

Ferrous buying prices stabilise as demand eases

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Ferrous scrap prices delivered to Turkey are "moving sideways" although observers expect further increases after the traditionally slower summer months.

A shipment to Turkey was made at \$735 per tonne cfr for shredded scrap from the USA this week, with HMS 1&2 (80:20 mix) selling at \$730, slightly lower than the peak of \$750 per tonne for shredded seen a month ago.

"There is a little uptick in demand, but nothing significant. The Turks have been buying over the past three weeks, at stable [price] levels. Prices are moving sideways; today [Wednesday] it was a touch down, but it could pick up again tomorrow," one US exporter said.

A Belgium-based scrap dealer said there was hardly any activity in the European market this week with many market participants attending the Bureau of International Recycling (BIR) conference in Monaco.

"We don't expect to see much activity before the end of summer with [European] exports expected to be 40-50% lower during July and August. I don't think production will reduce to the same levels, which means we're expecting strong demand for scrap after the summer months," the Belgium-based trader said. He expects prices to increase in the second half of the year on renewed strong demand and a widening gap between scrap and pig iron prices.

"Pig iron prices are increasing much more and much faster than scrap, and at some point mills will start replacing pig iron with scrap, further increasing demand. The mills will keep buying [raw materials at higher prices] as long as they are covered by higher steel prices," which he expects will continue to climb until October at least.

The Spanish market is also "very, very quiet", with only a few deals being done, one Spain-based trader said.

"It appears as if the international market remains strong, but Spain is slowing down. We've got high inflation; construction is slowing; car sales are slowing; the steel mills are looking into summer time slowdowns.

"I think sales will pick up again after summer, but I don't think there will be a significant increase in prices. I expect it to stabilise at the current levels," the Spain-based trader said.