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## SHFE rebar futures rises creating new record

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It is reported that dominant futures for rebar has kept upward trend for 6 straight transaction days since July 20th creating new record. However, analyst warned possible risk due to some profit taking activities.

As per report, on July 27th with open quotation of CNY 4198 per tonne, dominant futures for rebar hit CNY 4258 per tonne a record high. However the fall in price caused by some profit taking activities, the dominant futures closed up CNY 77 per tonne at CNY 4236 per tonne day on day.

The position held reached some 357,000 lots down by 9286 lots from last day's level. About 703,000 lots were transacted creating another record.

An analyst from Shenyin & Wanguo Securities Co Ltd stated that rebar futures had rose by over CNY 400 per tonne from CNY 3800 per tonne up some 12%. He added that the price rebounded after touching the bottom.

Another analyst from Haitong Securities pointed out that steel makers' raising EXW price also drove up steel futures. Besides, high expectation for the macro economy also gives the future confidence. In June outputs of both rebar and wire rod hit record high with stock only up a little, showing strong demand from downstream industries. Though it is traditional dead season for rebar, a rosy outlook for the future market is expected.

The skyrocketing outputs also press market. Under such circumstances, futures price is more likely to shift to a downward circle. And the market fluctuation is said to not end up until September and October.

(Sourced from MySteel.net)

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