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## LME billet future prices in Black Sea and Turkey firm up

Thursday, 18 Jun, 2009

Reuters reported that Steel billet prices in Turkish and Black Sea physical markets firmed this week, supported by strong scrap prices and tight billet supplies after sharp production cuts.

On the London Metal Exchange, prices firmed, tracking the physical market. The Mediterranean 3 month contract was indicated at USD 355 per tonnes to USD 375 per tonne, compared with USD 350 per tonnes to USD 380 per tonne last week and USD 370 at the close on Tuesday. In March, it hit USD 255 per tonne, it's lowest since being launched in April 2008. The Far East contract did not see any trade but closed at USD 365 per tonnes on last Tuesday.

Steel inventories in LME registered warehouses were reported at 43,160 tonnes from last week's 41,015 tonnes.

Traders quoted Black Sea free on board billet at around USD 390 tonnes to 395 tonne from last week's USD 370 tonnes to USD 375 tonne, compared with last week's USD 360 per tonnes to USD 375 tonne. In Turkey, mills were offering slightly higher prices at around USD 410 to USD 415.

Scrap prices edged up to around USD 260 tonne, from last week's USD 245 a tonne, underpinning billet prices. Mills with electric arc furnaces use scrap as raw material to produce billet.

The purchasing manager of a Turkish steel mill said that "The resilience in the scrap price has been the major supporter for the billet price. Plus you can not find material as plentiful as you like."

The purchasing manager said that the price rise was mainly due to supply side issues, whereas the demand remained thin, despite a slight recovery. We do see some demand from Europe, which was completely dead before. But then, the tonnages are tiny compared to what we've sold this time last year.

Steel traders were also cautious about the weeks ahead, as summer holidays in the northern hemisphere coincide with the Muslims' holy month of Ramadan, which slows down commercial activity in the Middle East.

(Sourced from Reuters)

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