

# EUROPEAN STEEL REVIEW

KEYNOTE

OCTOBER 2014

## WEAK MARKET CONDITIONS KEEP MEPS - EU AVERAGE STEEL PRICES STABLE

European flat products purchasing activity has been slow over the last month. Consumption in mainland Europe is stagnating. Most fourth quarter deals have now been concluded at the levels prevailing in the third trimester. Producers have been unable to implement their proposed increases due to lacklustre demand and the declining costs of inputs such as scrap, iron ore and coking coal. On the other hand, the strong US dollar is keeping third country imports at bay and supply from Italy is restricted. The mills may try for a small rise in the first quarter 2015 but the outcome of such an initiative is not known.

German market sentiment is poor at present due to concerns about a recent drop in industrial production. End-users are cautious.

They are only purchasing for their immediate needs. Competition in the stockholding sector is tough. Overall, demand is stable but not at a high level. We have noted no price changes for strip mill products since our September report.

The French market is quiet with modest demand. Participants are concerned that the situation is static. End-users still have short order books and are fighting for the small amount of business available. Ex-mill flat product prices have generally been stable over the last month, whilst distributors' resale values have deteriorated. However, there is a feeling that steelmakers may try to lift prices in the first quarter next year. The current euro/US dollar exchange rate is keeping third country imports

## FLAT ROLLED PRODUCTS - NEGOTIATED DOMESTIC BASIS PRICES - GERMANY

price/metric ton		2014					
		MAY	JUN	JUL	AUG	SEP	OCT
Hot Rolled Coil	High	480	460	450	450	450	450
	Low	430	410	410	410	410	410
Hot Rolled Plate	High	545	545	540	540	545	555
	Low	505	505	500	500	505	515
Cold Rolled Coil	High	550	540	540	540	540	540
	Low	510	500	500	500	500	500
Hot Dipped Galvanised Coil	High	550	540	530	530	530	530
	Low	510	500	490	490	490	490
Electro-Zinc Coated Coil	High	570	560	550	550	550	550
	Low	520	510	500	500	500	500
Stainless CR Coil Type 304	High	1130	1150	1160	1160	1170	1170
	Low	1030	1050	1060	1060	1070	1070
Stainless CR Coil Type 430	High	1090	1090	1090	1090	1090	1090
	Low	1040	1040	1040	1040	1040	1040

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at a normal level.

As the recession in the Italian economy continues to bite, steel producers are still attempting to impose basis rises. They were, briefly, successful in late September but, since then, prices have dropped back to the level reported in our last issue. The initiative was sparked by a fluctuation in the exchange rate when the euro weakened against the dollar. This was expected to make imported material less attractive. However, Chinese prices were unchanged, despite the currency movements. There is no pressure from Turkish supply, which is currently too expensive. A lack of demand is widespread across all consuming sectors. There are fears that prices may weaken further.

UK service centres report brisk sales in October, with many being even busier than in the previous month. However, resale values are being slightly negatively affected by a degree of destocking at some companies and, reportedly, aggressive selling by Tata's distribution outlets. Otherwise, they are fairly steady. Stockholders' buying prices remain the same as a month ago. The proposed rise was not implemented as there was no support from raw material costs.

Inventories remain on the low side because of a lack of confidence in future price movements. Chinese material is more expensive than of late, at a similar level to domestic offers.

There have been no real changes in either basis figures or activity levels in the Belgian market. The economic situation is poor, so steel demand is slow as many end-users have depleted order books. Service centres are battling for every sale, even over small quantities. Their margins are very low. There are few third country import offers and prices are not attractive.

The Spanish economy is slowly getting back on track with more government investment promised for 2015. However, any success in ramping up steel prices was shortlived because of slack demand. It was thought that a fluctuation in the exchange rate would help sustain a rise but this was not the case. Basis numbers remain firm. Third country offers are very close to European figures. A number of distributors report slightly improved sales volumes but activity is inconsistent. Many customers are purchasing on a weekly basis. Resale margins are lacklustre, with some service centres experiencing financial problems.

## FLAT PRODUCTS

### HOT ROLLED COIL

General demand in the German market is flat, although the pipemakers are enjoying satisfactory order books. Steelmakers have failed to lift fourth quarter basis values. Most big users have now finalised their business for the October/December period. Now that fourth quarter negotiations are more or less completed in France, it has become clear that the mills have

not secured a planned increase on basis numbers. They were hoping for a minimum €430 per tonne from local distributors but figures remain at €420 per tonne. Italian business is poor. The market is dull, with little consumption taking place. Suppliers pushed for higher prices but were unable to achieve them.

Current resale values are relatively weak in the UK as third country material, ordered earlier in the year,

### LONG PRODUCTS - NEGOTIATED DOMESTIC BASIS PRICES - GERMANY

price/metric ton		2014					
		MAY	JUN	JUL	AUG	SEP	OCT
Wire Rod	High	530	530	530	530	530	520
	Low	510	510	510	510	510	500
Medium Sections and Beams	High	570	570	550	550	550	540
	Low	530	530	510	510	510	500
Reinforcing Bar	High	250	235	235	235	245	240
	Low	230	215	215	215	225	220
Merchant Bar	High	180	170	160	160	160	150
	Low	140	130	120	120	120	110

**MEPS - API LINEPIPE STEEL PRICE INDEX  
X60/65 COMPOSITE**

	Hot Rolled Plate		Hot Rolled Coil	
	Q3/14	Q4/14p	Q3/14	Q4/14p
<b>EU Average</b>				
<b>Non Sour</b>	108.8	109.4	128.1	128.9
<b>Sour</b>	114.7	115.3	126.8	127.6
* Q4/06 = 100 - based on euro values ** p = Provisional				

has now arrived. After cutting prices by £20 per tonne last month, the domestic mill has stemmed any further erosion. Current demand has not been strong enough to support an increase in Belgium. A number of customers are postponing order placement until November, when they believe that there may be bargains to be had as the mills become keen to fill their rolling schedules. There is a lot of competition between the decoilers. In Spain, third country material will arrive in November at €440/450 per tonne, effective, but there are few new offers. Domestic numbers are unchanged from the previous month.

**HOT ROLLED PLATE**

Commodity plate prices have continued to move up in several countries over the last month. The improvement has been made possible due to the interruption of slab supplies caused by the crisis in Ukraine as well as the inflated prices quoted by Russian mills. The market for the higher specifications has not performed as well as expected as machine building has started to slow in a number of EU countries.

Stock levels are stable in Germany, where distributors' sales are climbing. The general business outlook is mixed, partly due to the Ukrainian problem and, therefore, investors are holding back. Nevertheless, commodity plate values have advanced a little since our last report. In France, the small rise, implemented in September has held and even strengthened in some instances. Offers are still limited due to the Ukrainian crisis. However, there has been no recovery in demand. In fact, plate consumption is going down. There are still a few significant deals to be made in the shipbuilding sector but medium-sized volume business has fallen away. Italian rerollers have stuck to the application of their announced €30/50 per tonne increase, forced upon them by higher slab costs. We have noted a further €10 per tonne advance during recent settlements. However, the Mediterranean export market is not absorbing any sizeable quantities, which could create future downward pressure.

**MEPS - STEELPPI - AUTOMOTIVE  
Auto Body Parts Composite Index**

	Aug-14	Sep-14	Oct-14
<b>EU Average</b>	74.2	74.2	74.3
<b>Year-on-year % +/-</b>	-2.0	-5.0	-4.7
* Jan 07 = 100 - based on transaction prices ** STEELPPI - Steel Purchasing Price Index			

UK consumption is described as 'disappointing'. Activity has never picked up since the end of the summer holidays. Demand is quiet across all specifications. The UK currency has continued to strengthen, making it easier for mainland European suppliers to conclude sales. Mill price rises are impossible to implement. Resale values are dismal. We can report price stability in Belgium, following the September increase. Producers have secured another modest rise in Spain. Chinese mills are quoting at €405/410 per tonne.

**COLD ROLLED COIL**

In Germany, domestic suppliers have not implemented their proposed final quarter hike as there has been no revival in demand since the summer vacation. French selling values are the same as those published in our September issue. Activity remains subdued amidst economic gloom. Sales of cold rolled coil to Italian customers are at a very low level. The marginal rise gained last month remains in place but further increases proved unobtainable.

In the UK, recent low offers from Russian suppliers

**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
<b>Germany</b>	500	500	656	631
<b>France</b>	500	500	656	631
<b>Italy</b>	480	480	630	606
<b>UK</b>	385	385	640	624
<b>Belgium</b>	500	500	656	631
<b>Spain</b>	500	500	656	631

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	450	460	450	345	443	460	440
	Low	410	420	410	320	411	420	420
Hot Rolled Plate	High	555	560	520	440	566	540	530
	Low	515	510	480	410	527	500	480
Cold Rolled Coil	High	540	540	530	420	540	550	540
	Low	500	500	480	385	495	500	500
Hot Dipped Galvanised Coil	High	530	540	505	435	559	550	540
	Low	490	500	455	395	508	500	500
Electro-Zinc Coated Coil	High	550	540	545	455	585	550	550
	Low	500	510	505	415	533	500	510
Stainless CR Coil Type 304 (a)	High	1170	1150	1100	955	1228	1130	1075
	Low	1070	1100	1050	885	1138	1080	1025
Stainless CR Coil Type 430 (a)	High	1090	1070	955	985	1266	—	1007
	Low	1040	1020	905	960	1234	—	977

## MONTH on MONTH % CHANGE

Hot Rolled Coil	Low	0.0	0.0	0.0	0.0	1.5	0.0	0.0
Hot Rolled Plate	Low	2.0	1.0	2.1	0.0	1.5	0.0	1.1
Cold Rolled Coil	Low	0.0	0.0	0.0	0.0	1.6	0.0	0.0
HD Galv Coil	Low	0.0	0.0	0.0	0.0	1.6	0.0	0.0
EZ Coated Coil	Low	0.0	0.0	0.0	0.0	1.5	0.0	0.0
SS CR Coil 304	Low	0.0	0.0	0.0	-1.1	0.4	0.0	0.0
SS CR Coil 430	Low	0.0	0.0	0.0	-1.0	0.5	—	0.0

## 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.

The data contained in this newsletter has been obtained from respondents who we consider provide accurate intelligence on the steel market. We make our best endeavours to be assured that the information is correct and that our analysis is reliable. MEPS (International) Ltd cannot be made liable for any loss resulting from the use of our published data, however it may arise.

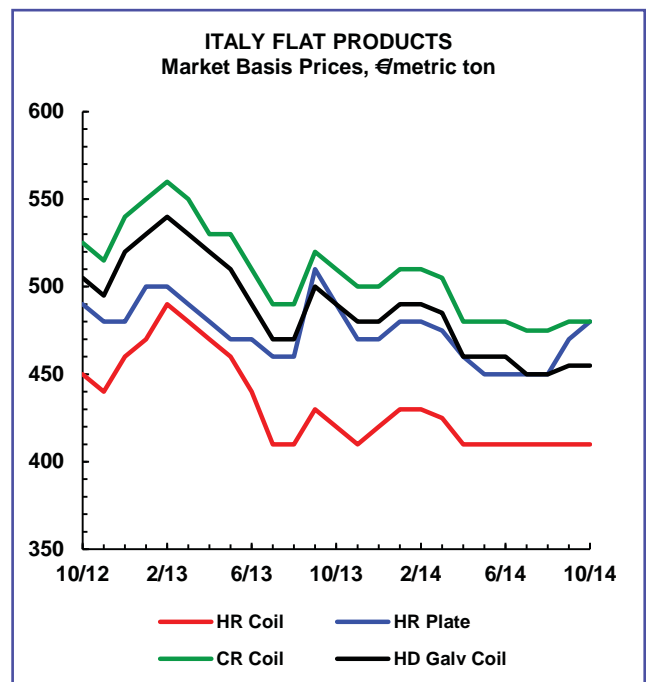
have been withdrawn. Current quotations, at £415/420 per tonne, effective delivered, are not dramatically cheaper than West European ones. Attractively priced material from China is available for delivery at the end of the year. Basis numbers from EU mills have not changed from those reported last month. Belgian basis figures are stable, despite moves by producers to secure a fourth quarter advance. Demand is flat and unlikely to recover in the short term. Spanish values are the same as in the previous month. Service centres report that Chinese material, due to arrive in February 2015, looks competitively priced.

## COATED COIL

In Germany, construction-related sales of hot dipped galvanised coil are static. In the general market, basis numbers have not recovered due to oversupply. The German vehicle manufacturers continue to try to reduce their steel costs wherever possible, as they struggle with declining export sales. Conditions in the French auto industry are stable but this has not enabled steelmakers to lift coated steel prices. Consumption, in general, remains tepid as the economic climate deteriorates. Italian auto output grew in the first half of this year, albeit from a low base. The purchase of consumer goods remains low due to the deflationary nature of the economy. Buyers have successfully resisted a proposed advance for galvanised coil, backed by poor demand and fierce internal competition.

The UK heating sector is seasonally busy and there has been an upturn in demand from the construction industry. Automotive output is also very healthy. Prices of hot dipped galvanised coil for forward orders are firm, after slipping in September. In Belgium, customers are paying the same as in the previous month. Imported stock has proved difficult to move in Spain. Market prices are unchanged from those reported in our last issue. Car production has picked up.

In Germany, the steelmakers have, once again, rolled



over the previous month's figures for sales of electro-zinc coated coil. The situation in France is similar. Italian buyers have resisted an initiative to lift basis numbers. Availability is less tight than usual in the UK but mainland European suppliers have held on to prices, after conceding a relatively large decrease a month ago. Belgian buyers have settled for a roll-over of the September figures. We have noted a comparable situation in Spain.

## COLD ROLLED STAINLESS STEEL

In September, cold rolled austenitic stainless steel basis values were unchanged in Germany, France, Italy, Belgium and Spain. In Italy, European mills had been aggressively selling to end-users via their own service centres, even though their ex-mill prices were steady. Stockists in France and Italy were concerned about likely anti-dumping measures against Asian suppliers. In the UK, basis numbers, in Sterling, were adjusted downwards to account for the euro exchange rate.

## LONG PRODUCTS

West European long product prices are subject to downward pressure at present as the mills' outlay on scrap falls.

### WIRE ROD

After six months of level pricing, low carbon wire rod

mills have conceded a small discount during recent negotiations in Germany. There is little activity in the recoil market, where values are, again, unchanged although there is negative pressure from declining scrap costs. In France, prices for drawing rod are €10 per tonne cheaper than those reported a month ago. For the mesh quality, they are the same as

in September. Italian low carbon wire rod prices have lost €10 per tonne since our last report. A poorly performing construction sector continues to create lacklustre demand for recoil. Nevertheless, steelmakers have kept effective figures steady for the second consecutive month.

Despite flat consumption and overcapacity, selling values for the basic drawing qualities remain firm in the UK. A number of producers are pushing for an increase but the effort is not united. Recoil figures are moving down, in line with the rebar prices. Drawing quality numbers have been revised downwards in Belgium, where activity is surprisingly quiet. In Spain,

low carbon wire rod prices have not altered. Demand for the mesh quality is flat and values are steady.

## MEDIUM SECTIONS AND BEAMS

The steelmakers' desire to impose a €10/20 per tonne hike on structural sections has been thwarted by weakening scrap prices. This, combined with a lethargic trading environment and oversupply, has led to lower effective values in several countries.

In Germany, there is strong competition amidst subdued purchasing activity. Suppliers have been forced to trim prices to try to stimulate buying interest.

## LONG PRODUCTS - NEGOTIATED DOMESTIC BASIS PRICES

price/metric ton		Germany	France	Italy	UK+	UK+	Belgium	Spain
		(€)	(€)	(€)	(£)	(€)	(€)	(€)
Wire Rod (b)	High	520	530	520	440	566	530	525
	Low	500	500	500	400	514	500	505
Medium Sections and Beams (c)	High	540	540	505	440	566	570	545
	Low	500	510	485	410	527	520	495
Rebar (d)	High	240	240	195	390	501	240	220
	Low	220	210	185	360	463	210	200
Merchant Bar (e)	High	150	130	110	460	591	120	160
	Low	110	110	90	440	566	100	100

## MONTH on MONTH % CHANGE

Wire Rod	Low	-2.0	-2.0	-2.0	0.0	1.6	-2.0	-1.9
Medium Sections	Low	-2.0	1.0	-1.0	-6.8	-5.4	0.0	-1.0
Rebar	Low	-2.2	-2.3	-9.8	-5.3	-3.7	-4.5	-9.1
Merchant Bar	Low	-8.3	0.0	-5.3	-2.2	-0.7	0.0	-13.0

## BASIS PRICE AND PRODUCT DEFINITIONS

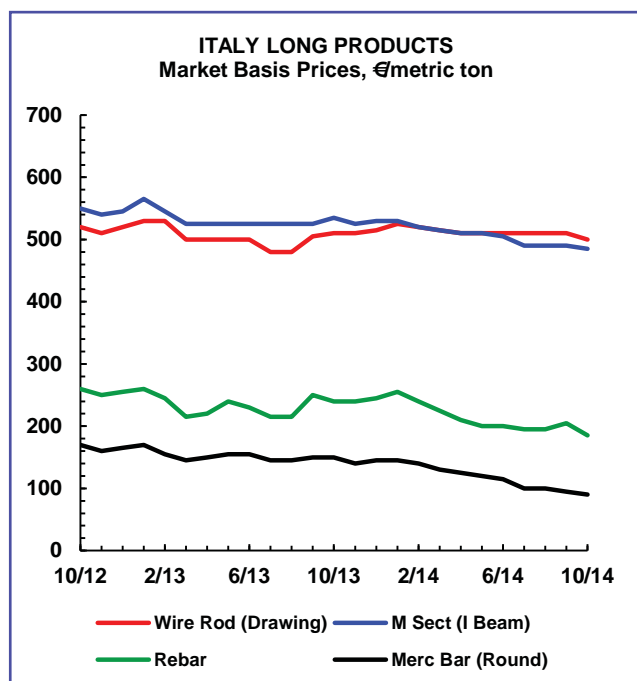
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Extras for size, cutting, testing, transport etc. are excluded except where specified.

- 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.





Some French distributors have agreed to pay slightly more during recent settlements. However, others have refused, arguing that they are unable to pass on any rises to their customers. Investment in Italian construction has reduced in 2014, compared with the previous year. The deterioration has been huge and no change in direction is forecast. Effective prices for beams continue to suffer from a lack of demand and surplus supply. As scrap has become less expensive, the mills have been obliged to concede small discounts.

Although suppliers to the UK are saying prices have reached the bottom, effective values continue to contract and may go down even further, before the end of 2014. Consumption is higher than a year ago but there is a great deal of negative price pressure from continental European producers whose domestic markets are very quiet. Moreover, mill inputs are lower now, so there is nothing to drive an increase. Resale prices continue to be under threat. Belgian customers purchased large volumes during the summer period. As demand is slow, there is still plenty of stock in the system so present buying activity is limited. Although effective values are stable for now, it could prove difficult to hold them at this level. Big building projects have been put on hold because of the financial situation. In Spain, we have noted some slight price falls in a fragile purchasing climate.

## REINFORCING BAR

Southern European mills have been forced to drop their export offers to €415/425 per tonne, FOB, due to weakening scrap costs, slow purchasing by Algerian

clients and reducing domestic prices.

German demand is subdued and there was renewed negative pressure as scrap costs continued to tumble. Producers have lost half the increase secured in September. In France, government measures to boost private construction have not yet been implemented so building activity is weak, leading to poor rebar sales. The modest, cost-driven price hike achieved last month could not be sustained as scrap values fell. The situation in the Italian market is dire. Domestic demand, from a construction sector, badly hit by the financial crisis, is low. Moreover raw material costs have moved down, causing rebar basis values to drop by €20 per tonne.

UK consumption is significantly higher than a year ago but there is oversupply, particularly from Chinese sources that can produce material much more cheaply than their European counterparts. In addition, scrap costs for the domestic mills are lower now. There has been a small downward correction in the Belgian market. Service centres report that customers are waiting until the last minute to order. Resale values are still under threat. Distributors' customers and, in some cases, competitors have liquidity problems. Lower raw material costs and muted sales have led to a dip in Spanish basis prices.

## MERCHANT BAR

As anticipated, the implementation of new, higher size extras in July has led buyers to call for lower basis values. Discounts have been conceded in several countries.

In Germany, the mills have failed to resist customers' demands for basis cuts. Purchasing activity remains cautious as buyers are still unsure of future price

### MEPS INDUSTRIAL SECTOR STEEL PURCHASING PRICE INDICES - EU AVERAGE

Jan 07 = 100	Sep-14	Oct-14	% change
<b>Construction Industry</b>	94.7	89.8	-5.2
<b>Household Appliances</b>	78.5	75.7	-3.6
<b>Machinery Sector</b>	86.6	83.4	-3.7
<b>Shipbuilding Industry</b>	76.2	74.4	-2.4
<b>Shipping Containers</b>	83.6	80.0	-4.3
<b>Yellow Goods</b>	88.1	85.2	-3.3

movements. There has been no improvement in business levels. French merchant bar numbers are stable for now but market participants fear they may not hold until the year-end, as scrap values weaken and sales volumes fail to revive. Italian basis figures continue on a downward trajectory, falling by a further €5 per tonne. The outlook remains dismal due to a lack of building activity.

Market demand is climbing in the UK but a large proportion of the increased sales are being secured

by exporters in mainland Europe who are offering at attractive prices, helped by the strength of sterling against the euro. Belgian distributors report that there has been no improvement in volumes over the last month. The mills took a reasonable amount of orders during the June to August period but now their bookings have slowed. This is producing negative price pressure. The situation could lead to further cuts. Sales to Spanish end-users are tepid. During recent settlements, customers have successfully negotiated a €15 per tonne reduction.

## MARKET AND INDUSTRY SCENE

### CAPACITY/INVESTMENT

Tata Steel has inaugurated a new finishing line at its automotive steel plant in IJmuiden, Netherlands. The €12 million investment will be fed from the three hot dipped galvanising lines on site. It is capable of finishing up to 400,000 tonnes of galvanised steel coil each year.

### MERGERS/ACQUISITIONS

Tata Steel has signed a memorandum of understanding with Klesch group formalising the proposed sale of its Long Products Europe division and associated distribution centres. The agreement

covers Tata's Scunthorpe integrated steelworks and rolling mills in Scotland, Teesside and France, and an extensive distribution arm. Currently 6,500 people are employed within the division. Due diligence and further negotiations will be carried out before any sale is finalised.

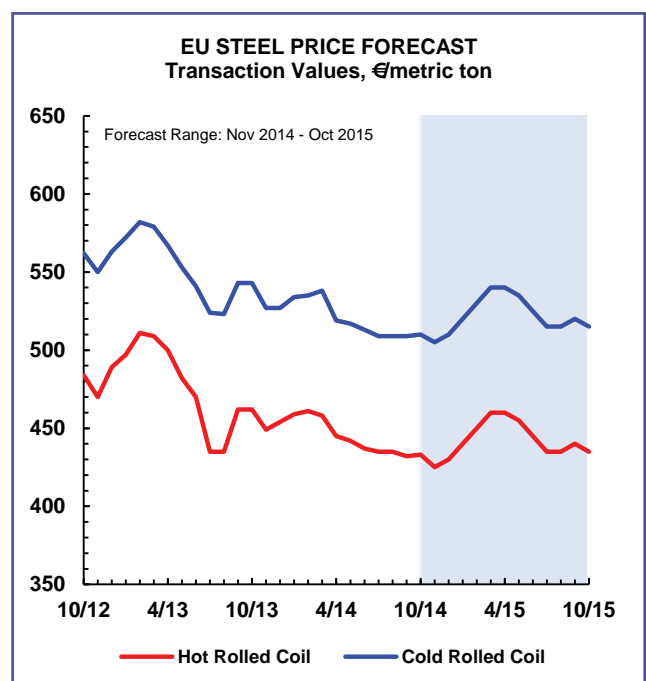
Italian flat steel fabricator Arvedi has purchased a pig iron plant in Trieste from the insolvent Lucchini group. The plant, which can produce approximately 350,000 tonnes of pig iron each year, was put up for sale by the Italian government in 2010. Arvedi will invest €172 million over the next two years improving environmental standards and transport links at the site.

## MEDIUM TERM PRICE FORECASTS

MEPS - EU Average prices for hot and cold rolled coil climbed up by €1 per tonne in October. They now stand at €433 per tonne and €510 per tonne, respectively.

Steelmakers may be forced to concede discounts in the near term as they attempt to fill rolling schedules. As a result, steel prices are expected to decrease slightly before the end of 2014. We anticipate a modest upturn in transaction values, around the turn of the year and during the first quarter of 2015, as a degree of inventory replenishment commences. However, there are downside risks to our forecast. If iron ore costs fail to rise, the mills may struggle to implement proposed increases.

We forecast some negative pressure on selling figures in the second quarter of next year. This is based on a seasonal downturn in raw material costs and a likely slowdown in demand. Minor fluctuations in steel prices are expected during the second half of 2015.



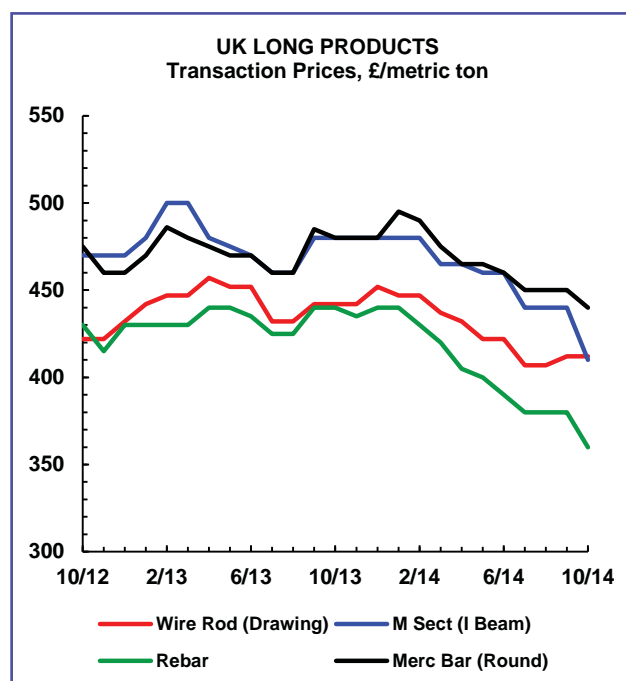
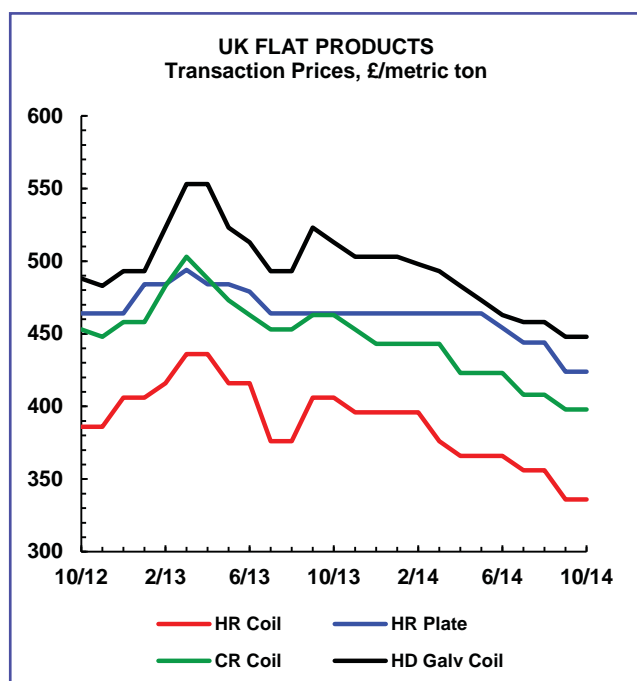


### EU AVERAGE DOMESTIC TRANSACTION PRICE FORECASTS

Euro/metric ton	Actual	Forecast					
	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Hot Rolled Coil	433	425	430	440	450	460	460
Hot Rolled Plate	522	520	520	525	535	545	545
Cold Rolled Coil	510	505	510	520	530	540	540
HD Galv Coil	561	555	560	570	580	590	590
EZ Coated Coil	567	560	565	575	585	595	595
Wire Rod (Drawing)	510	500	505	515	520	525	525
Wire Rod (Mesh)	456	440	445	455	460	465	465
M Sect (I Beam)	503	495	500	510	520	525	525
M Sect (H Beam)	557	550	555	565	575	580	580
Reinforcing Bar	440	420	430	440	450	455	455
Merc Bar (Round)	503	493	498	508	513	518	518
Merc Bar (Eq Angle)	521	510	515	525	530	535	535

### 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	469	470	480	470	361	464	460
	Low	433	430	440	430	336	432	440
Hot Rolled Plate	High	564	570	575	535	454	584	545
	Low	522	530	525	495	424	545	495
Cold Rolled Coil	High	553	555	555	545	433	557	555
	Low	510	515	515	495	398	512	515
Hot Dipped Galvanised Coil	High	604	602	612	577	488	627	612
	Low	561	562	572	527	448	576	572
Electro-Zinc Coated Coil	High	610	609	599	604	498	640	609
	Low	567	559	569	564	458	589	569
Stainless CR Coil Type 304	High	1154	1170	1150	1100	955	1228	1075
	Low	1079	1070	1100	1050	885	1138	1025
Stainless CR Coil Type 430	High	1080	1090	1070	955	985	1266	1007
	Low	1035	1040	1020	905	960	1234	977

LONG PRODUCTS price/metric ton		EU AVG	Germany	France	Italy	UK	UK	Spain
		(€)	(€)	(€)	(€)	(£)	(€)	(€)
Wire Rod (Drawing Quality)*	High	535	538	530	520	452	581	525
	Low	510	518	500	500	412	530	505
Wire Rod (Mesh Quality)	High	480	480	490	470	390	501	480
	Low	456	460	460	450	360	463	450
Medium Sections (I Beam)	High	540	540	540	505	440	566	545
	Low	503	500	510	485	410	527	495
Medium Sections (H Beam)	High	602	610	590	590	485	623	585
	Low	557	560	550	555	445	572	545
Reinforcing Bar	High	458	480	480	435	390	501	460
	Low	440	460	450	425	360	463	440
Merchant Bar (Round)	High	535	540	520	500	460	591	550
	Low	503	500	500	480	440	566	490
Merchant Bar (Equal Angle)	High	552	560	540	520	460	591	570
	Low	521	520	520	500	440	566	510

\* Includes supplementary surcharge in the UK.

**CURRENCY EXCHANGE RATES**

	US dollars (US\$)		Euros (€)	
	1-Sep	1-Oct	1-Sep	1-Oct
Eurozone (€)	0.762	0.792	-	-
UK (£)	0.602	0.617	0.790	0.778

**NEXT MONTH'S ISSUE**

*The November issue of the European Steel Review will be dispatched by post & PDF on 18 November, 2014.*

*Express Price Tables will be dispatched by e-mail in excel format on 11 November, 2014.*

*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**

	Sep-14	Oct-14	% change
Hot Rolled Coil	165.5	165.9	0.2
Hot Rolled Plate	178.7	181.9	1.8
Cold Rolled Coil	139.8	140.1	0.2
HD Galv Coil	121.5	121.7	0.2
EZ Coated Coil	134.4	134.7	0.2
SS CR Coil 304	87.9	87.9	0.0
SS CR Coil 430	91.8	91.9	0.1
Wire Rod (Drawing)	195.5	192.5	-1.5
Wire Rod (Mesh)	193.2	192.4	-0.4
M Sect (I Beam)	166.8	163.8	-1.8
M Sect (H Beam)	162.5	159.6	-1.8
Reinforcing Bar	200.9	193.8	-3.5
Merc Bar (Round)	191.7	189.1	-1.4
Merc Bar (Eq Angle)	204.3	201.9	-1.2

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

**NEGOTIATED DOMESTIC TRANSACTION PRICES - MONTH ON MONTH % CHANGE**

**October 2014 versus September 2014**

		EU AVG (€)	Germany (€)	France (€)	Italy (€)	UK (£)	UK (€)	Spain (€)
Hot Rolled Coil	Low	0.2	0.0	0.0	0.0	0.0	1.6	0.0
Hot Rolled Plate	Low	1.8	1.9	1.0	2.1	0.0	1.5	1.0
Cold Rolled Coil	Low	0.2	0.0	0.0	0.0	0.0	1.6	0.0
HD Galv Coil	Low	0.2	0.0	0.0	0.0	0.0	1.6	0.0
EZ Coated Coil	Low	0.2	0.0	0.0	0.0	0.0	1.6	0.0
SS CR Coil 304	Low	0.0	0.0	0.0	0.0	-1.1	0.4	0.0
SS CR Coil 430	Low	0.1	0.0	0.0	0.0	-1.0	0.5	0.0
Wire Rod (Drawing)	Low	-1.5	-1.9	-2.0	-2.0	0.0	1.5	-1.9
Wire Rod (Mesh)	Low	-0.4	0.0	0.0	0.0	-5.3	-3.7	0.0
M Sect (I Beam)	Low	-1.8	-2.0	1.0	-1.0	-6.8	-5.4	-1.0
M Sect (H Beam)	Low	-1.8	-1.8	0.9	-0.9	-6.3	-4.8	-0.9
Reinforcing Bar	Low	-3.5	-1.1	-1.1	-4.5	-5.3	-3.7	-4.3
Merc Bar (Round)	Low	-1.4	-2.0	0.0	-1.0	-2.2	-0.7	-3.0
Merc Bar (Eq Angle)	Low	-1.1	-1.9	0.0	-1.0	-2.2	-0.7	-2.9

## 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/m<sup>2</sup>.

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.

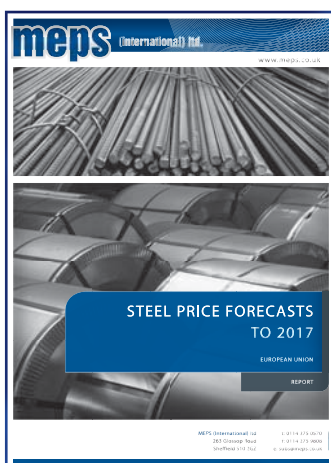
Reinforcing Bar (Deformed) - 16-20mm diameter, high yield.

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.