
Spike in global scrap prices could be savior for long product market in India

Thursday, 19 Nov, 2009

International scrap prices have shown uncanny firming up in the last fortnight. The main drivers for this turnaround has been active buying by China and Turkey as stocks with the manufacturers have gradually depleted over the last couple of months.

In China the current spike in domestic steel prices after devastating decline August and September, whereas in Turkey stocks have depleted over the last couple of months as mills were absent from the market post Ramadan due lack of demand for finished product in Middle East.

The international prices of scrap have improved by USD 40 per tonne during the last fortnight from USD 260 per tonne to 300 per tonne on CNF basis. In few cases US scrap exports have touched levels of USD 315 per tonne CNF Main Chinese port in the second week of November. The Turkish mills are reported to be actively buying at USD 295 per tonne to USD 300 per tonne levels

India being a major destination for scrap with more than 2 million tonne imports per annum, cannot remain unscathed by this price movements. It is learnt that Indian importers have been getting at offers at USD 300 per tonne plus levels now.

Indian IF based steelmakers are primarily dependent on imported scrap have resisted price increase with minimal buying as the downstream market is in abject condition. Nonetheless some hike has seeped in domestic market has shown below during the last week.

Location	Change
Chennai	0
Mumbai	200
Kolkata	277
Mandi	185

Change is on November 17th as compared to November 10th 2009

Change is in INR per tonne

This resistance is bound to crumble within the next fortnight as small steel mills will be compelled to maintain production to cover cost or vanish. As a result the bottom of long product prices seems imminent if not revival. It is already reported that some buying has commenced at these levels which likely to expand in the coming weeks.

To know more details on steel prices subscribe to services of www.steelprices-india.com by registering or send a mail to admin@steelprices-india.com with contact details Kindly note that this is a paid service. For registration click or copy the link and paste it to your internet explorer address bar http://steelprices-india.com/spi_services/terms_of_use_for_registration.html

(Sourced from www.steelprices-india.com)

For more news visit at www.steelguru.com