

EUROPEAN STEEL REVIEW

KEYNOTE

DECEMBER 2014

EU STEEL PRICES FALL IN LINE WITH DROP IN INPUT COSTS - TO 58 MONTH LOW

European demand for flat products remains lacklustre as many customers try to minimise their inventories before the close of the financial year. Although the mills are trying to resist calls for lower basis numbers, in the majority of cases they have failed. Prices have continued to fall, following the trend in raw materials. Offers from Asia are not particularly competitive at present but supply from domestic sources is plentiful.

In Germany, quarterly contracts for period one 2015 have not been finalised completely. Some business has already been concluded for January at prices below those published in our last report. The downward pressure is not from third country offers but from cheaper raw materials. Demand is stable at an annual

level comparable to 2014. A number of service centres are selling very cheaply in order to reduce their stocks for their financial year-end.

Activity remains at a subdued level in France. End-users are waiting until the last minute to order steel, while demand from stockholders is weak. Mills have short delivery lead times, which allow distributors to keep inventories low. Activity derived from the auto sector has been slightly better in 2014 than the previous year but still remains quite modest. The rest of industry has already agreed a discount of €5/10 per tonne for December deliveries. Some buyers foresee the possibility of further slight erosion for the first trimester. Purchases will only be finalised just before the holidays.

FLAT ROLLED PRODUCTS - NEGOTIATED DOMESTIC BASIS PRICES - GERMANY

price/metric ton		2014					
		JUL	AUG	SEP	OCT	NOV	DEC
Hot Rolled Coil	High	450	450	450	450	450	440
	Low	410	410	410	410	410	400
Hot Rolled Plate	High	540	540	545	555	555	545
	Low	500	500	505	515	515	505
Cold Rolled Coil	High	540	540	540	540	530	520
	Low	500	500	500	500	490	480
Hot Dipped Galvanised Coil	High	530	530	530	530	530	520
	Low	490	490	490	490	490	480
Electro-Zinc Coated Coil	High	550	550	550	550	540	530
	Low	500	500	500	500	490	480
Stainless CR Coil Type 304	High	1160	1160	1170	1170	1150	1130
	Low	1060	1060	1070	1070	1050	1030
Stainless CR Coil Type 430	High	1090	1090	1090	1090	1090	1070
	Low	1040	1040	1040	1040	1040	1020

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Import volumes remain low but have picked up slightly, in spite of the US dollar exchange rate. Russian and Ukrainian suppliers are very active in the market and Chinese mills are also more aggressive.

There is no good news for sellers in the Italian steel sector, where basis numbers are constantly slipping. Buyers claim that reductions in raw material costs are now having a very big influence on steel prices. Moreover, demand is described as 'dead', with December being considerably quieter than is seasonally normal. Many companies will close for four weeks over the Christmas period. Despite the fire at Arvedi, leading to a production loss in November of over 200,000 tonnes, and Ilva's output this year being 2 million tonnes lower than before the crisis, there has been no supply tightness. Market expectations are for further price decreases in 2015, so customers are reluctant to commit to forward orders.

UK service centres are enjoying healthy levels of business, although growth has now slowed a little, ahead of the vacation. Demand is still good and their margins are better than a year ago. There is minimal speculative purchasing and, in general, inventories are in balance. There are stocks at the ports but most of the material is pre-sold. The price differential

between domestic steel and that imported from third countries has reduced, providing little, or no, incentive to purchase from outside the EU. Continental European mills continue to sell at competitive prices – aided by a favourable exchange rate. Market basis values have come down by around £10 per tonne for January delivery.

Low demand, together with shrinking raw material costs, has led to declining prices in Belgium. Distributors from the Netherlands and Germany are selling cheaply across the border, threatening resale values. Service centres are desperate to empty their stocks before the financial year finishes at the end of December. There has been no improvement in daily business levels. Some imports are available from China and Turkey.

Basis figures continue to tumble in Spain, where real consumption is stable but buyers are delaying their purchases as they watch the constant cuts in the steelmakers' outlay on raw materials. They anticipate lower steel prices in the future. Service centres report that their clients are unwilling to close long-term contracts and the mills will not fix for all of the first quarter. Resale values are under a great deal of negative pressure.

FLAT PRODUCTS

HOT ROLLED COIL

Basis figures have softened in Germany by around €10 per tonne, compared with a month ago, as producers are keen to fill their first trimester rolling schedules. Expectations for next year are poor as the economy is not performing as well as anticipated. There is little confidence in the marketplace. The pipemakers

report reasonable activity but their margins are being squeezed by growing overseas competition, particularly from China. In France, basis values have been agreed at about €5 per tonne below last month's level, with some sources suggesting a further reduction is attainable in the first quarter. Suppliers in Italy have offered substantial discounts, with basis figures falling below the, psychologically important,

LONG PRODUCTS - NEGOTIATED DOMESTIC BASIS PRICES - GERMANY

price/metric ton		2014					
		JUL	AUG	SEP	OCT	NOV	DEC
Wire Rod	High	530	530	530	520	520	520
	Low	510	510	510	500	500	500
Medium Sections and Beams	High	550	550	550	540	540	540
	Low	510	510	510	500	500	500
Reinforcing Bar	High	235	235	245	240	220	210
	Low	215	215	225	220	200	190
Merchant Bar	High	160	160	160	150	140	130
	Low	120	120	120	110	100	90

MEPS - API LINEPIPE STEEL PRICE INDEX X60/65 COMPOSITE

	Hot Rolled Plate		Hot Rolled Coil	
	Q3/14	Q4/14	Q3/14	Q4/14
EU Average				
Non Sour	108.8	111.2	128.1	128.9
Sour	114.7	117.0	126.8	127.6
* Q4/06 = 100 - based on euro values ** p = Provisional				

€400 per tonne point. A number of buyers believe that more discounting is possible. Part of the price contraction is due to more aggressive behaviour by Russian suppliers. Local mills have had to compete.

Further price erosion has been noted in the UK, where the lowest offers are from the Nordic region. In Belgium, Russian material is available at €370 per tonne. Domestic numbers have weakened further and delivery lead times are short. Slit coil, that can be delivered very quickly, is extremely cheap, leaving very little margin for the distributor. Spanish buyers report that Russian mills are selling quite aggressively. Domestic numbers are €10 per tonne below those of a month ago.

HOT ROLLED PLATE

We have noted some price slippage for commodity plate, over the last month, as a number of producers battled to fill their December rolling schedules. As for the higher specifications, prices have held up and the steelmakers were considering pushing for increases for the first quarter 2015. However, since the commodity market remains dull, many suppliers have already rolled over today's figures into January 2015. Consumers, all too aware of falling raw material costs, are likely to push for discounts for February/March. Third country import pressure persists.

German service centres are buying only what they need to cover immediate orders. They have been keeping inventories under control for some time and, now, many are destocking. Steelmakers are starting to lose some of the gains made at the end of the third quarter, partly due to intense import pressure. French plate values have dropped by €20 per tonne in quiet market conditions. First trimester order books are proving difficult to fill. Large service centres are reportedly selling off their inventories. The situation for Italian rerollers has improved somewhat as slab prices from Russia and Ukraine have continued to drop due to declining raw material costs and rapidly weakening currencies. This has allowed the

MEPS - STEELPPI - AUTOMOTIVE Auto Body Parts Composite Index

	Oct-14	Nov-14	Dec-14
EU Average	74.3	74.1	72.8
Year-on-year % +/-	-4.7	-3.4	-5.3
* Jan 07 = 100 - based on transaction prices ** STEELPPI - Steel Purchasing Price Index			

Italian producers to start participating in the north European market. They need the tonnages since the Mediterranean export market is still not absorbing any sizeable quantities.

UK plate values have been relatively stable but some downward pressure has developed in the last couple of weeks. Buyers expect further drops. Resale prices are low. Distributors report that day-to-day business is a struggle across most grades, as consumption is disappointing. Third country import competition has impacted on Belgian values again this month. In Spain, domestic producers have rolled over the November basis numbers for December business.

COLD ROLLED COIL

German distributors are pushing for price cuts on the back of softening raw material costs. Domestic suppliers have reduced their offers by another €10 per tonne. There has been no revival in demand. French basis figures are down by €5 per tonne. A number of sources suggest that they could fall further, once first quarter negotiations are fully concluded. Activity is subdued amidst economic gloom. Italian demand has

COMPARISON OF LOW MARKET DOMESTIC BASIS PRICES - COLD ROLLED COIL

price/ metric ton	Local currency		US dollars	
	Last Month	This Month	Last Month	This Month
Germany	490	480	612	599
France	500	495	624	618
Italy	475	455	593	568
UK	385	375	615	591
Belgium	490	480	612	599
Spain	490	470	612	587

Note: Exchange rates used for conversion are based on the figures given in our currency exchange rate table.

FLAT ROLLED PRODUCTS - NEGOTIATED DOMESTIC BASIS PRICES

price/metric ton		Germany (€)	France (€)	Italy (€)	UK (£)	UK (€)	Belgium (€)	Spain (€)
Hot Rolled Coil	High	440	450	430	335	422	440	420
	Low	400	410	390	310	391	400	400
Hot Rolled Plate	High	545	540	510	420	530	520	525
	Low	505	490	470	390	492	480	475
Cold Rolled Coil	High	520	535	505	410	517	530	510
	Low	480	495	455	375	473	480	470
Hot Dipped Galvanised Coil	High	520	535	490	420	530	540	510
	Low	480	495	440	380	479	490	470
Electro-Zinc Coated Coil	High	530	535	525	445	561	530	520
	Low	480	505	485	405	511	480	480
Stainless CR Coil Type 304 (a)	High	1130	1080	1050	925	1166	1080	1020
	Low	1030	1030	1000	855	1078	1030	970
Stainless CR Coil Type 430 (a)	High	1070	1050	955	970	1223	—	987
	Low	1020	1000	905	945	1192	—	957

MONTH on MONTH % CHANGE

Hot Rolled Coil	Low	-2.4	-1.2	-3.7	-3.1	-4.6	-2.4	-2.4
Hot Rolled Plate	Low	-1.9	-3.9	0.0	-2.5	-3.9	-2.0	0.0
Cold Rolled Coil	Low	-2.0	-1.0	-4.2	-2.6	-4.1	-2.0	-4.1
HD Galv Coil	Low	-2.0	-1.0	-2.2	-3.8	-5.3	0.0	-4.1
EZ Coated Coil	Low	-2.0	0.0	-3.0	-2.4	-3.8	-2.0	-4.0
SS CR Coil 304	Low	-1.9	-4.6	-4.8	0.0	-1.6	-2.8	-4.9
SS CR Coil 430	Low	-1.9	-2.0	0.0	0.0	-1.5	—	-2.0

BASIS PRICE AND PRODUCT DEFINITIONS

Negotiated basis prices pertain to new purchases for mainstream business negotiated with regional mills during the current month for delivery in the future. They relate to prime material ex basing point net of all rebates and discounts for the lowest quality product in the producers' price lists.

Extras for size, cutting, testing, transport etc. are excluded except where specified.

Notes: (a) Basis - 1.5mm thickness.

Prices in this table may relate to deliveries in different time periods. It is important that this table is read in conjunction with the text in the newsletter.

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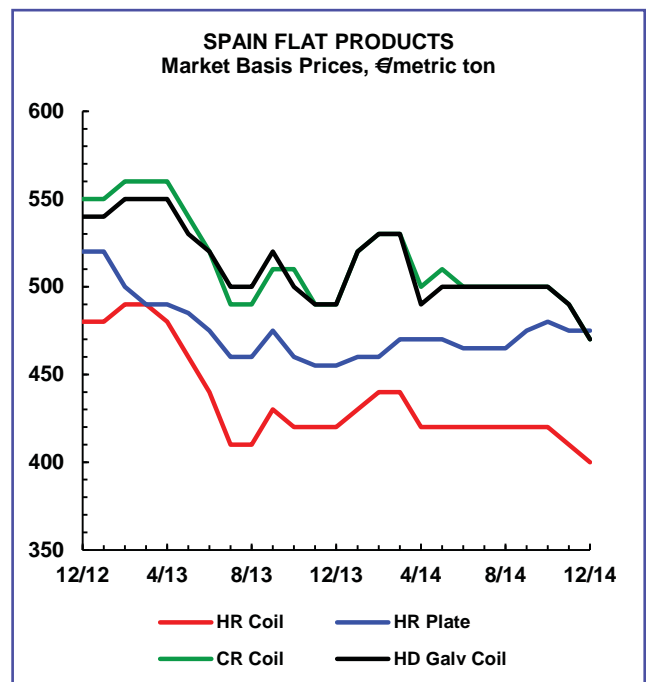
not progressed over the last four weeks. In fact, sales activity has shrunk. Russian mills are quoting at very competitive prices. Local producers have responded by slashing their offers.

Russian suppliers continue to have a high share of the UK service centre market. They are currently selling at £405 per tonne, effective delivered for January arrival. The latest basis numbers from European sources are £10 per tonne below those reported in November. In Belgium, domestic steelmakers have conceded another small discount during recent settlements. Chinese imports are competitive. Spanish values have lost €20 per tonne in the last month. There is severe competition from Russian mills.

COATED COIL

Construction-related demand for hot dipped galvanised coil in Germany is static. The auto industry is holding up, although sales of cars to Russia have dropped sharply in recent times. Basis numbers in the general market have succumbed to downward pressure, due to oversupply. Car output is subdued, in France. Coated steel consumption, in general, remains tepid as the economic climate deteriorates. Producers have conceded a small discount. Further erosion cannot be ruled out. Auto sales are depressed, in Italy. Moreover, there are no new large building or infrastructure plans in the pipeline. Consequently, coated steel demand is lacking and there is severe internal competition.

In the UK, light gauge hot dipped galvanised coil from third country sources is still being offered at very competitive prices. Basis figures for forward orders with European producers have dropped by £15 per tonne, despite robust demand from auto and construction. There is little activity in the Belgian market, where customers are paying the same as in the previous month. The Spanish vehicle industry is described as 'in good health' and this situation is forecast to continue in to 2015. However, in the rest of the market, coated steel prices have taken a fall.



In Germany, the steelmakers have discounted the previous month's figures for sales of electro-zinc coated coil by €10 per tonne. The situation in France is one of 'no change'. Italian buyers have demanded a €15 per tonne decrease. Mainland European suppliers have conceded a £10 per tonne discount in the UK. Belgian buyers have negotiated another concession. We have noted a comparable situation in Spain.

COLD ROLLED STAINLESS STEEL

In November, cold rolled austenitic stainless steel basis values fell in all six countries researched, with the exception of the UK, where, although sales activity was slowing, there was little spare material available. Basis numbers were rolled over from the previous month. Business was subdued in most of Europe and no immediate seasonal pick up in either sales or prices was expected at the beginning of 2015. Ferritic basis figures came under pressure in Germany, France and Spain.

LONG PRODUCTS

As the construction sector is not recovering in the majority of European countries, demand for long products remains low. This has led to acute competition throughout the supply chain.

WIRE ROD

German mills have maintained their low carbon wire rod prices again this month but customers are

calling for decreases. Recoil values have succumbed to negative pressure from declining scrap costs. In addition, the finished mesh market is very competitive at present. In France, selling values for drawing rod are the same as those reported in our last issue. For the mesh quality, they are €5 per tonne lower than in November. We can detect further downward pressure. Italian low carbon wire rod prices are unchanged. A poorly performing construction sector continues to

create lacklustre demand for recoil. Steelmakers have kept effective figures steady for now but customers are expecting some erosion quite soon.

Basic drawing qualities have held up in the UK but flat consumption and falling input costs could produce some weakness in the first quarter. Recoil figures are static, in line with the rebar. In Belgium, drawing quality numbers have been rolled over from November. Steelmakers are not busy as demand is slow. Spanish producers have conceded a small discount, during recent negotiations with buyers, for supplies of low carbon material. Sales of the mesh quality are flat and values have been cut.

MEDIUM SECTIONS AND BEAMS

Steadily decreasing scrap prices have led buyers to push for discounts during recent discussions for sales of structural sections. In a number of instances, this has proved successful.

Sales volumes are poor in Germany, where there is strong competition for the little business that is available. Nevertheless, suppliers have held on to prices during recent deals but some slippage could occur in the first trimester. French numbers have softened slightly since our last report. Material from Spain and Italy is very competitively priced. Market

LONG PRODUCTS - NEGOTIATED DOMESTIC BASIS PRICES

price/metric ton		Germany (€)	France (€)	Italy (€)	UK+ (£)	UK+ (€)	Belgium (€)	Spain (€)
Wire Rod (b)	High	520	530	520	430	542	530	520
	Low	500	500	500	390	492	500	500
Medium Sections and Beams (c)	High	540	530	505	435	549	560	540
	Low	500	500	485	405	511	510	490
Rebar (d)	High	210	220	200	390	492	220	210
	Low	190	190	190	360	454	190	190
Merchant Bar (e)	High	130	110	110	435	549	105	145
	Low	90	90	90	415	523	85	85

MONTH on MONTH % CHANGE

Wire Rod	Low	0.0	0.0	0.0	0.0	-1.4	0.0	-1.0
Medium Sections	Low	0.0	-1.0	0.0	-1.2	-2.7	0.0	-1.0
Rebar	Low	-5.0	-2.6	8.6	0.0	-1.5	-5.0	0.0
Merchant Bar	Low	-10.0	-5.3	5.9	-3.5	-5.1	-10.5	-5.6

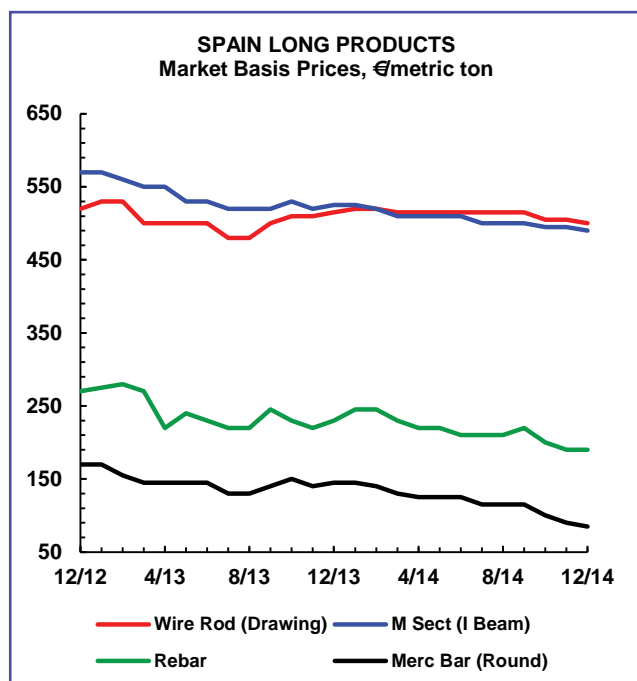
BASIS PRICE AND PRODUCT DEFINITIONS

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Extras for size, cutting, testing, transport etc. are excluded except where specified.

- Notes: + All UK prices include size extra
 (b) Drawing quality. This product incorporates a quality extra
 (c) I beam, category C1. Includes size extras
 (d) High yield - deformed
 (e) Round bar

Prices in this table may relate to deliveries in different time periods. It is important that this table is read in conjunction with the text in the newsletter.



participants are pessimistic regarding the start of 2015 as demand prospects are poor. Declining scrap costs, surplus supply and slow sales have not yet resulted in lower prices in Italy but there is certainly some negative pressure.

Resale prices at UK distributors continue to drift, despite reasonable sales volumes. Mill selling values were holding steady but we understand that Celsa has recently reduced offers by £5 per tonne, probably in reaction to lower raw material costs. Service centre stocks are healthy with quite a lot of European material arriving at the docks. US dollar denominated suppliers are not competitive. Therefore, there is very little third country material available. Opportunities for export sales have allowed steelmakers to maintain prices in the Belgian market, in spite of cheaper scrap. However, resale margins are being cut. We have noted a slight downward movement in Spain, where purchasing activity is tepid.

REINFORCING BAR

South European rebar producers have unsuccessfully tried to lift their export offers over the last month, in fairly weak market conditions. They are currently quoting €410/420 per tonne, FOB. With scrap costs low and demand sluggish, they are unlikely to book business at a higher level, before the year end. Domestic sales are slow.

The German market is very competitive. Buyers have successfully pushed for lower prices as scrap values continue to drop and further decreases cannot be ruled out in a climate of subdued demand. Due

to a lack of sales, there is a real price war amongst French distributors, with large stockholders reportedly quoting extremely low resale values. Mill basis figures have softened further, following the fall in raw material costs. Italian numbers have gained €15 per tonne since our last report. Scrap prices are likely to move up from the recent extremely low level they reached when Arvedi, one of the largest scrap users in Italy, temporarily, ceased production, due to a fire. The problem is now resolved and scrap purchasing should revert to normal levels.

UK consumption in 2014 has been the highest for 3/4 years but producers are still unable to lift prices because of low scrap costs and the oversupply caused by relentless volumes of Chinese imports. Stocks are relatively low. In Belgium, distributors are being very cautious and keeping inventories down as steelmakers continue to give away the advantages of cheaper scrap. There is also a threat from Turkish imports. Spanish domestic sales are slow. Sellers have held on to prices during recent settlements, despite muted demand.

MERCHANT BAR

In Germany, the steelmakers have failed to resist customers' calls for basis price cuts, for the third consecutive month. Purchasing activity remains cautious as buyers monitor the constant negative trend. There has been no recovery in business levels. It is a buyer's market in France, with end-users making demands, which have resulted in a loss of another €5 per tonne. Sales volumes have failed to revive. The expectation of a small uptick in scrap costs has allowed Italian producers to lift merchant bar prices marginally. However, Chinese mills are still selling aggressively. The outlook remains dismal, due to a lack of building activity.

MEPS INDUSTRIAL SECTOR STEEL PURCHASING PRICE INDICES - EU AVERAGE

Jan 07 = 100	Nov-14	Dec-14	% change
Construction Industry	87.8	87.1	-0.8
Household Appliances	74.5	72.1	-3.2
Machinery Sector	81.4	80.1	-1.6
Shipbuilding Industry	73.0	71.7	-1.8
Shipping Containers	78.6	77.1	-1.9
Yellow Goods	83.4	81.3	-2.5

A continuing slide in continental European values is having repercussions in the UK market. Stockists are holding back from placing orders as the downward tendency continues. In some instances, they are destocking. Effective prices have lost £15 per tonne since our November report. If scrap continues to become cheaper, further discounts are probable.

Belgian consumption is down in 2014. We have noted negative price movements since our last report. There is oversupply and no market improvements are envisaged in the short term. Resale values are following mill prices down. Sales to Spanish end-users are tepid. During recent discussions, customers have negotiated another small reduction.

MARKET AND INDUSTRY SCENE

CAPACITY/INVESTMENT

ArcelorMittal is investing €15 million at its steel wire plant in Bourg-en-Bresse, eastern France. A heat treatment furnace and a rolling mill will be installed and commissioned in 2015. The equipment will produce high strength steel wire to be used in the manufacturing of pipes for the deepwater oil and gas industry.

Long products manufacturer, Elbe-Stahlwerke Feralpi (ESF), is proceeding with expansion and modernisation plans of its long products plant in Riesa, Germany. The annual capacity of the site will be increased from 1 million tonnes to 1.4 million tonnes with the installation of a new melting furnace. Furthermore, efficiency improvements will reduce the overall energy consumption on site by 25 percent, with CO2 emissions declining by 30 percent.

MERGERS/ACQUISITIONS

The sale of Lucchini Piombino has been approved by Italian authorities. Cevital and JSW Steel made separate binding offers for the plant. With a promise to invest €400 million reopening the site, the bid from Cevital was considered the better offer. The sale means that most of the 2,000 strong workforce will be immediately re-hired.

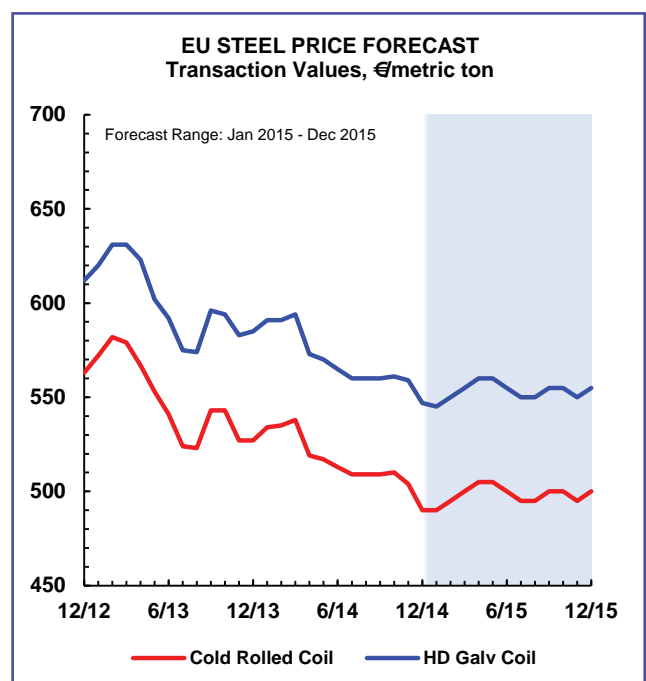
ArcelorMittal and Marcegaglia have submitted a joint non-binding offer to purchase troubled steelmaker Ilva. The bid is for all of the company's operations including the Taranto steel mill, where around 55 percent of its steel is manufactured. Ilva is currently saddled with close to €2 billion of debt and would require further investment in order to comply with environmental legislation. A separate bid has been submitted by Arvedi. A decision is expected early in the new year.

MEDIUM TERM PRICE FORECASTS

The MEPS - EU Average Cold Rolled Coil price declined by €14 per tonne in December. Selling figures for galvanised material decreased by €12 per tonne. Lacklustre demand and low iron ore expenditure exerted negative pressure on transaction values.

We anticipate a slight uptick in raw material costs in early 2015. Consequently, mills could achieve small price advances to cover their additional outlay on input expenditure. The depreciated euro against the US dollar is expected to keep imports unattractive. This could prevent further deterioration in steel selling figures in the first part of next year.

Annual average steel prices are predicted to decline in 2015, compared with 2014. Raw material costs will decrease in this period. A modest rise in demand is envisaged but this is not expected to have a significant impact on transaction values. We forecast that selling figures will be subject to minimal fluctuations during the next twelve months.

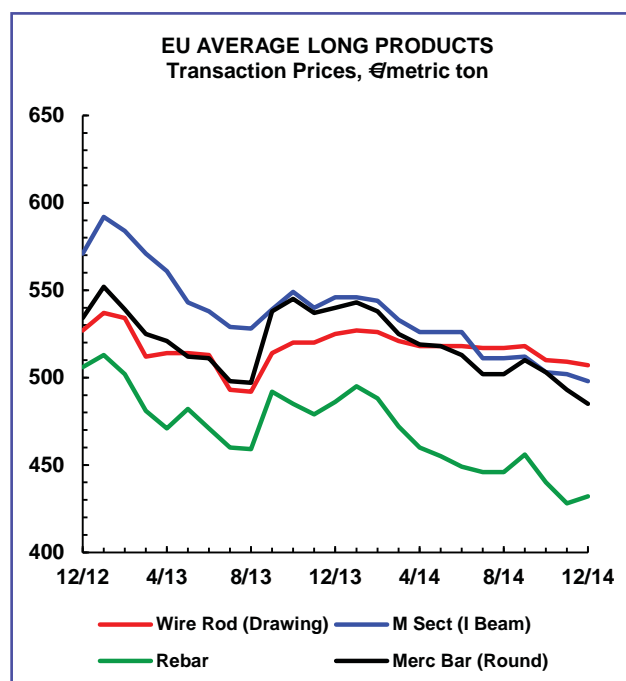
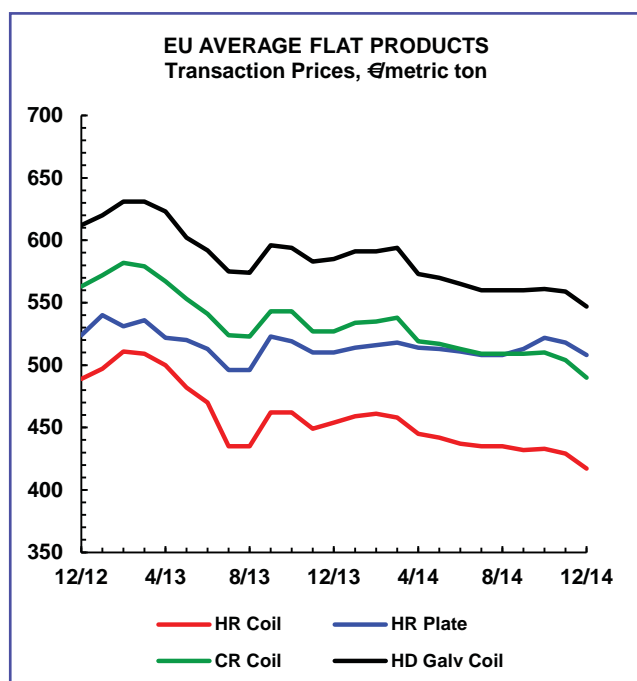


EU AVERAGE DOMESTIC TRANSACTION PRICE FORECASTS

Euro/metric ton	Actual	Forecast					
	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
Hot Rolled Coil	417	415	420	425	430	430	425
Hot Rolled Plate	508	505	505	510	515	515	510
Cold Rolled Coil	490	490	495	500	505	505	500
HD Galv Coil	547	545	550	555	560	560	555
EZ Coated Coil	549	550	555	560	565	565	560
Wire Rod (Drawing)	507	505	510	510	510	505	500
Wire Rod (Mesh)	451	450	455	460	455	445	440
M Sect (I Beam)	498	500	505	510	510	505	500
M Sect (H Beam)	552	555	560	565	565	560	555
Reinforcing Bar	432	435	440	445	440	435	430
Merc Bar (Round)	485	488	493	498	498	493	488
Merc Bar (Eq Angle)	503	505	510	515	515	510	505

PRICE DEFINITIONS

Steel prices are computed from a weighted average (based on consumption) of the low transaction values identified in Germany, France, Italy, UK and Spain, collected in national currencies and converted into euros using currency exchange rates effective at the start of each month to provide a basis for comparison.



Transaction Price Data Sheet

NEGOTIATED DOMESTIC TRANSACTION PRICES

FLAT PRODUCTS price/metric ton		EU AVG	Germany	France	Italy	UK	UK	Spain
		(€)	(€)	(€)	(€)	(£)	(€)	(€)
Hot Rolled Coil	High	454	460	470	450	351	443	440
	Low	417	420	430	410	326	411	420
Hot Rolled Plate	High	550	560	555	525	434	547	540
	Low	508	520	505	485	404	509	490
Cold Rolled Coil	High	533	535	550	520	423	533	525
	Low	490	495	510	470	388	489	485
Hot Dipped Galvanised Coil	High	590	592	607	562	473	596	582
	Low	547	552	567	512	433	546	542
Electro-Zinc Coated Coil	High	592	589	594	584	488	615	579
	Low	549	539	564	544	448	565	539
Stainless CR Coil Type 304	High	1101	1130	1080	1050	925	1166	1020
	Low	1027	1030	1030	1000	855	1078	970
Stainless CR Coil Type 430	High	1061	1070	1050	955	970	1223	987
	Low	1015	1020	1000	905	945	1192	957

LONG PRODUCTS price/metric ton		EU AVG	Germany	France	Italy	UK	UK	Spain
		(€)	(€)	(€)	(€)	(£)	(€)	(€)
Wire Rod (Drawing Quality)*	High	532	538	530	520	442	557	520
	Low	507	518	500	500	402	507	500
Wire Rod (Mesh Quality)	High	475	475	475	470	390	492	475
	Low	451	455	445	450	360	454	445
Medium Sections (I Beam)	High	534	540	530	505	435	549	540
	Low	498	500	500	485	405	511	490
Medium Sections (H Beam)	High	597	610	580	590	480	605	580
	Low	552	560	540	555	440	555	540
Reinforcing Bar	High	449	450	460	440	390	492	450
	Low	432	430	430	430	360	454	430
Merchant Bar (Round)	High	518	520	500	500	435	549	535
	Low	485	480	480	480	415	523	475
Merchant Bar (Equal Angle)	High	535	540	520	520	435	549	555
	Low	503	500	500	500	415	523	495

* Includes supplementary surcharge in the UK.

CURRENCY EXCHANGE RATES

	US dollars (US\$)		Euros (€)	
	3-Nov	1-Dec	3-Nov	1-Dec
Eurozone (€)	0.801	0.801	-	-
UK (£)	0.626	0.635	0.781	0.793

NEXT MONTH'S ISSUE

The January issue of the European Steel Review will be dispatched by post & PDF on 20 January, 2015.

Express Price Tables will be dispatched by e-mail in excel format on 13 January, 2015.

Copies of our main basis price tables can be supplied by email direct to your desktop. These are available within hours of completing our research. They will reach you approximately one week before the publication dispatch date.

**TRANSACTION PRICE INDEX - EU AVERAGE
JANUARY 1997 = 100**

	Nov-14	Dec-14	% change
Hot Rolled Coil	164.4	159.8	-2.8
Hot Rolled Plate	180.5	177.0	-1.9
Cold Rolled Coil	138.5	134.6	-2.8
HD Galv Coil	121.3	118.7	-2.1
EZ Coated Coil	133.0	130.4	-2.0
SS CR Coil 304	86.4	83.6	-3.2
SS CR Coil 430	91.6	90.1	-1.6
Wire Rod (Drawing)	192.1	191.3	-0.4
Wire Rod (Mesh)	192.0	190.3	-0.9
M Sect (I Beam)	163.5	162.2	-0.8
M Sect (H Beam)	159.3	158.2	-0.7
Reinforcing Bar	188.5	190.3	1.0
Merc Bar (Round)	185.3	182.3	-1.6
Merc Bar (Eq Angle)	197.7	195.0	-1.4

Note:- Based on low values. Stainless Steel - Excluding alloy surcharge.

**NEGOTIATED DOMESTIC TRANSACTION PRICES - MONTH ON MONTH % CHANGE
December 2014 versus November 2014**

		EU AVG (€)	Germany (€)	France (€)	Italy (€)	UK (£)	UK (€)	Spain (€)
Hot Rolled Coil	Low	-2.8	-2.3	-1.1	-3.5	-3.0	-4.4	-2.3
Hot Rolled Plate	Low	-1.9	-1.9	-3.8	0.0	-2.4	-4.0	0.0
Cold Rolled Coil	Low	-2.8	-2.0	-1.0	-4.1	-2.5	-4.1	-4.0
HD Galv Coil	Low	-2.1	-1.8	-0.9	-1.9	-3.3	-4.9	-3.6
EZ Coated Coil	Low	-2.0	-1.8	0.0	-2.7	-2.2	-3.6	-3.6
SS CR Coil 304	Low	-3.2	-1.9	-4.6	-4.8	0.0	-1.6	-4.9
SS CR Coil 430	Low	-1.6	-1.9	-2.0	0.0	0.0	-1.5	-2.0
Wire Rod (Drawing)	Low	-0.4	0.0	0.0	0.0	0.0	-1.6	-1.0
Wire Rod (Mesh)	Low	-0.9	-1.1	-1.1	0.0	0.0	-1.5	-1.1
M Sect (I Beam)	Low	-0.8	0.0	-1.0	0.0	-1.2	-2.7	-1.0
M Sect (H Beam)	Low	-0.7	0.0	-0.9	0.0	-1.1	-2.6	-0.9
Reinforcing Bar	Low	0.9	-2.3	-1.1	3.6	0.0	-1.5	0.0
Merc Bar (Round)	Low	-1.6	-2.0	-1.0	1.1	-3.5	-5.1	-1.0
Merc Bar (Eq Angle)	Low	-1.4	-2.0	-1.0	1.0	-3.5	-5.1	-1.0

TRANSACTION PRICE AND PRODUCT DEFINITIONS

Transaction values relate to those agreed by steelmakers and service centres for prime material in the specified steel products. Prices are for regular business between customers and their local/regional steel mills, negotiated during the current month for delivery in the future.

Transaction prices include extras for size and coating, where applicable, for the lowest priced grade of steel - sold ex-works/ex-mill. Additional extras for processing, packaging, testing and inspection are excluded. Delivery charges and local taxes are not included in the quoted prices. Contract deals arranged in the domestic market, or deals for lots of imported steel, are specifically excluded from our price evaluation.

Hot Rolled Coil - 2-3mm thickness, width over 1.1 metres.

Hot Rolled Plate - 15-40mm thickness, width over 2.0 metres.

Cold Rolled Coil - 1mm thickness, width over 1.3 metres.

Hot Dipped Galvanised Coil - 1mm thickness, width over 1.1 metres, coating thickness 275gm/m².

Electro-Zinc Coated Coil - 1mm thickness, width over 1.1 metres, standard coating.

Stainless CR Coil Type 304 and 430 - 1.5mm thickness, width over 1.25 metres (excluding alloy surcharges).

Wire Rod (Drawing Quality) - 5.5mm diameter.

Wire Rod (Mesh Quality) - 8-12mm diameter.

Medium Sections (I Beam) - 180-240mm, category C1.

Medium Sections (H Beam) - 240 x 240mm, category D3.

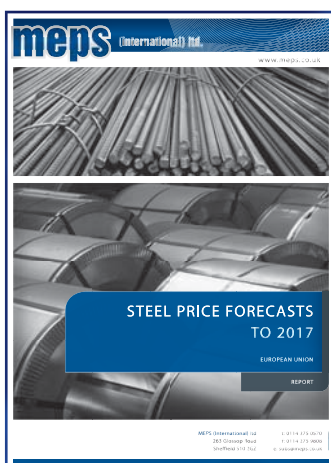
Reinforcing Bar (Deformed) - 16-20mm diameter, high yield.

Merchant Bar (Round) - 50mm diameter.

Merchant Bar (Equal Angle) - 50 x 50 x 6mm.

MEPS PUBLICATIONS

MEPS STEEL PRICE FORECASTS TO 2018 - FIVE YEAR FORECAST



The predictions in this report have been prepared using the key factors which MEPS have found to be statistically significant in affecting steel prices. They have been extensively researched and developed through rigorous formal analysis of the global market.

The research commenced with an evaluation of economic forecasts from a number of authoritative institutions. This was followed by an examination of the likely long term demand for steel. We then had discussions with a wide range of steel buyers to obtain their opinion of short and medium term market requirements. The final part of the research program involved an assessment of raw material supply, demand and costs to meet the anticipated consumption of steel products.

The data was drawn together for analysis by our experienced staff in the UK. It was incorporated in the unique model developed by MEPS for the preparation of steel price forecasts for clients over the past ten years. The final report was prepared giving the reasoning behind our predictions, together with charts and tables.