
MEPS sees EU average steel price dips again in November

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UK based MEPS said that "The EU producers are currently facing low order intake as the flurry of activity in early September has tailed off now that distributors have restocked to appropriate levels. In many countries, prices have been lowered a little to encourage purchasing. Negotiations will start soon for first quarter 2010 business but no official announcements have been made yet, regarding the mills proposals. The threat of excess supply is still causing unease as the steelmakers expand production output while demand from the key consuming sectors remains weak. As far as imports are concerned, more expensive Chinese offers are dampening interest from potential customers."

It added that there are very few agreements being concluded in Germany. Buyers appear to have sufficient material to see them through to the end of the year. Although the service centers have low stocks, they are loathe replenishing them because they remain wary about the real state of consumption, despite official views that the economy is reviving. Customers are expecting prices to be lower in period one due to poor demand and increased production. Third country suppliers are offering deals that look competitive at present but are unlikely to be so by the time the material arrives.

According to MEPS, flat product values have eroded in France, despite delayed deliveries. Producers have tried to hold the levels achieved at the beginning of the fourth trimester but spot prices have edged down. First quarter numbers will probably be below those settled in September. Demand is described as modest. Activity in the automotive industry has improved significantly compared to earlier in the year. Sales to other consuming sectors are also on the rise, although still well below the norm.

MEPS said that, in the UK, underlying consumption generally is poor. Restocking and a lack of supply during the summer and early autumn caused the recent spike in prices. The mills are telling customers that availability will still be constrained in the first quarter. There are no surplus inventories now. Service centre margins are healthy because of the tightness in the market.

Activity remains quiet in Belgium. The steelmakers are unable to increase, or even to maintain, basis values. The re ordering to fill gaps in service centre inventories is now finished and all buyers (at stockiest and end users) are only purchasing what they need. Some have financial problems. The industry is only now seeing the real damage to companies caused by the economic crisis.

In Spain, import offers are slightly more expensive than a month ago. Local suppliers are bringing their prices down to meet this level, thus retaining market share. Stocks have reduced considerably and distributors are keeping them under control due to concern that demand from major steel consumers remains weak. The domestic steelmakers continue to boost their export sales.

(Sourced from MEPS - European Steel Review)

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