SUPPLEMENT TO

EUROPEAN STEEL REVIEW

JANUARY 2011

TABLE 1. FLAT ROLLED PRODUCTS - NEGOTIATED DOMESTIC BASIS PRICES

price/tonne		Denmark		Sweden		Finland	Netherlands	Austria	Norway	
		(DKR)	(€)	(SKR)	(€)	(€)	(€)	(€)	(NKR)	(€)
Hot Rolled Coil	High:	4250	570	5070	567	650	570	580	4625	596
	Low:	3875	520	4685	524	550	520	520	4350	561
Hot Rolled Plates	High:	5130	688	6055	678	680	690	730	5280	680
	Low:	4880	655	5790	648	635	640	630	5000	644
Cold Rolled Coil	High:	4925	661	6100	683	670	660	660	5365	691
	Low:	4550	611	5500	615	630	610	600	4965	640
Hot Dipped	High:	5150	691	5900	660	690	670	660	5355	690
Galvanised Coil	Low:	4700	631	5600	627	650	630	620	5120	660
Electro-Zinc	High:	5070	680	6010	672	680	680	670	5360	691
Coated Coil	Low:	4825	647	5700	638	650	640	640	5160	665
Stainless Cold (a)	High:	9455	1269	10750	1203	1310	1180	1190	9760	1258
Rolled Type 304	Low:	8505	1141	10350	1158	1260	1130	1140	9310	1200
Stainless Cold (a)	High:	——	——	——	——	——	——	——	——	——
Rolled Type 430	Low:	——	——	——	——	——	——	——	——	——

MONTH on MONTH % CHANGE

		Denmark (DKR)	Denmark (€)	Sweden (SKR)	Sweden (€)	Finland (€)	Netherlands (€)	Austria (€)	Norway (NKR)	Norway (€)
Hot Rolled Coil	Low:	4.0	4.0	-3.4	-1.1	2.8	4.0	4.0	-1.7	2.2
Hot Rolled Plates	Low:	3.3	3.3	-1.9	0.5	3.3	3.2	3.3	-2.0	1.7
Cold Rolled Coil	Low:	3.4	3.6	-2.7	-0.3	2.4	3.4	3.4	-2.6	1.1
H.D. Galv Coil	Low:	3.3	3.3	-2.6	-0.2	2.4	3.3	3.3	-2.5	1.4
E.Z. Coated Coil	Low:	3.2	3.2	-2.6	-0.2	2.4	3.2	3.2	-2.2	1.7
S/S CR Type 304	Low:	-2.5	-2.5	-3.6	-1.3	4.1	-2.6	0.0	0.4	4.3
S/S CR Type 430	Low:	——	——	——	——	——	——	——	——	——

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FLAT ROLLED PRODUCTS

Flat products prices in northern Europe are moving upwards. Although there has been no report of a major upturn in end-user demand, selling values have been pushed upwards by a combination of increased input costs and tightening supply. The producers' expenditure has been inflated by higher figures for scrap, iron ore, energy and freight, as well as exchange rate movements. Meanwhile, availability has been restricted by production cutbacks, restocking and unforeseen problems like the fire at Tata Europe's IJmuiden pickling line. Furthermore, the floods in Australia and the consequent interruption to coal deliveries, especially in Asia, have led to reduced tonnages at higher prices being offered from the Far East.

European mills are, therefore, seeking significantly enhanced selling values for contracts to be agreed in the coming weeks. At the time of our January research, few new deals had been done. Indeed, most first quarter rollings had been sold and several producers had suspended sales pending the formulation of new price lists. As a result, the figures in our tables this month represent new business concluded after our December investigations but, largely, before the Christmas break. We anticipate deals for March/April deliveries to be settled at higher figures in the immediate future. These will be reflected in our February data.

HOT ROLLED COIL

Supply in Denmark is tight due to low inventory levels, controlled output in recent months and customers buying larger quantities at what they perceive to be the bottom of the price cycle. In Sweden, SSAB's production has been disrupted by the severe weather and a subsequent derailment, which have impeded deliveries of slab from the plant in Luleå to the mill in Borlänge. Several producers supplying Finland have announced that they have no further capacity for period one deliveries, due to either full order books or operational delays. Restocking and speculative buying have contributed to tight supply and lengthening delivery lead times in the Netherlands. Sales volumes are reasonable in Norway. Selling values, in euro equivalent, have climbed since December.

HOT ROLLED PLATE

Building activity in Denmark remains depressed, both by the weather and by the difficulty in securing house-buying loans. In Sweden, consumption by manufacturers of trucks and mining equipment is good. Demand from heavy engineering in Finland is improving but, as yet, nowhere near returning to peak rates. Buyers expect Russian suppliers to re-enter the market soon. Sellers in Austria report rising demand from traditional plate-consuming sectors such as yellow goods, offshore applications and energy projects. Tender prices from Asia are climbing. The market in Norway is quiet. Offers from the Ukraine are not much cheaper than those from western Europe.

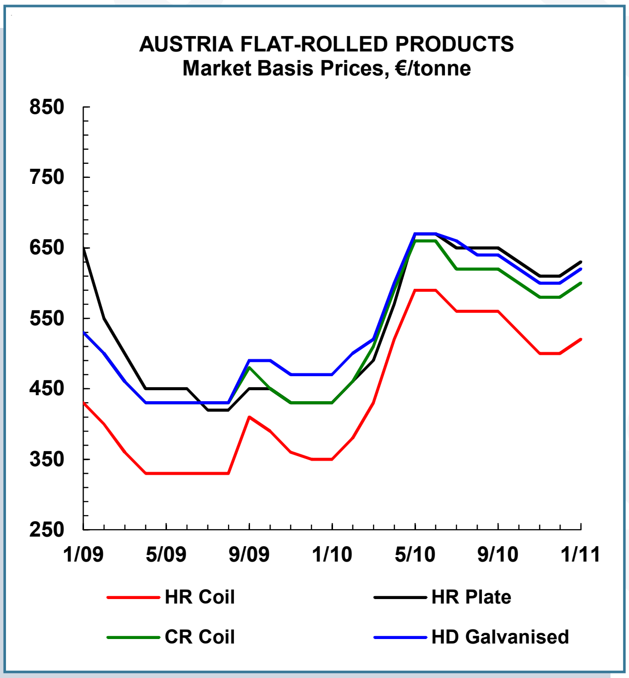
COLD ROLLED COIL

Although market players in Denmark predict slightly

TABLE 2.
COMPARISON OF LOW MARKET DOMESTIC BASIS PRICES - COLD ROLLED COIL

	Local Currency		US$/Tonne	
	last month	this month	last month	this month
Denmark	4400	4550	777	795
Sweden	5650	5500	812	802
Finland	615	630	809	820
Netherlands	590	610	776	794
Austria	580	600	763	781
Norway	5100	4965	832	833

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



better total volumes during this year than last, the current pick up in activity and selling values is not attributable to greater actual demand. The new quarterly prices in Sweden are slightly lower than those in the fourth trimester of 2010 but the trend for spot or monthly figures is upwards. Stockists in the Netherlands expect to pay higher prices when European mills open negtiations. Real demand is steady in Austria but sales volumes have increased, with some buyers having delayed purchases anticipating possible prices drops. Norwegian quarterly figures are down on those for period four but spot values are now climbing.

COATED SHEET/COIL

Demand in Denmark is still buoyed by the German automotive sector. Prices may continue to rise for some time yet. Swedish suppliers are benefiting from good car manufacturing activity both at home and in Germany. In Finland, delivery lead times from European mills are stretching and offers from third countries are limited. Prices being offered in the Netherlands from both local and Asian producers are rising. Sales activity in Austria is supported by the supply chain to the German automotive industry. Due to exchange rate fluctuations in Norway, a moderate increase in euro prices meant a slight drop in coil values in the local currency.

STAINLESS STEEL

In December, the basis value for type 304 cold rolled coil in Denmark was DKr215 per tonne lower than the November figure. The basis number in Sweden decreased by SKr385 per tonne and in the Netherlands the price, net of alloy surcharge, was down €30 per tonne compared with the previous month.

In Finland, the market was guided by the announcement by the region's dominant producer, Outokumpu, of an increase of between 4 percent and 6 percent in basis prices, effective immediately. Sales volumes have grown over the past twelve months and market participants are optimistic regarding the short-term future. Early signs point to good activity levels continuing through the first half of 2011 in Austria. Demand from shipbuilding is healthy in Norway, while consumption for offshore applications such as oil exploration is predicted to increase this year. Suppliers are trying to hold firm on higher basis numbers but larger customers may be able to negotiate discounts.

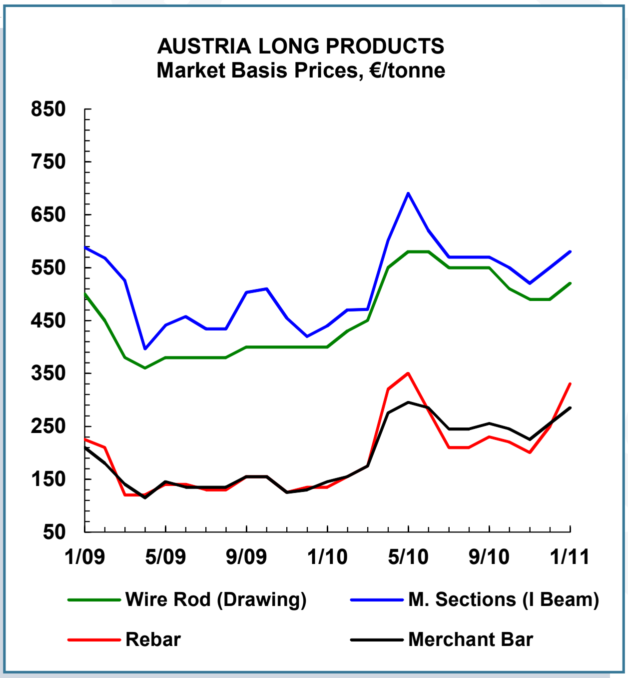
LONG PRODUCTS

WIRE ROD

Drawing quality wire rod prices in Denmark rose by DKr225 per tonne this month. Sales activity in Sweden started slowly in January but participants are optimistic that tonnages in 2011 will be at least slightly higher than last year. Prices in Finland climbed significantly on the back of increased scrap costs. Some customers delayed purchases from December in anticipation of lower values but are now finding material difficult to source. Observers believe that construction activity in the Nordic countries has bottomed out. Selling values in both the Netherlands and Austria grew by €30 per tonne in January. Prices in Norway rose in line with neighbouring countries.

MEDIUM SECTIONS AND BEAMS

Price increases in Denmark are smaller for beams than for some other long products but more significant hikes are predicted for March deliveries. Selling values in Sweden rose by around SKr300 per tonne this month, driven by higher raw material costs. Consumption is steady. With scrap prices still rising in the Netherlands, producers are seeking large advances for February. However, these may be tempered by subdued demand. Escalating input costs were behind increases of €30 per tonne in both Finland and Austria in January. In Norway, an upward move of around €30 per tonne equated to only NKr25 per tonne due to exchange rate fluctuations.



REINFORCING BARS

Demand has been weak in Denmark in the early weeks of the year but regional mills have been seeking much higher selling figures on the back of rising raw material costs. Consumption is predicted to increase in March/ April. Similarly, in Sweden, prices have been pushed up by scrap costs but activity is still seasonally slow. Basis values in the Netherlands grew by 32 percent over the previous month due to higher mill input expenditure. History suggests there is room for further upward movement in rebar prices given the current figures for scrap. Availability is restricted in Norway after lengthy steel plant shutdowns. Suppliers are predicting greater sales volumes this year than in 2010.

CURRENCY EXCHANGE RATES
January 6 - 2011

		Units/ US$	Units/ Euro
Denmark	**(DKr)**	5.721	7.452
Sweden	**(SKr)**	6.860	8.937
Norway	**(NKr)**	5.957	7.760
Eurozone	**(€)**	0.768	1.0

MERCHANT BARS

In Denmark, selling values are soaring due to growing input costs. Delivery lead times are lengthening, although buyers are only purchasing for their immediate needs. Customers in Sweden have strong order books. Demand has been at a reasonable level since last spring. Price volatility in the Netherlands has been exacerbated by low scrap inventories. Basis values climbed by €30 per tonne in Finland and Austria and by NKr150 per tonne in Norway.

TABLE 3. LONG PRODUCTS - NEGOTIATED DOMESTIC BASIS PRICES

price/tonne		Denmark		Sweden		Finland	Netherlands	Austria	Norway	
		(DKR)	(€)	(SKR)	(€)	(€)	(€)	(€)	(NKR)	(€)
Wire Rod (b)	High:	4550	611	5500	615	650	560	550	4975	641
	Low:	4175	560	5000	559	580	530	520	4575	590
Medium Sections	High:	4650	624	5700	638	670	590	625	5300	683
and Beams* (c)	Low:	4400	590	5330	596	640	560	580	4900	631
Rebar (d)	High:	4100	550	4395	492	465	390	350	4850	625
	Low:	3900	523	4050	453	445	370	330	4550	586
Merchant Bar (e)	High:	2800	376	2450	274	335	370	305	2775	358
	Low:	2385	320	2345	262	320	320	285	2400	309
MONTH on MONTH % CHANGE										
Wire Rod	Low:	5.7	5.7	3.1	5.5	9.4	6.0	6.1	1.1	5.2
M. Sect. & Beams	Low:	5.4	5.4	6.0	8.4	4.9	1.8	5.5	0.5	4.3
Rebar	Low:	14.7	14.7	8.0	10.5	7.2	32.1	32.0	12.3	16.7
Merchant Bar	Low:	14.1	14.3	14.7	17.5	10.3	45.5	11.8	6.7	10.8

BASIS PRICE AND PRODUCT DEFINITIONS

* Due to the suspension of scrap surcharges by all major European producers from June 2010, MEPS basis prices for Medium Sections & Beams are now equivalent to transaction prices for category C1 beams.

Negotiated basis price ranges pertain to new purchases for mainstream business agreed with regional mills during the current month for delivery in the future. Prime material (ex basing point, net of all rebates) for the lowest quality product in the producers' price list, unless otherwise stated.

Extras for size, cutting, testing, transport etc. are excluded (except where specified).
Note:(a) Basis - 1.5mm thick.
(b) Drawing quality. This product includes a quality extra.
(c) Category C1. Includes size extra.
(d) High yield - deformed. Includes size extras in Denmark, Sweden, Finland and Norway. 16-20mm diameter, grade 500.
(e) Round Bar.

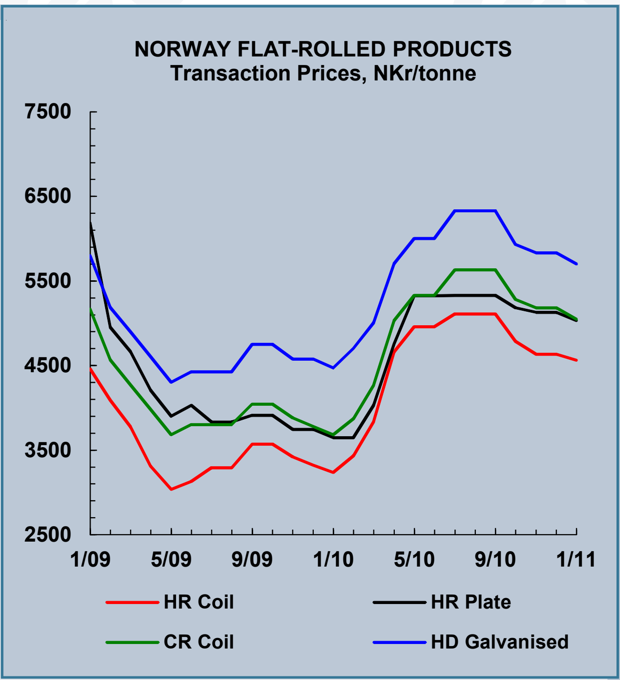
Prices in this newsletter may relate to deliveries in different time periods. It is important that the tables are read in conjunction with the text.

Transaction Price Data Sheet

TABLE 4. NEGOTIATED DOMESTIC TRANSACTION PRICES

FLAT PRODUCTS price/tonne		Denmark (DKR)	Denmark (€)	Sweden (SKR)	Sweden (€)	Finland (€)	Netherlands (€)	Austria (€)	Norway (NKR)	Norway (€)
Hot Rolled Coil	High:	4400	590	5320	595	670	591	608	4835	623
	Low:	4025	540	4935	552	570	541	548	4560	588
Hot Rolled Plates	High:	5260	705	6180	692	692	706	745	5310	684
	Low:	5010	672	5915	662	647	656	645	5030	648
Cold Rolled Coil	High:	5030	675	6195	694	685	674	673	5445	701
	Low:	4655	625	5595	626	645	624	613	5045	650
Hot Dipped Galvanised Coil	High:	5686	763	6588	737	762	742	732	5936	765
	Low:	5236	703	6288	704	722	702	692	5701	735
Electro-Zinc Coated Coil	High:	5510	739	6574	735	739	739	729	5836	752
	Low:	5265	706	6264	701	709	699	699	5636	726
Stainless Cold (a) Rolled Type 304	High:	9455	1269	10750	1203	1310	1180	1190	9760	1258
	Low:	8505	1141	10350	1158	1260	1130	1140	9310	1200
Stainless Cold (a) Rolled Type 430	High:	——	——	——	——	——	——	——	——	——
	Low:	——	——	——	——	——	——	——	——	——

LONG PRODUCTS price/tonne		Denmark (DKR)	Denmark (€)	Sweden (SKR)	Sweden (€)	Finland (€)	Netherlands (€)	Austria (€)	Norway (NKR)	Norway (€)
Wire Rod (Drawing quality)	High:	4550	611	5500	615	665	578	560	5035	649
	Low:	4175	560	5000	559	595	548	530	4635	598
Wire Rod (Mesh quality)	High:	——	——	——	——	——	——	——	——	——
	Low:	——	——	——	——	——	——	——	——	——
Medium Sections & Beams (I beam)	High:	4650	624	5700	638	670	590	625	5300	683
	Low:	4400	590	5330	596	640	560	580	4900	631
Medium Sections & Beams (H beam)	High:	4948	664	6057	678	710	630	665	5610	723
	Low:	4698	630	5687	636	680	600	620	5210	671
Reinforcing Bar	High:	4100	550	4395	492	465	580	540	4850	625
	Low:	3900	523	4050	453	445	560	520	4550	586
Merchant Bar (50mm diameter)	High:	5036	676	5131	574	635	670	605	5103	658
	Low:	4621	620	5026	562	620	620	585	4728	609
Merchant Bar (Equal Angle)	High:	5185	696	5310	594	655	690	625	5258	678
	Low:	4770	640	5205	582	640	640	605	4883	629



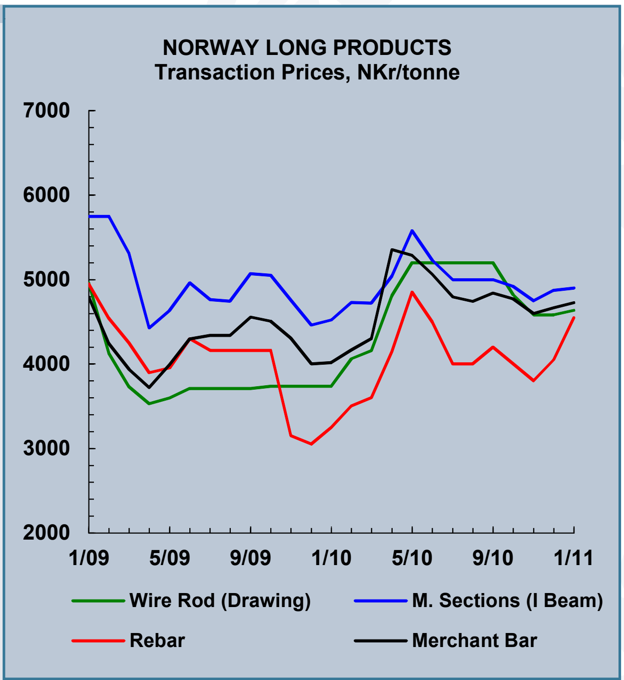


TABLE 5. NORDIC AVERAGE DOMESTIC TRANSACTION PRICE FORECASTS

Euro/tonne	Actual	Forecast					
	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11
Hot Rolled Coil	563	605	655	715	755	770	775
Hot Rolled Plate	657	695	745	800	840	855	860
Cold Rolled Coil	637	680	730	795	835	850	855
H.D. Galv Coil	716	755	805	865	890	905	910
E.Z. Coated Coil	711	750	795	855	880	895	900
Wire Rod	578	620	670	715	735	740	740
M. Sect. & Beams	614	675	735	780	795	810	805
Rebars	502	560	615	665	690	700	695
Merchant Bar	603	660	715	765	790	800	795

PRICE AND PRODUCT DEFINITIONS

Wire Rod - Drawing Quality **Medium Sections and Beams** - I Beam **Merchant Bar** - Round Bar

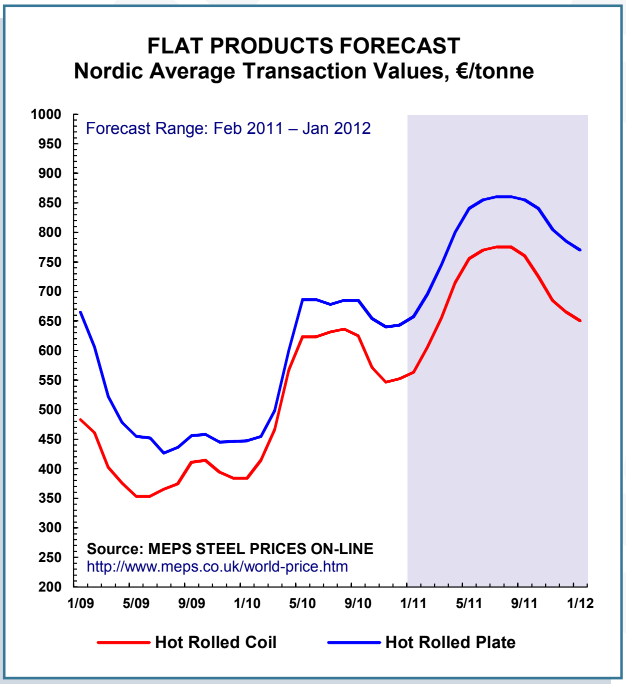
Steel prices are computed from an arithmetic average of the low values identified in Denmark, Sweden, Finland and Norway - collected in national currencies and converted into Euros using currency exchange rates effective at the start of each month to provide a basis for comparisons.

MEDIUM TERM PRICE FORECASTS

The MEPS - Nordic Average Hot Rolled Coil transaction value moved up by approximately 2 percent in January. Hot rolled plate selling figures recorded a similar advance. This represents increases of around 47 percent year-on-year. Reduced supply, coupled with higher raw material costs, put upward pressure on steel prices this month.

We have upgraded our forecasts dramatically this month due to soaring iron ore and coking coal prices. Significant gains in transaction values are expected over the next few months as mills recover the escalating input costs. Low inventory levels and unattractive import offers could result in supply shortages until at least the middle of this year. Consequently, recently announced price rises by local steelmakers are likely to be successful.

Inventory building ahead of increases in transaction values is expected to lead to oversupply when market activity drops over the summer period. This, coupled with weak economic conditions, could drive transaction figures lower in the final trimester of 2011.



TRANSACTION PRICES - PRODUCT AND PRICE DEFINITIONS

Transactions prices are the realised values obtained by the mills for the cheapest grade of steel in the size range specified for each product. These are determined by adding the relevant size extras to the negotiated ex-mill basis price for the selected product.

Transaction values relate to those paid by consumers and stockholders for prime material. The prices are for regular business between customers and their domestic steel mills, negotiated during the current month for delivery in the future. 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.

Nordic Average - Includes prices in Denmark, Sweden, Finland & Norway. Converted into Euros for comparison.
Hot-Rolled Wide Coil - 2-3mm thickness, width over 1.1 metres.
Hot-Rolled Plates - 15-40mm thickness, width over 2.0 metres.
Cold-Rolled Coils - 1mm thickness, width over 1.3 metres.
Hot Dipped Galvanised Coils - 1mm thickness, width over 1.1 metres, coating thickness 275 gm/m^2
Electro-Zinc Coated Coils - 1mm thickness, width over 1.1 metres, standard coating.
Stainless 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 and Beams - Category C1. I Beam.
Medium Sections and Beams - 240mm x 240mm H Beam.
Reinforcing Bar (Deformed) - 16-20mm diameter - high yield - Grade 500 in Denmark, Sweden, Finland and Norway.
Merchant Bar - 50mm diameter.
Merchant Bar - 50 x 50mm x 6mm equal angle.

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 use of our published data, however it may arise.

The February issue of the European Steel Review Supplement will be dispatched by post & PDF on 16 February, 2011. Express Price Tables will be dispatched by e-mail in excel format on 9 February, 2011.

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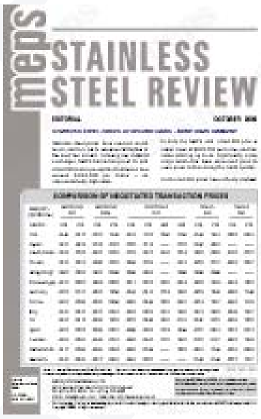
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