

steelnews



South African
Iron and Steel
Institute

December 2006

Issue 35

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

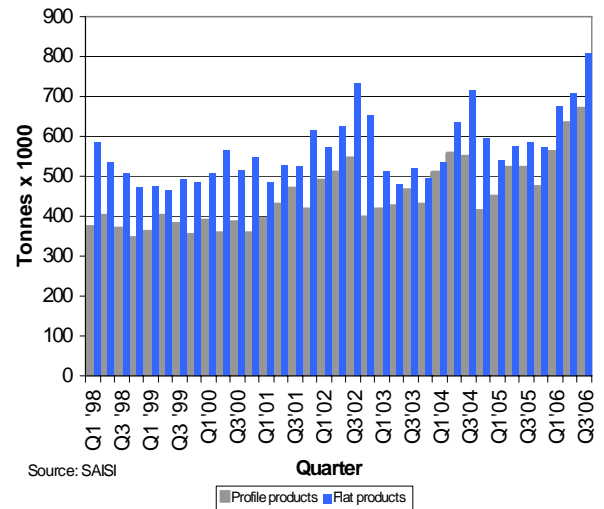
Domestic carbon steel sales increased by 26,9% during the first nine months of 2006

Domestic carbon steel sales totalled 4.048 million tonnes during the first 9 months of 2006, an increase of 26,9% when compared with the corresponding period of 2005. During this period sales of carbon steel flat products increased by 28,9% while sales of profile products increased by 24,7%. Domestic carbon steel sales of flat and profile products increased by 10% during the third quarter of 2006 compared with the second quarter of 2006.

Unexpectedly vibrant GDP numbers released recently point to a resilient economy. However, the strong growth and the composition of the growth bring to the fore concerns about capacity utilisation in the economy, poorly maintained infrastructure, skills levels, the current account and, eventually, the exchange rate, and the financial health of the consumer. Nonetheless, there are signs of the economy slowing. Growth is expected to continue to slow in the interest-sensitive sectors, such as finance, real estate and business services as well as wholesale and retail trade due to the impact of higher inflation and interest rates. Despite inflationary risks still remaining, it appears that the South African Reserve Bank is staying the course of deliberate, steady interest rate increases until such time that inflationary risks are viewed as being contained. Although manufacturing reflects the aftermath of the overvalued Rand, the currency at present fairer values and the sector supplying much of the materials for the large infrastructure projects, bodes potentially well for manufacturing output.

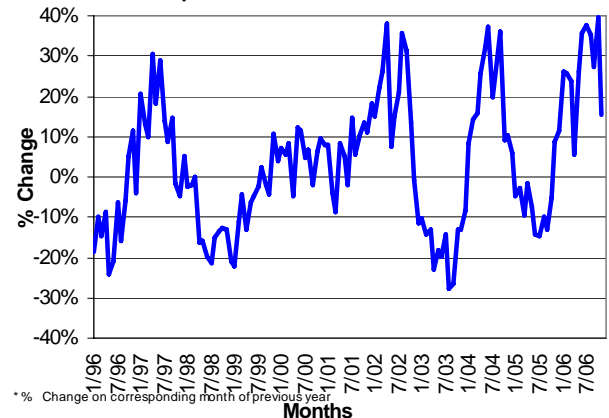
Continued on page 2

Local sales of primary carbon steel products
1998 to Q3 2006



Source: SAISI

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



* % Change on corresponding month of previous year



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



Contents

Page

● Domestic carbon steel sales increased by 26,9% during the first 9 months of 2006	1
● Imports of carbon and alloy steel products at 8,6% of consumption - 9 months of 2006	2
● Imports per country of origin	3
● Exports of carbon steel products decreased by 27,1% during the first 9 months of 2006	3
● Carbon steel sales to industrial groups during Q3 of 2006	4
● Stocks of primary steel products on hand at the end of September 2006	5

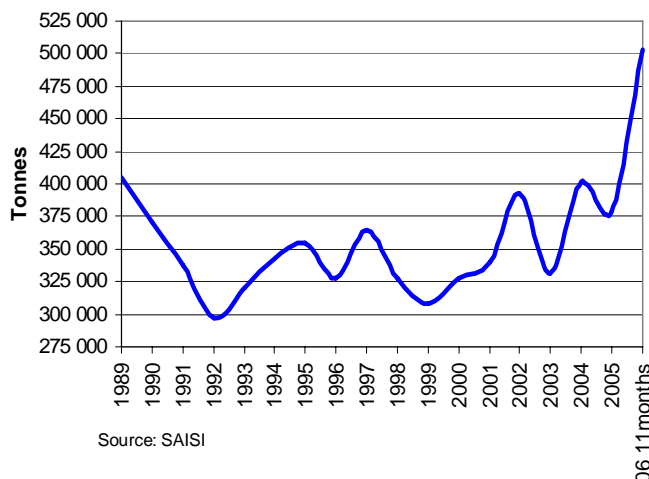
Steel sales increased by 26,9% - 9 months of 2006 (continued from page 1)

Total local sales of primary carbon steel products - 2004 to Nov 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	181.4	315.1	166.5	230.7	397.2
FEB	166.6	174.1	340.7	159.5	172.2	331.7	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	541.0	987.5	559.3	675.8	1235.1
APRIL	176.3	198.3	374.6	174.6	194.7	369.3	194.1	195.8	389.9
MAY	190.5	212.1	402.6	173.1	199.4	372.4	218.6	250.6	469.3
JUNE	187.8	225.8	413.6	173.4	180.4	353.9	217.4	262.5	479.9
Q2	554.6	636.3	1190.8	521.1	574.5	1095.6	630.1	708.9	1339.0
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	222.1	279.7	501.8
SEP	191.4	241.4	432.8	182.0	195.0	377.0	212.7	266.8	479.5
Q3	548.5	714.0	1262.5	520.5	584.9	1105.4	666.9	806.6	1473.5
OCT	157.9	245.4	403.3	176.4	205.8	382.2	247.8	285.8	533.7
NOV	160.1	222.5	382.6	186.9	228.8	415.7	227.6	251.6	479.2
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	475.5	537.4	1012.9
TOTAL	2 022.6	2 482.8	4 505.4	1 958.4	2 272.4	4 230.8	2 331.8	2 728.8	5 060.6

Source: SAIISI

Monthly average apparent SA domestic consumption of primary carbon steel products



Source: SAIISI

Imports of finished carbon and alloy steel products totalled 8,6% of apparent domestic steel consumption - 9 months 2006

Imports of finished carbon and alloy steel products totalled 379 903 tonnes (381 838 tonnes including semis) in the first 9 months of 2006. This was 8,6% of the total apparent domestic carbon & alloy steel consumption, an increase from 7% in 2005. According to statistics released by Customs and Excise, imports of primary carbon and alloy steel products (excluding semis, wire and stainless steel, but including rails)

increased by 60,9% during the first 9 months of 2006 compared with the corresponding period of 2005. Imports during the 3rd quarter of 2006 increased by 20,3% compared with imports during the 2nd quarter of 2006.

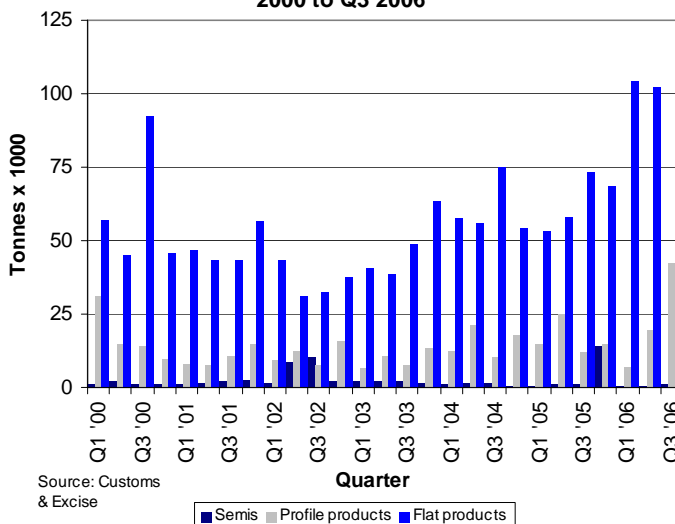
Imports of drawn wire (all grades) amounted to 31 541 tonnes, semis to 1 935 tonnes and primary stainless steel products (excluding stainless drawn wire) to 30 710 tonnes during the first 9 months of 2006.

Imports of primary carbon and alloy steel products - 2005 to Sept 2006 ('000 tonnes)

MONTH	2005				2006			
	Semis	Profile	Flat	Total	Semis	Profile	Flat	Total
JAN	0.0	6.6	20.4	27.1	0.1	2.0	44.0	46.1
FEB	0.1	2.8	15.5	18.4	0.2	2.5	29.0	31.7
MAR	0.1	5.1	17.2	22.4	0.2	2.5	31.6	34.2
Q1	0.3	14.5	53.1	67.9	0.4	6.9	104.6	112.0
APRIL	0.7	10.4	17.0	28.0	0.4	2.2	45.4	48.0
MAY	0.3	4.8	23.4	28.5	0.1	9.1	34.1	43.2
JUNE	0.1	9.9	17.9	27.8	0.1	8.3	22.9	31.2
Q2	1.0	25.1	58.2	84.3	0.6	19.6	102.3	122.5
JULY	0.2	3.1	16.8	20.1	0.4	17.8	39.7	57.9
AUG	0.8	5.6	21.1	27.5	0.5	17.7	38.9	57.0
SEP	0.0	3.0	35.6	38.6	0.1	7.0	25.5	32.5
Q3	1.0	11.7	73.5	86.2	0.9	42.4	104.1	147.4
OCT	0.5	10.3	27.0	37.8				
NOV	13.3	3.1	26.7	43.1				
DEC	0.4	1.2	14.9	16.5				
Q4	14.1	14.7	68.6	97.4	0.0	0.0	0.0	0.0
TOTAL	16.5	65.9	253.4	335.8	1.9	68.9	311.0	381.8

Source: Customs and Excise

Imports of primary carbon & alloy steel products 2000 to Q3 2006



Source: Customs & Excise

Imports per country of origin

IMPORTS - South Africa's ten most important steel trading partners in 2005 and 2006 (9 months)
 (All products including semis, stainless steel and finished wire—HS codes 7206 to 7302 - tonnes)

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

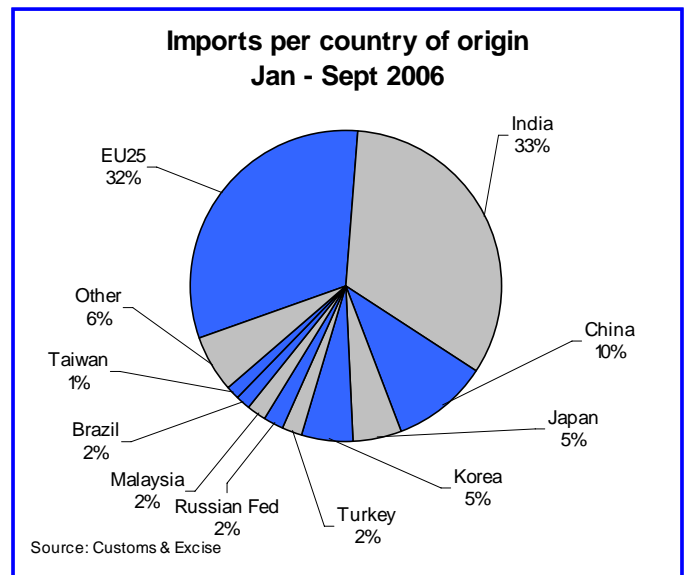
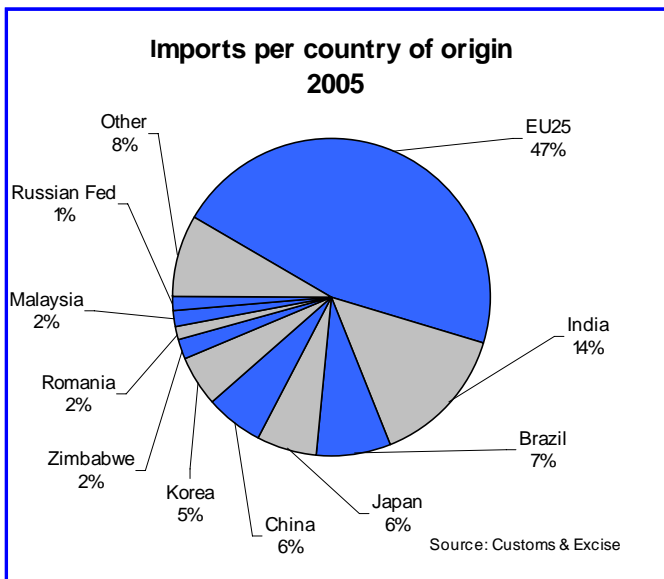
Countries	2005	Countries	06 9months
EU25	183 879	EU25	141 575
India	56 907	India	145 778
Brazil	29 418	China	44 538
Japan	24 293	Japan	22 284
China	23 447	Korea	22 193
Korea	21 377	Turkey	9 984
Zimbabwe	6 814	Russian Fed	9 347
Romania	6 545	Malaysia	8 060
Malaysia	6 123	Brazil	7 275
Russian Fed	5 559	Taiwan	6 111
Total 10 countries	364 363	Total 10 countries	417 144
Total imports	397 456	Total imports	443 499
10 Countries/ total	91.7%	10 Countries/ total	94.1%
Other	33 093	Other	26 355

Source: Customs & Excise

During the first nine months of 2006 imports from India consisted mostly (51%) of carbon steel hot-dipped galvanised coil & sheet, representing 78% of the 95 002 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 20 977 tonnes or 47% of total South African imports of carbon steel cold-rolled sheet & coil during January to September 2006.

Imports from China consisted mostly (28%) of cold-formed carbon steel sections & bar amounting to 12 710 tonnes representing 76% of all cold-formed imports into South Africa. Imports of carbon steel re-bar from China amounted to 7 798 tonnes and drawn wire to 10 666 tonnes. Imports from Korea consisted mostly (61%) of painted or aluminium-zinc coated coils/sheets during the first nine months of 2006.

Imports from Turkey consisted mostly (58%) of carbon cold-rolled coil & sheet and cold-formed and other bars (33%).



Exports of carbon steel products as reported by South African producers decreased by 27,1% during the first 9 months of 2006

Exports of primary carbon steel products, reported by South African primary steel manufacturers, totalled 1,901 million tonnes during the first 9 months of 2006, a decrease of 27,1% over the corresponding period in 2005. During the third quarter of 2006, carbon steel exports decreased by 29,2% compared with the second quarter of 2006. During the third quarter of 2006 flat product exports decreased by 25,3% compared with the second quarter of 2006 while exports of profile products recorded a decrease of 38,2% during the same period.

During the first 9 months of 2006, exports of flat carbon steel products amounted to 70,4% of total exports and exports of profile carbon steel products to 29,6% of total exports. (continued on page 4)

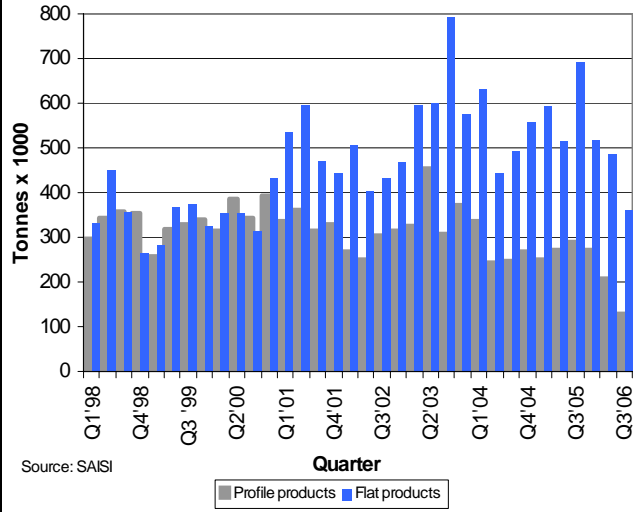
Exports decreased by 27,1% - first 9 months of 2006 (cont. from page 3)

Exports of primary carbon steel products reported by the primary steel producers - 2004 to Nov 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	44.4	115.7	160.1
Q3	246.0	492.9	738.8	289.5	691.2	980.7	127.8	362.3	490.1
OCT	89.6	166.5	256.1	99.2	163.0	262.2	44.4	152.2	196.6
NOV	117.4	147.3	264.6	85.6	176.0	261.6	36.7	101.6	138.3
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	81.1	253.8	334.9
TOTAL	1 095.8	2 124.2	3 220.0	1 083.4	2 314.2	3 397.6	643.1	1 593.0	2 236.1

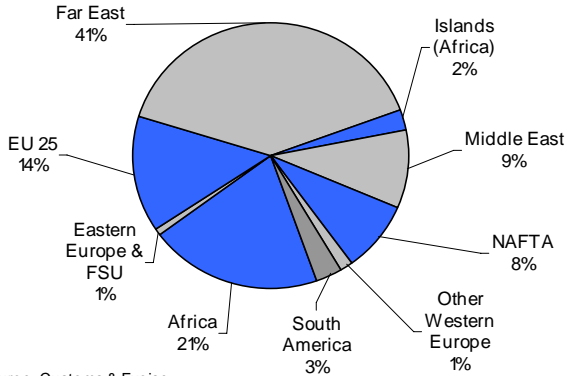
Source: SAISI

Exports of primary carbon steel products 1998 to Q3 2006



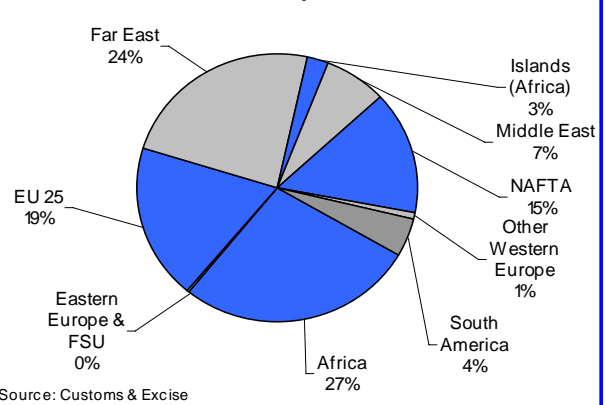
Source: SAISI

Exports per region of destination 2005



Source: Customs & Excise

Exports per region of destination Jan - Sept 2006



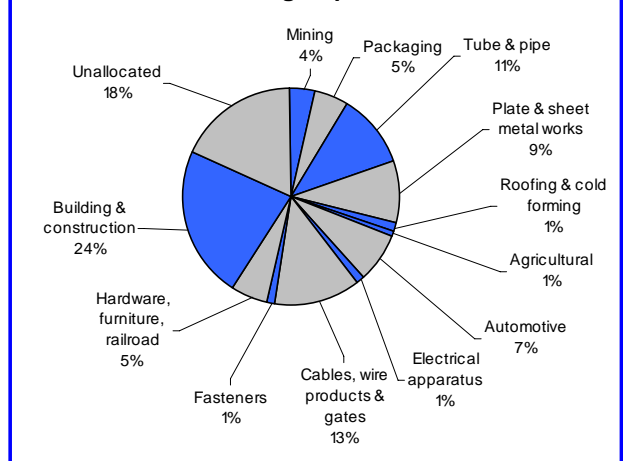
Source: Customs & Excise

Carbon steel sales to industrial groups during Q3 of 2006

Sales of primary carbon steel products to industrial groups			
Metric tons	Q3 2006		
	Profile	Flat	Total
1 Mining	28 887	28 815	57 702
2 Total Manufacturing	259 109	547 174	806 283
Packaging	209	72 481	72 690
Structural Metal	3 923	312 775	316 698
Tube & pipe	1 312	164 844	166 156
Plate & sheet metal works	2 611	131 389	134 000
Roofing & cold forming	0	16 542	16 542
Agricultural	11 242	131	11 373
Automotive	10 131	95 856	105 987
Electrical apparatus	72	18 854	18 926
Cables, wire products & gates	184 575	2 622	187 197
Fasteners	17 582	214	17 796
Other: Hardware, furniture, rail	31 375	44 241	75 616
3 Building & construction	275 779	66 005	341 784
4 Unallocated	104 092	164 632	268 724
5 Total	667 867	806 626	1 474 493

Source: SAISI

Sales of primary carbon steel products to industrial groups - Q3 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 9mths	2006 9mths	9m'06/9m'05
Mining	124 166	110 608	146 396	32.4%	164 132	12.1%	118487	153750	29.8%
Manufacturing	2 694 770	2 216 074	2 534 169	14.4%	2 327 706	-8.1%	1749055	2189726	25.2%
Packaging	313 028	281 882	260 673	-7.5%	256 443	-1.6%	184504	189849	2.9%
Structural Metal	1071 977	782 313	986 215	26.1%	895 524	-9.2%	663990	871913	31.3%
Tube & Pipe	523 390	396 851	528 826	33.3%	438 502	-17.1%	329029	466792	41.9%
Plate & Sheet metal works	476 796	355 889	434 851	22.2%	420 407	-3.3%	309619	362853	17.2%
Roofing & Cold forming	71 791	29 572	22 538	-23.8%	36 616	62.5%	25342	42268	66.8%
Agricultural	29 351	41 301	38 555	-6.6%	33 048	-14.3%	24882	31108	25.0%
Automotive	309 515	237 264	314 152	32.4%	290 375	-7.6%	222646	274384	23.2%
Electrical apparatus/white goods	56 479	54 535	49 481	-9.3%	47 294	-4.4%	36734	50486	37.4%
Cables, wire products & gates	672 175	617 237	647 089	4.8%	588 843	-9.0%	450205	534116	18.6%
Fasteners	52 093	49 321	57 113	15.8%	50 576	-11.4%	38097	50156	31.7%
Other	190 152	152 221	180 891	18.8%	165 603	-8.5%	127998	187714	46.7%
Building & Construction	1 033 713	863 968	967 913	12.0%	955 102	-1.3%	723404	929867	28.5%
Unallocated	678 451	565 677	866 075	53.1%	791 714	-8.6%	604224	777406	28.7%
Total	4 531 100	3 756 327	4 514 553	20.2%	4 238 653	-6.1%	3 195 170	4 050 749	26.8%

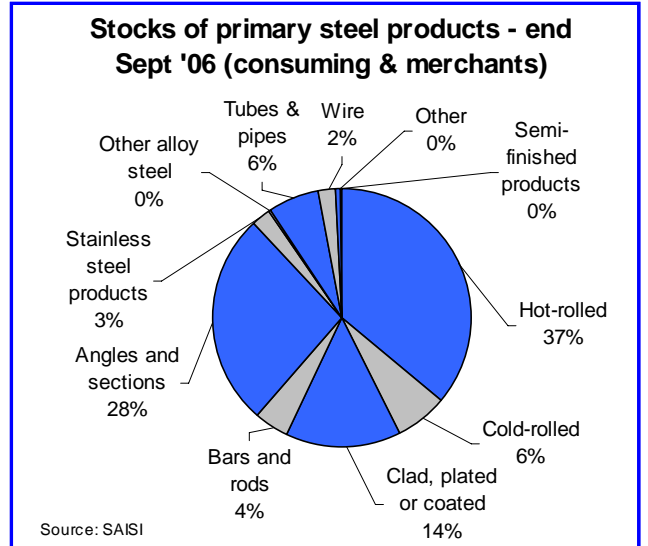
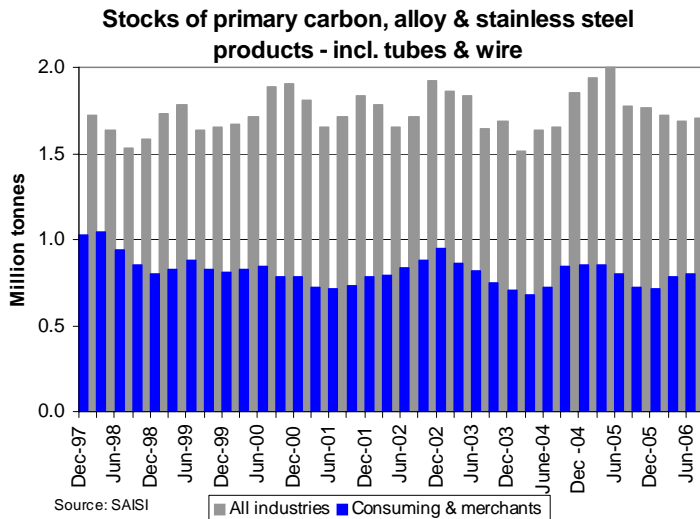
Source: SAISI 9 months = Jan - Sept

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

Stocks of primary steel products on hand - tonnes

Products (metric tons)	March 2006		June 2006		Sept 2006	
	All industries*	Consuming**	All industries*	Consuming**	All industries*	Consuming**
1 Iron and non-alloy steel	1 518 529	684 518	1 479 397	708 186	1 492 149	739 195
A Semi-finished products	282 709	4 019	268 364	2 874	247 796	3 056
B Total finished products	1 235 820	680 499	1 211 033	705 312	1 244 353	736 139
C Total flat rolled products	798 075	431 384	811 278	454 374	843 313	471 887
i Hot-rolled	472 190	270 549	472 288	277 727	464 596	299 670
ii Cold-rolled	157 730	57 465	163 595	58 623	188 683	54 567
iii Clad, plated or coated	168 155	103 370	175 395	118 024	190 034	117 650
D Total profile products	437 745	249 115	399 755	250 938	401 040	264 252
i Bars and rods	109 750	23 053	102 708	22 243	105 074	37 745
ii Angles and sections	327 995	226 062	297 047	228 695	295 966	226 507
2 Stainless steel products	112 676	20 899	122 019	21 352	123 711	21 405
3 Other alloy steel	2 338	2 338	1 858	1 858	2 049	2 049
4 Other products	87 815	75 593	81 866	71 160	82 975	77 044
i Tubes & pipes	59 892	50 390	58 895	50 236	59 160	54 064
ii Wire	21 468	21 468	16 976	16 976	19 472	19 472
iii Other	6 455	3 735	5 995	3 948	4 343	3 508

Source: SAISI (Not absolute values - factor applied)



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