
Japanese steel mills seeking SBQ plate price hikes from Korea

Saturday, 04 Jul, 2009

Indications are that Japanese integrated steelmakers will seek price increases in negotiations on their exports of ship plates to South Korea's various shipbuilding companies for shipments in October 2009 to March 2010. The negotiations are expected to start in late July.

The Japanese steelmakers are poised to begin their studies shortly on what price terms to offer in their ship plate export negotiations with the Korean customers. There are signs that the Japanese steelmakers are considering offering price increases of USD 50 per tonne or beyond, given a strong possibility that transaction prices of heavy plates will hit bottom and turn up in Asia by October 2009.

In Asian markets, heavy plate prices still stand at a low level. They are even lower than HR coil prices in some areas. But there is a high probability that heavy plate prices will bottom out and rebound by October amid world's rising HR coil prices.

Heavy plates are used as material for construction machinery and construction work as well as shipbuilding. In the field of construction, China's construction demand for heavy plates is on the increase in a recovery of demand, which is expected to bring a recovery of heavy plate prices over time. For an indicator, Anshan Iron & Steel Group Corp has raised its domestic sales price of heavy plates by JPY 200 per tonne for July shipments. It is likely that China's other major steelmakers, too, will opt to increase heavy plate prices in what they sell for July shipments.

As to heavy plates for construction machinery, various steelmakers in Asia are still operating at 20% to 30% of production capacity on the whole. In the summer of this year, though, there are expectations that domestic heavy plate production in Japan will recover to around 50% of capacity. It is understood that similar prospects exist for domestic heavy plate production in China and South Korea. Therefore, the current prices of heavy plates for construction machinery are seen as their floor, a phase that promises to bring a recovery of prices in the near future.

In South Korea, various shipbuilding companies have ship orders sufficient to cover their operations of up to 2011. As a result, local demand for ship plates holds steady at present.

(Sourced from Tex Report Limited)

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