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## Monday Market Monitor - EU (WEEK 05) - Erratic scenario

Monday, 08 Feb, 2010

During week 5, EU prices have been quite erratic being pulled and pushed by different pressures of opposite signs.

Domestic producers, both of flat and long products have announced and implemented price increases on basis and extra in the attempt of keeping the positive pace shown by the markets since the beginning of the year.

On the other hand material from import has shown signs of price deterioration due to the growing difficulty of booking new orders.

Eventually the move has been off-set by the EUR weakening against USD and thus prices EUR denominated remain basically the same.

The turmoil that is affecting the financial markets due to the danger of default for South Europe countries of Spain, Portugal and Greece is also having consequences on steel markets determining a come back of gloom and pessimism among all operators.

Notwithstanding signs of timid recovery in Germany and France, the common data that still is creating worries and extremely prudent forecast, is the level of consumption and consequently of demand that are remaining at unsatisfactory levels.

The huge deficit and debts affecting the so called pigs countries (Portugal, Ireland, Greece, Spain whereby the "I" was earlier indicating Italy eventually just substituted by Ireland) is determining the almost complete lack of public investments for infrastructures and research. Almost all projects for new high ways, ports, airports etc. have been frozen due to unavailability of public expenditure all reserved to guarantee enough money for welfare state and the system of "redundancy funds". Unemployment rate has achieved more than 20% in Spain, while in Italy is getting closer to 10% and no improvement is expected, according to all State agencies, for the entire 2010.

That's making of EU probably the worst world performer for the time being and the recent devaluation of local currency is a concrete expression of such situation. The main EU economies like Germany, Italy and other are, since the end of the year 60's-70's export driven ones thus with a limited capacity of tackling crisis periods with the expansion of their respective domestic markets. On the other hand export is becoming more and more difficult due to the strong competitions of growing economies like China, India, Brazil etc that are consistently conquering bigger market shares.

The recent acquisition in EU of East European Countries was a move that, besides strategic and political targets, was also aiming to install a "two ways" benefit whereby EU developed would have helped enhancing economic and social status of EEC, by transferring and exporting there technology, products and services, allowing at the same time the new comers to dispose of richer and bigger "domestic" markets of EU developed areas.

However, quite unlikely, immediately after the enlargement of 2007 the crisis was blowing up, frustrating all good intentions. The result has been that while East EU countries have been able to sell into developed ones much bigger amounts of goods and services, also thanks to their much lower cost of labor, the developed EU countries have been unable to do the same. This situation has been partially aggravated by the lack of common political decisions, as each country was and is trying to tackle the crisis with non-coordinated interventions some time in contradiction each other.

Most probably this situation will remain basically unchanged for long time to go, before to see a real and consistent improvement of the global EU economic situation.

### 1. Plates

HRP

S 235 / S275JR

5-20x2000

Country	Domestic	Import
Germany	0	5

Spain	0	5
Italy	10	-5

Change is on February 5th 2010 as compared to January 29th 2009  
In EUR per tonne

## 2. Hot Rolled Coils

HRC  
S235JR  
2-12x1000-1500

Country	Domestic	Import
Germany	5	0
Spain	10	5
Italy	20	5

Change is on February 5th 2010 as compared to January 29th 2009  
In EUR per tonne

## 3. Cold Rolled coils

CRC  
DC 01  
0.60 Avx1250

Country	Domestic	Import
Germany	0	0
Spain	10	5
Italy	0	0

Change is on February 5th 2010 as compared to January 29th 2009  
In EUR per tonne

## 4. Hot Dipped Galvanized

HDG  
DX 51 D / Z100-120 / AS  
0.55 - 0.57x AW

Country	Domestic	Import
Germany	0	0
Spain	0	10
Italy	0	15

Change is on February 5th 2010 as compared to January 29th 2009  
In EUR per tonne

## 5. CFR Antwerp-

Product	Grade	Thick mm	Change
HRP	S235JR	10-60x2500	0

HRP	S355J2+N	10-60x2500	0
HRC	S235JR	2-12x1250	5
CRC	DC 01	0.60 Avx1250	0
HDG	DX 51 D/Z 180/NA-C	0.60 Avx1250	10

Change is on February 5th 2010 as compared to January 29th 2009  
In EUR per tonne

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