

OPEC maintains estimate for world oil demand in 2008

- 30 Mar 2008

AFP reported that OPEC left unchanged its estimate for growth in world oil demand in 2008, arguing that while high oil prices and mild winter weather would brake demand in major industrialized countries, the market for crude would be strong elsewhere.

The Organization of Petroleum Exporting Countries in its March monthly report said that "World oil demand in 2008 is forecast to grow by 1.2 million barrels per day to average 86.97 million barrels per day, unchanged from our previous estimate."

The report said that "Slow world economy and warm winter in some parts of the Organization for Economic Cooperation and Development regions dented demand for winter products. Fluctuating weather patterns caused oil demand in the OECD to decline in February."

It continued that "The halt in economic activities in China over the Chinese New Year holiday season last month did not affect the country's oil consumption. In fact, power shortages caused independent power generators to kick in, which led to excessive diesel demand. Oil demand in other non OECD countries such as the Middle East, India, and Latin America was strong, offsetting the weak OECD oil demand during February."

OPEC said that nevertheless, it would primarily be the weather that would affect oil demand this year. Although the slowdown in the world economy, along with high retail petroleum prices, is considered a major variable in oil demand this year, the weather will play a significant role in oil demand as well. Strong non OECD oil demand is expected to boost total world oil demand by 1.3 million barrels per day in the first quarter."

OPEC also left unchanged its estimate for world oil demand growth in 2007, when it was projected to have risen by 1.2 million barrels per day or 1.4% to average 85.77 million barrels per day. It said that "Strong economic growth in non OECD countries accounted for all of last year's oil demand growth."

Chinese SS output in 2008 to cross 9 million tonnes

- 29 Mar 2008

Interfax China reported that China's stainless steel output is expected to grow by nearly 25% YoY to 9 million tonnes in 2008.

According to statistics from the China Stainless Steel Enterprise Association China produced 7.206 million tonnes of stainless steel in 2007 up by 36% from the previous year, while the country's apparent consumption grew by 10.59% YoY to 6.58 million tonnes last year down by 3.61 percentage points from the previous year.

Chinese import of ferrochrome in 2008 to surge

- 28 Mar 2008

Platts cited Mr Wan wu Dong director of marketing for Kermas China while speaking at the Metal Bulletin's 9th Asian Ferroalloys Conference in Hong Kong as saying that China will import more than 2 million tonnes of ferrochrome in 2008, marking an increase of a minimum of 650,000 tonnes over 2007.

Mr Dong said China imported about 1.39 million tonnes of ferrochrome in 2007 up sharply as compared to only about 449,385 tonnes imported in 2006 and 233,140 tonnes in 2005.

Mr Dong said the continued growth of stainless steel production in China will continue to drive the country's ferrochrome imports. He said "In 2007, China increased its stainless steel production by 40% and China was the driver of growth in the stainless steel industry and that its consumption of ferrochrome would increase further."

Mr Dong also said that South African producers' ferrochrome output was limited by the power concern in the country. He said that "Electricity shortage in South Africa is a big threat and producers' stock levels of ferrochrome, particularly in South Africa are at a critically low level and forecasting supply to tighten further."

Mr Dong said that ferrochrome prices in China would continue to rise as the rapidly expanding consumption in China has changed the market's dynamics, while the medium term shortage of electricity in South Africa would remain a concern. He said "The boom of chrome has just started."

Kazakhstan, South Africa and India are the three major exporters to China. Kazakhstan exported 616,619 tonnes of ferrochrome to China in 2007 followed by South Africa with 551,632 tonnes and India with 181,991 tonnes.

Global HRB spot prices in super volcanic eruption

- 27 Mar 2008

SteelBenchmarker reported that the US hot rolled band spot price for March 24th 2008 surged by 3.7% to USD 865 per ton, FOB the mill for the tenth consecutive rise totaling USD 288, world export HRB price rise by 6.6% to USD 870 per tonne FOB the port of export, for the eighth consecutive rise totaling USD 289, Chinese HRB ex works price slipped slightly to USD 627 per tonne for the fifth consecutive rise and the Western European HRB surged by 4.7% to USD 930 per tonne ex works for the fourth consecutive time totaling USD 217.

USA

USD 865 per tonne FOB the mill

Up by USD 31 per tonne from USD 834 two weeks ago

Up by USD 305 per tonne from the recent low of USD 560 on August 13th 2007

Up by USD 235 per tonne from the recent high of USD 630 on April 9th 2007

China

USD 627 per tonne ex works

Down by USD 1 per tonne from USD 628 two weeks ago

Up by USD 157 per tonne from the recent low of USD 470 on October 22nd 2007

Up by USD 140 per tonne from the previous high of USD 487 on September 10th 2007

Western Europe

USD 930 per tonne ex works

Up by USD 42 per tonne from USD 888 two weeks ago

Up by USD 267 per tonne from the recent low of USD 663 on July 23rd 2007

Up by USD 234 per tonne from the recent high of USD 696 on June 11th 2007

World Export Price

USD 870 per tonne FOB the port of export

Up by USD 54 per tonne versus USD 816 two weeks ago

Up by USD 320 per tonne from the recent low of USD 550 on July 23rd 2007

Up by USD 274 per tonne from the recent high of USD 596 on March 26th 2007

SteelBenchmarker publishes steel benchmark prices for HRB, CR coil, rebar and standard plate in the US, Western Europe, mainland China, and the world export market every fortnight.

Chinese plate export prices cross USD 1000 FOB

- 24 Mar 2008

It is reported that this week, export offers for Chinese steel products continue to move up despite flat or softening domestic prices.

Chinese steel makers have shoot up steel plate export price again on better overseas demand. The latest transaction price has exceeded USD 1000 per tonne FOB.

Domestic prices are largely unchanged this week. On Shanghai market, commercial 16mm plate by Yingkou Steel is being offered at CNY 6000 per tonne to CNY 6020 per tonne, 40mm low alloyed plate at CNY 6600 per tonne. By comparison, commodity grade 16mm plate by tier two steel makers are at CNY 5650 per tonne.

Export offer for commodity grade 15mm to 40mm plate has jumped to USD 1020 per tonne FOB to USD 1030 per tonne FOB a jump of USD 50 per tonne to USD 60 per tonne from early last week.

Tianjin Steel told Mysteel that it has been fully booked for April production and base price averages at USD 970 per tonne to USD 980 per tonne FOB. It normally sets unified export price every month while some steel mills just negotiate business case by case. In order to keep up with market pace, it has decided to wait for 2 to 3 weeks before setting quotations for May production.

US H1 scrap prices keep steady

- 22 Mar 2008

On March 17th 2008, the average price of H1 scrap in Pittsburgh, Chicago, and Philadelphia was at USD 351.17 per long ton. The price of bundle scrap was at USD 299.5 per long ton.

Among them, the average price of H1 in Pittsburgh was at USD 324.5 per long ton; in Chicago was at USD 357.5 per long ton; in Philadelphia was at USD 371.5 per long ton.

For eastern coast, the average price of H1 in New York, Boston and Huston was remained steady at USD 312.5 per long ton; for western coast, the average price for H1 scrap was at USD 116 per long ton, the price was unchanged from the last week.

(Sourced from YIEH.com)

EU average flat product prices up by 15% to 18% - MEPS

- 21 Mar 2008

UK based MEPS said that flat product prices have been substantially affected by the tremendous raw material cost escalations announced in recent times and that the price demands from domestic producers shot up in the last few weeks.

MEPS said that "ArcelorMittal tabled a further EUR 40 per tonne hike for the second quarter, on top of the 12% to 15% we reported in our February issue and all the major producers are talking of even higher prices in the near future. With third country import offers comparatively scarce, buyers have nowhere else to go. The upward price trend is certainly not demand led. Customers, although initially sympathetic to the mills' needs to cover rising input costs, are becoming increasingly concerned at the imminent prospect of more expensive steel."

MEPS said that "Many new construction proposals will be re evaluated in view of these significant steel price hikes. EU demand was expected to decline in this important consuming sector because of the

credit crunch. The current steel pricing picture can only exacerbate the situation. The first of many building project cancellations was recently announced by Werder Bremen, the German football club. A plan to extend seating capacity at their ground has been scrapped because of high steel costs." MEPS added that business levels are reasonable in Germany. Service centers are not overstocked at present, having reduced their inventories late last year. Buyers are trying to book as much material as possible because the mills intend to lift prices even more but producers are only accepting orders for reduced quantities. End-users are finding it difficult to come to terms with such huge rises.

MEPS said that "In France inventories at distributors and end users have been successfully adjusted and buyers need to re order. The second quarter increases are being passed on quite easily but there is a feeling the higher values will not last. Demand is still at a normal level."

MEPS added that "Italian consumption is far from robust as the general economy is slow. There is a distinct lack of import offers at attractive prices. Local values are being driven by the cost of raw materials, energy and freight, enabling producers to push through a further round of significant increases during settlements for April shipments. These are reflected in our tables. Since then, Riva has opened its books for May at even more inflated figures. This has encouraged a sudden renewed interest in third country offers. Many customers are trying to survive on stocks, which are shrinking very quickly, as they suspect a price collapse may be just around the corner."

MEPS said that "End user demand is reported to be steady by UK service centers but availability is fast becoming a problem, particularly for those who are not regular European mill customers. Stocks are probably on the low side. There is some concern that there might be an influx of third country steel in the third quarter as domestic prices soar but orders would need to be agreed quite soon for material to arrive by then. We have unconfirmed reports that Corus is considering a further EUR 50 per tonne hike."

MEPS said that "Belgian companies, who have very little stock, are being told they will have to accept less tonnage than they require during period two. There are no import offers and none seem likely at present. End users are resisting service centre efforts to pass on the higher mill values."

MEPS added that "Spanish demand is extremely weak. Poor construction activity is beginning to adversely affect distributors' sales. Inventories at the service centers are comfortable but below normal levels. Buyers have been forced to agree to substantial hikes in order to obtain second trimester material. Third country suppliers are out of the market completely."

Oil demand to reach 94.3 million barrels a day by 2012 - IEA

- 21 Mar 2008

The International Energy Agency, an adviser to 27 industrialized nations, expects worldwide demand for oil products to increase an average 1.9% annually until 2012, driven mainly by expansion in Asia and the Middle East.

Mr Eduardo Lopez an analyst with the agency in a presentation to the Oil Africa 2008 conference in Cape Town said that "Demand is projected to grow to almost 94.3 million barrels a day by 2012. By 2012, demand will be a third higher than in 1996."

Demand for oil increased by 2% between 2002 and 2007 as global growth accelerated and China's economy became increasingly industrialized. It added that crude oil for April delivery touched USD 111.80 a barrel in London today, the highest since trading began in 1983.

Mr Simon Radcliffe chairman of the Association for the Study of Peak Oil in South Africa told the conference that oil prices are likely to continue rising, as easily accessible resources becomes depleted. He added that "An oil crisis is highly likely within the next few years. There are currently no scalable alternatives in the short to medium term."

Global steel consumption in 2017 to hit 2 billion tonnes

- 17 Mar 2008

According to the report from Euro Strategy, global steel consumption will increase by 71% in the next 10 years and consumption of finished steel products will reach 2 billion tonnes per year by 2017.

Among them, Asia's consumption will be witnessed the fastest growth, as Asian steel demand will increase by 7.4% each year by 2017 and the China's steel consumption is projected to reach 800 million tonnes per year by 2017.

(Sourced from YIEH.com)

Top 10 green things about steel – AISI

- 15 Mar 2008

St Patrick's Day is known as the green holiday, when parades fill the streets, people fill the pubs, rivers are dyed green and shamrocks abound. Perhaps because of its proximity to the beginning of spring or images of the green hills of Ireland where Saint Patrick helped convert the island nation to Christianity, March 17th has been an important celebration of the oft overlooked color.

Fortunately, green has made a push forward in the new age of environmental awareness. The quest for sustainability has created a new implication for the word and the North American steel industry is no exception. The new steel industry of today has embraced the notion of sustainability in a number of ways. It has moved from the stereotypical resource consuming production and heavy waste of the industrial revolution into an era of self consciousness and positive reform. The industry is committed to doing its part to improve land, air, and water quality. Through innovative approaches, the North American steel industry has been working hard to ensure a better, safer environment and a more complete understanding of the word "green" well into the future.

The top ten green things about steel are:

1. Steel is 100% recyclable and today's steel, on average, contains 75% of old scrap. From the car to the grill to the kitchen sink, steel can be melted down again and again without losing its quality. Steel scrap is our largest raw material by tonnage.
2. Almost all of the water used in the steel making process is recycled and filtered up to 100 times before discharge, at which point it exits cleaner than when it entered the mill.
3. Scrap, both in the steel mill and at manufacturing plants where steel is shaped and cut, are always sent back and recycled to make a new batch of steel. And gases produced in the steelmaking process are recycled into the system to heat up the furnace, reducing the need for additional energy.
4. Steel companies support communities with their involvement in environmental issue groups and local programs and through public education initiatives.
5. New technologies are being researched at MIT and the University of Utah that may allow us to produce iron, a major element in steel, without the emission of carbon dioxide.
6. American steelmakers lead the way in energy efficiency and emissions reductions. The industry is 240% ahead of the Kyoto Protocol greenhouse gas emissions goal and is developing innovative technologies to continue setting new benchmarks. According to the US EPA, the steel industry is the only major industry that has reduced its CO2 at the same time as increasing its production since the Kyoto base year of 1990.

7. Continuously reinforced concrete roadways are structurally supported by steel rebars and help to improve fuel efficiency in large vehicles.

8. Steel cans protect food in the same way as your grandmother protected food from her garden, locking the nutritional benefits in, without the use of refrigeration. This lack of refrigeration requirement significantly reduces CO2 production.

9. Steel utility poles are light, strong, and have a long service life. They do not require chemical preservatives like their counterparts, and pose no hazardous waste disposal concerns, as they are fully recyclable.

10. The North American steel industry is hard at work restoring former steel plants, called Brownfield sites. In some cases small commercial and retail stores are put in place, in others the land is kept as a wildlife habitat and opened to school tours

Global hot band spot prices in super volcanic eruption

- 13 Mar 2008

SteelBenchmarker reported that the US hot rolled band spot price for March 10th 2008 surged by 6.2% to USD 834 per tonne, FOB the mill for the ninth consecutive rise totaling USD 257, world export HRB price rise by 6.4% to USD 816 per tonne FOB the port of export, for the seventh consecutive rise totaling USD 235, Chinese HRB ex works price rose by 4% to USD 628 per tonne for the fifth consecutive rise and the Western European HRB surged by 6.5 % to USD 888 per tonne ex works for the third consecutive time.

USA

USD 834 per tonne FOB the mill

Up by USD 49 per tonne from USD 785 two weeks ago

Up by USD 274 per tonne from the recent low of USD 560 on August 13th 2007

Up by USD 204 per tonne from the recent high of USD 630 on April 9th 2007

China

USD 628 per tonne ex works

Up by USD 24 per tonne from USD 604 two weeks ago

Up by USD 158 per tonne from the recent low of USD 470 on October 22nd 2007

Up by USD 141 per tonne from the previous high of USD 487 on September 10th 2007

Western Europe

USD 888 per tonne ex works

Up by USD 54 per tonne from USD 834 two weeks ago

Up by USD 225 per tonne from the recent low of USD 663 on July 23rd 2007

Up by USD 192 per tonne from the recent high of USD 696 on June 11th 2007

World Export Price

USD 816 per tonne FOB the port of export

Up by USD 49 per tonne versus USD 767 two weeks ago

Up by USD 266 per tonne from the recent low of USD 550 on July 23rd 2007

Up by USD 220 per tonne from the recent high of USD 596 on March 26th 2007

Caterpillar sees USD 60 billion sales by 2010

- 13 Mar 2008

Bloomberg reported that Caterpillar Inc, the world's largest maker of bulldozers and excavators, has raised its sales forecast for 2010 by 20% to USD 60 billion exceeding analysts' estimates.

The sales forecast was boosted from USD 50 billion and represents a 33% jump from 2007. Caterpillar, which released the outlook at a meeting in Las Vegas, kept its profit prediction of USD 8 to USD 10 a share in the next two years. The average of five analyst estimates compiled by Bloomberg was for 2010 earnings of USD 7.67 a share on revenue of USD 52.9 billion.

Caterpillar said it will benefit from machinery sales in emerging markets and efforts to improve public works in North America and Europe. Caterpillar has almost doubled sales since 2003 on demand from markets such as China, Russia and South Africa. The Peoria, Illinois-based company plans to spend USD 2.3 billion to add capacity and has trimmed costs to boost profit.

Mr Jim Owens CEO of Caterpillar told analysts and investors at the meeting that "We have got crumbling bridges and roads here in North America and we're going to have to spend significantly to fix that. The same is true of Western Europe. The emerging markets are building from the ground up."

Chinese mills looking at USD 900 FOB for HRC exports

- 12 Mar 2008

It is reported that export offer for HRC steel coil are still on increasing trends despite weakening of domestic market prices. As per report, the highest quotation for commercial HRC has jumped to USD 860 per tonne to USD 870 per tonne FOB and other prevailing offers are at USD 840 per tonne USD 850 per tonne FOB.

Steel mills told Mysteel that there are more enquiries than export allocation and the lowest acceptable contract price is USD 830 per tonne FOB. Supply is said to be tight and export prices are expected to approach USD 900 per tonne FOB in the end.

A Shanghai based trader said "Though there is strong likelihood that prices are going to reach USD 900 per tonne FOB, we doubt it will sustain for a long period."

(Sourced from MySteel.net)

Merrill Lynch revises forecast for thermal and coking coal

- 10 Mar 2008

Merrill Lynch has raised its forecasts for contract prices of coal for power plants and steel mills in 2008, predicting that prices will jump by as much as 200%, after recent supply disruptions resulted in a severe global shortage.

Merrill Lynch in a research note released on weekend said that "Contract prices for coking coal are expected to reach a record high of USD 300 a tonne, a 3 fold rise from an agreed price of USD 98 last year, amid a supply apocalypse following recent weather-related supply disruptions in Australia. And Japanese utilities may need to pay miners in Australia USD 135 a tonne for coal contracts in fiscal 2008 beginning April up by 143% from last year's agreed USD 55.65."

Merrill Lynch in a report led by Mr Vicky Binns said that "There is now an obvious scramble for supply with industry sources confirming that Asian steel mills are begging for tonnes at close to any cost. Under current market conditions, spot prices reflect the hysteria of the supply shortage and therefore spot appears a reasonable guide for contract settlement."

Merrill Lynch had previously forecast 2008 thermal coal prices at USD 80 tonne.

Scrap steel prices in US bouncing back

- 10 Mar 2008

Purchasing.com reported that the average price paid for automotive factory bundles of scrap regained the USD 10 it had lost the month before in the latest auctions. As per report, auto bundle scrap was averaging USD 393 per gross ton for March 2008 delivery.

As per report, strong domestic demand from steel mills and foundries and high export prices are boosting domestic prices for other key grades as well.

The Midwest prices in early March sales for No 1 heavy melt grade are averaging USD 353 up from the average USD 347 of February sales, Chicago area scrap processors tell the Platts Metals Daily subscription newsletter. Midwest processors also say shredded scrap is back to January's USD 397 and top grade busheling scrap is back to USD 420.

NDRC price index for February 2008 up by 25.6% YoY

- 09 Mar 2008

According to Saturday's China Securities Journal, average price of steel products in China surged by 25.63% YoY in February 2008 to CNY 5,095 (USD 717) per tonne.

Figures from the National Development and Reform Commission, which are based on market surveys in 30 provinces, autonomous regions and municipalities, also showed that the average steel product price rose by 2.6% MoM from January 2008.

Mr Zhang Ping an analyst with umetal.com said "The production of some iron and steel manufacturers decreased due to the weather related disruptions that affected central and southern China and pushed steel product prices up. Raw material costs, including those for iron ore and coal, also boosted steel prices."

US and EU approve Cookson's purchase of Foseco

- 08 Mar 2008

It is reported that Cookson Group Plc a company that makes electronics and industrial ceramics and processes metals, won conditional approval from US antitrust authorities to buy British steel mill supplier Foseco Plc for GBP 497 million.

In announcing its approval, the US Justice Department said the merged companies must divest Foseco's carbon bonded ceramics business.

In Brussels, the European Commission, Europe's top competition regulator, also approved y but required the divestiture of Foseco's isostatically pressed products business and Cookson's foam filter business.

Cookson said in January 2008 that it would sell the carbon bonded ceramics business.

Foseco supplies products to the foundry and steel industries. Cookson said it wanted to buy Foseco to strengthen its ceramics business.

The isostatically pressed products in this deal are ceramic tubes used to direct molten steel. Foam filters are used to filter impurities out of molten steel. Both are capable of withstanding high temperatures.

MEPS global composite steel prices forecasts

- 06 Mar 2008

UK based MEPS said that "Global All Products average price jumped by approximately USD 55 per tonne to a new all time high this month. Substantial rises were recorded for the majority of flat and long product categories as sizeable hikes in raw material costs were passed to customers. Demand on the mills also went up as buyers placed orders ahead of probable further rises in transaction values."

MEPS added that "With such rapid increases in input costs we have decided to upgrade our forecast for the next twelve months. Further but more modest gains are predicted for both flat and long products up to the middle of the year." This should result in the MEPS figure climbing to in excess of USD 830 per tonne at that time. Weakening order books from slowing economies are expected to lead to a degree of price slippage in both the flat and long product categories later in the year. This is likely to be exacerbated by oversupply in Asia and rising import volumes into the EU and North America. However, the annual average price in 2008 will be substantially above the 2007 figure because the mills will have passed on their higher raw material costs to customers.

For EU, MEPS said that "All products EU average price increased significantly in February, rising almost EUR 40 per tonne. Escalating input costs and supply shortages caused values to climb faster than previously foreseen. Our forecast has been revised upwards as a result of the higher than anticipated iron ore settlement. Significant gains are expected over the next few months as mills try to recover rising raw material prices. Transaction figures for six out of the nine products are forecast to reach new record highs early in the second quarter."

MEPS added that "Slowing construction activity and growing concerns over the economic outlook are expected to result in price weakness from the second quarter onwards for most products. A slowdown in steel consuming industries will almost certainly be recorded, impacting on end user demand. Distributors, building inventories ahead of the upcoming price increases, are likely to reduce buying as market activity declines. De-stocking is anticipated after the Summer. However, due to increased raw material costs, values should remain considerably above the previous low figures."

For North America MEPS said that "All Products average price jumped by approximately USD 80 per tonne to a new all time high this month. Substantial rises were recorded in all flat and long product categories as hikes in raw material costs were passed to customers. Demand on the mills also increased as buyers placed orders ahead of a probable further jump in transaction values."

MEPS added that "With such rapid rises in input costs we have decided to upgrade our forecast for the next twelve months. Further but more modest gains are predicted for both flat and long products up to the middle of the year. This should result in the MEPS figure climbing to in excess of USD 840 per tonne at that time. Weakening order books from a slowing economy, coupled with anticipated rising import volumes are likely to lead to a degree of price slippage in both the flat and long product categories by the end of the year. However, the annual average price in 2008 will be substantially above the previous year's figure because the mills will have passed on their higher raw material costs to customers."

For Asia MEPS said that "All Products average price increased by approximately USD 40 per tonne to another all time high in February the seventh consecutive monthly gain. Substantial rises were recorded in all long product categories as hikes in raw material costs were passed to customers. More modest improvements were noted in the flat products segment. Demand on the mills also went up as buyers started to place orders ahead of probable rises in transaction values."

MEPS added that "With significant increases in input costs we have decided to upgrade our forecast for the next twelve months. Further but more modest gains are predicted for both flat and long products up to the middle of the year. This should result in the MEPS figure climbing to approximately USD 760 per tonne at that time. Weakening order books from oversupply in the region is likely to lead to a degree of price slippage in both the flat and long product categories up to the end of 2008. However,

the annual average price in 2008 will be substantially above the previous year's figure because the mills will have passed their higher raw material costs to customers."

POSCO to raise SS prices by 7%

- 06 Mar 2008

It is reported that South Korea POSCO will raise prices of stainless steel by 7% due to the rising costs of nickel.

According to a statement released by the company, the price of its hot rolled steel will rise by KRW 250,000 (USD 264) per tonne to KRW 3.65 million (USD 3,854) from March 17th 2008, with that of cold rolled steel rising to KRW 3.92 million (USD 4,139) from KRW 3.67 million (USD 3,875) per ton.

POSCO said the price of nickel used to make the alloy is hovering around USD 30,000 per tonne compared with USD 26,000 per tonne at the end of 2007. In February, POSCO raised prices of its stainless steel by as much as 11% to cover the higher costs of chrome, another raw material.