

steelnews



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Domestic carbon steel sales decreased by 6,1% during 2005

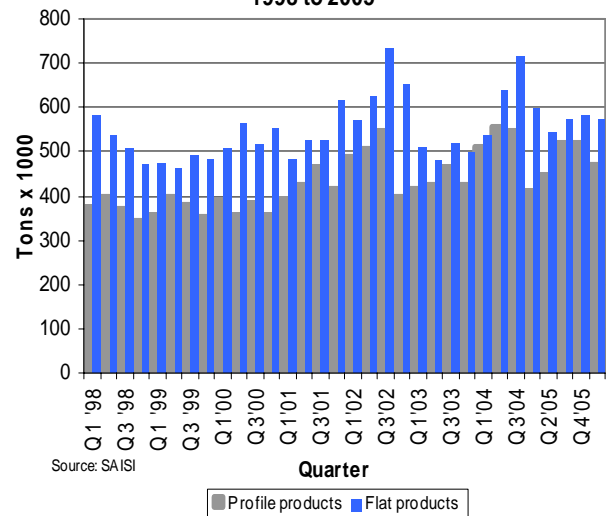
Total domestic carbon steel sales decreased by 6,1% during 2005 compared with 2004. During this period sales of carbon steel flat products decreased by 8,5% while sales of profile products decreased by 3,2%. Domestic carbon steel sales of flat and profile products decreased by 5,7% during the fourth quarter of 2005 compared with the third quarter of 2005.

While South Africa's real GDP quarterly growth rate decelerated recently, the current year-on-year growth rate still exceeds that achieved at the peak of the 2000 and 2002 cycles. Latest economic data releases could indicate the start of a cooling-off that has been anticipated for some time. Domestic demand was still strong towards the end of 2005 especially in the construction, trade and transport and communications sectors. The rest of the economy appears somewhat weaker. Much depends on domestic consumer demand, which for now appears moderating as the indebtedness of the consumer dilutes spending power.

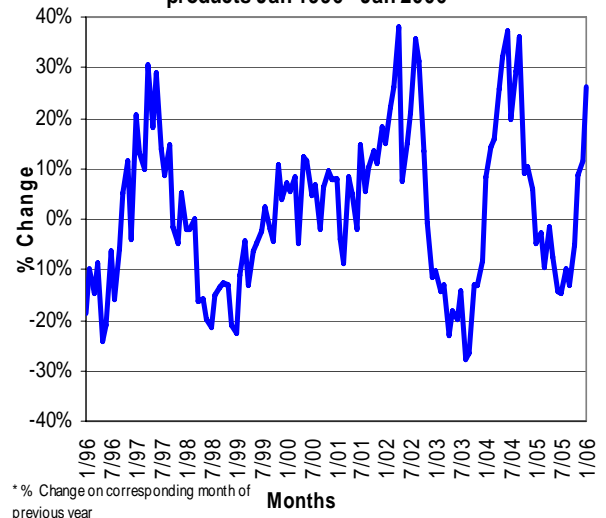
However, the expansionary fiscal policy, together with the current accommodative monetary policy stance, appears to offer good support for healthy economic growth although some sectors such as manufacturing appear weak. In addition shortages of electricity and fuel are already evident. As in the case of other commodity-based economies much of the outlook still depends on developments in the global economy.

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Local sales of primary carbon steel products
1998 to 2005



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



* % Change on corresponding month of previous year

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Steel sales decreased by 6,1% during 2005

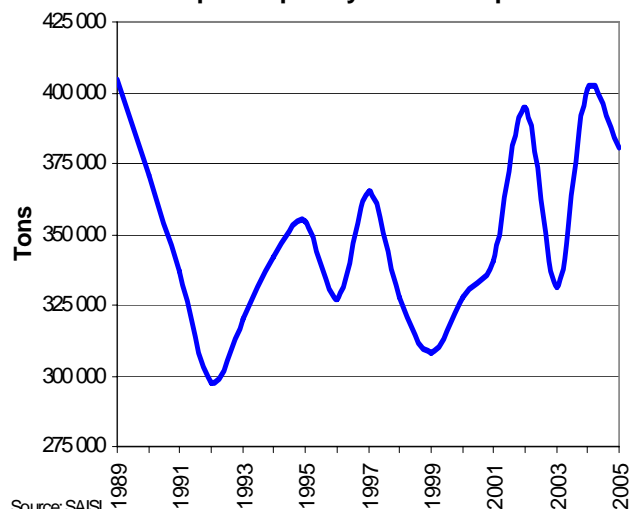
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Total local sales of primary carbon steel products - 2004 to Jan 2006 ('000 tons)

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			
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	166.5	230.7	397.2
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	0.0	0.0	0.0
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	0.0	0.0	0.0
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			
Q4	410.3	594.7	1005.0	470.2	572.0	1042.3	0.0	0.0	0.0
TOTAL	2 022.6	2 482.8	4 505.4	1 958.4	2 271.6	4 230.0	166.5	230.7	397.2

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 8,9% during 2005

Imports of primary carbon and alloy steel products as a percentage of total apparent domestic carbon steel consumption amounted to 7,4% during 2005 compared with 6,4% during 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 8,9% during 2005 compared with the

corresponding period of 2004. Imports during the 4th quarter of 2005 increased by 34,2% compared with imports during the 3rd quarter of 2005.

Imports of flat products during the 4th quarter of 2005 decreased by 6,7% while imports of profile products increased by 126,8% compared with the 3rd quarter of 2005.

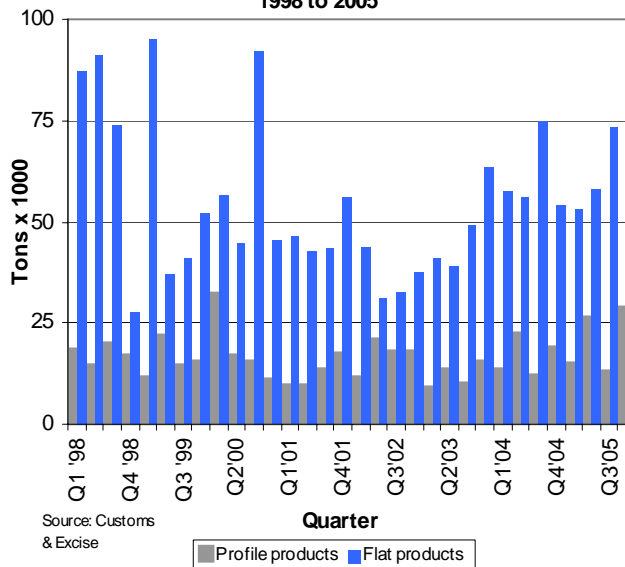
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Imports of primary carbon and alloy steel products - 2004 to Dec 2005 ('000 tons)

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	10.8	27.0	38.6
NOV	9.3	23.1	32.4	16.4	26.7	38.6
DEC	1.4	14.0	15.3	1.6	14.9	38.6
Q4	18.6	54.2	72.8	28.8	68.6	115.7
TOTAL	65.9	242.4	308.3	82.4	253.4	335.8

Source: Customs & Excise

Imports of primary carbon & alloy steel products 1998 to 2005



Source: Customs & Excise

Imports increased by 8,9% during 2005

(cont. from page 2)

IMPORTS - South Africa's ten most important steel trading partners in 2004 and 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

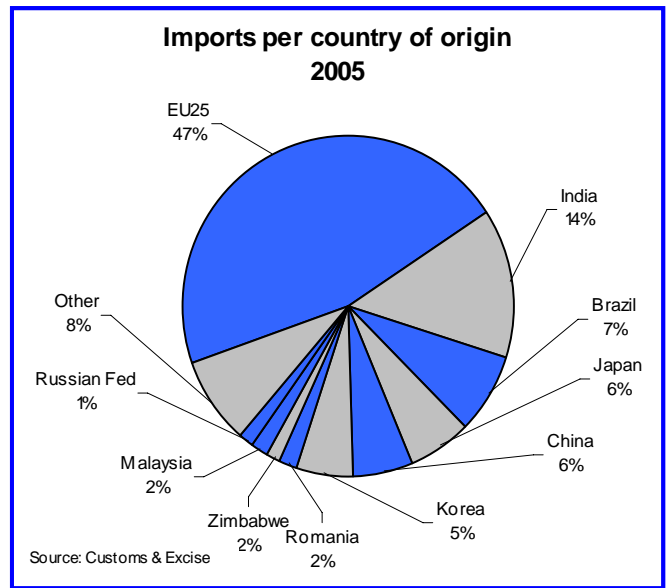
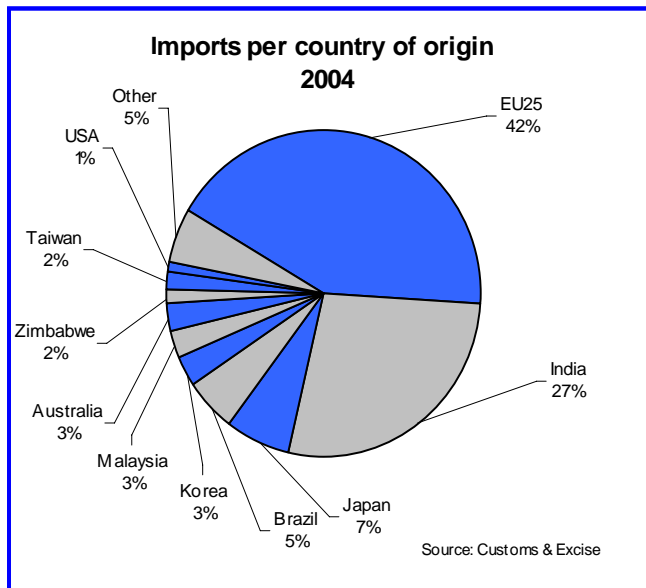
Countries	2004	Countries	2005
EU25	151 865	EU25	183 842
India	96 852	India	56 907
Japan	23 159	Brazil	29 418
Brazil	18 564	Japan	24 291
Korea	10 823	China	23 447
Malaysia	10 679	Korea	21 377
Australia	9 012	Romania	6 545
Zimbabwe	5 771	Zimbabwe	6 492
Taiwan	5 508	Malaysia	6 123
USA	3 582	Russian Fed	5 559
Total 10 countries	335 815	Total 10 countries	364 003
Total imports	354 874	Total imports	397 074
10 Countries/ total	94.6%	10 Countries/ total	91.7%
Other	19 059	Other	33 071

Source: Customs & Excise

During 2005 imports from India consisted mostly (70%) of hot-dipped galvanised sheet, representing 58% of all carbon steel hot-dipped galvanised sheet imports into South Africa.

Imports from Brazil of cold-rolled carbon sheet & coil amounted to 6 349 tons, representing 40% of all cold-rolled sheet & coil imports into South Africa. Imports from Brazil of hot-rolled carbon sheet & coil amounted to 7 535 tons, representing 38% of all hot-rolled sheet & coil imports into South Africa. Imports of stainless steel hot and cold-rolled coil & sheet from Brazil amounted to 4 490 tons representing 27% of all stainless hot and cold-rolled coil & sheet imports.

Imports from Romania of cold-rolled sheets & coils amounted to 5 576 tons, representing 35% of all cold-rolled sheet & coil imports into South Africa. Imports from China consisted mostly (55%) of slabs. Imports from Korea consisted mostly (79%) of painted and other coated sheet & coil. Imports from Zimbabwe consisted mostly (94%) of hot-rolled sections and reinforcing bar.



Exports of carbon steel products as reported by South African producers increased by 5,5% during 2005

Exports of primary carbon steel products, reported by South African primary steel manufacturers, increased by 5,5% during 2005 compared with the corresponding period of 2004. During the fourth quarter of 2005, carbon steel exports decreased by 19,6% compared with the third quarter of 2005. During the fourth quarter of 2005 flat product exports decreased by 24,9% compared with the third quarter of 2005 while exports of profile products recorded a decrease of 6,8% during the same period.

During 2005, exports of flat carbon steel products amounted to 68,1% of total exports and the exports of profile carbon steel products to 31,9% of total exports.

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Exports increased by 5,5% during 2005

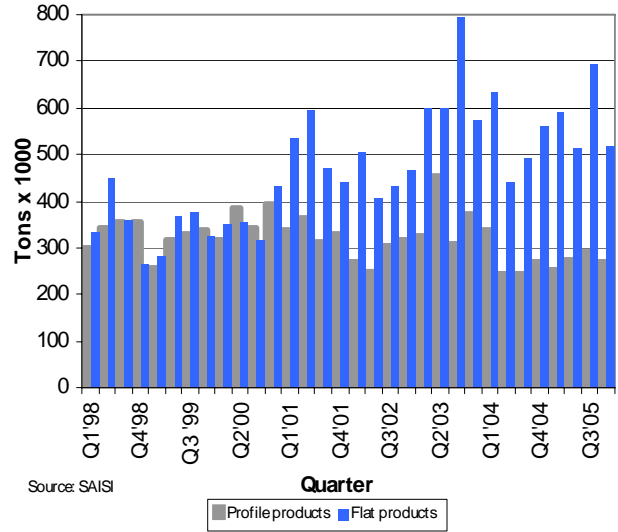
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Exports of primary carbon steel products reported by the primary steel producers - 2004 to Jan 2006 ('000 tons)

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			
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	74.1	180.7	254.8
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	0.0	0.0	0.0
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	0.0	0.0	0.0
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			
Q4	269.1	558.6	827.7	269.8	519.2	788.9	0.0	0.0	0.0
TOTAL	1 095.8	2 124.2	3 220.0	1 083.4	2 314.2	3 397.6	74.1	180.7	254.8

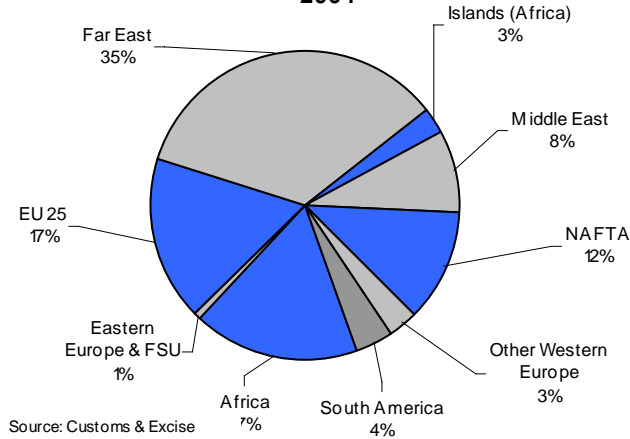
Source: SAIISI

Exports of primary carbon steel products 1998 to 2005



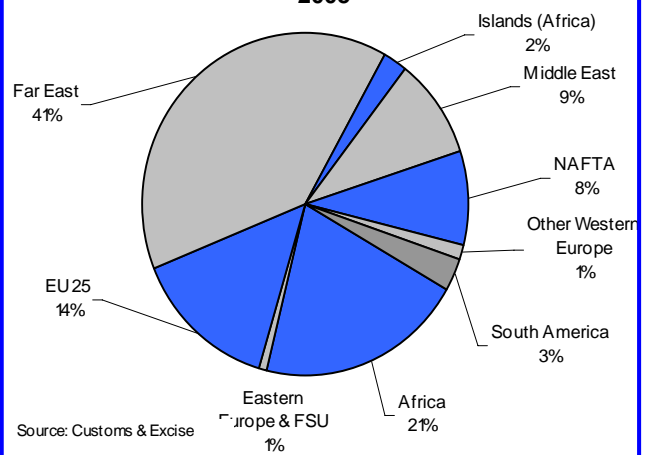
Source: SAIISI

Exports per region of destination 2004



Source: Customs & Excise

Exports per region of destination 2005



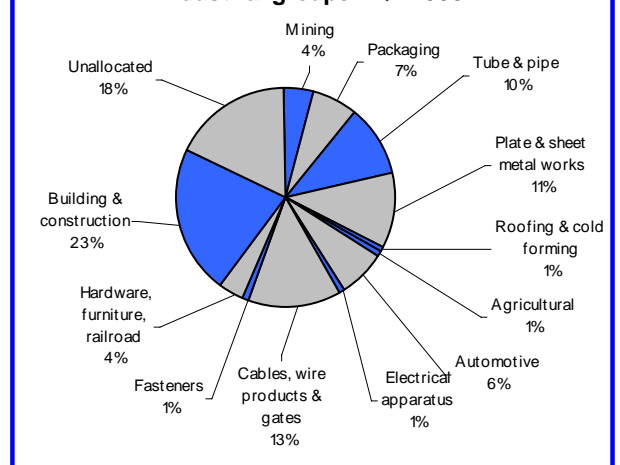
Source: Customs & Excise

Carbon steel sales to industrial groups during Q4 of 2005

Sales of primary carbon steel products to industrial groups			
Metric tons	Q4 2005		
	Profile	Flat	Total
1 Mining	22 116	23 529	45 645
2 Total Manufacturing	188 142	390 509	578 651
Packaging	145	71 794	71 939
Structural Metal	2 641	219 272	221 913
Tube & pipe	1 746	107 727	109 473
Plate & sheet metal works	895	109 893	110 788
Roofing & cold forming	0	11 274	11 274
Agricultural	7 901	265	8 166
Automotive	6 545	61 184	67 729
Electrical apparatus	86	10 474	10 560
Cables, wire products & gates	136 008	2 631	138 639
Fasteners	12 457	22	12 479
Other: Hardware, furniture, rail	22 359	15 245	37 604
3 Building & construction	188 058	43 640	231 698
4 Unallocated	73 122	114 368	187 490
5 Total	471 437	572 046	1 043 483

Source: SAIISI

Sales of primary carbon steel products to industrial groups - Q4 2005



Carbon steel sales to industrial groups during Q4 of 2005

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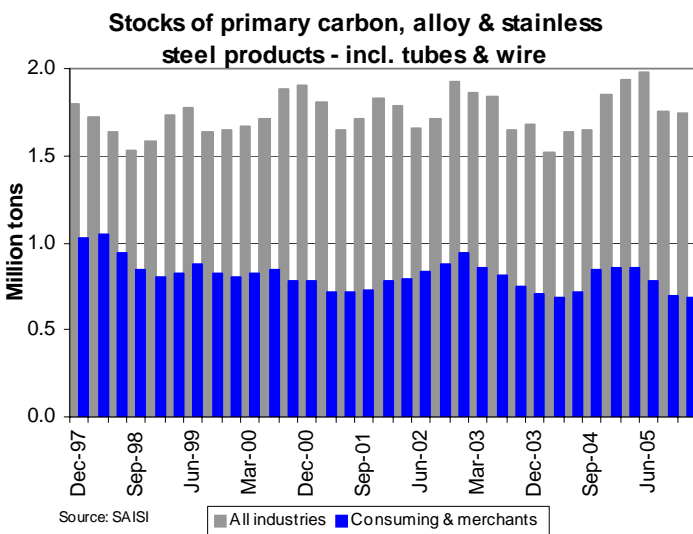
Sales of primary carbon steel products to industrial groups								
Metric tons	2002	2003	2003/2002	2004	2004/2003	2004	2005	2005/2004
Mining	124 166	110 608	-10.9%	146 396	32.4%	146 396	164 132	12.1%
Manufacturing	2 694 770	2 216 074	-17.8%	2 534 169	14.4%	2 534 169	2 327 706	-8.1%
Packaging	313 028	281 882	-9.9%	260 673	-7.5%	260 673	256 443	-1.6%
Structural Metal	1071 977	782 313	-27.0%	986 215	26.1%	986 215	895 524	-9.2%
Tube & Pipe	523 390	396 851	-24.2%	528 826	33.3%	528 826	438 502	-17.1%
Plate & Sheet metal works	476 796	355 889	-25.4%	434 851	22.2%	434 851	420 407	-3.3%
Roofing & Cold forming	71 791	29 572	-58.8%	22 538	-23.8%	22 538	36 616	62.5%
Agricultural	29 351	41 301	40.7%	38 555	-6.6%	38 555	33 048	-14.3%
Automotive	309 515	237 264	-23.3%	314 152	32.4%	314 152	290 375	-7.6%
Electrical apparatus/white goods	56 479	54 535	-3.4%	49 481	-9.3%	49 481	47 294	-4.4%
Cables, wire products & gates	672 175	617 237	-8.2%	647 089	4.8%	647 089	588 843	-9.0%
Fasteners	52 093	49 321	-5.3%	57 113	15.8%	57 113	50 576	-11.4%
Other	190 152	152 221	-19.9%	180 891	18.8%	180 891	165 603	-8.5%
Building & Construction	1 033 713	863 968	-16.4%	967 913	12.0%	967 913	955 102	-1.3%
Unallocated	678 451	565 677	-16.6%	866 075	53.1%	866 075	791 714	-8.6%
Total	4 531 100	3 756 327	-17.1%	4 514 553	20.2%	4 514 553	4 238 653	-6.1%

Source: SAISI

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

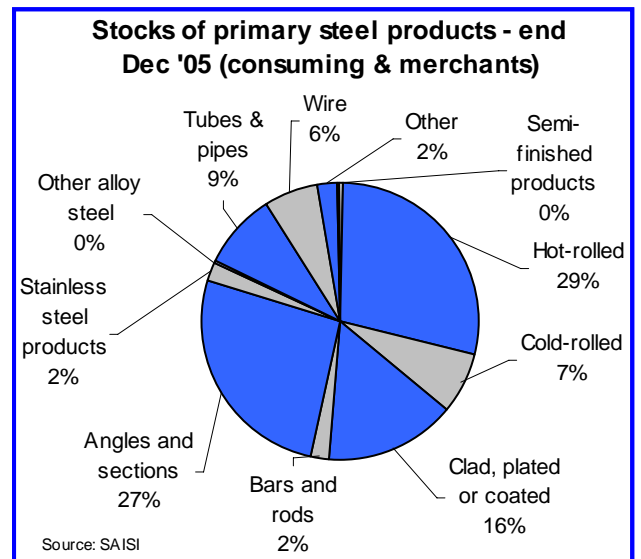
Products (metric tons)	June 2005		Sept 2005 - Revised		December 2005	
	All industries*	Consuming**	All industries*	Consuming**	All industries*	Consuming**
1 Iron and non-alloy steel	1 767 954	678 550	1 565 008	602 585	1 581 229	604 124
A Semi-finished products	466 967	3 012	429 692	3 913	403 447	3 377
B Total finished products	1 300 987	675 538	1 135 316	598 672	1 177 782	600 749
C Total flat rolled products	802 292	418 998	717 381	382 244	782 864	383 124
i Hot-rolled	454 812	249 713	414 752	224 778	432 706	214 742
ii Cold-rolled	174 540	58 429	158 678	59 840	169 899	54 878
iii Clad, plated or coated	172 940	110 856	143 951	99 626	180 259	113 504
D Total profile products	498 695	256 540	417 935	216 428	394 918	217 625
i Bars and rods	151 652	48 086	127 735	36 330	95 338	17 785
ii Angles and sections	347 043	208 454	290 200	180 098	299 580	199 840
2 Stainless steel products	119 831	19 832	97 560	17 966	82 950	15 301
3 Other alloy steel	5 114	5 114	3 839	3 839	1 973	1 973
4 Other products	89 803	78 578	82 608	73 836	78 293	67 575
i Tubes & pipes	60 244	54 739	59 708	51 381	57 999	48 081
ii Wire	20 499	20 499	19 704	19 704	17 272	17 272
iii Other	9 060	3 340	3 196	2 751	3 022	2 222

Source: SAISI



Source: SAISI

■ All industries ■ Consuming & merchants



Source: SAISI

* Primary & consuming industries and merchants

** Consuming industries & merchants