

EUROPEAN STEEL REVIEW

KEYNOTE

AUGUST 2014

DECLINING EU STEEL PRICES OFFSET BY FALLING MILL INPUT COSTS

Steel prices have been under negative pressure so far this year. The MEPS - EU Average Flat Products Composite Steel Price decreased by almost 7 percent in the first half of 2014, compared with the corresponding period in the previous year. However, raw material costs have also reduced. The price of iron ore fines (Fe 64%, FOB - Brazil) has fallen by 24 percent and coking coal has declined by 9 percent. The strengthening of the euro against the US dollar has made the reductions even more pronounced.

Customers have been able to secure the majority of, if not all, the mills' cost savings. However, steelmakers have managed to prevent any further deterioration in their margins. Analysis

by MEPS indicates that the conversion margin between raw material costs and flat product steel prices was unchanged in the first half of 2014, on a year-on-year basis.

Steel demand is expected to rise, moderately, in 2014, following decreases in the previous two years. A number of end-user segments are showing better performance. According to ACEA, registrations of passenger cars and commercial vehicles, in the first half of this year, increased by 6.4 and 9.2 percent, respectively. The building sector is gradually improving as financial constraints slowly ease. Better weather conditions helped to boost activity. Data published by Eurostat shows that production in construction grew by 6.5 percent

FLAT ROLLED PRODUCTS - NEGOTIATED DOMESTIC BASIS PRICES - GERMANY

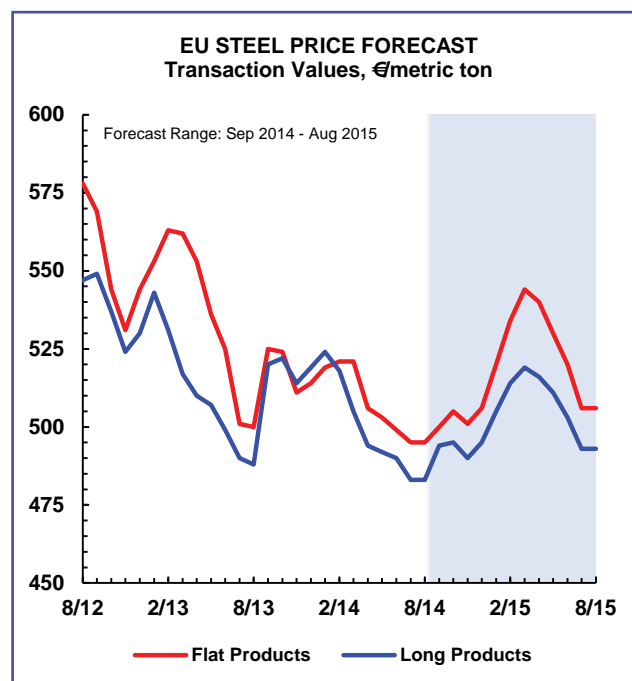
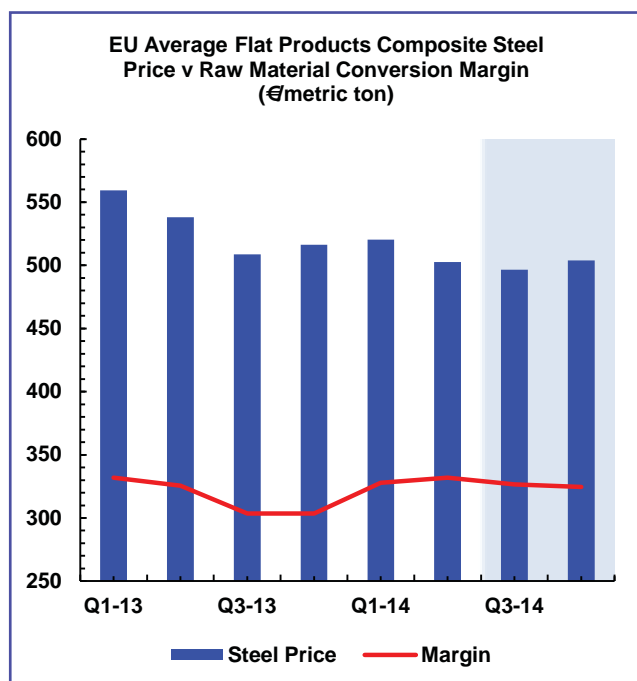
price/metric ton		2014					
		MAR	APR	MAY	JUN	JUL	AUG
Hot Rolled Coil	High	500	490	480	460	450	450
	Low	450	440	430	410	410	410
Hot Rolled Plate	High	545	545	545	545	540	540
	Low	505	505	505	505	500	500
Cold Rolled Coil	High	570	560	550	540	540	540
	Low	530	520	510	500	500	500
Hot Dipped Galvanised Coil	High	570	560	550	540	530	530
	Low	530	520	510	500	490	490
Electro-Zinc Coated Coil	High	580	570	570	560	550	550
	Low	530	520	520	510	500	500
Stainless CR Coil Type 304	High	1130	1130	1130	1150	1160	1160
	Low	1030	1030	1030	1050	1060	1060
Stainless CR Coil Type 430	High	1090	1090	1090	1090	1090	1090
	Low	1040	1040	1040	1040	1040	1040

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in the first quarter of 2014, year-on-year.

European mills have seen their order intake rise. Figures from worldsteel indicate that steelmakers increased crude steel output by 3.8 percent in the January/June 2014 period, compared with one year earlier. MEPS foresees a slowdown in the rate of growth in the second half - leaving the annual outturn 2.5 to 3 percent higher.

The outlook for flat product prices until the year-end is fairly dull. Steelmakers are expected to push for increases. We believe only modest rises will be achieved, barely covering an anticipated slight rise in the cost of raw materials. However, the conversion margin should hold up, assuming that the mills prevent

any further deterioration in their selling figures and input expenditure does not rise significantly. In the latter part of 2013, steel transaction values contracted by more than the reduction in raw material costs, resulting in lower margins in that period.

Modest price growth is envisaged in 2015. The MEPS - EU Average Flat Products Composite Steel Price is forecast to increase by 2.7 percent, compared with the estimated annual average in 2014. Raw material expenditure is also expected to escalate. Significant capacity expansion by global iron ore suppliers should keep prices of fines suppressed but growth is projected for the cost of coking coal and scrap. Consequently, the mills' conversion margins are expected to be broadly unchanged next year, relative to 2014.

LONG PRODUCTS - NEGOTIATED DOMESTIC BASIS PRICES - GERMANY

price/metric ton		2014					
		MAR	APR	MAY	JUN	JUL	AUG
Wire Rod	High	530	530	530	530	530	530
	Low	510	510	510	510	510	510
Medium Sections and Beams	High	575	570	570	570	550	550
	Low	535	530	530	530	510	510
Reinforcing Bar	High	260	250	250	235	235	235
	Low	240	230	230	215	215	215
Merchant Bar	High	185	180	180	170	160	160
	Low	145	140	140	130	120	120

QUARTERLY NEGOTIATED BASIS PRICES - GERMANY (€/metric ton)

		Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14(f)
Hot Rolled Coil	High	540	513	480	493	493	477	452
	Low	490	463	430	443	443	427	412
Hot Rolled Plate	High	565	557	535	542	542	545	540
	Low	525	517	495	502	502	505	500
Cold Rolled Coil	High	610	583	563	563	563	550	542
	Low	570	543	523	523	523	510	502
Hot Dipped Galvanised Coil	High	610	583	563	563	563	550	532
	Low	570	543	523	523	523	510	492
Electro-Zinc Coated Coil	High	620	593	573	573	573	567	552
	Low	570	543	523	523	523	517	502
Stainless CR Coil Type 304 (a)	High	1137	1123	1097	1113	1127	1137	1163
	Low	1037	1023	997	1013	1027	1037	1063
Stainless CR Coil Type 430 (a)	High	1110	1110	1090	1090	1090	1090	1090
	Low	1060	1060	1040	1040	1040	1040	1040
Wire Rod (b)	High	543	530	517	535	533	530	530
	Low	523	510	497	515	513	510	510
Medium Sections and Beams (c)	High	633	590	573	585	582	570	552
	Low	593	550	533	545	542	530	512
Reinforcing Bar (d)	High	297	253	252	268	272	245	238
	Low	277	233	232	248	252	225	218
Merchant Bar (e)	High	227	187	180	203	193	177	162
	Low	187	147	140	163	153	137	122

PRICE DEFINITIONS

Negotiated basis price ranges pertain to new purchases for mainstream business agreed 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 unless otherwise stated.

Notes: (a) Basis - 1.5mm thick.
 (b) Drawing quality. This product incorporates a quality extra.
 (c) Category C1. Includes size extras.
 (d) High Yield - deformed.
 (e) Round Bar.
 (f) Forecast

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 use of our published data, however it may arise.

FLAT PRODUCTS

Price investigations are not carried out in August due to the holiday breaks which take place in the majority of West European nations during that period. We take the opportunity to review trends over the past twelve months in this issue.

HOT ROLLED COIL

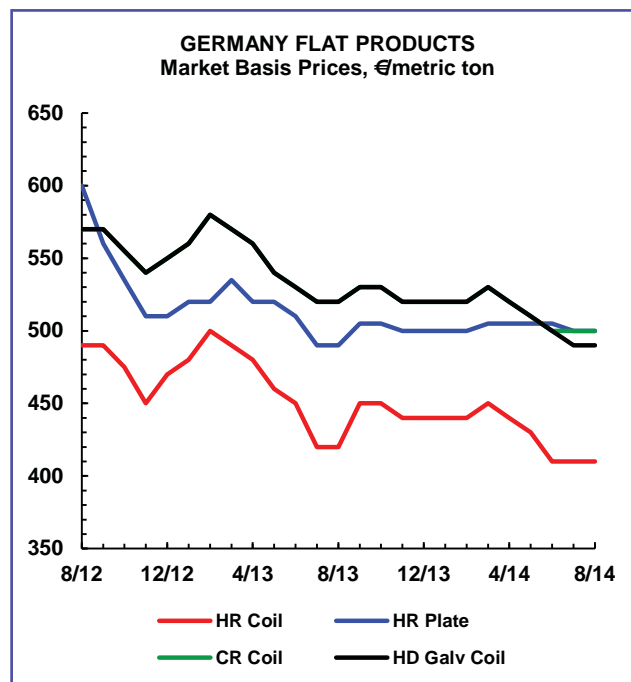
Although the market was quiet in August 2013, several leading producers announced September price hike proposals ahead of the summer holidays, citing growing input costs and positive economic news from several countries. The initiative was successful but relatively short-lived. A slowdown in order intake discouraged the mills from pushing hard for further increases during negotiations for fourth quarter business. Moreover, as the US dollar was weak, there was a renewed threat from third country imports. Domestic basis values weakened a little.

Steelmakers continued to push for higher prices in order to boost their low profit margins but buyers resisted the mills' aspirations as end-user demand was muted. By the middle of the first trimester 2014, the price trend was negative. Since then, an imbalance in supply and demand has continued to weigh heavily on basis values. Despite optimistic macro-economic indicators and strengthening consumption in several countries, customers were still hesitant to place orders. In mid-July this year it remained a buyers' market. Third country offers were a little below domestic ones but the lengths of the delivery lead times were considered unfavourable by many companies.

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	500	500	684	672
France	500	500	684	672
Italy	475	475	650	638
UK	395	395	678	665
Belgium	500	500	684	672
Spain	500	500	684	672

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



HOT ROLLED PLATE

At the start of the review period, the commodity plate market was depressed, with prices under threat. Steelmakers involved in supplying the large diameter linepipe industry were seeing a severe slowdown in order intake. Construction demand was poor and export activity weak. However, import penetration was low and distributors' stocks were well controlled. Producers pushed through a small increase in September.

Prices began to soften in the final trimester of 2013 but picked up again at the start of the New Year. A proposed second quarter rise failed due to an influx of very competitive offers from India, China and Ukraine. The award of contracts for the Russian South Stream project in early 2014 helped to reduce the overcapacity issue as northern European mills became busier with orders from the linepipe industry. However, those producers supplying the commodity market were still far from fully loaded. Prices were under renewed pressure during the second trimester as import quotations became even cheaper as a result of the relatively strong euro, low iron ore costs and cheaper freight rates.

COLD ROLLED COIL

Over the review period, we recorded basis falls of between 3.1 and 10.2 percent in local markets.

FLAT ROLLED PRODUCTS - NEGOTIATED DOMESTIC BASIS PRICES

price/metric ton		Germany (€)	France (€)	Italy (€)	UK (£)	UK (€)	Belgium (€)	Spain (€)
Hot Rolled Coil	2013	420	420	410	360	420	430	410
	2014	410	420	410	340	426	420	420
Hot Rolled Plate	2013	490	460	460	450	525	460	460
	2014	500	500	450	430	539	490	465
Cold Rolled Coil	2013	520	520	490	440	513	520	490
	2014	500	500	475	395	495	500	500
Hot Dipped Galvanised Coil	2013	520	500	470	440	513	510	500
	2014	490	500	450	405	508	500	500
Electro-Zinc Coated Coil	2013	520	540	520	455	531	530	520
	2014	500	510	505	440	551	500	510
Stainless CR Coil Type 304 (a)	2013	1000	1000	950	905	1056	1010	930
	2014	1060	1090	1050	895	1122	1060	1025
Stainless CR Coil Type 430 (a)	2013	1040	1020	885	1000	1167	—	977
	2014	1040	1020	905	990	1241	—	977

YEAR on YEAR % CHANGE

Hot Rolled Coil	Low	-2.4	0.0	0.0	-5.6	1.4	-2.3	2.4
Hot Rolled Plate	Low	2.0	8.7	-2.2	-4.4	2.7	6.5	1.1
Cold Rolled Coil	Low	-3.8	-3.8	-3.1	-10.2	-3.5	-3.8	2.0
HD Galv Coil	Low	-5.8	0.0	-4.3	-8.0	-1.0	-2.0	0.0
EZ Coated Coil	Low	-3.8	-5.6	-2.9	-3.3	3.8	-5.7	-1.9
SS CR Coil 304	Low	6.0	9.0	10.5	-1.1	6.3	5.0	10.2
SS CR Coil 430	Low	0.0	0.0	2.3	-1.0	6.3	—	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.

Low basis prices for July 2013 and July 2014

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.

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

	Hot Rolled Plate		Hot Rolled Coil	
	Q2/14	Q3/14p	Q2/14	Q3/14p
EU Average				
Non Sour	108.2	108.2	128.1	128.1
Sour	114.1	114.1	126.8	126.8
* Q4/06 = 100 - based on euro values ** p = Provisional				

Advances proposed by the steelmakers were implemented after the summer holidays of 2013. However, downward movements took place in November and December as demand waned and mill delivery lead times shortened. Prices recovered a little at the turn of the year.

After the start of the second trimester, oversupply and a lack of sales, plus the availability of competitively priced Russian material, caused the start of a negative trend that still persists. Service centres, which had excess stock, were fighting for orders and resale values tumbled in several countries. There has been third country import pressure, particularly from Chinese suppliers in southern Europe, but few deals have been concluded.

COATED COIL

Coated steel prices continued to decline over the last twelve months. The negative tendency was primarily due to oversupply. Demand was low from a poorly performing construction sector and there were cuts in vehicle output in several countries. Car output is now healthy in Germany and the UK and is improving in France, Spain and Italy, albeit at a slow pace.

Although producers managed to lift basis numbers in the third quarter of 2013, extremely weak demand, on both stockists and mills, led to reductions in the final trimester. The deterioration continued until the year-end, when determination on the part of suppliers to improve their profitability drove prices

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

	Jun-14	Jul-14	Aug-14
EU Average	74.8	74.2	74.2
Year-on-year % +/-	-3.7	-2.1	-2.0
* Jan 07 = 100 - based on transaction prices ** STEELPPI - Steel Purchasing Price Index			

upwards. The rise soon ran out of steam and basis values have trended downwards since then due to lacklustre consumption and surplus availability. There was reluctance on the part of buyers to commit to forward orders or build stocks. They continue to only order their minimum requirements. Basis figures for hot dipped galvanised coil finished the review period between 2.0 and 8.0 percent lower than in July 2013. The situation for electro-zinc coated steel was similar.

STAINLESS COLD ROLLED COIL

Basis values for cold rolled austenitic stainless steel gained, on average, 6.6 percent in domestic currencies over the past twelve months. Decreasing alloy surcharges allowed producers to lift basis figures in the third quarter of 2013, despite only modest sales volumes. At the turn of the year, prices were reasonably flat as the market underwent a typical seasonal slowdown. However, the mills were keen to implement basis rises during the early part of 2014 as activity levels picked up. The positive trend continued into the second quarter but there was very little speculative purchasing because of soaring alloy surcharges. Steelmakers have suggested further advances for the third trimester, although consumption may not be strong enough to support such a move.

There have been import offers from the Far East, particularly in Italy. At times these have been at a significantly cheaper price than local products but the four month delivery lead times discouraged many buyers.

LONG PRODUCTS

WIRE ROD

Over the twelve months evaluation period, drawing quality wire rod values expanded by between 4.1 and 7.3 percent in continental Europe but fell by 6.0 percent in the UK, when viewed in local currencies.

Following capacity cuts during the summer of 2013, producers secured increases throughout the second half of that year, reversing a previously negative trend. However, sales remained muted and prices peaked early in the first quarter of 2014. The downward trend resumed during first trimester as

consumption was dull. A period of stability ensued during the second quarter. The traditional price differential between this product and mesh quality material has been reinstated, to some extent, over the last year.

MEDIUM SECTIONS AND BEAMS

At the beginning of last summer, demand was slow throughout Europe. Continuously reducing prices were making buyers increasingly cautious when placing forward orders. Selling values reached the bottom in July 2013. Steelmakers advanced effective values in the third quarter as a direct result of their

higher outlay on raw materials. Further gains were made in the final trimester. Customers were reluctant to conclude business before the Christmas/New Year holidays. Despite an abnormally mild winter, enabling construction site work to progress unhindered, consumption remained subdued. Poor sales volumes and falling scrap costs led to discounting during the first half of 2014.

European supply of structural sections exceeds demand at present. This continues to undermine steelmakers' efforts to lift prices. The July EU average transaction figure is 3.4 percent below that in the same month last year.

LONG PRODUCTS - NEGOTIATED DOMESTIC BASIS PRICES

price/metric ton		Germany (€)	France (€)	Italy (€)	UK+ (£)	UK+ (€)	Belgium (€)	Spain (€)
Wire Rod (b)	2013	490	480	480	420	490	480	480
	2014	510	510	510	395	495	510	515
Medium Sections and Beams (c)	2013	530	530	525	460	537	520	520
	2014	510	500	490	440	551	510	500
Rebar (d)	2013	220	210	215	425	496	220	220
	2014	215	210	195	380	476	220	210
Merchant Bar (e)	2013	130	120	145	460	537	120	130
	2014	120	110	100	450	564	100	115

YEAR on YEAR % CHANGE

Wire Rod	Low	4.1	6.3	6.3	-6.0	1.0	6.3	7.3
Medium Sections	Low	-3.8	-5.7	-6.7	-4.3	2.6	-1.9	-3.8
Rebar	Low	-2.3	0.0	-9.3	-10.6	-4.0	0.0	-4.5
Merchant Bar	Low	-7.7	-8.3	-31.0	-2.2	5.0	-16.7	-11.5

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: + 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

Low basis figures for July 2013 and July 2014

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.

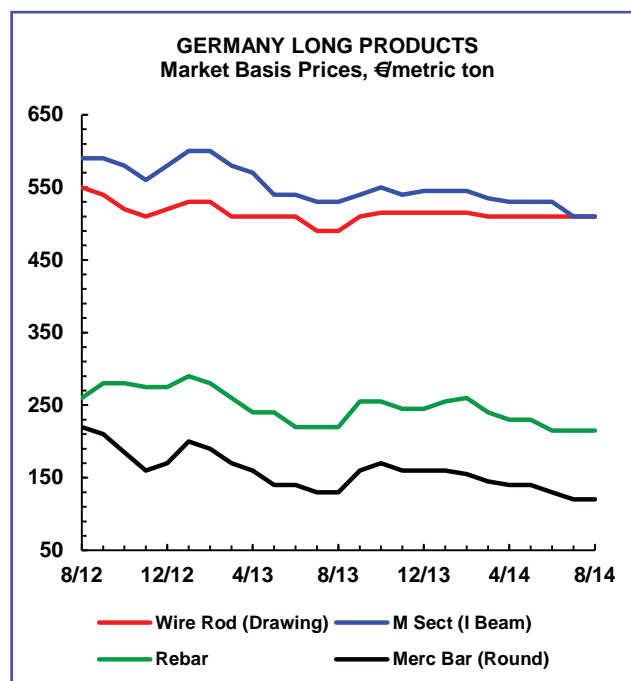
REINFORCING BAR

Over the last twelve months, the rebar market continued to be hit by the overall poor state of West European construction. Investment in building projects, both public and private, had still not recovered to pre-crisis levels. The demand situation was dire, particularly in the south, despite an exceptionally mild winter which enabled sites to remain open. Customers did not need to order large quantities ahead as stock availability at the mills was plentiful. Oversupply characterised the market, exerting negative pressure on prices. Basis values fluctuated in line with scrap movements but, particularly in the first half of 2014, the overall trend was downwards. Over the review period they lost between 2.3 and 10.6 percent in local currencies.

The construction industry is now showing some signs of recovery, especially in Germany, but massive capacity reduction is needed if the mills are to lift prices significantly. Export values from southern Europe are low. Overseas sales opportunities are few in the markets of North Africa and there is a great deal of competition from non-EU sources. Political issues in some of those countries are not helping the sales situation.

MERCHANT BAR

The current EU average transaction figure is marginally higher than the number recorded twelve months ago. However, basis prices have moved down substantially. Producers instigated new, higher size extras in September 2013 and announced another €10/20 per tonne advance in July. The latter, is still in



the transitional stage of implementation.

Real consumption was dull throughout the period due to the ongoing recession in construction and a weak economic climate in several countries. Buyers proceeded with caution, only purchasing for their immediate needs and carrying minimal inventories. This lack of orders thwarted mills' efforts to boost basis values and encouraged them to discount in order to obtain business, creating a downward spiral, particularly in the first six months of this year. The negative price tendency has persisted to date, as demand failed to recover significantly.

MARKET AND INDUSTRY SCENE

ThyssenKrupp Steel Europe is investing €90 million to modernise one of the continuous casters at its Duisburg-Beckerwerth site. The work is being carried out in tandem with maintenance at blast furnace 2 at the nearby Duisburg-Schwelgern facility. The improvements to the forty year-old caster will enhance slab quality and allow for a wider product range.

Deutsche Edelstahlwerke plans to upgrade its bar mill at the Siegen works in central Germany by installing a new cooling bed. The mill produces hexagonal sections and round steel bars with dimensions ranging from 21mm to 90mm. Commissioning is scheduled for autumn 2015.

Following approval from the European Commission, Sweden's SSAB has made a share exchange offer

with Rautaruukki shareholders as it bids to take over the Finnish steelmaker. Preliminary results show that 95.1 percent of the Rautaruukki shares were tendered in the initial offering.

MEPS INDUSTRIAL SECTOR STEEL PURCHASING PRICE INDICES - EU AVERAGE

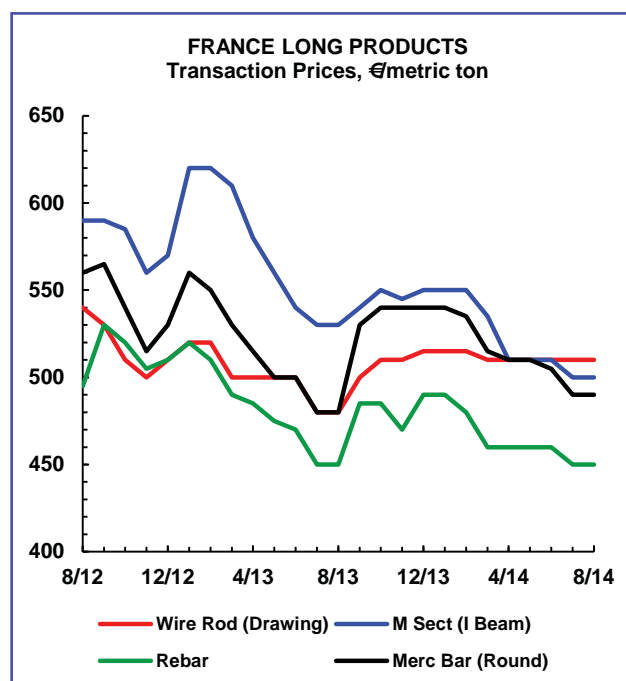
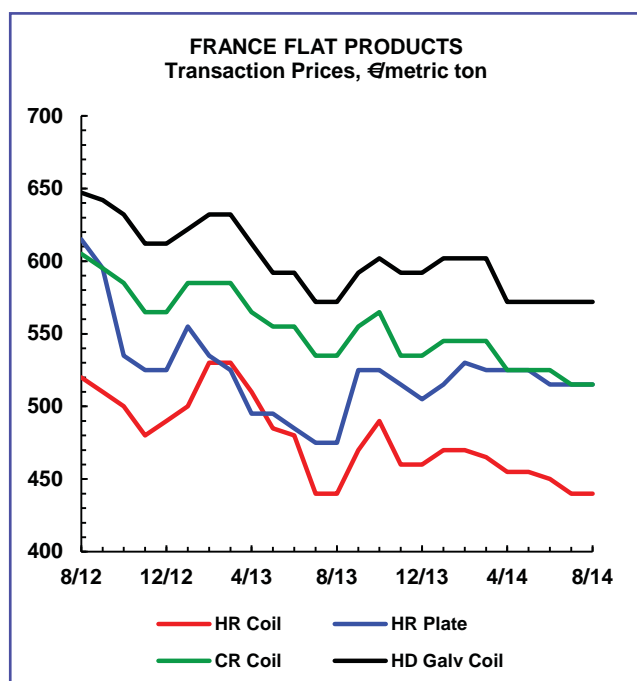
Jan 07 = 100	Jul-14	Aug-14	% change
Construction Industry	97.7	96.1	-1.6
Household Appliances	81.7	80.4	-1.6
Machinery Sector	89.5	87.9	-1.8
Shipbuilding Industry	78.7	77.4	-1.7
Shipping Containers	87.4	85.9	-1.7
Yellow Goods	92.0	90.3	-1.8

EU AVERAGE DOMESTIC TRANSACTION PRICE FORECASTS

Euro/metric ton	Actual	Forecast					
	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Hot Rolled Coil	435	440	445	440	445	460	475
Hot Rolled Plate	508	510	515	515	520	530	540
Cold Rolled Coil	509	515	520	515	520	535	550
HD Galv Coil	560	565	570	565	570	585	600
EZ Coated Coil	569	575	580	575	580	595	610
Wire Rod (Drawing)	517	525	525	520	525	530	535
Wire Rod (Mesh)	458	470	470	465	470	480	490
M Sect (I Beam)	511	515	520	515	520	530	540
M Sect (H Beam)	565	570	575	570	575	585	595
Reinforcing Bar	446	460	460	455	460	470	480
Merc Bar (Round)	502	508	513	508	513	523	528
Merc Bar (Eq Angle)	519	525	530	525	530	540	545

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	2013	435	440	440	430	376	439	430
	2014	435	430	440	430	356	446	440
Hot Rolled Plate	2013	496	505	475	475	464	541	475
	2014	508	515	515	465	444	556	480
Cold Rolled Coil	2013	524	535	535	505	453	529	505
	2014	509	515	515	490	408	511	515
Hot Dipped Galvanised Coil	2013	575	592	572	542	493	575	572
	2014	560	562	572	522	458	574	572
Electro-Zinc Coated Coil	2013	584	579	599	579	498	581	579
	2014	569	559	569	564	483	605	569
Stainless CR Coil Type 304	2013	994	1000	1000	950	905	1056	930
	2014	1071	1060	1090	1050	895	1122	1025
Stainless CR Coil Type 430	2013	1022	1040	1020	885	1000	1167	977
	2014	1036	1040	1020	905	990	1241	977

LONG PRODUCTS price/metric ton		EU AVG	Germany	France	Italy	UK	UK	Spain
		(€)	(€)	(€)	(€)	(£)	(€)	(€)
Wire Rod (Drawing Quality)*	2013	493	508	480	480	432	504	480
	2014	517	528	510	510	407	510	515
Wire Rod (Mesh Quality)	2013	460	450	460	460	425	496	460
	2014	458	460	460	450	380	476	450
Medium Sections (I Beam)	2013	529	530	530	525	460	537	520
	2014	511	510	500	490	440	551	500
Medium Sections (H Beam)	2013	583	590	570	595	495	578	570
	2014	565	570	540	560	475	595	550
Reinforcing Bar	2013	460	460	450	455	425	496	460
	2014	446	455	450	435	380	476	450
Merchant Bar (Round)	2013	498	490	480	505	460	537	490
	2014	502	500	490	480	450	564	495
Merchant Bar (Equal Angle)	2013	516	510	500	525	460	537	510
	2014	519	520	510	500	450	564	515

* Includes supplementary surcharge in the UK.

Note: Low basis prices for July 2013 and July 2014.

CURRENCY EXCHANGE RATES

	US dollars (US\$)		Euros (€)	
	1-Jul	1-Aug	1-Jul	1-Aug
Eurozone (€)	0.731	0.744	-	-
UK (£)	0.583	0.594	0.798	0.798

NEXT MONTH'S ISSUE

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

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

	Jul-14	Aug-14	% change
Hot Rolled Coil	166.7	166.7	0.0
Hot Rolled Plate	177.0	177.0	0.0
Cold Rolled Coil	139.8	139.8	0.0
HD Galv Coil	121.5	121.5	0.0
EZ Coated Coil	135.2	135.2	0.0
SS CR Coil 304	87.2	87.2	0.0
SS CR Coil 430	92.0	92.0	0.0
Wire Rod (Drawing)	195.1	195.1	0.0
Wire Rod (Mesh)	193.2	193.2	0.0
M Sect (I Beam)	166.4	166.4	0.0
M Sect (H Beam)	161.9	161.9	0.0
Reinforcing Bar	196.5	196.5	0.0
Merc Bar (Round)	188.7	188.7	0.0
Merc Bar (Eq Angle)	201.2	201.2	0.0

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

NEGOTIATED DOMESTIC TRANSACTION PRICES - YEAR ON YEAR % CHANGE

July 2014 versus July 2013

		EU AVG (€)	Germany (€)	France (€)	Italy (€)	UK (£)	UK (€)	Spain (€)
Hot Rolled Coil	Low:	0.0	-2.3	0.0	0.0	-5.3	1.6	2.3
Hot Rolled Plate	Low:	2.4	2.0	8.4	-2.1	-4.3	2.8	1.1
Cold Rolled Coil	Low:	-2.9	-3.7	-3.7	-3.0	-9.9	-3.4	2.0
HD Galv Coil	Low:	-2.6	-5.1	0.0	-3.7	-7.1	-0.2	0.0
E-Z Coated Coil	Low:	-2.6	-3.5	-5.0	-2.6	-3.0	4.1	-1.7
SS CR Coil 304	Low:	7.7	6.0	9.0	10.5	-1.1	6.3	10.2
SS CR Coil 430	Low:	1.4	0.0	0.0	2.3	-1.0	6.3	0.0
Wire Rod (Drawing)	Low:	4.9	3.9	6.3	6.3	-5.8	1.2	7.3
Wire Rod (Mesh)	Low:	-0.4	2.2	0.0	-2.2	-10.6	-4.0	-2.2
M Sect (I Beam)	Low:	-3.4	-3.8	-5.7	-6.7	-4.3	2.6	-3.8
M Sect (H Beam)	Low:	-3.1	-3.4	-5.3	-5.9	-4.0	2.9	-3.5
Reinforcing Bar	Low:	-3.0	-1.1	0.0	-4.4	-10.6	-4.0	-2.2
Merc Bar (Round)	Low:	0.8	2.0	2.1	-5.0	-2.2	5.0	1.0
Merc Bar (Eq Angle)	Low:	0.6	2.0	2.0	-4.8	-2.2	5.0	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.

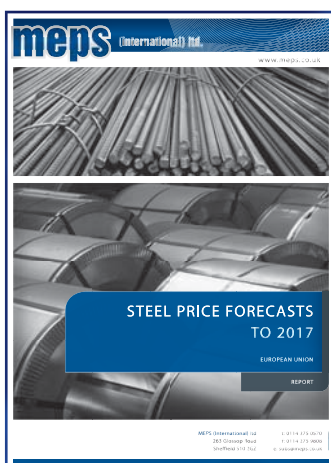
Reinforcing Bar (Deformed) - 16-20mm diameter, high yield.

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.