Monday Market Monitor - CIS (WEEK 44) - Ominous signs

Monday, 02 Nov, 2009

The prices in general kept the levels of the previous week although the demand in all segments was very low.

The billet market was the only one, where after quite “nervous” previous week, producers were able to more or less fill order books for next month and have pushed up offer prices a little bit.

It was also supported by signs that scrap prices are unlikely to fall further.

But demand and finished longs market is not good at all and we feel that the story will continue in nearest time.

On the other hand, ominous signs are appearing for flat products as Russian mills, after starting BF’s, are facing severe problems in loading their mills amid low domestic orders due to lowering of activities in winter season. It is learnt that they are becoming very active on export front with aggressive pricing. One transaction by a Russian major was reported art USD 500 CFR India for cold rolling grade HRC. Happenings in this week will set the tone for balance of 2009.

FOB Black Sea

?Item	Grade	Size	Change
Billets	3-5 sp/ps	125-150 mm	10
Rebars	A300C-A500C	12-32 mm	0
Wire rod	Mesh	5.5-6.5 mm	0
HRC	ST1-ST3 kp/sp/ps	2-8 mm	0
HRC	ST1-ST3 kp/sp/ps (Russian)	2-8 mm	0
Plates	A36	8-30 mm	-10
CRC	08 kp (Ukrainian origin)	0.5-1.5 mm	0
CRC	Russian origin	0.5-1.5 mm	0

Change is on October 30th as compared to October 23rd 2009
Change is per tonne

Reuters reported that steel billet prices in the Black Sea stabilized this week, supported by signs that scrap prices were unlikely to fall further. But traders voiced concern that some scant signs of buying picking up may merely be symptomatic of bargain hunting in the market, as opposed to signs of real demand.

Traders quoted Black Sea FOB billet between USD 380 and USD 410 a tonne, unchanged from a week earlier. Scrap prices remained around USD 250 a tonne, in keeping with the week before.

A trader said that "Now that scrap is at a comfortably low level, there should be a bold return of Turkish buying in the scrap market. Traders are expecting that if scrap prices start to move up then black sea billet will follow suit. There are some pockets of demand in North Africa and the Middle East, there is some construction activity going on there. But it's not enough to support the whole market, because Europe is dead."

One dealer said that "There is a little bit of improved demand in Turkey for merchant bar exports, but really that's the only market. Asia is flat, North Africa is flat, Egypt is terrible, the Middle East is bad, and the European markets are absolutely dreadful."

Demand for finished products is particularly weak. Billet prices have risen above USD 400 a tonne since early August, as producers have restarted some of the idled capacity due to improved orders. But many traders have attributed the price rise to cost pressures.

Mr Siddhartha Sengupta managing consultant of Hatch Beddows in London said that "In Western Europe and North America, while some recovery in demand could be expected from next year, it is not likely that demand will recover back to 2008 levels even in 2012. Therefore the capacity overhang is likely to be serious in Western Europe and North America."

(Sourced from www.reuters.com)

Change is on October 30th as compared to October 23rd 2009
In USD per tonne

To know exact prevailing FOB prices at Black Sea, China, India, Turkey and Europe, as they change, subscribe to services of www.steelprices-india.com by registering or sending a mail to admin@steelprices-india.com with contact details. Please note that this is a paid service.

(Sourced from www.steelprices-india.com)