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## SA ferrochrome shipments price to Europe reduced for Q3

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TEX reported that the negotiations with major stainless steel companies in Europe on price of South African charge chrome for shipments in July to September quarter of 2010 were taken place by the end of last week and finally settled by a reduction of 6 US cents per pound of chrome, resulting in new benchmark price of 130 US cents per pound of chrome.

Being originated by a crisis of the economy in Greece, the market situation in Europe has suddenly deteriorated and this aspect has put an impact on production of stainless steel. In order to cope with requirements of raw materials, European mills were in a hurry to secure imports of ferrochrome until May to increase their production of stainless steel but the circumstances have changed rapidly from June and European mills have to request South African producers to reduce the price of charge chrome for July to September 2010 quarter.

Also, a sharp fall of domestic price for high carbon ferrochrome in China has multiplied a weak tone of the price. The current price of high carbon ferrochrome in domestic market of China is falling to a lower level than CNY8,000 per ton in comparison with CNY 8,600 per tonne prevailed in the middle of June. The quality of high carbon ferrochrome produced in China has contained 50% minimum of chrome and accordingly, CNY 8,000 per tonne of material is calculated to be equivalent to 106.7 US cents per pound of chrome. Consequently, a differential of prices between benchmark price in Europe and domestic price in China has come up to nearly 30 US cents per pound of chrome.

The countermeasure for a reduction of price to be taken by South African producers is to enter into the structure to decrease their production of charge chrome in winter time but, in view of the fact that the quantity of stainless steel to be produced in Europe in October to December 2010 quarter is not clearly anticipated, it is still difficult to foresee whether this reduction in production of charge chrome is able to put a pressure on the supply situation of charge chrome from South Africa or not.

(Sourced from TEX Report Limited)

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