not support the proposed advances in beam selling values. Prices in Italy dropped, in July, by €10 per tonne. Buyers are wary about the future movement in scrap costs.

Prices in the UK are unchanged from last month. The market remains weak. The anticipated post-election pickup in sales activity has not materialised.

LONG PRODUCTS - NEGOTIATED DOMESTIC BASIS PRICES

| price/metric ton | | Germany (€) | France (€) | Italy (€) | UK+ (£) | UK+ (€) | Belgium (€) | Spain (€) |
|-------------------------------|------|----------------|---------------|--------------|------------|------------|----------------|--------------|
| Wire Rod (b) | High | 510 | 520 | 500 | 385 | 542 | 520 | 510 |
| | Low | 490 | 490 | 480 | 345 | 486 | 490 | 490 |
| Medium Sections and Beams (c) | High | 550 | 545 | 500 | 405 | 570 | 565 | 530 |
| | Low | 510 | 515 | 480 | 375 | 528 | 515 | 480 |
| Rebar (d) | High | 215 | 205 | 170 | 350 | 493 | 220 | 205 |
| | Low | 195 | 175 | 160 | 320 | 451 | 190 | 185 |
| Merchant Bar (e) | High | 135 | 110 | 120 | 405 | 570 | 100 | 155 |
| | Low | 95 | 90 | 100 | 385 | 542 | 80 | 95 |

MONTH on MONTH % CHANGE

| | | | | | | | | |
|-----------------|-----|------|------|-------|-----|-----|------|-----|
| Wire Rod | Low | -1.0 | 0.0 | -2.0 | 0.0 | 1.3 | 0.0 | 0.0 |
| Medium Sections | Low | 0.0 | 0.0 | -2.0 | 0.0 | 1.1 | 0.0 | 0.0 |
| Rebar | Low | 2.6 | -2.8 | -13.5 | 0.0 | 1.3 | 2.7 | 0.0 |
| Merchant Bar | Low | -5.0 | -5.3 | -4.8 | 0.0 | 1.3 | -5.9 | 0.0 |

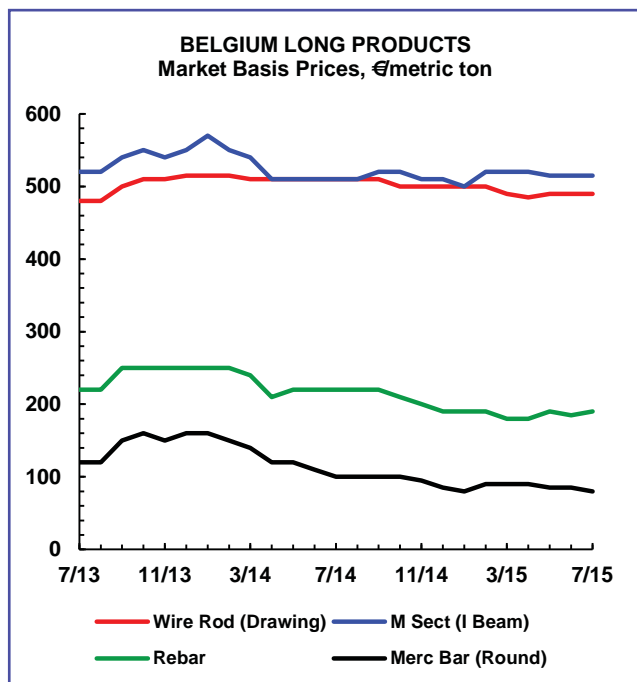
BASIS PRICE AND PRODUCT DEFINITIONS

Negotiated basis prices pertain to new purchases for mainstream business negotiated with regional mills during the current month for delivery in the future. They relate to prime material ex basing point net of all rebates and discounts for the lowest quality product in the producers' price lists.

Extras for size, cutting, testing, transport etc. are excluded except where specified.

- Notes: + All UK prices include size extra
 (b) Drawing quality. This product incorporates a quality extra
 (c) I beam, category C1. Includes size extras
 (d) High yield - deformed
 (e) Round bar

Prices in this table may relate to deliveries in different time periods. It is important that this table is read in conjunction with the text in the newsletter.



Distributor resale values are stabilising at a low level. Domestic producer, Tata Steel, is continuing to sell aggressively into the local market. Russian material is arriving at the docks at similar prices to those from mainland Europe. Selling values in Belgium are stable, this month. However, discounts have been reported for large orders. Technical problems at CSN's mill in Thüringen have forced the plant to close until after the summer holidays. This is making buyers nervous. Consequently, some customers are ordering from alternative suppliers. Price increases are expected in the short term as mills' order books are filling up. In Spain, prices for medium sections have been rolled over, for July. The new government has put a number of, previously planned, projects on hold.

REINFORCING BAR

Material from southern Europe is making its way into the German market. Domestic mills have lost part of a small increase they secured in the middle of June, after our last report had been issued. Our tabled numbers are up by €5 per tonne, in July. Recent reductions in scrap costs are making buyers wary about committing to large quantities, fearing that prices may fall next month. A reduction of €5 per tonne has been noted in France, in July. Sales volumes to the construction sector are weak. Competition in the market is strong. Reduced export demand during the holy month of Ramadan is putting negative pressure on the Italian market. Local steelmakers have conceded a €25 per tonne reduction during recent negotiations. Domestic sales slowed ahead of the summer holiday period.

Prices in the UK are level in July, month-on-month.

Domestic demand is good but not exceptional. Market sources expect buying activity to remain steady over the summer period. There is little opportunity for the local producer to lift selling values in the near term. A rise of €5 per tonne has been noted in the Belgian market. Service centres reported better order books for June, following a quiet May. The construction sector is holding up well. Higher prices are unlikely to be secured during the holiday season. Spanish prices were unchanged, in July. Demand was reasonable in June. However, warmer temperatures during the summer period will reduce construction activity next month. This may lead to price reductions between July and September, when we conduct our next research.

MERCHANT BAR

Beltrame's proposed increase was unsuccessful in Germany. Prices drifted lower by €5 per tonne. Buyers remain cautious. Basis numbers in France have softened, in July. The proposed rise by Beltrame was not fully accepted in the market. The lack of building activity in the Italian market persists. Buyers have secured a €5 reduction in selling figures this month.

Effective prices in the UK are stable, in July. Beltrame's new size extras have yet to be wholly accepted in the market. Some deals are being concluded using a partial increase in the extras but with a corresponding decrease in basis numbers. For now, our figures are unaltered. Prices have softened slightly in Belgium. Beltrame is attempting to increase size extras. However, other suppliers have not done so. Consequently, they have not been accepted in the market. Distributors' resale prices remain low. In Spain, transaction figures remain stable, despite subdued sales to end-users. Recent decreases in scrap costs could put negative pressure on merchant bar values, in the short term.

MEPS INDUSTRIAL SECTOR STEEL PURCHASING PRICE INDICES - EU AVERAGE

| Jan 07 = 100 | Jun-15 | Jul-15 | % change |
|------------------------------|--------|--------|----------|
| Construction Industry | 75.4 | 75.9 | 0.7 |
| Household Appliances | 62.4 | 63.0 | 1.0 |
| Machinery Sector | 68.7 | 68.9 | 0.3 |
| Shipbuilding Industry | 59.3 | 59.4 | 0.2 |
| Shipping Containers | 67.1 | 66.6 | -0.7 |
| Yellow Goods | 69.6 | 68.9 | -1.0 |

MARKET AND INDUSTRY SCENE

CAPACITY/INVESTMENT

Voestalpine is investing more than €100 million on the construction of a new continuous caster at its Linz plant, in Austria. The caster is rated to produce 1.2 million tonnes of high quality steel slab annually. Voestalpine broke ground on the project in July. Commissioning is scheduled for summer 2017.

ArcelorMittal has invested €35 million revamping its sheet piling operations in Belval, Luxembourg. A new straightening line has been installed which allows for sheet piles with widths up to 800mm to be produced at the plant. Commissioning of the new equipment is expected later this month, with the first commercially available piles in the new dimensions due in the third quarter.

Spanish steelmaker, Celsa, is currently in talks with local authorities regarding the installation of two rolling mills, each with a capacity of 500,000 tonnes per year, at its billet plant in Tarnos, southwest France. The two mills, still in the planning stage, are expected to cost

close to €200 million each and the company expects them to be operational by late 2017.

MAINTENANCE

Pig iron producer, ROGESA, a joint venture between Saarstahl and Dillinger Hütte, is relining and modernising blast furnace No.4 at its plant in Saarland, Germany later this year. While the 6,000 tonnes per day capacity furnace is being relined, a new control system which will automate much of the melting process will be installed. The company plans to increase production ahead of time in order to avoid any bottlenecks in supply.

CLOSURE

Tata Steel UK is set to idle one of two blast furnaces at its bar plant in Rotherham, South Yorkshire. Over 700 jobs will be lost from the site which currently has an annual melting capacity of up to 1.2 million tonnes. The strength of sterling and the high cost of electricity in the UK have been blamed for the move.

MEDIUM TERM PRICE FORECASTS

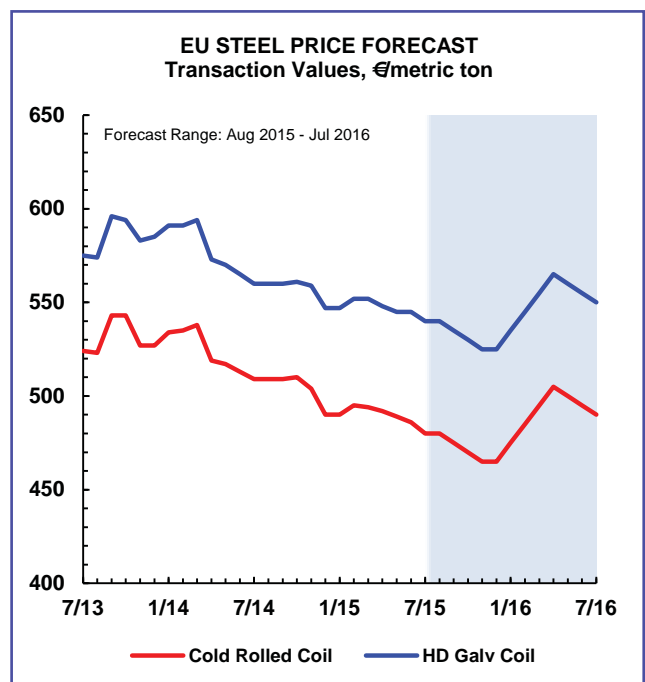
COLD ROLLED FLAT PRODUCTS

The MEPS - EU Average Cold Rolled Coil price declined by €6 per tonne in July. Selling figures for galvanised material moved down by €5 per tonne, in the same period. Modest reductions in transaction values were recorded in most countries, this month.

We predict a moderate downward price trend for the second half of 2015. Competitive offers, from third country suppliers, are likely to continue to place negative pressure on domestic transaction values. Raw material costs are forecast to stay low. Consequently, we believe that European mills will find it very difficult to lift their selling figures in the short term. Furthermore, supply from local and foreign sources is expected to remain plentiful.

We forecast a revival in transaction values at the beginning of 2016. The uptrend is likely to continue into the start of the second quarter, when prices are expected to peak. Improved demand and tighter supply, as a result of mill maintenance stoppages during the Christmas/New Year break, are likely to underpin the increases. There is the potential for

steel selling figures to come under negative pressure during the second trimester as stock replenishment programmes come to an end.

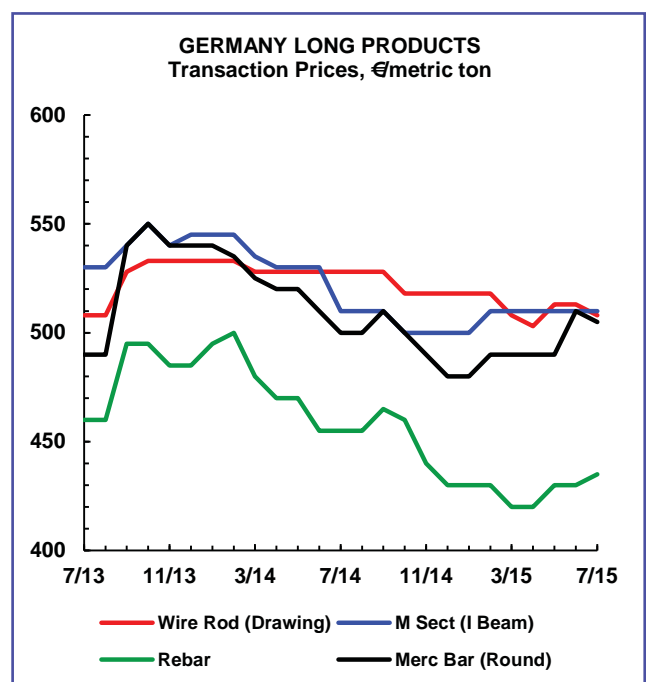
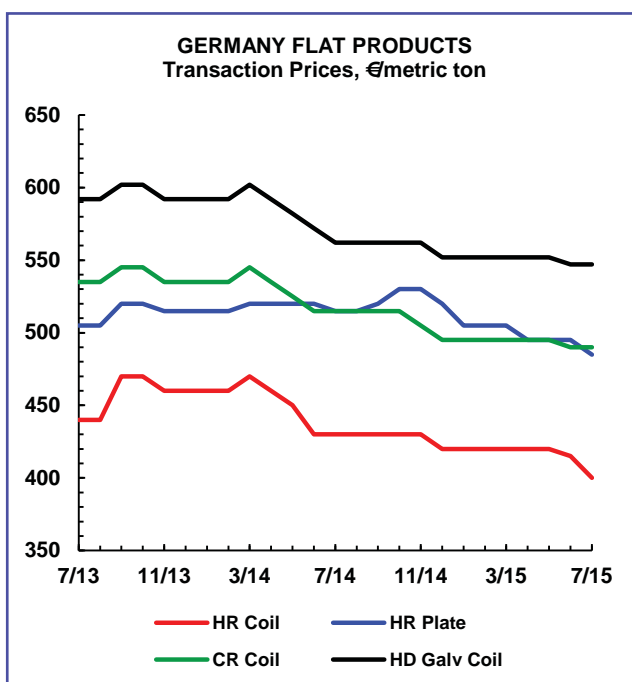


EU AVERAGE DOMESTIC TRANSACTION PRICE FORECASTS

| Euro/metric ton | Actual | | Forecast | | | | |
|---------------------|--------|--------|----------|--------|--------|--------|--------|
| | Jul-15 | Aug-15 | Sep-15 | Oct-15 | Nov-15 | Dec-15 | Jan-16 |
| Hot Rolled Coil | 395 | 395 | 390 | 385 | 380 | 385 | 395 |
| Hot Rolled Plate | 470 | 470 | 465 | 460 | 455 | 455 | 465 |
| Cold Rolled Coil | 480 | 480 | 475 | 470 | 465 | 465 | 475 |
| HD Galv Coil | 540 | 540 | 535 | 530 | 525 | 525 | 535 |
| EZ Coated Coil | 541 | 541 | 535 | 530 | 525 | 525 | 535 |
| Wire Rod (Drawing) | 495 | 495 | 490 | 490 | 485 | 485 | 490 |
| Wire Rod (Mesh) | 439 | 439 | 435 | 430 | 425 | 425 | 430 |
| M Sect (I Beam) | 505 | 505 | 505 | 500 | 490 | 490 | 500 |
| M Sect (H Beam) | 560 | 560 | 560 | 555 | 545 | 545 | 555 |
| Reinforcing Bar | 417 | 417 | 410 | 410 | 405 | 405 | 415 |
| Merc Bar (Round) | 511 | 511 | 510 | 510 | 505 | 505 | 510 |
| Merc Bar (Eq Angle) | 511 | 511 | 510 | 510 | 500 | 500 | 505 |

PRICE DEFINITIONS

Steel prices are computed from a weighted average (based on consumption) of the low transaction values identified in Germany, France, Italy, UK and Spain, collected in national currencies and converted into euros using currency exchange rates effective at the start of each month to provide a basis for comparison.



Transaction Price Data Sheet

NEGOTIATED DOMESTIC TRANSACTION PRICES

| FLAT PRODUCTS price/metric ton | | EU AVG | Germany | France | Italy | UK | UK | Spain |
|-----------------------------------|------|--------|---------|--------|-------|-----|------|-------|
| | | (€) | (€) | (€) | (€) | (£) | (€) | (€) |
| Hot Rolled Coil | High | 432 | 440 | 440 | 420 | 322 | 454 | 410 |
| | Low | 395 | 400 | 400 | 380 | 297 | 418 | 390 |
| Hot Rolled Plate | High | 512 | 525 | 485 | 485 | 394 | 555 | 495 |
| | Low | 470 | 485 | 435 | 445 | 364 | 513 | 445 |
| Cold Rolled Coil | High | 523 | 530 | 535 | 500 | 379 | 534 | 515 |
| | Low | 480 | 490 | 495 | 450 | 344 | 485 | 475 |
| Hot Dipped Galvanised Coil | High | 583 | 587 | 587 | 537 | 448 | 631 | 572 |
| | Low | 540 | 547 | 547 | 487 | 408 | 575 | 532 |
| Electro-Zinc Coated Coil | High | 585 | 584 | 579 | 569 | 448 | 631 | 559 |
| | Low | 541 | 534 | 549 | 529 | 408 | 575 | 519 |
| Stainless CR Coil Type 304 | High | 1110 | 1130 | 1100 | 1030 | 850 | 1197 | 1060 |
| | Low | 1034 | 1030 | 1050 | 980 | 780 | 1099 | 1010 |
| Stainless CR Coil Type 430 | High | 1054 | 1070 | 1050 | 955 | 835 | 1176 | 987 |
| | Low | 1008 | 1020 | 1000 | 905 | 810 | 1141 | 957 |
| LONG PRODUCTS price/metric ton | | EU AVG | Germany | France | Italy | UK | UK | Spain |
| | | (€) | (€) | (€) | (€) | (£) | (€) | (€) |
| Wire Rod (Drawing Quality)* | High | 520 | 528 | 520 | 500 | 397 | 559 | 510 |
| | Low | 495 | 508 | 490 | 480 | 357 | 503 | 490 |
| Wire Rod (Mesh Quality) | High | 463 | 460 | 450 | 450 | 380 | 535 | 460 |
| | Low | 439 | 440 | 420 | 430 | 350 | 493 | 430 |
| Medium Sections (I Beam) | High | 542 | 550 | 545 | 500 | 405 | 570 | 530 |
| | Low | 505 | 510 | 515 | 480 | 375 | 528 | 480 |
| Medium Sections (H Beam) | High | 605 | 620 | 595 | 585 | 450 | 634 | 570 |
| | Low | 560 | 570 | 555 | 550 | 410 | 577 | 530 |
| Reinforcing Bar | High | 435 | 455 | 445 | 410 | 350 | 493 | 445 |
| | Low | 417 | 435 | 415 | 400 | 320 | 451 | 425 |
| Merchant Bar (Round) | High | 543 | 545 | 520 | 530 | 405 | 570 | 565 |
| | Low | 511 | 505 | 500 | 510 | 385 | 542 | 505 |
| Merchant Bar (Equal Angle) | High | 543 | 545 | 520 | 530 | 405 | 570 | 565 |
| | Low | 511 | 505 | 500 | 510 | 385 | 542 | 505 |

* Includes supplementary surcharge in the UK.

CURRENCY EXCHANGE RATES

| | US dollars (US\$) | | Euros (€) | |
|--------------|-------------------|-------|-----------|-------|
| | 1-Jun | 1-Jul | 1-Jun | 1-Jul |
| Eurozone (€) | 0.916 | 0.902 | - | - |
| UK (£) | 0.659 | 0.640 | 0.719 | 0.710 |

NEXT MONTH'S ISSUE

MEPS do not carry out research on steel prices in August because of the difficulties in contacting respondents during summer vacations. Moreover, very few deals are concluded during this period because of holidays. In next month's issue, we take the opportunity to review the trends over the past twelve months.

The August issue of the European Steel Review will be dispatched by post & PDF on 20 August, 2015.

The next Express Price Tables will be dispatched by e-mail in excel format on 11 September, 2015.

**TRANSACTION PRICE INDEX - EU AVERAGE
JANUARY 1997 = 100**

| | Jun-15 | Jul-15 | % change |
|---------------------|--------|--------|----------|
| Hot Rolled Coil | 157.1 | 151.3 | -3.7 |
| Hot Rolled Plate | 166.2 | 163.8 | -1.4 |
| Cold Rolled Coil | 133.5 | 131.9 | -1.2 |
| HD Galv Coil | 118.2 | 117.1 | -0.9 |
| EZ Coated Coil | 128.7 | 128.5 | -0.2 |
| SS CR Coil 304 | 84.4 | 84.2 | -0.2 |
| SS CR Coil 430 | 89.8 | 89.5 | -0.3 |
| Wire Rod (Drawing) | 188.3 | 186.8 | -0.8 |
| Wire Rod (Mesh) | 184.8 | 185.2 | 0.2 |
| M Sect (I Beam) | 164.5 | 164.5 | 0.0 |
| M Sect (H Beam) | 160.5 | 160.5 | 0.0 |
| Reinforcing Bar | 188.1 | 183.7 | -2.3 |
| Merc Bar (Round) | 192.9 | 192.1 | -0.4 |
| Merc Bar (Eq Angle) | 198.8 | 198.1 | -0.4 |

Note:- Based on low values. Stainless Steel - Excluding alloy surcharge.

**NEGOTIATED DOMESTIC TRANSACTION PRICES - MONTH ON MONTH % CHANGE
July 2015 versus June 2015**

| | | EU AVG (€) | Germany (€) | France (€) | Italy (€) | UK (£) | UK (€) | Spain (€) |
|---------------------|-----|---------------|----------------|---------------|--------------|-----------|-----------|--------------|
| Hot Rolled Coil | Low | -3.7 | -3.6 | -2.4 | -3.8 | -1.7 | -0.5 | -8.2 |
| Hot Rolled Plate | Low | -1.5 | -2.0 | -2.2 | -2.2 | 0.0 | 1.4 | 0.0 |
| Cold Rolled Coil | Low | -1.2 | 0.0 | -2.0 | -3.2 | -1.4 | 0.0 | -2.1 |
| HD Galv Coil | Low | -0.9 | 0.0 | -1.8 | -3.0 | -1.2 | 0.2 | -2.7 |
| EZ Coated Coil | Low | -0.2 | 0.0 | 0.0 | -1.9 | 1.2 | 2.5 | -2.8 |
| SS CR Coil 304 | Low | -0.3 | 0.0 | 0.0 | 0.0 | -3.1 | -1.9 | 0.0 |
| SS CR Coil 430 | Low | -0.3 | 0.0 | 0.0 | 0.0 | -3.0 | -1.7 | 0.0 |
| Wire Rod (Drawing) | Low | -0.8 | -1.0 | 0.0 | -2.0 | 0.0 | 1.2 | 0.0 |
| Wire Rod (Mesh) | Low | 0.2 | 1.1 | 0.0 | -1.1 | 0.0 | 1.2 | 0.0 |
| M Sect (I Beam) | Low | 0.0 | 0.0 | 0.0 | -2.0 | 0.0 | 1.1 | 0.0 |
| M Sect (H Beam) | Low | 0.0 | 0.0 | 0.0 | -1.8 | 0.0 | 1.2 | 0.0 |
| Reinforcing Bar | Low | -2.3 | 1.2 | -1.2 | -5.9 | 0.0 | 1.3 | 0.0 |
| Merc Bar (Round) | Low | -0.4 | -1.0 | -1.0 | -1.0 | 0.0 | 1.3 | 0.0 |
| Merc Bar (Eq Angle) | Low | -0.4 | -1.0 | -1.0 | -1.0 | 0.0 | 1.3 | 0.0 |

TRANSACTION PRICE AND PRODUCT 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/regional steel mills, negotiated during the current month for delivery in the future.

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.

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

Hot Rolled Plate - 15-40mm thickness, width over 2.0 metres.

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

Hot Dipped Galvanised Coil - 1mm thickness, width over 1.1 metres, coating thickness 275gm/m².

Electro-Zinc Coated Coil - 1mm thickness, width over 1.1 metres, standard coating.

Stainless CR Coil Type 304 and 430 - 1.5mm thickness, width over 1.25 metres (excluding alloy surcharges).

Wire Rod (Drawing Quality) - 5.5mm diameter.

Wire Rod (Mesh Quality) - 8-12mm diameter.

Medium Sections (I Beam) - 180-240mm, category C1.

Medium Sections (H Beam) - 240 x 240mm, category D3.

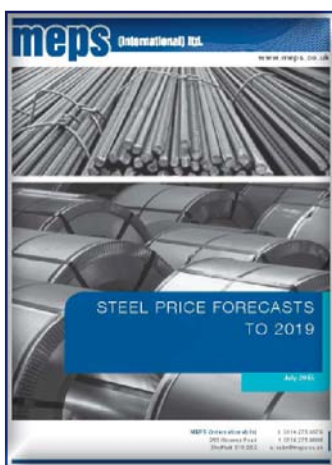
Reinforcing Bar (Deformed) - 16-20mm diameter, high yield.

Merchant Bar (Round) - 50mm diameter.

Merchant Bar (Equal Angle) - 50 x 50 x 6mm.

MEPS PUBLICATIONS

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.