



→ Tinplate Outlook Quarterly Report

December 2011

***Special Focus on the US tinplate market***



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a) Overview: tinplate contract perspective for 2012.



We now believe that the tinplate contract price for 2012 in the US will ? compared to the tinplate contract price level registered in 2011.

## Tinplate annual contracts in the US

Year	Harbor's Annual Tinplate Contract Range Estimates*	Harbor's Annual Tinplate Contract Estimates*
2011	?% and ?%	?%
<b>2012</b>	<b>?% and ?%</b>	<b>?%</b>

- We have moderated our view for the US tinplate annual contract price change, given a more conservative outlook for the US and world economic growth in 2012.
- Tinplate mills in the US have faced more downward pressure, as domestic and global raw material price have decreased, which has pulled down tinplate production costs.
- The US tinplate contract price will not be reducing as much as European contracts (US: ?% vs. EU: ?%) for next year, as US mills are trying to compensate the lower increase they had this year versus European tinplate contracts (US: ?% vs. EU: ?%).
- The US mills are facing less import competition as other international mills are not keen in offering annual contracts.

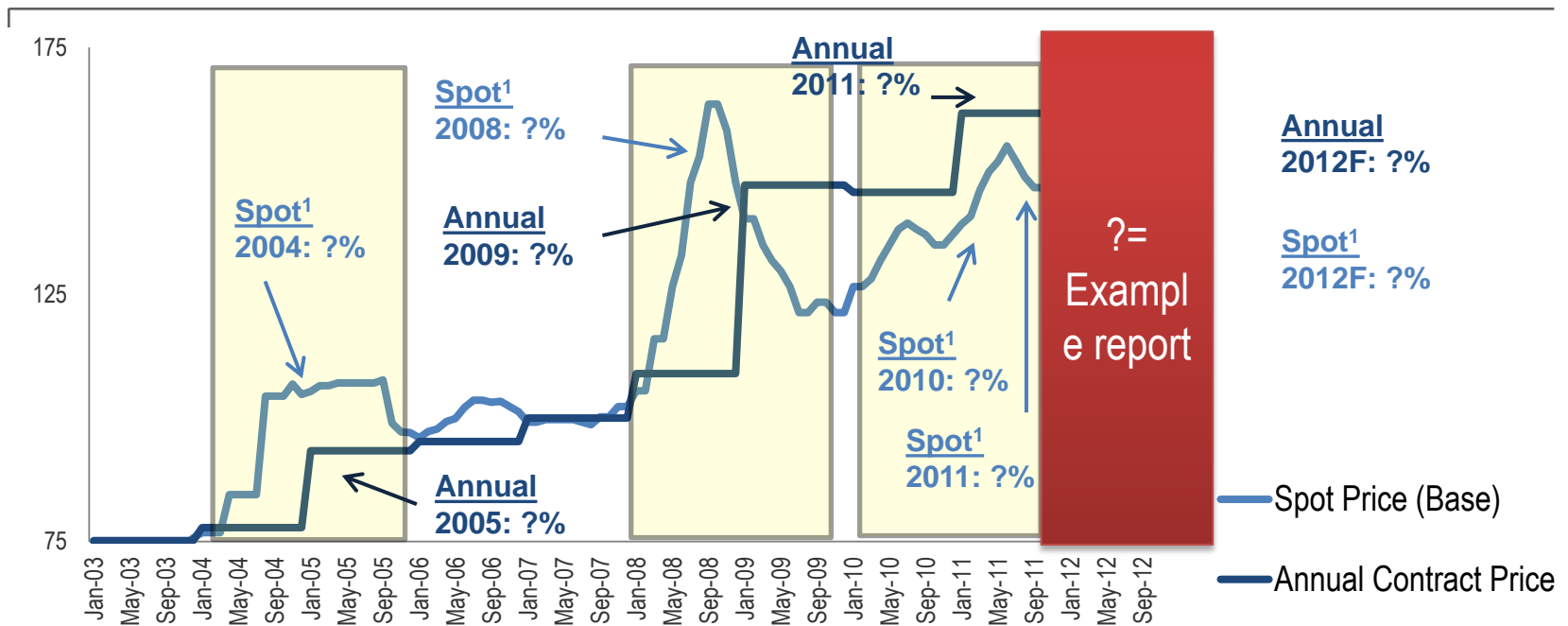
Source: HARBOR intelligence.

\*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 average increase of tinplate spot price during this year and the modest rise we foresee for 2012 will prevent a decrease in contract price.

US tinplate spot price \* vs. Tinplate annual contracts\*\* in the US (index, 2007=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.

1.- Average annual change of US tinplate spot price.

F.- Forecast

? = Example Report.

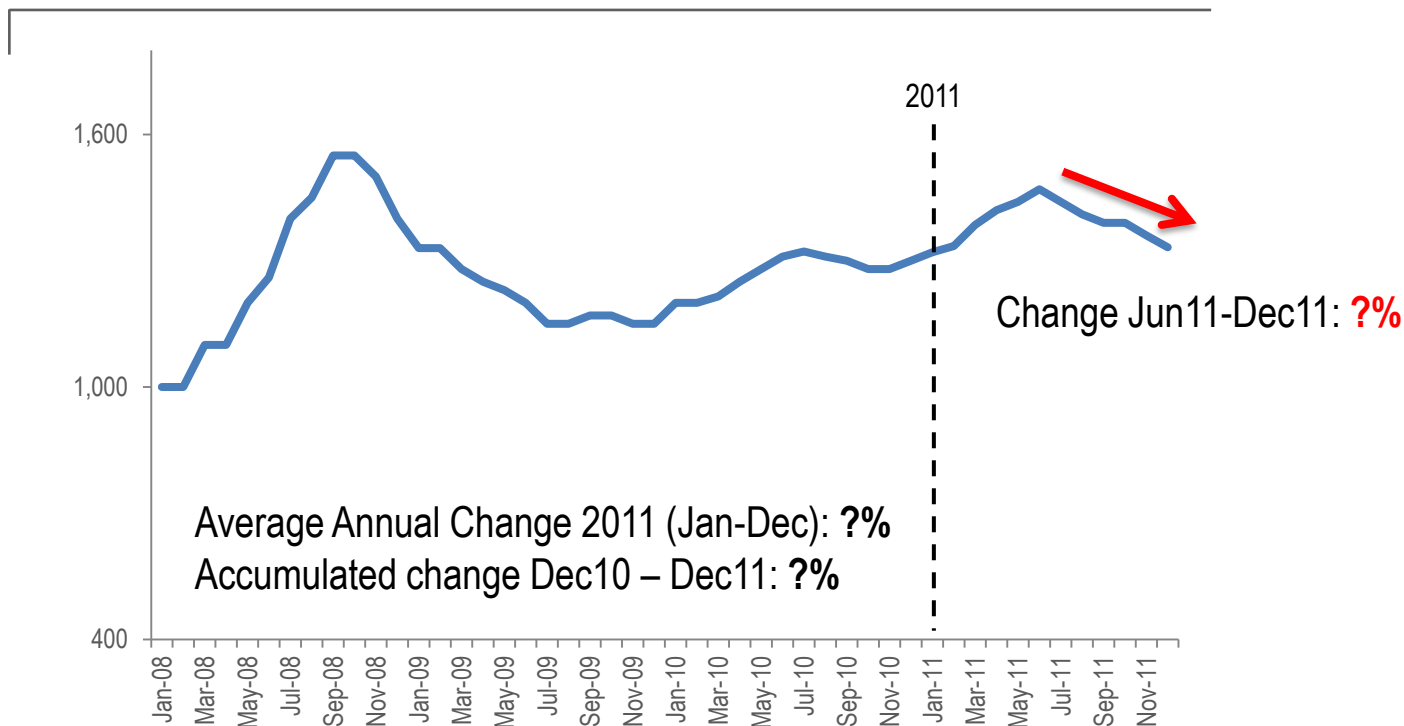


b) Current dynamics in the tinsplate market.



The year 2011 represented a growth year for US tinplate spot price; however, the increase was during the first half, while the second half was characteristic by price weakness...

US Tinplate Domestic Price \* (dollars per metric ton)



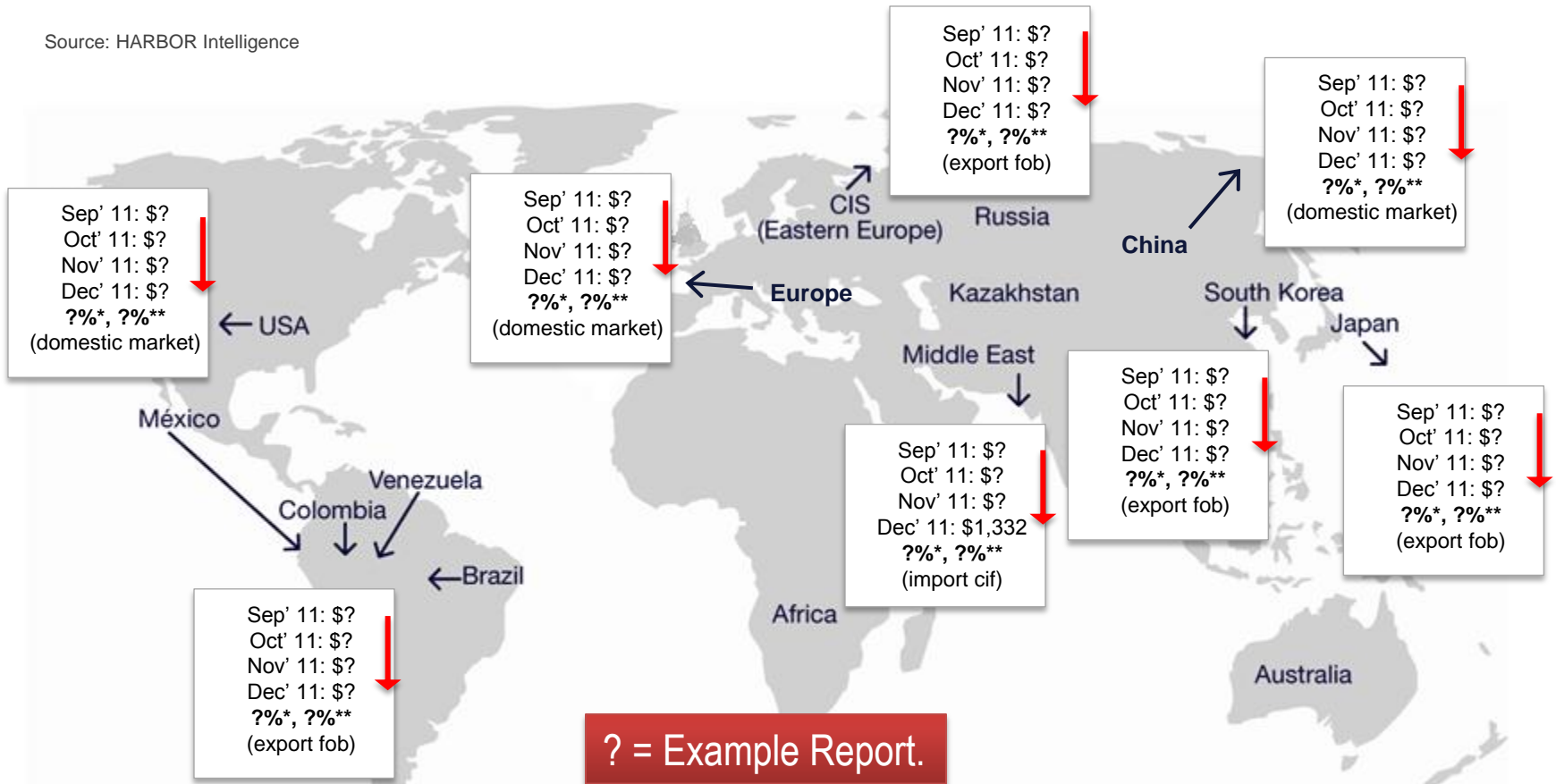
Source: HARBOR intelligence

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

**? = Example Report.**

...as the global tinplate prices receded from high levels during 2H 2011...

Source: HARBOR Intelligence



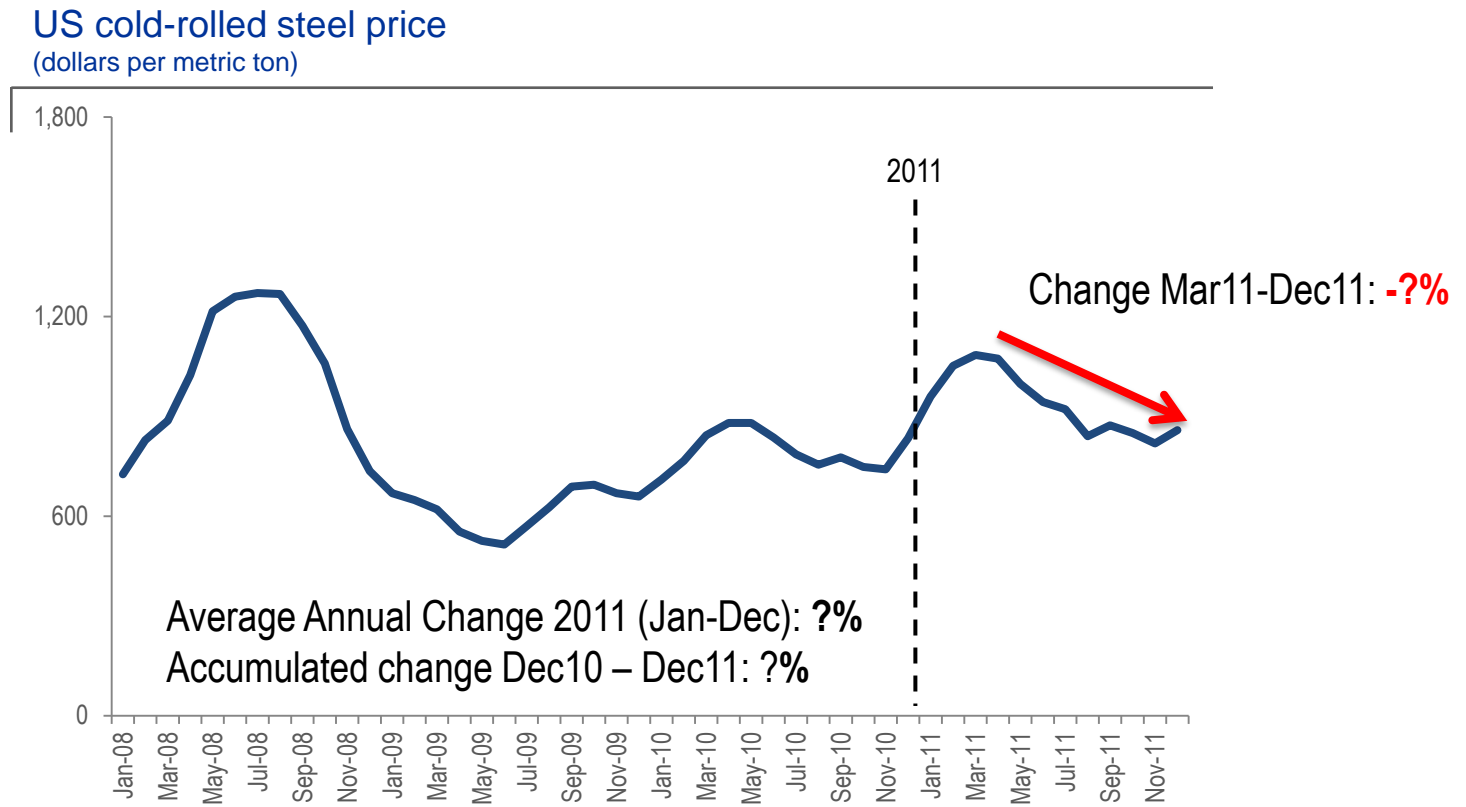
**GLOSSARY**

**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)

...where the US tinplate spot price decline was mainly driven by the accumulated decrease in US cold-rolled steel price.



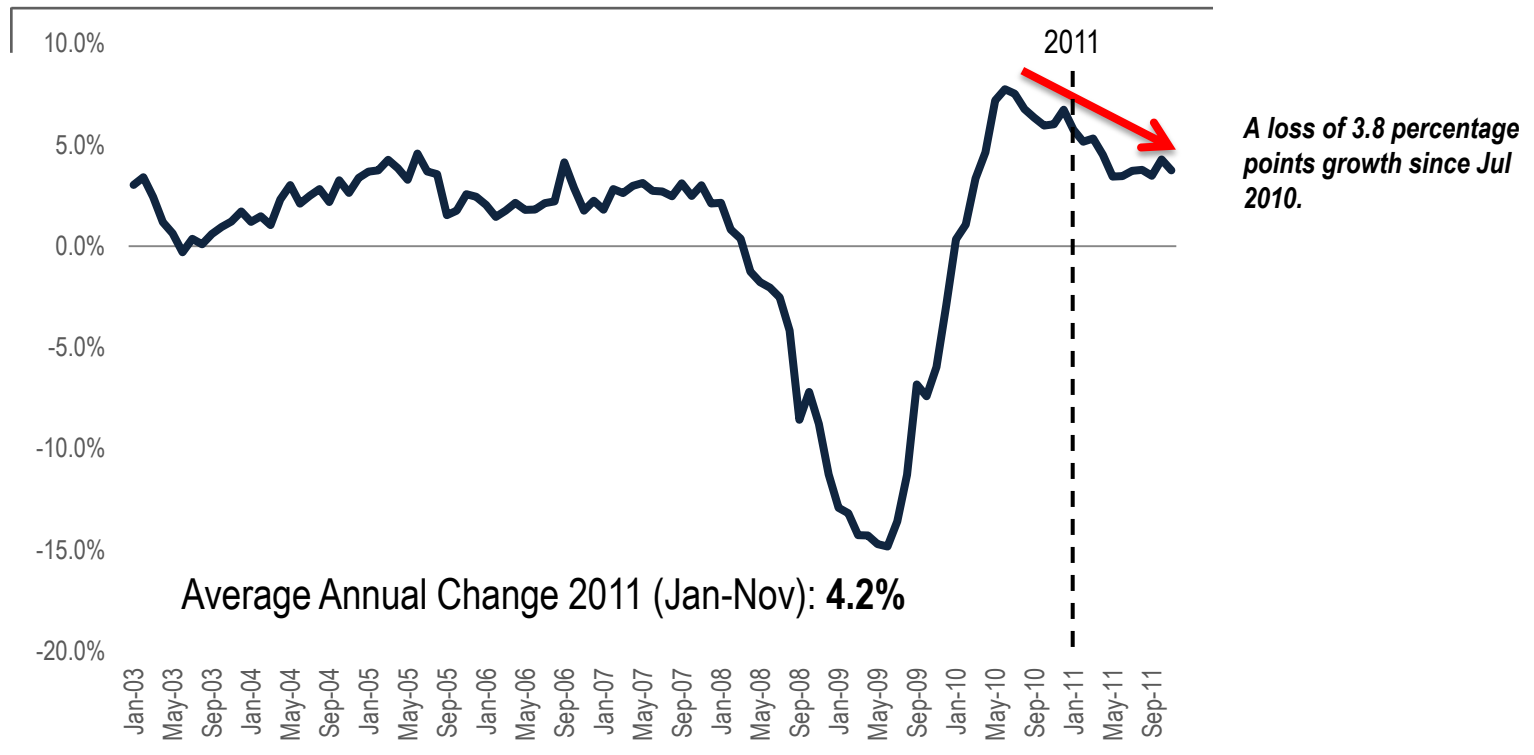
Source: HARBOR intelligence.

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

**? = Example Report.**

The lack of a significant recovery in the US economic environment was also behind the weakness of tinplate spot price during the second half of this year...

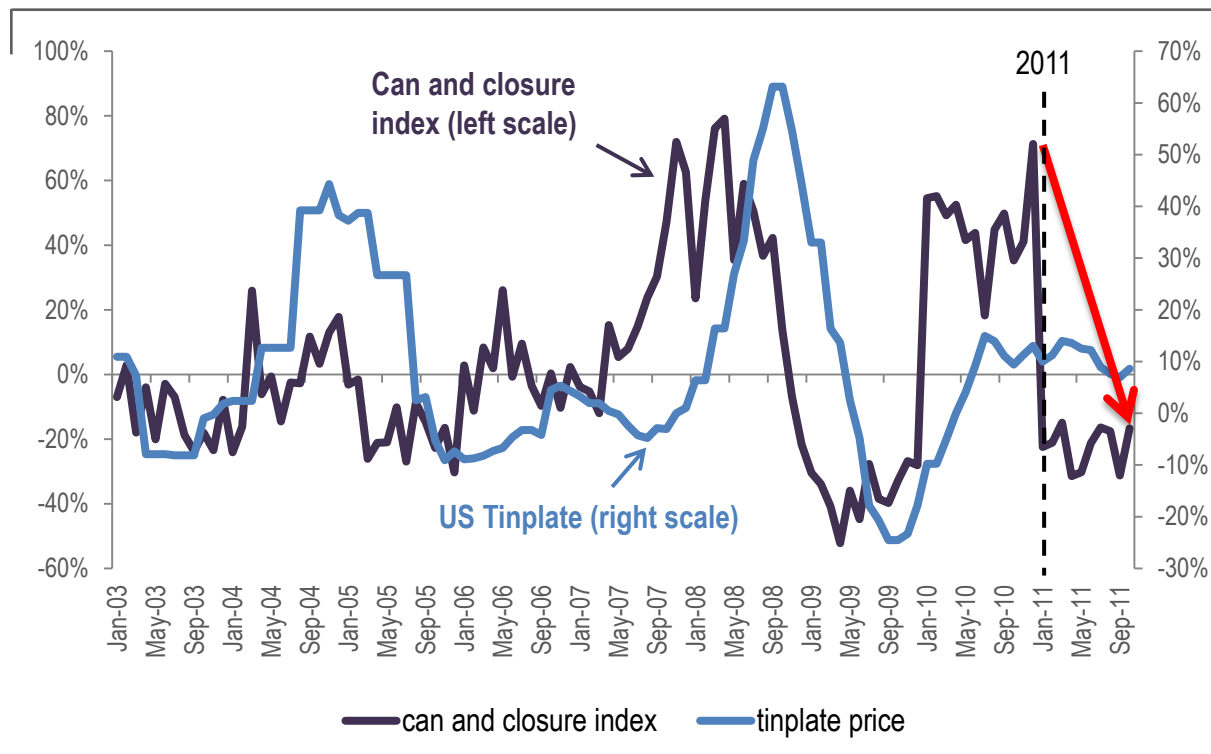
US Industrial Production (annual percentage change)



Source: HARBOR intelligence with Federal Reserve data.

...which further deteriorated tinplate-intensive industries, which translated into tinplate spot price declines.

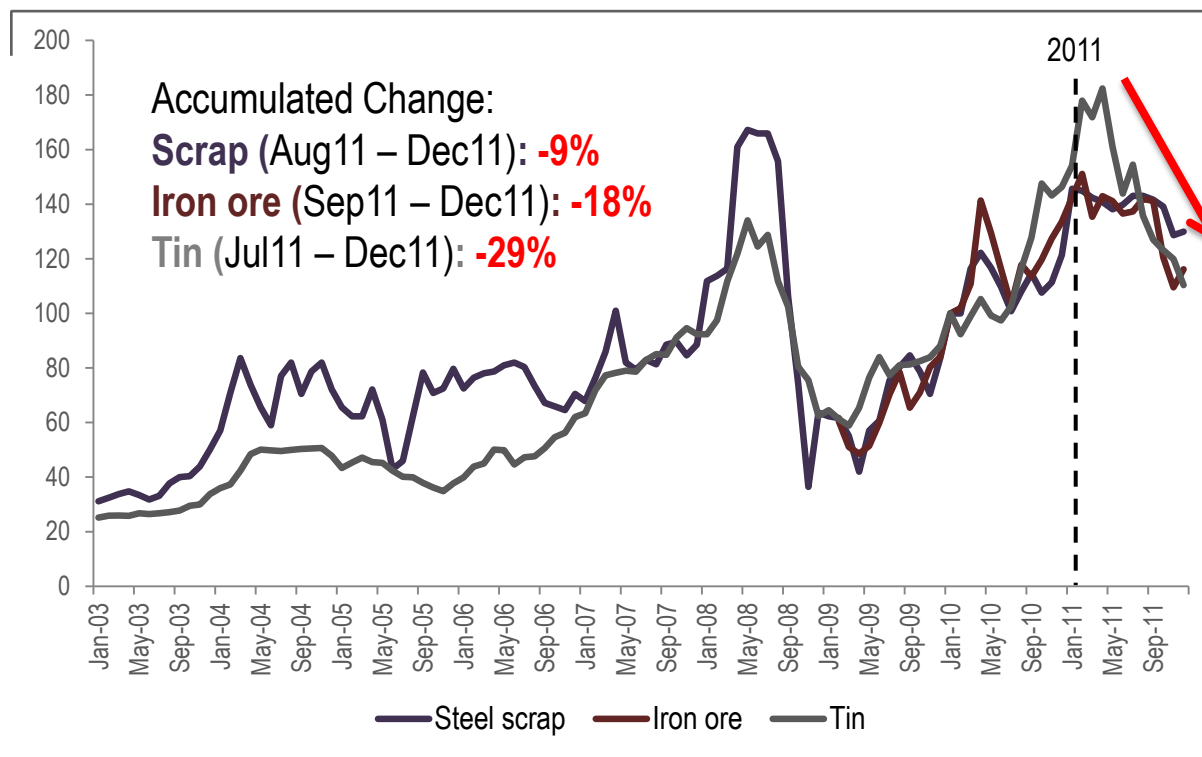
US spot tinplate domestic price\* vs. Can and closure steel index  
(dollars per metric ton)



Source: HARBOR intelligence and US Federal Reserve data.  
\* Spot market average transaction price in dollars per metric ton for 0.21 mm sheet.

Furthermore, the accumulated decline in raw material prices also led to lower spot transaction values for tinplate in the US. It is to be noted that, despite the decline, raw material prices remain in high levels and have started to recover.

### Raw Material Price Dynamics ( index Jan 2010 = 100)

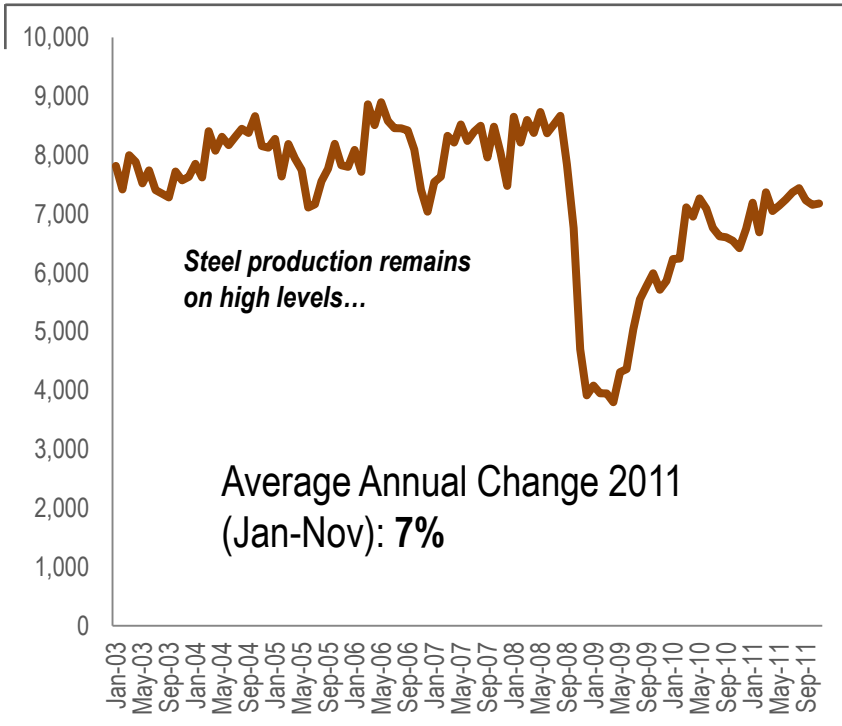


Source: HARBOR intelligence with IMF and LME data.

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).

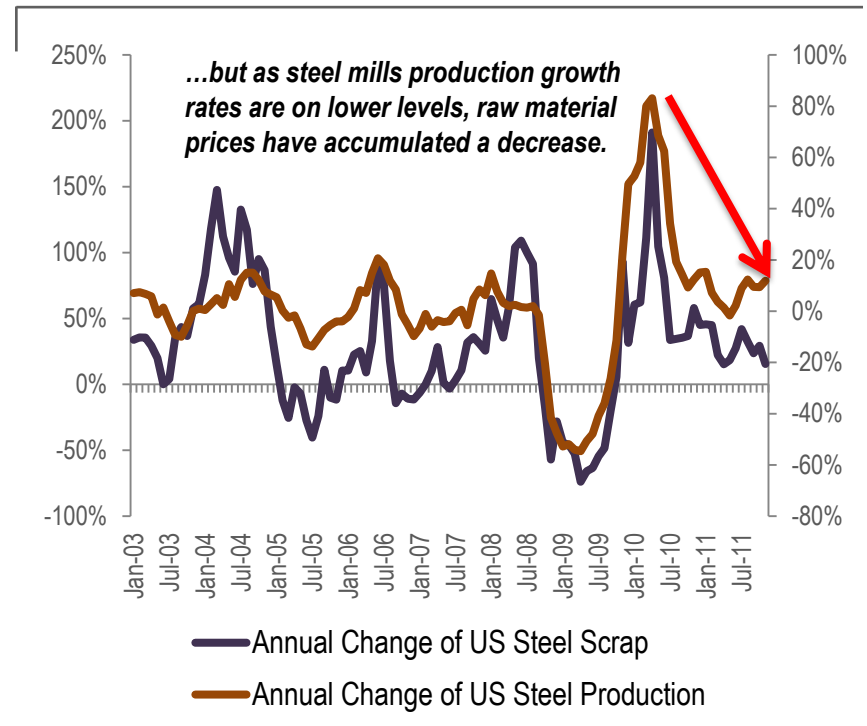
The accumulated decline in raw material prices can be explained by lower production rates of steel mills.

US Steel Production (thousand metric tons)



Source: HARBOR intelligence with WSA data.

Raw Material Price Index vs. World Steel Production Annual Change (index Jan 2010 = 100)

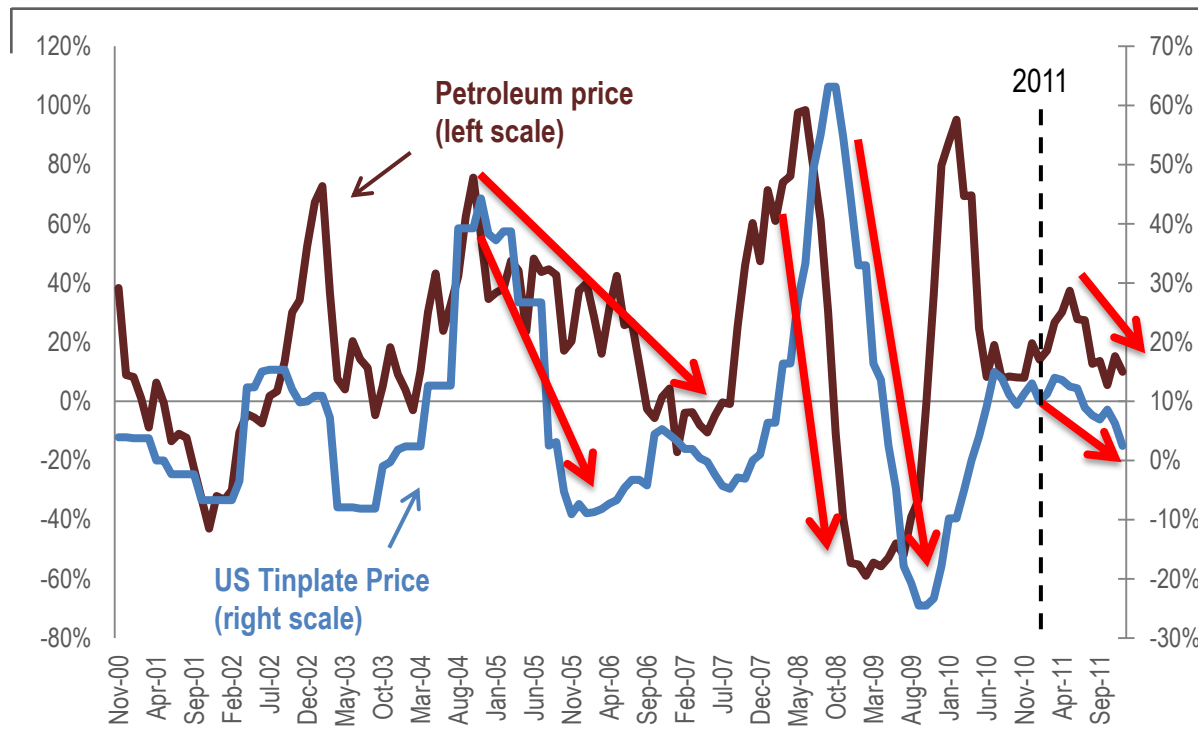


Source: HARBOR intelligence with WSA data.

Raw Material Index includes average of steel scrap index, iron ore index, and tin index.

The deceleration in oil price annual change has also been reflected in the US tinplate spot price annual change decrease...

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



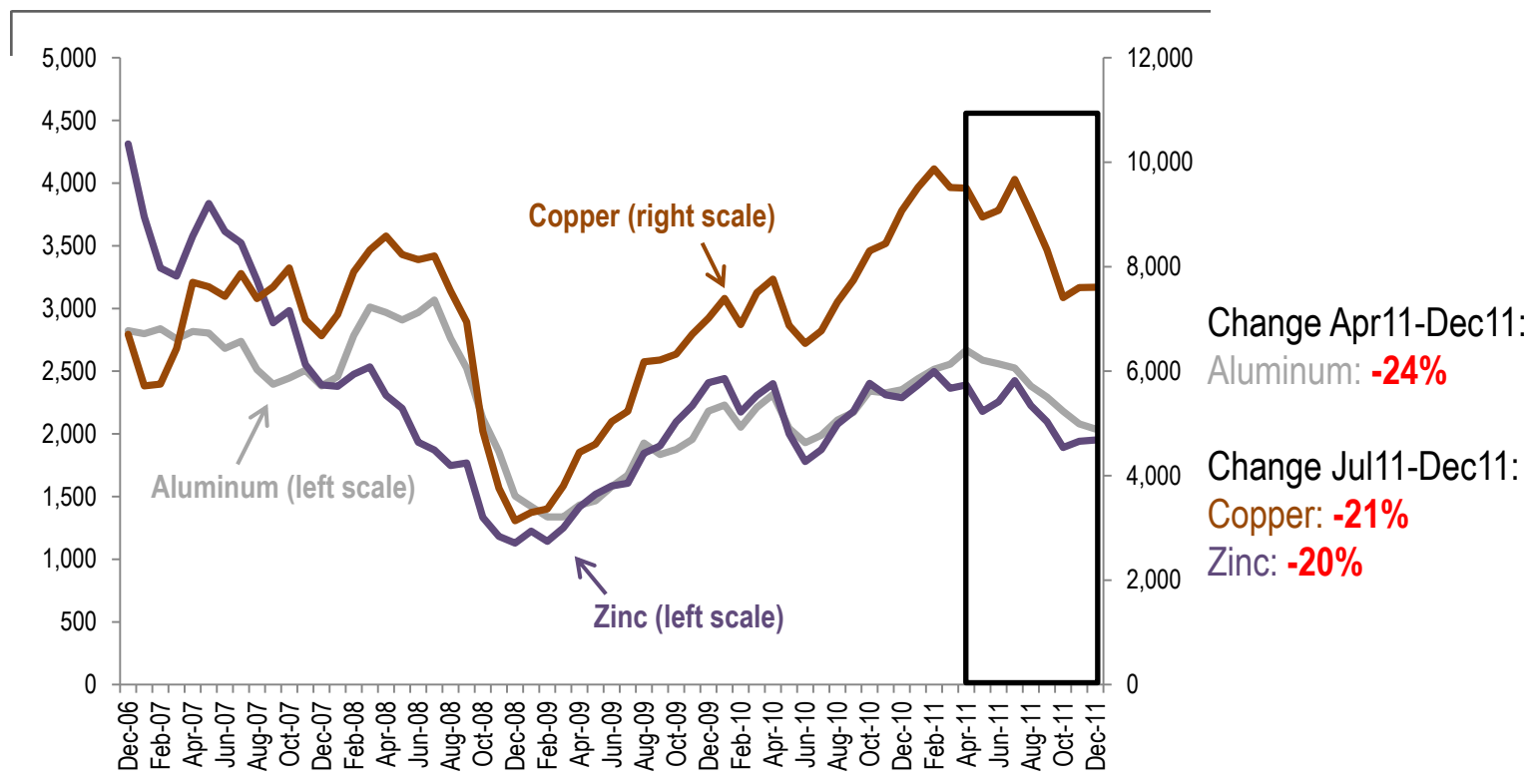
Source: HARBOR intelligence with NYMEX data.

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

...driving tinplate spot price downwards, as well with other commodities.

### Commodity Price Evolution

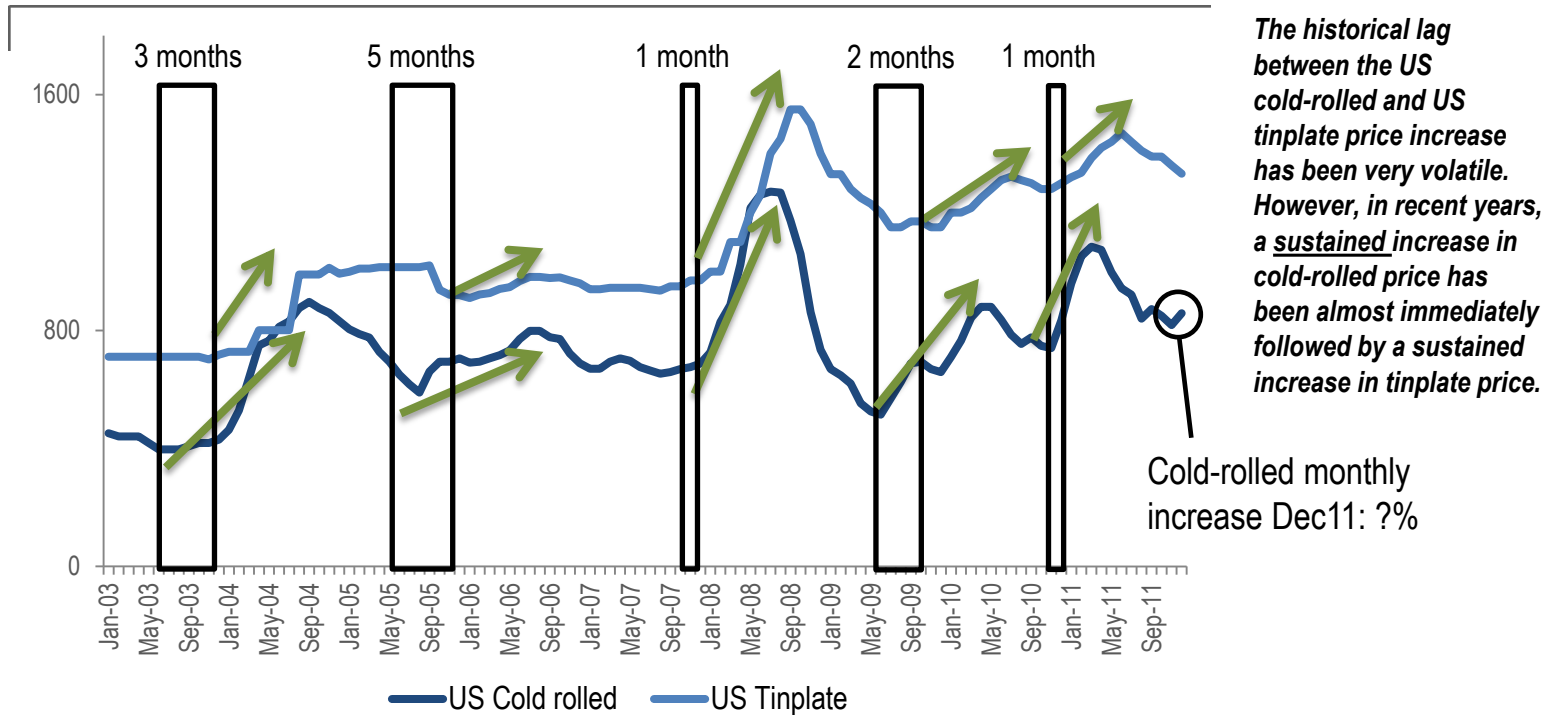
(index, Dec 2003 = 100)



Source: HARBOR intelligence with NYMEX data.

Nevertheless, we remain wary of US cold-rolled steel price evolution, as the recent increase could be sustained during the coming months, which is usually followed by an increase in tinplate spot price.

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



*The historical lag between the US cold-rolled and US tinplate price increase has been very volatile. However, in recent years, a sustained increase in cold-rolled price has been almost immediately followed by a sustained increase in tinplate price.*

Source: HARBOR intelligence.

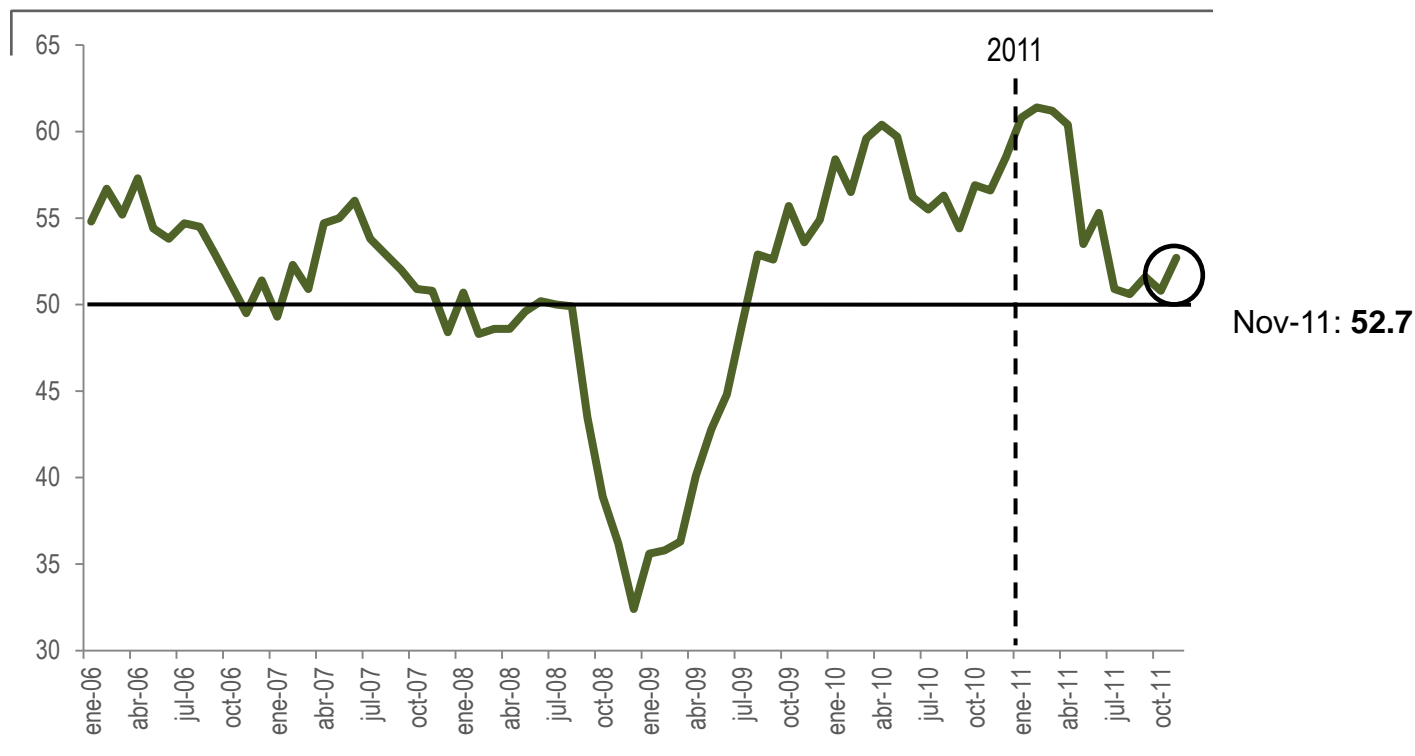
\* Spot market average transaction price in dollars per metric ton for 0.21 mm sheet.

**? = Example Report.**

The bright spot is on the manufacturing sector, which has recently started to show recovery signs, despite the deceleration registered since May of this year. Also, the PMI indicator is on the expansion zone, contrary to China and Europe, which PMI indicators are on the contraction zone.

### Purchasing Managers Index

(index; above 50 point level indicates expansion, below 50 indicates contraction)



Source: HARBOR intelligence with ISM data.



# 2

a) Price perspective: tinplate contract price.

Tinplate annual contracts in the US registered in average an ?% annual increase during 2011. We expect that 2012 annual contract price level will change by ?%, based on current and forecasted market fundamentals.

## Tinplate annual contracts in the US

Year	Harbor's Annual Tinplate Contract Range Estimates*	Harbor's Annual Tinplate Contract Estimates*
2008	?% and ?%	?%
2009	?% and ?%	?%
2010	?% and ?%	?%
2011	?% and ?%	?%
2012	?% 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.

? = Example Report.



# 2

b) Key drivers behind tinplate annual contract price perspective.

## In sum: Key drivers behind tinplate contract price for 2012.

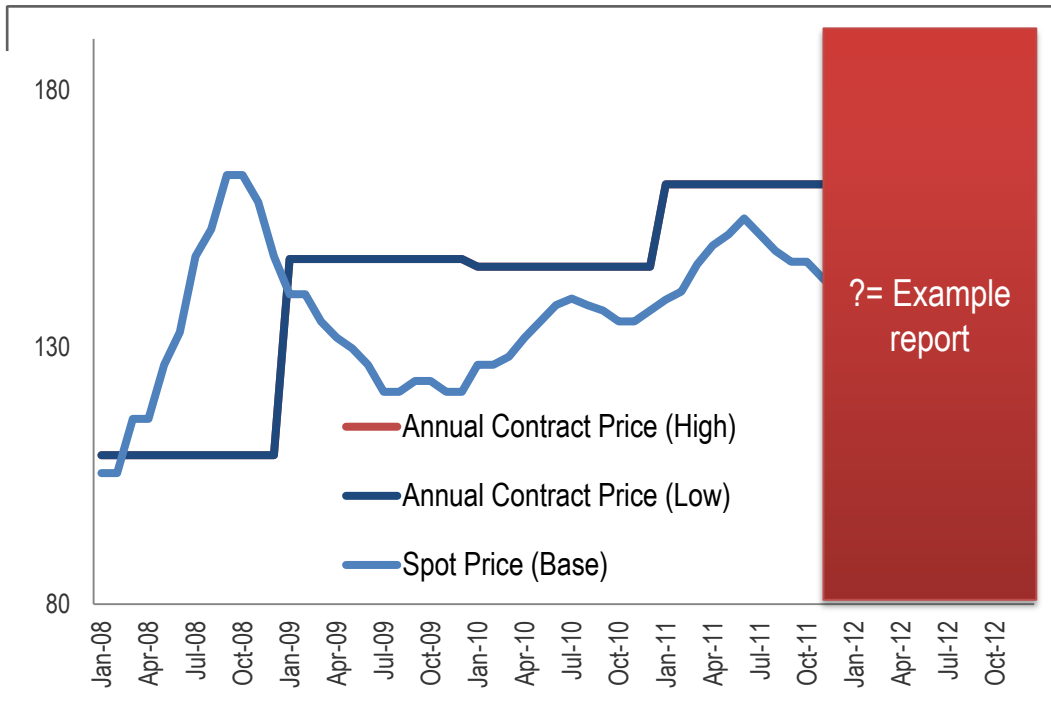
- ✓ We now believe that the US tinplate annual contract price could change in a range of ?%\* and ?%\*, as the tinplate market fundamentals have turned weaker than expected. However, we expect that US tinplate contract price will not be reducing as much as European contracts (US: ?% vs. EU: ?%) for next year, as US mills are trying to compensate the lower increase they had this year versus European tinplate contracts (US: ?% vs. EU: ?%).
- ✓ The US tinplate spot price will continue to add upward pressure on contract negotiations, as we expect a growth of between ?% and ?% during 2012. However, the tinplate spot price growth could be limited by the expected moderated increase in the US cold-rolled steel price (?%) in 2012.
- ✓ Even though raw material prices are expected to register an average annual decrease in 2012 (?% in iron ore, and ?% in coking coal) compared to 2011, they will remain in high levels, adding upward pressure in tinplate annual contract price for 2012.
- ✓ The economic environment will remain favorable for tinplate price growth during 2012, as the US GDP is expected register a annual increase of 2.2%, which will be higher than the expected annual increase of 1.7% during 2011.

? = 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.

The increase in US tinplate spot prices in 2011 will prevent tinplate contract prices from registering a significant decrease.

US Tinplate Domestic Spot Price\* vs. US Tinplate Annual Contract Price (index; 2007 = 100)



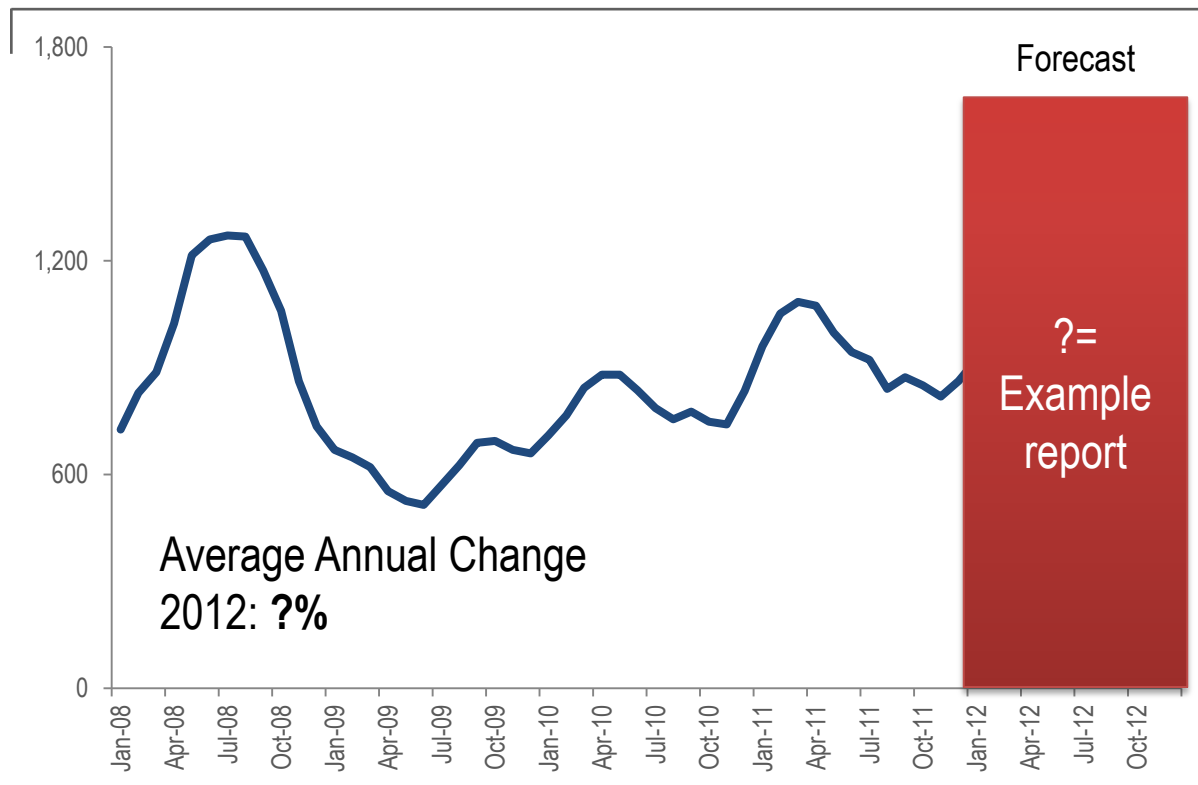
Price Forecast Scenarios 2012 (average annual percentage change)			
	Base	Low	High
<b>Contract</b>	?%	?%	?%
<b>Spot</b>	?%	?%	?%

Source: HARBOR intelligence

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

We expect US tinplate spot price to register a modest annual increase during 2012, which will keep tinplate spot price on high levels, adding upward pressure on tinplate contract price negotiations.

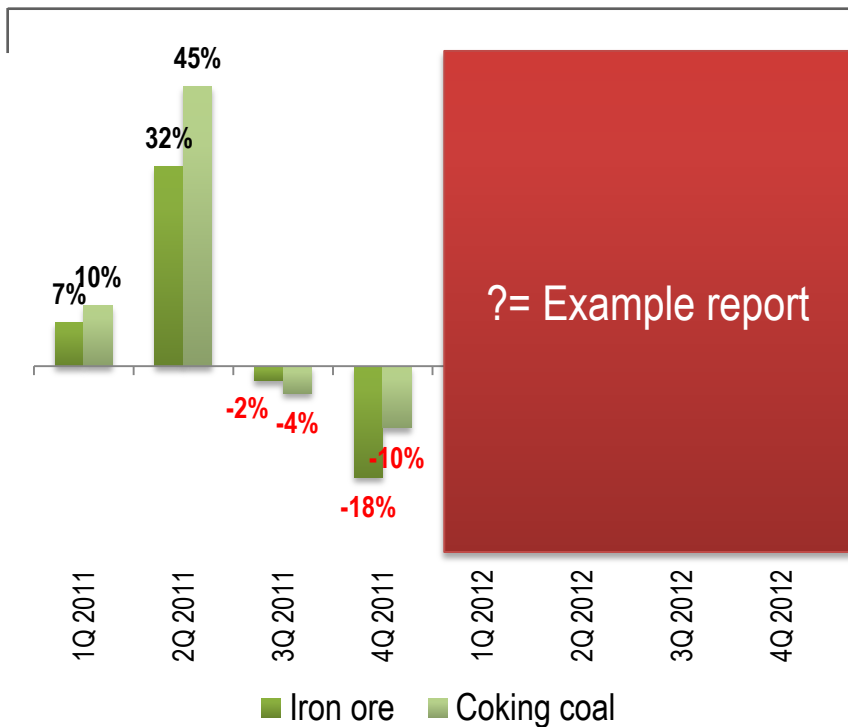
**US Cold Rolled Price**  
(dollars per metric ton)



Source: HARBOR intelligence.

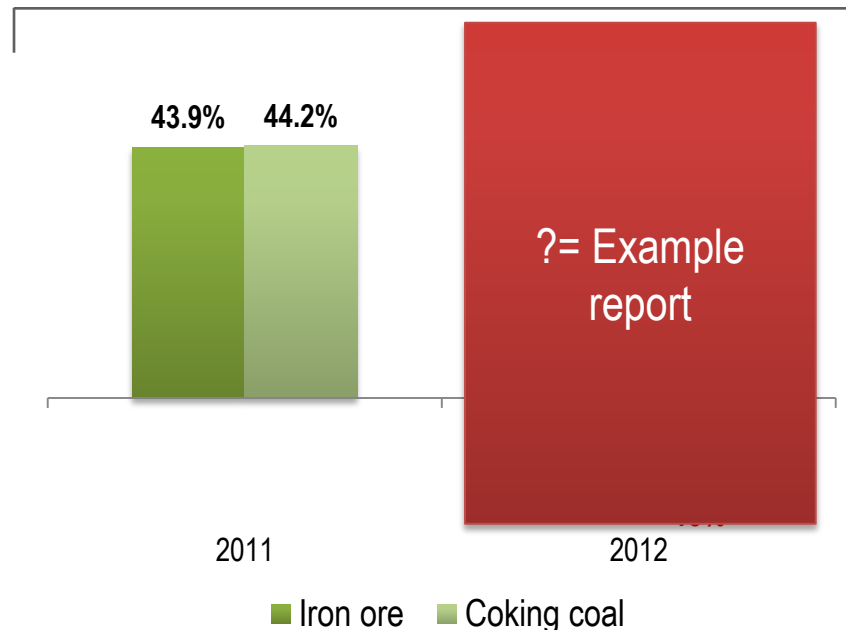
Raw material prices are expected to register an average price decrease in 2012. This will limit the US tinplate contract price growth for next year.

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



Source: HARBOR intelligence.

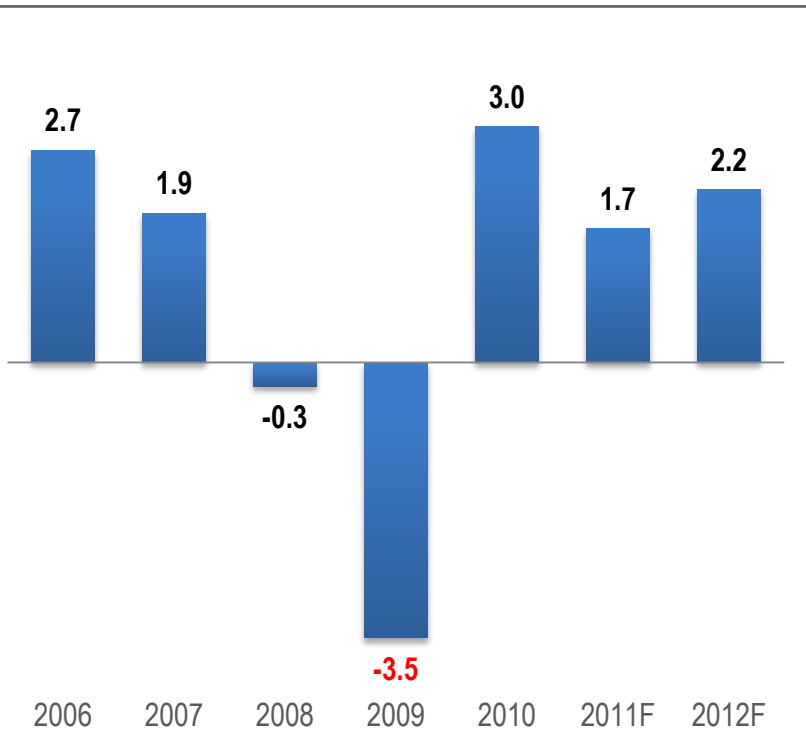
Global iron ore and coking coal average price  
(average annual percentage change)



Source: HARBOR intelligence.

The 2012 economic environment will remain favorable for tinplate price, as a continuous growth in the US economy is expected.

US Real GDP Growth (real annual % growth)



Source: HARBOR intelligence with US Bureau of Economic Analysis data.

Global Real GDP Growth (real annual % growth)

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

Source: HARBOR intelligence with IMF data.

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