SUPPLEMENT TO

EUROPEAN STEEL REVIEW

JANUARY 2007

TABLE 1. FLAT ROLLED PRODUCTS - NEGOTIATED BASIS PRICES

price/tonne		Denmark		Sweden		Finland	Netherlands	Austria	Norway	
		(DKR)	(€)	(SKR)	(€)	(€)	(€)	(€)	(NKR)	(€)
Hot Rolled Coil	High:	3850	517	5000	548	510	510	490	4300	521
	Low:	3690	495	4700	515	495	475	465	4100	497
Hot Rolled Plates	High:	5300	711	6750	740	720	690	700	5900	715
	Low:	5100	684	6650	729	700	670	680	5600	678
Cold Rolled Coil	High:	4650	624	5750	630	620	620	595	5100	618
	Low:	4490	602	5450	597	600	585	555	4800	581
Hot Dipped Galvanised Coil	High:	4900	657	6200	679	680	650	640	5300	642
	Low:	4700	631	5950	652	655	630	610	5075	615
Electro-Zinc Coated Coil	High:	4800	644	6000	657	665	620	630	5200	630
	Low:	4650	624	5800	635	630	600	600	4900	593
Stainless Cold (a) Rolled Type 304	High:	13625	1828	17125	1876	1900	1880	1840	14830	1796
	Low:	13225	1774	16625	1822	1800	1830	1790	14530	1760
Stainless Cold (a) Rolled Type 430	High:	——	——	——	——	1350	——	1300	——	——
	Low:	——	——	——	——	1280	——	1250	——	——

MONTH on MONTH % CHANGE

		Denmark (DKR)	Denmark (€)	Sweden (SKR)	Sweden (€)	Finland (€)	Netherlands (€)	Austria (€)	Norway (NKR)	Norway (€)
Hot Rolled Coil	Low:	-1.6	-1.6	-3.5	-4.6	-2.9	-3.1	-5.1	0.0	-0.8
Hot Rolled Plates	Low:	3.6	3.6	0.0	-1.1	1.4	0.0	1.5	2.8	1.8
Cold Rolled Coil	Low:	0.0	0.0	-3.5	-4.6	-0.8	-0.8	-3.5	0.0	-1.0
H.D. Galv Coil	Low:	-2.1	-2.0	-0.5	-1.7	0.0	-1.6	-3.2	0.0	-0.8
E.Z. Coated Coil	Low:	0.0	0.0	0.0	-1.2	0.0	-3.2	-3.2	0.0	-1.0
S/S CR Type 304	Low:	3.1	3.1	2.8	1.7	2.9	5.8	2.3	1.1	0.2
S/S CR Type 430	Low:	——	——	——	——	6.7	——	4.2	——	——

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2007 ANNUAL SUBSCRIPTION RATE: UK - £585, NON UK - £600

ISSN 1369-8591

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FLAT ROLLED PRODUCTS

Negotiations for period one deliveries were concluded across the region in the latter weeks of December and early January.

HOT ROLLED COIL

Danish activity has picked up after Christmas at a good level. A small decrease in basis was, however, implemented. In Sweden, agreements for the first trimester were made at lower basis values, despite reasonable market conditions. Business activity in Finland was better than anticipated in the early weeks of the year but deals were finalised at reduced figures due, in part, to stronger foreign competition. In the Netherlands, the threat from imports drove prices down. Austrian negotiated values fell on negative influences from Italian supply. The Norwegian market has picked up well, but basis numbers were unchanged this month.

HOT ROLLED PLATE

European output remains restricted as many producers serve demand for the superior grades. Basis figures moved 4 percent higher in Denmark. We have no changes to report in Sweden. Material is available to customers in Finland but at higher figures. Prices in the Netherlands are unchanged. First quarter orders are almost completely sold out in Austria. Prices eased upwards from regional mills but re-rollers have been offering reduced figures. These have not influenced the producers supplying the higher integrity material in commercial grades. Norwegian prices are higher from European mills but the Slovakian producer is now making competitive offers.

COLD ROLLED COIL

Danish basis prices slipped marginally for first quarter deliveries. Availability is now easing. Swedish selling values have also fallen. A similar picture has been noted in Finland. However, the price drift in the above three countries is not a function of weakness in demand. It is based on external competition. Prices are also under negative pressure in the Netherlands. However, in the Austrian market the downward price pressure is more intense as low priced material from Italy influences negotiations. Norwegian values are stable.

COATED COILS

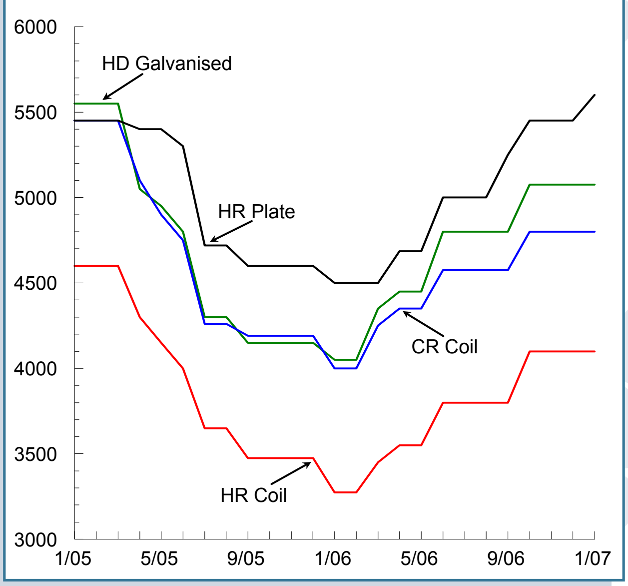
A degree of oversupply is developing in both the main zinc coated product categories. Rising output by the mills combined with increasing volumes of imports from third countries have created this new situation. Moreover, the main producer Arcelor Mittal has changed its price list. Firstly, the standard coating has been reduced from 275 to 100gm per square metre. The dimensional extras have also been changed. The net result of these modifications is a €40 per tonne rise in the transaction price for 1mm thick coil in widths

TABLE 2.
COMPARISON OF LOW MARKET BASIS PRICES - COLD ROLLED COIL

	Local Currency		US$/Tonne	
	last month	this month	last month	this month
Denmark	4490	4490	803	783
Sweden	5650	5450	834	776
Finland	605	600	807	779
Netherlands	590	585	787	760
Austria	575	555	767	721
Norway	4800	4800	782	755

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

NORWAY FLAT-ROLLED PRODUCTS
Market Basis Prices, NKr/tonne



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over 1.1 metres with a coating thickness to the original standard of 275gm/m². We have maintained the above as the reference product for our transaction values shown in this publication. It should be noted that not all European suppliers have adopted the Arcelor Mittal standard coating. Some confusion will, therefore, exist when comparing basis values between countries and suppliers in the short term. Consequently, reference to the transaction prices is recommended.

Danish basis values are lower. Swedish figures are also down this month, whilst Finnish numbers are stable. Basis decreases have been recorded in the Netherlands and Austria but stability continues in Norway in national currencies.

STAINLESS STEELS

Basis prices continue to rise but we believe that the top is fast approaching for the current cycle. In Denmark, the negotiated outcome last month was a 3.1 percent hike for type 304 cold rolled material in brisk business conditions. A similar gain was achieved in Sweden where market activity shows little signs of slackening. A larger percentage rise was recorded in the Netherlands as monthly advances in basis continue to be imposed by the European mills. The alloy surcharge in December increased by more than 4 percent on the previous month for the benchmark 304 specification.

This month, the type 304 alloy surcharge advance is near 3 percent. The Finnish market remains firm and further basis price rises have been conceded. In Austria, demand is now weakening a little. Nevertheless producers did obtain a small basis price gain. Now the picture is changing. Service centres are awash with stocks and, in some cases, offering prices below mill figures. Small rises were put in place towards the end of last year in Norway but negative pressure is now starting to be applied.

LONG PRODUCTS

WIRE ROD

Drawing quality rod prices are little changed across the countries researched for this report. The Nordic market appears to be stable with no black clouds on the horizon. The picture seems reasonably positive for the first half of the year.

MEDIUM SECTIONS AND BEAMS

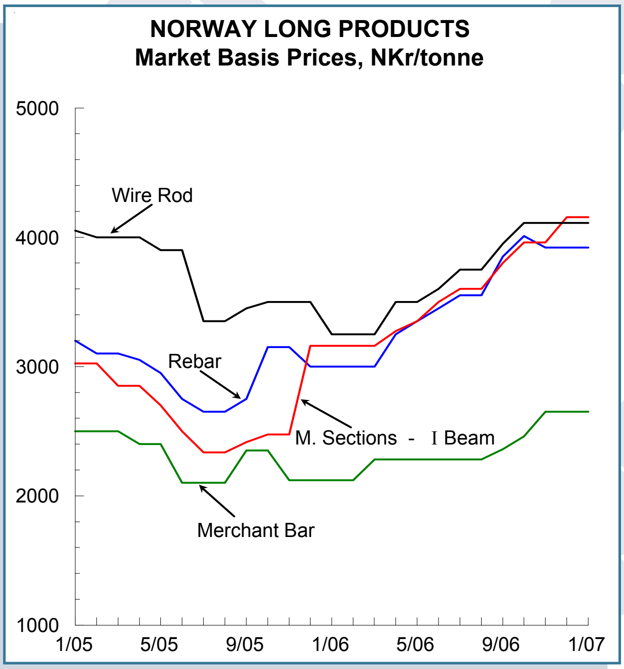
Dimensional extras were increased for structural sections in all countries. The higher values can be determined by examining the Transaction Price Datasheet incorporated in this and future issues. The Arcelor Mittal scrap surcharge rose by €6 to €114 per tonne for January supplies.

Basis price hikes were imposed on buyers in Denmark. Availability is still extremely tight. Procurement in Sweden continues to be quite difficult but there are signs that the situation may be easing. Nevertheless, basis price increases have been demanded by the mills. A similar situation was reported in Finland.

In the Netherlands, tonnage is very restricted and is unlikely to change in the near term. Price hikes on basis values have been implemented. A comparable picture is reported in Austria. Customers in Norway, contacted by MEPS, have not conceded basis hikes this month. This is because of an inventory build up in the supply chain.

REINFORCING BARS

Basis figures slipped in Denmark but if the mild weather continues this could be reversed as scrap costs rise. A significant fall occurred in Sweden. This was



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surprising when demand continues to be strong. However, it was the result of intense competition from imports and the prospect of poor weather conditions in the near term. Basis prices are stable in Finland. Higher scrap costs are offsetting the traditional fall in demand from customers. A small increase was recorded in the Netherlands. Business is slowing down from the previous highs but the overall market is buoyant. Prices are stable in Austria but the Italian suppliers are trying to lift the dimensional extras from February. So far this has been resisted. No price changes have been recorded in Norway. However, decreases are a possibility next month.

MERCHANT BARS

Supply is fair in Denmark and basis prices are unchanged. Swedish figures are also steady but there are attempts to lift them by Skr50 per tonne. Demand is satisfactory but availability a little easier. Some major EU producers are trying to push up the dimensional extras in Finland. This has not been universally accepted. Basis values declined. Stable prices were recorded in the Netherlands and Austria in reasonable demand conditions. Basis numbers are unmoved in Norway but dimensional extras have been lifted this month.

TABLE 3. LONG PRODUCTS - NEGOTIATED BASIS PRICES

price/tonne		Denmark		Sweden		Finland	Netherlands	Austria	Norway	
		(DKR)	(€)	(SKR)	(€)	(€)	(€)	(€)	(NKR)	(€)
Wire Rod (b)	High:	3900	523	4750	520	535	510	520	4250	515
	Low:	3750	503	4600	504	515	490	500	4110	498
Medium Sections	High:	3835	514	5350	586	530	535	545	4300	521
and Beams (c)	Low:	3635	488	5060	554	510	515	535	4155	503
Rebar (d)	High:	3650	490	4100	449	440	300	350	4150	503
	Low:	3500	470	3850	422	420	280	330	3920	475
Merchant Bar (e)	High:	2480	333	2970	325	320	335	345	2700	327
	Low:	2380	319	2770	303	295	315	315	2650	321
MONTH on MONTH % CHANGE										
Wire Rod	Low:	0.0	0.0	0.0	-1.2	0.0	0.0	0.0	0.0	-1.0
M. Sect. & Beams	Low:	3.1	3.2	5.4	4.1	4.1	4.0	3.9	0.0	-1.0
Rebar	Low:	-2.8	-2.7	-4.9	-6.0	0.0	1.8	0.0	0.0	-0.8
Merchant Bar	Low:	0.0	0.0	0.0	-1.3	-3.3	0.0	0.0	0.0	-0.9

BASIS PRICE AND PRODUCT DEFINITIONS

Negotiated basis price ranges pertain to:-

New purchases for mainstream business negotiated with regional mills during the current month for delivery in the future (usually 2 or 3 months ahead).

Prime material (ex basing point, net of all rebates) for the lowest quality product in the producers' price list., unless otherwise stated.

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

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

Note: (a) Basis - 1.5mm thick,
(b) Drawing quality. Includes quality extra.
(c) Category C1. includes size extra. Excluding surcharges.
(d) High Yield - deformed includes size extra for 16-20mm dia bar. Grade 500 in Denmark, Sweden, Finland and Norway
(e) Round Bar.

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.

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Transaction Price Data Sheet

TABLE 4. NEGOTIATED TRANSACTION PRICES

FLAT PRODUCTS price/tonne		Denmark (DKR)	Denmark (€)	Sweden (SKR)	Sweden (€)	Finland (€)	Netherlands (€)	Austria (€)	Norway (NKR)	Norway (€)
Hot Rolled Coil	High:	3966	533	5150	564	530	531	518	4425	536
	Low:	3806	511	4850	531	515	496	493	4225	512
Hot Rolled Plates	High:	5430	728	6875	754	732	706	715	5930	719
	Low:	5230	701	6775	743	712	686	695	5630	682
Cold Rolled Coil	High:	4755	638	5890	645	635	634	608	5220	633
	Low:	4595	616	5590	612	615	599	568	4920	596
Hot Dipped Galvanised Coil	High:	5990	803	7545	826	782	796	786	6515	789
	Low:	5790	777	7295	799	757	776	756	6290	762
Electro-Zinc Coated Coil	High:	5170	694	6110	669	722	668	679	5579	676
	Low:	5020	674	5910	647	687	648	649	5279	639
Stainless Cold (a) Rolled Type 304	High:	13625	1828	17125	1876	1900	1880	1840	14830	1796
	Low:	13225	1774	16625	1822	1800	1830	1790	14530	1760
Stainless Cold (a) Rolled Type 430	High:	—	—	—	—	1350	—	1300	—	—
	Low:	—	—	—	—	1280	—	1250	—	—

LONG PRODUCTS price/tonne		Denmark (DKR)	Denmark (€)	Sweden (SKR)	Sweden (€)	Finland (€)	Netherlands (€)	Austria (€)	Norway (NKR)	Norway (€)
Wire Rod (Drawing quality)	High:	3900	523	4750	520	550	528	530	4310	522
	Low:	3750	503	4600	504	530	508	510	4170	505
Wire Rod (Mesh quality)	High:	—	—	—	—	—	—	—	—	—
	Low:	—	—	—	—	—	—	—	—	—
Medium Sections✪ & Beams (I beam)	High:	4685	628	6391	700	644	649	659	5242	635
	Low:	4485	602	6101	668	624	629	649	5097	617
Medium Sections✪ & Beams (H beam)	High:	4984	668	6756	740	684	689	699	5573	675
	Low:	4784	642	6466	708	664	669	689	5428	657
Reinforcing Bar	High:	3650	490	4100	449	440	450	540	4725	573
	Low:	3500	470	3850	422	420	430	520	4495	545
Merchant Bar (50mm diameter)	High:	4120	553	5020	550	540	555	565	4515	547
	Low:	4020	539	4820	528	515	535	535	4465	541
Merchant Bar (Equal Angle)	High:	4195	563	5070	555	550	565	575	4600	557
	Low:	4095	549	4870	533	525	545	545	4550	551

✪ *Includes scrap surcharge*

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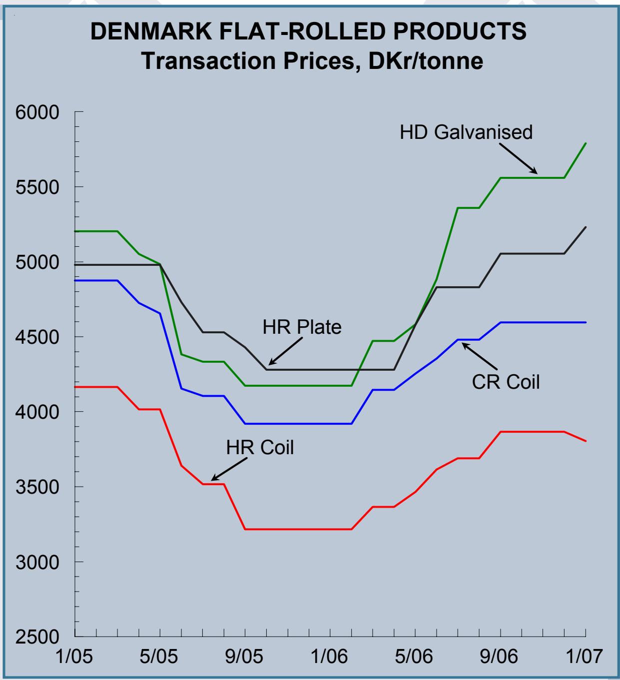

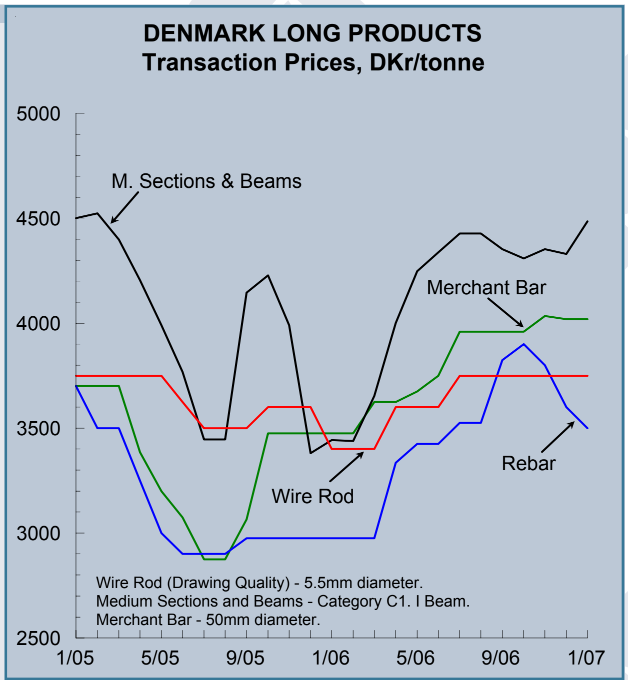

TABLE 5. FLAT & LONG PRODUCTS - NORDIC AVERAGE TRANSACTION PRICES

Euro/tonne		2006					2007
		AUG	SEP	OCT	NOV	DEC	JAN
Hot-Rolled Coil	**High:**	538	539	547	552	560	541
	Low:	509	509	523	528	536	521
Hot-Rolled Plate	**High:**	691	699	719	725	736	733
	Low:	662	671	691	696	707	710
Cold-Rolled Coil	**High:**	629	628	639	644	654	638
	Low:	600	598	611	616	626	610
Hot Dipped	**High:**	768	767	784	791	802	801
Galvanised Coil	**Low:**	741	739	755	762	773	774
Electro-Zinc	**High:**	677	675	684	690	701	690
Coated Coil	**Low:**	643	643	656	661	672	662
Stainless Steel	**High:**	1418	1492	1641	1747	1836	1850
Type 304	**Low:**	1368	1429	1584	1686	1774	1789
Stainless Steel	**High:**	—	—	—	—	—	—
Type 430	**Low:**	—	—	—	—	—	—
Wire Rod	**High:**	—	—	—	—	—	—
(Mesh quality)	**Low:**	—	—	—	—	—	—
Medium Sections	**High:**	640	651	661	676	671	692
and Beams(H beam)	**Low:**	611	620	630	646	646	668
Rebars	**High:**	473	502	515	510	507	488
	Low:	450	478	489	485	483	464
Merchant Bars	**High:**	521	527	528	535	533	556
(Equal Angle)	**Low:**	502	507	511	518	516	540

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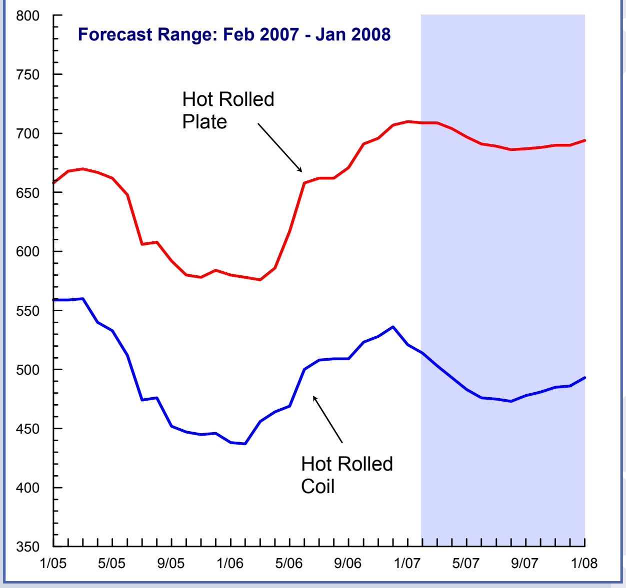
MEDIUM TERM FORECASTS

FLAT PRODUCTS

The MEPS Nordic average Hot Rolled Coil price turned down in January. We believe December was the peak of the cycle. This downward trend is expected to continue into the third quarter of the year. Inventory levels are high and import volumes have started to arrive. From September onwards the lower prices should make the market less attractive to importers, with prices then predicted to rise into 2008.

The MEPS Nordic Average Hot Rolled Plate price was steady this month and is expected to stay at a similar level for the first quarter. Availability is tight and this situation is predicted to continue in the near term. Price erosion may set in throughout the second period as the import threat increases - with figures estimated to decline by around 3%. A slow recovery is forecast to take place to the year end.

HOT ROLLED FLAT PRODUCTS FORECAST
Nordic Average Transaction Prices, €/tonne



TRANSACTION PRICES - PRODUCT AND PRICE DEFINITIONS

Transactions prices are the realised values obtained by the mills for the cheapest grade of steel in the size range specified for each product. These transaction prices are determined by adding the relevant size extras to the negotiated ex-mill basis price for the selected product.

Transaction prices relate to those paid by consumers and stockholders for prime material. The prices are for regular business between customers and their domestic steel mills, negotiated during the current month for delivery in the future. 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.

Nordic Average - Includes prices in Denmark, Sweden, Finland & Norway. Converted into Euros for comparison.
Hot-Rolled Wide Coil - 2-3mm thickness, width over 1.1 metres.
Hot-Rolled Plates - 15-40mm thickness, width over 2.0 metres.
Cold-Rolled Coils - 1mm thickness, width over 1.3 metres.
Hot Dipped Galvanised Coils - 1mm thickness, width over 1.1 metres, coating thickness 275 gm/m^2
Electro-Zinc Coated Coils - 1mm thickness, width over 1.1 metres, standard coating.
Stainless 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 and Beams - Category C1. I Beam. **Medium Sections and Beams** - 240mm x 240mm H Beam.
Reinforcing Bar (Deformed) - 16-20mm diameter - high yield - Grade 500 in Denmark, Sweden, Finland and Norway.
Merchant Bar - 50mm diameter. **Merchant Bar** - 50 x 50mm x 6mm equal angle.

CURRENCY EXCHANGE RATES
January 9 - 2007

		Units/ US$	Units/ Euro
Denmark	(DKr)	5.736	7.454
Sweden	(SKr)	7.023	9.127
Norway	(NKr)	6.354	8.257
Eurozone	(€)	0.770	1.0

NEXT MONTH'S ISSUE

The February issue of the European Steel Review Supplement will be despatched by post & PDF on 16 February, 2007.

Express Prices Tables will be despatched by e-mail in excel format on 12 February, 2007.

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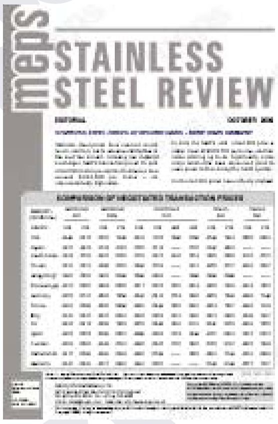
INTERNATIONAL STEEL REVIEW (monthly)

Each edition carries domestic steel pricing data in eleven countries across the globe, including - United States, Canada, China, Japan, South Korea, Taiwan, Poland, Czech/Slovak Republics and the main five EU member states - covering 70% of world consumption. Details of World and Regional Average Steel Prices are incorporated together with regular forecasts.

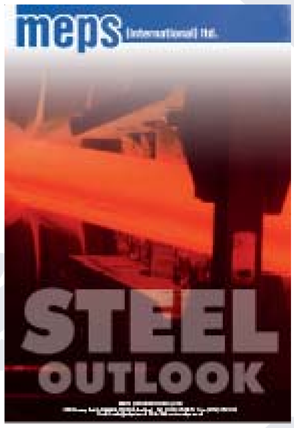
STAINLESS STEEL REVIEW (monthly)

This publication provides stainless steel price and market information for hot rolled plate, hot and cold rolled strip, plus two bar products. Two austenitic and ferritic grades are assessed in thirteen countries around the world covering 65% of global consumption. Details of basis price negotiations and alloy surcharge values, where applicable, are incorporated. Transaction price forecasts are included. Estimates of alloy surcharges three months ahead are also included in each issue.



WORLD STEEL OUTLOOK (quarterly)

Crude steel and pig iron production forecasts are made for forty of the top steel producing nations. Also included is detailed analysis and future trends for the ten main rolled steel products (Hot Rolled Coil, Hot Rolled Plate, Cold Rolled Sheet, Coated Sheet, Wire Rod, Sections and Beams, Rebar and Merchant Bar) in the US, Canada, Brazil, EU, China, Taiwan, South Korea and Japan. From trade data we are also able to prepare apparent consumption estimates.



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