
Section steel prices to continue correction - Mr Bu Lifeng

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According to Mr Bu Lifeng GM assistant of Shanghai Gangfeng Metal & Materials Co Ltd, the section market is now on the increase and it is predicted to continue the correction trend with the limited extents in a short run, supported by below explanations.

Mr Bu unveiled that the section steel, including I-beam, channel and angle steel, keeps a stable trend with the upswing prices and better transactions at present. The daily sales volume of section in the company are posted at 400-500 tonnes, sometimes at 600 to 700 tonnes which stays in a normal level, indicating that the whole market demands have been released.

Talking of the section prices, Mr Bu disclosed that the section steel has shown a sign of ascending by CNY 30 to CNY 50 per tonne in this week or even CNY 70 to CNY 80 per tonne. He also believed that the continuous price uptrend was boosted by the frequent price-lifted policies of the steel mills in the near future, for instance, many steel plants have lifted their ex works prices by CNY 100 per tonne on I-beam, channel and angle steel and CNY 110 per tonne on HR H-beam, which also leads the spot prices to edge up.

As learned, from Jun 1st, the section market has to accept a cut of 9% export rebate from none or 5% before, and from Jul 1st, China has canceled the export tax on light & medium section and steel wire products etc. The products, which accept a 5% cut of export tax only cover several specs of angle and channel steel with the national standards, including 2#--8# angle steel, 5#, 6.3# and 8# channel steel, without I-beam and H-beam below the specs of 80mm. In addition, it also contains Z-beam and U & J section steel below 80mm etc.

Mr Bu considered the adjusted steel export tax policy would be in favor of the domestic section market in a long run. In fact, as the major exported sections in China market this time, the large and medium sections received a 9% tax cut on Jun1. So, the export tax cut won't exert practical impacts to the section market.

Although China has adjusted the export tax on section twice, yet the section steel products are hard to ship out, owing to the higher prices in home market. As Bu's prediction, the Jul section market is likely to maintain vibrating with upswing momentum. The market may encounter periodical price fluctuation with the lessening terminal demands in view of the bad weather. So the steel traders are suggested to remain cautious in participation of the future market.

(Sourced from MySteel.net)

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