

steelnews



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Institute

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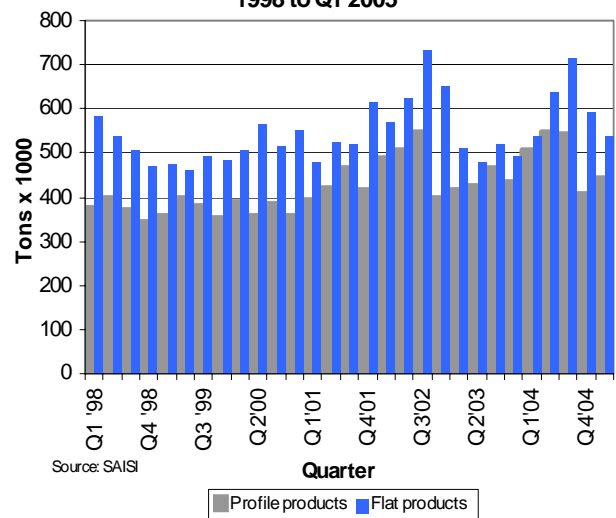
Domestic carbon steel sales decreased by 5,8% during the first quarter of 2005

Total domestic carbon steel sales decreased by 5,8% during the first quarter of 2005 compared with the first quarter of 2004. During this period sales of carbon steel flat products increased by 0,5% while sales of long products decreased by 12,4%. Domestic carbon steel sales of flat and profile products decreased by 1,8% during the first quarter of 2005 compared with the fourth quarter of 2004.

Although the economy may be somewhat weaker than expected by most analysts, suggestions are that growth in sectors reliant on domestic demand continues to do well. A major concern is the poor performance of the manufacturing sector, a cornerstone of any economy, as export and import-replacement industries are still suffering from the effects of the strong rand and improved competitiveness in other economies.

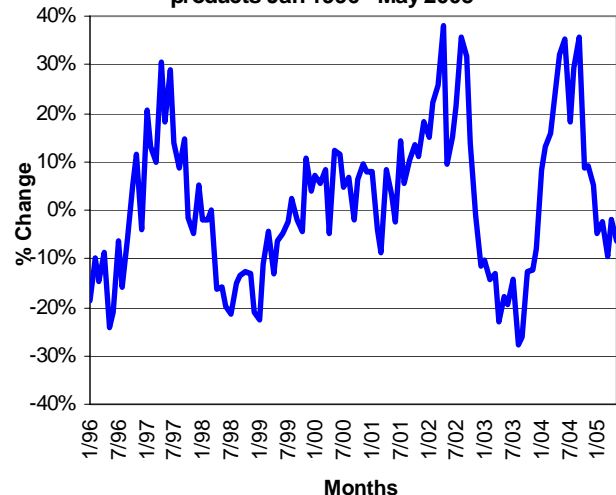
Consumer spending is expected to remain firm during 2005, supported by further income growth, the low interest rate environment and relatively manageable debt levels. Public sector spending should expand in line with government's more expansive approach, while fixed investment activity should remain healthy prompting construction growth. The manufacturing sector may experience that domestic consumer demand remains lacklustre and export prospects doubtful should the rand not weaken to growth conducive levels. Continued on page 2

Local sales of primary carbon steel products
1998 to Q1 2005



Source: SAISI

Change* in local sales of primary carbon steel products Jan 1996 - May 2005



* % Change on corresponding month of previous year

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Steel sales decreased by 5,6% during Q1 2005

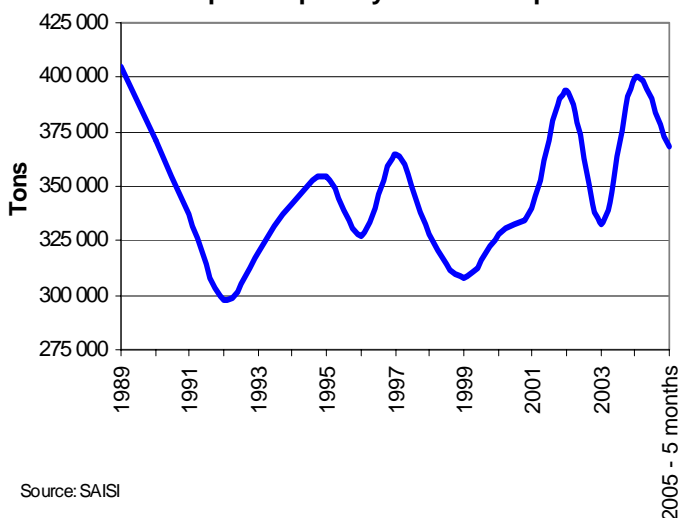
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Total local sales of primary carbon steel products - 2004 to May 2005 ('000 tons)

MONTH	2004			2005		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	145.6	184.0	329.5	132.6	181.0	313.6
FEB	164.1	173.5	337.6	158.9	170.8	329.7
MAR	196.7	179.0	375.7	152.2	187.4	339.6
Q1	506.3	536.4	1042.8	443.6	539.2	982.8
APRIL	176.3	198.0	374.4	172.4	194.4	366.8
MAY	190.6	211.8	402.3	165.2	211.4	376.7
JUNE	181.7	225.8	407.6			
Q2	548.6	635.6	1184.3	337.6	405.8	743.5
JULY	176.1	235.9	412.0			
AUG	174.4	235.7	410.1			
SEP	190.8	240.8	431.5			
Q3	541.3	712.3	1253.6	0.0	0.0	0.0
OCT	157.0	244.6	401.6			
NOV	159.0	221.4	380.4			
DEC	92.2	126.6	218.8			
Q4	408.2	592.6	1000.9	0.0	0.0	0.0
TOTAL	2 004.5	2 477.0	4 481.5	781.2	945.1	1 726.3

Source: SAISI

Monthly average apparent SA domestic consumption of primary carbon steel products



Imports of primary carbon and alloy steel products decreased by 4,0% during the first quarter of 2005

Imports of primary carbon and alloy steel products as a percentage of total apparent domestic carbon steel consumption amounted to 6,5% during the first quarter of 2005 compared with 6,4% during the whole of 2004. According to statistics released by Customs and Excise, imports of primary carbon and alloy steel products (excluding wire and stainless steel, but including rails) decreased by 4,0% during the first

Imports of primary carbon and alloy steel products - 2004 to March 2005 ('000 tons)

MONTH	2004			2005		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	3.2	16.1	19.4	6.7	20.4	27.1
FEB	7.1	16.5	23.6	2.9	15.5	18.4
MAR	2.8	24.9	27.8	5.2	17.2	22.4
Q1	13.2	57.6	70.7	14.8	53.1	67.9
APRIL	2.7	14.1	16.7			0.0
MAY	11.2	17.2	28.5			0.0
JUNE	8.5	24.6	33.1			0.0
Q2	22.4	55.9	78.3	0.0	0.0	0.0
JULY	3.4	22.0	25.4			0.0
AUG	5.4	33.0	38.4			0.0
SEP	3.0	19.7	22.7			0.0
Q3	11.7	74.8	86.5	0.0	0.0	0.0
OCT	7.9	17.1	25.0			0.0
NOV	9.3	23.1	32.4			0.0
DEC	1.4	14.0	15.3			0.0
Q4	18.6	54.2	72.8	0.0	0.0	0.0
TOTAL	65.9	242.4	308.3	14.8	53.1	67.9

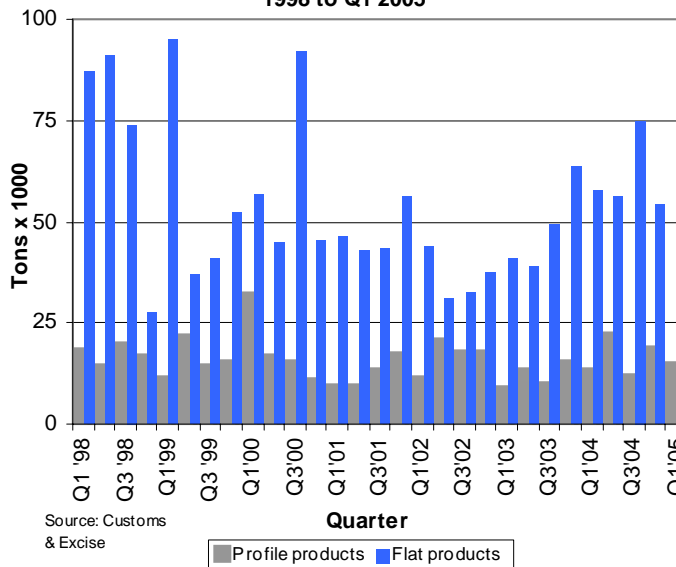
Source: Customs & Excise

quarter of 2005 compared with the corresponding quarter of 2004. Imports during the first quarter of 2005 decreased by 6,7% compared with imports during the fourth quarter of 2004.

Imports of flat products during the first quarter of 2005 decreased by 2,0% while imports of profile products decreased by 20,4% compared with the fourth quarter of 2004.

Continued on page 3

Imports of primary carbon & alloy steel products 1998 to Q1 2005



Imports decreased by 4,0% during Q1 of 2005 (continued from page 2)

IMPORTS - South Africa's ten most important steel trading partners in 2004 and Q1 2005 (All products including stainless steel and finished wire—HS codes 7206 to 7302 - tons)

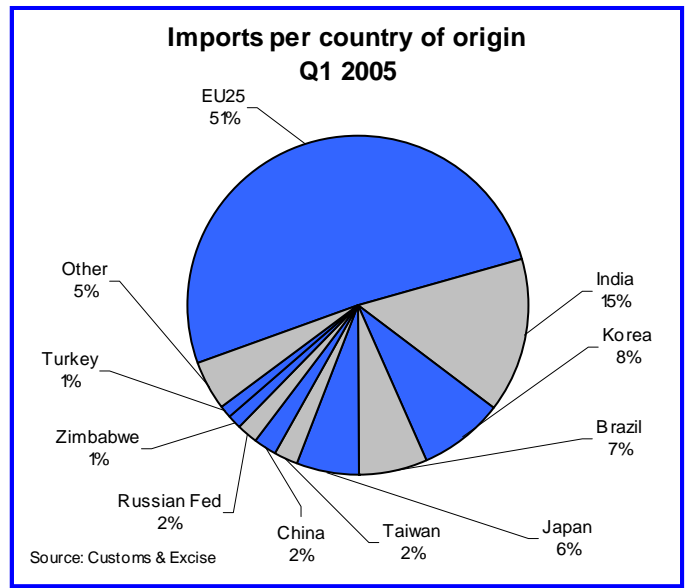
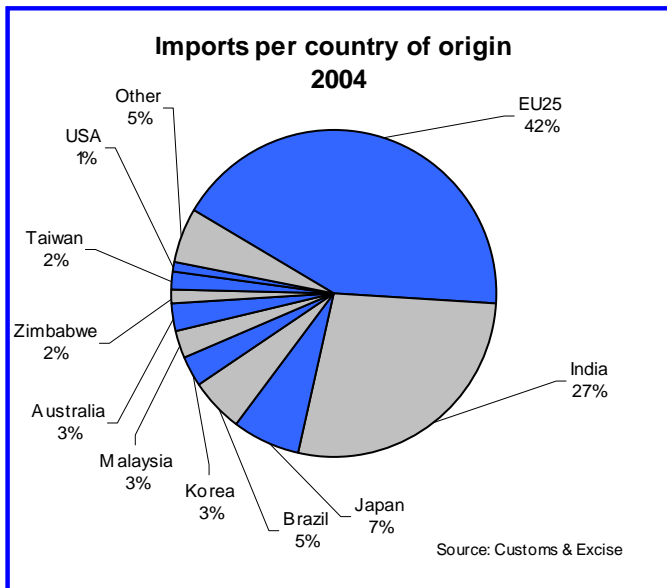
Countries	2004	Countries	Q1 2005
EU25	151 865	EU25	43 416
India	96 852	India	12 483
Japan	23 159	Korea	6 740
Brazil	18 564	Brazil	5 534
Korea	10 823	Japan	5 215
Malaysia	10 679	Taiwan	1 926
Australia	9 012	China	1 826
Zimbabwe	5 771	Russian Fed	1 572
Taiwan	5 508	Zimbabwe	1 138
USA	3 582	Turkey	1 094
Total 10 countries	335 815	Total 10 countries	80 943
Total imports	354 874	Total imports	84 862
10 Countries/ total	94.6%	10 Countries/ total	95.4%
Other	19 059	Other	3 919

Source: Customs & Excise

During the first quarter of 2005 imports from India consisted mostly (77%) of hot-dipped galvanised sheet, representing 68% of all carbon steel hot-dipped galvanised sheet imports into South Africa. No carbon steel cold-rolled coil & sheet were imported from India during Q1 2005, compared with 9 985 tons during 2004. No carbon steel hot-rolled coil & sheet were imported from India Q1 2005, compared with 6 478 tons during 2004 as a whole.

Imports from Korea consisted mostly (83%) of TFS, Alu-zinc & other coated sheet and painted or plastic coated sheet products, representing 45% of all imports of the specific coated sheet products. Imports from Brazil consisted mostly (51%) of reinforcing bar, representing 90% of all reinforcing bar imports into South Africa.

Imports from Australia declined to only 370 tons during Q1 2005 compared to 9 012 tons during 2004. Imports from China consisted mostly (79%) of drawn wire. Imports from the Russian Federation consisted exclusively of alloy steel hot- and cold-rolled flat steel products.



Exports of carbon steel products as reported by South African producers decreased by 15,1% during the first quarter of 2005

Exports of primary carbon steel products, reported by South African primary steel manufacturers, decreased by 15,1% during the first quarter of 2005 compared with the corresponding quarter of 2004. During the first quarter of 2005, carbon steel exports increased by 1,5% compared with the fourth quarter of 2004. During the first quarter of 2005 flat product exports increased by 3,2% compared with the fourth quarter of 2004 while exports of profile products recorded a decrease of 2,1% during the same period.

During the first quarter of 2005, exports of flat carbon steel products amounted to 70,8% of total exports and the exports of profile carbon steel products to 29,2% of total exports.

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Exports decreased by 15,1% during Q1 of 2005

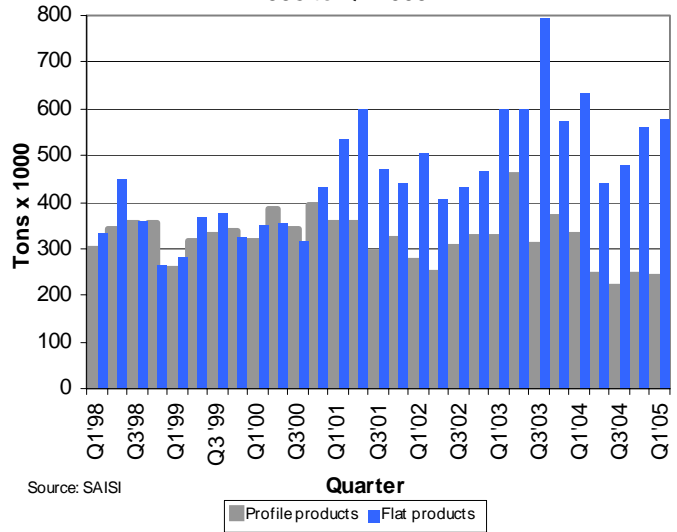
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Exports of primary carbon steel products reported by the primary steel producers - 2004 to May 2005 ('000 tons)

MONTH	2004			2005		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	103.9	154.6	258.4	71.4	97.1	168.5
FEB	97.6	225.8	323.4	77.7	216.1	293.9
MAR	126.2	250.8	376.9	88.9	263.1	351.9
Q1	327.6	631.2	958.8	238.0	576.3	814.2
APRIL	104.6	174.9	279.5	135.1	167.3	302.4
MAY	73.2	181.5	254.7	82.9	181.8	264.7
JUNE	66.0	85.2	151.3			
Q2	243.9	441.6	685.5	218.1	349.1	567.2
JULY	91.6	114.6	206.2			
AUG	75.9	170.6	246.5			
SEP	52.7	194.0	246.7			
Q3	220.2	479.2	699.4	0.0	0.0	0.0
OCT	76.7	166.5	243.2			
NOV	104.6	147.3	251.9			
DEC	61.9	244.8	306.7			
Q4	243.2	558.6	801.8	0.0	0.0	0.0
TOTAL	1 034.9	2 110.5	3 145.5	456.0	925.4	1 381.4

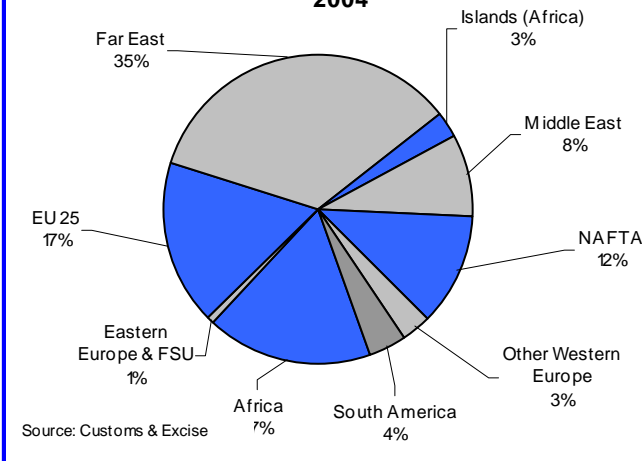
Source: SAISI

Exports of primary carbon steel products 1998 to Q1 2005



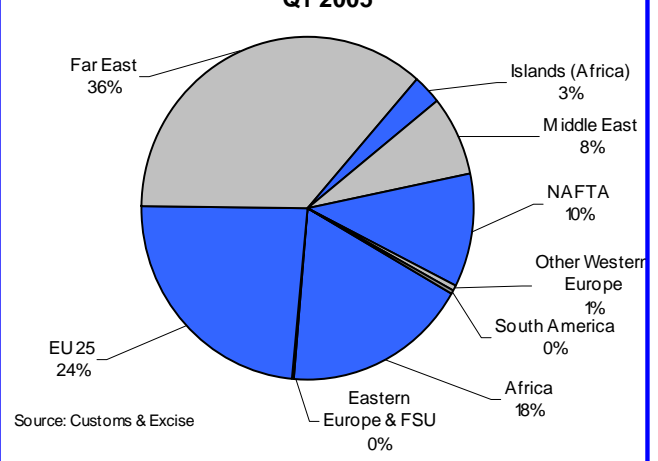
Source: SAISI

Exports per region of destination 2004



Source: Customs & Excise

Exports per region of destination Q1 2005



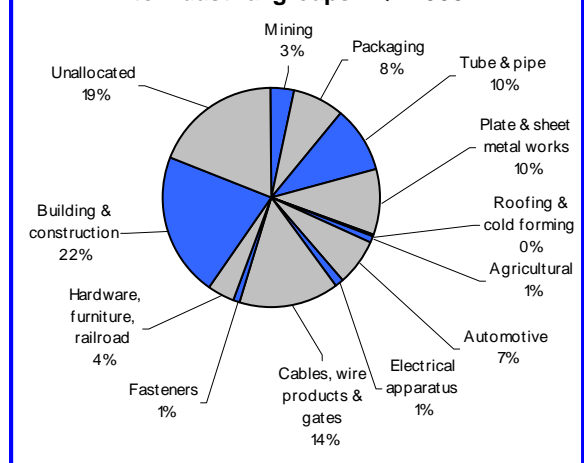
Source: Customs & Excise

Carbon steel sales to industrial groups during Q1 2005

Sales of primary carbon steel products to industrial groups			
Metric tons	Q1 2005		
	Profile	Flat	Total
1 Mining	20 689	13 791	34 480
2 Total Manufacturing	191 860	360 606	552 466
Packaging	136	75 564	75 700
Structural Metal	2 400	195 953	198 353
Tube & pipe	793	98 494	99 287
Plate & sheet metal works	1 607	92 725	94 332
Roofing & cold forming	0	4 734	4 734
Agricultural	7 716	306	8 022
Automotive	6 111	63 049	69 160
Electrical apparatus	68	9 905	9 973
Cables, wire products & gates	139 242	2 797	142 039
Fasteners	11 694	0	11 694
Other: Hardware, furniture, rail	24 493	13 032	37 525
3 Building & construction	169 745	42 699	212 444
4 Unallocated	68 013	121 522	189 535
5 Total	450 307	538 618	988 925

Source: South African Iron and Steel Institute

Sales of primary carbon steel products to industrial groups - Q1 2005



Carbon steel sales to industrial groups during Q1 2005

(continued from page 4)

Sales of primary carbon steel products to industrial groups								
Metric tons	2002	2003	2003/2002	2004	2004/2003	Q1 04	Q1 05	Q105/Q104
Mining	124 995	110 500	-11.6%	145 813	32.0%	34 001	34 480	1.4%
Manufacturing	2 684 753	2 207 350	-17.8%	2 519 654	14.1%	578 172	552 466	-4.4%
Packaging	313 015	281 874	-9.9%	260 666	-7.5%	70 792	75 700	6.9%
Structural Metal	1069 074	781 231	-26.9%	982 283	25.7%	213 327	198 353	-7.0%
Tube & Pipe	522 588	396 253	-24.2%	527 610	33.1%	112 593	99 287	-11.8%
Plate & Sheet metal works	475 010	355 571	-25.1%	432 319	21.6%	96 006	94 332	-1.7%
Roofing & Cold forming	71 476	29 407	-58.9%	22 354	-24.0%	4 728	4 734	0.1%
Agricultural	29 415	41 509	41.1%	38 558	-7.1%	10 324	8 022	-22.3%
Automotive	308 045	236 078	-23.4%	311 816	32.1%	64 314	69 160	7.5%
Electrical apparatus/white goods	56 218	54 277	-3.5%	49 177	-9.4%	9 110	9 973	9.5%
Cables, wire products & gates	672 177	617 247	-8.2%	647 086	4.8%	155 582	142 039	-8.7%
Fasteners	52 089	49 333	-5.3%	57 113	15.8%	13 415	11 694	-12.8%
Other	184 720	145 801	-21.1%	172 955	18.6%	41 308	37 525	-9.2%
Building & Construction	1 033 880	864 935	-16.3%	966 034	11.7%	247 690	212 444	-14.2%
Unallocated	676 817	564 701	-16.6%	861 605	52.6%	186 435	189 535	1.7%
Total	4 520 445	3 747 486	-17.1%	4 493 106	19.9%	1 046 298	988 925	-5.5%

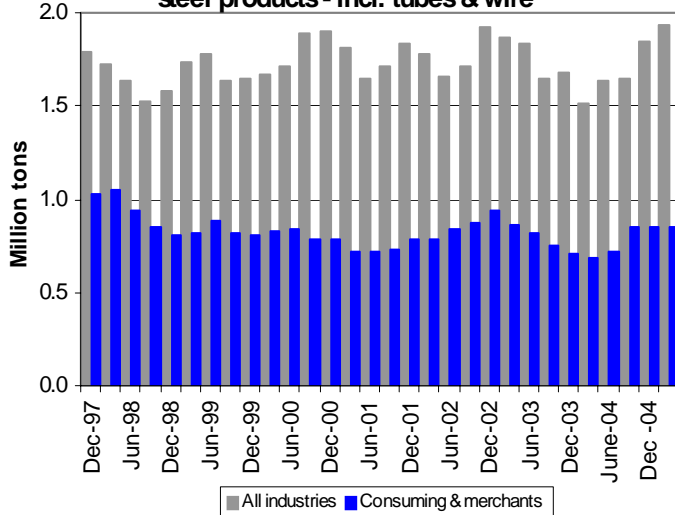
Source: South African Iron and Steel Institute

Stocks of primary steel products on hand - end of March '05

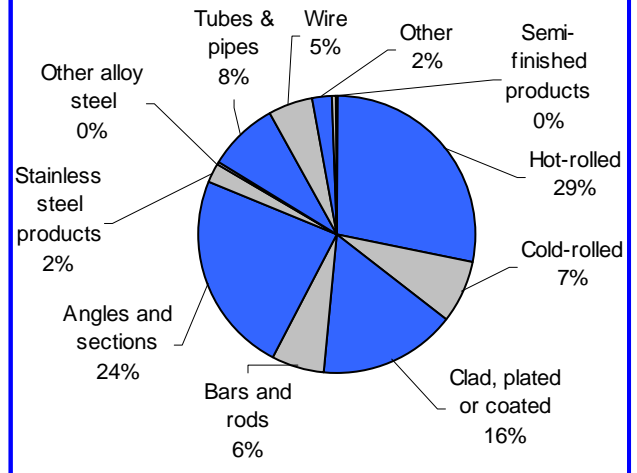
Products (metric tons)	Sept 2004		Dec 2004 - Revised		March 2005	
	All industries*	Consuming**	All industries*	Consuming**	All industries*	Consuming**
1 Iron and non-alloy steel	1 483 957	738 345	1 635 249	751 310	1 719 863	748 543
A Semi-finished products	323 307	3 410	364 478	3 388	364 210	3 575
B Total finished products	1 160 650	734 935	1 270 771	747 922	1 355 653	744 968
C Total flat rolled products	744 472	478 954	805 910	493 335	841 588	470 937
i Hot-rolled	433 831	284 583	478 219	280 820	460 949	259 873
ii Cold-rolled	130 581	62 090	141 260	65 881	170 050	65 192
iii Clad, plated or coated	180 060	132 281	186 431	146 634	210 589	148 872
D Total profile products	416 178	255 981	464 861	254 587	514 065	274 031
i Bars and rods	104 122	28 256	121 347	32 278	163 827	55 888
ii Angles and sections	312 056	227 725	343 514	222 309	350 238	218 143
2 Stainless steel products	66 938	22 466	123 470	21 476	121 019	20 854
3 Other alloy steel	4 077	4 077	2 990	2 990	2 744	2 744
4 Other products	93 295	81 425	88 087	74 983	86 932	75 898
i Tubes & pipes	66 905	56 437	64 680	53 768	56 603	49 111
ii Wire	19 423	19 423	15 522	15 522	21 264	21 264
iii Other	6 967	5 565	7 885	5 693	9 065	5 523

Source: South African Iron and Steel Institute

Stocks of primary carbon, alloy & stainless steel products - incl. tubes & wire



Stocks of primary steel products - end March '05 (consuming & merchants)



* Primary & consuming industries and merchants

** Consuming industries & merchants

THEO BOSHOFF WINS THE SAISI PRIZE FOR THE BEST METALLURGICAL ENGINEERING STUDENT AT THE UNIVERSITY OF PRETORIA.

The South African Iron and Steel Institute annually sponsors the **SAISI Prize** which is awarded to the best student in metallurgical engineering at the University of Pretoria over the four-year undergraduate course.

The cash prize this year was awarded on 20 April 2005 at the autumn graduation ceremony of the University of Pretoria to **Ernst Theodor Boshoff**. Mr Boshoff was also the recipient of the Prestige Award of the South African Institute of Mining and Metallurgy, as well as the Department of Materials Science and Metallurgical Engineering Project Prize.

The primary steel industry sponsors the prize to promote and recognise excellence in young metallurgical engineers and to attract high-potential students to the profession. The industry is a major employer of metallurgical engineers and maintains close links with selected academic institutions. South African trained metallurgical engineers have contributed significantly to the global competitiveness of the industry and will ensure its sustainability and world class status going forward.



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