

Seamless Pipe Price in China may Face Correction

Chinese domestic seamless pipe prices have witnessed a jump since the start of May 2008. Seamless pipe prices started to rebound in late April 2008. On Shanghai market, price for 25mm 2.5mm seamless pipe has advanced to CNY 7650 per tonne, that for 102mm 4.5mm and 108mm 4.5mm are being quoted at CNY 6750 per tonne. While 377mm 10mm seamless pipe by Baotou steel is being tagged at CNY 7600 per tonne. Most traders believe that prices are expected to maintain at a high level. However, some just keep cautious and are not ready to stock up lots of cargoes. The recent increase is believed to be bolstered by the whole bull steel market and the release of downstream demand. The robust demand is the most important driver of the price jump. The fast development of real estate industry, machinery and chemical industry plus the construction of Olympic Games sites lead to great demand for seamless pipe. At the same time, the rising production cost is also pushing up the market price. The short supply in coal and coke, higher price of pig iron, steel scrap and ferroalloy ensure that pipe blank price keep moving up. Now price for 20 pipe blank is prevailing at CNY 5950 per tonne. Another important factor is that seamless pipe exports are fairly good since export rebate rate for seamless pipe is not reduced. Seamless export tonnages reached 326,600 tonnes

in March, accounting for 61.74% of total steel pipe exports and 19.53% of total seamless pipe output.

Mr Liu rui sales manager of Baotou steel Group said that the following 3 factors are noticeable for judging the price development

- 1) Whether prices for such commodity as energy, iron ore, coal continue to move up, this is mainly aroused by the weakening of the US dollar. The US dollar denominated commodity price probably would see evident drop if the greenback rebound in second half.
- 2) Production cost remain at a high level since price of tube blank is still hovering around CNY 5600 to CNY 5700 per tonne and there is no signal of weakening in the short term.
- 3) The recession of US economy is going to depress the demand for steel pipe and thus cast adverse effect on seamless pipe price. To sum up, if the cost increase caused by the US dollar depreciation exceeds the extent of decrease in demand, Chinese steel pipe would still run at a high level. However, we have to keep alert that the drop in world demand would drag down prices in the end.

Processing Line for Stainless Steel : Posco Orders Special Equipment & Electrical Systems from Siemens

Siemens Metals Technologies has received an order from Pohang Iron and Steel Company Ltd. (Posco) to supply special equipment, drives and the automation system for a cold-strip annealing, pickling and finishing line at the company's Pohang plant. The volume of the project is in the two-digit million Euro range. The new equipment is intended for the processing of stainless steel strips and is scheduled to start production in the middle of 2009.

Turning out around 30 million metric tons of crude steel, Posco is the leading producer in Korea. The company operates two integrated production facilities in Pohang and Gwangyang. The production of stainless steel is concentrated at the Pohang location. In the course of expanding its production capacities, Posco is building a cold-strip annealing, pickling and finishing line, designed for the annual processing of around 400,000

metric tons of austenitic and ferritic steel grades. The new line will be able to process cold strip with widths of between 600 and 1350 millimeters and thicknesses of 0.3 to three millimeters. The process speed will be up to 150 meters per minute. For the new processing line, Siemens is designing and engineering special equipment, including the skin-pass mill, the tension leveler and the side-trim shears, which will be manufactured at the Montbrison facility in France.

The scope of supply also includes 270 speed-controlled AC drives, the automation as well as the operator control and visualization system. All the components are part of the Siroll PL solution platform for strip processing lines. Siemens is also responsible for supervision of the installation work and for commissioning. One of the main reasons for Siemens winning the order was Posco's good experience with the APL 3 processing line which was also equipped by Siemens back in 2003.