



A line forms outside Padnos Iron and Metal Company in Hastings after steel went from less than \$200 a gross ton per ve to \$260.

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Steel prices affect at least one local business

Everything seems to be going up these days—except the number of hours in a day.

Steel is the newest product leading the charge in exponentially increasing prices, following the path of gasoline and food.

With the price of sheet iron at an all-time high, more than 200 customers per day in recent days have been waiting in long lines to turn what some may consider “trash” into cash at Louis Padnos Iron and Metal Co. in Hastings.

Trailers and pickup trucks waiting to get to the scales were filled with everything from old kitchen stoves to worn-out water heaters earlier this week. The price being paid for sheet iron (which includes appliances, heavy farm machinery, etc.) is \$240 for 2,240 pounds, said Jodi Beadle, who runs the scale at Padnos.

“Autos are \$260 without tires and \$250 with tires. Copper is (worth) \$3 a pound. I don’t believe they (prices) have been that high in the two years I’ve worked here,” she said.

People don’t realize the value of unused items they no longer want, Beadle said, encouraging folks to clean out their garages, barns and homes to recycle the items.

“It’s a good thing,” she said, “and you’re

getting paid to clean.”

According to ReportonBusiness.com Steel Reporter Greg Keenan, steel prices recently have reached \$1,000 a ton in North America for the first time. According to Keenan’s April 9 article, AK Steel Holding Corporation raised prices for hot rolled steel—considered the “benchmark” for steel prices—by \$150 per ton, the second increase within two weeks.

According to an article on moldmakingtechnology.com, four factors contribute to the drastic rise in the price of steel. The first reason has been an increase in consumption by China. According to the article, “Since 1997, China has increased consumption from about 100 million tons to around 260 million tons in 2003. That is nearly double the U.S. consumption, based on the 2003 figures.”

The second reason for the price increase is raw material shortages. Scrap “is being consumed at a rate faster than it is being created” according to the article. Since newly developing countries lack scrap, it is in higher demand there. There also is a shortage of iron ore because of dis-investment in the product. This was caused by the belief there would always be abundant scrap, something that has proven to be false. A third product shortage is

coke, a substance made from coal by furr baking off impurities. Few such furr have been built in recent years, creating a shortage in the furnace’s byproduct.

The third reason for the sudden rise in prices is shipping. Because global trade has grown so much in the past decade, shipping costs have gone up. According to the article, bulk cargo ships carry steel and materials, and they are the last priority at shipyards.

The final reason for the hike in steel prices is global pressure. The moldmakingtechnology.com article said, “Our discussion of stages has been to highlight the fact that increase in steel demand in China has put pressure on the global infrastructure for steel-making capacity and rolling mill capacity. . . . Until demand increased, it was hardly even noticed that these faultlines existed. It will take a long time for this infrastructure capacity to be increased.”

So for now, clean out the garage and bring it to Padnos. And expect to wait in line.

(J-Ad Graphics Assistant Editor Elizabeth Gilbert and Staff Writer Megan Lavell contributed to this article.)