



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549-7010

Mail Stop 7010

September 18, 2006

Mr. Brent L. Korb  
Quanex Corporation  
1900 West Loop South  
Suite 1500  
Houston, Texas 77027

**RE: Quanex Corporation  
Form 10-K for the fiscal year ended October 31, 2005  
Filed December 21, 2005  
File # 1-5725**

Dear Mr. Korb:

We have reviewed your response letter dated August 21, 2006 and have the following additional comments. If you disagree, we will consider your explanation as to why our comment is inapplicable. In some of our comments, we may ask you to provide us with supplemental information so we may better understand your disclosure. After reviewing this information, we may or may not raise additional comments.

Form 10-K for the fiscal year ended October 31, 2005

Note 6. Inventories, page 49

1. We have reviewed your response to our prior comment three. It is unclear to us how and why your accounting policies, for valuing MACSTEEL inventory using both FIFO and LIFO, are appropriate. In this regard, please explain to us the valid business purposes for your policies and provide a more comprehensive discussion of how and why you determined that retaining FIFO for the Monroe facility results in a better matching of revenues and expenses.

\* \* \* \*

As appropriate, please respond to these comments within 10 business days or tell us when you will provide us with a response. Please furnish a letter that keys your responses to our comments and provides any requested supplemental information.

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Detailed response letters greatly facilitate our review. Please file your response letter on EDGAR. Please understand that we may have additional comments after reviewing your responses to our comments.

If you have any questions regarding these comments, please direct them to Tricia Armelin, Staff Accountant, at (202) 551-3747, Anne McConnell, Senior Accountant, at (202) 551-3709 or, in their absence, to the undersigned at (202) 551-3768.

Sincerely,

John Cash  
Accounting Branch Chief