



EUROPEAN STEEL REVIEW

KEYNOTE

MARCH 2015

MODEST DEMAND AND LOW INPUT COSTS KEEP EU STEEL PRICES IN CHECK

Slow purchasing activity over the last month has not supported the European mills' desire to lift basis values for flat products. However, domestic steelmakers have reasonably good order books, thanks to improved export business on the back of a weak euro. Moreover, Ilva has been out of the market. Furthermore, a number of mills have been carrying out planned maintenance and/or have had production problems. All these factors led to a tightening of supply.

Third country offers from the Far East, which have been largely ignored because of their long delivery lead times, are still competitively priced, despite the devaluation of the euro against the US dollar. As European mill lead times extend, a number of buyers, especially in Southern

Europe, are becoming more interested in imports. Russian material is also popular, given the fall in value of the rouble.

German customers report that the larger steelmakers are still talking of a €10 per tonne advance for second quarter business but buyers expect to pay comparable prices to those in period one. Offers from China are at similar levels to European ones. Demand from end-users is similar to that in 2014. Service centres are ordering cautiously. Resale values are under pressure because of overcapacity in the distribution sector.

Activity remains generally weak in the French market, with end-users' order books shrinking

FLAT ROLLED PRODUCTS - NEGOTIATED DOMESTIC BASIS PRICES - GERMANY

| price/metric ton | | 2014 | | | 2015 | | |
|----------------------------|------|------|------|------|------|------|------|
| | | OCT | NOV | DEC | JAN | FEB | MAR |
| Hot Rolled Coil | High | 450 | 450 | 440 | 440 | 440 | 440 |
| | Low | 410 | 410 | 400 | 400 | 400 | 400 |
| Hot Rolled Plate | High | 555 | 555 | 545 | 530 | 530 | 530 |
| | Low | 515 | 515 | 505 | 490 | 490 | 490 |
| Cold Rolled Coil | High | 540 | 530 | 520 | 520 | 520 | 520 |
| | Low | 500 | 490 | 480 | 480 | 480 | 480 |
| Hot Dipped Galvanised Coil | High | 530 | 530 | 520 | 520 | 520 | 520 |
| | Low | 490 | 490 | 480 | 480 | 480 | 480 |
| Electro-Zinc Coated Coil | High | 550 | 540 | 530 | 530 | 530 | 530 |
| | Low | 500 | 490 | 480 | 480 | 480 | 480 |
| Stainless CR Coil Type 304 | High | 1170 | 1150 | 1130 | 1120 | 1120 | 1120 |
| | Low | 1070 | 1050 | 1030 | 1020 | 1020 | 1020 |
| Stainless CR Coil Type 430 | High | 1090 | 1090 | 1070 | 1070 | 1070 | 1070 |
| | Low | 1040 | 1040 | 1020 | 1020 | 1020 | 1020 |

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marginally this month. Distributors are competing against each other in a price war. The mills do not seem able to lift their strip product values. The disruption in deliveries, at the beginning of last month, caused by the situation at Ilva, led to a very limited price correction, if any.

Despite a cut in volumes from domestic steelmaker, Ilva, Italian prices have failed to recover. The market, generally, is dull. Demand is improving, albeit only slightly and from a low point. There is still uncertainty surrounding the Ilva situation but normal activity is slowly resuming. There is stronger pressure from imports, especially Chinese and Russian material. Competition in the distribution sector is severe.

In the UK, service centres were busy in February and March started well. Their profit margins are down a little because of falling mill prices. April business has been concluded at £10/15 per tonne below the first quarter level. The tumble is almost entirely due to currency movements, which have enabled mainland European producers to offer more cheaply in the UK. Domestic

mills have not yet declared their targets for May/June. Chinese suppliers are offering at £20/30 per tonne below current local values, for August arrival. Stocks of foreign material at the ports have gone down.

The Belgian market is relatively stable with little movement in either prices or demand. The mills are still claiming an increase of €10/15 per tonne. In some instances they have succeeded but, generally, basis numbers remain unchanged. While raw material costs remain low, they have no major reason to justify a rise. The euro is weak, helping to keep most third country imports at bay, for now, but the rouble is even weaker, encouraging a great many cheap offers from Russian suppliers. Competition in the distribution sector is fierce.

Spanish customers have agreed to pay slightly more for some strip mill products during recent negotiations as delivery lead times lengthen. In general, demand is at a similar level to that in late 2014, or even a little better. However, resale prices remain under extreme negative pressure.

FLAT PRODUCTS

HOT ROLLED COIL

Basis figures have not changed in Germany, compared with a month ago. Many buyers expect today's numbers to be rolled over for second quarter contracts, as demand has not improved significantly. Negotiations are underway. The pipemakers claim that they have spare capacity available. There is a great deal of caution in the distribution sector. Service centres are only booking what is necessary to fulfil orders already on their books. In France, imported material from Russia and China is quite cheap at

the moment. Buyers quote Chinese hot rolled coil at well under €400 per tonne, delivered. This has led to a loss of the £5 per tonne rise, secured by domestic suppliers in February. Italian buyers report that third country imports are less aggressively priced. The weak euro has damaged their competitiveness. The small domestic increase, agreed last month, remains in place.

We have noted some price erosion in the UK, mainly as a result of currency movements. Although the Belgian market is quiet, mills have pushed hard to win

LONG PRODUCTS - NEGOTIATED DOMESTIC BASIS PRICES - GERMANY

| price/metric ton | | 2014 | | | 2015 | | |
|---------------------------|------|------|-----|-----|------|-----|-----|
| | | OCT | NOV | DEC | JAN | FEB | MAR |
| Wire Rod | High | 520 | 520 | 520 | 520 | 520 | 510 |
| | Low | 500 | 500 | 500 | 500 | 500 | 490 |
| Medium Sections and Beams | High | 540 | 540 | 540 | 540 | 550 | 550 |
| | Low | 500 | 500 | 500 | 500 | 510 | 510 |
| Reinforcing Bar | High | 240 | 220 | 210 | 210 | 210 | 200 |
| | Low | 220 | 200 | 190 | 190 | 190 | 180 |
| Merchant Bar | High | 150 | 140 | 130 | 130 | 140 | 140 |
| | Low | 110 | 100 | 90 | 90 | 100 | 100 |

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

| | Hot Rolled Plate | | Hot Rolled Coil | |
|--------------------------------------|-------------------------|---------------|------------------------|---------------|
| | Q4/14 | Q1/15p | Q4/14 | Q1/15p |
| EU Average | | | | |
| Non Sour | 111.2 | 105.1 | 128.9 | 128.9 |
| Sour | 117.0 | 111.2 | 127.6 | 127.6 |
| * Q4/06 = 100 - based on euro values | | | | |
| ** p = Provisional | | | | |

a €5 per tonne rise. They found it very difficult to justify and not everyone has paid more. However, delivery lead times are already out to May because supply has tightened. Buyers do not believe any further increases are possible as local demand is too low. In Spain, the domestic steelmakers have secured a small advance. Service centres have not yet been able to pass this on to their customers, with a consequent shrinkage in their profit margins. Third country imports are attractive at the equivalent of €370 per tonne, basis. Buyers are ordering this material for June delivery.

HOT ROLLED PLATE

We have noted a number of small downward movements in commodity grade plate prices throughout most of Europe. Demand is tepid and unlikely to improve in the short term, given the uncertainty of the political and financial climate, which is discouraging investment. Import volumes continue to disrupt the market, although customers refused to pay the higher prices offered by Chinese suppliers in the aftermath of the Lunar New Year holidays. Steelmakers involved in the linepipe market are still looking for business to substitute for the cancelled South Stream project, with little success.

In Germany, stocks at the service centres are rising as sales decrease. Consequently, buyers are reluctant to place new orders on the mills. However, steelmakers have held on to prices during recent negotiations but there is a great deal of downward pressure. French demand for plate is weak. As many investments linked to the oil industry have been postponed, orders for plate from those sources have been cancelled. Demand from the railway sector has also shrunk, with the French government deciding to cancel new projects and maintain existing equipment instead. Shipbuilding is the only industry that is faring better. Basis figures for commodity grade material have softened. There is steep competition from Italy, China and Russia. Italian re-rollers continue to benefit from low slab prices out of Russia and Ukraine. This has allowed them to offer discounts of €10 per tonne in

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

| | Jan-15 | Feb-15 | Mar-15 |
|--|---------------|---------------|---------------|
| EU Average | 72.8 | 73.2 | 73.2 |
| Year-on-year % +/- | -6.2 | -5.7 | -6.0 |
| * Jan 07 = 100 - based on transaction prices | | | |
| ** STEELPPI - Steel Purchasing Price Index | | | |

their domestic market.

UK local commodity plate values have moved down in response to cheap imports and lacklustre demand. Sales to the construction sector are healthy but mining and oil-related markets have slowed. Resale business is highly competitive. We have noted a small negative price movement in Belgium. Cheap imports have served to push down domestic offers in Spain.

COLD ROLLED COIL

In Germany, demand has failed to recover, with the exception of auto sheet. Our basis figures are unchanged from February. Buyers are not expecting to pay significantly more in the second quarter. Distributors are struggling to make acceptable profits because of overcapacity in that sector. In France, most domestic mills are managing to hold on to the marginal increase secured last month, despite the availability of Chinese cold rolled coil quoted at around €480/490 per tonne, delivered. Many Italian service centres are living off their stocks, for now, as they become ever more cautious about ordering forward. Some gaps in inventories did occur due to a lack of

**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 | 480 | 480 | 544 | 537 |
| France | 500 | 500 | 567 | 559 |
| Italy | 460 | 460 | 522 | 515 |
| UK | 370 | 355 | 556 | 545 |
| Belgium | 485 | 485 | 550 | 543 |
| Spain | 470 | 470 | 533 | 526 |

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 | 435 | 325 | 446 | 445 | 425 |
| | Low | 400 | 410 | 395 | 300 | 412 | 405 | 405 |
| Hot Rolled Plate | High | 530 | 515 | 490 | 400 | 549 | 510 | 500 |
| | Low | 490 | 465 | 450 | 370 | 508 | 470 | 450 |
| Cold Rolled Coil | High | 520 | 540 | 510 | 390 | 536 | 535 | 510 |
| | Low | 480 | 500 | 460 | 355 | 488 | 485 | 470 |
| Hot Dipped Galvanised Coil | High | 520 | 540 | 500 | 395 | 543 | 540 | 515 |
| | Low | 480 | 500 | 450 | 355 | 488 | 490 | 475 |
| Electro-Zinc Coated Coil | High | 530 | 530 | 530 | 425 | 584 | 530 | 515 |
| | Low | 480 | 500 | 490 | 385 | 529 | 480 | 475 |
| Stainless CR Coil Type 304 (a) | High | 1120 | 1080 | 1000 | 885 | 1216 | 1070 | 1020 |
| | Low | 1020 | 1030 | 950 | 815 | 1120 | 1020 | 970 |
| Stainless CR Coil Type 430 (a) | High | 1070 | 1050 | 955 | 920 | 1264 | — | 987 |
| | Low | 1020 | 1000 | 905 | 895 | 1229 | — | 957 |

MONTH on MONTH % CHANGE

| | | | | | | | | |
|------------------|-----|-----|------|------|------|------|------|------|
| Hot Rolled Coil | Low | 0.0 | -1.2 | 0.0 | -3.2 | 0.2 | 1.3 | 1.3 |
| Hot Rolled Plate | Low | 0.0 | -2.1 | -2.2 | -5.1 | -1.7 | -2.1 | -2.2 |
| Cold Rolled Coil | Low | 0.0 | 0.0 | 0.0 | -4.1 | -0.6 | 0.0 | 0.0 |
| HD Galv Coil | Low | 0.0 | 0.0 | 0.0 | -5.3 | -1.8 | 0.0 | 3.3 |
| EZ Coated Coil | Low | 0.0 | -1.0 | -1.0 | 0.0 | 3.5 | -1.0 | -1.0 |
| SS CR Coil 304 | Low | 0.0 | 0.0 | 0.0 | -3.6 | -0.1 | 0.0 | 0.0 |
| SS CR Coil 430 | Low | 0.0 | 0.0 | 0.0 | -3.8 | -0.3 | — | 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.

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.

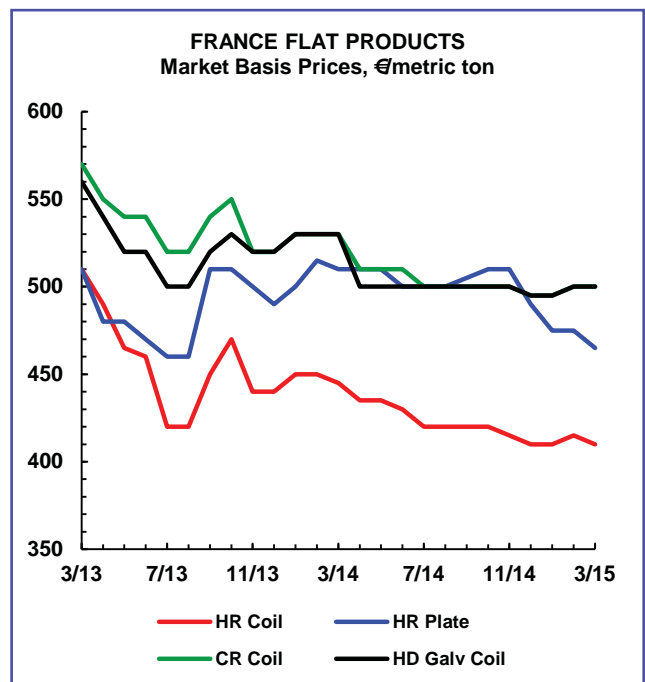
deliveries last month, when Ilva had legal problems. The dispute is now settled and there is plenty of material in the marketplace. Russian suppliers are offering at competitive prices.

UK buyers report that Russian cold rolled coil is available at £380 per tonne, effective delivered, for May arrival. This is around £5 per tonne less than previous offers and £10 per tonne cheaper than its European equivalent, with better credit terms from traders than from steelmakers. Domestic basis figures have dropped by £15 per tonne. In Belgium, service centre stocks are low, with several dimensions in shortage. However, no mill rise has proved possible, so far. Local basis numbers have not changed in Spain, despite competitively-priced imports from a variety of sources.

COATED COIL

The German auto sector is healthy. Export sales of cars are benefitting from the weakness of the euro against the US dollar. Construction-related demand for hot dipped galvanised coil is better than last year. Site work has continued through the winter because of the relatively mild weather. However, basis numbers have not recovered. The vehicle manufacturing industry may be one of the few sectors which has seen slight improvement in France. In the general market, coated steel consumption remains tepid. However, the €5 per tonne rise, implemented last month, has been rolled over during recent settlements. In Italy, the auto sector is faring better now. The new Fiat models are very popular. However, no real improvement is envisaged in construction investment in the near term. Basis prices are stable.

Hot dipped galvanised coil basis figures from domestic and mainland European sources have fallen by £20 per tonne in the UK, due to cheap Chinese offers and a weak euro. The car industry continues to be robust and demand from the building sector is healthy. The mills have attempted to lift Belgian prices by €15 per tonne but the hike has not been accepted. Demand, in general, is flat. Delivery lead times are especially long in Spain – now out to the end of May. This is partially



due to better demand from the vehicle manufacturers.

In Germany, the steelmakers have, again, rolled over last month's figures for recent sales of electro-zinc coated coil. In France, some slight price weakness has developed. Italian buyers are also paying a little less than in February. Mainland European suppliers have rolled over prices in the UK, after accepting a £10 per tonne reduction last month. Belgian producers have conceded a small discount. The situation in Spain is comparable.

COLD ROLLED STAINLESS STEEL

In February, cold rolled austenitic stainless steel basis figures were rolled over from January in Germany, France, Italy, Belgium and Spain. The market remained subdued. Demand was variable. The mills planned to lift basis prices, in the near term, although this was thought to be difficult to achieve alongside the anticipated rise in alloy surcharges. In the UK, basis values fell by £30 per tonne. After picking up at the beginning of January, business activity had slowed again. Buyers were cautious.

LONG PRODUCTS

WIRE ROD

German mills have failed to maintain low carbon wire rod prices this month. Recoil values have also declined since our last report, as scrap prices fell. In France, selling values for drawing rod are €10 per

tonne lower than those displayed in our February issue. For the mesh quality, we have noted further downward movements during recent settlements. Italian low carbon wire rod figures have lost €10 per tonne. After holding selling values steady in February, recoil suppliers have agreed a minor discount. A

poorly performing construction sector continues to cause lacklustre demand.

In the UK, selling figures of the basic drawing qualities slipped by £20/25 per tonne at the end of February due to falling scrap costs and cheap offers from mainland European suppliers, benefiting from currency exchange rate movements. Recoil transaction numbers have also come under pressure. In Belgium, drawing quality prices have moved down since February. Steelmakers are short of orders as demand is slow. Spanish producers have agreed a small discount, during recent negotiations, for supplies of low carbon material. Sales of the mesh quality are

flat and selling figures have resumed a negative path.

MEDIUM SECTIONS AND BEAMS

Customers have resisted further increases - planned by the producers - because of declining scrap prices. Overall demand is reasonable but end-users and distributors refused to pay more. In reality, there is some downward pressure. However, eurozone mills continue to enjoy buoyant sales to overseas markets, thanks to a strong US dollar.

Steelmakers have maintained last month's increase in Germany. There is still strong competition for the

LONG PRODUCTS - NEGOTIATED DOMESTIC BASIS PRICES

| price/metric ton | | Germany (€) | France (€) | Italy (€) | UK+ (£) | UK+ (€) | Belgium (€) | Spain (€) |
|-------------------------------|------|----------------|---------------|--------------|------------|------------|----------------|--------------|
| Wire Rod (b) | High | 510 | 520 | 510 | 395 | 543 | 520 | 510 |
| | Low | 490 | 490 | 490 | 355 | 488 | 490 | 490 |
| Medium Sections and Beams (c) | High | 550 | 545 | 510 | 435 | 598 | 570 | 550 |
| | Low | 510 | 515 | 490 | 405 | 556 | 520 | 500 |
| Rebar (d) | High | 200 | 200 | 190 | 350 | 481 | 210 | 210 |
| | Low | 180 | 170 | 180 | 320 | 440 | 180 | 190 |
| Merchant Bar (e) | High | 140 | 120 | 125 | 420 | 577 | 110 | 155 |
| | Low | 100 | 100 | 105 | 400 | 549 | 90 | 95 |

MONTH on MONTH % CHANGE

| | | | | | | | | |
|-----------------|-----|------|------|------|------|------|------|------|
| Wire Rod | Low | -2.0 | -2.0 | -2.0 | -6.6 | -3.2 | -2.0 | -2.0 |
| Medium Sections | Low | 0.0 | 0.0 | 0.0 | 0.0 | 3.5 | 0.0 | 0.0 |
| Rebar | Low | -5.3 | -5.6 | 0.0 | -8.6 | -5.2 | -5.3 | -5.0 |
| Merchant Bar | Low | 0.0 | 11.1 | 0.0 | -1.2 | 2.2 | 0.0 | 0.0 |

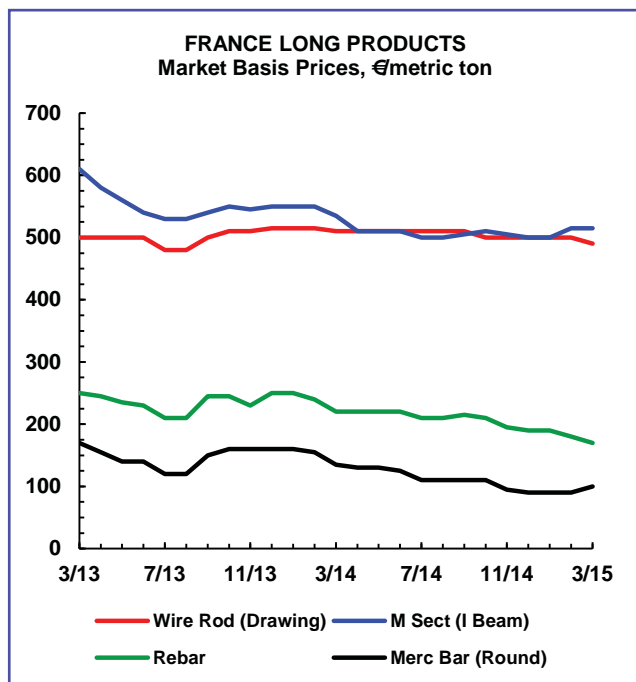
BASIS PRICE AND PRODUCT DEFINITIONS

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: + 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.



little business available. The construction outlook is better for later in the year. Activity from the building industry in France is described as 'terrible', which makes it difficult for producers to raise prices. Effective numbers for structural sections are stable, after moving up in February. Although Italian sales are sluggish, customers agreed to pay the small advance implemented last month.

Real consumption is steady in the UK. For now, market prices are unchanged, although the mills have not officially withdrawn their announcement of a £20 per tonne hike. It is possible that the drop in scrap costs has negated the proposal. Moreover, the massive drop in the value of the euro has already served to give mainland European suppliers a significant price advantage. Effective numbers are holding up in Belgium, following last month's positive movement. Producers claim to be busy with export business in US dollar-denominated regions. Domestic demand has changed very little with no big projects on the horizon. Effective numbers are unaltered in Spain after gaining €10 per tonne last month. Nevertheless, purchasing activity is tepid.

REINFORCING BAR

Rebar basis values fell after our last research due to lower scrap costs. Now that scrap is stabilising, buyers feel the bottom has been reached. Demand is picking up for seasonal reasons, so customers need to place new orders. There is no import pressure because the exchange rate is in favour of the domestic producers. Companies are purchasing modestly and accepting small increases but there is still strong internal

competition.

In Germany, customers resisted February initiatives to boost mill prices. In fact, discounts were made available as scrap costs tumbled. Since then, producers have recouped some of the loss. Construction forecasts for 2015 are better than in the previous year, with more private investment predicted. Rebar prices have gone down by a further €10 per tonne in France, where demand remains very weak and the steelmakers are still registering reduced sales volumes. The Italian market is extremely poor, with low consumption due to a lack of investment in the building sector. Suppliers are unlikely to secure a rise. There are some exports to Algeria at €405 per tonne, FOB.

UK activity levels are good, thanks to a relatively healthy construction sector. However, pricing continues to present problems for the local producer. Chinese material remains the principal source of concern. More recently, however, the sterling exchange rate against the euro has created an ideal market for eurozone producers. This situation, combined with a reduction in scrap costs, has put domestic prices under threat. In Belgium, there is downward price pressure. Contractors in the building sector report that they have poor order books. The small upturn in prices gained in the Spanish market in February was, as expected, short-lived. However, domestic mills have more opportunities overseas because of the weak euro. They are exporting at around €405 per tonne, FOB.

MERCHANT BAR

Major merchant bar producer, Beltrame, announced a price rise in mid-February but other mills did not follow the move. So far, the hike has only been achieved in the French market.

MEPS INDUSTRIAL SECTOR STEEL PURCHASING PRICE INDICES - EU AVERAGE

| Jan 07 = 100 | Feb-15 | Mar-15 | % change |
|------------------------------|--------|--------|----------|
| Construction Industry | 79.0 | 77.5 | -1.9 |
| Household Appliances | 65.9 | 64.8 | -1.7 |
| Machinery Sector | 72.8 | 71.7 | -1.5 |
| Shipbuilding Industry | 64.1 | 62.7 | -2.2 |
| Shipping Containers | 71.1 | 70.4 | -1.0 |
| Yellow Goods | 74.3 | 73.1 | -1.6 |

The small increase, implemented last month in Germany, remains in force. However, purchasing activity is still cautious as some buyers fear the negative trend may return. In France, buyers confirm that prices have gone up by €5/10 per tonne, following Beltrame's recent proposal. There is less aggressive selling by Chinese suppliers in Italy because of the devaluation of the local currency. This has enabled domestic mills to roll over last month's €10 per tonne rise for March business. Nevertheless, there is still a lack of building activity.

Movements in the exchange rate made it difficult for UK producers to push on with their February proposals for

a £10 per tonne hike. Moreover, distributors, seeing raw material costs under negative pressure, have become uncertain about future price developments. Many service centres are only purchasing the absolute minimum requirements at present. Real consumption is relatively flat. The Beltrame price hike proposal was only accepted briefly in the Belgian market. Once scrap began to fall, merchant bar basis numbers reverted to their previous level. Service centres report that sales are lower than expected for the time of year. Distributors' margins are still small. During recent discussions in Spain, steelmakers hung on to last month's €10 per tonne advance, despite muted sales to end-users.

MARKET AND INDUSTRY SCENE

CAPACITY/INVESTMENT

ArcelorMittal plans to modernise a hot strip mill at its steelworks in Ghent, Belgium. Two new finishing stands will be installed on existing lines and modifications are to be carried out to two stands currently in operation. The first stage of this work is targeted for completion by the end of 2015.

MERGERS/ACQUISITIONS

Tata Steel Europe is purchasing three service centres

from SSAB. The units, one each in Sweden, Finland and Norway, have facilities for cutting-to-length, slitting and recoiling. SSAB was required to sell these units as a condition of its takeover of Rautaruukki last year.

DIVESTMENT

Russian steelmaker NLMK is looking to sell its re-rolling and galvanising plant in Beautor, France. The company will continue to produce hot dipped galvanised coils at its other French plant in Strasbourg.

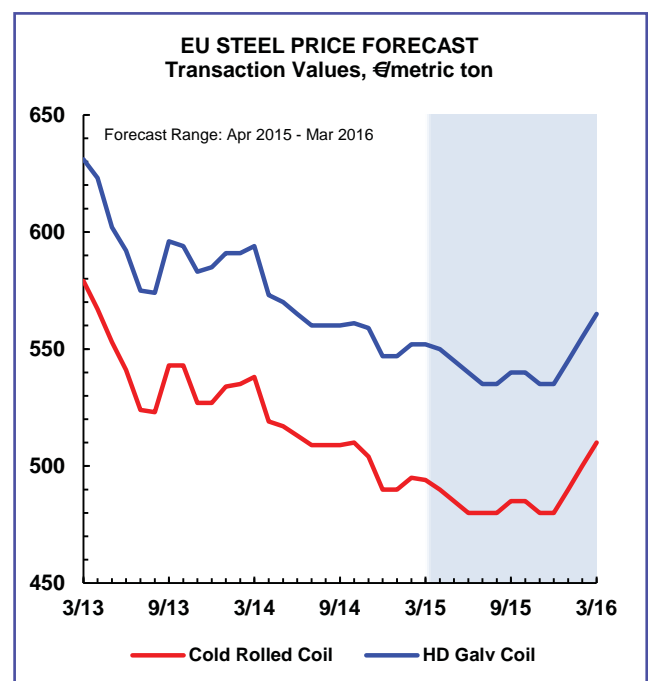
MEDIUM TERM PRICE FORECASTS

COLD ROLLED FLAT PRODUCTS

MEPS - EU Average Cold Rolled and Hot Dipped Galvanised Coil prices were virtually unchanged in March. Slow purchasing activity over the last month has not supported the mills' desire to lift basis values. However, domestic steelmakers have reasonably good order books, thanks to improved export business on the back of a weak euro.

The producers' attempts to lift selling figures are not expected to be successful. Raw material costs are likely to stay at a low level. Purchasing activity could slow further. Consequently, a modest downward price trend is forecast over the coming months.

We anticipate minimal fluctuations during the second half of 2015. An increase in steel demand and iron ore costs is predicted at the beginning of next year. This could lead to an upturn in transaction values.

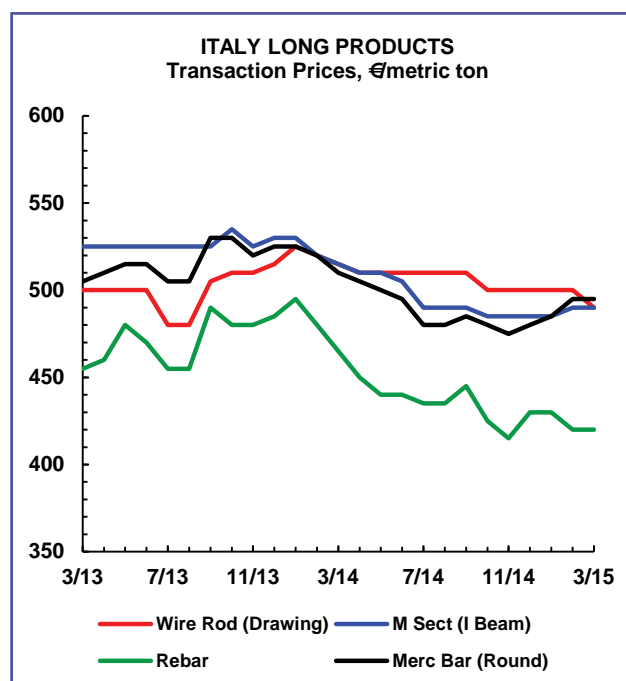
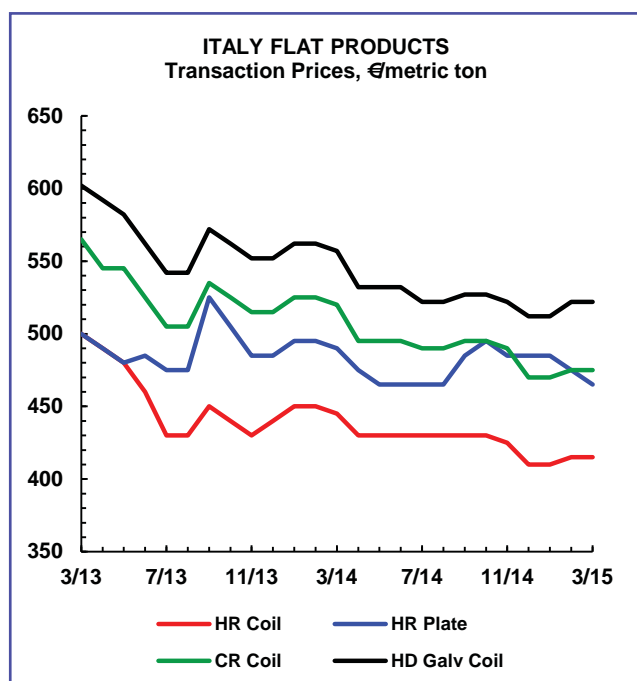


EU AVERAGE DOMESTIC TRANSACTION PRICE FORECASTS

| Euro/metric ton | Actual | Forecast | | | | | |
|---------------------|--------|----------|--------|--------|--------|--------|--------|
| | Mar-15 | Apr-15 | May-15 | Jun-15 | Jul-15 | Aug-15 | Sep-15 |
| Hot Rolled Coil | 422 | 420 | 415 | 410 | 405 | 405 | 410 |
| Hot Rolled Plate | 493 | 490 | 485 | 480 | 475 | 475 | 480 |
| Cold Rolled Coil | 494 | 490 | 485 | 480 | 480 | 480 | 485 |
| HD Galv Coil | 552 | 550 | 545 | 540 | 535 | 535 | 540 |
| EZ Coated Coil | 552 | 550 | 545 | 540 | 535 | 535 | 540 |
| Wire Rod (Drawing) | 498 | 495 | 490 | 485 | 480 | 480 | 490 |
| Wire Rod (Mesh) | 435 | 435 | 430 | 425 | 420 | 420 | 430 |
| M Sect (I Beam) | 514 | 515 | 510 | 505 | 495 | 495 | 505 |
| M Sect (H Beam) | 569 | 570 | 565 | 560 | 550 | 550 | 560 |
| Reinforcing Bar | 423 | 425 | 420 | 415 | 410 | 410 | 420 |
| Merc Bar (Round) | 499 | 498 | 493 | 488 | 478 | 478 | 488 |
| Merc Bar (Eq Angle) | 516 | 515 | 510 | 505 | 495 | 495 | 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 | 459 | 460 | 470 | 455 | 341 | 468 | 445 |
| | Low | 422 | 420 | 430 | 415 | 316 | 434 | 425 |
| Hot Rolled Plate | High | 536 | 545 | 530 | 505 | 414 | 569 | 515 |
| | Low | 493 | 505 | 480 | 465 | 384 | 527 | 465 |
| Cold Rolled Coil | High | 538 | 535 | 555 | 525 | 403 | 554 | 525 |
| | Low | 494 | 495 | 515 | 475 | 368 | 505 | 485 |
| Hot Dipped Galvanised Coil | High | 596 | 592 | 612 | 572 | 448 | 615 | 587 |
| | Low | 552 | 552 | 572 | 522 | 408 | 560 | 547 |
| Electro-Zinc Coated Coil | High | 595 | 589 | 589 | 589 | 468 | 643 | 574 |
| | Low | 552 | 539 | 559 | 549 | 428 | 588 | 534 |
| Stainless CR Coil Type 304 | High | 1096 | 1120 | 1080 | 1000 | 885 | 1216 | 1020 |
| | Low | 1020 | 1020 | 1030 | 950 | 815 | 1120 | 970 |
| Stainless CR Coil Type 430 | High | 1066 | 1070 | 1050 | 955 | 920 | 1264 | 987 |
| | Low | 1020 | 1020 | 1000 | 905 | 895 | 1229 | 957 |

| LONG PRODUCTS price/metric ton | | EU AVG | Germany | France | Italy | UK | UK | Spain |
|-----------------------------------|------|--------|---------|--------|-------|-----|-----|-------|
| | | (€) | (€) | (€) | (€) | (£) | (€) | (€) |
| Wire Rod (Drawing Quality)* | High | 523 | 528 | 520 | 510 | 407 | 559 | 510 |
| | Low | 498 | 508 | 490 | 490 | 367 | 504 | 490 |
| Wire Rod (Mesh Quality) | High | 459 | 445 | 455 | 455 | 380 | 522 | 465 |
| | Low | 435 | 425 | 425 | 435 | 350 | 481 | 435 |
| Medium Sections (I Beam) | High | 551 | 550 | 545 | 510 | 435 | 598 | 550 |
| | Low | 514 | 510 | 515 | 490 | 405 | 556 | 500 |
| Medium Sections (H Beam) | High | 614 | 620 | 595 | 595 | 480 | 659 | 590 |
| | Low | 569 | 570 | 555 | 560 | 440 | 604 | 550 |
| Reinforcing Bar | High | 440 | 440 | 440 | 430 | 350 | 481 | 450 |
| | Low | 423 | 420 | 410 | 420 | 320 | 440 | 430 |
| Merchant Bar (Round) | High | 531 | 530 | 510 | 515 | 420 | 577 | 545 |
| | Low | 499 | 490 | 490 | 495 | 400 | 549 | 485 |
| Merchant Bar (Equal Angle) | High | 548 | 550 | 530 | 535 | 420 | 577 | 565 |
| | Low | 516 | 510 | 510 | 515 | 400 | 549 | 505 |

* Includes supplementary surcharge in the UK.

CURRENCY EXCHANGE RATES

| | US dollars (US\$) | | Euros (€) | |
|--------------|-------------------|-------|-----------|-------|
| | 2-Feb | 2-Mar | 2-Feb | 2-Mar |
| Eurozone (€) | 0.882 | 0.894 | - | - |
| UK (£) | 0.665 | 0.651 | 0.754 | 0.728 |

NEXT MONTH'S ISSUE

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

Express Price Tables will be dispatched by e-mail in excel format on 13 April, 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**

| | Feb-15 | Mar-15 | % change |
|---------------------|--------|--------|----------|
| Hot Rolled Coil | 161.7 | 161.7 | 0.0 |
| Hot Rolled Plate | 173.5 | 171.8 | -1.0 |
| Cold Rolled Coil | 136.0 | 135.7 | -0.2 |
| HD Galv Coil | 119.7 | 119.7 | 0.0 |
| EZ Coated Coil | 130.9 | 131.1 | 0.2 |
| SS CR Coil 304 | 83.1 | 83.1 | 0.0 |
| SS CR Coil 430 | 90.7 | 90.6 | -0.1 |
| Wire Rod (Drawing) | 192.1 | 187.9 | -2.2 |
| Wire Rod (Mesh) | 185.2 | 183.5 | -0.9 |
| M Sect (I Beam) | 166.4 | 167.4 | 0.6 |
| M Sect (H Beam) | 161.9 | 163.0 | 0.7 |
| Reinforcing Bar | 189.0 | 186.3 | -1.4 |
| Merc Bar (Round) | 186.5 | 187.6 | 0.6 |
| Merc Bar (Eq Angle) | 198.8 | 200.0 | 0.6 |

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

**NEGOTIATED DOMESTIC TRANSACTION PRICES - MONTH ON MONTH % CHANGE
March 2015 versus February 2015**

| | | EU AVG (€) | Germany (€) | France (€) | Italy (€) | UK (£) | UK (€) | Spain (€) |
|---------------------|-----|---------------|----------------|---------------|--------------|-----------|-----------|--------------|
| Hot Rolled Coil | Low | 0.0 | 0.0 | -1.1 | 0.0 | -3.1 | 0.5 | 1.2 |
| Hot Rolled Plate | Low | -1.0 | 0.0 | -2.0 | -2.1 | -5.0 | -1.7 | -2.1 |
| Cold Rolled Coil | Low | -0.2 | 0.0 | 0.0 | 0.0 | -3.9 | -0.6 | 0.0 |
| HD Galv Coil | Low | 0.0 | 0.0 | 0.0 | 0.0 | -4.7 | -1.4 | 2.8 |
| EZ Coated Coil | Low | 0.2 | 0.0 | -0.9 | -0.9 | 0.0 | 3.5 | -0.9 |
| SS CR Coil 304 | Low | -0.1 | 0.0 | 0.0 | 0.0 | -3.6 | -0.1 | 0.0 |
| SS CR Coil 430 | Low | -0.1 | 0.0 | 0.0 | 0.0 | -3.8 | -0.3 | 0.0 |
| Wire Rod (Drawing) | Low | -2.2 | -1.9 | -2.0 | -2.0 | -6.4 | -3.1 | -2.0 |
| Wire Rod (Mesh) | Low | -0.9 | -1.2 | -2.3 | -1.1 | -2.8 | 0.8 | -1.1 |
| M Sect (I Beam) | Low | 0.6 | 0.0 | 0.0 | 0.0 | 0.0 | 3.5 | 0.0 |
| M Sect (H Beam) | Low | 0.7 | 0.0 | 0.0 | 0.0 | 0.0 | 3.4 | 0.0 |
| Reinforcing Bar | Low | -1.4 | -2.3 | -2.4 | 0.0 | -8.6 | -5.2 | -2.3 |
| Merc Bar (Round) | Low | 0.6 | 0.0 | 2.1 | 0.0 | -1.2 | 2.2 | 0.0 |
| Merc Bar (Eq Angle) | Low | 0.6 | 0.0 | 2.0 | 0.0 | -1.2 | 2.2 | 0.0 |

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.

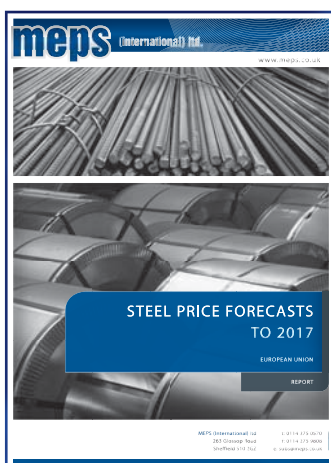
Reinforcing Bar (Deformed) - 16-20mm diameter, high yield.

Merchant Bar (Round) - 50mm diameter.

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

MEPS PUBLICATIONS

MEPS STEEL PRICE FORECASTS TO 2019 - 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.