

steelnews



South African
Iron and Steel
Institute

September 2005

Issue 30

Steelnews is the quarterly statistical newsletter of the South African Iron and Steel Institute



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



Domestic carbon steel sales decreased by 6,9% during the first 6 months of 2005

Total domestic carbon steel sales decreased by 6,9% during the first six months of 2005 compared with the first six months of 2004. During this period sales of carbon steel flat products decreased by 5,1% while sales of profile products decreased by 9,0%. Domestic carbon steel sales of flat and profile products increased by 11,0% during the second quarter of 2005 compared with the first quarter of 2005.

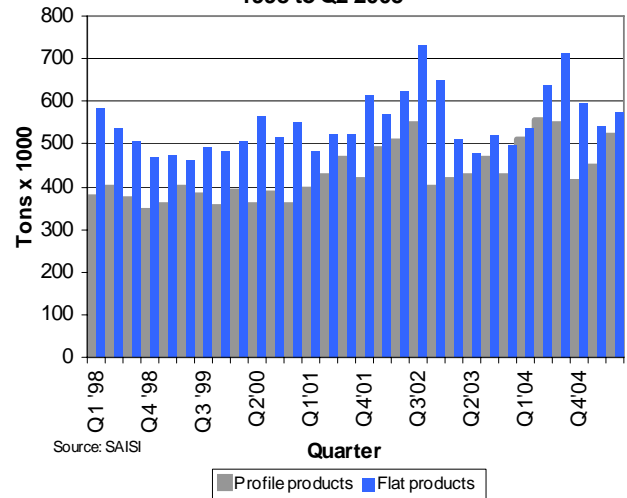
Domestically the economic outlook remains relatively buoyant mainly driven by brisk growth in domestic consumer demand. Domestic production lags somewhat mainly because of import competition and substitution. Prolonged currency strength has forced firms to adapt by switching to the domestic market and increasing productivity and cost-effectiveness. Although domestic demand is expected not to expand as rapidly as it has over the past year, it should still support positive growth in the manufacturing sector while the prospects for exports are less upbeat.

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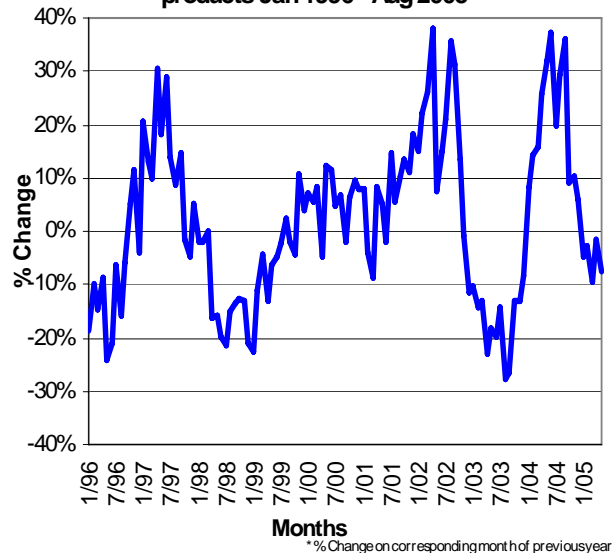
Carbon steel sales time series

Note that the figures on local and export sales of carbon steel products for the period January 2001 to July 2005 were amended due to revisions of certain product classifications and the steel sales reporting system by specific SAISI members. Please consult the SAISI offices or the SAISI website at for the revised time series.

Local sales of primary carbon steel products
1998 to Q2 2005



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



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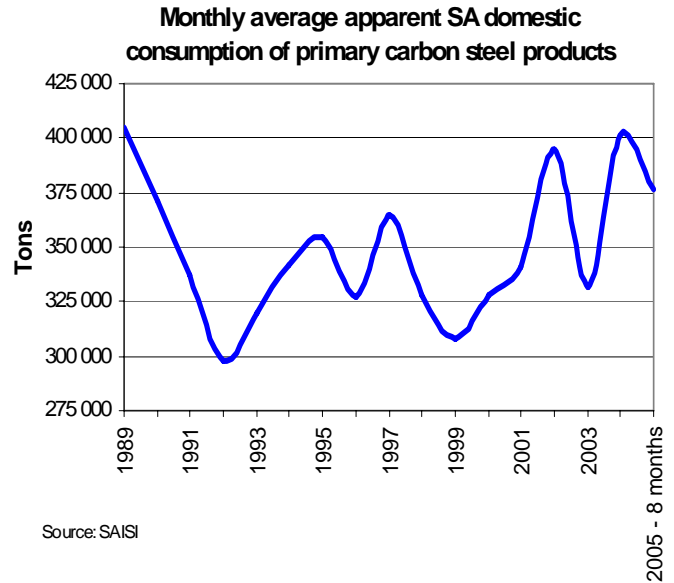
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Steel sales decreased by 6,9% during first half 2005 (cont. from page 1)

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

MONTH	2004			2005		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	145.8	184.0	329.9	133.8	181.1	314.8
FEB	166.6	174.1	340.7	159.5	171.7	331.2
MAR	196.7	179.7	376.4	153.3	187.5	340.7
Q1	509.2	537.8	1047.0	446.5	540.3	986.8
APRIL	176.3	198.3	374.6	174.6	194.7	369.3
MAY	190.5	212.1	402.6	173.1	199.4	372.4
JUNE	187.8	225.8	413.6	173.4	180.4	353.9
Q2	554.6	636.3	1190.8	521.1	574.5	1095.6
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			
Q3	548.5	714.0	1262.5	338.6	389.8	728.4
OCT	157.9	245.4	403.3			
NOV	160.1	222.5	382.6			
DEC	92.3	126.8	219.1			
Q4	410.3	594.7	1005.0	0.0	0.0	0.0
TOTAL	2 022.6	2 482.8	4 505.4	1 306.2	1 504.6	2 810.8

Source: SAISI



Imports of primary carbon and alloy steel products increased by 2,1% during the first 6 months of 2005

Imports of primary carbon and alloy steel products as a percentage of total apparent domestic carbon steel consumption amounted to 6,8% during the first 6 months 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) increased by 2,1% during the first

6 months of 2005 compared with the corresponding period of 2004. Imports during the 2nd quarter of 2005 increased by 24,2% compared with imports during the 1st quarter of 2005.

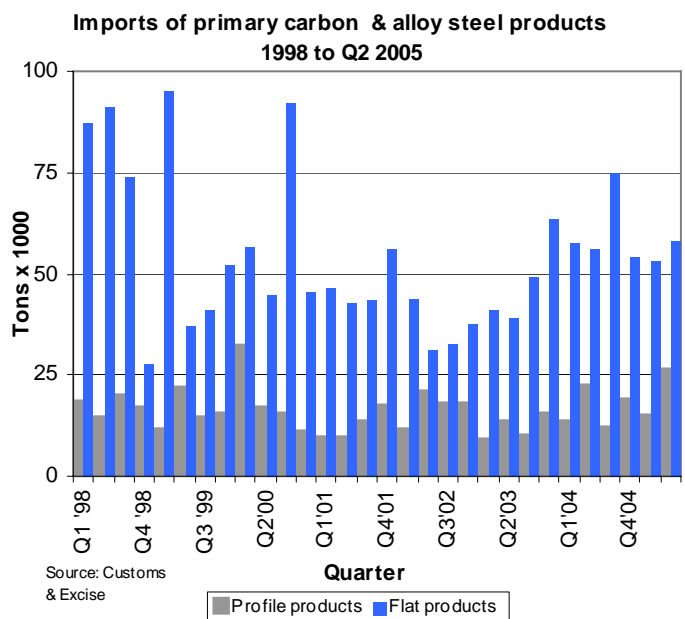
Imports of flat products during the 2nd quarter of 2005 increased by 9,6% while imports of profile products increased by 76,4% compared with the 1st quarter of 2005.

Continued on page 3

Imports of primary carbon and alloy steel products - 2004 to June 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	11.0	17.0	28.0
MAY	11.2	17.2	28.5	5.1	23.4	28.5
JUNE	8.5	24.6	33.1	10.0	17.9	27.8
Q2	22.4	55.9	78.3	26.1	58.2	84.3
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	40.9	111.3	152.2

Source: Customs & Excise



Imports increased by 2,1% - first 6 months of 2005 (cont. from page 2)

IMPORTS - South Africa's ten most important steel trading partners in 2004 and first 6 months of 2005 (All products including stainless steel and finished wire—HS codes 7206 to 7302 - tons)

Countries	2004	Countries	2005 - 6m
EU25	151 865	EU25	94 654
India	96 852	India	26 320
Japan	23 159	Korea	12 510
Brazil	18 564	Brazil	11 993
Korea	10 823	Japan	10 928
Malaysia	10 679	China	5 047
Australia	9 012	Zimbabwe	3 430
Zimbabwe	5 771	Taiwan	2 792
Taiwan	5 508	Malaysia	2 648
USA	3 582	Turkey	2 517
Total 10 countries	335 815	Total 10 countries	172 839
Total imports	354 874	Total imports	183 951
10 Countries/ total	94.6%	10 Countries/ total	94.0%
Other	19 059	Other	11 112

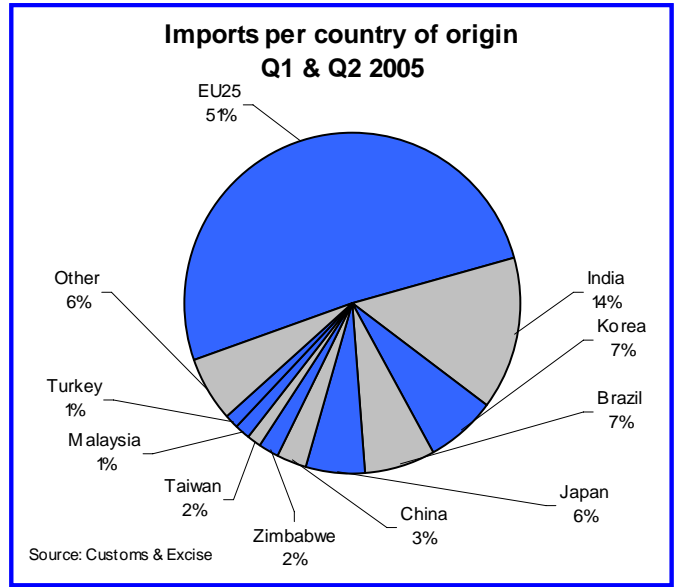
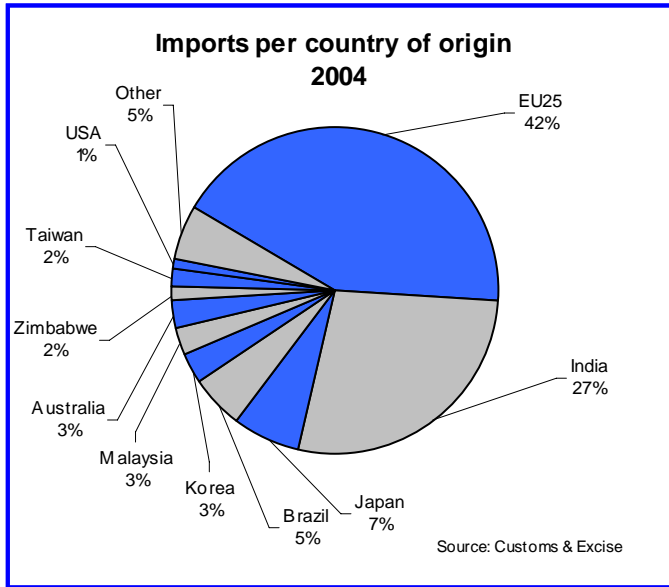
Source: Customs & Excise

During the first 6 months of 2005 imports from India consisted mostly (79%) of hot-dipped galvanised sheet, representing 65% of all carbon steel hot-dipped galvanised sheet imports into South Africa.

Imports from Korea consisted mostly (46%) of TFS, Alu-zinc & other coated sheet and painted or plastic coated sheet products, representing 28% of all imports of the specific coated sheet products. Imports of painted/plastic coated sheets amounted to 4 266 tons representing 67% of all painted/plastic coated sheets imported into South Africa.

Imports from Brazil consisted mostly (57%) of reinforcing bar, representing 85% of all reinforcing bar imports into South Africa. Imports of stainless steel hot-rolled coil & sheet amounted to 2 425 tons representing 75% of all stainless hot-rolled coil & sheet imports into SA.

Imports from China consisted mostly (84%) of drawn wire. Imports from Zimbabwe consisted mostly (90%) of hot-rolled sections and re-enforcing bar.



Exports of carbon steel products as reported by South African producers decreased by 1,5% during the first 6 months of 2005

Exports of primary carbon steel products, reported by South African primary steel manufacturers, decreased by 1,5% during the first 6 months of 2005 compared with the corresponding period of 2004. During the second quarter of 2005, carbon steel exports decreased by 6,7% compared with the first quarter of 2005. During the second quarter of 2005 flat product exports decreased by 13,3% compared with the first quarter of 2005 while exports of profile products recorded an increase of 8,8% during the same period.

During the first 6 months of 2005, exports of flat carbon steel products amounted to 67,8% of total exports and the exports of profile carbon steel products to 32,2% of total exports.

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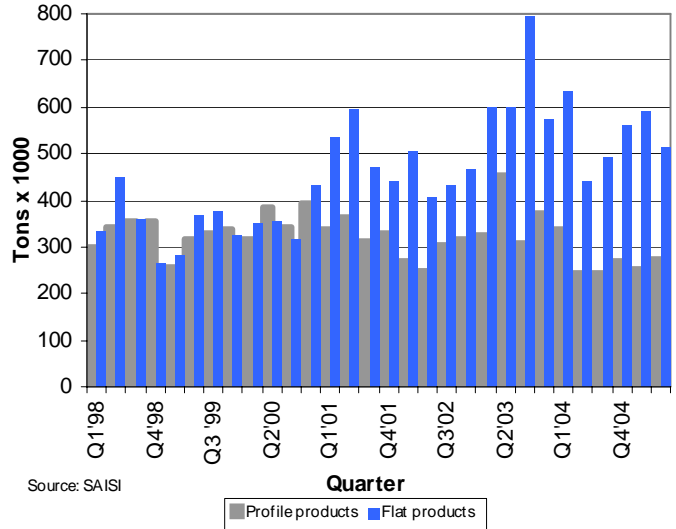
Exports decreased by 1,5% - first 6 months of 2005 (cont. from page 3)

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

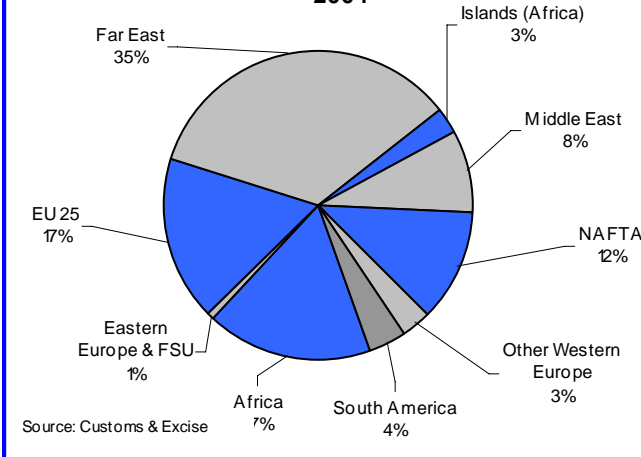
MONTH	2004			2005		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	104.1	154.6	258.7	83.9	107.0	190.9
FEB	97.6	225.8	323.5	78.2	221.1	299.3
MAR	134.5	250.8	385.3	89.0	263.1	352.0
Q1	336.2	631.2	967.4	251.1	591.1	842.2
APRIL	104.7	174.9	279.6	135.1	167.3	302.4
MAY	73.5	181.5	255.0	82.9	181.8	264.7
JUNE	66.2	85.2	151.4	55.0	163.6	218.6
Q2	244.5	441.6	686.0	273.1	512.7	785.7
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			
Q3	246.0	492.9	738.8	188.4	460.1	648.5
OCT	89.6	166.5	256.1			
NOV	117.4	147.3	264.6			
DEC	62.2	244.8	307.0			
Q4	269.1	558.6	827.7	0.0	0.0	0.0
TOTAL	1 095.8	2 124.2	3 220.0	712.6	1 563.9	2 276.5

Source: SAISI

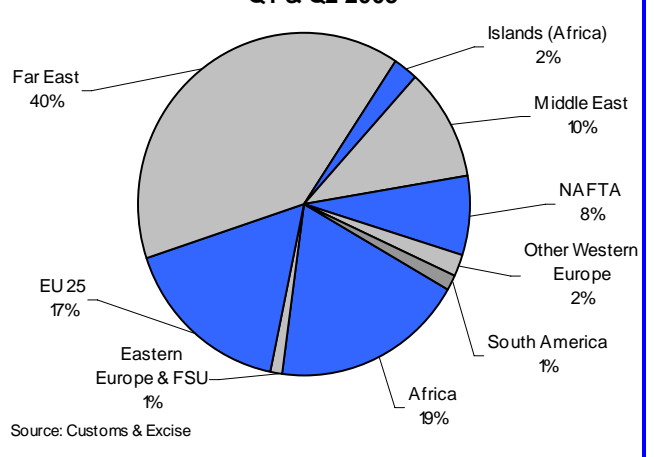
Exports of primary carbon steel products 1998 to Q2 2005



Exports per region of destination 2004



Exports per region of destination Q1 & Q2 2005

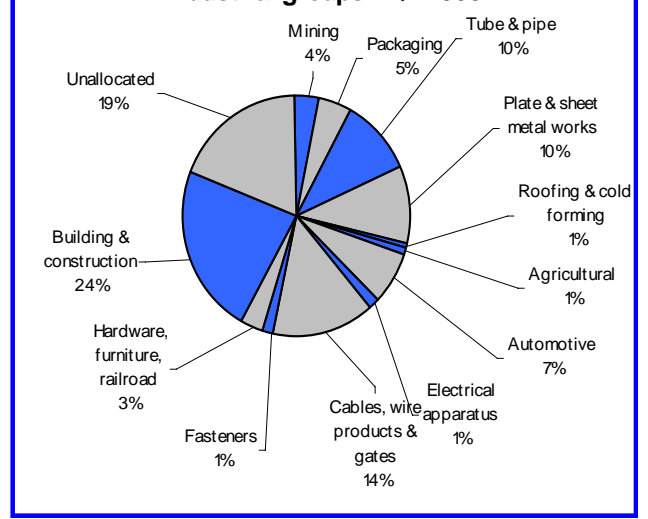


Carbon steel sales to industrial groups during Q2 of 2005

Sales of primary carbon steel products to industrial groups			
Metric tons	Q2 2005		
	Profile	Flat	Total
1 Mining	23 151	14 976	38 127
2 Total Manufacturing	209 194	374 153	583 347
Packaging	153	50 802	50 955
Structural Metal	2 713	226 269	228 982
Tube & pipe	969	110 681	111 650
Plate & sheet metal works	1 744	107 748	109 492
Roofing & cold forming	0	7 840	7 840
Agricultural	7 955	362	8 317
Automotive	7 691	67 617	75 308
Electrical apparatus	40	13 290	13 330
Cables, wire products & gates	153 703	2 289	155 992
Fasteners	13 110	490	13 600
Other: Hardware, furniture, rail	23 829	13 034	36 863
3 Building & construction	198 454	50 433	248 887
4 Unallocated	78 987	126 880	205 867
5 Total	509 786	566 442	1 076 228

Source: SAISI

Sales of primary carbon steel products to industrial groups - Q2 2005



Carbon steel sales to industrial groups during Q2 of 2005

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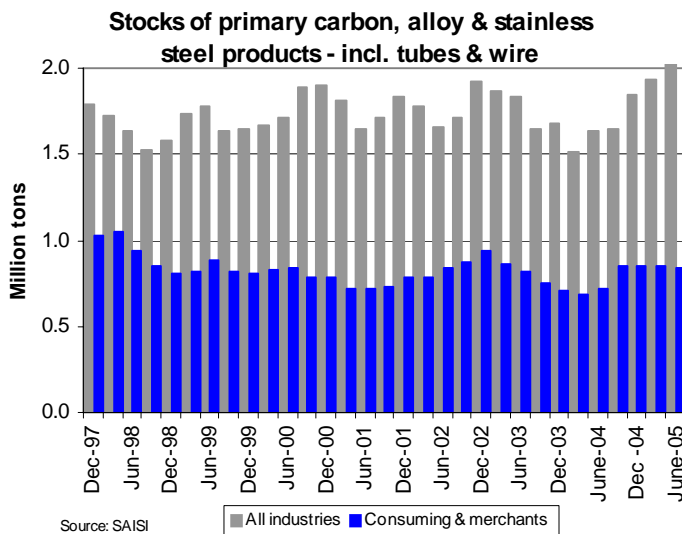
Sales of primary carbon steel products to industrial groups								
Metric tons	2002	2003	2003/2002	2004	2004/2003	6m '04	6m '05	6m'05/6m'04
Mining	124 995	110 500	-11.6%	145 813	32.0%	73 550	72 607	-1.3%
Manufacturing	2 684 753	2 207 350	-17.8%	2 519 654	14.1%	1 243 050	1 135 813	-8.6%
Packaging	313 015	281 874	-9.9%	260 666	-7.5%	128 524	126 655	-1.5%
Structural Metal	1 069 074	781 231	-26.9%	982 283	25.7%	483 664	427 335	-11.6%
Tube & Pipe	522 588	396 253	-24.2%	527 610	33.1%	253 769	210 937	-16.9%
Plate & Sheet metal works	475 010	355 571	-25.1%	432 319	21.6%	219 849	203 824	-7.3%
Roofing & Cold forming	71 476	29 407	-58.9%	22 354	-24.0%	10 046	12 574	25.2%
Agricultural	29 415	41 509	41.1%	38 558	-7.1%	20 222	16 339	-19.2%
Automotive	308 045	236 078	-23.4%	311 816	32.1%	137 725	144 468	4.9%
Electrical apparatus/white goods	56 218	54 277	-3.5%	49 177	-9.4%	23 111	23 303	0.8%
Cables, wire products & gates	672 177	617 247	-8.2%	647 086	4.8%	332 229	298 031	-10.3%
Fasteners	52 089	49 333	-5.3%	57 113	15.8%	29 150	25 294	-13.2%
Other	184 720	145 801	-21.1%	172 955	18.6%	88 425	74 388	-15.9%
Building & Construction	1 033 880	864 935	-16.3%	966 034	11.7%	510 356	461 331	-9.6%
Unallocated	676 817	564 701	-16.6%	861 605	52.6%	407 484	395 402	-3.0%
Total	4 520 445	3 747 486	-17.1%	4 493 106	19.9%	2 234 440	2 065 153	-7.6%

Source: SAISI

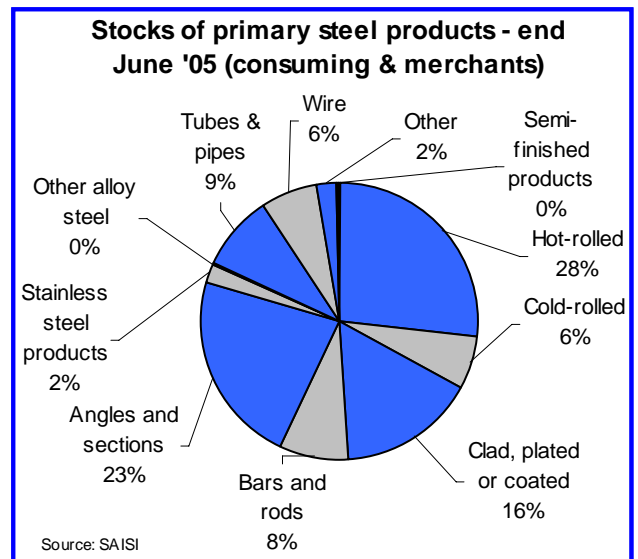
Stocks of primary steel products on hand - end of June '05

Products (metric tons)	Dec 2004		March 2005 - Revised		June 2005	
	All industries*	Consuming**	All industries*	Consuming**	All industries*	Consuming**
1 Iron and non-alloy steel	1 635 249	751 310	1 728 216	756 896	1 827 165	737 761
A Semi-finished products	364 478	3 388	364 210	3 575	466 967	3 012
B Total finished products	1 270 771	747 922	1 364 006	753 321	1 360 198	734 749
C Total flat rolled products	805 910	493 335	850 044	479 393	833 082	449 788
i Hot-rolled	478 219	280 820	464 138	263 062	451 636	246 537
ii Cold-rolled	141 260	65 881	170 011	65 153	173 946	57 835
iii Clad, plated or coated	186 431	146 634	215 895	151 178	207 500	145 416
D Total profile products	464 861	254 587	513 962	273 928	527 116	284 961
i Bars and rods	121 347	32 278	163 303	55 364	179 831	76 265
ii Angles and sections	343 514	222 309	350 659	218 564	347 285	208 696
2 Stainless steel products	123 470	21 476	121 019	20 854	119 830	19 831
3 Other alloy steel	2 990	2 990	1 881	1 881	2 960	2 960
4 Other products	88 087	74 983	87 445	76 411	95 212	83 987
i Tubes & pipes	64 680	53 768	57 497	50 005	65 653	60 148
ii Wire	15 522	15 522	20 896	20 896	20 499	20 499
iii Other	7 885	5 693	9 052	5 510	9 060	3 340

Source: SAISI



Source: SAISI



* Primary & consuming industries and merchants

** Consuming industries & merchants

South African Iron and Steel Institute bursary

The primary steel industry, through its representative body the South African Iron and Steel Institute (SAISI), recognises that the education of metallurgical engineers is a vital element in its sustainability. The industry wishes to attract top young minds to the profession. SAISI wishes to increase the number of bursaries awarded to first-year metallurgical engineering students above those already awarded by individual member companies.

SAISI has made funds available to the University of Pretoria (UP) for several bursaries for first year students in metallurgical engineering. Students who successfully complete the first year of study will be offered a bursary by one of SAISI's member companies to continue with the second and later academic years of study.

The SAISI bursaries are fully administered by the University of Pretoria and subject to the conditions applicable to bursaries offered by UP.

Information is available in the Study Financing brochure available from the Client Service Centre of the University of Pretoria. An electronic version is available at www.up.ac.za/fao. Refer to the section for UP Support Bursaries.

Criteria

- 1.1. The bursary is available to South African citizens of all ethnic backgrounds.
- 1.2. The Selection Committee considers the financial need(s) of the applicant(s) and decides on the value of the bursary to be awarded.
- 1.3. The bursary is available for first year of study in B. Eng. (Metallurgy).
- 1.4. Applicants must achieve an aggregate score of 65% in their matriculation examination results.
- 1.5. The bursary is payable in two instalments and payment of the second instalment will be conditional on satisfactory performance during the first semester.
- 1.6. The applicant may not hold another bursary that places him/her under any obligation to the provider of such bursary.
- 1.7. The bursary holder will make himself/herself available for progress monitoring interviews during the first year of study with representatives of SAISI's members with a view to the possible awarding of a company bursary for further study.
- 1.8. The bursary holder is obligated to apply for a bursary from any of SAISI's members to continue his/her second year B. Eng (Met.) studies.
- 1.9. The bursary holder will be required to enter into a bursary agreement with SAISI.

Application for the bursary:

- Applicants must complete the standard application form for financial assistance, which can be obtained from the Client Service Centre, UP Main Campus OR submit an online application at www.up.ac.za/fao
- Applicants must tick the "UP Support Bursary" on the application form.
- Applications close on 28 November of the year preceding commencement of study. Late applications will not be processed.

Additional information is available from:

The Client Service Centre
University of Pretoria
Pretoria
0002
Tel: 012 420 3111
Fax: 012 420 4555
Email: csc@up.ac.za
Website: www.up.ac.za/fao