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Steel Exports Likely to Drop

By The Moscow Times

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Russian steelmakers will have to brace for lower export sales this quarter as raw material costs fall, prompting users of the metal to demand lower prices, analysts at Morgan Stanley and Deutsche Bank said.

Steel prices may drop as much as 10 percent from the third quarter because there is a "huge supply of cheap iron ore" and weakening demand, Dmitry Kolomytsyn, a Moscow-based analyst at Morgan Stanley, said Wednesday. George Buzhenitsa of Deutsche Bank also expects a 10 percent decline.

The price of iron ore for immediate delivery to China, the biggest consumer of the material, averaged $175.93 a metric ton in the third quarter and has since slumped 25 percent, according to data compiled by The Steel Index. Steelmakers exporting to Europe have also seen dwindling demand as economic growth slows.

(Bloomberg)

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