
Major steel firms drops prices due to low demand - Report

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It is reported that a global slump in steel demand coupled with a drop in prices saw South Africa's major steel producers, Highveld Steel and Vanadium, take a pounding.

Analysts have warned that further price drops in the medium term were likely as the gloom in global financial markets spreads to other sectors.

Last week ArcelorMittal announced it would drop steel prices for a second consecutive month next month as the global downturn starts to bite and demand declines. It said that it would cut the price of long and flat steel products on average 10% or ZAR 1000 a tonne from next month. It said the prices of some product lines, such as galvanized products, would fall by a more modest ZAR 500 a tonne.

This follows an average 5% price cut which came into effect last week the first this year after prices jumped by as much as 72% since the start of the year. ArcelorMittal sets its prices on the weighted average movement of steel prices in a handful of like markets.

UBS has lowered its steel price forecasts for next year, dropping its benchmark steel prices for European Union, US and China domestic steel prices by about 15%, and 6% for the US and 13% for Europe and China for 2010.

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