International Flat Steel Markets

FIRM MARKETS PUSH PRICES UP

Steel Insights Bureau

CIS slab export prices heat up

CIS mills have agreed to slab export contracts $10-15 per ton above previous levels as European demand for imported slab shows signs of rising. Recent reported slab export transactions were $510-575 per ton fob Black Sea, up from $500-550 fob Black Sea previously.

"The slab market is hot," said one major trader. "The slab demand in Europe is from plate producers." The trader said he bought 20,000 tons of slab from Russia's Nizhny Tagil Iron and Steel Works (NTMK), which is part of Evraz Group, for $575 fob Black Sea. The destination market was Scandinavia. "The price increase is a trend across the [world] market," he added.

Another major trader reported buying 10,000 tons of slab from Ukraine's Ilyich for around $510 per ton fob (free on board) Black Sea for December rolling. He suggested that increases in CIS scrap prices have contributed to the reported price rises, and predicted more price rises to come.

EU heavy plate market looks firmer in run-up to New Year

European Union's heavy plate producers are heading into the Christmas break with a packed order book for early 2008.

Western and southern European producers of both commodity and higher grade heavy plate have reported plenty of orders for the new year, but traders are predicting a January rush when reluctant buyers start booking for later in 2008.

EU buyers have recently been trawling the globe in search of alternatives to Chinese material, which faces possible EU anti-dumping restrictions and increased Chinese export duties in the new year. But the increased uncertainty and rising freight rates have discouraged buyers.

"Bookings of imports at the moment are still low in quantity because stocks are still full," said one trader. "The customers here are hesitant and everyone is waiting."

Producers say that southern European ports are still awash with Chinese commodity grade heavy plate, but there are signs that new material is no longer arriving in such high quantities.

Although EU buyers are only booking small amounts of heavy plate, the producers say they are getting more enquiries every day.

"It seems that there will be an upturn in the new year," said one southern European producer. "I'm taking more orders from traders now." The last reported import prices were Euro 590-640 ($867-941) per ton cfr (cost & freight) EU port.

Nippon steel wins domestic ship plate price rise

Nippon Steel has won an increase from Japan's major shipbuilders, including sector leader Mitsubishi Heavy Industries (MHI), for 'himotsuki' or long-term contract prices for ship plate. The increase is to be applied retroactively from last October.

The steelmaker says the rise has been achieved both in the base price component and the 'extra' charges levied for size and quality and is equal to about 10 percent. Japanese press reports on 18 December claimed that this translated to an increase of ¥7-8,000/ton ($61-70/t). "But it's impossible to attach a yen value because the range is so wide," a Nippon Steel spokesman says, arguing that the rise for high tensile plates is much larger, for example.

As the Nippon Steel result will now be used by all other Japanese mills as the basis for settling their ship plate price talks with the builders, the increase represents a small success for the steelmakers.

In December last year Nippon Steel and MHI ended marathon negotiations with the builders conceding a 5 percent rise – equivalent to an extra ¥2,500-3,000 per ton.

But this was to apply from January 1, 2007 so for the mills to secure a higher margin and backdated from October is a small victory.

Nippon Steel puts its success this time down to an extremely tight market for plates that is likely to grow even tighter next year. Moreover, other cost-push factors are also certain to impact the mills, including higher raw materials prices.

"We do not know about international (plate) price levels or the raw materials prices. But we do know that demand and supply for plates will be tight, and certainly we will want to raise our prices again soon," Nippon Steel's spokesman said, acknowledging that negotiations would likely recommence with the builders early next year.

Indian plate export prices to EU rise by Euro 10 per ton

Indian base prices for commercial grade plate exports to Europe have risen by Euro 10 per ton over the past two weeks as Indian producers seek to take advantage of the gap in the EU market created by the European anti-dumping filing against Chinese imports and increased Chinese export duties.

An executive at one Indian plate producer said he booked closed to 15,000 tons of commercial grade 12-40mm plate in early December at Euro 525-530 per ton fob Visakhapatnam. He said these prices were at least Euro 10 per ton higher compared to bookings at the end of November, which were at Euro 515-520 per ton fob.

India has only three major plate producers — Jindal Steel & Power (JSPL), Steel Authority of India Ltd (Sail) and Lloyds Steel — and only the first two are major exporters.

An industry source said that JSPL has not been exporting much as it has been struggling to meet home demand because of a recent shutdown at its plate mill.

"Our current bookings are definitely happening at a higher price than in November ... prices are still rising and [have] not yet peaked," the exporter said. "I have a feeling that European ports are now congestion free and [that EU] consumption is also good. They are not getting enough material from China, so Indian plate producers will have a good time even in the first quarter of 2008.

"I have a feeling that Euro 530-540 will be the peak and after that the market will stabilise at Euro 525-530 fob," he added. "We had competition from China for ... commercial grade, but as of now no material is leaving China on account of the lack of clarity [about export duties]. We are getting more enquiries and [prices] will be higher for transactions in the coming two weeks."

Chinese domestic heavy plate prices stay high

China's domestic heavy plate offer prices remain high at around 4,950-5,100 yuan ($672-692) per ton this week as steel mills raise their listed prices, market participants said.

Transactions have been reported at these prices although demand has receded slightly in response to the high prices, said traders. Mills continue to raise offers due to high raw material costs and a healthy export market.

The country's third largest mill Anshan Iron & Steel is raising its heavy plate listed prices by 450 yuan from December to 4,460 yuan per ton for next January. Shougang, another major mill, is also raising its January listed prices for commercial-grade heavy plate by 400 yuan to 4,495 yuan per ton.

"Almost all plate-producing mills are jostling to push up their prices for January," one northern China-based trader said. "Meanwhile, their supply to the domestic market has shrunk somewhat recently; in particular, materials from first-tier mills are decreasing."

Plate mills are placing more emphasis on the export market as overseas customers, in particular South Korean buyers, show a willingness to accept higher offers.

Market observers believe that buyers will soon return to the market, which will continue to command high prices as mills' raw material costs stay high.

American plate makers raising prices $30-40 per short ton

Battling rising input and energy costs, US producers of carbon steel plate plan to increase prices by $30 per ton effective with February shipments.

ArcelorMittal USA will increase base prices on all as-rolled carbon and HSLA plate through 3 inches thick and all wide coil products by $30 per short ton, citing strong global demand and increased raw material costs as the reasons.

Claymont Steel is going up the same amount on the same effective date. Both moves are in addition to industry wide increases of $20-30 per short ton, effective December 31. The latest increases would raise prices to about $830 per short ton.

Also, effective with March 30, 2008, shipments, ArcelorMittal will increase base prices by $40 per short ton on all heat-treated and quenched-and-tempered carbon, HSLA and alloy plate products.

Though same sources said the increase is primarily cost driven, noting that demand, while steady, has not risen much in the past several months.

"I would say demand is tepid, lukewarm, something like that," one plate buyer said. "Demand is certainly nothing to write home about. We are hoping to be able to get this increase from our customers. Not much really has changed as far as demand goes for the last several months."

Steve Lundmark, vice president of sales and marketing with Claymont Steel, said there have been pockets where demand has strengthened but acknowledged that the price hike attempt was sparked mostly by rising raw material and energy costs.

"Scrap costs have increased rapidly. Really, all raw material costs continue to move up," he said. "We really haven't seen much change on the demand side, although we are starting to see some increased buys from the service centers whose inventories had gotten pretty low. But I think most of it is on the cost side; raw materials, power and freight costs all are part of it", he said.

A service center source in the South said he saw scant evidence of service centers re-stocking but agreed that costs were the key issue facing plate producers. He added that import levels are very low as well.

"Everyone is saying raw material costs are going up and so they are raising prices," he said. "That seems to be the case and they probably will get it. I really haven't seen anything (in terms of increased service center buys) at my level. I don't see much of that", he said.

The plate buyer source said mills were expecting more buying activity in the fourth quarter of this year than they actually realized based on the belief that markets would remain strong. He said that while end-use markets for plate have been steady for the most part, they have not strengthened as anticipated.

Typical seasonal slowdown factors, including holiday breaks, also are at play, making the fourth quarter and early stages of 2008 difficult to gauge from a demand standpoint. "My sense is that the great glory that the mills were predicting for the fourth quarter never really happened," he said. "The market is pretty much the same as it was, so I think this is all being done on their costs going up. I do not see demand being much of a factor in this."

Most hot band prices rise: Steel Benchmarker

Hot band spot prices surged in China, likely in response to the country's booming economy, one analyst said. Spot prices have also increased in the United States and the world export market, but showed signs of weakness in Western Europe, according to the latest SteelBenchmarker report.

"It's the usual factors: Things are slow in Europe, they are hot in China and there is no supply in the United States," independent steel industry expert Nicholas Tolerico said.

In China, prices surged to a record $529 a ton, ex works, up $30 (6 percent) in the past two weeks. The move, the third consecutive gain for China, marked the highest level seen for the country since SteelBenchmarker kicked off last year. It exceeds this year's low of $402 a ton, logged on July 9, by $127 (31.6 percent).

Chinese prices move quickly in the short term due to a wide variety of factors, including freight rates, construction schedules and even holidays, Tolerico said. But there is no question that the Chinese economy is booming, growing at roughly 10 percent a year, he added.

"Since 2002, they have added the equivalent of the US steel industry every year for five years in a row," Tolerico said.

US hot band prices also rose for a third time in a row, jumping to $606 a ton, f.o.b. mill, up $11 (1.8 percent) from $595 in the previous report. The US price exceeds this year's $560-a-ton low, set on Aug. 13, by $46 (8.2 percent), but lags by $24 (3.8 percent) the 2007 high of $630, recorded on April 9.

Lead times at US mills are moving up, and prices have risen significantly in recent months, Tolerico said. In August, second-tier mills such as Wheeling-Pittsburgh Steel Corp., Wheeling, W.Va., and WCI Steel Inc., Warren, Ohio, were selling at about $480 per ton. Now they are up to about $560 a ton, he said. Most larger mills—such as ArcelorMittal SA, Luxembourg; Nucor Corp., Charlotte, N.C.; and US Steel Corp., Pittsburgh—are higher than that and probably never slipped below $500 a ton, he added.

"Demand is just kind of OK, and there is just so much steel to go around. If we had anything approaching a good economy, I think we would be well over $600 by now," he said.

The weak US dollar and high freight costs continue to discourage imports. Roughly 40 percent of all steel produced crossed international borders from about 1960 to 2000, he said. In recent years, that number has dwindled to about 30 percent, thanks largely to spiraling freight rates.

Scrap prices also climbed in the United States, with shredded scrap reported at $290 a ton, up $25 (9.4 percent) from $265 two weeks ago; No. 1 heavy melting at $257 a ton, up $22 (9.4 percent) from $235; and No. 1 busheling at $313 a ton, up $32 (11.4 percent) from $281. Prices for the latter two, however, are in development stages, with less than 20 opinion providers.

World export prices inched up this week after two consecutive declines, though Western Europe reversed course, slipping after two periods of gains.

On the world export market, prices climbed to $588 a ton, f.o.b. the port of export, up $7 (1.2) percent from $581 two weeks ago and up $85 (16.9 percent) from this year's $503-a-ton low, set on January 8. The price also trails the 2007 high of $596 a ton, set on March 26, by $8 (1.3 percent).

In Europe, prices bucked the trend and slipped to $675 a ton, ex works, down $3 (0.4 percent) from $678 two weeks ago. That's $21 (3 percent) below this year's $696-a-ton high, set on June 11, but is up $94 (16.2 percent) from the $581 low set on January 8.

On a euro basis, however, prices climbed to 459 euros per ton, up 1 euro (0.2 percent) from 458 euros two weeks ago. That price is 63 euros (12.1 percent) below the yearly high of 522 euros, but exceeds the 447-euro low by 12 euros (2.7 percent).

"Europe was strong for a long time and had brought in a lot of imports," Tolerico said. "Now the pipeline is clogged, and they've got to step back and take a breath."

US Flat-rolled prices set to rise $30 a ton for February

Producers of carbon flat-rolled steel products are seeking price increases of $30 a ton for February shipments, their second attempt at a price increase for the New Year.

Several mills—including ArcelorMittal Flat Products USA, Chicago; Nucor Corp., Charlotte, N.C., AK Steel Corp., West Chester, Ohio; and US Steel Corp, Pittsburgh—informed buyers this week either by letter or telephone that they intend to boost prices on hot-rolled, cold-rolled and coated sheet products by $30 a ton, effective Feb. 1, buyer sources said.

That is on top of plans announced in October for price increases of $30 to $40 a ton, effective with January 1 shipments, with producers citing increased demand for steel, as well as the need to recoup margins lost to higher costs for such raw materials as coal, iron ore and scrap.

"Anyone who tells you this increase is based on demand is lying," one service center source said. "It is a combination of a few things, but demand is not one of them."

The factors leading to the increase, for the most part, involve tight steel supplies. Service center inventory levels have been worked down to their lowest levels in a decade, while at the same time higher steel prices in overseas markets have served to divert imports formerly bound for the United States and elsewhere.

"That combination of low inventories, the (US) mills' ability to export some and no imports coming in is a pretty good one if you want your prices to go up," a service center source in the South said. "At the same time (the mills') costs have gone up. Iron ore and coal are going up and scrap is up $40 (a ton) for January. Scrap looks like it's going to go up even more."

The $30-a-ton increase for February would lift prices for hot-rolled sheet to $580 a ton ($29 per hundredweight), while cold rolled would move to $680 a ton ($34 per cwt) and hot-dip galvanized to about $810 a ton ($40.50 per cwt), comprising a base price plus a G-90 coating on 1-millimeter thick material.

Buyer sources say they believe mills will get at least a portion of the February increase.

"I think the fundamentals are catching up with the market. Scrap prices seem to be up much more than the indices would suggest, and that supports the cost push," a Midwest service center source said.

"In addition, integrated producers are placing a much higher value on their access to ore, coke, and coking coal. Therefore, they are not at all interested in discounting the highly valued raw materials by selling the finished steel too cheap. This is forcing up finished steel prices", he added.

On the demand side, it appears softness in automobile manufacturing and housing-related businesses is being offset by exports of manufactured goods from other industries, the Midwest service center source said. Service centers have increased their buying ahead of the previous two increases, and this fills the mills' production.

"For the February increase of $30, that may help implement the entirety of the $50 of increases announced through January," he said. "It certainly sets the tone for the rest of the first quarter, and is early enough to make room for more increases for the second quarter.

Considering the value of the US dollar, $590 is not expensive. If buying strength continues at this price level, prices could move much higher."

Others say business conditions bear watching and that a lack of business activity, or the failure of a pickup, threatens the chances for the increase to hold.

Most indications are that the import issue will remain favorable to US producers. Trader sources said the weak US dollar, coupled with high prices in other markets, should keep imported steel out of the United States.

Tokyo steel hikes HRC for january

Tokyo Steel Manufacturing is adding ¥3,000 per ton ($26.4 per ton) to domestic sales prices for selected flat and long products for January, arguing that international prices have risen higher than domestic prices. The mini mill made no mention of the fact that it has also had to raise its scrap buying prices by over ¥4,000 per ton in the past ten days.

The price increases apply to HRC and cut sheet, pickled coils and sheets, checker coils and sheets, and wire rods. The rises for HRC more than reverse the ¥2,000 per ton cut that Tokyo Steel announced for this product last month for December contracts, and take the January price of 1.7~12mm HRC to ¥73,000 per ton (on truck, net). The price of 2.3~12mm checker coil rises to ¥76,000 per ton.

Among long products, only prices of wire rods were raised; the price of 6.4~9mm diameter rods becomes ¥77,000 per ton. Meanwhile, rebar prices remain at ¥68,000 per ton cif (cost, insurance and freight) net for base size (16-25mm) after last month's ¥2,000 per ton cut.

The prices of sheet piles remain at ¥83,000 per ton, those of 'senior' H-beams at ¥88,000 per ton and those of heavy plates hold at ¥83,000 per ton.

"There is a large gap between domestic and international market prices, which we have to close," Tokyo Steel marketing and sales director Naoto Ohori said in a brief statement on 17 December.

Turkish import prices for coil look steady into 2008

Hot rolled coil import prices in Turkey remain at $630-640 per ton cfr, local market sources say.

"HRC import prices are $635 per ton cfr from Bulgaria at the moment," said one market source. "From Romania the prices are about $630 per ton cfr to be delivered at the end of January 2008," he added. "From Russia first quality HRC is imported from $645 per ton ".

Another source stated that prices were $600-610 per ton in July and rose steadily to $625 per ton in September. "Now we expect prices to stay at $635-640 per ton till the New Year," he added.

Turkey's coil consumption is about 10 million ton per annum and more than 7 million tons per annum is imported.

Strip product prices are unchanged in Turkey

Turkish import prices for cold rolled and coated strip products are the same in December as last month, and a change is not expected for the foreseeable future, it is learned from market sources.

Cold rolled coil import prices are generally in the range $669-699 per ton cfr at present. Imports from Macedonia are priced slightly lower at $664-694 per ton.

Grade DX51 galvanised coil is being imported from Egypt at $815-915 per ton cfr Turkey. Indian-origin material is selling for 760-775 per ton.

"ArcelorMittal Galati is not confirming any orders for Turkey, instead redirecting them to Poland," says one big trader. "We cannot get any materials from Kazakhstan, either; we hear that they are working heavily for China," he adds.

Imports from Russia to Turkey are suffering delays due to the seasonal freeze in rivers. CRC (cold rolled coils) imports from Russia are at prices at $735 per ton cfr at the moment.

Chinese HRC export offers rise on optimism for next year, market

Many Chinese hot rolled coil exporters have raised their offers sharply to $665-730 per ton fob ahead of the export tax hike next year as optimism that demand will pick up in the next quarter kicked in.

"I have heard offerings at $730 per ton fob from some steel mills although they are well aware that there is no way they can settle deals at such high prices. What they are betting on is the peak purchase period in February," said a steel trader in Shanghai.

"Over the two weeks, export offers have increased dramatically by $100 per ton fob, as people are gambling on the tax increases next year and an expected demand pickup before and after the Chinese New Year, rather than present market conditions," he said.

European and US demand is softening as customers enter the festive period of Christmas and New Year, so exporters are looking at what the future rather than what the present, has to offer, market participants said.

In the meantime, transaction prices have increased to $640-660 per ton fob, up 7.2 percent on average from the previous $590-620 per ton fob, although trading volumes are small.

The country's hot rolled coil production fell on weakening demand from the export market in November.

That month, China produced 500,000 tons of hot-rolled coil/sheet, down 33.5 percent month-on-month, and 24.9 percent year-on-year, the first decline in eleven months.

For the eleven months, though, hot rolled coil/sheet production increased by 44.8 percent year-on-year to 8.38 million tons.

EU HRC increases unlikely until next year — traders

European steelmakers are unlikely to push for increases on domestic hot rolled coil prices until the second quarter of next year, traders said.

Traders say that stocks remain high and producers have admitted to customers that they are unlikely to push for rises in January because they do not see demand recovering.

"European stock levels are still above average and there are still build-ups of unsold material in ports all over Europe," one European importer said. "Producers have not played this well — there is still too much material in the market and they appear to be backing down."

Material continued to be booked in small quantities at Euro 480-500 per ton delivered, according to traders, who said that lead times remained relatively low at an average of three to four weeks.

The latest prices differ little from transacted prices in November, when light trading took place between Euro 470 and Euro 500 per ton as the market continued to absorb heavy stocks built up earlier in the year.

And they are unlikely to bring an early end to what industry analysts have described as elongated and abnormally fractious negotiations with automakers, which have so far declined to accept significant increases on long-term contracts.

European strip import prices steady as Chinese offers dry up

Import prices of all strip products into Southern Europe have remained stable this month as new business from China has come to a halt, market sources say.

Chinese exporters have stopped making any offers to Southern European buyers. "There have been no offers whatsoever this month, so nobody knows any prices," says one Spanish source. "Chinese imports have completely disappeared," says an Italian market player.

Continuing low demand in Europe has been a problem for Chinese exporters, as has the dollar-euro exchange rate. "People are also choosing to buy domestically within the European market now as delivery is more secure. European producers are now more competitive within themselves," a Spanish market source says.

Prices of imported hot rolled coil remain at €450-470 per ton, with some quotes slightly higher. Hot-dip galvanized and cold rolled coil prices have fallen this month by around €20 per ton in Southern Europe, with hot rolled coil also slipping by around €10 per ton.

Market sources say that demand has reached its lowest level, with purchases only being made when needed. These prices are now expected to remain the same till well into 2008.

Current HDG transactions are being concluded between €510 per ton and €550 per ton, with cold rolled coil at €500-530 per ton. "There has been a downward price trend over the last few weeks as European producers have lowered their prices. There is now more competitiveness amongst European mills than from outside competition," says a Spanish market source.

HRC is the steadier product, although it has seen a reduction in its prices also this month with transactions at €450-480 per ton. "HDG and CRC are weaker and less stable than HRC; however, there has been a noticeable reduction as demand is still slack," says an Italian trader.

Not many clear predictions are made for January since there have been no offers made. "This will depend on the European market. But we will definitely have nothing arriving in January," says a Spanish source.

Italian sources hope that the lack of Chinese arrivals will continue. "Nobody wants China to start re-appearing. However production is going well internally there as well as consumption, but excess capacity is still a problem so they will need to ship it somewhere at some point," an Italian source says.

CIS CRC export price rockets $30-40 per ton

CIS cold rolled coil export prices have shot up $30-40 per ton as EU buyers scramble to book material for early 2008, market participants say.

A number of traders have reported booking small tonnages of cold rolled coil from both Russia and Ukraine. All transactions were made at $650-680 fob Black Sea this week, up from $620-$640 fob Black Sea last week.

"There is a lot of hysteria at the moment that the price will go up," said one major international trader. "People are prepared to buy at the higher price."

One trader reported buying around 1,000 tons of material from Ukraine's Zaporizhstal for $680 fob Black Sea, January rolling.

Another confirmed the purchase of a similar tonnage from Russia's MMK for $650 per ton fob Black Sea, January rolling. "The producers say the prices are going up, but there is some resistance still in the market," he said.

Other traders reported offers as high as $695 fob Black Sea, but so far no transactions have been reported.

MSC HR price rise gives support to Iranian hollow sections

Iranian domestic hollow sections prices have risen slightly on the back of hot rolled coil price increases announced by Mobarakeh Steel Complex (MSC), Iran's largest producer.

But traders said that hollow sections remain relatively low compared with average transacted prices during the third quarter and fourth quarter thanks to declining demand from the construction industry ahead of the winter.

"The reconstruction of Iraq, Afghanistan and Lebanon has created a very attractive export market for us, but we can't get enough hot rolled coils to produce at full capacity," said the Managing Director of one private-sector producer. "Half of Iran's installed capacity could meet local demand but hollow section export volumes have fallen progressively recently thanks to the HRC shortage.

The latest domestic transactions were completed at 8.4-8.7 million rials ($900-930) per ton ex-stock Tehran, up slightly from last week's bookings of 8.45-8.65 million rials but down on the 8.75-8.9 million rials buyers paid a fortnight ago.

Hollow sections peaked at 8.85-9 million rials in mid-November and last traded at current levels in September.

China's domestic HRC prices ease, hurting slab

Chinese domestic HRC prices began declining from 18 December due to a lack of buying activity, traders say. Falling HRC prices have in turn affected domestic slab prices.

In Shanghai, Shagang's Q235 5.5mm HRC is offered at RMB 4,550 per ton ($617 per ton), a decrease of RMB 70 per ton from 17 December. Traders say hardly any transactions were made when the offer price hit RMB 4,600 per ton earlier this month.

HRC market prices increased too quickly in the past month, and current market prices are too high for most end users, one trader says. Most have reduced purchasing to a minimum and some have even stopped buying altogether. Since last month market transactions have been almost entirely made between traders, the source adds.

However, even trader buying activity has slowed as companies near the end of the year and cash flow is thinning.

HRC market inventories remain at around 450,000 ton, almost unchanged since last month. Traders say they are not worried about HRC prices plummeting in the near future because inventories are still on the low side.

The decline in HRC prices has also led domestic slab prices to loosen. Ningbo Steel's Q235 slab is being offered at RMB 4,600 per ton, unchanged from last week. However, transaction prices are believed to have dropped by RMB 20-30 per ton.

Indian galv prices down by $12 a ton as buyers hold off

Indian domestic galvanized steel prices have seen a dip of over Rs 500 ($12.65) per ton over the last week with prices touching Rs 42,000- 42,250 ($1,063-1,069) per ton ex-stock. The fall is being attributed to excess material in the domestic market.

According to a Mumbai based trader, prices of galvanized sheet a fortnight ago were Rs 42,750 per ton ex-stock for 120 gsm coating.

"There is a lot of material in the market but nobody is able to sell big quantities [even though] big discounts are being offered on larger quantities," another Mumbai based trader said.

Meanwhile, galvanized corrugated steel which command a premium over plain sheets have also seen a drop in prices after a leading producer dropped its prices of corrugated steel products by as much as Rs 3,000 per ton to Rs 46,000 per ton ex-stock.

While the producer said the prices were cut because of fall in zinc prices, an official from a competing steel mill said the prices were cut because there were no takers at the higher price. "We are selling corrugated sheet at Rs 47,500 ($1,202) a ton ex-stock, now they [the other producer] are trying to undercut prices," the official said.

"A lot of Chinese galvanized material has come into the market but the importers are not able to sell it," another trader said.

An official from a large integrated steel producing company said that Indian galvanized steel producers are finding it difficult to export galvanized steel particularly to the US.

"I do not know what the reason is, demand from US has just dried up, it may be temporary but I fear that the demand from housing and construction sector there is just not picking up," the official said.

The official said a lot of the material which would have found its way to the export market is now floating in the domestic market and adding to the nervousness in the market. ■