

Steel prices will keep going up, analysts say

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WEST CHESTER TWP. — Just like many other commodities across the nation, analysts say they predict **steel prices could rise even higher after soaring almost 50 percent this year.**

Locally headquartered AK Steel Corp. has led the way with increases; citing raw material cost hikes as a reason for their steady stream of spot market price announcements.

"At AK Steel, we estimate our costs for raw materials and energy will be \$1 billion higher in 2008 than in 2007, and \$3 billion above the level in 2003," said company spokesman Alan McCoy.

"Those prices are being driven by continued high demand by steelmakers worldwide, and numerous operational issues among providers of raw materials world-wide."

Iron ore and scrap metal, for instance, have seen unprecedented cost increases in recent months, jumping over 65 percent and 70 percent respectively, according to recent market reports.

Overall, analysts said steel prices still have room to grow.

"We have not peaked," said Michelle Applebaum, an independent steel industry analyst. "Raw material prices will continue to rise and so will steel prices."

AK Steel's average first-quarter selling price was \$1,135 a ton. Now the average price for hot rolled steel is at about \$1,240 and carbon steel is at about \$1,350.

Steel customers can expect steelmakers to follow suit in coming months, according to analysts from Steel Index, a London-based research firm.

McCoy agreed, but added the increases only reflect spot market sales versus long-term contracts. About 70 percent of the long-term contracts include variable pricing components, such as surcharges or pricing adjustments.

"Last year our shipments were about 60 percent contract and 40 percent spot sales. While we attempt to recover all of the increases for raw materials and energy, again, the market makes that determination," McCoy added.

The company's stock reached a high of \$72.93 during daily trading before falling 37 cents to close at \$70.67 Monday, May 19.

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