
Chinese steel mills to suffer heavy loss in 2010 on supply glut - Hebei Steel

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According to a senior official of Hebei Iron & Steel Group the second largest steel producer in China, China steel industry may suffer loss next year in view of the massive supply glut which exerts heavy pressure on market prices.

Due to huge supplies, domestic steel prices kept falling since early August. And China steel mills have again run risks of loss after shaking it off in this May. So far, steel prices have shed some 20% since the rising amount of market supplies far exceeded demand growth. Steel mills rushed to ramp up production in view of the strong domestic economic recovery, sending monthly steel output to a sky high.

Mr Han Weidong official of marketing management department of Hebei Steel said construction steel stocks at domestic steel mills have reached the huge level recorded by last year end making it possible of a profit loss next year.

He said that home demand next year is definitely cannot hit 600 million tonnes. Meanwhile, banks credit might also decrease, hurting down stream steel demand and steel mills' expansion and curbing the growth of iron ore consumption.

(Sourced from MySteel.net)

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