



KEEPING YOU IN THE KNOW...

Recent news of possible 50 to 80% benchmark price increases on Iron Ore and future increases on Coke products is causing concern about the immediate effect on domestic steel prices.

A recent article in the American Metal Market headlined with the following; **2010 iron ore benchmark may rise 80%**. This would put immediate pressure on US Scrap Markets which in turn could lead to additional price increases on steel.

More from the AMM article indicates the realities of higher prices and the driving force behind the increases:

Analysts have upgraded 2010 iron ore benchmark price forecasts to levels thought untenable even a few weeks ago as negotiations continue and debate heats up.

One respected analyst has predicted this year's settlement will be 80 percent higher than last year's level. A senior ArcelorMittal executive was reported as confirming this view.

"What we're hearing from Asia is in the direction of 70 to 80 percent," Robrecht Himpe, chief executive officer of ArcelorMittal's Flat Carbon Europe business, told the Australian.

Most market watchers have been talking of a 40- to 50-percent price increase from 2009 levels, while some have predicted a 60- to 70-percent increase. But the strength of the spot market-where prices are at 18-month highs-and continuing strong steel production in China are pushing estimates higher.

"The physical market is being driven by Chinese demand supported by a continuing recovery in steelmaking across the developed economies. Combined with falling freight rates, this has resulted in a period of sustained price premiums between the Chinese spot market and the equivalent Brazilian and Australian f.o.b. prices," David Tucker, Hatch's steel raw materials expert, said.

MetalMart has always taken the responsibility to inform you our customer of any changes in our market that may have an effect on your bottom line. At this moment we do not know where pricing will be in the upcoming months, but in all of our conversations with others in the industry, and the recent debate over Iron Ore, higher prices seem eminent in the near future. The bottom line is that the steel you buy today will cost less than tomorrow or in future purchases. Plan accordingly and let us know if you have needs on materials for upcoming jobs. For a limited period of time, we may be able to tie up material for you at current prices. Keep in mind all products are subject to price changes without notice.

Current and future increases are not market driven, but result directly to increased raw material costs at the mill. These are real costs that the mills cannot ignore. You have our assurance that MetalMart will continue to search out deals on all products in order to continue to offer you the best possible price. Call MetalMart for all your steel products and make sure you get our price before you buy. We are grateful for the opportunity to serve you in all your steel needs. Thank you for your trust and continued business!

The MetalMart Team!



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