

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, 1993

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

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.

DATE -----

Suite 2300 Telephone: (713) 756-2000
333 Clay Street Facsimile: (713) 756-2001
Houston, Texas 77002-4196

INDEPENDENT AUDITORS' REPORT

The Benefit 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, 1993 and 1992, 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, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 1993 and 1992, 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 information by fund and supplemental schedules of (1) investments as of December 31, 1993 and (2) 5% reportable transactions for the year ended December 31, 1993 are presented for the purpose of additional analysis of the basic financial statements rather than to present information regarding the net assets available for benefits and changes in net assets available for benefits on the individual funds. This information and these schedules are not a required part of the basic financial statements. The schedules 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. This supplemental information and these schedules are the responsibility of the Plan's management. Such supplemental information and schedules have been subjected to the auditing procedures applied in our audit 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

April 26, 1994

QUANEX CORPORATION
HOURLY BARGAINING UNIT EMPLOYEES SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE
FOR BENEFITS

	December 31,	
	----- 1993 -----	----- 1992 -----
Assets:		
Investments, at fair value:		
Mutual fund assets	\$2,249,402	\$1,324,613
Quanex common stock	15,617	6,500
	-----	-----
	2,265,019	1,331,113
Deposits with insurance company, at contract value	281,373	362,774
	-----	-----
Total	2,546,392	1,693,887
Employee contributions receivable	74,473	63,803
	-----	-----
Net assets available for benefits	\$2,620,865	\$1,757,690
	=====	=====

See notes to financial statements.

QUANEX CORPORATION
HOURLY BARGAINING UNIT EMPLOYEES SAVINGS PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	YEAR ENDED DECEMBER 31,	
	1993	1992
Investment Income:		
Interest and dividends	\$ 148,229	\$ 102,700
Net appreciation (depreciation) in fair value of investments	72,733	(29,049)
Total	220,962	73,651
Employee contributions	830,367	717,563
Total additions	1,051,329	791,214
Benefit payments	188,154	71,164
Increase in net assets available for benefits	863,175	720,050
Net assets available for benefits:		
Beginning of year	1,757,690	1,037,640
End of year	\$2,620,865	\$1,757,690

See notes to financial statements.

QUANEX CORPORATION
HOURLY BARGAINING UNIT EMPLOYEES SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1993 and 1992

A. THE PLAN

The following brief 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 agreement for more complete information.

- (1) General. The Plan, originally named the Quanex Corporation Hourly Employees 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 (the "Trustee"). The Benefits Committee (the "Committee"), appointed by the Board of Directors of the Company, serves as the Plan administrator.
- (2) Contributions. Participants may elect to make contributions up to 15% of their before-tax annual compensation or up to 10% of their after-tax compensation as defined by the Plan agreement. There are no provisions in the Plan agreement for matching contributions by the Company.
- (3) Participant Accounts. Each participant's account is credited with the participant's contribution and an allocation of investment income, which is based on the participant's account balances as of the end of the period in which the income was earned.
- (4) Investment Options. The Plan has seven investment funds managed by the Trustee, as follows:

Government Money Market Fund--composed of short-term government obligations

Short-Intermediate Government Fund--invested and reinvested in securities issued by the U.S. government.

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

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

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

Overseas Fund--invested and reinvested in foreign securities.

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

Additionally, the Plan has investments in a series of guaranteed investment contracts. Refer to Note C for further information.

The Short-Intermediate Government Fund replaced the Intermediate Bond Fund during January 1993.

- (5) VESTING. Participants became immediately vested in their voluntary contribution and related earnings.
- (6) PAYMENT OF BENEFITS. Upon termination of service, the participant may elect to receive a lump-sum amount equal to the total of vested benefits in his or her account. Benefits payable were \$0 as of December 31, 1993 and 1992.

(B) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) ACCOUNTING BASIS. The financial statements are prepared on the accrual basis of accounting.
- (2) INVESTMENTS. The Plan recognizes net appreciation on depreciation in the fair value of its investments. Investments are reflected at fair value in the financial statements. Fair value for mutual funds is determined using quoted net asset value. Fair value for Quanex common stock, which is listed on the New York Stock Exchange, is determined using the last recorded sales price.
- (3) ADMINISTRATIVE EXPENSES. Since inception of the Plan, the Company has paid for all administrative expenses.

C. DEPOSITS WITH INSURANCE COMPANY

In 1989 the Plan entered into a series of guaranteed investment contracts with Metropolitan Life Insurance Company ("Metropolitan") for the Fixed Income Fund. The contracts provide a guaranteed rate of return on principal invested which is credited to the Plan for the length of the contracts. The contracts are charged for Plan withdrawals. The contract is included in the financial statements at the December 31, 1993 and 1992 contract values as reported to the Plan by Metropolitan. The remaining contracts mature between January 1, 1994 and January 1, 1995 and provide an interest rate of 8.3%.

D. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to terminate the Plan subject to the provisions of ERISA. In the event of termination of the Plan, 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 (IRS). The Plan has received a favorable determination letter from the IRS dated June 11, 1990. As such, the Plan is a qualified trust under Sections 401(a) and 401(k) of the Internal Revenue Code of 1986 (the "Code") and, as a result, is exempt from federal income taxes under Code Section 501(a). The Company believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Code. Therefore, it believes that the Plan was qualified and the related trust was tax-exempt as of the financial statement dates.

F. RELATED PARTY TRANSACTIONS

During the years ended December 31, 1993 and 1992, the Plan purchased and sold shares of Quanex common stock, as shown:

1993		1992	
Shares	Cost	Shares	Cost
565	\$10,008	333	\$7,934

During the years ended December 31, 1993 and 1992, the Plan sold 5 and 41 shares of Quanex common stock for \$95 (cost \$108) and \$1,185 (cost \$949), respectively.

During the years ended December 31, 1993 and 1992, the Plan purchased shares of Fidelity, the Trustee, mutual fund assets, as shown below:

1993		1992	
Shares	Cost	Shares	Cost
455,285	\$1,317,149	337,786	\$881,174

During the years ended December 31, 1993 and 1992, the Plan sold 260,007 and 137,595 shares of Fidelity mutual fund assets for \$465,887 (cost \$463,721) and \$162,379 (cost \$163,425), respectively.

G. SUBSEQUENT EVENTS

Effective March 1994, the Plan added the Fidelity Balanced Fund and the Fidelity Contrafund as investment options. The Fidelity Balanced Fund invests in common and preferred stocks and bonds. The Fidelity Contrafund invests in equities of foreign and domestic companies.

H. ALLOCATION OF NET ASSETS AVAILABLE FOR BENEFITS TO INVESTMENT FUNDS
The following tables provide supplemental information regarding the net assets available for benefits by investment fund.

December 31, 1993					
	TOTAL	GOVERN- MENT MONEY MARKET FUND	SHORT- INTER- MEDIATE GOVERN- MENT FUND	INTER- MEDIATE BOND FUND	PURITAN FUND
Assets:					
Investments, at fair value:					
Mutual fund assets	\$2,249,402	\$907,094	\$168,313	\$ 0	\$333,054
Quanex common stock	15,617				
	2,265,019	907,094	168,313	0	333,054
Deposits with insurance company, at contract value					
	281,373				
Total	2,546,392	907,094	168,313	0	333,054
Employee contributions receivable					
	74,473	24,184	5,945	0	12,298
Net assets available for benefits	\$2,620,865	\$931,278	\$174,258	\$ 0	\$345,352

December 31, 1993					
	GROWTH AND INCOME FUND	MAGELLAN FUND	OVERSEAS FUND	QUANEX COMMON STOCK FUND	GUARAN- TEED INVEST- MENT CONTRACT
Assets:					
Investments, at fair value:					
Mutual fund assets	\$45,120	\$658,370	\$137,451		
Quanex common stock				\$15,617	
	45,120	658,370	137,451	15,617	
Deposits with insurance company, at contract value					
					\$281,373
Total	45,120	658,370	137,451	15,617	281,373
Employee contributions receivable					
	2,619	23,809	4,779	839	0
Net assets available for benefits	\$47,739	\$682,179	\$142,230	\$16,456	\$281,373

December 31, 1992					
	TOTAL	GOVERN- MENT MONEY MARKET FUND	SHORT- INTER- MEDIATE GOVERN- MENT FUND	INTER- MEDIATE BOND FUND	PURITAN FUND
Assets:					
Investments, at fair value:					
Mutual fund assets	\$1,324,613	\$737,890	\$ 0	\$122,552	\$141,169
Quanex common stock	6,500				
	1,331,113	737,890	0	122,552	141,169
Deposits with insurance company, at contract value					
	362,774				
Total	1,693,887	737,890	0	122,552	141,169
Employee contributions receivable					
	63,803	24,217	0	7,738	10,307
Net assets available for benefits	\$1,757,690	\$762,107	\$ 0	\$130,290	\$151,476

December 31, 1992

	GROWTH AND INCOME FUND	MAGELLAN FUND	OVERSEAS FUND	QUANEX COMMON STOCK FUND	GUARAN- TEED INVEST- MENT CONTRACT
Assets:					
Investments, at fair value:					
Mutual fund assets	\$ 0	\$265,744	\$57,258	\$6,500	
Quanex common stock					
	0	265,744	57,258	6,500	0
Deposits with insurance company, at contract value					\$362,774
Total	0	265,744	57,258	6,500	362,774
Employee contributions receivable	0	17,076	3,636	829	0
Net assets available for benefits	\$ 0	\$282,820	\$60,894	\$7,329	\$362,774

ALLOCATION OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS TO INVESTMENT FUNDS
 The following tables provide supplemental information regarding the change in
 net assets available for benefits by investment fund.

DECEMBER 31, 1993

	TOTAL	GOVERN- MENT MONEY MARKET FUND	SHORT- INTER- MEDIATE GOVERN- MENT FUND	INTER- MEDIATE BOND FUND	PURITAN FUND	GROWTH AND INCOME FUND	MAGELLAN FUND	OVERSEAS FUND	STOCK FUND	GUARAN- TEED INVEST- MENT CONTRACT
Investment income:										
Interest and dividends	\$ 148,229	\$ 24,976	\$ 8,423	\$ 695	\$ 35,791	\$ 1,810	\$ 51,782	\$ 2,034	\$ 366	\$ 22,352
Net appreciation (depreciation) In fair value of investments	72,733	0	(1,528)	1,596	7,138	1,038	37,436	27,849	(796)	0
Total	220,962	24,976	6,895	2,291	42,929	2,848	89,218	29,883	(430)	22,352
Employee contributions	830,367	308,695	83,210	0	131,221	19,410	234,239	44,340	9,252	0
Total additions	1,051,329	333,671	90,105	2,291	174,150	22,258	323,457	74,223	8,822	22,352
Benefit payments	188,154	110,154	9,306	0	12,036	218	18,226	3,273	95	34,846
Fund transfers	0	(54,346)	93,459	(132,581)	31,762	25,699	94,128	10,386	400	(68,907)
Increase in net assets available for benefits:	863,175	169,171	174,258	(130,290)	193,876	47,739	399,359	81,336	9,127	(81,401)
Net assets available for benefits:										
Beginning of year	1,757,690	762,107	0	130,290	151,476	0	282,820	60,894	7,329	362,774
End of year	\$2,620,865	\$931,278	\$174,258	\$ 0	\$345,352	\$ 47,739	\$682,179	\$142,230	\$ 16,456	\$281,373

11
 ALLOCATION OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS TO INVESTMENT FUNDS
 (continued)

DECEMBER 31, 1992

	TOTAL	GOVERN- MENT MONEY MARKET FUND	SHORT- INTER- MEDIATE GOVERN- MENT FUND	INTER- MEDIATE BOND FUND	PURITAN FUND	GROWTH AND INCOME FUND	MAGELLAN FUND	OVERSEAS FUND	STOCK FUND	GUARAN- TEED INVEST- MENT CONTRACT
Investment income:										
Interest and dividends	\$ 102,700	\$ 22,429	\$ 0	\$ 6,128	\$ 10,192	\$ 0	\$ 29,236	\$ 6,323	\$ 102	\$ 28,290
Net appreciation (depreciation) in fair value of investments	(29,049)	0	0	(1,198)	1,555	0	(14,990)	(13,051)	(1,365)	0
Total	73,651	22,429	0	4,930	11,747	0	14,246	(6,728)	(1,263)	28,290
Employee contributions	717,563	291,028	0	92,577	102,638	0	174,290	49,595	7,435	0
Total additions	791,214	313,457	0	97,507	114,385	0	188,536	42,867	6,172	28,290
Benefit payments	(71,164)	(50,283)	0	(2,628)	(552)	0	(1,211)	(571)	(1,185)	(14,734)
Fund transfers	0	(88,135)	0	11,981	13,740	0	56,332	5,313	769	0
Increase in net assets available for benefits:	720,050	175,039	0	106,860	127,573	0	243,657	47,609	5,756	13,556
Net assets available for benefits:										
Beginning of year	1,037,640	587,068	0	23,430	23,903	0	39,163	13,285	1,573	349,218
End of year	\$1,757,690	\$762,107	\$ 0	\$130,290	\$151,476	\$ 0	\$282,820	\$ 60,894	\$ 7,329	\$362,774

Item 27a - Schedule of Assets Held for Investment Purposes
 EIN: 38-1872178; PN: 015
 QUANEX CORPORATION HOURLY BARGAINING UNIT EMPLOYEE SAVINGS PLAN

SUPPLEMENTAL SCHEDULE OF INVESTMENTS
 DECEMBER 31, 1993

	Shares/ Par Value -----	Cost of Acquisition -----	Current Value -----
Mutual fund assets:			
Fidelity Investments Government Money Market Fund*	907,094	\$ 907,094	\$ 907,094
Fidelity Investments Short-Intermediate Government Fund*	17,036	169,780	168,313
Fidelity Investments Puritan Fund*	21,146	324,859	333,054
Fidelity Investments Growth and Income Fund*	2,031	44,088	45,120
Fidelity Investments Magellan*	9,292	636,186	658,370
Fidelity Investments Overseas Fund*	5,011	121,763	137,451
		-----	-----
Total mutual fund assets		2,203,770	2,249,402
		-----	-----
Common stock:			
Quanex Corporation*	899	17,845	15,617
		-----	-----
Deposits with insurance company:			
Metropolitan Life Guaranteed Investment Contract	N/A	281,373	281,373
		-----	-----
Total investments		\$2,502,988	\$2,546,392
		=====	=====

* Party-in-Interest

Item 27d - Schedule of Reportable (5%) Transactions
 EIN: 38-1872178; PN: 015
 QUANEX CORPORATION HOURLY BARGAINING UNIT EMPLOYEE SAVINGS PLAN

SUPPLEMENTAL SCHEDULE OF 5% REPORTABLE TRANSACTIONS
 FOR THE YEAR ENDED DECEMBER 31, 1993

Single Transactions

Description of Assets -----	Purchase Price -----	Selling Price -----	Cost of Asset -----	Current Value of Asset on Transaction Date -----	Net Gain or (Loss) -----
Mutual Fund Assets:					
Fidelity Investments*					
Short-Intermediate Government Fund	\$127,488			\$127,488	
Intermediate Bond Fund		\$127,488	\$126,702	127,488	\$786

Series of Transactions

Description -----	Total		Purchase Price -----	Total Number of Sales During Plan Year -----	Selling Price -----	Cost of Asset -----	Current Value of Asset on Transaction Date -----	Net Gain or (Loss) -----
	Number of Purchases During Plan Year							
Mutual Fund Assets:								
Fidelity Investments*								
Government Money Market Fund	68		\$409,970	52	\$240,766	\$240,766	\$409,970 240,766	--
Short-intermediate Government Fund	46		219,202	19	49,362	49,422	219,202 49,362	(\$60)
Intermediate Bond Fund	3		8,433	2	132,581	131,804	8,433 132,581	777
Puritan Fund	29		204,233	10	19,486	18,596	204,233 19,486	890
Magellan Fund	40		374,401	11	19,210	18,432	374,401 19,210	778
Deposits with Insurance Company:								
Guaranteed Investment Contract	21		22,352	9	103,753	103,753	22,352 103,753	--

*Party-in-Interest

EXHIBIT
NUMBER

23.1 Independent Auditor's Consent

INDEPENDENT AUDITORS' 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 April 26, 1994, appearing in this Annual Report on Form 11-K of Quanex Corporation Hourly Bargaining Unit Employees Savings Plan for the year ended December 31, 1993.

/s/ Deloitte & Touche

DELOITTE & TOUCHE

Houston, Texas
June 27, 1994