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## Monday Market Monitor - EU (WEEK 34) - Opening shot after vacations

Monday, 24 Aug, 2009

It is reported that with the return of European buyers, steel market has started to show further sign of strengthening.

During the last 15 days the activity has been forcedly reduced due to holiday period. However some signs are indicating that the price positive trend in continuing and that availability of material is further shrinking.

Italian market was basically stopped as many operators have taken advantage of the holidays to widen the closing period. Many have anticipated closing to last week of July and many others are not re-opening before beginning of September.

Buyers are very reluctant to seriously take in consideration the various price increases applied by Mills. Many of them have expressed doubts about the consistency of the trend and basically all of them are looking for first weeks of September as a real indicator of how and where market will go during next months.

On the other hand, Mills are taking advantage of the scarcity of the offer to apply price increases on weekly basis.

In Germany the industrial activity seems to have finally taken the road to a positive trend, having signed during the 2nd quarter a +0,3 % GDP increase against an expectation of - 0.1% to -0.2%. Operators are more positive about the future and it seems that a general sentiment of trusting is taking place.

As a result and notwithstanding holiday period, demand was slightly increasing with the effect of a consequent general price increase. Particularly the construction sector has signed a positive result with main suppliers being able to achieve a EUR 20 per tonne to EUR 30 per tonne increase during the last week. The basis price is now at around EUR 145 per tonne to EUR 150 per tonne DDU against a previous EUR 120 per tonne of 10 days ago.

In Spain, some buyers have come out with inquiries of a good size, being available to pay prices in line with Mills expectations. There is a fairly good demand of HRC and of coated products both HDG and PPGI that are negotiated at increasing prices. Customers are having growing difficulties in finding material as delivery time is becoming longer.

Specifically scrap is quite short in availability and buyers have increased purchase price to more than EUR 200 per tonne CFRFO.

All above seems nothing more than a new bright starting for steel market.

However, as mentioned before, still there is a heavy uncertainty due to the fact that demand and general consume remains still low, basically at same levels of months ago; that many companies are suffering of deep financial problems and of credit restrictions; that unemployment rate is still growing; that prices in China and India are starting to decrease, becoming closer to levels compatible with export to Europe; that many mills have started 1 month ago the relining procedure of several BF, which will determine an increase of availability within September.

Many operators are sharing the opinion that prices will soon or later go again down. They say is only a question of time, either before or after Christmas period but prices will go down.

### 1. Plates - General improvement

HRP

S 235 / S275JR

5-20x2000

?Country	Domestic	Import
Germany	10	10
Spain	10	10
Italy	35	10

Change is on August 21st 2009 as compared to August 14th 2009

In EUR per tonne

## 2. Hot Rolled Coils - Domestic players capitalizing

HRC

S235JR

2-12x1000-1500

?Country	Domestic	Import
Germany	10	0
Spain	10	0
Italy	30	0

Change is on August 21st 2009 as compared to August 14th 2009

In EUR per tonne

## 3. Cold Rolled coils - In tandem with hot band

CRC

DC 01

0.60 Avx1250

?Country	Domestic	Import
Germany	10	10
Spain	0	0
Italy	10	10

Change is on August 21st 2009 as compared to August 14th 2009

In EUR per tonne

## 4. Hot Dipped Galvanized - Supply constraints

HDG

DX 51 D / Z100-120 / AS

0.55 - 0.57x AW

?Country	Domestic	Import
Germany	0	10
Spain	10	20
Italy	10	0

Change is on August 21st 2009 as compared to August 14th 2009

In EUR per tonne

All prices are net to the final customer with following payment terms

### A. Italy & Spain

1. Domestic prices are EXW or DDP with payment 90 days from delivery
2. Import prices are CIF FO with LC at 90 days from B/L date

### B. Germany

1. Domestic prices are EXW or DDP with payment on the 15th of the following month
2. Import prices are CFR FO with open term payment at 30 days from date of arrival

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## 5. Antwerp - Import offers continue improving

### CNF FO Antwerp

Product	Grade	Thick mm	Change
HRP	S235JR	10-60x2500	10
HRP	S355J2+N	10-60x2500	10
HRC	S235JR	2-12x1250	10
CRC	DC 01	0.60 Avx1250	10
HDG	DX 51 D/Z 180/NA-C	0.60 Avx1250	0

Change is on August 21st 2009 as compared to August 14th 2009

In EUR per tonne

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