
Nippon Steel to skip new contract on high carbon FeCr import

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Nippon Steel & Sumikin Stainless Steel so far expressed to skip with nil of new contract on import of high carbon ferrochrome for shipments to Japan in the first quarter of 2009 but said on March 2nd 2009 that, as a result of adjustment of the existing contracts, a margin to purchase some quantity of high carbon ferrochrome has been found out and, therefore, started to contract again this ferroalloy on the basis of benchmark price of 87 cents per pound of chromium CIF.

The benchmark price of high carbon ferrochrome settled for shipments in October to December quarter of 2008 was 193 cents per pound of chromium CIF Japan and, accordingly, new price to be revised for shipments in January to March quarter of 2009 has to have a considerable reduction of 106 cents per pound of chromium.

In consequence of that stainless steel companies of Japan have entered into the structure to decrease their production of stainless steel to a sudden and large extent, the quantities of ferrochrome received under the contracts for shipments in October to December quarter of 2008 have been stocked at Japanese mills and carried over to January to March quarter of 2009. Because of these excessive stocks of ferrochrome in Japan, Nippon Steel & Sumikin Stainless Steel expressed to skip new contracts for shipments in January to March 2009 quarter.

However, special steel companies of Japan have been producing special steels to be delivered to the automobile industry but have been not driven to reduce so drastically their production of special steels as that done by stainless steel mills. Therefore, special steel mills have still held a space to purchase high carbon ferrochrome for shipments in January to March 2009 quarter and negotiated to conclude contracts in February with reference to 87 cents per pound of chromium CIF as the benchmark price in this occasion.

(Sourced from Tex Reports)

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