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GLOBAL DEMAND CAUSES UNPRECEDENTED PRESSURE ON AUSTRALIAN REINFORCING STEEL PRICES

Steel reinforcement along with many other building materials is facing unprecedented worldwide pressures on costs.

The insatiable demand for raw materials from China, India and other developing countries is causing a massive rise in prices for steel making materials such as coal, iron ore and scrap, together with many other materials such as copper, nickel, vanadium, zinc etc. Energy, freight and other inputs costs are also increasing in most countries.

Similar to the increase in world demand and construction input costs that China spearheaded in 2004, the Australian reinforcing industry is expecting possible increases of 40% plus in 2008 for reinforcing and other steel products, said John Keith, the Executive Director of the Steel Reinforcement Institute of Australia, (the reinforcing processing industry's not for profit association).

My members supply cut and bent rebar and reinforcing mesh to builders and concreters across Australia. They are all reporting issues in availability and cost of "reo". They have already had increases of 20-30% and more are foreshadowed by local and overseas steel mills.

Those who use imported steel are reporting problems with availability as prices across the Asia Pacific region skyrocket, and the local steel mills have also advised processors of significant increases due to major rises in their input costs such as the cost of scrap, energy and other raw materials, which are all subject to global pricing.

Prices of reinforcing and other steels have risen in both February and March this year, and further increases are forecast. The industry has been very price competitive over recent years compared to many other construction products but as with other building materials, we can expect to see major increases in the price of steel reinforcement coming through in 2008 due to world trends.

"All builders and concreters should be aware of these trends, and the likelihood of several increases which are likely to total in the region of 40% plus during 2008.

Attached:

Graphs of prices of key steelmaking materials

Further information:

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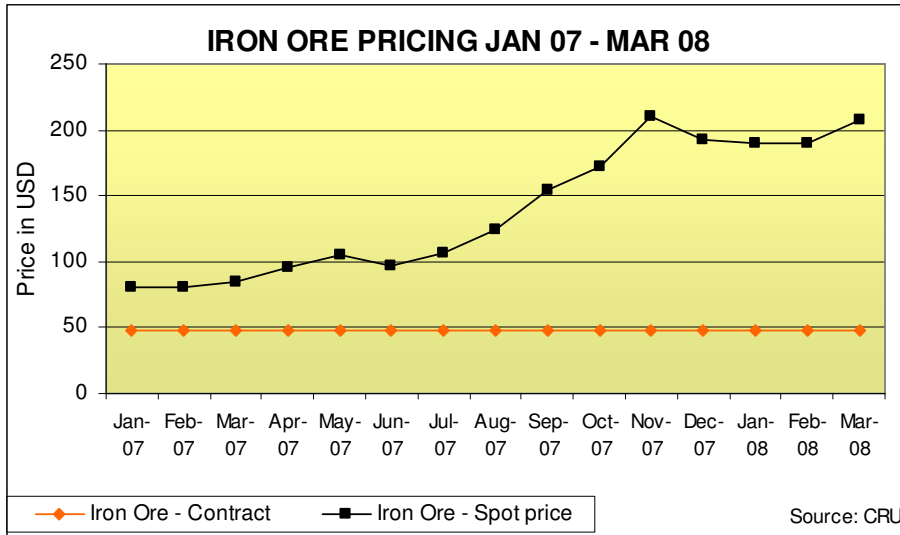
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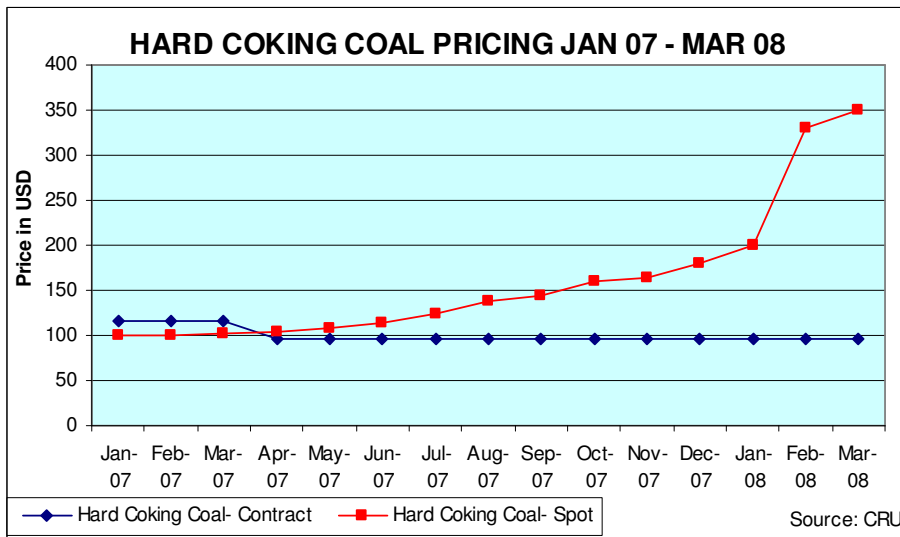
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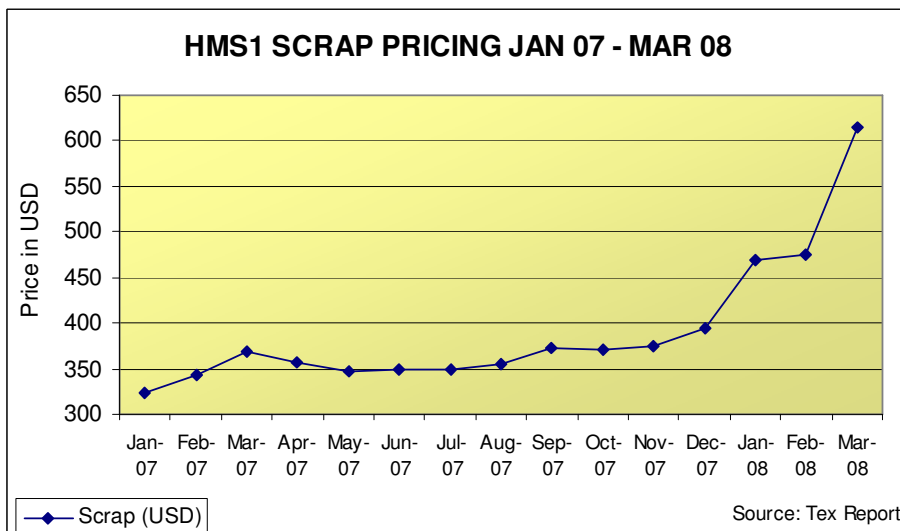
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Contract prices for Iron Ore have been settled by Vale of Brazil at 65% above the 2007 contract price. BHP & Rio Tinto are yet to settle and are holding out for a freight differential.



BMA (BHP/Mitsubishi Alliance) is currently in negotiation with Japanese steel mills. Contract pricing is expected to double for 2008.



Scrap pricing is now at an historic high. No signs that this will change as scrap supply is very tight