



STEEL PRICES

As part of our commitment to customer service, it is our policy to keep our customers updated as to the current trends in the steel market.

Prices for steel sheet and coil have started to move forward as a result of market conditions. There are two main reasons for this, which are detailed below:

1) The Floods in Australia

Australia supplies about half of the world's coking coal, which is used in the production of steel.

"Australia's record floods are causing catastrophic damage to the infrastructure in the state of Queensland and have forced 75% of its coal mines, which fuel Asia's steel mills, to grind to a halt"

Queenslands' Premier Anna Bligh.

The 1st Quarter of 2011 indicated that Coal prices were continuing to rise with coking coal, used in steel production hitting \$225 a tonne. Some analysts are predicting that it could rise as high as \$300 a tonne in the 2nd quarter, once the impact of the floods hits the worlds markets.

2) Fire at one of Tata's European Mills

On December 27th 2010 a fire occurred in one of Tata Steels pickling lines at the Ijmuiden plant in the Netherlands. The fire caused damage to equipment at the site, forcing Tata to delay delivering of products, including CR Coil and hot dipped galvanised. This has resulted in Tata Steel declaring a Force Majeure on deliveries of certain strip products from the Ijmuiden site, which in effect is a measure allowing them to miss contracted deliveries due to circumstances beyond their control.

We have been reliably informed by our suppliers that steel prices will continue to rise over at least the next 2-3 months, so please bear this in mind when you are forward quoting for jobs.

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