

Latest News:

European Flat Products Steel Prices Rise and further increases forecast.

Over the course of the summer the market has seen a dramatic increase in prices from the level at which they were this time last year. Prices fell to a low which was clearly not sustainable for the steel producing mills and contributed to the Tata crisis earlier in the year. It was hoped that prices would find a level of stability but there are many variables at play which is now moving the market at considerable pace, with prices set to ramp up further for at least the next few months.

Announcements this week from several suppliers has seen significant price increases with immediate effect, and with prices ruling at time of delivery, even pre-booked material will see the increases applied. Unfortunately, there is no escaping it, this is happening across the market and European mills are determined to get to levels that we could not have anticipated. At the moment, there are no other options, the EU set anti dumping duties on steel imported from China and Russia earlier in the year and therefore this has greatly reduced the amount of steel coming into Europe and the UK, thus limiting availability of supply.

Combined with this reduced availability, the Brexit effect on the Foreign Exchange rate, with the pound dropping significantly against the USD/Euro, has had a further impact on the cost of the steel imported into the UK over the last couple of months.

The latest push in steel prices however has been supported by recent major increases in the cost of raw material. Growing costs for coking coal, iron ore and ferrous scrap have put European steel producers under extreme price pressure, with many steelmakers forced to quickly pass these costs on. One mill source has labelled the boom in raw material costs 'incredible', as coking coal prices have quadrupled this year alone. The continued rise in Energy costs in Europe also impacts the cost of raw steel making.

For the short term the market is forced to accept these higher prices which look set to continue through Q1 of 2017. Beyond this we can only hope that prices will find a level and even fall back, but for now we are making you aware of the situation so that you can factor in when forward pricing.

Although we were expecting rises in the new year, we did hope that prices would remain at a level until after Christmas. Unfortunately, the announcements this week has meant that this will come into effect earlier than anticipated and new higher prices stocks will soon flush through the market. We will endeavour to keep any increases at the minimum but to discuss the impact on your usual requirements, please give us a call.