
ArcelorMittal SA to increase prices again in August

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It is reported that ArcelorMittal South Africa would raise domestic selling prices for the second month on the trot as from August 1st 2009, despite sustained rand strength. In May 2009, the group announced that prices would rise by between 4% and 6% on average as from July 1st 2009, which was the first increase instituted since August of the previous year.

In fact, between September and May, the group had been forced to cut prices several times on the back of a precipitous fall in steel prices internationally, with domestic prices falling by over 60% on average over that eight month period. But, the company sent notices to its customers, in which it indicated that the base price for flat steel products would rise by ZAR 200 per tonne on average, equating to an average increase of between 3% and 4% across its flat product range.

ArcelorMittal SA said that the price increases reflected a continuation of the positive price momentum in the basket of overseas prices that it used to set domestic selling prices. The company had moved away from its previous formula, which was based on import parity pricing, ahead of the South African Competition Tribunal's first ever hearing into a complaint of excessive pricing.

The price increase announcement was made against the backdrop of several recent reports suggesting that there was indeed upward momentum. One of these, by independent steel advisory firm MEPS, noted that the upward momentum in prices had been detected in 68% of the emerging markets it monitored.

Earlier, ArcelorMittal South Africa told Reuters that it expected the stronger rand to weigh significantly on its second quarter results.

(Sourced from www.engineeringnews.co.za)

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