

steelnews



South African
Iron and Steel
Institute

September 2006

Issue 34

Steelnews is the quarterly statistical newsletter of the South African Iron



Cape Gate



COLUMBUS
STAINLESS
[Pty] Ltd



Highveld Steel



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



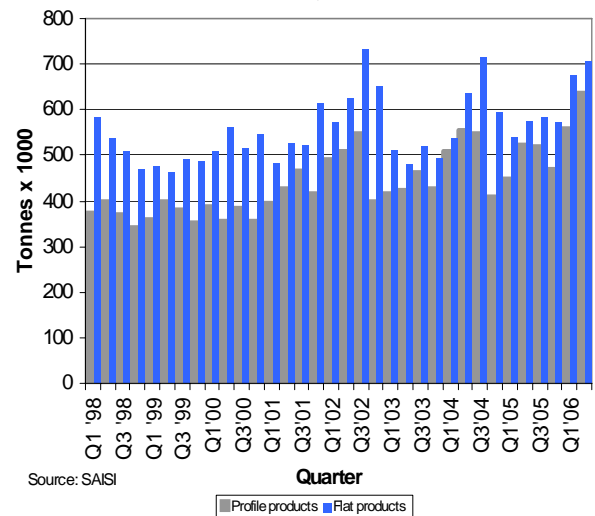
Domestic carbon steel sales increased by 23,9% during the first half of 2006

Domestic carbon steel sales totalled 2.581 million tonnes during the first 6 months of 2006, an increase of 23,9% when compared with the corresponding period of 2005. This represents the highest sales level attained in the first half of a year since 1981. During this period sales of carbon steel flat products increased by 24,2% while sales of profile products increased by 23,6%. Domestic carbon steel sales of flat and profile products increased by 8,9% during the second quarter of 2006 compared with the first quarter of 2006.

The economy continued to grow relatively strongly in the first half of 2006 and the nature of this growth was largely unchanged from that experienced during the past three years, with domestic spending still the key driver of the economy. Economic activity is expected to slow slightly into the second half of 2006. Recent changes in the financial environment, especially the rise in inflation and interest rates, are likely to result in slower spending by households. This, in turn, is likely to contain growth in the broader wholesale and retail trade as well as the finance and real estate sectors. However, government's infrastructure drive and the expansion by Transnet and Eskom are expected to gain further momentum, supporting performance in the broader construction, transport and communications sectors as well as part of the mining and manufacturing sectors. Other parts of the mining and manufacturing sectors are likely to take strain from the anticipated slowdown in global growth and some moderation in commodity prices.

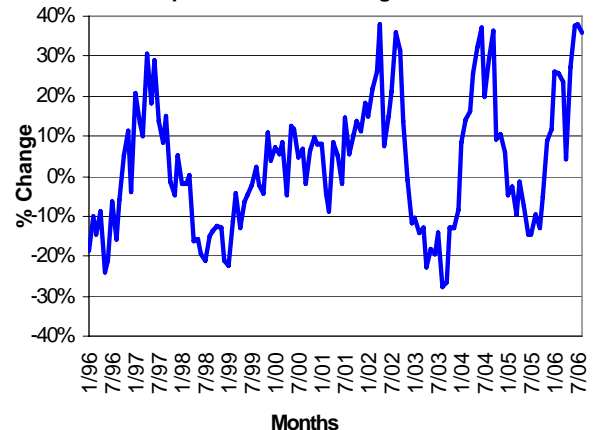
Continued on page 2

Local sales of primary carbon steel products
1998 to Q2 2006



Source: SAISI

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



* % Change on corresponding month of previous year

Contents	Page
• Domestic carbon steel sales increased by 23,9% during the first 6 months of 2006	1
• Imports of carbon and alloy steel products at 8,3% of consumption during 1st half 2006	2
• Exports of carbon steel products decreased by 13,3% during the first 6 months of 2006	3
• Carbon steel sales to industrial groups during Q2 of 2006	4
• Stocks of primary steel products on hand at the end of June 2006	5

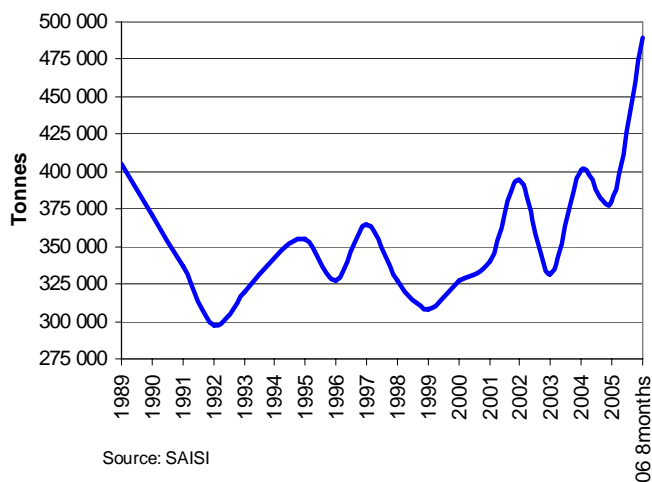
Steel sales increased by 23,9% - 1st half of 2006 (continued from page 1)

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

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	193.1	223.7	416.8
MAR	196.7	179.7	376.4	153.3	187.5	340.7	199.7	221.4	421.2
Q1	509.2	537.8	1047.0	446.5	540.3	986.8	559.3	675.8	1235.1
APRIL	176.3	198.3	374.6	174.6	194.7	369.3	190.2	195.8	386.0
MAY	190.5	212.1	402.6	173.1	199.4	372.4	222.7	250.6	473.3
JUNE	187.8	225.8	413.6	173.4	180.4	353.9	223.5	262.5	486.0
Q2	554.6	636.3	1190.8	521.1	574.5	1095.6	636.4	708.9	1345.4
JULY	181.7	236.7	418.4	165.3	192.0	357.3	232.2	260.1	492.3
AUG	175.4	235.9	411.3	173.3	197.8	371.1	224.0	279.7	503.7
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	456.2	539.8	996.0
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	1 651.9	1 924.5	3 576.5

Source: SAISI

Monthly average apparent SA domestic consumption of primary carbon steel products



Source: SAISI

Imports of primary carbon and alloy steel products totalled 8,3% of apparent domestic steel consumption - first ½ 2006

Imports of primary carbon and alloy steel products totalled 234 500 tonnes in the first half of 2006. This was 8,3% of the total apparent domestic carbon steel consumption, an increase from 7,4% in 2005.

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 54,1% during the first

half of 2006 compared with the corresponding period of 2005. Imports during the 2nd quarter of 2006 increased by 9,4% compared with imports during the 1st quarter of 2006.

Imports of drawn wire (all grades) amounted to 18 309 tonnes and primary stainless steel products (excluding stainless drawn wire) to 20 475 tonnes during the first 6 months of 2006.

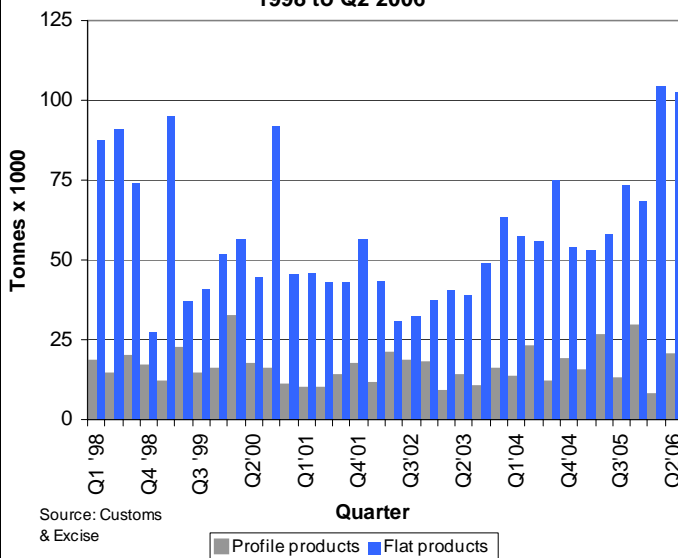
Imports of primary carbon and alloy steel products - 2004 to July 2006 ('000 tonnes)

MONTH	2004			2005			2006		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	3.2	16.1	19.4	6.7	20.4	27.1	2.1	44.0	46.1
FEB	7.1	16.5	23.6	2.9	15.5	18.4	2.7	29.0	31.7
MAR	2.8	24.9	27.8	5.2	17.2	22.4	2.6	31.6	34.2
Q1	13.2	57.6	70.7	14.8	53.1	67.9	7.4	104.6	112.0
APRIL	2.7	14.1	16.7	11.0	17.0	28.0	2.7	45.4	48.1
MAY	11.2	17.2	28.5	5.1	23.4	28.5	9.2	34.1	43.2
JUNE	8.5	24.6	33.1	10.0	17.9	27.8	8.3	22.9	31.2
Q2	22.4	55.9	78.3	26.1	58.2	84.3	20.2	102.3	122.5
JULY	3.4	22.0	25.4	3.3	16.8	20.1	18.1	39.7	57.9
AUG	5.4	33.0	38.4	6.4	21.1	27.5			0.0
SEP	3.0	19.7	22.7	3.0	35.6	38.6			0.0
Q3	11.7	74.8	86.5	12.7	73.5	86.2	18.1	39.7	57.9
OCT	7.9	17.1	25.0	10.8	27.0	37.8			0.0
NOV	9.3	23.1	32.4	16.4	26.7	43.1			0.0
DEC	1.4	14.0	15.3	1.6	14.9	16.5			0.0
Q4	18.6	54.2	72.8	28.8	68.6	97.4	0.0	0.0	0.0
TOTAL	65.9	242.4	308.3	82.4	253.4	335.8	45.7	246.7	292.4

Source: Customs & Excise

Continued on page 3

Imports of primary carbon & alloy steel products 1998 to Q2 2006



Source: Customs & Excise

Imports totalled 8,3% of consumption - 1st half 2006 (cont. from page 2)

IMPORTS - South Africa's ten most important steel trading partners in 2005 and 2006 (7 months) (All products including stainless steel and finished wire—HS codes 7206 to 7302 - tonnes)

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

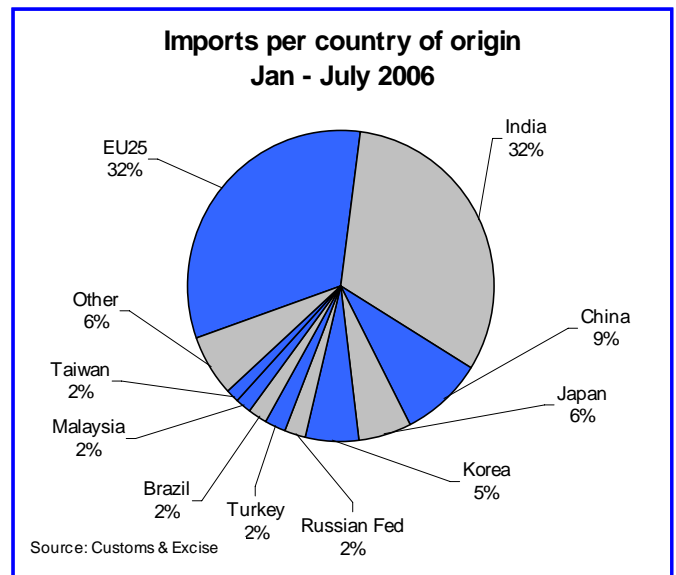
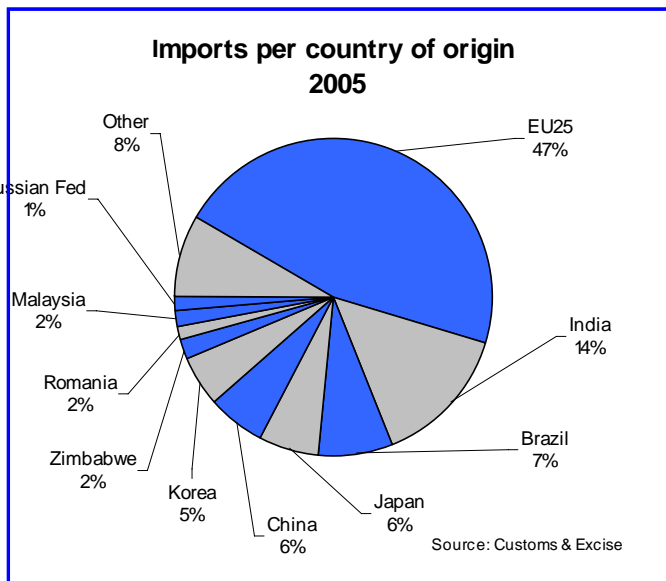
Countries	2005	Countries	06 7months
EU25	183 879	EU25	110 289
India	56 907	India	107 293
Brazil	29 418	China	28 804
Japan	24 293	Japan	19 485
China	23 447	Korea	18 439
Korea	21 377	Russian Fed	7 957
Zimbabwe	6 814	Turkey	6 878
Romania	6 545	Brazil	6 506
Malaysia	6 123	Malaysia	5 503
Russian Fed	5 559	Taiwan	5 068
Total 10 countries	364 363	Total 10 countries	316 222
Total imports	397 456	Total imports	337 868
10 Countries/ total	91.7%	10 Countries/ total	93.6%
Other	33 093	Other	21 646

Source: Customs & Excise

During the first seven months of 2006 imports from India consisted mostly (52%) of carbon steel hot-dipped galvanised coil & sheet, representing 76% of the 73 884 tonnes of carbon steel hot-dipped galvanised coil & sheet imported into South Africa during this period. Imports of carbon steel cold-rolled coil & sheet from India amounted to 17 934 tonnes or 48% of total South African imports of carbon steel cold-rolled sheet & coil during January to July 2006.

Imports from China consisted mostly (27%) of re-bar amounting to 7 798 tonnes representing 80% of all re-bar imports into South Africa. Imports of carbon steel cold-rolled sheet & coil from China amounted to 2 821 tonnes and drawn wire to 6 382 tonnes. Imports from Korea consisted mostly (58%) of painted or aluminum-zinc coated coils/sheets during the first seven months of 2006.

Imports from Turkey consisted mostly (84%) of carbon cold-rolled coil & sheet representing 15% of all cold-rolled coil & sheet imports into South Africa during the first seven months of 2006.



Exports of carbon steel products as reported by South African producers decreased by 13,3% during the first 6 months of 2006

Exports of primary carbon steel products, reported by South African primary steel manufacturers, totalled 1,411 million tonnes during the first 6 months of 2006, a decrease of 13,3% over the corresponding period in 2005. During the second quarter of 2006, carbon steel exports decreased by 3,8% compared with the first quarter of 2006. During the second quarter of 2006 flat product exports decreased by 1,4% compared with the first quarter of 2006 while exports of profile products recorded a decrease of 9,0% during the same period.

During the first 6 months of 2006, exports of flat carbon steel products amounted to 69,2% of total exports and exports of profile carbon steel products to 30,8% of total exports.

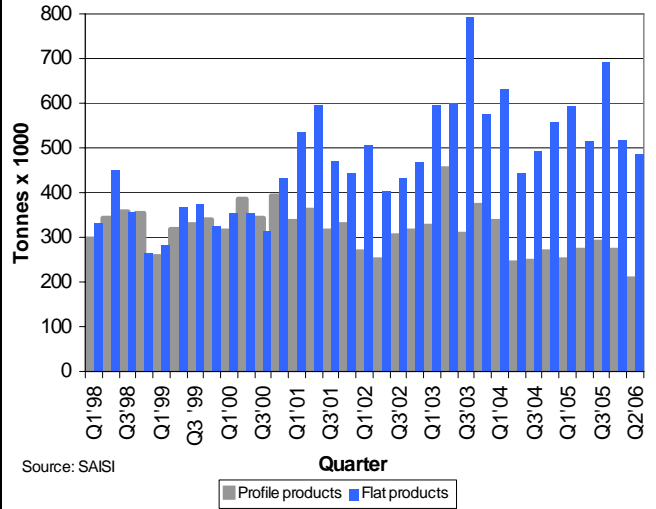
Exports decreased by 13,3% during 1st ½ of 2006 (continued from page 3)

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

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	96.5	182.7	279.2
MAR	134.5	250.8	385.3	89.0	263.1	352.0	56.7	128.7	185.3
Q1	336.2	631.2	967.4	251.1	591.1	842.2	227.3	492.0	719.3
APRIL	104.7	174.9	279.6	135.1	167.3	302.4	62.5	181.2	243.7
MAY	73.5	181.5	255.0	82.9	181.8	264.7	77.3	162.8	240.0
JUNE	66.2	85.2	151.4	55.0	163.6	218.6	67.1	141.0	208.1
Q2	244.5	441.6	686.0	273.1	512.7	785.7	206.9	484.9	691.8
JULY	92.2	119.8	212.0	90.8	215.1	306.0	48.2	163.1	211.2
AUG	89.1	170.6	259.7	97.6	244.9	342.6	35.2	83.6	118.8
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	83.4	246.7	330.1
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	517.6	1 223.6	1 741.1

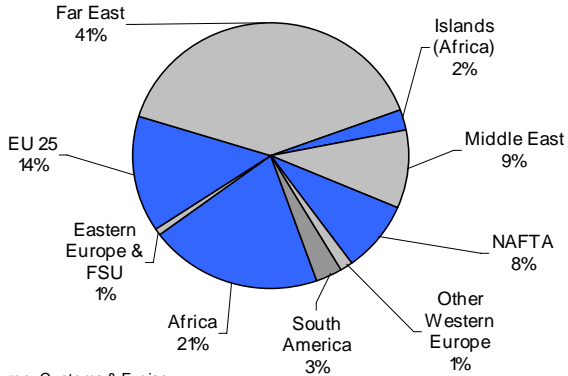
Source: SAISI

Exports of primary carbon steel products 1998 to Q2 2006



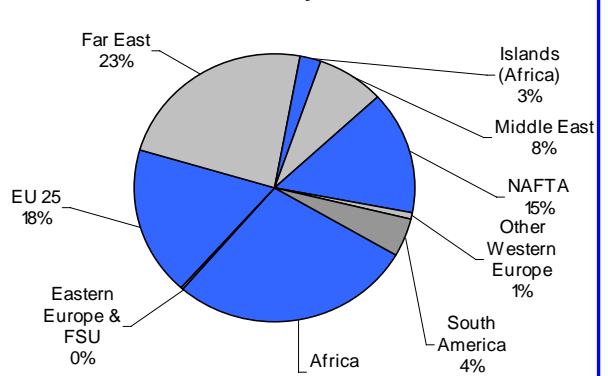
Source: SAISI

Exports per region of destination 2005



Source: Customs & Excise

Exports per region of destination Jan - July 2006



Source: Customs & Excise

Carbon steel sales to industrial groups during Q2 of 2006 (continued on page 5)

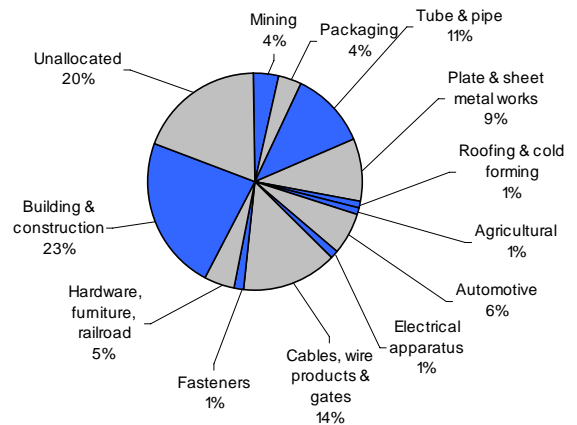
(continued on page 5)

Sales of primary carbon steel products to industrial groups

Metric tons	Q2 2006		
	Profile	Flat	Total
1 Mining	27 573	23 355	50 928
2 Total Manufacturing	257 664	465 564	723 228
Packaging	200	50 205	50 405
Structural Metal	3 155	287 846	291 001
Tube & pipe	1 237	152 339	153 576
Plate & sheet metal works	1 918	122 169	124 087
Roofing & cold forming	0	13 338	13 338
Agricultural	10 749	167	10 916
Automotive	8 460	75 481	83 941
Electrical apparatus	81	16 101	16 182
Cables, wire products & gates	185 963	3 271	189 234
Fasteners	17 842	50	17 892
Other: Hardware, furniture, rail	31 214	32 443	63 657
3 Building & construction	253 512	56 630	310 142
4 Unallocated	99 772	163 388	263 160
5 Total	638 521	708 937	1 347 458

Source: SAISI

Sales of primary carbon steel products to industrial groups - Q2 2006



Carbon steel sales to industrial groups

(continued from page 4)

Sales of primary carbon steel products to industrial groups									
Metric tons	2002	2003	2004	2004/2003	2005	2005/2004	2005 1H	2006 1H	1H'06/1H'05
Mining	124 166	110 608	146 396	32.4%	164 132	12.1%	72953	96867	32.8%
Manufacturing	2 694 770	2 216 074	2 534 169	14.4%	2 327 706	-8.1%	1 153 810	1 390 943	20.6%
Packaging	313 028	281 882	260 673	-7.5%	256 443	-1.6%	126 659	117 159	-7.5%
Structural Metal	1 071 977	782 313	986 215	26.1%	895 524	-9.2%	429 395	555 213	29.3%
Tube & Pipe	523 390	396 851	528 826	33.3%	438 502	-17.1%	211 911	300 636	41.9%
Plate & Sheet metal works	476 796	355 889	434 851	22.2%	420 407	-3.3%	204 542	228 851	11.9%
Roofing & Cold forming	71 791	29 572	22 538	-23.8%	36 616	62.5%	12 943	25 726	98.8%
Agricultural	29 351	41 301	38 555	-6.6%	33 048	-14.3%	16 195	20 123	24.3%
Automotive	309 515	237 264	314 152	32.4%	290 375	-7.6%	146 670	168 517	14.9%
Electrical apparatus/white goods	56 479	54 535	49 481	-9.3%	47 294	-4.4%	23 621	31 582	33.7%
Cables, wire products & gates	672 175	617 237	647 089	4.8%	588 843	-9.0%	298 029	352 181	18.2%
Fasteners	52 093	49 321	57 113	15.8%	50 576	-11.4%	25 284	33 306	31.7%
Other	190 152	152 221	180 891	18.8%	165 603	-8.5%	87 956	112 862	28.3%
Building & Construction	1 033 713	863 968	967 913	12.0%	955 102	-1.3%	462 947	586 001	26.6%
Unallocated	678 451	565 677	866 075	53.1%	791 714	-8.6%	398 674	508 776	27.6%
Total	4 531 100	3 756 327	4 514 553	20.2%	4 238 653	-6.1%	2 088 384	2 582 587	23.7%

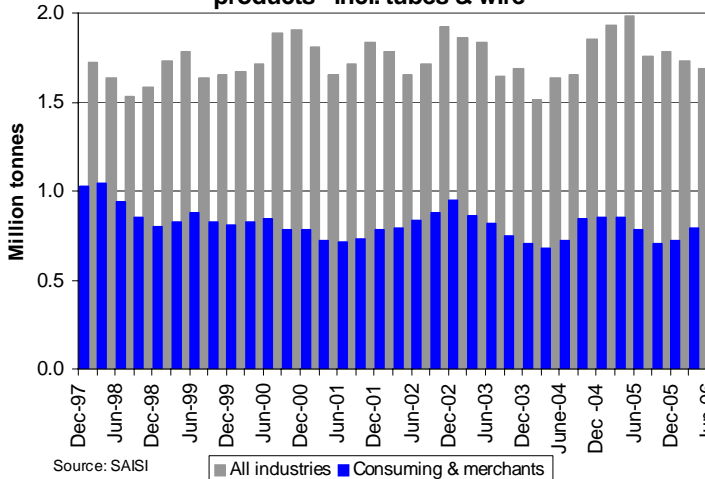
Source: SAISI 1H = Jan - June

Stocks of primary steel products on hand - end of June '06

Products (metric tons)	Dec 2005		March 2006 - Revised		June 2006	
	All industries*	Consuming**	All industries*	Consuming**	All industries*	Consuming**
1 Iron and non-alloy steel	1 617 894	640 791	1 532 599	698 588	1 494 810	723 599
A Semi-finished products	403 447	3 377	282 700	4 010	268 348	2 858
B Total finished products	1 214 447	637 414	1 249 899	694 578	1 226 462	720 741
C Total flat rolled products	782 626	382 886	783 496	416 805	789 472	432 568
i Hot-rolled	432 708	214 744	462 124	260 483	459 818	265 257
ii Cold-rolled	169 659	54 638	155 562	55 297	161 299	56 327
iii Clad, plated or coated	180 259	113 504	165 810	101 025	168 355	110 984
D Total profile products	431 821	254 528	466 403	277 773	436 990	288 173
i Bars and rods	130 912	53 359	142 570	55 873	148 227	67 762
ii Angles and sections	300 909	201 169	323 833	221 900	288 763	220 411
2 Stainless steel products	82 950	15 301	111 452	19 675	111 877	20 100
3 Other alloy steel	1 772	1 772	1 987	1 987	1 580	1 580
4 Other products	78 230	67 512	84 747	72 525	77 755	67 049
i Tubes & pipes	57 936	48 018	58 712	49 210	56 694	48 035
ii Wire	17 272	17 272	21 170	21 170	16 746	16 746
iii Other	3 022	2 222	4 865	2 145	4 315	2 268

Source: SAISI (Not absolute values - factor applied)

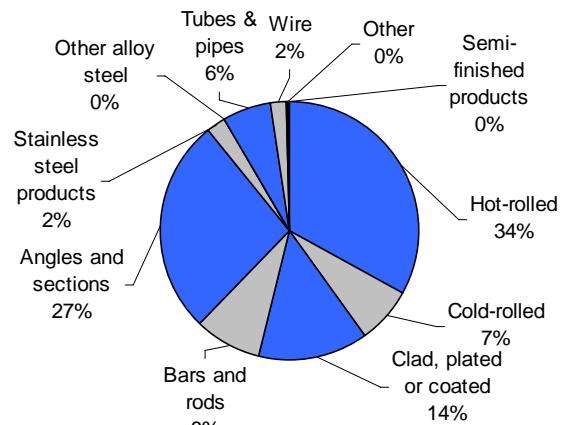
Stocks of primary carbon, alloy & stainless steel products - incl. tubes & wire



Source: SAISI

■ All industries ■ Consuming & merchants

Stocks of primary steel products - end June '06 (consuming & merchants)



Source: SAISI

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