



→ Tinplate Outlook Quarterly Report

December 2011

Special Focus on the Europe tinplate market



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a) Overview: tinplate contract perspective for 2012.



We now expect that the tinplate contract price could decrease ?% in Europe during the first half of 2012, compared to the second half of 2011 price level, given weaker-than-expected tinplate market fundamentals.

Tinplate price contracts in EU (annual increase %)

Year	Harbor's Tinplate Contract Range Estimates*	Harbor's Tinplate Contract Estimates*
First Semester 2012 vs. Second Semester 2011	?% and ?%	?%
First Semester 2012 vs. First Semester 2011	?% and ?%	?%

- A more frequent tinplate contract price negotiation has attracted aggressive offers from important export countries, adding downward pressure on contract price levels by EU mills.
- An unbalance between supply and demand, given weakness in domestic tinplate demand, an increase of import offers, and the lack of significant cutbacks in domestic tinplate production.
- A steeper fall of raw material prices has made us more negative on tinplate contract price outlook. Furthermore, the uncertainty on Europe's economic dynamics, given sovereign debt issues, gives as a result a gloomy environment for tinplate contract price negotiations during the first half of 2012.

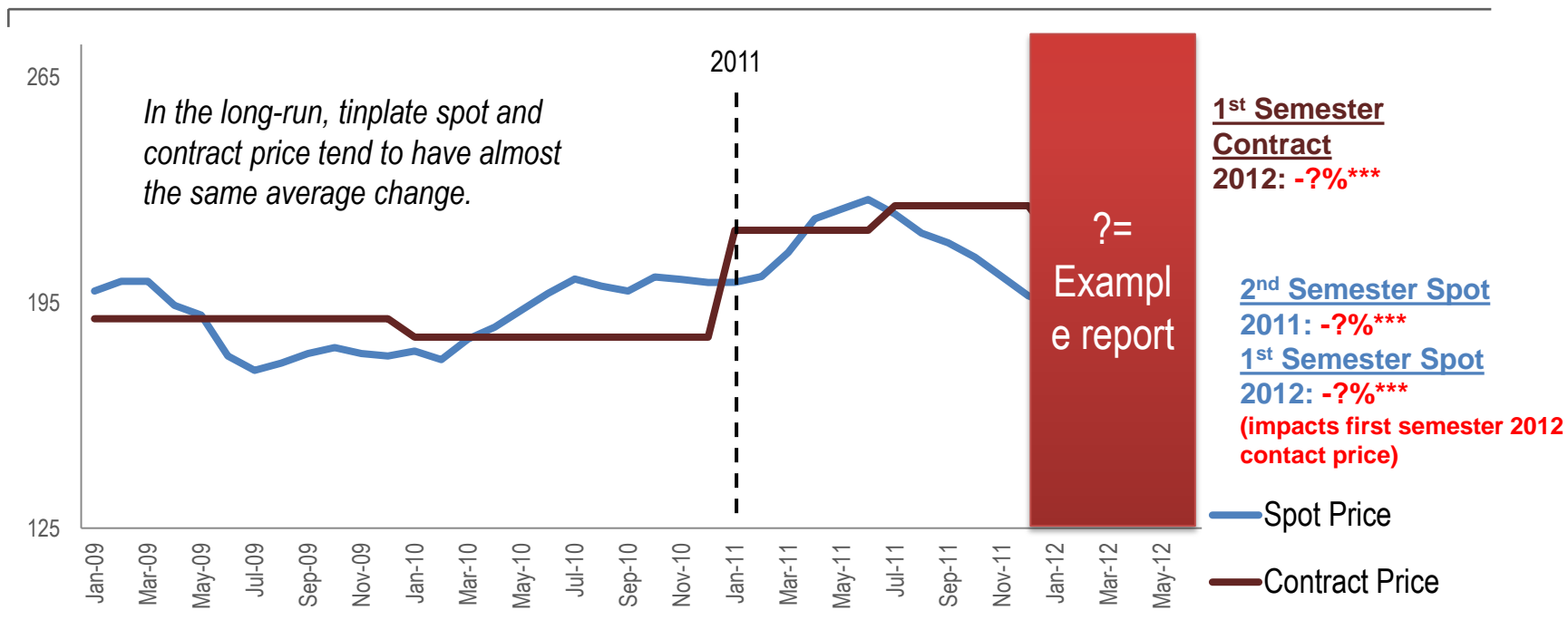
Source: HARBOR intelligence.

*HARBOR's view of annual contract final agreements. Final contract agreements are not disclosed and remain confidential, this is just a guideline.

? = Example Report.

The accumulated decrease of tinplate spot price registered during the second half of 2011, and the expected average spot price decrease during the first half of 2012.

EU tinplate spot price * vs. Tinplate price contracts** in EU (index, 2003=100)



Source: HARBOR intelligence.

* Domestic price for the spot market average transaction price in dollars per metric ton for 0.21 mm sheet.

**HARBOR's view of annual contract final agreements. Final contract agreements are not disclosed and remain confidential, this is just a guideline.

***semester over semester change.

? = Example Report.

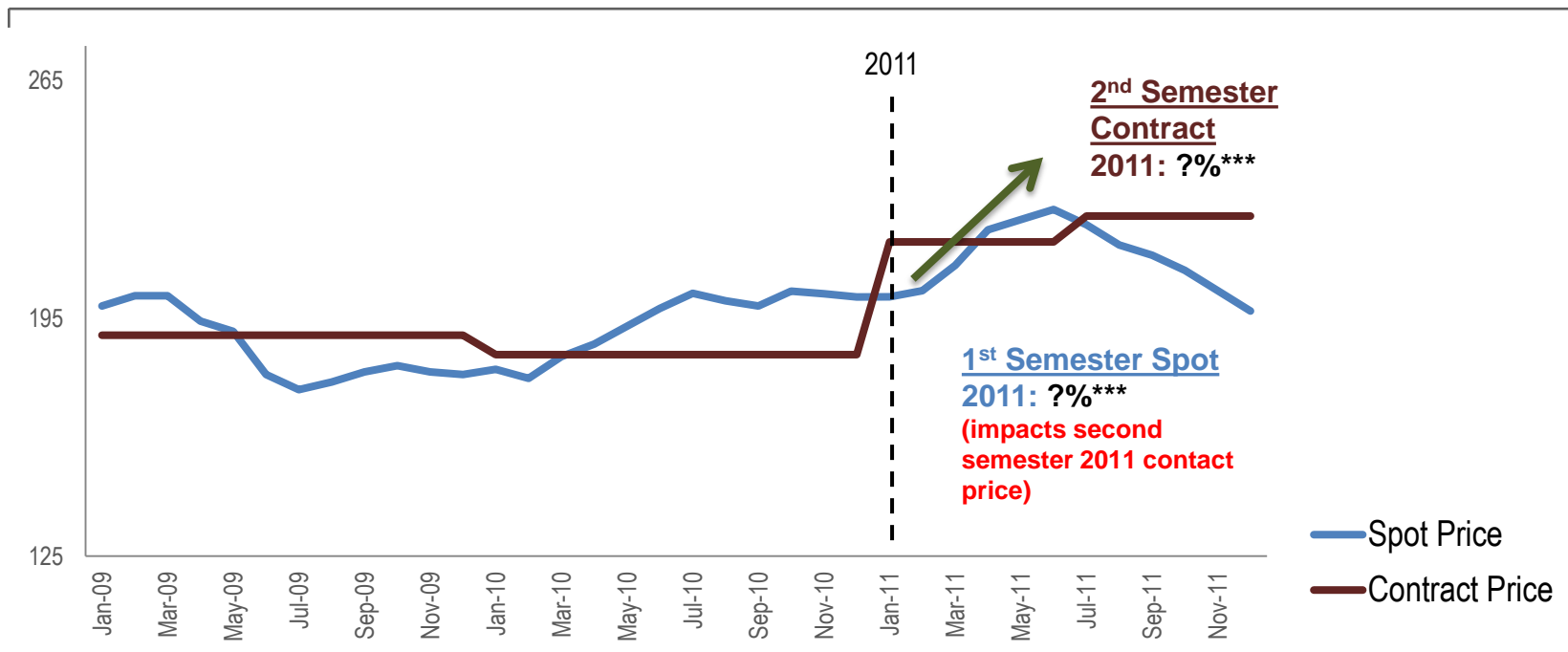


b) Current dynamics in the tinplate market.



The close relationship between spot price and contract price is a variable important to follow. The increase of tinplate spot price during the first half of 2011 supported the increase of contract price during the second half of 2011...

EU tinplate spot price * vs. Tinplate price contracts** in EU (index, 2003=100)



Source: HARBOR intelligence.

* Domestic price for the spot market average transaction price in dollars per metric ton for 0.21 mm sheet.

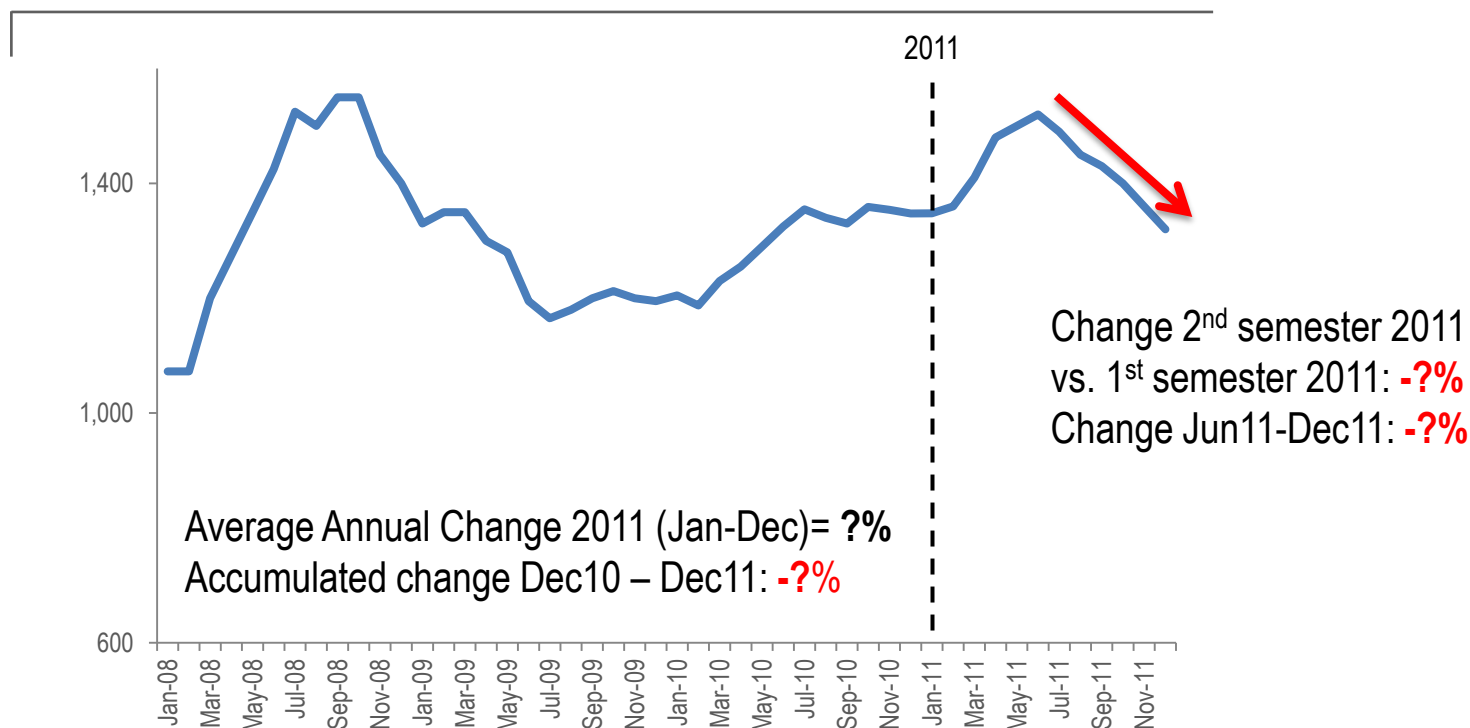
**HARBOR's view of annual contract final agreements. Final contract agreements are not disclosed and remain confidential, this is just a guideline.

***semester over semester change.

? = Example Report.

...however, the decline of tinplate spot prices during the second half 2011 limited contract price growth during such period, and will also be an important variable that adds downward pressure on 1H 2012 tinplate price contracts.

EU Tinplate Domestic Spot Price * (dollars per metric ton)



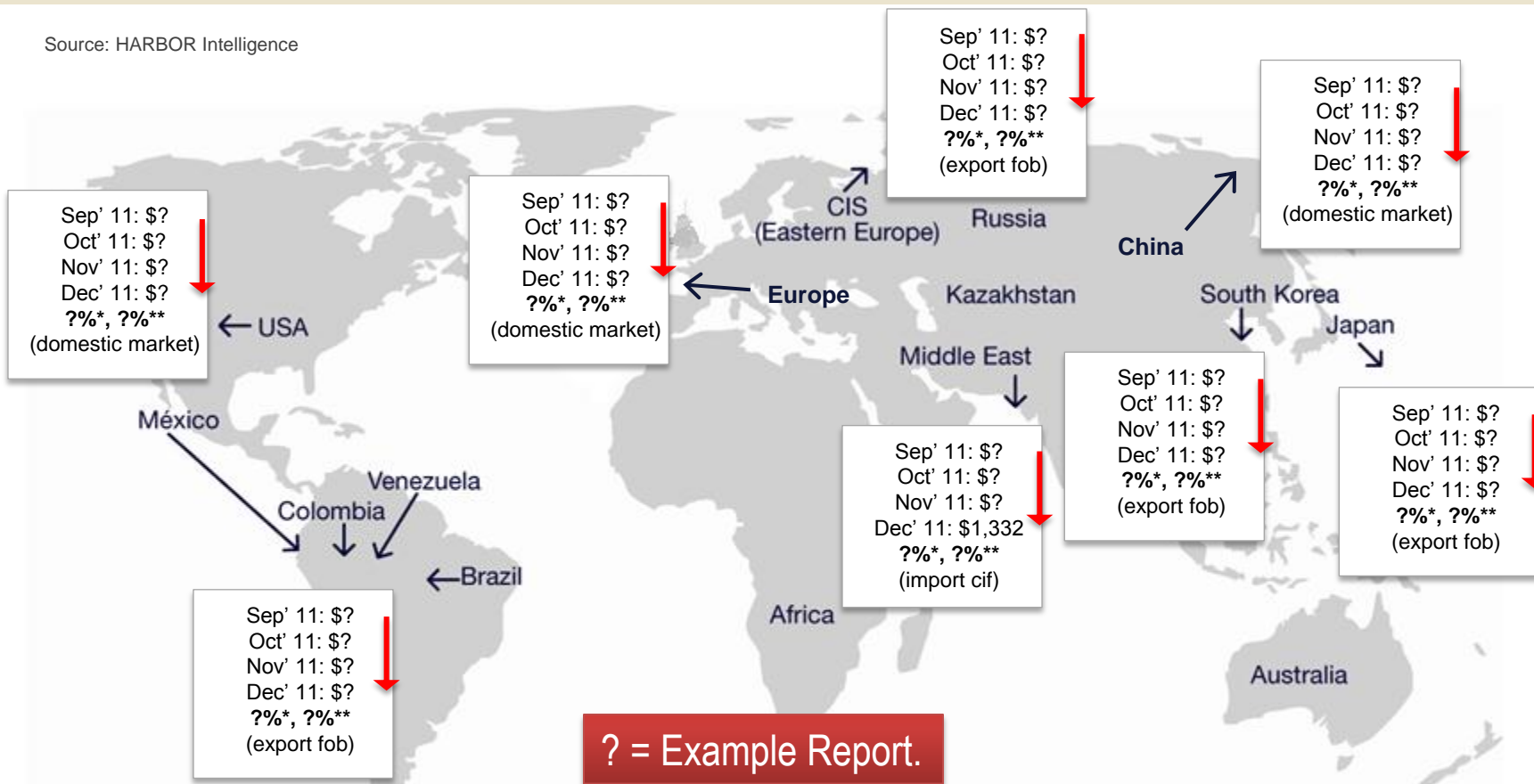
Source: HARBOR intelligence

*Spot market average transaction price in dollars per metric ton for 0.21 mm sheet.

? = Example Report.

The EU tinplate spot price decrease during the second half of 2011 was also accompanied by a general weakness in global tinplate spot prices.

Source: HARBOR Intelligence



GLOSSARY

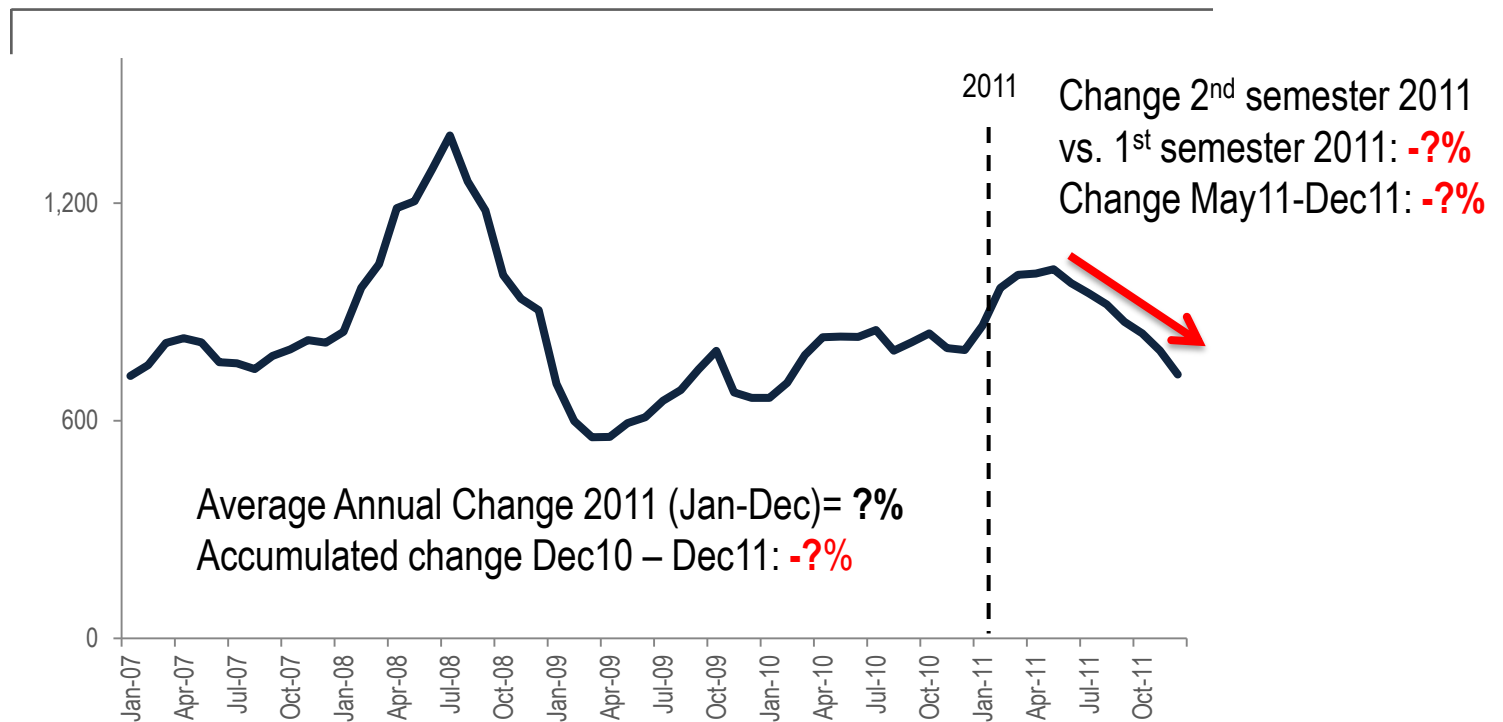
export fob (port of departure, loading charge and stowage on ship)
Domestic market (delivered on border, optional tax payment, Not delivered on buyer's facilities.)

Spot market average transaction price in dollars per metric ton
 For 0.21 mm sheet.

* % accumulated change (December 2011 versus December 2010)
 ** % average annual change (January-December 2011 versus January-December 2010)

Behind the tinplate spot price decrease in Europe is the accumulated decline of EU cold-rolled steel price during the second semester of this year...

EU Cold-rolled steel price (dollars per metric ton)

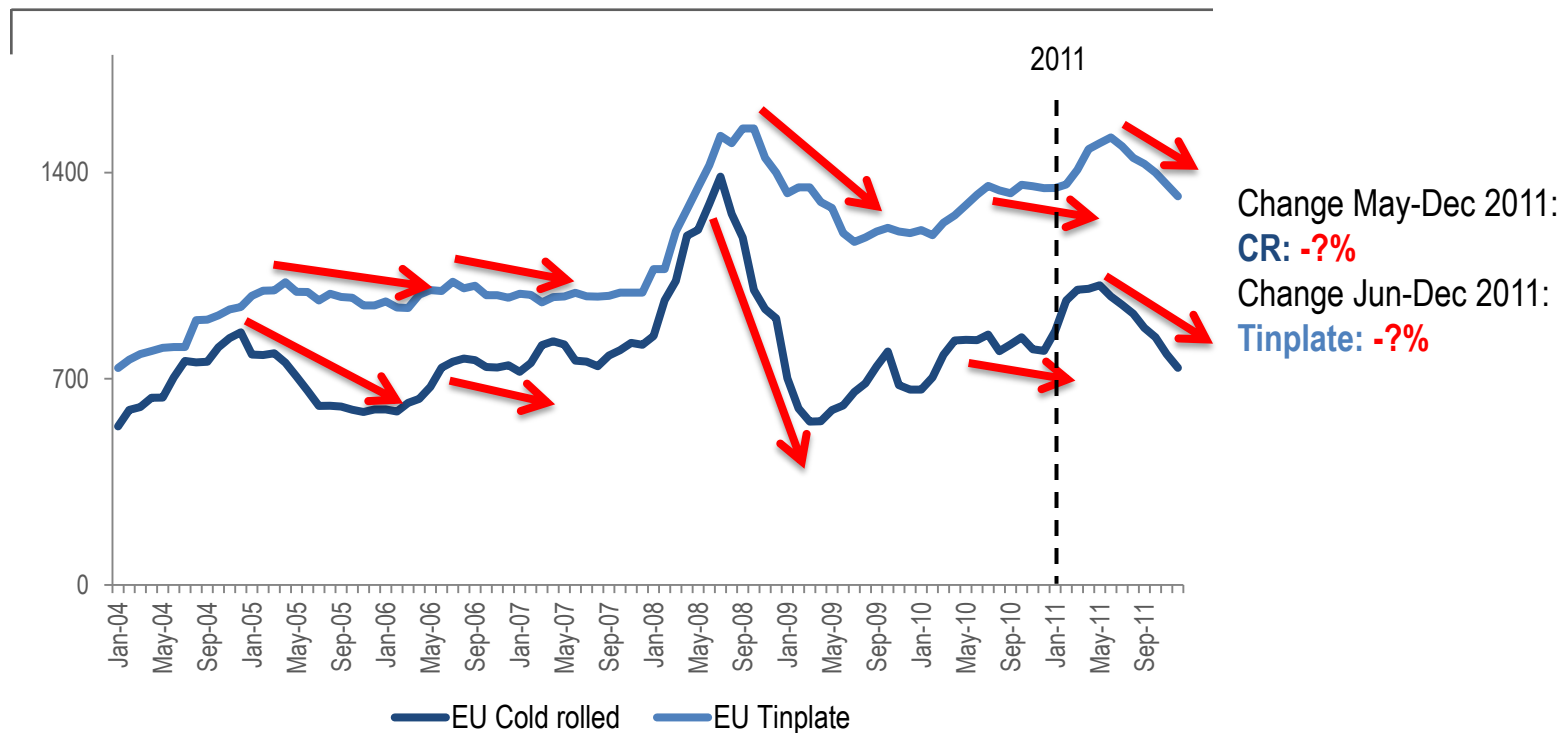


Source: HARBOR intelligence.

? = Example Report.

... as there is an historical relation between the directions of CR steel price and tinplate price.

EU spot tinplate domestic price* vs. EU cold-rolled price
(dollars per metric ton)



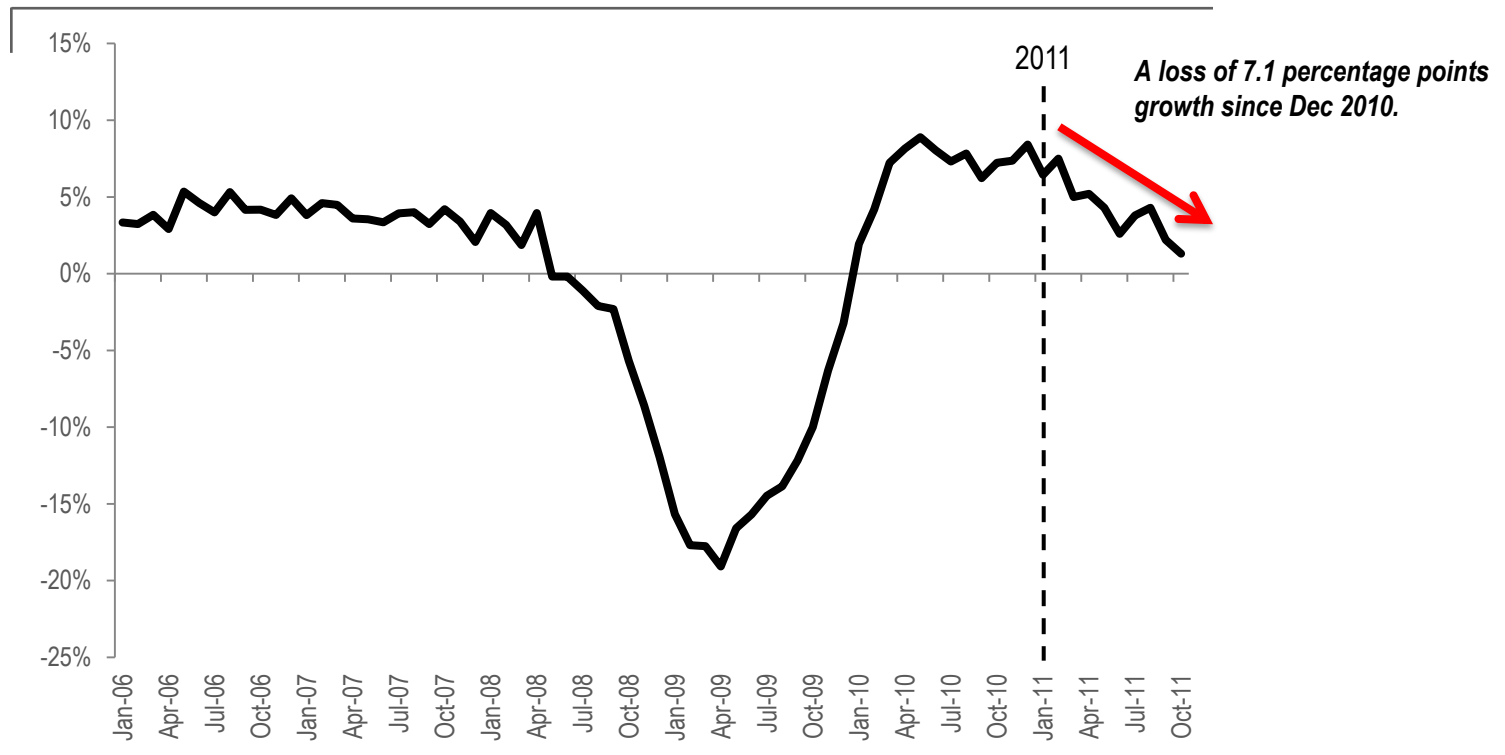
Source: HARBOR intelligence.

*Spot market average transaction price in dollars per metric ton for 0.21 mm sheet.

? = Example Report.

The decline in tinplate spot price has been also driven the steep decline in the EU industrial sector, which continues to be aggravated by sovereign debt issues in some EU countries...

EU Industrial Production
(EU-27; annual change of seasonally adjusted index)

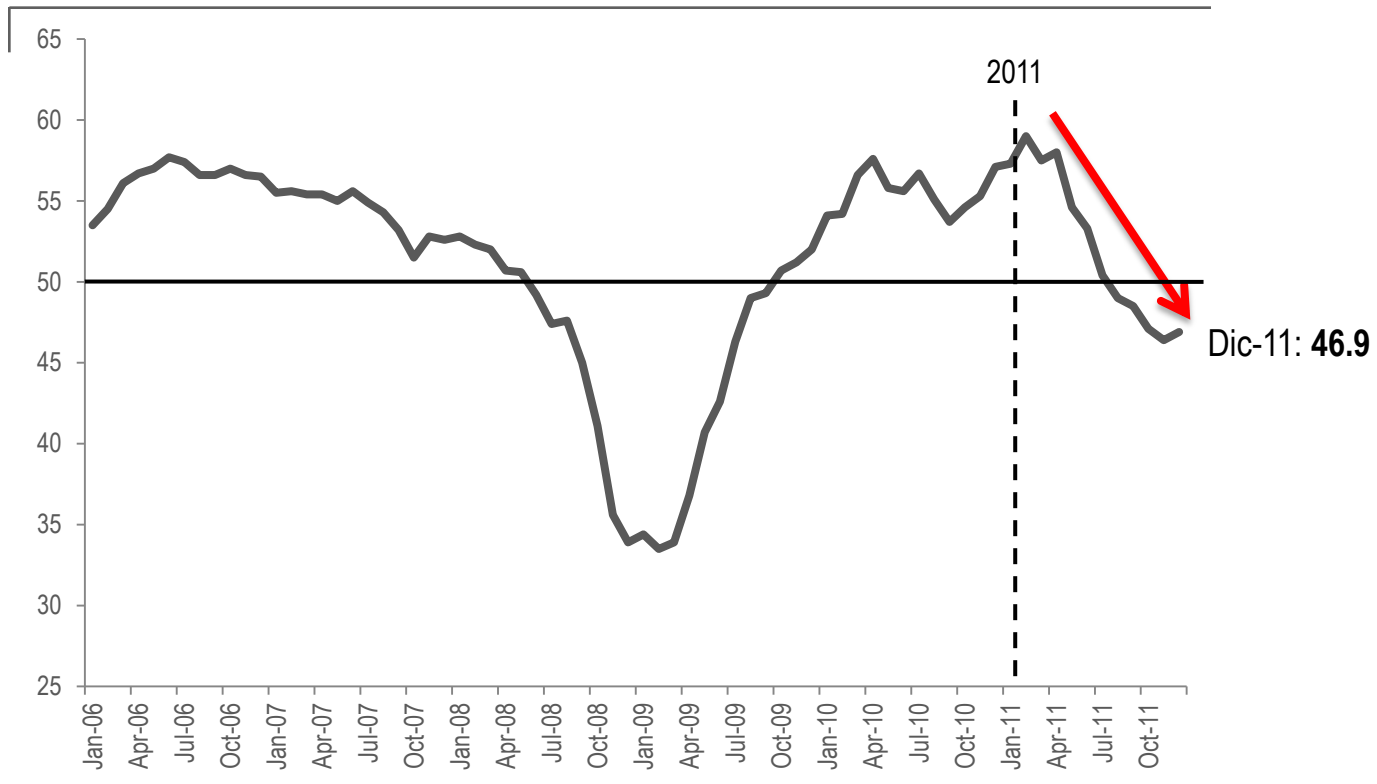


Source: HARBOR intelligence Eurostat data.

...which has a direct impact the European manufacturing activity, now in the contraction zone and on its lowest level since July 2009.

Manufacturing Activity in Europe

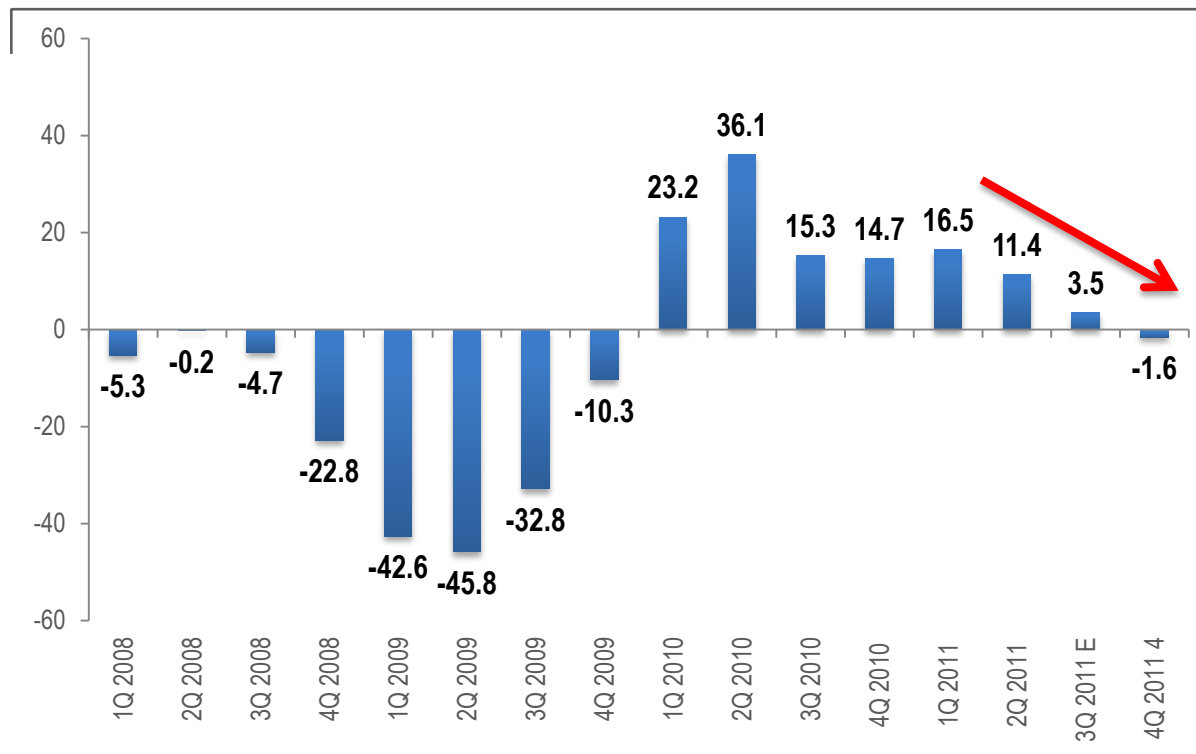
(monthly data; above 50 means expansion, below 50 means contraction)



Source: HARBOR intelligence with Eurostat data.

The deceleration in the manufacturing sector has translated into a slowdown in the EU steel consumption. Such lower steel demand has added downward pressure on EU tinplate spot price.

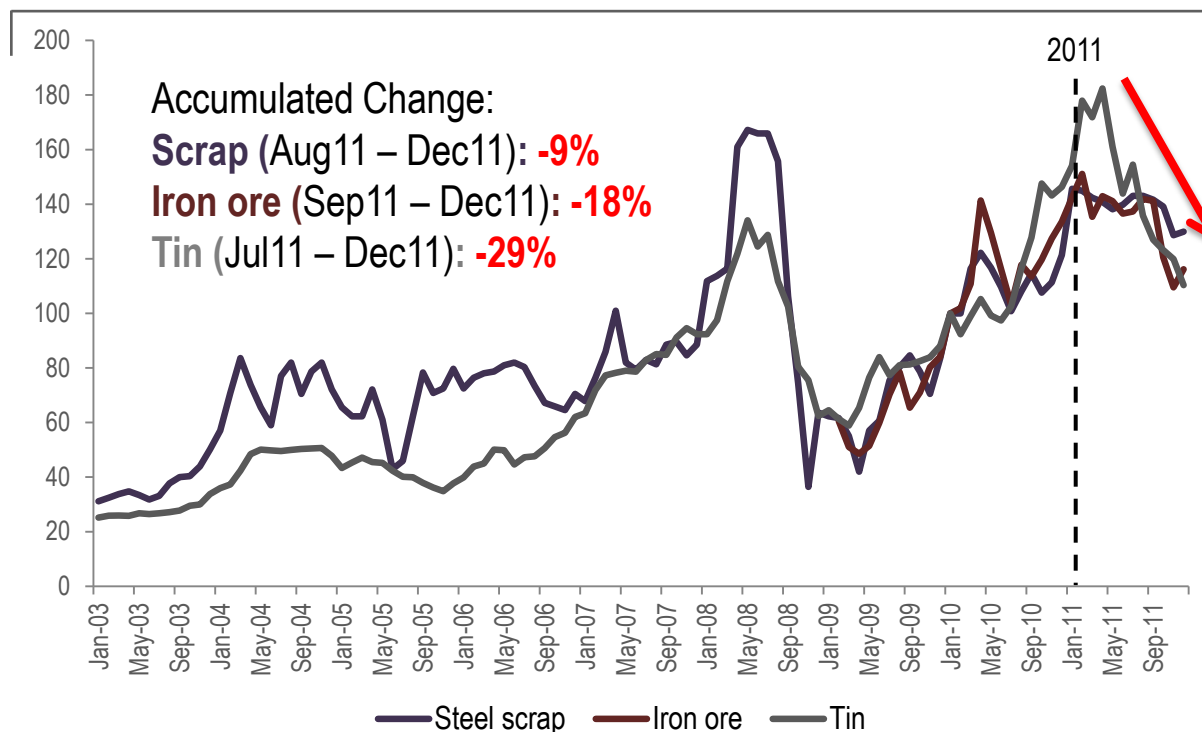
EU Apparent Steel Consumption
(percentage annual change)



Source: HARBOR intelligence EUROFER data and estimates (E).

The significant and unexpected decline in raw material prices has also been behind the accumulated decrease tinplate spot prices.

Raw Material Price Dynamics (index Jan 2010 = 100)

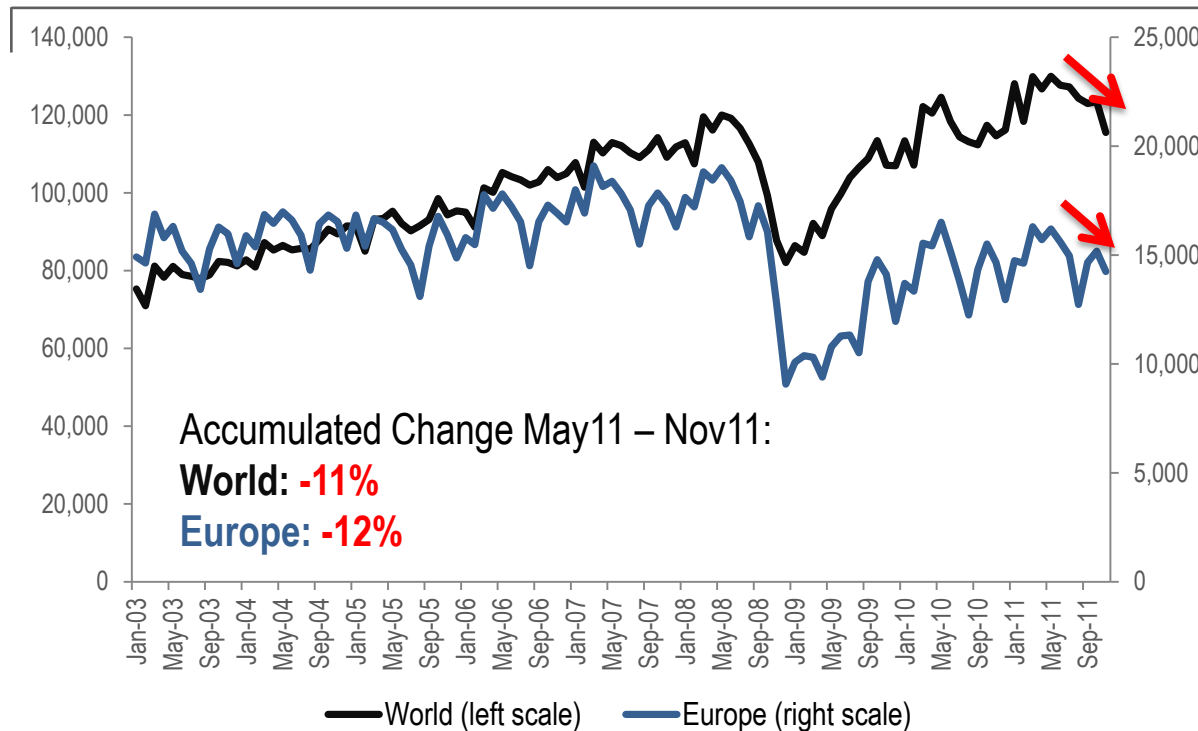


Source: HARBOR intelligence with IMF and LME data.

Steel scrap price refers to #1 heavy melt, Chicago. Iron ore price refers to iron ore fines cfr main China port 63.5% fe. Tin price refers to the 3-month forward price for tin of 99.85% purity (minimum).

The decline in raw material prices had as a main driver the deceleration in global steel production rates, as well as speculation in raw material purchases.

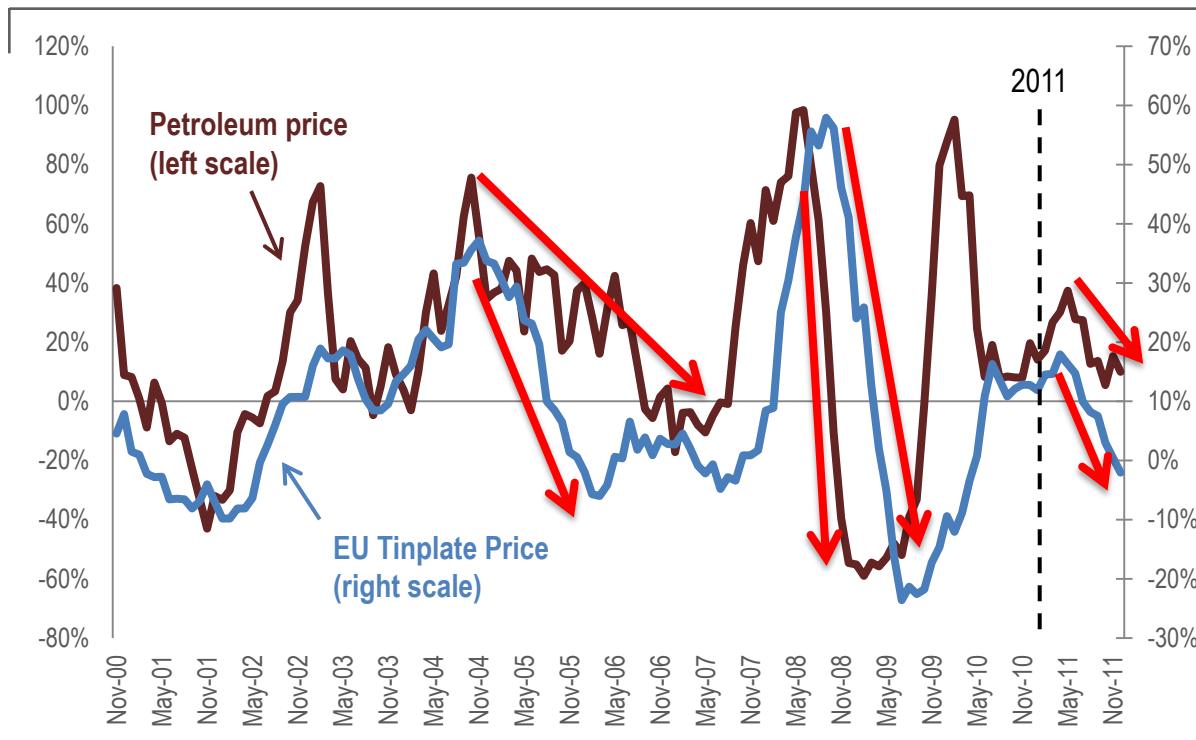
World and Europe Total Steel Production
(thousand metric tons)



Source: HARBOR intelligence with WSA data.

Furthermore, the deceleration in the annual change rate of oil price has translated into a slump in the annual change rate of EU tinplate price...

Annual change: Petroleum price WTI vs. EU Tinplate Domestic Spot Price* (monthly data)



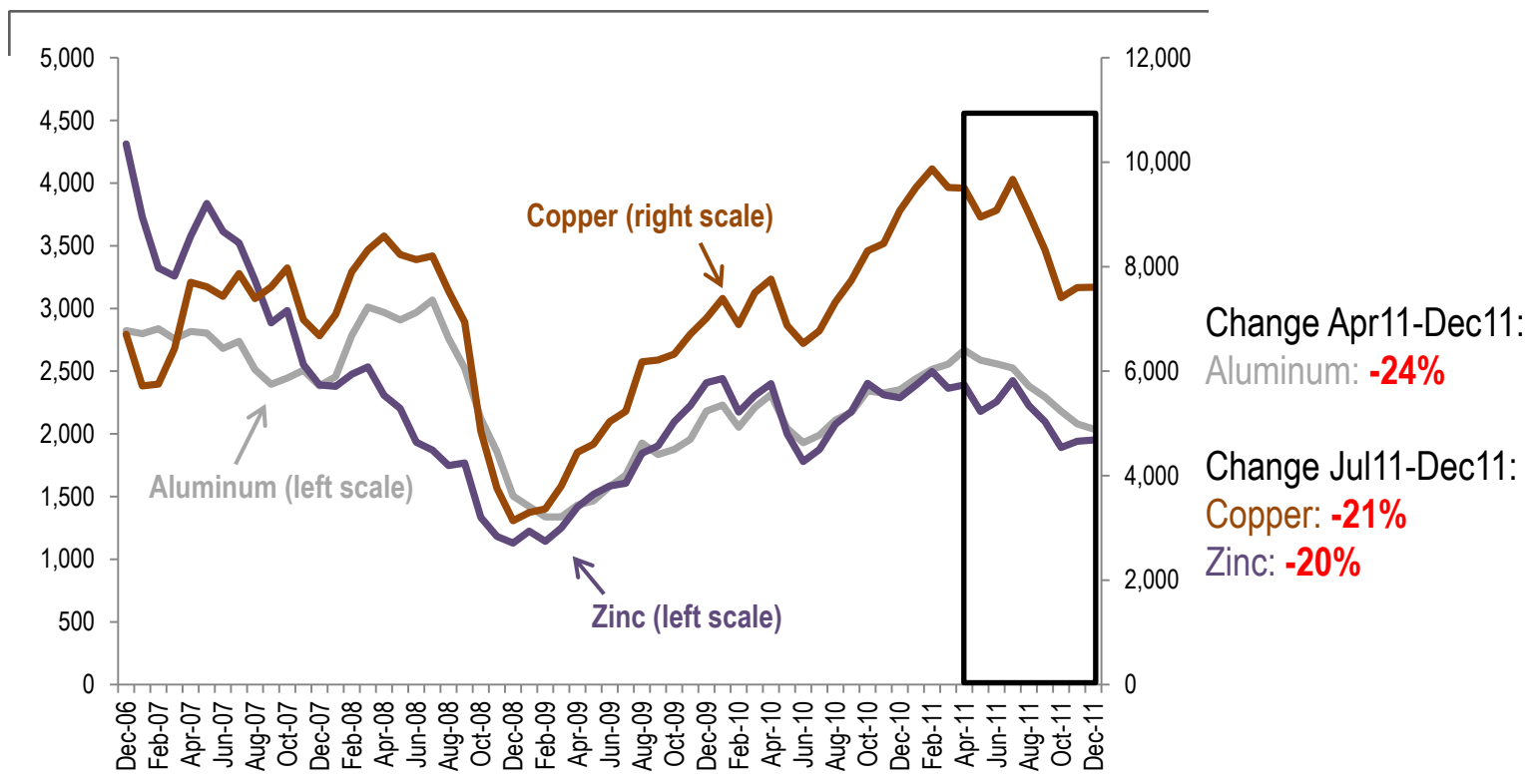
Source: HARBOR intelligence with NYMEX data.

*Spot market average transaction price in dollars per metric ton for 0.21 mm sheet.

...which has also reflected in monthly decreases, as it had already taken place in other commodities during the past months.

Commodity Price Evolution

(index, Dec 2003 = 100)



Source: HARBOR intelligence with NYMEX data.



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a) Price perspective: tinplate contract price.

Tinplate Contracts for Europe.

Tinplate contracts in EU (percentage change)

Year	Harbor's Tinplate Contract Range Estimates*	Harbor's Tinplate Contract Estimates*
First Semester 2011 vs. Second Semester 2010	?% and ?%	?%
First Semester 2011 vs. First Semester 2010	?% and ?%	?%
Second Semester 2011 vs. First Semester 2011	?% and ?%	?%
Second Semester 2011 vs. Second Semester 2010	?% and ?%	?%
First Semester 2012 vs. Second Semester 2011	?% and ?%	?%
First Semester 2012 vs. First Semester 2011	?% and ?%	?%

Source: HARBOR intelligence.

*HARBOR's view of annual contract final agreements. Final contract agreements are not disclosed and remain confidential, this is just a guideline.



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b) Key drivers behind tinplate contract price perspective.

In sum: Key drivers behind tinplate price for 2012.

- ✓ We expect tinplate price contract to increase between ?%* and ?%* during the first semester of 2012, compared to the contract price level in the second semester of 2011.
- ✓ As contract prices are now negotiated every six months in Europe, mills from important export countries, such as Japan and South Korea, are now aggressively trying to attract European buyers by offering six month contracts at lower prices than the European mills. This has added downward pressure in domestic mills negotiations of contract price for the first half of 2012, as European buyers are now demanding prices to be matched by European mills. Japanese and Korean mills have particularly more interest in export to Europe. As more of what they use to export to China and other regions has now been substituted by Chinese material, which have added substantial new capacity recently.
- ✓ The increase of import supply and a weaker-than-expected tinplate demand has made European mills reduced their tinplate production to try to balance tinplate supply and demand. However, it might be difficult for such cutbacks in production to have an effect in the upcoming tinplate contract price negotiations due to the increase availability of imports.

? = Example Report.

***This is not a forecast, just a guidance according our view of the current market.
Final contract agreements are not disclosed and remain confidential.**

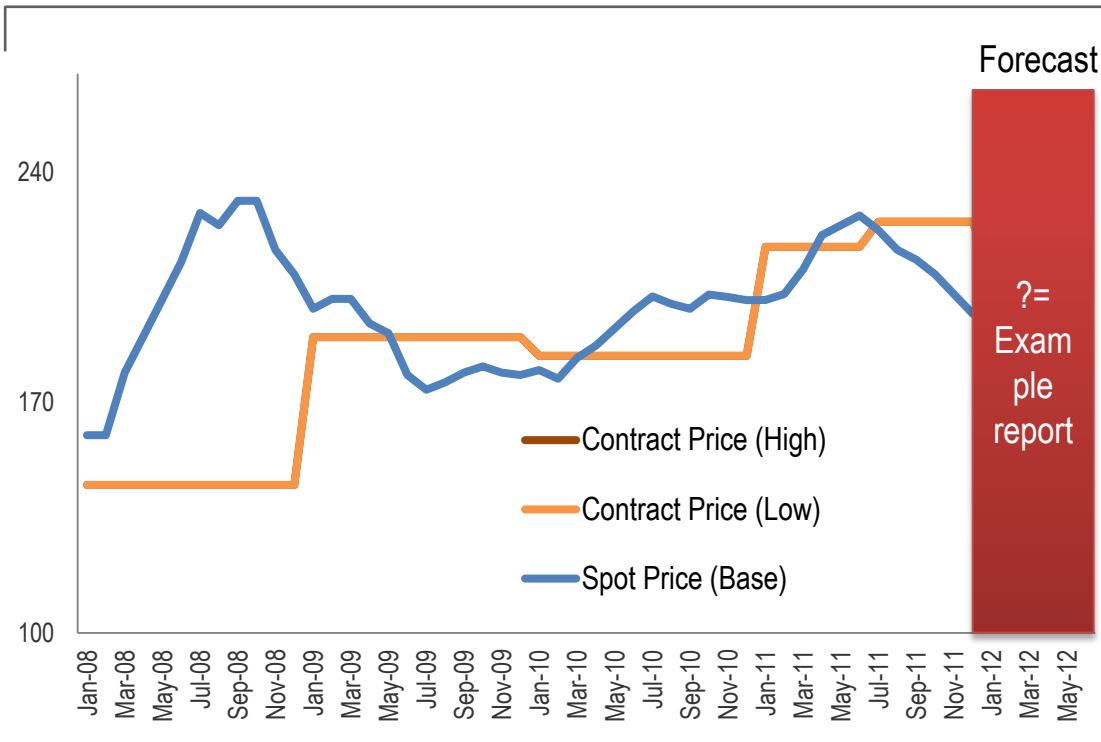
In sum: Key drivers behind tinplate price for 2012 (continued).

- ✓ Behind the EU tinplate contract price expected decrease is also the recent weakness of Europe's tinplate spot price, given that the economic environment in Europe has registered a steeper decline than previously expected. EU tinplate spot price averaged a decrease of ?% during the 2H2011 vs. 1H 2011, while tinplate contract price grew ?% in the same comparison basis. Furthermore, the EU cold-rolled price is expected to register a decline during the first half of 2012, between ?% and ?% (1H2012 vs. 2H2011), which will translate into a lackluster price growth in EU tinplate spot price during such period, with a semester change between ?% and ?% (1H2012 vs. 2H2011), which supports our view of a contract price decrease during the first half of next year.
- ✓ Raw material prices are expected to register an average annual decrease in 2012 (?% in iron ore, and ?% in coking coal) compared to 2011, with the lower growth taking place during the first half of 2012, with iron ore decreasing ?% (1H2012 vs. 2H2011) and coking coal registering a modest semester growth of ?% (1H2012 vs. 2H2011).
- ✓ The economic environment growth will remain complicated in 2012, as EU GDP is expected register a modest annual decrease of -0.1%.

? = Example Report.

The lower growth perspective for 2H 2011 in EU tinplate spot price limited the price growth of tinplate contracts for the second semester of 2011.

EU Tinplate Domestic Spot Price vs. EU Tinplate Annual Contract Price * (index; 2003 = 100)



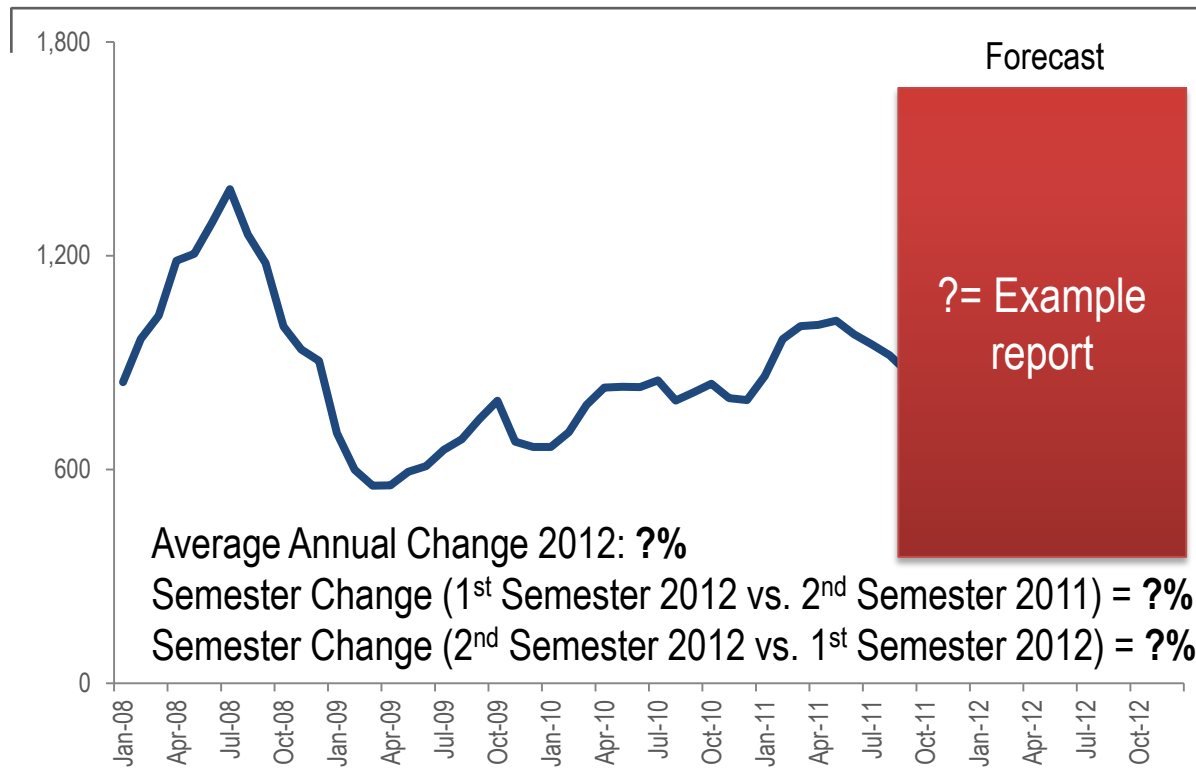
First Semester 2012 Change (1 st Semester 2012 vs. 2 nd Semester 2011)			
	Base	Low	High
Contract	?%	?%	?%
Spot	?%	?%	?%

Source: HARBOR intelligence

*Spot market average transaction price in dollars per metric ton for 0.21 mm sheet.

We expect cold-rolled price to register a decline during the first half of 2012, which will depress tinplate spot and contract prices during such period.

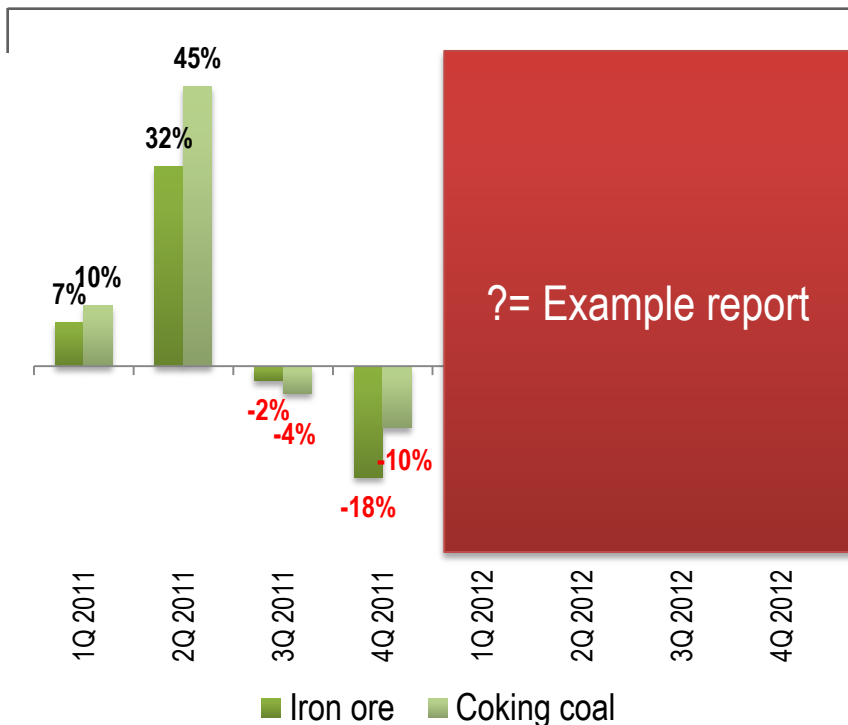
EU Cold Rolled Price
(dollars per metric ton)



Source: HARBOR intelligence.

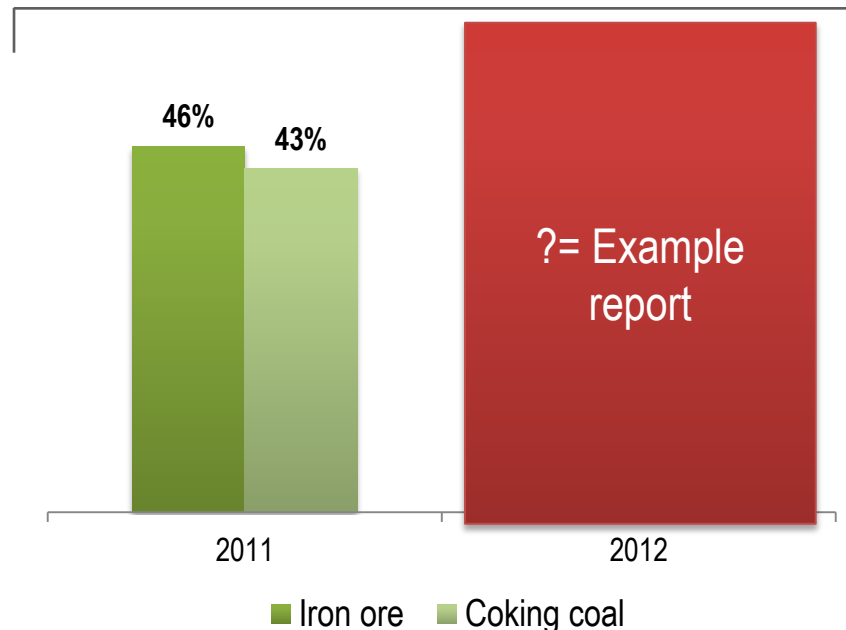
Raw material prices are expected to decrease during the second half of 2011 and register a modest growth rate in 2012. However, price levels for key raw materials will remain in high levels.

Global iron ore and coking coal average price
(growth rate compared to previous quarter)



Source: HARBOR intelligence.

Global iron ore and coking coal average price
(average annual percentage change)

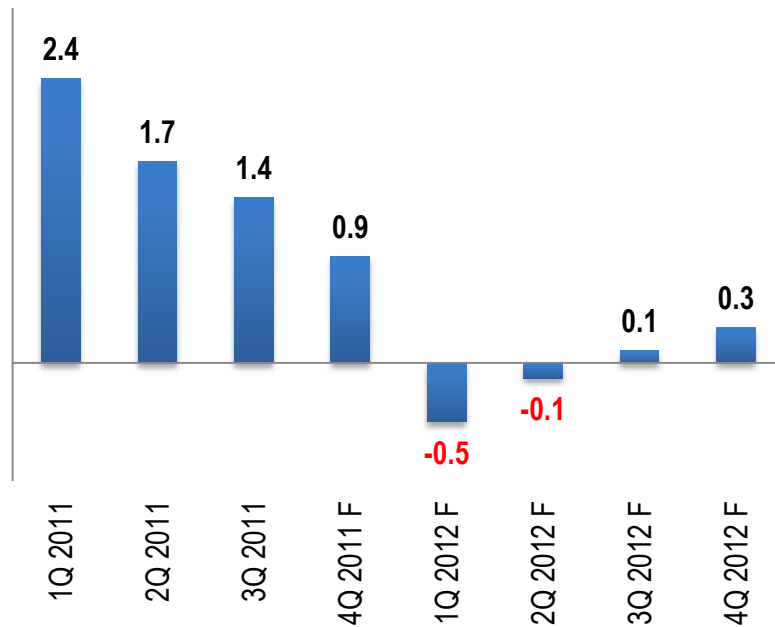


Source: HARBOR intelligence.

Europe's economic environment will register a modest weakness during the first half of 2012, which supports our view of soft dynamics in the tinplate market during such period.

EU Quarterly GDP Growth

(growth rate compared to the same quarter of previous year)



Source: HARBOR intelligence with IMF data.

Global Real GDP Growth (real annual % growth)

	Europe	China	Advanced Economies	Emerging Economies	World
2006	3.6	12.7	3.1	8.2	5.3
2007	3.3	14.2	2.8	8.9	5.4
2008	0.7	9.6	0.1	6.0	2.8
2009	-4.2	9.2	-3.7	2.8	-0.7
2010F	1.8	10.3	3.1	7.3	5.1
2011F	1.6	9.5	1.6	6.4	4.0
2012F	-0.1	8.9	1.7	5.9	3.8

Source: HARBOR intelligence with IMF data.

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- Marketing and sales strategies development

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