

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the fiscal year ended December 31, 1997

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the transition period from _____ to _____ .

Commission File Number 1-5725

A. Full title of the plan and the address of the plan, if different from that of the issuer name below:

Piper Impact 401(k) Savings Plan

B. Name of 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, Texas 77027
(713) 961-4600

INDEPENDENT AUDITORS' REPORT

The Benefits Committee
Quanex Corporation
Houston, Texas

Re: Piper Impact 401(k) Savings Plan

We have audited the accompanying statements of net assets available for benefits of the Piper Impact 401(k) Savings Plan (the "Plan") as of December 31, 1997 and 1996 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 generally accepted auditing standards. 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, 1997 and 1996 and the changes in net assets available for benefits for the years then ended in conformity with generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedules of (1) investments as of December 31, 1997 and (2) 5% reportable transactions for the year ended December 31, 1997 are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are 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. These schedules are the responsibility of the Plan's management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic 1997 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

May 22, 1998

QUANEX CORPORATION
PIPER IMPACT 401(k) SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
	1997	1996
Assets:		
Investments, at fair value:		
Mutual fund assets:		
Fidelity Puritan Fund	\$ 393,816	\$ 218,869
Fidelity Contrafund	522,991	234,672
Fidelity Intermediate Bond Fund	171,180	110,374
Fidelity Retirement Growth Fund	254,730	132,456
Fidelity Blue Chip Fund	1,399,981	707,914
Fidelity Asset Manager Fund	216,111	120,481
Fidelity Retirement Money Market Fund	273,551	154,004
Quanex Corporation Common Stock	42,176	--
Fidelity Common/Commingled Trust	150,845	83,199
	-----	-----
	3,425,381	1,761,969
Participant loans	146,425	44,691
	-----	-----
Total	3,571,806	1,806,660
	-----	-----
Employee contributions receivable	176,609	144,214
Employer contributions receivable	27,343	24,290
	-----	-----
Total	203,952	168,504
	-----	-----
Net Assets Available for Benefits	\$3,775,758	\$1,975,164
	=====	=====

See notes to financial statements.

QUANEX CORPORATION
PIPER IMPACT 401(k) SAVINGS PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE
FOR BENEFITS

	Year Ended December 31,	
	1997	1996
Investment income:		
Interest and dividends	\$ 231,919	\$ 114,195
Net appreciation in fair value of investments	252,778	40,251
Total income	484,697	154,446
Contributions:		
Employer	240,468	198,604
Less forfeitures	9,434	2,887
Employee	1,247,453	1,007,030
Total contributions	1,478,487	1,202,747
Interest on participant loans	6,290	555
Total additions	1,969,474	1,357,748
Benefit payments	163,966	30,777
Administrative fees	4,914	1,856
Total deductions	168,880	32,633
Increase in net assets available for benefits	1,800,594	1,325,115
Net assets available for benefits:		
Beginning of year	1,975,164	650,049
End of year	\$3,775,758	\$1,975,164

See notes to financial statements.

QUANEX CORPORATION
PIPER IMPACT 401(k) SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1997 AND 1996

A. DESCRIPTION OF THE PLAN

The following description of the Piper Impact 401(k) Plan (the "Plan") is provided for general informational purposes only. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

- (1) **General.** The Plan is a defined contribution plan which covers substantially all full-time employees of Piper Impact, Inc. (the "Company"), a subsidiary of Quanex Corporation. The Plan permits eligible employees to elect a deferral of compensation under Section 401(k) of the Internal Revenue Code ("Code"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). The assets of the Plan are held in trust by Fidelity Management Trust Company ("Fidelity"). The Benefits Committee (the "Committee"), appointed by Quanex Corporation's Board of Directors, serves as the Plan administrator.
- (2) **Contributions.** Participants may contribute to the Plan by electing salary deferrals between 1% and 15% of compensation as defined by the Plan document. The Company contributes 25% of the first 6% of base compensation that a participant contributes to the Plan. Contributions are subject to certain limitations. Additional amounts may be contributed at the option of the Company's Board of Directors.
- (3) **Participant Accounts.** Each participant's account is credited with the participant's contribution and allocations of the Company's contribution and Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. Forfeited balances of terminated participants' non-vested accounts are used to reduce current or future Company contributions. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.
- (4) **Investment Options.** Participants may direct allocations of their contributions to the following funds:
 - Puritan Fund - invested and reinvested in domestic and foreign common stocks, preferred stocks and bonds, and debt securities.
 - Contrafund - invested and reinvested in equities of foreign and preferred stock.
 - Intermediate Bond Fund - invested primarily in fixed-income obligations including corporate bonds, mortgage securities, bank obligations and U.S. government and agency securities.
 - Retirement Growth Fund - invested and reinvested in common stocks and other types of securities.
 - Blue Chip Fund - invested and reinvested primarily in common stocks of established domestic and foreign companies.

Asset Manager Fund - invested and reinvested in domestic and foreign stocks, bonds, and short-term and money market instruments.

Retirement Money Market Fund - invested in short-term money market securities of U.S. and foreign issuers.

Quanex Corporation Common Stock - invested and reinvested exclusively in the common stock of Quanex Corporation.

Common/Commingled Trust - invested and reinvested in investment contracts issued by insurance companies, banks and other financial institutions

- (5) Vesting. Participants are immediately vested in their contributions and earnings thereon. Vesting in the Company's matching and discretionary contribution portion of their accounts plus actual earnings thereon is based on years of continuous service. A participant is 20% vested for each year of credited service beginning with his or her second year and is 100% vested after six years of credited service.
- (6) Payment of Benefits. The Plan is intended for long-term savings but provides for early withdrawals and loan arrangements under certain conditions. In accordance with the Code, upon termination of service, a participant may elect to receive a lump-sum distribution equal to the total amount of vested benefits in his or her account. As of December 31, 1997 and 1996, net assets available for benefits included benefits of \$9,913 and \$2,890, respectively, due to participants who had withdrawn from participation in the Plan.
- (7) Loans. Loans may be granted to a participant of the Plan at the Committee's discretion. Loan terms range up to five years or ten years if used for the purchase of a primary residence. The loans bear a reasonable rate of interest established by the Committee. Interest on the loan is allocated to the borrower's participant account. Loan set up fees and carrying fees are paid by the participant to Fidelity.

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 common stock, which is listed on the New York Stock Exchange, is determined by using the last recorded sales price. The fair value of the common/commingled trust is at face value.
- (3) Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of changes in the net assets available for benefits during the reporting period. The Plan's financial statements include amounts that are based on management's best estimates and judgments. Actual results could differ from these estimates.
- (4) Administrative Expense. The Company pays all administrative expenses.
- (5) Payments of Benefits. Benefit payments are recorded when paid.

C. 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 of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

D. 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 ("IRS"). The Plan is a qualified trust under Sections 401(a) and 401(k) of the Code and, as a result, is exempt from taxation under Section 501(a) of the Code. The Company believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Code. Therefore, it believes the Plan was qualified and the related trust was tax-exempt as of the financial statement dates.

E. RELATED PARTY TRANSACTIONS

During the years ended December 31, 1997 and 1996, the Plan purchased and sold shares of Fidelity mutual fund assets, as shown below:

	1997 ----			1996 ----		
	Shares -----	Cost -----	Sales Price -----	Shares -----	Cost -----	Sales Price -----
Purchases	250,854	\$ 1,705,534		164,862	\$ 1,194,042	
Sales	86,413	373,734	\$ 408,988	15,545	106,236	\$ 107,440

During the years ended December 31, 1997 and 1996, the Plan purchased and sold shares of Fidelity Common/Commingled Trust, as shown below:

	1997 ----			1996 ----		
	Shares -----	Cost -----	Sales Price -----	Shares -----	Cost -----	Sales Price -----
Purchases	105,387	\$ 105,387		66,192	\$ 66,192	
Sales	37,741	37,741	\$ 37,741	13,217	13,217	\$ 13,217

During the years ended December 31, 1997 and 1996, the Plan purchased and sold shares of Quanex Corporation common stock as shown below:

	1997 ----			1996 ----		
	Shares -----	Cost -----	Sales Price -----	Shares -----	Cost -----	Sales Price -----
Purchases	1,555	\$ 48,030		--	--	--
Sales	55	1,682	\$ 1,588	--	--	--

F. SUPPLEMENTAL FUND INFORMATION

Contributions, benefit payments and investment income by fund were as follows for the years ended December 31:

	1997	1996
	-----	-----
Employee Contributions:		
Fidelity Puritan Fund	\$ 139,215	\$ 118,686
Fidelity Contrafund	204,631	142,176
Fidelity Intermediate Bond Fund	67,476	64,591
Fidelity Retirement Growth Fund	95,104	85,983
Fidelity Blue Chip Fund	444,602	388,617
Fidelity Asset Manager Fund	76,557	68,409
Fidelity Retirement Money Market Fund	121,081	88,743
Quanex Corporation Common Stock	35,632	--
Fidelity Common/Commingled Trust	63,155	49,825
	-----	-----
	\$ 1,247,453	\$ 1,007,030
	=====	=====

	1997	1996
	-----	-----
Employer Contributions:		
Fidelity Puritan Fund	\$ 26,783	\$ 23,821
Fidelity Contrafund	37,704	26,865
Fidelity Intermediate Bond Fund	13,701	12,487
Fidelity Retirement Growth Fund	18,608	15,386
Fidelity Blue Chip Fund	87,097	76,268
Fidelity Asset Manager Fund	14,557	12,750
Fidelity Retirement Money Market Fund	14,576	18,380
Quanex Corporation Common Stock	5,045	--
Fidelity Common/Commingled Trust	12,963	9,760
	-----	-----
	\$ 231,034	\$ 195,717
	=====	=====

	1997	1996
	-----	-----
Benefit Payments:		
Fidelity Puritan Fund	\$ 17,800	\$ 2,425
Fidelity Contrafund	15,905	6,166
Fidelity Intermediate Bond Fund	8,822	1,173
Fidelity Retirement Growth Fund	9,986	3,791
Fidelity Blue Chip Fund	55,029	15,749
Fidelity Asset Manager Fund	8,957	795
Fidelity Retirement Money Market Fund	32,630	79
Quanex Corporation Common Stock	1,419	--
Fidelity Common/Commingled Trust	13,418	599
	-----	-----
	\$ 163,966	\$ 30,777
	=====	=====

	1997	1996
	-----	-----
Investment Income:		
Fidelity Puritan Fund	\$ 62,162	\$ 21,079
Fidelity Contrafund	80,320	29,620
Fidelity Intermediate Bond Fund	10,824	3,657
Fidelity Retirement Growth Fund	32,386	6,660
Fidelity Blue Chip Fund	250,281	74,190
Fidelity Asset Manager Fund	34,017	10,693
Fidelity Retirement Money Market Fund	11,626	5,173
Quanex Corporation Common Stock	(3,830)	--
Fidelity Common/Commingled Trust	6,911	3,374
	-----	-----
	\$ 484,697	\$ 154,446
	=====	=====

ITEM 27-a SCHEDULE OF ASSETS HELD FOR INVESTMENTS PURPOSES
 EIN: 76-0396886; PN 001

QUANEX CORPORATION
 PIPER IMPACT 401(k) SAVINGS PLAN

SUPPLEMENTAL SCHEDULE OF INVESTMENTS
 AS OF DECEMBER 31, 1997

	Shares/ Par Value	Cost	Current Value
	-----	-----	-----
Mutual Fund Assets - Fidelity Investments:			
Puritan Fund*	20,321	\$ 363,226	\$ 393,816
Contrafund*	11,216	480,823	522,991
Intermediate Bond Fund*	16,832	170,105	171,180
Retirement Growth Fund*	15,118	278,500	254,730
Blue Chip Fund*	35,478	1,206,445	1,399,981
Asset Manager Fund*	11,777	199,782	216,111
Retirement Money Market Fund*	273,551	273,551	273,551
		-----	-----
Total Mutual Fund Assets		2,972,432	3,232,360
Quanex Corporation Common Stock*	1,500	46,348	42,176
Fidelity Common/Commingled Trust*	150,845	150,845	150,845
Participant loans (bearing interest rates from 7.85% to 11%)		146,425	146,425
		-----	-----
Total Investments		\$3,316,050	\$3,571,806
		=====	=====

* Party-in-Interest

ITEM 27-d - SCHEDULE OF REPORTABLE (5%) TRANSACTIONS EIN 76-0396886; PN 001

QUANEX CORPORATION
PIPER IMPACT 401(k) SAVINGS PLAN

SUPPLEMENTAL SCHEDULE OF 5% REPORTABLE TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 1997

Series of Transactions

Description -----	Total Number of Purchases During the Plan Year -----	Purchase Price -----	Total Number of Sales During the Plan Year -----	Selling Price -----	Cost of Asset -----	Current Value on Transaction Date -----	Net Gain (Loss) -----
Fidelity Investments: Puritan*	61	\$197,986	44	\$ 55,645	\$ 50,913	\$ 55,645	\$ 4,732
Contrafund*	49	298,784	29	42,988	37,418	42,988	5,570
Intermediate Bond*	61	94,162	37	35,017	35,155	35,017	(138)
Retirement Growth*	51	166,433	31	32,549	30,320	32,549	2,229
Blue Chip*	85	646,301	59	140,189	120,125	140,189	20,064
Asset Manager*	49	110,252	34	30,530	27,733	30,530	2,797
Retirement Money Mkt*	61	191,616	41	72,070	72,070	72,070	0
Common/Commingled Trust*	54	105,387	38	37,741	37,741	37,741	0

* 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.

Piper Impact 401 (k) Savings Plan

Date: June 29, 1998

/s/ Wayne M. Rose

Wayne M. Rose, Benefits Committee

INDEX TO EXHIBITS

23.1 Independents Auditor's Consent

EXHIBIT 23.1

INDEPENDENT AUDITOR'S CONSENT

We consent to the incorporation by reference in Registration Statement No. 333-22977 of Quanex Corporation on Form S-8 of our report dated May 22, 1998 appearing in the Annual Report of Form 11-K of the Piper Impact 401 (k) Savings Plan for the year ended December 31, 1997.

/s/ DELOITTE & TOUCHE LLP

DELOITTE & TOUCHE LLP

Houston, Texas
June 29, 1998