
OneSteel encouraged by recent market improvements

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AAP reported that Australian steel maker and distributor OneSteel Limited is encouraged by recent improvements to markets, saying steel prices may have bottomed but are likely to remain volatile.

OneSteel said that the fundamentals for its key domestic and international market segments were sound but international prices for steel and steelmaking inputs were expected to remain volatile.

Mr Geoff Plummer CEO of OneSteel said that the company is encouraged by improvements in domestic and international markets. He added that "We expect trading conditions to continue to be challenging with only a modest recovery in activity levels expected in the near term."

Mr Plummer said that in the annual report he expected there would continue to be overcapacity in steel production in the short term and this was expected to effect prices and margins for steel markets. He added that "However, there are clear indications that international steel and steelmaking input prices have passed the bottom. In our iron ore and recycling segments, there is increased confidence that the market bottom has also been passed. However, further price volatility is expected over the near term."

Mr Plummer said that prices were expected to improve over the longer term though were unlikely to reach the highs of 2008. He added that "We expect domestic steel prices to remain relatively high, underpinned by elevated steelmaking input prices, but continue to be volatile."

(Sourced from AAP)

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