

steelnews



**South African
Iron and Steel
Institute**

Quarter 3 of 2008

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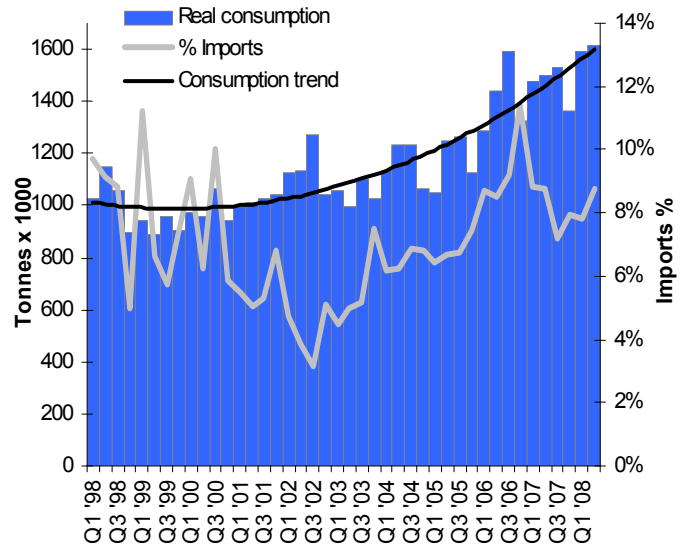
Domestic carbon steel sales increase by 10,2% during the first three quarters of 2008

Domestic carbon steel sales totalled 1,549 million tonnes during quarter 3 of 2008, an increase of 17,7% when compared with the corresponding quarter of 2007.

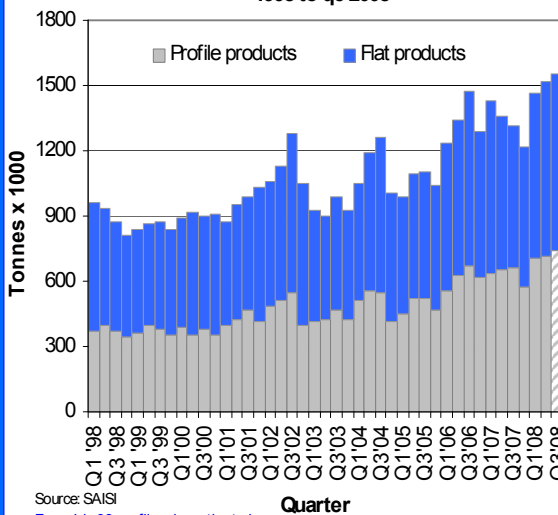
During the first three quarters of 2008 sales of carbon steel flat products increased by 9,5% while sales of profile products increased by 10,9% compared with the first three quarters of 2007, resulting in a total increase of 10,2% for this period.

During quarter 3 of 2008 sales of carbon steel products increased by 2,1% compared with quarter 2 of 2008. (Continued on page 2)

Real domestic carbon & alloy steel consumption 1998-2008(q2)

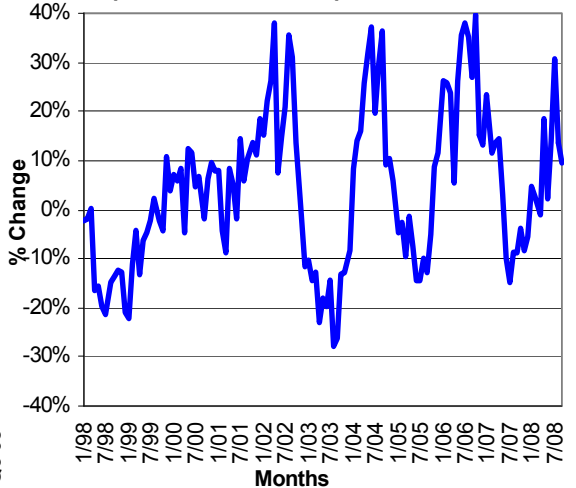


Local sales of primary carbon steel products 1998 to q3 2008



Source: SAISI
From July 08 profile sales estimated.

Change* in local sales of primary carbon steel products Jan 1998 - September 2008



Source: SAISI Estimated from July 08 *% Change on corresponding month of previous year



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 increase by 10,2% during the first three quarters of 2008 1
- Imports of carbon and alloy steel products at 8,5% of consumption during Q2 of 2008 2
- Imports per country of origin during the first eight months of 2008 3
- Exports of carbon steel products decreased by 41,3% during the first 9 months of 2008 3
- Carbon steel sales to industrial groups during Q2 of 2008 4
- Stocks of primary steel products on hand at the end of June 2008 5

Carbon steel sales increase by 10,2% during 9 months of '08

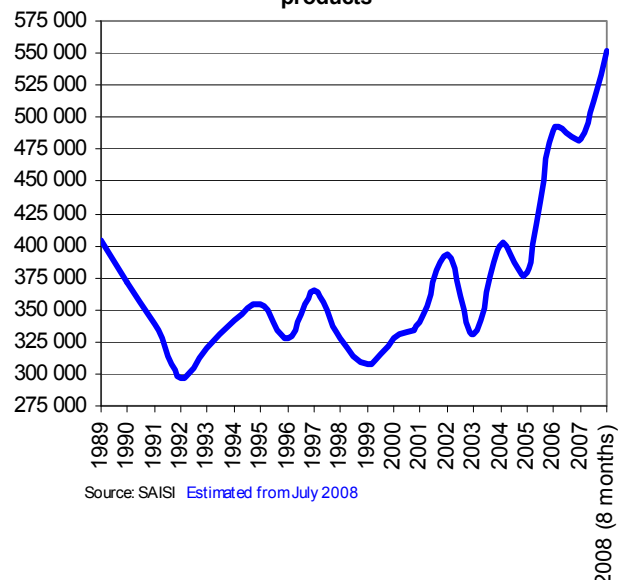
Total local sales of primary carbon steel products - January 2006 to September 2008 ('000 tonnes)

(Continued from page 1)

MONTH	2006			2007			2008		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	166.5	230.7	397.2	208.9	281.3	490.3	227.3	286.7	514.0
FEB	193.1	223.7	416.8	207.9	256.6	464.5	250.8	226.2	477.1
MAR	199.7	221.4	421.2	216.0	262.1	478.0	229.2	243.5	472.7
Q1	559.3	675.8	1235.1	632.8	800.0	1432.8	707.4	756.4	1463.8
APRIL	194.1	195.8	389.9	209.4	237.0	446.4	254.2	274.2	528.5
MAY	218.6	250.6	469.3	228.8	255.6	484.4	243.8	251.7	495.5
JUNE	217.4	262.5	479.9	213.5	218.3	431.8	215.5	277.1	492.6
Q2	630.1	708.9	1339.0	651.8	710.9	1362.6	713.5	803.1	1516.5
JULY	232.2	260.1	492.3	213.0	207.1	420.1	245.0	303.5	548.5
AUG	222.1	279.7	501.8	233.6	225.0	458.6	262.1	259.2	521.3
SEP	212.7	266.8	479.5	219.2	217.8	437.0	235.6	243.5	479.1
Q3	666.9	806.6	1473.5	665.8	649.9	1315.7	742.7	806.2	1548.9
OCT	247.8	285.8	533.7	243.1	270.8	513.9			0.0
NOV	227.6	251.6	479.2	201.3	238.2	439.4			0.0
DEC	143.9	132.8	276.7	127.7	134.0	261.8			0.0
Q4	619.4	670.2	1289.6	572.1	643.0	1215.1	0.0	0.0	0.0
TOTAL	2475.7	2861.6	5337.3	2522.5	2803.7	5326.2	2163.5	2365.7	4529.2

Source: SAISI - As from July 2008, Profile product sales estimated, all data not available

Monthly average SA domestic apparent consumption of primary carbon and alloy steel products



Imports of finished carbon and alloy steel products totalled 8,5% of apparent domestic steel consumption during Q2 2008

Imports of finished carbon and alloy steel products totalled 141 676 tonnes (142 759 tonnes including semis) during Q2 of 2008. This was 8,5% of the total apparent domestic carbon & alloy steel consumption, an increase from 8,2% in 2007. 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 7,5% during Q2 of 2008 compared with the corresponding period of 2007. Imports during the second quarter of 2008 increased by 14,1% compared with imports during the first quarter of 2008.

Imports of drawn wire (all grades) amounted to 8 163 tonnes, semis to 1 084 tonnes (excl. stainless) and primary stainless steel products (excluding stainless drawn wire) to 7 840 tonnes during Q2 of 2008.

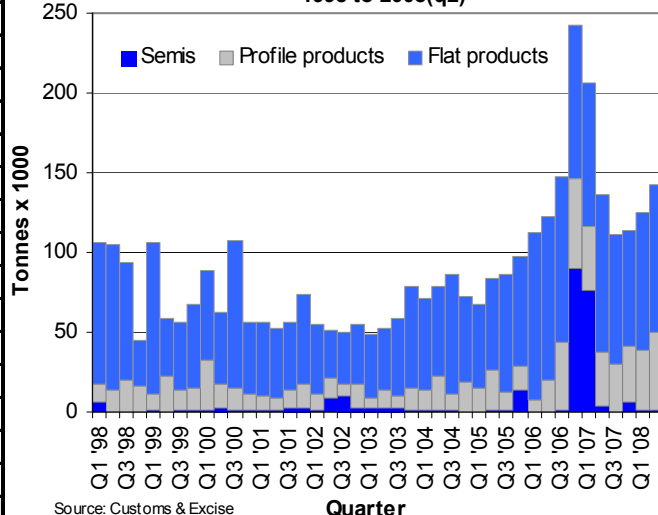
Imports of primary carbon and alloy steel products - Jan 2007 to Aug 2008 ('000 tonnes) - Excl stainless steel & wire

(Continued on page

MONTH	2007				2008			
	Semis	Profile	Flat	Total	Semis	Profile	Flat	Total
JAN	54.3	24.0	26.4	104.7	0.1	10.2	24.6	34.9
FEB	0.5	10.4	27.2	38.2	0.6	17.4	28.0	46.0
MAR	20.9	5.5	37.1	63.5	0.4	9.6	34.4	44.4
Q1	75.7	39.9	90.8	206.4	1.1	37.2	87.0	125.3
APRIL	0.2	8.9	33.3	42.4	0.5	6.7	25.0	32.2
MAY	3.8	14.9	39.0	57.7	0.3	22.9	39.3	62.5
JUNE	0.1	9.3	26.4	35.8	0.3	18.9	28.8	48.1
Q2	4.1	33.1	98.7	135.9	1.1	48.6	93.1	142.8
JULY	0.2	8.1	22.0	30.3	0.5	23.2	37.0	60.8
AUG	0.3	16.0	30.1	46.4	0.8	7.7	32.9	41.5
SEP	0.0	5.6	28.7	34.3				0.0
Q3	0.6	29.7	80.8	111.0	1.4	30.9	69.9	102.3
OCT	0.2	9.5	23.9	33.6				0.0
NOV	5.2	15.5	28.7	49.4				0.0
DEC	0.3	10.7	20.1	31.1				0.0
Q4	5.7	35.7	72.6	114.1	0.0	0.0	0.0	0.0
TOTAL	86.1	138.4	342.9	567.4	3.6	116.7	250.1	370.3

Source: Customs and Excise

Imports of primary carbon & alloy steel products 1998 to 2008(q2)



Imports per country of origin

(Continued from page 2)

IMPORTS - South Africa's ten most important steel trading partners in 2007 and 2008 – 8 months (All products including semis, stainless steel and finished wire—HS codes 7206 to 7302 & 7313 - tonnes)

Imports per country of origin. Jan 2007 - August 2008 Ten biggest countries of origin - tonnes

Countries	2007	Countries	08 8mths
EU 27	249 731	EU27	186 072
India	88 747	China	83 439
China	80 945	India	33 436
Brazil	71 909	Korea	28 880
Japan	42 289	Malaysia	22 270
Korea	22 050	Japan	13 955
Azerbaijan	20 983	Thailand	12 389
Kazakhstan	18 980	Taiwan	6 986
Turkey	10 319	UAE	5 468
Russian Fed	7 768	Russian Fed	4 480
Total 10 countries	613 721	Total 10 countries	397 376
Total imports	644 998	Total imports	416 005
10 Countries/ total	95.2%	10 Countries/ total	95.5%
Other	31 277	Other	18 629

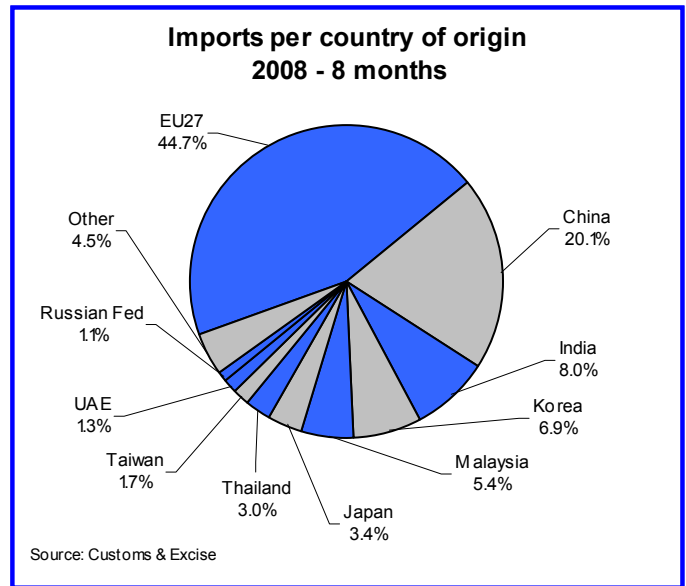
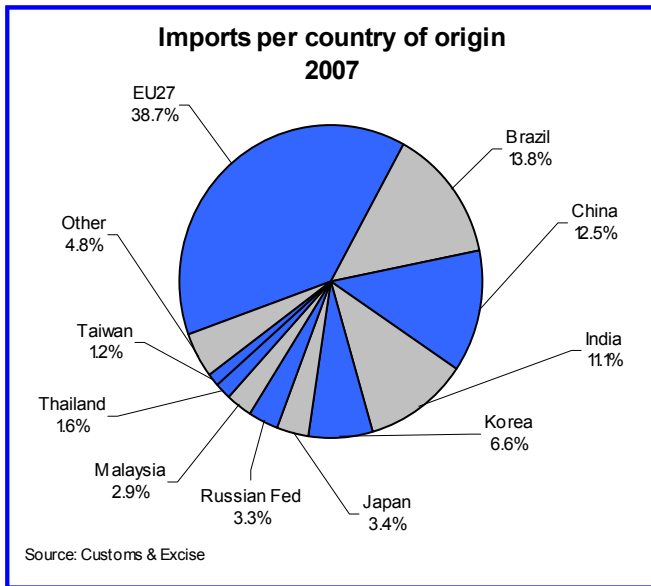
Source: Customs & Excise

HS codes 7206 - 7302 +7313

During the first eight months of 2008 imports from the EU 27 consisted mostly (21%) of rails or 98% of the total 38 831 tonnes of rails imported into South Africa during this period. Alloy steel hot-rolled coil & sheet to the volume of 36 742 tonnes were imported from the EU27 during the first eight months of 2008 or 80% of all alloy steel hot-rolled coil & sheet imports into South Africa during this period. Carbon steel hot-dipped galvanised sheet to the volume of 19 712 tonnes were imported from the EU27 during the first eight months of 2008.

Imports from China consisted mostly (24%) of carbon steel hot-rolled coil & sheet to the volume of 18 361 tonnes during the first eight months of 2008. Re-enforcing bar to the volume of 14 320 tonnes were imported from China or 77% of all re-enforcing bar imports into South Africa during the first eight months of 2008.

Imports from India consisted mostly (30%) of carbon steel hot-rolled coil & sheet during the first eight months of 2008. Hot-dipped galvanised coil & sheet to the volume of 9 646 tonnes were imported from India during this period.



Exports of carbon steel products as reported by South African producers decreased by 41,3% during the first three quarters of '08

Exports of primary carbon steel products, reported by South African primary steel manufacturers, totalled 0.314 million tonnes during the third quarter of 2008, a decrease of 38,1% over the corresponding period in 2007. During the third quarter of 2008, carbon steel exports increased by 44,3% compared with the second quarter of 2008. During the third quarter of 2008 profile product exports increased by 9,6% compared with the second quarter of 2008 while exports of flat products recorded an increase of 52,3% during the same period.

During the first three quarters of 2008, exports of flat carbon steel products amounted to 80,5% of total exports and exports of profile carbon steel products to 19,5% of total exports.

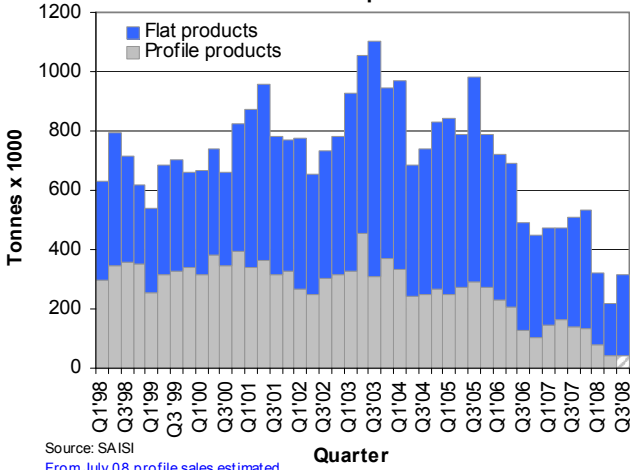
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Exports decreased by 41,3% in 9 months of 2008

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Exports of primary carbon steel products reported by the primary steel producers - January 2006 to September 2008 ('000 tonnes)

Exports of primary carbon steel products 1998 to q3 2008

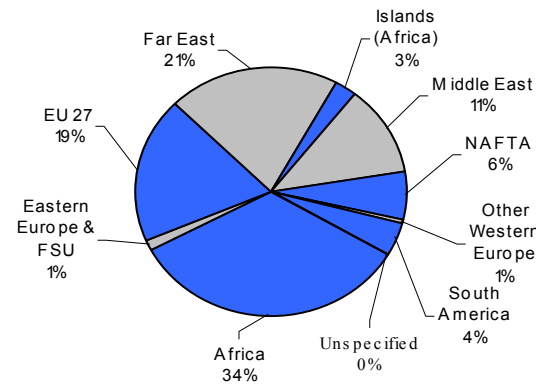


Source: SAISI
From July 08 profile sales estimated.

MONTH	2006			2007			2008		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	74.1	180.7	254.8	22.3	114.1	136.4	29.3	133.4	162.6
FEB	96.5	182.7	279.2	59.7	93.8	153.5	25.5	70.2	95.7
MAR	56.7	128.7	185.3	60.8	123.2	184.0	26.1	38.8	64.9
Q1	227.3	492.0	719.3	142.8	331.1	473.9	80.9	242.3	323.3
APRIL	62.5	181.2	243.7	53.7	91.9	145.6	19.1	82.0	101.1
MAY	77.3	162.8	240.0	65.8	117.5	183.3	12.8	52.5	65.3
JUNE	67.1	141.0	208.1	44.5	101.6	146.1	8.9	42.0	50.9
Q2	206.9	484.9	691.8	163.9	311.0	474.9	40.8	176.5	217.3
JULY	48.2	163.1	211.2	38.8	118.1	156.9	15.8	105.5	121.3
AUG	35.2	83.6	118.8	47.6	139.7	187.3	11.6	67.8	79.4
SEP	44.4	115.7	160.1	50.0	112.8	162.8	17.3	96.6	112.9
Q3	127.8	362.3	490.1	136.4	370.6	506.9	44.7	268.9	313.6
OCT	44.4	152.2	196.6	41.4	159.5	201.0			0.0
NOV	36.7	101.6	138.3	42.1	149.4	191.4			0.0
DEC	22.0	92.9	114.9	51.2	87.9	139.1			0.0
Q4	103.1	346.6	449.8	134.7	396.7	531.4	0.0	0.0	0.0
TOTAL	665.1	1685.9	2351.0	577.8	1409.4	1987.2	166.4	687.8	854.2

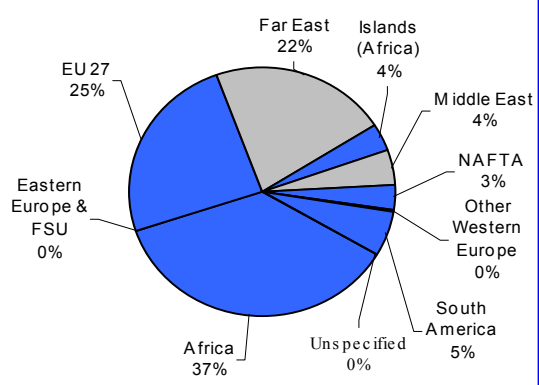
Source: SAISI - As from July 2008, Profile product sales estimated, all data not available

Exports per region of destination 2007



Source: Customs & Excise

Exports per region of destination 2008 - 8 months



Source: Customs & Excise

Carbon steel sales to industrial groups during Q2 of 2008

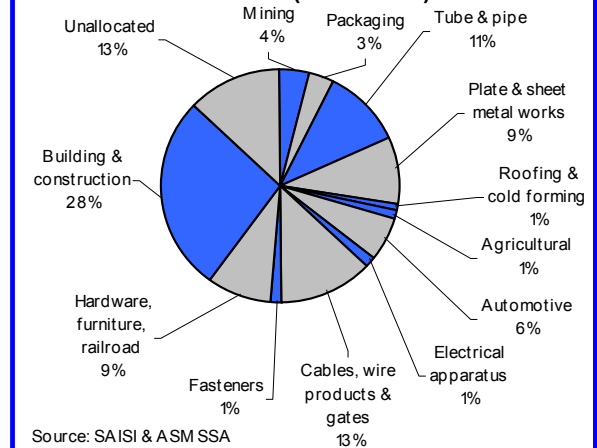
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Sales of primary carbon steel products to industrial groups

Metric tons	Q2 2008*		
	Profile	Flat	Total
1 Mining	29 301	35 998	65 299
2 Total Manufacturing	275 895	567 001	842 896
Packaging	204	49 268	49 472
Structural Metal	3 760	316 244	320 004
Tube & pipe	1 314	161 514	162 828
Plate & sheet metal works	2 446	135 399	137 845
Roofing & cold forming	0	19 331	19 331
Agricultural	14 603	114	14 717
Automotive	11 712	78 043	89 755
Electrical apparatus	106	20 448	20 554
Cables, wire products & gates	192 385	3 948	196 333
Fasteners	18 303	26	18 329
Other: Hardware, furniture, rail	34 822	98 910	133 732
3 Building & construction	327 636	87 150	414 786
4 Unallocated	82 381	112 923	195 304
5 Total	715 213	803 072	1 518 285

Source: SAISI & ASMSSA * Q2 2008 Estimated

Sales of primary carbon steel products to industrial groups Q2 2008 - (Estimated)



Source: SAISI & ASMSSA

Carbon steel sales to industrial groups

(Continued from page 4)

Sales of primary carbon steel products to industrial groups											
Metric tons	2004	2004/2003	2005	2005/2004	2006	2006/2005	2007	2007/2006	6m 2007	6m 2008	6m'08/6m'07
Mining	146 396	32.4%	164 132	12.1%	211 121	28.6%	235 783	11.7%	119 007	126 209	6.1%
Manufacturing	2 534 169	14.4%	2 327 706	-8.1%	2 889 090	24.1%	3 065 929	6.1%	1 638 488	1 659 608	1.3%
Packaging	260 673	-7.5%	256 443	-1.6%	264 036	3.0%	256 744	-2.8%	132 324	105 188	-20.5%
Structural Metal	986 215	26.1%	895 524	-9.2%	1 117 162	24.7%	1 138 192	1.9%	619 929	623 752	0.6%
Tube & Pipe	528 826	33.3%	438 502	-17.1%	606 919	38.4%	601 701	-0.9%	346 564	320 628	-7.5%
Plate & Sheet metal works	434 851	22.2%	420 407	-3.3%	456 370	8.6%	471 941	3.4%	242 462	267 837	10.5%
Roofing & Cold forming	22 538	-23.8%	36 616	62.5%	53 873	47.1%	64 550	19.8%	30 903	35 287	14.2%
Agricultural	38 555	-6.6%	33 048	-14.3%	44 061	33.3%	57 091	29.6%	32 702	33 230	1.6%
Automotive	314 152	32.4%	290 375	-7.6%	362 006	24.7%	349 464	-3.5%	209 128	170 323	-18.6%
Electrical apparatus/white goods	49 481	-9.3%	47 294	-4.4%	66 199	40.0%	74 500	12.5%	34 139	37 822	10.8%
Cables, wire products & gates	647 089	4.8%	588 843	-9.0%	713 227	21.1%	711 286	-0.3%	369 427	389 619	5.5%
Fasteners	57 113	15.8%	50 576	-11.4%	67 205	32.9%	75 643	12.6%	37 739	40 247	6.6%
Other	180 891	18.8%	165 603	-8.5%	255 194	54.1%	403 009	57.9%	203 100	259 427	27.7%
Building & Construction	967 913	12.0%	955 102	-1.3%	1 235 743	29.4%	1 422 824	15.1%	733 485	807 404	10.1%
Unallocated	866 075	53.1%	791 714	-8.6%	1 007 569	27.3%	612 352	-39.2%	305 976	390 570	27.6%
Total	4 514 553	20.2%	4 238 653	-6.1%	5 343 523	26.1%	5 336 888	-0.1%	2 796 956	2 983 791	6.7%

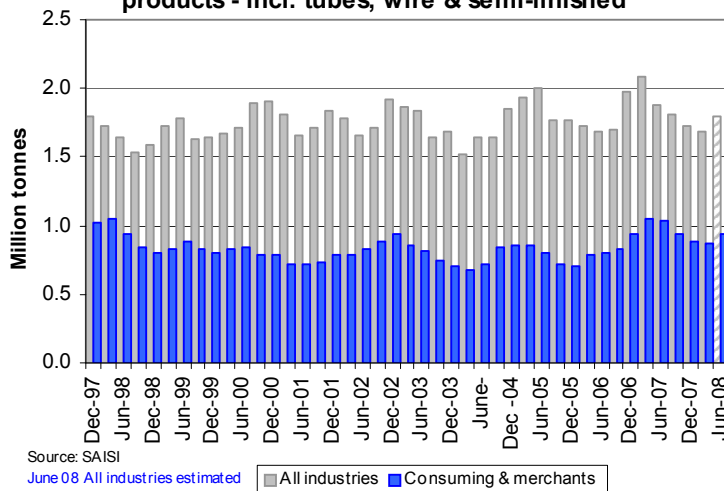
Source: SAISI & ASMSSA Q2 2008 Estimated

Stocks of primary steel products on hand - end of June '08

Products (metric tons)	December 2007		March 2008		June 2008	
	All industries*	Consuming**	All industries*	Consuming**	All industries*	Consuming**
1 Iron and non-alloy steel	1 510 763	783 599	1 488 708	781 377	1 583 764	825 625
A Semi-finished products	214 228	6 772	309 654	8 279	306 792	8 279
B Total finished products	1 296 535	776 827	1 179 054	773 098	1 276 972	817 346
C Total flat rolled products	864 462	479 170	761 097	472 210	840 308	509 575
i Hot-rolled	522 192	283 630	450 342	296 134	517 489	325 812
ii Cold-rolled	143 173	58 319	135 259	52 850	144 062	50 168
iii Clad, plated or coated	199 097	137 221	175 496	123 226	178 757	133 595
D Total profile products	432 073	297 657	417 957	300 888	436 664	307 771
i Bars and rods	85 375	27 616	69 607	29 509	94 638	31 443
ii Angles and sections	346 698	270 041	348 350	271 379	342 026	276 328
2 Stainless steel products	127 032	21 323	108 346	23 284	106 592	24 612
3 Other alloy steel	2 723	2 723	3 002	3 002	2 966	2 966
4 Other products	88 298	74 314	83 644	67 877	103 046	92 510
i Tubes & pipes	59 566	47 346	55 308	42 648	61 099	52 580
ii Wire	22 599	22 599	19 496	19 496	34 098	34 098
iii Other	6 133	4 369	8 840	5 733	7 849	5 832

Source: SAISI (Not absolute values - factor applied)
June 2008 - Estimated for "All industries", all data not available.

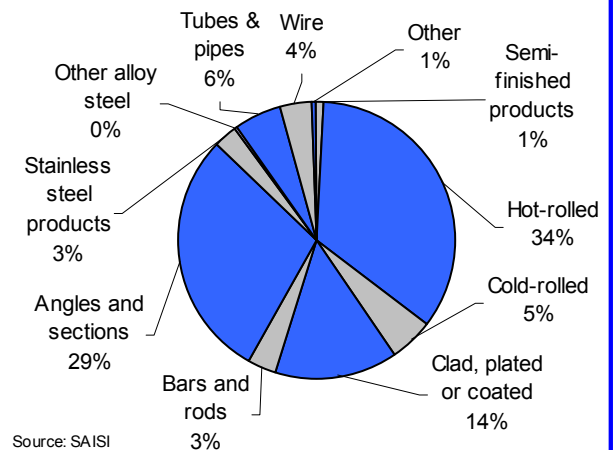
Stocks of primary carbon, alloy & stainless steel products - incl. tubes, wire & semi-finished



Source: SAISI
June 08 All industries estimated

■ All industries ■ Consuming & merchants

Stocks of primary steel products - end June '08 (consuming & merchants)



Source: SAISI

* Primary & consuming industries and merchants ** Consuming industries