
Casting pig iron to keep weakness in China

Tuesday, 13 Oct, 2009

It is reported that domestic casting pig iron and ductile cast iron market is mixed after National Day holiday. Shanxi and Hebei where prices leaped before the holiday receive very few transactions. Stock also rises while price has retreated to the level as before.

Currently, casting pig iron is mainly quoted at CNY 2900 per tonne to CNY 3000 per tonne in Shandong at CNY 2800 per tonne to CNY 2850 per tonne in Yicheng at CNY 2880 per tonne to CNY 2920 per tonne in Wuan at around CNY 3200 per tonne in Weihai at CNY 3000 per tonne in the northeast and at CNY 2750 per tonne in Yunnan. Meanwhile, ductile cast iron price prevails at CNY 2900 per tonne to CNY 2950 per tonne in Shandong at CNY 2800 per tonne to CNY 2850 per tonne in Yicheng at CNY 2800 per tonne to CNY 2900 per tonne in Hebei and Benxi and at CNY 2900 per tonne in Xuzhou.

Raw materials prices go steady at present. Pig iron prices tumbled at earlier days also lead raw materials prices to head down. But when coke and iron ore increase recently, pig iron didn't stage a real growth. Therefore, most pig iron prices in the market have already leveled with production cost. It would be easier for producers that have mines but much harder for those that have not.

Iron plants are widely struggling with low price, slim trades and high stocks, causing some of them have to shut blaster furnaces down to reduce losses. Stock was piled up again during holiday and is expected to remain further due to dismal orders. However, Shandong decided to close some blaster furnaces during the Eleventh National Games for environmental guarantee, so local price will be supported to keep firm once production declines.

Besides, government also urges to push eliminating backward capacity policy all over the notation, which makes large closure among small-sized blaster furnaces in Shanxi, Hubei and Jiangsu. It would ease stocking pressure in the market and lend a short relief to larger iron plants.

Nevertheless, demand remains to boost. Some mills with sufficient cash had a purchase before holiday which could maintain two week production. Amid mixed market and little possibility of price rise, they are hesitate to restock and holding out for a clear trend.

At the same time, steel market is still plagued by depression, so is steelmaking pig iron. Iron plants are expected to suspend or cut production if raw material price follows to down or they keep current price in the near term.

(Sourced from MySteel.net)

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