

Methodology

**India Rebar & Wire Rod**

Composite Indexes

## Index

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## 1. SteelMint Rebar & Wire Rod Composite Indexes Methodology:

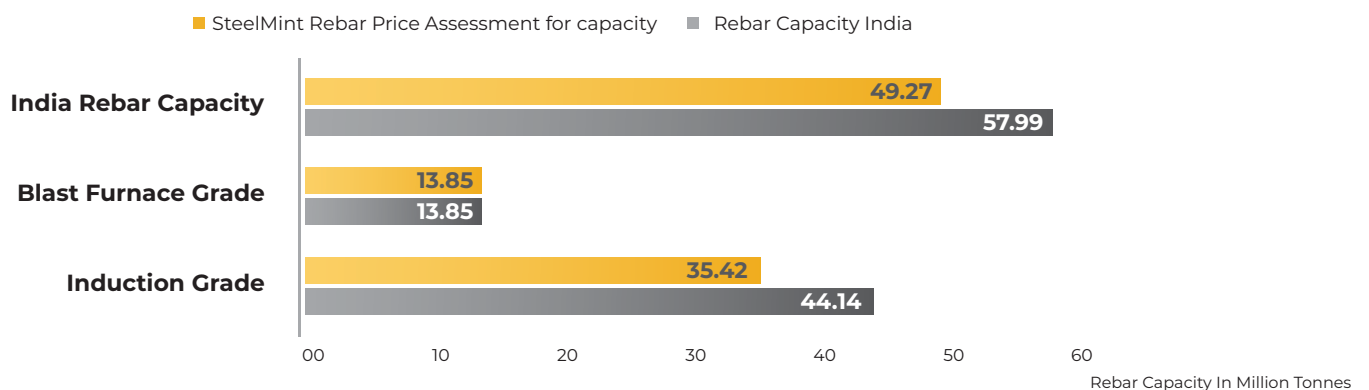
SteelMint's credible prices backed by robust calculation methodologies have been serving as a benchmark for manufacturers, buyers, traders and end-users in the steel industry to settle contracts or to understand the market cost of physical supply of commodities such as Rebar & Wire Rod.

We have created comprehensive and incisive methodologies to ensure accurate assessment of Rebar & Wire Rod prices in India, which are governed by SteelMint's standards of compliance with the public and our stakeholders.

These methodologies conform to the market dynamics of specific regions of the country and hence, in the case of Rebar & Wire Rod, different geographies entail different approaches and customised methodologies for the index computation.

- The Rebar & Wire Rod composite indexes are assessed on a weekly basis: every Friday at 18:00 IST, as per the weighted average prices based on manufacturing capacity. The Rebar & Wire Rod composite indexes doesn't give the absolute price.
- The Indian Rebar & Wire Rod industry is broadly classified into the BF-BOF route and the electric/induction furnace route. Keeping this broad classification in view, SteelMint proposes to release the Rebar & Wire Rod composite indexes by considering both manufacturing routes by the manufacturing capacity weighted method to compute the Rebar & Wire Rod composite indexes for India.
- The blast furnace Rebar grade considered for the index is Fe 500D, while for the induction furnace route Fe 500 Rebar is considered. Induction route Rebar Fe500D prices are not considered for calculating the index. All the Rebar prices are in Indian Rupees and follow the SteelMint Rebar assessment methodology.
- The closing price of the Rebar market every Friday is considered for computation of the index.
- Indian states and cities that are Rebar & wire rod production hubs where SteelMint conducts regular price assessments are an integral part of the index.
- The composite index for Rebar would be the indicative price for 85% of the Indian Rebar market.
- The blast furnace wire rod grade considered for the index is Mild Steel Low Carbon, SAE 1008, while for the induction furnace route Mild Steel Low Carbon, SWRY 14 LC Gr 3, is considered. All the wire rod prices are in Indian Rupees and follow the SteelMint wire rod assessment methodology.
- The composite index for wire rod would be the indicative price for 60% of the Indian wire rod market.
- The level of index in numbers reflects the total Rebar & wire rod market growth relative to a particular base year price.

### SteelMint Price Assessment for Rebar Composite Index



## 2. Rebar & Wire Rod Composite Indexes Base Year:

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SteelMint is releasing the Rebar & Wire Rod composite indexes with the base year being 1 January 2020 (Financial Year 2019-2020) and the base value is 100. The selection of the base year is based on the following criteria:

- The base year is the first in a series of years for which the indexes is calculated and given as the absolute level of 100. Based on this the price growth rate is calculated.
- It is a normal year in which there are no abnormalities in the level of production, trade and prices.
- It is a year in which Rebar & Wire Rod prices remained stable across markets in India.
- It is a year for which Rebar & Wire Rod capacity, production and price data are available.

## 3. Induction Furnace Grade Rebar & Wire Rod Sub-Index Calculations:

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- SteelMint uses the weighted average price mechanism for the calculation of the Rebar & Wire Rod sub-index for induction grade Rebar.
- The region-wise final published Rebar & Wire Rod price is multiplied by the respective regional capacities to derive the weighted average price for a particular region.
- The summation of the above weighted average prices gives the Rebar & Wire Rod Weighted Average Price (WAP) for India for induction grade Rebar & Wire Rod.
- The Rebar & Wire Rod sub-index is calculated accordingly: Induction Grade Rebar & Wire Rod Sub-Index = (Current WAP/Base Year Price) x100.

## 4. Blast Furnace Grade Rebar & Wire Rod Sub-Index Calculations:

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- Similarly, SteelMint uses the Simple Average Price (SAP) mechanism for the calculation of the blast furnace grade Rebar & Wire Rod sub-index.
- The region-wise final published price is averaged to get the average price for blast furnace grade Rebar & Wire Rod on pan India basis.
- The blast furnace grade Rebar & Wire Rod sub-index is calculated accordingly: Blast Furnace Grade Rebar & Wire Rod Sub-Index = (Current Simple Average Price/Base Year Price) x100.

## 5. Rebar & Wire Rod Composite Indexes Calculations:

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- The above computed blast furnace grade Rebar & Wire Rod sub-index price is multiplied by the blast furnace grade Rebar & Wire Rod weighted average SteelMint assessment capacity to calculate the weighted average price of blast furnace grade Rebar & Wire Rod in the Rebar & Wire Rod composite indexes.
- The above computed induction furnace grade Rebar & Wire Rod sub-index price is multiplied by the induction furnace grade Rebar & Wire Rod weighted average SteelMint assessment capacity to calculate the weighted average price of induction furnace grade Rebar & Wire Rod in the Rebar & Wire Rod composite indexes.
- The addition of the above weighted average price for blast furnace grade and induction grade gives the Rebar & Wire Rod Composite Indexes price for the entire country.
- The Rebar & Wire Rod Composite Indexes is calculated accordingly:  $\text{Rebar \& Wire Rod Composite Indexes} = (\text{Current Composite Weighted Average Price for BF and IF Grades}) / (\text{Base Year price}) \times 100$ .

## 6. Indexes Reconstitution:

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The Indexes is reconstituted/reviewed on a bi-annual basis considering the months from January to July. The incorporation/replacement of the region is based on the change of capacity.

## 7. Miscellaneous Aspects

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Common to all assessments

### Rationale Publication:

A rationale for the assessment carried out would include a summary of the type and number of data points considered for price calculation and reasons for exclusion of deals, if any, are published on the day of publication of prices to provide transparency to the assessment process.

**Correction Of Assessments:**

Steelmint will publish corrections of assessments if an error has resulted due to faulty entry of data or an unintentional omission of data point in the price calculation process. However, prices will not be corrected or updated in any manner if new deals or bids/offers become available after the weekly timestamp.

**Record Keeping:**

Records of price sheets used in assessment, calculation, rationale and notes taken by reporters during the data collection and discussion process with contacts are stored securely in physical or electronic forms for a reasonable period of time.

**Methodology Review:**

The basic purpose of any pricing process is to accurately reflect market fundamentals and as such the methodology is open to review as market conditions and modes of trading and pricing contracts change. Noticeable changes in chemical specifications of scrap exported from India will also trigger a review in Steelmint's methodology. Once editors and the management decide to review the methodology, sufficient time will be provided to external stakeholders to comment on the proposed methodology changes via email or other appropriate communication tools. Any final change to the methodology will only be made after completing an external consultation process.

Similarly, the decision to add or cease an assessment will also be taken after due consultation with the external stakeholders.

**Becoming a Data Submitter with SteelMint:**

SteelMint continually seeks to increase the number of market sources willing to take part in the price discovery process. The main condition is that contributors should be active participants in the market and have an in-depth knowledge about market dynamics regarding that specific commodity.

SteelMint Data Partner Policy provides guidelines defining the high level of data quality and integrity that we expect from contributing organization providing pricing data. Market participants that wish to provide pricing data and be part of the price discovery process should first read the Data Partner Policy. All data sources are subject to review before their data submitted is fully taken into account in the pricing process. If you want to become a data submitter / contributor to SteelMint pricing, or have questions or comments about the methodology and price specifications.

**Please Contact SteelMint's Audit and Compliance Officer at [info@steelmint.com](mailto:info@steelmint.com)**

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## Disclaimer

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