

steelnews



South African
Iron and Steel
Institute

December 2005

Issue 31

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



Cape Gate



COLUMBUS
STAINLESS
[Pty] Ltd



Highveld Steel

MITTAL

SCAW METALS
GROUP

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 8,9% during the first 9 months of 2005

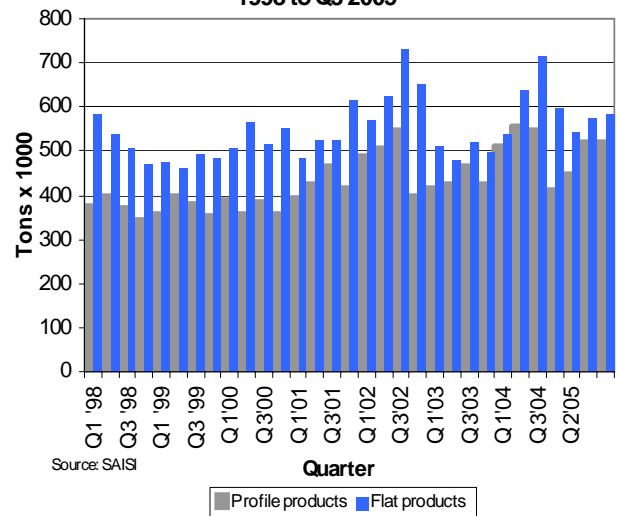
Total domestic carbon steel sales decreased by 8,9% during the first nine months of 2005 compared with the first nine months of 2004. During this period sales of carbon steel flat products decreased by 10,0% while sales of profile products decreased by 7,7%. Domestic carbon steel sales of flat and profile products increased by 0,9% during the third quarter of 2005 compared with the second quarter of 2005.

The low inflation and interest rate environment, growth-orientated fiscal policy and continuous gains in real income and net employment are still driving the domestic economy. As expected, the economy is showing signs of consolidation at present with growth momentum set to slow somewhat as the impact of earlier rate cuts fade and global economic activity eases partly on account of the high oil price and rising interest rates.

Although firm but softening demand for residential and industrial property will continue to support growth in the construction industry as a whole, the dearth of big projects in the short-term is concerning the civil engineering industry. Other growth constraints include the postponement of expansion programmes by certain industries and a lack of skilled labour. However, a wealth of projects relating to the government's infrastructure programme and the 2010 Soccer World Cup bodes well for the prospects of the construction industry for the medium- to long-term.

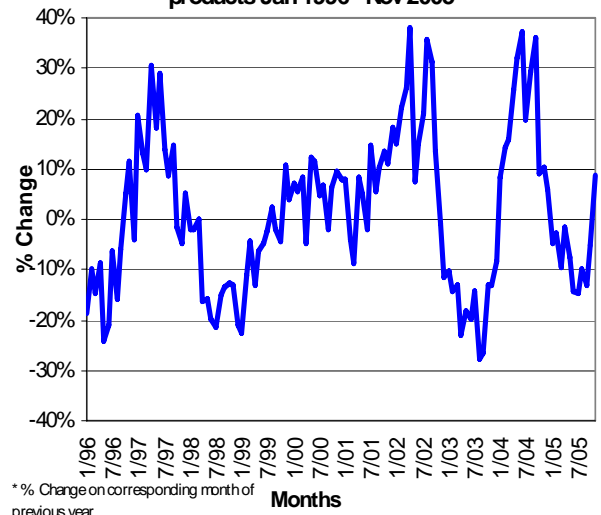
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Local sales of primary carbon steel products
1998 to Q3 2005



Source: SAISI

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



* % Change on corresponding month of previous year

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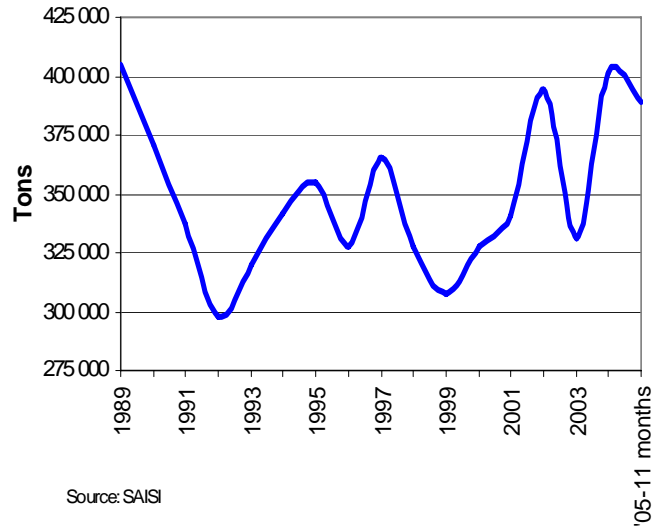
Steel sales decreased 8,9% - first 9 months of 2005 (cont. from page 1)

Total local sales of primary carbon steel products - 2004 to Nov 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	182.0	195.0	377.0
Q3	548.5	714.0	1262.5	520.5	584.9	1105.4
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			
Q4	410.3	594.7	1005.0	363.3	434.6	797.9
TOTAL	2 022.6	2 482.8	4 505.4	1 851.4	2 134.2	3 985.7

Source: SAISI

Monthly average apparent SA domestic consumption of primary carbon steel products



Source: SAISI

Imports of primary carbon and alloy steel products increased by 1,2% during the first 9 months of 2005

Imports of primary carbon and alloy steel products as a percentage of total apparent domestic carbon steel consumption amounted to 7,0% during the first 9 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 1,2% during the first

9 months of 2005 compared with the corresponding period of 2004. Imports during the 3rd quarter of 2005 increased by 2,3% compared with imports during the 2nd quarter of 2005.

Imports of flat products during the 3rd quarter of 2005 increased by 26,3% while imports of profile products decreased by 51,4% compared with the 2nd quarter of 2005.

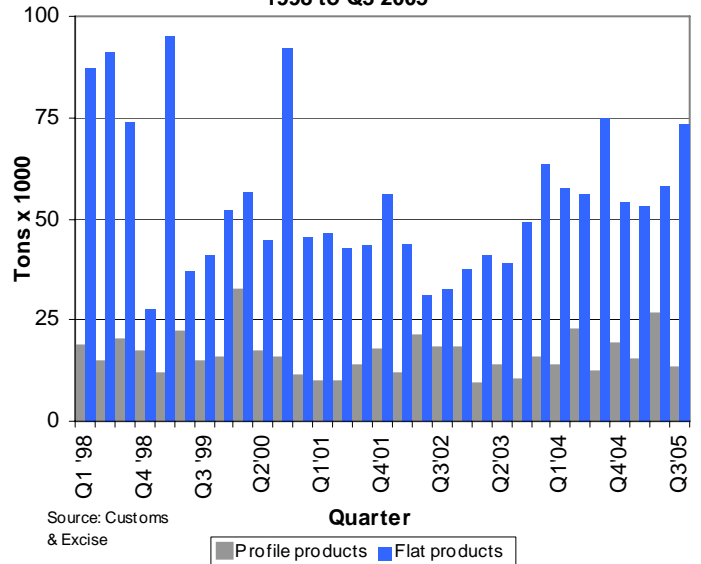
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Imports of primary carbon and alloy steel products - 2004 to Sept 2005 ('000 tons)

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	3.3	16.8	20.1
AUG	5.4	33.0	38.4	6.4	21.1	27.5
SEP	3.0	19.7	22.7	3.0	35.6	38.6
Q3	11.7	74.8	86.5	12.7	73.5	86.2
OCT	7.9	17.1	25.0			
NOV	9.3	23.1	32.4			
DEC	1.4	14.0	15.3			
Q4	18.6	54.2	72.8	0.0	0.0	0.0
TOTAL	65.9	242.4	308.3	53.6	184.8	238.4

Source: Customs & Excise

Imports of primary carbon & alloy steel products 1998 to Q3 2005



Source: Customs & Excise

Imports increased by 1,2% - first 9 months of 2005 (cont. from page 2)

IMPORTS - South Africa's ten most important steel trading partners in 2004 and first 9 months of 2005 (All products including stainless steel and finished wire—HS codes 7206 to 7302 - tons)

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

Countries	2004	Countries	2005 - 9m
EU25	151 865	EU25	137 701
India	96 852	India	35 341
Japan	23 159	Brazil	24 227
Brazil	18 564	Japan	17 876
Korea	10 823	Korea	16 951
Malaysia	10 679	China	7 848
Australia	9 012	Romania	6 545
Zimbabwe	5 771	Zimbabwe	5 299
Taiwan	5 508	Malaysia	4 692
USA	3 582	Russian Fed	4 129
Total 10 countries	335 815	Total 10 countries	260 609
Total imports	354 874	Total imports	282 718
10 Countries/ total	94.6%	10 Countries/ total	92.2%
Other	19 059	Other	22 108

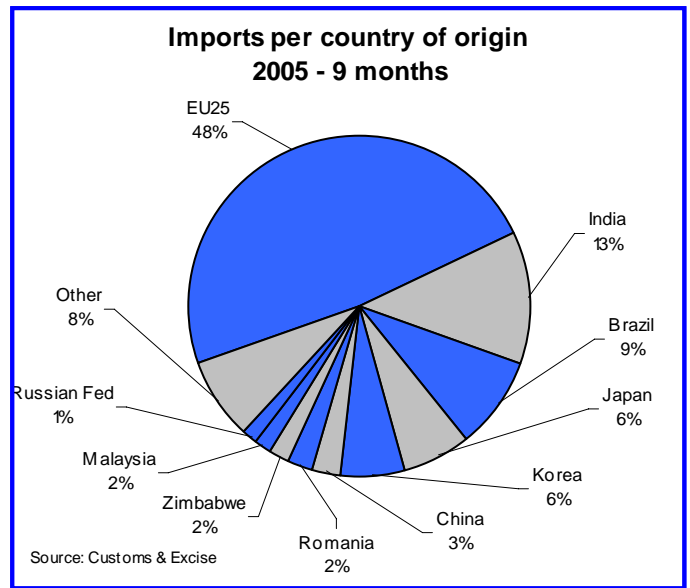
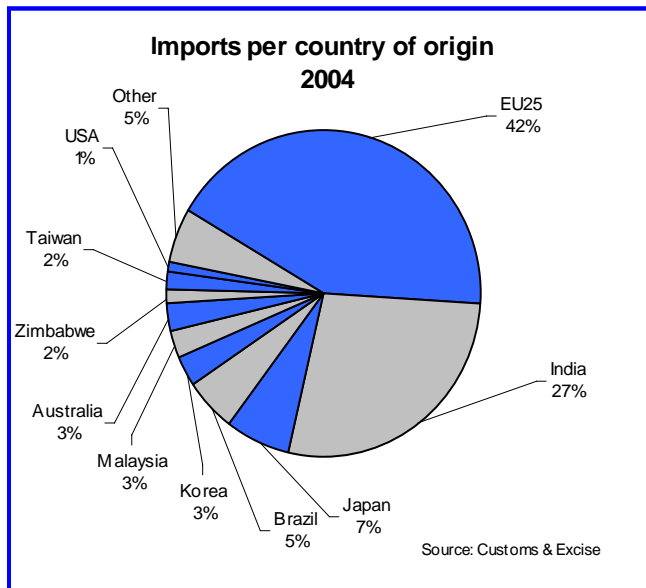
Source: Customs & Excise

During the first 9 months of 2005 imports from India consisted mostly (78%) of hot-dipped galvanised sheet, representing 56% of all carbon steel hot-dipped galvanised sheet imports into South Africa.

Imports from Brazil of cold-rolled carbon sheet & coil amounted to 5 194 tons, representing 38% of all cold-rolled sheet & coil imports into South Africa. Imports from Brazil of hot-rolled carbon sheet & coil amounted to 4 232 tons, representing 33% of all hot-rolled sheet & coil imports into South Africa. Imports of stainless steel hot and cold-rolled coil & sheet from Brazil amounted to 4 092 tons representing 32% of all stainless hot and cold-rolled coil & sheet imports.

Imports from Romania of cold-rolled sheets & coils amounted to 5 576 tons, representing 41% of all cold-rolled sheet & coil imports into South Africa.

Imports from China consisted mostly (73%) of drawn wire. Imports from Zimbabwe consisted mostly (93%) of hot-rolled sections and reinforcing bar.



Exports of carbon steel products as reported by South African producers increased by 9,1% during the first 9 months of 2005

Exports of primary carbon steel products, reported by South African primary steel manufacturers, increased by 9,1% during the first 9 months of 2005 compared with the corresponding period of 2004. During the third quarter of 2005, carbon steel exports increased by 24,8% compared with the second quarter of 2005. During the third quarter of 2005 flat product exports increased by 34,8% compared with the second quarter of 2005 while exports of profile products recorded an increase of 6,0% during the same period.

During the first 9 months of 2005, exports of flat carbon steel products amounted to 68,8% of total exports and the exports of profile carbon steel products to 31,2% of total exports.

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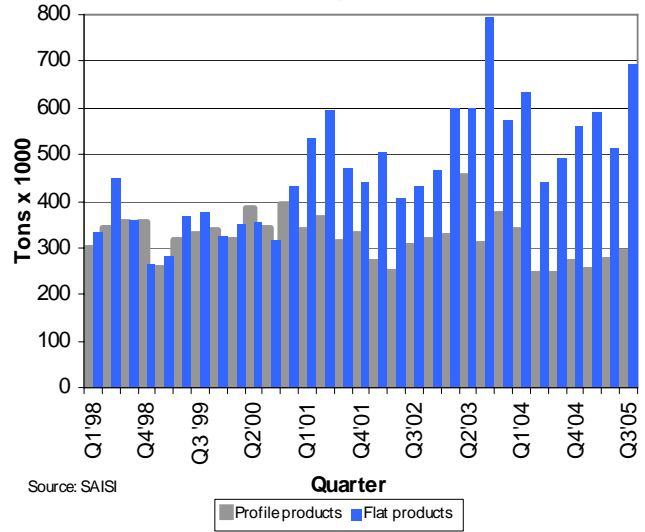
Exports increased by 9,1% - first 9 months of 2005 (cont. from page 3)

Exports of primary carbon steel products reported by the primary steel producers - 2004 to Nov 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	101.1	231.1	332.2
Q3	246.0	492.9	738.8	289.5	691.2	980.7
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			
Q4	269.1	558.6	827.7	184.8	339.0	523.8
TOTAL	1 095.8	2 124.2	3 220.0	998.5	2 134.0	3 132.5

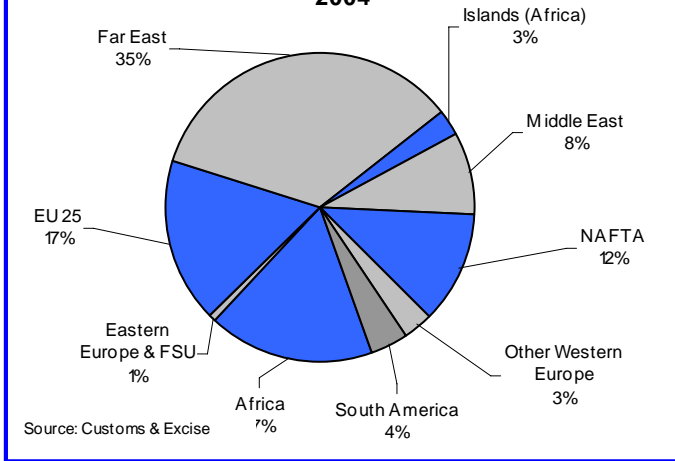
Source: SAISI

Exports of primary carbon steel products 1998 to Q3 2005



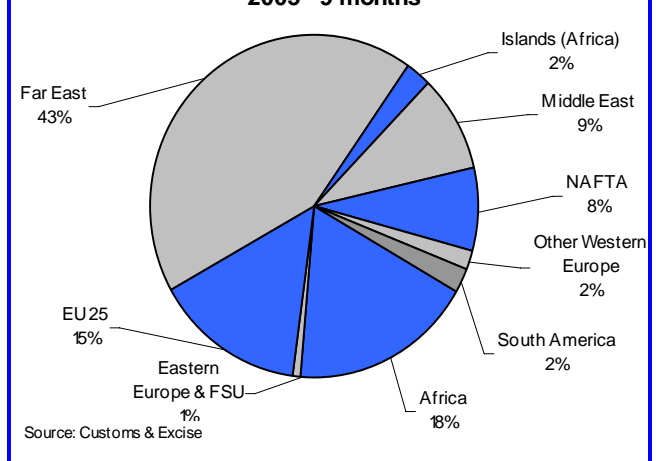
Source: SAISI

Exports per region of destination 2004



Source: Customs & Excise

Exports per region of destination 2005 - 9 months



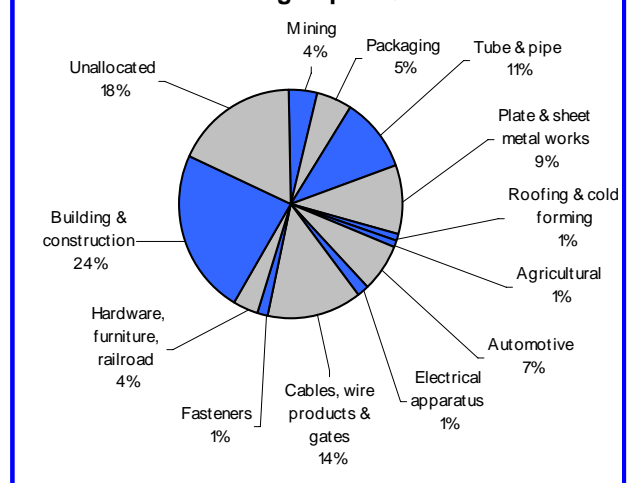
Source: Customs & Excise

Carbon steel sales to industrial groups during Q3 of 2005

Metric tons	Sales of primary carbon steel products to industrial groups		
	Profile	Flat	Total
1 Mining	25 678	19 536	45 214
2 Total Manufacturing	206 094	387 117	593 211
Packaging	147	57 805	57 952
Structural Metal	2 545	230 536	233 081
Tube & pipe	951	115 528	116 479
Plate & sheet metal works	1 594	102 868	104 462
Roofing & cold forming	0	12 140	12 140
Agricultural	8 451	339	8 790
Automotive	7 872	67 754	75 626
Electrical apparatus	68	13 378	13 446
Cables, wire products & gates	150 722	1 489	152 211
Fasteners	12 782	93	12 875
Other: Hardware, furniture, rail	23 507	15 724	39 231
3 Building & construction	210 588	50 556	261 144
4 Unallocated	79 099	123 637	202 736
5 Total	521 459	580 846	1 102 305

Source: SAISI

Sales of primary carbon steel products to industrial groups - Q3 2005



Carbon steel sales to industrial groups during Q3 of 2005

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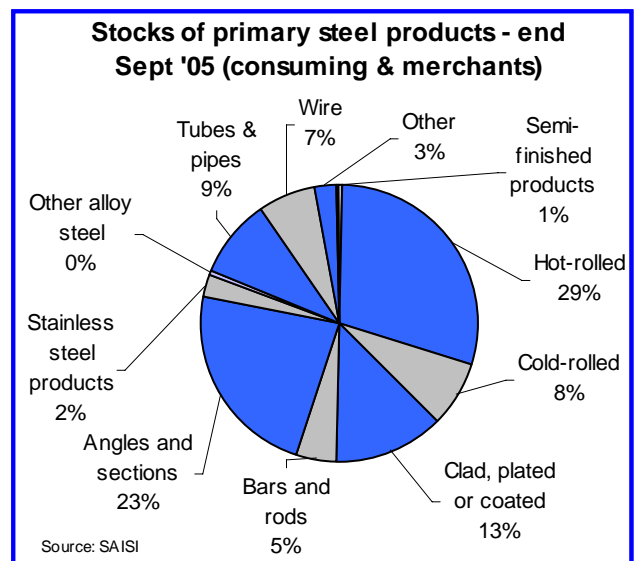
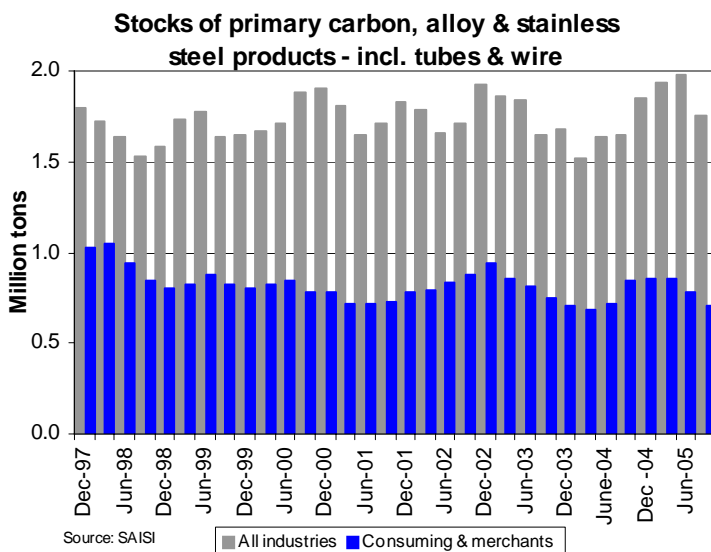
Sales of primary carbon steel products to industrial groups								
Metric tons	2002	2003	2003/2002	2004	2004/2003	9m '04	9m '05	9m'05/9m'04
Mining	124 995	110 500	-11.6%	145 813	32.0%	113 476	117 821	3.8%
Manufacturing	2 684 753	2 207 350	-17.8%	2 519 654	14.1%	1 939 409	1 729 024	-10.8%
Packaging	313 015	281 874	-9.9%	260 666	-7.5%	191 912	184 607	-3.8%
Structural Metal	1069 074	781 231	-26.9%	982 283	25.7%	755 821	660 416	-12.6%
Tube & Pipe	522 588	396 253	-24.2%	527 610	33.1%	404 847	327 416	-19.1%
Plate & Sheet metal works	475 010	355 571	-25.1%	432 319	21.6%	334 675	308 286	-7.9%
Roofing & Cold forming	71 476	29 407	-58.9%	22 354	-24.0%	16 299	24 714	51.6%
Agricultural	29 415	41 509	41.1%	38 558	-7.1%	30 614	25 129	-17.9%
Automotive	308 045	236 078	-23.4%	311 816	32.1%	232 642	220 094	-5.4%
Electrical apparatus/white goods	56 218	54 277	-3.5%	49 177	-9.4%	37 256	36 749	-1.4%
Cables, wire products & gates	672 177	617 247	-8.2%	647 086	4.8%	509 193	450 242	-11.6%
Fasteners	52 089	49 333	-5.3%	57 113	15.8%	45 366	38 169	-15.9%
Other	184 720	145 801	-21.1%	172 955	18.6%	136 605	113 619	-16.8%
Building & Construction	1 033 880	864 935	-16.3%	966 034	11.7%	779 393	724 823	-7.0%
Unallocated	676 817	564 701	-16.6%	861 605	52.6%	658 991	598 138	-9.2%
Total	4 520 445	3 747 486	-17.1%	4 493 106	19.9%	3 491 269	3 169 807	-9.2%

Source: SAISI

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

Products (metric tons)	March 2005		June 2005 - Revised		September 2005	
	All industries*	Consuming**	All industries*	Consuming**	All industries*	Consuming**
1 Iron and non-alloy steel	1 728 216	756 896	1 767 954	678 550	1 568 609	606 186
A Semi-finished products	364 210	3 575	466 967	3 012	429 692	3 913
B Total finished products	1 364 006	753 321	1 300 987	675 538	1 138 917	602 273
C Total flat rolled products	850 044	479 393	802 292	418 998	721 720	386 583
i Hot-rolled	464 138	263 062	454 812	249 713	418 873	228 899
ii Cold-rolled	170 011	65 153	174 540	58 429	159 140	58 302
iii Clad, plated or coated	215 895	151 178	172 940	110 856	143 707	99 382
D Total profile products	513 962	273 928	498 695	256 540	417 197	215 690
i Bars and rods	163 303	55 364	151 652	48 086	127 735	36 330
ii Angles and sections	350 659	218 564	347 043	208 454	289 462	179 360
2 Stainless steel products	121 019	20 854	119 831	19 832	97 560	17 966
3 Other alloy steel	1 881	1 881	5 114	5 114	3 839	3 839
4 Other products	87 445	76 411	89 803	78 578	82 404	73 632
i Tubes & pipes	57 497	50 005	60 244	54 739	59 708	51 381
ii Wire	20 896	20 896	20 499	20 499	19 500	19 500
iii Other	9 052	5 510	9 060	3 340	3 196	2 751

Source: SAISI



* Primary & consuming industries and merchants

** Consuming industries & merchants