



Steel

Mittal melt shop outage linked to import surge

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By Sam Kusic

PITTSBURGH -- Mittal Steel USA Inc., Chicago, is restarting the melt shop at its Georgetown, S.C., wire rod mill after a week-long outage, a move it attributed to an order reduction. However, some market sources point to other factors, primarily imports, which they said would continue to weigh on the market.

"It's just an adjustment to a current situation in the order books," a Mittal Steel spokesman said. However, the mill's general manager and some market sources said it runs a little deeper than that.

Brian Kurtz, the mill's general manager, didn't return telephone calls seeking comment, but he told the *Georgetown Times* that rising imports of wire rod were a factor in the decision to temporarily shut the melt shop. "We had a flood of imports in July. We haven't received the data for August, but I feel it will also show high imports," Kurtz told the newspaper, adding that Mittal's competitors also are seeing a softening in orders.

SteelFacts, Pittsburgh, which compiles American Iron and Steel Institute statistics, reported that carbon wire rod imports totaled 282,833 tons in July, up 22.9 percent from 230,211 tons in July 2005. Wire rod imports in the first seven months of the year totaled about 1.86 million tons, up 11.4 percent from around 1.67 million tons in the same period last year, Washington-based AISI said.

August numbers aren't out yet, but import licenses, an indicator of import figures, reportedly are about 238,000 tons.

The Mittal spokesman said the Georgetown mill is heading into a seasonally slow period, but the company does not expect market activity in the fourth quarter to be substantially different from previous fourth quarters.

A source at a Midwest distributor said other market factors also are at play, leading to concerns that the wire rod market might be facing some future softness. One factor is the slowing of the economy since the beginning of the year, he said, while another lies in problems facing two major North American producers of wire rod. Gerdau Ameristeel Corp., Tampa, Fla., is in contentious contract negotiations with United Steelworkers union locals at seven of its facilities, and Keystone Steel & Wire Co., Peoria, Ill., is having lingering trouble with a reheat furnace, causing it to go down periodically.

At the same time, inventory levels are higher than normal, leading to concerns that producers might resort to the practice of cutting prices to move tons. "Everybody is over-inventoried right now," the Midwest source said. "A lot of people have said they're good through the end of the year."

With that in mind, he expects end-users to begin working down inventories. The mills then will have to begin cutting back production to keep supply in line with demand unless they want to cut prices to chase tonnage, he added.

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