

steelnews



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Domestic carbon steel sales increased by 21,7% during first 6 months of 2004

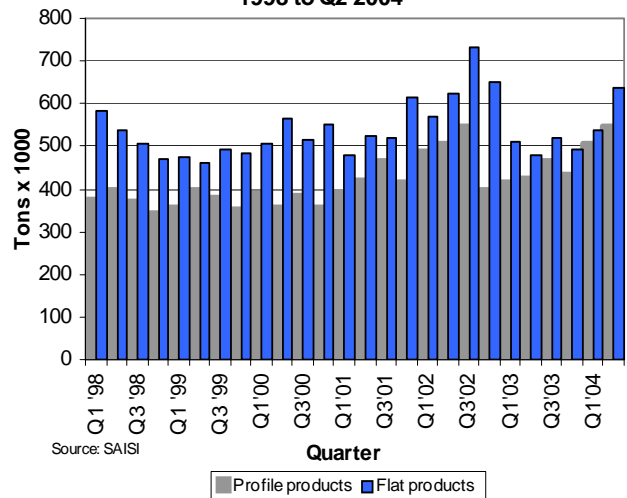
Total domestic carbon steel sales increased by 21,7% during the first 6 months of 2004 compared with the first 6 months of 2003. During this period sales of carbon steel flat products increased by 18,4% while sales of long products increased by 25,5%. Total domestic carbon steel sales increased by 13,6% during the 2nd quarter 2004 compared with the 1st quarter 2004.

As the upward trend in economic growth continues it is apparent that the healthy demand in the local economy is stimulating domestic production, recording gains in the construction and manufacturing sectors. The favourable business mood at present rests with the retail and wholesale trade and with importers favoured by an acceleration of real consumption expenditure by households.

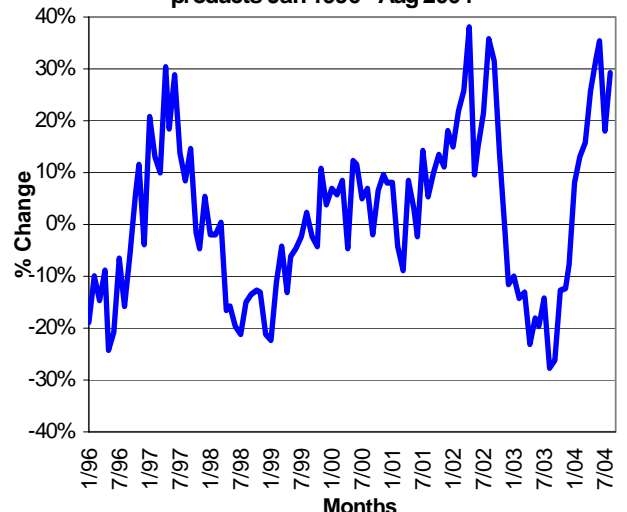
Although the lagged effect of the interest rate cuts will undoubtedly maintain healthy domestic demand in the economy, sustaining the manufacturing sector, there is a sense that the currency strength and uncertainty of the global momentum could ultimately weigh on the sector. Growth should be mostly maintained in the second half of 2004, though the growth in spending and output may be challenged in 2005. Of concern is the gap between domestic expenditure and production and the deteriorating trade and current account balances.

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Local sales of primary carbon steel products
1998 to Q2 2004



Change* in local sales of primary carbon steel
products Jan 1996 - Aug 2004



*%Change on corresponding month of previous year

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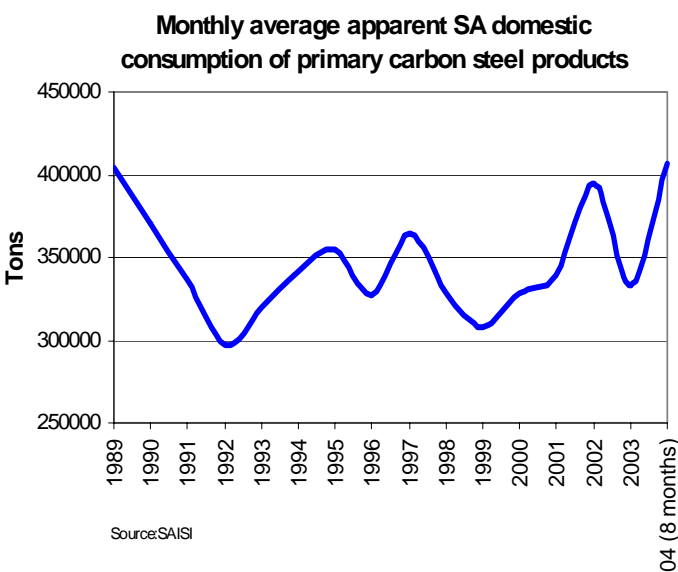
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Steel sales increase 21,7% during first half 2004 (continued from page 1)

Total local sales of primary carbon steel products - 2003 to Aug 2004 ('000 tons)

MONTH	2003			2004		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	129.1	175.3	304.4	145.6	184.0	329.5
FEB	139.8	158.5	298.3	164.1	173.5	337.6
MAR	147.7	176.8	324.5	196.7	179.0	375.7
Q1	416.6	510.6	927.2	506.3	536.4	1042.8
APRIL	135.3	162.1	297.4	176.3	198.0	374.4
MAY	147.8	157.1	304.9	190.6	211.8	402.3
JUNE	141.1	159.9	301.1	181.7	225.8	407.6
Q2	424.3	479.1	903.4	548.6	635.6	1184.3
JULY	161.4	187.5	348.9	176.1	235.9	412.0
AUG	155.6	161.7	317.2	174.4	235.7	410.1
SEP	147.5	170.6	318.0			0.0
Q3	464.5	519.7	984.2	350.6	471.5	822.1
OCT	174.8	194.8	369.6			0.0
NOV	169.2	180.0	349.1			0.0
DEC	87.9	120.1	208.0			0.0
Q4	431.9	494.8	926.7	0.0	0.0	0.0
TOTAL	1 737.3	2 004.2	3 741.5	1 405.5	1 643.6	3 049.1

Source: SAISI



Imports of primary steel products at 6,3% of apparent domestic carbon steel consumption in first half 2004

Imports of primary carbon and alloy steel products as a percentage of total apparent domestic carbon steel consumption amounted to 6,3% during the first half of 2004 compared with 6,0% during 2003 as a whole.

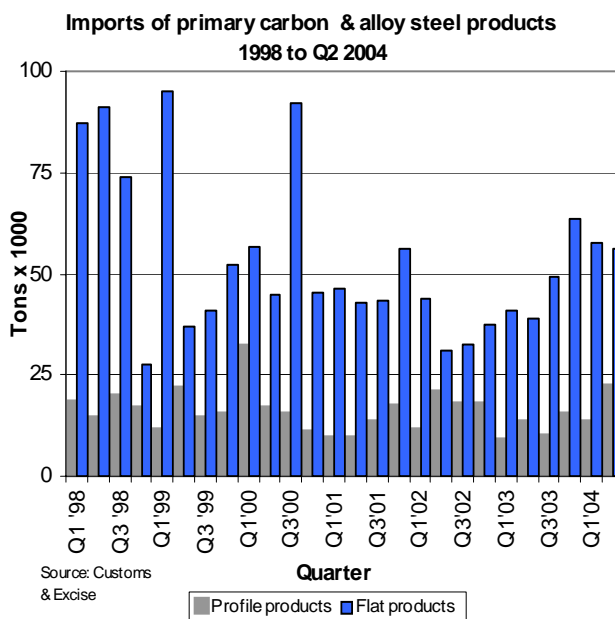
According to statistics released by Customs and Excise, imports of primary carbon and alloy steel products (excluding wire and stainless steel, but inclu-

ding rails) increased by 46,7% during the first half of 2004 compared with the first half of 2003. Imports during the second quarter of 2004 increased by 10,7% compared with imports during the first quarter of 2004. Imports of flat products during the second quarter of 2004 decreased by 3,0%, while imports of profile products increased by 69,7% compared with the first quarter of 2004. Continued on page 3

Imports of primary carbon and alloy steel products - 2003 to July 2004 ('000 tons)

MONTH	2003			2004		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	3.1	10.7	13.8	3.2	16.1	19.4
FEB	1.4	9.6	11.0	7.1	16.5	23.6
MAR	4.2	20.4	24.6	2.8	24.9	27.8
Q1	8.7	40.7	49.4	13.2	57.6	70.7
APRIL	3.5	12.3	15.8	2.7	14.1	16.7
MAY	2.4	11.1	13.5	11.2	17.2	28.5
JUNE	7.4	15.4	22.9	8.5	24.6	33.1
Q2	13.3	38.8	52.2	22.4	55.9	78.3
JULY	3.7	16.1	19.8	3.4	22.0	25.4
AUG	3.3	12.9	16.2			0.0
SEP	2.8	20.1	22.9			0.0
Q3	9.8	49.1	58.9	3.4	22.0	25.4
OCT	6.9	13.9	20.9			0.0
NOV	6.5	19.8	26.4			0.0
DEC	1.8	29.7	31.5			0.0
Q4	15.3	63.5	78.7	0.0	0.0	0.0
TOTAL	47.1	192.0	239.2	38.9	135.5	174.4

Source: Customs & Excise



Imports at 6,3% of demand in first half of 2004 (continued from page 2)

IMPORTS - South Africa's ten most important steel trading partners in 2003 and 2004 (7 months) (All products including stainless steel and finished wire—HS codes 7206 to 7302 - tons)

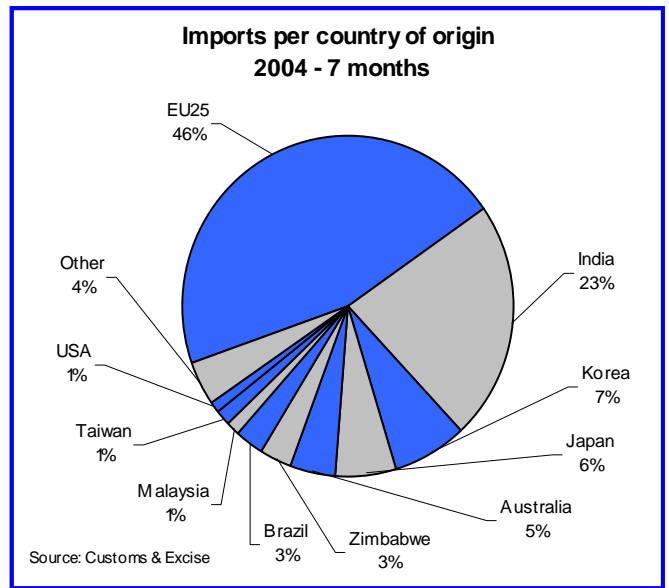
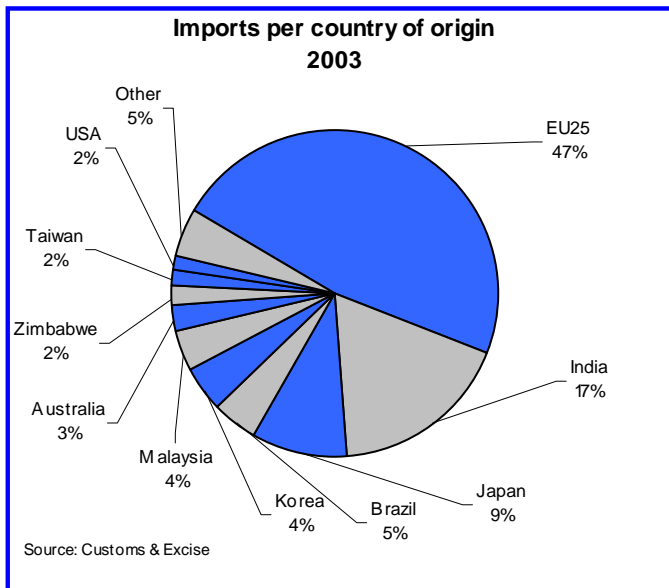
Countries	2003	Countries	2004 (7 m)
EU25	132 611	EU25	92 231
India	48 384	India	45 168
Japan	26 218	Korea	14 257
Brazil	13 056	Japan	11 645
Korea	11 986	Australia	9 022
Malaysia	11 259	Zimbabwe	5 810
Australia	7 439	Brazil	5 752
Zimbabwe	4 982	Malaysia	2 910
Taiwan	4 830	Taiwan	2 704
USA	4 298	USA	2 115
Total 10 countries	265 062	Total 10 countries	191 613
Total imports	277 803	Total imports	200 022
10 Countries/ total	95.4%	10 Countries/ total	95.8%
Other	12 741	Other	8 409

Source: Customs & Excise

During the first 7 months of 2004 imports from India consisted mostly (60%) of hot-dipped galvanised sheet, representing 76% of all carbon steel hot-dipped galvanised sheet imports into South Africa. Imports of carbon steel cold-rolled coil & sheet from India amounted to 6 097 tons, or 79% of all carbon steel cold-rolled coil & sheet imports and imports of carbon steel hot-rolled coil & sheet from India amounted to 6 087 tons, or 69% of all carbon steel hot-rolled coil & sheet imports.

Imports from Korea consisted mostly (44%) of TFS, Alu-zinc & other coated sheet products, representing 41% of all TFS, Alu-zinc & other coated sheet products imports. Imports from Brazil consisted mostly of carbon steel hot and cold-rolled coil & sheet as well as stainless steel cold-rolled sheet.

Imports from Australia consisted mostly (79%) of painted sheet, representing 42% of the total of 17 083 tons of painted sheet imported during the first seven months of 2004. Imports from Zimbabwe consisted mostly of hot-rolled sections & reinforcing bar.



Exports of carbon steel products as reported by South African producers decreased by 20,6% during the first half of 2004

Exports of primary carbon steel products, reported by South African primary steel manufacturers, decreased by 20,6% during the first half of 2004 compared with the first half of 2003. During the second quarter of 2004, exports decreased by 22,7% compared with the first quarter of 2004. During the second quarter of 2004 flat product exports decreased by 21,0% compared with the first quarter of 2004 while exports of profile products showed a decrease of 25,6% during the same period.

During the first half of 2004, exports of flat carbon steel products amounted to 63,7% of total exports and the exports of profile carbon steel products to 36,3% of total exports.

(continued on page 4)

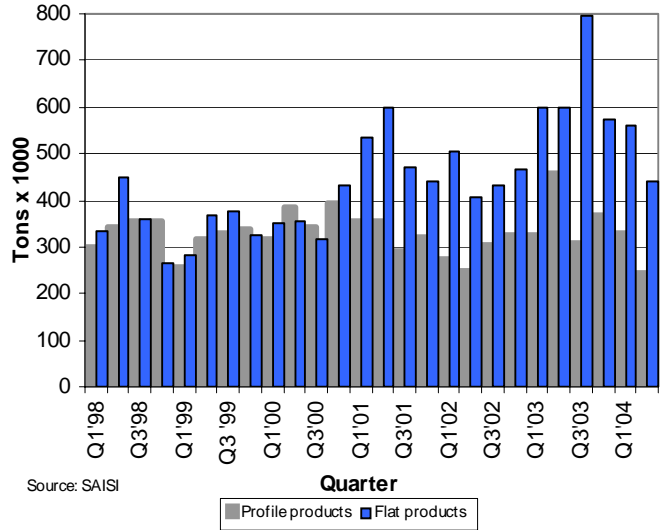
Exports decreased by 20,6% during first half 2004 (continued from page 3)

Exports of primary carbon steel products reported by the primary steel producers - 2003 & 2004 (8 months) ('000 tons)

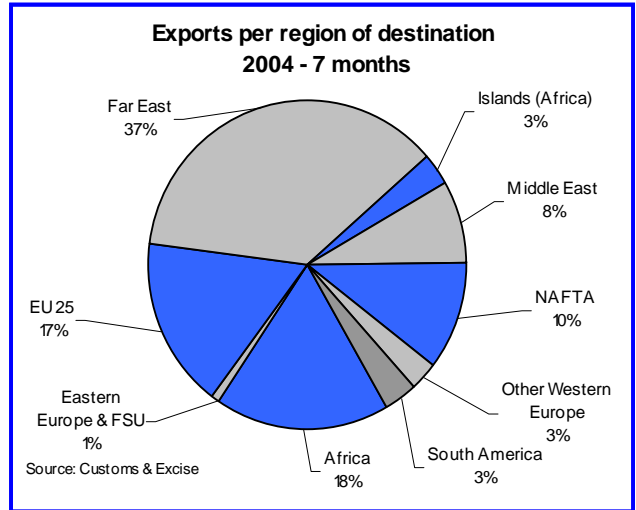
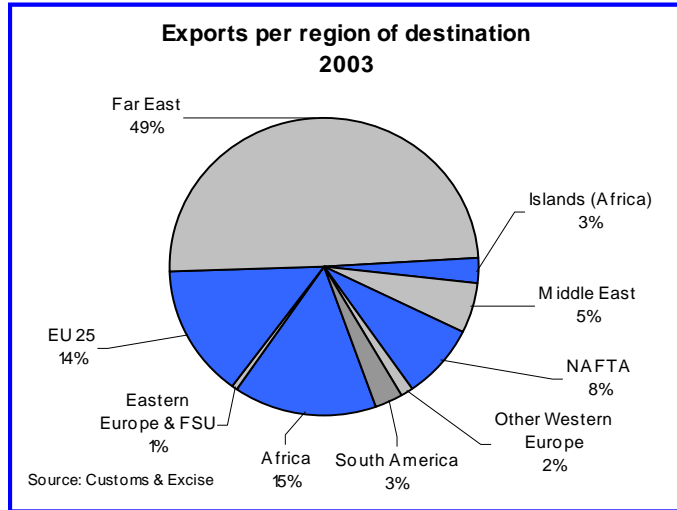
MONTH	2003			2004		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	91.8	209.0	300.8	103.9	154.6	258.4
FEB	104.1	200.6	304.7	97.6	154.0	251.6
MAR	130.1	188.5	318.6	126.2	250.8	376.9
Q1	326.0	598.0	924.1	327.6	559.3	887.0
APRIL	149.0	193.9	342.9	104.6	174.9	279.5
MAY	130.6	163.0	293.6	73.2	181.5	254.7
JUNE	177.3	243.6	420.9	66.0	85.2	151.3
Q2	456.9	600.5	1057.4	243.9	441.6	685.5
JULY	120.8	272.7	393.5	91.6	114.6	206.2
AUG	78.2	259.1	337.3	75.9	170.6	246.5
SEP	111.0	262.2	373.2			0.0
Q3	309.9	794.0	1103.9	167.5	285.2	452.7
OCT	164.7	193.4	358.2			0.0
NOV	107.7	179.7	287.4			0.0
DEC	96.6	202.2	298.8			0.0
Q4	369.0	575.4	944.4	0.0	0.0	0.0
TOTAL	1 461.8	2 568.0	4 029.8	739.0	1 286.1	2 025.1

Source: SAISI

Exports of primary carbon steel products 1998 to Q2 2004



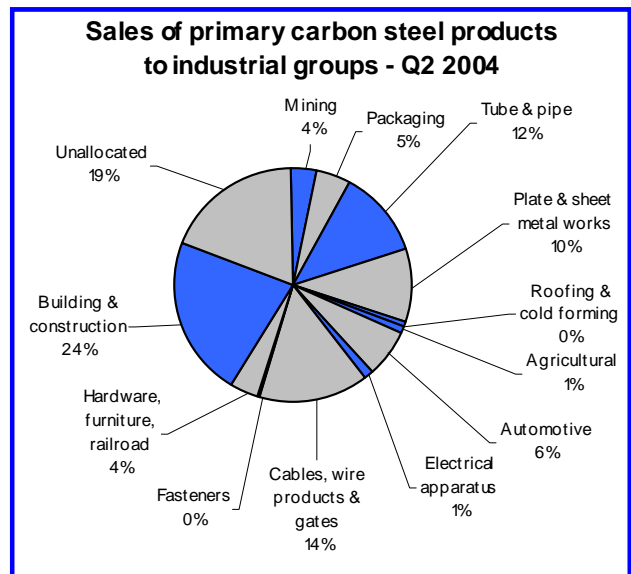
Source: SAISI



Carbon steel sales to industrial groups during Q2 of 2004 (continued on page 5)

Metric tons	Q2 2004		
	Profile	Flat	Total
1 Mining	22 454	19 169	41 623
2 Total Manufacturing	225 038	426 601	651 639
Packaging	393	57 558	57 951
Structural Metal	2 298	267 967	270 265
Tube & pipe	756	140 203	140 959
Plate & sheet metal works	1 542	122 446	123 988
Roofing & cold forming	0	5 318	5 318
Agricultural	10 183	457	10 640
Automotive	8 501	67 278	75 779
Electrical apparatus	6	13 952	13 958
Cables, wire products & gates	168 714	3 590	172 304
Fasteners	4 837	32	4 869
Other: Hardware, furniture, rail	30 106	15 767	45 873
3 Building & construction	219 328	49 889	269 217
4 Unallocated	88 657	138 075	226 732
5 Total	555 477	633 734	1 189 211

Source: South African Iron and Steel Institute



Carbon steel sales to industrial groups during Q2 of 2004

(continued from page 4)

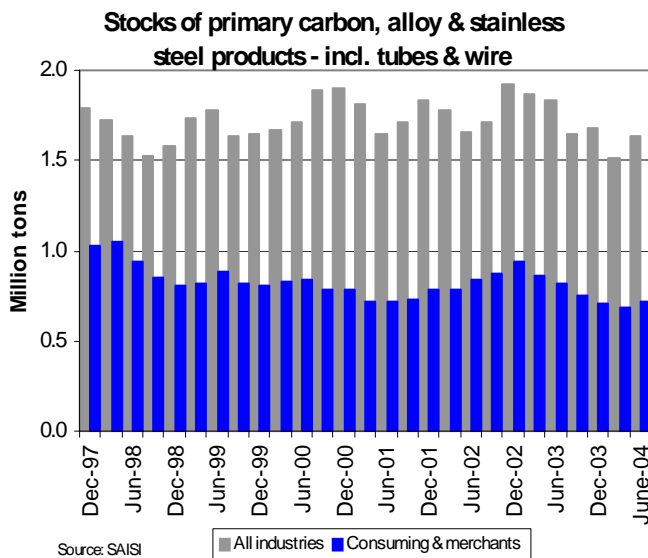
Sales of primary carbon steel products to industrial groups							
Metric tons	2001/2000	2002/2001	2003	2003/2002	Q1+Q2 '03	Q1+Q2 '04	½ '04/ ½ '03
Mining	-1.3%	11.7%	110 500	-11.6%	50 314	77 812	54.7%
Manufacturing	3.8%	18.1%	2 207 350	-17.8%	1 119 101	1 237 579	10.6%
Packaging	6.2%	3.4%	281 874	-9.9%	144 156	128 845	-10.6%
Structural Metal	-2.7%	21.5%	781 231	-26.9%	389 090	484 310	24.5%
Tube & Pipe	2.5%	24.3%	396 253	-24.2%	205 684	254 136	23.6%
Plate & Sheet metal works	-8.0%	18.0%	355 571	-25.1%	167 599	220 128	31.3%
Roofing & Cold forming	0.2%	25.8%	29 407	-58.9%	15 807	10 046	-36.4%
Agricultural	-4.6%	16.0%	41 509	41.1%	20 738	21 568	4.0%
Automotive	-4.3%	29.9%	236 078	-23.4%	119 627	141 789	18.5%
Electrical Apparatus/White Goods	-0.6%	9.5%	54 277	-3.5%	26 082	23 492	-9.9%
Cables, wire products & gates	16.0%	23.9%	617 247	-8.2%	321 001	329 715	2.7%
Fasteners	16.7%	6.0%	49 333	-5.3%	26 288	20 263	-22.9%
Other	12.9%	-0.1%	145 801	-21.1%	72 119	87 597	21.5%
Building & Construction	17.9%	16.8%	864 935	-16.3%	396 077	525 462	32.7%
Unallocated	0.0%	20.9%	564 701	-16.6%	263 537	400 799	52.1%
Total	6.0%	18.0%	3 747 486	-17.1%	1 829 029	2 241 652	22.6%

Source: South African Iron and Steel Institute

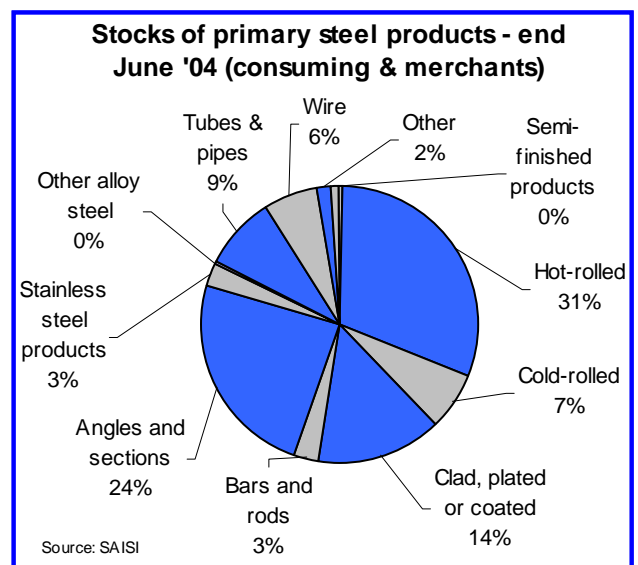
Stocks of primary steel products on hand - end of June '04

Products (metric tons)	Dec 2003 - Revised		March 2004 - Revised		June 2004	
	All industries*	Consuming**	All industries*	Consuming**	All industries*	Consuming**
1 Iron and non-alloy steel	1 525 705	604 791	1 375 189	590 205	1 494 107	628 120
A Semi-finished products	431 685	4 505	340 689	4 639	440 930	3 672
B Total finished products	1 094 020	600 286	1 034 500	585 566	1 053 177	624 448
C Total flat rolled products	711 863	413 063	675 397	388 185	684 335	408 868
i Hot-rolled	392 859	229 474	381 919	220 226	387 061	242 222
ii Cold-rolled	138 300	59 340	133 832	49 925	139 081	52 904
iii Clad, plated or coated	180 704	124 249	159 646	118 034	158 193	113 742
D Total profile products	382 157	187 223	359 103	197 381	368 842	215 580
i Bars and rods	124 412	24 820	97 254	21 083	94 403	23 441
ii Angles and sections	257 745	162 403	261 849	176 298	274 439	192 139
2 Stainless steel products	61 249	18 172	57 684	19 429	60 768	20 408
3 Other alloy steel	2 918	2 918	3 139	3 139	2 727	2 727
4 Other products	93 182	82 303	77 874	69 576	80 607	69 254
i Tubes & pipes	71 008	61 667	52 746	46 122	58 025	49 294
ii Wire	15 789	15 789	16 904	16 904	14 414	14 414
iii Other	6 385	4 847	8 224	6 550	8 168	5 546

Source: South African Iron and Steel Institute



Source: SAISI



* Primary & consuming industries and merchants

** Consuming industries & merchants