

steelInews



**South African
Iron and Steel
Institute**

Quarter 2 of 2008

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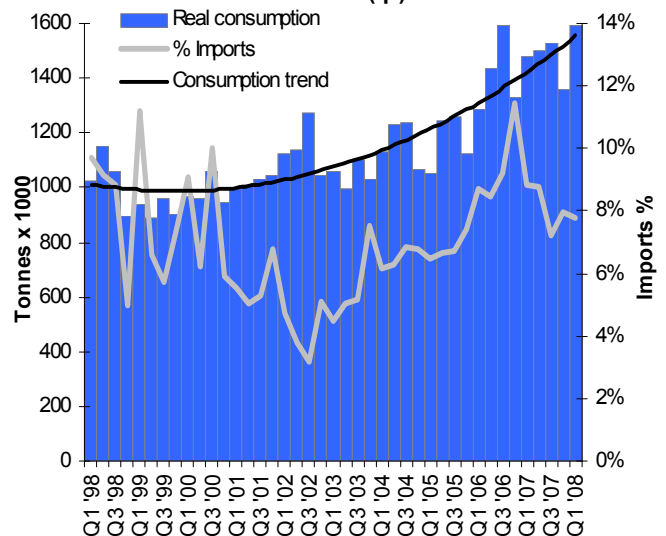
Domestic carbon steel sales increase by 6,6% during the first half of 2008

Domestic carbon steel sales totalled 1,517 million tonnes during quarter 2 of 2008, an increase of 11,3% when compared with the corresponding quarter of 2007.

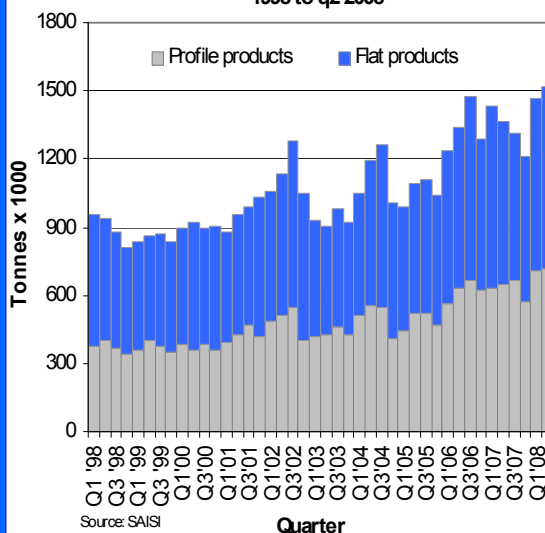
During the first half of 2008 sales of carbon steel flat products increased by 3,2% while sales of profile products increased by 10,6% compared with the first half of 2007, resulting in a total increase of 6,6% for this period.

During quarter 2 of 2008 sales of carbon steel products increased by 3,6% compared with quarter 1 of 2008. (Continued on page 2)

Real domestic carbon & alloy steel consumption 1998-2008(q1)

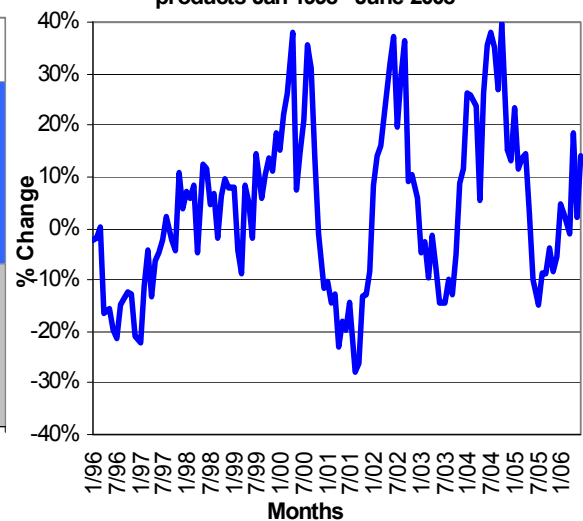


Local sales of primary carbon steel products 1998 to q2 2008



Source: SAISI

Change* in local sales of primary carbon steel products Jan 1998 - June 2008



* % Change on corresponding month of previous year



ArcelorMittal



Cape Gate



COLUMBUS
STAINLESS
[Pty] Ltd



Highveld Steel



SAISI
P O Box 6318
PRETORIA
0001
Tel + 27 12 320 2450
Fax+ 27 12 320 2456
Website:
www.saisi.co.za
E-mail:
saisi@saisi.co.za



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Carbon steel sales increase by 6,6% during first half of 2008

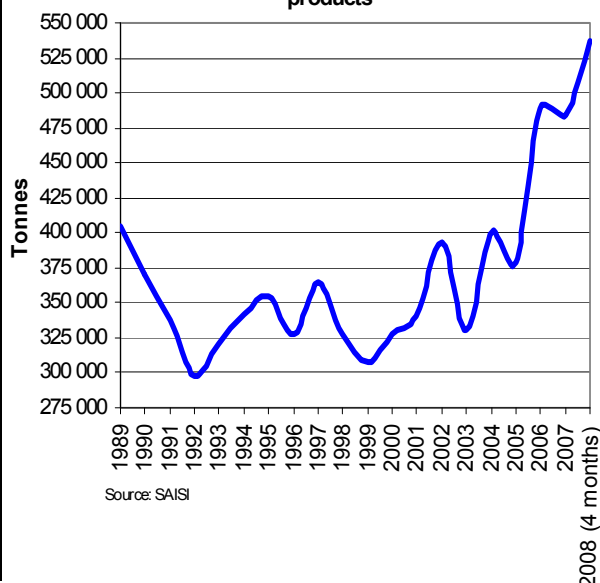
Total local sales of primary carbon steel products - Jan 2006 to June 2008 ('000 tonnes)

(Continued from page 1)

MONTH	2006			2007			2008		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	166.5	230.7	397.2	208.9	281.3	490.3	227.3	286.7	514.0
FEB	193.1	223.7	416.8	207.9	256.6	464.5	250.8	226.2	477.1
MAR	199.7	221.4	421.2	216.0	262.1	478.0	229.2	243.5	472.7
Q1	559.3	675.8	1 235.1	632.8	800.0	1 432.8	707.4	756.4	1 463.8
APRIL	194.1	195.8	389.9	209.4	237.0	446.4	254.2	274.2	528.5
MAY	218.6	250.6	469.3	228.8	255.6	484.4	243.8	251.7	495.5
JUNE	217.4	262.5	479.9	213.5	218.3	431.8	215.5	277.1	492.6
Q2	630.1	708.9	1 339.0	651.8	710.9	1 362.6	713.5	803.1	1 516.5
JULY	232.2	260.1	492.3	213.0	207.1	420.1			0.0
AUG	222.1	279.7	501.8	233.6	225.0	458.6			0.0
SEP	212.7	266.8	479.5	219.2	217.8	437.0			0.0
Q3	666.9	806.6	1 473.5	665.8	649.9	1 315.7	0.0	0.0	0.0
OCT	247.8	285.8	533.7	243.1	270.8	513.9			0.0
NOV	227.6	251.6	479.2	201.3	238.2	439.4			0.0
DEC	143.9	132.8	276.7	127.7	134.0	261.8			0.0
Q4	619.4	670.2	1 289.6	572.1	643.0	1 215.1	0.0	0.0	0.0
TOTAL	2 475.7	2 861.6	5 337.3	2 522.5	2 803.7	5 326.2	1 420.8	1 559.5	2 980.3

Source: SAIISI

Monthly average SA domestic apparent consumption of primary carbon and alloy steel products



Imports of finished carbon and alloy steel products totalled 7,8% of apparent domestic steel consumption during Q1 2008

Imports of finished carbon and alloy steel products totalled 124 199 tonnes (125 318 tonnes including semis) during Q1 of 2008. This was 7,8% of the total apparent domestic carbon & alloy steel consumption, a decrease from 8,2% in 2007. According to statistics released by Customs and Excise, imports of primary carbon and alloy steel products (excluding semis, wire and stainless steel, but including rails) decreased

by 4,9% during Q1 of 2008 compared with the corresponding period of 2007. Imports during the first quarter of 2008 increased by 14,7% compared with imports during the fourth quarter of 2007.

Imports of drawn wire (all grades) amounted to 8 097 tonnes, semis to 1 120 tonnes (excl. stainless) and primary stainless steel products (excluding stainless drawn wire) to 9 398 tonnes during Q1 of 2008.

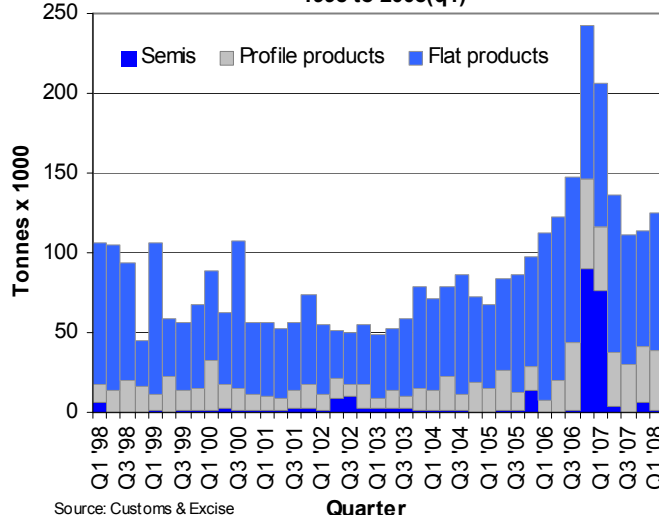
Imports of primary carbon and alloy steel products - 2007 to April 2008 ('000 tonnes) - Excl stainless steel & wire

(Continued on page 3)

MONTH	2007				2008			
	Semis	Profile	Flat	Total	Semis	Profile	Flat	Total
JAN	54.3	24.0	26.4	104.7	0.1	10.2	24.6	34.9
FEB	0.5	10.4	27.2	38.2	0.6	17.4	28.0	46.0
MAR	20.9	5.5	37.1	63.5	0.4	9.6	34.4	44.4
Q1	75.7	39.9	90.8	206.4	1.1	37.2	87.0	125.3
APRIL	0.2	8.9	33.3	42.4	0.5	6.7	25.0	32.2
MAY	3.8	14.9	39.0	57.7				0.0
JUNE	0.1	9.3	26.4	35.8				0.0
Q2	4.1	33.1	98.7	135.9	0.5	6.7	25.0	32.2
JULY	0.2	8.1	22.0	30.3				0.0
AUG	0.3	16.0	30.1	46.4				0.0
SEP	0.0	5.6	28.7	34.3				0.0
Q3	0.6	29.7	80.8	111.0	0.0	0.0	0.0	0.0
OCT	0.2	9.5	23.9	33.6				0.0
NOV	5.2	15.5	28.7	49.4				0.0
DEC	0.3	10.7	20.1	31.1				0.0
Q4	5.7	35.7	72.6	114.1	0.0	0.0	0.0	0.0
TOTAL	86.1	138.4	342.9	567.4	1.6	43.9	112.0	157.5

Source: Customs and Excise

Imports of primary carbon & alloy steel products 1998 to 2008(q1)



Imports per country of origin

(Continued from page 2)

IMPORTS - South Africa's ten most important steel trading partners in 2007 and 2008-4 months

(All products including semis, stainless steel and finished wire—HS codes 7206 to 7302 & 7313 - tonnes)

Imports per country of origin Ten biggest countries of origin - tonnes

Countries	2007	Countries	08 4mths
EU 27	249 731	EU27	98 689
India	88 747	India	18 428
China	80 945	China	15 728
Brazil	71 909	Malaysia	10 914
Japan	42 289	Korea	10 703
Korea	22 050	Japan	7 916
Azerbaijan	20 983	Thailand	5 134
Kazakhstan	18 980	Taiwan	3 280
Turkey	10 319	USA	2 031
Russian Fed	7 768	Russian Fed	1 460
Total 10 countries	613 721	Total 10 countries	174 283
Total imports	644 998	Total imports	180 583
10 Countries/ total	95.2%	10 Countries/ total	96.5%
Other	31 277	Other	6 300

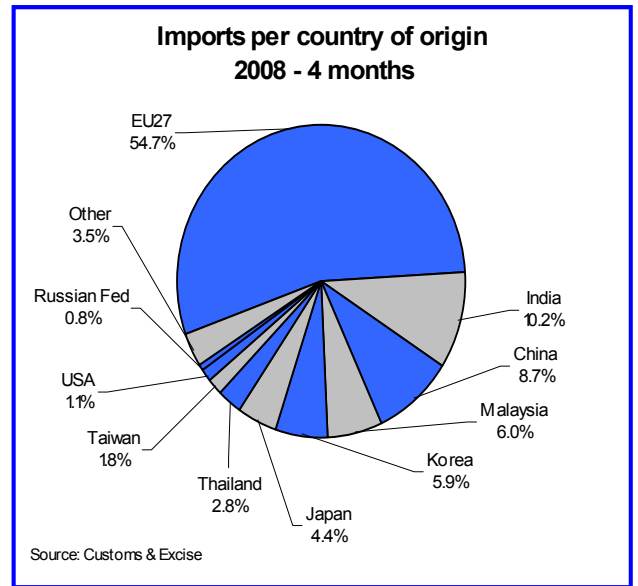
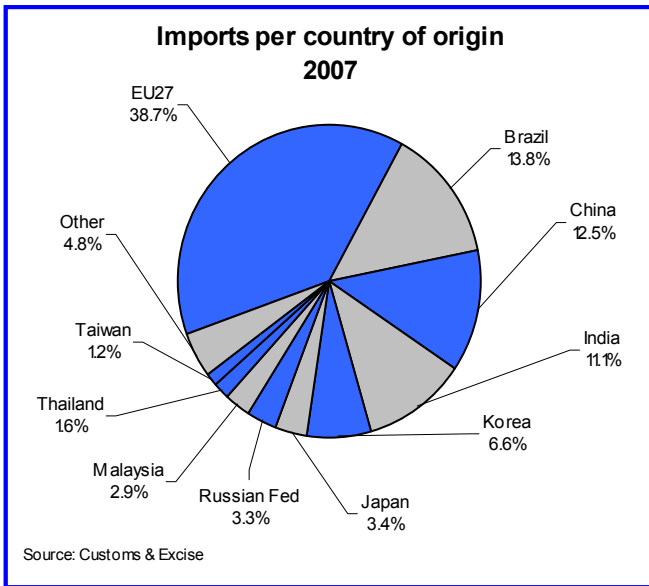
Source: Customs & Excise

HS codes 7206 - 7302 +7313

During the first four months of 2008 imports from the EU 27 consisted mostly (22%) of rails or 96% of the total 22 476 tonnes of rails imported into South Africa during this period. Alloy steel hot-rolled sheet to the volume of 17 228 tonnes were imported from the EU27 during the first four months of 2008 or 86% of all alloy steel hot-rolled sheet imports into South Africa during this period. Alloy steel hot-dipped galvanised sheet to the volume of 6 297 tonnes were imported from the EU27 during the first four months of 2008.

Imports from India consisted mostly (54%) of carbon steel hot-rolled coil & sheet, representing 78% of the 12 718 tonnes of carbon steel hot-rolled coil & sheet imported into South Africa during this period.

Imports from China consisted mostly (34%) of drawn wire or 49% of all drawn wire imported into South Africa during the first four months of 2008. Various types of sections, bars & rods to the volume of 4 730 tonnes were imported from China representing 30% of all imports from China during the first four months of 2008.



Exports of carbon steel products as reported by South African producers decreased by 43,0% during the first half of 2008

Exports of primary carbon steel products, reported by South African primary steel manufacturers, totalled 0.217 million tonnes during the second quarter of 2008, a decrease of 54,2% over the corresponding period in 2007. During the second quarter of 2008, carbon steel exports decreased by 32,8% compared with the first quarter of 2008. During the second quarter of 2008 profile product exports decreased by 49,6% compared with the first quarter of 2008 while exports of flat products recorded a decrease of 27,2% during the same period.

During the second quarter of 2008, exports of flat carbon steel products amounted to 81,2% of total exports and exports of profile carbon steel products to 18,8% of total exports.

Exports decreased by 43,0% in first half of 2008

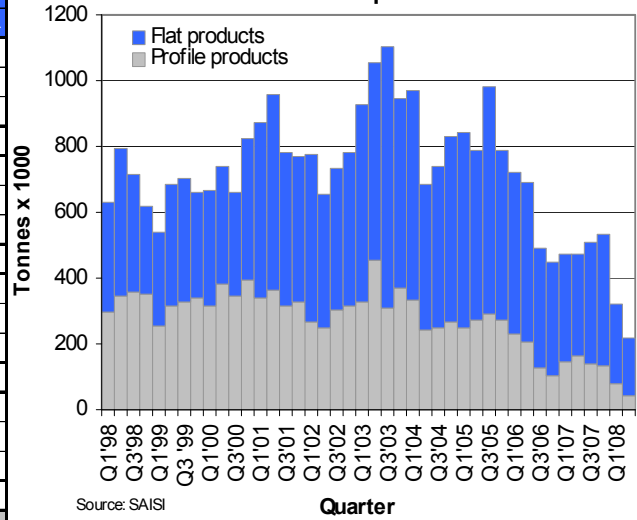
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Exports of primary carbon steel products reported by the primary steel producers - 2006 to June 2008 ('000 tonnes)

MONTH	2006			2007			2008		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	74.1	180.7	254.8	22.3	114.1	136.4	29.3	133.4	162.6
FEB	96.5	182.7	279.2	59.7	93.8	153.5	25.5	70.2	95.7
MAR	56.7	128.7	185.3	60.8	123.2	184.0	26.1	38.8	64.9
Q1	227.3	492.0	719.3	142.8	331.1	473.9	80.9	242.3	323.3
APRIL	62.5	181.2	243.7	53.7	91.9	145.6	19.1	82.0	101.1
MAY	77.3	162.8	240.0	65.8	117.5	183.3	12.8	52.5	65.3
JUNE	67.1	141.0	208.1	44.5	101.6	146.1	8.9	42.0	50.9
Q2	206.9	484.9	691.8	163.9	311.0	474.9	40.8	176.5	217.3
JULY	48.2	163.1	211.2	38.8	118.1	156.9			0.0
AUG	35.2	83.6	118.8	47.6	139.7	187.3			0.0
SEP	44.4	115.7	160.1	50.0	112.8	162.8			0.0
Q3	127.8	362.3	490.1	136.4	370.6	506.9	0.0	0.0	0.0
OCT	44.4	152.2	196.6	41.4	159.5	201.0			0.0
NOV	36.7	101.6	138.3	42.1	149.4	191.4			0.0
DEC	22.0	92.9	114.9	51.2	87.9	139.1			0.0
Q4	103.1	346.6	449.8	134.7	396.7	531.4	0.0	0.0	0.0
TOTAL	665.1	1 685.9	2 351.0	577.8	1 409.4	1 987.2	121.7	418.9	540.6

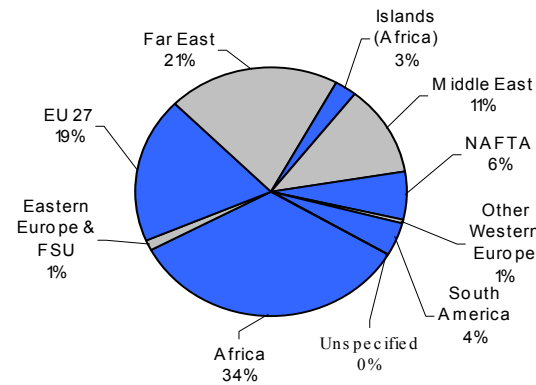
Source: SAISI

Exports of primary carbon steel products 1998 to q2 2008



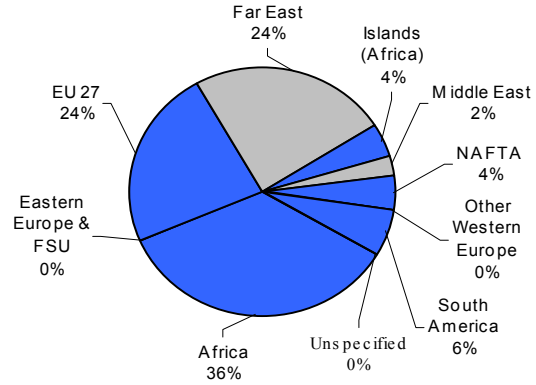
Source: SAISI

Exports per region of destination 2007



Source: Customs & Excise

Exports per region of destination 2008 - 4 months



Source: Customs & Excise

Carbon steel sales to industrial groups during Q1 of 2008

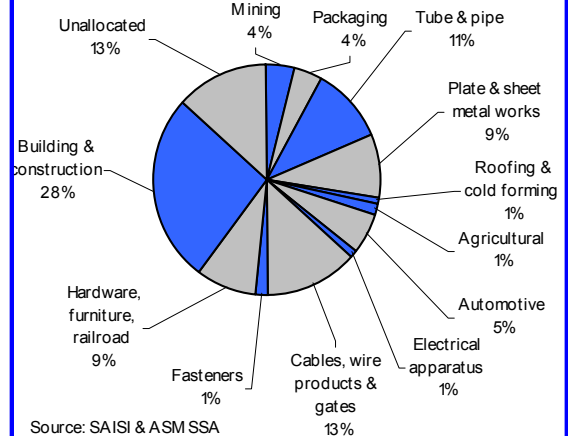
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Sales of primary carbon steel products to industrial groups

Metric tons	Q1 2008		
	Profile	Flat	Total
1 Mining	27 881	33 029	60 910
2 Total Manufacturing	274 690	542 022	816 712
Packaging	249	55 467	55 716
Structural Metal	4 014	299 734	303 748
Tube & pipe	1 526	156 274	157 800
Plate & sheet metal works	2 488	127 504	129 992
Roofing & cold forming	0	15 956	15 956
Agricultural	18 173	340	18 513
Automotive	9 340	71 228	80 568
Electrical apparatus	118	17 150	17 268
Cables, wire products & gates	189 033	4 253	193 286
Fasteners	21 858	60	21 918
Other: Hardware, furniture, rail	31 905	93 790	125 695
3 Building & construction	315 043	77 575	392 618
4 Unallocated	91 464	103 802	195 266
5 Total	709 078	756 428	1 465 506

Source: SAISI & ASMSSA

Sales of primary carbon steel products to industrial groups - Q1 2008



Source: SAISI & ASMSSA

Carbon steel sales to industrial groups

(Continued from page 4)

Sales of primary carbon steel products to industrial groups											
Metric tons	2004	2004/2003	2005	2005/2004	2006	2006/2005	2007	2007/2006	Q1 2007	Q1 2008	Q1'8/Q1'7
Mining	146 396	32.4%	164 132	12.1%	211 121	28.6%	235 783	11.7%	63 809	60 910	-4.5%
Manufacturing	2 534 169	14.4%	2 327 706	-8.1%	2 889 090	24.1%	3 065 929	6.1%	854 392	816 712	-4.4%
Packaging	260 673	-7.5%	256 443	-1.6%	264 036	3.0%	256 744	-2.8%	82 883	55 716	-32.8%
Structural Metal	986 215	26.1%	895 524	-9.2%	1 117 162	24.7%	1 138 192	1.9%	319 087	303 748	-4.8%
Tube & Pipe	528 826	33.3%	438 502	-17.1%	606 919	38.4%	601 701	-0.9%	178 805	157 800	-11.7%
Plate & Sheet metal works	434 851	22.2%	420 407	-3.3%	456 370	8.6%	471 941	3.4%	126 376	129 992	2.9%
Roofing & Cold forming	22 538	-23.8%	36 616	62.5%	53 873	47.1%	64 550	19.8%	13 906	15 956	14.7%
Agricultural	38 555	-6.6%	33 048	-14.3%	44 061	33.3%	57 091	29.6%	16 481	18 513	12.3%
Automotive	314 152	32.4%	290 375	-7.6%	362 006	24.7%	349 464	-3.5%	114 494	80 568	-29.6%
Electrical apparatus/white goods	49 481	-9.3%	47 294	-4.4%	66 199	40.0%	74 500	12.5%	17 410	17 268	-0.8%
Cables, wire products & gates	647 089	4.8%	588 843	-9.0%	713 227	21.1%	711 286	-0.3%	182 399	193 286	6.0%
Fasteners	57 113	15.8%	50 576	-11.4%	67 205	32.9%	75 643	12.6%	19 065	21 918	15.0%
Other	180 891	18.8%	165 603	-8.5%	255 194	54.1%	403 009	57.9%	102 573	125 695	22.5%
Building & Construction	967 913	12.0%	955 102	-1.3%	1 235 743	29.4%	1 422 824	15.1%	365 685	392 618	7.4%
Unallocated	866 075	53.1%	791 714	-8.6%	1 007 569	27.3%	612 352	-39.2%	150 457	195 266	29.8%
Total	4 514 553	20.2%	4 238 653	-6.1%	5 343 523	26.1%	5 336 888	-0.1%	1 434 343	1 465 506	2.2%

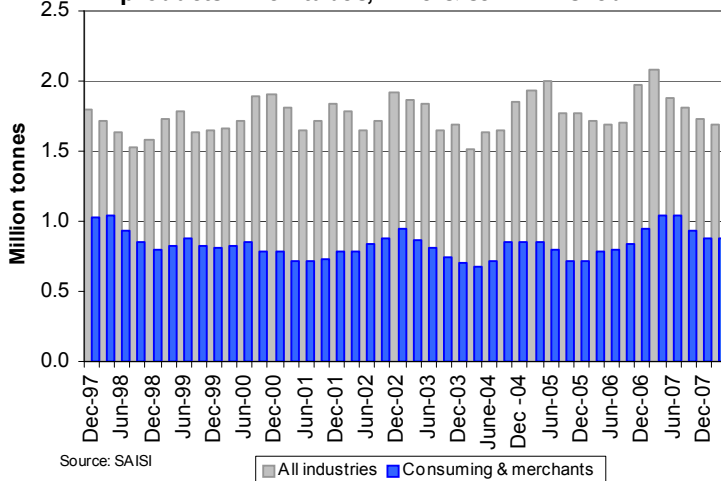
Source: SAISI & ASMSSA

Stocks of primary steel products on hand - end of March '08

Products (metric tons)	September 2007		December 2007		March 2008	
	All industries*	Consuming**	All industries*	Consuming**	All industries*	Consuming**
1 Iron and non-alloy steel	1 602 594	824 683	1 510 763	783 599	1 489 260	781 929
A Semi-finished products	217 665	6 772	214 228	6 772	309 654	8 279
B Total finished products	1 384 929	817 911	1 296 535	776 827	1 179 606	773 650
C Total flat rolled products	902 946	510 831	864 462	479 170	761 087	472 200
i Hot-rolled	557 031	305 898	522 192	283 630	450 352	296 144
ii Cold-rolled	148 733	66 998	143 173	58 319	135 239	52 830
iii Clad, plated or coated	197 182	137 935	199 097	137 221	175 496	123 226
D Total profile products	481 983	307 080	432 073	297 657	418 519	301 450
i Bars and rods	105 533	32 318	85 375	27 616	69 878	29 780
ii Angles and sections	376 450	274 762	346 698	270 041	348 641	271 670
2 Stainless steel products	115 849	24 404	127 032	21 323	106 623	21 561
3 Other alloy steel	3 208	3 208	2 723	2 723	3 002	3 002
4 Other products	94 357	83 461	88 298	74 314	88 924	73 157
i Tubes & pipes	63 055	53 638	59 566	47 346	60 588	47 928
ii Wire	24 574	24 574	22 599	22 599	19 496	19 496
iii Other	6 728	5 249	6 133	4 369	8 840	5 733

Source: SAISI (Not absolute values - factor applied)

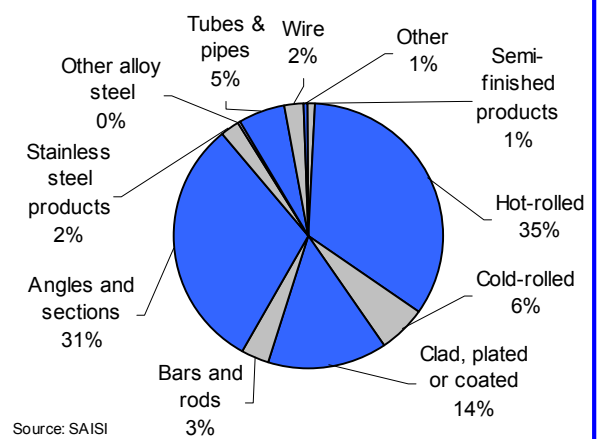
Stocks of primary carbon, alloy & stainless steel products - incl. tubes, wire & semi-finished



Source: SAISI

■ All industries ■ Consuming & merchants

Stocks of primary steel products - end March '08 (consuming & merchants)



Source: SAISI

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