



## **STEEL PRICES – MARCH 2012**

Further to the information supplied in the January Newsletter, where we indicated that steel prices would increase over the next few months. This has now started to take effect with the prices for steel sheet and coil moving forward as a result of market conditions. The main reasons for this are documented as follows:

### **1) UK Market Shortages**

There is concern in the market over the tightness of availability seen recently from the major supplier in the country, Tata Steel. The company is expected to have low availability of slabs in the coming weeks due to scheduled maintenance at one of its blast furnaces. The idling is expected imminently, which will reduce output by 135,000 tonnes in March/April. Overall, the mill could be running using only one of the two blast furnaces at the site for the rest of 2012, and there is concern that these shortages could well drive the prices up further.

(Source, Steel Business Briefing 2<sup>nd</sup> March 12)

### **2) Raw Material Costs**

The mills increased their prices to suppliers at the start of 2012, however there was not sufficient demand for prices to move forward and consequently suppliers absorbed the increases. Now as raw material and energy costs remain very high and with supplies tightening up, the current steel prices are no longer sustainable and suppliers have no alternative but to pass on these increases.

The full extent of the price increases are not yet known, but it seems that steel prices will continue to rise over at least the next 2-3 months. We would advise that you bear this in mind when you are forward quoting for jobs.

If you would like to discuss prices or require any further information, please give our TVS Sales team a call.

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