Turkey's Cemtas maintains scrap purchases in June

Turkey / Scrap

Turkish steelmaker Cemtas is going to purchase around 11,000 t of scrap in June, which as much as last month. The material is traditionally sourced from the domestic market.

The company is ready to pay TRY 585/t ($310/t at the current exchange rate $1 = TRY 1.8893) delivered for bonus grade material and TRY 560/t ($296/t) delivered for extra grade.

Cemtas is equipped with an electric steelmaking complex (150,000 tpy) and a long product shop (210,000 tpy). The facilities operate at almost 100% capacity utilization rates at the moment, a company source notes.

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BIR Convention: in 2013 world ferrous scrap consumption to fall

Global / Scrap

According to World Steel Association (WSA), the daily rate of world raw steel production increased 1.4% in April from March to an annual rate of 1.607 billion metric tons. The world steel industry operated at 80% of capacity in April vs 79.1% in March. YTD world crude steel production increased 1.9% vs last year to an annualized rate of 1.564 billion metric tons. Based on a 4 month projection of WSA data, compared to 2012, in 2013 the world will produce 54 million metric tons more crude steel, produce 65 million metric tons more pig iron, but apparently consume 11 million metric tons less purchased ferrous scrap as BFI consumption increases.

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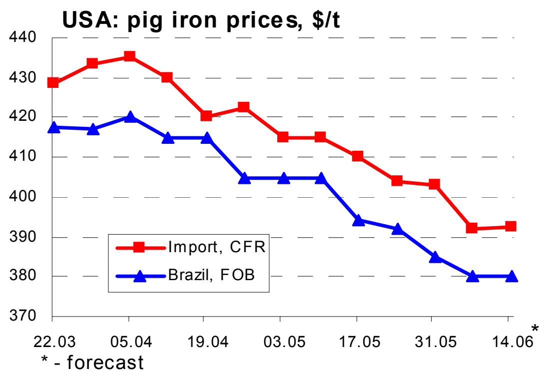
Pig Iron

Contract prices for pig iron drop again in USA

USA / Pig Iron

Suppliers have backed down again in the US market for pig iron because of weak demand and gloomy steel product segment. So, Brazilian and Ukrainian material has been booked. However, many suppliers and consumers consider prices almost the lowest possible and do not expect the further decrease. First of all, Brazilian and CIS producers have already sold June and some part of July outputs for now, so they will not rush into closing deals. Besides, production of the material to sell in the free market has been cut in the exporting countries. Some improvement in the US segment for steel scrap expected at the end of this month may also support pig iron prices.

Last week, 70,000 t of the material from the north of Brazil with delivery in late July was sold at $392/t CFR New Orleans ($380/t FOB), which is by $8/t lower than the price in the previous contract signed in the second half of May. Currently, blast furnaces in Brazil are operating only at 30-32% capacity. Two plants had to suspend operation at the end of last month due to a quick drop in prices abroad, where most of output is shipped from the region, according to Metal Expert's data.



Suppliers of pig iron from the south of Brazil, in their turn, do not follow the trend due to high production costs. Their material is quoted at not less than $400/t CFR New Orleans ($380/t FOB).