
Monday Market Monitor - Scrap (WEEK 43) - Turkey and China play spoilsport

Monday, 26 Oct, 2009

The main cause of the prices drop is the absence of serious purchases in Turkey and China, the countries which were the biggest scrap importers in the first three quarters of 2009. By now China almost stopped scrap importing due to domestic steel products prices decrease. Turkish companies which had to reduce steel melting volumes, buy small amounts of scrap. American and European companies have stopped making scrap stockpiles. They are to return to the market in January.

1. Turkey

Change
0

Change is on October 23rd as compared to October 16th 2009

In USD per tonne

The fall in scrap market happened by the same reasons as steel products prices decrease. The main reason is steel overproduction caused by too optimistic expectations of the crisis finish by the end of current year and according steel prices increase. Metallurgical companies started buying raw materials in July to August, preparing for market recovery. This caused scrap shortage and scrap prices increase to about USD 320 per tonne CFR in Turkey and to more than USD 350 per ton CFR Eastern Asia. Now steel makers use these excessive scrap stockpiles and they have all opportunities for operating for a fall.

The depth of the market fall will depend, first of all, on the situation in the Middle East finished products market. In 2009 the difference between the prices for HMS No 1&2/ CFR Turkey and rebar FOB Turkey was USD 180 per tonne to USD 230 per tonne. By all appearances Turkish long products manufacturers now try to keep rebar from the decrease to less than USD 450 per tonne FOB level. In this connection there are no reasons for scrap prices fall to less than USD 230 per tonne to USD 250 per tonne CFR Turkey. At that, it should be taken into account that Turkish metallurgists did not make large transactions with scrap in early September. That is why their scrap stockpiles are rather small. It is possible to rely on the fact that Turkish companies will resume scrap purchases in November and will help the prices to stabilize thereby.

2. China

Scrap
6-8mm

Location	CNY	USD
Acheng	-30	-4
Anyang	-30	-4
Beijing	-50	-7
Benxi	-50	-7
Chongqing	0	0
Dalian	0	0
Guangzhou	0	0
Hefei	0	0
Jiangyin	0	0
Jinan	0	0

Kunming	0	0
Laiwu	0	0
Lanzhou	-50	-7
Lingyuan	0	0
Liupanshui	-100	-15
Loudi	0	0
Tangshan	0	0
Tianjin	-50	-7
Tonghua	-50	-7
Wuhan	0	0
Wuyang	-50	-7
Zhangjiagang	0	0

Change is on October 23rd as compared to October 16th 2009

3. India - Buckles under slow long demand

Melting scrap

80:20

HMS

Location	Change
Chennai	-4%
Kandla	0%
Mumbai	-1%
Mandi	-1%
Kolkata	-5%
Kanpur	-2%
Rudrapur	-2%
Hyderabad	0%

Change is in INR per tonne

4. Rotterdam

Change
-5

Change is on October 23rd as compared to October 16th 2009

In EUR per tonne

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