
Gerdau to keep steel price unchanged in 2009

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Reuters quoted Mr Andre Gerdau Johannpeter CEO of Gerdau as saying that it will keep domestic prices unchanged this year to avoid scuttling a nascent recovery in orders. Gerdau and rivals are struggling to contain a flurry of imported steel from China that is denting their domestic market share.

Yet, Mr Gerdau Johannpeter said demand is recovering faster in Brazil than in any other of Gerdau's markets. He added that "There is no prospect for a readjustment in prices or a dismantling of discounts through year end."

It may be noted that the government in June 2009 reinstated an import tax on some steel products, bowing to pressure from local producers that were hammered by cheap Chinese steel and a strengthening local currency. The intensification of the global economic crisis since September 2008 pushed down demand across the world, depressed prices and sparked a steel glut on the home market.

Mr Gerdau Johannpeter said that Gerdau has coped with all these problems by downsizing some of its units and slashing the cost of idle factories. He added that while the recovery in the United States, where it owns several units, will start to take shape during the second quarter of 2010, the situation of demand in Spain remains challenging.

(Sourced from www.reuters.com)

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