
Monthly report on Chinese construction steel market for May

Tuesday, 30 Jun, 2009

China construction steel market rallied in May due to higher ex-works price, abundant credit loans and erupted demand. In China, fix-asset investment, and spending on real estate industry and new infrastructure projects are rising rapidly, which bolster steel demand.

Given construction steel price is significantly higher than HRB and medium plate, steel mills get great fever in producing construction steel. We expect China construction steel market will maintain upward trend in June but it would go up unsteadily.

I Analysis on China construction steel market in May

I.1 Production grew fast while exports dampened

I.2 Fix asset investment and property industry investment increase rapidly, which calling for great demand for steel

I.3 Market inventory continue to drop

I.4 Steel mills raise ex-works price, which to some extent push up steel price in spot market

II China construction steel market in June

II.1 Construction steel production maintains high growth

II.2 China will continue to implement concrete measures to wash out backward capacities, stimulate economy and boost demand

II.3 Real estate industry, as major consumer of construction steel, show some signs of recovery recently

II.4 Ample cash liquidity

II.5 Raw material price continue rising, which pose great pressure on the operation of steel mills

Table 1: Spot Price of China wire rod/rebar in May

Table 2: Ex-works price of construction steel

Graph 1: Q235 6.5mm wire rod price trend in May, 2009 (CNY per tonne)

Graph 2: HRB335 20mm rebar price trend in May 2009

Graph 3: Construction steel monthly output and growth in 2008-2009

Graph 4: Accumulative output and growth of Construction steel in 2008-2009

Graph 5: Daily output of construction steel in 2008-2009

Graph 6: China construction steel import in 2008-2009

Graph 7: China construction steel export in 2008-2009

Graph 8: China billet/slab import/expo in 2008-2009

Graph 9: Monthly apparent consumption of construction steel in 2008-2009

Graph 10: Accumulative apparent consumption of construction steel in 2008-2009

Graph 11: China Township FAI in 2008-2009

Graph 12: Real estate industry investment in 2008-2009

Graph 13: China construction steel inventory in 2008-2009

Graph 14: China money supply in 2008-2009

Price:

USD 500

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