US HR transaction prices for July remain flat MoM

- 24 Jul 2008

Purchasingdata.com is posting an early July transaction price for hot rolled steel sheet in the Midwest at USD 1,068 per ton. This price average is just 1% higher than the USD 1,052 price average for June although it is 96% higher than in December 2007.

As per report, although some market researchers are estimating July bookings at prices in a USD 1,074 to USD 1,080 range, but transactions actually are being reported this week as low as USD 1,060 for deliveries within four weeks.

Interestingly, the mills still are looking for a consensus on future hot rolled pricing: Nucor now has an August list price of USD 1,120 per tonne for hot rolled sheet while reference prices for US Steel and ArcelorMittal in September are USD 1,100. All of these proposed prices are less than expected earlier, which supports the view that many buyers at original equipment manufacturing firms and service centers have gone on vacation.

In fact, some market analyses suggest hot rolled sheet prices could fall to USD 900 per tonne by December due to the seasonal fourth quarter slackening in demand.

One buyer said that the tentative nature of future pricing as evidence that sheet prices may have peaked. He said that "The price increase could prompt some to buy in advance, but I think we are pushing the enveloper."

Mr Corrado De Gasperis CEO of Novamerican steel service center said in his quarterly earnings statement that recent monthly price increase by the steel mills appear relatively weaker than prior increases. He and other analysts say that the initial spike in prices were pinned to cost increases and then by allocations of supply as the mills boosted exports. However, there has not really been a surge in exports and now are slowing because of the strengthening dollar.

Caterpillar reports all time record Q2 driven by strong growth

- 24 Jul 2008

Driven by robust growth in emerging markets and strength in key industries like energy and mining Caterpillar Inc reported all time records for sales and revenues and profit per share. Profit per share for the second quarter of 2008 was USD 1.74 up by 40% YoY from USD 1.24 per share in the second quarter of

2007. Sales and revenues of USD 13.624 billion were 20% higher than second quarter 2007 sales and revenues of USD 11.356 billion.

Sales and revenues were up USD 2.268 billion from the second quarter of 2007. Sales volume improved USD 1.402 billion, price realization was up by USD 398 million, the impact of currency added USD 384 million and Financial Products revenues were $84 million higher. The geographic mix of sales continued to shift outside North America with sales and revenues increasing 30% outside North America compared with 7% inside North America. Sales and revenues outside North America represented 60% of total sales and revenues in the second quarter up from 55% of the total a year ago.

Second quarter profit of USD 1.106 billion was up USD 283 million or 34% YoY from second quarter 2007 profit of USD 823 million. The increase was primarily a result of improved price realization and higher sales volume, partially offset by higher material and freight costs and increases in Selling, General and Administrative and Research and Development expenses. While SG&A and R&D costs increased to support growth and product development, they were both lower as a percent of sales.

Mr Jim Owens chairman & CEO of Caterpillar said that "Team Caterpillar has delivered another remarkable quarter. While North America remains depressed and we've seen softening in Western Europe and Japan, Caterpillar continues to grow in emerging markets and in global industries like energy and mining and we continue to see good growth in our integrated service businesses. It's gratifying to see the positive impact of being such a diverse company in terms of products, services, geography and the industries we serve."

He added that "We are seeing significant improvements in safety and quality from the deployment of the Caterpillar Production System (CPS) with 6 Sigma and I am confident that CPS will improve product delivery, inventory turnover, plant capacity and manufacturing costs as we continue to aggressively deploy it throughout the company."

Plate prices rise by USD 105 per short ton in US

- 23 Jul 2008

Platts reported that standard cut to length steel plate in the US is selling for more than USD 1,330 per short tons as compared with USD 1,240 per short tons on June.

Sources at plate mills as well as buyers at processing and distribution centers said that demand for plate remains at very high levels in North America and shows no signs of falling back anytime soon.

The Platts price assessment of grade A36 carbon plate increased to a new range of USD 1,330 to USD 1,360 per short tons ex works Southeast US, reflecting the tightness of this market. The import price assessment remained unchanged at USD 1,230 per short tons CIF Houston, pending verification of any business done at higher prices for new orders.

Emboldened by fundamentals working in their favor, all major domestic producers have announced anther round of price increases beginning next month.

ArcelorMittal USA said that it would raise its carbon base price to USD 64.75 per CWT from USD 62.25 per CWT effective on August 3. It is the country's largest producer of steel plate, producing and processing all grades and sizes of plate at five US locations.

A second plate producer, Nucor, plans to raise base prices of discrete plate and coiled plate by USD 100 per short ton in August.

Claymont Steel also plans to raise its mill prices by USD 100 per short ton in August.

Russian now own 10% of U.S Steel Industry

- 23 Jul 2008

Reuters reported that the July-August issue of the American magazine Foreign Policy points out to its readers that Russian firms, such as Evraz and Severstal, now own 10% of the US steelmaking market. Russia's foray into North American steel marks the growing power of its leading steel firms, which are unburdened by high raw material costs after absorbing their own mines during a carve up of the country's mineral assets in the late 1990s.

Severstal was the first Russian company to buy a US steel asset when it bought Dearborn, Michigan based Rouge Steel, once the in house steel unit for Ford Motor Co in late 2003. Later it added Sparrows Point and WCI. Evraz Group started with the acquisition of Oregon Steel Mills and Claymont Steel Holdings and last month it also agreed to buy IPSCO's North American assets from Sweden's SSAB.

Whereas many American analysts see US steelmaking as a sunset industry that cannot compete with cheap imports from China, Russian tycoons, who have experience modernizing outdated Soviet steel mills back home, see value, especially with a weak dollar making US assets cheap in comparison to acquisitions in the Euro zone.

Furthermore, skyrocketing oil prices in the past year have actually doubled and in some cases tripled the cost of sending a standard shipping container from China to the US, making American steel much more competitive with cheap imports in the North American market.
Billionaires who built their fortune on Soviet-era steel giants have spent nearly USD 9 billion in the last few years acquiring US mills to expand their global presence. At today's knockdown prices, investors believe it's a gamble worth taking.

Mr Tim McCutcheon partner and fund manager at DBM Capital Partners in Moscow said that "They are buying them because they are cheap. The underlying motive behind buying these mills is making money, not enhancing the political glory of Russia."

Nickel gains on LME as stockpiles decline

- 23 Jul 2008

Nickel rebounded from a two year low in London as stockpiles of the metal used in stainless steel declined to the smallest in eight months, indicating supply is slowing.

Inventories tracked by the London Metal Exchange dropped by 6% in July to 43,728 tonne the lowest since November 23rd 2007.

Nickel for delivery in three months increased USD 150 or 0.7% to USD 20,550 a tonne.

BHP Billiton Ltd this month shut its Kalgoorlie refinery in Western Australia through June 2009, cutting sales of the metal by 25,000 tonne or about 57% of existing LME stockpiles.

Mr Max Layton an analyst at Macquarie Ltd in London said that "You probably started to see the impact from supply disruption in Western Australia. It may be short lived and overall we see a small surplus this year.''

The metal is headed for a second consecutive annual drop, after last year's 21% decline as stainless steel mills resorted to products containing less nickel. Mr Charles Cooper an analyst at Evolution Securities Ltd said that prices may have to fall to about USD 15,000 a tonne to lure back consumers.

German automotive suppliers see steel contracts breached

- 22 Jul 2008

WirtschaftsWoche citing letters it obtained reported that German automotive suppliers including Remscheid and Germany based Edscha have received letters from steel companies saying deliveries may be cut unless they accept price increases that breach previously signed contracts.

The magazine cited Mr Manfred Puhlmann CEO of Edscha as saying that “We are getting a clear message from many of our suppliers: either you pay EUR 180 more per tonne of shaped flat steel or we cannot guarantee that we can continue to supply you.” It added that “Even long term contracts hardly have relevance now.”

In an excerpt of an article to be published on Monday the magazine also said an unnamed southern German steel supplier told customers they will 'definitely' not receive steel ordered if they refuse to accept price increases.

Coal prices predicted to rise dramatically

- 21 Jul 2008

Analyst Mr David Khani of Friedman, Billings and Ramsey in a recent report said that shrinking supply and booming international demand is keeping the metallurgical coal market extremely tight.

He raised his price forecast for metallurgical coal, which is used in steel production, by a whopping 90% for 2009 to USD 130 per tonne and upped his price forecast by 130% for 2010 to USD 250 per tonne.

Mr Khani said the steam coal market in the US is also undersupplied as power generation demand accelerates the need for the commodity. He suggested that supplies will dwindle at the end of next year and prices should rise at a rapid rate.

Mr Steve Leer CEO of Arch Coal CEO said at the recent Reuters Global Energy Summit in Houston that the coal shortage across the globe could last three years. He said that “In 2008, we estimate we're 25 to 35 million tonnes short across the globe, adding that he sees that virtually doubling by the end of 2009.”

Global steel demand will outpace supply for next decade - Goldman Sachs

- 20 Jul 2008

Goldman Sachs Group analysts believe that global steel markets will remain in a tight supply and demand balance for some time to come because of recent fast growth in demand relative to limited growth in supply.

Mr Sal Tharani analyst at Goldman Sachs New York offices wrote to clients that “Over the last few months, global demand has exceeded supply, creating a shortage of steel. This scenario could continue for through 2017.”

Mr Tharani said that “There have been new pockets of demand expanding in the Middle East, BRIC countries of Brazil, Russia, India and China and other emerging economies which are pressuring the 1.5 billion tonnes of global supply. This will sustain high global stele pricing, because of high raw material input costs and the higher expenses and longer lead times associated with adding new steelmaking capacity.”

Goldman Sachs expects that the world demand trend to remain strong and pressure production to 2.6 billion tonne by 2017. Mr Tharani said that he is quite certain that the forecasted 450 million tonne to 500 million tonne of new steelmaking capacity needed to meet this demand trend will be difficult to bring on line over that 10 year period and may fall well short of that target.

He said that “The emergence of China as a global growth engine has changed this since the beginning of this decade. Upshot: Over the past seven years, global steel production has grown by around 7%, primarily due to unprecedented demand in China and, lately, the other BRIC and developing countries.”

Looking ahead, Mr Tharani wrote that “Between BRICs and other emerging developing countries, more than half of the world population is going through a growth phase, which will require immense amount of steel, in our view. Steel demand growth rate in a country is the highest when a nation is in a rapid developmental phase. Generally the biggest spending in this phase is on infrastructure build up which could include housing, roads, bridges, water and sewage systems, communication networks, airports, etc. Although there is increasing demand from industrial and consumer durables as well, construction and infrastructure sectors are the biggest source of steel demand. Steel obviously is an important input in developing these sectors.”

He forecasts that the bulk, about 85%, of new steel production capacity, or 480 million tonnes will come from the traditional blast furnace process, which uses iron ore and coking coal as input materials. China will continue to increase its steel capacity, albeit at a lower rate than the past 7 years. So, it will remain dependent on imports of iron ore to feed its growing steel capacity, in our view. India and Brazil, which are both rich in iron ore are also expected to increase their steel capacity considerably over the coming decade.

Mr Tharani added that most steelmaking firms worldwide will be reluctant to put large Greenfield projects using electric arc furnace technology, due to limited availability of scrap.

Global hot band prices eruption sputters on and on

- 18 Jul 2008

The SteelBenchmarker reported that the US hot rolled band spot price for July 14th slipped 0.3% to USD 1,184 per tonne, FOB the mill, after sixteen consecutive rises totaling USD 610, World export HRB price rose 1.3% to USD 1,111 per tonne, FOB the port of export, for the fifteenth consecutive rise totaling USD 530, Chinese HRB ex works price rose 2.2% to USD 733 per tonne, after slipping last time and the Western European HRB price surged 4.2% to USD 1,204 per tonne, ex works for the eleventh consecutive time totaling USD 491.

USA
USD 1,184 per metric tonne FOB the mill
Down by USD 3 per tonne from USD 1,187 three weeks ago
Up by USD 624 per tonne from the recent low of USD 560 on August 13th 2007
Up by USD 554 per tonne from the recent high of USD 630 on April 9th 2007

2. China
USD 733 per metric tonne ex works
Up by USD 16 per tonne from USD 717 three weeks ago
Up by USD 263 per tonne from the recent low of USD 470 on October 22nd 2007
Up by USD 246 per tonne from the previous high of USD 487 on September 10th 2007

3. Western Europe
USD 1,204 per metric tonne ex works
Up by USD 48 per tonne from USD 1,156 three weeks ago
Up by USD 541 per tonne from the recent low of USD 663 on July 23rd 2007
Up by USD 508 per tonne from the recent high of USD 696 on June 11th 2007

4. World Export Price
USD 1,111 per metric tonne, FOB the port of export
Up by USD 14 per tonne versus USD 1,097 three weeks ago
Up by USD 561 per tonne from the recent low of USD 550 on July 23rd 2007
Up by USD 515 per tonne from the recent high of USD 596 on March 26th 2007

US rebar prices set to rise

- 15 Jul 2008

US rebar mills are expected to hike rebar prices again for August shipments.

A combination of shredded scrap prices soaring by USD 32 to USD 36 per tonne and few imports of rebar was the main reason behind. Nucor is predicted to raise its rebar price by USD 66 per tonne.

US domestic mills were offering USD 1,080 per ton to USD 1,091 per tonne for July shipments. The import prices from agents are being quoted at USD 1,146 per ton to USD 1,191 per ton.

(Sourced from YIEH.com)

EU steel user body concerned with soaring steel prices

- 11 Jul 2008

Orgalime the European engineering industries association said that European steel producers seem determined to squeeze the European lemon, announcing additional massive price increases that further threaten the competitiveness of the European steel processing industry and the whole supply chain including metal transformation, machine building, shipbuilding and manufacturing of marine equipment, car suppliers and household producers, inevitably leading to higher prices.

It added that “With decisions by the European Commission on current anti dumping proceedings still pending, Chinese and other independently traded exports into Europe have practically stopped, leaving the European steel producers to write their own blank cheques. Even with on going contracts, price hikes have led European steel producers to put pressure on European consumer industries to pay extra.”

Mr Adrian Harris secretary general of Orgalime said that “The effect of these price increases, at a time of shortage of EU sourced steel, will cascade through the supply chain, reducing Europe’s competitive edge and leaving European industry and therefore consumers to foot the bill. This is an unacceptable strategy from the European steel producers who are using anti dumping proceedings to achieve short term gains at the expense of the rest of manufacturers and of consumers in Europe."

Mr Harris said that whilst steel demand in Europe has remained high, the steel producers' strategy to lodge anti dumping proceeding to prevent imports from Chinese steel is already paying off. Indeed European steel producers have in practice already succeeded in disrupting normal steel trade flows by independent traders and practically stopped Chinese and other steel imports into Europe.

He added that "I said last October 2007 when the anti dumping proceedings looked imminent that it just does not make sense to hit the competitiveness of the EU's metalworking and mechanical engineering SMEs, which provides over 7 million jobs throughout the EU, to protect the interests of an industry, which, through its increasingly global development and lack of investment in new capacity in Europe, now only provides 250.000 jobs in a few European countries. For us matters are simple: our companies must have access to the supplies of steel they need at competitive market conditions. If our traditional suppliers in Europe can provide these, all the better. If not, we need to find alternatives for our companies to be able to continue manufacturing here or move production to other locations".

He concluded that "Despite the rise in global costs of iron ore, energy, transport and environmental obligations the price of European steel against the rest of the world seems unnaturally inflated. This must be a concern to policy makers at a time, when they are trying to bring inflation under control."

Orgalime is the European federation representing the interests at the level of the EU institutions of the European mechanical, electrical, electronic and metal articles industries as a whole. Orgalime's member federations directly or indirectly represent some 130,000 companies of an industry which employs some 10.9 million people. The companies which are overwhelmingly small and medium sized enterprises cover a broad industry cross section in terms of product, market segment and geographical spread. The engineering industry is the largest industrial branch in the EU, with a turnover in the order of EUR 1,813 billion per year. The industry accounts for some 27% of the EU's manufactured output and a third of manufactured exports.

Ferrous shredded scrap up again for July in US market

- 11 Jul 2008

Platts reported that US ferrous scrap prices are rising in July 2008 after falling in June 2008 and despite recent softening in Europe, pushing the Platts price assessment of shredded scrap delivered to Midwest mills to a range of USD 590 to USD 610 per long ton or a midpoint of USD 600 per long ton.

Still in short supply, prime scrap again led the way upward, fetching USD 875 per long ton to USD 900 per long ton, while cut grades including plate and structural and heavy melting grades followed prime increasing to USD 550 per long ton to USD 600 per long ton.

Platts reported following recent scarp related transactions
1. Shredded scrap for USD 605 per long ton, local delivery including USD 10 freight
2. Prime bundle and busheling for USD 890 per long ton FOB yard
3. Plate and structural for USD 600 per long ton FOB
4. Shredded scrap at USD 600 per long ton delivered
5. Prime at USD 890 to USD 910 per long ton

SS 304 alloy surcharge in EU for July decreased

- 10 Jul 2008

It is reported that European stainless steel major's stainless steel alloy surcharge of 304 stainless has decreased in July amid dropping nickel prices.

ArcelorMittal dropped its alloy surcharge from EUR 1,897 to EUR 1,676 per tonne and Outokumpu decreased its surcharge from EUR 1,847 to EUR 1,636 per tonne.

On the other hand, 430 alloy surcharge has risen to EUR 656 to EUR 687 from EUR 516 to EUR 636 per tonne triggered by soaring chrome prices.

Purchasing activity is quiet stable, with low quantity orders. Alloy surcharges are expected to be adjusted upward in August.

Ferrochrome prices may increase by 10%for Q4

- 09 Jul 2008

Reuters reported that South African ferrochrome producer expects that prices for the metal to rise more than 10% in the fourth quarter.

Mr Jasper Pieters operations director of Hernic Ferrochrome on the sidelines of the ferroalloys meeting in Johannesburg told Reuters that input prices were soaring and ferrochrome may follow suit. He said that "We see almost a monthly increase in various input costs. Fuel, coking coal, coal, mining costs."

He added that "I see ferrochrome prices increasing more than 10% or higher depending on the input costs."

Benchmark ferrochrome prices, rose in Europe by 6.8% for the third quarter, to a record level of USD 2.05 per pound, up from USD 1.92 per pound in the second quarter of 2008. Analysts had hoped for a jump of 15% to 20% to USD 2.20 to USD 2.30 per short ton.

EUROFER urges for a fair emissions trading system for steel industry

- 08 Jul 2008

The European environment and energy ministers met in Paris with climate change and energy as key issues and the European Parliament will decide on reading on the inclusion of aviation into the European emissions trading system. The heart of the EU's climate change policy, the ETS, is currently under revision aiming at reducing EU industry emissions by 21% in 2020 compared to 2005, which is more than 30% compared to the Kyoto reference year 1990. In parallel, the European institutions negotiate on a directive requiring Member States to reduce 10% in other sectors, like transport, buildings, agriculture and waste.

EUROFER, the European Confederation of Iron and Steel Industries last week pointed out that the proposed measures lead to a huge disparity in the burden and an unfair treatment of manufacturing industry, the only sector which widely reduced emissions since 1990.

Mr Gordon Moffat director general of EUROFER said that "Measures which are not related to the technical potential to reduce emissions and auctioning in particular will harm these industries and lead to a slow but steady de-location to countries outside the European Union and the loss of tens of thousands of jobs with consequences for the whole EU economy."

He added that "If we have to compete on CO2 certificates with the power sector and aviation, it will be very unlikely that we receive sufficient allowances to even satisfy the needs of the best performing steel installation in Europe."

Mr Moffat said that the power sector and aviation do not have to compete globally and they can pass on their costs fully to the consumer while most manufacturing industries are exposed to fierce international competition and have a wide range of down-stream users before the product reaches the end-consumer. It would therefore not be comprehensible that aviation, which has increased its CO2 emissions between 1990 and 2005 by 96%, will not have to reduce emissions until 2020, while the steel industry, which reduced more than

20%, now has to reduce a further 21%. Growth of aviation can not be an argument for giving aviation an advantage over other sectors. The European steel production is growing steadily over the last years and in 2007 some regions have seen an increase in steel employment for the first time since the seventies. The design of the European emissions trading system must not prevent the production of steel which the European economy requires."

South Korean steel mills increase plate prices

- 06 Jul 2008

According to market sources, Dongkuk Steel has already informed local customers that the company intends to execute a domestic price increase of KRW 250,000 per tonne (USD 240) for heavy plates from July 1st 2008. The price increase is intended to meet the outlook that the company will sign up for Brazilian slabs at a high price level for July to September shipments. With the price increase, the new sales prices of heavy plates are KRW 1,260,000 per tonne for ship plates and KRW 1,290,000 per tonne (USD 1,236) for commodity grade heavy plates.

POSCO has also announced a domestic price increase of KRW 135,000 per tonne to KRW 920,000 per tonne for ship plates from July 1st 2008 as compared with Dongkuk Steel's new ship plate price of KRW 1,260,000 per tonne. As a result, it remains to be seen whether POSCO will opt to execute another price increase.

Meanwhile, Japan's integrated steelmakers are scheduled to start their ship plate export negotiations shortly with South Korea's shipbuilding companies for shipments in October to March next. With globally tight supplies of heavy plates, it is likely that the Japanese steelmakers will offer increased prices in the ship plate exports they negotiate with the Korean customers.

Brazilian slabs reach USD 1,050 FOB levels

- 06 Jul 2008

TEX reported that South Korean steelmaker Dongkuk Steel Mill Co is in the final stages of its negotiations to take Brazilian slabs for heavy plates at a price level of USD 1,050 per tonne FOB or USD 1,150 per tonne CNF for shipments in the July to September quarter.

The world's slab supply demand conditions continue tight. In Asia, China's slab exports have trended downward since they came under an export tax. As a result, they are said to have ended in virtually nil for May shipments.

(Sourced from TEX Report Ltd)

World crude steel production figures for 1970 to 2007

- 06 Jul 2008

According from a release from International iron and Steel Institute, production of global crude steel in 2007 reached 1344 million tonne up by 7.4% YoY as compared to 1251 million tonne in 2006.

Table for crude steel production during 1970-2007

Year	Volume	Change
1970	595	
1975	644	
1980	717	
1985	719	
1990	770	
1995	752	
1996	750	-0.3%
1997	799	6.5%
1998	777	-2.8%
1999	789	1.5%
2000	848	7.5%
2001	850	0.2%
2002	904	6.4%
2003	970	7.3%
2004	1069	10.2%
2005	1147	7.3%
2006	1251	9.1%
2007	1344	7.4%

(In million tones)

(Sourced from IISI)

World top 20 steel exporting countries in 2006

- 06 Jul 2008

According to a recent release from International Iron and Steel Institute, China exported 51.7 million tones of steel in 2006 followed by Japan with 34.6 million tones. India positions the rank 17 with 6.9 million tones of export.

Top 20 exporters of steel in 2006 were

Rank	Country	Volume
1	China	51.7
2	Japan	34.6
3	EU (25)	32.4
4	Russia	31.5
5	Ukraine	30.6
6	Germany	29.2
7	Belgium	24.6
8	France	18.8
9	South Korea	18.0
10	Italy	17.1
11	Brazil	12.6
12	Taiwan	10.6
13	Netherlands	10.2
14	United States	9.6
15	Turkey	9.2
16	United Kingdom	8.5
17	India	6.9
18	Spain	6.8
19	Austria	6.5
20	Canada	6.1

1
(Volume in million tonne)

(Sourced from IISI)

Top 15 net exporter in 2006 were

Rank	Country	Volume
1	China	32.6
2	Japan	30.1
3	Ukraine	29.1
4	Russia	25.6
5	Brazil	10.7
6	Belgium	7.6
7	Germany	4.9
8	Slovakia	2.7
9	South Africa	2.6
10	Austria	2.6
11	Finland	2.3
12	Netherlands	2.0
13	France	1.9
14	Kazakhstan	1.3
15	India	1.2

(Volume in million tonne)

(Sourced from IISI)

World top 20 steel importing countries in 2006

- 06 Jul 2008

According to a recent release from International Iron and Steel Industry, NAFTA imported 42.6 million tones of steel in 2006 followed by United State with 42.2 million tones. India positions the rank 17 with 6.9 million tones of export. Top 20 importers of steel in 2006 were

Rank	Country	Volume
1	NAFTA	42.6
2	United States	42.2
3	EU (25)	37.5
4	Germany	24.4
5	Italy	23.9
6	South Korea	22.4

7	China	19.1
8	Belgium	17.0
9	France	16.9
10	Spain	14.2
11	Turkey	12.3
12	Canada	11.0
13	Thailand	10.8
14	Taiwan	10.6
15	United Kingdom	8.9
16	Netherlands	8.3
17	Mexico	8.2
18	Iran	7.6
19	United Arab Emirates	6.7
20	Poland	6.4

(Volume in million tonne)

(Sourced from IISI)

Top 15 net importers in 2006 were

Rank	Country	Volume
1	United States	32.6
2	Thailand	8.5
3	Spain	7.4
4	Italy	6.9
5	UAE	6.7
6	Iran	5.6
7	NAFTA	5.1
8	EU (25)	5.1
9	Canada	4.9
10	South Korea	4.4
11	Viet Nam	4.0
12	Saudi Arabia	3.7
13	Hong Kong	3.7
14	Mexico	3.3

15	Turkey	3.1

(Volume in million tonne)

(Sourced from IISI)

Ferromanganese eases off all time high levels in US

- 06 Jul 2008

Platts reported that ferroalloys in the US market eased off all time highs this week as steel mills are now covered for third quarter requirements and some stock overhangs have put silicomanganese under some downward pressure.

However, some traders expect a rebound later in the summer as steel mills look to secure fourth quarter supplies amid a backdrop of ongoing supply constraints for various alloys.

As per report, high carbon ferromanganese eased below USD 3,200 per short tons amid no business and no inquiries, with traders, producers and consumers in broad agreement that the spot market was at USD 3,150 to USD 3,250 per short tons FOB Pittsburgh, which is where the Platts assessment was made this week, down from a record USD 3,275 to USD 3,375 a week earlier.

A trader said that "Everyone bought into the South Africans being short, but it's stalled.” He added that “That doesn't mean it won't get up again, because I think it's difficult to get offers out of China."

A second trader said that demand and consumption in the US carbon steel industry remained strong, but said that stainless steel demand appeared patchy. He said that "The carbon plants are doing very, very well. The carbon guys are running flat out and making a lot of money. The stainless guys are not doing so well, and they are more exposed to things like appliances and now also automotive, and you know what's happening there, with building down and so on."

He said of the problems facing the US economy, if you focus on it, it has to have some impact. But we're a small pimple on the world economy and we're not seeing the impact at all. But if you look at the broader picture, it's not good.

Last month, a carbon steel mill purchasing agent told Platts that it had yet to see any impact on its business from the downturn in the US economy. He said that "You'd think that if we're in a recession we'd have seen it by now.”

But a third trader said that it had not experienced any downturn in demand from the stainless steel business. He said that "If I look at my shipments to the stainless sector they are taking material, and they are exporting their products. The dollar weakening is making US stainless exports competitive.

(Sourced from Platts)

AISI joins American scrap coalition

- 05 Jul 2008

The American Iron and Steel Institute announced that it has joined the American Scrap Coalition, which is urging strong, immediate government action to eliminate the taxes and other market access barriers that numerous offshore governments maintain on their exports of steel scrap.

Mr Keith E Busse chairman of AISI said that "The widespread use of steel scrap export taxes and other barriers initiated by foreign governments is one more important example of the uneven international playing field for steel and US manufacturing in general. These export restrictions by governments act as a significant subsidy for their domestic steel and steel using industries in those countries that restrict scrap exports. At the same time, they have the opposite, and very damaging, effect of limiting availability and driving up costs for steel and steel-using industries outside of those countries."

In noting the importance of steel scrap and of trade policies that support free and fair trade in critical raw materials and minerals, Mr Andrew G Sharkey III president & CEO of AISI said that "All of AISI's producer member companies whether EAF or integrated use scrap in varying degrees in the steelmaking process. On policy grounds, AISI strongly agrees with the U.S. government view that foreign government export barriers are a major market access problem of growing importance to US manufacturers not only for steel, but for our domestic customers as well. We therefore support vigorous US and NAFTA government efforts, in the WTO and in bilateral discussions, to eliminate these foreign government export barriers whether on scrap, coke, iron ore or ferroalloys."

China per capita use of steel reaches 307.3 kilograms in 2007

- 05 Jul 2008

According to a release from International Iron and Steel Industry, China per capita use of apparent steel in 2007 reached 307.3 kilogram up by 12.3%YoY as compared to 273.6 kilogram in 2006

Year	Volume	Change
2001	123.5	
2002	148.5	20.20%
2003	185.4	24.85%
2004	211.4	14.02%
2005	252.7	19.54%
2006	273.6	8.27%
2007	307.3	12.32%

(Volume in kilogram)

(Sourced from IISI)

OCTG prices have increased by 80% in 2008

- 04 Jul 2008

Purchasing.com reported that steel pipe distributors and oil industry buyers are facing continued higher prices this month for oil country tubular goods. Overall, OCTG grade tubing costs 80% more now than in December 2007.

According to buyers, purchases of down hole seamless tubing transaction sales opened July at USD 2,640 per ton up from about USD 2,100 in June. This is close to the USD 2,654 per tonne mill price being reported by Pipe Logix, the market research firm that tracks the OCTG market.

US Steel and other OCTG producers actually announced higher posted prices by USD 550 this month in light of increasing raw material, energy and transportation costs. This is on top of a USD 250 per ton surcharge that US Steel and other mills implemented in May.

Mr Kurt Minnich manager of the Santa Fesaid that spot prices for seamless and electric-resistance welded tubing and casing already have been under upward pressure from an earlier series of mill price hike announcements and sales now being made in the Oil Patch at price in effect at delivery terms. That’s a marketplace issue because delivery lead times for both foreign and domestic mills are four to five months out.

The American Metal Market newspaper is quoting pipe and tube distributors as saying that oil drilling activity is so active that further price hikes are possible this summer, much to the dismay of the service centers and the drilling rig operators.

(Sourced from Purchasing.com)

Top 80 steel producing companies in 2007

- 03 Jul 2008

International Iron and Steel Institute, in a recent report, has unveiled the ranking of top 80 steel producing companies in the world with comparison to their ranking and output in 2006.

Rank'07	Vol	Rank'06	Vol	company
1	116.40	1	117.00	ArcelorMittal
2	35.70	2	34.70	Nippon Steel
3	34.00	3	32.00	JFE
4	31.10	4	30.10	POSCO
5	28.60	6	22.50	Baosteel
6	26.50	45	6.40	Tata Steel
7	23.60	5	22.60	Anshan-Benxi
8	22.90	17	14.60	Jiangsu Shagang
9	22.80	9	19.10	Tangshan
10	21.50	7	21.20	US Steel
11	20.20	16	15.10	Wuhan
12	20.00	8	20.30	Nucor
13	18.60	15	15.60	Gerdau Group
14	17.90	11	18.20	Riva
15	17.30	12	17.50	Severstal
16	17.00	13	16.80	ThyssenKrupp
17	16.20	14	16.10	Evraz
18	14.20	23	10.90	Magang Group
19	13.90	19	13.50	SAIL
20	13.80	18	13.60	Sumitomo
21	13.30	21	12.50	Magnitogorsk

22	13.10	20	12.80	Techint
23	12.90	26	10.50	Shougang
24	12.10	22	11.20	Jinan
25	11.70	24	10.80	Laiwu
26	11.10	27	9.90	Hunan Valin
27	10.90	25	10.70	China Steel
28	10.10	28	9.80	IMIDRO
29	10.00	30	8.90	Hyundai
30	9.70	29	9.10	Novolipetsk
31	9.30	47	6.30	Taiyuan
32	9.10	32	8.70	Metinvest Holdings
33	9.00	39	7.00	Anyang
34	8.80	35	7.50	Baotou
35	8.70	31	8.80	Sistema Usiminas
36	8.30	33	7.90	Handan
37	8.10	37	7.20	Celsa
38	8.10	34	7.70	Kobe Steel
39	7.60	48	6.00	Tangshan Jianlong
40	7.40	43	6.60	Jiuquan
41	7.30	36	7.40	Salzgitter
42	7.00	40	7.00	Ilyich
43	6.90	44	6.50	voestalpine
44	6.80	41	6.80	BlueScope
45	6.60	42	6.80	Panzhihua
46	6.40	46	6.30	Metalloinvest
47	6.40	53	5.20	Beitei
48	6.30	49	6.00	Azovstal
49	6.20	38	7.20	Duferco
50	6.10	72	3.70	SSAB
51	6.10	50	6.00	Mechel
52	6.00	58	4.90	Nangang
53	5.90	51	5.70	AK Steel
54	5.80	52	5.40	Guangxi Liuzhou
55	5.60	55	5.10	Jiangxi Xinyu
56	5.60	56	5.10	Xinyu

57	5.50	60	4.80	HKM
58	5.40	57	5.00	Erdemir
59	5.30	74	3.50	CSN
60	5.20	54	5.20	Tangshan Guofeng
61	5.00	62	4.40	Tonghua
62	5.00	64	4.30	Steel Dynamics
63	4.60	68	4.00	HADEED
64	4.60	63	4.40	Zaporizhstahl
65	4.50	61	4.50	EZDK
66	4.40	65	4.30	Shaoguan
67	4.40	66	4.20	Global Steel Holdings
68	4.40	75	3.50	Tianjin Tiantie
69	4.10	67	4.00	Pingxiang
70	4.10	87	3.00	Tiangang
71	4.10	70	3.80	Nisshin
72	4.00	69	3.90	Hebei Jinxi
73	4.00	77	3.40	Lion Group
74	3.60	92	2.80	Essar Steel
75	3.50	78	3.40	AHMSA
76	3.50	79	3.30	Guangzhou
77	3.50	85	3.20	Chongqing
78	3.50	80	3.30	Hangzhou
79	3.50	83	3.20	Tokyo Steel
80	3.40	71	3.80	Stelco

(Volume in million tonne)

(Sourced from IISI)

Global products steel price in June up by7% - MEPS

- 03 Jul 2008

UK based MEPS said that “US transaction prices continue to spiral upwards, although recent increases are more moderate. Nucor has announced a relatively small rise of USD 30 per ton for August deliveries. Service centers are keeping inventories at minimum levels as their sales activity is slow. End users, who are suffering because of the weakening economic climate are maintaining very low in house stocks and purchasing only for their immediate needs. Nevertheless, supply is vastly reduced. There is a lack of imports, caused in part by high sea freight rates and a weak US dollar."

MEPS said that "In Canadian mills order intake is still strong and that they are operating at full capacity, despite concerns over manufacturing industry suffering due to high steel costs. Imports and future permits for overseas steel remain low and this reduced pressure has helped the local producers. Distributors' inventories are declining. Steelmakers expect that steel values will climb even further as the scrap situation fully impacts the market."

MEPS added that "In China, most stripmill product prices continued to move upwards following our May research. However, more recently, some weakness has developed. Nevertheless, our figures are still above those of a month ago. Baosteel has revised prices for the third quarter in a positive direction, although there has been no formal announcement. Excellent sales to the automakers are helping to keep supply tight in Japan. Foreign steel is more expensive than domestically produced material. Quayside stocks of imported flat products, at end May, were 8.1% higher than in the previous month the first increase since September 2007. Export business continues to perform well."

MEPS said that "South Korea's POSCO will lift most product prices for domestic sales, effective July 1, in response to soaring raw material costs and the higher prices of domestic and overseas competitors. Re-roller, Hyundai Hysco, also hiked values for cold rolled and coated steel, in a similar time-frame, having recently agreed a massive increase for its imported hot rolled feed. In Taiwan, CSC has announced a series of price rises for domestic deliveries in period three. The average advance is around TWD 4500 per tonne, which is lower than buyers' expectations. Demand generally is strong. Further expansion is anticipated in the final quarter."

MEPS added that "Polish customers have accepted another price escalation as third quarter deliveries are finalized. In the Czech/Slovak markets demand is booming. Producers are talking of more expensive steel because of their higher costs. Overall, supply is tight, especially at the distribution level. End users are buying only for their immediate requirements and, therefore, service centers are keeping stocks on the low side. The relentless upward movement in West European prices continues. Customers are obliged to accept the higher third quarter values demanded by local producers. Values of imported strip are still increasing although less material is entering the region. There is relatively little steel from China due to the pending anti dumping investigations. Output from domestic mills appears to be restricted."

(Sourced from www.meps.co.uk)

IEA cuts global supply growth forecast

- 03 Jul 2008

According to the International Energy Agency, global oil supplies are forecast to grow more slowly than expected over the next 5 years, taking spare capacity to 'minimal levels' in 2013, despite weaker demand growth.

IAE in its latest Medium Term Oil Market Report said that it has cut its supply forecast by 2.7 million barrels per day to 95.33 million barrels per day in 2012, with output from non OPEC countries expected to be 1.4 million barrels per day lower than previously thought at 50.68 million barrels per day. Non OPEC supply is expected to reach 51.1 million barrels per day in 2012, up from 49.9 million barrels per day in 2008.

IAE said that declining output from maturing oilfields, as well as delays and cost overruns at new sites would lead to lower than expected growth in supplies. Global demand is projected to rise an average 1.6% per annum or 1.5 million barrels per day, until 2013, but supply growth would drop to 1 million barrels per day from 2010. Some 90% of the demand growth is expected to come from Asia, South America and the Middle East, reflecting rising wealth and growing populations. However, higher prices and slower economic growth is expected to impact global demand. Spare capacity is set to rise from 2.5 million barrels per day in 2008 to over 4 million barrels per day in 2009 before falling in 2013 to about 1 million barrels per day.

Indian per capita use of steel reaches 43.4 kilograms in 2007

- 03 Jul 2008

According to a release from International Iron and Steel Industry, India's per capita use of apparent steel in 2007 reached 43.4 kilogram up by 9.6% YoY as compared to 39.6 kilogram in 2006

Year	Volume	Change
2001	26.8	
2002	28.4	6.0%
2003	30.1	6.0%
2004	31.6	5.0%
2005	35.2	11.4%

2006	39.6	12.5%
2007	43.4	9.6%

(Volume in kilogram)

(Sourced from IISI)

Fitch gives outlook for global steel prices

- 01 Jul 2008

According to a new report from Fitch Ratings, Fitch expects that global steel prices will even out in 2008 once cost inflation of raw material is absorbed.

Fitch said that “Prices increases for steel have been rampant during the first six months of 2008 as companies seek to pass through increased raw material costs. The ability to increase steel pricing is essential to maintain margins for producers who do not control their sources of iron ore, coke, pig iron and scrap. Contract price increases for iron ore and coke have added approximately USD 185 per tonne to the cost of blast furnace steel without vertical integration. Energy, freight, scrap and labor cost increases can add another USD 100 per tonne far exceeding original expectations.”

Fitch said that “Growth in global steel demand is expected to run approximately 6% to 7% annually over the next 12 to 18 months and markets are expected to be fairly balanced. Excess production could drag on pricing and further pressure tight raw material markets, while short supply would be inflationary and may dampen steel demand. Regional variations in pricing and profitability have re-emerged, given high freight rates and protectionism.”

Fitch expects further consolidation in the steel space as steel producers have been acquisitive to diversify geographically, to rationalize production and to gain access to raw materials. Fitch added that the outlook on the industry is stable.

Mr Marcus predicts sharp fall in steel prices to end boon

- 30 Jun 2008

Financial Times quoted a leading industry consultant Mr Peter Marcus of World Steel dynamics as saying that global steel prices are set to fall steeply this year, bringing to an abrupt end a remarkable boom for the world steel industry.

Mr Marcus told the Financial Times that he is overwhelmingly negative about the outlook for steel prices in the remaining months of 2008, after a 12 month period in which prices have increased by more than 60%, even in the face of a slackening global economy.

He said that “The steel industry could be on the brink of a supply and demand disaster due to an upswing in global steel production coinciding with a faltering in global steel consumption, as credit problems and weak consumer and industry demand finally feed through to steel plants.”

Mr Marcus believes that “In spite of recent hefty rises in the price of raw materials such as iron ore and coking coal, most steel companies have increased their prices by a rate greater than their own cost increases.”

The report however quoted some other senior industry persons as believing that steel prices will hold up.
1. Mr Ralph Oppenheimer chairman of Stemcor said strong demand from developing regions will keep price firm for a few more years.
2. UK based steel consulting firm MEPS has said that prices will stay fairly stable at least until the end of 2008.

(Sourced from Financial Times)

Nucor CEO sees a decades of high commodity prices

- 30 Jun 2008

According to Mr Dan DiMicco chairman, president & CEO of Nucor, the price of steel making raw materials such as iron ore, coal and scrap metal will continue to rise for several years, keeping pressure on manufacturers and consumers.

Mr DiMicco during the American Metal Market's Steel Success Strategies conference told delegates that "The bull market for commodities will last for decades to come and our customers need to get used to it,"

He said that "Iron ore is up several hundred percent, scrap prices are USD 600 to USD 700 per ton, pig iron is USD 900 per ton and coal is rising several hundred percent even as we speak. I believe raw materials, including scrap, will continue to see escalation in prices.”

In his address, Mr DiMicco gave an upbeat forecast for steel, citing favorable industry dynamics driven by global demand, especially from China, India and other emerging economies. He compared the current climate to that of the late 1940s and early '50s, when the industry was being rebuilt after the destruction of World War II.

He said that "But today is different in that we are building an infrastructure that didn't exist before. Consumption growth is rocketing to 5 percent to 7% per year and it is being driven by a demographic of 2 to 3 billion people in a world that wants a better standard of living."

His comments, during the conference, echoed those of Mr John Surma CEO of US Steel Corp. Mr Surma told Reuters that spiraling iron ore costs were pushing steel prices even higher and he warned that growing demand is straining miners' capacity to supply raw materials. Steel prices have soared almost 50 percent this year, as raw material costs continue to climb and global demand shows little sign of abating.

Equipment shortages slows down coal output growth in US

- 29 Jun 2008

Reuters reported the cost and lead time involved in acquiring new equipment are among the impediments to raising coal production in the United States.

According to Mr Paul Vining CEO of Magnum Coal said that the cost of both machines and supplies has risen sharply and manufacturers need lead times of as much as 36 months to deliver equipment.

US coal producers are trying to increase production because export demand is skyrocketing due to the Asian economic boom and delivery problems in producing countries.

As for lead time, it takes 18 to 24 months to get a new mining machine and up to 36 months to get a big coal hauling truck. Even tunnel tram cars take 15 months, he said.

Mr Vining said that the equipment and supply issues come atop tighter government safety and environmental regulation, a shortage of qualified labor and declining reserves. He added that productivity in the key Central Appalachian area the amount of coal produced per worker is down 15 % in the past three years due to the various challenges.

Global nickel production in April higher than consumption

- 29 Jun 2008

A report referred to global nickel production output totaling 126,500 tonnes in April 2008, which is around 3% higher than the actual consumption of 122,800.

According to a market source, in fact, there is an over supply of nickel especially in Canada and Colombia.

At the same time, European consumption of nickel is around 37,900 tonnes, which is down by 0.8%; China's total consumption of nickel is around 30,000 tonnes and US total consumption is around 10,500 tonnes.

Global hot band prices witness mixed trends

- 27 Jun 2008

The SteelBenchmarker reported that the US hot rolled band spot price for June 23rd 2008 price rose 1.8% to USD 1,187 per tonne, FOB the mill for the sixteenth consecutive rise totaling USD 610, World export HRB price rose 2.0% to USD 1,097 per tonne, FOB the port of export for the fourteenth consecutive rise totaling USD 516, Chinese HRB EXW price slipped 0.3% to USD 717 per tonne, after five consecutive rises and the Western European HRB price rose 0.3% to USD 1,156 per tonne, ex works for the tenth consecutive time totaling USD 443.

USA
USD 1,187 per tonne EXW
Up by USD 21 per tonne from USD 1,166 two weeks ago
Up by USD 627 per tonne from the recent low of USD 560 on August 13th 2007
Up by USD 557 per tonne from the recent high of USD 630 on April 9th 2007

China
USD 717 per tonne EXW
Down by USD 2 per tonne from USD 719 two weeks ago
Up by USD 247 per tonne from the recent low of USD 470 on October 22nd 2007
Up by USD 230 per tonne from the previous high of USD 487 on September 10th 2007

Western Europe
USD 1,156 per tonne EXW
Up by USD 4 per tonne from USD 1,152 two weeks ago
Up by USD 493 per tonne from the recent low of USD 663 on July 23rd 2007
Up by USD 460 per tonne from the recent high of USD 696 on June 11th 2007

World Export Price
USD 1,097 per tonne FOB the port of export

Up by USD 21 per tonne versus USD 1,076 two weeks ago
Up by USD 547 per tonne from the recent low of USD 550 on July 23rd 2007
Up by USD 501 per tonne from the recent high of USD 596 on March 26th 2007

Steel prices to raise sharply - Credit Suisse

- 27 Jun 2008

According to Credit Suisse Group steel will extend gains from records this year as supply trails even slowing demand growth, hurting consumers such as automakers and luring investors to the shares of European makers of the metal.

Mr Michael Shillaker a London based analyst said that “The lack of response on the supply side to booming global prices is in our view a clear indication that the world is not capable this time around of responding. He said that a steel shortage could take years to resolve as prices get stronger and stronger.''

He also said that “Even if trend real demand growth is slowing, supply has already slowed at a faster rate, adding that the shares of European steelmakers may be major beneficiaries.”

He added that “Steel equities maybe at close to all-time highs in the US, but in Europe the equity market response to a booming steel market has been muted.''

Credit Suisse maintains its overweight'' recommendation on the industry.

Steel users must see new reality in prices – Mr Mittal

- 26 Jun 2008

Bloomberg quoted Mr LN Mittal CEO & chairman of ArcelorMittal as saying that steel users will have to adjust to the new reality and the new pricing environment for the metal as producers recover higher costs for raw materials.

Mr Mittal in an interview in New York, without saying how much prices will rise, said that “Steel cannot be supplied at a loss, which means that steel prices will have to be increased.”

He added that price increases will depend on the cost of coal and iron ore.

US coal producers struggle to meet demand

- 26 Jun 2008

US coal producers have been largely unable to meet growing demand because of a lengthy permitting process, lack of capital investment and a shortage of skilled miners, which will keep supplies tight and prices high. The underlying industry wide issues are compounded by severe floods in the Midwest, which have stranded barges full of coal and submerged railcars used to haul coal. It is not clear what impact those interruptions will have on supplies and prices.

Mr Paul Forward, a coal analyst with Stifel Nicolaus & Co, expects demand for coal in the US to outstrip supply this year by 15 million tons, in large part because of the increase in exports, which shot up by 49% YoY through April 2008 compared with last year. He added that "Despite the strong margins that coal companies are seeing, the supply response has so far been limited. I think it is probably a couple years worth of time where these markets stay tight."

Mr David Khani director of research at FBR Capital Markets Inc said that up to 40 million tons of potential and anticipated coal production is being held back because of delays in obtaining environmental permits and new safety regulations.

The Midwest flooding is expected to further tighten stockpiles, by taking several million tons of coal offline. The supply constraints are most acute in Central Appalachia, which accounts for 25% of the coal mined in the U.S. but has a greater impact on market conditions because coal from the region generates more heat per ton than coal from other areas like the Powder River Basin in Montana and Wyoming.

Industry officials said that high operating costs are deterring small operators from opening mines to take advantage of high prices and help relieve supply constraints. Even big companies face higher costs associated with safety regulations and the inability to get enough mine workers. Massey Energy Co said the biggest challenge to its plan to increase production by up to 9% this year is its ability to find and hire 300 to 400 new miners.