MEPS confirms steel price increase in developing markets

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UK based MEPS said that until mid June, Turkish long product quotations exhibited some stability. Since then, domestic offers have risen due to supply side issues and upward movements in semi finished and scrap values. Local demand remains subdued though. Sentiment in the flat products segment has improved. Erdemir has responded with new basis prices and has curbed its discounts. There is still a scarcity of some flat products but any shortfall has been covered by imported material. Prices have not yet firmed to a level that would justify an expansion of production.

MEPS said that Underlying demand continues to be restrained in the UAE, despite significant reductions in inventory levels. Transaction values have started to edge higher in June. However, the poor trading conditions in Europe could threaten these gains. There are growing fears that both CIS and other European producers will once again start to target the Gulf State. It has taken more than eight months to reduce quayside stocks to manageable levels.

MEPS added that “Sentiment amongst flat product producers in India is improving. There is growing evidence that underlying demand is recovering. Shipments to auto fabricators as well as capital goods and white goods manufacturers are starting to pick up. In contrast, there has been a softening in long product prices owing to a decline in input costs. Steel majors have once again lobbied the Government for the imposition of safeguard and anti-dumping duties on imports. The Ministry is reviewing the situation and the steelmakers have been asked to moderate any price increases.”

MEPS said that “Trading activity in the CIS markets is on the rise. Russian and Ukrainian steelmakers are now favoring selling billets and slabs instead of finished products, as the world market is now saturated with the latter. Domestically, Russian mills are enhancing their production capacity due to an improvement in shipments to the automotive and construction sectors. The Russian majors are now recommissioning blast furnaces. In contrast, for the foreseeable future half of their Ukrainian counterparts' steelmaking units are expected to stand idle.”

It said that “Trading conditions in South Africa are still mediocre. Service centers are now restricting their stock levels and looking to improve their cash positions. Buyers on the other hand are wary of acquiring too much material. There has been a stark contrast in the producers' responses to the deteriorating market conditions. ArcelorMittal SA has raised its June long and flat product basis values. Highveld has opted to take a different stance. The mill announced that it would be keeping domestic basis prices for all its steel products unchanged for June and July. Cape Town Iron & Steel Works has also left its prices unaltered for June but has announced an increase for July orders.”

Sentiment in the Brazilian steel market has improved but real demand continues to be subdued. This month, the Ministry of Commerce announced it would re-impose import tariffs on various steel products. As expected, these have been welcomed by local mills. The Mexican steel sector has continued to struggle. Deteriorating economic conditions and financing constraints are still stifling demand. Sentiment is weak owing to soft shipments to the manufacturing and construction industries and falling transaction values. However, sales volumes of long products are expected to pick up towards the end of the year. This should be supported by a series of recently announced highways, dams and port facility projects.

(Sourced from MEPS International Limited)