AK Steel Imposes Price Hike On Steel Products

The Associated Press

NEW YORK (AP) — Shares of some U.S. steel manufacturers rose Tuesday, a day after AK Steel Holding Corp. imposed a $50 per ton increase in spot market base prices for carbon flat-rolled steel used in such products as automobiles and appliances.

AK Steel said Monday that the increase was effective immediately on new orders.

The West Chester, Ohio, company's announcement followed a $40-per-short-ton increase imposed in mid-October by United States Steel Corp. AK Steel, Nucor and other U.S. major steel manufacturers matched the U.S. Steel increase.

Steel manufacturers have struggled because of the slower global economy, which has cut into demand while supplies have grown because of imports and new U.S. facilities that have opened. That put pressure on steel prices.

Steel manufacturers are expecting an increase in the cost of scrap, an iron-containing material that can be recast into new steel products, Morningstar Inc. analyst Bridget Freas said. That could be one reason for AK Steel's second price increase in such a short period.

In addition, the companies are heading into a season when steel prices typically are higher, from December through March, she said.

In a telephone interview, the analyst said she wasn't sure if other manufacturers would match the AK Steel's increase. Despite the rise in scrap prices and seasonal trends, there hasn't been a recent increase in demand, she said.

Freas estimated the prevailing steel price between $600 per ton to $620 per ton.

In afternoon trading, shares of AK Steel rose 38 cents, or 7.2 percent, to $5.70. U.S. Steel gained $1.24, or 5.9 percent, to $22.37. Nucor increased 80 cents, or 2 percent, to $41.75.

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