
Stainless steel mills to limit FeCr purchase amid low demand

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It is reported that global stainless steel mills are looking to limit the quantity of ferrochromium that they will take in the fourth quarter as the market for stainless steel deteriorates and demand for raw materials falls. There is no indication that they are seeking to change the fourth quarter contract price of USD 1.85 per pound for South African charge chrome.

However, the rate of fall in the spot price of ferrochromium has led to questions regarding the validity of the quarterly contract price. Low quality Indian ferrochromium is selling for around 50 cents per pound and there is almost no turnover in the spot market for high carbon material. Under these circumstances, a contract price of USD 1.85 per pound does not reflect market conditions. Consumers and traders suggest that pricing ferrochromium on a monthly basis could help keep prices more in line with the spot market, especially when fundamentals change as rapidly as they have been in the past few months.

However, producers appear not to favor a shorter pricing period for a variety of reasons, including the time it takes for the ferrochromium to get from the producer source in South Africa to the consumer destination in the Far East.

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