
US steel HRC prices forecast to hit USD 600 per short tons in Q4

Sunday, 23 Sep, 2007

Platts citing Mr Mike Locker president of New York based Locker Associates, who spoke at the Institute of Scrap Recycling Industries' Ferrous Scrap Roundtable Commodities Forum in Chicago, reported that US hot rolled coil prices are forecast to hit USD 600 per short tonnes ex works.

Mr Locker said that "While a steel market downturn is bound to happen at some point, right now, the industry is in a sweet spot. The world price will remain robust and US prices will bounce back and citing a fourth quarter recovery."

Mr Locker noted that US flat rolled steel prices, in particular, sagged in 2007. He said that in some cases prices had dropped to levels near their average HRC production cost of USD 475 per short tons to USD 500 per short tons which resulted in some mills barely break even.

But Mr Locker added that he is now seeing some elements of recovery that are likely to continue through the fourth quarter. He added that "Demand is strengthening and I'm not one of those who believe the US economy is going to crash. Instead, non residential construction in the US continues to be healthy. Heavy equipment and infrastructure spending is strong and I believe we will see automotive rebound later in the year."

He also forecast that the US price of CRC will increase to USD 725 per short tons ex works and the price of special bar quality material or SBQ will climb to USD 850 per short tons.

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