

Metal News Review

STEEL

Billet prices on the LME are unchanged in the month and have not moved in the last 3 months but at \$300 they are double the price of 12 months ago and 6 times the all time low of \$50 reached 6 months ago when steel billet was virtually being given away. It does seem that steel is off the bottom after a pretty horrendous 18 months for steel prices. You may have read that the old steel mill in Motherwell closed by Tata is being reopened now that prices are improving, but what seems to be happening at this plant is that instead of making steel from scratch they are reworking scrap into plate (scrap steel currently costing \$220 per tonne) which tells us that for the lower grade steels it is still impossible to make it in the UK at below current market prices. So steel remains cheap by any historical standard.

ZINC

Zinc rose slightly in Sept to \$2370 compared to \$2360 a month ago, but this price is still 10.7% higher than 3 months ago and a whopping 45% more than a year ago. Add in the fact that zinc is priced in dollars and the spot price today in sterling is almost 70% higher than a year ago – so expect some price increases on zinc hardware if this situation persists.

ALUMINIUM

Whilst zinc has rocketed in the last 12 months aluminium has moved relatively little and in fact the spot price is 6.5% lower than a year ago. In September the price was more or less unchanged at \$1570 and has hardly moved in the last 3 months.

COPPER

This is the major constituent of brass (along with zinc) so is important especially the extrudable grades used in eurocylinder production. Copper spot prices rose 4.3% in the month from \$4600 to \$4800, but is still 2% lower than 3 months ago and 7.7% lower than a year ago. As the copper content in brass alloys is over 80% and zinc less than 20% then the average cost of brass alloy has actually fallen slightly in the last year despite the large increase in zinc prices.

In summary, steel prices remain low whilst aluminium and brass products are less than a year ago. Zinc however continues to increase in price and zinc based hardware looks likely to rise in price next year.