



Steelnews is the quarterly statistical newsletter of the South African Iron



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## Domestic carbon steel sales increased by 25,2% during Q1 of 2006

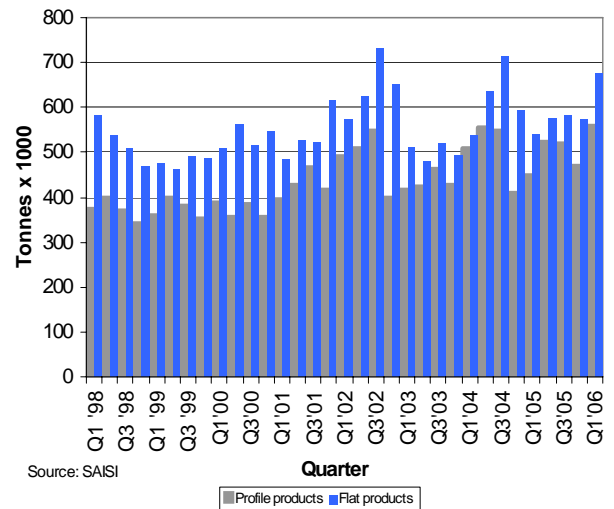
Domestic carbon steel sales totalled 1,235 million metric tons in Q1 of 2006, an increase of 25,2% when compared with Q1 of 2005. During this period sales of carbon steel flat products increased by 25,1% while sales of profile products increased by 25,3%. Domestic carbon steel sales of flat and profile products increased by 18,5% during the first quarter of 2006 compared with the fourth quarter of 2005.

Economic activity has remained resilient into 2006 on the back of continued buoyant consumer demand. However, the interest rate cycle turned as the Reserve Bank increased the repo rate by 50 basis points on 8 June 2006. Although signs of a recovery are emerging in the manufacturing sector, the sector struggles to emerge unscathed by the relative strength of the currency. More encouragingly, gross fixed capital formation should underpin overall economic growth.

South African exporters, however, may still find the going tough in the very competitive foreign markets. Factors that constrain the growth in output in the mining sector include the regulatory uncertainty, which discourages additional investment and expansion, and inadequate infrastructure which inhibits export-driven growth. The country is therefore not gaining as much as it potentially could from the current commodity boom. The expansion in the overall economic growth rate should continue at levels above the long-term average, although growth could be more subdued in 2006 compared with 2005.

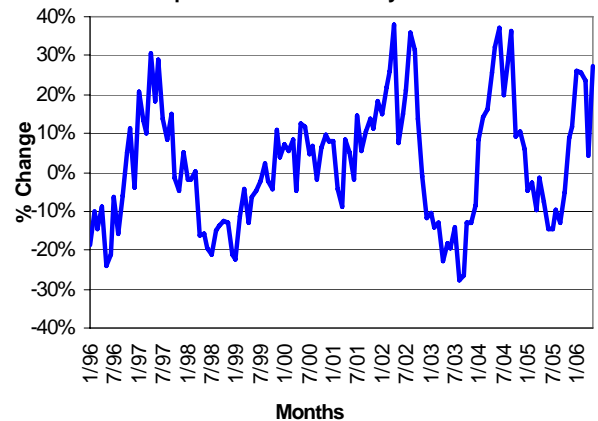
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Local sales of primary carbon steel products  
1998 to Q1 2006



Source: SAISI

Change\* in local sales of primary carbon steel  
products Jan 1996 - May 2006



\*% Change on corresponding month of previous year

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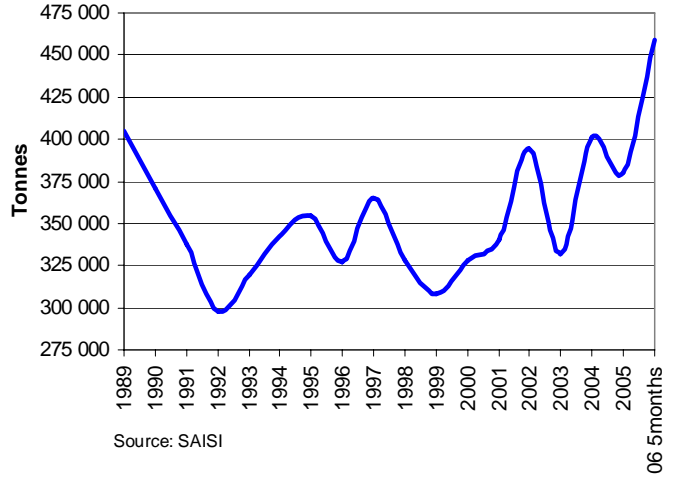
# Steel sales increased by 25,2% during Q1 of 2006 (continued from page 1)

Total local sales of primary carbon steel products - 2004 to May 2006 ('000 tonnes)

MONTH	2004			2005			2006		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	145.8	184.0	329.9	133.8	181.1	314.8	166.5	230.7	397.2
FEB	166.6	174.1	340.7	159.5	171.7	331.2	193.1	223.7	416.8
MAR	196.7	179.7	376.4	153.3	187.5	340.7	199.7	221.4	421.2
<b>Q1</b>	<b>509.2</b>	<b>537.8</b>	<b>1047.0</b>	<b>446.5</b>	<b>540.3</b>	<b>986.8</b>	<b>559.3</b>	<b>675.8</b>	<b>1235.1</b>
APRIL	176.3	198.3	374.6	174.6	194.7	369.3	190.2	195.8	386.0
MAY	190.5	212.1	402.6	173.1	199.4	372.4	222.7	250.6	473.3
JUNE	187.8	225.8	413.6	173.4	180.4	353.9			
<b>Q2</b>	<b>554.6</b>	<b>636.3</b>	<b>1190.8</b>	<b>521.1</b>	<b>574.5</b>	<b>1095.6</b>	<b>412.9</b>	<b>446.4</b>	<b>859.3</b>
JULY	181.7	236.7	418.4	165.3	192.0	357.3			
AUG	175.4	235.9	411.3	173.3	197.8	371.1			
SEP	191.4	241.4	432.8	182.0	195.0	377.0			
<b>Q3</b>	<b>548.5</b>	<b>714.0</b>	<b>1262.5</b>	<b>520.5</b>	<b>584.9</b>	<b>1105.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
OCT	157.9	245.4	403.3	176.4	205.8	382.2			
NOV	160.1	222.5	382.6	186.9	228.8	415.7			
DEC	92.3	126.8	219.1	106.9	137.4	244.3			
<b>Q4</b>	<b>410.3</b>	<b>594.7</b>	<b>1005.0</b>	<b>470.2</b>	<b>572.0</b>	<b>1042.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>TOTAL</b>	<b>2 022.6</b>	<b>2 482.8</b>	<b>4 505.4</b>	<b>1 958.4</b>	<b>2 271.6</b>	<b>4 230.0</b>	<b>972.2</b>	<b>1 122.2</b>	<b>2 094.5</b>

Source: SAISI

Monthly average apparent SA domestic consumption of primary carbon steel products



Source: SAISI

## Imports of primary carbon and alloy steel products totalled 8,3% of apparent domestic steel consumption during Q1 2006

Imports of primary carbon and alloy steel products totalled 112 000 metric tons in Q1 2006. This was 8,3% of the total apparent domestic carbon steel consumption, an increase from 7,4% in 2005. According to statistics released by Customs and Excise, imports of primary carbon and alloy steel products (excluding wire and stainless steel, but including rails) increased by 64,9% during Q1 of 2006 compared with the

corresponding period of 2005. Imports during the 1st quarter of 2006 increased by 15% compared with imports during the 4th quarter of 2005.

Imports of flat products during the 1st quarter of 2006 increased by 52,5% while imports of profile products decreased by 74,3% compared with the 4th quarter of 2005.

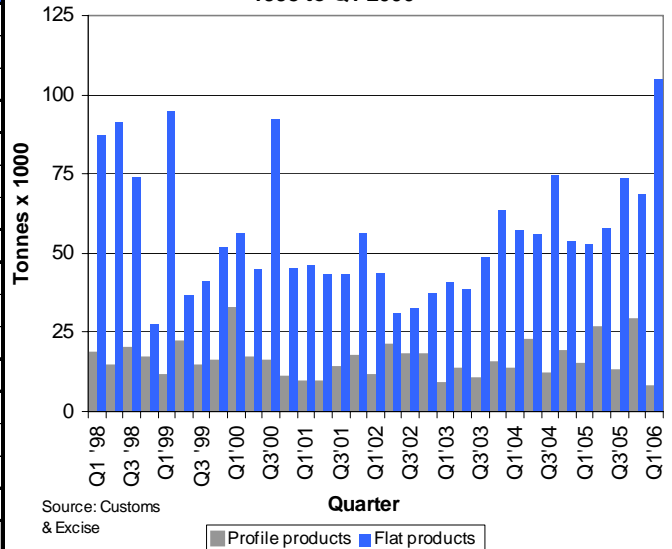
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Imports of primary carbon and alloy steel products - 2004 to April 2006 ('000 tonnes)

MONTH	2004			2005			2006		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	3.2	16.1	19.4	6.7	20.4	27.1	2.1	44.0	46.1
FEB	7.1	16.5	23.6	2.9	15.5	18.4	2.7	29.0	31.7
MAR	2.8	24.9	27.8	5.2	17.2	22.4	2.6	31.6	34.2
<b>Q1</b>	<b>13.2</b>	<b>57.6</b>	<b>70.7</b>	<b>14.8</b>	<b>53.1</b>	<b>67.9</b>	<b>7.4</b>	<b>104.6</b>	<b>112.0</b>
APRIL	2.7	14.1	16.7	11.0	17.0	28.0	2.7	45.4	48.1
MAY	11.2	17.2	28.5	5.1	23.4	28.5			0.0
JUNE	8.5	24.6	33.1	10.0	17.9	27.8			0.0
<b>Q2</b>	<b>22.4</b>	<b>55.9</b>	<b>78.3</b>	<b>26.1</b>	<b>58.2</b>	<b>84.3</b>	<b>2.7</b>	<b>45.4</b>	<b>48.1</b>
JULY	3.4	22.0	25.4	3.3	16.8	20.1			0.0
AUG	5.4	33.0	38.4	6.4	21.1	27.5			0.0
SEP	3.0	19.7	22.7	3.0	35.6	38.6			0.0
<b>Q3</b>	<b>11.7</b>	<b>74.8</b>	<b>86.5</b>	<b>12.7</b>	<b>73.5</b>	<b>86.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
OCT	7.9	17.1	25.0	10.8	27.0	37.8			0.0
NOV	9.3	23.1	32.4	16.4	26.7	43.1			0.0
DEC	1.4	14.0	15.3	1.6	14.9	16.5			0.0
<b>Q4</b>	<b>18.6</b>	<b>54.2</b>	<b>72.8</b>	<b>28.8</b>	<b>68.6</b>	<b>97.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>TOTAL</b>	<b>65.9</b>	<b>242.4</b>	<b>308.3</b>	<b>82.4</b>	<b>253.4</b>	<b>335.8</b>	<b>10.1</b>	<b>150.0</b>	<b>160.1</b>

Source: Customs & Excise

Imports of primary carbon & alloy steel products 1998 to Q1 2006



Source: Customs & Excise

# Imports totalled 8,3% of consumption during Q1 2006 (cont. from page 2)

## IMPORTS - South Africa's ten most important steel trading partners in 2005 and 2006 (4 months) (All products including stainless steel and finished wire—HS codes 7206 to 7302 - tonnes)

### Imports per country of origin

#### Ten biggest countries of origin - tonnes

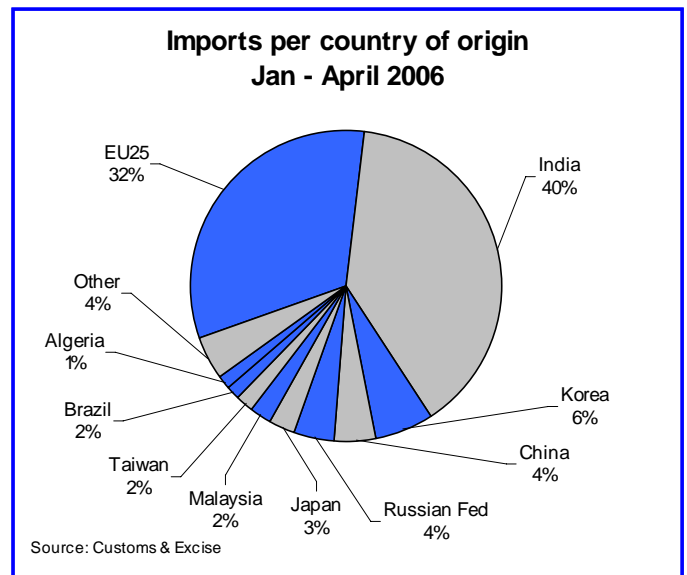
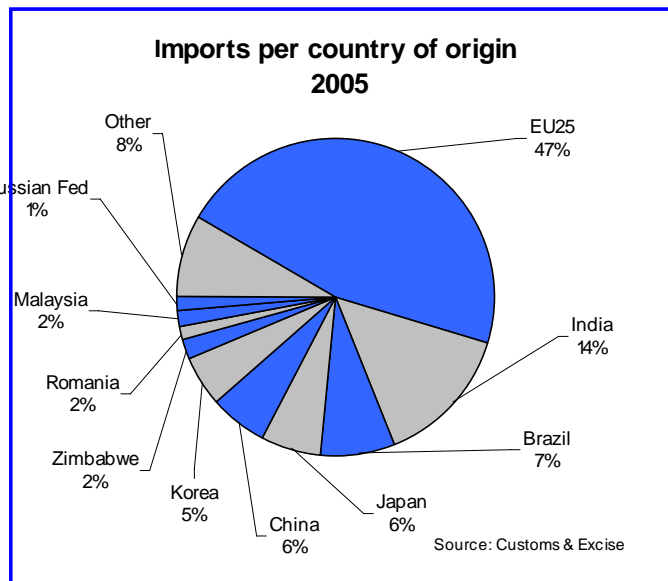
Countries	2005	Countries	06 4months
EU25	183 879	EU25	59 004
India	56 907	India	70 890
Brazil	29 418	Korea	11 417
Japan	24 293	China	7 583
China	23 447	Russian Fed	7 130
Korea	21 377	Japan	5 464
Zimbabwe	6 814	Malaysia	4 063
Romania	6 545	Taiwan	3 358
Malaysia	6 123	Brazil	2 776
Russian Fed	5 559	Algeria	2 500
Total 10 countries	364 363	Total 10 countries	174 185
<b>Total imports</b>	<b>397 456</b>	<b>Total imports</b>	<b>182 064</b>
10 Countries/ total	91.7%	10 Countries/ total	95.7%
Other	33 093	Other	7 879

Source: Customs & Excise

During the first four months of 2006 imports from India consisted mostly (58%) of carbon steel hot-dipped galvalanised coil/sheet, representing 77% of the 53 263 tonnes of carbon steel hot-dipped galvalanised coil/sheet imported into South Africa during this period. Imports of carbon steel cold-rolled coil/sheet from India amounted to 7 752 tonnes or 50% of total South African imports of carbon steel cold-rolled sheet & coil during January to April 2006.

Imports from Korea consisted mostly (57%) of painted or aluminum-zinc coated coils/sheets during the first four months of 2006. Imports from China consisted mostly (36%) of carbon steel cold-rolled sheet & coil during the corresponding period. Imports of drawn wire amounted to 2 405 tonnes from China during January to April 2006, representing 22% of all drawn wire imports.

Carbon steel hot-rolled coil to the volume of 5 629 tonnes was imported from the Russian Federation during April 2006, the first imports of carbon steel hot-rolled coil from Russia since September 2000.



## Exports of carbon steel products as reported by South African producers decreased by 14,6% during Q1 of 2006

Exports of primary carbon steel products, reported by South African primary steel manufacturers, totalled 719 300 metric tons in Q1 of 2006, a decrease of 14,6% over the corresponding period in 2005. During the first quarter of 2006, carbon steel exports decreased by 8,8% compared with the fourth quarter of 2005. During the first quarter of 2006 flat product exports decreased by 5,2% compared with the fourth quarter of 2005 while exports of profile products recorded a decrease of 15,8% during the same period.

During the first quarter of 2006, exports of flat carbon steel products amounted to 68,4% of total exports and exports of profile carbon steel products to 31,6% of total exports.

(continued on page 4)

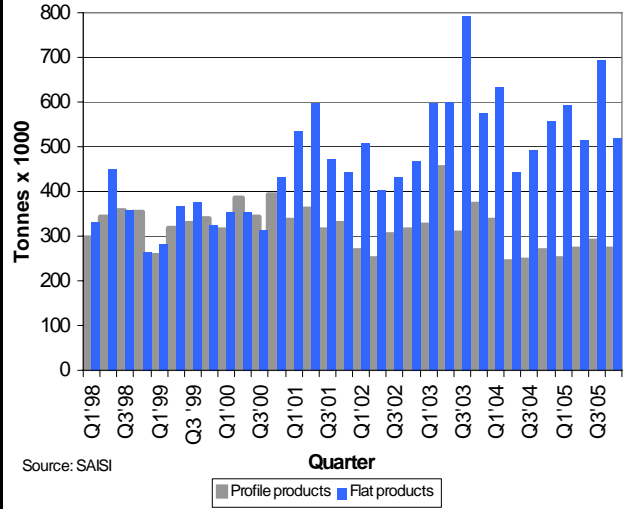
# Exports decreased by 14,8% during Q1 of 2006 (continued from page 3)

Exports of primary carbon steel products reported by the primary steel producers - 2004 to May 2006 ('000 tonnes)

MONTH	2004			2005			2006		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	104.1	154.6	258.7	83.9	107.0	190.9	74.1	180.7	254.8
FEB	97.6	225.8	323.5	78.2	221.1	299.3	96.5	182.7	279.2
MAR	134.5	250.8	385.3	89.0	263.1	352.0	56.7	128.7	185.3
<b>Q1</b>	<b>336.2</b>	<b>631.2</b>	<b>967.4</b>	<b>251.1</b>	<b>591.1</b>	<b>842.2</b>	<b>227.3</b>	<b>492.0</b>	<b>719.3</b>
APRIL	104.7	174.9	279.6	135.1	167.3	302.4	62.5	181.2	243.7
MAY	73.5	181.5	255.0	82.9	181.8	264.7	77.3	162.8	240.0
JUNE	66.2	85.2	151.4	55.0	163.6	218.6			
<b>Q2</b>	<b>244.5</b>	<b>441.6</b>	<b>686.0</b>	<b>273.1</b>	<b>512.7</b>	<b>785.7</b>	<b>139.8</b>	<b>343.9</b>	<b>483.7</b>
JULY	92.2	119.8	212.0	90.8	215.1	306.0			
AUG	89.1	170.6	259.7	97.6	244.9	342.6			
SEP	64.7	202.5	267.2	101.1	231.1	332.2			
<b>Q3</b>	<b>246.0</b>	<b>492.9</b>	<b>738.8</b>	<b>289.5</b>	<b>691.2</b>	<b>980.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
OCT	89.6	166.5	256.1	99.2	163.0	262.2			
NOV	117.4	147.3	264.6	85.6	176.0	261.6			
DEC	62.2	244.8	307.0	85.0	180.1	265.1			
<b>Q4</b>	<b>269.1</b>	<b>558.6</b>	<b>827.7</b>	<b>269.8</b>	<b>519.2</b>	<b>788.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>TOTAL</b>	<b>1 095.8</b>	<b>2 124.2</b>	<b>3 220.0</b>	<b>1 083.4</b>	<b>2 314.2</b>	<b>3 397.6</b>	<b>367.1</b>	<b>835.9</b>	<b>1 203.0</b>

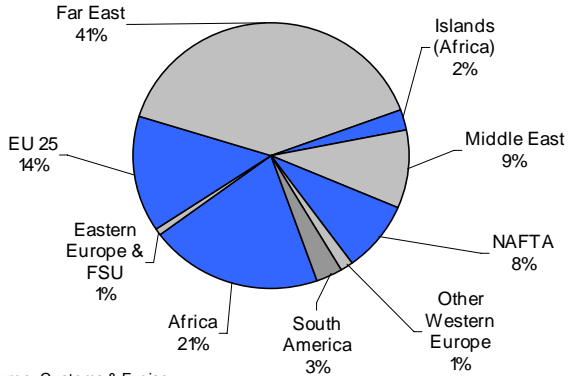
Source: SAISI

Exports of primary carbon steel products 1998 to Q1 2006



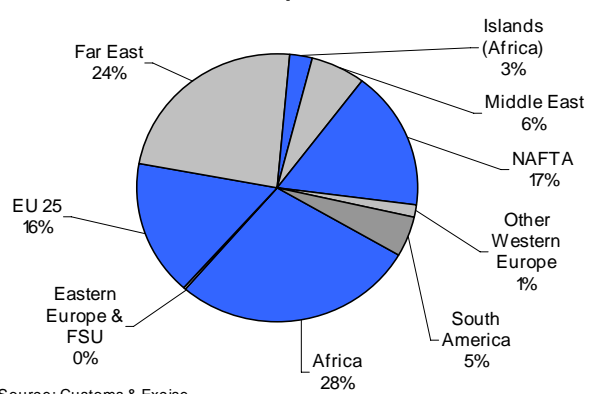
Source: SAISI

Exports per region of destination 2005



Source: Customs & Excise

Exports per region of destination Jan - April 2006



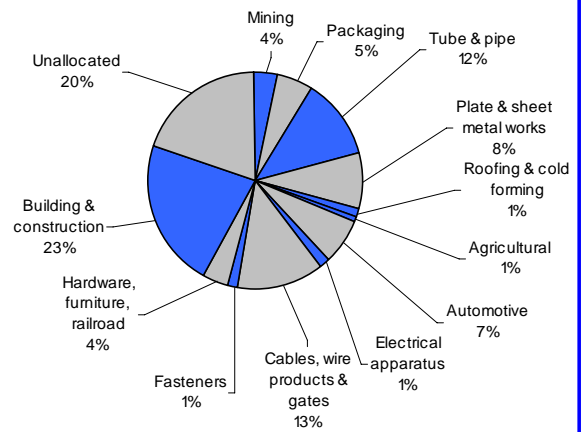
Source: Customs & Excise

## Carbon steel sales to industrial groups during Q1 of 2006

Sales of primary carbon steel products to industrial groups			
Metric tons	Q1 2006		
	Profile	Flat	Total
1 Mining	23 415	22 524	45 939
2 Total Manufacturing	223 579	444 136	667 715
Packaging	184	66 570	66 754
Structural Metal	3 230	260 982	264 212
Tube & pipe	1 158	145 902	147 060
Plate & sheet metal works	2 072	102 692	104 764
Roofing & cold forming	0	12 388	12 388
Agricultural	9 134	73	9 207
Automotive	7 546	77 030	84 576
Electrical apparatus	70	15 330	15 400
Cables, wire products & gates	160 594	2 353	162 947
Fasteners	15 351	63	15 414
Other: Hardware, furniture, rail	27 470	21 735	49 205
3 Building & construction	220 660	55 199	275 859
4 Unallocated	91 672	153 944	245 616
<b>5 Total</b>	<b>559 326</b>	<b>675 803</b>	<b>1 235 129</b>

Source: SAISI

Sales of primary carbon steel products to industrial groups - Q1 2006



# Carbon steel sales to industrial groups

(continued from page 4)

Sales of primary carbon steel products to industrial groups									
Metric tons	2002	2003	2004	2004/2003	2005	2005/2004	2005 Q1	2006 Q1	Q1'06/Q1'05
<b>Mining</b>	124 166	110 608	146 396	<b>32.4%</b>	164 132	<b>12.1%</b>	34513	45939	<b>33.1%</b>
<b>Manufacturing</b>	2 694 770	2 216 074	2 534 169	<b>14.4%</b>	2 327 706	<b>-8.1%</b>	554796	667715	<b>20.4%</b>
Packaging	313 028	281 882	260 673	<b>-7.5%</b>	256 443	<b>-1.6%</b>	75701	66754	<b>-11.8%</b>
Structural Metal	1071 977	782 313	986 215	<b>26.1%</b>	895 524	<b>-9.2%</b>	198580	264212	<b>33.1%</b>
Tube & Pipe	523 390	396 851	528 826	<b>33.3%</b>	438 502	<b>-17.1%</b>	99540	147060	<b>47.7%</b>
Plate & Sheet metal works	476 796	355 889	434 851	<b>22.2%</b>	420 407	<b>-3.3%</b>	94260	104764	<b>11.1%</b>
Roofing & Cold forming	71 791	29 572	22 538	<b>-23.8%</b>	36 616	<b>62.5%</b>	4780	12388	<b>159.2%</b>
Agricultural	29 351	41 301	38 555	<b>-6.6%</b>	33 048	<b>-14.3%</b>	7916	9207	<b>16.3%</b>
Automotive	309 515	237 264	314 152	<b>32.4%</b>	290 375	<b>-7.6%</b>	69749	84576	<b>21.3%</b>
Electrical apparatus/white goods	56 479	54 535	49 481	<b>-9.3%</b>	47 294	<b>-4.4%</b>	10040	15400	<b>53.4%</b>
Cables, wire products & gates	672 175	617 237	647 089	<b>4.8%</b>	588 843	<b>-9.0%</b>	142036	162947	<b>14.7%</b>
Fasteners	52 093	49 321	57 113	<b>15.8%</b>	50 576	<b>-11.4%</b>	11688	15414	<b>31.9%</b>
Other	190 152	152 221	180 891	<b>18.8%</b>	165 603	<b>-8.5%</b>	39086	49205	<b>25.9%</b>
<b>Building &amp; Construction</b>	1 033 713	863 968	967 913	<b>12.0%</b>	955 102	<b>-1.3%</b>	211413	275859	<b>30.5%</b>
<b>Unallocated</b>	678 451	565 677	866 075	<b>53.1%</b>	791 714	<b>-8.6%</b>	190089	245616	<b>29.2%</b>
<b>Total</b>	4 531 100	3 756 327	4 514 553	<b>20.2%</b>	4 238 653	<b>-6.1%</b>	990 811	1 235 129	<b>24.7%</b>

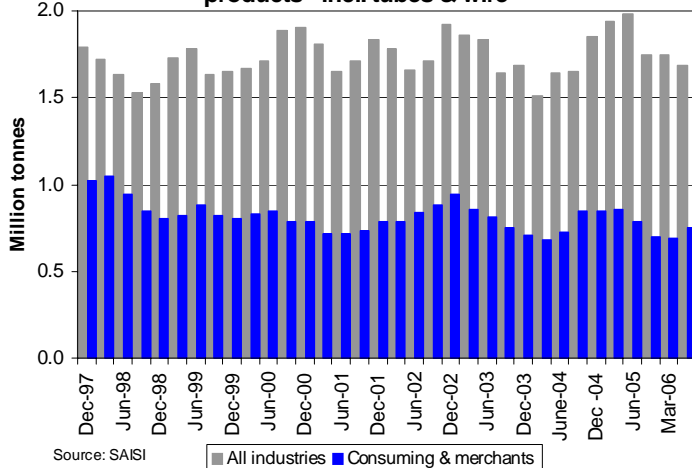
Source: SAISI

## Stocks of primary steel products on hand - end of March '06

Products (metric tons)	September 2005		Dec 2005 - Revised		March 2006	
	All industries*	Consuming**	All industries*	Consuming**	All industries*	Consuming**
<b>1 Iron and non-alloy steel</b>	<b>1 565 008</b>	<b>602 585</b>	<b>1 582 211</b>	<b>605 108</b>	<b>1 490 532</b>	<b>656 521</b>
A Semi-finished products	429 692	3 913	403 447	3 377	282 700	4 010
B Total finished products	1 135 316	598 672	1 178 764	601 731	1 207 832	652 511
C Total flat rolled products	717 381	382 244	782 626	382 886	784 266	417 575
i Hot-rolled	414 752	224 778	432 708	214 744	461 890	260 249
ii Cold-rolled	158 678	59 840	169 659	54 638	156 159	55 894
iii Clad, plated or coated	143 951	99 626	180 259	113 504	166 217	101 432
D Total profile products	417 935	216 428	396 138	218 845	423 566	234 936
i Bars and rods	127 735	36 330	95 229	17 676	99 358	12 661
ii Angles and sections	290 200	180 098	300 909	201 169	324 208	222 275
<b>2 Stainless steel products</b>	<b>97 560</b>	<b>17 966</b>	<b>82 950</b>	<b>15 301</b>	<b>111 452</b>	<b>19 675</b>
<b>3 Other alloy steel</b>	<b>3 839</b>	<b>3 839</b>	<b>1 972</b>	<b>1 972</b>	<b>2 548</b>	<b>2 548</b>
<b>4 Other products</b>	<b>82 608</b>	<b>73 836</b>	<b>78 230</b>	<b>67 512</b>	<b>84 743</b>	<b>72 521</b>
i Tubes & pipes	59 708	51 381	57 936	48 018	58 707	49 205
ii Wire	19 704	19 704	17 272	17 272	21 170	21 170
iii Other	3 196	2 751	3 022	2 222	4 866	2 146

Source: SAISI

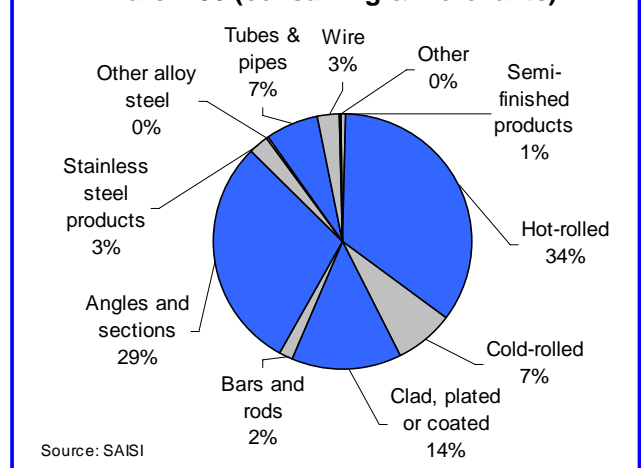
Stocks of primary carbon, alloy & stainless steel products - incl. tubes & wire



Source: SAISI

■ All industries ■ Consuming & merchants

Stocks of primary steel products - end March '06 (consuming & merchants)



Source: SAISI

\* Primary & consuming industries and merchants \*\* Consuming industries & merchants