

## Googling Around...

**Author :** mikefreda

I try to keep abreast of global steel prices and from time to time, I “Google” the topic “global steel prices.” Unless you have a split personality disorder, I do not recommend trying this at home. The information is all over the place and the pundits have so many different opinions, you would think that they were running for elected office. The only truism is that nobody really knows what in the world is going on in the world of steel prices.



There are articles abound about the effect of natural disasters on the price of steel. “How does the Japan quake affect steel prices?” asks livemint.com. UPI indicates that “Iron Ore prices weigh on steelmakers” as iron ore from New Zealand has been affected by earthquakes in that country. While the Australian News reports that “10 M Tons of Coking Coal exports lost to flooding.”

All of these natural disasters would support the price escalation of steel. After all, steel is a product of all of these commodities not to mention the price of oil. As a result, some of the experts believe that the price for steel will continue to climb. Makes sense to me. But, wait a minute. There are others who see it differently.

Construction Week Online indicates that “Steel price down with oversupply, unrest and Japan.” The article points out that steel that is scheduled to be delivered to Japan and some North African and Middle Eastern countries who are experiencing political unrest is now back on the market resulting in an oversupply. There are other articles to support this idea as well. This also makes sense to me.

The simple truth is that there is no simple truth. It is all prognostication and forecasting. And there are so many variables that have an impact on pricing for all construction materials, not just steel, that the volatility has created an industry of soothsayers, who for \$49.95 per month, will give you all of the up-to-the-minute knowledge that you need to make business decisions.

Folks say that they cannot understand why the price of steel is going up when they don’t see any tower cranes in major U.S. cities. If demand is low, shouldn’t the price also be low? We are truly not in Kansas any longer. We are living in Thomas Friedman’s Flat World and the price of



flat rolled steel from the Sparrows Point facility in Maryland is just as susceptible to the restart of their “L” blast furnace as the Chinese New Year affects it when work in China slows down during the month of February.

My favorite opinion, though, comes from Procurement Leaders in a March 21, 2011 article entitled, “Analysis: Is speculation over-inflating prices?” Do ya think??? They must have been reading some of the same news that I have been reading. My head is spinning!!

Having digested all of this, my money is on steel prices going up. But if you’re willing to pay me \$49.95 a month, I’ll tell you anything you want to hear.