
Global SS plants cut demand as FeCr price plunges

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It is reported that, as stainless steel industry has sharply cut purchase across the global, ferrochrome price plunges dramatically. The total contract tonnages in the forth quarter slipped by 20% to 30% from the third quarter and 50% lower than the second quarter.

Spreading economic recession has dragged down the demand for stainless steel all over the world. European producers have demanded lower FeCr tonnages than minimal contract purchase quantity from South Africa, which has declined the request.

In Asia, demand in Japan has dropped greatly and sales in S. Korea and Taiwan plummet as well in the last quarter. In China, large-sized stainless steel makers have also slashed production with Taiyuan Stainless Steel cutting by 60% to 80%, Baosteel 50% and Zhanpu Stainless Steel ceasing production entirely.

Domestic FeCr makers have managed to dump inventories and curtailed their output, most of them just keeping 20% of the total production capacity with slim transactions done.

India shares the same depressing market and even 40% cut on FeCr price takes little effect on the sales. The same situation happens in South Africa, and larger producers have curtailed more than 20% of the annual output, some even as high as 50%.

Meanwhile, producers in Kazakhstan, Russia and Turkey also decided to shut partial ovens down. FeCr price would slip further in spite of declining production. If there is no order, traders would be forced to sell goods at base price to collect money and pay back to Banks.

Currently, market players view FeCr contract price of the first quarter in 2009 would move downward continually, as price stays around 100cents per pound now, leading a dimming hope for a rebound in the next first half of 2009.

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