

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

Annual Report Pursuant to Section 15(d) of the
Securities Exchange Act of 1934

(X) Annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 1999

Commission File Number 1-5725

A. Full title of the plan and the address of the plan, if different from that of the issuer named below: Quanex Corporation Hourly Bargaining Unit Employees Savings Plan.

B. Name of the issuer of the securities held pursuant to the plan and the address of its principal executive office:

Quanex Corporation
1900 West Loop South, Suite 1500
Houston, TX 77027
(713) 961-4600

The Benefits Committee
Quanex Corporation
Houston, Texas

Re: Quanex Corporation Hourly Bargaining Unit Employees Savings Plan

We have audited the accompanying statements of net assets available for benefits of the Quanex Corporation Hourly Bargaining Unit Employees Savings Plan ("the Plan") as of December 31, 1999 and 1998, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 1999 and 1998, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedule of investments as of December 31, 1999 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. This supplemental schedule has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ DELOITTE & TOUCHE, LLP

DELOITTE & TOUCHE, LLP

June 2, 2000

QUANEX CORPORATION
 HOURLY BARGAINING UNIT EMPLOYEES SAVINGS
 STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

	DECEMBER 31,	
	1999	1998
Assets:		
Investments at fair value (see Note C)	\$6,933,180	\$5,665,318
Employee contributions receivable	54,514	42,911
Net assets available for benefits	\$6,987,694	\$5,708,229

See notes to financial statements.

QUANEX CORPORATION
 HOURLY BARGAINING UNIT EMPLOYEES SAVINGS PLAN
 STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	DECEMBER 31,	
	1999	1998
Investment income:		
Interest and dividends	\$ 529,000	\$ 405,017
Net appreciation in fair value of investments (see Note C)	498,626	1,031,419
	1,027,626	1,436,436
Employee contributions	658,705	740,387
	-----	-----
Total additions	1,686,331	2,176,823
	-----	-----
Benefit payments	399,163	367,682
Tube Group asset transfer	7,703	4,700,123
	-----	-----
Total deductions	406,866	5,067,805
	-----	-----
Increase in net assets available for benefits	1,279,465	(2,890,982)
Net assets available for benefits:		
Beginning of year	5,708,229	8,599,211
	-----	-----
End of year	\$6,987,694	\$5,708,229
	=====	=====

See notes to financial statements.

QUANEX CORPORATION
HOURLY BARGAINING UNIT EMPLOYEES SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1999 AND 1998

A. DESCRIPTION OF THE PLAN

The following description of the Quanex Corporation Hourly Bargaining Unit Employees Savings Plan (the "Plan") provides only general information. Participants should refer to the Plan document for more complete information.

- (1) General. The Plan became effective January 1, 1989 and is sponsored by Quanex Corporation (the "Company"). The Plan is a defined contribution Plan, which is subject to the Employee Retirement Income Security Act of 1974 ("ERISA"). The Plan is a voluntary savings plan in which union hourly employees of the MACSTEEL divisions of the Company are eligible to participate after completing three months of active service. Fidelity Management Trust Company ("Fidelity" or the "Trustee") holds the assets of the Plan in trust. The Benefits Committee (the "Committee"), appointed by the Company's Board of Directors, serves as the Plan administrator.
- (2) Contributions. Participants may elect to contribute up to 15 percent of their before-tax or after-tax compensation as defined by the Plan agreement.
- (3) Participant Accounts. Each participant's account is credited with the participant's contribution and an allocation of investment income, which is based on individual participant account balances as of the end of the period in which the income is earned.
- (4) Vesting. Participants are immediately vested in their contributions and the related earnings.
- (5) Payment of Benefits. Upon termination of service, the participant may elect to receive a lump sum distribution equal to the total amount of vested benefits in his or her account. Terminated participants with an account balance of less than \$5,000 will automatically receive a lump sum distribution.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Accounting Basis. The financial statements of the Plan are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.
- (2) Investment Valuation. The Plan recognizes net appreciation or depreciation in the fair value of its investments. Investments are reflected at fair value in the financial statements. Fair value of mutual fund assets is determined using a quoted net asset value. Fair value for Quanex Corporation unitized common stock, which is listed on the New York Stock Exchange, is determined using the last recorded sales price. The recorded value of the common/commingled trust is at face value, which is fair value.
- (3) Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

- (4) Administrative Expenses. The Company pays all administrative expenses, except redemption fees imposed on certain Fidelity funds.
- (5) Payment of Benefits. Benefit payments are recorded when paid.

C. INVESTMENTS

The following presents investments that represent 5 percent or more of the Plan's net assets.

	December 31, 1999 -----	December 31, 1998 -----
Fidelity Puritan Fund	\$ 661,779	\$ 792,365
Fidelity Magellan Fund	3,178,749	2,468,899
Fidelity Contrafund	485,173	249,669
Fidelity Growth & Income Fund	726,660	641,546
Fidelity Blue Chip Fund	455,135	138,913
Fidelity Government Money Market Fund	787,206	814,615

During the years ended December 31, 1999 and 1998, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$498,626 and \$1,031,419, respectively, as follows:

	1999 -----	1998 -----
Fidelity mutual funds	\$ 482,367	\$ 1,052,747
Quanex unitized common stock	16,259	(21,328)
Common / Commingled trust	--	--
	-----	-----
	\$ 498,626	\$ 1,031,419
	=====	=====

D. RELATED PARTY TRANSACTIONS

Certain Plan investments are shares of mutual funds managed by Fidelity. Fidelity is the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions. In addition, the Plan invests in shares of Quanex Corporation unitized common stock. Quanex Corporation is the Plan sponsor as defined by the Plan and, therefore, these transactions also qualify as party-in-interest transactions. As of December 31, 1999 and 1998, the value of Quanex Corporation common stock held by the Plan was \$159,039 and \$199,494, respectively.

E. PLAN TERMINATION

Although it has not expressed any intention to do so, the Company has the right under the Plan to terminate the Plan at any time subject to the provisions set forth in ERISA. In the event of Plan termination, the assets held by the Trustee under the Plan will be valued and fully vested, and each participant will be entitled to distributions respecting his or her account.

F. FEDERAL INCOME TAX STATUS

The Plan is subject to specific rules and regulations related to employee benefit plans under the Department of Labor and the Internal Revenue Service (the "IRS"). The Plan has received a favorable letter of tax determination dated April 25, 1997. As such, the Plan is a qualified trust under Sections 401(a) and 401(k) of the Internal Revenue Code (the "Code") and, as a result, is exempt from federal

income tax under Section 501(a) of the Code. The Company believes the Plan is currently designed and being operated in compliance with the applicable requirements of the Code. The Company believes the Plan was qualified and the related trust was tax-exempt as of the federal statement dates.

G. TRANSFER OF ASSETS

On December 3, 1997, Michigan Seamless Tube Company, the Gulf States Tube and the Tube Group Office divisions of Quanex Corporation (the "Tube Group") were sold to Vision Metals, Inc. In plan years 1999 and 1998, assets of the Plan attributable to the Tube Group employees in the amount of \$7,703 and \$4,700,123, respectively, were transferred to the new qualified savings plan established by Vision Metals, Inc.

H. SUBSEQUENT EVENTS

Effective February 1, 2000 the employees at MACSTEEL's Fort Smith, Arkansas facility who were covered by a collective bargaining agreement became participants in the Plan. Their account balances in the Quanex Employee Savings Plan will be transferred to the Plan on June 30, 2000.

SCHEDULE OF ASSETS HELD FOR INVESTMENTS PURPOSES
 EIN: 38-1872178; PN 015

QUANEX CORPORATION
 HOURLY BARGAINING UNIT EMPLOYEES SAVINGS PLAN

SUPPLEMENTAL SCHEDULE OF INVESTMENTS
 DECEMBER 31, 1999

	Shares/ Par Value	Cost	Current Value
	-----	-----	-----
Fidelity Mutual Fund Assets:			
Puritan Fund*	34,775	\$ 625,056	\$ 661,779
Magellan Fund*	23,265	2,150,996	3,178,749
Contrafund*	8,083	443,326	485,173
Growth & Income Fund*	15,408	585,800	726,660
Retirement Growth Fund*	1,036	22,795	26,791
Overseas Fund*	5,301	174,320	254,509
Balanced Fund*	6,181	96,841	94,935
Blue Chip Fund*	7,572	385,494	455,135
Asset Manager Fund*	98	1,759	1,807
Low-Priced Stock Fund*	216	4,967	4,895
Government Money Market Fund*	787,206	787,206	787,206
Templeton Foreign Fund	3,891	39,113	43,656
Neuberger & Berman Partners Trust Fund	793	14,456	14,269
		-----	-----
Total Mutual Fund Assets		5,332,129	6,735,564
Quanex Corporation unitized common stock*	12,909	147,349	159,039
Common/commingled trust*	38,577	38,577	38,577
		-----	-----
Total Investments		\$ 5,518,055	\$ 6,933,180
		=====	=====

* Party-in-Interest

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Quanex Corporation Hourly Bargaining Unit Employees Savings Plan

Date: June 19, 2000

/s/ Viren M. Parikh

Viren M. Parikh, Benefits Committee

INDEX TO EXHIBITS

EXHIBIT NUMBER -----	DESCRIPTION -----
23.1	Independents Auditor's Consent

INDEPENDENT AUDITOR'S CONSENT

We consent to the incorporation by reference in Registration Statement No. 33-46824 of Quanex Corporation on Form S-8 of our report dated June 2, 2000, appearing in the Annual Report of Form 11-K of the Quanex Corporation Hourly Bargaining Unit Employees Savings Plan for the year ended December 31, 1999.

/s/ DELOITTE & TOUCHE, LLP

DELOITTE & TOUCHE LLP

Houston, Texas
June 19, 2000