

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 [Fee Required]

For the fiscal year ended December 31, 1995

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 named below:

Quanex Corporation Hourly Bargaining Unit Employees 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
Phone: (713) 961-4600

INDEPENDENT AUDITORS' REPORT

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 Employee Savings Plan (the "Plan") as of December 31, 1995 and 1994, 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, 1995 and 1994, 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, 1995 and (2) 5% reportable transactions for the year ended December 31, 1995 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 1995 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 3, 1996

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

	December 31,	
	1995	1994
Assets:		
Investments, at fair value -		
Mutual fund assets:		
Fidelity Puritan Fund	\$ 835,000	\$ 479,342
Fidelity Magellan Fund	1,843,510	990,913
Fidelity Contrafund	127,661	21,161
Fidelity Growth and Income Fund	328,455	126,277
Fidelity Overseas Fund	369,562	221,045
Fidelity Balanced Fund	74,250	16,594
Fidelity Government Money Market Fund	2,119,423	1,551,467
Quanex Corporation common stock	187,886	132,707
Common/commingled trust	95,257	20,091
Deposits with insurance company, at contract value	-	131,294
Total	5,981,004	3,690,891
Employee contributions receivable	136,120	117,866
Employer contributions receivable	10,191	6,951
Total	146,311	124,817
Net assets available for benefits	\$6,127,315	\$3,815,708

See notes to financial statements.

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

	December 31,	
	1995	1994
Investment income:		
Interest and dividends	\$ 298,232	\$ 142,094
Net appreciation (depreciation) in fair value of investments	467,045	(80,190)
Total	765,277	61,904
Contributions:		
Employee	1,637,214	1,157,814
Employer	98,350	72,075
Total	1,735,564	1,229,889
Total additions	2,500,841	1,291,793
Benefit payments	189,234	96,950
Increase in net assets available for benefits	2,311,607	1,194,843
Net assets available for		
Beginning of year	3,815,708	2,620,865
End of year	\$6,127,315	\$3,815,708

See notes to financial statements.

QUANEX CORPORATION
HOURLY BARGAINING UNIT EMPLOYEES SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1995 AND 1994

A. DESCRIPTION OF THE PLAN

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

- (1) General. The Plan, originally named the Quanex Corporation Hourly Employee Savings Plan, became effective January 1, 1989 and is sponsored by Quanex Corporation (the "Company"). The Plan began receiving contributions in April 1989. 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 hourly employees of certain divisions of the Company are eligible to participate after completing three months of active service. The assets of the Plan are held in trust by Fidelity Management Trust Company ("Fidelity" or the "Trustee"). 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% of their before-tax or after-tax compensation as defined by the Plan agreement. The Plan was amended effective July 1, 1994 to include LaSalle Steel Company hourly employees. All plan provisions apply to the LaSalle Steel Company hourly employees with the addition of an employer matching contribution that does not exceed 5% of the member's considered compensation. During the 1994 Plan year, LaSalle Steel Company made a Supplemental Employer Contribution of \$100 on behalf of each member who was employed by LaSalle Steel Company on May 15, 1994 and also on behalf of each member who was first hired by LaSalle Steel Company after May 15, 1994, and completed 720 hours of service.
- (3) Participant Accounts. Each participant's account is credited with the participant's contribution and an allocation of investment income, which is based upon individual participant account balances as of the end of the period in which the income was earned.
- (4) Investment Options. The Plan has eight investment funds and a Quanex stock fund managed by the Trustee, as follows:
 - Government Money Market Fund - composed of short-term government obligations.
 - Balanced Fund - invested and reinvested in common and preferred stocks and bonds.
 - Growth and Income Fund - invested and reinvested in equity and debt securities of foreign and domestic companies.

Magellan Fund - invested and reinvested in equity and debt securities of foreign and domestic companies.

Contrafund - invested and reinvested in equities of foreign and domestic companies.

Overseas Fund - invested and reinvested in foreign securities.

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

Puritan Fund - invested and reinvested in common and preferred stocks and bonds.

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

Additionally, the Plan had investments in a series of guaranteed investment contracts, which matured January 1, 1995. Refer to Note C for further discussion.

- (5) Vesting. Participants are immediately vested in their contributions and the related earnings. Vesting in the employer's matching contributions for employees is 0% for less than one year of services graduating to 100% for five or more years. Upon death, retirement or total permanent disability, the participant or beneficiary becomes immediately vested in the employer's contribution. In the event of termination, nonvested portions of employer's contributions are immediately forfeited by participants and utilized to reduce future employer matching contributions.
- (6) 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. See further discussion of benefits payable in Note G.

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 using the last recorded sales price.
- (3) Administrative Expenses. The Company pays all administrative expenses.
- (4) Payment of Benefits. Benefit payments are recorded when paid.

C. DEPOSITS WITH INSURANCE COMPANY

In 1989, the Plan entered into a series of guaranteed investment contracts with Metropolitan Life Insurance Company ("Metropolitan"). The contracts provided a guaranteed rate of return on principal invested which was credited to the Plan for the length of the contracts. The contracts were reduced for Plan withdrawals. The contracts are included in the financial statements at the December 31, 1994 contract values as reported to the Plan by Metropolitan. The contracts matured on January 1, 1995. The contracts provided an interest rate of 8.3%.

D. 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 anytime 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.

E. 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 September 15, 1995. 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 financial statement dates. Subsequent to year-end, the Plan received a favorable determination letter dated January 29, 1996, which supersedes the letter dated September 15, 1995.

F. RELATED PARTY TRANSACTIONS

During the years ended December 31, 1995 and 1994, the Plan purchased shares of Quanex Corporation common stock, as shown below:

1995		1994	
Shares	Cost	Shares	Cost
-----	-----	-----	-----
4,243	\$92,529	5,096	\$110,023

During the years ended December 31, 1995 and 1994, the Plan sold 347 and 194 shares of Quanex Corporation common stock for \$7,457 (cost \$7,997) and \$5,392 (cost \$4,682), respectively.

During the years ended December 31, 1995 and 1994, the Plan purchased shares of Fidelity mutual fund assets as shown below:

1995		1994	
Shares	Cost	Shares	Cost
-----	-----	-----	-----
879,682	\$2,278,180	824,831	\$1,914,365

During the years ended December 31, 1995 and 1994, the Plan sold 270,825 and 321,719 shares of Fidelity mutual fund assets for \$484,054 (cost \$456,173) and \$819,960 (cost \$825,438), respectively.

During the years ended December 31, 1995 and 1994, the Plan purchased shares of Fidelity Common/Commingle Trust as shown below:

1995		1994	
Shares	Cost	Shares	Cost
82,554	\$82,554	20,091	\$20,091

During the year ended December 31, 1995, the Plan sold 7,387 shares of Fidelity Common/Commingle Trust for \$7,387 (cost \$7,387). No shares were sold during the year ended December 31, 1994.

G.

BENEFITS PAYABLE

As of December 31, 1995 and 1994, net assets available for benefits included benefits of \$16,875 and \$22,867, respectively, due to participants who had withdrawn from participation in the Plan. As of December 31, 1994, benefits payable of \$22,867 were reported as a liability on the ERISA Form 5500, resulting in a difference between net assets available for benefits presented within this report of \$3,815,708 and the net assets recorded on Form 5500 of \$3,792,841. During 1995, the Department of Labor clarified its definition of benefits payable, which resulted in no liability for benefits payable on Form 5500 as of December 31, 1995. The following is a reconciliation of benefit payments according to the financial statements to Form 5500 for the year ended December 31, 1995:

Benefit payments per the financial statements	\$189,234
Amounts allocated to withdrawing participants at December 31, 1994	(22,867)
Benefit payments per Form 5500	\$166,367

H. SUPPLEMENTAL FUND INFORMATION

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

	1995	1994
	-----	-----
Employee Contributions:		
Fidelity Puritan Fund	\$ 225,346	\$ 174,607
Fidelity Magellan Fund	419,024	331,770
Fidelity Contrafund	44,860	14,595
Fidelity Growth and Income Fund	114,399	59,278
Fidelity Overseas Fund	144,420	90,740
Fidelity Balanced Fund	48,443	14,912
Fidelity Government Money Market Fund	508,585	384,265
Fidelity Short-Intermediate Government Fund	-	26,042
Quanex Corporation common stock	62,267	40,789
Common/commingled trust	69,870	20,816
	-----	-----
	\$ 1,637,214	\$ 1,157,814
	=====	=====

	1995	1994
	-----	-----
Employer Contributions:		
Fidelity Puritan Fund	\$ 13,810	\$ 5,164
Fidelity Magellan Fund	19,431	7,337
Fidelity Contrafund	4,379	1,596
Fidelity Growth and Income Fund	9,598	3,637
Fidelity Overseas Fund	10,578	4,515
Fidelity Balanced Fund	6,954	2,602
Fidelity Government Money Market Fund	18,045	40,897
Quanex Corporation common stock	6,177	2,628
Common/commingled trust	9,378	3,699
	-----	-----
	\$ 98,350	\$ 72,075
	=====	=====

See notes to financial statements.

	1995	1994
	-----	-----
Benefit payments:		
Fidelity Puritan Fund	\$ 26,984	\$ 13,530
Fidelity Magellan Fund	51,315	28,461
Fidelity Contrafund		214
Fidelity Growth and Income Fund	5,381	523
Fidelity Overseas Fund	2,595	4,168
Fidelity Balanced Fund	2,498	
Fidelity Government Money Market Fund	94,128	41,686
Fidelity Short-Intermediate Government Fund	-	958
Quanex Corporation common stock	3,993	3,574
Common/commingled trust	2,340	-
Guaranteed investment contract	-	3,836
	-----	-----
	\$ 189,234	\$ 96,950
	=====	=====

	1995	1994
	-----	-----
Investment income:		
Fidelity Puritan Fund	\$ 129,241	\$ 4,259
Fidelity Magellan Fund	431,859	(15,476)
Fidelity Contrafund	17,439	231
Fidelity Growth and Income Fund	69,343	1,881
Fidelity Overseas Fund	26,530	(102)
Fidelity Balanced Fund	6,251	(175)
Fidelity Government Money Market Fund	105,725	50,313
Fidelity Short-Intermediate Government Fund	-	(3,306)
Quanex Corporation common stock	(24,578)	13,729
Common/commingled trust	3,467	218
Guaranteed investment contract	-	10,332
	-----	-----
	\$ 765,277	\$ 61,904
	=====	=====

See notes to financial statements.

Item 27a - Schedule of Assets Held for Investment Purposes
 EIN: 38-1872178; PN 015

QUANEX CORPORATION
 HOURLY BARGAINING UNIT
 EMPLOYEES SAVINGS PLAN

SUPPLEMENTAL SCHEDULE OF INVESTMENTS
 DECEMBER 31, 1995

	Shares/ Par Value -----	Cost -----	Current Value -----
Mutual Fund Assets - Fidelity Investments: -----			
Government Money Market Fund*	2,119,423	\$2,119,423	\$2,119,423
Balanced Fund*	5,492	70,877	74,250
Puritan Fund*	49,089	771,267	835,000
Growth and Income Fund*	12,143	279,626	328,455
Magellan*	21,441	1,561,677	1,843,510
Contrafund*	3,358	120,263	127,661
Overseas Fund*	12,713	346,504	369,562
		-----	-----
Total Mutual Fund Assets		5,269,637	5,697,861
Quanex Corporation Common Stock*	9,697	208,427	187,886
Common/Commingled Trust*	95,257	95,257	95,257
		-----	-----
Total investments		\$5,573,321	\$5,981,004
		=====	=====

*Party-in-Interest

QUANEX CORPORATION HOURLY BARGAINING UNIT EMPLOYEES SAVINGS PLAN

SUPPLEMENTAL SCHEDULE OF 5% REPORTABLE TRANSACTIONS
 FOR THE YEAR ENDED DECEMBER 31, 1995

Series of Transactions

Description	Total Number of Purchases During Plan Year	Purchase Price	Total Number of Sales During Plan Year	Selling Price	Cost of Asset	Current Value on Transaction Date	Net Gain (Loss)
Puritan Fund	42	\$316,129	16	\$48,047	\$45,811	\$48,047	\$2,236
Magellan Fund	54	640,704	25	113,644	92,232	113,644	21,412
Overseas Fund	31	167,351	15	36,872	34,637	36,872	2,235
Government Money Market Fund	67	832,186	49	264,231	264,231	264,231	0

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 Employee Savings Plan

Date June 24, 1996

/s/ JOSEPH K. PEERY

Joseph K. Peery, Benefits Committee

23.1 -- Independent 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 May 3, 1996 appearing in the Annual Report of Form 11-K of the Quanex Corporation Hourly Bargaining Unit Employee Savings Plan for the year ended December 31, 1995.

/s/ DELOITTE & TOUCHE LLP

Deloitte & Touche LLP

Houston, Texas
June 24, 1996