
SHFE steel futures rising despite adjustment in stock market

Monday, 03 Aug, 2009

Steel Futures still kept the rising trend with rebar and wire rod futures both advanced by over 2% recently while domestic stock market sharply retreated, dragging down other industrial products futures. Analysts suggest long interest to hold their contracts due to the continuous upward tendency in steel futures

Shanghai Composite index once fell down by 7.68% recently and finally closed at 3266 points down by 5% from the last trading date. The decline hit the record low during this round of rebound in stock market.

Affected by the bad performances in stock market, futures market appeared signs of retreating especially in non ferrous fields.

1. Copper futures slid down by 3.99%
2. Aluminum futures down by 3.65%
3. Zinc futures down by 4.02%
4. Rebar and wire rod futures respectively closed up by 2.88% and 2.31%

With the growths both hit the record high the open interest and turnover of rebar futures largely expanded the October dominant contracts were traded at 1.52 million full lots the open contracts rose up to 0.38 million full lots hitting the record high.

Analysts thought the bullish expectations on steel industry mainly supported steel futures against influences falling stock market. Mr Zhu Mingyuan an analyst from Xiangyu Futures Co Ltd noted steel futures, especially for rebar would be likely to soar along with the reviving real estate industry.

Overcapacity exists in steel industry, but might leave no instant pressures on futures market, since market supply can't thoroughly resume in short term when iron ores stay in short of supply.

According to the conclusion on January to June steel industry released lately by Ministry of Industry & Information Technology, domestic steel prices bounded back since May when the economy started to recover and brought in visibly increased steel demands in China despite the declining exports.

(Sourced from MySteel.net)

Visit www.Mysteel.net for real time access to China steel news!

For more news visit at www.steelguru.com